



Press Office: 202-226-0853
Wednesday, September 10, 2014

Rep. Rubén Hinojosa’s (D-TX) Opening Statement for the Higher Education and Workforce Training and Early Childhood, Elementary and Secondary Education Joint Subcommittee Hearing, *“Improving Department of Education Policies and Programs Through Independent Oversight.”*

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.

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

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 follow up. I understand that the department has action teams in place to resolve audits in as little as three 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 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 U.S. Department of Education to take proactive steps to address this 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 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% 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 students into potentially expensive accounts.

The OIG had similar findings--noting many agreements provided multi-million dollar kickbacks to schools. As a result, the OIG recommended that the Department consider implementing a series of reforms, including banning revenue sharing when colleges partner with banks to offer debit cards.

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!

###

[Committee on Education and the Workforce Democrats](#)