

November 14, 2008

It is my pleasure to present you with our *Fiscal Year 2008 Performance and Accountability Report*—an annual report card of the U.S. Department of Education’s efforts and outcomes during the past fiscal year. In this year’s report, we detail the goals and objectives of our new strategic plan and provide data based on measures from previous strategic plans to ensure continuity of reporting.

By testing students annually, disaggregating the data, and holding schools accountable for results, *No Child Left Behind* (NCLB) has allowed us to target resources to help students who are falling behind. In the absence of reauthorization, this year I moved forward to make sensible changes to how the law is implemented. Responding to the need for added flexibility to help reformers target their efforts, in March, I invited states to join a differentiated accountability pilot program to develop more nuanced ways of evaluating underperforming schools. In October, I issued regulations to strengthen and improve NCLB by making it easier for eligible students to access free tutoring and school choice. These regulations also will require all states to use the same formula to calculate high school graduation rates.



We have also made important progress in higher education, but work remains in making college more affordable, accessible, and accountable to students and families. In accordance with the renewed *Higher Education Act* and the recommendations of my Commission on the Future of Higher Education, in October I announced a plan to streamline the federal student aid application and provide earlier feedback to students about how much aid they can expect to receive. In addition, the Department released a four-part plan in May to ensure the continued availability of student loans in the 2008-09 school year.

Just as the Department is using data and accountability to track improvements in the performance of our schools, we are committed to assessing our own performances to determine whether we are achieving meaningful results in meeting identified needs. We continue to set high expectations for management practices, fiscal integrity, and a culture of high performance.

Although our performance data are fundamentally complete and reliable, we continue to improve timeliness and accuracy as discussed in the Management’s Discussion and Analysis section of this report. I am pleased that for the seventh year in a row, the Department has earned a clean opinion from independent auditors on its financial statements. This report includes information and assurances about the Department’s financial management systems and management controls required by the *Federal Managers’ Financial Integrity Act of 1982*. These systems and controls provide reasonable assurance that the objectives of the Act are being met, except for one material weakness identified by management—Information Security. For further discussion, please see the Management’s Assurances section of the Management’s Discussion and Analysis on pages 1-44 of this report.

The quality of education our country delivers is a key determinant of the kind of future we can expect. The Department of Education remains committed to our mission *to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access.*

Sincerely,

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Margaret Spellings