

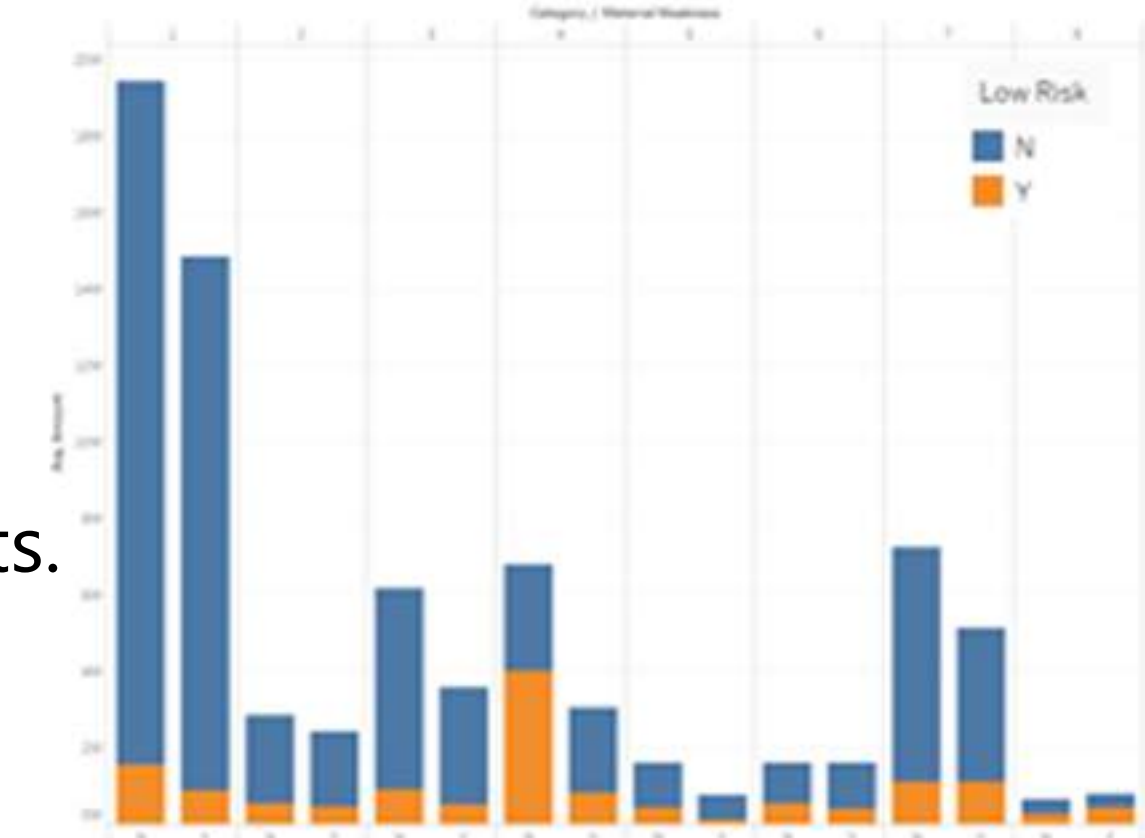


Introduction

The Department's mission is to serve America's students-to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access. In the 1860s, a budget of \$15,000 and four employees handled education fact-finding. By 1965, the Office of Education had more than 2,100 employees and a budget of \$1.5 billion. As of mid-2010, the Department has nearly 4,300 employees and a budget of about \$60 billion.

Possible Risk

- Programs that get higher funding tend to be classified as high-risk.
- More likely to have material weakness and reportable condition in their financial statements.

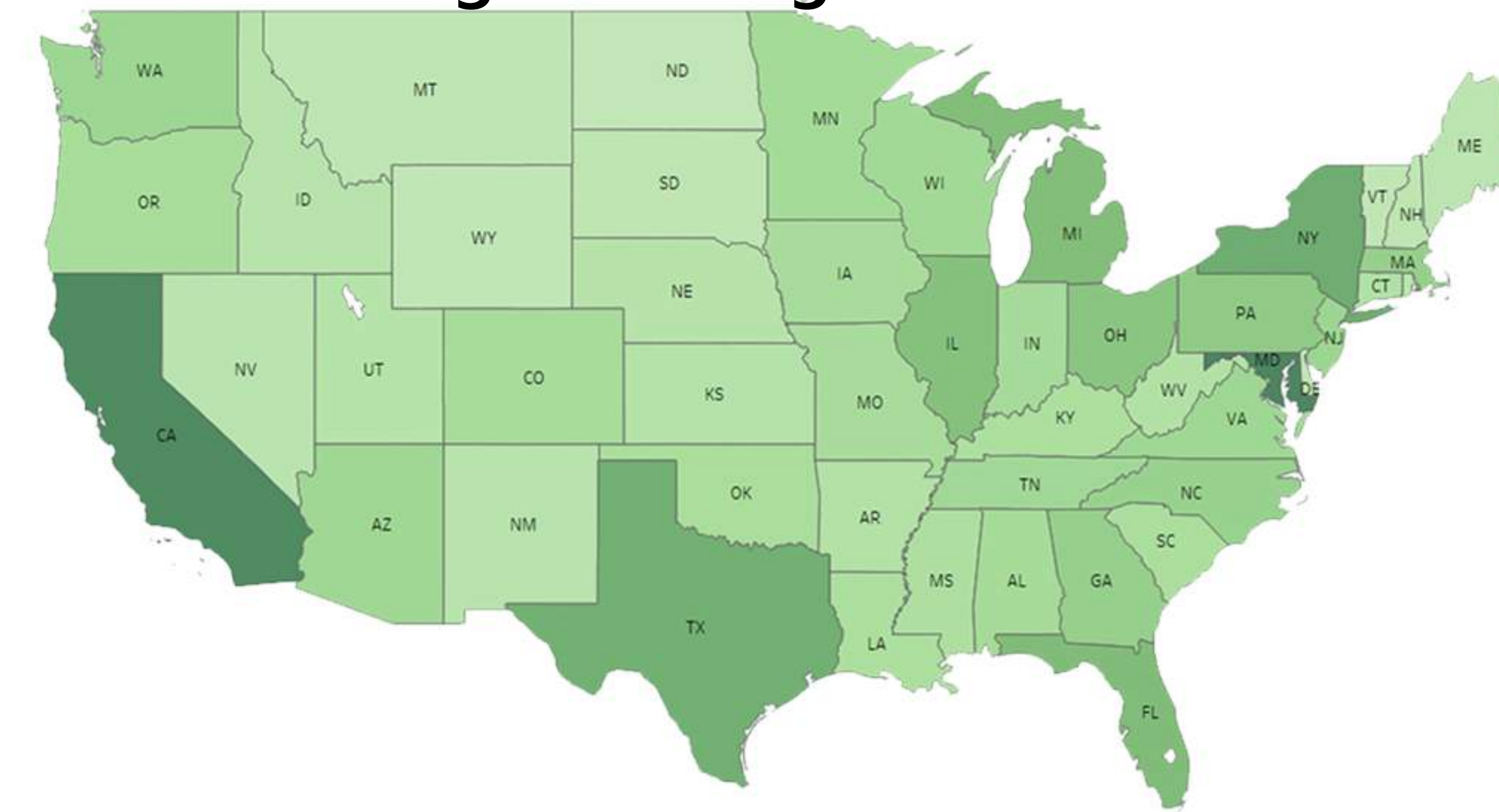


Cleaning and Preparing Data

- We only used data that has CFDA Number contained in in the federalagencykey file.
- We split the data into five data sets, one for each year.
- We separated population and per capita income data by states and merged it with the five data sets

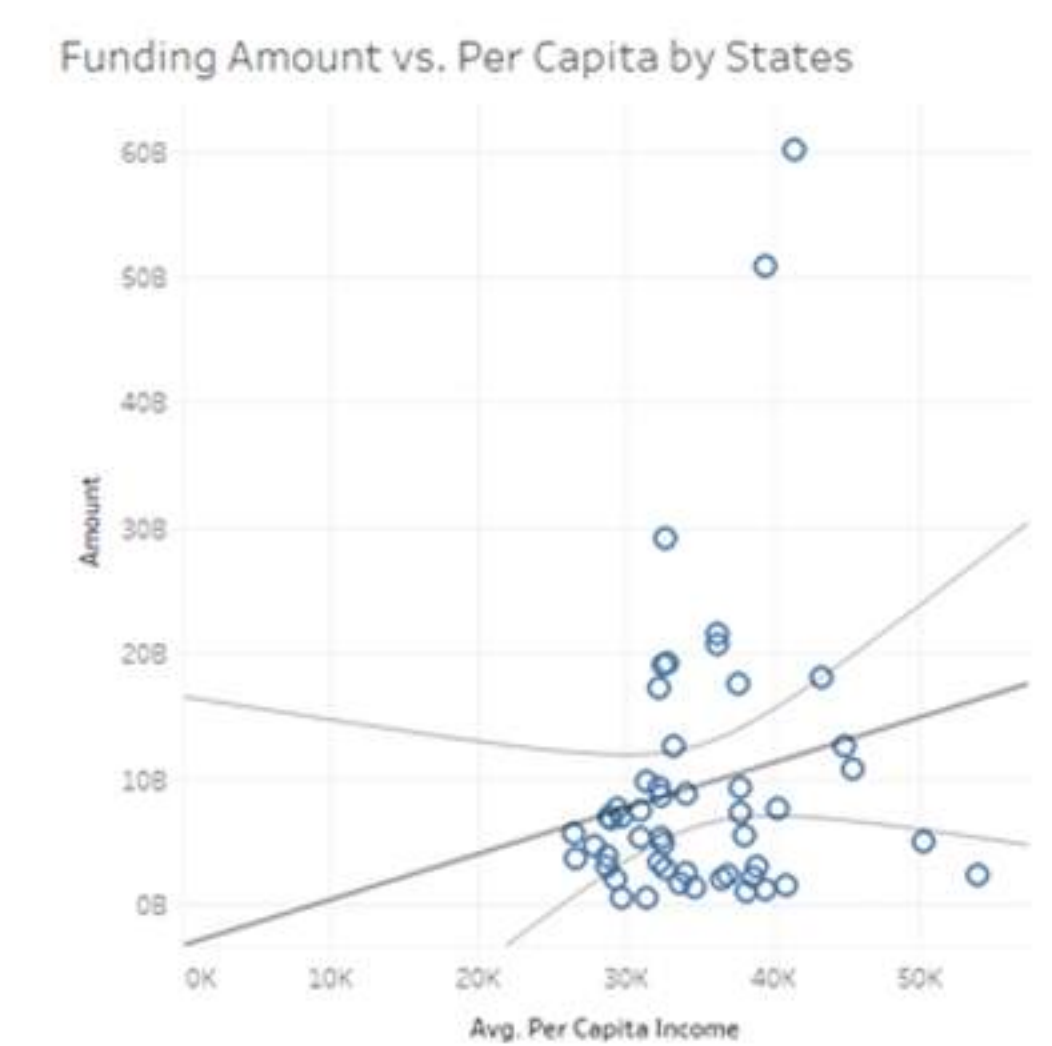
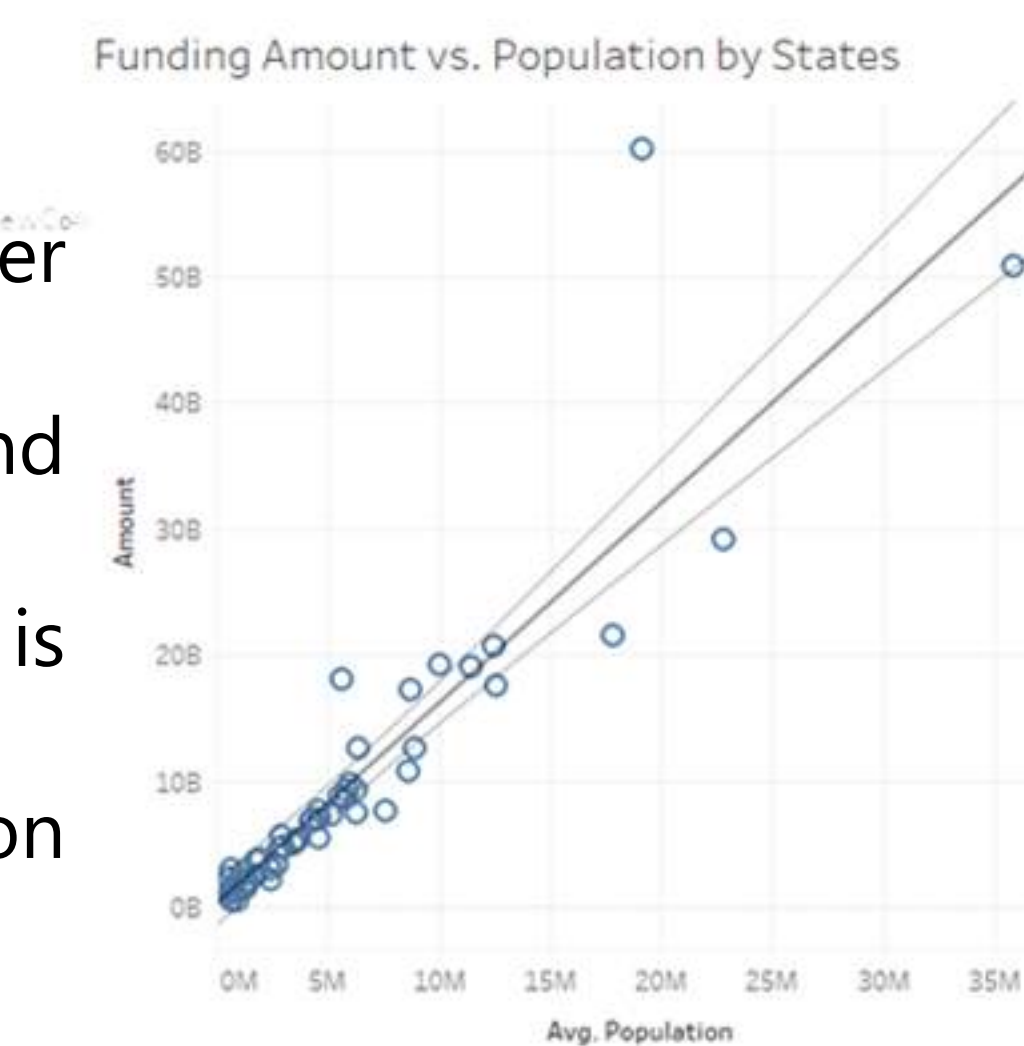


Average Funding for Education



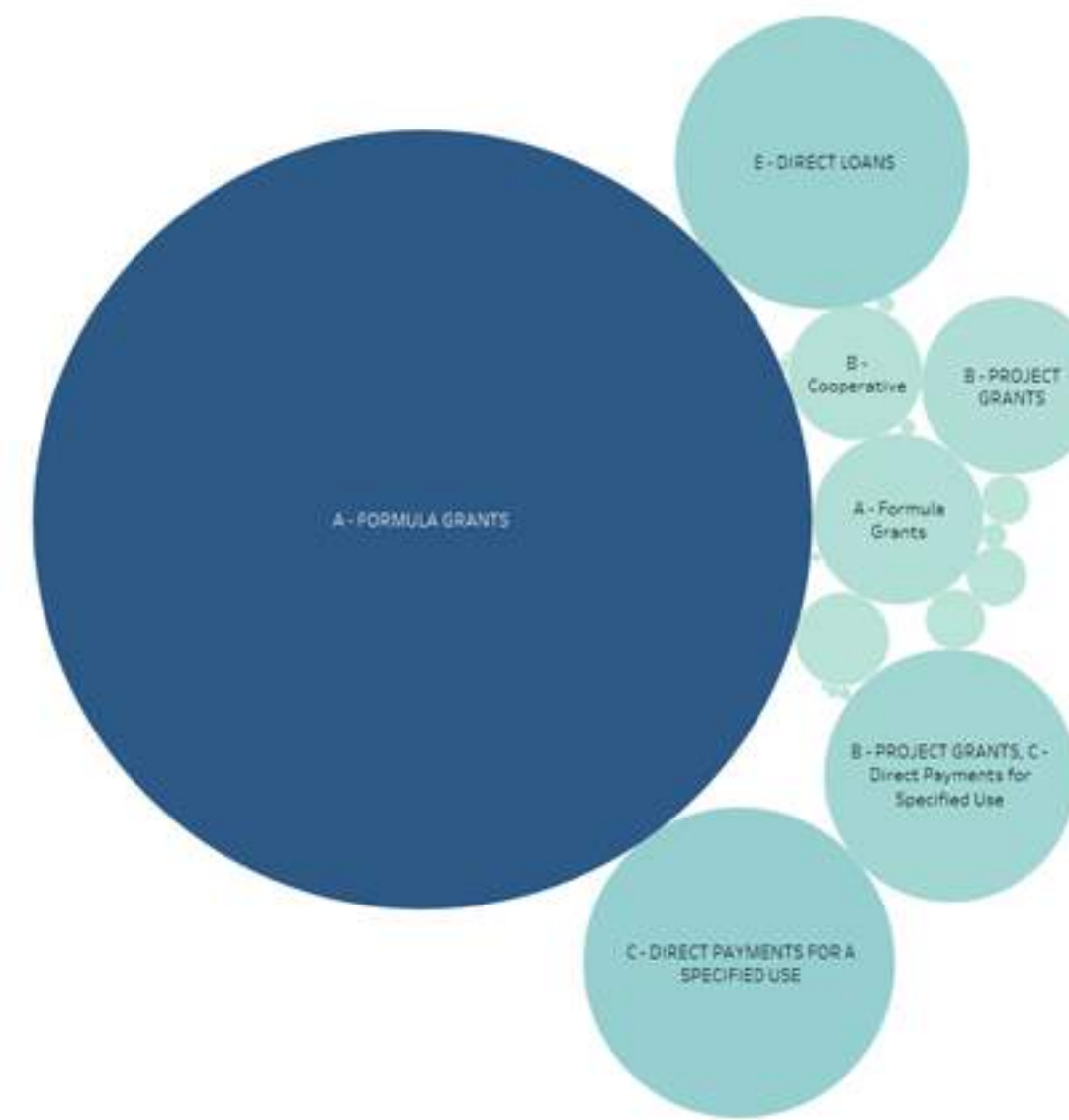
Is funding need-based ?

- States that have higher populations tend to have higher levels of funding.
- The correlation coefficient when comparing funding and population is very strong and R-squared is .818
- The correlation coefficient of funding versus per capita is much weaker, with R equalling .0338.
- This shows that funding is based on population and not on per capita income.



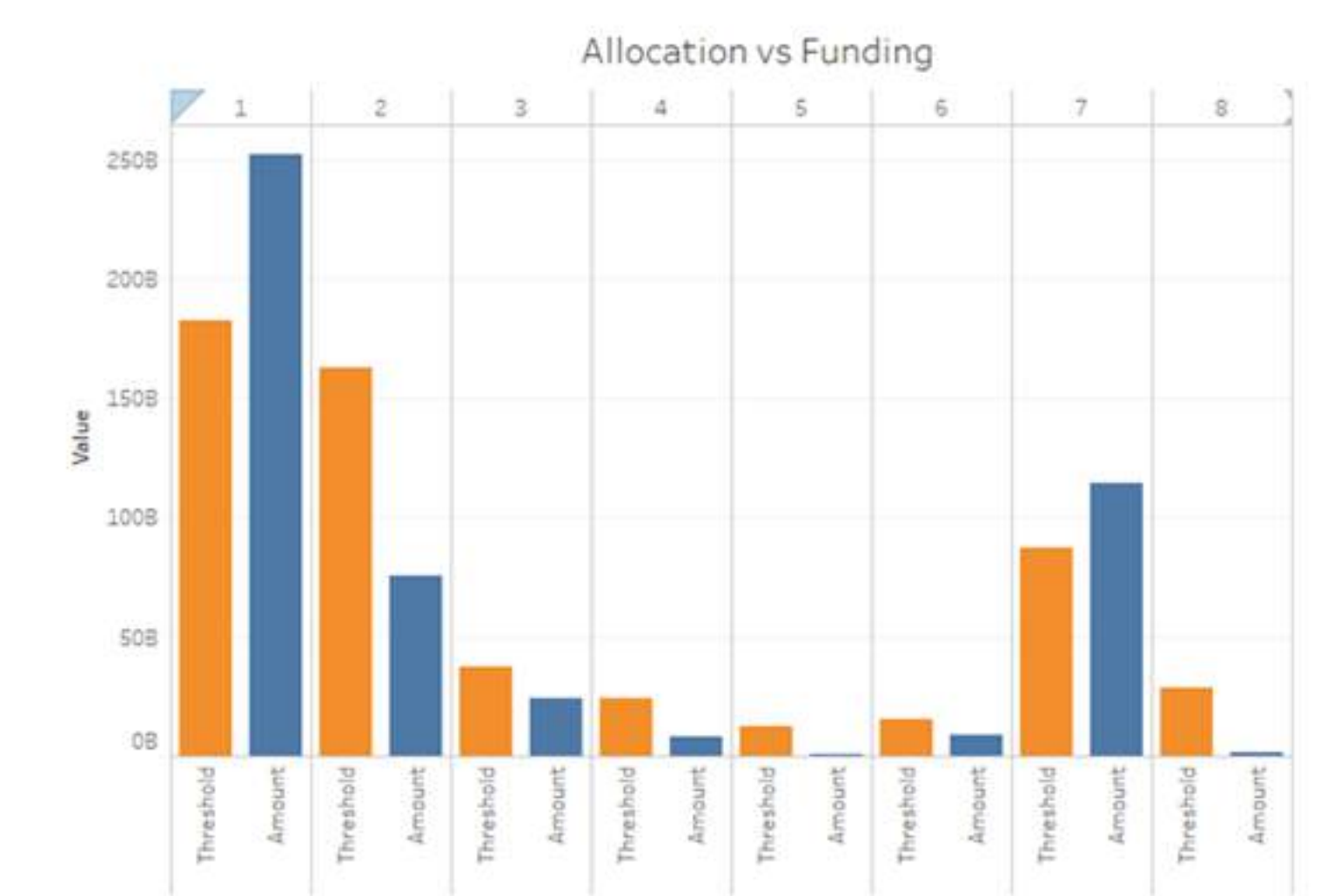
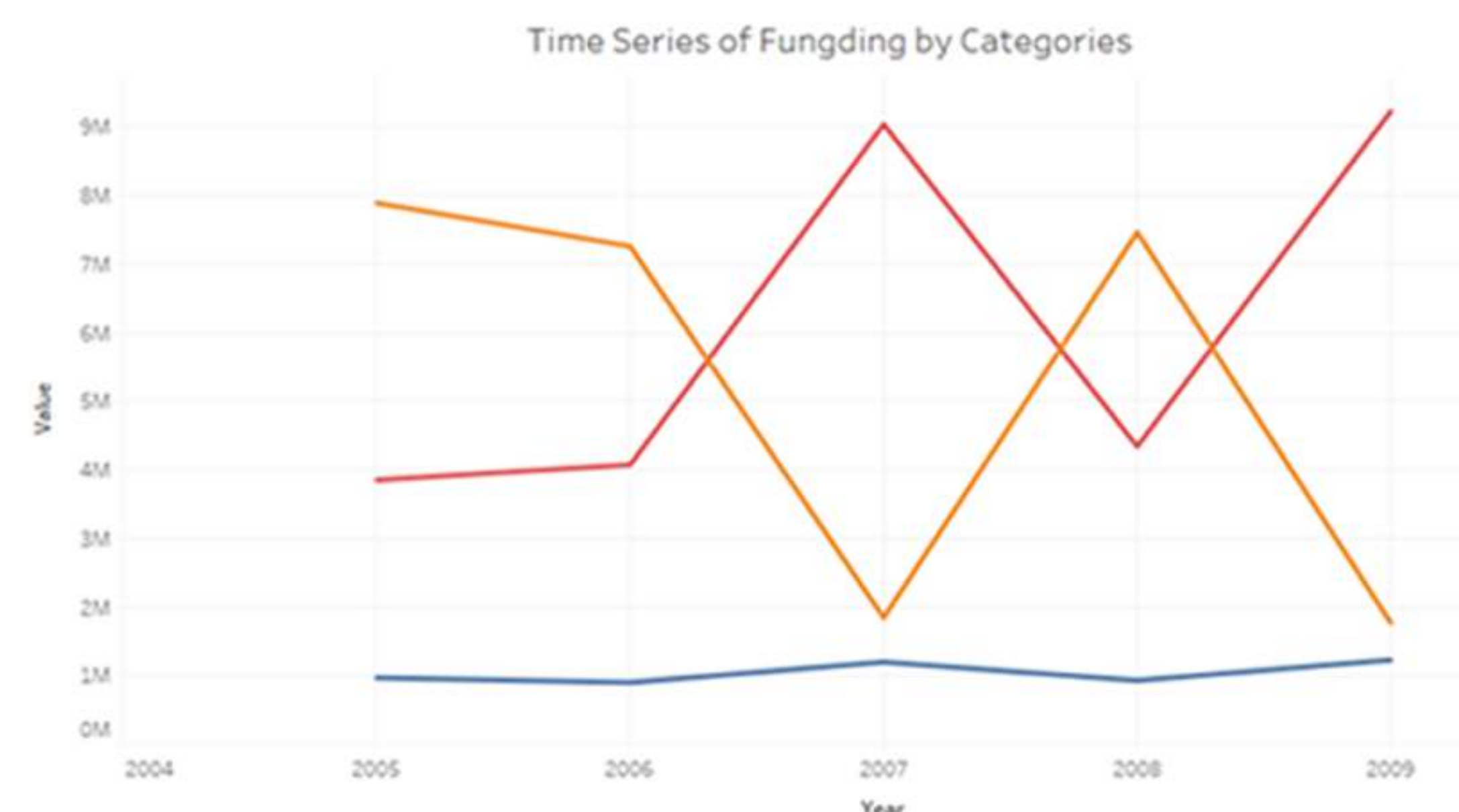
How is funding allocated?

- We re-coded types of assistance to highlight the categories that have significant data
- Education funding consists primarily of formula grants.
- Other types of assistance are merit-based
- Formula based grants use statistical criteria to determine the amount of funds to be distributed.



Reallocation of funding priorities

- There were significant changes in the funding policy in the year 2007.
- Funding was pulled out from Environment, Energy and Small Business and put in Transportation, Housing, Healthcare, and Agriculture/ Food.
- In the meantime, the funding given to Education wasn't affected



Threshold ≠ Funding

- There is a mismatch in the funding policy of the government
- Environmental Programs and Healthcare Programs got higher funding than their thresholds.
- The data also showed that Education Programs receive funding that is significantly lower than their threshold.