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Washington, DC 20548

Comptroller General
of the United States

June 28, 2022

The Honorable Miguel Cardona
Secretary of Education
U.S. Department of Education
400 Maryland Avenue, SW
Washington, DC 20202

Priority Open Recommendations: Department of Education

Dear Secretary Cardona:

The purpose of this letter is to provide an update on the overall status of the Department of Education's implementation of GAO's recommendations and to call your attention to areas where open recommendations should be given high priority.¹ In November 2021, we reported that on a government-wide basis, 76 percent of our recommendations made 4 years ago were implemented.² Education's recommendation implementation rate was 81 percent. As of May 2022, Education had 60 open recommendations. Fully implementing these open recommendations could significantly improve agency operations.

Since our June 2021 letter, Education has implemented three of seven priority recommendations:

- Education took steps to regularly collect and publicly report information on state and school district spending of certain COVID-19 relief funds, providing greater clarity to track spending, as we recommended in our March 2021 report.³
- Education implemented two recommendations from our April 2020 report to improve the accuracy of data collected on restraint and seclusion incidents in public schools by developing business rules that target school districts that report very low and very high numbers of incidents and setting data-driven thresholds.⁴

¹Priority recommendations are those that GAO believes warrant priority attention from heads of key departments or agencies. They are highlighted because, upon implementation, they may significantly improve government operations, for example, by realizing large dollar savings; eliminating mismanagement, fraud, and abuse; or making progress toward addressing a high-risk or fragmentation, overlap, or duplication issue.

²GAO, *Performance and Accountability Report: Fiscal Year 2021*, [GAO-22-4SP](#) (Washington, D.C.: Nov. 15, 2021).

³GAO, *COVID-19: Sustained Federal Action Is Crucial as Pandemic Enters Its Second Year*, [GAO-21-387](#) (Washington, D.C.: Mar. 31, 2021).

⁴GAO, *K-12 Education: Education Needs to Address Significant Quality Issues with its Restraint and Seclusion Data*, [GAO-20-345](#) (Washington, D.C.: Apr. 21, 2020).

We ask for your continued attention to the four remaining priority recommendations identified in the 2021 letter. We are adding one new recommendation related to charter schools, bringing the total number of priority recommendations to five. (See the enclosure for a list of these recommendations and actions needed to implement them.)

The five priority recommendations fall into the following two areas.

- 1. Protecting the investment in higher education:** The Department of Education faces challenges overseeing federal student aid and loan programs as student loan debt approaches \$1.6 trillion. Our two recommendations in this area focus on providing clear instructions and guidance to student loan servicers and evaluating the effectiveness of federal student aid efforts. By fully implementing these recommendations, Education could provide more consistent services to borrowers and better serve the needs of federal student aid recipients.

- 2. Ensuring the well-being and education of the nation’s school-age children:** Education plays a critical role in helping support approximately 50 million children who attend the nation’s K-12 public schools, and administering the Individuals with Disabilities Education Act for all students attending either public or private schools. Implementing our three priority recommendations in this area could provide better information to help parents place children with disabilities in private schools and help states address financial risks associated with charter school management organizations.

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In March 2021, we issued our biennial update to our [High-Risk List](#), which identifies government operations with greater vulnerabilities to fraud, waste, abuse, and mismanagement or the need for transformation to address economy, efficiency, or effectiveness challenges.⁵

Several government-wide high-risk areas have direct implications for Education and its operations. These include (1) [improving the management of IT acquisitions and operations](#), (2) [improving strategic human capital management](#), (3) [managing federal real property](#), (4) [ensuring the cybersecurity of the nation](#),⁶ and (5) [establishing a government-wide personnel security clearance process](#). We urge your attention to these government-wide high-risk issues as they relate to Education. Progress on high-risk issues has been possible through the concerted actions and efforts of Congress, the Office of Management and Budget, and the leadership and staff in agencies, including Education. In March 2022, we issued a report on key practices to successfully address high-risk areas, which can be a helpful resource as your agency continues to make progress addressing these high-risk issues.⁷

⁵GAO, *High-Risk Series: Dedicated Leadership Needed to Address Limited Progress in Most High-Risk Areas*, GAO-21-119SP (Washington, D.C.: Mar. 2, 2021).

⁶With regard to cybersecurity, we also urge you to use foundational information and communications technology supply chain risk management practices set forth in our December 2020 report: GAO, *Information Technology: Federal Agencies Need to Take Urgent Action to Manage Supply Chain Risks*, GAO-21-171 (Washington, D.C.: Dec. 15, 2020).

⁷GAO, *High-Risk Series: Key Practices to Successfully Address High-Risk Areas and Remove Them from the List*, GAO-22-105184 (Washington, D.C.: Mar. 3, 2022).

Copies of this report are being sent to the Director of the Office of Management and Budget; the Committees on Appropriations; Budget; Health, Education, Labor, and Pensions; and Homeland Security and Governmental Affairs, United States Senate; and the Committees on Appropriations, Budget, Education and Labor, and Oversight and Reform, House of Representatives. In addition, the report will be available on the GAO website at <http://www.gao.gov>.

I appreciate Education's continued commitment to these important issues. If you have any questions or would like to discuss any of the issues outlined in this report, please do not hesitate to contact me or Cindy Brown Barnes, Managing Director, Education, Workforce, and Income Security Issues at brownbarnesc@gao.gov or 202-512-7215. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. We will continue to coordinate with your staff on all of the 60 open recommendations. Thank you for your attention to these matters.

Sincerely yours,

A handwritten signature in black ink that reads "Gene L. Dodaro". The signature is written in a cursive style with a large, prominent "D" at the end.

Gene L. Dodaro
Comptroller General
of the United States

Enclosure

cc: The Honorable Shalanda Young, Director, Office of Management and Budget
Tony Magro, Supervisor, Federal Student Aid, Department of Education
Philip Rosenfelt, Deputy General Counsel, Office of the General Counsel, Department of Education
Mark Washington, Deputy Assistant Secretary for Management and Planning, Office of Elementary and Secondary Education, Department of Education

Enclosure

Department of Education Priority Open Recommendations

Protecting the Investment in Higher Education

Federal Student Loans: Key Weaknesses Limit Education's Management of Contractors. [GAO-16-196T](#). Washington, D.C.: November 18, 2015.

Recommendation: To strengthen management of the Direct Loan Program and ensure good customer service for borrowers, the Secretary of Education should direct the Office of Federal Student Aid's Chief Operating Officer to review its methods of providing instructions and guidance to servicers, identifying areas to improve clarity and sufficiency, and ensure consistent delivery of instructions and guidance to ensure program integrity and improve service to borrowers. For example, the Department could consider implementing a detailed, common servicing manual for the Direct Loan program.

Action Needed: Education agreed with this recommendation. As of April 2022, Education has taken steps to improve how it provides guidance to servicers, and has issued guidance to improve clarity on some issues, such as how servicers should apply overpayments to a borrower's student loan balance. In addition, the agency is redesigning its student loan financial services system, which will include guidance to servicers. To fully implement this recommendation, Education needs to provide servicers with guidance that clarifies how to treat retirement benefits when calculating borrowers' incomes for income-driven repayment plans. Completing this effort could result in more consistent services to borrowers.

Director: Melissa Emrey-Arras, Education, Workforce, and Income Security
Contact information: emreyarrasm@gao.gov or (617) 788-0534

Higher Education: Improved Tax Information Could Help Families Pay for College. [GAO-12-560](#). Washington, D.C.: May 18, 2012.

Recommendation: To provide federal policymakers information on the relative effectiveness of Title IV programs and higher education tax expenditures, the Secretary of Education should take advantage of opportunities presented by recent and anticipated substantive program changes to sponsor and conduct evaluative research into the effectiveness of Title IV programs and higher education tax expenditures at improving student outcomes.

Action Needed: Education agreed with this recommendation. In 2019 and 2020, Education officials made progress in exploring the technical, legal, and administrative factors associated with sharing information with the Internal Revenue Service and Department of the Treasury, which could help facilitate evaluative research on the effects of Title IV programs and higher education tax expenditures. The agency also convened researchers from inside and outside the government to identify and prioritize key policy questions related to Title IV and higher education tax expenditures. As of March 2022, Education officials reported that the agency is developing its FY22-FY26 Learning Agenda and anticipates that the Agenda will reflect planned research and evaluation focused on the relationship between federal student aid and student outcomes. Education will continue to explore how grants, contracts, and the temporary assignment of personnel might accelerate financial aid-related research.

To fully implement this recommendation, Education should ensure that its efforts result in soliciting or conducting evaluative research specific to federal financial aid programs and key student outcomes, such as college access and completion. Without this kind of research, policymakers will be challenged to make fact-based decisions on how to build on successful federal assistance efforts and improve less effective efforts.

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Ensuring the Well-Being and Education of the Nation's School-Age Children

K-12 Education: Education Needs to Address Significant Quality Issues with its Restraint and Seclusion Data. [GAO-20-345](#). Washington, D.C.: April 21, 2020.

Recommendations: The Assistant Secretary for the Office for Civil Rights should identify the factors that cause underreporting and misreporting of restraint and seclusion and take steps to help school districts overcome these issues.

Action Needed: Education agreed with our recommendation. In March 2022, the agency reported that it had provided instructions to data submitters on when to report zeros. However, these steps do not enable the agency to identify the causal factors. As of June 2022, the agency reported that it will evaluate and analyze trend data from past Civil Rights Data Collections (CRDC) and the 2020-21 CRDC to identify factors that cause underreporting and misreporting beyond zeros. However, It is unclear how the agency will learn of causal factors without working with districts to determine what is driving the under and misreporting.

To fully implement this recommendation, Education needs to work with districts to identify and address the underlying causes of misreporting. Until Education more fully understands why so many school districts are underreporting and misreporting federal restraint and seclusion data, it will likely not be able to help districts improve their reporting, thereby improving the accuracy and utility of the data.

Director: Jacqueline M. Nowicki, Education, Workforce, and Income Security
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Private School Choice: Federal Actions Needed to Ensure Parents Are Notified About Changes in Rights for Students with Disabilities. [GAO-18-94](#). Washington, D.C.: November 16, 2017.

Recommendation: The Assistant Secretary for Special Education and Rehabilitative Services should review information provided by states related to changes in federal special education rights when a parent places a student with a disability in a private school and work with states to correct inaccurate information.

Action Needed: Education generally agreed with this recommendation. Education issued guidance that includes information on IDEA services for parentally-placed private school students. The agency plans to work with states that potentially have policies and procedures that are inconsistent with this information. To fully implement this recommendation, Education should ensure that states it identified as having inaccurate information correct their information. Until this effort is completed, states are unlikely to begin providing parents with consistent and

accurate information about changes in special education rights when they are considering moving their child from public to private school.

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

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K-12 Education: Department of Education Should Help States Address Student Testing Issues and Financial Risks Associated with Virtual Schools, Particularly Virtual Charter Schools. [GAO-22-104444](#). Washington, D.C.: January 31, 2022.

Recommendation: The Secretary of Education should identify the factors that cause underreporting and misreporting of information on management organizations that contract with charter schools, including virtual charter schools, and take steps to help states report accurate data on these contracts.

Action Needed: Education agreed with this recommendation. To fully implement this recommendation, Education should gather information on how states determine whether charter schools have contracts with management organizations with respect to their EDFacts data reporting, modify the instructions for data submissions, and clarify the definition of a management organization, including the for-profit status of these organizations.⁸ Unless Education takes steps to improve data quality, it cannot measure and properly mitigate elevated financial and programmatic risks.

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

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⁸EDFacts is an Education initiative to centralize data provided by state educational agencies, including performance data on public schools (pre-K through grade 12), and financial grant information.

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