The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provides the U.S. Department of Education (Department) with more than $30 billion to assist States, K–12 schools, and institutions of higher education in meeting the needs of students impacted by the pandemic. In addition, provisions within the CARES Act related to student loans are estimated to increase direct spending by $8.5 billion. Funds will be awarded primarily through formula grants to Governors' offices, State educational agencies, and institutions of higher education and can be used for a broad array of activities authorized under several education laws or as specified in the CARES Act itself. The CARES Act provisions are designed to eliminate or alleviate the impact of the pandemic on Federal student loan borrowers and the schools they attend and also on State and local educational agencies, by allowing for waivers of specific statutory or regulatory requirements. The Department is also using existing statutory authority to provide additional flexibilities to institutions of higher education specific to the pandemic.

The Department experienced a similarly significant increase in appropriations in 2009 with the American Recovery and Reinvestment Act (Recovery Act). The Recovery Act provided the Department with more than $98 billion for existing and new Department programs. Between 2009 and 2014, the Office of Inspector General (OIG) issued more than 50 audit reports on Department, funding recipient, and subrecipient implementation of the Recovery Act; opened about 220 criminal investigations; and reviewed more than 140 allegations of whistleblower reprisal. The OIG concluded its Recovery Act work with a 2014 report, “Lessons from Implementing the American Recovery and Reinvestment Act of 2009.” The report highlighted the most significant challenges the Department faced in administering Recovery Act programs and offered lessons and suggestions for the Department to consider in the event that emergency legislation providing a large yet temporary funding increase were to be enacted in the future. As detailed in the report, the Recovery Act presented several challenges for the Department, funding recipients, and subrecipients. Two of these are longstanding challenges that have appeared repeatedly in the OIG’s annual reports on the most serious management and performance challenges faced by the Department: (1) oversight and monitoring and (2) data quality and reporting. As it implements and administers the programs and provisions authorized under the CARES Act, the Department must remain alert and take necessary actions related to these two challenges to reduce vulnerabilities to fraud, waste, abuse, noncompliance, and other issues that could impact a grantee’s or subgrantee’s ability to achieve intended programmatic results.

Oversight and Monitoring

Effective oversight and monitoring of CARES Act programs and operations are critical to ensure that funds are used for the purposes intended and that goals and objectives are achieved. This is a significant responsibility for the Department given the vast number of entities that will receive education-related CARES Act funding, even as the Department must continue its efforts to administer
existing programs. Further, because CARES Act funding for many programs will pass through primary recipients, such as Governors’ offices and State educational agencies, to subrecipients, such as local educational agencies or other entities, primary recipients have a substantial and critical role in overseeing and monitoring subrecipients’ activities. This includes oversight and monitoring of awards made through the CARES Act Governor’s Emergency Education Relief Fund and implementation of the CARES Act Education Stabilization Fund Discretionary Grants. In addition, the Department must provide effective oversight and monitoring of the CARES Act provisions related to the student financial assistance programs to ensure that the programs are not subject to fraud, waste, and abuse. This would include the Department’s process to carry out provisions of the CARES Act specific to student borrowers, the Department’s implementation of the CARES Act Higher Education Emergency Relief Fund, including ensuring that schools use at least 50 percent for awards to students, and schools’ use of the CARES Act flexibility for their campus-based programs. To this end, as highlighted in our Recovery Act Lessons Learned report, the Department should do the following.

• Provide timely guidance for new programs and to recipients, conduct outreach and technical assistance to ensure program integrity and effectiveness, and implement early compliance oversight and monitoring processes for newly created or temporarily funded programs (including ensuring that program offices use robust, risk-based monitoring strategies that devote available resources to the highest risk recipients and issues and work with recipients to ensure that they are employing similar strategies when monitoring their subrecipients).

• Enhance its audit resolution process so that compliance issues can be resolved timely, and identify trends in audit findings across multiple recipients and subrecipients so that effective corrective actions can be employed to resolve common issues.

• Work with the U.S. Treasury early in implementation to determine whether the programs should be added to States’ Treasury-State Agreements for cash management purposes.

Data Quality and Reporting

Administering the programs and operations funded by the CARES Act will require the Department to collect, analyze, and report on data for many purposes, such as evaluating programmatic performance, assessing fiscal compliance, and informing management (including funding) decisions. The Department, its grant recipients and subrecipients, and other program participants must have effective controls in place to ensure that CARES Act reported data are accurate and complete given the Department’s reliance on these data as part of its operations. As highlighted in our Recovery Act Lessons Learned report, for CARES Act programs and funding, the Department should do the following.

• Look for ways to improve the quality of recipient and subrecipient data and continue to emphasize the need for appropriate data quality reviews by State and local agencies (including by piloting new reporting requirements and mechanisms for new or existing programs, establishing a formal process to identify and remediate situations where there are systemic or chronic reporting problems, ensuring that recipients implement adequate and effective controls to ensure high-quality data for key reporting elements, and requiring reporting entities to submit management certifications on data quality and to disclose known data limitations).