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Testimony

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DIPLOMA MILLS

Diploma Mills Are Easily Created and Some Have Issued Bogus Degrees to Federal Employees at Government Expense

Statement of Robert J. Cramer
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Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss work performed by GAO's Office of Special Investigations (OSI) related to degrees from "diploma mills." For purposes of this overview, we defined "diploma mills" as 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. Over the past 3 years, OSI has purchased degrees from a diploma mill through the Internet, created a diploma mill in the form of a fictitious foreign school, investigated whether the federal government has paid for degrees from diploma mills for federal employees, and determined whether high-level federal employees at certain agencies have degrees from diploma mills. My testimony today summarizes our investigative findings.

Purchasing Degrees from a Diploma Mill

In response to a request from the Senate Permanent Subcommittee on Investigations of the Committee on Governmental Affairs, OSI purchased two degrees from a diploma mill through the Internet. After identifying "Degrees-R-Us" as a diploma mill, our investigator held numerous discussions in an undercover capacity with its owner. Posing as a prospective student, the investigator first contacted Degrees-R-Us to obtain information regarding the steps to follow in purchasing degrees. Following those instructions, we purchased a Bachelor of Science degree in Biology and a Master of Science degree in Medical Technology. The degrees were awarded by Lexington University, a nonexistent institution purportedly located in Middletown, New York. We provided Degrees-R-Us with references that were never contacted and paid a \$1,515 fee for a "premium package." The package included the two degrees with honors and a telephone verification service that could be used by potential employers verifying the award of the degrees.

Creating a Diploma Mill

OSI also created a diploma mill to test vulnerabilities in the Federal Family Education Loan Program (FFEL). We created Y'Hica Institute for the Visual Arts, a fictitious graduate-level foreign school purportedly located in London, England. We first created a bogus consulting firm that posed as Y'Hica's U.S. representative and the principal point of contact with the Department of Education (Education). In addition, we created a Web site and set up a telephone number and a post office box address for Y'Hica. Using counterfeit documents, we obtained certification from Education for

the school to participate in the FFEL program. Education has since reported that it has taken steps to guard against the vulnerabilities that were revealed by our investigation.

Investigating Whether the Federal Government Has Paid for Degrees from Diploma Mills

The Homeland Security Act amended section 4107 of title 5, U.S. Code, by allowing federal reimbursement only for degrees 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 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 employees in occupations in which the government had a shortage of qualified personnel.

To investigate whether the federal government has paid for degrees from diploma mills, we requested that four such schools provide information concerning (1) the number of current and former students identified in their records as federal employees and (2) the payment of fees for such employees by the federal government. In addition, posing as a prospective student who was employed by a federal agency, our investigator contacted three diploma mills to obtain information on how he might have a federal agency pay for a degree. We also requested that eight federal agencies—the Departments of Education, 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 Education. We also requested that the agencies examine their financial

¹5 C.F.R. § 410.308(b).

records to determine if they had paid 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 diploma mills. 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 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 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).

Pacific Western University, California Coast University, and Kennedy-Western University provided data indicating that 463 of their students were federal employees. 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. 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. Hamilton University failed to respond to our request for information.

After identifying from school records the federal agencies that made payments to California Coast and Kennedy-Western, 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 additional payments of \$19,082.94 for expenses associated with Kennedy-Western, which Kennedy-Western had not previously identified for us. 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.²

²Our investigation was limited to direct federal payments to schools and did not include federal reimbursements of school fees to employees.

Determining Whether High-Level Federal Employees Have Degrees from Diploma Mills

On the basis of the information we obtained from eight agencies, we determined that some senior-level employees obtained degrees from diploma mills. Specifically, we requested that the 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 Education, 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.

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 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.

Moreover, we believe that the agencies are not able to accurately determine the number of their employees who have diploma mill degrees. The agencies' ability to identify degrees from unaccredited schools is limited by a number of 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 Education, 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.

Concluding Remarks

Our investigations revealed the relative ease with which a diploma mill can be created and bogus degrees obtained. Furthermore, 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.

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

Contacts

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