
MINISTRY OF EDUCATION

4.05—Pupil Transportation Grants to School Boards

(Follow-up to VFM Section 3.05, *Special Report on Accountability and Value for Money—2000*)

BACKGROUND

The transportation of students from home to school and back is a major undertaking as approximately 800,000 students are transported. The Ministry of Education's transportation grants to school boards have increased from \$573 million for the 1999/2000 school year to \$610 million for the 2001/02 school year and are expected to be about \$631 million for the 2002/03 school year.

In 2000, we concluded that the Ministry, which was working towards its five-year plan to revise its funding and accountability relationship with school boards, still had to establish satisfactory systems and procedures to ensure that:

- school boards and the Ministry have the information needed to measure and report on transportation service performance;
- the Ministry has the information needed to establish equitable needs-based funding for these services; and
- the costs to provide transportation services to high-needs students are properly tracked and managed.

We made a number of recommendations for improvement and received commitments from the Ministry that it would take corrective action.

CURRENT STATUS OF RECOMMENDATIONS

The Ministry of Education advised us that it has not fully implemented the recommendations made in our *Special Report on Accountability and Value for Money* (2000), although it has made progress on some of them.

Since our audit, the Ministry has been working to develop the new formula for funding student transportation. Until a new funding formula is implemented, transportation grants will continue to be based on the 1997 transportation expenditures of school boards, with adjustments for changes in enrolment or extraordinary cost increases. Consequently, the funding inequities that existed in 2000 and their impact on the levels of service provided remained in place at the time of this follow-up review.

The current status of each of our recommendations is outlined below.

EFFORTS TO REDUCE TRANSPORTATION COSTS

Recommendation

To help ensure that school boards implement best practices to deliver transportation services as cost effectively as possible, the Ministry should:

- *expedite the development of the new funding formula;*
- *ensure that the new funding formula contains incentives for boards to implement cost-saving measures; and*
- *establish target dates for school boards that have not already done so to either form transportation consortia or submit a business case demonstrating why it would not be beneficial for them to integrate the delivery of their transportation services.*

Current Status

Although adjustments have been made to the funding allocations for individual school boards, the Ministry continues to provide funding based on the funding formula in use in 2000 and does not expect to have a new formula in place until the 2003/04 school year.

The Ministry has been working with a committee that includes school board and school-bus operator personnel to develop a funding formula proposal. The proposed formula involves using transportation-management software qualified by the Ministry to calculate the transportation needs of each board based upon standard service parameters and assuming that boards serving the same area form consortia to jointly deliver transportation services for their students. Such a formula would provide an incentive for boards to form consortia, thus eliminating the need for the Ministry to require that boards prepare business cases or meet target dates as per our recommendation in 2000.

The proposed formula was tested at three boards and five consortia (involving 11 boards). Due to data limitations, such as incomplete student data and digital maps, the Ministry was not able to use the results of these tests to finalize the details of the funding formula. However, the test results did assist the Ministry in identifying problem areas that need to be addressed, and this information will be incorporated into a strategy paper that is to be completed in the fall of 2002.

INFORMATION FOR DECISION-MAKING

Recommendation

To facilitate prudent decision-making and strengthen local accountability, the Ministry should:

- *ensure that boards acquire and utilize information systems that can provide the information needed to enable trustees to make informed decisions about the level of transportation services offered; and*

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- *require boards to develop reports that relate costs to level of service in order to ensure that the Ministry and trustees can compare boards to each other and to established benchmarks*

Current Status

The Ministry does not intend to require boards to develop reports that relate costs to the level of service provided. However, the Ministry has taken the following significant steps to ensure that boards have the ability to provide the Ministry and trustees with this information:

- The Ministry has facilitated the acquisition of appropriate student transportation management software by:
 - managing a request-for-qualification process to evaluate various software products and ensure that those that the Ministry qualified can design cost-effective bus routes and meet the information needs of school boards and the Ministry (five products were qualified for use by school boards); and
 - establishing a \$7-million loan program to support school boards in the purchase of qualified software products (at the time of our follow-up review, 66 of the province's 72 school boards had acquired such software).
- The Ministry required that boards complete a survey on key transportation operational data for the 2000/01 school year. Summarized results were posted on a ministry Web site, thus enabling boards to compare their costs and their levels of service with those of other boards. A second survey, revised from the first one to collect more detailed information for the purpose of developing indicators to assist trustees and boards to make informed business decisions, was issued in May 2002. School boards have been advised that completion of this survey will be an annual requirement.

CLARIFYING LEGAL AND POLICY REQUIREMENTS

Recommendation

To help ensure that school boards provide transportation services that meet local needs in an equitable manner and adhere to policy and legal requirements, the Ministry should:

- *provide guidance to boards on the spending and service level information that they should publish in order to facilitate informed public debate among trustees and their community; and*
- *clarify the legal and policy parameters that it expects boards to operate within.*

Current Status

The Ministry does not intend to provide guidance to school boards on the information that they should publish about their own transportation services. However, the Ministry has developed a Web site that contains: policy memoranda; the results of the transportation

surveys (including summary reports regarding spending and service levels); and links to other government Web sites to provide school boards with easy access to regulatory requirements for school bus operation. Currently, the Ministry's Web site is available only to school boards and school bus operators. The Ministry intends to grant public access to the Web site in the future, which would enable the general public to compare transportation services and costs among school boards.

The Ministry clarifies legal and policy issues as the need arises. For instance, in April 2002, the Ministry sent a letter to all school boards that clarified its policy with respect to prohibiting school boards from charging fees for transportation services.

TRANSPORTATION OF SPECIAL NEEDS STUDENTS

Recommendation

To enhance accountability and to ensure equitable funding of transportation for special needs students, the Ministry should:

- *require boards to track and report these costs separately; and*
- *consider funding transportation costs for high needs students through the Special Education Grant.*

Current Status

The first part of the recommendation was implemented, insofar as the Ministry will require that boards track the cost of transportation for students with special needs in order to complete the transportation survey that the Ministry is intending to annually require from boards.

The second part of the recommendation was not implemented. Currently, special education program managers lack the information needed to make economical decisions about whether to provide a given service at local schools or instead provide it on a more centralized basis and transport students to the service location. They also lack the incentive to do so, because neither alternative impacts the special education budget.

FUNDING POLICY FOR SAFETY HAZARDS

Recommendation

To better ensure that transportation grants are equitable and utilized in a cost-effective manner, the Ministry should:

- *clearly specify the conditions, if any, under which it is appropriate for school boards to use transportation grants to address municipal responsibilities; and*
- *ensure that the funding mechanism provides incentives for school boards and municipalities to work together to implement the most economical solutions for addressing safety hazards.*

Current Status

The Ministry is still examining options on how best to deal with this issue. In cases where municipalities have not taken appropriate corrective action regarding hazards, the Ministry continues to provide boards with the funding required to provide additional bus service. As a result, the province continues to fund bus services in cases where alternative solutions to safety hazards exist that are more economical and municipally funded.