

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.