

Grant Analysis

FISCAL IMPACT OF GRANT FUNDING

Grant and entitlement funding is a considerable revenue source for the Madison Metropolitan School District. Grant funding made up approximately 7% of the District's \$279,321,125 budget for 2001-2002.

The District relies on several types funding from the federal, state and local level.

- **Entitlements**

The District receives federal entitlements that are renewed every year barring new legislation in Congress such as Title funding. This funding is based on formulas and standard criteria such as number of students enrolled, and level of poverty. The District is heavily dependent on these federal entitlements as a source of grant revenue. Federal entitlements provide 40% of all grant revenues the District receives, and equal approximately \$7,714,980.

Entitlements from the State of Wisconsin are also available, including SAGE (Student Achievement Guaranteed in Education). State entitlements account for 18% of grant revenues with a total of \$3,531,033.

- **Discretionary/Competitive Grants**

While entitlements are based on formulas and standard criteria, other grants are discretionary or competitive and are awarded to the District through state or national competitions. These include grants such as the Safe Schools/Healthy Students Grant and the Memorial Smaller Learning Community Grant and can be a considerable amount of funding. The District receives federal discretionary grant funding which accounts for 31% of grant revenues or a total of \$6,028,196.

State discretionary dollars are only approximately 1% of grant revenues with a total of \$105,440 funded through this means.

- **Local Grants/Private Donations**

Other grant revenues include donations and other contributions that from a overall budget perspective are not specific, but which in many cases fully fund programs that are important at the school level. These most often are for smaller amounts and are used for small projects or for one-time purchases. (See Appendix B spreadsheet for detailed information on grant revenues.)

CONTINUATION OF CURRENT GRANT/ENTITLEMENT FUNDING

No grant or entitlement is permanent. Given state budget deficits and current changes in federal education policy under the Bush administration, the District can not anticipate all grants to continue under existing requirements or at current funding levels. Considering this high level of reliance on grant funding, the District would be well-served to anticipate the termination of or reductions to some grants.

CONTINUATION OF CURRENT GRANT/ENTITLEMENT FUNDING (cont.)

Based on information received from various sources at MMSD, our understanding is that around 30% of current grant revenues will be terminating before the end of the calendar year. Specifically, in June 2002 \$1,927,923 in grant revenues will be terminating due to the end of the grant duration. It should be understood that some of these funds may continue but at what level is unknown. This accounts for approximately 10% of the current grant revenues. In September 2002, \$4,036,658, or approximately 20% of grant revenues, will be terminated. In total this is a significant amount and the District would be well-served to centrally anticipate and address the program impacts of such a reductions in revenues before they take effect. (See Grants spreadsheet for detailed information on grants ending and their amounts.)

The amount of grant funding ceasing to exist during the next year is high largely because of the expiration of the Safe Schools/Healthy Students Grant. This grant accounts for over \$2.8 million and approximately 20 FTE annually. The funding received from this grant is used specifically for resources to: create a safe school environment, offer AODA and violence and early prevention programs, provide school and community mental health interventions, offer early childhood development services, provide transition services, assist in educational reform and develop safe school policies. The District is currently strategizing on how to financially sustain those elements of the grant that have a positive impact on students. A detailed breakout of all costs and expenditures associated with this grants can be found in Appendix B.

In addition, given the current state budget deficit and the likelihood of further reductions in future biennia, alternative sources of funding should be considered for major state funded grants such as TEACH.

Also, given the changes in federal legislation under the current administration, some grants have already been identified as being eliminated or changed for the 2002-2003 school year.

The following federal grants have been identified by the Grants Coordinator as being eliminated and folded into different funds for the 2002-2003 school year. The money may still be there in most cases, but it will no longer be earmarked for a specific program nor may the District have continued control over the funding.

1. Federal Class Size Reduction. \$941,769. Merged into Teacher Quality Enhancement.
2. Title II: Eisenhower. \$151,274. Merged into Teacher Quality Enhancement.
3. Technology Learning Challenge Fund (TLCF) Grant: Online Learning from Promise to Practice. \$295,000. Merged with a new Technology Block Grant. The District will decide how the Block Grant is used. ½ of the money will be based on formulas and therefore will be more or less guaranteed to the District. The rest of the money will be competitive.
4. 21st Century Grants have changed in focus.

In the area of Title I, based on potential changes to the level of funding as tied to state population growth, the Title I Coordinator is anticipating a slight reduction in the overall \$2.6 million of annual funding (exclusive of any carryover) received. This anticipated reduction has been addressed for the 2002-03 budget.

GRANT ADMINISTRATION

The District may wish to rethink its current organizational structure for managing grants. Currently, to coordinate the grant application process, MMSD employs a Grants and Fund Development Coordinator as part of the Grants Development Office. This position focuses on competitive grants with only limited involvement in those grants received as entitlements. The District also recently hired a new grant writer. The Grants and Fund Development Coordinator (Grants Development Office) does not write all grants. Currently, both of the above-mentioned positions are financed through grant funds. In addition, an accounting position is paid for with grant monies.

The grant system at MMSD is very decentralized. There is not one position ultimately responsible to coordinate all the grants or to monitor secured grant funding. Many of the grants are written and maintained by those individuals who coordinate the programs that the funds are destined for. These individuals often do the grantwriting and are largely in control of their specific grant. For example, O'Keefe Middle School competed for and was awarded the \$10,000 grant from the National Fish and Wildlife Foundation. For all intensive purposes, these contact people are considered responsible for grant fiscal management. However, in many cases, the Director of Budget, Planning and Accounting is a central source of financial data on grants at the District.

SUGGESTED IMPROVEMENTS FOR GRANT ADMINISTRATION

- **Reevaluate Grant Coordinator position.**

If the District sees the delegation of responsibilities for grantwriting to specific programs or schools as a priority, it may be necessary to reevaluate the coordinator position given the lack of coordination of all grants at the District. Another option is to centralize the entire operation giving the grant coordinator the control that his title implies. Either way, grant writing and acquisition are scattered across the District and are not coordinated by any particular office or position.

- **Create Electronic Grant Database to Centralize and Standardize Grant Information.**

The difficulty in collecting this information has been the lack of standardization in data storage methods. This data are not available electronically and is not stored uniformly in hard copy. Often the total grant amount must be calculated and is not readily available in the District's files. In addition, the decentralized process of grantwriting and application have made data collection difficult and have sometimes forced the use of estimates of grant duration and grant revenue. No one has comprehensive information regarding all grants received or applied for by the District.

- **Identify Essential Grants and Formulate Strategy for Loss of Funding.**

The District may consider identifying those grants that are most essential to their operations. Then alternative sources of funding or changes in program allocations could be made given recent changes in federal legislation and state budget reductions, which may adversely affect grant revenues in the coming school year.

Source of all grant financial information: documentation maintained by the MMSD Accounting Office.