U.S. Department of Education
Office of Inspector General

The Department's Compliance with Reprogramming and Transfer of Funds Requirements

September 30, 2025
ED-OIG/F25DC0240

FLASH REPORT

NOTICE

Statements that managerial practices need improvements, as well as other conclusions and recommendations in this report, represent the opinions of the Office of Inspector General. The appropriate Department of Education officials will determine what corrective actions should be taken.

In accordance with Freedom of Information Act (Title 5, United States Code, Section 552), reports that the Office of Inspector General issues are available to members of the press and general public to the extent information they contain is not subject to exemptions in the Act.

September 30, 2025

TO: Murray Bessette
Delegated to Perform Functions and Duties of the Assistant Secretary
Office of Planning, Evaluation, and Policy Development

FROM: Keith Cummins /s/
Acting Deputy Assistant Inspector General for Audit

SUBJECT: Final Report, "The Department's Compliance with Reprogramming and Transfer of Funds Requirements," Control Number ED-OIG/F25DC0240

Attached is the subject final report that consolidates the results of our review of the U.S. Department of Education's compliance with reprogramming and transfer of funds requirements. We received your comments agreeing with the finding in our draft report.

U.S. Department of Education policy requires that you submit a corrective action plan within 30 days of the issuance of this report. The corrective action plan should set forth the specific action items and targeted completion dates necessary to implement final corrective actions on the finding and recommendation contained in this final report. Corrective actions that your office proposes and implements will be monitored and tracked through the Department's Audit Accountability and Resolution Tracking System.

In accordance with the Inspector General Act of 1978, as amended, the Office of Inspector General is required to report to Congress twice a year on recommendations that have not been completed after 6 months from the date of issuance.

We appreciate your cooperation during this review. If you have any questions, please contact Michele Weaver-Dugan at (202) 245-6941 or michele.weaver-dugan@ed.gov.

Attachment

U.S. Department of Education, Office of Inspector General

Results in Brief

The Department's Compliance with Reprogramming and Transfer of Funds Requirements

Why Did the OIG Perform this Work?

The Antideficiency Act prohibits Federal agencies from incurring obligations or expending funds in excess of an appropriation. However, Congress has granted agencies limited authority to make spending adjustments following the enactment of appropriations through transfers or reprogrammings.

In November 2024, Senator Bill Hagerty requested that 19 Inspectors General review their agencies' compliance with statutory transfer of funds (transfer) authority and change-of-program (reprogramming) requirements under applicable appropriations laws, including all instances in which the agencies failed to comply.

The objective of our review was to determine whether the U.S. Department of Education (Department) complied with transfer of funds and reprogramming requirements under appropriations laws. To achieve our objective, we identified the Department's transfer and reprogramming activities from November 5, 2024, through January 20, 2025, and the extent to which these activities complied with applicable appropriations laws.

What Did the OIG Find?

We found that the Department did not fully comply with transfer of funds and reprogramming requirements under applicable appropriations laws. We identified a total of six transactions, consisting of five transfers and one reprogramming, that occurred from November 5, 2024, through January 20, 2025. We determined that two of these transactions—one of the transfers and the one reprogramming—were made using authorities granted under applicable appropriations laws. For these two transactions, we found that the transfer was compliant with applicable requirements; the reprogramming was not. Specifically, we found that the Department did not consult or notify Congress of the reprogramming as required by the appropriations laws. The remaining four transfers were appropriately made under other statutory authorities.

What Is the Impact?

The Department's failure to comply with applicable statutory transfer authorities and reprogramming requirements may result in Federal funds not being used as originally intended by Congress, funds being deemed unavailable for obligation, and potential violations of the Antideficiency Act. Additionally, failure to notify Congress of transfers of funds and reprogrammings hinders congressional oversight of how agencies execute their budgets and fulfill their missions.

What Are the Next Steps?

We recommend that the Office of Planning, Evaluation, and Policy Development establish appropriate controls to ensure that transfers of funds and reprogrammings comply with all applicable statutory authority requirements, including notifications to the House and Senate Appropriations Committees.

We provided a draft of this report to the Office of Planning, Evaluation, and Policy Development for comment. The Office of Planning, Evaluation, and Policy Development agreed with the finding; it did not specifically agree or disagree with the recommendation. Instead, it noted that it had already established controls whereby it ensures Congress is consulted on proposed transfers and reprogrammings a minimum of 15 days and notified a minimum of 10 days prior to execution. We summarize the Office of Planning, Evaluation, and Policy Development's comments at the end of the finding and provide the full text of the comments at the end of the report.

Purpose

The objective of this flash review was to determine whether the U.S. Department of Education (Department) complied with transfer of funds (transfer) and change-of-program (reprogramming) requirements under appropriations laws. Specifically, our review focused on whether the Department transferred or reprogrammed funds from November 5, 2024, through January 20, 2025, and the extent to which these actions complied with applicable appropriations laws.

Transfer and Reprogramming of Funds

The Antideficiency Act prohibits Federal agencies from incurring obligations or expending funds in excess of an appropriation. However, Congress has granted agencies limited authority to make spending adjustments following the enactment of appropriations through transfers, which are the shifting of funds from one appropriation or fund account[1] to another, or reprogrammings, which are the shifting of funds within an appropriation or fund account, from one object class[2] or program activity to another, to use budgetary resources for purposes other than those contemplated at the time of appropriation.

While transfers are prohibited unless they are statutorily authorized, agencies may reprogram funds without additional statutory authority unless there is a specific statutory provision that states otherwise. However, appropriations or authorizing statutes often include additional restrictions. For example, they may place limits on the amount of funds an agency may reprogram or transfer and limit how the funds may be used. In addition, agencies may be required to notify the House and Senate Appropriations Committees prior to, or shortly after, the transfer or reprogramming.

The Further Consolidated Appropriations Act, 2024 (Public Law 118-47), enacted on March 23, 2024, provided appropriations for fiscal year (FY) 2024 and included a number of provisions related to transfer authority, reprogramming limitations, and congressional notification requirements. These requirements were extended by the Continuing Appropriations and Extensions Act, 2025 (Public Law 118-83), enacted on

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[1] Funds are typically appropriated in the form of an account, which covers one or more specific purposes. Funding for each agency or department is organized in one or more accounts, each of which may include one or more related programs, projects, or activities.

[2] Object classes are categories used in budget preparation to classify obligations by the items or services purchased by the Federal government. The major object classes are personnel compensation and benefits, contractual services and supplies, acquisitions of assets, grants and fixed charges, and others.

September 26, 2024, which continued appropriations through December 20, 2024, and by the American Relief Act, 2025 (Public Law 118-158), which was enacted on December 21, 2024, and provided continuing appropriations until March 14, 2025.[3]

Department Process to Transfer or Reprogram Funds

The Office of Budget Service (OBS), located within the Office of Planning, Evaluation, and Policy Development, is responsible for Department-wide budget execution. Principal office budget analysts within the OBS Program Analysis Division are responsible for developing requests for reprogramming actions and transfers, with the Division Director approving or denying the requests. Requests are then sent to the Budget Execution Analysis Branch team, which reviews the information for accuracy, including the cited statutory authority, and then routes the request to the Office of Management and Budget (OMB) for clearance and the U.S Department of the Treasury for processing.[4]

What We Did

We relied on the Department to identify all Department transfers and reprogrammings made from November 5, 2024, through January 20, 2025, to include the statutory authority under which they were made, and to provide applicable supporting documentation. We reviewed the supporting documentation and the relevant statutory authority to determine whether the transfers and reprogrammings complied with relevant appropriations laws and other statutory requirements.

What We Found

We found that the Department did not fully comply with transfer of funds and reprogramming requirements under applicable appropriations laws. We identified a total of six transactions, consisting of five transfers and one reprogramming, that occurred from November 5, 2024, through January 20, 2025. We determined that two of these transactions—one of the transfers and the one reprogramming—were made using authorities granted under applicable appropriations laws. For these two transactions, we found that the transfer was compliant with applicable requirements;

[3] Discretionary spending is addressed through appropriations acts; mandatory spending is primarily addressed by laws other than appropriations acts.

[4] Reprogrammings require OMB clearance prior to transmittal to congressional committees. In addition to OMB clearance, transfers require processing and posting by the U.S. Department of the Treasury in the government's electronic system of record for financial data.

the reprogramming was not. The remaining four transfers were appropriately made under other statutory authorities. (See Appendix A for details pertaining to the four transfers.)

Regarding the one transfer deemed subject to the requirements in the appropriations laws, we found that the Department complied with applicable requirements. Specifically, the Department transferred $5 million from the Safe Schools and Citizenship Education multi-year account to the no-year account to make the funds available until expended for the Project School Emergency Response to Violence (Project SERV) program. The transfer was made using statutory authority in the Further Consolidated Appropriations Act, 2024, Division D, 138 Stat. 684, which explicitly states that up to $5 million of funds appropriated to carry out School Safety National Activities shall remain available until expended for the Project SERV program. This appropriations act language itself thus constitutes transfer authority. The authority did not include additional requirements or a requirement to notify Congress.

Regarding the one reprogramming, we found that the Department did not consult or notify Congress of the reprogramming as required by the appropriations laws. The Department reprogrammed $28 million in the Student Aid Administration fund, moving funds from Category B (servicing activities) to Category A (operations), to support continued operations for common origination and disbursement activities[5] and data management systems, including the National Student Loan Data System.[6] According to OBS management, the Department did not need to notify Congress of the reprogramming because it was under a continuing resolution and authorized under OMB Circular A-11,[7] which does not specify that the Department needs to notify Congress. However, we found that the OMB Circular A-11 sections cited by OBS management do not give authority for reprogrammings, but rather primarily address the requirements for submitting apportionment and reapportionment requests to the OMB. Further, we found that although the funds were appropriated under the Continuing Appropriations and Extensions Act, 2025, Section 101 of that Act states that the appropriations were subject to the conditions specified in the prior enacted Further Consolidated Appropriations Act, 2024.

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[5] Common origination and disbursement activities relate to the awarding and disbursement of Pell Grants, Direct Loans, and Teacher Education Assistance for College and Higher Education Grants.

[6] The National Student Loan Data System is the national database of information about loans and grants awarded to students under Title IV of the Higher Education Act of 1965, as amended.

[7] OMB Circular A-11: Preparation, Submission and Execution of the Budget.

The Further Consolidated Appropriations Act, 2024, Division D, Section 514(b), requires that the Department (1) consult with the House and Senate Appropriations Committees a minimum of 15 days in advance of a reprogramming or of an announcement of its intent to reprogram funds, and (2) provide notice to the Committees in writing 10 days in advance of a reprogramming of funds in excess of $500,000 or 10 percent, whichever is less, of funds made available under the Act, funds from previous appropriations Acts that are still available for obligation or expenditure in FY 2024, or funds from fees authorized to be collected under the Act, and if certain conditions regarding changes in programs, activities, or projects are met. These conditions include reprogrammings that augmented any existing programs, projects, or activities; reduced funding for any existing program, project, or activity by 10 percent as approved by Congress; or resulted from any general savings from a reduction in personnel, which would result in a change in existing programs, activities, or projects as approved by Congress. While OBS management stated that the reprogramming did not meet any of these conditions because the shifted funds were not for a program, activity, or project, Federal Student Aid management established that the Student Aid Administration appropriation is broken down into program, project, and activity areas. Additionally, Federal Student Aid management stated that any reallocation of funds, to include the transaction highlighted above, would require notification to the Appropriations Committees. Further, the Senate Committee on Appropriations report for the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Bill, 2024, states that any reallocation of funds between administrative costs and servicing activities should be treated as a reprogramming of funds, and that the House and Senate Appropriations Committees should be notified in advance of any such changes.

Failure to notify Congress hinders congressional oversight of how agencies execute their budgets and fulfill their missions. Additionally, an agency’s failure to comply with all applicable statutory transfer authorities and reprogramming requirements could lead to funds not being used as originally intended by Congress or funds being deemed unavailable for obligation, and potential violations of the Antideficiency Act.

What We Recommend

We recommend that the Assistant Secretary of the Office of Planning, Evaluation, and Policy Development—

1. Establish appropriate controls to ensure that transfers of funds and reprogrammings comply with all applicable statutory authority requirements, including notifying the House and Senate Appropriations Committees when required.

Office of Planning, Evaluation, and Policy Development Comments

The Office of Planning, Evaluation, and Policy Development agreed with the finding. In response to the recommendation, it stated that controls have been established via coordination between the Office of Planning, Evaluation, and Policy Development's Acting Assistant Secretary and its Chief of Staff; the Office of Budget Service's Acting Director; and the Office of Legislative and Congressional Affairs to ensure that Congress is consulted on proposed transfers and reprogrammings a minimum of 15 days before and notified a minimum of 10 days before execution.

OIG Response

The Office of Planning, Evaluation, and Policy Development's noted actions, if implemented as described, are responsive to our recommendation.

Scope and Methodology

Our review covered the Department's compliance with applicable statutory requirements for Department transfers and reprogrammings that occurred from November 5, 2024, through January 20, 2025. To answer our objective, we reviewed and gained an understanding of the following laws and guidance:

- the Antideficiency Act;
- the Further Consolidated Appropriations Act, 2024;
- the Continuing Appropriations and Extensions Act, 2025;
- the American Relief Act, 2025;
- Section 371 of the Higher Education Act of 1965, as amended;
- Section 13 of the Indian Employment, Training and Related Services Consolidation Act of 2017; and
- OMB Circular No. A-11, "Preparation, Submission, and Execution of the Budget."

We held discussions and corresponded with OBS management and staff regarding their role in transferring and reprogramming funds. Additionally, we corresponded with OBS and Federal Student Aid management and staff and reviewed supporting documentation for transfers of funds and reprogrammings from November 5, 2024, through January 20, 2025, to determine whether the identified transfers and reprogrammings were compliant with applicable statutory authority requirements.

To perform our review, we relied on the Department to identify all transfers of funds and reprogrammings from November 5, 2024, through January 20, 2025. Office of

Finance and Operations staff noted that there are no specific codes associated with reprogrammings or transfers in the Department's financial management system that can be used to identify these types of transactions. OBS management noted that they keep track of transfers and reprogrammings in SharePoint folders by date, which they used to respond to our request. We were able to corroborate the total number of, amounts, and accounts associated with the transfers provided by OBS by reviewing the non-expenditure transfers[8] report for FY 2025, located on the OMB MAX.gov website.[9] We were unable to identify a source to independently verify whether the reprogramming identified by OBS was the only one, though nothing came to our attention that caused us to believe that there were additional reprogrammings during the scope of our review.

We performed the work for this review from April 2025 through July 2025. We discussed the results of our review with OBS officials on July 14, 2025, and provided the Office of Planning, Evaluation, and Policy Development with a draft of this report on September 5, 2025.

Compliance with Standards

We conducted our work in accordance with OIG quality control standards and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) "Quality Standards for Federal Offices of Inspector General," which require that we conduct our work with integrity, objectivity, and independence. We believe that the information obtained provides a reasonable basis for our conclusions.

[8] A nonexpenditure transfer is a reallocation of funds from one account to another, compared to an expenditure transfer, which is a transaction between appropriation and fund accounts to purchase goods or services or otherwise benefit the transferring account.

[9] The OMB MAX.gov website is a government-wide suite of information sharing, data collection, publishing, business intelligence, and authentication tools and services used to facilitate cross-government collaboration and knowledge management.

Appendix A. Transfers Made Using Other Statutory Authorities

The Department made four transfers from November 5, 2024, through January 20, 2025, using authorities included in permanent statutes governing mandatory spending.

- **Higher Education—$132.02 million**

  The Department transferred funds appropriated for FY 2024 under Section 371 of the Higher Education Act of 1965, as amended, for Historically Black Colleges and Universities (HBCU) and minority-serving institutions, to make them available for the next succeeding fiscal year, FY 2025. Sec. 371 of the Higher Education Act of 1965, as amended, provides permanent mandatory appropriations for HBCUs and minority-serving institutions under Part F of Title III of the same Act. Specifically, Sec. 371(b)(1)(B) stipulates the following: "Funds made available under subparagraph (A) for a fiscal year shall remain available for the next succeeding fiscal year."

- **Rehabilitation Services**

  The Department transferred Rehabilitation Services funds to the Department of the Interior, Bureau of Indian Affairs for distribution to Indian Tribes that received approval to include the funds in their 477 plans.[10]

  - **$0.33 million**—transferred from the FY 2022 account
  - **$1.23 million**—transferred from the FY 2023 account
  - **$3.03 million**—transferred from the FY 2024 account

  Section 13 of the Indian Employment, Training and Related Services Act of 1992, as amended by the Indian Employment, Training and Related Services Consolidation Act of 2017, states that

  > [n]otwithstanding any other provision of law, not later than 30 days after the date of apportionment to the applicable Federal department or agency, the head of a Federal agency overseeing a program identified in a plan approved under this

[10] According to Public Law 102-477, Indian Employment, Training, and Related Services Demonstration Act, dated October 1992, Indian Tribes are approved to integrate federally funded employment, training, and related services from diverse Federal sources into a consolidated and comprehensive program or 477 plan.

Act shall transfer to the Director of the Bureau of Indian Affairs for distribution to an Indian tribe any funds identified in the approved plan of the Indian tribe.

Appendix B. Acronyms and Abbreviations

Department	U.S. Department of Education
FY	fiscal year
HBCU	Historically Black Colleges and Universities
OBS	Office of Budget Service
OMB	Office of Management and Budget
Project SERV	Project School Emergency Response to Violence
reprogramming	change-of-program
transfer	transfer of funds

Office of Planning, Evaluation, and Policy Development Comments

UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF PLANNING, EVALUATION AND POLICY DEVELOPMENT

September 16, 2025

Comment on Findings in ED-OIG/F25DC0240

As Acting Assistant Secretary in the Office of Planning, Evaluation and Policy Development, I agree with the finding of the Office of Inspector General's draft flash report, "The Department's Compliance with Reprogramming and Transfer of Funds Requirements," dated September 5, 2025 and covering transfers and reprogrammings from November 5, 2024, through January 20, 2025.

The draft recommendation is that the Assistant Secretary, OPEPD "Establish appropriate controls to ensure that transfers of funds and reprogrammings comply with all applicable statutory authority requirements, including notifying the House and Senate Appropriations Committees when required."

I am pleased to report that we have already established these controls via the coordination of the Acting Assistant Secretary, OPEPD; the Chief of Staff, OPEPD; Acting Director, Budget Service; and the Office of Legislative and Congressional Affairs, whereby we ensure Congress is consulted on proposed transfers and reprogrammings a minimum of 15 days and notified a minimum of 10 days prior to execution.

Sincerely,

MURRAY BESSETTE

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