



The Electronic Grants System for Education

Michigan Department of Education

Introduction

The Michigan Electronic Grants System (MEGS) is an initiative that permits online education grant applications to feed directly into the Michigan Department of Education (MDE) system. By removing a time-consuming step from the application process, MEGS has improved performance and slashed administrative costs without any additional state funds. A similar program could benefit both the Massachusetts Department of Education (DOE) and the grant applicants who hope to put state funds to work.

The Problem

Currently, all Massachusetts grant applications are submitted on paper, and must be manually entered into the DOE's electronic system. This process is time-consuming and frequently inaccurate. Federal compliance regulations require that departments of education investigate any instance when grant recipients overrun projected cost by ten percent or more. Accounting consultants comb through projected budgets and expenditure reports item by item, seeking out each deviation. Mistakes can only be discovered by an auditing process that is a labor-intensive, consultant-filled, uneconomical nightmare.

The Solution

Michigan developed MEGS to address similar problems. Impressively, MEGS was developed without a cent of state funding. Instead, the MDE employed the federal administrative dollars that accompany each federal grant program that administered by the state.

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In 2000, the MDE utilized Special Education administrative funds to develop MEGS, and initially, only Special Education grants ran through the System. Once created, MEGS was quite easy to augment with additional grant programs, and more were added each year. All the grant programs using MEGS contributed to system-wide improvements. Today, forty-two, or nearly all, of Michigan's federal grant programs utilize MEGS.

Because of the knowledge required, the Michigan Department of Education (MDE) contracted out the project's development, training, management and maintenance to a pair of private companies: Agate Software, Inc. and A.J. Boggs & Company. From the System's 2001 inception to 2006, the state has paid the two firms about \$3 million.

By allowing applications to feed directly into the DOE system, MEGS eliminates a potentially troublesome data-entry step. In addition, MEGS automatically red-flags budget deviations. Michigan's Judy Byrnes, the MEGS Specialist, estimates that it allowed the DOE to "easily" eliminate more than thirty administrative positions.

The system provides a statewide database of grant history, permitting an individual grant's effectiveness to be evaluated with greater ease. Reporting and analysis improvements not only led to greater short-term efficiency gains—from the administrative and process savings—but also to greater long-term gains as the MDE better learned what works and what does not.

In Michigan, MEGS allowed the MDE to more easily standardize forms and apply best practices across grant programs. Now, Michigan's districts need not complete new applications each year for recurring grants; they can instead resubmit last year's application after a simple update and edit.

As an e-grants system only allows eligible expenses to be entered, applicants throughout the Wolverine State no longer need expensive consultants to distinguish the permissible from the prohibited. Furthermore, only completed applications can be submitted, so the MDE no longer wastes time reading incomplete applications, only to send them back to the district for completion. Michigan has clearly demonstrated that with an e-grants system, less time is spent on administrative tasks, so more time can be spent on improving schools.

Relevance to Massachusetts

With well over \$700 million spread across dozens of grant programs, the Massachusetts Department of Education (DOE) should have a sensible, efficient grant management system. Slowly, the DOE is converting a more than fifteen-year-old computerized grant tracking system into a direct electronic system. As of August 2006, all districts can apply online for a number of the entitlement grants, including the NCLB, Special Education and Perkins grants.

Ron Honesty, the Massachusetts Grants Management Administrator, admits that there are "growing pains" and "little glitches" in the new system. "The application system is starting to work well," he says. The DOE hopes to automate fund disbursement by June 2007. Soon thereafter, it hopes to add final expenditure reporting capabilities, as well. However, Honesty says that a comprehensive e-grants system, including non-entitlement grants, is years away.

The funding for the development of a Massachusetts e-grants system is in question. Beacon Hill has not emulated Michigan's federal administrative funds strategy, instead relying on grants from the state's \$250 million technology bond, which expired in June 2006.

Conclusion

An electronic grant system eliminates redundant paperwork, alleviates data-entry burdens and makes analysis easier. It is, however, only a tool; it frees up resources. While an e-grants system facilitates data-driven decision-making, the department must make use of it. While money no longer goes towards superfluous data-entry positions and a host of other unnecessary uses, the department itself must determine whether resources will be consumed by needless process or lead to educational progress.

Louis Burgess, the MDE Grants Administration Supervisor, explains that MEGS was part of a “bold shift” in bureaucrats’ approach. “Now the focus is on results instead of processes.” It is time for such a mentality in Massachusetts.

