



Legislative Fiscal Bureau

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November 10, 2011

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Public Instruction: Section 13.10 Request for Release of Funding for a Statewide Student Information System -- Agenda Item I

REQUEST

The Department of Public Instruction (DPI) requests the transfer of \$15,000,000 GPR in 2011-12 from the Committee's appropriation [s. 20.865(4)(a)] to the student information system appropriation [s. 20.255(1)(e)].

DPI further requests permission to grant an exemption to the mandatory statewide student information system for districts currently using non-vendor systems, if they meet certain specified conditions.

BACKGROUND

Under 2011 Act 32, \$15,000,000 GPR was provided in the Committee's reserve appropriation for the purpose of creating a statewide student information system. Section 9137(1) of Act 32 required the State Superintendent to submit a plan for the expenditure of these funds in the 2011-12 fiscal year to the Governor for approval. By October 1, 2011, the Governor and the State Superintendent were required to submit the plan to the Committee for its approval. The State Superintendent is prohibited from expending or encumbering these funds unless the Committee approves the plan.

Further, Act 32 provided that the State Superintendent, working with the Office of the Governor, establish a statewide student information system (SIS) in order to collect and maintain information about pupils enrolled in public schools, including their academic performance and demographic information, aggregated by school district, school, and teacher. The State

Superintendent must ensure that within five years of the establishment of the system, every school district is using the system. The State Superintendent is permitted to promulgate rules authorizing DPI to charge a fee to any person that uses the system.

ANALYSIS

A student information system is a software application that functions as the core operational system for a school district. Every school district and independent charter school (also known as "2r" charter schools, after their statutory citation) in Wisconsin uses their own SIS to help manage and track pupil data. The systems vary in complexity from district to district, from simple database tracking systems to more sophisticated programs used for the admissions process, class and teacher scheduling, absence and discipline records, demographic information, pupil assessments, and academic progress.

Districts also use the SIS to comply with reporting requirements of both the state and federal governments while maintaining confidentiality of pupil data. DPI estimated that, based on its survey of approximately 100 districts, the cost to districts to license their systems is more than \$8 million annually, and the cost to enter data required for state and federal reporting is more than \$31 million annually.

DPI has been advised by a workgroup, including members from nearly 60 school districts, three CESAs, the Diocese of Madison, and staff from the Department, charged with gathering information to assist the State Superintendent in making recommendations for implementing a statewide SIS. All districts were invited to participate in the workgroup. The group contacted other states' education departments and collected information from potential SIS software vendors, as well as information on procuring, deploying, and maintaining such systems. The workgroup composed and released a request for information (RFI), which received 17 responses from vendors.

Based on the workgroup's recommendations, as well as input from the Office of the Governor, the State Superintendent has recommended that the state procure a centralized SIS for all school districts, using a single software vendor. Most other states with statewide student information systems have chosen single vendors to provide them. A majority of the workgroup concluded that the most cost-effective and efficient system for the state would combine the purchasing power of all school districts and charter schools in a single contract. Using one central system would allow the integration of existing statewide data tracking systems, ease the transfer of student transcripts when students move between districts, reduce the time and costs associated with entering data required for state and federal reporting, and simplify the process of updating, patching, and administering the statewide SIS over time.

However, a minority of the workgroup participants argue that a multi-vendor approach could be used to allow districts to choose different systems to better meet their unique, local needs. Given the variation among districts in the state in terms of enrollment sizes, geographic area, and programming offered, the administrative needs within those districts likewise varies. The minority

report pointed out that, according to DPI survey data, a majority of district responses indicated no intention to change their SIS within the next three years, concluding that most districts are satisfied with their current systems that have been based on local needs, affordability, or bandwidth limitations. However, some have argued that additional staff time and cost could be incurred to standardize data across systems, and to allow each system to interface with the existing state data warehouse, individual student tracking system, and data analysis dashboards.

Because ultimately the entire state will use the statewide SIS, staff from DPI anticipate that vendors will provide a favorable per pupil rate. For a given individual district, costs may increase or decrease depending on the type of system currently employed, although in nearly every case, it is believed that the new statewide SIS will provide greater functionality for districts and allow them to avoid duplication of staff effort when submitting data for mandatory state and federal reports. Because data will be located in a central system, it will be available to DPI for use in reports with no additional effort on the part of districts. Costs for staff time relating to such data reports could then be reallocated for other purposes within the district, or eliminated. As the workgroup minority report notes, however, significant staff time is dedicated to initial data entry, and assuring the quality and accuracy of that data, which would be unchanged under the statewide system.

In addition, DPI would be able to aggregate student performance data by district, school, and classroom, in order to identify best practices in curriculum and instruction, academic interventions, or other programs. Districts would also be able to access and share such information, while protecting pupil confidentiality.

In its revised s. 13.10 request dated November 3, 2011, DPI recommends that an exception to the statewide SIS could be granted to districts currently using a non-vendor SIS for which no licensing fees are paid. In instances where that is the case, DPI recommends that the districts not be required to switch to the statewide system so long as their SIS can meet specific technical requirements, and interface their existing SIS into the statewide system. A school district could qualify if they meet the following conditions: (a) the district does not pay a vendor for the SIS; (b) the district can meet current and future state and federal reporting requirements and deadlines; (c) the district can assign unique student identification numbers in real time; (d) the district can transfer electronic student transcripts to and from their system nightly; (e) the district can provide electronic data transfers for all required statewide SIS data fields nightly; and (f) the district can create electronic record transfers to upload data into the state data warehouse that meets the same functionality of districts using the statewide SIS nightly. Out of 15 districts, charter schools, and state schools that do not currently pay a vendor for an SIS, one, the Tomah School District, has indicated that it can meet each of these criteria for the recommended exemption. However, under such an exemption, Tomah would be responsible for continuously maintaining and upgrading its district SIS as necessary to ensure its compatibility with the statewide system.

One could argue that, if the Tomah non-vendor SIS could meet the criteria listed above in items (b) through (f), then multiple vendors could likewise ensure their products meet the state's data reporting requirements. The same work could be performed for each additional vendor's

system, to ensure consistent data and system compatibility, each time data requirements change or systems are upgraded or modified. However, it is possible that per pupil SIS costs could increase if the state's 870,000 pupils are spread across several vendors.

DPI has developed a preliminary budget to be used for planning purposes and vendor selection, for the requested \$15,000,000 GPR. The Department's request would use the majority of the funding, approximately \$12,100,000, to offset district costs for migration, data conversion, and training staff on the new system. While this funding would offset costs, some districts will have significant transition costs beyond the allocated funding, especially related to providing training to all district staff that would utilize the new system. Costs will vary by district, based on the size of the district and whether the vendor ultimately chosen by the state is also a given school district's current software provider. The amounts paid to offset these costs would likewise vary, but on average would total approximately \$28,000 per district.

Based on the experiences of other states in implementing a statewide SIS, the Department also anticipates the need for the equivalent of 4.0 contracted positions for project management, business analysis, and communication with districts during the statewide implementation phase. Assuming the use of an outside contractor, at the state contract rate of \$65/hour, each position would cost \$135,000 annually, for each of the five years of migration, for a total of approximately \$2,700,000. The SIS data would be hosted in a central facility, either by the vendor chosen, or by the Department of Administration. DPI estimates that the cost to maintain the system would be approximately \$150,000 over the next five years, to be paid out of the requested \$15,000,000 GPR. Rent for the space to house the servers would ultimately be charged back to school districts, as part of their fee for using the new system.

Licensing fees for the new software system would likewise be paid by districts for using the system, through fees collected by DPI. The licensing and hosting fees for the software will depend upon the winning bid for the statewide SIS. Fees are typically charged per pupil enrolled in districts using the software, and have varied widely for other states that have implemented such systems. In general, the larger the number of districts and pupils that will use the system, the more economical the system will be to operate and license. As an example, if the per pupil charge for licensing and hosting fees would be \$8, then the amounts charged to districts could total up to \$7,000,000 annually once all school districts and charter schools are using the system. However, that figure is subject to change based on vendor bids.

DPI is currently developing a request for proposals (RFP) for release. There are currently three school districts (Kenosha, Milwaukee, and Waukesha) whose software will be discontinued by their current vendors beginning with the 2012-13 school year. As such, those districts would be immediately migrated to the new statewide SIS following the selection of the vendor. Because implementing the new system could be a months-long process for larger districts, DPI has developed a timeline to allow these three districts to have the new system in place for the 2012-13 school year. Based on their initial schedule, from September, 2011, through December, 2011, DPI would release the RFP and have an RFP committee review and score vendor responses. The RFP

committee would be comprised of school district representatives, DPI staff, and staff from the Governor's office. According to the timeline, DPI would select the vendor and sign the contract by March, 2012. Following the migration of the first three districts by September, 2012, remaining districts statewide would migrate to the new system over the next few years, at an average rate of approximately 85 districts per year depending on local circumstances, with full statewide implementation expected by September, 2017.

In order to meet this timeline, staff from DPI indicate that funding is needed to hire the 4.0 consultants to begin work on the procurement process, as indicated in the Department's request. Funding would also be necessary for the initial three districts that would migrate to the new system immediately, as well as to begin the migration of the first large wave of approximately 85 districts in 2012-13. Therefore, the Committee could choose to release the \$15,000,000 GPR approved for this purpose under 2011 Act 32.

However, the program operations appropriation created in Act 32 for the student information system is a biennial appropriation. With a biennial appropriation, moneys can be moved between the fiscal years of the 2011-13 biennium, but any funds that are unencumbered on June 30, 2013, will lapse to the general fund. Because full migration to the statewide SIS will be a five-year project, it does not appear that DPI will expend or encumber the entire amount before the end of the 2012-13 fiscal year. It appears that the full funding amount will be necessary to help ensure that districts will have the resources necessary to implement the new system, and any funding that lapses on June 30, 2013, would need to be appropriated again as part of the 2013-15 biennial budget process, in order to complete the project.

As an alternative, the Committee could choose to transfer a sufficient portion of the funding provided for this purpose to cover the Department's costs for this biennium. It appears that DPI could expend up to \$5,000,000 GPR in this biennium, in order to: (a) hire consultants, (b) migrate the initial three districts during the Spring and Summer of 2012, and (c) begin migrating the first wave school districts to the new system during the 2012-13 school year. Depending on the enrollments and local needs of those districts chosen for the first wave, migration costs could be higher or lower. Therefore, the Committee could choose to transfer only \$5,000,000 GPR at this time, in order to ensure that DPI has sufficient funds available to begin implementing the statewide SIS and cover migration costs this biennium. In addition, the Committee could provide these funds in the 2012-13 fiscal year, and specify that amount be counted as base level funding for purposes of the 2013-15 biennial budget. This would allow DPI to implement the new system with a total of \$15,000,000 in combined funding over the next three years. That base level funding could later be removed from the base following the 2014-15 fiscal year.

ALTERNATIVES

A. Transfer of Funding

1. Approve the request to transfer \$15,000,000 GPR in 2011-12 from the Committee's appropriation [s. 20.865(4)(a)] to the student information system appropriation [s. 20.255(1)(e)]. Under this alternative, the entire funding amount allocated under 2011 Act 32 would be transferred to the Department's biennial appropriation created for this purpose.

2. Approve the request in part, and transfer \$5,000,000 GPR in 2011-12 from the Committee's appropriation [s. 20.865(4)(a)] to the student information system appropriation [s. 20.255(1)(e)] in 2012-13. Specify that this funding would be considered part of base level funding for the s. 20.255(1)(e) appropriation purposes of the 2013-15 biennial budget process, but would be considered as one-time financing and deleted at the end of 2014-15.

3. Deny the request.

B. Single Vendor or Multiple Vendors

1. Approve the request to prepare a request for proposals for a single vendor to provide a statewide student information system that would function to supply standardized data for state and federal reporting requirements and other functions as specified in the request for proposals.

2. Modify the request to require DPI to prepare a request for proposals for multiple preferred vendors to provide a statewide student information system.

C. Exemption to the Required Statewide Student Information System

1. Approve the request to allow an exemption to the required statewide student information system for a school district that meets the following conditions: (a) the district does not pay a vendor for the SIS; (b) the district can meet current and future state and federal reporting requirements and deadlines; (c) the district can assign unique student identification numbers in real time; (d) the district can transfer electronic student transcripts to and from their system nightly; (e) the district can provide electronic data transfers for all required statewide SIS data fields nightly; and (f) the district can create electronic record transfers to upload data into the state data warehouse that meets the same functionality of districts using the statewide SIS nightly.

2. Deny the request. Under this alternative, all districts would be required to participate in the statewide student information system.

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