

United States Senate

WASHINGTON, DC 20510

May 23, 2018

The Honorable Betsy DeVos
Secretary of Education
U.S. Department of Education
400 Maryland Ave, S.W.
Washington, D.C. 20202

Dear Secretary DeVos:

We are extremely concerned by recent reports that the U.S. Department of Education (“Department”) may be scaling back the enforcement of federal laws that are designed to protect against fraud and abuse in taxpayer-funded financial aid programs.ⁱ It is critically important that the Department fulfill its mission to protect students in higher education, particularly when they rely on federal student aid. Unfortunately, it appears that the Department has instead dramatically reduced the staff dedicated to oversight and monitoring and has halted several important investigations and reviews of large for-profit college chains.

As described by *The New York Times*, the Department’s Student Aid Enforcement Unit has effectively ended inquiries into DeVry Education Group (now Adtalem Global Education), Bridgepoint Education, Inc., and Career Education Corporation, each of which has been the subject of numerous state and federal investigations. The article also notes that there are now only three individuals dedicated to the office responsible for conducting investigations.

There are 6,890 institutions of higher education in the United States currently participating in the programs of student aid under the Higher Education Act, which include Pell Grants, federal student loans, and campus-based aid.ⁱⁱ Nearly 27 million students enroll in these institutions, including more than 12 million students who rely on federal student aid.ⁱⁱⁱ In total, the Department supports colleges, universities, and workforce training providers with nearly \$130 billion in grants and loans each year.^{iv} Many other sources of federal taxpayer support to higher education, including tax incentives for higher education and benefits for military servicemembers and veterans, also rely on the Department to approve and rigorously oversee institutions of higher education. It is impossible for just three employees to adequately oversee the vast scale of the higher education landscape and to prevent bad actors from taking advantage of students.

The Student Aid Enforcement Unit was created by the Obama Administration in February 2016 to investigate and bring actions against institutions of higher education that seek to cheat students and taxpayers. After Corinthian Colleges, Inc. collapsed in 2015 and left tens of thousands of students stranded with debt, there was an urgent and apparent need to fix loopholes and blind spots in federal oversight. The Department stated that the new unit would “utilize a broad set of interventions and tools, including subpoena authority, document demands, and interrogatories and interviews to enforce against violations of federal law.”^v

However, it is not clear if any of these tools are currently being utilized under this Administration. Halting or abandoning reviews of potentially predatory institutions and providing insufficient staffing to the Investigations Group eliminates the deterrent effect of appropriate and badly-needed oversight in higher education.

These steps also contradict the Department's announcement last year that it would take "a stronger approach" to holding colleges accountable through monitoring and enforcement within the Office of Federal Student Aid (FSA).^{vi} Additionally, the Department has hired a number of former for-profit college executives to senior positions, some of whom worked for the companies that had been under investigation. And, the Department has rolled back rules that were designed to protect students, borrowers, and taxpayers, despite recommendations from the Department's independent watchdog to maintain strong student protections.^{vii} All of these actions make it clear the Department has broken its promise to take a strong enforcement approach.

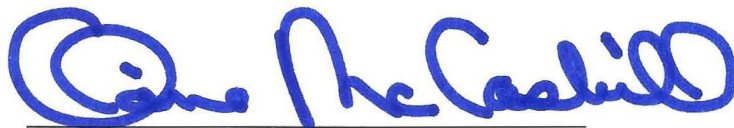
The Department's Office of Inspector General (OIG) has said that "oversight and monitoring of Title IV program participants [is] one of the Department's *most serious* management challenges."^{viii} The OIG also recently noted that "audits and investigations involving [student financial aid] programs continue to identify instances of noncompliance and fraud, as well as opportunities for FSA to improve its processes."^{ix} Many of us have previously requested that you take more aggressive action to stop fraud and abuse of taxpayer dollars, and submitted detailed inquiries about the Department's approach to enforcement and risk management.^x It appears that calls from student and consumer advocates, Members of Congress, and the Department's own internal watchdog to improve oversight in student aid have been ignored.

We urge you to reverse course immediately by adequately staffing the Investigations Group and taking steps to commence or resume identifying and investigating colleges that evidence suggests have made misrepresentations to students, falsified job placement data, and improperly enriched corporate owners and executives with taxpayer dollars. Thank you for your attention to this critically important matter.

Sincerely,



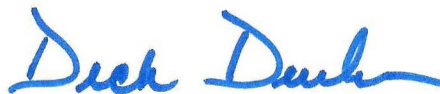
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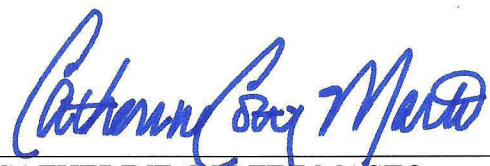

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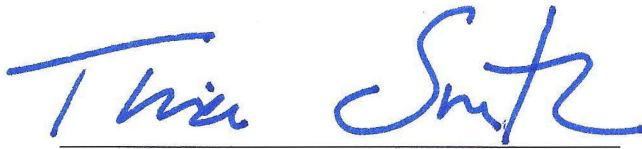

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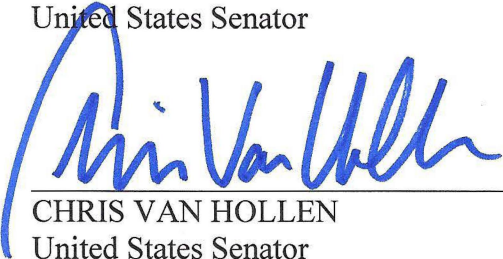
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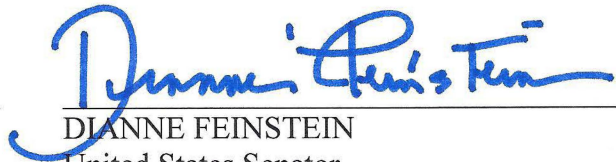
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cc: James F. Manning, Delegated the Authority to Perform the Functions and Duties of the Under Secretary, and Acting Chief Operating Officer, Office of Federal Student Aid

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- ⁱ Ivory, Danielle, et al. "Education Department Unwinds Unit Investigating Fraud at For-Profits." *The New York Times*, 13 May 2018, <http://www.nytimes.com/2018/05/13/business/education-department-for-profit-colleges.html>.
- ⁱⁱ U.S. Senate Committee on Health, Education, Labor, & Pensions Committee. Analysis of U.S. Department of Education data. National Center for Education Statistics. Integrated Postsecondary Education Data System. Retrieved May 17, 2018. <https://nces.ed.gov/ipeds/datacenter/InstitutionByName.aspx>.
- ⁱⁱⁱ U.S. Senate Committee on Health, Education, Labor, & Pensions Committee. Analysis of U.S. Department of Education data. National Center for Education Statistics. Digest of Education Statistics. Retrieved May 17, 2018. https://nces.ed.gov/programs/digest/d17/tables/dt17_308.10.asp.
- ^{iv} Office of Management and Budget. Appendix: U.S. Department of Education. Aid Funds Available for Postsecondary Education and Training. Fiscal Year 2018. Page 349. <https://www.whitehouse.gov/wp-content/uploads/2018/02/edu-fy2019.pdf>
- ^v U.S. Department of Education. Release: Student Aid Enforcement Unit Formed to Protect Students, Borrowers, Taxpayers, 8 February 2016, <https://www.ed.gov/news/press-releases/student-aid-enforcement-unit-formed-protect-students-borrowers-taxpayers>
- ^{vi} U.S. Department of Education. Release: U.S. Department of Education Expands Focus on Enforcement and Consumer Protections for Students, Parents and Borrowers, 31 August 2017, <https://www.ed.gov/news/press-releases/us-department-education-expands-focus-enforcement-and-consumer-protections-students-parents-and-borrowers>
- ^{vii} U.S. Department of Education, Office of Inspector General. Letter to U.S. Senator Patty Murray: Department Actions Related to Certain Provisions of the Gainful Employment and Borrower Defense Regulations. October 31, 2017. <https://www2.ed.gov/about/offices/list/oig/misc/lettersenmurraybdgeoctober2017.pdf>
- ^{viii} U.S. Department of Education, Office of Inspector General. "Semiannual Report to Congress, No. 75." November 2017. Link: <https://www2.ed.gov/about/offices/list/oig/semiann/sar75.pdf>
- ^{ix} U.S. Department of Education, Office of Inspector General. "FY 2018 Management Challenges." November 2017. <https://www2.ed.gov/about/offices/list/oig/managementchallenges.html>
- ^x Letter from U.S. Senator Patty Murray, Sherrod Brown, Richard J. Durbin, Elizabeth Warren, and Richard Blumenthal to the Honorable Betsy DeVos and Dr. A. Wayne Johnson. December 13, 2017. <https://go.usa.gov/xQP3M>