

# OVERVIEW

THE AUDITOR  
STATE OF HAWAII

## Follow-Up Review of the Incentive and Innovation Grant Review Panel of the Department of Education

### Summary

The Office of the Auditor conducted a follow-up review of the Incentive and Innovation Grant Review Panel of the Department of Education. Our review focused on the findings and recommendations contained in our 1994 Report No. 94-24, *A Review of the Incentive and Innovation Grant Review Panel of the Department of Education*.

The Legislature established the panel to review proposals and make recommendations to the superintendent of education for grants to public schools to fund experimental and innovative instructional programs, in-service training, and other activities promoting innovation. Grant projects are supposed to improve student performance. The Legislature appropriated about \$2 million for the incentive and innovation grant program for FY1995-96 and \$1.7 million for FY1996-97.

In our follow-up, we found that improvements in the program have been made since our 1994 review. The panel now has a clearer role in the grant process. It also has upgraded its selection criteria for awarding grants, applied the criteria more consistently, and instituted conflict-of-interest procedures. The process of evaluating projects that receive grants has been expanded to include external evaluations.

However, basic questions about the grant program remain. We found that the program's effectiveness in meeting the Legislature's expectations is questionable. Sometimes it is not clear that grant projects are innovative, and schools often have difficulty administering the projects. The evaluation process has significant limitations, making it difficult to determine whether grant projects are improving student outcomes or meeting their other stated goals. The panel's approach of reducing grant funding over the life of multi-year grant projects can be counterproductive; successful projects may not be fully supported; the sharing of project information and results is limited; and not all of the funds appropriated are being used for the program.

The program needs to show its capacity to produce genuine innovation that improves student performance in the public schools on an ongoing basis. We believe that a more realistic approach to financing and managing innovation in the schools may be needed. As an alternative, the Legislature could redesign the program by appropriating funds for the program as a "research and development"

cost and requiring stronger program coordination and reporting by the Department of Education. At the same time, the best features of the existing program, including the use of a review panel, could be preserved.

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## Recommendations and Response

We recommend that the Legislature consider appropriating funds for the incentive and innovation grant program as a research and development cost as set forth in Sections 37-62 and 37-71, Hawaii Revised Statutes, instead of as an operational cost, as is currently the case.

We also recommend amending Section 302A-301, HRS, which governs the program. The proposed amendments focus on budgeting, management, and reporting. They are designed to ensure true innovation; adequate support for grant projects; evaluations that focus on the degree to which a project has improved student performance and is transferable to other schools; sharing of information about projects throughout the school system; and a detailed annual report on the program to the Legislature.

The proposed amendments include a procedure under which the individual schools and the department will work together to determine which projects will be incorporated into certain schools' ongoing programs and into the department's annual operating budget. Projects that require additional funding over and beyond what the school was previously receiving would submit program change requests through the normal budgetary process.

The department disagrees with our recommendation that the Legislature appropriate funds for the incentive and innovation grant program as a research and development cost as set forth in Section 37-62 and Section 37-71, Hawaii Revised Statutes. The department also disagrees with our recommendation to amend the statute governing the panel. The department gives two major reasons for its disagreement. First, it says that the incentive and innovation grant program was not intended to be the research arm of the department but was intended to be school-based, in accordance with the will of the Legislature and the department. Second, it says that the amount of funding is far too little to support expanded program maintenance, assessment, and dissemination efforts. While disagreeing with our recommendations, the department discusses what it is already doing or planning to do about the issues raised in our report.

We acknowledge the department's concerns about our recommendations and we appreciate its attention to our findings. However, we continue to believe that our recommendations offer the best prospects for resolving the problems identified in our review.

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