



Highlights of [GAO-10-807](#), a report to the Republican Leader, U.S. Senate

Why GAO Did This Study

The American Recovery and Reinvestment Act of 2009 (Recovery Act) provides \$70.3 billion for three education programs—the State Fiscal Stabilization Fund (SFSF), Title I of the Elementary and Secondary Education Act (Title I), and Individuals with Disabilities Education Act (IDEA). The Act requires recipients to be accountable for how these funds are being used and what is being achieved. To help attain the level of transparency needed for accountability, recipients are to report quarterly on their award activities and expected outcomes. This information is available to the public on [Recovery.gov](#), the government’s official Recovery Act Web site.

This report covers three Education programs funded by the Recovery Act. It (1) describes what the Office of Management and Budget (OMB) and the Department of Education (Education) did to facilitate implementation of requirements for recipients to describe the use of funds and (2) assesses the extent to which award descriptions are transparent. It also describes reported fund uses for a sample of subrecipients.

GAO reviewed requirements for reporting in the Act as well as guidance provided by OMB and Education. GAO assessed the transparency of descriptions for the three education programs on [Recovery.gov](#).

What GAO Recommends

GAO recommends that the Secretary of Education, in consultation with OMB, remove the suggested language for the project description field from its guidance and instruct states to include information, to the extent possible, on how the funds are being used and potential project outcomes or results.

To view the full product, including the scope and methodology, click on [GAO-10-807](#). For more information, contact Cornelia Ashby at (202) 512- 7215 or ashbyc@gao.gov.

RECOVERY ACT

States Could Provide More Information on Education Programs to Enhance the Public’s Understanding of Fund Use

What GAO Found

Both OMB and Education provided guidance to recipients on how to meet the Recovery Act requirement that they report quarterly on the amount and use of the funds they have received. OMB’s guidance was generic for all agencies and instructed recipients to report narrative information that captures the overall purpose of the award, describes projects or activities, and states the expected results. Education’s guidance was supplemental and program specific to its formula grants that pass through states as the prime recipient to subrecipients, which are local educational agencies (LEA) and institutions of higher education. However, the Recovery Act reporting system does not provide specific narrative fields for collecting information on how each subrecipient is using the funds. Instead, the states are tasked with reporting on fund use throughout the state, and the reporting system limits the amount of narrative information states may enter. For states with many subrecipients, including detailed information on how each subrecipient is using the funds would be extremely challenging, if not impossible. To ease the reporting burden for prime recipients, Education’s guidance provided recipients with suggested standard language for use in important narrative fields.

GAO determined that 9 percent of the descriptions fully met our transparency criteria; that is, they had sufficiently clear and complete information on the award’s purpose, scope and nature of activities, location, cost, outcomes, and status of work. Most descriptions did not include sufficient information on local fund use. Specifically, while 13 percent had most but not all information, the remaining 78 percent contained much less information and only partially met attributes for transparency. We did not find any descriptions that did not include at least some of the information needed to inform the public. (See table below.) Descriptions limited to Education’s standard language were less transparent than those with specific information on the programs and activities subrecipients conducted in the state. For example, officials from seven Texas LEAs told us they used ESEA Title I Recovery Act funds for technology purchases for at-risk students, although the information in Texas’ project description uses only the standard language.

Extent to Which Descriptions of Awards Met Our Transparency Criteria by Program

Program ^a	Number of awards	Fully met (%)	Significantly met (%)	Partially met (%)	Did Not meet (%)
IDEA Part B for school aged children	46	4	9	87	0
ESEA Title I, Part A	49	4	16	80	0
SFSF ^b , education stabilization funds ^b	49	18	12	69	0
Total	144	9	13	78	0

Source: GAO analysis.

^aAvailable on [Recovery.gov](#) as of April 30, 2010. ^bNumbers do not add to 100% due to rounding.

Guidance on reporting requirements for Recovery Act grants that pass through a prime recipient to a subrecipient should balance the need for transparency with the reporting burden and these system limitations. While most states cannot provide information on how each subrecipient is using its funds, providing more information than Education’s standard language, such as an overview analysis of how localities are spending the funds, could help the public gain a better understanding of how the funds are being used.