

2018 School Transportation Management Forum

Transportation Cost Drivers

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Overview



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- Introduction
- The Cost of People
- Cost Drivers**
- Combining Resources
- Final Thoughts

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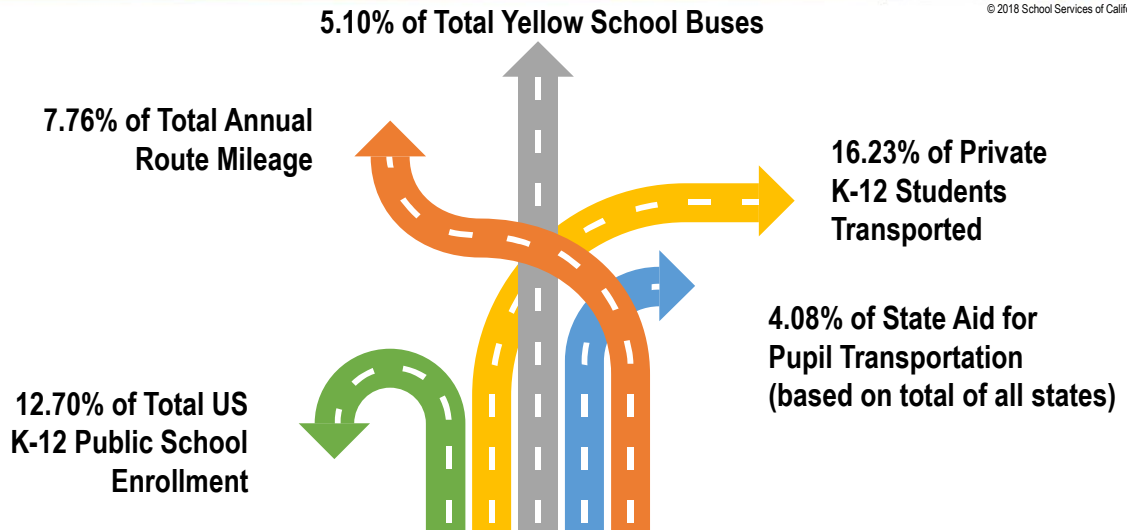
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California Statistics



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Home-to-School Transportation



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Home-to-School Transportation is not a requirement in California

Many districts are contracting out or eliminating transportation

Districts are allowed to charge for regular, home-to-school transportation

Districts may elect to reimburse parents for transporting their students

Transportation for Students With Disabilities



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Education Code Section (E.C.) 56040 states:

“Every individual with exceptional needs, who is eligible to receive special education instruction and related services shall receive that instruction and those services at no cost to his or her parents or, as appropriate, to him or her.”

- Special Education transportation is defined as a related service
- Transportation is required to be provided as a related service if it is required to assist a child with a disability benefit from Special Education
- In addition, as required for any Special Education program, the service must be provided to meet the criteria for a free and appropriate public education

Notes



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Where the Dollars Go (General Fund)



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	2014	2015	2016	2016 - 2014	% Change
Certificated	\$186,646	\$199,431	\$82,854	\$ (103,792)	-55.61%
Classified	\$510,627,386	\$544,884,013	\$566,164,281	\$55,536,894	10.88%
Benefits	\$231,512,598	\$246,722,230	\$265,569,916	\$34,057,318	14.71%
Books and Supplies	\$130,522,867	\$115,850,668	\$117,464,282	\$ (13,058,585)	-10.00%
Services	\$376,717,511	\$412,076,987	\$460,919,313	\$84,201,802	22.35%
Capital	\$57,256,364	\$73,853,505	\$95,894,314	\$38,637,950	67.48%

Source: 2016-17 state-certified data

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Over Half the Total Cost is People!

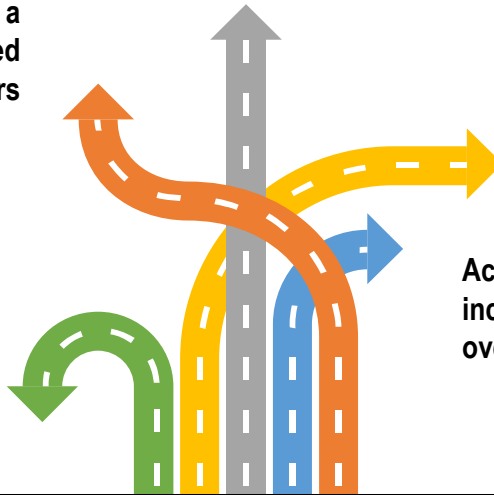


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We are experiencing a shortage of qualified school bus drivers

We are in a people business, buses don't drive themselves



Rising pension costs increase the overall cost of transportation

Across-the-board salary increases increase the overall cost of transportation

What the Funds Provide – Drivers Who . . .



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- Ensure the safety of children getting on and off the bus
- Attend to the needs of children with disabilities
- Keep order and safety on the school bus
- Understand and enforce the school system's rules of conduct
- Report disciplinary problems to the school district or parents
- Follow a planned route according to a time schedule
- Obey traffic laws and state and federal transit regulations
- Follow procedures to ensure passenger safety
- Keep passengers informed of possible delays
- Perform basic maintenance (check the bus tires, lights, and oil)
- Keep the bus clean and presentable to the public

Source: Bureau of Labor Statistics – Occupational Outlook Handbook

We Are the Largest Employers for Bus Drivers



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Employer Type	% of Total
Elementary and secondary schools; local	40%
School and employee bus transportation	30%
Local government, excluding education and hospitals	11%
Other transit and ground passenger transportation	7%

Source: Bureau of Labor Statistics – Occupational Outlook Handbook

School Bus Drivers Must Receive Training



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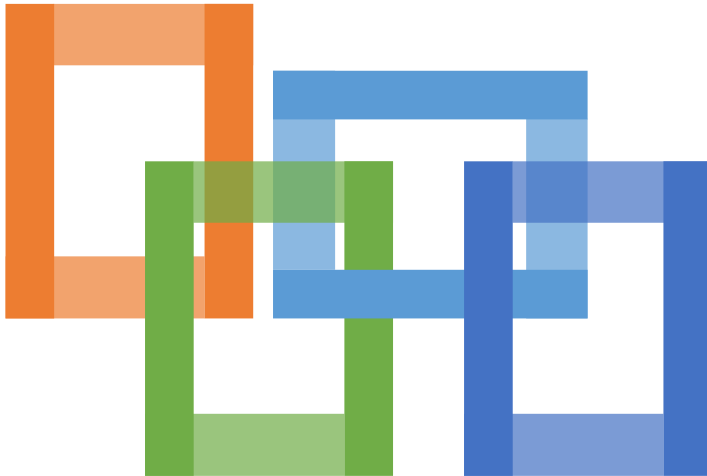
- Education Code requires that school bus drivers receive a minimum of 20 hours of behind the wheel training
- Driver training can only be performed by a state-certified school bus driver instructor; or for behind the wheel only, a state-certified delegated behind the wheel instructor
- They must also complete ten hours of in-service each year to keep their certification
- All testing is performed by the California Highway Patrol
- They must also perform bus evacuation drills and safety information for certain students annually
- They must also submit to random drug testing

Working Conditions Affecting Recruitment and Retention of Drivers



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Source: Bureau of Labor Statistics – Occupational Outlook Handbook

School bus drivers work only when school is in session

Some make multiple runs if schools in their district open and close at different times

Others make only two runs, one in the morning and one in the afternoon, so their work hours are limited

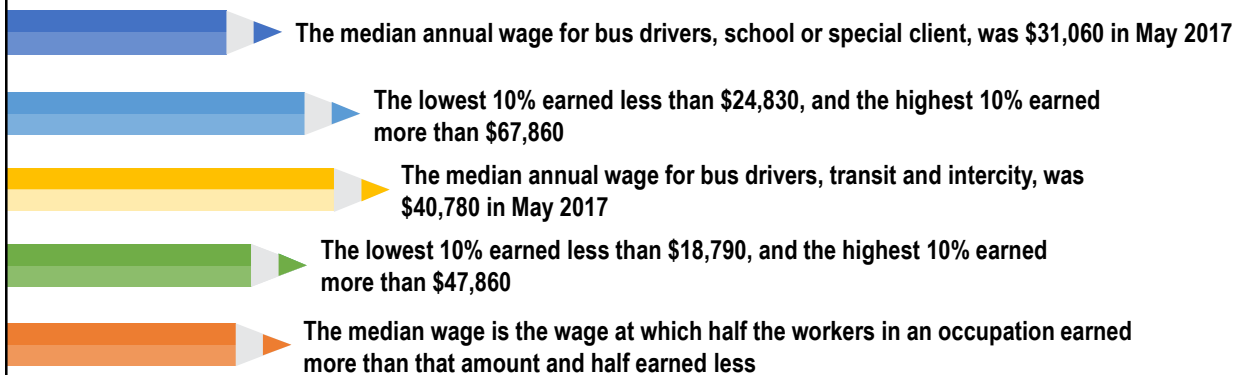
Driving through heavy traffic or bad weather and dealing with unruly passengers can be stressful for bus drivers

Pay Is Lower for School Bus Drivers



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Source: Bureau of Labor Statistics – Occupational Outlook Handbook

Injuries



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According to the Bureau of Labor Statistics, drivers are more likely to have work-related injury claims thus increasing overall costs



Drivers are absent more often with work-related injuries due to severity of injury, impairment from medication, and other reasons

Substitutes



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- Drivers working part-time with no benefits are more inclined to miss work than those working full-time with benefits
- Substitute bus drivers are working nearly as much as those regularly employed
- A driver shortage has been known in California since prior to 2015, thus employing more substitutes
- Many districts offer positions as permanent substitutes so that drivers are ready to deploy when there is a need without disruption to the student passengers



Transportation Cost Drivers

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Do any of these sound familiar?

Why are we still offering transportation?

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If we don't provide the service, the student's won't come to school

We should consider charging for home-to-school transportation

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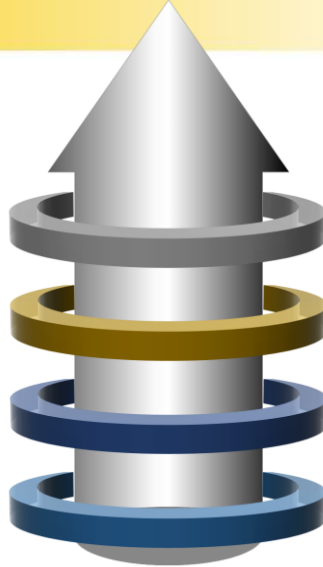
Things That Add Cost – Big Items



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- Redundant routes – due to ineffective bell schedules
- Constant recruitment, training, replacement of employees
- Door-to-door transportation – for students with special needs (often adds to redundancy)



- Minimal walking distances
- Half-day kindergarten
- Field trips/camps/athletic events
- Bell schedules
- Buses and major components (engines, transmissions)

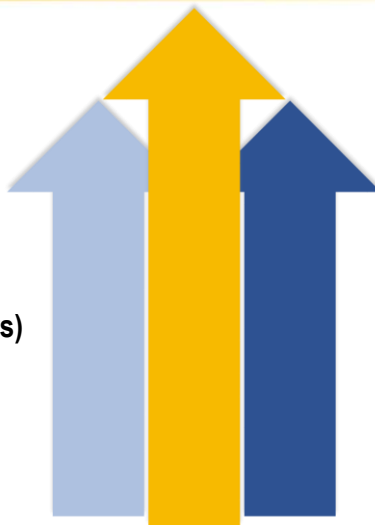
More Things That Add Cost – Small Items



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- Driver training
- Driver medical certifications
- Substitutes (for absences, not extra drivers)



- Workers' Compensation Claims
- Uniforms
- Preventative Maintenance

Pick the Low-Hanging Fruit First



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- Analyze routes and walking distances – eliminate redundancies, increase walking distances
- Analyze absenteeism and use of substitutes (should some positions be created to eliminate the revolving door)
- Work with the Superintendent and Principals to have a voice in major decisions impacting the bell schedule including minimum days or late-starts
- If working for multiple districts, talk about the need to coordinate annual calendars and bell schedules
- Work with individualized education program (IEP) teams to determine when and how transportation should be added to an IEP

Use Data to Inform Decision Making



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- Comparable data between your local educational agency (LEA) and others helps to illuminate patterns that might be similar to your revenue and expenses, mileage, and staffing, but a deeper dive in to the data will illuminate other areas to explore
- Key Performance Indicators (KPIs) compare various data points between your LEA and others across the state and nation
- KPIs were developed in a nationwide survey of large city school districts – the Council of Great City Schools (CGCS)
- CGCS publishes a report each year, which you can download for free at the following website: <https://www.transact.com/kpis-and-benchmarking-report-2016>

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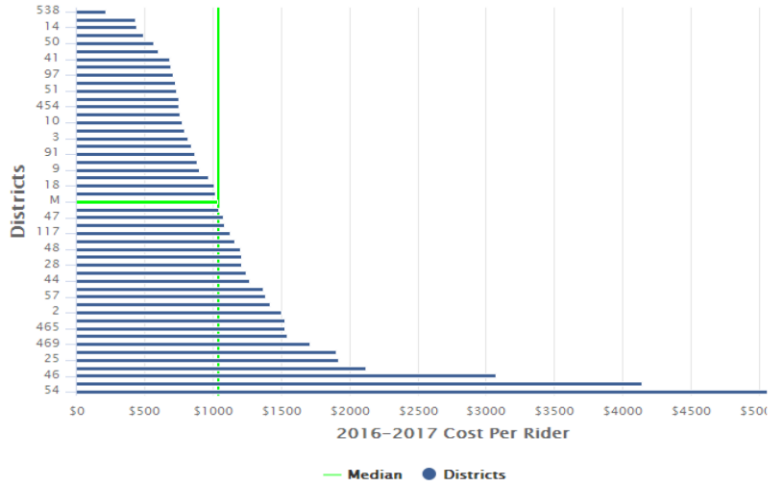
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Cost Per Rider



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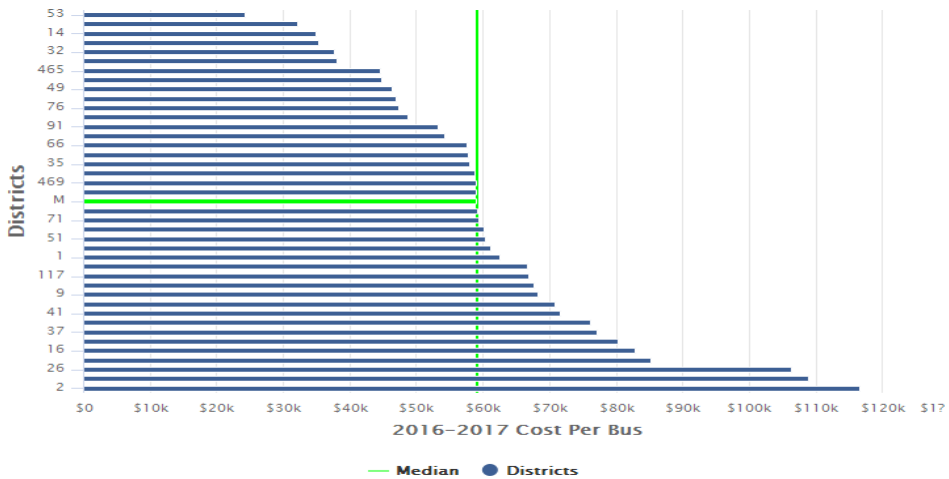


Cost Per Bus



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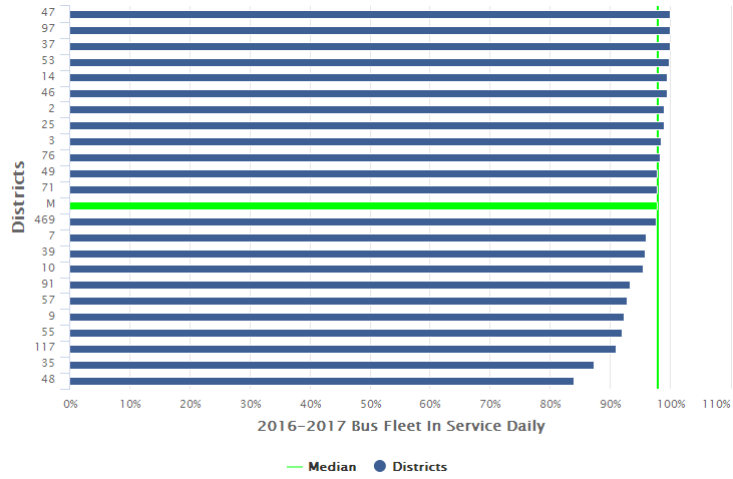
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Bus Fleet In Daily Service



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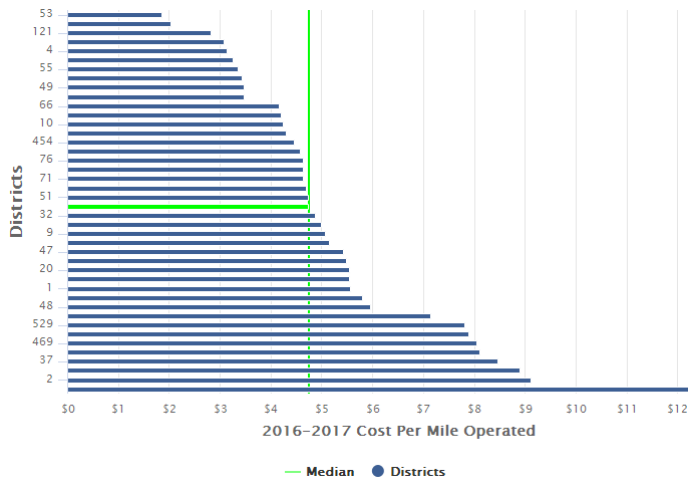
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Cost Per Mile



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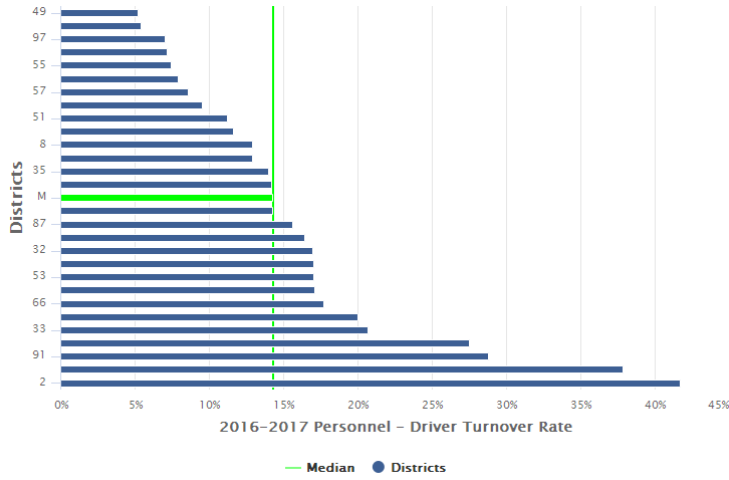
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Driver Turnover Rate



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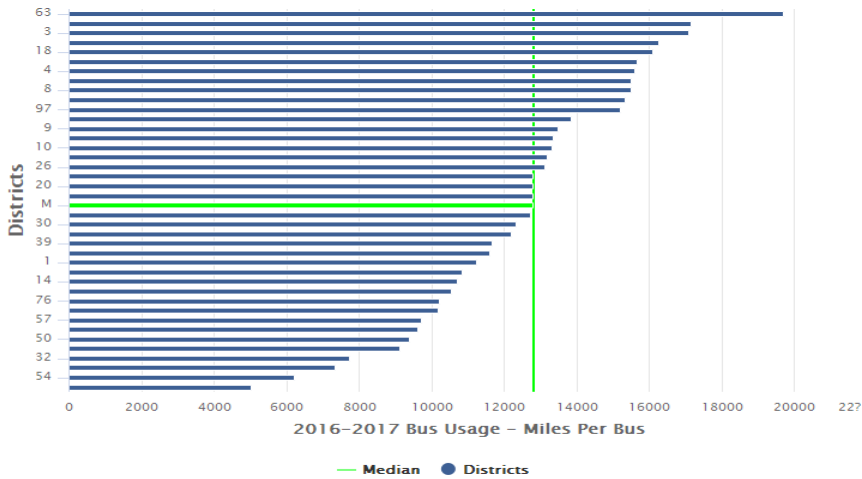
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Miles Per Bus



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Analyzing Data to Determine Cost Savings



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- When you are able to analyze and compare data, areas of concern are easily identified
- LEAs should carefully drill down on the data to determine anomalies before making decisions, sometimes the difference is reasonable and can be explained
- When the differences can't be explained, or are unreasonable, it's time to look more closely at those areas
- The KPIs we provided were a sampling, there are others that can be used as measurements for department and cost effectiveness

Notes



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Joint Powers Agreement or Shared Services



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Joint Powers Agreements

- Formalized agreements under statute
- Leaving Joint Powers Agency (JPA) is more complex
- JPA is employer
- Separate Governing Board
- Subject to Brown Act
- Equipment may belong to JPA or not
- Shared risk and liability through additional coverage for the JPA

Shared Services

- Districts may elect to participate as well as not to participate
- Memorandums of understanding (MOUs) outline cost-sharing formulas
- Employees may stay with district
- Equipment stays with district
- More flexibility
- More individual district risk

Joint Powers Agencies



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- A school transportation JPA can be created to provide the most beneficial structure for the school districts involved
 - For example, the JPA can provide all operational services or it can provide all services by contracting with a for-profit provider
- There are several school transportation JPAs in the state that have employees, perform vehicle maintenance, own buses, and provide all operational services
- Others may have as few as one employee and contract for all services
- There can be any combination of such services

Definition of a Joint Powers Agreement



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- A Joint Powers Agreement is allowed and defined by the Joint Exercise of Powers Act, Title 1, Division 7, Chapter 5, Article I (Sections 6500 et seq.) of the California Government Code
 - This section allows government agencies to form a separate public agency to provide a common service for the members
 - The powers of this new agency are identical to the agencies that formed it, and they should be clearly articulated in the JPA
- The Joint Powers Agreement is the document or contract that defines the service that the agency will provide and outlines the powers and responsibilities of the agency
 - Generally, bylaws of the agency are included in the agreement

Joint Powers Agencies



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- Some JPAs are separate from the LEAs that formed them, and others utilize a lead agency (Administrative Unit or AU) to provide fiscal, administrative or personnel services
 - A JPA can be formed to provide only some of the services
 - ❖ For example, a JPA can be formed to provide vehicle maintenance services only, or routing and dispatch services only, or driver training services only
- The JPA is governed by a board and subject to the Brown Act
 - Normally, the board is comprised of one representative from each LEA and has one vote on the governing board

Joint Powers Agencies



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- The California Department of Education's School Finance Division recognizes school transportation JPAs as any other separate LEA
- JPAs' fiscal offices are dependent upon the local county office of education for the same support provided to LEAs in the county
- The JPA is responsible to file the same state reports as a school district: budget adoption, First and Second Interim and Unaudited Actual reports

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Pros and Cons



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- The primary benefit of a school transportation JPA is the economy of scale by sharing resources and costs
 - The fixed costs are shared by all member agencies eliminating any duplication
- If a stand-alone JPA required to contract separately with the California Public Employees' Retirement System (CalPERS) for retirement benefits as a "Miscellaneous Other" agency
 - If all of the staff are employees of a lead school district agency, there is no need to contract separately with CalPERS

Pros and Cons



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- One element that may prove to be the largest impediment to the formation of a school transportation JPA will most likely be E.C. 45103.1
 - This is the codification of Senate Bill 1419 passed by the California Legislature and signed by Governor Gray Davis several years ago
 - ❖ This is known as the California School Employees Association signature anti-contracting bill

Challenges



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- As in any distribution formula, the challenge remains a viable funding structure that will meet the needs of the participants and ultimately benefit the students we serve
- The formula must reflect the needs of the membership, and therefore, may be unique to the particular JPA
- Formulas based upon miles, minutes, number of routes, or number of students transported are utilized individually or in combination to create a percentage for each member LEA
- Costs are usually distributed by the percentage of each member LEA

Challenges



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- Staff currently employed by member LEAs worry that there won't be positions for them in a JPA, in many cases it is cause for worry
 - Consolidating responsibilities, bus routes, training, and other services often will help to provide the same services in a better staffed manner with fewer individuals
- JPAs not led by a member agency should have a knowledgeable administrator in program, fiscal, and human resources areas in order to manage the JPA properly on behalf of the agencies it represents
- If an AU model is utilized, the administrative oversight comes from the lead agency

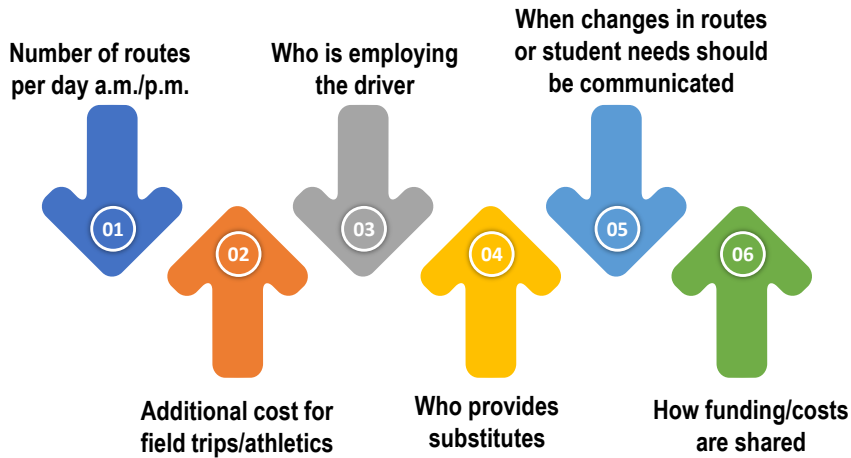
Shared Services



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MOU should include:



Pros and Cons



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- LEAs can initiate an agreement for services quickly
- Drivers may stay with their original district, maintaining seniority
- More local control of routes, costs, and flexibility
 - No additional risk coverage through JPA
 - Relationships get fragmented
 - Agreements are unclear



Challenges



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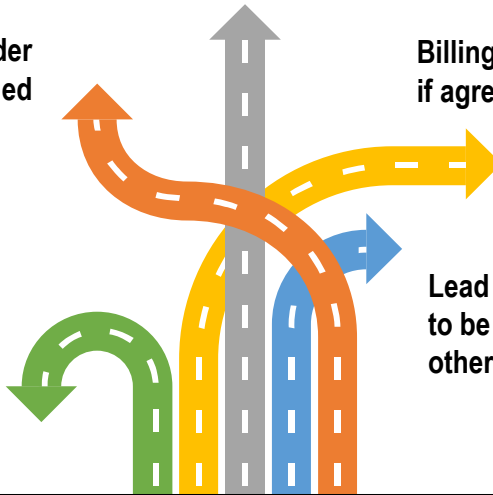
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Relationships with provider district can be strained

Billing formula can be confusing if agreements differ

Inconsistent membership

Lead LEA is often considered to be taking advantage of others (even when it's not true)



Allocation Models – ADA Doesn't Work for Transportation



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- Transportation revenue was not originally based on average daily attendance (ADA) or the number of students transported
- Distributing transportation revenue based on school district prior year ADA results in revenue allocation that does not correlate to the services provided
- The cost of transportation varies widely by school district and is based on safety concerns, the service performed for Special Education students, traffic congestion, and weather, as well as the policies adopted by each district

Allocation Models



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- School transportation costs are driven by bus routes, hours, employee costs, vehicle costs, vehicle maintenance cost, and the miles travelled
- Fair formulas will utilize either ridership or mileage, or a combination of both
- Formulas use the number of students based on the day that transportation service began to the day it ended for each student
 - Daily ridership numbers would be too complex and would not accurately reflect costs because the provider continues to incur the cost of the student, whether or not the student is riding that day

Allocation Models



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- Mileage (one-way or round-trip) is often used to develop a percentage
 - Mileage based on each students direct, one-way mileage from the bus stop or point of origin of their route to the LEA and/or a round trip mileage total
- An additional factor could be the number of students enrolled days (this is especially helpful for LEA memberships with a variety of calendar beginning and end days)
- The factors (by percentage) can be summed and divided in half, creating a modified percentage that would reflect the percentage to use for each LEAs distribution of costs/revenue

Final Thoughts



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○ Increased communication in the following areas is needed:

→ There is a shortage of qualified drivers and it's getting worse

→ Changes in the school calendar and bell schedule impact overall costs

→ More training in injury prevention and managing behavior on the bus is needed

→ Shared resources will help, but not alleviate the revenue shortage

Thank You!

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