

Department of Education
SALARIES AND EXPENSES OVERVIEW

Fiscal Year 2019 Budget Request

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SALARIES AND EXPENSES OVERVIEW

INTRODUCTION

The Salaries and Expenses Overview summarizes the administrative costs and staffing for all Department of Education accounts. Departmental administrative costs and full-time equivalent (FTE) employment are supported in the fiscal year 2019 budget request from funding in the following accounts:

- Program Administration (PA),
- Student Aid Administration (SAA),
- 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), and
- Institute of Education Sciences (IES).

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 fiscal year 2019 request would provide \$15.5 billion to help approximately 25 million students in high-poverty schools make progress toward State academic standards; and \$12 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 6.9 million students with disabilities. Key programs also include Federal Pell Grants, which would make available \$30.2 billion in need-based grants to 7.6 million students enrolled in postsecondary institutions; and the postsecondary student loan programs, which would provide roughly \$151 billion in new and consolidated Direct Loans to help students and families pay for college.

In addition to staff, operational activities necessary for the everyday work of the Department include expenses for:

- Facilities management, including rent for office space and guard services;
- Telephone and computer network services;
- Operation and maintenance of the Department's websites (e.g., www.ed.gov and www.studentaid.gov);
- Grants payment processing; and
- Program oversight and enforcement of education laws.

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Cybersecurity continues to be one of the most pressing management concerns. Protecting the personally identifiable information in the Department's and its contractors' Information Technology (IT) systems is critical.

The Department also strives for continuous improvement in other key management areas. Specific management priorities in the fiscal year 2019 budget request include:

- Information technology, including improving the capability to collect educational data and a continued focus on data security;
- Providing a world-class financial services experience for recipients of federal student aid, including Pell Grants and student loans;
- Financial management, including projects designed to ensure accountability for departmental assets, improve grants management, and provide better financial data to managers;
- Using evidence of program success and performance to inform decision making and focus limited resources on programs that work, and reforming or eliminating programs that do not;
- 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.

FY 2019 BUDGET REQUEST

The fiscal year 2019 Salaries and Expenses discretionary budget request totals \$2.41 billion, \$240 million, or 11.1 percent, over the fiscal year 2018 Annualized CR level. The fiscal year 2019 budget request includes a net decrease of 43 FTE. A summary of changes by funding account is provided on page W-11.

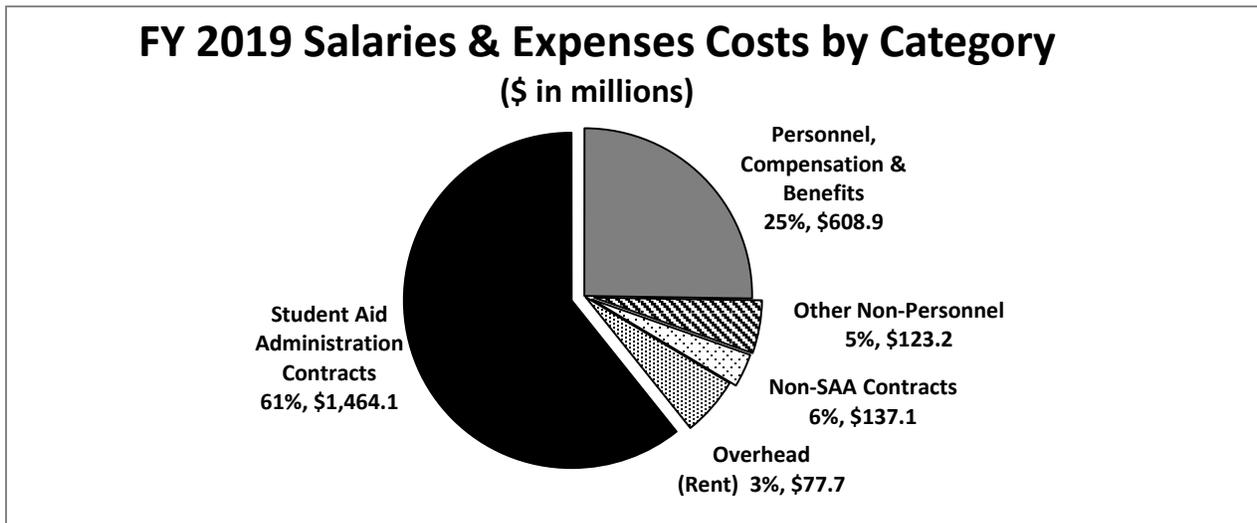
The requested fiscal year 2019 increase focuses on key departmental policy and management priorities. These include continued improvements to the Department's IT security to ensure the integrity of Department of Education data as well as to prevent potential IT security breaches; more resources for loan servicing due to the increase in the number of borrowers and the shift of existing borrowers from in-school to more expensive in-repayment statuses and costs associated with the transition to the Next Generation Processing and Servicing Environment; continual operations for student aid application processing, origination and disbursement functions, and student aid IT system hosting; and building modernization and renovation activities with a goal of reducing the Department's future rent costs by moving out of existing space.

The Budget supports Federal Student Aid (FSA) in undertaking a monumental student loan servicing upgrade. FSA is reorganizing its fragmented servicing and operating infrastructure in order to provide an innovative, world-class financial services experience for its customers. The Next Generation Financial Services Environment at FSA will start with a mobile-first, mobile-complete engagement layer for all customer interactions that will link with an integrated but nimble new system. Integrated into every aspect of this modernization effort will be state-of-the-

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art cyber security protection. The end goal of this technical reorganization and modernization effort will be to provide better service for FSA's over 40 million customers, including students and institutions, across the student loan lifecycle. The new environment will help increase awareness and understanding of Federal student aid opportunities and responsibilities, improve FSA's operational flexibility, and enhance cost and operational efficiency, producing better outcomes for students and taxpayers.

The following chart provides detail on the total Salaries and Expenses request of \$2.41 billion by category.



SUMMARY OF STAFFING AND NON-PERSONNEL COSTS

Staffing:

The Department of Education's (ED'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 Student Aid and Fiscal Responsibility Act (SAFRA) and 100 percent Direct Lending, the Workforce Innovation and Opportunity Act (WIOA), and the Federal Information Technology Acquisition Reform Act (FITARA). In addition, oversight of the Department student loan and grant programs continues to grow. The recently reauthorized Elementary and Secondary Education Act, as amended by the Every Student Succeeds Act (ESSA), will require ED to provide assistance and flexibility to states and school districts to ensure a smooth implementation of the new statute. ED's workload also has increased as ED strives to improve its oversight of its programs and data.

After the Departments of Defense, Veterans Affairs, and Health and Human Services, ED has the fourth largest discretionary budget of any federal agency. When comparing federal civilian employment in the executive branch, ED's workforce is smaller than all other Cabinet agencies. While this budget submission highlights many of the cost reducing measures that ED has already implemented, it also highlights that additional workforce reductions must be considered carefully to ensure that effectiveness will not be compromised.

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On March 13, 2017, the President signed Executive Order 13781, “Comprehensive Plan for Reorganizing the Executive Branch” (Reorganize EO), directing the Office of Management and Budget (OMB) to submit a comprehensive plan to reorganize Executive Branch departments and agencies. On April 12, 2017, OMB issued a “Memorandum for Heads of Executive Departments and Agencies” (OMB memo) providing guidance on implementing Reorganize EO.

To respond to the Executive Order (EO), ED took a number of short term steps to ensure that its positions are dedicated to mission critical work. In fiscal year 2017, ED’s budget supported 4,107 FTE. The fiscal year 2018 Annualized CR level includes funding to support 3,944 FTE.

Given the uncertainty of final fiscal year 2018 appropriation levels, ED has taken meaningful steps to achieve the FTE reduction. First, the Secretary made the decision to extend the government-wide hiring freeze until the end of fiscal year 2018, which has already resulted in a reduced workforce. ED has also taken great care to ensure that exceptions to the hiring freeze are for positions that perform or protect the most critical work and data of ED and its stakeholders. It has also prioritized positions for high performing, but less costly positions, including Presidential Management Fellows (PMFs), Pathways, and merit promotion opportunities available for GS-13s and below. Offices that have higher attrition rates than ED’s average have been prioritized in the Department’s limited hiring exception process. Additional round(s) of the hiring exception process will occur in fiscal year 2018, with exception approvals assumed to occur at rates slightly higher than the first round completed in fiscal year 2017.

In addition to the hiring freeze, ED has reduced the number of political appointees in its budget—typically about 150 FTE, including in fiscal year 2016, to 100.

ED offered a Voluntary Early Retirement Authority (VERA)/Voluntary Separation Incentive Payment (VSIP) at the beginning of fiscal year 2018 and 69 employees accepted the buyout. In general, buyout positions may be backfilled, but generally at lower grades and after a time lag to allow for fiscal year 2018 salary savings to materialize.

The Department recently reviewed several key work functions that are managed by a number of ED offices. This review will determine whether the identified functions should be consolidated, whether there were non-core, non-essential activities performed by ED staff that could be eliminated and, in conjunction with the federal property review, and whether ED could consolidate regional and Washington, D.C. building space.

ED’s Agency Reform Plan aims to improve services to the public and to strengthen the support ED provides to states, districts, and postsecondary institutions in their efforts to provide a high-quality education to all students. ED can better serve the public by providing regulatory relief, improving its decision-making processes, and identifying whether areas of duplication, inefficiency, or misalignment with mission exist.

The Department is in the process of reviewing the FTE implications associated with its Agency Reform Plan. In the interim, the Department’s budget submission assumes that a hiring freeze (with a managed exception process) continues for employees funded by the Program Administration and Student Aid Administration accounts until the end of fiscal year 2019, resulting in 56 fewer FTE from the fiscal year 2018 Annualized CR level. The Office for Civil

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Rights proposes level FTE from fiscal year 2018 to fiscal year 2019. The Office of Inspector General proposes increasing its FTE level by 13.

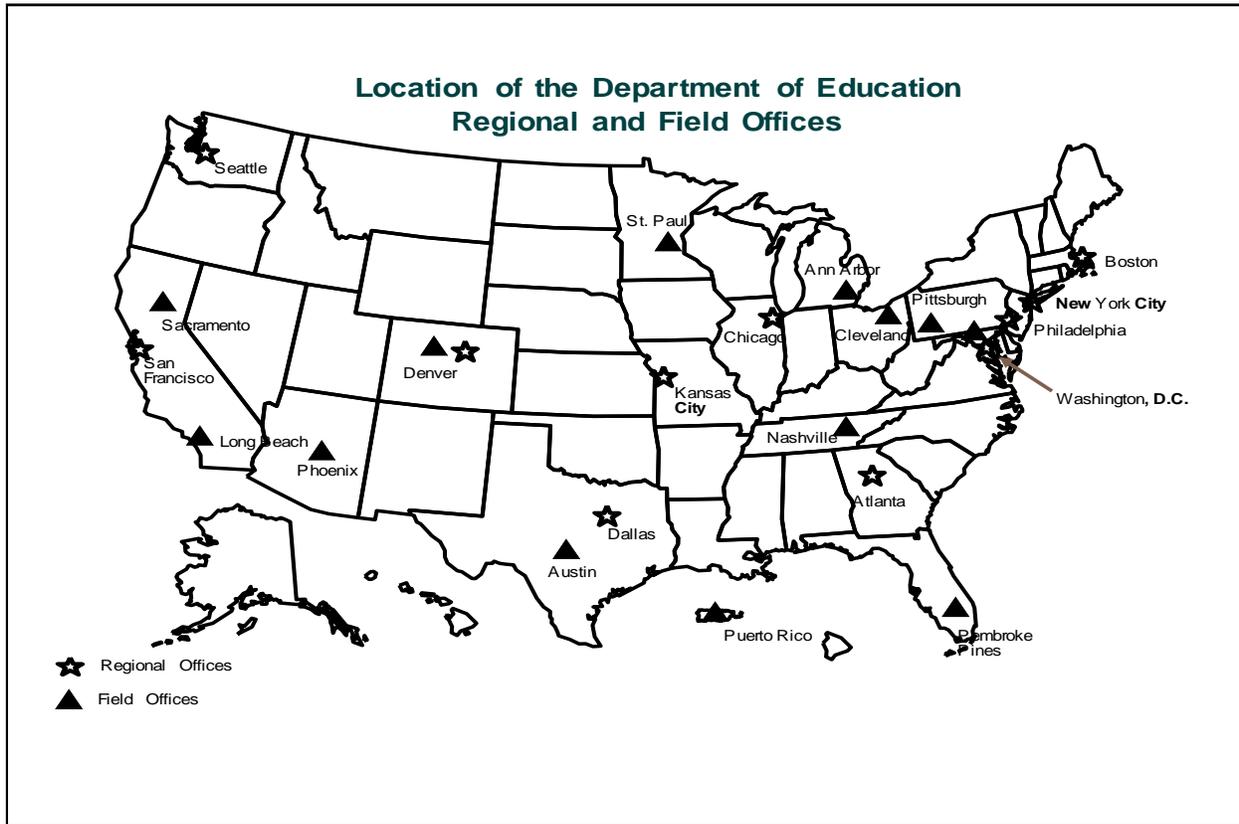
The Department’s administrative funds are approximately 1 percent of the total annual program appropriations and new loan volume administered by the Department. A 10-year history of the Department’s staffing is shown in the following chart:

**Department Full-Time Equivalent (FTE) Employment Usage
(FY 2010 – FY 2019)**

FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018 Est.	FY 2019 Est.
4,105	4,387	4,276	4,090	4,027	4,081	4,150	4,107	3,944	3,901

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 staff offices’ workload is dedicated to performing program reviews of FFEL participants including: lenders, lender servicers, guaranty agencies, and guaranty agency servicers as well as conducting program reviews of loan servicers and private collection agencies under contract to the Department. Additionally, FSA’s regional offices’ resources are focused on oversight of schools participating in the Title IV programs including: eligibility requirements for participating in the Title IV programs; program reviews of institutions’ compliance with Title IV regulations and statute; resolution of compliance audits of Title IV regulations; financial analysis of schools’ independently audited financial statements; institutional improvement assistance; and payment analysis of heightened cash monitoring. 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 Compensation and Benefits (PC&B):

The fiscal year 2019 Budget request includes \$608.9 million for PC&B, a decrease of \$6.8 million below the fiscal year 2018 Annualized CR level. PC&B includes salaries; benefits for employees, such as health premiums, and transit benefits; and awards and overtime.

Non-Personnel Costs:

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 fiscal year 2019 is \$1.802 billion, an increase of \$247.1 million over the fiscal year 2018 Annualized CR level. Thirty-one percent, or \$76.3 million, of the non-personnel increase is the result of higher Student Aid Administration loan servicing costs, which result from growth in the number of borrowers and shifts of existing borrowers from in-school to more expensive, in-repayment, statuses and costs associated with the transition to the Next Generation Processing and Servicing Environment. In addition, fifty-two percent, or \$129.6 million, of the non-personnel increase is the result of higher Student Aid Administration costs for enhancing IT security; operations for student aid application processing, origination and disbursement functions, and student aid IT system hosting; and the IRS Data Retrieval Tool.

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Departmental Centralized Services:

Departmental overhead expenses cover centralized support and administrative services for all program and staff offices. The funds are managed by the Office of Management. These services include rent to the U.S. General Services Administration (GSA), building alterations and repairs, lease renewal, training, supplies, mail, and physical security for buildings and personnel. A total of \$172.5 million is requested for these costs in fiscal year 2019, an increase of \$28.2 million over the fiscal year 2018 Annualized CR. Major increases include rent to GSA, physical security costs, payroll system, historically based cost escalations, and building modernization to reduce future rent costs by consolidating office 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 managed by the Office of the Chief Information Officer. A total of \$125.4 million is requested for fiscal year 2019.

Improper Payments:

The Department continues to focus on the integrity of its payments made, which includes assessing risks associated with improper payments and establishing effective internal controls designed to prevent, detect, reduce, and recover improper payments.

For the Title IV risk-susceptible Pell Grant and Direct Loan programs, the Department also estimates improper payment rates and analyzes the root causes of the improper payments detected. The major root causes of improper payments in the Pell Grant and Direct Loan programs are incorrect self-reporting of an applicant's income, incorrect processing of student data by institutions, 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, which include adding or strengthening relevant controls.

One of the Department's tools to reduce improper payments is to encourage applicants through varied messaging to retrieve certain income information directly from the Internal Revenue Service (IRS) with the use of the IRS Data Retrieval Tool (DRT). Applicants can view information from their IRS tax return and transfer that information directly into the Free Application for Federal Student Aid (FAFSA), mitigating the risk of improper payments resulting from incorrectly self-reported applicant income. Beginning with the 2017-18 award year, applicants were able to initiate their application earlier in the award year starting on October 1st instead of January 1st, which gives the option to complete their FAFSA using "prior-prior year" tax data, eliminating 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.

The Department also uses other verification methods to help prevent improper payments and to confirm specific information reported on the FAFSA by the applicant. Schools are required to

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verify all applicants that are selected by the Department for verification. Annually, the Department analyzes FSA's 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. In addition, FSA works to promote accuracy and accountability in the administration of Title IV student financial aid through institutional oversight, guidance, technical assistance, and enforcement. As part of its ongoing activities, the Program Compliance office conducts periodic recertification of all schools' eligibility, 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.

In July 2015, GAO published its Fraud Risk Management Framework and Selected Leading Practices. The Department has implemented a number of leading practices in fraud risk management and will continue to evaluate its program to ensure compliance. FSA continues to collaborate with OIG to receive and analyze fraud referrals and to identify potential fraud indicators for suspicious student activity. FSA has engaged contract support and established a fraud group and processes to support OIG fraud referral analysis and disposition. FSA will continue to use this analysis to inform recommendations on data analytics and identify ways to improve controls. These activities are coordinated and shared with a newly appointed Senior Advisor on Fraud within FSA's Risk Management Office. This office coordinates internal training on fraud prevention and detection as well as listening sessions with the school community on fraud trends and good practices in prevention and detection.

The Department continues to modernize the Continuous Controls Monitoring System (CCMS), an application that integrates payments analysis, case management, and reporting functions to automate and streamline the detection, recovery, and prevention of improper payments. A key objective of this initiative is development of predictive modeling to prevent improper payments to the maximum extent possible. The Department created the Payment Integrity Workgroup (PIWG) to review and validate internal controls by payment type (i.e., Payroll, Travel, Transit Benefits, Grants – Discretionary/Formula, Contracts, Government Purchase Card, and Interagency Agreements). The teams are documenting that the right controls are in place to prevent and detect improper payments and how the areas are incorporating Enterprise Risk Management (ERM) and generating ways to identify and report fraud. The workgroup is also incorporating the payment integrity checks that are generated from the CCMS as it related to the administrative areas. Finally, the Department continues to assess audit reports to identify potential areas of concern relevant to improper payments and to take appropriate action.

Continuous Diagnostics and Mitigation (CDM):

The Continuous Diagnostics and Mitigation (CDM) Program centrally managed by the Department of Homeland Security (DHS) and also implemented at the Department of Education, is intended to create a common baseline of cybersecurity capability and protection across the Federal Government. The program provides Federal Departments and Agencies with CDM-certified capabilities and tools that identify and prioritize cybersecurity risks on an ongoing basis and enable cybersecurity personnel to mitigate the most significant problems first. The CDM tools also allow Departments and Agencies to better manage their IT assets, helping to reduce their overall attack surface.

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The CDM tools provide near real-time awareness of Education's networks and environments. Data from the tools are automatically ingested into an individual dashboard at the Department. The Agency Dashboard provides current visibility into the overall organization's security posture based on a 72-hour data currency. With the full implementation of CDM, data from the individual Agency dashboards across the Federal Government will be aggregated into one Federal-level dashboard with planned synchronization every 8 hours. The Federal Dashboard is maintained by the CDM Program and allows DHS to monitor and respond to Federal cybersecurity threats and incidents quickly and efficiently.

The CDM Program is currently being implemented in four phases. Since fiscal year 2013, Congress has supported all four phases of CDM.

Historically, it has taken Agencies days or weeks to determine that cybersecurity incidents have occurred in their environment. Once fully deployed, the CDM Program will shorten this timeframe to hours and minutes.

DHS, through the CDM Program Management Office, also provides support for training and governance activities, ensuring that CDM deployments and governance activities reinforce agency responsibilities for Information Security Continuous Monitoring as identified in *OMB Memorandum 14-03: Enhancing the Security of Federal Information and Information Systems* and in the Federal Information Security Modernization Act of 2014.

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 \$5.1 million in fiscal year 2018, and requests \$5.3 million in fiscal year 2019 for these initiatives. The request includes support for the following initiatives/lines of business noted in the chart below:

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(in whole dollars)

Governmentwide E-Government Initiative/Line of Business	FY 2018	FY 2019 Request
Budget Line of Business	\$110,000	\$110,000
E-Rulemaking	101,000	138,000
Financial Management Line of Business	231,000	231,000
Geospatial Line of Business	25,000	25,000
GovBenefits.gov*	266,000	274,000
Grants.gov	392,000	322,000
Human Resource Management Line of Business	69,000	69,000
Integrated Awards Environment*	3,749,000	4,049,000
Performance Management Line of Business	80,000	80,000
USAJOBS	30,000	32,000
Total	5,053,000	5,330,000

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

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Budget Authority by Account (dollars in thousands)

ACTIVITY	2017 Appropriation	2018 Annualized CR	2019 Request	Change from 2018 to 2019
Program Administration:				
Salaries and Expenses	\$432,000	\$429,066	\$432,506	\$3,440
Building Modernization	0	0	26,751	26,751
Office for Civil Rights	108,500	107,763	107,438	-325
Office of Inspector General	<u>59,256</u>	<u>58,854</u>	<u>63,418</u>	<u>4,564</u>
Subtotal, Departmental Management	599,756	595,683	630,113	34,430
Administrative costs from program accounts:				
College Housing and Academic Facilities Loans	435	432	448	16
Historically Black College and University Capital Financing	334	332	339	7
Institute of Education Sciences:				
National Assessment Governing Board	7,745	7,692	7,745	53
National Board for Education Sciences	276	261	259	-2
Student Aid Administration:				
Salaries and Expenses	716,253	632,484	762,000	129,516
Servicing Activities	<u>860,601</u>	<u>933,662</u>	<u>1,010,000</u>	<u>76,338</u>
Subtotal, Student Aid Administration account	1,576,854	1,566,146	1,772,000	205,854
Total, Salaries and Expenses	2,185,400	2,170,546	2,410,904	240,358

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Budget Authority by Object Classification

(dollars in thousands)

Object Class	2017 Appropriation	2018 Annualized CR	2019 Request	Change from 2018 to 2019
11.10 Full-time permanent	\$464,331	\$452,931	\$446,026	-\$6,905
11.31 Full-time temporary	8,198	3,119	5,602	2,483
11.32 Part-time	989	794	794	0
11.33 Consultants	250	261	261	0
11.51 Overtime	409	438	536	98
11.52 Awards	<u>5,166</u>	<u>6,067</u>	<u>5,700</u>	<u>-367</u>
Subtotal, Personnel Comp.	479,343	463,610	458,919	-4,691
12.00 Benefits	150,767	149,796	149,484	-312
12.15 Student Loan Repayment	60	60	60	0
13.01 Benefits for former personnel	<u>200</u>	<u>2,167</u>	<u>418</u>	<u>-1,749</u>
Subtotal, Benefits	151,027	152,023	149,962	-2061
21.00 Travel	6,633	7,638	9,076	1,438
22.00 Transportation of things	1	1	1	0
23.10 Rental Payments to GSA	73,571	73,913	77,671	3,758
23.31 Communications	628	834	1,216	382
23.32 Postage/fees	<u>406</u>	<u>239</u>	<u>188</u>	<u>-51</u>
Subtotal, 23	74,605	74,986	79,075	4,089
24.00 Printing & Reproduction	1,507	1,017	1,641	624
25.10 Advisory and Assistance Svcs	8,080	6,433	10,956	4,523
25.21 Other Services	945,657	996,317	1,098,044	101,727
25.22 Training/Tuition/Contracts	4,537	5,019	5,728	709
25.23 Field Readers	59	0	0	0
25.30 Goods/Services from Gov't	63,116	64,877	87,369	22,492
25.40 Operations/Maint of Facilities	1	1	1	0
25.71 Operations/Maint of Equipment	1,496	1,488	1,491	3
25.72 IT Services/Contracts	<u>445,749</u>	<u>390,836</u>	<u>481,578</u>	<u>90,742</u>
Subtotal, 25	1,468,695	1,464,971	1,685,167	220,196
26.00 Supplies	842	957	1,168	211
31.01 IT Equipment/Software	1,810	1,737	2,041	304
31.03 Other Equipment	<u>390</u>	<u>3,056</u>	<u>1,286</u>	<u>-1,770</u>
Subtotal, 31	2,200	4,793	3,327	-1,466
32.00 Building Alterations	547	550	22,568	22,018
43.01 Interest and Dividends	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total, Budget Authority	2,185,400	2,170,546	2,410,904	240,358
Total, Pers. Comp. & Ben.	630,370	615,633	608,881	-6,752
Total, Non-Personnel	1,555,030	1,554,913	1,802,023	247,110

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Full-Time Equivalent (FTE) Employment (Staff Years) by Account

ACCOUNT	2017 Actual	2018 Annualized CR	2019 Request	Change from 2018 to 2019
Program Administration	1,753	1,648	1,615	-33
Office for Civil Rights	579	529	529	0
Office of Inspector General	<u>232</u>	<u>231</u>	<u>244</u>	<u>13</u>
Subtotal, Departmental Management	2,564	2,408	2,388	-20
FTE funded from program accounts:				
College Housing and Academic Facilities Loans	2	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	<u>1,526</u>	<u>1,517</u>	<u>1,494</u>	<u>-23</u>
Subtotal, Program Accounts	1,543	1,536	1,513	-23
Total, FTE	4,107	3,944	3,901	-43

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Full-Time Equivalent (FTE) Employment by Office

OFFICE	2017 Actual	2018 Annualized CR	2019 Request	Change from 2018 to 2019
Career, Technical and Adult Education	73	69	64	-5
Chief Financial Officer	177	172	161	-11
Chief Information Officer	118	117	110	-7
Civil Rights	579	529	529	0
Communications and Outreach	92	82	73	-9
Deputy Secretary	40	37	32	-5
Elementary and Secondary Education	214	195	180	-15
English Language Acquisition, Language Enhancement, and Academic Achievement for Limited English Proficient Students	17	15	14	-1
Federal Student Aid	1,394	1,386	1,365	-21
General Counsel	110	108	102	-6
Innovation and Improvement	73	64	58	-6
Inspector General	232	231	244	13
Institute of Education Sciences	181	166	151	-15
Legislation and Congressional Affairs	14	13	12	-1
Management	196	177	164	-13
National Assessment Governing Board	13	14	14	0
National Board for Education Sciences	1	1	1	0
Planning, Evaluation, and Policy Development	91	78	74	-4
Postsecondary Education	173	164	154	-10
Secretary*	91	122	213	91
Special Education and Rehabilitative Services	206	189	172	-17
Under Secretary	<u>21</u>	<u>15</u>	<u>14</u>	<u>-1</u>
Total, FTE	4,107	3,944	3,901	-43

NOTE: The Office of the Secretary's fiscal years 2018 and 2019 FTE levels reflect an increase of Schedule C employees (Executive Service Non-Permanent) occurring as the Administration's team arrives. Many of these employees will ultimately move to other Department offices to fill key leadership positions. Also included in the Office of the Secretary FTE levels are estimated hiring exception waiver approvals over the next 2 years that will be also moved to other Department offices as they are approved and brought on board.

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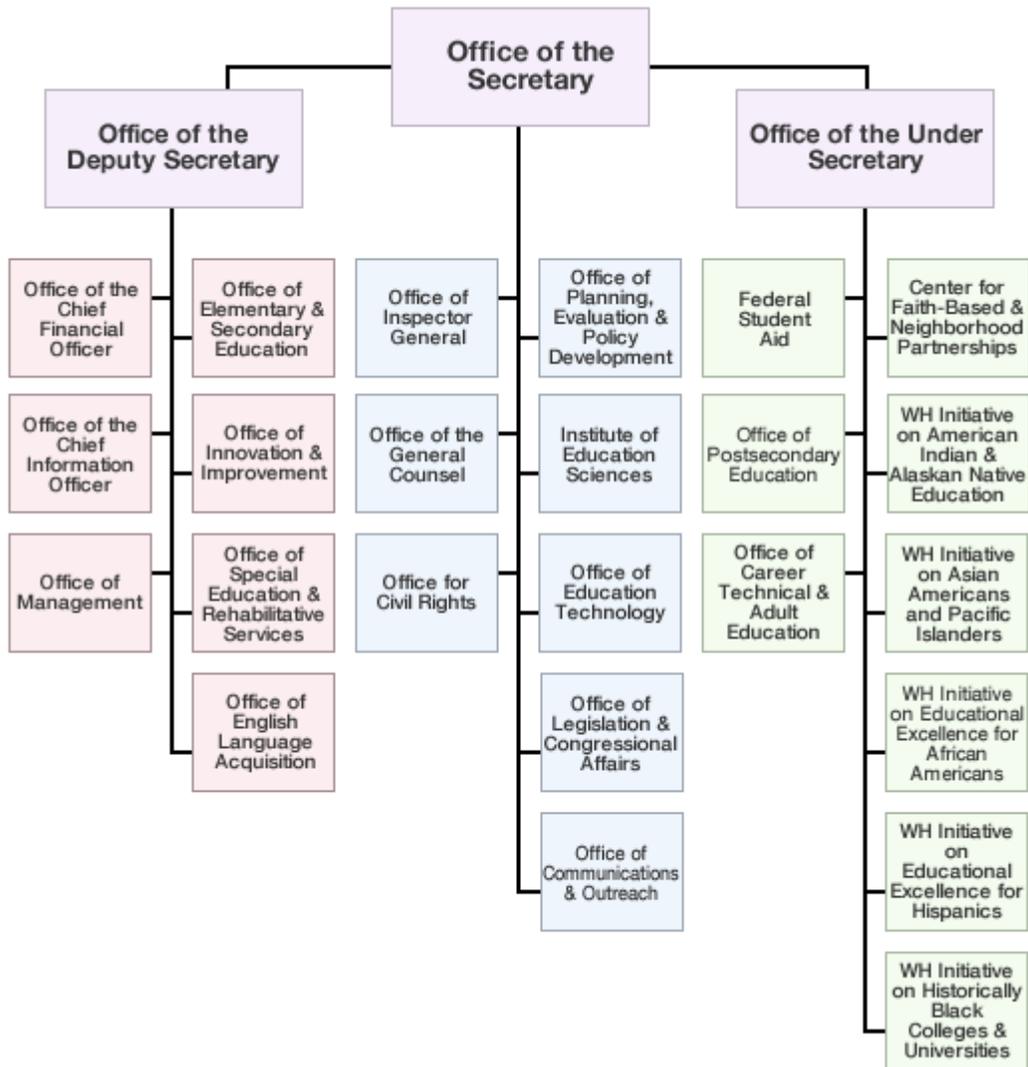
Detail of Full-time Equivalent (FTE) Employment

	2017 Actual	2018 Annualized CR	2019 Request
Executive level I.....	1	1	1
Executive level II.....	1	1	1
Executive level III.....	0	1	1
Executive level IV.....	2	2	2
Executive level V.....	0	1	1
Subtotal.....	4	6	6
Total - EX Salary.....	\$716,800	\$1,053,350	\$1,057,000
Senior Executive Service.....	82	86	86
Subtotal - ES ¹	82	86	86
Total - ES Salaries.....	\$14,077,350	\$14,955,400	\$15,007,000
AL.....	2	2	2
AD.....	173	171	170
ED/EI.....	4	3	2
GL.....	0	1	1
GS/GM-15.....	463	451	439
GS/GM-14.....	949	914	890
GS/GM-13.....	1,123	1,082	1,053
GS-12.....	711	714	702
GS-11.....	188	185	178
GS-10.....	0	0	0
GS-9.....	131	134	131
GS-8.....	32	30	28
GS-7.....	62	53	51
GS-6.....	11	12	11
GS-5.....	6	7	7
GS-4.....	15	14	13
GS-3.....	1	0	1
GS-2.....	8	4	2
GS-1.....	0	0	0
Subtotal.....	3,879	3,776	3,681
Total full-time equivalent employment, end of year.....	3,965	3,868	3,773
Full-time equivalent (FTE) usage.....	4,107	3,944	3,901
Average ES salary.....	\$171,675	\$173,900	\$174,500
Average GS/GM grade.....	12.2	12.2	12.2
Average GS/GM salary.....	\$111,735	\$114,511	\$114,628

¹ FY 2017 includes 9 FSA SES positions. FY 2018 & FY 2019 include 10 FSA SES positions.

SALARIES AND EXPENSES OVERVIEW

Operating Structure for Policy and Reporting Guidance



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



W-17

- | | |
|--|---|
| 1 Financial Management System (FSA) | 8 Education Department Central Automated Processing Systems (EDCAPS)(OCIO) |
| 2 EDUCATE (OCIO) | 9 Next Generation Data Center FSA |
| 3 Loan Servicers (FSA) | 10 Application and Eligibility Determination System, FSA Customer Contact Center, and FSA Feedback and Ombudsman System (FSA) |
| 4 OCR CRDC Survey (OCR) | 11 Title IV Origination and Disbursement System (FSA) |
| 5 National Student Loan Data System (FSA) | |
| 6 System Security Authorizations (FSA) | |
| 7 Payroll/Personnel Processing Center (OM) | |

Note: An asterisk represents a headquarters location for loan servicing contracts. Additional locations can be found in the Student Aid Administration Congressional Justification.

SALARIES AND EXPENSES OVERVIEW

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 Line of Business (BLoB) in the fall of 2006. The focus of the Budget LoB 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 Budget LoB strives to find solutions linking budget formulation, execution, planning, performance, and financial management information.

The goals of the Budget LoB are to:

- *Improve the efficiency and effectiveness of Agency and central processes for formulating and executing the Federal Budget*
- *Improve capabilities for analyzing and presenting budget, execution, planning, and financial information in support of decision making*
- *Enhance the effectiveness of the Federal budgeting workforce*

Budget LoB 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. Budget LoB’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).

Budget LoB is a mixed lifecycle investment. Activities and solutions under development by Budget LoB 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 Budget LoB.

SALARIES AND EXPENSES OVERVIEW

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 over 215,000 members (up from approximately 175,000 in Nov 2016), 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>
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. 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: BLoB 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. In recent years, the BLoB developed an add-on to MAX Collect called Collect Forms, which provides a much simpler and far more powerful user interface for collecting and reporting on data. MAX survey is used to quickly gather and analyze information via tokenized surveys.</p>

SALARIES AND EXPENSES OVERVIEW

Capability	Objectives and Benefits
Technology	
Knowledge Management	<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>
Agency Budget Formulation and Execution Tools	<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); the MAX A-11 Data Transfer and Rule Validation project; and a common Budget Office Solutions catalog. 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 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 supports 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. BLoB continues to support Treasury’s BFEM, Labor’s DEBS and EPA’s BFS systems as they provide customer Agencies with enhanced connections to OMB’s MAX budget system. The BC SAT was at the heart of transformation activities for at least one agency this past year.</p>
Analytical Tools	<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 BLoB 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

Capability	Objectives and Benefits
Technology	
	manage problems. BLoB continues to work with Agencies to include the most relevant and useful capabilities in the tool suite. Several Agencies (OMB, DOJ, DOL, etc.) are now utilizing MAX Analytics to drive decision making based upon analysis not previously possible.
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 8,900 individuals have accessed the self-paced online training module courses, which have an estimated return on investment to date of over 6,200 percent and a savings of over \$7.49 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 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 BLoB. Currently, the PMO supports seven initiative-specific workgroups that meet on a regular basis.</p>

SALARIES AND EXPENSES OVERVIEW

Capability	Objectives and Benefits
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 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 additional Agencies with “single sign-on” capabilities.</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. BLoB 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 BLoB. Regular panel discussions feature OMB or senior Agency budget staff focusing on specific budgeting related topics and have been attended by over 3,000 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 800 people. An in-depth course focusing on Basic Budget Processes began in 2013 and has been held 20 times, with waiting lists and strong participation from over 500 attendees. All of these opportunities are offered to Federal employees free of charge.</p>

SALARIES AND EXPENSES OVERVIEW

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. Engage Agencies for more participation in development, fielding, and maintenance of solutions.
Other	Management Oversight	Agency budget offices do not make use of the range of LoB products and services available to them—risk is unrealized cost avoidance/cost savings.	Develop metrics and assess tools capabilities and whether they are optimized for Agency budget office use.

¹ 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>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>	<u>2018</u>	<u>2019</u>
Planning	\$655	\$100	\$125	\$125	\$116	\$78	\$95	\$95	\$95	\$95	\$95
Acquisition	810	355	335	350	375	178	265	265	265	265	265
Operations & Maint.	680	720	685	700	781	919	1050	1050	955	1050	1050
Govt FTE Costs	<u>444</u>	<u>162</u>	<u>172</u>	<u>238</u>	<u>244</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
	2,589	1,337	1,317	1,413	1,516	1,275	1,510	1,510	1,415	1,510	1,510
FTE	4	4	4	2	2	1	1	1	1	1	1

SALARIES AND EXPENSES OVERVIEW

Anticipated Contributions by Agency (dollars in thousands)

AGENCY	FY 2017	FY 2018	FY 2019
Department of Agriculture	\$110	\$110	\$110
Department of Commerce	110	110	110
Department of Defense--Military	110	110	110
Department of Education (<i>direct funds</i>)	110	110	110
Department of Energy	110	110	110
Department of Health and Human Services	110	110	110
Department of Homeland Security	110	110	110
Housing and Urban Development	110	110	110
Department of the Interior	110	110	110
Department of Justice	110	110	110
Department of Labor	110	110	110
Department of State	110	110	110
Department of Transportation	110	110	110
Department of the Treasury	110	110	110
Department of Veterans Affairs	110	110	110
US Army Corps of Engineers-Civil Works	80	80	80
Environmental Protection Agency	110	110	110
General Services Administration	110	110	110
National Aeronautics and Space Administration	105	105	105
National Science Foundation	110	110	110
USAID	110	110	110
Office of Personnel Management	110	110	110
Small Business Administration	55	55	55
Securities and Exchange Commission	55	55	55
Social Security Administration	55	55	55
Office of National Drug Control Policy	55	55	55