

# LEGISLATIVE AUDIT DIVISION

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## MEMORANDUM

**TO:** Legislative Audit Committee Members

**FROM:** Jeremy Verhasselt, Performance Auditor

**CC:** Peter Donovan, Executive Director, Board of Public Education  
Denise Juneau, State Superintendent, Office of Public Instruction  
Madalyn Quinlan, Chief of Staff, Office of Public Instruction  
Ann Gilkey, Chief Legal Counsel, Office of Public Instruction  
Kenneth Bailey, Assistant Superintendent of Operations, Office of Public Instruction  
Janelle Mickelson, Finance Manager, Office of Public Instruction  
Donell Rosenthal, Transportation Specialist for School Finance Division, Office of Public Instruction

**DATE:** November 2014

**RE:** Performance Audit Follow-up 14SP-21: School Transportation Funding and Safety (orig. 13P-01)

**ATTACHMENTS:** Original Performance Audit Summary

### Introduction

The School Transportation Funding and Safety (13P-01) report was issued to the Committee in May 2013. The audit included five recommendations to the Board of Public Education (BPE) and the Office of Public Instruction (OPI). In November 2014, we conducted follow-up work to assess implementation of the report recommendations. This memorandum summarizes the results of our follow-up work.

### **Overview**

This audit included five recommendations related to school transportation funding and safety. Recommendations included issues such as strengthening controls over the claims process to better correlate reimbursement claims to actual miles traveled, legislative review of the reimbursement schedule, and improving the safety of school bus operation by addressing driver qualification standards. The Office of Public Instruction and Board of Public Education have updated administrative rules to clarify standards for drivers and provide for background checks at the time of hire. Some improvements have been made to the reimbursement claims process that are designed to provide increased control over claims at the local level. The legislature has not met since the time of the audit, so no review of the reimbursement schedule by the full legislature has yet occurred.

## **Background**

Montana's system for providing school transportation has been relatively static since 2003. By law, the state is responsible for a portion of costs associated with route miles the district provides each school day. The cost for pupil transportation in Montana is over \$70 million annually with funding provided by state, county, and local sources. The state funds a portion of the cost of transportation through mileage-based reimbursements and another portion through block grants from the state that are administered by the counties. The reimbursement per mile is provided by the state based on the capacity of the bus. Districts are reimbursed at a higher rate for larger buses. Individual districts submit requests for state reimbursement. These submissions go first to the county superintendent who verifies them and sends them on to the state. Previous to the audit, bus drivers were required to meet good moral character standards that were not specified in rule. There were drug and alcohol tests administered by the districts but no required background checks to verify good moral character.

## **Audit Follow-up Results**

The following sections summarize the progress toward the implementation of the report recommendations. During our follow-up we reviewed documentation related to administrative rule change and implementation that the audit recommendations suggested. Audit staff also interviewed OPI staff to determine policy changes made based on audit recommendations.

### **RECOMMENDATION #1**

**We recommend the Office of Public Instruction improve its ability to establish the validity and accuracy of bus route reimbursement claims by strengthening controls over the claims process.**

#### **Implementation Status – Being Implemented**

Reimbursement claims are approved by a school district's board of trustees and then by a county transportation committee that is headed by a county superintendent of schools. These are then submitted to the OPI, which has the authority to approve, disapprove, or adjust school bus routing submitted by the county superintendent. The audit revealed incomplete documentation submitted by the counties, as well as a lack of scrutiny applied to the approval of routes by some county transportation committees. OPI conducts desk audits on the districts claims. OPI has introduced new procedures that require the county superintendent to verify the reimbursement claim before the district can be reimbursed. When desk audits are conducted, OPI now requests maps of the routes the buses travel. At the county superintendents' convention, OPI indicated staff members spoke with superintendents about the importance of verifying the mileage claims coming from districts. These improvements are designed to help improve the accuracy of reimbursement claims but the primary control remains at the local level. The first reimbursement claims using the new procedures will be submitted in spring 2015.

### **RECOMMENDATION #2**

**We recommend the Office of Public Instruction develop a plan to track pupil transportation information via global positioning systems.**

#### **Implementation Status –Partially Implemented**

There are several examples of other states using global positioning systems (GPS) technology to improve the accuracy of reimbursement claims and save the state money. As GPS technology is increasingly adopted it offers the potential to expedite reimbursement, ensure the accuracy of

miles traveled, and track days of operation, in addition to potential safety benefits. OPI does not see the need for the development of a plan guiding GPS use. OPI is planning on proposing legislative changes (LC 186) to §20-10-147, MCA, to allow districts to levy for the replacement of communication systems and safety devices installed on school buses, including but not limited to global positioning systems, cameras, and two-way radios. OPI does not plan to develop standards for the use of GPS systems by the districts for pupil transportation information nor include the potential future use of GPS technology in its strategic IT plan. This legislative change will make it easier for the districts to obtain GPS systems but does not assist in tracking the school districts mileage, routes, and days of operations.

### **RECOMMENDATION #3**

**We recommend the Montana Legislature review the effects of the statutory reimbursement schedule to determine if changes are necessary to promote efficiency, simplicity, or equity.**

#### **Implementation Status – Not Implemented**

School districts are compensated by the state at a statutorily-specified rate per route mile the school bus travels. This rate increases as the bus capacity increases. However, the costs of purchasing and operating larger buses and smaller buses are quite comparable. The comparable costs combined with the larger reimbursement per route mile for larger buses has provided an incentive for districts to purchase larger buses over the years in Montana, while eligible ridership has decreased slightly. This led to the recommendation of a statutory change. The Education and Local Government Committee heard a presentation about the audit results during the 2014 interim and plans on reviewing the statutory reimbursement schedule as part of a full education funding review in the next interim. The full legislature has not been in session since the audit was finished but legislation addressing this issue could be enacted during the 2015 session.

### **RECOMMENDATION #4**

**We recommend:**

- A. The Board of Public Education work with the Office of Public Instruction and other stakeholders to establish criteria defining the good moral character and acceptable driving history for school bus drivers.**
- B. The Office of Public Instruction requires districts to perform background checks for school bus drivers to ensure drivers meet all criteria for criminal and driving history.**

#### **Implementation Status – Implemented**

Statutory requirements stipulate that bus drivers must be of good moral character but do not define it. During the audit, the audit staff found, based on background checks, that 64 of 1,435 drivers checked had a criminal history. Eight had either; a felony warrant from another jurisdiction resulting in a Montana arrest, an arrest for one of the violations listed in the immoral conduct rules for teachers, or repeated convictions which taken together, demonstrate unwillingness to conform conduct to the requirements of law. Both BPE and OPI amended administrative rules. BPE amended ARM 10.64.201 that defines requirements to receive a bus driver certificate by amongst other things, defining good moral character as, “no record of criminal offenses indicating they (bus driver) may be dangerous to children, as evidenced by a criminal background check provided to and approved by the school district prior to initial employment.” OPI amended ARM 10.7.111 to require that school bus drivers receive their certificate before the district can be reimbursed by the state for the portion of the term the driver was not qualified.

**RECOMMENDATION #5**

**We recommend the Office of Public Instruction work with Department of Justice to conduct a periodic review of driver criminal history and drivers' license status and provide results to school districts when necessary.**

**Implementation Status – Not Implemented**

OPI states that as the employer the school district is responsible for ensuring the safety of students. Staff members reported this recommendation could confuse the responsibility for the employment or termination of school bus drivers and should remain only a responsibility of school districts. Additionally, if OPI were to seek to coordinate the periodic review of background check information, the Department of Justice informed OPI that the background checks would need to be charged at \$10.00 per person. OPI indicated at the time of the report release they did not concur with this recommendation.

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