

SCOMM

130:9

Alaska State Legislature

SESSION ADDRESS:

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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.

Representative_Carl_Gatto@legis.state.ak.us

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 259
 () Publish Date: _____

Revision Date/Time (Note if correction): _____
 Title "An Act relating to public school transportation"

Dept. Affected: Education & Early Development
 BRU Pupil Transportation
 Component Pupil Transportation

Sponsor Representative Gatto
 Requester House Special Committee on Education

Component No. 144

Expenditures/Revenues

(Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	10,745.6					
Miscellaneous						
TOTAL OPERATING	10,745.6	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	10,745.6					
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	10,745.6	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal: ☒ X

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Governor's FY04 budget request for pupil transportation is \$43,188,200
 HB 259 cost \$53,933,800
 Fiscal Note \$10,745,600

HB 259 will provide each school district with a per student allocation based on the per student amount reimbursed in FY03 for pupil transportation services. Beginning in FY04 school districts that offer a transportation program will be allocated a grant based on their per student amount times the number of students in the current year.

Prepared by: Eddy Jeans, School Finance Manager
 Division Education Support Services
 Approved by: _____
 Agency Education and Early Development

Phone 465-8679
 Date/Time 4/16/03 1:20 PM
 Date 4/16/2003

DEPARTMENT OF EDUCATION & EARLY DEVELOPMENT
REIMBURSABLE TRANSPORTATION COSTS PER STUDENT
April 15, 2003

DISTRICT	FY03 UPDATED PROJECTIONS	ADM-LESS Corresp.	Estimated FY03 COST PER STUDENT	FY04 Projected ADM	Estimated Transportation Grant Proposal
ALASKA GATEWAY	828,955	429.80	1,200	445.00	534,000
ALEUTIAN REGION	0	49.25	0	48.00	0
ALEUTIANS EAST	61,000	272.75	224	272.00	60,928
ANCHORAGE	16,574,909	48,907.49	339	49,274.00	16,703,886
ANNETTE ISLAND	22,770	290.65	78	290.65	22,671
BERING STRAIT	78,500	1,733.85	44	1,814.00	79,816
BRISTOL BAY	308,918	233.60	1,200	236.00	283,200
CHATHAM	15,201	218.90	68	224.00	15,456
CHUGACH	0	83.50	0	95.00	0
COPPER RIVER	702,500	540.22	1,200	535.25	642,300
CORDOVA	74,519	484.10	181	470.00	75,670
CRAIG	96,700	389.75	248	390.50	96,844
DELTA/GREELY	858,541	635.38	1,200	845.00	1,014,000
DENALI	349,903	296.75	1,179	311.00	366,669
DILLINGHAM	420,079	520.66	807	525.06	423,723
FAIRBANKS	8,988,949	14,874.93	604	14,841.00	8,983,984
GALENA	51,275	234.00	219	243.00	53,217
HAINES	172,000	311.95	551	292.00	180,892
HOONAH	36,193	188.40	192	188.85	36,259
HYDABURG	0	92.20	0	88.00	0
IDITAROD	53,488	309.85	173	317.00	54,841
JUNEAU	2,062,033	5,462.63	377	5,221.00	1,968,317
KAKE	30,388	151.85	200	157.00	31,400
KASHUNAMIUT	4,800	350.40	14	380.00	5,040
KENAI PENINSULA	4,701,483	9,267.26	507	9,064.00	4,595,448
KETCHIKAN	1,285,530	2,381.85	540	2,384.00	1,276,580
KLAWOCK	25,448	158.90	160	158.00	25,280
KODIAK	1,206,004	2,730.35	442	2,714.00	1,199,588
KUSPUK	228,663	426.70	538	476.00	255,136
LAKE & PENINSULA	103,546	412.55	251	402.00	100,902
LOWER KUSKOKWIM	542,000	3,704.69	146	3,768.00	550,128
LOWER YUKON	3,500	2,053.15	2	2,073.25	4,147
MAT-SU	9,995,545	13,034.52	767	13,085.00	10,020,855
NENANA	117,280	203.50	576	202.00	116,352
NOME	270,093	736.15	367	764.00	280,388
NORTH SLOPE	762,187	1,970.25	387	1,934.00	748,458
NORTHWEST ARCTIC	50,784	2,141.80	24	2,163.00	51,912
PELICAN	1,440	18.00	80	18.00	1,440
PETERSBURG	143,503	625.85	229	601.00	137,829
PRIBILOF	0	135.50	0	136.00	0
SITKA	605,800	1,508.80	402	1,475.00	592,950
SKAGWAY	3,800	109.67	35	104.00	3,640
SOUTHEAST ISLAND	251,140	203.50	1,200	207.00	248,400
SOUTHWEST REGION	245,103	721.25	340	723.35	245,939
ST. MARY'S	850	167.16	5	185.00	925
TANANA	44,685	61.80	723	60.00	43,380
UNALASKA	208,721	392.95	531	415.52	220,841
VALDEZ	413,613	866.70	477	888.00	423,576
WRANGELL	195,606	435.45	449	415.00	186,335
YAKUTAT	66,661	144.25	462	122.00	56,364
YUKON FLATS	62,098	301.25	206	286.00	58,916
YUKON/KOYUKUK	120,000	444.85	270	450.00	121,500
YUPIIT	3,000	424.00	7	416.00	2,912
CONTRACTS-Appro	206,000				206,000
**See Notes Below	480,098				566,000
TOTALS:	\$53,933,800	122,826.42		123,130.43	\$53,933,794

caps per student
amount at \$1,200

Minimum per student
amount is \$20

**For unanticipated cost increases, e.g., added res, contract negotiations, etc.

DEPARTMENT OF EDUCATION & EARLY DEVELOPMENT

FY04 Projections -- Pupil Transportation Program

Prepared 4/15/2003

Actual proration is 73.93%

DISTRICT	Reimbursement Program		FY04 Transportation Grant Proposal
	FY04 PROJECTION	FY04 Prorated Gov.s Budget	
ALASKA GATEWAY	642,534	474,997	534,000
ALEUTIANS EAST	57,000	42,138	0
ALEUTIANS REGION	0	0	60,928
ANCHORAGE	18,793,314	13,893,070	16,703,886
ANNETTE ISLAND	23,000	17,003	22,671
BERING STRAIT	78,795	58,250	79,818
BRISTOL BAY	321,021	237,317	283,200
* CHATHAM	17,001	12,568	15,456
CHUGACH	0	0	0
COPPER RIVER	720,000	532,264	642,300
CORDOVA	76,286	56,395	75,670
CRAIG	98,700	71,486	98,844
DELTA/GREELY	882,572	652,447	1,014,000
DENALI	360,186	266,270	366,669
DILLINGHAM	438,958	324,502	423,723
FAIRBANKS	9,406,638	6,953,914	8,963,964
GALENA	52,650	38,922	53,217
HAINES	172,000	127,152	160,892
HOONAH	29,235	21,612	36,259
HYDABURG	0	0	0
IDITAROD	53,488	39,541	54,841
JUNEAU	2,121,821	1,568,569	1,968,317
KAKE	36,700	27,131	31,400
* KASHUNAMIUT	4,800	3,548	5,040
KENAI PENINSULA	5,018,523	3,709,974	4,595,448
KETCHIKAN	1,339,886	990,519	1,276,560
KLAWOCK	26,924	19,904	25,280
KODIAK	1,238,570	915,620	1,199,588
KUSPUK	248,669	183,830	255,136
LAKE & PENINSULA	104,917	77,561	100,902
LOWER KUSKOKWIM	642,000	474,602	550,128
* LOWER YUKON	3,500	2,587	4,147
MAT-SU	10,663,664	7,883,177	10,020,855
NENANA	119,626	88,434	116,352
NOME	298,196	220,443	280,388
NORTH SLOPE	737,611	545,283	748,458
NORTHWEST ARCTIC	51,340	37,953	51,912
* PELICAN	1,440	1,065	1,440
PETERSBURG	163,000	120,499	137,629
PRIBILOF	0	0	0
SITKA	616,500	455,751	592,950
* SKAGWAY	3,800	2,809	3,640
SOUTHEAST ISLAND	269,700	199,377	248,400
SOUTHWEST REGION	248,983	184,062	245,939
* ST. MARY'S	850	628	925
TANANA	30,250	22,362	43,380
UNALASKA	214,983	158,927	220,641
VALDEZ	425,195	314,328	423,576
WRANGELL	234,727	173,523	186,335
YAKUTAT	79,993	59,135	58,364
YUKON FLATS	67,098	49,603	58,916
YUKON/KOYUKUK	126,000	93,146	121,500
* YUPIIT	3,000	2,218	2,912
ACS	0	0	0
MT. EDGECEMBE	0	0	0
CONTRACTS--Approx	206,000	206,000	206,000
**See Notes Below	575,757	575,784	565,000
TOTALS	58,145,400	43,186,200	53,933,794

Projections based on information provided by districts

* No bussing--Districts' only reimbursable costs are for payments to parents in lieu of bus transportation

**For unanticipated cost increases, e.g., added fees, contract negotiations.

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
	\$249.00

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:

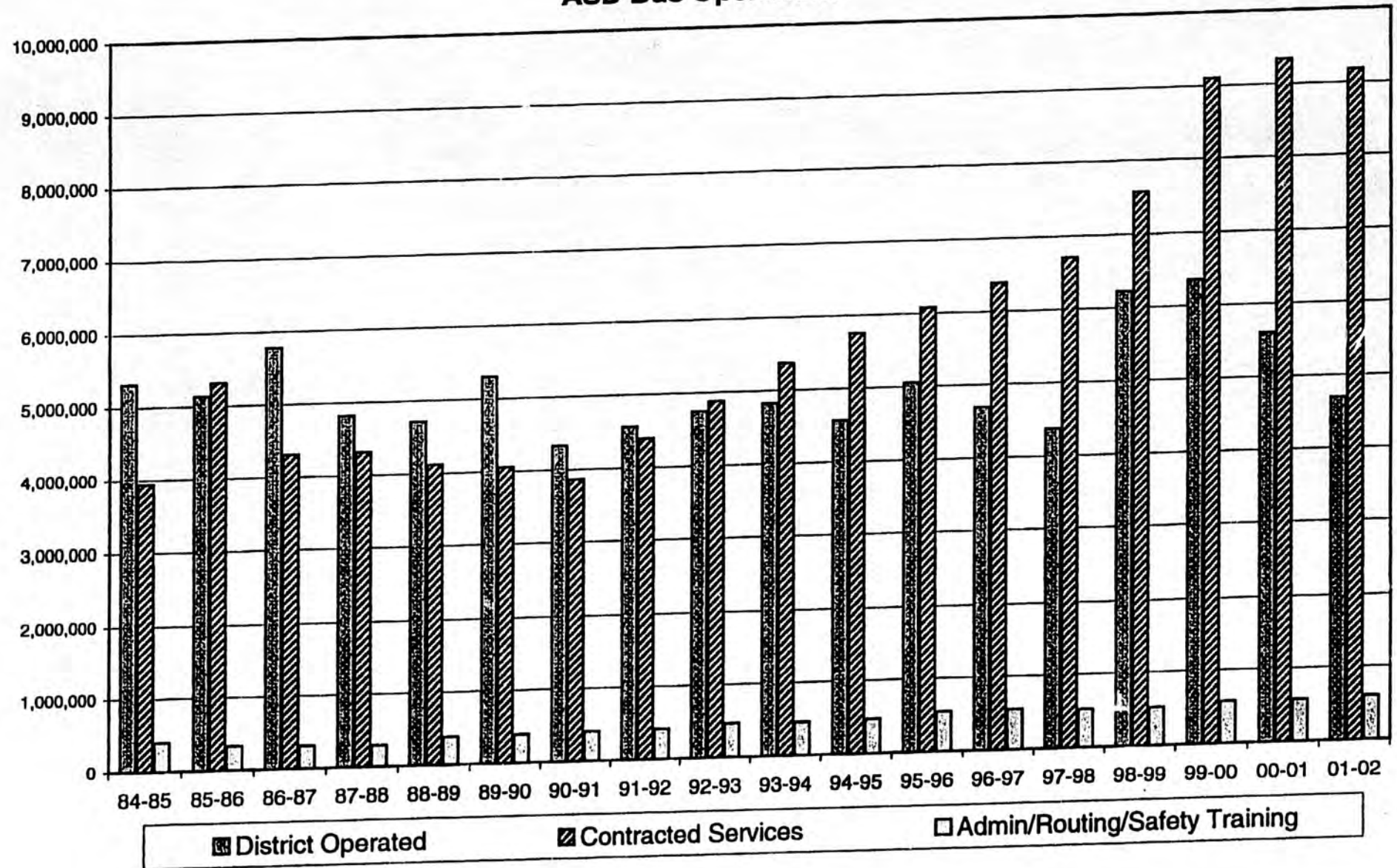
Passenger cars	0.94deaths
Scheduled airlines	0.06deaths
Passenger trains	0.04deaths
School buses	0.01 deaths

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.

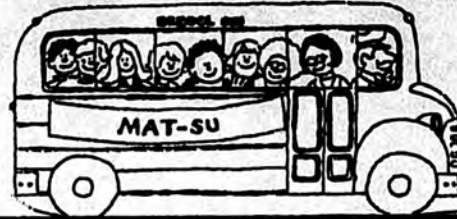
<u>Mode</u>	<u>Injuries %</u>	<u>Fatalities%</u>
Passenger vehicle, teen driver	51	55
Passenger vehicle, adult driver	33	20
Walking	6	16
Bicycle	5	6
School Bus	4	2
Other	<1	<1

ASD Bus Operations



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

3901 E. Bogard Rd.
PO Box 873088
Wasilla, AK 99687



MAR 11 2003

Phone: (907) 373-2287
Fax: (907) 376-2408

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 be 'Scott Schwald'.

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 others, and the practice of transferring nonreimbursable costs to the reimbursable side of the ledger.



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

Click on photo to enlarge

their friends.

Crossword

Play our interactive puzzle online.

ALASKA.com

Get information on travel, relocation and entertainment. The business directory allows you to locate stores and services statewide.

School News

Find your child's classroom in SchoolNews. Also, learn about Newspapers in Education.

Community News

Check our free Web sites for non-profit groups.



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.

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APR 21 2003

Alaska State Legislature

Please enter into the record my testimony to the

House Special Committee on Education,
Labour & Commerce, Finance
committee name

Committee on

HB 259 Public School Transportation
bill # / subject

dated

4-16-03

Legislators, State House & School in terms of Parkers.

We all try to minimize the cost in dollars to our school districts and the state from our education program.

This seems to be a reduction that will cost us more in the long

term and short term basis.

In districts that cover land masses equal to eastern states, as well as off road schools, fluctuating student census, weather conditions etc., we are jeopardizing education by both the constant presence of pupils, as well as the need to remove & remove funding to provide mandatory transportation.

If here, transportation must be fully funded if Education in this state is to improve.

Again, I support funding from State Income Tax as the most equitable and rational source at this time.

Signed:

Sharon M. Brower

Testifier

Community Site Counsel Rep.

Representing (optional)

48520 11 Earl Ave. Kenai Passa 99611

Address

907-776-8775

Phone number

DEPARTMENT OF EDUCATION & EARLY DEVELOPMENT
REIMBURSABLE TRANSPORTATION COSTS PER STUDENT
April 15, 2003

FY03

Post-It Fax Note	7671	Date	From	To	Co./Dept.	Phone #	Fax #

DISTRICT	FY03 UPDATED PROJECTIONS	ADM-LESS Corresp.	AVG. COST PER STUDENT	
ALASKA GATEWAY	628,955	429.80	1,484	X
ALEUTIAN REGION	0	49.25	0	
ALEUTIANS EAST	61,000	272.75	224	
ANCHORAGE	16,574,909	48,907.48	338	
ANNETTE ISLAND	22,770	290.85	78	
BERING STRAIT	78,500	1,733.85	44	
BRISTOL BAY	308,918	233.80	1,322	X
CHATHAM	15,201	219.90	89	
CHUGACH	0	83.50	0	
COPPER RIVER	702,500	540.22	1,300	X
CORDOVA	74,519	484.10	181	
CRAIG	98,700	389.75	248	
DELTA/GRBELY	858,541	635.38	1,351	X
DENALI	349,903	298.75	1,179	
DILLINGHAM	420,079	520.88	807	
FARBANKS	8,988,948	14,674.83	804	
GALENA	51,275	234.00	219	
HAINES	172,000	311.95	551	
HOONAH	38,193	188.40	192	
HYDABURG	0	92.20	0	
IDITAROD	53,488	309.85	173	
JUNEAU	2,062,033	5,462.63	377	
KAKE	30,388	151.85	200	
KASHUNAMIUT	4,800	350.40	14	
KENAI PENINSULA	4,701,483	9,267.28	507	
KETCHIKAN	1,285,530	2,381.88	540	
KLAWOCK	25,448	158.90	180	
KODIAK	1,208,004	2,730.35	442	
KUSPUK	228,663	428.70	538	
LAKE & PENINSULA	103,548	412.55	251	
LOWER KUSKOKWIM	542,000	3,704.69	148	
LOWER YUKON	3,500	2,053.15	2	
MAT-6U	9,995,545	13,034.52	767	
NENANA	117,280	203.50	578	
NOME	270,093	736.15	387	
NORTH SLOPE	762,187	1,970.25	387	
NORTHWEST ARCTIC	50,784	2,141.90	24	
PELICAN	1,440	18.00	80	
PETERSBURG	143,503	625.85	229	
PRIBILOF	0	135.50	0	
SITKA	605,800	1,508.80	402	
SKAGWAY	3,800	109.67	35	
SOUTHEAST ISLAND	251,140	203.50	1,234	
SOUTHWEST REGION	245,103	721.25	340	
ST. MARY'S	850	167.16	5	
TANANA	44,685	61.80	723	
UNALASKA	208,721	392.95	531	
VALDEZ	413,613	886.70	477	
WRANGELL	195,808	435.45	449	
YAKUTAT	98,881	144.25	482	
YUKON FLATS	62,098	301.25	208	
YUKON-KOYUKUK	120,000	444.88	270	
YUPIIT	3,000	424.00	7	
CONTRACTS-Approved	206,000			
**See Notes Below	480,088			
TOTALS:	853,833,800	122,828.42		

Fairbanks Daily News-Miner

School bus funds need debate

Tuesday, April 22, 2003 - In the debate over the various aspects of funding for Alaska's K-12 school system, no one argues that the cost of busing students has risen at the exorbitant rate of 65 percent statewide since 1997.

What they do argue over, and have been arguing over for some years now, is what to do about that rising cost.

For next year, Gov. Frank Murkowski has proposed a 20 percent reduction in how much the state reimburses the districts, which negotiate the contracts, pay the cost themselves and then submit a bill to Juneau. The aim is to have districts look for savings in how they schedule bus runs and negotiate contracts, which they typically do every five years.

In Fairbanks, school officials say there isn't much more they can do, that they are not running too many buses and that the system is as lean as can be while providing such essentials as a bus barn and bus heaters to keep buses warm in the winter and dealing with high fuel prices and a law that requires drivers be paid at least twice the minimum wage. The district spent \$8.4 million to bus students in the previous school year; the state paid for all but about \$400,000.

The governor's proposed cut, which drew opposition for its scope and suddenness, may be giving way to a House bill that seeks to recast the method by which the state pays districts to get students to class each day.

Legislators for years have been unconvinced by school districts' claims that costs are as low as possible, and they are driven by a belief that school officials do not have the incentive to look hard for ways to find even more savings. There may be some merit to that thinking: How hard will a school district bargain with a bus company when both parties know the state pays the cost?

House Bill 259, which has the support of the governor, would eliminate the reimbursement program and provide money up front to school districts as a grant based on total enrollment. The program, if it becomes law, would provide more money to districts as enrollment increases, even if the number of students riding local buses remains unchanged or declines. School districts would continue to receive that stable allocation even if they found ways to reduce their busing costs. And here, say the bill's proponents, is the incentive that has long been needed: Any money saved can be spent in the classroom.

Yet the bill raises a few concerns. Schools wonder what will happen if enrollment falls, as has been occurring in Fairbanks. They wonder about how many new special education students they will have each year who will need special, and more costly, busing.

The state suggests that the Fairbanks district, for example, might want to exercise a contract option that allows for renegotiation on such issues. That could be an unattractive answer since the busing company, which is absorbing additional fuel price increases and the cost of its decision to boost wages to attract drivers, certainly would want to renegotiate. The district is better off leaving the contract alone.

HB 259 also raises a serious issue for private schools. In Fairbanks, the public school system, to comply with a long-ago lawsuit, buses about 150 students to and from Monroe Catholic school and three smaller faith-based schools. Under the reimbursement program, the state pays the cost. But HB 259 does not count private school students when calculating a district's transportation funding. Fairbanks schools superintendent Ann Shortt said she would have no choice but to pass this cost, a significant amount in the tens of thousands, to the privately funded Monroe and other schools.

The cost of busing Alaska's students has increased unacceptably, and the governor and Legislature are correct in wanting to curb the growth. But HB 259, which both now support, requires a bit more study. The Fairbanks and Anchorage schools superintendents and the head of Monroe Catholic School have suggested a panel to study the idea, perhaps even one meeting to do so.

It's a sound approach.

DEPARTMENT OF EDUCATION & EARLY DEVELOPMENT

FY04 Projections -- Pupil Transportation Reimbursement

Prepared 4/4/2003

Actual proration is 73.93%
of projected entitlement

Proposal #1

Grant Proposal #1

FY04 Grant
Proposal
at \$43.6 million

DISTRICT	FY04 PROJECTION	FY04 Prorated Gov.s Budget	
ALASKA GATEWAY	642,534	474,997	472,590
ALEUTIANS EAST	57,000	42,138	49,404
ALEUTIANS REGION	0	0	0
ANCHORAGE	18,793,314	13,893,070	13,402,528
ANNETTE ISLAND	23,000	17,003	18,892
BERING STRAIT	78,795	58,250	52,606
BRISTOL BAY	321,021	237,317	267,860
* CHATHAM	17,001	12,568	8,736
CHUGACH	0	0	0
COPPER RIVER	720,000	532,264	577,000
CORDOVA	76,286	56,395	64,390
CRAIG	96,700	71,486	88,253
DELTA/GREELY	882,572	652,447	1,091,740
DENALI	360,186	266,270	321,885
DILLINGHAM	438,958	324,502	359,141
FAIRBANKS	9,406,638	6,953,914	7,168,203
GALENA	52,650	38,922	43,011
HAINES	172,000	127,152	117,676
HOONAH	29,235	21,612	23,795
HYDABURG	0	0	0
IDITAROD	53,488	39,541	46,599
JUNEAU	2,121,821	1,568,569	1,623,731
KAKE	36,700	27,131	20,881
* KASHUNAMIUT	4,800	3,548	3,960
KENAI PENINSULA	5,018,523	3,709,974	3,861,264
KETCHIKAN	1,339,886	990,519	1,073,256
KLAWOCK	26,924	19,904	25,912
KODIAK	1,238,570	915,620	960,756
KUSPUK	248,669	183,830	176,596
LAKE & PENINSULA	104,917	77,561	82,410
LOWER KUSKOKWIM	642,000	474,602	463,464
* LOWER YUKON	3,500	2,587	2,073
MAT-SU	10,663,664	7,883,177	8,165,625
NENANA	119,626	88,434	109,282
NOME	298,196	220,443	236,840
NORTH SLOPE	737,611	545,283	634,352
NORTHWEST ARCTIC	51,340	37,953	38,934
* PELICAN	1,440	1,065	0
PETERSBURG	163,000	120,499	111,185
PRIBILOF	0	0	0
SITKA	616,500	455,751	470,525
* SKAGWAY	3,800	2,809	2,600
SOUTHEAST ISLAND	269,700	199,377	175,536
SOUTHWEST REGION	248,983	184,062	166,371
* ST. MARY'S	850	628	740
TANANA	30,250	22,362	25,560
UNALASKA	214,983	158,927	201,112
VALDEZ	425,195	314,328	289,488
WRANGELL	234,727	173,523	141,930
YAKUTAT	79,993	59,135	37,698
YUKON FLATS	67,098	49,603	73,788
YUKON/KOYUKUK	126,000	93,146	111,600
* YUPIIT	3,000	2,218	0
ACS	0	0	0
MT. EDGE CUMBE	0	0	0
CONTRACTS--Approx	206,000	206,000	206,000
**S - Notes Below	575,757	575,784	0
TOTALS	58,145,400	43,188,200	43,667,778

Projections based on information provided by districts

* No bussing--Districts' only reimbursable costs are for payments to parents in lieu of bus transportation

**For unanticipated cost increases, e.g., added rates, contract negotiations.

G:\DistSup\SPTRANS\Budget Projections\FY04\FY04@80%.xls

DEPARTMENT OF EDUCATION & EARLY DEVELOPMENT
REIMBURSABLE TRANSPORTATION COSTS PER STUDENT
 April 1, 2003

DISTRICT	FINAL '02 REIMBURSEMENT	ADM-LESS CORRESPONDENCE	FY02 AVG. COST PER STUDENT	Revised Student Amount based on \$43.2 million	FY04 Projected ADM	Grant Proposal #1 at \$43 Million
ALASKA GATEWAY	542,190	448.01	1,210	1,062	445.00	472,590
ALEUTIANS EAST	67,040	54.75	1,224	1,074	46.00	49,404
ALEUTIANS REGION	0	290.75	0	0	272.00	-
ANCHORAGE	15,082,370	48,697.83	310	272	49,274.00	13,402,528
ANNETTE ISLAND	22,979	311.05	74	65	290.65	18,892
BERING STRAIT	56,362	1,728.30	33	29	1,814.00	52,606
BRISTOL BAY	306,704	237.20	1,293	1,135	236.00	267,860
CHATHAM	10,111	227.35	44	39	224.00	8,736
CHUGACH	0	74.50	0	0	95.00	-
COPPER RIVER	672,044	547.33	1,228	1,078	535.25	577,000
CORDOVA	72,139	461.45	156	137	470.00	64,390
CRAIG	103,271	400.25	258	226	390.50	88,253
DELTA/GREELY	802,543	545.38	1,472	1,292	845.00	1,091,740
DENALI	338,838	287.50	1,179	1,035	311.00	321,885
DILLINGHAM	421,016	540.70	779	684	525.06	359,141
FAIRBANKS	8,286,859	15,051.58	551	483	14,841.00	7,168,203
GALENA	49,872	247.45	202	177	243.00	43,011
HAINES	169,614	369.20	459	403	292.00	117,676
HOONAH	30,346	211.30	144	126	188.85	23,795
HYDABURG	0	100.10	0	0	88.00	-
IDITAROD	56,311	336.69	167	147	317.00	46,599
JUNEAU	1,939,927	5,456.90	355	311	5,221.00	1,623,731
KAKE	26,105	171.62	152	133	157.00	20,881
KASHUNAMIUT	4,287	321.80	13	11	360.00	3,960
KENAI PENINSULA	4,582,167	9,428.90	486	426	9,064.00	3,861,264
KETCHIKAN	1,226,802	2,373.03	517	454	2,364.00	1,073,256
KLAWOCK	32,466	174.00	187	164	158.00	25,912
KODIAK	1,122,677	2,784.84	403	354	2,714.00	960,756
KUSPUK	183,267	433.00	423	371	476.00	176,596
LAKE & PENINSULA	99,973	427.80	234	205	402.00	82,410
LOWER KUSKOKWIM	509,062	3,646.73	140	123	3,768.00	463,464
LOWER YUKON	1,453	1,937.85	1	1	2,073.25	2,073
MAT-SU	9,068,739	12,733.59	712	625	13,065.00	8,165,625
NENANA	114,982	186.50	617	541	202.00	109,282
NOME	260,637	737.65	353	310	764.00	236,840
NORTH SLOPE	755,005	2,020.78	374	328	1,934.00	634,352
NORTHWEST ARCTIC	43,601	2,150.40	20	18	2,163.00	38,934
PELICAN	0	18.65	0	0	18.00	-
PETERSBURG	137,891	652.83	211	185	601.00	111,185
PRIBILOF	0	136.65	0	0	136.00	-
SITKA	554,618	1,528.36	363	319	1,475.00	470,525
SKAGWAY	3,480	120.20	29	25	104.00	2,600
SOUTHEAST ISLAND	217,018	224.60	966	848	207.00	175,536
SOUTHWEST REGION	198,455	758.60	262	230	723.35	166,371
ST. MARY'S	765	152.85	5	4	185.00	740
TANANA	26,430	54.48	485	426	60.00	25,560
UNALASKA	203,486	368.90	552	484	415.52	201,112
VALDEZ	328,881	883.60	372	326	888.00	289,488
WRANGELL	181,821	465.95	390	342	415.00	141,930
YAKUTAT	60,622	172.00	352	309	122.00	37,698
YUKON FLATS	86,365	293.95	294	258	286.00	73,788
YUKON/KOYUKUK	140,762	496.75	283	248	450.00	111,600
YUPIIT	0	445.60	0	0	416.00	-
CONTRACTS--Approx						
**See Notes Below						
TOTALS:	\$49,202,356	122,928.03			123,130.43	\$43,461,778

**For unanticipated cost increases, e.g., added rates, contract negotiations, etc.

G:\DistSup\SPTRANS\Cost-Student-Mileage Histories\Cost Per Total Students--02.xls\Sheet 1



Alaska Pupil Transportation Funding
Reimbursements vs. Grant Program
Prepared by Eddy Jeans, School Finance Manager
April 2003



The current Alaska pupil transportation reimbursement system does not reward districts when they achieve efficiencies. The department regulates reimbursable cost uniformly for all districts. Each district enters into contracts, adds or extends routes, places aids on busses and allocates district cost based on state regulation. When the budget prorates the reimbursable entitlements and a district identifies a cost saving, every school district is rewarded with less proration. The benefit is not a \$1 to \$1 savings or reward to the district that saved the money.

Here is an example of the current system:

The statewide projected FY04 entitlement is \$58 million, which the proposed budget will fund at \$43 million or 74% of entitlement. Anchorage School District's total projected entitlement is estimated at \$19 million and, prorated at 74%, would require \$4.9 million in local contributions.

If Anchorage reduced \$1 million dollars in services, the statewide proration becomes approximately 75.3%. The revised entitlement for Anchorage would be \$18 million and, prorated at 75.3%, would require \$4.4 million in local contributions.

The bottom line in this example of the current system is that Anchorage deducted \$1 million in services and only saved one-half-million in local funds. Following through on this example; all other school districts would benefit by 1.3% increase in state support because of Anchorage's ability to reduce their services.

Proposed Grant Program – Requires Statutory Change

The proposal for a grant program is to place in statute a dollar amount per student for each district that operates a pupil transportation program based on the FY02 actual expenditures per district. School districts grant would increase or decrease base on changes in student populations. The legislature could periodically adjust the per student amount for inflation.

With a grant program the department can eliminate regulations that define reimbursable expenses and districts would be allowed to determine what services will be provided at the local level. The statute that set the minimum salary for school bus drives could also be repealed. If a district can achieve a savings by reducing the numbers of, or configurations of their routes, they will retain the savings dollar for dollar. A grant system would 'reward' districts for achieving efficiencies.



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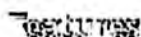
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Free school bus rides coming to an end for some students

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By KEN MAGUIRE, Associated Press

BOSTON (April 22, 11:59 a.m. ADT) - Lawmakers and school officials have a stark message for parents who think their taxes already pay for school bus transportation: No more free rides.

Cash-strapped public schools trying to hang on to their teachers are increasingly turning to busing fees to raise money. The move has angered parents and raised concerns that children may be forced to use more dangerous means - like walking - to get to school.

"It seems like this country can afford a lot of other things, but we can't send our students to school on buses?" asked Jane Million, spokeswoman for the National Association of Elementary School Principals. "To be able to get to school in a safe manner, we need to be able to provide that."

About a third of all school districts in Massachusetts already charge middle- and high-school students for busing. On Cape Cod, for example, the town of Barnstable raises \$350,000 per year by charging \$200 per child in grades 7 and higher.

Kids in kindergarten through sixth grade are entitled to free rides if they live at least two miles from school. But that may change soon as Massachusetts lawmakers warn communities and schools they will lose millions in state aid because of a \$3 billion budget deficit.

Sally Forbes, a parent in Hingham, supported her school board's recent rejection of bus fees. But she is reconsidering because the school board is threatening to furlough teachers to save money.

"The bottom line is trying to fill in these holes so you don't lose teachers," said Forbes, mother of a second-grader and a high school freshman.

Communities in other states, including California, Texas, New Jersey,

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Montana, Hawaii, Kansas, North Dakota and Utah, also make parents pay for pupil transportation to and from school, with exemptions for the poor.

"It's certainly something that's become more acceptable," said Robin Leeds, a lobbyist for the National School Transportation Association, which represents private bus companies. "Rather than getting rid of transportation, they'll charge fees."

The fees are most prevalent in Massachusetts and California, said Mike Martin, executive director of the National Association for Pupil Transportation, an industry group. He said bus fees are not common - yet.

"It's something that everyone is looking at," Martin said.

California districts, required to provide free transportation only to special needs students, are scrambling to raise money with the state facing a \$34 billion deficit, the nation's largest.

"We've got districts reducing bus service by increasing 'walking areas,' we've got districts charging fees for the first time and districts that have been charging fees raising the fees," said Bob Austin, coordinator of California's school transportation office. "Our phones have been going crazy."

About a third of California's 900 districts charge bus fees.

Districts in Orange County may increase bus fees - currently about \$225 annually - and stop transporting students who live near schools. South of San Francisco, the Pajaro Valley school board may impose a \$270 bus fee to raise \$750,000 next year.

The Capistrano Unified School District has proposed eliminating busing altogether - a move Leeds, of the bus industry group, says would be "counter to safety."

"Transportation is not a mandated service. It is a local district option," Austin said. "They're making decisions to either take teachers out of the classroom or take buses off the road."

School buses are the safest form of school transportation, according to a National Research Council report last year. Buses are the way one-fourth of all students get to school but account for only 2 percent of child deaths in school-related traffic accidents.

School districts in Massachusetts can get state reimbursement of some transportation costs. But Gov. Mitt Romney has proposed eliminating the reimbursement altogether to help balance the books. He also favors the use of fees to raise money.

While unpopular, busing fees have withstood legal challenges in California, North Dakota and Massachusetts.

Some parents said states shouldn't pass the buck.

"The state needs to look at its own responsibility for funding public education," said Judy Wilson of Hingham. "That's what our country is supposed to do - is provide a public education without a cost to students."



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Gare

Amusement

p 1 line 14

Delete "\$1200"

Insert

~~"\$1200"~~

~~"\$1200"~~

"1500"

AMENDMENT . 1

line 15

new section 2. Adjustment to the amount of
money set per pupil in this act shall be
done on an individual district basis, based on

line 16

change sect 3 to sect 4.

Gava

Amendment.

Ad

P.2, line 16, insert a
new Sec. 3 :

In the case where ^{a District's} ADM ~~is~~
decreases from a prior year, the prior
year's ADM shall be utilized in determining
the amount under AS AS 14.09.010
unless the Department makes the
following finding: That pupil transportation
costs have decreased by an ~~a~~ amount
proportionate to the decrease in ADM.

The Funding of Pupil Transportation In North Carolina – March, 2001

*North Carolina Department of Public Instruction
Division of School Support, Transportation Services*



Three main components of pupil transportation in North Carolina have improved the efficiency of operations statewide and have generated savings of nearly 900 school buses and millions of miles traveled.

- **The State Vehicle Fleet Management System (SVFMS)** is a statewide computer system that assists school districts with the inspection and preventive maintenance of their school buses.
- **The Transportation Information Management System (TIMS)** is a computer-assisted system of routing and scheduling school buses that provides districts the tools to generate efficient transportation plans.
- **The Transportation Funding Formula** provides incentives for districts to be efficient in the use of buses and dollars.

This document focuses on the funding of pupil transportation in North Carolina and explains the status of each of the main components.

1. Funding Overview

The operation of school buses in North Carolina, to provide safe transportation for students to and from school, is funded primarily through state appropriations. The Department of Public Instruction (DPI), Transportation Services Section administers two distinct appropriations from the General Assembly:

- **Transportation Operations** - bus drivers, mechanics, fuel, tires, repair parts, etc.
- **Capital** - for the replacement of school buses

Additional state resources are provided for other components of state assistance to Local Education Agencies (LEAs):

- **School Bus Driver Training** - conducted by DMV School Bus and Traffic Safety driver education specialists
- **Transportation Director Salaries** - part of Central Office Administration allotment
- **"Insurance"** - appropriation to DPI for payment of Tort Claim settlements, through the office of the Attorney General.

In addition to receiving replacement school buses from the state and an allotment for operations (through PRC56), LEAs have additional (limited) sources of funding:

- Exceptional Children (EC) allotment – used only for safety assistants and equipment for transporting students with special needs
- Pre-K EC funding – for transporting or contracting for the transportation of pre-schoolers with special needs
- At-risk Funding – can be used for transportation of students to at-risk programs (e.g. summer school, after-school, etc.)
- Local funds for operations – can be used to supplement state funding
- Local capital funding – needed to purchase additional new school buses (not replacements)

2. Allocation of State Appropriation for Transportation Operations

Funding Formula

In 1980, the General Assembly authorized a study of pupil transportation in North Carolina and approved a new method of funding transportation operations. This new funding formula introduced the concepts of local control and accountability to LEA transportation operations. A block grant allotment replaced a system where line item funding was controlled from DPI. This flexibility is balanced by the budget rating process. It provides proper incentives to minimize expenses and to minimize the number of buses operated.

DPI Transportation Services allots funds from the state appropriation for transportation operations to each LEA using a formula based, in part, on a measure of efficiency of the operation. Each LEA is evaluated with respect to the number of buses operated, number of students transported and total expenditures. These parameters for each LEA are measured along with every other LEA in the state. Additional data are gathered in order to "level the playing field" which allows for an equitable county-by-county comparison. Site characteristics include: the average distance of students to school, the number of students transported per mile of road, elevation, and the magnitude of transportation of students with special needs, among others.

A budget rating is generated for each county by adding 10 points to the efficiency rating. An efficiency rating of 86%, for instance, yields a budget rating of 96%, which indicates that 96% of the LEA's expenses will be covered by state funds. *The decision the LEA then faces is whether to contribute the additional 4% locally (which they may already be doing) or to make changes to generate savings.*

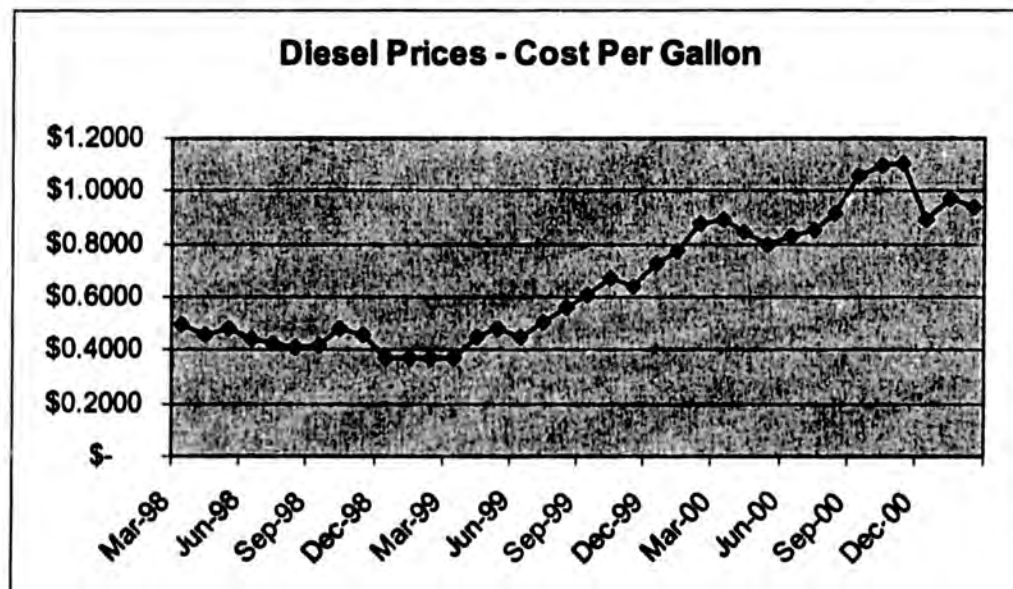
A block grant allotment for transportation is then generated based on the budget rating and the prior year's expenditures for pupil transportation. This block grant is then increased for the current year based on any increases in average daily membership (ADM)

and any salary increases authorized by the General Assembly. An initial allotment is distributed to LEAs in July, followed by a final allotment in November of each year. DPI provides a budget rating simulator that LEAs may use to project their budget rating and, therefore, state funding each year.

Rising Diesel Fuel Prices

The funding formula described above bases current year allotments on previous year expenditures. Appropriation requests to the General Assembly are also based on these data. This works very well assuming the same operating environment from year to year. Unfortunately, the years 1999-2001 have seen sharply increased prices for diesel fuel.

During the 1998-99 school year, the average cost of diesel fuel statewide was \$0.42 per gallon. The following year, 1999-2000, the average cost rose over 70% to \$0.72 per gallon. This resulted in a situation where LEAs had an insufficient allotment to handle all of their expenses. Statewide the shortfall was \$5.8 million. Late in the 1999-2000 fiscal year, the Office of State Budget and Management approved \$5.8 million to be added to the transportation appropriation and additional allotments were made to LEAs as a result. Further, these additional funds remained in the continuation budget for the 2000-2001 school year.



As seen in the chart above, the cost of diesel fuel has *continued* to rise. The average cost per gallon as of the end of February, 2001, was \$0.95 per gallon – an increase of nearly a third over the previous year. Despite the additional funding allotted last year, the shortage of funds for FY2001 is projected to be \$3.5 million statewide.

DPI's continuation budget request for the 2001-2003 considers the fuel price increases that have been experienced the past two years.

Contingency Fund

After issuing the allotments explained above, Transportation Services retains a small amount (about 0.1% of the appropriation) to be distributed to LEAs based on need resulting from unique situations that cannot be budgeted. This contingency fund is available to all LEAs upon application prior to April 15 of each year. At that time, requests are analyzed and prioritized, with preference going to major equipment needs for small LEAs. For instance, one "blown engine" can have a significant impact on a small county's transportation budget. The contingency fund has also be used to compensate for unexpected expenses due to flood, tornado, and other needs that can't be predicted or budgeted.

3. Replacement of School Buses

State Appropriation.

Through the capital appropriation, DPI Transportation Services purchases replacement school buses and issues them to counties each year. The buying power associated with the purchase of 500-1000 school buses at once has resulted in exceptionally good prices for the state over the years.

Since 1985, all replacement school buses have included two major improvements over prior year buses:

- Longer lasting diesel engines
- Eight light warning system (red and yellow lights, rather than just red lights)

Since 1993, heavy duty axles and other long lasting components have been added to the school buses purchased.

With the continued support of the General Assembly, the 1999-2000 appropriation resulted in the final replacement of all school buses older than and including model year 1985. The result is that all school buses operated on regular routes in North Carolina have an eight light warning system (which helps protect students by sending a consistent signal to motorists) and none are powered by less rugged, less fuel efficient gasoline engines.

Preventive Maintenance

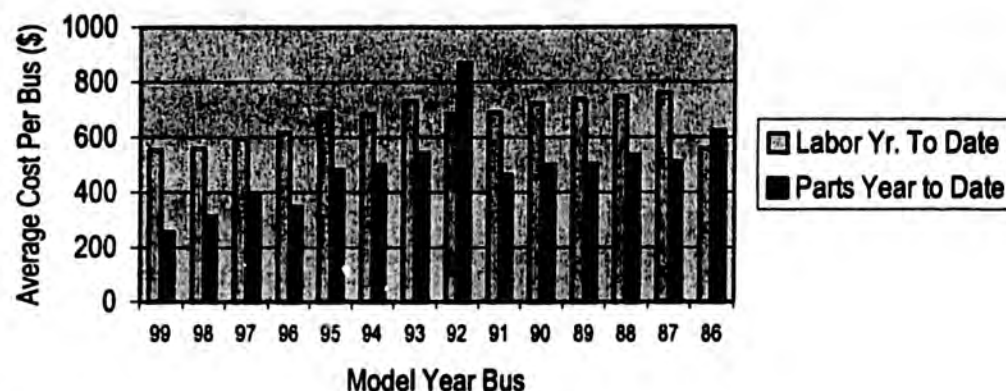
A rigorous preventive maintenance program for school buses has been in place since the mid 1980's. A preventive maintenance manual is distributed to all LEAs and is available on the web as part of the State Board of Education policy.

In addition to a required mechanical inspection by LEA technicians every 30 days, preventive maintenance tasks are performed every 6,000 miles. The result has been

continually improved condition of the state's school bus fleet. The majority of maintenance activities being performed at the school bus garages are preventive maintenance activities. *As a result, the amount of money spent to maintain the oldest of our buses is not significantly more than the amount required to maintain our new buses* (with the exception that school bus components are warrantied during the first 3-5 years)

Consider the chart below, which shows labor costs and parts costs for the state's school bus fleet from July 1, 2001 through March 13, 2001. Clearly, for all buses beyond the warranty period (95 model year and older) there is no significant difference in the labor or parts cost per bus among model years. (The only exception is the parts cost on 1992 models. There are only about 60 of this model year in the fleet, so the averages are more skewed by repairs made to individual buses.)

School Bus Labor and Parts Expense Yr. to Date



Replacement Schedule

For a long time, school buses were replaced every 12-13 years. Because of the strength of today's school buses and the maintenance activities that keep them safe for students, the school buses on the road today can easily run 160,000-200,000 miles before they must be replaced. A maximum allowable mileage is specified by DPI Transportation Services for each model year school bus. Any buses not reaching the mileage threshold in less than twenty years will be replaced regardless.

Impact on Appropriation Request

The replacement schedule described above ensures that LEAs will get the maximum usage from each new school bus and has allowed DPI to *decrease* its budget request. As a result, rather than a biennial request averaging \$45 million per year, the current (2001-03) request is \$29.8 million per year. Very simply, there are better buses on the road now than ever and they are going to last longer than ever. By changing the specifications and working toward a superior school bus, DPI has reached the point where it can request less capital money than in previous years.

4. Inventories

School bus garages stock four major categories of inventory:

- Fuel - diesel (some gasoline, for service trucks, etc)
- Oil
- Tires
- Repair Parts (alternators, seat covers, windshield wipers, stop signs, crossing arms, filters, etc.)

On June 30, 2000, the percentages of statewide inventory were reported as follows:

Total Inventory	Fuel	Oil	Tires	Repair Parts
\$ 12,829,167	\$1,763,453	\$277,758	\$3,089,127	\$7,698,829
On-Hand Inventory as a % of Annual Usage 1999-00:	9.0%	36.6%	49.4%	71.8%

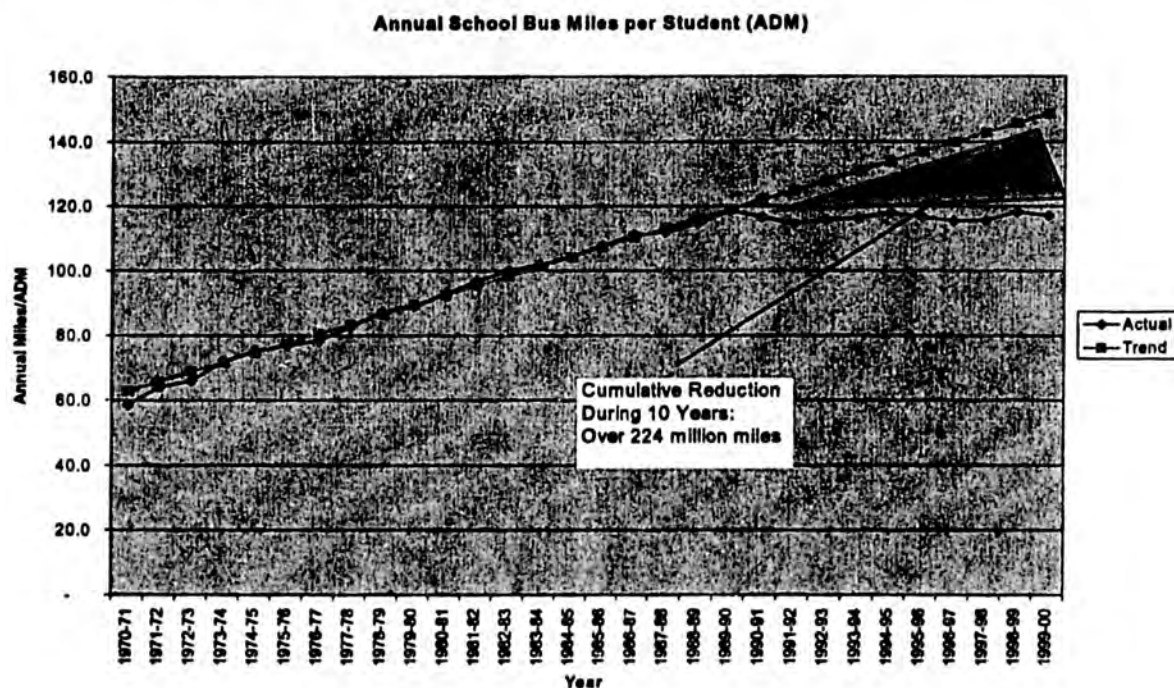
Obviously, the bulk of the inventory is in repair parts. And while, to an certain extent a county could choose to work out of its inventory rather than ordering new parts, most bus garages cannot stock all parts that they are going to need. There are school bus chassis manufactured by Ford, Freightliner, International and Chevrolet. Each has different engines and component parts.

Given the current \$3.5 million shortfall due to the price of diesel fuel, most bus garages have already cut back on stocking any excess inventory in order to make ends meet.

5. Economies and Efficiencies

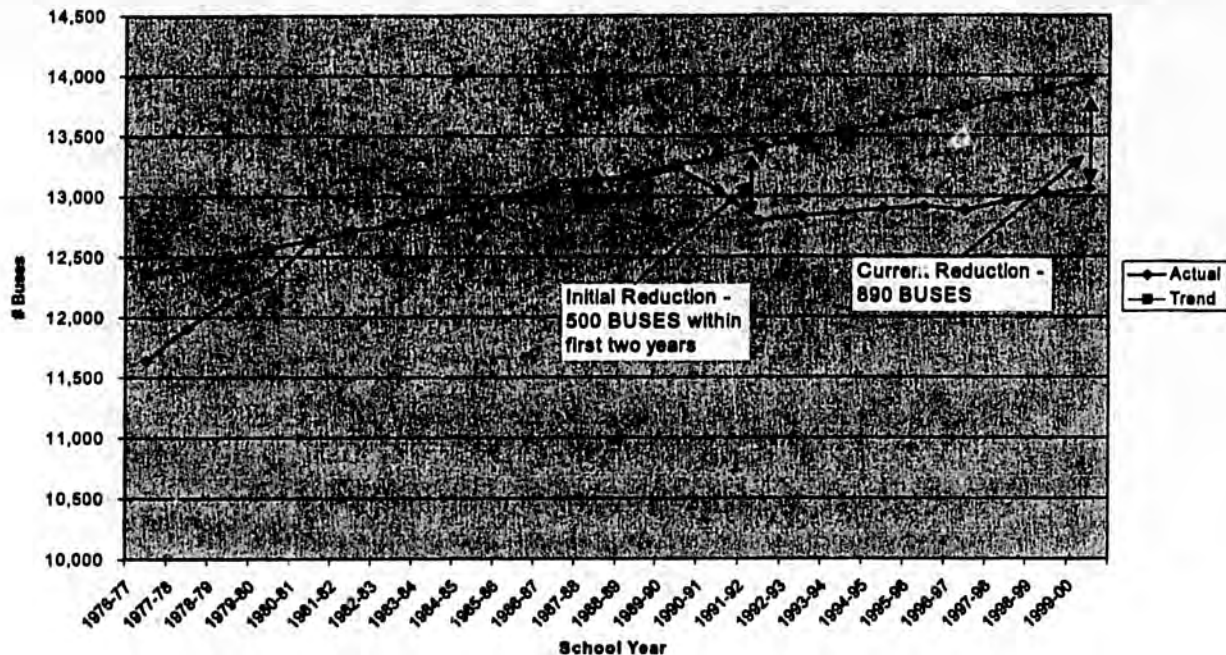
During the past ten years since the current funding formula has been used, significant strides have been made when contrasted to the spending course that pupil transportation was on prior to this formula. Within two years of the implementation of the new formula, the statewide bus fleet was reduced by over 500 buses and the current fleet is nearly 900 buses less than the course the state was on prior to 1990. (See Chart.) Even with the onset of additional magnet schools, year round schools and other special programs, the number of miles traveled per ADM has held steady and the savings are obvious when contrasted to the projected course prior to the current method of funding. (See Chart) The funding formula authorized by the General Assembly has, indeed, achieved its goal of introducing accountability for efficiency of operation into pupil transportation in North Carolina.

The chart below shows the ratio of the Annual School Bus Miles Traveled to the Average Daily Membership (ADM). Looking at MILES alone can be misleading, because miles will necessarily increase when ADM increases because there are more students to transport. From 1970 until 1989 the Miles/ADM increased at a very steady rate as shown. Beginning in 1990 the funding formula provided an incentive to be more efficient. Thereafter, miles/ADM has remained relatively constant. During the past ten years, accumulated reductions have amounted to over 224 million miles. During 1999-2000, total expenses per mile operated – not including depreciation or bus replacement – was \$1.47 per mile. This mileage savings, then amounts to a savings in today's dollars of \$329 million over the past 10 years.



The following chart shows the number of school buses being used statewide since 1976. There was clearly an upward trend in the number of buses until the funding formula was implemented in 1990. Within two years there were 500 fewer buses being used than the prior trend. Currently there are nearly 900 fewer buses being used (and thus 900 fewer buses that must be replaced) than the prior trend.

NC School Buses - Trend vs. Actual



As evidenced by these data, the savings resulting from the initiatives described herein have been significant and produced an efficient funding structure for student transportation.

6. Summary

Pupil transportation in North Carolina is a critical part of the state's education system. And, providing safe transportation for students is a costly venture. The following statistics from the 1999-2000 school year:

13,062	School Buses Operated Daily
148,315,938	Miles Traveled To and From School
696,802	Students Transported Daily
(that's over 500 million times per year a student boards or exits the bus!)	
\$204,385,495	State Funds Expended for Transportation Operations
\$ 14,794,834	Local Funds Expended for Transportation Operations

The savings in buses and dollars over the past ten years have come as a result of an efficiency-based funding formula, supported by information systems that allow LEAs to be efficient in the maintenance and routing of buses. The state of North Carolina is realizing *today* the following benefits from ten years of hard work by school district transportation staff. Nearly 900 fewer buses are being operated statewide, that do not have to be replaced and buses are running 30+ million fewer miles, compared with the course being followed prior to 1990.

LEA staff take the responsibility to provide safe and efficient transportation very seriously. The improvements in routing and maintenance and the incentives to save buses and dollars have helped them fulfill this responsibility.

Student Parking Fees					
School	# Parking	\$50.00/Student	\$100.00/Student		
SVHS	24	\$1,200.00	\$2,400.00		
PHS	192	\$9,600.00	\$19,200.00		
CHS	268	\$13,400.00	\$26,800.00		
WHS	439	\$21,950.00	\$43,900.00		
HHS	132	\$6,600.00	\$13,200.00		
Total		\$52,750.00	\$105,500.00		
Transportation Fees					
Students Transported per Day	\$.25/day	\$.50/day	\$.75/day	\$ 1.00/day	\$ 2.00/day
6400	\$1,600.00	\$3,200.00	\$4,800.00	\$6,400.00	\$12,800.00
Total for 170 days	\$272,000.00	\$544,000.00	\$816,000.00	\$1,088,000.00	\$2,176,000.00
Free Lunch Program					
Free Lunches per day	\$.25/day	\$.50/day	\$.75/day	\$ 1.00/day	\$ 2.00/day
145	\$36.25	\$72.50	\$108.75	\$145.00	\$290.00
Reduced Fee Lunches per day					
64	\$16.00	\$32.00	\$48.00	\$64.00	\$128.00
Total	\$52.25	\$104.50	\$156.75	\$209.00	\$418.00
Total for 170 days	\$8,882.50	\$17,765.00	\$26,647.50	\$35,530.00	\$71,060.00
Transportation Fees Minus Free/Reduced Students					
Students Transported per Day	\$.25/day	\$.50/day	\$.75/day	\$ 1.00/day	\$ 2.00/day
6191	\$1,547.75	\$3,095.50	\$4,643.25	\$6,191.00	\$12,382.00
Total for 170 days	\$263,117.50	\$526,235.00	\$789,352.50	\$1,052,470.00	\$2,104,940.00