



Highlights of [GAO-10-659T](#), a testimony before the Subcommittee on Higher Education, Lifelong Learning, and Competitiveness, Committee on Education and Labor, House of Representatives

Why GAO Did This Study

Higher education has become more accessible than ever before, although students from some demographic groups still face challenges in attending college. To help improve access to higher education for minority and low-income students, Titles III and V of the Higher Education Act, as amended, provide grants to strengthen and support institutions that enroll large proportions of these students.

GAO was asked to testify on the Department of Education's (Education) oversight of institutions receiving Title III or V grants and progress Education has made in monitoring the financial and programmatic performance of Title III and V grantees.

GAO's testimony is based primarily on its recent report, *Low-Income and Minority Serving Institutions: Management Attention to Long-standing Concerns Needed to Improve Education's Oversight of Grant Programs* (GAO-09-309, August 2009) and updated information provided by Education. In that report, GAO recommended that Education, among other things, (1) develop a comprehensive, risk-based approach to target monitoring and technical assistance; (2) ensure staff training needs are fully met; (3) disseminate information about implementation challenges and successful projects; and (4) develop appropriate feedback mechanisms. No new recommendations are being made in this testimony.

[View GAO-10-659T](#) or key components. For more information, contact George A. Scott at (202) 512-7215 or ScottG@gao.gov.

LOW-INCOME AND MINORITY SERVING INSTITUTIONS

Sustained Attention Needed to Improve Education's Oversight of Grant Programs

What GAO Found

GAO's 2009 report found that Education had taken steps in response to previous GAO recommendations to improve its monitoring of Title III and V grants, but many of its initiatives had yet to be fully realized. A coordinated, risk-based approach, targeting monitoring and assistance to grantees with the greatest risk and needs is critical, especially as Education's oversight responsibilities are expanding. Education agreed with GAO's 2009 recommendations and has begun taking steps to implement them, but it is too early to determine the effectiveness of these efforts, described below.

- *Risk-based monitoring criteria:* At the time of the 2009 report, Education had developed a monitoring index to identify high-risk institutions, but was not using it to target schools for site visits. Education committed to use the index to select half of its fiscal year 2010 site visits, but none of the visits completed to date were based on the monitoring index.
- *Annual monitoring plan:* Because it stopped developing annual monitoring plans for Title III and V programs in 2006, GAO determined that Education lacked a coordinated approach to guide its monitoring efforts. Since then, Education has developed a 2010 monitoring plan, but some of the monitoring activities lack realistic and measurable performance goals.
- *Site visits and staff training:* The 2009 report found that site visits to Title III and V grantees, a key component of an effective grants management program, had declined substantially in recent years and that staff lacked the skills to conduct financial site visits. Since then, site visits have remained limited, but Education has developed training courses to address the skill deficits identified that about half the program staff have attended.
- *Technical assistance:* The 2009 report found Education had not made progress in developing a systemic approach to target the needs of grantees. In response to GAO's recommendations, Education has taken some steps to encourage grantee feedback and information sharing among grantees.

Without a comprehensive approach to target its monitoring, GAO previously found that Education lacked assurance that grantees appropriately manage federal funds, increasing the potential for fraud, waste, or abuse. For example, GAO identified \$105,117 in questionable expenditures at one school, including student trips to amusement parks and an airplane global positioning system.

Summary of Findings from Financial Site Visits

Grantee	State	Total dollars reviewed	Questionable grant expenses
A	Texas	\$300,438	\$2,127
B	Puerto Rico	353,963	29,258
C	Illinois	226,670	
D	Maryland	427,180	105,117
E	Tennessee	175,388	
F	California	108,977	6,441
G	North Dakota	299,846	
Total		\$1,892,462	\$142,943

Source: GAO analysis of grantee disbursement records conducted during site visits.