**Washington State**
**House of Representatives**
Office of Program Research

**BILL**
**ANALYSIS**

## Appropriations Committee

# HB 1689

**Brief Description**: Making adjustments to the student transportation allocation system.

**Sponsors**: Representatives Santos, Harris, Muri, Pollet and Hudgins; by request of Superintendent of Public Instruction.

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**Brief Summary of Bill**

- Revises the state's pupil transportation funding formula by basing the salaries used in regression analysis on the total cost of compensation rather than the compensation levels specified in the budget.

- Changes the independent variables used in the regression analysis from independent variables for each school district to a statewide independent variable.

- Expands the number of districts qualifying for the alternate funding process to include districts whose allocation is less than their prior year transportation expenditures.

- Directs the Superintendent of Public Instruction to establish a transportation allocation adjustment process to address districts with unique geographic or other constraints that result in inadequate funding and to cover initial year costs for new district programs.

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**Hearing Date**: 2/16/17

**Staff**: Jessica Harrell (786-7349).

**Background**:

The state's program of basic education includes transportation for students to and from school. The current funding allocation model was established under legislation enacted in 2009 and 2010, redefining the state's program of basic education and restructuring the K-12 funding formulas. Funding allocations for pupil transportation are based on a combination of prior year allocations and school district expenditures in that year, and a regression analysis of unique

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

characteristics that are used to estimate the expected cost to transport students to and from school. The employee compensation costs included in the allowable transportation expenditures used to establish each school district's independent variable for the regression analysis are limited to the base salary, fringe benefit rates and applicable health care rates provided in the budget. Additionally, adjustments to the estimated cost of funding the expected cost model must be made for any salary or fringe benefit adjustments that are provided in the budget.

Alternative student transportation formulas are permitted for districts with low enrollment, nonhigh districts, districts involved in cooperative special transportation services and districts involved in cooperative transportation agreements, if the formula doesn't result in an adequate allocation.

**Summary of Bill**:

The student transportation funding formula is revised so that the regression analysis is based on a statewide independent variable. Additionally, the allowable costs related to compensation for determining the independent variable are revised so that they are no longer limited to the salary and benefits specified in the budget, but rather are based on the cost of providing to and from school transportation. The regression analysis must be offset by one year and adjusted for inflation, resulting in a one-year lag in the data used to determine the expected cost of transportation to and from school.

The alternative funding formula is revised, expanding the number of districts qualifying for the alternate funding process to include districts whose allocation is less than their prior year transportation expenditures.

The Superintendent of Public Instruction must establish a transportation allocation adjustment process to address districts with unique geographic or other constraints that result in inadequate funding and to cover initial year costs for new district programs.

**Appropriation**: None.

**Fiscal Note**: Requested on January 25, 2017.

**Effective Date**: The bill takes effect 90 days after adjournment of the session in which the bill is passed.