

HOUSE BILL REPORT

E2SSB 5174

As Reported by House Committee On:
Appropriations

Title: An act relating to providing adequate and predictable student transportation.

Brief Description: Providing adequate and predictable student transportation.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Wellman, Conway, Dhingra, Frame, Hunt, Kuderer, Lovelett, Rolfes, Valdez, Warnick and Wilson, C.; by request of Superintendent of Public Instruction).

Brief History:

Committee Activity:

Appropriations: 3/15/23, 3/22/23 [DPA].

**Brief Summary of Engrossed Second Substitute Bill
(As Amended By Committee)**

- Requires the Office of the Superintendent of Public Instruction (OSPI) to administer transportation safety net awards to school districts with excess special passenger costs for special education, homeless, and foster students, as defined in the operating budget.
- Provides that, no earlier than for a contract affecting the 2024-25 school year, school districts may only enter into a pupil transportation services contract if the contractor provides certain health benefit and retirement contributions to employees who choose to opt in for coverage.
- Provides reimbursement subject to funding provided specifically for increased costs to school districts that are directly attributable to increased benefits as required in the bill.

HOUSE COMMITTEE ON APPROPRIATIONS

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

Majority Report: Do pass as amended. Signed by 19 members: Representatives Ormsby, Chair; Bergquist, Vice Chair; Gregerson, Vice Chair; Macri, Vice Chair; Berg, Chopp, Davis, Fitzgibbon, Hansen, Lekanoff, Pollet, Riccelli, Ryu, Senn, Simmons, Slatter, Springer, Stonier and Tharinger.

Minority Report: Do not pass. Signed by 10 members: Representatives Stokesbary, Ranking Minority Member; Chambers, Assistant Ranking Minority Member; Corry, Assistant Ranking Minority Member; Chandler, Connors, Dye, Harris, Sandlin, Schmick and Steele.

Minority Report: Without recommendation. Signed by 2 members: Representatives Couture and Rude.

Staff: Jordan Clarke (786-7123).

Background:

Pupil Transportation.

The state's statutory program of basic education includes transportation to and from school for eligible students, including transportation of students for special education services and between schools and learning centers.

To provide transportation allocations to school districts, the Office of the Superintendent of Public Instruction (OSPI) uses the Student Transportation Allocation Reporting System (STARS), which is a regression formula that uses prior year expenditures, student passenger counts, and district characteristics to calculate the expected costs of to-and-from transportation. The STARS formula result is then compared to the district's allowable transportation expenditures from the prior year. The school district receives the lesser of the two calculated amounts, plus any compensation adjustments provided in the operating budget.

Counts of basic and special program passengers are used in the STARS formula. Special program passengers include students in special education, bilingual programs, highly capable programs, homeless programs, and other program students transported by school bus or by district car route.

The 2022 Supplemental Operating Budget appropriated \$13 million for fiscal year 2023 for the OSPI to provide transportation safety net funding to school districts with a demonstrated need for additional transportation funding for special passengers.

Federal Requirements for Homeless and Foster Student Transportation.

Federal laws include requirements for student transportation of homeless students and students in foster care, including transportation to and from a student's school of origin upon

request and when it is in the child's best interest.

The federal McKinney-Vento Homeless Assistance Act (McKinney-Vento Act) defines "homeless children and youths" to mean individuals who lack a fixed, regular, and adequate nighttime residence. Under the McKinney-Vento Act, homeless students are entitled to receive transportation comparable to what is available to nonhomeless students.

The federal Every Student Succeeds Act includes requirements for school districts to develop procedures that address how transportation to the schools of origin for children in foster care will be provided, arranged, and funded.

In cases where a student is living outside the school district where a school of origin is located, multiple school districts and child welfare agencies may coordinate in determining a method of transportation and arrangements to share costs.

School Employee Benefits.

To provide health care and related benefits for all eligible public school employees and represented employees of educational service districts, the Legislature created the nine-member School Employees' Benefits Board (SEBB). The program is administered by the Health Care Authority. Under SEBB, collective bargaining for school employee health benefits is consolidated to a single agreement. State prototypical school funding formulas include funding for health benefits under SEBB for state-funded staff units. The current health benefits rate that applies to each SEBB-eligible school employee is \$1,026 per employee per month in the 2022-23 school year.

For retirement, classified school employees are provided pension benefits through the School Employees' Retirement System (SERS), administered by the Department of Retirement Systems. For the 2023-25 fiscal biennium, the Pension Funding Council has adopted an employer contribution rate of 11.61 percent and an employee contribution rate of 7.76 percent.

Summary of Amended Bill:

Special Passenger Safety Net.

The OSPI must administer transportation safety net awards to school districts with a convincingly demonstrated need for additional transportation funding for special passengers, which include special education, homeless, and foster students. Total amounts for safety net awards must be defined in the operating budget.

The OSPI is no longer required to include a review of a school district's percentage of students served under the McKinney-Vento Act from outside the district as part of the

transportation alternate funding grant program award process.

Pupil Transportation Services Contracts.

No earlier than for a contract affecting the 2024-25 school year, school districts may only enter into a pupil transportation services contract if that entity provides the following to, or on behalf of, employees who choose to opt in for coverage:

- a health benefit contribution equal to the employer payment dollar amount in effect for the first year of the contract for health care benefit rates for SEBB, and;
- an amount equivalent to the salaries of the employees of the contractor multiplied by the employer's normal cost contribution rate determined under the entry age cost method for SERS.

An "employee" in this section is defined as a bus, van, or shuttle driver, monitor, mechanic, or dispatcher. Subject to amounts provided in the budget, funding is provided specifically for increased costs to school districts that are directly attributable to the increased benefits required in the bill.

Amended Bill Compared to Engrossed Second Substitute Bill:

The amended bill maintains the special passenger safety net included in the original bill. It adds the requirement that, no earlier than for a contract affecting the 2024-25 school year, school districts may only enter into a pupil transportation services contract if the contractor provides certain health benefit and retirement contributions to employees who choose to opt in for coverage. It provides reimbursement subject to funding provided specifically for increased costs to school districts that are directly attributable to the increased benefits. It removes the requirement for the OSPI to provide a transportation funding analysis and provide recommendations for how to incorporate geographic differences faced by rural and high population density urban school districts into a transportation funding formula.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) The safety net funding for special passengers will help many districts and many students with specific transportation needs, especially for special education, homeless, and foster students. This bill is a good first step to addressing the underfunded transportation system and high-cost transportation trips. Some districts would have a difficult time

complying with any contractor benefits changes. If transportation is not funded, districts cannot provide reliable transportation for students. Working parents need a reliable transportation system for their children, especially if their children require additional transportation support.

(Opposed) None.

(Other) The current transportation system creates an unfunded mandate for school districts. The original Senate Bill 5174 would have implemented a new student transportation funding formula to replace the opaque STARS funding formula, including providing a per-mile funding allocation as opposed to per-student, and would have provided transportation for skill center students. The current formula is more beneficial for urban districts with low mileage driven while transporting students. It disadvantages small, rural districts with different terrain and distances, and forces these districts to use levy dollars to support the transportation program.

The formula proposal was stripped out of the bill, leaving the current STARS formula in place. A new formula would provide adequate funding to districts and better oversight to budget writers. There are concerns that OSPI would not be able to collect the data required in the bill. The OSPI relies on school districts to provide the data, but not all districts will submit the required data. The study should be completed before 2026 to change transportation funding formulas sooner. Please consider revising the current STARS funding formula and providing additional clarity for calculating the safety net funding for special passengers.

The bill does not include any parity in health care or retirement benefits provided for contracted bus drivers compared to drivers employed by school districts, though both drivers do the same job and drive the same routes. Many contracted employees are shortchanged in benefits compared to their counterparts hired as district employees, including having to pay more for similar prescriptions and medical support. Please include funding for medical and retirement benefits for contracted bus drivers.

Persons Testifying: (In support) Senator Lisa Wellman, prime sponsor; and Linda Sheridan, Orcas Island School Board.

(Other) Tyler Muench, Office of Superintendent of Public Instruction; Barbara Posthumus, Lake Washington School District; Julie Salvi, Washington Education Association; Morgan Thomas, Washington State School Directors Association; Shaunie Wheeler-James, Teamsters; Cathy Ward, Teamsters 763; and Cynthia Campbell, Teamsters 38.

Persons Signed In To Testify But Not Testifying: None.