



THE STATE EDUCATION DEPARTMENT / THE UNIVERSITY OF THE STATE OF NEW YORK / ALBANY, NY 12234

**To:** The Honorable the Members of the Board of Regents


**From:** Douglas E. Lentivech 

John L. D'Agati 

**Subject:** St. Paul's School of Nursing: Extension of Provisional Authority to Confer Degrees

**Date:** December 8, 2014

**Authorizations:**

  
SUMMARY

**Issue for Decision (Consent Agenda)**

Should the Board of Regents grant permanent degree authority or extend provisional degree conferring authority to St. Paul's School of Nursing at its Queens and Staten Island Campuses?

**Reason for Consideration**

Required by State regulation.

**Proposed Handling**

The question will come before the full Board for consideration at its December 2014 meeting, where it will be voted on and action taken.

**Procedural History**

Pursuant to §224 of the Education Law, the consent of the Board of Regents is required for a for-profit institution to award degrees. Section 3.58 of the Rules of the Board of Regents authorizes the Board of Regents to determine whether to grant permanent authority, or extend the provisional authority to confer degrees for an

additional period of up to five years, or deny continuing degree-conferring authority past the term of the previously granted provisional authority.

### **Background Information**

**Brief Description of the School:** St. Paul's School of Nursing was established following the transfer of assets from St. Vincent's Catholic Medical Centers to Education Affiliates (EA), Inc. EA is a private corporation engaging in the acquisition and operation of for-profit, postsecondary, career-oriented schools. The mission of the School is to serve the needs of the community by offering education that exemplifies the highest standards for nursing practice and healthcare education. At its December 2008 meeting, the Board of Regents voted to confer provisional authority upon St. Paul's School of Nursing for a period of five years. The School offers an Associate in Science (A.S.) degree program in Nursing (registered in June 2009) and an Associate in Occupational Science (A.O.S.) degree program in Medical Assistant (registered in July 2010) at both the Queens Campus and the Staten Island Campus. The Staten Island Campus also offers an A.O.S. program in Dental Assistant (registered in May 2010).

**Review Process of the School's Application:** The School submitted an application for permanent authority to confer degrees on February 18, 2013. As part of the review process, staff members from the New York State Education Department (NYSED) conducted a peer review site visit to both campuses on September 23-24, 2013. The draft report of the site visit was sent to the campuses on October 29, 2013. A response to the report was only received from the Staten Island Campus on November 22, 2013.

In addition to the School's application for permanent authority to confer degrees and findings of the September 2013 peer review site visit, the following documentation was considered during the review process: the School's progress reports; annual nursing program reports; financial reports from the NYSED Office of Audit Services; institutional statistics from the NYSED Office of Research and Information Systems; and findings from the 2010 routine site visit to the nursing programs at both campuses.

**Deputy Commissioner's Recommendation:** Based upon the review of the materials and records related to the School's application, it is determined that the school is partially compliant with three areas of Section 3.58 of the standards (program registration standards, financial resources, and effective operation to meet program objectives) and compliant with the remaining two areas of the standards (owner integrity and contributions to community). As indicated in the attached Compliance with Regulatory Provisions section, while the school has provided evidence of well-equipped facilities, adequate faculty size and qualifications, and acceptable programmatic and curricular objectives, concerns remain related to large class enrollment patterns and poor exam performance on the national nurse licensing exam. The School has agreed to a modified enrollment plan, and related admissions and structural modifications to address the areas of partial compliance.

The Deputy Commissioner recommends extending the School's provisional authority to confer degrees for three years beyond the date of the initial provisional approval, with an expiration date of December 31, 2016. The School shall submit annual progress reports 1) documenting progress made towards full compliance with Section 3.58 criteria and standards; and 2) providing evidence that the degree programs are meeting their educational objectives, including improved performance on the national nursing licensure examinations. At least 12 months prior to the end of the provisional authority period, the institution must apply for permanent authority to confer degrees. See attachment for the factual basis for the recommendation.

On July 18, 2014, notification of the Deputy Commissioner's recommendation was sent to the School. The School did not respond within the thirty (30) day timeframe in which the School could request a reconsideration of the recommendation and submit any additional information.

### **Recommendation**

The Board of Regents extends the School's provisional authority to confer degrees until December 31, 2016. The School shall submit annual progress reports 1) documenting progress made towards full compliance with program registration standards; and 2) providing evidence that the degree programs are meeting their educational objectives, including improved performance on the national nursing licensure examinations. At least 12 months prior to the end of the provisional authority period, the institution must apply for permanent authority to confer degrees.

### **Timetable for Implementation**

The Regents action will take effect immediately.

## Attachment

### St. Paul's School of Nursing Compliance with Regulatory Provisions

**§3.58 (d)(2)(i)(a):** *Evidence confirming that the institution is in compliance with the Education Law, program registration standards set forth in Part 52 of this Title, other Rules of the Board of Regents and Regulations of the Commissioner of Education, other State statutes and regulations, and Federal statutes and regulations, relevant to the operation of degree-granting institutions*

#### Findings:

The School received initial accreditation by the Accrediting Bureau of Health Education Schools (ABHES) in 2010, which extends through February 2015 for all programs currently offered. The most recent three-year official federal default rates on Title IV loans for the St. Paul's Queen Campus is 2.3 for FY 2011, 3.4 for FY 2010 and 3.0 for FY 2009; the Staten Island Campus is 0.0 for FY 2011, 5.5 for FY 2010 and 5.6 for FY 2009. In order to remain compliant with the United States Department of Education requirements for Title IV programs, the Corporation posted a letter of credit for \$43.8 million. Presented below are findings on program registration standards as set forth in Part 52 of the Commissioner's Regulations.

**Resources:** Both campuses provide sufficient classrooms, computer labs, and offices to support the programs. The nursing skills labs on both campuses are spacious and equipped with all the necessary technical learning aids and both medium and high fidelity human simulation equipment with dedicated lab space. Nursing faculty members have been charged with maintaining the lab and keeping inventory. The medical assistant and dental assistant programs are equally supported with sufficient equipment and patient units to support the curriculum objectives. The library on each campus provides students and faculty sufficient electronic collections to support the programs.

**Faculty:** As of September 2013, at the Queens Campus, there were 19 full-time faculty (18 nursing; 1 medical assistant) and 64 part-time faculty (49 nursing; 8 medical assistant; and 7 general education) with the required credentials. At the Staten Island Campus, there were 37 full-time faculty (26 nursing; 5 medical assistant; 2 dental assistant; and 4 general education) and 56 part-time faculty (30 nursing; 3 medical assistant; 2 dental assistant; and 21 general education). Review of curriculum vitae show that faculty members are qualified to teach the assigned courses.

The School has published job descriptions that define the minimum position requirements: each nursing faculty member must have an unencumbered license and current registration in New York State, a minimum of three years of practice experience and hold a Master of Science degree with a nursing major. The director of the medical assistant and the dental assistant program must hold the minimum of a Bachelor of

Science degree. The medical assistant faculty must also have a minimum of an Associate level degree. All faculty members in the medical assistant and dental assistant program must be a graduate of an accredited school, have a license or certification in the field if so required by the State, a minimum of three years of occupational experience and previous teaching experience. Faculty teaching liberal arts and science courses must hold a Master's degree in the academic field of instruction.

**Curricula and Awards:** The curriculum for the education programs offered at the School meet the requirements in Commissioner's Regulations. The nursing program is 69 credits (39 credits in the nursing major and 30 credits in liberal arts and science coursework), over four 15-week semesters of full-time study, including 450 clinical hours and 165 campus nursing skills lab hours. Approximately 50% of students complete the program part-time, taking fewer than 12 credits per semester, having prior acceptable coursework that satisfies the liberal arts and science requirements. The curriculum in medical assistant and dental assistant programs is designed as quarter hour programs (12 weeks equals one semester). Each semester has two six-week modules. The medical assistant program at each campus is 97 quarter credit hours completed in six quarters and includes 734 hours of didactic instruction; 670 hours of lab instruction; and 160 hours in an off-campus externship. The dental assistant program on the Staten Island campus is 103 quarter credit hours completed in seven quarters and includes 654 hours of classroom instruction; 750 of lab instruction; and 360 hours in an off-campus externship. The School has contractual arrangements with 31 appropriate health care agencies for clinical nursing experiences, 27 medical assistant externship sites, and 14 dental assistant externships sites.

**Admissions:** Student admissions for all programs are based on established criteria that seek to identify students capable of meeting program outcomes. All students must submit a high school diploma or GED, provide valid forms of picture ID, take the Wonderlic Scholastic Level Exam, and achieve a minimum score of 13 for the medical and dental assistant programs and 16 for the nursing program. Prospective nursing students must also take the proctored *Evolve Reach Admission Assessment Examination A2* and achieve a minimum composite score of 80 percent in English language and mathematics component. All prospective students are required to meet the health, immunization, and background check requirements.

**Enrollment:** As of September 2013, there were 572 enrolled students at the Queens Campus (75 medical assistant students and 497 nursing students). The total enrollment at the Staten Island Campus was 735 students (148 medical assistant students; 56 dental assistant students; and 531 nursing students). For the medical assistant programs, students are enrolled every six weeks, 19 for the Queens Campus and 21 for the Staten Island Campus. For the dental assistant program at the Staten Island Campus, six students are enrolled every six weeks. The Queens Campus has submitted a proposal for the addition of a dental assistant program with similar enrollment projections. Nursing students are enrolled at each campus in January and August each year.

In EA's original enrollment plan for nursing, the projected enrollment for 2009 was 250 students at each campus, remaining at that level through 2012. Based on the annual reports of the nursing programs, the enrollment for the years 2010 – 2013 is as follows: For the Queens Campus, 264 in 2010; 409 in 2011; 454 in 2012; and 497 in 2013. For the Staten Island Campus, 293 in 2010; 444 in 2011; 516 in 2012; and 531 in 2013.

With declining student performance on the National Council Licensure Exam-Registered Nurse (NCLEX-RN), the Department asked each campus in August 2013 to propose a program improvement plan that included a reduction in nursing student enrollment. A plan submitted in April 2014 by each campus proposed a 25 percent reduction in program enrollment: 105 students each January and August, starting in January 2015. The Queens Campus would realize a decrease in the total population of nursing students resulting in approximately 360 to 390 students in January 2015 taking into account about 10 percent attrition. The Staten Island Campus, by August 2015, would have an enrollment between 350 and 375 students. The proposed enrollment plan for each campus extends through the 2016 academic year.

**Administration:** The administrative structure is in compliance with the Commissioner's Regulations. An EA operational team provides administrative support to the School. The team consists of a Regional Vice President for Education, a Regional Dean of Nursing, a Senior Vice President for Financial Aid and Compliance, and a Vice President for Legislative and Regulatory Affairs. Campus-based administrative teams include a President, Registrar, Financial Aid Director, Admissions Director, Business Manager, Career Services Manager, Learning Resource Manager, and Directors of the Education Programs. At the time of the September 2013 campus visits, the curriculum vitae of the administrators were reviewed and it was determined that personnel were appropriately credentialed for their position by education and experience. Since 2008, there has been turnover in both the Nursing Director and President's position at both campuses.

External input from communities of interest stem from established advisory committees. The nursing advisory committee, chaired by the Dean of Nursing, meets twice a year and includes student representatives (current and graduates) and community groups involved in nursing education and the delivery of health care. The advisory committees for the dental and medical assistant programs are similarly scheduled and chaired by the Director of Education at the Staten Island Campus and the medical assistant program director at the Queens Campus.

Faculty governance is clearly articulated through administrative policies that describe the rights and obligations of faculty employees in accordance with the Commissioner's Regulations. Faculty members participate in the governance of the School through membership in standing committees such as faculty affairs, curriculum, admissions, policy and procedures, and evaluation. Academic and student life policies are clearly published in the School's catalog and program handbooks.

**Support Services:** Faculty intervention is the main method for triggering academic support services. A faculty member will identify a student that is struggling and refer him/her to his/her faculty advisor. Students may contact a faculty member if they wish to receive additional academic support. There is no defined office for academic support services.

The September 2013 site visit team noted the need for improvement in the areas of resources, faculty, curricula awards, admissions, administration, and support service. Specifically, the use of library resources is not consistently used to improve information literacy skills across programs and IT support is a shared resource between campuses. The general education faculty is organized in a manner that does not facilitate evaluating the rigor of the general education courses or developing remedial services for the liberal arts and science courses. The School has not implemented strategies for maintaining a cadre of full- and part-time liberal arts and science faculty in a ratio that supports the goals of the education programs. The pedagogical foundations of the nursing curriculum are not fully aligned with contemporary approaches to teaching and learning in nursing education. Even though the admission criteria are the same for the two campuses, they have markedly different retention and graduation rates. The Queens campus reports a 100% retention rate and 63.8% graduation rate, while the Staten Island campus reports a 57% retention rate and 77.6% graduation rate. This needs to be examined. Student-centered communication patterns require consistent implementation congruent with the stated mission and vision of the School. Lastly, academic support services are provided primarily through faculty intervention or a student seeking assistance from a faculty member. There is no centralized academic support service with a variety of learning resources available to students.

**Conclusion: Partially Compliant**

***Standard: §3.58 (d)(2)(i)(b):Evidence confirming that the institution has sufficient financial resources to ensure satisfactory conduct of its degree programs and achievement of its stated educational goals.***

**Findings:**

According to the School's application for permanent authority to confer degrees, EA does not have any public debt and is not rated by A.M. Best, Dunn & Bradstreet, Moody's or Standard & Poor's or their successors. EA has provided consistent financial support for the programs. The consolidated budget for the St. Paul's School of Nursing for fiscal year 2012 from January 1 to December 31, 2012 showed approximately \$20.2 million in tuition and student materials/services revenue, net of student material and services costs, and approximately \$13.5 in sales, training, facilities, administrative, bad debt and depreciation expenses. Since the previous on-campus visit in 2010, the Queens Campus has moved to expanded space in Rego Park, Queens. The new space provides well-equipped smart classrooms, science laboratories, library, offices, and student meeting space. Computer labs are sufficient in number to support the

current student population, faculty and staff on each campus. The Staten Island Campus has increased by 8,000 sq. feet and renovations are in progress to add 2,200 sq. feet of classroom space. With the addition of the space, the classroom overcrowding previously observed has been resolved. The Staten Island Campus also has adequate, well-equipped space for offices, student meeting rooms, science laboratories, and a library.

Nevertheless, NYSED’s Office of Audit Services found that EA’s federal composite scores for fiscal years 2007 through 2013 were “not financially healthy” and noted the following concerns and observations:

The financial statements for fiscal year 2013 are for the Corporation in its entirety and not just the School. The balance sheet indicated the Corporation had \$8.56 million in cash and cash equivalents and the office calculated \$30.86 million in average monthly expenses for the period. The average monthly revenue was \$28.94 million. The Corporation had current assets of \$60.54 million and current liabilities of \$80.86 million, which means for every dollar of current assets it, had \$1.34 in current liabilities. The Corporation had net loss of \$23.13 million on \$347.25 million of total revenue. The following table shows the Corporation’s federal composite scores for fiscal years 2007 through 2013 (no financial information is available for fiscal years prior to 2007):

<b>Fiscal Year</b>	<b>Composite Score</b>	<b>Interpretation of Score</b>
2007	0.1	“not financially healthy”
2008	0.0	“not financially healthy”
2009	0.2	“not financially healthy”
2010	0.2	“not financially healthy”
2011	0.0	“not financially healthy”
2012	(0.3)	“not financially healthy”
2013	(1.0)	“not financially healthy”
<b>Note: Parenthetical notation denotes a negative composite score</b>		

The U.S. Department of Education notified EA that it may continue to participate in the Title IV, HEA programs by choosing either the Letter of Credit Alternative or the Provisional Certification Alternative. EA chose the Provisional Certification Alternative under which it is required to post a letter of credit in the amount of \$43,840,170. This represents 15% of the Title IV funds received during the year ending December 31, 2013. This amount constitutes a reduction from the letter of credit previously in place with USDE (\$50,278,857), which also represents 15% of the Title IV funds received during the fiscal year ending December 31, 2012.

**Conclusion: Partially Compliant**



**Standard: §3.58 (d)(2)(i)(c): evidence that the individuals having ownership or control of the institution are operating the proprietary college in an effective manner and that the degree programs meet their educational objectives;**

**Findings:**

St. Paul's School of Nursing was originated from the transfer of assets from St. Vincent's Catholic Medical Centers to Education Affiliates (EA), Inc. In 2008, EA owned 20 postsecondary schools with 35 campuses located in nine states. At the time of application for permanent authority in 2013, EA has expanded its holdings to operate 53 campuses in 17 states. The officers of EA, Inc. are Duncan Anderson (president) and Stephen Budosh (vice president, secretary, and treasurer). Mr. Anderson serves on the Board of Directors of Education Affiliates, Inc. along with Alexander Castaldi, Eugene Han, Paul Levy, Frank Rodriguez, all of whom are managing directors. The President and Chief Executive Officer Duncan Anderson has been with the company since its inception. Mr. Anderson holds a bachelor's degree in economics from the University of North Carolina, Chapel Hill, and an M.B.A. from Northeastern University. The remaining officers and directors are similarly credentialed in business and law. EA leadership asserts that EA intends to maintain ownership of the School on a long-term basis.

As mentioned previously, EA provides adequate resources to support the programs. However, there is not sufficient evidence that the degree programs meet their educational objectives. The most significant nursing program outcome measure is the performance of first-time candidates on the National Council Licensure Exam – RN (NCLEX-RN). Despite implementing plans for program improvement that included increasing full-time faculty, providing remediation, and developing rigorous admission criteria, the pass rates for the Queen's Campus graduates has steadily declined each year from 88 percent for 76 first-time candidates in 2010 to 58.6 percent for 145 first-time candidates in 2013. The pass rates for graduates of the Staten Island Campus have been variable ranging from 79 percent for 43 first-time candidates in 2010 to a high of 88 percent for 82 first-time candidates in 2011. The current rate is 44.7 percent for 206 first-time candidates in 2013.

Program retention<sup>1</sup> and placement data<sup>2</sup> included in the application and available on the campus website is based on the annual reports submitted to the Accrediting Bureau of Health Education Schools (ABHES). At the Staten Island Campus, program retention rates are as follows: for nursing, the rate ranges from a low of 75 percent in 2008 to a high of 95 percent in 2012; for medical assistant, the rate was 97 percent in

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<sup>1</sup> ABHES defines the retention rate as the ending enrollment plus graduates divided by the beginning enrollment plus new starts plus re-entry students.

<sup>2</sup> ABHES placement percentage is equal to the number of graduates placed in their field of training or related field divided by the total number of graduates minus graduates unavailable for placement (unavailable due to continuing education, incarceration, military duty, etc.)

2011 and 74 percent in 2012; for dental assistant, the rate was 88 percent in 2011 and 78 percent in 2012. Placement data for the nursing program is 85 percent in 2011, 75 percent in 2012, and 46 percent in 2013. Placement data for the medical assistant and dental assistant programs is not available through 2012. In 2013, the rates were 77 percent for the medical assistant program and 100 percent for the dental assistant program.

At the Queens Campus, program retention rates are reported as follows: for the nursing program, the rates range from 75 percent in 2008 to a high of 89 percent in 2011. The retention rate for the medical assistant program is 100 percent in 2011 and 86 percent in 2012. Reported placement data for the nursing program is 76 percent in 2011, 80 percent in 2012, and 79 percent in 2013. Placement data for the medical assistant program is not available through 2012 and is 96 percent in 2013.

In accordance with federal regulations, the School publishes the institutional graduation and retention rates on each campus website. The data is based upon the information submitted annually to the Integrated Postsecondary Education Data System (IPEDS). The most recent reports indicate the overall graduation rate<sup>3</sup> for the Staten Island Campus is 77.6 percent and the Queens Campus is 63.8 percent; the overall retention rate<sup>4</sup> for the Staten Island Campus is 57 percent and 100 percent for the Queens Campus.

### **Conclusion: Partially Compliant**

***Standard: §3.58 (d)(2)(i)(d): evidence that the individuals having ownership or control of the institution have not engaged in fraudulent or deceptive practices;***

### **Findings:**

Although the Department's review revealed no apparent evidence of fraudulent or deceptive practices by the individuals having ownership or control of the School, it should be noted that, during the application process, the owners disclosed several pending civil litigations. Of these litigations, at least three involve claims of fraud and/or deceptive practices.

### **Conclusion: Compliant**

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<sup>3</sup> IPEDS calculates the graduation rate as the total number of completers within 150 percent of normal time divided by the revised adjusted cohort. It is the rate required for disclosure and/or reporting purposes under Student Right-to-Know Act.

<sup>4</sup> IPEDS defines retention rate as a measure of the rate at which students persist in their educational program at an institution, expressed as a percentage. It is the percentage of first-time degree seeking students from the previous fall who either re-enrolled or successfully completed their program by the current fall.

***Standard: §3.58 (d)(2)(i)(e): evidence that substantiates the institution's beneficial contributions to the community or communities it serves.***

The School has invested significant resources to establish well-equipped campuses in the respective boroughs which provide both employment and educational opportunities for the communities they serve. Most students report a positive learning experience and improved communications and services at each of the campuses. Based on Labor Department projections there is a workforce demand for the targeted professions, and the School provides graduates that can meet the needs of health care providers in the region. Most medical and dental assistant programs, in the five boroughs of New York City, offer certificate programs. The programs at St. Paul's offer the A.O.S. degree, enhancing employment prospects.

**Conclusion: Compliant**