

Date of Hearing: April 24, 2019

ASSEMBLY COMMITTEE ON EDUCATION
Patrick O'Donnell, Chair
AB 760 (Cooper) – As Amended March 18, 2019

SUBJECT: Education finance: local control funding formula: pupil transportation: cost-of-living adjustment and add-on

SUMMARY: Establishes a new calculation methodology for home-to-school transportation for school districts, charter schools, and county offices of education (COEs), based on a cost-of-living adjustment (COLA), in order to equalize transportation funding, commencing with the 2019-20 fiscal year. Specifically, **this bill:**

- 1) Requires, commencing with the 2019–20 fiscal year, the amount calculated as an add-on to a school district’s or charter school’s Local Control Funding Formula (LCFF) base, supplemental, and concentration grants equal to the amount of transportation funding received in the 2012–13 fiscal year, or the amount calculated based on amounts for a joint powers authority (JPA), to be adjusted by a COLA, as specified.
- 2) Requires, commencing with the 2019–20 fiscal year, for each school district and charter school or JPA receiving funds based on their transportation funding as of the 2012-13 fiscal year or both, the Superintendent of Public Instruction (SPI) to compute an add-on to the total sum of a school district’s or charter school’s LCFF base, supplemental, and concentration grants in accordance with the following:
 - a) Compute the difference between 90 percent of the approved cost expenditures and the actual funding received by the school district or charter school for the 2012-13 fiscal year, as adjusted by the COLA, as specified. If the difference is greater than zero, this difference would be known as the equalization gap.
 - b) Compute the sum of each school district’s and charter school’s equalization gap to determine the total statewide equalization gap.
 - c) Compute the percentage of the total statewide equalization gap that can be closed by dividing the amount available for equalization by the total statewide equalization gap.
 - d) Compute the add-on amount for each school district and charter school by multiplying its equalization gap by the percentage of the total statewide equalization gap.
- 3) Requires that an amount to be made available for equalization funding equal to the greater of either of the following:
 - a) An amount equal to the cost-of-living adjustment (COLA) for the fiscal year.
 - b) An amount equal to 1 percent of the total funding for the fiscal year for the transportation funding provided to the school district or charter school in 2012-13, as adjusted by the percentage change in the annual average value of the Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the United States.

- 4) Requires that the amount to be made available not exceed the amount of the total statewide equalization gap.
- 5) Requires a school district and charter school to submit to the California Department of Education (CDE) documentation substantiating its approved home-to-school transportation expenditures, as a condition of receiving an add-on.
- 6) Establishes a similar calculation methodology for COEs.

EXISTING LAW:

- 1) Provides state funding for school district, charter school and COE transportation costs based on the amount received for that purpose in the prior year, or the agencies' actual transportation costs, whichever is less. Existing law also requires school districts to provide transportation services for special education students if the students' individualized education plans specify such a need. (Education Code Section 41850)

FISCAL EFFECT: Unknown

COMMENTS: *Need for the bill.* According to the author, "Assembly Bill 760 will begin to address defects to the current home-to-school transportation funding program. This bill clarifies that it would reinstate a COLA to address school districts' obvious cost increases in areas including personnel, insurance, and fuel. It would dedicate an amount equal to the COLA to begin the process of equalizing reimbursement rates between districts, up to an amount equal to 90% of each district's expenses. Establishing that funding target would require districts to begin tracking their approved expenses again, as they did prior to the LCFF."

Home-to-school transportation in California. California does not require districts to transport students to and from school. Instead, state law gives discretion to the district governing board to provide pupil transportation, "whenever in the judgment of the board the transportation is advisable and good reasons exist." Federal law requires districts to provide transportation to students with disabilities, if required by their IEP, and to homeless students. During the 1970s several school districts ran large transportation programs to comply with court-ordered desegregation requirements that have since been lifted.

According to a 2014 report by the Legislative Analyst, "Review of School Transportation in California," approximately 12% of California students rode the school bus on a daily basis in 2011-12. Nationally, up to 50% of students ride the bus to school. The report suggests the lower rate of school bus usage in California may be partially due to the greater proportion of students who live within two miles of school in California, an estimated 70%, versus 50% nationally. According to 2009 data, California students travel to and from school using a variety of modes: 54% by automobile, 28% walking/biking, 14% by school bus, and 4% using public transit or other methods.

Approximately 275 districts, or one-quarter of the districts in the state, transport fewer than 10% of their students, while 100 districts transport more than half of their students. The districts transporting larger shares of students tended to have smaller enrollments, be located in more rural areas, and enroll larger proportions of students from low-income families. Many districts running larger transportation programs reported that they offer such services because many of

their students lack viable alternatives for getting to school. Other reasons included long distances between homes and schools, and unsafe conditions affecting travel between home and school.

How is home-to-school transportation currently funded? Until the enactment of the LCFF, home-to-school transportation was a categorical program that reimbursed school districts and COEs for prior year approved transportation costs, and was historically underfunded. Under current law, school districts and COEs receive the same amount of transportation funding they received in the year immediately preceding the enactment of the LCFF, 2012-13. Districts and COEs receiving those funds must continue to spend them on transportation, and must spend at least as much of their transportation funding on transportation as they spent in 2012-13. Additional provisions clarify funding formulas for JPAs that provide transportation on behalf of LEAs.

The amount received by districts and COEs varies widely, based on a variety of historical factors. Some get more than 90% of their approved costs reimbursed with state funding. Others get no state funding at all, even though they have approved costs. The statewide average reimbursement is about 35% of approved costs. Because the amount received by districts is held flat, transportation funding does not keep pace with inflation and, over time, becomes less related to actual workload. Some urban districts provide home-to-school transportation, while others do not, and rely instead on public transit.

In 2011-12, districts reported spending approximately \$1.4 billion statewide on pupil transportation. This is primarily funded from three sources, according to the LAO report:

- 63% funded from local unrestricted funds (\$860 million)
- 36% from categorical home-to-school transportation funds (\$491 million)
- 1% from fees charged to families (\$17 million)

State law allows districts to charge fees to offset transportation expenses under certain conditions, but prohibits the assessing of fees to pupils who have disabilities or are indigent.

This bill seeks to change school transportation funding in California in two ways:

- *Adding a COLA:* The amount of funding school districts, charter schools and COEs, or JPAs, currently receive under the LCFF for transportation would be adjusted annually by a COLA.
- *Equalize funding for home-to-school transportation within the LCFF:* A grant add-on would be added to an LEA's LCFF entitlement in order to equalize transportation funding, and the amount of the grant add-on will be based on the amount available for home-to-school transportation equalization. The amount available for equalization would be equal to or greater than either: an amount equal to the COLA for the fiscal year, or an amount equal to 1 percent of the total funding the LEA received for this program in the 2012-13 fiscal year, as adjusted for inflation.

Committee Amendments. *Staff recommends* the bill be amended to include only those provisions which add a COLA to the existing transportation funding received by a school district, charter school, COE or JPA.

Prior legislation. AB 1469 (Grayson) of the 2017-18 Session would have required school districts to provide free transportation to and from school for pupils attending public, non-charter schools that receive Title I federal funding, subject to an appropriation for this purpose. This bill was held in the Assembly Appropriations Committee.

AB 1572 (Campos) of the 2015-16 Session would have required a public, noncharter school to provide free transportation to a pupil attending a school that is eligible for Title I federal funding. This bill was held in the Assembly Appropriations Committee.

AB 891 (Campos) of the 2015-16 Session would have required an LEA to provide free transportation, to and from school, to a pupil entitled to free or reduced-price meals or who attends a school that participates in the Community Eligibility Option, under either of the following conditions: 1) the pupil resides more than one-half mile from the school; or 2) the neighborhood through which the pupil must travel to get to school is unsafe because of stray dogs, no sidewalks, known gang activity, or other reason documented by stakeholders. Would have required an LEA to designate a liaison to be responsible for implementing a plan to ensure that eligible pupils are provided transportation in a timely manner. This bill was held in the Assembly Appropriations Committee.

SB 191 (Block, Vidak) of the 2015-16 Session would have established a formula to provide state funding for pupil transportation services. This bill was held in the Assembly Education Committee.

AB 694 (Wolk) of the 2007-2008 Session would have increased home-to-school transportation funding to eligible districts through a specified formula that is equivalent to 90% of their approved home-to-school transportation costs. This bill was held in the Assembly Appropriations Committee.

REGISTERED SUPPORT / OPPOSITION:

Support

California Association Of Suburban School Districts
California School Boards Association
California School Employees Association
Central Valley Education Coalition
Elk Grove Unified School District
Kern County Superintendent Of Schools
Mid-Placer Public Schools Transportation Agency
Office Of The Riverside County Superintendent Of Schools
Riverside County Public K-12 School District Superintendents
Southwest Transportation Agency

Opposition

None on file.

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