

GAO Highlights

Highlights of [GAO-22-104463](#), a report to congressional requesters

Why GAO Did This Study

Almost three-quarters of the nation's college students were enrolled in an education program offered at least partially online in 2020. Some colleges have contracted with third parties, known as OPMs, to help them deliver programs online and recruit students for these programs.

GAO was asked to review Education's role in overseeing colleges' use of OPMs. This report examines (1) colleges' use of OPMs and (2) the extent to which Education's monitoring instructions ensure that it obtains the information needed to assess whether OPM arrangements comply with the incentive compensation ban. GAO analyzed data and information from a market research firm, a higher education research firm, and seven OPM companies with the largest number of arrangements with colleges. GAO reviewed relevant regulations and agency guidance on Education's monitoring policies and procedures. GAO interviewed Education officials as well as officials from selected colleges, three audit firms, and a state audit office that were identified through research and referrals.

What GAO Recommends

GAO is making two recommendations to Education to improve instructions for auditors and colleges to help Education obtain the information needed to assess OPM arrangements for incentive compensation violations. Education agreed with GAO's recommendations and described plans to address them.

View [GAO-22-104463](#). For more information, contact Melissa Emrey-Arras at (617) 788-0534 or emreyarrasm@gao.gov.

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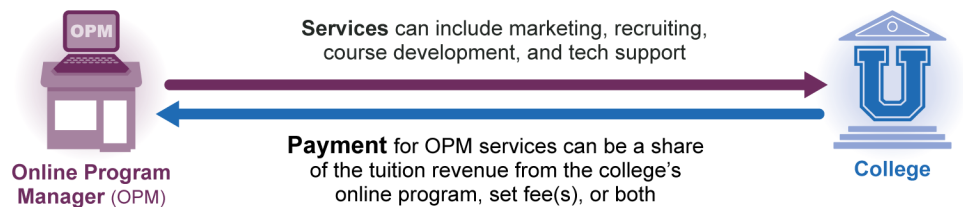
HIGHER EDUCATION

Education Needs to Strengthen Its Approach to Monitoring Colleges' Arrangements with Online Program Managers

What GAO Found

At least 550 colleges worked with an online program manager (OPM) to support at least 2,900 education programs (e.g., certificate and degree programs) as of July 2021, according to the most recently available market research data. However, the exact number of OPM arrangements is unknown, due to a lack of comprehensive data, and there could be more of these OPM arrangements. Available market research data show that the number of new arrangements between colleges and OPMs is growing. There were at least 20 new arrangements between colleges and OPMs in 2010, and by 2020 the number had grown to at least 165. About 90 percent of the colleges with OPM arrangements are public or nonprofit colleges. GAO found that OPMs commonly recruit students for colleges, making these arrangements subject to the Department of Education's oversight and the Higher Education Act's ban on incentive compensation—which was designed to prevent abusive recruiting practices.

How Colleges Work with Online Program Managers



Source: GAO. | [GAO-22-104463](#)

Education's monitoring instructions for annual audits and agency reviews do not ensure it obtains information about colleges' OPM arrangements to fully assess compliance with the ban on incentive compensation.

- Education relies on independent auditors to collect information on OPM arrangements to identify potential violations of the incentive compensation ban; however, auditor instructions lack some key details. For example, the instructions do not specifically reference OPMs or a key piece of guidance that Education released in 2011. As a result, compliance audits may not assess relevant OPM arrangements.
- Education depends on colleges to provide information about their OPM arrangements during audits and agency reviews. However, Education's instructions to colleges also lack key details about identifying OPM arrangements subject to agency oversight and consequently colleges do not always report such arrangements, according to agency officials.

Without clearer instructions to auditors and colleges about the information on OPM arrangements that must be assessed during compliance audits and agency reviews, there is a risk that Education will not have the information it needs to detect incentive compensation violations.