

Department of Education
SALARIES AND EXPENSES OVERVIEW
Fiscal Year 2016 Budget Request

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SALARIES AND EXPENSES OVERVIEW

INTRODUCTION

This overview summarizes the administrative costs and staffing for all Department accounts. Departmental administrative costs and full-time equivalent (FTE) employment are supported in 2016 from funding in the following accounts: Program Administration (PA), Office for Civil Rights (OCR), Office of Inspector General (OIG), College Housing and Academic Facilities Loans Program (CHAFL), Historically Black College and University Capital Financing Program (HBCUCF), Institute of Education Sciences (IES), and Student Aid Administration (SAA). Greater detail on the funds supporting administrative costs and staffing is provided separately in each account's justification materials.

Key programs administered by the Department include Title I of the Elementary and Secondary Education Act (ESEA), which under the Department's 2016 request would provide \$15.4 billion to help approximately 23.8 million students in high-poverty schools make progress toward State academic standards; Individuals with Disabilities Education Act Part B Grants to States, which would provide \$11.7 billion to help States and school districts meet the special education needs of 6.6 million students with disabilities; Federal Pell Grants, which would make available nearly \$32.1 billion in need-based grants to 8.4 million students enrolled in postsecondary institutions; and the postsecondary student loan programs, which would help provide roughly \$137 billion in new and consolidated Direct Loans to help students and families pay for college.

Operational activities necessary for the everyday work of the Department, include expenses for:

- Facilities management, including rent for office space and guard services;
- Phone and computer network services;
- Operation and maintenance of the Department's Web sites (e.g., www.ed.gov and www.studentaid.gov); and
- Grants payment processing.

The fiscal year (FY) 2016 budget request also places emphasis on improving departmental management of programs and resources. Specific management priorities include:

- Financial management, including projects designed to ensure accountability for departmental assets, improve grants management, and provide better financial data to managers;
- Improving staff performance, including leadership development for employees;
- Improving recruitment, retention, and development of staff;
- Improving the acquisition process through development of the acquisition workforce and reducing reliance on high-risk contract vehicles;
- Analyzing office space needs in order to identify opportunities to reduce the Department's footprint;

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- Information technology, including improving the capability to collect educational data and a continued focus on data security;
- Student aid administration, with a focus on administering Pell Grants and student loans; and
- Program performance improvement to inform decisionmakers and focus limited resources on programs that work, and to reform or eliminate programs that do not.

In addition to these management priorities, the Department is working hard to maintain administrative efficiencies as directed in Executive Order 13589 and OMB Memorandum M-12-12. The FY 2016 budget request continues to reduce spending in the areas of travel, printing, supplies, and advisory assistance through a mix of technological efficiencies and strategic acquisition efforts. The following table provides percent changes for these areas from FY 2010.

Reductions in Spending by Category: FY 2010 to FY 2016 (dollars in millions)

| Category | 2010 Obligations | 2016 Request | Percent Change from 2010 |
|-------------------------|---------------------|-----------------|-----------------------------|
| Travel | \$11.2 | \$9.6 | -14% |
| Printing | 5.1 | 2.5 | -51 |
| Supplies | 1.7 | 1.0 | -41 |
| Advisory and Assistance | 18.6 | 14.7 | -21 |
| Total | 36.6 | 27.8 | -24 |

FY 2016 BUDGET REQUEST

The 2016 total Salaries and Expenses discretionary budget request is \$2.255 billion, 14 percent more than the 2015 level. A summary of increases by funding account is provided on page X-9.

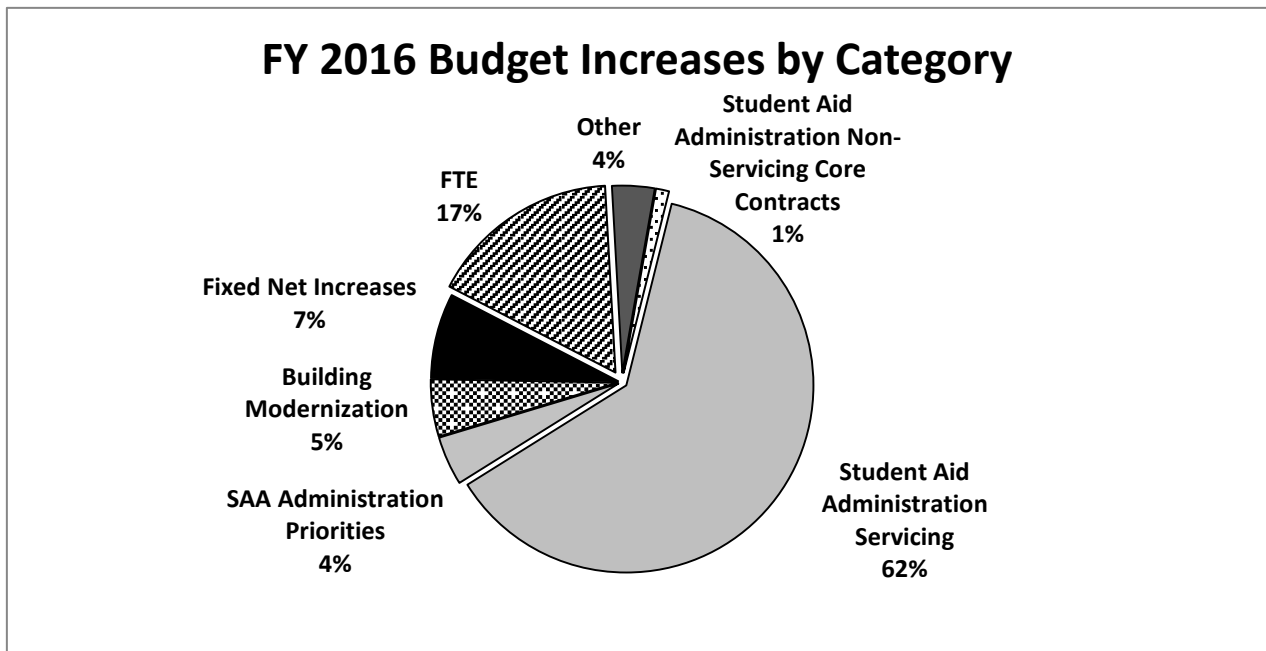
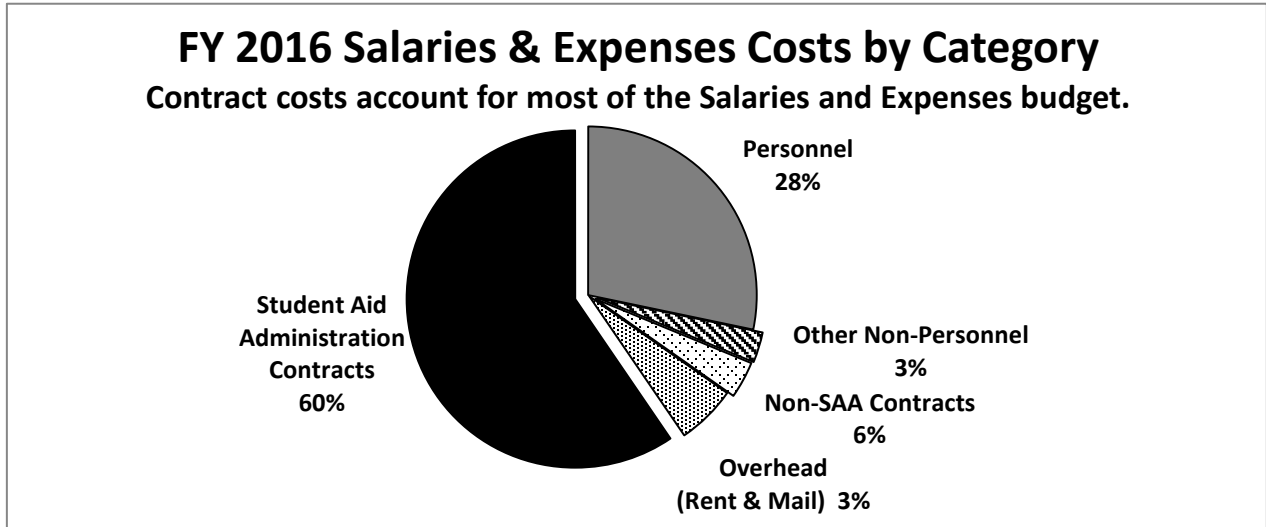
The 2015 appropriation for the Program Administration account included a 2.8 percent cut, requiring severe reductions of staff and thereby necessitating furloughs. Since appropriations staff have indicated that the 2015 reduction was not intended to produce wide-scale furloughs, the Department is planning to transfer up to 3 percent into the account later in the fiscal year to avoid immediate multi-day furloughs of approximately 1,900 employees.

The requested 2016 increase is focused mainly on several key areas: a net increase of 303 FTE (200 FTE for Office for Civil Rights, 3 FTE for Office of Inspector General, and 51 FTE for Program Administration, after factoring in the anticipated transfer in 2015 to avoid furloughs); building modernization costs necessary to implement the Department's multi-year strategy to consolidate and reduce its space needs; student aid administration loan servicing to cover the costs of the growing loan portfolio and renegotiated servicing contracts to encourage continual competition among servicers and improve performance; student aid administration priorities efforts such as implementing gainful employment regulations and making student aid data more transparent; core student aid systems; and built-in increases to cover continued operations of

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financial systems and IT security, a proposed pay raise, an extra paid day in 2016, increases in FERS benefits, and rent.

The following charts provide detail on the total Salaries and Expenses request of \$2.255 billion by category, and the \$227.1 million cost increases by category.



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STAFFING AND COSTS SUMMARY

Staffing

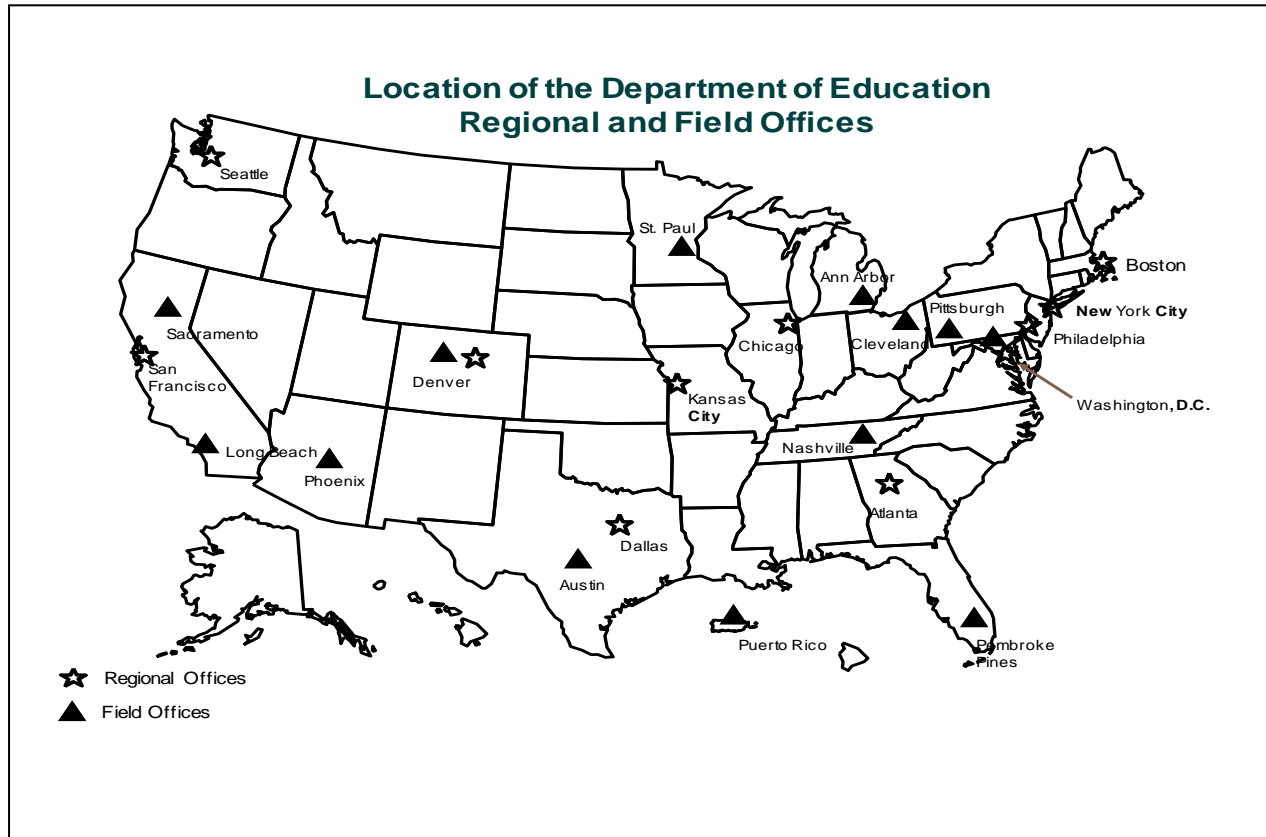
The Department's programs and responsibilities have grown substantially over the past two decades. There has been landmark legislation affecting the very core of the Department's business. From elementary and secondary education reform to the transition to 100 percent direct lending to the significant increase in civil rights related complaints, the past decade has seen a steady and significant growth in Department workload. There has also been a dramatic increase in costs to maintain security of data systems, as well as an enhanced focus on prudent financial and information technology management.

At the same time, staffing levels for most Department accounts are at all-time lows, with many vacancies going unfilled for several years. The 2016 request includes funding for 4,328 FTE to provide an adequate level of personnel to address current workload demands. Requested FTE increases include 200 FTE for the Office of Civil Rights and 51 FTE for Program Administration (PA) (after excluding the reduction of FTE in 2016 resulting from the transfer of staff to HHS, and including the staffing impacts of the anticipated transfer in 2015 to avoid furloughs). The requested FTE level for PA would still be lower than 2008.

The Workforce Innovation and Opportunity Act, H.R. 803, Public Law 113-128, dated July 22, 2014, will transfer certain functions and personnel of the Rehabilitation Services Administration (RSA) and the functions and personnel of the National Institute on Disability and Rehabilitation Research in the Office of Special Education and Rehabilitative Services (OSERS) from the Department of Education to the Administration for Community Living in the Department of Health and Human Services. This transfer must occur within a year of bill passage (i.e., no later than July 21, 2015). OSERS estimates that 40 FTE will be transferred; these FTE, therefore, have been excluded from the 2016 request.

As shown in the following chart, Department staff are divided between Washington, D.C., headquarters, 11 regional offices, and 13 field offices. Most regional and field office staff are in Federal Student Aid (FSA), the Office of Inspector General, and the Office for Civil Rights. The FSA regional office staff conduct reviews of lenders, institutions, and guaranty agencies participating in student financial aid programs, and perform debt collection activities on defaulted student loans. OIG staff conduct audits and investigations of Department programs and operations. OCR staff investigate civil rights complaints and conduct civil rights compliance reviews.

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Personnel and Non-Personnel Costs Summary

The budget request includes \$637.9 million for personnel compensation and benefits. The request is an increase of \$52.7 million from the 2015 level. Non-personnel costs cover such items as travel, rent, mail, telephones, utilities, printing, information technology (IT), contractual services, equipment, supplies, and other departmental services. The total budget for non-personnel activities in 2016 is \$1.6 billion, an increase of \$227.1 million from the 2015 level. Seventy-seven percent, or \$174 million of the non-pay increase, is the result of higher Student Aid Administration discretionary servicing costs. Other increases are in the areas of space reduction and consolidation, business process reengineering, and IT systems consolidation (e.g., migrating to laptops to facilitate telework and reduce rent for office space; redesigning the Impact Aid System; upgrading financial systems; obtaining an independent, third-party review of the Department's IT security environment); and reengineering ED's management of student privacy controls.

Centralized Overhead and Technology

Departmental overhead expenses cover centralized support and administrative services for all program and staff offices. The funds are administered by the Office of Management. These services include rent, building alterations and repairs, lease renewal, training, supplies, mail, and physical security for buildings and personnel. A total of \$149.8 million is requested for these costs in 2016, an increase of \$23.3 million from the 2015 level. The increase is primarily

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for the renovation of Department occupied buildings to help reduce the overall space footprint, increases in background investigations mostly due to a higher number of contractors for Federal Student Aid requiring security clearances, increases in rent due to the expiration of the rent abatement for the LBJ Federal building as well as historically based cost escalations.

Information technology activities that comprise centralized IT services include computer operations, maintenance and improvements, local area network operations, initiatives designed to link Department business needs with the best available technology, and other commonly shared IT and office automation activities. The funds are administered by the Office of the Chief Information Officer. A total of \$95.1 million is requested, an increase of \$6.8 million from the 2015 level. The increase includes funding for continued operations, necessary upgrades of and enhancements to EDCAPS, the Department's core financial system; and necessary upgrades to IT security operations, IT system consolidation (including migrating to laptops to facilitate telework and reduce rent costs), and Education Department Utility for Communications, Applications, and Technical Environment (EDUCATE), for the computer communications network and related services and equipment.

Improper Payments

The Department continues to focus on preventing, reducing, and recovering improper payments.

The Department relies on a variety of monitoring efforts to prevent and recapture improper payments. The Department has continuous controls monitoring software to help detect anomalies and potential issues in all grant, loan, and contract payments made through the G5 payment system. This automated tool is used to examine payment records and identify problems such as duplicate payments, unduly large payments, overpayments, and potential fictitious vendors. The Department maintains a robust internal control program to identify, recover, and report, as appropriate, all grant, loan, and other administrative payment errors. These efforts support the Department's strategic goal to improve its organizational capacity by increasing the efficient and effective use of resources.

Another promising initiative is the improved use of data and text analytics for A-133 Single Audit reports to identify and address the root cause of common grantee challenges. The Department's budget includes \$1.4 million for this initiative, including funds for processing audits at the Federal Audit Clearinghouse, the Department's Audit Accountability and Resolution Tracking System, and predictive analytics. The goal is to leverage existing data sources to improve program outcomes. Easier access to the audit data should help Education staff and grantees in resolving audits. The data analytics effort is consistent with OMB's grant reform initiative and its new Omni circular, which streamlines eight Federal regulations into a single, comprehensive policy guide, to reform and strengthen Federal grantmaking.

Finally, risk assessments and estimates of improper payments continue to be performed in accordance with the Improper Payments Elimination and Recovery Improvement Act (IPERIA). For risk susceptible programs, management will continue to prioritize and assess risk for each type of payment within each program, identify and estimate improper payment amounts and rates, identify and categorize root causes for improper payments, and implement corrective actions to reduce improper payments. Existing corrective actions include activities to increase

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accuracy of Student Aid Application information through the use of the Free Application for Federal Student Aid (FAFSA), the IRS Data Retrieval Tool (DRT), and school verification.

PARTICIPATION IN GOVERNMENTWIDE E-GOVERNMENT INITIATIVES

The Department is actively participating in a number of Governmentwide e-Government initiatives designed to make it easy for citizens and businesses to interact with the Government, save taxpayer dollars, and streamline citizen-to-Government communications. The Department has budgeted a total of \$3.0 million in 2015, and requests \$3 million in 2016 for these initiatives. The request includes support for the following initiatives:

(in whole dollars)

| E-Gov Initiative | FY 2015 | FY 2016 |
|--|--------------------|--------------------|
| Budget Formulation and Execution Line of Business | \$105,000 | \$105,000 |
| Enterprise Human Resource Integration | 133,000 | 140,000 |
| E-Rulemaking | 68,000 | 123,000 |
| E-Travel | 172,000 | 172,000 |
| Financial Management Line of Business | 220,000 | 231,000 |
| Geospatial Line of Business | 25,000 | 25,000 |
| GovBenefits.gov* | 298,000 | 269,000 |
| Grants.gov | 544,000 | 447,000 |
| Human Resource Management Line of Business | 65,000 | 65,000 |
| Integrated Acquisition Environment | 87,000 | 75,000 |
| Integrated Acquisition Environment – Grants and Loans* | 1,290,000 | 1,290,000 |
| USAJOBS | 25,000 | 23,000 |
| Total | \$3,032,000 | \$2,965,000 |

NOTE: Funding for initiatives marked with an asterisk * is from the Student Aid Administration account; funding for all other initiatives is from the Program Administration account.

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Shared Service (Non E-gov)

Planning and Performance Management Database – 2015: \$100,000; 2016: \$53,000; Program Administration account.

The Planning and Performance Management Database initiative will improve access to and the value of information on Government goals, performance, organization, and programs to enhance public accountability while meeting the GPRA Modernization Act reporting requirements efficiently.

SALARIES AND EXPENSES OVERVIEW

Department of Education

Budget Authority by Account (dollars in thousands)

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| ACTIVITY | 2014 | 2015 | 2016 Request | Change from 2015 to 2016 |
|---|---------------|---------------|-----------------|-----------------------------|
| Program Administration: | | | | |
| Salaries and Expenses | \$422,917 | \$411,000 | \$460,259 | \$49,259 |
| Building Modernization | 0 | 0 | 13,830 | 13,830 |
| Office for Civil Rights | 98,356 | 100,000 | 130,691 | 30,691 |
| Office of Inspector General | 57,791 | 57,791 | 59,256 | 1,465 |
| Subtotal, Departmental Management | 579,064 | 568,791 | 664,036 | 95,245 |
| Administrative costs from program accounts: | | | | |
| College Housing and Academic Facilities Loans | 435 | 435 | 450 | 15 |
| Historically Black College and University Capital Financing | 334 | 334 | 340 | 6 |
| Institute of Education Sciences: | | | | |
| National Assessment Governing Board | 8,235 | 8,235 | 7,827 | (408) |
| National Board for Education Sciences | 275 | 275 | 275 | 0 |
| Student Aid Administration | | | | |
| Salaries and Expenses | 663,251 | 715,745 | 726,643 | 10,898 |
| Servicing Activities | 502,749 | 681,179 | 855,211 | 174,032 |
| Subtotal, program accounts | 1,175,279 | 1,406,203 | 1,590,746 | 184,543 |
| Total, Salaries and Expenses | 1,754,343 | 1,974,994 | 2,254,782 | 279,788 |

NOTE: Excludes \$1 million for the Health Education Assistance Loan (HEAL) transfer from HHS in FY 2014. The 2015 Appropriation for the Program Administration account does not reflect two anticipated transfers. The first would transfer funds to the Department of Health and Human Services for necessary administrative expenses per Section 491 of the Workforce Innovation and Opportunity Act, P.L. 113-128. The second would avoid potential furloughs of staff by using the Department's authority to transfer up to 1 percent of another discretionary appropriation as long as the receiving appropriation does not increase by more than 3 percent, with the sending appropriation to be determined.

Budget Authority by Account

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Budget Authority by Object Classification

(dollars in thousands)

| Object Class | 2014 | 2015 | 2016 Request | Change from 2015 to 2016 |
|--------------------------------------|-----------|-----------|-----------------|-----------------------------|
| 11.10 Full-time permanent | \$425,972 | \$433,339 | \$470,591 | \$37,252 |
| 11.31 Full-time temporary | 15,133 | 8,605 | 9,582 | 977 |
| 11.32 Part-time | 1,841 | 1,194 | 961 | (233) |
| 11.33 Consultants | 454 | 350 | 355 | 5 |
| 11.51 Overtime | 437 | 446 | 503 | 57 |
| 11.52 Awards | 4,967 | 4,368 | 4,475 | 107 |
| 11.80 Other Compensation | 0 | 0 | 0 | 0 |
| Compensation subtotal | 448,804 | 448,302 | 486,467 | 38,165 |
| 12.00 Benefits | 130,601 | 136,713 | 151,266 | 14,553 |
| 13.01 Benefits for former personnel | 355 | 180 | 180 | 0 |
| 21.00 Travel | 9,253 | 8,548 | 9,612 | 1,064 |
| 22.00 Transportation of things | 76 | 301 | 76 | (225) |
| 23.10 Rental Payments to GSA | 74,523 | 73,831 | 78,239 | 4,408 |
| 23.31 Communications | 583 | 486 | 641 | 155 |
| 23.32 Postage/fees | 967 | 789 | 784 | (5) |
| Subtotal 23 | 76,073 | 75,106 | 79,664 | 4,558 |
| 24.00 Printing & Reproduction | 3,207 | 2,490 | 2,512 | 22 |
| 25.10 Advisory and Assistance Svcs | 11,197 | 9,625 | 14,653 | 5,028 |
| 25.21 Other Services | 592,063 | 760,367 | 963,678 | 203,311 |
| 25.22 Training/Tuition/Contracts | 5,292 | 5,120 | 5,853 | 733 |
| 25.23 Field Readers | 10 | 10 | 10 | 0 |
| 25.30 Goods/Services from Govt | 46,866 | 38,323 | 42,925 | 4,602 |
| 25.40 Operations/Maint of Facilities | 381 | 256 | 266 | 10 |
| 25.71 Operations/Maint of Equipment | 1,334 | 1,163 | 1,164 | 1 |
| 25.72 IT Services/Contracts | 424,824 | 484,279 | 483,780 | (499) |
| Subtotal 25 | 1,081,967 | 1,299,143 | 1,512,329 | 213,186 |
| 26.00 Supplies | 1,015 | 1,000 | 1,033 | 33 |
| 31.01 IT Equipment/Software | 1,154 | 1,691 | 1,632 | (59) |
| 31.03 Other Equipment | 257 | 232 | 304 | 72 |
| Subtotal 31 | 1,411 | 1,923 | 1,936 | 13 |
| 32.00 Building Alterations | 1,581 | 1,288 | 9,707 | 8,419 |
| 43.01 Interest and Dividends | 0 | 0 | 0 | 0 |
| Total | 1,754,343 | 1,974,994 | 2,254,782 | 279,788 |
| Total Pers. Comp. & Ben. | 579,760 | 585,195 | 637,913 | 52,718 |
| Total Non-Personnel | 1,174,583 | 1,389,799 | 1,616,869 | 227,070 |

NOTE: Excludes \$1 million for the Health Education Assistance Loan (HEAL) transfer from HHS in FY 2014. The 2015 Appropriation for the Program Administration account does not reflect two anticipated transfers. The first would transfer funds to the Department of Health and Human Services for necessary administrative Act expenses per Section 491 of the Workforce Innovation and Opportunity Act, P.L. 113-128. The second would potential furloughs of staff by using the Department's authority to transfer up to 1 percent of another discretionary appropriation as long as the receiving appropriation does not increase by more than 3 percent, with the sending appropriation to be determined.

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Department of Education

Full-time Equivalent Employment (Staff Years) by Account

| ACCOUNT | 2014 | 2015 | 2016 Request | Change from 2015 to 2016 |
|---|-------|-------|-----------------|-----------------------------|
| Program Administration | 1,898 | 1,861 | 1,961 | 100 |
| Office for Civil Rights | 544 | 554 | 754 | 200 |
| Office of Inspector General | 249 | 241 | 244 | 3 |
| Subtotal, Departmental Management | 2,691 | 2,656 | 2,959 | 303 |
| FTE funded from program accounts: | | | | |
| College Housing and Academic Facilities Loans | 3 | 3 | 3 | 0 |
| Historically Black College and University Capital Financing | 1 | 1 | 1 | 0 |
| Institute of Education Sciences: | | | | |
| National Assessment Governing Board | 11 | 14 | 14 | 0 |
| National Board for Education Sciences | 1 | 1 | 1 | 0 |
| Student Aid Administration | | | | |
| Discretionary authority | 1,320 | 1,350 | 1,350 | 0 |
| Mandatory authority | 0 | 0 | 0 | 0 |
| Subtotal, program accounts | 1,336 | 1,369 | 1,369 | 0 |
| Subtotal, FTE | 4,027 | 4,025 | 4,328 | 303 |
| Total, discretionary authority | 4,027 | 4,025 | 4,328 | 303 |
| Total, mandatory authority | 0 | 0 | 0 | 0 |
| Total, FTE | 4,027 | 4,025 | 4,328 | 303 |

NOTE: The 2015 Appropriation for the Program Administration account does not reflect two anticipated transfers. The first would transfer funds to the Department of Health and Human Services for necessary administrative expenses per Section 491 of the Workforce Innovation and Opportunity Act, P.L. 113-128. The second would avoid potential furloughs of staff by using the Department's authority to transfer up to 1 percent of another discretionary appropriation as long as the receiving appropriation does not increase by more than 3 percent, with the sending appropriation to be determined.

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Full-time Equivalent Employment by office

Department of Education

Full-time Equivalent Employment (Staff Years) by Office

| OFFICE | 2014 | 2015 | 2016 Request | Change from 2015 to 2016 |
|---|--------------|--------------|-----------------|-----------------------------|
| Advisory Committee on Student Financial Assistance | 5 | 6 | 6 | 0 |
| Career, Technical and Adult Education | 77 | 72 | 75 | 3 |
| Chief Financial Officer | 172 | 166 | 174 | 8 |
| Chief Information Officer | 125 | 122 | 140 | 18 |
| Civil Rights | 544 | 554 | 754 | 200 |
| Communications and Outreach | 104 | 98 | 103 | 5 |
| Deputy Secretary | 63 | 37 | 52 | 15 |
| Elementary and Secondary Education | 224 | 244 | 262 | 18 |
| English Language Acquisition, Language Enhancement, and Academic Achievement for Limited English Proficient Students | 15 | 18 | 19 | 1 |
| Federal Student Aid | 1,235 | 1,247 | 1,247 | 0 |
| General Counsel | 103 | 103 | 110 | 7 |
| Innovation and Improvement | 85 | 97 | 102 | 5 |
| Inspector General | 249 | 241 | 244 | 3 |
| Institute of Education Sciences | 173 | 174 | 188 | 14 |
| Legislation and Congressional Affairs | 17 | 18 | 19 | 1 |
| Management | 173 | 167 | 179 | 12 |
| National Assessment Governing Board | 12 | 14 | 14 | 0 |
| National Board for Education Sciences | 0 | 1 | 1 | 0 |
| Planning, Evaluation, and Policy Development | 100 | 102 | 108 | 6 |
| Postsecondary Education | 178 | 183 | 191 | 8 |
| Secretary | 93 | 88 | 92 | 4 |
| Special Education and Rehabilitative Services | 246 | 240 | 213 | -27 |
| Under Secretary | 34 | 33 | 35 | 2 |
| Total, FTE | 4,027 | 4,025 | 4,328 | 303 |

NOTE: The 2015 Appropriation for the Program Administration account does not reflect two anticipated transfers. The first would transfer funds to the Department of Health and Human Services for necessary administrative expenses per Section 491 of the Workforce Innovation and Opportunity Act, P.L. 113-128. The second would avoid potential furloughs of staff by using the Department's authority to transfer up to 1 percent of another discretionary appropriation as long as the receiving appropriation does not increase by more than 3 percent, with the sending appropriation to be determined.

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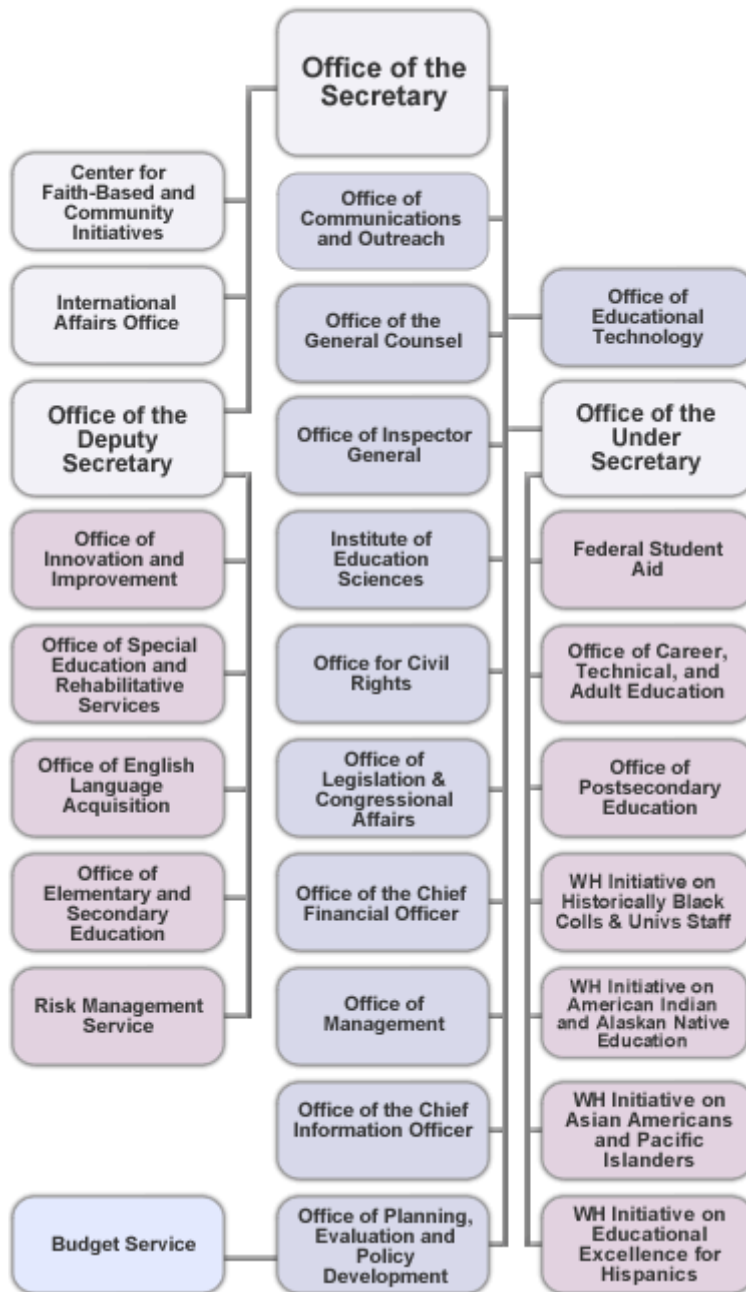
Department of Education

Detail of Full-Time Equivalent Employment

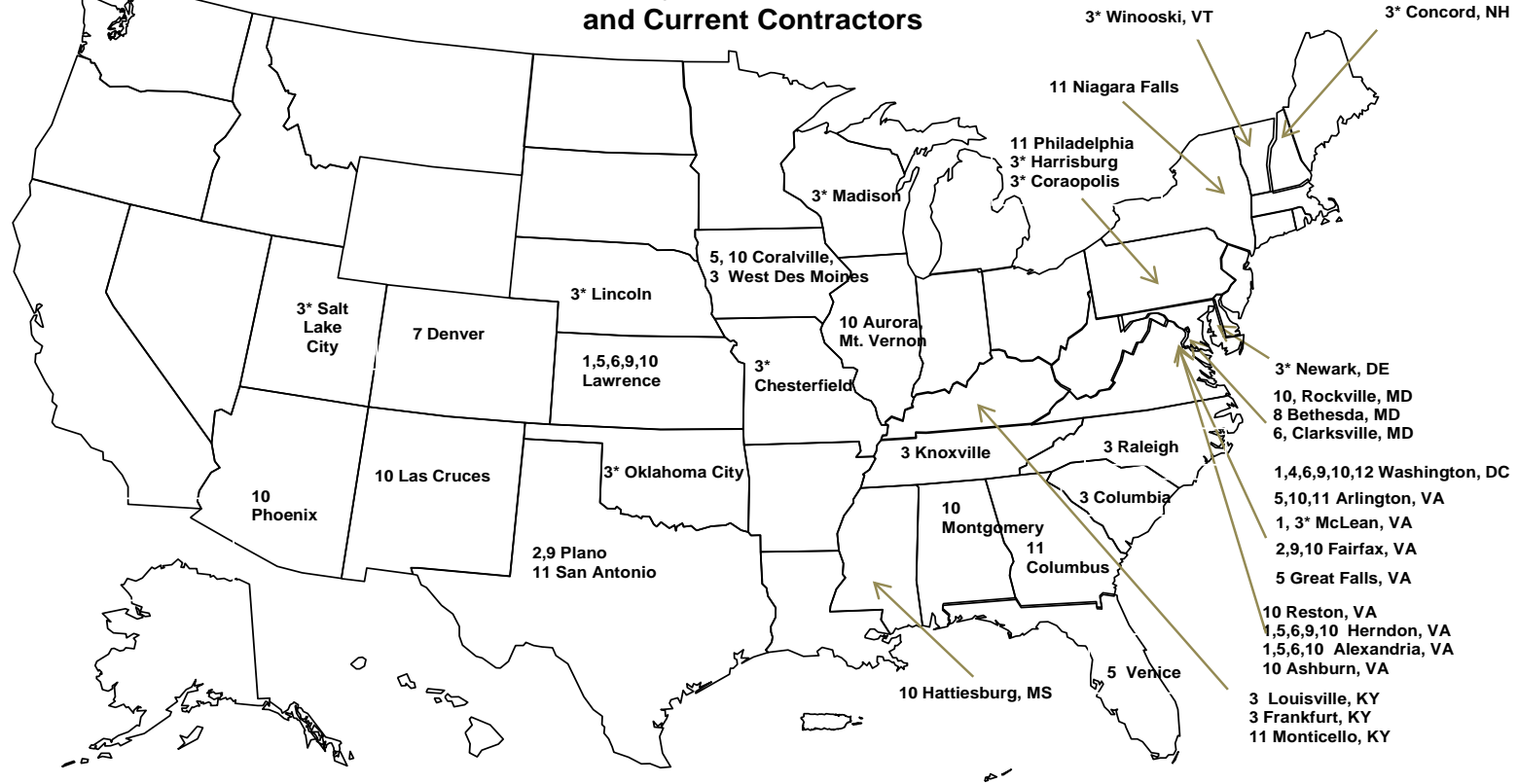
| | 2014 Actual | 2015 Estimate | 2016 Request |
|--|--------------|---------------|--------------|
| Executive level I..... | 1 | 1 | 1 |
| Executive level II..... | 2 | 3 | 3 |
| Executive level III..... | 1 | 1 | 1 |
| Executive level IV..... | 3 | 10 | 10 |
| Executive level V..... | 1 | 2 | 2 |
| Subtotal..... | 8 | 17 | 17 |
| Total - EX Salary..... | \$1,348,475 | \$2,799,675 | \$2,806,700 |
| Senior Executive Service..... | 87 | 96 | 96 |
| Subtotal - ES 1/ | 87 | 96 | 96 |
| Total - ES Salaries..... | \$14,509,425 | \$15,926,400 | \$16,010,400 |
| AL..... | 1 | 1 | 1 |
| AD..... | 165 | 165 | 176 |
| ED/EI..... | 6 | 6 | 8 |
| GS/GM-15..... | 497 | 501 | 515 |
| GS/GM-14..... | 914 | 921 | 948 |
| GS/GM-13..... | 1,084 | 1,092 | 1,124 |
| GS-12..... | 730 | 735 | 777 |
| GS-11..... | 208 | 212 | 261 |
| GS-10..... | 1 | 1 | 2 |
| GS-9..... | 139 | 146 | 182 |
| GS-8..... | 37 | 38 | 40 |
| GS-7..... | 90 | 90 | 105 |
| GS-6..... | 14 | 12 | 20 |
| GS-5..... | 18 | 16 | 32 |
| GS-4..... | 24 | 20 | 30 |
| GS-3..... | 7 | 7 | 11 |
| GS-2..... | 3 | 3 | 5 |
| GS-1..... | 0 | 0 | 1 |
| Subtotal..... | 3,939 | 3,966 | 4,237 |
| Total full-time equivalent employment, end of year..... | 4,034 | 4,079 | 4,350 |
| Full-time equivalent usage..... | 4,027 | 4,025 | 4,328 |
| Average ES salary..... | \$166,775 | \$165,900 | \$166,775 |
| Average GS/GM grade..... | 12.2 | 12.2 | 12.0 |
| Average GS/GM salary..... | \$106,535 | \$107,622 | \$107,989 |

1/ FY 2014 includes 12 FSA SES positions. FY 2015 & FY 2016 include 10 FSA SES positions.

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Department of Education Locations of Major Administrative Contracts and Current Contractors



X-15

- | | |
|---|--|
| 1 Financial Management System (FSA) | 7 Payroll/Personnel Processing Center (OM) |
| 2 EDUCATE (OCIO) | 8 Education Department Central Automated Processing Systems (EDCAPS)(OCIO) |
| 3 Loan Servicers (FSA) | 9 Virtual Data Center (FSA) |
| 4 OCR CRDC Survey (OCR) | 10 Front End Business Integration (FSA) |
| 5 National Student Loan Data System (FSA) | 11 Common Origination and Disbursement (FSA) |
| 6 Integrated Partner Management (FSA) | |

NOTE: An asterisk represents a headquarters location for loan servicing contracts. A full listing of locations can be found in the Student Aid Administration Congressional Justification.

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Report on the Budget Formulation and Execution Line of Business as Required by Division D, Section 737(d) of the Consolidated Appropriations Act, 2008, P.L. 110-161

The U.S. Department of Education assumed the role as the first Managing Partner for the Budget Formulation and Execution Line of Business (BFELoB) in the fall of 2006. The focus of the BFELoB is to build a “budget of the future” by promoting information-sharing across Government Agency budget offices, as well as building a “community of practice.” Through this collaboration, the budget community has been identifying best practices for all aspects of budget formulation and execution. The BFELoB strives to find solutions linking budget formulation, execution, planning, performance, and financial management information.

Goals of the BFELoB include improvement and enhancements of:

- the efficiency and effectiveness of Agency and central processes for formulating and executing the Federal Budget;
- the integration and standardized exchange of budget formulation, execution, planning, performance measurement, and financial management information and activities across the Government;
- capabilities for analyzing budget formulation, execution, planning, performance, and financial information in support of decisionmaking;
- capabilities for aligning programs and their outputs and outcomes with budget levels and actual costs to institutionalize budget and performance integration; and
- the efficiency and effectiveness of the Federal budgeting workforce.

BFELoB anticipates 10-year savings of over \$200 million Governmentwide due to efficiencies gained through collaboration and increased use of technology. Many Agency budget offices do not have automated systems to support budget formulation and execution activities. Agencies rely on basic office software and manual processes. BFELoB’s goal is to reduce time spent by budget personnel on manual processes and increase time spent on high priority analytical activities (via increased use of technology, improved processes, and a better equipped workforce).

BFELoB is a mixed lifecycle investment. Activities and solutions under development by BFELoB workgroups are at different stages within the development lifecycle. Products under development are listed in the Objectives and Benefits table below and include implementation or projected implementation dates.

The following tables display the objectives and benefits, risks, costs, and Agency contributions to BFELoB.

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Objectives and Benefits: Technology

| Capability | Objectives and Benefits |
|---------------------------------------|---|
| Technology | |
| Collaboration | <p>Improves the efficiency and effectiveness of Government activities through the ready accessibility of information, and the ability to collaborate remotely both within an Agency (i.e., collaboration with regional and field staff) and across Federal Agencies (i.e., collaboration of each Agency with OMB and other Agencies on shared programs).</p> <p>Current products include the MAX Federal Community; secure online meeting capability; MAX Shared Desktop and MAX Calendar.</p> <p>Current Status: The MAX Federal Community, a cross-agency collaboration platform, provides increased information sharing, collaboration, and knowledge management securely across the Federal Government, as well as within each Agency. With approximately 119,000 members (up from 96,000 in February 2014), the MAX Federal Community is reportedly the largest Government-operated collaboration site. Usage is currently growing at a rate of over 1,000 users per month. Many Agencies are also using the secure MAX Shared Desktop or the secure online meeting tool allowing Agency personnel to attend meetings remotely with presentations displayed on their computer screens, and MAX survey to quickly gather and analyze information via tokenized surveys.</p> |
| Data Collection & Tracking | <p>Improves OMB and Agency efficiency and effectiveness in carrying out the numerous required budget data exercises. Benefits apply to both central budget exercises (i.e., those required of Agencies by OMB) and exercises at the departmental or Agency level (i.e., those requested by central offices of Agency regional and field offices). Agency benefits include increased data collection capabilities, reduced errors, and reduced time spent manually consolidating and publishing data.</p> <p>Current products include multiple Web-based data collection tools for central budget exercises, as well as a Web-based tool, MAX Collect, for Agency use in the collection of budget briefing and question and answer materials. Over 200 MAX Collect exercises have been utilized in the last year alone.</p> <p>Current Status: BFELoB data collection tools have already demonstrated value by automating the collection of data for dozens of centralized exercises related to the budget community for earmarks, continuing resolutions, Questions for the Record (QFRs) and across-the-board reductions. The MAX Collect tool provides even greater benefit by enabling Agency budget offices to automate their own data collection exercises. Agencies are now using the tool to facilitate a broad range of data calls and data collection exercises numbering in the hundreds.</p> |

SALARIES AND EXPENSES OVERVIEW

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| <p>Knowledge Management</p> | <p>Improves the ability of Agencies to locate and access information, increases the availability and comprehensiveness of data, and improves the ability of the budgeting community to manage the impending retirement of key personnel. Database-driven products such as the MAX Federal Community and MAX Collect enhance knowledge management capabilities by capturing “knowledge” as it is generated, simply as a by-product of these tools.</p> |
| <p>Agency Budget Formulation and Execution Tools</p> | <p>Provides a cost-effective strategy for Agencies that do not have budget formulation and execution applications, or have outdated applications, to quickly improve their effectiveness through automation. This effort encourages common and integrated solutions that are reusable Governmentwide.</p> <p>Products include the Budget Formulation and Execution Manager system (BFEM), the first shared budget formulation system by the Department of Treasury; the Departmental E-Budgeting System (DEBS), a shared offering from the Department of Labor; the Decision Matrix for budget systems evaluation (full systems evaluations); the Budget Capability Self-Assessment Tool (BC SAT); and the MAX A-11 Data Transfer and Rule Validation project, for which multiple services have gone live each year from 2011 – 2014, the most recent of which is Appendix Text capabilities rolled out in November 2014. The Decision Matrix allows Agencies to define their specific budget system requirements and evaluates the capability and maturity of six Agency and three commercial budget systems against those requirements. The Budgeting Capability Self-Assessment Tool (BC SAT) has provided several Agencies with comprehensive resource listings to further help them with strategic planning and resourcing.</p> <p>Current Status: The MAX A-11 Rule Validation team developed processes, methodologies, and standards to enable Agencies to exchange data with OMB's MAX A-11 system through the use of multiple 'services', going live with the final set of services this year for A-11 Data Entry that have greatly improved the process, eliminated large amounts of manual data entry, and enabled availability of account level information on a real-time basis. BFELoB continues to support Treasury's BFEM and Labor's DEBS systems as they provide customer Agencies with enhanced connections to OMB's MAX budget system and has been working with EPA as they finalize their budget system deployment as a potential shared service.</p> |
| <p>Analytical Tools</p> | <p>Enhances Federal capabilities for analyzing budget formulation, execution, planning, performance, and financial information. This enables more complete, thorough, and timely analysis, which will in turn provide policy decisionmakers with improved understanding of policy option impacts and alternatives.</p> <p>Current products include the MAX Analytics tool suite, which creates custom charts and graphs for analysis, and associated tools built upon the analytics core (such as MAX Calendar).</p> <p>Current Status: MAX Analytics integrates with BFELoB data collection and collaboration tools, enabling charts that update automatically as new data is entered. Agencies have been using MAX Analytics to dynamically display the results of their data collections and to transform how they use analytics to</p> |

SALARIES AND EXPENSES OVERVIEW

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| | <p>manage problems. BFELoB continues to work with Agencies to include the most relevant and useful capabilities in the tool suite. Several Agencies (OMB, DOJ, Treasury, etc.) are now utilizing MAX Analytics to drive decisionmaking based upon analysis not previously possible.</p> |
| Budget Execution and Financial Management Integration | <p>Improves the quality and integrity of information, data flows, and reporting in budget formulation and execution, especially in regard to its touch points with financial management. Identifying common business processes and data standards will form the basis for requirements for use in developing budget systems, as well as closer alignment with financial management systems. Current products include Governmentwide process maps for budget execution and budget formulation and the Web-based budget execution training module, budget formulation training module, and Appropriations Law training module.</p> <p>Current Status: The training modules are in use throughout the budget community. Over 6,000 people have taken the self-paced online training module courses, which have an estimated return on investment to date of over 4,100 percent and a savings of over \$5 million.</p> |
| Document Production | <p>Enables Agency budgeting personnel to move from clerical to analytical functions, increasing Agency analytical resource availability. Many Agency budget staff work countless hours to incorporate late-breaking policy data changes in high-visibility publications. Often, many changes must be simultaneously made in multiple documents for different stakeholders. Document production capabilities exist in Treasury and Labor's shared service budget systems, as well as in the MAX Collect Tool, and in a recently released service allowing budget personnel to develop their own reporting templates.</p> |

Objectives and Benefits: Governance

| Capability | Objectives and Benefits |
|--|--|
| Governance | |
| Program Management Office (PMO) | <p>Serves as a central coordination point for Governmentwide collaboration and sharing of technologies and processes. The PMO allows resources across Government to be leveraged for cost savings. In this way, costs are reduced, economies of scale are achieved, and risks in developing and buying Agency budget tools are reduced through a coordinated combination of approaches that include: sharing common budget formulation components, purchasing commonly used software that has been proven in multiple Agencies, and purchasing services from other Agencies.</p> <p>The PMO will support enhanced efficiency, effectiveness, quality, knowledge management, presentation, collaboration, and flexibility within the BFELoB. Currently, the PMO supports eight initiative-specific workgroups that meet on a regular basis.</p> |
| Process Improvements | <p>Allows for the development of system requirements and guidelines for tools that are modular in nature (can be used as part of any system) and available for use by multiple Agencies. Accounts for the importance of flexibility in the budgeting process and acts as a set of standards that are essential for the</p> |

SALARIES AND EXPENSES OVERVIEW

| Capability | Objectives and Benefits |
|---------------------------------------|--|
| | <p>automated exchange of budget data with Treasury and OMB, as well as Agency financial management systems.</p> <p>Current products include numerous updates to the MAX Federal Community, MAX Collect, MAX Analytics, and MAX Shared Desktop as well as implementation of MAX Authentication services at eight Agencies with work underway to support several more with “single sign-on” capabilities. We have had discussions with the Performance Management Line of Business on how we can best link up with that community to our mutual benefit and will continue to explore that relationship in the coming year.</p> |
| Service Module Standardization | <p>Encourages reusability and interoperability of budget systems across Agencies to achieve significant cost savings through a "build once, use often" philosophy. Service module registration via the PMO will help ensure that Agencies are aware of existing services so that duplicative investments are not made.</p> |

Objectives and Benefits: Human Capital

| Capability | Objectives and Benefits |
|-----------------------------|--|
| Human Capital | |
| Budget Human Capital | <p>Enhances the effectiveness of the existing budgeting workforce and encourages participation from other professions within Government, the private sector, and universities. BFELoB provides a central venue for the budget community, OPM, and the Council of Human Capital Officers to grow the appeal of Federal Budgeting as a career by combining Agency efforts to define budget career paths, core competencies, leadership development, certification programs, and sharing of ideas in areas such as succession planning, retention and recruitment.</p> <p>Products include recommendations on core competencies and proficiency levels; a Budget Career Day conference devoted to enabling budget professionals to better plan their careers while providing tools for them to do so; and training curricula for budget analysts, as well as no-cost training courses for budget staff and self-paced training modules. More are planned for the coming year.</p> <p>Current status: Thousands of Government employees have undergone no-cost training through in-class, Web-based, or facilitated online training sessions hosted by the BFELoB. Monthly panel discussions featuring an OMB and senior agency budget staff, focusing on specific budgeting related topics, have been attended by over 1,500 individuals since the Department began hosting over 3 years ago. Brownbag discussion groups focusing on a deeper understanding of budget execution and on the Budget Career Road Map have been attended by over 500 people. An indepth course focusing on Basic Budget Processes began in 2013 and has been held quarterly, with waiting lists and strong participation. The first Budget Career Day, hosted at ED in June 2014 to great reviews, provided guidance, materials and expert advice from senior budget leaders and professionals across the budget community.</p> |

SALARIES AND EXPENSES OVERVIEW

| Capability | Objectives and Benefits |
|------------|---|
| | Pilot classes were held at ED on Grants and Acquisition training for budget professionals, attended by dozens, showing promise for adoption at a wider, Governmentwide level. All of these opportunities are offered to Federal employees free of charge. |

Risks

| Type of Risk ¹ | Risk | Description | Mitigation Approach |
|---------------------------|------------|---|---|
| Other | Technology | Maintaining ability to develop and field highest quality IT services in the midst of rapid expansion of use without accompanying equal increase in available resources. | Work with product leads to encourage continued focus on quality and meeting requirements, implement updated procedures. |
| Other | Technology | Using Agile development methodologies, adequate testing is a balancing act. We need to ensure major bugs/issues are not possible through rapid/quick turnaround releases. | Dedicated resources to quality assurance and testing. |

¹ If significant risks occur, they have substantial impact on the ability of the Line of Business to succeed. Other risks, while potentially serious, may not significantly impact the Line of Business and its ability to succeed.

SALARIES AND EXPENSES OVERVIEW

Line of Business IT Costs (dollars in thousands)

| | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|---------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Planning | 516 | 437 | 655 | 100 | 125 | 125 | 116 |
| Acquisition | 714 | 904 | 810 | 355 | 335 | 350 | 375 |
| Operations & Maint. | 401 | 650 | 680 | 720 | 685 | 700 | 781 |
| Govt FTE Costs | 376 | 490 | 444 | 162 | 172 | 238 | 244 |
| | 2,007 | 2,481 | 2,589 | 1,337 | 1,317 | 1,413 | 1,516 |
| FTEs | 2 | 4 | 4 | 4 | 4 | 2 | 2 |

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|---------------------|-------------|-------------|-------------|
| Planning | 78 | 95 | 95 |
| Acquisition | 178 | 285 | 285 |
| Operations & Maint. | 919 | 1185 | 1185 |
| Govt FTE Costs | 100 | 100 | 100 |
| | 1,275 | 1,565 | 1565 |
| FTEs | 1 | 1 | 1 |

SALARIES AND EXPENSES OVERVIEW

Anticipated Contributions by Agency (dollars in thousands)

| AGENCY | FY 2014 | FY 2015 | FY 2016 |
|---|------------|------------|------------|
| Department of Agriculture | \$95 | \$95 | \$95 |
| Department of Commerce | 105 | 105 | 105 |
| Department of Defense--Military | 105 | 105 | 105 |
| Department of Education (<i>direct funds</i>) | 105 | 105 | 105 |
| Department of Energy | 105 | 105 | 105 |
| Department of Health and Human Services | 105 | 105 | 105 |
| Department of Homeland Security | 105 | 105 | 105 |
| Housing and Urban Development | 105 | 105 | 105 |
| Department of the Interior | 105 | 105 | 105 |
| Department of Justice | 105 | 105 | 105 |
| Department of Labor | 105 | 105 | 105 |
| Department of State | 105 | 105 | 105 |
| Department of Transportation | 105 | 105 | 105 |
| Department of the Treasury | 105 | 105 | 105 |
| Department of Veterans Affairs | 105 | 105 | 105 |
| US Army Corps of Engineers-Civil Works | 80 | 80 | 80 |
| Environmental Protection Agency | 75 | 75 | 75 |
| General Services Administration | 105 | 105 | 105 |
| National Aeronautics and Space Administration | 105 | 105 | 105 |
| National Science Foundation | 105 | 105 | 105 |
| USAID | 105 | 105 | 105 |
| Office of Personnel Management | 105 | 105 | 105 |
| Small Business Administration | 50 | 50 | 50 |
| Securities and Exchange Commission | 50 | 50 | 50 |
| Social Security Administration | 0 | 50 | 50 |
| Millennium Challenge Corporation | 50 | 50 | 50 |
| Broadcasting Board of Governors | 50 | 0 | 0 |
| Office of National Drug Control Policy | 50 | 50 | 50 |
| Consumer Financial Protection Board | 50 | 0 | 0 |