



APR 30 2014

Mary Senecal
President
Adirondack Beauty School
108 Dix Avenue
Glen Falls, NY 12801 – 3158

Certified Mail
Return Receipt Requested
7006 2760 0002 1734 9369

RE: **Final Program Review Determination**
OPE ID: 03103700
PRCN: 201240228059

Dear Ms. Senecal:

The U.S. Department of Education's (Department's) School Participation Team – New York/Boston issued a program review report on June 27, 2013 covering Adirondack Beauty School's (Adirondack) administration of programs authorized by Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs), for the 2010 – 2011 and 2011 – 2012 award years. Adirondack's final response was received on September 9, 2013.

A copy of the program review report (and related attachments) and Adirondack's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by Adirondack upon request. Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

Adirondack's responses have resolved all findings and all resulting liabilities have been repaid. In addition Adirondack has provided assurances that the appropriate corrective actions have been taken to resolve and prevent future occurrences of all findings. Therefore, Adirondack may consider the program review closed with no further action required.

Protection of Personally Identifiable Information (PII):

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. To protect PII, the

findings in the attached report does not contain any student PII. Instead, each finding references students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A, Student Sample.

Federal Student Aid

An OFFICE of the U.S. DEPARTMENT of EDUCATION
School Participation Division – New York/Boston
Financial Square, 32 Old Slip, 25th Fl., New York, NY 10005
StudentAid.gov

Adirondack Beauty School

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Record Retention:

Program records relating to the period covered by the program review must be retained until the later of: resolution of the loans, claims or expenditures questioned in the program review; or the end of the retention period otherwise applicable to the record under 34 C.F.R. §§ 668.24(e)(1), (e)(2), and (e)(3).

The Department expresses its appreciation for the courtesy and cooperation extended during the review. If the institution has any questions regarding this letter, please contact Jacqueline Watford at 646 – 428 – 3782.

Sincerely,

(b)(6)

Betty Coughlin ✓
Division Director

Enclosure:

Protection of Personally Identifiable Information

cc: Laura Fleming, Financial Aid Administrator
National Accrediting Commission of Cosmetology Arts and Sciences
NY State Education Department

Prepared for

Adirondack Beauty School

Federal Student Aid
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OPE ID 03103700
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Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division- New York/Boston

Final Program Review Determination

April 30, 2014

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A. Institutional Information

Adirondack Beauty School
108 Dix Avenue
Glen Falls, New York 12801 - 3158

Type: Proprietary

Highest Level of Offering: Non – Degree, One Year

Accrediting Agency: National Accrediting Commission of Cosmetology Arts and Sciences

Current Student Enrollment: 25 (2012)

Percentage of Students Receiving Title IV, HEA funds: 84% (2012)

Title IV, HEA Program Participation Postsecondary Education Participants System (PEPS):

	<u>2011 – 2012</u>
Federal Pell Grant (Pell)	\$ 77,472
Direct Loan Stafford Subsidized	\$ 49,875
Direct Loan Stafford Unsubsidized	\$ 47,188
Direct Loan Plus (PLUS)	\$ 9,000

Default Rate FFEL/DL:

2011	14.7%
2010	12.5%
2009	14.6%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Adirondack Beauty School (Adirondack) from September 17, 2012 to September 21, 2012. The review was conducted by Jacqueline Watford and James McDonagh.

The focus of the review was to determine Adirondack's compliance with the statutes and federal regulations as they pertain to the institution's administration of Title IV programs. The review consisted of, but was not limited to, an examination of Adirondack's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

A sample of 30 files was identified for review from the 2010 – 2011 and 2011 – 2012 award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. Appendices A and B lists the names and partial social security numbers of the students whose files were examined during the program review. A program review report was issued on June 27, 2013.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning Adirondack's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve Adirondack of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

C. Findings and Final Determinations

Resolved Findings

Findings 2 and 3

Adirondack has taken the corrective actions necessary to resolve findings 2 and 3 of the program review report. Therefore, these findings may be considered closed. Findings requiring further action by Adirondack are discussed below.

Resolved Findings with Comments

The following program review findings have been resolved by the institution, and may be considered closed. These findings are included solely for the purpose of discussing resolution of the finding.

Finding 1. : Improper Counting of Clock Hours Completed

Citation:

34 C.F.R. § 600.2 states, schools that are approved to participate and measure their programs based on the number of clock hours offered must follow the regulatory definition of a clock hour. A clock hour is a 50- to 60-minute class, lecture, or recitation in a 60-minute period and must be faculty supervised.

34 C.F.R. § 668.8 (1) establishes a criteria for an eligible program provided by an institution of higher education. An institution can only award Title IV funds if its programs are legally authorized by its state licensing agency. In addition, 34 C.F.R. § 600.5 states , when determining the length of programs for purposes of awarding Title IV funds, a school must adhere to certain regulatory criteria.

34 C.F.R. 668.8(3)(i)(ii) states an institution provides one week of instructional time in an academic program during any week the institution provides at least one day of regularly scheduled instruction or examinations, or, after the last scheduled day of classes for a term or a payment period, at least one day of study for final examinations.

In addition, instructional time may not include any vacation periods, homework, periods of orientation or counseling.

Noncompliance:

During the Entrance Conference when attendance and make – up hours were discussed, reviewers were informed the maximum number of make – up hours allowable are 100, and students are not able to go over that amount. While reviewing the student files several attendance sheets, reviewers found examples where indicated make – up hours amounted to over 100 hours.

In addition, when school officials were asked how the make – up hours are completed, school officials indicated that students take their books home and complete chapter questions, or take their mannequin home and complete hair styles or stay after class to complete the hours. The following student's make – up hours consisted of chapter questions and working on mannequins:

2010 – 2011 Award Year	
Student No.	Unsupervised Mark – Up Hours
1	101
2	127
3	30
4	36
5	68

6	82.5
8	49
9	58.5
10	81.5
11	6
12	73
13	84
14	134
15	88

Any student who completed make – up hours was given three (3) hours per chapter completed or three (3) hours for completing hair styles on mannequins. Projects and other work not performed under direct faculty supervision are not considered within the definition of clock hour.

Student 1 – Student 1’s attendance records indicate the student has a total of 101 make – up hours from January 2011 through November 2011; below is a list of what the student completed while making up the hours:

Date	Amount of Make – Up Hours	What the Make – Up Hour consisted of
1/11/2011	1	Task Not Identified
1/24/11	2	Task Not Identified
2/15/11	3	Spirals
2/17/11	3	Marcel
3/15/11	3	P/W
3/17/11	5	P/W
4/26/11	3	Task Not Identified
5/3/11	3	Nails
5/5/11	3	Task Not Identified
5/10/11	3	Spirals
5/14/11	6	Spirals
5/19/11	3	Task Not Identified
5/24/11	3	Task Not Identified
Total Prior to 6/3/2011	41	
8/2/11	3	Marcel
8/3/11	3	State Board
8/17/11	6	Perm
9/7/11	7	Bathroom
9/9/11	3	Roller Set
9/20/11	3	Chapter 25 Questions
9/22/11	3	Chapter 20 Questions

10/11/11 – 10/14/11	12	Hair Palace/Book
10/19/11	1	Hair Palace
10/26/11	4	Task Not Identified
11/1/11	6	Curled Head – Hair Palace
11/9/11	2	Curls – Hair Palace
11/10/11	2	Curls – Hair Palace
11/11/11	2	Curls – Hair Palace
11/16/11	3	Task Not Identified
Total After 6/3/2011	60	
Total Make – Up Hours	101	

The 41 make – up hours listed above were completed prior to the students’ second disbursement on June 3, 2011 and the 60 make – up hours listed above were completed after June 3, 2011. Chapter questions completed and work on mannequins is not acceptable as a clock hour of instruction. In order for the student to be eligible for the second disbursement the student would need to earn 451 supervised hours prior to the second disbursement. Based on the attendance records, student 1 did not earn the 451 hours prior to the second disbursement, student 1 earned 401 prior to June 3, 2011. In addition, student 14 has a similar situation.

Required Action Summary:

Due to systemic nature of this finding and the resulting possibility students may have received a second disbursement they were not entitled to; the institution was instructed perform file reviews for all withdrawn students for the 2010 – 2011 and 2011 – 2012 academic years. Adirondack was required to calculate the actual number of hours attended. The institution was also required to provide the documentation of the correct number of hours attended, supervised and unsupervised. In addition, the institution was required to provide the liability results to this office in spreadsheet format with the following information:

1. Student’s Name
2. Student’s Social Security Number
3. Total Hours Attempted
4. Hours completed with improper make – up hours (i.e. chapter questions)
5. Hours completed without improper make – up hours
6. Aid Disbursed by Title IV Program

School’s Response Summary:

Since the program review on September 17, 2012 through September 21, 2012, Adirondack Beauty School no longer allows students to make up hours outside of school where they are not supervised. The only way students can now make up hours they have missed is in school and supervised by a licensed instructor. Students may stay after

school with an instructor Tuesday through Friday or come in on a Monday during a scheduled make up day, which is also supervised by an instructor.

Final Determination:

Adirondack submitted the required file review for the 2010 – 2011 and 2011 – 2012 award year to the Department. Based on the documentation Adirondack submitted attached as Appendix B, Adirondack has provided documented evidence that \$8,569 has been refunded to the appropriate programs and students.

2010 – 2011 Award Year	2011 – 2012 Award Year
\$2,128 – Pell	\$2,414 – Refund to Student
\$2,375 – Pell	\$1,652 – Refund to Student
Total – \$8,569	

Pell Grant funds totaling \$2,375 were returned to the Department on September 19, 2012, which has been confirmed via G5. Adirondack also provided documentation confirming a refund in the amount of \$2,414 has been issued to the student.

In addition, the R2T4 calculation confirmed Student 4 (identified in the file review) was due a post withdrawal disbursement from their Federal Direct Unsubsidized Loan in the amount of \$2,414. Adirondack issued Student 4 a check in the amount of \$2,414.

Adirondack must ensure students due a post withdrawal disbursement are given the option to have the funds sent back to the appropriate program or have a check issued to the student.

The institution has also provided copies of cancelled checks for the amounts discussed.

The following amounts Pell – \$2,128 and Refund to student – \$1,652 details are discussed in Finding 5.

All liabilities associated with this finding have been refunded to the appropriate program.

Finding 4. Return of Title IV (R2T4) – Late Determination

Citation:

34 C.F.R. § 668.22 (b)(1) states the withdrawal date for a student who withdraws from an institution that is required to take attendance, including a student who does not return

from an approved leave of absence, is the last date of academic attendance as determined by the institution from its attendance records.

34 C.F.R. § 668.22 (d)(2) states that if a student does not resume attendance at the institution at or before the end of a leave of absence that meets the requirements of this section, the institution must treat the student as a withdrawal in accordance with the requirements of this section.

The November 17, 2004 Dear Colleague Letter GEN 04-03 provided further guidance stating that institutions must make this determination no more than fourteen (14) days after the student's last date of attendance.

Noncompliance:

Adirondack failed to complete student 11's Return of Title IV (R2T4) Calculation within the required timeframe. Student 11 was on a Leave of Absence (LOA) from April 5, 2011 through May 3, 2011 and did not return. Adirondack did not complete the calculation until November 11, 2011, when the school should have determined the student's withdrawal as May 4, 2011.

Required Action Summary:

Adirondack must ensure all R2T4 calculations are performed and funds are returned timely.

Adirondack was required to institute procedures to ensure all R2T4 calculations are completed timely. In addition, a copy of the procedures must be submitted with Adirondack's response to this finding.

Schools Response Summary:

Adirondack has explained and implemented new procedures. The institution indicated that failure to complete student 11's R2T4 timely was an isolated incident and was overlooked. The institution has implemented a monthly review of all students on a leave of absence which include imputing the students' return dates into a computerized calendar. The calendar will notify the director when the student should return, and will ensure all R2T4 calculations are completed timely should a student not return from an approved leave of absence.

Final Determination:

Upon review of Adirondack's response the institution has provided sufficient documentation to resolve this finding. Student 11's late determination did not result in a refund due to the Department. Once the R2T4 calculation was completed the results indicated the student earned over 60 percent of the Title IV funds during that payment period.

Finding 5: Return to Title IV (R2T4) – Made Late

Citation:

34 C.F.R. § 668.22 (a)(1) states when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine that amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date.

In addition, 34 C.F.R. § 668.22 (j) states that an institution must return the amount of Title IV funds for which it is responsible under 34 C.F.R. § 668.22(g) as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew.

Noncompliance:

Adirondack failed to perform a Return to Title IV (R2T4) timely for student 25. The student's LDA was September 29, 2011 but the R2T4 calculation was not completed until February 1, 2012. The student earned 23.3% of the Title IV aid offered.

Required Action Summary:

In response to this finding, Adirondack was required to perform a R2T4 calculation for student 25 and provide the results of the calculation to the Department. In addition, Adirondack was required to update the institution's R2T4 procedures and ensure all R2T4 calculations are completed accurately and timely.

School's Response Summary:

Adirondack advised that student 25's late return was an isolated incident. Student 25 was on an approved leave of absence and contacted the institution stating that she would be withdrawing. At that time, Adirondack completed the R2T4 calculation but did not return the funds timely.

Any student taking a leave of absence or withdrawing will be entered into a computerized system so that alerts are set to ensure the proper timeframe is used prior to the R2T4 deadline. In addition, all R2T4 calculations are now forwarded to Boston Educational Network, Adirondack's third party servicer for confirmation of accuracy. The institution has also hired an additional instructor so that the president can devote more time to her administrative duties.

Adirondack also provided a copy of student 25's R2T4 calculation and the updated R2T4 procedures. G5 also confirms the \$2,128 Pell Grant funds have been returned on September 19, 2012.

Final Determination:

Upon review of Adirondack's response the institution has provided sufficient documentation to resolve this finding.

The interest due the department for student 25 amounts to \$10.85, since the interest is minimal; no payment is due to the Department.

In addition, the R2T4 calculation confirmed Student 25 was due a post withdrawal disbursement from the Federal Direct Unsubsidized Loan in the amount of \$1,652. Adirondack mailed Student 25 a letter advising of the results of the R2T4 calculation and enclosed the \$1,652 check. Student 25 was also informed of the obligation to repay the student loan, but should have been given the choice to have the funds sent back to the appropriate program.

Adirondack must ensure students due a post withdrawal disbursement are given the option to have the funds sent back to the appropriate program or have a check issued to the student.

Finding 6. Written Policies and Procedures Missing/Inadequate

Citation:

34 C.F.R. § 668.43 states an institution shall establish and make readily available written policies and procedures to enrolled and prospective students any refund policy with which the institution is required to comply for the return of unearned tuition and fees and the requirements and procedures for officially withdrawing.

For purposes of determining student eligibility for assistance under a Title IV, HEA program, and institution shall establish and make readily available written policies and procedures for measuring whether an otherwise eligible student is maintaining satisfactory academic progress in his or her educational program. 34 C.F.R. §668.16(e).

In addition, an institution must annually provide a notice directly to all enrolled students describing the availability of consumer information. The notice must contain a brief description of the various disclosures and how to obtain the full disclosures. If a disclosure is posted to a Web site, the notice must provide the exact electronic address and provide a statement that paper copies are available 34 CFR § 668.41(c)(d).

An institution must make available to any enrolled student or prospective student through appropriate publications, mailings or electronic media, information concerning financial assistance, general information about the school, Constitution and Citizenship Day, Student Right-to-Know Act Drug and alcohol abuse prevention information, Family Educational Rights and Privacy Act (FERPA) and Private Education Loans.

A chart listing which persons (enrolled students, employees, etc.) must receive the various forms of consumer information, including how the information must be distributed, can be found in the FSA Handbook, Volume 2, School Eligibility & Operations, Chapter 6, Providing Consumer Information, found at <http://ifap.ed.gov/fsahandbook/attachments/0910FSAHbkVol2Ch6Information.pdf>

Noncompliance:

Adirondack does not have the following policies and procedures, disclosure statements, and/ or is missing one or more components per requirement:

Consumer information –

- *By October 29, 2011, a Net – Price Calculator on the institution's website using the Department's template or a customized version that includes at a minimum the same elements as the Department's version. See http://nces.ed.gov/ipeds/resource/net_price_calculator.asp [HEOA Sec.111 amended HEA Title 1, Part C:added HEA Sec. 132(a), Sec 132(h) (20 U.S.C. 1015a (a), 20 U.S.C.1015a(h)]*
- *Voter registration forms made widely available and provided by mail or electronically to each enrolled student, unless the institution is in a state without a voter registration requirement or that allows voters to register at the time of voting [HEOA Sec. 493(a)(1) amended HEA Sec. 487(a)(23)(20 U.S.C. 1094(a)(23):added HEA Sec. 487(a)(23)(D)]*
- *Disclosures of the following information under the Student Right-to-Know Act: Institution's retention rate of certificate- or degree- seeking, first-time, full-time undergraduate students (as reported to IPEDS) provided to current and prospective students; if to a prospective student, provided prior to the student's enrolling or entering into a financial obligation to the institution 34 C.F.R. §§ 668.8(b)(1(ii), 668.41(d)(3)*
- *Institution's retention rate of certificate – or – degree seeking, first – time, full – time undergraduate students (as reported to IPEDS) provided to current and prospective students; if to a prospective student, provide prior to the student's enrolling or entering into a financial obligation to the institution [34 CFR 668.8(b)(ii), 668.41(d)(3)]*

Required Action Summary:

Adirondack was required to include the missing components noted above under Consumer Information procedures. Details of those procedures were to be provided with the response to this report.

Final Program Review Determination
PRCN #: 201240228059

Appendix B

File Review – Improper Counting of Clock Hours Completed

FINDING 1: Improper Counting of Clock Hours Completed

Citation: 34 C.F.R. 600.2 states, schools that are approved to participate and measure their programs based on the number of clock hours offered must follow the regulatory definition of a clock hour. A clock hour is a 50 to 60-minute class, lecture, or recitation in a 60-minute period and must be faculty supervised.

34 C.F.R. 668.8 (1) establishes a criteria for an eligible program provided by an institution of higher education. An institution can only award Title IV funds if its programs are legally authorized by its state licensing agency. In addition, 34 C.F.R. 600.5 states, when determining the length of programs for purposes of awarding Title IV funds, a school must adhere to certain regulatory criteria.

34 C.F.R. 668.8(3)(i)(ii) states an institution provides one week of instructional time in an academic program during any week the institution provides at least one day of regulatory scheduled instruction or examinations, or, after the last scheduled day of classes for a term or a payment period, at least one day of study for final examinations.

In addition, instructional time may not include any vacation periods, homework, periods of orientation or counseling

Noncompliance: During the Entrance Conference when attendance and make-up hours were discussed, reviewers were informed the maximum number of make-up hours allowable and are 100 and students are not able to go over that amount. While reviewing the student files several attendance sheets, reviewers found examples where indicated make-up hours amounted to over 100 hours.

In addition, when school officials were asked how the make-up hours are completed, school officials indicated that students take their books home and complete chapter questions, or take their mannequin home and complete hair styles or stay after class to complete the hours. The following students' make-up hours consisted of chapter questions and working on the mannequin.

2010-2011 award year

Student #	Unsupervised Make-up Hours
1	101
2	127
3	30
4	36
5	68
6	82.5
8	49
9	58.5
10	81.5
11	6
12	73
13	84
14	134
15	88

Any student who completed make-up hours was given three hours per chapter completed or three hours for completing hair styles on mannequins. Projects and other work not performed under direct faculty supervision are not considered within the definition of a clock hour.

Required Action: Due to the systemic nature of this finding and the resulting possibility students may have received a second disbursement they were not entitled to; the institution must perform file reviews for all withdrawn students for the 2010-2011 and 2011-2012 academic years. Adirondack must calculate the actual number of hours attended, supervised and unsupervised. The institution must the liability results to this office in spreadsheet format with the following information:

1. Student's Name
2. Student's Social Security Number
3. Total Hours Attempted
4. Hours completed with improper make-up hours
5. Hours completed without improper make-up hours
6. Aid Disbursed by Title IV Program

Response:

Since the program review of September 17, 2012 through September 21, 2012, Adirondack Beauty School no longer allows students to make up hours outside of school where they are not supervised. The only way students can now make up hours they have missed is in school and supervised by a licensed instructor. Students may stay after school with an instructor Tuesday - Friday or come in on a Monday during a scheduled make-up day, which is also supervised by an instructor.

We performed file reviews of all students that withdrew for the 2010-2011 and 2011-2012 academic years.

Supporting Documentation:

*List of all students that withdrew for the 2010-2011 and 2011-2012 academic years in a spreadsheet format

Final Program Review Determination
PRCN #: 201240228059

Appendix C
Program Review Report



JUN 27 2013

Mary Senecal
President
Adirondack Beauty School
108 Dix Avenue
Glen Falls, NY 12801 - 3158

Certified Mail
Return Receipt Requested
7006 2760 0002 1734 8218

RE: Program Review Report
OPE ID: 03103700
PRCN: 201240228059

Dear Mrs: Senecal:

From September 17, 2012 through September 21, 2012, Jacqueline Watford and James McDonagh conducted a review of Adirondack Beauty School's (Adirondack) administration of the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs). The findings of that review are presented in the enclosed report.

Findings of noncompliance are referenced to the applicable statutes and regulations and specify the action required to comply with the statute and regulations. Please review the report and respond to each finding, indicating the corrective actions taken by Adirondack. The response should include a brief, written narrative for each finding that clearly states Adirondack's position regarding the finding and the corrective action taken to resolve the finding. Separate from the written narrative, Adirondack must provide supporting documentation as required in each finding.

Please note that pursuant to HEA section 498A(b), the Department is required to:

- (1) provide to the institution an adequate opportunity to review and respond to any preliminary program review report¹ and relevant materials related to the report before any final program review report is issued;
- (2) review and take into consideration an institution's response in any final program review report or audit determination, and include in the report or determination –
 - a. A written statement addressing the institution's response;
 - b. A written statement of the basis for such report or determination; and
 - c. A copy of the institution's response.

The Department considers the institution's response to be the written narrative (to include e-mail communication). Any supporting documentation submitted with the institution's written response will not be attached to the FPRD. However, it will be retained and available for

¹ A "preliminary" program review report is the program review report. The Department's final program review report is the Final Program Review Determination (FPRD).

Federal Student Aid

AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

School Participation Division – New York/Boston

Financial Square, 32 Old Slip, 25th Fl., New York, New York 10005

inspection by Adirondack upon request. Copies of the program review report, the institution's response, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after the FPRD is issued.

The institution's response should be sent directly to Jacqueline Watford of this office within 60 calendar days of receipt of this letter.

Record Retention:

Program records relating to the period covered by the program review must be retained until the later of: resolution of the loans, claims or expenditures questioned in the program review; or the end of the retention period otherwise applicable to the record under 34 C.F.R. § 668.24(e).

We would like to express our appreciation for the courtesy and cooperation extended during the review. Please refer to the above Program Review Control Number (PRCN) in all correspondence relating to this report. If you have any questions concerning this report, please contact Jacqueline Watford at 646 - 428 - 3782 or jacqueline.watford@ed.gov.

Sincerely,

(b)(6)

Christopher Curry
Compliance Manager

cc: Laura Fleming, Financial Aid Administrator

Enclosure:

Protection of Personally Identifiable Information

bcc: Reading file, Correspondence file, Jacqueline Watford, Jim McDonagh, Bob James, ERI

Prepared for

Adirondack Beauty School

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OPE ID 03103700

PRCN 201240228059

Prepared by

U.S. Department of Education

Federal Student Aid

School Participation Division – New York/Boston

Program Review Report

June 27, 2013

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A. Institutional Information

Adirondack Beauty School
108 Dix Avenue
Glen Falls, New York 12801 – 3158

Type: Proprietary

Highest Level of Offering: Non – Degree, One Year

Accrediting Agency: National Accrediting Commission of Cosmetology Arts and Sciences

Current Student Enrollment: 25 (2012)

% of Students Receiving Title IV: 84% (2012)

Title IV Participation Postsecondary Education Participants System (PEPS):

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Federal Pell Grant (Pell)	\$ 77,472
Direct Loan Stafford Subsidized	\$ 49,875
Direct Loan Stafford Unsubsidized	\$ 47,188
Direct Loan Plus (PLUS)	\$ 9,000

Default Rate FFEL/DL:

2010	12.5%
2009	14.6%
2008	14.2%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Adirondack Beauty School (Adirondack) from September 17, 2012 to September 21, 2012. The review was conducted by Jacqueline Watford and James McDonagh.

The focus of the review was to determine Adirondack's compliance with the statutes and federal regulations as they pertain to the institution's administration of Title IV programs. The review consisted of, but was not limited to, an examination of Adirondack's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

A sample of 30 files was identified for review from the 2010 – 2011 and 2011 – 2012 award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. Appendices A and B lists the names and partial social security numbers of the students whose files were examined during the program review.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning Adirondack's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve Adirondack of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

This report reflects initial findings. These findings are not final. The Department will issue its final findings in a subsequent Final Program Review Determination letter.

C. Findings

During the review, several areas of noncompliance were noted. Findings of noncompliance are referenced to the applicable statutes and regulations and specify the actions to be taken by Adirondack to bring operations of the financial aid programs into compliance with the statutes and regulations.

Finding 1. : Improper Counting of Clock Hours Completed

Citation: 34 C.F.R. § 600.2 states, schools that are approved to participate and measure their programs based on the number of clock hours offered must follow the regulatory definition of a clock hour. A clock hour is a 50- to 60-minute class, lecture, or recitation in a 60-minute period and must be faculty supervised.

34 C.F.R. § 668.8 (1) establishes a criteria for an eligible program provided by an institution of higher education. An institution can only award Title IV funds if its programs are legally authorized by its state licensing agency. In addition, 34 C.F.R. § 600.5 states , when determining the length of programs for purposes of awarding Title IV funds, a school must adhere to certain regulatory criteria.

34 C.F.R. 668.8(3)(i)(ii) states an institution provides one week of instructional time in an academic program during any week the institution provides at least one day of regularly scheduled instruction or examinations, or, after the last scheduled day of classes for a term or a payment period, at least one day of study for final examinations.

In addition, instructional time may not include any vacation periods, homework, periods of orientation or counseling.

Noncompliance: During the Entrance Conference when attendance and make – up hours were discussed, reviewers were informed the maximum number of make – up hours allowable are 100 and students are not able to go over that amount. While reviewing the student files several attendance sheets, reviewers found examples where indicated make – up hours amounted to over 100 hours.

In addition, when school officials were asked how the make – up hours are completed, school officials indicated that students take their books home and complete chapter questions, or take their mannequin home and complete hair styles or stay after class to complete the hours. The following student’s make – up hours consisted of chapter questions and working on mannequin:

2010 – 2011 Award Year	
Student No.	Unsupervised Mark – Up Hours
1	101
2	127
3	30
4	36
5	68
6	82.5
8	49
9	58.5
10	81.5
11	6
12	73
13	84
14	134
15	88

Any student who completed make – up hours was given three (3) hours per chapter completed or three (3) hours for completing hair styles on mannequins. Projects and other work not performed under direct faculty supervision are not considered within the definition of clock hour.

Student 1 – Student 1’s attendance records indicate the student has a total of 101 make – up hours from January 2011 through November 2011; below is a list of what the student completed while making up the hours:

Date	Amount of Make – Up Hours	What the Make – Up Hour consisted of
1/11/2011	1	Task Not Identified
1/24/11	2	Task Not Identified
2/15/11	3	Spirals
2/17/11	3	Marcel
3/15/11	3	P/W
3/17/11	5	P/W
4/26/11	3	Task Not Identified
5/3/11	3	Nails
5/5/11	3	Task Not Identified
5/10/11	3	Spirals
5/14/11	6	Spirals
5/19/11	3	Task Not Identified
5/24/11	3	Task Not Identified
Total Prior to 6/3/2011	41	
8/2/11	3	Marcel
8/3/11	3	State Board
8/17/11	6	Perm
9/7/11	7	Bathroom
9/9/11	3	Roller Set
9/20/11	3	Chapter 25 Questions
9/22/11	3	Chapter 20 Questions
10/11/11 – 10/14/11	12	Hair Palace/Book
10/19/11	1	Hair Palace
10/26/11	4	Task Not Identified
11/1/11	6	Curled Head – Hair Palace
11/9/11	2	Curls – Hair Palace
11/10/11	2	Curls – Hair Palace
11/11/11	2	Curls – Hair Palace
11/16/11	3	Task Not Identified
Total After 6/3/2011	60	
Total Make – Up Hours	101	

The 41 make – up hours listed above were completed prior to the students' second disbursement on June 3, 2011 and the 60 make – up hours listed above were completed after June 3, 2011. Chapter questions completed and work on mannequins is not acceptable as a clock hour of instruction. In order for the student to be eligible for the second disbursement the student would need to earn 451 supervised hours prior to the second disbursement. Based on the attendance records, student 1 did not earn the 451 hours prior to the second disbursement, student 1 earned 401 prior to June 3, 2011. In addition, student 14 has a similar situation.

Required Action: Due to systemic nature of this finding and the resulting possibility students may have received a second disbursement they were not entitled to; the institution must perform file reviews for all withdrawn students for the 2010 – 2011 and 2011 – 2012 academic years. Adirondack must calculate the actual number of hours attended. The institution must provide the documentation of the correct number of hours attended, supervised and unsupervised. The Institution must provide the liability results to this office in spreadsheet format with the following information:

1. Student's Name
2. Student's Social Security Number
3. Total Hours Attempted
4. Hours completed with improper make – up hours (i.e. chapter questions)
5. Hours completed without improper make – up hours
6. Aid Disbursed by Title IV Program

Instructions for repayment of any liabilities will be provided in the Final Program Review Determination (FPRD) Letter.

Finding 2. Entrance Counseling

Citation: 34 C.F.R. § 685.304 – Each student that receives Federal Direct Loans is required to have entrance counseling before the first disbursement.

Noncompliance: Adirondack did not document entrance counseling for student 17 and 26.

Required Action: Adirondack must provide assurance that entrance counseling will be conducted for each borrower in accordance with the regulatory requirements. Each borrower's financial aid file must contain adequate documentation to support appropriate counseling was provided. In addition, a copy of the procedures must be submitted with Adirondack's response to this finding.

Finding 3. Exit Counseling Not Documented

Citation: 34 C.F.R. § 682.604 (g)(1) states an institution must ensure that students who have borrowed FFEL or Direct Loans (including Graduate/Professional PLUS loans) receive exit counseling before they cease at least half-time attendance at an institution. Counseling may be provided in person, (individually or in groups) or using audiovisual materials.

Noncompliance: Adirondack did not document an exit interview for student 3 who ceased attendance.

Required Action: In response to this finding, Adirondack must provide assurance that exit counseling will be conducted for each borrower in accordance with the regulatory requirements. Each borrower's financial aid file must contain adequate documentation to support appropriate counseling was provided. Adirondack must send exit counseling documents to the student referenced in this finding. Proof that these documents were sent must be maintained as well (i.e. exit counseling document copies and mailing proof).

Adirondack must institute procedures to ensure all Title IV borrowers receive exit counseling. In addition, a copy of the procedures must be submitted with Adirondack's response to this finding.

Based on an evaluation of all available information including Adirondack's response, the Department will determine if additional action will be required, and will advise the institution accordingly in the Final Program Review Determination.

Finding 4. Return of Title IV (R2T4) – Late Determination

Citation: 34 C.F.R. § 668.22 (b)(1) states the withdrawal date for a student who withdraws from an institution that is required to take attendance, including a student who does not return from an approved leave of absence, is the last date of academic attendance as determined by the institution from its attendance records.

34 C.F.R. § 668.22 (d)(2) states that if a student does not resume attendance at the institution at or before the end of a leave of absence that meets the requirements of this section, the institution must treat the student as a withdrawal in accordance with the requirements of this section.

The November 17, 2004 Dear Colleague Letter GEN 04-03 provided further guidance stating that institutions must make this determination no more than fourteen (14) days after the student's last date of attendance.

Noncompliance: Adirondack failed to complete student 11's Return of Title IV (R2T4) Calculation within the required timeframe. Student 11 was on a Leave of Absence (LOA) from April 5, 2011 through May 3, 2011 and did not return. Adirondack did not complete the

calculation until November 11, 2011, when the school should have determined the students' withdrawal as May 4, 2011.

Required Action: Adirondack must ensure all R2T4 calculations are performed and funds are returned timely.

Adirondack must institute procedures to ensure all R2T4 calculations are completed timely. In addition, a copy of the procedures must be submitted with Adirondack's response to this finding.

Based on an evaluation of all available information including Adirondack's response, the Department will determine if additional action will be required and will advise the institution accordingly in the Final Program Review Determination.

Finding 5: Return to Title IV (R2T4) – Made Late

Citation: 34 C.F.R. § 668.22 (a)(1) states when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine that amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date.

In addition, 34 C.F.R. § 668.22 (j) states that an institution must return the amount of Title IV funds for which it is responsible under 34 C.F.R. § 668.22(g) as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew.

Noncompliance: Adirondack failed to perform a Return to Title IV (R2T4) timely for student 25. The student's LDA was September 29, 2011 but the R2T4 calculation was not completed until February 1, 2012. The student earned 23.3% of the Title IV aid offered.

Required Action: In response to this finding, Adirondack must perform a R2T4 calculation for student 25 and provide the results of the calculation to the Department. In addition, Adirondack must update the institution's R2T4 procedures and ensure all R2T4 calculations are completed accurately and timely.

Based on an evaluation of all available information including Adirondack's response, the Department will determine if additional action will be required and will advise the institution accordingly in the Final Program Review Determination.

Finding 6. Written Policies and Procedures Missing/Inadequate

Citation: 34 C.F.R. § 668.43 states an institution shall establish and make readily available written policies and procedures to enrolled and prospective students any refund policy with

which the institution is required to comply for the return of unearned tuition and fees and the requirements and procedures for officially withdrawing.

For purposes of determining student eligibility for assistance under a Title IV, HEA program, and institution shall establish and make readily available written policies and procedures for measuring whether an otherwise eligible student is maintaining satisfactory academic progress in his or her educational program. 34 C.F.R. §668.16(e).

In addition, an institution must annually provide a notice directly to all enrolled students describing the availability of consumer information. The notice must contain a brief description of the various disclosures and how to obtain the full disclosures. If a disclosure is posted to a Web site, the notice must provide the exact electronic address and provide a statement that paper copies are available 34 CFR § 668.41(c)(d).

An institution must make available to any enrolled student or prospective student through appropriate publications, mailings or electronic media, information concerning financial assistance, general information about the school, Constitution and Citizenship Day, Student Right-to-Know Act Drug and alcohol abuse prevention information, Family Educational Rights and Privacy Act (FERPA) and Private Education Loans.

A chart listing which persons (enrolled students, employees, etc.) must receive the various forms of consumer information, including how the information must be distributed, can be found in the FSA Handbook, Volume 2, School Eligibility & Operations, Chapter 6, Providing Consumer Information, found at <http://ifap.ed.gov/fsahandbook/attachments/0910FSAHbkVol2Ch6Information.pdf>

Noncompliance: Adirondack does not have the following policies and procedures, disclosure statements, and/ or is missing one or more components per requirement:

Consumer information –

- By October 29, 2011, a Net – Price Calculator on the institution’s website using the Department’s template or a customized version that includes at a minimum the same elements as the Department’s version. See http://nces.ed.gov/ipeds/resource/net_price_calculator.asp [HEOA Sec.111 amended HEA Title 1, Part C:added HEA Sec. 132(a), Sec 132(h) (20 U.S.C. 1015a (a), 20 U.S.C.1015a(h)]
- Voter registration forms made widely available and provided by mail or electronically to each enrolled student, unless the institution is in a state without a voter registration requirement or that allows voters to register at the time of voting [HEOA Sec. 493(a)(1) amended HEA Sec. 487(a)(23)(20 U.S.C. 1094(a)(23):added HEA Sec. 487(a)(23)(D)]
- Disclosures of the following information under the Student Right-to-Know Act: Institution’s retention rate of certificate- or degree- seeking, first-time, full-time undergraduate students (as reported to IPEDS) provided to current and prospective

- students; if to a prospective student, provided prior to the student's enrolling or entering into a financial obligation to the institution 34 C.F.R. §§ 668.8(b)(1)(ii), 668.41(d)(3)
- Institution's retention rate of certificate – or – degree seeking, first – time, full – time undergraduate students (as reported to IPEDS) provided to current and prospective students; if to a prospective student, provide prior to the student's enrolling or entering into a financial obligation to the institution [34 CFR 668.8(b)(ii), 668.41(d)(3)]

Required Action: Adirondack must include the missing components noted above under Consumer Information procedures. Details of those procedures must be provided with the response to this report.

Although there are no liabilities associated with this finding, the institution will be advised of any additional requirements upon review of the response to this finding.

**Appendix B – Student Sample
2011 – 2012 Award Year**

No.	Last Name	First Name	SSN (Last 4 Digits)
16	(b)(6)		
17			
18			
19			
20			
21			
22			
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24			
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30			