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September 28, 2011

Sent via E-mail

The Honorable Arne Duncan
Secretary of Education
Office of the Secretary
400 Maryland Avenue, S.W.
Room 7W301
Washington, DC 20202-1510

Dear Secretary Duncan:

We are writing to express our serious concern with the vulnerabilities to fraud in distance education programs detailed in the recently released Office of Inspector General (OIG) report, Investigative Program Advisory Report: Distance Education Fraud Rings. We urge you to take swift action to address the issues identified in this report and ensure that the unique risks associated with distance education programs be appropriately anticipated and managed to protect the integrity of student assistance programs and the investment of taxpayer dollars.

Distance education programs present unique challenges to protecting the integrity of student assistance. In many instances, students do not need to ever physically attend the institution to enroll or receive aid. Additionally, technology and statutory changes have allowed for rapid growth in these programs. The volume of students who took distance education courses increased from 8.2 percent in 1999-2000 to 20.4 in 2007-2008. As of the 2006-2007 school year, distance education programs were offered by 97 percent of public two-year institutions and 89 percent of public four year institutions of higher education.

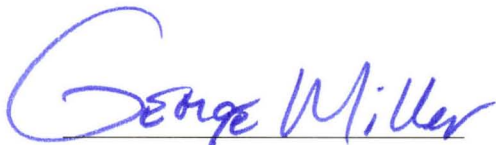
As laid out by the OIG, fraud rings have taken advantage of the rapid expansion of distance education to commit significant fraud at the expense of taxpayer investments in higher education. For example, the OIG found that gangs of criminals were completing the paperwork and enrolling straw students in online programs and then logging into the classes online for the first 30 days in order to obtain the balance of Title IV funds not used for institutional charges. The OIG's report highlights that over the past six years the OIG's "inventory of these investigations

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has risen dramatically” and currently constitutes about 17 percent of all open OIG investigations. While I applaud the OIG for obtaining criminal convictions and over \$7.5 million in restitution and fines from 42 different fraud rings, more must be done to prevent and detect fraud. The OIG has indicated that, given the scope and the structure of these fraud rings, “it is unlikely that the OIG or the Department of Justice will have the resources to investigate and prosecute them all.” Given the growth in distance education and the OIG's findings, it is critical that all relevant parties take pro-active measures to ensure that students and taxpayers are protected.

The Department's response to the OIG indicates that you will be creating an intradepartmental team to assess approaches for protecting against the risks that distance learning and fraud rings pose. We ask that you keep us and the Committee apprised, through regular meetings with staff, of the timelines, actions, and recommendations of the intradepartmental work group and of any corrective action plan developed in response to this report. If your staff has any questions, please contact [REDACTED]

Sincerely,



GEORGE MILLER

Senior Democratic Member
Committee on Education and the Workforce



RUBÉN HINOJOSA

Ranking Member
Subcommittee on Higher Education
and Workforce Training