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IMPROVING DEPARTMENT OF EDUCATION POLICIES AND PROGRAMS THROUGH INDEPENDENT OVERSIGHT

JOINT HEARING

BEFORE THE

SUBCOMMITTEE ON HIGHER EDUCATION AND WORKFORCE TRAINING

AND THE

SUBCOMMITTEE ON EARLY CHILDHOOD, ELEMENTARY, AND SECONDARY EDUCATION

OF THE

COMMITTEE ON EDUCATION AND THE WORKFORCE
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

SECOND SESSION

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IMPROVING DEPARTMENT OF EDUCATION POLICIES AND PROGRAMS THROUGH INDEPENDENT OVERSIGHT

Wednesday, September 10, 2014
House of Representatives,
Subcommittee on Higher Education and Workforce Training,
joint with the
Subcommittee on Early Childhood, Elementary, and Secondary Education,
Committee on Education and the Workforce,
Washington, D.C.

The subcommittees met, pursuant to call, at 9:33 a.m., in Room 2175, Rayburn House Office Building, Hon. Virginia Foxx [chairwoman of the Subcommittee on Higher Education and Workforce Training] presiding.

Present from the Subcommittee on Higher Education and the Workforce: Representatives Foxx, Petri, Guthrie, Brooks, Hinojosa, Bonamici, Takano, and McCarthy.

Present from the Subcommittee on Early Childhood, Elementary, and Secondary Education: Representatives Rokita, Kline, Petri, Foxx, Roe, Brooks, Loebsack, Scott, McCarthy, Polis, and Sablan.

Staff present: Kathlyn Ehl, Legislative Assistant; James Forester, Professional Staff Member; Nancy Locke, Chief Clerk; Daniel Murner, Deputy Press Secretary; Brian Newell, Communications Director; Krisann Pearce, General Counsel; Lauren Reddington, Deputy Press Secretary; Emily Slack, Professional Staff Member; Alissa Strawcutter, Deputy Clerk; Juliane Sullivan, Staff Director; Brad Thomas, Senior Education Policy Advisor; Tylease Alli, Minority Clerk/Intern and Fellow Coordinator; Jacque Chevalier, Minority Senior Education Policy Advisor; Eamonn Collins, Minority Education Policy Advisor; Eunice Ikene, Minority Labor Policy Associate; Brian Kennedy, Minority General Counsel; and Rich Williams, Minority Senior Education Policy Advisor.

Chairwoman FOXX. A quorum being present, the Subcommittee on Higher Education and Workforce Training and the Subcommittee on Early Childhood, Elementary, and Secondary Education will come to order.

Good morning. I welcome our guests and thank our colleagues on the K–12 Subcommittee for joining us.

I want also to thank our distinguished panel of witnesses for participating in today's hearing.

Independent oversight is a central tool to ensure the federal government spends taxpayer dollars wisely and administers programs and policies in the most efficient and effective way. When you consider the challenges facing our schools and workplaces as well as the tsunami of red ink confronting taxpayers, the need for responsible administration of the federal government has never been more important.

The Government Accountability Office and each agency's Office of Inspector General play vital roles in the oversight effort. The hardworking staff of these nonpartisan entities are the taxpayers' first line of defense against fraud, waste, and abuse of tax dollars. They also help identify areas where programs and policies can be improved to ensure the American people receive the best services possible.

Like all federal agencies, the Department of Education has a responsibility to take the concerns and recommendations offered by these independent investigators seriously. There is certainly no shortage of improvements needed at the department.

In recent years the GAO has issued numerous reports highlighting areas where programs and policies should be strengthened, including reports entitled: "Use of New Data Could Help Improve Oversight of Distance Education;" "Foreign Medical Schools: Education Should Improve Monitoring of Schools that Participate in the Federal Student Loan Program;" "Better Oversight Could Improve Defaulted Loan Rehabilitation;" and "Improved Tax Information Could Help Families Pay for College."

These reports are in addition to those routinely released by the Inspector General's office. The examples I just cited are especially noteworthy because they include recommendations not yet implemented by the department.

Agencies may not agree with every recommendation in every report. In fact, this committee may question various recommendations from time to time. However, each independent report represents an opportunity for a federal agency to consider changes and improve.

Whether it is the solutions outlined by the GAO and I.G. offices or a set of changes proposed internally by an agency, action must be taken. The American people deserve no less.

I look forward to hearing from our witnesses about the important work they do. We have a special event starting at 11 o'clock that many members are interested in attending, so I hope we can conduct this hearing expeditiously.

Toward that end, I will conclude by recognizing Chairman Rokita, of the Subcommittee on Early Childhood, Elementary, and Secondary Education, for his opening remarks.

[The statement of Chairwoman Foxx follows:]

Prepared Statement of Chairwoman Foxx, Subcommittee on Higher Education and Workforce Training

Good morning. I welcome our guests and thank our colleagues on the K–12 subcommittee for joining us. I want also to thank our distinguished panel of witnesses for participating in today's hearing.

Independent oversight is a central tool to ensure the federal government spends taxpayer dollars wisely and administers programs and policies in the most efficient and effective way. When you consider the challenges facing our schools and workplaces, as well as the tsunami of red ink confronting taxpayers, the need for responsible administration of the federal government has never been more important.

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Like all federal agencies, the Department of Education has a responsibility to take the concerns and recommendations offered by these independent investigators seriously. There is certainly no shortage of improvements needed at the department. In recent years, the GAO has issued numerous reports highlighting areas where programs and policies should be strengthened, including reports entitled:

* "Use of New Data Could Help Improve Oversight of Distance Education";
* "Foreign Medical Schools: Education Should Improve Monitoring of Schools That Participate in the Federal Student Loan Program";
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* "Improved Tax Information Could Help Families Pay for College."

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However, each independent report represents an opportunity for a federal agency to consider changes and improve. Whether it's the solutions outlined by the GAO and IG offices, or a set of changes proposed internally by an agency, action must be taken. The American people deserve no less.

I look forward to hearing from our witnesses about the important work they do. We have a special event starting at 11:00 o'clock that many members are interested in attending, so I hope that we can conduct this hearing expeditiously. Toward that end, I will conclude by recognizing the senior Democrat of the higher education subcommittee, Congressman David Loebsack, for his opening remarks.

Mr. ROKITA. Well thank you, Chairman.

And good morning, everyone. I also want to thank our panel of witnesses for joining us this morning, and I extend my appreciation to Chairwoman Foxx for leading today's hearing.

You know, a free and democratic society requires government transparency and accountability. We all want the federal government to serve the best interests of every American—those directly affected by federal programs and those whose tax dollars fund those programs. Now, to get there we need to know what is working and what isn't, and we need to know the steps an agency should take to turn things around.

The Department of Education alone administers roughly 80 programs tied to K–12 schools—80 programs just at the elementary and secondary education level. That alone requires a massive bureaucracy to administer so many programs, and the greater the bureaucracy the greater the opportunities for mismanagement, frankly. And that is just not an offhand statement; that comes from a guy who used to manage five bureaucracies.

That is why the House has taken action that would begin streamlining these programs, because a more efficient Department of Education can do a better job supporting our nation's schools.

However, even the leanest federal agency can still be susceptible to waste, fraud, and abuse. We must remain vigilant in our oversight, both in Congress and the offices of our independent partners.

The Government Accountability Office and inspectors general are at the forefront of this important effort. Their knowledge and inves-

tigative authority are vital tools in the fight against government corruption and mismanagement.

Chairwoman Foxx noted several reports by GAO affecting higher education policies with recommendations that remain open. Now here are just a few examples affecting K–12 education policies:

"Education Could Do More to Assist Charter Schools with Applying for Discretionary Grants," number one. Number two: "Students with Disabilities: Better Federal Coordination Could Lessen Challenges in the Transition from High School." Number three: "Selected States and School Districts Cited Numerous Federal Requirements as Burdensome, While Recognizing Some Benefits." Four: "Education Research: Further Improvements Needed to Ensure Relevance and Assess Dissemination Efforts."

Each report embodies a new opportunity, frankly, to serve the American people more effectively and spend taxpayer dollars more wisely. President Reagan once noted, "Government is the people's business, and every man, woman, and child becomes a shareholder with the first penny of tax paid."

I am fighting for all those people so that they can build better lives for themselves and for their families. It is our responsibility to protect their tax dollars and ensure the American people receive the highest level of government service they expect.

Thank you again, Chairwoman, for hosting today's hearing, and I look forward to a good discussion this morning.

[The statement of Mr. Rokita follows:]

Prepared Statement of Chairman Rokita, Subcommittee on Early Childhood, Elementary, and Secondary Education

Good morning. I also want to thank our panel of witnesses for joining us this morning and extend my appreciation to Chairwoman Foxx for leading today's hearing.

A free and democratic society requires government transparency and accountability. We all want the federal government to serve the best interests of every American – those directly affected by federal programs and those whose tax dollars fund federal programs. To get there, we need to know what's working and what isn't. And we need to know the steps an agency should take to turn things around.

The Department of Education administers roughly 80 programs tied to K–12 schools; 80 programs just at the elementary and secondary education level. It requires a massive bureaucracy to administer so many programs, and the greater the bureaucracy the greater the opportunities for mismanagement. That is why the House has taken action that would begin streamlining these programs, because a more efficient Department of Education can do a better job supporting our nation's schools.

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* "Students with Disabilities: Better Federal Coordination Could Lessen Challenges in the Transition from High School";
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Chairwoman FOXX. Thank you, Chairman Rokita.

Next I recognize the senior Democrat of the Subcommittee on Higher Education, Workforce Training, Congressman Rubén Hinojosa, for his opening remarks.

Mr. HINOJOSA. Thank you. Thank you, Chairwoman Foxx.

Today's joint committee hearing will examine the Government Accountability Office, to which I will refer as GAO, and the Inspector General's, which I will refer to in my remarks as OIG—their recommendations made to the U.S. Department of Education to improve quality and oversight.

To begin, I must underscore that independent oversight is a critical tool in helping the U.S. Department of Education achieve its goals. The GAO and the inspector general play a vitally important role in improving the quality, efficiency, and effectiveness of the department's programs.

With regard to implementation, the Department of Education has made substantial progress in responding to GAO and OIG's recommendations over the past decade. Since 2004 the department has implemented 218 of the 268 recommendations made by GAO.

While the government-wide average for the implementation of GAO recommendations is 80 percent, the Department of Education has surpassed that average with an implementation of 93 percent of GAO's recommendations from 2004 through 2014. And that is remarkable.

According to the GAO, the implementation of these recommendations has resulted in significant benefits, generating more than $2.1 billion in financial benefits and making programmatic and administrative improvements.

Since the most recent 2012 audit, the OIG has noted that the Department of Education has placed significantly more organizational priority in remedying outstanding audits which have improved the timeliness of audit resolution and the follow up. I understand that the department has action teams in place to resolve the audits in as little time as 3 months.

In the area of higher education, the department has been responsive on growing concerns regarding fraud rings and campus debit cards. Since 2011 the OIG has issued a series of reports showing an increase in fraud rings, particularly for distance education courses. Between the years 2009 and 2012 the OIG estimated that there was an 82 percent increase of students participating in fraud rings, impacting $187 million in federal student aid.

In light of the OIG's findings, Ranking Member Miller and I urged the Department of Education to take proactive steps to address that important issue. Thus far, I understand the department has made progress in mitigating fraud rings, including increasing verification requirements and better tracking systems that can

identify when a person attempts to receive awards at multiple college campuses.

Similarly, GAO and the OIG have released reports to Congress concluding that student and taxpayer funds are at risk when banks create deals with colleges to steer students into expensive debit cards that can quickly erode their financial aid money. In a report issued in February of 2014, GAO found that 40 percent of students attend colleges with debit card arrangements, potentially exposing students to an array of troubling and expensive fees, lack of free access to financial aid, and marketing that unfairly steers the students into potentially expensive accounts.

The OIG had similar findings, noting many agreements provided multimillion dollar kickbacks to schools and colleges. So as a result, the OIG recommended that the department consider implementing a series of reforms, including the banning of revenue sharing when colleges partner with banks to offer credit cards.

Along the same lines, GAO recommended that Congress consider requiring banks to submit their contracts and their fee structures to the Consumer Financial Protection Bureau, which we call the CFPB, for annual analysis and publication, just like they are required to do with the credit cards.

Since these reports were issued, several bank regulators and consumer groups have echoed the same recommendations.

In closing, I want to say that House Democrats have also introduced H.R. 4714, entitled "The Campus Debit Cards Act," which would, among other things, implement the GAO and OIG recommendations for transparency and disclosure of these arrangements. However, we have seen no action from our Republican friends and colleagues, to protect students from these abusive financial products or to act on the recommendations of the GAO.

As ranking member of the Higher Education and Workforce Training Committee, I look forward to hearing from our panel of witnesses on how we can continue to enhance oversight and improve the quality and effectiveness of our federal programs in the Department of Education.

And with that, I thank you, and I yield back.

[The statement of Mr. Hinojosa follows:]

Prepared Statement of Hon. Rubén Hinojosa, Subcommittee on Higher Education and Workforce Training

Thank you, Chairwoman Foxx.

Today's joint committee hearing will examine the Government Accounting Office (GAO) and the Inspector General's (OIG)'s recommendations made to the U.S. Department of Education to improve quality and oversight.

To begin, I must underscore that independent oversight is a critical tool in helping the U.S. Department of Education achieve its goals. The GAO and Inspector General play a vitally important role in improving the quality, efficiency, and effectiveness of the Department's programs. With regard to implementation, the Department of Education has made substantial progress in responding to GAO and OIG recommendations over the past decade. Since 2004, the department has implemented 218 of the 268 recommendations made by GAO.

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Along the same lines, GAO recommended that Congress consider requiring banks to submit their contracts and fee structures to the Consumer Financial Protection Bureau (CFPB) for annual analysis and publication, just like they are required to do with credit cards.

Since these reports were issued, several bank regulators and consumer groups have echoed these recommendations.

House Democrats have also introduced H.R. 4714, "The Campus DEBIT Cards Act" which would, among other things, implement the GAO and OIG recommendations for transparency and disclosure of these arrangements. However, we have seen no action from our Republican colleagues to protect students from these abusive financial products, or to act of the recommendations of the GAO.

As Ranking Member for Higher Education and Workforce Training, I look forward to hearing from our panel of witnesses on how we can continue to enhance oversight, and improve the quality and effectiveness of our federal programs in the department of education.

Thank You!

Chairwoman FOXX. Thank you, Mr. Hinojosa.

I now recognize the senior Democrat of the Subcommittee on Early Childhood, Elementary, and Secondary Education, Congressman Dave Loebsack, for his opening remarks.

Mr. LOEBSACK. I want to start by thanking Chairwoman Foxx for calling this joint subcommittee hearing today.

I also want to thank Ranking Member Hinojosa for sharing the dais with me, and Chairman Rokita, as well.

And I want to thank our witnesses for testifying before us today, as well.

We are here today to examine oversight of the Department of Education. Specifically, we will look at the Government Accountability Office, GAO; and the Department of Education Office of Inspector General, OIG; and the recommendations they made to the Department of Education to improve program quality and management.

My friends in the majority will want to highlight the department's challenges in responding to OIG and GAO audit findings—

challenges the department is actively working to overcome. Yet in recent years the department has made meaningful progress not only in implementing GAO and OIG recommendations, but also in implementing them in a more timely manner.

In that time, E.D. has made strategic staffing decisions to more effectively put OIG recommendations into place, and it has also established an internal governance panel to address key challenges in the audit process and ways to improve response time. And I won't repeat the statistics that Ranking Member Hinojosa just mentioned, but those are impressive statistics, as well.

Recently the department has also placed greater priority on resolving OIG audit reports and ensuring that appropriate action takes place. Under the Inspector General Act of 1978, OIG is authorized to carry out various audits or reviews to, quote—"promote economy, efficiency, and effectiveness in the administration of and prevent and detect fraud and abuse in the department's programs and operations."

During the Obama administration, E.D. has eliminated backlog—its backlog of overdue OIG audits and has begun preparing corrective action plans in response to audits more quickly. As of today, Department of Education only has one unresolved audit more than 6 months old, and the GAO and the OIG are vital to the Department of Education's efforts to monitor, review, and enhance its administration and its programs.

In addition to making recommendations to the Department of Education, both the GAO and the department's OIG often uncover problems that can best be addressed by congressional action. These critical issues fall within our committees' jurisdiction; that is why we are here today.

But sadly, we have seen in the past, as was mentioned, the majority has refused to act on many of these, and I am concerned in particular that the majority appears indifferent to problems within the purview of the subcommittee on which I am the ranking member, although I am confident that Chairman Rokita and I can work together on these issues going forward.

In recent years, for example, the GAO has identified gaping holes in state laws that leave children and students vulnerable to physical and sexual abuse both in school and out of school, and Democrats on this committee have sent at least five letters to Chairman Kline requesting committee action on these gaps in child abuse prevention. But four of our formal requests have gone unanswered, and none have resulted in hearings or markups on legislation to address the troubling findings of GAO's investigative work.

And while committee Democrats have introduced legislation that protects students and families, we cannot enact such common-sense regulations without the help of colleagues on both sides of the aisle.

And GAO has produced troubling findings on a number of issues on which our committee is still awaiting action, including curbing abusive seclusion and restraint in schools, sex abuse of children and athletics programs, and aligning the definition of "homelessness" across federal agencies to better serve homeless students. And that is just to name a few.

We all know that oversight is one of this body's most important functions. Again, that is why we are here today. And Congress and

Congress alone has the authority to put many of the reforms recommended by OIG and the GAO into action.

And as the committee under whose jurisdiction education laws and regulations fall, it is our duty to give those recommendations serious consideration. Agency oversight is important, but we must not lose sight of what we are here to do, and that is first and foremost to protect children and families and to help set them up for success in school and in life.

And I do look forward to hearing from our witnesses today, and in the future, working with my colleagues on the other side of the aisle to make sure that we implement the GAO and OIG's most pressing proposals.

And thank you, and I yield back.

[The statement of Mr. Loebsack follows:]

Prepared Statement of Hon. Dave Loebsack, Subcommittee Early Childhood, Elementary and Secondary Education

I want to start by thanking Chairwoman Foxx for calling this joint subcommittee hearing. I also want to thank Ranking Member Hinojosa for sharing the dais with me.

And I want to thank our witnesses for testifying before us.

We are here today to examine oversight of the Department of Education (the Department or ED). Specifically, we will look at the Government Accountability Office (GAO) and the Department of Education Office of Inspector General (OIG), and the recommendations they've made to the Department of Education to improve program quality and management.

My friends in the majority may want to highlight the Department's challenges in responding to OIG and GAO audit findings, challenges the Department is actively working to overcome. Yet, in recent years, the Department has made meaningful progress not only in implementing GAO and OIG recommendations, but also in implementing them in a timelier manner.

In that time, ED has made strategic staffing decisions to more effectively put OIG recommendations into place. It has also established an internal governance panel to address key challenges in the audit process and ways to improve response time.

Since 2004, ED has made more than 90 percent of the changes that GAO has advised—far exceeding the government-wide average for implementing GAO recommendations. According to GAO, taking up these recommendations has resulted in 2.1 billion in financial benefits and a slew of other programmatic and administrative improvements for the Department.

Recently, the Department has also placed a greater priority on resolving OIG audit reports and ensuring that appropriate action takes place. Under the Inspector General Act of 1978, OIG is authorized to carry out various audits or reviews to "promote economy, efficiency, and effectiveness in the administration of, and ... prevent and detect fraud and abuse in ... [the Department's] programs and operations."

During the Obama Administration, ED has eliminated its backlog of overdue OIG audits and has begun preparing corrective action plans in response to audits more quickly. As of today, ED only has one unresolved audit more than six months old.

The GAO and OIG are vital to the Department of Education's efforts to monitor, review and enhance its administration and its programs. In addition to making recommendations to ED, both the GAO and ED–OIG often uncover problems that can best be addressed by Congressional action. These critical issues fall within our committee's jurisdiction, but, sadly, committee Republicans refuse to act on many on them

This Republican majority seems to be particularly indifferent to problems within the purview of the Early Childhood, Elementary and Secondary Education Subcommittee. In recent years, for example, GAO has identified gaping holes in state laws that leave children and students vulnerable to physical and sexual abuse, both in school and out of school.

Democrats on this committee have sent at least five letters to Chairman Kline requesting committee action on these gaps in child abuse prevention—but four of our formal requests have gone unanswered, and none have resulted in hearings or markups on legislation to address the troubling findings of GAO's investigative work. While Committee Democrats have introduced legislation to protect students

and families, we cannot enact such commonsense regulations without the help of our Republican colleagues.

GAO has produced troubling findings on a number of issues, on which our committee is still awaiting action:

* Curbing abusive seclusion and restraint in schools;
* Sex abuse of children in athletics programs; and
* Aligning the definition of homelessness across federal agencies to better serve homeless students

That is just to name a few.

We must not forget that oversight is one of this esteemed body's most essential functions. Congress and Congress alone has the authority to put many of the reforms recommended by OIG and the GAO into action. And as the committee under whose jurisdiction education laws and regulations fall, it is our duty to give those recommendations serious consideration. Agency oversight is important, but we must not lose sight of what we're here to do: protect children and families and set them up for success in school and in life.

I look forward to hearing from our witnesses today, and, in the future, to working with my Republican colleagues to implement the GAO and OIG's most pressing proposals.

Thank you. I yield back.

Chairwoman FOXX. Thank you, Mr. Loebsack.

Pursuant to committee rule 7(c), all members will be permitted to submit written statements to be included in the permanent hearing record. And without objection, the hearing record will remain open for 14 days to allow such statements and other extraneous material referenced during the hearing to be submitted for the official hearing record.

It is now my pleasure to introduce our distinguished witnesses.

The Honorable Kathleen S. Tighe has served as the inspector general for the U.S. Department of Education here in Washington, D.C. since 2010. Ms. Tighe has a long career in government accountability. Notably, she was appointed to chair the Recovery, Accountability, and Transparency Board and has served on the Government Accountability and Transparency Board.

Prior to her work with the Department of Education, Ms. Tighe was the deputy inspector general of the U.S. Department of Agriculture and also served as counsel to the inspector general at the General Services Administration.

Ms. Jacqueline Nowicki is the acting director of education, workforce, and income security issues for the U.S. Government Accountability Office in Boston, Massachusetts. Ms. Nowicki directs GAO's K–12 education work.

Previously, she was assistant director for budget issues at GAO, along with having worked in private sector consulting, leading projects on education, job training, and social policy issues.

Ms. Melissa Emrey-Arras is the director of education, workforce, and income security issues for the U.S. Government Accountability Office in Boston, Massachusetts. In this capacity, she oversees the agency's K–12 and higher education work, including national studies on education issues ranging from student loans to veterans' education benefits.

Ms. Emrey-Arras is available for questions.

Before I recognize you to provide your testimony, let me briefly explain our lighting system. You have 5 minutes to present your testimony. When you begin, the light in front of you will turn green; when 1 minute is left the light will turn yellow; when your time is expired the light will turn red.

At that point I ask that you wrap up your remarks as best as you are able. Members will each have 5 minutes to ask questions.

I now would recognize Kathleen Tighe for 5 minutes, thank you very much.

STATEMENT OF HON. MS. KATHLEEN TIGHE, INSPECTOR GENERAL, U.S. DEPARTMENT OF EDUCATION, WASHINGTON, D.C.

Ms. TIGHE. Thank you.

Good morning, everybody. Thank you for inviting me here today to discuss audit resolution and the timeliness of actions by the U.S. Department of Education to address recommendations made by the Office of Inspector General. I want to thank the two subcommittees for holding this hearing and highlighting an issue that is such a vital part of good government.

The goal of the Office of Inspector General's audit and related work is not simply to identify and tally problems, but to recommend improvements and promote corrective action based on those recommendations. That is what audit resolution and follow up are all about.

They are important mechanisms to help the department improve the management and performance of its programs and operations, and since 2002 my office has issued six reports on the department's audit resolution and follow-up processes, most recently in 2012. Each report noted problems with ineffective internal controls, lack of staff and training to conduct resolution activity, a lack of organizational priority placed on audit resolution activities, and an overall lack of accountability.

After our 2012 review, the department proposed a series of actions that addressed many of the specific recommendations in the report. As discussed in my written testimony, we have seen some progress as a result of those actions. Specifically, the department has made progress in its efforts to more timely resolve recommendations made in internal audit reports, which are those OIG reports where the department is directly responsible for implementing corrective action.

For internal reports issued in 2010, only 63 percent of OIG audit recommendations were resolved timely, but in each calendar year since then, 93 percent or more of OIG recommendations have been resolved timely. While this progress in noteworthy, challenges remain, particularly in the area of repeat findings, which are too common in our information technology security and financial statement audit work.

Regarding OIG external audits, where our recommendations are aimed at nonfederal entities such as state and local education agencies, participants in the student financial aid programs, and other grantees or contractors, the department has also made some progress. However, timeliness still remains a challenge.

For example, 10 of 49 external audit reports issued between 2010 and 2013 remain unresolved. Of those 39 resolved audits, only 13 have been fully implemented.

Ninety-five percent of the audits resolved had not been resolved within OMB's 6-month deadline. These audits were overdue for resolution by an average of about 439 days.

In each calendar year between 2010 and 2014, 80 to 100 percent of OIG external audit reports issued were not resolved timely.

This is an area of particular concern as the untimely resolution of external audits impacts the potential recovery of funds and creates delays in the development and implementation of corrective actions by auditees that are intended to correct noted weaknesses in program management. Delays also send the wrong message to program participants about the department's tolerance for noncompliance and misuse of program funds.

This is why we periodically review the department's audit resolution and follow-up processes. As previously stated, we have conducted six reviews since 2002 and we have a seventh audit presently underway.

We are currently evaluating the effectiveness of the department's processes to ensure that external auditees are taking corrective actions to address weaknesses identified in OIG reports. We expect to issue the results of our findings later this year.

Audit recommendations can serve as a tool for department management in its daily operations, long-term planning, and overall risk management. Our work, however, is effective only if the department implements corrective actions in a timely manner to address identified deficiencies or weaknesses.

We see that the department is taking positive steps in this area. However, work still remains. We will continue to closely monitor and report on the department's progress.

This concludes my statement. I once again want to thank you for highlighting this issue and making it a priority for the department. I am happy to answer any questions.

[The statement of Ms. Tighe follows:]

Testimony of Inspector General Kathleen S. Tighe
U.S. Department of Education Office of Inspector General
Before the
Committee on Education and the Workforce
Subcommittee on Higher Education and Workforce Training and
Subcommittee on Early Childhood, Elementary, and Secondary Education
U.S. House of Representatives
September 10, 2014

Chairwoman Foxx, Chairman Rokita, Ranking Member Hinojosa, Ranking Member Loebsack, and members of the Subcommittees, I am pleased to be here today to discuss audit resolution and timeliness of actions by the U.S. Department of Education (Department) to address recommendations made by the Office of Inspector General (OIG). I want to thank the Subcommittees for holding this hearing and highlighting an issue that is such a vital part of good government.

As you know, the mission of the OIG is to promote effectiveness, efficiency, and integrity in Federal programs and operations. We do this by conducting independent audits, inspections, investigations, and other reviews. When we identify problems or weaknesses, we make recommendations on actions the Department should take to correct those weaknesses or fix those problems. Each year, we make hundreds of recommendations to the Department that when implemented, can result in improvements in program efficiency and effectiveness, help to prevent fraud, and save taxpayer dollars. The primary benefit from our work is realized through the timely and effective implementation of our recommendations. Our recommendations, when implemented, have led to actions by the Department to put in place protections to prevent fraud and abuse, protect student interests, improve oversight and monitoring, and recoup taxpayer

dollars. Unimplemented recommendations hamper the Department's ability to increase program and operational efficiency and prevent waste. Unimplemented recommendations can be the result of ineffective audit resolution and followup processes, which includes the Department's activities in response to formal recommendations in OIG audits, inspections, and other reports.[1] Since 2002, we have issued 6 audit reports that identified weaknesses in the Department's audit resolution and followup processes. Recent efforts by the Department appear to have led to improvements in its processes, but work remains to be done, particularly regarding audits of recipients of Federal education funds.

As requested, today I will share with you background information on the Department's audit resolution and followup processes, the findings of our work in this area, the current status of the Department's audit resolution efforts, and the challenges that remain.

Background on the Department's Audit Resolution and Followup Processes

The Office of Management and Budget (OMB) Circular A-50, "Audit Followup," provides the policies and procedures for use by executive agencies when considering audit reports, such as those the OIG issues. It requires agencies to establish systems to ensure the prompt and proper resolution and implementation of audit recommendations and provides that agency heads are responsible for designating a top management official to oversee audit followup, including resolution and corrective actions. At the Department, the Chief Financial Officer is the

[1] The Department is also responsible for resolving recommendations in other products related to Department programs and operations, including those issued by the Government Accountability Office and by non-Federal auditors (such as independent public accountants and State auditors).

designated Audit Followup Official and is charged with the timely resolution of audit reports and ensuring that appropriate corrective actions have been taken on agreed-upon audit recommendations. Circular A-50 requires agencies to resolve audits within 6 months of issuance. It also requires the OIG to review and generally agree with the Department's proposed corrective action on recommendations made in an audit report before the audit can be considered resolved.

The audit resolution process begins with the issuance of a final audit report. There are generally two types of audits—internal and external. *Internal audits* identify deficiencies and recommend improvements in Department operations and programs to ensure that the Department is using Federal education funds and managing Department programs effectively and efficiently and accomplishing program goals. *External audits* are of external entities that receive funding from the Department, such as State educational agencies (SEAs), local educational agencies (LEAs), institutions of higher education, contractors, and nonprofit organizations. External OIG audit reports generally include recommendations for Department management to require the external entity to take corrective action. These recommendations may be monetary, which recommend that the entity return funds to the Department, or nonmonetary, which recommend that the entity improve operations or internal controls.

The next step in the process is audit resolution. An internal audit is generally considered *resolved* when the Department prepares a corrective action plan and the OIG agrees that the plan will adequately address each recommendation. An external audit is considered resolved when the Department issues a program determination letter to the external entity that the OIG similarly

agrees will adequately address the audit recommendations. Upon resolution, the Department is responsible for ensuring that the corrective actions are actually implemented. When the corrective actions for a recommendation have been implemented, the recommendation is considered *completed*. An audit is considered *closed* when the Department ensures that all corrective actions have been implemented, including funds repaid or settlement made. While there is an OMB timeliness requirement for audit resolution, there is no requirement for when a corrective action must be completed or closed.

As required by the Inspector General Act of 1978, as amended, the OIG provides information in its Semiannual Reports to Congress on audit reports issued, audit reports that are not yet resolved, and audit reports that have been resolved but for which corrective actions have not been implemented for at least a year after issuance of the final audit report.

Findings From Recent OIG Work

Since 2002, we have issued 6 audit reports on the Department's audit resolution and followup processes, most recently in 2012. These reports have noted longstanding challenges in these areas, including:

- Ineffective internal controls over audit resolution and followup, such as the failure to ensure compliance with OMB Circular A-50.
- A lack of staff to conduct resolution activities, training so that staff had sufficient knowledge to effectively conduct resolution activity, organizational priority placed on audit resolution activities, and overall accountability.

- Untimely resolution of audits, particularly external audits, that has (1) impacted the potential recovery of funds due to the statute of limitations[2] applicable to monetary recommendations made in audits of entities (such as SEAs and LEAs) and (2) delayed corrective actions by auditees.

In response to the findings of our 2012 review of external audit resolution activities, the Department proposed a series of actions to be implemented over the short term to address many of the specific recommendations in the report. At that time, the Department established a cross-agency team to review the audit resolution process. Members of this team agreed its first critical business task would be to resolve all overdue OIG external audits. In early 2013, the Department stated it was on track to resolve the audits by May 31, 2013; however, it did not meet that deadline. As of August 2014, 10 OIG external audits issued since 2010 remain unresolved. According to Department managers and its official publications, the timely resolution of external audits remains a high priority and the cross agency team has been working with program offices to develop process solutions. Regarding internal audits, the Department has established a process to resolve these audits in 3 months instead of the 6 month OMB requirement. For those audits not resolved in 3 months, the Department is considering options for ways for the Office of the Chief Financial Officer to become directly involved in efforts to facilitate resolution. Currently, only one internal audit recommendation remains unresolved.

[2] The General Education Provisions Act (GEPA) establishes a statute of limitations applicable to the Department's recovery of funds from program recipients, including SEA and LEA recipients. The Department cannot seek recovery of funds that were spent more than 5 years before an auditee receives a program determination letter. To recover funds, the Department also must establish that a grant recipient's violation caused harm to the Federal interest. Examples of Federal interest include serving eligible beneficiaries, providing authorized services, and complying with expenditure requirements. GEPA does not apply to programs authorized under the Higher Education Act of 1965.

Current Status and Challenges

Information from the Department's tracking system,[3] as of August 2014, indicates the following regarding OIG reports issued between January 1, 2010, through December 31, 2013:

Internal Audits

- The OIG issued 66 internal audit reports, which contained a total of 527 recommendations.
  - 454 of the 527 recommendations have been resolved and implemented.
  - 72 recommendations have been resolved, but not yet implemented.
  - As noted above, 1 recommendation remains unresolved.
- 12.2 percent of the resolved recommendations were not resolved within OMB's 6-month deadline.
  - These recommendations were overdue for resolution by an average of 400 days.
- For reports issued in 2010, only 63 percent of OIG audit recommendations were resolved timely, but in each calendar year since 2010, 93 percent, or more, of OIG recommendations have been resolved timely.

The Department has made progress in its efforts to more timely resolve recommendations made in internal audit reports; however, challenges remain, particularly in the area of repeat findings, which are far too common in our information technology (IT) security

[3] The Department tracks audit resolution and the implementation of corrective actions related to OIG products in its Audit Accountability and Resolution Tracking System (AARTS). AARTS includes recommendation-level detail for all internal audits where the Department is directly responsible for implementing corrective action. The system includes less detailed information on the status of individual recommendations made in external audits.

work and in our financial statement audit work. Repeat findings are deficiencies that have been identified in previous work but that remain unaddressed or ineffectively addressed, and thus are again identified as findings in subsequent work. The following are examples of some of recent repeat findings:

- The FY 2013 Federal Information Security Management Act review found that 7 of the 11 security control areas we reviewed—configuration management, identity and access management, incident response and reporting, risk management, security training, remote access management, and contingency planning—contained repeat or modified repeat findings from OIG and contractor reports issued during the prior 3 years.

- The FY 2013 audits of the Department's and the Federal Student Aid office's (FSA) financial statements by OIG's independent financial auditors found significant repeat deficiencies relating to financial reporting processes and controls surrounding FSA's loan servicing systems. Moreover, in its 2013 financial statement audit, OIG's contract auditors strongly stated that Department and FSA management need to mitigate persistent IT control deficiencies. This is important as IT permeates all aspects of programs and services coordinated through the Department. Effective monitoring and oversight of its IT systems, IT contractors, and safeguarding its information and information systems are essential to preserving the ability of the Department to perform its mission and meet its responsibilities.

External Audits

- 10 of 49 external audit reports issued (20 percent) between 2010 and 2013 remain unresolved.
  - Of the 39 resolved audits, 13 (33 percent) have been fully implemented.
- 95 percent of the audits resolved had not been resolved within OMB's 6-month deadline.
  - These audits were overdue for resolution by an average of 439 days and included questioned costs of $59 million and unsupported costs of $124 million.
- In each calendar year between 2010 and 2014, 80 to 100 percent of OIG external audit reports issued were not resolved timely.

Although it has made progress, timeliness still remains a challenge to the Department in its ability to resolve OIG external audits. This is an area of particular concern to my office, as the untimely resolution of external audits impacts the potential recovery of funds, creates delays in the development and implementation of corrective actions by auditees that are intended to correct noted weaknesses in program management, and may have a negative impact on the achievement of the Department's mission and the anticipated results of individual programs. Delays also send the wrong message to program participants about the Department's tolerance for noncompliance and misuse of program funds. This is why we have regularly reviewed the Department's audit resolution and followup processes; as stated previously, we have conducted 6 audits on this subject since 2002, and we have a seventh

audit presently underway. We are currently evaluating the effectiveness of the Department's processes to ensure that external auditees are taking corrective actions to address weaknesses identified in OIG reports. We expect to issue the results of our findings later this year.

Conclusion

Audit resolution and followup are very important issues to the OIG, as the results of our work can serve as a tool for Department management in its daily operations, long-term strategic planning, and overall risk management. Our work, however, is effective only if the Department implements corrective actions in a timely manner to address identified deficiencies or weaknesses. We see that the Department is taking steps to improve its audit resolution and followup processes, and there are signs of improvement in the timeliness of audit resolution. However, work still remains. Through our current audit and ongoing activities, we will continue to closely monitor and report on the Department's progress to address audit recommendations.

Once again, I want to thank you for highlighting the issue of audit resolution and helping make it a priority for the Department. This concludes my written statement. I am happy to answer any of your questions.

Chairwoman FOXX. Thank you very much.

Ms. Nowicki, you are recognized for 5 minutes.

STATEMENT OF MS. JACQUELINE NOWICKI, ACTING DIRECTOR, EDUCATION, WORKFORCE AND INCOME SECURITY ISSUES, U.S. GOVERNMENT ACCOUNTABILITY OFFICE, BOSTON, MASSACHUSETTS; ACCOMPANIED BY MS. MELISSA EMREY–ARRAS, DIRECTOR, EDUCATION, WORKFORCE AND INCOME SECURITY ISSUES, U.S. GOVERNMENT ACCOUNTABILITY OFFICE, BOSTON, MASSACHUSETTS

Ms. NOWICKI. Good morning, Chairwoman Foxx, Chairman Rokita, Ranking Members Hinojosa, Ranking Member Loebsack, and members of the subcommittee. We appreciate the opportunity to be here today to discuss the status of GAO's prior recommendations to the Department of Education.

GAO's recommendations create tangible benefits for the American people by improving the efficiency, effectiveness, and accountability of government. Government-wide, approximately 80 percent of our recommendations are implemented within 4 years, yielding significant results. At the end of fiscal year 2013, for example, over 1,400 recommendations we made in fiscal year 2009 had been implemented, resulting in over $50 billion in financial benefits for the federal government, a return of about $100 for every dollar appropriated to GAO.

However, these benefits may only be achieved when federal agencies implement our recommendations.

My remarks today will focus on two key areas. First, I will discuss Education's progress in implementing GAO's recommendations and the benefits stemming from them. Second, I will discuss characteristics of recommendations Education has not yet implemented.

In regards to my first point, the department has implemented 218 of the 286 recommendations we have made to Education since fiscal year 2004. These recommendations span more than 100 separately issued reports and address a wide range of programs.

They have resulted in more than 2.1 billion in documented financial benefits and 145 documented nonfinancial benefits, such as improved accuracy in calculating students' need for financial aid, new guidance that ensures students with disabilities have equal opportunities to participate in athletics, and a streamlined and less burdensome grant application process for school districts.

In tracking the progress agencies make in implementing our recommendations, we actively track each recommendation for 4 years. If a recommendation has not been implemented within 4 years, our experience has shown that it is not likely to be implemented. So, for example, recommendations we made in fiscal year 2009 are tracked through fiscal year 2013.

We are pleased to report that during the last 5 years, by working closely with the department, we were able to close on average about 93 percent of our recommendations to Education as implemented, compared to a government-wide average of about 80 percent.

With regard to my second point, Education has not implemented 68 of the 286 recommendations we have made since 2004. These include 10 recommendations we closed after 4 years after deter-

mining that Education was unlikely to implement them, and 58 open recommendations that we are still actively monitoring. These 58 open recommendations, the majority of which Education agreed with when they were made, span four of Education's strategic goals, though more than one-third of our open recommendations relate to Education's goal of strengthening elementary and secondary education programs.

These 58 open recommendations also address various weaknesses that crosscut many education programs and strategic goals. These include strengthening external oversight and monitoring of grantees and contractors, coordination and collaboration with other agencies, and departmental internal management.

Fully implementing these recommendations could yield significant improvements in Education's operations. For example, they would improve equity in K–12 education for racial and ethnic minorities and strengthen postsecondary education oversight by addressing potential inconsistencies in how schools are treated.

In conclusion, we are proud of the many important improvements made in both elementary and postsecondary education as a result of GAO's work. However, the full benefit of our work can only be achieved when federal agencies timely implement our recommendations.

We appreciate Education's sustained efforts to work with us in implementing recommendations that have improved outcomes for kids, reduced administrative burden on states and schools, and strengthened accountability for federal funds. We will continue to closely monitor and report on the department's progress in implementing our recommendations and pay particular attention to the 20 recommendations that have been open for 2 or more years.

This completes my prepared remarks. I would be pleased to answer any questions you may have.

[The joint statement of Ms. Nowicki and Ms. Emrey-Arras follows:]

United States Government Accountability Office

Testimony
Before the Subcommittee on Higher Education and Workforce Training and the Subcommittee on Early Childhood, Elementary, and Secondary Education; House Committee on Education and the Workforce

For Release on Delivery
Expected at 10:00 a.m. ET
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DEPARTMENT OF EDUCATION

Status of Prior GAO Recommendations

Statement of Jacqueline M. Nowicki, Acting Director
Education, Workforce, and Income Security

Melissa Emrey-Arras, Director
Education, Workforce, and Income Security

GAO-14-848T

GAO Highlights

Highlights of GAO-14-848T, a testimony before the Subcommittee on Higher Education and Workforce Training and the Subcommittee on Early Childhood, Elementary, and Secondary Education; House Committee on Education and the Workforce

Why GAO Did This Study

GAO's recommendations create tangible benefits by improving the efficiency, effectiveness, and accountability of the federal government for the benefit of the American people. In fiscal year 2013 alone, GAO's work resulted in $51.5 billion in financial benefits for the federal government. However, these benefits can only be achieved when federal agencies implement GAO's recommendations.

GAO has made 286 recommendations to Education since fiscal year 2004. This testimony addresses (1) the status of Education's implementation of GAO's recommendations and the benefits that have resulted from these actions, and (2) the characteristics of recommendations Education has not implemented. To address these topics, GAO reviewed the status of all recommendations, as of August 15, 2014, it made to Education since fiscal year 2004. This time period was selected to capture 10 full years of recommendations in addition to those made during the current fiscal year. GAO also analyzed the financial and other benefits derived from those recommendations that have been implemented, and examined the recommendations that have not been implemented to determine the types of programs and areas related to the recommendations that have not yet been addressed.

View GAO-14-848T. For more information, contact Jacqueline M. Nowicki at (617) 788-0580 or nowickij@gao.gov and Melissa Emrey-Arras at (617) 788-0534 or emreyarrasm@gao.gov.

September 2014

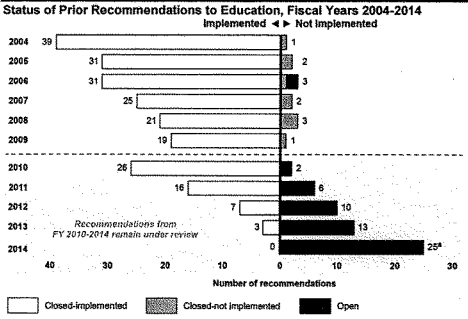
DEPARTMENT OF EDUCATION

Status of Prior GAO Recommendations

What GAO Found

The Department of Education (Education) has implemented 218 of the 286 recommendations GAO has made since fiscal year 2004, resulting in significant benefits and programmatic improvements. Education implemented 93 percent of recommendations made from fiscal year 2004 through 2009 within 4 years, a standard measure GAO uses to track performance, compared to the governmentwide average of around 80 percent. GAO's recommendations to Education have resulted in more than $2.1 billion in financial benefits and 145 other documented benefits, such as programmatic and administrative improvements, since fiscal year 2004. These results include improved accuracy in calculating students' need for financial aid, new guidance that ensures students with disabilities have equal opportunity to participate in athletics, and a streamlined and less burdensome grant application process for school districts.

Status of Prior Recommendations to Education, Fiscal Years 2004-2014



Source: GAO analysis of recommendations database as of August 15, 2014. | GAO-14-848T
[a] GAO is in the process of collecting status updates on the 25 recommendations made since the start of fiscal year 2014.

Education has not implemented 68 of the recommendations GAO has made since fiscal year 2004 for making improvements to various programs. These include 10 recommendations GAO closed after 4 years once determining that Education was unlikely to implement them. For these 10 recommendations, circumstances changed making the recommendation no longer valid, or Education disagreed with the recommendations, did not take sufficient action, or cited implementation challenges. GAO is actively monitoring 58 open recommendations, almost all of which were made within the last 4 years. More than one-third of GAO's open recommendations are directed towards Education's goal for strengthening elementary and secondary programs, while the rest focus on postsecondary programs and other cross-cutting goals from Education's strategic plan. Specifically, GAO's open recommendations propose a variety of necessary improvements across Education's strategic goals, such as strengthening external oversight and monitoring of grantees and contractors, increasing coordination and collaboration with other agencies, and improving internal management.

Chairwoman Foxx, Chairman Rokita, Ranking Member Hinojosa, Ranking Member Loebsack, and Members of the Subcommittees:

We appreciate the opportunity to be here today to discuss the status of our prior recommendations to the Department of Education (Education). Our recommendations create tangible benefits for the American people by improving the efficiency, effectiveness, and accountability of the federal government. Governmentwide, approximately 80 percent of our recommendations are implemented within 4 years, yielding significant results across the government. At the end of fiscal year 2013, for example, 1,438 of the recommendations we made in fiscal year 2009 had been implemented.[1] Our work resulted in $51.5 billion in financial benefits for the federal government in fiscal year 2013—a return of about $100 for every dollar GAO receives in appropriations.[2] In addition, many of the benefits that result from our work cannot be measured in dollar terms, and we refer to them as other benefits. During fiscal year 2013, we recorded a total of 1,314 other benefits that resulted from our work including better services to the public, changes to statutes or regulations, and improved government business operations. However, these benefits can only be achieved when federal agencies implement our recommendations.

Since fiscal year 2004, we have made 286 recommendations to Education addressing a wide range of programs and issues. Our remarks today address (1) the status of Education's implementation of our prior recommendations and the benefits that have resulted from these actions, and (2) the characteristics of recommendations Education has not implemented. This statement is based on our recommendations to Education since fiscal year 2004 in more than 100 separately issued reports. We selected this time period to capture 10 full years of recommendations in addition to those made during the current fiscal year.

In developing this statement, we reviewed the status of recommendations as of August 15, 2014, based on information we maintain in an internal database while also accounting for recent recommendation updates

[1] GAO, *GAO Mission and Operations: Performance and Accountability Report Fiscal Year 2013,* GAO-14-2SP (Washington, D.C.: Dec. 16, 2013).

[2] Our findings and recommendations produce measurable benefits for the federal government after the Congress acts on or agencies implement them.

provided by Education. We used the same database to analyze the financial and other benefits derived from recommendations that have already been implemented. We assessed the reliability of these data by reviewing documentation about the system used to produce the data and examining our previous use of the data, and we determined that the data were sufficiently reliable for our reporting purposes. We further examined the recommendations that Education has not yet implemented. We developed categories for these open recommendations based on the types of programs and areas that still need to be addressed. Two analysts independently categorized all of these open recommendations and then reconciled any differences between their selections. We also reviewed our prior reports to determine if Education agreed or disagreed with these recommendations at the time they were made.

We conducted this performance audit from June 2014 to September 2014 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.

Background

As part of our audit responsibilities under generally accepted government auditing standards, we follow up on recommendations we have made and report to Congress on their status. Agencies also have a responsibility to monitor and maintain accurate records on the status of our recommendations.[3]

[3]These requirements are detailed in two Office of Management and Budget (OMB) Circulars. OMB Circular A-50 provides the policies and procedures for use by executive agencies when considering reports issued by GAO and Inspectors General, other executive branch audit organizations, and nonfederal auditors where follow-up is necessary; and OMB Circular A-123 addresses internal management control systems. Among the requirements included are that the agency (1) appoint a top-level audit follow-up official, (2) maintain accurate records on the status of recommendations, and (3) assign a high priority to following up on audit recommendations. In addition, when we issue a report containing recommendations to an agency, the agency head is required to submit a written statement of the actions taken in response to the recommendations to the Senate Committee on Governmental Affairs and the House Committee on Oversight and Government Reform not later than 60 days after the date of the report. 31 U.S.C. § 720.

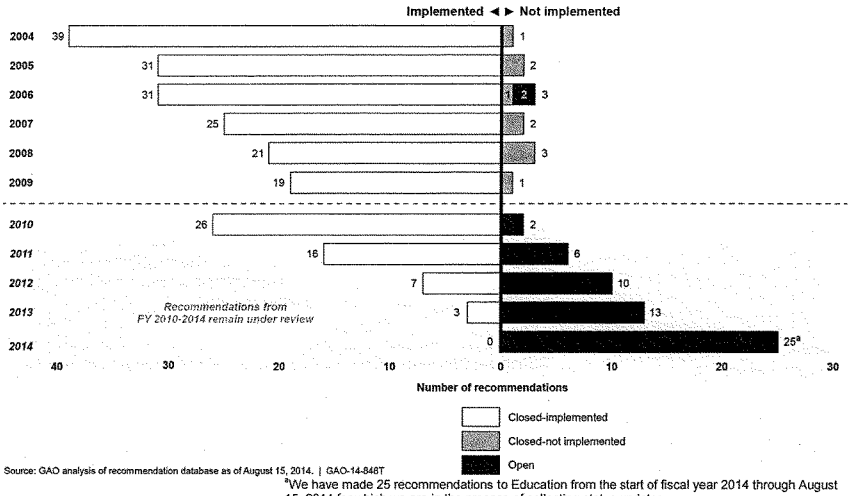
After issuing a report, we follow up with reviewed entities at least once a year to determine the extent to which our recommendations have been implemented and the benefits that have been realized. During this follow-up we generally specify for the agency what additional actions, if any, are needed to address our recommendations. A recommendation is closed when actions that satisfy the intent of the recommendation have been taken, when it is no longer valid because circumstances have changed, or implementation cannot reasonably be expected. Experience has shown that it takes time for some recommendations to be implemented. For this reason, we actively track each recommendation for 4 years. If a recommendation has not been implemented within 4 years, our experience has shown that it is not likely to be implemented.

We maintain a publically available database with information on the current status of all open recommendations. The database allows searches by agency, congressional committee, or key words and is available at http://www.gao.gov/openrecs.html.

Education's Implementation of Prior GAO Recommendations Has Produced Numerous Benefits

Education has implemented 218 of the 286 recommendations we made from fiscal year 2004 through 2014 (see fig. 1).

Figure 1: Status of Prior Recommendations to Education, Fiscal Years 2004-2014



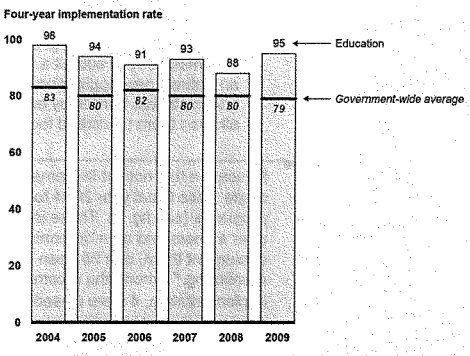
Source: GAO analysis of recommendation database as of August 15, 2014. | GAO-14-848T

[a]We have made 25 recommendations to Education from the start of fiscal year 2014 through August 15, 2014 for which we are in the process of collecting status updates.

Education implemented 93 percent of the recommendations we made from fiscal year 2004 through 2009 within 4 years, one of the measures we use to track our performance, compared to about 80 percent governmentwide during the same time period (see fig. 2).[4] For example, Education implemented 95 percent of the recommendations we made in fiscal year 2009 by the end of fiscal year 2013.

[4]Since there can be a lag between the time agencies implement a recommendation and it is officially closed in our system, we are not able to determine how long it takes for recommendations to be implemented.

Figure 2: Percentage of Past Recommendations Implemented, Fiscal Years 2004-2009



Source: GAO analysis of recommendations database and Fiscal Year 2013 Performance and Accountability Report. | GAO-14-848T

Since fiscal year 2004, our recommendations to Education have resulted in more than $2.1 billion in financial benefits and 145 other documented benefits, such as programmatic and administrative improvements. For example:

- Postsecondary education. In 2005, Education implemented our recommendation to update how state and other taxes are accounted for when determining a student's need for financial aid. The improved accuracy in calculating financial need resulted in a more equitable distribution of financial aid and decreased Pell Grant expenditures by $1.3 billion over the following 5 years.[5]
- Elementary and secondary education. In response to recommendations from our report on the low rates of athletic participation among students with disabilities, Education issued new guidance in 2013 that clarified schools' responsibilities to provide students with disabilities with equal opportunity to participate in

[5] GAO, *Student Financial Aid: Need Determination Could Be Enhanced through Improvements in Education's Estimate of Applicants' State Tax Payments,* GAO-05-105 (Washington, D.C.: Jan. 28, 2005).

athletics, thus enabling them to more fully experience the rewards of physical activity. [6]

- Elementary and secondary education. Beginning in fiscal year 2011, Education implemented our recommendation for improving the School Improvement Grants application process by allowing states in certain circumstances to submit a one-page attachment rather than prepare an entirely new application. This change reduced schools' administrative burden by expediting the grant award process and allowed them to instead focus on implementing reforms.[7]

Education Has Not Yet Implemented Recent Recommendations Addressing a Variety of Programs and Issues

Education has not yet implemented 68 of the recommendations we have made since fiscal year 2004 for making improvements to various programs (see fig. 1). These include 10 recommendations that we closed after 4 years and after determining that Education was unlikely to implement them, and 58 open recommendations that we are still actively monitoring.[8] Among the recommendations that were closed without implementation, 4 were closed because time or changes in circumstances rendered the recommendation invalid. For example, Education's Reading First program was the focus of a recommendation we made in fiscal year 2007, but the program was subsequently phased out by Congress in 2009.[9] In the remaining 6 cases, we found that Education disagreed with the recommendations, did not take sufficient action, or cited implementation challenges due to difficulty coordinating with other federal agencies. For example, Education disagreed with and did not implement a recommendation from our fiscal year 2007 report to allow Historically Black Colleges and Universities to switch from monthly to semiannual payments on federally guaranteed capital improvement loans, as is common in the private market. Education explained that a less frequent

[6] GAO, *Students With Disabilities. More Information and Guidance Could Improve Opportunities in Physical Education and Athletics,* GAO-10-519 (Washington, D.C.: June 23, 2010).

[7] GAO, *School Improvement Grants: Early Implementation Under Way, but Reforms Affected by Short Time Frames,* GAO-11-741 (Washington, D.C.: July 25, 2011).

[8] All but two of these open recommendations were made within the last 4 years.

[9] GAO, *Reading First: States Report Improvements in Reading Instruction, but Additional Procedures Would Clarify Education's Role in Ensuring Proper Implementation by States,* GAO-07-161 (Washington, D.C.: Feb 28, 2007)

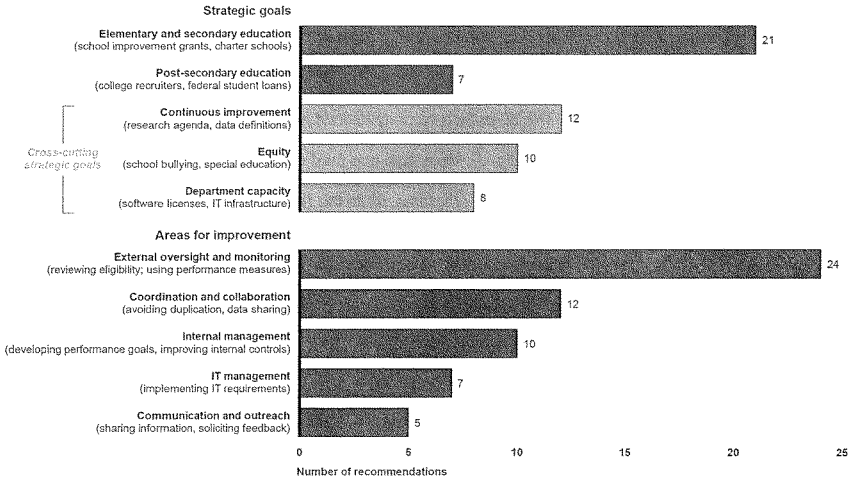
payment schedule could increase default risks.[10] However, we continue to believe that the program's existing safeguards, such as credit evaluations and funds placed in escrow by borrowers, provide sufficient protection against defaults, and that a switch to semiannual payments could better align payments with colleges' cash flow and thereby improve program utilization.

The 58 open recommendations relate to the full range of Education's strategic goals and direct Education to make a variety of improvements (see fig. 3). More than one-third of our open recommendations are directed towards Education's goal for strengthening elementary and secondary programs, while the rest focus on postsecondary programs and other cross-cutting goals from Education's strategic plan.[11] Specifically, our open recommendations propose a variety of necessary improvements across Education's strategic goals, such as strengthening external oversight and monitoring of grantees and contractors, coordination and collaboration with other agencies, and internal management.

[10] GAO, *Capital Financing: Department Management Improvements Could Enhance Education's Loan Program for Historically Black Colleges and Universities,* GAO-07-64 (Washington, D.C.: Oct. 18, 2006)

[11] The cross-cutting strategic goals in Education's strategic plan are: 1) Continuous improvement- enhancing the education system's ability to continuously improve through better and more widespread use of data, research and evaluation, evidence, transparency, innovation, and technology; 2) Equity- increasing educational opportunities for underserved students and reducing discrimination; 3) Department capacity- improve the organizational capacities of Education. See Education, Strategic Plan for Fiscal Years 2014-2018 (Washington, D.C : Mar. 10, 2014).

Figure 3: Education's 58 Open Recommendation by Strategic Goal and Improvement Area



Source: GAO analysis of recommendations database and prior reports. | GAO-14-848T

Education agreed with the majority of the open recommendations when they were made. Specifically, we found that Education fully concurred with 32 open recommendations, partially concurred with 3, disagreed with 5, and did not state a specific position on the rest.

Implementing these open recommendations could yield significant improvements in Education's operations if they are fully implemented. For example:

- Improving equity in elementary and secondary education. In fiscal year 2013, we recommended that Education develop a standard approach for defining significant disproportionality—a term used in the Individuals with Disabilities Education Act to refer to the

overrepresentation of racial and ethnic groups in special education—to promote consistency in how states determine which school districts are required to provide early intervening services.[12] In its comments on our report, Education proposed an alternative approach of collecting and publicizing information on the various state definitions that we believe would do little to address concerns about the lack of consistency in how states define significant overrepresentation. Education has since solicited public input on how it should generally address overrepresentation in special education, but it has not taken action to develop a standard definition for gauging the magnitude of the problem.

- Strengthening postsecondary education oversight. In fiscal year 2011, we recommended that Education address potential inconsistencies in its treatment of schools participating in federal student aid programs by revising and applying its guidance for determining fines for schools that violate the statutory ban on paying incentive compensation to individuals based on success in enrolling students or securing their financial aid.[13] Education agreed with the recommendation, but has not yet established a consistent process for determining fines and settlement payments. Consistent enforcement of the incentive compensation ban would help ensure equal treatment of schools, and protect students from deceptive recruiting practices and federal student aid funds from fraud and abuse. Given that this recommendation was made nearly 4 years ago, it raises concerns about Education's efforts to apply this guidance in a timely manner.

We will continue to monitor Education's progress in implementing the 58 open recommendations, paying particular attention to those that have been open for more than 2 years.

Chairwoman Foxx, Chairman Rokita, Ranking Member Hinojosa, Ranking Member Loebsack, and Members of the Subcommittees, this completes our prepared statement. We would be pleased to respond to any questions that you may have at this time.

[12] GAO, *Individuals with Disabilities Education Act: Standards Needed to Improve Identification of Racial and Ethnic Overrepresentation in Special Education*, GAO-13-137 (Washington, D.C.: Feb. 27, 2013)

[13] GAO, *Higher Education: Stronger Federal Oversight Needed to Enforce Ban on Incentive Payments to School Recruiters*, GAO-11-10 (Washington, D.C.: Oct. 7, 2010).

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Chairwoman FOXX. Thank you very much.

What great witnesses you are—stay within time.

I now recognize Chairman Rokita for 5 minutes.

Mr. ROKITA. Thank you, Chairwoman.

Yes, I have to agree. We have a lot of witnesses sit in those chairs and we can tell that you are with the GAO and OIG.

[Laughter.]

Starting with you, Ms. Nowicki, thank you—and again, thank all the witnesses for the testimony, but thank you, Ms. Nowicki, as well, for talking about the 58 of the 68 recommendations that are still open, the 68 being that are older than 4 years. Describe for me in greater detail, if you would for the committee, what makes you decide to keep certain ones open longer than 4 years and close other ones out. What criteria do you use?

Ms. NOWICKI. Well, typically when recommendations are open longer than—longer in that window, or sometimes longer than 4 years, as you have said, we typically do that when we believe that there is some reason that those recommendations will be implemented. So, for example, there were I believe two recommendations that we still have open right now from 2006. We have recently learned that there is – that those recommendations were related to managerial cost accounting practices at the department, but we have recently learned that it is unlikely that the department would close those older recommendations so we will probably close them on our end as unimplemented.

Mr. ROKITA. Now it is true, though, that all 68 were agreed to by the Department of Education. They thought the 68 recommendations were a good idea. Yes or no?

Ms. NOWICKI. They generally agreed with almost all of the recommendations that we made at the time they were made.

Mr. ROKITA. Okay. And so the 58 still open, you are not driving whether something is still open or closed; the department is. They say, "Now we don't want to—this is older than 4 years. We are still not giving up on it. We still want to try to pursue it." You have some evidence to that effect so you keep it open. Is that accurate?

Ms. NOWICKI. Correct.

Mr. ROKITA. Okay. Then with the ones that are still open, do you still follow up with them annually, or what is the criteria for—

Ms. NOWICKI. Yes. So our policies and procedures require that for all open recommendations we follow up at least annually and check in with the department on their status and the progress of them implementing our recommendation.

Mr. ROKITA. And from the introduction that Chairwoman Foxx elaborated on, you worked in the private sector and you have been doing this kind of work for how long?

Ms. NOWICKI. Seventeen years.

Mr. ROKITA. What is your biggest frustration, given your experience—or your top three?

Ms. NOWICKI. I think, you know, for us, recommendations that remain open for longer periods of time represent a missed opportunity to improve outcomes on the ground for students and to, you know, improve efficiency in the working of federal government.

Mr. ROKITA. Per your testimony, do you believe in federal government?

Ms. NOWICKI. Do I believe in the federal government?

Mr. ROKITA. Yes. How big should it be? Is it too big now?

Ms. NOWICKI. I—

Mr. ROKITA. No comment?

Ms. NOWICKI. No comment.

Mr. ROKITA. Thank you for your testimony, as well, Ms. Tighe?

Ms. TIGHE. Tighe.

Mr. ROKITA.—Tighe. Thank you.

You indicated that—let's see—let me just ask you what formal reporting and oversight mechanisms exist for the OIG to monitor department programs and services?

Ms. TIGHE. Oh, I think the primary means we monitor the department is actually through our audit work. I mean, that is our—by annually deciding what areas we want to look at for the department through our annual work plan, and then conducting those audits and inspections and other type of work is how we do our job. It is certainly then up to the department to provide specific monitoring of the department's programs.

Mr. ROKITA. In your testimony you mentioned "lack of staff," for doing the—reacting to your audits or doing their own internal audits. Can you elaborate on that? What do you mean by "lack of staff?" And are you suggesting that the bureaucracy get bigger?

Ms. TIGHE. Well, I do think the department has a lot of responsibilities, and I think that—

Mr. ROKITA. You find people overworked there? And I am not being flippant. Seriously, I mean—

Ms. TIGHE. Well, you know, we haven't done audit work specifically. I would say my impression, yes, a lot of people carry a lot of responsibility and are, in fact, working very hard.

The department has a lot of programs. It is not a really large department when you look at across the federal government. And I do think in the area of audit resolution that we have been talking about, I don't know if we have specifically sort of looked at—I know there is staff in every program office that does handle audit resolution; there is an audit liaison and people who deal with audit resolution.

You know, sometimes they may carry other responsibilities, so I think that part of what we looked at like in our 2012 audit was, okay, you have staff here. You know, if you don't have enough we at least need—part of what our issue was, you need to train them. You also need to make sure that they understand their obligations, that they understand what OMB A–50, you know, the OMB circular that is—governs this area, you know, what that means to the department to the responsibilities, and I think that is an important part of the issue.

Mr. ROKITA. My time is expired. Thank you.

Chairwoman FOXX. Thank you, Mr. Rokita.

Mr. Loebsack, you are recognized for 5 minutes.

Mr. LOEBSACK. Thank you, Madam Chairwoman.

Just a couple quick questions.

Ms. Emrey-Arras, if I could ask you, I think that we got a little bit in terms of numbers how Education compares with other federal agencies in implementing the GAO's recommendations. Can you elaborate on that a little bit?

Ms. EMERY-ARRAS. Sure. I would be happy to.

Overall, looking between 2004 and 2009, 93 percent of recommendations made by the GAO were implemented by the Department of Education within a 4-year window, and that was higher than the government-wide average of about 80 percent.

Mr. LOEBSACK. Do we have any idea why that is the case, or is that not something for you folks to sort of investigate as to why that is the case?

Ms. EMERY-ARRAS. That was not within the scope of our work, though I do like to think that we work hard to collaborate with the department to close those recommendations.

Mr. LOEBSACK. Any thoughts on the part of others on that, why that is the case with the Department of Education, why they do a good job?

Ms. TIGHE. On closing audit recommendations?

Mr. LOEBSACK. Well, how does they accomplish 93 percent—was that the number? And government-wide it is 80 percent. Is that correct?

Ms. TIGHE. Well, I think the department has taken steps in the last couple years to—do what we, you know, put in our 2012, which—audit report, which was a failing at that time, which is: You need to make it an organizational priority; you need to say this is important to the Department of Education to resolve these audits.

And I think it has, which is why it has been somewhat successful in the area of internal audits. I mean, their timeline is—numbers are good now, and it has not been as successful in the external audits but I think you have to do that. Accountability is another thing that needs to happen, too.

Mr. LOEBSACK. Right. Ms. Nowicki, in May of 2009 GAO testified before this committee on the issue of restraint and seclusion in our nation's schools. The testimony looked at individual case studies of serious student injury and sometimes death resulting from misuse of these harmful practices. Additionally, GAO examined the patchwork of state laws regulating use of restraint and seclusion.

Can you speak about the findings and the factors contributing to student death and injury?

Ms. EMERY-ARRAS. Hi. This is Melissa. I will—

Mr. LOEBSACK. Okay.

Ms. EMERY-ARRAS.—respond on Ms. Nowicki's behalf.

Mr. LOEBSACK. Sure.

Ms. EMERY-ARRAS. We have done a body of work from around 2007 to 2009 on just those issues—the seclusion and restraint, and services for children in residential treatments centers or boot camps or wilderness camps. We did find serious concerns regarding reported deaths at facilities. For example, in our study of residential treatment centers we did a survey and found that at least 28 states reported one death in residential facilities in 2006. We also found data that showed that over 1,500 incidents of abuse or neglect of youth had occurred in those facilities. We also found, in terms of seclusion and restraint, multiple cases where children had died as a result of those techniques being used in schools.

We have made recommendations in the past to address these issues. For example, in our work on residential treatment centers

we did make a recommendation to multiple federal agencies, including the Department of Education, to enhance its oversight of state activities—for example, by including these facilities in their reviews when they went out to states. However, Education did not implement this recommendation and it is currently closed as not implemented.

Mr. LOEBSACK. Is part of the issue that this is dealt differently in different states?

Ms. EMERY-ARRAS. There is definitely a patchwork of state requirements, and we show in our report how certain centers are exempt from state licensing requirements.

Mr. LOEBSACK. Right. So really what you are saying is Department of Education probably has to get more involved in this in terms of looking at the different states and what is happening in the different states.

Ms. EMERY-ARRAS. That was the basis for our recommendation; and unfortunately, the department did not act and it was closed unimplemented.

Mr. LOEBSACK. Okay.

Well thanks to all of you, and I yield back the remainder of my time.

Thank you, Madam Chairwoman.

Chairwoman FOXX. Thank you, Mr. Loebsack.

Mr. Chairman, Mr. Kline, you are recognized for 5 minutes.

Mr. KLINE. Thank you, Madam Chair.

Thank to the witnesses for your work and for being here with us today, your testimony and answering questions. Just a couple of questions.

Ms. Nowicki or Emrey-Arras, I am not sure who is going to answer here, but looking at the Government Accountability Office, you have reported saving the government and taxpayers billions of dollars—that sounds pretty good sitting here—including—you specifically mention $2.1 billion in financial benefits to Department of Education since 2004.

What does that mean? How are those realized? Is that cash that piles up on a desk? Is it fewer dollars appropriated? What does that mean?

Ms. EMERY-ARRAS. I can answer that one.

Mr. KLINE. Okay.

Ms. EMERY-ARRAS. In the area of education it relates mostly to the delivery of federal student aid funds. And in this case, the bulk of the 2.1 billion resulted from decreased Pell Grant expenditures. Basically, we came up with a recommendation to improve the accuracy of the financial aid calculations, which resulted in a decreased need for Pell Grant expenditures for those students.

Mr. KLINE. So fewer dollars were spent.

Ms. EMERY-ARRAS. Correct.

Mr. KLINE. Okay.

To Inspector General Tighe: You, in response to Chairman Rokita's questions—he asked about staffing and was there enough staffing and you said that people are really busy. And so there are several ways that you can approach that problem, right? You could spend more money and get more staff, you could train the existing staff to perform more efficiently, or you could perhaps have fewer

programs so you don't have to have all that audit compliance and all that sort of thing for each of the programs.

And we know in this committee, because we have been looking at legislation in workforce training and in K–12 and a number of places, there are just a lot of programs. I think there are over 80 programs—federal programs in K–12 education. If you had, say, half that number then presumably you would need less staff.

Do you look at that, or do you just say a program is a program and we are only going to be concerned about whether or not we got enough staff to deal with it?

Ms. TIGHE. Well no, and I—you know, I don't know if we always necessarily look at whether there is level of staffing sufficient for programs in a lot of our audits. I mean, I think we try to, in targeting our audit work, look and make sure programs are being efficient. We have looked a little bit at whether there is potential duplication among programs, and I am happy to give you further information on that to follow up with this testimony.

So it is an issue we care about. I think it is a good government issue. We should always be looking at government's programs to makes sure they are needed, to make sure they are running efficiently and effectively. I think that is an important part of what the OIG should be doing and I hope we are doing.

So it isn't just about, wow, we need more people to do more programs. I think it is really about, you know, once you all decide you want a program, right, that let's make sure that it is staffed appropriately both in terms of oversight and monitoring as well as execution of the program, which I think are important parts of the puzzle.

Mr. KLINE. Well let me—and thank you very much for that response, but let me ask you to provide what you just offered. If you looked at this and are there programs where you see some redundancy or duplication? I know the GAO has done a number of studies for us, and in the workforce training and education field, for example, we were looking at that as we moved the SKILLS Act, which became WIOA, as we did the WIA reauthorization, and part of that was driven by the GAO study that showed how many of these programs there were, and we know there are a lot of programs in the Department of Education that somebody needs to be looking at for duplication.

So since you have offered, I would accept the offer. We would love—

Ms. TIGHE. All right.

Mr. KLINE. And I yield back.

Chairwoman FOXX. Thank you very much, Mr. Chairman.

And I now recognize Mrs. McCarthy for 5 minutes.

Mrs. MCCARTHY. Thank you, Chairwoman. And I appreciate having this.

I just want to follow back on some confusion that I have on my part.

Ms. Arras, when you talked about, you know, with the residential programs selected case of death, abuse, and deception marketing, do those programs get federal money?

Ms. EMERY-ARRAS. Some do and some do not. And so the Department of Education would only have purview over those that do receive public funds.

Mrs. MCCARTHY. All right. So some of the cases that are open, are any of them getting federal money?

Ms. EMERY-ARRAS. I am sorry. Could you repeat that?

Mrs. MCCARTHY. The cases that have been left open after 4 years because you couldn't implement them because some of these state laws, but are they getting federal money?

Ms. EMERY-ARRAS. The recommendation that we had that was closed as unimplemented related to facilities that did receive federal funds, and we recommended specifically that the Department of Education include in its oversight reviews those facilities. So we were not recommending that they look at facilities that were not receiving federal funds.

Mrs. MCCARTHY. And just one more question on the area of the children. I guess it is a two-part question. On some of the restraints, have you also noticed that there were paddling involved in some of these young children? And what are we doing to see about sexual abuse or any kind of abuse for those children that are in nursing homes or into secluded homes for them?

Ms. EMERY-ARRAS. That is a good question. I don't have the details of the case studies at my fingertips at this moment, but I do know that there were concerns about sexual abuse as well as other forms of physical abuse against these youth both in the boot camps and the residential treatment centers.

We also have done work related to concerns about sexual abuse of children in schools by school personnel. We found, for example, that the prevalence of abuse is not known; people are not tracking how many schoolchildren are being abused by staff. We also found that states were not aware of services that were available at the federal government to help them provide prevention information to their staff.

And we did make recommendations to the Department of Education to assist in tracking the prevalence of this abuse and to provide more information to states to help them provide prevention training to prevent this from occurring.

Mrs. MCCARTHY. One of my concerns is especially with children with disabilities that—especially those that might be nonverbal—children with autism or things along those lines—how do they verbalize, and who is watching these children if they can't speak for themselves?

Ms. EMERY-ARRAS. That is a good point. Part of the way that people try to prevent issues like this from occurring is to increase awareness of staff so that they can be aware of situations so it is not all on the children to do the reporting, so that the staff can help identify issues when they are occurring. And that is something that we addressed in our recommendation to help provide states information to assist in this training effort.

Mrs. MCCARTHY. And to follow up with another question, with—saying that our workers, you know, are—have a very large case portfolio, I was just curious, is the turnover in these departments high where they have to be constantly retrained, or maybe a case has been started or maybe they have been working on something

and then someone new comes in and it is—speaking from experience, you start from scratch again.

Ms. EMERY-ARRAS. Right. I don't believe that the turnover was a part of our study looking at the sex abuse of children in schools. However, we have done other bodies of work on child welfare and foster care issues and we would be happy to follow up with you on that if that would be helpful for you.

Mrs. MCCARTHY. And if you could get me the statistics on paddling in some of these cases I would appreciate it.

Ms. EMERY-ARRAS. We can certainly look into that.

Mrs. MCCARTHY. Thank you.

With that I yield back.

Chairwoman FOXX. Thank you, Mrs. McCarthy.

Ms. Bonamici?

Ms. BONAMICI. Thank you very much, Chairwoman Foxx. And thank you for holding this hearing today.

And thank you to the witnesses for testifying. There is certainly no doubt that the Government Accountability Office and the Department of Education's Office of Inspector General play a critical oversight role, and I know that everyone on this committee is grateful for your work.

Some of you were here at a spring hearing about the student loan rehabilitation process, and I appreciate your previous work on identifying problems with the debt management and collection system at Federal Student Aid, FSA. I thank you for identifying the need for improvements for at-risk borrowers.

I know that there is a lot of work to be done in getting more information to borrowers about income-based payment options, for example. I think that getting that information to students is harder when private collection agencies are used to do collection.

I have to say that back at the hearing in March I asked the chief operating officer at Federal Student Aid if the private collection agencies that the Department of Education contracts with to collect student loans in default were obligated to comply with the federal Fair Debt Collection Practices Act, and he said he didn't know but he assumed that the collection agencies had to follow the law.

And after about 2 months after that hearing was when the Justice Department and the FDIC reached a record settlement with Sallie Mae that was $60 million plus an additional civil penalty over its mishandling of servicemembers' loans. They were not complying with the Servicemembers Civil Relief Act.

I continue to question whether federal student aid is adequately monitoring its contractors to ensure that they are following the law, including the Fair Debt Collection Practices Act.

In fact, Inspector General Tighe, in July 2014 your audit report says—and just on page one—"We found that the FSA did not effectively ensure that the private collection agencies are abiding by the federal debt collection laws and the related terms of their contractual agreements with FSA." Also found "FSA did not effectively monitor borrowers' complaints against private collection agencies and ensure that corrective actions were taken."

So I want to ask you, Inspector General Tighe, can you talk about the FSA's ability to oversee those collection agencies? Are there barriers that prevent them from guaranteeing—the FSA from

guaranteeing that its contractors obey the law? And I want to allow time for another question if you may. Thank you.

Ms. TIGHE. It is clear from our audit work at the report issued in July that we took issue with a number of factors related to FSA's current oversight process over the PCAs and how they handle borrower complaints. I mean, we found that there was no consistent, you know, definition used; we found they didn't ensure that the complaints are timely provided by the PCAs to FSA; and we didn't—they don't ensure that corrective action is taken.

So we did make a number of recommendations to FSA to try to improve that process, and I believe, you know, that it is still too recent an audit to, you know, to expect—I don't know if it has been resolved yet. But I do know that we will—we are going to keep an eye on what we are doing on that area.

Ms. BONAMICI. Thank you. I appreciate that because the audit report also showed that the FSA was not using service quality indicators in calculating—there is a score, the competitive performance and continuous surveillance score, that it assigns to the private collection agencies. Obviously there are some private collection agencies that are doing a better job than others, and the system is designed—this scoring system is designed to help FSA decide which collection agencies to use, but if they are not using the scoring system that is problematic.

So given that customer satisfaction is going to factor into the performance structure for servicers, it seems that borrowers' complaints would be a very important oversight function for the FSA. Were there recommendations made that FSA can change to ensure that the collection agencies are reporting complaints and responding to them?

Ms. TIGHE. We did make recommendations, I believe, to look at that scoring and how they factor in, you know, customer feedback or customer complaints into the—how PCAs get paid.

Ms. BONAMICI. Terrific. Well, we have a lot of work to do in making sure that higher education is affordable and accessible, and income-based repayment is an important component that I firmly believe that is—students are not getting enough information about their options, and that is made harder with the private collection agencies.

And just in my remaining few seconds, I want to align myself with the comments made by my colleagues about the importance of making sure that students in schools stay safe not only from abuse but also concussions, and a lot of great work has been done at the state level. We can bring some of that good legislation here, and there are a lot of things we can be doing to make sure our students stay safe. And I look forward to working with my colleagues on both sides of the aisle on that issue.

Thank you. I yield back the balance of my time.

Chairwoman FOXX. Thank you, Ms. Bonamici.

Mr. Sablan, you are recognized for 5 minutes.

Mr. SABLAN. Thank you very much, Madam Chair, and thank you for holding today's hearing.

And good morning, everyone. I apologize for coming in a little late.

I have two questions, and one for Ms. Tighe, if I may.

And as you know, Congress and the Department of Education has established expectations that colleges act in the best interest of their students when administering Title IV programs. And your report on campus credit cards helps shed light that some colleges are receiving hundreds of thousands of dollars, if not—if—hundreds of thousands if not millions in payouts to endorse certain types of checking accounts from banks.

And while banks have said these accounts are good for students, I am concerned that colleges may be more motivated by the money than the merit of the product to their students. So with 70 percent of students relying on student aid to pay for college, my concerns go deeper than this—that these products may be driving up the cost of college. They are not selected because they provide the best deal for students.

So do you believe financial incentives paid to colleges by banks when endorsing a financial product pose a potential for a conflict of interest, one? And two, can you discuss your findings on this point, please?

Ms. TIGHE. Yes. Our report that we issued this—6 months ago, I think, on debit cards did have a finding related to conflict of interests. Our work in looking at the four schools we did, did see that financial incentives did exist, and we believe that if they are unmitigated can hold the potential for conflicts of interest.

I think one of the schools we looked at, Portland, its contract with Higher One gave them additional incentive payments—gave the school additional incentive payments based on the number of debit cards that were issued under Higher One's name, and also the amount of money in the accounts. And I think that can lead to perverse, you know, sort of incentives.

We saw similar issues in the FFEL Program on lender inducements, and one way that was developed to mitigate those potential conflicts was to require that the schools report to FSA on how those arrangements still serve the students' best interests. And it is perhaps something to think about, about whether we want to have some similar requirement.

Mr. SABLAN. Thank you. Thank you very much.

And, Ms. Arras, if I may, the GAO, the Government Accountability Office, has recommended that Congress consider extending the same transparency and disclosure requirements to debit cards as banks must follow when marketing credit cards. And I believe students and their families should be able to scrutinize the agreements between banks and schools that give students access to their aid money, their aid dollars. So if these arrangements aren't working in the students' interests, we all have a right to know.

Could you describe how transparency and disclosure on debit card arrangements may help students better understand the incentives for colleges and banks under these arrangements or change bank and college behavior, one? And number two also, how has similar transparency provisions helped students when required for credit cards?

Ms. EMERY-ARRAS. Thank you for the question.

We do believe that transparency and disclosure could help students know if there are potential conflicts of interest in those arrangements. They may not be aware that their school is receiving

payments or other financial benefits from the debit card company and it would be helpful for them to be aware of that when making that decision about how to receive their federal student aid.

And we also think that this disclosure could have positive benefits for the students. We have found that since the CARD Act went into effect, which did put certain requirements on credit cards that have the school's name on them, that there has been a decrease in payments between card issuers and colleges, and credit card marketing that is specifically targeted to college students has declined.

Mr. SABLAN. Because, you know, and I come from a very small community, and actually it wasn't until we started working on the Affordable Care Act when I discovered the relationships between doctors and pharmacies. I mean, I was amazed at that, you know, the incentives there.

And so we need to follow this, too.

And I have one question, and any one of you may feel free to answer, if I may. Actually, the number of resolutions of some of your findings within the Department of Education and some of the numbers of closed findings—is that normal within the federal government or is that—is it a much better, you know, is it much better within the Department of Education than across the federal government? You know what I am saying? Closed unsolved, and closed resolved.

Chairwoman FOXX. Mr. Sablan, since we are under a really tight time schedule I am going to ask the witnesses to submit their response to you in writing. Thank you.

Mr. SABLAN. My time is up.

Chairwoman FOXX. Mr. Polis, you are recognized for 5 minutes?

Mr. POLIS. Thank you, Dr. Foxx. I appreciate the time.

I wanted to talk about a couple things. First I wanted to follow up on Mrs. McCarthy's question regarding abusive practices of restraint and seclusion. I would like to see if any of you would like to talk about the state laws on parental notification. Do all states require that schools notify parents whenever a child is abused?

Ms. Emrey-Arras?

Ms. EMERY-ARRAS. We can follow up with you on that, as well, along with the other information.

Mr. POLIS. Very good.

A recent Denver Post article—without objection, I would like to submit to the record, Madam Chair—

[The information follows:]

[Additional Submissions by Mr. Polis follow:]

TRYING TO LIVE, TRYING TO LEARN
PART 1 | NO OTHER PLACE TO GO

At bedtime, the four oldest — Jaquan, Matthew, Jazmine and DeArShay — take the blankets and pillows stuffed in the shelves beside the motel bed and lie on dirty, torn carpet. They have bedbug bites on their arms and legs.
Their mother will pick the black insects off their skin in the morning. She squeezes them and they pop.
The children's parents, who sleep in the queen-size bed with 2-year-old Jamisha and 3-year-old Jonathan Jr., tell the older kids to roll toward the wall and the fish tank, to turn their backs to the television when it's time to sleep.
A skinny yellow tabby named Barack finds an open spot to curl up in this room at the King's Inn, which is the farthest thing from any place anyone royal would sleep. The screen on the window is torn along the bottom, a cloth tacked up as a lone curtain for privacy. The parking lot where the kids play is strewn with Doritos bags, empty pop cans and cigarette butts.
It is from this Aurora motel room that three of Peggy Monroe's six children walk to school each morning.
The family of eight has lived here for 10 months.
The children are homeless under federal education law. The three oldest are among the 23,300 homeless children attending Colorado schools, and that's not counting homeless babies and preschoolers, or the children who move from town to town with their families and don't go to school.

The number of homeless school children in this state has more than tripled in a decade. Some live in cars, campgrounds and shelters, but most double up with other families or live in cheap motels because they've lost their own housing.

Months in one room

The Cartoon Network is blaring one April afternoon and Peggy is in the center of the bed eating toast and grape jelly, surrounded by two kids in underwear and one in diapers. The children's feet are black from running around barefoot on the parking lot asphalt and along the cement walkway that rings the King's Inn and passes under the paint-chipped staircases that connect four stories of destitution.
Jonathan Jr., "Jay-Jay" for short, jumps on Peggy, spilling jelly on the bed. She slaps his hand.
DeArShay, or "Shay-Shay", then 4, darts out of the room into the parking lot. "Shay, you don't have no pants on! Get your butt in the house," Peggy yells. Shay-Shay is always in trouble, it seems. She is too young for kindergarten and wasn't signed up for preschool, so she spends her days competing for attention with her younger brother and sister.
She loses.
"Oh, I'm ready to get out of here," Peggy says, her patience dwindling after so many months of living with six kids in a motel room. She is wearing her hot-pink Tinkerbell T-shirt, a long, dark braid all the way down to her yellow corduroys.

She gets off the bed and finds her sneakers so she can walk west on East Colfax Avenue toward Kenton Elementary School. The younger kids stay with Jonathan "Johnny" Jacko, Peggy's boyfriend and father of her two youngest.

Peggy used to let the kids walk the mile home alone but a caseworker sent by child protection services told her they weren't old enough to walk along Colfax by themselves. Still, sometimes Peggy can't make it. The family has no car. Every grocery trip, housing appointment or school event requires toting kids along one of the city's busiest streets or climbing on public buses.

The caseworker also said the kids need more baths, shouldn't go outside the motel room in their underwear and that Peggy and Johnny should stop smoking medical marijuana.

The caseworker wants them to move to a "more stable" place to live. "I'm working on getting us out of here," Peggy says. "The bedbugs. The roaches. It's so hot in the room. It's too small. I want my kids to have their own rooms back."

The school helped her apply for a subsidized apartment and she is waiting to find out whether they're accepted. If they are, though, the kids will start at yet another school; the apartment complex is outside Aurora Public Schools.

Peggy hates that part. The kids began at Kenton in the spring of 2013, and this is the first time they have attended the same school for more than one year.

Jaquan, 9, who started fourth grade this year, has attended at least one new school every year since kindergarten. He is falling behind.

Each year, one in three homeless students in Colorado switches schools at least once, according to state Department of Education data. It takes a child four to six months to regain the academic ground lost by one move, said researchers from Loyola University. Children who are homeless are eight times more likely to suffer abuse and neglect than other children.

An unexpected visit

On their walk home from school each day, Jaquan, Matthew and Jazmine pass a convenience store with bars on the windows, a pawn shop and a rundown apartment complex where men hang out in the parking lot during the day.

A spring breeze is picking up on a May school day when the bell rings and releases hordes of kids into the hallways, but the Monroe kids were dismissed early because it's "Totes of Hope Day." That's when needy children, including many who are homeless, are called out of class a few minutes early so teachers and staff can give them plastic bags of donated food. There are cans of beans, macaroni with meat sauce and breakfast bars.

Jazmine struggles to put her bag in her backpack, sending cans rolling in opposite directions on the sidewalk in front of the school. Her brothers grow impatient as she chases cans and crams them in her backpack.

Halfway home, Matthew's plastic bag splits open. He stuffs as much as he can in his pockets. The boy has a can in one hand and a bag of ramen noodles in the other. He opens a cereal bar and eats while he walks, stopping once to hide inside the trunk of a giant oak tree.

School officials, including the truancy officer, have visited the family's first-floor motel room four times since last spring. When the kids started at Kenton, teachers were worried about their dirty clothes and bodies, and wondered why they were missing school so often.

The kids arrive at the motel and find their mom in the middle of the bed, braiding the younger kids' hair and watching Kathie Lee Gifford on TV.

"I only got two more and then I'm done," Peggy shouts at Jay-Jay, who has started to wriggle off the bed. Jay is potty-training; he shakes in fear when he pees his pants because he knows he's about to get in trouble.

Peggy shows off the purple-and-white outfits she bought for the family to wear to the Colorado Rockies baseball game this weekend.

They've never been before and bought the tickets through the school for $3 apiece. The excitement over the new clothes is cut short when Yolanda Ramalho, the caseworker sent by child protective services, shows up unexpectedly.

Child welfare authorities received a complaint the parents were yelling and what Peggy calls "false allegations of domestic violence." The caseworker was sent to help teach them parenting skills.

"There is nothing we do to these kids. There are no marks on them, unless they fall and scrape their knees," Peggy says.

But Shay-Shay has a chipped front tooth. She says it happened when she was kicked out of bed. "It's bothering me sometimes." Jamisha is toddling around in a saggy diaper, chocolate all over her face from a frosted doughnut.

Peggy loves her kids, and she insists she is doing her best to raise them under these circumstances. If she is awake, she is working — doing laundry, grocery shopping and, if she has money left, buying new shoes or pants for the kids. "I want them to have it better than me," she says.

The caseworker asks whether Peggy and Johnny will go to day treatment for marijuana use. They protest.

"You got to watch that yelling, too. You cannot yell at the kids. I'm serious," Ramalho says, then helps Shay-Shay wash her hands. "You've got to bend down and talk to her on her level. "

Johnny is exasperated. The kids, especially Shay-Shay, don't listen to him, he complains. "I deal with them all day, every day," he tells the caseworker. "You take them home with you one day and then we'll talk."

The caseworker tries again. "Have you thought about changing the tone of your voice? Not only do you have to take care of the physical needs, but the emotional needs as well."

Shay-Shay is hiding half of her face behind a mattress leaned against the motel room wall, trying to listen to what the adults outside on the sidewalk are saying about her.

Jaquan is putting football pads under his black-and-green dinosaur shirt. He wants to go outside and play in the vacant lot behind the motel.

A plastic-wrapped tray of sale-priced frozen pork chops is floating in the kitchen sink to thaw. The family garbage is a plastic sack hanging on the knob of the motel room's front door.

Children who grow up homeless are more likely to become homeless as adults, according to multiple studies. A survey by the Urban Institute found that more than one-fifth of homeless adults reported they had been homeless as children or teenagers.

'I want to move'

Jaquan's dream house has six bedrooms, a soccer field and a football field.

"I want to move," says the oldest child in this family, standing outside the motel room door holding a soccer ball that he has been kicking across the parking lot to another boy who also lives here. Jaquan is a quiet boy with long eyelashes and bright eyes that charm his teachers, and, sometimes, his mom.

"I want to be a football player," he says. This summer, though, he went to summer school with his younger brother Matthew, 7. Jaquan is below grade level in reading and math, and Jazmine, 6, is behind in every subject. Matthew brought his scores up to grade level after summer school, in time to start second grade.

At Kenton, a few weeks before the regular school year ended, Jaquan was curled over a paper on how to help the earth. "I would pick up all the trash cans and paper," he scrawled, staying behind to finish his sentence while his class lined up.

Like most days, he wore his light-blue shirt, khaki pants and red high tops. The school provides school uniforms for needy children who attend Kenton, where 88 percent of students qualify for free lunch.

Jazmine, who started first grade this school year, has her own special-education plan because of a learning disability.

At a previous school in Denver, teachers said Jaquan had attention problems and Matthew, then in kindergarten, was "knocking things over and acting a fool in the classroom," Peggy recalls. She doesn't want them to switch schools again.

"I want them to finish high school. And not have kids at a young age," Peggy says.

"No way any of these kids gonna end up pregnant," Johnny says, shaking his head. "I am going to do everything I can to be with my kids because when daddies are with their kids, they do better."

Later, Jaquan does his homework by himself, standing at a table two feet from the TV, always blaring.

The number of homeless children in Colorado schools has surged because of the lack of affordable housing in this state, experts said. Also, schools have improved efforts to identify those who qualify under the McKinney-Vento federal law that guarantees homeless children the same rights to a public education as housed children.

Searching for a home

Peggy loads a cardboard box at a church food bank a few blocks from the motel. "We're going to have Miracle Whip at the house!" she says.

Johnny didn't want her to take the free food; he waited outside and told her to "leave it for someone that needs it." They got meat, juice, shampoo and cat food.

Peggy's arms are toned from the labor she is assigned when she goes to a temporary agency, jobs such as mopping offices for eight hours or washing windows. She can flip from sweet to angry in a split second when a kid accidentally hits her in the face with hair beads after lunging in for a hug. She has gotten a federal disability check each month since soon after high school because of learning disabilities.

Johnny is outgoing and friendly but often exasperated by living in the motel. He shaves his head, and can spend an hour polishing the numerous silver necklaces and rings he wears. He likes his clothes ironed. He does most of the cooking in the motel room, while Peggy does most of the shopping, either with food stamps at the grocery store or by visiting food banks.

Johnny doesn't work, he says, because he injured his neck years ago working construction. "Don't nobody want to hire a 55-year-old man," he says.

Peggy was born in Toledo, Ohio, and left for Florida in 2005 when she was 24 and fleeing an abusive relationship.

Peggy's 20s were a mess of marijuana and cocaine. She lost Jaquan and Matthew for several months because of drug problems, and landed in an in-patient rehab center in Florida. That's where she met Johnny. She was pregnant with Shay-Shay.

"He helped me walk down the stairs. He treated me so nice. I slid my number to him walking by in the cafeteria, when it was against the rules."

After rehab, they moved into an apartment together and Johnny helped her pay the bills and get her kids back. Together, they had two more kids — little Jonathan and Jamisha, whom everybody calls "Mimi," a doll-like child with big eyes and chubby cheeks.

Peggy and Johnny came to Colorado when Peggy was pregnant with Mimi. They rented a one-bedroom apartment for $600 per month and eventually moved to a three-bedroom place in an apartment complex a few blocks from the King's Inn. But that didn't last.

Peggy and Johnny believe they were targeted by a "prejudiced maintenance man" who didn't like that a white woman and a black man were raising children together. "They were messing with us," Johnny says.

They ended up at the King's Inn, where rent is $720 per month, or about $24 per night."We didn't have no other place to go," Peggy says.

She covers rent with her disability check and income from her temp jobs, which pay about $50 a day.

They've been there since early November. Peggy has searched Craigslist for houses to rent, but most want a criminal-background check and a hefty deposit. She has a criminal history, as well as the eviction from the last apartment.

Of 8,500 homeless high school students in 2013 in Colorado, 510 dropped out. That's a 6 percent dropout rate for homeless students compared to 2.5 percent of students statewide.

Graduation day

May sunshine is filtering through the high windows of the gym at Kenton Elementary, spotlighting Jazmine Monroe and the rest of the graduating kindergartners.

Jazmine's tiny, tight braids are poking out of her graduation cap and she has hot-pink laces on her knee-high black boots. Jay-Jay's hair is out of braids today and is sticking straight up.

Her mom, little brother and two little sisters have moved from their seats to crouch in front of the first row of chairs, dancing to Pharrell Williams' "Happy" — the background music to a video slideshow of the school year.

Peggy mouths the words as she sits on her heels, all three of her littlest hanging on her. Jazmine, sitting on stage in a row of graduates, is bobbing her head and mouthing the song's words back to her mother.

Peggy wishes she had remembered to bring Jazmine flowers or candy like so many other parents filling the gym, silver balloons dangling above their heads.

The ceremony ends and people pour from the gym to the cafeteria for punch and cookies thick with frosting. But the sky has darkened and the thunder rumbles. Peggy and Johnny and the three youngest kids can't stay — they must make a dash on foot for the motel before the sky opens.

Within an hour, there is a tornado warning.
Later, Peggy and Johnny joke about what easy work a twister would make of the King's Inn.
"I can't wait to get out of here," Peggy says.
She turned down the offer from the school to help her move into a subsidized apartment because it was temporary. She wants to move once, to a house with plenty of bedrooms, where they can live for years.
There is no sign of that happening anytime soon.

PART 2 | INVISIBLY HOMELESS

This is base for a high concentration of Colorado's "invisibly homeless" children, kids crowded into motel rooms or piled up with other families. Amid their chaotic and transient lives, education suffers. They bounce from school to school, each time falling further behind.
The number of homeless schoolchildren in this state has more than tripled in the past 10 years — from 7,000 to more than 23,300 students last school year. Some are living in cars or shelters or campgrounds, and many are doubled up with other families or in motels. They are homeless under a federal education law called theMcKinney-Vento Act, which requires school districts to provide them transportation, lunch and immediate enrollment.
They aren't found holding cardboard signs on the street or camping under bridges. Yet they are growing up with their belongings in plastic sacks, waiting on community volunteers who bring food and shampoo to motel parking lots, wondering how long until their family's next move.
"It's a much more hidden and invisible population, and it's challenging for schools to identify them," said Barbara Duffield, policy director at the National Association for the Education of Homeless Children and Youth in Washington, D.C. "The general public may not even see them or consider them to be homeless because they are not on a street corner like a single homeless adult."
Nearly 200 homeless children attend six elementary schools closest to Aurora's motel row, a string of run-down dwellings where kids live among society's outcasts — recent parolees and registered sex offenders. Prostitution, drug deals and bloody fistfights happen in daylight.
"They have this sense that what the world says about them is true. Every day we fight that," said Kelley Birschbach, who helps run an after-school program at Colfax Community Network for homeless children living in the area. The program has enough funding for only 25 of those 200 children.
It's not unusual for the nonprofit program's two small buses, returning kids after dinner and homework, to pull up to a fight or shouting match in a motel parking lot. One child went to school the day after a murder at his motel. "I mean, how does a kid come back the next day and focus on their homework?" Birschbach asked.

Battling the odds

Homeless students have twice as many learning disabilities as other schoolchildren. They also are three times as likely to act out in class with emotional disturbances, national data show.

They switch schools at a rate more than twice that of other students, starting over again as the new kid unfamiliar to teachers and peers, according to state Department of Education data released to The Denver Post.

School transfers, especially for high school students, typically result in negative impacts on learning, on top of social and emotional difficulties.

In the past three years, the number of "unaccompanied youth" attending Colorado high schools jumped 50 percent, from 1,325 to 1,989 last year.

They fend for themselves.

Homeless numbers in Colorado schools

Large school districts: Number of homeless students20042013DenverJeffersonDouglasCherry CreekAdams 12AuroraBoulderSt. VrainPoudreColo. Springs

School districts with highest percentage of homeless studentsPct. homeless 2004Pct. homeless 2013Mtn. ValleyMtn. BOCESSheridanCenterHanoverMoffatCripple CreekWestminsterDel NorteAdams 14

Source: Colorado Department of Education, based on one-day count in October

Percentage of Homeless StudentsNumber of Homeless Students

Higher dropout and mobility rates are reasons federal law requires school districts to cover the transportation costs for homeless students who want to continue attending their "school of origin," even when they have moved outside of school boundaries. For some children, school is the only stability they've got.

There is no room and maybe even no bed of their own in the places they call home.

"When you think about school, a student has a desk of their own with their own school supplies and their backpack, the teacher that they know, their friends — it becomes a stability factor," said Dana Scott, Colorado Department of Education coordinator for the McKinney-Vento program.

"Motels are what they know. Education becomes vital to breaking that cycle," she said.

Statistically invisible

A growing number of homeless students come from families homeless for the first time.

Experts say the startling rise in homeless children is the result of several years of economic recession and a housing market in the Denver area that is as tight as it has ever been. Wait lists for subsidized housing in the city are months, even years, long.

School officials have gotten better at identifying children who qualify under the homeless law by interviewing them and their parents, which has contributed to the rise in numbers. However, they believe the consistent surge in the past few years is more the result of a tough economy than any other reason.

Many of Colorado's homeless families are considered chronically homeless, without a stable home for so long that homelessness has become the key experience of their children's lives.

"These numbers are heartbreaking," the state's Scott said.

It is frustrating to advocates for homeless children that the U.S. Department of Housing and Urban Development does not count kids living in other families' living rooms or basements as being homeless, as the U.S. Department of Education does. In one Colorado school district, officials discovered three families sharing the same mobile home; some of the children were sleeping on the ground under the home, after they had boarded up the sides for warmth.
When families are not counted as homeless, they often don't qualify for federal housing assistance. And they typically are not tallied on a city's annual, point-in-time homeless count.
Nationally, the number of homeless children in schools has gone up 72 percent since 2006. Meanwhile, federal money to pay for homeless students' transportation and extra services to catch them up to their peers has barely budged.
The McKinney-Vento program, which began in 1987, has had an annual budget of about $65 million for the last decade. The Obama administration has not requested more, instead putting priority on ending chronic and veteran homelessness.
"The administration has really put adults over children," said the national association's Duffield. "Those kids are going to be your chronically homeless if we don't break the cycle now."
President Barack Obama's plan to end homelessness, which has a 12 percent budget increase next year, puts greater emphasis on expanding affordable housing for families than on homeless children's education. Funding for education is only one piece of the solution, said Laura Zeilinger, executive director of the U.S. Interagency Council on Homelessness under Obama.
In Congress, the Senate Education Committee has requested that the Government Accountability Office study the effectiveness of the homeless education program. The report has not been released, but experts familiar with the findings said investigators found examples of school districts encouraging homeless children to go elsewhere because of the perceived extra costs.
Only one state, Illinois, has added its own money to the federal program.
In Colorado, there is no state funding for the program, which relies solely on federal dollars. Per-student funding in this state has dropped from $64 per year in 2003 to $28 last year.

Student liaisons

Each school district in Colorado has a homeless-student liaison, but for most, it's a position tacked onto other duties. Two-thirds of liaisons in the state reported having just 45 minutes or less per day to work on homeless student issues. Only the largest districts and the ones with the highest percentage of homeless students have full-time liaisons for homeless students.
A change in the latest federal budget allows school districts to dip into other federal funds for disadvantaged students. This gave school districts access to funds to pay for homeless students' transportation, but they have to take it out of other programs.
School districts have relied on community nonprofits and volunteers to fill in the gaps for homeless children, including sending needy kids home on Fridays with backpacks full of food.
"We're seeing students come to school on Monday hungry and falling asleep in class because of the weekend gap in the free meals we can offer in schools," said state coordinator Scott.
At Aurora Public Schools, which has the largest population of homeless children in the state, McKinney-Vento liaisons try to connect homeless families with housing programs in the metro area. They also visit motels or shelters to check on their students, talking to parents about concerns regarding homework, hygiene and transportation to school when a family has no car.

Aurora school liaisons have discovered students living in garages, unfinished basements and a van parked at Walmart. The district had 2,300 homeless students in a daily count made last fall. It made major changes three years ago to handle the rapidly rising number, including putting a homeless program case manager at each school.

Fees are waived for high school students who are homeless, and liaisons help them find transcripts from other schools so they don't lose credit. Before McKinney-Vento, homeless students were required to show proof of residence in a district before enrolling.

"It was a barrier, and some of them sat at home," said Dale Cornelius, McKinney-Vento liaison for Aurora schools.

Now, if a student's homelessness is in question, districts must provide immediate enrollment while they verify proof of address.

A Washington, D.C.-based advocacy group, the National Law Center on Homelessness & Poverty, is the watchdog for the rights of homeless students. The center intervenes for students when school districts are accused of not providing free transportation or immediate enrollment, among other rights guaranteed in the federal act.

Some school districts push back against the law because it's an underfunded mandate, said center attorney Lisa Coleman Curtis. Districts don't want to foot the bill on transportation costs for a homeless student who has moved outside school boundaries. Also, schools may not want to enroll a homeless student because they fear it will bring down scores on high-stakes tests, she said.

Despite inadequate funding, the center pushes districts to spend more on homeless kids because education is one of the keys to breaking the cycle of intergenerational homelessness, Curtis said.

"Homelessness is a modern status in our country — there used to not be homeless people," she said. "More recently, we are seeing that homelessness is becoming generational. That's scary, and that's tragic. And that shouldn't happen in our country."

Long-term effects

Homelessness affects not only education but causes psychological harm that, among other things, places homeless children at higher risk of becoming homeless adults.

Children normally have adults to help regulate their stress, to calm them and provide consistency. But homeless children grow up in a constant state of stress, repeatedly traumatized, said Jennifer Perlman, a psychologist at the Colorado Coalition for the Homeless.

"There is no one more important than their parent to them," she said. "They know their parent is not OK. They can feel it on a cellular level by looking in their face. Will there be food? Won't there be food? Will she yell at me today? Will she hit me today?"

Parents trying to raise kids without a home often are consumed by more-immediate needs than whether a child did his homework or had time to chat about the school day.

The long-term effects of growing up this way are severe.

When children don't learn to regulate their own emotions, when they feel traumatized and anxious for much of their childhood, it can lead to mental illness.

"The child is not learning how to regulate their own emotions, which is the hallmark of every mental illness," Perlman said.

Housing for homeless families has grown harder to come by in the Denver area the past several years, said John Parvensky, president of the Colorado Coalition for the Homeless. Most of the

subsidized housing projects in the city offer one- or two-bedroom apartments, not large enough for big families.

"Most of the housing that's being built now is luxury housing. And as more young professionals move into town and more families are competing for the rental housing stock, we're seeing more and more families unable to afford the rents that are out there," he said.

Birschbach, who runs the after-school program in Aurora, isn't trying to fix the housing crisis or even break the cycle of poverty. His role is mentor, big brother and on some days even dad to the children he picks up from school each afternoon. He tries to give them dignity, and he wishes others would see them as he does.

"This is happening in our backyard," he said. "When we don't know someone, we tend to dehumanize them or create barriers where we stay separate from them. What they are having to go against is way different than what we have to go against."

kids tumble one by one onto the porch bundled in donated bulky coats and snow hats.

It's their mom's payday, and there is time before school to walk up Lincoln Avenue to McDonald's for coffee and breakfast burritos from the dollar menu.

It's barely 6:30 a.m., but they must head outside this early to make it to school on time. The Bolden children and their mom will catch the bus to get downtown, transfer to the No. 15 that runs along Colfax Avenue to the east end of Aurora and step off five blocks from their elementary school. The trek takes more than an hour.

The kids — Aleka, Alayis, Alex and Dejanique — make themselves comfortable on the No. 15. This is their bus.

They head to the back and spread out, playing "smile if you love me" to pass the time. "Deja," a 4-year-old with still-chubby cheeks and long eyelashes, grabs a spot along the back row without even glancing at two stone-faced men wearing ear buds as she squeezes between them. The kids are hyped up on juice and coffee with several packets of sugar.

Alex, 8, presses his forehead against the window to people watch along the avenue, sipping his coffee. A second-grader, he is missing his front tooth and his hair is sticking up everywhere. Older sisters Aleka and Alayis have rips in the knees of their pants; they wear yesterday's clothes.

The bus passes two police cars, lights swirling, in a motel parking lot. "Another day on Colfax," says the children's mom, Heather Bolden, with a smile and an eye roll. "Every day is an adventure."

The oldest three kids started at Paris Elementary a year earlier while they were living in a squalid motel along East Colfax in Aurora. Even after the family of six found a back bedroom in a crowded Denver house to rent for $50 a week, Heather wanted to keep them in the same school. She is willing to make the two-hour round trip each school day to get them there. The school district gives them free bus tickets because the kids are homeless and it's federal law that homeless students are provided transportation to their "school of origin."

"That's the one thing I could keep the same for them, with all the other changes they had to go through," Heather says.

Falling behind

"The fact is that most things in life are out of your control," Aleka's fifth-grade teacher is saying as the class reads a Mary Pope Osborne short story.

This isn't news to Aleka, who seems older than her 11 years, the protector of her three younger siblings. She watches over them so intensely sometimes that she forgets to have fun. But when she smiles, it is huge, showing off perfectly straight teeth.

Their "home," at least for a few months, is the cramped back room in a house where they are four of nine children living there. As the oldest, Aleka gets stuck watching all of them for the woman who rents the house. Mostly, the bedroom is a place to sleep.

The family usually spends days out, either riding the bus or getting coffee at McDonald's or sitting in the park. The house is so dirty that food dropped on the floor isn't picked up for days. Heather and fiance Ronnie Lewis use a curtain for privacy.

There is too much chaos in the house for studying.

In class at Paris Elementary, Aleka is sitting on the floor with her friends reading the short story when she and two others are pulled out to read with a specialist who is trying to catch her up to grade level. They "echo read" — the teacher says the sentence and the kids repeat it.

In another classroom, third-grader Alayis is journaling about her favorite book series, "Diary of a Wimpy Kid." She is the only one of the three Bolden kids at Paris Elementary told she is slipping far enough behind that she should attend summer school. This embarrasses her to the point she will not say it aloud but will only write it on paper.

Teachers at Alayis' after-school program say she doesn't want to learn by reading or listening; she must experience it, touch it, explore it, sit in the middle of it. This fits her — she is athletic and physical, can flip and do pull-ups on the monkey bars with astonishing strength. She has moxie, they say. But Alayis thinks she isn't smart.

Her family calls her "Fat-fat," a nickname from her toddler days.

Now she is all muscle.

After-school stability

Alayis is a year behind grade level in reading. Alex is more than a year behind in reading, math and science.

The three oldest attend an after-school program through Colfax Community Network, a nonprofit that picks up homeless kids in two small buses after school, feeds them a meal, helps them study and then drops them off with their families, mostly at motels along Colfax.

One afternoon last winter, the program's red bus pulled along the sidewalk at Montview Elementary and several kids climbed up the steps, some giving driver Kelley Birschbach high-fives or fist bumps.

"What's going on with you? Where's your joy?" Birschbach asks a plodding glum-faced boy.

Another kid asks Birschbach eagerly, "Can we? Can we do it today?" Birschbach shuts the front doors of the bus and lets the kid pound snowballs at the glass while Birschbach, making faces through the windows, pretends he's startled by each smack.

The Bolden children hop on at Paris Elementary, trudging aboard in too-big snow coats and pants with ripped knees. After eight hours at school, they will spend the next two hours at the after-school program. They are dragging today.

Tonight's dinner at the program is pizza instead of the usual pasta and veggies or casserole, which makes Alex groan. Since his mom started working at Little Caesars the Bolden kids have eaten more pizza than he ever wanted, sometimes four or five nights in a row.

Birschbach calls Alex the littlest gangster, a boy with a don't-mess-with-me shell who dishes attitude. But some days, the shell cracks and he's a little boy asking for a hug.

Sometimes, the buses that drop the rest of the after-school program kids off at motels along East Colfax take the Boldens to Little Caesars. They wait until their mom gets off or Ronnie can take them home.

Deja often hangs out in the waiting area of the pizza restaurant, if her parents' shifts overlap. The manager gives her bread sticks. Deja is alternately demanding and adorable, in the way that babies of their families have mastered. She doesn't go to preschool because the bus ride from Denver to Aurora takes almost as long as a preschool day.

Paris Elementary and the Colfax Community Network have been the mainstays in the kids' lives the last two years as they moved from motel to motel and were doubled up with other families. The Boldens moved every three or four months, and the after-school program helped them get food and find a place to stay when they didn't have one.

Living at the filthy house along Lincoln Avenue lasts only about four months, when the Boldens find a room to rent from another friend. It is cleaner and less crowded, but still an hour away from school.

The children's time at Paris Elementary has been the longest stretch they have stayed in the same school. Aleka, a fifth-grader, has attended five schools in Aurora and Denver, one of them for just two months.

The girl has lost count of how many places she has lived. "At least 10," is the closest she can remember.

Hitting rock bottom

Heather's kids have suffered for her mistakes, and that kills her.

"Your kids can sense when something is wrong with you," she said. "I want them to get the best education they can. I want them to look at my life as an example."

She is trying to make up for lost time, for the years she sold drugs to get by and wasn't sober. Things changed for the better after she, and then Ronnie, got jobs at Little Caesars — he starts making pizza dough at 4 a.m. and Heather often closes the place.

Heather grew up in Topeka, Kan., where she was raised by her dad, a roofer. Her mom was "in and out."

She had a falling out with her dad over a boyfriend who later became her husband. The couple moved to Denver in 2004, spending the winter in a 1980 Chevy Caprice. She was pregnant with Aleka and had her oldest son, Xavier, now in foster care, with her.

Eventually, the couple found work and an apartment in Denver, but the relationship was rocky and turned violent. One night he tried to kill her, cutting her in the neck. The scar is there to prove it.

Heather fled. He went to jail. She hoped to live in the apartment with her then-four children, but the manager evicted her because of the domestic violence, Heather said.

She spent the next few years bouncing from motels to shelters, including five stints at Brandon Center, a Volunteers of America shelter for homeless women and children. She sold drugs to get by.

"Sometimes you got to hit rock bottom with your life until you can pick yourself back up. I've just been trying to pick myself up ever since."

Heather lost her oldest son to foster care after he got in trouble at school and a criminal investigation began. She has been sober for three years, and is close to getting Xavier, now 14, returned to her.

Heather accomplished everything child protection workers asked of her, except for finding a stable home.
She signed up for so many wait lists for subsidized housing in cities throughout metro Denver that it's hard to keep track. She put her name in the lottery for a housing voucher 10 years running and never has been selected, she said.
"If you have an eviction, it's almost impossible. It seems nobody believes in second chances anymore."
It was a friend from Heather's past that changed the Bolden family's luck.

No place like home

The stairs of the cement front porch have crumbled away. Inside, fresh plywood planks replaced the rotted floor. Sheets are nailed over the windows for curtains, and the smell of "stray cats," as 10-year-old Alayis describes it, still lingers.
"It's not much, but it's a home," says Heather, smoking a cigarette in the kitchen of the two-bedroom, white-brick house northeast of downtown Denver that they recently rented. "It's a place to make a home for the kids."
It is the first home they've had to call their own in nearly two years.

Two weeks after moving in, the kids are smiling more. They run in circles, through the arched entrances of the dining room, kitchen and living room, dizzy. Here, they can spread out, leave their stuff in the living room. They don't have to hole up in a borrowed back room, the only corner that was theirs. Ronnie is relaxed. There is less yelling.
Heather had spent months trying to find someone who would rent to a woman with an arrest record and a history of eviction. She scoured newspaper ads and Craigslist, put her name on housing lists. Everyone wanted a background check and a huge deposit.
She finally caught a break when a man she worked with years ago at a Taco Bell walked into Little Caesars while Heather was working. He had a house to rent and would let her move in if she helped fix it up, for only the first month's rent of $750 and no background check required.
The only problem: The house was in north Denver, an hour's bus ride to their jobs in Aurora and even farther from the children's school. But it was a home.
The children start a new school this month.
Again.
For Aleka, who is starting sixth grade, it will be her sixth school. A fat tear slips out of her eye and slides off her nose when she talks about the first day.
"Humiliation," is what she foresees for that day. "I can't hang out with my best friends anymore," says the 11-year-old, biting her bottom lip.
But she brightens, showing a flash of her million-dollar dimples, when she talks about what they could do with the new bedroom she shares with her two little sisters. She wants pink or purple walls, with decals of Hello Kitty, smiley faces and hearts.

Younger sister Alayis is more optimistic about another first day of school as the new kid. She will wear her "gray muscle shirt" that says "Sunshine Forever" and she won't have to wake at sunrise to catch two buses across town. She can sleep longer and walk a few blocks up the street.

Alayis was supposed to go to school this summer; her teachers said she needed a boost before she started fourth grade. But the schlep across town when her sister and brother didn't have to go, plus the move to a house, became too much for her mom. Alayis attended only for a week. Her cheeks flush when she talks about moving into the new house: "It was like a whole new world because we have much more space. We can run around and we get to play and watch TV and no one is in my way."

Alex likes the house because "when we go to bed there are no spiders and cockroaches." And he gets his own place to sleep. "This is my bedroom," he says, pointing to the couch in the living room. In the last place, "we had to be squished up in a bed."

He thinks he has lived in nine places. The worst was with the "lady who let her kids be mean to us and we had to stay in the room and be bored."

Heather vows she and Ronnie — who both make close to minimum wage — will make rent, even if they have to skip the water or electricity bill. Heather just got a second job, working the overnight shift at a Taco Bell.

This, she says, is their best move yet.

"They can actually be kids," Heather says. "It's really good to see them be themselves again. That's the best part of it, seeing their personalities come out again. I'm just glad to see them happy again. It didn't take long."

In the kitchen, Alayis is making a cheese quesadilla on the stove. She forgets to turn off the burner and the pan begins to smoke, filling up the house. Heather is too happy seeing her daughter learn to cook — in their own kitchen — to worry about scolding her.

Chairwoman FOXX. Without objection.

Mr. POLIS.—cited that the Colorado Department of Education statistic found the number of homeless children in Colorado has tripled in a decade. And before I was in Congress I had the opportunity to form two charter school networks in Colorado and New Mexico, one of which serves many homeless youth, and I got to work firsthand and understand the unique circumstances facing homeless kids.

Now according to a recent GAO report, many students designated as homeless by the Department of Education are denied housing benefits because HUD uses a different definition of "homeless."

I would like to address to Ms. Nowicki if she can speak about the definitional barrier GAO found and how its implementation might leave these vulnerable students without the necessary support to live a stable life and excel at school just because one government agency says they are homeless and another says they are not.

Ms. NOWICKI. If you don't mind, Ms. Emrey-Arras will cover that.

Mr. POLIS. Okay.

Ms. EMERY-ARRAS. We did find just that, that there are differing definitions regarding homelessness and that situation is a barrier to providing services to individuals. And we have an open existing recommendation that has not been implemented to come up with a common definition regarding homelessness to resolve that issue.

Mr. POLIS. And is that across HUD and Education or are there other agencies involved with that definition?

Ms. EMERY-ARRAS. It is at least across HUD and Education; there may also be other agencies, and we can circle back with you on that front as well.

Mr. POLIS. Great.

I also wanted to address GAO's recognition that certain vulnerable groups, including LGBT students, are not protected from discrimination under federal civil rights law. And while I am the lead sponsor of the Student Non-Discrimination Act and all of our committee Democrats are sponsors of it, we have yet to act on that piece of legislation and I would like you to expand upon the GAO's recommendation related to preventing discrimination against LGBT students.

Ms. EMERY-ARRAS. We will include that information in our follow up.

Mr. POLIS. Very good.

I wanted to also address a question to Ms. Nowicki with regard to the 2012 GAO report that found that charter schools enrolled a lower percentage of students with disabilities than traditional schools. In my home state charter schools have recognized this issue and are working to improve and coordinate services, and I was proud to work with Ranking Member Miller and Chairman Kline to improve the Federal Charter School Program, which we passed in the House and awaits action in the Senate.

I would like to ask Ms. Nowicki if she can expand upon her findings and recommendations for what the Department of Education needs to do or can do to address the issue of equity in charter schools with regards to students with disabilities.

Ms. NOWICKI. Sure. I would be happy to.

So as you said, we did find that charter schools enroll a slightly lower percentage of students with disabilities than public schools do. In our report from 2012 we noted some reasons that might be, but those are anecdotal. So our recommendations to Education were to take steps to help charter schools recognize practices that may in fact—may affect enrollment of children with disabilities, and also to perform more research at the Department of Education to identify those factors. So those recommendations do remain open—

Mr. POLIS. I would also encourage you to look one step deeper at the economic relationship, or namely the charter, between the charter schools and the district. In some cases the charter schools are, if you will, paying their fair share of special education costs, paying the district average, it is just that kids are enrolled and being served elsewhere, much as in a particular neighborhood school they might not—they might have a significantly lower percentage of kids with disabilities because better accommodations are at a different school in the district. And so it is a relatively common phenomena but it depends on the actual charters and might be considered a best practice that the charter school simply pays into a district average fund, and it might be perfectly reasonable, given that it is a small school or a specialized curriculum, that they might have a lower percentage of special education students enrolled in that particular campus of the district at that charter school.

Be happy to yield back the balance of my time.

Chairwoman FOXX. Thank you, Mr. Polis.

I am going to now ask my questions, and then I will recognize the remaining members who are here.

I don't think I heard you say what percentage of the recommendations that are made by both of your entities are not agreed to by the department. Did you mention that? If you did, I apologize for missing it.

Ms. TIGHE. Well in our case, we would—you should distinguish between external and internal audits.

Chairwoman FOXX. Right. Okay.

Ms. TIGHE. Currently, for internal we have resolution, which means they have agreed with our recommendations and have proposed corrective actions on all audits issued I think from 2010 through the end of 2013 except for one recommendation that relates to DMCOs too. For the external audits, you know, the track record is a little different, and then I think we have achieved resolution of about—of the audit reports issued on—we have 10 audit reports out of 49 issued during that tenure that we have not agreed to at all.

Chairwoman FOXX. Okay.

Ms. Nowicki?

Ms. NOWICKI. Yes. Thank you for the question. For the 58 open recommendations that we are still tracking, there are five of them with which Education disagreed at the time that they were made.

Chairwoman FOXX. Okay.

The reason I wanted to sort of pin that down is because it seems as though the department is very—and I am very proud to hear

them say that they have implemented 93 percent. That is a great record and they should be complimented for that.

But what I am concerned about is it—do they simply agree to the recommendations and then stonewall you all and not implement some? And do we have any way of knowing, of the ones that are not implemented, value—I mean, do—there is no weight put to the—or is there any weight put to the recommendations in terms of what would be the value both short-term and long-term? Because they might just say, "Okay, we agree," and then just never implement them.

Ms. TIGHE. Well yes, I am concerned that at least in some cases that implementation still seems to take a while. And I think there is a cost. I think it is not a, you know, put money in the bank kind of cost, but I do think—let's take the example of some of the external audits, which really do take a long time. You know, let's assume you are not going to get the money back from, say, a particular school district you do an audit of, but what about the recommendations related to internal controls? Don't those—if those aren't implemented, you know, don't you miss—you know, it affects future expenditures, right? And so it really just keeps the problem festering.

Chairwoman FOXX.—because it seems to me that ought to be built into the evaluation of employees. We read all these things about how most federal employees get top ratings for their performances, and you mentioned—both of you, I think, mentioned the issue—the word "accountability."

Okay. How do we hold individual employees accountable and see that is part of the evaluation made of them relative to pay, promotion, and other things? Because it is my feeling that until we are able to hold individual employees accountable, we will not see the changes in performance that we need to see.

Ms. TIGHE. Oh, I agree. I mean, I think the best way to achieve accountability in this regard, particularly on an area where people—a lot of different people within the department touch this process—so it is not one person and it is not one office; it goes across—it is through accountability in individual performance evaluations. I mean, I think that should be happening. I use that in my own office to drive performance, and I think it is an important government tool for achieving performance and accountability.

Chairwoman FOXX. Ms. Nowicki?

Ms. NOWICKI. Thank you.

I think on the GAO side in terms of agreeing or disagreeing, there is also a category of recommendations with which Education neither agreed nor disagreed. I can get you the exact number; it is somewhere in the 30s, I believe, of our open set.

But we do follow up with them at least once a year and work with them to understand any barriers that may—you know, unanticipated barriers that they may be encountering. We collaborate with them to help them understand what types of documentation and steps we are looking for so that we can close recommendations as implemented. So it is a fairly collaborative process. We try and make it be so because we believe it is in the best interests of taxpayers and of our American schoolchildren to close those recommendations as implemented.

Chairwoman FOXX. Thank you very much.

Mr. Takano, you are recognized for 5 minutes?

Mr. TAKANO. Thank you, Madam Chair.

As you noted in your—I am not sure which person I am directing this to, but as you noted in your testimony, in 2011 you recommended that the Department of Education address potential inconsistencies in its treatment of schools receiving federal student aid by revising and applying its guidance for determining fines for schools that violate the ban on paying incentive compensation to individuals based on success in enrolling students and securing their financial aid.

I am sure you know that incentive compensation is a practice commonly used by for-profit schools, and I find this practice very disturbing. Do you have any guesses or surmises as to why the department has yet to address this recommendation?

Ms. EMERY-ARRAS. We are not sure ourselves. We think that this is something that could be easily accomplished by the department to provide very specific guidance to its staff to make sure that the penalties that are assigned to schools are consistent and that there isn't that potential sort of unlevel playing field when schools are penalized for violations.

Mr. TAKANO. In your estimation, it is a rule that could ensure that we reduce the number of bad actors in this particular sector?

Ms. EMERY-ARRAS. Our guidance is really focused at making sure that the department is consistent in its treatment of schools so that you—if you have a certain set of circumstances in terms of a violation, that you come out with the same penalty each time. And in that report we put out some examples where you could receive very different penalties depending on how things were interpreted, and we thought that wiggle room was not good for students and not good for schools in terms of equal treatment by the department.

Mr. TAKANO. Ms. Tighe, you have something to add to this?

Ms. TIGHE. Yes. I just would point out that we actually have ongoing work and I think a draft report that is being looked at related to FSA's enforcement of the incentive compensation ban, so we will be happy to provide that to you once it is—

Mr. TAKANO. I would appreciate that. Thank you much.

I have a follow-up question to Mr. Polis' question about the difference in charter enrollments of students with disabilities. Didn't you find, for example, that students with intellectual disabilities are enrolled in non-charters at twice the rate as they are in charter schools?

Ms. NOWICKI. I don't have those specific details at my fingertips, but we did find that there were differences in the types of disabilities that some children had and the rates at which they were enrolled in different charter schools versus traditional public K–12 schools. I can follow up with—

Mr. TAKANO. If you would, I would sure like to know just how this is all sort of panning out in terms of the distribution of students, and are we indeed seeing an undue burden on the existing public schools with having to serve—I wouldn't call it a burden, but there is a definite issue of equity.

Thank you so much.

I would yield back my time. I yield back my time, Madam Chair.

Chairwoman FOXX. Thank you very much, Mr. Takano.

Dr. Roe, you are recognized for 5 minutes?

Mr. ROE. Thank you, Chairman, for holding this hearing.

And I want to start by saying that just briefly to both GAO and to the I.G., I had no idea until I got to Congress about the oversight responsibility that Congress has and the role you all play in bringing this information forward to us. Mr. Takano and I just spent way too many hours on the V.A. Committee in the last few months, and much of the work we were able to uncover was due to the—what your shop does, both the GAO and I.G. And I guess—so I want to thank you all for that because without that information we can't really effectively do our jobs.

I guess in doing that, how do you all determine what to audit? Is it a whistleblower? Is it a request from Congress? You know, out of all the things you could pick, how do you do that?

Ms. TIGHE. It is a process. I mean, we do an annual work plan, so we sit down, you know, once a year we sort of go through a process where we sort of decide what it is we want to start auditing that next year. Part of it is complaints that come into us through whistleblowers and through our hotline generally. Some of it we also solicit you all for work plan suggestions every year. We solicit the department for work plan suggestions.

And we also, just ourselves, based on our experience, based on prior audit work, based on—we have some risk modeling we are able to do; we have some data analysis tools we have developed that allows us to do sort of risk assessments. All of that feeds into how we decide and who we decide to audit.

Mr. ROE. Well I think the chairman brought this up just a minute ago, and I found it to be frustrating to me is that when you implement these things or ask that these be—and I think, as—I agree with her, 90-whatever percent is pretty good. But there doesn't seem to be any accountability if it doesn't happen. What are the penalties if you make these recommendations and then never carry it out?

That is the thing that I have noticed and I have watched. If you stick around long enough—if you have only been here a term you don't see that, but after three or four terms you begin to see, "Hey, wait a minute. We talked about that 4 years ago and nothing has happened," and no one takes any responsibility.

Ms. TIGHE. I think that is the hard part, because I think that resolution is really just the first step—that is when you agree to something, and it is really just the first step in a very long process. Or maybe our audit report issuance is the first step and then you have resolution.

But until those recommendations are implemented you really have nothing. It is like, you know, you have the recipe but you don't have the cake at the end of it. I mean, you really need to get to that point.

And I think the department is doing a pretty good job on moving forward on resolution, but I think that implementation that is real and that really gets the job done I think is still something that they have not achieved accountability on.

Mr. ROE.—let me ask my final question and I will yield back. We have an 11 o'clock event we need to get to, but the last question

is, would there be some recommendations from you all for mechanisms to hold people accountable—some real teeth in what we do so that you know that it is going to be done or there are going to be consequences to that?

Ms. NOWICKI. I think that, you know, from GAO's perspective, Congress has been a—often been a very effective tool in helping get GAO recommendations implemented. There are a number of times where, for example, in 2011 we reported on the school improvement grant process and that it did not allow some districts enough time to plan and implement reforms, and we recommended that the department issue guidance to help school districts issue grant awards earlier in the school year. And Congress itself cited our findings and urged the department in that direction and they did actually implement new guidance. So Congress has been a very effective tool itself in helping draw attention to particularly potent GAO recommendations that it takes an interest in.

Mr. ROE. Well, thank you all for your hard work.

And I yield back, Madam Chairman.

Chairwoman FOXX. Thank you, Dr. Roe.

Mr. Hinojosa, you are recognized for 5 minutes.

Mr. HINOJOSA. Thank you.

Inspector General Tighe, I know that before I returned that one of the members asked a question about the campus debit cards, and I am pleased that you have answered that because I have two daughters in college and they are always calling that they need money.

Ms. TIGHE. Mine do, too.

Mr. HINOJOSA. They don't necessarily want to talk to me, just get me the message that they need money, so that was very important.

The second thing that is of great importance to me also, amongst many, is the financial literacy. I serve as the co-chair of financial literacy, together with co-chair Congressman Stivers from Ohio, and we are working to try to raise the level of awareness of the importance of financial literacy. So we do that because it is crucial in helping students understand the complex financial products and obligations that are being offered to them to solve some of their problems.

So when colleges partner with banks, do the schools or the banks help the students understand how much they would likely pay in average costs on those accounts?

Ms. TIGHE. Our report on debit cards did note, you know, although we did not talk about financial literacy as such, we did note the problem that students aren't getting, you know, good information from the schools, and the schools really do have a role to play, either on their own or in partnership with the servicers, on making sure that the students do have knowledge of the average cost of fees in a manner that is meaningful to them. You know, a schedule buried on a Web site somewhere maybe isn't that meaningful, and how can they avoid fees.

I mean, some of the cards—debit cards we looked at, if you handled it a certain way during a transaction you would avoid the fee. How many students really knew to do that? And, you know, I think that, you know, our report touched on those issues.

Mr. HINOJOSA. I know that we need to get to an event so I am going to not use up my 5 minutes, but I want to thank each and every one of you for coming to be witnesses and to share with us information that is vital for us to make decisions.

And with that, I yield back.

Chairwoman FOXX. Thank you, Mr. Hinojosa.

I want to thank, again, our witnesses for taking the time to testify before the subcommittees today. It is very, very useful, very enlightening, and I appreciate the time that you have given us.

I know, Mr. Hinojosa, you yielded back your time. I just want to see if you have any other closing remarks before I close the hearing.

Mr. HINOJOSA. Yes. I would like to make a closing statement.

I want to thank our witnesses for joining us today, and I can say that this discussion has also been very informative to me. Moving forward, I will continue to work with my colleagues on this committee on both sides of the aisle to ensure that we have strong oversight of our federal agencies and programs, and I am pleased that the Department of Education is working to enhance the quality and effectiveness of our federal education programs.

And I thank you.

Chairwoman FOXX. Thank you, Mr. Hinojosa.

I find, again, the comments that you have made very important. The term "accountability," again, the word "accountability" came up. That is a word I use a lot. And I do think that it is very important that all of us be sensitive to the issue of accountability.

We are asking hardworking Americans to give us some of their money through their taxes, through their fees, and I think about the people who really do work very hard out there—people that I know in dangerous jobs, working under stressful conditions. I think about those people when I think about accountability, and I think, you know, most people in this country pay their taxes willingly and it is our responsibility to see that money is well spent.

I hold my staff accountable. The staff members hold me accountable. And I think it is important that we spread that message throughout the federal government just because it is the only fair thing to do for those people who are giving us their money.

So, there being no further business, the subcommittees stand adjourned.

[Additional Submissions by Mr. Miller follow:]

FIRST FOCUS CAMPAIGN FOR CHILDREN AND NATIONAL ASSOCIATION FOR THE EDUCATION OF HOMELESS CHILDREN AND YOUTH STATEMENT FOR THE RECORD

HOUSE EDUCATION AND THE WORKFORCE COMMITTEE: "IMPROVING DEPARTMENT OF EDUCATION POLICIES AND PROGRAMS THROUGH INDEPENDENT OVERSIGHT

September 10, 2014

Chairman Kline, Ranking Member Miller, and Members of the House Education and the Workforce Committee, thank you for the opportunity to submit this statement on improving oversight of public education in the U.S.

First Focus Campaign for Children is a bipartisan children's advocacy organization dedicated to making children and families a priority in federal policy and budget decisions. Our organization is committed to ensuring that all of our nation's children have equal opportunity to reach their full potential, and we know that homeless students in particular face many barriers in achieving educational success.

The National Association for the Education of Homeless Children and Youth is a national grassroots membership association dedicated to ensuring the school enrollment, attendance, and overall success for children and youth whose lives have been disrupted by the lack of safe, permanent and adequate housing

As Congressman Polis stated during the hearing, the Department of Education (ED) identified over 1.1 million homeless students in the 2011-2012 school year. This week, ED released new data, showing that 1,258,182 homeless children and youth were identified by public schools in 2012-2013. This is the highest number on record and an 8 percent increase over the previous school year. The number of homeless children in public schools has increased 85 percent since the beginning of the recession (the 2006-2007 school year).

Most homeless students do not live in shelters. Instead, they stay in hidden, precarious situations – such as in motels, or living with others temporarily because there is nowhere else to go. This is because often there is no family or youth shelter in their community, shelters are full, or shelter policies exclude them. These situations are chaotic, unstable, overcrowded, and often dangerous, resulting in negative emotional and health outcomes for children and youth, as well as putting them at risk of physical and sexual abuse and trafficking.

Without a safe place to call home, children and youth can't focus in school and struggle to excel. Homeless students face many barriers, such as the inability to meet enrollment requirements (proof of residency), lack of transportation, lack of school supplies, and a lack of other basic necessities such as clothes and food. Children who switch schools have lower levels of math and reading achievement than their more stable peers, even after controlling for poverty and other family characteristics that are associated with both residential mobility and poor academic performance. Each move equals a reduction of one month of school.[1]

In recognition of these challenges, the McKinney Vento Education for Homeless Children and Youth Program, reauthorized in January 2002 as Title X, Part C, of the No Child Left Behind Act, requires school districts to immediately enroll homeless children and youth. The law also requires that, when in their best interest, schools ensure that homeless students can stay in the same school, and receive transportation. Every school must also designate a homeless student liaison to provide assistance and referrals.

A recent related Government Accountability Office (GAO) report, "Education of Homeless Students: Improved Program Oversight Needed," examined how school districts attempt to meet McKinney Vento's program requirements, including how districts identify and serve homeless students and challenges they face, as well as how ED and states collaborate with other service providers to address student needs and any barriers they face.

This report highlights that one of the barriers school districts face in serving their homeless student population is the differing definition of who is homeless under various federal programs. As mentioned above, most homeless students are staying in motels or with others temporarily because there is nowhere else to go. Under the definition of homelessness used by the McKinney Vento Education program, these students are considered homeless and once identified, have a right to the protections mentioned above afforded to them under the program.

However, many of these same homeless students identified by the Department of Education are not considered homeless under the definition used by the U.S. Department of Housing and Urban Development, and often are not able to access HUD services such as transitional housing and other wraparound services because HUD's current definition of homelessness excludes children, youth, and families who are living in motels or temporarily with others because they have nowhere else to go.

In the report, homeless student liaisons state that these differing definitions make it difficult to collaborate with other federal programs. Homeless liaisons cannot make referrals for services provided by the U.S. Department of Housing and Urban Development (HUD) such as homeless assistance services and housing assistance. This significantly limits their ability to stabilize the education of homeless students, for it is very difficult for a homeless student to excel in school without access to stable housing.

Congress is attempting to address this issue through legislation. The Homeless Children and Youth Act (HR 5186/S 2653) would amend the U.S. Department of Housing and Urban Development's definition of homelessness to include unaccompanied youth and homeless families who are certified by HUD Homeless Assistance Programs or public housing authorities as lacking a fixed, regular, and adequate nighttime residence, including those temporarily sharing the housing of others due to loss of housing, economic hardship, or a similar reason, or staying in a hotel or motel.

It would also include unaccompanied youth and families who are certified as homeless by the program director or designee under the following federal statutes: Runaway and Homeless Youth Act; Violence Against Women Act; Health Care for the Homeless Program; Education for Homeless Children and Youth program (McKinney-Vento education subtitle); Higher Education Act; Head Start Act, and Child Nutrition Act.

We greatly appreciate Ranking Member Miller's years of leadership on this legislation, and urge Members of the Education and Workforce Committee, to take action to support passage of this important legislation.

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[1] Arthur J. Reynolds, Chin-Chih Chen, and Janette E. Herbers. "School Mobility and Educational Success: A Research Synthesis and Evidence on Prevention." Paper presented at the Workshop on the Impact of Mobility and Change on the Lives of Young Children, Schools, and Neighborhoods, Board on Children, Youth, and Families, National Research Council, June 29-30, 2009, Washington, DC, available at: http://www.iom.edu/~/media/Files/Activity%20Files/Children/ChildMobility/Reynolds%20Chen%20and%20Herbers.pdf.

[Questions submitted for the record and their responses follow:]

Rep. Virginia Foxx
"Improving Department of Education Policies and Programs through Independent Oversight"
Wednesday, September 10, 2014

1. Is following through on GAO recommendations part of evaluation of employees; what accountability is there for individual employees?

2. How are recommendations weighted? Say the Department fulfills 93% of recommendations. Are those most important recommendations or least?

Rep. Carolyn McCarthy
"Improving Department of Education Policies and Programs through Independent Oversight"
Wednesday, September 10, 2014

Question for Inspector General Tighe:

1. What's the level of turnover at the Department of Education, and is that a factor in the delay in the timely resolution of audits and implementation of OIG's recommendations?

Questions for Ms. Melissa Emrey-Arras:

2. Is the Department of Education properly reporting instances where children with disabilities are being abused in schools and other federally-funded settings? Are there reporting protocols to ensure that these situations are documented and reported?
3. What are the number of cases where corporal punishment (i.e. paddling, spanking) has been used on children (and children with disabilities) and has resulted in serious injury in schools or residential treatment programs?

[Responses to questions submitted for the record follows:]

Responses to Questions for the Record

from Inspector General Kathleen S. Tighe

U.S. Department of Education Office of Inspector General

Before the

Committee on Education and the Workforce

Subcommittee on Higher Education and Workforce Training and

Subcommittee on Early Childhood, Elementary, and Secondary Education

U.S. House of Representatives

September 10, 2014

Representative Virginia Foxx (R-NC)

1. *Is following through on GAO recommendations part of evaluation of employees? What accountability is there for individual employees to fulfill recommendations?*

   Inspector General Tighe: We defer the answer to this question to GAO, which has an established process to follow up on its recommendations. The OIG does not follow up on GAO recommendations.

2. *How are recommendations weighted? For example, if the Department fulfills 93% of recommendations, are those the most important recommendations?*

   Inspector General Tighe: The OIG does not weight the significance of recommendations nor are we aware of any process the Department uses to weight the significance. We do not think that one can necessarily assume that the Department completes action based on importance. We note that some recommendations, by their nature, may involve the expenditure of resources that must be requested or may involve regulatory or statutory changes that may take longer to implement.

Representative Carolyn McCarthy (D-NY)

1. *What is the level of turnover at the Department of Education, and is that a factor in the delay in the timely resolution of audits and implementations of OIG recommendations?*

   Inspector General Tighe: We have not specifically evaluated the level of turnover at the Department and its impact on timely resolution. However, our work has noted that many Departmental employees that are involved in audit resolution and related activities undertake this work as an ancillary duty.

U.S. GOVERNMENT ACCOUNTABILITY OFFICE
441 G St. N.W.
Washington, DC 20548

October 27, 2014

The Honorable Virginia Foxx
Chairwoman
Subcommittee on Higher Education and Workforce Training
Committee on Education and the Workforce
House of Representatives

The Honorable Todd Rokita
Chairman
Subcommittee on Early Childhood, Elementary, and Secondary Education
Committee on Education and the Workforce
House of Representatives

Subject: Questions for the Record

Thank you for inviting us to testify before the Subcommittee on Higher Education and Workforce Training and the Subcommittee on Early Childhood, Elementary, and Secondary Education at the September 10, 2014 hearing entitled "Improving Department of Education Policies and Programs Through Independent Oversight." I have enclosed our response to the subcommittees' questions for the record. If you have questions, you may contact me at (617) 788-0580 or nowickij@gao.gov.

Jacqueline M. Nowicki
Acting Director
Education, Workforce, and
Income Security Issues

Enclosure

Enclosure

Questions for the Record: Improving Department of Education Policies and Programs Through Independent Oversight

Chairwoman Foxx

1. Is following through on GAO recommendations part of the evaluation of employees? What accountability is there for individual employees to fulfill recommendations?

We have not evaluated the extent to which individual Department of Education (Education) employees are accountable for fulfilling our recommendations. *OMB Circular A-50* requires agencies to designating a top management official to oversee audit follow up, including resolution and corrective action. We also reported in 2011 that the department had recently implemented a modified performance management system that was designed to encourage feedback to employees on their performance throughout the year and improve the clarity of individual performance standards and better align them with organizational goals.[1] Education has since implemented our recommendation from this report to develop a formal process for reviewing performance standards and performance appraisal decisions to help ensure the performance management system is consistent across the department. Education now reviews a sample of performance plans each year to ensure proper guidance is followed.

2. How are recommendations weighted? For example if the Department fulfills 93% of recommendations, are those the most important recommendations?

All recommendations are weighted equally when calculating the percentage of past recommendations implemented. Specifically, the Department of Education implemented 166 of the 178 recommendations we made from fiscal year 2004-2009 within 4 years for an implementation rate of 93 percent. These implemented recommendations cover the full range of Education's strategic goals, and include efforts to improve accuracy in calculating students' need for financial aid in postsecondary education[2] and develop new guidance to help school districts inform parents about school choice.[3]

Our open recommendations could yield significant improvements in Education's operations if they are fully implemented. For example, Education has not yet implemented our recommendation from fiscal year 2011 to revise and apply its guidance for determining fines for schools that violate the statutory ban on paying incentive compensation to individuals based on success in enrolling students or securing their financial aid.[4] Consistent enforcement of the incentive compensation ban would help

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[1] GAO, *Department of Education: Improved Oversight and Controls Could Help Education Better Respond to Evolving Priorities,* GAO-11-194 (Washington, D.C.: Feb. 10, 2011).

[2] GAO, *Student Financial Aid: Need Determination Could Be Enhanced through Improvements in Education's Estimate of Applicants' State Tax Payments,* GAO-05-105 (Washington, D.C.: Jan. 28, 2005).

[3] GAO, *No Child Left Behind Act: Education Needs to Provide Additional Technical Assistance and Conduct Implementation Studies for School Choice Provision,* GAO-05-7 (Washington, D.C.: Dec. 10, 2004).

[4] GAO, *Higher Education: Stronger Federal Oversight Needed to Enforce Ban on Incentive Payments to School Recruiters,* GAO-11-10 (Washington, D.C.: Oct. 7, 2010).

ensure equal treatment of schools, and protect students from deceptive recruiting practices and federal student aid funds from fraud and abuse. Another example is our open recommendation from fiscal year 2013 for Education to develop a standard approach for defining significant disproportionality (i.e., the overrepresentation of racial and ethnic groups in special education).[5] The continued lack of consistency in state definitions makes it difficult to gauge the magnitude of the problem with overrepresentation in special education.

Representative McCarthy

1. What is the level of turnover at the Department of Education, and is that a factor in the delay in the timely resolution of audits and implementation of OIG's recommendations?

We have not conducted the work necessary to answer this question.

[5] GAO, *Individuals with Disabilities Education Act: Standards Needed to Improve Identification of Racial and Ethnic Overrepresentation in Special Education,* GAO-13-137 (Washington, D.C.: Feb. 27, 2013).

GAO U.S. GOVERNMENT ACCOUNTABILITY OFFICE
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Washington, DC 20548

November 18, 2014

The Honorable Virginia Foxx
Chairwoman
Subcommittee on Higher Education and Workforce Training
Committee on Education and the Workforce
House of Representatives

Subject: Question for the Record

Thank you for inviting us to testify before the Subcommittee on Higher Education and Workforce Training and the Subcommittee on Early Childhood, Elementary, and Secondary Education at the September 10, 2014 hearing entitled "Improving Department of Education Policies and Programs Through Independent Oversight." I have enclosed our follow up response to a question you asked during the hearing. If you have questions, you may contact me at (617) 788-0580 or nowickij@gao.gov.

Jacqueline M. Nowicki
Director
Education, Workforce, and
Income Security Issues

Enclosure

Enclosure

Question for the Record: Improving Department of Education Policies and Programs Through Independent Oversight

Chairwoman Foxx

In regards to the 58 open recommendations for the Department of Education, how many of these did the department agree/disagree with when they were originally made?

Education agreed with the majority of the 58 open recommendations when they were made. Specifically, we found that Education:

- fully concurred with 32,
- partially concurred with 3,
- disagreed with 5, and
- did not state a specific position with 18.

[Whereupon, at 10:57 a.m., the subcommittees were adjourned.]

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