USDB Report on Cost Effective Method of Student Transportation

H.B. 2 (2013)

Prepared by the

Utah State Office of Education

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MEMORANDUM

FOR: Public Education Appropriations Subcommittee

FROM: Joel Coleman, Superintendent, USDB
Scott Jones, Finance Director, USDB

THRU: Dr. Martell Menlove, Superintendent, USOE
Bruce Williams, Associate Superintendent, USOE

DATE: October 28, 2013

SUBJECT: USDB Request for Extension to Reporting Requirement

USDB requests an extension to December 15, 2013 to release its Cost Benefit Analysis (CBA) report on whether or not the most cost effective method of pupil transportation is being used in accordance with House Bill 2, Section 5, Item 2.

USDB is required to provide the CBA report to the Public Education Appropriation Subcommittee at the upcoming November 6, 2013 interim meeting. This requirement came as a result of an earlier proposal by USDB to bring the pupil transportation operation, "in house." Superintendent, Steve W. Noyce, and the Finance Director, Michael Sears were both tasked to further analyze the proposal in order to determine the most cost effective method following the initial presentation. However, shortly after the 2013 legislative session both Mr. Sears and Mr. Noyce left USDB.

Joel Coleman, the USDB Superintendent, replaced Mr. Noyce on July 1, 2013. Scott Jones, the USDB Finance Director, replaced Mr. Sears on August 28, 2013. There was significant time lost between the departures of Mr. Noyce and Mr. Sears and the arrivals of Mr. Coleman and Mr. Jones towards conducting further detailed analysis and meeting this reporting requirement. Mr. Jones did begin the analysis on whether or not the most effective method of transportation is being used as soon as he learned of the requirement for the report. However, after review of the earlier proposal Mr. Jones has determined that the data and facts supporting the, "in house," option as the most cost effective method requires additional time and detail in order to ensure an objective and reliable CBA report. Also, USDB needs more time to ensure whether or not the current market place may offer more cost effective (out sourced) methods of transportation.

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For example, additional time is required to release a Request for Information (RFI) through the State Office of Procurement so that we can update potential competition in the market place to balance and provide an objective analysis. Additionally, as it specifically relates to the, "in house," proposal, there are second and third order effects that were not adequately considered in the first proposal. As an example, the initial, "in house," proposal presented the capital expenditures associated with direct purchases of vehicles only and did not adequately account for the costs related to configuring the vehicles for transportation of students requiring equipment such as wheel chair mounts, car seats, oxygen tanks, and/or additional staff resource (i.e. nurses). Furthermore, more detailed analysis is necessary in order to accurately compare costs associated with personnel along the lines of licensing, drug tests, background checks, driver's training and a host of other requirements not necessarily depicted in the earlier proposal for, "in house," transportation. Finally, the USDB Finance Director must have additional time to update and gather new information regarding appropriate life cycle time lines of the vehicular platforms and maintenance/sustainment costs in the out years with State Fleet.

Your favorable consideration and approval of this request for an extension will result in a more accurate and reliable CBA report on whether or not the most cost effective method of transportation is being used.

Joel Coleman, Superintendent, USDB

Scott Jones, Finance Director, USDB