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Observations on Management of
Department of Education's Office
of Special Education and
Rehabilitative Services

Statement of William J. Gainer
Director of Education and
Employment Issues
Human Resources Division

Before the
Subcommittee on Select Education
Committee on Education and Labor
House of Representatives



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SUMMARY OF GAO TESTIMONY BY WILLIAM J. GAINER
ON THE MANAGEMENT OF THE
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

GAO's testimony summarized its recently completed audit work on the management of the Department of Education's Office of Special Education and Rehabilitative Services (OSERS). GAO's findings are based on (1) perceptions of OSERS managers and senior staff obtained through 187 questionnaire responses and (2) interviews with state directors of vocational rehabilitation and special education regarding program leadership, responsiveness to state needs, and quality of services provided to the states.

Significant management-related concerns were identified by OSERS and state officials in the following areas:

GOAL SETTING PROCESS. The majority (60 percent) of OSERS respondents believed the Office of the Assistant Secretary for Special Education and Rehabilitative Services had done a poor job of establishing OSERS-wide goals, coordinating activities among OSERS components (the Office of Special Education Programs, the Rehabilitative Services Administration, and the National Institute on Disability and Rehabilitative Research), and responding to program concerns raised by senior OSERS officials, regional offices, and constituents.

PERFORMANCE MANAGEMENT WITHIN COMPONENTS. OSERS components generally develop operational plans in support of anticipated budget expenditures rather than strategic plans for multi-year periods by, among other things, (a) analyzing the organizational environment, (b) assessing organizational strengths and weaknesses, (c) considering alternatives, (d) establishing clear objectives, (e) assigning responsibility, and (f) establishing feedback mechanisms. This lack of strategic planning very likely makes it more difficult to manage the organization and subsequently to assess the performance of organizational components.

HUMAN RESOURCE MANAGEMENT. More than 75 percent of OSERS respondents indicated that staff vacancies, staff in acting positions, and the lack of appropriate training courses and/or access to training were problems which affect OSERS' ability to achieve its program goals and objectives.

GRANTS MANAGEMENT. Despite the fact that virtually all of OSERS annual budget is to award and administer discretionary and formula grants to states and other entities, nearly half of OSERS respondents with grant responsibilities believed there were serious problems in evaluating and monitoring discretionary and formula grant performance. These problems were attributed to factors such as limited staff resources and the unavailability of travel funds.

FEDERAL/STATE RELATIONSHIPS. Nearly half of the state special education directors were critical of OSERS program monitoring. Over sixty percent of the state vocational rehabilitation directors believed the office of the Assistant Secretary had done a poor job of establishing national goals and objectives for handicapped individuals. Both groups of state directors were disappointed with OSERS' limited technical assistance.

Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss our recently completed audit work on the management of the Department of Education's Office of Special Education and Rehabilitative Services (OSERS) programs and activities. I am accompanied by Fred Yohey, GAO's Assistant Director for Elementary and Secondary Education Issues, William DeSarno, our Assignment Manager for our special education work and Darlene Bell, the Evaluator-in-Charge for this assignment.

Effective management systems are critical to the Department's ability to accomplish its mission. Traditionally, the Department has operated as a conglomerate of largely independent entities. Strategic planning and program management have been delegated to various assistant secretaries. Our work over the last two years has shown that an effective management system has not been established within the Department of Education. For example, senior officials did not establish the subsidiary goals envisioned by the past Secretary of Education to implement the broad philosophical guidance regarding Department programs. GAO's work at other departments has shown that there are a variety of ways to structure and operate such a "strategic management" system and the need to strengthen Department management in this and other ways was discussed in our report Education Issues (GAO/OCG-89-18TR, November 1988).

Our work specifically on OSERS management issues was initiated at your request subsequent to OSERS oversight hearings you held in November 1987. After meeting with you and your staff, we agreed to study the perceptions of OSERS managers and senior staff regarding selected management activities. It was anticipated that our study would aid the subcommittee in its oversight function and would be useful to the incoming administration.

In August 1988, we mailed a questionnaire to 250 OSERS headquarters and field managers and senior staff to obtain their views on OSERS management. The questionnaire was developed using a more general approach designed by our office for department-wide management studies at the Departments of Labor and Health and Human Services as well as the Social Security Administration. The approach was modified by adding questions specific to OSERS' mission. We received 187 completed questionnaires for an overall response rate of 75 percent. We also interviewed state officials who implement programs receiving OSERS funding--state directors of vocational rehabilitation and state directors of special education. Once the questionnaire results were analyzed, we discussed our findings with component heads and several division directors and branch managers to gain additional insights into OSERS management practices.

In January and February 1989, we provided briefings to you, the Ranking Minority Member, and subcommittee staff as well as senior OSERS officials on our preliminary findings. Comments on our draft report were received on September 5, 1989 from the Department of Education. They generally agreed with our findings and said they were planning actions to address the management concerns identified. Our final report will be issued within the next several weeks.

BACKGROUND

As you know, the Office of the Assistant Secretary for Special Education and Rehabilitative Services provides overall guidance and direction to three OSERS components with distinct missions.

- o The Office of Special Education Programs provides grants to assist states in providing a free appropriate public education and related services to children with handicaps.
- o The Rehabilitative Services Administration provides funds to state vocational rehabilitation agencies to help physically and mentally disabled persons become gainfully employed.
- o The National Institute on Disability and Rehabilitation Research provides discretionary grants to states, public and private agencies, and other organizations to support research, demonstrations, and related activities.

OSERS' fiscal year 1989 budget is \$3.7 billion. This represents about 17 percent of the total Department of Education budget. The organization is authorized 425 full-time positions: 136 in the Office of Special Education Programs; 213 in the Rehabilitative Services Administration; 33 in the National Institute on Disability and Rehabilitative Research; and 43 in the Office of the Assistant Secretary.

Our work focused on the period--July 1983 through May 1989--when Ms. Madeleine C. Will served as Assistant Secretary. Between March 1984 and November 1986, Ms. Will established several broad goals upon which to concentrate OSERS activities--(1) transition from school to work for students with disabilities; (2) supported employment for adults with severe disabilities; and (3) education of students with learning disabilities.

RESULTS IN BRIEF

In general, we found significant concern among OSERS managers and senior staff regarding the management of OSERS programs and activities. Over three-quarters of OSERS managers and senior staff responding to our questionnaire believed that the overall management approach within OSERS had a negative effect on the day-to-day operations of their organizational units. A primary

reason for these negative feelings was the perception of an excessive involvement in component activities by the Office of the Assistant Secretary. These feelings were expressed by substantial numbers of managers and senior staff in all OSERS components.

GAO Overview of Findings

Problems identified by OSERS and state officials

- Inadequate goal setting
 - Lack of strategic plans
 - Staff vacancies and training
 - Infrequent grantee monitoring
 - Strained state relationships
-

Through our analyses of questionnaire responses and discussions with state officials, problems were identified in OSERS' management of its (1) goal setting process, (2) performance management system, (3) human resources management system, (4) grants management system, and (5) relationships with state officials. Specifically,

- The majority of OSERS respondents (60 percent) said that the Office of the Assistant Secretary had done a poor job of establishing goals, coordinating component activities, and responding to program concerns raised by senior OSERS officials, regional offices, and constituents.

- OSERS components generally developed operational plans in support of anticipated budget expenditures but had no strategic plans¹ for multi-year periods which could be used after the fact to determine whether objectives were achieved.
- More than 75 percent of OSERS respondents identified numerous human resource management problems, such as excessive staff vacancies and training inadequacies.
- Nearly half of its grants management staff identified inadequate evaluation and monitoring of OSERS grantee performance as serious problems in both discretionary and formula grants.²
- State special education and vocational rehabilitation directors identified several problems, including the lack of program monitoring and technical assistance, which among other things affected their relationship with OSERS.

IMPROVEMENTS NEEDED IN OSERS' GOAL SETTING PROCESS

Although broad goals were established in the mid-1980's by the former Assistant Secretary, the majority of respondents to our questionnaire said the Office of the Assistant Secretary generally did a poor job of involving appropriate staff, making timely decisions, considering alternatives and the long-term effects of decisions, and coordinating with OSERS components during the goal formulation process. More than 60 percent of the respondents said the Assistant Secretary's office performed a less than adequate job in establishing broad program priorities for each component. For example, as shown in the chart on the next page, respondents said that the office did a poor or very poor job of (1) establishing realistic OSERS-wide goals and objectives, (2) coordinating activities requiring cooperation between the Assistant Secretary and the components, and (3) responding to major concerns surfaced by senior level managers, regional offices and constituents.

¹Strategic plans are plans developed for multi-year periods to, among other things, (a) analyze organizational environment, (b) assess organizational strengths and weaknesses, (c) consider alternatives, (d) establish clear objectives, (e) assign responsibility, and (f) establish feedback mechanisms.

²OSERS discretionary grants are distributed competitively based upon proposals submitted by prospective grantees. OSERS formula grants are distributed to states based on statutory provisions which require allocations to be made on the basis of certain criteria such as the number of handicapped individuals in each state.

GAO OSERS Goal Setting Process

Most respondents said OSERS top management inadequately

- involved staff in goal setting
 - established realistic objectives
 - coordinated activities with components
 - responded to major concerns of senior managers
-

While OSERS initiatives were said to generally relate to the broad goals established by the former Assistant Secretary, no component subobjectives were identified, and no implementation milestones were established. Consequently, no one was held responsible for carrying out tasks necessary to achieve the broad goals. There was also no process for routinely involving key managers and staff in setting goals.

According to senior officials, progress in achieving OSERS goals was monitored by the Assistant Secretary primarily through discussions at weekly meetings with top OSERS officials and managers, and by tracking timeliness in completing various tasks such as awarding discretionary grants. These officials told us that no record of the OSERS components' progress was maintained--components did not provide progress reports and minutes of the weekly meeting discussions were not prepared. Officials told us that feedback from the Assistant Secretary's office to OSERS officials was informal and consisted of periodic memos to remind OSERS officials of approaching deadlines, such as obligating funds to grantees on schedule.

**GAO Management of OSERS
Components**

**Components lack critical
elements of strategic planning
such as**

- Setting a reasonable number of major goals
- Monitoring progress against the goals
- Providing managers periodic feedback on success

**PERFORMANCE MANAGEMENT WITHIN OSERS
COMPONENTS DIFFICULT TO MEASURE
WITHOUT A STRATEGIC PLAN**

The performance of OSERS components is also difficult to measure because the components neither develop component-wide strategic plans with specific goals and objectives nor establish and implement a system to measure progress against such goals. Several important elements of an effective strategic plan are noted in the chart above. Instead, each component develops operational plans of varying levels of detail which were believed to be linked in a general way to the broad OSERS goals established by the Assistant Secretary. Thus each OSERS component informally planned its own activities.

None of the OSERS components develop strategic plans with measurable performance objectives. The Rehabilitative Services Administration had strategic plans for fiscal years 1986 through 1988 but a plan was not developed for fiscal year 1989 because of leadership and staffing changes. With the exception of these efforts, other components' plans we reviewed were what we would

characterize as operational in nature and focused on the annual budget process.

The lack of an OSERS-wide strategic planning system linking the objectives of OSERS' components to the goals of the Assistant Secretary makes it difficult to track component progress. As a result, we were told by OSERS officials that progress is determined by component heads through (1) regularly scheduled meetings with key staff, (2) personal involvement in component activities, and (3) tracking operational milestones established by components to see, for example, whether formula and discretionary grants are awarded by predetermined dates.

Management at Unit Level Within OSERS Components

Most questionnaire respondents said that at the division and branch unit level, units had operating plans which helped them manage their individual programs and activities on a day-to-day basis. These operating plans included elements such as (1) objectives for specific programs and activities, (2) tasks to be performed, and (3) timeframes.

However, many respondents cited hindrances in implementing their plans. For example, 81 percent of the questionnaire respondents stated that certain management practices, such as the former Assistant Secretary's micromanagement of the travel approval process negatively affected their ability to manage. Other factors cited included insufficient staffing, inadequate authority to make decisions, and inadequately trained staff.

HUMAN RESOURCE PROBLEMS ALSO SAID TO RESTRICT ORGANIZATIONAL ACHIEVEMENT

We asked about personnel matters that could affect OSERS' ability to achieve unit level objectives, and found that three quarters of the respondents indicated problems in these areas: staff vacancies, the placement of staff in acting positions, and the lack of adequate training courses and/or access to training. Similar concerns were expressed by state directors of special education and vocational rehabilitation who said staff vacancies, staff in acting positions, and poorly trained OSERS staff were having a negative impact on their states' ability to achieve program goals.

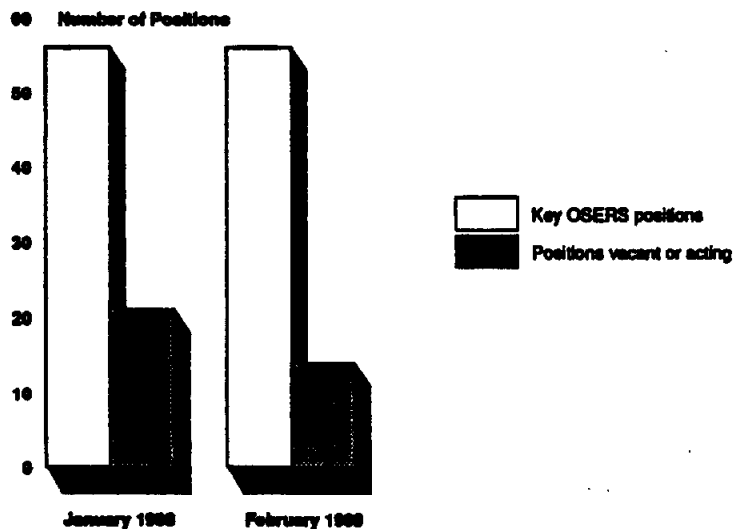
For example, the practice of designating personnel to serve in acting capacities for long periods of time generally created an environment in which important decisions were delayed, such as the approval of state plans and the level of program funding to be provided. This situation also provided no incentive to engage in long-term planning or to start new program initiatives. Information developed by our staff in February 1988 indicated that 21 of 56 key OSERS positions (component heads, division

directors, regional commissioners and branch managers) were vacant or being filled on an acting basis as of the end of January 1988. At that time, several regional Rehabilitative Services Administration commissioner positions had been vacant for over a year.

Information obtained from OSERS in February 1989 indicated that some improvement had occurred but that 25 percent (14) of the positions were still vacant or filled with acting managers. The vacancies and positions filled on an acting basis in January 1988 and February 1989 are shown in the graphic below.

GAO OSERS Personnel Management

14 of 56 key positions remained vacant or filled on acting basis as of Feb. 1989



The majority of state directors for rehabilitative services (37) and state directors for special education (31) also told us that vacant managerial positions and persons functioning in an acting capacity in OSERS were having a negative effect upon their programs at the state level. Some specific examples included (1) states' inability to get technical assistance and advice on programs, (2) delays in the Office of Special Education's monitoring activities and (3) slow approval of state plans causing disruptions at the state level and generally creating an unstable atmosphere.

Overall, eighty-four percent of the OSERS questionnaire respondents identified vacancies as a problem and 55 percent said that their components could seldom fill critical vacancies when they occurred. The reasons mentioned most frequently as contributing to this situation were Department and OSERS procedures, such as no payment for relocation expenses of new employees; limited promotion potential of advertised positions; and the uncooperative attitude of OSERS' administrative staff responsible for filling such vacant positions.

Most questionnaire respondents said the employee turnover rate for managers and senior staff was too high. They believed that such turnover had decreased the number of qualified staff in their units, decreased OSERS efficiency and effectiveness, and greatly decreased employee morale.

Ineffective Training and Development Programs

Training and development programs were generally viewed negatively by managers and senior staff. Less than one in six respondents believed that Department sponsored internal training and development programs had been effective in improving their performance. The conditions cited most frequently by the respondents as detracting from the effectiveness of Department sponsored internal training and development programs were:

- inappropriate training plans for individual employees;
- lack of commitment to training by OSERS officials;
- cuts in training funds.

In discussions of the issue with OSERS' component heads, division directors and branch chiefs, we were told that any OSERS employee can have an individual training plan prepared if they desire one. However, the training courses available through the Department's Horace Mann Learning Center in Washington, D.C. include managerial and administrative courses only. The center does not offer, nor was it established to offer, training in specialized subject matter related to special education or vocational rehabilitation issues which employees say they want and need in order to keep current in their profession.

Several division directors and branch chiefs also told us that travel would not be approved by the Office of the Assistant Secretary to attend out of town seminars and conferences to obtain such specialized training because of budget restrictions. In addition, OSERS' regional staff could not attend courses at the Horace Mann Learning Center in Washington, D.C. because OSERS funds were not available to pay their travel costs or per diem expenses.

**STAFF AVAILABILITY AND TRAVEL
FUNDS CAUSE SERIOUS PROBLEMS
IN MONITORING GRANTEE PERFORMANCE**

Despite the fact that virtually all of OSERS annual budget is to award and administer discretionary and formula grants to states and other entities, questionnaire respondents with grant responsibilities believed there were serious problems in evaluating and monitoring discretionary and formula grant performance. These problems are attributed to limited staff and the unavailability of travel funds. Our primary findings regarding the OSERS grant management system are noted in the chart below.

GAO OSERS Grants Management

Grant managers reported

- Grant award procedures generally followed (69%)
- Monitoring grant performance was a serious problem (48%)
- Available travel funds limit monitoring activities

Discretionary grants

For example, during fiscal year 1988, OSERS awarded 2,366 discretionary grants totaling over \$338 million. But, telephone discussions were the most common method used for monitoring grants according to OSERS component heads and 88 percent of 128 OSERS respondents and on-site visits were only occasionally conducted. OSERS officials told us that in fact on-site monitoring visits were conducted for about 5 percent of their discretionary grants during fiscal year 1988. According to our questionnaire results, 26 of 80 respondents said that the frequency of discretionary grant on-site visits in their areas was at best every 5 years apart. In addition, 21 respondents reported that some discretionary grants were never monitored on-site.

Formula grants

About 90 percent of OSERS' \$3.7 billion fiscal year 1989 appropriation is devoted to formula grants. Forty of the 85 questionnaire respondents with formula grant responsibility identified monitoring compliance as the most serious problem in the formula grant cycle. However, the problem seemed to be more prevalent in the Office of Special Education than in the Rehabilitative Services Administration. (The National Institute of Disability and Rehabilitation Research does not administer formula grants.) As with discretionary grants, insufficient travel funds and staff vacancies were again cited by many respondents as the primary causes of this problem.

Monitoring procedures differ between OSERS components. According to OSERS officials, formula grants are monitored by agency officials at grantee locations every year by the Rehabilitative Services Administration and 4 or more years apart by the Office of Special Education Programs. Reports are prepared and issued to grantees after monitoring visits are completed. Fifty of 74 respondents to our questionnaire indicated that it generally takes 90 days or less to prepare and issue monitoring reports but 10 of the 13 Special Education grant management staff indicated that it took from one to three years to prepare and issue final monitoring reports. The time required to prepare and issue a monitoring report in the Office of Special Education appeared to us as unreasonable.

Information provided by OSERS officials indicated that 9 of 11 state special education agencies visited by the Office of Special Education during fiscal year 1987 had not received final written monitoring reports as of February 1989. These delays were attributed by respondents to slow departmental clearances and staff unavailability. This information was buttressed by information from our telephone survey of state special education directors who told us that receiving formal monitoring feedback was one of the most critical problems in their relationship with the Office of Special Education. Their comments indicate that

the Office of Special Education was not supportive of their states' need for responsive and timely feedback. Nearly half (24) of these state directors said it sometimes took two or more years to receive a final monitoring report.

**STRAINED OSERS' RELATIONSHIP
WITH STATE AGENCIES**

Comments from state directors of special education and vocational rehabilitation agencies identified several problems regarding their states' relationship with OSERS. Most special education directors shared the same concern as OSERS respondents concerning program monitoring carried out by the Office of Special Education.

**GAO Relationships With State
Agencies Strained**

- Special education directors critical of program monitoring (24 of 51)
 - Vocational rehabilitation directors critical of program direction and policy guidance (33 of 51)
 - Both groups considered technical assistance limited (53 of 98)
-

The majority of vocational rehabilitation state directors' comments were negative regarding OSERS management. Vocational rehabilitation state directors were critical of OSERS program direction, policy guidance, and particularly RSA's technical assistance. The overall views of these state officials are reflected in the chart above.

Program Direction and Policy Guidance

As shown in the chart below, state officials had mixed views regarding the establishment of OSERS goals. The majority of special education state directors (33 of 51) were pleased with the goals established by the former Assistant Secretary for persons with handicapping conditions. However, the same number of state vocational rehabilitation directors told us that the Office of the Assistant Secretary had done a poor job in establishing national goals and objectives for handicapped persons. Many vocational rehabilitation directors believed that their expertise and comments had been disregarded in setting goals for the Rehabilitative Services Administration. In addition, eighty percent of the state vocational rehabilitation directors stated that the federal/state partnership between their state agencies and the Rehabilitative Services Administration headquarters had deteriorated or in effect "ceased to exist". On the other hand, RSA regional offices were generally viewed favorably by vocational rehabilitation directors.

GAO Mixed Views on Establishing Program Goals and Objectives

	Number of Special Education State Directors	Number of Vocational Rehabilitation State Directors
Very well	9	2
Well	24	5
Neither well nor poorly	10	11
Poorly	6	18
Very poorly	1	15
No basis to judge	1	0
Total # of respondents	51	51

Written OSERS policy guidance provided to the states was generally characterized as moderately useful but untimely. Thirty-three of 51 state special education directors told us that the written policy guidance received from the Office of Special Education Programs was untimely. Similarly, 43 of 51 state vocational rehabilitation directors said the Rehabilitative Services Administration's policy guidance was untimely. The Rehabilitative Service Administration's policy manual, for example, has gone without a major revision for 14 years. While considered moderately useful, written OSERS policy guidance was variously characterized by state directors as sporadic, incidental, and outdated. These directors said that this caused, among other things, problems in determining who was considered eligible to receive rehabilitation services.

Technical assistance

State directors of both vocational rehabilitation and special education agencies were critical of OSERS technical assistance. For example, according to state vocational rehabilitation directors:

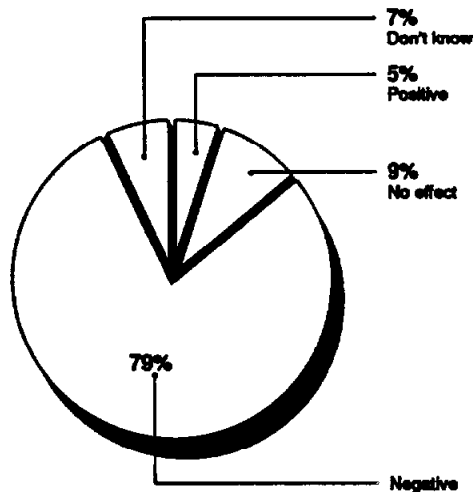
- sixty-three percent said Rehabilitative Services Administration staff generally were unaware of the kinds of rehabilitative services needed in their states;
- forty-five percent believed that this lack of knowledge results from Rehabilitative Services Administration staff being inexperienced and improperly trained; and
- fifty-five percent believed that the Rehabilitative Services Administration's staff's lack of expertise has had a negative effect on their ability to achieve state program goals because they frequently cannot get needed guidance or needed technical assistance.

OVERALL PERCEPTIONS ON OSERS' MANAGEMENT

As reflected in the following graphic, 79 percent of OSERS managers and senior staff responding to our questionnaire believed the former Assistant Secretary's overall management approach negatively influenced the management of their organizational units. Many officials said that the former Assistant Secretary's overall management approach had a very negative effect on their unit operations. Specific explanations cited by respondents included (1) too much intervention and micromanagement of component activities, (2) lack of professional respect toward the staff, and (3) failure to support Rehabilitative Service Administration goals. Nine of 184 respondents (5 percent) indicated that the former Assistant Secretary's overall management approach had a positive effect on their units' daily management.

GAO Effect of Overall Management Approach on Unit Operations

Most reported negative effect



Respondents' comments regarding issues requiring OSERS' top management attention were consistent with information we obtained through our analysis of questionnaire responses, where most respondents generally believed that the Office of the Assistant Secretary was too involved in component activities such as setting policies, allocating resources, program management and particularly administrative operations. Other problems receiving frequent mention were their perceptions that the former Assistant Secretary lacked respect for staff; infrequently recognized employees' abilities; provided poor leadership; and maintained an ineffective organizational structure. A need for better communication and cooperation between the Assistant Secretary's office and the three OSERS components was also mentioned repeatedly.

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That concludes my prepared statement. My colleagues and I will be happy to answer any questions you or other members of the Subcommittee may have.

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