Editorial | Our View

Don’t dismantle city grants system

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The interests of city governance can overlap with the work that nonprofits do. In Honolulu, for example, outreach to the poor and homeless can be productive investments of public funds. Such programs can avert larger problems that do involve city services.

So it makes sense that the city should set aside some money for grants-in-aid to nonprofit organizations, and to distribute it with care.

That’s why a Honolulu City Charter amendment was passed only four years ago to establish the system now in place: half a percentage point of the annual budget is reserved for grants, awarded after a process of vetting by the Grants in Aid Advisory Commission before the City Council finally signs off on the allotment.

And that’s why it’s too soon for this provision, which has not been given the support it deserves from the Council, should not be put on the ballot to be dismantled. The reversion is what’s being proposed in an amendment under consideration by the Charter Commission.

More precisely, it would delete the provision for the half-percent set-aside, an amount that reaches about $6 million each year, as well as the review process.

If ratified by Oahu voters in November, the amendment would relegate the matter entirely to Council discretion and favoritism.

The awards then would be subject to the political push-and-pull at City Hall, with the allocation of money being a function of each member’s pet projects. What should happen is what is now happening: A panel judges applications for funds objectively on
the merits.

According to the website for the program, administered by the city Department of Community Services, those eligible to apply are federally tax-exempt nonprofits that provide services to economically and socially disadvantaged populations, or work for the public’s benefit through the arts, culture, economic development or the environment.

At least $250,000 is allotted annually to each Council district, and a maximum of 5 percent of the grant may be used for administrative expenses.

Under the charter, the Council does have the option through a two-thirds vote to change the amounts reserved for the fund each year due to a “public calamity” or because of any reason “the city could not otherwise fulfill its legal obligations.” If further flexibility is needed on amounts allocated for grants, enabling that would be the better approach.

The existing Charter provision has the backing of Mayor Kirk Caldwell, who correctly argues that the support of the nonprofit sector is not the core of city services. Any budgetary carve-out for that purpose deserves careful scrutiny. The mayor has not released the “add-on” grants Council members have made to benefit their own communities.

Withholding the unvetted Council grants is justifiable on the basis of fairness; all private recipients of city funds ought to go through a robust review process, either through procurement rules governing contracts, or through a vetting such as the grants commission provides.

Of course, a Council bill proposing an add-on grant would be aired through the general Council budgetary review, but that doesn’t thoroughly examine each applicant through a detailed scoring process, evaluating the capacity and financial plans of the organization.

In the current budget year, the Council added $2.16 million to the $6.1 million in grants that underwent the standard review. If this year is typical, Caldwell will release few funds, so the battle between Council and mayor becomes a pointless exercise.

Rather than wasting time and energy, the city should stick to the mechanism it already has in place for delivering grants in aid responsibly to the agencies — those that demonstrate they are prepared to spend public funds wisely.