



**Sponsor Statement
House Bill 120**

"An Act adjusting pupil transportation funding; and providing for an effective date."

Pupil transportation contracts are currently in place and include an annual increase based on the Anchorage CPI. When SB182 moved out of the Senate last year, the full Anchorage CPI adjustment was included in that legislation. SB182 was amended in the House and the annual CPI adjustment was replaced with a 1.5% inflationary adjustment for 2014 and 2015. For the past five years, between 2007 and 2011, the average increase in the Anchorage CPI has been 2.6%. In fact, the Anchorage CPI for the first half of 2012 is 2.5%.

The cap of 1.5% places the school districts right back in the position that SB182 was intended to correct. That legislation was intended to cover the full cost of pupil transportation, so school districts did not have to use instructional money to subsidize the cost of transporting students. With the 1.5% inflationary cap, school districts will once again be required to tap into instructional funds to pay for transportation services beginning in FY2014.

SB182 also contained the following language directing the Department of Education & Early Development, hereinafter DEED, to have more involvement and oversight of the school district RFP process in an effort to assure the state is receiving the most cost-efficient and safe pupil transportation services.

The new section of law reads, AS 14.09.010(d) "The department shall adopt regulations that provide for oversight of and support to school districts in achieving a safe and cost-effective student transportation system. The regulations must include a requirement for contract terms of not less than three years, if feasible, standardized conditions and bid periods, and standards that ensure cost efficiencies and exclusions."

Until DEED has done its part in adopting regulations and recommends to the Alaska legislature an appropriate funding mechanism for pupil transportation services in Alaska, the CPI adjustment is necessary to hold school districts harmless. By returning to the original Anchorage CPI language, instructional dollars will be spent on instructional programs and the pupil transportation reimbursement program will pay, as intended, to safely transport students between home and school.

I urge you to support this bill.

Session Contact:

State Capitol Room 420
Juneau, AK 99801
Phone: 907-465-4833
Toll Free: 800-782-4833
Fax: 907-465-4586

Interim Contact

600 E. Railroad Avenue
Wasilla, AK 99654
Phone: 907-373-6285
Fax: 907-373-6286

District 9 – Greater Wasilla