

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: HB 112

51st Legislature, 2nd Session, 2014

Tracking Number: .194937B.3

Short Title: School Transportation Info Reporting

Sponsor(s): Representative Dennis J. Roch

Analyst: David Craig

Date: February 5, 2014

FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE

Bill Summary:

HB 112 amends the *Public School Finance Act* to:

- change the reporting dates¹ for school transportation funding of school districts and state-chartered charter schools to the second reporting date of the prior year (from the first reporting date of the current year); and
- allow the State Transportation Director, with the approval of the Secretary of Public Education, to transfer funds from the Emergency Transportation Fund to provide for growth (based on the number of students reported on the second reporting date of the prior year as compared to those students reported on the second reporting date of the current year).

HB 112 includes an effective date of July 1, 2015 (FY 16).

Fiscal Issues:

According to the Public Education Department (PED) bill analysis:

- transitioning to prior year funding for transportation will give school districts the ability to plan better and make more conscientious decisions related to transportation as they will know their final allocations at the beginning of the fiscal year; and
- it will also be easier for school districts to negotiate their school bus contracts because they will know at the beginning of the fiscal year how much funding they will be receiving.

Substantive Issues:

HB 112 reflects the work of the 2013 LESC Interim Subcommittee on School Bus Transportation. The subcommittee met several times during the interim to discuss issues related

¹ In current law:

- the first reporting date (commonly referred to as the 40th day) is the second Wednesday in October; and
- the second reporting date (commonly referred to as the 80th day) is December 1 or the first working day in December.

to school transportation including legislation for transitioning to prior year funding for transportation. In 2013, the LESC endorsed legislation to change the reporting dates for school transportation funding to the average of the second and third reporting dates of the prior year; however, the bill did not pass.

In considering potential legislation, subcommittee members discussed:

- changing reporting dates to the second reporting period (80th day), since that represents the deadline for special education reporting requirements; and
- provisions for growth and a hold harmless provision for no less than 100 percent of the previous years' transportation allocation.

The subcommittee also heard testimony from PED staff that supported provisions that would:

- provide for the use of prior year ridership data in the transportation formula calculation;
- use prior year data to allow the formula to absorb some of the fluctuations; and
- give districts one year to adjust for funding decreases.

The subcommittee heard testimony from school transportation directors and others indicating that the second reporting date would be the most stable.

According to the PED bill analysis:

- the transportation formula for a given fiscal year is based on a tentative allocation using data from the prior fiscal year;
- school districts submit data on the first reporting period of the current fiscal year and the calculations are adjusted based on the new data;
- the adjustments lead to an increase or decrease in the calculations based on the new data submitted by every school district and state-chartered charter school;
- the current formula makes it very difficult for school districts to plan their budgets for any given year since it is not known what the budget will be at the beginning of a fiscal year;
- a school district will only know its final allocation after the final calculations are finalized which usually occurs in January of every fiscal year when half the year has already elapsed;
- it is difficult for school districts to negotiate their contracts with their contractors because they do not know how much they have to offer; and
- moving to prior year funding may give declining school districts a year to plan for any significant declines in enrollment because they too will not be affected until the following year.

With regard to state-chartered charter schools, the PED bill analysis states that:

- it will be difficult to add new state-chartered charter schools to the transportation distribution under the proposed method because they would have no prior year data; and
- currently, they provide estimated information to PED which is adjusted after the first reporting period.

The PED bill analysis provides two options for adding new state-chartered charter schools to the transportation distribution:

- a new charter would have to fund their first year with operational funds or;
- PED could allow estimates for first time charters; however, a charter school may be overfunded if their estimates do not materialize. Going to prior year funding does not allow for this adjustment.

Committee Referrals:

HTPWC/HEC

Related Bills:

HB 97 *School District Liens on Certain School Buses*
HB 98 *School Bus Fuel Gross Receipts*
HB 156 *Fuel Prices a School Transportation Emergency*
HB 157 *School Transportation Training Fund*
HB 158 *School Bus Security & GPS*
HB 169 *School Transportation Boundary Agreements*
SB 258 *School Transportation & Tribal Leaders*
SJM 12a *Study Transporting School Students*