

Transportation Allocation System, JB

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

Recommendation Summary Text (Short Description):

Engrossed Substitute House Bill 2261 (ESHB 2261) passed in 2009 implements a new pupil transportation funding system to begin “no later than September 1, 2013”. The new system was developed by a consultant hired by the Office of Financial Management (OFM) in response to Second Substitute Senate Bill 5114 (2SSB 5114) passed by the 2007 Legislature. The new funding system will allow the Legislature to provide full funding for school district pupil transportation operations. Superintendent Dorn requests \$806,432 for the Office of Superintendent of Public Instruction (OSPI) to design the technology infrastructure required to support the new system in order to implement the new funding system beginning September 1, 2011.

Fiscal Detail

Operating Expenditures		FY 2010	FY 2011	Total
Transportation Allocation System	001-01	\$0	\$806,432	\$806,432
Total Cost		\$0	\$806,432	\$806,432

Staffing	FY 2010	FY 2011	Annual Avg.
Total FTEs Requested	0	2	1.0

Package Description

Formula Background

The Pupil Transportation formula distributes funding to school districts to cover the costs associated with basic transportation services (between home and school and between learning centers for academic programs required by statute). This includes the tracking of routes, calculation of total numbers of student riders, and payment (based on the number of riders and associated factors) to districts. The current formula allocates approximately \$240 million annually to school districts for transportation expenses. School District expenditures exceed \$375 million annually for these basic, required transportation services.

Therefore, 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 (JLARC) report on Pupil Transportation funding, the 2009 Legislature adopted the Expected Cost Model (developed by an OFM consultant) as the new pupil transportation funding system.

In addition to the distribution of funding, the new system specified in ESHB 2261 provides a statistical analysis of the efficiency of each school district's transportation service. School district transportation systems exhibiting an efficiency rating of less

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than 90% are required to have an individual evaluation by the regional transportation coordinators of the Educational Service Districts.

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 or other factors directly related to experienced costs, leaving schools required to transport students but unfunded for the real cost. While a small number of rural districts are fully funded, school districts across the state experience a wide range of underfunding. This finding from JLARC resulted in the requirement to develop and implement an alternative funding system with more complex formula factors.

The current school transportation operations allocation system is hosted on a VAX alpha computer program which only tracks simple data. The system could not be expanded to meet the complex data requirements of the new system implemented by ESHB 2261.

In addition, the current data submission process (e-mailed spreadsheets from each district) that supports the annual allocation of \$240 million is not secure, accurate, or reliable. It is not compliant with common audit standards expected of a system distributing that level of funding.

Adopted Solution

To support the implementation of the new funding formula, OSPI proposes 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 for the new system, although the VAX system will be required to be maintained until the end of audit cycles covering the use of the existing system.

This proposed funding would provide for a web-based on-line 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 complex data elements and regression analyses of the new formula.

The new system will:

- Support detailed data collection requirements;
- Support data submission to OSPI in a secure method (a system that verifies data submitted is only from authorized individuals);
- Provide adequate accounting checks and balances on funding appropriate for an apportionment system designed to distribute over \$350 million per year;
- Apportion transportation funding that can be audited;
- Determine efficiency ratings;
- Provide a method of reviewing school district transportation services to determine causes for efficiency ratings less than 90%; and

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- 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 over \$350 million annually.

Performance Measure Detail

The success of the program will be measured by the ability of the system to carry out the funding formula targets. These targets are the distribution of funding based on a regression analysis of statistically significant school district specific characteristics, the ability to track data submissions, the ability of school districts to determine if the data submitted is accurate, the determination of relative efficiency ratings for each school district and the review of the district's transportation service system by the regional transportation coordinators.

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 implement the transportation funding formula adopted by the 2009 Legislature. The current VAX platform will not be able to support a new formula that is more complex than the current formula and requires the web based display of geographic information.

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 constitutionally required part of the basic education program.

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

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This request is directly related to the work of the Transportation Funding Formula Advisory Committee established by SSSB 5114 (2007). The changes recommended by them and adopted by the Legislature in ESHB 2261 require new infrastructure to implement the new allocation system. By providing a method of allocation of transportation funding to school districts that reflects actual costs and encourages efficiency, the Legislature will have the ability to meet the constitutionally required full funding of to/from transportation services operated by school districts.

Impact on Clients and Services

By creating a system based on the new formula, OSPI expects the data reporting to be easier for school districts. By providing the ability to review school transportation service systems, citizens will be able to determine how and where students can access transportation service.

Impact on Other State Programs

The proposed 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 implemented by SHB 2261 (the regression analyses and the complexity of data), the current VAX system will not be able to support the new funding formula. The only option is to fund a new allocation system.

What are the consequences of not funding this package?

It will be impossible to implement the 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.

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Expenditure Calculations and Assumptions:

	FY 2010	FY 2011
Hardware		
SQL Server upgrade OS+Memory	\$0	\$500
Web Server (public) +OS +Virus	\$0	\$4,280
Personnel		
I Contract Project Manager	\$0	\$190,000
Contract Business Analyst	\$0	\$170,500
Programmer ITS 5/contractor	\$0	\$170,500
Programmer ITS 5 FTE Salary/Benefits/Goods \$ Services/ Travel/ Equipment	\$0	\$133,826
A033 Student Transportation Salary/Benefits/Goods \$ Services/ Travel/ Equipment	\$0	\$136,826
Total	\$0	\$806,432

Object Detail

		FY 2010	FY 2011	Total
A	Salary and Wages	\$0	\$ 158,000	\$158,000
B	Employee Benefits	\$0	\$ 51,508	\$ 51,508
C	Contracts	\$0	\$531,000	\$531,000
E	Goods/Services	\$0	\$ 48,143	\$ 48,143
G	Travel	\$0	\$ 3,000	\$ 3,000
J	Equipment	\$0	\$ 14,781	\$14,781
N	Grants	\$0	\$0	\$0
	Other			\$0
Total Objects		\$0	\$806,432	\$806,432

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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		1.0	.5	\$0	\$672,606	\$672,606
A002 - Administration	010		1.0	.5	\$0	\$133,826	\$133,826
Total Activities			2.0	1.0	\$0	\$806,432	\$806,432

Six-Year Expenditure Estimates

Fund	09-11 Total	11-13 Total	13-15 Total
General Fund – State	\$806,432	\$509,573	\$503,998
Expenditure Total	\$806,432	\$509,573	\$503,998
FTEs	2.0	2.0	2.0

Distinction between one-time and ongoing costs:

	FY 2011	FY 2012	Ongoing
Hardware			
SQL Server upgrade OS+Memory	\$500	\$6,500	\$500
Web Server (public) +OS +Virus	\$4,281		\$1,000
Personnel			
Contract Project Manager	\$190,000		\$0
Contract Business Analyst	\$170,500		\$0
Programmer ITS 5/contractor	\$170,500		\$0
Programmer ITS 5 FTE Salary/Benefits/Goods \$ Services/ Travel/ Equipment	\$133,826	\$124,037	\$123,749
A033 Student Transportation Salary/Benefits/Goods \$ Services/ Travel/ Equipment	\$136,826	\$127,037	\$126,749
Total	\$806,432	\$257,574	\$251,999

Budget impacts in future biennia:

Ongoing costs include an inflation factor assumption of 1.8 percent.