

Department of Legislative Services
 Maryland General Assembly
 2009 Session

FISCAL AND POLICY NOTE

House Bill 1031 (Delegate Conaway)
 Ways and Means

**Baltimore City Board of School Commissioners - System of Public School Buses
 Required**

This bill requires the Baltimore City Public Schools (BCPS) to establish or contract for a system of public school buses to provide transportation for all public school and disabled students in the city. The use of State pupil transportation grants is restricted to that purpose. BCPS is prohibited from using mass transit to provide student transportation to and from public schools.

Fiscal Summary

State Effect: Maryland Transit Administration (MTA) revenues will decrease by \$5.0 million in FY 2010 and expenditures will decrease by \$1.1 million.

(\$ in millions)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
GF Revenue	(\$5.0)	(\$5.0)	(\$5.0)	(\$5.1)	(\$5.1)
GF Expenditure	(\$1.1)	(\$1.1)	(\$1.2)	(\$1.2)	(\$1.3)
Net Effect	(\$3.9)	(\$3.9)	(\$3.9)	(\$3.9)	(\$3.8)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: Baltimore City expenditures will increase by approximately \$7.0 million in FY 2010. Revenues are not affected. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: Minimal.

Analysis

Current Law: Chapter 288 of 2002 (the Bridge to Excellence in Public Schools Act) established baseline State pupil transportation grants to local school systems for fiscal 2004. Those rates were subject to annual inflators based on the Consumer Price Index for all urban consumers in the Washington/Baltimore area and student enrollment growth. The annual inflator used in the formula must be at least 3%, but not more than 8%.

Local school systems must provide or arrange transportation for every disabled child enrolled in public, State-run, or nonpublic schools. Unless disabled students are placed in a nonresident school without the local school system's knowledge, local school systems are responsible for the cost of transporting disabled students placed in schools located outside their resident county or the State. To help defray a portion of transportation costs for disabled students, a separate State grant provides \$1,000 to local school systems for every disabled student requiring special transportation services.

Background: BCPS maintains a fleet of 314 school buses, all but 51 of which are contracted with bus service companies, to transport approximately 2,400 elementary and middle school students and more than 3,000 special needs and other students. The annual operating expenses for the fleet total approximately \$18.9 million. Although disabled students account for only 13% of total BCPS students riding buses to school, they represent 88% of total bus miles traveled.

BCPS furnishes 23,000 middle and high school students who live outside a 1.5-mile walk radius with monthly ticket books that allow them to ride Maryland Transit Administration (MTA) buses to and from school. The daily round trip fare is \$2.20 for each student, resulting in an annual allocation of approximately \$5.5 million. State transportation grant funds pay for approximately \$3.6 million of that amount. Chapter 513 of 2006 extended the authorization for Baltimore City to use local highway user revenues for students' costs of discounted MTA fares. MTA supplements its normal bus service with 200 additional buses to accommodate BCPS students.

Based on the Bridge to Excellence pupil transportation formulas, BCPS receives \$17.2 million in pupil transportation funding from the State in fiscal 2009, which represents about 47% of total budgeted transportation costs for the school system. The proposed fiscal 2010 State budget includes a student transportation grant for BCPS of \$19.2 million.

A string of violent incidents on MTA buses involving BCPS students in December 2007 raised public concern regarding student safety and the security of MTA buses.

State Fiscal Effect: MTA revenue will decrease by approximately \$5.0 million annually due to discontinuation of supplemental service for BCPS students. MTA estimates its revenues will decrease an additional 0.5% each subsequent fiscal year, resulting in a decrease of \$5.1 million in fiscal 2014. MTA estimates that due to a 2% reduction in service miles, its fuel and maintenance expenditures will decrease by \$1.1 million in fiscal 2010 and decrease by an additional 4% each subsequent year, resulting in a \$1.3 million decrease in fiscal 2014. MTA advises that a small portion of the savings will be due to discontinuation of about five supplemental routes that cross into Baltimore County.

Local Fiscal Effect: BCPS advises that it would need to add 300 school buses to its fleet to replace the service provided by 200 MTA buses for transporting middle and high school students. BCPS estimates the cost for a one-time purchase of buses would be \$24.9 million (\$83,000 per bus) and that the purchase of Global Positioning System equipment would cost an additional \$2.0 million. Legislative Services finds that if BCPS staggers its daily schedule for elementary, middle, and high schools respectively, 200 additional yellow school buses would be sufficient. This estimate is based on the following:

- Baltimore City currently provides yellow school bus service for 33%, or 27,200 of its 82,500 students.
- Prince George's and Montgomery counties provide bus service for approximately 70% of their respective student populations.
- An additional 30,500 students would be transported if Baltimore City provides transportation to 70% of its student population.
- Assuming that each new bus can transport 60 students, and three routes per bus, for a total of 180 students per bus, 170 buses would be needed. Allowing for a reserve of 30 buses for contingency, this amounts to 200 new yellow school buses.

BCPS advises that the bill will necessitate an additional \$18.9 million in annual costs for personnel, facilities, fuel and maintenance, and other expenses. DLS disagrees with this estimate. The school system currently operates a fleet of 314 buses for \$18.9 million, or \$60,191 per bus, and those buses cover almost 90% of bus miles traveled by BCPS students. Therefore, 200 new buses should cost at most about \$12.0 million to operate. After subtracting the \$5.0 million that the system would no longer pay to MTA, the net increase would be about \$7.0 million. This figure is not adjusted for the bill's October 1, 2009 start date because it is assumed that new bus service contracts would run

for the whole school year beginning in September to minimize disruption for students and parents.

This estimate assumes that the school system is able to continue its practice of contracting for bus service instead of purchasing and maintaining the buses added to its fleet. BCPS advises that it has had trouble in recent years finding school bus contractors capable of operating school bus routes at an acceptable cost. If it were not able to secure an affordable vendor and the school system was forced to purchase and maintain the new fleet, local costs could be considerably higher.

Additional Information

Prior Introductions: HB 298 of 2008 received an unfavorable report from the House Ways and Means Committee.

Cross File: None.

Information Source(s): Baltimore City, Maryland State Department of Education, Maryland Department of Transportation, Department of Legislative Services

Fiscal Note History: First Reader - March 2, 2009
mlm/mwc

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