

SF – Transportation Start-Up Costs

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

Recommendation Summary:

The new student transportation funding formula limits a school district's funding to their prior year expenditures. School districts are required to 'front fund' the first year of transportation service associated with new programs, and new schools (i.e. charters and tribal compact schools). Providing OSPI with rule-making authority to determine a funding methodology for the initial year transportation costs would ensure funding for these new school bus service requirements. This initial year funding would help overcome a funding barrier for these schools and programs.

Fiscal Detail

Operating Expenditures		FY 2014	FY 2015	Total
General Fund	001-01		\$1,903,521	\$1,903,521
Total Cost				

Staffing	FY 2014	FY 2015	Annual Avg.
Total FTEs Requested		0	

Package Description (Includes the following sections)

Background

- The new student transportation funding system was implemented beginning with the 2011–12 school year and is scheduled to be fully funded beginning with the 2014–15 school year. A key step in the calculation of transportation operations funding is to compare the district's calculated allocation with the district's reported expenditures from the prior school year. The district receives the lesser of these two amounts. A shortcoming of the new funding formula is that it does not contemplate new programs or school districts.
- As a result, school districts must use local funding to pay for the costs for providing transportation service to new programs and/or schools. In the case of new statewide or regional programs, having a process in place to provide funding for the initial year's transportation service costs can be critical in ensuring program success.
- New programs starting with the beginning of the 2014-15 school year include new skill centers, charter schools and tribal compacts.

Current Situation

First example: there are two new skill centers scheduled to open at the beginning of the 2014–15 school year. These two new facilities are Columbia Basin Technical Skill Center in Moses Lake and SEA-Tech Skill Center in Walla Walla. The two facilities were developed to provide services to students in areas that

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were unable to access existing skill centers. Many of the participating school districts are small with limited ability to fund expansion of transportation service. Loss of the participation of these districts skill center program will negatively impact the viability of the regional skill centers.

Second example: tribal compact schools. No language exists specifically dealing with funding for transportation service.

Third example: charter schools. The charter school bill identifies funding for new charter schools to be the per student allocation for the school district within which the charter school is located. This package provides the estimated funding required for charter school initial year transportation costs.

Proposed Solution

- The agency requests the legal authority to write rules to establish a funding process for new statewide and regional education programs. This will allow a wider range of possible solutions instead of a specific process that may not meet the needs of a specific program. It would also establish a framework for future new programs so that a process would not have to developed for each new instance.
- The proposed language could provide a stipulation that the programs must be specifically authorized by the legislature, or it could provide specifications as to a range of programs that qualify.
- Providing the rule making authority would allow adequate funding to be provided to ensure the successful implementation of new educational programs or schools.
- The estimate for transportation funding for tribal compacts and charter schools is based on the average funding provided for existing school district transportation.

Contact person

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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?
 - Funding will be provided for school districts participating in new skill centers and for new school districts (charters and tribal compact) that are authorized.
- What undesired results will be reduced?
 - Lack of transportation funding for the new skill centers, charter schools and tribal compact will be minimized, and a funding barrier to start these programs will be eliminated.

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- Will efficiency increase? How?
 - The skill centers will have higher enrollment resulting in lower costs per student. The charter schools and tribal compacts will have guaranteed resources for transportation.
- Will outputs change? How?
 - The skill centers will have an increased chance of successful implementation. The tribal compacts and charter schools will have stable funding identified for transportation.

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?

Implementing the proposals in this decision package will help to ensure adequate funding for basic education.

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 understand the necessity of funding for transportation.
- Which stakeholders support this proposal?
 - Skill center, charter school and tribal compacts support funding for transportation.
- 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

Will provide funding for transportation to new skill centers, charter schools and tribal compact schools.

Impact on Other State Programs

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None

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

The only other alternative is not to fund initial year transportation costs, which creates an unfair funding barrier.

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.

Not funding this package will put the two new skill centers opening in the fall of 2014 at risk of having inadequate enrollment to meet targets. Charter schools and tribal compacts will not have funding identified for transportation operations, and therefore certain applicants may not apply or may not be authorized.

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

If the decision package item requires new space, alterations to existing space, or increased maintenance, the additional demands should be described. Also note if the proposal reduces facility requirements. If an agency capital budget request supports the decision package, it should be referenced by the same project title, number, cost, and fund source in both places if possible. If this decision package is related to a separate decision package for operating lease adjustments, please reference that package here.

N/A

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

RCW 28A.160.192 will need to be amended, as would OSPI rules.

Expenditure and revenue calculations and assumptions:

Revenue Calculations and Assumptions:

Expenditure Calculations and Assumptions:

Agencies should display the calculations (e.g., unit costs and formulas) used to arrive at expenditure and workload estimates connected with the decision package. Clearly identify the factual basis of any policy or workload assumptions and how the cost estimates are derived from these assumptions.

Skill Center Cost Estimate

The calculation of the skill center transportation costs was based on a statewide average cost per mile for to-and-from transportation service (\$3.70 per mile). The following table shows the estimated round trips per day per school district. The estimated number of students from each school district is from the original skill center

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construction proposal. No data is available to estimate the number of students using district provided transportation versus other modes of transportation.

<u>District</u>	<u>Round Trip Miles</u>	<u>Round Trips per Day</u>	<u>Miles per Year</u>	<u>Est Cost per District</u>	<u>Est. No. of Students</u>
Walla Walla	8	2	2,880	\$10,654	126
Prescott	46	1	8,280	\$30,631	3.8
Waitsburg	34	1	6,120	\$22,640	7.8
Dayton	56	1	10,080	\$37,290	11.3
Touchet	42	1	7,560	\$27,967	7.1
Moses Lake	3	2	1,080	\$3,995	77.4
Warden	33	2	11,880	\$43,949	10.2
Ephrata	46	2	16,560	\$61,263	28.8
Quincy	78	1	14,040	\$51,940	27
Othello	49	2	17,640	\$65,258	34.2
Soap Lake	51	2	18,360	\$67,921	7.8
Royal	66	1	11,880	\$43,949	15
Coulee-Hartline	80.8	1	14,544	\$53,804	2.4
Wahluke	120	1	21,600	\$79,908	18
Wilson Creek	124.6	1	22,428	\$82,971	1.8
Grand Coulee	270	1	48,600	\$179,793	12.6
Totals				\$874,595	391.2

Charter School Cost Estimate

The charter school estimate is based on an estimated eight (8) charter schools starting up at the beginning of the 2014-15 school year. The enrollment of each charter school is estimated at 300 with the state average allocation for transportation of \$381.08 per student FTE of enrollment. The result is an estimated allocation of \$114,325 per charter school. The total statewide estimate for the eight charter schools is \$914,601.

<u>Number of Schools</u>	<u>Est. Students per School</u>	<u>Est. Trans Funding per Student</u>	<u>Est. Average Funding per School</u>	<u>Est. Total Funding</u>
8	300	\$381.08	\$114,325	\$914,601

Tribal Compact School Cost Estimate

The tribal compact school estimate is based on an estimate of one (1) tribal compact school starting up at the beginning of the 2014-15 school year that doesn't currently have its students participating in public school transportation. The enrollment of the tribal compact school is estimated at 300 with the state average allocation for

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transportation of \$381.08 per student FTE of enrollment. The resulting estimate for the transportation allocation for the tribal compact school is \$114,325.

<u>Number of Schools</u>	<u>Est. Students per School</u>	<u>Est. Trans Funding per Student</u>	<u>Est. Average Funding per School</u>	<u>Est. Total Funding</u>
1	300	\$381.08	\$114,325	\$114,325

Expenditures & FTEs by Program

Activity Inventory Item	Prog	Staffing			Operating Expenditures		
		FY 2014	FY 2015	Avg	FY 2014	FY 2015	Total
A033 Student Transportation	022				\$0	\$1,903,521	\$1,903,521
					\$0	\$0	\$0
					\$0	\$0	\$
Total Activities					\$0	\$1,903,521	\$1,903,521

Six-Year Expenditure Estimates

Fund	13-15 Total	15-17 Total	17-19 Total
001	\$1,903,521	\$1,829,203	\$1,829,203
Expenditure Total	\$1,903,521	\$1,829,203	\$1,829,203
FTEs			

Distinction between one-time and ongoing costs:

All costs are anticipated to be ongoing and added into maintenance level.

Budget impacts in future biennia:

OSPI does not know how many programs would be proposed in the future. There will be additional charter schools, and OSPI estimates that \$1,829,203 should be included in the funding model for these future start up schools, which equals the amount needed each year to start up 8 charter schools.