



PERFORMANCE AUDIT  
School Transportation Funding and Safety  
Office of Public Instruction  
Board of Public Education

MAY 2013

13P-01

REPORT SUMMARY

The state spends over \$17 million each year to fund school district transportation services and provides oversight of safety requirements for over 2,000 buses and bus drivers; the state's ability to verify reimbursement claims has been limited and improved controls could increase safety of bus operations.

### Context

Public school students are eligible for transportation services if the student resides at least three miles from the nearest public school. A school district may provide transportation in the form of district- or contractor-operated bus routes or through the use of individual transportation contracts, which are agreements to reimburse a student's parents or guardians for providing transportation. In 2012, 331 of Montana's 419 school districts sought reimbursement for bus routes. To be eligible for reimbursement these routes must be operated in compliance with standards set forth by the Board of Public Education (BPE) and the Office of Public Instruction (OPI). The costs for pupil transportation are split between the state, counties, and district or local sources. The total cost of pupil transportation in Montana exceeds \$74 million annually and the state's portion is over \$17 million.

### Results

The actual provision of student transportation is a responsibility of local schools, though state laws and rules provide guidance and specific requirements. Our audit work focused on the controls in place to ensure student transportation is provided safely and in a cost-effective manner. We found many controls operate at the local or county level, with little state involvement. In some areas this appears to work well, however, we have

identified several areas in which the state could take a more proactive role to help ensure the accuracy of state reimbursements and improve the safety of bus operations.

### Reimbursement Issues

Schools providing transportation are required to report certain information before receiving reimbursement for the state's share of costs. School districts are reimbursed based on a per-mile rate according to bus capacity. Individual transportation contract holders receive a per-mile reimbursement for each day transportation is provided. OPI is responsible for establishing the validity of claims but generally relies on its local and county partners to provide accurate information.

OPI should improve its ability to verify the accuracy of reimbursement claims by strengthening controls over the claims process.

Some school districts are beginning to use global positioning systems to enhance route design and track bus location. These systems have the potential to provide accurate, reliable data for reimbursement purposes. It is likely that these systems will become increasingly common over time. We recommend that OPI plan to develop the ability to track pupil transportation information via a GPS-based system. Doing so could improve claim

accuracy, increase student safety, reduce required paperwork, and provide other benefits.

Finally, the current state reimbursement schedule provides an incentive for school districts to purchase large buses because the state reimbursement is substantially greater for large buses than for small ones. Large buses do not cost substantially more to purchase or operate. The average Montana bus has increased in capacity by about 11 percent over the past 10 years, while eligible ridership has actually decreased. Due to the size increase, the total state and county reimbursement increased by nearly \$2 million for the 2011-12 school year. We recommend the legislature consider whether the state's reimbursement plan has produced the intended effect.

### Safety Issues

Transportation via a school bus is often cited as the safest method for getting students to and from school. We reviewed the Highway Patrol inspection forms for selected buses and boarded 52 buses at selected school districts. The buses themselves appeared to be in good condition and generally received inspections in a timely fashion.

Bus drivers are required to hold a specially-endorsed commercial driver's license, are subject to random drug and alcohol testing, and must meet other requirements including that they are of "good moral character." Of the 1,435 drivers who were named on reimbursement claims during the second semester of 2011-12, almost all did appear to meet these requirements. However, we did identify eight individuals who had criminal histories that would appear to violate the moral conduct code in place for teachers and another individual with an active arrest warrant. Setting criteria for moral character, requiring the consistent use of background checks, and conducting periodic scans related to criminal activity would enhance student safety while onboard buses.

Recommendation Concurrence	
Concur	3
Partially Concur	1
Do Not Concur	1
<b>Source: Agency audit response included in final report.</b>	

For a complete copy of the report (13P-01) or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to [lad@mt.gov](mailto:lad@mt.gov); or check the web site at <http://leg.mt.gov/audit>  
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