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INDIAN AFFAIRS

Further Actions on GAO Recommendations Needed to Address Systemic Management Challenges with Indian Education

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Accessible Version

GAO-15-539T

GAO Highlights

Highlights of GAO-15-539T, a testimony before the Subcommittee on Early Childhood, Elementary, and Secondary Education, Committee on Education and the Workforce, House of Representatives

Why GAO Did This Study

BIE is responsible for providing quality education opportunities to Indian students. It currently oversees 185 schools, serving about 41,000 students on or near Indian reservations. Poor student outcomes raise questions about how well BIE is achieving its mission. In September 2013, GAO reported that BIE student performance has been consistently below that of Indian students in public schools.

This testimony discusses Indian Affairs' management challenges in improving Indian education, including (1) its administration of schools, (2) staff capacity to address schools' needs, and 3) accountability for managing school construction and monitoring school spending.

This testimony is based on GAO reports issued in September 2013 and November 2014, as well as GAO's February 2015 testimony, which presents preliminary results from its ongoing review of BIE school facilities. A full report on school facilities will be issued later this year. GAO reviewed relevant laws and regulations; analyzed agency data; and conducted site visits to schools, which were selected based on their geographic diversity and other factors.

GAO has made several recommendations in its earlier reports; it is not making any new recommendations in this statement.

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Further Actions on GAO Recommendations Needed to Address Systemic Management Challenges with Indian Education

What GAO Found

GAO has reported for several years on how systemic management challenges within the Department of the Interior's Office of the Assistant Secretary–Indian Affairs (Indian Affairs) continue to hamper efforts to improve Bureau of Indian Education (BIE) schools. Over the past 10 years, Indian Affairs has undergone several organizational realignments, resulting in multiple offices across different units being responsible for BIE schools' education and administrative functions. Indian Affairs' fragmented organization has been compounded by frequent turnover in its leadership over a 13-year period and its lack of a strategic plan for BIE. Further, fragmentation and poor communication among Indian Affairs offices has led to confusion among schools about whom to contact about problems, as well as delays in the delivery of key educational services and supplies, such as textbooks. Key practices for organizational change suggest that agencies develop a results-oriented framework, such as a strategic plan, to clearly establish and communicate performance goals and measure their progress toward them. In 2013, GAO recommended that Interior develop a strategic plan for BIE and a strategy for communicating with schools, among other recommendations. Indian Affairs agreed with and reported taking some steps to address the two recommendations. However, it has not fully implemented them.

Limited staff capacity poses another challenge to addressing BIE school needs. According to key principles for effective workforce planning, the appropriate deployment of employees enables organizations to have the right people, with the right skills, in the right place. However, Indian Affairs data indicate that about 40 percent of its regional facility positions, such as architects and engineers, are vacant. Similarly, in 2014, GAO reported that BIE had many vacancies in positions to oversee school spending. Further, remaining staff had limited financial expertise and training. Without adequate staff and training, Indian Affairs will continue to struggle in monitoring and supporting schools. GAO recommended that Interior revise its workforce plan so that employees are placed in the appropriate offices and have the requisite knowledge and skills to better support schools. Although Indian Affairs agreed with this recommendation, it has not yet implemented it.

Inconsistent accountability hampers management of BIE school construction and monitoring of school spending. Specifically, GAO has found that Indian Affairs did not consistently oversee some construction projects. For example, at one school GAO visited, Indian Affairs spent $3.5 million to replace multiple roofs in 2010. The new roofs already leak, causing mold and ceiling damage, and Indian Affairs has not yet adequately addressed the problems, resulting in continued leaks and damage to the structure. Inconsistent accountability also impairs BIE's monitoring of school spending. In 2014, GAO found that BIE does not adequately monitor school expenditures using written procedures or a risk-based monitoring approach, contrary to federal internal control standards. As a result, BIE failed to provide effective oversight of schools when they misspent millions of dollars in federal funds. GAO recommended that the agency develop written procedures and a risk-based approach to improve its monitoring. Indian Affairs agreed but has yet to implement these recommendations.

Chairman Rokita, Ranking Member Fudge, and Members of the Subcommittee:

I appreciate the opportunity to testify today to discuss systemic management challenges facing the Department of Interior's (Interior) Bureau of Indian Education (BIE) schools. For the past several years, we have reported on a broad range of issues related to BIE's education programs and operations. Currently, BIE oversees 185 elementary and secondary schools that serve approximately 41,000 students on or near Indian reservations in 23 states, often in rural areas and small towns.[1] About two-thirds of these schools are operated by tribes (tribally-operated), primarily through federal grants, and about one-third are operated directly by BIE (BIE-operated). BIE's mission is to provide Indian students with quality education opportunities. Poor student outcomes, however, raise questions about how well BIE is achieving its mission. For example, in September 2013, we reported that student performance at BIE schools had been consistently below Indian students in public schools.[2] High school graduation rates for BIE schools were also lower than the national average. In addition, recent reports have raised concerns about the physical condition of school facilities and the effect these conditions may have on the educational outcomes of Indian students who attend them.[3]

My remarks today will focus on management challenges to improving Indian education, which is overseen by Interior's Office of the Assistant Secretary – Indian Affairs (Indian Affairs). Specifically, I will discuss Indian Affairs' (1) administration of schools, (2) staff capacity to address schools' needs, and (3) accountability for managing school construction and

[1]For our analysis of BIE schools, we counted each school individually, including those schools that were co-located in the same building. Thus, the total number of BIE schools we present may appear differently in Interior documents.

[2]GAO, *Indian Affairs: Better Management and Accountability Needed to Improve Indian Education,* GAO-13-774 (Washington, D.C.: September 24, 2013).

[3]U.S. Department of the Interior, Office of Inspector General, *Inspector General's Statement Summarizing the Major Management and Performance Challenges Facing the U.S. Department of the Interior*, ER-SP-MOI-0008-2014 (Washington, D.C.: October 20, 2014); Congressional Research Service, *Federal Indian Elementary-Secondary Education Programs: Background and Issues,* RL34205 (Washington, D.C.: February 11, 2013); and No Child Left Behind School Facilities and Construction Negotiated Rulemaking Committee, *Broken Promises, Broken Schools* (Washington, D.C. December 2011).

monitoring school spending. My statement is based on our prior reports issued in September 2013 and November 2014 on BIE's management of schools and its oversight of school spending,[4] and on my February 2015 testimony on our ongoing work on the condition of BIE school facilities for the House Appropriations Subcommittee on Interior, Environment, and Related Agencies.[5]

To perform this work, we used multiple data collection methodologies. Specifically, we reviewed relevant federal laws and regulations; analyzed agency data; and conducted site visits to schools, which were selected to reflect a mix of tribally-operated and BIE-operated schools, geographic diversity, and other factors. We also reviewed Indian Affairs' budget documents and the Department of Education's (Education) student performance data, and conducted interviews with agency officials. We determined that these data were sufficiently reliable for the purposes of our work. Further details on the scope and methodology are available within each of the previously published products. We expect to issue a final report later this year that will provide our complete results on the condition of BIE school facilities, as well as Indian Affairs' accountability for school construction and repair.

We conducted the work on which this statement is based in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions.

Background

BIE's Indian education programs derive from the federal government's trust responsibility to Indian tribes, a responsibility established in federal

[4] GAO-13-774, and GAO, *Indian Affairs: Bureau of Indian Education Needs to Improve Oversight of School Spending,* GAO-15-121 (Washington, D.C.: November 13, 2014).

[5] GAO, *Indian Affairs: Preliminary Results Show Continued Challenges to the Oversight and Support of Education Facilities,* GAO-15-389T (Washington, D.C.: February 27, 2015).

statutes, treaties, court decisions, and executive actions.[6] It is the policy of the United States to fulfill this trust responsibility for educating Indian children by working with tribes to ensure that education programs are of the highest quality, among other things.[7] In accordance with this trust responsibility, Interior is responsible for providing a safe and healthy environment for students to learn. BIE's mission is to provide Indian students with quality education opportunities. Students attending BIE schools generally must be members of federally recognized Indian tribes, or descendants of members of such tribes, and reside on or near federal Indian reservations.[8]

All BIE schools—both tribally-operated and BIE-operated—receive almost all of their funding to operate from federal sources, namely, Interior and Education.[9] Specifically, these elementary and secondary schools received approximately $830 million in fiscal year 2014—including about 75 percent, or about $622 million from Interior and about 24 percent, or approximately $197 million, from Education. BIE schools also received small amounts of funding from other federal agencies (about 1 percent), mainly the Department of Agriculture, which provides reduced-price or free school meals for eligible low-income children. (See fig. 1).

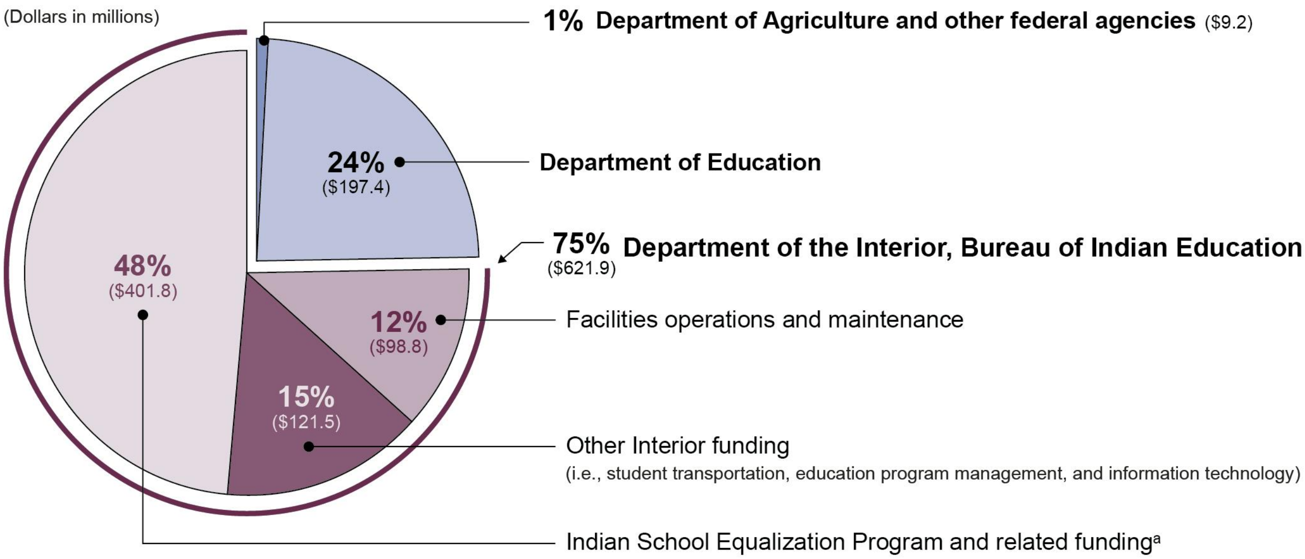
[6]The federal government recognizes Indian tribes as distinct, independent political communities that possess certain powers of self-government. Federal recognition confers specific legal status on a particular Native American group, establishes a government-to-government relationship between the United States and the tribe, imposes on the federal government a fiduciary trust relationship with the tribe and its members, and imposes specific obligations on the federal government to provide benefits and services to the tribe and its members.

[7]25 U.S.C. § 2000.

[8]Certain students who are not Indian may attend BIE schools, for example, children of school staff may generally attend BIE schools.

[9]According to BIE officials, very little funding for BIE schools comes from tribes and other sources.

Figure 1: Federal Funds to Operate Programs at Bureau of Indian Education (BIE) Schools for Grades K-12, Fiscal Year 2014



Source: GAO analysis of Interior budget documents and Education data. | GAO-15-539T

Note: The funding amount for the Department of Agriculture is an estimate based on the amount from the prior year. Funding for capital, debt service, and related programs are not shown because they are not considered as funding for ongoing operations.

[a]Interior's Indian School Equalization Program provides funding for basic and supplementary instruction and staffing to oversee student dormitories, among other services.

While BIE schools are primarily funded through Interior, they receive annual formula grants from Education, similar to public schools. Specifically, schools receive Education funds under Title I, Part A of the Elementary and Secondary Education Act (ESEA) of 1965, as amended, and the Individuals with Disabilities Education Act. Title I—the largest funding source for kindergarten through grade 12 under ESEA—provides funding to expand and improve educational programs in schools with students from low-income families and may be used for supplemental services to improve student achievement, such as instruction in reading and mathematics. An Education study published in 2012 found that all BIE schools were eligible for Title I funding on a school-wide basis because they all had at least 40 percent of children from low-income households in school year 2009-10.[10] Further, BIE schools receive

[10]U.S. Department of Education, National Center on Education Statistics, *Documentation to the NCES Common Core of Data Public Elementary/ Secondary School Universe Survey: School Year 2009–10*. (Washington, D.C.: August 2012).

Individuals with Disabilities Education Act funding for special education and related services, such as physical therapy or speech therapy. BIE schools tend to have a higher percent of students with special needs than students in public schools nationally.[11]

BIE schools' educational functions are primarily the responsibility of BIE, while their administrative functions are divided mainly between two other Interior offices.

- **The Bureau of Indian Education** develops educational policies and procedures, supervises program activities, and approves schools' expenditures. Three Associate Deputy Directors are responsible for overseeing multiple BIE local education offices that work directly with schools to provide technical assistance. Some BIE local offices also have their own facility managers.

- **The Office of the Deputy Assistant Secretary of Management** oversees many of BIE's administrative functions, including acquisitions and contract services, financial management, budget formulation, and property management. This office is also responsible for developing policies and procedures and providing technical assistance and funding to Bureau of Indian Affairs (BIA) regions and BIE schools to address their facility needs. Professional staff in this division—including engineers, architects, facility managers, and support personnel—are tasked with providing expertise in all facets of the facility management process.

- **The Bureau of Indian Affairs** administers a broad array of social services and other supports to tribes at the regional level. Regarding school facility management, BIA oversees the day-to-day implementation and administration of school facility construction and repair projects through its regional field offices. Currently there are 12 regional offices, and 9 of them have facility management responsibilities.[12] These responsibilities include performing school health and safety inspections to ensure compliance with relevant

[11]For example, in school year 2009-10, about 18 percent of students in BIE schools were in special education, as compared to 13 percent in public schools. GAO-15-121.

[12]The remaining three regions do not have facility management responsibilities. Two regions receive facility support from another region or a tribally-operated nonprofit, and one region does not have BIE facilities.

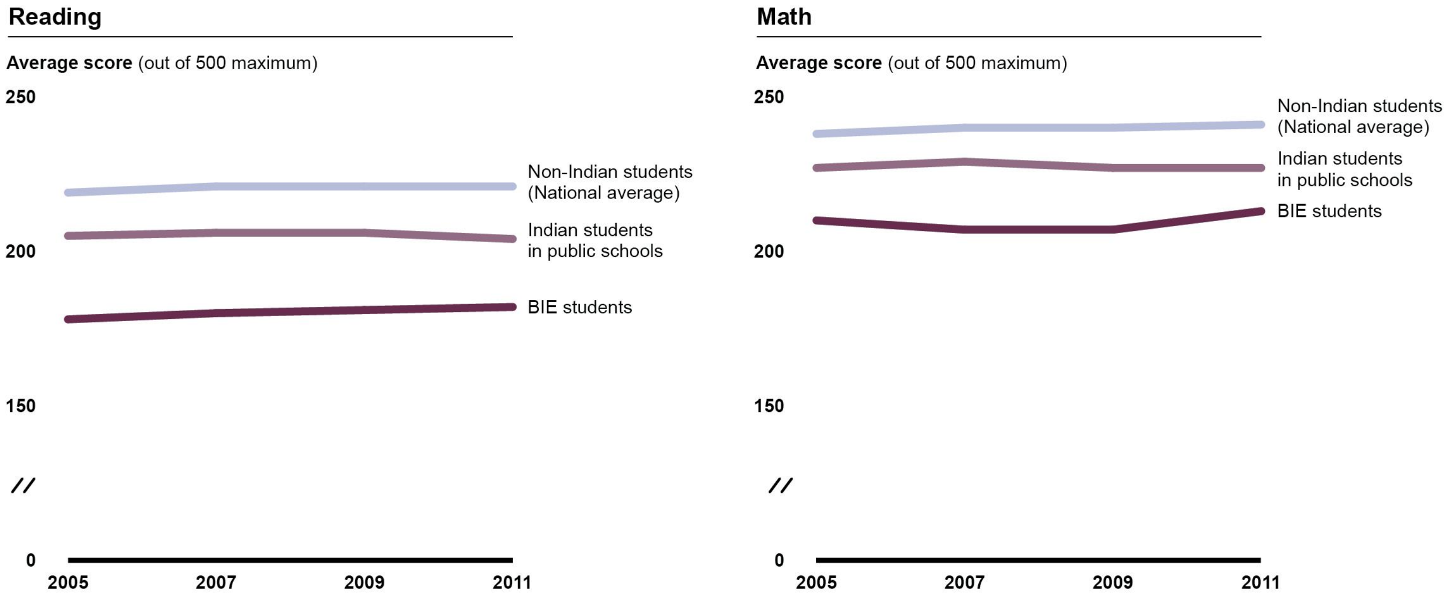
requirements and providing technical assistance to BIE schools on facility issues.

In September 2013, we reported that BIE student performance on national and state assessments[13] and graduation rates were below those of Indian students in public schools.[14] For example, in 2011, 4th grade estimated average reading scores were 22 points lower for BIE students than for Indian students in public schools. In 4th grade mathematics, BIE students scored 14 points lower, on average, than Indian students in public schools in 2011. (See fig. 2.) We also reported that 8th grade students in 2011 had consistently lower scores on average than Indian students in public schools.

[13]To determine how student performance at BIE schools compares to that of public school students, we reviewed data on student performance for 4th and 8th grades at BIE and public schools for 2005 to 2011 using data from the National Assessment of Educational Progress, a project of Education. Since 1969, these assessments have been conducted periodically in various subjects such as reading and mathematics. Further, these assessments are administered uniformly across the nation, and the results serve as a common metric for all states and selected urban districts.

[14]Additionally, Indian students attending BIE and public schools have consistently scored lower on average than the national average for non-Indian students. Some of the difference in performance levels between Indian students and non-Indian students may be explained by factors such as poverty and parents' educational backgrounds.

Figure 2: Fourth Grade Estimated Average Scores on the National Assessment of Educational Progress (NAEP) for Students in BIE Schools Compared to Indian Students in Public Schools and Non-Indian National Average, 2005 to 2011



Source: National Assessment of Educational Progress. | GAO-15-539T

Notes: The category “Non-Indian students (National average)” includes students in public, private, and Department of Defense schools. All score estimates from NAEP assessments have margins of error at the 95 percent confidence level of plus or minus 9 points or less.

Furthermore, students in BIE schools had relatively low rates of graduation from high school compared to Indian students in public schools in the 2010-2011 school year. Specifically, the graduation rate for BIE students for that year was 61 percent—placing BIE students in the bottom half among graduation rates for Indian students in states where BIE schools are located. In these states, the Indian student graduation rates ranged from 42 to 82 percent.

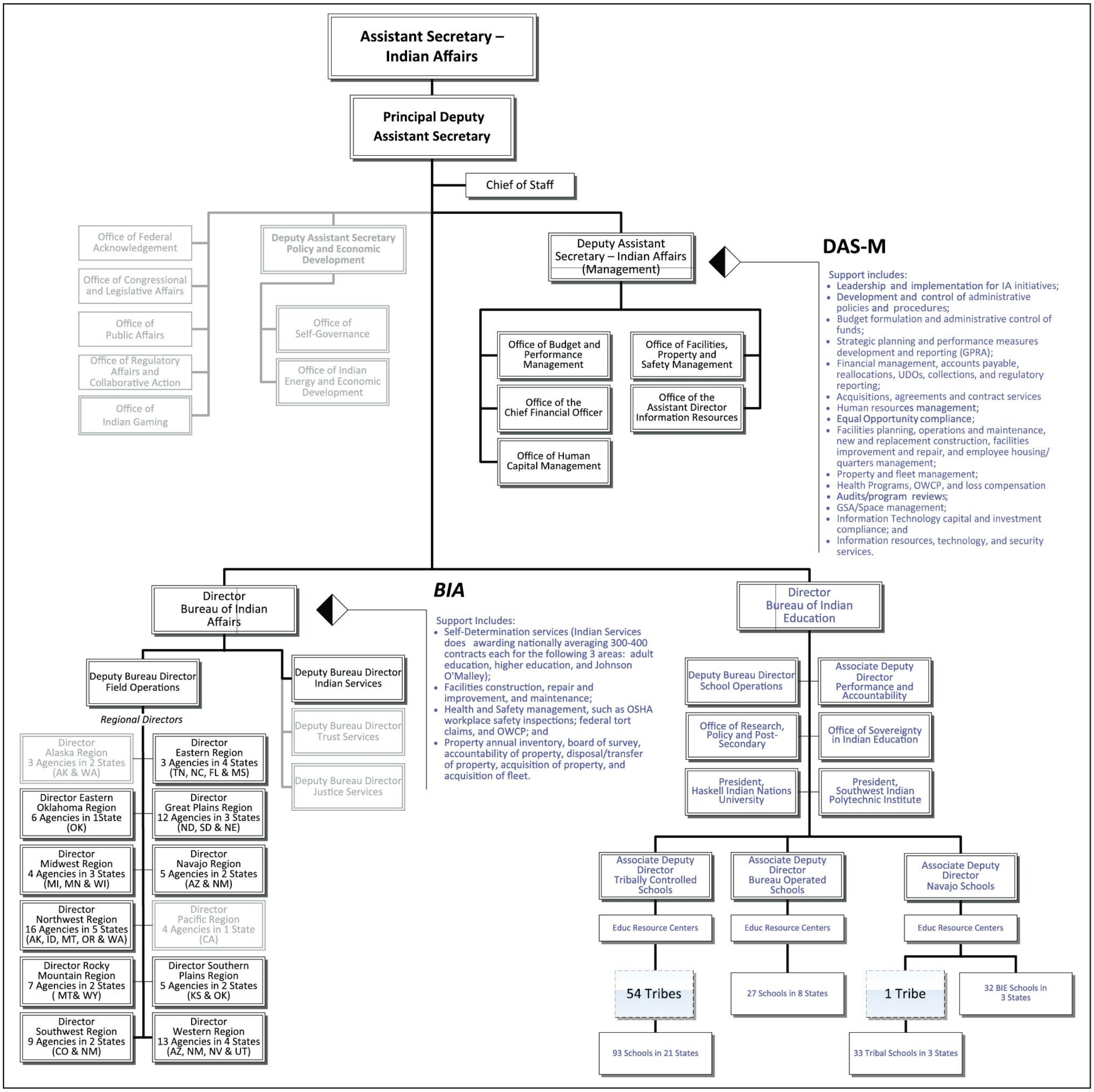
Organizational Fragmentation and Poor Communication Undermine Indian Affairs' Administration of BIE Schools

Indian Affairs' administration of BIE schools—which has undergone multiple realignments over the past 10 years—is fragmented.[15] In addition to BIE, multiple offices within BIA and the Office of the Deputy Assistant Secretary of Management have responsibilities for educational and administrative functions for BIE schools. Notably, when the Assistant Secretary for Indian Affairs was asked at a February 2015 hearing to clarify the responsibilities that various offices have over BIE schools, he responded that the current structure is "a big part of the problem" and that the agency is currently in the process of realigning the responsibilities various entities have with regard to Indian education, adding that it is a challenging and evolving process.[16] Indian Affairs provided us with a chart on offices with a role in supporting and overseeing just BIE school facilities, which shows numerous offices across three organizational divisions. (See fig. 3.)

[15] GAO-13-774.

[16] Bureau of Indian Affairs and Bureau of Indian Education Budget Requests for FY 2016: Hearing Before the Subcommittee on Interior, Environment, and Related Agencies of the H. Comm. on Appropriations, February 27, 2015.

Figure 3: Indian Affairs Chart on Offices with a Role in Supporting and Overseeing BIE Schools Facilities



Source: Department of the Interior. | GAO-15-539T

Notes: DAS-M stands for the Office of the Deputy Assistant Secretary of Management.
Shaded boxes indicate offices without a role in supporting or overseeing BIE school facilities.

The administration of BIE schools has undergone several reorganizations over the years to address persistent concerns with operational effectiveness and efficiency. In our 2013 report, we noted that for a brief period from 2002 to 2003, BIE was responsible for its own administrative functions, according to BIE officials.[17] However, in 2004 its administrative functions were centralized under the Office of the Deputy Assistant Secretary for Management. More recently, in 2013 Indian Affairs implemented a plan to decentralize some administrative responsibilities for schools, delegating certain functions to BIA regions. Further, in June 2014, the Secretary of the Interior issued an order to restructure BIE by the start of school year 2014-2015 to centralize the administration of schools, decentralize services to schools, and increase the capacity of tribes to directly operate them, among other goals. Currently, Indian Affairs' restructuring of BIE is ongoing.

In our 2013 report, we found that the challenges associated with the fragmented administration of BIE schools were compounded by recurrent turnover in leadership over the years, including frequent changes in the tenure of acting and permanent assistant secretaries of Indian Affairs from 2000 through 2013. We also noted that frequent leadership changes may complicate efforts to improve student achievement and negatively affect an agency's ability to sustain focus on key initiatives.

Indian Affairs' administration of BIE schools has also been undermined by the lack of a strategic plan for guiding its restructuring of BIE's administrative functions and carrying out BIE's mission to improve education for Indian students. We have previously found that key practices for organizational change suggest that effective implementation of a results-oriented framework, such as a strategic plan, requires agencies to clearly establish and communicate performance goals, measure progress toward those goals, determine strategies and resources to effectively accomplish the goals, and use performance information to make the decisions necessary to improve performance.[18] We noted in our 2013 report that BIE officials said that developing a strategic plan would help its leadership and staff pursue goals and collaborate effectively to achieve them. Indian Affairs agreed with our

[17] GAO-13-774.

[18] GAO, *Results-Oriented Cultures: Implementation Steps to Assist Merger and Organizational Transformations,* GAO-03-669 (Washington, D.C.: July 2, 2003).

recommendation to develop such a plan and recently reported it had taken steps to do so. However, the plan has yet to be finalized.

Fragmented administration of schools may also contribute to delays in providing materials and services to schools. For example, our previous work found that the Office of the Deputy Assistant Secretary for Management's lack of knowledge about the schools' needs and expertise in relevant education laws and regulations resulted in critical delays in procuring and delivering school materials and supplies, such as textbooks. In another instance, we found that the Office of the Deputy Assistant Secretary for Management's processes led to an experienced speech therapist's contract being terminated at a BIE school in favor of a less expensive contract with another therapist. However, because the new therapist was located in a different state and could not travel to the school, the school was unable to fully implement students' individualized education programs in the timeframe required by the Individuals with Disabilities Education Act. In addition, although BIE accounted for approximately 34 percent of Indian Affairs' budget, several BIE officials reported that improving student performance was often overshadowed by other agency priorities, which hindered Indian Affairs' staff from seeking and acquiring expertise in education issues.

In our 2013 report, we also found that poor communication among Indian Affairs offices and with schools about educational services and facilities undermines administration of BIE schools. According to school officials we interviewed, communication between Indian Affairs' leadership and BIE is weak, resulting in confusion about policies and procedures. We have reported that working relations between BIE and the Office of the Deputy Assistant Secretary for Management's leadership are informal and sporadic, and BIE officials noted having difficulty obtaining timely updates from the Office of the Deputy Assistant Secretary for Management on its responses to requests for services from schools. In addition, there is a lack of communication between Indian Affairs' leadership and schools. BIE and school officials in all four states we visited reported that they were unable to obtain definitive answers to policy or administrative questions from BIE's leadership in Washington, D.C. and Albuquerque, NM.[19] For example, school officials in one state we visited reported that they requested information from BIE's

[19]Indian Affairs, including BIE, has a major field service center in Albuquerque, N.M.

Albuquerque office in the 2012-2013 school year about the amount of Individuals with Disabilities Education Act funds they were to receive. The Albuquerque office subsequently provided them three different dollar amounts. The school officials were eventually able to obtain the correct amount of funding from their local BIE office. Similarly, BIE and school officials in three states reported that they often do not receive responses from BIE's Washington, D.C. and Albuquerque offices to questions they pose via email or phone. Further, one BIE official stated that meetings with BIE leadership are venues for conveying information from management to the field, rather than opportunities for a two-way dialogue.

We testified recently that poor communication has also led to confusion among some BIE schools about the roles and responsibilities of the various Indian Affairs' offices responsible for facility issues.[20] For example, the offices involved in facility matters continue to change, due partly to two re-organizations of BIE, BIA, and the Office of the Deputy Assistant Secretary for Management over the past 2 years. BIE and tribal officials at some schools we visited said they were unclear about what office they should contact about facility problems or to elevate problems that are not addressed. At one school we visited, a BIE school facility manager submitted a request in February 2014 to replace a water heater so that students and staff would have hot water in the elementary school. However, the school did not designate this repair as an emergency. Therefore, BIA facility officials told us that they were not aware of this request until we brought it to their attention during our site visit in December 2014. Even after we did so, it took BIE and BIA officials over a month to approve the purchase of a new water heater, which cost about $7,500. As a result, students and staff at the elementary school went without hot water for about a year.

We have observed difficulties in providing support for the most basic communications, such as the availability of up-to-date contact information for BIE and its schools. For example, BIE schools and BIA regions use an outdated national directory with contact information for BIE and school officials, which was last updated in 2011.[21] This may impair

[20] GAO-15-389T.

[21] Indian Affairs recently reported that it drafted an updated BIE national directory. However, the directory available on BIE's website as of April 19, 2015 was dated 2011, and Indian Affairs officials did not provide us with a timeframe for publishing BIE's updated directory.

communications, especially given significant turnover of BIE and school staff. It may also hamper the ability of schools and BIA officials to share timely information with one another about funding and repair priorities. In one BIA region we visited, officials have experienced difficulty reaching certain schools by email and sometimes rely on sending messages by fax to obtain schools' priorities for repairs. This situation is inconsistent with federal internal control standards that call for effective internal communication throughout an agency.[22] In 2013, we recommended that Interior develop a communication strategy for BIE to update its schools and key stakeholders of critical developments. We also recommended that Interior include a communication strategy—as part of an overall strategic plan for BIE—to improve communication within Indian Affairs and between Indian Affairs and BIE staff. Indian Affairs agreed to these two recommendations and recently reported taking some steps to address them. However, it did not provide us with documentation that shows it has fully implemented the recommendations.

Staff Capacity to Support Schools Is Limited

Limited staff capacity poses another challenge to addressing BIE school needs. According to key principles of strategic workforce planning, the appropriate geographic and organizational deployment of employees can further support organizational goals and strategies and enable an organization to have the right people with the right skills in the right place.[23] In 2013 we reported that staffing levels at BIA regional offices were not adjusted to meet the needs of BIE schools in regions with varying numbers of schools, ranging from 2 to 65. Therefore, we noted that it is important to ensure that each BIA regional office has an appropriate number of staff who are familiar with education laws and regulations and school-related needs to support the BIE schools in its region.[24] Consequently, in 2013 we recommended that Indian Affairs

[22]GAO, Standards for Internal Control in the Federal Government, GAO/AIMD-00-21.3.1 (Washington, D.C.: November 1999).

[23]GAO, *A Model of Strategic Human Capital Management*, GAO-02-373SP (Washington, D.C.: March 15, 2002). This report describes a human capital model we developed that identifies eight critical success factors for managing human capital strategically. In developing this model, we built upon GAO's *Human Capital: A Self-Assessment Checklist for Agency Leaders*, GAO/OCG-00-14G (Washington, D.C.: September 2000). Among other steps, we also considered lessons learned from GAO reports on public and private organizations that are viewed as leaders in strategic human capital management and managing for results.

[24]GAO-13-774.

revise its strategic workforce plan to ensure that its employees providing administrative support to BIE have the requisite knowledge and skills to help BIE achieve its mission and are placed in the appropriate offices to ensure that regions with a large number of schools have sufficient support. Indian Affairs agreed to implement the recommendation but has not yet done so.

BIA regional offices also have limited staff capacity for addressing BIE school facility needs due to steady declines in staffing levels for over a decade, gaps in technical expertise, and limited institutional knowledge. For example, our preliminary analysis of Indian Affairs data shows that about 40 percent of BIA regional facility positions are currently vacant, including regional facility managers, architects, and engineers who typically serve as project managers for school construction and provide technical expertise. Our work and other studies have cited the lack of capacity of Indian Affairs' facility staff as a longstanding agency challenge.[25] Further, officials at several schools we visited said they face similar staff capacity challenges. For example, at one elementary school we visited, the number of maintenance employees has decreased over the past decade from six employees to one full-time employee and a part-time assistant, according to school officials. As a result of the staffing declines, school officials said that facility maintenance staff may sometimes defer needed maintenance.[26]

Within BIE, we also found limited staff capacity in another area of school operations—oversight of school expenditures.[27] As we reported in November 2014, the number of key local BIE officials monitoring these expenditures had decreased from 22 in 2011 to 13, due partly to budget cuts. These officials had many additional responsibilities for BIE schools similar to school district superintendents of public schools, such as providing academic guidance. As a result, the remaining 13 officials had an increased workload, making it challenging for them to effectively oversee schools. For example, we found that one BIE official in North

[25]GAO, *Bureau of Indian Affairs Schools: New Facilities Management Information System Promising, but Improved Data Accuracy Needed*, GAO-03-692 (Washington, D.C.: July 31, 2003) and National Academy of Public Administration, *A Study of Management and Administration: The Bureau of Indian Affairs* (Washington, D.C.: August 1999).

[26]GAO-15-389T.

[27]GAO-15-121.

Dakota was also serving in an acting capacity for an office in Tennessee and was responsible for overseeing and providing technical assistance to schools in five other states—Florida, Louisiana, Maine, Mississippi, and North Carolina.

Further, we reported that the challenges that BIE officials confront in overseeing school expenditures are exacerbated by a lack of financial expertise and training. For example, although key local BIE officials are responsible for making important decisions about annual audit findings, such as whether school funds are being spent appropriately, they are not auditors or accountants. Additionally, as we reported in November 2014, some of these BIE officials had not received recent training on financial oversight. Without adequate staff and training, we reported that BIE will continue struggling to adequately monitor school expenses. Consequently, we recommended in 2014 that Indian Affairs develop a comprehensive workforce plan to ensure that BIE has an adequate number of staff with the requisite knowledge and skills to effectively oversee BIE school expenditures. Indian Affairs agreed with our recommendation but has not yet taken any action.

Inconsistent Accountability Hampers Management of School Construction and Monitoring of School Spending

Our work has shown that another management challenge, inconsistent accountability, hinders Indian Affairs in the areas of (1) managing school construction and (2) monitoring overall school expenditures. Specifically, this challenge hinders its ability to ensure that Indian students receive a quality education in a safe environment that is conducive to learning.

Inconsistent Accountability for School Construction

In our February 2015 testimony on BIE school facilities, we reported that Indian Affairs had not provided consistent accountability on some recent school construction projects.[28] According to agency and school officials we interviewed, some recent construction projects, including new roofs and buildings, went relatively well, while others faced numerous problems. The problems we found with construction projects at some schools suggest that Indian Affairs is not fully or consistently using management practices to ensure contractors perform as intended. For example, officials at three schools said they encountered leaks with roofs installed within the past 11 years. At one BIE-operated school we visited, Indian Affairs managed a project in which a contractor completed a $3.5 million project to replace roofs in 2010, but the roofs have leaked since their installation, according to agency documents. These leaks have led to mold in some classrooms and numerous ceiling tiles having to be removed throughout the school. (See fig. 4.) In 2011, this project was elevated to a senior official within Indian Affairs, who was responsible for facilities and construction. He stated that the situation was unacceptable and called for more forceful action by the agency. Despite numerous subsequent repairs of these roofs, school officials and regional Indian Affairs officials told us in late 2014 that the leaks and damage to the structure continue. They also said that they were not sure what further steps, if any, Indian Affairs would take to resolve the leaks or hold the contractors or suppliers accountable, such as filing legal claims against the contractor or supplier if appropriate.

[28]Once funding for school construction and repair is approved, Indian Affairs offers three main project management options. Tribes and/or schools may choose to (1) have Indian Affairs manage the project, (2) manage the project based on a contract received from Indian Affairs, or (3) in the case of tribally-operated schools, manage the project based on a grant received from Indian Affairs.

Figure 4: Damaged or Removed Classroom Ceiling Tiles Due to Leaks in Recently-Installed Roofs

Source: GAO. | GAO-15-539T

At another school we visited, construction problems included systems inside buildings as well as building materials. For example, in the cafeteria's kitchen at one BIE-operated school, a high voltage electrical panel was installed next to the dishwashing machine, which posed a potential electrocution hazard. School facility staff told us that although the building inspector and project manager for construction approved this configuration before the building opened, safety inspectors later noted that it was a safety hazard.[29] (See fig 5.)

[29]Since our visit in October 2014, school officials have reported that they have addressed this issue by relocating the panel.

Figure 5: High Voltage Electrical Panel Installed Next to Cafeteria Dishwasher at a BIE-Operated School, October 2014

Source: GAO. | GAO-15-539T

In South Dakota, a school we visited recently encountered problems constructing a $1.5 million building for bus maintenance and storage using federal funds. According to Indian Affairs and school officials, although the project was nearly finished at the time of our visit in December 2014, Indian Affairs, the school, and the contractor still had not resolved various issues, including drainage and heating problems. Further, part of the new building for bus maintenance has one hydraulic lift, but the size of the building does not allow a large school bus to fit on the lift when the exterior door is closed because the building is not long enough. Thus, staff using the lift would need to maintain or repair a large bus with the door open, which is not practical in the cold South Dakota winters. (See fig. 6.)

Figure 6: Exterior and Interior of Recently-Constructed Bus Maintenance Building Where Door Does Not Close When a Large School Bus Is on Hydraulic Lift

Source: GAO. | GAO-15-539T

According to Indian Affairs officials, part of the difficulty with this federally-funded project resulted from the school's use of a contractor responsible for both the design and construction of the project, which limited Indian Affairs' ability to oversee it. Indian Affairs officials said that this arrangement, known as "design-build," may sometimes have advantages, such as faster project completion times, but may also give greater discretion to the contractor responsible for both the design and construction of the building.[30] For example, Indian Affairs initially raised questions about the size of the building to store and maintain buses. However, agency officials noted that the contractor was not required to incorporate Indian Affairs' comments on the building's design or obtain its approval for the project's design, partly because Indian Affairs' policy does not appear to address approval of the design in a "design-build" project. Further, neither the school nor Indian Affairs used particular financial incentives to ensure satisfactory performance by the contractor. Specifically, the school already paid the firm nearly the full amount of the project before final completion according to school officials, leaving it little

[30]In a "design-build" arrangement, one team consisting of an architectural and engineering firm and a construction contractor may work together to complete the project.

financial leverage over the contractor. We will continue to monitor such issues as we complete our ongoing work on BIE school facilities and consider any recommendations that may be needed to address these issues.

Uneven Accountability for School Spending

In our 2014 report on BIE school spending, we found that BIE's oversight did not ensure that school funds were spent appropriately on educational services, although external auditors had determined that there were serious financial management issues at some schools.[31] Specifically, auditors identified $13.8 million in unallowable spending by 24 BIE schools as of July 2014. Additionally, in one case, an annual audit found that a school lost about $1.2 million in federal funds that were illegally transferred to an offshore bank account.[32] The same school had accumulated at least another $6 million in federal funds in a U.S. bank account. As of June 2014, BIE had not determined how the school accrued that much in unspent federal funds. Further, instead of using a risk-based approach to its monitoring efforts, BIE indicated that it relies primarily on ad hoc suggestions by staff regarding which schools to target for greater oversight. For example, BIE failed to increase its oversight of expenditures at one school where auditors found that the school's financial statements had to be adjusted by about $1.9 million and found unreliable accounting of federal funds during a 3-year period we reviewed. We recommended that Indian Affairs develop a risk-based approach to oversee school expenditures to focus BIE's monitoring activities on schools that auditors have found to be at the greatest risk of misusing federal funds. However, Indian Affairs agreed but has not yet implemented this recommendation.

In addition, we found that BIE did not use certain tools to monitor school expenditures. For example, BIE did not have written procedures to oversee schools' use of Indian School Equalization Program funds, which accounted for almost half of their total operating funding in fiscal year

[31] GAO-15-121.

[32] Interior reported in October 2014 that the incident was "a result of cybercrimes committed by computer hackers and/or other causes" and was under investigation. Nevertheless, the school's annual audit stated that the school's inadequate cash management and risk assessment procedures contributed to the incident and stated that the school must strengthen these procedures.

2014.[33] In 2014, we recommended that Indian Affairs develop written procedures, including for Interior's Indian School Equalization Program, to consistently document their monitoring activities and actions they have taken to resolve financial weaknesses identified at schools. While Indian Affairs generally agreed, it has not yet taken this action. Without a risk-based approach and written procedures to overseeing school spending—both integral to federal internal control standards—there is little assurance that federal funds are being used for their intended purpose to provide BIE students with needed instructional and other educational services.[34]

In conclusion, Indian Affairs has been hampered by systemic management challenges related to BIE's programs and operations that undermine its mission to provide Indian students with quality education opportunities and safe environments that are conducive to learning. In light of these management challenges, we have recommended several improvements to Indian Affairs on its management of BIE schools. While Indian Affairs has generally agreed with these recommendations and reported taking some steps to address them, it has not yet fully implemented them. Unless steps are promptly taken to address these challenges to Indian education, it will be difficult for Indian Affairs to ensure the long-term success of a generation of students. We will continue to monitor these issues as we complete our ongoing work and consider any additional recommendations that may be needed to address these issues.

Chairman Rokita, Ranking Member Fudge, and Members of the Subcommittee, this concludes my prepared statement. I will be pleased to answer any questions that you may have.

[33]Interior's Indian School Equalization Program provides funding for basic and supplemental instruction, among other things.

[34]GAO, *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (Washington, D.C.: November 1999).

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Appendix I: Accessible Data

Data Table for Figure 1: Federal Funds to Operate Programs at Bureau of Indian Education (BIE) Schools for Grades K-12, Fiscal Year 2014

Funding sources	Dollars (in millions)	Percentage
Department of Agriculture and other federal agencies	$9.2	1%
Department of Education	$197.4	24%
Department of the Interior, Bureau of Indian Education	$621.9	75%
Of the $621.9 million (75%) of funding from the Department of the Interior, Bureau of Indian Education…		
Facilities operations and maintenance	$98.8	12%
Other Interior funding (i.e., student transportation, education program management, and information technology)	$121.5	15%
Indian School Equalization Program and related funding[Note A]	$401.8	48%

Source: GAO analysis of Interior budget documents and Education data. GAO-15-539T.

Note: The funding amount for the Department of Agriculture is an estimate based on the amount from the prior year. Funding for capital, debt service, and related programs are not shown because they are not considered as funding for ongoing operations.

[a]Interior's Indian School Equalization Program provides funding for basic and supplementary instruction and staffing to oversee student dormitories, among other services.

Data Table 1 for Figure 2: Fourth Grade Estimated Average Scores on the National Assessment of Educational Progress (NAEP) for Students in BIE Schools Compared to Indian Students in Public Schools and Non-Indian National Average, 2005 to 2011

Reading

Average score (out of 500 maximum)

Year	BIE students	Indian students in public schools	Non-Indian students (National average)
2005	178	205	219
2007	180	206	221
2009	181	206	221
2011	182	204	221

Source: National Assessment of Educational Progress. GAO-15-539T.

Notes: The category "Non-Indian students (National average)" includes students in public, private, and Department of Defense schools. All score estimates from NAEP assessments have margins of error at the 95 percent confidence level of plus or minus 9 points or less.

Data Table 2 for Figure 2: Fourth Grade Estimated Average Scores on the National Assessment of Educational Progress (NAEP) for Students in BIE Schools Compared to Indian Students in Public Schools and Non-Indian National Average, 2005 to 2011

Math

Average score (out of 500 maximum)

Year	BIE students	Indian students in public schools	Non-Indian students (National average)
2005	210	227	238
2007	207	229	240
2009	207	227	240
2011	213	227	241

Source: National Assessment of Educational Progress. GAO-15-539T.

Notes: The category "Non-Indian students (National average)" includes students in public, private, and Department of Defense schools. All score estimates from NAEP assessments have margins of error at the 95 percent confidence level of plus or minus 9 points or less.

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