

K-12 Grant Management Enhancement

**2018 Supplemental Budget
Decision Package**

Agency: 350 Office of Superintendent of Public Instruction
Decision Package Code/Title: SA/K-12 Grant Management Enhancement
Budget Period: 2018 Supplemental
Budget Level: PL

Agency Recommendation Summary Text:

The Superintendent is requesting \$1,781,000 for the 2017-19 biennium to replace iGrants and the Grant Claims system. The Washington Every Student Succeeds Act (ESSA) Consolidated Plan emphasizes greater cross-program coordination, planning, and service delivery. This request will provide for a consolidated application for federal and state grants, allowing districts to take a big picture, rather than segmented, approach to meeting student needs with their federal, state, and local dollars. The system implemented by this project will also provide additional reporting and performance monitoring capabilities to improve the management of grant funding.

Fiscal Summary:

Operating Expenditures	FY2018	FY2019	FY2020	FY2021
Fund 001-01 (Program 010)	\$0	\$1,268,000	\$185,000	\$185,000
Fund 001-02 (Program 010)	\$513,000	\$0	\$0	\$0
Total Cost	\$513,000	\$1,268,000	\$185,000	\$185,000
Staffing	FY2018	FY2019	FY2020	FY2021
FTEs	0.1	0.1	0.1	0.1
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Fund 001 Source Code 03-84	\$513,000			
Object of Expenditure	FY2018	FY2019	FY2020	FY2021
Obj. A	\$4,900	\$9,800	\$9,800	\$9,800
Obj. B	\$1,800	\$3,500	\$3,500	\$3,500
Obj. C	\$449,600	\$1,055,300	\$0	\$0
Obj. E	\$56,700	\$192,200	\$150,100	\$150,100
Obj. G	\$0	\$7,200	\$21,600	\$21,600

Package Description:

Background:

In the 2015-16 school year, iGrants, the current K-12 grants system together with the separate Grants Claims system processed approximately 116 individual grant application and reporting "form packages" and distributed about \$559 million in state and federal funding to school districts. The system costs approximately \$210,000 a year to maintain.

As the Washington State Education Agency, OSPI must have a reliable system to award, pay, and collect performance information and reports for a large volume of sub-grants. This ability is a prerequisite to receiving federal funding.

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Current Situation:

The current K-12 grant and claim systems are old and outdated, difficult to maintain, and no longer meet business-processing needs. The systems require constant manual modifications to keep up with changes needed by users and to maintain basic functionality. Revisions cause an increase in process complexity. Adding new functionality increases the frequency of new bugs downstream.

The systems have needed replacement for some time, but the urgency to seek out a better alternative increased with the passage of the federal Every Student Succeeds Act (ESSA) on December 10, 2015. To take advantage of the new flexibilities allowed under ESSA, and meet expectations for increased program effectiveness, OSPI is required to provide school districts with the opportunity to complete a grant application that consolidates multiple grants into a single plan facilitating programmatic and funding coordination across educational programs and student services. The current K-12 grant systems lack this functionality.

Both state- and district-level users experience challenges with the current systems. Challenges include a lack of reporting capability, difficulty-pulling data that is necessary for monitoring grant performance, and inability to accommodate capital fund account coding. In addition, the iGrants system and the Grant Claims system do not interface well during the grant claim and submittal process, which makes it arduous and time consuming.

OSPI has identified system requirements that will provide vendors the information needed to produce a more accurate estimate for system replacement costs. Estimated schedule of activity to acquire additional information is below:

Timeframe	Description
September 2017 – November 2017	Conduct RFP and generate a more accurate estimate for project costs and process vendor bids
January 2018	Start project with federal funds and programs
July 2018	With approval, continue with state funds and programs
December 2018	Complete the project

Proposed Solution:

This decision package is a placeholder to inform policy makers about upcoming needs for OSPI. OSPI will acquire additional information after understanding bids submitted by the vendor community.

With a new system in place, OSPI and its sub grantees will be able to meet Federal requirements for consolidated applications, gather and report meaningful data to manage grants across programs, reduce the burden on districts, reduce the technical debt of an old system, reduce the cost of annual maintenance, and reduce the reliance on limited IT maintenance resource(s). A new, consolidated grant application will allow Local Education Agencies (LEAs) to take a big picture, rather than segmented, approach to meeting student needs with their federal, state, and local dollars—a goal identified in Washington’s ESSA Consolidated Plan.

The components implemented by this project would allow staff time to review and modify the grant processes and buy a system that supports district user needs, agency needs, and the Federal government requirements.

Contact person:

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Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service.

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The program will turn toward the vendor to perform modifications and maintenance for the K-12 Grant Management System. OSPI will maintain the files for import into the Apportionment System and Agency Financial Reporting System (AFRS).

The current budget for iGrants maintenance is \$240,000 per biennium. It is expected that the developer will be needed in the first year to assist with file uploads. Then the cost of maintenance will go down to \$120,000 biennium. The collection of funds will continue through CA charge back to fund an estimated \$60,000 every fiscal year. This will assist with paying for the application license.

Decision Package expenditure, FTE and revenue assumptions, calculations and details:

- OSPI is requesting additional funding for .1 FTE for an IT Manager to oversee this technology contract and vendor associated with the application.
- The OCIO requires external Quality Assurance to assist with Major Projects from the beginning of the project. Contracted resources include a Project Manager, Business Analyst, Application Developer, and Quality Assurance.
- \$1,926,300 is the estimate for the IT project contracts.
 - \$1,000,600 – **Vendor Software** estimate. OSPI derived the estimate from a vendor note that indicated a cost of \$12,500 per form package and that was multiplied by an estimated 80 form packages. We reduced the number of form packages for this estimate from 116 to 80 because 35 form packages only collect data.
 - \$93,600 – **Project Manager** estimate. The cost is based on the position being available an average of 55.4 hours per month for 13 months at a cost of \$130 per hour. There are four months with half-time utilization. There are three extra months for startup and closeout activities and contingency. The project manager will coordinate project activities and people to ensure the project is moving and stays on track.
 - \$124,300 – **Business Analyst** estimate. The estimated cost is based on the position being available for an average of 90 hours per month for 12 months at an average cost of \$115 per hour. The business analyst will ensure the requirements are well represented for the vendor to ensure the OSPI process works in conjunction with the software.
 - \$72,500 – **Software Developer** estimate. The estimated cost is based on this position being available for an average of 90 hours per month for 7 months at a cost of \$115 per hour. The software developer will work on any file exports and imports needed for the software.
 - \$64,100 – **Quality Assurance** estimate. The estimated cost is based on this position being available for an average of 28.2 hours per month for 13 months at a cost of \$120 per hour. The OCIO requires external Quality Assurance to assist with Major Projects from the beginning to the end of the project.
 - \$150,000 – **Hosting Installation and Configuration** estimate. The cost is based on a vendor estimate to setup and install software and hardware for the software solution that will be unique for OSPI.
 - \$150,000 – **Software Maintenance** estimate. Software maintenance is an ongoing estimated cost scheduled to start for half the fiscal year FY2019 for \$30,000 and continue at full cost of \$60,000 in the following years. The amount of using a previous contact amount.
 - \$225,000 – **Software License** estimate. Software license is an ongoing estimated cost scheduled to start for half the fiscal year FY2019 for \$45,000 and continue at full cost of \$90,000 in the following years. The amount of using a previous contact amount.
 - \$46,200 – **IT Manager** estimate (.1 FTE). This is a staff position that will write and manage all the contracts for the project. This position will also work with the organization to ensure contract activities flow for processing.

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- \$50,400 – **Travel** estimate. This for rooms, hotel, flights, and per-diem for two people to train users around the state starting in FY2019 for \$7,200 and ramping up to \$21,600 in FY2020 and each fiscal year after that. Trainings are would be conducted at each of the ESDs. This would provide for nine trainings across the state every year.
- \$174,300 – **Indirect cost** estimate.

Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

- Outcome 1: Reduce annual maintenance from \$210,000 to \$120,000 or less per biennium.
Performance Measure: Annual cost of application maintenance.
- Outcome 2: Reduce reliance on one or two staff persons to perform manual coding processes.
Performance Measure: Number of Office staff (not including contractors) that have the knowledge base to create a sustainable maintenance and coding structure to keep the grant process functioning.
- Outcome 3: Improve data reporting capabilities in order to better monitor and manage grants and claims across programs.
Performance Measure: Staff time is saved by submitting claims for grants and extracting data to monitor grants.

Performance Measure detail:

Fully describe and quantify expected impacts on state residents and specific populations served.

Populations served by OSPI who utilize the grant and claims system will experience increased reporting ability to pull data that is necessary for monitoring grant performance, as well as an expedited process for submitting claims for grants. There will not be an impact on other state residents.

Distinction between one-time and ongoing costs:

The one-time cost will be the development/purchase of the software and ongoing costs will be for system maintenance and IT support.

What are other important connections or impacts related to this proposal?

Impact(s) To:		Identify / Explanation
Regional/County impacts?	No	
Other local gov't impacts?	Yes	Identify: School Districts that use the Grant Application (iGrants) and Claims Systems will have to use the new system.
Tribal gov't impacts?	Yes	Identify: Tribes that use the Grant Application (iGrants) and Claims Systems will have to use the new system.
Other state agency impacts?	Yes	Identify: Higher Education Institutions that use the Grant Application (iGrants) and Claims Systems will have to use the new system.
Responds to specific task force, report, mandate, or exec order?	No	
Does request contain a compensation change?	No	

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Impact(s) To:		Identify / Explanation
Does request require a change to a collective bargaining agreement?	No	
Facility/workplace needs or impacts?	No	
Capital Budget Impacts?	Yes	Identify: If Capital Grant Awards are included in the development of new software, there will be a cost associated with the new system.
Is change required to existing statutes, rules or contracts?	Yes	Identify: There may be a reduction of hours in the current iGrants/claims support contract.
Is the request related to or a result of litigation?	No	Identify lawsuit (please consult with Attorney General's Office):
Is the request related to Puget Sound recovery?	No	If yes, see budget instructions Section 14.4 for additional instructions
Identify other important connections	Yes	Identify: All OSPI programs will have to use the new Grant Application (iGrants) and Claims system.

Please provide a detailed discussion of connections/impacts identified above.

After enhancing or replacing the grants management software, those staff members, districts, tribes, and other external entities will be required to use the new system. This will require training and learning to work with the system as part of daily operations.

What alternatives were explored by the agency and why was this option chosen?

OSPI is currently working with a vendor to collect requirements to improve our understanding of system pitfalls and potential opportunities. OSPI will purchase a new system because the age of the current system would make it unfeasible to enhance.

#	Option	Pros	Cons
1	New SaaS EGMS (RFP)	<ul style="list-style-type: none"> · Integrated with Claims. · Standardized applications. · Consolidated applications. · Maintenance covers all yearly updates, changes and automatic upgrades to the system. · Keeps the system up to date with federal education policy. 	<ul style="list-style-type: none"> · There is a 1-year process to put the application in place; · Requires time from staff for requirements and vendor selection; · OSPI would be dependent on vendor for system changes; · Forms may not be as flexible as needed.
2	Rebuild Existing iGrants (add features to improve)	<ul style="list-style-type: none"> · Control of system changes. · Flexible/customizable forms 	<ul style="list-style-type: none"> · 1.5-year process. · Need to contract with Business Analyst to build the RFP; · Require time from staff for requirements and vendor selection; · Still dependent on contract developer and specialized technical FTE support.

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#	Option	Pros	Cons
3	New Custom	· Will have dream system.	· Expensive · Still have to support somehow · Take a long time (2-3 year) · Extremely high risk
4	Do Nothing	· No costs for updating.	· System is complex and difficult to support- frequent failures adding features. · Costly annual maintenance to add/change/update features (\$105 per hour). · Reporting is inadequate. No measuring and reporting the performance of grants.

What are the consequences of not funding this request?

Without a replacement system, the Office will be unable to meet the ESSA federal requirement to provide a consolidated application to all of its sub grantees in an effort to create more coordination across state/federal/local programs to blend/braid funding streams. The Office will continue relying on a limited knowledge base to perform burdensome manual process to keep the current systems functioning with an annual maintenance cost of approximately \$210,000. In addition, the Office and its users will continue having difficulty monitoring and managing grant allocations to determine whether grants are meeting their performance indicators.

If there were a serious system issue, it may take an extended time to return the system to normal operation. Due to limited system knowledge base, the learning curve for new developers is estimated to be a couple of months. This may leave users with no way to access state or federal grant funds during that time. A new system would enable sustainable maintenance through the vendor's core developers with minimal delays.

Without adequate funding OSPI will not be able to meet federal compliance and may be in jeopardy of losing future funding.

How has or can the agency address the issue or need in its current appropriation level?


The Office cannot address this issue within its current appropriation levels.

Other supporting materials:

Activity Inventory:

Activity Inventory Item	Prog	Staffing			Operating Expenditures		
		FY 2018	FY 2019	Avg	FY 2018	FY 2019	Total
A002	010	.1	.1	.1	\$513,000	\$1,268,000	\$1,781,000
Total Activities					\$513,000	\$1,268,000	\$1,781,000

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

- No 
- Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)

2018 Supplemental Budget - IT Addendum

Part 1: Itemized IT Costs

Please itemize any IT-related costs, including hardware, software, services (including cloud-based services), contracts (including professional services, quality assurance, and independent verification and validation), or IT staff. Be as specific as you can. (See chapter 12.1 of the operating budget instructions for guidance on what counts as “IT-related costs”)

Information Technology Items in this DP	FY2018	FY2019	FY2020	FY2021
Contract Project Manager	46,800	46,800	0	0
Contract Business Analyst	51,800	72,500	0	0
Contract Developer	41,400	31,400	0	0
Contract Quality Assurance	35,900	28,200	0	0
Software RFP Deliverables	123,800	876,800	0	0
Hosting Setup Fee	150,000	0	0	0
Software Maintenance	0	30,000	60,000	60,000
Software License	0	45,000	90,000	90,000
OSPI IT Manager	6,600	13,200	13,200	13,200
Total Cost	456,300	1,143,900	163,200	163,200

Part 2: Identifying IT Projects

If the investment proposed in the decision package is the development or acquisition of an IT project/system, or is an enhancement to or modification of an existing IT project/system, it will also be reviewed and ranked by the OCIO as required by RCW 43.88.092. The answers to the three questions below will help OFM and the OCIO determine whether this decision package is, or enhances/modifies, an IT project:

1. Does this decision package fund the development or acquisition of a new or enhanced software or hardware system or service? Yes No
2. Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.) Yes No
3. Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [OCIO Policy 121](#).) Yes No

If you answered “yes” to any of these questions, you must complete a concept review with the OCIO before submitting your budget request. Refer to chapter 12.2 of the operating budget instructions for more information.