Testimony to House Education - The Uniform Chart of Accounts and Shared School District Data Management System

Given By:

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The implementation of the Uniform Chart of Accounts (UCOA) and the Shared School District Data Management System (SSDDMS) are complex projects that are being implemented simultaneously with Act 46 mergers, significant changes to our special education system (Act 173), and the introduction of several major statewide data systems including a new grants management system, and the state's first longitudinal data system.

Also, the original implementation plan for the SSDDMS was developed under the assumption districts would be implementing the SSDDMS on a voluntary basis. The General Assembly subsequently changed the implementation approach at the end of the last legislative session to a mandatory approach which now necessitates a revision to the implementation plan.

Based on a consideration of this context, the AOE supports a delay in the implementation of the SSDDMS.

District Capacity

VASBO has raised important concerns about local district capacity to do this work:

1. VASBO estimates approximately 1/3 of Vermont school district are currently using outdated software applications for accounting and HR functions. It is difficult to transition these districts to a modern software platform. For them, this is an entirely new experience.

2. Like the outdated software issue, there is a concern about unique business rules and financial control systems at the local level. Implementing a new system based on accounting best practices will create challenges for many districts since they will be required to abandon their old rules and practices in favor of new ones. A delay will give the AOE additional time to publish an updated accounting handbook.

3. Many districts already have integrated accounting and HR systems. Few of these districts, however, participated in the first-round implementation of the SSDDMS. Delaying the implementation of the SSDDMS will allow school districts with this greater expertise to gain direct experience with the new system which will in turn support the development of a peer network to support all districts.

AOE Capacity

The AOE does not currently have a dedicated staff person to serve as the point of contact for districts in this work. A new position from another AOE division has recently been allocated to the support SSDDMS implementation. Also, AOE CFO Emily Byrne recently resigned. Ms. Byrne played an important role in the roll out of the SSDDMS. A delay would allow the AOE to build out support capacity including filling the direct support position and the CFO position.

The AOE is also adding capacity for this initiative by contracting in areas related to SSDDMS implementation. Firstly, the AOE will be contracting with a vendor to augment its technical support team, and the AOE will be contracting with the same vendor to develop and publish revisions to the accounting handbook for districts. A delay would allow these contracted services to be leveraged as part of the implementation plan.

Vendor Capacity

The SSDDMS vendor, PowerSchool, has increased its resources for the implementation of the SSDDMS as response to concerns from the initial implementation plan for Vermont. PowerSchool has been a good partner in the implementation to date and has expressed a willingness to adapt the support and implementation approach based on the needs of our districts.

There have been concerns expressed about the quality of the software even though the software is well established in the industry and used in other states.

Here is a summary of the vendor selection process as described in *Executive Summary: Findings and Recommendations Shared School District Data Management System (SSDDMS)* published by the AOE in February 2018:

- **Authoring the RFP:** AOE collaborated with an independent contractor (Berry Dunn), the Vermont Association of School Business Officials (VASBO), and the Agency of Digital services (ADS) to identify and document the functional business requirements and non-functional technical requirements to be included in the SSDDMS request for proposal (RFP). The final RFP published reflects feedback from both local and state stakeholders, from those with business and/or technical expertise. The RFP was posted on September 13, 2017.

- **Evaluate Vendor Proposals:** Proposals were scored on a number of items as they relate to the following categories: (1) bidder profile (experience, financial strength, and references), (2) ability to meet the State's functional and non-functional system requirements, (3) implementation services with Project Management and technical execution, (4) maintenance and support services, and (5) pricing. **Initially, we withheld any information related to pricing from the evaluation committee so that the quality of each vendor's proposal could be initially evaluated without bias regarding price. Pricing was only revealed after proposal scoring was submitted.** There were 4 total proposals received. Three proposals were scored by the review team. One proposal, did not meet minimum requirements of the State's procurement policies, administered by BGS, and as such, was not evaluated. The proposal evaluation period occurred between October 26, 2017 and November 21, 2017.

- **On-Site Demonstrations:** All three vendors were invited to provide on-site demonstrations to show how the proposed solution met specific requirements outlined in a demonstration script provided to the vendors ahead of time. A scoring template aligned with the demo script was used by the review team to assess how well the software met the focal requirements. The first round of demos occurred during three separate sessions over the course of two days (November 16 and 17, 2017). The review team met subsequent to these demos on November 21, 2017 to debrief and discuss the

on-site demonstrations and what questions still required clarification, if any. Because the review committee felt that the time allotted for the first presentations on-site was not enough, a second virtual web conference demonstration was requested. A script was sent out to all vendors for the second demonstration. This second round of demonstrations occurred on December 18, 2017 and December 19, 2017.

- **Findings:** The scoring reflects overwhelming support for the top vendor. The second and third (last) place vendors are close in score and vary in ranking (2nd or 3rd) depending on the inclusion/exclusion of outlier scores. Of all the proposals, the highest scoring vendor produced a bid that was most in line with the requirements outlined in the RFP. <u>Not only does the winning proposal fit the needs of the SUs/SDs in terms of daily functionality and system requirements, but it also proposes to meet the State's requirements for succinct management of the UCOA and more streamlined state reporting tools.</u> Furthermore, this solution is the only solution that reflects the proper balance between system standardization across SUs/SDs with built in flexibility where variance between SUs/SDs is needed. The other two vendors' proposals fall short in these critical areas. While one is highly standardized and would make the central management of the UCOA simpler, the vendor is unable to provide a solution with the flexibility needed for variance across SUs/SDs. The other vendor provides the flexibility needed across SUs/SDs but is unable to provide a convincing solution for the central management of the UCOA.

Implementing a Delay

The AOE recommends the following changes to the SSDDMS implementation plan. This recommendation has been formulated as a direct result of our testimony and interaction with the Senate Education Committee on Tuesday, April 23, 2019:

1. Maintain the revised UCOA implementation deadline of 07/01/2020 recently enacted through the Budget Adjustment Act. We feel this work is well underway and not directly connected to SSDDMS implementation.

2. Extend the SSDDMS implementation deadline by a year to 01/01/2022. This would add two implementation rounds. Each of these rounds would have 1-year implementation schedules and create implementation rounds of a more manageable size, about 8-10 SUs per round. We would let the MUUSDs have priority over round selection (additional cost estimated to be $168K).

3. The AOE would contract with PowerSchool to provide additional support to districts. This additional support would include:

   a. Extended "unlimited data conversion support", which is now available only through 07/01/2020 (additional cost estimated to be $674K); and

   b. Vendor onsite support in Vermont targeted to SU/SD needs (we are waiting on a quote but we believe the additional cost would be around $510K).