



United States
General Accounting Office
Washington, D.C. 20548

Health, Education and Human Services Division

B-260297



February 3, 1995

The Honorable Frank Riggs
House of Representatives

Dear Mr. Riggs:

This correspondence contains information, requested by your office on January 30, on previously issued GAO reports and testimonies that may be useful to review as the Congress continues its budget deliberations. This material supplements the information identified in our January 18, 1995, testimony before the Subcommittee on Labor, Health and Human Services, Education and Related Agencies, House Committee on Appropriations, to assist in efforts to highlight potential budgetary savings.

For fiscal year 1995, the Department of Education was appropriated \$33.7 billion--\$25.1 billion in discretionary funds and \$8.6 billion in entitlement funds--for about 240 program activities. This represents an increase of \$6.7 billion over the previous year's appropriations, and hearings have begun in the 104th Congress on possible rescissions of current appropriations. On February 6, President Clinton is scheduled to send the fiscal year 1996 budget proposal to the Congress for its consideration and additional hearings will be held.

We have selected key products issued by our office since January 1990 which you and other members of the Congress might consider during your ongoing deliberations. In general, our reports focus on program implementation rather than effectiveness issues. In many cases, Education officials have taken corrective actions to address program weaknesses that we brought to their attention; however, these same or similar issues need to be considered whenever program budgetary decisions are made.

We generally do not highlight potential specific budgetary savings in our reports. When we have had report recommendations, the Congress and Education have been responsive to our findings. For example, in response to our report recommendation the Congress requires new parent and student loans to use variable interest rates rather than fixed rates. As a result, the federal government will save \$130 million over two years.

GAO/HEHS-95-72R GAO Education Products

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The following sections present summary statements relative to the reports we have issued, by selected Education budget categories, since January 1990 to the present. Enclosure 1 contains Education's fiscal year 1995 appropriation of \$33.7 billion and the number of full-time equivalent employees by budget category. Enclosure 2 provides detailed abstracts of selected GAO products. Enclosure 3 is a chronological listing, by budgetary category, of all pertinent education-related reports issued by our office in the last 5 years.

EDUCATION REFORM

Our office has issued 13 products in the last 5 years in its continuing efforts to examine federal, state, and local efforts to reform the nation's schools and ease the transition of students from school to work. We have reported on (1) systemwide education reforms as well as schools' use of regulatory flexibility, site-based management, and charter school approaches; (2) federal plans for developing education standards and assessments; and (3) how states have begun to address deficiencies in preparing noncollege youth for employment.

Major education legislation--Goals 2000--was enacted in 1994 to encourage states and localities to undertake systemic education reform and to provide flexibility to promote bottom-up, school-based reform. In the past, we have reported on a number of local efforts at such reforms. We found, for example, that school districts that undertook systemwide reforms have been able to make effective curriculum, professional development, and assessment decisions because they had well-developed standards for student achievement. Also, schools have been able to take advantage of regulatory flexibility, site-based management, and charter school initiatives to undertake a wide variety of changes in how classes were organized and how subjects were taught.

However, we also found that not all schools took advantage of the flexibility available to them; the actions of government monitors and auditors, as well as certain provisions of federal education programs, can discourage some schools from using flexibility to attempt reforms. Furthermore, we could not determine the effects of education reform efforts we studied because new assessment and accountability systems were not yet developed.

Goals 2000 also authorized a range of federal activities to promote the development of national standards. In a recent report, we described a number of ways in which these federal activities could be designed. For example, we emphasized the need for greater technical expertise in the national bodies that are involved in approving voluntary standards and monitoring progress toward the national education goals. In another report, we described Canada's experience with implementing a system of standards and assessments.

Our work on the transition of the nation's youth from school to work has focused on the extent to which the United States educational system focuses on youth not planning to go to a 4-year college. We found that some of our principal competitor nations have national policies that emphasize preparing noncollege youth for employment. We also found that in the United States, 9 million of 33 million youth aged 16 to 24 lacked the skills employers demanded. Furthermore, only 15 percent of youth who enter the ninth grade will complete high school and go on to obtain a 4-year college degree. The remaining 85 percent will either get a job, obtain a 2-year degree, drop out of high school or college, or not enter the workforce. Finally, we examined the effort by 4 states have begun to address the needs of such youth by developing comprehensive school-to-work transition systems. In 1994 the School-to-Work Opportunities Act was passed to encourage more states to develop such systems.

ELEMENTARY AND SECONDARY EDUCATION

Since January 1990, we have issued 23 products focusing on various aspects of federal elementary and secondary education programs administered by Education. These programs generally included larger programs such as Title I (formerly Chapter 1), the Migrant Education program, the Safe and Drug-Free Schools and Communities program, and the Impact Aid program. In addition, we also examined issues related to smaller federal elementary and secondary programs including the Education Infrastructure Act of 1994, Women's Educational Equity Act, the former Eisenhower Mathematics and Science Education program, and the Education for Homeless Children and Youth program.

Much of our work in this area was requested for use during congressional debate on the Elementary and Secondary Education Act (ESEA) before its reauthorization in the Improving America's Schools Act of 1994 (P.L. 103-382). Within the programs contained in ESEA, our work was largely

focused on Title I, the largest federal elementary and secondary education program, which allocates about \$6.7 billion dollars to about 90 percent of all local education agencies in the nation.

As part of this work, we discussed issues for congressional consideration such as: (1) the need to target federal resources to areas most in need of funds for compensatory education services, (2) the need for multiple program indicators to hold schools accountable and to measure progress toward program goals, and (3) demographic changes affecting the distribution of Title I funding across states. Some of these issues were addressed in the recent reauthorization of Title I.

In addition to Title I, we looked at smaller programs. Our recent work on the condition of school facilities in America's schools served to heighten the debate on the Education Infrastructure Act of 1994, part of the Improving America's Schools Act. Based on estimates of school officials in a national sample of schools, we project that the nation's schools need about \$112 billion to repair or upgrade America's multibillion dollar investment in facilities to good overall condition.

Based on our review of the Women's Educational Equity Act, we concluded that several changes were needed. First, the multiplicity of funding requirements may make the grant award process too mechanistic and reduce the likelihood that high scoring applications would be funded. Second, little evaluation has been conducted on past program projects to ensure that funds are being spent effectively.

We also examined issues related to children who change schools frequently. We found that these children are not as likely to receive services provided by the Migrant Education and Title I programs as children who have never changed schools.

We have also examined the extent to which federal education programs overlap in terms of the services provided and the target groups served. We found that Education oversees 16 programs that directly fund early childhood activities and 17 programs that directly fund teacher training. Our work in the federal employment and training area suggests that a patchwork of programs may not provide the most efficient use of resources. This is discussed in a companion letter regarding Department of Labor products (GAO/HEHS-95-73R).

BILINGUAL EDUCATION AND MINORITY LANGUAGES AFFAIRS

Within the past 5 years, we have issued four reports focusing on various aspects of programs operated by the Department of Education's Office of Bilingual Education and Minority Languages Affairs. These programs include the Emergency Immigrant Education Act (EIEA) program and the Bilingual Education Act program. In addition, we have testified that federal funding for the EIEA program has not kept pace with student increases. This situation has resulted in an increased financial burden for some school districts with high numbers of immigrant students.

We also provided information regarding the characteristics of limited English proficient (LEP) students for use in the reauthorization of the Elementary and Secondary Education Act (ESEA) and, more specifically, the Bilingual Education Act. We concluded that there is a need to train greater numbers of teachers to effectively serve LEP students in both bilingual and nonbilingual settings. Other critical needs include developing appropriate curricular and instructional models and necessary assessment tools and assisting states and districts in adapting them to local needs.

SPECIAL EDUCATION AND REHABILITATIVE SERVICES

Within the past 5 years we have issued six products and one testimony addressing a variety of special education and rehabilitative services issues, including special education inclusion programs and vocational rehabilitation. In our work on inclusion programs, our focus was on how programs were being implemented in districts that had embarked early on education reform. In our report on vocational rehabilitation, we focused on assessing who gets services, what services they get, and the effectiveness of those services.

Our testimony on inclusion programs (in which all students, no matter what disability they may have, are taught in a general education classroom with appropriate support) addressed a variety of issues, including the resources necessary to make such programs work, key conditions for addressing the needs of students with disabilities, parent and teacher attitudes, gains for disabled students, and appropriateness of the inclusion program placement for all students.

Our report on the effectiveness of the state-federal vocational rehabilitation program directed by Education's Rehabilitative Services Administration focused on the size of the eligible population and the percent served, the characteristics of individuals who are and who are not accepted into the program; the services clients received, and the program's outcomes. We found that only a small fraction of those potentially eligible are served and that those who do take part in the program receive, on average, only modest services. The long-term results are also modest.

VOCATIONAL AND ADULT EDUCATION

In the last 5 years, we initiated and continued to conduct a longitudinal study mandated by the Carl D. Perkins Vocational and Applied Technology Education Act Amendments of 1990 (P.L. 101-392). Although the act provides only about 10 percent of vocational education funding nationwide, many vocational education experts view its provisions as a driving force in setting national vocational education priorities.

In response to the mandate in the amendments, we undertook two 4-year studies--one of secondary schools and one of community, junior, and technical colleges and institutions--to identify changes in vocational education program quality and the participation of targeted groups between academic years 1990-91 (the year before the amendments took effect) and 1993-94. Interim reports, issued in 1993, focused on four key areas addressed by the amendments. Final reports will be issued in mid-1995.

Our 1993 studies on secondary schools and colleges addressed the amendments' changes to (1) improve vocational education program quality nationwide, in part by encouraging specific educational approaches; (2) ensure targeted groups access to vocational education; (3) concentrate funding to ensure that programs are of sufficient size and scope to be effective, in part by establishing a minimum allocation; and (4) require assessments of vocational program quality.

POSTSECONDARY EDUCATION

Since January 1990, we have issued over 40 products highlighting problems in various aspects of federal student financial aid programs operated by Education. The major programs we reported on were the Federal Family Education Loans (FFEL) (formerly Guaranteed Student Loans), Federal

Direct Student Loan, Federal Pell Grant, and Federal Campus-Based programs.

Most of our work over the period focused on the FFEL program. This is because (1) it is the largest program, providing \$23 billion in student loans in fiscal year 1994; (2) the loans are numerous (6.7 million in fiscal year 1994) and for small amounts (averaging \$3,400 in 1994); and (3) there are many participants in the program: schools enroll students and provide the education, lenders make and collect loans, state-designated guaranty agencies operate the program for the federal government and provide lenders insurance if borrowers fail to repay, and the Department approves and oversees schools providing the education.

As a result of our work, we reported on conditions such as

- weaknesses in the Department's approval and oversight of schools that allowed ineligible students to obtain federal aid or failed to provide the quality education promised;
- lenders failing to properly service and collect loans that contributed to high loan defaults and inappropriate federal payments to lenders; and
- guaranty agencies retaining too much of the federal government's monies in their reserves.

A fundamental theme that pervades this topic is inadequacies in Education's management and oversight over its student financial aid programs. The financial and information systems supporting its student aid programs have been plagued with unreliable data, poor systems and controls, and inadequate management attention. For example, we have been unable to provide a clean audit opinion on most FFEL Program financial statements because of unreliable data.

Of more immediate concern is Education's ability to implement the new Federal Direct Student Loan Program. Under direct loans, Education will make student loans (rather than lenders) and will be responsible for servicing and collecting them, as well as the supporting financial and management systems. Education was able to implement the new direct loan program by the July 1, 1994, legislative target date. However, we are concerned that Education's lack of strategic planning may fail to allow for the orderly implementation of the program in the future. Education's history of problems in existing

programs, coupled with poor oversight and management practices, contribute to our concerns.

PROGRAM ADMINISTRATION

Over the past 5 years, we have issued seven products detailing management problems at the Department of Education. These management problems--which include a lack of goal setting and management direction and problems with Education's basic management systems for financial, information, and human resources management--are long-standing and pervade all major programs and operations.

In reporting on Education's impaired organizational capacity to manage, we concluded that in developing and implementing critical policies, goals, priorities, and programs, the Department does not have in place the structures and systems it needs to support managerial decisionmaking and accountability. For example, we reported that

- the lack of emphasis on information management will make it difficult for Education and the Congress to effectively gauge educational programs' success and develop sound policies to resolve the education crisis;
- the lack of a unifying vision and clear priorities in the financial management area has meant that some managers discounted fiscal integrity as a goal, believing that the Department existed largely to get money out to state and local grantees on time;
- increasingly constrained staff capacity to undertake such aspects of Education's mission as program monitoring and oversight, resulting in the department relying heavily on an honor system in its financial management activities; and
- lack of staff with accounting or financial backgrounds played a major role in the persistence of serious problems in managing student financial assistance programs.

CIVIL RIGHTS

We have assessed the adequacy of efforts undertaken by the Department of Education's Office for Civil Rights (OCR) to monitor the extent of discrimination within elementary and secondary schools. OCR is responsible for ensuring that no person is unlawfully discriminated against on the basis of

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race, color, national origin, sex, disability, or age in the delivery of services or the provision of benefits in programs or activities of schools and institutions receiving financial assistance from Education.

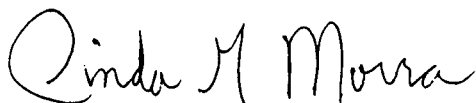
As a result of our work, we reported that

- OCR found evidence of possible within-school discrimination against minority students resulting from such practices as block scheduling, ability grouping, and student assignments based on single measures;
- OCR found violations more frequently during compliance reviews than during complaint investigations, yet OCR within-school discrimination compliance review efforts have declined since fiscal year 1983;
- OCR regional offices lacked written policy guidance for discrimination investigations, which resulted in uneven investigations and resolution of complaints.

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If you have any questions or would like to discuss this material further, please call me at (202) 512-7014.

Sincerely yours,



Linda G. Morra
Director, Education
and Employment Issues

Enclosures - 3

DEPARTMENT OF EDUCATION APPROPRIATIONS AND STAFFING,
BY MAJOR BUDGET CATEGORIES (FISCAL YEAR 1995)

(Dollars in thousands)

Budget category	Appropriation	Full-time equivalent employment
Education Reform ^a	\$528,400	20
Elementary and Secondary Education ^b	9,620,040	277
Bilingual Education and Minority Language Affairs	245,200	46
Special Education and Rehabilitative Services	5,776,099	402
Office of Vocational and Adult Education ^c	1,480,323	118
Postsecondary Education	15,201,149	1,530
Educational Research and Improvement ^d	499,053	414
Program Administration ^e	297,073	1,141
Office for Civil Rights	58,325	838
Office of the Inspector General	30,437	365
Total	\$33,736,099	5,151

Note: GAO has issued products for all budget categories except Office of the Inspector General.

Source: Department of Education, justifications of appropriation estimates to the Congress, Fiscal Year 1995.

^aIncludes National Education Goals Panel and the National Educational Standards Improvement Council. Both are now independent agencies and no longer part of the Department of Education.

^bIncludes Indian Education.

^cIncludes the National Institute for Literacy.

^dIncludes the National Assessment Governing Board.

^eIncludes offices such as Secretary, Deputy Secretary, Under Secretary, General Counsel, Intergovernmental/Interagency, Legislation and Congressional Affairs, Human Resources and Administration, Chief Financial Officer, Advisory Councils. Also includes Contributions and Receipts budget categories. These offices provide centralized services, such as program grant awards and payments for all offices in the department.

ABSTRACTS--KEY GAO PRODUCTSEDUCATION REFORMCharter Schools: New Model for Public Schools Provides Opportunities and Challenges (GAO/HEHS-95-42, Jan. 18, 1995).

Pursuant to a congressional request, GAO reviewed the status of charter schools in the United States, focusing on: (1) the number of charter schools approved under state laws, (2) the characteristics of charter schools' instructional programs, (3) how autonomously charter schools operate and what influences their autonomy, (4) how charter schools are held accountable for student performance, and (5) the challenges charter schools pose for federal education programs.

GAO found that: (1) as of January 1, 1995, 134 charter schools had been approved in 9 of the 11 states with charter school laws; (2) while charter school developers have used their autonomy to design schools with diverse and innovative instructional programs, some states and districts substantially limit charter schools' autonomy; (3) charter schools' accountability systems are new or still being developed so it is too early to tell if they will meet their student performance objectives; (4) a key issue charter schools pose for federal programs is whether the most autonomous charter schools--those that are legally independent of their school districts--can be considered local education agencies (LEAs) for federal program administration; and (5) to eliminate uncertainty among states, the Department of Education should clarify whether, and under what conditions, charter schools can be considered LEAs.

Education Reform: School-Based Management Results in Changes in Instruction and Budgeting (GAO/HEHS-94-135, Aug. 23, 1994).

Pursuant to a congressional request, GAO provided information on the impact of school-based management (SBM) initiatives on education reform, focusing on: (1) how SBM implementation would affect school administrators' and teachers' ability to change schools' instructional programs and budgets, (2) the key similarities and differences in districts' approaches to SBM, and (3) how SBM would affect Chapter 1 programs.

GAO found that: (1) although SBM can increase school administrators' and teachers' control over schools and allow them to change instructional programs and tailor budgets to better meet the needs of children, the impact of SBM on student performance is unknown; (2) some schools have difficulty focusing on improving instructional programs and allocating resources because SBM approaches vary; (3) school budgets did not realize net savings as a result of the various SBM adjustments; (4) some school districts

have implemented SBM as part of a broader education reform strategy and each district has emphasized providing school services; (5) the key differences in districts' approaches to SBM implementation focused on districts' fund allocation and budget development; (6) SBM could help districts increase control over the Chapter 1 program; and (7) school districts could improve SBM integration if federal legislation is enacted that would decentralize the Chapter 1 program.

Regulatory Flexibility in Schools: What Happens When Schools Are Allowed to Change the Rules? (GAO/HEHS-94-102, Apr. 29, 1994).

Pursuant to a congressional request, GAO reviewed three states' experience with providing regulatory flexibility to schools to better serve disadvantaged children.

GAO found that: (1) the three states' regulatory flexibility approaches varied; (2) the states also granted regulatory waivers to schools on a case-by-case basis, but they could not waive federal regulations; (3) schools in all three states attempted to improve how classes were organized and subjects taught by using multigrade groupings, restructuring the school day, combining subjects into thematic groups, using team teaching, and allowing noncertified persons with special knowledge and skills to teach; (4) in addition to regulatory flexibility, other state efforts have contributed to school improvements; (5) barriers to improving schools through regulatory flexibility include schools' satisfaction with their students' performance, a belief that government auditors and monitors would focus on procedural compliance rather than results, the temporary status of some flexibility provisions, district officials' discouragement, a lack of school leadership, a lack of money and time for improvements, and the cautious, incremental nature of school change; (6) the states could not determine whether children benefitted from school improvements under regulatory flexibility because their programs were too new and they had not fully established accountability systems to measure children's performance against high standards; and (7) the states permitted less regulatory flexibility for programs for special-needs children because of federal regulations and the difficulty of assessing and reporting on their performance.

Transition From School to Work: States Are Developing New Strategies to Prepare Students for Jobs (GAO/HRD-93-139, Sept. 7, 1993).

Pursuant to a congressional request, GAO reviewed the school-to-work transition problem in the United States, focusing on: (1) state progress in implementing comprehensive school-to-work transition strategies; and (2) possible federal policy options for assisting such strategies.

GAO found that: (1) most analyses of school-to-work transition problems are too limited in scope; (2) sound transition strategies require a comprehensive approach that includes developing all students' academic and occupational competencies, career education and development, extensive links between schools and employers, and meaningful work-place experiences for all students; (3) four states have begun implementing comprehensive transition strategies and 9 states are considering such strategies; (4) state progress is limited due to the newness of their programs; (5) most school districts are focusing on developing academic and occupational competencies; (6) obstacles to implementing transition strategies include labor laws, state regulations, federal grant program targeting provisions, uncertain state funding, employer reluctance to hire youth, universities' nonacceptance of work-oriented academic class credits, school scheduling practices, lack of information collection and dissemination, parents' aversion to work-oriented programs, and lack of career-path jobs in some regions; and (7) the federal government could assist state programs by collecting and disseminating lessons-learned information and permitting more flexible use of grant funds.

Systemwide Education Reform: Federal Leadership Could Facilitate District-Level Efforts (GAO/HRD-93-97, Apr. 30, 1993).

Pursuant to a congressional request, GAO provided information on national systemwide educational reform, focusing on the similarities and differences between federal reform efforts and district reform experiences.

GAO found that: (1) local school districts reviewed are able to make curriculum, professional development, and assessment decisions because they have well-developed standards for student achievement at all grade levels, including requirements needed for graduation; (2) successful implementation of district educational reform depends on powerful leadership and vision, long-term commitment, technical assistance, additional funding, and strong support from teachers; (3) many large school districts often do not have leadership stability and experience financial and support difficulties; (4) increased federal and state leadership could facilitate district reform efforts to achieve higher standards; (5) although voluntary standards could help direct state and local reform efforts, they are not likely to result in widespread educational reform; (6) the federal government could help ensure that districts receive the technical assistance and professional development they need to develop high standards and make curriculum changes; and (7) the federal education reform strategy should consider reforms on a systemwide basis and balance the needs of local school districts to maintain control over educational standards and assessments.

Educational Testing: The Canadian Experience With Standards, Examinations, and Assessments (GAO/PEMD-93-11, Apr. 28, 1993).

Pursuant to a congressional request, GAO reviewed Canada's experiences with large-scale testing programs, focusing on: (1) how Canadian educational standards are set, (2) the types of tests used, (3) whether the tests were accountable, (4) safeguards which prevent the misuse of test results, and (5) whether tests improved teaching and learning.

GAO found that: (1) Canadian test standards are set by teachers, subject-area experts, and education officials at the provincial level and tied to provincial curriculums and student achievement standards; (2) active teacher involvement in setting standards increased teachers' knowledge of the criteria and ensured testing standard compatibility with classroom instruction; (3) U.S. teachers are not generally involved in setting testing standards; (4) although Canadian tests are revised with every test administration, U.S. tests are not changed for several years, which could reduce the test's ability to determine actual student achievement; (5) Canadian provinces have used overall educational assessments to monitor the effectiveness of the educational system and high school examinations to determine student achievement and placement and to cover subjects in greater detail; (6) provincewide assessments have no consequences for individual students; (7) the Canadian testing system has safeguards to protect individuals from unfair testing practices and misuse of test scores; (8) provincial funding formulas tend to level resources among schools to reduce the resource disparity faced by many U.S. schools; and (9) there is no evidence that Canadian testing programs have improved instruction or learning.

Planning for Education Standards (GAO/PEMD-93-21R, Apr. 12, 1993).

Pursuant to a congressional request, GAO reviewed proposed policy and oversight for education standards, focusing on: (1) the functions needed to certify proposed voluntary national education standards and create a system of assessments, (2) whether the proposed National Education Standards and Assessments Council (NESAC) and the National Education Goals Panel (NEGP) can perform these functions, and (3) how Congress can avoid overlap and conflict of responsibility among several existing and proposed governing bodies.

GAO found that: (1) NESAC and NEGP need to review and certify content standards, design an assessment system, review national testing assessments, and evaluate the effectiveness of the assessment system; (2) NESAC will require more members with technical expertise to properly assess technical issues; (3) NESAC and NEGP will need to coordinate the review of content standards

and the development of school delivery standards; (4) NESAC is not designed to deal with technical reviews of tests for their alignment with content standards; (5) proposed legislation does not address assessment system design or evaluation; (6) NEGP is constituted to carry out negotiation and representation functions necessary to policy decisions, but it will need a mechanism to provide technical expertise; and (7) NESAC and NEGP will assume many of the representational and policy functions now assigned to the National Assessment of Education Progress program's governing body, thus Congress will have to redesign the program's governance to avoid conflicts of responsibility.

Student Testing: Current Extent and Expenditures, With Cost Estimates for a National Examination (GAO/PEMD-93-8, Jan. 13, 1993).

Pursuant to a congressional request, GAO reviewed standardized school testing, focusing on (1) its current nature, extent, and cost, and (2) how a new national test would affect those factors.

GAO found that: (1) from 1990 through 1991, systemwide testing took 7 hours per year and cost an average of \$15 per student; (2) the typical test was the commercially-developed four- or five-subject multiple-choice exam; (3) the less common performance-based tests cost \$20 per student, but testing officials considered them to be an improvement; (4) the three options for future national testing included a single national multiple-choice test, a national performance-based test, and several states using different performance-based tests; (5) the first test option is the least expensive, but would be most duplicative and not valued by many state and local test officials; (6) performance-based tests would cost more, but would be better linked to local teaching methods; and (7) testing officials indicated a preference for tests of high technical quality that could be used for diagnosing problems at the state or local level, but expressed opposition to the general idea of a national test.

Training Strategies: Preparing Noncollege Youth for Employment in the U.S. and Foreign Countries (GAO/HRD-90-88, May 11, 1990).

Pursuant to a congressional request, GAO provided information on: (1) the weaknesses in the U.S. education and training system for preparing noncollege youth for employment, and (2) foreign strategies that appear relevant to U.S. shortcomings.

GAO found that: (1) about half of all U.S. youth attended college by the age 25, but only one-fifth of them graduated; (2) most U.S. youth completed high school, but one-fourth of the nation's 33 million youth did not attain high school competency because they either dropped out of high school or graduated without mastering

basic academic skills; (3) foreign countries tended to invest proportionately more in noncollege education and training; (4) despite heavy investments in college education, the United States placed little emphasis on training youth who chose employment rather than college; (5) less than half as much was invested in education and training for each noncollege youth as for each college youth; (6) young adults in the foreign countries had higher literacy levels than those in the United States; (7) many U.S. children entered school unprepared and were not adequately helped after falling behind; and (8) certain practices of foreign countries, such as providing comparable educational resources to all schools, emphasized providing equal educational opportunity to all youth, regardless of socioeconomic status and academic talent. GAO also found: (1) foreign countries helped students learn about job requirements and assisted them in finding employment; (2) Germany and the United Kingdom maintained quality occupational training by testing and certification to meet national standards, which employers looked to for evidence of skills; (3) U.S. certificates for trainees often certified course completion and not necessarily attainment of specific skill levels; and (4) foreign countries assisted most youth who encountered employment problems.

ELEMENTARY AND SECONDARY EDUCATION

School Facilities: Condition of America's Schools (GAO/HEHS-95-61, Feb. 1, 1995).

Pursuant to a congressional request, GAO surveyed a national sample of 10,000 schools to assess (1) the amount of funding that the nation's public elementary and secondary schools report needing to improve inadequate facilities, and (2) the overall physical condition and prevalence of schools that need major repairs.

Based on estimates by school officials, GAO found that (1) the nation's schools need about \$112 billion to repair or upgrade America's multibillion dollar investment in facilities to good overall condition; (2) of this, \$11 billion (10 percent) is needed over the next 3 years to comply with federal mandates that require schools to make all programs accessible to all students and to remove or correct hazardous substances such as asbestos, lead in water or paint, materials in underground storage tanks (UST), radon, or meet other requirements; (3) about two-thirds of America's schools reported that all buildings were in at least overall adequate condition, at most needing only some preventive maintenance or corrective repair. However, (4) about 14 million students attend the remaining one-third of schools that reported needing extensive repair or replacement of one or more buildings; (5) these schools are distributed nationwide. GAO concluded that (6) continuing to delay maintenance and repairs will defer some of these costs but will also lead to the need for greater expenditures

as conditions deteriorate, further eroding the nation's multibillion dollar investment in school infrastructure; and (7) if maintenance continues to be deferred, a large proportion of schools that are in only adequate condition and need preventive maintenance or corrective repair will soon deteriorate to less-than-adequate condition.

Women's Educational Equity Act: A Review of Program Goals and Strategies Needed (GAO/PEMD-95-6, Dec. 27, 1994).

Pursuant to a congressional request, GAO reviewed the Department of Education's Women's Educational Equity Act (WEEA) Program, focusing on: (1) what interventions were implemented under WEEA between 1986 and 1991, by whom, for what audiences, and at what costs; (2) whether these activities promoted educational equity for women and reflected legislative requirements; and (3) how changes in program administration affected the ability of the WEEA Program to achieve its legislative purpose.

GAO found that: (1) the WEEA Program funded 205 general and challenge grants between 1986 and 1991 to promote gender equity in all educational institutions receiving federal funds; (2) the WEEA Program addressed gender equity primarily by providing direct services such as career counseling, remedial academic instruction, and personal support services to girls and women to compensate for past and current inequities; (3) elementary and secondary school students were the most frequently targeted participants, followed by parents and other adults from outside the schools; (4) colleges received 36 percent of WEEA grants, nonprofit or community groups received 32 percent of WEEA grants, and local and state education agencies received 15 percent of WEEA grants; (5) WEEA activities often continued beyond the funding period, but continuation of services was contingent upon the availability of other outside funding; (6) the Clinton Administration requested and received an increase in WEEA funding from \$1.98 million to \$3.97 million in fiscal year 1995; (7) there was limited information on the effectiveness of past WEEA projects in eliminating sex bias in education because WEEA did not require grantees to produce materials on service activities; and (8) it was not clear whether the Department of Education would make fundamental changes in the design and implementation of the WEEA program.

Early Childhood Programs: Multiple Programs and Overlapping Target Groups (GAO/HEHS-95-4FS, Oct. 31, 1994).

Pursuant to a congressional request, GAO provided information on preschool and child care programs for children from birth through the age of 5, focusing on the (1) total number of federally funded early childhood programs, excluding Department of Defense programs, (2) budget authority for key early childhood education or child

care programs, (3) number of children served by these key programs, (4) eligibility criteria for the key programs, and (5) differences among key programs' services.

GAO found that: (1) in fiscal years 1992 and 1993, the government funded 93 early childhood programs; (2) 22 key programs provided services to at least 2 million children under age 5 and spent at least \$3.66 billion in fiscal year (FY) 1992; (3) the 12 programs that could not provide specific data on children under age 5 had total budget authority of \$3.71 billion for children of all ages; (4) many programs targeted the same population of children, with 13 programs targeting economically disadvantaged children; (5) the programs' varying eligibility criteria led to disruptions in services due to slight changes in a child's family status; (6) in FY 1992, 31 programs provided education and child development services for young children and 27 provided child care, health referral, and social services; and (7) the key early childhood programs varied in the comprehensiveness of the services they provided.

Homelessness: McKinney Act Programs Provide Assistance but Are Not Designed to Be the Solution (GAO/RCED-94-37, May 31, 1994).

Pursuant to a congressional request, GAO reviewed the impact of the Stewart B. McKinney Homeless Assistance Act in selected cities, focusing on: (1) how the act has affected the cities' efforts to assist the homeless, and (2) the problems the cities have experienced with McKinney Act programs.

GAO found that: (1) McKinney Act programs are an important source of funds for improving emergency services to the homeless, developing long-term housing options, assisting mentally ill and substance-abusing homeless persons, providing limited education and employment training, and leveraging funds from other sources; (2) McKinney Act programs foster cooperation and coordination among local service providers; (3) Congress has authorized funding renewal for housing projects to sustain the delivery of effective services; (4) local providers find the programs' duplicative application and reporting requirements burdensome; (5) officials do not agree on how to consolidate McKinney Act programs; (6) federal agencies do not plan to disseminate information on McKinney Act program evaluations or incorporate successful service strategies into their mainstream assistance programs; (7) although McKinney Act programs are important to supporting future efforts, they do not fully address the problem of homelessness because of the lack of affordable housing, stagnant economies, and funding reductions; and (8) local officials would like increased funding for McKinney Act programs, to fill gaps in prevention, long-term housing, and comprehensive services.

Elementary School Children: Many Change Schools Frequently,
Harming Their Education (GAO/HEHS-94-45, Feb. 4, 1994).

Pursuant to a congressional request, GAO provided information on the number and characteristics of children who change schools frequently, focusing on: (1) their success in school compared to children who have never changed schools, (2) whether federal educational programs provide adequate assistance to mobile children, and (3) whether improved student record systems help schools make informed judgments about the services these students need.

GAO found that: (1) 17 percent of third graders have attended at least three different schools since the beginning of first grade; (2) low-income, inner city, migrant, and limited-English-proficient children are more likely to change schools frequently than other children and are more likely to continue to be low achievers in reading and math; (3) children who change schools frequently are more likely to have behavioral, nutritional, and health or hygiene problems; (4) mobile children of all income levels are more likely to repeat a grade or drop out of school than nonmobile children; (5) local school districts and teachers in general provide little additional help to assist mobile children; (6) formerly migrant children have average achievement rates, but they continue to receive services through the migrant education program; (7) migrant children who change schools frequently are less likely to receive Chapter 1 services than nonmobile children; (8) the Department of Education could help mobile children by ensuring that all eligible children have access to federally funded services; (9) school records systems that provide timely, complete, and comparable records could ensure that mobile children receive services and are placed appropriately in school; and (10) some states are piloting an electronic student record transfer system that could improve recordkeeping.

School Age Demographics: Recent Trends Pose New Educational
Challenges (GAO/HRD-93-105BR, Aug. 5, 1993).

Pursuant to a congressional request, GAO examined the economic and demographic characteristics of school age children in families and changes in these characteristics between 1980 and 1990.

GAO found that: (1) there was a 5.8-percent decline in school age children between 1980 and 1990; (2) during the 1980s, the number of poor school age children grew by 6 percent; (3) white children represented more than 40 percent of all poor school age children in 1990; (4) the parents of poor children varied by race and ethnicity and educational attainment; (5) the number of poor school age children became increasingly concentrated in the western and southwestern United States; (6) during the 1980s, poor school age

children were concentrated in the nation's largest cities; (7) children from at-risk populations represented 4 to 5 percent of all school age children; and (8) at-risk children were more likely to attend public schools.

Chapter 1 Accountability: Greater Focus on Program Goals Needed
(GAO/HRD-93-69, Mar. 29, 1993).

Pursuant to a congressional request, GAO reviewed the implementation of Chapter 1 program improvement provisions, focusing on the: (1) process states and school districts use to identify schools for program improvements, and (2) implementation of the joint and local phases of program improvement.

GAO found that: (1) states and school districts identified schools needing program improvement if their Chapter 1 students did not show sufficient improvement in their achievement-test scores, but many schools have not been identified due to random fluctuations in test scores rather than actual changes in student performance; (2) states and districts have used achievement-test scores as unconditional criteria when identifying schools for program improvement, but the identification process can be more flexible; (3) schools with students who initially had the lowest test scores were less likely to be identified as needing improvement than higher scoring schools; (4) pressure to increase achievement test scores could have a negative effect on the instruction Chapter 1 students receive; (5) school staff had more influence in determining school improvement needs and strategies than school districts and state education agencies; (6) schools focused most on improving achievement-test scores in both the joint and local phases of program improvement; (7) schools used the same improvement strategies in both phases, which most often included increasing parental involvement, improving coordination between Chapter 1 and the traditional instructional program, instructing Chapter 1 students on test-taking skills, and adopting a new instructional approach for the Chapter 1 program; (8) large-city schools used summer and extended-day programs for Chapter 1 students; and (9) state education agencies targeted their technical assistance more to the district level than to individual schools, and the amount of assistance was dependent on the number of staff available to work with schools, and general program requirements rather than improvement of needs of specific schools.

Remedial Education: Modifying Chapter 1 Formula Would Target More Funds to Those Most in Need (GAO/HRD-92-16, July 28, 1992).

Pursuant to a congressional request, GAO reviewed the Chapter 1 program established to fund supplementary remedial education services for low-achieving students in poverty areas, focusing on whether: (1) modifications to the Chapter 1 funding formula would

improve the targeting of program funds, (2) the Chapter 1 formula adequately reflects the cost of providing education services, and (3) more current information than census data is available for determining the distribution of Chapter 1 funds.

GAO found that: (1) the current measure of need for Chapter 1 services results in an underestimate of children in need of services in areas with large numbers of poor children; (2) the current measure of need for services is inappropriate for schools with high numbers of poor children, since those schools have disproportionately more low-achieving students than schools with fewer children in poverty; (3) for counties with relatively high numbers of poor children, the Chapter 1 formula overestimates the amount of funding currently allocated per child in need; (4) urban high-need counties generally receive less funding per low-achieving child than rural and mixed high-need counties; (5) the Chapter 1 funding formula does not account for variations in county or state fiscal capacities, which could acutely affect highly impoverished urban and rural counties that have the fewest resources to provide educational services; (6) if used in fiscal year 1990, a funding formula similar to the illustrated formula would have increased Chapter 1 allocations to high-need counties and those with less ability to pay at the expense of those with relatively less need; (7) under the illustrative formula, Chapter 1 allocations to high-need, low-income counties would have increased, on average, from \$653 to \$958 per child in need, reducing allocations to counties with less need or higher abilities to pay; (8) most of the poverty data used to determine Chapter 1 allocations come from the decennial census; and (9) currently, children aged 5 to 17 in families with incomes below the poverty level make up 95 percent of the 8.1 million children used to allocate basic grants, but those data are not updated.

BILINGUAL EDUCATION AND MINORITY LANGUAGES AFFAIRS

Immigrant Education: Federal Funding Has Not Kept Pace With Student Increases (GAO/T-HEHS-94-146, Apr. 14, 1994).

GAO discussed the reauthorization of the Emergency Immigrant Education Act (EIEA) Program. GAO noted that: (1) EIEA funds are provided to school districts with large numbers of immigrant students; (2) the geographical concentration of immigrant children has increased the financial burden of some school districts; (3) EIEA program funding has not kept pace with the increasing number of eligible students; (4) many students eligible for the EIEA program also participate in other federally funded educational programs, but estimates are difficult to obtain; (5) immigrant students are often poor and have significant health and emotional needs; (6) 78 percent of all immigrant students living in the United States for 3 years or less attend school in just five

states, with 45 percent enrolled in California public schools; (7) EIEA authorizes a maximum annual appropriation of \$500 for each student in participating school districts; (8) participating schools can use EIEA funds to benefit any or all of their students, provided the services are related to the educational needs of EIEA students; (9) in school year 1984 through 1985, participating school districts received about \$86 per EIEA student, but this per student allocation declined to \$27 in school year 1993 through 1994; and (10) most EIEA funds supporting academic instructional programs are used for staff salaries and benefits.

Limited English Proficiency: A Growing and Costly Educational Challenge Facing Many School Districts (GAO/HEHS-94-38, Jan. 28, 1994).

Pursuant to a congressional request, GAO reviewed how the nation's schools are educating limited-English-proficient (LEP) students, focusing on: (1) the characteristics of LEP students and the challenges that school districts face in educating them, (2) how districts with students from linguistically diverse backgrounds educate LEP students and the extent that academic subjects are taught in the students' native languages, (3) what alternative educational approaches exist when the diversity of languages spoken by LEP students makes native language instruction difficult, and (4) whether key federal programs targeted to LEP students provide the types of support districts need to implement LEP programs.

GAO found that: (1) many districts have substantial numbers of LEP students and face significant challenges in educating them; (2) school districts often provide limited support to help LEP students understand academic subjects; (3) almost half of all LEP students are immigrants with little or no education and have significant social, health, and emotional needs; (4) districts cannot provide bilingual instruction to all LEP students, since they have difficulty obtaining bilingual teachers and class materials in most languages; (5) researchers have developed promising approaches to provide academic instruction to LEP students when native language instruction is unavailable, but implementation of these programs will be difficult; and (6) federal programs for LEP students provide support for important activities, but funding is limited.

Immigrant Education: Information on the Emergency Immigrant Education Act Program (GAO/HRD-91-50, Mar. 15, 1991).

Pursuant to a legislative requirement, GAO determined how many (1) school districts used Emergency Immigrant Education Act of 1984 (EIEA) funds, (2) districts had EIEA-eligible students but received no EIEA funds, and (3) EIEA students participated in other federally funded education programs.

GAO found that: (1) school districts used about 80 percent of their EIEA funds to pay for expenses related to academic instructional programs, and the remaining 20 percent for student testing and counseling, parental involvement, and administrative services; (2) between school year 1989 and 1990, 700,000 immigrant students met EIEA program eligibility criteria, and about 524,000 of those students were in the 529 school districts that received EIEA funds; (3) the remaining 136,000 students were dispersed among an estimated 4,000 districts that did not receive EIEA funds; (4) about 90 percent of the unfunded school districts were ineligible for funds; and (5) the number of EIEA students participating in other federal programs ranged from 53,000 in the State Legalization Impact Assistance Grants Program to 370,000 in the Program for Educationally Disadvantaged Children.

SPECIAL EDUCATION AND REHABILITATIVE SERVICES

Special Education Reform: Districts Grapple with Inclusion Programs (GAO/T-HEHS-94-160, Apr. 28, 1994).

Pursuant to a congressional request, GAO discussed special education reform, focusing on elementary school inclusion programs. GAO noted that: (1) some parents, teachers, and administrators are generally supportive of inclusion programs because of the positive effects on disabled students, their nondisabled classmates, and school staff; (2) in inclusion programs, the general education teacher is responsible for the education of all students; (3) the Department of Education's fiscal year 1994 estimated budget for special education was \$3 billion; (4) 18 states are currently receiving \$4.4 million in inclusion program grants; (5) in the districts reviewed, parents, staff, and state officials believe that the success of inclusion programs depends on a collaborative learning environment, the proportion of disabled students in the local education setting, and adequate classroom support; (6) inclusion programs rely on special education and general education professionals working together to produce a total school curriculum that allows disabled students to learn at their own level; (7) the percentage of students with disabilities served in inclusion programs varies significantly; (8) inclusion programs give disabled students the opportunity to have good peer role models and be exposed to a broad curriculum; (9) the greatest gains for disabled students have been in the areas of social interaction, language development, appropriate behavior, and self-esteem; and (10) placement in an inclusion program depends on the individual needs of the disabled student and not on the severity or type of disability.

Vocational Rehabilitation: Evidence for Federal Program's Effectiveness Is Mixed (GAO/PEMD-93-19, Aug. 27, 1993).

Pursuant to a congressional request, GAO reviewed the Rehabilitation Services Administration's (RSA) federal-state vocational rehabilitation (VR) program, focusing on the (1) eligible population, (2) characteristics of individuals who are accepted into the program and those who are not, (3) services clients receive, and (4) program's outcomes.

GAO found that: (1) 14 million to 18 million Americans are potentially eligible for VR due to work limitations; (2) 5 to 7 percent of the eligible disabled population are served by the VR program per year; (3) individuals with work disabilities tend to be older, less educated, and poorer than the general work-age population; (4) the predominant disabling conditions causing work limitations are musculoskeletal and cardiovascular impairments; (5) 65 percent of those served in 1988 had severe disabilities as compared with 69 percent of the eligible population; (6) successful VR applicants are generally similar to unsuccessful applicants, except that they tend to be more disabled; (7) VR applicants generally reflect the eligible population and tended to be young, male, and less likely to have orthopedic or chronic health problems; (8) most VR clients receive diagnostic, evaluation, counseling, and guidance services, some clients receive skill-enhancing training and education services, and few receive services targeted to their specific disability; (9) VR services vary according to individual disabilities; (10) rehabilitated clients are more successful than unrehabilitated clients and dropouts in the long-term; and (11) unrehabilitated clients and dropouts tend to be employed below preprogram levels within the first 2 years after the program and have similar long-term economic outcomes.

VOCATIONAL AND ADULT EDUCATION

Vocational Education: Status in 2-Year Colleges in 1990-91 and Early Signs of Change (GAO/HRD-93-89, Aug. 16, 1993).

Pursuant to a legislative requirement, GAO reviewed vocational education programs at 2-year colleges from 1990 to 1991, focusing on changes in vocational education program quality and targeted groups' participation.

GAO found that: (1) most 2-year colleges implemented quality vocational education approaches and other improvements in academic year 1990 through 1991, (2) the number of colleges that received funding did not significantly change, (3) the number of vocational programs within colleges declined slightly, (4) most colleges did not have documentation to support their funding allocations, (5)

some targeted groups were more likely to enroll in vocational education than nontargeted students, (6) over 70 percent of the colleges expanded supportive services to targeted groups in response to legislative amendments, and (7) college-level program assessments were limited by a lack of standards and incomplete placement data.

Vocational Education: Status in School Year 1990-91 and Early Signs of Change at Secondary Level (GAO/HRD-93-71, July 13, 1993).

Pursuant to a legislative requirement, GAO provided information on vocational education during school year 1990 through 1991, focusing on: (1) the status of vocational programs in secondary schools, and (2) changes to vocational programs nationwide.

GAO found that: (1) although schools generally do not have many of the quality components and instructional approaches needed, changes in vocational-technical training have begun; (2) funding for vocational education has not changed because of the limited number of secondary schools in each district and larger districts do not fund all of their schools; (3) the number of school districts participating in consortia has significantly increased and enabled smaller districts to implement vocational programs; (4) although sufficient data are not available to adequately measure the effectiveness of set-asides for targeted groups, preliminary information suggests that students in targeted groups participate in vocational education programs at equal or higher rates than other students; (5) the Department of Education, states, and local school districts need to improve their efforts to assess vocational programs; (6) although Education has begun implementation of the national data system and taken additional steps to improve data collection, data gaps still remain; and (7) although states plan to develop standards to evaluate vocational programs, such as postgraduation placement data, half of the schools do not collect placement data.

POSTSECONDARY EDUCATION

Pell Grant Costs (GAO/HEHS-94-215R, Sept. 28, 1994).

Pursuant to a congressional request, GAO provided information on cost trends in the Department of Education's Pell Grant Program, focusing on: (1) patterns in Pell grant funding, and (2) the incremental budgetary cost of various features of the Pell Grant Program.

GAO noted that: (1) Pell grant expenditures have increased in most years since 1979; (2) many applicants previously eligible for Pell grants have either lost their eligibility or received smaller awards; (3) the proportion of Pell grant aid provided to students

at 4-year institutions has declined, while the proportion of aid provided to students at less-than-4-year institutions has increased; (4) the cost of increasing the maximum Pell grant amount could be \$350 million in the 1995 through 1996 award year; (5) first-year students receive the largest share of Pell grants; (6) the incremental cost of providing Pell grants to students attending proprietary institutions could amount to \$900 million in fiscal year (FY) 1995; (7) Pell grants to part-time students could cost approximately \$500 million in FY 1995; (8) new Pell Grant provisions make it more difficult for some students to obtain financial aid; (9) family residence equity is excluded from student aid calculations; (10) Pell grants for students at institutions with high student loan default rates could cost \$34 million in FY 1995; and (11) program provisions that allow for school financial aid administrators to calculate student aid could affect Pell Grant awards for about 334,000 recipients.

Financial Audit: Federal Family Education Loan Program's Financial Statements for Fiscal Years 1993 and 1992 (GAO/AIMD-94-131, June 30, 1994).

GAO examined the Department of Education's Federal Family Education Loan Program's financial statements and its internal controls and compliance with laws and regulations for the fiscal year ended September 30, 1993.

GAO found that: (1) pervasive data inaccuracies prevented it from concluding whether the program's liabilities for loan guarantees were fairly stated as of September 30, 1993; (2) the program's statement of cash flows was reliable in all material respects; (3) it could not determine whether Education properly received or disbursed funds because of significant internal control weaknesses in its cost estimate, billing, and financial statement preparation procedures; (4) although the program's internal controls were not properly designed and implemented to effectively safeguard assets and ensure that there were no material misstatements, they were effective in ensuring compliance with selected budget authority laws and regulations; (5) ineffective controls and unreliable student loan data also affected the reliability of information contained in Education's annual budget submission; and (6) there was no evidence of noncompliance with selected laws and regulations.

Student Financial Aid Programs: Pell Grant Program Abuse (GAO/T-OSI-94-8, Oct. 27, 1993).

GAO discussed the Department of Education's student financial assistance programs, focusing on possible fraud and abuse in the Pell Grant program within certain not-for-profit parochial schools.

GAO noted that: (1) program abuses have included false grant applications, schools misrepresenting their academic capabilities and program eligibility, grants to fictitious students, and grants to ineligible high school students; (2) the schools have used false documentation and admission applications to support their ghost students and mail drops to receive Pell Grant applications; (3) brokers who recruit student financial aid applicants are involved in defrauding the Pell Grant program; (4) Education has failed to screen or review schools eligible for program participation; and (5) Education has procedures to ensure schools' program eligibility and strengthen its relationships with states and accrediting organizations.

Financial Management: Education's Student Loan Program Controls Over Lenders Need Improvement (GAO/AIMD-93-33, Sept. 9, 1993).

GAO reviewed lender and Department of Education controls over lender-submitted quarterly billings under the Federal Family Education Loan Program (FFELP).

GAO found that: (1) significant weaknesses exist in several lenders' electronic data processing controls; (2) lender controls do not always reasonably ensure the validity, accuracy, or completeness of processed data; (3) lenders do not always maintain adequate supporting documentation, written policies, or procedures; (4) on-site lender reviews do not adequately assess the accuracy of quarterly billings; and (5) Education has made some erroneous multiple payments to lenders because it relies on unverified billing data to pay interest subsidies to lenders, report program financial activities, and manage program operations.

Direct Student Loans: The Department of Education's Implementation of Direct Lending (GAO/T-HRD-93-26, June 10, 1993).

GAO discussed the Department of Education's implementation of the Federal Direct Student Loan Program.

GAO noted that: (1) the guaranteed student loan program has been the subject of scrutiny during the last few years due to the rising costs related to defaulted student loans; (2) Education lacks the resources and enforcement tools to monitor and oversee the large group of program participants; (3) the loan program lacks adequate performance incentives for lenders, guaranty agencies, and schools participating in the program; (4) Education's procedures for determining which schools can participate in the program are weak; (5) Education's financial and management systems are not adequate to provide the information necessary to manage and oversee the program and protect the federal interest; (6) there are more lenders and guaranty agencies participating in the program than are needed to effectively operate the guaranteed student loan program;

and (7) poor program management could increase the risk of failure in implementing direct lending.

Financial Audit: Guaranteed Student Loan Program's Internal Controls and Structure Need Improvement (GAO/AFMD-93-20, Mar. 16, 1993).

GAO reviewed the Department of Education's internal accounting controls over the Guaranteed Student Loan Program (GSLP), focusing on: (1) GSLP internal control weaknesses that have resulted in ineffective accounting, controlling, and reporting of operating results; (2) the role of guaranty agencies within the GSLP structure; and (3) the effectiveness of Education's program oversight and implementation of corrective actions.

GAO found that: (1) Education lacked sufficient controls and procedures that ensured that financial information provided by guaranty agencies and lenders was reliable and adequate to effectively manage GSLP; (2) internal control weaknesses that reduced GSLP accountability included late receipt of billing information, unreconciled reports, and untimely resolutions of reported problems; (3) Education's future cost estimates for outstanding guaranteed loans were erroneous and based on untimely and unreliable data, unreasonable assumptions regarding the program and the economy, an inadequately documented methodology, and significant unreconciled differences between its general ledger information, subsidiary systems, and Department of the Treasury reports; (4) weaknesses within GSLP information systems included inadequate testing of GSLP application software changes and inadequate personnel; (5) Education has assisted financially troubled independent guaranty agencies to maintain lender participation and ensure student access to guaranteed loans; (6) Education lacked the authority to improve guaranty agency operations that affect GSLP operations and costs and prevent guaranty agencies from engaging in activities that create conflicts of interest and affect loan stewardship; and (7) Education needs to intensify reviews of guaranty agencies and lenders, increase accountability by improving ledger reconciliation, and address the role of guaranty agencies.

High Risk Series: Guaranteed Student Loans (GAO/HR-93-2, Dec. 1992).

GAO reviewed the Department of Education's management of the Guaranteed Student Loan Program, focusing on the (1) program's structural flaws, and (2) lack of adequate incentives to prevent loan defaults.

GAO found that: (1) the federal government's risk of loan losses has increased greatly as the program has evolved; (2) the

government has increased its financial exposure, since it provided interest subsidies to lenders as well as full reimbursement to lenders and guaranty agencies for any loan defaults; (3) incentives do not adequately encourage participants to do more to prevent defaults; (4) Education has a history of mismanagement and poor oversight of the program's activities; and (5) Education has inadequate financial and management information systems that contain inaccurate and incomplete data, conducted little oversight of the lenders and guaranty agencies, experienced high turnover in key management positions and has not hired staff with adequate skills, and a management structure that inhibited effective program improvement.

Student Loans: Direct Loans Could Save Billions in First 5 Years With Proper Implementation (GAO/HRD-93-27, Nov. 25, 1992).

Pursuant to a congressional request, GAO reviewed potential savings to the government by using direct rather than guaranteed loans to provide assistance to postsecondary school students, focusing on: (1) how direct loans achieve cost savings, and (2) the impact of direct lending on financial institutions.

GAO found that: (1) direct student loans could save the federal government about \$4.8 billion for loans made in fiscal years 1994 through 1998; (2) the government could use interest earnings from direct student loans to curtail program costs; (3) lower program costs would lessen start-up and administrative costs, but not offset federal cost savings; (4) savings derived from Stafford loans could total \$3.2 billion; and (5) there were concerns about whether the Department of Education could efficiently administer the program nationally.

PROGRAM ADMINISTRATION

Department of Education: Long-Standing Management Problems Hamper Reforms (GAO/HRD-93-47, May 28, 1993).

GAO reviewed the Department of Education's management to identify actions that could improve organizational performance.

GAO found that: (1) Education lacks a clear management mission of how to best marshal its resources to effectively achieve its mission; (2) Education's ability to implement solutions to its problems and effectively plan is impeded without a process for setting clear goals and priorities; (3) past political leadership at Education did not give priority to building and maintaining an organization that could implement major policy initiatives; (4) in developing and implementing critical policies, goals, priorities, and programs, Education does not have in place the structures and systems it needs to support managerial decisionmaking and

accountability; (5) a shortage of technically qualified staff has contributed to financial and information management problems; and (6) many Education managers believe that management problems remain unresolved because of the agency's culture, characterized by a focus on short-term solutions, highly centralized decisionmaking, and limited communications with and use of career employees.

Transition Series: Education Issues (GAO/OCG-93-18TR, Dec. 1992).

Pursuant to a congressional request, GAO summarized information on education issues facing Congress and the new administration, focusing on the need to: (1) enhance federal efforts to meet national educational goals, (2) reduce the cost and preserve the integrity of the student loan program, and (3) strengthen Department of Education management.

GAO noted that: (1) the current education system is not meeting industry standards for a more highly skilled workforce; (2) while the United States spends \$221 billion in cooperative education, it fails to provide basic reasoning and problem-solving skills to its students and remains behind other industrialized nations in the areas of mathematics and science; (3) one in three youths has insufficient skills to gain entry-level, semiskilled, or high-wage occupations; (4) Education needs to help schools adjust to a higher proportion of poor, minority, and immigrant children, support development of higher educational standards, develop new forms of student assessment, assist program integration, develop an effective national strategy for school-to-work transition, and promote school reform while maximizing its resources; and (5) Education must correct general, human resource, and financial managerial problems, particularly with its student assistance programs.

Department of Education: Management Commitment Needed to Improve Information Resources Management (GAO/IMTEC-92-17, Apr. 20, 1992).

Pursuant to a congressional request, GAO reviewed the Department of Education's strategic information resources management (IRM) planning process, focusing on how effectively Education plans for and manages its information resources in supporting its missions and administering its programs.

GAO found that: (1) Education lacks key management and program information with which to effectively oversee its operations and has not established an effective IRM program; (2) Education's senior IRM officials were not involved in strategic IRM planning and failed to establish a vision for the use of information technology or an effective IRM planning process to meet departmentwide needs; (3) until deficiencies are resolved, it will be difficult for Education and Congress to effectively gauge

educational programs' success and develop sound policies to resolve the education crisis; (4) because of incomplete or inaccurate data on the Stafford Student Loan Program, guaranty agencies and lenders were unable to identify students who defaulted on loans and then received new loans, a practice that costs the government millions of dollars in interest subsidies; (5) in three of Education's largest offices, managers lack the accurate and timely information needed to effectively manage and monitor their programs; and (6) Education's strategic IRM plans for fiscal years 1987, 1988, and 1989 did not identify Education's mission or the program objectives, prioritize automation activities, include measures to judge whether improvements occurred during the period, discuss resource requirements, or link the activities to program or agency management areas.

Education Grants Management: Actions Initiated to Correct Material Weaknesses (GAO/HRD-91-72, June 26, 1991).

Pursuant to a congressional request, GAO reviewed the Department of Education's actions to correct weaknesses in its management of discretionary grants programs, including: (1) the award of unnecessary or poorly defined grants; (2) lack of comprehensive monitoring; and (3) untimely, improper closing of expired grants.

GAO found that Education: (1) began in fiscal year (FY) 1986 to even out its scheduling of grant competitions, but was still awarding the majority of new discretionary grants in the final quarter; (2) in FY 1989, began to publish a notice of all grant competitions instead of separate announcements, expedite grant regulation processing, and require program offices to develop funding priorities earlier in the fiscal year; (3) also planned to improve the field reader process and combine three directives on grant application review procedures to eliminate duplicative or overlapping requirements; (4) increased its program travel budgets to allow more on-site monitoring visits to grantees; (5) lacked specific guidance on assessing fiscal accountability during site visits; (6) spent considerably more per grantee on monitoring in FY 1990 than in FY 1989; (7) to prevent delays in closing out discretionary grants, improved communications with program offices and grantees and implemented a system to automatically deobligate funds from expired grants; (8) risked losing millions of dollars through improper drawdowns from its large backlog of expired but unclosed grants; and (9) plans to develop a mechanism to notify grantees who are tardy in submitting final performance reports, provide early notice to program offices regarding expired grants ready for deobligation of available funds, and automatically deobligate grants that remain open for more than 18 months after their expiration date.

CIVIL RIGHTSWithin-School Discrimination: Inadequate Title VI Enforcement by the Office for Civil Rights (GAO-HRD-91-85, July 22, 1991).

Pursuant to a congressional request, GAO assessed the (1) extent to which U.S. elementary and secondary schools may discriminate against minority students in assignment practices, and (2) adequacy of the Department of Education's Office for Civil Rights' (OCR) enforcement activities regarding within-school discrimination.

GAO found that: (1) OCR and numerous education researchers have found evidence of possible within-school discrimination resulting from such practices as block scheduling, ability grouping, and student assignments based on single measures; (2) OCR within-school discrimination compliance review efforts have declined since fiscal year 1983; (3) OCR found violations more frequently during compliance reviews than during complaint investigations; (4) OCR regional offices varied in their investigation and resolution of complaints and lacked written policy guidance for discrimination investigations and regulations concerning acceptable student assignment practices; (5) OCR regional offices delayed or did not complete monitoring of noncompliance cases, and investigators indicated that monitoring was a low priority in regional offices; and (6) OCR personnel indicated that lack of staff expertise and limited training opportunities adversely affected regional offices' investigation, resolution, and monitoring activities. GAO also found that in December 1990 OCR reported its intent to: (1) initiate a centrally coordinated compliance review program as part of a new national enforcement strategy; (2) assign a high priority to within-school discrimination; (3) develop written policy guidance regarding within-school discrimination investigations; (4) improve monitoring activities; and (5) provide more training opportunities.

SELECTED GAO PRODUCTS ON THE DEPARTMENT OF EDUCATIONEDUCATION REFORM

Schools Facilities: Condition of American Schools (GAO/HEHS-95-61, Feb. 1, 1995).

Charter Schools: New Model for Public Schools Provides Opportunities and Challenges (GAO/HEHS-95-42, Jan. 18, 1995).

Education Reform: School-Based Management Results in Changes in Instruction and Budgeting (GAO/HEHS-94-135, Aug. 23, 1994).

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