

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: HB 164a

52nd Legislature, 1st Session, 2015

Tracking Number: .198918.1

Short Title: School Transportation Info Reporting

Sponsor(s): Representative Dennis J. Roch and Others

Analyst: David T. Craig

Date: February 18, 2015

FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE

AS AMENDED

The House Education Committee amendments:

- **clarify that reporting is required each year; and**
- **add a temporary provision for the transportation distribution for FY 16 that:**
 - **bases the allocation on the tentative transportation budget of a school district or state-chartered charter school for FY 16; and**
 - **adjusted so that it equals the amount the school district or state-chartered charter school is entitled to receive based upon the number of students transported on the first reporting date of FY 16 and adjusted for special education students on December 1, subject to audit and verification.**

These amendments leave the current system in place, yet allow data collection by the Public Education Department for the new reporting dates, in FY 16; and provide for full implementation of prior-year funding based on the second and third reporting dates in FY 17.

Original Bill Summary:

HB 164 amends the *Public School Finance Act* to change:

- the reporting dates for school transportation funding for school districts and state-chartered charter schools:
 - from the first reporting date (which is the second Wednesday in October);
 - to the average of the second and third reporting dates¹ (which are, respectively, December 1, or the first working day in December, and the second Wednesday in February);

¹ The first, second, and third reporting dates are commonly referred to as the 40th, 80th, and 120th day reporting dates, respectively.

- the transportation allocations to each school district and state-chartered charter school to an amount calculated and distributed for the entire school year using an average of the amounts reported on the second and third reporting dates.

If enacted, the provisions of HB 164 become effective on July 1, 2015.

Fiscal Impact:

HB 164 does not contain an appropriation.

Substantive Issues:

Current provisions of the *Public School Finance Act* require school districts and state-chartered charter schools to provide information for the distribution of the school transportation allocation through the school transportation funding formula. Under current statute the funding formula allocations for the first six months of the school year are based upon a tentative school budget for the current fiscal year. However:

- funding of the tentative budget has to be adjusted mid-year;
- allocations for the remainder of the school year are adjusted to equal the amount a school district or state-chartered charter school is entitled to receive for the entire year based upon the first reporting date of the current year; and
- as a result, mid-year changes in the distribution of the school transportation allocation for even one school district affects all school districts and state-chartered charter schools receiving distributions from the school transportation fund.

According to the (Legislative Education Study Committee) LESC Interim Subcommittees on School Bus Transportation (see “Background,” below), the uncertainty of the mid-year adjustments to the yearly school transportation allocation creates an unstable environment for school districts or state-chartered charter schools developing school budgets for transportation programs or managing contracts with school bus contractors.

The Public Education Department (PED) bill analysis states:

- transitioning to prior-year funding for transportation will give school districts and state-chartered charter schools the ability to plan their annual transportation program more accurately and make more informed conscientious decisions related to transportation as they will know their final allocations much earlier in the year; and
- it appears that contractors will benefit as well in that school districts and charter schools will know exactly what their total allocation will be for the year, allowing more informed negotiations of bus contracts.

Technical Issues:

According to the PED bill analysis:

- information was not collected on the second and third reporting date for FY 15;
- in order to begin the collection of data for FY 16 for allocations in FY 17, it is necessary:

- for the amended provisions of Subsection A to become effective on July 1, 2015; and
- for the amended provisions of Subsections B, C and D to become effective on July 1, 2016;
- language may be needed to clarify that the allocations for FY 16 will be made under current statute; and
- the changes within this bill will affect the FY 17 allocations.

The sponsor may wish to consider:

- whether the bill requires separate effective dates for the different subsections; and
- if language is necessary to clarify how allocations will be made in the transition year of FY 16.

Background:

HB 164 reflects the work of Subcommittees on School Bus Transportation that the LESC formed in the 2012 and 2013 interims. During both subcommittees' interim meetings, members heard testimony from LESC staff regarding policy considerations for transportation funding based on a different, prior year funding period similar to other education funding provisions in law. LESC staff provided testimony that the State Equalization Guarantee distribution, for example, is based on the average student membership of the second and third reporting periods.

Several stakeholders provided testimony that:

- while public school budgets are determined on prior-year reporting dates, the school transportation distribution is based on a current-year reporting date; and
- using a prior-year number would allow more predictability on available dollars when developing budgets.

The subcommittees also heard testimony from PED staff that provisions for prior-year funding for transportation would:

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

In both 2013 and 2014, the LESC endorsed the subcommittees' recommended legislation to change the reporting dates for school transportation funding to dates of the prior year; however, the bills did not pass.

Committee Referrals:

HEC/HTPWC

Related Bills:

HB 73 *School Bus Security & GPS Systems*

HB 166 *Charter School Transportation Agreements*

SB 129 *School District Liens on Some School Buses*

SB 201 *School Bus Fuel Gross Receipts*