

# TRANSPORTATION DEPARTMENT BUDGET ANALYSIS REPORT

January 14, 2013

Van Swauger  
Transportation Director

Transportation is one of the major cost areas for the State College Area School District (SCASD). In 2010-11, the total spent in this area was over \$5.6 million. In this report, we will compare our expenses with our 6 cohort Districts, the Pennsylvania Association of School Business Officials benchmarking report, and some other nearby Districts.

The District operates transportation through a mix of District-owned buses and contracts with other service providers. Below are the reported transportation costs for our 6 cohort Districts for 2010-11.

### 2010-11 Transportation Data for Cohort Districts

	North Allegheny	Cumberland Valley	Parkland	SCASD	Abington	Tredyffrin-Easttown	Lower Merion
Nonpublic Students Transported	979	763	855	421	1,560	1,354	3,070
Charter Students Transported	2	15	16	241	10	5	0
District Students Transported	<u>8,129</u>	<u>7,735</u>	<u>9,841</u>	<u>6,475</u>	<u>5,001</u>	<u>6,262</u>	<u>6,152</u>
Total Students Transported	9,110	8,513	10,712	7,137	6,571	7,621	9,222
% Nonpublic & Charter	11%	9%	8%	9%	24%	18%	33%
Days In Session	178	179	180	178	180	180	180
Square Mileage of the District	46.7	103.0	72.4	151.3	15.8	28.0	24.3
Total Costs	\$5,204,991	\$5,592,590	\$7,435,614	\$5,685,576	\$5,533,747	\$6,567,773	\$11,436,255
<b>Cost/Student Transported</b>	<b>\$571</b>	<b>\$657</b>	<b>\$694</b>	<b>\$797</b>	<b>\$842</b>	<b>\$862</b>	<b>\$1,240</b>
Cost/Day	\$29,242	\$31,244	\$41,309	\$31,941	\$30,743	\$36,488	\$63,535

A great deal of information is contained in the above table. The first thing to notice is that by a very large percentage, SCASD is the largest District in our cohort. We cover 151.3 square miles of space. The next closest District is Cumberland Valley at 103.0 square miles. All of the other Districts are less than 75 square miles.

In terms of costs per student transported, SCASD ranks fourth in our cohort with three Districts below and three Districts above our cost per student. From the PASBO benchmarking study, the average cost statewide per student transported was \$937 and the median cost was \$847. For large Districts (those with greater than 4,000 students), the average statewide cost per student transported was \$1,124 and the median cost was \$872. We are significantly below all of these measures in per student costs. In terms of total costs, SCASD also ranks fourth with North Allegheny, Abington, and Cumberland Valley having lower total costs.

Non-public and charter school students are shown separately in the table. This is because there is a requirement that school districts transport those students beyond District boundaries. If a non-public or charter school is within 10 miles of the District boundary, a District must cross transport students to those schools. This can be a potentially costly mandate. SCASD by far has the greatest number of charter school students transported, but has the lowest number of non-public school students transported. When looked at as a percentage of total students transported, SCASD has the second lowest percentage, with just 9% of our students going to non-public or charter schools. SCASD and North Allegheny have the lowest number of days in session by 1 or 2 days. SCASD again ranks fourth in the measure of cost per day of transportation.

Not all Districts operate with our mix of District-owned and contracted buses. Some are mixed, some are all District-owned, and some are all contracted. Below is a summary of the 10-11 data from our cohort Districts by type of transportation and cost per mile.

#### Costs by Type of Transportation (District-owned versus Contracted)

	Tredyffrin- Easttown	Parkland	SCASD	Lower Merion	North Allegheny	Cumberland Valley	Abington
Net District Owned Costs (after State share of PSERS/FICA)		\$5,823,546	\$2,417,700	\$10,884,905	\$3,890,313		\$3,185,580
Miles Driven District Owned		1,759,346	589,542	1,563,310	996,505		558,141
Cost/Mile District Owned		<b>\$3.31</b>	<b>\$4.10</b>	<b>\$6.96</b>	<b>\$3.90</b>		<b>\$5.71</b>
Contractor Costs	\$5,195,760		\$2,678,940		\$366,079	\$5,127,044	\$1,388,659
Approved Miles Contractors	1,443,316		584,527		213,894	2,215,059	271,535
Cost/Approved Mile Contractors	<b>\$3.60</b>		<b>\$4.58</b>		<b>\$1.71</b>	<b>\$2.31</b>	<b>\$5.11</b>

Within SCASD, it currently costs less per mile for District-owned transportation than it does for contracted transportation.

For some perspectives on how costs have changed over the past few years, a five year comparison of costs is shown below.

### Change in Transportation Costs over the Past Five Years

Transportation Costs By District By Year	% change over 5 years		
	06-07	10-11	
Abington	\$5,303,502	\$5,553,747	4.7%
SCASD	\$5,314,154	\$5,685,576	7.0%
North Allegheny	\$4,808,993	\$5,204,991	8.2%
Parkland	\$6,448,986	\$7,435,614	15.3%
Cumberland Valley	\$4,677,830	\$5,592,590	19.6%
Lower Merion	\$8,385,966	\$11,436,255	36.4%
Tredyffrin-Easttown	\$4,388,213	\$6,567,773	49.7%

SCASD had the second slowest rate of growth in transportation costs over that time period.

While we have focused mainly on our cohort Districts for comparisons, the surrounding Districts in the County are represented in the table below, as another benchmark against which to compare. The data again comes from 2010-11.

	Bellefonte	SCASD	Bald Eagle Area	Penns Valley
Nonpublic Students Transported	84	421	37	70
Charter Students Transported	49	241	6	52
District Students Transported	<u>2,612</u>	<u>6,475</u>	<u>1,905</u>	<u>1,524</u>
Total Students Transported	2,745	7,137	1,948	1,646
% Nonpublic & Charter	5%	9%	2%	7%
Days In Session	176	178	179	177
Square Mileage of the District	117.6	151.3	340.9	256
Total Costs	\$1,742,691	\$5,685,576	\$1,635,679	\$1,603,633
<b>Cost/Student Transported</b>	<b>\$635</b>	<b>\$797</b>	<b>\$840</b>	<b>\$974</b>

In this group, SCASD is the second smallest District. It is not surprising in terms of total costs that SCASD is by far the leader in expenses simply because of the number of students transported daily. On a per student transported basis, SCASD ranks favorably with the county schools with only Bellefonte having a lower cost per student transported.

## **State Subsidy Calculations**

The state pays a portion of the District's transportation costs. The formula used to do so is complex. We will try to enumerate the major portions of this formula and what potential changes to transportation operations could impact it in a positive way. The reimbursement is only payable for trips from home to school and back. Athletic travel, field trips, and other types of transportation are fully paid for by the District only.

There are a number of components to the subsidy calculation. Two of the biggest components that determine subsidy have nothing to do with the actual cost of transportation. Those variables are District Market Value and District Market Value Aid Ratio. We will define those variables before attempting to quantify their impact on the subsidy calculation.

### **District Market Value**

District Market Value is calculated by the State Tax Equalization Board. That Board defines market value as the aggregate market value of taxable real property in each school district. To simplify slightly, it is an attempt to measure the amount of money that would be required to buy all of the taxable property in the District at its current value. This measure is one part of the calculation that determines the Common Level Ratio, which is used in determining how market value and assessed value have changed since the time of the last assessment. The District's Market Value is important because it is used in calculating the District's Market Value Aid Ratio, which is one of the most important variables in determining state subsidy for transportation.

### **District Market Value Aid Ratio**

The state calculates three aid ratios for the District. They are the Market Value Aid Ratio, the Personal Income Aid Ratio, and the Market Value/Personal Income Aid Ratio. The Market Value Aid Ratio attempts to measure how relatively wealthy a District is on a per student basis based upon property values. The Personal Income Aid Ratio attempts to measure how relatively wealthy a District is on a per student basis based upon income earned by its residents. The Market Value/Personal Income aid ratio is just a weighted average of the two.

For the year in question, the District's Market Value Aid Ratio was .11 or 11%. This is the percentage of approved costs that the state will pay for most transportation costs. The two exceptions are for transportation of non-public school students (not charters) and transportation of students who live on a hazardous walking route. Those costs are reimbursed at 50%. We have the third smallest Aid Ratio behind only Tredyffrin-Easttown and Lower Merion.

## Other Parts of the Transportation Subsidy Formula

The final portion of the Transportation Formula is calculated based upon the number of pupils assigned to each bus in relation to the capacity of the bus, the number of miles each bus travels with and without students, the total number of days the bus runs, and the age of the bus performing the runs. There is a different calculation for buses owned by the District versus buses run by contractors. All of these factors drive out an approved cost per formula. It should be noted that while total costs include all types of transportation including athletics and field trips, the state only reimburses for transportation to and from school. The state reimbursement for our cohort Districts is in the table below:

	<b>Cumberland Valley</b>	<b>Lower Merion</b>	<b>North Allegheny</b>	<b>Tredyffrin-Easttown</b>	<b>Parkland</b>	<b>Abington</b>	<b>SCASD</b>
% Hazardous Walking Routes	0%	49%	50%	37%	16%	23%	16%
MV Aid Ratio	0.26	0.10	0.44	0.10	0.19	0.22	0.11
Total Costs	\$5,592,590	\$11,436,255	\$5,204,991	\$6,567,773	\$7,435,614	\$5,533,747	\$5,685,576
Approved Cost per Forumla	\$4,665,416	\$3,064,216	\$2,701,574	\$3,249,509	\$3,743,173	\$1,690,912	\$2,759,306
% Approved Costs	83%	27%	52%	49%	50%	31%	49%
State Revenue for Nonpublic Runs	\$209,075	\$510,038	\$145,161	\$288,665	\$149,384	\$200,717	\$81,383
State Revenue for Hazardous Runs	\$0	\$496,913	\$600,811	\$488,642	\$283,918	\$145,391	\$206,648
<b>State Revenue for Non-Hazardous Runs</b>	<b>\$2,227,632</b>	<b>\$105,031</b>	<b>\$526,189</b>	<b>\$169,490</b>	<b>\$544,822</b>	<b>\$217,516</b>	<b>\$248,889</b>
Depreciation for District Owned Buses	\$0	\$70,712	\$57,641	\$0	\$106,982	\$37,100	\$32,200
Revenue for Charter/Nonpub Students	<u>\$299,530</u>	<u>\$1,181,950</u>	<u>\$377,685</u>	<u>\$523,215</u>	<u>\$335,335</u>	<u>\$604,450</u>	<u>\$254,870</u>
<b>Total State Revenue</b>	<b>\$2,736,237</b>	<b>\$2,364,644</b>	<b>\$1,707,487</b>	<b>\$1,470,012</b>	<b>\$1,420,441</b>	<b>\$1,205,174</b>	<b>\$823,990</b>
<b>State Revenue as % of Total Costs</b>	<b>49%</b>	<b>21%</b>	<b>33%</b>	<b>22%</b>	<b>19%</b>	<b>22%</b>	<b>14%</b>

SCASD has both the lowest total state reimbursement and the lowest percentage of expenses reimbursed. However, it should be noted on non-hazardous public school runs, SCASD ranks fourth in subsidy. Many of our cohort Districts receive a great deal of additional subsidy due to the number of charter and non-public students transported. For each of these students transported, the District receives a flat dollar amount of \$385/student. Additionally, nonpublic runs (but not charters) and runs due to hazardous walking routes are reimbursed at 50%, not the District's MV Aid Ratio. SCASD is last in revenue for nonpublic runs.

Our percentage of total costs that are approved costs are in line with our cohort group. We again rank fourth in this area.

## Highlighted Areas of This Report

Each bus causes a high level of fixed costs. To the degree possible, maximizing the capacity utilized on each bus can generate some level of transportation savings. The tradeoff for fewer, fuller buses will be longer, more crowded rides.

The mix between District owned buses and contracted buses should also be monitored. The District has agreements with 4 contractors that run through 2014-15 currently. These contracts were renegotiated in the 2009-10 year to freeze the per diem compensation to contractors for 2010-11 and 2011-12 and cap any increases in 2012-13 through 2014-15 at either 2% or the rate of increase of the Consumer Price Index, whichever is smaller. Once again, the contractors are agreeing to freeze the 2012-13 rates through and including 2015-16; with increases at CPI or 2% max for 2016-17 and 2017-18 respectively. In addition to renegotiating our contracts, we have eliminated 16 routes over the past three years. We have also added 2 buses (Grier School being the biggest expense at a cost of approximately \$55,000 per year).

## Rates Are Per Bus in the Chart Below

	Proposed with Rate Freeze	Rates without Freeze	
2009-10	244.73	1.5%	248.40
2010-11	244.73	3.0%	255.85
2011-12	244.73	2.0%	260.96
2012-13	248.60	1.8%	265.66
2013-14	248.60	2.0%	270.97
2014-15	248.60	2.0%	276.39
2015-16	248.60	2.0%	281.92
2016-17	253.57	2.0%	287.56
2017-18	258.64	2.0%	293.31



The District has some limitations with how many routes can be reduced within the current bell schedule. With only 35 minutes between the starting and ending time of elementary and secondary schools, it will be hard to extend the length of runs. Right now, the same buses are used to do both elementary and secondary runs. That limits the ability to extend the length of bus runs.

State reimbursement is highly dependent on our Market Value Aid Ratio. This is not an item over which we have any influence. Our capacity utilization also has an influence on the amount of reimbursement. As stated above on the cost side of the equation, there are tradeoffs to fewer, fuller buses. Still, we need to review our current practices against those of our cohort Districts who have been able to achieve better results in this area.

Discretionary transportation (student activities, athletics, field trips, etc.) is another area that calls for further study. In 2010-11, the District spent in excess of \$500,000 on these types of activities. While these are transportation related expenses, they are more properly discussed within the context of reports on extracurricular activities and educational programs.

It is also worth noting that based on this report the district spent 5.685 million in total expenditures on transportation in the 2010-2011. In the completed budget year of 2011-2012 the total expenditures spent on transportation was 5.565 million. Both these amounts include salary and benefits.

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<b>Total State Revenue</b>	<b>\$2,736,237</b>	<b>\$2,364,644</b>	<b>\$1,707,487</b>	<b>\$1,470,012</b>	<b>\$1,420,441</b>	<b>\$1,205,174</b>	<b>\$823,990</b>
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## Highlighted Areas of This Report

Each bus causes a high level of fixed costs. To the degree possible, maximizing the capacity utilized on each bus can generate some level of transportation savings. The tradeoff for fewer, fuller buses will be longer, more crowded rides.

The mix between District owned buses and contracted buses should also be monitored. The District has agreements with 4 contractors that run through 2014-15 currently. These contracts were renegotiated in the 2009-10 year to freeze the per diem compensation to contractors for 2010-11 and 2011-12 and cap any increases in 2012-13 through 2014-15 at either 2% or the rate of increase of the Consumer Price Index, whichever is smaller. Once again, the contractors are agreeing to freeze the 2012-13 rates through and including 2015-16; with increases at CPI or 2% max for 2016-17 and 2017-18 respectively. In addition to renegotiating our contracts, we have eliminated 16 routes over the past three years. We have also added 2 buses (Grier School being the biggest expense at a cost of approximately \$55,000 per year).

## Rates Are Per Bus in the Chart Below

	Proposed with Rate Freeze	Rates without Freeze	
2009-10	244.73	1.5%	248.40
2010-11	244.73	3.0%	255.85
2011-12	244.73	2.0%	260.96
2012-13	248.60	1.8%	265.66
2013-14	248.60	2.0%	270.97
2014-15	248.60	2.0%	276.39
2015-16	248.60	2.0%	281.92
2016-17	253.57	2.0%	287.56
2017-18	258.64	2.0%	293.31



The District has some limitations with how many routes can be reduced within the current bell schedule. With only 35 minutes between the starting and ending time of elementary and secondary schools, it will be hard to extend the length of runs. Right now, the same buses are used to do both elementary and secondary runs. That limits the ability to extend the length of bus runs.

State reimbursement is highly dependent on our Market Value Aid Ratio. This is not an item over which we have any influence. Our capacity utilization also has an influence on the amount of reimbursement. As stated above on the cost side of the equation, there are tradeoffs to fewer, fuller buses. Still, we need to review our current practices against those of our cohort Districts who have been able to achieve better results in this area.

Discretionary transportation (student activities, athletics, field trips, etc.) is another area that calls for further study. In 2010-11, the District spent in excess of \$500,000 on these types of activities. While these are transportation related expenses, they are more properly discussed within the context of reports on extracurricular activities and educational programs.

It is also worth noting that based on this report the district spent 5.685 million in total expenditures on transportation in the 2010-2011. In the completed budget year of 2011-2012 the total expenditures spent on transportation was 5.565 million. Both these amounts include salary and benefits.