Department of Education

SALARIES AND EXPENSES OVERVIEW

Fiscal Year 2018 Budget Request

CONTENTS

SALARIES AND EXPENSES OVERVIEW

INTRODUCTION

This Overview summarizes the administrative costs and staffing for all Department of Education accounts. Departmental administrative costs and full-time equivalent (FTE) employment are supported in the FY 2018 budget request from funding in the following accounts: Program Administration (PA), Student Aid Administration (SAA), Office for Civil Rights (OCR), Office of Inspector General (OIG), College Housing and Academic Facilities Loans Program (CHAFL), Historically Black College and University Capital Financing Program (HBCUCF), and Institute of Education Sciences (IES). Greater detail on the funds supporting administrative costs and staffing is provided separately in each account's justification materials.

Key programs administered by the Department include Title I of the Elementary and Secondary Education Act (ESEA), for which the Department's FY 2018 request would provide $15.9 billion to help more than 25 million students in high-poverty schools make progress toward State academic standards; and $11.9 billion for the Individuals with Disabilities Education Act Part B Grants to States to help States and school districts meet the special education needs of 6.8 million students with disabilities. Key programs also include Federal Pell Grants, which would make available $28.8 billion in need-based grants to 7.3 million students enrolled in postsecondary institutions; and the postsecondary student loan programs, which would help provide roughly $153 billion in new and consolidated Direct Loans to help students and families pay for college.

In addition to staff, operational activities necessary for the everyday work of the Department include expenses for:

- Facilities management, including rent for office space and guard services;

- Telephone and computer network services;

- Operation and maintenance of the Department's websites (e.g., www.ed.gov and www.studentaid.gov);

- Grants payment processing; and

- Program oversight and enforcement of education laws.

Cybersecurity is one of the most pressing current management concerns. Protecting the personally identifiable information in the Department's and its contractors' Information Technology (IT) systems is critical.

The Department also strives for continuous improvement in other key management areas. Specific management priorities in the FY 2018 budget request include:

- Information technology, including improving the capability to collect educational data and a continued focus on data security;

- Financial management, including projects designed to ensure accountability for departmental assets, improve grants management, and provide better financial data to managers;

- Administering Pell Grants and servicing student loans;

- Using evidence about program success and performance to inform decision making and focus limited resources on programs that work, and reforming or eliminating programs that do not;

- Improving recruitment, retention, performance, and development of staff, informed by employee feedback on the Governmentwide Employee Viewpoint Survey;

- Improving the acquisition process through development of the acquisition workforce and reducing reliance on high-risk contract vehicles; and

- Continuing to improve timeliness in resolving internal and external audits.

In addition to these management priorities, the Department is working hard to maintain administrative efficiencies as directed in *Executive Order 13589: Promoting Efficient Spending*, and *OMB Memorandum M-12-12: Promoting Efficient Spending to Support Agency Operations*. The FY 2018 budget request continues to control spending on travel, printing, supplies, and advisory assistance through the prudent use of a mix of technological efficiencies and strategic acquisition efforts. The following table provides percent changes for these areas from FY 2010.

Reductions in Spending by Category:
FY 2010 to FY 2018
(dollars in millions)

Category	2010 Obligations	2018 Request	Percent Change from 2010
Travel	$11.2	$6.6	-41%
Printing	5.1	0.9	-82
Supplies	1.7	0.9	-49
Advisory and Assistance	18.6	8.1	-56
Total	36.6	16.5	-55

FY 2018 BUDGET REQUEST

The FY 2018 Salaries and Expenses discretionary budget request totals $2.313 billion, or 7.3 percent more than the FY 2017 annualized level. A full year 2017 appropriation was not enacted at the time the FY 2018 Budget was prepared; therefore, the Budget assumes the Department is operating under the Further Continuing Appropriations Act, 2017 (P.L. 114-254). The amounts included for 2017 reflect the annualized level provided by the continuing resolution. The Department of Education Appropriations Act, 2017, provided $2.185 billion, an increase of $26 million, or 1.2 percent more than the 2016 level for all the Salaries and Expenses accounts. A summary of increases by funding account is provided on page W-9.

The requested FY 2018 increase focuses on key departmental policy and management priorities. These include improvements to the Department's IT security to ensure the integrity of Department of Education and student loan borrower data as well as to prevent potential IT security breaches, more resources for loan servicing due to the increase in the number of

borrowers and the shift of existing borrowers from in-school to more expensive, in-repayment, statuses, costs associated with the transition from the current computer network services and IT infrastructure contract (EDUCATE), which expires in November 2017, to the new Portfolio of Integrated Value-Oriented Technologies (PIVOT) contract,; a proposed pay raise; and increases in employee benefits.

The following chart provides detail on the total Salaries and Expenses request of $2.313 billion by category.

FY 2018 Salaries & Expenses Costs by Category
Contract costs account for most of the Salaries and Expenses budget.

Personnel, Compensation & Benefits 27%

Other Non-Personnel 3%

Non-SAA Contracts 6%

Overhead (Rent & Mail) 3%

Student Aid Administration Contracts 61%
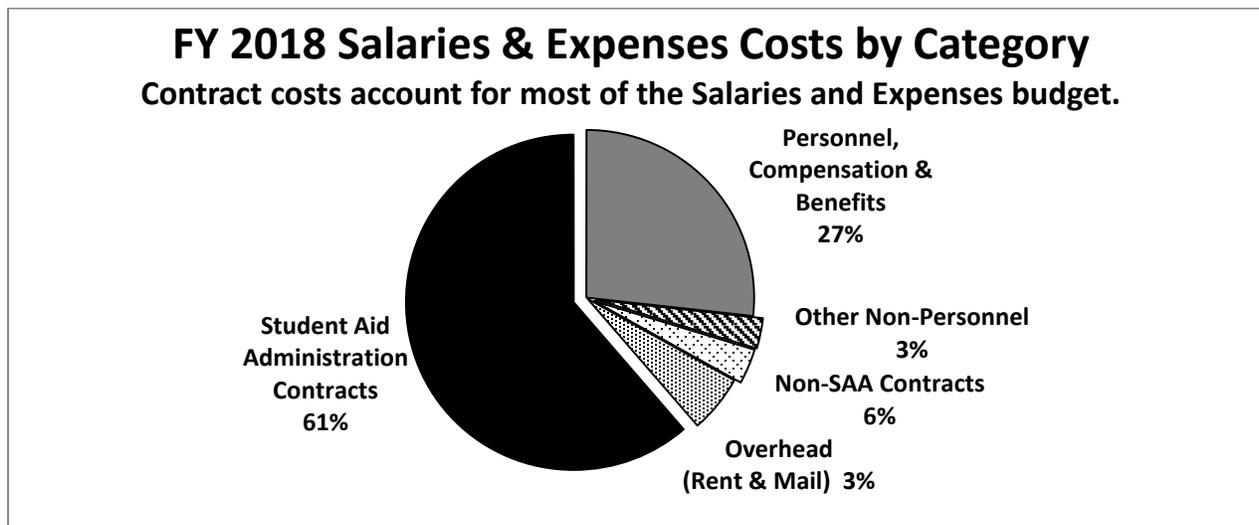
STAFFING AND NON-PERSONNEL COSTS SUMMARY

Staffing

The Department's programs and responsibilities have grown substantially over the past decade. Some of the growth has resulted from legislation that added responsibilities or changed requirements, including the SAFRA Act and 100 percent Direct Lending, the Workforce Innovation and Opportunity Act, and the Federal Information Technology Reform Act (FITARA). Carrying out the existing Higher Education Act and ensuring institutions comply with regulations to protect student and taxpayer interests has meant an increased workload. In addition, the reauthorization of the Elementary and Secondary Education Act (ESEA) by the Every Student Succeeds Act (ESSA) significantly increased demands on the Department to develop and disseminate program guidance and provide substantial technical assistance to State and local education agencies to ensure a smooth transition to and implementation of the new statute. Other workload has increased as the Department strives to improve its oversight of its programs and data.

The Department of Education has the smallest staff of the 15 Cabinet Agencies, but its discretionary budget alone is the third largest, behind only the Department of Defense and the Department of Health and Human Services. The Department's administrative funds are approximately 1 percent of the total annual program appropriations and new loan volume administered by the Department. The FY 2018 budget request includes funding to support 4,002 FTE addressing the Department's most important work, a decrease of 154 FTE from the
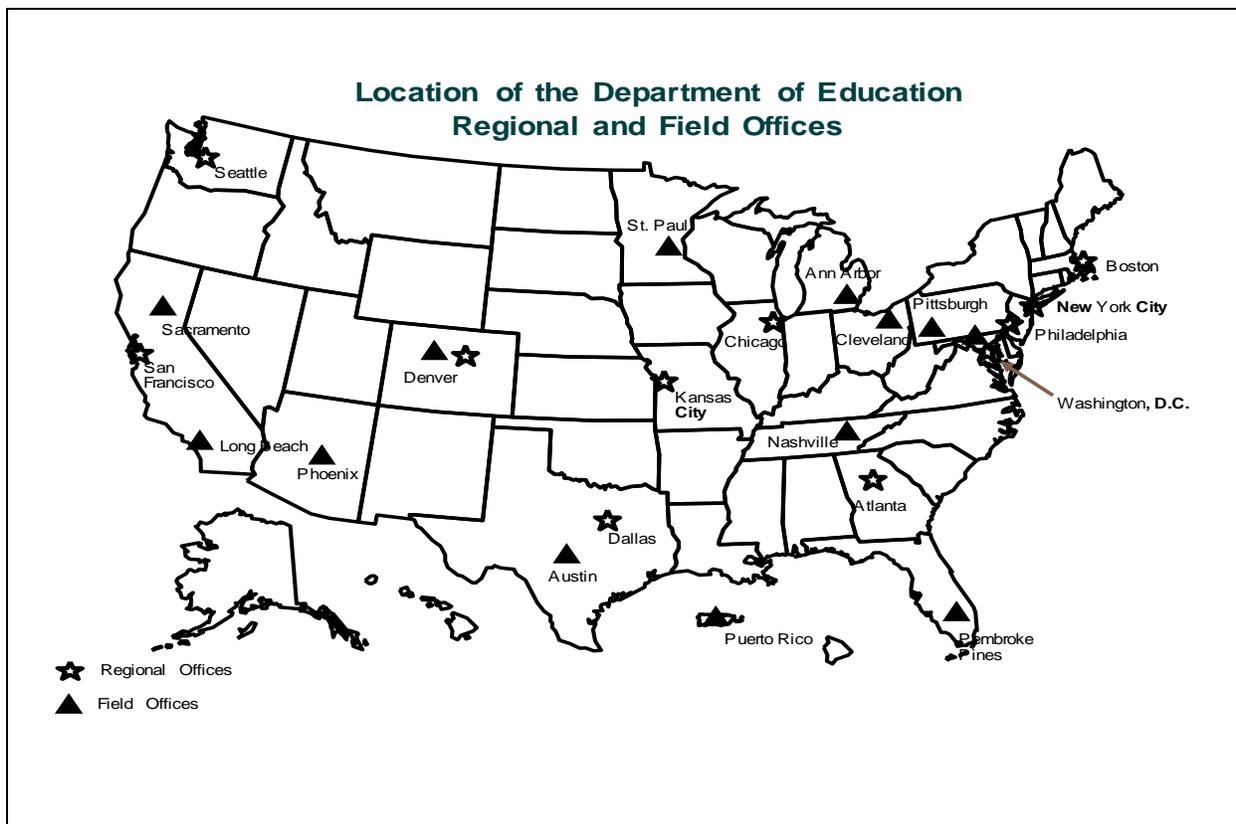
2017 annualized level. Decreases in FTE include: 46 FTE from OCR, 31 FTE from Federal Student Aid (FSA), and 77 FTE from the PA account.

Department FTE Usage (FY 2009 – FY 2018)

FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017 Est.	FY 2018 Est.
4,018	4,105	4,387	4,276	4,090	4,027	4,081	4,150	4,156	4,002

Department employees are divided between Washington, D.C., headquarters, 11 regional offices, and 13 field offices. Most regional and field office staff are in FSA, OIG, and OCR. The FSA regional office staff conduct reviews of lenders, institutions, and guaranty agencies participating in student financial aid programs, and perform debt collection activities on defaulted student loans. OIG staff conduct audits and investigations of Department programs and operations. OCR staff investigate civil rights complaints and conduct civil rights compliance reviews.

Location of the Department of Education Regional and Field Offices

Personnel Compensation and Benefits (PC&B) and Non-Personnel Costs Summary

The Budget request includes $618.8 million for PC&B, a decrease of $11.4 million from the FY 2017 annualized level. Non-personnel costs cover such items as travel, rent, mail,

telephones, utilities, printing, IT, contractual services, equipment, supplies, and other departmental services. The total budget for non-personnel activities in FY 2018 is $1.7 billion, an increase of $169.1 million from the FY 2017 annualized level. Eighty-one percent, or $136.6 million, of the non-personnel increase is the result of higher Student Aid Administration servicing costs, which result from growth in the number of borrowers and shifts of existing borrowers from in-school to more expensive, in-repayment, statuses.

Centralized Overhead and Technology

Departmental overhead expenses cover centralized support and administrative services for all program and staff offices. The funds are administered by the Office of Management. These services include rent, building alterations and repairs, lease renewal, training, supplies, mail, and physical security for buildings and personnel. A total of $141.9 million is requested for these costs in FY 2018, an increase of $4.2 million from the FY 2017 annualized level. Major increases include rent, physical security costs, telework registration system, payroll system, and historically based cost escalations.

Information technology activities that comprise centralized IT services include computer operations, maintenance and improvements, local area network operations, initiatives designed to link Department business needs with the best available technology, and other commonly shared IT and office automation activities. The funds are administered by the Office of the Chief Information Officer. A total of $128.9 million is requested, which is an increase of $13.2 million from the FY 2017 annualized level. Major increases include improvements to the Department's IT security to ensure the integrity of Department of Education data as well as to prevent potential IT security breaches, and development costs required for the replacement of the Department's outdated financial management systems software.

Improper Payments

The Department continues to focus on assessing risks associated with improper payments and establishing effective internal controls designed to prevent, detect, reduce, and recover improper payments.

For the Title IV risk-susceptible Pell Grant and Direct Loan programs, the Department also estimates improper payment rates and analyzes the root causes of the improper payments detected. The major root causes of improper payments in the Pell Grant and Direct Loan programs are incorrect self-reporting of an applicant's income, which leads to incorrect awards based on Expected Family Contribution (EFC), incorrect processing of student data by institutions during normal operations, student account data changes not applied or processed correctly, ineligibility for a Pell Grant or Direct Loan (e.g., validity of high school attended, history of degrees obtained), satisfactory academic progress not achieved, and incorrectly calculated return records by institutions returning Title IV student aid funds. To prevent and reduce improper payments, the Department is pursuing several corrective actions, which include adding or strengthening relevant controls.

The Department also uses other verification methods to protect against improper payments and to confirm specific information reported on the FAFSA by the applicant. Schools are required to verify all applicants that are selected by the Department for verification. Annually, the Department analyzes FSA's grant recipients, student loan borrowers, and the verification

selection system, and informs the financial aid community which FAFSA items are subject to verification for the upcoming award year. This annual analysis is intended to enhance verification methodology and to meet the goal of selecting applicants who are most likely to have incorrect information on their FAFSA.

In addition, FSA works to promote accuracy and accountability in the administration of Title IV student financial aid through institutional oversight, guidance, technical assistance, and enforcement. As part of its ongoing activities, the Program Compliance office conducts periodic recertification of all schools' eligibility, issues loss of eligibility determinations to schools, assesses millions of dollars in final program review and final audit determinations, and debars individuals from receiving assistance or benefits from any Federal Agency as a result of financial aid fraud or other criminal convictions.

The Department continues to modernize the Continuous Controls Monitoring System (CCMS), an application that integrates payments analysis, case management, and reporting functions to automate and streamline the detection, recovery, and prevention of improper payments. A key objective of this initiative is development of predictive modeling to prevent improper payments to the maximum extent possible. The Department continues upgrading this system to expand the transactions being evaluated, improve the relevance of integrity checks with improved algorithms, and integrate new sources of comparative data. By the end of FY 2017, all planned CCMS functionalities will be completed and fully implemented for all non-FSA grants. The plan for FYs 2018 and 2019 is to employ risk-based analysis to define the monitoring required for contracts and administrative payments, as well as for loans. The CCMS team applies agile project management practices to ensure that design improvements are continually integrated into new releases. This project approach also expands opportunities to integrate new datasets, analytics methodologies, and applied algorithms which may emerge from Federal-wide groups, including the Improper Payments Community of Practice, the Fraud Reduction and Data Analytics Work Group, and the Data Sharing Work Group.

The Department created the Payment Integrity Workgroup (PIWG) to review and validate internal controls by payment type (i.e., Payroll, Travel, Transit Benefits, Grants – Discretionary/Formula, Contracts, Government Purchase Card, and Interagency Agreements). The teams are documenting that the right controls are in place to prevent and detect improper payments and that they can be validated as part of the routine workflow process. As part of this review and validation with process and policy owners, the conversation also documents how the areas are incorporating Enterprise Risk Management (ERM) and generating ways to identify and report fraud. The workgroup is also incorporating the payment integrity checks that are generated from the CCMS as it related to the administrative areas. Finally, the Department continues to assess audit reports to identify potential areas of concern relevant to improper payments and to take appropriate action.

Continuous Diagnostics and Mitigation (CDM)

The Continuous Diagnostics and Mitigation Program, centrally managed by the Department of Homeland Security (DHS) and also implemented at the Department of Education, is intended to create a common baseline of cybersecurity capability and protection across the Federal Government. The program provides Federal Departments and Agencies with CDM-certified capabilities and tools that identify and prioritize cybersecurity risks on an ongoing basis and

enable cybersecurity personnel to mitigate the most significant problems first. The CDM tools also allow Departments and Agencies to better manage their IT assets, helping to reduce their overall attack surface.

The CDM tools provide near real-time awareness of Education's networks and environments. Data from the tools are automatically ingested into an individual dashboard at the Department. The Agency Dashboard provides current visibility into the overall organization's security posture based on a 72-hour data currency. With the full implementation of CDM, data from the individual Agency dashboards across the Federal Government will be aggregated into one Federal-level dashboard with planned synchronization every 8 hours. The Federal Dashboard is maintained by the CDM Program and allows DHS to monitor and respond to Federal cybersecurity threats and incidents quickly and efficiently.

The CDM Program is currently being implemented in four phases. Since FY 2013, Congress has supported all four phases of CDM.

Historically, it has taken Agencies days or weeks to determine that cybersecurity incidents have occurred in their environment. Once fully deployed, the CDM Program will shorten this timeframe to hours and minutes.

DHS, through the CDM Program Management Office, also provides support for training and governance activities, ensuring that CDM deployments and governance activities reinforce agency responsibilities for Information Security Continuous Monitoring as identified in *OMB Memorandum 14-03: Enhancing the Security of Federal Information and Information Systems* and in the Federal Information Security Modernization Act of 2014.

DHS, through the CDM Program Management Office, will pay for the operations and support costs of the Department of Education's CDM Phase 1 tools and services that were originally purchased by DHS, including Task Order 2 Software License Maintenance, Dashboard, and Delivery Order 1 tools.

PARTICIPATION IN GOVERNMENTWIDE E-GOVERNMENT INITIATIVES

The Department is actively participating in a number of Governmentwide e-Government initiatives and lines of business designed to make it easy for citizens and businesses to interact with the Government, save taxpayer dollars, and streamline citizen-to-Government communications. The Department has budgeted a total of $5.0 million in FY 2017, and requests $5.1 million in FY 2018 for these initiatives. The request includes support for the following initiatives/lines of business noted in the chart below:

SALARIES AND EXPENSES OVERVIEW

(in whole dollars)

Governmentwide E-Government Initiative/Line of Business	FY 2017	FY 2018 Request
Budget Line of Business	$110,000	$110,000
E-Rulemaking	112,000	101,000
Financial Management Line of Business	231,000	231,000
Geospatial Line of Business	25,000	25,000
GovBenefits.gov*	283,000	273,000
Grants.gov	428,000	392,000
Human Resource Management Line of Business	66,000	69,000
Integrated Awards Environment*	3,675,000	3,749,000
Performance Management Line of Business	80,000	80,000
USAJOBS	29,000	30,000
Total	**5,039,000**	**5,060,000**

NOTE: Funding for initiatives marked with an asterisk * is from the Student Aid Administration account; funding for all other initiatives/lines of business is from the Program Administration account.

SALARIES AND EXPENSES OVERVIEW

Department of Education

Budget Authority by Account
(dollars in thousands)

ACTIVITY	2016	2017 Annualized CR	2018 Request	Change from 2017 to 2018
Program Administration:				
Salaries and Expenses	$431,000	$431,179	$438,000	$6,821
Building Modernization	1,000	0	0	0
Office for Civil Rights	107,000	106,797	106,797	0
Office of Inspector General	59,256	59,143	61,143	2,000
Subtotal, Departmental Management	598,256	597,119	605,940	8,821
Administrative costs from program accounts:				
College Housing and Academic Facilities Loans	434	434	434	0
Historically Black College and University Capital Financing	334	333	333	0
Institute of Education Sciences:				
National Assessment Governing Board	8,235	8,219	8,219	0
National Board for Education Sciences	275	276	280	4
Student Aid Administration:				
Salaries and Expenses	711,756	668,462	680,711	12,249
Servicing Activities	840,098	880,442	1,017,000	136,558
Subtotal, program accounts	1,561,133	1,558,166	1,706,977	148,811
Total, Salaries and Expenses	2,159,389	2,155,285	2,312,917	157,632

SALARIES AND EXPENSES OVERVIEW

Department of Education

Budget Authority by Object Classification
(dollars in thousands)

	Object Class	2016	2017 Annualized CR	2018 Request	Change from 2017 to 2018
11.10	Full-time permanent	$463,654	$464,218	$454,552	-$9,666
11.31	Full-time temporary	10,733	8,172	7,005	-1,167
11.32	Part-time	989	985	1,015	30
11.33	Consultants	612	259	267	8
11.51	Overtime	449	409	397	-12
11.52	Awards	4,637	4,966	5,038	72
	Subtotal, Personnel Comp.	481,074	479,009	468,274	-10,735
12.00	Benefits	147,957	151,068	150,339	-729
13.01	Benefits for former personnel	187	200	220	20
	Subtotal, Benefits	148,144	151,268	150,559	-709
21.00	Travel	9,432	6,543	6,642	99
22.00	Transportation of things	226	1	1	0
23.10	Rental Payments to GSA	75,207	73,572	77,178	3,606
23.31	Communications	772	628	628	0
23.32	Postage/fees	782	704	687	-17
	Subtotal, 23	76,761	74,904	78,493	3,589
24.00	Printing & Reproduction	2,477	997	938	-59
25.10	Advisory and Assistance Svcs	10,857	6,611	8,121	1,510
25.21	Other Services	886,267	960,039	1,087,947	127,908
25.22	Training/Tuition/Contracts	5,272	4,537	4,380	-157
25.23	Field Readers	10	59	0	-59
25.30	Goods/Services from Gov't	50,803	59,774	58,931	-843
25.40	Operations/Maint of Facilities	271	1	1	0
25.71	Operations/Maint of Equipment	1,165	1,496	1,119	-377
25.72	IT Services/Contracts	480,617	406,457	443,722	37,265
	Subtotal, 25	1,435,262	1,438,974	1,604,221	165,247
26.00	Supplies	1,073	842	862	20
31.01	IT Equipment/Software	1,891	1,810	1,987	177
31.03	Other Equipment	1,325	390	390	0
	Subtotal, 31	3,216	2,200	2,377	177
32.00	Building Alterations	1,724	547	550	3
43.01	Interest and Dividends	0	0	0	0
	Total	2,159,389	2,155,285	2,312,917	157,632
	Total, Pers. Comp. & Ben.	629,218	630,277	618,833	-11,444
	Total, Non-Personnel	1,530,171	1,525,008	1,694,084	169,076

SALARIES AND EXPENSES OVERVIEW

Department of Education

Full-time Equivalent (FTE) Employment (Staff Years) by Account

ACCOUNT	2016	2017 Request	2018 Request	Change from 2017 to 2018
Program Administration	1,888	1,776	1,699	-77
Office for Civil Rights	563	569	523	-46
Office of Inspector General	228	237	237	0
Subtotal, Departmental Management	2,679	2,582	2,459	-123
FTE funded from program accounts:				
College Housing and Academic Facilities Loans	2	3	3	0
Historically Black College and University Capital Financing	1	1	1	0
Institute of Education Sciences:				
National Assessment Governing Board	14	14	14	0
National Board for Education Sciences	1	1	1	0
Student Aid Administration	1,453	1,555	1,524	-31
Subtotal, program accounts	1,471	1,574	1,543	-31
Total, FTE	4,150	4,156	4,002	-154

SALARIES AND EXPENSES OVERVIEW

Department of Education

Full-time Equivalent (FTE) Employment by Office

OFFICE	2016	2017	2018 Request	Change from 2017 to 2018
Career, Technical and Adult Education	68	73	70	-3
Chief Financial Officer	175	174	167	-7
Chief Information Officer	126	120	115	-5
Civil Rights	563	569	523	-46
Communications and Outreach	104	89	79	-10
Deputy Secretary	42	40	37	-3
Elementary and Secondary Education	237	213	204	-9
English Language Acquisition, Language Enhancement, and Academic Achievement for Limited English Proficient Students	18	16	16	0
Federal Student Aid	1,326	1,423	1,392	-31
General Counsel	113	109	103	-6
Innovation and Improvement	91	72	67	-5
Inspector General	228	237	237	0
Institute of Education Sciences	189	180	168	-12
Legislation and Congressional Affairs	18	14	11	-3
Management	202	195	186	-9
National Assessment Governing Board	14	14	14	0
National Board for Education Sciences	1	1	1	0
Planning, Evaluation, and Policy Development	99	95	85	-10
Postsecondary Education	183	178	163	-15
Secretary	101	118	160	42
Special Education and Rehabilitative Services	213	204	192	-12
Under Secretary	39	22	12	-10
Total, FTE	4,150	4,156	4,002	-154

NOTE: The Office of the Secretary's FY 2018 FTE level reflects an increase of Schedule C employees occurring over the next several months as the new Administration's team arrives. Many of these employees will ultimately move to other Department offices to fill key leadership positions.

SALARIES AND EXPENSES OVERVIEW
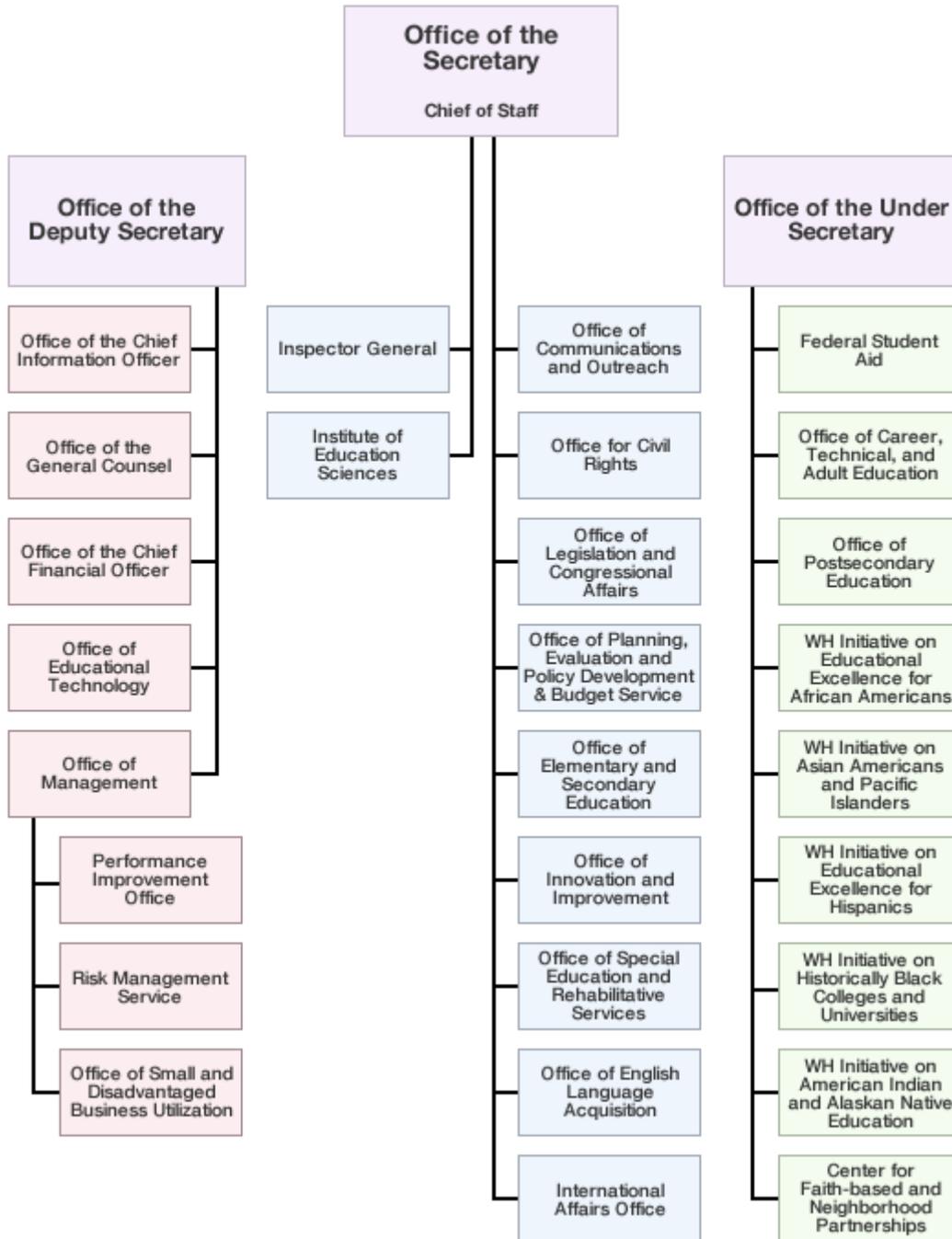
Department of Education

Detail of Full-time Equivalent (FTE) Employment

	2016 Actual	2017 Estimate	2018 Request
Executive level I..	1	1	1
Executive level II...	1	1	1
Executive level III..	1	0	1
Executive level IV...	4	2	4
Executive level V..	1	1	1
Subtotal..	8	5	8
Total - EX Salary.................................	$1,349,250	$868,125	$1,366,200
Senior Executive Service........…………………	87	88	90
Subtotal - ES[1]	87	88	90
Total - ES Salaries............................	$14,787,825	$15,107,400	$15,489,000
AL...	2	2	2
AD..	179	173	173
ED/EI……………………………………………	6	3	3
GL……………………………………………	2	1	1
GS/GM-15……………………………………	528	502	496
GS/GM-14……………………………………	971	922	913
GS/GM-13……………………………………	1,120	1,064	1,053
GS-12..	782	770	770
GS-11..	195	191	191
GS-10..	1	1	1
GS-9..	152	145	145
GS-8..	36	32	32
GS-7..	94	92	73
GS-6..	16	14	11
GS-5..	12	12	10
GS-4..	19	19	19
GS-3..	0	0	0
GS-2..	3	3	3
GS-1..	0	0	0
Subtotal..	4,118	3,946	3,896
Total full-time equivalent employment, end of year...	4,213	4,039	3,994
Full-time equivalent (FTE) usage...	4,150	4,156	4,002
Average ES salary..	$169,975	$171,675	$172,100
Average GS/GM grade.....................................	12.2	12.2	12.3
Average GS/GM salary....................................	$109,780	$112,641	$114,238

[1] FY 2016 includes 9 FSA SES positions. FY 2017 & FY 2018 include 10 FSA SES positions.

Office of the Secretary
Chief of Staff

Office of the Deputy Secretary

- Office of the Chief Information Officer
- Office of the General Counsel
- Office of the Chief Financial Officer
- Office of Educational Technology
- Office of Management
  - Performance Improvement Office
  - Risk Management Service
  - Office of Small and Disadvantaged Business Utilization

Inspector General

Institute of Education Sciences

- Office of Communications and Outreach
- Office for Civil Rights
- Office of Legislation and Congressional Affairs
- Office of Planning, Evaluation and Policy Development & Budget Service
- Office of Elementary and Secondary Education
- Office of Innovation and Improvement
- Office of Special Education and Rehabilitative Services
- Office of English Language Acquisition
- International Affairs Office

Office of the Under Secretary

- Federal Student Aid
- Office of Career, Technical, and Adult Education
- Office of Postsecondary Education
- WH Initiative on Educational Excellence for African Americans
- WH Initiative on Asian Americans and Pacific Islanders
- WH Initiative on Educational Excellence for Hispanics
- WH Initiative on Historically Black Colleges and Universities
- WH Initiative on American Indian and Alaskan Native Education
- Center for Faith-based and Neighborhood Partnerships

Department of Education
Locations of Major Administrative Contracts
and Current Contractors

3* Concord, NH

11 Niagara Falls

9, 10 Boise

3* Harrisburg
3* Warrendale

3* Madison

5, 10 Coralville

11 Piscataway, NJ

10 Palo Alto

3* Lincoln

3* Wilmington, DE

3* Salt Lake City

7 Denver
9 Colorado Springs

10 Roseville

5,10 Lawrence

3* Chesterfield

10 Rockville, MD
8 Bethesda, MD
6 Clarksville, MD
3* Frederick, MD
6 Columbia
1,4,6,9,10,11 Washington, DC
5,11, Arlington, VA
1, 6 McLean, VA
2 6,10 Fairfax, VA
12 Reston, VA
6,9, 10 Herdon, VA
9 Clarksville, VA

10 Raleigh

3* Knoxville

3* Oklahoma City

10 Montgomery
10 Wetumpka

2, 10 Plano
10 El Paso
10 Dallas
11 San Antonio

5 Venice
9,10 Orlando

9 Alpharetta, GA
11 Columbus, GA

10 London, KY
10,11 Monticello, KY
10 Louisville,KY

1 Financial Management System (FSA)
2 EDUCATE (OCIO)
3 Loan Servicers (FSA)
4 OCR CRDC Survey (OCR)
5 National Student Loan Data System (FSA)
6 Integrated Partner Management (FSA)
7 Payroll/Personnel Processing Center (OM)

8 Education Department Central Automated Processing Systems (EDCAPS)(OCIO)
9 Next Generation Data Center FSA)
10 Application and Eligibility Determination System (FSA)
11 Title IV Origination and Disbursement System (FSA)
12 System Security Authorizations (FSA)

Note: An asterisk represents a headquarters location for loan servicing contracts. Additional locations can be found in the Student Aid Administration Congressional Justification.

**Report on the Budget Formulation and Execution Line of Business
as Required by Division D, Section 737(d) of the Consolidated Appropriations Act, 2008,
P.L. 110-161**

The U.S. Department of Education assumed the role as the first Managing Partner for the Budget Line of Business (BLoB) in the fall of 2006. The focus of the Budget LoB is to build a "budget of the future" by promoting information-sharing across Government Agency budget offices, as well as building a "community of practice." Through this collaboration, the budget community has been identifying best practices for all aspects of budget formulation and execution. The Budget LoB strives to find solutions linking budget formulation, execution, planning, performance, and financial management information.

The goals of the Budget LoB are to:

- *Improve the efficiency and effectiveness of Agency and central processes for formulating and executing the Federal Budget*

- *Improve capabilities for analyzing and presenting budget, execution, planning, and financial information in support of decision making*

- *Enhance the effectiveness of the Federal budgeting workforce*

Budget LoB anticipates 10-year savings of over $200 million Governmentwide due to efficiencies gained through collaboration and increased use of technology. Many Agency budget offices do not have automated systems to support budget formulation and execution activities. Agencies rely on basic office software and manual processes. Budget LoB's goal is to reduce time spent by budget personnel on manual processes and increase time spent on high priority analytical activities (via increased use of technology, improved processes, and a better equipped workforce).

Budget LoB is a mixed lifecycle investment. Activities and solutions under development by Budget LoB workgroups are at different stages within the development lifecycle. Products under development are listed in the Objectives and Benefits table below and include implementation or projected implementation dates.

The following tables display the objectives and benefits, risks, costs, and Agency contributions to Budget LoB.

SALARIES AND EXPENSES OVERVIEW

Objectives and Benefits: Technology

Capability	Objectives and Benefits
Technology	
Technology **Collaboration**	Improves the efficiency and effectiveness of Government activities through the ready accessibility of information, and the ability to collaborate remotely both within an Agency (i.e., collaboration with regional and field staff) and across Federal Agencies (i.e., collaboration of each Agency with OMB and other Agencies on shared programs). Current products include the MAX Federal Community, secure online meeting capability, MAX Shared Desktop, and MAX Calendar. Current Status: The MAX Federal Community, a cross-agency collaboration platform, provides increased information sharing, collaboration, and knowledge management securely across the Federal Government, as well as within each Agency. With over 180,000 members (up from approximately 155,000 in May 2016), the MAX Federal Community is reportedly the largest Government operated collaboration site. Many Agencies are also using the secure MAX Shared Desktop or the secure online meeting tool allowing Agency personnel to attend meetings remotely with presentations displayed on their computer screens.
Technology **Data Collection & Tracking**	Improves OMB and Agency efficiency and effectiveness in carrying out the numerous required budget data exercises. Benefits apply to both central budget exercises (i.e., those required of Agencies by OMB) and exercises at the departmental or Agency level (i.e., those requested by central offices of Agency regional and field offices). Agency benefits include increased data collection capabilities, reduced errors, and reduced time spent manually consolidating and publishing data. Current products include multiple web-based data collection tools for central budget exercises, as well as a web-based tool, MAX Collect, for Agency use in the collection of budget briefing and question and answer materials. MAX Survey is a basic data collection capability also available on MAX.gov. Over 300 MAX Collect exercises have been utilized in the last year alone. Current Status: BLoB data collection tools have demonstrated significant value by automating the collection of data for dozens of centralized exercises related to the budget community for earmarks, continuing resolutions, Questions for the Record, and across-the-board reductions. The MAX Collect tool provides even greater benefit by enabling Agency budget offices to automate their own data collection exercises. Agencies are now using the tool to facilitate a broad range of data calls and data collection exercises numbering in the hundreds. This past year, the BLoB developed an add-on to MAX Collect called Collect Forms, which provides a much simpler and far more powerful user interface for collecting and reporting on data. MAX survey is used to quickly gather and analyze information via tokenized surveys.

SALARIES AND EXPENSES OVERVIEW

Capability	Objectives and Benefits
Technology	
Knowledge Management	Improves the ability of Agencies to locate and access information, increases the availability and comprehensiveness of data, and improves the ability of the budgeting community to manage the impending retirement of key personnel. Database-driven products such as the MAX Federal Community and MAX Collect enhance knowledge management capabilities by capturing "knowledge" as it is generated, simply as a by-product of these tools.
Agency Budget Formulation and Execution Tools	Provides a cost-effective strategy for Agencies that do not have budget formulation and execution applications, or have outdated applications, to quickly improve their effectiveness through automation. This effort encourages common and integrated solutions that are reusable Governmentwide. Products include the Budget Formulation and Execution Manager system (BFEM), the first shared budget formulation system by the Department of Treasury; the Departmental E-Budgeting System (DEBS), a shared offering from the Department of Labor; the Decision Matrix for budget systems evaluation (full systems evaluations); the Budget Capability Self-Assessment Tool (BC SAT); the MAX A-11 Data Transfer and Rule Validation project; and a common Budget Office Solutions catalog. The Decision Matrix allows Agencies to define their specific budget system requirements and evaluates the capability and maturity of six Agency and three commercial budget systems against those requirements. The BC SAT has provided several Agencies with comprehensive resource listings to further help them with strategic planning and resourcing. Current Status: The MAX A-11 Rule Validation team supports processes, methodologies, and standards to enable Agencies to exchange data with OMB's MAX A-11 system through the use of multiple 'services', greatly improving the process, eliminating large amounts of manual data entry, and enabling availability of account level information on a real-time basis. BLoB continues to support Treasury's BFEM and Labor's DEBS systems as they provide customer Agencies with enhanced connections to OMB's MAX budget system and worked with EPA to finalize their budget system deployment as a shared service. The BC SAT was at the heart of transformation activities for at least one agency this past year.
Analytical Tools	Enhances Federal capabilities for analyzing budget formulation, execution, planning, performance, and financial information. This enables more complete, thorough, and timely analysis, which will, in turn, provide policy decisionmakers with improved understanding of policy option impacts and alternatives. Current products include the MAX Analytics tool suite, which creates custom charts and graphs for analysis, and associated tools built upon the analytics core (such as MAX Calendar). Current Status: MAX Analytics integrates with BLoB data collection and collaboration tools, enabling charts that update automatically as new data is entered. Agencies have been using MAX Analytics to dynamically display the

SALARIES AND EXPENSES OVERVIEW

Capability	Objectives and Benefits
Technology	
	results of their data collections and to transform how they use analytics to manage problems. BLoB continues to work with Agencies to include the most relevant and useful capabilities in the tool suite. Several Agencies (OMB, DOJ, DOL, etc.) are now utilizing MAX Analytics to drive decision making based upon analysis not previously possible.
Technology **Budget Execution and Financial Management Integration**	Improves the quality and integrity of information, data flows, and reporting in budget formulation and execution, especially in regard to its touch points with financial management. Identifying common business processes and data standards will form the basis for requirements for use in developing budget systems, as well as closer alignment with financial management systems. Current products include Governmentwide process maps for budget execution and budget formulation and the web-based budget execution training module, budget formulation training module, and Appropriations Law training module. Current Status: The training modules are in use throughout the budget community. Over 8,300 individuals have accessed the self-paced online training module courses, which have an estimated return on investment to date of over 5,800 percent and a savings of over $6.9 million.
Technology **Document Production**	Enables Agency budgeting personnel to move from clerical to analytical functions, increasing Agency analytical resource availability. Many Agency budget staff work countless hours to incorporate late-breaking policy data changes in high-visibility publications. Often, many changes must be simultaneously made in multiple documents for different stakeholders. Document production capabilities exist in Treasury and Labor's shared service budget systems, as well as in the MAX Collect Tool, and in a recently released service allowing budget personnel to develop their own reporting templates.

Objectives and Benefits: Governance

Capability	Objectives and Benefits
Governance	
Governance **Program Management Office (PMO)**	Serves as a central coordination point for Governmentwide collaboration and sharing of technologies and processes. The Program Management Office (PMO) allows resources across Government to be leveraged for cost savings. In this way, costs are reduced, economies of scale are achieved, and risks in developing and buying Agency budget tools are reduced through a coordinated combination of approaches that include: sharing common budget formulation components, purchasing commonly used software that has been proven in multiple Agencies, and purchasing services from other Agencies. The PMO will support enhanced efficiency, effectiveness, quality, knowledge management, presentation, collaboration, and flexibility within the BLoB. Currently, the PMO supports seven initiative-specific workgroups that meet on a regular basis.

SALARIES AND EXPENSES OVERVIEW

Capability	Objectives and Benefits
Governance **Process Improvements**	Allows for the development of system requirements and guidelines for tools that are modular in nature (can be used as part of any system) and available for use by multiple Agencies. Accounts for the importance of flexibility in the budgeting process and acts as a set of standards that are essential for the automated exchange of budget data with Treasury and OMB, as well as Agency financial management systems. Current products include numerous updates to the MAX Federal Community, MAX Collect, MAX Analytics, and MAX Shared Desktop as well as implementation of MAX Authentication services at 11 Agencies with work underway to support additional Agencies with "single sign-on" capabilities.
Governance **Service Module Standardization**	Encourages reusability and interoperability of budget systems across Agencies to achieve significant cost savings through a "build once, use often" philosophy. Service module registration via the PMO will help ensure that Agencies are aware of existing services so that duplicative investments are not made.

Objectives and Benefits: Human Capital

Capability	Objectives and Benefits
Human Capital	
Human Capital **Budget Human Capital**	Enhances the effectiveness of the existing budgeting workforce and encourages participation from other professions within Government, the private sector, and universities. BLoB provides a central venue for the budget community, OPM, and the Council of Human Capital Officers to grow the appeal of Federal Budgeting as a career by combining Agency efforts to define budget career paths, core competencies, leadership development, certification programs, and sharing of ideas in areas such as succession planning, retention and recruitment. Products include recommendations on core competencies and proficiency levels; a Budget Career Day conference devoted to enabling budget professionals to better plan their careers while providing tools for them to do so; and training curricula for budget analysts, as well as no-cost training courses for budget staff and self-paced training modules. More are planned for the coming year. Current status: Thousands of Government employees have undergone no-cost training through in-class, web-based, or facilitated online training sessions hosted by the BLoB. Regular panel discussions feature OMB or senior Agency budget staff focusing on specific budgeting related topics and have been attended by over 3,000 individuals since the Department began hosting. Brownbag discussion groups focusing on a deeper understanding of budget execution and on the Budget Career Road Map have been attended by over 800 people. An indepth course focusing on Basic Budget Processes began in 2013 and has been held 14 times, with waiting lists and strong participation from over 375 attendees. All of these opportunities are offered to Federal employees free of charge.

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Risks

Type of Risk [1]	Risk	Description	Mitigation Approach
Other	Technology	Maintaining ability to develop and field highest-quality IT services in the midst of rapid expansion of use without accompanying equal increase in available resources.	Work with product leads to encourage continued focus on quality and meeting requirements, implement updated procedures. Engage Agencies for more participation in development, fielding, and maintenance of solutions.
Other	Management Oversight	Agency budget offices do not make use of the range of LoB products and services available to them—risk is unrealized cost avoidance/cost savings.	Develop metrics and assess tools capabilities and whether they are optimized for Agency budget office use.

[1] Types of risk are categorized as either significant or other. If significant risks occur, they have substantial impact on the ability of the Line of Business to succeed. Other risks, while potentially serious, may not significantly impact the Line of Business and its ability to succeed.

SALARIES AND EXPENSES OVERVIEW

Line of Business IT Costs (dollars in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Planning	$437	$655	$100	$125	$125	$116	$78	$95	$95	$95	$95
Acquisition	904	810	355	335	350	375	178	265	265	265	265
Operations & Maint.	650	680	720	685	700	781	919	1050	1050	955	1050
Govt FTE Costs	490	444	162	172	238	244	100	100	100	100	100
	2,481	2,589	1,337	1,317	1,413	1,516	1,275	1,510	1,510	1,415	1,510
FTE	4	4	4	4	2	2	1	1	1	1	1

SALARIES AND EXPENSES OVERVIEW

Anticipated Contributions by Agency (dollars in thousands)

AGENCY	FY 2016	FY 2017	FY 2018
Department of Agriculture	$110	$110	$110
Department of Commerce	110	110	110
Department of Defense--Military	110	110	110
Department of Education (*direct funds)*	110	110	110
Department of Energy	110	110	110
Department of Health and Human Services	105	105	105
Department of Homeland Security	110	110	110
Housing and Urban Development	110	110	110
Department of the Interior	110	110	110
Department of Justice	0	110	110
Department of Labor	105	105	105
Department of State	110	110	110
Department of Transportation	110	110	110
Department of the Treasury	105	105	105
Department of Veterans Affairs	110	110	110
US Army Corps of Engineers-Civil Works	80	80	80
Environmental Protection Agency	110	110	110
General Services Administration	110	110	110
National Aeronautics and Space Administration	105	105	105
National Science Foundation	105	105	105
USAID	105	105	105
Office of Personnel Management	110	110	110
Small Business Administration	55	55	55
Securities and Exchange Commission	55	55	55
Social Security Administration	55	55	55
Millennium Challenge Corporation	0	0	0
Office of National Drug Control Policy	55	55	55