Student Aid Enforcement Unit Formed to Protect Students, Borrowers, Taxpayers

FEBRUARY 8, 2016

As part of the Obama Administration's aggressive action to protect students and taxpayers, the U.S. Department of Education is creating a Student Aid Enforcement Unit to respond more quickly and efficiently to allegations of illegal actions by higher education institutions.

"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. "When that doesn't happen we all pay the price. So let me be clear: schools looking to cheat students and taxpayers will be held accountable."

The Enforcement Unit will be led by Robert Kaye, one of the nation's top enforcement attorneys - most recently as a leader in the Federal Trade Commission's work protecting consumers. Through his work as the Bureau of Consumer Protection's Chief Litigation Counsel and as a manager in the Bureau's Division of Enforcement, Kaye has considerable experience supervising and advising managers and attorneys engaged in consumer protection investigations, as well as federal court and administrative litigation.

Kaye will report to Jim Runcie, the Chief Operating Officer of the [Office of Federal Student Aid (FSA)](http://www2.ed.gov/about/offices/list/fsa/index.html), under the oversight of the Under Secretary Ted Mitchell. The Chief Enforcement Officer will work closely with James Cole Jr., General Counsel, Delegated the Duties of Deputy Secretary, to establish policies and practices.

As part of the 2017 budget, the President is requesting $13.6 million in additional funds to strengthen FSA's enforcement and oversight activities. The office will work with closely with federal and state agencies to investigate and bring actions against bad actors in order to best protect students and taxpayers. The Enforcement Unit will consist of the following four divisions:

* **Investigations Group** — to identify potential misconduct or high-risk activity among higher education institutions and protect federal funding.
* **Borrower Defense Group** —to provide legal analysis, support and advice concerning claims of borrowers of Direct Loans. The unit will analyze claims to make determinations of injury, investigate institutions in connection with borrower defense claims and coordinate with federal and state agencies regarding those claims.
* **The Administrative Actions And Appeals Service Group (AAASG)** --to impose administrative actions such as Emergency, Termination, Limitation, Suspension or Fine actions. This group will continue to resolves appeals by program participants from final audit and final program review determinations, initiate debarment and suspension actions, and issue school revocation and denials of re-certification.
* **Clery Group** — to ensure institutions comply with the [Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act](http://studentaid.ed.gov/about/data-center/school/clery-act), requiring colleges and universities participating in federal financial aid programs to disclose campus crime statistics and security information.

The new unit will collaborate with, and incorporate evidence gathered in investigations by, partner state and federal agencies, in building cases against institutions of higher education. The unit will also collaborate with the Program Compliance Unit regarding evidence which may impact ongoing program compliance reviews. Moreover, the new Investigations Group will utilize a broad set of interventions and tools, including subpoena authority, document demands, and interrogatories and interviews to enforce against violations of federal law.

The Department remains strongly committed to investigating violations that harm students and taxpayers and taking swift and immediate action as necessary. These new resources would help ensure such activities are completed in an effective and efficient manner, including supporting more reviews of high-risk institutions, responsive to the concerns raised by states' and other federal agencies' investigations of such institutions, as well as by complaints by students.

The creation of the new Enforcement Unit builds on steps the Obama Administration has taken over the past seven years to hold schools accountable for a providing a quality education, including:

* Developing a wealth of consumer tools to help provide families with clear information to make a smart college choice
* Establishing gainful employment regulations to help ensure that students at career colleges don't end up with debt they cannot repay
* Creating a federal interagency taskforce to crack down on bad actors through investigations and enforcement actions
* **Enforcing the ban on incentive compensation to protect students from aggressive recruiting practices**
* Proposing to close the 90/10 loophole so institutions do not take advantage of service members

In recent weeks, the Department of Education has taken a series of enforcement actions, including actions against DeVry Education Group, Marinello Schools of Beauty, and Computer Systems Institute.