



Highlights of [GAO-04-279](#), a report to congressional requesters

# DISTANCE EDUCATION

## Improved Data on Program Costs and Guidelines on Quality Assessments Needed to Inform Federal Policy

### Why GAO Did This Study

Distance education—that is, offering courses by Internet, video, or other forms outside the classroom—has changed considerably in recent years and is a growing force in postsecondary education. More than a decade ago, concerns about fraud and abuse by some correspondence schools led to federal restrictions on, among other things, the percentage of courses a school could provide by distance education and still qualify for federal student aid. Given the recent changes in distance education, GAO was asked to review the extent to which the restrictions affect schools' ability to offer federal student aid and the Department of Education's assessment of the continued appropriateness of the restrictions.

Additionally, GAO was asked to look at the extent to which accrediting agencies evaluate distance education programs, including their approach for assessing student outcomes.

### What GAO Recommends

GAO recommends that Education provide data on the cost of waiving restrictions on distance education and develop guidelines with accrediting agencies and schools on assessing distance education quality.

In commenting on a draft of this report, Education generally agreed with our findings and the merits of our recommendations.

[www.gao.gov/cgi-bin/getrpt?GAO-04-279](http://www.gao.gov/cgi-bin/getrpt?GAO-04-279).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Cornelia M. Ashby at (202) 512-8403 or [ashbyc@gao.gov](mailto:ashbyc@gao.gov).

### What GAO Found

While federal restrictions on the size of distance education programs affect only a small number of schools' ability to offer federal student aid, the growing popularity of distance education could cause the number to increase in the future. GAO found that 14 schools were either now adversely affected by the restrictions or would be affected in the future; collectively, these schools serve nearly 225,000 students. Eight of these schools, however, will remain eligible to offer federal student aid because they have been granted waivers from the restrictions by Education. Education granted the waivers as part of a program aimed at assessing the continued appropriateness of the restrictions given the changing face of distance education. In considering the appropriateness of the restrictions, there are several policy options for amending the restrictions; however, amending the restrictions to improve access would likely increase the cost of the federal student aid programs. One way to further understand the effect of amending the restrictions would be to study data on the cost of granting the waivers to schools, but Education has yet to develop this information.

#### Evaluation of Options for Amending the Restriction on Distance Education

Policy options	Risk of fraud and abuse	Relative impact on the federal student aid programs
Continue to offer waivers to the restrictions with monitoring provided.	Low. Along with the waivers, Education has provided technical assistance that resulted in improved compliance with federal student aid program rules.	Medium. Increased cost to the federal student aid programs would be limited to those schools with waivers.
Offering exceptions to the restrictions to schools with low student loan default rates.	Low to medium. GAO's evaluation shows that of those schools eligible for the federal student aid programs and that have or may have problems with restrictions had low default rates.	Medium to high. Costs would likely increase since the only limiting factor would be excluding those schools with high default rates.
Eliminating the restrictions with no additional monitoring.	Medium to high. Without any oversight, this option offers the highest risk of increasing fraud and abuse, according to schools affected by the restrictions.	High. Costs could increase substantially since there would be no restrictions on schools that could participate.

Source: GAO analysis.

The seven accrediting agencies GAO reviewed varied in the extent to which they included distance education programs in their reviews of postsecondary institutions. All seven agencies had developed policies for reviewing these programs; however, there were differences in how and when they reviewed the programs. Agencies also differed in the extent to which they included an assessment of student outcomes in their reviews. GAO's work in examining how organizations successfully focus on outcomes shows that they do so by (1) setting measurable goals for program outcomes, (2) developing strategies for meeting these goals, and (3) disclosing the results of their efforts to the public. Measured against this approach, only one of the seven accrediting agencies we reviewed had policies that require schools to satisfy all three components. As the key federal link to the accreditation community, Education could play a pivotal role in encouraging an outcomes-based model.