

GAO

A Report to the Chairman, Committee  
on Health, Education, Labor, and  
Pensions, U.S. Senate

October 2011

# FOR-PROFIT SCHOOLS

## Experiences of Undercover Students Enrolled in Online Classes at Selected Colleges

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Highlights of [GAO-12-150](#), a report to the Chairman, Committee on Health, Education, Labor, and Pensions, U.S. Senate

## Why GAO Did This Study

Once comprised of local, sole-proprietor ownership, the nation's for-profit institutions now range from small, privately owned schools to publicly traded corporations. Enrollment in such colleges has grown far faster than in traditional higher-education institutions. Moreover, during the 2009-2010 school year, for-profit colleges received almost \$32 billion in grants and loans provided to students under federal student aid programs, as authorized under Title IV of the Higher Education Act of 1965, as amended.

Because of interest in the student experience at for-profit colleges, GAO was asked to conduct undercover testing by enrolling in online classes under degree-granting programs. To conduct this testing, GAO selected 15 for-profit colleges using a selection process that included the 5 largest colleges and a random sample and attempted to enroll using fictitious identities. Once enrolled, each fictitious student engaged in behaviors consistent with substandard academic performance. Each fictitious identity enrolled for approximately one term, as defined by the college. The experience of each of GAO's undercover students is unique and cannot be generalized to other students taking courses offered by the for-profit colleges we tested or to other for-profit or nonprofit colleges. GAO intended to test colleges that were unaware of its true identity. However, there exists a possibility that these colleges identified GAO's fictitious students and altered their behavior based on the assumption that they were under observation. This product contains no recommendations. Where applicable, GAO referred information to the Department of Education for further investigation.

View [GAO-12-150](#). For more information, contact Richard Hillman at (202) 512-6722 or [hillmanr@gao.gov](mailto:hillmanr@gao.gov).

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## FOR-PROFIT SCHOOLS

### Experiences of Undercover Students Enrolled in Online Classes at Selected Colleges

## What GAO Found

During the course of undercover testing, GAO documented its observations related to enrollment, cost, financial aid, course structure, substandard student performance, withdrawal, and exit counseling. Overall, GAO observed that 8 of the 15 colleges appeared to follow existing policies related to academic dishonesty, exit counseling, and course grading standards. At the 7 remaining colleges, GAO found mixed results. For example, one or more staff at these colleges appeared to act in conflict with school policies regarding academic dishonesty or course grading standards, or federal regulations pertaining to exit counseling for student loans, while other staff acted consistent with such policies.

**Enrollment:** GAO attempted to enroll its students using fictitious evidence of high-school graduation—either a home-school diploma or a diploma from a closed high school—at all 15 colleges and successfully enrolled in 12. Two declined GAO's request for enrollment based on insufficient proof of high-school graduation. Another allowed GAO's student to begin class, but rescinded acceptance after 1 week, citing lack of high-school accreditation.

**Cost and Financial Aid:** GAO's students took 31 classes in total at an average cost of \$1,287 per class. These costs included such items as tuition, books, and technology fees. All 12 students were eligible for federal student aid, but only 10 actually received disbursements; the other students were expelled without receiving disbursements. We did not observe that a college collected federal student aid funds after the withdrawal date of any of our students (that was not fully refunded immediately).

**Course Structure:** GAO's students were enrolled in introductory classes, such as Introduction to Computer Software and Learning Strategies and Techniques. Courses ranged in length from 4 to 11 weeks, and students took from one to four courses concurrently. Courses generally consisted of online discussion forum postings; writing assignments; multiple-choice quizzes and exams; and skills exercises, such as keyboarding tests or computer exercises.

**Substandard Academic Performance:** GAO's students engaged in substandard academic performance by using one or more of the following tactics: failure to attend class, failure to submit assignments, submission of objectively incorrect assignments, submission of unresponsive assignments, and plagiarism. At 6 colleges, instructors acted in a manner consistent with school policies in this area, and in some cases attempted to contact students to provide help outside of class. One or more instructors at 2 colleges repeatedly noted that the students were submitting plagiarized work, but no action was taken to remove the student. One or more instructors at the 4 remaining colleges did not adhere to grading standards. For example, one student submitted photos of celebrities and political figures in lieu of essay question responses but still earned a passing grade.

**Withdrawal and Exit Counseling:** Three of GAO's students were expelled for performance or nonattendance. Eight of the 9 students withdrew from their respective colleges without incident. At the remaining school, GAO's request to withdraw was never acknowledged and the student was eventually expelled for nonattendance. 3 students did not receive federally mandated exit counseling, advising students of repayment options and the consequences of default.

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## Abbreviations

Education	U.S. Department of Education
EFC	Expected Family Contribution
FAFSA	Free Application for Federal Student Aid
GED	General Educational Development
IPEDS	Integrated Postsecondary Education Data System
NCES	National Center for Education Statistics

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**United States Government Accountability Office**  
Washington, DC 20548

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October 31, 2011

The Honorable Tom Harkin  
Chairman  
Committee on Health, Education, Labor, and Pensions  
United States Senate

Dear Mr. Chairman:

In recent years, the scale and scope of for-profit colleges have changed considerably.<sup>1</sup> Once comprised of local, sole-proprietor ownership, the nation's proprietary institutions now range from small, privately owned schools to colleges owned and operated by publicly traded corporations. Enrollment in such colleges has grown far faster than traditional public or nonprofit higher-education institutions. Moreover, during the 2009-2010 school year, for-profit colleges received almost \$32 billion in grants and loans provided to students under federal student aid programs, as authorized under Title IV of the Higher Education Act of 1965, as amended. Proponents of these colleges note that they offer certain advantages over traditional universities, such as online courses, flexible meeting times, and year-round courses.

Because of your interest in the student experience at for-profit colleges, you asked us to conduct undercover testing by enrolling in online classes under degree-granting programs. We selected 15 for-profit colleges and, once enrolled, engaged in behaviors consistent with substandard academic performance. This report describes the college and instructor response to this substandard student performance and also documents our overall experiences as students, including observations related to the enrollment process, cost of the programs, student financial aid, course structure, and the withdrawal process.

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<sup>1</sup>For-profit colleges are institutions of higher education that are privately owned or owned by a publicly traded company and whose net earnings can benefit a shareholder or individual. In this report, we use the term "college" to refer to all of those institutions of postsecondary education that are eligible for funds under Title IV of the Higher Education Act. This term thus includes public and private nonprofit institutions, proprietary (or for-profit) institutions, and postsecondary vocational institutions. 20 U.S.C. §§ 1001, 1002.

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To conduct our work, we tested 15 for-profit colleges, selected in three stages. First, we selected the 5 largest for-profit colleges, by student population, based on fall 2008 enrollments. Next, we selected 1 for-profit college based on unsolicited allegations of misconduct that we received between June 10, 2010, and October 30, 2010. Finally, using a systematic selection process, we selected 9 for-profit colleges from the population of 2,770 reporting enrollment of at least 1 student for fall 2008, using selection criteria such as the availability of online-only distance-education classes, class length, and program start date.<sup>2</sup> We attempted to enroll in each college using fictitious identities and one or two possible fictitious pieces of evidence of high-school graduation—a home-school diploma or a diploma from a closed high school.<sup>3</sup> If the student's application at any particular college was denied, we took no further action. We attempted to enroll in degree-granting programs that were expected to include objectively graded coursework (such as multiple-choice tests), for example business, medical billing, and paralegal studies programs. None of the programs allowed for elective course selection during the first term; our students took whatever classes the school required.

To engage in behaviors consistent with substandard academic performance, we used one or more of the following strategies for each student: (1) failure to attend class,<sup>4</sup> (2) failure to submit assignments, (3) submission of objectively incorrect assignments (e.g., submitting incorrect answers on multiple-choice quizzes), (4) submission of unresponsive assignments (e.g., submitting pictures when prompted to submit an essay), and (5) submission of plagiarized assignments. We documented each college's and instructor's response to these behaviors (as applicable), including any failure to follow established college policies as related to academic performance or academic misconduct. We did not evaluate the relative academic rigor of courses or any other degree program materials, nor did we evaluate the statements or behaviors of enrollment officials, except in such instances that affected the student experience in the classroom setting.

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<sup>2</sup>See app. I for complete details of the selection process.

<sup>3</sup>Each fictitious student was, at the time of application, eligible for federal financial aid in the form of subsidized and unsubsidized student loans.

<sup>4</sup>For online classes, attendance was tracked for students using student portal logins.

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We enrolled in each college for approximately one term, as defined by the college.<sup>5</sup> As applicable, we documented the colleges' withdrawal procedures, including whether our students were provided with required student loan exit counseling.<sup>6</sup> We tested each college once. The experience of each of our undercover students is unique and cannot be generalized to other students taking courses offered by the for-profit colleges we tested or to other for-profit or nonprofit colleges. As part of an undercover investigation, our tests were designed to obtain observations from entities that were unaware of our true identities. However, there exists a possibility that tested entities were able to determine that our students were fictitious and therefore altered their behavior based on the assumption that they were under observation. See appendix I for more details on our scope and methodology.

We briefed the Department of Education on our observations on October 24, 2011. As applicable, we have referred information to them for further investigation.

Our investigative work, conducted from October 2010 through October 2011, was performed in accordance with standards prescribed by the Council of the Inspectors General on Integrity and Efficiency.

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## Background

In order for students attending a college to receive Title IV funds, a college must, among other requirements, be (1) licensed or otherwise legally authorized to provide higher education by a state, (2) accredited by an agency recognized for that purpose by the Secretary of the U.S. Department of Education (Education), and (3) deemed eligible and certified to participate in federal student aid programs by Education.

This is commonly referred to as the triad. Under the Higher Education Act, Education does not determine the quality of higher-education institutions or their programs; rather, it relies on recognized accrediting agencies to do so. As part of its role in the administration of federal

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<sup>5</sup>The length of individual classes and terms differed by school. In some cases, our students were withdrawn or expelled prior to the completion of a full term.

<sup>6</sup>Once students have completed or withdrawn from schools, the Higher Education Act requires that schools provide exit counseling, typically within 30 days, for all students with federal loans.

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student aid programs, Education determines which institutions of higher education are eligible to participate in Title IV programs. Education is responsible for overseeing college compliance with Title IV laws and regulations and ensuring that only eligible students receive federal student aid. As part of its compliance monitoring, Education relies on department employees and independent auditors of schools to conduct program reviews and audits of colleges. Moreover, for-profit colleges participating in federal student aid programs must enter a program participation agreement with Education that, among other things, requires the college to derive not less than 10 percent of revenues from sources other than federal student aid (known as the “90/10 Rule”). According to Education, over 2,000 for-profit colleges participate in Title IV programs.<sup>7</sup>

In August 2009, we reported that students who attended for-profit colleges were more likely to default on federal student loans than were students from other colleges.<sup>8</sup> Additionally, our August 2010 testimony on for-profit college recruiting practices found that some colleges failed to provide clear information about program duration and cost and exaggerated applicants’ potential salary after graduation, and made other deceptive statements.<sup>9</sup>

The Stafford Loans are the largest source of federal financial aid available to postsecondary students. In academic year 2009-10, 35 percent of undergraduate students participated in the program, which provided an estimated \$56.1 billion dollars to eligible students through subsidized and

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<sup>7</sup>The Department of Education’s Office of Federal Student Aid administers these programs, which include, among others, the William D. Ford Federal Direct Loan Program, the Federal Pell Grant Program, and campus-based aid programs. The Federal Supplemental Educational Opportunity Grant, Federal Work-Study, and Federal Perkins Loan programs are called campus-based programs and are administered directly by the financial aid office at each participating college. As of July 1, 2010, new federal student loans that are not part of the campus-based programs come directly from Education under the Direct Loan program.

<sup>8</sup>GAO, *Proprietary Schools: Stronger Department of Education Oversight Needed to Help Ensure Only Eligible Students Receive Federal Student Aid*, [GAO-09-600](#) (Washington, D.C.: Aug. 17, 2009).

<sup>9</sup>GAO, *For-Profit Colleges: Undercover Testing Finds Colleges Encouraged Fraud and Engaged in Deceptive and Questionable Marketing Practices*, [GAO-10-948T](#) (Washington, D.C.: Aug. 4, 2010).

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unsubsidized loans.<sup>10</sup> To qualify for a subsidized loan, students must have a financial need as determined under federal law. A student's financial aid need is determined by a formula that subtracts a student's expected family contribution (EFC) and certain other estimated financial assistance from their total cost of attendance.<sup>11</sup> In contrast to subsidized loans, students can receive unsubsidized loans to pay for educational expenses regardless of their financial need. Depending on their educational expenses and level of financial need, a student may be eligible to receive both subsidized and unsubsidized loans, which is generally referred to as a combined loan.

Student eligibility for grants and subsidized student loans is based on student financial need.<sup>12</sup> In addition, in order for a student to be eligible for Title IV funds, the college must ensure that the student meets the following requirements, among others: (1) has a high-school diploma or a recognized equivalent (such as a General Educational Development [GED] certification), or completes a secondary-school education in a home-school setting as recognized under state law, or is determined to have an "ability-to-benefit" from the education by a method approved by Education or a state, or the college;<sup>13</sup> (2) is working toward a degree or certificate in an eligible program; and (3) is maintaining satisfactory academic progress once in college.

Completion of the Free Application for Federal Student Aid (FAFSA) is the first step in securing federal financial assistance. After Education processes an applicant's FAFSA, a report is sent to the applicant or made available online. This report includes the applicant's EFC, the types of federal aid for which the applicant qualifies, and information about any

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<sup>10</sup>The federal government pays the interest on behalf of subsidized-loan borrowers while the student is in school. Unsubsidized-loan borrowers are responsible for all interest costs. Regardless of loan type, borrowers must be either a U.S. citizen or eligible noncitizen, and be enrolled at least half time in a degree or certificate program.

<sup>11</sup>The EFC represents the amount the applicant and the applicant's family can reasonably be expected to contribute toward the applicant's postsecondary education. The "cost of attendance" in the context of student financial assistance is defined by 20 U.S.C. § 1087II.

<sup>12</sup>Grants do not have to be repaid by students, while loans must be repaid whether or not a student completes a degree program.

<sup>13</sup>If the college makes the determination of ability to benefit, the student must have satisfactorily completed six credit hours of coursework applicable toward a degree or certificate offered by the college.

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errors—such as questions the applicant did not complete—that Education identified during FAFSA processing. Colleges send applicants award letters after admission, providing students with types and amounts of federal, state, and institutional aid, should the student decide to enroll.

As required by law, a college must make available upon request to prospective and enrolled students a statement of any refund policy with which the college must comply; the requirements for the treatment of Title IV funds when a student withdraws; and the requirements and procedures for officially withdrawing from the college.<sup>14</sup> In addition, Education guidance states that a student should be able to estimate how much federal student aid he or she will retain and how much he or she will return upon withdrawing. Finally, a student or prospective student should be informed that if he or she withdraws, charges that were previously paid by federal student aid funds might become a debt that the student will be responsible for paying.<sup>15</sup>

Once students have completed or withdrawn from colleges, the Higher Education Act requires that schools provide exit counseling (which may be provided electronically), typically within 30 days, for all students with federally guaranteed loans. According to Education, this counseling is a critical requirement in explaining to borrowers both their rights and responsibilities. In requiring students to be advised of both the wide array of repayment options available and the negative consequences of default, such as adverse credit reports, delinquent debt collection, and litigation, the law seeks to facilitate repayment and prevent defaults. In addition, during the exit interview, colleges must require that the student submit to the institution the following information: the borrower's expected permanent address; the name and address of the borrower's expected employer; the address of the borrower's next of kin; and any corrections needed in the institution's records relating to the borrower's name, address, social security number, references, and driver's license number.

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<sup>14</sup>20 U.S.C. § 1092(a)(1).

<sup>15</sup>U.S. Department of Education, *Federal Student Aid Handbook*, Volume 5 — Overawards, Overpayments, and Withdrawal Calculations, 2010-2011 (August 2010).

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## Results of Undercover Testing

The experience of each of our undercover students is unique and cannot be generalized to other students taking courses offered by the for-profit colleges we tested or to other for-profit or nonprofit colleges. During the course of our testing at the selected colleges, we documented our observations related to the following phases of the student experience: enrollment, cost, financial aid, course structure, substandard student performance, withdrawal, and exit counseling. In addition, on the basis of our observations for the courses we tested, 8 of the 15 colleges appeared to follow existing policies related to academic dishonesty, exit counseling, and course grading standards. At the 7 remaining colleges, we found mixed results. For example, at least one issue was identified in which college staff or an instructor appeared to act in a manner inconsistent with college policies, federal regulations, or course grading standards; whereas others acted in a manner consistent with such policies. Of the 7 colleges, as discussed below, instructors at 2 colleges appeared to act in a manner inconsistent with college policies regarding academic dishonesty, instructors at 4 colleges appeared to act in a manner inconsistent with course grading standards, and 3 colleges appeared to act in a manner inconsistent with federal regulations on exit counseling. More specific details on Colleges 1 through 15 can be found in table 2.

**Enrollment:** We attempted to enroll undercover students at 15 colleges, and were successful in enrolling at 12. Two colleges (Colleges 13 and 14) declined our student's request for enrollment based on insufficient proof of high-school graduation. In both cases, we attempted to enroll using a fictitious home-school diploma, but were told that the college would not accept our home-school credentials.<sup>16</sup> We also attempted to apply using a fictitious diploma from a closed high school, but were rejected because the school was considered to lack accreditation. College 15 stated that it did not accept any home-school credentials but accepted our fictitious closed-school diploma and allowed us to begin class, but rescinded our acceptance after 1 week of classes, stating a lack of high-school accreditation as the reason for expulsion. We were not billed for the 1 week of class that we finished, nor did the school appear to receive any student loans on our behalf. In all 3 instances where our fictitious

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<sup>16</sup>Although our student did not successfully enroll at School 13, several weeks after we were denied admission we received a letter noting that since we were "not enrolled at least half-time," we were being provided with exit counseling. We did not respond to this letter and do not know why we received it.

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students were ultimately rejected, we were encouraged to pursue a GED in order to be allowed to enroll at the college.

At College 10, our student requested part-time enrollment, meaning that the student would take two courses per term. However, we found three courses that were fully accessible to our student through the school's online student portal website over our single enrollment term. The third class was clearly noted in our activity and grade report as being scheduled for completion during that term. Once our student had completed the class, we were informed by college staff that by accessing the class, the student had effectively converted to being a full-time student. We were further told that our student would be charged for full-time attendance, although the school had only processed financial aid paperwork for the student as a part-time student.

All 12 accepted students did not select any elective coursework during their enrollment period. Students were automatically enrolled in courses selected by the school by their schools' administrative staff and were informed of course start and end dates as they were enrolled. However, College 4 scheduled self-paced courses for our student on a revolving enrollment basis, wherein the student was enrolled in as many as four courses concurrently with the requirement that all coursework be completed and submitted prior to the specific course end date. College personnel stated that they could not provide us with an advance schedule including course start and end dates; they could only provide us with the start and end dates for those courses in which we were currently enrolled or a list of the courses that are required to complete a portion of our selected degree program (without start and end dates). For one class in which we enrolled at this college, the student's advisor provided us with an incorrect course end date, which resulted in our student missing a key deadline to submit assignments.

**Cost and Financial Aid:** All of our students were eligible for federal student aid in the form of subsidized and unsubsidized student loans and submitted the appropriate documentation to the school in support of this (i.e., FAFSA). Only 10 of our students actually received federal loan disbursements, according to documentation we received; the other 2 students were expelled without the college requesting or receiving any federal student aid funds (Colleges 3 and 12). In 8 of these 10 instances (Colleges 1, 2, 4, 5, 6, 9, 10, and 11), we observed that the colleges received at least one student aid disbursement, of which all or a portion was refunded to Education upon our early withdrawal from our program of study. In the remaining 2 instances (Colleges 7 and 8), the student aid

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disbursements were fully kept by the school and applied toward the student's cost of attendance. In no instances did we observe that a college collected federal student aid funds after the withdrawal date of any of our students (that was not fully refunded immediately). However, one college (College 4) told our student that they had not ever received any financial aid funding, even though the student was eligible and had received documentation from their lender indicating that the school had drawn down several thousand dollars of aid. The college did not respond to inquiries regarding this discrepancy, nor did they respond to requests for detailed information regarding the student's overall cost of attendance.

Our students took 31 classes in total at an average cost of \$1,287 per class. These costs included such items as tuition, books, and technology fees. Because our students withdrew early from their programs of study, the cost per course may not reflect what the average cost per course would be if the student had completed the full program. Some costs, such as technology fees, may be charged to the student as a lump sum at the start of the program, rather than spread over its lifetime. In addition, one college (College 7) provides a laptop for each student at the time of enrollment, the cost of which is charged to the student. When we specifically told our enrollment advisor that we did not want the college to provide us with a laptop, we were asked to fill out the "laptop agreement form" anyway. When we did, our student was shipped a laptop without further notification or explanation prior to shipping. When we asked about returning it and expressed concern about potentially expensive shipping costs associated with the return, we did not receive a response. One of the colleges we tested (College 6) did not require our undercover student to pay any out-of-pocket costs; all our coursework at this college was covered by student loans.

Table 1 contains information on the total costs incurred by each student during their attendance period, made up of subsidized student loans, unsubsidized student loans, and out-of-pocket costs. Total costs of attendance for individual students ranged from \$45 to \$5,412. Subsidized and unsubsidized student loan amounts represent the total loan amounts accepted by the college on each student's behalf after any refunds associated with our early withdrawal.

**Table 1: Federal Financial Aid and Out-of-Pocket Costs of Undercover Student Attendance at 15 For-Profit Colleges**

School	Number of classes attempted	Subsidized student loans (dollars)	Unsubsidized student loans (dollars)	Out-of-pocket expenses (dollars)	Total cost (dollars)
1	2	\$ 0	\$ 0	\$ 3,097	\$ 3,097
2	1	1,134	0	1,272	2,406
3	2	0	0	45	45
4	3	0	0	4,770	4,770
5	2	1,162	950	1,117	3,229
6	2	34	2,591	0	2,625
7	3	1,185	2,030	829	4,044
8	5	1,162	1,990	650	3,802
9	2 <sup>a</sup>	1,162	1,990	1,088	4,240
10	3	1,162	1,990	2,260	5,412
11	4	1,162	1,990	410	3,562
12	2	0	0	2,676	2,676
13	n.a. <sup>b</sup>	n.a.	n.a.	n.a.	n.a.
14	n.a. <sup>b</sup>	n.a.	n.a.	n.a.	n.a.
15	n.a. <sup>b</sup>	n.a.	n.a.	n.a.	n.a.

Source: GAO.

n.a. = not applicable

<sup>a</sup>Fictitious student attempted the same class twice.

<sup>b</sup>Student was denied enrollment.

**Course Structure:** The assignments and course structure were similar at all 12 tested schools. Since our students were just starting their respective programs, most classes were introductory in nature, such as Introduction to Business, Introduction to Computer Software, Keyboarding, and Learning Strategies and Techniques. Individual courses ranged in length from 4 weeks to 11 weeks, and our students took from 1 to 4 courses concurrently. Since we attended online courses only, most, if not all, interaction with instructors and other students occurred through the school’s online student portal software, including submission of coursework and later receipt of related feedback. Coursework generally consisted of (1) online discussion forum postings, both responses to original questions posed by the instructor and responses to fellow students; (2) written assignments, generally essays of varying lengths on course-specific topics; (3) skills exercises, such as keyboarding tests or specific computer-application exercises; and (4) multiple-choice quizzes and exams. Some courses also included a “participation” grade, which often included considerations for attendance,

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completion of ungraded exercises, and attendance at real-time chats or seminars. These real-time chats and seminars, when they occurred, were conducted either through written or audio chats, and allowed for full interaction between the student, the instructor, and peers.

At the beginning of all classes, the student was provided with a course syllabus, which outlined the basic purpose and structure of the course, as well as some grading information and course expectations. During enrollment, instructors interacted with our students through mechanisms such as providing postings in the course's online discussion forums, providing direct feedback on specific assignments through the course e-mail system or gradebook, and providing reminders of assignment due dates or other assignment-related guidance to all students through the course e-mail system.

**Substandard Performance:** While all 12 enrolled students engaged in behaviors consistent with substandard academic performance, each instructor in each class responded to such substandard performance differently. The behaviors our students engaged in included a combination of the following: a failure to attend class and submit assignments, submission of incorrect or unresponsive assignments, or both, and plagiarism. Detailed information on the substandard performance can be found in table 2, but highlights include the following:

*Examples of Instructor or College Behavior in Accordance with Policies or Standards*

- At College 1, our undercover student logged in to class but did not submit any assignments or participate in discussions. Her instructor repeatedly tried to contact the student through class and personal contact information to provide help and allow for submission of missed assignments. When the student refused to commit to completing assignments, the instructor locked the student out of class.
- One instructor at College 5 awarded our undercover student a failing grade on an assignment due to a technological failure which prevented the instructor from seeing the student's correctly submitted assignment. However, when contacted by the student about the discrepancy, the instructor promptly regraded all affected assignments and provided new feedback.
- College 3 had a conditional admittance policy stating that students will be expelled by the school, with no financial obligation, for failing to maintain a 65 percent average during the first 5 weeks of the program. Our student did not meet the conditional admittance criteria,

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as her grades were below the 65 percent average at the 5-week mark, and was expelled by the college in accordance with this policy.

*Examples of Instructor or College Behavior Not in Accordance with Policies or Standards*

- At College 4, our student submitted work in one class that did not meet the requirements of the assignment (such as photos of political figures and celebrities in lieu of essay question responses). The student further failed to participate in required real-time chat sessions. The instructor did not respond to requests for grade details and some substandard submissions appeared to have no effect on the student's grade, which ultimately resulted in the student passing the class.
- According to College 6's policies, students caught cheating will receive no credit on the first dishonest assignment and will be removed from class on a second. Our undercover student consistently submitted plagiarized material, such as articles clearly copied from online sources or text copied verbatim from a class textbook. For the first plagiarized assignment, the instructor told the student to paraphrase, but gave full credit. The instructor gave no credit on two additional plagiarized assignments. The student continued to submit plagiarized work, but the instructor did not note the plagiarism and gave credit for the work. The student received a failing grade for the class, but no action appeared to have been taken by the instructor or college related to the academic misconduct, which appeared to be inconsistent with the college policy on academic dishonesty.
- Our undercover student at College 10 took two classes in which she was awarded points for assignments that she did not complete, in violation of grading standards for the class. In one class, the student submitted only 2 of 3 required components of the final project, but received full credit for the assignment, resulting in an overall passing grade for the class. In the second class, the student received full credit for assignments that failed to meet technical requirements, including (1) submission length, (2) use of proper software tools, or (3) citation format and accuracy. The student also received full credit for an assignment which had already been submitted in another class and contained a clear notation that it was prepared for the other class. However, the student received a failing grade for this class on the basis of total grades received on all assignments.

**Withdrawal:** Generally, our students who were not expelled for performance or attendance reasons were able to withdraw from their respective colleges without incident. At 3 of the tested schools (Schools 3, 8, and 12), our students were expelled for failure to meet college

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policies; once for failure to meet conditional acceptance criteria, once for nonattendance, and once for academic performance issues. At the remaining 9 colleges, we requested to be withdrawn. At 8 of the 9 colleges, this withdrawal request was handled without incident. However, one college (College 4) never acknowledged our request to withdraw and instead eventually expelled us for nonattendance nearly a month later. Such a delay may violate federal regulations, which require that the college use the date that the student began the withdrawal process or provided notification or intent to withdraw as the official withdrawal date.<sup>17</sup> One college (College 10) provided our student's information to a collections agency before providing us with a final bill. When we inquired, college personnel stated that this is how they handle all student accounts.

**Exit Counseling:** Most of our students that received student loans received exit counseling in a timely manner in accordance with federal law. Federal law and regulations dictate that after a student with federal loans has completed or withdrawn from a college, the college must provide exit counseling, typically within 30 days. Students with federal loans that withdraw or are expelled prior to their expected graduation date may receive a disbursement of student loans that would need to be refunded by the college to Education in accordance with the school's stated Title IV Refund Policy. Two of our three expelled students received no federal student loans and therefore their colleges were not required to provide federally mandated exit counseling (Colleges 3 and 12). Two additional students received disbursements of student loans that were fully refunded to Education. Although it is unclear from statute whether exit counseling is required in this situation, one college provided exit counseling (College 1) and one did not (College 4). Of the 8 students who received disbursements of federal student aid that were applied toward their educational expenses, 5 received the federally mandated exit counseling from their colleges in a timely manner, generally in the form of a website or a short written document. Two of these colleges (Colleges 5 and 7) provided additional follow-up letters in the months following the original exit counseling. The remaining 3 students (Colleges 6, 10, and 11) received no exit counseling.<sup>18</sup> When we inquired with one of these

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<sup>17</sup>34 C.F.R. § 668.22(b), (c).

<sup>18</sup>We do note, however, that at College 6, while the student did not receive exit counseling at the time of withdrawal, the college did contact the student by mail near the end of the student's federal student loan grace period to remind them to repay.

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schools (College 10) about exit counseling, school staff told us that the exit counseling had been provided during the entrance interview. Because the regulations concerning exit counseling specifically state that it must be conducted *shortly before or after* withdrawal, this practice would be inconsistent with federal law.<sup>19</sup> We have referred the names of the colleges that did not provide exit counseling to the Department of Education.

Table 2 contains details about our undercover testing at the 15 colleges that we tested. Specifically, for each college, the table includes information about the program in which the student was enrolled; the time frame for attendance; the student's final eligibility for student aid; the student's substandard behavior scenario(s);<sup>20</sup> observations on college responses to substandard behavior scenario(s); final grades; exit counseling; and any college policies specifically relevant to the college's actions. The names of the classes each student took have been generalized to protect the identities of the 15 tested schools. A "D-minus" is considered the minimum passing grade for each class.

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<sup>19</sup>34 C.F.R. § 685.304.

<sup>20</sup>As previously noted, substandard behavior scenarios for each student included one or more of the following behaviors: (1) failure to attend class, (2) failure to submit assignments, (3) submission of objectively incorrect assignments (e.g., submitting incorrect answers on multiple-choice quizzes), (4) submission of unresponsive assignments (e.g., submitting pictures when prompted to submit an essay), and (5) submission of plagiarized assignments.

**Table 2: Selected Case Details from Undercover Testing at 15 For-Profit Colleges**

Program and enrollment	Observations
<p><b>College 1</b> 2-year Associate's Degree– Paralegal Studies Enrolled for classes beginning in January 2011</p>	<p><b>Substandard Performance Behaviors Used</b></p> <ul style="list-style-type: none"> <li>• Failure to submit assignments</li> <li>• Plagiarism</li> </ul> <hr/> <p><b>Class 1: Introduction to Legal Writing</b> Instructor gave appropriate credit in accordance with grading standards and ultimately student received an “incomplete” for the class. For example:</p> <ul style="list-style-type: none"> <li>• On the first assignment, student submitted partially plagiarized essay questions. Instructor gave student a “C” and instructions to develop independent answers.</li> <li>• For remainder of class, student logged in but did not submit assignments or participate in discussions.</li> <li>• Instructor repeatedly tried to contact our student through several available communication mechanisms (i.e., school e-mail, personal e-mail, and phone) to provide help and allow for submission of missed assignments. When student refused to commit to completing missed assignments and a final exam, Instructor locked student out of class.</li> </ul> <hr/> <p><b>Withdrawal and Exit Counseling</b> We withdrew in February 2011. Although it is unclear from statute whether exit counseling was required, it was provided in a timely manner.</p>
<p><b>College 2</b> 2-year Associate's Degree– Business Enrolled for classes beginning in January 2011</p>	<p><b>Substandard Performance Behaviors Used</b></p> <ul style="list-style-type: none"> <li>• Failure to submit assignments</li> <li>• Submission of objectively incorrect assignments</li> <li>• Submission of unresponsive assignments</li> </ul> <hr/> <p><b>Class 1: Learning Strategies and Techniques.</b> Instructor gave appropriate credit in accordance with grading standards and ultimately student received an “F” for the class. For example:</p> <ul style="list-style-type: none"> <li>• Student consistently submitted assignments that did not meet the requirements described in instructions and received no credit or minimal credit.</li> <li>• Support staff provided frequent reminders for our student to log in to classes for attendance purposes, and to complete required assignments.</li> </ul> <p>When this class—which was required for advancement through the program—was failed, the school temporarily enrolled the student in the next class in the program, only to remove them without notice in order to reenroll them in a repeat of the failed class.</p> <hr/> <p><b>Withdrawal and Exit Counseling</b> We withdrew in March 2011. Exit counseling was provided in a timely manner.</p>

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**College 3**

2-year Associate's Degree–  
Paralegal Studies

Enrolled for classes beginning in  
January 2011

**Substandard Performance Behaviors Used**

- Failure to submit assignments
- Submission of objectively incorrect assignments
- Submission of unresponsive assignments

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**College Policy**

College has conditional admittance policy. Students may be expelled by the college, with no financial obligation, for failing to maintain a 65 percent average during first 5 weeks of the program.

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**Class 1: Learning Strategies and Techniques**

Instructor gave appropriate credit in accordance with grading standards and ultimately the student received an “incomplete” for the class. For example:

- Student missed required seminars and failed to take quizzes and turn in assignments; earned a grade of 43 percent at the end of week 5.

**Class 2: Introduction to Paralegal Studies**

Instructor gave appropriate credit in accordance with grading standards and ultimately the student received an “incomplete” for the class. For example:

- Student missed required seminars and failed to take quizzes and turn in assignments; earned a grade of 19 percent at the end of week 5.

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**Withdrawal and Exit Counseling**

Student did not meet the conditional admittance criteria and was expelled by the college in accordance with their stated policies in February 2011. No exit counseling was required since the student did not receive any student loans.

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**College 4**

2-year Associate's Degree–  
Business

Enrolled for classes beginning in  
January 2011

**Substandard Performance Behaviors Used**

- Failure to submit assignments
- Submission of objectively incorrect assignments
- Submission of unresponsive assignments

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**College Policy**

Classes occurred on a revolving enrollment basis and all classwork was self-paced, to be completed by the class end date.

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**Class 1: Learning Strategies and Techniques**

With one exception, student consistently submitted work that did not meet the requirements of the assignments but received a passing grade of “C-minus,” which would appear to be inconsistent with established grading standards. For example:

- For a written exam that required the student to submit detailed explanations to four questions, the student submitted photos of political figures and celebrities.
- Student further failed to participate in required real-time chat sessions.

The student’s advisor provided an inaccurate class end date, resulting in the student mistakenly missing assignment submission deadlines. After the advisor contacted the instructor, the student was allowed to submit two missing assignments due to class end date inaccuracies (which were submitted as unresponsive and incorrect). The instructor did not respond to any requests for grade details and ultimately those submissions appeared to have no effect on the student’s final grade.

**Class 2: Keyboarding, and****Class 3: Introductory Computing**

Both classes were taught by the same instructor. Instructor gave appropriate credit in accordance with grading standards and ultimately the student received an “incomplete” for both classes. For example:

- Student turned in assignments late, failed to complete them in accordance with instructions, or failed to submit them altogether and generally earned failing grades on multiple-choice quizzes.
- Instructor posted numerous offers to help through the student portal and warned student of the effect that nonparticipation would have on the student’s grade. Further, she noted that we had open opportunities to retake Class 3’s multiple-choice quizzes and that “they are open book so there should not be any failure. All answers are right in the book and there is not [a] time limit.”

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**Withdrawal and Exit Counseling**

We requested to withdraw in February 2011, but the request was not acknowledged. Student received an official notice of expulsion for nonattendance dated approximately 1 month after request for withdrawal. Although it is unclear from statute whether exit counseling was required, it was not provided.

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**College 5**

3-year Bachelor's Degree--  
Business

Enrolled for classes beginning in  
January 2011

**Substandard Performance Behaviors Used**

- Failure to submit assignments
- Submission of objectively incorrect assignments
- Submission of unresponsive assignments

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**Class 1: Learning Strategies and Techniques**

Instructor gave appropriate credit in accordance with grading standards and ultimately student received an "F" for the class.

**Class 2: Introduction to Business**

With one exception, instructor gave appropriate credit in accordance with grading standards and ultimately student received a passing grade of "D" for the class. For example:

- Instructor awarded the student a failing grade on an assignment due to a technological failure which prevented him from seeing the student's correctly submitted assignment. However, when contacted by the student about the discrepancy, he promptly regraded all affected assignments and provided new feedback.
- Instructor awarded the student an "A" on an assignment the student had not, in fact, submitted. The instructor provided specific feedback on the assignment, which suggests that there may have been a technical error which improperly associated some other submission with our undercover student. The instructor provided no additional details on the discrepancy and the student did not inquire further.

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**Withdrawal and Exit Counseling**

We withdrew in February 2011. Exit counseling was provided in a timely manner. Further reminder e-mails and a letter were sent by the school several months after withdrawal to remind the student that loan payments would soon be due.

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**College 6**

2-year Associate's Degree–  
Business

Enrolled for classes beginning in  
January 2011

**Substandard Performance Behaviors Used**

- Plagiarism
- Failure to submit assignments
- Submission of objectively incorrect assignments
- Submission of unresponsive assignments

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**College Policy**

Students caught cheating will receive no credit on the first dishonest assignment and will be removed from class on a second.

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**Class 1: Introduction to Business**

Student consistently submitted plagiarized material—such as articles clearly copied from online sources or text copied verbatim from a class textbook—some of which was noted by the instructor; no action was taken to remove the student, who ultimately received an “F” in the class. For example:

- For the first two plagiarized assignments, instructor noted the plagiarism and told the student to paraphrase, but gave credit for the assignments, which would be inconsistent with college policy.
- Instructor noted plagiarism on two additional assignments and gave no credit, but did not appear to take any additional disciplinary action.
- Student continued to submit plagiarized work, but instructor made no note of it and gave credit for the work.

**Class 2: Introductory Computing**

On several occasions, student plagiarized material, including submitting a slide presentation in which the title slide gave an author name other than the student's, but the instructor never noted the plagiarism; the student ultimately received an “F” in the class.

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**Withdrawal and Exit Counseling**

We withdrew in April 2011. Exit counseling was required but not provided; however, as student loan grace period was ending, the college contacted the student by mail with a reminder to repay.

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**College 7**

2-year Associate's Degree–  
Business

Enrolled for classes beginning in  
May 2011

**Substandard Performance Behaviors Used**

- Plagiarism
- Failure to submit assignments
- Submission of objectively incorrect assignments
- Submission of unresponsive assignments

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**College Policy**

All violations of academic policy (including plagiarism) are documented and included in the student's academic record. Upon confirmation of the violation, the student will immediately be notified and one or more of the following actions may be taken: (1) Reduction in grade on the violating assignment; (2) Loss of credit for the violating assignment; (3) A failing grade for the course, and/or; (4) Suspension or dismissal from the college.

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**Class 1: Learning Strategies and Techniques**

Student consistently submitted plagiarized material—such as articles clearly copied from online sources or discussion posts copied from other students—nearly all of which was noted by the instructor but no action was taken to remove the student, who ultimately received an “F” in the class. For example:

- On multiple plagiarized discussion posts, the instructor noted that the submission was not in the student's own words and requested that the student resubmit a new post to receive credit. When the student did not resubmit, minimal or zero credit was given; however, no further disciplinary action was taken.
- Partway through the course, the instructor told the student that if the student submitted another plagiarized assignment, an incident report would be submitted. On multiple subsequent occasions of plagiarism, the instructor stated that she was submitting an incident report. However, the student did not receive any notification from the college that an incident report had been submitted and no further disciplinary actions were taken.

**Class 2: Introduction to Psychology**

Student consistently submitted plagiarized material—such as articles clearly copied from online sources or discussion posts copied from other students—some of which was noted by the instructor but no action was taken to remove the student, who ultimately received an “F” in the class. For example:

- For several assignments, the student submitted material that had been copied verbatim from an online source and included a citation to that source; the instructor awarded credit along with feedback noting that the student should use more credible sources. The instructor did not note the plagiarism.
- During the last week of class, the professor noted plagiarized assignments and stated on multiple occasions that an incident report would be submitted. However, the student did not receive any notification from the college that an incident report had been submitted and no disciplinary actions were taken.

**Class 3: Introductory Computing**

Student consistently submitted plagiarized material—such as articles clearly copied from online sources or discussion posts copied from other students—but the instructor never noted the plagiarism, and the student ultimately received an “F” in the class. For example:

- For an assignment requiring the student to create and format their own resume and cover letter, the student submitted a resume downloaded from an online source which was clearly under a name other than the student's. Full credit was given on the assignment and no feedback was provided.
- On six additional assignments, the student submitted plagiarized spreadsheets or slide presentations that had little to no relation to the assignment instructions or objectives but received full credit.

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**Withdrawal and Exit Counseling**

We withdrew in July 2011. Exit counseling was provided in a timely manner. A further reminder letter was sent by the college approximately 2 months after withdrawal.

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**College 8**

2-year Associate's Degree–  
Business

Enrolled for classes beginning in  
April 2011

**Substandard Performance Behaviors Used**

- Failure to submit assignments
- Submission of objectively incorrect assignments
- Submission of unresponsive assignments

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**Class 1: Learning Strategies and Techniques.**

For multiple-choice quizzes, instructor (who also taught class 2) awarded grades in accordance with grading standards; for one subjective assignment—an essay—instructor admitted that she was awarding a grade in excess of what would be allowable based on the work submitted, which would appear to be inconsistent with established grading standards. Student ultimately received an “F” for the class. For example:

- When the student failed two multiple-choice quizzes, the instructor reminded the student that each quiz could be retaken and that since the correct answers were displayed after completing it the first time, “it’s not hard to get a 100% on the second try; just jot down the correct answers and take the quiz again.”
- For a written essay where the student had submitted responses to only half of the questions asked, the instructor noted that while the student had only submitted work “worth 50% of the final grade,” the instructor “[struggled] with giving [the student] a failing grade” and awarded 75% credit.

**Class 2: Keyboarding**

Instructor (who also taught class 1) gave appropriate credit in accordance with grading standards for skills assignments (i.e., typing speeds); for writing assignments, instructor awarded passing grades for submissions that did not meet technical requirements (e.g., format, submission length). Student ultimately received an “F” for the class.

**Class 3: Introductory Law**

For objective assignments, such as multiple-choice quizzes, instructor gave appropriate credit in accordance with grading standards; for subjective assignments, such as writing assignments, instructor generally awarded grades that were higher than the grading rubric would allow, which would appear to be inconsistent with established grading standards. Student ultimately received an “F” for the class. For example:

- Student consistently submitted written assignments that were only responsive to a portion of the assigned discussion topics, but received high passing grades, though the instructor provided feedback noting that the student had not fully responded to the question.

**Class 4: Introductory Math**

Instructor gave appropriate credit in accordance with grading standards and ultimately student received an “F” for the class.

- Instructor consistently attempted to provide additional help to the student on skills assignments. About halfway through the class, the instructor offered to allow the student to “unofficially” submit an assignment for correction outside of the normal submission mechanism, which the instructor would return with corrections and allow the student to submit as their own work.

**Class 5: Introductory Computing**

Student consistently submitted incomplete and incorrect work but received full or partial credit; no credit was given for assignments that were not submitted at all. Student ultimately received an “F” for the class.

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**Withdrawal and Exit Counseling**

We were expelled for academic-performance reasons in July 2011. Exit counseling was provided in a timely manner.

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**College 9**

2-year Associate's Degree–  
Business  
Enrolled for classes beginning in  
December 2010

**Substandard Performance Behaviors Used**

- Failure to submit assignments
- Submission of objectively incorrect assignments
- Submission of unresponsive assignments

**Class 1: Learning Strategies and Techniques**

Instructor gave appropriate credit in accordance with grading standards and ultimately student received a high “F” for the class. For example:

- Student received no credit for assignments not submitted.
- Instructor provided extremely detailed constructive feedback on written assignments, including specific changes to grammar and sentence structure.
- After failing this class, student was abruptly reenrolled in a repeat of the class without notice; the repeated class was taught by the same instructor.

**Class 1 (repeated): Learning Strategies and Techniques**

Instructor suggested that the student resubmit the same work that had been previously submitted during the first attempt at this class, but including corrections based on the previously provided feedback. The instructor further provided the student with copies of these prior submissions and the related feedback. Following these instructions, the student received a higher grade on several assignments, which was significant enough for the student to pass the class on the second try with a final grade of “D”.

**Withdrawal and Exit Counseling**

We withdrew in March 2011. Exit counseling was provided in a timely manner.

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**College 10**

2-year Associate's Degree–  
Criminal Justice  
Enrolled for classes beginning in  
December 2010

**Substandard Performance Behaviors Used**

- Failure to submit assignments
- Submission of objectively incorrect assignments
- Submission of unresponsive assignments

**Class 1: Introductory Computing**

Instructor awarded credit to the student for a major assignment that was not completed. Specifically, the student received 100% of the available points on their final project, despite submitting only 2 of 3 required components, which would appear to be inconsistent with established grading standards. The student received a passing grade of “D-plus” for the class.

**Class 2: Learning Strategies and Techniques**

Instructor awarded credit to the student for multiple assignments that failed to meet technical requirements set forth in instructions, though the student ultimately received a final grade of “F” for the class. For example:

- Student submitted numerous assignments that were (1) insufficient in length, (2) developed without using required software tools, or (3) lacking proper and accurate citations.
- Student received full credit for an assignment that had already been submitted for Class 3 and contained a clear notation that it was prepared for the other class.

**Class 3: Introduction to the Criminal Justice Program**

Instructor noted that the student was not meeting technical requirements and was submitting unresponsive assignments, gave appropriate credit, and provided constructive feedback; the student ultimately received an “F” for the class.

**Withdrawal and Exit Counseling**

We withdrew in March 2011. Exit counseling was required but not provided. College staff told the student that the required exit counseling was provided during the entrance interview.

In the months following withdrawal, the student received an average of 1.4 e-mails per week from a school “Re-entry Specialist” encouraging the student to return to the college.

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**College 11**

2-year Associate's Degree–  
Medical Billing and Coding  
Enrolled for classes beginning in  
December 2010

**Substandard Performance Behaviors Used**

- Failure to submit assignments
- Submission of objectively incorrect assignments
- Submission of unresponsive assignments

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**Class 1: Introductory Computing**

Instructor gave appropriate credit in accordance with grading standards and ultimately student received an “F” for the class.

**Class 2: Introduction to Medical Billing Program**

Instructor gave appropriate credit in accordance with grading standards and ultimately student received a “D” for the class.

**Class 3: Critical Thinking**

Instructor gave appropriate credit in accordance with grading standards and ultimately student received an “incomplete” for the class. Instructor attempted to contact the student on a number of occasions to offer help.

**Class 4: Introduction to the Medical Billing Program II**

Instructor gave appropriate credit in accordance with grading standards and ultimately student received an “incomplete” for the class. Instructor attempted to contact the student on a number of occasions to offer help.

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**Withdrawal and Exit Counseling**

We withdrew in March 2011. Exit counseling was required but not provided.

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**College 12**

2-year Associate's Degree–  
Medical Billing and Coding  
Enrolled for classes beginning in  
January 2011

**Substandard Performance Behaviors Used**

- After displaying no substandard performance behaviors for the first 14 days of class, failure to attend class

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**College Policy**

Students who fail to log into the student portal to indicate attendance for 14 consecutive days will be expelled from the college.

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**Class 1: Introductory Computing**

Instructor gave appropriate credit in accordance with grading standards and ultimately student received an “incomplete” for the class.

**Class 2: Introduction to the Medical Billing Program**

Instructor gave appropriate credit in accordance with grading standards and ultimately student received an “incomplete” for the class.

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**Withdrawal and Exit Counseling**

Student was expelled from college in February 2011 after 14 consecutive days of nonattendance. No exit counseling was required.

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13	Student's enrollment request was denied. Per school, student did not meet requirements for acceptance based on insufficient evidence of high school graduation.
14	Student's enrollment request was denied. Per school, student did not meet requirements for acceptance based on insufficient evidence of high school graduation.
15	Student's enrollment request was denied. Per school, student did not meet requirements for acceptance based on insufficient evidence of high school graduation.

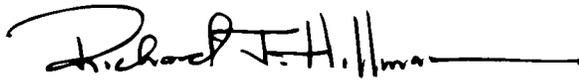
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Source: GAO.

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As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies of this report to relevant congressional committees and the Department of Education. This report will also be available at no charge on GAO's website at <http://www.gao.gov>. If you or your staff have any questions about this report or need additional information, please contact me at (202) 512-6722 or [hillmanr@gao.gov](mailto:hillmanr@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs can be found on the last page of this report.

Sincerely yours,

A handwritten signature in black ink that reads "Richard J. Hillman" followed by a horizontal line.

Richard Hillman  
Managing Director  
Forensic Audits and Investigative Service

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# Appendix I: Objectives, Scope, and Methodology

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Because of your interest in the student experience at for-profit colleges, we agreed to conduct undercover testing by enrolling in online classes under degree-granting programs. We selected 15 for-profit colleges and, once enrolled, engaged in behaviors consistent with substandard academic performance. As part of an undercover investigation, our tests were designed to obtain observations from entities that were unaware of our true identities. However, there exists a possibility that tested entities were able to determine that our students were fictitious and therefore altered their behavior based on the assumption that they were under observation. In order to determine the population of colleges eligible for selection, we queried the publicly available Integrated Postsecondary Education Data System (IPEDS),<sup>1</sup> the core postsecondary education data collection program for the National Center for Education Statistics (NCES) to identify schools meeting the following characteristics: (1) U.S. only; (2) Title IV Participating; and (3) 4-year or above private for-profit, 2-year or above private for-profit, or less than 2-year private for-profit.<sup>2</sup> From this query, we identified 2,770 institutions at which 1,804,246 students were enrolled in fall 2008. Because IPEDS data are sometimes reported on a per-campus basis, it is possible for a parent college to have multiple listings, and therefore these 2,770 records do not represent 2,770 different colleges. To identify the parent college, we used a 15-character name-based summarization, resulting in 1,346 parent colleges.<sup>3</sup>

To conduct our work, we tested 15 colleges, selected in three stages. In determining which colleges to test, we used the following enrollment and program logistical requirements: (1) the selected college must allow students to complete online-only courses in pursuit of an associate's or bachelor's degree; (2) the expected enrollment period (one term, as defined by the college) needed to be limited in length to no more than 10 weeks; and (3) the selected college must allow students to enroll over the phone or Internet. Since, IPEDS does not contain information on these college characteristics, during each stage of the selection, allowances were made to take into account the possibility of selecting a college that

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<sup>1</sup>Colleges participating in or applying to participate in Title IV federal financial assistance programs are required to complete the surveys that are used to populate IPEDS.

<sup>2</sup>The most recent cycle of data available through IPEDS at the time of our engagement was fall 2008.

<sup>3</sup>Due to the potential imprecision of such name-based summarization, we conducted a visual inspection of the summarized data and corrected any obvious errors.

could not be tested. A determination as to whether the college offers online courses in pursuit of a degree was made based on queries of the respective colleges' websites. Identification of the colleges' expected enrollment period was done through online or telephone inquiries. Determination as to whether the college allowed phone or Internet enrollment was made by attempting to enroll.

First, we selected the 5 largest for-profit colleges, by student population, based on student enrollments for fall 2008. For this purpose, we used the parent college-level summarization of campus-level data. In total, these 5 colleges represented 654,312 of the 1,804,246 students (36 percent) and 325 of the 2,770 campuses reporting for fall 2008 (12 percent). All 5 colleges were further found to offer online-only coursework in pursuit of a degree, with limited enrollment period lengths and online and telephone enrollments, and were therefore fully eligible for testing.

Next, we selected 1 for-profit college based on unsolicited allegations received by GAO. We received 94 unique unsolicited allegations of misconduct at for-profit colleges between June 10, 2010, and October 30, 2010. We selected the college that had the most specific allegations of misconduct that had not already been selected under the first part of this selection methodology. This college met all the logistical requirements for selection. We considered 1 other for-profit college based on allegations received, but did not select it for testing due to logistical issues we identified as an impediment to testing (i.e., lack of online-only coursework).

Finally, we selected the remaining 9 for-profit colleges using a systematic selection process. Although the selection in each of the first two stages was done at the college level, the selection in the third stage was done at the campus level. For the selection of the remaining 9 colleges, we randomly sampled from the population of 2,770 campuses that were neither selected nor eliminated due to known logistical issues through the previous two selection methods and had Fall 2008 enrollment of at least one student, and in which the campus (as reported to IPEDS), served as the selection unit. Because of the potential that colleges selected randomly would not meet logistical requirements, we selected a sample of 150 campuses to increase the likelihood that 9 testable colleges would be selected. Of the 150 campuses, only 24 were found to offer online-only coursework in pursuit of a degree. Each of these 24 campuses was associated with a different parent college. Additional phone-based research was conducted on these 24 to verify conformity with logistical requirements. Based on that research, a further 8 colleges were removed

for reasons including: (1) term length in excess of 10 weeks; (2) physical classroom attendance requirements; (3) college would not provide required logistical information without in-person interviews; (4) infeasible program start date; and (5) requirement for prospective students to submit field-specific certification credentials. To select the 9 colleges from the remaining 16, we contacted all 16 colleges on November 23, 2010, to determine the next available start date for an online-only degree-granting program. We then selected the 9 colleges with the soonest start dates. During the course of testing, 2 of these selected colleges were replaced with the next available schools (by start date) as a logistical consideration.

At each of the 15 selected colleges, we attempted to enroll using fictitious identities and one or two possible fictitious pieces of evidence of high-school graduation—a home-school diploma or a diploma from a closed high school.<sup>4</sup> If the student's application at any particular school was denied using both pieces of fictitious graduation documentation, we took no further action. We attempted to enroll in degree-granting programs that were expected to include objectively-graded coursework (such as multiple-choice tests), such as business, medical billing, and paralegal studies programs. All fictitious students we successfully enrolled in for-profit colleges participated in degree programs that did not allow for elective course selection during the first term; our fictitious students took whatever classes the college required. We enrolled in each college for approximately one term, as defined by the college.<sup>5</sup>

To engage in behaviors consistent with substandard academic performance, we used one or more of the following strategies for each student: (1) failure to attend class,<sup>6</sup> (2) failure to submit assignments, (3) submission of objectively incorrect assignments (e.g., submitting incorrect answers on multiple-choice quizzes), (4) submission of unresponsive assignments (e.g., submitting pictures when prompted to submit an essay), and (5) submission of plagiarized assignments. We documented

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<sup>4</sup>Each fictitious identity was, at the time of application, eligible for federal financial aid in the form of subsidized and unsubsidized student loans.

<sup>5</sup>The length of individual classes and terms differed by college. In some cases, our students were withdrawn or expelled prior to the completion of a full term.

<sup>6</sup>For the purpose of this engagement, in consideration of the testing of online-only classes, failure to attend class was achieved through failure to log in to a college's student portal.

the college's and instructor's response to these behaviors (as applicable), including any failure to follow established college policies as related to academic performance or academic misconduct. We did not evaluate the relative academic rigor of courses or any other degree program materials, nor did we evaluate the statements or behaviors of enrollment officials, except in such instances that affected the student experience in the classroom setting. As applicable, we documented the colleges' withdrawal procedures and whether the colleges provided required exit counseling for students that received financial aid. We tested each college once. The experience of each of our undercover students is unique and cannot be generalized to other students taking courses offered by the for-profit colleges we tested or to other for-profit or nonprofit colleges.

Our investigative work, conducted from October 2010 through October 2011, was performed in accordance with standards prescribed by the Council of the Inspectors General on Integrity and Efficiency.

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