



Highlights of GAO-06-268, a report to the Ranking Minority Member, Committee on Education and the Workforce, House of Representatives

Why GAO Did This Study

In the past 3 years, Education awarded an average of \$4.8 billion annually in discretionary grants through its competitive awards process and through consideration of unsolicited proposals. GAO assessed Education's policies and procedures for both competitive awards and unsolicited proposals awarded by its Office of Innovation and Improvement in 2003 and 2004 and determined whether it followed them in awarding grants in those years. GAO also reviewed Education's grant award decisions for several 2001 and 2002 grants to determine whether the department followed its own policies.

What GAO Recommends

GAO recommends several improvements to Education's grant award processes. Education agreed with all three recommendations for improving the competitive awards process and said it has implemented corrective actions. Education disagreed with GAO's recommendation to develop a more systematic approach to selecting unsolicited proposals and said it would not help the agency select high-quality applications. GAO modified its recommendation to address some of Education's concerns, but thinks collecting some systematic information would help Education effectively screen applicants. GAO is not recommending the Secretary take actions regarding the three 2001 and 2002 grants GAO reviewed in detail because GAO found no clear violation of applicable statutes and regulations.

www.gao.gov/cgi-bin/getrpt?GAO-06-268.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Marnie Shaul (202)512-7215 or shaulm@gao.gov.

DISCRETIONARY GRANTS

Further Tightening of Education's Procedures for Making Awards Could Improve Transparency and Accountability

What GAO Found

In 2003 and 2004, the Department of Education took steps to improve its procedures for awarding discretionary grants through competitions but certain procedures were not always followed. During this time, after Education introduced some new management controls to its competitive grants procedures, we found it generally adhered to these new policies. For example, GAO did not find evidence that Education reduced any applicant's request without first conducting a budget analysis, as required, or that Education rescored applications after they had been peer reviewed. However, certain procedures were not always followed; for example, Education frequently did not finalize its plans for conducting competitions before starting the competitions—a step that would help ensure transparency in making awards. In addition, many files lacked documentation that the department screened the applicants, as required, to identify incompetent applicants, ineligible grantees, or unallowable expenditures.

Since 2003, Education has also taken steps to reform its process for awarding grants based on unsolicited proposals, but it based its screening decisions on proposals that vary greatly and frequently provided extensive technical assistance. Following a departmental reorganization, Education established a centralized process for reviewing unsolicited proposals. However, these proposals, which Education used as a basis to certify that there is a substantial likelihood that the application will meet regulatory requirements, varied greatly in content and detail. GAO also found that Education provided extensive technical assistance to applicants, in some instances, providing applicants with the notes of peer reviewers and allowing applicants to revise and resubmit applications. Specifically, in 2004, 10 of the 27 applicants did not get reviewers' support and were provided a chance to re-apply. Of those 10 applicants, 8 revised their proposals, received favorable recommendations, and were subsequently funded.

Prior to 2003, Education made exceptions to some of its policies in awarding three grants, totaling about \$12.3 million, where particular allegations were raised. Two of the grants were awarded through a competitive process, but GAO found that Education reduced funding to all of the grantees to expand the number of grantees funded and to accommodate awards to lower rated grantees. In doing so, Education altered its selection methodology after it developed and recommended a list of grantees. In one case, Education rescored and reversed the order of selected grantees after the peer reviewers had completed their assessments. Education awarded the third grant based on an unsolicited proposal and regulations require that the department seek recommendations from peer reviewers prior to funding. In this case, the peer reviewers could not agree on a recommendation. GAO found that Education lacked a process to reconcile disagreements among reviewers and awarded a grant that two of three reviewers did not recommend. Moreover, Education awarded four grants in 2001 for unsolicited proposals that had not been recommended for funding by any one of the three reviewers.