

Moving Towards A Results-Oriented Organization

A Report on the Status of ED's Implementation of the Results Act

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EXECUTIVE SUMMARY

The objectives of our audit were to assess the status of the U.S. Department of Education's (ED) implementation of the Government Performance and Results Act of 1993 (GPRA or the Results Act) and the development of systems for the timely and accurate reporting of performance indicators. We conducted our audit between October 1997 and March 1998 and our results address what was found during that period. Since that time, ED has engaged in additional activities to implement the Results Act. Moving towards a results-oriented organization is a dynamic, evolving process. Our assessment represents a "snapshot" of where ED was in implementing the Results Act.

The Results Act is the centerpiece of a statutory framework that Congress put in place to improve federal management and provide a greater focus on results. GPRA requires that federal agencies prepare a five year strategic plan and annual performance plans beginning with fiscal year 1999. The Results Act also requires that federal agencies prepare performance reports. The first performance report on fiscal year 1999 is due March 2000.

ED has prepared a strategic plan and an annual performance plan for fiscal year 1999. ED has distributed those plans and established a reporting system on progress with the objectives in the strategic plan. However, during our audit, we identified issues similar to those raised recently by GAO: the need to establish a results-oriented culture; the importance of senior leadership involvement; the challenging nature of measuring the federal contribution; and the importance of the information being used by the federal agencies and Congress in decision-making. To address these issues and effectively implement the Results Act, ED needs to take additional steps. We recommend that ED reassess its reporting systems to the Secretary and Deputy Secretary, increase senior leadership visibility, and work with Congress to enact any needed changes to program legislation.

As required by the Results Act, ED has designed a framework for the

verification and validation of its performance indicators. ED now needs to finalize and implement a process for assembling the data and analyzing that data, and preparing the performance report. To ensure accurate and fair reporting, ED needs to establish controls over the analysis and reporting of performance indicators in its performance report. We are recommending actions to address these issues.

During our audit, we noted certain other matters which warrant consideration by ED as it continues to implement the Results Act. To effectively implement the Results Act, ED will need valid, reliable, and timely data about program performance. However, in some cases, ED lacks such information. Obtaining quality data will warrant consideration by ED as it continues to implement the Results Act.

With 930 performance indicators, ED also faces a significant reporting burden. ED should reassess the number of indicators. In addition, data sources have not been identified for all indicators and baselines have not been established for some indicators. ED should consider requiring program offices to identify the remaining data sources and establish baselines by October 1998.

ED faces many challenges in moving towards a results-oriented organization. ED's strategic plan and annual performance plan, which were rated by Congressional evaluators above most of the federal agencies' plans, and the activities ED has done and plans to do can provide ED with the foundation to meet those challenges.

ED concurred with the findings and recommendations in this report. ED's comments, including an attachment indicating corrective actions underway or planned, are presented in their entirety in Appendix B.

BACKGROUND - THE RESULTS ACT

The Government Performance and Results Act of 1993, commonly referred to as “GPRA” or “the Results Act,” was enacted as the centerpiece of a statutory framework that Congress put in place to improve federal management and provide a greater focus on results. The Results Act seeks to shift the focus of government decision making and accountability away from a preoccupation with the activities that are undertaken by a Federal agency - such as the number of grants awarded - to a focus on the *results* of those activities - such as real gains in ensuring equal access to education for all individuals.

Under the Results Act, agency heads were required to submit a five-year *strategic plan* to the Congress and the Office of Management and Budget (OMB), no later than September 30, 1997. Updates are required at least every three years thereafter. (Appendix A contains the requirements for the strategic plans.)

Beginning with fiscal year 1999 (October 1, 1998 to September 30, 1999), and annually thereafter, agencies must submit to OMB *performance plans* covering each program activity in the agency’s budget. Using the agencies’ performance plans, OMB must prepare a government wide performance plan for inclusion in the President’s annual budget submission to Congress. (Appendix A contains the requirements for the annual performance plans.)

Beginning with March 31, 2000, and annually thereafter, agency heads must submit *program performance reports* to the President and Congress, covering performance for the previous fiscal year. Program performance reports beginning in fiscal year 2002 must include actual program performance results for the three preceding fiscal years. (Appendix A contains the requirements for the program performance reports.)

BACKGROUND - ED's PLANS

Strategic Plan

The U.S. Department of Education (ED) has met the statutory requirements for submitting a strategic plan to Congress and OMB. ED's Strategic Plan for 1998-2002 integrated its mission and program authorities, and described how it will work to improve education. ED's Strategic Plan has four goals. Under those four goals, there are 22 objectives.

Time Line	
Dec 1994	ED prepared its first strategic plan.
Mar 1997	ED provided program performance plans for 17 major programs to Congress for consultation.
Sep 1997	ED submitted its strategic plan to Congress.
Feb 1998	ED submitted to Congress with the budget its annual performance plan for fiscal year 1999.
Oct 1998	Start of fiscal year 1999.
Mar 2000	Due date for the first performance report.

In January 1998, the General Accounting Office (GAO) issued a report on their review of 24 major federal agencies' (including ED) strategic plans that were formally submitted to Congress and OMB.¹ In that report, GAO commented favorably on ED's strategic plan. GAO concluded that the agencies' plans appeared to provide a workable foundation for Congress to use in helping to fulfill its appropriation, budget, authorization and oversight responsibilities and for agencies to use in setting a general direction for their efforts. Congressional evaluations of agency draft and final strategic plans for compliance ranked ED second both times, following the Social Security Administration for the draft and the Department of Transportation for the final.

Performance Plan

ED has met the statutory requirement for submitting an annual performance plan for fiscal year 1999 to Congress and OMB. ED's annual performance plan included annual performance plans for each of the 22 objectives in ED's Strategic Plan and 99 program performance plans for each of ED's programs reported individually or

¹ GAO, 1998. *MANAGING FOR RESULTS: Agencies' Annual Performance Plans Can Help Address Strategic Planning Challenges.*

grouped by related program purpose.² Congressional evaluations of the agency annual performance plans ranked ED third, following the Department of Transportation and the Department of Veterans Affairs.

On June 8, 1998, subsequent to our audit work, GAO issued its report on ED's fiscal year 1999 performance plan. In that report, GAO expressed concerns about the description of ED's intended performance, discussion of strategies and resources, and recognition of data limitations and the plans for addressing those limitations. GAO commented favorably on the plan's discussion of coordination with other federal agencies and verification and validation of performance information.³

Congressional Budget Justification

The Results Act required that OMB have agencies prepare annual performance plans beginning with fiscal year 1999. As a result, OMB issued Circular A-11 Part 2 which requires that agencies include performance information, including annual goals and indicators, in their written budget justifications to explain major program issues and financial requirements. Each agency was to work with OMB representatives to determine the form and content. A precise format was not prescribed. ED's budget justification for fiscal year 1999 was the first one to be prepared under this requirement.

² In this report, annual performance plan refers to ED's agency performance plan which contains the 22 objective plans and the 99 program performance plans. Program performance plans refers to the 99 plans.

³ GAO, 1998. The Results Act: Observations on the Department of Education's Fiscal Year 1999 Annual Performance Plan. Pg 9.

AUDIT RESULTS

The objectives of our audit were to assess the status of the U.S. Department of Education's (ED) implementation of the Government Performance and Results Act of 1993 (GPRA or the Results Act) and the development of systems for the timely and accurate reporting of performance indicators. We conducted our audit between October 1997 and March 1998 and our results address what was found during that period. Since that time, ED has engaged in additional activities to implement the Results Act. Moving towards a results-oriented organization is a dynamic, evolving process. Our assessment represents a "snapshot" of where ED was in implementing the Results Act.

As required by the Results Act, ED has prepared a strategic plan and an annual performance plan for fiscal year 1999, and designed a framework for the validation and verification of performance indicators. ED distributed those plans and established a reporting system for progress with the objectives in the strategic plan.

In order to be prepared to meet the additional requirements of the Results Act in a timely and proper manner, ED now needs to take additional steps, including finalizing and implementing a process for the accurate and timely reporting of GPRA performance indicators.

ED faces many challenges in moving towards a results-oriented organization. ED's strategic plan and annual performance plan, which were rated by Congressional evaluators above most of the federal agencies' plans, and the activities ED has done and plans to do can provide ED with the foundation to meet those challenges.

ED concurred with the findings and recommendations in this report. ED's comments, including an attachment indicating corrective actions underway or planned, are presented in their entirety in Appendix B.

ED Needs to Take Additional Steps to Effectively Implement the Results Act

As required by the Results Act, ED has prepared a strategic plan and an annual performance plan for fiscal year 1999. ED has distributed those plans and established a reporting system on progress with the objectives in the strategic plan. However, during our audit, we identified issues similar to those raised recently by GAO: the need to establish a results-oriented culture; the importance of senior leadership involvement; the challenging nature of measuring the federal contribution; and the importance of the information being used by the federal agencies and Congress in decision-making. To address these issues and effectively implement the Results Act, ED needs to take additional steps. We recommend that ED reassess its reporting systems to the Secretary and Deputy Secretary, increase senior leadership visibility, and work with Congress to enact any needed changes to program legislation.

The Results Act Requires a Results-Oriented Organization

The Committee Report accompanying the Results Act states that the goals in the annual performance plans “should drive much of the daily operations of the agency, and they should aim at achieving the long-term general goals of the agency’s strategic plan.”⁴ The Committee Report also states that “the ultimate objective is to change agency and managerial behavior — not create another bureaucratic system.”

ED’s Initial Activities to Implement the Results Act

ED has taken initial steps in implementing the Results Act, including the following:

Distribution of Plans

⁴ Committee on Governmental Affairs, U.S. Senate, 1993. *Report to Accompany the Government Performance and Results Act of 1993.*

In November 1997, ED distributed its strategic plan desk-to-desk at headquarters and arranged for similar distribution in the regional offices. In December 1997, the Deputy Secretary's message in ED's internal newsletter was devoted to encouraging ED employees to review the strategic plan and identify their role in its implementation.

The Deputy Secretary distributed to the Assistant Secretaries the Department's final annual performance plan along with an individualized transmittal note. That transmittal emphasized the role that each Assistant Secretary's office plays in implementing the plan. The transmittal also recommended that commitment to the strategic plan should be a key factor in determining bonuses and awards.

Weekly Reports to the Secretary

Each office submits a report weekly to the Secretary structured by the *Seven Priorities*.⁵ The *Seven Priorities* were developed by the Secretary and senior department officials from the President's 1997 State of the Union Address. The *Seven Priorities* are incorporated into ED's strategic plan.

Periodic Reports to the Deputy Secretary

The senior managers responsible for each of the 22 objectives in the strategic plan submit periodic reports to the Deputy Secretary. In addition, those managers and their staff meet periodically with the Deputy Secretary to discuss progress on achieving those objectives. This system is similar to the system that was used to track progress with ED's first strategic plan in 1994.⁶

⁵ We reviewed the weekly reports between October 4, 1997 and April 4, 1998. During that time, two program offices reported less than six times on any of the priorities; three staff offices never reported on any of the priorities; and one staff office reported once.

⁶ 15 of the 27 people we interviewed were familiar enough with the reporting system to evaluate it. Opinions on the usefulness of the reporting system were divided. Strengths: the importance of having a process in place, the visual nature of the report and the face-to-face meetings with the Deputy Secretary. Weakness: the report could not convey all the necessary information. One questioned whether the information reported is only information that people believe the Deputy Secretary prefers to hear. When asked if written feedback should be provided on the reports, some raised concerns that too much

Budget Document

ED's fiscal year 1999 budget justification incorporated some of its program performance objectives and indicators. The sections in the budget justification can be linked to the 99 program performance plans.

Results of Interviews of Selected Key Staff

In order to determine actions ED has taken and plans to take in implementing GPRA, in addition to reviewing relevant documentation, we conducted 27 structured interviews with staff in ED offices. For these interviews, we judgmentally selected key staff who were either involved with the strategic plan or the program performance plans or who were operational or policy managers of ED programs and were in positions where they should have been knowledgeable about the implementation of the Results Act. Of the 27 individuals interviewed, all but four represented themselves as having some involvement with preparation or review of their programs' performance plans. The four who said that they did not have involvement with their programs' performance plans were from OPE. In order to foster candor during the interviews, we advised those interviewed that we would not disclose their individual identities in reporting the results.⁷

OIG Observations from Interviews

Nearly all of the interviewees indicated that they believed that the planning, performance measurement, and accountability required by the Results Act are long-term focuses of the federal government. Nearly all of the interviewees were supportive of the accountability and performance measurement required by the Results Act.

During our interviews, we noted that:

All the people we interviewed had a conceptual understanding

formalization would slow the process.

⁷ The methodology for the structured interviews is explained in more detail in the section of the report entitled "Objectives, Scope, Methodology."

of performance measurement.

- # In more than half of the offices, training had been given or would be given to some but not all employees.
- # In about half of the program offices, references to GPRA related activities were already added to upper management's performance agreements or were in the process of being added.⁸
- # Less than half of the program offices were considering non-monetary awards related to GPRA activities.
- # Except for some within the Office of Postsecondary Education (OPE), the people we interviewed were able to describe how the program performance plans were to be used by their offices. In OPE, the four who stated that they did not have involvement with their programs' performance plans and some of the other interviewees stated that they did not know how the program performance plans were to be used.⁹

Interviewees' Assessment

During the interviews, we asked what changes were needed and what barriers there were to implementing the Results Act and what improvements had occurred because of, or since, the Results Act:

- # The single most commonly identified theme in the category of changes needed for the Department to better implement the Results Act was to have senior officials being more involved or more visible in providing leadership for the implementation of the strategic plan.
- # Many interviewees recommended that ED put greater focus

⁸ ED's annual performance plans indicates that performance appraisals of senior management will be aligned to the strategic plan.

⁹ Subsequent to our interviews, on February 18, 1998, the Assistant Secretary of OPE assigned responsibility for monitoring each of the OPE program indicators to individual senior managers.

on its GPRA activities and ensure that they are integrated into the day-to-day activities.

The three most frequently identified barriers to successful implementation were:

- ED not having sufficient number of staff qualified in information processing, evaluation and reporting;
- the difficulty of analyzing and interpreting performance measurement data; and
- the possibility of Congress not using the information.

Many of the interviewees identified the need for the GPRA process to be a continuous system for program improvement. Some of the recurring themes noted during the interviews were:

- There has already been an impact from previous performance-based management efforts and from preparing to measure program performance for the Results Act.
- There is anticipation that there will be additional impact and that programs and budgets will be changed.
- One potential or needed outcome is more alignment across programs towards common goals.
- Congressional actions after data is available will be a motivating factor for program managers.
- Conflicts between program legislation and the Results Act may make it difficult to rapidly implement the changes suggested by program indicators.

Our Assessment of ED's Implementation of the GPRA

ED has distributed its plans, assigned responsibility, and established a reporting system. The key staff we interviewed generally understood

strategic planning and performance measurement and were supportive of efforts to implement planning and performance measurement into the federal government and into ED. Those key staff identified the need for more involvement by senior leadership and greater focus on GPRA activities to ensure integration into day-to-day activities.

The issues the interviewees raised on changes that are needed and on barriers are similar to issues that GAO has identified in recent reports and testimony:

- # the need to establish a results-oriented culture;¹⁰
- # the importance of senior leadership involvement;¹¹
- # the challenging nature of measuring the federal contribution; and¹²
- # the importance of the information being used by the federal agencies and Congress in decision-making.¹³

We are concerned that ED has two reporting systems: one to the Secretary by the *Seven Priorities* and one to the Deputy Secretary by the Strategic Plan. While we understand that the *Seven Priorities* are incorporated into the Strategic Plan, we believe that having reports to the Secretary structured by the *Seven Priorities* dilutes the Department's focus on the Strategic Plan.

We recognize that implementing the Results Act is a long-term, challenging process. As GAO pointed out in a recent report on GPRA,

¹⁰ GAO, 1997. *MANAGING FOR RESULTS: Prospects for Effective Implementation of Government Performance and Results Act*. Pg 12-13.

¹¹ GAO, 1997. *HIGH RISK AREAS: Actions Needed to Solve Pressing Management Problems*. Pg 6.

¹² GAO, 1997. *MANAGING FOR RESULTS: Analytic Challenges in Measuring Performance*. Pg 3.

¹³ GAO, 1997. *MANAGING FOR RESULTS: Using GPRA to Assist Congressional and Executive Branch Decisionmaking*. Pg 12.

federal agencies need more progress in developing and sustaining cultures that focus on results.¹⁴ We also realize that, in some cases, program legislation may need to be changed in order to achieve the goals of the Results Act. With that in mind, we have made recommendations to help ED develop and sustain a results-oriented culture, in line with the Results Act.

OIG Recommendations

We recommend that ED:

- (1) Reassess its reporting systems to the Secretary and Deputy Secretary to ensure a consistent, uniform focus;
- (2) Increase senior leadership visibility with the strategic plan to ensure integration of the plan in day-to-day activities, *e.g.*, the Secretary and Deputy Secretary could hold Department-wide meetings to formally introduce ED's strategic plan and its annual plan and periodically update employees on its status;
- (3) Integrate the strategic plan and annual performance plan into day-to-day activities, *e.g.*, senior managers could regularly communicate with their employees about the importance of ED's strategic plan and the annual performance plan and how those plans relate to the work;
- (4) Review program legislation to identify where it could be more results-oriented or where data collection could be improved, and develop and submit recommended changes; and work with Congress to enact such legislative changes.

Department's Comments

ED concurred with this finding and the recommendations. ED's comments, including an attachment indicating corrective actions underway or planned, are presented in their entirety in Appendix B.

¹⁴ GAO, 1997. *MANAGING FOR RESULTS: Prospects for Effective Implementation of the Government Performance and Results Act*. Pg 12.

**ED Needs to Finalize and Implement a Process
for the Accurate and Timely Reporting of
GPRA Performance Indicators**

As required by the Results Act, ED has designed a framework for the verification and validation of its performance indicators. ED now needs to finalize and implement a process for assembling the data and analyzing that data, and preparing the performance report. To ensure accurate and fair reporting, ED needs to establish controls over the analysis and reporting of performance indicators in its performance report.

Results Act Requirement for a Performance Report

Fiscal year 1999, which begins October 1998, is the first year a performance report will be required under the Results Act. The performance report on fiscal year 1999 is due March 2000. ED will have six months to prepare its first program performance report. To do so, ED will need a process to assemble the data needed, analyze that data and prepare the report. In addition, the Results Act requires that each agency have a means to verify and validate the measured values.

ED's Plan for a GPRA Performance Report

ED has not yet established a process for assembling and analyzing the data or preparing the report. ED does have a process for receiving periodic information on the status of the 115 performance indicators in the strategic plan.¹⁵ As part of the quarterly reporting on progress towards the objectives in the strategic plan, the senior managers responsible for each of the 22 objectives provide information on data sources for and analysis of the performance indicators.

¹⁵ ED has 930 indicators: 115 indicators for the 22 objectives in the strategic plan and 815 indicators for the 99 program performance plans.

As required by the Results Act, ED included in its annual performance plan the framework for the validation and verification of its performance indicators.¹⁶ ED's framework will include:

- # requiring program managers to provide an assertion on the reliability and validity of their data sources or identify the weaknesses and have a plan for improvement;
- # establishing data collection standards;
- # subjecting studies and evaluations that will provide data for performance indicators to review by expert panels; and
- # monitoring selected data sources and the assertions through evaluations by the Planning and Evaluation Service (PES)¹⁷ and audits conducted by the Office of Inspector General (OIG).

In addition, ED plans to provide training to staff on performance measurement. ED has already issued guidance on performance measurement through the PES sponsored *Guide To Program Outcome Measurement*.¹⁸

Barriers to Analyzing and Reporting

¹⁶ GAO noted that the plan adequately addressed how ED plans to validate and verify performance information for its postsecondary and to some extent its elementary and secondary education programs. (GAO, 1998. *THE RESULTS ACT: Observations on the Department of Education's Fiscal Year 1999 Annual Performance Plan*, Pg 3.)

¹⁷ PES is a division within the Office of the Under Secretary (OUS) responsible for evaluating the effectiveness of ED programs.

¹⁸ We reviewed that guide and found it, in general, to be useful. During our interviews, we polled individuals to determine how many were familiar with the guide. Of 27 interviewees, 13 were familiar enough with the guide to rate it. Most rated it "somewhat to moderately useful" (2 on a 5 point scale). Although not requested, eleven of the 13 familiar with the guide provided verbal comments on the guide: five noted that the guide was widely distributed; three noted that the guide may not have been used; two indicated that the guide would have been more helpful if provided earlier; and one thought that training should have accompanied the guide.

ED's annual performance plan identifies the lack of formal training of staff in information processing, evaluating, and reporting as a barrier to providing performance information. As mentioned above, ED is planning to provide training on performance measurement to staff. Based on our audit, we have additional concerns about the use of secondary statistics and the interpretation of data.

The data sources for some indicators are secondary statistics¹⁹, such as education statistics from the National Center for Education Statistics (NCES)²⁰. Secondary statistics should be used with care.

“Secondary statistics must not be used indiscriminately. The user should be thoroughly aware of the inclusions and exclusions, definitions of terms, scope of the populations covered, period of time covered by the data, method of collecting data..., and other points of information that delineate the nature and limitation of the data.”²¹

Program managers need to ensure that secondary statistics are usable for the purposes the program manager intends. One way to achieve this is through direct communication with the providers of the secondary statistics.

During our interviews, some of the program managers indicated that either NCES representatives were not involved with the program performance plans or that they did not know if NCES representatives were involved with the program performance plans. The GPRA coordinators in the program offices were aware that NCES reviewed and commented on the program performance plans as part of the review by OUS. We are concerned that program managers are not actively communicating with providers of secondary statistics about the

¹⁹ For this report, we define a “secondary statistic” as data that has already been collected for other purposes and is available in public records.

²⁰ NCES is a division within the Office of Educational Research and Improvement. NCES is the primary federal entity for collecting, analyzing, and reporting data related to education in the U.S. and other nations.

²¹ Mandel, B.J., 1984. *Statistics for Management*. Page 52.

nature and limitations of those statistics prior to use in the program performance plans.

Some interviewees noted that much of the data is subjective and will need to be interpreted. In addition, some interviewees noted that determining the cause of changes in performance indicators will be difficult. For example,

- # How can a trend in a performance indicator be related to a specific ED program?
- # How can the impact of specific programs be determined when multiple programs (sometimes among more than one federal agency) are working to achieve similar goals?
- # How can the federal contribution be determined when significant state and local effort is involved?

OIG Conclusions

ED has designed a framework for the verification and validation of its performance indicators. However, ED has not defined a process for how it will assemble and analyze the data and how it will prepare the required program performance reports. In our opinion, the basic process needs to be defined and communicated prior to the beginning of fiscal year 1999 (the first year for which program performance reports are required) so that each individual understands the basic process and his and her role in it before the beginning of fiscal year 1999. This is to help ensure that proper mechanisms are in place to measure performance occurring in fiscal year 1999. In addition, because the credibility of the performance report will depend upon the credibility of the use and interpretations of the data, we believe that ED should establish controls over the analysis of data and the reporting of performance information. We recognize that additional evaluation may be needed to interpret performance data.

OIG Recommendations

We recommend that OUS:

- (1) Establish a process for assembling the data and other information needed in the performance report, *i.e.*, persons responsible, due dates, formats, etc.;
- (2) Establish controls over analysis and reporting of data including secondary statistics, *e.g.*, requiring documentation of analysis (such as the nature and limitations of the data, causality models or identification of external factors), requiring reviews of analysis, developing a framework for the performance report, and establishing standards for reporting performance information;
- (3) Communicate to ED staff the process and their role and responsibilities in it; and
- (4) Establish a formal department-wide system for tracking the indicators, *e.g.*, an electronic database.

Department's Comments

ED concurred with this finding and the recommendations. ED's comments, including an attachment indicating corrective actions underway or planned, are presented in their entirety in Appendix B.

OTHER MATTERS

Valid, Reliable, and Timely Performance Information

The scope of our work did not include a review of the quality of any particular data source or make any determinations on any individual data improvement effort. Therefore, the following observations on the quality of ED's data was a by-product of our review of ED's implementation of the Results Act and its development of a reporting system.

ED officials, Congress, and others need reliable, timely information about program performance and costs to operate, manage and oversee ED's programs. However, that information is not free and the goal of having enough information for accountability and program management competes with initiatives to lessen the burden on state and local governments and others and provide for more flexibility.

The single most common issue raised during our interviews was the availability of quality data. Specifically, interviewees noted that:

- # Some current data collections need to be changed to make them more useful.
- # Some current data collections are general purpose statistics about the state of Education in the U.S. and thus not the most useful for managing and evaluating specific programs.
- # Some current data collections are known to have data quality problems.
- # Data is not always available in a timely fashion. Lags are caused both by waiting for data submissions and time to verify and refine the data submitted.
- # Data is not collected often enough. Some data is available only annually or even less frequently.

Some interviewees were also concerned that the data sources cited for

GPRA reporting were not permanent. Some of the data sources are multi-year studies which take years to collect data. Then, if not renewed, the data is not available for future comparisons.

Availability of quality data has been identified by both ED and GAO as a concern. ED's annual plan noted that the lack of integration of ED's SFA systems and its heavy dependence on external systems hampers its ability to provide timely and accurate information. Recent GAO reports have cited data concerns. For example, some programs allow for a wide range of activities and permit states to define the information they collect on program activities and effectiveness. With no requirement that states use consistent measures, ED faces a difficult challenge in assembling reports necessary to develop a nationwide picture of the program's effectiveness. In addition, GAO noted that inaccurate loan information provided by guaranty agencies impairs ED's ability to manage the loan programs.

These concerns warrant consideration by ED as it continues to implement the Results Act.

On June 8, 1998, subsequent to our audit work, GAO issued its report on ED's fiscal year 1999 performance plan. In that report, GAO noted that the plan does not provide sufficient confidence that its elementary and secondary education performance information will be credible.²²

Range of Key Performance Indicators

ED has 930 indicators: 115 indicators for the 22 objectives in its strategic plan and 815 indicators for the 99 program performance plans. Each program performance plan has between 1 and 28 indicators. Data sources have not been identified for all indicators and many baselines have not yet been established. ED should require program offices to identify the remaining data sources and establish the remaining baselines by October 1, 1998.

With 930 indicators, ED faces an enormous task in preparing its

²² GAO, 1998. *THE RESULTS ACT: Observations on the Department of Education's Fiscal Year 1999 Annual Performance Plan*. Pg 3.

performance report. While all the indicators may be necessary for internal management, as part of the first reporting cycle, ED should reassess the indicators to determine if all 930 are necessary for GPRA reporting to OMB and Congress. ED should consult with OMB and Congress about any indicators which it identifies for possible elimination.

On May 7, 1998, subsequent to our audit work, the Deputy Secretary requested that for the fiscal year 2000 budget, the Assistant Secretaries should review and update their program performance plans to focus on the critical objectives and indicators. In addition, the Assistant Secretaries were to explain why any targets or baselines were missing from the fiscal year 2000 performance plans and what steps would be taken to obtain the missing targets and baselines.

OBJECTIVES, SCOPE, METHODOLOGY

The objectives of our audit were to assess the status of the U.S. Department of Education's (ED) implementation of the Government Performance and Results Act of 1993 (GPRA or the Results Act) and the development of systems for the timely and accurate reporting of performance indicators. To achieve our objectives, we conducted interviews and reviewed relevant documents. Our conclusions about the implementation of the Results Act at ED are based primarily on the information gathered during the structured interviews. As part of this audit, we did not review the quality of any particular data source or make any determinations on any individual data improvement efforts. We conducted the audit from October 1997 through March 1998 and our results address what was found during that period. We conducted our audit in accordance with generally accepted government auditing standards applicable to the scope of the review.

Research on the Results Act and Performance Measurement

We reviewed the Results Act to determine the requirements of the law. We also reviewed Office of Management and Budget (OMB) Circular A-11 and material related to the Paperwork Reduction Act. In addition, we reviewed literature about strategic planning and performance measurement to obtain a technical understanding of the concepts and identify current practices. We reviewed recent GAO reports and testimony to identify significant government-wide and ED specific issues related to the Results Act. We also reviewed OIG reports related to these issues.

Interviews Using a Standard Questionnaire (Structured Interviews)

We conducted 27 structured interviews with staff in the following offices: Office of Bilingual Education and Minority Language Affairs (OBEMLA); Office for Civil Rights (OCR); Office of the Deputy Secretary (ODS); Office of Educational Research and Improvement (OERI); Office of Elementary and Secondary Education (OESE); Office of Postsecondary Education (OPE); Office of the Secretary (OS); Office of Special Education and Rehabilitative Services (OSERS); Office of the Under Secretary (OUS); and Office of

Vocational and Adult Education (OVAE). These interviews were conducted in November and December 1997 and January 1998.

For these interviews we judgmentally selected staff who were either involved with the strategic plan or program performance plans or who were operational or policy managers of ED programs and as such in positions where we believe they should be knowledgeable about the implementation of the Results Act. Ten of the 27 interviewed were in senior executive service positions; thirteen were in GS-15 positions; and the remaining four were in GS-14 positions. Of the 27 individuals interviewed, all but four represented themselves as having some involvement with the preparation or review of their programs' performance plans. The four who said that they did not have involvement with their programs' performance plans were from OPE.

We used a standard questionnaire which contained both closed and open ended questions about the strategic plan, program performance plans, data sources and the Results Act. In order to foster candor during the interviews, we advised those interviewed that we would not disclose their individual identities in reporting the results. Issues presented in the report from these interviews were generally mentioned at least four times (usually more) and by at least three different program offices.

Other Interviews

In addition to those 27 structured interviews, we interviewed other staff members in Office of the Chief Financial and Chief Information Officer (OCF/CIO), OERI, OUS, and Office of the General Counsel (OGC) about specific issues related to the implementation of the Results Act and the development of reporting systems.

Review of ED's Strategic Plan and Annual Plan

We reviewed the 1994 and 1997 versions of ED's strategic plan. We also reviewed volume 1 of ED's annual performance plan for FY 1999 (which contained the annualized plans for the objectives in the strategic plan and information on validation and verification of performance indicators). Although volume 2 of the annual performance plan (which contained the 99 program performance plans) was completed during the course of our audit, we did not perform a detailed review of each

of the 99 program performance plans. However, we did review the program performance plans for the largest ED programs.

Review of Other Documents

We also reviewed other ED documents related to the implementation of the Results Act.

STATEMENT ON MANAGEMENT CONTROLS

We assessed ED's management control structure, policies, procedures and practices applicable to our audit. The purpose of the management control review was to determine whether ED had adequate controls in place or under development to ensure the accurate and timely reporting of performance indicators. As noted in the report, the first period for which reporting of performance under the Results Act is required is fiscal year 1999.

For this report, we assessed and classified ED's significant management controls for implementing the Results Act according to the following objectives based on the COSO²³ model of control environment, risk assessment, information and communication, control activities, and monitoring:

- # Efficient and effective operations;
- # Reporting of performance information; and
- # Compliance with laws and regulations.

Because of the inherent limitations, a study and evaluation made for the limited purposes described above would not necessarily disclose all material weaknesses in the control environment. However, our assessment revealed that the process for assembling and analyzing the data and preparing the report has not been finalized or implemented. We discuss this weakness in this report.

²³ Committee of Sponsoring Organizations of the Treadway Commission (COSO), 1992. *Internal Control - Integrated Framework*.

Appendix A - Results Act Requirements (Public Law 103-62)

The **strategic plan**, covering not less than 5 years, must contain:

- (1) a comprehensive mission statement for major functions and operations of the agency;
- (2) general and outcome-related goals and objectives of the agency;
- (3) a description of how the agency will achieve the goals and the operational processes and resources required;
- (4) a description of how the goals relate to annual performance plan goals;
- (5) an identification of key factors external to and beyond the control of the agency that could significantly affect the achievement of goals; and
- (6) a description of program evaluations the agency used in establishing and revising general goals, with a schedule for future program evaluations.

The agencies' **annual performance plan** must:

- (1) establish performance goals that define the level of performance to be achieved by a particular program activity;
- (2) express goals in an objective, quantifiable, and measurable form unless an alternative form is approved by OMB;
- (3) describe the operational processes, skills and technology, and the human, capital, information, or other resources required to achieve 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.

Appendix A - Results Act Requirements - Continued
(Public Law 103-62)

The agencies' **annual program performance reports** must:

- (1) review how successfully performance goals were achieved;
- (2) evaluate the performance plan for the current fiscal year relative to the performance goals achieved during the fiscal year covered by the reports;
- (3) where goals are not met, explain and describe (a) why the goals were not met, (b) plans and schedules for achieving the goals, and (c) if the goals are impractical or infeasible, why that is the case and what action is recommended;
- (4) describe the use and assess the effectiveness in achieving performance goals of any waiver under 31 U.S.C. section 9703; and
- (5) include the summary findings of program evaluations completed during the fiscal year.

Appendix B - ED's Comments



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE UNDER SECRETARY

SEP - 4 1998

MEMORANDUM

Date:

To: Chelton T. Givens
Area Manager
Washington D.C. Field Office

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

Subject: Response to draft audit report: *Moving Towards a Results-Oriented Organization: A Report on the Status of ED's Implementation of the Results Act*

The findings presented in the draft audit report *Moving towards a Results-Oriented Organization: A Report on the Status of ED's Implementation of the Results Act* accurately depict the current situation in the Department. The Department has received high marks on both its strategic and annual plans in relation to other agencies and is actively pursuing ways to ensure the Department remains a recognized leader in Results Act implementation.

There are several related planning activities going on that involve senior leadership, managers, and staff in programs and offices throughout the agency:

- *Reporting* on implementation of Strategic Plan objectives, including written reports on indicators and key strategies plus wide participation by senior leadership and agency experts in progress meetings.
- *Updating annual plans for FY 2000* — objective plans and program indicator plans.
- *Improving data quality and availability.* The Planning and Evaluation Service (PES) and National Center for Education Statistics are revising studies to better support Strategic Plan indicators. PES has revised its FY 1999 evaluation plan to develop new methodologies and means for data collection and analysis—taking advantage of web and other technologies as well as different use of staff and resources to obtain performance data faster. Many programs are rethinking their data collections to ensure that they can report good data to Congress—and more quickly than before.
- *Working to hold employees accountable.* Another critical element in becoming a results-oriented organization is to be able to hold employees accountable for performance related to strategic goals and objectives. The Office of Management will, in coming months, begin performing spot checks of employee job specific standards to determine the extent to which job specific standards are linked to ED strategic goals and objectives.

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Appendix B - ED's Comments - Continued

Page 2 – Chelton T. Givens

These efforts are consistent with your major areas of concern—the need to establish a results-oriented culture, the importance of senior leadership involvement, the challenging nature of measuring the federal contribution, and the importance of the information provided for use in decision-making.

Notwithstanding the many good efforts going on, many areas need improvement, and the support and work of the Inspector General will provide useful guidance on where and how to improve.

Corrective actions planned or taking place relevant to your recommendations are shown in Attachment A.

Appendix B - ED's Comments - Continued

Attachment A
ED Response to OIG Draft Audit Report

OIG Recommendations

Section 1: ED Needs to Take Additional Steps to Effectively Implement the Results Act

- 1. Reporting.** Reassess its reporting systems to the Secretary and Deputy Secretary to ensure a consistent, uniform focus.
- The Office of the Deputy Secretary will work with the Office of the Secretary to review current senior officer reporting by the seven priorities to determine if closer alignment to the Strategic Plan goals and objectives would be appropriate.
- 2. Implementation and communication.** Increase senior leadership visibility with the Strategic Plan to ensure integration of the plan in day-to-day activities, e.g., the Secretary and Deputy Secretary could hold department-wide meetings to formally introduce ED's Strategic Plan and its annual plan and periodically update employees on its status.
- Several activities are underway that promote senior leadership visibility on the Strategic Plan:
 - The Deputy Secretary is meeting with senior leaders and key staff across the Department on each of the 22 objectives. The meetings focus on progress on the indicators and key implementation strategies and result in next steps for improvement. By August 1998, all but 7 sessions have been held. All sessions have had participation from appropriate senior leadership and experts in the subject from throughout the Department. (*Ongoing*)
 - The Strategic Plan has been the subject of "Ask the Deputy" meetings and ED employee newsletters. Similar communication efforts to support Strategic Plan objectives will continue. (*Ongoing*)
 - The Planning and Evaluation Service has contracted with the Federal Quality Consulting Group to assess and provide recommendations on the implementation of the Strategic Plan, with a special focus on communication of the plan. The final report should be available by October 1998 and will be widely shared.
- 3. Implementation.** Integrate the Strategic Plan and annual performance plan into day-to-day activity, e.g., senior managers could regularly communicate with their employees about the importance of ED's Strategic Plan and the annual performance plan and how those plans relate to the work.
- Currently all GS, GM, and AD employees are required to have two to five job-specific standards in their performance agreement related to the Department's strategic goals.
 - The Deputy Secretary sent a memo to GS-15s and Senior Executive Service employees in July 1998 reinforcing the need for those employees to include standards related to the Department's strategic goals.
 - The Department will include in employee surveys items to monitor the extent to which senior staff is reinforcing the strategic and annual plans in every-day work. (*Winter 1999*)

Appendix B - ED's Comments - Continued

Attachment A
ED Response to OIG Draft Audit Report

OIG Recommendations	Corrective Action Underway or Planned
<p>4. <i>Legislative alignment.</i> Review program legislation to identify where it could be more results-oriented or where data collection could be improved. Work with Congress to enact appropriate legislative changes.</p>	<ul style="list-style-type: none"> ■ Within the past two years, the Department has taken strong steps to include a focus on results and accountability in reauthorization proposals, both during internal development and when working with OMB and Congressional staff. For example, the Department's vocational and adult education legislation proposals included requirements on states to set high performance standards as well as incentives for performance, including bonuses for high performance and sanctions for low performers. While not all of the results-based provisions were accepted by Congress in the final legislation, several were, including the requirement for states to negotiate with the Secretary their expected level of performance. ■ Development teams now underway for the reauthorization of the Elementary and Secondary Education Act will also incorporate increased focus on results and accountability for the programs being reauthorized. The legislative proposal is scheduled to go to Congress in February 1999. ■ Finally, as "model" legislative language is developed during that process that relates the programs to GPRA, it will be shared with those working on other legislative packages as well. (<i>Ongoing</i>)
<p>5. <i>Availability of performance data.</i> In order to assure that ED can submit an Annual Report in March 2000, based on FY 1999 performance, establish a process for assembling performance data and other information needed for the Annual Report to Congress due in March 2000.</p>	<p>Section 2: ED Needs to Finalize and Implement as Process for the Accurate and Timely Reporting of GPRA Performance Indicators</p> <ul style="list-style-type: none"> ■ ED will need to report on both Volume 1 (progress on the Strategic Plan's four goals and 22 objectives) and Volume 2's program indicator plans (now totaling 99 plans). ■ Reporting on the Department's strategic goals and objectives is already well underway. <ul style="list-style-type: none"> — The Annual Plan that ED submits to Congress each February has elements of an annual report—especially in Volume 1's graphs showing baseline data and progress for Strategic Plan indicators and the inclusion in Volume 2's program plans of baseline data and targets in narrative form.

Appendix B - ED's Comments - Continued

Attachment A
ED Response to OIG Draft Audit Report

OIG Recommendations

Corrective Action Underway or Planned

- In addition, internal reporting on Strategic Plan indicators by objective leaders is moving along well. The objective leaders are reporting on indicators and strategies and have identified "problem" indicators and remedial actions needed. In some cases, they have proposed changing the Strategic Plan indicators, either deleting current ones or adding new ones to better reflect the data needed to assess progress.
- The report for Volume 1—the Strategic Plan indicators—should be comparatively easy to produce in March 2000. Between the ongoing internal reporting and updating the Annual Plan, missing items will have been fixed and all indicators reported on several times before 2000.
- Reporting on Volume 2's program plans is more of an issue, partially due to the sheer number of indicators and partially to problems of missing data or concerns with quality. The Department is (1) reviewing all indicator plans carefully for quality, "essentiality," and timeliness, involving key staff offices and the relevant program offices; (2) taking action to reduce the number of indicators, both directly and through aggregations of plans; (3) realigning evaluations and studies to support the indicators; and (4) starting work to improve the quality of grantee data systems through developing quality control standards and conducting evaluations of major systems.
- The Planning and Evaluation Service, Budget, Service, National Center for Education Statistics, and the program offices are reassessing all plans prior to submission to OMB as part of the draft FY 2000 Annual Plan. This work will be completed by September 1998. The Planning and Evaluation Service will start to track critical indicators for the Department's major programs and assist program offices to develop measures, including interim measures, if necessary. *(Ongoing)*
- Program offices are becoming more and more aware of the need to have quality plans with excellent data systems behind them. The Deputy Secretary has emphasized the need to improve indicators at reporting meetings. The Planning and Evaluation Service and Budget Service will continue to communicate the urgency and importance of resolving data quality and availability issues through regular meetings with program office representatives. *(Ongoing)*

Appendix B - ED's Comments - Continued

Attachment A
ED Response to OIG Draft Audit Report

OIG Recommendations	Corrective Action Underway or Planned
<p>6. <i>Use of data.</i> Establish controls over analysis and reporting of data including secondary statistics, e.g., requiring documentation of analysis (such as the nature and limitations of the data, causality models or identification of external factors), requiring reviews of analysis, developing a framework for the performance report, and establishing standards for reporting performance information.</p>	<ul style="list-style-type: none"> — The Planning and Evaluation Service, in collaboration with the Inspector General, NCES, and program office data system managers, will work to develop quality control standards for major grantee systems, by February 1998. — Finally, work planned by the Inspector General's office for fall 1998 to assess the quality of program indicator systems will be very helpful in highlighting problems and successful processes.
<p>6. <i>Use of data.</i> Establish controls over analysis and reporting of data including secondary statistics, e.g., requiring documentation of analysis (such as the nature and limitations of the data, causality models or identification of external factors), requiring reviews of analysis, developing a framework for the performance report, and establishing standards for reporting performance information.</p>	<ul style="list-style-type: none"> ■ There are two sources of data and both need adequate controls—these are data from grantee performance reports, usually universe data provided annually, and data from formal surveys, often sampled and conducted by national contractors. <ul style="list-style-type: none"> — With respect to grantee reports, the Planning and Evaluation Service will work jointly with the program offices, NCES, and OIG to set data quality standards and identify training needs to support those standards. — Where data are from sources such as special surveys by the POC, PES, NCES, or federal agencies (e.g., Labor's National Longitudinal Survey of Youth, Current Population Survey), the office responsible for the survey will be expected to provide documentation on analysis of data.
	<ul style="list-style-type: none"> ■ In the FY 2000 Annual Plan, notation on the limitations of indicator data will be included for all Strategic Plan indicators and critical program indicators.
	<ul style="list-style-type: none"> ■ There is a need for training staff in analysis and reporting. Expanded training opportunities for ED staff will be explored with the Training and Development Center.

Appendix B - ED's Comments - Continued

Attachment A
ED Response to OIG Draft Audit Report

OIG Recommendations	Corrective Action Underway or Planned
<p>7. <i>Engage staff.</i> Communicate to ED staff the process and their role and responsibilities in it.</p>	<ul style="list-style-type: none"> ■ As part of the process of developing the FY 2000 Annual Plan, the Deputy Secretary instructed all programs to review and update their indicator plans during June 1998. The guidance made it clear that the plans were destined for Congress. The guidance also included instructions to put in baseline data for every indicator where possible. PES, NCES, and Budget Service will have reviewed all the indicators in the program indicator plans by August 1998 and provided comments back to program managers about gaps in data, data quality, and timeliness. ■ The PES assessment currently underway by the Federal Quality Consulting Group will look at communication as it relates to implementing the Strategic Plan, including the importance of performance data, and make recommendations to the Deputy Secretary and senior leadership, by September 1998. ■ The Deputy Secretary will issue specific guidance related to GPRA reporting during fall 1998.
<p>8. <i>Tracking.</i> Establish a formal department-wide system for tracking the indicators, e.g., an electronic database.</p>	<ul style="list-style-type: none"> ■ The Planning and Evaluation Service is in the process of contracting with an outside firm to provide an electronic database for tracking the indicators. It will be designed for accessibility agency-wide. The system should be up for use by winter 1999.

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Appendix C - Publications Cited in This Report

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Appendix D - Report Distribution List
AUDIT CONTROL NO. 17-70007

Action Official

Mr. Marshall Smith Acting Deputy Secretary	4
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