



STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

OFFICE OF THE SUPERINTENDENT

January 19, 2010

TO: The Honorable Janis Akuna, Chairperson
Committee on Budget & Fiscal Accountability
Board of Education

FROM: Kathryn S. Matayoshi, Interim Superintendent

SUBJECT: Student Transportation Deficit

1. BACKGROUND

When the Board approved the Department's request on November 19, 2009 to increase the school bus fare effective January 1, 2010, the Board mandated the Department to come up with a plan to either live within its legislatively-appropriated money or present to the Board a plan where bus service can pay for itself.

The department recognizes that families and students will be significantly impacted by adoption of these proposals. Because of the impacts on students and families, we request that any action by the board allow the Department sufficient time to notify parents and students, and provide parents and students the opportunity and time to make any necessary adjustments.

2. RECOMMENDATION

It is recommended that the projected \$12 million deficit this fiscal year in student transportation operations, and to bring expenses in line with resources in future years, be addressed as follows:

- Reduce bus service in the current school year (SY) by eliminating the routes already being eliminated, and eliminate more routes on Oahu next SY (requires further discussion with the City once we see the impact of the January 5, 2010 route eliminations). Estimated cost savings – \$600,000 for the remainder of this SY, \$2-3 million next SY.
- Aggressively consolidate routes effective February 1, 2010, once we see the ridership stabilize after the second week of the second semester. We expect ridership on remaining secondary school routes to decrease because of the 1.5-mile walk distance for students in grades 6-12 and the increased quarterly fare. Our objective (which we recognize will not be 100 percent realized) beginning February 1, 2010 will be to have every bus full.

- Increase the bus fare again effective July 1 to match the already-approved increase in the City youth fare.
- Increase the walk distance to:
 - 2.5 miles for high school students
 - 2.0 miles for students in grades 6-8
 - 1.5 miles for students in grades 3-5

This year's deficit will remain near \$10 million. The proposed measures will reduce the deficit further. Our objective is zero deficit in FY 2010-11, after the transfer of \$9 million in impact aid funds to student transportation.

To enable these possibilities, we propose in a separate memorandum amendments to Chapter 27, Hawaii Administrative Rules (HAR) ("Transportation of Students") that:

- √ Eliminate the fare cap (now 50% of cost).
- √ Delete the "walk distance" (so the Department could determine it, with Board approval).
- √ Add a "reduced fare" concept, so there could be a reduced fare for students eligible for reduced meal prices.
- √ Allow the Department, with Board approval, to determine which categories of students are eligible for free bus service and which are eligible for reduced fares.
- √ Allow the Department to discontinue school bus service where, in Department's determination, there is adequate public transportation.

The Department considered the following alternatives:

- a) Eliminate bus service when the funds run out and discontinue bus service next year, except for curb-to-curb services.
- b) Operate the bus service within the legislative appropriation of \$46 million plus fare revenues.
- c) Make the regular buses self-supporting.

Discontinuing regular bus service when this year's funds run out would eliminate the deficit. Assuming the appropriation remained at \$46 million in future years, expenses would be reduced to approximately \$32 million (approximately \$24 million for curb-to-curb services and \$7 million for the idle bus charge) next fiscal year, assuming no increase in curb-to-curb bus contract amounts. Expenses would decrease by approximately \$1 million per year as bus contracts expire and the idle bus charge decreases.

Operating the bus service within the legislative appropriation of \$46 million plus fare revenues is possible, but is a more drastic curtailment of service and/or increase in fares than the recommended plan, which is to operate the bus service within the legislative appropriation of \$46 million plus fare revenues plus an allocation of \$9 million of federal funds. To achieve a breakeven this fiscal year, approximately half the routes would need to be discontinued effective February 1, 2010. With higher fares, the elimination of free fares, and increased walk distances, some of the routes could be restored in fiscal year 2010-11.

It is not feasible to make the regular buses self-supporting. If students eligible for free meals were to continue to receive free transportation, with no reduction in ridership, the fare would need to be approximately \$2,000 per year. Fare-paying ridership would certainly fall sharply at this fare level, and there would be insufficient demand by paying riders to operate a system. If free transportation were discontinued, with no reduction in ridership, the fare would need to be approximately \$1,200 per year. Ridership would also fall sharply at this fare level, and it would not be possible to operate a system. Curb-to-curb services that are mandated in a student's Individualized Education Plan must be free.

3. RECOMMENDED EFFECTIVE DATE

Upon approval by the Board.

4. RECOMMENDED COMPLIANCE DATE (if different from the effective date)

Upon approval by the Board.

5. DISCUSSION

a. Conditions leading to the recommendation

The Board, at its November 19, 2009 general business meeting, asked the Department to come up with a plan to either live within its legislatively-appropriated money or present to the Board a plan where bus service can pay for itself.

b. Previous action of the Board on the same or similar matter

See above.

c. Other policies affected

None.

d. Arguments in support of the recommendation

The recommended action will provide a direction and plan for reducing the deficit in student transportation to zero in fiscal year 2010-11. It will be clear to parents, students, school-level personnel, other Department personnel, bus contractors, and the general public what actions will be taken and the reason for the actions.

e. Arguments against the recommendation

The recommended action does not reduce the current fiscal year's deficit to zero.

f. Findings and conclusions of the Board committee

To be determined.

- g. Other agencies or departments of the State of Hawaii involved in the action

None.

- h. Possible reaction of the public, professional organizations, unions, DOE staff and/or others to the recommendations

Parents and students may be unhappy if student transportation services will be eliminated for them. Parents and students may be unhappy because school bus routes will be longer when school bus routes are consolidated to maximize the number of passengers on every school bus. Traffic congestion is likely to increase because more students will drive or be driven to school in private automobiles. Members of the public will be concerned about the safety of increased numbers of students who will walk to school. Bus contractors will be unhappy that their business will decline. Members of the public who ride the City bus on Oahu may be unhappy if their buses are crowded with public school students.

- i. Educational implication

Discontinuing bus services may cause some students to be late to school, or arrive too late to participate in the school breakfast program. Some students may drop out of school.

- j. Personnel implications

There will be a continuing burden on our district transportation officers, as they work with bus contractors to consolidate school bus routes and field inquiries and complaints from parents and school personnel.

- k. Facilities implications

There will likely be increased traffic congestion at school during the morning drop-off and afternoon pick-up of students.

- l. Financial implications

The Department will reduce its deficit in student transportation operations, so more funds will be available for other Department programs.

6. OTHER SUPPLEMENTARY RECOMMENDATIONS

None.

KSM/RGM

- c: The Honorable Garrett Toguchi, Chairperson, BOE
Office of School Facilities and Support Services