

Status Report: Progress on Implementation of The New Student Transportation Funding System

Report to the Legislature



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State Superintendent of
Public Instruction

June 2011

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Status Report: Progress on the Implementation of the New Student Transportation Funding System

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June 2011

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Attachment: Proposed Rule WAC 392-141

Executive Summary

The 2010 Washington State Legislature passed Substitute House Bill 2776, which established the implementation date of the new student transportation funding system as September 1, 2011, and provided funding for the development of the necessary computer system. This report provides the current status of the implementation process.

As of June 2011, the development of the computer infrastructure is nearly complete, is on schedule to be completed prior to the end of June 2011, and is within budget.

Orientation and training of school district transportation staff is continuing. Training sessions specifically targeting the reporting requirements for the new funding system have been held in each Educational Service District (ESD) by the Regional Transportation Coordinators. A few school districts (less than 10) were unable to have staff in attendance. Those districts will receive individual training sessions to ensure every district has been provided with training on the reporting requirements.

The initial public hearing on the rules required to implement the new funding system was held on December 8, 2010. The Office of Superintendent of Public Instruction (OSPI) reviewed the submitted comments and concerns and collected additional stakeholder input. The public hearing on the revised language was held on April 6th. As a result of legislation passed during the 2011 Legislative Session, several changes in the language have been made and the final revision is in the process of being submitted to the Code Reviser. The language as it will be submitted is included as an attachment.

I. Introduction

The 2005 Washington State Legislature directed the Joint Legislative Audit and Review Committee (JLARC) to study the extent to which school districts track or report to/from transportation costs and the extent to which the transportation funding method reflects the actual costs of providing to/from transportation (in addition to other requirements). In November 2006, JLARC delivered the report to the Legislature, including recommendations on improving the school district accounting process and on developing a new funding system able to address the statewide underfunding in student transportation (identified as being in the range between \$92.6 and \$114.4 million per year). JLARC recommended a new system because "... the current funding method cannot generate funding that reflects each district's actual costs due to significant structural and implementation problems."

The 2007 Washington State Legislature passed Second Substitute Senate Bill 5114 that provided for a consultant, under contract with the Office of Financial Management, to develop two models for a new student transportation funding system. The 2009 Legislature passed Engrossed Substitute House Bill 2261 that provided for the implementation of one of the resulting models (the Expected Cost Model) 'no later than' September 1, 2013. Subsequently, the 2010 Legislature passed Substitute House Bill 2776 that established the exact implementation date of the new funding system as September 1, 2011, and provided funding for the implementation of the necessary computer system.

The Student Transportation Allocation Reporting System (STARS) was adopted as the name for the new system.

During July and August 2010, the Office of Superintendent of Public Instruction (OSPI) issued and awarded a request for proposal (RFP) and hired CodeSmart, Inc., of Lacey, Washington to develop the core infrastructure of STARS. A separate RFP to develop the necessary Geographic Information System (GIS) subsystem was awarded to IntegralGIS, Inc. of Seattle, Washington.

The remainder of this report will provide details on the development and preparations for the implementation that have taken place since the last quarterly report.

II. System Development

As of mid-June 2011, the development of the computer infrastructure is nearly complete and remains on schedule to be completed prior to the end of June 2011. Development costs are within budget.

The initial iteration of the STARS GIS application component for school districts to maintain school bus route information was modified to enhance usability. Response to the changes has been extremely positive.

STARS is being implemented within the Educational Data System (EDS) environment. User Acceptance Testing is being done by the following:

- Longview Public Schools
- Northshore School District
- Yakima School District
- Central Valley School District
- Highline School District
- North Kitsap School District
- Clover Park School District
- Griffin School District

OSPI has contracted with ECONorthwest of Portland, Oregon, to provide expertise in the statistical systems involved in the funding system (the regression analysis) and the efficiency system (the linear programming). Details on the particular form of regression analysis and linear programming are being delivered the week of June 20th.

III. Orientation and Training

Orientation and training of school district transportation staff is continuing.

Training on the STARS reporting requirements was conducted primarily in April and May. These smaller workshops focused on the data collection and reporting requirements rather than on training targeted towards understanding the calculation mechanism used by the funding system. These workshops were conducted by the regional transportation coordinators. Fewer than 10 school districts were unable to send a representative to attend a workshop. These school districts will receive individual training prior to system implementation at the start of the 2011–12 school year.

Additional scheduled training on STARS included a workshop at the Washington Association of School Business Officials' 2011 annual conference in May. A full day of workshops is scheduled for June 28th, at the Washington Association for Pupil Transportation's annual conference. This training will be a mixture of the data collection and reporting requirements with a separate overview of the GIS application.

Additional training will be provided by the regional transportation coordinators during July and August of 2011, as requested by school district staff. This training will be focused on the GIS system interface and the precise steps necessary to complete the route information sections of the report.

During September 2011, the regional transportation coordinators will be providing extensive training on details of the data collection and reporting requirements to prepare school districts for the first report (due no later than October 31, 2011). This training corresponds to the current system's reporting requirements workshops.

IV. Determination of Regression Analysis Coefficients

The coefficients that are the primary statistical drivers will be determined after the 2010–11 school year expenditure data is available in December 2011. These coefficients will be used for the initial distribution of funding in February 2012. For the 2011–12 school year only, the data used to determine the coefficients will be the fall 2011 data compared with the 2010–11 expenditure data.

Beginning with the 2012–13 school year, and continuing thereafter, funding system coefficients will be analyzed comparing school district reported workload data against the same school year expenditure data. This will provide a more valid statistical match. It is expected that the coefficients may show some change in the first years as behavior adjusts and stabilizes with the elimination of inefficiencies driven by the current funding model.

Section (3) of Engrossed Substitute Senate Bill 5919 (2011) requires the use of the federal restricted indirect rate with the prior school year's transportation expenditures in the regression analysis derivation of the coefficients. This change will not impact the majority of school districts, only those who are fully funded under the current system. For those districts that have been receiving transportation allocation in excess of their direct expenditures, there will be a fiscal impact. Approximately 60 districts will receive less transportation funding in the 2011–12 school year than in the 2010–11 school year. School district transportation staff and business officers have been notified of this change and provided with guidance on how to budget appropriately.

V. Determination of Funding

The initial funding determination will use the fall 2011 report to provide data for the spring 2011 report period. When the allocation is calculated for the 2011–12 school year (February 2012), the dataset will consist of the fall 2011 report

(representing both spring 2011 and fall 2011) combined with the winter 2012 report.

Beginning with the 2012–13 school year, and continuing thereafter, the reporting data used to determine the allocation will consist of the prior school year’s spring report and the current school year’s fall and winter reports. The use of the prior year spring report allows the final allocation for each school district to be determined in February.

VI. Determination of Comparative Efficiency Ratings

During the initial implementation (2011–12 school year), the comparative efficiency ratings will be of minimum analytical value, except to provide use as a training example. This is because the first year efficiency process will only be able to compare new system data (fall 2011) against expenditures distributed under the prior funding system (revenue and expenditure data from the 2010–11 school year).

While the initial efficiency ratings may provide some guidance as to the relative range of comparative efficiency values, it is expected that ratings for the 2011–12 school year (calculated in December of 2012) will be substantially more reflective of future ratings.

The initial statistically valid efficiency ratings will be available in January 2013. The efficiency ratings compare reported transportation data against final expenditure data. Final expenditure data from school districts is available no earlier than December of each year.

VII. Comparative Efficiency Reviews

Regional Transportation Coordinator reviews of comparative efficiency ratings will be conducted (as required by RCW 28A.160.117) of any school district transportation operation rated less than 90 percent efficient. These reviews are required to be reported to the Legislature in December of each year. The ratings determined in December 2011 will be reported with an explanation as to the weak statistical validity (as described above). The regional coordinators will conduct reviews of the initial ratings and the results of those reviews will be available the following year in December 2012. At that point, the December 2011 ratings will be able to be compared to the ratings resulting from analysis of the 2011–12 school year data.

Evaluations of those districts with comparative efficiency ratings less than 90 percent will be conducted using an evaluation grid consisting of four constraint categories: geographic, legal, inter-district and intra-district.

Since it is unknown at this point how many districts will have relative efficiency ratings less than 90 percent, it is not possible to predict the timeline required for the regional coordinators to be able to conduct a thorough analysis of every district required to be evaluated. Since the initial, statistically valid, efficiency ratings (developed using a complete matching workload and expenditure dataset) will only be available in December 2012, the initial report of the evaluations of districts rated less than 90 percent is due in December 2013.

VIII. Rules Implementation Process

The initial public hearing of the proposed rules required to implement the new funding system was held on December 8, 2010. The OSPI reviewed the submitted comments and concerns and collected additional stakeholder input. The agency held a public hearing on the revised language on April 6th. Revisions to the rules necessary to reflect the changes required by ESSB 5919 have since been included and the final language is in the process of being submitted to the Code Reviser's Office. A copy of the proposed rule is provided as an attachment to this report.

IX. Conclusion

The implementation of STARS is on schedule and on budget for successful implementation beginning with the 2011–12 school year.

Funding will be distributed with the new system using fall and winter 2011–12 data beginning in February 2012. In the initial year, funding coefficients will be determined comparing new system reported data with current system expenditures. In future years, the coefficients will be evaluated using reported expenditures from the same school year as the reported student ridership data.

Comparative efficiency ratings will not be statistically defensible until a complete year of reported ridership data is available with corresponding expenditures. The initial efficiency ratings will be based on mixed data in December 2011 and will be used for training and initial evaluations.

Optimally developed comparative efficiency ratings will not be available until December 2012. The results of the regional coordinator reviews of districts with comparative efficiency ratings less than 90 percent based on the statistically valid mix of expenditures and matching work load will be available in December 2013.

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