



160625

**Health, Education and Human Services Division**

B-279999

June 8, 1998

The Honorable William F. Goodling  
Chairman, Committee on Education  
and the Workforce  
House of Representatives

Subject: The Results Act: Observations on the Department of Education's  
Fiscal Year 1999 Annual Performance Plan

Dear Mr. Chairman:

As you requested, this letter summarizes our observations on the Department of Education's annual performance plan for fiscal year 1999, which was submitted to the Congress in February 1998. As you know, the Government Performance and Results Act of 1993 (the Results Act) requires federal agencies, beginning with fiscal year 1999, to prepare annual performance plans covering the program activities set out in their budgets. Performance-based management, as envisioned by the Results Act, is a dynamic and complementary process of setting a strategic direction, defining annual goals and measures, and reporting on performance. Under the Results Act, agencies are to prepare multiyear strategic plans that set the general direction for their efforts. The Results Act requires that an agency's strategic plan contain key elements such as a comprehensive agency mission statement, agencywide long-term goals and objectives for all major functions and operations, and a description of the relationship between the long-term goals and objectives and the annual performance goals. In 1997, we issued a report on Education's draft strategic plan, and in 1998, we reported on its publicly issued strategic plan and compared it with our 1997 report.<sup>1</sup>

---

<sup>1</sup>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).

160625

Building on the decisions made in the strategic planning process, the Results Act requires executive agencies to develop annual performance plans covering each program activity set forth in the agencies' budgets. With its requirement for annual performance plans, the Results Act establishes (1) the first statutory link between agencies' budget requests and their performance planning efforts and (2) the connections between the long-term strategic goals outlined in the strategic plans and the day-to-day activities of managers and staff.

Performance plans are to (1) establish performance goals to define the level of performance to be achieved by a program activity; (2) express such goals in an objective, quantifiable, and measurable form unless OMB authorizes agencies to develop an alternative form of measurement; (3) briefly describe the operational processes, skills, and technology and the human, capital, information, or other resources required to meet the performance goals; (4) establish performance indicators to be used in measuring or assessing the relevant outputs, service levels, and outcomes of each program activity; (5) provide a basis for comparing actual program results with the established performance goals; and (6) describe the means to be used to verify and validate measured values. (See enc. I for a more detailed overview of the Results Act.)

We reviewed Education's performance plan in terms of three basic questions: (1) To what extent does the plan provide a clear picture of intended performance across the agency? (2) How well does the plan discuss the strategies and the resources the agency will use to achieve its performance goals? (3) To what extent does the plan provide confidence that the agency's performance information will be credible? These questions are based on criteria in the Results Act, the Office of Management and Budget's (OMB) guidance to federal agencies on developing their plans, and other sources. We performed our review of Education's plan from February through May 1998 in accordance with generally accepted government auditing standards.

Education's performance plan consists of two volumes:

- Volume 1 consists of performance measures, performance goals, and key strategies for fiscal year 1999 for each of Education's 22 strategic objectives.
- Volume 2 consists of 99 individual program performance plans that cover Education's programs. According to Education, volume 2 links to its program activity structure presented in its budget request.

In summary, we found that Education's plan provides an incomplete picture of intended performance across the agency, could more fully discuss the strategies and resources to be used to achieve its annual performance goals, and—although it adequately discusses how it plans to validate and verify some performance information—does not provide sufficient confidence that all of its performance information will be credible. Specifically, we found that

- Education's performance plan could provide a more complete picture of its intended performance across the agency. While many of the performance goals and measures in volume 1 are generally objective, measurable, quantifiable, and useful for assessing progress, many in volume 2 are not. For example, many of the performance measures in the individual program performance plans in volume 2 lack quantifiable baseline levels of performance or targeted levels of performance for fiscal year 1999. This could affect Education's ability to assess its performance. While the performance plan reflects the mission statement and strategic goals in the strategic plan and provides a clear link between strategic goals and the performance goals and measures in volume 1, it could more directly link (1) volume 1 performance goals and measures with the program activities in Education's budget request and (2) the goals and measures in the individual 99 program performance plans with Education's strategic objectives.
- Education's plan could more fully discuss the strategies and resources to be used to achieve its annual performance goals. The plan has a limited discussion of how Education's strategies and resources will help achieve its annual fiscal year 1999 performance goals. For certain performance goals and measures, however, the plan does not clearly convey how the strategies and resources will achieve the plan's goals. While the plan allocates Education's fiscal year 1999 budget request among its four strategic goals and 22 strategic objectives, it does not fully describe the human or technology resources that Education will need to achieve the plan's fiscal year 1999 goals.
- Education's plan does not provide sufficient confidence that its elementary and secondary education performance information will be credible, even though it adequately addresses how it plans to validate and verify performance information for its postsecondary—and to some extent its elementary and secondary education—programs. Volume 1 of the plan discusses how Education will ensure that its performance information is timely, valid, and reliable. However, the plan does not sufficiently

recognize limitations in the agency's data for its elementary and secondary education programs. In particular, the plan indicates when elementary and secondary education performance data would come from sources external to Education but does not state or recognize known limitations to these external data. Without recognizing and addressing significant data limitations, Education's plan cannot provide sufficient confidence that its performance information will be credible. (See enc. II for more detailed observations.)

In commenting on a draft of this correspondence, Education said that while we correctly identified some substantive weaknesses in its performance plan, our review provides the reader an unbalanced and limited assessment of the quality of Education's plan and its conformity with the Results Act. For example, Education disagreed with our observation that its performance plan provides an incomplete picture of its performance across the agency. In commenting on our observations, Education stated that its plan contains four strategic goals and 22 crosscutting strategic objectives with strategies and measures, plus comprehensive program plans for all its programs that also include strategies and measures. We agree that the table in volume 1 shows how the strategic objectives relate to the individual program plans. We believe, however, that Education should include a discussion better describing the relationship between the long-term strategic goals and objectives and the short-term annual fiscal year 1999 performance goals in the individual program performance plans in volume 2. By showing the relationship between the strategic goals and objectives and the annual performance goals, an agency's performance plan can demonstrate how the agency intends to make progress toward the achievement of its strategic goals.

Education agreed with our observation that its performance plan adequately addresses the need to coordinate with other federal agencies having related strategic goals or performance goals. It commented that it will, as we stated, build on its foundation by identifying performance goals for its crosscutting efforts, laying out more details regarding the activities each agency will undertake and what will be achieved. Education also commented that it will take these suggestions into account when developing future plans. Further, Education said that, because it appears that information on external factors is desired by the Congress, it will include this information. Finally, it stated that in future plans it will expand the student financial aid discussion to include additional information about strategies for addressing data limitations and that it will discuss in more detail significant data limitations for its elementary and secondary school programs.

-----

We are providing copies of this correspondence to the members of Congress who requested our review of Education's and other agencies' annual performance plans: the Speaker of the House; the House Majority Leader; and the Chairmen of the House Committees on Appropriations, the Budget, and Government Reform and Oversight. We are also sending copies to the House Minority Leader, the Ranking Minority Members of these committees, and the Ranking Minority Member of this committee. In addition, copies are being sent to other committees that have jurisdiction over education activities, the Secretary of Education, and the Director of the Office of Management and Budget. We will also make copies available to others on request.

Please contact me at (202) 512-8403 if you or your staff have any questions concerning this letter. Major contributors to this correspondence include D. Catherine Baltzell, Assistant Director; Paula N. Denman, Evaluator-in-Charge; and Harriet C. Ganson, Adviser, Health, Education, and Human Services Division; David B. Alston, Laura E. Castro, Bonnie L. Derby, and Cheryl D. Driscoll, Accounting and Information Management Division; and Robert G. Crystal, Office of the General Counsel.

Sincerely yours,

*Cornelia M. Blanchette*

Cornelia M. Blanchette  
Associate Director, Education and  
Employment Issues

Enclosure - 3

OVERVIEW OF THE GOVERNMENT  
PERFORMANCE AND RESULTS ACT

The Government Performance and Results Act of 1993 (the Results Act) is the primary legislative framework through which federal agencies are being required to set strategic goals, measure performance, and report on the degree to which their goals were met. For the first component, the act required each federal agency to develop, no later than the end of fiscal year 1997, strategic plans that cover a period of at least 5 years. These plans are to include the agency's mission statement; identify the agency's long-term strategic goals; and describe how the agency intends to achieve these goals through its activities and through its human, capital, information, and other resources.

For the second component, the Results Act requires each agency to submit to the Office of Management and Budget (OMB), beginning for fiscal year 1999, an annual performance plan. The first annual performance plans were to be submitted to OMB in the fall of 1997. The performance plan is to provide the direct link between the strategic goals outlined in the agency's strategic plan and the activities managers and employees conduct day to day. In essence, this plan is to contain the annual performance goals the agency will use to gauge its progress toward accomplishing its strategic goals and to identify the performance measures the agency will use to assess its progress. OMB used the individual agencies' performance plans to develop the first overall federal government performance plan, which was submitted to the Congress with the president's budget in February 1998.

For the third and final component, the Results Act requires that each agency submit to the president and to the Congress an annual report on program performance for the previous fiscal year. The first of these reports, on program performance for fiscal year 1999, is due by March 31, 2000, and subsequent reports are also due by March 31. For fiscal years 2000 and 2001, agencies' reports are to include performance data beginning with fiscal year 1999. For each subsequent fiscal year, agencies are to include performance data for the fiscal year covered by the report and 3 prior years.<sup>2</sup>

In each report, an agency is to review and discuss its performance compared with the performance goals it had established in its annual performance plan. When a goal is not met, the agency's report is to explain why; the plans and the schedules to meet the goal;

---

<sup>2</sup>The Congress recognized that in some cases not all the performance data will be available in time for the March 31 reporting date. In such cases, agencies are to provide whatever data are available, with a notation as to their incomplete status. Subsequent annual reports are to include the complete data as part of the trend information.

and, if the goal was impractical or not feasible, the reasons for that and the actions recommended. Actions needed to accomplish a goal could include legislative, regulatory, or other actions. When the agency finds a goal to be impractical or infeasible, it should discuss whether that goal ought to be modified.

In addition to evaluating the progress made toward achieving the annual goals established in the performance plan for the fiscal year covered by the report, an agency's program performance report is to evaluate the agency's performance plan for the fiscal year in which the performance report was submitted. (For example, in their fiscal year 1999 performance reports, due by March 31, 2000, agencies are required to evaluate their performance plans for fiscal year 2000 on the basis of their reported performance in fiscal year 1999.) This evaluation will help show how an agency's actual performance is influencing its plans. Finally, the report is to include the summary findings of program evaluations completed during the fiscal year covered by the report and the use and effectiveness of any of the Results Act managerial flexibility waivers that an agency received.

In crafting the Results Act, the Congress recognized that managerial accountability for results is linked to managers' having sufficient flexibility, discretion, and authority to accomplish desired results. Beginning with fiscal year 1999, the Results Act authorizes agencies to apply for waivers of administrative procedural requirements and controls, including specification of personnel staffing levels and restrictions on shifting funds among items within a budget account, in order to provide federal managers with more flexibility to structure an agency's systems to better support program goals. Agencies must report in their annual performance reports on the use and effectiveness of any Results Act waivers that they receive.

OBSERVATIONS ON THE DEPARTMENT OF EDUCATION'S  
ANNUAL PERFORMANCE PLAN

As requested, we reviewed the Department of Education's performance plan for fiscal year 1999 that was submitted to the Congress in February 1998. To do these reviews, we used criteria in the Results Act, OMB's guidance on developing the plans (Circular A-11, part 2), our February 1998 guidance for congressional review of the plans (GGD/AIMD-10.1.18), our evaluators' guidance for assessing annual performance plans (GAO/GGD-10.1.20) and other sources. On April 14, 1998, we briefed your staff on our major observations. The key points from that briefing are summarized below.

Successful implementation of the Results Act is as difficult as it is important. Considering that this is the first performance plan that Education has produced, the plan contains a great deal of valuable information to inform the Congress about how the department intends to accomplish its mission. We expect that as Education gains experience, future performance plans will build upon this initial effort and become increasingly useful to the Congress and the public. Education's performance plan consists of two volumes:

- Volume 1 consists of performance measures, performance goals, and key strategies for fiscal year 1999, for each of the department's 22 strategic objectives.<sup>3</sup> Volume 1 also has information on the quality of performance data, coordination with other agencies, and funding and staffing by strategic objective.
- Volume 2 consists of 99 individual program performance plans that cover Education's programs and link to its program activity structure presented in its budget request. The program performance plans contain program goals, objectives, performance goals and measures, and strategies.

Further, to make its annual performance plan work, Education states that it has specified the financial and program details to implement its performance plan in its Fiscal Year 1999 Justifications of Appropriation Estimates to the Congress.

---

<sup>3</sup>According to an Education official, for volume 1, Education selected one-third of the 115 performance measures from its strategic plan. Education selected outcome or process measures or both for each of its 22 strategic objectives. In selecting these measures, which are meant to provide initial performance data and targets, Education gave priority to those that had readily available baseline data and a way to project future trends. In the future, as the data sources become available, Education intends to provide goals and information on all measures discussed in its strategic plan.



While sound in some respects, Education's fiscal year 1999 performance plan does not completely meet the criteria set forth in the Results Act and related guidance. The plan could provide a more complete picture of intended performance across the agency. For example, Education selected and included, in volume 1, one-third of the performance measures addressed in its strategic plan. Those selected measures, however, do not clearly link with the goals and measures in volume 2. Further, Education's plan does not fully portray how its strategies and resources will help achieve the plan's performance goals, and it could better identify significant data limitations and their implications for assessing the achievement of performance goals.

To make its performance plan more useful for the purposes of the Results Act, Education could more directly link the annual performance goals and measures in volume 1 to the program activities in the budget request, more completely describe the extent of its involvement with other agencies and strategies needed for coordination activities, and specifically describe how human and technological resources will be used to achieve its annual performance goals and the rationale as to how the strategies will contribute to accomplishing the goals. Education acknowledges that its performance measures range from "outcome" to "process" to "output" measures. In volume 1 of Education's performance plan, it primarily used output and process measures. Greater use of outcome measures would make future performance plans more useful.

Among its strengths, Education's performance plan

- reflects the mission statement, strategic goals, and objectives in its strategic plan;
- has performance goals in volume 1 that are directly linked to its mission, strategic goals, and objectives and has performance goals in volume 2 that are linked to the program activities in its budget request;<sup>4</sup>
- recognizes that coordination with federal agencies enables it to better serve program participants and reduces inefficiencies in service delivery; and
- discusses how Education plans to verify and validate its performance information.

---

<sup>4</sup>The performance goals in volume 1, which pertain to each strategic objective, can be supported by a number of program activities, whereas those in volume 2 pertain directly to specific, individual program activities.

EDUCATION'S PLAN COULD PROVIDE  
A MORE COMPLETE PICTURE OF INTENDED  
PERFORMANCE ACROSS THE DEPARTMENT

Education's performance plan could provide a more complete picture of its intended performance across the department. The plan's level of responsiveness to the criteria set forth in the Results Act and related guidance is uneven, in both volume 1 and volume 2. For example, the plan includes (1) performance goals and measures in volume 1 that are generally objective, measurable, quantifiable, and useful for assessing progress and (2) adequate discussion of the need to coordinate with other agencies having related strategic goals or performance goals. However, to more clearly define its expected performance for fiscal year 1999, Education could, for performance measures in volume 2, include more quantifiable baseline data to allow for the assessment of progress toward goals and set targets for fiscal year 1999. The large number—815—of performance measures in volume 2, and for many, a lack of quantifiable baseline levels or targeted levels of performance for fiscal year 1999, could affect Education's ability to assess its performance. To provide for a clearer connection between its mission, performance goals in volume 1, and program activities in the budget request, Education could more directly indicate the relationship between the program activities and the achievement of its performance goals.

While the performance plan reflects the mission statement and strategic goals in the strategic plan and provides a clear link between strategic goals and the performance goals and measures in volume 1, it could more directly link (1) volume 1 performance goals and measures with the program activities in Education's budget request and (2) the goals and measures in the individual 99 program performance plans with strategic objectives.

Defining Expected Performance

Education's performance plan could better provide a succinct and concrete statement of expected performance for subsequent comparison with actual performance. For the 99 program performance plans in volume 2, Education does not specify how the annual performance goals and measures relate to the strategic objectives. As a result, these annual performance goals and measures do not clearly mirror the strategic objectives in the strategic plan. Further, many of the individual program performance plans do not provide quantifiable performance measures to track progress toward annual performance goals.

Many of the program performance plans have some program areas with concrete, measurable goals and indicators and other program areas that list goals and measures that are of little use in tracking program accomplishments for fiscal year 1999. For

example, one of the fiscal year 1999 performance goals set by the Federal Family Education Loan Program (FFELP) is that the "Level of [overall school] satisfaction will meet or exceed the level of school satisfaction measured last year, [when] 82 percent of the schools reported satisfaction." In contrast, for other measures in FFELP's performance plan, the program did not set targets that could be used to monitor their progress on those measures because baseline data were unavailable. For example, FFELP did not establish a fiscal year 1999 target for its annual delinquency rate measure. FFELP reported that this measure will provide information on the dollar amount of loans "past due" as a percentage of dollars in repayment and that the baseline data for the measure will be developed as the definition of "past due" is finalized.

Education also has not set a fiscal year 1999 target for many of its measures. In some cases, it appears that Education has chosen to list targets for 2000 and beyond, even in cases in which a 1999 target appeared to be evident. For example, strategic objective 1.2 (every state has a school-to-work system that increases student achievement, improves technical skills, and broadens career opportunities for all) has a performance goal and measure—"two million youth will be engaged actively in school-to-work systems by fall 2000." The performance plan states that its target is 2000; however, a figure in the performance plan shows that 1.5 million youth will be engaged actively in school-to-work systems in 1999. Therefore, it seems as though Education could have stated 1999 as its target or explained why a target could not be set for 1999. Many of the measures in the individual program performance plans lack targets. For example, for the measures in the Class Size Reduction plan, the Education of Migratory Children plan, and the Programs for Children and Youth Who Are Neglected, Delinquent, or At Risk of Dropping Out of School plan, Education does not set targets for any given year.

Further, strategic objective 3.3 (postsecondary student aid delivery and program management is efficient, financially sound, and customer-responsive) has a performance goal and measure—"the cohort default rates—the percentage of borrowers leaving school who default within two years—for the FFELP and Federal Direct Loan Program—will decline to a level of 10 percent or less by 2002." The performance plan shows that Education set 2002 as its target for this measure. However, the plan also shows an estimated decrease to 10.1 percent for 1999. The plan would be more useful if it explained why Education set a target only for 2002 when it appears as though data are available to set it for 1999.

OMB's Circular A-11 recommends that performance plans should strike a balance between too few and too many performance measures. A sufficient number of measures are needed to show in a substantive way how well the agency is doing in meeting its goals and objectives. The performance plan (volumes 1 and 2) contains 860 performance measures. Although this number of measures may be useful to individual program

managers in ensuring that Education's performance goals are met, they may be excessive for this performance plan.

### Connecting Goals, Mission, and Budget Activities

The performance plan goals are in part linked to Education's mission, four strategic goals, 22 strategic objectives, and program activities in its budget request. OMB Circular A-11 provides that the annual performance plan should also show how performance goals are related to the specific program activities contained in the agency's program and financing schedules in the president's budget. The performance plan contains tables that indicate the funding levels for the program activities in Education's budget and how those activities relate to the 99 programs in volume 2. In doing this, the plan provides sufficient information to determine which performance goals and measures in the individual program performance plans cover which program activities and whether all program activities in the budget are covered.

While the individual program performance plans' goals (in volume 2) are directly associated with the program activities in Education's budget, the performance goals in volume 1 are not. The performance goals in volume 1 are linked collectively to a set of program activities in the budget request. For example, strategic goal 1 (help all students reach challenging academic standards so that they are prepared for responsible citizenship, further learning, and productive employment) has seven strategic objectives. Objective 1.3 (schools are strong, safe, disciplined, and drug-free) has three performance goals. According to the performance plan, objective 1.3 is linked to the following program activities in the budget request: Impact Aid, Safe and Drug Free Schools, Statistics and Assessment, National Dissemination Activities, Education Opportunity Zones, and Comprehensive Regional Assistance Centers. The plan could be improved by more directly indicating the relationship between, for example, Education's spending for these six program activities and the achievement of the three performance goals. Although the plan reflects OMB's guidance to relate program activities and performance goals and shows how budgetary resources are allocated among strategic objectives, it could be improved by explaining how funding amounts for each strategic objective were derived from the individual program activities in Education's budget.

Although Education has presented many good performance goals and measures, there are other instances in which the annual performance goals presented do not sufficiently cover key aspects of its strategic goals and objectives. For example, the strategic plan identifies the following three performance measures for strategic objective 2.1 (all children enter school ready to learn):

1. The number of kindergarten and first-grade teachers will increasingly report that their students enter school ready to learn reading and mathematics.
2. The disparity in preschool participation rates between children from high-income families and children from low-income families will decline continuously year by year.
3. The percentage of children from birth to five years old whose parents read to them or tell them stories will regularly increase.

The performance plan, however, discusses goals only for the second and third performance measures. The strategic plan states that the baseline data for the first measure is currently being developed.

#### Recognizing Crosscutting Efforts

The plan adequately addresses the need to coordinate with other federal agencies having related strategic goals or performance goals. Specifically, the performance plan identifies opportunities to improve coordination across agencies to enable Education to better serve program participants and to reduce inefficiencies in service delivery. The plan states that Education plans to improve coordination activities because many federal agencies have education functions, ranging from staff training, fellowships, grants, or loans for postsecondary students to grants and other supports to state and local education agencies and even to the operation of schools (Departments of Defense and Interior). Coordination activities by federal departments and independent agencies are shown in appendix A of the performance plan. Highlights of cross-agency coordination within the performance plan are shown in table 1.

Table 1: Examples of Cross-Agency Coordination

Strategic objective	Agency	Coordination effort
1.2 Every state has a school-to-work system that increases student achievement, improves technical skills, and broadens career opportunities for all.	Department of Labor	Jointly administer the National School-to-Work Office Program and improve the management of this program by aligning grant-making, audit, technical assistance, and performance reporting functions for School-to-Work.
2.3 Every eighth-grader masters challenging mathematics, including the foundations of algebra and geometry.	National Science Foundation	Jointly award capacity-building grants to strengthen the coordination of federal programs in supporting challenging mathematics.
3.3 Postsecondary student aid delivery and program management is efficient, financially sound, and customer-responsive.	Internal Revenue Service (IRS)	Work with IRS to obtain adjusted gross income and other tax information on borrowers regarding the repayment of their student loans, including tax refund offsets for defaulted borrowers.
4.1 Our customers receive fast, seamless service and dissemination of high-quality information and products.	General Services Administration (GSA)	Work with GSA's Consumer Information Center to develop, promote, and distribute information to the public.

For each of its strategic objectives, the plan also has a general discussion of need either to coordinate with other federal agencies or to work in partnerships with states, schools, communities, institutions of higher education, and financial institutions. Discussing its coordination activities and identifying crosscutting strategic objectives are steps in the right direction. However, Education can build on its foundation by (1) identifying performance goals that reflect activities being undertaken to support programs of a crosscutting nature and (2) specifying the activities each agency will undertake and what it expects to achieve in fiscal year 1999.

EDUCATION'S PLAN HAS A LIMITED DISCUSSION  
OF HOW STRATEGIES AND RESOURCES WILL HELP  
ACHIEVE ITS ANNUAL PERFORMANCE GOALS

The plan has a limited discussion of how strategies and resources will help achieve annual performance goals. For certain performance goals and measures, the plan does not clearly convey how the strategies and resources will achieve the plan's goals. While the plan allocates Education's fiscal year 1999 budget request among its four strategic goals and 22 strategic objectives, it does not fully describe the human or technology resources that it will need to achieve the plan's fiscal year 1999 goals.

Connecting Strategies to Results

While the performance plan generally discusses the strategies and actions that Education plans to take to accomplish the plan's performance goals, the linkage could be stronger. Some performance goals and measures in the plan are not clearly linked to strategies. Further, the plan describes key fiscal year 1999 strategies and new initiatives for achieving its intended performance goals. However, the plan does not completely describe how those strategies and new initiatives will specifically contribute to improved program outcomes or performance. For example, objective 4.4 (our information technology investments are sound and used to improve impact and efficiency) has a performance goal that states that "all information systems needing repair will be converted to year 2000 compliance on or before March 1999." In the context paragraph for this objective, Education explains how it must be committed to carrying out the mandates of the Information Technology Management Reform Act of 1996 (Clinger-Cohen Act). Education also has a strategy to implement a capital planning and investment control process as required by the Clinger-Cohen Act. Education does not, however, clearly describe how its strategy "to implement a capital planning and investment control process as required by the Clinger-Cohen Act" contributes to improved program outcomes or performance, nor does it provide the rationale as to how this strategy will contribute to accomplishing its goal, "all information systems needing repair will be converted to year 2000 compliance on or before March 1999." Given the importance of the Clinger-Cohen Act and the year 2000 issue, the plan should at a minimum include performance goals and measures to determine how effectively information technology is supporting Education's strategy.

The strategies discussed in the performance plan are only somewhat consistent with those discussed in the strategic plan. For example, for strategic objective 3.3 (postsecondary student aid delivery and program management is efficient, financially sound, and customer-responsive), the six "core" strategies in the strategic plan are significantly different from the four "key" strategies in the performance plan. While there

is some overlap in the basic intent of the strategies, Education added initiatives (such as electronic interfaces) and deleted others (such as support innovations in delivery of postsecondary education). In this example, not only has Education not provided a reasonable explanation for adding or expanding a "new initiative"; it also has not explained why it deleted strategies such as "support innovations in how postsecondary education is provided."

In commenting on a draft of our observations, Education said that it did not intend to include a pro-forma list of all strategies from its strategic plan in its annual performance plan and, thus, the ones included, especially in volume 1, are a select set.

As required by the Results Act, Education's strategic plan describes key external factors that could affect its goals and objectives. While not required by the Results Act, we believe that the department's performance plan should also discuss the effect of these external factors and discuss how it would mitigate or use the identified conditions in achieving its performance goals, in order to provide additional context regarding anticipated performance. However, there is no discussion in the performance plan of the external factors. External factors are very important for an agency like Education since much of what it hopes to achieve is dependent on others and external events. The discussion of such factors and accompanying mitigation efforts is vital for Education and the Congress to have confidence that the goals are achievable. In commenting on a draft of our observations, Education said that, because it appears that the Congress wants this information, it will include information on external factors in future plans.

#### Connecting Resources to Strategies

The performance plan does not adequately discuss the resources Education will use to achieve its annual performance goals. OMB's Circular A-11 provides that annual performance plans should briefly describe the operational processes, skills, and technologies and the human, capital, information, or other resources required to achieve the performance goals. While the budget crosswalk in the plan shows how the agency's fiscal year 1999 funding request will be allocated among Education's strategic goals and objectives, the plan does not specifically identify the human or technology resources that it will need to achieve many of its fiscal year 1999 performance goals. In commenting on a draft of our observations, Education said that its Fiscal Year 1999 Justifications of Appropriation Estimates to the Congress (1) provide detailed descriptions of the resources needed in fiscal year 1999 for its programs and overall management operations and link those resources to the objectives and measures in the individual program plans and (2) cover the vast majority of resources supporting its strategic goals and objectives. Education also commented that because it is primarily a grant- and loan-giving agency, its own administrative processes—federal staff, information technology, and other resources—



are only a small part of what is required to accomplish its objectives; and that, in many cases, the information technology involved (staff computers, Internet) is not special to a specific program, nor is it a significant percentage of the program's total funding.

EDUCATION'S PLAN DOES NOT PROVIDE  
SUFFICIENT CONFIDENCE THAT ITS PERFORMANCE  
INFORMATION WILL BE CREDIBLE

The plan does not provide sufficient confidence that Education's performance information will be credible, even though it adequately addresses how it plans to validate and verify some of its performance information. Volume 1 of the plan discusses, in general, how Education will ensure that its performance information for its postsecondary—and to some extent its elementary and secondary education—programs is timely, valid, and reliable. However, the plan does not sufficiently recognize limitations in the agency's data for its elementary and secondary education programs.

Validating and Verifying Performance

The performance plan adequately discusses how Education will ensure that its postsecondary, and to some extent how its elementary and secondary education, performance information is sufficiently complete, accurate, and consistent. In addition to the discussion of verification and validation highlighted at the end of each strategic objective in volume 1, the plan describes strategies for ensuring high-quality information for strategic plan and program performance measures. Also included is a separate section entitled "Quality of Performance Data: How Data Will Be Verified and Validated," which describes how the Department is undertaking a comprehensive set of data improvement activities built around the following strategies:

- strengthening data quality,
- developing an integrated data system for elementary and secondary state grant programs,
- improving postsecondary data quality, and
- ensuring the quality of performance information on internal management systems.

The performance plan also discusses the Office of the Inspector General's (OIG) support for data verification and validation. The OIG is currently performing the first of a series of audits covering Education's implementation of the Results Act. The objectives of the first audit are to assess (1) Education's process for institutionalizing the results-oriented

management envisioned by the Results Act and (2) the development of the system for the accurate and timely collection and reporting of performance data. Further, the OIG plans to perform a series of audits on selected performance measurement data to assess the reliability of those data and assess how Education is using the performance data to improve programs.

### Recognizing Data Limitations

The performance plan is inconsistent in identifying data limitations and their implications for assessing the achievement of performance goals. For example, in the section on how Education will verify and validate performance information, there is a discussion about steps it is taking to improve its student aid delivery system, which has suffered from data quality problems. However, although the plan indicated when performance data would come from external sources, it did not state or recognize known limitations to external data for its kindergarten through twelfth-grade programs. Performance data from external sources is very important for an agency like Education, since much of what it hopes to achieve is dependent on others and external events. According to OMB, the specific performance data required—and the means for collecting, maintaining, and analyzing them—should be identified and described in detail sufficient to allow an assessment of the extent to which they can be relied upon. Without identifying significant data limitations such as data relied upon from external sources, Education's plan cannot provide sufficient confidence that its performance information will be credible. In commenting on a draft of our observations, Education said that it will, in future annual performance plans, discuss significant data limitations for its kindergarten through twelfth-grade programs in more detail.

As we have reported, data quality is inadequate in certain critical areas.<sup>5</sup> For example, because poor quality and unreliable FFELP student loan data remain in the systems, Education staff cannot obtain complete, accurate, and reliable FFELP data necessary for reporting on its financial position. The OIG was unable to express an opinion on Education's fiscal year 1994 FFELP principal financial statements, taken as a whole, because student loan data on which it based its expected costs incurred on outstanding guaranteed loans were not reliable. Furthermore, as we reported in 1996, the OIG and we believed that Education had not adequately tested the accuracy and validity of loan data in the National Student Loan Data System (NSLDS).<sup>6</sup> In our July 1997 report, we

---

<sup>5</sup>Student Financial Aid Information: Systems Architecture Needed to Improve Programs' Efficiency (GAO/AIMD-97-122, July 29, 1997).

<sup>6</sup>Department of Education: Status of Actions to Improve the Management of Student Financial Aid (GAO/HEHS-96-143, July 12, 1996).

recommended that Education develop and enforce a departmentwide systems architecture by June 30, 1998, and ensure that the developed systems architecture addressed the title IV systems integration, common identifier, and data standard deficiencies.

In its performance plan, Education acknowledges that its student aid delivery system has suffered from data quality problems that are sufficiently severe to cause Education to fail to receive an unqualified audit opinion. According to the plan, steps being taken to improve the efficiency and quality of its student aid delivery system include

- improving data accuracy (1) by establishing by December 1999 industrywide standards for data exchanges to stabilize data requirements, improve data integrity, and reduce costly errors and (2) receiving individual student loan data directly from lenders rather than through guaranty agencies and by expanding efforts to verify the data reported to NSLDS and
- preparing a system architecture for the delivery of federal student aid by December 1998 that will help integrate the many student aid databases based on student-level data in order to improve the availability and quality of information on student aid applicants and recipients.

In commenting on a draft of our observations, Education said that it will, in future annual performance plans, expand the student financial aid section even further to include additional details about its strategies.

The performance plan accurately states that a measure of financial integrity is a clean audit opinion on annual financial statements. The plan indicates that key strategies for fiscal year 1999 related to financial integrity include (1) improving loan loss estimates and (2) reducing the number of material weaknesses and material nonconformances to zero. The plan contains a goal that by fiscal year 1999, auditors will issue a clean opinion in the departmentwide annual financial statements.

The performance plan could be improved by detailing Education's action plans for eliminating the material weaknesses and reportable conditions noted in the fiscal year 1996 financial statement audit. For example, the plan should indicate how Education will resolve the financial data integrity issues for FFELP or accurately estimate the government's liability for loan guarantees that has prevented it from obtaining an unqualified opinion. In our report on our observations on the strategic plan, we

expressed the same concern.<sup>7</sup> In response to our observations on the strategic plan, Education stated that it is engaged in several activities that should help to resolve the data integrity issues for FFELP and accurately estimate the government's liability for this program. Specifically, Education stated that it (1) had developed a workplan, approved by the Independent Public Accountant (IPA), to address concerns about the government's liability estimate in time for the fiscal year 1997 audit; (2) is comparing data from NSLDS with audited data submitted by selected guaranty agencies; and (3) is working with E-Systems, Inc., and direct loan origination and servicing contractors to ensure the accuracy and timeliness of direct loan data submitted to NSLDS. By including this information, Education could improve its performance plan.

In addition, we noted that the performance plan does not address two of the reportable conditions indicated in the fiscal year 1996 Report on Internal Controls: (1) Fund Balance with Treasury and (2) controls over automated systems. Furthermore, we note that the performance plan does not adequately address the third reportable condition, the need to improve the oversight and analysis of audits of postsecondary educational institutions. Strategic objective 3.3 indicates the key strategies for improving the postsecondary student aid delivery and program management system. However, the plan does not specifically identify the means for improving the oversight and analysis of audits of the postsecondary educational institutions. Because these material weaknesses are very serious, Education could improve its performance plan by identifying the means it will use to implement the IPA's recommendations related to the reportable conditions.

Education should also include a goal related to the timeliness of the annual financial statement audit. The Government Management Reform Act of 1994 requires executive agency audited financial statements to be prepared and submitted to the director of OMB not later than March 1 for the preceding fiscal year. The fiscal year 1997 financial statement audit is ongoing and scheduled for completion by the end of May. In commenting on a draft of our observations, Education said that it will revise its measure for its annual financial audit to include a timeliness factor.

---

<sup>7</sup>GAO/GGD-98-44, Jan. 30, 1998.

COMMENTS FROM THE DEPARTMENT OF EDUCATION



UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF THE UNDER SECRETARY

April 14, 1998

**Memorandum**

**To : Paula Denman**  
**Senior Analyst, GAO**

**From : Alan Ginsburg** *AG*  
**Director, Planning and**  
**Evaluation Service**

**Subject : ED's response to GAO comments on Annual Plan**

Attached is our comments on the GAO review of the Department's Annual Plan. Please call me (401-3132) or Nancy Rhett (401-1679) if you have questions or need clarification.

600 INDEPENDENCE AVE., S.W. WASHINGTON, D.C. 20202

*Our mission is to ensure equal access to education and to promote educational excellence throughout the Nation.*

## U.S. Department of Education Annual Plan for FY 1999: Response to GAO Comments

The Department welcomes a GAO review of our first Annual Plan. We are aligning our budgets, management, evaluations and performance data systems, and the way we deal with partners and customers with the framework of objectives and strategies in the annual plan.

In particular, the Department acknowledges that the challenging goals and objectives it has set for itself across all major programs and operational areas frequently extend beyond data currently available and prevents the Department from setting forth a complete set of its performance goals. Filling in the gaps in performance data is a high priority within ED. Future plans will be much richer in data.

Notwithstanding our recognition of the need to improve the Annual Plan and fill in gaps, the Department believes that GAO's review does not provide a balanced and accurate assessment of the Annual Plan. The review is difficult to follow in places and sometimes contradictory, with too many summary statements made that were not backed up by the examples cited or that were contradicted by the following text. We are also concerned that the implication of many of GAO's comments would result in a much longer and detailed document that might better serve as an internal operational plan, not a document to support executive and legislative decision-making.

Below we identify strengths in the Department's Annual Plan and respond to specific GAO comments.

### Strengths of ED's Annual Plan

#### I. Performance Indicators and Goals

The Department of Education's Annual Plan presented a core set of performance indicators and goals for objectives in its Strategic Plan (Volume 1). Volume 1 of Department's plan provided at least two performance indicators and goals for all Strategic Plan objectives. The Annual Plan's selected indicators and performance goals in Volume 1 included at least one end outcome measure (such as student achievement) as well as a key process measure. In the charts were provided baseline data and, where available, intermediate or long-term data as well. Where no outcome indicator was included, it was due to lack of available data. *During the five-year period of the Strategic Plan, the Department will have at least two "data points" for all indicators. Future Annual Plans will be based on a much richer performance data set.*

Volume 1 also identifies objectives and performance goals for eight key management areas in the Department, including the two high risk areas (student financial aid management and the information technology problem with the Year 2000) and such areas as customer service, flexibility and accountability for our education partners, and financial integrity.

The Annual Plan's Volume 2 included a comprehensive and well-integrated set of performance indicators for all program activities in the Department. These were reflected in many of the Congressional Budget Justifications for the programs as well. The program plans included a framework of objectives and strategies for each program, accompanied by carefully selected outcome, output, and key process performance indicators and data sources.

With respect to performance goals for the individual programs, many of the indicator plans included performance goals/targets and/or baseline data, while others are being worked on. Many of the outcome indicators in the program plans were based on a continuous improvement model—setting as a future goal

---

U.S. Department of Education - page 1

improvement over the baseline. As data systems and our planning system become fully implemented, the specificity of all indicator targets will greatly increase.

It should be noted that, in addition to inclusion of objectives and future indicators, key output performance goals and data were included in the Department's Congressional Budget Justifications for each program.

## II. Strategies and Resources for the Strategic Plan

**The Annual Plan contained comprehensive sets of strategies for accomplishing its overall objectives as well as for improving all its programs.** Improvement strategies were provided for each objective and program in ED. Further, strategies for staff skills and information technology issues were covered in the eight management objectives (objective 3.3 and seven objectives under goal 4).

Regarding major management problems, the Annual Plan included specific objectives and strategies for our two "high risk" areas—student financial aid management and the Year 2000 computer problem. We also described in exhibit 4 (Volume 1 page 86) a set of strategies for improving all data within the Department, including K-12 and postsecondary programs. This exhibit is in the special section on data quality which also describes a major project on developing an integrated data system for elementary and secondary state grants programs—the third area designated by GAO as a major management problem.

Although we are open to suggestions regarding which areas should be considered a priority for any particular year, the Department did not wish to include a pro-forma list of all strategies from the Strategic Plan in the Annual Plan. Thus the ones included, especially in Volume 1, are a selected set. We are tracking all strategies internally, however, and intend to report on progress in the Results Act annual reports.

**Resources to support the Strategic Plan are identified by objective in Volume 1 and by program area in the Department of Education's Congressional Budget Justifications.** Exhibit 3 in Volume 1 (page 77) shows program appropriations, salaries and expenses funding for ED operations, and ED staffing requirements for each Strategic Plan objective.

The Congressional Budget Justifications provided detailed descriptions of the resources needed in FY 1999 for our programs and overall management operations and linked those resources to the objectives and indicators in the program plans. The justifications also included program output indicators and data for all programs. The program justifications alone cover the vast majority of resources supporting strategic objectives and goals. Because the Department is primarily a grant/loan-giving agency, its own administrative processes—federal staff, information technology, and other resources—are only a small part of what is required to accomplish the objectives.

## III. Validation and verification of data quality

Volume 1's section on data quality (page 86-91) included a five-page discussion describing a set of key strategies to ensure data quality and improve data systems, including elementary and secondary education and postsecondary education program data and internal management operations data. Overall strategies shown in exhibit 4 included:

- Setting performance indicator standards
- Organizing employee training in performance measurement and use.
- Setting up processes for monitoring data quality.
- Requiring managerial accountability for data quality.

Specific areas in which we are working to improve or verify data quality included:

---

U.S. Department of Education - page 2

- **An integrated K-12 program data system (Volume 1, page 88).** The section described a strategy already underway to develop an integrated data system for elementary and secondary education state grant programs. This system will simplify the current overlapping mix of data collections for the many K-12 programs focused on disadvantaged children or school reform, reducing burden on states and resulting in better data at the national level.
- **A comprehensive approach to improved Postsecondary data quality (Volume 1, pages 89-90).** As has been noted in numerous GAO and IG studies, the student aid delivery system has suffered from many data quality problems. The Annual Plan described key actions being undertaken to improve the efficiency and quality of the student aid delivery system which we believe will lead to our receiving an unqualified audit opinion. These actions included developing a system architecture for integrating the multiple student aid databases by December 1998; strengthening indicators of customer satisfaction to provide early warnings of potential problems; targeting compliance and enforcement activities on poorly performing institutions; improving data accuracy through data matches with other agencies; establishing industry-wide standards for data exchanges by December 1999; and increasing verification of the data reported in the National Student Loan Data System.

In addition to the special section on data quality, each objective section in Volume 1 described how performance data will be verified and validated.

Finally, Objective 4.7 — “All levels of the agency are fully performance-driven” contains specific strategies and performance indicators related to the quality of ED’s data systems.

#### **IV. Overall quality, clarity and usefulness of the plan.**

The Department’s plan has several features intended to make it accessible and useful to the reader, while responding to the Results Act’s requirement for coverage:

- **A two volume plan that explicitly links the Department’s strategic objectives (Volume 1) with program objectives (Volume 2).** In terms of organization, the Department’s Annual Plan is organized around two structures, with cross-walks between them. The Annual Plan’s Volume 1 lays out strategies, indicators, and performance goals for the cross-cutting Strategic Plan objectives. Volume 2’s program plans directly cover every program line item in the Department’s budget structure. There are several crosswalk tables, including tables showing:
  - the relationship between the Strategic Plan/Annual Plan Volume 1 objectives and program budget lines (Volume 1, page 79)
  - where budget lines had been aggregated into one plan (Volume 1, exhibit 8, page 95)
  - estimated program funding, administrative funding (salaries and expenses), and ED staffing (FTE), by objective (Volume 1, exhibit 3, page 77)

In addition, each objective section had a list of the key programs supporting the objective.

- **Use of graphics.** The plan employed graphic illustrations, especially for the indicators and performance goals. A clear graph can show status and direction, baseline data, and long-term estimates much more clearly than lists and tables.
- **Special sections in high priority areas.** Specific information was included on ensuring data quality and coordination—both in the objective plans and in special sections on those topics—because of high interest expressed by Congress and internally.

#### **Attachment A:**

---

U.S. Department of Education - page 3



### Concerns About GAO's Evaluation

The Department acknowledges that GAO correctly identified some substantive weaknesses in its plan submission. Nonetheless, we believe that GAO's report provides the reader an unbalanced and limited assessment of the quality of the Education Department's plan and its conformity with the Results Act. In some cases it appears to be missing the forest for the trees.

#### GAO's report:

- **Had too many generalizations about weaknesses in ED's Annual Plan that were not supported by following text.**
- **In some cases, used isolated examples to support inappropriate generalizations.**
- **Was too focused on numbers and whether or not we included every indicator and strategy from the Strategic Plan in the Annual Plan.**

Our comments on the sections include:

**Overview.** In the overview: GAO notes a list of four strengths. The next paragraph mentions two of these as weaknesses.

The overview says that ED used primarily output and process measures in its Annual Plan. This is not correct. Almost every objective section in Volume 1 contains an outcome measure, such as student achievement on the National Assessment of Educational Progress, decline in student drug use, percent of students in public schools of choice, college enrollment, and employment after vocational rehabilitation. If no outcome measure was included for an objective, it was because the data aren't yet available. Also the program plans in Volume 2 contain outcome measures, usually at the top of each plan, if at all possible.

#### Intended performance

GAO says that ED's performance plan contains an incomplete picture of performance across the agency. Yet ED's plan contains a set of 4 goals and 22 cross-cutting objectives with strategies and indicators plus comprehensive program plans for all its programs that also include strategies and indicators. We're not certain how much more complete the plan could get. Certainly there are gaps—especially in our ability to provide baseline data and set performance goals. But the plan lays out what we intend to do and how we'll measure what progress. As soon as data systems produce data, the gaps will be filled in.

This section also notes that the Annual Plan does not link the indicators in the program plans with the strategic objectives. The Strategic Plan indicators will show progress against the Strategic Plan's objectives. The program plan indicators show progress against the program objectives. The objectives of our programs relate to the Strategic Plan objectives, and this relationship is shown in the tables showing the relationship of programs to Strategic Plan objectives on page 79).

GAO also notes here that many program plans lack goals or objective measures completely or list goals and measures that are of little use. The plan notes that the Federal Family Education Loan Program's plan contained many indicators which did not include targets or goals. The FFELP plan will be revised in the future to set more specific targets, but it includes a tough set of performance indicators, much baseline data, and thoughtful strategies for implementation, none of which are recognized. Also, setting reasonable targets when baseline data or benchmarks aren't available is difficult. Does GAO recommend that ED remove indicators without targets—even if this would leave an incomplete picture of how performance will be assessed? This section is also unclear as to whether GAO truly believes that

---

U.S. Department of Education - page 4

customer satisfaction and the delinquency rate are indicators of little use for assessing the performance of FFELP. If so, we disagree.

GAO went on to state that ED did not set FY 1999 targets even when feasible. But most of ED's program funding is actually outlayed in the year or even second year after appropriation. The fiscal year 1999 funding won't have much effect until FY 2000. (This is true for the School to Work indicator cited as an example.) For this reason the charts usually show a year 2000 performance goal, although in some cases, particularly for key output measures, we've shown goals for both 1999 and 2000. Also, if we had goals for future years, the plans shows them in the charts as well, to provide context.

GAO raises a question regarding whether ED has too many performance indicators—having counted the total in the plan, between Volumes 1 and 2, at 860. Is GAO recommending we cut out indicators? The sizable number comes from the comprehensive program plans submitted in the Annual Plan, not the Strategic Plan cross-cutting indicators. We believe that a plan with objectives, indicators against those objectives, and key strategies is helpful when reviewing any program. In particular, as the data become available, they plans will become even more interesting. However, we can reserve these program plans for use internally and with our stakeholders, providing either highly aggregated program plans in which specific program would not be identifiable or limiting the Annual Plan to the Volume 1 cross-cutting indicators.

At the end of this section, GAO has not provided evidence supporting its claim that the Annual Plan lacked many program plans with "concrete measurable goals and indicators"—*in fact all have measurable goals and indicators; they might lack targets*. GAO does not support its claim that many program plans list goals and measures that are of little use unless it means the FFELP indicators or the student loan default rate. If so, GAO needs better examples. These are not unimportant indicators.

#### **Connecting goals, mission, and budget**

GAO expresses concern that there is not a direct relationship between spending for particular programs and the Department's cross-cutting objectives and performance goals. As an example, the report provides that there are six programs identified as supporting objective 1.3 (strong, safe, and drug-free schools) but that the relationship between spending on the programs and the objective needs to be more direct. GAO should look at exhibit 3 "Distribution of FY 1999 funding and Staffing by Objective" which shows that \$1,892 million in program funds (from those programs), an estimated \$8.9 million in Department management funds (salaries and expenses), and about 66 staff (full-time equivalents) would be devoted to supporting the objective.

The only other point in this section repeats the point that the Annual Plan does not show performance goals for all of the Strategic Plan indicators, which we agree with. The example given is that we left out one of the indicators for objective 2.1 (children enter school ready to learn). The report also correctly notes that we don't have baseline data for the missing indicator. It is not clear whether GAO expects us to insert a performance goal anyway, is recommending that we drop the indicator from the Strategic Plan, or wants us to figure out another indicator.

#### **Crosscutting efforts**

GAO accepts ED's efforts to show cross-cutting activities involving other federal agencies as acceptable. It does recommend that we build on our foundation by identifying performance goals for these activities, laying out in more detail the activities each agency will undertake, and what will be achieved. We will take these recommendations into account in future plans.

#### Strategies and resources

GAO considers that the Annual Plan has a limited discussion of how strategies and resources will help achieve the annual performance goals. But the Annual Plan has extensive strategies and in fact probably should trim the ones it has, especially in Volume 2. Further, the performance goals are in indicators which in turn provide information on progress for an objective. The strategies (and resources) are aimed at achieving the objective, not the indicator.

GAO goes on to note that the Department does not show how information technology will help the Department achieve specific performance goals and measures. However, for the objectives for which information technology is critical (3.1-student support to enter postsecondary education, 3.3-student financial aid management, 4.1-customer service, and 4.6-financial integrity), the objective plans explicitly discuss the use of the technology and include improvement strategies also if appropriate. The plan also includes an objective focused solely on information technology (objective 4.4) that lists cross-cutting strategies already underway to ensure that ED staff and our customers have a reliable network and Internet and computer systems that don't crash due to year 2000 problems.

GAO then notes that the plan doesn't identify human or technology resources for its goals. However, exhibit 3, "Distribution of FY 1999 Funding and Staffing by Objective" provides staffing estimates not only for the plan's goals but also the objectives. It is true that we do not show a comprehensive distribution of information technology resources among the objectives in the Annual Plan, but we could develop one if needed. We felt that it was more important to limit the plan to discussion of critical resources to keep the level of detail down.

With respect to the program plans, the Department does not currently collect information on staffing and technology use by program. It will assess whether the extra expense of collecting the information is warranted.

#### Connecting strategies to results

GAO believes that the linkage between the performance goals and strategies could be stronger. It also stated that the plan doesn't "completely describe how those strategies and new initiatives will contribute to improved program outcomes or performance." We believe that the plan has plenty of strategies and details in most of the objectives. GAO's example is that we reference our commitment to carrying out the Clinger-Cohen Act but don't provide enough detail or link the strategy to the year 2000 effort. We can easily provide additional information if desired on our implementation of Clinger-Cohen.

GAO then goes on to express concern that the Annual Plan doesn't cover every one of the Strategic Plan's strategies and that we also included different strategies in the Annual Plan. The example given was the postsecondary management objective. However:

- GAO incorrectly states the Department presents "no reasonable explanation" for the shift in emphasis. The Department's Annual Plan clearly states that the four priorities for objective 3.3 describe the President's proposed actions to modernize student aid and are "one of the 22 highest priority management objectives" across the federal government. To not include these in our Annual Plan would be inadequate.
- The President's objective 3.3 priorities for FY 1999 are in fact, all covered under the original objective 3.3 strategies in the Strategic Plan of last September, although with somewhat different wording. For example, GAO claims that ED added an entirely new strategy called electronic interfaces, but electronic approach for applying for student aid was already covered extensively in the September Strategic Plan.

---

U.S. Department of Education - page 6

- GAO asserts that we don't discuss customer service strategies under the student aid objective 3.3, yet GAO does not recognize that customer service strategies are covered under a number of different objectives, including a broad Departmental objective 4.1 on customer service. For example,
  - Objective 4.1 includes a performance indicator showing response time for the student financial aid call center and one of our strategies is expanded customer feedback and other information tools to monitor call centers.
  - Objective 3.1 highlights a new \$15 million early awareness campaign and program to inform middle students and secondary school students about student aid opportunities.
  - Objective 3.3 does include an extensive description of the Department's Project EASI (Easy Access for Students and Institutions) and a strategy on expanding electronic interfaces that are designed to simplify the application process and ease customer access to their account information.

GAO notes the Annual Plan does not include information on external factors. This is not a Results Act requirement. However, it appears that this information is desired by Congress, and the Department will definitely include it in future plans.

#### **Connecting resources to strategies**

GAO discounts the Department's Congressional Budget Justifications by stating in this section that Department's performance plan does not adequately discuss resources because of the program plans. Yet the plan identifies the most important funding for each program (its appropriation). In many cases the information technology involved (staff computers, Internet) is not special to the program, nor is it a significant percentage of the program's total funding. At this point we do not have more than rough estimates of staff per program.

#### **Credibility of performance information**

GAO states that the plan "could better discuss how the Department will ensure that its performance information is sufficiently complete, accurate, and consistent." GAO then goes on to point out the areas in which the Annual Plan provides information on how ED will verify and validate performance data, including:

- A special section on ensuring performance data quality, including specific strategies for improvement;
- A paragraph within each objective section of Volume I that describes strategies for ensuring data quality for the objective's performance indicators and goals.
- Objective 4.7, "All levels of the agency are performance-driven" with strategies and performance goals for improving data systems, including establishing effective partnerships with states and institutions.

GAO needs to clarify better what more it expects.

#### **Recognizing data limitations**

GAO states that the Department's plan could better identify significant data limitations—especially of external data—and their implications for assessing the achievement of performance goals. The example provided focuses on the major problem area for ED, student financial aid delivery. Yet, as GAO goes on to note, ED recognizes the data problems in this area, has included an entire objective, specific strategies, and a number of indicators in the Strategic Plan, with Annual Plan follow up. However, because of the importance of this area and widespread interest on the part on Congress as well as GAO and IG, the Department will expand the student financial aid section even further in future Annual Plans to include

---

U.S. Department of Education - page 7

ENCLOSURE III

ENCLOSURE III

additional detail about strategies. Also, the Department will discuss significant data limitations for its K-12 programs in more detail in future plans.

Finally, the Department will revise its indicator for the agency annual financial audit to include a timeliness factor.

---

U.S. Department of Education - page 8

## RELATED GAO PRODUCTS

Managing for Results: Experiences of Selected Credit Programs (GAO/GGD-98-41, Feb. 19, 1998).

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

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).

(104935)

---

---

**Ordering Information**

The first copy of each GAO report and testimony is free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. VISA and MasterCard credit cards are accepted, also. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

**Orders by mail:**

**U.S. General Accounting Office  
P.O. Box 37050  
Washington, DC 20013**

**or visit:**

**Room 1100  
700 4th St. NW (corner of 4th and G Sts. NW)  
U.S. General Accounting Office  
Washington, DC**

Orders may also be placed by calling (202) 512-6000 or by using fax number (202) 512-6061, or TDD (202) 512-2537.

Each day, GAO issues a list of newly available reports and testimony. To receive facsimile copies of the daily list or any list from the past 30 days, please call (202) 512-6000 using a touchtone phone. A recorded menu will provide information on how to obtain these lists.

For information on how to access GAO reports on the INTERNET, send an e-mail message with "info" in the body to:

**info@www.gao.gov**

**or visit GAO's World Wide Web Home Page at:**

**http://www.gao.gov**

---

**United States  
General Accounting Office  
Washington, D.C. 20548-0001**

**Official Business  
Penalty for Private Use \$300**

<p><b>Bulk Rate Postage &amp; Fees Paid GAO Permit No. G100</b></p>
---------------------------------------------------------------------------------

**Address Correction Requested**

---