Impact of Audit Results on Federal Funding Decisions

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Introduction & Background

Federal Role in Education Funding
Education funding largely comes from States and local communities, as well as private and public organizations. The federal contribution is comparatively small, about 9% of total funding. Due to the smaller amount of contribution, the Department of Education stated they wish to "get a big bang for its taxpayer-provided bucks by targeting its funds where they can do the most good" (ED, 2016).

Using the Federal Funds Audit data, socioeconomic data, and education outcomes, an analysis was created to see the impact that the variables have on funding decisions. We focused on the following questions for our analysis:
1. Does the ED spending improve the results of the education systems?
2. Is federal spending on education wasteful?

Analysis

What Proportion of Education Spending is Wasteful?
Indicated by three "waste factors":
Material Weakness: High risk of fraud/negligence
Material Noncompliance: Spending violating the terms of the grant
Questioned Costs: Spending violates law, costs inadequately documented or costs are unreasonable

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In order to justify federal spending, there must be a positive ROI. There was little correlation between level of funding and audit results to the education success measure of graduation rate. Negative audit results also did not have as significant of an impact on amount of funding or graduation rate. The level of federal funding is much smaller than from states and local communities. Although the funding is directed towards primary and secondary education, it is difficult to determine how effective the funding is when it is such a small percentage of total funding.

References


Questionable Spending

● Missile Defense
○ Texas, US ARMY Missile Defense Command
○ New Mexico, Missile Defense Agency
○ Fort Greely, Alaska
● $7.3 million spent in the year 2005 in Alaska