



MAR 28 2013

Ms. Maria Ferguson  
President  
Hudson Valley School of Massage Therapy  
1723 Route 9W  
West Park, NY 12493

*Certified Mail*  
*Return Receipt Requested*  
*Domestic Return Receipt*  
7006 2760 0002 1694 1021

RE: **Final Program Review Determination**  
OPE ID: 041233  
PRCN: 201130227535

Dear Ms. Ferguson:

The U.S. Department of Education's (Department's) School Participation Team – NY/Boston issued a program review report on June 22, 2012 covering Hudson Valley School of Massage Therapy's (Hudson Valley) 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 2009/2010 and 2010/2011 award years. Hudson Valley's final response was received on August 27, 2012. A copy of the program review report (and related attachments) and Hudson Valley's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by Hudson Valley 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.

**Purpose:**

Final determinations have been made concerning all of the outstanding findings of the program review report. The purpose of this letter is to: (1) identify liabilities resulting from the findings of this program review report, (2) provide instructions for payment of liabilities to the Department, (3) notify the institution of its right to appeal.

The total liabilities due from the institution from this program review are **\$607.31**.

This final program review determination contains detailed information about the liability determination for all findings.

**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

**Federal Student Aid**  
An OFFICE of the U.S. DEPARTMENT of EDUCATION  
School Participation Division – NY/Boston  
32 Old Slip, NY, NY 10005  
StudentAid.gov

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.

### **Appeal Procedures:**

This constitutes the Department's FPRD with respect to the liabilities identified from the June 22, 2012 program review report. If Hudson Valley wishes to appeal to the Secretary for a review of monetary liabilities established by the FPRD, the institution must file a written request for an administrative hearing. The Department must receive the request no later than 45 days from the date Hudson Valley receives this FPRD. An original and four copies of the information Hudson Valley submits must be attached to the request. The request for an appeal must be sent to:

Ms. Mary E. Gust, Director  
Administrative Actions and Appeals Service Group  
U.S. Department of Education  
Federal Student Aid/PC  
830 First Street, NE - UCP3, Room 84F2  
Washington, DC 20002-8019

Hudson Valley's appeal request must:

- (1) indicate the findings, issues and facts being disputed;
- (2) state the institution's position, together with pertinent facts and reasons supporting its position;
- (3) include all documentation it believes the Department should consider in support of the appeal. An institution may provide detailed liability information from a complete file review to appeal a projected liability amount. Any documents relative to the appeal that include PII data must be redacted except the student's name and last four digits of his / her social security number (please see the attached document, "Protection of Personally Identifiable Information," for instructions on how to mail "hard copy" records containing PII); and
- (4) include a copy of the FPRD. The program review control number (PRCN) must also accompany the request for review.

If the appeal request is complete and timely, the Department will schedule an administrative hearing in accordance with § 487(b)(2) of the HEA, 20 U.S.C. § 1094(b)(2). The procedures followed with respect to Hudson Valley's appeal will be those provided in 34 C.F.R. Part 668, Subpart H. **Interest on the appealed liabilities shall continue to accrue at the applicable value of funds rate, as established by the United States Department of Treasury, or if the liabilities are for refunds, at the interest rate set forth in the loan promissory note(s).**

### **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 Teresa Martinez at 646-428-3748. Questions relating to any appeal of the FPRD should be directed to the address noted in the Appeal Procedures section of this letter.

Sincerely,

(b)(6)

Betty Coughlin,  
Division Director

Enclosure:  
Protection of Personally Identifiable Information

cc: Lisa Dearnaley, Financial Aid Administrator  
National Accrediting Commission of Cosmetology Arts and Sciences (NACCAS)  
NY State Office of Licensing Professions

bcc: Reading file, Correspondence file, Chris Curry Teresa Martinez,  
OCFO Accounts Receivable, Bob James, FSA PC SEC (ICD-DL-TECH-FFEL Liabilities),  
FSAPCSEC (ICD-All Title IV Programs Liabilities), ERM

Prepared for

**Hudson Valley School of  
Massage Therapy**

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**OPE ID:** 041233  
**PRCN:** 201130227535

**Prepared by**  
**U.S. Department of Education**  
**Federal Student Aid**  
**School Participation Division – NY/Boston**

## **Final Program Review Determination**

**MAR 28 2013**

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**A. Institutional Information**

Hudson Valley School of Massage Therapy  
1723 Route 9W  
West Park, NY 12493

Type: Proprietary

Highest Level of Offering: Non-Degree 1 Year (900-1799 hours)

Accrediting Agency: National Accrediting Commission of Cosmetology Arts and Sciences (NACCAS)

Current Student Enrollment: 47 (2011)

% of Students Receiving Title IV, HEA funds: 100% (2011)

**Title IV Participation PEPS:**

2008/2009	PELL	\$48,701
	DL	\$167,596
2009/2010	PELL	\$78,420
	DL	\$245,381
2010/2011	PELL	\$103,680
	DL	\$252,285

**Common Origination & Disbursement (COD):**

2011/2012	PELL	\$51,688
	DL	\$174,972

Default Rate FFEL/DL:	2010	2.9%
	2009	4.1%

## **B. Scope of Review**

The U.S. Department of Education (the Department) conducted a program review at Hudson Valley school of Massage Therapy (Hudson Valley) from May 16, 2011 to May 20, 2011. The review was conducted by Tercsa Martinez, Fanny Kong and Elaine Griffin.

The focus of the review was to determine Hudson Valley's compliance with the statutes and regulations as they pertain to the institution's administration of the Title IV, HEA programs. The review consisted of, but was not limited to, an examination of Hudson Valley'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 2009 and 2010 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. In addition, 4 files were selected to conduct further review of R2T4 calculations. Appendix A 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 Hudson Valley'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 Hudson Valley of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

### **Chronology of Events:**

On December 5, 2012, Hudson Valley submitted an electronic application to the Department voluntarily withdrawing from all Title IV programs. In addition, Hudson Valley relinquished its accreditation with NACCAS effective September 30, 2012. As a result, Hudson Valley is no longer eligible to participate in the Title IV, HEA programs effective December 5, 2012.

## C. Findings and Final Determinations

### Resolved Findings

#### Findings 1, 2, 4, 5, 6, and 7

Hudson Valley has taken the corrective actions necessary to resolve findings 1, 2, 4, 5, 6, and 7 of the program review report. Therefore, these findings may be considered closed. Hudson Valley's written response related to these resolved findings are found in Appendix D. Findings requiring further action by Hudson Valley are discussed below.

### Findings with Final Determinations

The program review report finding requiring further action is summarized below. At the conclusion of the finding is a summary of Hudson Valley's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on June 22, 2012 is attached as Appendix C.

#### *Finding 3 Incorrect Refund Calculations*

*Citation Summary: When a student 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 the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date. The institution is also required to have a fair and equitable refund policy under which it makes a refund of unearned tuition, fees, room and board, and other charges to students who withdraw, drop out, or otherwise fail to complete the period of enrollment for which they are charged. The institution must calculate refunds in accordance with the measures outlined in specific refund formulas. 34 C.F.R. §668.22*

*Noncompliance Summary: The reviewers found several cases of incorrect refunds to the Title IV programs, resulting from students' withdrawal from school.*

*According to student 27's attendance records, her last date of attendance was 12/8/10. The student submitted a notice of official withdrawal on 1/24/11. The refund calculation was completed based on the date of the official withdrawal, not the date the student ceased attendance, thereby incorrectly adding 76 hours of instruction to the refund calculation.*

*As detailed in finding 2, student 31's attendance records indicated that her last date of attendance was 2/7/11. A withdrawal form indicated that Hudson dismissed the student on 4/18/11 due to failure to return to school. Although no refund was due the student, the*

*refund calculation was missing the date the form was completed and used a withdrawal date of 2/22/11 instead of 2/7/11.*

**Required Action Summary:** *An institution is responsible for assuring accurate refund calculations based on a student's withdrawal from school. There are specific requirements outlined in the regulations for determining the withdrawal date for students who do not complete the program.*

*During the program review, institution officials provided the reviewers with a complete list of all students who withdrew or dropped during the 2009/2010 and 2010/2011 award years. Therefore, Hudson Valley was not required to perform any file reviews. However, Hudson was required to perform a recalculation of **student 27's** refund using the correct number of hours as indicated above.*

*In addition, Hudson Valley was required to provide this office with a copy of its written procedures for performing refund calculations, and the steps it will take to ensure that its procedures will be followed to prevent that this type of error from occurring in the future.*

**Hudson Valley's Response:** Hudson Valley, as part of its August 27, 2012 response, performed a recalculation of **student 27's** refund using the correct number of hours. The recalculation identified an additional amount of \$607.31 due to the Title IV programs. Hudson Valley did not incur any additional cost of funds/interest liabilities due to the Title IV programs for this finding.

Hudson Valley also provided revised written procedures as requested.

**Final Determination:** The Federal Direct Loan principal due to the Department for this finding is **\$607.31**.

**D. Summary of Liabilities**

The total amount calculated as liabilities from the findings in the program review determination is as follows.

Initial Liabilities	DL / FFEL	
Finding 3	\$607.31	
<b>Subtotal 1</b>	<b>\$607.31</b>	
Interest/SA	\$0	
<b>Subtotal 2</b>	<b>\$607.31</b>	
<b>TOTAL</b>		
<b>Payable To:</b>		<b>Totals</b>
Department	<b>\$607.31</b>	<b>\$607.31</b>

**Accounting Document – Prior Year Monetary Recovery (AD-PYMR)**

**Institution:** Hudson Valley School of Massage Therapy

**City, State:** West Park, NY

**PRCN:** 130227535

**TIN:** 141831190

**DUNS:** 131368214

**Reviewer:** Teresa Martinez

**Region:** 2

**Date:**

**Section A - Use if no adjustments are being made in COD**

Programs	Type	Amount	Funding Code	Object Class
Federal Pell Grant (Closed AY)	Principal		3220RNOYR	69017
	Interest		1435RNOYR	64020
ACG	Principal		3220RNOYR	69017
	Interest		1435RNOYR	64020
National SMART	Principal		3220RNOYR	69017
	Interest		1435RNOYR	64020
FSEOG (No FISAP Corrections)	Principal		3220RNOYR	69017
	Interest		1435RNOYR	64020
FWS (No FISAP Corrections)	Principal		3220RNOYR	69017
	Interest		1435RNOYR	64020
Direct Loan and Direct Loan EAL	Principal	607.31	4253XNOYR	53020 or 53010
	Interest	0	4253XNOYR	53040
FFEL and FFEL EAL	Interest/ SA/EAL		4251XNOYR	53020
Federal Perkins	Principal		2915RNOYR	53054

**Section B: Use if the Institution is instructed to make adjustments in COD**

Add rows if necessary			Amount			G5 Program Award # *
Pell, ACG, SMART, TEACH	Pell/09/10	Principal		3875FNOYR	69020	
	Pell/09/10	Imputed Interest		1435RNOYR	64020	
	Pell/10/11	Principal				
	Pell/10/11	Imputed Interest				
Direct Loan (do not use for estimated loss)	Award Year	Principal		3875FNOYR	69020	
	Award Year	Imputed Interest		4253XNOYR	53040	