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## Message From the Secretary



November 13, 2015

In December, I will be stepping down as Secretary of Education. Serving in an administration that is committed to excellence and equity for all has been the greatest honor of my life. The team at the Department is extraordinary, and I owe them enormous thanks for their dedication and sacrifice.

I am pleased to present the Department's FY 2015 *Agency Financial Report* (AFR). In this report, we share the Department's financial and performance highlights over the fiscal year ending September 30, 2015.

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

The Department's commitment to education has two primary themes that underlie all of our work: access and equity. Equality of opportunity is a core American value, and every student, regardless of race, disability, zip code, home language, gender, family income, or other factors, deserves access to the kind of quality learning that can unleash his/her full potential. Education cannot fix every barrier in a child's life, but education has always served as the engine of opportunity in this country. To that end, we are working to ensure quality teaching in every classroom; raising standards for all students; building systems to improve instruction; and significantly improving chronically low-performing schools.

### Performance Highlights

In the Department's *FY 2014–18 Strategic Plan*, our mission is defined in six strategic goals and 22 supporting strategic objectives, as well as six programmatic two-year Agency Priority Goals, which are posted on [performance.gov](http://performance.gov). The Management's Discussion and Analysis section includes a summary of the Department's performance information and describes how the Department's employees are collaborating to support the Department's mission and helping to increase access to and equity of education in the nation. The performance data are often self-reported by states and others; entities reporting the data provide assurances of the data's accuracy to the Department. In addition, the Department uses edit checks and program reviews to assess data reliability.

For those seeking additional details regarding our performance, I invite you to read our *Annual Performance Report* (APR), which will be released at the same time as the President's FY 2017 budget and Congressional Budget Justifications. The APR includes budget allocations for each strategic goal, in addition to explanation and analysis of progress, challenges and next steps, and associated metrics for each strategic objective. An appendix listing metrics by goal with information on data quality, limitations, and improvements is also included in the report. To the best of my knowledge, the summary performance data included in this AFR are complete and reliable in accordance with federal requirements.

### Financial Management

The Department is the smallest of the cabinet-level agencies in terms of staff, with some 4,100 employees, yet it has the third-largest grant portfolio among the 26 federal grant-making

organizations. Our balance sheet now exceeds \$1.1 trillion in assets, primarily from student loans. The Department had over \$1 trillion in loans outstanding at the end of the year, including new loans made in FY 2015, as well as the balances of old loans less collections of interest and principal.

Good stewardship is a management imperative and priority for our Department, and I have been assured that the financial data included in this AFR are complete and reliable in accordance with federal requirements. We received our 14th consecutive unmodified or “clean” audit opinion and no reported material internal control weaknesses. The financial report includes information and assurances about the Department’s financial management systems and controls, as well as control and compliance challenges noted by the Department and its auditors.

### **Management Challenges**

We remain committed to improved governance and better business processes. Management has worked closely with the Office of Inspector General (OIG) to gain its perspective about our most significant management and performance challenges, which are presented in the Other Information section of this report. The OIG’s review addresses five FY 2016 management challenges: improper payments, information technology security, oversight and monitoring, data quality and reporting, and information technology system development and implementation.

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

### **Outreach and Partnerships**

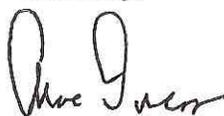
States and state-level agencies provide most of the education funding in our nation, and as a result, the Department’s role as a disseminator of information is critical. We are reaching out to our customers across many platforms, including the [ed.gov](http://ed.gov) website; blogs, such as the Department’s main blog, Homeroom; the Department’s YouTube channel; newsletters; Twitter (follow us @usedgov); and the Department’s Facebook page.

The Department is working to meet stakeholders face-to-face, through relationships with higher education communities, national organizations that represent the interests of primary and secondary education, and civil rights and advocacy organizations. Through e-mail and stakeholder forums, we and our national partners share updates with state and local affiliates.

### **Looking Ahead**

Guided by our *FY 2014–18 Strategic Plan*, available on [ed.gov](http://ed.gov) and [performance.gov](http://performance.gov), we have charted a road map for future success, and we will continue to evaluate our progress toward those goals and objectives. I am proud of the progress we are making at the Department to work to provide every student in America with a world-class education.

Sincerely,



Arne Duncan