

# Final Report of the



## School Transportation Decentralization Study Committee

*Note: This report, along with other pertinent committee documents, can be found by visiting:*

<http://www.scstatehouse.gov/committeefinfo/SchoolTransportationDecentralizationStudyCommittee/SchoolTransportationDecentralization.php> (Control + Click)

# **School Transportation Decentralization Study Committee - Final Report Table of Contents**

<b>Cover Letter</b>	<b>3</b>
<b>Enabling Legislation and History</b>	<b>4</b>
<b>Committee Members and Staff</b>	<b>5</b>
<b>Meeting Summaries</b>	<b>6</b>
<b>Conclusion</b>	<b>9</b>

**To The Honorable Nikki Haley and Members of the South Carolina General Assembly**

On behalf of our fellow committee members, enclosed please find the final report of the **School Transportation Decentralization Study Committee**, commissioned via Proviso 89.137, 2012-2013 General Appropriations Bill H.4813. This report is the result of three meetings held during the Fall of 2012, which included public testimony, as well as data requested and received by the committee, from the State Department of Education, school districts and other entities.

The committee would like to thank the South Carolina Department of Education and the companies who provided the committee with an abundance of data and information, and to those members of the public who expressed an interest in this matter by speaking to the committee and/or attendance at our meetings. Special thanks also to the members of the committee, who provided the professional, diverse and candid input necessary for meaningful discussion on a complex topic.

John L. Scott, Jr., Chairman

Phillip D. Owens, Vice Chairman

### Enabling Legislation & History

The Study Committee was enabled by Proviso 89,137, the basis of which was H.4610. H.4610, introduced in the House 1/17/12 as the *School Bus Privatization Act*, was amended by the House striking the bill in its entirety and inserting an 11-member study committee, with the directive: "*The study of the committee shall include, but is not limited to, the most cost-effective, efficient, and safe way to provide school transportation services to students in grades K-12 utilizing to the best extent possible available state and local resources and funding.*"

Language from H.4610 as passed by the House was included as Proviso 89.137 in the 2012-2013 General Appropriations Bill H.4813 - modified to include a minority-party member of the House and the Senate.

**89.137.** (GP: School Transportation Decentralization Study Committee) There is hereby created a committee to study the decentralization of the provision of school transportation services in this State either by the public sector, private sector, or combination of both. The study shall include, but is not limited to, the most cost-effective, efficient, and safe way to provide school transportation services to students in grades K-12 utilizing to the best extent possible, available state and local resources and funding. The committee shall consist of eleven members as follows: four members appointed by the President Pro Tempore of the Senate, one of whom must be a school finance officer and one of whom must be a minority-party member of the Senate, four members appointed by the Speaker of the House of Representatives, one of whom must be a school finance officer and one of whom must be a minority-party member of the House, and three members appointed by the Governor. Vacancies on the committee shall be filled in the manner of original appointment. The members, at their first meeting, shall elect a chairman, vice-chairman, and such other officers as they deem necessary. The committee shall meet upon the call of the chairman or a majority of its members.

Members of the committee shall receive such mileage, subsistence, and per diem in the performance of their duties as is provided by law to members of state boards, commissions, and committees to be paid from the approved accounts of the member's appointing authority. The staff of the Senate, the House of Representatives, and the Governor's Office shall supply such assistance as may be needed by the committee in the performance of its duties. The committee shall submit its report to each house of the General Assembly and to the Governor no later than January 1, 2013, at which time the committee shall be abolished.

**Committee Members and Appointment**

The Honorable John L. Scott, Jr. (Chair) SC Senator, District 19	Appointed by Sen. Courson
The Honorable Phillip D. Owens (Vice Chair) SC Representative, District 5	Appointed by Rep. Harrell
The Honorable Joe Neal SC Representative, District 70	Appointed by Rep. Harrell
Mr. Josh Baker Budget Director, Office of the Governor	Appointed by Governor Haley
Mr. Jeff Caldwell Director, Student Services, Lex. District One	Appointed by Sen. Courson
Mr. Robert E. Davis CFO, Richland District Two	Appointed by Sen. Courson
Ms. Allyson Duke CFO, Dorchester District Two	Appointed by Sen. Courson
Mr. Jeff Knotts Executive Director of Finance, Greenville Schools	Appointed by Rep. Harrell
Mr. Jason Moyer Director of Business Development, Student Transportation, Inc.	Appointed by Rep. Harrell
Ms. Kelley S. Platt President and CEO, Thomas Built Buses	Appointed by Gov. Haley
Mr. Buddy Young President, Capitol Bus Lines, Inc.	Appointed by Gov. Haley

**Committee Staff**

Sally Cauthen	Senate Education Committee
Emily Heatwole	House Ways and Means
Josh Baker	Governor's Office

## **Meeting Summaries**

### **Meeting 1 - 10/25/2012:**

The focus of the first meeting was to gain an understanding of the current environment. The South Carolina Department of Education (the Department) provided documentation and an overview of the latest State Transportation appropriation data (Fiscal Year 2011), and information on bus shop locations and the age of bus fleets, and the committee discussed state and district level duties and responsibilities.

There are currently 44 bus shops, and a pilot shop in Mt. Pleasant. Most bus maintenance and repairs for state-owned buses are performed by the state; some things, such as electrical repairs, are performed by outside vendors. Fuel and parts are funded and purchased by the state; bus shop employees are state employees and funded through the Department. Drivers and aides are hired, paid and employed at the district level through a combination of state and local funds (around a 60/40 split) according to the state salary schedule. There is nothing to prohibit a district from using local funds to pay above the state salary schedule. The Department of Education provides driver certification and training, and insurance is paid at the state level (workers compensation, property and general liability). The state ensures compliance with all Federal and State laws and regulations. Per state law, routes are designed by the district; hazardous and restricted routes are funded by the district through reimbursement to the Department.

The budget submitted by the Department for Fiscal Year 2013-14 includes \$34,000,000 for bus purchases. Buses are replaced in a priority order as described by the Department, and are based on age vs. mileage, as the Department has determined that it is more cost effective to repair the newer buses than the older buses, and parts for older buses are becoming obsolete. In addition, gas mileage on the newer buses may be better. Members discussed the SC approach of replacing buses at 15 years, without consideration of mileage.

Additional information on salaries, district-owned buses, and service calls was requested for the next meeting, which was also a Public Hearing.

### **Meeting 2 - 11/15/2012:**

The Department reviewed information requested for discussion at the meeting:

- Total Costs (Five-years, 2008-2012)
- Salaries by Cost Center for Transportation
- District Owned School Bus Information
- District Transportation Expenditures, Salaries and Fringe by Fund, 2011-2011
- Service calls for Fiscal Year 2011-2012

The committee received testimony from six individuals who asked to present remarks:

- **David Weissman**, Director of Transportation, Richland/Lexington District 5, and President-Elect of the SC Pupil Transportation Association. Mr. Weissman noted that the age of the fleet is a concern, and commented that the Department works well with the districts to provide student transportation.
- **Bill Kurts**, Transportation Coordinator, Florence District 1 - Mr. Kurts commented that replicating the Beaufort transportation model could double the costs, expressed another concern that privatization could result in the loss of corporate income tax revenue to the state, and stated that South Carolina has a good system in place at present.
- **Tom Ashley**, Director of Finance, Orangeburg District 4 - Mr. Ashley, representing the SC Association of School Business Officials (SCASBO), remarked that districts are not necessarily opposed to privatization, as there are other school functions that have been privatized (food services, grounds maintenance, etc.). The main concern is funding, and the possibility of inequitable funding if services are decentralized.
- **Keith Galloway**, Director of Business Development, Durham Bus - Currently, Durham provides services in Charleston, Beaufort, and Dorchester 2.
- **Darryl Webb**, Director of Transportation, Anderson 5, and immediate Past President of the SC Association of Pupil Transportation - Mr. Webb expressed concern that decentralization could cause transportation inequities that existed prior to 1952, and noted that state law already provides that a district may run its own bus service, and contract out for such services. Further, he stated that privatization could cost more - which would mean tax increases - and should be left up to local districts. SC has a very efficient system, but the main concern is the age of buses (which the state is addressing as funds become available). Mr. Webb also recommended that the state go to a lease/purchase system, which lowers costs to operate.
- **Dr. Rick Maxey**, Horry County School District (HCSD) - HCSD conducted an internal cost analysis, which was requested (and subsequently received), which revealed that under the provisions of H.4610, 421 of 458 district buses would need to be replaced to meet the 15-year benchmark bus age. They did not see any savings.

Committee members requested information from other states as well as national data by which South Carolina may be compared, in particular, information from other states within the Southern Regional Education Board was deemed especially pertinent. The possibility of obtaining a "per bus per day" cost was discussed. Mr. Young urged the committee to consider how private entities, such as his company and those like it, would be affected by decentralization and/or privatization - reiterating his earlier concern that competition be equitable under any public-private arrangement. The committee requested more specific

information from the private companies who had expressed an interest in providing contract services. Staff was tasked with coordinating the request and receipt of this information.

**Meeting 3 - 12/13/2012:**

An overview of private contract information requested at the previous meeting was provided, and included responses from the following, in particular services included in a potential contract and the corresponding cost:

- AMECO
- Capitol Tours
- South Carolina Motor Coach Association
- Durham School Services
- First Student, Inc.
- Student Transportation

All service providers stated that in order to provide a "quote", clear specifications would be needed. Staff confirmed the assumptions that could be used (such as the state would give the bus shops and buses to the districts) and stated that the companies would be contacted.

Horry County School District's Cost Analysis was also reviewed, and included data estimating additional costs for bus shops and bus replacements to meet the projected 15-year replacement requirement.

In addition, the Department provided Salary and Fringe information for Fiscal Years 2008 - 2011, as salaries are a key cost component of transportation. Ms. Heatwole reviewed SREB state information, and North Carolina and Georgia information on their respective funding and bus replacement approaches. NC's replacement cycle is reported to typically be 20 years or 200,000 miles, with the state purchasing replacement buses. Tennessee's approach is to replace at 15 years or 200,000 miles, with the district purchasing replacement buses.

## Conclusion

Rather than validate or invalidate the current *centralized* student transportation approach in South Carolina, the committee's work revealed that variables and assumptions considered are too numerous and not consistent enough for the committee to reach any obvious consensus on a decentralized vs. centralized student approach in South Carolina. If the General Assembly wishes this to be done, the committee suggests that the date for the committee's report be extended for another year. An extension would allow staff to continue working with interested service providers on providing cost-benefit information for a cross-section of districts, using very clear and consistent specifications that can be compared and analyzed across-the-board. Special needs students, especially those that are medically fragile, must be considered. Districts suggested for their consideration in this analysis, and possibly participating in a pilot, were Richland 2, Pickens, and Williamsburg. Comparative information is also needed from the three districts currently using service providers.

Links to pertinent committee documents may be found at:

<http://www.scstatehouse.gov/committeeinfo/SchoolTransportationDecentralizationStudyCommittee/SchoolTransportationDecentralization.php> (Control + Click)



SCHOOL TRANSPORTATION DECENTRALIZATION STUDY COMMITTEE

January 8, 2013

The undersigned members of the School Transportation Decentralization Study Committee, created by Proviso 89.137 of the 2013 General Appropriations Bill, respectfully submit the attached report to the South Carolina General Assembly and to the Governor.

*John L. Scott, Jr.*  
Senator John L. Scott, Jr. Chairman

*Phillip D. Owens*  
Representative Phillip D. Owens, Vice Chair

*Joseph H. Neal*  
Representative Joseph H. Neal

*Josh Baker*  
Mr. Josh Baker

*Tim Caldwell*  
Mr. Tim Caldwell

*Kelley Platt*  
Ms. Kelley Platt

*Robert E. Davis*  
Mr. Robert E. Davis

Mr. Buddy Young

*Jeff Krath*  
Mr. Jeff Krath

*Alyson Duke*  
Ms. Alyson Duke

Mr. Jason Moyer