



May 29, 2015

Marilyn H. Burstein
Interim-President
New England Institute of Art
10 Brookline Place West, 2nd Floor
Brookline, Massachusetts 02445-7295

UPS Tracking
No.: 1ZA879640298309306

RE: Final Program Review Determination
OPE ID: 00748600
PRCN: 2013-301-28245

Dear Interim President Burstein:

The U.S. Department of Education's (Department) School Participation Division – New York/Boston issued a program review report on August 6, 2013 covering New England Institute of Art's (NEIA) 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 2011 - 2012 and 2012 - 2013 award years. NEIA's final response was received on September 10, 2013. A copy of the program review report (and related attachments) and NEIA's response are attached. Any supporting documentation submitted with NEIA's response is being retained by the Department and is available for inspection by NEIA 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 the program review report, (2) notify the institution of its right to appeal and (3) close the review.

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

AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION
School Participation Division New York/Boston
5 Post Office Square, 9th Floor, Suite 950-A, Boston, MA 02109-3921

finding in the attached report does not contain any student PII. Instead, the 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 August 6, 2013 program review report. If NEIA wishes to appeal to the Secretary for a review of financial liabilities established by the FPRD, NEIA must file a written request for an administrative hearing. Please note NEIA may appeal financial liabilities only. The Department must receive NEIA's request no later than 45 days from the date NEIA receives this FPRD. An original and four copies of the information NEIA 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

NEIA'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 NEIA'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).**

New England Institute of Art
OPE ID: 00748600
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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 NEIA has any questions regarding this letter, please contact Mr. Lonny R. Meloon at (617) 289-0092. 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: Eric Messina, Regional Finance Director
Massachusetts Department of Higher Education
Betsy Coldewey, New England Association of Schools and Colleges - CHE (Higher Educ)
Department of Defense
Department of Veterans Affairs
Consumer Financial Protection Bureau

Prepared for
New England Institute of Art



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OPE ID: 00748600
PRCN: 2013-301-28245

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

Final Program Review Determination

May 29, 2015

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A. Institutional Information

New England Institute of Art
10 Brookline Place West, 2nd Floor
Brookline, Massachusetts 02445-7295

Type: Proprietary

Highest Level of Offering: Bachelor's Degree

Accrediting Agency: New England Association of Schools and Colleges

Current Student Enrollment: 1000

% of Students Receiving Title IV: 87%

Title IV Participation (G5):

	2011-2012	2012-2013
Federal Pell Grant (Pell)	\$3,078,756	\$ 2,380,550
Federal Supplemental Educational Opportunity Grant (SEOG)	\$ 137,288	\$ 118,562
Federal Work Study (FWS)	\$ 49,957	\$ 129,068
William D. Ford Direct Loan Program (Direct Loan)	\$ 22,488,083	\$16,591,156
Total:	\$ 25,754,084	\$19,219,336
Default Rate FFEL/DL:	2011 – 13.0%	
	2010 – 17.6%	
	2009 – 9.7%	

B. Scope of Review

The U.S. Department of Education (Department) conducted a program review at New England Institute of Art (NEIA) from August 15, 2011 to August 19, 2011. The review was conducted by Mr. Gary Caramanis and Mrs. Cheryl Marotta.

The focus of the review was to determine NEIA's compliance with the statutes and regulations as they pertain to NEIA's administration of the Title IV, HEA programs. The review consisted of, but was not limited to, an examination of NEIA'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 2011 - 2012 and 2012 - 2013 (year to date) 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. Appendix A lists the names of the students whose files were examined during the program review. A program review report was issued on August 6, 2013.

Disclaimer:

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

NEIA has taken the corrective actions necessary to resolve Findings 2 and 3 of the program review report. Therefore, these findings may be considered closed. NEIA's written response which resolved these findings can be found in Appendix C.

Findings requiring further action by NEIA are discussed below.

Finding with Final Determination

The program review report finding requiring further action is summarized below. At the conclusion of the finding is a summary of NEIA's response to the finding and the Department's final determination for the finding. A copy of the program review report issued on August 6, 2013 is attached as Appendix B.

Finding 1. Failure to Meet FWS Community Service Requirement

Citation Summary:

An institution must use at least seven percent of the sum of its initial and supplemental FWS allocation for an award year to compensate students employed in community service activities. In meeting this community service requirement, an institution must include at least one reading tutoring project that employs one or more FWS students as reading tutors for children who are pre-school age or are in elementary school or a family literacy project that employs one or more FWS students in family literacy activities. The Secretary may waive these requirements if it is determined that an institution has demonstrated that enforcing the requirements would cause a hardship for students at the institution. To request a waiver for an award year, a school must send a waiver request and any supporting information or documentation to the Department by the established deadline date of that award year. The fact that it may be difficult for a school to comply with these requirements is not, in and of itself, a basis for granting a waiver. If there are any questions with respect to the community service expenditure requirements or waiver procedures, you may contact the Department's Campus-Based Call Center at 877-801-7168. 34 C.F.R. § 675.18 (g).

Noncompliance Summary:

NEIA failed to use at least seven percent of the sum of its initial and supplemental FWS allocation for the 2011 - 2012 and 2012 - 2013 award years to compensate students employed in community service activities.

Required Action Summary:

In its response to this finding, NEIA was required to identify each Community Service employer used to satisfy any portion of the seven percent requirement, and submit supporting documents, including appropriate payroll records, any off-campus work study agreements, and FWS time sheets listing the total dollar value earned by each student and the total dollar value and percentage used to satisfy the community service requirement for the 2011 - 2012 and 2012 - 2013 award years. If NEIA was unable to demonstrate that it had used all or a portion of its FWS allocation to satisfy this requirement, the amount of the difference between seven percent and the amount used to satisfy the requirement would be considered a liability. Instructions for repayment of any liability would be provided in the FPRD letter.

NEIA's Response:

In its response NEIA provided a copy of its Fiscal Operations Report and Application to Participate (FISAP) for the 2011 - 2012 and 2012 - 2013 award years. The FISAPs reflected that NEIA's FWS allocation was \$49,957 (adjusted) and \$129,068 for the 2011 - 2012 and 2012 - 2013 awards years, respectively. NEIA noted that it had awarded a total of \$2,092 in FWS funds for 2011 - 2012 and \$7,744.50 for 2012 - 2013 to students employed in community service related positions.

NEIA also included a spreadsheet which identified students who were employed in community service related positions for the 2011 - 2012 and 2012 - 2013 award years, and documentation that at least one student was employed as a reading tutor for the 2011 - 2012 and 2012 - 2013 award years.

Final Determination:

NEIA provided documentation that showed it awarded a total of \$2,092.00 in FWS community service funds to a single student for the 2011 - 2012 award year. The student was employed as a reading tutor. NEIA's FWS allocation for the 2011 - 2012 award year was \$49,957.00. As a result, NEIA was required to award \$3,496.99 (7 percent) to students employed in community service related occupations. Since NEIA did use a portion of its FWS funds towards the community service requirement, the difference of \$1,404.99 (\$3,496.99 - \$2,092.00) is considered an institutional liability for the 2011 - 2012 award year.

NEIA's FWS allocation for the 2012 - 2013 award year was \$129,068.00. Therefore, NEIA was required to award \$9,034.76 to students employed in community service positions. NEIA only awarded \$7,744.50, which is not at least seven percent of NEIA's 2012 -2013 FWS allocation. Since NEIA did use a portion of its FWS funds in 2012-2013 towards the community service requirement, the difference of \$1,290.26 (\$9,034.76 - \$7,744.50) is considered an institutional liability for the 2012 - 2013 award year.

The total liability for this finding is \$2,739.03 and is calculated as follows:

2011 - 2012 Federal Work Study Principal (Federal Share)	\$ 1,404.99
2011 - 2012 Federal Work Study Interest	\$ 29.57
2012 - 2013 Federal Work Study Principal (Federal Share)	\$ 1,290.26
2012 - 2013 Federal Work Study Interest	\$ 14.21
Total:	\$ 2,739.03

Details of this liability can be found in Appendix D.

D. Summary of Liabilities

The total amount calculated as liabilities from the findings in the program review determination are as follows:

Liabilities	FWS	
Finding 1	\$2,695.25	
Sub Total 1	\$2,695.25	
Finding 1 Interest		
Subtotal 2	\$ 43.78	
Total	\$2,739.03	
Payable To:		Totals
Department		\$2,739.03

Adjusting Federal Work Study (FWS) Liabilities:

Finding 1

The appropriate methodology for returning the 2011/2012 and 2012/2013 award year FWS liabilities involves making revisions to the FISAP reports. Instructions for completing these revisions are described below.

FISAP Corrections

NEIA must make corrections to its FISAP for award years 2011-2012 and 2012-2013 as follows:

- Log into eCB and make changes 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 2013-301-28245.
- 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.

- 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.

NEIA must submit proof of the FISAP corrections and payment via G5 for any unprocessed deobligation (if applicable) to Lonny R. Meloon **within 45 days of the date of this letter**.

F. Appendices

Appendix A: Student Sample

Appendix B: Program Review Report Dated August 6, 2013

Appendix C: Institution's Written Response to the Program Review Report dated September 9, 2013

Appendix D: Cost of Funds – Federal Work Study – Community Service



August 6, 2013

Christine Murphy
President
New England Institute of Art
10 Brookline Place West, 2nd Floor
Brookline, MA 02445-7295

UPS Tracking#:
1Z A54 67Y 02 9733 4094

RE: **Program Review Report**
OPE ID: 007486
PRCN: 2013 301 28245

Dear President Murphy:

From April 15, 2013 through April 19, 2013 Gary Caramanis and Cheryl Marotta conducted a review of New England Institute of Art's (NEIA) 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 NEIA. The response should include a brief, written narrative for each finding that clearly states NEIA's position regarding the finding and the corrective action taken to resolve the finding. Separate from the written narrative, NEIA 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.

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,
John W. McCormack Fed Bldg., 5 Post Off Sq., 9th Floor, Suite 950-A
Boston, MA 02109

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 inspection by NEIA 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 Gary Caramanis of this office within 30 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 Gary Caramanis at 617 289 0134 or gary.caramanis@ed.gov

Sincerely,

(b)(6)

Tracy M. Nave
Compliance Manager

cc: Financial Aid Administrator

Prepared for
New England Institute of Art .

OPE ID 007486
PRCN 2013-301-28245

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

Program Review Report

August 6, 2013

New England Institute of Art
OPE ID 007486
PRCN 2013-301-28245

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OPE ID 007486
PRCN 2013-301-28245

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A. Institutional Information

New England Institute of Art
10 Brookline Place West
2nd Floor
Brookline, MA 02445-7295

Type: Proprietary

Highest Level of Offering: Bachelor's Degree

Accrediting Agency: New England Association of Schools and Colleges

Current Student Enrollment: 1000

Percent of Students Receiving Title IV: 87%

Title IV Participation:

Award Year – 11/12	
Federal Pell Grant (Pell)	\$2,987,305
Federal Supplemental Educational Opportunity Grant (FSEOG)	\$199,703
Federal Work Study (FWS)	\$42,724
William D. Ford Direct Loan Program (Direct Loan)	\$21,409,976

Default Rate FFEL/DL:	2010 – 9.0%
	2009 – 10.1%
	2008 – 3.0%

B. Scope of Review

The U.S. Department of Education (Department) conducted a program review at New England Institute of Art (NEIA) from April 15, 2013 to April 19, 2013. The review was conducted by Mr. Gary Caramanis and Ms. Cheryl Marotta.

The focus of the review was to determine NEIA'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 NEIA'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 2011/12 and 2012/13 (year to date) 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, five additional files were selected based on FWS time card issues.

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 NEIA'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 NEIA 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 (FPRD) 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 NEIA to bring operations of the financial aid programs into compliance with the statutes and regulations.

Finding 1. Failure to Meet FWS Community Service Requirement

Citation: An institution must use at least seven percent of the sum of its initial and supplemental FWS allocation for an award year to compensate students employed in community service activities. In meeting this community service requirement, an institution must include at least one reading tutoring project that employs one or more FWS students as reading tutors for children who are pre-school age or are in elementary school or a family literacy project that employs one or more FWS students in family literacy activities. The Secretary may waive these requirements if it is determined that an institution has demonstrated that enforcing the requirements would cause a hardship for students at the institution. To request a waiver for an award year, a school must send a waiver request and any supporting information or documentation to the Department by the established deadline date of that award year. The fact that it may be difficult for a school to comply with these requirements is not, in and of itself, a basis for granting a waiver. If there are any questions with respect to the community service expenditure requirements or waiver procedures, you may contact the Department's Campus-Based Call Center at 877-801-7168. Reference 34 C.F.R. § 675.18 (g).

Noncompliance: NEIA failed to use at least seven percent of the sum of its initial and supplemental FWS allocation for the 2011/12, and 2012/13 award years to compensate students employed in community service activities.

Required Action: A school that is not compliant with the FWS community service requirements may be subject to a Limitation, Suspension, and Termination proceeding, through which the school could be denied future participation in the Federal Work Study Program and possibly other FSA programs and/or subject to a substantial fine. During the program review, NEIA officials stated that they failed to meet the seven percent community service requirement due to a change in financial aid personnel.

In its response to this finding, NEIA must identify each Community Service employer used to satisfy any portion of the seven percent requirement, and submit supporting documents, including appropriate payroll records, any off-campus work study agreements, and FWS time sheets listing the total dollar value earned by each student and the total dollar value and percentage used to satisfy the community service requirement for the 11/12 and 12/13 award years. If NEIA is unable to demonstrate that it used all or a portion of its FWS allocation to satisfy this requirement, the amount of the difference between seven percent and the amount used to satisfy the requirement will be considered a liability. Instructions for repayment of any liability will be provided in the FPRD letter.

Finding 2. FWS Time Card Not Certified

Citation: In administering its FWS program, an institution shall establish and maintain an internal control system that includes 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, for students paid on an hourly basis, a time card record showing the hours each student worked in clock time sequence or the total hours worked per day. Reference 34 C.F.R. 675.19 (b)(2)(i)

Noncompliance: NEIA's standardized electronic FWS time card used for all students for the 2011/12 and 2012/13 award years did not contain a statement by the supervisor indicating that the student had worked and earned the amount being paid. Although the statement was missing, the time cards were signed by the supervisors.

Required Action: During the program review, NEIA officials provided the reviewers with a revised standardized electronic FWS time card that includes the required supervisor's certification statement. Schools officials indicated that the revised time card would be used for all FWS students effective immediately. Therefore, no further action is required.

Finding 3. FWS Off-Campus Agreement Not Properly Executed

Citation: If an institution wishes to have its students employed by a Federal, State or local public agency, or a private nonprofit or for-profit organization, it shall enter into a written agreement with that agency or organization. Reference 34 C.F.R. § 675.20(b)

Noncompliance: On April 8, 2013, NEIA and the Boys and Girls Club of Dorchester entered into an agreement (Off-Campus Federal Work Study Agreement) to provide work to students eligible for FWS. The agreement was signed by an official of the off-campus agency on April 8, 2013. However, the agreement was not countersigned by the institution.

Required Action: During the program review, an authorized school official countersigned the agreement thereby confirming the agreement. Therefore, no further action is required.