Congress of the United States
Washington, DC 20515

December 21, 2010

Gene L. Dodaro
Acting United States Comptroller General
U.S. Government Accountability Office
441 G Street NW
Washington, DC 20548

Dear Mr. Dodaro:

On November 30th, the U.S. Government Accountability Office ("GAO") issued a revised version of a report it had released on August 4, 2010 in testimony to the Senate Committee on Health, Education, Labor and Pensions. The report examined recruiting practices in for-profit higher education. Although the revised report contains major changes to significant sections, GAO stands by its findings. Nevertheless, we agree with Senator Mike Enzi, who has observed that the revisions in the report raise "a number of troubling questions."[1]

In his testimony before the Senate, Gregory D. Kutz, Managing Director of the Forensic Audit and Special Investigations Unit ("FSI"), explained that the growth in federal loans and Pell grants, as well as student enrollment, at for-profit colleges in recent years led to the GAO study. GAO was asked to "1) conduct undercover testing to determine if for-profit colleges' representatives engaged in fraudulent, deceptive, or otherwise questionable marketing practices, and 2) compare the tuitions of the for-profit colleges tested with those of other colleges in the same geographic region."[2] As part of the investigation, GAO investigators posed as prospective applicants at 15 for-profit colleges in 6 states and Washington, DC. After the Senate hearing and the accompanying GAO report, for-profit schools' stock values plummeted nearly 14 percent, a $4.3 billion loss.[3]

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[1] Nick Anderson, *GAO Revises Its Report Critical of Practices at For-Profit Schools*, WASH. POST, Dec. 7, 2010 (quoting Sen. Mike Enzi (R-WY)).
[2] GAO, For-Profit Colleges, Undercover Testing Finds Colleges Encouraged Fraud and Engaged in Deceptive and Questionable Marketing Practices, Highlights, *available at* http://www.gao.gov/highlights/d10948thigh.pdf (Aug. 4, 2010).
[3] Fawn Johnson, *Little-Noticed Industry Battles Congress*, NAT'L J. DAILY, Dec. 10, 2010.

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As graphically depicted in a side-by-side comparison in a December 7, 2010 *Washington Post* story, the new version of the report contains several "significant edits" to "key passages" that cast for-profit colleges in a more favorable light than they initially appeared.[4] According to the Coalition for Educational Success, the amended report "demonstrates the agency's deeply flawed and biased methodology, and calls into question the credibility and objectivity of the GAO's analysis."[5] In the revised version of the report, GAO changed language in 16 of the 28 "scenarios" used as examples in its original report.[6] What GAO innocuously described as "additional information" and "additional context"[7] amounted to major changes:

> Another section went from only reporting that a representative told an applicant that the school has graduates making $120,000 to $130,000 in a job that, according to the GAO, typically makes less than $70,00 [*sic*] a year, to reporting that the representative also informed the applicant that she "could expect a job with a likely starting salary of $13-$14 per hour or $15 if the applicant was lucky." $15 an hour translates into about $30,000 a year, and **completely changes the tenor of the vignette**.[8]

Nevertheless, GAO spokesman Chuck Young has made assurances that "[n]othing changed with the overall message of the report, and nothing changed with any of our findings."[9]

As the "congressional watchdog," GAO's mission is to "provide Congress with timely information that is objective, fact-based, nonpartisan, nonideological, fair, and balanced."[10] In the same manner that GAO investigates how the federal government spends taxpayer dollars, Congress is entitled to hold GAO to the highest standards of "accountability, integrity, and reliability."[11] Accordingly, we expect GAO to adhere to "strict professional standards of review and referencing," and to conduct thorough analysis and fact-checking.[12] It appears that in this instance, GAO has not met its own high standards; rather, as the *Daily Caller* has described it, **"the charges get the headlines, the facts get the shaft."**[13]

Our interest in this matter is ensuring that GAO adheres to its mandate. So that we can gain a better understanding of GAO's methodology in preparing and revising the aforementioned report, we request you provide the answers to the following questions no later than January 3, 2010:

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[4] Anderson, *supra* note 1.
[5] Press Release, Coalition for Educational Success, Significantly Revised Report on For-Profit Colleges Seriously Undermines Credibility of GAO Findings (Dec. 8, 2010).
[6] *Id.*
[7] Anderson, *supra* note 1.
[8] Neal McCluskey, *War on For-Profit Colleges Reeks Even Worse*, CATO @ LIBERTY, Dec. 8, 2010, http://www.cato-at-liberty.org/war-on-for-profit-colleges-reeks-even-worse/ (emphasis added).
[9] Anderson, *supra* note 1.
[10] U.S. Government Accountability Office, About GAO, http://www.gao.gov/about/index.html (last visited Dec. 10, 2010).
[11] *Id.*
[12] *Id.*
[13] Derek Hunter, *Government Quietly Corrects Misleading Report on For-Profit Schools*, DAILY CALLER, Dec. 9, 2010, http://dailycaller.com/2010/12/09/government-quietly-corrects-misleading-report-on-for-profit-schools/.

1. Has GAO's Office of the General Counsel ("OGC") examined or investigated the facts surrounding the need to revise the August 4, 2010 report? Please explain.

2. Has OGC reexamined the report's conclusions to ensure that they accurately reflect the analysis contained in the report?

3. Has OGC verified the allegations that the methodology GAO used in the report is flawed and biased? Please explain what was found.

4. What are GAO's procedures for revising a previously issued report? Please provide specific steps. Were these procedures followed in this instance?

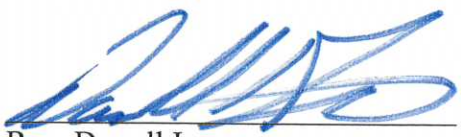
5. Why is there no announcement of the release of the modified report on GAO's web site?

In addition, we ask that you identify a GAO official to brief our staffs about the circumstances of this matter. Please do not send Mr. Kutz or any member of FSI to this briefing. At this time, we wish to learn how this incident occurred and what steps are being implemented to prevent it from happening in the future. We are also interested in knowing what disciplinary action, if any, GAO is considering.

The Committee on Oversight and Government Reform is the principal oversight committee in the House of Representatives and has broad oversight jurisdiction as set forth in House Rule X. The Committee on Education and Labor has jurisdiction over federal higher education programs and responsibility to conduct oversight of the agency administering those programs and assuring compliance with the law. And all members of Congress have a vested interest in the quality of information disseminated by the GAO and its use to inform legislative and regulatory action.

Thank you for your attention to this matter. If you have any questions regarding this request, please contact Steve Castor or Ashok Pinto of the Committee on Oversight and Government Reform staff at (202) 225-5074; or Amy Jones of the Committee on Education and Labor staff at (202) 225-6558.

Sincerely,



Rep. Darrell Issa
Ranking Member
Oversight and Government Reform
Committee

Rep. John Kline
Senior Republican Member
Education and Labor Committee

Brett Guthrie
Ranking Member
Subcommittee on Higher Education,
Life Long Learning and Competitiveness

Alcee L. Hastings
Member of Congress

Rep. Carolyn McCarthy
Member of Congress

Rep. Glenn Thompson
Member of Congress

cc: Chairman Edolphus Towns
Chairman George Miller