

Chalkboard's K-12 Action Plan

#5: EFFECTIVELY USE TRANSPORTATION DOLLARS

Goal: *Revise the transportation funding structure to save money.*

Recommendation: **Eliminate transportation-matching grants and distribute a fixed block grant to schools, based on program efficiencies.**

Success Measurement: Without open-ended transportation matching grants, Oregon's transportation spending per student should match U.S. and regional averages five years after implementation.

Concept: Oregon reimburses school districts for 70 to 90 percent of their approved transportation expenditures. There is only a weak incentive to operate an efficient system or otherwise contain costs. A block-grant type system that distributes a set amount each year could increase fiscal incentives in other ways. The more efficient a district's transportation program, the more resources they would have for other uses. As with centralized online purchasing procedures (Issue #6), funds saved by local schools as a result of the transition would stay with those local schools. They could use the savings to support student achievement. Chalkboard's Funding Workgroup will evaluate this proposal in their work plan.

Public Opinion: According to Chalkboard's statewide public opinion poll, there is a funding divide in Oregon: 40 percent of Oregonians do not think that funds are spent efficiently, while 47 percent of Oregonians believe that most of the waste and inefficiency in their school district has been eliminated. Chalkboard's Citizen Feedback Guide survey asked Oregonians about the idea of distributing a fixed block grant in lieu of transportation matching grants, and establishing state or regional consortiums to reduce energy purchasing. Respondents gave it a 3.3 on a scale of 1 (Strongly Disagree) to 5 (Strongly Agree).

Supportive Research: National statistics for the 2001-02 school year (the most recent available) show that Oregon outspends its regional peers on transportation. Oregon's rate of \$326 per student on transportation ranked second among Western states and \$15 per student above the U.S. average. During that same time period, Oregon spent \$57 per student more than Washington State on transportation. Under current law, Oregon reimburses local school districts for 70 to 90 percent of all approved transportation expenditures. Districts must provide transportation for students who live more than one mile from an elementary school or more than 1.5 miles from a high school. Any reform to the system would either have to comply with this mandate or explicitly change it.

To determine transportation grants, the state calculates the average transportation cost per student for each school district. Oregon Department of Education (ODE) then ranks districts from highest to lowest cost per student. The top 10 percent (highest cost) districts qualify for a 90 percent state match of their approved transportation cost. The next 10 percent qualify for an 80 percent match, and the bottom 80 percent qualify for a 70 percent match. As long as ODE approves the costs, there is theoretically no limit to the state's share of the costs. This system does little to encourage efficient use of funds at the local level. The requirement that districts cover 10 to 30 percent of approved costs is a weak incentive at best.

Oregon should develop a new funding mechanism with a fixed annual appropriation and a formula that rewards districts for cost efficiency. An effective example is North Carolina's program. An appealing feature of their program is that it adjusts each district's budget rating for variables that can impact efficiency, such as average distance students must travel to school, number of students transported per mile of road (pupil density), elevation, complexity of the street network, and percent of students with special needs who require transportation.

Overall, North Carolina's actions have resulted in markedly reduced state budgets for student transportation. Costs per student per mile, which had been steadily climbing before implementation, leveled off once the state implemented the new finance framework. For Oregon, Chalkboard recommends that the funding formula include regular reevaluation to make sure that it remains relevant to each local district situation.

(Please visit the "Download Center" section of www.chalkboardproject.org to see source data: Citizen Public Opinion Statewide Poll: Highlights of Key Findings; Citizen Feedback Guide Survey Results; and ECONW Report: Condition of K-12 Education in Oregon, pp. vi to x, 4-1 to 4-15; Finance Full Report, Ch. 6, pp. 6-2 to 6-3; K-12 Business Practices: Issue Paper, pp. 1, 11-13.)