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Assembly California Legislature



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March 24, 2008

Mary D. Nichols, Chair
California Air Resources Board
1001 I Street,
Sacramento, California 95814

**Regarding: March 27 Board Meeting
Agenda Item 08-3-4 School Bus Guidelines**

Dear Chair Mary Nichols:

School transportation is a critical issue for many of my school districts. The current school transportation system is clearly broken. The recently released State Auditor report (March 2007 – Report 2006-109) recommended that the California Department of Education seek legislation to revise the current law so that 1) all school districts that provide transportation services could receive funds, and 2) ensure that all school districts are funded equitably for the Home-to-School Transportation program.

The state pays less than 50% of the current cost of school transportation. The state funding formula does not respond to an increase in transportation service or cost due to 1) increase in the cost of fuel, 2) school bus replacement, 3) increase in the number of students served, or 4) providing transportation services for those students who are at risk of failing or not passing the exit exam and need to take supplemental instructional services after school or in the summer months. In the last 20 years, state aid for transportation has grown by 40%, while inflation had increased by 90% and K-12 expenditures per pupil by 130%.

The 2005-06 budget provided \$12.5 million for the replacement of school buses. I was satisfied with the distribution of those funds. Unfortunately, I have concerns with the proposed distribution of the \$200 million from Proposition 1B for the replacement of school buses and the installation of emission control devices.

I am extremely opposed to the staff's proposal for a school district match of \$25,000. There was nothing in the voter-approved proposition or in the enabling legislation that gave ARB the authority to require such a match. If ARB wants to require a match, ARB should have introduced legislation to get that authority.

I am also opposed to the unrealistic state cost cap of \$140,000 per school bus. This will mean that those school districts that want to purchase a CNG school bus will have to pay a 'match' of \$30,000 to \$45,000. With the exception of the South Coast air quality district, which mandates CNG school buses, this will have the unintended consequence of causing school districts to purchase diesel school buses because of the lower school district match. It will also cause school districts to purchase 'fully loaded' diesel school buses that cost up to \$165,000 (state share of \$140,000 plus school district match of \$25,000). I have no problems with reasonable cost caps that reflect the actual cost of school buses. I would recommend that ARB give that

authority to the local air quality districts and have them create reasonable cost caps based on the most recent school bus purchases by the school districts in their air quality district.

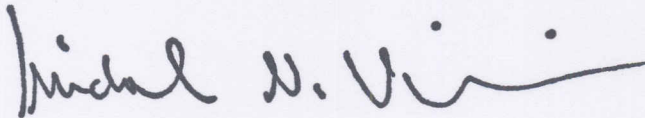
Finally, I would propose that ARB recommend to the air quality districts that at least 85% of the Proposition 1B funds be used for school bus replacement, as funding for "school bus replacement" it what was sold to the voters. Because of the lack of funding, our school districts have one of the oldest school bus fleets in the nation. These funds will replace school buses that on the average were built more than thirty years ago. The California State Department of Education has stated that school buses should be replaced before fifteen years of service. Your staff is recommending that at least 25% of the funding be used for school traps. I believed the voters approved the \$200 million in Proposition 1B believing that the overwhelming amount of funds, if not all the funds, would go for school bus replacement.

Additionally, of concern to me is the proposal to use \$7.7 million for administration activities by the ARB and local air quality districts. It is my opinion that all entities administrating bond funds should seek to maximize bond dollars for their intended use (in this case, school bus replacement), and minimize the amount of bond funds those entities retain for their administrative needs. As a point of reference, the State Allocation Board, supported by the Office of Public School Construction, administers about \$8 billion in school bond funds and is supported with administrative funding of about 1/10 of 1% of those bond funds.

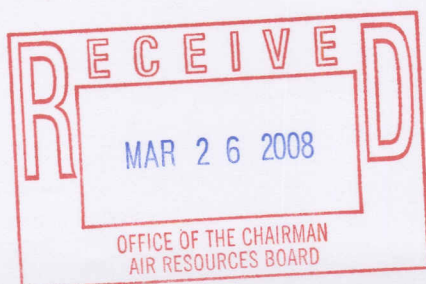
The school transportation programs in my school districts are severely strapped for cash, especially at a time when schools are facing possible budget cuts. The imposition of a \$25,000 match may mean than many of our school districts will not be able to replace their old school buses.

Thank you for your consideration of this matter. Please do not hesitate to contact me if you have any questions.

Sincerely,



Michael Villines
Assembly Republican Leader
29th Assembly District



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Copies:

Board Clerk
Executive Officer
Chair