

Access through Yahoo News on February 9, 2016: <https://www.washingtonpost.com/news/grade-point/wp/2016/02/08/theres-a-newish-cop-on-the-beat-as-department-of-education-launches-enforcement-unit/>

# There's a newish cop on the beat as Department of Education launches enforcement unit

By [Danielle Douglas-Gabriel](#) February 8 at 4:01 PM

The Department of Education launched a new enforcement unit Monday to investigate fraud, waste and abuse within higher education.

“When Americans invest their time, money and effort to gain new skills, they have a right to expect they’ll actually get an education that leads to a better life for them and their families,” said Acting Secretary of Education John B. King Jr. during a news conference. “When that doesn’t happen, we all pay the price. This new unit will allow us to respond more quickly and efficiently to allegations of illegal actions.”

At the outset, the unit will be staffed with more than 50 people, a mix of existing employees and a few new hires. Attorney Robert Kaye, who spent 14 years at the Federal Trade Commission, has been tapped to run the new outfit and will report to Jim Runcie, chief operating officer of the Office of Federal Student Aid.

“It is simply imperative that students taking on substantial financial obligations to further their education not be subject to unlawful enrollment tactics, that they get accurate information ... particularly about job placement,” Kaye said. “Our office is going to work every day as hard as we can to stop abuses and to promote the fairness and the integrity of the financial aid process.”

The enforcement unit will be self-contained and consist of four divisions that will work with state and federal authorities to root out misconduct. The investigations division will have subpoena power and will collaborate with the department’s program compliance unit on reviews when needed, according to the department.

Two existing divisions within the department, the Clery Group that oversees campus security and the Administrative Actions and Appeals Service Group, will be folded into the enforcement unit. The appeals group handles terminations, suspensions and resolves school disputes.

The unit will also absorb a group formed months ago to manage requests from former Corinthian College students to have their federal loans forgiven through a process known as borrower defense to repayment. Students can appeal to the department to have their debt wiped away if they can prove a school used illegal or deceptive tactics in violation of state law to persuade them to borrow money for college.

After the collapse of Corinthian, the department was inundated with claims, leading to the appointment of an independent monitor to streamline a process that many say is complicated and difficult to navigate. The department hired 12 attorneys to review and analyze state laws involved in the 8,424 claims received to date. It has approved 1,312 of those claims, plus thousands of others from students impacted by the closing of Corinthian. All of those resolved cases involved about \$113.6 million in federal student loans.

[\*\[It may get easier for some Corinthian students to get debt relief\]\*](#)

“The department must move quickly to discharge the debt of all Corinthian students,” said Alexis Goldstein, senior policy analyst at the progressive Americans for Financial Reform. “Hundreds of thousands of borrowers from Corinthian remain on the hook for federal student loans. ... despite the fact that the illegal actions identified in department enforcement actions were endemic throughout the entire chain.”

To be sure, the department has various divisions that investigate and take action against bad actors in higher education. Critics have accused the agency of being slow to act in the face of evidence that schools, especially for-profit colleges, are engaging in misconduct.

“We have been doing enforcement,” said Education Undersecretary Ted Mitchell during the news conference. “We believe that we can do our investigations and enforcement faster, better with the segregation of this work from the normal day-to-day program compliance work. Targeted resources and targeted talent will add to our enforcement capacity in ways that right now we’re having to borrow and stretch.”

In recent weeks, the department has pulled federal financial aid funds from Marinello Schools of Beauty for allegedly falsifying records, a move that led the for-profit chain to shut down its entire operation despite refuting the claims. It also threatened to cut off DeVry University’s access to federal loans and grants if the for-profit school does not pull advertisements about post-graduation employment outcomes and notify students of its inability to substantiate the claims.

[\*\[Beauty school chain shuts down days after tangling with the government\]\*](#)

“Does the department really need a new initiative to deal with problematic institutions, or is this a public relations move to try to convince the public the department really, really cares about students?” said Neal McCluskey, director of the Center for Educational Freedom at the Cato Institute, a right leaning think tank.

He questioned whether the new entity will narrowly focus on for-profit institutions, “bringing threats and damaging publicity ... but not necessarily overwhelming evidence.” McCluskey and others have railed against the Obama administration for going after the industry with a level of intensity that is not visited on other types of colleges.

At Monday’s news conference, King said: “This enforcement unit is not exclusively about for-profits. It’s about the higher education sector generally. We will follow the evidence on who is doing the wrong thing and move forward from there.”

To shore up the department's enforcement efforts, President Obama is requesting \$13.6 million in the 2017 budget, a tall order in the current political environment. King said the department will make due if Congress denies the request, but could use the additional resources.

“The department is taking an important step forward by focusing on strengthening and institutionalizing the crucial work of enforcement,” said Lauren Asher, president of the Institute for College Access & Success (TICAS), an education nonprofit. “We hope that the new unit moves quickly to better protect students and taxpayers from school fraud, and we urge Congress to further invest in the department's enforcement capacity.”



Danielle Douglas-Gabriel covers the economics of education, writing about the financial lives of students from when they take out student debt through their experiences in the job market. Before that, she wrote about the banking industry.