TO: Higher Education Committee

FROM: John L. D'Agati

                Douglas E. Lentivech

SUBJECT: An Update on St. Paul's School of Nursing's Provisional Degree-Granting Authority

DATE: November 29, 2018

AUTHORIZATION(S):

SUMMARY

Issue for Discussion

This item will present an update on St. Paul's School of Nursing at its Queens and Staten Island campuses.

Reason(s) for Consideration

Information and discussion.

Proposed Handling

This item is will come before the Higher Education Committee at its December 2018 meeting for information and discussion.

Procedural History

At its December 12, 2017 meeting, the Board of Regents extended provisional degree-granting authority of St. Paul School of Nursing at its Queens and Staten Island campuses until December 31, 2019. Consideration of degree-granting authority beyond December 31, 2019 will be contingent upon compliance with pertinent State and federal laws, regulations and rules, and acceptable financial health status. As such, you asked

for an interim update on the Schools' progress on cited areas of concern. Application for permanent degree-granting authority must be received 12 months prior to the end of the provisional authority period and will require campus site visits by Department staff in 2019.

Background Information

On December 27, 2017, the Department sent letters to both Schools notifying them of the Board of Regents decision on the Schools' request for permanent degree-granting authority. As part of the process to monitor the Schools' progress toward addressing the areas for improvement, the Department requested that each School provide an interim report to the Department prior to October 15, 2018. Below is a summary of the major concerns that led to the decision not to grant permanent degree-granting authority and improvement actions taken as identified in the Schools' October 2018 progress report.

I. The Financial Health of the Schools and Corporate Owner

The Schools indicate in their October 2018 reports that they have adequate resources and financial commitment to support the programs. The Office of Audit Services (OAS) reviewed the audited financial statements for the period ending June 30, 2018 for the Schools and noted the following:

- The Condensed Consolidating Balance Sheet indicated that the Queens campus had $16,000 in cash and cash equivalents. The average monthly expenses were $749,000 and average monthly revenue was $899,000 for the period. The Staten Island campus had $16,000 in cash and cash equivalents. The average monthly expenses were $703,000 and average monthly revenue was $821,000 for the period.

- The Queens campus had current assets of $10.29 million and current liabilities of $2.72 million, which means for every dollar of current liabilities, the Queens campus had $3.78 in current assets. The Staten Island campus had current assets of $22.96 million and current liabilities of $2.43 million, which means for every dollar of current liabilities, the Staten Island campus had $9.45 in current assets.

- The Queens campus earned net income of $1.8 million on $10.78 million in total revenue. This represents a net income ratio of 16.7 percent. The Staten Island campus earned net income of $1.42 million on $9.86 million in total revenue. This represents a net income ratio of 14.4 percent.

The Composite Score for the Queen's campus was 3.0 for 2017 and 2018. The Composite Score for the Staten Island Campus was 2.5 for 2017 and 3.0 for 2018. Both Campuses were considered financially healthy for the period.

In addition, OAS reviewed the audited financial statements for the period ending June 30, 2018, for the cooperate owner, Education Affiliates Inc. and Subsidiaries (EA). Presented below is a summary of the review:

- The Consolidated Balance Sheet indicated that EA had $2.33 million in cash and cash equivalents. The average monthly expenses were $22.58 million and average monthly revenue was $21.74 million for the period.

- EA had current assets of $22.72 million and current liabilities of $60.69 million, which means for every dollar of current assets EA had $2.67 in current liabilities. In addition, EA had total assets of $47.78 million, total liabilities of $93.57 million, and owner's equity of negative $45.79 million.

- EA operated at a loss of $10.06 million on unrestricted revenue of $260.84 million. In other words, expenses exceeded revenue by 3.9 percent.

EA's federal composite score for was negative 1.0 for 2017 and negative 0.8 for 2018, which means that EA is considered not financially healthy for the period. Because of this, both schools remain under heightened cash monitoring by the U.S. Department of Education.

II. Educational Effectiveness of the Registered Programs and Nursing Programs Outcomes for First-time Candidates on the National Council Licensure Examination for Registered Nurses (NCLEX-RN)

The Schools indicate in their October 2018 reports that they have adequate resources and a financial commitment to support the programs, however we note that the federal student aid website (https://studentaid.ed.gov/sa/about/data-center/school/composite-scores) lists that the composite score for both schools' fiscal year ending between 7/1/2015 and 6/30/2016 is -1.0. Both schools remain under heightened cash monitoring by the U.S. Department of Education. We requested the Schools and the corporate owner to submit updated financial statements and expect to receive the information in December 2018. The reports and resources information will also be a focus area of the 2019 site visit.

- Educational effectiveness of the registered programs, specifically, the Nursing programs outcomes for first-time candidates on the National Council Licensure Examination for Registered Nurses (NCLEX-RN).

The Schools' October 2018 progress reports indicate that the schools have implemented multiple student advising strategies, including a "Rocks in the Road" Questionnaire to self-identify obstacles to program completion and the support system needed to overcome the obstacles; mid and end of module student assessments; timely advising beyond the advising points; and externship advising separate from externship orientation prior to the student beginning the externship. In addition, the Schools have implemented advising strategies for at-risk students (i.e., students who are placed on Satisfactory Academic Progress (SAP) warning, restarting students, and students whose attendance rates are below 80%). An improvement plan is developed for the individual student who falls into any of the above categories.

As can be seen from the tables below, the Schools' NCLEX-RN pass rates have improved significantly since 2016. In 2017 and 2018, the pass rates for both Schools are below the state average. However, the pass rates meet the Department's expectation

that the programs shall maintain a minimum acceptable NCLEX-RN pass rate of 75 percent for first-time candidates.

Table 1a. *First -Time Candidate Pass Rates on the NCLEX-RN

Queens Campus

Year	# of First-time Attempts	# Passed	% Passed	NY State Rate
2013	145	85	58.6%	78.1%
2014	177	74	41.8%	76.8%
2015	154	86	55.8%	80.6%
2016	168	128	76.2%	82.9%
2017	179	143	79.9%	85.0%
2018**	87	68	78.2 %	87.8%

Table 1b. *First -Time Candidate Pass Rates on the NCLEX-RN

Staten Island Campus

Year	# of First-time Attempts	# Passed	% Passed	NY State Rate
2013	206	96	44.6%	78.1%
2014	198	87	43.9%	76.8%
2015	192	103	53.7%	80.6%
2016	118	72	61%	82.9%
2017	104	81	77.9%	85.0%
2018**	92	73	79.4%	87.8%

*NCLEX pass rates calculated for first time candidates as reported by National Councils of State Boards of Nursing (NCSBN).

**first three quarters.

III. The Course Sequence of the Medical Assistant and Dental Assistant programs

Students in the Medical Assistant and Dental Assistant programs are admitted multiple times in a year. Previously, instead of following a sequence of study, students took the courses that were offered at the time of their enrollment and continue through the program until all modules were completed. To offer students a curriculum in a logical progression of content from basic to complex, the Schools altered the structure and sequence for progression through the program. According to the Schools' October 2018 reports, courses are now grouped into four sequences assuring progression in a logical manner. Additionally, the Program Chairs carefully monitor the courses that require pre-requisites to ensure that courses are not taken out of sequence.

IV. The Inconsistent Application of Policies and Procedures at the Program Level

As part of the review process of the Schools' application for permanent degree-granting authority, a peer review team visited the Schools in August 2016. The site visit team found that the Schools had no policies on academic freedom, rank, or promotion. The Schools' October 2018 reports indicate that the Schools developed an academic freedom policy, which is provided to each new faculty member who is required to acknowledge receipt of the policy and understanding of its content. In addition, the Schools developed and implemented academic rank policy and provided a copy of the Academic Rank Policy and Procedure.

V. The lack of Institutional and Program Effectiveness Plans

The Schools' October 2018 reports identify involvement of faculty, administrators, and Program Advisory Committee as a key element in developing and implementing institutional and program effectiveness plans. Program directors meet with faculty at the end of each module to discuss educational outcomes. All faculty and staff meet quarterly as part of a school-wide meeting to discuss institutional and programmatic effectiveness. Twice a year, the Schools host Program Advisory Committee meetings. Feedback from the key stakeholders are provided to the Dean of Education, who meets with the Campus President to discuss how to use the information for improvement. In the progress reports, the Schools provided an effectiveness plan for each program and meeting minutes to discuss planning, implementation, and modification of the effectiveness plan.

VI. Admissions Standards and Procedures to Ensure that only Those Students Capable of Successfully Completing the Programs are Admitted

The October 2018 report indicates a comprehensive description of a system to recruit students with the backgrounds, aptitudes and qualities necessary to complete the program and meet the benchmarks necessary for licensure and entry level employment.

These areas of concern will be the focus of the 2019 site visit to be conducted before Department staff make a recommendation on the Schools' request for permanent

degree-granting authority. The recommendation will be considered at the December 2019 meeting of the Board of Regents.

Related Regents Items

December 2017
http://www.regents.nysed.gov/common/regents/files/1217hea2.pdf

December 2014
http://www.regents.nysed.gov/common/regents/files/meetings/Dec%202014/1214brca9_0.pdf

December 2008
http://www.regents.nysed.gov/meetings/2008Meetings/December2008/1208hea4.htm

Recommendation

      Not applicable

Timetable for Implementation

      Not applicable