

SE – Bus Depreciation System

Agency: 350 Office of Superintendent of Public Instruction
Budget Period: 2013-15

Recommendation Summary:

The School Bus Information System (SBIS) calculates the annual replacement amount (for district owned buses) and the depreciation amount (for districts contracting school bus service). In the last few years the legislature has made several changes to the replacement system. Based on these changes, the annual amounts are not being correctly calculated and the forecasting tool is no longer functional. This request would fund the reprogramming that would correct the calculation and forecasting tool. In addition, the current form based acquisition process would be replaced with a web-based process resulting in improved accuracy and quicker turn-around time. The estimated cost is \$787,300.

Fiscal Detail

Operating Expenditures		FY 2014	FY 2015	Total
General Fund	001-01		\$787,300	\$787,300
Total Cost			\$787,300	\$787,300

Staffing	FY 2014	FY 2015	Annual Avg.
Total FTEs Requested			

Package Description (Includes the following sections)

Background

- There are two different systems in place for funding the capital costs associated with school transportation. The first is a straight line depreciation system for districts that contract their transportation service. This system is relatively straightforward with the state supported price in system year one being divided by the lifetime of the bus. The second system is designed to provide the replacement funds for school district owned buses and is much more complex. The reimbursement amount is adjusted annually to align payments with the state supported price. The total of prior payments is tracked and assumed interest earnings are deducted from the annual payment amount.
- The 2010 Legislature added language to the state operating budget (SB6444) requiring OSPI to calculate the replacement amount of school district owned school buses without including the sales tax until the final year the bus is on the reimbursement system. This change resulted in the loss of functionality of the forecast tool that allowed districts to easily create a reasonably accurate forecast for reimbursement payments. School bus fleet replacement plans are an essential part of a well-functioning school transportation operation.
- The 2012 Legislature added language to the state operating budget moving the annual school bus payment to school districts to be paid in August instead of

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September. Since the calculation process is based on an assumed September payment, the amount deducted for assumed interest earnings is incorrect. An increase in the interest rate (year to year) of 1 percent results in a decrease in the funding provided to school districts of \$2.3 million. The change in the date of the calculation is approximately equal to adding a year of assumed interest deduction.

- The display of annual payments does not reflect school buses that have been removed from the system. For example, an individual wanting to identify the amount a school district received for school bus replacement in prior years would not see a payment for a school bus that the district disposed of at the end of the buses' system life.

Current Situation

The school bus system is not correctly calculating payment amounts as a result of legislative changes over the last several years. The amount of the error is relatively minor at this point, because the T-Bill rate used to determine the assumed interest earnings is currently at historic low levels.

Proposed Solution

- The agency requests funding to reprogram the school bus system in order to resolve the calculation and display issues and to add functionality that will reduce paperwork and return functionality to the forecast tool.
- Providing the funding for reprogramming the system at this time will result in a smaller negative impact on school districts when the interest rate is correctly calculated compared with waiting until the interest rate returns to historic levels.

Contact person

- For questions on the school bus reimbursement system, contact: Allan J Jones, 360-725-6122, allan.jones@k12.wa.us
- For answers on programming costs, contact: Curtis Richardson, 360-725-6142, Curtis.Richardson@k12.wa.us

Narrative Justification and Impact Statement (Includes the following section)

What specific performance outcomes does the agency expect?

Describe and quantify the specific performance outcomes the agency expects as a result of this funding change.

- What desired results will be achieved?
 - Payments to districts will be accurate.
- What undesired results will be reduced?
 - Incorrect payments to districts will be eliminated.
- Will efficiency increase? How?
 - Districts will be able to submit their information online, and will have more information about bus payments available to them.
- Will outputs change? How?

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- School districts and citizens will now be able to see information about buses they have sold.

Performance Measure Detail

Describe performance measures that will be tracked to gauge success of the program.

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

This decision package funds formula and other changes in the SBIS system to align payments and other calculations to current law.

Reason for change:

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

Transportation is part of basic education, the paramount duty of the state.

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

Yes, education is considered a top priority of the Governor.

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

Use this section to describe other important information decision-makers would want to know about funding this package. For example:

- Will any stakeholders have concerns about the changes related to this proposed investment?
 - Stakeholders will not have concerns.
- Which stakeholders support this proposal?
 - School districts.
- Is this related to a legal matter?
 - No.
- Is this related to a task force, GMAP or audit recommendation?
 - No.

Impact on Clients and Services

It will improve information available to the general public and to school districts about school bus payments.

Impact on Other State Programs

None.

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

Discuss the pros and cons of the alternatives, why they were not selected, and why the recommended alternative was chosen. In this section, anticipate the natural questions a budget analyst will have. For example, did you consider:

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- OSPI considered using the excel worksheet as a partial work around for software that is inoperable. This approach is highly inefficient.
- OSPI considered a cloud based solution and could not find a comparable product.

What are the consequences of not funding this package?

Describe the consequences to desired outcomes and stakeholders if the decision package is not funded as requested.

The SBIS system will continue to be inoperable.

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

N/A

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

N/A

Expenditure and revenue calculations and assumptions:

Revenue Calculations and Assumptions:

Expenditure Calculations and Assumptions:

The expenditure estimate is for adding new functionality that will automate the current paper processes and reprogramming the system to restore operability. The cost includes a contract project manager to manage the effort, two contract business analysts to gather and analyze requirements, and two contract developers to reprogram the SBIS.

Object Detail

		FY 2014	FY 2015	Total
A	Salary and Wages	\$0	\$0	\$0
B	Employee Benefits	\$0	\$0	\$0
C	Contracts	\$0	\$787,300	\$787,300
E	Goods/Services	\$0	\$0	\$0
G	Travel	\$0	\$0	\$0
J	Equipment	\$0	\$0	\$0
N	Grants	\$0	\$0	\$0
	Interagency Reimbursement	\$0	\$0	\$0
	Other	\$0	\$0	\$0
Total Objects		\$0	\$787,300	\$787,300

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Expenditures & FTEs by Program

Activity Inventory Item	Prog	Staffing			Operating Expenditures		
		FY 2014	FY 2015	Avg	FY 2014	FY 2015	Total
A002 Administration	010				\$0	\$787,300	\$787,300
					\$0	\$0	\$0
Total Activities					\$0	\$787,300	\$787,300

Six-Year Expenditure Estimates

Fund	13-15 Total	15-17 Total	17-19 Total
	\$787,300	\$24,000	\$24,000
Expenditure Total	\$787,300	\$24,000	\$24,000
FTEs			

Distinction between one-time and ongoing costs:

The one-time cost of \$787,300 for contract costs in the first year is to add functionality and reprogram the application.

Budget impacts in future biennia:

After development, most applications require ongoing maintenance to correct system defects and make adjustments to meet business needs. Future biennium will need maintenance which is estimated at \$12,000 per fiscal year. This will provide 27 contract hours per fiscal quarter.