

GAO Highlights

Highlights of [GAO-23-104832](#), a report to the Chairman, Committee on Education and Labor, House of Representatives

Why GAO Did This Study

If colleges provide inaccurate or misleading information about, for example, their students' ability to transfer course credits to another college or qualify for a specific certification after graduation, students may have difficulty completing their degree, finding a job in their field, or paying back their student loans. Education is responsible for enforcing a prohibition against colleges making these types of statements, when it determines they meet the definition of "substantial misrepresentation."

GAO was asked to review Education's oversight and enforcement of this prohibition. This report examines (1) how Education has organized its oversight activities and enforced this prohibition since the agency created its Student Aid Enforcement Unit in 2016, and (2) the extent to which Education has complete and updated written procedures for enforcing this prohibition. GAO reviewed relevant federal laws, regulations, and Education documents; analyzed Education data for fiscal years 2016 through 2021; and interviewed Education officials.

What GAO Recommends

GAO recommends that Education (1) complete written procedures for substantial misrepresentation investigations, including for selecting colleges and conducting investigations; and (2) update written procedures for imposing penalties, as appropriate, on colleges that engaged in substantial misrepresentation. Education agreed with GAO's recommendations.

View [GAO-23-104832](#). For more information, contact Melissa Emrey-Arras at (617) 788-0534 or emreyarrasm@gao.gov.

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HIGHER EDUCATION

Department of Education Should Improve Enforcement Procedures Regarding Substantial Misrepresentation by Colleges

What GAO Found

In 2016, the Department of Education created its Student Aid Enforcement Unit, which included a new Investigations Group. Since then, the agency has made several changes to the way it enforces the prohibition against colleges engaging in substantial misrepresentation. Substantial misrepresentation occurs when a college makes certain false or misleading statements—or omissions—about its programs, costs, or graduate employment, that students or others could rely on to their detriment. Since 2016, the structure and operations of the enforcement unit have changed with shifts in agency management priorities, according to Education officials.

In 2017, Education placed open investigations on hold at one point, and diverted the Investigation Group's staff to other offices. As a result, Education opened fewer new investigations from 2018 through 2020. The Investigations Group experienced leadership turnover, with nine different directors in about 6 years. It also experienced staff attrition, with the number of staff declining from nine in 2017 to a low of two staff in 2019, according to Education officials and GAO's analysis of agency data. Since the start of 2021, Education has hired five new staff for the Investigations Group, as well as a new director, and has opened six new investigations, according to agency data and officials.

GAO analysis showed that Education imposed penalties for substantial misrepresentation on 13 colleges from fiscal years 2016 through 2021. Penalties included ending their participation in federal student aid programs or levying fines.

Education has not completed written procedures for investigating colleges and has not updated its written procedures for imposing penalties for substantial misrepresentation. Although the agency has begun drafting key documents, it has not yet completed comprehensive instructions on when and how to select colleges for investigations and how to conduct those investigations. Also, penalty procedures have not been updated to include the new maximum fine amount. Education has lacked complete investigative procedures and updated penalty procedures since 2016, although a 2019 internal review recommended the agency complete and update them. Having complete and updated written procedures will help Education investigate the highest-risk colleges and impose appropriate penalties on those the agency finds to have engaged in substantial misrepresentation.

Status of Education's Written Procedures for Overseeing and Enforcing the Prohibition against Substantial Misrepresentation



Source: GAO analysis of Department of Education documents and interviews with officials. | [GAO-23-104832](#)