

GAO

Testimony

Before the Committee on Governmental Affairs, U.S.
Senate

For Release on Delivery
Expected at 10:00a.m. EDT
Tuesday, May 11, 2004

DIPLOMA MILLS

Federal Employees Have Obtained Degrees from Diploma Mills and Other Unaccredited Schools, Some at Government Expense

Statement of Robert J. Cramer,
Managing Director Office of Special Investigations



Madam Chairman and Members of the Committee:

I am pleased to be here today to discuss issues related to degrees from “diploma mills” and other unaccredited postsecondary schools. As you requested, we conducted an investigation to determine whether the federal government has paid for degrees from diploma mills and other unaccredited postsecondary schools. Section 4107 of title 5, U. S. Code, only permits the federal government to pay for the cost of academic degree training provided by a college or university that is accredited by a nationally recognized accrediting body. You also asked us to determine whether federal employees who hold senior-level positions have degrees from diploma mills and other unaccredited schools. My testimony today summarizes our investigative findings.

We conducted our investigation from July 2003 through February 2004, in accordance with quality standards for investigations as set forth by the President’s Council on Integrity and Efficiency. We searched the Internet for nontraditional, unaccredited, postsecondary schools that offer degrees for a relatively low flat fee, promote the award of academic credits based on life experience, and do not require any classroom instruction. We requested that four such schools provide information on the number of current and former students identified in their records as federal employees and payment of fees for such federal employees by the federal government. In addition, posing as a prospective student who is employed by a federal agency, our investigator contacted three unaccredited schools to obtain information on how he might have a federal agency pay for a degree.

Additionally, we requested that eight federal agencies—the Departments of Education (ED), Energy (DOE), Health and Human Services (HHS), Homeland Security (DHS), Transportation (DOT), and Veterans Affairs (VA); the Small Business Administration (SBA), and the Office of Personnel Management (OPM)—provide us with a list of senior employees, level GS-15 (or equivalent) or higher, and the names of any postsecondary institutions from which such employees had reported receiving degrees. We compared the names of the schools on the lists provided by these agencies with those that are accredited by accrediting bodies recognized by the Department of Education. We also requested that the agencies examine their financial records to determine if they had paid for degrees from unaccredited schools, and we interviewed six federal employees who have obtained degrees from unaccredited schools.

Summary

In summary, 3 of the 4 unaccredited schools responded to our requests for information and provided records that identified 463 students employed by the federal government. Two of the four schools provided records that federal agencies paid them \$150,387.80 for the fees of federal employee students. In addition, DOE and DOT advised us of separate payments totaling \$19,082.94 for expenses associated with degrees from these two schools, for total federal payments of \$169,470.74 to them. However, for the reasons explained below, the records provided by the schools and agencies likely understate the extent of federal payments for degrees at diploma mills and other unaccredited schools.

Data provided by 8 agencies indicated that 28 senior-level employees have degrees from diploma mills and other unaccredited schools. In our follow-up interviews with six of these employees and their managers, we were told that experience, rather than educational credentials, was considered in hiring and promotion decisions concerning these employees. Again, however, for reasons set forth below, this number is believed to be an understatement of the actual number of employees at these 8 agencies who have degrees from diploma mills and other unaccredited schools.

Background

The Homeland Security Act amended section 4107 of title 5, U. S. Code, by allowing federal reimbursement for degrees only from accredited institutions. Specifically, section 4107 states that an agency may “pay or reimburse the costs of academic degree training ... if such training ... is *accredited* and is provided by a college or university that is *accredited* by a nationally recognized body.” (Emphasis supplied). For purposes of this provision, a “nationally recognized body” is a regional, national, or international accrediting organization recognized by the Department of Education.¹ Because the law governs only academic degree training, it does not preclude an agency from paying for the costs of individual training courses offered by unaccredited institutions. Prior to the enactment of the Homeland Security Act, federal agencies were not authorized to pay for employee academic degree training unless the head of the agency determined that it was necessary to assist in recruitment or retention of

¹5 C.F.R. § 410.308(b).

employees in occupations in which the government had a shortage of qualified personnel.²

Accreditation of degree-granting institutions in the United States is a voluntary process. Unaccredited schools, and the quality of education they offer, vary significantly. At one end of the spectrum are schools that offer standard curricula traditionally found at accredited universities. Other schools, commonly referred to as diploma mills, sell academic degrees based upon life experience or substandard or negligible academic work. Some diploma mills require no academic work at all and merely sell degrees for a fee, such as those we discussed in our November 2002 report.³

Records Produced by Agencies and Schools Understate Federal Payments for Degrees from Unaccredited Schools

Several factors make it extremely difficult, if not impossible, to determine the extent of unauthorized federal payments for degrees issued by unaccredited schools. First, the data we received from both schools and federal agencies understate the extent to which the federal government has made such payments. Additionally, the way in which some agencies maintain records of payments for employee education makes such information inaccessible. For example, HHS responded to our request for records of employee education payments by informing us that it could not produce them because it maintains a large volume of such records in five different accounting systems, has no way to differentiate academic degree training from other training, and does not know whether payments for training made through credit cards are captured in its training payment records.

Moreover, diploma mills and other unaccredited schools modify their billing practices so students can obtain payments for degrees by the federal government. Purporting to be a prospective student, our investigator placed telephone calls to three schools that award academic credits based on life experience and require no classroom instruction: Barrington University (Mobile, Alabama); Lacrosse University (Bay St. Louis, Mississippi); and Pacific Western University (Los Angeles, California). These schools each charge a flat fee for a degree. For example, fees for

²5 U.S.C. 4107(a) and (b).

³U.S. General Accounting Office, *Purchases of Degrees from Diploma Mills*, [GAO-03-269R](#) (Washington, D.C.: Nov. 21, 2002).

degrees for domestic students at Pacific Western University are as follows: Bachelor of Science (\$2,295); Master's Degree in Business Administration (\$2,395); and PhD (\$2,595). School representatives emphasized to our undercover investigator that they are not in the business of providing, and do not permit students to enroll for, individual courses or training. Instead, the schools market and require payment for degrees on a flat-fee basis.

However, representatives of each school told our undercover investigator that they would structure their charges in order to facilitate payment by the federal government. Each agreed to divide the degree fee by the number of courses a student was required to take, thereby creating a series of payments as if a per course fee were charged. All of the school representatives stated that students at their respective schools had secured payment for their degrees by the federal government.

Information we obtained from two unaccredited schools confirms that the federal government has paid for degrees at those schools. We asked four such schools that charge a flat fee for degrees to provide records of federal payments for student fees: California Coast University (Santa Ana, California); Hamilton University (Evanston, Wyoming); Pacific Western University (Los Angeles, California); and Kennedy-Western University (Thousand Oaks, California). Hamilton University failed to respond to our request. Pacific Western University reported that it could not locate any records indicating that federal payments were made, although this claim directly contradicts representations made to our undercover investigator by a school representative that federal agencies had paid for degrees obtained by Pacific Western University students.

Pacific Western University, California Coast University, and Kennedy-Western University provided data indicating that 463 of their students were federal employees. California Coast University and Kennedy-Western University provided records indicating that they had received \$150,387.80 from federal agencies for 14 California Coast University students and 50 Kennedy-Western University students. The information is summarized in table 1.

Table 1: Federal Employees and Payments Associated with Unaccredited Schools

Department or agency	Number of students identified as federal employees ^a	Number of federal employees for whom tuition payments were made ^b	Total tuition payments made by federal agencies ^b
Energy	35	3	\$13,505.00
Transportation	17		
Homeland Security	12		
Health and Human Services	11	4	\$8,175.00
Veterans Affairs	13	5	\$12,535.00
Office of Personnel Management	1		
Education	2		
Defense	257	28	\$68,248.05
US Postal Service	29	8	\$24,970.00
Agriculture	5	1	\$1,500.00
US Courts	2		
US Agency for Int'l. Development	1		
Treasury	8	1	\$2,050.00
State	3		
Peace Corps	1		
National Aeronautics & Space Admin.	9	2	\$2,131.25
General Services Admin.	3	1	\$600.00
Federal Reserve Bank	1		
Federal Deposit Insurance Corp.	2		
Federal Communications Commission	1		
Environmental Protection Agency	9	2	\$5,538.00
Labor	1	1	\$2,437.50
Justice	13	5	\$5,458.00
Interior	6		
Commerce	4		
Unspecified	17	3	\$3,240.00
Total	463	64	\$150,387.80

Source: GAO analysis of data received from Kennedy-Western University, California Coast University, and Pacific Western University.

^aThese numbers represent information provided by three schools—Kennedy-Western University, California Coast University, and Pacific Western University.

^bThese payments represent limited information provided from two schools—Kennedy-Western University and California Coast University.

After identifying federal agencies that made payments to Kennedy-Western and California Coast, we requested that DOE, HHS, and DOT provide records of their education-related payments to schools for employees during the last 5 years. As previously discussed, HHS advised us that it could not provide the data. DOE and DOT provided data that identified payments of \$19,082.94, which were in addition to those reflected in table 1, for expenses associated with Kennedy-Western. Thus, we found a total of \$169,470.74 in federal payments to these two unaccredited schools.

However, a comparison of the data received from the schools with the information provided by DOE and DOT shows that the schools and the agencies have likely understated federal payments. For example, Kennedy-Western reported total payments of \$13,505 from DOE for three students, while DOE reported total payments of \$14,532 to Kennedy-Western for three different students. Thus, DOE made payments of at least \$28,037 to Kennedy-Western. Additionally, DOT reported payments of \$4,550 to Kennedy-Western for one student, but Kennedy-Western did not report receiving any money from DOT for that student.⁴

Senior-Level Federal Employees Have Degrees from Unaccredited Schools

On the basis of the information we obtained from eight agencies, we determined that some senior-level employees obtained degrees from diploma mills and other unaccredited schools. Specifically, we requested that eight agencies review the personnel folders of GS-15 (or equivalent) and above employees and provide us with the names of the postsecondary institutions from which such employees reported receiving academic degrees. The eight agencies were: ED, DOE, HHS, DHS, DOT, VA, SBA, and OPM. The agencies informed us that their examination of personnel records revealed that 28 employees listed degrees from unaccredited schools; and 1 employee received tuition reimbursement of \$1,787.44 in connection with a degree from such a school.

However, we believe that this number understates the number of federal employees at these agencies who have such degrees. The agencies' ability to identify degrees from unaccredited schools is limited by a number of

⁴Our investigation was limited to direct federal payments to schools and did not include federal reimbursements of school fees to employees.

factors. First, diploma mills frequently use names similar to those used by accredited schools, which often allows the diploma mills to be mistaken for accredited schools. For example, Hamilton University of Evanston, Wyoming, which is not accredited by an accrediting body recognized by ED, has a name similar to Hamilton College, a fully accredited school in Clinton, New York. Moreover, federal agencies told us that employee records may contain incomplete or misspelled school names without addresses. Thus, an employee's records may reflect a bachelor's degree from Hamilton, but the records do not indicate whether the degree is from Hamilton University, the unaccredited school, or Hamilton College, the accredited institution. Further, we learned that there are no uniform verification practices throughout the government whereby agencies can obtain information and conduct effective queries on schools and their accreditation status. Additionally, some agencies provided information about only the most recent degrees that employees reported receiving.

We interviewed several federal employees who had reported receiving degrees from unaccredited schools. These employees included three management-level DOE employees who have emergency operations responsibilities at the National Nuclear Security Administration (NNSA) and security clearances. We also found one employee in the Senior Executive Service at DOT and another at DHS who received degrees from unaccredited schools for negligible work. Additional details of their interviews are provided below.

Employees #1, #2, and #3 are managers in the Office of Emergency Operations at NNSA and have "Q" level security clearances. Employee #1, who was hired at NNSA in 2002, paid \$5,000 for a masters degree in 1996 from LaSalle University, an unaccredited school that has been found to have made false claims of accreditation.⁵ This individual obtained the degree in 1996 while in the Air Force in order to advance his career. He informed us that while serving as a Lieutenant Colonel in the Air Force, he was told that he would need a master's degree in order to be considered for promotion to colonel. He contacted LaSalle University and obtained a degree based on life experience, courses he had taken previously in the military, and courses for which he read books and wrote papers. Employee #1 told us that he did not attend classes or take any tests, his master's

⁵Four individuals were convicted in the Eastern District of Louisiana for mail fraud, wire fraud, and money laundering in connection with their operation of LaSalle University.

degree from LaSalle was a “joke,” and he received it after paying approximately \$5,000.

Employee #2, hired at NNSA in 2000, received a bachelor’s degree in 1992 from Chadwick University, an unaccredited school. Employee #2 never attended classes but obtained the degree based on 30 credits for life experience, several college level examination program tests, and nine correspondence courses. The employee reported reading a book, writing a paper, and taking a final exam for each of the nine courses. This is the only postsecondary education this employee has obtained. Although agency personnel records indicate that this individual is a candidate for a master’s degree program at an unaccredited foreign school, Employee #2 has never completed any courses for such a degree.

Employee #3, hired at NNSA in 2000, received a PhD in engineering administration in 1985 from Columbia Pacific University, an unaccredited school. He performed course work required for a PhD at George Washington University, a fully accredited school, but did not complete a dissertation. Employee #3 claims to have completed a dissertation for Columbia Pacific but did not attend classes or complete any coursework at that school. In December 1999, the Marin County Superior Court ordered Columbia Pacific University to cease operations within California. The court determined that Columbia Pacific failed to meet various requirements for issuing PhD degrees, awarded excessive credit based on life experience, and failed to employ duly qualified staff.

Employee #4 is a Senior Executive Service official at DOT. Employee #4 received a Bachelor of Science degree within 6 to 8 months from Kent College, an unaccredited school. Kent waived some credits while Employee #4 completed three research papers and paid \$3,500 for the degree. In 1992, Employee #4 listed the degree from Kent College on his application for a master’s degree program at an accredited school. Officials at the school to which he applied did not identify Kent as an unaccredited school with a history of awarding degrees based on negligible work. The accredited school accepted Employee #4 into its master’s program, and he completed it.

Employee #5 was an employee in the Senior Executive Service at DHS at the time of our interview but has since resigned. This employee received a series of degrees based on negligible work from unaccredited Hamilton University while working at the Department of Labor (DOL) in various senior capacities. Between March and June 2000, this individual received a

bachelor's and a master's degree based on prior training and other life and work experience. Subsequently, in March 2001, Employee #5 received a PhD in computer information systems from Hamilton. This individual left DOL and began working at DHS in a Senior Executive Service position in April 2003. A security clearance update, initiated while the employee was still at DOL but completed after the employee joined DHS, led to the discovery of the degrees from Hamilton.

Concluding Remarks

In conclusion, the records that we obtained from schools and agencies likely understate the extent to which the federal government has paid for degrees from diploma mills and other unaccredited schools. Many agencies have difficulty in providing reliable data because they do not have systems in place to properly verify academic degrees or to detect fees for degrees that are masked as fees for training courses. Additionally, the agency data we obtained likely do not reflect the true extent to which senior-level federal employees have diploma mill degrees. This is because the agencies do not sufficiently verify the degrees that employees claim to have or the schools that issued the degrees, which is necessary to avoid confusion caused by the similarity between the names of accredited schools and the names assumed by diploma mills. Finally, we found that there are no uniform verification practices throughout the government whereby agencies can obtain information and conduct effective queries on schools and their accreditation status.

Madam Chairman, this concludes my prepared statement. I would be happy to respond to any questions that you or Members of the Committee may have.

Contacts and Staff Acknowledgments

For further information about this testimony, please contact Robert J. Cramer at (202) 512-7227; Andrew O'Connell at (202) 512-7449; or Paul Desaulniers at (202) 512-7435.

GAO's Mission

The General Accounting Office, the audit, evaluation and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through the Internet. GAO's Web site (www.gao.gov) contains abstracts and full-text files of current reports and testimony and an expanding archive of older products. The Web site features a search engine to help you locate documents using key words and phrases. You can print these documents in their entirety, including charts and other graphics.

Each day, GAO issues a list of newly released reports, testimony, and correspondence. GAO posts this list, known as "Today's Reports," on its Web site daily. The list contains links to the full-text document files. To have GAO e-mail this list to you every afternoon, go to www.gao.gov and select "Subscribe to e-mail alerts" under the "Order GAO Products" heading.

Order by Mail or Phone

The first copy of each printed report is free. Additional copies are \$2 each. A check or money order should be made out to the Superintendent of Documents. GAO also accepts VISA and Mastercard. Orders for 100 or more copies mailed to a single address are discounted 25 percent. Orders should be sent to:

U.S. General Accounting Office
441 G Street NW, Room LM
Washington, D.C. 20548

To order by Phone: Voice: (202) 512-6000
 TDD: (202) 512-2537
 Fax: (202) 512-6061

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Web site: www.gao.gov/fraudnet/fraudnet.htm

E-mail: fraudnet@gao.gov

Automated answering system: (800) 424-5454 or (202) 512-7470

Public Affairs

Jeff Nelligan, Managing Director, NelliganJ@gao.gov (202) 512-4800
U.S. General Accounting Office, 441 G Street NW, Room 7149
Washington, D.C. 20548

**United States
General Accounting Office
Washington, D.C. 20548-0001**

**Official Business
Penalty for Private Use \$300**

Address Service Requested

**Presorted Standard
Postage & Fees Paid
GAO
Permit No. GI00**

