



# State School Fund Software Modernization

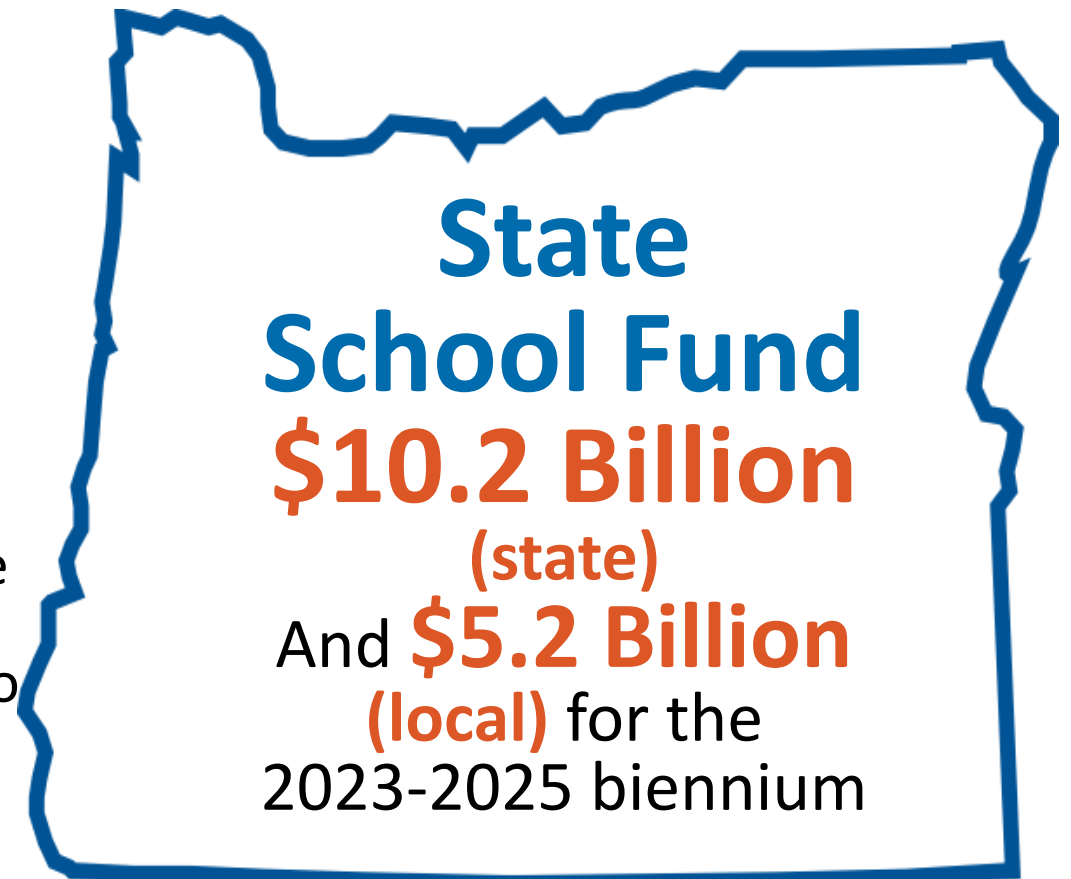
Kai Turner  
Assistant Superintendent  
Office of Finance and Information Technology

Vanessa Clark  
State School Fund Program Manager  
Office of Finance and Information Technology

# What is the State School Fund (SSF)?

The SSF is a combination of state and local funds dedicated to support operations of K-12 public schools.

- Each biennium, the legislature sets the amount of state dollars that schools will receive for the **two-year funding cycle**.
- **Many inputs are taken into account to come up with the number to fund schools**, including the Quality Education Commission. Created in 1999 by the Legislature, committee members use various sources and research to approximate the amount of funding needed to fund schools.
- **ODE distributes the funds monthly** (except for June), based on a distribution formula.



# How does the SSF Distribution Model Work?

---

## Who and what gets paid from the SSF?

- Carve-outs and grants for statewide programs
- Sub-grants of the SSF
  - High Cost Disability Grant
  - Small High School Grant
  - Transportation Grant
- General Purpose Grant (GPG)

## How does this work for school districts?

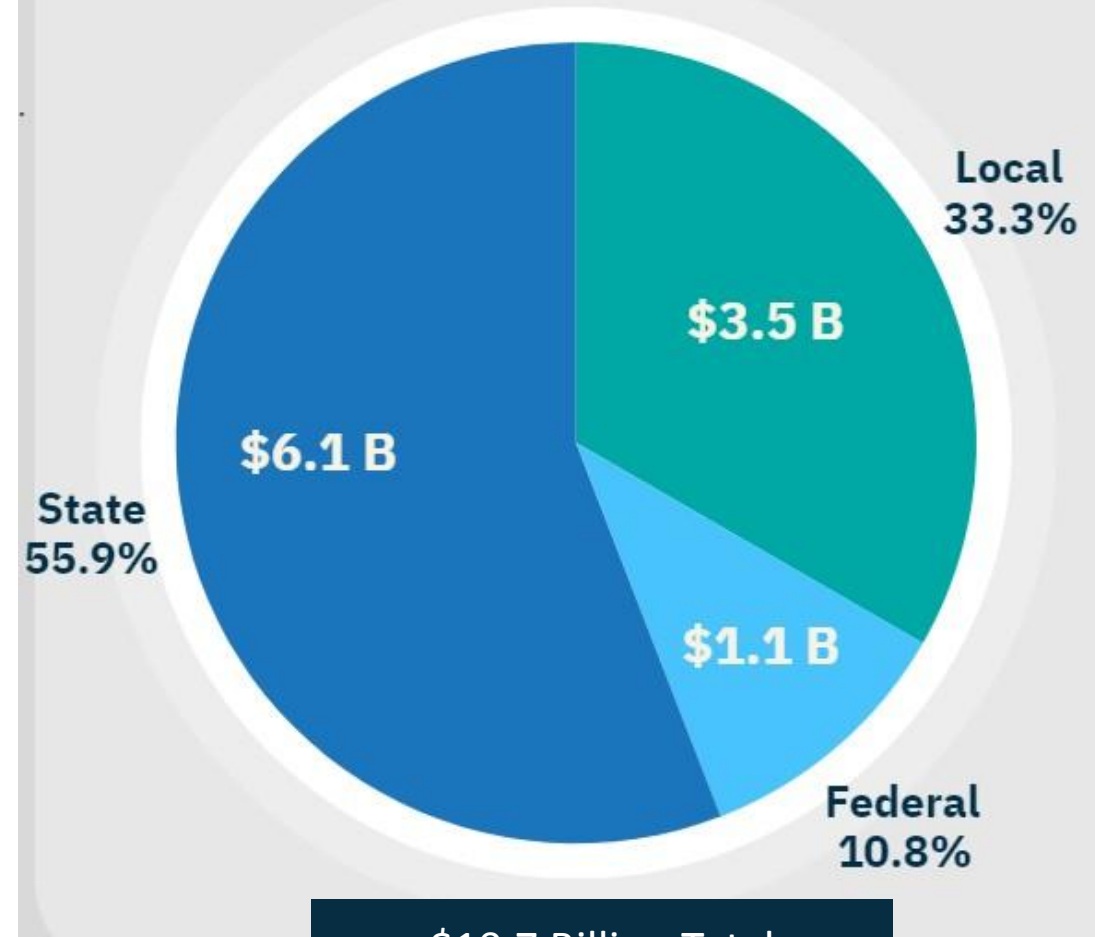
- School districts submit estimate data to ODE to be used in the formula,
- ODE calculates the GPG and distributes it each month,
- SSF Estimates are updated with mid-year student enrollment data and updated estimates,
- SSF is reconciled to actual data in the year following the end of the school year.

# School District Budgets

- School Districts receive funds from Federal, State, and Local sources.
- The SSF represents the majority of both State and Local sources of funds.

Of the total \$10.7 billion of all sources of funds for 2022-23, \$7.1 billion (66%) was from the SSF.

2022-23 School District & ESD Actual Revenue



\$10.7 Billion Total



# Software Current State

# The Current Software Solution

---

- Current system was stood up in early 2000s as a transition from a paper based system of calculations.
  - The system's designer and original developer have long retired and therefore the current ODE IT staff are supporting a system that is not well documented.
- The current technology used for the SSF includes:
  - Microsoft Excel (budgeting and multiple grant administration for billions of dollars)
  - Microsoft Access (limited data administration, reporting and append queries)
  - Structured Query Language (SQL) Server Database—used for storing of data
- The extensive legacy programming for the SSF uses outdated and unsupported technology and is at risk of failure.

# Examples of Near Misses and Software Errors

---

- 2022:
  - Microsoft Access upgrade to 64 bit - locked up payment
- 2023:
  - Inbound data for calculating English Language Learners (ELL) Weight Error
- 2024
  - Stored proc calculation overwrite of Individual Education Plan (IEP) Weight Error

# Impacts of system failure

---

- Outdated and unsupported technology will continue to degrade (MS Access), resulting in future disruptions and failures of the system.
- If the SSF software system were to fail, it would put ODE's ability to calculate and distribute funding to school districts and ESDs throughout Oregon at risk, where this would have to be done manually. Some impacts include:
  - Missed payment on PERS general obligations bonds (intercept payments) which could have late fees assessed
  - No electronic transfers with physical checks being cut and mailed (>\$400M/mo)
    - Potential missed payroll for districts
    - Potential missed payments for other district obligations





# Identifying Paths Forward

# The Research

---

<b>Research</b>	<b>Result</b>
ODE surveyed other State Education Agencies (SEAs) to understand their software solutions and distribution models for state support of local education.	Each SEA either had a home grown system or used a patch work of software solutions like ODE.
To further understand the landscape of potential commercial off-the-shelf solutions (COTS), ODE issued a Request for information (RFI).	No vendors responded to the information gathering request.
ODE hired a third party consultant, Info-Tech Research Group (ITRG), to evaluate different development models that included “in-house,” outsourced, and hybrid development frameworks.	Info-Tech’s final recommendation to ODE was an in-house development project for a new SSF software system.

# What We Learned

---

- Each State funds education differently
  - It is not that Oregon is unique in its funding model, every state is unique in its funding model.
- There is no commercial off-the-shelf solution (COTS)
  - Any off-the-shelf-solution would need significant customization to the base system. Configurability is not an option.
- All states surveyed either:
  - Used excel spreadsheets, access databases, and SQL to produce their allocations.
  - Developed a custom system.

# Most Efficient Path

---

- In-house Development was chosen as the most efficient method.
  - Opportunity to apply best practices in architecting and developing the system and resulting programming for the future.
  - Building the SSF system with best practices will allow ODE to respond to changes in legislative mandates to the SSF software system calculations in a more efficient and timely manner.
  - Opportunity to best leverage in-house expertise on system needs and ODE data, eliminating costly and time consuming knowledge transfer to a vendor.



# Custom Development

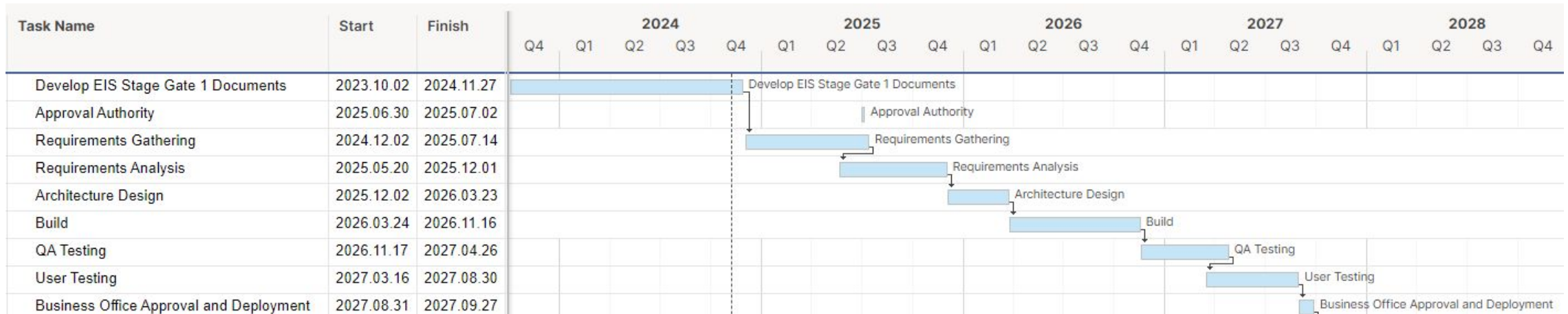
# Modernization Project Purpose

---

- Provide a stable State School Fund System using modern technology.
- Provide enhanced transparency to the Governor's Office, Legislature, school districts, ESDs, families, community members, and other educational partners.
- Enable timely and accurate analysis of proposed scenarios - "what if" analyses.

# High Level Estimated Schedule

- ODE estimates the SSF software system modernization project will take 4 years to deploy.



# Staffing Plan

---

- Staff Requested in 25-27 Policy Option Package
  - 6.73 FTE, including an IT Program Manager
  - Staggered start dates for lifecycle efficiency
- Currently, we have 3 limited durations positions onboarded to help initiate the process
  - 2 Business Analysts
  - 1 Project Manager
- Dedicated team focused solely on State School Fund Modernization
  - Recruitment Plan to support timely and successful hiring
  - Succession Plan to mitigate risks of potential vacancies
- Permanent team ensures system stability and rapid response
- Agency will reassess staffing levels following two years' system stabilization period of parallel operations



# Progress Summary

---

- ODE received Stage Gate 1 Endorsement for the State School Fun Modernization on December 6th, 2024
- With the reception of Stage Gate 1 endorsement, the agency will begin formal requirements gathering, prepare the project plan, risk assessment, resource plans, and other documents necessary for managing a large, mission-critical process, prepare for Stage Gate 2 endorsement, and engage independent quality management services (iQMS).
  - ODE expects that Stage Gate 2 endorsement will be required and earned prior to beginning internal development work.

# Questions

