



U.S. Department of Education FY 2015 Summary of Performance and Financial Information

U.S. Department of Education

John B. King, Jr.
Acting Secretary

February 16, 2016

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FY 2015 Summary of Performance and Financial Information:

For general layout and web design: ICF Macro

Foreword

As required by the *Government Performance and Results Act (GPRA) Modernization Act of 2010*, each federal agency must report annually on its progress in meeting the goals and objectives established by its Strategic Plan. The United States Department of Education's (the Department's) *Fiscal Year (FY) 2015 Summary of Performance and Financial Information* presents to Congress, the President, and the American people an overview of the Department's financial and performance position in FY 2015.

This year, the Department consolidated its *FY 2015 Annual Performance Report* and the *FY 2017 Annual Performance Plan* to report on its [U.S. Department of Education Strategic Plan for Fiscal Years 2014–2018](#). The Department's FY 2015 annual reporting includes these three documents:

FY 2015 Summary of Performance and Financial Information [available February 2016]

This document provides an integrated overview of performance and financial information that consolidates the *FY 2015 Agency Financial Report (AFR)* and the *FY 2015 Annual Performance Report (APR)* and *FY 2017 Annual Performance Plan (APP)* into a user-friendly format.

FY 2015 Annual Performance Report and FY 2017 Annual Performance Plan

[available February 2016]

This report is produced in conjunction with the FY 2017 President's Budget Request and provides more detailed performance information and analysis of performance results.

FY 2015 Agency Financial Report (AFR) [published November 13, 2015]

The AFR is organized into three major sections:

- The Management's Discussion and Analysis section provides executive-level information on the Department's history, mission, organization, key activities, analysis of financial statements, systems, controls and legal compliance, accomplishments for the fiscal year, and management and performance challenges facing the Department.
- The Financial section provides a Message From the Chief Financial Officer, consolidated and combined financial statements, the Department's notes to the financial statements, and the Report of the Independent Auditors.
- The Other Information section provides improper payments reporting details and other statutory reporting requirements.

All three annual reports will be available on the Department's website at <http://www2.ed.gov/about/reports/annual/index.html>.

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FY 2017 President’s Budget for the U.S. Department of Education:
<http://www2.ed.gov/about/overview/budget/budget17/index.html>

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Mission and Organizational Structure

Our Mission

The U.S. Department of Education's mission is *to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access.*

Who We Are. In 1867, the federal government formally recognized that furthering education was a national priority and created a federal education agency to collect and report statistical data. The Department was established as a cabinet-level agency in 1979. Today, the Department supports programs that address access and equity in education.

The [Department](#) engages in four major types of activities: establishing policies related to federal education funding, including the distribution of funds, collecting on student loans, and using data to monitor the use of funds; supporting data collection and research on America's schools; identifying major issues in education and focusing national attention on them; and enforcing federal laws prohibiting discrimination in programs that receive federal funds.

Our Public Benefit. The Department is committed to helping all students throughout the nation succeed in school and, in doing so, preparing them for work, life, and citizenship. While recognizing the primary role of states and school districts in providing a high-quality education, the Department supports efforts to employ effective teachers and administrators, establish challenging content and achievement standards, and monitor students' progress against those standards.

The Department's largest financial asset (and expenditure) is a portfolio of student loans. The second-biggest expenditure is student grants and other aid to help pay for college through Pell Grants, Work Study, and other campus-based programs. Grants to states based on legislated formulas are the third-largest expenditure of the Department, mostly for elementary and secondary education. The Department also administers competitive grant programs to promote innovation, performs research, collects education statistics, and enforces civil rights statutes.

Offices by Function. [Federal Student Aid \(FSA\)](#) administers need-based financial assistance programs for students pursuing postsecondary education and makes available federal grants, direct loans, and work-study funding to eligible undergraduate and graduate students.

The offices of [Elementary and Secondary Education \(OESE\)](#), [Educational Technology \(OET\)](#), [Special Education and Rehabilitative Services \(OSERS\)](#), [Innovation and Improvement \(OII\)](#), [English Language Acquisition \(OELA\)](#), [Postsecondary Education \(OPE\)](#), and [Career, Technical, and Adult Education \(OCTAE\)](#) provide leadership, technical assistance, and financial support to state and local education agencies, institutions of higher education (IHEs), adult education programs, and state vocational rehabilitation agencies for reform, strategic investment, and innovation in education and employment of youth and adults from all backgrounds and those with disabilities.

The [Institute of Education Sciences \(IES\)](#) is the research and statistics arm of the Department. The Department's goal is to provide rigorous and relevant evidence on which to ground education practice and policy and share this information broadly. By identifying what works,

what doesn't, and why, IES aims to improve educational outcomes for all students, particularly those at risk of failure. Its goal is to transform education into an evidence-based field in which decision makers routinely seek out the best available research and data before adopting programs or practices that will affect significant numbers of students.

The [Office for Civil Rights \(OCR\)](#) works to ensure equal access to education and to promote educational excellence throughout the nation through vigorous enforcement of civil rights laws. OCR serves student populations facing discrimination and the advocates and institutions promoting systemic solutions to civil rights issues.

The [Office of Planning, Evaluation and Policy Development \(OPEPD\)](#) serves as the principal adviser to the Secretary on all matters relating to policy development, performance measurement and evaluation, and budget formulation, policy, and process. The Budget Service and the Policy and Program Studies Service (PPSS) are housed within OPEPD.

The White House Initiatives. A number of committees and other groups—composed of individuals who are knowledgeable of education in elementary and secondary schools; postsecondary institutions, including community colleges; or adult education programs—assist and advise the President and the Secretary; and provide valuable guidance to the Department on policy and program issues: [Center for Faith-based and Neighborhood Partnerships](#), [White House Initiative on Educational Excellence for African Americans](#), [White House Initiative on Educational Excellence for Hispanics](#), [White House Initiative on Asian Americans and Pacific Islanders](#), [White House Initiative on Historically Black Colleges and Universities](#), and [White House Initiative on American Indian and Alaska Native Education](#).

Support Service Offices. The Department's support services offices are major partners with the grant-making and other principal offices as they provide services to external and internal customers. These offices include: Office of the Secretary; Office of the Deputy Secretary; Office of the Under Secretary; Office of the General Counsel; Office of Legislation and Congressional Affairs; Office of the Chief Financial Officer; Office of the Chief Information Officer; Risk Management Service; Office of Management; and Office of Communications and Outreach.

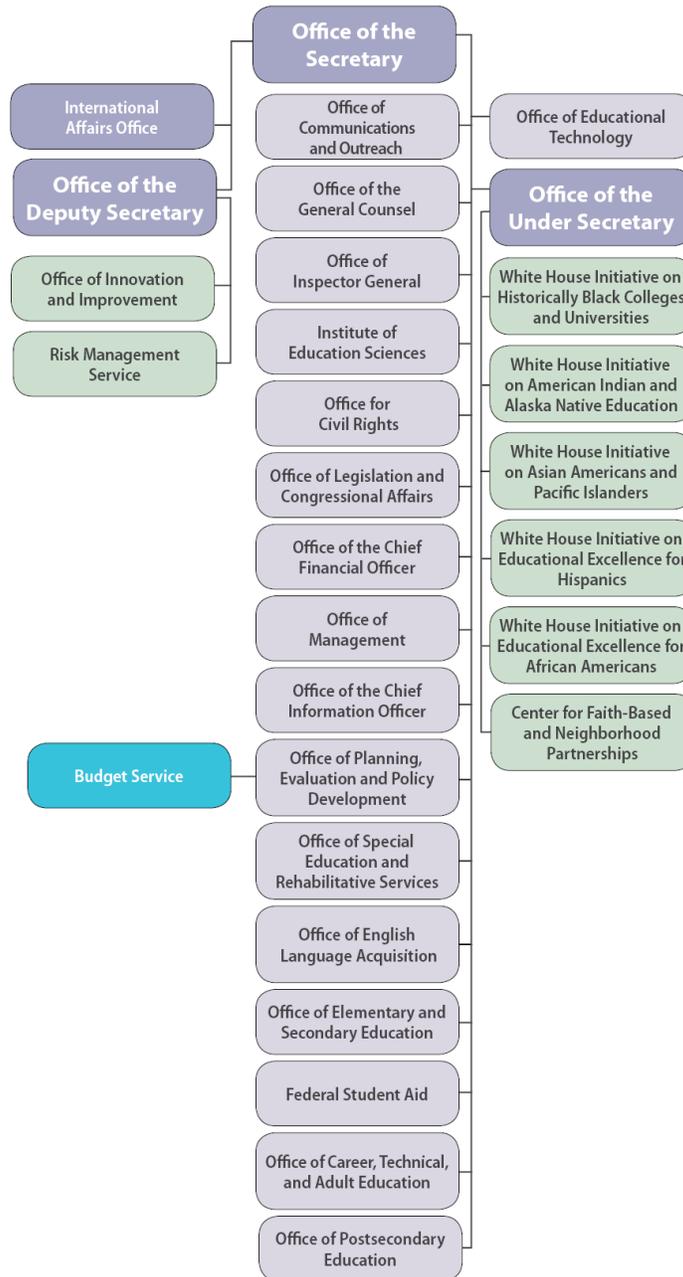
Office of Inspector General. The *Department of Education Organization Act* (P.L. 96-88) established the [Office of Inspector General \(OIG\)](#) within the Department. The OIG's mission is to promote the efficiency, effectiveness, and integrity of the Department's programs and operations by conducting independent and objective audits, investigations, inspections, and other activities.

Regional Offices. The [Department has 10 primary regional offices](#) that provide points of contact and assistance for schools, parents, and citizens. Those regional offices and certain other locations offer support through communications, civil rights enforcement, law enforcement, and federal student aid services to promote efficiency, effectiveness, and integrity in the programs and operations of the Department.

Descriptions of the [principal offices](#) and [overviews of the activities of the Department](#) and its programs can be found on the Department's website.

Our Organization in Fiscal Year 2015

This chart reflects the organizational structure of the U.S. Department of Education. [Interactive](#) and [text versions](#) of the coordinating structure of the Department are available online.



Overview

About This Report

The United States Department of Education's (the Department's) *FY 2015 Summary of Performance and Financial Information* summarizes the *FY 2015 Agency Financial Report* and the *FY 2015 Annual Performance Report (APR)* and *FY 2017 Annual Performance Plan (APP)*, providing information relative to the Department's financial reporting and performance reporting on the *FY 2014–18 Strategic Plan*.

The Department has consolidated its APR and APP to provide a more complete and meaningful picture of the Department's FY 2015 performance and plans for the 2017 fiscal year and includes trend data where available.

About the Agency Financial Report

The [FY 2015 Agency Financial Report](#) (AFR), released in November 2015, provides detailed information on the Department's financial performance and stewardship over its financial resources. Former Secretary Arne Duncan outlined accomplishments, ongoing initiatives, and management challenges for the Department in FY 2015 in [his letter published in the AFR](#).

FY 2015 Financial Highlights and Information

The [Financial Highlights](#) section of the AFR provides an overview and analysis of the Department's sources of funds and financial position, including a section on trend analysis, to depict key financial activities for FY 2015 and to identify and explain significant trends.

As an 11-time recipient of the Association of Government Accountants Certificate of Excellence in Accountability Reporting and having earned unmodified¹ (or "clean") audit opinions for 14 consecutive years, the Department remains committed to continuous improvement in its financial management, operations, and reporting.

The AFR also provides a review of the Department's [financial summary and complete financial statements](#), including required supplementary stewardship information and notes to the principal financial statements for the fiscal years ended September 30, 2015, and September 30, 2014.

Analysis of Controls, Systems, and Legal Compliance

The Department is the smallest of 15 cabinet-level agencies in terms of government staff, with approximately 4,100 employees. In contrast, it has the third-largest grant portfolio among the 26 federal grant-making organizations. To demonstrate effective stewardship of these resources, the Department has to implement effective controls over operations, systems, and financial reporting as described in the [Analysis of Controls, Systems, and Legal Compliance](#) section of the AFR.

For more information regarding compliance with the *Federal Managers' Financial Integrity Act of 1982* (P.L. 97-255) and Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Internal Control*, see the [Management Assurances](#) section of the AFR.

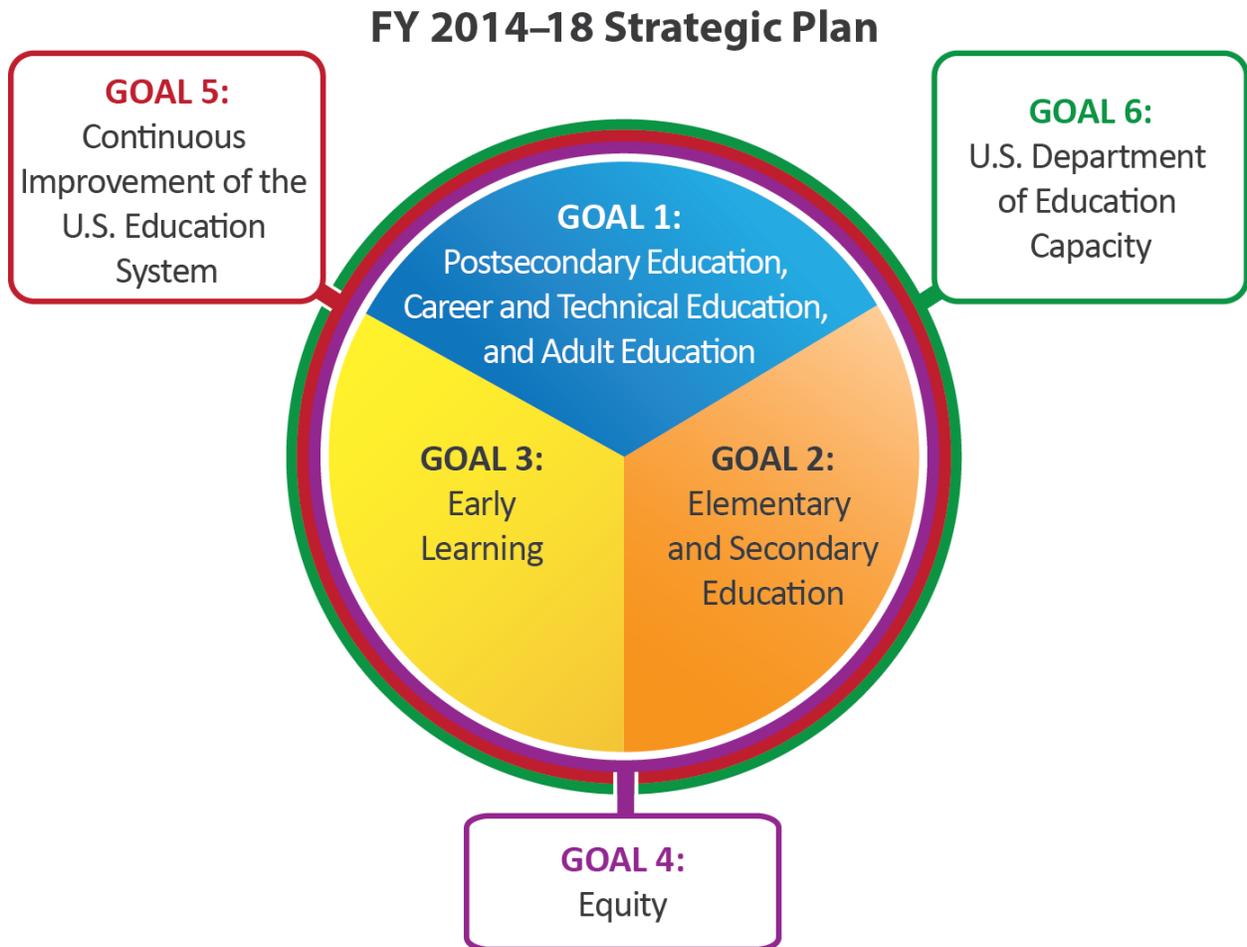
¹ "Unmodified" has the same meaning as the previous terminology, "unqualified."

Performance Results Details

Performance Management Framework

In accordance with the [GPR Modernization Act of 2010](#), the Department's framework for performance management starts with the *Strategic Plan*, including its Agency Priority Goals (APGs), which serve as the foundation for establishing long-term priorities and developing performance goals, objectives, and metrics by which the Department can gauge achievement of its stated outcomes. Progress toward the Department's *Strategic Plan* is measured using data-driven review and analysis. This focus promotes active management engagement across the Department. Additional information is available in the [Department's Annual Performance Plans and Annual Performance Reports](#).

The [FY 2014–18 Strategic Plan](#) addresses six strategic goals that influence the day-to-day work of the Department's staff. The Department continues to welcome input from Congress, state and local partners, and other education stakeholders about the *Strategic Plan*. Questions or comments about the *Strategic Plan* should be e-mailed to APP_APRComments@ed.gov.



FY 2014–18 Strategic Plan²

AGENCY MISSION

Mission: To promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access

FY 2014–18 STRATEGIC PLAN

Strategic Goals	Strategic Objectives	FY 2014–15 and FY 2016–17 APGs
<p>Goal 1: Postsecondary Education, Career and Technical Education, and Adult Education. Increase college access, affordability, quality, and completion by improving postsecondary education and lifelong learning opportunities for youths and adults.</p>	<p>Objective 1.1: Access and Affordability. Close the opportunity gap by improving the affordability of and access to college and/or workforce training, especially for underrepresented and/or underprepared populations (e.g., low-income and first-generation students, English learners, individuals with disabilities, adults without high school diplomas, etc.).</p> <p>Objective 1.2: Quality. Foster institutional value to ensure that postsecondary education credentials represent effective preparation for students to succeed in the workforce and participate in civic life.</p> <p>Objective 1.3: Completion. Increase degree and certificate completion and job placement in high-need and high-skill areas, particularly among underrepresented and/or underprepared populations.</p> <p>Objective 1.4: Science, Technology, Engineering, and Mathematics Pathways. Increase STEM pathway opportunities that enable access to and completion of postsecondary programs.</p>	<ul style="list-style-type: none"> • Increase college degree attainment in America (FY 2014–15, FY 2016–17) • Federal Student Aid Transparency (FY 2016–17)
<p>Goal 2: Elementary and Secondary Education. Improve the elementary and secondary education system's ability to consistently deliver excellent instruction aligned with rigorous academic standards while providing effective support services to close achievement and opportunity gaps, and ensure all students graduate high school college- and career-ready.</p>	<p>Objective 2.1: Standards and Assessments. Support implementation of internationally benchmarked college- and career-ready standards, with aligned, valid, and reliable assessments.</p> <p>Objective 2.2: Effective Teachers and Strong Leaders. Improve the preparation, recruitment, retention, development, support, evaluation, recognition, and equitable distribution of effective teachers and leaders.</p> <p>Objective 2.3: School Climate and Community. Increase the success, safety, and health of students, particularly in high-need schools, and deepen family and community engagement.</p> <p>Objective 2.4: Turn Around Schools and Close Achievement Gaps. Accelerate achievement by supporting states and districts in turning around low-performing schools and closing achievement gaps, and developing models of next-generation high schools.</p> <p>Objective 2.5: STEM Teaching and Learning. Increase the number and quality of STEM teachers and increase opportunities for students to access rich STEM learning experiences.</p>	<ul style="list-style-type: none"> • Support implementation of college- and career-ready standards and assessments (FY 2014–15, FY 2016–17) • Improve learning by ensuring that more students have effective teachers and leaders (FY 2014–15)

² This report addresses the Department's progress on the FY 2014–15 APGs and introduces the FY 2016–17 APGs. Quarterly updates for the APGs are available on performance.gov.

FY 2014–18 STRATEGIC PLAN

Strategic Goals	Strategic Objectives	FY 2014-15 and FY 2016-17 APGs
<p>Goal 3: Early Learning. Improve the health, social-emotional, and cognitive outcomes for all children from birth through 3rd grade, so that all children, particularly those with high needs, are on track for graduating from high school college- and career-ready.</p>	<p>Objective 3.1: Access to High-Quality Programs and Services. Increase access to high-quality early learning programs and comprehensive services, especially for children with high needs.</p> <p>Objective 3.2: Effective Workforce. Improve the quality and effectiveness of the early learning workforce so that early childhood educators have the knowledge, skills, and abilities necessary to improve young children’s health, social-emotional, and cognitive outcomes.</p> <p>Objective 3.3: Measuring Progress, Outcomes, and Readiness. Improve the capacity of states and early learning programs to develop and implement comprehensive early learning assessment systems.</p>	<ul style="list-style-type: none"> • Support comprehensive early learning assessment systems (FY 2014-15) • Increase enrollment in high-quality state preschool programs (FY 2016-17)
<p>Goal 4: Equity. Increase educational opportunities for underserved students and reduce discrimination so that all students are well-positioned to succeed.</p>	<p>Objective 4.1: Equitable Educational Opportunities. Increase all students’ access to educational opportunities with a focus on closing achievement gaps and remove barriers that students face based on their race, ethnicity, or national origin; sex; sexual orientation; gender identity or expression; disability; English language proficiency; religion; socioeconomic status; or geographical location.</p> <p>Objective 4.2: Civil Rights Compliance. Ensure educational institutions’ awareness of and compliance with federal civil rights obligations and enhance the public’s knowledge of their civil rights.</p>	<ul style="list-style-type: none"> • Ensure equitable educational opportunities (FY 2014-15, FY 2016-17)
<p>Goal 5: Continuous Improvement of the U.S. Education System. Enhance the education system’s ability to continuously improve through better and more widespread use of data, research and evaluation, evidence, transparency, innovation, and technology.</p>	<p>Objective 5.1: Data Systems and Transparency. Facilitate the development of interoperable longitudinal data systems for early learning through employment to enable data-driven, transparent decision-making by increasing access to timely, reliable, and high-value data.</p> <p>Objective 5.2: Privacy. Provide all education stakeholders, from early childhood to adult learning, with technical assistance and guidance to help them protect student privacy while effectively managing and using student information.</p> <p>Objective 5.3: Research, Evaluation, and Use of Evidence. Invest in research and evaluation that builds evidence for education improvement; communicate findings effectively; and drive the use of evidence in decision-making by internal and external stakeholders.</p> <p>Objective 5.4: Technology and Innovation. Accelerate the development and broad adoption of new, effective programs, processes, and strategies, including education technology.</p>	<ul style="list-style-type: none"> • Enable evidence-based decision making (FY 2014-15, FY 2016-17)
<p>Goal 6: U.S. Department of Education Capacity. Improve the organizational capacities of the Department to implement the Strategic Plan.</p>	<p>Objective 6.1: Effective Workforce. Continue to build a high-performing, skilled, diverse, and engaged workforce within the Department.</p> <p>Objective 6.2: Risk Management. Improve the Department’s program efficacy through comprehensive risk management, and grant and contract monitoring.</p> <p>Objective 6.3: Implementation and Support. Build Department capacity and systems to support states’ and other grantees’ implementation of reforms that result in improved outcomes, and keep the public informed of promising practices and new reform initiatives.</p> <p>Objective 6.4: Productivity and Performance Management. Improve workforce productivity through information technology enhancements, telework expansion efforts, more effective process performance management systems, and state-of-the-art leadership and knowledge management practices.</p>	

The Department's Agency Priority Goals

The Department identified six APGs for FY 2014–15 that served to focus its activities over the two-year period. These goals are consistent with the Department's five-year strategic plan, are used to monitor and report regularly on progress, reflect the Department's cradle-to-career education strategy, and help concentrate efforts on the importance of teaching and learning at all levels of the education system. Summative progress on the FY 2014–15 APGs is available on performance.gov.

Department's FY 2016–17 Agency Priority Goals

In collaboration with OMB, the Department announced its FY 2016–17 APGs. The Department will begin quarterly reporting on the following APGs in FY 2016, and the action plans for these APGs are available on performance.gov.

Increase college degree attainment in America

Increase attainment of college degrees by improving affordability, access, and student outcomes. By September 30, 2017, 48.4 percent of adults ages 25–34 will have an associate degree or higher. **(Supports Strategic Goal 1)**

Federal Student Aid transparency

Increase and enhance transparency of information about the student loan portfolio for taxpayers, researchers, and the public. The Department will publish on Federal Student Aid's Data Center at least 15 new releases of data points or other information reports in 2016 and 2017, resulting in 30 new releases by September 30, 2017. **(Supports Strategic Goal 1)**

Support implementation of college- and career-ready standards and assessments

Support implementation of college- and career-ready standards and assessments. By September 30, 2017, all states, the District of Columbia, and Puerto Rico will be implementing high-quality assessments, aligned with college- and career-ready standards. **(Supports Strategic Goal 2)**

Increase enrollment in high-quality state preschool programs

Increase the percentage of children, especially children from low-income families, enrolled in high-quality preschool programs. By September 30, 2017, the percentage of four-year old children enrolled in state preschool programs will increase to 33 percent (representing the 2015–16 school year, increasing from 29.1 percent in 2013–14 school year). By September 30, 2017, the number of state preschool programs meeting high-quality benchmarks will increase to 19 states (representing the 2015–16 school year, increasing from 15 in 2013–14 school year). **(Supports Strategic Goal 3)**

Ensure equitable educational opportunities

Improve high school graduation rates and decrease gaps in graduation rates between all students and students from low-income families, through comprehensive school and instructional improvement strategies such as the equitable distribution of effective teachers and rigorous coursework in low-income schools. By September 30, 2017, the national high school graduation rate will increase to 85 percent, and the gap in the graduation rate between all students and students from low-income families will decrease to 7.4 percent. By September 30, 2017, the number of high schools with persistently low graduation rates will decrease by 10 percent and the number of schools that do not have a gap or have decreased the gap between all students and students from low-income families by 5 percent or more will increase by 3 percent. **(Supports Strategic Goal 4)**

Enable evidence-based decision making

Increase use and generation of credible evidence on what works and what does not work in education. By September 30, 2017, the Department will increase to 20 percent the percentage of new competitive grant dollars that support evidence-based strategies. By September 30, 2017, the Department will increase by 20 the number of Department-funded project evaluations that provide credible evidence about what works in education. **(Supports Strategic Goal 5)**

Cross-Agency Priority (CAP) Goals

In accordance with the *GPR Modernization Act of 2010*, interim CAP Goals were published on performance.gov in March 2014. The CAP Goals are divided into two categories:

Mission CAP Goals	Management CAP Goals
<ul style="list-style-type: none"> • Cybersecurity • Climate Change (Federal Actions) • Insider Threat and Security Clearance Reform • Job-creating Investment • Infrastructure Permitting Modernization • Science, Technology, Engineering, and Mathematics (STEM) Education • Service Members and Veterans Mental Health 	<ul style="list-style-type: none"> • Customer Service • Smarter IT Delivery • Strategic Sourcing • Shared Services • Benchmark and Improve Mission-support Operations • Open Data • Lab-to-Market • People And Culture

Performance.gov is updated quarterly for each CAP Goal. The website includes goal statements and other information, such as lists of accountable senior leader(s) and contributing agencies. Quarterly performance updates for the website on progress will be provided by the goal leader in coordination with the Performance Improvement Council, OMB, corresponding governmentwide management council, and contributing agencies. (A-11, Part 6, 220.5)

In addition to the APGs, the Department contributes to the following four CAP Goals.

Cybersecurity Goal Statement: Improve awareness of security practices, vulnerabilities, and threats to the operating environment by limiting access to only authorized users and implementing technologies and processes that reduce the risk from malicious activity.

[A progress update through FY 2015 Q3](#) is available on performance.gov. The update further clarifies the President’s commitment and sense of urgency in addressing cybersecurity threats, which are deemed to be significant threats to national security, public safety, and economic viability, particularly given recent major data breaches, such as that which occurred at the Office of Personnel Management (OPM). In response to that incident and other threats of potential breaches, the Department participated in the White House’s “30-day sprint” to address known vulnerabilities, secure network infrastructures, and restrict access through improved authentication, among other key strategies.

The third quarter update shows substantive progress in three critical areas:

- **Information Security Continuous Monitoring**—Impactful increase in the number of *Chief Financial Officers Act of 1990* (CFO Act) agencies that met the Secure Configuration Management target;
- **Identify, Credentialing and Access Management**—Notable increase in the percentage of civilian users (privileged and unprivileged) using Personal Identification Verification cards; and
- **Anti-Phishing and Malware Defense**—Encouraging increase in the number of CFO Act agencies that met the Blended Defense target.

Customer Service Goal Statement: Deliver world-class customer services to citizens by making it faster and easier for individuals and businesses to complete transactions and have a positive experience with government.

[A progress update through FY 2015 Q4](#) is available on [performance.gov](#). The update defines the goal team and a governance plan and identifies subgoals and major actions to achieve impact. Milestones have been established for each of the four strategy areas and key indicators are in development.

Science, Technology, Engineering, and Math (STEM) Education Goal Statement: Improve STEM Education by implementing the [Federal STEM Education 5-Year Strategic Plan](#), announced in May 2013, specifically:

- Improve STEM instruction.
- Increase and sustain youth and public engagement in STEM.
- Enhance STEM experience of undergraduate students.
- Better serve groups historically underrepresented in STEM fields.
- Design graduate education for tomorrow's STEM workforce.
- Build new models for leveraging assets and expertise.
- Build and use evidence-based approaches.

[A progress update through FY 2015 Q4](#) is available on [performance.gov](#). The update highlights the formulation of a governance plan, and identifies subgoals and major strategies to achieve impact as well as key indicators for the action plan.

Service Members and Veterans Mental Health Goal Statement: Improve mental health outcomes for Service Members, Veterans, and their Families.

[A progress update through FY 2015 Q4](#) is available on [performance.gov](#). The update highlights governance plan alignment with the President's Executive Actions, and identifies subgoals and major actions to achieve impact as well as key indicators and milestones.

Additionally, the Department is a member of the Interagency Taskforce on Military and Veterans Mental Health.

Real-time information on [CAP Goals](#) is available at [performance.gov](#).

The Department's Approach to Data Collection and Analysis

In FY 2015, the Department continued to support programs to help the education system by facilitating the development of the infrastructure necessary to collect and disseminate high-value education information for the improvement of student outcomes.

EDFacts. The [EDFacts](#) system enables the consolidation of separate data collections and reduces the reporting burden for states by eliminating redundant data requests.

Statewide Longitudinal Data Systems. The [Statewide Longitudinal Data Systems \(SLDS\) grant program](#), as authorized by the *Educational Technical Assistance Act of 2002*, is designed to aid SEAs in developing and implementing longitudinal data systems. Most SLDS funds are awarded as state grants, but a portion of the funds are used for activities to improve data

quality, coordination, and use. Activities include the Education Data Technical Assistance program, the [Privacy Technical Assistance Center](#), and work on Common Education Data Standards (CEDs).

Data Strategy Team. The Department's Data Strategy Team (DST) develops and promotes coordinated and consistent data strategies among the various principal offices within the Department. The mission of the DST is to coordinate the Department's public-facing data initiatives by building cohesiveness in internal processes and data policies and by improving transparency in matters related to the Department's collection of data.

Civil Rights Data Collection. The Department collects data on key education and civil rights issues in our nation's public schools for use by OCR in its enforcement and monitoring efforts, by other Department offices, and by policymakers and researchers outside of the Department.

Enhancing Education Systems and Supports. The Department strives to leverage its data, evaluation, performance, and financial systems to meet four important aspects of its mission:

- To contribute to the Department's ability to build customer relations by providing timely responses to customer inquiries.
- To empower employees to make informed decisions by increasing their access to data.
- To increase accountability through improved financial management.
- To keep Department employees informed of the project status and ensure that all users receive proper training on the new system.

Support for the Department's Evaluations

To determine the effectiveness of programs, policies, and strategies for improving education outcomes, funding is directed toward evaluations that will yield valid, reliable, and useful information for the field. For a complete list of program evaluations and studies from Policy and Program Studies Service, in the Office of Planning, Evaluation, and Policy Development, please visit <http://www2.ed.gov/about/offices/list/oepd/ppss/reports.html>. For a complete list of evaluation studies of the National Center for Education Evaluation and Regional Assistance, in the Institute of Education Sciences, please visit <http://ies.ed.gov/ncee/projects/evaluation/index.asp>. For a list of evaluations conducted during FY 2015 and those planned through FY 2017, see [appendix E](#) of the [FY 2015 Annual Performance Report and FY 2017 Annual Performance Plan](#).

Performance Plan Summary

Looking Ahead and Addressing Challenges

The U.S. Department of Education's commitment to equity and access are at the heart of its strategic planning and reporting across the six goals in the Department's *Strategic Plan*.

Excellent Education for All

America's high school graduation rate has reached a record high, dropout rates are down, and 1.1 million more Black and Hispanic students are attending college than in 2008, according to [new National Center for Education Statistics data](#).

As a nation, America must accelerate that pace of change because today:

- a quarter of high schools with the highest percentage of African-American and Latino students do not offer Algebra II, and a third do not offer chemistry;
- about 40 percent of school districts do not offer preschool programs; and
- we have [far too many](#) students of color, primarily boys, being suspended and expelled from school.

The Department's work will not be done until it ensures that the opportunity for a high-quality education is not just a possibility, and not just a promise, but a reality for the nation's citizens. Going forward, the Department will build on priorities that are in place:

- state-driven accountability that demands progress for all children;
- increased access to high-quality early education for children from low-income families;
- more flexibility for state decision-making;
- more support for principals and teachers to apply high standards to practice;
- reforming career and technical education in high schools and community colleges; and
- reforming and simplifying the application process for student aid to help drive college affordability and completion.

The reauthorization of the *Elementary and Secondary Education Act of 1965* (ESEA) by the *Every Student Succeeds Act* (ESSA) will impact many of the Department's activities, but plans for implementation are being developed. Through the transition to the ESSA, the opportunities that remain to help improve the education system for citizens are a constant and essential source of motivation and urgency to do even more to improve America's education system. Accomplishing the Department's strategic goals will require strong coordination and collaboration from Department staff working with partners at the federal, state, and local levels, including representatives from Congress; federal, state, and local agencies; school districts; and schools.

Management Priorities and Challenges

The Department continues to make notable progress in capacity and infrastructure in support of mission delivery. Year after year, the Department has demonstrated its commitment to employees through investments in technology innovation and cybersecurity, by transforming the

human resources systems and hiring processes, introducing helpful tools, and updating policies and procedures. Delivering on Goal 6 of the *Strategic Plan* is critical to achieving the other mission-focused goals. The continuing challenge, however, is in converting and applying increased and improved capacity in ways that help the Department overcome its longstanding management challenges, particularly in IT security and management, as well as in the administration and delivery of the student financial aid system.

The recent data breach at OPM in FY 2015 reiterated that agencies need to continue working towards cybersecurity. While the Department has focused significant resources toward the governmentwide “sprint” exercises and other strategic assessments of the Department’s IT security posture, critical work remains to be done. Numerous and continuous efforts are underway across the government and the Department to secure critical infrastructure and valued assets. To address noted areas of concern and vulnerability, key actions have resulted in the enhancement and increase of two-factor authentication as a requirement for accessing Departmental systems and peripherals. Additionally, there has been an intentional campaign to significantly decrease the number of privileged user accounts that are activated. Finally, the Department’s Chief Information Office continues to aggressively educate and test employees to help protect against phishing and other known schemes aimed at extracting personally identifiable information or other valuable data, and is helping other partners who must regularly or intermittently access and utilize our systems as well.

The Department continues to enhance its hiring, staffing, training, and culture. Following efforts begun in FY 2014, the Department has streamlined hiring, and bolstered employee and labor relations and human capital policy development. OHR has introduced innovative strategies to expand the hiring tools used by managers, which reduced the time to hire, and allowed the team to focus on other critical customer issues and capacity concerns. For example, the Department’s human resource team is producing much-needed policy guidance at a faster rate than in the previous three years—publishing pivotal guidance, such as those related to the telework program, alternative work schedules, and the merit promotion plan—a clear result of improved staff technical and leadership capability.

In FY 2015, the Department launched an agencywide campaign to address employee engagement in each of the Department’s offices. The campaign included employee engagement planning, a roadmap of essential and best practices, and support from top-level management in each office. Additionally, the Department met OPM’s newly mandated performance standard, with every senior executive addressing employee engagement as a part of their annual performance agreement. Final participation rates resulting from the 2015 OPM Federal Employee Viewpoint Survey show significant gains in this area, with a 73 percent survey response rate—3 percent above the Department’s target—and over 9 percentage points more than the 2014 response rate.

The Department’s efforts to reduce significantly its real estate “footprint” and space inventory will have a major impact on management and culture. While reduction of the overall square footage is the primary goal, this is a long-term endeavor and the Department recognizes that it must manage several other indirect dependencies that can derail the expected progress. However, as noted above, the Department has made significant progress toward the first phase of its headquarters building modernization and is completing plans to effect the move of two regional offices from more expensive leased space to less expensive federally owned space.

Other elements critical to sound management are showing positive trends and results as well. The Department reduced the cost of managing accounts receivables by outsourcing the management of most of that portfolio to a federal shared service provider, significantly reducing

the cost per transaction. The Department recently launched a new initiative to migrate to 100 percent electronic vendor invoicing by FY 2018, which will both improve customer service and significantly reduce the internal processing costs of invoices. The Department's percent of compliance with contractor performance reporting requirements is the best in government, currently over 98 percent. To put these numbers in greater context, this performance ranks the Department as one of only four agencies that have compliance rates of 90 percent or more.

These efforts, taken as a whole, are positioning the Department to benefit from and leverage continuous improvement to increase its overall capacity, protect its assets, and support its employees.

Data Verification and Validation

The *GPRA Modernization Act of 2010* requires agencies to prepare information on the reliability of data presented. OMB guidance indicates:

Agencies may develop a single data verification and validation appendix used to communicate the agency's approaches, and/or may also choose to provide information about data quality wherever the performance information is communicated (e.g., websites).³

The full data verification and validation summary and a high-level assessment of the completeness and reliability of the data presented are provided in [appendix A](#) of the [FY 2015 Annual Performance Report and FY 2017 Annual Performance Plan](#) (FY 2015 APR-FY 2017 APP).

Reporting on Progress

The Department continues to use quarterly performance reviews, targeted strategic initiatives, and outreach to leaders and stakeholders to assess progress and garner engagement toward achieving strategic goals and outcomes. Additionally, the Organizational Performance Review contributes to the Department's compliance with the *GPRA Modernization Act of 2010* by informing data-driven performance discussions, and serving as a tool for principal offices to improve their efficiency and effectiveness through operational and administration priorities and initiatives at the principal office level.

To support the tracking and reporting of progress against the goals and objectives, the Department provides regular updates to its data profile on performance.gov. The effective implementation of the Department's *Strategic Plan* will depend, in part, on the effective use of high-quality and timely publicly reported data throughout the lifecycle of policies and programs.

In addition, the Department's success in achieving its strategic goals is closely tied to its capacity and funding. In addressing capacity, the Department has increased investment in the continuous improvement of its workforce, adding more resources for workforce management and development. An emerging federal emphasis on enterprise risk management has contributed to the Department seeking to employ comprehensive risk management to ensure prudent use of public dollars by mitigating risk through increased oversight and support of grantees and contractors as well as in its general operations.

³ OMB Circular A-11, *Preparation, Submission, and Execution of the Budget*, Part 6, Section 260.9, 2014.

Continuous improvement rests on ongoing cycles of assessing performance, examining data, and employing lessons to improve practices. Creating a culture of continuous improvement is at the heart of the Department's efforts to partner with and support educators, administrators, and policy makers, but with the main intent to see better performance results overall. The Department is committed to doing its part to bring innovative ideas, convening influence, and any other resources that will help achieve the outcomes that matter most to its stakeholders.

Below is a summary table depicting data relevant to the Department's *Strategic Plan* Goals and Objectives. For additional information on how the Department assesses the completeness and reliability of the data, including known limitations and performance goals changed or dropped since publication of the prior Annual Performance Plan, please see appendices [A](#) and [B](#) in the FY 2015 APR-FY 2017 APP.

Summary Data Table

U.S. Department of Education Indicators of Success	Baseline	Actuals			Current Year Target	Current Year Results	Actual-to-Target 2015		Out-Year Targets		Trend Line (Actuals)
		2013	2014	2015	2015		Missed	Exceeded	2016	2017	
1.1.A. Rate of increase in net price of public four-year institutions ⁴	AY: 2010–11 1.7%	AY: 2010–11 1.7%	AY: 2011–12 3.1%	AY: 2012–13 0.6%	AY: 2012–13 1.3%	MET	<p>1.1.A</p>		NA	NA	
New Metric: Federal student loan delinquency rate	FY: 2015 21.7%	NA	FY: 2014 24.0%	FY: 2015 21.7%	NA	NA			+/- 3–5% over prior year's actuals	+/- 3–5% over prior year's actuals	
1.1.B. Rate of increase in net price of public two-year institutions ⁵	AY: 2010–11 1.7%	AY: 2010–11 1.7%	AY: 2011–12 3.2%	AY: 2012–13 0.1%	AY: 2012–13 1.3%	MET	<p>1.1.B</p>		NA	NA	

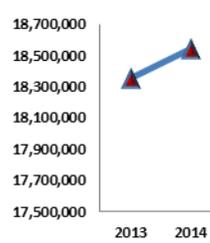
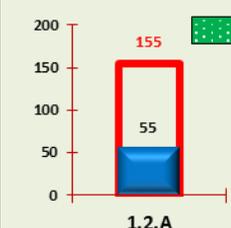
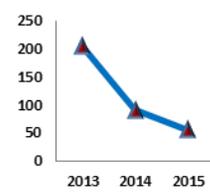
⁴ Metric being removed at the end of the FY 2015 reporting period and being replaced with the metric identified as “New Metric” directly below it. If there is no corresponding “New Metric” identified, new metric TBD. Please refer to [appendix B of the FY 2015 APR-FY 2017 APP](#) for details pertaining to the removal and addition of metrics. The proposed FY 2016 and 2017 targets for the metric being removed were 1.1% and 0.9%, respectively.

⁵ Metric being removed at the end of the FY 2015 reporting period and being replaced with the metric identified as “New Metric” directly below it. If there is no corresponding “New Metric” identified, new metric TBD. Please refer to [appendix B of the FY 2015 APR-FY 2017 APP](#) for details pertaining to the removal and addition of metrics. The proposed FY 2016 and 2017 targets for the metric being removed were 1.1% and 0.9%, respectively.

U.S. Department of Education Indicators of Success	Baseline	Actuals			Current Year Target	Current Year Results	Actual-to-Target 2015		Out-Year Targets		Trend Line (Actuals)
		2013	2014	2015	2015		Missed	Exceeded	2016	2017	
New Metric: Web traffic to the College Scorecard (as measured by unique visitors annually)	FY: 2015 91,011 (Excluding new Scorecard launch on Sept. 12, 2015)	NA	NA	91,011	NA	NA			1,500,000	1,800,000	
New APG Metric: Number of data points or other information reports released on the FSA Data Center ⁶	FY: 2009–2014 12	NA	NA	12	NA	NA			15	30	
1.1.C. Percentage of high school seniors filing a FAFSA	SY: 2012–13 59.2%	SY: 2012–13 59.2%	SY: 2013–14 60.1%	SY: 2014–15 60.5%	SY 2014–15 59.1%–61.1%	MET			+/- one percentage point of prior year's actuals	+/- one percentage point of prior year's actuals	
1.1.D. Index of national aggregate annual earnings of VR consumers (based on the number of competitive integrated employment outcomes, hours worked, and hourly wages of VR consumers)	FY: 2010 \$57,971,317	\$61,824,728	\$61,800,214 ⁷	TBD Data available Q1 FY16	\$64,322,447	TBD	TBD		\$65,608,896	\$66,921,074	

⁶ Metric is aligned with an Agency Priority Goal (APG).

⁷ Metric reported as TBD in the FY 2014 APR-FY 2016 APP. 2014 actuals show the 2014 target was **“Not Met.”**

U.S. Department of Education Indicators of Success	Baseline	Actuals			Current Year Target	Current Year Results	Actual-to-Target 2015		Out-Year Targets		Trend Line (Actuals)
		2013	2014	2015	2015		Missed	Exceeded	2016	2017	
1.1.E. Index of national aggregate annual earnings of Transition-Age Youth (based on the number of competitive integrated employment outcomes, hours worked, and hourly wages of VR Transition-Age Youth)	FY: 2010 \$15,971,665	\$18,353,441	\$18,540,576 ⁸	TBD Data available Q1 FY16	\$19,094,920	TBD	TBD		\$19,476,818	\$19,866,354	
1.2.A. Number of low-performing institutions with high loan default rates and low graduation rates ⁹	AY: 2010–11 205	AY: 2010–11 205	AY: 2011–12 91	AY: 2012–13 55	AY: 2012–13 155	MET			NA	NA	
New Metric: Pell enrollment at IHEs with high graduation rates ¹⁰	AY: 2013–14 24.1%	NA	NA	AY: 2013–14 24.1%	NA	NA			AY 2014–15 25.0%	AY 2015–16 26.0%	
New Metric: Number of states that develop or strengthen career pathways policies, guidance, or legislation	FY: 2015 8	NA	NA	8	NA	NA			10	37	

⁸ Metric reported as TBD in the FY 2014 APR-FY 2016 APP. 2014 actuals show the 2014 target was “Not Met.”

⁹ Metric being removed at the end of the FY 2015 reporting period and being replaced with the metric identified as “New Metric” directly below it. If there is no corresponding “New Metric” identified, new metric TBD. Please refer to [appendix B of the FY 2015 APR-FY 2017 APP](#) for details pertaining to the removal and addition of metrics. The proposed FY 2016 and 2017 targets for the metric being removed were 135 and 117, respectively.

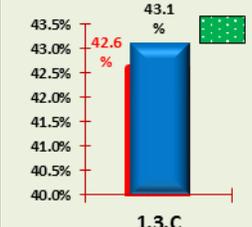
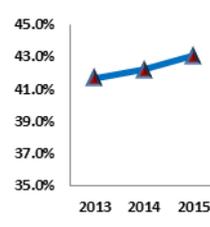
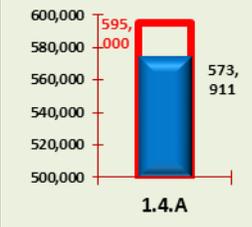
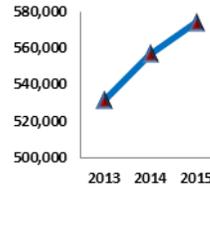
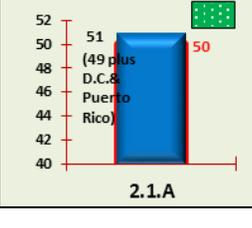
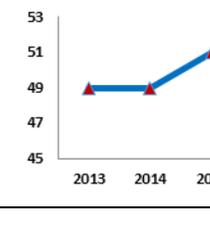
¹⁰ “High graduation rate” is defined as 65% or higher, which is roughly the 75th percentile.

U.S. Department of Education Indicators of Success	Baseline	Actuals			Current Year Target	Current Year Results	Actual-to-Target 2015		Out-Year Targets		Trend Line (Actuals)
		2013	2014	2015	2015		Missed	Exceeded	2016	2017	
1.3.A. Degree attainment among 25–34-year-old age cohort ¹¹	Current Population Survey (CPS) Year: 2012 44.0%	CPS Year: 2012 44.0%	CPS Year: 2013 44.8%	CPS Year: 2014 45.7%	45.6%	MET			46.8%	48.4%	
1.3.B. Retention rate of first-time degree-seeking undergraduates: Full-time ¹²	AY: 2011 71.9%	AY: 2011 71.9%	AY: 2012 71.8%	AY: 2013 72.9%	72.1%	MET			NA	NA	
New Metric: Enrollment in IHEs where students' median earnings 10 years after entering college are below a minimum earnings threshold ¹³	AY: 2012–13 9.7%	NA	NA	AY: 2012–13 9.7%	NA	NA			9.4%	9.0%	

¹¹ Metric is aligned with an Agency Priority Goal (APG).

¹² Metric being removed at the end of the FY 2015 reporting period and being replaced with the metric identified as “New Metric” directly below it. If there is no corresponding “New Metric” identified, new metric TBD. Please refer to [appendix B of the FY 2015 APR-FY 2017 APP](#) for details pertaining to the removal and addition of metrics. The proposed FY 2016 and 2017 targets for the metric being removed were 72.1% and 72.3%, respectively.

¹³ “Minimum earnings threshold” is defined as the median earnings above the level of an institution at the 25th percentile for students 10 years after entering college, which equals \$19,000 for less-than-2-year institutions, \$26,000 for 2-year institutions, and \$35,000 for 4-year institutions.

U.S. Department of Education Indicators of Success	Baseline	Actuals			Current Year Target 2015	Current Year Results	Actual-to-Target 2015		Out-Year Targets		Trend Line (Actuals)
		2013	2014	2015			Missed	Exceeded	2016	2017	
1.3.C. Retention rate of first-time degree-seeking undergraduates: Part-time ¹⁴	AY: 2011 41.7%	AY: 2011 41.7%	AY: 2012 42.2%	AY: 2013 43.1%	42.6%	MET		NA	NA		
New Metric: FAFSA renewal rate	FY: 2015 79%	NA	NA	FY: 2015 79%	NA	NA		+/- one percentage point over prior year's actuals	+/- one percentage point over prior year's actuals		
1.4.A. Number of STEM postsecondary credentials awarded	AY: 2010–11 531,018	AY: 2010–11 531,018	AY: 2011–12 556,696	AY: 2012–13 573,911	595,000	NOT MET		638,000	691,000		
2.1.A. Number of states/territories that have adopted college- and career-ready standards ¹⁵	SY: 2012–13 49, plus DC	49, plus DC	49, plus DC and Puerto Rico	SY: 2014–15 51 (49 plus DC and Puerto Rico)	50	MET		52	52		

¹⁴ Metric being removed at the end of the FY 2015 reporting period and being replaced with the metric identified as “New Metric” directly below it. If there is no corresponding “New Metric” identified, new metric TBD. Please refer to [appendix B of the FY 2015 APR-FY 2017 APP](#) for details pertaining to the removal and addition of metrics. The proposed FY 2016 and 2017 targets for the metric being removed were 42.9% and 43.5%, respectively.

¹⁵ Revising metric language to include “states/territories” to align with the 2014–15 APG statement. 2014 Metric reported as “Not Met.” However, metric was “Met” given the inclusion of territories to align with the APG statement.

U.S. Department of Education Indicators of Success	Baseline	Actuals			Current Year Target	Current Year Results	Actual-to-Target 2015		Out-Year Targets		Trend Line (Actuals)
		2013	2014	2015	2015		Missed	Exceeded	2016	2017	
2.1.B. Number of states/territories that are implementing next-generation reading and mathematics assessments, aligned with college- and career-ready standards ¹⁶	SY: 2012–13 0	0	0	SY: 2014–15 49 (48 plus DC)	50	NOT MET			52	52	
2.2.A. Number of states that have fully implemented teacher and principal evaluation and support systems that consider multiple measures of effectiveness, with student growth as a significant factor ¹⁷	SY: 2012–13 6	6	7	8	37	NOT MET			22 ¹⁸	39 ¹⁹	
2.3.A. Disparity in the rates of out-of-school suspensions for students with disabilities and youth of color (youth of color metric)	SY: 2011–12 10.7% point disparity	Not Collected	TBD SY 2013–14 data collected in 2015 and available in 2016	Not Collected	NA Biennial Metric				6.7% point disparity	NA Biennial Metric	

¹⁶ Metric is aligned with an APG. Revising metric language to include “states/territories” to align with the 2014–15 APG statement.

¹⁷ Metric is aligned with an Agency Priority Goal (APG).

¹⁸ The out-year performance targets are revised to reflect updated information provided by states through ESEA Flexibility renewal requests regarding implementation timelines.

¹⁹ The out-year performance targets are revised to reflect updated information provided by states through ESEA Flexibility renewal requests regarding implementation timelines.

U.S. Department of Education Indicators of Success	Baseline	Actuals			Current Year Target	Current Year Results	Actual-to-Target 2015		Out-Year Targets		Trend Line (Actuals)
		2013	2014	2015	2015		Missed	Exceeded	2016	2017	
2.3.B. Disparity in the rates of out-of-school suspensions for students with disabilities and youth of color (SWDs, IDEA only metric)	SY: 2011–12 5.7% point disparity	Not Collected	TBD SY 2013–14 data collected in 2015 and available in 2016	Not Collected	NA Biennial Metric				2.7% point disparity	NA Biennial Metric	
2.4.A. Number of persistently low graduation rate high schools	SY: 2011–12 775	SY: 2011–12 775	SY: 2012–13 737	SY: 2013–14 680	699	MET			5% annual reduction	5% annual reduction ²⁰	
2.4.B. Percentage of Cohort 1 priority schools that have met the state exit criteria and exited priority school status ²¹	SY: 2013–14 NA	NA	16.3% ²²	NA	15%	NA ²³			NA	NA	
New Metric: Percentage of SIG schools in Cohort 5 that are above the 25th percentile in mathematics, as measured by their state assessments	SY: 2013–14 19.7%	NA	NA	SY: 2013–14 19.7%	NA	NA			TBD	TBD	

²⁰ The baseline data for this performance metric were recalculated from what was reported in the FY 2013 APR-FY 2015 APP. The targets remain at a 5% reduction each year.

²¹ Metric being removed at the end of the FY 2015 reporting period and being replaced with the metric identified as “New Metric” directly below it. If there is no corresponding “New Metric” identified, new metric TBD. Please refer to [appendix B of the FY 2015 APR-FY 2017 APP](#) for details pertaining to the removal and addition of metrics. The proposed FY 2016 and 2017 targets for the metric being removed were 20.0% and 25.0%, respectively.

²² Metric reported as TBD in the FY 2014 APR-FY 2016 APP. 2014 actuals show the 2014 target was “Met.”

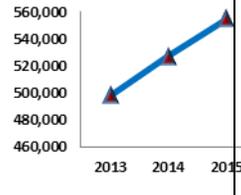
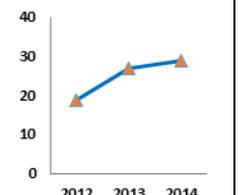
²³ The FY 2015 data for this metric are not available. Further, the Department has decided to remove this metric due to unforeseen challenges in using the data provided by states. These challenges are discussed in more detail in [appendix B of the FY 2015 APR-FY 2017 APP](#).

U.S. Department of Education Indicators of Success	Baseline	Actuals			Current Year Target	Current Year Results	Actual-to-Target 2015		Out-Year Targets		Trend Line (Actuals)
		2013	2014	2015	2015		 Missed	 Exceeded	2016	2017	
2.4.C. Percentage of Cohort 1 focus schools that have met the state exit criteria and exited focus school status ²⁴	SY: 2013–14 NA	NA	11.9% ²⁵	NA	15%	NA ²⁶			NA	NA	
New Metric: Percentage of priority and SIG schools in Cohort 5 that are above the 25th percentile that show gains in student achievement in reading/language arts, as measured by their state assessments	SY: 2013–14 20.1%	NA	NA	SY 2013–14 20.1%	NA	NA			TBD	TBD	
2.5.A. Percentage of high school and middle school teachers who teach STEM as their main assignment who hold a corresponding undergraduate degree	AY: 2011–12 62.2%	Not Collected	Not Collected	Not Collected	NA	NA			65.3%	65.3%	

²⁴ Metric being removed at the end of the FY 2015 reporting period and being replaced with the metric identified as “New Metric” directly below it. If there is no corresponding “New Metric” identified, new metric TBD. Please refer to [appendix B of the FY 2015 APR-FY 2017 APP](#) for details pertaining to the removal and addition of metrics. The proposed FY 2016 and 2017 targets for the metric being removed were 20.0% and 25.0%, respectively.

²⁵ Metric reported as TBD in the FY 2014 APR-FY 2016 APP. 2014 actuals show the 2014 target was “Met.”

²⁶ The FY 2015 data for this metric are not available. Further, the Department has decided to remove this metric due to unforeseen challenges in using the data provided by states. These challenges are discussed in more detail in [appendix B of the FY 2015 APR-FY 2017 APP](#).

U.S. Department of Education Indicators of Success	Baseline	Actuals			Current Year Target	Current Year Results	Actual-to-Target 2015		Out-Year Targets		Trend Line (Actuals)
		2013	2014	2015	2015		Missed	Exceeded	2016	2017	
2.5.B. Number of public high school graduates who have taken at least one STEM AP exam	AY: 2011–12 497,922	AY: 2011–12 497,922	AY: 2012–13 527,001	AY: 2013–14 555,119	581,419	NOT MET			632,642	691,541	
3.1.A. Number of states with Quality Rating and Improvement Systems (QRIS) that meet high quality benchmarks for child care and other early childhood programs ²⁷	SY: 2010 17	27	29 ²⁸	NA	32	NA ²⁹			NA	NA	
New APG Metric: Percent of 4-year olds enrolled in state preschool programs ³⁰	SY: 2013–14 29.1%	NA	NA	SY: 2013–14 29.1%	NA	NA			33.0%	35.0%	
New APG Metric: Number of states with high-quality preschool program standards ³¹	SY: 2013–14 15	NA	NA	SY: 2013–14 15	NA	NA			19	21	

²⁷ Metric being removed at the end of the FY 2015 reporting period and being replaced with the metric identified as “New Metric” directly below it. If there is no corresponding “New Metric” identified, new metric TBD. Please refer to [appendix B of the FY 2015 APR-FY 2017 APP](#) for details pertaining to the removal and addition of metrics. The proposed FY 2016 and 2017 targets for the metric being removed were 35 and 37, respectively.

²⁸ Metric reported as TBD in the FY 2014 APR-FY 2016 APP. 2014 actuals show the 2014 target was “Met.”

²⁹ This is a Health and Human Services (HHS) metric and out of the Department’s control or influence. Please refer to footnote 65 in [Goal 3 of the FY 2015 APR-FY 2017 APP](#) for additional information.

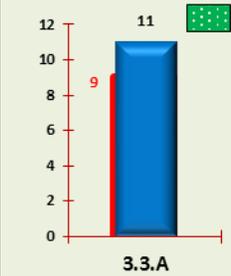
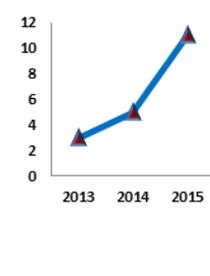
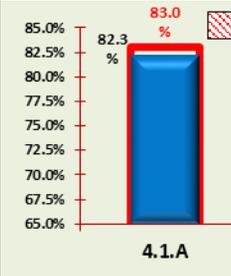
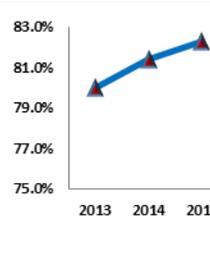
³⁰ Metric is aligned with an Agency Priority Goal (APG).

³¹ Metric is aligned with an Agency Priority Goal (APG).

U.S. Department of Education Indicators of Success	Baseline	Actuals			Current Year Target	Current Year Results	Actual-to-Target 2015		Out-Year Targets		Trend Line (Actuals)
		2013	2014	2015	2015		 Missed	 Exceeded	2016	2017	
3.2.A. Number of states and territories with professional development systems that include core knowledge and competencies, career pathways, professional development capacity assessments, accessible professional development opportunities, and financial supports for child care providers ³²	SY: 2011 30	30	Not Collected	NA	38	NA ³³	/		NA	NA	/
New Metric: Number of states that require a teacher with a bachelor's degree in a state preschool program	SY: 2013–14 15	NA	SY: 2013–14 15	NA	NA	NA	/		19	20	/

³² Metric being removed at the end of the FY 2015 reporting period and being replaced with the metric identified as “New Metric” directly below it. If there is no corresponding “New Metric” identified, new metric TBD. Please refer to [appendix B of the FY 2015 APR-FY 2017 APP](#) for details pertaining to the removal and addition of metrics. The proposed FY 2016 and 2017 targets for the metric being removed were both NA.

³³ Please refer to footnote 67 in [Goal 3 of the FY 2015 APR-FY 2017 APP](#).

U.S. Department of Education Indicators of Success	Baseline	Actuals			Current Year Target	Current Year Results	Actual-to-Target 2015		Out-Year Targets		Trend Line (Actuals)
		2013	2014	2015	2015		Missed	Exceeded	2016	2017	
3.3.A. Number of states collecting and reporting disaggregated data on the status of children at kindergarten entry using a common measure	SY: 2010 2	3	5 ³⁴	11 ³⁵	9	MET			14	16 ³⁶	
4.1.A. National high school graduation rate ³⁷	SY: 2011–12 80.0%	SY: 2011–12 80.0%	SY: 2012–13 81.4%	SY: 2013–14 82.3%	83.0% ³⁸	NOT MET			84.5%	85%	
New APG Metric: Gap in the graduation rate between students from low-income families and all students ³⁹	SY: 2013–14 7.7%	SY: 2011–12 8.3%	SY: 2012–13 8.1%	SY: 2013–14 7.7%	NA	NA			7.6% ⁴⁰	7.4%	

³⁴ Five ELC states implemented their KEA (OR, KY, VT, MD, and OH) in the 2014–15 school year. One state (DE) had planned to implement its KEA in 2014–15 year, but later adjusted its timeline to implement during the 2015–16 school year. As such, the FY 2014 actual is revised from six to five states.

³⁵ Eleven ELC states (CA, CO, DE, KY, MD, MA, MI, NC, OH, OR, and VT) are implementing their KEAs in the 2015–16 school year. The remaining eight states that chose to implement KEAs (GA, IL, MN, NJ, NM, PA, RI, WA) will begin after the 2015–16 school year. Wisconsin did not select to implement a KEA, but is implementing a statewide literacy assessment and is exploring the development and use of a KEA.

³⁶ There will be difficulty collecting ELC data in out-years because some grantees will no longer be reporting APR data.

³⁷ Metric is aligned with an Agency Priority Goal (APG).

³⁸ SY 2013–14 actuals are being used to compare against the FY 2015 target.

³⁹ Metric is aligned with an Agency Priority Goal (APG).

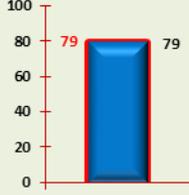
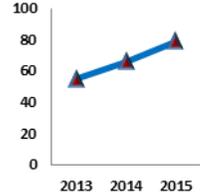
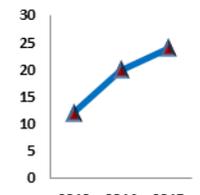
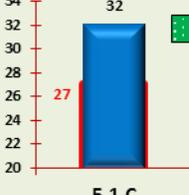
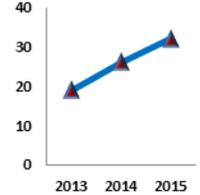
⁴⁰ SY 2014–15 actuals are being used to compare against the FY 2016 target; FY 2016 (SY 2015–16) data not available until 2017.

U.S. Department of Education Indicators of Success	Baseline	Actuals			Current Year Target	Current Year Results	Actual-to-Target 2015		Out-Year Targets		Trend Line (Actuals)
		2013	2014	2015	2015		Missed	Exceeded	2016	2017	
New APG Metric: Number of schools that do not have a gap or that decreased the gap between students from low-income ⁴¹ families and the state average of all students ⁴²	SY: 2013–14 80%	SY: 2011–12 77.6%	SY: 2012–13 78.8%	SY: 2013–14 80%	NA	NA	/		81.2% ⁴³	82.4%	/
4.2.A. Percentage of proactive civil rights investigations launched annually that address areas of concentration in civil rights enforcement	FY: 2013 7%	7%	21%	16%	10%	MET	<p>18.0% 16.0% 14.0% 12.0% 10.0% 8.0% 6.0% 4.0% 2.0% 0.0%</p> <p>10.0% 16.0%</p> <p>4.2.A</p>		12%	15%	<p>25.0% 20.0% 15.0% 10.0% 5.0% 0.0%</p> <p>2013 2014 2015</p>
4.2.B. Percentage of proactive civil rights investigations resolved annually that address areas of concentration in civil rights enforcement	FY: 2013 8%	8%	15%	20%	10%	MET	<p>25.0% 20.0% 15.0% 10.0% 5.0% 0.0%</p> <p>10.0% 20.0%</p> <p>4.2.B</p>		12%	16%	<p>25.0% 20.0% 15.0% 10.0% 5.0% 0.0%</p> <p>2013 2014 2015</p>

⁴¹ For purposes of this metric, eligibility for Free or Reduced Price Lunches (FRPL) under the National School Lunch Program (NSLP) is the primary source of data for identifying economically disadvantaged (low-income) students for reporting on student outcomes, including graduation rates. The Department is currently considering options for redefining “economically disadvantaged” students for student outcomes reporting and other uses. Should the Department make such a change, data on economically disadvantaged students may not be entirely comparable with data for previous years.

⁴² Metric is aligned with an Agency Priority Goal (APG).

⁴³ SY 2014–15 actuals are being used to compare against the FY 2016 target; FY 2016 (SY 2015–16) data not available until 2017.

U.S. Department of Education Indicators of Success	Baseline	Actuals			Current Year Target	Current Year Results	Actual-to-Target 2015		Out-Year Targets		Trend Line (Actuals)
		2013	2014	2015	2015		Missed	Exceeded	2016	2017	
5.1.A. Number of public data sets included in ED Data Inventory and thus linked to Data.gov or ED.gov websites	FY: 2013 55	55	66	79	79	MET			94	104	
5.1.B. Number of states linking K–12 and postsecondary data with workforce data	FY: 2013 12	12	20	24	22	MET			25	25	
5.1.C. Number of states linking K–12 with early childhood data	FY: 2013 19	19	26	32	27	MET			29	32	

U.S. Department of Education Indicators of Success	Baseline	Actuals			Current Year Target	Current Year Results	Actual-to-Target 2015		Out-Year Targets		Trend Line (Actuals)
		2013	2014	2015	2015		Missed	Exceeded	2016	2017	
5.2.A. Average time to close "cases" (PTAC + FPCO)	FY: 2013 10 days	10	9	4.9	8 days	MET			7.2 ⁴⁴	6.48 ⁴⁵	
5.3.A. Percentage of select new (noncontinuation) competitive grant dollars that reward evidence ⁴⁶	FY: 2012 6.5%	9.35%	15.9%	29.4%	11.0%	MET			18% ⁴⁷	20%	
New APG Metric: Number of completed project evaluations from grantees from select discretionary grant programs in a given fiscal year that meet What Works Clearinghouse (WWC) Evidence Standards ⁴⁸	FY: 2015 2	NA	NA	2	NA	NA			10	20	

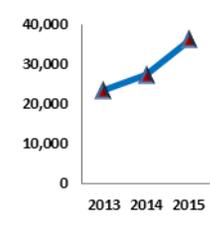
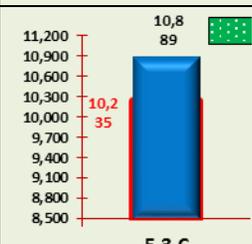
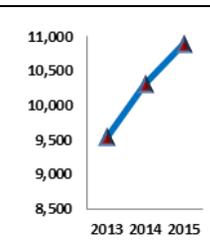
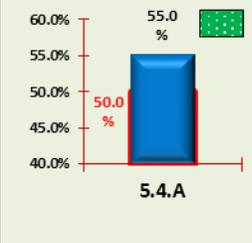
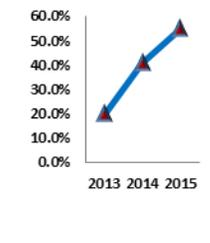
⁴⁴ Target is being updated to reflect the goal of a 10% reduction from the prior year.

⁴⁵ Target is being updated to reflect the goal of a 10% reduction from the prior year.

⁴⁶ Metric is aligned to an Agency Priority Goal (APG).

⁴⁷ The out-year performance targets are increased from what was reported in the FY 2014 APR-FY 2016 APP.

⁴⁸ Metric is aligned to an Agency Priority Goal (APG).

U.S. Department of Education Indicators of Success	Baseline	Actuals			Current Year Target 2015	Current Year Results	Actual-to-Target 2015		Out-Year Targets		Trend Line (Actuals)
		2013	2014	2015			Missed	Exceeded	2016	2017	
5.3.B. Number of peer-reviewed, full-text resources in the Education Resources Information Center (ERIC)	FY: 2013 23,512	23,512	27,292	36,197	31,192	MET			35,692	40,892	
5.3.C. Number of reviewed studies in the What Works Clearinghouse (WWC) database ⁴⁹	FY: 2013 9,535	9,535	10,310	10,889	10,235	MET			NA	NA	
New Metric: Number of visits to the What Works Clearinghouse (WWC) website	FY: 2015 1,822,000	NA	NA	1,822,000	NA	NA	/		1,967,760	2,164,536	/
5.4.A. Percentage of schools in the country that have actual Internet bandwidth speeds of at least 100 Mbps	FY: 2013 20%	20%	41%	55%	50%	MET			70%	80%	

⁴⁹ Metric being removed at the end of the FY 2015 reporting period and being replaced with the metric identified as “New Metric” directly below it. If there is no corresponding “New Metric” identified, new metric TBD. Please refer to [appendix B of the FY 2015 APR-FY 2017 APP](#) for details pertaining to the removal and addition of metrics. The proposed FY 2016 and 2017 targets for the metric being removed were 10,585 and 10,935, respectively.

U.S. Department of Education Indicators of Success	Baseline	Actuals			Current Year Target 2015	Current Year Results	Actual-to-Target 2015		Out-Year Targets		Trend Line (Actuals)
		2013	2014	2015			Missed	Exceeded	2016	2017	
6.1.A. Staffing gaps percentage ⁵⁰	FY: 2013 15%	15%	4%	4.3%	15%	MET		NA	NA		
New Metric: Percent of selections made per job opportunity announcement (JOA)	FY: 2015 46.4%	NA	NA	46.4%	NA	NA		48.7%	51.2%		
6.1.B. EVS Employee Engagement Index	FY: 2012 64.7%	66%	67%	68%	69%	NOT MET		71%	72%		
6.1.C. Time to hire	FY: 2013 65%	65%	85%	67.6%	68%	NOT MET		69%	70%		

⁵⁰ Metric being removed at the end of the FY 2015 reporting period and being replaced with the metric identified as “New Metric” directly below it. If there is no corresponding “New Metric” identified, new metric TBD. Please refer to [appendix B of the FY 2015 APR-FY 2017 APP](#) for details pertaining to the removal and addition of metrics. The proposed FY 2016 and 2017 targets for the metric being removed were both NA.

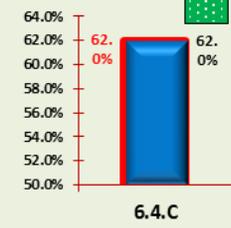
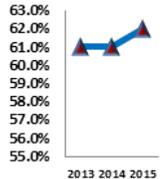
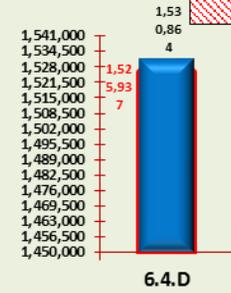
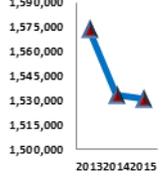
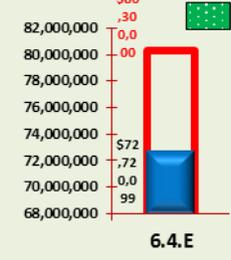
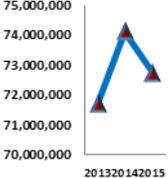
U.S. Department of Education Indicators of Success	Baseline	Actuals			Current Year Target	Current Year Results	Actual-to-Target 2015		Out-Year Targets		Trend Line (Actuals)
		2013	2014	2015	2015		Missed	Exceeded	2016	2017	
6.1.D. Effective Communication Index	FY: 2012 48%	49.6%	50%	51%	50%	MET	<p>51.0% Exceeded</p> <p>50.0% Missed</p> <p>6.1.D</p>		51%	52%	<p>2013 2014 2015</p>
6.2.A. Percentage of A-133 Single Audits Overdue for resolution	FY: 2012 57%	52%	37%	20%	43%	MET	<p>43.0% Exceeded</p> <p>20.0% Missed</p> <p>6.2.A</p>		37%	31%	<p>2013 2014 2015</p>
6.2.B. Compliance rate of contractor evaluation performance reports	FY: 2013 85%	85%	97%	98%	100%	NOT MET	<p>100.0% Missed</p> <p>98.0% Exceeded</p> <p>6.2.B</p>		100%	100%	<p>2013 2014 2015</p>

U.S. Department of Education Indicators of Success	Baseline	Actuals			Current Year Target	Current Year Results	Actual-to-Target 2015		Out-Year Targets		Trend Line (Actuals)
		2013	2014	2015	2015		Missed	Exceeded	2016	2017	
6.3.A. Percentage of states who annually rate the Department's technical assistance as helping build state capacity to implement education reforms ⁵¹	FY: 2013 54%	54%	75%	69%	67%	MET			77%	85%	
6.4.A. Number of Department IT security incidents	FY: 2012 756	755	445	580	682	MET			551 ⁵²	523 ⁵³	
6.4.B. EVS Results-Oriented Performance Culture Index	FY: 2012 53%	54%	56%	57%	56%	MET			57%	58%	

⁵¹ In FY 2016, the metric's data source will be changed to the 2015 Grantee Satisfaction Survey. Thus, in FY 2016, the baseline and targets will be updated to reflect the change. There is also variability with this metric due to ESEA reauthorization and the impact on the programs included.

⁵² FY 2016 target was reduced based on actual incidents reported in FY 2015 and then reducing that actual by 5%.

⁵³ FY 2017 target was reduced by 5% from the FY 2016 target.

U.S. Department of Education Indicators of Success	Baseline	Actuals			Current Year Target	Current Year Results	Actual-to-Target 2015		Out-Year Targets		Trend Line (Actuals)
		2013	2014	2015	2015		Missed	Exceeded	2016	2017	
6.4.C. EVS Leadership and Knowledge Management Index	FY: 2012 60%	61%	61%	62%	62%	MET			63%	64%	
6.4.D. Total usable square footage	FY: 2012 1,563,641	1,573,317	1,533,239	1,530,864	1,525,937	NOT MET			1,459,937	TBD	
6.4.E. Rent cost	FY: 2014 \$74.3M	\$71.7M	\$74.1M	\$72.7M	\$80.3M	MET			\$80,300,000	TBD	

NA = Not applicable.

TBD = To be determined.

Academic Year (AY) is a collegiate year spanning August–May; School Year (SY) spans August–July and is aligned with a P–12 school year; Fiscal Year (FY) corresponds to a federal fiscal year; Calendar Year (CY) spans January–December.

Data Sources and Frequency of Collection:

- 1.1.A. Integrated Postsecondary Education Data System (IPEDS); annually
- 1.1.B. IPEDS; annually
- 1.1.C. The denominator is the number of graduating seniors according to the most recent projection by the National Center for Education Statistics (NCES). The numerator is from FSA's Central Processing System and is based on the number of applications during the first nine months of the application cycle that are—as of September 30 of the first year of the application cycle—complete (not rejected); first-time filers; incoming freshmen, with or without previous college attendance; age 18 or less as of June 30 of the first year of the application cycle; reporting high school diploma attainment; and attended a high school in the fifty states and Washington, DC; annually
- 1.1.D. Rehabilitation Services Administration-911 (RSA-911); annually
- 1.1.E. RSA-911; annually
- 1.2.A. FSA Cohort Default Rate (CDR) Report, September 2014, and IPEDS Data Center; annually
- 1.3.A. NCES Digest of Education Statistics, Table 104.30 (http://nces.ed.gov/programs/digest/d13/tables/dt13_104.30.asp), Number of persons age 18 and over, by highest level of educational attainment, sex, race/ethnicity, and age: 2013. Tabulated from Current Population Survey (CPS) data, U.S. Census; annually
- 1.3.B. IPEDS Data Center; annually
- 1.3.C. IPEDS Data Center; annually
- 1.4.A. IPEDS Data Center; annually

- 2.1.A. *Elementary and Secondary Education Act (ESEA) Flexibility Monitoring*; annually
- 2.1.B. ESEA Flexibility Monitoring; annually
- 2.2.A. ESEA Flexibility Applications and Monitoring; annually
- 2.3.A. Civil Rights Data Collection (CRDC); biennially
- 2.3.B. CRDC; biennially
- 2.4.A. *EDFacts*; annually
- 2.4.B. *EDFacts*; annually
- 2.4.C. *EDFacts*; annually
- 2.5.A. Schools and Staffing Survey (SASS), NCES; quadrennially
- 2.5.B. College Board/AP administrative records; annually

- 3.1.A. Child Care Development Fund (CCDF) Report of State Plans with annual updates from states and territories (HHS/Office of Childcare); annually
- 3.2.A. CCDF Report of State Plans (HHS/Office of Childcare); biennially
- 3.3.A. Race to the Top (RTT)-Early Learning Challenge (ELC) Technical Assistance Center; annually

- 4.1.A. *EDFacts*; annually
- 4.2.A. Office for Civil Rights' (OCR) Case Management System (CMS) and Document Management (DM) systems; quarterly
- 4.2.B. OCR CMS and DM systems; quarterly

- 5.1.A. Data Strategy Team Data Inventory and the public ED Data Inventory at <http://datainventory.ed.gov>; quarterly
- 5.1.B. State Longitudinal Data Systems (SLDS) grant monitoring (monthly updates from states, annual performance reports, final performance reports, and site visits); quarterly
- 5.1.C. SLDS grant monitoring (monthly updates from states, annual performance reports, final performance reports, and site visits); quarterly
- 5.2.A. Case Tracking System (CTS); quarterly
- 5.3.A. Forecast Report issued by the Office of the Chief Financial Officer (OCFO) and final Funding Reports from relevant programs; annually
- 5.3.B. Education Resources Information Center (ERIC); quarterly
- 5.3.C. What Works Clearinghouse (WWC); quarterly
- 5.4.A. Education Superhighway (for baseline), Consortium for School Networking (CoSN)/AASA E-rate Infrastructure Survey (for FY 2014 actual data); annually

- 6.1.A. Mission Critical Occupation (MCO) Staffing Gap Report; quarterly
- 6.1.B. Office of Personnel Management (OPM) Federal Employee Viewpoint Survey (FEVS); annually
- 6.1.C. Federal Personnel/Payroll System (FPPS) Datamart; quarterly
- 6.1.D. OPM FEVS; annually
- 6.2.A. Office of the Chief Financial Officer's (OCFO) Audit Accountability & Resolution Tracking System (AARTS); annually

-
- 6.2.B. Past Performance Information Retrieval System (PPIRS) www.ppirs.gov "PPIRS Compliance Report"; annually
 - 6.3.A. Baseline is from the Race to the Top State Lead Survey, n=19. Future data will come from the Annual Grantee Satisfaction Survey; annually
 - 6.4.A. Operational Vulnerability Management Solution (OVMS) System; quarterly
 - 6.4.B. OPM FEVS; annually
 - 6.4.C. OPM FEVS; annually
 - 6.4.D. Department's Master Space Management Plan; annually
 - 6.4.E. Department's Master Space Management Plan; annually

Note on performance metrics and targets: These metrics were established as a part of the *FY 2014–18 Strategic Plan*. Metrics may be updated or revised to reflect awareness of more accurate data or clarifications. Such updates or revisions are identified in footnotes.

Financial Highlights

Introduction

This section provides summarized information and analyses about the Department's assets, liabilities, net position, sources and uses of funds, program costs, and related trend data. It is intended to enhance the AFR users' understanding about how the Department used the resources it was entrusted with and provides a high-level perspective of the detailed information contained in the financial statements and related notes.

The Department consistently produces accurate and timely financial information. The Department's financial statements and notes are prepared in accordance with accounting principles generally accepted in the United States for federal agencies issued by the Federal Accounting Standards Advisory Board (FASAB) and the format and content specified by OMB Circular No. A-136, *Financial Reporting Requirements*. The financial statements, notes, and underlying business processes, systems, and controls are audited by an independent accounting firm with [audit oversight](#) provided by the Office of Inspector General (OIG). For 14 consecutive years, the Department has earned an unmodified (or "clean") audit opinion. The Department's internal control framework and its assessment of controls over financial reporting in accordance with OMB Circular A-123, *Management's Responsibility for Internal Control*, provide assurance to Department leadership and external stakeholders that financial data produced by its financial systems and business processes are complete, accurate, and reliable. This ensures that not only do the financial statements conform to applicable federal reporting requirements, but also that the Department has trustworthy financial information for good decision-making. Additionally, the Department's complete and accurate financial data enables it to provide accurate and reliable financial reports and transparency about how the Department is spending federal funds and [management's assessment of internal controls](#).

Trend Analysis

The tables below summarize trend information about components of the Department's financial condition. The Table of Key Measures summarizes trend information about components of the Department's Consolidated Balance Sheet and Statement of Net Cost, and provides a snapshot of the Department's financial condition as of September 30, 2015, compared with the end of fiscal years 2011–14, displaying assets, liabilities, net position, and net cost, rounded to the millions. The Summarized Financial Data graphic presents the table data, as a graph, for an alternate display over the same five consecutive years.

Table of Key Measures

As of September 2015, 2014, 2013, 2012, and 2011

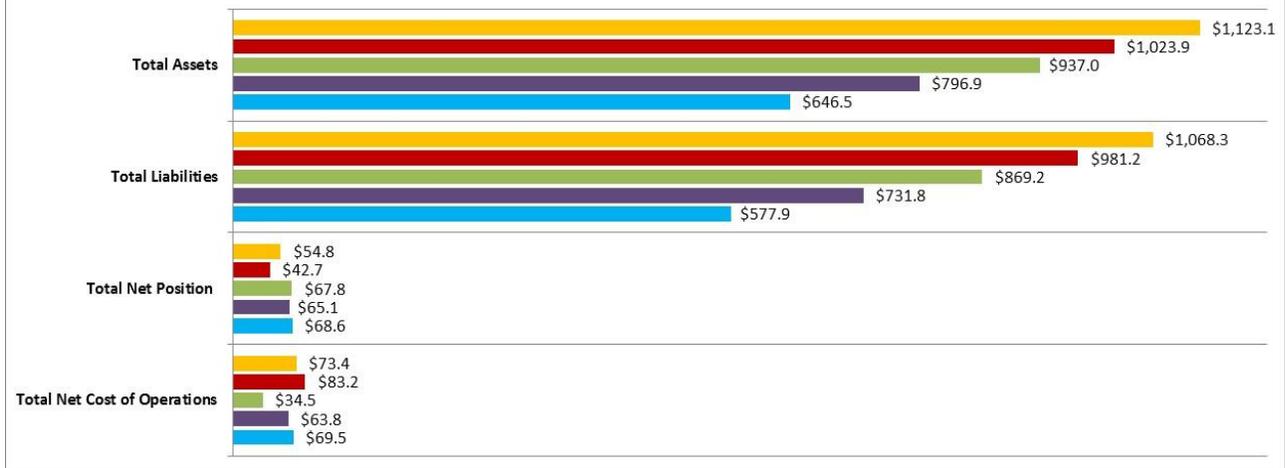
(Dollars in Millions)

	% Change FY 15 / FY 14	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
Consolidated Balance Sheet						
Fund Balance with Treasury	+5.0%	\$ 103,619	\$ 98,696	\$ 108,732	\$ 121,993	\$ 114,085
Credit Program Receivables, Net	+10.2%	1,017,733	923,545	826,684	673,488	530,491
Other	+4.9%	1,767	1,685	1,642	1,446	1,966
Total Assets	+9.7%	1,123,119	1,023,926	937,058	796,927	646,542
Debt	+8.8%	1,051,776	966,671	852,432	715,303	547,108
Liabilities for Loan Guarantees*	-	-	-	-	1,037	10,025
Other	+13.7%	16,540	14,549	16,783	15,432	20,824
Total Liabilities	+8.9%	1,068,316	981,220	869,215	731,772	577,957
Unexpended Appropriations	-5.6%	62,740	66,447	71,371	72,686	71,729
Cumulative Results of Operations	+66.6%	(7,937)	(23,741)	(3,528)	(7,531)	(3,144)
Total Net Position	+28.3%	\$ 54,803	\$ 42,706	\$ 67,843	\$ 65,155	\$ 68,585
<p>* The presentation of the FY 2011 and FY 2012 liability for loan guarantees is in the liability section of the Department's Balance Sheet; however, the presentation of the same FY 2013, FY 2014, and FY 2015 liability is in the credit program receivables, net balance sheet line item, due to its negative value.</p>						
Statement of Net Cost						
Gross Costs	-6.4%	\$ 105,115	\$ 112,295	\$ 61,353	\$ 89,263	\$ 89,910
Earned Revenue	+8.8%	(31,690)	(29,125)	(26,881)	(25,490)	(20,397)
Total Net Cost of Operations	-11.7%	\$ 73,425	\$ 83,170	\$ 34,472	\$ 63,773	\$ 69,513

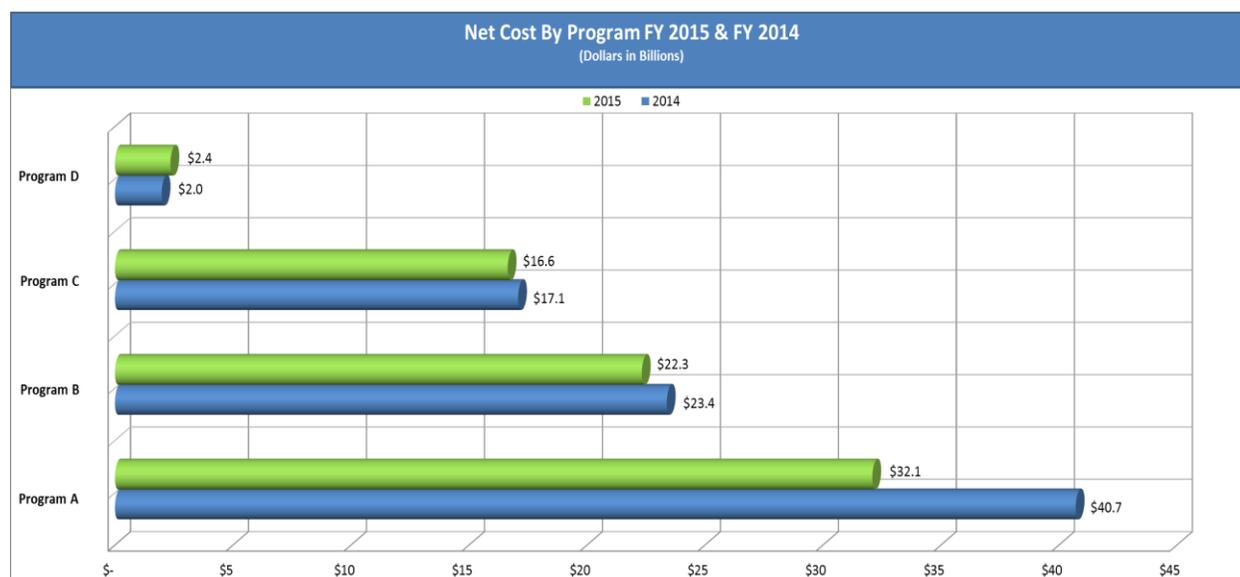
Summarized Financial Data

(Dollars in Billions)

■ 2015
 ■ 2014
 ■ 2013
 ■ 2012
 ■ 2011



The following table presents a breakdown of net cost by program for FY 2015 and FY 2014.



Statement of Changes in Net Position

The Consolidated Statement of Changes in Net Position reports the beginning net position, the summary effect of transactions that affect net position during the fiscal year, and the ending net position. Net position consists of unexpended appropriations and cumulative results of operations. Unexpended appropriations include undelivered orders and unobligated balances for grant and administrative operations. Cumulative results of operations represent the net difference since inception between (1) expenses and (2) revenues and financing sources. Net position of the Department totaled \$54.8 billion for the year ended September 30, 2015. This reflects a 28.3 percent increase over the net position of \$42.7 billion from the prior fiscal year.

Statement of Budgetary Resources

The Combined Statement of Budgetary Resources presents information on how budgetary resources were made available and their status at the end of the fiscal year. Information in this statement is reported on the budgetary basis of accounting as prescribed by OMB and Treasury.

The Department's budgetary resources totaled \$349.7 billion for the year ended September 30, 2015, decreasing from \$356.0 billion, or approximately 1.8 percent from the prior year. Budgetary resources are comprised of appropriated budgetary resources of \$117.2 billion and nonbudgetary credit reform resources of \$232.5 billion. The nonbudgetary credit reform resources are predominantly borrowing authority for the loan programs.

Executive Summary of Office of Inspector General’s (OIG) Identified Management Challenges for the Department of Education FY 2016

The Office of Inspector General (OIG) works to promote efficiency, effectiveness, and integrity in the programs and operations of the U.S. Department of Education (Department). Through our audits, inspections, investigations, and other reviews, we continue to identify areas of concern within the Department’s programs and operations and recommend actions the Department should take to address these weaknesses. The *Reports Consolidation Act of 2000* requires the OIG to identify and report annually on the most serious management challenges the Department faces. The *Government Performance and Results Modernization Act of 2010* requires the Department to include in its agency performance plan information on its planned actions, including performance goals, indicators, and milestones, to address these challenges.

Last year, we presented five management challenges: improper payments, information technology security, oversight and monitoring, data quality and reporting, and information technology system development and implementation. Although the Department made some progress in addressing these areas, each remains as a management challenge for fiscal year (FY) 2016.

The FY 2016 management challenges are:

- (1) Improper Payments,
- (2) Information Technology Security,
- (3) Oversight and Monitoring,
- (4) Data Quality and Reporting, and
- (5) Information Technology System Development and Implementation.

These challenges reflect continuing vulnerabilities and emerging issues faced by the Department as identified through recent OIG audit, inspection, and investigative work. A summary of each management challenge area follows. This FY 2016 Management Challenges Report is available at <http://www2.ed.gov/about/offices/list/oig/managementchallenges.html>.

Summary of Financial Statement Audit and Management Assurances

The following tables provide a summarized report on the Department's [financial statement audit](#) and its [management assurances](#).

Summary of Financial Statement Audit

Audit Opinion: Unmodified*

Restatement: No

Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Total Material Weaknesses	0	0	0	0	0

Summary of Management Assurances

Effectiveness of Internal Control over Financial Reporting—*Federal Managers' Financial Integrity Act (FMFIA) 2*

Statement of Assurance: Unqualified*

Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	0	0	0	0	0	0

The Department had no material weaknesses in the design or operation of the internal control over financial reporting.

Effectiveness of Internal Control over Operations—*FMFIA 2*

Statement of Assurance: Unqualified*

Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	0	0	0	0	0	0

Conformance with Financial Management System Requirements—*FMFIA 4*

Statement of Assurance: The Department systems conform to financial management system requirements.

Nonconformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Nonconformances	0	0	0	0	0	0

Compliance with *Federal Financial Management Improvement Act (FFMIA)*

	Agency	Auditor
1. System Requirements	No lack of substantial compliance noted	No lack of substantial compliance noted
2. Federal Accounting Standards	No lack of substantial compliance noted	No lack of substantial compliance noted
3. United States Standard General Ledger at Transaction Level	No lack of substantial compliance noted	No lack of substantial compliance noted

*Table uses the term "unmodified" for financial statement audit opinions and "unqualified" for management assurances based on OMB guidance.



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