

**Department of Education**  
**SALARIES AND EXPENSES OVERVIEW**

**Fiscal Year 2017 Budget Request**

**CONTENTS**

	<b><u>Page</u></b>
Introduction .....	W-1
FY 2017 Budget Request .....	W-2
Participation in Governmentwide E-Government Initiatives .....	W-8
Budget Authority by Account .....	W-9
Budget Authority by Object Classification .....	W-10
Full-time Equivalent Employment by Account .....	W-11
Full-time Equivalent Employment by Office .....	W-12
Detail of Full-time Equivalent Employment .....	W-13
Organization Chart .....	W-14
Locations of Major Administrative Contractors .....	W-15
Report on the Budget Formulation and Execution Line of Business .....	W-16

## SALARIES AND EXPENSES OVERVIEW

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### 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 2017 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), for which the Department's 2017 request would provide \$15.4 billion to help approximately 24 million students in high-poverty schools make progress toward State academic standards; and \$11.9 billion for the Individuals with Disabilities Education Act Part B Grants to States to help States and school districts meet the special education needs of 6.7 million students with disabilities. Key programs also include Federal Pell Grants, which would make available \$31.0 billion in need-based grants to 7.7 million students enrolled in postsecondary institutions; and the postsecondary student loan programs, which would help provide roughly \$150 billion in new and consolidated Direct Loans to help students and families pay for college.

In addition to employees, 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](http://www.ed.gov) and [www.studentaid.gov](http://www.studentaid.gov));
- Grants payment processing; and
- Program oversight and enforcement of education laws.

One of the most pressing current management concern is cybersecurity and protecting the personally identifiable information in the Department's and its contractors' Information Technology (IT) systems. But we also strive for continuous improvement in other key management areas. Specific management priorities in the 2017 request include:

- Information technology, including improving the capability to collect educational data and a continued focus on data security;
- Financial management, including projects designed to ensure accountability for departmental assets, improve grants management, and provide better financial data to managers;
- Continuing to reduce the Department's office space footprint;

## SALARIES AND EXPENSES OVERVIEW

- Administering Pell Grants and improving the servicing of student loans;
- Use of evidence about program success and performance to inform decisionmaking and focus limited resources on programs that work, and to reform or eliminate programs that do not;
- Improving recruitment, retention, performance, and development of staff, informed by employee feedback on the Governmentwide Employee Viewpoint Survey;
- Improving the acquisition process through development of the acquisition workforce and reducing reliance on high-risk contract vehicles; and
- Continuing to improve timeliness in resolving internal and external audits.

The Department also uses an Organizational Performance Review to see what is working. Each year, offices establish priorities and rate themselves on achievements. An overall panel of executives reviews these offices, and the senior leadership finalizes ratings and gives constructive feedback.

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 2017 budget request continues to reduce spending on 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 2017 (dollars in millions)

Category	2010 Obligations	2017 Request	Percent Change from 2010
Travel	\$11.2	\$9.3	-17%
Printing	5.1	2.5	-51
Supplies	1.7	1.1	-35
Advisory and Assistance	18.6	8.2	-56
Total	36.6	21.1	-42

### FY 2017 BUDGET REQUEST

The 2017 total Salaries and Expenses discretionary budget request is \$2.315 billion, 7 percent more than the 2016 level. A summary of increases by funding account is provided on page W-9.

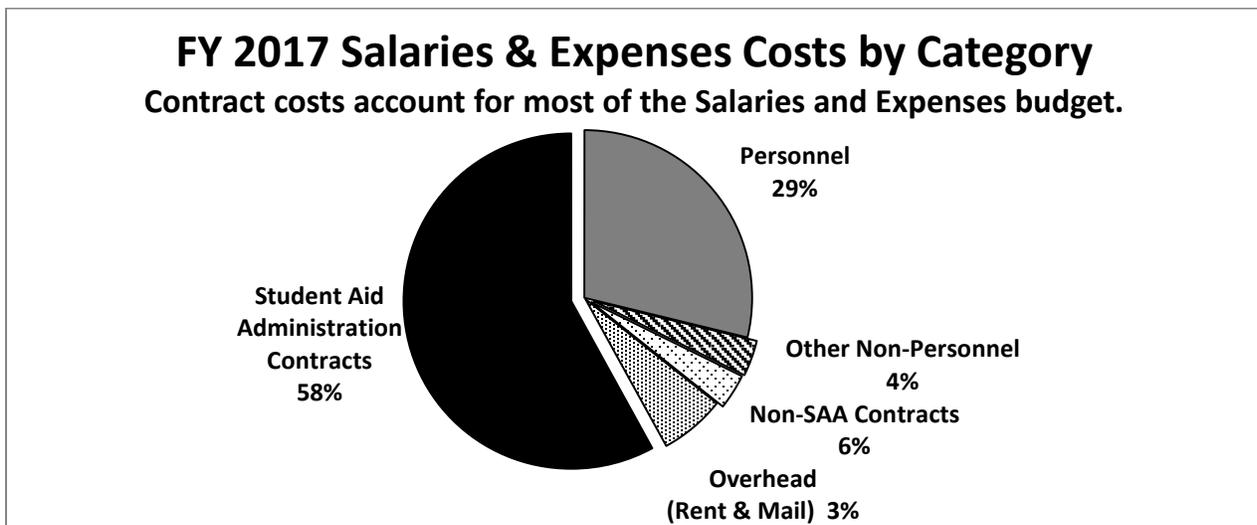
The requested 2017 increase focuses on key Departmental policy and management priorities. These include: net increase of 269 FTE; improvements to the Department's IT security to ensure the integrity of Department of Education and student loan borrower data as well as to prevent potential IT security breaches; building modernization costs necessary to implement the Department's multi-year strategy to lower rent costs by consolidating and reducing its space needs; more resources for loan servicing due to more borrowers and changes in the new loan

## SALARIES AND EXPENSES OVERVIEW

servicing contract to improve the portfolio's performance and improve the borrowers experience; costs associated with the transition from the current computer network services and Information Technology (IT) infrastructure contract (EDUCATE), which expires in November 2017, to a new contract; a proposed pay raise; and increases in benefits.

The requested 2017 increase also includes resources to implement InformED. InformED is the Department's groundbreaking effort to transform how the Department makes information available—and actionable—for internal users and for the public, building on lessons learned from the new College Scorecard. The InformED initiative would apply these lessons across the education spectrum, from early childhood to adult education. With intuitive tools for decisionmaking tailored to different audiences, new InformED “information hubs” would pull together the Department's diverse array of data and studies on a particular topic and allow open data access to unlock answers to pressing education questions and needs. The fiscal year 2017 request includes funds to support enhancements to the current College Scorecard, creation of new InformED information hubs, support for U.S. Digital Services, and the infrastructure to support open-access and data management.

The following chart provides detail on the total Salaries and Expenses request of \$2.315 billion by category.



### STAFFING AND COSTS SUMMARY

#### Staffing

The Department's programs and responsibilities have grown substantially over the past decade. Some of the growth has resulted from legislation that added responsibilities or changed requirements, including the SAFRA Act and 100 percent Direct Lending, the Workforce Innovation and Opportunity Act, the DATA Act, and the Federal Information Technology Reform Act. Carrying out the existing Higher Education Act and making sure institutions comply with regulations to protect student and taxpayer interests has meant more workload. Even the recently reauthorized Elementary and Secondary Education Act, as amended by the Every Student Succeeds Act, which consolidates some authorities and alters others, will require work to establish rules and to provide assistance to State education agencies and local education

## SALARIES AND EXPENSES OVERVIEW

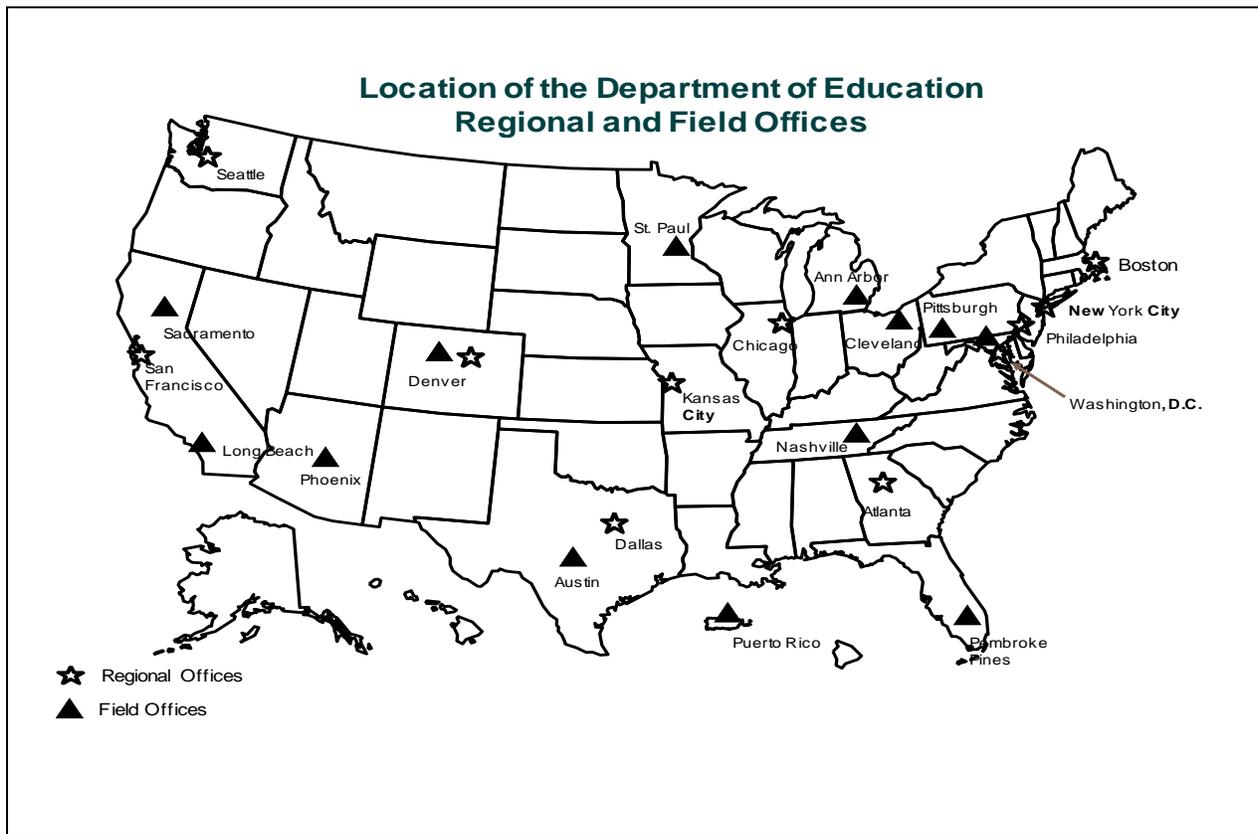
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agencies to ensure a smooth transition to and implementation of the new statute. Other workload has increased as the Department strives to improve its oversight of its programs and data. For example, the OCR has seen a surge in discrimination complaints received; OIG and other external audits have resulted in more follow up; there has been a dramatic increase in the collection, use, and analysis of data; and the Department has placed a high priority on maintaining security of data systems and focusing on prudent financial and information technology management.

The Department has been careful to ensure that all its positions are dedicated to critical missions and has reorganized its staffing to ensure that its structure matches the priorities. The FY 2017 request includes funding for 4,538 FTE to provide an adequate level of personnel to address current workload demands. Requested FTE increases include 164 FTE for the OCR, 84 FTE for Federal Student Aid (FSA), and 21 FTE for PA. Even with these increases for critical Departmental priorities, the requested FTE level for PA would still be lower than 2008.

Department employees are divided between Washington, D.C., headquarters, 11 regional offices, and 13 field offices. Most regional and field office staff are in FSA, OIG, and OCR. 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.

## SALARIES AND EXPENSES OVERVIEW



### Personnel and Non-Personnel Costs Summary

The budget request includes \$677.0 million for personnel compensation and benefits. The request is an increase of \$38.0 million from the 2016 level. Non-personnel costs cover such items as travel, rent, mail, telephones, utilities, printing, IT, contractual services, equipment, supplies, and other departmental services. The total budget for non-personnel activities in 2017 is \$1.6 billion, an increase of \$118.0 million from the 2016 level. Fifty percent, or \$59.5 million of the non-pay increase, is the result of higher Student Aid Administration servicing costs.

### 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 \$165.6 million is requested for these costs in 2017, an increase of \$27.9 million from the 2016 level. Major increases include the renovation of Department occupied buildings to help lower rent costs by reducing the overall space footprint, background investigations for additional hired employees requiring security clearances, physical security costs, and historically based cost escalations. The Department is expecting to achieve rent savings in 2017 after the Department reduces its footprint in 2016 by moving over 800 employees into smaller spaces. As a result of the move and greater reliance on telework, ED will no longer occupy space in three rented buildings. However, achieving

## SALARIES AND EXPENSES OVERVIEW

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additional annual savings of up to \$15 million by 2019 will require more significant investment in modernizing and consolidating other Department space.

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 \$129.5 million is requested, which is an increase of \$30.6 million from the 2016 level. Major increases include costs to transition to a new network services and IT Infrastructure contract, improvements to the Department's IT security to ensure the integrity of Department of Education data as well as to prevent potential IT security breaches, and development costs required to replace the Department's outdated financial management systems software.

### Improper Payments

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

For the Title IV risk-susceptible Pell grant and Direct Loan programs, the Department identifies improper payments, analyzes root causes, and annually assesses the effectiveness of its internal controls to prevent, detect, and recover improper payments. The major root causes of improper payments in the Pell Grant and Direct Loan programs are incorrect self-reporting of an applicant's income, which leads to incorrect awards based on Expected Family Contribution (EFC), incorrect processing of student data by institutions during normal operations, student account data changes not applied or processed correctly, ineligibility for a Pell Grant or Direct Loan (e.g., validity of high school attended, history of degrees obtained), satisfactory academic progress not achieved, and incorrectly calculated return records by institutions returning Title IV student aid funds. To prevent and reduce improper payments, the Department is pursuing several corrective actions.

One of the most recent significant actions of the Department is encouraging applicants to retrieve certain income information directly from the IRS with the use of the IRS Data Retrieval Tool. With just a few simple steps, applicants can view information from their IRS tax return and transfer that information directly into the Free Application for Federal Student Aid (FAFSA). Applicants who are eligible to use the IRS Data Retrieval Tool are encouraged through various messaging to use the tool. Moreover, among 2014-2015 applicants that had filed their taxes, 58 percent of independent students and 46 percent of parents of dependent students had used the IRS Data Retrieval Tool (DRT), which allows students and parents to access and automatically transfer their IRS tax return information into the FAFSA. Of those who fill out the FAFSA each year, some applicants indicate that they intend to file a tax return, but have not done so yet. These applicants must later retrieve their IRS data once they file or face verification by the school. For the 2017-18 award year, applicants will be able to complete their FAFSA using "prior-prior year" tax data. This is in contrast with the current "prior year" process where many applicants submit their FAFSAs before tax returns have been completed resulting in the need to estimate income and tax information that subsequently needs to be corrected once the tax return is filed; or waiting to complete their FAFSA until after the tax return has been filed. Also, applicants will be able to initiate their application earlier in the 2017-18 award year. The start of the FAFSA cycle for 2017-18 will change from January 1, 2017, to October 1, 2016.

## SALARIES AND EXPENSES OVERVIEW

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Use of prior-year tax data should dramatically increase the number of people who can use the automated tool and lower the potential for improper payments.

The Department also uses verification to protect against improper payments and to confirm specific information reported on the FAFSA by the applicant. Prior to the 2012-13 award year, the Department required postsecondary institutions to verify key items on up to 30 percent of their students' FAFSA forms. Schools are now required to verify all applicants that are randomly selected by the Department for verification. Annually, the Department analyzes grant recipients, student loan borrowers, and the verification selection system, and informs the financial aid community which FAFSA items are subject to verification for the upcoming award year. This annual analysis is intended to enhance verification methodology and to meet the goal of selecting applicants who are most likely to have incorrect information on their FAFSA.

In addition, Federal Student Aid's Program Compliance office works to promote accountability in the administration of Title IV student financial aid through institutional oversight and enforcement. As part of its ongoing activities, Program Compliance conducts periodic recertification of all schools' eligibility and issues loss of eligibility determinations to schools, assesses millions of dollars in final program review and final audit determinations, and debars individuals from receiving assistance or benefits from any Federal Agency as a result of financial aid fraud or other criminal convictions. Additional information on the Department's efforts to reduce and prevent improper payments in the Direct Loan Program can be found in its annual Agency Financial Report.

The Department relies on a variety of monitoring efforts to prevent, detect, 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 \$1.6 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 Department staff and grantees in resolving audits. The data analytics effort is consistent with the Office of Management and Budget (OMB) Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2CFR 200) establishes uniform cost principles and audit requirements for all Federal awards to non-Federal entities and administrative requirements for all Federal grants and cooperative agreements. Also referred to as the Uniform Guidance, it supersedes OMB circulars A-21, A-87, A-89, A-102, A-110, A-122, and A-133 and the Single Audit follow-up guidance from A-50.

## SALARIES AND EXPENSES OVERVIEW

### PARTICIPATION IN GOVERNMENTWIDE E-GOVERNMENT INITIATIVES

The Department is actively participating in a number of Governmentwide e-Government initiatives and lines of business 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 \$3.1 million in 2016, and requests \$5.4 million in 2017 for these initiatives. The request includes support for the following initiatives/lines of business:

(in whole dollars)

Initiative/Line of Business	FY 2016	FY 2017
Budget Formulation and Execution Line of Business	\$110,000	\$110,000
Enterprise Human Resource Integration	140,000	144,000
E-Rulemaking	124,000	112,000
E-Travel	172,000	172,000
Financial Management Line of Business	231,000	231,000
Geospatial Line of Business	25,000	25,000
GovBenefits.gov*	280,000	286,000
Grants.gov	544,000	428,000
Human Resource Management Line of Business	70,000	66,000
Integrated Acquisition Environment	78,000	81,000
Integrated Acquisition Environment *	1,290,000	3,594,000
Performance Management Line of Business	53,000	94,000
USAJOBS	26,000	29,000
<b>Total</b>	<b>3,143,000</b>	<b>5,372,000</b>

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.

## SALARIES AND EXPENSES OVERVIEW

### Department of Education

#### Budget Authority by Account (dollars in thousands)

ACTIVITY	2015	2016	2017 Request	Change from 2016 to 2017
Program Administration:				
Salaries and Expenses <sup>1</sup>	\$418,260	\$431,000	\$450,342	\$19,342
Building Modernization	0	1,000	24,485	23,485
Office for Civil Rights	100,000	107,000	137,708	30,708
Office of Inspector General	57,791	59,256	61,941	2,685
Subtotal, Departmental Management	576,051	598,256	674,476	76,220
Administrative costs from program accounts:				
College Housing and Academic Facilities Loans	435	435	457	22
Historically Black College and University Capital Financing	334	334	349	15
Institute of Education Sciences:				
National Assessment Governing Board	8,235	8,235	7,745	(490)
National Board for Education Sciences	275	275	276	1
Student Aid Administration:				
Salaries and Expenses	721,998	711,756	732,352	20,596
Servicing Activities	671,426	840,098	899,638	59,540
Subtotal, program accounts	1,402,703	1,561,133	1,640,817	79,684
Total, Salaries and Expenses	1,978,754	2,159,389	2,315,293	155,904

<sup>1</sup> The 2015 Appropriation for the Program Administration account excludes \$4,470 thousand transferred to the Department of Health and Human Services per Section 491 of the Workforce Innovation and Opportunity Act, P.L. 113-128. Includes \$12 thousand transferred to the account under the transfer authority included in Section 304 of the Department of Education Appropriations Act, 2015.

## SALARIES AND EXPENSES OVERVIEW

### Budget Authority by Object Classification

(dollars in thousands)

Object Class	2015	2016	2017 Request	Change from 2016 to 2017
11.10 Full-time permanent	\$451,174	\$463,654	\$491,525	\$27,871
11.31 Full-time temporary	9,874	10,733	10,622	(111)
11.32 Part-time	1,223	989	950	(39)
11.33 Consultants	657	612	615	3
11.51 Overtime	373	449	530	81
11.52 Awards	4,136	4,444	4,617	173
Compensation subtotal	467,437	480,881	508,859	27,978
12.00 Benefits	130,838	147,957	157,941	9,984
13.01 Benefits for former personnel	180	187	200	13
21.00 Travel	8,697	9,293	9,286	(7)
22.00 Transportation of things	979	226	76	(150)
23.10 Rental Payments to GSA	73,612	75,207	77,672	2,465
23.31 Communications	395	772	667	(105)
23.32 Postage/fees	469	782	783	1
Subtotal 23	74,476	76,761	79,122	2,361
24.00 Printing & Reproduction	2,458	2,477	2,495	18
25.10 Advisory and Assistance Svcs	14,158	10,862	8,169	(2,693)
25.21 Other Services	735,818	889,767	952,318	62,551
25.22 Training/Tuition/Contracts	4,564	5,272	5,740	468
25.23 Field Readers	26	10	59	49
25.30 Goods/Services from Gov't	42,489	47,298	50,877	3,579
25.40 Operations/Maint of Facilities	256	271	26	(245)
25.71 Operations/Maint of Equipment	961	1,165	1,289	124
25.72 IT Services/Contracts	491,924	480,949	515,840	34,891
Subtotal 25	1,290,196	1,435,594	1,534,318	98,724
26.00 Supplies	975	1,073	1,107	34
31.01 IT Equipment/Software	1,555	1,891	1,679	(212)
31.03 Other Equipment	204	1,325	3,910	2,585
Subtotal 31	1,759	3,216	5,589	2,373
32.00 Building Alterations	759	1,724	16,300	14,576
43.01 Interest and Dividends	0	0	0	0
Total	1,978,754	2,159,389	2,315,293	155,904
Total Pers. Comp. & Ben.	598,455	629,025	667,000	37,975
Total Non-Personnel	1,380,299	1,530,364	1,648,293	117,929

NOTE: The 2015 Program Administration Appropriation excludes \$4,470 thousand transferred to the Department of Health and Human Services per Section 491 of the Workforce Innovation and Opportunity Act, P.L. 113-128. Includes \$12 thousand transferred to the account under the transfer authority included in Section 304 of the Department of Education Appropriations Act, 2015.

## SALARIES AND EXPENSES OVERVIEW

### Department of Education

#### Full-time Equivalent Employment (Staff Years) by Account

ACCOUNT	2015	2016 Request	2017 Request	Change from 2016 to 2017
Program Administration	1,912	1,880	1,901	21
Office for Civil Rights	540	589	753	164
Office of Inspector General	236	244	244	0
Subtotal, Departmental Management	2,688	2,713	2,898	185
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	13	14	14	0
National Board for Education Sciences	1	1	1	0
Student Aid Administration				
Discretionary authority	1,375	1,537	1,621	84
Subtotal, program accounts	1,393	1,556	1,640	84
Total, FTE	4,081	4,269	4,538	269

NOTE: The 2015 level for the Program Administration account excludes \$4,470 thousand transferred to the Department of Health and Human Services per Section 491 of the Workforce Innovation and Opportunity Act, P.L. 113-128. Includes \$12 thousand transferred to the account under the transfer authority included in Section 304 of the Department of Education Appropriations Act, 2015.

## SALARIES AND EXPENSES OVERVIEW

### Department of Education

#### Full-time Equivalent Employment by Office

OFFICE	2015	2016	2017 Request	Change from 2016 to 2017
Advisory Committee on Student Financial Assistance	5	0	0	0
Career, Technical and Adult Education	68	64	67	3
Chief Financial Officer	182	178	178	0
Chief Information Officer	124	125	126	1
Civil Rights	540	589	753	164
Communications and Outreach	106	96	96	0
Deputy Secretary	40	40	40	0
Elementary and Secondary Education	232	237	237	0
English Language Acquisition, Language Enhancement, and Academic Achievement for Limited English Proficient Students	18	18	18	0
Federal Student Aid	1,272	1,413	1,497	84
General Counsel	105	119	120	1
Innovation and Improvement	93	93	93	0
Inspector General	236	244	244	0
Institute of Education Sciences	183	185	191	6
Legislation and Congressional Affairs	19	18	18	0
Management	204	205	209	4
National Assessment Governing Board	13	14	14	0
National Board for Education Sciences	1	1	1	0
Planning, Evaluation, and Policy Development	97	99	103	4
Postsecondary Education	186	183	183	0
Secretary	98	97	97	0
Special Education and Rehabilitative Services	222	212	214	2
Under Secretary	37	39	39	0
Total, FTE	4,081	4,269	4,538	269

## SALARIES AND EXPENSES OVERVIEW

### Department of Education

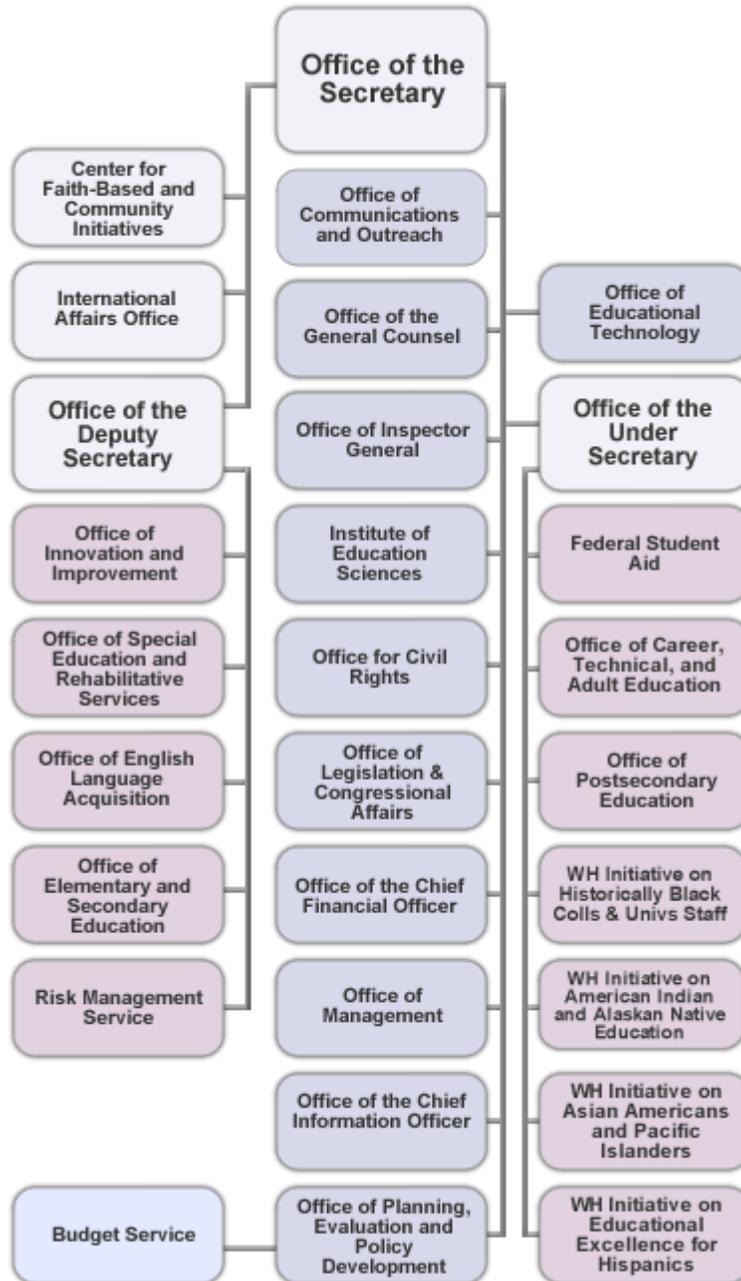
#### Detail of Full-time Equivalent Employment

	2015 Actual	2016 Estimate	2017 Request
Executive level I.....	1	1	1
Executive level II.....	1	3	3
Executive level III.....	1	1	1
Executive level IV.....	4	10	10
Executive level V.....	1	2	2
Subtotal.....	8	17	17
Total - EX Salary.....	\$1,335,850	\$2,827,775	\$2,834,800
Senior Executive Service.....	93	96	96
Subtotal - ES <sup>1</sup> .....	93	96	96
Total - ES Salaries.....	\$15,649,575	\$16,317,600	\$16,358,400
AL.....	2	1	3
AD.....	177	180	186
ED/EI.....	7	9	12
GS/GM-15.....	520	533	546
GS/GM-14.....	952	976	1,000
GS/GM-13.....	1,078	1,104	1,131
GS-12.....	779	790	811
GS-11.....	198	261	280
GS-10.....	1	2	3
GS-9.....	141	182	190
GS-8.....	37	45	48
GS-7.....	88	105	112
GS-6.....	13	20	25
GS-5.....	15	32	41
GS-4.....	25	30	35
GS-3.....	1	11	16
GS-2.....	3	5	6
GS-1.....	0	1	2
Subtotal.....	4,037	4,287	4,447
Total full-time equivalent employment, end of year.....	4,138	4,400	4,560
Full-time equivalent (FTE) usage.....	4,081	4,269	4,538
Average ES salary.....	\$168,275	\$169,975	\$170,400
Average GS/GM grade.....	12.2	12.0	12.0
Average GS/GM salary.....	\$107,670	\$109,924	\$109,496

<sup>1</sup>. FY 2015 includes 9 FSA SES positions. FY 2016 & FY 2017 include 10 FSA SES positions.

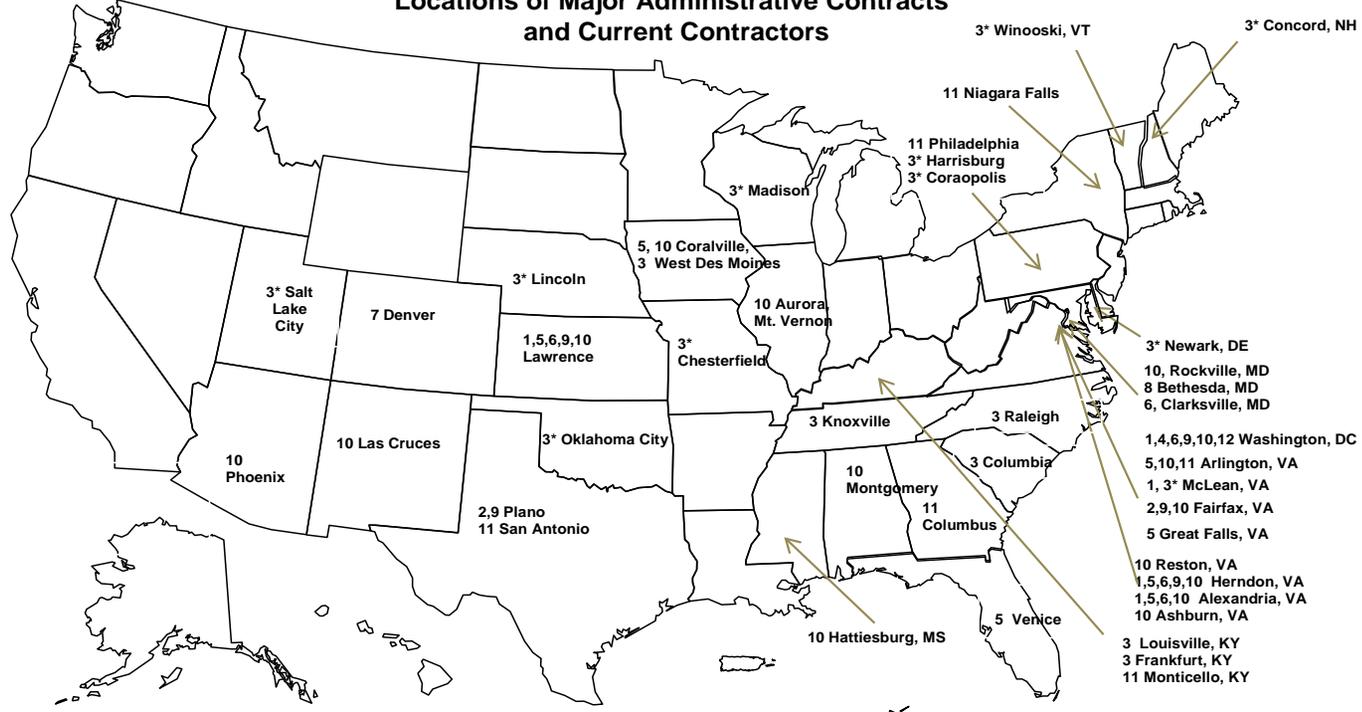
## SALARIES AND EXPENSES OVERVIEW

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NOTE: The President's Budget proposes to change the name of the Office of Elementary and Secondary Education to the Office of Early, Elementary, and Secondary Education.

**Department of Education  
Locations of Major Administrative Contracts  
and Current Contractors**



- |   |  |
|---|--|
| 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.

## SALARIES AND EXPENSES OVERVIEW

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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.

## SALARIES AND EXPENSES OVERVIEW

### Objectives and Benefits: Technology

Capability	Objectives and Benefits
<b>Technology</b>	
<b>Collaboration</b>	<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 150,000 members (up from approximately 110,000 in October 2014), the MAX Federal Community is reportedly the largest Government operated collaboration site. 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.</p>
<b>Data Collection &amp; Tracking</b>	<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. MAX Survey is a basic data collection capability also available on MAX.gov. Over 300 MAX Collect exercises have been utilized in the last year alone.</p> <p>Current Status: BFELoB data collection tools have demonstrated significant 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 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. MAX survey is used to quickly gather and analyze information via tokenized surveys.</p>

## SALARIES AND EXPENSES OVERVIEW

Capability	Objectives and Benefits
<b>Technology</b>	
<b>Knowledge Management</b>	<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>
<b>Agency Budget Formulation and Execution Tools</b>	<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’, greatly improving the process, eliminating large amounts of manual data entry, and enabling 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 have finalized their budget system deployment as a potential shared service.</p>
<b>Analytical Tools</b>	<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</p>

## SALARIES AND EXPENSES OVERVIEW

Capability	Objectives and Benefits
<b>Technology</b>	
	<p>entered. Agencies have been using MAX Analytics to dynamically display the results of their data collections and to transform how they use analytics to 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>
<b>Budget Execution and Financial Management Integration</b>	<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 6,800 people have taken the self-paced online training module courses, which have an estimated return on investment to date of over 4,750 percent and a savings of over \$5.7 million.</p>
<b>Document Production</b>	<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
<b>Governance</b>	
<b>Program Management Office (PMO)</b>	<p>Serves as a central coordination point for Governmentwide collaboration and sharing of technologies and processes. The Program Management Office (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 seven initiative-specific workgroups that meet on a regular basis.</p>

## SALARIES AND EXPENSES OVERVIEW

Capability	Objectives and Benefits
<b>Process Improvements</b>	<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 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 11 Agencies with work underway to support several more with “single sign-on” capabilities (including at the Department of Education).</p>
<b>Service Module Standardization</b>	<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
<b>Human Capital</b>	
<b>Budget Human Capital</b>	<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 2,100 individuals since the Department began hosting. 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 10 times, with waiting lists and strong participation from over 250 attendees. The Budget Career Day, hosted at ED</p>

## SALARIES AND EXPENSES OVERVIEW

Capability	Objectives and Benefits
	in June 2014 to great reviews, provided guidance, materials and expert advice from senior budget leaders and professionals across the budget community, was attended by approximately 150 individuals. 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 <sup>1</sup>	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.

<sup>1</sup> Types of risk are categorized as either significant or other. 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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Planning	\$437	\$655	\$100	\$125	\$125	\$116	\$78	\$95	\$95	\$95
Acquisition	904	810	355	335	350	375	178	285	285	285
Operations & Maint.	650	680	720	685	700	781	919	1185	1185	1185
Govt FTE Costs	490	444	162	172	238	244	100	100	100	100
	2,481	2,589	1,337	1,317	1,413	1,516	1,275	1,565	1565	1565
FTEs	4	4	4	4	2	2	1	1	1	1

## SALARIES AND EXPENSES OVERVIEW

### Anticipated Contributions by Agency (dollars in thousands)

AGENCY	FY 2015	FY 2016	FY 2017
Department of Agriculture	\$95	\$110	\$110
Department of Commerce	105	110	110
Department of Defense--Military	105	110	110
Department of Education ( <i>direct funds</i> )	105	110	110
Department of Energy	105	110	110
Department of Health and Human Services	105	110	110
Department of Homeland Security	105	110	110
Housing and Urban Development	105	110	110
Department of the Interior	105	110	110
Department of Justice	105	110	110
Department of Labor	105	110	110
Department of State	105	110	110
Department of Transportation	105	110	110
Department of the Treasury	105	110	110
Department of Veterans Affairs	105	110	110
US Army Corps of Engineers-Civil Works	80	80	80
Environmental Protection Agency	75	110	110
General Services Administration	105	110	110
National Aeronautics and Space Administration	105	110	110
National Science Foundation	105	110	110
USAID	105	110	110
Office of Personnel Management	105	110	110
Small Business Administration	50	55	55
Securities and Exchange Commission	50	55	55
Social Security Administration	0	55	55
Millennium Challenge Corporation	50	0	0
Office of National Drug Control Policy	50	55	55