

# GAO report revisions lead to lawsuit by for-profit college group

By **Sally Holland** and **Brianna Keilar**, CNN

- GAO presented report on for-profit career colleges in August 2010
- Report was critical of tactics of some of the colleges investigated
- After reviewing audiotapes and videotapes, GAO published amended report
- For-profit college group says value of the schools dropped after August report

**Washington (CNN)** -- In Washington, a place known for spin by both Democrats and Republicans, reports by the nonpartisan Government Accountability Office are regularly and confidently quoted as fact by both sides. This is a story about one of those reports that went awry, leading to charges of partisanship and a lawsuit filed against the GAO.

In August 2010, at a hearing of the Senate Health, Education, Labor and Pensions committee, the GAO presented a report called For-Profit Colleges for which it sent undercover applicants to 15 for-profit colleges across the United States to document deceptive and questionable marketing practices in the schools' recruitment processes. In November 2010, the GAO released an updated report with significant changes.

A for-profit college, sometimes referred to as career college, is a privately owned institution that is run for financial profit. These colleges range from local beauty schools to larger entities that are traded on the stock exchange. They have come under scrutiny by Congress and the Department of Education because students from for-profits have a much higher default rate on their student loans than students from public colleges and universities. A lawsuit filed by the Coalition for Educational Success alleges negligence and malpractice on the part of the GAO.

The filing says the GAO errors in the original report reflected negatively on for-profit colleges and "the unavoidable inference is that the GAO's pervasive and one-sided errors resulted from the intentional bias driving the investigation."

The suit says the value of for-profit colleges dropped by 14% or almost \$4.4 billion after the release of the original report in August.

The original report cited more than 60 examples of questionable and/or deceptive practices during recruitment of students at the 15 schools that were looked at. For the revised report, some examples were amended, and some were not.

For example, the original report stated that at a school for computer aided drafting (CAD) in California, the college recruiter told the undercover applicant that some graduates make \$120,000-\$130,000 per year. According to the Bureau of Labor Statistics, more than 90% of architectural and civil drafters make less than \$70,000 per year.

In the amended report, the GAO added, "She (the college recruiter) also stated that in the current economic environment, the applicant could expect a job with a likely starting salary of \$13-\$14 per hour or \$15 if the applicant was lucky."

At \$15 per hour, the applicant would make less than \$32,000 per year.

The GAO stands behind the original findings of the report.

"The bottom line remains that a GAO review team independent from the investigators who did this work examined the report and found no material flaws in the evidentiary support for

the overall message of the testimony and consequently our findings did not change," according to GAO public affairs director Charles Young.

Rep. Darrell Issa, R-California, chairman of the House Oversight and Government Reform Committee, which oversees the GAO, has launched an investigation.

"Our goal is to make sure that when the GAO releases something, it's well done, accurate, impartial," Issa said. In this case, he called the initial report "inaccurate" and the corrected report "grossly revised."

"Our goal is to look at the GAO and tell them that they got it wrong, you work for us, we need to see that this doesn't happen again," he said.

Sen. Tom Harkin, D-Iowa, who requested the original investigation from the GAO, acknowledges it would be better if the GAO had not made the mistakes.

"But my question was, when I found out that there were mistakes, was did it change, fundamentally change what they found? The answer is absolutely not," Harkin said.

"What did the GAO know and when did they know it about what was wrong with their report?" said education analyst Neal McCluskey. "The ultimate piece of evidence that we have now is a substantially changed report and all of it changed in favor of the for-profit schools."

It was the GAO that discovered the report's original inaccuracies, when it reviewed more than 80 hours of undercover videotapes and audiotapes that were used to document GAO findings.

After the August hearing, Harkin requested the GAO provide copies of those recordings to post on the Senate Health, Education, Labor and Pensions Committee website and his own web pages.

According to Charles Young, GAO public affairs director, "We reviewed those audiotapes to protect the identities of school officials we spoke to and our own undercover investigators, and to remove Social Security numbers before we provided the information to the committee." During that review, the GAO found the discrepancies and issued the corrections. In an internal review of the processes that led to the problematic report, the GAO found, "The results indicate there was no personal bias or conflict of interest by those involved in writing the report. However, there were process, supervisory and analytical weaknesses that led to errors and missing context."

Corrections to GAO reports are rare. In 2010, the GAO issued erratas to 12 reports out of more than 1,000 reports and testimonies it published.