

## Transportation Allocation System, AE

**Agency:** 350 Office of Superintendent of Public Instruction  
**Budget Period:** 2009-11

### **Recommendation Summary Text (Short Description):**

The 2007 Legislature directed the Office of Financial Management (OFM) to hire a consultant to develop two options for a new funding system for pupil transportation operations to be presented to the 2009 Legislature. The new funding system will allow the Legislature to provide full funding for school district pupil transportation operations. Superintendent Bergeson requests \$801,819 for OSPI to design and implement a new funding system in coordination with a new funding formula to be adopted by the 2009 Legislature.

### **Fiscal Detail**

<b>Operating Expenditures</b>		<b>FY 2010</b>	<b>FY 2011</b>	<b>Total</b>
Transportation Allocation System	001-01	\$680,967	\$120,852	\$801,819
<b>Total Cost</b>		<b>\$680,967</b>	<b>\$120,852</b>	<b>\$801,819</b>

<b>Staffing</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>Annual Avg.</b>
<b>Total FTEs Requested</b>	1	1	1

### **Package Description**

#### **Background**

Pupil Transportation is responsible for supplying districts funding for transporting students to and from school. This includes the tracking of routes, calculation of expenses, and payment (of those expenses) to districts. Pupil Transportation allocates districts approximately \$240 million annually for transportation expenses.

The current pupil transportation funding system does not provide full or equitable funding of school district transportation operations. In response to the systemic underfunding identified by the November 2006 Joint Legislative Audit and Review Committee's report on Pupil Transportation funding, the 2007 Legislature passed SB 5114, providing for development of two new funding formula options. It is expected that the 2009 Legislature will adopt one of those options as the new pupil transportation funding system.

#### **Current Situation**

The current funding formula is based on simple radial mileages, not taking into account real driving miles (e.g., mountains, detours or windy road). The formula does not provide funding based on actual mileage, leaving schools required to transport students but unable to be compensated for the real cost. Rural districts are especially impacted. This finding from JLARC resulted in OFM's directive to produce alternative funding models.

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The current bus operations system is hosted on a VAX alpha which only tracks simple data. The system could not be expanded to remedy the emerging underfunding issue so manual workarounds were instituted. The current process required OSPI's receipt of 25,000 Excel spreadsheet detailing bus transportation information – much more information than the old VAX allows. That data is manipulated and some is rekeyed into the VAX system and becomes the basis for payments to districts.

The process of emailing spreadsheets to support the payment of \$240 million annually is not a secure, provable or repeatable method of data collection. It is not compliant with common audit standards expected of a system paying out that amount of money.

### **Proposed Solution**

To support the implementation of the new funding formula to be proposed December 2008, OSPI needs to build a system that allows districts to input data, review and approve, calculate, apportion funds back to districts, and provide reports and auditing capabilities. It is not expected that the existing programming on the VAX mainframe will be usable although data will be migrated for archive purposes.

This funding will create a web-based online system for districts to submit school bus operation data for review and analysis by OSPI. Secondly, the system will manage the calculation and disbursement of school bus funds back to school districts based on the new formula presented by OFM and selected by the Governor. Finally, this package will fund the conversion of existing data to the new SQL environment for research and audit purposes.

The new system will:

- Support detailed data collection requirements;
- Support data submission to OSPI in a secure method; a verifiable approval system that proves data submitted is only from authorized individuals;
- Provide adequate accounting checks and balances on funding appropriate for a 240M apportionment system;
- Apportion transportation funding that can be audited
- Report and archive request and payment data

### **Contact person**

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### **Narrative Justification and Impact Statement**

#### **What specific performance outcomes does the agency expect?**

The software to support this activity is required to provide an auditable method for data submission that is compliant with auditing standards required for the payment of \$240 million (or more depending on the resulting formula) annually.

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### **Performance Measure Detail**

The success of the program will be measured by the ability of the system to carry out the funding formula targets.

### **Is this decision package essential to implement a strategy identified in the agency's strategic plan?**

Implementation of a new funding system will allow the legislature to provide full funding of pupil transportation operations which is included in Goal 4: K-12 Funding System that Provides the Opportunity for Student Success.

### **Reason for change:**

This change is requested to support the transportation funding formula change expected in the 2009 session. The current VAX platform will not be able to support a new formula that is likely to be more complex than the current formula.

### **Does this decision package provide essential support to one of the Governor's priorities?**

This decision package supports the Governor's priority of strengthening government's ability to achieve results efficiently and effectively.

### **Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?**

This decision package directly affects improvement of the adequacy of the tools to execute government functions by providing a tool to fully fund a basic education program.

### **What are the other important connections or impacts related to this proposal?**

This request is directly related to the work of the Transportation Funding Formula Advisory Committee. Any changes recommended by them and adopted by the Legislature will require a new allocation system.

### **Impact on Clients and Services**

By creating a system based on the new formula, OSPI expects the data reporting to be easier for districts.

### **Impact on Other State Programs**

Migrating the current COBOL/VAX system to a server-based system will make the interface with the Apportionment system easier.

### **What alternatives were explored by the agency, and why was this alternative chosen?**

Because of the changes expected, OSPI does not anticipate that the current system will be able to support the new funding formula. The only option is to fund a new allocation system.

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**What are the consequences of not funding this package?**

It will be difficult to implement a new transportation funding formula if this package is not funded.

**What is the relationship, if any, to the state's capital budget?**

None.

**What changes would be required to existing statutes, rules, or contracts, in order to implement the change?**

None.

**Expenditure Calculations and Assumptions:**

	<b>FY 2010</b>	<b>FY 2011</b>
<u>Hardware</u>		
SQL Server upgrade OS+Memory	\$500	\$0
Web Server (public) +OS +Virus	\$4,500	\$0
Indirect Agency Costs	\$22,967	\$12,852
<u>Personnel</u>		
Contract Project Manager	\$190,000	\$0
Contract Business Analyst	\$175,000	\$0
Programmer ITS 5/contractor	\$175,000	\$0
Programmer ITS 5 FTE	\$113,000	\$108,000
<b>Total</b>	<b>\$680,967</b>	<b>\$120,852</b>

**Object Detail**

	<b>FY 2010</b>	<b>FY 2011</b>	<b>Total</b>
A Salary and Wages	\$79,000	\$79,000	\$158,000
B Employee Benefits	\$20,000	\$20,000	\$40,000
C Contracts	\$540,000	\$0	\$540,000
E Goods/Services	\$28,967	\$18,852	\$47,819
G Travel	\$3,000	\$3,000	\$6,000
J Equipment	\$10,000	\$0	\$10,000
N Grants	\$0	\$0	\$0
Interagency Reimbursement	\$0	\$0	\$0
Other	\$0	\$0	\$0
<b>Total Objects</b>	<b>\$680,967</b>	<b>\$120,852</b>	<b>\$801,819</b>

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### Expenditures & FTEs by Program

Activity Inventory Item	Prog	Staffing			Operating Expenditures		
		FY 2010	FY 2011	Avg	FY 2010	FY 2011	Total
A033 Student Transportation	022	1	1	1	\$680,967	\$120,852	\$801,819
<b>Total Activities</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>\$680,967</b>	<b>\$120,852</b>	<b>\$801,819</b>

### Six-Year Expenditure Estimates

Fund	09-11 Total	11-13 Total	13-15 Total
General Fund – State	\$801,819	\$245,061	\$245,061
<b>Expenditure Total</b>	<b>\$801,819</b>	<b>\$245,061</b>	<b>\$245,061</b>
<b>FTEs</b>	<b>1</b>	<b>1</b>	<b>1</b>

### **Distinction between one-time and ongoing costs:**

	FY 2010	FY 2011	Ongoing
<u>Hardware</u>			
SQL Server upgrade OS+Memory	\$500	\$0	\$500
Web Server (public) +OS +Virus	\$4,500	\$0	\$1,000
Agency Indirect Costs	\$22,967	\$12,852	\$13,031
<u>Personnel</u>			
Contract Project Manager	\$190,000	\$0	\$0
Contract Business Analyst	\$175,000	\$0	\$0
Programmer ITS 5/contractor	\$175,000	\$0	\$0
Programmer ITS 5 FTE	\$113,000	\$108,000	\$108,000
<b>Total</b>	<b>\$680,967</b>	<b>\$120,852</b>	<b>\$122,531</b>

### **Budget impacts in future biennia:**

Ongoing costs include an inflation factor assumption of 1.8 percent.