



THE STATE EDUCATION DEPARTMENT / THE UNIVERSITY OF THE STATE OF NEW YORK / ALBANY, NY
12234

COMMISSIONER OF EDUCATION
PRESIDENT OF THE UNIVERSITY OF THE STATE OF NEW YORK

January 26, 2012

The Honorable Andrew M. Cuomo
Governor of the State of New York
The Executive Chamber,
The Capitol
Albany, New York 12224

Dear Governor Cuomo:

In accordance with Chapter 378 of the Laws of 2010, I am reporting on the status of pilot programs to assist school districts in the formation of regional pupil transportation systems.

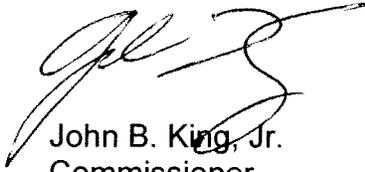
Chapter 378 requires the Commissioner, beginning with the 2010-11 school year, to invite school districts, BOCES, and other entities to participate in local regional pilot programs which will estimate and analyze the extent to which savings can be achieved through the formation of regional pupil transportation systems. The State Education Department has accepted applications beginning October 23, 2010 and will continue to do so through March 31, 2012 for projects that must be completed by August 31, 2012. This annual report covers the period of time beginning November 2, 2010 through November 1, 2011. This progress report is submitted to the Regents, Governor, Legislature and various legislative committees in accordance with the law.

The Department has engaged in regular contact with approved pilot projects and provided technical assistance on statutory and regulatory provisions, in addition to expertise in best practices for the provision of safe pupil transportation services and financial management of school operations. Projects have begun to identify barriers to the provision of regional services which may require statutory or regulatory change. This second annual Regional Pupil Transportation Pilot Study progress report presents what we know at this point about these identified barriers and potential solutions worthy of a more in-depth review for incorporation in our final 2012 legislative report.

The Department will post this annual report on its website, including pilot program quarterly reports, as a way to share best practices and innovations. The data and reports collected will form a repository of information for use by school districts across the State.

Please contact Assistant Commissioner Charles Szuberla of the Office of School Operations (518.474.6541) for any questions regarding this report or the Pilot Program.

Sincerely,

A handwritten signature in black ink, appearing to read 'John B. King, Jr.', with a stylized flourish extending to the right.

John B. King, Jr.
Commissioner

Enclosure

c: Charles Szuberla

NEW YORK STATE EDUCATION DEPARTMENT

2011 ANNUAL REPORT

Regional Pupil Transportation Pilot Program

PREPARED FOR THE
GOVERNOR AND
LEGISLATURE

BY
OFFICE OF SCHOOL OPERATIONS
OFFICE OF EDUCATIONAL MANAGEMENT SERVICES

NOVEMBER 2011

Regional Pupil Transportation Pilot Program 2011 Annual Report

In New York State, the State and its school districts are looking at options to reduce district expenditures through regional transportation. How can school districts contain costs while providing quality service delivery? This second annual report presented to the Governor and Legislature presents the Regional Pupil Transportation Pilot Program authorized by Chapter 378 of the Laws of 2010. It:

- Describes participants;
- Begins to identify best practices;
- Identifies obstacles that impede or limit school district sharing of transportation services; and
- Makes recommendations for consideration.

Obstacles to regional pupil transportation systems include:

- The overly generous State Aid formula;
- The lack of an accounting mechanism for sharing;
- The lack of flexibility with contract requirements;
- Labor issues; and
- The lack of information on best practices for regionalization.

Recommendations for overcoming these obstacles include:

- 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.

The Department began a regional pupil transportation pilot on October 23, 2010 when it invited school districts, BOCES and private contractors to make proposals to participate in pilot programs. The Department issued its first annual report on the pilot program on November 1, 2010 (<http://www.p12.nysed.gov/schoolbus/regional.html>). This report is the second annual report. It describes the participants, provides maps of participating locations (Appendix 2), and reviews best practices, obstacles to achieving efficiencies through regional transportation, and recommendations to alleviate those obstacles. Appended to the report are key statistics concerning New York State pupil transportation, a quarterly report for the pilot program that is furthest along in its implementation and a copy of Chapter 378 of the Laws of 2010 authorizing regional pupil transportation pilots.

Approved Regional Pupil Transportation Pilot Programs

Greater Southern Tier BOCES Pupil Transportation Pilot

Description – The 12 districts that are participating in the pilot serve just over 20,000 students. The pilot covers a land area of 1,322 square miles. The average district size is 111 square miles.

Focus of pilot study - Transportation to special education programs, BOCES campuses, field trips and extra-curricular trips in general, school bus maintenance and transportation management, shared transportation to nonpublic schools, and any other areas that might be identified in the study process.

Participants - Addison CSD, Avoca CSD, Bath CSD, Bradford CSD, Campbell-Savona CSD, Canisteo-Greenwood CSD, Corning City SD, Elmira Heights CSD, Hornell CSD, Horseheads CSD, Jasper-Troupsburg CSD, Spencer-Van Etten CSD

Hamilton-Fulton-Montgomery BOCES Pupil Transportation Pilot

Description – The 11 districts participating in the pilot enroll 16,000 pupils. These districts cover an area of 850 square miles for an average district size of 77 square miles.

Focus of pilot study - Regionalization of home-to-school transportation.

Participants - Greater Amsterdam City SD, Broadalbin-Perth CSD, Canajoharie CSD, Edinburg Common SD, Fonda-Fultonville CSD, Fort Plain CSD, Gloversville Enlarged City SD, Greater Johnstown City SD, Mayfield CSD, Northville CSD, St. Johnsville CSD

Cayuga-Onondaga BOCES Pupil Transportation Pilot

Description – The nine districts participating in the pilot program contain just under 15,000 pupils. The districts cover a land area of 744 square miles. The average district size is 83 square miles.

Focus of pilot study - Sharing substitute driver pool, sharing buses among districts, centralized parts and supplies, and regionalization of routing for out of district and in district routes.

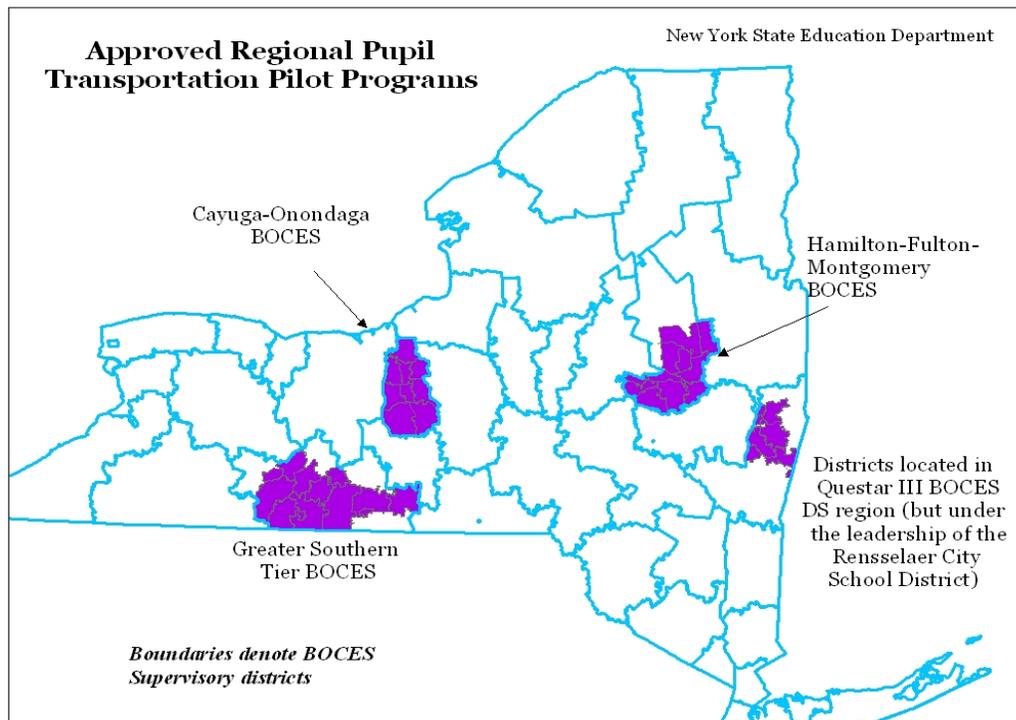
Participants – Auburn City SD, Cato-Meridian CSD, Jordan-Elbridge CSD, Moravia CSD, Port Byron CSD, Skaneateles CSD, Southern Cayuga CSD, Union Springs CSD, and Weedsport CSD

Rensselaer Student Transportation Collective Pilot

Description – The nine districts in this pilot contain just under 19,000 pupils. The area of the pilot covers 379 square miles, with an average district size of 47 square miles.

Focus of pilot study - Shared spare school bus pool, cooperative bus parts purchasing, cooperative out-of-district home-to-school transportation services for private and parochial students and students with disabilities.

Participants – Averill Park CSD, Brunswick-Brittonkill CSD, East Greenbush CSD, Lansingburgh CSD, New Lebanon CSD, Rensselaer City SD, Schodack CSD, Troy City SD and Wynantskill CSD



Requirements of Pilot Participants

In order to be approved for participation pilot participants must provide to the Department's Office of Educational Management Services:

1. A proposal to conduct a pilot including the foci of the pilot, data to be collected, identifying obstacles that are anticipated, and a signed agreement form that specifies the information to be provided to the Department.
2. Quarterly reports on their progress, data collected and obstacles identified.
3. Annual reports with before and after data including costs per student and per bus route, number of buses, number of staff, average cost for transporting each category of transportation, best practices used and obstacles incorporated..
4. A final report and findings on cost savings and promising practices including reports from participating districts on savings achieved.

Best Practices

Best practices are those practices that have demonstrated over time a quantifiable recurring financial savings without affecting service delivery. The purpose of the pilot program is to quantify the amount of savings associated with specific practices. While sufficient data are not yet available to tie best practices to quantifiable savings, this report will identify certain practices (promising practices) to evaluate over time for their potential as a best practice.

Program Consolidation

Evaluate bell times and the impact on sharing - School districts should evaluate if a district-wide one-bell system is an aid to consolidating bus runs. Private and parochial locations should be approached about possible modifications to their start and end times that would allow for more efficient pupil transportation service. The goal is to modify school start and end times to maximize efficient use of school buses.

Analyze routes for shared runs – Computerize the regional grouping of transportation routes. Analyze each new bus route on a regional basis rather than on an individual school district basis.

Coordinate out-of-district runs - This has a large potential to effectuate savings. Most trips to out-of-district locations involve a very small number of students. Aggressive coordination of special education runs can result in significant savings. This will help school districts increase

capacity in the number of students on a given run and, as a result, reduce cost without adversely impacting service.

Consider transportation arrangements in determining student placements – Assess the relative cost of the transportation in coordination with the Committee on Special Education when more than one placement fits the determination of what is appropriate for an individual student’s needs.

Coordinate regional safety training - By bringing in outside experts, pooling resources to provide centralized refreshers, and providing centralized recruitment and training, a group of districts can provide a full range of high quality mandated and optional trainings at less cost.

Eliminate extras like late buses or sports trips - In order to maximize savings, school districts may need to eliminate transportation services that are not required for the core school program. This may involve limiting or discontinuing services that were provided in better economic times.

Inventory and Maintenance

Manage inventory of buses and fuel – School districts can share buses, borrow buses, and rent or buy used buses to reduce or limit the capital expenditure of purchasing buses. School districts can share fuel facilities with other districts or municipal entities.

Maximize maintenance facility use and audit maintenance service levels – School districts can achieve economies by conducting detailed inventory of parts and supplies and offer surplus items to other districts for sale. They can investigate the possibilities for shared maintenance with other school districts and municipalities. They can centralize mechanic training and share diagnostic capabilities. School districts can work with the Department of Transportation to coordinate inspections and maintenance schedules for optimal vehicle usage.

Obstacles

Overly Generous State Aid Formula

The high level of aid for school district pupil transportation is a disincentive for sharing, especially for the vast majority of school districts which have the highest State shares (up to 90 percent). Because Transportation Aid allows districts to choose from a choice of four aid ratios, the formula has become less progressive, giving the highest amount of aid to districts with some wealth, a luxury the State can no longer afford. In addition, when districts share with another district they receive payment for their service but these revenues are then deducted before calculating their State Aid. The districts that are reimbursed by the State at the highest rates spend very little local money on transportation and as a result, have very little incentive to further reduce their cost by sharing. While the neediest districts need the highest level of State reimbursement to ensure pupil transportation which supports district programs, over 230 districts receive this highest rate of reimbursement, spreading a high

level of Transportation Aid to districts that do not have the greatest need. Finally, factors like expenses for transportation to the sharing site (e.g., deadhead miles) do not result in Transportation Aid, but rather function as an added cost and thus a disincentive to participate in shared transportation.

Lack of an Accounting Mechanism for Sharing

Transportation revenues and expenses are accounted for in the General Fund. The General Fund is not set up to separately account for a subset of the budget, nor is it set up to distinguish revenues and expenditures for two or more different districts. This lack of transparency in accounting may promote concerns among taxpayers that one district is paying for a portion of the cost of transporting another district's students.

Lack of Flexibility with Contract Requirements

Districts can legally develop cooperative arrangements to participate in shared pupil transportation provided that they anticipate this need and enter into such an arrangement and submit proper documentation to the Department, as is currently being done by a group of school districts in Nassau County on Long Island called the Southwest Quadrant Pupil Transportation Cooperative. However, school districts are not allowed to participate in another school district's contract if they were not a part of the contract at the time the contract was signed. So, for example, a district that enrolls a student in a nonpublic school during the school year may not join a neighboring district's contract to go to the same school without rebidding the contract. This practice of adding a student to another district's transportation contract, known as piggybacking, is currently prohibited, despite the obvious need of school districts for this type of flexibility.

Labor Issues

School districts that want to share out-of-district pupil transportation runs report that their labor unions take the position that these are separate school district jobs and refuse to participate in programs shared with other districts.

Lack of Information on Best Practices on Regional Transportation

There is a lack of detail describing best practices related to regional transportation programs and data on the relative effectiveness of specific practices to reduce costs. School districts do not have access to a list of practices for reducing pupil transportation costs and information about the relative savings of each.

Recommendations

Strategically Target Transportation Aid

Consideration should be given to amending State support for pupil transportation in a manner that encourages and rewards shared pupil transportation. This may involve making

Transportation Aid more progressive and responsive to school districts' current fiscal capacity so as to provide more incentive for school districts to share. Rather than a choice of four different state shares (Aid Ratios) a single State Sharing Ratio should be used to better use limited State funds. Providing less Transportation Aid for school districts with some wealth may provide more incentive for sharing and free up State dollars to support school operation in the neediest school districts. If school districts can demonstrate that they are reducing transportation expense, they should be rewarded by being allowed to keep a portion of the savings. This can be achieved through the Management Efficiency Grant Award Program, Local Government Efficiency Grant Program or other mechanism.

Explore Use of an Accounting Mechanism for Shared Programs

The Department is exploring school district use of an Internal Services Fund, used by other municipalities, to separately account for shared revenues and expenditures. This involves ensuring that the Internal Services Fund accounts for the full cost of the transportation service and does not adversely impact State Aid that is due to school districts.

Provide Flexibility to Piggyback On Pupil Transportation Contracts in Certain Instances

Enact piggybacking legislation that defines "piggyback contracts" and makes them legal for school districts to enter into, in certain circumstances. One school district must have an existing contract with a private carrier to provide transportation for their students to a particular school located outside the boundaries of another school district. Each school district must enter into a contract with the vendor using the same terms and conditions of the originally bid contract. The contract must result in a cost savings to the school district. The 2009-10 bill (A.3902-S.1370 Alessi/LaValle) would provide this flexibility.

Provide Relief from Contractual Requirements for Regional Transportation Programs

Provide some legislative relief for school districts to have the right to enter into sharing agreements with other districts (or BOCES) without the need to negotiate the decision and/or impact on labor, and that sharing services between municipal entities would not constitute a violation of any past collective bargaining practices.

Collect and Publish Information on Best Practices

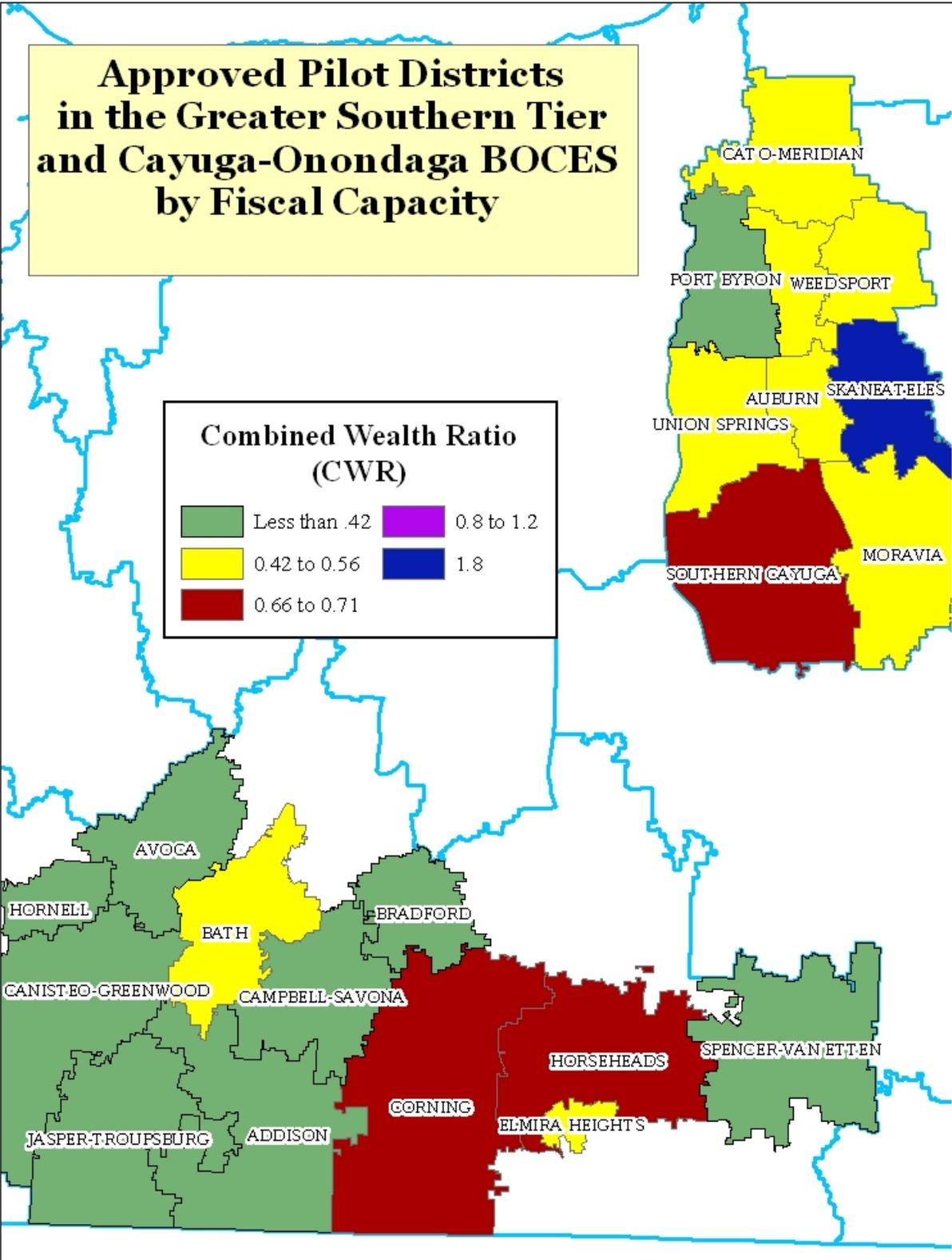
As a part of this pilot program the Department will continue to collect cost information related to regional transportation practices in order to identify those practices that yield the greatest savings while retaining or improving transportation service.

Appendices

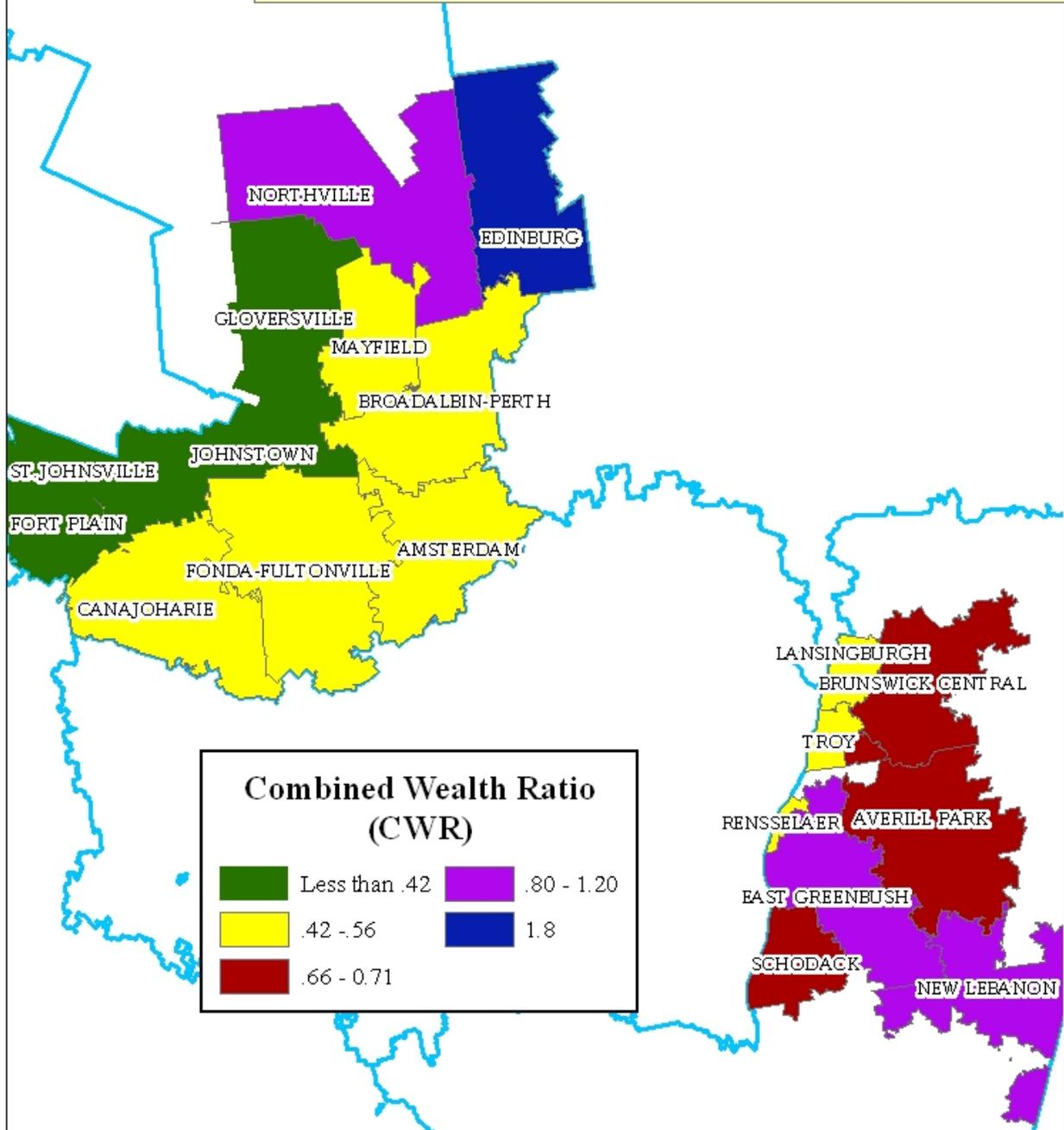
1. School Transportation Statistics
2. Maps of school districts and BOCES participating in pilots
3. Chapter 378 of the Laws of 2010

School Transportation Statistics

- 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.
- 50,000 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).
- State Transportation Aid for the 2008-2009 School Year was approximately \$1.5 billion, while the Total Cost for School Transportation was \$2.8 billion.
- Transportation costs grow about five percent (\$83 million currently) each year.
- 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.



Approved Pilot Districts in the Hamilton-Fulton-Montgomery and Questar III BOCES' Regions by Fiscal Capacity



Chapter 378 – Laws of 2010

50 S 10. The commissioner of education shall conduct one or more pilot
51 programs to assist school districts in the formation of regional trans-
52 portation systems. Such systems may include, but shall not be limited
53 to, rendering transportation services jointly with other school
54 districts or boards of cooperative educational services; or authorizing
55 school districts and boards of cooperatives educational services to
56 enter into contracts with counties, municipalities, or the state office

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1 of children and family services for the provision of transportation
2 services. Such transportation services may include, but shall not be
3 limited to, pupil transportation between home and school; transportation
4 during the day to and from school and a special education program or
5 service or a program at a board of cooperative educational services or
6 an approved shared program at another school district; transportation
7 for field trips or to and from extracurricular activities; and cooper-
8 ative school bus maintenance. Participation in pilot projects conducted
9 pursuant to this section shall be at the option of school districts,
10 boards of cooperative educational services and pupil transportation
11 contractors.

12 The commissioner of education shall report annually to the board of
13 regents, the governor, the speaker of the assembly, the temporary presi-
14 dent of the senate, the director of the budget and the chairs of the
15 respective fiscal and education committees of the Senate and Assembly by
16 November 1 of each year on districts that are participating in the pilot
17 program or have applied to participate in the pilot program. On or
18 before November 1, 2012 the commissioner of education shall submit a
19 report to the board of regents, the governor, the speaker of the assem-
20 bly, the temporary president of the senate, the director of the budget
21 and the chairs of the respective fiscal and education committees of the
22 Senate and Assembly describing the findings of the pilot projects,
23 including details on the scope of the pilot projects that were
24 conducted. In developing the report, such commissioner shall as far as
25 practicable estimate and analyze the efficiencies and cost-effectiveness
26 that may be derived from regional transportation systems to school
27 districts, to other entities participating in such systems, including
28 boards of cooperative educational services, counties, municipalities, or
29 the state office of children and family services, and to the state.
30 In addition, the commissioner of education shall as far as practicable
31 estimate and analyze the extent to which school districts, other partic-
32 ipating entities and the state achieve savings through the formation of
33 regional transportation systems. Such analysis shall include the impact

34 of the formation of such systems on local transportation costs for
35 school districts and other participating entities, and the impact of the
36 formation of such systems on state aid for transportation services. The
37 commissioner of education shall identify barriers to implementation of
38 regional transportation systems throughout the state, strategies to
39 address such barriers, statutory and regulatory changes needed to
40 promote the implementation of such regional transportation systems,
41 mechanisms to ensure proper accountability and oversight of the adminis-
42 tration of regional transportation systems, and any other information or
43 analyses as such commissioner determines is appropriate.

44 S 11. This act shall take effect immediately; provided, however, that
45 the commissioner of education shall promulgate any rules or regulations
46 necessary to implement the provisions of this act on or before July 1,
47 2010; provided, further that if section ten of this act shall take
48 effect after July 1, 2010 it shall be deemed to have been in full force
49 and effect on and after July 1, 2010; and provided further that section
50 ten of this act shall expire and be deemed repealed on June 30, 2015.