



NORTH CAROLINA
State Board of Education
Department of Public Instruction

Report to the North Carolina General Assembly

Improve Education Financial and Information Transparency:

Annual Progress Report

S.L. 2017-57, Section 7.16.(f)

Date Due: March 15, 2022

DPI Chronological Schedule, 2021-2022

STATE BOARD OF EDUCATION

STATE BOARD OF EDUCATION VISION: Every public school student in North Carolina will be empowered to accept academic challenges, prepared to pursue their chosen path after graduating high school, and encouraged to become lifelong learners with the capacity to engage in a globally-collaborative society.

STATE BOARD OF EDUCATION MISSION: The mission of the North Carolina State Board of Education is to use its constitutional authority to guard and maintain the right of a sound, basic education for every child in North Carolina Public Schools.

ERIC DAVIS

Chair: Charlotte – At-Large

JILL CAMNITZ

Greenville – Northeast Region

VACANT

Northwest Region

ALAN DUNCAN

Vice Chair: Greensboro – Piedmont-Triad Region

REGINALD KENAN

Rose Hill – Southeast Region

DONNA TIPTON-ROGERS

Brasstown – Western Region

MARK ROBINSON

Lieutenant Governor: High Point – Ex Officio

AMY WHITE

Garner – North Central Region

J. WENDELL HALL

Ahoskie – At-Large

DALE FOLWELL

State Treasurer: Raleigh – Ex Officio

OLIVIA OXENDINE

Lumberton – Sandhills Region

JAMES FORD

At-Large

CATHERINE TRUITT

Secretary to the Board: Cary

VACANT

Southwest Region

NC DEPARTMENT OF PUBLIC INSTRUCTION

Catherine Truitt, State Superintendent :: 301 N. Wilmington Street :: Raleigh, North Carolina 27601-2825

In compliance with federal law, the NC Department of Public Instruction administers all state-operated educational programs, employment activities and admissions without discrimination because of race, religion, national or ethnic origin, color, age, military service, disability, or gender, except where exemption is appropriate and allowed by law.

Inquiries or complaints regarding discrimination issues should be directed to:

Thomas Tomberlin, Director of Educator Recruitment and Support, NCDPI
6301 Mail Service Center, Raleigh, NC 27699-6301 / Phone: (984) 236-2114 / Fax: (984) 236-2099

Visit us on the Web: www.dpi.nc.gov

0321

EXECUTIVE SUMMARY

In Session Law 2016-94, the General Assembly directed the North Carolina Department of Public Instruction (NCDPI) to begin the work to modernize business systems, with an initial focus on finance, payroll, and human resources. The scope was expanded by the General Assembly in 2017 to include other statewide strategic applications including Licensure and the Student Information System. The initial focus of finance and HR was selected because so many Local Education Agencies (LEAs) were using a legacy computing architecture introduced to the marketplace in 1979, two years before the invention of the IBM PC. The concept was to develop a modern, cloud-based, integrated finance and HR system that would work seamlessly with NCDPI's Uniform Education Reporting System (UERS) and databases.

General Statute 115C-12 directs the State Board of Education to create the Uniform Education Reporting System (UERS) to facilitate the timely and accurate collection of financial and accounting data from Public School Units (PSUs). Components of UERS reporting are also sourced from systems housing student, and human capital, and operational data. These data are currently spread across numerous systems, many of which are aging and require legacy methods of data exchange or ad-hoc reporting at the time of need.

The initial Business Systems Modernization report to the General Assembly listed these key tenets as goals of a Modernization initiative:

- Enable near real-time position visibility and control
- Provide data management and advanced analytics for decision support
- Replace discontinued and obsolete systems
- Simplify monitoring and compliance
- Eliminate unnecessary duplication
- Increase efficiency of operations

NCDPI completed a competitive procurement and awarded two vendors to provide the base finance and HR systems to PSUs; these are often referred to as Enterprise Resource Planning (ERP) tools. The General Assembly funded the project for two years in the FY2018 budget, with non-recurring appropriations of \$19M and \$8.8M. The initial report that served as the basis for the initial funding of the program stated the completion of LEA ERP deployments (charter schools were not included in the original scope), statewide reporting and modernized Licensure would cost between \$150M and \$250M in one-time appropriations and would take 6 to 8 years to complete.

The two contracts (awarded to Tyler Technologies for Munis ERP and CherryRoad Technologies for Oracle Cloud ERP) were opt-in for interested PSUs during a pilot phase. The funding provisions included in S.L. 2021-180, allocating \$86,599,432 over the biennium, allows the work of the program to continue, with planning going on currently to reflect new learning from the pilot PSUs along with shifts in the vendor landscape and the current human capital challenges as a result of the COVID-19 pandemic. In addition to

PSU ERP systems, the funding will also address NCDPI Agency ERP modernization, PSU ERP modernization, new SIS migration, Licensure system modernization, and update Agency/State Interface/Middleware/Data Warehouses to leverage modern PSU ERP systems.

S.L. 2021-180 requires PSUs to move to cloud-based HR and Financial systems and establishes a grants program for PSUs that choose to opt-out of the Tyler Technologies or CherryRoad Technologies contracts, as well it opens the door for new MOUs for PSUs that choose to opt-in to the Tyler Technologies or CherryRoad Technologies contracts. Under SL2021-180, Charter Schools are also in scope for this requirement, representing a change from the original plan.

Accomplishments for the program to-date:

- Consolidation of three separate agency grants systems into one single system (CCIP), resulting in cost savings, streamlined effort, and consistency for PSUs.
- Deployment of critical "Say Something–Anonymous Reporting System" (SS-ARS) for the Center for Safer Schools
- Deployment of an applicant tracking system (ATS) for PSUs and statewide job-board
- Consolidation of all AS/400 mainframe systems to the Cloud
- Phaseout of outdated NCDPI infrastructure and applications (more work lies ahead)

Ongoing work:

- Finalization of ERP pilots and lessons learned
- Determine appropriate agency system modernization path along with migration timeline and formal budget
- Support the work of the ERP pilot districts and ensure accountability for deliverables being met
- Implementation of the grant application process for ERP modernization when opting out of Tyler/CherryRoad convenience contracts
- Completion of Licensure RFP
- Development of Integrated data warehouse for all agency data

New work for 2021-2023 biennium:

- Expand ERP deployments, including rollout of new ERP grants program for PSUs, based on lessons/templates
- Development of a new "integration layer" between PSUs and the Office of the State Controller
- Modernize data interfaces between NCDPI and PSUs
- Release an RFP for Student Information System and begin training and deployment preparations

Resources:

State budget, SBSM Team, NCDPI Teams, NCDIT, Friday Institute, PSU Teams (HR/Finance/SIS/Etc.) and Vendor partners

Input Process:

Consultation with PSU Superintendents, HR and Finance Directors, CTOs, PowerSchool Coordinators, Administrators, Faculty & Staff, NCDPI staff, other State Agency staff, the Office of State Budget and Management, and Vendor partners

Stakeholders:

All PSU stakeholders; NCDPI divisions; Other State Agencies; Vendor partners

TABLE OF CONTENTS

STATE BOARD OF EDUCATION	2
NC DEPARTMENT OF PUBLIC INSTRUCTION	2
Executive Summary	3
Foreward	7
IMPROVE EDUCATION FINANCIAL AND INFORMATION TRANSPARENCY	7
Background	7
Defining “Modern”	8
Completed Projects.....	8
Grants Management System	8
Anonymous Reporting System	9
Applicant Tracking System and Statewide Job Board	9
AS/400 Mainframe Consolidation	9
Ongoing Work	9
PSU Financial and HR Systems Migration	9
Licensure System Update.....	12
Integrated Operational Data Store.....	13
New Work.....	13
Agency Financial Systems Modernization.....	13
Student Information System.....	14
Biennium Budget.....	14
Future Needs	15

FOREWARD

School Business Systems Modernization (BSM) is specified in *Session Law 2017-57* as follows:

IMPROVE EDUCATION FINANCIAL AND INFORMATION TRANSPARENCY

SECTION 7.16.(a) The Department of Public Instruction shall implement the School Business System Modernization Plan, as proposed by the State Board of Education in the report required by Section 8.15(b) of S.L. 2016-94, using the funds appropriated by this act for that purpose. It is the intent of the General Assembly to fund a multiphase, multiyear project to (i) modernize State and local education financial, human capital, and school information systems, (ii) provide for a common reporting system and analytics system, (iii) integrate financial, payroll, human resources, and related human capital systems through the use of a new software as a service enterprise resource planning (ERP) solution, make enhancements to existing local systems, or both, and (iv) link the State licensure system with the upgraded local systems. The State Superintendent of Public Instruction (State Superintendent) shall review and improve business processes in the Department of Public Instruction, as appropriate, and modernize State systems at the Department.

The NC Office of the Superintendent of Public Instruction provides this report pursuant to Section 7.16.(f) that specifies:

The State Superintendent shall submit annual reports to the Committee and the Fiscal Research Division by March 15 of each year on the expenditure of funds for the project and progress of implementation until the completion of the project.

BACKGROUND

The 2016 NC General Assembly directed the development of a plan to modernize the systems used by the Department of Public Instruction (NCDPI), Financial and Business Services Division, to manage and deliver funds and technical support services to local school administrative units and charter schools (*S.L. 2016-94, Sec. 8.15*). The School Business Systems Modernization plan was presented to the General Assembly in 2017, and the 2017 General Assembly provided initial funding and directed that the State Superintendent implement the plan. Key elements of the plan include modernized local systems that interact with NCDPI systems, modernized NCDPI systems that support and interact with local and other State agency systems, and modernized data integration, analytics and reporting for improved transparency and efficiency of operations and compliance monitoring.

Since the beginning, the program has made significant accomplishments in several areas, including grants management, anonymous safety reporting, applicant tracking and hiring, and IT consolidation efforts. In 2018, two vendors were selected to provide modernized ERP systems to North Carolina Public School Units (PSUs). A series of pilots were selected to begin the development of a standard template that would identify business requirements consistent across Local Education Agencies (LEAs) and allow for more streamlined implementations for districts that implemented the systems in the future. Significantly

underestimated technical complexity in combination with a global pandemic that restricted travel and state budget delays has slowed down the progress of these pilot implementations. With the support of the General Assembly in the 2021 budget cycle, we can reset the program to move forward with several modernization initiatives.

DEFINING “MODERN”

Before a modernization initiative can be successful, it is critical to identify the end goals of the modernization initiative and what it means to be “modern”. In many circles, this simply means “shifting away from a mainframe system”. While that is indeed a component of a modernization initiative, the success of a modernization initiative starts with clearly articulated design principles that every project can exemplify. The School Business Systems Modernization initiative defines a “modern system” as one that is:

- **People first:** Modern systems put people first. They are aware of the users of the system and provide a user experience to allow users easy access to the functions they need at any given time.
- **Cloud-Based:** Moving IT infrastructure out of traditional server rooms and into the cloud enables systems to be scalable, redundant, secure, and highly available.
- **Security and Privacy as a Mindset:** Instead of applications where security and privacy is an afterthought, modern applications are built with security and privacy in mind from the ground up. Multiple technical and non-technical resources are in place to prevent data breaches and cyberattacks, and users have access only to the information they need and nothing else.
- **Buy Services, Not Tools:** For the State and PSUs, where IT personnel are at a premium, procuring software from vendors as a full-stack service instead of a tool that needs to be configured and maintains makes the most of limited resources.
- **Robust, Extensible Services:** The tools in a software-as-a-service offering have the capabilities to complete the business functions they are designed to complete, while also offering the ability to interoperate and integrate with other services to form a more complete, modular ecosystem.
- **Improve Processes:** Modern systems do not just provide a new interface for the same processes but allow operational processes to be modernized in conjunction with software tools.
- **The Data You Need, When and How You Need It:** Users of the system should be able to see detailed data, summary data, dashboards, and raw data based on what they need at any given time.
- **Transparency:** Modern systems are designed to promote transparency and accountability for all stakeholders.

COMPLETED PROJECTS

GRANTS MANAGEMENT SYSTEM

This work involved the collapsing of three separate agency grant systems into one single grant system across the agency. After reviewing the grants system that was on state contract through DIT and after conducting market research, the decision was made to use the existing Comprehensive Continuous Improvement Platform (CCIP) for all agency grants. This system uses LINQ's E-Grants product (formerly owned by HMB) and can host all agency grants. In

2021, the contract was restructured to ensure that it was easy for new divisions to onboard to using the system. Grant Award Notifications (GAN) are now exclusively through CCIP and the agency is working to also include monitoring and support plans in the system, starting with the bi-annual AIG plan. A governance committee, led by the Modernization Division, meets regularly to collect feedback from various divisions and the PSU contacts they serve to manage the growth of the system and to communicate needs and enhancement requests back to the vendor.

ANONYMOUS REPORTING SYSTEM

The Say Something – Anonymous Reporting System (SS-ARS) statewide implementation for the Center for Safer Schools and the annual student training requirement has saved lives and proven vital to the health and safety of students and staff. From November 4, 2019, through April 30, 2021, the system received 5,528 tips. Now in production, the operational management of this system has been turned over to the Center for Safer Schools, with support from IT divisions as needed.

APPLICANT TRACKING SYSTEM AND STATEWIDE JOB BOARD

In 2019, NCDPI released an RFP for a convenience contract for an applicant tracking system and a statewide job board. This RFP was awarded to TeacherMatch for their IntelliGlace platform, and School Spring for their platform as the statewide job board. 283 PSUs opted to use the IntelliGlace platform at no cost to the PSU and all PSUs can send job postings from their applicant tracking system into the statewide job board. Both TeacherMatch and SchoolSpring have since been acquired by PowerSchool. The IntelliGlace platform has an announced end-of-life for July 31, 2022, with a transition to the PowerSchool's new Unified Talent Applicant Tracking platform (formerly Talent-ED) and Onboarding Module (formerly Talent-ED). These services continue to be available to PSUs at no-cost, and NCDPI is supporting PSUs in planning and executing their transition to the new service. Other services are available from the vendor at a cost. NCDPI is also working with the vendor to ensure a smooth transition experience for all PSUs and helping to coordinate training. PowerSchool is still supporting the SchoolSpring product, and it remains available.

AS/400 MAINFRAME CONSOLIDATION

Districts using the statewide HRMS system used to be required to have a legacy AS/400 system on premises. This requirement created significant technical complexity for the district, as most districts lacked experience with these systems to maintain and administer them properly. This presented significant risk to the district's data and their continuity of operations. As a result, NCDPI executed a contract in 2012 to move these systems to the cloud at SAS, where they would be administered centrally. This saved each district the significant expense and risk of managing these systems on site. This work was completed in 2020, with only Guilford County Schools still using an AS/400 on premise due to specific customizations.

ONGOING WORK

PSU FINANCIAL AND HR SYSTEMS MIGRATION

In 2018, after an RFP process, two vendors were selected to provide modernized ERP systems to North Carolina PSUs. The goal was that NCDPI would cover a portion of the implementation costs for each PSU along with the development of a "Golden Template" that

would identify business requirements consistent across LEAs and allow for more streamlined implementations and reduced costs for districts that implemented the systems in the future. Two vendors were selected with input from multiple stakeholders, including NCDPI staff and PSU finance and HR officers: Tyler Technologies, for their Munis platform, and CherryRoad Technologies as an integrator for Oracle Cloud ERP. The implementation costs for these systems was higher than expected relative to the systems currently in use in PSUs due to the expanded feature set, but operational costs were consistent.

Because of the size and scope of these projects, many PSUs were hesitant to be first to move to a new system, especially while managing COVID-19 and staffing shortages. Districts who were unable to wait for funding due to budget delays chose to move from older mainframe systems to systems already in use in North Carolina, but outside of the Modernization project.

14 districts signed up for the original pilots for the Cherry Road and Tyler solutions. Six have dropped out of the program for a variety of reasons – mostly around complexity or personnel changes (Cabarrus, Cleveland, Chapel-Hill Carrboro, Harnett, Stanly, Craven). Six PSUs did not wait for the state budget and chose to self-fund their programs with the hope of getting funding later (Cumberland, Forsyth, Guilford, Lexington City, Rowan-Salisbury, TMSA). Of the 14 districts currently in implementation, Gaston and New Hanover are fully live with both Financial and HR components of the software. Swain and Union are live with financials only. The remainder are scheduled to go live over the next year. For a variety of reasons ranging from staffing shortages experienced by both the vendors and PSUs, to unexpected complexities in implementation, most of these 14 implementations have been delayed at least twice, but work is ongoing.

Approximately 80 districts are currently using the on-premise version of LINQ (v6), with one district (Ashe) and 200 charters using LINQ's new cloud-based ERP solution. The remaining districts are SunPac on-premise. Two districts are using other systems, as are two charters.

The level of complexity associated with upgrading legacy, and often customized, on-premise K-12 HR and Financial systems to modern cloud-based ERP systems while maintaining continuity of operations has been significant, and has likely been underestimated by the Vendors, DPI, and the PSUs during the project. There have been numerous lessons learned by all parties that will help inform future migrations. PSUs in future migrations will be able to have a much better understanding of the time, effort, complexity, and the total cost of ownership involved in a migration to a new ERP system.

After Ransomware attacks in several PSUs which impacted financial functions, the General Assembly included a provision in S.L. 2021-180 to require migration to a cloud-based ERP system for all PSUs and Charter Schools. PSUs could either opt-in to one of the two NCDPI contracts or they are able to apply for a grant program to fund migrations to other providers. The initial goal of the program, to accomplish modernization of ERP systems, was to pay for migration costs plus one year of service. With the inclusion of charter schools in the scope of

the project, combined with the other projects that urgently need to be addressed during this biennium, it may not be possible to continue funding new implementations at that level. We also have several unique funding cases to address. Specifically, how to develop a funding model for PSUs who:

- Have self-funded their Tyler Technologies or CherryRoad Technologies implementations using local funds and who are now requesting reimbursement.
- Want to participate in the new grant program moving forward.
- Want to move forward with a new Tyler or Cherry Road implementation.
- Are pilot PSUs experiencing cost overruns

The new funding model may take several different forms including a cost sharing arrangement, or a revised set of parameters for funding. The MOU that has been issued between districts and NCDPI is currently being re-worked to better level-set expectations on the part of both the Agency and the PSUs to ensure that funds are best utilized to ensure successful and equitable implementations. Developing a new model is challenging because the amount of funding needed is unknown until districts decide which path to pursue, but the decision of the district is also dependent on the funding available.

PSU ERP MODERNIZATION: Rollout Status as of February 15, 2022 CherryRoad Technologies (for Oracle Cloud ERP)

CherryRoad Technologies IMPLEMENTATION SCHEDULES (PROJECTED GO LIVES)													
PSU	Legacy System	Imp. Phase											
			10/1/21	11/1/21	12/1/21	1/1/22	2/1/22	4/1/22	7/1/22	10/1/22	1/1/23	4/1/23	
Charlotte Mecklenberg	Lawson	HCM-PR-ERP+CORE										HCM-PR + ERP + CORE + SHP-BEN GO-Live(TBD)	
		EXT. Functions										EXT. Fnctns (TBD)	
Gaston (ERP Live 7/21)	SunPac & HRMS	HCM-PR-ERP+CORE		Shp-Ben Testing	Shp-Ben Testing	HCM-PR BAWD	Shp-Ben Testing	SHP-BEN Go-Live					
		EXT. Functions				EXT. Fnctns (CANCELLED)							
Guilford (Self Funded)	SunPac & HRMS	HCM-PR-ERP+CORE										HCM-PR-ERP +CORE(TBD)	Shp-Ben Testing (TBD)
		EXT. Functions										EXT. Fnctns (TBD)	
Cumberland (Self Funded)	SunPac & HRMS	HCM-PR-ERP+CORE										HCM-PR-ERP +Core (TBD)	Shp-Ben Testing (TBD)
		EXT. Functions										EXT. Fnctns (TBD)	

Key Notes: 1. SHP/BF Implementations not occurring on a 1/1 OR a 7/1 Quarter Date Must be Integrated to Benefits Manually Unless an Exception is Granted by the State Health Plan. Unless approved by the SHP, the payroll must be in production for 90 days and stable prior to Go-Live with the SHP and Benefitfocus.

PSU ERP MODERNIZATION: Rollout Status as of February 15, 2022
Tyler Technologies MUNIS ERP

Tyler Technologies IMPLEMENTATION SCHEDULES (PROJECTED GO LIVES) Page 1												
PSU	Legacy System	Imp. Phase										
			10/1/21	11/1/21	12/1/21	1/1/22	2/1/22	4/1/22	7/1/22	10/1/22	1/1/23	4/1/23
New Hanover	SunPac & HRMS	ERP										
		HCM-PR		Shp-Ben Testing	Shp-Ben Testing	Shp-Ben Testing	Shp-Ben Testing	SHP-BEN Go-Live				
Craven	SunPac & HRMS	ERP							ERP			
		HCM-PR									HCM-PR + (Shp-Ben Testing)	SHP-BEN (TBD)
Union (ERP LIVE 8/21)	SunPac & HRMS	ERP										
		HCM-PR							HCM-PR	Shp-Ben Testing	SHP-BEN Go-Live	SHP-BEN Go-Live
Swain (ERP LIVE 10/21)	SunPac & HRMS	ERP	ERP (LIVE)									
		HCM-PR						HCM-PR	SHP-BEN Go-Live (TBD)			
TMSA CHARTER (Self Funded)	Linq	ERP							ERP			
		Linq HR							HCM-PR	Shp-Ben Testing (TBD)	Shp-Ben Testing (TBD)	SHP-BEN Go-Live (TBD)
Macon	SunPac & HRMS	ERP							ERP			
		HCM-PR							HCM-PR	Shp-Ben Testing (TBD)	Shp-Ben Testing (TBD)	SHP-BEN Go-Live (TBD)
Northampton	SunPac & HRMS	ERP							ERP			
		HCM-PR							HCM-PR	Shp-Ben Testing	SHP-BEN Go-Live	SHP-BEN Go-Live

Key Notes: 1. SHP/BF Implementations not occurring on a 1/1 OR a 7/1 Quarter Date Must be Integrated to Benefits Manually Unless an Exception is Granted by the State Health Plan. Unless approved by the SHP, the payroll must be in production for 90 days and stable prior to Go-Live with the SHP and Benefitfocus.

Tyler Technologies IMPLEMENTATION SCHEDULES (PROJECTED GO LIVES) Page 2													
PSU	Legacy System	Imp. Phase											
			10/1/21	11/1/21	12/1/21	1/1/22	2/1/22	4/1/22	7/1/22	10/1/22	1/1/23	4/1/23	
Rowan-Salisbury Schools	SunPac & HRMS	ERP								ERP & Payroll	Shp-Ben Testing	SHP-BEN Go-Live	SHP-BEN Go-Live
		HCM							HR-ONLY				
Winston Salem - Forsyth County	SunPac & HRMS	ERP										2023	2023
		HCM-PR										2023	2023
Lexington City Schools	K12(Serenic) & HRMS	ERP								ERP & Payroll	Shp-Ben Testing	SHP-BEN Go-Live	SHP-BEN Go-Live
		HCM										HCM-ONLY	HCM-ONLY
Future LEA	SunPac & HRMS	ERP											
		HCM-PR											

Key Notes: 1. SHP/BF Implementations not occurring on a 1/1 OR a 7/1 Quarter Date Must be Integrated to Benefits Manually Unless an Exception is Granted by the State Health Plan. Unless approved by the SHP, the payroll must be in production for 90 days and stable prior to Go-Live with the SHP and Benefitfocus.

LICENSURE SYSTEM UPDATE

An RFP for a new Licensure System was released in July 2021 and is currently in the evaluation phase.

INTEGRATED OPERATIONAL DATA STORE

A new Statewide Integrated Operational Data Store (iODS) is being built around the Agency-adopted Common Education Data Standard (CEDS). NCDPI is using the common educational standards data model to create an integrated operational data store (iODS) to replace the current State ODS which is a copy of NC PowerSchool with add-ons for data from multiple systems. iODS will represent a better integration of all the data and provide for more real time updates/analysis. Current work includes mapping data for CEDS alignment which will help with transfer to a new Student Information System (or other future system replacements), sending data to the iODS and to the Common Educational Data Store (CEDARS), DPI's longitudinal data store.

The development of the iODS is in partnership with GDAC, using set-aside funding from previous and current budgets. With expenditures to-date, GDAC has been able to complete between 7 and 10% of the iODS project. Work on this project is currently paused while DPI and GDAC reevaluate the current approach and create a plan to move forward and build the iODS within available funding.

NEW WORK

AGENCY FINANCIAL SYSTEMS MODERNIZATION

NCDPI is currently engaged with the Office of the State Controller (OSC) to determine the impacts to DPI as the state moves their ERP system from the old North Carolina Accounting System (NCAS) to the new NC Financials System (NCFS).

Currently, NCDPI runs a separate copy of NCAS, where accounting ledgers from each PSU are recreated monthly, aggregated, and then transferred to NCAS at the Office of the State Controller. Based on the requirements from the OSC, NCDPI will need to adopt an approach to re-imagine our approach to support new, modern environments at both the State and PSU levels. The current data exchange process from PSUs to NCDPI is old and prone to errors. The goals of this project are to:

- Enable a modern environment for NCDPI to adopt a standards-based approach to receive data from PSUs
- Receive data in near real-time to allow more accurate reporting and decision-making, to reduce the reporting burden on PSUs
- Enable DPI ensure data quality from the PSU
- Enable a cleaner process to aggregate PSU budget data for transfer to OSC.

The scope of work on this project is still being developed based on feedback received from OSC. This is a high-risk project, as OSC has set a transition date of November 2023. However, until requirements are finalized, NCDPI is currently unable to begin work on developing a replacement to our current systems. If this work cannot be completed prior to November 2023, there is a risk that NCDPI will be unable to transmit data to OSC or request cash on behalf of PSUs.

STUDENT INFORMATION SYSTEM

The current Student Information System (SIS) solution was implemented in 2012, after the previous product experienced an acquisition and end-of-life. The Student Information System was last competitively bid in 1997, when SIMS was replaced with NCWise. Additionally, the current SIS was heavily customized at deployment creating a "version drift" where North Carolina's instance of the system is out of date and has significant differences with the vendor's core product. This creates significant technical complexity for both maintenance and support on the part of both NCDPI and the Vendor. It creates additional complication for PSUs because they depend on documentation and community support to get data from the SIS, which does not exist for North Carolina's customizations. In addition, vendors who can integrate with the SIS in other places often cannot do so in North Carolina without considerable time or expense. As a result, the move to a modern system was legislated in SL2017-57. An updated Student Information System, while taking time to learn and revise business processes to support, should bring both efficiency and a new set of modern and powerful tools to the building, classroom, and home to help accelerate personalized learning.

An RFP for the SIS was issued in 2020 but canceled due to a combination of the lack of a state budget and the COVID-19 pandemic. The intent is to issue a new RFP for the SIS in 2022 with implementation in the 2024-2025 school year. We know from the past two SIS changes over the last 20 years that it is imperative that multiple communication channels begin to communicate so that all stakeholders are aware of this coming change. The SIS is the most visible information system to students and their families, so ensuring that communication about this change happens early, often, and widely is critical to the success of the program and for supporting families and PSU faculty and staff through the transition.

BIENNIUM BUDGET

Thanks to the funding and provisions included in S.L. 2021-180, and after many challenges and lessons learned, the School Business Systems Modernization team is in the process of reorganizing and reimagining what the next phase of this implementation will look like. The SBSM team, along with Enterprise Data and Reporting, and Digital Teaching and Learning have been consolidated under the new Chief Information Officer, with new hires with PSU-level experience in implementation of ERP and Student Information Systems filling key leadership roles. Concurrently, reorganization in Financial and Business Services has also enabled increased partnership between Agency IT and finance teams to support implementation of these projects, with new staff and staff realignment to provide increased focus on ramping up modernization initiatives.

Due to active and open procurements, as well as an open needs assessment, along with the date of the budget ratification and the resulting changes to the program approach, the budget for the Modernization program is being finalized and will be presented to the General Assembly at a later date. An ongoing PSU needs assessment is also being conducted to inform the budget structure to account for the changes in landscape over the past three years.

PRC 153 SBSM MOU Obligation of Funding As Of February 5, 2022:

As of 2-5-22									
Date of signed MOU	Updated signed MOU	Vendor	LEA#	LEA_Name	MOU Total Allotment	FY20 Expenditures	FY21 Expenditures	FY20 & FY21 Total Expenditures	Total Remaining on Contract
9/26/19	11/10/20	Cherry Roa	600	Char.-Mecklenburg	\$ 12,024,925	\$ 4,887,214.07	\$ 3,097,758.21	\$ 7,984,972.28	\$ 4,039,952.72
3/20/20	5/7/20	CherryRo	360	Gaston	\$ 3,892,882	\$ 788,427.25	\$ 1,399,858.46	\$ 2,188,285.71	\$ 1,704,596.29
8/8/19	5/7/20	Tyler	650	New Hanover	\$ 1,364,380	\$ 391,756.29	\$ 201,223.00	\$ 592,979.29	\$ 771,400.71
8/13/19	5/7/20	Tyler	250	Craven	\$ 673,745	\$ 351,965.54	\$ 311,535.68	\$ 663,501.22	\$ 10,243.78
8/13/19	7/7/20	Tyler	560	Macon	\$ 246,957	\$ -	\$ 1,650.00	\$ 1,650.00	\$ 245,307.00
8/13/19	5/7/20	Tyler	870	Swain	\$ 199,316	\$ -	\$ 46,816.00	\$ 46,816.00	\$ 152,500.00
8/23/19	9/29/20	Tyler	660	Northampton	\$ 205,680	\$ -	\$ -	\$ -	\$ 205,680.00
3/10/20	5/7/20	Tyler	900	Union	\$ 2,309,204	\$ 441,388.11	\$ 344,611.95	\$ 786,000.06	\$ 1,523,203.94
YTD				TOTAL	\$ 32,330,091	\$ 10,457,622.06	\$ 6,113,826.59	\$ 16,571,448.65	\$ 8,652,884.44
Current AFS Budget for Existing MOUs (Acct #: 2531-1AB)									8,653,056.00
Remaining Budget									171.56

Original 5 Year Preliminary Budget Planning Table from 2019-2020 (Pre-COVID):

	19-20 All Pilots	20-21	21-22	22-23	23-24	24-25	Total
Program Administration	\$2,096,598	\$1,872,000	\$1,872,000	\$1,872,000	\$1,872,000	\$1,457,000	\$11,041,598
LEA Modernization	\$19,804,411	\$18,821,756	\$19,791,431	\$18,791,431	\$17,146,756	\$13,857,405	\$108,213,190
Agency Modernization	\$503,078	\$712,921	\$18,697,008	\$16,697,008	\$0	\$0	\$36,610,015
Stabilization	\$1,759,050	\$2,441,000	\$1,000,000	\$750,000	\$500,000	\$250,000	\$6,700,050
Data Transparency	\$2,649,700	\$1,050,000	\$1,050,000	\$1,050,000	\$450,000	\$450,000	\$6,699,700
Total	\$26,812,837	\$24,897,677	\$42,410,439	\$39,160,439	\$19,968,756	\$16,014,405	\$169,264,553

Based on the current project state, we expect the project to continue longer than expected, until 2026-2027 to complete.

FUTURE NEEDS

The implementation of the Modernization initiative is still a critical need for NCDPI and the PSUs. NCDPI’s systems are in critical need of modernizing because of the pending migration to NCFS. NCDPI also continues to maintain HRMS, a 40-year-old system Supporting HR functions in two dozen LEAs. Many LEAs also continue to rely on decades-old systems for basic financial and HR functionality.

Because of the new procurements for software taking place, the State will need to consider sustainable funding models to support operations and maintenance costs at both the Agency and PSU levels, including the statewide applicant tracking system, a new agency financial system, and an updated student information system. The UERS budget is limited in its ability to sustain operations and maintenance of these systems, as costs for the new systems are all expected to be significantly higher than the current systems, and vendors are now typically increasing prices 3-5% per year. Funding will be necessary to maintain modern, secure, flexible systems and interfaces that improve efficiency and transparency for data driven decisions and ensure all State and Federal reporting requirements continue to be met accurately and timely

We note that future technical corrections or amendments to statutes (e.g., G.S. 115C) may be required to align with modern cloud-based ERP and SIS systems by removing the need for specific customizations, configurations, or reports. We will continue to communicate these items through our legislative team as they arise.