

## REPORT OF THE VASBO HANDBOOK COMMITTEE

Prior to July 2012 the Vermont Association of School Business Officers (VASBO) was approached by the Vermont Agency of Education (AOE) and asked to form a committee that could work with the AOE to establish an updated Vermont accounting handbook and lay the ground work for a future statewide electronic transfer of financial information (data transfer). A committee was formed in such a way as to represent the diversity of the school governance structure that exists in Vermont. This committee has met on a regular basis for two years. We have conferred with various people from the AOE. We have also presented various stages of our work to VASBO for input and feedback.

The committee was guided by the central principle of compliance with the Federal Handbook in a way that was tempered to the uniqueness and requirements of Vermont. The Federal Handbook cannot just be applied in cookie cutter fashion. It needs to be tailored based on the size of Vermont school districts and based on state requirements that are not necessarily reflected in the Federal Handbook. It does not make sense to require Vermont schools to use all of the detailed classifications of expenditures but rather to leave that level of detail as an option. Particular aspects of the Vermont education funding system require financial reporting that is not specifically addressed in the Federal Handbook. Modifications were made in order to accommodate those requirements.

Adapting the Federal Handbook to Vermont was by far the simpler of the two tasks facing the committee. The additional task of laying the groundwork for a future statewide electronic data transfer complicated our work and extended our timeframe. Within our existing reporting structure, local deviations from the handbook structure can be accommodated by cross walking the data into the correct codes in the reporting process. An electronic data transfer would not allow for this. Data would have to be coded according to the handbook from the start. The structure of the account codes would have to be standardized. New fields would have to be added in order to provide the data in a common format and also identify the entity to which the data belongs. Developing and testing this account code structure took much of the committee's time.

One of the key elements in this electronic data transfer is defining the appropriate level at which the data is to be collected. Are we collecting by school, by district, by town, by SU or some other basis? Establishing this reporting level must be consistent with our governance structure and how it may change in the future. It must also be based on the most appropriate level at which we need to examine and use the data. Once the reporting level has been established, a clear and consistent identification system needs to be developed so that the individual units within that structure can be codified correctly. The AOE indicated that this committee should assume the school as the base reporting unit and so we did. That choice needs to continue to be thought through as the electronic data transfer system is developed. Our current school identification system (PS, SU, etc. numbers) has not been structured consistently enough to lead to easy codification within an account code structure.

As part of the development of this data transfer system, thought must be given as to how to ensure that all Vermont schools have software appropriate to comply with that system. We have arrived at an

account code structure of some 33 digits (including dashes). Not all software systems currently in use may be able to handle a structure of that length. Perhaps in the course of developing a data transfer system ways to shorten the coding structure may be found. For example, there may be a way to embed the reporting entity within the system thus shortening the account code structure. There will need to be adequate provisions for software, training, and funding. There will always be someone who just invested in a computer conversion at their local level who will not want to make a change right away. Solving any software issues was beyond the scope of this committee.

The timing of the implementation of both the handbook and a data transfer system must also be considered carefully. Schools require a good deal of lead time in order to convert to the new account code structure (perhaps requiring new software to do so). They must then build a budget based on that new structure and proceed through that entire budget year prior to being able to report using that new structure. We believe that, once the handbook is issued and the software and data conversion issues are solved, an implementation period of three years is necessary.

The data provided by a common handbook will prove to only be as good as the consistency in reporting. There must be a continuing educational process to help build and maintain a common understanding of what items are included in each element of the account code – a common “data dictionary.” VASBO is prepared to be a partner in that ongoing effort. Also, schools must confer with the AOE prior to inventing codes that have not already been detailed in the handbook.

In conclusion, the committee would like to thank the AOE for including VASBO in this process. We appreciate having a voice in matters of such significant importance. In particular we thank Aaron Brodeur for all of his work representing the AOE on this committee.

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COMMITTEE MEMBERS: Steven Hier, Marilyn Frederick, Edie Lou Cole, Laura Jakubowski, Kathleen Barron, Heather Wright

ACCOUNT CODE STRUCTURE:

Location	Fund	Level	Type	Program	Project	Function	Object	Revenue
xxxx	xxx	xx	x	xxx	xxx	xxxx	xxx	xxxx