

**AN OVERVIEW BY THE LEGISLATIVE AUDITOR
OF THE MANAGEMENT AUDIT OF THE
STUDENT TRANSPORTATION SERVICE PROGRAM**

INTRODUCTION

Nearly a third of Hawaii's population converges daily on the 350 or so public and private schools in the State. Such a massive, regular movement of people has an enormous effect on the State's transportation system and involves many considerations, of which perhaps the most important is the safety of students.

Student transportation has direct educational and social implications as well. It is an essential element in moving the State toward the goal of equality of opportunity in education, particularly for those who are handicapped and for those who live in rural areas. It can also be a significant variable in creating racially balanced schools and broadening educational experiences through field trips and excursions. Sheer numbers underscore the importance of student transportation. Each day, around 30,000 students use the transportation services provided by the State.

With so much at stake in terms of student welfare and safety, it is vitally important for roles and responsibilities to be clear, for managers to manage well and for rigorous controls to be exercised. Yet, we find that the roles of the government agencies are muddled and responsibilities go unfulfilled, the management system is ineffectual, and controls are weak or nonexistent.

This overview summarizes the more important findings and recommendations of our audit of the student transportation services program and reports on the responses of the various governmental agencies involved.

GENERAL EVALUATION OF AGENCY RESPONSES

Following our usual practice, copies of our preliminary report were transmitted to the state agencies involved: the Department of Accounting and General Services (DAGS), the Department of Education (DOE), the Department of Personnel Services (DPS), and the Department of Transportation (DOT). We requested the agencies to submit to us in writing their comments on the audit recommendations, including the actions that have been or will be taken.

We received a letter from the director of DPS, which confirms our findings that: (1) there is a lack of coordination between DOE and DPS in the area of school bus driver training and (2) there is no ongoing program to provide driver training for school bus drivers although federal matching funds are available to help finance it.

We also received a joint response from DOE, DOT, and DAGS. In view of the seriousness of the findings and recommendations contained in the report, we are somewhat surprised and disappointed by the brevity and vagueness of the response, which can be found in its entirety on the last page of the audit report. Even though the report was in their hands for seven weeks, the three key agencies were able to give the recommendations only a " cursory review." They make no attempt to address themselves to any of the specific findings and recommendations. There is no indication of any real insight or appreciation of the severity of the problems discussed. Rather, they claim that "many improvements" have been made but present no supporting evidence of such.

Moreover, instead of committing themselves to improve matters within the considerable resources already being allocated to student transportation, they suggest, all too readily, that the implementation of the recommendations will require a "substantial increase in State resources" The tenor of such comments portend a continuation of the reluctance of the agencies to consider student transportation as a mission of vital importance and to provide the leadership and direction necessary for the effective coordination and implementation of the program. Indeed, it appears that persuasion or intervention by such higher authority as the Governor, the Board of Education, or the Legislature will be necessary to bring about the improvements which the program so badly needs.

MAJOR FINDINGS AND RECOMMENDATIONS

Safety Aspects of Student Transportation

Legal and Organizational Issues. Inadequate and unclear legal provisions relating to safety regulation of student transportation and highly deficient organizational arrangements have made it virtually impossible to define clearly agency roles and fix responsibilities. The critical safety aspects of the student transportation program are suffering from a lack of leadership and direction and an absence of effective coordination among the many agencies involved. As a result, student bus riders are not being afforded sufficient safety protection.

To resolve the confusion relating to agency roles and responsibilities, we recommend that the legal framework be revised to deal with student transportation safety as comprehensively as possible. In addition, since DOE appears to have neither the motivation nor the specialized capability to be the primary regulator of student transportation safety, the law should be revised to transfer this function to DOT, as it is the state agency with the broadest interest and expertise in this area.

This is not to say that DOE should have no role in student transportation safety. We recommend that DOE focus its attention on a safety compliance program. This means that DOE's concern should shift from that of setting and enforcing safety standards to that of implementing the standards established by DOT.

Loophole in Safety Rules. The only state regulation of any consequence dealing with student transportation safety is DOE's Rule No. 48, but this particular rule is rendered ineffectual through a glaring loophole which gives the state superintendent the power to waive any safety requirement, however important the requirement might be, including requirements based on federal standards, as long as he is satisfied that the general objectives of the rule are likely to be attained.

The loophole has resulted in school bus operators' submitting many requests for exemptions from safety requirements, with DOE, in turn, granting them freely. Out of the many requests involving hundreds of vehicles and drivers, only a handful has been denied. In most cases, the requests have been based on the contention that compliance with safety requirements would result in economic hardship on the bus operators. Almost invariably, this justification has been accepted without question. Even if economic hardship were acceptable as a reason for waiving a requirement, there is no real analysis by DOE to determine whether economic hardship would, in fact, result from complying with a particular standard.

Apart from the obvious breakdown in safety standards which the loophole has caused, another result of DOE's uncritical approach to the granting of exemptions is unfair and inequitable treatment of school bus operators. Some operators have assumed that the requirements mean what they say and have tried to comply fully, even though compliance results in additional costs. On the other hand, those who have sought and obtained exemptions have avoided costs.

So long as the department continues to have primary responsibility for student transportation safety, its rules should be amended either to remove completely the superintendent's power to grant safety exemptions or to establish appropriate safeguards which restrict such authority to where the need for an exemption is clearly demonstrated.

School Bus Drivers. The audit finds that Hawaii has no effective administrative program for assuring the competency of school bus drivers. The recruitment, selection, and qualification processes are riddled with deficiencies. At present, there is no effective means of verification and enforcement of the requirement of annual traffic and criminal clearances for all school bus drivers. Although DOE's school bus safety committee devised a written examination to assist county examiners of drivers in ascertaining the applicant's ability to read and understand "simple English used in highway directional signals," and in determining whether the applicant has knowledge of applicable laws, examiners on Oahu pleaded complete ignorance about this examination and are not administering it. Even verification of whether a person has the requisite year of driving experience is lacking. Indeed, information on drivers is deficient to the point where there is an absence of rosters of school drivers and, without such rosters, no one knows how many persons are actually driving school buses in Hawaii at any given time, much less who they are and whether they meet the qualification requirements.

Although there is a school bus driver certification program, at one point when DOE was administering the program, the majority of certificates were issued after the school year was over. Although considerable improvement has been noted since DOE transferred the task of certification to DAGS, even during the 1977-1978 school year, one out of every five school bus drivers was allowed to drive uncertified for one half or more of the school year.

At present, Hawaii violates federal safety standards, state statutory provisions, and sound safety practices by failing to develop a program for improving the performance of school bus drivers. Almost no effort is made to evaluate driver performance or continually train drivers, although 70 percent federal matching funds to develop such a program and models upon which to pattern the program have been available to the State for years.

The DOT should assume primary responsibility for all aspects of driver qualification, including the recruitment, selection, and qualification of school bus drivers; a comprehensive set of driver's requirements; and a program for the training of drivers and the periodic evaluation of their performances.

Safety of school buses. Many old and generally inadequate vehicles are being used to transport students. For the year 1975–1976, of 390 buses, 59 percent statewide were 15 or more years old. The problem of old buses is especially evident on Oahu where 86 percent were 15 or more years old, and almost half were more than 25 years old. One would expect that given the prevalent oldness of school buses in service that the government agencies involved would rigorously apply and enforce vehicle safety standards. However, the opposite is the case as evidenced by such conditions as the following:

- . Requirements governing the identification of school buses are unclear, contrary to federal standards and state laws, and largely meaningless because of inequitable application and inadequate enforcement.
- . Regulation of the design, construction, and equipping of school buses has been rendered ineffective by inappropriate and inadequate requirements and by the lack of proper enforcement.
- . Periodic inspection of school buses is grossly inadequate. An exception is Hawaii county, where the police department reinforces compliance through its own field inspections of buses and has uncovered bus defects, some of which were serious enough to cause buses to be immediately withdrawn from service.
- . The requirement that drivers conduct daily pretrip inspections of their buses goes generally unobserved, again with the exception of Hawaii county.
- . Although school bus operators are required to have preventive maintenance programs, enforcement is ineffective.
- . Students continue to stand in overcrowded buses, especially on Oahu. DOE prohibits the practice formally but allows it to continue in actuality.

Our more important recommendations address the foregoing conditions and generally involve the elimination of old school buses by contractors and control procedures to ensure the continuing and timely replacement of school buses; the proper identification of all school buses in conformance with federal standards; the aggressive enforcement of vehicle inspection and maintenance standards; and the establishment of clear and formal requirements governing seating arrangements aboard all school buses, including the elimination of the practice of allowing standees on buses.

Operational and Economic Aspects of Student Transportation

Legal and Organizational Issues. The legal provisions and formal organization for student transportation are vague and fragmented. As a result, the State has no adequate framework for providing student transportation services. Moreover, considerable ambiguity surrounds the mission of DOE regarding the provision of student transportation services since DOE is responsible for providing transportation for students to and from school but DAGS provides day-to-day administration.

The current DOE organization is inappropriate for the effective and efficient provision of student transportation services. Administrative responsibility is submerged far down in the administrative hierarchy and is widely spread among organizational entities within DOE at all levels. As a result, no one is clearly in charge of all aspects of student transportation services or is in a position to provide adequate administration.

Although DOE's performance in this area has been dismal, the department should remain the primary agency in providing student transportation, given the strong educational focus of the program. Accordingly, DAGS should be removed from this field since its present extensive role serves only to complicate lines of authority, diminish communication, and generally fragment what should be a unified governmental operation. However, DOE must commit itself to implementing its statutory responsibilities by making organizational and administrative changes within itself so that a much higher priority is placed on student transportation and effective management and control are exercised over it.

Fiscal Management and Contract Administration. In general, the business management of student transportation services is weak and ineffective. As a result, there is a lack of effective control over millions of dollars of school bus service contracts. To illustrate, during the past several years, the costs of the student transportation program have increased rapidly, although the number of students riding the bus is either static or declining. In school year 1972-1973, about \$3.2 million was expended by the State to subsidize the school bus transportation, whereas, in school year 1976-1977, more than \$8 million was appropriated. In five years costs have doubled, yet many old school buses remain in service, standees are still being crowded among some buses, and school bus schedules are still unduly burdensome for some student riders.

The audit finds that the existing bidding procedures for school bus service contracts and the manner in which they are administered suffer from severe inadequacies which greatly hinder, if not actually prevent, real competitive bidding from taking place. As a result, there is no assurance that contract awards are either made fairly and impartially or based upon prices established by normal economic forces of the marketplace. In addition, wide disparities have occurred in unit costs of student transportation, from a low of \$39 per student to a high of \$426.73 per student, with the statewide average being \$86.80 for the period we analyzed. On a per mile basis, the range is from a low of \$.63 per mile to a high of \$9.20 per mile, with the statewide average being \$1.68 per mile. On an annual average, the daily cost per bus was approximately \$33 per day. At the extremes, the cost per day per bus ranged from a low of \$19 to a high of \$97. This means that apparently excessive payments have been made to at least some school bus contractors.

Analysis of Alternatives. Additionally, no thorough analysis has been made of relative costs, advantages, and disadvantages of alternative methods of providing student transportation. We recommend that DOE make a thorough assessment of alternative combinations for providing student transportation. At a minimum, such an examination should extend to the following alternatives: (1) direct government ownership and operation of school bus services; (2) acquisition of school bus services through contracts with private bus operators; (3) subsidization of expanded and specialized public transit services to meet the transportation needs of students; and (4) varying combinations of the foregoing.

CONCLUSION

Having reviewed the responses of the affected agencies, we reaffirm our major finding that there has never been a state agency willing to consider student transportation as a mission of vital importance and assume the responsibility for a coordinated program. We conclude that a major restructuring and clarification of roles and responsibilities are needed if Hawaii is to have an efficient and safe student transportation program. In this respect, we would urge that the Legislature review and revise the necessary legal provisions to effect the kind of policy direction and management controls now lacking.

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January 22, 1979