

## **Transportation Aid Incentive Factors**

### I. Background

New Jersey has one of the most inefficient school transportation systems in the country. The New Jersey Associated Press Managing Editors in an article entitled, "On the road to cost efficiency, reforms stuck in the slow lane" highlighted one of the reasons for inefficient school spending. The fewer students on a bus, the more buses that are needed. And that means more tax dollars spent to buy, operate and maintain them." A study by the Public Affairs Research Institute also criticized school transportation practices in New Jersey. As part of the Government That Works Initiative, Deloitte and Touche conducted a study of our transportation system and concluded that the state should promote efficiency in school transportation by incorporating efficiency factors into the transportation formula.

In light of these criticisms, the Legislature established in the new school funding law a transportation aid formula which for the first time includes the concept of an incentive factor which addresses the issue of inefficient practices (i.e. bus utilization) of districts. For the 1998-99 school year, the Legislature established in CEIFA an efficiency of 1(one), thereby providing full formula funding for all districts. For future years, the Legislature provided that, "The Governor shall submit to the Legislature at least 60 days prior to the budget address proposed transportation incentive factors applicable to the following school year and thereafter along with supporting data. The incentive factor shall be deemed approved by the Legislature unless a concurrent resolution is passed within 60 days of the date of submission."

### II. Goals of the Initiative

Pursuant to the Legislature's direction in CEIFA, the Department of Education must provide a means of motivating districts to be more efficient. It is important to note that although many districts are either efficient or marginally inefficient, only some are so inefficient that it is necessary to require a behavioral change. A comprehensive system of local planning and accountability, implemented under state supervision, is needed to make these districts more accountable to their taxpayers for instituting efficient practices. Such changes will also provide an appropriate incentive to other districts that are marginally inefficient.

### III. Description of Proposed Efficiency Plan

Vehicle capacity utilization will be calculated for all school districts in the state based on vehicle utilization criteria. Basically, these criteria involve passenger occupancy rates and the number of routes a bus runs each day. The standard to which all school districts should initially be motivated to achieve is 120% of vehicle capacity (some buses would have to be used for more than one route). It should be noted that in the 1997-98 school year, the first year of implementation of the plan, about 14% of the districts met or exceeded this standard.

Improvements over the past year have resulted in 30% of the districts meeting or exceeding the standard.

Districts will receive notification of their current vehicle capacity utilization percentage, and the 120% standard in sufficient time for them to consider efficiencies to move to the 120% standards as they prepare their budget. Vehicle capacity is based upon 90% of the total number of seats available for district use. The vehicle utilization percentage is calculated by dividing the total number of eligible regular public, nonpublic and special education students without special needs who received transportation services by the vehicle capacity.

Districts whose vehicle utilization falls below 75% must develop a corrective action plan outlining how they intend to improve. The plan must be presented by the superintendent to the local school board for a public meeting and adoption, prior to submission to the Commissioner no later than September 1.

In developing their corrective action plans, districts must involve the general public, thereby empowering voters to be more informed of their district's transportation system and its financing.

The vehicle utilization percentage of each district will be included in the School Report Card and Comparative Spending Guide annually.

Each district that files a corrective action plan must demonstrate annual progress toward its own goals of efficiency. The Commissioner may take appropriate administrative steps to insure proper and timely implementation of the corrective action plan. The current efficiency factor of 1 (one) will be continued for 1999-2000 in order to provide districts an opportunity to develop and begin implementing their plans. However, where a district fails to show a good-faith effort to improve, the Commissioner may take appropriate action, including selectively withholding aid with approval of the State Board of Education.

It should be noted that approximately 70% of school districts are operating at less than the established standard of 120% of their vehicle capacity. These districts will need to take voluntary steps to be more efficient in order to avoid falling below the standard as those districts currently below that level improve their rankings through implementation of their corrective action plans.

For subsequent years, the efficiency factor will be submitted biennially by the Governor to the Legislature as part of the Report of the Cost of Providing a Thorough and Efficient Education.

#### Implementation and Assistance Plan

This plan contains the following elements that are intended to help districts develop and implement their corrective action plans:

1. Fair notice to districts below 75% vehicle utilization so that budgetary changes may be accomplished in a timely fashion.
2. The department will identify best practices which districts could adopt to achieve 120% vehicle capacity. These practices include:
  - Tiered opening and closing of school times;
  - Coordination of the school calendar (Public and Nonpublic);
  - Providing out-of-district transportation through a consolidated transportation services agency;
  - Optimizing route design;
  - Designing routes with multiple destinations;
  - Mixing public and nonpublic school students on the same routes;
  - Standardizing ride-time policies for all districts participating in consolidated services and;
  - Package bids with tiered routes.

3. The formula incentive factor of 1 (one) shall be continued.

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