

HB

259

HFIN

FILE

Alaska State Legislature

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House Special Committee on Education

Representative Carl Gatto, Chair

SPONSOR STATEMENT

HOUSE BILL 259

AN ACT RELATING TO APPROPRIATIONS FOR PUPIL TRANSPORTATION

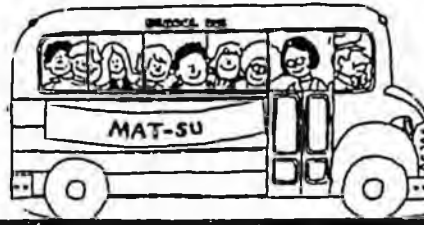
This bill improves the existing method of funding pupil transportation allowing each district to spend any savings in the classrooms while limiting the "runaway costs" which have been associated with pupil transportation costs.

Appropriations under this bill will be determined by dividing the FY03 pupil transportation allocation by the FY03 enrollment; this creates a per pupil transportation amount for each district. This per pupil cost of transportation will then be set in statute and used as a multiplier to the ADM, less correspondence, in future years to determine transportation entitlement. This formula will guarantee an amount of money specifically connected to the ADM count already required for Foundation Formula Funding.

This method of reimbursing school districts does two things: it allows for more realistic, appropriate and predictable annual appropriations for each district. Additionally it eliminates the "cost plus" reimbursements which have resulted in the 136% increase in this program's expense to our state since 1990. By connecting transportation costs to enrollment, and fixing the State's appropriation to the FY03 level, we create incentive for school districts to become more efficient, allowing them to place any savings associated with transportation contracts back into the classroom where it belongs. I urge your support in seeking the passage of this bill.

**MATANUSKA-SUSITNA BOROUGH SCHOOL DISTRICT
PUPIL TRANSPORTATION DEPARTMENT**

3901 E. Bogard Rd.
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Wasilla, AK 99687



MAR 11 2003

Phone: (907) 373-2287
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March 5, 2003

Dear Representative Gatto:

In the current times of budget shortfalls and reduced funding requires all of us to search long and hard for means to become more efficient in the way we conduct business. We have given thought to how we in the pupil transportation department can improve how we do business. I would like to pass to you some of the ideas that have come to light that could be adopted on a state-wide basis that could reduce the cost of pupil transportation for the entire state.

Thank you for your support and hard work and I look forward to working with you in the future.

Sincerely,

A handwritten signature in black ink, appearing to read 'Scott Schwald'. The signature is fluid and cursive, written over a horizontal line.

Scott Schwald
Transportation Supervisor

cc: Joe Precourt, Administrator, Pupil Transportation Program

**Methods to Increase Efficiency
In
Pupil Transportation**

- Wherever possible combine middle school and high school students on the same buses.
- School bus routing can be made more efficient by spacing stops no closer than 2400 feet and by not sending buses into areas that have less than 8 students over a mile from the current route or areas less than a mile with less than 20 students. This will reduce time and mileage resulting in lower contract costs.
- Standardize RFP statewide for Pupil Transportation. This will reduce the time for each district writing a complete RFP. It will also reduce the cost for contractors by having one standard for the entire state.
- Establish a formula for gas/diesel fuel costs in the RFP so the contractors do not have to estimate what the price of fuel will be over the life of the contract.
- Establish a formula in the RFP for variations in insurance costs. This would help a great deal with the small contractors that are not self-insured.
- State, Borough or School district own the property and terminal where all buses are operated. The contractor can then lease the property and terminal for a nominal fee.
- All school districts do all routing internal to the school district and not allow contractors to route buses.
- Establish a consulting team from the larger school districts that can be used to assist small districts with operations and administration of the transportation department.
- Increase the size of equipment required in the RFP to at least 84 passenger buses.

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OPINIONS

COMPASS: Points of view from the community A new option for pupil transportation

By JIM CLARK

(Published: April 20, 2003)

For many years, the state of Alaska fully funded pupil transportation costs by reimbursing school districts for 100 percent of the costs. But the reimbursement program has many flaws. The program lacks incentives for local school officials to keep costs to a minimum because, under its current structure, the state reimburses all transportation costs. It is a "cost-plus" program.

Pupil transportation costs have skyrocketed from \$25 million to \$58 million, a total increase of 136 percent from 1990 to 2004. This growth far exceeds the combination of increased enrollment and inflation. Under the current program, school districts typically solicit five-year contracts with automatic annual inflation adjustments. The costs associated with the contract and future inflation costs are passed on to the state.

Further, the program authorizes funding of additional bus routes or emergency bus routes for students who live one-and-a-half miles from school. Emergency routes take into consideration traffic patterns, harsh weather and winter darkness. These conditions vary widely around the state and each carries a different price tag.

Two other examples of uncontrollable costs are dual systems in which the school district operates its own buses and contracts for other, and the practice of transferring nonreimbursable costs to the reimbursable side of the ledger.



Jim Clark (Photo by Marc Lester / Anchorage Daily News)

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HB 259 offers a more responsible alternative to the current system. This legislation will realign the current structure and control the operating costs of busing students. The proposed structure will provide funding for each district at a flat rate and empower the district to make a policy call at the local level by tying the dollars directly to the decisions made by the local school board. Finally, HB 259 serves as the catalyst for maximizing efficiencies for local school bus programs and to provide parents with measures by which local school officials can be held accountable.

The proposed changes under HB 259 repeal the reimbursement program and create a new grant program. Each district receives funding run through a formula based upon the total enrollment of each school district. The pupil transportation allocation of each district is determined by dividing the total cost of state-provided school transportation during the 2002-2003 school year, by the district's total student enrollment. For example, the state will reimburse Juneau about \$2 million for transportation costs incurred in FY2003. Currently, 5,463 students are enrolled in Juneau schools. Therefore, \$2 million would be divided by 5,463 students. This equals \$366 per student as the district's pupil transportation allocation.

HB 259 offers a school district potentially more funding for pupil transportation. As the total student population increases, the district's allocation increases. The new formula even accounts for students who do not utilize the bus service, which would offset inflation.

The proposed system enables each district to redirect the savings gained by achieving efficiencies in its school transportation service to classroom instruction.

HB 259 removes the state's power to mandate rules and regulations with which districts must comply to qualify for reimbursement. School district officials working cooperatively with their school boards and community members are in a better position to make decisions on how best to serve the transportation needs of the district.

The structure proposed by HB 259 will reduce government involvement, shift the authority from the state to local districts, provide a system of accountability for parents, maximize efficiencies in transportation services and foster a cooperative community relationship, while in the end attaining the most important goal -- transporting students to the classroom. I look forward to the debate in the Legislature.

Jim Clark is chief of staff for Gov. Frank Murkowski.

Anchorage School District Transportation Services

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Anchorage Alaska 99507
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FAX: (907) 742-1222



FACSIMILE COVER SHEET

Date: May 7, 2003
Name: House Finance Committee
FAX (907) 465-6813

Facsimile consists of 2 pages including this cover sheet. If there is any problem with the transmission of this material, please call 907-742-1212.



STOP When The Red Lights Are Flashing

ANCHORAGE SCHOOL DISTRICT
BREAKDOWN OF PUPIL TRANSPORTATION
FOR FY 2001-02

	REGULAR	SPECIAL EDUCATION	TOTAL
DISTRICT OPERATED	\$ 3,500,813.41	\$ 2,245,303.53	\$ 5,746,116.94
CONTRACTED	<u>5,196,669.68</u>	<u>4,139,583.30</u>	<u>9,336,252.98</u>
	<u>\$ 8,697,483.09</u>	<u>\$ 6,384,886.83</u>	<u>\$ 15,082,369.92</u> [1] [2]

[1] Includes In-Lieu-of Transportation

[2] Adjustment of \$118,535.33 which will be paid out of FY2002-03 Allocation.

Anchorage School District Student Transportation

Anchorage School District and our contractor First Student, Inc. currently operate 246 buses on a daily basis. ASD operates approximately one-third of the routes and First Student, Inc. the other two-thirds.

Whom do we transport?

The anchorage School District provides transportation for approximately 18,000 students. 82 % of the students transported live more than 1.5 miles from school.

11 % of the students live in areas deemed hazardous.

5 % are provided transportation in order to receive special education services.

2 % of the students transported attend other programs such as the King Career Center.

How many buses do we operate?

One hundred fifty-four buses (63% of the buses in operation) are used to transport students who live more than 1.5 miles from school or those who live in areas determined to be hazardous. Ninety-five percent of all students transported ride these buses. Ninety-two buses (37% of the fleet) are used to transport students who receive special education services, such as the Alaska State School for the Deaf and Hard of Hearing, pre-school special education, and students with intensive needs. These 92 buses transport five percent of the students who ride the bus to and from school. Thirty-seven percent of the buses in the fleet transport five percent of the students who ride the bus on a daily basis. Federal law requires transportation for students with disabilities.

What does a reduction Pupil Transportation in funding mean to the ASD?

We have two options. We can continue to provide transportation at the same level and cut almost 4 million dollars in services that will most likely impact the classroom. Or, we can reduce the level of school bus service currently provided which means the elimination of bus routes. We are required to provide school bus service for special education students so reductions will have to be made to the 63% of the routes that serve 93% of the students who ride the school bus. Hazardous transportation will be eliminated and walking distances will have to be increased. The impact:

- More students walking to and from school
- Increased risk to students who will be forced to use other modes of transportation
- More parents transporting students and from school creating more congestion on and around school sites
- Increased air quality issues

What has caused increases in the cost of transportation?

During the last decade the cost of student transportation has increased. Many factors have contributed to the increased cost. The following is a list of some of the requirements that have contributed to the increase in our costs:

- Drug & alcohol testing
- Background checks
- Driver turnover
- Added staff positions for recruiting and training due to increased turnover
- 40-Hour School Bus Driver Training Program
- Certified school bus instructors
- First aid & CPR training
- Special education driver and attendant training
- Specialized training to meet individual student needs (medical issues)
- Transportation for pre-school & gifted students
- Increases in the cost of equipment and supplies (buses, fuel, tires etc)
- Minimum wage for school bus drivers
- The cost of Contracted Transportation has more than doubled since the 1990-91 school year.
- Commercial Drivers License (CDL)
- Individuals interested in driving a school bus must now pay approximately \$250 in fees in order to be issued a CDL. The following is a list of the required fees.

Commercial Drivers License permit fee	\$5.00
Background check	\$20.00
School Bus Drivers Physical	\$35.00
Fingerprinting	\$25.00
Commercial Drivers License	\$100.00
DMV Fingerprint processing	\$59.00
Fee for Class "S" endorsement	\$5.00
	<u>\$249.00</u>

The standards for school buses are revised on a national level every five years. Some of the safety equipment that has been added to increase the safety of our students is listed below:

Child safety restraints (Safety vests for all pre-school students under 50 lbs.)	
Automatic chains	Auxiliary heaters
Added emergency exits	Reflective material
Strobe lights	LED stop signs
Automatic transmissions	Video cameras

The cost of a school bus has increased substantially in the last decade. The school bus is still a bargain when compared to the cost of other equipment.

School Bus (81 passenger)	\$ 81,000	
Transit Bus (47 passenger)	\$300,000	
Suburban (9 passengers)	\$ 38,000	
Ambulance	\$162,000	(1-ton a small unit)
Fire Truck	\$770,000	

What have we done to control costs?

- **Reduced wages**
ASD reduced wages for school bus drivers in the mid 80's and implemented a two-tier wage scale. School bus drivers at the top of the pay scale now are paid less than 25 cents an hour more than they were in 1985!
- **Consolidation of Routes**
ASD operated 291 buses during the 1985-86 school year today we operate 246. This is a reduction of over 15%.
- **Routing and Scheduling**
Contractors provided routing and scheduling as part of their service at one time. ASD purchased computerized routing software and brought this routing function in-house. This change resulted in a reduction of over 50 routes.
- **School Start Times**
For many years the Transportation Department has recommended starting times for our school. Starting times are staggered in order to get best utilization of the bus fleet.
- **Larger more fuel efficient school buses**
Beginning in 1989 ASD has increased the capacity of school buses from 66 passenger buses to 72 passenger buses. During the past 10 years the standard bus size was increased to 81-84 passenger units. The increased capacity has allowed ASD to transport more students on fewer buses. Buses are now diesel powered. New buses are twice as fuel-efficient as the gasoline powered buses that they replaced.
- **Life Cycle Costing**
A few years ago life expectancy of a school bus was only 10 years. The district carefully evaluates available options to insure that school buses will be cost effective to operate and maintain. Buses are specified with the most appropriate engine, transmission and other heavy-duty components to insure at least 15 years of low maintenance service.
- **CNG Buses & Air Quality**
The District purchased two Compressed Natural Gas powered buses and fueling capability with grant funds last year. This pilot program will determine if alternative fueled vehicles will be a cost effective alternative to diesel in the long run. We are pursuing grants to purchase additional CNG buses through AMATS and emission control devices through the EPA.
- **Hazardous Transportation Guidelines**
ASD established and has recently revised the criteria used to evaluate areas where parents request transportation for students who live within 1.5 miles from school.
- **Elimination of Hazardous Transportation**
ASD eliminated transportation in several areas of our community over the years as bike paths and sidewalks were constructed.
- **Crossing Guards**
Adult crossing guards are used to assist students in crossing roadways that carry a high volume of traffic. Crossing guards are used rather than providing more costly school bus service.

How safe are school buses?

Yellow school buses are a great American success story with a safety record that is unequalled in the transportation industry. Consider these comparisons per 100,000 passenger miles:

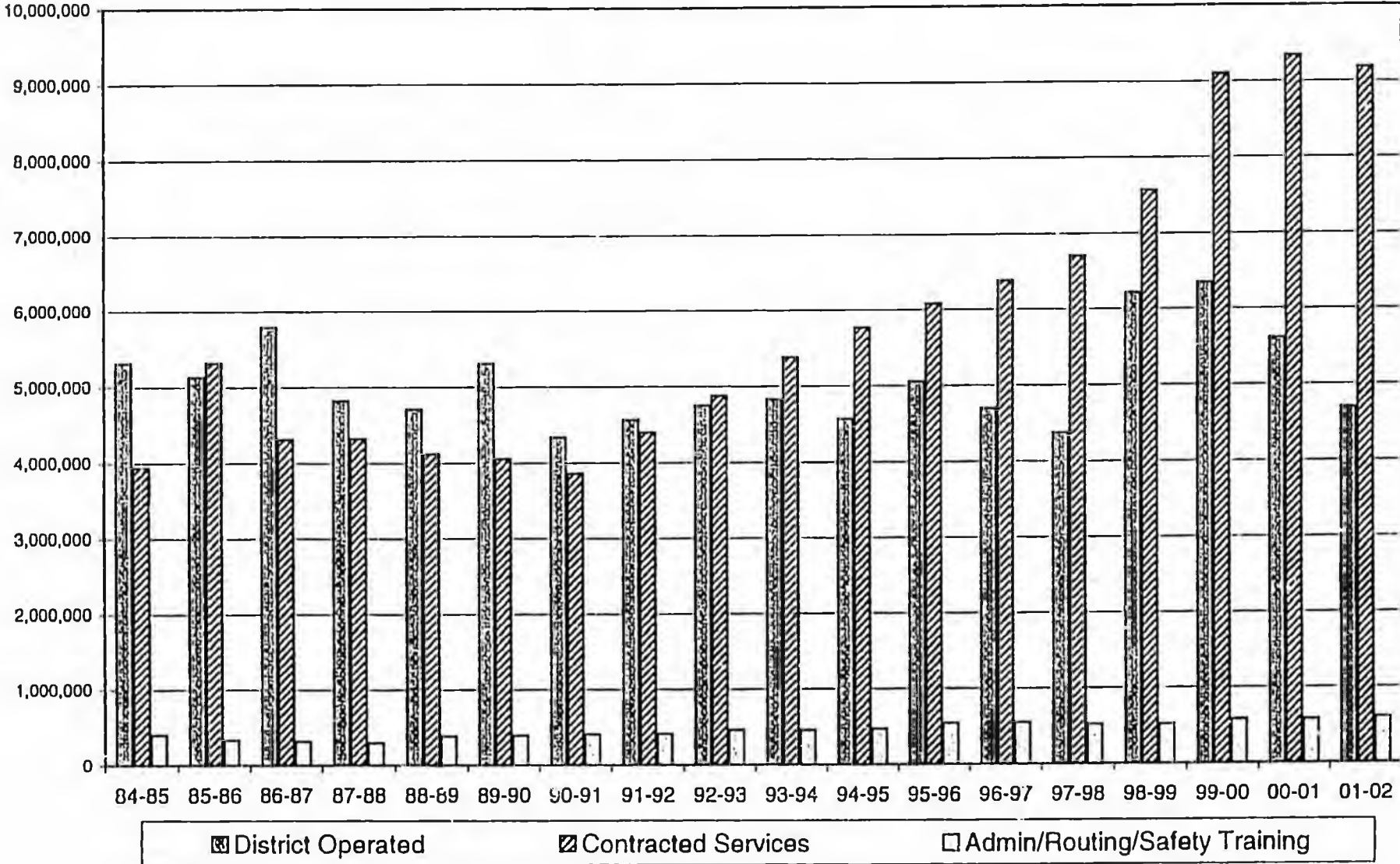
Passenger cars	0.94deaths
Scheduled airlines	0.06deaths
Passenger trains	0.04deaths
School buses	0.01 deaths

Transportation Research Board recently released Special Report 269 "The Relative Risks of School Travel". The report shows that every year, about 800 school-age children are killed in motor vehicle crashes during normal school travel hours (weekday mornings and afternoons during school months) accounting for about 14 percent of the 5,600 child deaths that occur on the nation's roadways. Of these 800 deaths, only about two percent are school-bus related, while 74 percent occur in private passenger vehicles and 22 percent are the result of pedestrian or bicycle accidents. More than half of all deaths of children between age 5 and 18 occur during normal school travel hours when a teenager is driving.

The following table outlines the average annual student injuries and fatalities by mode during normal school travel hours.

<u>Mode</u>	<u>Injuries %</u>	<u>Fatalities%</u>
Passenger vehicle, teen driver	51	55
Passenger vehicle, adult driver	33	20
Walking	6	16
Bicycle	5	6
School Bus	4	2
Other	<1	<1

ASD Bus Operations





Alaska State Legislature

Please enter into the record my testimony to the House Finance
committee name

Committee on HB 259 Pupil Transportation, dated 5-5-03
bill # / subject public hearing date

The Kenai Peninsula Borough School District does not support HB 259. In its current form, the bill does not take into account the distance our buses must travel to reach our students, the increased costs due to inflation, and our increasing special education population that we must, by federal law, transport. For the Kenai Peninsula Borough School District, this bill means fewer and fewer dollars for students in the classroom as each year passes. What the grant does not cover our district must fund.

HB 259 ties transportation funds to student enrollment. Our district is a combination of both urban and rural areas, and the number of our routes is driven not by total student population but by distance and lack of public transportation services. For example, we have two routes that travel 100 plus live miles. Our total student population is declining; however, this decline does not automatically equate to a corresponding decline in the number of bus routes or miles driven.

HB 259 does not allow for adjustments to counter the costs of inflation, a factor which affects our district-operated routes as well as our contracted routes. Bus replacement costs are rising as are fuel and labor expenses. The new state minimum wage for bus drivers is now \$14.30 an hour. Our contract with Laidlaw contains a cost of living clause, and next year our per day rates will increase by 1.9%. To counter these increases, we will lengthen our capital equipment replacement cycle for district-owned buses and eliminate routes in both district and contractor areas. However, we will soon reach a point where basic service and student safety are affected.

HB 259 does not take into account federally mandated special needs transportation. Although total KPBSD student population is decreasing, the number of KPBSD students requiring special needs transportation is increasing. Special needs transportation is very expensive. These students require specialized buses and equipment as well as individualized care during transport. In addition, some of these students live a considerable distance from the nearest program. This adds to the expense of transportation and limits the number of special needs students we can move. This year we will spend approximately 25 percent of our total transportation budget on special needs transport. Next year, we expect a greater percentage of our budget to be spent on these federally mandated services. The more KPBSD spends on special needs services, the less it has to spend on regular education transportation and possibly the classroom.

Page 2 of 2 Spence testimony on HB 259 HFIN 5-5-03

HB 259 does reduce government involvement and shift authority from the state to local districts. However, in its current form the bill will not maximize efficiencies in transportation services as intended because it shifts future transportation cost increases from the state to the districts (some of whom are facing severe budget cuts) with no provision for adjustments. HB 259 could impact education in a way not anticipated: fewer students attending school on a regular basis and less money for the classroom.

The Kenai Peninsula Borough School District does recognize a need to both contain the costs of transportation for all of our state's students as well as bring parity to the system. This proposed legislation is a step in the right direction, however, it needs further development. Our district recommends the establishment of a state-wide task force of individuals most intimately aware of the transportation system. A plan whose consequences have not been well-thought through could potentially create another one-sided venue that rewards inefficiency and punishes those attempting to be financially responsible.

Thank you for your consideration.

Signed: Dave Spence

Testifier

 Kenai Peninsula School District

Representing (optional)

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Phone number