



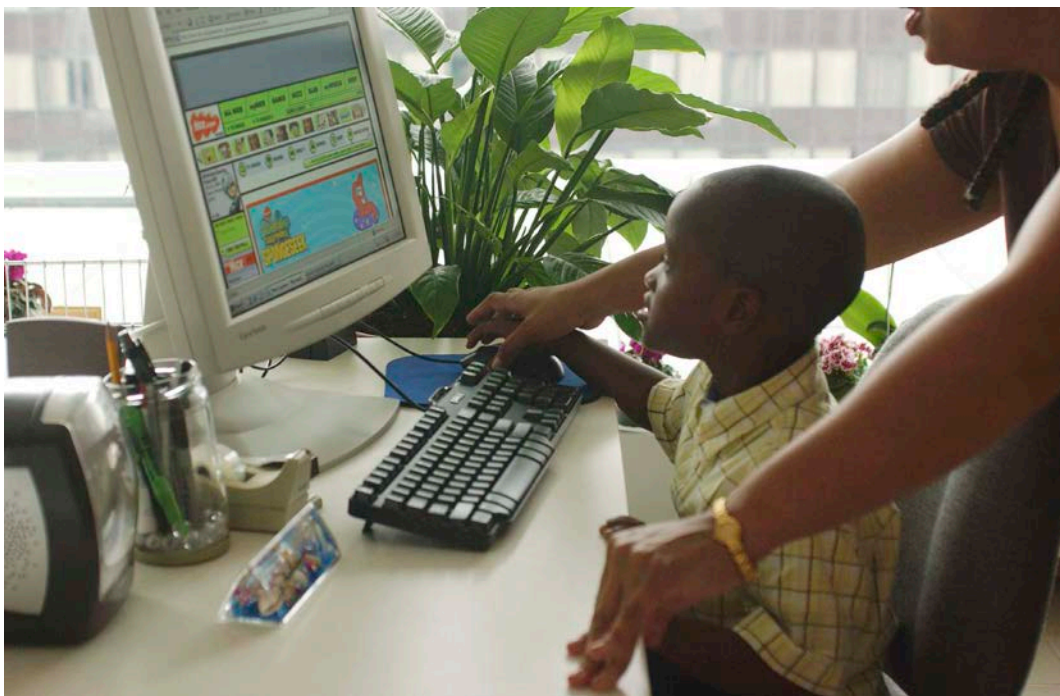
**U.S. Department of Education
Office of the Inspector General**



American Recovery and Reinvestment Act

**The Department's Monitoring of Investing in Innovation Program Grant
Recipients**

Final Inspection Report



ED-OIG/I13M0001

February 2013



**UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL**

Evaluation and Inspection Services

February 21, 2013

James H. Shelton, III
Assistant Deputy Secretary
Office of Innovation and Improvement
U.S. Department of Education
400 Maryland Avenue, S.W.
Washington, DC 20202

Dear Mr. Shelton:

This **final inspection report** presents the results of our inspection of the U.S. Department of Education's monitoring of Investing in Innovation program grant recipients. We received the Office of Innovation and Improvement's comments on the contents of our draft report. The comments are summarized in the Department Comments section of this report and are attached in their entirety.

Corrective actions proposed (resolution phase) and implemented (closure phase) by your office will be monitored and tracked through the Department's Audit Accountability and Resolution Tracking System (AARTS). Department policy requires that you develop a final corrective action plan (CAP) for our review in the automated system within 30 days of the issuance of this report. The CAP should set forth the specific action items, and targeted completion dates, necessary to implement final corrective actions on the findings and recommendations contained in this final audit report.

In accordance with the Inspector General Act of 1978, as amended, the Office of Inspector General is required to report to Congress twice a year on the audits that remain unresolved after 6 months from the date of issuance.

In accordance with the Freedom of Information Act (5 U.S.C. § 552), reports issued by the Office of Inspector General are available to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act.

We appreciate the cooperation given to us during this review. If you have any questions, please call Christopher Wilson at (202) 245-7061.

Respectfully,

/s/

Wanda A. Scott
Assistant Inspector General
Evaluation, Inspection, and Management Services

Electronic cc: Margo Anderson, Associate Assistant Deputy Secretary, OII
Nadya Dabby, Associate Assistant Deputy Secretary, OII
Carol Lyons, Director, Oi3
Ayesha Edwards, Audit Liaison, OII

RESULTS IN BRIEF

The objective of our inspection was to evaluate the U.S. Department of Education's (Department) monitoring of Investing in Innovation (i3) program grant recipients. We found that program officers regularly engaged with i3 grantees and provided substantive monitoring; however, the Department did not hold i3 grantees accountable when they did not respond or did not respond timely to Department requests.¹ We also identified two potential risks to the Department's ability to adequately monitor i3 grantees in the future. Specifically, if the workload of program officers increases or if the technical assistance for the evaluation component is no longer available, there could be a negative impact on the Department's ability to monitor i3 grantees.

BACKGROUND

The i3 program was created and initially funded under the American Recovery and Reinvestment Act of 2009 (ARRA). ARRA provided funding for the first i3 grant competition; subsequent competitions were funded through additional Congressional appropriation. The purpose of the i3 program is to provide competitive grants to entities with a record of improving student achievement and attainment in order to expand the implementation of, and investment in, innovative practices that are demonstrated to have an impact on:

- improving student achievement or student growth,
- closing achievement gaps,
- decreasing drop-out rates,
- increasing high school graduation rates, or
- increasing college enrollment and completion rates.

The i3 program is administered by the Office of Investing in Innovation (Oi3), within the Department's Office of Innovation and Improvement (OII).

Program Design and Awards

The i3 program has three types of grants: "Scale-up" grants, "Validation" grants, and "Development" grants.

- Scale-up grants provide funding for scaling up practices, strategies, or programs for which there is strong evidence that the proposed projects have a statistically significant effect on student achievement and attainment.
- Validation grants provide funding for practices, strategies, or programs for which there is moderate evidence that the proposed projects have the potential to have a substantial and important effect on student achievement and attainment.
- Development grants provide funding for high potential and relatively untested practices, strategies, or programs whose efficacy should be systematically studied. Development grant applicants must provide a rationale for the proposed practices, strategies, or programs based on research or a reasonable hypothesis that the proposed projects could have an effect on student achievement and attainment.

¹ For purposes of this report, "grantees" refers to recipients of i3 discretionary grants or cooperative agreements in either cohort, unless otherwise noted.

The project period for i3 grants varies in length from 3 to 5 years. At the start of our review, the Department had awarded i3 grants to two cohorts:²

Type of Grant	2010 Cohort			2011 Cohort		
	No. of Awards	Dollars Awarded	Average per Award	No. of Awards	Dollars Awarded	Average per Award
Scale-up	4	\$194,878,659	\$48,719,665	1	\$24,995,690	\$24,995,690
Validation	15	\$310,699,851	\$20,713,323	5	\$72,774,304	\$14,554,861
Development	30	\$140,399,885	\$4,679,996	17	\$50,294,461	\$2,958,498
Total	49	\$645,978,395		23	\$148,064,455	

The Department awarded all 4 Scale-up grants in the 2010 cohort as cooperative agreements and awarded the 45 Validation and Development grants as discretionary grants. According to the Department’s Handbook for the Discretionary Grant Process, a cooperative agreement can be used whenever the Department anticipates substantial Federal involvement during the performance of the grant.³ The Department awarded all 23 grants in the 2011 cohort as cooperative agreements to signal a higher level of Department involvement.

Evaluation Component

The Department requires all i3 grantees to use part of their budget to conduct an independent evaluation of their project. The purpose of the evaluation requirement is to ensure that projects funded under the i3 program contribute significantly to improving practitioner and policymaker knowledge of which practices work, for which types of students, and in which contexts. This evaluation requirement differentiates the i3 program from most discretionary grant programs at the Department.

The evaluation component has four requirements:

- *Independent Evaluation* – All grantees must conduct an independent evaluation of its i3 project.⁴ The grantee’s independent evaluator is responsible for the design and execution of the required independent evaluation.
- *Cooperation with Technical Assistance* – All grantees must agree to cooperate with any technical assistance provided by the Department and its contractors.
- *Sharing Results* – All grantees must share the results of their i3 evaluations broadly.
- *Sharing Data* – All Scale-up and Validation grantees must make the data collected for their evaluations available to third-party researchers.

Although OII has primary oversight responsibility for the i3 program, the Department’s Institute of Education Sciences (IES) is also involved in oversight of the evaluation component for the 2010 and 2011 cohorts of grantees through its contract with Abt Associates (Abt). Abt’s primary responsibilities are to provide technical assistance to i3 grantees’ independent evaluators on the

² The 2010 i3 grant cohort was awarded on a Federal fiscal year basis. The 2011 cohort was awarded on a calendar year basis.

³ The primary difference between a cooperative agreement and a discretionary grant is that the cooperative agreement provides the Department with more information on a grantee’s project and allows the Department to plan its involvement in the grant.

⁴ For the i3 program, an independent evaluation is one that is designed and carried out independent of, but in coordination with, the grantee that developed the practice, strategy, or program it is implementing.

design and implementation of their evaluations; to prepare four interim reports discussing the quality, progress, and preliminary results of the independent evaluations; and to prepare one final report providing summaries of the quality and findings of the evaluations.

The Department's contract with Abt to provide technical assistance on the evaluation component includes provisions to help ensure the integrity of the evaluations. Abt assigns technical assistance liaisons to each grantee to work directly with the grantee's independent evaluator to provide feedback in support of the design and implementation of the evaluations. The independent evaluators participate in regularly scheduled telephone calls with the technical assistance liaisons to discuss the progress of the individual evaluations and to discuss the plans for collecting data, assigning subjects to treatment and comparison conditions, measuring and documenting the implementation of the i3 interventions, and analyzing and reporting the results. Program officers are expected to review summaries of the call discussions and follow up with questions or points of clarification, but they are not expected to be the primary resource to grantees or independent evaluators on evaluation issues.

IES also assists OII by providing technical assistance to applicants and reviewing applicants' evidence against the What Works Clearinghouse evidence standards.⁵

OII Monitoring of the i3 Program

The primary objectives of monitoring in the i3 program are to track the progress of i3 grantees toward achieving project-specific goals, to ensure proper use of Federal funds, and to ensure compliance with the Department's grant regulations and program requirements. Program officers in OII serve as the initial point of contact for grantees in providing customized technical assistance, appropriate feedback, and followup to help grantees achieve successful grant outcomes. To provide i3 grantees with useful information early in the grant cycle, program officers and other Department staff developed and organized web-based training on post-award activities, fiscal management, evidence and evaluation, and management plans.

RESULTS

The objective of our inspection was to evaluate the Department's monitoring of i3 program grant recipients. We found that program officers regularly engaged with i3 grantees and provided substantive monitoring; however, the Department did not hold i3 grantees accountable when they did not respond or did not respond timely to Department requests. We also identified two potential risks to the Department's ability to adequately monitor i3 grantees in the future. Specifically, if the workload of program officers increases or if the technical assistance for the evaluation component is no longer available, there could be a negative impact on the Department's ability to monitor i3 grantees.

Program Officers Regularly Engaged with i3 Grantees and Provided Substantive Monitoring

We determined that program officers tracked the progress of i3 grantees toward achieving project-specific goals and were actively engaged in monitoring grantees to ensure the proper use of Federal funds and compliance with the Department's program regulations and requirements.

⁵ Reviewers trained in the What Works Clearinghouse evidence standards review each study that passes eligibility screens to determine whether the study provides strong evidence (*Meets Evidence Standards*), weaker evidence (*Meets Evidence Standards with Reservations*), or insufficient evidence (*Does Not Meet Evidence Standards*) for a project's effectiveness.

Program officers regularly communicated with grantees through e-mail and monthly phone calls to discuss grantee progress, budget requests, requests for technical assistance, and project-specific issues. Program officers also regularly identified grantee issues needing followup and consulted appropriate subject matter experts in the Department's Office of the Chief Financial Officer, Office of the General Counsel, and the technical assistance contractor to address the issues.

Program officers were able to regularly engage with grantees and provide substantive monitoring due in part to their manageable workload, OII leadership's commitment to professional development, and OII's decision to award grants as cooperative agreements to signal a higher level of Department involvement.

Manageable Workload

The nine program officers that made up the i3 monitoring staff at the time of our review were responsible for an average of eight grants each, which allowed each program officer to dedicate a reasonable amount of time to monitor individual grantees.⁶ Additionally, the Director of Oi3 assigned grants to program officers based on the size and complexity of the grant. Scale-up grants, which are large and complex, were assigned to senior program officers, and Validation and Development grants were assigned to all levels of staff based on subject matter expertise and the interests of the program officers.

Commitment to Professional Development

Another factor contributing to the level of engagement in monitoring i3 grants was OII leadership's commitment to professional development and regular communication with program officers. OII leadership identified training opportunities and seminars for program officers to learn about best practices and efficiencies to help them perform their duties better. The Director of Oi3 also assigned senior program officers as mentors to help newer program officers and held weekly staff meetings to discuss grant monitoring issues.

More Department Involvement through Cooperative Agreements

Cooperative agreements require grantees to outline more information about their projects at the beginning of the grant, which helps the Department to better plan its involvement in each grant. After awarding the 2010 cohort as both cooperative agreements and discretionary grants, OII decided to award the 2011 cohort as cooperative agreements. According to OII senior staff, this shift was intended to signal to grantees that there would be a higher level of OII involvement. Because OII awarded the 2011 cohort as cooperative agreements, OII was able to require all grantees to submit management plans. Management plans provide measurable steps that grantees will take to accomplish grant objectives. The measureable steps in management plans allow program officers to more easily track grantees' progress toward accomplishing grant objectives and more quickly identify issues that need to be addressed. According to OII senior staff, all future i3 grants will be awarded as cooperative agreements.

The Department Did Not Hold i3 Grantees Accountable When They Did Not Respond or Did Not Respond Timely to Department Requests

We determined that the Department did not hold i3 grantees accountable when they did not respond or did not respond timely to Department requests. During our review of the 2010 and

⁶ By contrast, in our review of Congressional earmarks (I13H0004), issued in 2007, we found that program officers in the Fund for the Improvement for Education were responsible for monitoring over 100 earmark projects. As a result, program officers were unable to dedicate significant time to each grantee.

2011 cohorts' grant files, we found that grantees did not always respond or respond timely to Department requests to resolve identified issues. In these instances, the Department did not impose any consequences on the grantees.

Requests for Documentation

We identified 3 grantees out of our sample of 25 (one Scale-up grantee and two Validation grantees) that did not respond or did not respond timely to Department requests for the grantees to revise or submit documentation.

- The program officers responsible for monitoring the Scale-up grant awarded to Teach for America (awarded \$50,000,000 in the 2010 cohort), identified many weaknesses in the grantee's 2010-2011 management plan.⁷ For example, the program officers noted that information provided in the "Expected Results" section of the management plan appeared to be activities rather than benchmarks that could be used to determine when Teach for America was achieving outcomes. While the program officers informed Teach for America that it should be more specific about the milestones and intermediate indicators of grantee performance, the Department did not require any Scale-up grantees to correct management plan weaknesses in the first year of the i3 program. Teach for America's management plan for year two was submitted more than 4 months after it was due. The program officers identified similar weaknesses in the year two management plan that had not been addressed at the time of our file review. Teach for America was also not timely in resolving issues related to its budget that were identified by the program officers.
- We also found that two Validation grantees, Johns Hopkins University (awarded \$30,000,000 in the 2010 cohort) and North Carolina New Schools Project (awarded \$14,999,802 in the 2011 cohort), did not respond or did not respond timely to Department requests for documentation related to their evaluations. In August 2011 the program officer responsible for monitoring Johns Hopkins University expressed concern that the grantee had not submitted the evaluation plan despite requests from the Abt technical assistance liaison. Johns Hopkins University did not provide the documentation until almost 2 months after the Department expressed concern about the ongoing delays. At the time of our review, The North Carolina New Schools Project still had not submitted its evaluation plan or design; a delay of over 2 months. Given the significance of the evaluation in the i3 program, being non-responsive in this area could cause significant problems with developing an effective evaluation design and the grant outcomes.

Annual Performance Report Deficiencies

We identified 2 grantees out of our sample of 25 (one Scale-up grantee and one Development grantee) that were not timely in responding to program officers' requests to resolve significant issues identified through the program officers' reviews of the grantees' Annual Performance

⁷ A 2008 OIG audit (A02H0003) found that Teach for America could not provide adequate supporting documentation for \$774,944 of its discretionary grant expenditures because it lacked sound fiscal accountability controls. Based on this audit and subsequent Department site visits, OIG concluded that special conditions would be imposed on Teach for America's i3 award. Special conditions are imposed on a grant award by the Department if a program official determines that, without the special conditions, the grantee might not be successful in implementing its project or projects. Teach for America's special conditions include limitations on its ability to draw funds and a requirement that it make significant progress in addressing the weaknesses in its financial management system and related internal controls.

Reports (APR). Delays in resolving issues identified in the APR can negatively impact the grantees' ability to achieve the agreed upon grant results.

- In January 2012, the program officers responsible for monitoring the same Scale-up grant awarded to Teach for America requested that Teach for America clarify information provided in the APR's budget section and executive summary, as well as in a project status chart included with the APR. Teach for America did not begin providing information in response to the program officers' January 2012 request until April 2012 and did not provide answers to all of the program officers' questions until June 2012.
- In January 2012, the program officer responsible for monitoring the Development grant awarded to Bay State Reading Institute (awarded \$4,997,492 in the 2010 cohort) identified and began seeking information on budget issues and project results. Bay State Reading Institute did not provide the additional information until May 2012.

While the Department can impose special conditions on grantees to address administrative and programmatic issues, special conditions are generally reserved for what the Department considers severe issues. When program officers need additional documentation, identify problems with a grant, or question what a grant is funding, they need timely responsive answers from grantees. Additionally, the lack of grantee responsiveness to program officers results in unnecessary time being spent following up on the issues raised by the program officers.

Recommendation 1.1

We recommend that the Assistant Deputy Secretary for Innovation and Improvement develop appropriate requirements or consequences for i3 grantees that do not respond or do not respond timely to Department requests.

Potential Risks to the Department's Ability to Adequately Monitor i3 Grantees in the Future

We identified two potential risks to the Department's ability to adequately monitor i3 grantees in the future. Specifically, if the workload of program officers increases or if the technical assistance for the evaluation component is no longer available, there could be a negative impact on the Department's ability to monitor i3 grantees.

Increasing Workload

Should funding for the i3 program continue, the workload of program officers could increase as new grant competitions and awards are added to their existing workload. An OII senior official stated that the current workload of eight grants on average per program officer is close to the limit of what they can handle. OII estimates that most program officers will be assigned one new grant as a result of the Fiscal Year (FY) 2012 competition, though a few program officers with smaller workloads will be assigned four additional grants. If the number of grants awarded for the FY 2013 competition is similar to the FY 2012 competition, the workload for program officers will increase further.

Though senior officials in OII are aware of the workload issue, they do not have a clear plan to address the potential increase in program officers' workload. OII is, however, taking steps that may help program officers accomplish their monitoring duties more efficiently. These efforts include: implementing the Grantee Records and Assistance Database System (GRADS 360), participating in discussions with program offices using the Grant Electronic Monitoring System (GEMS) to identify functions from GRADS 360 and GEMS for future inclusion in the G5 grants

database, and hiring a technical assistance contractor to assist grantees with programmatic issues.⁸ OII informed us that it conducts an assessment of each program officer's workload after each competition and also examines the competition process to identify potential efficiencies and improvements. Since the Department is currently implementing these steps to assist program officers, we could not draw any conclusions on their effectiveness.

Recommendation 2.1

We recommend that the Assistant Deputy Secretary for Innovation and Improvement continue to monitor any increase in program officers' workload to ensure adequate monitoring.

Loss of Technical Assistance for the Evaluation Component

Technical assistance for the evaluation component is an important part of the Department's ability to ensure the success of the i3 program. OII program officers do not have the expertise to appropriately review and approve evaluation designs and address evaluation problems and may soon experience an increased workload. Due to the lack of technical expertise in evaluation methods on the part of program officers, the Department relies heavily on a technical assistance contractor to work with grantees and their independent evaluators to revise evaluation designs and address evaluation problems as they occur.

The evaluation component is an additional tool for OII's monitoring of the i3 grantees because the data resulting from the project evaluations can be used to determine whether the project interventions (and i3 program in its entirety) are producing measurable and desirable outcomes, and whether they are worth the financial investment on the part of taxpayers. OII structured the i3 grants to emphasize the importance of evidence and evaluation. The evaluation component of the i3 program is complex and requires collaboration between OII, IES, i3 grantees, i3 grantees' independent evaluators, and the technical assistance contractor. The evaluation component also requires significant expenditures by grantees to contract with independent evaluators, and by the Department to contract with a technical assistance contractor.

The funding of the technical assistance contract for the i3 evaluation component has a history of uncertainty. The Department was able to fund the technical assistance contract for the 2010 cohort of grantees, but experienced delays in obtaining contractor coverage for the 2011 cohort of grantees. For the 2010 cohort, IES funds were used to cover the cost of the technical assistance contract; however, IES did not have the funds to cover technical assistance for the 2011 cohort. The FY 2012 appropriation for the i3 program designated the program as eligible for national activities funds which OII can use to support technical assistance and evaluation activities.⁹ The Department used these funds to add the 2011 cohort to the existing technical assistance contract. Because of the delay in finding available funds, the 2011 cohort did not have coverage from the contract during the first six months of the projects. OII staff informed us that the 2011 grantees were at a disadvantage compared to the 2010 grantees that were able to receive technical assistance during the early stages of their evaluations. The Department plans to use national activities funds to support the technical assistance contract in the future, but the availability of these funds is not guaranteed.

⁸ GRADS 360 is a project management system used by OII and IES. GEMS is a project management system used by the Department's Office of Postsecondary Education and Office of Elementary and Secondary Education. G5 is the Department's official central grants management database.

⁹ National activities funds are funds designated in a program's budget that are reserved from a program's annual appropriation for certain general purposes, as authorized by Congress. For i3, the Secretary was authorized to reserve up to five percent for technical assistance and evaluation until the expiration of the authority on December 31, 2012.

Delays in technical assistance for future cohorts of grantees may cause delays in evaluation implementation if grantees and their independent evaluators must wait several months into the project period to receive technical assistance. Without technical assistance there is an increased likelihood that flaws in evaluation designs and implementation problems may not be identified by OII staff because program officers lack technical expertise in evaluation methods.

Recommendation 2.2

We recommend that the Assistant Deputy Secretary for Innovation and Improvement ensure that an evaluation technical assistance contractor is available for future cohorts of grantees for the full project period, or find an equivalent alternative for technical assistance.

OTHER MATTERS

In addition to the issues identified above, we found that the i3 grant files did not always include documentation showing resolution of issues identified by program officers. Program officers stated that resolution may not always be documented in the file when issues are resolved over the phone and noted that they do not file every e-mail.

During our file review, we contacted the program officers with specific questions regarding missing documentation in their assigned grant files. Program officers were generally able to provide appropriate documentation and/or reasonable justification. Maintaining up-to-date grant files with documentation indicating when and how problems were resolved is important to ensure that files are complete and program officers are following all issues to resolution.

DEPARTMENT COMMENTS

On December 3, 2012, we provided OII with a copy of our draft inspection report for comment. We received OII's comments on December 21, 2012. OII concurred in part with our finding that the Department did not hold i3 grantees accountable when they did not respond or did not respond timely to Department requests. We have summarized OII's comments on this issue and provided our responses below.

OII fully concurred with our finding and recommendations related to potential risks to the Department's ability to adequately monitor i3 grantees in the future. OII also provided comments regarding technical inaccuracies and areas in need of additional clarification. We have reviewed those comments and made changes to the report for clarity. OII's response, in its entirety, is attached.

OII Comments

OII agreed that in some instances i3 grantees may not have responded in a timely manner, but did not concur with the draft inspection report's assessment of the significance and extent of the delay. OII stated that i3 program officers are in frequent contact with their grantees to obtain timely and comprehensive responses. OII also stated that it previously provided OIG information on examples cited under this finding that provided appropriate context for the significance and extent of the delays in program officers receiving documentation from i3 grantees.

OII stated that although Teach for America did not provide all of the responses to the program officers' follow-up questions on the APR until June 2012, Teach for America provided information periodically and the open questions were not considered significant issues. OII also stated that because Teach for America is on cost reimbursement, OII disagrees that Teach for America is not held accountable for delays in its responses.

However, OII stated that it appreciates the recommendation and agrees that the i3 program's monitoring can be improved with a more consistent and standard approach for addressing delays in grantees' responses to program officers. OII also provided information on corrective actions that will include a policy for how program officers will respond to delays in communication with grantees.

OIG Response

For the examples cited in this report, we determined that the significance of the issues combined with the extent of the delays could negatively impact those grants. In the case of Johns Hopkins University, the grantee did not provide the requested documentation until nearly two months after the program officer expressed concern about the ongoing delay. In the case of Teach for America's APR, the grantee did not begin providing information in response to the program officers' January 2012 request until April 2012. We have included this information in the finding to provide additional clarity. As for the significance of the issues, the program officers questioned Teach for America about changes to its approved budget, changes to its performance targets without prior Department approval, and its risk mitigation strategies to reach targets it had not met during the first year.

Additionally, cost reimbursement is one of the limitations the Department has placed on Teach for America as part of the special conditions that were based on a 2008 OIG audit (A02H0003) and subsequent Department site visits. We found no indication in the grant file that there is a connection between Teach for America's cost reimbursement status and the delays cited in this report.

We agree that developing a more consistent and standard approach for addressing delays in grantees' responses to program officers would help OII improve its monitoring of the i3 program.

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of our inspection was to evaluate the Department's monitoring of i3 program grant recipients.

We began our fieldwork on April 16, 2012, and conducted an exit conference on October 18, 2012.

The scope of our review included all 72 i3 grants awarded in FY 2010 and FY 2011. To evaluate the Department's monitoring of i3 program grant recipients, we reviewed a stratified random sample of 25 i3 recipient grant files. To develop our sample, first we stratified recipients based on characteristics of their i3 grant. Each recipient had exactly one i3 grant which fell into one of the following categories: FY 2010 Scale-up grants, FY 2010 Validation grants, FY 2010 Development grants, FY 2011 Scale-up grants, FY 2011 Validation grants, and FY 2011

Development grants. Next, we randomly selected up to 5 grants from each of the 6 categories to review a total of 25 recipient grant files. The random sample included:

- 5 Scale-up grants (all cooperative agreements, representing all Scale-up grants awarded in FY 2010 and FY 2011);
- 10 Validation grants (5 cooperative agreements, 5 discretionary grants); and
- 10 Development grants (5 cooperative agreements, 5 discretionary grants).

We reviewed the complete FY 2010 and FY 2011 i3 grant files for these 25 grant recipients. We specifically reviewed for evidence of the Department's monitoring, including correspondence between program officers and grant recipients, grantee performance reports, and financial information. We also reviewed Abt's Performance Work Statement, OII and Oi3 Monitoring Plans, the Department's Handbook for the Discretionary Grant Process, the 2010 Recovery Plan, and applicable laws and regulations.

We interviewed OII senior officials, the Director of Oi3, program officers responsible for monitoring i3 program grant recipients, and other Department staff.

Our inspection was performed in accordance with the Counsel of the Inspectors General on Integrity and Efficiency's "Quality Standards for Inspection and Evaluation" as appropriate to the scope of the inspection described above.

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student achievement and preparation for global competitiveness
by fostering educational excellence and ensuring equal access.*

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Acronyms/Abbreviations Used in this Report

Abt	Abt Associates
APR	Annual Performance Report
ARRA	American Recovery and Reinvestment Act of 2009
Department	U.S. Department of Education
FY	Fiscal Year
GEMS	Grant Electronic Monitoring System
GRADS 360	Grantee Records and Assistance Database System
i3	Investing in Innovation Fund
IES	Institute of Education Sciences
Oi3	Office of Investing in Innovation
OII	Office of Innovation and Improvement
OIG	Office of Inspector General



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF INNOVATION AND IMPROVEMENT

December 20, 2012

Chris Vierling, Director
Evaluations and Inspections
U.S. Department of Education
Office of Inspector General
400 Maryland Avenue, SW
Washington, DC 20202-1500

Subject: Written Comments to the Draft Inspection Report, “The Department’s Monitoring of Investing in Innovation Program Grant Recipients” (ED-OIG/I13M0001, December 2012).

Dear Mr. Vierling:

The Office of Innovation and Improvement (OII) appreciates the opportunity to provide written comments and proposed corrective actions to the Draft Inspection Report, ED-OIG/I13M0001, received on December 3, 2012 (Draft Inspection Report).

As with all the programs we administer, OII strives to continuously improve the operations of the Investing in Innovation (i3) Fund. Since its inception, the i3 program has used tools such as the cooperative agreement and monthly calls to support our providing quality monitoring and technical assistance to i3 grantees. However, OII recognizes that these monitoring techniques are resource-intensive and agrees that it is important for the i3 program to continue to seek out opportunities to improve monitoring efficiency and effectiveness.

OII’s responses to this draft report are detailed below, organized by finding and recommendation, and include Corrective Actions to address the findings and recommendations.

Sincerely,

/s/

James H. Shelton, III
Assistant Deputy Secretary for Innovation and Improvement

FINDING 1 – We determined that the Department did not hold i3 grantees accountable when they did not respond or did not respond timely to Department requests.

RECOMMENDATION 1.1 – We recommend that the Assistant Deputy Secretary for Innovation and Improvement develop appropriate requirements or consequences for i3 grantees that do not respond or do not respond timely to Department requests.

OII Comments and Corrective Actions:

OII Comments – OII concurs with these findings and recommendations in part. That is, OII agrees that in some instances i3 grantees may not have responded in a timely manner, but does not concur with the Draft Inspection Report’s assessment of the significance and extent of the delay.

As noted in the responses OII provided previously (e-mail from Ayesha Edwards to K.C. Jones and Melanie Wilmer on October 26, 2012), the i3 program officers are in frequent contact with their grantees in order to obtain timely and comprehensive responses. There are situations in which grantees may not respond according to established timeframes, but that does not mean that they have not communicated with their program officer about the delay or are not trying to provide the requested materials. For example, although it is correct that Teach for America did not provide all of the responses to the program officers’ follow-up questions on the annual performance report until June 2012 (page 6 of the Draft Inspection Report), Teach for America provided information periodically (as documented in the official grant file) and the open questions were not considered significant issues that would impact the performance of the grant. Further, as Teach for America is on cost reimbursement, OII disagrees with the statement that this particular grantee is not held accountable for delays with their responses. OII’s October 26, 2012 e-mail included information on other examples cited under this finding in the Draft Inspection Report that provided appropriate context for the significance and extent of the delays in program officers receiving documentation from i3 grantees.

While OII is willing to allow additional time to grantees in order to ultimately obtain better work products from the grantees and considers this approach to be reasonable, we appreciate the recommendation provided in the Draft Inspection Report and agree that the i3 program’s monitoring can be improved with a more consistent and standard approach for addressing delays in grantees’ responses to program officers.

OII Corrective Actions – The i3 program will create a policy for how program officers will respond to any delays in communication with the grantees. The policy will include different stages based on the length of the delay. OII will complete a draft of the policy by March 1, 2013; however, some initial thoughts are set out below.

- Program officers will include a specific deadline or timeline for follow-up in their initial communications with the grantee.
- If a complete response is not received by the deadline, the program officer will e-mail the grantee on that day to remind the grantee of the deadline and ask whether the grantee would like to submit a request and justification for an extension.

- If the grantee does not respond to the follow-up communication within five business days, the program officer will call the grantee to ask that the response be provided within two business days. The program officer will follow-up on this call with an e-mail.
- If the grantee does not provide a response, the program officer will meet with the i3 Director to discuss the significance of the delay on the monitoring and implementation of the project and the appropriate consequence, including a determination of whether a corrective action plan will be required.
- When the situation involves significant financial issues, OII will place grantees on route payment to ensure their draw downs are in keeping with their activities and progress.
- If delays in communication with the Department continue to be an issue with a grantee, OII will discuss the option of placing special conditions on the grant with the i3 program attorney, such as additional reporting requirements or putting the grant on cost reimbursement.

FINDING 2 – We identified two potential risks to the Department's ability to adequately monitor i3 grantees in the future. Specifically, if the workload of program officers increases or if the technical assistance for the evaluation component is no longer available, there could be a negative impact on the Department's ability to monitor i3 grantees.

RECOMMENDATION 2.1 – We recommend that the Assistant Deputy Secretary for Innovation and Improvement continue to monitor any increase in program officers' workload to ensure adequate monitoring.

RECOMMENDATION 2.2 – We recommend that the Assistant Deputy Secretary for Innovation and Improvement ensure that an evaluation technical assistance contractor is available for future cohorts of grantees for the full project period, or find an equivalent alternative for technical assistance.

OII Comments and Corrective Actions:

OII Comments – OII concurs with these findings and recommendations. With regards to program officers' workloads, OII is committed to ensuring adequate monitoring of the i3 grants and conducts an assessment of the i3 competition process and each program officer's workload after each competition is completed. We examine the competition process to determine how efficient and effective the process was, and how it could be improved. OII conducts similar discussions regarding grant monitoring and oversight, and strives to improve internal systems that will assuage program officers' workloads. OII will continue this process to ensure staff workload is monitored regularly. On a related topic, the degree to which i3 funds are used to support activities or initiatives other than funding new awards will also influence the number of grants. As the i3 program anticipates Congress appropriating funds for national activities and Advanced Research Projects Agency-Education (ARPA-ED) in FY 2013, OII expects i3 program officers will only be assigned one or two additional grants in the coming year.

With regards to the evaluation technical assistance, OII agrees that evaluation is an essential component of i3 grants and plan to continue providing technical assistance to grantees on their evaluations. OII has included the continuation costs for this contract in its FY 2013 spending plan and will continue to request national activities funding to support it. As noted in OII's October 26, 2012 e-mail, we do not know the extent to which the delay in providing evaluation

technical assistance disadvantaged the 2011 i3 cohort. Although it is possible that the delay may have created some challenges, the i3 program took steps to mitigate such risks by providing the evaluation technical assistance tools to the 2011 i3 cohort and created a tool for program officers to use when reviewing the revised design plans. Moreover, the most recent information provided by the evaluation technical assistance contractor indicates that 78 percent of the 2011 i3 cohort's evaluation designs have the potential to meet What Works Clearinghouse Evidence Standards.

OII Corrective Actions – As noted above, the i3 program will assess staff workload and the resources available for evaluation technical assistance annually.

Other Comments:

OII appreciates the opportunity to review the Draft Inspection Report and provides the following comments regarding technical inaccuracies or areas that may need additional clarification:

- Footnote 2 (page 2) states that both the 2010 and 2011 i3 cohorts were awarded on a Federal fiscal year basis. Although this is correct for the 2010 i3 grants, it is not correct for the 2011 or 2012 i3 grants as they were awarded on a calendar year basis.
- Page 6 refers to OII's efforts coordinate with the Office of the Chief Financial Officer (OCFO) and other program offices using the Grant Electronic Monitoring System (GEMS) to identify functions that might be included in the Department's G5 system. It is correct that OII is participating in such discussions. However, while the i3 program will likely benefit from these discussions, OII wants to clarify that the i3 program is not leading these efforts and is not currently using GEMS.
- Page 8 indicates that 25 grant files were selected randomly. OII questions whether the sample was entirely random as it included 100 percent of the Scale-up grants. The higher percentage of Scale-up and Validation grant files (as compared to the percentage of Development grant files) included in the review suggests that grant size may have been taken into consideration when selecting which files to review. If any judgment was used in the selection, OII recommends the basis for that judgment to be addressed in the final report so that the approach and scope of the review are clearly explained.