

EDU-EDN
Joint Info Briefing
on Student
Transportation

LEGISLATIVE REPORT

SUBJECT: Relating to the State Budget

REFERENCE: Act 164, SLH 2011 (HB 200, HD1, SD1, CD1, Section 131)

ACTION REQUESTED: No funds for FY2012-13 shall be expended for home-to-school transportation costs not mandated by state or federal law, provided the DOE report on comprehensive analysis of alternatives for providing student transportation, cost-benefit analysis of each alternative, prioritized transportation routes, examination of fee schedules and pricing strategies, evaluation of other jurisdiction programs, and recommendations including actual costs of all services.

DOE REPORT: The attached report and summary provides the requested information.

Introduction:

FINDINGS: See attached.

RECOMMENDATIONS: None.

DEPARTMENT OF EDUCATION'S REPORT TO THE 2012 HAWAII STATE LEGISLATURE

Pursuant to Section 131 of Act 164 of the 2011 Regular Session

This report is organized in the order that Items (1) through (7) are listed in Section 131 of Act 164/2011. The proviso language is in bold face. The DOE's report is presented in normal text.

Section 131. Provided that of the general fund appropriation for the department of education (department), excluding charter schools, no funds for fiscal year 2012-2013 shall be expended for home-to-school transportation costs not mandated by state or federal law; provided further that the department shall prepare a report that shall include:

(1) A comprehensive analysis of alternatives for providing student transportation, including but not limited to the elimination of transportation services not mandated by law, route consolidation and reduction scenarios, methods of reducing contracted costs, implementation of transportation services with state personnel and/or buses, partnerships with county agencies, and the use of tripper services.

- Elimination of transportation services not mandated by law - The complete elimination of school transportation services not mandated by law would effectively end public school bussing services for general education students except for those affected by the Federal No Child Left Behind Act (i.e. students who transfer from under-achieving schools) and the McKinney-Vento Act (i.e. students who are homeless).
- Route consolidations - The department already uses "route consolidations" as a cost-cutting tool. The department will continue to seek further route consolidation opportunities.
- Route reduction scenarios – Other than by route consolidation, reducing the overall number of bus routes can be accomplished by reducing the overall number of "qualified" student passengers or by discontinuing service. Reducing the number of qualified student passengers would require stiffer qualification criteria, but such an action would place hardships on families who rely on the public school bus service. Discontinuing service would mean eliminating certain routes in specific geographic locations based on criteria that would include but not be limited to the availability of public transportation, the percentage of students qualified for free or reduced price lunch, the compactness of the student population, and the topography of surrounding roads and sidewalks.
- Methods of reducing contracted costs - Bus contracting costs are driven by the prevailing market place. Robust competitive bidding among service providers – or the lack thereof – substantially influences the market place's response to bus contract solicitations. The department is committed to expanding its pool of potential service providers by inviting participation from non-school bus operators as well as mainland-based companies.

The department continues to explore short-term and long-term alternatives for reducing contracted costs, such as:

- Allowing contractors to park buses on school campuses,
- Extending the usable life of school bus vehicles,
- Reducing the number of standby vehicles contractors must provide,
- Revising price adjustment provisions (i.e. fuel, wage and CPI cost adjustments),
- Repealing the wage certificate requirement,

- Clarifying the department's responsibility to contractors if it exercises its right to terminate the contracts with 30 days notice,
- Allowing contractors to determine the routes, bus sizes, and number of buses,
- Increasing the number of buses per bid package,
- Increasing the contract term,
- Providing buses to contractors, and
- Providing baseyards to contractors.

These measures can be incorporated into future contracts, but existing contracts require amendment through negotiation. The wage certificate is statutory; repealing it would require legislation.

Cost saving measures that do not require amending contract agreements include:

- Staggering school hours in order to maximize usage of hired vehicles.
- Coordinating school waiver days to reduce the overall number of operating days.
- Eliminating free bus service (fare-free ridership) in order to reduce ridership while increasing bus fare revenue.
- Combining age groups (elementary, middle, high) on the same bus.
- Instituting 4-day school weeks while increasing school hours from 6 hours per day to 7.5 hours per day. This action would reduce the overall number of service days by 20% without compromising student instructional hours.
- Increasing the school bus fare in order to increase bus fare revenue and reduce the demand for bus transportation.
- Increasing the distance from school that students must live to qualify for bus service.
- Consolidating all school bus operations into a single contract

Implementing some of these measures would require either legislation or amendments to Chapter 8-27 ("Transportation of Students"), Hawaii Administrative Rules.

- Implementation of transportation services with state personnel and/or buses - Since 2005, the department has operated a limited number of general education buses in Kailua-Kona utilizing state personnel on state-leased school bus vehicles. The department has since determined that private contractors can furnish public school bussing services at no greater expense and with fewer challenges than the department can with public employees.
- Partnerships with county agencies using tripper services – School trippers are extra services provided by municipal bus operators to protect against overcrowding on municipal bus routes serving schools. There are federal regulations (49 CFR Part 605) directed at protecting the private sector against unfair competition and ensuring that federal funding for municipal services is focused on providing services that meet the needs of the "general public". School tripper services may be operated if they meet the following criteria:
 - There is sufficient demand to warrant the operation of a tripper;
 - There are sufficient resources to operate a tripper;
 - The school tripper will not result in significant increase in travel time for regular customers; and

- The school tripper is operated as part of the regularly scheduled public transportation service.

The City and County of Honolulu has provided tripper service to certain schools for many years. The City transportation officials have resisted shifting significant numbers of students from school bus to City bus service because their resources are incapable of absorbing the increased ridership.

(2) A cost benefit analysis of each alternative identified (above);

- Elimination of transportation services not mandated by law – This would save \$40 million or more annually, subject however to the costs associated with cancelling existing contracts. The cost of cancelling existing contracts would need to be negotiated, but should not exceed \$20 million. A determination of the cost to parents and the community for terminating public school transportation services not mandated by law requires subjective assumptions that include the net increase in the cost to parents for getting their children to and from school, the increase in casualties when students shift to other modes of transportation, the cost of increased absenteeism and school drop outs, and the increased community carbon footprint.
- Route consolidations – The savings from route consolidations already implemented is \$605,000 in FY 2012. Additional route consolidations would increase cost savings.
- Route reduction scenarios – The savings from reducing bus routes would be dependent upon the number of routes that are eliminated. The current average price of a general education school bus is approximately \$400 per day. Each reduced bus requires a “fixed cost” payment to the contractor of \$100 per day through the end of the contract period. Therefore, the immediate realized cost savings for each reduced bus is approximately \$300 per day.

The savings from reducing routes in parcels by eliminating certain routes in specific geographic locations is as follows:

- Eliminating HIGH SCHOOL bus service on Oahu Island – Approximately \$6.12 million per year before the one-time termination cost that should not exceed \$3 million.
- Eliminating HIGH SCHOOL and MIDDLE SCHOOL bus service on Oahu Island – Approximately \$13.18 million per year before the one-time termination cost that should not exceed \$6.6 million.
- Eliminating ALL bus service on Oahu Island except for all schools in designated “Zones of School Innovation” (ZSI) – Approximately \$14.6 million per year before the one-time termination cost that should not exceed \$7.3 million.
- Methods of reducing contracted costs – The savings from contractors voluntarily reducing their existing contract prices is indeterminate. The department remains optimistic that it may be able to reduce some its transportation costs through negotiations.

Cost saving measures that do not require amending contract agreements include:

1. Staggering school hours – Staggered school hours enables the ability to assign vehicles to multiple trips at multiple campuses, thereby reducing the overall number of required vehicles. However, the savings from using staggered school hours is indeterminate because school participation and the spacing of school hours will influence its effectiveness. The department is discussing formulating a mandate on staggered school hours in areas where savings could be achieved.
2. Coordinating school waiver days – The department has already made significant progress in this area, and there are no school waiver days that affect students in the current school year. The cost savings of fully coordinated school waiver days is estimated to be less than 1% annually.
3. Eliminating free bus service (fare-free ridership) – The net savings (made up of increased revenue and lower costs because fewer buses would be required) of eliminating free bus service could reach \$14 million annually, assuming half the free riders choose to continue riding the bus once they have to pay, and before considering the one-time cost of reducing the number of buses, which is estimated not to exceed \$4 million. If only 25% of the free riders choose to continue riding the bus once they have to pay, the savings could reach \$18 million annually before considering the one-time cost of reducing the number of buses, which is estimated not to exceed \$6 million.
4. Combining age groups on the same bus – The department has already made significant progress in this area. However, more opportunities remain. The cost savings will be minimal.
5. Instituting 4-day school weeks – The savings from this option could be significant. The direct benefit to transportation costs is a savings of 20%, or about \$8 million before considering a 20% reduction in bus pass revenue due to the reduction in the number of service days, which is estimated to be about \$0.6 million. Closing school campuses on what would otherwise be normal school days could result in additional cost savings to the DOE. This change has ramifications beyond student transportation and would require legislation to implement.
6. Increasing the school bus fare – The current school bus fare is equivalent to the current youth fare on City & County of Honolulu buses, and the department does not believe it is equitable to charge school bus riders more than the equivalent “youth” fare on City & County of Honolulu buses.
7. Increasing the distance from school that students must live to qualify for bus service – Increasing the qualifying distance from 1 mile to 1.5 miles for students in grades K-5 and from 1.5 to 2 miles for students in grades 6-12 would decrease both revenue and ridership, with a net reduction in costs estimated at \$4 million.
8. Consolidating all bus operations into a single contract – More than one party has expressed interest in bidding for such a contract with indications that potentially significant savings to the department may be achievable.

- Implementation of transportation services with state personnel and/or buses – The department has determined that in-sourcing student transportation services is not beneficial to the state.
- Partnerships with County agencies and use of tripper services – The savings from discontinuing certain school bus routes on Oahu is estimated at \$714,000 for FY 2012.

(3) A prioritized listing of student transportation routes, the reason the route is a priority, the projected number of students serviced, and the projected cost of providing transportation service for the route;

This report includes Appendixes A through F (see attachments) which lists the following data:

- A. Current regular education contracts by district on Oahu Island
- B. Current regular education contracts by district on Neighbor Islands
- C. Current special education contracts by district on Oahu Island
- D. Current special education contracts by district on Neighbor Islands
- E. Current cost savings from route consolidations (idling buses)
- F. The number of contracts and buses that are scheduled to expire in each of the next 6 years

The following table is a prioritized listing of student transportation routes that the department intends to target for continuance in case of insufficient funding:

	Priority Complex	Students Reason for Priority	Projected Number of Students Serviced	Estimated Annual Cost of Non-Mandated Services
1.	Ka'u-Keaau-Pahoa	ZSI; High Poverty (93% ride free)	2,940	\$ 3.07 million (37 buses)
2.	Nanakuli-Waianae	ZSI; High Poverty (87% ride free)	1,821	\$ 1.67 million (23 buses)
3.	Hana	High Poverty (85% ride free)	198	\$ 405,000 (5 buses)
4.	Molokai Island	High Poverty (78% ride free)	852	\$ 1.19 million (21 buses)
5.	Hilo-Laupahoehoe-Waiakea	High Poverty (75% ride free)	1,422	\$ 1.42 million (17 buses)
6.	Lahaina	High Poverty (67% ride free)	454	\$ 842,400 (13 buses)
7.	Castle-Kahuku	High Poverty (63% ride free)	1,340	\$ 2.08 million (30 buses)

** Cost estimates are based on current contract prices for each region, and are based on 180 school days per year*

(4) An examination of fee schedules and evaluation of projected cost of providing transportation service for various pricing strategies

The recent history of bus fares is shown in the table below:

Bus Pass Type	Through 12/31/2009	1/1/10 to 6/30/11	Current
One-way Bus Coupons	\$ 0.35	\$ 0.75	\$ 1.25
Quarterly Round Trip	\$ 31.50	\$ 60.00	\$ 72.00
Annual Round Trip	\$ 119.70	\$ 225.00	\$ 270.00

The total student bus fare collections for SY 2009-2010 were \$ **2,075,000.**
 (The total cost of general education bus contracts for SY 2009-2010 was \$35,762,000)

The total student bus fare collections for SY 2010-2011 were \$ **2,651,000.**
 (The total cost of general education bus contracts for SY 2010-2011 was \$39,417,000)

The total student bus fare collections for SY 2011-2012 are \$ **1,921,000** (to date)
 (Student bus fare collections for SY 2011-2012 are projected to reach \$ 2,568,000 by year's end
 The total cost of general education bus contracts for SY 2011-2012 is projected to be \$41,484,000)

Currently, a student is eligible for free bus service if he/she qualifies for one of the following criteria, as provided in Chapter 8-27, HAR:

- Receives free meal
- Is a foster child
- Is directed by the DOE to attend a school other than the child's home school
- Has 3 or more older siblings who pay for their bus pass
- Is homeless
- Has transferred from his/her neighborhood school that was "In Status" to a school "Not In Status". "In Status" is a No Child Left Behind (NCLB) designation for schools that have not made adequate yearly progress for two or more consecutive years.

In school year 2009-2010, there were **18,111** registered free bus riders
 (This represents an estimated \$2,244,000 in lost student bus fare revenue for 2009-2010)

In school year 2010-2011, there were **19,999** registered free bus riders
 (This represents an estimated \$4,500,000 in lost student bus fare revenue for 2010-2011)

So far in school year 2011-2012, there are **20,514** registered free bus riders
 (This represents an estimated \$5,539,000 in lost student bus fare revenue for 2011-2012)

The cost of providing student transportation service using "various" pricing strategies is heavily dependent on the overall number of paying riders in each student fare price point. The table below illustrates FOUR of an infinite number of pricing scenarios:

Subject:	Now	No. 1	No. 2	No. 3	No. 4
Annual fare	\$270	\$270	\$270	\$540	\$540
Some riders ride free?	Yes	No	No	Yes	No
% of free riders who ride if they must pay	NA	50%	25%	NA	10%
% of fare-paying riders who continue riding	NA	100%	100%	40%	40%
Number of paying riders	16,000	26,000	21,000	6,400	8,400
Number of fare-free riders	20,000	None	None	20,000	None
Total number of bus riders	36,000	26,000	21,000	6,400	8,400
Total cost (millions)	\$40	\$29	\$23	\$29	\$ 9
Cost per rider	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100
Total Revenue (millions)	\$ 4	\$ 7	\$ 6	\$ 3	\$ 5
Net Cost (millions)	\$36	\$22	\$17	\$26	\$4

NOTE: Assumes expenses can be reduced proportionately to ridership reduction. In reality, this will result in unacceptably poor service.

(5) An evaluation of how student transportation is administered, and how costs are managed and paid for, in other jurisdictions;

For this exercise, the department selected one urban jurisdiction from each of the four continental United States time zones for best comparison purposes. They are:

Jurisdiction	Transportation Administered By	Costs Are Paid For By	Services Furnished By Contractor and District
Washington State	Pupil Transportation in Washington State is a section within the Office of the Superintendent of Public Instruction (OSPI). The Superintendent of Public Instruction is one of nine statewide elected officials. The Director of Pupil Transportation is under the Assistant Superintendent for Student Support and Operations.	Legislative appropriation provides funding for five regional transportation coordinators. The coordinators assist school districts in preparing funding reports, provide local program review for school district operations, and participate in all aspects of statewide pupil transportation programs. The District does NOT charge students a fare.	District
Indiana State	The Director of the Office of School Transportation is under the Indiana Department of Education.	All school bus transportation operations and school bus purchases are funded on an individual school district basis completely through local property taxes. The District does NOT charge students a fare.	District
Louisiana State	The Director of the Division of Student and School Learning Support, School Bus Transportation Program	Revenue is generated by each district. City school board provides free transportation for any student attending a school of suitable grade and approved by the State Board of Elementary and Secondary Education. The District does NOT charge students a fare.	District
Maryland	The Pupil Transportation Director is under the Division of Business Services of the Maryland DOE	The State Comptroller shall pay from the General State School Fund the annual appropriation for Student Transportation. The District does NOT charge a student fare.	District

(6) Recommendations on the options identified in the report;

- Elimination of services not mandated by law – This option would render immediate and significant cost relief of \$40 million or more. However, such an action would place a substantial burden on families who currently utilize public school bussing services as their only means of getting their children to and from school, and has other undesirable consequences (see discussion on Page 1 under this same heading). Therefore, the department does not recommend this as a cost-saving measure.
- Route consolidations – The department is committed to seeking additional route consolidation opportunities in order to further reduce school bus transportation costs.
- Route reduction scenarios – Although the department is not in favor of reducing general education bussing services to any degree since it would place undue hardship on students who depend on public school bus services, we agree that it is probably the only “effective” way of immediately and significantly reducing transportation costs. To that end, the department recommends that eliminating bus service in parcels, beginning with Oahu riders because of the availability of city bussing services, would be the best approach.
- Reducing contracted costs – The department is committed to continuing its pursuit of reducing the cost of existing contract agreements through one-on-one negotiations. The department’s recommendations on cost-saving measures that do not require negotiation are as follows:
 1. Staggering school hours – The department is in favor of staggering school hours as a means of reducing its transportation costs and is exploring scheduling options in complexes where such a change would reduce school bus costs.
 2. Coordinating school waiver days – The department is discussing a mandate of this to reduce its transportation costs.
 3. Eliminating free bus service – Most school bus riders qualify for free bus service, which effectively increases ridership while simultaneously reduces bus pass revenue. Eliminating free bus service will increase bus revenue and reduce ridership at the same time (assuming that many free riders would find alternative methods of transportation rather than pay for a bus pass). Whether certain students should receive free bus service or not is a policy decision; the department does not recommend eliminating free bus service at this time for the reasons stated above.
 4. Combining age groups on the same bus – Although the cost benefit of combining age groups on the same bus would be minimal, the department will implement this as part of a comprehensive cost cutting plan.
 5. Deploying 4-day school weeks – Despite the fact that the cost benefit of 4-day school weeks could be significant (up to 20% annually), the department does not recommend it as a viable option, as it believes that such a proposal would meet with stiff public resistance. It would also require an amendment to the state statute that mandates 180 days of instruction.

6. Increasing the student bus fare – The department has already raised the student bus fare by 350% in two years, yet student bus fare continues to account for only about 7% of the overall cost of general education school bussing services. As discussed above, the department believes the school bus fare should approximate the Honolulu City Bus youth fare, which is now the case. The table on page 6 above calculates the financial impact of various fare scenarios.
7. Consolidating all bus operations into a single contract - Several potential bidders have suggested that consolidating all student transportation services into a single contract could achieve significant savings for the department, and that they would be interested in bidding for such a contract. Such a program, however, if adopted, would likely have to be implemented over a period of five or six years to enable existing contracts to expire. The Department continues to explore this concept.
 - Implementation of transportation services with state personnel and/or buses – The department does not recommend furnishing services with state personnel as a viable cost-reducing alternative. However, the department will explore the concept of furnishing state-leased buses to private contractors (similar to the model that the City and County of Honolulu uses to provide its public transit services) because such an action may reduce the overall cost of leasing and financing school bus vehicles.
 - Partnership with county agencies and use of tripper services – The department will explore this option with county tripper agencies.

(7) Identification of the actual costs for all student transportation services for the prior two fiscal years and projected costs for the current fiscal year by means of financing, contract, and route; and identification of those costs for services that are mandated by law

Expenditures	FY 2010*	FY 2011	FY 2012**
General education transportation	\$58,155,000	\$77,297,000	\$74,142,000
Cost of DOE-furnished Bus Operations in Kona	773,000	580,000	216,000
City bus passes	315,000	326,000	357,000
Parent mileage reimbursements	65,000	58,000	59,000
Administrative costs	770,000	711,000	706,000
Total	\$60,078,000	\$78,972,000	\$75,480,000

* SY 2010 included only 162 school days of service due to teacher furloughs.

** FY 2012 costs are estimates.

Approximately \$29 million, \$32 million, and \$33 million of these costs are for services that are mandated by law in FY 2010, FY 2011, and FY 2012, respectively.

Means of Financing	FY 2010	FY 2011	FY 2012
General funds	\$17,005,000	\$67,405,000	\$ 72,380,000
Federal impact aid	39,874,000	7,507,000	
Department of Defense		2,155,000	1,529,000
Federal homeless assistance	243,000	100,000	100,000
Special fund (bus fare)	801,000	2,431,000	3,000,000
Total	\$60,078,000	\$78,972,000	\$75,480,000

The costs by contract are included in the attached appendices.

Provided further that the department shall submit the report to the legislature no later than forty days prior to the convening of the 2012 regular session; and provided further that the legislature may appropriate funds for student transportation services not mandated by state or federal law upon receipt and evaluation of the report.

Department of Education Student Transportation Report

Presented by
Randolph Moore, Assistant Superintendent

Hawaii State Legislature
State and House Education Committees
Informational Briefing
January 27, 2012

Student Transportation Expenditures and Appropriations

		\$ Millions
FY 09-10	Expenditures	60.0
FY 10-11	Expenditures	79.0
FY 11-12	Est. Expenditures	75.5
FY 12-13	Appropriation	29.3
FY 12-13	Appropriation & Supplemental Request	54.3

Budget Proviso (Act 161, Sec 131)

- Provided that of the general fund appropriation for DOE ... no funds for FY 12-13 shall be expended for home-to-school transportation ... not mandated by state or federal law;
- Provided further that DOE shall prepare a report that includes:

Budget Proviso

- Analysis of alternatives.
- Cost benefit analysis of alternatives.
- Prioritized list of routes with projected number of students served and cost.
- Examination of fee schedules and evaluation of various pricing strategies.
- Evaluation of how student transportation is administered, costs are managed and paid for elsewhere.
- Recommendations.
- Actual costs for the prior two fiscal years by means of financing, contract, and route.

Alternatives Identified by Legislature

- Eliminate non-mandated transportation (mandated = curb-to-curb, homeless, NCLB choice, DOE-directed)
- Route consolidation
- Methods of reducing contracted costs
- State-operated or state-provided buses
- Partnership with counties
- Tripper services

Eliminating Non-Mandated Service

- Without school bus service
 - Absenteeism will increase
 - Student achievement will decrease
 - Dropouts will increase
- School bus is
 - More convenient to parents than parent-provided transportation
 - Less environmentally impactful than private cars
 - Less traffic
 - Lower carbon footprint
 - Less need for imported fuel
 - Safer than any other means of transportation

Methods of Reducing Costs

- Increase fares.
- Eliminate free school bus passes.
- Eliminate free City bus passes.
- Increase qualifying distance.
- Combine age groups on the same bus.
- Consolidate routes.
- Eliminate routes.
- Allow buses to park on campuses.
- Stagger school hours.
- Have common waiver days.
- Institute a 4-day week.
- Extend the maximum allowable bus age.
- Reduce or eliminate the standby bus requirement.
- Allow contractors to determine routes, bus sizes, and number of buses.
- Include charters in the contract.
- Eliminate the requirement for public employee wages
- Eliminate the contract cancellation provision.
- Increase the number of buses in each bid package.
- Increase the contract term.
- Have a single master contract.
- Provide buses to contractors.
- Provide baseyards to contractors.

Challenges to Supplemental Budget Request = \$17 Million Reduction

- Existing contracts with 1, 2, 3, 4, and 5 years remaining must be honored.
- There is a cost to idle buses or to terminate contracts, so the service reductions must save more than \$17 million to result in a net \$17 million savings.
- It would be less disruptive to reduce costs over multiple years than all at once.
- It would likely result in the elimination of school bus service on Oahu, at the least.

Recommendation to Legislature

- Continue to fully fund the student transportation program.
- DOE will continue to work on cost reductions.

TWO YEAR TARGETS FOR REDUCING TRANSPORTATION COSTS

Department of Education
Office of School Facilities and Support Services
Student Transportation Services Branch

Hawaii State Legislature
State and House Education Committees
Informational Briefing

<u>Target Objective #1</u>	<u>Target Date</u>	<u>Desired Cost Savings</u>	<u>Implementation Target Date</u>	<u>Concerns or Challenges</u>	<u>Alternatives or Solutions</u>
Establish common school waiver days.	Done	Expected cost savings is minimal. Desired cost savings is approximately \$200,000/year.	Done.	None	Not applicable

<u>Target Objective #2</u>	<u>Target Date</u>	<u>Desired Cost Savings</u>	<u>Implementation Target Date</u>	<u>Concerns or Challenges</u>	<u>Alternatives or Solutions</u>
Consolidate school bus routes in order to reduce overall bussing requirements.	Action has already been taken; further studies are underway.	Expected cost savings is the gross daily cost of each idled vehicle less \$100 per day. For example, if the daily cost of an idled bus is \$400 per day, direct cost savings is \$300 per day for the remainder of the contract period; desired cost savings is \$1 million.	Continuous	<u>Challenges:</u> High ridership counts make it difficult to combine bus trips; bus consolidation requires rerouting of bus trips that may result in significantly longer ride times for students.	Unknown

<u>Target Objective #3</u>	<u>Target Date</u>	<u>Desired Cost Savings</u>	<u>Implementation Target Date</u>	<u>Concerns or Challenges</u>	<u>Alternatives or Solutions</u>
Improve competitive bidding.	Action has already been taken; further discussion is underway.	Expected cost savings is difficult to quantify; desired cost savings is a 20% reduction in bid offers. Recent bid offers have exceeded \$550 per bus per day. A 20% reduction would result in direct cost savings of \$110 per bus per day; desired cost savings is \$1.5 million.	Done for contracts that are scheduled to take effect on July 1, 2012. The DOE recently met with four different groups of new business owners to discuss the merits and challenges of DOE school bus contracts. On December 15, 2011, the DOE received a minimum of three competitive bid offers per group. Further changes may be forthcoming for contracts that take effect on July 1, 2013.	<u>Challenge:</u> Stimulating interest among competitors; creating, finalizing and posting NEW bid solicitations promptly in order to enable ample time to manufacture and ship new school bus vehicles to Hawaii by contract start date.	<u>Solution:</u> Adopt aggressive target dates that will enable the DOE to award school bus contracts up to ten months in advance of start (done); continue our search for new vendors.

<u>Target Objective #4</u>	<u>Target Date</u>	<u>Desired Cost Savings</u>	<u>Implementation Target Date</u>	<u>Concerns or Challenges</u>	<u>Alternatives or Solutions</u>
Eliminate school bus age limit requirements; eliminate stand-by vehicle proportion requirements.	Action has already been taken.	Expected cost savings is difficult to quantify; desired cost savings is \$1.5 million (or a 20% reduction in bid offers; see above).	Done. Although we are unable to confirm the reason, bid offers received on December 15, 2011 (the first bid opening since vehicle age requirements were removed) were about 20% lower than anticipated.	<u>Concern:</u> Although this action received Department of Transportation consent, some school bus manufacturers are not convinced that such measures are in the best interest of the DOE.	<u>Solution:</u> Continue to consult with various bus manufacturers to identify best practices.

<u>Target Objective #5</u>	<u>Target Date</u>	<u>Desired Cost Savings</u>	<u>Implementation Target Date</u>	<u>Concerns or Challenges</u>	<u>Alternatives or Solutions</u>
Reduce special education bussing requirements by ensuring that transportation is furnished only to those students who are unable to utilize regular modes of transportation and whose IEP require curb-to-curb as a related service.	Actions are underway; efforts to continue.	Cost savings contributed to reduced bussing requirement are difficult to project. Expected cost savings is the gross daily cost of each idled vehicle less \$100 per day. For example, if the daily cost of an idled bus is \$400 per day, direct cost savings is \$300 per day for the remainder of the contract period. Desired cost savings is \$1.5 million.	Continuous.	<u>Challenge:</u> Changing the culture in which SPED-eligible students automatically receive transportation subsidy (curb-to-curb bus service) from the DOE even though it may not be required as a related service to achieve the goals of the IEP/MP.	<u>Solution:</u> The DOE has deployed a comprehensive in-service training program to remind schools of the need to better scrutinize the transportation needs of all SPED-eligible students, particularly as it relates to supporting the goals of the IEP/MP.

<u>Target Objective #6</u>	<u>Target Date</u>	<u>Desired Cost Savings</u>	<u>Implementation Target Date</u>	<u>Concerns or Challenges</u>	<u>Alternatives or Solutions</u>
Amend contract specifications in a manner that would limit or reduce overhead costs to service operators.	Discussions are underway; efforts to continue.	Expected cost savings is difficult to quantify; desired cost savings is \$1.5 million (or a 20% reduction in bid offers; see above).	July 1, 2012	<u>Challenge:</u> Identifying the specific range of conditions that directly affect bus operating costs.	<u>Solution:</u> Create a joint task force of DOE personnel and contractor personnel to identify effective amendments specifically aimed at reducing operating costs.

<u>Target Objective #7</u>	<u>Target Date</u>	<u>Desired Cost Savings</u>	<u>Implementation Target Date</u>	<u>Concerns or Challenges</u>	<u>Alternatives or Solutions</u>
Reduce the cost of high priced contracts through direct negotiation.	Discussions begin on February 15, 2012.	Desired cost savings is \$720,000 (an approximate 20% reduction in the cost of select high-priced contracts, which has a cumulative net worth of \$3.6 million).	July 1, 2012	<u>Concern:</u> Legal implications of negotiating the price of contracts at mid term.	<u>Solution:</u> Continue to consult with the Attorney General's Office on acceptable practices.

<u>Target Objective #8</u>	<u>Target Date</u>	<u>Desired Cost Savings</u>	<u>Implementation Target Date</u>	<u>Concerns or Challenges</u>	<u>Alternatives or Solutions</u>
Combine student age groups on the same bus; establish transfer points when needed.	Studies are underway.	Expected cost savings is minimal. Desired cost savings is approximately \$300,000 per year.	March 19, 2012 for some routes; start of school year 2012-2013 for the remaining routes where this action is feasible.	<u>Concern:</u> Schools may resist this action because some believe that intermingling of certain age groups on the bus is counter-productive to learning.	None

<u>Target Objective #9</u>	<u>Target Date</u>	<u>Desired Cost Savings</u>	<u>Implementation Target Date</u>	<u>Concerns or Challenges</u>	<u>Alternatives or Solutions</u>
Discontinue bus routes in lieu of city bus services and other rapid transit options.	Action has already been taken; further studies are underway.	Expected cost savings is the gross daily cost of each idled vehicle less \$100 per day (see above); desired cost savings is \$1 million.	Continuous	<u>Challenges:</u> Very few municipal bus routes have stops at or near public school campuses; discontinuing school bus services in lieu of city bus services may not fulfill the needs of school children; existing municipal bus systems may not have the capacity to accommodate all students.	None

<u>Target Objective #10</u>	<u>Target Date</u>	<u>Desired Cost Savings</u>	<u>Implementation Target Date</u>	<u>Concerns or Challenges</u>	<u>Alternatives or Solutions</u>
Identify school complexes where staggered school hours would result in meaningful school bus cost savings through trip stacking.	Discussions are underway. Deadline to identify feasible target groups is May 1, 2012.	Cost savings from trip stacking is gained by assigning multiple bus trips to each vehicle, thereby requiring fewer contracted vehicles. Although gross savings is 33%, net savings is expected to be less. For example, three buses assigned to do two trips may cost \$1,200/day, but two buses assigned to do three trips each may cost \$1,000/day, resulting in a 20% savings (or \$200/day). Desired cost savings from a test pilot program is \$2 million.	SY 2012-2013	<u>Challenge:</u> Devising student bell schedules within a complex of schools that adequately fulfill instructional requirements while at the same time provide ample breaks between bell schedules to allow for meaningful trip stacking.	<u>Solution:</u> Solicit assistance from school officials and community members to identify preferred target groups of schools where staggered school hours could enable trip stacking; engage the cooperation of bus operators to devise optimal route schedules that would deliver maximum use from a minimal group of vehicles.

<u>Target Objective #11</u>	<u>Target Date</u>	<u>Desired Cost Savings</u>	<u>Implementation Target Date</u>	<u>Concerns or Challenges</u>	<u>Alternatives or Solutions</u>
Reduce special education transportation costs by optimizing curb-to-curb routing strategies.	Studies are underway.	Cost savings contributed to optimized bus routes are difficult to project. Desired cost savings is \$300,000.	Continuous	<u>Challenge:</u> The unique needs (physical, psychological, emotional) of SPED students dramatically influence how curb-to-curb buses can be routed.	<u>Solution:</u> The DOE is evaluating the use of bus routing software specifically designed to optimize the use of every curb-to-curb vehicle while taking into account the individual needs of our clients.

<u>Target Objective #12</u>	<u>Target Date</u>	<u>Desired Cost Savings</u>	<u>Implementation Target Date</u>	<u>Concerns or Challenges</u>	<u>Alternatives or Solutions</u>
Allow bus parking on school campuses where feasible.	Report on feasible campuses is due on June 30, 2012.	Expected cost savings is subjective and likely minimal; desired cost savings is \$500,000.	SY 2012-2013	<u>Challenge:</u> Ability to locate suitable facilities for this purpose, and making those facilities available during all hours of need.	<u>Alternative:</u> Identify other public facilities that can be made available for this purpose.

<u>Target Objective #13</u>	<u>Target Date</u>	<u>Desired Cost Savings</u>	<u>Implementation Target Date</u>	<u>Concerns or Challenges</u>	<u>Alternatives or Solutions</u>
<p>Increase the minimum qualifying distance for high school bus riders from 1.5 miles to 2 miles.</p>	<p>Evaluation is underway. If adopted, deadline to amend HAR is May 30, 2012.</p>	<p>Increasing the minimum qualifying distance for school bus riders reduces eligible rider counts. Fewer riders require fewer buses. Cost savings is the gross daily cost of each idled vehicle less \$100 per day. For example, if the gross daily cost of an idled bus is \$400 per day, the direct cost savings is \$300 per day for the remainder of the contract period. Desired cost savings is \$3 million.</p>	<p>SY 2012-2013, if savings from all other cost-cutting measures are insufficient.</p>	<p><u>Concern:</u> Community objection to further increasing the minimum qualifying distance for high school bus riders.</p>	<p><u>Solution:</u> Unknown</p>

<u>Target Objective #14</u>	<u>Target Date</u>	<u>Desired Cost Savings</u>	<u>Implementation Target Date</u>	<u>Concerns or Challenges</u>	<u>Alternatives or Solutions</u>
Eliminate free school bus passes for students not affected by SPED, NCLB and MVA.	Evaluation is underway. If adopted, deadline to amend HAR is May 30, 2012.	If all current free bus riders purchased an annual bus pass, the increased revenue would exceed \$5.5 million.	SY 2012-2013, if savings from all other cost-cutting measures are insufficient.	<u>Challenge:</u> Some free riders will choose to discontinue bus ridership. As such, it is difficult to define a true revenue increase spectrum. Furthermore, there are many students who truly cannot afford to pay for bus service.	<u>Alternative:</u> Keep free bus passes, but only for students who are directly certified by DHS as children who are eligible for free meals because their families receive public assistance.