The Department of Education (ED) celebrated its 25th anniversary in 2005, an occasion marking the agency’s rise to a major leadership role in helping students and families, teachers and principals, and States and school districts meet the education challenges of the 21st century.

Beginning with an appropriation of $14 billion in 1980, ED employees now administer an annual budget of almost $72 billion that funds programs, grants, and loans serving an estimated 54 million students attending 93,000 elementary and secondary schools in almost 15,000 public school districts, as well as 22 million postsecondary students and their families. And despite the tremendous growth in the size of ED programs over the past 25 years, the number of full-time equivalent ED staff reached a 25-year low of 4,359 in fiscal year 2004. Managing significantly greater resources with fewer people reflects the dedication of ED employees.

Closing the Achievement Gap

The nation received good news in July 2005 when the Department of Education announced the latest long-term trend results of the National Assessment of Educational Progress, which measure the academic performance of American students over the past three decades. Students showed the most progress in the early grades, which are the focus of the programs authorized by the No Child Left Behind Act. For example, the average reading and mathematics scores of 9-year-olds were higher than in any previous assessment year. Even more significant, the scores of 9-year-old Black and Hispanic students in both reading and mathematics rose faster than those of White students, helping to narrow longstanding achievement gaps:

- The average reading scores of 9-year-old White, Black, and Hispanic students increased between 1999 and 2004 by 5, 15, and 12 points, respectively.
- The average mathematics scores of 9-year-old White, Black, and Hispanic students increased between 1999 and 2004 by 9, 13, and 17 points, respectively.
- The achievement gap between White and Black 9-year-olds narrowed by 18 points in reading and 12 points in mathematics since the first assessments were conducted.
- The gap between White and Hispanic 9-year-olds in mathematics closed from 26 points in 1999 to 18 points in 2004.

The strong subgroup accountability required by No Child Left Behind is specifically intended to help close achievement gaps between poor, minority, and disadvantaged students and their more advantaged peers. The latest NAEP long-term trend results show that the nation’s elementary schools are on the right track in reaching this goal, and we can expect even more progress as States, districts, and schools fully implement No Child Left Behind reforms.
A Year of Transition

The past year was a time of transition and change in the Department of Education’s efforts to improve the results of Federal education programs and activities. A new Secretary, Margaret Spellings, took the reins of the Department in January of 2005. In March, the new Secretary began reorganizing the agency’s structure to align policy development, program implementation, and communications with agency goals. And in April, Secretary Spellings announced a new, common-sense approach to implementing President Bush’s signature No Child Left Behind reforms that offers greater flexibility to States demonstrating results in meeting the law’s goals.

The Department also made significant progress in expanding the use of electronic data networks to collect performance data and other program information that ED staff can use to develop budget plans, guide policy, and more effectively manage programs.

Longtime initiatives in key areas continued to pay dividends in areas such as the Department’s postsecondary student loan programs, which were removed from the Government Accountability Office’s list of “high-risk” programs, a landmark accomplishment among Federal agencies.

These changes and results are driven in part by the President’s Management Agenda (PMA), which emphasizes government-wide reforms based on results rather than process, or, as President Bush put, “Not just making promises, but making good on promises.” The PMA includes five crosscutting goals that contribute to the results described in this report: Strategic Management of Human Capital, Competitive Sourcing, Improved Financial Performance, Expanded Electronic Government, and Budget and Performance Integration.

Key results for the last year are grouped by program area.

Elementary and Secondary Education

The No Child Left Behind Act (NCLB) continued to drive significant change in the nation’s elementary and secondary schools, as States and school districts used more than $12 billion provided through the Title I Grants to Local Educational Agencies program to implement stronger accountability systems, expand assessment, and increase educational choice.

- States identified more than 9,000 schools for improvement in the 2004-2005 school year, up more than 50 percent from the previous school year, bringing much-needed attention and improvement efforts to schools in which one or more groups of students were too often being left behind prior to NCLB. Title I funding available to help these schools improve more than doubled to $484 million.

- States approved more than 2,700 supplemental educational services providers that offered tutoring and other academic enrichment services to students from low-income families attending schools identified for a second year of improvement or for corrective action or restructuring. The number of approved providers grew by about 1,000 over the past year.
• ED issued guidance expanding flexibility for States and school districts in meeting NCLB requirements related to students with disabilities, limited English proficient students, and teacher quality.

• In early 2005, ED announced *A New Path for NCLB*, a common-sense approach to providing broader flexibility under NCLB for States that can demonstrate that they are raising student achievement and closing achievement gaps.

• To help educators meet the NCLB requirement to use instructional methods proven effective through scientific research, in November 2004 the *What Works Clearinghouse* began publishing data on the evidence of effectiveness for educational interventions, with the first report covering middle school mathematics curricula. Based on a review of more than 800 studies, the Clearinghouse evaluation found that only 11 of these studies were designed and implemented to produce clear evidence of the effectiveness of the five middle school math curricula they examined. Future reports will examine the evidence of effectiveness for interventions in beginning reading, character education, dropout prevention, English language learning, elementary school mathematics, early childhood education, behavior, and adult literacy.

A key achievement in late 2004 was the reauthorization of the Individuals with Disabilities Education Act (IDEA). During reauthorization, ED staff worked with Congress to align the IDEA more closely with key principles of the No Child Left Behind Act of 2001, including accountability for results, greater flexibility and reduced paperwork, a stronger role for parents, and the use of research-based practices. The President signed the Individuals with Disabilities Education Improvement Act of 2004 on December 3, 2004.

• ED staff now are working to implement the reauthorized IDEA, including the rapid development of proposed regulations for the $11 billion Special Education Grants to States program, which were published in the Federal Register on June 21, 2005. ED also provided instructions and guidance to States on what they must do now in order to receive funds under that program starting on July 1, 2005.

• ED has established, in accordance with the reauthorized IDEA, a new Center for Special Education Research in the Institute of Education Sciences, which will put special education research on the same footing as the Department's other research activities.

• In addition to reauthorization, the Office of Special Education Programs, working with State educational agencies, is implementing its Continuous Improvement and Focused Monitoring System (CIFMS), with efforts focusing on interventions with States reporting low performance in the areas of school completion, education in the least restrictive environment, identification of infants and toddlers with disabilities, and intervention settings for infants and toddlers with disabilities.
Postsecondary Education

In the fall of 1980, just over 12 million students were enrolled at degree-granting postsecondary education institutions. The college-going rate for recent high school completers was 49 percent. Today, the college-going rate has increased to 65 percent and well over 16 million students are enrolled at degree-granting postsecondary institutions. The Department of Education’s programs have contributed to these significant improvements in postsecondary access. Most notably, the Department is the largest source of financial aid to students enrolled in postsecondary education, administering programs that provide nearly $70 billion annually in grant, loan, and work-study assistance to some 10 million postsecondary students and their families.

In addition, the Federal TRIO Programs and GEAR UP have helped hundreds of thousands of middle- and high school students prepare for postsecondary education, while the Department’s institutional aid programs have strengthened and improved hundreds of postsecondary education institutions that serve low-income and minority students, including Historically Black Colleges and Universities, Tribal Colleges, and Hispanic-Serving Institutions. The Department’s international education and graduate fellowship programs also have helped thousands of students, particularly graduate students, prepare for careers in areas of national need, including foreign languages and area studies.

In 1998, ED established Federal Student Aid (FSA) as the Federal Government’s first Performance-Based Organization (PBO), with responsibility for the administration and oversight of all ED postsecondary student financial assistance programs. FSA also was charged with modernizing the delivery of student aid and increasing accountability for taxpayer dollars, and was given new operating flexibilities in areas such as personnel and procurement that were intended to help it achieve these objectives. The scale of FSA’s task—and the results it is producing—can be glimpsed through the following facts:

- FSA develops and processes the Free Application for Federal Student Aid (FAFSA) for more than 14 million aid applicants each year. In recent years, FSA has transformed the process of applying for student aid from 100 percent paper-based to almost 90 percent web-based.
- FSA is the single largest originator of student loans, annually making more than 3 million Direct Loans totaling nearly $13 billion to over 2 million borrowers.
- FSA also originates over 300,000 Direct Consolidation Loans annually totaling $7 billion.
- FSA directly services an $87 billion portfolio of 18 million direct loans made to over 7 million borrowers, while overseeing more than $300 billion in outstanding Federal Family Education Loans and Perkins Loans.
- FSA also manages nearly $17 billion in defaulted student loans, and collected $1 billion on these loans in the past year.
• FSA delivers over $12 billion in Federal Pell Grants to more than 5 million undergraduates each year.

• FSA handles more than 40 million customer service phone calls, delivers more than 40 million pieces of mail to applicants and borrowers, and processes billions of financial and other transactions annually—most of them electronically.

• All in all, FSA administers more than $400 billion in direct loans, guaranteed loans, and grants to postsecondary students and their families.

FSA accomplishes its mission with the help of private sector providers that perform application processing, disbursement and payment processing, customer call center operations, data center operations, and default portfolio collections. FSA manages contracts with these providers, which receive some $500 million annually and employ an estimated 6,000 contract staff located throughout the United States. FSA contracts typically include performance-based measures and incentives that improve operations at lower cost to taxpayers.

For example, a new ADvance initiative awarded late last year will integrate FSA’s front-end business processes of aid awareness, application processing, origination and disbursement, web services, and customer service to save an estimated $500 million over the ten-year term of the contract.

The size and complexity of ED’s student aid programs make them a key focus of the President’s Management Agenda to improve financial performance, efforts that are clearly paying off for FSA. Recent achievements include the following:


• A green light in March 2005 on the PMA scorecard for Elimination of Fraud and Error in Student Aid Programs and Deficiencies in Financial Management. Successful completion of this program initiative means it will no longer be tracked separately on the PMA scorecard (though FSA-related issues and improvements will be tracked on other PMA scorecards).

• “Clean” audit opinions in fiscal years 2002, 2003, and 2004, with no material weaknesses in the last two years.

• A dramatic 77 percent reduction in student loan defaults, from 22.4 percent in the fiscal year 1990 cohort to 5.2 percent for the fiscal year 2002 cohort (two years after entering repayment).

• Customer-satisfaction ratings that rank with top private-sector businesses. For example, American Customer Satisfaction Index scores for the electronic FAFSA were comparable to those received by UPS, Mercedes-Benz, and Amazon.com, while scores for Direct Loan servicing exceeded those of Wachovia Bank.
FSA continues to engage in an ongoing process of identifying risks in its programs arising from non-compliance with statutes, regulations and policies by schools, lenders, guaranty agencies, and servicers. Current initiatives include a joint task force with the Department’s Office of Inspector General to identify real or potential risks for fraud, waste, abuse and mismanagement in FSA programs, and an Enterprise Risk Management effort to better coordinate risk monitoring and action plans among various business units and with other ED offices.

Another department-wide initiative is the Credit Reform Working Group, which coordinates and oversees cross-cutting credit reform issues related to FSA’s student loan programs. Members from ED’s Budget Service, Office of the Chief Financial Officer, Office of Postsecondary Education, and FSA meet regularly to review and improve credit subsidy estimates, analytical tools, and business processes related to credit reform.

**Vocational Rehabilitation and Disability Research**

ED Vocational Rehabilitation (VR) programs help individuals with physical or mental disabilities obtain employment and live more independently by providing grants that support counseling, job training and placement, medical and psychological services, and other individualized services. For example, the VR State Grants program annually helps over 200,000 individuals with disabilities to obtain employment.

Effective VR program management has long been hindered by ED’s inability to produce timely and transparent data on program performance. Over the past year, the Department has made significant progress in improving the timeliness of its VR data and in promoting the use of the data for program improvement:

- The fiscal year 2004 Case Service Report database was completed within five months of the close of the fiscal year, a 10-month improvement as compared to data for fiscal year 2002 and prior years. ED achieved this result by improving the data editing process, including use of an expanded user-friendly State VR agency computerized edit program, and by dedicating additional staff to the cleaning of the data early in the fiscal year.

- Since review of State performance data is a primary element in conducting reviews of State VR agencies, more rapid availability of such data enhances program management and monitoring, particularly in the case of State agencies that are failing or are in jeopardy of failing the program’s required standards and performance indicators. This increased timeliness allowed VR State agencies to correct problems faster and improve services to customers.

RSA is also closing its regional offices with a goal of becoming a high-performance agency that will provide better monitoring and technical assistance services to State agencies and others while reducing costs. RSA employees were offered early-out and buy-out options this year to ease the impact of the closings.
ED’s National Institute on Disability and Rehabilitation Research (NIDRR) conducts research and related activities to maximize the full inclusion, social integration, employment, and independent living of individuals of all ages with disabilities. Recent accomplishments include:

- The implementation of accessible information kiosks at the new World War II Memorial in Washington, D.C., and by the U.S. Postal Service that allow individuals with various disabilities to access needed public information with ease.

- The filing of six U.S. patents in 2004 for “smart phone” based inventions designed to improve safety, health monitoring, medication compliance, and independence for elders with disabilities living in their own homes. Examples of the titles of these patents include: iSecure: A Smart Phone Based Home Security and Control System (UF No. 11199); mPCA: A Mobile Assistant for Cognitive Impaired Elders Using Smart Phones (UF No. 11201); and, A Smart Phone Based Appliance Control and Voice Messaging Alerts for Home Events (UF No. 11198).

- Adoption of the “Living Well with a Disability” health education curriculum by the Inland Empire Health Plan (IEHP), a not-for-profit Medicaid Health Plan serving 275,000 Californians from Riverside and San Bernardino Counties, including 9,500 individuals with disabilities. This curriculum uses a peer-mentoring approach to promote health and wellness and was developed with funding from both NIDRR and the Centers for Disease Control and Prevention.

- The deployment of a free web-based tactile map automated production system to improve the mobility of blind pedestrians and those that serve the blind.

**Office for Civil Rights**

ED’s Office for Civil Rights (OCR) is primarily responsible for enforcing five Federal civil rights laws that prohibit discrimination on the basis of race, color, national origin, sex, disability and age by recipients of Federal financial assistance. These laws include Title VI of the Civil Rights Act of 1964, which prohibits discrimination based on race, color, and national origin; Title IX of the Education Amendments of 1972, which prohibits sex discrimination; section 504 of the Rehabilitation Act of 1973, which prohibits discrimination based on disability; the Age Discrimination Act of 1975, which prohibits discrimination based on age; and Title II of the Americans with Disabilities Act of 1990, which prohibits disability discrimination by public entities whether or not they receive Federal financial assistance. OCR also enforces the Boy Scouts of America Equal Access Act, which assures equal access to public schools for the Boy Scouts of America and certain other groups.

The core business of OCR is investigating the more than 5,000 complaints of discrimination that it receives annually. If an investigation identifies a violation of applicable civil rights laws, OCR works to negotiate a resolution agreement and follows up by monitoring implementation of the agreement. In cases where OCR is unable to reach agreement, it may initiate enforcement proceedings through an administrative hearing or by referring the case to the Department of Justice. OCR also conducts compliance reviews and self-initiated investigations of recipients,
and provides technical assistance to Federal award recipients and beneficiaries, the public, and other organizations in order to obtain voluntary compliance with civil rights laws.

According to OCR’s January 2005 report covering activities for fiscal year 2003, OCR received 5,141 complaints and resolved 5,246, some of which had been filed in previous years. About half of these complaints alleged discrimination on the basis of disability. Some examples include the following:

- Parents with limited English proficiency were excluded from participating in school board meetings because translation services were not available. Parents now receive the school board agenda in their primary language and can request translation services at board meetings, as well as in meetings with district and school staff.

- An elementary school developed new ways to meet the needs of its English language learners. As a result, former English language learner students in grades 3-5 performed better on the State’s competency examination than students whose primary home language is English.

- A school district reviewed the placement of African American and Hispanic students with learning disabilities to determine whether the students were appropriately assigned, leading to the reassignment of 94 students to a less restrictive environment.

- A school district agreed to conduct a comprehensive evaluation of the athletic interests and abilities of its students. As a result, a girls’ water polo team was added at all five of the high schools. In its inaugural season, 85 girls competed and one of the teams qualified for the State championship tournament.

OCR also received recognition from the National Council on Disability for its timeliness in processing Section 504 complaints alleging discrimination based on disability, and for making ED the only Federal agency that provides detailed data to the public about its work on disability complaints.

In April 2005, as part of ongoing efforts to provide technical assistance to language minority parents, OCR made available translated versions of key documents to non-English speaking parents and customers. OCR published its Discrimination Complaint Form, Consent Form and Notice about Investigatory Uses of Personnel Information pamphlets in Chinese, Vietnamese, Korean, Arabic, Hmong, Hindi, Punjabi, Urdu, Farsi, and Swahili. OCR also made its Consent Form available in Spanish for the first time, and published its pamphlet Ensuring Equal Access to High-Quality Education in Hindi, Punjabi, Farsi, Arabic, Urdu, Chinese, Vietnamese, Hmong, Korean, Tagalog, Russian, Serbo-Croatian, Haitian Creole, French, Amharic, Somali and Swahili. These documents inform language-minority parents about their educational rights and options so they are better able to make sound educational choices concerning their children’s schooling.

OCR continues to improve its performance through implementation of a Case Activities Management System (CAMS), an automated tool launched in FY 2003 for tracking OCR’s
complaint and compliance review investigations and other activities, including significant technical assistance. In FY 2005, the tool was expanded to include non-case related activities, such as legal and policy development, regulation development and review, data collection and analysis, and a wide assortment of controlled correspondence.

OCR also subjected its case resolution process to a business case analysis that incorporated President’s Management Agenda (PMA) initiatives concerning competitive sourcing and human capital. This analysis considered the relative benefits of maintaining the status quo, reengineering the case resolution process, and subjecting the process to competitive sourcing. OCR recommended reengineering and is currently implementing various strategies that will result in a case resolution process providing consistent high performance, quality customer service, and enhanced efficiency.

Office of Inspector General

ED’s Office of Inspector General (OIG) plays a key role in improving the programs and operations of the Department, particularly in ensuring accountability for proper use of taxpayer-provided funds. Many of OIG’s audits and investigations contribute to ED efforts to achieve PMA objectives.

For example, OIG devotes substantial resources to detecting and preventing fraud, waste, and abuse in ED’s postsecondary student aid programs. One recent focus has been a campaign to alert students to the threat of identity theft, which has included a website developed in conjunction with Federal Student Aid and a DVD—produced with the assistance of the Arizona Department of Public Safety—entitled “FSA Identity Theft: We Need Your Help.” Identity theft investigations continue to reveal the potential scope of this threat, with one recent case involving an individual who attempted (unsuccessfully) to obtain fraudulently more than $43 million in student loans.

OIG also supports efforts to link budget decisions with program performance by helping to ensure that Federal education funds are spent properly in accordance with the relevant authorizing statutes. For example, an audit of local educational agencies (LEAs) in Michigan showed that five of the 15 LEAs audited did not always ensure that Title I, Part A funds under the Elementary and Secondary Education Act were allocated only to eligible schools, that higher-poverty schools received higher per-pupil allocations than lower-poverty schools, and that eligibility data were accurate. The $12 billion Title I program is the foundation of No Child Left Behind, and the reliability of program performance indicators depends on the proper investment of Title I dollars.

In the area of improving financial management—another key PMA goal—the OIG helped ED improve its tracking and notification procedures for unexpended grant balances that were at risk of reverting to the Treasury if not obligated and used within statutory timeframes. ED has now put into place a process for notifying grantees when grant award balances are about to become unavailable if not expended.
Cross-Cutting Management Improvements

Managing Human Capital

The PMA calls for a citizen-centered, customer-focused government, in part through organizational changes designed to empower employees through better training and expanded access to information technology. A key change in this area in 2005 is a planned reorganization to align the structure of ED with its key missions. The new structure is designed to coordinate ED resources, leadership, and expertise to best serve ED’s customers and implement strong education policy for the nation. It also reflects the Secretary’s desire to clarify employees’ roles and responsibilities, streamline processes, and integrate policy development, program implementation and communication. In particular, a new Office of Planning, Evaluation, and Policy Development will coordinate policy development, ensuring that all stakeholders within ED have “a seat at the table,” that decisions are well informed, and that implementation occurs seamlessly across ED. Concurrent with the reorganization, ED revised its comprehensive human capital plan to support realignment of staff resources and training needs with the goals of the reorganization.

ED is the smallest of the 18 Cabinet-level agencies, and it has to get maximum production out of its employees. In 2004, ED had the lowest actual full-time-equivalent (FTE) staff—4,359—of any time in its 25-year history.

To help keep ED managers focused on results, in 2005 the Department implemented a new performance appraisal system for members of the Senior Executive Service (SES) that is based on pay-for-performance principles.

Competitive Sourcing

Successfully managing human capital requires the determination of core competencies within an agency and taking advantage of market-based competition to contract functions that are more efficiently or effectively accomplished through private-sector partners. The goal is to maximize efficient and effective use of taxpayer resources to best serve ED customers, and the competitive process is helping ED to reduce costs and improve performance.

Department competitions have empowered employees to develop cost-effective and efficient solutions for continued performance of work in-house. The two major competitions conducted thus far—Payment Processing and Human Resources—have led to the selection of in-house proposals, demonstrating the ability of ED employees to significantly improve mission performance through competition. In the case of Payment Processing, competition will result in the consolidation of accounts payable operations, the leveraging of technology, and more customer-focused performance standards. ED is currently preparing for implementation of the proposed procedural and process improvements as well as taking steps to realign staff responsibilities with those improvements.

More than 20 percent of ED’s staff, or about 1,000 FTE, have been subject to competition or reviewed to determine eligibility for competition. ED also is reviewing K-12 data collection and
support processes, the discretionary grant award process, and the ED’s information technology investments to determine if competitive sourcing could improve performance and results.

**Improved Financial Performance**

A key measure of results for any Federal agency is the proper, documented expenditure of taxpayer funds. Moreover, the availability of accurate and timely financial information is essential not only for basic accountability and auditing purposes, but also for day-to-day reporting and decision-making by ED managers.

Removal of FSA from the High Risk List reflected the continuous improvement in financial management and reporting that ED has achieved over the past three years, including three consecutive unqualified or “clean” audit opinions of the Department’s financial statements, technology-driven improvements in the cash reconciliation process, and rapid completion of auditable financial statements (available less than two weeks following the end of fiscal year 2004).

For example, the Office of the Chief Financial Officer and the Strategic Accountability Service have developed the monthly *Fast Facts* report, which provides a comprehensive overview of financial and program performance that ED managers use to measure effectiveness and efficiency of program operations and inform management decisions. A similar tool is used by FSA—the *Federal Student Aid Executive Dashboard*—to provide current data on student aid applications, program disbursements, default collections, program performance measures, and system performance. The *Executive Dashboard* is provided to all managers weekly and is used at weekly senior officers meetings to track progress and determine if specific actions are required to address identified issues.

Stronger financial accountability and improved reporting have been greatly facilitated by the successful implementation of Oracle Federal Financials both as the Department’s core financial software and to handle accounting for federal student aid programs administered by FSA. ED is currently implementing an upgrade to Oracle 11i that will more closely integrate Department financial systems and improve their operating efficiency.

**Expanded Electronic Government**

The steady expansion of the Internet and other technologies over the past decade has empowered citizens and Federal employees alike, making possible unprecedented opportunities for improved communications and more rapid, paper-free processing of administrative activities. One measure of this revolutionary change was the nearly 18 million visits to ED websites during the single month of April 2005. Procurement, grantmaking, regulatory activities, data collection, and technical assistance of all kinds are being transformed by these technologies, and the PMA champions the principle of electronic government to break down bureaucracy and improve services to customers at lower cost to taxpayers.

ED already posts all of its grant announcements on the cross-government www.grants.gov website, which provides a single access point for potential applicants to search for competitive
grant opportunities from among 900 grant programs offered by 26 Federal grant-making agencies. During the current fiscal year (2005), the Department also expects to use grants.gov to receive electronic applications for some 50 programs. ED used an online grant application for more than 80 percent of its fiscal year 2004 discretionary grant competitions.

ED also is currently developing a new grants management system to replace the outdated and technologically obsolete Grant Administration and Payment System (GAPS). The new system will speed up the grant award process while supporting better communications with customers, improved program monitoring that links dollars to results, and stronger financial accountability.

Another key improvement is the use of online systems to conduct the peer review process, which results in significant logistical savings since reviewers do not have to travel to a central location to review and score grant applications.

ED also is investing in the Performance-Based Data Management Initiative (PBDMI), a multi-year effort to consolidate the collection of education information from States, districts, and schools in a way that improves data quality and reduces paperwork burden for ED’s State and local education partners. The goal is the creation of a database repository with analysis and reporting tools that will allow users to obtain timely information about the status and progress of education in the States, districts and schools. The new system will support performance-based monitoring by ED program managers and provide educators, parents, and other stakeholders with outcome data to inform local decision-making.

The Department reached a critical milestone in the implementation of PBDMI in late 2004 and early 2005 with the successful launch of the Education Data Exchange Network (EDEN). The first large-scale submission of data from States to EDEN took place in late 2004, and by July 2005 ED had received at least some data from nearly all States and territories, with 50 States providing enrollment data, 41 States providing status data, and 29 States providing assessment results required by the No Child Left Behind Act.

EDEN allows States to submit data continuously, helping to make performance and management data available on a more timely basis and relieving States of the burden of submitting multiple data collections at the same time.

In April of 2005 ED awarded a performance-based contract to Computer Sciences Corporation (CSC) aimed at improving the performance and lowering the cost of the Department’s Internet and local area network operations. Contractor performance will be evaluated using approximately 44 Service Level Agreements that were developed recognizing Industry Best Practices. Over the life of the contract, ED anticipates paying approximately 46 percent less for the same services provided under the old support services contract, for a ten-year savings of $149 million.

ED manages its technology investments through a Capital Planning and Investment Control process, under which an intra-agency team reviews all significant information systems, data collections, and resource investments. The team evaluates the investments for consistency with ED’s technology infrastructure and Strategic Plan, monitors on-going investments against their
projected costs and benefits, and makes recommendations to the Investment Review Board. The
Board then determines whether an initiative should be initiated, continued, modified, or
terminated.

All business cases for evaluating technology investments were determined to be sound by the
Office of Management and Budget as none of the Department’s fiscal year 2006 submissions
were judged to be “at risk.”

**Budget and Performance Integration**

The overarching goal of the PMA is build stronger links between resources and results in the
administration of Federal programs, to ensure that scarce Federal resources are allocated to
programs and managers that deliver results. In other words, to make every program better every
year. A major step toward this goal is the stronger integration of performance review with
budget decisions, to link the performance of ED’s programs to future investment decisions.

As part of the President's Management Agenda, the Administration developed the Program
Assessment Rating Tool (PART) to assess and improve program performance so that the Federal
government can achieve better results. Each program receives scores for program purpose and
design, strategic planning, program management, and program results, as well as an overall
rating of Effective, Moderately Effective, Adequate, Ineffective, or Results Not Demonstrated
(RND).

ED has increasingly integrated PART ratings into its budget documents, including PART
information in both program level justifications developed for OMB and Congressional budget
justifications and in summary materials produced for the general public. The Department’s fiscal
year 2006 President’s Budget, for example, noted that of the 56 programs in the Department
assessed under the PART process over the past two years, the Administration rated 2 programs
Effective, 14 programs Adequate, 5 programs Ineffective, and 35 programs RND.

In general, PART ratings of Effective or Adequate support further investment, while programs
rated ineffective are proposed for elimination. Programs rated RND may warrant continued
funding if they are likely to demonstrate results in the future, or termination or consolidation if
they are unlikely to produce positive outcomes or if they unnecessarily duplicate other, more
effective activities.

In the fiscal year 2006 budget request (submitted to Congress in February 2005), the PART
played an important role in shaping the President's High School Initiative. Few current
Department programs that focus on high school have been able to demonstrate positive results,
as is reflected in Ineffective ratings for programs like Vocational Education State Grants and
TRIO’s Upward Bound. In view of these PART results, it made sense to redirect resources from
such programs to the more comprehensive, coordinated, High School Initiative, which would
measure student outcomes based on test data and graduation rates and hold States and school
districts accountable for improved student educational outcomes for at-risk youth.
PART ratings also guided the development of the Administration's proposals to reform the student aid programs. For example, the Administration is proposing to eliminate the Perkins Loans program, which received an Ineffective rating largely because it needlessly duplicates the larger and more widely available guaranteed and direct student loan programs, and redirect Perkins resources to the more effective and equitable Pell Grant program, which was rated Adequate by the PART.

PART ratings reinforced decisions to reduce or eliminate funding for a number of small, categorical programs for which RND ratings included findings regarding serious flaws in program design. These include Byrd Honors Scholarships, B.J. Stupak Olympic Scholarships, and the National Writing Project. However, for most programs rated RND, the Administration is requesting level-funding while the Department continues to follow up on recommendations identified by the PART process, including actions to establish appropriate performance measures, collect appropriate data on program outcomes, and use those data to achieve better program results.

For example, in response to PART recommendations for the Special Education Preschool Grants and Grants for Infants and Families programs, rated RND for the 2004 budget, the Department has undertaken a multifaceted approach to assist States in developing systems for collecting data on child outcomes, which can be used to assess program impact and improving program performance. The Department is making some progress to improve the quality of its data (such as data on graduation and dropping out) for the Special Education Grants to States program and is also working to develop a measure to track the post-graduation outcomes of students. The Administration is requesting increased funding for Grants to States in 2006.

The Department has begun the PART process for 18 additional programs, with results expected to help in the development of the fiscal year 2007 President’s Budget. ED also is subjecting 5 programs previously rated RND to a second PART process to help reach the PMA goal of reducing the percentage of ED programs rated RND below 50 percent.

Conclusion

The Department of Education is like a large corporation with wide-ranging and diverse businesses. Its employees, though relatively small in number, make significant contributions to improving the quality of education by administering programs legislated by Congress and by providing leadership on education issues facing our nation. The last 12 months have seen many changes in leadership and policies, but the hard work and contributions of the employees of the Department have been a constant. ED employees do not seek a lot of praise—a quiet “well done” usually suffices. To all the ED employees whose passion for educational excellence made these results possible, we all say “WELL DONE.”