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## Appropriations Committee

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### SSB 5873

**Brief Description:** Providing adequate and predictable student transportation.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Wellman, Wilson, C., Hasegawa, Hunt, Kuderer, Nguyen, Nobles, Trudeau and Valdez).

#### Brief Summary of Substitute Bill

- Requires the Office of the Superintendent of Public Instruction (OSPI) to provide an analysis of school district transportation costs and allocations to the Legislature by June 1, 2027.
- Requires the OSPI to develop a transparent, predictable, and comprehensive student transportation funding model that addresses the diverse needs of students and the unique characteristics of school districts.
- Provides additional funding in the amount of \$400 per student for students that require special transportation due to the requirements of the McKinney-Vento Homeless Assistance Act.
- Requires that school district contracts for pupil transportation services must require the contracting employer to provide health benefits and pension contributions equivalent to those of school district classified employees.

**Hearing Date:** 2/22/24

**Staff:** James Mackison (786-7104).

**Background:**

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*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.*

### 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. Prior year expenditures used in STARS include costs for salaries and benefits for transportation staff. 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.

School districts may contract with private nongovernmental entities for pupil transportation services provided that the district engages in an open, competitive process for the services at least once every five years. Costs associated with pupil transportation services contracts are also included in STARS formulas.

### Federal Requirements for Homeless Student Transportation.

Federal laws include requirements for student transportation of homeless students, 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 Education 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 children are entitled to receive transportation comparable to what is available to non-homeless students.

### 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 \$1,100 per employee per month in the 2023-24 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 2023-24 school year, the employer contribution rate is 10.73 percent excluding administrative fees, and the employee contribution rate is 7.76 percent.

**Summary of Bill:**

Transportation Analysis by the Office of the Superintendent of Public Instruction.

By June 1, 2027, the OSPI must provide an analysis of school district transportation costs and allocations following the 2025-26 school year to the education and fiscal committees of the Legislature. This analysis must include the mileage, ridership, and costs for each district, disaggregated by:

- students who require special transportation services to access special education services documented in an approved individualized education program;
- students who meet the definition of homeless where transportation is required by the McKinney-Vento Act or other federal requirements;
- students who are in foster care where transportation is required outside of the normal school district boundary; and
- students attending skill centers.

The OSPI must use the analysis to develop a transparent, predictable, and comprehensive student transportation funding model that addresses the diverse needs of students and the unique characteristics of school districts.

McKinney-Vento Transportation Funding.

In addition to funding provided under the pupil transportation funding model, the OSPI must provide additional funds to school districts in the amount of \$400 per student for students that require special transportation due to the requirements of the McKinney-Vento Act. Such funds may only be used to address transportation costs associated with such students.

Current reporting requirements are expanded to require school districts to report the number of students receiving special transportation to comply with the McKinney-Vento Act.

Pupil Transportation Contractor Benefits.

Any pupil transportation contract entered into, renewed, or extended must require the contractor to provide the following to, or on behalf of, its employees who choose to opt in for coverage:

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

"Employees" are defined as in-state employees of a private, nongovernmental entity who work sufficient compensated hours performing services on the contract with the school district to meet

the eligibility requirements for the state health benefits program for school employees if the employee was employed directly by the school district.

Subject to amounts appropriated, the OSPI must provide a one-time, supplemental transportation allocation of up to \$200 per reported contractor employee per month to school districts that experience an increase in costs because of the new contractor benefit requirements. Reported contractor employees are those that worked at least 630 hours under a pupil transportation contract with the district in the previous school year. The supplemental amounts must be used by the district as payments under pupil transportation services contracts for employee compensation.

**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested on February 6, 2024.

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