New K-12 Grants System

2017-19 Biennium Budget
Decision Package

Agency: 350 Office of Superintendent of Public Instruction
Decision Package Code/Title: AL/New K-12 Grants System
Budget Period: 2017-19
Budget Level: PL

Agency Recommendation Summary Text:
The Superintendent requests additional operating budget funding of $1,649,000 for the 2017-19 biennium to replace iGrants and the Grant Claims system. This funding will support a more efficient system that will allow the agency to meet the requirements of the Every Student Succeeds Act (ESSA) regarding coordination across programs and consolidated applications at the sub grantee level. The system implemented by this project will also provide additional reporting and performance monitoring capabilities to better manage grant funding. In addition, the replacement system will support OSPI's capital budget request, which includes $100,000 to support system development.

Fiscal Summary: Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

Operating Expenditures	FY2018	FY2019	FY2020	FY2021
Fund 001-01	$1,008,000	$66,000	$64,000	$71,000
Fund 001-02	$500,000	$75,000	$43,000	$25,000
Total Cost	**$1,508,000**	**$141,000**	**$107,000**	**$96,000**
Staffing	**FY2018**	**FY2019**	**FY2020**	**FY2021**
FTEs	.1	.1	.1	.1
Revenue	**FY2018**	**FY2019**	**FY2020**	**FY2021**
Fund 001-01	$0	$0	$0	$0
Object of Expenditure	FY2018	FY2019	FY2020	FY2021
Obj. A	8,000	9,000	9,000	9,000
Obj. B	3,000	3,000	3,000	3,000
Obj. C	465,000	105,000	71,000	60,000
Obj. E	14,000	6,000	6,000	6,000
Ogj. G	18,000	18,000	18,000	18,000
Obj. J	1,000,000	0	0	0
Obj. M	0	0	0	0
Obj. N	0	0	0	0

Package Description

New K-12 Grants System

Background:

For the 2015-16 school year, iGrants, the current K-12 grants system together with the separate Grants Claims system processed approximately 180 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 related performance information and reports for a large volume of subgrants. This ability is a prerequisite to receiving federal funding. The current K-12 grant systems are old and outdated, difficult to maintain, and no longer meet user needs. The systems require constant manual modifications to keep up with changes needed by users and to maintain basic functionality. Each time revisions are made, the complexity of the processes increase and the frequency with which developers accidentally generate new bugs downstream while fixing issues or adding new functionality increases.

Both state- and district-level users of the current systems experience challenges. 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, because the iGrants system and the Grant Claims system do not interface the grant claim submittal process is arduous and time consuming.

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 to meet expectations for increased program effectiveness, OSPI needs 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.

Current Situation:

OSPI is in the process of identifying system requirements and generating a more accurate estimate for system replacement costs. Estimated schedule of activity to acquire additional information is below:

August 16 – October 2016	Gather system requirements
October 2016 – November 2016	Process requirements to ensure they describe agency needs
November – December 2016	Conduct RFI and generate a more accurate estimate for project costs
January 2017 – February 2017	Prepare solicitation
March 2017 – May 2017	Solicitation
June 2017	Process vendor bids and start project when funds become available

Proposed Solution:

New K-12 Grants System

This decision package is a placeholder to inform policy makers about upcoming needs for OSPI. OSPI will acquire additional information after understanding the requirements and obtaining information from the vendor community.

With a new system in place, OSPI and its sub grantees will be able to meet Federal requirements for a consolidated application for sub grantees, gather and report meaningful data to manage grants across programs, reduce the burden on users, reduce the cost of annual maintenance, and reduce the reliance on a limited IT maintenance resources. Due to limited system knowledge base, the learning curve for new developers is estimated to be a couple of months and may leave users with no way to access state or federal grant funds during that time. A new system would create a sustainable maintenance and coding structure accessible by a broader group of developers without any delays.

The components implemented by this project would allow staff time to review and modify the grant processes and build or buy a system that supports the needs of the agency, its users and the Federal government.

Agency Contacts:
- Jennifer Carrougher, Director of Federal and Fiscal Policy, 360-725-6280
- Curtis Richardson, Director of Project Management, 360-725-6142

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.
- The program will continue to use contract staff to provide maintenance for the grants and claims system.
- The ongoing years have a reduced amount associated with them because the collection of funds will continue through CA charge back to fund an estimated $120,000 every fiscal year. This will pay for the application license.

Decision Package expenditure, FTE and revenue assumptions, calculations and details:
- Funding for .1 FTE IT Specialist 5 is being requested to manage the contracts and vendor associated with the application.
- The OCIO requires external Quality Assurance to occur on level 2 projects from the beginning of the project. Contracted resources include a Project Manager, Business Analyst, Application Developer, and Quality Assurance. Contract costs were estimated by multiplying the contract resource rate and the number of hours estimated to complete the work. We project contract costs to be $565,000 in FY18, $105,000 in FY19, $71,000 in FY20, and $60,000 in FY21
- Software costs were estimated by multiplying a vendor estimate of $8,700 per form package times 116 form packages.

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 year.
  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.

New K-12 Grants System

- Outcome 3: Improve data reporting capabilities in order to better monitor and manage grants and claims across programs.
    - Performance Measure: Staff time saved submitting claims for grants and extracting data to monitor grants.

What undesired results will be reduced?
Federal programs may incur a higher charge for services.

Will efficiency increase? How?
Efficiency may increase in processing of grants; however, effectiveness will show the greatest return. The grants programs will have the opportunity to consolidate grants across programs and change the nature of how grants are used in the districts. This will permit a better use of funds. Example: grants related to professional development will not be broken into programs and distributed on individual grants. The districts will have to budget for professional development and select the grants that pertain to professional development. This will take a mind shift for staff and districts.

Performance Measure detail:
Stated above with the outcomes.

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? Please complete the following table and provide detailed explanations or information below:

Impact(s) To:		Identify / Explanation
Regional/County impacts?	No	
Other local gov't impacts?	Yes	Identify: 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	

New K-12 Grants System

Impact(s) To:		Identify / Explanation
Does request contain a compensation change?	No	
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 the application is enhanced or replaced, 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.

What alternatives were explored by the agency and why was this option chosen?
OSPI is currently working with a vendor to collect requirements to better understand the system pitfalls and potential opportunities. The goal is to make a buy or build decision based on the results of the vendor's work (estimated to be completed by mid-October).

#	Option	Pros	Cons
1	New SaaS iGrants (RFP)	• Integrated with Claims. • Standardized applications. • Consolidated applications. • Maintenance covers all yearly updates, changes and automatic upgrades to the system. • Systems are kept up to date with Federal education policy.	• There is a 2-year process to put the application in place. • Need to contract with Business Analyst to build the RFP; • 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

New K-12 Grants System

# Option	Pros	Cons
2 Rebuild Existing iGrants (add features to improve)	• Control of system changes. • Flexible/customizable forms	• 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.
3 New Custom	• Will have dream system.	• Expensive • Still have to support somehow • Take a long time (2-3 year)
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 ($103 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 its 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.

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:
- iGrants Estimate Worksheet – requires OSPI account to access file

Activity Inventory: Work with your Budget Analyst for this Information

Activity Inventory Item	Prog	Staffing			Operating Expenditures		
		FY2018	FY2019	Avg	FY2018	FY2019	Total
A002	010	.1	.1	.1	$1,508,000	$141,000	$1,649,000
Total Activities	010	.1	.1	.1	$1,508,000	$141,000	$1,649,000

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 **STOP**

☒ Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)

New K-12 Grants System

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 (*insert rows as required*)	FY2018	FY2019	FY2020	FY2021
OSPI staff contract manager	43,000	36,000	36,000	36,000
Implement Software	150,000			
Software License or Subscription Service	1,000,000			
Project Manager	135,000			
Business Analyst	119,400			
Developer	114,400	59,865	59,865	59,865
Quality Assurance	45,400	45,413	11,353	
Total Cost	**$1,607,200***	**$141,278**	**$1070,218**	**$95,865**

- Total includes $100,000 in funds from capital budget.

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.