News - Details

The US Department of Education | Open The Books Oversight Report

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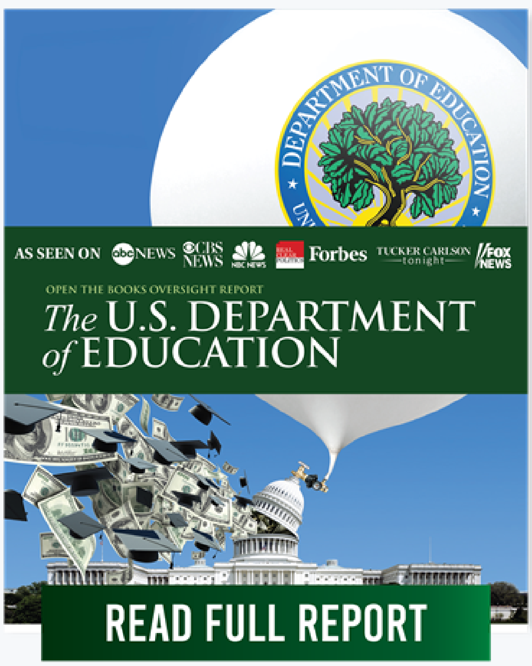

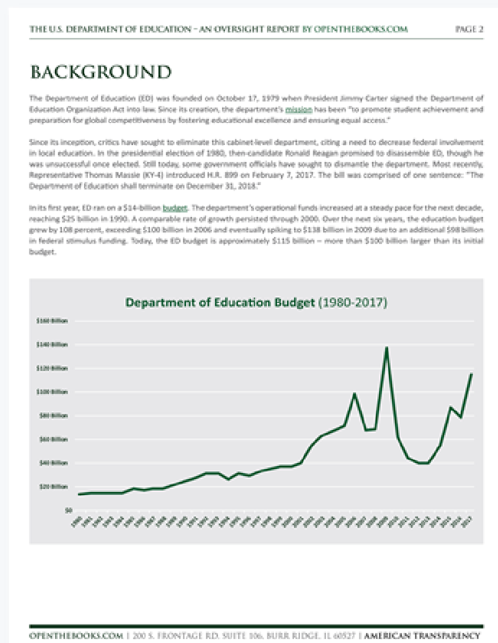

THE U.S. DEPARTMENT OF EDUCATION – AN OVERSIGHT REPORT BY OPENTHEBOOKS.COM PAGE 2

BACKGROUND

The Department of Education (ED) was founded on October 17, 1979 when President Jimmy Carter signed the Department of Education Organization Act into law. Since its creation, the department's mission has been "to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access."

Since its inception, critics have sought to eliminate this cabinet-level department, citing a need to decrease federal involvement in local education. In the presidential election of 1980, then-candidate Ronald Reagan promised to disassemble ED, though he was unsuccessful once elected. Still today, some government officials have sought to dismantle the department. Most recently, Representative Thomas Massie (KY-4) introduced H.R. 899 on February 7, 2017. The bill was comprised of one sentence: "The Department of Education shall terminate on December 31, 2018."

In its first year, ED ran on a $14-billion budget. The department's operational funds increased at a steady pace for the next decade, reaching $25 billion in 1990. A comparable rate of growth persisted through 2000. Over the next six years, the education budget grew by 108 percent, exceeding $100 billion in 2006 and eventually spiking to $138 billion in 2009 due to an additional $98 billion in federal stimulus funding. Today, the ED budget is approximately $115 billion – more than $100 billion larger than its initial budget.

Department of Education Budget (1980-2017)

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KEY FINDINGS

The 25 colleges and universities with the largest endowments in the country reaped $6.9 billion in Department of Education (ED) funding despite holding a quarter-trillion in existing assets, collectively. This money was distributed as grants, contracts, and direct payments (FY2017) as well as student loans (FY2017-FY2018).

The 50 lowest performing junior and community colleges in the nation received $923.5 million in ED student loans (FY2017-FY2018) and grants (FY2017). Of these 50 schools, the 10 which received the most federal funding had a 12 percent graduation rate, on average.

ED overpaid $11 billion in Pell grants and loans over a two-year period (FY2016-FY2017).

Nontraditional schools reaped millions of dollars in federal funding (FY2014-FY2017) such as an international school for videogame design ($51.4 million), a school for wooden boat-making ($781,330), an Arizona college for gun-smithing ($10.4 million), a school for gambling and bartending ($9.5 million), and the Professional Golfers Career College ($4.5 million).

The average wage at ED in FY2017 was $109,918. The average employee cost taxpayers $143,992, including benefits. In May 2018, ED disclosed 3,818 employees – a large decrease from 4,642 employees in 2012.

Nearly $700 million in federal funding flowed to schools of cosmetology, beauty, and hair, including millions of dollars to industry juggernauts like Empire Beauty School ($65.6 million) and Tricoci University of Beauty Culture ($12.3 million) in the form of grants, direct payments, and contracts (FY2017), as well as student loans (FY2017-FY2018).

Federal funding of $10.5 billion flowed to for-profit colleges in FY2017. Just 10 for-profit schools received nearly 30 percent of this funding. Many for-profit colleges have been cited for alleged discrimination, harassment, and even fraud. This funding is comprised of grants, direct payments, and contracts (FY2017) as well as student loans (FY2017-FY2018).

ED spent $1.6 billion hiring companies to collect and disperse federal student loans.

ED employees spent 6,522 working-hours (FY2016) doing union activities rather than working their department jobs. During this time, employees' hourly wages are still taxpayer funded. This practice is known as 'official time.' In March 2018, ED eliminated this policy, saving taxpayers roughly $500,000 annually. Employee unions are private organizations, not public entities.

The top five recipient states claimed 36 percent of all ED funding: California ($18.6 billion), Texas ($12.6 billion), New York ($11.9 billion), Florida ($9.5 billion), and Illinois ($7.2 billion). This funding included grants, contracts, direct payments (FY2017) as well as student loans (FY2017-FY2018).

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