



Efficiency and Modernization of the School Funding System *2022 Supplemental Operating Budget Decision Package*

Agency/Program Recommendation Summary

The Office of Superintendent of Public Instruction’s (OSPI) School Apportionment system disburses almost half of Washington’s General Fund-State budget to school districts according to formulas prescribed by the Legislature. Substantive and sizable legislative changes to school funding formulas over the past several years have required OSPI to create manual, rather than automated, processes to distribute funding in an accurate and timely way. These workarounds have left the apportionment system vulnerable to errors and have created misalignment with other data and fiscal systems. In addition, the system is built on platforms that are over a decade old. Modernizing the system is necessary to reduce risks and vulnerabilities, ensure compliance and reporting standards are met, and provide better service to school districts. OSPI is requesting \$6 million spread across three fiscal years for the apportionment and forecasting systems to be redesigned and modernized.

Package Description

OSPI is requesting an additional investment in the School Apportionment system that is responsible for calculating and distributing state funding to school districts according to the formulas determined by the Washington State Legislature.

The school apportionment system disburses almost half of Washington’s General Fund-State budget to school districts across the state according to the prescribed formulas determined by the Legislature. Over the past 5 years, the size and scope of the changes produced by the Legislature have greatly impacted the school funding formula, and thus the apportionment system. Due to time, resource, and technology constraints, OSPI has had no choice but to implement many of these changes through manual workarounds outside of the apportionment system itself. In addition, the apportionment and forecasting systems were last updated 12 years ago.

The project is expected to last 26 months with an estimated total cost of \$6 million. Over that same 26-month period, it is estimated that the apportionment system will process payment of approximately \$31 billion of state funds for local education agencies to fulfill the paramount duty of the state. This request for \$6 million represents 0.019% (or 0.00019) of the funds paid through the system during the total project period.

State Fiscal Year 2023	State Fiscal Year 2024	State Fiscal Year 2025	Total
\$2,630,000	\$3,020,000	\$350,000	\$6,000,000

What is the problem, opportunity, or priority you are addressing with the request?

Due to numerous recent changes to the prototypical school funding formula determined by the Washington Legislature and the outdated platform of OSPI's apportionment and forecasting systems, numerous reports and calculations need to be done outside of the system using old macros and old computers. The last technology change was made 12 years ago, in 2009.

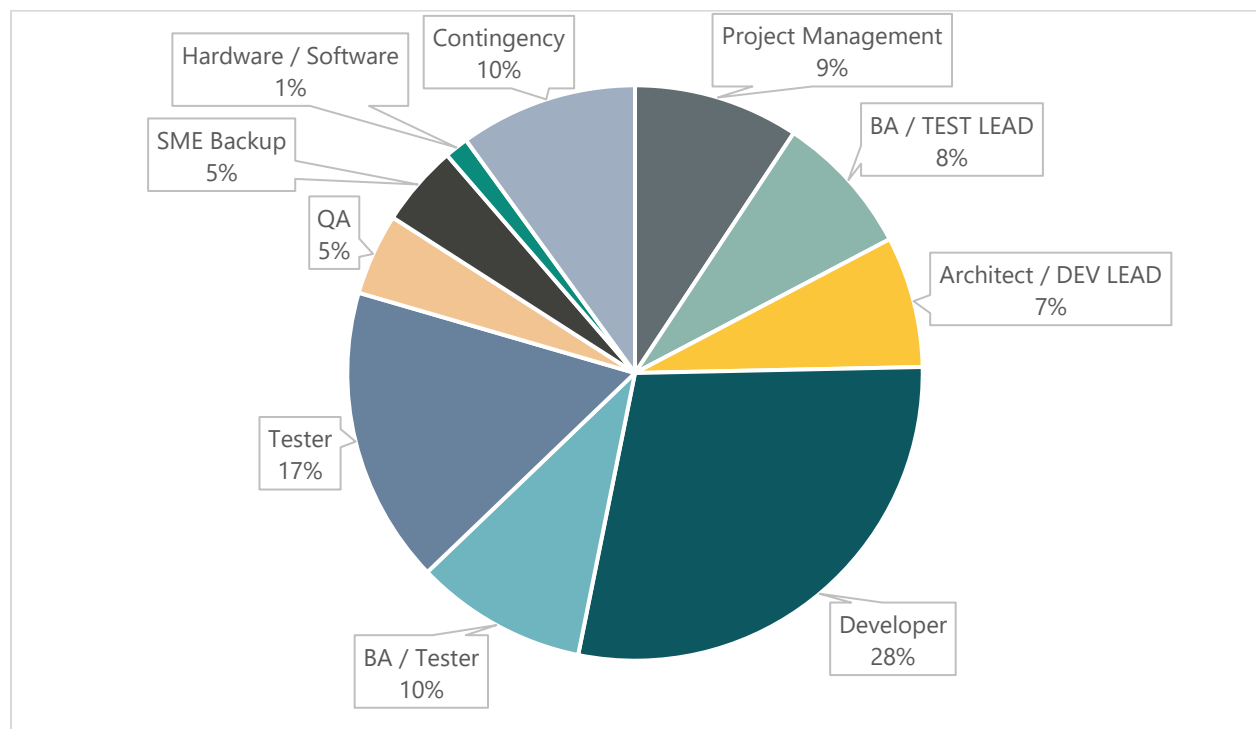
This outdated technology has caused the need for more manual processes, resulting in a higher chance of human error. It has also allowed the forecasting system (F-203) and payment system (Apportionment) to become out of alignment. The systems do not round the same and there are many different item codes for the same value. Districts are paid based on their budgeted F-203 from September through December. Having the same item codes and the same file types to upload in both systems would save time and reduce errors.

What is your proposed solution?

OSPI proposes redesigning the Apportionment and F-203 systems and updating and modernizing them. This effort will follow the School Apportionment and Financial Services (SAFS) Redesign Roadmap, which is a multi-year plan to create efficiencies across all of the SAFS systems, including the budgeting, financial reporting, enrollment, staff reporting, and apportionment systems.

What are you purchasing and how does it solve the problem?

Funding for this project will include the hiring of a project manager, business analyst and test lead, architect and development lead, testers, subject matter backup, as well as purchasing of hardware, and a contingency amount. A breakdown of this funding is shown in the chart below.



What alternatives did you explore and why was this option chosen?

Alternatives include continuing to use maintenance dollars to make legislative updates to the Apportionment and F-203 systems. Unfortunately, maintenance funding does not allow for the incorporation of numerous manual processes that currently exist outside of the system. In addition, this would not address the need for the old computer to run reports and macros that is not currently supported by Information Technology Services (ITS) due to age.

Performance Measures

Performance outcomes:

Funding this request will create efficiencies within OSPI's apportionment calculation process. This will reduce risk for potential error in calculating and sending funds to school districts on a monthly basis. By creating commonalities between the revenue estimate system (F-203) and the apportionment system, we will reduce the overall workload for both school districts and OSPI. Efficiencies will also be created in how we are able to extract data and provide answers to questions regarding apportionment from the public or from legislative staff.

Fiscal Details (Funding, FTEs, Revenue, Objects)

Operating Expenditures	FY 2022	FY 2023	FY 2024	FY 2025
General Fund State - 01	\$0	\$2,630,000	\$3,020,000	\$350,000
Total Expenditures	\$0	\$2,630,000	\$3,020,000	\$350,000
Biennial Totals	\$2,630,000		\$3,370,000	
Staffing	FY 2022	FY 2023	FY 2024	FY 2025
FTEs	0.0	1.0	1.0	0.3
Average Annual	0.5		0.65	
Revenue	FY 2022	FY 2023	FY 2024	FY 2025
General Funding State – 01	\$0	\$0	\$0	\$0
Total Revenue	\$0	\$0	\$0	\$0
Biennial Totals	\$0		\$0	
Object of Expenditure	FY 2022	FY 2023	FY 2024	FY 2025
Obj. C	\$0	\$2,510,000	\$2,900,00	\$315,000
Obj. A	\$0	\$80,000	\$80,000	\$24,000
Obj. B	\$0	\$28,000	\$28,000	\$8,000
Obj. E	\$0	\$6,000	\$6,000	\$2,000
Obj. G	\$0	\$6,000	\$6,000	\$1,000

Assumptions and Calculations

Expansion or alteration of a current program or service:

This proposal is not an expansion or alteration of current program offerings.

Detailed assumptions and calculations:

The costs related to this request are based on the design and development of the Apportionment and F-203 systems. OSPI has recently undertaken the redesign/modernization of three of the SAFS sub-systems and used this successful effort as a basis to plan this request.

GATE	Planning / Procurement	Design	Development 1	Development 2	UAT / Implementation Planning	Implementation / Training	TOTAL
Number of Months	3	3	6	6	3	5	26
Project Management	\$76,500	\$76,500	\$111,000	\$90,000	\$76,500	\$127,500	\$558,000
BA / TEST LEAD	\$20,000	\$60,000	\$120,000	\$120,000	\$60,000	\$100,000	\$480,000
Architect / DEV LEAD	\$20,500	\$61,500	\$123,000	\$73,000	\$61,500	\$102,500	\$442,000
Developer	\$0	\$160,000	\$540,000	\$540,000	\$250,000	\$220,000	\$1,710,000
BA / Tester	\$0	\$160,000	\$300,000	\$120,000	\$0	\$0	\$580,000
Tester	\$0	\$0	\$220,000	\$360,000	\$210,000	\$210,000	\$1,000,000
QA	\$20,000	\$40,000	\$60,000	\$60,000	\$30,000	\$65,000	\$275,000
SME Backup	\$30,000	\$30,000	\$60,000	\$60,000	\$30,000	\$65,000	\$275,000
Internal IT Staff							\$0
Post Imp Costs							\$0
Hardware / Software	\$30,500		\$50,000				\$80,500
Contingency	\$42,500	\$72,000	\$146,000	\$147,000	\$82,000	\$110,000	\$599,500
	\$240,000	\$660,000	\$1,730,000	\$1,570,000	\$800,000	\$1,000,000	\$6,000,000

Workforce assumptions:

This proposal includes one additional full-time equivalent (FTE) at OSPI as a backup to the business as a subject matter expert for the duration of the project. The remainder of the staff will be contracted.

How is your proposal impacting equity in the state?

Certain programs and variables of the school funding formula, as approved by the Legislature, are focused on equity. This proposal would ensure that the funding formulas are calculated, and revenue is paid to all educational entities, in accordance with the budget approved by the Legislature.

Strategic and Performance Outcomes

Strategic framework:

This request ensures that local education agencies in our state continue to receive funding through the state basic education formula to fulfill the state's paramount duty.

Other Collateral Connections

Intergovernmental:

None

Stakeholder response:

All local education agencies that receive direct funding from the state through the apportionment system would agree that it is critical to maintain and upgrade the system on a routine basis. Since the last upgrade of the system occurred in 2009, the stakeholder response to this proposal is positive.

Legal or administrative mandates:

None.

Changes from current law:

None.

State workforce impacts:

None.

State facilities impacts:

None.

Puget Sound recovery:

N/A

Other Documents

Reference documents:

N/A

Information technology (IT) addendum:

Does this decision package include funding for any IT-related costs, including hardware, software (including cloud-based services), contracts, or IT staff?

No

Yes