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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

December 4, 2014

Ms. Elsa Magee
Acting President
Higher Education Services Corporation
99 Washington Avenue
Albany, NY 12255

Dr. John King, Jr.
Commissioner
State Education Department
State Education Building, Room 408
89 Washington Avenue
Albany, NY 12234

Re: Tuition Assistance Program at LaGuardia
Community College
Report 2013-T-4

Dear Ms. Magee and Dr. King:

The Office of the State Comptroller audits postsecondary institutions to verify that only eligible students receive State-funded Tuition Assistance Program (TAP) awards. The objective of this audit was to determine whether LaGuardia Community College (LaGuardia) officials complied with the State Education Law and the Commissioner of Education's Rules and Regulations when certifying students for TAP awards.

Summary

We determined that LaGuardia was overpaid \$91,911 as a result of school officials incorrectly certifying certain students as TAP eligible.

We tested the accuracy of the school's certifications by reviewing a sample of 60 randomly selected awards from the three academic years ended June 30, 2012. We disallowed three payments, totaling \$4,371, for two students who did not meet the full-time attendance requirement, and one student who was not in good academic standing. Our statistical projection of these three awards to the school's population of TAP awards for the three-year review period results in an audit disallowance of \$83,794. We also disallowed six awards, totaling \$8,117, made

to sampled students outside of the three-year period.

We recommend that the Higher Education Services Corporation (HESC) recover the \$91,911, plus applicable interest, from LaGuardia for these incorrect certifications (see Table on page 3). We also recommend that State Education Department (SED) officials work with LaGuardia officials to help ensure future compliance with all of the TAP eligibility requirements cited in our report.

Background

TAP is the largest of the student grant and scholarship programs administered by HESC. It is an entitlement program designed to help eligible students pay tuition charges. Officials at schools receiving TAP payments are responsible for certifying student eligibility. According to HESC, LaGuardia officials certified 24,006 awards on behalf of 12,976 students, totaling \$31.2 million, for the three academic years ended June 30, 2012.

LaGuardia Community College, located in the borough of Queens, is part of the City University of New York. LaGuardia offers more than 50 associate degree programs in many fields, including nursing, business, liberal arts, and computer science. LaGuardia's student enrollment at the time of our audit approximated 20,000. Its annual tuition for New York City residents is about \$4,500.

We provided a draft copy of this report to HESC, SED, and LaGuardia officials for their review and comment. Their comments have been considered in preparing this final report.

In their response, HESC officials noted that our proposed disallowances pertained to SED regulatory issues, and as such, HESC officials defer to SED's interpretation of the applicable regulations. SED officials agreed with our report's recommendation. Further, LaGuardia officials informed us that the software used by the college to determine students' TAP eligibility led to incorrect award certifications for certain students. LaGuardia officials added that the software problem has been remedied and changes in program logic will help ensure future compliance with TAP eligibility requirements.

Audit Results

The following table summarizes our audit disallowances:

<u>Disallowed Payments During the 3-Year Sample Period</u>		
Reason	Awards	Amount
Students Not in Full-Time Attendance	2	\$3,113
Student Not in Good Academic Standing	<u>1</u>	<u>1,258</u>
Total Disallowance from the Sample Period	<u>3</u>	<u>4,371</u>
Projected Amount for the Sample Period		<u>\$83,794</u>

<u>Disallowed Payments Outside the 3-Year Sample Period</u>		
Reason	Awards	Amount
Students Not in Full-Time Attendance	<u>6</u>	<u>\$8,117</u>
Total Disallowance from Outside the Sample Period	<u>6</u>	<u>\$8,117</u>

Total Disallowance	
Total Disallowance (Projected Amount + Total Disallowance from Outside the Sample Period)	<u>\$91,911</u>

The disallowed payments are discussed in the following paragraphs. The student names and related information were provided separately to school officials.

Students Not in Full-Time Attendance

Section 661 of the State Education Law (Law) provides for the Commissioner of Education to define full-time attendance. Section 145-2.1 of the Commissioner of Education's Rules and Regulations (Regulations) states, in part, that full-time study at a degree-granting school is enrollment for at least 12 semester hours for a semester of not less than 15 weeks or its equivalent.

In addition, SED's Memorandum to Chief Executive Officers No. 86-17 states that "basic to the payment of State student aid is the requirement that courses that make up a student's minimum course load be creditable toward the degree, diploma or certificate program in which the student is enrolled." Once credit has been earned, if a course is repeated, it is generally no longer required as part of the student's program and therefore cannot be included as part of the student's minimum course load for State financial aid purposes.

We disallowed eight awards (two from our statistical sample period and six from outside the period) paid on behalf of eight students who did not meet the full-time requirement. Seven of these students enrolled for the full-time number of credits, but did not enroll in at least 12 credits that were applicable to their designated programs. The remaining student enrolled for the full-time number of credits, but repeated a course for which she had already earned credit.

LaGuardia officials agreed with our recommended disallowances for these eight awards.

Student Not in Good Academic Standing

Section 665(6) of the Law requires students to be in good academic standing to qualify for TAP awards. To maintain such standing, a student is required by Section 145-2.2 of the Regulations to maintain satisfactory academic progress toward completion of a program and to pursue the program of study in which he or she is enrolled. To maintain satisfactory academic progress, a student must accrue a certain minimum number of credits and earn a specified minimum cumulative grade point average as required on the school's chart of satisfactory academic progress approved by SED.

A student is pursuing an approved program of study if, during each term of study for which an award is received, the student receives a passing or failing grade in a predetermined percentage of the minimum full-time course load based on the number of TAP awards the student has previously received.

A student who fails to maintain good academic standing is not eligible for TAP. A student can regain good academic standing by (a) pursuing the program of study in which he or she is enrolled and making satisfactory progress toward the completion of his or her program's academic requirements; or (b) establishing in some other way, to the satisfaction of the Commissioner, the ability to successfully complete an approved program (e.g., making up the deficiencies at their own expense, obtaining a TAP waiver, remaining out of school for at least one calendar year, or transferring to another institution).

We disallowed one award from our statistical sample period that had been paid on behalf of a student who did not maintain good academic standing. The student did not earn a passing or failing grade in enough courses applicable to her program to meet the pursuit of program requirements.

LaGuardia officials agreed with our recommended disallowance.

Audit Scope and Methodology

We reviewed student TAP eligibility at LaGuardia College for the three academic years ended June 30, 2012. We reviewed a sample of 60 awards, totaling \$73,524, paid on behalf of 60 students during our three-year scope period. To project our audit disallowance from our sample to LaGuardia's award population, we used a statistically valid sampling methodology with a 95 percent confidence level. In addition, we reviewed other awards outside the three-year period through fall 2013, paid to sampled students. Disallowances of these other awards are not included in our projection, but are part of the total disallowed amount. Our audit did not include a review of HESC's processes to determine the dollar amount of student awards.

We conducted our performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis

for our findings and conclusions based on our audit objectives.

In planning and performing our audit of LaGuardia, we reviewed management's internal control system relating to its State financial aid operations. Our audit was limited to a preliminary review of this system to obtain an understanding of the environment and the flow of transactions through the school's accounting system and other systems that would support claims for student financial aid.

LaGuardia officials are responsible for complying with the governing TAP-related Law and Regulations. In connection with our audit, we performed tests of LaGuardia's compliance with certain provisions of these Laws and Regulations. Our objective in performing these tests was to obtain reasonable assurance that the students who received State awards were eligible to receive them. Our objective was not to provide an opinion on LaGuardia's overall compliance with such provisions. Our audit found that, for the transactions and records tested, LaGuardia officials generally complied with these provisions, except as noted in this report.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. In addition, the Comptroller appoints members to certain boards, commissions, and public authorities, some of whom have minority voting rights. These duties may be considered management functions for purposes of evaluating organizational independence under generally accepted government accounting standards. In our opinion, these functions do not affect our ability to conduct independent audits of program performance.

Authority

We performed this audit pursuant to the Comptroller's authority as outlined in Article V, Section 1 of the State Constitution; Article II, Section 8 of the State Finance Law; and Article XIV, Section 665(3) of the State Education Law.

Contributors to the Report

Major contributors to this report were Cindi Frieder, Gene Brenenson, Rita Verma, Elizabeth McNiff, Dana Bitterman, and Lillian Fernandes.

Recommendation to the Higher Education Services Corporation

1. Recover \$91,911, plus applicable interest, from LaGuardia for the ineligible TAP awards identified in this report.

Recommendation to the State Education Department

2. Work with LaGuardia officials to help ensure their future compliance with all of the TAP

eligibility requirements cited in this report.

We express our appreciation to the management and staff of LaGuardia for the courtesies and cooperation extended to our examiners during the audit.

Very truly yours,

Frank Patone, CPA
Audit Director

cc: Dr. Gail O. Mellow, LaGuardia Community College
Dr. Gail Baksh-Jarrett, LaGuardia Community College
Gordon C.E. Taylor, City University of New York