



Update on School Transportation Funding

February 25, 2014

Background

Since the Fall 2013, several education advocates have been exploring the possibility of increased funding for the school transportation program. The context for this discussion had the following elements:

- The Administration made a conscious decision to keep School Transportation outside of the new LCFF funding formula.
- At the same time, the Administration was committed to using increased revenues only for paying off deferrals and the new LCFF funding formula.
- A clear message sent by the Administration that no new education programs would be funded in the budget.
- Any effort to secure additional funds for school transportation requires the Administration's involvement from the beginning of this process. Involving the Administration after legislation is introduced or moves through the process is a losing proposition.

The participants included:

- Michael Rea, CA Association of School Transportation Officials [CASTO]
- Steve Henderson, CA School Employees Association [CSEA]
- Michael Hulsizer, Kern County Office of Education
- Dave Walrath, Small School Districts Association
- Jeff Frost, Suburban School Districts Association
- Andrea Ball of the CA School Boards Association [CSBA] and
- Jeff Vaca of the CA Association of School Business Officials [CASBO]

Strategic Education Services [SES] facilitated these discussions and provided the computer simulations on school transportation costs by district.

This is an outstanding coalition of participants from the education community. It involves statewide organizations from both management and labor and school districts from urban, rural and suburban communities. Rarely do you get a mix of advocates from such diverse communities within education for a united cause. This group has worked well together in reaching consensus on a mutual objective and strategy.

Proposal

After several discussions and inquiries with the Administration, the following proposal was developed:

- To provide school transportation equalization funding for districts that are reimbursed at less than 50% of state approved costs.
- Provide a cost of living adjustment to all school districts equal to the GNP State and Local Price Deflator.
- Implementation of this proposal is contingent only on the availability of new revenues in the budget.

Currently, the state reimbursement for school transportation reimburses 38% of the approved costs. We estimate that the additional funding required to meet the 50% target is \$204.5 million. These funds will be paid to districts through the 2020-21 year, the same time frame required for the state to meet the LCFF funding target.

Initial Response

As an initial reaction, the Administration has responded positively to this proposal:

- The proposal responds to a long standing problem in the school transportation formula where the reimbursements are not distributed in relation to the actual costs borne by districts.
- The proposal does not include restoration of the 20% cut that took place in 2008-09. This is a non-starter for the Administration.
- Under this proposal, we are making significant progress in eliminating the disparities in the existing program. We will still have a lot more to accomplish, but this is a good starting point.

Next Phase

To keep the issue on the radar and to ensure legislative input into this process, SB 1137-Torres has been introduced. The bill does not yet contain the language reflected in this proposal and will be amended in the near future. The bill is sponsored by the CA School Employees Association and co-sponsored by the CA School Boards Association.

Once the bill is amended, we will be working to secure co-authors of the legislation. We will also be seeking the support of other statewide education groups and school districts. Finally, we will be working to meet with members of the policy and fiscal committees to ensure that SB 1137 moves through the process.

Funding Adequacy

Some have argued that the funding request is meager in comparison to the overall needs in the school transportation program. The deficit in the school transportation formula exceeds \$800 million and this proposal is insufficient to offset this major funding shortfall.

We could not agree more that we need to do everything possible to fully fund the school transportation program. Getting students to and from school is a necessity, not a luxury.

SB 1137 is the start of a process to move in that direction. It is not an end in itself. To achieve something this year, it was important to provide a proposal that the Administration would not reject right away to ensure that it receives full consideration for adoption in this budget. We are hopeful that if we can secure something for school transportation in the budget this year, it can lead to a fuller discussion in the future not only on adequacy but also on the appropriate funding formula for school transportation which is addressed in the LAO report.

But we think a full discussion of those issues will take at least a year and perhaps longer. We need to educate the legislature and establish a culture where school transportation needs to be funded adequately. For 30 years we have not funded growth and because of term limits, the new crop of legislators has no idea about this past history. To achieve our longer term goals we need to move this funding proposal in order to create the opportunity moving forward to expand it so that we can go beyond the 50% level.

In the meantime, it is important that some resources get infused into school transportation when there are revenues available to do so. The timing is right for providing some minimal assistance to the program now and begin to engage in a fuller discussion on the formula in the near future.

Conclusion

We will keep you posted on future developments on this effort. We are hopeful that ongoing discussions with the Administration coupled with our advocacy on SB 1137 in the legislature will enhance our chances for funding.

We will be calling on you at the appropriate time to send support letters, email, and phone calls in support of these efforts. We look forward to work with you on this cause.