

## FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 3014 - B

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

*Only Impacts on Original or Engrossed Versions are Considered Official*

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Prepared by: Michael Graham

Reviewed by: Julie Neburka

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### Measure Description:

Directs the State Board of Education to adopt rules that allow for reimbursement of school district expenses incurred for approved transportation costs

### Government Unit(s) Affected:

Oregon Department of Education, School Districts

### Summary of Fiscal Impact:

Costs related to the measure are indeterminate at this time - See analysis.

### Analysis:

House Bill 3014 B-engrossed directs the State Board of Education within the Oregon Department of Education (ODE) to adopt rules to determine the amounts to reimburse school districts for approved transportation costs. The rules adopted must allow for the reimbursement of alternative transportation costs as approved transportation costs in an amount that does not exceed five percent (5%) of the school district's transportation grant under distributions from the State School Fund (SSF).

The measure defines alternative transportation as a way of providing transportation for eligible students and specifies conditions under which alternative transportation costs are approved for a school district in distributing the transportation grant from the SSF. Alternative transportation is defined to include active transportation, which means the arrival to, or departure from, a school by students who reside less than three miles from school and use human-powered forms of travel.

The measure allows the State Board of Education to approve alternative transportation-related costs as approved transportation costs when the projected approved transportation costs with alternative transportation are the same as or less than a school district's projected approved transportation costs without alternative transportation, or the school district demonstrates that any excess expenses of transportation costs over the projected approved conventional transportation costs as a result of providing alternative transportation will be paid with funds other than the transportation grant from the SSF. The measure also specifies that approved alternative transportation costs are capped at five percent (5%) of approved total transportation costs.

The measure authorizes the State Board of Education to waive the requirement for school districts to provide transportation to and from school for certain elementary and secondary school students if a school district submits a waiver request or supplemental plan that includes alternative transportation and seeks reimbursement for costs incurred in providing alternative transportation. The State Board of Education may approve a supplemental plan or waiver request only when the projected alternative transportation costs are the same as or less than the school district's conventional transportation costs or the school district demonstrates that the alternative transportation costs will be paid with funds other than the transportation grant from the SSF. When the State Board of approves a supplemental plan or waiver request, the approved supplemental plan or waiver is effective for two years from the date of approval. A school district that had been receiving reimbursement for costs incurred in providing transit passes under a supplemental plan or waiver will continue to receive reimbursement, unless the State Board of Education and the school district agree otherwise. The measure takes

effect on January 1, 2024, and it becomes operative and applies to approved transportation costs on or after July 1, 2024.

### **Oregon Department of Education**

The measure is anticipated to have a fiscal impact on ODE; however, the impact is indeterminate. Current law narrowly defines what transportation costs the SSF may reimburse according to a school district's apportioned rate, which are limited to transportation methods defined by administrative rule. Current law also requires school districts to provide compliant transportation for all students living beyond specified walk distances from schools, unless they have requested a waiver from the State Board of Education. If health or safety concerns exist within these walking distances, school districts may request a supplemental plan to account for these factors and enact mandated, reimbursable transportation costs to provide service to account for these hazards (e.g., busy streets or highway crossings, railroad crossings, lack of sidewalks, etc.). Currently compliant reimbursable methods include service by school bus, Type 10 vehicle, or payments to parents (such as mileage reimbursement or stipends to cover transportation provided by the parent).

Currently, school districts that request a waiver from student transportation requirements are responsible for the costs of any alternative plan they propose. Some school districts have requested reductions in existing supplemental plans to reduce their mandated transportation costs, but this results in loss of funding for currently compliant transportation service. The measure would allow SSF reimbursement for costs incurred by a school district in lieu of providing transportation, including public transit passes, payment for crossing guards or pedestrian or bicycle group leaders and payment for the promotion and coordination of alternative transportation options; however, it limits such reimbursement to no more than would be given for compliant transportation under current law.

It is currently unknown which alternative transportation methods school districts might employ, as it could vary from public transportation to more crossing guards to walking school buses. Without more definitive data, the fiscal impact to ODE is indeterminate.

### **School Districts**

The measure is anticipated to have a fiscal impact on participating school districts; however, the impact is indeterminate. It is presently unknown which school districts would provide alternative transportation and what those costs would be, as they could include anything from adding more crossing guards, employing adults to supervise walking school buses, or providing public transportation vouchers to students. However, the measure would not require school districts to provide alternative transportation methods to students; this would be an optional program.

For school districts that decide to provide alternative transportation and thus incur alternative transportation costs, there would be a fiscal impact from submitting supplemental plans and waiver requests to the State Board of Education, as that would increase the workload of school district employees. It should also be noted that school districts are not currently reimbursed from SSF transportation grants for 100% of their costs, which means school districts would be responsible for some of the costs they incur to provide alternative transportation to students.