

**Ohio Senate Finance Committee
Senate Bill 376**

Testimony in Support of the Proposed Fair School Funding Plan – Transportation Model

December 1, 2020

Chairman Dolan, Vice Chairman Burke, Ranking Member Sykes and members of the Senate Finance Committee, I thank you for the opportunity to present testimony today on the transportation component of Senate Bill 376. My name is Kevin Lillie, and I am the Treasurer/CFO for the Geneva Area City School District in Ashtabula County. It has been my privilege to serve as a transportation subgroup co-chair on the Cupp/Patterson/Scherer Fair School Funding Workgroup along with Dalton Summers, the Superintendent of the River View Local School District in Coshocton County. We have also utilized the services of Pete Japikse, who has worked many years in the pupil transportation field for public school districts, the Ohio Department of Education, and currently as a consultant with the Ohio School Boards Association.

Over the past three years, the transportation subgroup has reviewed the current transportation funding formula, the level of transportation services and funding offered in other states, stakeholder input, and the challenges faced by Ohio’s public schools, both urban and rural. We are convinced that the yellow school bus is the safest and most cost-effective way to transport students to and from school. Each school bus replaces an average of 35 cars, thus reducing traffic congestion, pollution, wear and tear on roads, and the overall fuel consumption for the entire community.

A review of states surrounding Ohio yields the following information:

State	Pupils transported	State funding	\$/rider	Nonpublic transportation	Community school transportation	Out-of-district service
Pennsylvania	1,378,793	530,936,820	385	Local policy	Local policy	Permissive
Kentucky	393,066	430,390,893	1,094	NP pays district	None	None
Indiana	650,000	720,122,791	1,107	Only if along existing route	Only if along existing route	None
Michigan	636,344	713,844,068	1,121	No transport	No transport	Permissive
Ohio	800,000	485,000,000	606 (FY18) 530 (FY19)	Required	Required	Required

The cost of school transportation continues to increase. The average annual operating cost of a school bus is over \$52,000 per year, and the cost to replace a bus is over \$85,000, yet state funding for transportation, once at the higher of 60% or state share for many years, decreased to 50% in FY 2016, 37.5% in FY 2018, and now stands at 25% since FY 2019. Without sufficient local funding to meet these new transferred costs, districts have been forced to cancel services that communities depend upon or reallocate funding that was previously dedicated to educational services.

In order to provide adequate funding for school transportation with its many mandated services, our original recommendation was to restore the state’s minimum share to 60%, phased in over six years, while phasing out the density supplement payments in coordination with the phase in. SB 376 changes that recommendation to restoring the minimum state share of district transportation funding to 50% over time and restoring the density supplement payments while changing the threshold eligibility to 28 riders per mile and the median to 14 riders per mile to reflect a change to the density calculation based upon riders per mile instead of students per mile. The transportation funding calculation should continue to use actual ridership as reported on the T-1 and actual costs as reported on the T-2 and fund at the higher of the previous year average per mile cost or the average per rider cost. SB 376 also includes allowing districts to report ridership based upon the higher of the morning or afternoon count and funding the transportation of all students, including those residing less than one mile from school that districts are transporting because it promotes safety and attendance and is responsive to community needs. Transportation funding payments should be outside of the basic school funding formula and exempt from any caps or guarantees, even during the planned phase-in period.

Ohio public schools are required to provide transportation for students attending nonpublic and community schools located both within the district and outside the district that are within 30 minutes of their assigned public school. Public schools are obligated to provide transportation service to these schools on any day they are open, regardless of the public school’s calendar, and are also required to meet their attendance times regardless of conflicts with the public schools attendance times. Because of the limited control public schools have over the times, days, and riders on these buses, the cost is much higher than transporting public school students. As costs have continued to rise and state funding has been reduced, some public schools are finding the need to cancel transportation service for some of their own public school students in order to continue providing the mandated transportation for school choice programs.

In a cost analysis based upon the FY17 school year (a subsequent study was done for FY19 with basically the same results), the costs for transportation based upon school of choice was determined as follows:

FY17 bus cost summaries - calculated based upon cost per bus

Cost per bus for FY17 based upon T2 & T1 data: \$52,358

Rider type	Total cost	Bus riders	Cost / rider
All bus riders	\$ 743,808,495	746,313	\$ 997
Public	\$ 572,599,705	694,946	\$ 824
Nonpublic	\$ 122,450,403	32,742	\$ 3,740

Charter	\$ 48,758,388	18,625	\$ 2,618
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You can see that the cost of transporting charter school students is 2.5 times the average cost of transporting all riders, while the cost for nonpublic students is 3.5 times the average cost per rider. Originally, our recommendation was to resolve transportation service requirements for asynchronous calendars and bell time conflicts by eliminating the requirement to provide transportation on days the public school is closed unless funding is provided by the other school or the state and establish a drop-off window of up to 30 minutes before school and 30 minutes after school. We also recommended to limit the transportation obligation of public schools to serve only nonpublic, community and STEM schools located within the public school district boundaries, unless funding is provided from another source. Instead, SB 376 changes the interim additional payments for non-traditional riders from an additional 10% per non-traditional rider as presented in the original version of the bill to a weight system that adds .5 for community school riders and 1.0 for non-public school riders and also allows a 30-minute leeway in drop off and pick up times at these schools. This bill also establishes that community schools that provide their own transportation will receive the basic per rider funding amount in accordance with the formula for traditional schools.

For many years until FY 2009, the state provided a bus purchase subsidy to assist districts with the replacement of school buses. Since this assistance ended, the rate of bus purchase in Ohio has dropped significantly, and as a result, the buses used on school routes have increased in age and become more costly to operate. National studies have shown that school buses lose cost effectiveness after 8 years of service and should be replaced. SB 376 recognizes the need to assist districts with the purchase of buses and increases the set-aside for bus purchases to \$45 million per year. Since the purchase cost of a bus is a serious drain on any district's resources, we are seeking a change to the bill to designate a flat grant amount of \$45,000 (half the cost of a new bus) per bus in order to facilitate the replacement of Ohio's aging buses.

SB 376 creates a Collaboration Grant Fund of \$250,000 per year, allowing grants to districts of a maximum of \$10,000 per year. These grants would help defray the start-up costs in developing collaborative agreements and would be used by districts to develop efficiencies in transportation that reduce operating costs. With a state budget that is based upon the previous year's average cost of transportation, the incorporation of efficiencies that reduce the average cost of transportation will benefit the state as well as the districts providing the service. This bill also seeks to grant local boards the authority to operate their buses for trips other than educational purposes provided the costs for these trips are paid by the local community group or government entity requesting the service. Public school districts should have the authority to operate the buses that they own to support their local community and for emergency purposes without restriction or limitations otherwise imposed upon commercial transportation operations.

And finally, special education transportation is the most expensive form of transportation with average costs per rider exceeding \$5,000, yet the set-aside for special education transportation has not been increased since 2009. This transportation is required by state and federal law.

SPECIAL EDUCATION TRANSPORTATION FUNDING

<u>Fiscal Year</u>	<u>State Funding Provided</u>	<u>Total Sp Ed Transportation Cost</u>
2019	\$55,129,222.13	\$236,163,474.00
2018	\$55,623,209.11	\$220,395,309.00
2017	\$55,748,481.75	\$203,093,916.00
2016	\$55,101,938.28	\$211,108,501.00
2015	\$54,900,256.63	\$200,743,612.00
2014	\$54,477,264.48	\$194,632,870.00
2013	\$53,951,988.96	\$195,695,496.00
2012	\$54,142,223.11	\$193,727,443.00
2011	\$53,914,052.87	\$192,957,787.00
2010	\$53,223,830.47	\$188,773,585.00
2009	\$52,445,914.11	\$180,476,565.00
2008	\$51,591,613.22	\$175,981,388.00

FY2009 Special Ed transportation set-aside: \$60,469,220
from Section 269.20.80 Pupil Transportation

SB 376 revises the formula for reimbursing school districts for the transportation of special education riders by multiplying the district's actual special education transportation expenses by the greater of the district's local share percentage or the state's minimum percentage for transportation expenses.

The transportation subgroup has carefully considered the many services currently offered for Ohio's families and their students and reviewed an exhaustive set of aspects of pupil transportation. We have included consideration of the needs of all district types (rural, urban, and suburban). The subgroup firmly believes that continuance of the many mandated services is dependent on adequate funding being provided to districts. We hope that you will consider the entire implementation of the Fair School Funding Plan and the transportation piece in SB 376.

Thank you again for the opportunity to provide this testimony, and I will be happy to address any questions.

Respectfully,
Kevin Lillie, Treasurer/CFO
Geneva Area City Schools