

**STRATEGIC PLAN**  
for the  
**U.S. DEPARTMENT**  
**OF EDUCATION**

**Working Document**  
**December 1994**

## The U.S. National Education Goals

*In 1990, the President and the Governors of the 50 states agreed upon a set of six national education goals that would guide the federal government, states, local communities, and the private sector as they worked together to improve the education system in the United States.*

*In 1994, the Congress passed the Goals 2000: Educate America Act, with strong bipartisan support and the backing of almost every major national parental, educational, and business organization as well as the nation's governors and legislators. Part of the act commits the federal government to support eight ambitious national goals (the original set plus two new ones on teacher training and parental involvement):*

### **By the year 2000:**

1. All children in America will start school ready to learn.
2. The high school graduation rate will increase to at least 90 percent.
3. All students will leave grades four, eight, and twelve having demonstrated competency in challenging subject matter including English, mathematics, science, foreign languages, civics and government, economics, the arts, history, and geography; and every school in America will ensure that all students learn to use their minds well, so that they may be prepared for responsible citizenship, further learning, and productive employment in our nation's modern economy.
4. United States students will be first in the world in science and mathematics achievement.
5. Every adult American will be literate and will possess the knowledge and skills necessary to compete in a global economy and exercise the rights and responsibilities of citizenship.
6. Every school in America will be free of drugs, violence, and the unauthorized presence of firearms and alcohol and will offer a disciplined environment conducive to learning.
7. The nation's teaching force will have access to programs for the continued improvement of their professional skills and the opportunity to acquire the knowledge and skills needed to instruct and prepare all American students for the next century.
8. Every school will promote partnerships that will increase parental involvement and participation in promoting the social, emotional, and academic growth of children.

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## **The Department of Education's Mission**

To ensure equal access to education and to promote educational excellence throughout the nation.

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## Message on Accomplishing the Department's Strategic Plan

The U.S. Department of Education has developed a new mission statement based on the following principles:

- To ensure excellence in education for all American students, standards of academic learning need to be raised.
- All students must have access to high-quality education.

The Department does not provide educational services directly; it supports states, local communities, and higher education institutions to improve education nationwide. The Department's roles include leadership and financial support for education to agencies, institutions, and individuals in situations where there is a national interest; monitoring and enforcement of civil rights in the area of education; and support for research and evaluations and dissemination of findings to improve the quality of education. We work in partnership with neighborhoods, schools, colleges, educators, parents, business leaders, and communities and states across the country.

To accomplish our mission, the Department has developed an ambitious set of initiatives that support comprehensive, community-based reforms aimed at safe, well-disciplined schools and high academic and occupational achievement. These initiatives emphasize yardsticks against which states and local communities can measure their progress. They offer catalytic funding, partnerships, and flexibility to encourage state and local improvement efforts throughout the United States. They provide financial support to help ensure that needier students are included in these academic reforms. They streamline the financial aid system for postsecondary education students and make it more accountable.

To accomplish our agenda and reform the way we do business, we have prepared a strategic plan with goals, priorities, strategies, and performance indicators plus a set of organizational values to guide implementation. *The strategic plan does not cover every important activity in the Department—the plan focuses attention on a few areas that have been selected as priorities, primarily as a result of legislative successes and recommendations from the National Performance Review.* The plan is not a static document—it will be refined as the Department develops better indicators of performance and gathers new feedback data from our customers.

### Achievements—Our Education Agenda in Place

During the 103rd Congress, the President proposed and the Congress enacted a historic set of new laws. These laws are tools for states, communities, and schools to help our students meet the challenges of the 21st century.

- The *Goals 2000: Educate America Act* promotes safe and disciplined schools that use the best teaching practices and appropriate technology. In these schools, children will learn basic and advanced skills that meet challenging state standards. *Goals 2000* provides financial support to states and local communities to strengthen their schools and cuts federal red tape in favor of local creativity and initiative.
- The *Improving America's Schools Act* brings additional improvements, providing (1) federal support for at-risk children to help them achieve the challenging standards in core academic subjects set by states and communities; (2) greater involvement of parents and communities in

learning; (3) improved teaching through better professional development; (4) new assistance to make schools safer and drug-free; and (5) support for effective changes in school practice and management, such as using technology to improve teaching and learning and initiating charter schools.

- The *School-to-Work Opportunities Act* is helping communities and states put in place high-quality systems of academic and occupational education to give students the opportunity to graduate with the knowledge, skills, and workplace experience necessary for productive employment and further education.
- The *Student Loan Reform Act* streamlines the college student financial aid system by cutting out inefficiencies and by authorizing direct lending and income-contingent payback systems to ensure that students have access to high-quality postsecondary education, regardless of their means. The act will save students and taxpayers billions of dollars in the next five years.
- The reauthorization of the Department's Office of Educational Research and Improvement creates a system of research institutes that will develop new knowledge on how to help all students reach challenging standards and will make educational research useful and relevant to teachers, parents, and principals.

In their first year, these legislative initiatives received substantial budgets from Congress—in addition to bipartisan support for the basic authorizing legislation. At the same time, the Department received Congressional approval to eliminate a number of other programs identified by the National Performance Review as having low educational impacts. Our legislative successes are providing a framework and sound strategies for reauthorization of other key legislation next year.

Along with the successful legislative agenda, the Department has launched a new family involvement partnership for learning. We have formed a broad-based partnership led by the National Coalition for Parent Involvement in Education (NCPIE) to encourage and support American families as they seek to prepare their children for an information-based, "high-tech" economy. The alliance includes such organizations as the National PTA, the National Alliance of Business, the U.S. Catholic Conference, and the Boys and Girls Clubs of America.

These initiatives herald the start of a new era in education leadership—a more balanced role for the federal government and empowerment of neighborhoods, communities, schools, colleges, and states to improve education for all Americans.

## **Achievements—Streamlining the Department and Responding to Our Customers**

In addition to our legislative and program initiatives, we have made long-needed improvements in our management and operations:

- The Department's implementation of the new Direct Loan program for student financial aid has been enthusiastically received by the initial set of participating institutions.
- A historic labor-management partnership now provides the means for all of us to work together on common goals and initiatives.
- A new core financial management system will be in place by 1998 to put the Department's payment, grant and contract, and audit tracking systems in the mainstream of business practice.
- The Department has implemented an integrated strategic planning and performance measurement process to develop this plan and individual office plans aligned with overall goals and priorities.

- Offices developed initial performance measures for many key programs in the Department as part of the fiscal year 1996 budget development process. The budget and program performance indicators were closely coordinated with the Department's strategic plan.
- The Department's customer service team developed a brochure describing the Department's commitment to its customers. The brochure was distributed to customers, such as chief state school officers and school superintendents, and major stakeholders, such as business and community representatives, in addition to all Department staff.
- The number of days the Office for Civil Rights (OCR) takes to resolve cases is decreasing dramatically. In the past year alone, OCR's New York office reduced the time needed to resolve complaints by 24 percent. OCR now responds to complaints within five days after receipt, offering a range of complaint procedures such as mediation, early complaint resolution, and fact-finding conferences.
- In October 1994, the Department prepared a streamlining plan that identified seven key priorities to guide simplification and reductions in all aspects of our operations. The streamlining plan is closely linked to the priorities and goals of the Department's overall strategic plan. It sets forth office by office plans for reducing staff, especially in categories targeted by the National Performance Review.
- Cross-cutting management teams are addressing critical problems to make us the best organization in government and the private sector. For example:
  - The Department has streamlined its grant award process by giving grantees much earlier notification of their status, by distributing many grant funds electronically, and by eliminating unnecessary negotiations affecting 6,000 continuation grants a year.
  - A special management-union team is overhauling the Department's personnel system—reengineering the processes for filling jobs, promoting staff, and separating staff. Pilot innovations are already under way between the Office of Management and four offices, including delegation of classification authority and testing of classification system software.
  - Greater and more creative use of technology is helping to improve services within the Department. For example, e-mail, including Internet e-mail, is now available to 65 percent of all Department employees.
  - Technology is also being used to support innovative technical assistance activities for external customers. For example, the Department has developed on-line computer systems and discussion forums, including the Grants and Contracts Service's interactive computer bulletin board, the National Library of Education's on-line library, and a teacher forum sponsored by the Office of the Secretary.
- Customers will soon be able to call one toll-free number—1-800-USA-LEARN—and reach our one-stop shopping line for information on all our programs and initiatives, applications for grants, and publications.
- "Low-hanging apples" teams have identified more than 60 unnecessary and burdensome procedures and practices that can be easily fixed or eliminated—like apples on the lowest branches of the tree that are the ripest and easiest to pick. Most of these procedures are being changed or eliminated.

These actions are helping us transform the Department into a high-performance, customer-responsive, results-oriented organization.

## Key Strategies and a Promise

To date, the Department's leadership and staff have accomplished many important reforms, but much more remains to be done.

- The most critical task now facing us is to implement our new and reauthorized programs in a way that supports improvements in teaching and learning and reduces regulatory burdens on our customers.
- We will work with Congress to complete our legislative agenda for key programs, including improvements in vocational and adult education and in education for individuals with disabilities.
- We must continue to build strong partnerships with the American people and the nation's educational institutions.
- We must work with other government agencies to develop more coherent and effective policies in broad, cross-cutting areas such as inner-city education, early childhood education, and lifelong learning.
- Finally, the Department must continue to transform itself into a high-performance institution capable of providing the necessary leadership and support for this ambitious program.

This document sets out the strategic plan to carry out our agenda. *By adopting the goals, objectives, and performance indicators in this plan, the Department of Education is entering into a performance agreement with the President of the United States and with the American people. The measure of our success will be the progress we make toward our goals.*

Richard W. Riley, Secretary of Education

Madeleine M. Kunin, Deputy Secretary

Marshall S. Smith, Under Secretary

# U.S. Department of Education Goals and Priorities

## Implementation Priority 1:

Help all students reach challenging academic standards so that they are prepared for responsible citizenship, further learning, and productive employment.

## Implementation Priority 2:

Create a comprehensive school-to-work opportunities system in every state.

## Goals:

Achieve the National Education Goals.  
Ensure Equity.  
Build Partnerships with Customers.

## Implementation Priority 3:

Ensure access to high-quality postsecondary education and lifelong learning.

## Implementation Priority 4:

Transform the U.S. Department of Education into a high-performance organization.

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### *Example of an Academic Content Standard*

#### **NCTM Standard Number 12: Geometry**

*The following is drawn from the National Council of Teachers of Mathematics (NCTM) standards for mathematics. At each of three grade spans (1-4, 5-8, 9-12), the standards try to set out clear expectations for what students should know about mathematics and be able to do with their knowledge.*

In grades 5-8, the mathematics curriculum should include the study of the geometry of one, two, and three dimensions in a variety of situations so that students can—

- Identify, describe, compare, and classify geometric figures;
  - Visualize and represent geometric figures with special attention to developing spatial sense;
  - Explore transformations of geometric figures;
  - Represent and solve problems using geometric models;
  - Understand and apply geometric properties and relationships;
  - Develop an appreciation of geometry as a means of describing the physical world.
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### *Example of State Systemic Reform*

#### **Kentucky Education Reform Act of 1990**

In 1990, Kentucky overhauled its state education system in response to the state supreme court's ruling that found the state's public school financing unconstitutional and the entire system inequitable. Under the banner "world-class standards for world-class kids," the state developed a 10-point program of education reform.

Through the Kentucky Education Reform Act, the state created new assessments and set challenging performance levels; upgraded curriculum and professional development; and established a performance accountability system with multiple components. Changes at the elementary school level included ungraded primary classrooms and family resource centers. The state also overhauled its school finance system. Local school systems responded with reforms of their own.

*Kentucky's comprehensive school reforms are showing encouraging preliminary results. Kentucky's 4th, 8th, and 12th graders demonstrated dramatic improvement on the 1993-94 annual assessments. In all grades tested, the percentage of students performing at or above the proficient level in mathematics, reading, science, and social studies increased from the previous year. For example, in grade 4, the average of the scores across these four subjects plus writing increased from 26 points in 1993 to 33 points in 1994.*

More remains to be done, however, to reach the high standards the state has set for its students. While reading scores increased substantially, just 12 percent of 4th graders were reading at the proficient level in 1994.

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# Priority 1

**Help all students reach challenging academic standards so that they are prepared for responsible citizenship, further learning, and productive employment.**

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The key to improving student performance is comprehensive and sustained education reform based on challenging academic standards for every child. We have learned, after decades of trying, that piecemeal reform and fads do not work. We have learned that reform requires leadership and support at all levels:

- Parents, principals and teachers, community members, school districts, higher education institutions, the business community, states, and the federal government—all have key roles to play.
- Greater family and community involvement, knowledgeable teachers, a demanding, substantive curriculum, accessible technology, assessment aligned with the standards, and better leadership are all necessary if students are to meet more challenging standards.

There is broad agreement that high expectations and challenging standards for academic performance must replace the low expectations and watered-down standards too common in our school systems today. Furthermore, these standards need to be set by states and communities—not the federal government. The U.S. Department of Education's main roles are leadership, encouragement, and support for state and local efforts, not regulation and control.

New national initiatives—including the Goals 2000: Educate America Act, the Improving America's Schools Act, the School-to-Work Opportunities Act, and the National Family Involvement Partnership for Learning—provide the support, encouragement, and partnerships for states and communities to strengthen their schools to meet challenging standards and be more effective. The recent reauthorization of the Office of Educational Research and Improvement provides significant additional support, as will upcoming reauthorizations, including the Carl D. Perkins Vocational and Applied Technology Education Act and the Individuals with Disabilities Education Act.

## Objectives and Strategies

**Objective 1: Build public understanding of the need for challenging academic standards, and promote family involvement and broad-based community support in helping all students reach these standards.**

- Communicate to the public the importance of having challenging standards for all children and the need to improve teaching and learning.
- Work with parental, educational, and business organizations and states to engage key partners and the public in improving schools.
- Encourage and support family, community, business, and religious organization partnerships to promote learning at home and at school.

**Objective 2: Help create safe, disciplined, healthy, and drug-free environments for learning.**

- Support state and local efforts to create and maintain safe, disciplined, and drug-free schools and school surroundings.
- Promote comprehensive approaches in which schools are linked with community resources to support academic achievement and healthy and safe child development.
- Engage families, community centers, housing developments, cultural and scientific institutions, religious organizations, and libraries in creating out-of-school environments that support learning.

**Objective 3: Support the development and adoption by states and local schools of challenging academic standards, occupational standards, and assessment systems linked to these standards.**

- Help state and local reformers develop and implement challenging standards for academic content and performance.
- Encourage the development of high-quality, voluntary, national academic and occupational standards.
- Share information with states and local schools as they develop and implement valid and reliable assessments that are aligned with challenging standards and are designed to improve student learning.

**Objective 4: Promote excellent teaching that will enable students to meet challenging state and local academic standards.**

- Strengthen professional development efforts of states, schools, colleges, and teacher networks in order to enable teachers to teach to challenging standards.
- Engage teachers and other educators in examining, using, and assessing effective teaching and learning strategies.
- Coordinate and integrate state and national technical assistance to improve professional development.
- Encourage more people—particularly people of diverse backgrounds—to enter the teaching profession.

**Objective 5: Change the way the Department works in order to support coordinated implementation of elementary and secondary programs.**

- Create an effective process for integrating reviews of state plans and waivers, program monitoring, and technical assistance across the Department.
- Promote greater flexibility for state and local grant recipients and expanded waiver authority in exchange for accountability for results.
- Implement streamlined, customer-oriented processes for managing reform initiatives across traditional organizational boundaries. For example, the Office of Elementary and Secondary Education is revising its monitoring procedures to establish cross-cutting teams that will handle integrated monitoring and technical assistance across categorical program boundaries.
- Collect and analyze information for feedback on the progress of reform and its impact on student performance.
- Develop and disseminate guidance on effective education policies, practices, and processes based on research and evaluation.
- Develop and institute a comprehensive system of technical assistance centers (the "Super TACs") to offer "one-stop" access to information, technical assistance, and training about strategies for improvement contributed by schools and researchers throughout the country.

**Objective 6: Promote federal, state, and local efforts that bring about excellence and equity in educational opportunities for all students, to enable them to achieve at higher levels.**

- Focus federal resources and research on helping all children to meet challenging standards through support for enriching curricula, well-prepared teachers, family involvement in learning, and safe and drug-free learning environments.
- Work with the U.S. Department of Health and Human Services and the U.S. Department of Labor to strengthen the links between Head Start and schools, between schools and employers, and between high schools and postsecondary institutions in order to ensure extended and enhanced learning opportunities in schools and communities served by federal education programs.
- Promote greater flexibility, assistance, and accountability at the school level for improved performance, including intensive assistance and other strategies in schools that do not meet challenging performance standards.
- Enforce Title VI (Nondiscrimination in Federally Assisted Programs) of the Civil Rights Act and other civil rights laws—working constructively with states and local school districts to achieve remedies that promote both equity and excellence.
- Support the creation of charter school initiatives across the country.
- Work with parents, educators, civil rights organizations, and other groups to ensure educational access and opportunity for all students.

**Objective 7: Promote the use of technology in education.**

- Promote the use of technology in the classroom to help all students achieve to challenging standards.
- Promote the use of educational technologies in professional development and preservice instruction in support of high-quality teaching.
- Support expanded access to educational technology by low-income families, including access through libraries and community centers.
- Support research and evaluation of effective uses of technology that advance improvements in classrooms and schools and promote strengthened connections between home and school.
- Encourage the development of the next generation of technological learning tools.

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## **Performance Indicators for School Improvement Focused on Challenging Standards**

### **Improved Learning:**

- Student achievement nationally and in high-poverty schools will show significant improvement in at least two core subjects.
  - Between 1994 and 1999, the proportion of students who meet or exceed proficiency levels in reading and math on such measures as the National Assessment of Educational Progress will increase by at least 10 percentage points.
  - Students in high-poverty schools will show improvement comparable to that for the nation, dramatically reversing the decline in disadvantaged communities in recent years.
  - Students targeted by other federal programs, including Native American students, limited-English-proficient students, and migrant students, will show gains comparable to those for students overall; students with disabilities will show gains indicating that they are achieving to their full potential.

## **Performance Indicators for School Improvement Focused on Challenging Standards (continued)**

### **Greater Support for Learning:**

- Student drug use, drinking, and violence in schools will decline significantly.
  - The percentage of high school students who engage in illicit drug use or drinking will decline each year starting in 1995—in marked contrast to trends in the last few years.
  - The incidence of school violence and student and teacher victimization will decline steadily each year.
- Family involvement in learning will improve in all types of schools and communities.
  - By 1998 the proportion of young children whose parents read to them regularly will increase significantly (from 66 percent in 1993).
  - Surveys of parents will indicate that larger percentages say that schools are more open and responsive to their involvement.
  - Surveys of parents in high-poverty schools will show increased percentages aware of their importance in their children's education and more actively involved in learning activities in the home and at school, including participation in family-school compacts.

### **Increased Participation in Improvement:**

- The number of schools actively working to enable students to reach high standards will increase each year.
  - By school year 1996-97, as many as 20,000 individual schools—about one quarter of the public schools in the country—will actively participate in locally developed reform. For school year 1998-99 the target is 60,000 schools.
  - The increasing number of Title I schoolwide programs, charter schools, and comprehensive bilingual education programs will indicate growing innovative and integrated approaches to improve teaching and learning.
  - By 1997-98, surveys of principals and teachers will indicate that at least 25 percent of the schools and classrooms have aligned curriculum, instruction, professional development, and assessment to meet challenging state or local standards. Improvement in aligning classroom practice with challenging standards will be recognized by staff in at least half of all high-poverty schools.
  - By 1997-98, at least half of all Title I schoolwide program plans will show comprehensive approaches to improving curriculum, instruction, and assessment aligned with challenging state and local standards.
- More states will use high-quality standards to guide student assessment and curriculum frameworks.
  - By school year 1995-96, at least 25 percent of the states will have content and performance standards in place for two or more core subjects; 80 percent of the states will have them by 1997-98.
  - Independent evaluations in an anonymous sample of states will show that their standards are comparable to benchmarks for high standards, such as voluntary national, international, or recognized state standards.
  - By 1996-97, at least 25 percent of the states will have aligned assessments and provisions to assess all students for two core subjects; by 1998-99, 50 percent of the states will have them.

## **Performance Indicators for School Improvement Focused on Challenging Standards (continued)**

- Greater use of technology in the classroom will help students achieve challenging standards.
  - In fall 1995 the Department will present to the President and to Congress a long-range plan for using technology in education.
  - In each of the next five years, the number of students who use interactive technologies, telecommunications networks, and new tools that address state standards will increase significantly. Use of technology in high-poverty schools will be comparable to that in other schools; students with disabilities will have equitable access to appropriate technologies.
- Challenging state content and performance standards will lead to improvement in the quality and coherence of professional development and to revision of teacher certification.
  - Surveys of teachers will show larger percentages engaged in intensive, sustained professional development that is enabling them to teach to challenging standards.
  - Teachers in high-poverty schools will participate in intensive, sustained professional development at rates comparable to or higher than the rates for teachers in other schools.
  - By 1996-97, 75 percent of the states will review state licensing/certification standards for teachers; by 1996-97 at least 50 percent of the states will make noticeable progress in aligning and raising teacher licensing standards consistent with their student academic standards.

### **Increased Public Participation and Support for Improvement:**

- Public awareness of the importance of challenging academic standards and the need for parental involvement in school improvement will increase significantly.
  - Surveys of the general public and of parents will show increased awareness among Americans of the importance of challenging standards for all children and of the need for improved teaching and learning.
  - Surveys of national organizations and states will show that increased outreach has produced greater understanding and engagement of key partners and all segments of the public in school improvement.

### **Enhanced Federal Support for Improvement:**

- The Department will take effective steps to simplify or eliminate bureaucratic requirements.
    - Approval processes for plans submitted for the Goals 2000 and Elementary and Secondary Education Act programs will require much less red tape and regulations.
    - New waiver authority and flexibility will stimulate increasing numbers of schools to implement promising innovations and integrated approaches to respond to the needs of children, while suggesting areas for policy change and regulatory streamlining at all governance levels.
  - Research findings on promising practices and "what works" will be extensively disseminated to people who need and will use the information.
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## Examples of School-to-Work Systems

### Rindge School of Technical Arts, Cambridge, Massachusetts

The Rindge School has about 13 percent of its seniors in highly structured school-to-work programs. The curriculum integrates academic and vocational learning, and prepares students for the world of work as well as for further education. Over the past four years 85 percent of the school-to-work students have entered college upon graduation.

- *In 9th and/or 10th grade:* School-to-work students take the CityWorks program, examining their urban community and the inner workings of local industries. Students create various artifacts such as three-dimensional maps and models, photographic essays, video tapes, and oral histories. In humanities, students read and discuss texts related to their investigations and write about their experiences and ideas. Math and science are fully integrated with the CityWorks program.
- *In 10th grade:* The Pathways program gives students opportunities for classroom exploration of the role of work in four broad career paths (health and human services, business and entrepreneurship, arts and communications, and industrial technology). Courses involve job shadowing and preparation of work biographies, student exhibitions, and academic studies.
- *In 11th and 12th grades:* Students take an academic course taught in the workplace through internships (at Polaroid, Harvard University Facilities Management, a Cambridge hospital, or as part of the Careers in Education program) in addition to their vocational and academic programs.

### Roosevelt High School, Portland, Oregon

Roosevelt High School students were being suspended and expelled at rates higher than those at any other public school in Portland. Absentee and dropout rates were very high. Most students were not going on to college. And employers made it very clear—graduates weren't prepared for work either. Ninety percent of Roosevelt teachers felt that the school curriculum needed a technical dimension that expanded the learning environment for the students. To address these problems, Roosevelt teachers developed a comprehensive school-to-work program:

- *In 9th grade:* Students do hands-on projects and team-oriented classwork in core academic classes. They see how adults use what the students are learning in class—how a builder uses math formulas, how business people change styles of writing for different purposes and audiences. The students explore six career pathways and select one to concentrate on at the end of the year.
  - *In 10th grade:* Teachers design assignments in core academic subjects around the six pathways. In English, students may read biographies about leaders in their career pathways. In history, they may research events and developments that shaped that field. All students take a class specific to their pathway—for example, a business student might take introduction to computers.
  - *In 11th grade:* Teachers continue to integrate academic skills with the student's career pathway. Students take advanced academic classes and additional pathway classes to prepare for four-year college as well as careers. Trade and tourism students might take a foreign language, manufacturing technology students might take statistics.
  - *In 12th grade:* Students continue to take core academic subjects such as civics and economics and advanced academics, while participating in more structured work experience. Every senior gets a part-time field experience for a school quarter, coupled with community service. Many will take community college courses as well.
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## Priority 2

### Create a comprehensive school-to-work opportunities system in every state.

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To prepare for the technology-oriented, highly competitive economy of the 21st century, our nation's young people will need a higher level of academic and occupational knowledge and skills. Today, too many American youth do not receive the education they need to successfully pursue postsecondary education and training or to prepare for a career. Most of our international competitors recognized some time ago that economic competitiveness depends primarily on their ability to upgrade and continually improve the skills of their workforce. Building partnerships between education and business, they have developed comprehensive systems that provide a smooth transition from school to the labor market. While other nations are refining and improving their school-to-work systems, the United States is just beginning to build one.

President Clinton made the development of a comprehensive school-to-work system for American youth one of the major goals of his administration. With bipartisan support in Congress, the School-to-Work Opportunities Act was signed into law on May 4, 1994. A historic partnership between the Departments of Education and Labor is promoting the creation of comprehensive systems in every state.

#### Objectives and Strategies

**Objective 1:** Provide national leadership to states and communities in the design and implementation of school-to-work systems through technical assistance, research and evaluation, coordination with other federal initiatives, and outreach to employers, educators, workers, community groups, elected officials, parents, and students.

- Establish mechanisms for implementing and administering the school-to-work initiative jointly with the Department of Labor.
- Build a knowledge base through a national program of rigorous research, demonstration, and evaluation of best practices in designing and implementing school-to-work systems.
- Provide national leadership to encourage the active participation of employers, educators, workers, community organizations, and elected officials to promote the design and implementation of high-quality school-to-work systems in states and local communities.

**Objective 2:** Ensure that *all* students—including students who are disadvantaged, have limited English proficiency, have dropped out of school, or have a disability—have opportunities to participate in school-to-work opportunities systems that prepare them for college and careers.

- Work closely with states and communities to "roll out" school-to-work systems that reach all students.
- Through national research and demonstration activities, promote the development and adoption of effective school-to-work systems that serve a diverse range of students.
- Launch a national outreach effort to encourage all parents and students to promote and participate in school-to-work programs.

**Objective 3: Promote high-quality learning and teaching that integrate academic and occupational learning, link secondary and postsecondary education, connect school- and work-based education, and promote the use of technology.**

- Implement national technical assistance and research and development strategies to promote curriculum development, professional development, assessment practices, and other measures critical to high-quality school-to-work systems.
- Develop and implement a comprehensive strategy for using technology in support of school-to-work reforms.
- Work with leaders in states, communities, and businesses to ensure meaningful employer participation in designing and implementing school-to-work systems.

**Objective 4: Ensure that youth in school-to-work systems have the opportunity to earn a high school diploma and a skills certificate tied to challenging academic and occupational standards, and are prepared for postsecondary education and training and for high-wage jobs with career ladders.**

- Encourage states and communities to adopt comprehensive skills standards developed in cooperation with industry and the National Skills Standards Board.
- Conduct a national evaluation of the School-to-Work Opportunities initiative to determine its effects on a range of student performance measures, including academic achievement, high school completion, earning a skills certificate, postsecondary attendance and completion, and employment.
- To continually assess the progress of students and programs, build performance measurement systems with states and communities.

**Objective 5: Align school-to-work opportunities systems with the Goals 2000: Educate America Act, Improving America's Schools Act, Carl D. Perkins Vocational and Applied Technology Education Act, Adult Education Act, Individuals with Disabilities Education Act, Job Training Partnership Act, and related federal programs.**

- Work with states to integrate education-reform strategies developed under Goals 2000 with those developed under the School-to-Work Opportunities initiative.
- Reauthorize the Perkins Act to support the School-to-Work Opportunities initiative and to become an important agent for improvement in secondary schools and postsecondary institutions.
- Establish procedures for approval of waivers, administration, and accountability that are coordinated with other federal education and training initiatives for youth.
- Develop a legislative proposal that links Perkins and the Job Training and Partnership Act (JTPA) in a coordinated, coherent school-to-work system for in-school and out-of-school youth.

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## Performance Indicators for School-to-Work Opportunities Systems

### Increased Participation:

- By the end of the 1996-97 school year, at least 20,000 students (including disadvantaged students, students with disabilities, and school dropouts); 5 percent of high schools; 10 percent of community colleges; at least half of the states; and at least 8,000 employers will be participating in school-to-work initiatives in diverse geographic areas throughout the nation. These figures will represent significant increases from the baseline of 2,000 to 3,500 students and 1,000 employers estimated to be participating in school-to-work programs in 1994.
- By fall 2000 at least 450,000 youth, 50 percent of high schools and community colleges, and 50,000 employers will be participating.

### Improved Student Performance:

- By fall 2000 a national evaluation will indicate that School-to-Work Opportunities systems have increased high school graduation rates, increased student achievement, decreased school dropout rates, increased the number of students completing a postsecondary certificate or degree program, and increased the number of students prepared for and participating in career ladder jobs upon completion of their chosen course of study.

### Excellent Support and Coordination:

- By fall 1996 state and local plans, requests for waivers, technical assistance, program guidance, and research and evaluation will be coordinated with the Goals 2000: Educate America Act, Improving America's Schools Act, Carl D. Perkins Vocational and Applied Technology Education Act, Individuals with Disabilities Education Act, and Adult Education Act.
- States that have received school-to-work implementation grants and Goals 2000 grants for implementation in years 2-5 will report in a customer survey that they are able to administer these initiatives as part of an integrated approach to improve their schools and educate all youth to challenging standards.
- The Department, jointly with the Department of Labor, develops, submits, and receives approval for legislation to streamline federal education and job training programs to promote a coherent, coordinated training system for in-school and out-of-school youth.
- A coordinated federal system supporting education and job training for in-school and out-of-school youth will be in place by 1997.

### High Customer Satisfaction:

- Employers will express a high degree of satisfaction with graduates of school-to-work systems and with the quality of the systems.
  - States, communities, and major stakeholder organizations will be satisfied—measured through a customer survey in early 1996—with the federal administration of the initiative and the timeliness and quality of response to requests for information and assistance.
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## Direct Loan Examples: Repayment Options and Comments on the Program

### Repaying a \$20,000 Student Loan

The Direct Loan program will allow borrowers to choose a repayment schedule that best fits their circumstances. *Under the old system*, a borrower leaving school with \$20,000 in debt who wanted to take a public service job at \$10,000 a year would be faced with monthly payments of \$232—more than one-fourth of his or her monthly income.

*Under the Direct Loan program*, the same borrower would have the following repayment options:

- Standard repayment (\$232 a month) — repayment over about 10 years.
- Extended repayment (\$155 a month) — repayment over about 15 years.
- Graduated repayment (\$119 a month) — starting out low and increasing payments later, under the assumption that the graduate will earn more after a few years.
- Income-contingent repayment (\$44 a month in the first year of earning \$10,000 a year and adjusted each year thereafter to reflect actual income).

*Each option has advantages and disadvantages depending on the borrower's circumstances. Information will be made available to support informed choices by student loan borrowers.*

### Customer Comments on the New Direct Loan Program

(From Internet e-mail and newspaper accounts)

*Phyllis Hooyman, director of financial aid at Hope College in Michigan:* "Believe it or not, this is a government program that works!"

*Jerry Sullivan, University of Colorado at Boulder:* "Now we are finding that many things that we did before in processing aid were designed to accommodate how we related to other agencies. The big savings will come as we adjust to not having to do certain things any more. People often ask how many staff do you have to add? Sallie May indicated in their study of last year that we would need dozens more. I have news for them. We did it with one less staff person this year, and we and the bursar will do it with fewer fall and spring start-up staff than ever before next year."

*Harriet L. Rojas, associate director of financial aid, University of Idaho:* "The biggest joy of Direct Lending is having the money ready for the students when they expect to receive it. . . . We figure that we are 4 to 6 weeks ahead of last year's schedule in terms of students getting their funding and numbers of loans processed. . . . We are very pleased with the program, and our students have definitely been the beneficiaries of better service."

*Karen Feeks, financial aid director for the University of Florida:* "Our real savings will come in reducing the number of players in the process. We are actively involved with 200 banks and 35 guarantee agencies around the country. With direct lending, there will be only one entity to deal with—the Department of Education."

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## Priority 3

### Ensure access to high-quality postsecondary education and lifelong learning.

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In many respects the American postsecondary education and research system is among the best in the world. Enrollment in postsecondary education is high—in 1991, 63 percent of high school graduates enrolled in postsecondary education—and enrollment has increased steadily in recent years. American research universities have been the source for many critical scientific and technological breakthroughs in the 20th century.

Recent reforms in federal financing of student aid will support our already strong system and ensure that any capable student who is interested in attending postsecondary education can do so, without undue financial burden.

- At the federal level, the new Direct Loan program for college students is expected to produce important benefits, including simplified administration of student aid, improved information to borrowers, and substantial savings to students and the public.

- Between 1990 and 1992, student loan default rates were cut by one-third and collections were doubled, saving taxpayers almost \$2 billion in fiscal year 1994.

However, there is still room for improvement.

- Economically disadvantaged students continue to have less access than others to postsecondary education and training. While enrollment in postsecondary education in America is high and has increased steadily in recent years, large disparities remain in the enrollment rates of low- and high-income students.

- Students often fail to complete their course of study. Only one-half of high school graduates who enroll in a four-year college immediately after high school complete their bachelor's degree within six years.

- It appears that some institutions are abusing students' trust and the institutions' basic responsibility for the taxpayer's dollar. These institutions are providing a substandard level of education—as documented in a number of Congressional hearings, General Accounting Office (GAO) investigative reports, Inspector General findings, and, in some cases, by very high default rates.

- The postsecondary financing and training system is fragmented. Currently, private business-supported training is not readily available to lower-skill employees, and major federal training programs are spread out among at least three agencies—Education, Labor, and Health and Human Services—with little or no coordination. The move to a high-skill, information-based economy will require all Americans to have access to a set of opportunities to improve their workforce skills that is more coherent than that which is currently available to most people.

## **Objectives and Strategies**

**Objective 1: Remove financial barriers by providing an appropriate combination of grants, loans, and work-study funds to enable students at all income levels to finance postsecondary education.**

- Successfully implement the Direct Loan program to reduce the cost of borrowing to students and the public and to simplify the process of obtaining a student loan.
- Help borrowers repay loans by providing a variety of options for repayment, including income-contingent repayment.
- Explore additional means to reduce the financial barriers to participation in postsecondary education.

**Objective 2: Provide the necessary leadership, oversight, and support services to ensure that all students have access to postsecondary education programs that develop their academic and vocational skills.**

- Revitalize efforts to improve the quality and integrity of institutions eligible to participate in student aid programs while reducing the regulatory burden placed on high-performing institutions.
- Enhance student educational attainment by providing funds for nonfinancial services that disadvantaged students may need in order to take advantage of further educational opportunities. The TRIO programs support services such as advanced academic and lab tutoring, remedial education, mentoring, and financial, academic, and career counseling.
- Help higher education institutions to keep improvement of instructional quality at the top of their agenda.

**Objective 3: Enable adults to have access to a system of lifelong learning in order to advance literacy, employment, and personal development.**

- Develop lifelong learning and adult education policies for providing an integrated system of high-quality education and training opportunities for individuals at various stages of their lives.
- Improve "second chance" education and training opportunities by increasing the intensity of training, expanding the availability of needed support services, and contextualizing instruction.
- Raise standards to improve the quality and rigor of adult education.

**Objective 4: Provide opportunities and access to postsecondary education by ensuring civil rights for all students.**

- Help students, parents, and schools get the information they need to secure equal access to high-quality education.
- Institute a balanced enforcement approach that includes proactive examinations of broad or acute incidences of discrimination and reactive investigations responding to specific complaints.

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## **Performance Indicators for Postsecondary Education and Lifelong Learning**

### **Improved Student Access to and Completion of Postsecondary Education:**

- The percentages of students enrolling in a four-year college who graduate within six years and in a two-year college who graduate within two years will increase significantly.
- The gap in college participation between high-performing secondary students with high and low income will decrease significantly.
- The percentage of learners who complete adult secondary education programs or the equivalent and who then enroll in two- or four-year college programs will increase significantly.
- The Department will develop and implement effective systems for informing students about and for handling flexible loan repayment options that result in manageable repayment burdens for all borrowers.
- The Department will disseminate useful information regarding the best practices to improve program quality, encourage broader access to and student success in postsecondary education, and reward successful programs with increased support.
- The Department in partnership with the Department of Labor will prepare a long-term, coherent strategy for lifelong learning that rationalizes the resources and requirements of programs in both agencies to promote broad access to a range of high-quality, non-duplicative education and training programs.
- Respondents to Office for Civil Rights surveys will show greater understanding of their civil rights to education.

### **Improved Quality:**

- The Department will develop and implement an effective method for coordinating efforts of the gatekeeping "triad"—the federal government, states, and accrediting agencies. As a result, the quality of institutions participating in student aid programs will increase and the regulatory burden placed on high-performing institutions will be reduced.
- An institutional data system that will provide information about eligible institutions will be fully operational in 1995.

### **Improved Management:**

- The average error of grant and loan program cost estimates will be no more than 5 percent.
- Data systems to ensure that defaulters are prevented from receiving new loans or grants will be established and used.
- Systems that accurately track program expenditures and result in auditable financial statements will be developed and implemented.

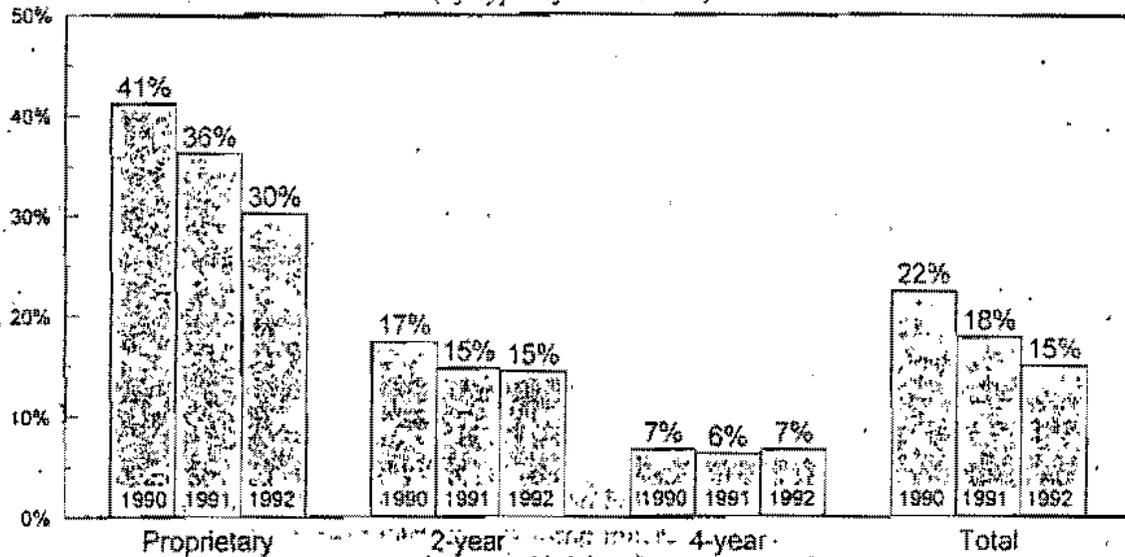
### **Reduced Costs:**

- When fully implemented, the Direct Loan program will save taxpayers more than \$1 billion a year.
  - The amount of assessed liabilities collected from borrowers will increase by 75 percent.
  - Both short-term and long-term measures will be taken to reduce management and paperwork burdens on institutions and students.
  - Between 1994 and 1996, collections from recovered defaulted loans will increase by more than \$100 million—from \$473 million to \$587 million.
  - Student loan defaults, which decreased by 33 percent from 1990 to 1992, will continue to decline significantly—by at least 5 percent a year.
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## Examples of Management Reforms for Priority 4

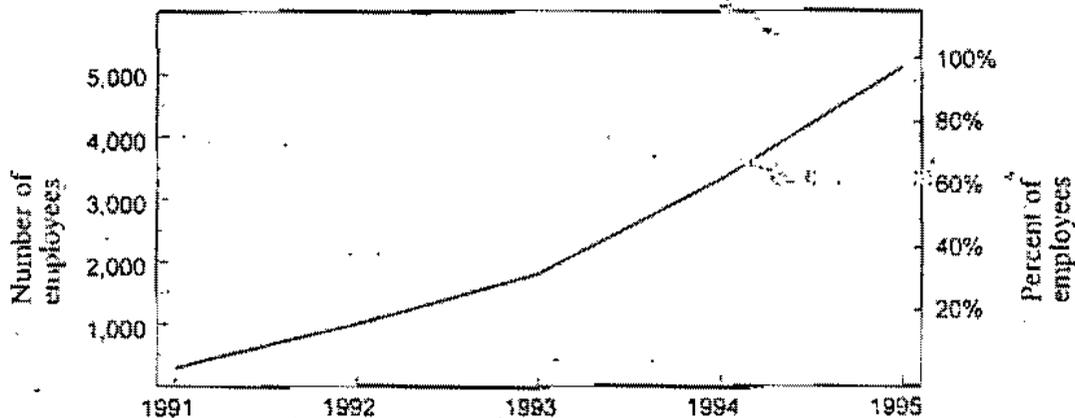
The Department has six objectives for management reform. Two indicators that will show how well we are doing are student loan default rates and improved access to and use of technology.

Decrease in Borrower Default Rates for Student Loans  
(by type of institution)



Improvements in Department management and program operations have resulted in dramatic changes to the default rate for student loans and large savings to the taxpayer.

Number of Department Employees with Computer Connections



By the end of 1995, all Department employees, including those in our regional offices, will have computers and be connected to the Department's network. Employees on the network can also send e-mail through Internet to customers throughout the nation.

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## Priority 4

### Transform the U.S. Department of Education into a high-performance organization.

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In recent years, demands placed on the Department of Education have increased. New resources have become scarcer, confirming the National Performance Review's conclusion in 1993 of the need to "do more with less." In the past, the Department has been criticized for a lack of vision, an absence of leadership, weak management systems, and low morale. The Department is evolving from an agency focused on compliance and auditing to a leader in a national movement to enhance the quality of education in the United States.

To respond to these challenges, the Department must change its management principles and improve its operations. The Department's systems and staff must grow to meet the changing needs for national leadership and efficient, responsive service to the education community, parents, and the public.

#### Objectives and Strategies

**Objective 1: Manage the Direct Loan program in an enterprising and efficient way that gets results.**

- Provide participating institutions with timely and accurate information and technical assistance to implement direct loans effectively.
- Introduce state-of-the-art information systems with simplified origination and payment transfers.

**Objective 2: Build partnerships with our customers and provide maximum flexibility in the administration of federal programs.**

- Redirect the Department's regulatory and grants administration practices to reduce unnecessary administrative burden on recipients of federal funds, encouraging them to concentrate resources on improving student achievement and performance.
- Simplify regulations for all of the major federal education programs.
- Provide easy access to information about the Department's programs and about strategies to improve program effectiveness.
- Gather feedback from our customers and use it to improve the quality of our work.

**Objective 3: Empower our employees.**

- Streamline the Department's personnel process.
- Encourage teamwork.
- Flatten the bureaucracy by reducing organizational hierarchy and increasing supervisors' span of control.
- Make the Department a "learning organization" in which staff at all levels engage in a constant process of self-improvement and cultural change.
- Support diversity by ensuring fairness in employment and by respecting and incorporating human differences.
- Recognize and reward employees for performance.

**Objective 4: Develop a world-class information system for the Department and our customers.**

- Apply systems design to support the effective integration of technology into office operations.
- Make advanced technology available to employees.
- Use technology to build knowledge and communicate with the public.

**Objective 5: Allocate the Department's resources to achieve strategic plan priorities.**

- Establish annual budget priorities linked to federal and Department priorities.
- Increase the effectiveness of discretionary grants.
- Align salary and expenses resources to support the key priorities of the Department's leadership.

**Objective 6: Increase accountability through performance measures, improved financial management, and evaluation.**

- Emphasize improved performance through strategic planning.
- Implement performance agreements for all employees that reflect relevant priorities and objectives in the Department and office strategic plans.
- Implement new strategies for financial management that provide financial, budgetary, and performance data to program managers in a flexible way.

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## **Performance Indicators for Transforming the Department of Education**

### **Excellent Management of the Direct Loan Program:**

- Surveys of institutions and borrowers will indicate high degrees of customer satisfaction with all facets of the Direct Loan program.

### **Improved Customer Service:**

- By the end of 1995, customer service standards will be developed for all core services the Department provides.
- A survey of external customers will indicate a high level of satisfaction with the Department's services and administration of programs and with their ease of access to the Department.
- Periodic "test runs" by evaluators will indicate that Department staff provide quick and reliable information.
- By 1998 the standard response time for controlled correspondence will be met in 98 percent of all cases.
- By 1998 our customers' ease of access to the Department through the gateway 1-800-USA-LEARN number will double (as measured by the times in which service is received as the result of one call).

### **Key Systems Redesigned:**

- By 1998 the Department will have implemented a redesigned, integrated financial management system.
- By the beginning of 1995, key components of the personnel system will be in the process of being redesigned to simplify and expedite personnel processes; and four program offices will have been selected for pilots.
- By 1996 the cycle time for the personnel office to fill a position, once posted, will be reduced by 25 percent.
- By 1996 a representative sample of individual performance agreements reviewed by joint management-union teams will show a direct relationship to the Department's strategic plan.
- By 1996 a comprehensive training and employee development strategy will be developed.

## **Performance Indicators for Transforming the Department of Education (continued)**

- The annual employee survey will show increased satisfaction with the Department's commitment to training employees.
- The amounts of training budgets unused at year's end or used for other purposes will decline across the Department by 50 percent yearly through 1998.

### **Involvement of Employees in Management Reforms:**

- An employee survey in 1995 will show that most employees believe that management supports and rewards employees for creativity, initiative, and teamwork.
- The number of teams established to carry out major implementation changes will continue to increase.

### **Alignment of Resources with Priorities:**

- By 1995 significant steps will have been initiated to redeploy personnel to support high-priority new initiatives.
- Each year the annual budget process will continue to link strategic plan priorities to the departmental budget.

### **Wide Use of Performance Measurement:**

- By 1995 performance measures will be used to guide policy and program improvement efforts for the Department's 15 largest programs.

### **Widely Available and Easily Accessible Information Systems:**

- By 1996 the one-stop shopping line for information on Department programs (1-800-USA-LEARN) will be fully operational, covering all programs.
- Monthly town meetings with the Secretary and Deputy Secretary will continue to expand their audience and usage.
- By 1996 public use of the Department's electronic information systems (e.g., computer bulletin boards and Internet nodes) will quadruple.
- By 1995, 10 program offices will have received appropriate hardware and training to store program office records electronically rather than on paper.
- By 1998, 50 percent of new official grants and contracts files will be maintained electronically.

### **Enhancement of Labor-Management Partnerships:**

- By 1996 labor-management partnerships will be implemented and councils and/or agreements will be in place in every bargaining unit of the Department.
- Annual surveys of union leadership and management will indicate that each believes the relationship to be productive and to facilitate employee input.

### **Streamlined Operations to Complement Reinvention:**

- The Department will meet commitments outlined in the 1994 streamlining plan and will continue to improve customer service and integrate functions to achieve efficiency. In particular, head counts in targeted functional areas will be reduced by the following percentages from 1993 to 1999:
  - Personnel specialists down by 24 percent by 1999.
  - Budget specialists down by 25 percent.
  - Acquisition specialists down by 21 percent.
- Organizational layers will be reduced to five layers by 1995 and to three layers by 1997.
- The number of supervisors will decrease from more than 700 to 425 by 1998.
- Span of control will increase steadily from the current 1:6 ratio to a 1:10 ratio by 1997, and a 1:12 ratio in 1999.

To: Deputy Secretary Kunin, Judy Huemann, Gussie Kappner, David Longanecker, Tom Payzant, Sharon Robinson, Rod McCowan, Judy Winston, Don Wurtz, Norma Cantu, Kay Casstevens, Mario Moreno, Gene Garcia, Frank Holleman, Terry Peterson, Kay Kahler, Mike Cohen

From: <sup>Re:</sup> Mike Smith  
Judy Wurtzel

Re: General Questions and Answers on Issues Affecting the Department

Date: February 8, 1995

I thought you might find helpful the questions and answers that were prepared for the Secretary's appearances before the Appropriations and Economic and Education Empowerment Committees. While these questions and answers are intended for internal use only, they indicate the positions that the Secretary took when he testified last month and may prove useful as you prepare speeches, testimony and other materials.

Attached are both a set of questions and answers on general issues, and, where appropriate, a set of talking points on issues of particular relevance to your office.

**Question: Why do we need a Department of Education?**

**Answer:**

Education is a national concern; critical factor in ensuring the competitiveness of our national economy and the vibrancy of our democratic system.

Education is primarily the responsibility of State and local governments. But, because education is an area of critical national importance, a Department of Education has an important role:

- o national voice for education
- o building partnerships in support of critical issues (ex. religious leaders and others in support of family involvement);
- o a supportive partner to states, local communities, schools, and colleges in improving education;
- o a clearinghouse of the best ideas about improving education.
- o ensuring equity so that no children are left behind.

Those who suggest making education an office within a larger department are ill-advised. Creating an office does not necessarily mean more efficiency or more responsiveness to local concerns. When Education was in HEW

- o The Office of Education had 7,700 employees. The Department currently has one third fewer employees;
- o The Secretary of HEW could not devote much attention to education;
- o The lack of attention and large HEW bureaucracy resulted in a lack of coherence and responsiveness that impeded state and local educators.

During Congressional Hearings in 1979 on whether a Department of Education should be created, Terrel Bell testified that for these reasons creating a Department of Education would reduce federal control of education and federal red tape.

Anecdote of Christian schools representative who says need Department because "need to know where to go." True for everyone with a concern about education.

Since its creation, the Department of Education has given education a national visibility that it never had before. For example: A Nation at Risk and development of the National Education Goals.

**Question:** Why not just give states and communities the resources to do the job and get out of their way? Why not just use block grants?

**Answer:**

If by block grant you mean agreeing on national priorities and objectives, allowing states and localities to have flexibility over how they achieve those objectives, and holding them accountable for results, then we support that strategy. In fact, Goals 2000: Educate America Act and the School to Work Opportunities Act can be considered block grants of this sort.

However, if you mean simply giving federal money to schools without clear goals or focus or accountability, then we believe this is a poor use of the taxpayer's money. We cannot afford this type of federal government program. And, taxpayers demand accountability.

When the purposes of block grants are left unspecified, there is no focus or accountability. The tendency is to give a little something to everyone and there is little assurance that they will address the fundamental problems of our schools -- safety, basic skills, better teachers, technology and ensuring access to college. Moreover, an important federal role is ensuring equity -- that students disadvantaged backgrounds and with special needs are not left behind. This is an appropriate focus as we strive to reduce crime and welfare dependency and to ensure that our economy is internationally competitive.

Our new legislation strikes a balance between the need for much greater flexibility in how federal resources are used and the need for much greater accountability for better results -- broad waiver provisions; whole-school approaches; a Department-wide emphasis on fewer regulations; charter schools; investing in teams of teachers, parents and school and community leaders to find quality solutions.

Could you describe changes the Department has made in how it deals with regulations since you became Secretary?

To reinforce the new flexibility granted by our major legislative initiatives, ED has dramatically changed its approach to regulations over the past two years.

The Department has developed a set of simple yet pathbreaking criteria for when and how to regulate. We are applying these common sense criteria to all our programs. The result will be far fewer, shorter, less prescriptive regulations than usually are or previously have been promulgated for a major federal program.

These criteria are as follows:

- o ED will regulate only when essential to serve the needs of customers by promoting quality and equality of opportunity in education.
- o ED will not regulate where there is no demonstrated problem.
- o ED will not regulate if the problem can be solved adequately without regulating (e.g., through local decisions, or through non-regulatory guidance by ED).
- o ED will not regulate if the entities or situations to be regulated are so different from each other that a uniform solution would do more harm than good.
- o ED will not regulate in the face of ambiguity alone unless such ambiguity will create a real problem if not resolved through a legally binding interpretation. (Multiple possible approaches to carrying out a statutory provision do not in themselves warrant regulatory clarification, although there may be times when a regulation could promote greater flexibility than the statutory provision makes apparent.)

If a regulation is necessary:

- o Regulate no more than the minimum necessary to solve the identified problem.
- o Minimize burden and promote multiple approaches to meeting the requirements of the law.
- o Permit federally-funded activities to be integrated with State and local reform activities.
- o Assess the costs and benefits of the regulation and ensure that the benefits justify the costs.
- o To the extent feasible, establish performance objectives, rather than specify the manner of compliance that regulated parties must adopt.
- o To the extent feasible, allow flexibility so that institutional forces and incentives

achieve the desired result.

Applying these criteria:

- o ED did not issue any Goals 2000 regulations and also developed a four page application process.
- o ED did not issue any school-to-work regulations.
- o IASA will have significantly fewer regulations than did the prior law. There will be NO regulations to implement key waiver, professional development, safe and drug free schools, and innovation provisions of the law. Title I will be implemented with minimal regulations -- most of which are being developed through a statutorily-mandated negotiated rule-making process.

**Goals 2000 and the IASA both requires states to use standards for accountability purposes. How is this accountability standards different from past practices? What would it mean for accountability if standards were removed from these laws?**

- o In the past, accountability has focused primarily on process. Accountability under Goals 2000 and IASA focuses on results.
- o Both laws also place far greater emphasis on accountability to those within the state, district or school, rather than to the federal government.
- o Accountability is in terms of student progress toward the state standards based on the results from state assessments.
- o Without standards, there would be no accountability.

What role does federal funding such as Title I, Goals 2000, the Eisenhower professional development program, and Title VI (the old Chapter 2) have in enabling states and school districts to address the educational needs of their students? Do federal funds enable states and local school districts to address factors they otherwise would be unable to undertake?

- o Federal funding to schools, local school districts, and states serves two primary purposes:
  - 1) programs such as Title I provide funds that are critical for providing services to students with special educational needs. Title I is the primary source of funds for special help to those most in need and is a symbol of our commitment to providing educational opportunities to all students.
  - 2) Goals 2000, Eisenhower, Safe and Drug-Free Schools, and Title VI provide critical funds to help local and state reform efforts. Goals 2000 provides funds for the development and implementation of reform activities as determined by the schools and the state.
- o The strong provisions in Goals 2000, Improving America's Schools, and School-to-Work for granting waivers and the Ed-Flex demonstration program provide flexibility to states and locals in implementing federal programs.

Additional information:

Over the past two decades, the gap between the academic achievement of African-American and white students in reading, math, and science has narrowed. And the gap between the achievement of children of parents with the least and most education has narrowed.

Without Goals 2000, such fund for reform would be very scarce because of the fiscal pressure that schools, districts, and states are under. We know, however, that funds for planning and implementation of reform are critical and are the stimulus for change. The small amounts of money that Goals 2000 provides schools and states allows them to build a consensus on the direction they would like to go and to think in more comprehensive ways about how their practices and policies work to improve teaching and learning.

The Eisenhower program provides needed resources to help all teachers develop the skills and knowledge necessary to help students learn to higher standards. The Safe and Drug-Free Schools program helps schools to make their schools an environment that is conducive to learning.

**Question:** Can you explain more about the new waiver authority you keep mentioning?

**Answer:**

Under new law, Secretary has broad authority to waive statutory and regulatory provisions -- including those of ESEA and the Carl D. Perkins Vocational and Applied Technology Education Act (Perkins) -- for the purpose of improving teaching and learning.

Goals 2000: Educate America Act permits us to waive many statutory and regulatory requirements applicable to key department programs (except those regarding distribution of funds to state and local education agencies, maintenance of effort and other circumscribed areas). Waivers may be granted when the Secretary determines that a requirement impedes the ability to carry out a Goals 2000 state or local improvement plan. Can grant waivers to states, school districts and schools.

ESEA provides for broad waivers to states, school districts and schools of ESEA statutory and regulatory requirements, with narrow exceptions similar to those in Goals 2000. There is especially broad waiver authority for public charter schools -- extending to any ED statute or regulatory requirement.

School to Work Opportunities Act provides for waivers of statutory and regulatory requirements of JTPA and Perkins as well as of relevant ESEA programs (except requirements such as distribution of funds to state and local education agencies, eligibility of an individual for participation, requirements relating to basic purposes or goals of the program).

Goals 2000 will provide even more flexibility for up to six states with approved Goals 2000 plans. Under Goals 2000's unprecedented Ed-Flex demonstration program, the Secretary may authorize selected states to have the full power to waive the ESEA and Perkins requirements discussed above, without having to seek the Secretary's approval. We plan to publish the application requirements and selection criteria for an Ed-Flex competition shortly.

Civil rights requirements and health and safety requirements cannot be waived.

We are moving ahead quickly to implement these important new waiver authorities. I have created a Waiver Action Board that will provide "one-stop shopping for education waivers," consistent application of waiver criteria, expeditious waiver decisions, and informal assistance to potential waiver applicants to facilitate their waiver requests.

**Question:** Why not give vouchers to parents so they can choose the school that best meets their children's needs?

**Answer:** The purpose of any school improvement idea should be to invite effective innovation in more schools, particularly those schools lagging behind. The federal government shouldn't dictate how local communities organize schools. The federal government would create the most intrusive federal mandate if it required vouchers.

We support expanded choice within the public school system through charter schools, private management of public schools and public school choice. We are supporting investments in teams of teachers, students, parents and school and community leaders to develop quality solutions.

Private school vouchers are an expensive experiment that detract from our fundamental mission in education-- ensuring that the vast number of schools attended by the vast majority of America's students are upgraded so that many more children have challenging instruction to reach world-class standards.

Using taxpayer funds to subsidize private schools can:

- **Increase by billions of dollars the cost to the government even if no public school students transferred to private schools**, because 4.7 million children currently enrolled in private schools would become eligible for publicly-funded scholarships. The average per pupil expenditure is about \$5,500. Covering that cost for 4.7 million students to attend private schools is about \$28 billion. This would be a tremendous financial burden on state and local governments.
- **Create a two-tiered educational system** in which private schools will be able to choose their students and could attract the best and the brightest, leaving behind the public schools with the most difficult-to-educate students.
- **Increase regulation of private schools to make them more accountable to the public**, once they get taxpayers' money -- effectively ending their important independence.
- **Provide no assurance of higher student performance**. The few studies done show no increase in student performance. For example, in the Milwaukee voucher experiment, the achievement of participating students did not improve significantly from their previous achievement in public schools.

Private school vouchers also lack widespread popular support. Private school vouchers have been rejected by voters in California, Pennsylvania, and Colorado. The latest Gallup poll shows that less than 24 percent support allowing private school choice at public expense.

Question: Do you support the use of for-profit firms, such as Education Alternatives and the Edison Project, in managing public schools?

Answer:

I judge all educational initiatives according to how well they help children learn to high academic levels. I strongly support the creation of a wide array of effective innovative alternatives in the public schools -- including charter schools, and the management of public schools by for-profit firms -- as long as these schools are committed to helping all students reach challenging academic standards and there is public accountability for student achievement and for how taxpayers' dollars are used.

We should also acknowledge the controversy associated with this issue. Indeed, other communities can learn from these experiences, and better identify important issues meriting early and open discussion in deliberations over whether to contract out management of public schools to for-profit firms. In particular, I would encourage communities and firms to discuss, in advance of awarding any contract, how the firm:

- will focus on improved teaching and learning
- move resources into the classroom
- be publicly accountable for achieving high standards, and how that accountability will be built into the legal contract
- will remain open to all children, regardless of their ability to pay, level of academic achievement, or disability.

It is important for a contracted school to remain open to all students, and to truly remain a public school. There are many misconceptions about private management of public schools, including concerns expressed by those who consider this "privatization" or linked to private school vouchers. Contracted schools are neither.

Public schools managed by private firms such as Education Alternatives, or the Edison Project, are totally consistent -- and should remain consistent -- with public education in America. The growth of these firms represents an attempt to offer more choices within, rather than abandon, the public school system. Moreover, these contracts can -- and often do -- contain strong mechanisms for accountability to the public for educational results.

Question: The Department administers far too many categorical, fragmented programs. What are you doing to address this?

Answer:

We agree that the Department has too many categorical programs. We are working to reduce the number of categorical programs, and the fragmentation that exists in their implementation.

Goals 2000 and School-to-Work were the first major step in promoting flexible, non-categorical frameworks to assist states in helping all children learn to high standards and make the transition from school to work.

We are moving to reduce number of categorical programs.

- o In our 1995 budget we proposed elimination of 34 for a savings of more than \$600 million -- Congress eliminated 14 for a savings of \$82 million, but then added 18 new programs at a cost of \$200 million. We plan to do more this year.

- o In reauthorization of Perkins and IDEA plan to significantly reduce number of categorical programs through consolidation and elimination.

- o New waiver authority that allows states and districts to consolidate programs.

- o New authority that allows states and districts to submit one consolidated plan for many separate programs and to combine administrative funds.

- o The President's recently announced Education, Training and Reemployment (ETR) initiative will consolidate a great number of ED and DOL categorical programs.

Question: Isn't NESIC a national school board?

Answer:

No. NESIC has no authority to direct or mandate any standards, curriculum or assessment.

It was originally proposed by a Congressionally chartered bi-partisan commission during the Bush Administration.

It can designate standards voluntarily submitted by States and others as being world-class.

No state or national group has to submit standards to NESIC. No money is tied to submitting standards to NESIC. And no money is tied to having certified standards.

Once NESIC certifies standards in an academic subject, no state has to use the standards. But, states can look to those standards, as well as standards of other states, of other countries, or other models, as they go about setting their own standards.

When established, NESIC will consist of a broadly representative, bi-partisan group of citizens and educators.

**Question: What steps have you taken to ensure that Goals 2000 does not interfere with State and local control of education?**

**Answer:**

Goals 2000: Educate America Act provides seed money to states and localities to assemble and put into action their own comprehensive plans for improving teaching and learning based on challenging academic standards for all students.

Participation in Goals 2000 is strictly voluntary.

Goals 2000 contains no mandates and no federal takeovers. In fact, it explicitly prohibits federal control of curriculum, the program of instruction, and allocation of resources.

We have stressed state and local flexibility as we have implemented the law.

- o no regulations for Goals 2000

- o state application form was just 4 pages long

- o for the guidance for peer reviewers who will review Goals 2000 plans we have asked for comment from over 600 persons -- including all the Governors and Chief State School Officers -- to be certain that our activities will help States with their plans, not inhibit them. The feedback has been overwhelmingly positive.

**Question: Isn't Goals 2000 the same as the Outcomes Based Education movement that has been discredited in many states?**

**Answer:**

The term "Outcomes Based Education" means many different things to different people. To some, it means focusing on results and academic performance. To others, it means an inappropriate involvement by schools in areas such as values that are better left to families.

Goals 2000 is set into law -- and what it means is clear. Goals 2000 is about improving academic achievement. And model national standards focus on academic achievement and performance in core subject areas -- not on the issues of values, self-esteem and interpersonal skills that have been associated with OBE.

Question: Doesn't the new education legislation require "opportunity to learn" standards that focus on inputs and could lead to national standards on spending?

Answer:

Goals 2000 does only two things in this area.

First, it provides for the creation of several sets of model or exemplary standards at the national level, available for states to use on a voluntary basis. No state is required to use these standards in any way as a precondition for receipt of Goals 2000 funds, or any other federal education funds, such as Title I.

Second, it provides that participating states will develop their own opportunity to learn strategies or standards that they deem appropriate to ensure that all students receive a fair opportunity. But, the law does not require states to implement these standards.

Opportunity to learn standards have gotten "bad press." The concept is not novel. Every state in the country already has the equivalent of OTL standards, whether they are called school quality standards or school accreditation standards or by other names. These address issues like the quality of teachers, opportunities for parental involvement, and availability of challenging academic courses:

Most states base their standards on the best available research on schooling practices that have been shown to increase student academic achievement.

Goals 2000 goes no further than encouraging states to look at these issues in the content of increased academic standards for students and its own overall approach to education improvement.

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Background on Goals 2000 Provision:

Title III requires states to establish their own opportunity to learn standards or strategies. But,

- (1) the state, not the federal government, determines what factors are appropriate to consider;
- (2) the state does not need to set standards, but can use other strategies, such as providing increased professional development, improved curriculum, better testing, greater accountability and more choice--as the state determines for itself;
- (3) the state cannot be required to implement the standards or strategies it develops for itself.

**Question:** Many of us in Congress have heard a great deal about the proposed national standards for American history and world history. What is the situation with respect to the development of these standards? Will they be high standards for the study of history?

**Answer:**

Let me be very clear. States and communities across this nation are developing their own academic standards for what they want children to learn. Those are the standards that count. Voluntary national standards in Civics, science, history and other areas are models for states to use if they choose to.

The nation's Governors and President Bush, when they established the National Education Goals, launched a movement focused on improving academic standards and student achievement.

As one of the follow-up steps to establishing the Goals, then-Secretary Lamar Alexander and other members of the Administration funded several national standards projects in the areas of science, history, civics and government, English, geography, the arts and foreign language.

In 1991, Lynne Cheney, Chair of the National Endowment for the Humanities, in conjunction with the Department of Education selected the grantee and funded the history standards project.

The recently released history standards were produced with participation of a cross section of historians and teachers. However, the release of these documents marks the completion of only the first stage of a continuing effort. It is my understanding that the members of the National History Standards Project have scheduled a meeting with concerned critics of the standards to discuss needed changes and improvements to the standards. This is an important next step in the process of ensuring that these history standards represent the best scholarship and quality.

There has been much confusion on this issue. These standards are, and will always be, voluntary. No law requires states or districts to use them. The Goals 2000 Act asks that states develop their OWN challenging standards in core academic areas of their choosing. So, what is most important, is that a dialogue and debate about academic achievement take place in each state.

Ultimately, the value of voluntary national standards will be determined by their usefulness to communities, states and teachers who choose to draw on them for ideas.

**Question:** What is the best role for the federal government in getting technology into the classroom? What role should the federal government play in professional development for teachers in the area of technology? What should be done to ensure that pedagogy changes as technology is added to the classroom?

**Answer:**

Technology will be a critical tool in helping students achieve to challenging standards. The federal government can help schools make the transition to the Information Age by:

- o focusing attention on schools' access to technology;
- o providing information, research, and assistance to educators, especially teachers;
- o promoting partnerships that will link schools with communities and with high-tech companies.

Doing this through new programs focusing on technology plus new attention to technology in Goals 2000, Eisenhower Professional Development and other programs.

Concern about professional development is well placed. We constantly hear from school districts, teachers, parents, and school board members who want help in using technology.

Our programs will bring knowledge about technology and its use in teaching the people who need it the most -- teachers.

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#### Summary of Department's Technology Initiatives

The Technology for Education Act (\$40 million; Title III of IASA) includes:

National Challenge Grants for Technology in Education (\$27 million in FY 95) -- Grants to stimulate partnerships between technology developers, telecommunications service providers, and educators to help schools enter the information age.

Technical Assistance and Professional Development Consortia (\$10 million in FY 95) -- Will provide states and districts with objective advice about technology and training for educators. The focus is expanding the reach of organizations that know how to build telecommunications networks, train teachers, and integrate technology into the curriculum.

Goals 2000 Technology Planning (\$5 million in FY 94, \$0 in FY 95) -- Approximately 40 states have received grants to integrate technology use into their reform efforts.

OCR/OGC

**Question: Why should OCR even exist? If it does, why shouldn't the enforcement of civil rights in education belong in the Department of Justice? Isn't the existence of an OCR in Education duplicative and unduly bureaucratic?**

**Answer:**

The federal civil rights laws have helped bring about major changes in American education and improved educational opportunities for millions. Many barriers that once prevented minorities, women and disabled individuals from freely choosing educational paths and careers have been brought down.

There are two particular advantages of having OCR in the Department of Education.

- First, it permits a close relationship and constant communication between those enforcing civil rights and others whose business is the promotion of the best education possible for all of our students. This helps shape a unified direction for the promotion of sound educational and civil rights policies and practices.
- Second, unlike the frequently adversarial posture of cases in litigation handled by DOJ, most of the work of OCR in the Department of Education is nonadversarial. For example, OCR handles over 5000 complaints a year. Over 95% of these are resolved by agreement, without the need for court or administrative hearing proceedings, most within the same school year.

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**Examples:**

- o High school graduation rates of African Americans has doubled in past 20 years.
- o Undergraduate enrollment rates of African Americans has increased 25% in last decade.
- o Since Title IX was enacted in 1972, the number of degrees awarded to women in medicine rose from 9% to 43%
- o The number of children with mental retardation who are institutionalized has decreased 63% since enactment of IDEA -- with tremendous cost savings.

Question: Your Office for Civil Rights recently investigated the State of Ohio because its minimum proficiency exam had a disparate impact on minority students. Is your policy that tests should have equal results by race? How can you say you support high standards and then challenge minimum proficiency exams? Doesn't OCR's focus on Ohio's program to prepare students to pass its exam implicitly impose mandatory opportunity-to-learn standards, contrary to congressional intent in passing the Goals 2000 law?

Answer:

These are difficult issues where it is easy to misunderstand the connection of the civil rights laws to our educational reform initiatives. Let me say at the outset that our responsibilities in both areas are in harmony. Our goal is to reach for high standards for all children. I am pleased that the Ohio case was constructively resolved consistent with this principle.

OCR investigated Ohio based on complaints that its examination violated title VI of the Civil Rights Act, which bars discrimination based on race or national origin. The fact that an examination has disparate passing rates by race is not in itself a violation of title VI. Title VI does not require equal results by race, and I could not support such a legal standard.

OCR's actions in the Ohio case are consistent with our commitment to high standards. The case was amicably settled based on the steps Ohio was already committed to take to improve educational programs for all of its students.

The civil rights issue in Ohio was whether the state was using an invalid test that resulted in the failure of a disproportionate number of minority students. Part of the criteria for whether a test is valid is whether it measures students on material in which they received instruction. That was the sole basis for OCR inquiring into instructional programs; to see if the test was valid. Neither OCR nor any other part of the Department would presume to tell Ohio or any State what its curriculum should be or to impose any opportunity-to-learn standards.

**Question:** Why is the U.S. Government advocating in the Kansas City, Missouri, desegregation case (Missouri v. Jenkins) that the State continue to pay for compensatory education programs and other programs until the achievement test scores of black students improve to a level comparable to that of students in the suburbs?

**Answer:**

This case currently is pending before the Supreme Court. Although the Government is not a party, it is participating in the case as a friend of the court. Our position simply is that student achievement test scores are one of many relevant factors to be considered in determining whether the remnants of past discrimination have been eliminated.

We believe the courts below were correct in ruling that test scores were one relevant factor to be weighed. We do not advocate, nor did the courts below rule, that the test scores of black students had to rise to any pre-set level before the State could be released from its obligation to assist with funding for the desegregation of the school district.

Although we recognize that the State has spent a great deal of money to help remedy the problems caused by decades of segregation in the Kansas City schools, we also recognize that the State-funded programs were only in place for three years when the State asked to be released from its funding obligations. We agree with the district court that the State should be required to show in court that the effects of its prior discrimination have been eliminated - "to the extent practicable." This standard already has been established by the Supreme Court, and we agree with it. We do not believe that a simple dollar level of expenditures or a specific time-frame is the proper standard for compliance.

Q. Why is the Department's Office for Civil Rights (OCR) continuing to be involved with the state systems of public higher education in the Southern and Border states when we all know that black students have been allowed to enroll in state colleges for years?

A. In 1992 the Supreme Court decided the Mississippi higher education desegregation case, U.S. V. Fordice. The Supreme Court held that states that previously had dual higher education systems -- one for whites and one for blacks -- must do more than simply allow black students to enroll in the formerly white schools. The Court ruled that a variety of factors must be considered by the courts to determine whether the remnants of the prior de jure segregated dual system have been eliminated. These factors include admission policies, program offerings at geographically proximate traditionally black and white colleges, and faculty integration.

This Department published a Notice in the Federal Register soon after the Supreme Court decided the Fordice case. In the Notice, we stated not only that we would adhere closely to the Supreme Court's decision but also that the decision paralleled the Department's long standing practice in the area. In its decision, the Supreme Court noted with approval the 1978 publication by OCR of criteria for acceptable plans to desegregate State systems of public higher education.

The Department will examine a wide range of factors -- on a case by case basis -- when deciding whether a state system of public higher education has eliminated the remnants of prior segregation.

Question. In its enforcement of Title IX, does the Department require institutions sponsoring intercollegiate and interscholastic athletics programs to have programs that exactly reflect the proportions of male and female students enrolled?

Answer.

No. The Department's position continues to be that an institution will be in compliance with the Title IX provision requiring nondiscriminatory participation opportunities to male and female athletes if it meets any one part of a three-part test:

- a) by providing athletic participation opportunities in numbers that are substantially proportionate to enrollment;
- b) by establishing a history and continuing practice of program expansion for members of the underrepresented sex; or
- c) by fully and effectively accommodating the interests and abilities of the underrepresented sex.

No one of these three is preferred or used exclusively by the Department or its Office for Civil Rights (OCR).

**Question: What is your position on quotas or race-based scholarships?**

**Answer:**

The Department supports affirmative action based on race or national origin -- but only in limited circumstances. To be permissible:

- (1) it must be specifically authorized by Congress, such as under a small number of federal assistance statutes (such as the Patricia Roberts Harris Fellowship Program) which permit the use of race or national origin in awarding financial aid; or
- (2) it must be necessary as a remedy to overcome the effects of past discrimination by the college or by a state or local jurisdiction; or
- (3) the college must be able to justify the affirmative action as necessary to promote the college's interest in having a diverse student body, in order to enrich its academic environment, but such a program could not unduly restrict access to financial aid for non-minority students.

This policy is based on an analysis of court decisions by legal counsel.

A study of race-based scholarships by the General Accounting Office released late in 1993 indicates that affirmative action based on race or national origin is used by many colleges and universities to promote the diversity of their student bodies or to remedy past discrimination. However, consistent with our policy guidance, it is used on a limited scale that does not generally affect the access of non-minority students to such aid.

**Question: How does your policy guidance on race-based scholarships differ from the proposed policy guidance that was issued by Lamar Alexander during the Bush Administration?**

**Answer:** For the most part, the policies are in agreement. They differ in two primary respects:

(1) Our final policy guidance permitted the award of financial aid based on race or national origin to overcome the effects of past discrimination, without waiting for a finding of past discrimination to be made by a court or other body, but only if the college has a strong basis in evidence of discrimination justifying the use of race-targeted financial aid. This change was clearly consistent with Supreme Court decisions and encourages colleges to meet voluntarily their obligations under the civil rights laws.

(2) The Bush Administration would allow consideration of a student's race or national origin as a plus factor in awarding financial aid in order to help create a diverse student body. Our final policy guidance amended the principle regarding diversity to permit not only the use of race or national origin as a plus factor, but also the use of race or national origin as an eligibility condition for a limited number of scholarships, if the college could establish that the condition was necessary to achieve diversity and the use of the condition was limited so as not to unduly limit the access of non-minority students to financial aid.

In addition, whereas the Bush Administration's proposed policy had permitted colleges to accept private donations earmarked for students of a particular race or national origin, our final policy guidance found no legal support for treating these donations any differently from the college's own funds. The final policy guidelines also added a limited exception applicable only to Historically Black Colleges and Universities designed to avoid putting these institutions at a competitive disadvantage with other colleges in participating in private foundation programs funding race-targeted financial aid.

**Question:** What is the Department's position on bilingual education and "English first" issues? Since the purpose of bilingual education is to provide students with a knowledge of English, shouldn't most funding go towards promoting English competency?

**Answer:** English language competency must be a part of all Department programs which serve limited English proficient (LEP) students. However, instruction must ensure that children achieve to high content standards. Programs that emphasize English language development often do not lead to content mastery. Of course, the determination as to instructional methodology to be used with LEP students is one that is left to the discretion of state and local officials.

Our latest research demonstrates that bilingual education permits the achievement of both these goals. Instruction in the native language in the content areas (math, science, social studies, etc.) coupled with English language instruction produces higher academic gains and enhanced family involvement (US Dept of Ed study, 1991). It allows children to transition into the mainstream English curriculum without falling academically behind.

**Question:** What is your position on the education of illegal immigrants? Shouldn't the federal government pay for their education due to their inability to patrol the border effectively? In particular, what is your view of California's Proposition 187?

**Answer:** In Plyler v. Doe (1982), the Supreme Court held that schools cannot exclude K-12 students on the basis of their citizenship or residency status. I believe that states should comply with the Supreme Court decision.

I understand the strong concerns relating to illegal immigration. I do not condone illegal immigration. This administration will be vigilant in protecting this nation's borders from illegal immigration.

However, the solution to the problem is not to punish children of illegal aliens by denying them an education.

As for financial responsibility -- we embrace the same federal/state/local "partnership" philosophy with regard to K-12 immigrant students as we do to all of America's students. The Department should and does provide assistance to states and school districts affected by immigrant students through the Emergency Immigrant Education Program, Title VII, and Title I, to name a few.

As for Proposition 187 -- I am concerned that its implementation would result in a policing environment in schools, diverting both fiscal and human resources from the vital task of education our children. The environment would have a "chilling" effect on any partnership efforts, with families and the community, to improve our schools.

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**NOTE:** You should not express an opinion on whether the United States should intervene in the litigation on Prop. 187 or what position it should take if it does.

# Statement of Richard W. Riley, U.S. Secretary of Education

## before the Subcommittee on Human Resources and Intergovernmental Affairs of the House Committee on Government Reform and Oversight

March 13, 1995

### Introduction

Mr. Chairman, I welcome the opportunity to come before this oversight Committee to explain the many reforms that we are undertaking to transform this agency into a Department of Education for the new Information Age we are now entering. I would like to submit my prepared statement for the record and make a short summary statement.

Let me begin by telling you who we serve and what we do. The purpose of this Department, the smallest cabinet agency in the Federal government, is to ensure equal access to education and to promote educational excellence throughout the nation.

I believe that in today's global economy, education has to be seen as a national priority. The knowledge and skills individuals learn in school to a large extent determine their level of economic success.

In 1992, for example, the average annual earnings for those with a bachelor's degree were 74 percent higher than those with a high school diploma, and 155 percent higher than those who had not graduated from high school (Chart 1).

### Turning the Corner: Positive New Trends

As the Committee reviews our efforts, I want to place what we do in a larger context by telling you that it is my strong belief that American education is starting to turn the corner.

Just over a decade ago, Dr. Terrel Bell, then the U.S. Secretary of Education, released "A Nation At Risk," the report which sounded the alarm that American education was sliding toward mediocrity. Today, we are starting to see the positive results for our efforts since then to improve education.

Student performance in science and math is on the rise (Charts 2 and 3) and we have made up much of the ground we lost in the 1970s and 1980s. The number of high school students taking the core academic courses has tripled since 1983, and is still rising (Chart 4). Many more students, particularly minority students, are participating in the advanced placement process (Chart 5).

The drop out rate has declined in the last decade, and young people are getting the message that graduating from high school is only the stepping stone for more learning. There is a new seriousness and appreciation for the value of education. As a result, community colleges are filling up as never

before. And our great institutions of higher learning continue to produce world class graduates.

I will be the first person to tell you that we still have many problems. Overall achievement is still too low; violence remains a destructive force in some of our schools; the gap in the performance of poor children is still too large; and too many college freshmen are in remedial classes.

I am also greatly concerned about the growing trend from state to state to de-emphasize the jewel of our Nation's education system -- our wonderful system of higher education. But overall, we are turning the corner and moving in the right direction. The American people are increasingly determined that our children get a first-class education. They want results.

This is why I am a strong supporter of applying ample doses of American ingenuity and creativity to our educational system. We need to encourage ideas such as charter schools and public school choice; be flexible and recognize that students learn in so many different ways; and carefully think through how we use time in the school day.

### **Why We Need to Think Long-Term**

Above all, we need to avoid the trap that has so often befallen American education, the inability to maintain a sustained drive for excellence. Too often we get distracted by the fad of the moment or change direction in mid-stream, even as the American people become more and more convinced that improving education has to be seen as a national priority.

In 1995 the link between education and our Nation's future economic competitiveness is absolutely clear. Between 1992 and the year 2000, for example, 89 percent of the jobs being created will require some postsecondary training.

This may explain why 50 percent of all 16-to-24-year-olds who lack a high school diploma are now unemployed and over 80 percent of prison inmates were high school dropouts. If we want to reduce dependency, we have to invest in education, and we need to think long-term.

We aren't going to save money in the long run if we start cutting back on education at the Federal level, and at the State level as well. If schools start producing more dropouts, all we are going to do is to produce more people who go on welfare or go down the road to crime and violence.

### **Crowded Classrooms: 7 Million Additional Children**

I want to point out to the Committee that the so-called "baby boom echo" is now beginning to hit our Nation's classrooms in full force. In the next ten years, over 7 million additional children are going to get up in the morning to go to school. Let me cite some projections that should capture your attention regarding enrollments in elementary and secondary education.

Connecticut will see a 10 percent increase in the number of young people going to school, Maryland will see a 24 percent increase, and Virginia and New Jersey are both projected to have 20 percent increases in school enrollments. California can expect a 30 percent increase at the K-12 level while Texas and Florida are projected to have 17 percent increases.

Here, I want to dig a little deeper and tell you that much of this increase will take place in our Nation's high schools. California, for example, will have a 44 percent jump in the number of high

school students it will educate.

In Maryland and Virginia, high school enrollments will rise 35 percent. Florida will see a 36 percent increase. New Jersey will be up 28 percent. Connecticut projections are at 21 percent and Texas can expect a 25 percent increase.

That's a lot of teenagers. The vast majority of our young people are growing in a responsible way, but crime experts are already sounding the alarm that the sheer numbers of young people will lead to rising homicides and other youth violence. I get worried when I see a headline that reads, "Teen Bloodbath Looms." If we have any sense at all, we need to give all of these young people the hope of a good, first-class education based on high academic standards.

The surest way I know to create an angry 16-year-old illiterate dropout is to give that young person a watered down curriculum from first grade on which tells him in no uncertain terms: young student, you aren't good enough to learn anything hard, so why even try.

We are going to have our hands full as a Nation: first in raising standards so these young people can do college work and get high-skilled jobs; second, in keeping them out of trouble, away from guns and drugs; third, making sure we help middle- and lower-income families finance their children's college education or some other form of postsecondary education.

I believe the American people have a clear view of the future -- that the reduction of the deficit and investing in education are two of the most important and essential ways we can secure this Nation's future economic prosperity.

### **Education as a National Priority**

If you look at our nation's history -- going all the way back to Morrill Act in 1862 during the middle of the Civil War -- the American people have always turned to the Federal government for support in education during times of great economic transition -- just like the one we are going through now -- or times of national emergency when our national security was at risk.

In 1917, during the middle of World War I, the Congress passed the Smith/Hughes Act to advance vocational education as the United States fully entered the industrial era.

When millions of GIs came back from World War II, we sent 2.2 million of them to college on the GI Bill and started to expand the American middle class. Between 1948 and 1973, for example, one fifth of our Nation's growth in GNP was directly related to access to higher levels of education.

When the Russians woke us up by flying Sputnik over our heads late at night -- a few of you may remember that experience -- Congress passed the 1958 National Defense Education Act, which sent millions of Americans to college and educated a generation of scientists who helped us to win the Cold War.

In the 1960s, this country faced up to its civil rights obligations and started helping disadvantaged and poor Americans to learn their way out of poverty. Congress passed the Elementary and Secondary Education Act in 1965, the Higher Education Act in the same year, and created Pell Grants in 1972. What was the result?

Well, one result was that the achievement gap between blacks and whites, as measured by reading and math scores, began to shrink through the mid-1980s, and the high school graduation rate for African Americans doubled over the past 20 years.

The Federal government provided the means to give millions of Americans a first opportunity to go to college. Between 1964 and 1993, college enrollment nearly tripled, from 5 million to 14 million, and the number of bachelor's degrees awarded to black and Hispanic students rose by more than 50 percent.

Today, the Department of Education provides 75 percent of all postsecondary student aid, continuing a national commitment dating back to the 1944 GI Bill. Here's another way to think about it -- in the last 20 years, 40 million Americans have used a Federal student loan to finance their postsecondary education. That's a lot of people.

I want to suggest to the Committee that the American middle class is what it is today, in large part, because the American people have made access to a higher education a national priority. Approximately 7 million students are currently going to college or getting some other form of postsecondary education with our help.

The Department of Education also makes a strong effort to help parents prepare their children for college. We publish a "Preparing Your Child for College" resource book and every year we publish a very popular guide to Student Financial Aid.

The Department translates the American commitment to access, equity and excellence in other ways as well. In a given year this Department will:

- Help approximately 6 million disadvantaged children reach high standards.
- Assist States and communities in educating approximately 5 million children with disabilities.
- Train over 1 million teachers.
- Support the development of vocational skills and the transition from school to work for about 3.3 million students.
- Help 4 million adults to become literate and upgrade their skills.

We also provide easy-to-understand information that parents and schools can use every day. We have distributed 35 million copies of our "Parents Guide" on talking to children about drugs. We have just produced a new video on Attention Deficit Disorder that has received national attention.

The flip-side of this equation is what happens when this country does not invest in education, or when some of our young people get disconnected from education. We know that about 44 percent of all the people on welfare rolls are high school dropouts, and that 82 percent of all the people in this Nation's prisons and jails are also high school dropouts.

That should tell us something. If we want to end welfare -- if we want to keep people from going on welfare in the first place -- and keep them from going down the road to violence and spiritual numbness, we need to invest in education.

And here I mean "invest" in the broadest sense: connecting families to the learning process; making sure children know their basics; helping good teachers become better teachers; and making sure our schools are safe, disciplined, and drug-free.

If the strength of this country is the self-reliance of our citizens, if we want the "locus of power" to be the self-reliant American and not the government, then that self-reliance comes in large part because they are educated and thinking Americans.

We know, for a fact, that people at the lowest level of literacy are ten times more likely to be in poverty than persons at the highest level of literacy. We also know that the sheer drag of poverty can have a detrimental effect on even the brightest young person in a high-poverty school.

More importantly, we now know that changing our expectations of what poor and disadvantaged children can achieve is central to helping them to learn their way out of poverty. Two decades of research tells us that all children can learn to challenging standards. In the 1990s equity and excellence must be seen as one and the same. One cannot happen without the other.

### **The Department's Goals**

Overall, the Department's goals are defined by the eight National Education Goals, first proposed by the Nation's governors under the leadership of then-Governor Clinton and President Bush and most recently adopted by Congress in the Goals 2000 legislation. The goals are intended to focus the Federal government, States, local communities, schools, businesses, and parents as they work together to improve the education system in the United States in such areas as achievement in core subjects, parental involvement, and school safety.

To help reach these goals, the Department has for the first time recently developed and begun implementing a strategic plan. Madeleine Kunin, the Deputy Secretary, has taken a strong leadership role in developing this plan and she is here with me today to answer any specific questions you may have.

This strategic plan reflects our efforts to restructure the Federal role in education, focus on performance, streamline and reduce the number of our programs, and improve internal Department management. Our strategic plan makes us a leader in implementing the Government Performance and Results Act.

The strategic plan establishes **four key priorities**. The first three focus on our programs and initiatives:

1. To help States and communities enable all elementary and secondary students to reach challenging academic standards.
2. To create a comprehensive school-to-work opportunities system in every State.
3. To ensure access to high-quality postsecondary education and life-long learning.

In order to accomplish these priorities, we recognized that we had to change the way the Department does business, leading to the plan's fourth priority:

4. To transform the Department into a customer-responsive, high-performance organization to support the three substantive priorities.

The inclusion of performance indicators in the strategic plan holds this Department accountable for results. I think we need to be held accountable if we are spending the taxpayers' money. Examples of

our performance goals include:

- Between 1994 and 1998, increasing by 10 percentage points the proportion of students who meet or exceed proficiency levels in reading and math on such measures as the National Assessment of Educational Progress.
- By fall 2000, at least 50 percent of high schools and community colleges and 50,000 employers will be participating in comprehensive school-to-work programs.
- By 1996, the "one-stop" help line for information on all Department programs will be fully operational, providing access in one phone call to the full range of Department's products and services.

### **How We are Radically Transforming this Department to Save \$16 Billion**

To hold ourselves accountable we are using our new strategic plan to radically transform the way this agency does its business. When I got to Washington even the fans in my office didn't work. But we have begun to turn the Department around, and we have taken some credible first steps in reinventing the Department. I am not wedded to the past and I didn't come to Washington to save the job of a bureaucrat. We shouldn't feel compelled to hold on to 1960s thinking, just because it is the way we have done business, if the programs aren't working the way they should for the children. Here, I want to stress that just 2 cents of every "education" dollar the Department spends goes to administrative costs, and we are working hard to reduce these costs even further.

We have been aggressive in streamlining our services, reducing regulation, consolidating programs, terminating programs and lowering the student loan default rate -- from 22 percent in 1990 to 15 percent in 1992, which is saving taxpayers \$1 billion a year. In addition, loan collections rose from \$1 billion in 1993 to \$1.5 billion in 1994 (Chart 6).

We proposed the elimination of 34 programs in last year's budget and for 1996 we are proposing to terminate or phase out funding for 41 programs, saving over \$700 million.

All together, we have enacted or proposed legislation or made policy changes which would save \$16.7 billion between fiscal year 1995 and fiscal year 2000:

- We would save \$12 billion through student loan reform and direct loans.
- We would eliminate 59 education programs and consolidate 27 others for a savings of \$4.6 billion.
- We will save an additional \$100 million by reducing our personnel from 5,131 to 4,698 FTE.

### **A New Flexible Regulatory Philosophy**

We have also radically changed our approach to regulations. Broad waiver provisions, whole-school approaches, fewer regulations, charter schools, and investing in teams of teachers, parents, and school and community leaders to find high-quality solutions are all elements of our new flexibility.

We now ask some very basic questions when it comes to regulatory practices -- whether to regulate at all, and how best to regulate to give our customers the maximum flexibility they need. This really is new thinking. You will see at the end of this testimony a one page attachment that spells out the principles of this new flexible regulatory policy (Chart 7).

In my opinion, the GOALS 2000: EDUCATE AMERICA ACT is a model of our new thinking. There are no regulations for this new legislation, and the application form is only four pages long. Equally important, we have not created any new administrative structures to manage Goals 2000.

Goals 2000 is what I like to call a "responsible block grant" -- the very type of creative, flexible legislation that supports local schools districts to achieve reform in their own way. Goals 2000 helps States and school districts set their own high standards and design their own programs for reaching them. In the second year of each grant, 90 percent of all funding flows directly to local school districts. Yet, Goals 2000 still holds us accountable for results, and we need to be held accountable if we are spending the taxpayers money. As of today, 44 states are participating in the program.

In addition, Goals 2000 allows me to give six states the power to waive the statutory and regulatory requirements of the Elementary and Secondary Education Act and the Perkins Vocational Education Act without having to seek my approval. Oregon, for example, has already put this "Ed-Flex" plan into place.

The School-to-Work Opportunities Act also represents a radical departure from traditional Federal and State roles. This regulation-free program provides Federal seed money over a five- year period to get school-to-work systems up and running in every State, and then the program sunsets.

Another example of our new flexible regulatory approach was demonstrated in last year's reauthorization of the Elementary and Secondary Education Act (ESEA). In totally revamping Title I-- at \$7 billion the largest program in the ESEA -- we promoted new approaches that enable staff in individual schools to decide on the best strategies for improving teaching and learning.

The new Title I also expands the schoolwide option to 20,000 low- income schools, enabling them to blend their Federal funds with state and local resources to upgrade entire schools, and not just target Federal funds on individual students.

We have a new management goal of eliminating 25 percent of grant regulations for fiscal year 1996 and an additional 25 percent for 1997. We are reaching these new management goals by giving grantees much earlier notification of their status, by distributing grant funds electronically, and by eliminating unnecessary negotiations affecting 6,000 grant continuations a year.

So we are making good progress. We plan on minimal regulations for the Title I program, no regulations for the Goals 2000 and School- to-Work initiatives, and a broad new waiver authority that I fully intend to use.

In addition, we have gone a step further by beginning a thorough Department-wide review of all of our regulations to sort out those that are needed and those we can do without.

### **Good Management Practices**

As we continue our work to redesign this agency, one of my chief goals has been to instill a sense of good management. As a result we are becoming a more efficient operation. Our current ceiling of about 5,100 FTE is significant reduction from the 7,700 employed in 1979 by comparable offices within HEW and six other agencies. We are making progress on a number of fronts.

A new core financial management system is currently being developed to put the Department's payment, grant and contract, and audit tracking systems in the mainstream of business practice. This system will be fully in place by 1998.

We have used sound and up-to-date management practices to implement our new direct lending program, including the competitive selection of private contractors to handle loan processing and servicing. We have cut the time it takes for a student to get a loan from three weeks to one day, and we have received strong support from our customers. As you can see from Chart 8, we have reduced and simplified the student loan process in a dramatic way.

We have combined many separate, and often duplicative, program monitoring activities into a few coordinated monitoring teams, and refocused the emphasis of monitoring from compliance to performance.

We are integrating our various educational research laboratories and technical assistance centers into a coordinated support system for states and districts.

We have brought this agency into the Information Age. Today, the Department's has become one of the prime sources of information on the Internet for information about education and technology. As "PC Computing" magazine has observed, "There may well be more K through 12 information on the Net than anything else." Each week, for example, the Department's online library is visited by 15,000 people.

Our "Low Hanging Apples" Team has worked hard to identify unnecessary or burdensome day-to-day procedures, practices, or conditions in the Department that could be easily corrected by quick changes to internal administrative activities. In the last three years, over 500 such changes have been made.

For the first time in its history, the Department has issued Customer Service Standards to help ensure that our staff provide the services that our customers want and need. These standards require prompt, high-quality service; timely and accurate information; easy access to services and information; and a pledge to make customer input the driving force for organizational change.

And, we are strongly committed to the idea that you cannot spend taxpayer money and operate programs without conducting objective and rigorous program evaluations. We have used evaluation findings extensively in the past to shape our efforts to improve the quality of the services we provide.

This is why I am concerned that our entire evaluation budget for the Title I program and the School-to-Work Opportunities program is now part of the rescission package that the full House will vote on this week. You cannot really open up the regulatory process unless you have a strong evaluation system that keep you accountable for results. This rescission jeopardizes our whole effort to focus on performance and implement needed reforms.

### **Staying Focused on the Essentials**

In conclusion, I would like to suggest that our efforts represent real change -- significant change -- from the way this Department has been managed in the past. We have been doing business differently.

I will do all I can to work with the Committee and the Congress as a whole to make the Department of Education more effective. We can always do a better job and I am open to any good, positive suggestions by Committee members to find real savings. But I want to urge this Committee to support our efforts to put these reforms in place and make them stick.

The last thing we need is to get side-tracked or caught up in some new organizational chart debate that will make the American people think we aren't focused on the essentials of raising standards, improving teaching and learning, and making sure their children are safe in school.

The American people have made education a national priority, and I see no diminishment of public support for investing in education. We need to be bipartisan and high-minded, to think long-term -- something that the American people expect of us when it comes to educating their children. We are not educating our children as Republicans, Democrats, or Independents, but as Americans who represent the future of our great country.

I will be happy to answer any questions. Thank you.



This page last modified January 26, 2000 ([kms](#))

*Speeches and Testimony*

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**DEPARTMENT OF EDUCATION**  
**Statement by**  
**Marshall S. Smith**  
**Under Secretary**  
**on**  
**Management Improvements at the Department of Education**

**April 9, 1997**

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Good morning Mr. Chairman and Members of the Subcommittee:

I am pleased to have this opportunity to discuss management issues with the Subcommittee, because I believe that we have a tremendous success story to tell here at the Department of Education. While we are proud of winning bipartisan Congressional support for much of President Clinton's education agenda, Secretary Riley knew from that beginning that the real challenge lay in making the management changes needed to successfully implement that agenda. Today I want to tell you how we are meeting that challenge.

**THE DEPARTMENT'S STRATEGIC PLAN**

President Clinton inherited a Department of Education that had long been criticized for its management weaknesses. As the GAO put it in the title of a report on the Department completed shortly before the President took office, "Long-Standing Management Problems Hamper Reforms." The report highlighted a weak commitment to effective management by previous administrations, the lack of a strategic planning process, poor quality data from the Department's financial management systems, unqualified technical staff, and a focus on short-term fixes rather than long-term solutions to management problems.

One of the first steps in overcoming these longstanding management weaknesses was the development of the first-ever strategic plan for the Department. The four priorities of this plan have provided a focus for everything we do at the Department, driving the deployment of human and financial resources behind clear strategies for carrying out reform.

These priorities include helping States and communities to enable all students to reach challenging academic standards, creating comprehensive school-to-work systems in every State, ensuring access to postsecondary education and life-long learning, and transforming the Department into a high-performance organization.

The fourth priority reflected the simple fact that the agency we inherited was ill-prepared to support the first three priority goals. It was also our way of announcing, in a very public and accountable way, that things were going to change. And in just a few short years, they have changed a great deal.

**GOVERNMENT PERFORMANCE AND RESULTS ACT**

The Strategic Plan also helped inject discipline into the management process by requiring measurable

performance indicators for each priority, a key step toward compliance with the Government Performance and Results Act (GPRA).

This early effort on performance indicators laid the groundwork for developing the program performance measures that we will be submitting with our 1999 budget request. The Office of Management and Budget has now approved performance measures for 17 programs covering about 70 percent of our budget. These measures have been delivered to the staff of the Subcommittee, and we have held several meetings aimed at fulfilling the GPRA requirement for Congressional consultation.

We also have been collaborating with other agencies to develop meaningful performance measures. The best example of this is our cooperation with the Department of Labor to develop indicators and collect data for the School-to-Work Opportunities program. And we are working with the National Science Foundation to measure the impact of the Eisenhower Professional Development program.

## GETTING RESULTS

The GPRA process is a natural for the Clinton Administration, which came to office focused on getting results. The National Performance Review, which was launched by Vice President Gore in 1993, brought the business world's customer-focused approach to the Federal Government and demanded an emphasis on results to make government work better and cost less.

The Department of Education has been an enthusiastic convert to this approach, and I would like to briefly share with you some of the ways the Department has been getting results for its customers at lower cost to taxpayers.

### *Cutting the Size of Government*

Meeting the President's commitment to reduce the size of the Federal government was a special challenge for us, since the Department had already seen its workforce fall by nearly 40 percent since 1980 even as its budget and program responsibilities grew dramatically. The task was further complicated by the need to effectively manage major new initiatives such as Goals 2000 and the Direct Loan program.

Nevertheless, the Department is ahead of schedule in reaching the 12 percent staff reduction called for by President Clinton, thanks largely to a successful buyout incentive program. The President's plan called for a 536 FTE reduction by the year 2000 from the 1995 level of 5,131 FTE. By 1998 we will have cut 571 FTE from the 1995 ceiling level, or 90 percent of our goal.

In addition to staff cuts, we have reduced the number of programs we administer. In 1993, the National Performance Review identified 34 education programs that were no longer needed, and each of President Clinton's budgets has included substantial numbers of program eliminations, phase-outs, and consolidations. With the help of this Subcommittee, we have succeeded in eliminating 64 programs totaling roughly \$625 million. New programs have been created during this period -- some at the request of the Administration and some by Congress -- but the total number administered by the Department has still fallen from more than 240 to just under 200.

### *Reducing Student Loan Default Costs*

The student aid area -- with billions of dollars at risk and a history of costly management failures -- has been a major area of concern for the Department. With help from Congress, we moved decisively to address the longstanding student loan default problem. We have reduced the default rate from 22 percent to 10.7 percent, while more than doubling collections on defaulted loans from \$1.0 billion to \$2.2 billion. As a result, the net cost of defaults dropped by more than three-quarters, from \$1.7

billion in 1992 to \$400 million in 1996.

This success is due in part to getting tough on schools with high default rates. Since March 1996, for example, the Department removed 144 postsecondary institutions from participation in the student loan programs.

### *Reinventing the Discretionary Grants Process*

A major point of customer contact for many Department programs is the discretionary grants process, which over time had become excessively bureaucratic and time-consuming for Department staff and applicants alike. We targeted this process for one of our major reinvention efforts, and the results have been dramatic.

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The first accomplishment was the elimination of the application previously required for non-competing continuation awards, a change that helped take two to three months off the time formerly required to notify grantees of their continuation awards. Next was a review of all the steps associated with discretionary grant-making, with the aim of eliminating duplicative or unnecessary steps. This review resulted in the streamlining of the existing discretionary grants process from 487 steps to 217 steps, a reduction of 270 steps or 55 percent from the previous process.

Finally, we redesigned the process by reassigning the centrally located grants staff to our program offices, where they work hand-in-hand with program staff on teams that are focused on serving our customers and promoting successful project outcomes, instead of on complying with administrative rules and procedures. We are implementing this new process during the current fiscal year.

### *Cutting Regulatory Burden*

Because we also want our customers to focus on results -- in the form of higher educational achievement -- and not on compliance with unnecessarily bureaucratic rules and regulations, the Department has worked to significantly reduce the regulatory burden on recipients of Federal education funds. As part of President Clinton's regulatory reinvention initiative, we have reached out to talk with hundreds of customers and have reviewed every single Department regulation. We have eliminated 923 pages of regulations, or about 39 percent of our total regulations.

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By the way, our review did not cover programs authorized or reauthorized since President Clinton took office, because we have been careful to write regulations only when they are absolutely necessary. For example, we are administering Goals 2000 and School-to-Work without issuing a single regulation. And of the 49 programs included in the Improving America's Schools Act, only 5 required regulatory guidance.

In addition to reducing the amount of regulations covering Department programs, we have greatly expanded waivers of statutory and regulatory requirements that present an obstacle to innovative reform efforts. States and schools seeking such waivers may call our Waiver Hot Line at 202-401-7801. To date, the Secretary has approved 155 waivers.

The most far-reaching waiver approach is the ED-FLEX demonstration, which allows the Department to give State-level officials broad authority to approve waivers of Federal statutory and regulatory requirements that stand in the way of effective reform. This pilot project offers such authority for up to 12 States, with 9 participating so far, including Colorado, Kansas, Maryland, Massachusetts, New Mexico, Ohio, Oregon, Texas, and Vermont.

### *Less Paperwork and Red Tape*

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Another way to help States and school districts concentrate on improving student performance is to

reduce the attention they have to pay to the paperwork and red tape so often associated with government programs.

Technology is a big help here, as electronic data exchange and online communications greatly reduce the need for paperwork. For example, we are expanding the use of a computer-based system to provide notice of student aid eligibility to postsecondary institutions, a change that ultimately will eliminate 4 million paper forms that represent an unnecessary burden to students, parents, schools, and the Department alike.

We also have worked with Congress to simplify and reduce the paperwork involved in applying for Federal education funds. For example, nearly all States are now taking advantage of the new provision permitting a single consolidated application for all Elementary and Secondary Education Act programs. In addition to reducing paperwork, this change promotes the comprehensive planning that is so essential to effective education reform.

Reporting requirements also have been reduced. Most of the programs authorized by the Improving America's Schools Act require reporting once every two or three years instead of annually -- permitting States, schools, and teachers to focus on what really counts: educating students, not paperwork.

### *Improving Access to Information for Our Customers*

Serving our customers means giving them the information they need when they need it. This has involved developing and publishing customer service standards and expanding the use of technology to improve and simplify customer access to information from the Department.

For example, the toll-free number 1-800-USA-LEARN connects customers to a "one-stop shopping" center for information about Department programs and initiatives. Callers receive materials directly or are referred to the appropriate office with the answers to their questions. We currently receive about 5,000 calls per week over this line. A similar number, 1-800-4FEDAID, provides up-to-date information on postsecondary student financial aid, with 3.8 million calls in 1996. The average wait time for callers to this line is just 15 seconds.

The Department also has moved aggressively to give the public direct access to information on its programs and activities through the Internet. Customers can find statistics on education, information about grant competitions, advice on applying for grants, and downloadable application forms at the Department's site on the World Wide Web, located at <http://www.ed.gov>. The site has received several awards, including top ratings from such publications as *Government Executive*, *Internet World*, and *Way*, which described our site as "a great resource for teachers and school administrators."

Usage of the web site has grown dramatically, increasing from a little over 300,000 hits in March 1995 to about 5 million hits a month so far this year.

### *A New Financial Management System*

Technology also has been crucial to our efforts to improve financial management. The GAO, the Office of Management and Budget, and the Department's Inspector General all warned for years that inadequate financial controls and inaccurate data in our existing financial management systems increased the risk of fraud, waste, and mismanagement in Department programs.

In response, we have rebuilt these systems from the ground up. The core of this effort is the Education Department Central Automated Processing System project, or EDCAPS. This project will integrate our payments, grants and contracts, and accounting systems into a single administrative and

financial management system. Once fully implemented in 1998, the Department will be able to process grant applications and conduct business with vendors electronically, improve procurement processes, and produce more timely and accurate financial information for its program managers, program recipients, and the Congress.

Other projects have included expanding and enhancing automation of payments, expenditures reporting, current account information, and travel management. These and other improvements have greatly increased the availability of information to Department managers and customers while substantially reducing the paperwork burden of sound financial management.

### *Better Audit Resolution*

The Department believes that better oversight of Federal program dollars can improve education programs and student performance at the State and local levels. One improvement underway is the Cooperative Audit Resolution and Oversight Initiative, a new Federal-State partnership aimed at conducting audits and resolving audit findings in a cooperative, flexible, and productive fashion. The Department is currently testing this initiative in three States -- with positive reviews so far -- and hopes to expand to an additional 8-10 States in 1998.

### *Improving Employee Performance Assessment*

We also have developed a new, multi-input General Performance Appraisal System, which adds input from peers, subordinates, and customers to the assessment by supervisors traditionally used to rate employee performance. Employees are encouraged to evaluate their own performance as well, and to compare it with the assessments of others. We are in the first year of implementing the new system, which received one of the Vice President's Hammer awards for innovative reinvention efforts, and we believe it is a key step toward focusing Department employees on serving their customers.

## **THE 1998 BUDGET REQUEST FOR MANAGEMENT**

To continue making the changes needed to produce the kind of results I have described for you today, we are asking for \$489 million in total discretionary budget authority for Federal administration in 1998, an increase of \$25 million over the 1997 level.

These funds would be used to improve management of the student financial aid programs, provide more effective and helpful program monitoring and technical assistance to grantees, enhance information technology used to improve customer service, upgrade accounting and financial management systems, and maintain support for staff training.

The 1998 request includes \$3.1 million for the "One Pubs" initiative, which would provide "one-stop shopping" for customers seeking Department publications. One-Pubs involves reinventing the way the Department plans, prints, mails, distributes, and stores its publications. By eliminating duplicate contracts and mailing lists now used for these purposes, the overall costs for this activity are expected to decrease over time.

The request also includes significant new resources for initiatives proposed by the recently established Chief Information Office (CIO), including \$3 million to begin the modifications needed to make the Department Year 2000 compliant. Year 2000 modifications involve reformatting the date field in approximately 10 percent of the nearly 30 million lines of code in the Department's computing systems.

The second CIO initiative is Enterprise Modeling, which is aimed at creating uniformly defined operating standards for all current and future data systems. The budget includes \$1.2 million for this proposal, which would reduce data collection and storage costs, help the Department take advantage

of discounts for software licensing agreements, and lower the costs of technical assistance. Finally, \$1.2 million would be used for a Data Warehousing project that would reduce data input and access burdens by collecting data in one location.

The total request for Federal administration, including discretionary and mandatory funds, would support 4,560 full-time-equivalent (FTE) employees in 1998, compared to 4,613 FTE in 1997. This reduction has been achieved by attrition and by retirements resulting from the "buyout" program. Partly as a result of this decline in staff, the Department's ratio of program obligations to employees is \$6 million for each FTE -- the highest ratio of any Federal agency. We are coping with these staff losses through the use of improved technology, the reallocation of staff to high-priority areas, and staff training.

Nearly one-quarter of the Department's FTE and one-fifth of its discretionary budget request for management is devoted to the Office for Civil Rights, which enforces the Nation's education-related civil rights laws, and the Office of the Inspector General, which investigates fraud and abuse in education programs and helps protect the \$40 billion annual Federal investment in postsecondary student financial aid.

### CONCLUSION

I believe the record of this Administration in managing the Department of Education is one to be proud of. We have worked hard to reduce the size of government, cut bureaucracy and red tape, and respond to the needs of our many customers working to improve our education system. The dollars provided by this Subcommittee are critical to the continuing success of those efforts. I urge you to give careful consideration to our 1998 request for management, and I will be happy to answer any questions you may have.

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*Last Updated: April 9, 1997 (ml)*

9/1/2000

## What are the Department of Education's most notable Management Accomplishments?

- Education has only two-thirds as many employees as administered its programs in 1980, even though its budget has more than doubled.
- Education has trimmed its regulations by one-third, reduced grant application paperwork, and aggressively implemented waiver authority for legal roadblocks to state reform.
- The student loan cohort default rate is now a record-low 8.8 percent, after declining for seven consecutive years. It was 22.4 percent when President Clinton took office. As a result, taxpayers have saved billions of dollars.
- Collections on defaulted loans have tripled, from \$1 billion in fiscal year 1993 to over \$3 billion in fiscal year 1999.
- The Direct Student Loan program, proposed by President Clinton in 1993 and implemented in 1994, has saved taxpayers over \$4 billion over the last five years (compared to the federal cost if direct loans had instead been guaranteed loans).
- The creation of the National Student Loan Data System has allowed Education to identify prior defaulters and thereby prevent the disbursement of as much as \$1 billion in grants and loans to ineligible students.
- Customer service ratings for ED Pubs, Education's document distribution center, exceed those of premier corporations like Federal Express and Nordstrom.
- Education has a pattern of working cooperatively with the GAO and IG. Education has fully addressed 203 of the 234 GAO and OIG audits that were either unresolved in 1993 or issued since 1993. There are less than half the open audits as there were six years ago.
- American education is improving: New high academic standards are in place in all 50 states. For the first time ever, the nation's reading scores are up in all three grades tested. Math scores have also improved. And 67 percent of high school graduates are going straight to college, one-tenth more than seven years ago.

## Financial Management at the U.S. Department of Education

### 1. Do you believe the Department's financial management is stronger overall than it was seven years ago?

The Department has made a sustained effort to improve the financial management of its programs. Since 1993, we have sought to improve our data quality, modernize and integrate our systems, and improve financial reporting. In 1998, we completed implementing our new financial management system, the Education Central Automated Processing System (EDCAPS). And after devoting substantial resources to supporting the audit of our FY 1997 financial statements, we received an unqualified opinion on all three statements.

### 2. Are the Department's difficulties unique across government?

Unfortunately they are not. Agencies and Department's that have many programs and complex accounting requirements, such as guarantee loan programs which rely on allocation models, are struggling with Financial Management. Mostly because requirements they must comply with have evolved rapidly over the last four years and their systems have not been able to keep up with all the changes. For example, the form and content of financial statements routinely change each year and the accounting standards Agencies are expected to comply with are still being assembled. Moreover, historically Federal Agencies have been required to purchase commercial-off-the-shelf accounting packages that didn't meet core Federal agency requirements off a mandatory GSA schedule. These environmental factors coupled with data assembly issues across multiple computer systems have made it extremely challenging for the more complex Department's to get "clean opinions" and / or meet the March 1 statutory deadline for statements.

### 3. Why did the Department of Education receive a disclaimer on its FY 1998 financial statements?

In 1993, the General Accounting Office wrote, "Because its financial management system does not provide adequate financial controls and cannot produce accurate and reliable information, ED cannot ensure that its programs are financially sound."

In response, over the past seven years we have implemented a new financial management system, strengthened data on outstanding loan liabilities, revamped our reconciliation processes, and reduced student loan defaults and increased

collections. In FY 1997, we received a clean audit opinion on our financial statements.

However, the substantial time and resources we devoted to the FY 1997 audit delayed the FY 1998 audit. Other difficulties we encountered in FY 1998 included two additional required financial statements, new standard ledger software, and continuing reconciliation issues.

To ensure that our FY 1999 audit was not unduly delayed in turn, the Department decided to stop work on the FY 1998 audit. Because our auditors stopped working on the FY 1998 financial statements, our auditors were unable to express an opinion on them.

#### **4. What was the result of the Department's FY 1999 audit?**

The FY 1999 audit report contained four qualified opinions and one disclaimer of opinion. Although we still have a lot of work to do before receiving unqualified audits, we believe this result shows substantial progress from the five disclaimers we received in FY 1998.

We can't solve all of our problems overnight. However, we are working hard and believe the FY 1999 audit validates our approach to strengthening the Department's financial management.

#### **5. To what extent does the structure of the guaranteed student loan program -- under which the Department must rely on financial reporting from private entities -- contribute to the Department's difficulty in collecting sound financial data?**

Ernst and Young, the audit firm, qualified the 1999 financial statements primarily due to problems related reporting out Federal Family Education Loan Program numbers. Resolution of these problems will greatly enhance the Department's chances for a clean year 2000 Audit. They include,

- supporting the balances in the FFELP financing fund equity account,
- reconciling proprietary fund balances for the FFELP Liquidating Account with corresponding budgetary Accounts, and

- analyzing and sweeping the FFELP Liquidating Account at least once a year.

The Department has made FFELP accounting a top priority and has been working on diagnosing and remedying the accounting model used. We are confident that our work will be completed on time. Ernst and Young began work on the Fiscal Year 2000 Audit last week, which gives us a head start of three months over last year. This will permit the Department to more readily respond and remedy new auditor concerns that arise during the audit.

**6. Has the Department made progress addressing the Internal Control weaknesses identified in its last four financial audits?**

The Department has made great progress in closing additional recommendations since the March 1, 2000 oversight hearing, closing 43 items. As of today, 71 of the 115 audit recommendations referenced are closed. The FY 1999 audit included an additional 24 recommendations — mostly related to prior recommendations to correct previously identified weaknesses — which will be addressed as expeditiously as possible.

**7. Why did the Department purchase a general ledger accounting system that did not perform all the necessary functions?**

The Department purchased the i.e.FARS general ledger system off the then-mandatory General Services Administration (GSA) schedule. None of the products on the GSA schedule included all the capabilities we desired, so we negotiated with our contractor, Affiliated Computer Systems (ACS), for enhancements to meet future financial reporting requirements (which had not yet been defined).

However, i.e.FARS failed to meet our full expectations. Moreover, in 1998, ACS stopped marketing i.e.FARS to federal customers. The Department and ACS mutually agreed to cease investments in further i.e.FARS enhancements. We negotiated an agreement with ACS under which they would waive licensing fees, correct certain problems at its expense, and maintain a technical support staff for the Department through the transition to a new system.

We will have a new general ledger system, Oracle Financials in place by October 2001. New system features include improved budget execution, data integrity, and financial reporting.

**8. Does the Department of Education maintain a "slush fund" with hundreds of millions of dollars?**

Absolutely not. The Department's use of its grantback account has been entirely appropriate.

Most Federal agencies maintain similar accounts. In total, the Treasury maintains hundreds of such accounts for agencies across the Federal government, including a number in financial systems used by Congress.

The Department's use of these accounts is fully in accordance with the law and Treasury guidance.

In brief, the account is used for two types of transactions:

- Grantbacks. Grant recipients are required to repay funds that they used improperly. One-quarter of the remitted grants are returned to the Treasury immediately. Because grant recipients are eligible to reapply for the remaining three-quarters of funds, these funds are maintained in the grantback account until they can be either returned to the original grant recipient or to the Treasury.

• Reconciliation. Prior to May 1998, customers (such as states or universities) requested advances of federal grant funds in a lump sum without identifying the programs under which the funds were requested. As a result, the Department had to determine where to allocate funds in its accounting system. In the meantime, funds were held in this account.

Our use of this account has substantially decreased due to reconciliation improvements in our new grants management systems. Today, our customers request delivery of federal funds by grant award number, ensuring that our records immediately reflect recipients' actual use of funds on a program-by-program basis. We moved funds related to reconciliation activities from this account in March 2000 to our long term suspense account. Working with assistance from the U.S. Treasury Department, the Education Department plans to move these funds back into regular appropriation accounts by the end of June 2000. The GAO recently completed a review of how this account was managed. They found no evidence of fraud or any violation of law in how the Department operated the account.

**9. Did the Department give a student an \$800 million loan?**

No, no one ever received an \$800 million student loan.

An error due to corrupted data in an automated transmission from a guaranty agency to the Department resulted in several loan balances being recorded incorrectly. (Guaranty agencies in the guaranteed student loan program are required to transfer some defaulted loans to the Department.)

We detected this error through our regular controls, researched and corrected the loan balances, and instituted additional automated controls to prevent any future reoccurrence of this type of transmission error from being accepted by our systems

We did not bill the borrower for the incorrect amount, allow this error to adversely impact the borrower, or publish the incorrect amount in our financial statements or any other external financial report.

**10. Why has the Department repeatedly made duplicate payments to its customers?**

The Department has reliable automated controls in place to prevent duplicate payments to our customers and contractors. However, over the past year, we processed duplicate payment transactions on four occasions, in each case due to human intervention. In each case, all funds were recovered or our customers' account adjusted to offset the duplicate payment against future payments.

To further enhance existing controls, we are:

- Designing additional, more robust automated controls that will prevent these types of errors from reoccurring;
- Providing additional training and instructions to our employees;
- Re-examining our records from the past year to verify that no duplicate payments went undetected; and
- Implementing proven private-sector financial controls under the leadership of the Deputy Chief Financial Officer and the Chief Financial Officer for Student Financial Assistance.

**11. A recent report by the Department's Inspector General found that borrowers whose guaranteed loans — totaling \$77 million — were discharged due to death or permanent disability later earned income. What is the Department doing to reduce fraud?**

The Department asked our Inspector General to conduct this study and appreciate its continuing assistance in helping us strengthen our programs.

We took prompt action to implement the report's recommendations to strengthen the loan discharge process, such as requiring guaranty agencies and the direct loan servicer to collect additional information about the diagnosis of disability or a copy of the death certificate.

We are also seeking to reinstate loans that were fraudulently discharged. We are considering changes to strengthen this process that require regulatory change as part of this year's negotiated rulemaking process with the student aid community.

We are testing data matches with a consumer credit bureau and the Social Security Administration to investigate instances of financial activity by individuals who received a student loan discharge.

**12. For several years, the Department's Inspector General has recommended that you verify the income information reported by financial aid applicants with the IRS. Where are you in implementing such a data match?**

In 1998, the Administration proposed — and Congress enacted — a provision in the Higher Education Act providing authority for the Department to establish a data match with the IRS.

We are working with the IRS and the Office of Management and Budget to pursue this match. This March, we will conduct a test match with the IRS to determine if the availability of IRS data could promote the integrity of the student aid programs.

**13. Didn't a recent GAO report conclude that the Department's cohort default rate is understated?**

The current default rate calculation is achieving its objectives in identifying schools with very high default rates and removing them from the program. Under this Administration, the cohort default rate has declined from 22.4 percent to 8.8 percent.

The GAO recommends that the Department change the treatment of loan deferments and forbearances in a manner that would increase the calculated default rate. Although the proposed changes would likely result in fewer eligible schools, it would not necessarily better define "at risk" schools. It would strike a different balance between the policy objectives of protecting federal assets and preserving broad access to postsecondary education, but not an objectively better balance.

The Department is now conducting negotiated rulemaking with the higher education community to amend its default rate regulations. We are discussing the GAO's and Inspector General's recommendations with the higher education community through that process.

Some others have argued that cohort default rates understate defaults because they do not include defaults that occur more than two years after a loan enters repayment. This is true by design: cohort default rates are an enforcement tool and we cannot wait the full 25-year repayment term before acting to protect students and taxpayers. We have consistently distinguished cohort default rates from lifetime default rates, which are roughly twice as high.