



Department of Defense to Outsource, Strengthen Institutional Compliance Program

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The [Tuition Assistance \(TA\) program](#) provides active duty military personnel with financial assistance in securing outside educational services. In [announcing](#) the plan, DoD said hiring PwC was the result of criticism about the agency's previous handling of educational institutions alleged to have violated the terms of the Memorandum of Understanding (MOU) that all schools participating in the TA program are required to sign.

Under DoD's plan, PwC will conduct an initial audit of 250 schools in 2017, roughly 15% of total participating institutions. Assuming this number will remain consistent in future years, DoD's intent would be for the audit to cycle through all participating schools every five to seven years.

Two hundred schools will be selected randomly, with another 50 chosen based on various risk factors, such as high TA fund usage, low completion or graduation rates for TA fund recipients, or patterns of student complaints. If the 200 schools selected randomly are not identified for a heightened review, they are exempt from random selection for three years and risk-based selection for one year.

Based on the initial audit, PwC will select 25 schools for a more in-depth review, with an estimated five schools selected for on-site reviews. Schools found to be out of compliance with the MOU or other DoD requirements would generally be granted six months to address any concerns, with extensions possible conditioned on additional reporting. If a school fails to adequately resolve any issues, DoD could limit, suspend or terminate the school from the TA program, as well as make a referral to other agencies for additional, potentially criminal, sanctions.

Under the DoD plan, institutions will be selected and undergo their initial review between January and April of each year. Given the shortened timeframe in 2017, institutions should receive notice by the end of April if they are selected, assuming there are not additional delays. The heightened reviews are expected to occur in May through July and the site visits in August or September.

Historically, DoD has not had a formal process for reviewing schools or taking actions in response to violations. The lack of process resulted in criticisms that DoD was simultaneously neglecting its oversight duty and taking enforcement actions in an ad hoc and potentially arbitrary manner.

Some critics in Congress have argued that the proposed ICP review structure is not stringent enough. On April 5, 2017 five Democratic Senators sent [a letter to Secretary of Defense James Mattis](#) questioning the adequacy of the proposed process, including reliance on an outside contractor, the methodology developed for selecting schools and the seemingly "artificial" limitation on the number of schools that can be subjected to heightened scrutiny. At this time it is not clear what, if any, impact this letter will have on DoD's planned process or the timing of implementation.

If your school receives a selection notice and/or has any questions regarding the process, please contact us at any time.

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