



CDE Phase II School Finance Modernization

12/17/2025

JTC Agenda

- Introductions
- Overview of School Finance Modernization
- Analysis of Alternatives
- FY 26-27 Request

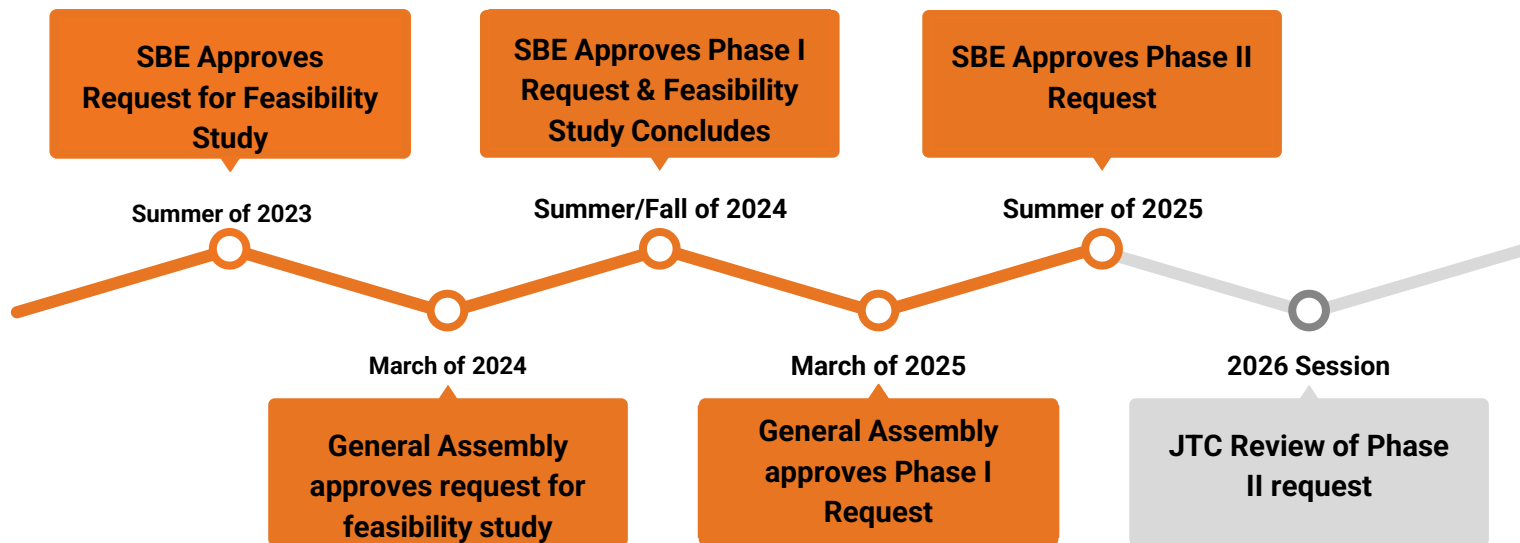


Overview of School Finance Modernization Request

School Equal System

- ***State Equal Payments*** - Calculates & distributes nearly \$10 billion in school finance funding for each school and district
- ***Audit Adjustments*** - Determines funding adjustments based on student counts and identifies corrections to ensure funding accuracy.
- ***Transportation Categorical*** - Calculates \$72 million in payments to districts for eligible transportation costs.

Project History



Current System Limitations

- The Department's School Finance System was internally developed more than a decade ago.
- Currently, the system relies almost exclusively on institutional knowledge and manual processes (spreadsheet calculations)
- This reliance increases the risk for errors and limits staffing efficiencies
- Under the provisions of HB24-1448, the Department is now required to calculate and simultaneously run two separate and distinct formulas. This has resulted in an increase of staffing time dedicated to manually running this process

For the State, a Modernized System...

- ***Ensures accuracy and reliability*** - A modernized system provides consistent, accurate calculations for more than **\$10 billion** in school finance funding, strengthening how funds are distributed statewide.
- ***Minimizes risk and improves efficiency*** - Automating calculations and data flows reduces reliance on institutional knowledge and manual spreadsheets. It would minimize the risk of human error and allowing staff to focus on providing additional support to the field.
- ***Strengthens stewardship of state resources*** - An update system enhances transparency and auditability — supporting CDE's role as a responsible steward of one of the state's largest investments.
- ***Supports districts and future policy changes*** - Improved usability helps districts with budgeting and projections while ensuring the state can efficiently implement updates and legislative changes.

For Schools & Districts, a Modernized System...

- ***Enables real-time reporting and projections*** - Districts would be able to run real-time funding reports for current and prior years and could use the system to run projections of current and/or future year funding based on their enrollment assumptions, legislative projections, etc.
- ***Improves tracking and reconciliation*** - Clear dashboards show outstanding repayments, adjustments, and true-ups, supporting better financial planning.
- ***Streamlines data sharing and increases transparency*** - Districts will be able to enter local share information directly for the annual true up of property taxes and would allow district personnel with the proper authority to review student level information to see why student counts have been modified by the audit team.



Current Project Status / Update

Alternative Analysis

The Public Knowledge® (PK) report:

- investigated the feasibility of modernizing the system
- explored alternative options to identify the most appropriate solution.
- conducted market research

The Department also engaged PK to assist with the development of a Request for Information (RFI) and Request for Proposals (RFP).



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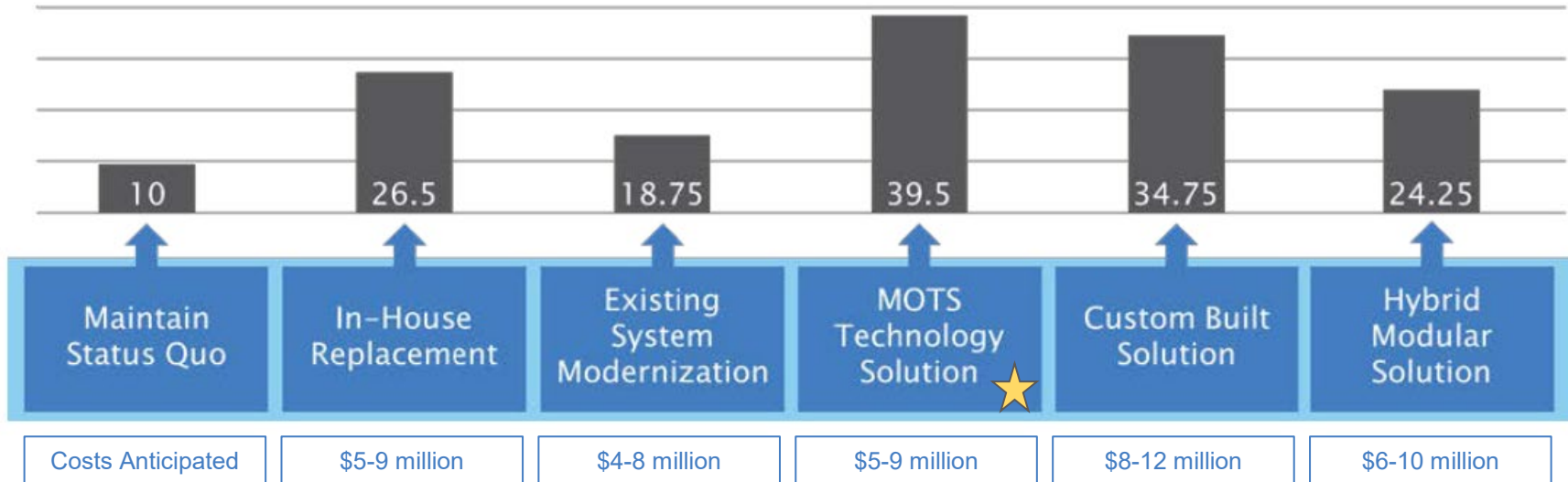
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Alternative Analysis Results

After a detailed evaluation of alternatives, a Modified Off-the-Shelf (MOTS) technology solution was recommended.

Scoring Summary





FY 26-27 Request



Vendor and System Updates

- The Department received bids indicating the following range of implementation costs over the first three years:
 - \$1.5 million to \$5.7 million from FY25-26 to FY27-28
- Ongoing operational and maintenance costs (licensing, technical support, etc.) are indicated to be falling within the following range:
 - \$52 thousand to \$2.3 million annually from FY25-26 to FY39-40

Current Request

- The Department requests Phase II of funding beginning in FY26-27 of \$3 million dollars.
 - The Department requests a total project funding of \$9 million dollars split into three phases.
- This will continue to support to creation and implementation of the new system being proposed
- Once the RFP process has been finalized and a contract has been signed, a full breakdown of costs can be provided detailing anticipated expenditures over the lifetime of the system.



Questions?