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HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH  
SESSION

HOUSE FILE No. **2024**

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The bill was read for the first time and referred to the Committee on E-12 Education

1.1 A bill for an act  
1.2 relating to student transportation; establishing procedures and standards for  
1.3 contracting for private student transportation services; establishing a grant  
1.4 program; appropriating money; proposing coding for new law in Minnesota  
1.5 Statutes, chapter 123B.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. [123B.881] PRIVATIZATION OF PUBLIC STUDENT  
1.8 TRANSPORTATION SERVICES.

1.9 Subdivision 1. Definitions. (a) For the purposes of this section, the terms defined in  
1.10 this subdivision have the meanings given them.

1.11 (b) "District employee" means a public employee as defined in section 179A.03,  
1.12 subdivision 14, and applies exclusively to student transportation employees in a  
1.13 kindergarten through grade 12 school district.

1.14 (c) "Employee of a private contractor" means an employee of a private contractor as  
1.15 defined by this subdivision, an employee of a subcontractor or independent contractor that  
1.16 provides student transportation services to a private contractor, or a former employee of a  
1.17 private contractor or subcontractor of a former independent contractor.

1.18 (d) "Private contractor" means an entity that enters into a privatization contract with  
1.19 a kindergarten through grade 12 public school district.

1.20 (e) "Privatization contract" means an enforceable agreement or combination or  
1.21 series of agreements by which a private contractor agrees with a school district to provide  
1.22 services in place of services previously provided by employees of the school district, or  
1.23 services that could be provided by employees of the school district.

2.1 (f) "Services" means all aspects of services provided by a private contractor to a  
2.2 school district or by a subcontractor to a private contractor to implement a privatization  
2.3 contract.

2.4 (g) "Subcontractor" means a subcontractor of a private contractor for work under a  
2.5 privatization contract or an amendment to a privatization contract.

2.6 Subd. 2. **Privatization contracts; requirements.** (a) This section applies to  
2.7 school districts that put out a request for proposal for private contractors and privatization  
2.8 contracts in an amount of \$25,000 or more.

2.9 (b) A kindergarten through grade 12 school district shall prepare a specific written  
2.10 statement of the services to be provided under a proposed privatization contract. The  
2.11 statement must indicate whether the same or substantially similar services are being  
2.12 provided by district employees. In the case of proposed new services, the statement must  
2.13 include the district's reasons why it determined that those services could or should not  
2.14 be provided by current or additional district employees. The district's solicitation of  
2.15 services under a proposed privatization contract must be based on the statement. The  
2.16 school district shall notify an exclusive representative of the employees that would be  
2.17 affected by a proposed privatization contract of its intention to enter into such a contract,  
2.18 and shall provide the exclusive representative with a copy of the statement prepared  
2.19 under this paragraph.

2.20 (c) A formal solicitation of services under a proposed privatization contract must  
2.21 require a responder to disclose:

2.22 (1) the length of continuous employment of the responder's current employees  
2.23 identified by their job classification, which may include any relevant prior experience.  
2.24 For the purposes of this section, "length of continuous employment" is the date of hire to  
2.25 the present with summer and other regular school breaks not considered interruptions to  
2.26 employment;

2.27 (2) the number of hours of accompanied behind-the-wheel training for drivers,  
2.28 minimum length of time holding a valid driver's license, minimum length of time holding  
2.29 a valid school bus endorsement for drivers, and minimum completed hours of training and  
2.30 a content summary of the training;

2.31 (3) the responder's current annual rate of employee turnover as measured by the  
2.32 number of new employees hired by the contractor in each classification during the most  
2.33 recent school year, divided by the average number of employees employed at one time  
2.34 in that classification during the same regular school year;

2.35 (4) the driver and aide recruitment and retention plan of the contractor, which must  
2.36 include, but is not limited to:

- 3.1 (i) an explanation of the actions the contractor has taken or will take to recruit  
3.2 qualified drivers for this contract;
- 3.3 (ii) the process for screening applicants to be certain that they meet the requirements  
3.4 of the specifications;
- 3.5 (iii) an explanation of the training that drivers and aides receive prior to assignment  
3.6 to routes specified herein;
- 3.7 (iv) an explanation of the actions of the employer to retain qualified drivers to meet  
3.8 requirements of this specification, including an explanation of wage rates, summary of  
3.9 available health insurance benefits, and employee premiums for such plans and policies on  
3.10 compensated absences such as paid vacations, holidays, and sick leave; and
- 3.11 (v) annually or by request, whichever is more frequent, written reports to the district  
3.12 summarizing:
- 3.13 (A) the number of accidents and traffic violations, including those with and without  
3.14 injuries, a short description of each accident, including, but not limited to, injuries  
3.15 sustained, damage to bus or property, whether the accident was determined to be  
3.16 preventable or not, and the length of continuous employment of the driver involved; and
- 3.17 (B) the remedies undertaken by the contractor, including, but not limited to, new  
3.18 policies and procedures, training for the driver in question, or termination;
- 3.19 (5) the number of hours, if any, planned for each employee relating to duties to  
3.20 be performed by the employee in providing services under the proposed privatization  
3.21 contract;
- 3.22 (6) any complaints issued by a federal, state, or local enforcement agency relating to  
3.23 alleged violations of relevant laws or rules, including those relating to employee safety  
3.24 and health and labor relations, along with any court decisions, administrative findings,  
3.25 or penalties for violations of those laws and rules, listing the date, the court or agency,  
3.26 and the law or rule found to be violated;
- 3.27 (7) any collective bargaining agreements or personnel policies covering the  
3.28 employees to perform services under the proposed privatization contract; and
- 3.29 (8) any political contribution made by the responder or managerial employee of the  
3.30 responder, during the four years immediately preceding the due date of the response, to an  
3.31 elected official of the state, a candidate for elected state office, and, if the soliciting agency  
3.32 is a local unit of government, an elected official or candidate for elected office of that unit.
- 3.33 If the responder is a subsidiary of a parent entity, the disclosures made in response to  
3.34 clauses (5), (6), (7), and (8) must also apply to the parent entity.
- 3.35 (d) Notwithstanding section 123B.52, a school district must award a transportation  
3.36 contract in the interest of student safety and cost-effectiveness.

4.1 (e) The minimum wage rate for an employee of a private contractor providing  
4.2 services for a school district must be equal to or greater than the average wage, plus the  
4.3 value of health and other benefits provided to the employees in the nearest school district  
4.4 where student transportation services are owned and operated by the school district.

4.5 (f) The term of a privatization contract, including any extensions resulting from  
4.6 amendments or change orders, may not exceed two years. No amendment or change order  
4.7 is valid if it has the purpose or effect of avoiding any requirement of this section.

4.8 (g) A privatization contract must impose affirmative action standards on the private  
4.9 contractor and any subcontractors that are at least as stringent as those applying to the  
4.10 contracting school district. No privatization contract may cause the school district to fail  
4.11 to meet its affirmative action standards or cause the displacement of district employees.  
4.12 For the purposes of this paragraph, "displacement" means layoff, demotion, involuntary  
4.13 transfer to a new classification or title, involuntary transfer or reassignment to a new  
4.14 location requiring a change in residence, or reduction in hours of work, wages, or benefits.

4.15 (h) A private contract may not use public money paid to it under a privatization  
4.16 contract to:

4.17 (1) support or oppose the organization of its employees by an exclusive  
4.18 representative;

4.19 (2) facilitate or deter the ability of an exclusive representative of its employees to  
4.20 carry out the exclusive representative's responsibilities or speak to employees on company  
4.21 premises during nonpaid work time; or

4.22 (3) assist a subcontractor to facilitate or deter the lawful activities of an exclusive  
4.23 representative of its employees.

4.24 Subd. 3. **Review of contract costs.** (a) A district considering whether to enter into  
4.25 a privatization contract for a service shall prepare a comprehensive written estimate of  
4.26 having the same service provided in the most cost-effective manner by district employees.  
4.27 The estimate must include all direct costs of having district employees provide the service,  
4.28 including the cost of pension, insurance, and other employee benefits. The estimate is  
4.29 nonpublic data, as defined in section 13.02, subdivision 9, until the day after the deadline  
4.30 for receipt of responses under paragraph (b) when it becomes public data and must be  
4.31 published in the State Register. A district may not count onetime revenue from the sale of  
4.32 buses or bus yards for the purpose of determining cost savings. The district must bargain  
4.33 in good faith.

4.34 (b) After soliciting and receiving responses, the school district shall publicly  
4.35 designate the responder to which it proposes to award the contract. In making its selection,  
4.36 the district shall consider the responder's past performance and record of compliance with

5.1 federal and state law. The district shall prepare a comprehensive written estimate of the  
 5.2 cost of the proposal based on the responder's bid, including the cost of a transition from  
 5.3 public to private provision of the service, any additional unemployment, and retirement  
 5.4 benefits resulting from the transfer, and costs associated with monitoring the proposed  
 5.5 contract. The school district shall include the amount in the cost estimate prepared under  
 5.6 this paragraph.

5.7 (c) Before awarding a privatization contract, a district must certify in writing that:

5.8 (1) the board has complied with this section;

5.9 (2) the quality of the services to be provided by the designated responder will equal  
 5.10 or exceed the quality of services that could be provided by district employees;

5.11 (3) the cost of the proposed contract, including all costs identified under paragraph  
 5.12 (b), will be at least 15 percent lower than the cost determined under paragraph (a),  
 5.13 taking into account any amendments to a collective bargaining agreement proposed by  
 5.14 an exclusive representative; and

5.15 (4) the proposed privatization contract is in the public interest.

5.16 Subd. 4. **Data practices.** A privatization contract must comply with section 13.05,  
 5.17 subdivision 11. All data relating to a privatization contract are public data. The school  
 5.18 district shall submit copies of all public data associated with the privatization contract  
 5.19 to the state auditor.

5.20 **Sec. 2. [123B.882] SCHOOL BUS DRIVERS.**

5.21 Subdivision 1. **Driver pay.** School bus drivers must be paid for the actual time  
 5.22 worked. If a route pay system or hourly estimation is used, drivers must be scheduled and  
 5.23 paid a minimum of an additional 15 minutes to allow for proper inspection of buses.

5.24 Subd. 2. **Right to refuse.** School bus drivers who document needed bus repairs  
 5.25 shall have the right to refuse to operate the bus immediately for a safety-related repair  
 5.26 and after 48 hours for a nonsafety-related repair. The driver shall be provided an alternate  
 5.27 bus, if available, and time to inspect it. The driver shall not be penalized in any way for  
 5.28 fees, fines, or consequences incurred by the employer for delays or failure to operate the  
 5.29 route. Should the route be canceled due to the driver's documentation for needed repair,  
 5.30 the driver shall be paid the greater of a minimum of two hours pay or the time of reporting  
 5.31 to work to the time the driver is dismissed. Nothing in this section may diminish the  
 5.32 rights, pay, or benefits of drivers covered by a collective bargaining agreement with an  
 5.33 exclusive representative.

5.34 **Sec. 3. PILOT PROJECT.**

6.1 Subdivision 1. **Establishment.** A pilot project is established to investigate potential  
6.2 cost savings and other benefits of multidistrict cooperation on student transportation  
6.3 and efficiency.

6.4 Subd. 2. **Grant.** \$10,000,000 is appropriated from the general fund to the  
6.5 Department of Education for a grant to Special School District No. 1, Minneapolis,  
6.6 and Independent School District No. 625, St. Paul, for the purpose of acquiring land,  
6.7 constructing necessary facilities, acquiring vehicles, and other costs associated with the  
6.8 construction or improvement of a school bus facility.

6.9 Of that amount, \$100,000 is for planning in fiscal year 2008. The remainder of  
6.10 the funds shall be made available in fiscal year 2009, after the following requirements  
6.11 have been certified to the commissioner:

6.12 (1) the districts have entered into a joint powers agreement for the purpose of  
6.13 conducting joint student transportation operations;

6.14 (2) the authority is to be responsible for operating only the number of routes that are  
6.15 operated by private contractors, as of the date of this provision's enactment;

6.16 (3) the authority must operate its own fleet of buses;

6.17 (4) the authority must be the sole owner of the facility;

6.18 (5) the authority has entered into agreement with the exclusive representative of  
6.19 the largest number of school bus drivers in Minnesota. This agreement shall provide  
6.20 nonsupervisory personnel necessary for the authority's operations; and

6.21 (6) the authority has developed a plan for integrating technologies into its operations  
6.22 for the purpose of reducing air, noise, and groundwater pollution as a result of its  
6.23 operations.

6.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.