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

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A Report to the  
Governor  
and the  
Legislature of  
the State of  
Hawaii

Report No. 97-4  
January 1997



**THE AUDITOR**  
STATE OF HAWAII

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## The Office of the Auditor

The missions of the Office of the Auditor are assigned by the Hawaii State Constitution (Article VII, Section 10). The primary mission is to conduct post audits of the transactions, accounts, programs, and performance of public agencies. A supplemental mission is to conduct such other investigations and prepare such additional reports as may be directed by the Legislature.

Under its assigned missions, the office conducts the following types of examinations:

1. *Financial audits* attest to the fairness of the financial statements of agencies. They examine the adequacy of the financial records and accounting and internal controls, and they determine the legality and propriety of expenditures.
2. *Management audits*, which are also referred to as *performance audits*, examine the effectiveness of programs or the efficiency of agencies or both. These audits are also called *program audits*, when they focus on whether programs are attaining the objectives and results expected of them, and *operations audits*, when they examine how well agencies are organized and managed and how efficiently they acquire and utilize resources.
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## THE AUDITOR STATE OF HAWAII

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# 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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Submitted by

**THE AUDITOR**  
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## Foreword

This is a report of our follow-up review of the Incentive and Innovation Grant Review Panel of the Department of Education. Our follow-up 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 follow-up review was conducted pursuant to Section 23-4, Hawaii Revised Statutes, which requires the Auditor to conduct postaudits of the transactions, accounts, programs, and performance of all departments, offices, and agencies of the State and its political subdivisions.

We wish to express our appreciation for the cooperation and assistance extended to us by the Department of Education, the Incentive and Innovation Grant Review Panel, and individuals who provided information during the course of our review.

Marion M. Higa  
State Auditor





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# Chapter 1

## Introduction

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The purpose of this review is to follow up on actions taken with respect to the findings and recommendations in our December 1994 report, *A Review of the Incentive and Innovation Grant Review Panel of the Department of Education*, Report No. 94-24. Our previous report responded to Section 14 of Act 364 of the Regular Session of 1993, which directed the State Auditor to examine the operations of the review panel. This follow-up audit was conducted pursuant to Section 23-4, Hawaii Revised Statutes, which requires the Auditor to conduct postaudits of the transactions, accounts, programs, and performance of all departments, offices, and agencies of the State and its political subdivisions.

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## Background

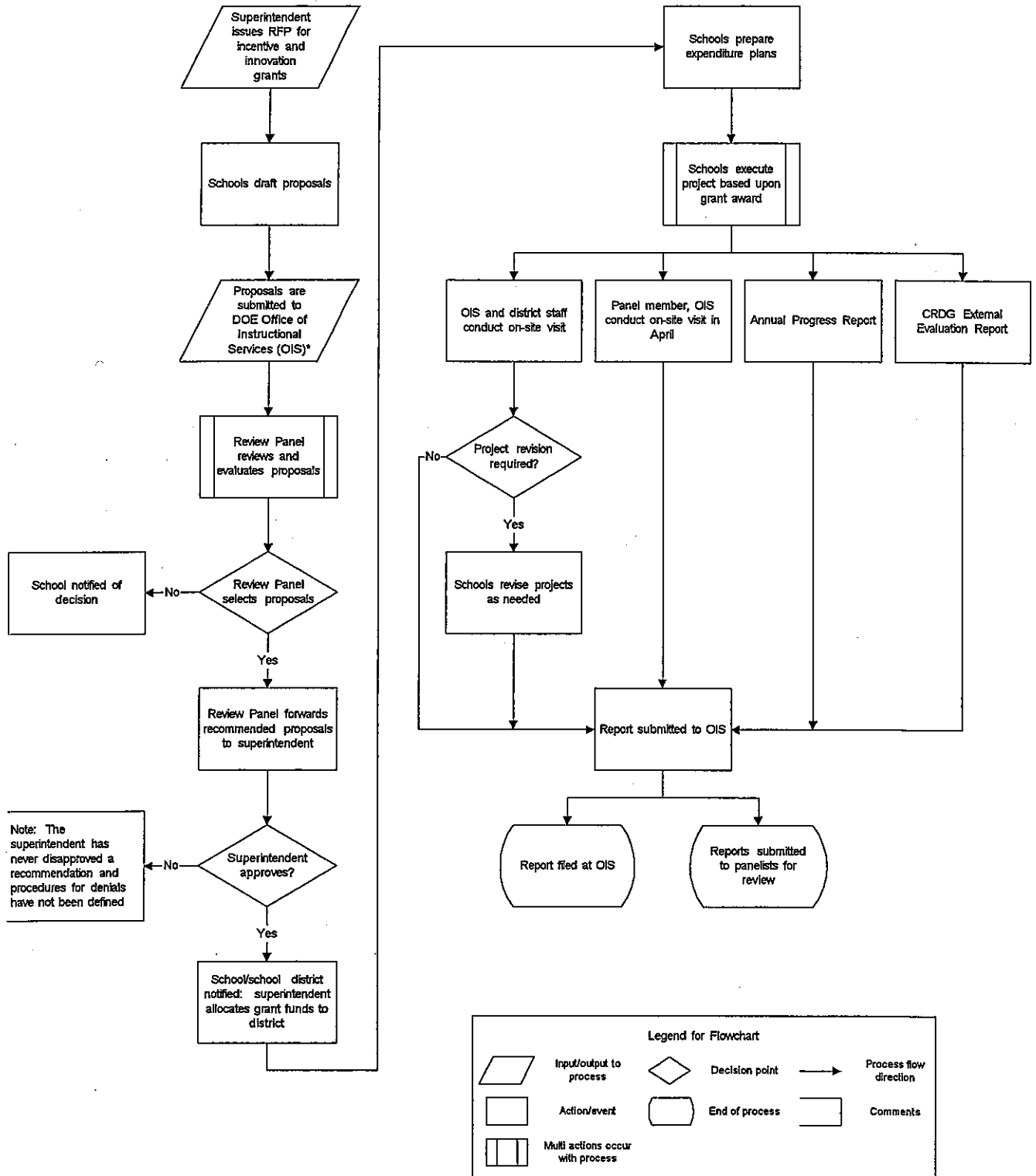
In 1993, the Legislature established the Incentive and Innovation Grant Review Panel through Section 13 of Act 364. The panel is responsible for reviewing proposals and recommending grants to public schools to fund experimental and innovative instructional programs, in-service training, and other activities promoting innovation. Grant projects are supposed to improve student performance. Statutory provisions affecting panel operations are now found in Section 302A-301, HRS.

Appointed by the Board of Education, the panel consists of at least one representative from each of the following groups: parents, students, teachers, school administrators, school support staff, business persons, and the military. Membership includes a representative from each school district. Panel members serve for a two-year term without compensation. The department's Office of Instructional Services (recently reorganized as the Office of Accountability and School Instructional Support, or OASIS) provides administrative support to the panel.

Section 302A-301 charges the panel with the following key functions: (1) reviewing proposals and making recommendations to the superintendent of education for incentive and innovation grant awards; (2) assisting the superintendent in evaluating all grant programs on a continuing basis; and (3) developing a simple process for submitting proposals, with minimal paperwork. Exhibit 1.1 charts the grant award and evaluation process.

Act 364 also created the Incentive and Innovation Grant Trust Fund to support experimental and innovative instructional programs and other activities that promote innovation. However, the Legislature has not made any appropriations to the trust fund, but has thus far chosen to finance the program through the state general fund.

**Exhibit 1.1  
Incentive and Innovation Grant Process**



\*As of July 1, 1996, the Office of Instructional Services was reorganized as the Office of Accountability and School Instructional Support (OASIS).

For FY1993-94 and FY1994-95, respectively, the Legislature made available about \$3.2 million and \$2.3 million for the grant program. Appropriations were about \$2.0 million for FY1995-96 and \$1.7 million for FY1996-97. For FY1993-94, 37 projects received grant awards. Awards for new grants and renewals of existing multi-year grants totaled 40 for FY1994-95, 30 for FY1995-96, and 32 for FY1996-97.

The Appendix to this report describes projects receiving grant awards for fiscal biennium 1995-97.

### ***Prior report findings and recommendations***

Our 1994 report assessed the effectiveness of the grant review panel's operations and the grant award process. We found that the panel's role in the grant award process was limited. First, it did not review all projects receiving grants. Some projects had been transferred into the grant program—or guaranteed a grant award—by legislative directive. The department had decided on the funding for these transferred projects without consulting the panel, and these amounts often exceeded the award maximum set by the panel. Second, the panel did not have full access to available grant funds appropriated by the Legislature. The department made available to the panel only about 20 percent of the available funds during FY1993-94 (\$656,000 out of \$3.2 million) and about half during FY1994-95 (\$1.2 million out of \$2.3 million). The department used the remaining funds to make up the shortfall for other projects that were transferred into the grant program and for other departmental programs.

In 1994, we also found the award process flawed by unclear criteria that the panel applied inconsistently. A fundamental difficulty was that “innovation” was not clearly defined. Furthermore, the maximum grant amount was unclear. Schools may have unnecessarily restricted the scope of their projects because they did not interpret the guidelines correctly. In addition, the panel did not always enforce its proposal format and content requirements. Some proposals that did not conform to the panel's standards were recommended for award. Also, several schools received grants without having to compete for the awards, and other schools affiliated with a review panelist were given the unequal opportunity to clarify their proposals before the panel. We found that some of the proposals lacked detailed budget requests, resulting in the panel recommending funding amounts without information on whether the amounts requested were reasonable.

Our 1994 review also found that the department and the panel had failed to adequately evaluate programs receiving grant awards. They relied largely upon the self-evaluations and data generated by the schools, which had not been tested for validity, so independent evaluations were needed. Also, panelists were not visiting all projects receiving grant awards. Panelists did not always receive and read the written evaluations resulting

from site visits. The panel relied upon the verbal reports of the panelists visiting the project when deciding whether to continue funding for multi-year projects.

Our 1994 report made recommendations to the superintendent of education, review panel, and Legislature to address these concerns. We also recommended that the Legislature (1) require by a budget proviso that funds appropriated for the grant program be used solely for that purpose, and (2) require that the department submit annual reports detailing the program's expenditures, awards, and evaluations. We recommended that the review panel develop clear selection criteria, policies, and procedures including a definition of "innovative" and conflict of interest provisions. Finally, we recommended more independent evaluations of grant projects, and that the panel consider the evaluation reports in making the grant awards.

### ***Agency response to prior report***

The department and the panel agreed with some of our 1994 conclusions and disagreed with others. They emphasized the voluntary nature of the review panel and the time needed to carry out the panel's responsibilities.

The department thought that a specific legislative proviso for appropriations to the grant program was unnecessary, and also disagreed on the need to conduct independent evaluations of *all* grant projects. The review panel agreed that clearer selection criteria and guidelines were needed and said it planned to develop procedures to remove any unfair advantage or conflict where panelists are affiliated with a particular proposal.

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### **Objectives of the Follow-Up Review**

1. Review the extent to which findings and recommendations contained in our prior review are being addressed.
2. Make recommendations as appropriate.

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### **Scope and Methodology**

Our review followed up on the findings in our 1994 report and determined the extent to which our recommendations have been implemented by the Department of Education, the Incentive and Innovation Grant Review Panel, and the Legislature.

We assessed key management controls over the grant award and selection process including its direction by the superintendent of education, grant selection criteria, conflict of interest procedures, standardized forms, budgets, and evaluations. We reviewed applicable laws and incentive and

innovation grant documents for FY1995-96 and FY1996-97, such as project proposals and awards, monitoring and evaluation materials, budget details, and policies and procedures. We interviewed the panel chair, a panel member, staff of the department's Office of Instructional Services who provide support to the panel, selected school project staff, and other relevant parties.

A key issue in our review was whether the department is using the grant awards process to generate innovative projects that improve student performance and that eventually can become part of the schools' regular programs. In reviewing the grant program's operations, we considered the clarity, inclusiveness, openness, consistency, and fairness of the process and the use of evaluations for decision making on grants.

Our work was performed from June 1996 through November 1996 in accordance with generally accepted government auditing standards.



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# Chapter 2

## Improvements Have Been Made, but Basic Questions About the Grant Program Remain

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A primary focus of the Legislature in the 1990s has been public-school improvement and student achievement. Act 364 of 1993, which created the Incentive and Innovation Grant Review Panel of the Department of Education, reflected that focus.

Our 1994 report concluded that the panel's effectiveness was limited, due to problems in its parameters, access to funding, operations, and evaluations. In our follow-up review, we found that improvements have been made.

However, we question the overall effectiveness of the grant program as currently designed, in fostering innovative projects in the schools that can improve student performance. A new approach that finances these projects as "research and development" in the executive budget and that requires stronger departmental coordination could be more productive.

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### Summary of Findings

1. The operations of the Incentive and Innovation Grant Review Panel have improved since our 1994 review. The panel has a clearer role in the grant process, criteria for selecting proposals are more clearly defined, and the process of evaluating projects that receive grants was expanded.
2. The effectiveness of the grant program in meeting the Legislature's expectations is in question, despite the improvements that have been made. Sometimes it is not clear that projects are innovative. Schools often have difficulty administering their projects, and evaluating performance has been a problem. The reduced-funding approach 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.
3. A more realistic approach to financing and managing innovation in the schools may be needed. As an alternative, the Legislature could appropriate funds for the program as a "research and development" cost, and require stronger program coordination and reporting by the Department of Education. The State should accomplish these improvements while preserving the best features of the existing program, including the use of a review panel.



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## **Operations of the Grant Review Panel Have Improved**

The Incentive and Innovation Grant Review panel is responsible for developing a process for the submission of grant proposals from the public schools, reviewing proposals, making grant award recommendations to the superintendent of education, and assisting the superintendent in the ongoing evaluation of projects that receive grants. Our previous report identified problems in these areas and made recommendations for improvement. In our follow-up review, we found that the program has made some progress.

### ***Panel's parameters are clearer***

Our 1994 review found that the panel's role in the grant award process was limited because it did not review all projects. Some grants had been awarded, and grant amounts decided, without the panel's input. These were projects transferred into the grant program, or guaranteed a grant award, by legislative directive. Our 1994 report recommended that the superintendent ensure that the panel reviews and makes recommendations and decisions on all grant proposals and projects funded by the incentive and innovation grant program.

This problem appears to have been resolved. Since 1994, no legislation has been enacted to transfer or direct the placement of projects into the grant program. The panel reviewed and recommended all proposals receiving grants for FY1995-96 and FY1996-97. The panel also reviewed all ongoing multi-year projects, including those previously transferred into the program, to determine whether the projects should receive continued funding. In summary, the panel reviewed, and recommended funding for, all projects currently in the grant program.

### ***Steps were taken to improve panel operations***

Our 1994 review found flaws in the panel's operations. The panel used unclear criteria for selecting projects and applied them inconsistently. Also, schools directly affiliated with panelists had an unfair opportunity to clarify their proposals with the panel. Our follow-up review found some recent improvements in these areas.

### **Selection criteria upgraded**

In 1994, we reported that a fundamental difficulty with the award process was that "innovation" was not clearly defined in the panel's instructions to schools. Grant writers and panelists used their own interpretations of "innovation." We also found some confusion as to whether the panel's stated maximum award amount of \$50,000 was an annual cap or was for the life of a grant project. The maximum may have been misinterpreted by schools submitting proposals.

Following our 1994 review, the panel defined “innovation” in its fact sheet as “anything new or different from the norm for that particular school that is submitting the proposal.” While this definition is broad, it was an effort to respond to our concerns. In addition, the panel’s fact sheet for the schools now clarifies the maximum award amounts for one-, two-, three-, and four-year grants.

### **Criteria applied more consistently**

We found in 1994 that panel members had applied the selection criteria inconsistently. Proposals recommended for funding did not always meet the panel’s format requirements. In addition, some projects receiving grants did not meet the panel’s requirement to explain how student learning would be improved. Furthermore, some of the multi-year projects receiving grants had not satisfied the panel’s requirement to include a specific plan for including the program within the school’s biennium budget. The projections made in the grant proposals did not show whether school funds would be sufficient to meet expected costs.

In addition, we found in 1994 that the panel was not requiring proposals to be submitted in a standardized format or to present information in a consistent order. This was making it difficult to compare proposals and to determine whether all of the requirements were met. Also, the panel’s budget worksheet for proposals did not require costs to be broken out in sufficient detail to determine whether those costs were non-recurring, realistic, and reasonable.

To correct these problems, our 1994 report recommended that grant criteria and selection procedures include a standardized form and format and a detailed budget and budget narrative.

During our follow-up review, we found that the panel has revised its forms to facilitate the review of grant proposals. The forms establish a standard proposal format that requires a narrative description of the project in the following sequence: (1) need or goal, (2) how the project will improve student performance and the project’s relationship to the School Improvement Plan, (3) project objective, (4) activities and timeline, and (5) evaluation plan. Staff of the Office of Instructional Services (recently reorganized as the Office of Accountability and School Instructional Support) report that they now screen incoming proposals for conformity with the format requirements. The panel also designed and used a proposal review rating scale to assist reviewers in applying the award criteria more consistently.

In addition, the grant application package now includes a standard budget form requiring a detailed breakdown for amounts over \$1,000. The panel still does not ask for a detailed budget narrative, but it does require the proposal’s general narrative to be *consistent* with the project’s budget plans.

### **Conflict of interest addressed**

Our 1994 review found that certain panel members affiliated with schools submitting grant proposals were given the opportunity to explain these proposals to the other members of the panel. Even though the affiliated panel members did not vote on their schools' proposals, their greater access to the panel gave their schools an advantage. We objected to this situation and recommended that the panel develop procedures requiring panelists affiliated with a specific project or school to disclose this information and refrain from panel discussions of the proposal.

In response to our concerns, the panel instituted conflict-of-interest procedures. Panel members now must disqualify themselves from the selection process for a proposal with which they have a direct relationship. A direct relationship occurs if the panel member or member's spouse works at the school submitting the proposal, if the panel member's children attend the school, or if the panelist helped write the proposal. The panel member cannot select that proposal when reviewing, rating, and selecting proposals. Furthermore, panel members affiliated with ongoing projects must leave the room while continuation of funding is being discussed and voted upon.

Already under the new procedures, two panel members having direct relationships with ongoing projects reportedly have been required to leave the room during the panel's discussion and vote.

### ***Evaluations subsequent to grant award have been expanded***

Section 302A-301, Hawaii Revised Statutes, requires the review panel to assist the superintendent in evaluating on a continuing basis all projects that have received incentive and innovation grant moneys and to recommend the termination of funding for projects that do not meet the requirements of their proposals.

At the time of our 1994 review, panel procedures required several project reviews: an on-site visit by staff of the Office of Instructional Services and the Department of Education district office shortly after the grant award; monitoring visits each April by Office of Instructional Services staff and panel members; and an annual progress report by the school each April explaining whether the project had met its goals and objectives. Also, the panel had informed the schools that external evaluations were to be conducted by the state office of the Department of Education (through the Office of Instructional Services) in each of the first two years for three-year projects, and each of the first three years for four-year projects.

Our 1994 review found that the Department of Education and the review panel did not adequately evaluate grant projects. The panel did not always use the evaluations to decide whether to continue funding for multi-year projects. We identified the following problems:

- The state office of the Department of Education had not conducted any external project evaluations;
- Half of the panelists were unaware of the various reviews or did not understand how each of the reviews was used;
- No panel member had visited several projects receiving an award;
- Panelists did not have sufficient knowledge of project evaluations to recommend termination of funding; and
- Evaluations lacked independence because they relied largely on information and internal evaluations done by the schools.

To promote more objective evaluations for the panel to use in decision making, our 1994 report recommended (1) that the Department of Education and the review panel evaluate all grant projects independently from the internal evaluations done by the schools, and (2) that the review panel consider the evaluation reports in making grant awards.

In response to our recommendation, the Department of Education contracted with the Curriculum Research and Development Group of the University of Hawaii to perform external evaluations of multi-year projects and also sent visiting evaluation teams to all project sites. The teams were made up of three members each—one panel member, one state educational specialist, and one district educational specialist.

In FY1994-95, the Curriculum Research and Development Group attempted to identify credible findings of the self-evaluations the grant projects had reported in their annual reports to the panel. The curriculum group then summarized the findings and made conclusions about the merit and worth of the school projects. The panel is now using these evaluations to some degree in deciding about continued funding.

Despite the improvements we have just cited, the effectiveness of the grant program has not yet been demonstrated. Further improvements are needed if the program is to meet legislative expectations.

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## **Effectiveness of Grant Program Is Questionable**

Our 1994 review examined the effectiveness of the operations of the grant review panel soon after its creation. In our follow-up review, we were able to assess effectiveness with the benefit of two more years of experience.

The Legislature's expectations for the incentive and innovation grant program were clear. Act 364, SLH 1993 established the Incentive and

Innovation Grant Review Panel to foster experimental and innovative projects that improve student performance, with evaluation plans built in. Section 10 of the act—the preamble to the incentive and innovation provisions—called for empowering schools to institute creative and innovative programs, identify successful programs, and redirect funding to areas proven effective in improving student achievement. The preamble also called for the continual evaluation of school improvement programs to ensure their effectiveness in improving student outcomes.

In our follow-up review, we found that despite improvements in the panel's operations, the effectiveness of the incentive and innovation grant program in meeting the Legislature's expectations is questionable. Problems remain in (1) defining innovation, (2) administering projects effectively, (3) evaluating performance, (4) funding multi-year projects, (5) supporting successful projects, (6) sharing results throughout the public school system, (7) keeping the Legislature informed, and (8) ensuring that funds appropriated for the grant program are used for this purpose.

***Projects may not  
always be innovative***

Section 302A-301, HRS, states that the purpose of the grants is to provide funding for experimental and innovative instructional programs, in-service training, and other activities that promote innovation. The law does not define "experimental" or "innovative."

The panel's definition of innovation as "anything new or different from the norm for that particular school that is submitting the proposal" is still quite broad. Furthermore, the panel's instructions to proposers do not clearly require them to state how the proposed project is innovative or to compare the school's existing strategies with the proposed approach.

Some proposals are well-written and describe projects that seem truly innovative. However, the broad definition of innovation and the limited instructions often make it hard to precisely identify the innovative aspects of a proposal. We found that many proposals do not describe the *existing* situation at the school. For example, proposals for new computers do not describe the type of computers the school currently has in order for the panel to compare this with the type of computers needed for the innovative program. Thus the panel cannot easily determine how the proposed project is different or innovative.

Also, some individuals involved in the program informed us that they do not consider such items as computers, video equipment, and other types of equipment to be innovative if used simply to integrate technology into the normal curriculum, and do not believe the purpose of the innovation program is to provide equipment to the schools. However, the purchase

and use of such new equipment may meet the panel's current definition of innovation because the equipment is "different from the norm" for that particular school.

Furthermore, while a description of the school's needs and goals for the proposed project is required, simply describing a school need does not automatically mean that a proposed change is innovative.

Grants have been awarded for projects whose innovative or experimental nature is debatable. For example, one project equips a marine science laboratory. Although marine science apparently was new to the school that received the grant, marine science is not a new, creative, or innovative concept in the field of education.

Other projects illustrate the lack of guidance provided by the panel's definition of innovation. One project provides computers to at-risk students who are denied access to a campus computer lab. According to the school, the development of an off-campus computer lab was needed to teach students computer applications in order to further develop their basic and employable skills. Another project provides a system for recording attendance, test results, evaluations, and other aspects of the educational history of at-risk students in order to better help them. Previously, the school recorded these items manually. Whether these projects represent true educational innovation remains unclear.

***Problems in project administration are common***

Apparently schools often are unable to administer projects properly. An evaluation of school year 1994-95 projects by the Curriculum Research and Development Group found that schools studied did not fully consider project implementation and cost issues when selecting projects. Sixteen of seventeen schools had underestimated logistical and management issues. School personnel mentioned the following difficulties:

- time, scheduling, and transportation problems;
- unanticipated administrative demands, including paperwork;
- problems obtaining adequate staff, facilities, and equipment; and
- unexpectedly large numbers of students taking part.

Almost half of the schools underestimated the amount of funds needed for project implementation.<sup>1</sup>

Our interviews with selected project staff confirmed that project administration is often a source of difficulty and frustration.

### ***Evaluation still faces obstacles***

Following our 1994 report, efforts to evaluate projects receiving grants were enhanced by contracting for evaluations to be performed by the Curriculum Research and Development Group and by increasing the use of evaluations in considering continued funding. However, we found that the evaluation process still has significant limitations, making it difficult to determine whether projects are improving student outcomes or meeting their other stated goals.

#### **Projects' self-evaluations are unreliable**

The curriculum group found that there was not enough information to show that credible methods were used in projects' self-evaluations, or there were weaknesses in the evaluation designs and methods. Consequently, the curriculum group could not determine the merit and worth of many school year 1994-95 projects. Although projects may have achieved their objectives, the evidence was inadequate because self-evaluations did not contain sufficient evidence.<sup>2</sup>

Earlier, the curriculum group had conducted separate evaluations of the projects at Kawanakoa Intermediate and Waialae Elementary based on data provided by the programs. The group found that Waialae's program reports contained mainly qualitative data (for example, reflections, group memories, meeting notes). Limited quantitative data demonstrating project effects on student performance were included. Since many of the procedures for collecting and analyzing data were not thoroughly described in the school's reports, the group could not examine the quality of the methods and the reliability and validity of the data and findings.<sup>3</sup>

The curriculum group's evaluation of Kawanakoa Intermediate observed that teachers used varying formats to gather data on the number of pages read by students outside the classroom and that the school had not summarized the information for evaluation purposes. Therefore the group was unable to determine if a program objective—that students would become more independent readers—was met. The group concluded that the school findings showed high implementation of the reading project in the school, and some improvement in reading performance. However, the group warned that although these findings may suggest some relationship between the school's reading project and the students' reading achievement, the school's data-collection methods and data may have compromised the evaluation.<sup>4</sup>

Innovation project staff in the schools are not necessarily skilled in evaluation design and data collection. Therefore, they have had difficulty in evaluating their own innovative programs. Consequently, the Department of Education will contract with the curriculum group to teach school staff how to evaluate. The group has drafted guidelines for designing evaluations to help schools improve existing evaluations and plan new ones, to be used in the workshops.

### **Scheduling problems limit value of evaluations**

Although external evaluations are now used to help determine whether to continue funding each multi-year grant project, the evaluations are out-of-date when used.

For example, FY1994-95 projects were evaluated in FY1995-96 and these evaluations were used by the panel in May 1996 to determine whether to continue the project's funding for FY1996-97. Therefore, decisions on school year 1996-97 awards were based on evaluation of activities conducted in school year 1994-95. The evaluation would lack an assessment of the project's 1995-96 activities.

### **On-site monitoring visits are underutilized and inadequate**

Since the external evaluations do not provide the most recent information, the panel typically uses on-site monitoring visits as the principal basis for its decisions on continued funding of grant projects. A panel member and staff of the Office of Instructional Services may read the project's annual progress report prior to their site visit. The panel member then presents his or her findings to the other panel members during the discussion of continued funding for the particular project. The other panel members usually do not read the annual progress reports or on-site visit reports, unless there are concerns or problems with that particular project.

In addition to reading the available annual reports, panelists made two to six two-hour monitoring visits to various projects. From March through May, panel members read the external evaluations by the curriculum group, reviewed 66 new proposals submitted for grant awards for FY1996-97, and attended two panel meetings. These many obligations may help explain why not all progress reports or on-site visit reports are read. The panel is not using all available information to make decisions.

We also found that panel members did conduct the required on-site visits for most of the projects. However, many of the panel's visits—and the resulting reports—rely mainly on interviews and observation rather than the review of project data. Neither the annual progress report nor the on-site visit report forms require reference to project data.

### ***Reduced-funding approach can be counterproductive***

The panel's instructions to schools ask for a reduced-funding approach to multi-year projects (projects extending for two, three, or four years). The idea is to gradually shift the funding of the project to the school over the course of the grant period by decreasing the grant funds available. Schools have some flexibility in structuring the phase-down.

The reduced-funding approach may make sense in certain circumstances, where the principal project costs occur at its beginning (for example,



equipment purchases). However, the approach also can weaken some projects at the very time when they are trying to establish their viability and are being evaluated.

***Ongoing support for successful projects is uncertain***

The superintendent's annual memorandum soliciting innovation grant proposals states: "Schools should not commit to long-term expenditures they cannot themselves support, i.e., all restructuring efforts should be realistic in terms of the availability of school-level funding support once implementation has begun." Even the most successful innovation projects are of little lasting value if they are not incorporated into the schools' regular budgets and permanent programs.

We found that some schools are having trouble continuing their innovations. If schools are fortunate, the innovation can be continued with no additional funding by integrating it with existing efforts (perhaps in a modified form) or using it to replace an existing approach. In some cases, however, the innovations have struggled because they lack sufficient ongoing funding.

The grant application process is partly at fault because schools are not required to demonstrate how they will support their projects when grant funding runs out. Although applicants must identify any existing funds that are to be committed to the project, they do not have to show just how the projects will be sustained by school funds after the grant award.

***No formal mechanism exists for sharing project information***

There is no formal mechanism to allow schools to benefit from other schools' innovation grant projects. The program is supposed to promote trial projects and identify effective innovations statewide. Many of the current projects are either similar to one another or are similar to completed projects. The lack of a formal mechanism to share information can result in an inefficient distribution of limited resources because schools cannot easily tailor proven innovations to their own needs.

The lack of a mechanism for sharing information is of particular concern because many schools are not receiving innovation grants, for various reasons. If these schools will not benefit from the trial programs conducted at other schools, limited state resources will be wasted.

In addition, the lack of a mechanism for sharing makes it difficult for the department to assess the grant projects as a whole and provide guidance and direction on where the program should be headed. The program remains basically a means of funding innovation at selected schools.

***Legislature needs more information***

Currently, funding for the innovation program is somewhat difficult for the Legislature to track because it is merged into the operating costs

category in the EDN 100 item of the appropriations act. In addition, the annual report on the operations of the review panel submitted by the superintendent of education under Act 364 contains only basic information such as the number of awards made, program expenditures, and general statements as to the program's success. These factors limit the Legislature's information for decision making. Missing are descriptions of innovative projects receiving funds, results of evaluations including projects' impact on student performance, and potential for introducing successful innovations in other schools.

***Funds are still restricted***

Our 1994 report found that the panel's effectiveness had been impaired by limitations on its access to funds available for the incentive and innovation grant program. The superintendent of education used a portion of the appropriated funds to make up the shortfall for projects transferred to the program. The superintendent also restricted approximately one-third of the appropriated funds.

To ensure that moneys appropriated for the program are expended for that purpose, we recommended in 1994 that the Legislature include a clearer and more specific proviso in the appropriations act. We suggested that the proviso (1) stipulate that funds appropriated for innovation grants be utilized solely for the program's purposes and not restricted or transferred to other programs, and (2) require the Department of Education to prepare annual reports detailing the expenditures of grant funds, projects receiving awards, amounts awarded, and any evaluations that have been made.

The Legislature did not enact a proviso and the department has continued to restrict the use of funds appropriated by the Legislature for innovation grants. Of \$2,010,721 appropriated for FY1995-96 grant programs, the department restricted \$517,180 (26 percent of the appropriated funds) to meet the overall restriction imposed by the governor and \$489,912 for "contingencies" (24 percent) due to the impact of the executive restriction on other programs and payments to teachers for the State's early retirement incentive program. These restrictions left the panel with about one-half of the appropriated funds to award. Of \$1,743,961 appropriated for FY1996-97 grant programs, \$740,332 was restricted for contingencies. Thus, the panel still does not have access to all available funding. (See Exhibit 2.1.) This limits the possibilities for funding potentially innovative projects.

The department has asserted that a specific proviso is unnecessary and that the department has the right to decide which program appropriations should be reduced when the governor restricts funds from the department's appropriations. However, this approach weakens the grant program financially.

**Exhibit 2.1  
Incentive and Innovation Grant Program  
Uses of Appropriated Funds**

Competitive Grant Awards (by District)	FY1995-96 Amount	%	FY1996-97 Amount	%
Honolulu	\$ 391,021		\$ 389,616	
Central	\$ 129,098		\$ 292,599	
Leeward	\$ 81,149		\$ 72,278	
Windward	\$ 79,806		\$ 33,781	
Hawaii	\$ 121,055		\$ 94,410	
Maui	\$ 100,000		\$ 62,500	
Kauai	0		0	
<b>Total Competitive Awards</b>	<b>\$ 902,129</b>	<b>44.87%</b>	<b>\$ 945,184</b>	<b>54.20%</b>
DOE Restriction	\$ 489,912	24.36%	\$ 740,332	42.45%
Evaluation Costs	\$ 87,000	4.33%	\$ 58,445 (total eval. & admin.)	3.35%
Administrative Costs	\$ 14,500	.72%		
Governor's Restriction	\$ 517,180	25.72%	0	
<b>Total</b>	<b>\$ 2,010,721</b>	<b>100.00%</b>	<b>\$ 1,743,961</b>	<b>100.00%</b>

**Program May Need To Be Redesigned**

The incentive and innovation grant program has improved since our 1994 review but has not yet demonstrated that it can fully meet the Legislature's expectations. The program needs to show its capacity to produce genuine innovation that improves student performance in the public schools on an ongoing basis.

There are limits on what the volunteer Incentive and Innovation Grant Review Panel can reasonably expect to achieve without more coordination by the department. In its written comments on our 1994 draft report, the panel expressed concern that "[the Auditor's] expectation of panelists appears to be greater than the volunteer nature of the group."

We expect that individual schools will often be limited in their ability to understand what is meant by innovation, effectively administer their grant projects, evaluate the results in terms of student achievement, and integrate successful projects into their regular budgets. With the existing

approach, some evaluations will continue to be insufficient, and others will not be up-to-date enough for the panel's use in deciding on continued funding for multi-year projects.

We are also concerned that potentially valuable projects may fail to achieve lasting impact because they cannot generate ongoing support. We also see no immediate prospects for formally sharing project results system-wide. In addition, we are concerned that school-based innovation is not easily identified within the state budget, that the Legislature is not receiving detailed information about the program, and that not all funds appropriated to the grant program are being used.

In addition, while the law creating the program provides for innovation at the individual schools, it does not ensure overall management of the innovation process at the departmental level. The program may be imposing burdens on the schools that they are not equipped to handle.

All things considered, we find that a different, more realistic approach to innovation may be warranted.

***Budgeting,  
management, and  
reporting are key***

To address the problems raised above, we suggest that the Legislature require that the Department of Education include the incentive and innovation grant program as "research and development" in its executive budget request and provide more program coordination and reporting.

Section 37-71, HRS, of the state budget law authorizes three types of program costs in the executive budget: research and development, operating, and capital costs. Section 37-62 defines research and development costs as "costs primarily associated with the development of a new program, system or capability to the point where capital and/or operating costs are required to introduce the program, system or capability into operational use."

Currently, the executive budget request and state appropriations act use only two of these categories: operating and capital costs. We suggest that a third category—research and development—be added under EDN 100 and that appropriations for the grant program be made in this category. We believe that this would make it easier to track the program's use of appropriated funds and would lay the groundwork for a more viable, systematic approach to innovation.

The Legislature, through appropriate legislation, should ensure that the following grant process takes place: the Legislature continues to appropriate a fixed sum each year for the grant program (but as research and development). The schools continue to submit proposals for innovative projects to the superintendent of education. Applying clear criteria including a more specific definition of innovation, the panel, with

the assistance of staff of the Office of Accountability and School Instructional Support, continues to recommend certain proposals for funding. In addition to criteria currently used, the new criteria require the school making the proposal to demonstrate more clearly its capacity to administer the innovative grant project and cover its costs, and how, if the project is shown to be effective, the school plans to continue to support the project when the grant expires.

The law also should stipulate that the department is responsible for (a) consulting with projects that have received grants to establish what data need to be collected for evaluation purposes consistent with the evaluation plan set forth in the school's proposal, and (b) conducting or contracting for evaluations that focus on the degree to which the project has improved student performance and is transferable to other schools. Evaluation costs will be financed through the research and development appropriation.

The law should not require that project evaluations be used in decisions whether to continue grant funding of multi-year projects. Instead, all grants will be for a three-year period with the renewal of funding for the second and third years conditioned only upon the schools' demonstrating to the panel that the project is being conducted fundamentally as described in the proposal. The evaluation would be conducted following the project's second year.

The law should also make the department responsible for the following activities: if the school decides the project will be worth continuing at the end of the grant period, the department works with the school to identify what other school activities the project will replace. The department also closely examines the impact of the project on student performance and the transferability of the project to other schools. Following consultation with the schools and consideration of these issues, the department, as appropriate, identifies certain projects for incorporation into certain schools' ongoing programs, ideally by replacing an existing activity with the innovative approach. At this point, funding for the project is simply integrated into the department's annual operating budget. Projects that require funding over and beyond what the school was previously receiving would submit program change requests through the normal budgetary process.

Finally, the law should require the department to establish a formal mechanism for the sharing of information about innovative projects throughout the school system and to report in greater detail to the Legislature concerning the individual grant projects, the results of project evaluations, and the transferability of individual schools' projects to other schools.

Any amendments to the law to redesign the program should allow for an appropriate transitional period.

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## Recommendations

1. The Legislature should 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.
2. The requirements of Section 302A-301, HRS, should be amended as follows:
  - a. The Department of Education must seek funding for the grant program as a research and development cost in the executive budget request (the incentive and innovation grant trust fund is repealed);
  - b. The department must assist the Incentive and Innovation Grant Review panel in defining “innovation” for purposes of grant selection with sufficient precision to provide guidance for grant applicants and with sufficient substance to reflect widely held understandings of innovation in the educational field;
  - c. All grant proposals must (in addition to the existing statutory requirements) clearly demonstrate the school’s capacity to administer the grant project, cover its costs, and support the project when the grant expires;
  - d. All grants must be for a three-year period, and annual renewals of funding shall be conditioned on the school demonstrating to the panel that the project is being conducted fundamentally as described in the proposal;
  - e. The department must consult with projects that have received grants to establish what data need to be collected for evaluation purposes consistent with the evaluation plan set forth in the school’s proposal. The department must conduct or contract for evaluations that focus on the degree to which a project has improved student performance and is transferable to other schools. Evaluations must be conducted during a project’s second year. Evaluation costs will be financed through the research and development appropriation;
  - f. If a school decides a project is worth continuing at the end of the grant period, the department must work with the school to identify what other school activities the project will replace. The department will examine the impact of the project on student performance and the transferability of the project to other schools. Following consultation with the schools and consideration of these issues, the department, as appropriate, will identify certain

projects for incorporation into certain schools' ongoing programs, by replacing an existing activity with the innovative approach, if possible. Funding for the project will then be integrated into the department's annual operating budget. Projects that require additional funding over and beyond what the school was previously receiving will submit program change requests through the normal budgetary process; and

- g. The department must establish a formal mechanism for the sharing of information about innovative projects throughout the school system and report annually to the Legislature concerning program expenditures, grants awarded, individual grant projects, the results of project evaluations, the impact on student achievement, and the transferability of individual schools' projects to other schools.

**APPENDIX**  
**Incentive and Innovation Grant Awards**  
**Program Descriptions**  
**Fiscal Biennium 1995-97**

**HONOLULU**  
**DISTRICT**

SCHOOL	Award Amount FY1995-96	Award Amount FY1996-97	Project Description
Kahala Elementary "Building Bridges - Oral History and Storytelling"		\$46,000	Project involves students' reenactment of oral histories for school and community members, to promote student's effective communication on a one to one basis, and in front of audiences.
Kaimuki High "Connecting School to Work"	\$28,187	\$26,208	Project focuses on guidance and counseling, student motivation, and instructional relevancy to improve student attendance and achievement.
Kaimuki High "Promoting Literacy Through Performing Arts"		\$49,995	Project is designed to improve student achievement particularly in reading and writing by promoting literacy through the performing arts. Project will expand the existing resources of the Performance Arts Center to integrate it with the Language Arts department.
Kaiser High "Electronic Portfolios"	\$36,837	\$29,358	Project utilizes four year electronic (video and computer) portfolio system, containing measurement tools for the Hawaii State Commission on Performance Standards, to make student/teacher assessments an integral part of learning/instruction.
Kalani High "Open-Ended, Interactive Math Programs"	\$28,500	\$16,700	Project ensures that all students have an equal opportunity to learn and become mathematically literate. Instructional approach through heterogeneous groups that include top to bottom stanines.
Kalani High "Readiness Keys: Pathways to Success"		\$17,798	Project incorporates knowledge and skills to prepare student for college or work, thereby linking the classroom with the community and career paths. The project will include foundation skills, core subjects, field experiences, and career shadowing.



SCHOOL	Award Amount FY1995-96	Award Amount FY1996-97	Project Description
Kawananakoa Intermediate "Kawananakoa Restructure/Integration Program"	\$74,582	\$53,298	Project provides for 7 period schedule in which separate reading classes are held in addition to the core English classes. The reading classes develop independent readers, and integrate English, Social Studies, Math and Science, and cover notetaking, organization and other study skills. Classes will also help those reading at lower levels with comprehension skills, language/vocabulary and thinking processes.
Likelike Elementary "Project Laulima-AE & Parenting Skills"	\$30,660	\$15,333	Program for parents which includes basic literacy and parenting skills. "Project Laulima" provides adult education and materials for parents (English, math, GED) to ensure that students entering kindergarten will be better prepared.
Liliuokalani Elementary "Extinction is Forever"		\$50,000	Project provides for student's creation and sharing of a publication or video to promote protection of the environment and improve student's communication skills. Use of technology will increase student's motivation and provides opportunities for learning.
McKinley High "Physics/Math Tech Trade Project"	\$49,500	\$21,247	Integration of science/math curriculum and instruction with vocational-technical education.
Palolo Elementary, Jarrett Intermediate & Kaimuki High "Literacy Through the Arts"	\$48,448	\$45,913	Program develops a language arts program that integrates performing arts, in order to increase student achievement in reading, writing, and oral communication for at-risk students.
Waiālae Elementary "SCBM Restructuring Project"	\$33,330	\$17,766	Project involves development of integrated curriculum framework; a multi-dimensional assessment system that includes a K-6 portfolio system to evaluate student progress; and computer-based multi-media technology to provide access to information, enable students to create and evaluate multi-media products/processes, and promote competent use of technology.
Waikiki Elementary "Mindful School: Climate for Thinking Teaching/Model Thinking"	\$25,977		Promotes intellectual curiosity and thinking using portfolios, observations, and interviews as assessment instruments.

SCHOOL	Award Amount FY1995-96	Award Amount FY1996-97	Project Description
Washington Intermediate "Knowing the Good, Desiring the Good, Doing the Good"	\$35,000		Project addresses need to implement character education by developing community and school service curriculum through collaboration with teachers, parents, and students.

## CENTRAL DISTRICT

SCHOOL	Award Amount FY1995-96	Award Amount FY1996-97	Project Description
Aliamanu Elementary "Align Math Curriculum to NCTM Standards"	\$37,500	\$25,000	Project assists students in developing a broader and more integrated view of mathematics by retraining teachers to shift math curriculum to achieve NCTM standards.
Central District Intermediate Schools "Central Oahu Middle Education Project"		\$49,962	Project involves transition of 6 intermediate schools to "middle schools." Teachers will be trained for the implementation of middle school elements, which address the developmental needs of adolescents.
Kipapa Elementary "Integration of Reading & Writing Through Performance"	\$14,984		Use of performing arts or Educational Theater to strengthen student learning/achievement of communication skills and knowledge. Build a "within the school" staff development that capitalizes on the strengths and resources of staff as well as consultants.
Moanalua High "A Relevant Curriculum: Real World Skills"		\$28,228	Project develops curriculum for Comprehensive School Alienation Program (CSAP) students unable to function in the traditional classroom with traditional curriculum. The project curriculum consists of real-world tasks clustered around careers that are of interest to students, and aligns the needs of the workplace and technological informational skills with math, language arts, and social studies curriculum.
Mokulele Elementary "Collegial Coaching/Student Decision Making"	\$5,781		A collegial coaching staff process in which teachers support each other. Focus on both student and teacher growth in inquiry and questioning skills.
Nimitz Elementary "Math on the Move"	\$33,333	\$16,666	Project promotes interactive learning in mathematics. The program includes Math Keys, a Macintosh-based software series, to engage students in making the connection from the concrete to the abstract.

SCHOOL	Award Amount FY1995-96	Award Amount FY1996-97	Project Description
Pearl Ridge Elementary "ACTS - A Community Tutoring Successfully"		\$47,743	Project develops tutoring center to provide one-to-one tutoring sessions to at risk students. Sessions are 30 minutes and will develop word recognition and comprehension skills and improve self esteem of students.
Shafter Elementary "A.L.O.H.A. ON- SITE"		\$50,000	Project entails students' development of three projects--Shoreline and Tide Pools, Rainforests, and Volcanoes, to focus on Hawaii's unique environmental diversity; and provide opportunity for students to integrate art, music, and drama in the creation of productions. Projects will be shared with other students locally and around the world via laptop computers, the Internet, and video teleconferences.
Waialua High & Intermediate "Modular Technology Education Program"		\$50,000	Project provides students with diverse technological experiences to help students discover and explore their interests, aptitudes and abilities, while integrating the academic core areas. Project modules will be comprised of specific areas of technology such as aerospace, biotechnology, communications, design, electricity, electronics, engineering, graphics, hydraulics, laser and fiber optics, pneumatic systems and robotics.
Waialua High & Intermediate "Partnerships in Education"	\$37,500	\$25,000	Project to implement Tech Prep which will place students with career goals in focused and articulated programs. Program will prepare students for success as adults by exposing them to multiple career options.

**LEEWARD  
DISTRICT**

SCHOOL	Award Amount FY1995-96	Award Amount FY1996-97	Project Description
Ilima Intermediate "Team Teaching"	\$37,291	\$17,766	Project implements concepts and practices promoted by the national middle level movement in order to address the special needs of early adolescent students, such as restructuring programs to provide a common, comprehensive core with interdisciplinary team organization, an advisory (guidance) program, exploratory and elective curricular, and extracurricular, co-curricular, and intramural activities.

SCHOOL	Award Amount FY1995-96	Award Amount FY1996-97	Project Description
Kaimiloa Elementary "Accelerated Reading Programs"		\$46,500	Project teachers will receive training to conduct Accelerated Reading (AR), an early intervention program, to provide reading skills and strategies and one to one instruction to increase reading comprehension. Project will target first graders.
Pearl City High "Developing Resilient Students"	\$43,858	\$8,012	Project attempts to meet the diverse learning styles by immersing 50% of students in the applied Mathematics Materials developed as part of the Tech Prep Initiative by teaching problem-solving through hands-on activity.

**WINDWARD  
DISTRICT**

SCHOOL	Award Amount FY1995-96	Award Amount FY1996-97	Project Description
Aikahi Elementary "Multimedia Environment Education Curriculum."	\$27,844		A "hands-on" exploration/experimentation environmental education program that impacts on where students live. Uses technology in enhancing curriculum and instruction.
Kaelepulu Elementary "Kailua Watershed Stewardship"		\$17,600	Project involves classroom instruction and school/community activities to educate students in maintaining water quality in the Kailua Watershed. Project also supports School Improvement Plan in enhancing technical literacy by using computer generated research reports, making CD ROMs, producing video photography and cartography, and communicating through Internet, as well as further curriculum integration of science, social science, geography, art, environmental studies, and community service.
Kahuku High & Intermediate "Marine Science Certification Program"	\$32,362	\$16,181	Certification will promote interest in marine science program. Program will equip marine science laboratory to inspire students and enable them to see the relevance of science in their lives by requiring an 80% performance mastery level of fundamental concepts in marine biology.
Kailua Elementary "Tech-Enhanced Learning Experiences"	\$15,000		A technology-based curriculum which centers around student projects in a variety of subject areas.

SCHOOL	Award Amount FY1995-96	Award Amount FY1996-97	Project Description
Kapunahala Elementary "Quality Instructional Management System"	\$4,600		Quality Instructional Management System (QIMS) that will provide teachers with timely student information to assist in instructional decision-making. A database will be developed for studying and analyzing information, instructional objectives, student evaluation, test results, etc.

**HAWAII DISTRICT**

SCHOOL	Award Amount FY1995-96	Award Amount FY1996-97	Project Description
Hilo Union & Ha'aheo Elementary "Informal Geometry, Grades 3-6"	\$15,600		Expansion of the Gifted/Talented program to incorporate multiple intelligence via staff training in multiple intelligence theory, differentiated curriculum planning and implementation and recognized nurturing characteristics of "giftedness."
Hilo High/Hawaii Vocational Academy "Student Adventures in Learning - SAIL"	\$21,889		Project provides computers for technical/vocational program servicing at-risk students, who because of past behaviors, are denied access to their main campus computer labs. Students will learn a variety of computer applications in order to develop basic and employable skills.
Hilo Intermediate "Project H.I.K.E."		\$12,774	Project involves activities such as high/low ropes initiative courses, wilderness survival, first aid/CPR training, lifesaving training, community service, and environmental stewardship, in addition to traditional teaching and learning strategies. At-risk students have the opportunity to demonstrate and extend knowledge, skills, and abilities they already have and experience success, and develop leadership skills.
Kahakai Elementary "Science & Technology"	\$16,730	\$4,130	School-wide sequential series of studies to address environmental problems. Uses telecommunication to facilitate information exchange with professionals, other classes in the state, the National Geographic Kids Network, etc.

SCHOOL	Award Amount FY1995-96	Award Amount FY1996-97	Project Description
Kohala High & Intermediate "Microcosm of Hawaii Must Join the Macrocosm of the World"		\$58,840	Computers provide access to the world through Internet since students do not have access to a library for educational resources, and are located in a remote rural area. New technology provided for student use in the classrooms, in order to fulfill the school's School Improvement Plan requirements regarding computer technology and literacy.
Konawaena High & Intermediate "Konawaena High Tech Prep Academy"	\$16,378		Project restructures the current curriculum to provide more adequately for non-college bound students who are not prepared for employment by using applied academic materials, cooperative learning strategies, group learning activities, and project orientation learning.
Waiakea High "Center for Applied Mathematics"	\$42,008	\$18,666	Project will integrate math skills learned in textbooks with real life situations in order to better prepare students with technical math skills needed for vocational education programs.
Waiakea High "Na Pua Makamaio, the Precious Children"	\$8,450		Expansion of current Hawaiian student mentoring program for students whose GPAs fall under 2.0. College students and other interested adults to serve as "anchors" for students.

## MAUI DISTRICT

SCHOOL	Award Amount FY1995-96	Award Amount FY1996-97	Project Description
Iao School "Technology, Integration"	\$37,500	\$25,000	Project to improve students' skills in writing, oral communications, historical research, and problem-solving in mathematics, and to build community relationships by providing a technology lab with equipment, proper space, and trained personnel to integrate the technology into language arts, social studies, math and science.

SCHOOL	Award Amount FY1995-96	Award Amount FY1996-97	Project Description
Kilohana Elementary "Kilohana School Intersession"	\$25,000	\$12,500	The adoption of a single-track, year round school calendar provides 180 instructional days and reduces the negative effects of the three-month summer vacation by interspersing three 10 day vacation times throughout the year. The Kilohana calendar includes three intersessions, each 10 days in length, with four hours of instruction per day. Project provides for intersession activities that will reinforce and expand on concepts and skills taught during the regular session.
Lahaina Complex Schools Lahainaluna High, Lahaina Intermediate, King Kamehameha III and Princess Nahienaena Elementary "Lahaina Complex 2000"	\$37,500	\$25,000	Project bridges gap between student educational achievement and career opportunities through the development of career curricula that encompass career awareness (K-5), career exploration (6-8), and career experience (9-12).

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## Notes

### Chapter 2

1. Zhigang Wang et al., *The Incentive and Innovation Grants Program in 1994-95: A Study of Funded Schools' Procedures, Evidence, and Rationales for Selecting Projects*, Report No. 029495002, Curriculum Research and Development Group (Evaluation Office), College of Education, University of Hawaii at Manoa, April 1995, pp. 15, 19, 20.
2. Zhigang Wang et al., *The Merit and Worth of Projects in the Incentive and Innovation Grants Program During School Year 1994-95*, Report No. 029596002, Curriculum Research and Development Group, April 1996, pp. 12-13.
3. Zhigang Wang and Paul R. Brandon, *A Critique of the Evaluations of the Activities Funded by the Incentive and Innovation Grants Program at Wai'alaie Elementary School*, Report No. 029495004, Curriculum Research and Development Group, April 1995, p. 2.
4. Terry Ann F. Higa et al., *A Summary of Findings About the Outcomes of Activities Funded by the Incentive and Innovation Grants Program at the Prince David Kawanakoa Intermediate School*, Report No. 029495003, Curriculum Research and Development Group, April 1995, pp. 4, 8.





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## Responses of the Affected Agencies

### Comments on Agency Responses

We transmitted drafts of this report to the superintendent of education, the Board of Education, and the chairperson of the Incentive and Innovation Grant Review Panel on December 27, 1996. A copy of the transmittal letter to the superintendent is included as Attachment 1. A similar letter was sent to the board and the panel chairperson. The superintendent's response is included as Attachment 2. The board did not respond to the draft report. The panel chairperson informed us that he would not submit a separate response.

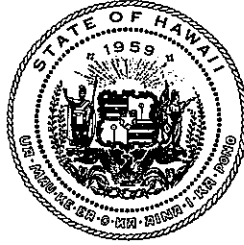
The department disagrees with our recommendation that the Legislature appropriate funds for the incentive and innovation grant program as a research and development cost as set forth in Section 37-62 and Section 37-71, Hawaii Revised Statutes. The department also disagrees with our recommendation to amend the statute governing the program. 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. The department's comments did not result in any changes to the draft report.

However, we added a paragraph to page 20 of the final report concerning the transition from the existing program to the proposed redesigned program. We also corrected our draft report's references to Section 296-36.6, Hawaii Revised Statutes, as the statute governing the existing program. As a result of the recodification of the education statutes by Act 89, Session Laws of Hawaii 1996, the correct reference is now Section 302A-301, HRS. We made a few additional editorial changes.

STATE OF HAWAII  
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December 27, 1996

*COPY*

The Honorable Herman M. Aizawa  
Superintendent of Education  
Department of Education  
Queen Liliuokalani Building  
1390 Miller Street  
Honolulu, Hawaii 96813

Dear Dr. Aizawa:

Enclosed for your information are three copies, numbered 6 to 8 of our draft report, *Follow-Up Review of the Incentive and Innovation Grant Review Panel of the Department of Education*. We ask that you telephone us by Tuesday, December 31, 1996, on whether or not you intend to comment on our recommendations. If you wish your comments to be included in the report, please submit them no later than Tuesday, January 7, 1997.

The Board of Education, the Incentive and Innovation Grant Review Panel, Governor, and presiding officers of the two houses of the Legislature have also been provided copies of this draft report.

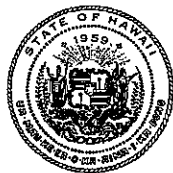
Since this report is not in final form and changes may be made to it, access to the report should be restricted to those assisting you in preparing your response. Public release of the report will be made solely by our office and only after the report is published in its final form.

Sincerely,

Marion M. Higa  
State Auditor

Enclosures

BENJAMIN J. CAYETANO  
GOVERNOR



HERMAN M. AIZAWA, Ph.D.  
SUPERINTENDENT

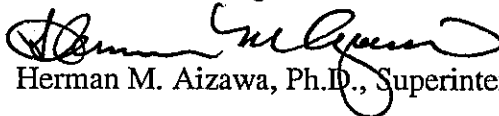
STATE OF HAWAII  
DEPARTMENT OF EDUCATION  
P.O. BOX 2380  
HONOLULU, HAWAII 96804

RECEIVED  
JAN 10 3 31 PM '97  
OFFICE OF THE AUDITOR  
STATE OF HAWAII

OFFICE OF THE SUPERINTENDENT

January 13, 1997

TO: Ms. Marion M. Higa, State Auditor

FROM:   
Herman M. Aizawa, Ph.D., Superintendent

SUBJECT: **RESPONSE TO THE AUDITOR'S REPORT:  
Follow-Up Review of the Incentive and Innovation Grant Review Panel  
of the Department of Education**

Thank you for the opportunity to review and comment on the above-named audit report.

The Department is very concerned about the auditor's recommendations that the Legislature consider appropriating funds under research and development costs and amend Section 296-36.6, Hawaii Revised Statutes (HRS). It is our position that the Incentive and Innovation Grant Program should *not* be appropriated under research and development costs as set forth in Section 37-62 and 37-71, HRS, and that Section 296-36.6 should *not* be amended, for two major reasons:

1. The Incentive and Innovation Grant Program was not intended to be the research arm of the Department. The program was intended to be school-based, in accordance with the focus of the Department and the Legislature.

The Auditor's recommendations indicate the program requirements should be centralized and dictated. This direction is contrary to the concept of flexibility at the school level, which has been emphasized by the Legislature, community, Board of Education, and the School/Community-Based Management (SCBM) movement towards decentralized decision-making relative to curriculum and instruction. Experience has shown that a "pre-packaged" program would not necessarily be advantageous to specific schools due to their specific circumstances and needs.

2. The amount of funding is far too little to support expanded program maintenance, assessment, and dissemination efforts. The Incentive and Innovation Grant Program has not received any program adjustment monies for the last two years, and it will be four years in succession, considering the upcoming budget restrictions. There are insufficient funds to support any maintenance or expansion efforts within the program.

Our specific comments on the audit recommendations are as follows:

**RECOMMENDATION #1.**

*The Legislature should 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.*

**RECOMMENDATION #2a.**

*The requirements of Section 296-36.6, HRS, should be amended as follows: The Department of Education must seek funding for the grant program as a research and development cost in the executive budget request (the incentive and innovation grant trust fund is repealed).*

**DOE RESPONSE:**

The Department feels that the Incentive and Innovation Grant (IIG) Program appropriation should remain in its current category for several reasons. IIG projects are not research as traditionally defined. Schools actually implement projects while they consider the merits or effects of such projects, making it difficult to separate true research costs from operational costs. The Department is also concerned about the limitations of appropriating funds under the research and development category. To allocate funds for IIG projects under research and development may place restrictions on the use of funds, preventing schools from implementing projects in the way they were intended.

The concept of research and development also implies a centralized focus, while the IIG is a school-based program. The Incentive and Innovation Grant Program should not become the centralized research arm of the Department of Education. The Department believes that decisions regarding curriculum and instruction are best made on the local, school or classroom level. Research should be most useful to those implementing the practices, i.e., the classroom teacher and the school. Past experience has shown that packaged programs seldom work. The most lasting change is made by those who go through the process of questioning, searching for and discovering what works or doesn't work—for themselves.

Each classroom and school has its unique needs and environment which must be taken into account in the implementation of programs. Newer techniques of educational research, such as teacher action research, also emphasize self-discovery and reflection as vital components of educational change and innovation.

**RECOMMENDATION #2b.**

*The requirements of Section 296-36.6, HRS, should be amended as follows: The department must assist the Incentive and Innovation Grant Review Panel in defining "innovation" for purposes of grant selection with sufficient precision to provide guidance for grant applicants and with sufficient substance to reflect widely held understandings of innovation in the educational field.*

**DOE RESPONSE:**

The Incentive and Innovation Grant Panel in the past has spent much time in discussing the definition of innovation and has held firm in its belief that the innovation should be relative to an individual school. The Department will, however, continue to assist the panel to further clarify the definition, perhaps by providing an expanded explanation and examples of innovation to schools. The grant application will also explicitly ask schools to describe how the project is innovative, i.e., how it is beyond the norm of what is already being done to address the problem described.

**RECOMMENDATION #2c.**

*The requirements of Section 296-36.6, HRS, should be amended as follows: All grant proposals must (in addition to the existing statutory requirements) clearly demonstrate the school's capacity to administer the grant project, cover its costs, and support the project when the project expires.*

**DOE RESPONSE:**

For the most part, the selected applications, to the extent possible, already do this. The Department of Education will provide technical assistance to schools in planning and evaluating immediately after the grant award is made. The Department will also ask schools to incorporate into their grant proposal write-up how the project will be sustained after the grant period is over.

**RECOMMENDATION #2d.**

*The requirements of Section 296-36.6, HRS, should be amended as follows: All grants must be for a three-year period, and annual renewals of funding shall be conditioned on the school demonstrating to the panel that the project is being conducted fundamentally as described in the proposal.*

**DOE RESPONSE:**

Recognizing that it often takes several years for the results of education innovation and reform to be realized, the Department will ask the Incentive and Innovation Grant Panel to consider the issue of fixed multiple-year grants for future grant cycles.

**RECOMMENDATION #2e.**

*The requirements of Section 296-36.6, HRS, should be amended as follows: The department must consult with the projects that have received grants to establish what data need to be collected for evaluation purposes consistent with the evaluation plan set forth in the school's proposal. The department must conduct or contract for evaluations that focus on the degree to which a project has improved student performance and is transferable to other schools. Evaluations must be conducted during a project's second year. Evaluation costs will be financed through the research and development appropriation.*

**DOE RESPONSE:**

The Curriculum Research and Development Group (CRDG) of the University of Hawaii College of Education, has been assisting the Department of Education in providing technical assistance to schools in planning and conducting quality evaluations of their Incentive and Innovation Grant projects. Assistance will be provided to schools immediately after the grants are announced. Increased efforts will be made to assess a project's impact on student performance, in addition to evaluating the project's attainment of its stated objectives and the implementation process. The on-site visitation evaluation form will be revised, particularly for schools asking for continued funding. Evaluations will be better coordinated with the grant cycle. Evaluation costs are already covered as part of the program budget.

**RECOMMENDATION #2f.**

*The requirements of Section 296-36.6, HRS, should be amended as follows: If a school decides a project is worth continuing, the department must work with the school to identify what other school activities the project will replace. The department will examine the impact of the project on student performance and the transferability of the project to other schools. Following consultation with the schools and consideration of these issues, the department, as appropriate, will identify certain projects for incorporation into certain schools' ongoing programs, by replacing an existing activity with the innovative approach, if possible. Funding for the project will then be integrated into the department's annual operating budget. Projects that require additional funding over and beyond what the school was previously receiving will submit program change requests through the normal budgetary process.*

Ms. Marion M. Higa  
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January 13, 1997

**DOE RESPONSE:**

The Department will continue to work with schools to incorporate Incentive and Innovation Grant projects into the total schoolwide planning and budgeting process. On-site visitations of projects will also specifically address strategies for continued program implementation, including funding. Where feasible the Department will assist schools in seeking additional funding through the normal budgetary process.

**RECOMMENDATION #2g.**

*The requirements of Section 296-36.6, HRS, should be amended as follows: The department must establish a formal mechanism for the sharing of information about innovative projects throughout the school system and report annually to the Legislature concerning program expenditures, grants awarded, individual grant projects, the results of project evaluations, the impact on student achievement, and the transferability of individual schools' projects to other schools.*

**DOE RESPONSE:**

To the extent possible, the Department will facilitate increased sharing of projects through its Lotus Notes system. It is hoped that a Web Site can also be developed to disseminate successful projects more widely.

School Incentive and Innovation Grant Program Annual Reports can be provided to the Legislature upon request if needed.

HMA:da

