LEGISLATIVE REPORT
FY 2009-2010

SUBJECT: Federal grants revolving fund

REFERENCE: §302A-1405, Hawaii Revised Statutes

ACTION REQUESTED: The department shall prepare and submit an annual report on the status of the federal grants revolving fund to the legislature. The annual report shall include but not be limited to a list of the grant applications to the federal agencies and the grant awards received.

DOE REPORT:
INTRODUCTION: The federal grants revolving fund revenues are derived from indirect cost reimbursements from federal discretionary grants. In FY 2009-2010, $525,392 was expended from the federal grants revolving fund. The following fiscal table shows the breakdown of the expenditure plan for FY 2009-2010:

<table>
<thead>
<tr>
<th>Funds</th>
<th>Allocation</th>
<th>Expenditures*</th>
</tr>
</thead>
<tbody>
<tr>
<td>A (Personnel Services)</td>
<td>$258,990</td>
<td>$179,789</td>
</tr>
<tr>
<td>A1 (Other Personnel Services)</td>
<td>$97,714</td>
<td>$61,012</td>
</tr>
<tr>
<td>B (Other Current Expenses)</td>
<td>$400,100</td>
<td>$284,442</td>
</tr>
<tr>
<td>C (Equipment)</td>
<td>$0</td>
<td>$149</td>
</tr>
<tr>
<td><strong>TOTAL</strong>*</td>
<td><strong>$756,804</strong></td>
<td><strong>$525,392</strong></td>
</tr>
</tbody>
</table>

*Figures were rounded to the nearest dollar.

“A” and “A1” funds were used for three temporary positions (i.e., Grant Writer (System Planning and Improvement Section-SPIS), Grant Resource Developer (SPIS), Grant Monitor (Federal Compliance & Project Management Office-FCPMO), to build capacity in the Department to seek, secure, monitor and report on grant funds. “B” funds were used to contract with a consulting firm for help in preparing the Phase II Race To The Top (RTTT) application, to fund the DOE Capacity Building Grant Program, and to provide general office support.

The federal revolving funds provided resources to help implement and coordinate the following grant search, development and monitoring initiatives:
(1) **DOE Grants Website:**

The purpose of the website is to increase the Department’s capacity to seek and secure grant funds by empowering teachers and administrators to secure the supplemental funding and resources needed to provide a quality education for the children of Hawaii, as outlined in the DOE’s mission statement. The project involves the redesign of the DOE grants website to provide more user-friendly electronic access to grant and financial assistance information for the benefit of students, educators and the community. The site is being redesigned in multiple phases to provide access to detailed information on local, state, federal, corporate, and foundation grants that target K-12 education, and also provide guidance on grant searches, applications, administration and reporting, with a user-friendly and accessible format. DOE grant staff keep the site up-dated and relevant.

December 2010: Redesign of grants website to increased search capabilities and easy access to information. The web site will address seven areas, each area based on an aspect of the grant seeking process that provides the user with progressively more detailed information and examples. The areas include:

1) Getting Started – a guide for novice grant writers
2) Search – grant database search mechanism
3) Capacity Building Grant program – funding for grant writing expenses
4) Resources – federal and state forms, guidance and assurances
5) Glossary – grant terms and definitions
6) Quick Links – easy access to the most requested information
7) Federal Grants List – a prominently displayed list of current federal grants

(2) **Resource Development- $50,000 Capacity Building Grant Program**

The purpose of the Capacity Building Grant Program is to support grant writing efforts by teachers and administrators in the school system. Grant awards up to $1,000 are allocated to school level grant writers by competitive application, and may be used to defray grant writing costs, i.e., hiring substitute teachers, printing, postage, travel, hiring
consultants, coordination of a writing team, or grant writer training, and must culminate in a written and submitted grant proposal that has been accepted by the funder. Total funding for the program is $50,000.

The programs objectives are to:

- Establish a grant program for teachers, administrators, and other Department personnel, to encourage and increase effective grant identification and grant application submittals.
- Build grant writing capacity within the Department.
- Provide grant writer training opportunities for teachers, administrators, and Department personnel.

The key performance Indicators are:

- Increase the number of schools obtaining discretionary grant funds in SY 2010-11.
- Increase grant writing training opportunities and resources available to teachers, administrators, and Department personnel in SY 2010-11.

In FY 2009-2010 twelve projects were funded for a total of $10,319, for a return of $3,456,840 in grants awarded to DOE:

1) A consortium of 5 high schools -- McKinley, Pearl City, Maui, Kapaa, and Castle-- received $7,796 in CBG funds, and were awarded a $3,446,866 Smaller Learning Communities Grant
2) Konawaena Middle School received $1,000 in CBG funds, and was awarded $14,493.81 in Good Idea Grants
3) Makakilo ES received $1,523 in CBG funds, and received $8,525 in Hawaii Artist In The Schools (AITS) grants

(3) Direct Assistance with Grant Applications

Direct assistance is provided by DOE staff in the areas of grant writing, proposal project management, and consulting/editing services on the complex, complex area, and system wide levels, as workload permits. Assisted projects included the School Leadership Program Grant, State Longitudinal Data Systems application, Investing in Innovation application (Honolulu District Office), Dept. of Defense Education Activity (DoDEA) Director’s Fund application for Pearl City, Radford, and Kalaheo.
Projects where direct assistance was provided that resulted in grant awards are as follows:

- **Race to the Top Fund ($75 million awarded in Round 2, August 2010):** *Round 1 assistance:* Responsible for coordinating and compiling appendices, assist with editing and formatting as needed. *Round 2 assistance:* Overall project management along with compiling appendices, editing, formatting. Also assisted Pitch Team in preparing for Tier 2 interviews in Washington, D.C.

- **EPA Environmental Education Grant EPA-EE-10-02:** Ewa Makai Middle School Ahupua'a Project, amount received: $13,875.00

(4) Monitoring, Compliance and Audit Requirements

The Federal Compliance and Project Management Office (FCPMO) provides technical assistance to Program Managers in the monitoring of federal grant projects. FCPMO objectives include ensuring that monitoring is done in a uniform manner consistent with federal requirements and is completed in a timely manner. Efforts consist of the following initiatives:

- The development and posting of Standards of Practice (SP) to the Superintendent’s Administrative Manual to aid in clarifying procedures for administering federal grants
- The participation in collaborative Program Manager Trainings with the Office of Fiscal Services to provide technical assistance and guidance in administering federal grant programs
- The identification of problem areas and the provision of technical assistance and support in regard to federal compliance issues, i.e., Payroll Certification
- The development of a New Program Manager Training for those new to the administration and implementation of federal grants, including a power point presentation, one-on-one technical assistance and a general information CD
- To provide on-going technical assistance and serve as a resource for Program Managers of federal grants
- Preparation of a compliance monitoring manuals specific to particular federal grants
- To assist in the Audit Review process of any Federal Discretionary Grant, upon request
- To provide up-to-date information and technical assistance concerning compliance issues for the America Recovery and Reinvestment Act (ARRA) grant programs
- To provide a depository for documentation of and communication concerning the ARRA funds received by HIDOE, including the Race To The Top (RTTT) funds
- To assist in the compilation of federal program reports required by Hawaii Department of Education (HIDOE) and the United States Department of Education (USDOE) offices, i.e., updates to Program Manager Chart, Maintenance of Effort, etc.
- The development of an HIDOE audit webpage that will compile frequent or recurring federal grant audit findings and technical assistance in how to prevent such findings from occurring in the future.

FINDINGS:
The Board of Education Committee on Budget and Fiscal Accountability continues to closely monitor federal grant funds administered by the Department.

The Department has identified the need to strengthen communication and coordination to better assist efforts in seeking, applying for and monitoring federal grant funds.

The Department is currently utilizing the revolving fund positions and resources to:
- Enhance the federal funds monitoring tools and fiscal reports.
- Develop a system to track discretionary grant applications and the subsequent grant awards received.
- Develop tools and provide technical assistance to increase the Department’s capacity to seek, secure, monitor and administer grant funds.
- Provide direct consulting, writing and grant application assistance to targeted projects.

The revolving fund initiatives have effectively increased grant search, development, monitoring and reporting efforts.

RECOMMENDATIONS:
The Department recommends that these funds continue to be used for the intended purpose, to search for discretionary grants and develop program applications to secure additional revenues for the department. In addition, the Department shall continue efforts to build capacity to
effectively administer, monitor and report on grant funds. The Department shall oversee the revolving fund deposits to ensure there are sufficient funds available to support these initiatives.