
Appropriations Committee

HB 1165

Brief Description: Regarding student transportation funding.

Sponsors: Representatives Fromhold, Orcutt, Anderson, Lantz, VanDeWege, Hunter, Wallace, McDonald, Sells, Kenney, Williams, Ormsby, Schual-Berke, Miloscia, Simpson, Campbell, P. Sullivan, Morrell, Moeller and Haler.

Brief Summary of Bill

- Directs that additional amounts appropriated for student transportation, beyond inflation and caseload adjustments, be allocated to districts in proportion to the district-by-district "funding variance" amounts documented in the Joint Legislative Audit and Review Committee's 2006 K-12 Pupil Transportation Funding Study.
- Directs the Office of the Superintendent of Public Instruction to develop a new pupil transportation distribution formula for implementation beginning in the 2009-10 school year. Requires the Superintendent to provide an interim report on the proposed formula by December 1, 2007, with final recommendations by December 1, 2008.
- Provides policy guidance for the development of the new formula, with an emphasis on system transparency, efficiency, and data reliability.

Hearing Date: 1/29/07

Staff: Ben Rarick (786-7349).

Background:

Washington provides funding to school districts for pupil transportation using a funding method that was developed in the early 1980s. This method has not been significantly changed since its development. In the 2005-07 Operating Budget, the Legislature appropriated approximately \$500 million for pupil transportation. Of that, about \$423 million is for the operation of transportation programs, and about \$77 million is for school bus purchases and replacements.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The Legislature's funding method is designed to fund the transportation of eligible students to and from school at 100 percent or as close thereto as reasonably possible. Certain types of transportation are not funded under the formula, such as transportation for athletic events, or other extracurricular programs not considered part of the basic education program.

The 2005-07 Operating Budget mandated that the Joint Legislative Audit & Review Committee (JLARC) review pupil transportation funding in Washington. Specifically, the study sought to:

- document the extent to which districts track or report "to and from" transportation;
- document the extent to which the transportation funding method reflects the actual costs of providing "to and from" transportation;
- research alternative funding methods that may more accurately promote the efficient use of resources; and
- identify any nationally recognized best practices in pupil transportation, whether Washington follows best practices, and which best practices could be applied in Washington.

The JLARC study found that there is a 95 percent probability that "to and from" pupil transportation expenditures exceeded state revenues by between \$92,619,322 and \$114,376,345 in the 2004-05 school year. The JLARC also found while most (187) pupil transportation programs received less state funding than their statistically expected costs, there were 76 programs that received *more* state funding than their statistically expected costs. The JLARC cautioned the Legislature against simply increasing current allocations in the current formula by the statewide difference between funding and spending for "to and from" transportation, since this may exacerbate district-by-district inequities created by what JLARC perceives as structural limitations in the current model.

Regarding accounting methods, JLARC found that districts are not required to separate out "to and from" transportation costs from other transportation costs, and local efforts to do so varied substantially. In terms of best practices, the study reviewed formulas from other states and identified several recognized best practices but it did not make specific recommendations on a formula to be adopted. The JLARC emphasized that legislative priorities should dictate which funding method was most appropriate.

Summary of Bill:

2007-09 Proposal

Until a new formula is implemented, the Legislature intends to make pro-rata payments to districts in addition to amounts allocated under the current K-12 pupil transportation formula. The Office of the Superintendent of Public Instruction (OSPI) must allocate any additional amounts appropriated proportionally, based on the funding variance between a district's allocation in 2004-05, and the JLARC study's "best estimate" for that district. The OSPI may adjust the allocation based on revised data.

Direction for New Formula

The OSPI must develop a new distribution formula for implementation beginning in the 2009-10 school year. An interim report on the proposed formula is required by December 1, 2007, with final recommendations due December 1, 2008.

The new formula must address the following criteria:

- The new formula must be based on major transportation cost factors, including but not limited to driver and aide salaries, road miles (rather than the current practice of using radius miles), student loads, fuel, maintenance, and supervision.
- The new formula must also address the following priorities of the Legislature: a) it must be based on reliable data, b) it must be transparent, and c) it must allow for the underlying cost factors to be adjusted over time. The new formula may allow use of data from district transportation routing programs, but would prohibit the OSPI from requiring such programs. It must not be a direct reimbursement model.
- The new formula must also include reasonable controls on compensation costs, efficient use of vehicle capacity, and efficient routing.
- The new formula must provide full allocation for transportation of all K-5 students, and cover students in grades 6-12 from route stops more than 1 mile from school. It must also cover transportation for academic extended day programming offered under the Basic Education Act, special education, Learning Assistance Program, and bilingual programs.

Response to JLARC Recommendations

School districts must separate "to and from" transportation costs from other costs. Also, a clarification is made that transportation to and from learning centers for "instruction specifically required by statute" means instruction in basic education, special education, bilingual, and Learning Assistance Programs.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.