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## MEMORANDUM

TO: Superintendents and Business Managers  
FROM: Rebecca Holcombe, Secretary, and Emily Byrne, Chief Financial Officer  
SUBJECT: Shared School District Data Management System (SSDDMS) Project Status  
DATE: January 29, 2018

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This message is to provide all State of Vermont Supervisory Unions and School Districts with a general update on the Shared School District Data Management System (SSDDMS) Project as a means to comply with legislative requirements for a Uniform Chart of Accounts (UCOA).

We want to begin by acknowledging that this is a major change in the operations of school districts. We know it is also a strong priority of the General Assembly; AOE was asked about this work in five separate committees recently, and there was noticeable legislative interest in mandating a common system.

We also want to acknowledge that any change will pose challenges for some systems, as each of you are in different stages of UCOA implementation, have different levels of resources and as a group, work with a variety of vendors. Some will be relieved to move onto the SSDDMS, as they currently manage budgets in spreadsheets, while others have the resources to have recently invested in new systems. There is no time or way to do this that does not work well for some, while posing challenges for others.

Nevertheless, the Agency was tasked by the Legislature to come up with a uniform chart of accounts and provided resources for a state system, and the Agency is required to follow state contracting rules to procure that system. We are nearing the end of this process, and the preferred bid and project are currently under external, independent review. These rules are designed to ensure competitiveness and fairness in the bidding and contracting processes, and to obtain an independent assessment of perceived risks and the overall recommendation before proceeding.

No decision will be “right” for everyone, but we are confident that overall and in the long run, a new state system will both strengthen practices in our more vulnerable systems and improve data quality statewide. Our commitment is to work with those who are happy with their current systems, while supporting others as they transfer into the new system. This change will only be successful if we work together to ensure that we meet the original intent of the project and provide the best possible results for Vermonters.

## **Project Benefits**

The AOE's process was shaped by the following considerations:

- 1) Central management of the UCOA will require fewer resources at local and state levels to maintain the UCOA and monitor for compliance.
- 2) The new system will enable more efficient collection of school finance and personnel data through fewer hours spent by SU/SD staff to translate and report data to the AOE, and by AOE staff to gather and validate data.
- 3) The new system will provide higher quality school finance and personnel data that will be more consistent and comparable.
- 4) The new system will enable economies of scale through more favorable contractual terms for software and provide cost savings for Vermont taxpayers.
- 5) A unified system will make it possible for AOE to provide centralized training and support on the UCOA and State reporting.
- 6) A unified system means that if and as Business Managers transfer across SU/SDs, their skills are transferable.
- 7) A unified system will facilitate easier consolidation of accounts following mergers.
- 8) Although there will be transition costs locally, overall and over time, these local costs will be offset by the greater affordability of a unified system that operates at scale.

## **Project History**

The Vermont General Assembly directed the Agency of Education to undertake activities to provide more consistent and comparable school finance data, so that it could make better and more informed decisions about financing Vermont's Public Education System. In order to accomplish this goal, the Agency investigated several different implementation plans to determine the most cost effective solution for Vermont tax payers, taking into consideration both state and local costs.

Through a total cost analysis of a central vs. a decentralized system, as well as conversations with VASBO, AOE determined that the best solution was to issue an RFP for a centralized system. The Agency worked with an independent contractor and collaborated with SU/SD business managers to identify system requirements and specifications for the RFP. The Agency then worked with the Agency of Digital Services and the Department of Buildings and General Services, to formalize an RFP to begin the procurement process for a centralized system.

A committee of representatives was selected to review the RFP, including individuals from AOE finance, the Agency of Digital Services, and SU/SD business managers. The bids were evaluated and scored based on the expertise of the individuals performing the scoring. For example, the sections of the bids that were related to the information technology were more heavily weighted for individuals with expertise in that arena. Similarly, the sections on payroll were more heavily weighted for individuals with experience in processing payroll.

## **Next Steps**

In accordance with state procedures, the Agency selected a preferred vendor via the RFP process. However, state procedures and [3 V.S.A. §2222\(g\)\(1\)](#) require that an independent review

be completed for any IT activity whose total cost is one million dollars or greater. The Agency of Digital Services (ADS) contracted with Berry Dunn to complete this independent review.

The goal of the independent review is to support the state in the successful execution of its objectives by highlighting risks and opportunities associated with a given project. This is done through interviews and the evaluation of assumptions made during the project's conception and development. The results of this review are documented in the [predefined IR report template](#). The IR Report for the SSDDMS will include Berry Dunn's assessment of the preferred vendor's ability to meet the planned objectives, a comprehensive cost analysis and impact assessment, a detailed list of risks and mitigation advisements, and an overall recommendation on whether or not to proceed with the project.

When the review is complete, the independent reviewer will submit a report to the Secretary of Digital Services for review and acceptance, with a copy to the Joint Fiscal Office. If the report is approved by the Secretary of Digital Services and risks are adequately addressed, the state may enter into a contract with the selected vendor.

Upon completion of negotiations and the execution of a contract, the state will be able to release the name of the preferred vendor and begin working with SU/SDs to further plan and implement the system. It is the intent of the Agency, subject to final contract pricing, to provide funding to offset some of the costs of implementation for those adopting the state level SSDDMS. In collaboration with the Legislature, the Agency will identify an ongoing funding plan for the project.

At this time, adoption of the system is optional to SUs/SDs. Like all other local decisions, this will be an option that Superintendents and School Boards can consider as they decide how to implement the uniform chart of accounts locally. We understand that some districts have recently acquired new systems, and may wish to continue with them for the present. However, others face costly upgrades or currently do not have adequate systems, and this new vendor-hosted and maintained system represents a lower cost, high quality, and accessible option.

What is not optional is conformity to the uniform chart of accounts and the delivery of statutorily required data to the Agency in the format that is deemed appropriate. Districts that choose to maintain their own systems will need to upload their data into the state system as per the state's requirements. The AOE will work with districts to share specifications and support data transfer if this is the path a district chooses to pursue.

Should any SU/SDs decide to take advantage of the state system at a future date, AOE will support those districts in their transition.

Again, we realize that change of this kind represents additional work in the transition. We will do our best to support you, so that this transition is as smooth and painless as possible. To explore whether it is the right time for your SU/SD to adopt the SSDDMS, please do not hesitate to reach out to our project team. The project team's contact information as well as project details and status updates will be available on the [AOE's UCOA/SSDDMS project website](#).

Thank you for your help and your hard work on behalf of our school systems.

## Legislative Background

Vermont Statute	Requirement
2010 ACT 153	<p><b>The secretary of education...</b> “shall develop an integrated process, including consistent policies and practices, for financial management and reporting that includes common accounting standards, to be used by supervisory unions in the state to <b>enable the supervisory unions share financial information with each other, with the public, and with the department and to ensure that all districts and supervisory unions consistently use uniform, high quality practices.</b> In developing the integrated process, the commissioner shall include standards requiring that persons responsible for the financial management of Vermont education entities share an equivalent level of training and expertise. (b) The commissioner shall ensure that the integrated process of financial management and reporting is fully implemented no later than July 1, 2011, and shall report to the senate and house committees on education regarding implementation on or before January 15, 2012.”</p>
Title 16 §164(15) & (16)	<p>The state board shall... “<b>establish criteria governing the establishment of a system for the receipt, deposit, accounting and disbursement of all funds by supervisory unions and school districts... [and] ensure that the Agency [of Education] develops information, plans and assistance to aid in making technology and telecommunications available and <i>coordinated</i> in all school districts.</b>”</p>
2015 ACT 58, amending 2014, No. 179 E.500.1	<p>“(a) A GASB compliant Uniform Chart of Accounts and Financial Reporting requirements shall be established by the Agency of Education which shall: (1) be comprehensive in respect to compliance with federal funds reporting requirements; and (2) provide the financial information necessary for State and local education decision makers in regard to specific program costs and evaluation of student results. (b) The Agency of Education shall hire a contractor or contractors through the State’s procurement process to assist them in the establishment and completion of the requirements of subsection (a) of this section. <b>Contract deliverables shall include:</b> (1) a comprehensive accounting manual, with related business rules; (2) <b>specifications for school financial software;</b> (3) <b>a detailed transition and support plan that ensures local reporting entities required to record and report information consistent with requirements of subsection (a) of this section can fully comply on or before July 1, 2019.</b> (c) the requirements of subsection (a) of this section shall be in effect by <b>July 1, 2019.</b>”</p>