

## Goal 6: Establish Management Excellence

### Key Measures

Since 2002, the President’s Office of Management and Budget (OMB) has required all Cabinet-level departments and other major federal agencies to report quarterly on their progress toward superior fiscal stewardship and excellence in customer service and program performance. To these ends, the *President’s Management Agenda* comprises multiple initiatives designed to assure Americans of the efficient use of federal funds and the effective responsiveness of the federal government to their needs.

The Department of Education’s sixth strategic goal, Establish Management Excellence, aligns nine key measures with the initiatives of the *President’s Management Agenda*. Success in meeting challenging targets for these measures ensures maximum value for taxpayers, the channeling of available resources toward high-performing programs, and more help for students to reach their academic potential.

#### Financial Integrity and Management

Improved financial performance is a major initiative of the *President’s Management Agenda*. The Department has maintained the highest (green) status in this initiative since December 2003, indicating that financial systems produce accurate and timely information to support the Department’s operational, budgetary and policy decisions. In addition to achieving clean opinions on the annual financial statements each year since FY 2002, the Department has made further upgrades to its grants management, procurement management, and financial management systems, resulting in greater accuracy and speedier processing of financial information. These actions have been accompanied by a commitment to linking financial information and program improvements, an active presence in federal lines-of-business consolidation activities, and the ongoing publication of *Fast Facts*, the monthly internal business intelligence report for senior Department managers.

6.1.A The achievement of an unqualified audit opinion. [2204]	Fiscal Year	Actual
	2007	Unqualified
	2006	Unqualified
	2005	Unqualified
	2004	Unqualified
	2003	Unqualified
	2002	Unqualified
	2001	Qualified
	2000	Qualified
	1999	Qualified
2007 target met.		

**Analysis of Progress.** The Department has earned a sixth consecutive unqualified or “clean” audit opinion from independent auditors. This means that the Department’s financial statements present fairly, in all material respects, the financial position of the Department in conformity with accounting principles generally accepted in the United States.

**Data Quality.** Independent auditors follow professional standards and conduct the audit under the oversight of the Department’s Office of Inspector General. There are no data limitations.

Independent Auditors’ Financial Statement and Audit Reports, FY 1999 through FY 2007.

#### Strategic Human Capital Management

The Strategic Management of Human Capital initiative of the *President’s Management Agenda* addresses the need for federal agencies to hire capable staff to fulfill their missions effectively. Not only must the

federal government compete with the private sector for top talent, but also it faces a potential shortage of experienced staff. The Partnership for Public Service and the Office of Personnel Management estimate that approximately 550,000 federal employees will leave the government between now and 2012, most of them via retirement.

The Department is approaching historic lows in total personnel while managing increasing annual discretionary budgets. Department employees must manage expanding responsibilities while maintaining exemplary performance to guarantee the effective use of federal dollars for the benefit of America’s students. Human capital activities during FY 2007 sought to identify and improve performance in key focus areas, including closing leadership competency gaps in performance management, closing competency and staffing gaps in mission critical occupations, and reducing hiring cycle time. These activities helped to resolve challenges identified in the Department’s Human Capital Management Plan, which was updated this year to align with the new Department strategic plan. Also, the use of human capital metrics established under a new Organizational Assessment initiative better enables the Department to determine the effectiveness of human capital strategies both Department-wide and at the principal office level.

<b>6.2.A</b> Index of quality human capital performance management activities. [2205]	Fiscal Year	Actual
	2007	<b>Target is 74</b>
	2006	58
	2005	72
2007 data expected Jan. 2008.		

**Analysis of Progress.** After an anomalous performance decline on this measure in FY 2006, the Department anticipates a return to a level similar to that attained in FY 2005. In FY 2005 and FY 2006, all components of this measure were computable prior to report publication because those years’ employee rating cycles began in the previous fiscal year and ended on April 30; in FY 2007, the rating cycle now matches the October 1-September 30 federal fiscal year.

U.S. Department of Education, Office of Management, via data from the Education Department Performance Appraisal System and the U.S. Department of the Interior’s Federal Personnel/Payroll System. The latter system provides personnel and payroll support to numerous federal agencies, including the Department of Education.

**Target Context.** This measure is a composite of three measurements: the percentage of employees who have performance standards in the performance appraisal system within 30 days after the beginning of the rating cycle, the percentage of employees who have documented ratings of record in the performance appraisal system within 30 days after the close of the rating cycle, and the percentage of awards paid out to employees with outstanding performance ratings. Prior to FY 2007, the first component of this measure was based on the percentage of employees who established effective performance standards prior to the beginning of the rating cycle. This component is changed for FY 2007 to link this component to the second measure component with regard to entry of such standards into the performance appraisal system, and the 30-day window allows for entry of the previous year’s ratings prior to establishment and entry of a new year’s standards.



**Information Technology Management**

Excellence in the Expanded Electronic Government initiative of the *President’s Management Agenda* requires the Department to manage information technology investments with benefits far outweighing costs. Excellence also means that citizens and government decision makers have the ability to find information easily and securely.

Given the large number of discretionary grants it awards annually, the Department has established the migration of discretionary grant competitions from paper to electronic format as its primary progress measure in electronic government, and FY 2007 results show this transformation to be nearly complete. When the Grants.gov Apply function was introduced in FY 2003, the Department was the first agency to

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post an application package on the system. The Department has continued to participate with Grants.gov by increasing the number of competitions posting application packages, as Table 6.3.A demonstrates.

Additionally, the Department continues to play a leading role in the streamlining of grant application and award processes across the federal government. In FY 2006, the Department was selected as a “center of excellence” in the government-wide Grants Management Line of Business project, which positions the Department to be a grant administration service center for other federal agencies in the near future.

6.3.A The percentage of discretionary grant programs providing online application capability. [2206]	Fiscal Year	Actual
	2007	98
	2006	84
	2005	86
	2004	77
	2003	57
	2002	29
	2001	20
	2000	5

2007 target of 92 exceeded.

U.S. Department of Education, Office of the Chief Financial Officer, Grant Administration and Payment System.

Grant competitions providing Grants.gov applications are counted as participating in the electronic submission.

**Analysis of Progress.** For FY 2007, OMB mandated that all discretionary grant competitions use Grants.gov for posting application packages. With this impetus, the Department exceeded its FY 2007 target for discretionary grant programs providing online application capability. The Department currently posts all packages on Grants.gov except for three fellowship programs with unique business processes that Grants.gov cannot currently support.

**Data Quality.** This statistic is a comparison between active schedules in the Grant Administration and Payment System and e-Grants participation.

**Customer Service for Student Financial Assistance**

A major foundation of the *President’s Management Agenda* is that the federal government must focus on the citizens it serves, and student financial assistance programs constitute the busiest area of Department customer service activity. In overseeing a student loan portfolio comprising more than \$400 billion and exceeding 28 million borrowers, and in managing the federal Pell Grant program, which provided approximately \$14 billion in FY 2007 for low-income postsecondary students, the Department demonstrates the quality of its customer service activities before a large audience. The Department tracks progress via performance measures encompassing major areas of service delivery within student financial assistance operations.

6.4.A Customer service level for Free Application for Federal Student Aid on the Web. [2207]	
Fiscal Year	Actual
2007	80
2006	80
2005	81
2004	81
2003	86

2007 target of 85 not met.

FY 2007 American Customer Satisfaction Index Survey.

6.4.B Customer service level for Direct Loan Servicing. [2208]	
Fiscal Year	Actual
2007	80
2006	79
2005	76
2004	78
2003	77

2007 target of 78 exceeded.

FY 2007 American Customer Satisfaction Index Survey.

6.4.C Customer service level for Common Origination and Disbursement. [2209]	
Fiscal Year	Actual
2007	81
2006	77
2005	76
2004	72
2003	66
2007 target of 76 exceeded.	

FY 2007 American Customer Satisfaction Index Survey.

6.4.D Customer service level for Lender Reporting System. [2210]	
Fiscal Year	Actual
2007	75
2006	71
2005	72
2004	73
2003	71
2007 target of 75 met.	

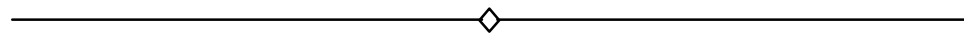
FY 2007 American Customer Satisfaction Index Survey.

**Analysis of Progress.** The FY 2007 American Customer Satisfaction Index (ACSI) ratings for Federal Student Aid’s highest volume products and services – including Direct Loan Servicing, *Free Application for Federal Student Aid (FAFSA) on the Web*, the Common Origination and Disbursement system and the Lender Application and Reporting System – score in the “Excellent” or “Good” range in comparison to other entities that appear in the ACSI index.

Direct Loan Servicing and the Common Origination and Disbursement system realized satisfaction measurements that exceeded their FY 2007 performance targets. Notably, the Common Origination and Disbursement score increased by four points from last year, continuing a 15-point improvement trend from the initial measurement taken in 2003. The Lender Application and Reporting System improved by four points to meet its 2007 target. *FAFSA on the Web* continued to score an 80, a high score by ACSI standards, but it missed its performance target by five points. *FAFSA on the Web* faces continually challenging expectations from Web-based customers that now comprise more than 90 percent of total applicants. However, an improved PIN Number replacement process to be implemented in 2008 should result in a higher score next year.

**Data Quality.** The Department’s Office of Federal Student Aid annually conducts customer surveys of its most high-profile, highly used products and services by means of the ACSI Survey. The survey is produced annually by a partnership of the National Quality Research Center (University of Michigan), CFI Group and the American Society for Quality. The index provides a national, cross-industry, cross-public-and-private-sector economic indicator, using widely accepted methodologies to obtain standardized customer satisfaction information. Survey scores are indexed on a 100-point scale. The Department began tracking the index as a measurement in FY 1999 and has tracked the index in each subsequent year except for FY 2002.

**Target Context.** According to CFI Group, companies with “business to business” customers scoring between 75 and 84 points on the index and businesses with “business to consumer” customers scoring between 80 and 89 points are considered “Excellent.” These categories include companies such as Wachovia Bank, UPS, Amazon and Mercedes.



**Budget and Performance Integration**

Changes in the size of a federal education program’s budget should correlate with the program’s efficacy in improving student achievement. If a program works, more funding is justified; if it doesn’t, the program either should undergo corrective action or be eliminated. The Department’s work on the Budget and Performance Integration initiative of the *President’s Management Agenda* reflects this focus and has resulted in the highest (green) status score available for this criterion.

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The Office of Management and Budget and the Department have worked together to measure program effectiveness by means of the Program Assessment Rating Tool (PART). By analyzing a program’s purpose, strategic planning functions, management capability, and demonstrated results, this tool has identified the strengths and weaknesses of large and small Department programs. The Department has used the PART process to make significant changes to ineffective programs or, in some cases, to recommend their termination. The overriding goal is that Department-funded programs demonstrate proven effectiveness.

6.5.A The percentage of Department program dollars associated with programs reviewed under the Program Assessment Rating Tool process which were rated effective. [2211]	Fiscal Year	Actual
	2007	86
	2006	86
	2005	78
	2004	47
	2003	52
	2002	55
2006 target of 79 exceeded; 2007 target of 79 exceeded.		

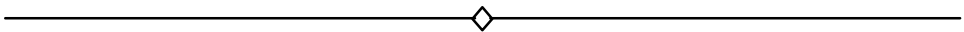
U.S. Department of Education, analysis of Program Assessment Rating Tool findings.

**Analysis of Progress.** As of October 2007, 91 currently funded Department programs have undergone a PART review, representing 98 percent of the Department’s FY 2007 budget authority for programs subject to the PART. Although 41 programs constituting 86 percent of this budget authority have been rated adequate or higher in their PART reviews, four programs were found to be ineffective, and 46 programs were rated as “Results Not Demonstrated.”

Four programs were assessed for the first time in 2007. The Research, Development, and Dissemination Program in the Institute of Education Sciences was assessed for the first time

in 2007 and received an effective rating based on the Department’s successful efforts to improve the quality and relevance of its education research activities. Supported Employment State Grants, HBCU Capital Financing, and TRIO Educational Opportunity Centers received “Results Not Demonstrated” ratings because evidence was insufficient to rate their effectiveness. Three additional programs that received “Results Not Demonstrated” ratings in prior years – Child Care Access Means Parents in School, Neglected and Delinquent State Agency Program, and Indian Education Grants to Local Educational Agencies – were reassessed in 2007 and received adequate ratings.

**Target Context.** The Department bases effectiveness for this measure on an “adequate” or higher program rating resulting from the PART analysis. The rationale for the lower FY 2007 target is that it was established and fixed before final FY 2006 data were received. While the Department’s new *Strategic Plan for Fiscal Years 2007-12* provides an upgraded target for FY 2007, the target established for the FY 2007 Annual Performance Plan takes precedence here.



**Faith-Based and Community Organization Grantees**

In addition to the aforementioned *President’s Management Agenda* initiatives, OMB also grades the Department on eliminating barriers that hinder faith-based and community organizations from providing appropriate federal social services. The Department has actively encouraged faith-based and community organizations to apply for discretionary grant competitions deemed amenable to their participation. Of particular significance, the Department in FY 2006 developed clear guidance for program offices on the equal treatment of grant applicants regardless of their organizational background. This effort has had a side benefit of increasing Department awareness of the efforts of novice (first-time) applicants other than faith-based and community organizations. The Department has attained the highest (green) status score on this criterion.

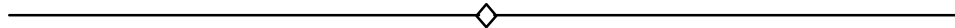
<b>6.6.A</b> The percentage of applications in competitions of amenable discretionary programs that are from faith-based or community organizations. [2212]	Fiscal Year	Actual
	2007	61.2
	2006	41.9
2007 target of 43.9 exceeded.		

U.S. Department of Education, Office of the Secretary, Center for Faith-Based and Community Initiatives.

**Analysis of Progress.** The Department established a baseline of 41.9 percent for this measure in FY 2006 and well exceeded the FY 2007 target. An FY 2007 competition in the Safe and Drug Free Schools—Mentoring Program, historically a program with high participation by faith-based and community organizations, contributed to the significant increase.

**Data Quality.** The Department tracks the application process for amenable programs and analyzes the data at the end of the fiscal year.

**Target Context.** The measure is calculated as the number of discretionary grant competition applications from faith-based and community organizations divided by the total number of applications, within programs determined by the Department to be open by statute to and suitable for participation by these organizations. These programs include the Carol M. White Physical Education Program, Safe and Drug-Free Schools—Mentoring Program, Parental Information and Resource Centers, and Migrant Education—High School Equivalency Program and College Assistance Migrant Program.



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### Performance Summary

The Department attributes the accounts of the programs below to Goal 6. In the table, an overview is provided for the results of each program on its program performance measures. (See p. 35 for the methodology of calculating the percentage of targets met, not met, and without data.) Individual program performance reports are available at <http://www.ed.gov/about/reports/annual/2007report/program.html>. Appropriation and expenditure data for FY 2007 are included for each of these programs.

Program Name	Appropriations†	Expenditures‡	Program Performance Results Percent of Targets Met, Not Met, Without Data											
			FY 2007			FY 2006			FY 2005			FY 2004		
			FY 2007 \$ in millions	FY 2007 \$ in millions	% Met	% Not Met	% No Data	% Met	% Not Met	% No Data	% Met	% Not Met	% No Data	% Met
Office for Civil Rights	91	91	100	0	0	100	0	0	100	0	0	100	0	0
Office of Inspector General	50	48	100	0	0	100	0	0	0	100	0			
Program Administration #	419	401	#			#			#			#		
<b>TOTAL</b>	<b>\$560</b>	<b>\$540</b>												

† Budget for each account represents function budget authority.

‡ Expenditures occur when recipients draw down funds to cover actual outlays. FY 2007 expenditures may include funds from prior years' appropriations.

■ A shaded cell denotes that the program did not have targets for the specified year.

# The Department does not plan to develop performance measures for programs, activities, or budgetary line items that are administrative in nature or that serve to support other programs and their performance measures.