

Date of Hearing: January 31, 2012

ASSEMBLY COMMITTEE ON BUDGET
Bob Blumenfield, Chair
SB 81 (Committee on Budget and Fiscal Review) – As Amended: January 30, 2012

SENATE VOTE: Vote not relevant

SUBJECT: Home to School Transportation (HTST) program: Funding

SUMMARY: Restores \$248 million to the HTST program for Fiscal Year (FY) 2011-12 and instead applies a reduction of \$248 million to school district, county office of education and charter school funding in the 2011-12 FY. Specifically, this bill:

- 1) Increases the school district revenue limit deficit factor from 19.754 percent to 20.404 percent for the 2011-12 FY. This adjustment reduces school district and charter school revenue limit funding in the current year in order to offset restoration of funding for the HTST program for 2011-12.
- 2) Increases the county office of education revenue limit deficit factor from 20.041 percent to 20.691 percent for the 2011-12 FY. This adjustment reduces county office of education revenue limit funding in the current year in order to offset restoration of funding for the HTST program for 2011-12.
- 3) Increases the reduction to categorical programs for Basic Aid districts in 2011-12 from 8.92 percent to 9.57 percent. This ensures a "fair share" reduction commensurate with the revenue limit reduction for non-Basic Aid school districts in 2011-12. Basic Aid districts are defined as districts that do not receive state funding for revenue limits.
- 4) Makes an appropriation of \$248,000,000 from the General Fund to the State Department of Education, for transfer to Section A of the State School Fund, to restore funding for home-to-school transportation for the 2011–12 fiscal year.
- 5) Declares that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

EXISTING LAW

- 1) Provides discretionary funding to school districts, county offices of education and charter schools to support the general costs of operating schools. These funds are provided based on a formula that takes their average daily attendance over the course of the year and multiplies it by their individual funding rate (also known as a "revenue limit").
- 2) Requires, for the 2011–12 school year, that the revenue limit for each school district, county office of education, and charter school be reduced pursuant to a specified formula.
- 3) Provides categorical program funding for school district and county office of education transportation costs based on the amount received for that purpose in the prior year, or the agencies' actual transportation costs, whichever is less. Existing law also requires school

districts to provide transportation services for special education students if the students' individualized education plans specify such need.

FISCAL EFFECT: No net fiscal effect. This bill replaces a one-time \$248 million General Fund (Proposition 98) reduction to the HTST program in 2011-12 with a one-time \$248 million General Fund (Proposition 98) reduction to revenue limits and basic aid school districts, as specified.

COMMENTS: The Home-to-School program provides funds to offset a school district's cost to transport students to and from home and school. Allocations are based on either a district's prior year allocations or approved costs, whichever is less. In the 1992-93 fiscal year, school districts were required to establish a base year of funding for both home-to-school and special education transportation funding. All future allocations of this funding are based on the amount districts received in 1992-93.

2011-12 Budget Act. The 2011-12 Budget Act provided a total of \$496 million in General Fund (Proposition 98) for the HTST Program. Of the \$496 million appropriated in the 2011-12 budget \$491 million is provided for Pupil Transportation, which includes both allocations for home-to-school transportation and allocations for some pupils with disabilities, specifically "severely disabled and orthopedically impaired" pupils. \$5 million is provided for Small Bus Replacement.

AB 121 (Budget), Chapter 41, Statutes of 2011 authorized additional reductions to school transportation appropriations in the Budget Act that would be "triggered" if state revenue estimates fall below specified levels. In December 2011, the Department of Finance applied the trigger cut to the HTST Program, which resulted in the elimination of the remaining half year of funding for the program in 2011-12. A trigger cut of \$79.6 million was also applied to revenue limit funding pursuant to AB 121. This bill would undo the trigger cut for the HTST program and replace it with a comparable reduction to school district, county office of education and charter school revenue limit funding. Basic aid school districts would also take a "fair share" reduction.

2012-13 Budget Proposes to Eliminate Home-to-School Transportation. The Governor's 2012-13 Budget proposes to eliminate all funding for the HTST program in 2012-13. The Governor also proposes eliminating most other categorical programs and instead would provide districts with a new weighted pupil formula in an effort to make more funds discretionary for school districts.

Los Angeles Unified School District (LAUSD) Lawsuit. After receiving notification of the \$248 million "trigger" reduction, LAUSD filed suit in the Los Angeles Superior Court to block the mid-year cuts to HTST. LAUSD claims that they would receive a \$38 million reduction, and that they cannot cease to transport their students due to a 1981 desegregation court-order and special education transportation requirements. The district argues that the cut would require them to choose between "two illegal and unconstitutional outcomes": terminate transportation services in violation of the court-order, or divert classroom funds to pay for transportation (resulting in a "disproportionately lower share of funding and educational opportunities as compared to students in school districts without those mandatory costs").

Arguments in support. According to the California School Employees Association, "The current law \$248 million mid-year cut to school transportation has a devastating impact on school transportation services across this state and will put the safety and lives of public school children at risk. The cut requires a small percentage of districts to shoulder a disproportionate and unfair fiscal burden at the worst possible time. If the mid-year school transportation reduction is implemented, over 180 school districts will be required to take a cut that is equal to or greater than \$150 per ADA. Moreover, the school districts that will take this large unequal and unfair cut will have difficulty in implementing such a reduction because the special education and home-to-school transportation services provided cannot be reduced or eliminated without having an impact on student attendance. In many rural areas, public transportation is not an option and the roads are very treacherous for them to walk alone on. Elsewhere, children will have to walk through dangerous neighborhoods and on busy streets to get to school. Parents may be forced to drop their children off at school before it opens, with the children left on campus unattended. Other children will not attend school at all. The impact of these cuts will also stress our already fragile economy and high unemployment rate with the mass layoff of bus drivers, maintenance workers, and others who provide vital services in ensuring school transportation programs run smoothly. For all of these reasons, we urge you to sign Senate Bill 81."

Oppose unless amended. According to the California Charter Schools Association, "SB 81 would impose new and additional mid-year cuts to K-12 education, including charter schools contrary to the budget agreement reached last June. Historically, charter schools have never been provided access to the Home-to-school Transportation categorical program yet this bill seeks to take funds from charter schools to pay for the cut faced by many school districts, which have had access to the program. This bill is intended to improve fairness. However, by including charter public schools the inequities of public school funding would be further exacerbated since charter schools were unable to participate in the program prior to the cut. CCSA respectfully requests amendments to allocate the cuts only among those school districts which have had access to this program."

REGISTERED SUPPORT / OPPOSITION:

Support

American Federation of State, County and Municipal Employee
Atascadero Unified School District
Burrell Union Elementary School District
Butte Valley Unified School District
Caliente Union School District
California Association of School Transportation Officials
California Department of Education
California Labor Federation
California Nurses Association
California PTA
California School Boards Association
California School Employees Association
California Teachers Association
Central Union School District
Central Valley Education Coalition
Chatom Union School District

Coast Unified School District
Cottonwood Union School District
Cuyama Joint Unified School District
Education Coalition
Gold Trail Union School District
Golden Feather Union Elementary School District
Keppel Union School District
Kern County Superintendent of Schools
Kings Canyon Unified School District
Los Angeles Unified School District
Mariposa County Office of Education
Mid-Placer Public Schools Transportation Agency
Paso Robles Joint Union School District
Pierce Joint Unified School District
Placer Hills Union School District
Redding School District
Sandy Bluffs Alternative Education Center
School Transportation Coalition
Sierra-Plumas Joint Unified School District
Sierra Unified School District
Small School Districts Association
Snowline Joint Unified School District
Sunnyvale School District
Trinidad Union School District
Twin Rivers Unified School District
Valley Center-Pauma Unified School District
Washington Unified School District
Wheatland School District

Opposition

California Charter Schools Association (unless amended)
School for Integrated Academics and Technologies (unless amended)

Analysis Prepared by: Misty Feusahrens / BUDGET / (916) 319-2099