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DEPARTMENT OF EDUCATION

Information Needs Are at the Core of Management Challenges Facing the Department

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Department of Education: Information Needs Are at the Core of Management Challenges Facing the Department

Mr. Chairman and Members of the Subcommittee:

I am pleased to provide this statement for the record in which we discuss challenges the Department of Education faces in carrying out its mission efficiently and effectively and in improving its accountability for the results of its efforts.

The Department, created in 1980, manages the federal investment in education and leads the nation's long-term effort to improve the quality of education and ensure equal access. The Department accomplishes this by providing financial support to states, local education agencies, and postsecondary students. It also promotes challenging educational achievement standards and family and community involvement in schools, provides information on the best educational practices, and provides statistics on and evaluations of federal programs. The Department has a special obligation to ensure that all students have the opportunity to achieve the challenging academic standards. In this regard, this commitment often requires that the Department focus its resources and activities on students who risk educational failure as a result of the disadvantages they face.

The Government Performance and Results Act of 1993 (the Results Act) presents the Department with the opportunity to better manage the Department at all levels. It provides a vehicle for federal managers to clearly delineate and focus on their agencies' missions, develop both short- and long-term goals for fulfilling their missions, and establish performance indicator systems that tell managers how well their agencies are doing. For this reason, provisions of the Results Act and the Department's implementation of them provide the framework for my discussion of the Department's management challenges. My observations are based on our work involving the Department's programs over the past few years and a review of the Department's strategic plan (see list of related GAO products at the end of this testimony).

In summary, while the Department has developed and submitted to the Congress its 5-year strategic plan and 1999 performance plan as required by the act, much additional work needs to be done. Our work indicates that the Department's management has three major challenges: (1) with respect to the preschool, elementary, and secondary education area, the need to balance the competing objectives of collecting uniform program information to assess performance while giving states and localities the flexibility to implement their unique programs; (2) primarily in the

preschool, elementary, and secondary education area, the difficulty of assessing overall effectiveness of similar education programs that are scattered among multiple agencies and departments; and (3) problems associated with the Department's ability to collect, maintain, and use reliable information on its postsecondary programs to protect the federal government's financial interests. In our view, the Results Act provides a framework for Education to address these challenges. Moreover, the extent of its success in overcoming these challenges will in turn determine its success in implementing the requirements of the Results Act.

Background

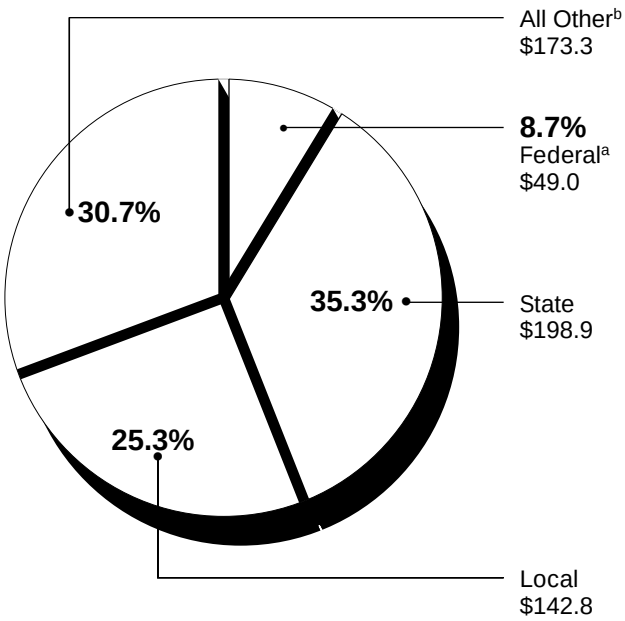
Education is generally a state responsibility—especially for elementary and secondary education—with the federal government playing an important supporting role. The nation spends more than $500 billion a year on education, with state, local, and private expenditures accounting for about 91 percent of this amount (see fig. 1). The Department of Education—with a staff of about 4,600 and a fiscal year 1998 budget of about $34.7 billion—carries out its mission of improving the quality of education and ensuring equal access to programs by providing financial resources, including making student loans and awarding grants for higher education; providing research and information on best practices in education; and ensuring that publicly funded schools and education programs observe civil rights laws.[1]

The Department manages two distinctly different types of programs—(1) preschool, elementary, and secondary and (2) postsecondary. Programs that serve preschool, elementary, and secondary students operate in a milieu in which education is under state and local control and the federal investment is relatively small—generally about 7 percent of funding (see fig. 2). The recipient of federal funds is usually a state or local education agency. Some elementary and secondary programs have broadly defined objectives that give states flexibility to set their own priorities. As a result, these programs sometimes lodge accountability at the state or local level, which can complicate the task of holding the Department accountable for the results of programs—a task that is accomplished by developing programwide measures of

[1]The Department, through its Office for Civil Rights, is responsible for enforcing the following civil rights laws as they relate to schools at all levels: (1) title VI of the Civil Rights Act of 1964, which prohibits discrimination on the basis of race, color, or national origin; (2) title IX of the Education Amendments of 1972, which prohibits discrimination in education programs and activities on the basis of sex; (3) section 504 of the Rehabilitation Act of 1973, which prohibits discrimination on the basis of disability; (4) the Age Discrimination Act of 1975, which prohibits discrimination on the basis of age; and (5) title II of the Americans With Disabilities Act of 1990, which prohibits public entities from discriminating on the basis of disability.

performance based on grantee-reported data. For example, grant programs that operate through state or local programs, but are accountable for meeting federal performance objectives, can present formidable performance accountability issues because federally funded activities as well as the information collected about performance may vary from state to state. The Department's ability to manage its efforts in the elementary and secondary area is heavily dependent on having clearly defined objectives, valid assessment instruments, and accurate and consistent program data.

Figure 1: Total Expenditures for Education in the United States, 1996-97 (Dollars in Billions)

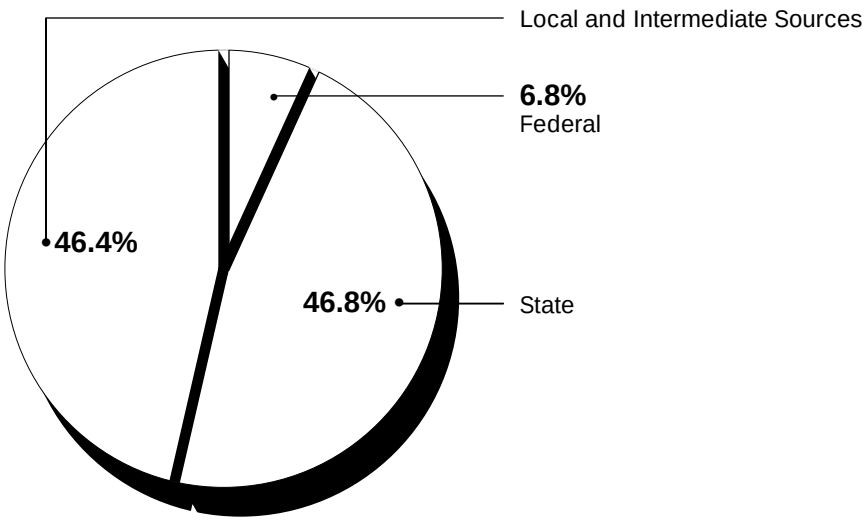


[a]Includes expenditures of all federal agencies.

[b]Federally supported student aid that goes to higher education institutions through students' tuition payments is shown under "All Other" rather than under "Federal." Such payments would add substantial amounts and several percentage points to the federal share.

Source: Department of Education.

Figure 2: Federal Investment in Public Elementary and Secondary Education Is Small



Source: Department of Education.

In the postsecondary area, the primary recipients of federal funds are students and parents. In this area, the Department is accountable for both ensuring equal access and protecting the financial interests of the federal government. The Department makes available billions of dollars in loans and grants to promote access to programs, but it also bears a major portion of the risk for loan losses. Its ability to manage these dual responsibilities is heavily dependent on having adequate management information systems that contain reliable data. Our work has shown that, to a large extent, management of the postsecondary education programs has been difficult because the student aid programs have many participants; involve complicated, cumbersome processes; and lack adequate information management systems.[2] The problems associated with these issues contributed to our identification in 1992 of the Guaranteed Student Loan program[3] as one of 17 federal government high-risk areas especially vulnerable to waste, fraud, abuse, and mismanagement.[4] We later recognized that some of the problems

[2]High-Risk Series: Student Financial Aid (GAO/HR-97-11, Feb. 1997).

[3]The Guaranteed Student Loan Program was renamed the Federal Family Education Loan Program.

[4]High-Risk Series: Guaranteed Student Loans (GAO/HR-93-2, Dec. 1992).

associated with that loan program also applied to the Federal Pell Grant Program; therefore, in 1995, we revised the definition of our high-risk area to include all student financial aid provided under title IV of the Higher Education Act of 1965 (HEA), as amended.[5]

According to its own data, the Department currently administers approximately 180 programs. The two largest elementary and secondary programs are through title I of the Elementary and Secondary Education Act and the Individuals With Disabilities Education Act (IDEA). Title I helps support the education of over 6 million disadvantaged children in more than 50,000 schools nationwide—about one-half of the nation's public schools; IDEA supports special education programs that assist over 5 million children with disabilities from birth through age 21 in meeting their educational and developmental needs. At the postsecondary level, the Department administers the federal student financial aid programs established under title IV of HEA. These student aid programs—the Federal Family Education Loan Program, the Ford Federal Direct Loan Program, the Federal Pell Grant Program, the Federal Perkins Loan Program, and several smaller financial aid programs—fund approximately 75 percent of all postsecondary student financial aid in the nation.

Results Act and Other Legislation Are Intended to Improve Management Governmentwide

The Results Act is aimed at improving federal agency performance. It is the centerpiece of a statutory framework that the Congress put in place during the 1990s to help resolve the long-standing management problems that have undermined the federal government's effectiveness and efficiency and to provide greater accountability for results.[6] The Results Act seeks to shift the focus of government decision-making and accountability away from a preoccupation with the activities—such as the number of grants and program reviews made—and toward the results of those activities—such as more positive student outcomes and gains in program quality.

Under the Results Act, strategic plans are the starting point and basic underpinning for performance-based management. Thus, strategic plans are crucial because they serve as a basis for guiding agencies' operations

[5]High-Risk Series: Student Financial Aid (GAO/HR-95-10, Feb. 1995).

[6]The Results Act is part of a larger statutory framework that is composed of the Chief Financial Officers Act and information technology reform legislation, including the Paperwork Reduction Act of 1995 and the Clinger-Cohen Act of 1996. The Congress enacted the Chief Financial Officers Act in 1990 to remedy decades of serious neglect in federal financial management by establishing chief financial officers across the federal government and requiring the preparation and audit of annual financial statements. See Managing for Results: The Statutory Framework for Performance-Based Management and Accountability (GAO/GGD/AIMD-98-52, Jan. 28, 1998).

and helping congressional and other policymakers make decisions about activities and programs. Agencies, in consultation with the Congress and other stakeholders, are to clearly define their missions and articulate comprehensive mission statements that define their basic purposes. Under the act, an agency's strategic plan is to contain six key elements: (1) a comprehensive agency mission statement; (2) agencywide long-term goals and objectives for all major functions and operations; (3) approaches (or strategies) and the various resources needed to achieve the goals and objectives; (4) a description of the relationship between the long-term goals and objectives and the annual performance goals; (5) an identification of key factors, external to the agency and beyond its control, that could significantly affect the achievement of the strategic goals; and (6) a description of how program evaluations are used to establish or revise strategic goals and a schedule of future program evaluations.

The act also requires agencies to submit annual performance plans tied to their budget requests to reinforce the connections between the long-term strategic goals outlined in the strategic plans and the day-to-day activities of program managers and staff. These plans are to (1) identify annual performance goals and measures for each agency program activity, (2) discuss the strategies and resources needed to achieve annual performance goals, and (3) provide an explanation of the procedures the agency will use to verify and validate its performance data. The Department has publicly released both its first strategic plan and its annual performance plan.

Our review of the Department's strategic plan showed that its long-term goals and objectives were succinct and logically linked to its mission statement, and the quality of the goals and objectives reflected the Department's effort to comply with the Results Act.[7] In addition, the plan addressed in some form all of the Department's major statutory responsibilities. However, it did not completely clarify how the Department would resolve data integrity issues with respect to its largest loan program, the Federal Family Education Loan Program. These issues concern the Department's inability to accurately estimate the government's liability, which has prevented the Department from obtaining an unqualified audit opinion on its annual financial statements for the past 2 years. The Department's audit of its fiscal year 1997 financial statements will not be completed until May 1998.

[7]See The Results Act: Observations on the Department of Education's June 1997 Draft Strategic Plan (GAO/HEHS-97-176R, July 18, 1997) and Managing for Results: Agencies' Annual Performance Plans Can Help Address Strategic Planning Challenges (GAO/GGD-98-44, Jan. 30, 1998).

The Department has developed and submitted its 1999 performance plan with its budget request. We are now reviewing this plan.

Information Is Central to the Department's Overcoming Key Management Challenges

To efficiently and effectively manage its many programs, oversee its large portfolio of loans, and assess the impact of its efforts, the Department needs reliable information about its programs and their effects. Without such data, the Department will not know whether it is accomplishing its performance goals; whether midcourse program changes are needed; what effect its programs are having on the American people; or whether fraud, waste, or mismanagement has occurred. Moreover, it will not be able to give the Congress needed information to make important decisions about the Department's programs. Our work shows that in some areas, the Department does not have the information needed to effectively carry out its responsibilities.

Competing Objectives: Local Program Flexibility and Variation Versus Accountability and Uniformity

The goal of having enough information for accountability and federal program management continually competes with the aim of providing local agencies with the flexibility needed to implement their programs on the basis of their unique local needs. When flexibility is given, the types of activities carried out vary from locality to locality, as do program objectives, information, and measures of success. On the other hand, accountability for overall program performance is facilitated by uniform performance objectives and measures of their accomplishment.[8] The Safe and Drug-Free Schools program, for example, allows a wide range of activities, such as drug prevention instruction for students; staff training; general violence-prevention instruction; and special one-time events, such as guest speakers and drug- and alcohol-free social activities.[9] States are also permitted to define the information they collect on program activities and effectiveness. Under the Safe and Drug-Free Schools and Communities Act, state agencies monitor local programs. The Department in turn oversees state programs. Under the act, each state may establish its own reporting requirements for local education agencies. Although these requirements have some common elements, state requirements vary widely. With no requirements that states use consistent measures, our work has shown that the Department faces a difficult challenge in

[8]Balancing Flexibility and Accountability: Grant Program Design in Education and Other Areas (GAO/T-GGD/HEHS-98-94, Feb. 11, 1998).

[9]Safe and Drug-Free Schools: Balancing Accountability With State and Local Flexibility (GAO/HEHS-98-3, Oct. 10, 1997).

assembling the required state reports to develop a nationwide picture of the program's effectiveness.

Another information issue involves program impact evaluation. Impact evaluations are the only way to answer the question, "Is this program making a difference?" The Department's research is aimed toward, among other things, improving the availability of research and data on promising and best practices and promoting widespread access to sound, well-tested educational knowledge. Evaluating program impact generally requires a planned study and, often, considerable time and expense. Each of the tasks involved—measuring outcomes, ensuring the consistency and quality of data collected at various sites, establishing the causal connection between outcomes and program activities, and distinguishing the influence of extraneous factors—raises formidable technical or logistical problems. Program features affect the relative difficulty of getting reliable impact information. The more varied the program activities and the less direct the connection between the provider and the federal agency, the greater the challenge of getting comparable, reliable data on clients and services. For example, for a program such as Safe and Drug-Free Schools, a flexibly managed grant in which a wide range of activities are allowed and states define the information they collect on program activities and effectiveness, collecting comparable, reliable data on clients and services is difficult. Also, because of the absence of comparison groups, it is extremely difficult to estimate the impact of a long-standing program that covers all eligible participants.[10]

Multiple Federal Programs Managed by Different Agencies

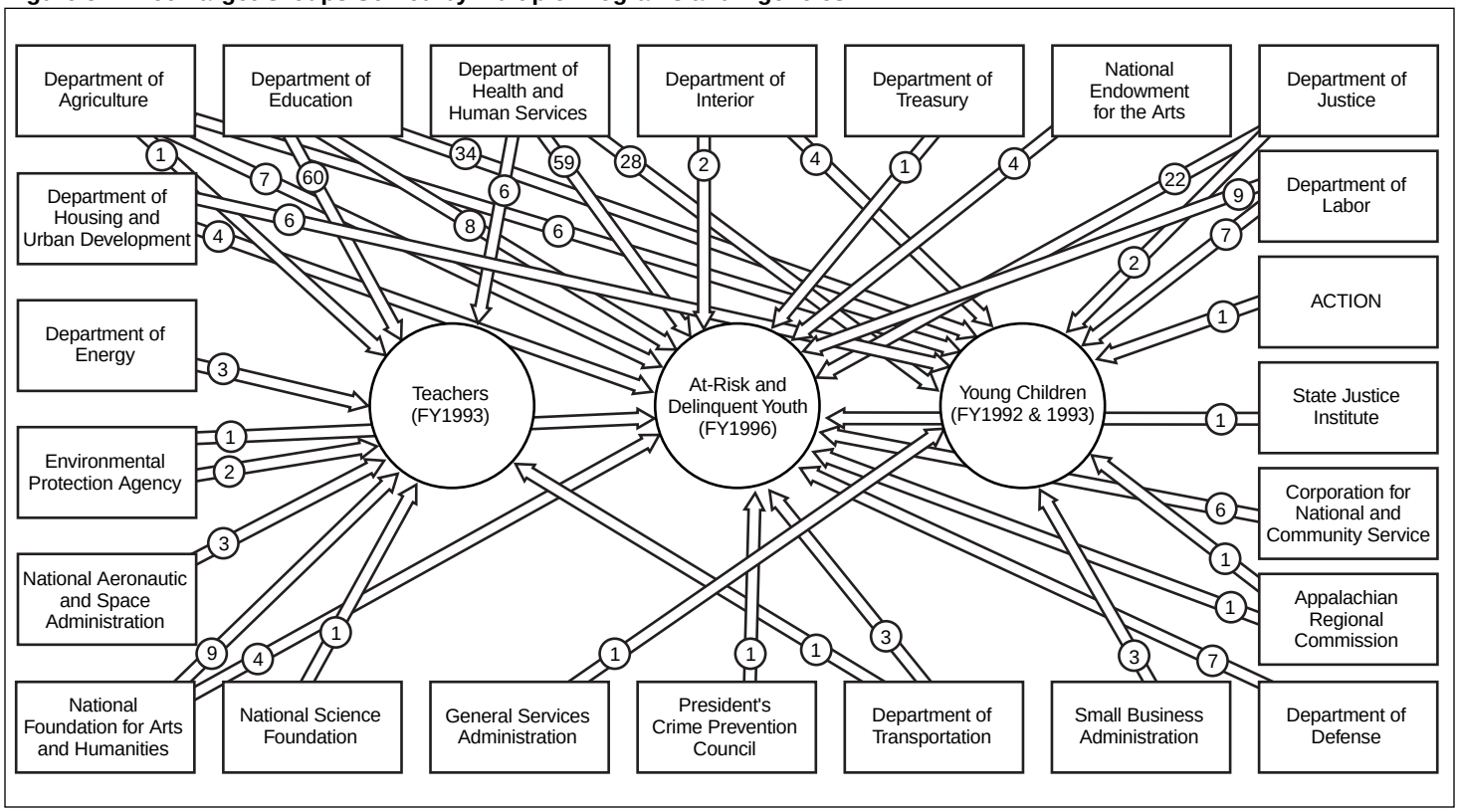
Our work shows that billions of federal education dollars are distributed through hundreds of programs and more than 30 agencies.[11] This situation creates the potential for inefficient services as well as difficulty for those trying to access the most appropriate services and funding sources. To illustrate, figure 3 shows the programs in various agencies targeted to three specific groups—young children, at-risk and delinquent youth, and teachers. The overlap of programs and agencies also makes assessing the impact of the total federal effort difficult. For example, each program may have its own measures at federal, state, and local levels. If the Congress wanted to know the overall effectiveness of a broad federal effort, such as helping at-risk and delinquent youth, the task would be even more

[10]Program Evaluation: Improving the Flow of Information to the Congress (GAO/PEMD-95-1, Jan. 30, 1995).

[11]Federal Education Funding: Multiple Programs and Lack of Data Raise Efficiency and Effectiveness Concerns (GAO/T-HEHS-98-46, Nov. 6, 1997).

daunting than the one the Department of Education faces in developing a nationwide picture of one flexibly administered program.

Figure 3: Three Target Groups Served by Multiple Programs and Agencies



Note: Circled numbers indicate number of programs.

The Results Act offers a structured framework to address crosscutting program issues.[12] Each of its key stages—defining missions and desired outcomes, measuring performance, and using performance information—offers a new opportunity to address fragmentation and overlap. For example, the Results Act is intended to foster a dialogue on strategic goals involving the Congress as well as agency and external stakeholders. This dialogue should help to identify agencies and programs addressing a similar mission and associated performance implications.

[12]See Managing for Results: Using the Results Act to Address Mission Fragmentation and Program Overlap (GAO/AIMD-97-146, Aug. 29, 1997).

The act's emphasis on results-based performance measurement should lead to more explicit discussions of contributions and accomplishments within crosscutting programs and encourage related programs to develop common performance measures.

In its strategic plan, the Department identified crosscutting program activities. For example, in the elementary and secondary area, the Department defined the need to work with the Departments of Health and Human Services and Agriculture for preschool programs and the Department of Labor for the School-to-Work program.

Ensuring Access to Postsecondary Institutions While Protecting Federal Financial Interests

Through its student aid programs, the Department has enabled millions of students to attend postsecondary educational institutions. At the same time it is concerned with access, the Department's ongoing challenge is to improve its processes to ensure financial accountability in its postsecondary student aid programs. For example, the federal government has lost billions of dollars on defaults. Long-standing data integrity problems have plagued the Department's management of its student financial aid programs. In part because of these problems, we reported in 1995 that the Department's use of available student aid data was generally ineffective for monitoring and enforcing compliance with requirements.[13] Moreover, over the years, both its largest loan program—the Federal Family Education Loan Program—and its Pell Grant Program have encountered fraud and abuse. Department initiatives to improve information resources management have not fully succeeded in improving data quality.

A related issue concerns problems with its multiple student aid data systems. As student aid programs were implemented during the past 30 years, the Department developed separate data systems to support each one. These multiple systems contain incompatible data in nonstandard formats—a situation that has led to inaccurate information, inefficient systems, and high costs. In a 1997 report, we highlighted the benefits of systems integration—cost reductions through increased productivity and decreased data redundancy and streamlined operations. The lack of systems integration, on the other hand, has led to reduced management efficiency, compromised system integrity, and escalating costs. As a result,

[13]Student Financial Aid: Data Not Fully Utilized to Identify Inappropriately Awarded Loans and Grants (GAO/HEHS-95-89, July 11, 1995).

we recommended that the Department develop a systems architecture that would allow it to integrate its various student aid data systems.[14]

In response to these and other audit findings, the Department has begun corrective actions. For example, it has initiated efforts to develop a comprehensive plan to address National Student Loan Data System data integrity issues and has issued guidance for external auditors to use that requires them to test guaranty agencies' billings for claims such as default payments. The Department is also developing a system called the Education Central Automated Processing System. These and other actions the Department is taking indicate that it is committed to resolving its financial management problems. A sustained effort, however, is critical to the Department's having the reliable information necessary for sound financial management.

The Results Act provides a framework for the Department as it addresses its data integrity and systems problems. For example, under the act, agencies state in their annual performance plans the operational processes, skills, and technology as well as the human, capital, information, and other resources required to meet performance goals. Annual performance plans can show the Congress, as well as focus top management attention on, agencies' plans to manage cost-effective mixtures of critical resources, including information, in pursuit of performance goals.

Conclusion

In carrying out its mission, the Department of Education has a careful balancing act to perform. While elementary and secondary education is largely the states' responsibility, this federal department is expected to provide leadership at the national level. For example, in the preschool, elementary, and secondary education areas, it is expected to give state and local education agencies flexibility in using federal funds and freedom from unnecessary regulatory burden, yet it must have enough information about programs and how money is spent to be accountable to the American taxpayers for the federal money spent at the state and local levels. Moreover, managing the federal investment in education is a particularly difficult challenge for the Department because of the many programs and departments involved in the federal effort to improve public preschool, elementary, and secondary education. In the postsecondary area, the Department's challenge is balancing access for all while

[14]Student Financial Aid Information: Systems Architecture Needed to Improve Programs' Efficiency (GAO/AIMD-97-122, July 29, 1997).

protecting federal financial interests. Our work has shown that these problems are not new to the Department, but adequately addressing them has proved difficult. The Results Act now provides the Department with a framework for addressing these challenges and improving the information available to its managers and the Congress.

This concludes my prepared statement. Please contact me on (202) 512-7014 if you have questions about the information presented in this statement.

Related GAO Products

Executive Guide: Measuring Performance and Demonstrating Results of Information Technology Investments (GAO/AIMD-98-89, Mar. 1998).

Balancing Flexibility and Accountability: Grant Program Design in Education and Other Areas (GAO/T-GGD/HEHS-98-94, Feb. 11, 1998).

Managing for Results: Agencies' Annual Performance Plans Can Help Address Strategic Planning Challenges (GAO/GGD-98-44, Jan. 30, 1998).

Managing for Results: The Statutory Framework for Performance-Based Management and Accountability (GAO/GGD/AIMD-98-52, Jan. 28, 1998).

Federal Education Funding: Multiple Programs and Lack of Data Raise Efficiency and Effectiveness Concerns (GAO/T-HEHS-98-46, Nov. 6, 1997).

Safe and Drug-Free Schools: Balancing Accountability With State and Local Flexibility (GAO/HEHS-98-3, Oct. 10, 1997).

Managing for Results: Using the Results Act to Address Mission Fragmentation and Program Overlap (GAO/AIMD-97-146, Aug. 29, 1997).

Student Financial Aid Information: Systems Architecture Needed to Improve Programs' Efficiency (GAO/AIMD-97-122, July 29, 1997).

The Results Act: Observations on the Department of Education's June 1997 Draft Strategic Plan (GAO/HEHS-97-176R, July 18, 1997).

Department of Education: Challenges in Promoting Access and Excellence in Education (GAO/T-HEHS-97-99, Mar. 20, 1997).

High-Risk Series: Student Financial Aid (GAO/HR-97-11, Feb. 1997).

Department of Education: Status of Actions to Improve the Management of Student Financial Aid (GAO/HEHS-96-143, July 12, 1996).

Executive Guide: Effectively Implementing the Government Performance and Results Act (GAO/GGD-96-118, June 1996).

Financial Audit: Federal Family Education Loan Program's Financial Statements for Fiscal Years 1994 and 1993 (GAO/AIMD-96-22, Feb. 26, 1996).

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