



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

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HUMAN RESOURCES
DIVISION

RELEASED

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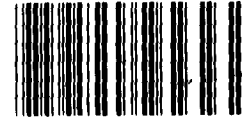
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RESTRICTED

The Honorable Orrin G. Hatch
United States Senate

The Honorable Robert T. Stafford
United States Senate

The Honorable Howard H. Baker, Jr.
United States Senate



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Subject: Review of the National Center for Research
in Vocational Education (GAO/HRD-84-78)

Your April 6, 1983, letter requested that we review certain activities of the National Center for Research in Vocational Education. These activities involved the Center's project selection, quality control, accountability for revenue and expenditures, hiring of professional staff and consultants, and the salaries and benefits paid to employees.

Public Law 94-482 authorized the establishment of a National Center for Research in Vocational Education. The Center was established to conduct applied research on problems of national significance in vocational education and promote leadership development for state and local leaders in vocational education through an advanced study center.

In January 1978, through competitive procurement procedures, the U.S. Office of Education, now the Department of Education (ED), awarded a contract to the Ohio State University Research Foundation to operate the Center with annual options to renew the contract until January 1983. The Research Foundation is a nonprofit corporation under the direction of Ohio State University that acts as the university's contracting agent for the activities of the Center. Total funding received by the Research Foundation to operate the Center under this contract amounted to over \$25 million during the contract's 5-year

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period. In January 1983, on the basis of competitive procurement procedures, the Research Foundation was awarded another contract with annual renewable options through January 1988 to operate the Center. The Research Foundation received \$5.4 million for the first year of this contract. ED exercised its option to renew the contract for 1984, but the level of funding was decreased to about \$4.7 million. (See enc. I.)

OBJECTIVES, SCOPE, AND METHODOLOGY

We performed our review at ED headquarters and at the National Center for Research in Vocational Education. As agreed with your office, the scope of our review was limited to the 11 specific questions raised in your request.

To respond to the questions concerning the Center's procedures for (1) selecting research projects and (2) assuring the quality of its projects, we interviewed officials of the Center responsible for these activities. To validate the information obtained through these interviews, we reviewed the files of two randomly selected ongoing projects and two projects that had been completed at the time of our field visits.

To respond to the questions concerning the Center's practices regarding hiring professional staff and contracting for outside consultant services, we interviewed officials of Ohio State University as well as officials of the Center. Again, to validate the information so obtained, we reviewed salary data and certain demographic characteristics of the professional staff at the Center, and we reviewed the files applicable to the last five professional staff hired at the time of our visit and the files for six subcontracts for outside professional services.

While we did not audit the financial transactions of the Center, we reviewed the results of recent audits of federal funds made by the Department of Health and Human Services' (HHS') Audit Agency, and audits of nonfederal funds by state and local audit agencies, and by Certified Public Accounting (CPA) firms. Also, we randomly selected a sample of financial transactions and traced them through the Center's accounting system.

Our review was performed in accordance with generally accepted government and auditing standards.

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We found that the Center's procedures for selecting and managing research projects were in accordance with the terms of its contract. Also, we found that the Center's practices for hiring professional staff adequately provides for competitive selection and that the salaries paid compare with the salaries paid by Ohio State University. The Center limits pay to consultants to a maximum of \$100 a day for a period not to exceed 10 days. On the basis of audits made by HHS' Audit Agency and our limited tests of financial transactions, we believe that federal funds were expended in accordance with the terms of the contract and were properly recorded.

The results of our review were discussed with your office, and the following summarizes the information we developed in response to your questions.

1. What is the relationship between the Center and the Office of Vocational and Adult Education, U.S. Department of Education, from the perspectives of project direction and project management?

The Office of Vocational and Adult Education reviews and approves all independent projects proposed by the Center before inclusion in the annual contracts. The office also designates projects that will be undertaken by the Center under the contracts, monitors the Center's projects through monthly status reports on each project, and performs site visits on selected projects.

2. What are the procedures for governance and selection of board members?

Public Law 94-482 requires the establishment of a National Center for Research in Vocational Education Advisory Council to advise the Center on its operations. The Council currently consists of nine members nominated by the President of the United States and appointed on a 3-year rotating and staggered basis by the Secretary of Education. Prior to 1981, such nominations originated within the Department.

3. What are the funding sources, other than the Department of Education, which finance the Center's operations?

Total funds received by the Center in 1983 amounted to \$11,248,462. Of this amount, about 65 percent (or \$7,270,913) was provided by ED, about 1 percent (or \$152,207) was provided

by other federal agencies, and about 14.5 percent (or \$1,631,027) was provided by Ohio State University. The remaining 19.5 percent (or \$2,194,315) was provided by (1) private companies and institutions, (2) state education agencies, (3) other universities and colleges, and (4) international organizations. A detailed schedule of the sources of the Center's funding for fiscal year 1983 is included in enclosure II.

Federal and nonfederal funds are accounted for separately by the Research Foundation through a detailed system of account numbers. The Research Foundation establishes a series of separate project account numbers relating to specific items in the contract under which the projects are funded. Also, separate project numbers are established for each year of a renewable or continuing contract to ensure that costs are charged to the appropriate contract year. The accounting system also provides for separate monthly financial summaries for each contract, showing total budget amount, current month's expenditures, expenditures to date, and unencumbered balances.

We did not audit the Center's financial activities. However, we randomly selected 18 transactions, 11 involving federal funds and 7 involving nonfederal funds, and traced them through the accounting system. In all cases, we found that the transactions were properly charged to the appropriate contract fund source.

Audits of nonfederal contracts are conducted by cognizant state and local audit agencies and by CPA firms. Audits of federal contracts are made by HHS' Audit Agency. Based on our review of audit reports and discussions with officials of the audit agency, we found that no significant problems had been disclosed by the audits.

4. How are priorities for research, policy, and curriculum projects determined?

Under the terms of the contract, the Center is prohibited from engaging in projects for developing curriculum. Therefore, we only addressed how priorities for research and policy projects are determined.

The Center established its priorities for research to meet problems which it believed have national significance. It draws upon several sources for identifying the problems it believes should be addressed. In addition to the information it has developed internally, the Center draws upon external sources, such as legislative reports and testimony, professional associations, and state and local vocational education practitioners.

After deciding on the problems to be addressed, the Center prepares a project summary describing specific tasks which should be undertaken in each of the problem areas. The national advisory council reviews and critiques the summary. The proposed projects are then submitted as part of the Center's response to ED's request for proposals or exercise of yearly contracts. ED reviews and approves each proposed project before it becomes part of the Center's contract for that year.

In addition to the projects proposed by the Center, ED also designates research projects which will be undertaken by the Center under its contract. These projects are selected by the Assistant Secretary for Vocational and Adult Education.

5. What is the process used for evaluating the effectiveness of products by professionals, consumers, legislators, and employers?

During the research project the principal investigator keeps management informed on the project's status through monthly reports, and each project is reviewed quarterly by appropriate management officials. To evaluate the effectiveness of its products the Center has established a quality control office which conducts user follow-up studies, uses expert technical panels and outside consultants to review products prior to issuance, and sends publication-reaction cards with its products to determine user field reaction.

6. Does the Center have linkages with other relevant research institutions or procedures in place for avoiding duplication of effort?

The Center avoids duplication during the planning stages of a project through literature searches, communication with various state research coordinating units, and other professional organizations. For example, the Center maintains an on-line computer terminal to search other data bases, such as the Vocational Education Program Improvement Data Base, which contains data on state and federally funded projects. Also, under the terms of its contract, the Center is responsible for operating the Educational Research Information Clearinghouse on Adult, Career, and Vocational Education, which provides its staff with access to national information on vocational education activities.

7. To what degree are third-party reviewers used in the evaluation of research, curriculum, and policy projects?

The Center uses outside consultants on technical panels to assist in the design and development of research and policy projects and to evaluate the resulting products. In the first 5 years of the Center's contract (1978-82), 53 technical panels and 2,492 consultants were used by the Center to evaluate its research and policy project products. A total of \$457,690, or 2 percent of the \$25 million the Center received under its contracts with ED, was paid to the consultants.

As discussed above, under the terms of its contract, the Center is prohibited from engaging in projects for developing curriculum.

8. How are staff recruited and selected to work on specific projects?

The Center recruits its professional staff through nationwide position vacancy announcements. A committee of professional employees of the Center is convened to review applications and recommend the best applicants. The applicants recommended by the committee are interviewed and rated by the staffs of each of the Center's functional areas. The Center's executive director and the chairperson of the applicant screening committee meet to review rating forms and select the best qualified candidate.

The Center's professional staff consists of individuals with degrees and backgrounds in vocational education and other fields of education, and such fields outside of education as economics, engineering, sociology, public administration, and computer science. From this mix, the Center's executive director recommends to the university's provost, who is also the vice president for Academic Affairs, the assignment of staff possessing the appropriate experience and methodological skills for project tasks. The decision as to the assignment of the staff is made by the university's provost.

9. What are the salaries and benefits of Center personnel and how is this remuneration determined?

Center staff are paid by Ohio State University at established university pay ranges. Starting salaries are normally established within the first quartile of the university faculty schedule. Initial salaries beyond the first quartile must be recommended by the Center's executive director and approved by the university's provost and Office of Personnel Services. The Center's pay rates for principal investigators are lower than their professor counterparts, primarily because of the advantages stemming from faculty tenure.

Center employees have the same basic benefits and retirement system as university employees. The Center follows the university's vacation, sick leave, and group life/health insurance policies. Employees contribute 8.5 percent of their gross salary to the State of Ohio Public Employees Retirement System.

10. To what degree does the Center contract with other agencies/or persons to meet its work scope and how is the reimbursement schedule determined?

From 1978 through 1982 the Center had let 18 subcontracts to 10 subcontractors for a total of \$737,969, or about 3 percent of the total contract funds received by the Center during this period. As discussed earlier, the Center also used 2,492 consultants during this period, at a cost of \$457,690 (an average of \$184 per consultant).

The Center, through the foundation's Purchasing Department, subcontracts either on a competitive or a sole-source basis, depending on project data or service requirements, time frames, and budget limitations. The Center's subcontractors are all approved in advance by ED.

We found that no one consultant or consultant firm received large amounts of business from the Center. The Center generally limits pay to consultants to a maximum of \$100 a day for a period not to exceed 10 days, or a maximum of \$1,000, unless approved in advance by ED.

11. To what extent has the Center utilized congressional staff members to provide services to the Center?

Several congressional staff members had made presentations to the Center's staff prior to 1978, before the National Center was so designated. The presentations were made as part of the then-named Center for Vocational Education Professional Development Seminars, and the Center did not award honoraria or reimburse travel expenses to the congressional staff. Since 1978, congressional staff members have not been requested to make presentations or assist the Center's staff.

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Because this report contains no recommendations, it was not sent to the Center or to ED for written comments. However, the matters contained in this report were discussed with Center officials and officials of the Office of Vocational and Adult Education, and their comments were considered.

We trust that this information is responsive to your needs. As arranged with your office, unless you publicly announce the report's contents earlier, we plan no further distribution until 3 days from its issue date. At that time we will send copies to the Secretary of Education; the Director, Office of Management and Budget; and other interested parties and make copies available to others upon request.



Richard L. Fogel
Director

Enclosures - 2

FUNDING UNDER PUBLIC LAW 94-482 FOR THE NATIONAL CENTER FOR RESEARCH IN VOCATIONAL EDUCATION

<u>Functions</u>	<u>First 5-year contract</u>					<u>Second 5-year contract</u>	
	<u>Year 1</u> <u>1978</u>	<u>Year 2</u> <u>1979</u>	<u>Year 3</u> <u>1980</u>	<u>Year 4</u> <u>1981</u>	<u>Year 5</u> <u>1982</u>	<u>Year 1</u> <u>1983</u>	<u>Year 2</u> <u>1984</u>
Applied research and development:							
Independent	\$ 891,312	\$1,065,122	\$ 891,368	\$ 994,353	\$ 979,537	\$ 803,251	\$ 741,179
Designated	<u>350,000</u>	<u>426,133</u>	<u>727,879</u>	<u>502,732</u>	<u>62,940</u>	<u>1,230,812</u>	<u>270,386</u>
Total	\$1,241,312	\$1,491,255	\$1,619,247	\$1,497,085	\$1,042,477	\$2,034,063	\$1,011,565
Leadership development	742,570	789,401	\$ 692,785	\$ 768,884	\$ 580,093	\$ 654,702	\$ 592,663
Dissemination and utilization	849,161	852,402	763,264	823,861	767,598	917,461	900,244
Policy and planning	431,685	500,197	954,017	758,128	594,212	350,618	424,752
Clearinghouse	296,721	372,730	406,228	426,051	354,496	432,961	350,316
Evaluation	353,229	586,994	453,589	306,100	496,113	225,128	674,219
Other tasks	119,029	257,153	399,848	352,412	314,110	276,446	184,082
Management	<u>482,708</u>	<u>452,321</u>	<u>510,088</u>	<u>572,479</u>	<u>699,796</u>	<u>508,567</u>	<u>547,159</u>
	<u>\$4,516,415</u>	<u>\$5,302,453</u>	<u>\$5,799,066</u>	<u>\$5,505,000</u>	<u>\$4,848,895</u>	<u>\$5,399,946</u>	<u>\$4,685,000</u>

1983 SOURCES OF NATIONAL CENTER FUNDING

<u>Source</u>	<u>Purpose</u>	<u>Amount</u>	<u>Percent</u>
<u>Federal</u>			
Department of Education: Office of Vocational & Adult Education	National Center Contract	\$5,399,946	48
Office of Vocational & Adult Education	Linking Community Collaborative Comprehensive Programs of Career Guidance With Youth Education and Employment Initiatives	359,996	3
Office of Elementary and Secondary Education	National Diffusion Network Career Planning Support System Developer Demonstrator Project	64,043	1
	Career Planning Support System Developer Demonstrator Project		
N National Institute for Education	Educational Research Information Clearinghouse (ERIC) on Adult Career and Vocational Education	1,370,750	12
	Institutional Grant (Youth Employability Studies)		
Office of Special Education and Rehabilitative Services	Improving the Basic Math Skills and Job Awareness of Handicapped Students Through Simulated Career Exploration Activities	<u>76,178</u>	<u>1</u>
Total		7,270,913	65
Department of Agriculture	A Preliminary Examination of Factors Related to Enrollment in and Completion of College and University Agriculture Programs	15,000	.1
Department of Transportation	Training Course to Upgrade Urban Mass Transit Management	88,530	.8
Department of Defense	Armed Services Vocational Aptitude Battery (ASVAB) Advisory Panel to Review the Quality of ASVAB and its Promotional Materials	<u>48,677</u>	<u>.4</u>
Total (federal funds)		<u><u>\$7,423,120</u></u>	<u><u>66</u></u>

<u>Source</u>	<u>Purpose</u>	<u>Amount</u>	<u>Percent</u>
<u>Other</u>			
Ohio State University	General Administrative and Overhead Expenses of the Center	1,631,027	14.5
Other universities and colleges:			
Florida International University	Development of Performance Based Vocational Education Administrators' Training Material	a	
Pittsburgh State University		a	
North Texas State University	Adaptation and Pilot Testing of a Preservice Version of Improved Career Decision Making (ICDM)	a	
Northern Arizona University	Consortium for Development of Professional Materials for Vocational Education	a	
Southern Illinois University	Consortium for Development of Professional Materials for Vocational Education	a	
Various 2-year colleges sponsors	National Postsecondary Education Alliance	a	
Total		258,715	2.3
Private sector companies and institutions:			
CSG Corporation	Technical Association Program for the Microcomputer Choices Program	a	
Research Planning Institute	Components of a Training program on Agriculture for Peace Corps Volunteer	a	
Price Waterhouse and Company	Technical Accounting Training Program	a	
National Training Fund for Sheet Metal and Air Conditioning Industry	Apprenticeship Training Programs	a	
Total		1,789,370	15.9

<u>Source</u>	<u>Purpose</u>	<u>Amount</u>	<u>Percent</u>
Other			
State education agencies:			
Kansas State Department of Education	Funding Alternatives for Area Vocational Schools in Kansas	a	
New York State Education Department	National Career Education Infusion Project: Integrating the Occupational Outlook Handbook into the General Education Curriculum	a	
Pennsylvania Department of Education	Consortium for Development of Professional Materials for Vocational Education	a	
Total		78,739	.7
International organizations:			
Ministry of Youth and Community Development, Jamaica	International In-resident Fellowship Program	a	
Institute of Technology	Vocational Education Study	a	
Total		<u>67,491</u>	<u>.6</u>
Total (other funds)		<u>3,825,342</u>	<u>34</u>
Grand Total (all funds)		<u>\$11,248,462</u>	<u>100</u>

^aIndividual amounts not provided.