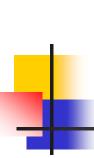
#### K-12 Pupil Transportation Funding Study

#### Proposed Final Report

Fara Daun & Stephanie Hoffman Joint Legislative Audit & Review Committee November 29, 2006



## Only "To/From" Transportation is Eligible for State Funding

- Statute defines "<u>to/from</u>" transportation as transportation between:
  - Route stops and schools
  - Schools, under an inter-district agreement
  - Schools and learning centers for required education (shuttles)
  - Schools and agencies for special education
- "Other" transportation refers to:
  - Field trips, athletic events, ASB Clubs, etc.
  - Not eligible for State funding



- To what extent do school districts track or report to/from pupil transportation costs?
- 2. To what extent does the current funding method reflect the actual costs of providing to/from pupil transportation?
- Are there alternative funding methods that would more accurately reflect the costs of providing to/from pupil transportation?
- 4. Are there nationally recognized "best practices" for funding pupil transportation? If so, does WA follow them? Can any existing best practices be applied in WA?  $_{\mbox{\scriptsize JLARC K-12 Pupil Transportation Funding Study}}$

## Accounting & Reporting Issues Findings

- On a statewide basis, there is no systematic method to account separately for to/from transportation, and the tools that do exist are incomplete and not audited.
- Accounting and reporting of certain transportation costs are not consistent across districts.

E.g., Bus aides, utilities, insurance



#### **Accounting & Reporting Issues**Recommendation 1

The Legislature should require districts to separate to/from transportation costs from other transportation costs when reporting expenditures, so that the State can determine the extent to which funding reflects eligible transportation costs.

### **Accounting & Reporting Issues**Recommendation 2

The Superintendent of Public Instruction, in consultation with the State Auditor, should adopt rules and clarify instructions for tracking and reporting transportation costs.



On a statewide basis, JLARC estimates that there is a 95% probability that to/from pupil transportation expenditures exceeded state funding by \$93 — \$114 million in the 2004-05 school year.

JLARC cautions the State to consider **how** it will allocate funding to individual districts before appropriating any additional funding.

## **Structure & Implementation**Findings

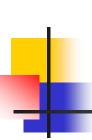
- The current funding method cannot generate funding that reflects each district's actual costs due to significant structural and implementation problems.
  - Some districts receive more funding than expected costs, most receive less.
- The current funding method fails to drive operational efficiencies.



## **Statutory & WAC Issues**Finding

Definitional issues in statute and WAC currently prevent the funding method from reflecting actual costs.

- WAC definitions around eligible shuttles are narrower than the statute.
- Definitions in statute are unclear, missing, or may be out of date.



### Statutory & WAC Issues Recommendation 3

The Legislature should review statutory language to ensure that there is clarity around what transportation costs the State intends to fund.



#### Statutory & WAC Issues Recommendation 4

OSPI should change its WACs to conform to statute to ensure that all qualifying trips can generate funding by the State.

OSPI and OFM concur

OSPI adopted emergency WACs related to this recommendation in August 2006

# Four Funding Methods Used Nationally

- 1. Block Grant (13 states)
  - Transportation funding is assumed to be part of general K-12 grant
- 2. Approved Cost (7 states)
  - Reimbursement for a percentage of eligible costs
- 3. Per Unit Allocation (WA & 11 other states)
  - Fixed allocation per unit of service (miles, students)
- 4. Predictive or Efficiency-Driven Formulas (13 states)
  - Designed to promote efficient behaviors



## Best Practices in Pupil Transportation

- No one <u>funding method</u> is considered a best practice, but funding should recognize differences in geography, topography, & pupil density.
- Best <u>operating practices</u> include eligibility requirements & capacity utilization standards.
- WA's funding method does not promote best practices, but some districts appear to have implemented best operating practices.



### Current Funding Method Recommendation 5

The Legislature should establish a method for providing funds to operate to/from pupil transportation programs that reflects costs and the State's priorities in funding.

- If priorities are local control and reflecting to/from costs, use an Approved Cost Method.
- If priority is efficient use of resources, use a Predictive/Efficiency-Driven Formula.
- Legislature must customize method to Washington.



#### Study Contact Information

- Fara Daun 360-786-5174 (daun.f@leg.wa.gov)
- Stephanie Hoffman 360-786-5176 (hoffman.stephanie@leg.wa.gov)