

# HOUSE BILL REPORT

## 2SSB 5114

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### As Passed House:

April 9, 2007

**Title:** An act relating to student transportation funding.

**Brief Description:** Changing student transportation funding.

**Sponsors:** By Senate Committee on Ways & Means (originally sponsored by Senators Rockefeller, Parlette, Eide, Weinstein, Fairley, Keiser, Shin, Kohl-Welles, Murray, McAuliffe, Rasmussen, Kauffman, Kilmer, Franklin and Holmquist).

### Brief History:

#### Committee Activity:

Appropriations: 3/28/07 [DP].

#### Floor Activity:

Passed House: 4/8/07, 68-30.

### Brief Summary of Second Substitute Bill

- Directs the Office of Financial Management (OFM), in consultation with the Office of the Superintendent of Public Instruction (OSPI), and the Joint Legislative Audit and Review Committee (JLARC) to contract with school transportation experts for the development of two options for a student transportation funding formula.
- Directs the OFM to present the two formula options to the education and fiscal committees of the Legislature by December 1, 2008.
- Starting with the 2007-08 school year, requires school districts that are required to account for "to and from" spending costs separately from other pupil transportation spending.

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** Do pass. Signed by 31 members: Representatives Sommers, Chair; Dunshee, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking

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Minority Member; Buri, Chandler, Cody, Conway, Darneille, Ericks, Fromhold, Grant, Haigh, Hinkle, Hunt, Hunter, Kagi, Kenney, Kessler, Kretz, Linville, McDermott, McDonald, McIntire, Morrell, Pettigrew, Priest, Schual-Berke, Seaquist, P. Sullivan and Walsh.

**Minority Report:** Do not pass. Signed by 1 member: Representative Dunn.

**Staff:** Ben Rarick (786-7349).

**Background:**

The state provides funding to school districts for pupil transportation using a funding method developed in the early 1980s. This method has not been significantly changed since its development. In the 2005-07 Operating Budget, the Legislature appropriated \$500 million for pupil transportation. Seventy-seven million dollars are earmarked for school bus purchases and replacements. The remaining \$423 million is for the operations of transportation programs.

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 and Review Committee (JLARC) review pupil transportation funding in Washington. The JLARC study found that there is a 95 percent probability that to/from pupil transportation expenditures exceeded state revenues by between \$92,619,322 and \$114,376,345 in the 2004-05 school year. The JLARC study 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 study found that districts are not required to separate out "to/from" transportation costs from other transportation costs, and efforts to do so varied substantially from district to district. 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 study also emphasized that legislative priorities should dictate which funding method was most appropriate.

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**Summary of Bill:**

The Office of Financial Management, in consultation with the Office of Superintendent of Public Instruction and the Joint Legislative Audit and Review Committee, will contract for the development of two options for a student transportation funding formula. The formula options must reflect actual costs and builds incentives for an efficient use of resources, and provide school districts with a formula for predictable levels of funding.

In developing the two options, the OFM and the contractor will consult with the OSPI, regional transportation coordinators, and school district staff. The OFM will report to the education and fiscal committees of the Legislature with a detailed description of options and legislation that is required to implement options and any accompanying legislation to implement the funding methodology by December 1, 2008.

The OFM report on the new funding formula is required to include an evaluation of the feasibility of having some or the entire pupil transportation program supported by the transportation budget, including utilizing local transit agencies. Starting with the 2007-08 school year, school districts are required to account for "to and from" spending costs separately from other pupil transportation spending.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed, except section 1, relating to data reporting requirements for student transportation, which takes effect September 1, 2007.

**Staff Summary of Public Testimony:**

(In support) The bill has been divorced from the funding of the reworked formula, but it calls for the creation of such a formula. It requires that OFM work with experts to develop two options for presentation to the Legislature with an emphasis on transparency, economy, and predictability. The budget decision, in terms of how much money to provide to school districts, is being dealt with in the budget. The JLARC report called for the separation of to/from costs from other costs. It was one of the two major recommendations, and that work can go forward right now. The Senate bill would be a sufficient vehicle to move this issue forward.

Buses don't go as the crow flies, -- they have many obstacles to go around, including water, and the formula doesn't reflect this. Safety provisions are also important. A good example of this is in Lake Chelan, where the shortest route for some buses is on the shore. There was a bus accident in 1945 where a bus went into the water and everyone lost their lives; now buses go through the tunnel and up the back way. The education policy committee added some important safety language to the bill.

The Washington Association of Pupil Transportation and the Moses Lake School District support this bill. We want to reaffirm that the JLARC study shows a need for change in how we fund pupil transportation. We worked hard with Senator Rockefeller to complete this bill. We may want to collapse the two bills at this point.

The Office of the Superintendent of Public Instruction is in favor of the bill and appreciates the funding provided in both the House and Senate budgets. We appreciate the commitment to

provide short term financial relief as well as work toward a formula that will provide adequate funding.

**Persons Testifying:** (In support) Senators Rockefeller and Parlette, co-prime sponsors; Fred Stanley, Washington Association of Pupil Transportation, Olympia District; John Eschenbacher, Washington Association of Pupil Transportation; and Allan Jones, Office of the Superintendent of Public Instruction.

**Persons Signed In To Testify But Not Testifying:** None.