



Pennsylvania Department of the

AUDITOR GENERAL

Facebook: Pennsylvania Auditor General

Twitter: @PaAuditorGen

News for Immediate Release

Oct. 1, 2020

Auditor General DePasquale Calls for More Help for Pennsylvania Students Struggling to Pay for College

Releases special report following up on 2008 PHEAA audit

HARRISBURG – Auditor General Eugene DePasquale today released a special report calling for more help for Pennsylvania students struggling to pay for college. The report also follows up on a 2008 performance audit of the Pennsylvania Higher Education Assistance Agency, the state’s student loan agency.

“Pennsylvania is one of the top states for total student borrowing and the average student loan debt in our state is now more than \$37,000,” DePasquale said. “Pennsylvania must do more to help students and parents afford college, as well as understand the implications of borrowing for higher education.”

A performance audit released in 2008 under former Auditor General Jack Wagner called for PHEAA to halve the number of governing board seats held by legislators, among other changes.

“Overall, I’m glad to report that PHEAA took the audit to heart and made most of the improvements that that it recommended,” DePasquale said. “In just the first two years the improvements helped PHEAA save \$74 million to reinvest in Pennsylvania students.”

Among the improvements cited by the special report:

- PHEAA has implemented most of the department’s 2008 recommendations, including reducing the vehicle fleet, updating the vehicle use policy to prohibit personal use and use by non-employees, and using a standardized form to properly track vehicle expenses across the agency.
- PHEAA updated its travel policy to include specific language defining business expenses, clear explanation of non-reimbursable expenses and approvals required for any business travel. It also instituted new procedures for corporate travel and travel cards, agency fleet vehicles and car rentals.
- PHEAA reined in some of its previous spending practices, including by bringing most compensation packages more in line with other state agencies and curtailing most executive and management employee incentive programs. As the 2008 audit recommended, PHEAA is now offering employee events at a discounted rate instead of paying for the entirety of the event.
- The 2008 audit found that PHEAA misclassified \$2 million in expenditures. In response, the agency has developed a four-year risk-based audit plan that is updated annually. The resulting audits are reviewed by an audit review committee, which is composed of the PHEAA board.

DePasquale noted that PHEAA’s board could benefit from including more individuals with professional backgrounds that directly relate to the agency’s financial functions and core mission.

“As was the case in 2008, the PHEAA board is still top-heavy with legislators,” DePasquale said. “There’s no reason why these important board seats shouldn’t go to individuals who have relevant experience in higher education and finance.”

Under current law, legislators are essentially allowed to hold onto PHEAA board seats for as long as it suits them to remain. This has effectively kept the board from becoming more diverse and including members with related professional experience in the private sector.

The special report also recommends that Pennsylvania create an independent Office of Student Loan Advocate or similar ombudsman to help borrowers navigate the increasingly complex world of student loans.

“The Pennsylvania Treasury would be the right department to house this type of ombudsman,” DePasquale said. “It’s an independent office that already operates a college savings plan.”

Since 2017, several states — including Colorado, District of Columbia, Illinois, Maine, Maryland, Minnesota, New York, Nevada, Virginia, and Washington — have created similar offices focused on improving the outcomes for student loan borrowers.

The special report offers three formal recommendations:

- The General Assembly should create an independent Office of Student Loan Advocate to give borrowers a voice, help educate consumers, and advocate for state-related reforms in higher education.
- The General Assembly should restructure PHEAA’s Board of Directors, decrease the number of legislators, and add diverse members from education, finance and other fields in the private sector.
- PHEAA must continue to monitor all expenses and direct as much funding as possible to help ensure that Pennsylvanians can achieve an affordable education and ensure that students take the priority over PHEAA executives and management level employees.

Review the [Empowering College Borrowers special report](#) and learn more about the Department of the Auditor General online at www.PaAuditor.gov.

###