

Department of Education
OFFICE OF INSPECTOR GENERAL
Fiscal Year 2025 Budget Request

CONTENTS

	<u>Page</u>
A Message from Inspector General Sandra D. Bruce	1
Appropriations Language	4
Analysis of Language Provisions and Changes	5
Amounts Available for Obligation	6
Obligations by Object Classification, Office of Inspector General	7
Obligations by Object Classification, Supplemental, Disaster Relief	8
Obligations by Object Classification, Supplemental, CRRSA Act (P.L. 116-260)	9
Obligations by Object Classification, Supplemental, ARP Act (P.L. 117-2)	10
Summary of Changes	11
Authorizing Legislation	12
Appropriations History	13
Activity:	
Office of Inspector General	14

OFFICE OF INSPECTOR GENERAL

A Message from Inspector General Sandra D. Bruce

In the accompanying U.S. Department of Education (Department), Office of Inspector General (OIG) fiscal year (FY) 2025 budget request, the OIG requests a total of \$77.497 million, which represents a \$9.997 million increase above our FY 2023 appropriation, to cover the OIG's base operations and to provide independent, objective oversight of the Department's operations and programs. This request includes \$53.9 million for personnel benefits and compensation, \$14.3 million for overhead expenses, and \$9.2 million for other non-personnel expenses, such as maintaining and securing OIG's four information technology (IT) systems. Since FY 2016, the OIG has operated under a relatively flat budget, despite inflation and rising personnel costs. As a result, the OIG has had to undertake several cost-saving measures, including hiring freezes, reducing the OIG's office space, and placing limitations on mission-related travel and training. The requested \$77.497 million will enable the OIG to carry out its statutory mission to promote economy, integrity, efficiency, and effectiveness of the Department's operations and programs. Without the requested funding, the OIG will need to explore further cost reductions that could potentially impact the OIG's ability to provide robust oversight of the Department.

As we have shared in previous budget requests, with its student loan portfolio (which now surpasses \$1.6 trillion) the Department is one of the largest financial institutions in the country. The Department also administers more than \$79 billion in grants each year, making it one of the largest grant-making agencies in the Federal government. Further, Department funding flows to thousands of entities, including all States and territories, about 13,000 public school districts and 98,000 public schools, about 5,400 postsecondary institutions, and more than 9.7 million postsecondary students and their families each year. Federal education programs are aimed to benefit all students, including programs that serve individuals with disabilities, students who live in poverty, Native communities, and those with limited English proficiency. Effective administration of Federal education programs is critical to the Department's mission to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access.

Given the large amount of money for which it is responsible and the complex programs it administers, the Department needs sufficient oversight to ensure that its funds are not lost to fraud, waste, and abuse—particularly since the effective oversight and monitoring of Department programs, operations, and program participants has been and continues to be a longstanding management challenge for the Department. As a result, the role of the OIG, as the primary oversight entity within the Department, is vital to provide the Congress, the public, and America's students with confidence that the taxpayer dollars that fund the Department are being used as required, reaching the intended recipients, and achieving the desired results.

Despite its strained resources, the OIG has been able to provide impactful oversight of the Department. For example, in FY 2023, OIG issued 18 reports identifying over \$2.7 million in questioned and unsupported costs and closed 66 investigations involving fraud or corruption which resulted in 46 indictments, convictions and pleas and about \$49.1 million in restitution, settlements, fines, recoveries, forfeitures, and estimated savings. The requested \$77.497 million will allow the OIG to continue its current level of oversight and to position itself to expand its oversight into new areas and respond with agility to emerging issues.

OFFICE OF INSPECTOR GENERAL

However, the OIG's oversight capacity is dependent upon the availability of sufficient budgetary resources. As such, with its steady state of funding since FY 2016, the OIG has not been able to both cover increased operational costs and maintain, much less increase, the number of full-time equivalent (FTE) employees needed to conduct oversight efforts. Instead, the OIG has regularly implemented hiring freezes, in which we limited hiring to only certain mission critical positions, and diverted funds intended for FTE to cover increased operational costs. For example, in FY 2023, the OIG reduced its FTE by 7 percent to cover anticipated personnel and non-personnel cost increases in FY 2024. In addition, the OIG initiated efforts to close or consolidate offices and limit staff travel and training to help cover operational expenses. The OIG is facing a similar situation in FY 2024. The inability to sustain its FTE levels limits the OIG's ability to provide sufficient oversight of an agency of the size and scope of the Department.

In FYs 2020 and 2021, the OIG received \$17 million (including \$10 million in no-year funding) to carry out its pandemic relief aid oversight work. The availability of this funding helped the OIG mitigate its funding shortfalls by diverting personnel to pandemic work to utilize these funds. The OIG expects to deplete those funds by the first quarter of FY 2025. The need and demand for our oversight work, however, will continue, thus we will have to rely on our annual appropriation and FTE to conduct this work.

With this FY 2025 request, the OIG seeks to have sufficient resources to both cover anticipated operational costs and increase FTE. Specifically, this FY 2025 budget request will provide base funding for the OIG to:

- fund 238 FTEs and withstand increased personnel and non-personnel services;
- absorb increases in overhead not executed by the OIG such as rent, telecommunication, interagency agreements, and IT centralized services;
- ensure that the OIG's IT systems continue to meet information management and security requirements;
- sustain data analytics capabilities to identify potential criminal activity and trends across multiple programs and support OIG investigative efforts to prosecute bad actors;
- conduct mandatory audit-related assignments and continue discretionary oversight coverage into other key management challenge areas, including, data quality and reporting, oversight and monitoring of student financial assistance programs and grantees, and IT security;
- continue OIG's oversight of the Department's implementation of more than \$200 billion under the pandemic relief laws to assist States, public and nonpublic schools, and school districts in meeting the needs of students and allegations of wrongdoing reported to the Hotline after the supplemental funding is depleted; and
- cover the cost for OIG's investigators to engage in geographic areas where limited resources in recent years have curtailed access but where the OIG believes fraud exists at the same level as other States, as well as those areas where U.S. Attorney's Offices have expressed significant interest in working on education-related fraud matters.

OFFICE OF INSPECTOR GENERAL

Without the FY 2025 request of \$77.497 million, the OIG would be forced to:

- consider other personnel cost reduction measures, such as furloughs, to manage personnel costs;
- curtail pandemic-related work after the depletion of supplemental funds; and
- reduce the geographical engagement and scope of work within high-risk areas.

In addition, the OIG would have limited resources to address stakeholder concerns, emerging areas of risk, or new Department programs or responsibilities.

Since established as the OIG for the Department in 1980, the OIG has delivered impactful results for America's taxpayers and students through its efforts to prevent and detect fraud, waste, and abuse, and to promote economy, efficiency, and effectiveness in the Department's programs and operations. It has made significant contributions that better enable the Department to meet its mission. Through this budget request, the OIG seeks to continue that trend by having the resources to sustain existing oversight coverage of the Department's programs and operations and cover the increasing costs of its operations.

OFFICE OF INSPECTOR GENERAL

Appropriations Language

For expenses necessary for the Office of Inspector General, as authorized by section 212 of the Department of Education Organization Act, \$77,497,000, of which \$3,000,000 shall remain available until expended.¹

NOTES

A full-year 2024 appropriation for this account was not enacted at the time the Budget was prepared; therefore, the Budget assumes this account is operating under the Continuing Appropriations Act, 2024 and Other Extensions Act (Division A of Public Law 118-15, as amended). The amounts included for 2024 reflect the annualized level provided by the continuing resolution.

Each language provision that is followed by a footnote reference is explained in the Analysis of Language Provisions and Changes document which follows the appropriations language.

OFFICE OF INSPECTOR GENERAL

Analysis of Language Provisions and Changes

Language Provision	Explanation
<u>1...of which \$3,000,000, shall remain available until expended.</u>	The language provides that of the amount appropriated, \$3 million would be no-year funding. The additional flexibility in funding allows the OIG to (1) execute its information technology (IT) Modernization initiatives, and (2) fund its common support costs, which can vary greatly from year to year. Common support costs, i.e., costs associated with office rental and security and shared infrastructure services provided by the Department, represent roughly 10 percent of the OIG's budget.

OFFICE OF INSPECTOR GENERAL

Amounts Available for Obligation
(dollars in thousands)

Appropriation and Adjustments	2023	2024	2025
Discretionary appropriation:			
Appropriation	\$67,500	\$67,500	\$77,497
Subtotal, appropriation	67,500	67,500	77,497
Transfer from Annual to OIG No-Year Funding	-3,000	-3,000	-3,000
Disaster Relief unobligated balance, start of year	841	389	277
CRRSAA Act unobligated balance, start of year	3,214	291	291
American Rescue Plan Act unobligated balance, start of year	5,000	4,604	959
OIG No-Year Funding unobligated balance, start of year	2,325	2,924	1,500
Transfer to OIG No-Year Funding from Annual	3,000	3,000	3,000
Unobligated balance, expiring	-237	0	0
Disaster Relief unobligated balance, end of year	-389	-277	-277
CRRSAA Act unobligated balance, end of year	-291	-291	-291
American Rescue Plan Act unobligated balance, end of year	-4,604	-959	0
OIG No-Year Funding unobligated balance, end of year	-2,924	-1,500	-1,500
Total, direct obligations	70,435	72,681	78,456

OFFICE OF INSPECTOR GENERAL

Obligations by Object Classification, Office of Inspector General
(dollars in thousands)

Object Class	2023 Actual	2024 Annualized CR	2025 Request	Change from 2024 to 2025
11.10 Full-time permanent	\$27,773	\$32,313	\$36,824	\$4,511
11.31 Full-time temporary	707	0	0	0
11.32 Part-time	328	0	0	0
11.51 Overtime	1,888	0	0	0
11.52 Awards	720	746	875	129
Subtotal, Personnel Comp.	31,416	33,059	37,699	4,640
12.00 Benefits	13,545	14,227	16,247	2,020
Subtotal, Per. Com. & Ben.	44,961	47,286	53,946	6,660
21.00 Travel	440	546	686	140
22.00 Transportation of things	0	0	12	12
23.10 Rental payments to GSA	5,893	5,497	5,022	-475
23.31 Communications	141	87	100	13
23.32 Postage/fees	3	14	13	-1
Subtotal, 23	6,047	5,598	5,135	-463
24.00 Printing and reproduction	0	0	1	1
25.10 Advisory and assistance services	865	0	0	0
25.21 Other services	2,581	3,340	3,460	120
25.22 Training/tuition contracts	192	274	274	0
25.30 Goods/services from Federal Sources	1,637	1,488	2,165	677
25.71 Operations/maint of equip.	0	3	28	25
25.72 IT services/contracts	9,329	9,939	9,614	-325
Subtotal, 25	14,604	15,044	15,541	497
26.00 Supplies	46	57	133	76
31.10 IT equipment/software	444	344	1,943	1,599
31.30 Other equipment	109	49	100	51
Subtotal, 31	553	393	2,043	1,650
32.00 Building alterations	13	0	0	0
43.10 Prompt payment interest	0	0	0	0
Total, Budget Authority	66,664	68,924	77,497	8,573

OFFICE OF INSPECTOR GENERAL

Obligations by Object Classification, Supplemental, Disaster Relief
(dollars in thousands)

Object Class		2023 Actual	2024 Annualized CR	2025 Request	Change from 2024 to 2025
11.10	Full-time permanent	\$313	0	0	0
11.31	Full-time temporary	2	\$78	0	-\$78
11.51	Overtime	3	0	0	0
11.52	Awards	7	0	0	0
	Subtotal, Personnel Comp.	325	78	0	-78
12.00	Benefits	127	34	0	-34
	Subtotal, Per. Com. & Ben.	452	112	0	-112
21.00	Travel	0	0	0	0
23.31	Communications	0	0	0	0
25.21	Other services	0	0	0	0
25.22	Training/tuition contracts	0	0	0	0
25.72	IT services/contracts	0	0	0	0
	Subtotal, 25	0	0	0	0
26.00	Supplies	0	0	0	0
31.10	IT equipment/software	0	0	0	0
	Total, Obligations	452	112	0	-112

OFFICE OF INSPECTOR GENERAL

Obligations by Object Classification, Supplemental, CRRSA Act (P.L. 116-260)
(dollars in thousands)

Object Class	2023 Actual	2024 Annualized CR	2025 Request	Change from 2024 to 2025
11.10 Full-time permanent	\$1,435	0	0	0
11.31 Full-time temporary	185	0	0	0
11.32 Part-time	93	0	0	0
11.51 Overtime	54	0	0	0
11.52 Awards	10	0	0	0
Compensation subtotal	1,777	0	0	0
12.00 Benefits	589	0	0	0
13.00 Benefits for former personnel	0	0	0	0
Comp/benefits subtotal	2,366	0	0	0
21.00 Travel	35	0	0	0
22.00 Transportation of things	0	0	0	0
23.10 Rental payments to GSA	0	0	0	0
23.31 Communications	0	0	0	0
23.32 Postage/fees	0	0	0	0
Subtotal, 23	0	0	0	0
24.00 Printing and reproduction	0	0	0	0
25.10 Advisory and assistance services	0	0	0	0
25.21 Other services	18	0	0	0
25.22 Training/tuition contracts	35	0	0	0
Goods/services from Federal				
25.30 sources	0	0	0	0
25.40 Operations/maint of facilities	0	0	0	0
25.70 Operations/maint of equip.	0	0	0	0
25.72 IT services/contracts	469	0	0	0
Subtotal, 25	469	0	0	0
26.00 Supplies	0	0	0	0
43.10 Prompt payment interest	0	0	0	0
Total, Obligations	2,923	0	0	0

OFFICE OF INSPECTOR GENERAL

Obligations by Object Classification, Supplemental, ARP Act (P.L. 117-2)
(dollars in thousands)

Object Class		2023 Actual	2024 Annualized CR	2025 Request	Change from 2024 to 2025
11.10	Full-time permanent	\$223	0	0	0
11.31	Full-time temporary	40	\$2,167	0	-\$2,167
11.32	Part-time	23	0	0	0
11.51	Overtime	10	0	0	0
11.52	Awards	0	0	0	0
	Compensation subtotal	296	0	0	0
12.00	Benefits	100	929	0	-929
13.00	Benefits for former personnel	0	0	0	0
	Comp/benefits subtotal	396	3,096	0	-3,096
21.00	Travel	0	63	0	-63
22.00	Transportation of things	0	0	0	0
23.10	Rental payments to GSA	0	0	0	0
23.31	Communications	0	0	0	0
23.32	Postage/fees	0	0	0	0
	Subtotal, 23	0	0	0	0
24.00	Printing and reproduction	0	0	0	0
25.10	Advisory and assistance services	0	0	0	0
25.21	Other services	0	0	0	0
25.22	Training/tuition contracts	0	0	0	0
25.30	Goods/services from Federal sources	0	0	0	0
25.40	Operations/maint of facilities	0	0	0	0
25.70	Operations/maint of equip.	0	0	0	0
25.72	IT services/contracts	0	486	959	473
	Subtotal, 25	0	486	959	473
26.00	Supplies	0	0	0	0
31.10	IT equipment/software	0	0	0	0
31.30	Other equipment	0	0	0	0
	Subtotal, 31	0	0	0	0
	Total, Obligations	396	3,645	959	-2,686

OFFICE OF INSPECTOR GENERAL

Summary of Changes
(dollars in thousands)

	2024	\$67,500
	2025	77,497
	Net change	+9,997

Increases:	2024 base	Change from base
<u>Built in:</u>		
Increase in salaries and benefits, a 2.0 percent pay raise, and projected benefits increases.	\$46,540	+\$2,031
<u>Program:</u>		
Increase in salaries and benefits for 21 additional FTE	46,540	+4,500
Awards	746	+129
Training	274	0
Other Equipment	49	+51
Supplies	57	+76
IT Services/Contracts	8,515	+1,099
Other Services	3,340	+120
Changes in other areas	7,965	+1,992
Subtotal, increases		+9,998
Decreases:	2024 base	Change from base
<u>Program:</u>		
Postage/Fees	14	-1
Subtotal, decreases		-1
Net change		+9,997

OFFICE OF INSPECTOR GENERAL

Authorizing Legislation
(dollars in thousands)

Activity	2024 Authorized	2024 Annualized CR	2025 Authorized	2025 Request
Inspector General (<i>DEOA, Section 212</i>)	Indefinite	\$67,500	Indefinite	\$77,497
Total appropriation		67,500		77,497

OFFICE OF INSPECTOR GENERAL

Appropriations History
(dollars in thousands)

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
2016 ¹	\$59,181	N/A	\$58,791	\$57,791
2017 ²	59,256	\$59,256	59,791	59,256
2018 ³	61,941	59,256	59,256	59,256
2019 ⁴	61,143	59,256	61,143	61,143
2020 ⁵	63,418	67,418	61,143	63,000
2020 CARES Supplemental ⁶	0	0	0	7,000
2021 ⁷	68,019	64,000	63,000	63,000
2021 CRRSAA Supplemental ⁸	0	0	0	5,000
2021 Mandatory ARP Supp ⁹	0	0	0	5,000
2022 ¹⁰	70,115	70,115	70,115	64,000
2023 ¹¹	76,452	76,452	77,000	67,500
2024 ¹²	87,497	60,000	67,500	67,500
2025	77,497			

¹ The levels for House and Senate allowances reflect action on the regular annual 2016 appropriations bill, which proceeded in the 114th Congress only through the House Committee and Senate Committee.

² The levels for the House and Senate allowances reflect Committee action on the regular annual 2017 appropriations bill; the Appropriation reflects the Consolidated Appropriations Act, 2017.

³ The level for the House allowance reflects floor action on the Omnibus appropriation bill; the Senate allowance reflects Committee action on the regular annual 2018 appropriations bill; the Appropriation reflects the Consolidated Appropriations Act, 2018 (P.L. 115-141).

⁴ The levels for the House and Senate Allowance reflect Committee action on the regular annual 2019 appropriations bill; the Appropriation reflects enactment of the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 (P.L. 115-245).

⁵ The Senate Allowance reflects the Chairman's mark; the Appropriation reflects the Further Consolidated Appropriations Act, 2020 (P.L. 116-94).

⁶ The Appropriation reflects the supplemental funds from the Coronavirus Aid, Relief, and Economic Security Act (P.L. 116-136).

⁷ The level for the House allowance reflects subcommittee action. The level for the Senate Allowance reflects the Chairman's mark; the Appropriation reflects Division H of the FY 2021 Consolidated Appropriations Act, 2021 (P.L. 116-260).

⁸ The Appropriation reflects supplemental funds from Division M of the FY 2021 Consolidated Appropriations Act, 2021 (P.L. 116-260).

⁹ The Appropriation reflects the American Rescue Plan Act of FY 2021 (P.L. 117-2).

¹⁰ The House allowance reflects floor action on the FY 2022 Consolidated Appropriations Act; the Senate allowance reflects the Chairman's mark; and the Appropriation reflects the annualized continuing resolution level.

¹¹ The house allowance reflects the regular annual FY 2023 appropriation, which was introduced on the floor, the Senate allowance reflects the Chairman's mark; and the Appropriation reflects the Consolidated Appropriations Act (P.L. 117-328).

¹² The House allowance reflects Subcommittee action, and the Senate allowance reflects Committee action on the regular annual 2024 appropriations bill; the Appropriation reflects the annualized continuing resolution level.

OFFICE OF INSPECTOR GENERAL

Office of Inspector General

(Department of Education Organization Act, Section 212)

(dollars in thousands)

FY 2025 Authorization: Indefinite

Budget Authority:

	2024 Annualized CR	2025 Request	Change
Personnel Compensation and Benefits Costs	\$47,286	\$53,903	+\$6,617
Non-Personnel Costs	20,214	23,594	+3,380
Total	67,500	77,497	+9,997
FTE	217 ¹	238 ²	+21

PROGRAM DESCRIPTION

The U.S. Department of Education (Department) Office of Inspector General (OIG) is an independent entity within the Department with the statutory responsibility to promote the efficiency, effectiveness, and integrity of the Department’s programs and operations through independent and objective audits, investigations, inspections, and other activities.

Through audit-related work, the OIG seeks to ensure that Department programs are operating in accordance with established laws, regulations, and policies. Based on its findings, it makes recommendations to improve program efficiency, address systemic weaknesses, and initiate administrative action. Its work may also recommend changes needed in Federal laws, regulations, and policies. In its investigative work, it operates with full statutory law enforcement authority, conducting criminal, civil, and administrative investigations involving fraud, embezzlement, public corruption, cybercrime, and other violations of law involving Department funds and operations. The OIG also conducts information technology (IT) reviews to assist the Department in identifying risks and recommending actions to improve security and management of its numerous data systems. In addition, it fulfills its statutory requirement to ensure that work performed by non-Federal auditors involving Department program participants, grantees and subgrantees complies with Government Auditing Standards. This includes conducting desk reviews and quality control reviews of non-Federal audits. Each year, the OIG issues about 20 audit-related reports, carries a caseload of more than 200 criminal and civil investigations, and completes more than 75 desk and quality control reviews.

In all its work and efforts, the OIG seeks to ensure integrity in the Department’s operations and programs by identifying problems or deficiencies and recommending actions to improve them. It

¹ Fiscal Year 2024 FTE total excludes CRRSA and ARP Act FTE.

² Fiscal Year 2025 FTE total excludes CRRSA and ARP Act FTE.

OFFICE OF INSPECTOR GENERAL

shares information on its organizational goals and initiatives, planned and completed work, performance measures and results via the OIG website¹, where the public can obtain copies of our audit-related reports and news on its investigations. The website also hosts the OIG Hotline² where the public can submit allegations of fraud, waste, or abuse involving Department funds, programs, or operations, as well as file whistleblower reprisal complaints. Allegations can be reported in six languages. The OIG Hotline also includes a toll-free phone number (1-800-MISUSED) for the public to report or receive assistance in reporting their allegations to the OIG. The OIG Hotline receives about 300 complaints via email and 200 telephone contacts each month. The OIG also receives over 100 complaints per month through Federal Student Aid's (FSA) feedback system.

The OIG's multidisciplinary workforce is composed of criminal investigators, auditors, inspectors, attorneys, financial and forensic analysts, IT specialists, and other business professionals. This workforce integrates diverse professional skills, tools, and perspectives to review complicated and multi-layered programs, propose impactful recommendations for improving programs and operations, and tackle complex and sophisticated fraud schemes. The OIG uses its workforce strategically to promote efficiency and effectiveness in Department programs and operations, and to address fraud and abuse through prevention, detection, and, when necessary, enforcement.

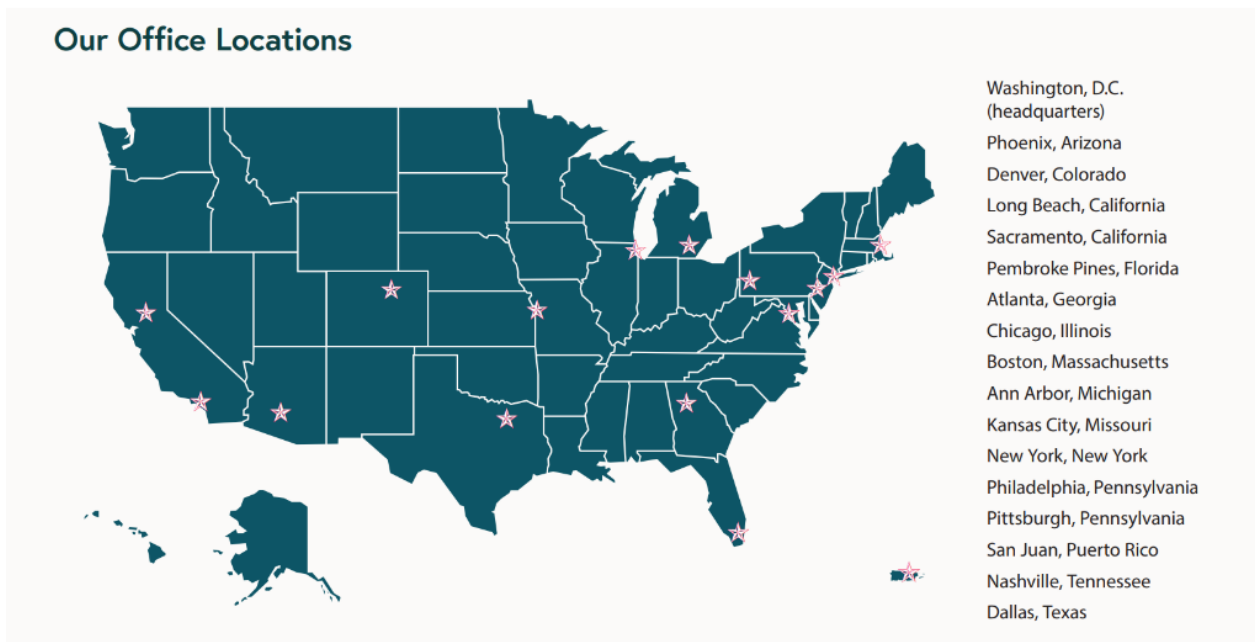
As of this submission date, the OIG conducts its work via 17 office locations³ across the country. However, due to significant financial challenges facing the OIG, the OIG initiated an effort in fiscal year 2023 to reduce space at several of its offices to reduce cost and sustain its staff. The OIG identified six offices to decommission and move to low cost or no cost shared space with other agencies beginning in 2024 and seven offices for space reduction during fiscal year 2025. In fiscal year 2025, the OIG anticipates about 40 percent of the OIG staff will be assigned to the OIG's headquarters in Washington, D.C., and 60 percent of its staff will be assigned to one of its regional offices.

¹ <https://oig.ed.gov/>

² <https://oig.ed.gov/oig-hotline>

³ https://oig.ed.gov/sites/default/files/document/2023-06/oig-regional-offices-june-2023_0.pdf

OFFICE OF INSPECTOR GENERAL



The OIG is composed of six components: the Immediate Office, Audit Services, Investigation Services, Technology Services, Legal Services, and Management Services. The following pages provide more information about these components and their work.

Immediate Office of the Inspector General

The Immediate Office of the Inspector General is responsible for the coordination and oversight of the OIG's mission. In addition to providing overall leadership and setting the direction of the OIG, the Immediate Office also provides internal management support; Congressional, media, and public liaison; communications services; oversight of external reporting of activities; and the organization's diversity, equity, inclusion, and accessibility efforts. The Immediate Office is composed of the Inspector General, the Deputy Inspector General, and their executive staff along with three direct report offices: the Quality and Integrity Group, Congressional and Communications Services, and the Chief Diversity Officer.

Quality and Integrity Group

The Quality and Integrity Group provides internal oversight of the OIG and its employees, ensuring compliance, accountability, and ongoing improvement throughout the organization. Organizationally structured within the Immediate Office, the Quality and Integrity Group is independent of other IG components. The Quality and Integrity Group conducts internal quality assurance reviews and internal control assessments of OIG activities, conducts internal investigations into allegations of misconduct by OIG personnel, and facilitates the OIG's enterprise risk management activities.

Congressional and Communications Services

Congressional and Communications Services coordinates communications between the OIG and the Congress, the media, and the public. Congressional and Communications Services produces materials for external and internal audiences, manages the OIG

OFFICE OF INSPECTOR GENERAL

public-facing website and social media accounts (Facebook/Meta, Twitter/X, and LinkedIn), and produces the OIG's Eye on ED podcast. Congressional and Communications Services also provides editing, writing, and graphic design services to all OIG components and facilitates OIG internal communications and events.

Chief Diversity Officer

The Chief Diversity Officer leads the OIG's effort to ensure integration of diversity, equity, inclusion, and accessibility into its business processes, building an inclusive workplace environment, and retaining, developing, advancing, and recruiting a diverse and talented OIG team.

Audit Services

Audit Services is responsible for audit and other related activities aimed at improving Department programs and operations, including Federal student aid, K–12 schools, charter schools, special education, vocational education, adult education, and more. Audit Services conducts internal and external audits, inspections, and quick response work designed to improve Department programs and operations. When Audit Services identifies problems, it proposes solutions to help ensure Department programs and operations run as effectively and efficiently as possible. Audit Services also recommends changes needed in Federal laws and the implementation of regulations. The work of Audit Services, often conducted at the request of the Congress, can have a significant impact on some of the most important Federal education laws in the country, including the Higher Education Act, the Elementary and Secondary Education Act, and the Individuals with Disabilities Education Act.

Investigation Services

Investigation Services is composed of law enforcement professionals who conduct criminal and civil investigations involving Department programs, operations, and funds. Investigation Services' special agents investigate suspected fraudulent activities by Department employees, contractors, grant recipients, and school officials—in essence any entity or individual that awards, disburses, receives Department funds or participates in its programs. Investigation Services also investigates cybercrime affecting and involving the use of Department IT systems. In addition, Investigation Services maintains the OIG Hotline, and operates a full-time, state-of-the-art computer laboratory for conducting and coordinating digital forensic and data analysis. Investigation Services also conducts outreach and fraud awareness briefings with strategic partners and collaborates with other OIG components to develop appropriate actions to identify programs vulnerable to fraud.

Technology Services

Technology Services leverages technology to provide products and services that enhance and advance the OIG's mission. Technology Services conducts IT audits and security reviews, such as the OIG's annual Federal Information Security Modernization Act (FISMA) audit, which identify risks and offer recommendations to improve the Department's management of its IT systems. Technology Services also provides data analytics in support of the OIG audits, inspections, and investigations, and it maintains the OIG's systems, IT infrastructure, and security posture.

OFFICE OF INSPECTOR GENERAL

Legal Services

Legal Services manages the OIG’s legal, ethics, and Freedom of Information Act programs. Legal Services’ attorneys provide advice and assistance to the Inspector General and OIG staff on a full range of subjects, including Federal education law; administrative, criminal, and civil law and procedure; civil False Claims Act matters, and mandatory National Defense Authorization Act reprisal investigations. Its attorneys represent the OIG in administrative litigation before the Merit Systems Protection Board and the Equal Employment Opportunity Commission. OIG attorneys review OIG audit, inspection, and other reports, administrative subpoenas, memoranda, policy, contracts, agreements, and personnel actions issued or entered by the OIG for legal sufficiency and compliance with Federal statutes and regulatory requirements. OIG attorneys also provide oral or written legal opinions and guidance to OIG staff on Department programs and OIG operations. They also administer the Federal ethics program for OIG staff and act as liaison to the U.S. Department of Justice and U.S. Attorney’s Office in criminal and civil matters.

Management Services

Management Services provides administrative and management support to the Inspector General and all OIG components. Management Services also formulates, executes, and oversees the OIG budget; develops and maintains administrative and management policy and procedures; performs human resource support activities; performs facilities and properties management duties; and fulfills the OIG’s external reporting requirements relating to business support operations.

Funding levels for the past 5 fiscal years were:

Fiscal Year	(dollars in thousands)
2020	63,000
2020 CARES Act	7,000
2021	63,000
2021 CRRSA Act	5,000
2021 ARP Act	5,000
2022	63,000
2023	67,500
2024 Annualized CR	67,500

FY 2025 BUDGET REQUEST

For fiscal year 2025, the Administration requests \$77.497 million for the Office of Inspector General, \$9.997 million more than a fiscal year 2024 annualized CR based on the fiscal year 2023 appropriation to provide independent, objective oversight of the Department’s operations and programs. The requested funding level includes \$3.0 million in no-year funding to allow for much-needed flexibility to cover frequent, unanticipated year-end expenses and any cost overruns associated with the required IT modernization upgrades. The \$77.497 million includes \$53.9 million (70 percent) necessary for personnel benefits and compensation, \$14.3 million (18 percent) for overhead expenses, and \$9.2 million (12 percent) for other non-personnel expenses such as maintaining and securing OIG’s four IT systems.

OFFICE OF INSPECTOR GENERAL

At the fiscal year 2025 requested funding level, the OIG will have the ability to cover increased operational cost and fund 238 full-time equivalent (FTE) employees, which would allow us to backfill positions left vacant during our limited hiring freeze. The \$77.497 million includes \$6.6 million to cover increased personnel costs, \$1.6 million to cover IT equipment; \$1.1 million in IT support; and \$0.7 million in other services which will allow the OIG to sustain its audit, inspection, and investigative efforts in providing oversight of the Department's expanding and diverse programs, operations, and funding.

With this fiscal year 2025 request, the OIG would have resources to endure the OIG's increased operational cost to perform oversight coverage. Specifically, this fiscal year 2025 budget request will provide base funding for the OIG to:

- sustain FTE numbers despite increased operational costs, which include costs associated with common support and general personnel and on-personnel services;
- absorb increases in overhead not executed by the OIG such as rent, telecommunication, interagency agreements, and centralized IT services;
- upgrade the OIG's four IT systems continue to meet information management and security requirements, ensuring that sensitive, nonpublic information is secure and handled in compliance with all relevant Federal laws, policies, and standards;
- sustain data analytics capabilities to identify potential criminal activity and trends across multiple programs and to support OIG investigative efforts to prosecute bad actors;
- conduct all mandatory audit-related assignments and continue discretionary oversight coverage into key management challenge areas, including, data quality and reporting, oversight and monitoring of student financial assistance programs and grantees, and IT security;
- cover the cost to continue the OIG's oversight of the Department's administration and implementation of programs, totaling more than \$200 billion, under the pandemic relief laws to assist States, public and nonpublic schools, and school districts in meeting the needs of students and addressing allegations of wrongdoing reported to the OIG Hotline after the supplemental funding is depleted; and
- cover the cost for OIG's investigators to engage in geographic areas where limited resources in recent years have curtailed access but where the OIG believes fraud exists at the same level as other States, as well as those areas where U.S. Attorney's Offices have expressed significant interest in working on education-related fraud matters.

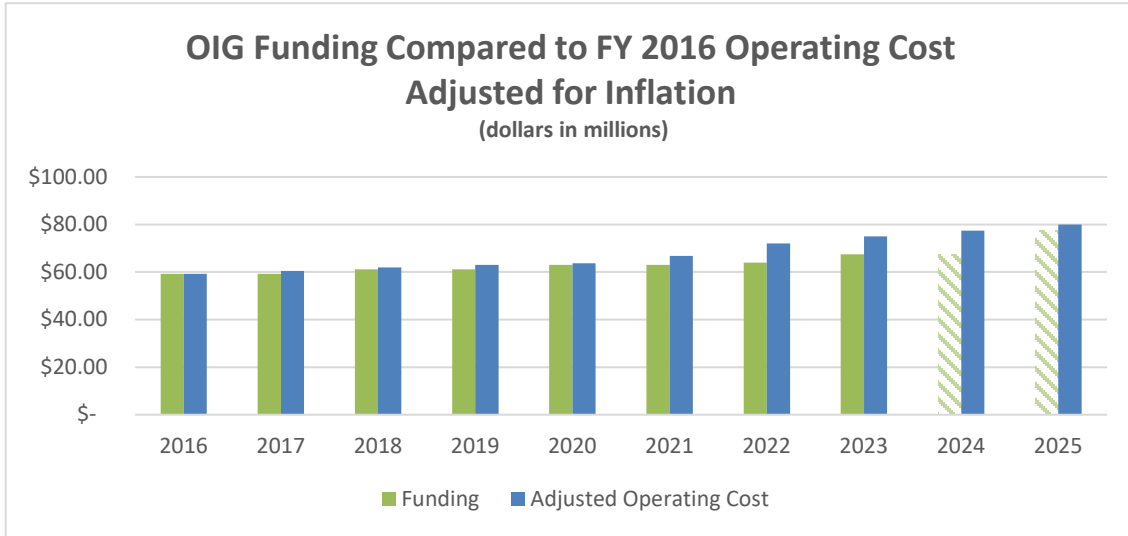
Without the fiscal year 2025 request of \$77.497 million, the OIG would be forced to:

- consider additional personnel costs reduction measures, such as furloughs, to offset increased operational costs;
- curtail pandemic-related work after the depletion of supplemental funds during the first quarter; and
- reduce the amount, scope, and geographical areas of oversight coverage.

In addition, the OIG would have limited resources to address stakeholder concerns, emerging areas of risk, and new Department programs or responsibilities.

OFFICE OF INSPECTOR GENERAL

Since fiscal year 2016, the OIG’s appropriation has not grown sufficiently to keep pace with the increased operating costs caused by inflation and personnel costs. (See figure below.) As a result, the OIG has had to reduce its operations to account for the funding shortfall.

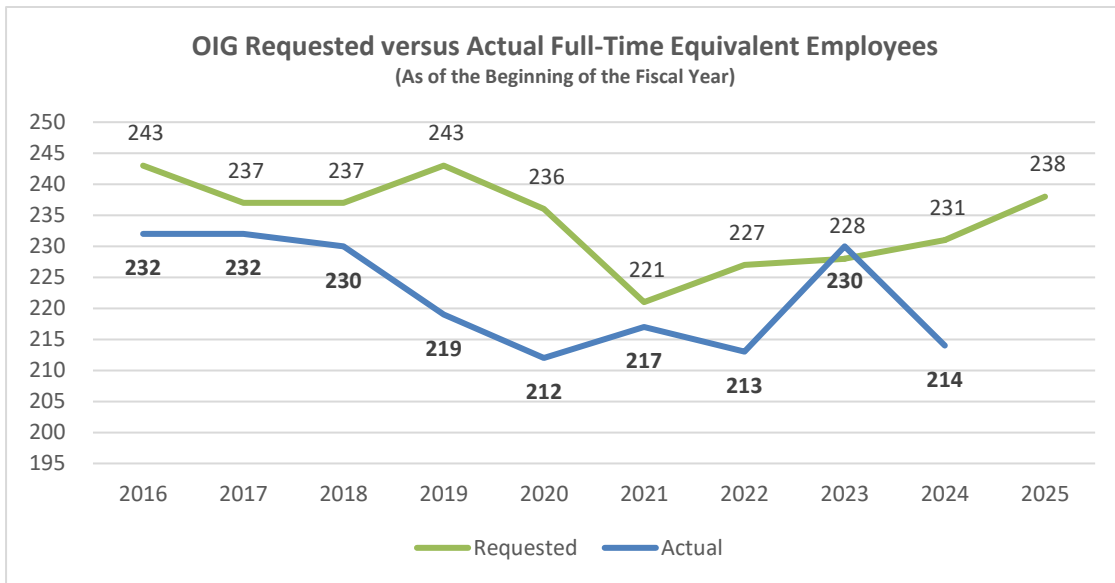


Fiscal Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Funding	\$59.2	\$59.2	\$61.1	\$61.1	\$63	\$63	\$64	\$67.5	\$67.5	\$77.5
Adjusted Operating Cost	\$59.2	\$60.4	\$61.9	\$63	\$63.7	\$66.7	\$72.1	\$75.1	\$77.5	\$75.5 ¹

Since fiscal year 2019, the OIG has operated at levels far less than it planned due to reduced funding (see figure below), impacting OIG’s ability to fully meet the demands for services. In fiscal year 2022, the receipt of supplemental funds during fiscal year 2021, afforded OIG the opportunity to increase its FTEs to provide more oversight of the billions of dollars that were allocated to assist States, K–12 schools, school districts, and institutions of higher education in meeting their needs and the needs of their students. However, because of the funding shortfall in fiscal year 2023, the OIG had to reduce FTEs and implement limited hiring freezes to maintain its operations.

¹ Due to the inflation rate not being available for fiscal year 2024, we flat lined the adjusted operating cost in fiscal year 2025.

OFFICE OF INSPECTOR GENERAL



In addition to reducing FTE level, the OIG has had to implement several cost-saving efforts to sustain operations in fiscal year 2023 that will continue throughout fiscal year 2024. These efforts included a hiring freeze with very limited exceptions; significant reductions in travel for staff to locations outside their immediate areas except for mission-critical assignments, such as special agents conducting investigative activities (e.g., conducting interviews, executing search and arrest warrants, and testifying at trials); limited paid trainings for staff unless required under professional standards or other policy for staff to conduct their work; the cancellation of or reductions in contracts to cover the minimal level necessary that support vital operations or for services required by statute, regulation, or guidance and the decommissioning or decreasing footprint of OIG offices.

In fiscal year 2025, a \$77.497 million appropriation represents a much-needed investment in the OIG's personnel and operations to provide oversight of critical areas of risk to the Department's programs and the students and others who benefit from them. This includes a slight increase in our FTE level, key to the OIG conducting the essential oversight work described in the OIG Response and Oversight section of this request, required funding for operational cost to maintain and secure the OIG's four IT systems; travel to carry out its work throughout the country; training to maintain a highly skilled workforce; address telecommunications requirements ahead of office moves; cover anticipated and unanticipated increases in contractor support for our most complex statutory audits; and address rising costs associated with IT security and data analytics.

Critical Risks Facing the Department

The OIG must focus its resources on the most critical risks to the Department, as they could expose the Department or the public it serves to misuse of funds, public corruption, distance education fraud, network intrusion, cybersecurity threats, identity theft, and pandemic funded program frauds. Many of these risks are outlined in the OIG's statutory report on fiscal year 2024 Management Challenges Facing the U.S Department of Education¹, which identified the following seven management challenges the Department faces as it continues its efforts to

¹ <https://oig.ed.gov/sites/default/files/reports/2023-12/Final-Report-FY-2024-Management-Challenges-Facing-U-S-Department-Education-508-Compliant.pdf>

OFFICE OF INSPECTOR GENERAL

promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access:

- 1. Implementing Pandemic Relief Laws for Elementary and Secondary Education.** The implementation of the pandemic relief laws for elementary and secondary education poses challenges for the Department as it must effectively oversee and monitor new grant programs and ensure that quality data are reported. The Department was provided with more than \$200 billion under three major pandemic relief laws to assist States, public and nonpublic schools, and school districts in meeting their needs and the needs of students impacted by the pandemic. In addition to its pandemic relief-related oversight responsibilities, the Department must also oversee more than 100 other grant programs.
- 2. Implementing Pandemic Relief Laws for Higher Education.** Implementation of the pandemic relief laws for higher education poses challenges for the Department as it must effectively oversee and monitor more than \$76 billion for the Higher Education Emergency Relief Fund, implement additional student financial assistance program requirements, and ensure that quality data are reported. In addition to these responsibilities, the Department must oversee existing higher education grant programs, Federal student loan programs, and the Federal student loan portfolio.
- 3. Oversight and Monitoring of Student Financial Assistance Programs.** FSA disburses about \$112 billion in Federal student aid to some 10 million individuals each year and manages or oversees an outstanding loan portfolio valued at more than \$1.6 trillion. FSA also oversees approximately 5,400 postsecondary institutions that participate in the Federal student aid programs. In fiscal year 2023, FSA performed these functions with an administrative budget of approximately \$2 billion and about 1,400 employees, along with contractors that provide outsourced business operations. With the size, scope, and financial outlay involved in the Federal student aid programs, the importance of effective oversight and monitoring of its programs, operations, and funding is vital.
- 4. Oversight and Monitoring of Grantees.** Effective oversight and monitoring of the Department's programs and operations are critical to ensure that funds are used for the purposes intended and programs are achieving goals and objectives. This is a significant responsibility for the Department given the numbers of different entities and programs requiring monitoring and oversight, the amount of funding that flows through the Department, and the impact that ineffective monitoring could have on stakeholders. The Department administers more than 100 grant programs that annually serve about 55 million elementary and secondary students attending 98,000 public schools and 30,000 private schools, many of these programs also serve other types of students, extending from early learning through adult education.

The Department awards discretionary grants using competitive processes and priorities, and formula grants using formulas established by Congress. In all cases, the Department's activities are governed by the program authorizing legislation and implementing regulations. One of the key programs that the Department administers is Title I, Part A, which provided about \$18.3 billion in fiscal year 2023 for local programs that provide extra academic support to help an estimated 25 million students in high-poverty schools meet State academic standards. Another key program is Individuals with Disabilities Education Act, Part B Grants to States, which provided more than

OFFICE OF INSPECTOR GENERAL

\$14.2 billion in fiscal year 2023 to help States and school districts meet the special educational needs of an estimated 7.5 million students with disabilities.

5. **Data Quality and Reporting.** The Department collects data from numerous sources, including States, postsecondary institutions, and surveys of private schools, public elementary and secondary schools, students, teachers, and principals. The Department, its grantees, and its subrecipients must have effective controls to ensure that reported data are accurate and complete, as it relies on program data to evaluate program performance and inform management decisions.
6. **Improper Payments.** “Improper payments” are payments the government makes to the wrong person, in the wrong amount, or for the wrong reason. Although not all improper payments are fraudulent or represent a loss to the government, all improper payments degrade the integrity of government programs and compromise citizens’ trust in government. The Department must ensure that the billions of dollars entrusted to it reach the intended recipients. In fiscal year 2023, the Department identified the Federal Pell grant, Direct Loan, Title I, Education Stabilization Fund, and Special Education Grants to States for Education of Children with Disabilities programs as being susceptible to significant improper payments.
7. **IT Security.** The Department’s systems house millions of sensitive records on students, their parents, and others, and are used to process billions of dollars in education funding. These systems are primarily operated and maintained by contractors and are accessed by thousands of authorized people (including Department employees, contractor employees, and other third parties such as school financial aid administrators). According to information on ITDashboard.gov, the Department expects to spend more than \$1 billion on IT for fiscal year 2024. Considering increased occurrences of high-profile data breaches (public and private sector), the importance of safeguarding the Department’s information and information systems cannot be understated. Protecting this complex IT infrastructure from constantly evolving cyber threats is an enormous responsibility and challenge.

OIG Response and Oversight

This fiscal year 2025 budget request provides the OIG with opportunities to focus its oversight efforts on high-risk areas and maintain its ability to provide oversight of the Department’s programs, operations, and funding. Should the OIG receive the fiscal year 2025 requested funding level of \$77.497 million, \$3 million in no-year funding, it could absorb the increased costs noted above and support an FTE level of 238. The fiscal year 2025 budget request would allow the OIG to respond to efforts in what we see to be critical risks facing the Department (see section Critical Risks Facing the Department) with the following oversight and activities:

Pandemic Relief Aid Oversight

In fiscal years 2020 and 2021, the OIG received \$17 million (\$10 million in no-year funding) to carry out its pandemic relief aid oversight work. This funding was authorized and appropriated via the Coronavirus Aid, Relief, and Economic Security¹ (CARES) Act (\$7 million), the Consolidated Appropriations Act, 2021-Coronavirus Response and

¹ <https://www.congress.gov/116/plaws/publ136/PLAW-116publ136.pdf>

OFFICE OF INSPECTOR GENERAL

Relief Supplemental Appropriations Act¹ (\$5 million), and the American Rescue Plan² (\$5 million). The OIG's CARES Act funding expired at the end of fiscal year 2022, and the OIG is on course to expend the remainder of this supplemental funding by the first quarter of fiscal year 2025. Although the OIG will largely have completed the audit, inspection, and related work planned for the funding by that time, there will be audit-related and investigative work still to do. This may include audit, inspection, and related work involving external entities where closer scrutiny may be needed, and criminal investigations often occur (and extend) long after the Department's obligation of the funding and grantee and subgrantee spending. For example, we know there is tremendous interest in the Congress, the press, and the public in schools' use of Elementary and Secondary School Emergency Relief (ESSER) funds, which school districts will continue to spend into the 2024–2025 school year. This means that the OIG should conduct ESSER work well into fiscal years 2025 and 2026 to review how those funds were spent. Investigations wise, complex fraud schemes can take several years to develop and investigate, with additional time needed for investigative support to the Department of Justice during the prosecution, which will also run well beyond fiscal year 2025. Further, due to the limited ability to receive subrecipient data specific to pandemic relief aid, the OIG invested in advanced analytical tools and intelligence to identify risks associated with pandemic relief aid programs to prioritize our oversight activities. We may need to direct \$800,000 of our annual appropriations to maintain these important tools.

Since fiscal year 2020, the OIG has relied on supplemental funding to sustain a team of as many as 26 temporary and rehired annuitants to help carry out our pandemic oversight work. As our supplemental funding is expended and their term agreements expire, these employees are leaving the OIG. At present, only two remain. As a result, the OIG will need to rely on its base FTE and funding to carry out its remaining pandemic oversight work. In fiscal year 2025, the OIG will no longer have access to the resources provided by the temporary and rehired annuitants. As such, the OIG fiscal year 2025 appropriation must be at a level where it can increase FTE levels to at least its fiscal year 2023 levels so that it can continue its oversight work in the absence of supplemental appropriations-funded term employees.

Audit and Inspection Capabilities

For the last 8 years, the OIG has completed about 23 audit-related reviews annually, including inspections. However, many of these products, such as financial statement, IT security, and improper payment audits, are required to be completed annually with additional oversight reviews conducted periodically by statute. The need to perform these mandated reviews have limited the number of discretionary assignments we can conduct in a fiscal year. Further, as the OIG focused its limited discretionary work in areas posing the most significant risk or impact to the Department, it left several programs and operations free from OIG oversight that could result in the Department strengthening controls to address weaknesses and reduce opportunities for fraud. Due to our staffing limitations, the OIG has not been able to take on the unplanned, high priority assignments often requested by its stakeholders in a timely manner without postponing or canceling other priority work. This is unacceptable for an organization with the financial and programmatic responsibilities of the Department. With our present

¹ <https://www.congress.gov/bill/116th-congress/house-bill/133/text>

² <https://www.congress.gov/bill/117th-congress/house-bill/1319/text>

OFFICE OF INSPECTOR GENERAL

financial posture and outlook, continued hiring freezes and not backfilling positions as they become vacant, it is only with an increase in our fiscal year 2025 budget that the OIG will have the opportunity to increase—albeit even slightly—its level of oversight and audit-related capabilities needed to oversee an agency with the financial and programmatic responsibilities of the Department. With the additional staff included in the fiscal year 2025 request, the OIG will be able to backfill staff and

- more effectively cover multiple external entities (such as States) simultaneously and complete work in a timelier fashion.
- continue audit and inspection coverage of emerging areas and programs and operations with heightened risk; and
- conduct audit, inspection, and investigative work to cover the following priorities and high-risk areas.
 - **Student Financial Assistance Programs**
 - **Contractors.** FSA relies heavily on contractors to operate its computer systems and perform many of the functions necessary to process, award, service, and account for student aid. The OIG has consistently identified problems with FSA’s contract oversight. Planned and ongoing work includes FSA’s implementation of the Student Aid and Borrower Eligibility Reform Initiative and FSA’s transition plans for Business Process Operations vendors.
 - **Postsecondary Institutions.** The OIG may conduct audits and inspections of proprietary, nonprofit, and public schools. The interests of schools may not always align with the purposes of the Federal student financial assistance programs and could harm students and lead to the misuse of Federal funds. This may include work based on referrals from program offices or program participants, hotline allegations, or other information that indicates specific institutions warrant review.
 - **Oversight and Monitoring of Student Financial Assistance Program Participants.** The OIG’s audits and inspections of FSA’s oversight of program participants, schools, lenders, and servicers have consistently identified weaknesses. Planned and ongoing work includes FSA’s oversight of institutions of higher education reporting of foreign gifts and contracts under Section 117, the Department’s assessment, and recoupment of liabilities from closed colleges, FSA’s implementation of its Unified Servicing and Data Solution and student borrowers’ return to repayment. Additional work may also include areas such as student loan forgiveness, the Free Application for Federal Student Aid, and higher education rules.
 - **Postsecondary Grant Programs**
 - **Student Support Services Program.** The Student Support Services Program is intended to increase the number of disadvantaged low-income college students, first-generation college students, and college students with disabilities in the United States who successfully complete a program of study at the postsecondary level. Planned work includes a review of the Department’s related risk assessment and monitoring processes.
 - **State and Local Programs**
 - **Every Student Succeeds Act (ESSA).** ESSA reauthorized the Elementary and Secondary Education Act. ESSA is a departure from its predecessor, as it provides States with more flexibility and control over education policy.

OFFICE OF INSPECTOR GENERAL

- Planned and ongoing work includes reviews of States' implementation of their ESSA State plans, focusing specifically on Statewide accountability systems and required assessments, and the Department's oversight processes to ensure that the plans are being followed.
- **Safe and Supportive Schools.** The Department's Office of Safe and Supportive Schools administers, coordinates, and recommends policy as well as administers grant programs and technical assistance centers addressing the overall safe and health school community. Planned work includes a review of the Department's monitoring of the School-Based Mental Health Services program.
 - **School Support and Accountability.** The Title I, Part D program is intended to improve educational services for individuals in local and State institutions for neglected or delinquent children and youth, provide services needed for individuals to make a successful transition from institutionalization to further schooling or employment, and prevent at-risk youth from dropping out of school. Ongoing work includes a review of selected States' programmatic oversight activities.
 - **Bipartisan Safer Communities Act.** Among other programs and activities, this Act included \$1 billion to establish safer and healthier learning environments, and to prevent and respond to acts of bullying, violence, and hate that impact school communities at individual and systemic levels. The Department designated this component of the Act as the Stronger Connections Grant Program. Planned work includes an assessment of the Department's processes process to review recipients' Stronger Connections programmatic reporting.
- **Departmental Operations**
 - **Financial Statements Audit.** In accordance with the Inspector General Act of 1978, as amended, and the Chief Financial Officers Act of 1990, as amended, the OIG oversees the financial statement audits. The audits examine and analyze account balances, review applicable financial systems, and evaluate internal controls and compliance with certain laws, regulations, contracts, and grant agreements. The audits also assess the fair presentation of the financial statements, make recommendations for improving financial management and accountability, and identify areas requiring further review by management. For the last 2 years, the auditors issued a disclaimer of opinion on both the Department's and FSA's financial statements. This is significant as the auditors were unable to obtain sufficient appropriate audit evidence on which to base the opinion, thus the possible effects on the financial statements of undetected misstatements, if any, could be both material and pervasive.
 - **FISMA.** Title III of the E-Government Act, the Federal Information Security Management Act of 2002, as amended by FISMA, requires inspectors general to perform independent evaluations of the effectiveness of their agency's information security programs. The requested funding will result in reports on the effectiveness of general and technical IT security controls of the Department's mission-critical and support systems and the Department's overall information security plans, programs, and practices. Recent FISMA reviews found that the Department's security program and practices were operating at an effective level of security; however, our FISMA reviews continue to identify areas needing improvement.

OFFICE OF INSPECTOR GENERAL

- **Improper Payments.** The Payment Integrity Information Act of 2019 requires each agency's inspector general to determine the agency's compliance with the statute for each fiscal year. As part of this review, the OIG also evaluates various actions concerning improper payments taken by the agency. Our recent reviews have found that the Department reported improper payment and unknown payment estimates for several of its programs, and its estimates for others were not reliable.
- **Non-Federal Audit Activities**
 - The Inspector General Act of 1978, as amended, requires that inspectors general take appropriate steps to ensure that any work performed by non-Federal auditors complies with Government Auditing Standards. To fulfill these requirements, the OIG performs several activities, including conducting desk reviews and quality control reviews of non-Federal audits, providing technical assistance, and issuing audit guides to help independent public accountants or audit organizations performing audits of participants in the Department's programs.

Criminal, Civil, and Administrative Investigations

The OIG strives to investigate all allegations of fraud, corruption, and other criminal activity involving the Department's funds and programs. Due to staffing limitations, the OIG has focused its efforts on statutory investigations (i.e., whistleblower reprisal complaints) and matters of the highest priority that would have the most significant impact on the Department's programs and operations. This fiscal year 2025 budget request would allow the OIG to hire additional criminal investigators so it can expand the investigative caseload and coverage, including the following:

- Investigative outreach to geographic areas where it has not been in recent years, but where it believes fraud exists at the same level as other States. The additional funding will allow the OIG to focus its efforts both in disadvantaged socioeconomic areas where education funds are disbursed and in areas where U.S. Attorneys have expressed significant interest.
- Optimize data analytics and improve its ability to identify and combat new and emerging high-tech fraud schemes.
- OIG investigative reach and efforts will increase in the following high-risk areas:
 - **Postsecondary Education Fraud.** The OIG will continue its focus on fraud involving postsecondary education, which have long represented the largest concentration of education program dollars at risk. Recent examples of this type of fraud included a nurse practitioner who was charged in a \$10 million, Total and Permanent Disability fraud scheme, and a school owner who agreed to pay \$1 million to settle allegations that they improperly influenced the school's Student Loan Default Rate.
 - **Elementary and Secondary Education Fraud.** The OIG will continue its focus on allegations of bribery and theft involving State and local public-school officials. Although this fraud is not new, the OIG is seeing new types of schemes, such as Alabama school officials who engaged in a scheme to defraud the State's virtual education program about \$4.9 million. With the additional opportunities for States and schools to utilize Department funding for construction and tutoring contracts, the OIG would be better positioned to assist stakeholders in identifying and preventing,

OFFICE OF INSPECTOR GENERAL

fraud in these areas. This would also include fraud investigations involving charter schools, where the OIG has long identified vulnerabilities to fraud.

- **Distance Education Fraud.** The OIG will continue to take on criminal investigations involving fraud resulting from the vulnerabilities associated with the delivery of distance education, rather than limiting its efforts on those cases with the most significant financial loss. For the last several years, it has referred to the Department distance education matters not investigated by the OIG, totaling more than \$14.9 million in potential fraud.
- **Network Intrusion and Cybercrime.** As the Department's data systems house the personally identifiable information of millions of student loan borrowers and their families, the OIG will continue to prioritize efforts to detect intrusions and unauthorized access into the Department's systems and criminal misuse of the Department's systems and electronic data. Further, the OIG will continue its investigative efforts with Federal and State prosecutorial partners in identifying and prosecuting unscrupulous individuals and entities that misuse Department data systems for criminal purposes, such as third-party debt relief companies. At the fiscal year 2025 requested level, the OIG will be able to employ new tools and techniques to identify new and emergency threats and conduct advanced digital forensics in support of high-technology investigations.
- **Pandemic Relief Aid Investigations.** As noted above, although the OIG's supplemental pandemic appropriation is expected to be depleted by the first quarter of fiscal year 2025, its work, however, will not, most notably its investigative work. The OIG must continue to detect fraud and conduct criminal investigations resulting from vulnerabilities associated with the diversion of pandemic relief aid funds or the illegal interference with the Department's ability to effectively provide authorized assistance. In fiscal year 2023, the OIG conducted 54 preliminary inquiries that involved pandemic relief funding and currently have 34 open investigations.

OIG Hotline

Investigation Services also maintains the OIG Hotline, which is statutorily required and provides an opportunity for the public to report suspected fraud, waste, and abuse involving Department programs, operations, and funding. Allegations can be reported in six languages. The OIG Hotline includes a toll-free phone number (1-800-MISUSED) for the public to report or receive assistance in reporting their allegations to the OIG. The OIG Hotline receives about 300 complaints via email and 200 telephone contacts each month. The OIG also receives over 100 complaints per month through FSA's feedback system.

IT Security, Oversight, and Data Analytics

Along with being able to continue IT security-related reviews, the OIG will be able to the following:

- Conduct additional data analytics projects to proactively identify criminal activity impacting the Department's programs, examine the effectiveness of its programs, and proactively identify misuse, theft, and other criminal activity involving the Department's funds.
- Conduct more robust vulnerability assessments to greatly increase the OIG's ability to identify and report security threats against the Department's IT infrastructure. Protect against the loss or compromise of sensitive information.

OFFICE OF INSPECTOR GENERAL

- Expand predictive analytics capabilities to proactively identify fraud, waste and abuse and detect illegal electronic financial transactions, including unauthorized payment requests, ineligible program participants, and program abuse and fraud.
- Produce additional IT-related audits and inspections involving Department data systems and security functions, such as incident response and contract oversight, as well as breach notification procedures at institutions participating in the Federal student aid programs and housing Departmental data.

Review of Proposed Regulations and Initiatives

The OIG reviews changes the Department proposes to make to its program directives, such as regulations, internal operating procedures, and agency policy notices. Drawing from its prior work, OIG comments on the proposals to promote more effective controls to deter waste, fraud, and abuse.

Unplanned Assignments

The OIG must always be prepared to dedicate resources to address new or emerging risks or new Departmental programs and responsibilities. For example, in fiscal year 2022, the Congress passed, and the President signed into law the Bipartisan Safer Communities Act. The law provides the Department with more than \$2 billion for the School Improvement Programs and Safe Schools and Citizenship Education program, along with new reporting, and other responsibilities. It did not include supplemental funding for the OIG to conduct oversight work related to the programs and funding related thereto. This means that the OIG needs to rely on its annual appropriation to conduct audits, inspections, investigations, or other oversight work specific to the law. Further, the OIG must be prepared to conduct unplanned work to address stakeholder concerns, emerging areas of risk, or new Department programs or responsibilities. Without additional appropriations, the OIG will not have sufficient resources to conduct unplanned work without impacting other ongoing or planned priority work.

Mission Support Activities

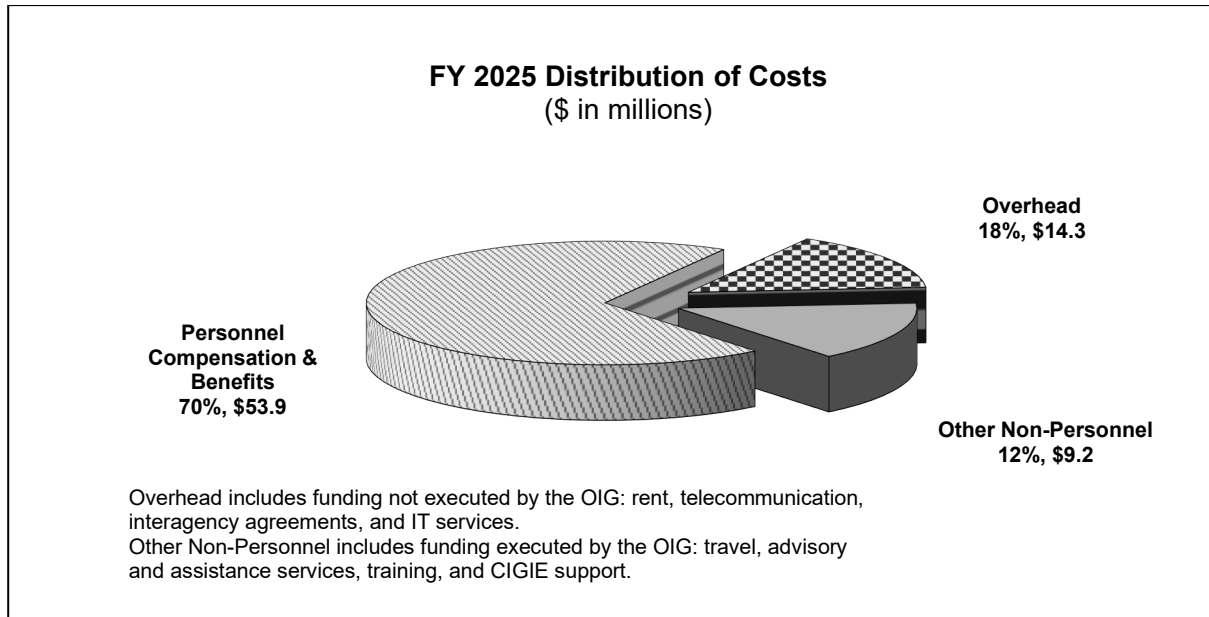
Although auditors and investigators tend to get the spotlight, their efforts are supported by a team of professionals who assist in carrying out the OIG's work. This includes legal staff, management, business, and communications professionals. Over the last several years, due to budget constraints, the OIG has implemented an across-the-board hiring freeze, and was unable to backfill positions as they became vacant. This has had an impact on its mission support activities where the OIG has not been able to hire many new staff. As such, some of its mission support staff have said they felt overburdened and left the OIG for better opportunities. Without sufficient mission support staff, the OIG runs the risk of delays and reduction in its overall output and limits the OIG's ability to implement internal improvements. At this fiscal year 2025 budget request, the OIG will have the opportunity to bring new and much-needed mission support staff on board and reduce the risk of overburdening its staff and causing them to leave the OIG for better opportunities. The OIG would have the ability to hire mission support staff in areas where it currently has only one person conducting the work, and areas where existing staff take on additional responsibilities, such as internal and external communications and website management. This lack of an adequate number of trained staff or a "bench" if you will, puts tremendous pressure on existing staff who handle these activities in addition to their regular responsibilities, leaving the OIG unable to fulfill these tasks in a timely manner

OFFICE OF INSPECTOR GENERAL

when the staff member conducting this work is out of the office. Further, with additional mission support staff, the OIG would be able to enhance internal programs, like the quality assurance program and the enterprise risk management program. These programs help ensure the efficiency, effectiveness, and reliability of OIG products and services.

FY 2025 Distribution of Costs

The chart below is a summary and breakdown of the OIG's distribution costs for fiscal year 2025.



Personnel Compensation and Benefits Costs

For fiscal year 2025, the OIG requests \$53.946 million for Personnel Compensation and Benefits, which is the OIG's greatest operating costs (70 percent of the OIG budget). At this funding level, the OIG will be able to afford 238 FTEs. The Personnel Compensation and Benefits amount includes a proposed 2.0 percent cost of living increase and law enforcement availability pay (required by 5 U.S.C. § 5545a) for criminal investigators who are required to be available during hours that are not part of the regular work week.

Overhead

Overhead is the OIG's second largest costs (18 percent of the OIG budget). The fiscal year 2025 budget request includes \$14.317 million for anticipated overhead costs and departmental centralized services. Rent and the Department's IT contract uses about 82.82 percent of the centralized services resources. The IT services and contracts amounts are primarily for the Department's IT contracts, which cover equipment, telecommunications, processing services, network support, end-user support, maintenance, and improvements. Other items included in overhead costs are interagency agreements for services such as payroll processing, guard services, and background security investigations.

OFFICE OF INSPECTOR GENERAL

Departmental Centralized Services
(dollars in thousands)

Item	2024 Annualized CR	2025 Request	Change
Rent	\$5,497	\$5,022	-\$475
Central IT	5,671	6,628	+957
Other Central Support	1,824	2,667	+843
Centralized Services Total	12,992	14,317	1,325

Other Non-Personnel Costs

For fiscal year 2025, the OIG requests \$9.277 million for Other Non-Personnel, \$2.012 million more than the fiscal year 2024 Base. This represents 15.72 percent of the OIG’s overall budget including travel, training, goods, and services from shared Federal services, IT needs that are not covered by the Department’s centralized services, and other services.

Other Non-Personnel Costs
(dollars in thousands)

OIG Activity	2024 Annualized CR	2025 Request	Change
Rent	\$546	\$686	\$140
Central IT	0	12	12
Other Central Support	87	100	13
Rent	13	12	-1
Central IT	0	1	1
Other Central Support	0	0	0
Rent	2771	2733	-38
Central IT	189	198	9
Other Central Support	407	435	28
Rent	3	28	25
Central IT	56	132	76
Other Central Support	2805	2914	109
Rent	339	1926	1587
Central IT	49	100	51
Other Central Support	0	0	0
Other Non-Personnel Costs Total	7,265	9,277	2,012

Travel

For fiscal year 2025, the OIG requests \$686,000 for travel, \$140,000 more than the fiscal year 2024 Base. Due to fiscal challenges, the OIG reduced travel for staff in fiscal years 2023 and 2024 except for the most mission-critical assignments, such as special agents conducting

OFFICE OF INSPECTOR GENERAL

investigative activities (e.g., conducting interviews, executing search and arrest warrants, and testifying at trials) in locations outside their immediate areas. The OIG continued conducting nearly all audit work and auditor training virtually, which limits opportunities to develop strong auditee relations and gain insights through on-site observation. With this fiscal year 2025 request, the OIG will be able to see increases in employee travel for audits, inspections, and investigations above that for fiscal year 2023 and fiscal year 2024. This means OIG criminal investigators and auditors will once again be able to conduct in-person outreach with our strategic partners such as the United States Attorney's Offices, examine records at State educational agencies, local educational agencies, schools, other grantees, loan servicers, contractors, and other recipients of Federal education funds.

Transportation of Things

For fiscal year 2025, the OIG requests \$12,000 for transportation of things, which is \$12,000 more than the fiscal year 2024 Base. This funding is needed to support the planned closure and decommissioning of six OIG locations and planned space reduction at five other field offices. The OIG will be tasked with the removal and relocation of investigative equipment.

Communications

For fiscal year 2025, the OIG requests \$100,000 for Communications, which is \$13,000 more than the fiscal year 2024 Base. The additional funding is needed to support the OIG's Washington, DC headquarters scheduled move from leased space at Potomac Center Plaza to the Department Headquarters building. This move requires the OIG to increase the bandwidth for OIG-maintained IT systems and the requested funds support these necessary OIG modernization efforts.

Other Services

For fiscal year 2025, the OIG requests \$2.733 million for Other Services, \$38,000 less than the fiscal year 2024 Base. This funding will support the statutory requirements for the Financial Statements Audit and FISMA and GSA leased vehicles are also covered under this category. Although the OIG decreased the number of vehicles in its fleet in fiscal years 2022 and 2023, the cost of maintaining the remaining vehicles increased. It expects this to be the case in fiscal year 2024 and fiscal year 2025. Further, it anticipates additional fees required by the lessor, known as the Alternative Fuel Vehicle surcharge, continue to rise in fiscal year 2025.

Training

For fiscal year 2025, the OIG requests \$274,000 for training, no increase from the fiscal year 2024 Base. The OIG has initiated a hybrid post-pandemic training plan, utilizing both in person and virtual training methods. This training plan includes training for professional certifications and statutorily mandated, or other required training for the OIG's auditors, investigators, business professionals, and other staff. In accordance with the Inspector General Act, 5 U.S.C. § 406(g)(1), the Inspector General has certified that the amount requested for required training of its staff, including amounts designated for the statutorily required training provided by the Federal Law Enforcement Training Center, the Inspector General Criminal Investigator Academy, and in the Department's centralized services, would satisfy all the OIG's fiscal year 2025 training requirements.

OFFICE OF INSPECTOR GENERAL

Goods and Services from Government

For fiscal year 2025, the OIG requests \$435,000 for Goods and Services from shared Federal sources, \$28,000 more than the fiscal year 2024 Base. Within this request, \$359,000 will cover the OIG's required funding support for the Council of the Inspectors General on Integrity and Efficiency or CIGIE and includes \$76,000 in mission critical interagency agreements covering a variety of services provided by other Federal agencies.

Operations and Maintenance of Equipment

For fiscal year 2025, the OIG requests \$28,000 for Operations and Maintenance of Equipment, which is \$25,000 more than the fiscal year 2024 Base. This funding supports the routine and regular maintenance of law enforcement investigative equipment. OIG investigative personnel maintain an inventory of law enforcement equipment that requires routine and regular maintenance. This equipment must be replaced periodically due to the normal wear and damage from usage. At any time while on duty, law enforcement officers may encounter threats where investigative enforcement equipment is required and outdated or improperly maintained equipment could expose personnel to undue safety risks.

IT Services and Contracts

For fiscal year 2025, the OIG requests \$9,614 million for IT Services and Contracts, which is \$1,097,000 more than the fiscal year 2024 Base. This funding will be used to maintain the OIG's cybersecurity posture and implement new cybersecurity requirements. Additionally, this funding will support the administration, modernization, operation, maintenance, and development efforts for the OIG Data Analytics System and the OIG case management system, and general IT services for investigative, inspection, and audit support. Further, the OIG will adopt the required Federal Government Cloud Smart strategy, which will allow it to develop and optimize its cloud architecture while building a more secure and cost-effective platform for business and data applications.

IT Equipment and Software

For fiscal year 2025, the OIG requests \$1.926 million for IT Equipment and Software, which is \$1.587 million more than the fiscal year 2024 Base. The requested funding is necessary to support the OIG's ongoing IT modernization efforts including the OIG's compliance with Executive Order 14074, "Advancing Effective, Accountable Policing and Criminal Justice Practices to Enhance Public Trust and Public Safety" (EO 14074),¹ most notably, "Sec. 13. Ensuring Appropriate Use of Body-Worn Cameras and Advanced Law Enforcement Technologies." This provision requires Federal law enforcement agencies to publicly post their body-worn camera policies and use the cameras in certain situations, such as serving or executing search and arrest warrants. To meet these requirements, the OIG must invest in and establish a new Federal information system and will need to integrate, maintain, and support the camera systems with other OIG systems.

As the Federal government continues to progress toward implementing stronger IT security controls and protocols, the OIG will have to modernize to manage the vast amount of data analyzed within the agency. Continued investments in the information technology infrastructure

¹ <https://www.whitehouse.gov/briefing-room/presidential-actions/2022/05/25/executive-order-on-advancing-effective-accountable-policing-and-criminal-justice-practices-to-enhance-public-trust-and-public-safety/>

OFFICE OF INSPECTOR GENERAL

is critical for OIG's ability to prepare for and leverage new and emerging technologies and anticipated requirements for Federal agencies, such as those involving artificial intelligence.

Other Equipment

For fiscal year 2025, the OIG requests \$100,000 for Other Equipment, which is \$51,000 more than the fiscal year 2024 Base. This increase will support planned office moves and decommissioning of OIG offices anticipated in fiscal year 2024. The movement of OIG personnel to the main Department's headquarters in Washington, DC will be paid via charge backs from the Department for construction costs above standard cost and security changes required by OIG personnel and system.

Building Alterations

The OIG's fiscal year 2025 budget request does not include funds for the OIG's anticipated expiring leases and construction costs associated with its offices and any other building alteration costs. In fiscal year 2025, the Department plans on covering any such costs using the Nonrecurring Expenses Fund. As such, the Department will be responsible for covering those costs directly.

FY 2025 GOALS AND PRIORITIES

In fiscal year 2022, the OIG issued its Strategic Plan for fiscal years 2023–2028.¹ In this plan, the OIG presents four overarching goals:

- **Goal 1: Maximize its Value to Stakeholders.** Promote effectiveness in the Department's programs and operations by delivering relevant and timely information to its stakeholders.
- **Goal 2: Combat Program Fraud and Cyber Threats.** Conduct timely, high-quality investigations and digital analyses to detect and deter fraud, waste, abuse, and other criminal activity involving Department programs and operations.
- **Goal 3: Invest in the OIG Workforce.** Cultivate a talented and diverse workforce and an inclusive, equitable, and accessible workplace that inspires engagement, creativity, and excellence.
- **Goal 4: Innovate and Collaborate.** Implement innovative and collaborative internal processes that leverage technology, foster strategic thinking, and advance organizational effectiveness.

In the OIG Strategic Plan, it shared the key strategies it will use to meet these goals and provided examples of the measures by which the OIG would assess its performance in doing so. Yearly goals and results are presented in annual performance results report are made available to the public via the OIG website.²

¹ <https://oig.ed.gov/sites/default/files/document/2023-02/ED%20OIG%20Strategic%20Plan%20FY%202023-2028.pdf>

² <https://www2.ed.gov/about/offices/list/oig/strategicplansperformancereports.html>

PROGRAM PERFORMANCE INFORMATION

This section presents selected program performance information, including, for example, program goals, objectives, measures, and performance targets and data; and an assessment of the progress made toward achieving program results. Achievement of program results is based on the cumulative effect of the Federal resources provided for the program as well as the resources and efforts invested by those served by the program. The OIG fiscal year 2023 results are presented in its fiscal year 2023 Performance Results Report, which is available on its website.¹

Performance Measures

Measure: Audits initiated each year in accordance with policy and focused on areas of high risk or significant importance.

Year	Target	Actual
2020	85%	100%
2021	85	100
2022	85	100
2023	85	100
2024	85	
2025	TBD	

Measure: Investigations initiated each year in accordance with policy and focused on areas of high risk or significant importance.

Year	Target	Actual
2020	75%	91%
2021	75	90
2022	75	94
2023	80	96
2024	80	
2025	TBD	

Measure: Recommendations in reports issued during the fiscal year accepted by the Department and corrective action plans agreed to by OIG management.

Year	Target	Actual
2020	90%	94%
2021	90	91
2022	90	100
2023	90	94
2024	90	
2025	TBD	

¹ <https://oig.ed.gov/reports/other/oig-fy-2023-performance-results-report>

OFFICE OF INSPECTOR GENERAL

Measure: Audits and alternative projects met the agreed-on dates for field work completed and draft report submitted for review in accordance with policy.

Year	Target	Actual
2020	75%	87%
2021	75	88
2022	80	88
2023	80	88
2024	80	
2025	TBD	

Measure: Initial audits and alternative projects were evaluated in accordance with policy and approved by OIG senior management within 70 days of audit field work completion.

Year	Target	Actual
2020	70%	92%
2021	70	91
2022	75	83
2023	75	89
2024	75	
2025	TBD	

Measure: Draft audit and alternative project reports were issued in accordance with policy, accepted by OIG management, and issued within 1 year from entrance conference.

Year	Target	Actual
2020	70%	72%
2021	70	71
2022	75	88
2023	75	74
2024	75	
2025	TBD	

Measure: Preliminary inquiries of fraud, waste, and abuse processed for case initiation (investigation) or closure with a final disposition within 120 days.

Year	Target	Actual
2020	70%	80%
2021	70	88
2022	75	92
2023	80	89
2024	80	
2025	TBD	

OFFICE OF INSPECTOR GENERAL

Measure: Preliminary inquiries converted to full investigations by OIG management that resulted in a criminal, civil or administrative action, or monetary result (Investigation Services).

Year	Target	Actual
2020	70%	70%
2021	70	78
2022	70	76
2023	70	74
2024	70	
2025	TBD	

Measure: Preliminary inquiries converted to full investigations by OIG management that resulted in a criminal, civil or administrative action, or monetary result, or actionable referral to the Department.

Year	Target	Actual
2020	70%	75%
2021	70	80
2022	70	76
2023	70	74
2024	70	
2025	TBD	

Measure: IT audits issued in accordance with policy and accepted by management by the agreed-on date.

Year	Target	Actual
2020	75%	81%
2021	75	88
2022	85	94
2023	85	100
2024	75	
2025	TBD	

Measure: Substantive comments provided by OIG resulted in changes in legislation, regulations, or other policies.

Year	Target	Actual
2020	70%	71%
2021	70	90
2022	75	88
2023	75	80
2024	75	
2025	TBD	

OFFICE OF INSPECTOR GENERAL

Measure: Freedom of Information Act (FOIA) responses processed in accordance with statutory requirements and delivered to requestors within required deadlines.

Year	Target	Actual
2020	90%	71%
2021	90	81
2022	90	91
2023*	90 and 90	90.5 and 87
2024	90 and 90	
2025	TBD	

Additional information: In 2023, this measure was separated into two to account for simple and complex FOIA requests.

Measure: Hotline complaints processed in accordance with policy and within the established deadlines.

Year	Target	Actual
2020	85%	95%
2021	85	94
2022	85	85
2023	85	95
2024	85	
2025	TBD	