Message From the Secretary

November 14, 2014

I am pleased to present the Department of Education’s FY 2014 Agency Financial Report (AFR). In this report, we share the Department’s financial and performance highlights over the fiscal year ending September 30, 2014.

Our mission is to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access.

From improving access to early learning programs, to reforming elementary and secondary education, to making higher education more accessible and affordable, to working to attract talented people to the teaching profession, we have made an unprecedented commitment to education.

Performance Highlights

In the Department’s Strategic Plan for FY 2014–2018, our mission is reflected in six strategic goals and 22 supporting strategic objectives, as well as six programmatic two-year Agency Priority Goals, which are posted on performance.gov. The Management’s Discussion and Analysis section of this AFR contains a high-level discussion about our approach to performance management. To the best of my knowledge, the summary performance data included in this AFR are complete and reliable in accordance with federal requirements.

For those seeking additional details regarding our performance and progress toward achieving our strategic goals, I invite you to read our Annual Performance Report, which will be released at the same time as the President’s FY 2016 budget and Congressional Budget Justifications.

Financial Management

The balance sheet of the Department now exceeds $1.0 trillion in assets. These are primarily from Credit Program Receivables (loans) and the Fund Balance with Treasury. We had $924 billion in loans outstanding at the end of the year. This included new loans made in 2014 and the balances of old loans less collections of interest and principal. The Department is the smallest of 15 cabinet-level agencies in terms of government staff, with approximately 4,100 employees, yet it has the third largest grant portfolio among the 26 federal grant-making organizations.

Good stewardship is a management imperative and priority for our Department, and I am assured that the financial data included in this AFR are complete and reliable in accordance with federal requirements. I am proud to report that we have received our 13th consecutive unmodified or “clean” audit opinion with no material internal control weaknesses and with no material instances of noncompliance with applicable laws and regulations. Last year, the Department was honored for the 10th time with a Certificate of Excellence in Accountability Reporting Award from the Association of Government Accountants, as well as a special award for producing a report that tells a compelling story about Departmental activities. The financial report includes information and assurances about the Department’s financial management systems and controls as required by the Federal Managers’ Financial Integrity Act.
Management Challenges

We remain committed to improved governance and better business processes. Management has worked closely with the Office of Inspector General (OIG) to gain its perspective about our most significant management and performance challenges, which are presented in the Other Information section of this report. The OIG’s review addresses five FY 2015 management challenges: improper payments, information technology security, oversight and monitoring, data quality and reporting, and information technology system development and implementation.

The Department takes these challenges, as well as other issues identified through our own self-assessments of operations and external audits, seriously. The Department implemented initiatives to respond to the identified challenges and improve its systems and processes, including issues of grants monitoring, IT systems, and management of student loan repayments.

Outreach and Partnerships

Funding education is primarily a state and local function in the United States. Consequently, sharing information with others is an important function of the Department. On our YouTube channel, the Department shares stories about schools where reform efforts and innovations are making a difference for students. Our website, ed.gov, highlights Departmental initiatives, as well as focusing on a diversity of outside partnerships that support our mission.

Our Twitter page, @used.gov, has grown to reach more than 250,000 followers who have joined us in conversations about challenges facing their schools and communities. Twitter town halls and impromptu exchanges help to answer questions and gain feedback that help shape our outreach activities and discussions about education policy. The Department’s official Facebook page shares photos, videos, and information with its active members.

Our blog, Homeroom, provides stakeholders with opportunity to learn about financing college, combating bullying, supporting teachers, and other important topics. The Department interacts with hundreds of national associations and organizations that represent the interests of prekindergarten-12 education, civil rights and advocacy, and higher education communities by keeping them apprised of program progress, policy decisions, and funding opportunities. Through e-mail and stakeholder forums, we and our national partners share updates with state and local affiliates.

Looking Ahead

Guided by our new strategic plan for FY 2014–2018, available on ed.gov and performance.gov, we have charted a road map for future success, and we will continue to evaluate our progress toward those goals and objectives. We look forward to working with our partners and colleagues in Congress, the states, and across the education community by keeping foremost in our minds why we care about education.

I am proud of the progress we are making at the Department. I salute the efforts of our dedicated employees who carry out the day-to-day work of the Department and of their continued commitment to provide every student in America with a world-class education.

Sincerely,

Arne Duncan