LEGISLATIVE REPORT

SUBJECT: Relating to the State Budget

REFERENCE: Act 180, SLH 2010 (HB 2200, HD1, SD2, CD1, Section 159.2)

ACTION REQUESTED: Report on regular education and special education rider ship for school year 2009-2010; plan of action to secure dedicated funding for bus transportation for all students with emphasis on obtaining federal funds for federally mandated services; and review of all bus contracts when in effect, and the requirements imposed, timing of those contracts, amortization schedules of affected buses, and bus schedules and written recommendations to enhance competitive bidding of school bus contracts.

DOE REPORT: Introduction:

Legislative Background. Act 162, Session Laws of Hawaii 2009, provided appropriations and authorizations to accomplish the various purposes and programs for state agencies.

Section 159.2 of this Act pertains to the report relating to bus transportation services for students

FINDINGS:

In school year 2009-2010, there were 38,958 regular education bus riders and 3,587 special education bus riders.

The Department of Education receives federal funds to support the federally mandated No Child Left Behind program. The DOE utilizes those funds to provide private car mileage reimbursement to families who choose to enroll their children in a non-failing school.

As a means of securing dedicated funding for bus transportation services for all students, the Legislature could consider a bill to increase the motor vehicle fuel tax by 15 cents per gallon and earmark that tax for student transportation. Taxpayers consume approximately 500,000,000 gallons of gasoline and diesel fuel annually. The proposed tax would generate approximately $75,000,000 of revenue, which would sufficiently fund the entire student transportation program budget.
The Department of Education reviews its school bus contracts annually to ensure that the requirements of those contracts effectively support the transportation needs of public school children.

DOE bus contracts are valid for a minimum of six years, which allows bus vendors ample time to fully amortize their investments in school bus vehicle purchases.

School bus schedules are designed to extract full use of every hired vehicle, ensuring maximum return on taxpayer dollars.

RECOMMENDATIONS: The Department of Education has no recommendations for enhancing competitive bidding of school bus contracts.