



MAR 19 2015

Mr. David Rhodes, President
School of Visual Arts
209 East 23rd Street
New York, NY 10010

Certified Mail Return Receipt Requested
Domestic Return Receipt
7006 0810 0004 0470 6111

RE: Final Program Review Determination
OPE ID: 00746800
PRCN: 201120227428

Dear Mr. Rhodes:

The U.S. Department of Education's (Department's) School Participation Team – NY/Boston issued a program review report on March 21, 2014 covering School of Visual Arts (SVA's) 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 2009-1010. SVA's final response was received on May 12, 2014. A copy of the program review report (and related attachments) and SVA's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by SVA 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 \$4,198.95.

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 and may lead to identity theft or other fraudulent use of the information. To protect PII, the

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

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 March 21, 2014 program review report. If SVA wishes to appeal to the Secretary for a review of financial liabilities established by the FPRD, the institution must file a written request for an administrative hearing. Please note that institutions may appeal financial liabilities only. The Department must receive the request no later than 45 days from the date SVA receives this FPRD. An original and four copies of the information SVA submits must be attached to the request. The request for an appeal must be sent to:

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

SVA'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 SVA'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 Tonya Sydney at (212) 646-3842. 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
Program Review Report (and appendices)
Final Program Review Determination Report (and appendices)

cc: William Berrios, Financial Aid Administrator
New York State Education Department
Middle States Commission on Higher Education

bcc: Reading file, Correspondence file, Tonya Sydney, Chris Curry, School file, ERM
Sharepoint

School of Visual Arts

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OPE ID 00746800
PRCN 201120227428

Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division – New York City/Boston

Final Program Review Determination

MAR 19 2015

Financial Square, 32 Old Slip, 25th floor, New York, New York 10005
www.FederalStudentAid.ed.gov

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A. Institutional Information

School of Visual Arts
209 East 23rd Street
New York, NY 10010-3994

Type: Proprietary

Highest Level of Offering: Master's Degree or Doctor's Degree

Accrediting Agency: Middle States - Higher Education

Current Student Enrollment: 4212 (2010)

% of Students Receiving Title IV, HEA funds: 27% (2009/2010)

Title IV, HEA Program Participation (PC NET): 2012-2013

Pell Grant	\$ 4,188,194
FDLP Stafford Subsidized	\$ 7,498,675
FDLP Stafford Unsubsidized	\$11,245,200
FDLP Plus	\$14,483,081
FDLP Grad Professional Plus	\$ 4,996,537
Federal Perkins Loans	\$ 413,334
FSEOG	\$ 510,831
FWS	\$ 625,011

Default Rate FFEL/DL: 2011 – 5.3%
2010 – 5.8%
2009 – 4.9%

Default Rate Perkins: 2013 – 7.9%
2012 – 9.9%
2011 – 15.6%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at School of Visual Arts (SVA) from February 13, 2011 to February 17, 2011. The review was conducted by Judith Ortiz-Velazquez and Tonya Sydney.

The focus of the review was to determine SVA'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 SVA's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and consumer information requirements.

A sample of 15 files was identified for review from the 2009 and 2010 award year(s). The student files were selected randomly from the list of students who 1) withdrew or ceased attendance for any reason other than graduation; 2) were selected for verification; and 3) received all non-passing grades ("0" GPA) for any term within the award year being reviewed. Appendix A identifies the students whose files were examined during the program review. A program review report was issued on March 21, 2014.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning SVA'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 SVA 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

SVA has taken the corrective actions necessary to resolve findings 1, 2, 3, 4, 6, 7, and 8 of the program review report. Therefore, these findings may be considered closed. Findings requiring further action by SVA 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 SVA's response to the finding, and the

Department's final determination for that finding. A copy of the program review report issued on March 24, 2014 is attached as Appendix B.

Finding 5. Federal Work Study (FWS) - Deficiencies

Citation: 34 C.F.R. § 675.16 (a)(10) and 34 C.F.R. § 675.19 (b)(2) state that the institution is responsible for ensuring that the student is properly paid for work performed. In addition, Federal Program regulation states that an institution must maintain FWS program and fiscal records that include a certification by the student's supervisor, an official of the institution or off campus agency that each student has worked and earned the amount being paid. The certification must include or be supported by a time record showing the hours each student worked.

34 C.F.R. § 673.5 (a)(2) states that an institution may only award FWS employment to a student if the award, combined with the other estimated financial assistance the student received, does not exceed the student's financial need.

In addition, 34 C.F.R. § 673.5 (d)(1) states that an institution shall take the following steps if it learns that a student has received additional amounts of estimated financial assistance not included in the calculation of Federal Perkins Loan, FWS, or FSEOG eligibility that would result in the student's total amount of estimated financial assistance exceeding his or her financial need by more than \$300:

- (1) The institution shall decide whether the student has increased financial need that was unanticipated when it awarded financial aid to the student. If the student demonstrates increased financial need and the total amount of estimated financial assistance does not exceed this increased need by more than \$300, no further action is necessary.

Noncompliance: SVA failed to monitor federal work study participants. Students no longer attending the program were allowed to receive federal work study funds.

Student #2 – A review the student records revealed that this student was paid for Federal Work Study (FWS) beginning November 17, 2009 and ending May 3, 2010. Based on FWS Timesheets and Student #2 earned \$5773.50. This student's last date of attendance was December 23, 2009.

Also, Student #2 was approved for FWS totaling \$5,000. A review of the timesheets and pay checks revealed that the student was allowed to receive \$5773.50; \$773.50 over the approved amount, resulting in an excess of FWS awards.

School officials confirmed that they did not have an adequate procedure in place to monitor that students did not exceed awarded amounts.

Required Action Summary: *SVA was required to inform this office of the procedures it has implemented to ensure no reoccurrence of this finding. SVA was to calculate all funds paid to student #2 after the last date of attendance.*

SVA's response: SVA concurred with the finding, SVA has implemented policies and procedures such as an online timesheet process to ensure that further recurrence.

Final Determination:

Student #2 received FWS funds totaling \$5,413.50 after his last date of attendance (December 23, 2009), during the 2009-2010 and 2010-2011 award years. SVA provided additional information (actual timesheets) documenting adjustments that were made to the actual hours worked. SVA's detailed report of the liabilities is provided in Appendix C. The Federal portion (75%) of the improper FWS disbursements totaled \$4,060.13. The calculated interest cost to the Department was \$138.82; documentation of the results of that calculation is included as Appendix D.

Instructions for repayment of the liabilities are provided in the "Payment Instructions" section of this letter.

D. Summary of Liabilities

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

Finding	Liability			
Finding 5	\$4060.13			
Interest/SA	\$138.82			
TOTAL	\$4198.95			
Payable To:				Totals
Department	\$4198.95			\$4198.95

E. Payment Instructions

1. Liabilities Owed to the Department

The total liability owed to the Department is \$4198. Of that amount, \$4060 will be addressed through the FISAP correction process as described in Section 2 below. The remaining liability owed directly to the Department is \$138 in interest costs.

A. Liabilities Owed to the Department Less than \$1,000.

Since the total liability amount owed directly to the Department is minimal (less than \$1,000), a receivable is not being established with the Department's Accounts Receivable Group. In addition, SVA must ensure that it has corrected its procedures so that this type of finding does not recur or is not repeated.

2. FISAP Corrections

SVA must make corrections to its FISAP for award year(s) 2009-2010 as follows:

- Log into eCB and make change(s) to the Working Copy, click on Submit and choose "Change Request". Provide the justification for the changes in the comments box, including that the changes are a result of a program review and include the Program Review Control Number.
- Once the request is approved, submit the changes within 5 days.
- Changes to the FISAP may result in changes to subsequent FISAPS. Contact the eCB Call Center at (877) 801-7168 for assistance in making this determination.
- FWS and FSEOG (Omit for Pell, ACG, SMART):
- If the recalculation of the school's funding results in an unprocessed deobligation (negative balance) because the school has drawn down its full authorization, return those funds via G5 in accordance with the automated notification from eCB. If the school has not drawn down its full authorization, the authorization will be reduced.

SVA submit proof of the FISAP corrections and payment via G5 for any unprocessed deobligation (if applicable) to Tonya Sydney within 45 days of the date of this letter.

F. Appendices

- Appendix A: Student Sample
- Appendix B: Program Review Report issued
- Appendix C: Institution's Written Response
- Appendix D: Cost of Funds