Pupil Transportation:
Cutting Costs While Maintaining Services
**Introduction**

This paper provides background in support of an ASBO New York School Finance Symposium on pupil transportation in New York State. Across the state, school districts face rising transportation costs and other transportation-related challenges. The symposium and this paper focus on the following questions:

- Can we reduce costs while maintaining safety and services to students?
- How can state policy and local practice contribute to this goal?
- What are best practices related to the transportation of foster and homeless pupils and how do they affect the cost-effectiveness of pupil transportation?

**Overview**

In New York State, 2.5 million children ride school buses and public transport to and from school each day. The State uses approximately 55,000 school bus drivers and 10,000 school bus monitors and attendants to transport students safely. Fifty thousand school buses drive 90 million miles annually to transport New York’s children.

Ownership of our school bus fleet is split between local school districts (50 percent) and private companies under contract with school districts (50 percent). The State helps school districts with the expense of transporting pupils with Transportation Aid, which for the 2019-2020 school year is expected to be approximately $1.99 billion, while the Total Cost for school transportation was $3.1 billion.

New York State leads the nation in both student safety and providing access to educational opportunity for all public and private school children to school, after school programs and occupational education programs. How do we maintain this high level of service AND manage costs to make the most of our investment?

**Rising Costs**

Between the 2007-08 and 2017-18 academic years, overall school district transportation spending grew from $2.7 billion to $3.3 billion. Figure 1 (next page) shows that spending growth was flatter during and following the Great Recession but has been more pronounced in recent years. Figure 2 compares the growth in spending with the school fiscal year inflation rate. The accelerated increase from 2015-16 to 2017-18 poses a real challenge for school districts because the Tax Cap limits school districts’ ability to increase local revenues. In the past two years the Governor has proposed reducing state support for pupil transportation, raising real questions about maintaining safety and essential services to students and whether there are alternatives for reducing costs as a way to reduce state support while maintaining services.
Figure 1. Transportation Spending (in billions)

Figure 2. Growth in Transportation Spending vs Inflation (cumulative change since 2005-06)
Figure 3 shows five and ten-year growth in transportation spending by school districts grouped by student need and resource capacity. The largest growth in transportation spending is in the high-need categories, especially high-need urban and suburban districts. The table also includes the five-year enrollment change. There’s a clear relationship between enrollment change and the degree of growth in transportation costs. However, high-need rural school districts lost a larger share of enrollment while experiencing higher rates of growth in transportation costs than average and low-need school districts.

### Growth in Transportation Spending by NRC Category

<table>
<thead>
<tr>
<th>Need/Resource Capacity (NRC) Category</th>
<th>Change 2007-08 to 2017-18</th>
<th>Change 2012-13 to 2017-18</th>
<th>Enrollment Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statewide</td>
<td>24%</td>
<td>15%</td>
<td>-1.2%</td>
</tr>
<tr>
<td>New York City</td>
<td>30%</td>
<td>20%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Big Four</td>
<td>38%</td>
<td>17%</td>
<td>3.8%</td>
</tr>
<tr>
<td>High-Need Urban/Suburban</td>
<td>39%</td>
<td>26%</td>
<td>4.0%</td>
</tr>
<tr>
<td>High-Need Rural</td>
<td>24%</td>
<td>17%</td>
<td>-6.6%</td>
</tr>
<tr>
<td>Average-Need</td>
<td>15%</td>
<td>11%</td>
<td>-5.2%</td>
</tr>
<tr>
<td>Low-Need</td>
<td>14%</td>
<td>8%</td>
<td>-5.4%</td>
</tr>
</tbody>
</table>

*Figure 3. Five and Ten-Year Growth in Transportation Spending by School District Need-Resource Capacity Category*

### Transportation Aid

Since the 2013-14 state budget, transportation aid has grown an average of 3.3 percent, though in recent years growth in state transportation aid has accelerated. In the most recent budget, for the 2019-20 school year, it grew 4.5 percent ($87 million). Overall since 2013-14, transportation aid has gone up 18.6 percent. Figure 4 shows both the annual and cumulative growth in transportation aid since the 2013-14 school year.

Transportation aid is based on a school district’s approved expenditures in transporting all pupils to and from school once daily. It is also provided between the school attended and BOCES, or to transport students to approved shared programs at other school districts or occupational education programs within a district. State Transportation Aid is also provided for the operation of a school district transportation supervisor’s office, and for operation of district-owned buses, contract buses, and the subway. New York State is one of the few states that pays to transport students to both public and nonpublic schools. The State reserves $5 million to transport students to summer school programs. As an expense-based aid, the state reimburses school districts for the state share of approved Transportation expenses incurred the previous year based on district aid ratios that provide low-wealth districts with more aid (up to 90 percent) and high wealth districts with less aid (as low as 6.5 percent).
Who is Transported?

Public school students are 88 percent of the total number of students transported and non-public school students are 12 percent of the total. New York City students are 65 percent of the total transported statewide, while rest-of-State students are 35 percent. New York State transports 41 percent of students attending non-public schools; most states do not provide this service to non-public students. Of the total number of students attending non-public schools, 63 percent live Upstate and 37 percent live in New York City.

A Push for Cost Containment

New York State has sought to reduce pupil transportation costs over the years. Chapter 378 of the Laws of 2010, required the Commissioner, beginning with the 2010-11 school year, to invite school districts, BOCES, and other entities to participate in local regional pilot programs, to estimate and analyze the extent to which savings can be achieved through the formation of regional pupil transportation systems. A report prepared by the State Education Department identified best practices and obstacles to achieving cost savings through regional pupil transportation systems. The report recommended that New York State:

- Strategically target State Transportation Aid;
- Rewarding districts for savings such as with Management Efficiency grants;
- Explore the use of an accounting mechanism for shared programs;
- Allow districts to piggyback on other district pupil transportation contracts in certain circumstances; and
- Provide relief from labor requirements for regional transportation programs; and continued collection of information and analysis of best practices for regional pupil transportation.

Figure 4. Cumulative and Annual Growth in Transportation Aid
In 2018, the governor proposed to limit Transportation Aid to a two percent school district cap beginning in school year 2019-20, a proposal that was rejected by the Legislature. In 2019, the governor proposed to combine Transportation Aid with 10 other expense-based aids and limit the combined new Services Aid to inflationary increases adjusted for enrollment change. The Legislature rejected this change as well but revised the law to allow school districts to piggyback on the private pupil transportation contracts of other school districts.

These actions show the state’s interest in containing costs while maintaining services. ASBO New York testified to the Legislature on the executive proposals in 2018 and 2019 that it is not enough to cut aid while mandates and required systems continue to drive costs up. This at best will result in a shift in expense to local taxpayers and at worst in a reduction in transportation services, and educational opportunity, to students. The Legislature’s 2019 response to allow contract piggy backing shows an interest in reducing state costs by containing local costs.

An Agenda for Cost Savings and Strengthening Services

The following agenda targets cutting the growth in transportation spending and transportation aid while maintaining New York’s demonstrated commitment to pupil transportation.

1. **Better State Data:** School districts report transportation data to multiple divisions of the State Education Department (SED), including through STAC, ST-3, and transportation reports. A working group made up of SED officials, school business officials, and organizations like ASBO and the New York Association for Pupil Transportation (NYAPT) can develop a streamlined data process that identifies key performance indicators, generates better data as needed, minimizes the reporting burden on school districts, and increases public understanding of the ways in which tax dollars support pupil transportation.

2. **Promote Partnerships Among Districts:** There are numerous ways for school districts to collaborate, including directly sharing out-of-district routes, working with their BOCES in a larger regional out-of-district plan, or jointly operating bus garages and maintenance facilities.
   a. A state transportation sharing incentive: When school districts share pupil transportation using district-owned buses, such as to private schools or BOCES, they reduce their spending, saving districts and the state money. This proposal would provide an incentive for all school districts that share pupil transportation with other districts, calculated as 10 percent of the revenue received from the other district for the shared transportation. It is expected that savings will accrue to the state of more than ten times the amount of the incentive.
   b. BOCES Shared Transportation Service: The state should continue to encourage the use of a BOCES CO-SER for shared transportation. BOCES can coordinate routes, buses, substitute drivers and will bill school districts for their services and school districts will receive Transportation Aid for their expenses. This is part of a comprehensive effort to promote school district sharing of pupil transportation.
   c. Allow districts to jointly own facilities: Districts that maintain shared bus garages and maintenance facilities are unable to exercise joint ownership. Allowing districts to enter into co-ownership can promote increased cooperation and savings.
3. **Strengthen Contract Transportation**: To improve conditions for districts that contract out their transportation, the state should:

   a. **Allowing aggregate bidding (relationship pricing).** Currently school districts separately bid out school day, special education, and summer transportation. Allowing districts the option of choosing the bid with the lowest overall aggregate expense would save money for districts and the state.

   b. **Allow voters to authorize a framework for multiple year contracts.** Currently, districts sign contracts with providers that are subject to voter approval. If voters reject the contracts, they are limited to one year in length. To protect themselves financially, transportation providers often build significant cost increases into the first year of the contract, since that is the only year guaranteed to them prior to voter approval. Allowing voters to approve the terms and cost caps for multi-year deals maintains the importance of voter control while allowing for better financial management, savings and planning.

   c. **Allow a successor agreement for renewing contracts without re-bidding but with defined controls and limits in place.**

   d. **Update the allowable RFP criteria, so that districts can define proposal criteria that more accurately meet their local needs.**

   e. **Improve the inflation measure used to determine the cap on annual transportation increases in contract renewals to more accurately reflect increases in pupil transportation costs.** The New York State Contractors Association recommends using an employee price index. Whichever measure is adopted, it should be published and available to districts prior to their finalizing school budgets in mid-March.

4. **Improve Staff and Management**: To address driver shortages, the state should allow civil service employees to hold two titles, allowing bus drivers to work for the district between shifts. ASBO is currently in the early stages of a pilot project in partnership with the state Department of Civil Service that would allow employees to hold two titles. In addition, the state should raise the salary cap for retired police officers who drive school buses from $30,000 to $50,000, which could expand the pool of drivers and increase student safety. Finally, the state should provide transportation aid on the cost of family benefits.

   To improve district transportation management, the civil service descriptions for transportation directors should be updated to include business management training and experience.

5. **Increase Transportation Safety**: We welcome the recent law authorizing stop arm cameras, which will hopefully significantly decrease the number of cars passing stopped school buses. To further strengthen student safety, the Department of Transportation and State Education Department should convene a task force updating the criteria for authorizing school safety zones.
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