

Ohio House School Funding Workgroup
Transportation subgroup
Summary of work

The transportation subgroup has been meeting monthly since inception to study school transportation services in Ohio. To frame the conversation, the subgroup looked at transportation services being offered in Ohio, considered the offerings in adjacent states, and looked at the challenges that are being met by Ohio's public schools. After this review, the subgroup prepared recommendations necessary for the continued safe transportation of pupils to and from educational services in Ohio.

Ohio Service Profile

Ohio public schools provide home-to-school transportation for nearly 800,000 students daily. Districts use 15,000 buses to accomplish this, travelling 1 million miles per day. The total expenditures by our districts are over 800 million dollars per year. The average cost to keep a bus on the road is \$52,000 for one school year. The cost to purchase a new bus is between 85,000 and 90,000, and the life expectancy of a school bus is 12-15 years.

State funding provided for transportation in FY17 was \$526 million. In FY18 that funding was reduced to \$485 million, with an additional reduction scheduled for FY19. These cost reductions have resulted in new costs to public school districts with no chance of recovery from other sources. Without sufficient local funding to meet the new costs, and limited ability to raise local revenues, districts have resorted to cancelling services that communities depend upon and in some cases reallocating funding that was previously dedicated to educational services.

Ohio public schools are required to provide transportation for students attending nonpublic and community schools located both within their districts and outside of the district, providing that they are located within 30 minutes of their assigned public school. Public schools are obligated to provide transportation service to the above schools on any day they are open, regardless of the public school's calendar, and are also required to meet their attendance times, again regardless of conflicts with the public school attendance times. Because of the limited control public schools have over the times, days, and riders on these buses, the cost is much higher than transporting public school students.

Families and communities in Ohio have come to depend upon school transportation for transportation to not only their neighborhood schools, but also for transportation to school choice programs outside of their local communities. This is a significant benefit for families, but also a remarkable burden upon school districts. As costs have continued to rise and state funding has been reduced, in some cases public schools are finding the need to cancel transportation service for some of their own public school students in order to continue providing the mandated transportation for school choice programs.

The subgroup also heard from Columbus public schools about the challenges to the large school districts and from the Ohio Catholic Conference about the needs of students educated in nonpublic schools. Another presentation considered by the subgroup was from the Muskingum Valley Educational Service Center which focused on collaborations between districts and the value of coalitions in developing cost efficiencies in pupil transportation.

Service provided in surrounding states

A review of states surrounding Ohio yields the following information:

State	Pupils transported	State funding	\$/rider	Nonpublic transportation	Community school transportation	Out-of-district service
Pennsylvania	1,378,793	530,936,820	385	Local policy	Local policy	Permissive
Kentucky	393,066	430,390,893	1,094	NP pays district	None	None
Indiana	650,000	720,122,791	1,107	Only if along existing route	Only if along existing route	None
Michigan	636,344	713,844,068	1,121	No transport	No transport	Permissive
Ohio	800,000	485,000,000	606 (FY18) 530 (FY19)	Required	Required	Required

Not all districts have the same capacity to transport students

The cost of transportation for Ohio’s schools has been increasing steadily. Not all districts have the same resources available, consequently the transportation provided by all districts is not comparable. In addition to the funding shortage that faces nearly all districts, those with a higher number of students electing to be attend nonpublic or community schools have the additional cost of providing this mandated transportation. This service has a significantly higher cost than the transportation of public school students within normal district boundaries.

In a cost analysis based upon the FY17 school year, the costs for transportation based upon school of choice was determined as follows:

School type	Total cost to transport	Cost per student
Public school students	\$572,599,705	\$ 824
Nonpublic school students	\$122,450,403	\$ 3,740
Charter school students	\$ 48,758,388	\$ 2,618

This difference in cost is explained by a number of factors. The most significant is that there are not as many bus riders attending nonpublic or community schools. This results in the use of a bus that is not heavily loaded. Districts report average ridership on a nonpublic bus of 14 students and on a community school bus of 20 students. As a comparison, districts are able to average 77 students on public school buses-representing a double tier route which is very cost effective.

With no control of the bell times set by the school choice programs, public schools frequently have to add extra buses to their fleet to accommodate those programs. Another factor in the higher cost is that state law requires transportation of these students even when their school of choice is located outside of the public school district boundaries. While there is a 30-minute restriction in place, there is still sufficient demand to transport to 'out-of-district' schools that additional buses and drivers are required.

The increased cost for these school choice programs, for which transportation is mandated, results in an additional resource drain on the district. When funds are limited, the only option the district has to operate within its fiscal capacity is to limit the transportation services for public school students within the district.

Maintaining the bus fleet

The most significant cost factor in providing school transportation is the operating cost of the school bus. As buses age, the operating cost increases due to maintenance and repair costs as well as loss of fuel efficiency. National studies have shown that this class of vehicles loses cost effectiveness after 8 years of service and should be replaced. With a replacement cost of \$85,000, our public schools have not been able to replace vehicles when appropriate and have continued to incur increasing operating cost as the fleet ages.

For many years the state provided a bus purchase subsidy to assist districts with the replacement of school buses. Some of those funds were earmarked for the mandated transportation of special education students and students attending nonpublic schools, with the balance used for assistance to replace the oldest buses. That funding ended in FY09, leaving districts with only their local resources to replace buses.

Since the state funding assistance ended, the rate of bus purchase in Ohio has dropped significantly. The buses used on school routes have increased in age and subsequently the operating cost has continued to increase. In some cases, buses have only been retired from service when the state patrol inspection teams have informed the district that the vehicle is no longer safe to be used for passenger transport.

The subgroup reviewed different options for supporting bus purchase, including bulk purchasing as well as the use of consortiums. What the committee learned is that buses can be purchased through consortiums, but sales margins in the industry are so low that there is little if any price advantage. The downside of bulk purchases is that the vehicle specifications must be identical, which then compromises the differing needs in each of our unique districts.

School buses are expensive vehicles, both to purchase and operate. When they are evaluated with respect to the number of passengers they carry--they are cost effective. The cost to transport a child for a year on a well-maintained bus with an effective route are less than the cost a parent would incur for transporting their child in the family car. As we add more students to each bus, the cost per student continues to decrease.

Another benefit of the use of buses as a form of mass transit is the reduction in the number of vehicles on the roadway. National study has shown that the average school bus replaces 35 cars on the roadway. Perhaps the most significant benefit of school bus transportation is the safety factor. The Transportation Research Board of the National Research Council reports that students in cars are up to 25 times more likely to be injured or killed when riding in a car than students riding in school buses.

Controlling costs

Public schools are motivated to operate as cost effectively as possible, but sometimes are so busy trying to meet the daily demands of service provision that they leave room for improvement. The subgroup recognizes that while funding is essential, it is also important for district administrators to increase local efficiencies. This can be done through effective routing within the district as well as through collaboration with adjacent districts. Rather than mandating collaboration, the subgroup believes it is better to incentivize best practices that lead to efficiencies, whether they are internal to the district or as part of a collaborative effort.

Another aspect of cost management is that we need to provide our districts with the authority to use their buses as they decide locally, including bus service for local community activities as long as costs are reimbursed. This promotes good will within the local community and helps all parties to benefit from the effective use of tax-based resources.

Identifying the funding needs for transportation

The history of school transportation funding in Ohio has included frequent changes during the last decade. Each of these changes has resulted in a different formula and different rules, with differing impacts upon the affordability of transportation at the local level. Our schools need a long-term funding formula that they can understand, that provides funding for all students the district determines to transport, that appropriately funds mandated services, and that promotes and rewards efficiencies.

Transportation funding should be calculated and paid independently of the education foundation formula. With a fully funded formula that is supported by stakeholders and provides a single clear stream of revenue, there is no need for guarantee or cap calculations. In the current funding model, transportation funding is paid through the transportation formula, through a calculated supplement, and through the transitional aid guarantee. This last stream is a result of the 25% decrease in the funding formula over the last two budget years, which has resulted in districts being moved into the guarantee because of their loss of transportation funding.

Transportation funding from the state should include not only the formula for bus transportation as identified in ORC, but also funding for other types of service allowable in law, without exception.

Funding for special education transportation is also a critical need. Costs have continued to rise, however the state set-aside for special education funding has not been increased since 2009. The existing formula should be maintained, but the budget set-aside allocated for special education transportation should be increased to match the reported costs from the previous school year. This transportation is required by state and federal law. Districts are dependent upon the state assistance to provide it for this special population of our students.

Summary

The subgroup carefully considered the many services currently offered for Ohio's families and their students. We appreciate the dependence on those services and the inherent value, but also recognize the necessity of living within our means. The subgroup firmly believes that continuance of the mandated services is dependent upon funding being provided to the districts.

Relying on local funds alone is not sufficient. Failing to provide sufficient funding for transportation will result in the need to undertake the difficult process of determining which services should be shed. The following pages detail the individual recommendations for changes in pupil transportation funding submitted by the subgroup.

Transportation Data associated with subcommittee task force report

A Asynchronous calendar cost				
Cost for operating school buses on asynchronous calendar days:				
(cost basis is ODE's reported cost per mile for FY18)				
<i>Source of data: ODE T1s reports</i>				
ODE data year	reported miles	\$	4.67595	
FY11	1204411	\$	5,631,766	
FY10	1107011	\$	5,176,328	
FY09	1217785	\$	5,694,302	
FY08	936886	\$	4,380,832	
FY07	1018425	\$	4,762,104	
B Payment in lieu of transportation				
<i>Source of data: ODE T1 reports</i>				
ODE data year	District cost	Total pupils		
FY18	\$ 4,734,750	18939		
FY17	\$ 4,152,000	16608		
FY16	\$ 4,210,500	16842		
FY15	\$ 4,709,000	18836		
FY14	\$ 5,126,750	20507		
C Pupils served by all types of transportation (includes transit, van, and payment in lieu)				
<i>Source of data: ODE T1 reports</i>				
ODE data year	total pupils	Public	Nonpublic	Charter school
FY18	823,769	749,245	54,733	19,791
FY17	835,266	754,672	56,496	24,098
FY16	834,195	752,843	55,874	25,478
FY15	832,921	756,028	54,398	22,495
FY14	837,232	756,670	54,320	26,242
D Average riders per school bus				
<i>Source of data for state average riders: ODE T1 reports</i>				
<i>Source of data for nonpublic and charter school riders: District survey done by OSBA</i>				
Average all types	54	(total t1 bus riders / buses)		
nonpublic	14	reported by districts		
charter	20	reported by districts		
public	77	calculated		
E FY17 bus cost summaries - calculated based upon cost per school bus				
<i>Cost per bus for FY17 based upon T2 & T1 data: \$52,358</i>				
Rider type	Total cost	Bus riders	Cost / rider	
All bus riders	\$ 743,808,495	746,313	\$ 997	
Public	\$ 572,599,705	694,946	\$ 824	
Nonpublic	\$ 122,450,403	32,742	\$ 3,740	
Charter	\$ 48,758,388	18,625	\$ 2,618	

Transportation subgroup recommendations summary

(detailed language for each recommendation has also been prepared by the subgroup)

- 1) Resolve transportation service requirements for asynchronous calendars and bell time conflicts.
 - a) Eliminate the requirement for public schools to provide transportation services for nonpublic, community, and STEM schools on days the public school is closed, unless funding is provided by the other school or the state.
 - i) This service was formerly funded from the transportation budget. That funding was stopped by ODE in 2011. Most recent data available indicates that this service costs districts \$5.6 million per year.
 - b) Establish a drop-off window of up to 30 minutes before the start of first class and after close of the last class for nonpublic, community, and STEM schools.
 - i) Public schools districts are required to provide transportation that meets the bell time set by these schools and have no input or influence on these times. This typically results in conflicts in transportation needs with district schools as well as with other nonpublic and community schools, resulting in the need to add additional routes and buses at significant cost. This flexibility in transportation times codifies ODE guidance which has been given to schools since 1965 but which is not documented.
- 2) Limit the transportation obligation of public schools to serve only nonpublic, community and STEM schools located within the public school district boundaries.
 - a) Transportation for limited numbers of students outside of the public district's boundaries is costly, both in terms of added buses and drivers needed to provide that service. Without sufficient funding to provide this service, public school districts are forced to abandon the transportation of their own students so that they can meet the statutory obligation to provide transportation to small numbers of students that choose to attend schools outside of the district.
 - b) Unless funding is established to support this costly transportation, the obligation in RC 3327.01 should be modified to limit the required transportation to only schools located within the boundaries of the public school district
 - i) Data from the previous school year indicates that the average cost per pupil for busing nonpublic students is 4.5 times that of public school students; for community schools it is 3 times greater. Since funding provided by the state is flat across all types of students, districts need additional assistance managing this incremental cost.
- 3) Promote collaboration among school districts to develop efficiencies in transportation.
 - a) Create a grant program that promotes collaboration. These grants would help to defray the start-up costs in developing collaborative agreements and would promote the development of efficiencies that reduce the cost of transportation.
 - i) With a state budget that is based upon the previous year's average cost of transportation, the incorporation of efficiencies that reduce the average cost of transportation will benefit the state as well as the districts providing the service.

- 4) Grant local boards the authority to operate their buses for trips other than educational purposes.
 - a) Public school districts should have the authority to operate the buses that they own to support their local community and for emergency purposes without restriction or limitations otherwise imposed upon commercial transportation operations. This is consistent with Ohio's classification of public school districts as local political subdivisions.
 - b) With this authority to operate under their own controls, districts should also recover costs as appropriate for these operations.
 - i) This promotes good community relations and fosters better support of school activities and levies.
- 5) Modify the transportation funding formula for bus riders, with the goals of making it understandable, based upon stakeholder input, promoting efficiency, accommodating special conditions, and calculated and paid through a single funding stream as follows:
 - a) Clarify definitions and correct as necessary.
 - i) Define density as riders divided by square miles.
 - ii) Define eligible riders as all passengers transported including open enrollment and preschool students.
 - iii) Define efficiency as all bus riders divided by the number of buses.
 - b) Continue to use a per mile or per student cost basis, calculated as the previous year average per mile or per student cost reported by districts to ODE.
 - c) Fund transportation of all students, including students less than 1 mile from school that districts are transporting because it promotes safety and attendance, and is responsive to community needs.
 - d) Reward efficiency: Provide additional funding to districts that demonstrate efficiency that exceeds a calculated target efficiency.
 - i) Efficiency defined as ratio of actual bus riders divided by a target value of bus riders per bus.
 - e) Allow districts to report ridership ADM to ODE as the morning or afternoon count of bus riders.
 - f) Include an adjustment in the funding formula for districts that transport a higher percentage of nontraditional (nonpublic, community or STEM) students.
 - g) Fund transportation at the greater of 60% or the district's calculated state share of the foundation funding formula.
 - h) Require ODE to continue funding all other types of transportation including public transit, payment in lieu, and van service as specified in existing budget law under "other types" of transportation service.
- 6) Move transportation funding payments outside of the foundation payment system, so that it is not affected by other funding programs and is exempt from caps and guarantees.
- 7) Eliminate the supplemental funding stream.
 - a) Include this funding inside of the transportation calculations
- 8) Increase available funds for special education transportation.
 - a) The set-aside within the state transportation budget has not been increased since 2009. Special education funding is the most expensive form of transportation that districts are

required to provide, with costs per student regularly exceeding \$5,000 per student per year. With a set-aside that has not been adjusted for over 10 years, costs that continue to escalate, and increasing transportation requirements that include other subsets of customized service (such as foster students, homeless students, and court placed students) districts are required to provide increasing levels of personalized service with no additional resources.

- 9) Establish a school bus purchase assistance program.
 - a) School buses are the most expensive asset used in the provision of school transportation. There has been no state assistance for purchasing school buses since 2009.
 - b) Districts are required to purchase additional buses to accommodate required transportation for nonpublic, community and STEM schools.
 - c) With insufficient local funding to replace school buses at an appropriate level, the bus fleet in Ohio has been aging. This has resulted in additional operating costs for school districts and contributes to higher average costs of transportation services.
 - i) The replacement of school buses with newer models will enhance safety and reduce operating costs for schools. These reduced operating costs will be reflected in the funding calculations for school transportation which are based upon the average costs reported to ODE by our school districts.