



Pennsylvania Association of School Business Officials

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**Testimony to the Senate Education Committee's
Subcommittee on Transportation and Support Services
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Good afternoon, and thank you for inviting us to testify before you this morning on the important matter of pupil transportation funding. My name is Wayne McCullough, and I am the Director of Leadership and Development for the PA Association of School Business Officials (PASBO). Prior to my work with PASBO, I was the Chief Financial and Operations Officer at Southern York County School District. With me today is Ms. Jennifer Grove, the Transportation Director at Warwick School District, located in Lancaster County.

Today we are representing the PASBO Transportation Committee, which is comprised of PASBO members from across the state and focuses on best practices in student transportation in order to provide safe transportation to and from school for the children of the Commonwealth in the most cost effective manner possible.

The Formula

In order to understand the impact of reduced transportation funding, it is important to review the formula used to reimburse school districts for student transportation services.

Pennsylvania's formula to determine state transportation reimbursement is extremely complex and consists of multiple separate calculations. It is very important to understand that the existing formula does reinforce efficiencies in student transportation operations.

Basically, the allowance for each vehicle is a calculation of the age of the vehicle, the size of the vehicle, the number of students assigned to the vehicle and the number of miles the vehicle travels with students. This calculation is then multiplied by the annual cost index, which becomes the maximum approved cost or what many refer to as "state formula." This number is then multiplied by the school district's market value aid ratio to determine the amount of subsidy.

This is how the subsidy calculation works. A new bus, which has a seating capacity of 72 students and has 72 students assigned, that travels 30 miles per day with students and 10 miles per day without students, for 180 school days would have a maximum allowable cost of \$30,336.

On the other hand, a van used for special education transportation, which has a seating capacity of 9 students and has 9 students assigned, that travels 30 miles per day with students and 10 miles per day without students, for 180 days would have a maximum allowable cost of \$13,480.

While the formula reinforces efficiencies, it is nearly impossible for school districts to operate at “state formula” for many reasons. First, as you can see, vans used for special education students or private school students being transported more than 10 miles from the district’s boundaries are typically reimbursed well below – usually less than one-half – the actual cost to operate or contract the van.

PASBO just worked with a school district to do bids for student transportation, where the lowest bid for a full size bus was \$48,520 per year and the lowest bid for a van was \$40,320. And, we recently spent two days at a Pennsylvania school district that was utilizing approximately 70 vans for special education and private school transportation. I mention this because the maximum allowable cost or “state formula” for the bus was \$30,336 and \$13,480 for the van. As you can clearly see, it would be impossible for these school districts to operate at “state formula.”

It is nearly impossible for school districts to operate at the “state formula” for many other reasons, including aging bus fleets throughout Pennsylvania and updated safety features on buses such as video camera systems and GPS systems. In fact, unintended consequences of school districts trying to reach “state formula” include driver shortages throughout the state, placing unreasonable and sometimes unsafe numbers of children on vehicles (can you imagine three high school students sharing one bus seat?), longer bus rides for students and use of full size buses when not needed. All of this due trying to operate at the current “state formula.”

While nearly impossible to operate at “state formula,” it is important to understand that when a school district does operate at more than “state formula” (maximum allowable cost), it has no impact on the state transportation reimbursement it receives, since the reimbursement is calculated using only the maximum allowable cost.

Transportation Contracts

PASBO works with districts across the state to review their transportation programs and to recommend modifications to increase efficiencies and to reduce costs. While not currently required by law, we certainly agree that periodic seeking of competitive proposals through a Request for Proposal (RFP) process for transportation services is a best practice that has the potential to reduce costs. However, we do recognize that it may not be possible in every school district and that it may have the potential of reducing competition over time.

We mention this because seeking competitive proposals from a RFP process is very different from a competitive bidding process. The RFP process allows for negotiations after opening the proposals and reduces the cost of competitive bidding. PASBO supports the RFP process as the best practice in seeking competitive pricing for transportation services.

Impacts of the Proposed Cuts to Transportation Funding

First, the proposed cut to transportation funding – at this point - will have a devastating impact on all school districts in Pennsylvania, severely reducing anticipated and budgeted funding levels for 2017-18 budgets. Most school district budgets will be approved within the month of May, so the budget process is nearly complete. Throughout the state, school district budgets are already developed and a cut in the transportation funding will force school districts to reduce transportation services to Pennsylvania's children or force school districts to further reduce or cut other programs. It is just way too late to make this cut for the next school year. We mention this because there has been no direction given to school districts as to how the proposed cut in transportation funding would impact them.

Secondly, a cut of \$50 million to the transportation subsidy – if applied across the board to equally impact all school districts – will result in 91 school districts receiving less overall state subsidy than the current fiscal year. To be clear, 91 school district will receive less state funding even after factoring in the proposed additional basic education subsidy and the proposed additional special education subsidy as a result of the proposed reduction in transportation subsidy.

Based on our experience in working in and with school districts, transportation routes and overall complex transportation systems are already well into the development process for the 2017-18 school year. A reduction of funding will likely result in the delayed development of bus runs, which will mean last minute changes to before and after school daycare for parents and guardians, less efficient bus runs due to late development, and more students unsafely crammed into already crowded buses.

At this point of the year, school district budgets are finalized or nearly finalized, transportation contracts are in place, and transportation personnel are building routes in order to provide the children of our Commonwealth with safe and efficient transportation services. A change in funding at this point will have huge negative outcomes.

Private School Transportation

A primary reason transportation costs have increased over the years is the requirement for public school districts to provide transportation services to private school students attending schools located 10 miles outside of the school district's borders. In most cases, school districts must dedicate an entire bus or van to transport just a few children to many different private schools. This continues to be a growing expense to school districts.

PASBO supports providing transportation services to private school children within each school district's borders, but we also believe it is extremely important to recognize the financial burden due to the mandated provision of private school transportation outside of the school district's borders. If you really want to reduce transportation funding, cut this mandate.

Moving Forward

PASBO looks forward to working with the Senate Education Committee and the Pennsylvania Department of Education to encourage efficiency in school district transportation programs.

PASBO believes that the transportation formula itself should be reviewed and updated to ensure that state and local dollars are spent as efficiently as possible in all 500 school districts. The formula determining a district's maximum allowable transportation costs is a one-size-fits-all formula that is adjusted annually, not based on fuel

or other relevant costs, but by the Consumer Price Index (CPI). The formula no longer reflects the actual transportation costs to school districts due to special education and private school transportation services. The formula did not anticipate the need for many vans to transport children in a cost effective way and does not reflect the cost of up-to-date technologies used as safety features on buses.

Additionally, because the formula applies uniformly to all 500 school districts regardless of their shape, size, location, or transportation requirements, there is no mechanism to take into account the differences in transportation program requirements and costs. Furthermore, there are some inefficiencies that cannot be overcome, such as those that result from the requirement to transport non-public and charter school students to schools ten miles outside of a school district's boundaries.

Thank you again for your time and the opportunity to testify before you today. On behalf of PASBO and the PASBO Transportation Committee, we would be pleased to provide you with any additional information you need. We would be happy to try to answer any questions you might have.