Securing and Streamlining the K–12 School Apportionment System
2025–27 Operating Budget Decision Package

RECOMMENDATION SUMMARY

Washington's School Apportionment Financial System (SAFS) and Forecasting (F-203) system, operated by the Office of Superintendent of Public Instruction (OSPI), budgets and disburses half of Washington's General Fund-State budget to school districts and other local education agencies (LEAs), according to complex formulas prescribed by the Legislature. These systems utilize Windows 97 and operate on antiquated, decades-old computers, require extensive human intervention, and are prone to errors that cause significant risk for the state and school funding operations. This request is a follow-up to the legislative requirement of performing a feasibility study for this project, which was completed in 2024 and found that the current system has a high risk for "catastrophic failure" and recommended replacing the existing apportionment suite of systems with a new low-code application platform.

FISCAL DETAIL

Operating Expenditures	FY 2026	FY 2027	FY 2028	FY 2029
Fund 001-1 (program 010)	$5,807,000	$5,129,000	$4,470,000	$1,261,000
Total Expenditures	**$5,807,000**	**$5,129,000**	**$4,470,000**	**$1,261,000**
Biennial Totals	**$10,936,000**		**$5,731,000**	

Staffing	FY 2026	FY 2027	FY 2028	FY 2029
FTEs	3.2	3.4	3.4	1.4
Average Annual	**3.3**		**2.4**	

Object of Expenditure	FY 2026	FY 2027	FY 2028	FY 2029
Obj. A	$366,000	$388,000	$388,000	$160,000
Obj. B	$168,000	$178,000	$178,000	$75,000
Obj. C	$5,195,000	$4,515,000	$3,858,000	$1,008,000
Obj. E	$21,000	$23,000	$23,000	$9,000
Obj. G	$21,000	$23,000	$23,000	$9,000
Obj. J	$36,000	$2,000	$0	$0

Revenue	FY 2026	FY 2027	FY 2028	FY 2029
	$0.00	$0.00	$0.00	$0.00
Total Revenue	**$0.00**	**$0.00**	**$0.00**	**$0.00**
Biennial Totals	**$0**		**$0**	

PACKAGE DESCRIPTION

What is the problem, opportunity, or priority you are addressing with the request?

OSPI distributes 50% of the state's General Fund-State budget to school districts and other K–12 entities. This process uses complex formulas and decision points, updated annually, to calculate a wide variety of funds and distributions. The system is running on outdated software that the vendor no longer supports. This creates a compliance issue with mandates from Washington Technology Solutions (WaTech) for security and for function. The system utilizes Windows 97 and operates on an antiquated computer; it is extremely outdated, requires extensive human intervention, and is prone to errors that cause significant risk for the state and school funding operations, including the risk of exposure of CAT-3 personnel data.

Due to numerous recent changes to the prototypical school funding formula approved by the Legislature, and the outdated platform of OSPI's apportionment and forecasting (F-203) systems, numerous reports and calculations need to be performed outside of the system using old macros and computers. The last update to the system was made 15 years ago, in 2009. This creates an enormous risk to the payment models and funding calculations that can, and has, resulted in errors for districts and the state.

The outdated technology has caused the need for more manual processes which further increases risk to the generated payments because of human error. These manual processes have caused the forecasting system (F-203) and payment system (apportionment) to become out of alignment as the systems do not use the same rounding logic, and data-specific identification codes are not consistent across the two systems. This results in a difference between the budgeted calculations that school districts are expecting to receive and the actual amounts they receive at the beginning of the school year causing potential hardship to districts. Additionally, the downloaded data from the forecasting system requires manual manipulation to upload into the apportionment system, increasing risk for errors.

The 2022 Legislature provided funding through the Washington State Information Technology Projects Pool to conduct a feasibility study for the apportionment system modernization and redesign, which was completed in April 2024. The results of the feasibility study found that the current system has a high risk for "catastrophic failure" and indicated that a Low Code Application Platform (LCAP) solution most closely aligned with OSPI's focus on strategic alignment, operational excellence, ease of implementation, and fiscal impact.

What is your proposal?

OSPI proposes redesigning the Apportionment and F-203 systems by updating and modernizing them so they are secure and fully functional. This new system will incorporate the latest technology to fully allow automated data processing to remove the human error factor and be fully compliant with modern security and architect standards to ensure compatibility with other state systems and agencies (e.g., OneWA, WaTech, Office of Financial Management, etc.).

In addition, with the modern design, the data and reports will be more rapidly available to the Legislature, other agencies, and the public in near-real time. The legislatively mandated feasibility study determined that OSPI should replace the existing apportionment system with a new, low-code application platform (LCAP) which would reduce security and vendor risks, improve system integration and data accessibility, simplify ongoing maintenance and upgrades, and provide opportunities for further expansion of the system. The LCAP platform also offers the state the lowest cost to address the underlying issues of the legacy apportionment system and would take the least time to implement.

How is your proposal impacting equity in the state?

1. At the forefront of every program, policy, and decision, OSPI actively focuses on ensuring all students have access to the instruction and support they need to succeed in our schools. Certain programs and variables of the school funding formula, as approved by the Legislature, are focused on improving equity. This proposal would ensure that the funding formulas are calculated, and revenue is paid to all educational entities, following the budget approved by the Legislature.
2. OSPI regularly meets with external stakeholders to identify and elevate issues that improve student outcomes and respond to the needs of public schools throughout Washington.
3. This request is supported by school districts and external education stakeholders, who understand that programs providing funding to remedy inequities require modern tools, such as an updated school apportionment system. A modernized apportionment system would also greatly improve OSPI's reporting abilities, providing more accurate data, including demographic and equity-related data to other government agencies and the Legislature.
4. This proposal would ensure that the funding formulas are calculated, and revenue is paid to all educational entities, following the budget approved by the Legislature.

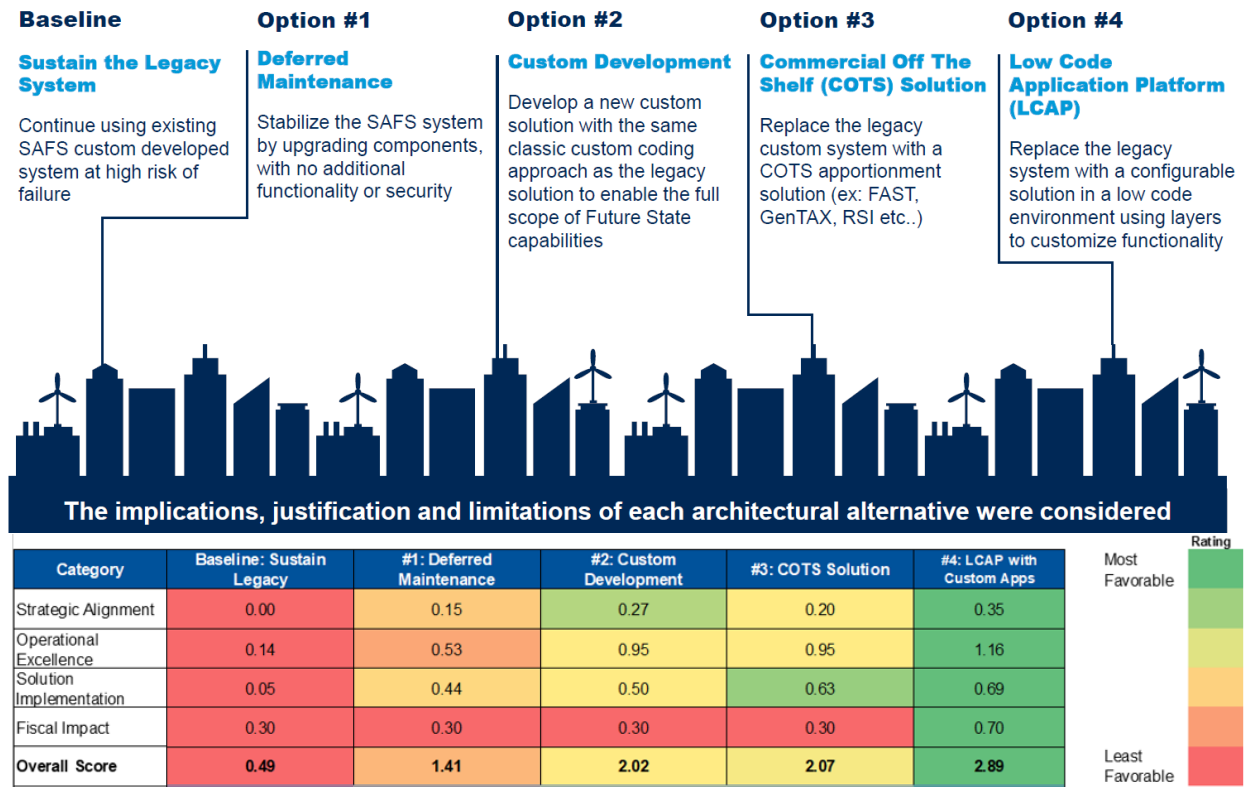## What are you purchasing and how does it solve the problem?

OSPI intends to purchase services to design, build, and implement a comprehensive new LCAP system that will incorporate existing systems to modernize the existing process. The new system will be fully compliant with existing state standards and meet the objectives of other information technology state-level initiatives (e.g., OneWA). This new system will minimize human and manual processes to ensure the most accuracy possible to managing the school funding program, ensuring the ability of the system to meet all operational needs for the near future. This assumes that costs associated with this process will include a project manager, quality assurance manager, change manager, architect and development lead, testers, purchasing of software/cloud services, and a contingency budget.

What alternatives did you explore and why was this option chosen?

As directed by the Legislature, OSPI conducted a feasibility study to research possible solutions for updating the apportionment systems. The study identified four options as shown below. Each option was considered based on its strategic alignment to agency and state goals, operational excellence, ability to implement a comprehensive solution, and fiscal impact. The

results indicated that options one and two were insufficient solutions due to high risk and uncontrolled costs. Option three received low consideration due to prohibitive costs and high risks due to increased timeline to implementation. Option four scored highest in all four categories, including lowest in risk and most economical cost of ownership over a five-year period.

OSPI evaluated five alternatives to enable the future state

Baseline	Option #1	Option #2	Option #3	Option #4
Sustain the Legacy System	**Deferred Maintenance**	**Custom Development**	**Commercial Off The Shelf (COTS) Solution**	**Low Code Application Platform (LCAP)**
Continue using existing SAFS custom developed system at high risk of failure	Stabilize the SAFS system by upgrading components, with no additional functionality or security	Develop a new custom solution with the same classic custom coding approach as the legacy solution to enable the full scope of Future State capabilities	Replace the legacy custom system with a COTS apportionment solution (ex: FAST, GenTAX, RSI etc..)	Replace the legacy system with a configurable solution in a low code environment using layers to customize functionality

The implications, justification and limitations of each architectural alternative were considered

Category	Baseline: Sustain Legacy	#1: Deferred Maintenance	#2: Custom Development	#3: COTS Solution	#4: LCAP with Custom Apps
Strategic Alignment	0.00	0.15	0.27	0.20	0.35
Operational Excellence	0.14	0.53	0.95	0.95	1.16
Solution Implementation	0.05	0.44	0.50	0.63	0.69
Fiscal Impact	0.30	0.30	0.30	0.30	0.70
Overall Score	**0.49**	**1.41**	**2.02**	**2.07**	**2.89**

Rating: Most Favorable → Least Favorable

The complete feasibility study is available on the WaTech website's project dashboard: OSPI Apportionment Feasibility Study.

What resources does the agency already have that are dedicated to this purpose?

OSPI requested funding to replace the school apportionment system in the 2023–25 Biennial Operating Budget and in the 2022 Supplemental Budget. Funding for a feasibility study was provided in the 2022 Supplemental Budget; however, no further funding was provided, and the outdated system remains in place. Maintenance level funding was also requested in 2020 to help the agency comply with new regulations and accounting requirements. An overhaul of the outdated apportionment system cannot be completed without additional resources.

OSPI is prepared to dedicate in-kind resources to the completion of this project, if funded, including contributions up to a total of 5.0 full-time equivalents (FTE). Support will include

project administrative support, procurement and contract management, program management, project sponsorship and steering committee, and ongoing technical support.

ASSUMPTIONS AND CALCULATIONS

Expansion, reduction, elimination or alteration of a current program or service

This request is a replacement to a current program and service. This request will redesign and modernize the school apportionment system and program in order to reduce the risk of system failure and create the ability to adapt to future legislative requests and changes to funding formulas. This request will reduce reliance on a single contracted support vendor and move support to a Software as a Service (SaaS) model for increased stability and flexibility.

Detailed assumptions and calculations:

OSPI Administrative Costs

OSPI requests $41,000 in fiscal year 2026, $38,000 in fiscal years 2027 and 2028, and $13,000 in fiscal years 2029 and 2030 to support project administrative support and contract management. The staffing level for this support would be 0.3 FTE in fiscal years 2026, 2027, and 2028, and 0.1 FTE in fiscal year 2029.

OSPI requests $96,000 in fiscal year 2026, $91,000 in fiscal years 2027 and 2028, and $19,000 in fiscal year 2029 for a program manager to oversee the project and serve as a subject matter expert. The staffing level for the program manager would be 0.5 FTE from fiscal year 2026 through fiscal year 2028, and 0.1 FTE in fiscal year 2029 to close out the project.

OSPI requests $413,000 in fiscal year 2026, $389,000 in fiscal years 2027 and 2028, and $186,000 in fiscal year 2029 for program management staff to provide subject matter expertise and input and support the project steering committee. The staffing level for the program management staffing would be 2.1 FTE in fiscal years 2026, 2027, and 2028, and 1.0 FTE in fiscal year 2029.

OSPI requests $22,000 in fiscal year 2026 and $21,000 in fiscal years 2027 and 2028 for executive program management staff to serve as project sponsors. The FTE level for the executive program management staffing would be 0.1 FTE in fiscal years 2026, 2027, and 2028.

OSPI requests $40,000 in fiscal year 2026 and $38,000 in fiscal years 2027 and 2028 for senior program management staff to provide support and input for the project steering committee. The staffing level for the senior program management staffing would be 0.2 FTE in fiscal years 2026, 2027, and 2028.

OSPI requests $37,000 in fiscal year 2027 and $35,000 ongoing for an application developer journey level to provide technical liaison support. The staffing level for this support would be 0.2 FTE for ongoing technical liaison support.

Contractor Costs

OSPI requests $5,195,000 in fiscal year 2026, $4,515,000 in fiscal year 2027, $3,858,000 in fiscal year 2028, and $1,008,000 in fiscal year 2029 for contracting costs. These costs include $2 million in the first year for staff to provide quality assurance, change management, application architecture, data analysis, business analysis, project management, and backup operations for assigned staff. In addition, this will provide solution implementation costs for application development in the total of $3 million over the life of the project ($1.5 million in fiscal year 2026 and $1 million in fiscal years 2027 and 2028). Approximately $1 million is estimated in ongoing costs, inflated by 5% each fiscal year, for software licensing and vendor support and service agreements.

Workforce assumptions

Fiscal Year 2026 (Total = $612,000)

Procurement and Supply Specialist 3: 0.3 FTE
- Salary: $21,877
- Benefits: $11,777
- Goods/Services: $2,003
- Travel: $2,003
- Equipment: $3,339

Project Manager: 0.5 FTE
- Salary: $57,672
- Benefits: $26,085
- Goods/Services: $3,339
- Travel: $3,339
- Equipment: $5,565

WMS 2 Mid Management Staff: 2.1 FTE
- Salary: $249,671
- Benefits: $111,909
- Goods/Services: $14,024
- Travel: $14,024
- Equipment: $23,373

WMS 3 Executive Management Staff: 0.1 FTE
- Salary: $13,287
- Benefits: $6,264
- Goods/Services: $668
- Travel: $668
- Equipment: $1,113

WMS 2 Senior Management Staff: 0.2 FTE
- Salary: $23,778

- Benefits: $11,325
- Goods/Services: $1,336
- Travel: $1,336
- Equipment: $2,226

Fiscal Year 2027 (Total = $614,000)

Procurement and Supply Specialist 3: 0.3 FTE
- Salary: $21,877
- Benefits: $11,777
- Goods/Services: $2,003
- Travel: $2,003
- Equipment: $0

Project Manager: 0.5 FTE
- Salary: $57,672
- Benefits: $26,085
- Goods/Services: $3,339
- Travel: $3,339
- Equipment: $0

WMS 2 Mid Management Staff: 2.1 FTE
- Salary: $249,671
- Benefits: $111,909
- Goods/Services: $14,024
- Travel: $14,024
- Equipment: $0

WMS 3 Executive Management Staff: 0.1 FTE
- Salary: $13,287
- Benefits: $6,264
- Goods/Services: $668
- Travel: $668
- Equipment: $0

WMS 2 Senior Management Staff: 0.2 FTE
- Salary: $23,778
- Benefits: $11,325
- Goods/Services: $1,336
- Travel: $1,336
- Equipment: $0

Application Developer – Journey: 0.2 FTE
- Salary: $21,970

- Benefits: $10,133
- Goods/Services: $1,336
- Travel: $1,336
- Equipment: $2,226

Fiscal Year 2028 (Total = $612,000)

Procurement and Supply Specialist 3: 0.3 FTE
- Salary: $21,877
- Benefits: $12,117
- Goods/Services: $2,003
- Travel: $2,003
- Equipment: $0

Project Manager: 0.5 FTE
- Salary: $57,672
- Benefits: $26,650
- Goods/Services: $3,339
- Travel: $3,339
- Equipment: $0

WMS 2 Mid Management Staff: 2.1 FTE
- Salary: $249,671
- Benefits: $111,281
- Goods/Services: $14,024
- Travel: $14,024
- Equipment: $0

WMS 3 Executive Management Staff: 0.1 FTE
- Salary: $13,287
- Benefits: $6,377
- Goods/Services: $668
- Travel: $668
- Equipment: $0

WMS 2 Senior Management Staff: 0.2 FTE
- Salary: $23,778
- Benefits: $11,550
- Goods/Services: $1,336
- Travel: $1,336
- Equipment: $0

Application Developer – Journey: 0.2 FTE
- Salary: $21,970

- Benefits: $10,358
- Goods/Services: $1,336
- Travel: $1,336
- Equipment: $0

Fiscal Year 2029 (Total = $253,000)

Procurement and Supply Specialist 3: 0.1 FTE
- Salary: $7,292
- Benefits: $4,372
- Goods/Services: $668
- Travel: $668
- Equipment: $0

Project Manager: 0.1 FTE
- Salary: $11,534
- Benefits: $6,130
- Goods/Services: $668
- Travel: $668
- Equipment: $0

WMS 2 Mid Management Staff: 1.0 FTE
- Salary: $118,891
- Benefits: $53,753
- Goods/Services: $6,678
- Travel: $6,678
- Equipment: $0

Application Developer – Journey: 0.2 FTE
- Salary: $21,970
- Benefits: $10,358
- Goods/Services: $1,336
- Travel: $1,336
- Equipment: $0

Historical funding

Fiscal Year 2026
- FTE = 0.0 FTE
- Total Funds = $0
- Near General Fund = $0
- Other Funds = $0

Fiscal Year 2027
- FTE = 0.0 FTE

- Total Funds = $0
- Near General Fund = $0
- Other Funds = $0

STRATEGIC AND PERFORMANCE OUTCOMES

Strategic framework

This request ensures local education agencies receive accurate, on-time funding as required by state and federal mandates. This includes the proper processing of the state basic education formula to ensure proper fulfillment of the state's constitutional duty for funding education.

Performance outcomes

Funding a new LCAP system will create efficiencies within OSPI's apportionment calculation and school district budgeting processes. This will reduce the risk for errors in calculating and sending funds to school districts monthly. Creating commonalities between the Revenue Estimate System (F-203) and the Apportionment System will reduce the overall workload of both school districts and OSPI. Efficiencies will also be created in how OSPI extracts data and answers questions about school funding from the public, media, legislators, and legislative staff.

OTHER COLLATERAL CONNECTIONS

Intergovernmental

Office of Financial Management, State Treasurer, Legislature, state agencies, county governments; as well as all local education agencies, including nine educational service districts, 295 public school districts, 18 charter schools, and 8 state-tribal education compact schools (STECs).

Stakeholder impacts

The apportionment system is a mission-critical system, as it is the primary vehicle to distribute funding for basic education. All local education agencies that receive funding from the state through the apportionment system agree that it is critical to maintain and upgrade the system on a routine basis to ensure funding payments are accurate and timely.

Legal or administrative mandates

This system is directly responsible for fulfilling legislative funding requirements for schools. The current system is not capable of meeting all these mandates without extensive manual processing that creates substantial risk of errors and non-compliance.

Changes from current law

None.

State workforce impacts

None.

State facilities impacts

None.

Puget Sound recovery

None.

Governor's salmon strategy

None.

OTHER SUPPORTING MATERIALS

OSPI Apportionment Feasibility Study