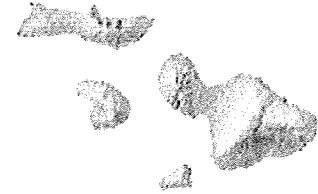
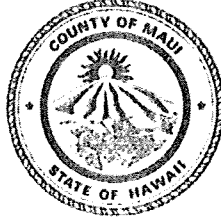


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June 3, 2020

The Honorable Keani Rawlins-Fernandez, Chair
and Members of the Economic Development and Budget Committee
Maui County Council

RE: MAUI COUNTY GRANT PROCEDURES (EDB-87)

Dear Chair Rawlins-Fernandez and Committee Members:

The Department of Housing and Human Concerns (DHHC) would like to offer comments for consideration regarding the implications of the proposed changes to Maui County Code 3.36 for the inclusion of "small grants". We highlight below some of the possible unintended impacts of implementing the proposed changes.

One item to consider is that small amounts of funding do not necessarily mean the program is a small organization with limited resources. Of the six (6) DHHC FY2020 grants at \$20,000 or less in County funding, only two of them could be considered small organizations with limited resources. The other four are organizations with multiple funding sources and multiple paid professional staff. There are additionally many organizations receiving substantial funding that are organized and run by volunteers. Technical assistance from the County is the most effective manner to assist community based organizations with limited resources to overcome existing and perceived barriers.

DHHC understands that some organizations find the department's grant process to be prohibitive but in most cases, the barriers are the structure of the organization itself and not the programs they are proposing. In many cases, a program is deemed ineligible due to lack of necessary status or capacity to meet requirements. For example, the organization may lack by-laws, is not incorporated, cannot obtain insurance, cannot acquire a certificate of vendor compliance, does not have an audit, etc. In some cases, this can be overcome by having the community based organization use a fiscal sponsor who meets contract requirements of the County.

Proposed change: 3.36.110 regarding reports. Item 1) The increase from \$25,000 to \$50,000 for the Department of Finance to audit the organization records; and item 2) the increase from three weeks to thirty days for the quarterly and final reports; would be beneficial to grantees and could effectively eliminate barriers to organizations seeking funding. Additionally, a thirty-day window for submitting reports would provide more time for technical assistance by County agencies if needed.

Proposed change: 3.36.070 item B. in regard to applications for funding. "Provided that applicants for small grants are not required to comply with D, E, and F of this section."

D. The reasonableness of personnel classification and compensation plan, if the application includes funding for personnel service costs.

E. The probable efficiency and effectiveness of the proposed grant in achieving the intended objectives, compared with other alternatives.

F. The target group to be affected.

Removal of the reasonableness of personnel classifications and compensation when the grant is covering personnel costs plans creates accountability issues. Small grants can, and in some cases are, issued as part of an organization's overall budget. It would be inappropriate for the government to pay even a small amount of a salary outside the generally acceptable pay scale for certain personnel classifications. An example may be providing funding to cover the salary of an over compensated executive director. Additionally, it is best practice for grant administration to consider three criteria when determining if a certain cost is to be included in a grant; is the cost allowable, allocable, and reasonable? The County's payment of a portion of personnel cost when the position is paid outside of the generally accepted pay scale would most likely be considered unreasonable.

Regarding the need to identify a target population and identify the probable efficiency and effectiveness of a proposed program. Essentially the proposed changes would allow grant applicants to apply for funding without identifying who the proposed program is for and how it is supposed to be effective. This is the who and the why of the program. Who are you trying to help? Why is your program worth funding? Without this data, a grantor (the County of Maui) cannot fully understand the program. Community groups or organizations who are at the point of seeking funding should already know who they are trying to help and why they think their program has merit; they would just need to articulate it on the application. Eliminating these pieces of information would save the grantee from writing between 2-4 paragraphs but hinder the grantor from being able to properly understand, evaluate, monitor and provide technical assistance.

An examination of most private and public grant opportunities shows grantors require the applicant to identify their target population and why their program is better than the status quo. The proposed changes to code 3.36 would move the County away from best practices for grants.

Proposed change: 3.36.110 item 3. In regard to quarterly and end of year reporting. "Provided that recipients of small grants are not required to comply with sections b, c, and e of this section."

- b. Program data summary
- c. Summary of participant characteristics
- e. Narrative report

The elimination of reporting on program data removes the reporting of a program's outcomes and outputs. The grantee is required to include measures of the program implementation but would not be required to report on those same measures. There would be no manner of determining if the program had any impact, effectiveness, or is achieving its goals. The proposed change would greatly hinder the County from conducting program monitoring and will reduce the County's ability to hold the agency accountable on a programmatic level for the use of taxpayer funds.

The elimination of narrative reports would greatly reduce the information provided on what actually happened under the grant. The narrative report is the "story" behind the numbers. For small programs, the story, in many cases, is their biggest ally, as their statistical numbers may not be overwhelming. Without the narrative report the County would not be able to determine what actually happened. The proposed change would greatly hinder the grantor from conducting program monitoring and would reduce the County's ability to hold the agency accountable on a programmatic level.

Without program data and a narrative report, there would be no way of knowing what was actually done and the result. There would be no way to effectively evaluate the grant. The narrative report and data report are the backbone of a programmatic report.

The Department is available for further discussion on identifying possible barriers and finding possible solutions to allow for effective, appropriate and accountable access to County funds intended for the betterment of our community.

Thank you for this opportunity to provide comments to the committee.

Sincerely,



LORI TSUHAKO, LSW, ACSW
Director of Housing and Human Concerns