Project Charter
State School Fund Modernization

Project Description

This project is to develop a new ODE State School Fund software system to manage, calculate and disburse payments to Oregon's 197 school districts and 19 Education Service Districts (ESDs). This is necessary due to the age of the system and legacy coding that has been modified multiple times over the years. Replacing this system will ensure a strong architecture to support the State's investment in our education system. The current system uses technologies and tools long past their support date and requires extensive time-consuming manual processes.

To provide the desired transparency around education funding and to ensure no disruptions in the disbursements of payments, we intend to design and build a new system following current technological best practices and standards.

Also, the existing manually intensive processes will be evaluated and replaced with automation to reduce the time and effort involved and minimize the risk of errors.

Project Objectives

Review, evaluate, and replace the SSF software system, including:

- Current business processes for calculating and payment of the SSF funds to school districts and ESD's,
- Software and hardware technology currently supporting this critical software system as needed to address hardware and software life-cycle issues, and
- Develop a replacement software system that is:
  - Easy to maintain,
  - Easy to use,
  - Calculates School District and Education Service District (ESD) payments,
  - Produces estimates that detail the allocation of funds to the 197 school districts and 19 Education Service Districts (ESDs) in Oregon,
  - Provides transparency to the process (data, the calculation and the end product (payments and estimates)), and
  - Produces reports in a format that complies with WCAG 2.1 AA accessibility standards.

Budget

The estimated funding required for this project is $7 - $8 Million.

Resources

Project oversight will be provided by EIS through the Stage Gate process and the open invitation to Gary Johnson, ASCIO, and Daryl Kottek, SIPM, to attend all meetings of the Steering Committee

Project Team Makeup

Specialty	Classification	Proposed start date	Proposed LD End Date**
Project Manager	ISS-7 (LD)*	10/1/2023	6/30/2027
Business Analyst	ISS-7 (LD)*	10/1/2023	6/30/2027

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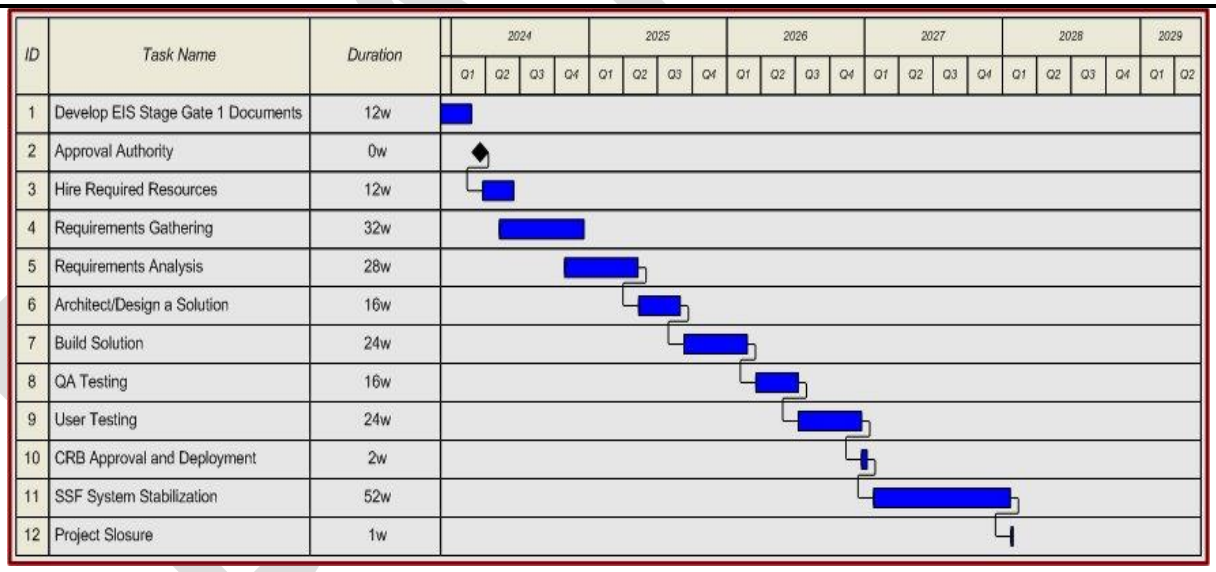
IT Program Manager	Information Technology Manager 2	7/1/2024	NA
Business Analyst	ISS7	8/1/2024	NA
UX/UI Designer	ISS4 (LD)	8/1/2024	6/30/2027
Front end developer (2)	ISS-6 (LD)	9/1/2024	6/30/2027
Backend developer	ISS-7 (LD)	2/1/2025	6/30/2027
Backend developer	ISS-8	2/1/2025	NA
QA and unit/system testing	ISS-4	3/1/2025	NA
Front end developer (2)	ISS-7	3/1/2025	NA
Systems analyst/architect	ISS-8	4/1/2025	NA
UA Tester	OPA-2	5/1/2025	NA

Estimated total personnel cost: $1.75M in 2023-25; $4.13 in 2025-27

* Positions have been authorized and filled.
** Could be extended if the project goes beyond the estimated end date.

Summary Schedule



Project Risks

- Funding is not approved for this project to move forward
- The SSF system fails, and IT resources are reallocated to fix the production issue
- Any additional loss of IT institutional knowledge of the SSF system
- Defining the scope of the project without detailed understanding of the SSF system
- Assuming all requirements have been identified by Business Operations

Stakeholders

- School Districts & Education Service Districts (ESDs)
- Office of Finance and Information Technology (OFIT)

- Taxpayers/voters

Steering Committee	*Member (Title)*	*Representing*
	Mike Wiltfong, (*School Finance & Facilities Administrator)*	School Finance
	Grisha Alpernas, (*ODE CIO)*	ODE IT
	Kai Turner, *(Assistant Superintendent, OFIT)*	OFIT
	Amber Forster, (*CFO)*	ODE Finance and Accounting
	(TBD), (*SSF Modernization program manager)*	SSF Modernization program
	(TBD), *(ODE Data Steward)*	Data Governance
Project Sponsor	Kai Turner Assistant Superintendent, Office of Finance and Information Technology	
Project Manager	Patrick Marcinko	
Sponsor Approval Signature	_____ Name	_____ Date

Approved Project Charter Change Requests (Require approval of Steering Committee):

Change #	***Date***	***Person***	***Change Description***
####-###	mm/dd/yy	<requestor>	

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Business Case for Modernizing the State School Fund System

Oregon Department of Education, Office of Information Technology

Date: October 2023
Version:0.1

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Date	Author(s)	Version	New Section Added	Section(s) Reviewed and feedback provided	Sections corrected based on Feedback
1/11/23	D.Kottek	PPM version 8 Uploaded by Patrick 1/10 @ 4:31pm		Working on Exec summary and Overview	
2/1/2024	Brian Jones				Overview (Almost completely re-written.)

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Authorizing Signatures

The person signing this section is attesting to reviewing and approving the business case as proposed.

This table to be completed by the submitting agency Agency Head or Designee	
Charlene Williams, PhD.	(Date)
Signature	
Agency Executive Sponsor	
Kai Turner	(Date)
Signature	
Agency Chief Information Officer (CIO) or Agency Technology Manager	
Grisha Alpernas	(Date)
Signature	
Business Analyst or Business Case Author	
Patrick Marcinko	(Date)
Signature	

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Table of Contents

[If you want the Table of Contents to update automatically, do not edit or format the table itself while working on the document. To update the table after adding text or changing headings, right-click on the table below, then select "Update Fields" from the pop-up menu. Then choose either "Update entire table" (if you have added or removed section heads from the document) or "Update page numbers only."

To ensure that all headings appear automatically in the Table of Contents, headings in the document itself must receive the style designation Heading 1, Heading 2, etc." (To see the table of pre-set styles, choose "Format," (menu above), then "Styles and Formatting…"]

Table of Contents

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Executive Summary

The ODE State School Fund system (SSF System) is the data and technology system that gathers, stores, calculates, and processes distributions from the State School Fund to Oregon Public Schools and ESD's.

The State School Fund (SSF) system is a critical system that currently apportions approximately $7 billion in State (~$5B) and local (~$2B) funding each school year. Within any given year, ODE is actively managing over $20B in funding; the current year, the future (next) year, and the previous year for final reconciliation, pending receipt of school district financial audits.

The SSF system is a complex data system that has been utilized in its current form and technology since the early 2000's. Although this system is highly accurate and enables ODE to distribute funding as required, it is dependent upon an outdated and unsupported version of Microsoft Access along with multiple spreadsheets and manual data manipulation processes that raise the risk of system failure that could prevent the ODE from fulfilling its obligation to disburse funds accurately.

A failure in the State School Fund System would impact 197 school districts and 19 Education Service Districts (ESD)s and more than 130 public charter schools in turn either directly, or indirectly, impact approximately 552,000 Oregon students in grades K-12. There have already been several instances when payments were at risk due to the system not working after software updates or changes to the system were made.

Last year ODE reached out to six state peer organizations, similar to ODE, inquiring how they processed their state's funds for supporting school districts, ESDs, etc. The results of this inquiry established peer organizations did not have a system and were doing something different from ODE. Because each state has their own way of processing payments to school districts, and their funding formula were less complex than Oregon's there is no way for ODE to leverage what others have done nor is it possible to share development of a common system. .

ODE also hired, through the competitive process, Info-Tech Research Group, to conduct research to identify potential Commercial-Off-The-Shelf (COTS) products that could serve the purposes of the SSF system. This research did not yield any products with comprehensive functionality which would directly support the SSF business process without considerable modifications. Such modifications would almost certainly make the product difficult if not impossible to update as patches or new versions of the software are released by the vendor.

In their report to the ODE, Info-Tech recommended replacing the existing SSF system by using "in-house" resources (See Appendix A) due to the knowledge of the existing system and in turn retaining the knowledge after the project closes. This also provides ODE with an 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 system calculations in a more efficient and timely manner.

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ODE's assessment of the development project is about 3 – 4 years with a team that includes: a Project Manager, two Business Analysts, System Architect, six developers, two testing and QA analysts as well as a manager to take ongoing ownership of the SSF system. The estimated cost of this project is approximately $7 - $8 million and includes the cost of the actual design and development, quality assurance, implementation, and parallel run of the old and new systems to ensure correct fund distribution to the school districts and ESDs, as well as the support costs through the end of FY2026-27. Dedicated resources to do this work will need to be allocated by the legislature or the Governor to initiate the SSF system replacement project. ODE is in the process of presenting this project and requesting funds from the legislature to move this project forward.

Overview and Background

Overview

The State School Fund is the largest line item in the State's General Fund and accounts for approximately 29% of the State's biennial overall budget and represents 80% of the funding for K-12 education. The State Board of Education and the Governor are responsible for adopting rules for distributions from the State School Fund to districts that meet all legal requirements as defined in ORS 327~~.~~ (see Appendix B – State School Fund Overview for details~~.~~). The approximately $10 billion allocated from the state budget is combined with approximately $4.3 billion in local revenue for a total of just over $14 billion per biennium which is allocated to the school districts, ESDs and public charter schools through the SSF software system.

The SSF software system is the data and technology the ODE School Finance Unit uses to calculate the monthly apportionment as described in ORS 327, using data from various ODE data collections on the over 550,000 students, almost 30,000 teachers in 1,239 schools around the state, along with other external sources (such as Census data). The SSF software system then generates the payment statements which are sent to accounting for disbursement of the funds, and creates the monthly payment reports to the school districts and ESDs.

The SSF software system was implemented in the early 2000's and has continued to operate using the original software with a few modifications to address changes in the rules or weights of the data points used in calculating the apportionments. There have been no major updates or investments made to this system since it was implemented.

Because this critical system is over 20 years old, there have been multiple instances when payments were at risk due to the SSF software system failing or not working correctly. Other limitations of this critical system include:

- Limited/No Transparency – The calculations in the apportionment process are not easily made transparent to the public.
- Potential Data Integrity Issues – Use of spreadsheets for calculating estimates and generating payments for school districts increases the potential for human error leading to data integrity issues.
- Manual Processes – The use of multiple Excel spreadsheets, both from data inputs and in different steps in the process requires considerable manual manipulation of data making the process incredibly time consuming.
- Lack of documentation – Makes system maintenance time consuming and difficult.
- Outdated & Unsupported Software – The SSF system uses a version of MS Access that Microsoft stopped supporting in July of 2009.

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- Legacy software – Use of older technologies and software will only continue to make it difficult to find IT professionals with the necessary skills to support the system.

ODE has gone through several reviews, internally and externally, to determine the best approach to update the SSF software system. These review efforts included:

- Evaluating six similar State Education Agencies (SEAs) tools/models for calculating payments to their school districts and ESDs
- Researching opportunities for using Off-The-Shelf-Commercial (COTS) solutions
- Request For Information (RFI) in OregonBuys as a market scan for potential vendors
- Hired Info-Tech Research Group (ITRG) to evaluate different development models that included "in-house," outsourced and hybrid development frameworks.

Given the purpose of the State School Fund itself and the SSF software system's unique functional requirements, no other Oregon agency system has similar functional requirements or needs, ruling out the possibility of a shared/enterprise system.

Modernizing the State School Fund software system is critical to meeting the Governor's priority for improving transparency in school funding and aligns with the EIS Strategic Framework with plans to create a system that will enhance the agency's ability to provide the public and the legislature insights and data on how funds are apportioned to Oregon's school districts and ESDs.

> Goal 5: Open Data and Transparency: Mature open data and transparency statewide and ensure constituents have access to meaningful data about how state government operates.
>
> HB 2946 (2017) The bill amended ORS 184.483 (7) (a) (b) and (d), significantly expanding the range of transparency reporting to include revenue, expenditure, and budget data.

The work to upgrade the State School Fund software system is a strategic initiative for ODE and is vital to helping ODE achieve its mission and vision:

> MISSION: The Oregon Department of Education fosters equity and excellence for every learner through collaboration with educators, partners, and communities.
>
> VISION: Every student will have access to and benefit from a world-class, well-rounded, and ***equitable*** educational system.

Current State

Around the year 2000, the ODE Financial Office began transitioning from a paper-based system to the current system. Throughout the years, the system has been altered and functionality has been added and removed, based on legislative mandates and federal regulations. As the system was altered and functionality was changed, the focus of work was on meeting deadlines, rather than assuring the system was streamlined and efficient. This has resulted in a system that is now over 20 years old and is an agglomeration of multiple software tools (MS SQL Server/Access/Excel) and complex manual processes that are tightly integrated with an outdated and unsupported version of software (MS Access.)

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When ODE attempted to update the MS Access software to a currently supported version, the SSF software system failed due to code and file format incompatibility between the previous and the newer version of MS Access. To resolve this issue, ODE was forced to roll back the MS Access software upgrade to the previous version in order to process and pay the monthly SSF disbursements to the school districts and ESDs. The current SSF software system still uses that unsupported version of MS access to this day.

Along with using an unsupported version of MS Access, there are multiple Excel spreadsheets used at various stages in the funding calculations. The use of these spreadsheets requires considerable manual manipulation of the data introducing the risk of data integrity issues which could then lead to incorrect funding calculations for Oregon's school districts.

Key ODE information technology staff that developed the SSF system functionality have since left the agency or moved to other positions leading to the loss of institutional knowledge of the system. This, coupled with a lack of technical documentation, makes system issues time-consuming to diagnose and resolve. Due to the critical purpose of the SSF System, when an issue does arise, or there is an inconsistency found, the ODE development and finance staff must respond immediately, diverting resources from other ODE priorities.

There have been several near misses of SSF system failure. One was the attempt to update the MS Access software described above. The other instance of note was when a change to a data column caused issues in the transfer and calculation of Average Daily Membership (ADM), which is a primary driver of school funding. This caused errors in the estimated payment calculations, which was brought to ODE's attention by school district staff. Fortunately, ODE staff were able to quickly track down and resolve the issue allowing the correct payments to be calculated and disbursed on time.

The ramifications of a missed or late SSF payment impacts students and schools and creates a significant burden for our K-12 partners and potential liability for State Government. School districts and ESDs may not be able to pay all obligations, such as payroll and bond payments, which could result in lawsuits and reduced credit ratings depending on the individual situation.
The State's contribution to the State School Fund represents two-thirds of funding for the approximate 80% of districts' operational budgets, so this could impact tens of thousands of people across the state depending on duration and each district's financial position.

It is inevitable that system failures will occur and ODE is at great risk of a missed or late payment due to system failures until the SSF software system has been modernized. ODE does not currently have the appropriate resources to build the new system, which is why this project was initiated.

This project will allow ODE to modernize a system that serves the entire Oregon K-12 system , and development of reporting that allows ODE to better inform the public, the state legislature, and the education community. As part of this effort, budget information that the State already collects from districts will be made more accessible and easier to understand, in alignment with the Governor's stated commitment to improve transparency and accountability.

> **"Create the Office of Transparency within the Oregon Department of Education (ODE) to make budget information that the State already collects from districts more accessible and easier to understand.** This is intended to ensure labor and district partners and the public have the same budget information that the State does and strengthen transparency and improve customer service to Oregonians." * Appendix C – Governor Kotek's Press Release "Charting a Path Forward on K-12 Education."

The goals for this IT investment are to build a new SSF system that will:

- Automate existing manual processes to the extent possible, reducing the risk of data errors through manual manipulation,
- Allow for hardware/software upgrades as part of standard IT practices,
- Enable flexibility for re-defining the formulas for calculations to support legislatively mandated changes and 'what-if' scenarios,
- Provide a foundation for transparency,
- Continue to accurately and timely issue the payments of education funding to all school districts and ESDs.

Market and other State Research

The School Finance unit staff identified six similar State Education Agencies (SEAs) and inquired about the status of their software model and its design. The results of this fact gathering effort with SEAs demonstrated that Oregon's unique funding formula was more complex than any other state's and therefore none of the other SEAs systems would meet the needs of Oregon's funding model.

To further understand the landscape of potential Commercial Off The Shelf solutions (COTS), ODE issued a Request For Information (RFI) in OregonBuys as a market scan for potential vendors, to which no vendor responded to the information gathering request.

Finally, ODE hired 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.

SSF System Modernization High Level Requirements

- The system must act in accordance with and abide by current Oregon Revised Statute and Oregon Administrative Rules.
- The application must tie directly to ODE systems to use data submitted to ODE collections.
- The application will be hosted at ODE.
- The application must be designed to easily make changes to the funding formula and calculations as mandated by legislature.
- Able to meet and abide by state and ODE security standards and practices.

Measurable Business Benefits

The SSF system being 20 years old and with limited institutional knowledge for supporting this system, it is difficult to project measurable benefits for this system. However, an understanding of events in the past and the outcomes provides several benefits that can be realized by replacing the SSF system.

Table 1 – State School Fund High Level Benefits and Measurements

Benefit	Measurement

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Transparency	
Improved internal controls through ability to track changes and approvals, identify errors, and make corrections using tools that were not previously available as well as consolidating functions and tools.	Time spent on error resolution will decrease.
Increased transparency at a transaction level to view individual or aggregate changes in detail.	Time spent researching detailed changes will decrease.
Increased traceability from source data to final reports to ensure data integrity.	Time to trace and discover information issues will decrease.
Updated Applications	
Replace older application software with an architected solution that aligns with ODE IT's technology roadmap and can be supported by ODE technology staff.	System technology is supported by ODE technology staff. Technology upgrades and maintenance occur on system technology.
Vendor supported software and technology.	All software and technology used is current and vendor supported.
Reduced manual workload by automating workflow and eliminating duplicate data entry and manual processes.	Time spent on manual entry decreases.
Consolidating systems and processes.	The new system provides a single place for business users to perform all the actions necessary for the State School Fund.
Improved features with modern technology, including a user interface.	Time spent accessing different technology applications decreases. The number of applications accessed for SSF system work decreases.
Simplify trouble shooting issues by building a system using structured concepts for easy traceability.	The number of tickets opened for SSF maintenance decreases.
Reduced errors due to automated workflows and incorporate manual processes into the new system as possible.	Time spent resolving errors decreases.
Programmed with flexibility to adapt to legislative changes and designed to be easily supported ODE IT.	Time spent updating system for legislative changes [to funding formula and calculations] decreases.
Increased ability to view and report historic data within a user interface.	Time spent researching historical data decreases.
Streamline business processes to focus on analysis rather than mechanics of SSF administration.	Time spent conducting SSF analysis increases.
User Interface will conform to the Web Content Accessibility Guidelines (WCAG) version 2.1.	Reports and other system generated documentation are accessibility compliant.
Technical Documentation	
Comprehensive technical documentation for IT staff to support the new SSF System	Technology staff have the resources to be able to understand and support the system. Time spent troubleshooting a problem decreases.
Strategic Alignment	
Alignment with ODE's Office of Finance and Information Technology's Strategic Plan	Modernizing the SSF system in the ways described aligns with the strategic goal to expand transparency in systems, processes, and communication by

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	displaying financial data to expand access and understanding for everyone.
Alignment with the Governor's Goals for technology modernization	Transform business processes. Improve data security.
Transform business processes	Leverage modern system capabilities to provide improvements and efficiencies in business processes, and new tools for our employees, and support more effective service delivery to our customers.

Assumptions & Constraints

Assumptions:

- Legislature will support and provide funding for the SSF system replacement.
- ODE business/operations personnel support the replacement of the SSF system and will provide the time needed to complete the high-level business process flows as well as time to discuss requirements the new system shall provide, including the incorporation of any existing ad hoc spreadsheet processes.
- The appropriate IT resources are available to build the SSF system.
- End user resources will be available to develop and execute User Acceptance Test (UAT) scripts.

Constraints:

- Funding has not been approved for this project to move forward.
- The limited institutional knowledge of this system
- Complexity of the State School Fund calculation
- Availability of technical resources
- Additional legislated requirements of the SSF system are introduced during the project timeline, delaying the project.
- There are limited ODE technology resources available to support the Project. Current permanent ODE resources do not have the capacity to develop a solution.
- There are limited SSF staff to work on the project and each has ongoing work that must be balanced.

Risks:

- Funding is not approved for this project to move forward.
- The current SSF system fails and requires IT resources to resolve problems and delays the development of the new SSF system.
- Defining the scope of the project without detailed understanding of the SSF system
- Loss of institutional knowledge; due to retirement, attrition, etc.

Alternatives

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- Doing nothing (status quo) – Doing nothing is no longer an option for ODE, as the risk of system failure increases the longer the SSF system continues to operate. The risk of failure is due to using software that is no longer supported (MS Access), limited institutional knowledge, complexity of the system combined with ad hoc solutions (the use of spreadsheet) to support the SSF calculations will continue to elevate the risk of failure for the SSF system.

  When, not if, the SSF system does fail all payments to the 197 school districts and 19 ESDs will not occur, and subsequent payments will also be affected as ODE scrambles to create manual ad hoc processes to replicate the current complex SSF system calculations and make the payments. Using what is easily available ODE would most likely create manual processes using spreadsheets to execute the payments to the school districts and ESDs. Using spreadsheets will also increase the potential for human error resulting in the disbursement of incorrect payments.

  The way the SSF system was developed in the early 2000's using common Office productivity tools would not be considered as an option today due to the level of complexity of the SSF system. Modernizing the SSF system cannot be accomplished with the tools or practices of the 2000's to align with the ODE 2023-2027 IT Strategy. This modernization will focus on innovation, software development "Best Practices" and enterprise IT strategies to create a system that is reliable, easily maintainable and includes disaster recovery capabilities.

- Doing minimal work – The minimal effort is the same as doing the "More than the minimal work". When updating/upgrading the SSF System so it is vendor supported it will also require the code to be analyzed, re-architected and re-written to ensure the code adheres to the current programming syntax, Application Program Interfaces and integration with other systems. Changing the software is not a simple swap since the SSF system was written for a previous MS Access software architecture that now conflicts with the new architecture of MS Access. Even after identifying the differences in architectures the issue of navigating the existing system code and limited documentation will continue to be a problem for migrating the old code to ensure it and all the disparate software and applications used in SSF continue to interoperate and function.

  Again, the issue of the SSF system failing remains and there is no middle ground for where ODE finds itself today. Doing the minimal work leads to doing more than minimal work.

- Do More than minimal work – ODE tasked Info Tech, a preferred third-party technology vendor, to research how other states process and disburse payments for education. Other states use a variety of software to administer their school funding data and distributions, including the ones ODE uses (Excel/SQL DB), and were similar in a lot of ways to ODE's own strategies. But each state is different in their needs depending on their formula, and no two states were similar enough that could be borrowed without significant modifications to the system. ODE's complex calculations are also unique compared to peer organizations in other states. Also, the SSF system calculations are reviewed and updated periodically to ensure equity across Oregon.

  Options to purchase Commercial-Off-The-Shelf (COTS) software products were also considered but none were found that could be installed and configured to replace the SSF system without significant

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development effort.

In their report to the ODE, Info Tech recommended replacing the existing SSF system by using "in-house" resources for developing the new SSF system, due to the knowledge of the existing system available and in turn retaining the knowledge of the new system after the project closes. This also provides ODE with an 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 system calculations in a more efficient and timely manner.

Conclusions

Consequences of Failure to Act

Not acting on the state of the SSF system is not an option. If the SSF system were to fail, it would put ODE's ability to calculate and distribute funding to school districts and ESDs throughout Oregon at risk. Outdated and unsupported technology will continue to degrade (MS Access), resulting in future disruptions and possible failures of the system.

Transparency

ODE finance staff will continue to use manual processes that are time-consuming and introduce risk of errors. Additionally, substantial time will continue to be spent on error research and resolution due to lack of system transparency.

Technology

System technology (MS Access) will not be supported by vendors through upgrades and patches. This will increase the number of issues with technology and increase the need for ODE IT to resolve issues. 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. With thousands of SQL procedures pulling and pushing data from various data sources, it is challenging to make changes without causing additional issues. Investigating changes needed and consequences of making changes will continue to be time consuming. Finance staff will continue to access multiple applications (MS Excel, MS Access, SQL Server) and multiple proprietary in-house tools and applications to complete work, rather than a unified user interface.

Technical Documentation

Failure to improve the documentation on State School Fund systems and processes will result in longer and longer time periods to research and resolve technical issues.

Recommendation

ODE endorses the recommendations found in Info Tech's final report in replacing the SSF system using "in house" resources. To prevent any potential failure of the SSF system, this project must move forward in the future. Failure of the SSF system is inevitable if the system is not re-designed and developed using modern

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software development principles and technologies, as well as incorporating tools developed by operations outside of the SSF system into a single inclusive system that can be supported by a vendor and ODE IT.

The in-house alternative is recommended because of its lower risk, lower change impact, and favorable total cost of ownership (TCO) when compared to other alternatives.

An external review and examination of other state examples also support the in-house model.

Future state requirements and technology decisions will be made during the development lifecycle, with a focus on incorporating best-of-breed modular technologies.

The roadmap for the in-house alternative includes a projected 3.5-year time frame that starts with funding authorization and involves sourcing development resources, completing requirements gathering, analysis, architecting/designing, development, and testing (Quality Assurance (QA) and User Acceptance Testing (UAT)), deployment and stabilization/validation of the new SSF system to the current system.

Next Steps

- Present the request for funding to the legislature.
- Hire the resources needed to complete the SSF Modernization project.
- Continue to document high-level business processes.
- Execute Project Kickoff
- Requirements Gathering
- Analysis
- Architect/Design
- Build
- QA Testing
- User Testing
- User Training
- User Acceptance
- CRB Approval
- Deployment
- System Stabilization
- Project Closure Tasks

All public facing application and reporting User Interfaces (UI) will conform to the Web Content Accessibility Guidelines (WCAG) 2.1 AA, and the Information and Communication Technology (ICT) Revised 508 Standards and 255 guidelines of the Communications Act.

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Appendixes and References

Checklist	• Complete current state, future state, and gap analysis • Cost model • Full alternative analysis (if not included in business case) • Legislation • Strategic Plan • Agency Planning document • LFO Budget Notes • Prior POP (Policy Option Package) for project • Any additional information referenced

Appendix A – Info-Tech Resource Group Final Report
Appendix B – State School Fund Overview
Appendix C – Data Sources and Dates of Use of ADMw

Appendix D - Governor's Press Release - Governor Kotek Outlines Next Steps Following Resolution of PPS Strike

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Appendix B – State School Fund Overview

The ODE State School Fund system is the data and technology system that gathers, stores, calculates, and processes funding distributions to Oregon Public Schools and ESD's.

ODE staff use the Consolidated Collection System to gather, control, store and evaluate data inputs from school districts and other entities to populate over 200 secure databases. Consolidated Collection System data is critical because in part this data is used to inform, and calculate the data used to distribute the State School Funds.

Management of student data collections and storage is a dynamic process managed throughout the academic year. As federal and state programs for education change, computer systems must be equally nimble to ensure stakeholders receive the information they need. These data collections, managed by multiple ODE offices, occur throughout the academic year, and require data reviews, audits and final data acceptance prior to calculations through the State School Fund system. The data collection catalog can be used to acquire a list of specific collections that focus on state and federal funding.

The State School Fund is driven by statute and rules that define how and what funding is included and excluded prior to being distributed to school districts and education services districts. School districts and ESDs receive specific allocations, considered grant dollars in statute, based on State School Fund calculations and local revenue amounts.

The specific statute and rules are:

Oregon Revised Statutes (ORS) Chapter 327 State Financing of Elementary and Secondary Education

Oregon Administrative Rules (OAR) 581-023 School Finance

The State School Fund grant includes a general-purpose grant, transportation grant, and a high-cost disability grant. The calculations are complex and can change based on many factors, including legislative decisions. The system must include the flexibility to make changes at any given time.

The SSF system uses a variety of data related to school daily membership (from ODE Consolidated Collections), census data and other factors to determine how to equitably share revenues, both State and Local, to determine how to apportion the State School Fund to Oregon's school districts. The funds are then allocated through a statutorily required equalization formula initially adopted in 1991.

Goals of the formula are to:

- Equalize district and ESD funding;
- Compensate districts for certain student and district characteristics through "weights" (special education, English language learner, poverty, etc.); and
- Maintain local control of how funds are spent. (The districts control spending decisions unless the Legislature directs otherwise.)

In addition to student enrollment, accounted for by the Average Daily Membership (Average daily membership or "ADM" (see Appendix C) means the aggregate days membership of a school during a certain period divided by the number of days the school was actually in session during the same period), a part of the calculations is the application of 'weights' to various student counts for:

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- Students identified for and served under Special Education programs
- Students identified as English Language Learners
- Students served under Pregnant and Parenting Programs
- Students in Poverty
- Students in Foster Care
- Neglected and Delinquent Students

The data used in the apportionment calculation process includes, but may not be limited to, the following items:

Revenues:

1. County Local Property Taxes (see ORS 327.013(10)(a))
2. Common School Fund distributions from the Oregon Department of State Lands
3. County School Fund
4. In Lieu Payments
5. Federal Forest Fees
6. State-Managed Timber Receipts

Student Counts:

1. Average Daily Membership (ADM)
2. Special Ed Students*
3. Special Ed Cap Waivers
4. English as a Second Language Students
5. Pregnant or Parenting Students
6. Students in Poverty
7. Students in Foster Care
8. Neglected and Delinquent Students

Other:

1. Transportation Expenditures
2. New Facilities Expenditures
3. Teacher Average Experience
4. High-Cost Disability Students
5. High-Cost Disability Expenditures
6. Fingerprinting Fees
7. PERS Intercept Payments

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Appendix C – Data Sources and Dates of Use ADMw

	Projections	Estimates	Actuals
ADMr			
Collection:	Estimate of Membership and Revenues	2nd Quarter ADM Collection	Annual ADM Collection
Use:	July – April current year	May current year	Final May reconciliation – succeeding year
Students in ESL Programs			
Collection:	Estimate of Membership and Revenues – see above	2nd Quarter ADM Collection – see above	Annual ADM Collection – see above
Use:	July – April current year	May current year	Final May reconciliation – succeeding year
Students on IEP below 11%			
Collection:	Previous year's data	Previous year's data	Special Education Child Count (SECC) (occurs on December 1 of the previous year; really Dec 3-13)
Use:	No projections	July – May current year	Final May reconciliation – succeeding year
Students on IEP above the 11% cap			
Collection:	Previous year's data	Previous year's data	Calculation done by SLP using SECC data along with spending and severity criteria
Use:	No projections	July – May current year	Final May reconciliation – succeeding year
Students in Pregnant/Parenting programs			
Collection:	Estimate of Membership and Revenues	2nd Quarter ADM Collection	Annual ADM Collection
Use:	July – April current year	May current year	Final May reconciliation – succeeding year
Students in Poverty			
Collection:	Estimate of Membership and Revenues	2nd Quarter ADM Collection	Annual ADM Collection; most recent decennial census; 1995-96 ADM; most recent free and reduced lunch count
Use:	July – April current year	May current year	Final May reconciliation – succeeding year
Students in Foster Care or Neglected/Delinquent students			
Collection:	Previous year's data	Previous year's data	Report by Dept of Human Services for October 31 of year prior to year of distribution
Use:	No projections	July – May current year	Final May reconciliation – succeeding year
Remote small school correction			
Collection:	Previous year's data	Previous year's data	Annual ADM Collection
Use:	No projections	July – May current year	Final May reconciliation – succeeding year
Small High School Correction			
Collection:	Previous year's data	Previous year's data	Annual ADM Collection
Use:			

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Appendix D – Governor Kotek's Press Release

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