

House Finance Primary and Secondary Education Subcommittee

Testimony for HB 49

Offered by Pete Japikse, Senior consultant, Ohio School Boards Association

Chairman Cupp and members of the committee:

Thank you for the opportunity to come before you today to discuss the needs of Ohio's public schools with regard to pupil transportation support through HB 49.

I come to you today with 37 years of experience in Ohio school transportation. Twenty as a transportation administrator in districts in Southwestern Ohio, 12 as the director of pupil transportation for the Ohio Department of Education, and five as a transportation consultant serving Ohio's public schools on behalf of OSBA. During my career I have driven school buses, worked with school boards, interacted with drivers, parents and students, served as the president of the national association of state pupil transportation directors, and had the honor of working with members of this legislature.

School transportation is a valuable resource, serving students, parents, and the many communities served by Ohio's public school districts. We have 15,000 school buses that travel nearly 1 million miles per day, transporting over 800,000 students to and from their educational programs. The men and women driving these buses and supervising this service provide safe and reliable transportation for these students, enabling them to attend their educational programs.

Without those buses providing transportation, we would see more than 500,000 cars on the roads carrying these same children. Parents would spend an additional \$279 per year just for fuel for their cars. The fuel cost for their child to ride a school bus is only \$78 per year.

This is a valuable service that parents value and trust, and provides cost effective mass transportation for students, however it is not cost free. The average cost for our schools to provide transportation for a student is \$900 per year. The average cost to operate a bus for a year is \$50,000. And the cost to purchase a new school bus that meets all federal and state safety standards is more than \$80,000.

The buses that our children ride to school in Ohio are aging. Many of our districts rely on buses that are over 10 years old with more than 100,000 miles. While these vehicles are heavy duty and continue to provide safe transportation for our children, the operating cost of vehicles of this age is high. The maintenance needs of an aging fleet can be overwhelming. As the fleet ages, costs continue to climb. These costs limit the funds available for our schools and precludes their ability to purchase new school buses.

Under Ohio's transportation funding law, the actual operating costs experienced by our school districts are the base that we use to calculate funding for the subsequent school year. So just as our schools are caught in a cycle of increasing costs, the same increase in costs affects our budget funding cycle for school transportation.

The irony of this spending trap is that a new school bus gets twice the fuel economy of a 2005 model, and has drastically lower operating costs than a 10-year-old bus. Collectively, this can save between \$5-10,000 in annual operating cost.

Included with this testimony are documents that detail recommendations for school transportation funding, language that improves transportation operations, and also suggestions for cleaning up out-of-date language in the revised code.

There are three legs to these funding recommendations. First is the return of school bus purchasing assistance for our school districts. Second are adjustments in the base funding formula for transportation. Third is a recommendation for adjustments to the transportation supplement to help those districts that are most challenged with providing transportation.

Bus Purchase Funding

After many years of helping schools purchase buses, including 100% funding for buses used for nonpublic and special education students, the state stopped all school bus purchasing assistance in 2009. Since that time districts have had the sole responsibility of purchasing their own buses. While some grants have been available through EPA and federal special education programs, our districts have not had the funding to maintain a regular vehicle replacement plan. This has led to the older vehicles that are operated today, which increase both district costs and the costs used to calculate transportation funding.

We recommend that a school bus purchase fund of 20 million dollars be established in each fiscal year of the next budget. Districts with route buses over 8 years of age and 96,000 miles should be encouraged to apply for this funding. Funding grants in the amount of \$45,000 (approximately 50% of the cost of a new bus) should be awarded to eligible districts on a priority basis, using vehicle age and mileage. To ensure that as many districts as possible benefit from the program, no district should be awarded more than one grant until all requests have been met.

Distributed in this manner, the 20 million will fund just over 400 buses per year. If we can maintain this funding for several budget cycles, this investment will result in a future reduction of operating costs for our districts and ultimately the state.

Base Transportation Funding Formula

Ohio schools are required to transport not only students to their own public schools, but also nonpublic students, charter school students, STEM students, vocational school students, and

special education students. The funding provided through the state budget provides less than 50% of the cost of this service, even for mandated services that the district has no control over. These mandated services for smaller student populations is more costly for our districts due to wider dispersion of the students and the public district's lack of influence over their school calendar and attendance times.

The basic formula in the budget calculates a district's costs for transportation on a cost per student and cost per mile basis, using last year's state average costs and this year's actual service volume. In the last budget cycle districts received the greater of 50% or their state share index of this amount. We recommend that this percentage be kept at 50% or state share index as in the past two years. This is already a reduction from the previous budget which paid 60% or state share index.

We also recommend that the definition of qualifying students be amended to include all students. Currently only students that live more than one mile from school are included in the funding calculation. In many of our districts the local school board has deemed it necessary to transport all students regardless of distance. These cases include districts with rural routes with no sidewalks and 55 mph speed limits and no sidewalks, city districts with high traffic and life safety risks, and many of our suburban districts with areas where it is not safe for children to walk. As a parent, we would want our children to have access to safe transportation. The state should support our schools in these considerations. As a local political subdivision, if they deem it appropriate to transport these children, we should fund that transportation just like any other child.

We also recommend returning the efficiency measure to the budget, as it was in 2010. This measure was derived through an education stakeholder group with the goal of establishing a benchmark to measure how well school districts are using their school buses. Other states also use passenger capacity measures in their funding formula-however, the one that we derived is dynamic and compares districts to peer districts instead of using an arbitrary passenger load. The formula calculates the average ridership in our state, then uses that average as a base target value for schools to achieve. We do adjust that target up or down for each district as a function of their ridership density. This process provides a ridership target for each district that is scaled based upon their density.

For each district, actual ridership is compared to target ridership and expressed as a ratio. Districts that achieve a 1.0 score are doing as well as their peers. Districts with a ratio over 1 are exceeding their peers. The formula as implemented in 2010 pays districts that exceed their goal up to 15% additional funding.

This additional funding is a cost to the state. It is also an encouragement for districts to use fewer buses with more students on board. The districts save costs by using fewer buses, and cost per student is reduced because there are more students in each bus. This reduction in cost then translates to the state budget in subsequent years to help reduce the base funding cost. In essence, it is an investment to reduce future costs.

Supplement

Several budget cycles ago we started the practice of including a transportation supplement in transportation funding. This supplement is intended to assist districts with the most challenges in providing transportation. From a logistics standpoint, the highest cost of transportation occurs when ridership density is very low. In these districts, the school bus has to travel more distance and time to pick up students. Typically, it is not possible to fill up a bus to capacity, resulting in a higher cost per student.

The supplement as currently calculated is based upon student density. The current budget defines density as ADM per square mile rather than riders per square mile. The true measure of transportation work is not based upon ADM, but rather the actual number of riders served. We recommend that the definition of density be changed back to riders per square mile, as it was originally introduced in 2010. This will focus the supplement for transportation services in districts that need it.

We recommend using the supplement quotient as it is proposed in the budget, but adding a wealth measure to the final calculation. For districts that are eligible as defined in the bill, they should receive the greater of 55% or their SSI of the funding as proposed in the bill. This will increase the supplemental transportation funding provided to districts with low wealth.

The final recommendation for the supplement is that language be added to the bill to identify this funding as restricted solely for pupil transportation. Current guidance to districts is that this funding is unrestricted and can be spent for any purpose. There are districts where the funding has not been used for the purpose intended by the legislature.

Thank you again for the opportunity to provide this testimony and comments for your consideration. I am happy to address your questions, and would be pleased to provide supporting data and follow up as you request.