OFFICE OF THE INSPECTOR GENERAL
MASSACHUSETTS

Special Education Transportation Study

Strategies to Mitigate Rising Costs

February 23, 2026

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Inspector General
Office of the Inspector General
Commonwealth of Massachusetts

OFFICE OF THE INSPECTOR GENERAL
MASSACHUSETTS

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February 23, 2026

Via Electronic Mail

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Re: Special Education Transportation Study: Strategies to Mitigate Rising Costs

Dear Chairs Rodrigues, Michlewitz, Lewis, and Gordon, Ranking Members O'Connor, Smola, and Marsi, and Commissioner Martinez:

Pursuant to Section 2A of Chapter 7 of the Acts of 2025, the Office of the Inspector General (OIG) herein presents its *Special Education Transportation Study: Strategies to Mitigate Rising Costs*.

In June 2025, the Legislature statutorily mandated that the OIG review the Commonwealth's special education transportation services, including how those services are procured and delivered. Specifically, the OIG was tasked with reviewing how districts procure special education transportation services, which have been increasing in cost, and recommending ways to reduce costs, maximize purchasing power, act transparently and efficiently, and explore opportunities for regionalization.

To complete this study, OIG staff worked with a school transportation consulting firm to collect and analyze information from multiple sources, including stakeholder interviews, survey responses from school districts, document and contract reviews, statewide administrative and survey data, prior reviews conducted by other entities, and pending legislation.

The OIG appreciates that all parties from whom we sought information or spoke with directly have been courteous and cooperative. The leadership and staff from the Department of Elementary and Secondary Education (DESE), the various local school districts, professional associations, and advocacy

and parent groups all work hard to advance an important policy area in which Massachusetts plays a leading role nationally. The OIG also recognizes the difficult budgeting and procurement roles played by staff in the Executive Office for Administration and Finance, the Legislature, the House and Senate Committees on Ways and Means, and the municipalities and school districts across the Commonwealth.

The OIG details 17 findings in this study that explain complex and interrelated factors that impact the cost of special education transportation. While there are certainly no quick fixes, this study offers specific achievable recommendations for the Legislature, DESE, and local school districts. I highlight some of our findings and recommendations here.

First, Massachusetts is one of only six states in which nearly all state funding for pupil transportation is delivered through reimbursement. Under this model, known in the Commonwealth as "circuit breaker" funding, local school districts must bear the full cost of special education transportation services up front and the state then reimburses a percentage in the following fiscal year. The OIG believes this reimbursement model is burdensome for school districts, as they must front load and carry such costs until the state later provides some reimbursement based upon a formula and the state's capacity to fund. By changing the timing for carrying these costs, the OIG finds that school districts could otherwise use these funds for other critical uses.

Second, the OIG recommends that the Legislature enact statutory changes to require that transportation vendors provide detailed pricing information at the procurement, contract negotiating, and billing stages. Such reforms would increase transparency, competitiveness, and fairness. School districts could more easily understand why prices are where they are, compare pricing elements, understand why certain procurement requirements may increase costs, and allow for true vendor-to-vendor comparisons.

Third, the Legislature asked the OIG to make recommendations on regionalizing special education transportation services. In the past, the Legislature has funded pilot programs for regionalization to address cost concerns for special education transportation. The pilot programs were successful, but were not expanded. From its analysis, the OIG concludes that regionalization has potential value in some areas of the state but it would not meet the needs of every district.

Notably, school transportation costs have been studied at least four times in the last 20 years. Prior reports authored by entities such as the State Auditor and a 2018 special legislative commission have analyzed student transportation costs and offered numerous recommendations. There has been limited follow-through with these recommendations. Some may have been considered and rejected, while many of them overlap. Some may still resonate today. The OIG hopes that the present study will help pave a path toward meaningful action to address the rising costs of special education transportation. I respectfully urge the Legislature, DESE, and local school districts to work together to address these issues once and for all.

I must emphasize that the OIG's study focused on cost drivers, data, and public policy. Throughout our work, we have been keenly aware that behind the numbers, laws, and regulations are families who depend on these services to give their children access to educational resources.

This is the first of three studies that the Legislature mandated that this Office undertake in Fiscal Year 2026 – special education transportation, sheriffs' budget deficits, and the bar advocate system. I view these legislative directives as an acknowledgment of the independence, professionalism, and track record the OIG team brings to the table. I am grateful for the OIG's dedicated professionals who work every day to seek the truth, understand the facts, and provide analysis that will make government work better tomorrow than it did today. This study is no exception.

Sincerely,

Jeffrey S. Shapiro, Esq., CIG
Inspector General

cc (via email):

OIG statutory recipients
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The Hon. Bradley H. Jones Jr., House Minority Leader
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About the Office of the Inspector General

The Office of the Inspector General for the Commonwealth of Massachusetts (OIG) is an independent state agency charged with preventing and detecting fraud, waste, and abuse of public funds and assets. The OIG investigates allegations of fraud, waste, and abuse at all levels of government and reviews programs and practices in state agencies and municipalities to identify systemic vulnerabilities and opportunities for improvement. The OIG strives to enhance or restore public confidence in government, ensure accountability, and promote the best interests of the people of the Commonwealth in the use of public funds and property.

The Legislature established the OIG in 1980 as the first state-level inspector general's office in the country. Today, the OIG has a budget of over $10 million and a staff of about 90 employees. The OIG has oversight of more than $120 billion in spending and the work of over 300,000 public employees across all state and municipal public entities throughout the Commonwealth, plus suppliers, vendors, contractors, and nonprofits that receive public funds.

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Statutory Mandate

Chapter 7 of the Acts of 2025, *An Act Making Appropriations for the Fiscal Year 2025 to Provide for Supplementing Certain Existing Appropriations and for Certain Other Activities and Projects,* directs the OIG to review aspects of school transportation.

Section 2A of Chapter 7, Line-Item 1596-2516, specifically provides:

> **For a reserve to support reimbursements to school districts and direct payments to service providers for special education instructional and transportation costs pursuant to section 5A of chapter 71B of the General Laws and item 7061-0012; provided, that reimbursements shall be made in the fiscal year ending on June 30, 2026 for costs incurred in the fiscal year ending on June 30, 2025; provided further, that funds may be transferred to said item 7061-0012 and expended subject to the conditions specified in said item in the general appropriations act for the fiscal year ending on June 30, 2026;**
>
> **provided further, that not less than $250,000 shall be expended for the office of the inspector general to review school district transportation service practices provided pursuant to said section 5A of said chapter 71B, including, but not limited to, procurement of said services, and to make recommendations for school districts that aim to reduce costs and ensure that districts maximize purchasing power and act transparently and efficiently to provide said services; provided further, that the office of the inspector general shall review possible ways for districts to consolidate transportation services regionally, to the extent practicable;**
>
> **provided further, that not later than February 2, 2026, the office of the inspector general shall submit to the house and senate committees on ways and means and the joint committee on education and publish on its website recommendations and best practices:**
>
> **(i) for school districts to reduce costs and maximize purchasing power for transportation services;**
>
> **(ii) to consolidate transportation services regionally, to the extent practicable; and**
>
> **(iii) that the office deems necessary for said services; provided further, that the office of the inspector general shall include in its recommendations any information on cost savings for school districts by following said best practices and recommendations; and provided further, that the department of elementary and secondary education shall provide any information necessary for the office of the inspector general to conduct a comprehensive review under this item**

EXECUTIVE SUMMARY

Pursuant to the legislative directive in Chapter 7 of the Acts of 2025, the Office of the Inspector General (OIG) reviewed the Commonwealth's special education transportation services, including how those services are procured and delivered. The Legislature tasked the OIG with reviewing how districts procure special education transportation services, which have been increasing in cost, and recommending ways to reduce costs, maximize purchasing power, act transparently and efficiently, and explore opportunities for regionalization.

In compiling this study, the OIG worked with a school transportation consulting firm to collect information from many sources, including stakeholder interviews, survey responses from school districts, document and contract reviews, statewide administrative and survey data, prior reviews conducted by other entities, and pending legislation.

Transportation cost drivers are complex and interrelated. In the following pages, the OIG elaborates on factors that can increase student transportation costs, such as:

(1) The geographic locations of out-of-district placements;

(2) A persistent shortage of qualified drivers;

(3) A lack of vendor competition;

(4) Procurement requirements;

(5) Difficulty in sharing information across districts;

(6) Vehicle requirements; and

(7) The Commonwealth's reimbursement funding model.

As presented through this study's findings, the OIG offers a number of explanations to the Legislature, the Administration, and other stakeholders as to why costs are rising at such a significant rate for special education transportation. The OIG further offers approaches for stakeholders to gain greater insight into pricing and ways that procurement strategies can attempt to move vendors toward more competitive pricing.

This study addresses the reality that transportation costs, while expensive, are in many cases the final step in a complex special education system that is student-centered and built upon laws and policies that arise from providing a free and appropriate education in the least restrictive environment to every student. Early in our review, the OIG recognized that in many instances a student's transportation plan is anchored around a private special education school, often some distance from the student's home. As such, transportation is the final cost in an expensive system that starts with the student's school placement. The cost of that transportation, while not an afterthought, is rarely the driver in this calculus.

This study also concludes that while regionalization could offer potential efficiencies in some circumstances, it is not a cure-all remedy to lower special education transportation costs. And, in fact, the

Legislature previously funded a pilot program to help develop regional transportation efforts and efficiencies. From this pilot, two highly successful programs operated by the North River Collaborative and the LABBB Collaborative started providing out-of-district special education services which continue to successfully operate today. Considering that collaborative programs already exist across much of the Commonwealth, the OIG believes the opportunity for further expansion of these programs should be targeted to specific districts to have a positive impact.

While no single entity can meaningfully address increasing costs on its own, this study's recommendations emphasize that school districts, the Legislature, and the Department of Elementary and Secondary Education (DESE) can each do more to help drive down costs. However, the barriers to entry for new vendors are high, and districts consistently cope with a lack of vendor competition. Approaching cost control or cost containment alone will not meaningfully address the overall challenges of rising special education costs in a system that heavily relies on student placements at expensive private school settings.

The Legislature and DESE can take significant and realistic steps to review their respective statutes and statewide regulations and practices that contribute to increased transportation costs, especially the "circuit breaker" reimbursement model for special education. The OIG believes the administrative work to determine eligible costs under that model, as well as the fact that all reimbursed funding is made in the subsequent fiscal year, creates a system that is a national outlier, is expensive to administer, and is inequitable to districts that have fewer financial resources to carry such expenses. Transitioning the circuit breaker model to a formula-driven approach could ease the administrative burden on districts and free up funding for districts in their current budget. Additionally, some school districts have an anecdotal basis to believe that vendors are more willing to increase pricing due to their perception that transportation funding comes later from the state.

State law should promote transparency by requiring vendors to itemize the costs of services so districts have better insight into how pricing is determined. The law should require vendors to provide a breakdown of their costs in bids or quotes, contract terms, and invoices. And, to facilitate better and more informed bidding practices by districts, DESE should collect and share information about existing procurements and strategies for future procurements via a web-based system.

The Legislature and state agencies must offer funding and logistical support to school districts and educational collaboratives that seek to work together. Districts and collaboratives must take the initiative to seek out this support and shepherd new programs.

Of great concern to the OIG is the reality that this study is not the first to weigh in on these issues. Prior reports authored by entities such as the State Auditor and a 2018 special legislative commission have analyzed student transportation costs and offered numerous recommendations. There has been little follow-through with these recommendations. The OIG hopes that the present study will prompt dialogue and needed action to address the rising costs of special education transportation.

METHODOLOGY AND ACKNOWLEDGMENTS

In conducting this legislatively mandated study of special education transportation procurement practices, best practices for contracting for special education transportation services, and the feasibility of regionalization or coordination of services, the OIG contracted with school transportation consulting firm 4MATIV to assist in research, data gathering and interpretation, and interviews. Throughout this study, work attributed to "the OIG" will be understood to include work done by and in conjunction with 4MATIV.

Stakeholder Interviews

The OIG interviewed stakeholders to capture on-the-ground perspectives on transportation operations, procurement practices, cost drivers, and policy constraints across a range of district and market contexts. The interviewees included school district leadership and personnel, educational collaboratives, special education advocacy groups, school transportation vendors, relevant state government departments, and a legislative staff member. A full list of interviewees is presented in Appendix B.[1]

Survey of School Districts

The OIG administered a structured survey to Massachusetts school districts. The survey was open from October 22, 2025, through December 9, 2025, and was designed to collect systematic data on transportation procurement practices and service delivery structures.

Document Review

The OIG requested records from a sample of 48 districts and entities. Most were able to respond within the timeframe for inclusion in this report. These responses included comprehensive financial data for Fiscal Year (FY) 2021 to FY25, procurement documentation, and local policy parameters.

Data Review

The Department of Elementary and Secondary Education (DESE) provided statewide data for all local education agencies (LEAs) for FY19 to FY24, including district expenditure amounts by category, total state transportation reimbursement allocations disaggregated by service category, and applicable reimbursement rates and formulas. DESE also provided enrollment data for the same period. The OIG used the data to analyze and compare district-reported expenditures and state reimbursement structures. The Massachusetts Association of Pupil Transportation provided data from an October 2024 survey of school districts on flows of special education riders to specialized programs. The data provided from DESE

[1] The OIG interviewed transportation vendors not operating in the Commonwealth. Those doing business here declined to be interviewed.

includes transportation data for districts who contract out their school transportation services to private vendors, as well as districts that provide in-house school transportation services.[2]

The OIG notes that district data varied in completeness and granularity, posing a challenge to the OIG's review of this information. There is no central repository of transportation procurement data.

Legal and Policy Review and Comparative Benchmarking

The OIG reviewed Massachusetts state-level policies relevant to pupil transportation operations, funding, and costs to identify factors that may contribute to high transportation costs across the Commonwealth, and compared Massachusetts funding and cost policies to policies of other states. The OIG also looked at previously published reports and publicly available datasets from sources such as the National Center for Education Statistics. The OIG looked at district-level discretionary policy for a subset of school districts across the state to better understand levers that may affect transportation efficiency and costs.

The OIG's review focused primarily on alternative transportation vehicles, but also examined requirements applicable to traditional yellow school buses. In addition to reviewing circumstances under which states require districts or other LEAs to provide transportation, the OIG looked at mandates related to home-to-school transportation and specific student populations. The OIG identified and reviewed state statutes and regulations that govern several aspects of pupil transportation, not just those related to special education transportation services: (1) vehicle equipment and registration requirements; (2) driver qualifications, licensure, and training; (3) transportation service requirements; and (4) state aid to districts.

The OIG's district-level transportation policy review used three primary data sources: (1) publicly available information on transportation eligibility policies from individual school district websites; (2) written transportation policy documents that the OIG obtained from school districts; and (3) a comparison of available policy information with FY24 transportation expenditure data reported to DESE, which showed the relationship between district policy choices and reported transportation costs.

This analysis is subject to several limitations. The state policy scan relied heavily on publicly available data regarding transportation policies, the availability and clarity of which varied by state. As a result, the OIG's state review focused most closely on states in which certain policy decisions could be clearly delineated, rather than on creating a comprehensive catalog of each policy area across all states.

For the district policy review, the OIG relied primarily on documents provided in response to specific records requests and publicly available information. The analysis therefore reflects documented policies and may not capture informal practices or unpublished guidance that in practice influence transportation decisions.

[2] "In-house" transportation is defined as school transportation that is provided by the district through vehicles they lease or own and operate.

Comparative Policy and Practice Analysis

The study also incorporates comparative benchmarking against peer states and selected district examples to identify common policy approaches, emerging best practices, and structural differences that influence transportation efficiency and collaboration. The OIG used this comparative lens to identify policy features that may enable or constrain cost-effective service delivery and informs recommendations for potential policy modernization.

Market and Regional Analysis

The OIG examined transportation through a market and regional-based lens, recognizing that geography, demand distribution, and vendor capacity materially affect the forms of coordination or regionalization that may be feasible.

The OIG's market analysis focused on the structure and capacity of the school transportation vendor landscape, including the number of vendors bidding on and awarded contracts, the geographic coverage of operators, and differences in vendor participation by service type. The OIG used its analysis to assess the extent to which districts operate in competitive versus non-competitive markets. The OIG further examined how vendor availability influences procurement outcomes, pricing, and operational flexibility.

The OIG's regional analysis explored variation in ridership density, cost per rider, and service patterns across the Commonwealth, as well as cross-district and cross-region travel flows, particularly for out-of-district special education transportation.

Regional Feasibility and Barrier Assessment

Consistent with the OIG's legislative charge, the OIG assessed the feasibility of regional coordination and consolidation by examining not only potential efficiencies, but also the barriers that limit implementation. The OIG considered governance and statutory requirements, funding and reimbursement structures, procurement rules, labor considerations, and operational constraints such as ride-time limits and service quality requirements.

The OIG also evaluated the technical, operational, and administrative feasibility of regionalization for special education transportation, while recognizing that many of the same constraints and dynamics apply to low-density general education and McKinney-Vento transportation.

Over the past 20 years, state officials and agencies have commissioned reports that have studied school transportation costs. The OIG reviewed several of these reports and their key findings, which are referenced later in this report.

Acknowledgments

The OIG extends its thanks to DESE, whose staff provided valuable assistance and context throughout this study. The OIG also thanks the numerous school districts' leadership and personnel that

answered the transportation survey, spoke with investigators, and gathered documents in response to the OIG's requests. Their consideration and assistance made this review and the accompanying recommendations possible. Similarly, the OIG appreciates the valuable insight given by educational collaboratives. Special education advocacy and parent groups offered crucial knowledge and perspective on children with special needs.

PURPOSE OF THIS STUDY

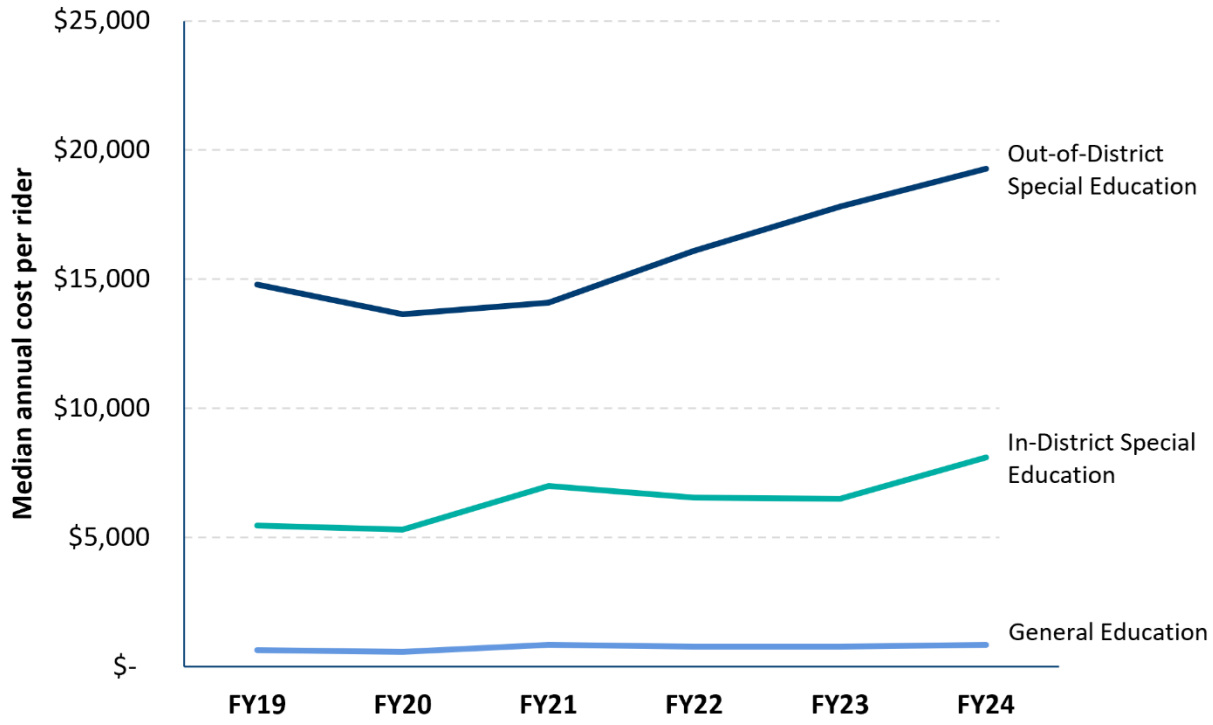
While neither general education nor special education populations have significantly increased in recent years, Massachusetts school districts have seen steady growth in transportation costs. Whether provided directly by the district or by a vendor, special education transportation frequently requires door-to-door service, specialized vehicles or equipment, and additional staffing.

Out-of-district placements, particularly for students with complex needs, place a unique set of cost pressures on districts. Such trips often span long distances, cross municipal or regional boundaries, and serve one or two students at a time. Unlike neighborhood-based routes, these "low-density" routes offer limited opportunities for route sharing or stacking and are constrained by individualized schedules tied to program requirements. By their nature, these low-density routes are difficult to optimize from a cost perspective.

School Transportation Costs Are Increasing

The COVID-19 pandemic significantly impacted supply-side conditions related to the driver market and vehicle prices. Coupled with the increase in demand for special education placements, school transportation costs have increased over the past few years. Figure 1 reflects how the end-of-year costs reported by districts to DESE have increased.

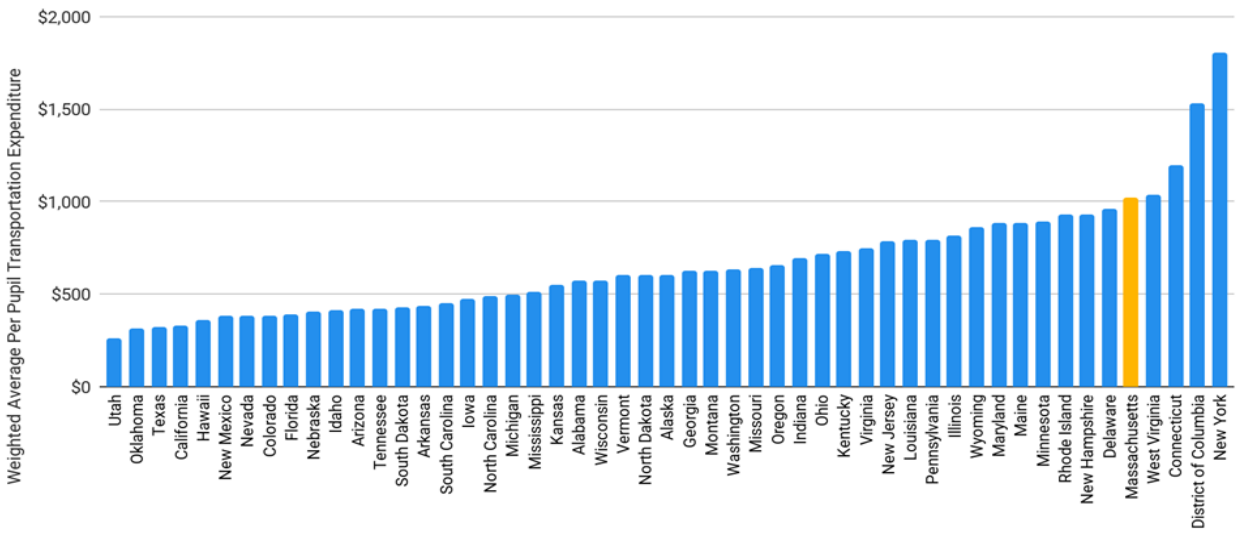
Figure 1. Median Annual Cost per Rider by Fiscal Year.



Source: DESE End-of-Year (EOY) Schedule 7 reports.

As shown in Figure 2, in FY22, the latest year with available nationwide data, Massachusetts ranked fifth among all 50 states plus the District of Columbia, with a weighted average per pupil cost of $1,025 for both general and special education transportation services.

Figure 2. Weighted Average per Pupil Transportation Expenditure by State.

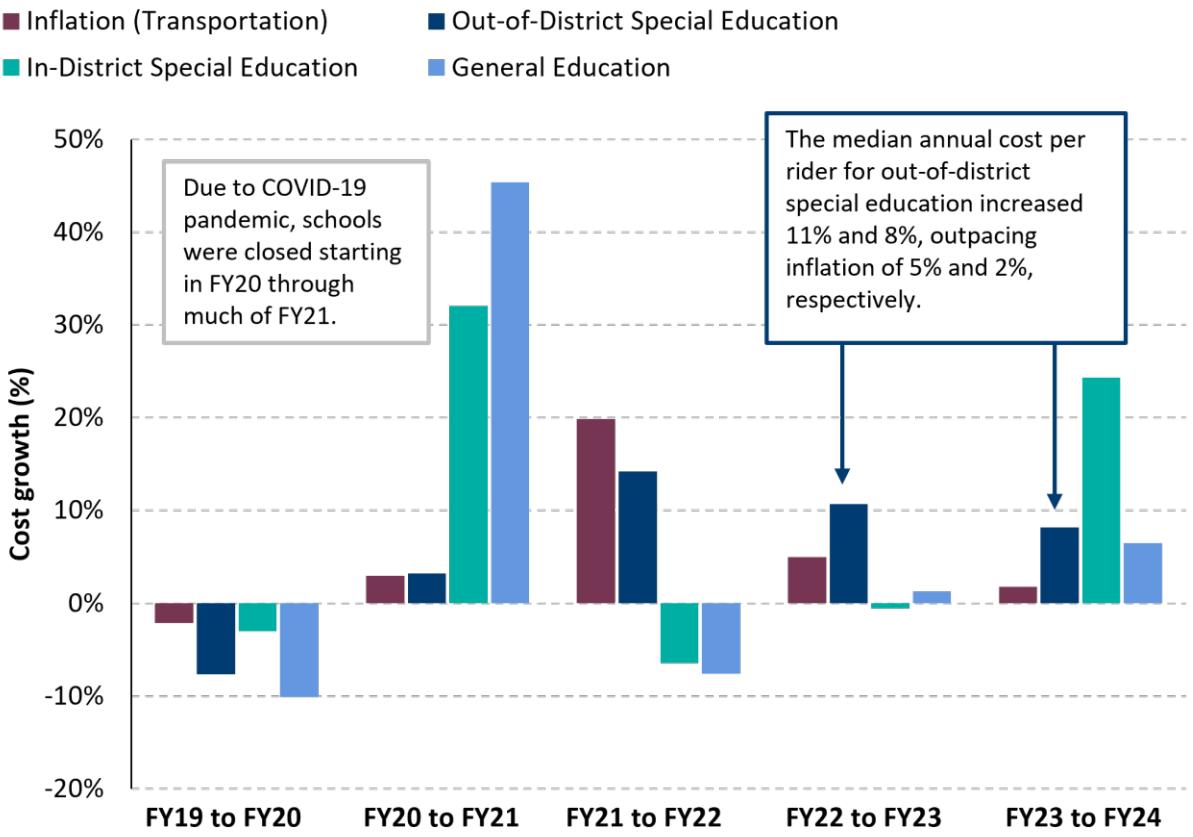


Source: National Center for Education Statistics. Digest of Education Statistics 2022. U.S. Department of Education, Institute of Education Sciences.

Transportation Costs vs. Inflation

School transportation costs, especially for students who receive special education services, have been increasing for many years. This increase in costs accelerated after the COVID-19 pandemic, as reflected in Figure 3:

Figure 3. Cost per Rider Growth vs. Inflation by Fiscal Year.



Source: Cost growth data based on DESE End-of-Year (EOY) Schedule 7 reports. Inflation data from the U.S. Bureau of Labor Statistics (BLS) Consumer Price Index (CPI-U) series for transportation, retrieved from the BLS CPI data page: https://www.bls.gov/data.

Against this background, the Legislature asked the OIG to review out-of-district special education transportation procurement practices. The OIG's review encompassed special education factors and costs incurred by districts for transportation services provided directly by a school district or through an outside vendor. The OIG herein presents its findings and recommendations in response to the Legislature's questions, framed as:

(i) What are the factors that impact the cost of special education transportation for school districts?

(ii) How can school districts reduce costs and maximize purchasing power in light of these factors?

(iii) Is regionalization a practical approach to reduce or constrain costs?

BACKGROUND

Historical Context

Massachusetts has publicly funded student transportation since the 1870s, even though measures to require towns to provide transportation did not exist until the early 20th century. In the 1930s, student transportation mandates were expanded to guarantee equal transportation for parochial and private school students. Eligibility rules have undergone only slight refinements since then.

Municipalities were given the exclusive right to fund and manage school districts in 1882, consolidating older, sub-municipal districts. In the 20th century, the 1949 Regional Schools Act was passed to encourage small towns to form consolidated school districts. In practice, small towns kept their independent elementary districts and established regional secondary schools, rather than fully consolidating into regional K-12 districts. This has been attributed to preferences for local control and few financial incentives for K-12 consolidation.

In 1974 the Legislature expanded financial incentives for full K-12 regionalization, which led to more towns forming fully consolidated K-12 regional districts. Also in 1974, the Commonwealth passed legislation authorizing school districts to form educational collaboratives, formalizing arrangements like The Education Cooperative (TEC) and the SEEM Collaborative established six years prior. Collaboratives were particularly intended to bring school districts together to meet special education service mandates under Chapter 766 of the Acts of 1972. Consolidation has slowed since the passage of the Massachusetts Education Reform Act of 1993 and the phasing out of regional school aid in the 1990s.

Chapter 766 of the Acts of 1972 mandated that school districts provide special education services, including transportation, to give students the maximum feasible benefit. Chapter 766 served as the model for the federal Individuals with Disabilities Education Act (IDEA), enacted in 1975. In 2000, the Legislature approved a new definition for “free appropriate public education” that aligned with federal standards.

Current Statutory and Regulatory Framework

Section 68 of Chapter 71 of the Massachusetts General Laws requires free public transportation for students in grades K-6 who live more than two miles from their school. Many districts provide bus transportation for students beyond these requirements, but may charge students bus fees. While some districts own and operate their own vehicles for school transportation, the majority of districts use private vendors for general education transportation and special education transportation, according to an OIG survey of districts.

Section 7A of Chapter 71 of the Massachusetts General Laws establishes the reimbursement process for school transportation in general, requiring that school transportation be procured through competitive sealed bids based on prevailing wage rates in order to qualify for any state reimbursement. It further prohibits state reimbursement for transport of students who live less than 1.5 miles from school.

Special education transportation reimbursement is governed under a separate statute, Chapter 71B Section 5A, explained below.

Section 7C of Chapter 71 of the Massachusetts General Laws prohibits the Commonwealth from providing financial assistance for the purchase or operation of buses by a public entity that would "engage in school bus operations, exclusively for the transportation of students and school personnel, in competition with private school bus operators." The law was enacted in 1976 at the behest of a school bus contractor trade group.[3]

Section 7B of Chapter 90 of the Massachusetts General Laws governs the operation of school buses and their equipment standards. Section 7D of Chapter 90 governs standards for school pupil transportation vehicles, commonly referred to as 7D vehicles, requiring that such vehicles meet many of the equipment standards described in 7B as well as additional standards.

Students who receive special education services must be educated in the district where they live, unless their Individualized Education Program (IEP) requires them to attend an out-of-district program. In either case, Section 5 of Chapter 71B requires the home district to provide transportation. Special education transportation is covered in the IEP and is provided from a student's residence to the student's home district school (public, public regional, private, charter, or vocational school), or to an educational collaborative program or a private special education school. Because special education transportation runs from a specific location to the destination rather than from a bus stop, it is sometimes referred to as "curb-to-curb routing."

Section 5A of Chapter 71B, also known as "circuit breaker funding," governs the state reimbursement process for expenses incurred for students who receive special education. The Student Opportunity Act, Chapter 132 of the Acts of 2019, expanded this statute to make costs associated with out-of-district transportation of students who receive special education eligible for circuit breaker reimbursement.

603 CMR 28.06(8)(a) prohibits a district from transporting a student for a distance that exceeds one hour each way for an IEP-related service unless the transportation plan is approved by the IEP team. Massachusetts regulations also require the school district to implement all accepted elements of an IEP, including transportation, "without delay" after it is approved.[4] These regulations attempt to keep a student as close to their home as possible; a student can only be transported to a facility a significant distance away if no nearer facility can provide them with their required educational programming.

Procurement Procedures

In conformity with Chapter 30B of the Massachusetts General Laws, districts typically procure school transportation by issuing an invitation for bids (IFB), a process that involves sealed bids. A district

[3] S. 1167, "An Act Relative to Financial Assistance to Certain Bus Transportation Programs." The federal counterpart of this law is codified at 49 U.S.C. § 5323(f)(1).

[4] 603 CMR 28.05(7)(b).

would use the IFB procurement procedure when the value of the contract is over $100,000 and the district knows what services it needs and how the services need to be performed.[5] The district must award the contract to the lowest responsible and responsive bidder. Alternatively, if the district's chief procurement officer determines that "the selection of the most advantageous offer requires comparative judgments of factors in addition to price,"[6] the district may use a request for proposal (RFP) procurement procedure. The RFP procedure allows the district to award the contract that best meets the district's needs, even if it is not the lowest cost bid.[7] Most school transportation procurements, in particular those for general education transportation, are IFBs.[8]

Districts are not required to adhere to Chapter 30B when procuring special education services, including special education transportation. When a district needs to obtain services quickly, districts may use a more flexible process to solicit quotes from vendors offering special education transportation services. This allows districts to meet the requirement to support an IEP "without delay" for students who just received an IEP or have moved to the district.

Some districts procure their school transportation services, including special education transportation, through educational collaboratives. Educational collaboratives are regional education entities that "complement the educational programs of member school committees and charter schools in a cost-effective manner."[9] Collaboratives are permitted to provide transportation services to school districts through joint or managed contracts.[10] Some collaboratives manage transportation contracts to ensure adequate service provision, but in these cases each district still works with the vendor to establish routing and scheduling. The collaboratives will also typically pay the vendor directly and receive district reimbursement. Some school districts have worked with neighboring districts for the collective procurement of both general and special education transportation services or have had one district manage the contract for itself and other districts.

State Reimbursement

Through a model described in Section 5A of Chapter 71B of the Massachusetts General Laws, known as circuit breaker funding, the state reimburses a portion of a school's special education costs, which include tuition, instruction, and transportation. School districts are reimbursed for 75% of costs that exceed a per-student threshold amount that is determined by a state-controlled index rate. For

[5] *See* M.G.L. c. 30B, § 5.

[6] *Id.* at § 6.

[7] *Id.*

[8] *But see* M.G.L. c. 71, § 7A which requires districts to use a sealed bid or IFB process to be reimbursed for transportation costs. Section 7A does not apply to out-of-district special education transportation services procurements.

[9] M.G.L. c. 40, § 4E(b).

[10] *See* M.G.L. c. 30B, § 1(c); M.G.L. c. 40, § 4E(b).

example, if the threshold amount was $40,000, a district providing a student with $100,000 in special education services including transportation would be eligible for a $45,000 reimbursement.[11]

The full amount a district is reimbursed is subject to appropriation by the Legislature. If the appropriated amount will not meet the full reimbursable amount for both instruction and transportation, priority is to be given to the instruction costs. Consequently, the effective reimbursement rate for out-of-district special education transportation may be lower than 75%. In FY24, both tuition/instruction and transportation were reimbursed at the full rate of 75% after a supplemental appropriation; but in FY25, tuition/instruction was reimbursed at the full rate while the transportation reimbursement rate fell to 61.36%. A proposed supplemental budget filed by the Governor would fully fund the circuit breaker at 75% of both types of costs for FY25.[12] The proposal is currently under consideration by the Legislature.

The state does not reimburse school districts through this model for costs within the same fiscal year in which they are incurred. Instead, school districts present DESE with end-of-year reports for each student at the end of the school year. Districts are then reimbursed in the following fiscal year, subject to appropriation fluctuations described above.

The OIG focused our review on the circuit breaker funding, but this is not the only component of school transportation that is reimbursed by the state. In addition to the circuit breaker reimbursement, school districts receive transportation-based reimbursement in four other categories:

- **Regional Transportation Reimbursement**, as outlined in Section 16C of Chapter 71 of the Massachusetts General Laws, which reimburses regional schools for transporting Regular Day students under certain criteria.

- **Homeless Transportation Reimbursement**, mandated by the federal McKinney-Vento Act and regulated by 603 CMR 10.09, which reimburses districts for transporting homeless students.

- **Non-Resident Vocational Transportation Reimbursement**, as outlined in Section 8A of Chapter 74 of the Massachusetts General Laws, which reimburses districts for transporting students to vocational programs for which the districts pay tuition.

- **Foster Care Reimbursement**, through federal Title IV-E reimbursement administered by the Executive Office of Health and Human Services (EOHHS), DESE and the Massachusetts Department of Children and Families (DCF), which reimburses districts for a portion of the cost of transporting foster care students to school.

[11] $100,000 - $40,000 = $60,000; $60,000 x 0.75 = $45,000.

[12] H.5033, "An Act making appropriations for the fiscal year 2026 to provide for supplementing certain existing appropriations and for certain other activities and projects" filed by Governor Maura Healey.

Current Transportation Conditions

Massachusetts places a relatively high share of students in out-of-district special education programs, compared with many other states. In FY23, Massachusetts was among the five states with the highest proportion of students with disabilities ages five to twenty-one that were served in out-of-district placements, at 6.1%, compared to a nationwide average of 2.3%.

Based on data districts provided to DESE, in fall 2024 the median district in Massachusetts transported students to out-of-district placements in 11 different municipalities, with the top 25% of districts transporting students to 19 or more different locations. This pattern may reflect several factors, including that Massachusetts is broken up into many geographically small districts, has a well-established network of approved private and public collaborative programs, and has a clear regulatory framework governing out-of-district placements.

The prevalence of out-of-district placements has become an embedded and growing feature of the special education landscape in Massachusetts, particularly for smaller districts. Between 2019 and 2024, the number of students receiving special education services in out-of-district placements increased by 11%, while the total student population in the state declined by roughly 3%.

Current Transportation Costs

In FY24, Massachusetts school districts bused 434,888 K-12 students to and from school. The average cost per student was $1,045. During the same period, those same districts transported 61,996 students to special education programs. The average cost per student was $13,825.[13]

Out-of-district placements are among the most expensive services districts provide. As a result, even a small number of out-of-district placements can account for a disproportionate share of a district's transportation budgets. In FY24, the median district in Massachusetts transported 57 students to special education placements, 17 of which were students in out-of-district placements, and those students accounted for 49% of the total special education transportation costs. The top 25% of districts in Massachusetts spent 70% or more of their special education related transportation expenses on out-of-district transportation services. In many cases, the combined cost of tuition and transportation for a handful of students can exceed the cost of staffing and operating an in-district special education program.

[13] MASSACHUSETTS DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION, *FY24 End of Year Financial Report,* Schedule 7: Pupil Transportation.

I. Factors Impacting the Cost of Special Education Transportation

A. Factors in School Districts' Purview

School districts must deal with a large array of factors – including logistics, procurement, and compliance -- to manage student transportation. Many of these factors are outside of a district's control, but districts also often do not have resources or capability to manage the issues that are within their control.

Student transportation systems operate within a national market environment characterized by sustained supply-side pressure and increasing service complexity. Over the past decade – and accelerating sharply following the COVID-19 pandemic – districts across the country have faced rising costs driven primarily by labor constraints, higher input prices, and structural shifts in the vendor landscape.

These pressures exist independently of changes in student enrollment or programmatic demand-side pressure and form the baseline conditions under which districts must plan and procure transportation services for both general education and special education needs. For example, fuel price fluctuations complicate budgeting and contract pricing, while supply chain disruptions have increased vehicle acquisition costs, delayed fleet replacement cycles, and extended maintenance timelines. These pressures affect both district-operated fleets and contracted services and are typically reflected in higher per-route or per-mile pricing.

Finding 1: Student need is the chief factor in determining educational placement, and thus impacts the cost of transportation.

Two factors pertaining to special education, set in law and policy, are consistent across the Commonwealth and impact cost. First, a student's special education services are determined by an IEP team to meet the student's educational needs. Second, special education policy dictates that no student should be required to travel more than an hour each way for their placement unless approved by the IEP team. This means that, while the distance a student travels for out-of-district placement impacts a district's transportation costs and logistics, that distance cannot be adjusted as part of an effort to address those costs.

Finding 2: The market for bus drivers has drastically changed, increasing transportation costs.

Of the market factors that impact student transportation costs, the OIG has identified the persistent shortage of qualified drivers as one of the most significant. School transportation has historically depended on a workforce willing to accept part-time, split-shift, and seasonal employment. That labor pool has contracted substantially in recent years, with retiree and secondary-income drivers exiting at higher rates and fewer new entrants replacing them. At the same time, broader labor market

dynamics have expanded employment alternatives for individuals with driving experience, such as rideshare, online shopping delivery, and meal delivery opportunities that offer significant work flexibility.

A 2023 study from the Economic Policy Institute[14] cites a nationwide decline of 15.1% in employed school bus drivers from 2019 to 2023. While wage growth in the same period for school bus drivers (4.9%) was an improvement over school bus driver wage growth over the previous decade (1.5%), wage growth still lagged almost a full percentage point behind median worker wage growth since the pandemic (5.7%).

Drivers who might previously have considered school transportation now can find year-round options in delivery, logistics, rideshare services, and public transit, many of which offer more predictable schedules and higher effective compensation. In response, many districts and vendors continue to increase wages, introduce signing and retention incentives, guarantee minimum hours, and expand benefits. These adjustments are necessary to sustain service and stem the tide of school bus driver attrition, but directly increase the cost of transportation.

Finding 3: Massachusetts school districts face an acute lack of competition among school transportation vendors, likely affecting costs.

Another significant cost factor is the structure of the student transportation vendor market has been evolving. While historically fragmented, and still with more than 2,000 active operators nationwide, the market has experienced increasing consolidation, driven in part by private equity investment and acquisition activity. From 2005 to 2024 the number of operators nationwide declined an average of 1.5% each year.[15] Presently, four companies own over 50% of the nationwide market: First Student, National Express, Student Transportation of America, and Beacon Mobility. Larger providers have greater geographic reach and more stabilized access to labor and capital, but consolidation also alters competitive dynamics for districts.

In markets with mandated service obligations and limited substitutability, fewer independent bidders can reduce price competition and limit districts' leverage in procurement. Furthermore, growth-driven private equity-backed operators that used to be independently owned may face more pressures to maintain target levels of profitability and growth, and may respond with more aggressive annual price increases.

The OIG found that the lack of vendor competition and substitutability appears to be particularly acute in Massachusetts. Districts across all regions of the state stated they are concerned by a lack of competition for school transportation contracts. Results from the OIG-administered transportation survey

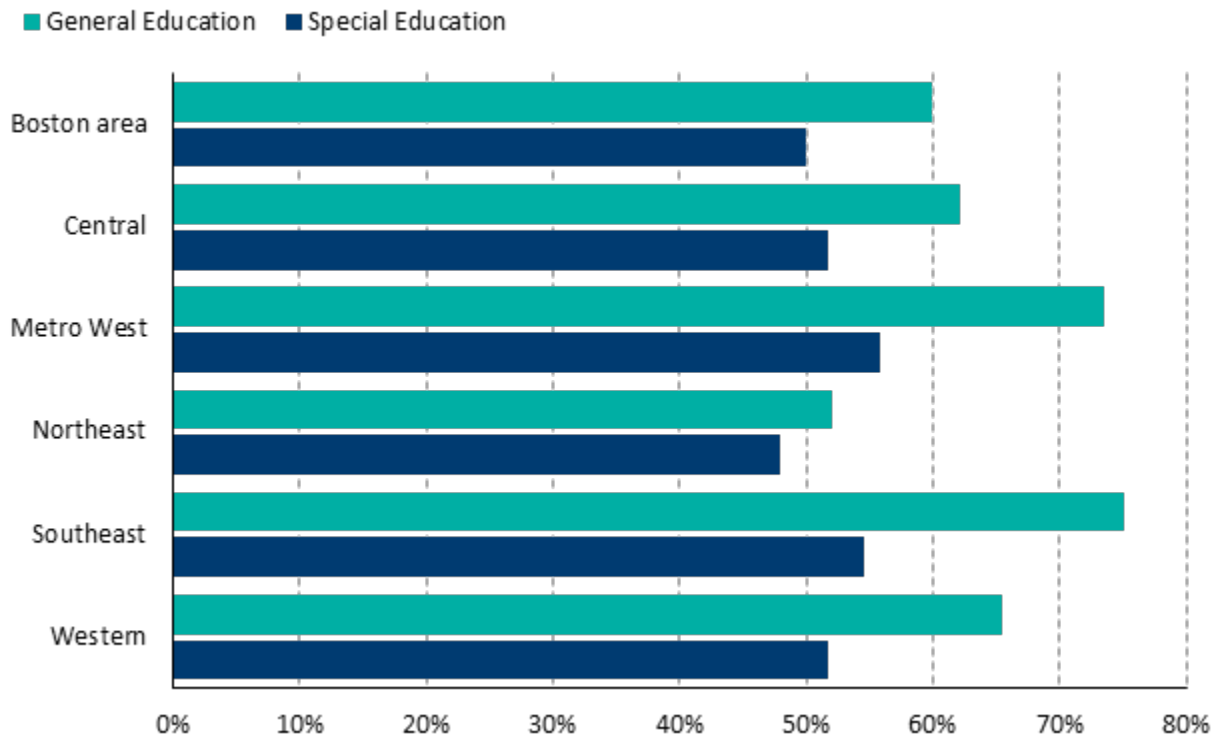
[14] David Coopoer and Sebastian Martinez Hickey, *The school bus driver shortage remains severe,* ECONOMIC POLICY INSTITUTE, November 13, 2023, available at The school bus driver shortage remains severe: Without job quality improvements, workers, children, and parents will suffer | Economic Policy Institute.

[15] *See* Scott Daniels, Phil Caruso, & Nikolaj Reissmann, *M&A leading the charge: Student transportation value creation,* KEARNEY, August 20,2025, available at Student transportation value creation: M&A leading the charge | Kearney.

support this complaint and indicate that school transportation markets across Massachusetts are characterized by severely limited vendor participation, regardless of region.

The OIG asked districts about both general education and special education transportation services. 67% reported receiving zero or one bid in their most recent procurement cycle for general education and 53% for special education, with a single bidder as the modal response statewide. Across all responses, 20% reported receiving more than two bids for the service segment. Approximately 10% of respondents received more than four bids for special education transportation services, but less than 1% received more than four bids for general education transportation services. Low vendor participation is seen across regions, suggesting that limited competition is a structural feature of the market rather than a localized anomaly.

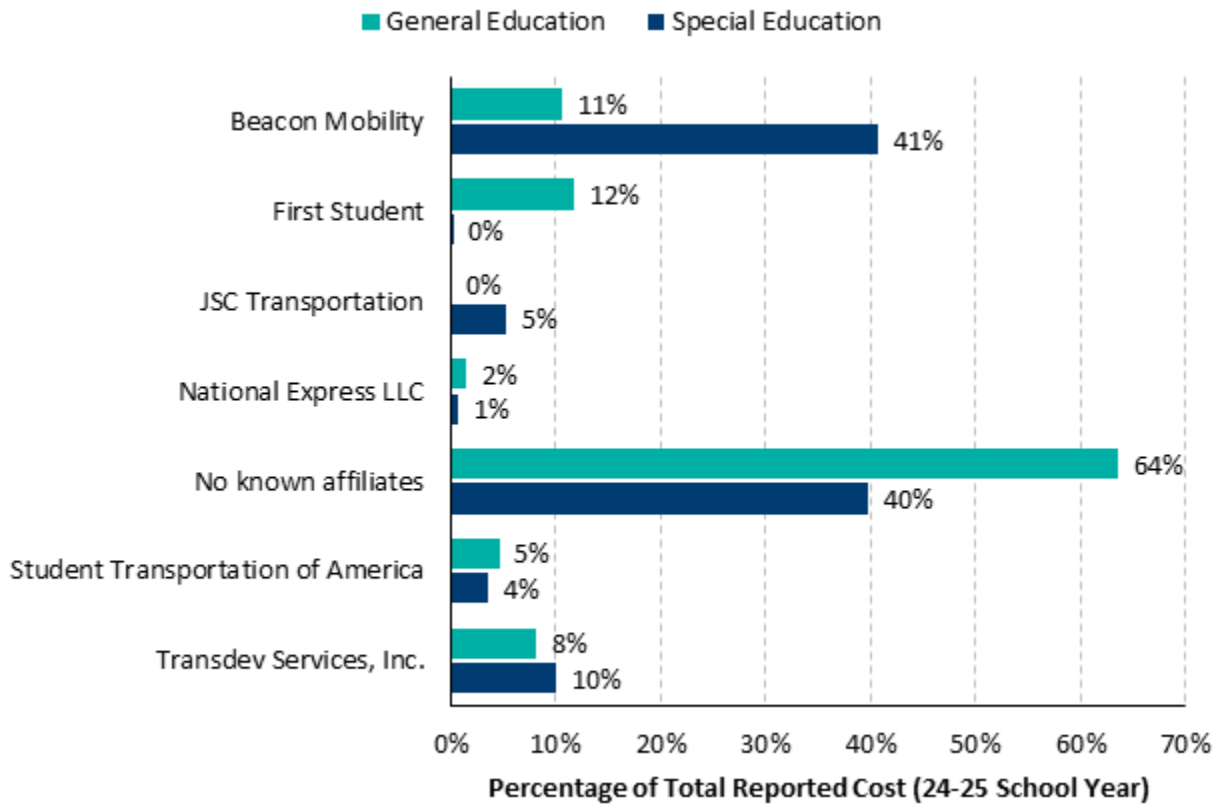
Figure 4. Percentage of Districts Reporting in the OIG Survey One or Zero Bids Received in the Last Procurement Cycle by Region.



Source: OIG 2025 School District Transportation Services Survey

Districts across the state also reported to the OIG that multiple vendors will attend a pre-bid meeting but only one vendor will submit a bid. Some districts have communicated an impression that vendors may attend the pre-bid meeting to ascertain if the incumbent vendor is still interested, and if so, the other vendors decline to submit a competing bid. In some instances, attendee vendors may be owned by the same parent corporation, and only one of these entities submits a bid. So, while multiple vendors may operate near a district, in many cases a single vendor will be the district's only option.

Figure 5. School Transportation Vendors by Percentage of Total Cost Reported in the OIG Survey for the 2024-2025 School Year.



Source: OIG 2025 School District Transportation Services Survey. This is limited to those districts reporting they outsource transportation. There are 26 additional districts who reported administering transportation in-house. One survey response was excluded due to a reported cost that was substantially higher than all other responses, suggesting a potential data entry or reporting error.

Finding 4: The procurement process and contract complexity can negatively impact vendor pricing for districts.

School transportation services for general education in Massachusetts are governed by Chapter 30B of the Massachusetts General Laws – the Uniform Procurement Act. This means that districts must use competitive procurement procedures that change as the value of the contract increases. Special education transportation services are exempt from Chapter 30B procurement requirements. This exemption gives districts more flexibility but does not excuse districts or vendors from engaging in fair, open, and transparent procurement processes.

In addition to its survey, the OIG reviewed documents from a sample of 20 bids and spoke to school districts and educational collaboratives across the state, along with out-of-state vendors. All parties described difficulties in dealing with the school transportation procurement process. Districts often layer

new requirements onto legacy specifications in response to past challenges or audit concerns. Over time, this approach unintentionally can increase procurement complexity and shift risk to vendors because it has been done without a systematic assessment of cost or market participation implications. Districts also typically rely on historical route counts or prior placement data when planning bids, which may not reflect current conditions.

The OIG also found that a substantial number of districts tend to issue transportation procurements for the next fiscal year after October, effectively shortening the mobilization window even when the contract start dates align with the next school year. This means that many districts seek services from the market at a time when scarce drivers, vehicle inventory, and management capacity for the next school year are already being allocated among many districts.

Districts are uncertain about how to calibrate requirements such as insurance limits, performance bonds, liquidated damages, technology mandates, service change provisions, and termination clauses when putting together their solicitations. Some districts require performance bonds for 100% of the annual contract value. Collateral and working capital requirements such as high performance bonds may deter participation by otherwise qualified regional or smaller operators, even when premium costs themselves are modest.

In terms of contract management, district transportation leaders and regional collaboratives indicated persistent challenges in managing frequent service changes driven by student mobility, out-of-district placements, and evolving special education needs. Limited administrative capacity, particularly in smaller districts, can constrain the ability to verify invoices, track mileage, or reconcile billed services with contract terms. Districts also emphasized the practical difficulty of enforcing performance standards in a labor-constrained environment.

For their part, vendors reported difficulties in responding to requests for bids within the three-week window that some districts require. Vendors said that three-week response times create significant pressure and challenges for them in crafting and pricing their submissions. Vendors said short response windows limit the time they have to analyze contract requirements, obtain insurance and bonding commitments, model staffing and fleet needs, and assess operational feasibility.

Fuel costs can also be problematic. In contracts with multi-year fixed pricing and no fuel escalation clauses, vendors may embed long-term fuel cost assumptions directly into their bids. In periods of fuel price volatility, this approach tends to increase pricing uncertainty and associated risk premiums. Further, extensive operational or technology requirements, such as continuous staffing, real-time monitoring, or parent-facing systems, are fixed overhead costs that tend to increase baseline cost structures, particularly for smaller or regionally focused operators.

Financial penalty clauses for a vendor's breach of contract, such as an instance when a vendor fails to meet contractual performance standards, have the potential to influence bidder behavior, particularly when combined with fixed pricing with limited adjustment mechanisms. The OIG found that this collection of practices and pressures can result in vendor proposals with higher prices.

Finding 5: The difficulty in sharing quality information between districts creates competitive disadvantages.

Massachusetts has approximately 396 school districts and 24 educational collaboratives, and the vast majority of these vie for the same types of school transportation services, often with the same vendors. Many conduct their own independent procurement for these services without the advantage of knowing what other school districts (including neighboring districts) are paying for currently, what bids they received, which vendors submitted bids, and what specifications or contract terms other districts used in their procurements. The OIG is not aware of any central repository where districts can easily access contracts from other districts. Contracts between public school districts and school transportation vendors are public records, but because these documents are held by individual districts, it can be a significant obstacle for anyone (including school districts) trying to understand the current school transportation market to compare and contrast the contracts without great time and effort.

During the OIG's interviews of school districts and educational collaboratives, the OIG consistently heard how hard it was to gather information from other districts, even neighboring districts, regarding their school transportation vendors and contract specifications. Some districts have organized into collaboratives for the purposes of procuring school transportation services. These districts plan for and design their procurement cycle together. They align their procurement calendar so that they receive bids at the same time and can compare prices between participating districts. Even in this example, the districts the OIG spoke to recognized that the most useful comparisons are between districts of similar size. Furthermore, the districts the OIG spoke to noted that even for similarly sized districts, prices could be significantly different. For example, between three similarly sized districts, one received a noticeably lower price because the vendor stored their vehicles in a lot within the district. Specific pricing nuances take time to identify, and many districts report lacking the time and human capital to spend gathering data, researching the school transportation market, and dissecting the specific details of school transportation contracts of nearby districts.

The OIG found that a central repository of school transportation bid documents and contracts could be a valuable resource to districts trying to understand the market as they procure school transportation services.

B. Factors in the State's Purview

While school districts or collaboratives manage transportation, they are bound by numerous state laws that regulate both buses and their drivers. These factors also affect school transportation costs. In addition, the state's unique model for reimbursement has a ripple effect on school budgets that leads to uncertainty in funding.

Finding 6: Massachusetts's requirements for 7D vehicles are a factor in the cost of special education transportation.

School Pupil Transport Vehicles, informally known as 7D vehicles, are used throughout Massachusetts to transport students who receive special education services. While smaller vehicles had been used for regular home-to-school student transportation prior to 1986, Chapter 683 of the Acts of 1986 formalized their use under Section 7D of Chapter 90 of the Massachusetts General Laws. Section 7D and related RMV regulations require that 7D vehicles meet strict safety standards and are clearly marked as student transportation vehicles. In addition, 7D vehicle drivers must obtain a 7D certificate to operate the vehicle. 7D drivers are also required to conduct daily pre-trip vehicle inspections and report any defects or deficiencies to their employer.

7D vehicles have a maximum size of no more than 10 passengers and a seating capacity of 11, including the driver. Over the past 20 years, Massachusetts has added several 7D equipment requirements, such as bodily fluid clean-up kits, seat belt cutters, fire blankets, and additional external lettering in 2018; back-up alarms and interior school bus light indicators in 2019; and child reminder systems in 2020.

Not all states regulate these vehicles. Many that do impose relatively limited requirements. Massachusetts is among a small number of states with stringent standards that materially increase costs by raising upfront capital expenses and limiting how vehicles can be used.

Massachusetts requires school pupil transportation vehicles to be equipped with a combination of safety features that are uncommon in other states across the nation and that typically require expensive, semi-permanent vehicle modifications. These include front and rear alternating flashing red school bus signal lamps, backup alarms, and prominent school bus signage visible from both the front and rear of the vehicle.

Among the 32 states that regulate school pupil transportation vehicles, Massachusetts is one of only three – along with New York and Rhode Island – that require all three categories of equipment. Massachusetts is also one among only six states that require more school bus signage that necessitates permanent or near-permanent vehicle alterations.

Additionally, Massachusetts law and RMV regulations require vehicles used for 7D pupil transportation to be registered as school pupil transport vehicles and to display a pupil plate.

Figure 6. Vehicle and Driver Requirements for School Pupil Transportation Vehicles - Selected States.

Requirement	MA	RI	NY	NJ	CT	MD	PA	OH
Front and rear alternating flashing school bus red signal lamps	✓	✓	✓					
Backup alarm	✓	✓	✓			✓		
Semi-Permanent School Bus Signage	✓	✓	✓		✓		✓	✓
Pupil Transportation Registration/License Plate*	✓	✓		✓	✓		✓	
Specialized Driver's License**		✓	✓	✓	✓			

**RI requires a specialized registration sticker; all other require dedicated license plates*

***NY and NJ require CDL; RI and CT require driver endorsements*

These requirements increase costs through several mechanisms. First, the equipment itself represents a significant upfront capital expense. Multiple stakeholders reported recent modification costs in the range of $30,000 to $40,000 per vehicle, while one interviewee noted that the cost of purchasing vans with this equipment had grown from $48,000 to $84,000 over time. These costs are incurred regardless of whether the operator is a school district, an educational collaborative, or a private transportation vendor.

Massachusetts's registration and license plate requirements restrict transportation operators' ability to recoup these costs. While neither state law nor RMV regulations explicitly prohibit pupil transportation vehicles from being used for other purposes, the pupil plate's status as a commercial registration category prevents its use for rideshare services. Transportation Network Company (TNC) services such as Uber or Lyft operate within a private passenger "personal transportation network vehicle" framework, including insurance and operating requirements tied to that vehicle type. RMV guidance explicitly states that a pupil-plated vehicle is not eligible for TNC use without changing registration and plate type. Other potential uses, such as livery services, are often regulated at the local level and may trigger additional or incompatible insurance and registration requirements. In practice, these constraints make most non-student-transportation uses impractical.

As a result, vehicles subject to these registration requirements are effectively dedicated to pupil transportation, even when they are idle. Vendors may not be able to offset the costs associated with meeting Massachusetts's vehicle and registration standards with revenue from other commercial uses.

Given that school pupil transport vehicles are typically used for only part of the day and, in some cases, part of the year, the inability to deploy these assets more flexibly represents a substantial opportunity cost.

Drivers, especially those that drive low-density routes, also may be limited by these regulations from using downtime between trips to supplement their income. Lengthy, low-density routes prevent drivers from serving more than one or two routes per day. Previously mentioned labor market shifts which offer drivers more flexible options like Amazon, Uber, and Lyft, as well as the retirement trends of older part-time and semi-retired drivers — exacerbated during the COVID-19 pandemic – have provided more opportunities and better pay for drivers who previously worked part-time school transportation jobs. This means that school transportation providers must increasingly offer full-time jobs.

The OIG found that Massachusetts's laws and regulations for 7D vehicles reflect its intent to provide safe transportation to all students and they carry costs that are a factor in the high outlay for special education transportation.

Finding 7: Massachusetts's funding model for special education school transportation is an outlier nationally in its use of reimbursement, and this delayed funding structure leads to misalignment of funds, lacks the cost controls inherent in same-year funding, creates uncertainty, and can be inequitable for school districts attempting to manage transportation costs.

The Massachusetts Model

While many states provide some transportation support through reimbursement for specific services or populations, only a small number rely on reimbursement as the primary mechanism for distributing transportation-related state aid. Massachusetts is one of only six states in which nearly all state funding for pupil transportation is delivered through reimbursement rather than through categorical grants or inclusion in the state's main education aid formula. Under a reimbursement model, districts pay the full cost of services, including transportation, up front and later receive state reimbursement for a share of these costs after reporting expenditures.

Massachusetts uses a model called the Commonwealth Special Education Reimbursement Program, more commonly known as "circuit-breaker funding,"[16] to reimburse some of districts' special

[16] The circuit breaker program "was started in FY04 to provide annual assistance to public school districts to offset the cost of providing high-cost special education services. … In general, the program reimburses districts for special education tuition and instructional expenses as outlined in a student's Individualized Education Program (IEP). Additionally, beginning with the implementation of the Student Opportunity Act, districts are reimbursed expenses associated with transporting students out-of-district to receive special education services."

education expenses.[17] Circuit breaker funding did not originally include reimbursement for out-of-district transportation, but such reimbursements were added through the Student Opportunity Act of 2019.[18] Under the special education circuit breaker program, a school district calculates the total cost of a student's special education under their IEP and presents those costs to DESE. To be eligible for reimbursement, the total cost of the student's transportation must exceed the per-student circuit breaker threshold.

The Student Opportunity Act, passed in 2019, increased education funding by allocating an additional $1.4 billion over seven years and revising Chapter 70 funding formulas. The law expanded the special education circuit breaker program to include transportation costs; increased circuit breaker effective reimbursement rates; increased foundation rates for out-of-district special education tuition; and changed the funding formula to one that assumes a greater percentage of students are enrolled in in-district special education programs. Aside from increased special education funding, the law also increased funding rates for low-income students and English language learners. High inflation in FY23 and FY24 have undercut some of the funding increases.

The threshold amount is annually adjusted by the Foundation Inflation Index (FII) rate under Section 2 of Chapter 70 of the Massachusetts General Laws. FII increases are statutorily capped at 4.5% per year. Neither the cost of special education transportation nor private special education tuition rates have caps on annual increases. Since both have historically grown significantly year-over-year, the increasing FII has effectively served to blunt the increase of reimbursements to school districts at a time of escalating costs. By way of illustration, while the state and local government inflation rates in FY23 and FY24 were 7 and 8 percent, respectively, the 4.5% FII diminished the effective increase of reimbursements provided to school districts. This year, the FY26 per-student circuit breaker threshold is $53,431, reflecting an FII rate of 1.93% over the previous year.

When the circuit breaker program is fully funded by the Legislature, school districts are eligible for reimbursement of 75% of costs that exceed the annual per-student threshold. However, when the program is not fully funded, the effective reimbursement rate for out-of-district transportation costs may be lower. While the FY24 transportation reimbursement rate was at the full 75% rate, the FY25 transportation reimbursement rate fell to 61.36%.[19] And, while the calculations for reimbursement are based on per student costs, the reimbursement itself is distributed to the district in quarterly payments that must then be divided into multiple categories – including transportation – with distinct reporting requirements and appropriation levels.

[17] 603 CMR 10.07.

[18] Chapter 132 of the Acts of 2019.

[19] MASSACHUSETTS DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION, *Circuit Breaker Threshold and Reimbursement Rates,* available at https://www.doe.mass.edu/finance/circuitbreaker/rates.html (last visited February 17, 2026).

Among the six states that have a reimbursement model, Massachusetts is one of only three states that provide no transportation aid to districts during the fiscal year in which expenses are incurred. Districts must cover the full cost of transportation up front and then wait for reimbursements in the subsequent fiscal year. This near-total reliance on reimbursement, combined with delayed payments, makes the Massachusetts funding model distinct.

Figure 7. States Providing State Transportation Aid to Districts via Reimbursement.

State	Provides state transportation aid via reimbursement	Provides all funding in future fiscal years	Provides some estimated aid payments during current fiscal year
Massachusetts	✓	✓	
Illinois	✓	✓	
Missouri	✓	✓	
California	✓		✓
Idaho	✓		✓
Pennsylvania	✓		✓

Massachusetts is a national outlier in how it funds pupil transportation. The structure of this funding system has significant implications for district planning, vendor behavior, equity, and overall cost growth. As described below, several design features of Massachusetts's reimbursement system intensify the cost pressures associated with reimbursement-based funding.

Lack of Incentive for Cost Reduction

Reimbursement models are inherently reactive. By design, they reimburse costs after services have been delivered rather than shaping behavior prospectively. In categories where the state covers a substantial share of total costs, districts bear only a portion of the marginal cost of additional spending. Massachusetts's reliance on reimbursement offers limited opportunities to incentivize efficiency, innovation, or collaboration across districts. Over time, this reinforces existing cost structures and limits the state's ability to influence how transportation services are delivered.

Reimbursement models may also affect vendor pricing behavior. In markets with limited competition, particularly for low-density, high-cost services, vendors are aware that districts are legally required to provide transportation and that a significant portion of costs will ultimately be reimbursed by the state. This dynamic can reduce downward price pressure and increase vendors' leverage in contract negotiations, especially where districts have few alternatives.

Uncertainty Caused by Delayed and Prorated Reimbursement

As described above, Massachusetts makes transportation reimbursements in the next fiscal year. Because reimbursement rates depend on annual appropriation decisions across multiple categories, districts cannot reliably predict how much state aid they will ultimately receive when developing

transportation budgets or negotiating multi-year contracts. This uncertainty makes it more difficult to pursue long-term planning strategies or to secure stable pricing from vendors.

This delay strains district cash flow and complicates budget planning, particularly for districts with limited reserves. The timing negatively impacts school districts and can have inequitable consequences for less affluent districts due to cash carrying costs. Districts with greater fiscal capacity are better positioned to absorb funding delays or shortfalls, while lower-income municipalities may face more acute challenges covering unreimbursed transportation costs.

Although statutory reimbursement targets are specified, all categories are subject to annual appropriations. When appropriations are insufficient, reimbursement rates are prorated statewide, resulting in funding levels that could dip well below statutory targets for special education requirements and that are not necessarily predictable from year to year. This can be difficult for districts with lower financial means.

Administrative Burden to Comply with the Reimbursement System

The complexity of Massachusetts's reimbursement structure creates a significant administrative burden for districts. In interviews, several districts described reimbursement reporting requirements as a detailed, cumbersome accounting exercise.[20] Compared with peer states in the Northeast, such as New York, New Jersey, Rhode Island, and Connecticut, Massachusetts stands out for the number of reimbursement categories and the specificity of reporting requirements.[21]

In Massachusetts, districts must track, allocate, and report costs across multiple reimbursement categories. This requires staff time devoted to compliance and, in some cases, additional dedicated administrative capacity. The number of hours and staff needed to prepare and submit these reimbursement filings demonstrates a significant misalignment of resources in already strained districts, especially considering that the reimbursements may be for less than the full eligible amounts.

The OIG found that in its totality this funding model leads to a misalignment of funds for the districts, removes the cost controls inherent in same year funding, creates uncertainty that costs already spent will be reimbursed at the statutory rate, is administratively cumbersome, and puts less financially-secure school districts at a disadvantage.

Finding 8: The geographic location of special education programs, along with the one-hour ride limit, are factors that reduce the opportunities for cost savings through economies of scale.

In its final finding in this section, the OIG looked at the location of special education programs as a factor in the cost of out-of-district special education transportation.

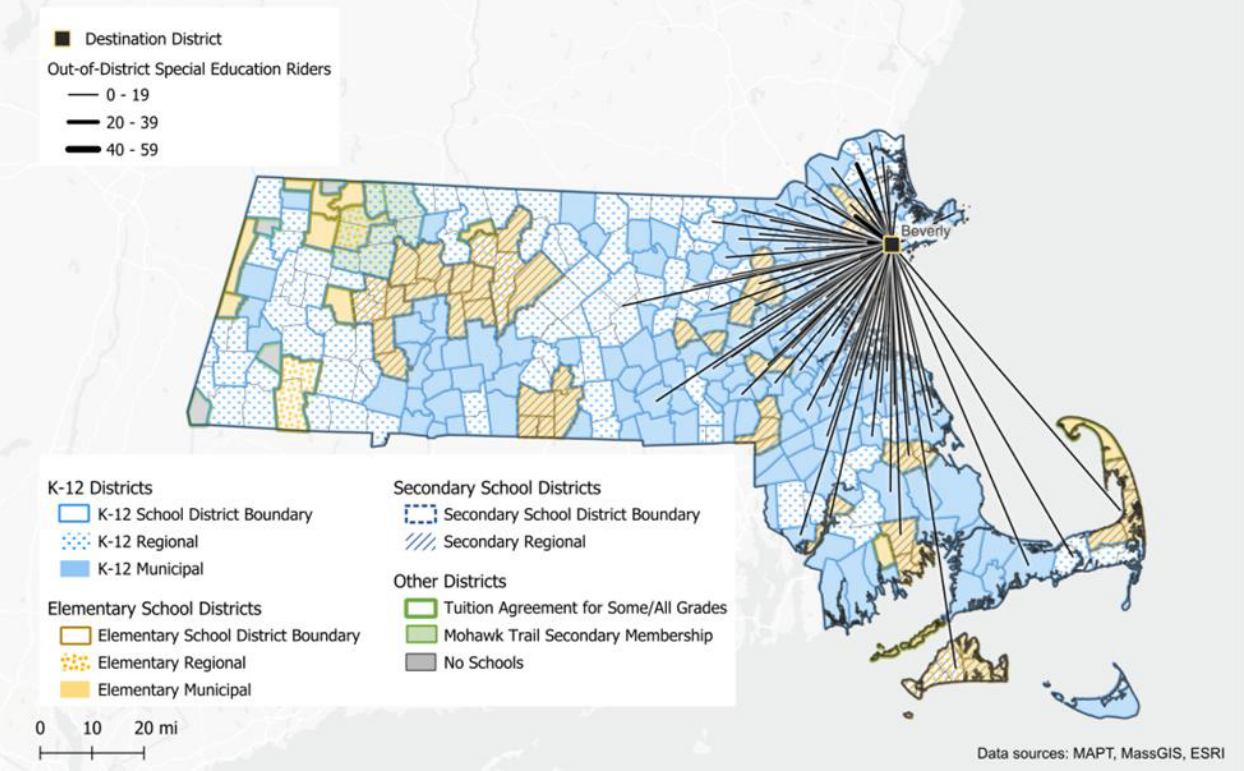
[20] In some cases, the task has been made easier by sophisticated, student-level invoice tracking, but not all districts have the expertise or staff to implement this benefit.

[21] While New York and New Jersey require detailed transportation reporting, their systems are formula-based rather than reimbursement-driven.

A student's educational placement is determined by their IEP team to meet the student's needs. Data from the Massachusetts Association of Pupil Transportation (MAPT) shows how some special education programs are high-volume destinations, drawing students from a large number of sending districts across wide geographic areas.

Figure 8 below illustrates the extensive geographic reach of districts sending students to a program in Beverly for special education placement, highlighting its role as a major out-of-district destination.

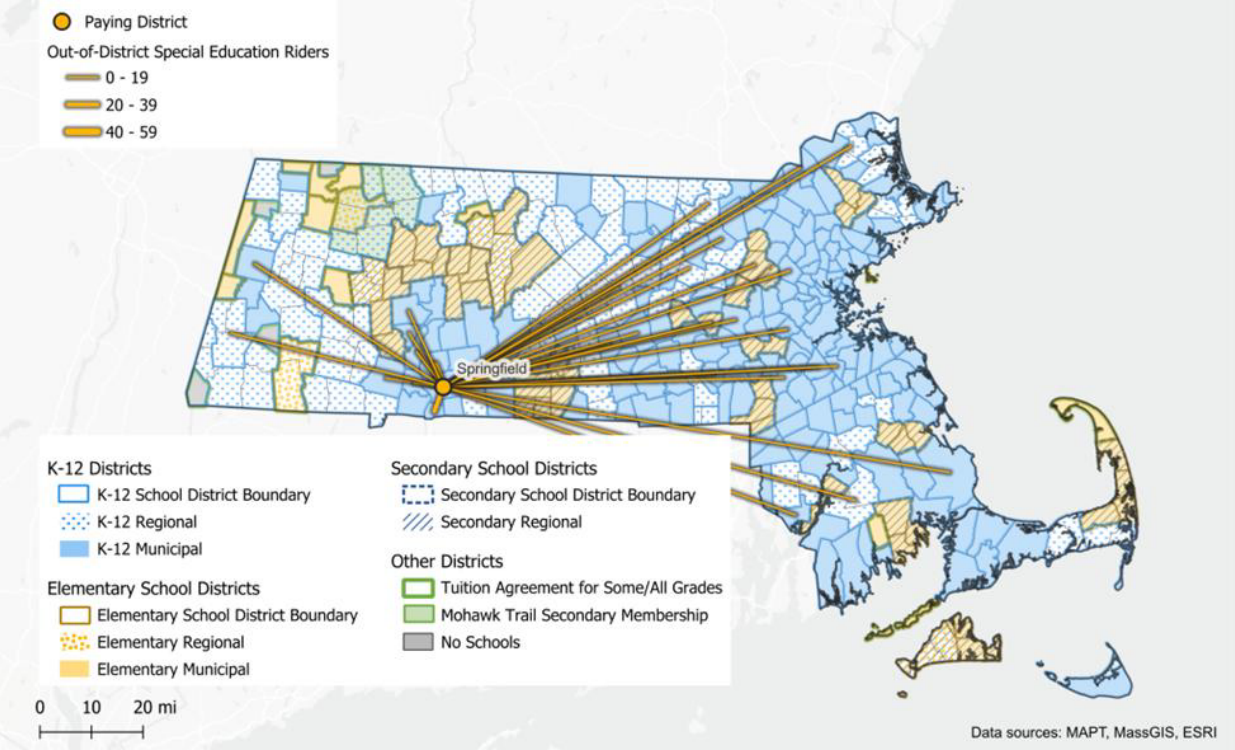
Figure 8. 742 Special Education Riders Commuting to Beverly from Out of District.



The Beverly-based program receives substantially more out-of-district special education riders than most other districts in the Commonwealth, with some riders (particularly those from the Cape) clearly requiring more than an hour commute.

In contrast, to the program in Beverly which is a high-volume receiver of out-of-district students, some districts are high-volume senders, meaning they have a high volume of out-of-district placements. The data shows that for the high-volume senders, the placements may be concentrated in a few out-of-district programs, but are still spread-out over a broad area. Figure 9 depicts the locations for all 130 special education riders from Springfield attending a school out-of-district, with line thickness representing the density of riders. MAPT data shows that 61% (79 of 130 students) attend an out-of-district school located in an adjacent district. However, Springfield also clearly has students traveling more than one hour to their placement (in both North and South Shores).

Figure 9. 130 Special Education Riders Commuting Out of District from Springfield.



While transportation demand and costs vary meaningfully across regions, nearly all districts providing out-of-district transportation do so for significant distances for some students. OIG data shows that special education transportation costs for districts across the state – already more expensive than general education transportation costs – have a relatively concentrated middle range but a significantly extended higher end (see further discussion of regionalization).

Although prior sections of this study note how various regulations and practices affect transportation costs, the OIG found that the essential measure of transportation – distance traveled to a program – is determined by a student's IEP. And even if students are attending the same program, the one-hour limit for travel, unless otherwise specified by a student's IEP, can affect districts' ability to combine their travel. While students in neighboring districts, or even the same district, may have a similar destination, the combined pickup and drop-off times for multiple students to and from the same facility may exceed an hour for one of those students, preventing a combined trip. Because a student's IEP requirements may also require individual transport for the student to their special education program, the hour time limit is not the sole factor that determines whether multiple students can share the same transportation to an out-of-district program.

II. Regionalization Analysis

Finding 9: While regionalization has resulted in reduced transportation costs in certain areas of the state, regionalization is not a panacea that will remedy the high cost of special education transportation.

Pursuant to the legislative mandate for this study, the OIG conducted a regional feasibility analysis for special education transportation. In the student transportation space, special education transportation stands out because costs are highest, ridership is lowest, and travel patterns most frequently cross district boundaries. These characteristics make special education transportation the most analytically appropriate starting point for assessing the potential value and limitations of regionalization.

A central premise of this section is that **feasibility matters as much as theoretical efficiency**. While regional coordination has the potential to reduce duplication of services, stabilize costs, and improve vehicle utilization in certain contexts, transportation services are shaped by highly localized factors, including student needs, placement patterns, geography, labor markets, and governance structures. While coordination and collaboration may be technically possible, they may face other challenges and cannot be forced into existence. Experience, data, and research do not support wide-scale regionalization as the solution to the high cost of special education transportation costs. Regional coordination may present opportunities for cost savings, provide some relief from driver shortages and lack of vendor competition, and lead to more efficient operations.

This analysis supports a focused, evidence-based approach to regionalization that emphasizes targeted, voluntary collaboration aligned with actual travel patterns and local capacity, rather than broad or one-size-fits-all mandates.

Given the due date of this report, the OIG did not have time to explore the dollar value of potential savings from regionalization. Even had the OIG been in a position to do so, based on its work so far, the OIG believes that any figures it reached would have been too qualified to justify a recommendation. Yet the OIG found that districts could realize benefits from regionalization, even if not quantifiable in significant dollars and cents.

The OIG's analysis, described more fully in the following findings, started with existing examples of regionalization and coordination, and then examined where the data reveals the highest costs of student transportation lie and where regionalization may have impact. To take advantage of these opportunities, districts need to be flexible, plan ahead, communicate with districts along shared routes to the same destination, and be willing to invest the time and upfront resources.

Finding 10: Some regionalization and collaborative structures already exist in Massachusetts, with educational collaboratives the most likely of these structures to provide special education transportation services.

Numerous regional and cross-district educational structures already exist in Massachusetts and have generally emerged where educational programming, governance, and funding are already aligned. Transportation coordination has been an off-shoot, rather than the primary purpose, of these collaborations. Examples include charter school districts, superintendency unions, and vocational school districts, which are summarized in Appendix E. Of these structures, the OIG most closely examined educational collaboratives.

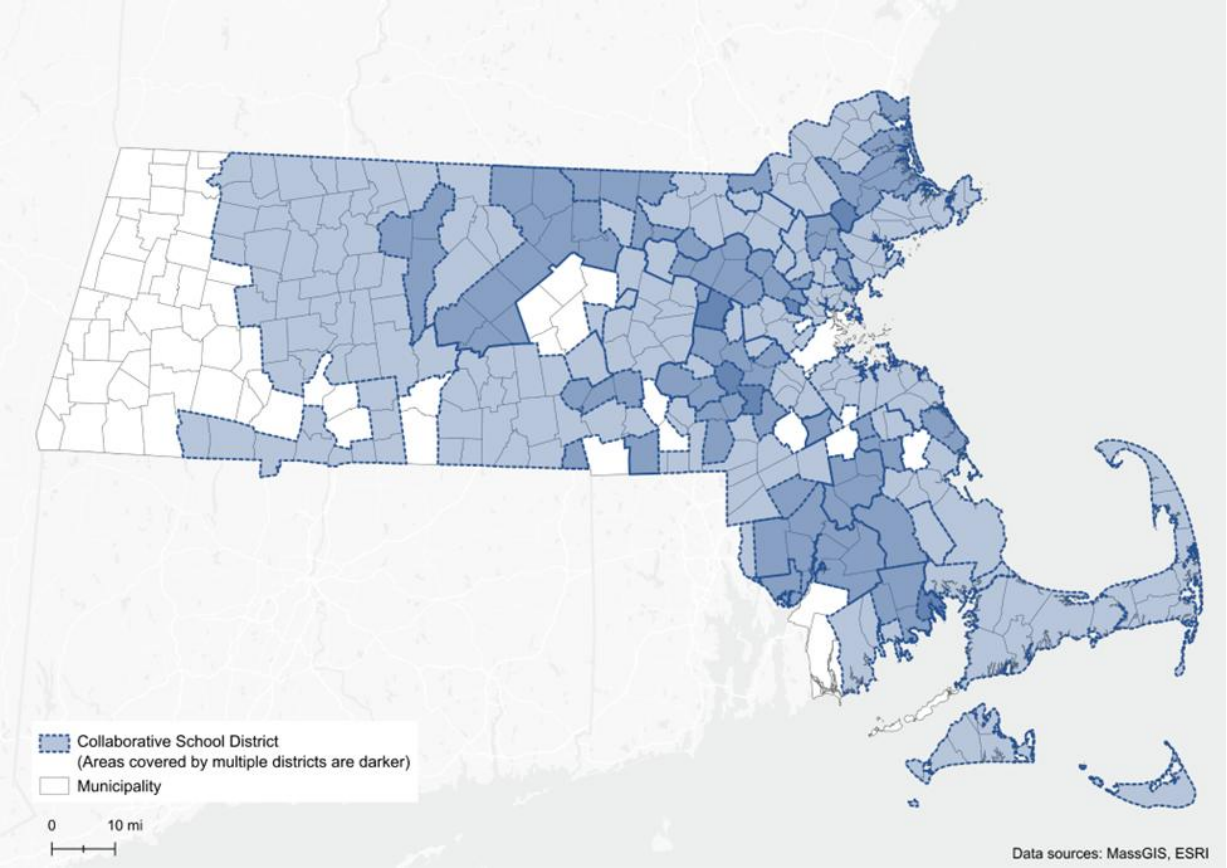
Educational collaboratives represent the most formalized regional structures through which districts in Massachusetts jointly provide specialized educational services. Many collaboratives operate schools or programs that serve students from multiple member districts, and some have established independent transportation operations to support those programs.

Collaboratives that operate transportation services frequently (though not always) provide services solely to students enrolled in collaborative-run programs. The transportation services fall under the collaborative's administrative and financial structures. In these cases, transportation is functionally regional but program-specific, and it often operates alongside – rather than integrated with – district-run transportation systems. In this way, collaborative transportation services may coexist with parallel district transportation routes serving similar geographies but different programs.

Districts may belong to more than one collaborative simultaneously in order to access different services for their students. Collaborative membership does not imply uniform participation across all service offerings. In some cases, collaboratives providing transportation services also serve non-member districts.

Figure 10 shows the geographic distribution of educational collaboratives across Massachusetts, illustrating the reach of existing regional structures. Not all districts within the geographic area of a collaborative are members of the collaborative.

Figure 10. Massachusetts Educational Collaboratives.



Finding 11: Municipal school districts serve large numbers of students receiving both general education and special education services, allowing them to realize economies of scale with transportation costs. While regional districts have higher median transportation costs, they also face more complex issues.

In general, the OIG's research showed little correlation between a district's total out-of-district placements and its cost per rider, reflecting that costs are often driven by placement geography, long trip distances, and individualized service requirements that are relatively fixed regardless of volume. In contrast, in-district and overall special education transportation did show consistent moderate correlations between number of riders and per-rider cost, indicating that scale can matter when routes are shorter, placements are more clustered, and school transportation rides can add riders without substantially extending travel time.

Districts serving small numbers of students do tend to face disproportionately high per-rider costs due to fixed vehicle, driver, and administrative expenses that cannot be efficiently scaled down. Regional and district-level analyses revealed that many districts operate transportation services for a very small

number of special education riders, particularly for out-of-district placements. This is a key factor in expensive transportation costs across the system.

Low ridership usually coincides with elevated per-rider costs, indicating opportunities where shared services or coordinated routing may be most impactful. Very low ridership routes are not uniformly distributed across the Commonwealth. Instead, they tend to cluster in specific geographic contexts, including rural areas, edge-of-region districts, and locations with limited local program availability. These patterns suggest that regionalization strategies may be most effective when targeted to specific service types or geographies rather than applied uniformly statewide.

School districts in Massachusetts do not necessarily correlate 1:1 with municipalities. Below is a list of the main types of school districts in Massachusetts, also reflected in Figure 11:

Municipal K-12: A district that serves students in one municipality from kindergarten through grade 12.

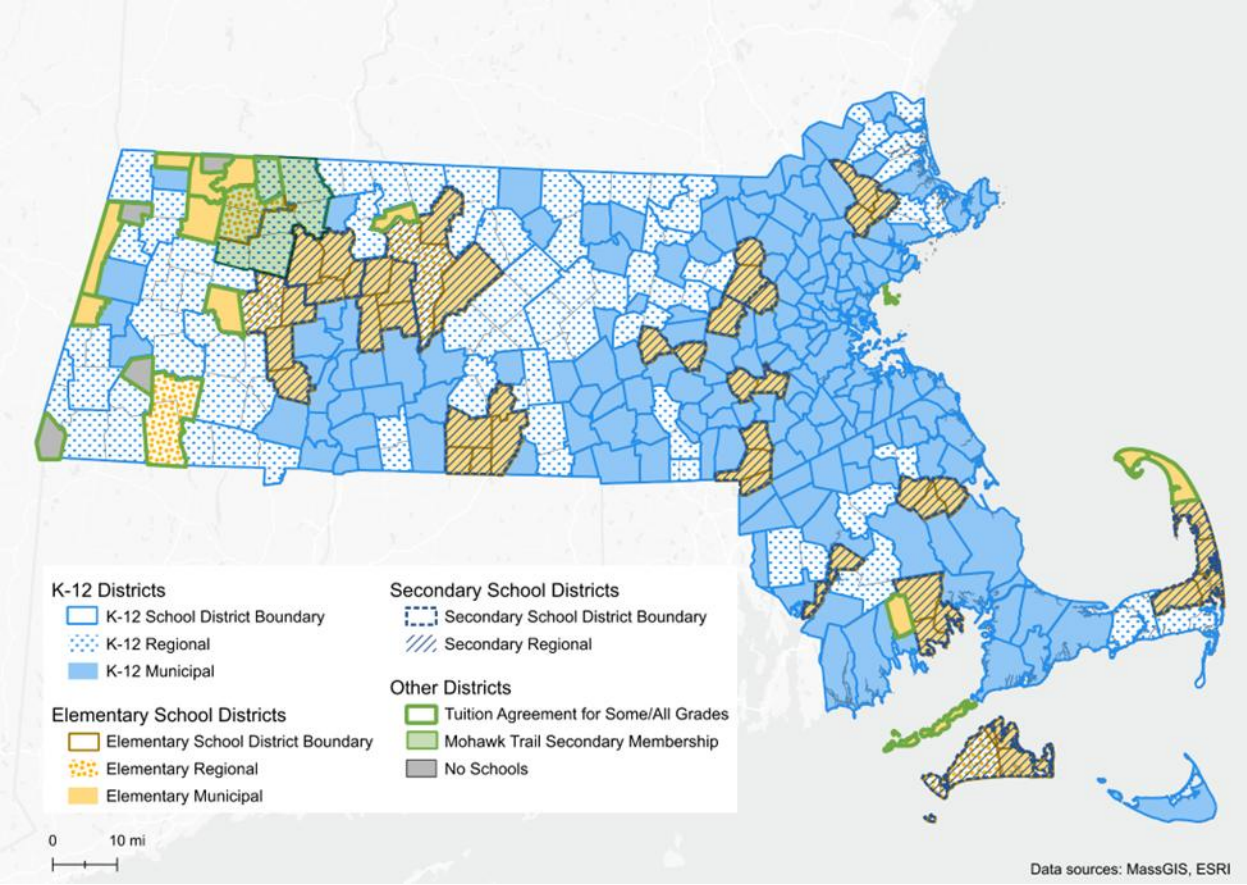
Regional K-12: A district that serves students in more than one municipality from kindergarten through grade 12.

Municipal Elementary: A district that serves kindergarten and elementary students in one municipality. The municipality's secondary school students are frequently served by a regional secondary district.

Regional Elementary: A district that serves kindergarten and elementary students from more than one municipality. The district's secondary school students are frequently served by a regional secondary district.

Regional Secondary: A district that serves secondary school students from more than one municipality. It is not uncommon for neighboring municipalities to retain their own municipal elementary districts while combining into a single regional secondary district.

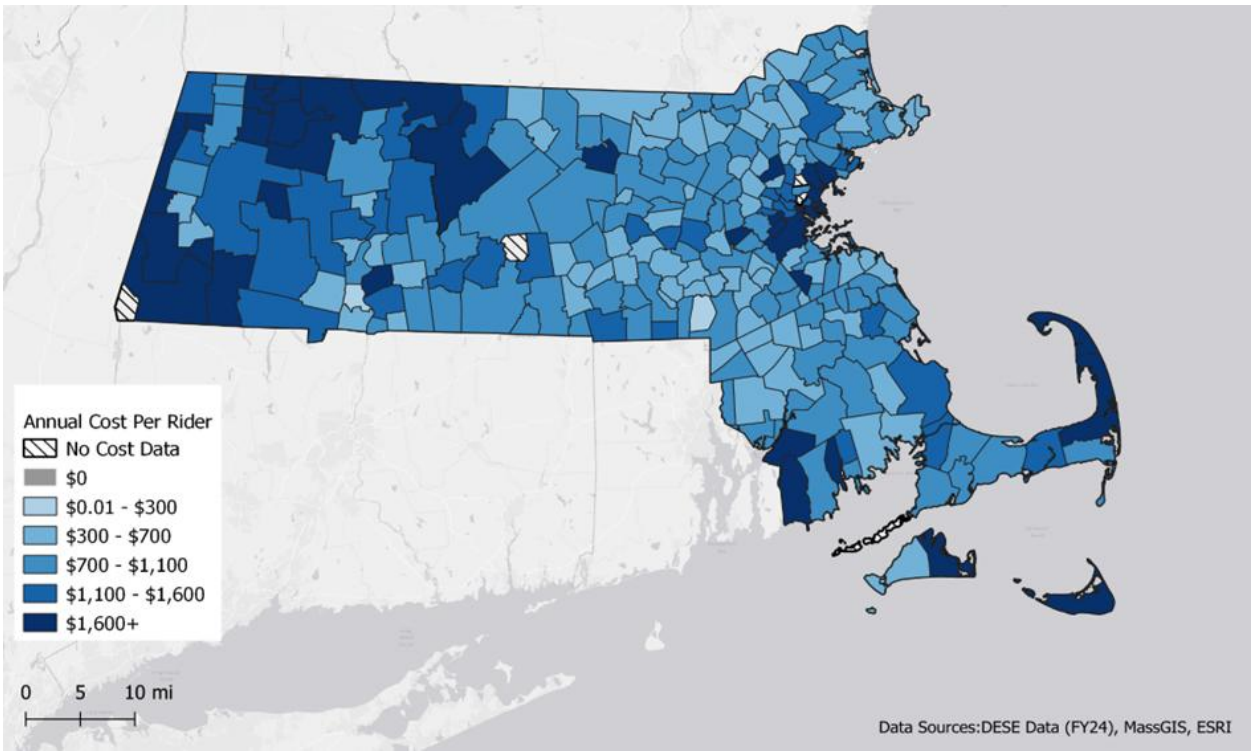
Figure 11. Types of School Districts in Massachusetts.



The OIG looked at the costs both by district type and geography for both general education and special education to see where costs are highest and how regionalization might have an impact. For a detailed analysis of costs, see Appendix F.

For **general education transportation**, municipal K-12 districts serve the majority of students statewide — approximately 329,000 riders, or more than three-quarters of all general education riders — and do so at a median cost of $777 per rider. Municipal elementary districts, by contrast, transport a much smaller population (about 24,000 riders) at a comparable median cost of $773 per rider, though their average cost is higher due to greater variability and the presence of higher-cost districts. These districts are also disproportionately located in lower-density or geographically constrained regions of the Commonwealth, including Western and Southeastern Massachusetts, where connectivity and route efficiency are more limited. Regional K-12 and regional secondary districts have higher median costs ($886 and $976 per rider, respectively) that are consistent with larger service areas, longer average trip lengths, and widely-dispersed populations – a trade-off in cost for consolidating services and employees that would otherwise be spread out over multiple districts.

Figure 12. Annual Cost Per Municipal and Regional General Education Rider (FY24).

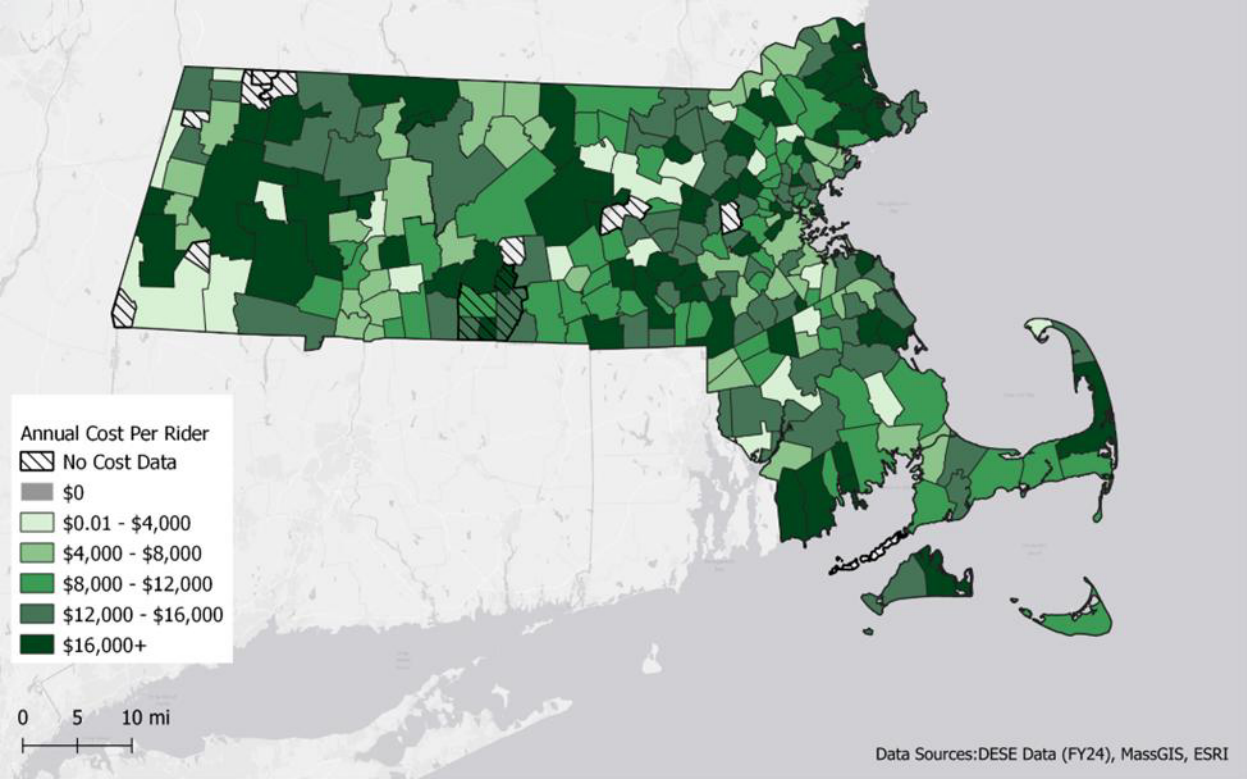


A similar pattern is evident in **special education transportation**, where municipal K-12 districts again serve the vast majority of riders — over 92% statewide — and do so at the lowest median cost among district types ($10,867 per rider). Municipal elementary districts serve a much smaller special education population but face a higher median cost ($13,838 per rider). Regional district types were generally greater than these two groups, with medians ranging from approximately $13,000 to $15,000 per rider, depending on grade span. The OIG further broke the data down into in-district and out-of-district special education transportation costs and determined the same pattern held. Whether in-district or out-of-district, municipal K-12 districts served the highest number of students and had the lowest median cost by district type per rider ($6,949 and $18,404, respectively). Not surprisingly, out-of-district special education transportation carries the highest per-rider costs across all district types.

Finding 12: Abutting districts can show great disparity in spending and rider patterns suggest opportunities for shared transportation.

As Figure 13 below indicates, district type and geography alone do not account for cost differences. Districts paying $4,000 or less per rider sit next to districts paying $16,000 or more. The data suggests that the number of riders and mix of riders served has a greater influence on transportation costs, rather than through district type alone. Furthermore, the wide dispersion visible within each district type suggests that regionalization or coordination opportunities must be assessed at a more granular, service-specific level.

Figure 13. Annual Cost Per Municipal and Regional Special Education Rider (FY24).



Many districts that share transportation demand – particularly for out-of-district special education placements – are not connected through formal collaboratives or regional governance structures. Overlapping student inflow patterns frequently cross collaborative, vocational, and superintendency boundaries. Future coordination efforts may therefore need to build on, but not be limited by, current regional arrangements by using transportation-specific data to identify opportunities for targeted, voluntary collaboration.

Finding 13: Understanding out-of-district special education transportation flow patterns could help identify transportation coordination opportunities or educational programs that should be replicated or expanded into other regions.

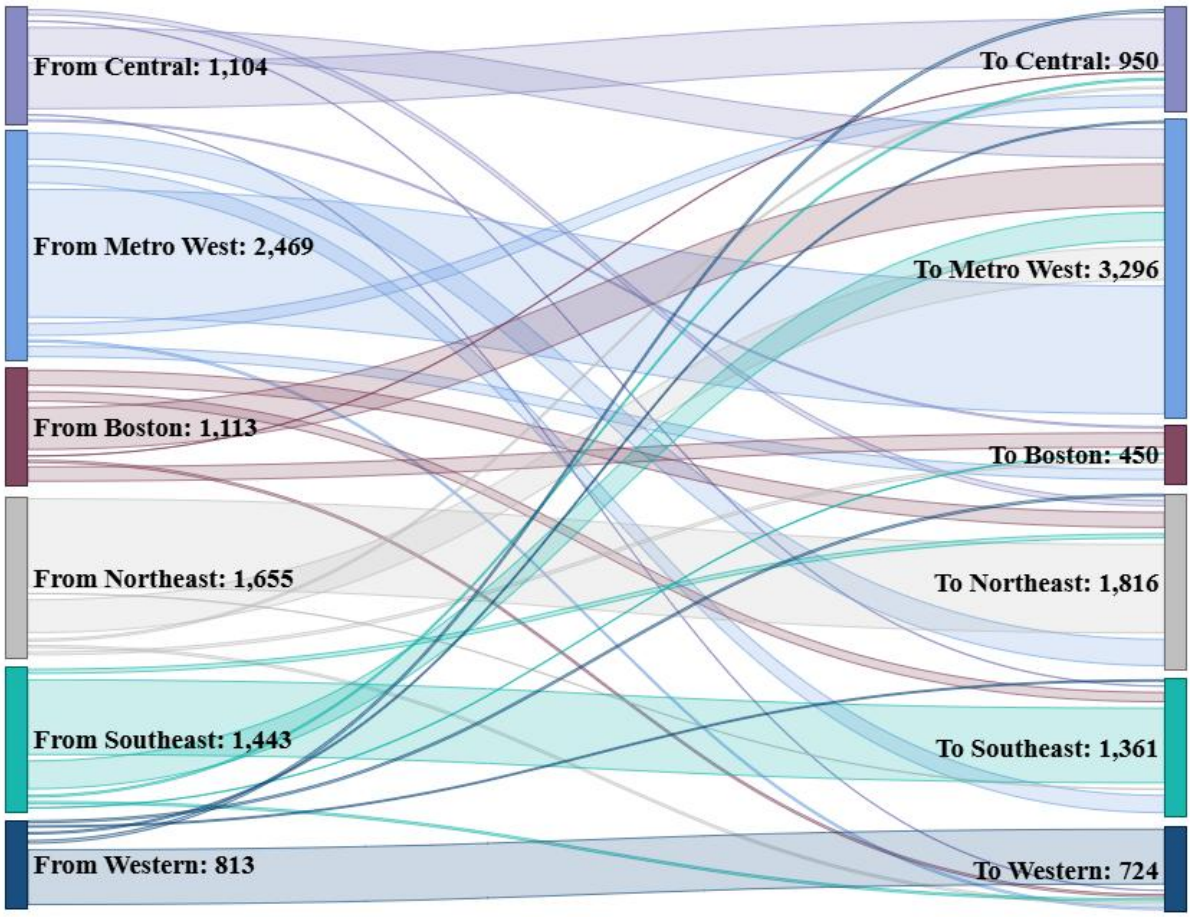
To better understand where regional coordination may be most feasible, the OIG examined the MAPT out-of-district special education transportation flows at the district level. These inflow patterns provide a practical lens for identifying situations in which students from multiple districts travel to the same destination, creating natural opportunities for shared routing or collaborative planning.

Some districts function as high-volume destination hubs, drawing students from a large number of sending districts across wide geographic areas. These districts represent particularly salient opportunities for examining both transportation and programmatic coordination and broader programmatic implications. As noted above, Beverly is a major regional destination for out-of-district

placements and receives substantially more out-of-district special education riders than most other districts in the Commonwealth. The breadth of its inflow pattern suggests two distinct considerations. First, sending districts may benefit from coordinating transportation services for students traveling to the same destination. Second, the Commonwealth may wish to examine whether certain programs concentrated in Beverly could be replicated or expanded closer to sending districts, potentially reducing long-distance transportation demand. While this would likely require new expenditures or funding, it would reduce travel costs and likely increase equity for students.

Figure 14 illustrates the volume and direction of student flows across regions, providing context for where shared contracting could align with existing travel behavior. Several regions function as net receivers of students once both inflows and outflows are considered. For example, Metro West receives substantially more students than it sends, driven by large inflows from the Boston area (531 students), the Northeast (422 students), the Southeast (363 students), and Central Massachusetts (370 students). The graph also shows how more than 60% of out-of-district students in Metro West, the Northeast, and the Southeast are still attending schools in the same region.

Figure 14. Regional Flows of Out-of-District Special Education Transportation.



Source: Massachusetts Association of Pupil Transportation (MAPT) October 2024 Survey.

Statistics compiled by DESE indicate that these flows reflect overlapping, cross-district travel patterns that persist year over year. Although transportation services are typically planned and procured independently by sending districts, these stable travel relationships suggest that regional or cross-district approaches could be designed around known demand. It is important to note that student flows at an aggregate level **do not reflect individual student needs, medical requirements, or placement-specific service constraints**. As a result, the presence of overlapping routes or shared destinations does not imply that students can be transported together without further case-level review.

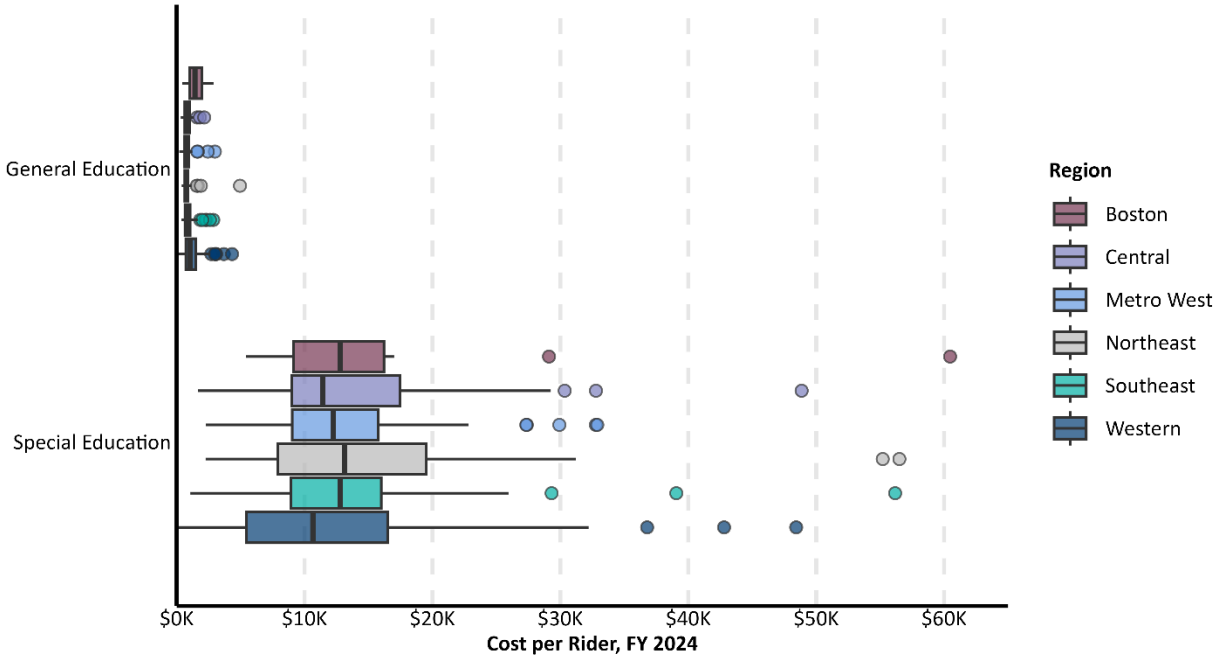
Finding 14: All regions across the Commonwealth contain outliers of high-cost student transportation that may be obscured by median cost data, with the Boston area and Western Massachusetts seeing particularly high numbers of costly outliers.

Using DESE enrollment and transportation data across multiple years — supplemented by the MAPT's October 2024 survey of special education rider flows and the OIG-administered transportation survey — the OIG examined structural features of Massachusetts's school transportation system that both enable and constrain regionalization efforts.

Transportation demand and costs vary meaningfully across regions, reflecting differences in population density, geography, and service complexity. Metro West and the Southeast together account for nearly half of all **general education** riders statewide, while the Boston area serves a smaller share of general education riders but a disproportionately large share of special education riders. Median general education costs per rider are lowest in Metro West and the Northeast (approximately $740 to $750 per rider), and highest in the Boston area and Western Massachusetts (approximately $1,430 and $1,040, respectively), where longer travel durations and distances and more constrained routing opportunities likely play a greater role. For **special education transportation**, median per-rider costs vary across regions, ranging from approximately $10,600 to $13,100.

The "box and whisker" graphs in Figures 15 and 16 show the wide dispersion in per-rider transportation costs across regions, underscoring that districts operate under markedly different cost structures even within the same statutory and reimbursement framework. The boxes represent the middle range of district costs within each region, meaning that half of districts' cost-per-rider values fall within this range, while the "whiskers" and individual points highlight the extent of variation and the presence of higher-cost outlier districts. The contrast between the relatively concentrated middle range and the longer "whiskers" underscores that, in every region, a subset of districts faces substantially higher costs that can meaningfully influence regional averages.

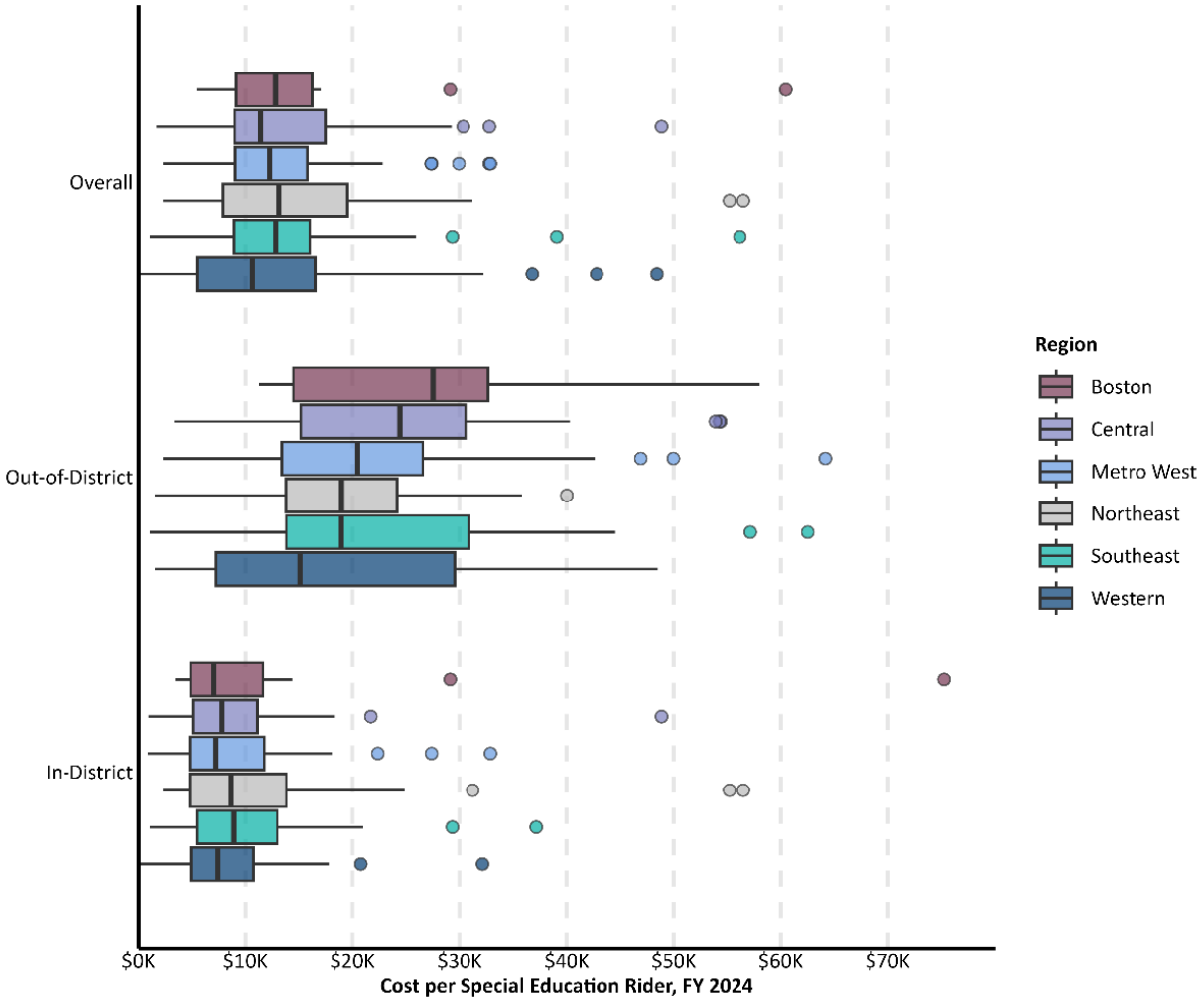
Figure 15. Distribution of Per Rider Costs by Region (FY24).



Source: DESE End-of-Year (EOY) Schedule 7 report, FY24.

Differences become most pronounced for out-of-district special education transportation: regions with higher concentrations of out-of-district riders, such as Metro West and the Northeast, exhibit elevated but variable costs, while Western Massachusetts shows a notably lower median out-of-district cost ($15,068 per rider), suggesting that regional context, placement patterns, and trip distances materially shape cost outcomes.

Figure 16. Distribution of Special Education Per Rider Costs by Region (FY24).



Source: DESE End-of-Year (EOY) Schedule 7 report, FY24. This excludes one district from the in-district distribution who had a reported cost of $143,061 for a single, in-district rider.

Across regions, special education cost distributions show lengthy "whiskers," indicating that a relatively small number of districts incur exceptionally high per-rider costs. These outlier districts often reflect low rider numbers, long travel distances, or specialized service requirements – conditions that are masked when viewing only aggregate statistics – rather than systemic inefficiency.

For example, Metro West has one of the lowest median general education costs per rider in the statewide regional summary ($741), yet several districts in the region face acute out-of-district special education cost pressures. One district reported only six out-of-district special education riders, but a cost per rider of $49,964, illustrating how a small number of low-volume, high-cost placements can produce extreme district-level costs even within a relatively low-cost region. Western Massachusetts reports the lowest median out-of-district special education cost per rider in the regional summary ($15,068), but

district-level results show that very low ridership coupled with complex special education needs can still generate exceptionally high costs in specific communities – one town reported eight out-of-district special education riders at $41,433 per rider.

It should also be noted as identified in the high-cost single trips above that, taking into account student IEP and individual medical needs, the transportation costs for one student with particularly complex educational or medical needs can add significant financial pressure on a district, in a manner unlike most other expenses.

The median per-rider cost rose by $978 from FY22 to FY24, with regional variation ranging from a modest median increase of $93.56 for districts in Western Massachusetts to a median increase of $3,443 for districts in the Boston area.

Collectively, the regional and district-type analyses underscore that transportation costs are driven less by any single structural factor and more by the interaction of scale, geography, and service mix. District-type summaries highlight how enrollment configuration and ridership volume influence typical cost levels, while the regional lens reveals how geographic dispersion and placement patterns shape feasibility for coordination or regionalization. In some cases, regions with relatively low median costs still contain districts facing acute cost pressures due to very low ridership or long-distance out-of-district placements — conditions that are masked when viewed only at the aggregate level. Conversely, district types that appear cost-efficient on average may include regions where geography or vendor market limitations constrain efficiency.

An additional factor, as noted earlier, is the location of special education programming. While a regional school district may still face high out-of-district special education transportation costs, it may be able to realize savings by providing in-district services to a pooled regional population of students with specific needs. One educational collaborative official noted the need to provide extended travel times for out-of-district placements, and suggested facilities operate satellite programming in different regions of the Commonwealth. This could also facilitate regional and collaborative cost savings.

Combined, these perspectives reinforce that opportunities for regionalization are most likely to emerge at the intersection of low-density demand and shared geography, rather than uniformly across all districts or all regions. This synthesis supports a targeted, data-driven approach to collaboration that accounts for both where students live and how transportation services are currently organized.

Finding 15: The differences in districts' logistics make regionalization or collaboration difficult.

While we can view certain opportunities for school transportation efficiency in isolation — such as addressing low-density out-of-district special education routes — transportation services operate within a shared system. Demand from different student populations, such as students receiving in-district special education services and students from other districts receiving special education services, draws on the same vendors, equipment, and scheduling capacity, making it important to evaluate costs and constraints holistically.

Additionally, each district typically makes transportation planning and procurement decisions independently, even when students travel to common destinations or along shared corridors. The absence of coordination mechanisms or shared information further limits districts' abilities to achieve economies of scale. In addition, while the number of students with IEPs has remained relatively steady from year to year, school officials told the OIG that more parents are requesting individual transport for students as part of their IEPs. Parallel routes operated by different districts and vendors across the same geographies are common, reinforcing fragmentation and cost escalation.

While some collaboratives exist, districts procure and operate most transportation services. That is true even where districts face overlapping travel patterns and similar cost pressures and, in some cases, use the same contractors. The longstanding policy of local control for schools gives officials significant authority within their own districts but could be an impediment to coordination.

Even where cost and ridership patterns suggest potential benefits from regional coordination, operational realities strongly influence the feasibility of collaboration in practice. Differences between districts in calendars, bell times, routing practices, technology systems, and vendor market conditions can constrain shared service models for both general and special education transportation. In many cases, these factors – not cost alone – determine whether districts can realistically align transportation services across boundaries without compromising service quality or compliance requirements.

School Calendars and Bell Times

Variation in school calendars and daily schedules is one of the most common operational barriers to regional coordination. Even small misalignments can limit opportunities to share vehicles or drivers, particularly for special education transportation where routes are tightly scheduled and highly individualized.

Differences in bell times present a similar challenge. Districts with staggered start and end times may be able to tier routes internally, but aligning bell schedules across districts is far more complex and often outside the scope of transportation decision-making alone.

Routing Practices and Operational Design

Routing practices vary widely across districts and vendors, reflecting differences in student needs, geography, staffing models, and local policy choices. Some districts prioritize individualized routes to minimize ride times, while others emphasize route consolidation to maximize vehicle utilization. Some operate highly centralized routing functions with standardized assumptions about ride time, vehicle utilization, and student grouping, while others rely on vendor-driven routing or legacy practices that vary school by school. These differences affect not only efficiency but also the ability to combine routes across district boundaries.

The prevalence of very low-ridership routes for special education transportation further limits flexibility. Routes serving one or two students often have little slack to absorb additional riders without

exceeding state-mandated ride-time limits or requiring additional staffing. As a result, even when neighboring districts have students traveling to the same destination, routes may not be easily combined.

Technology Systems and Data Compatibility

Districts use a wide range of routing software, student information systems, vendor platforms, and data standards. In many cases, systems are not interoperable, and data sharing agreements are limited or nonexistent. This makes it difficult to jointly plan routes, track performance, or allocate costs across districts in a transparent and defensible way.

Procurement Considerations

Districts independently bid transportation contracts on different timelines, with varying contract lengths, scopes of service, pricing structures, and performance requirements. Even where districts serve similar student populations or share vendors, these timing differences and differing contract specifications limit the practical ability to issue joint procurements or coordinate contract terms without substantial advance planning.

Labor and workforce considerations further constrain regionalization. Transportation services are highly labor-dependent, and differences in collective bargaining agreements, wage scales, benefit structures, and work rules make shared staffing arrangements difficult. In regions already experiencing driver shortages, districts may reasonably prioritize workforce stability over experimental coordination efforts that could disrupt existing arrangements.

Vendor Market Capacity and Geographic Coverage

The structure of the vendor market also shapes what forms of regionalization are possible. In some parts of the Commonwealth, a small number of vendors dominate large geographic areas, while in others, coverage is fragmented or thin. Vendor capacity varies by region and service type, with specialized special education transportation facing tighter labor and vehicle constraints than general education service.

Finding 16: A pilot program to promote educational collaborative special education transportation led to success, but required financial support from the state and commitment from local districts.

Experiences from Massachusetts and peer states demonstrate that regionalization of school transportation exists along a spectrum, ranging from limited coordination mechanisms to fully centralized service delivery. These examples underscore that while regionalization can yield efficiencies under certain conditions, it is not universally appropriate and must be tailored to local governance structures, service needs, and market realities.

The clearest example of successful regionalization comes from the University of Massachusetts Donahue Institute's 2008 report on DESE's Special Education Transportation Pilot Program.[22] In 2005, the Legislature approved $1.15 million in funds for three existing educational collaboratives to explore reducing out-of-district special education transportation costs. Over a three-year period, these three collaboratives gathered data which included vendor pricing information, and in turn advised and helped fund other collaboratives to establish regional transportation networks.

The pilot helped establish two transportation networks that are still in existence today. The North River Collaborative took the lead in establishing the Southeast Transportation Network, which also services districts in the South Shore Collaborative and Pilgrim Area Collaborative. The program saved participating districts an estimated $54,000 in its first year. The LABBB Collaborative[23] began serving 21 students of three member schools in Arlington, Burlington, and Lexington, and the three districts estimated they saved more than $92,000 in two years. By 2017, as stated in an MAPT presentation, the LABBB Collaborative served four additional member districts and 461 students, with its latest bid for services receiving five responses with a range of $95 to $250 per day.[24]

Not all attempts to build networks were successful, however. The Donahue Institute's report noted that some districts were happy with their existing transportation services and worried about losing control by joining a collaborative. Some collaboratives were uninterested in expanding their services, wary that adding more districts would impact service to their original districts. Additionally, the report noted that logistics, geographic constraints, and differing service needs could affect attempts to regionalize or collaborate. The report emphasized that collaboration was not a one-size-fits-all solution, and that "[a]ccess to information and strong leadership will be the keys to continued growth in collaborative-managed transportation," and "[s]tarting small helps builds trust and develops experience."

Current Conditions

Members of the Massachusetts Organization of Educational Collaboratives (MOEC) stated in an interview that each collaborative is locally governed and tailored to the needs of its member districts. MOEC members described how a member district's participation in a collaborative transportation service is dependent on whether the collaborative's board directs expansion into that area, as well as on timing. Members said they face many of the same problems as other districts, including rising transportation costs due to limited competition.

While districts might save money through in-district educational programs, lack of space remains the primary barrier to expanding in-district programs. MOEC has proposed a funding mechanism for

[22] UMASS DONAHUE INSTITUTE, *A Review of the Outcomes of the Special Education Transportation Pilot Program: Final Report* (August 2008).

[23] The LABBB Collaborative is comprised of member towns Lexington, Arlington, Burlington, Bedford, Belmont, and Watertown.

[24] Colleen Cavanaugh and Gerald Mazor, MASSACHUSETTS ASSOCIATION OF PUPIL TRANSPORTATION AND LABBB COLLABORATIVE, *MASBO Annual Conference: Special Education Transportation Reviews, How to Save Money* (May 17, 2017), available at Special Education Transportation Reviews Presentation.

program facilities modeled on charter school reimbursements. Under this system, districts would contribute to facility costs and receive partial reimbursement from the state. The members of MOEC supported a proposed statewide facility assessment that would be performed by DESE to identify needs and guide future funding strategies.

MOEC members also highlighted the complexity of routes that change mid-year as new students are added, as well as the complexities of the funding reimbursement process under the circuit breaker program. They explained that, while transportation is considered a related service under IEPs and thus eligible for reimbursement, districts often fail to claim full reimbursement because they must isolate costs per student. They further explained that some districts dedicate entire summer staff to process applications but receive little financial benefit due to partial state funding and inconsistent reimbursement rates.

MOEC members emphasized the need for improved coordination and data sharing among collaboratives, districts, and the state, echoing interviews with school districts, as well as the Donahue Institute's report, which called for greater access to information.

III. Previous Reports

Finding 17: While prior reports have analyzed student transportation cost issues and offered recommendations, these recommendations have rarely been acted upon.

The issues in this study are not new, nor are concerns about school transportation costs in Massachusetts. Officials have studied those costs at several points over the past 20 years. Their studies produced numerous recommendations, many of which overlap, but few have been acted upon.

In 2017, the State Auditor issued a report describing state funding's impact on the Commonwealth's 58 regional school districts, which at the time served 107,000 students.[25] The report characterized transportation as one of the districts' two largest cost concerns, and noted that an earlier report had found that the state's Foundation Budget formula underestimated and underfunded special education service costs. In 2018, the Legislature created the Special Commission on Improving Efficiencies Relative to Student Transportation (Special Commission on Efficiencies) to study school transportation issues and make recommendations to improve efficiency. The Special Commission on Efficiencies released its final report in 2020.[26] While the commission did not propose any singular approach to promoting efficiencies in student transportation, nor did it propose any structural changes, it did make limited recommendations. After passing the Student Opportunity Act in 2019, the Legislature created the Special Commission on Fiscal Health of Rural School Districts (Special Commission on Rural School Districts) to study the long-term fiscal health of rural school districts. While transportation was not the sole focus of

[25] COMMONWEALTH OF MASSACHUSETTS OFFICE OF THE STATE AUDITOR, *Supporting Student and Community Success: Updating the Structure and Finance of Massachusetts Regional School Districts* (October 18, 2017).

[26] SPECIAL COMMISSION ON IMPROVING EFFICIENCIES RELATIVE TO STUDENT TRANSPORTATION, *Final Report* (December 10, 2020).

the Special Commission on Rural School Districts' 2022 report, the report did lay out several recommendations on transportation.[27]

Most pertinent to this study is the University of Massachusetts Donahue Institute's Special Education Transportation Pilot Program, described more fully in Finding 16, which ran from 2006 to 2008 at the behest of DESE. That program provided about $1.15 million in funding to three educational collaboratives to explore strategies to reduce costs and "to test the concept that the transportation of students to out-of-district placements can be provided at a lower cost and with improved quality of service by delegating the planning and contracting for such transportation to educational collaboratives." The report was issued in 2008, and it noted that student transportation costs had "strained school budgets," with the cost of sending students to private out-of-district day placements having increased by 64.3% between 1997 and 2005.

The OIG found some of the recommendations made in these reports – in some cases, across several reports – continue to resonate and must be considered for meaningful action to address transportation costs.

Statewide Contracts for Transportation Services and Statewide Registry of Vendors

The 2020 report by the Special Commission on Efficiencies recommended examining statewide contracting system for school transportation and creating a statewide registry of school transportation vendors, and specifically recommended that DESE create a statewide list of pre-qualified (or approved) transportation vendors for rural school districts. The state has not acted on these recommendations.

The OIG makes a similar recommendation.

Incentives for Qualified Drivers

Both the 2020 report by the Special Commission on Efficiencies and the 2022 report by the Special Commission on Rural School Districts recommended incentives aimed at increasing and retaining the pool of qualified school transportation drivers. The 2020 report suggested incentivizing Commercial Driver's License trainings to encourage new drivers, and the 2022 report recommended providing funds to school districts to increase employment opportunities for qualified drivers through additional work or full-time employment. The OIG found no action on either of those specific recommendations. A bill filed in 2025 would allow potential school bus drivers to pass the Commercial Driver's License exam without answering questions related to maintenance and mechanics.[28]

Collaboration and Sharing

Both the 2020 report by the Special Commission on Efficiencies and the 2022 report by the Special Commission on Rural School Districts directed DESE to "conduct a feasibility study of transportation collaboratives," suggesting that existing collaboratives for out-of-district special education transportation

[27] COMMISSION ON THE FISCAL HEALTH OF RURAL SCHOOL DISTRICTS, *A Sustainable Future for Rural Schools* (July 2022).

[28] H.3787, "An Act Addressing the Shortage of School Bus Drivers," filed by Representative Priscila Sousa.

could be used for general education transportation. The OIG was unable to confirm whether DESE conducted this particular feasibility study. However, the 2008 University of Massachusetts Donahue Institute report contains a thorough analysis of educational collaboratives that began operating or managing transportation services through the pilot program. The review did not make specific recommendations but did discuss "challenges and lessons learned," noting that "[i]nformation is essential. More informed districts and collaboratives are better able to negotiate competitive prices from their vendors." The 2008 report also determined that collaboratives and districts need strong leaders to make programs happen. The report also noted that while the concept of regional networks appears logical, partnering on a larger scale is challenging, and districts could also consider cooperative purchasing and smaller district-to-district collaboration.

The 2008 report noted that several districts and collaboratives used routing software to great effect. However, the report recognized that properly using routing software requires time and monetary commitments to obtain valid ridership data and train staff. In its review, the OIG recognized that some districts have developed the necessary ridership data and routing expertise to fulfill this recommendation, but many districts are still outsourcing the ridership and routing functions to vendors.

Full State Funding for Regional Transportation Expenses

The 2017 State Auditor's report recommended that the Legislature fully fund its statutory commitment to reimburse 100% of regional transportation expenses. A bill requiring full funding was introduced in 2025. The 2022 report by the Special Commission on Rural School Districts recommended that the Legislature establish and fully fund a Rural School Transportation Reimbursement account. A bill filed in 2025 would allow for such reimbursements.[29] Both the 2017 report and the 2022 report also recommended funding for "extraordinary" costs for unique transportation challenges. A bill filed in 2025 would create an "Extraordinary Routes Relief Fund."[30]

Eliminating or Amending Statutory Protection for Bus Contractors

The 2017 State Auditor's report, the 2020 Special Commission on Efficiencies' report, and the 2022 Special Commission on Rural School Districts' report all recommended eliminating or amending Section 7C of Chapter 71 of the Massachusetts General Laws, which effectively bars regional transportation authorities from providing school transportation to allow for more competition. The 2020 report also recommended lifting a similar federal restriction, 49 CFR 605. No action has been taken on these recommendations.

This recommendation on amending Section 7C of Chapter 71 was outside the scope of the OIG's study.

[29] H.517, "An Act to Provide a Sustainable Future for Rural Schools," filed by Representative Natalie Blais.

[30] H.569, "An Act Regarding School Transportation Funding," filed by Representative Kimberly Ferguson.

Amending Time Cap on Out-of-District Transportation

The 2020 report by the Special Commission on Efficiencies recommended amending the regulation that limits student transportation to an hour unless otherwise approved by the student's IEP, so that it applies to in-district transportation only.[31] The 2022 report by the Special Commission on Rural School Districts recommended broader changes "so that the durational limit of one hour each way does not apply under circumstances where the best or only educational option for the student is over an hour away." The OIG found no action has been taken on these recommendations.

The OIG found that the recommendation from the Special Commission on Efficiencies is inconsistent with the policy goals that the Legislature has established and the OIG did not make a recommendation to change the one-hour time cap.

[31] *See* 603 CMR 28.06(8).

RECOMMENDATIONS

The OIG has found that factors driving increased school transportation costs in Massachusetts are complex and interrelated. Attempts to remedy increasing costs must take into account the interconnected nature of the problem. No one entity can meaningfully address school transportation costs on their own, but different groups can do their part to create more opportunities for competitive pricing and likely cost savings.

School districts should work to actively research and implement best practices for transportation procurement. They should use shared data to plan their transportation needs.

The Legislature must address statewide regulations and practices that contribute to increased transportation costs. Chief among those is the existing circuit breaker reimbursement schedule for special education, but other laws regulating school transportation vehicles should be re-examined as well. Putting this report and its recommendations on the shelf and taking little or no action will produce the same results as past studies. The Legislature can do better and should take immediate action to help mitigate runaway expenses that harm the financial health of school districts.

The Department of Elementary and Secondary Education (DESE) must collect and share, in an easily accessible format, information about existing procurements and strategies for future procurements in order to facilitate better and more informed bidding practices. DESE should also clarify regulations so that school districts better understand the school transportation landscape.

While the OIG found collaboration is not a Band-Aid solution for all districts' transportation costs, it has been effective when these groups work in tandem. The Legislature and state agencies must offer funding and logistical support to districts and collaboratives seeking transportation efficiencies, and districts and collaboratives must take the initiative to seek out this support and shepherd new programs.

Moreover, the Legislature must statutorily require transportation vendors to provide detailed information pertaining to its quotations, contract pricing, and invoicing in a format that can be posted online and shared by DESE for all districts to access.

The recommendations below delve into greater detail on how each group can do its part to lower costs.

For school districts to maximize their purchasing power:

Recommendation 1A: School districts should issue their transportation procurements early and apply best practices to maximize potential for competitive, responsive bids. School districts cannot assume that the transportation marketplace can respond effectively to procurement solicitations within tight timeframes. Solicitation timing and procurement process design can often affect outcomes. Issuing transportation solicitations with short windows for vendor responses limits opportunities for bidder questions. Indeed, vendors the OIG interviewed for this study indicated that short windows constrain their ability to plan staffing and fleet deployment, particularly in a constrained labor market. The OIG's study

found that about half of the school districts surveyed use procurement windows of less than 35 days, and 20% of school districts reviewed utilize a procurement window of just 21 days. Many issue procurements later in the school year for contracts slated to begin on July 1. These practices could contribute to reduced vendor participation in bidding and higher pricing among those that do bid.

While districts may be reluctant to issue solicitations earlier in the year because of uncertain and frequently evolving special education transportation needs, districts must balance reasonable transportation planning with reasonable procurement timetables. Late-cycle procurements encounter a marketplace with scarce driver availability, tight vehicle inventory, and likely a vendor capacity that has largely been allocated for the upcoming school year. With a late-cycle contract award, districts and vendors face compressed mobilization timelines involving driver hiring and training, vehicle assignment, routing handoff, and communications setup.

Districts should also provide vendors with the most relevant and current ridership data to receive the most accurate bid. Beginning with the previous year's ridership data, the district should consider the students who are graduating or leaving the district and then incorporate into the ridership rolls the best estimate of expected new students. Additionally, any major changes to the district, such as new or retired school buildings, should be integrated into the bid documents.

The OIG recommends that districts consider holding an online pre-bid meeting with prospective bidders. In an online setting, the district can restrict disclosure of the identities of potential vendors. In interviews with the OIG, districts across the state repeatedly described how multiple vendors would attend the pre-bid meeting but only the incumbent transportation provider would bid on the contract. The OIG suggests restricting the disclosure of potential bidders and maintaining strict control over the communication in the pre-bid meeting.

Finally, a district needs to ensure that it has effective contract management principles in place, an integral aspect to realizing the intent of competitive procurement. Transportation oversight typically focuses on service performance, safety and regulatory compliance, and financial controls. The OIG's study found that stakeholders emphasized the practical difficulty of enforcing performance standards in a labor-constrained environment where there are a limited number of vendors. Districts often balance formal contract enforcement with continuity of service, relying on informal resolution mechanisms. These dynamics highlight how initial procurement design and oversight capacity interact to shape post-award outcomes. Limited administrative capacity, particularly in smaller districts, can constrain a district's ability to verify vendor invoices, track vehicle mileage, and reconcile billed services with contract terms. School districts must use reasonable procurement timetables, consider carefully what services and other contractual obligations they seek from vendors, and ensure that enough resources are available to manage and oversee a significant expenditure and vital service provided to students receiving special education services.

In summary, the OIG recommends that districts include the following steps in their planning phase for school transportation procurements:

(1) Procure school transportation contracts nine to twelve months prior to the anticipated contract start date;

(2) Allow bidders a minimum of 28 days to respond;

(3) Work to hone ridership data;

(4) Restrict the disclosure of potential bidders and maintain strict control over communications in pre-bid meetings;

(5) Identify key performance, safety, and regulatory metrics integral to the school transportation contract; and

(6) Implement a process for contract performance monitoring.

Recommendation 1B: School districts must carefully consider their vendor contract requirements and expectations to avoid driving up costs by shifting significant contract risks onto the vendor. Where vendors identify risk within a contract, they will adjust their prices accordingly, meaning that their bids will come in higher. While state and federal requirements establish minimum obligations for pupil transportation, Massachusetts school districts retain substantial discretion in determining the type and level of transportation services they provide beyond those mandates. Extensive operational or technology requirements in contracts, such as continuous staffing, real-time monitoring, or parent-facing systems, introduce fixed overhead costs that are relatively insensitive to route count or student volume and therefore tend to put upward pressure on vendor prices, particularly for smaller or regionally focused operators. Such provisions can also work to exclude all but larger, well-capitalized firms that have greater administrative and financial capacity. This also applies to general education transportation.

Districts seek to balance legal compliance, student safety, service reliability, and fiscal protection in their school transportation contracts. Districts must manage uncertainty in how to calibrate contractual requirements such as insurance limits, performance bonds, and technology mandates, as well as provisions on liquidated damages, service changes, and termination. Based on the OIG's study, districts often layer new requirements onto legacy specifications in response to past challenges or audit concerns. Over time, this approach can increase procurement complexity and shift contracting risks to vendors without a systematic assessment of cost or implications for market participation. When contracts transfer uncertainty, volatility, or non-recoverable costs to vendors, those vendors may respond by pricing in additional risk with their bids or declining to participate.

Districts can mitigate some of these vendor risks through reasonable changes. For example, districts can introduce longer contract terms whose predictable revenue streams allow vendors to amortize startup and capital costs, stabilize staffing, and plan fleet investments. Shorter contract terms, by contrast, compress the cost recovery window for vendors and increase re-bid frequency, which can heighten revenue volatility and encourage vendors to embed additional risk premiums into bid pricing.

Districts can also include fuel adjustment clauses in vendor contracts. When districts require multi-year fixed pricing with no fuel adjustment flexibility, vendors must embed long-term cost assumptions directly into their bids. In periods of fuel price volatility, this approach tends to increase pricing uncertainty and associated risk premiums. In other words, districts will pay for future increases in fuel costs up front regardless of whether those costs actually increase over the contract term.

Districts should also consider using reasonable technology, insurance, and service performance requirements in their contracts. If districts consider using penalties and disincentives like liquidated damages clauses, those districts should also consider including incentive clauses for meeting or exceeding contract standards. Districts must weigh the anticipated benefits of these contractual requirements against the increased costs to vendors. Excessive requirements that increase vendor costs and potential financial penalties will likely be added to the price vendors charge for transportation services.

Recommendation 1C: School districts should work together to identify procurement best practices and consider conducting joint procurements. There is no need for school districts to figure things out on their own as they work to provide safe, efficient, and affordable transportation for students who receive special education services. Districts have presumably gathered lessons learned and best practices from their experiences with procurement, contracts, and vendor interaction. Districts can cooperate and communicate with each other to identify best practices for their procurements and contracts and consider conducting joint procurements. Examples of best practices might include identifying reasonable bid specifications; considering whether seeking vendor quotes by vehicle, by route, or by student would achieve better pricing; and identifying where routes to out-of-district placements might be shared. Districts should take advantage of these shared experiences and accumulated knowledge to improve their transportation contracting.

Recommendation 1D: School districts should leverage their wide discretion in deciding how to best procure special education transportation services. Special education transportation is exempt from Chapter 30B requirements. Districts are therefore free to reach out directly to vendors to solicit quotes if the district is unsatisfied with the bids it previously received from other vendors. Districts have wide discretion in how they create their transportation contract requirements. Districts should take advantage of the additional flexibility afforded to them in procuring special education transportation to find the best service and price. This flexibility is particularly valuable when a district needs to procure a vendor on short-notice, mid-year.

For the Massachusetts Legislature to promote accountability, transparency, and flexibility in school transportation:

Recommendation 2A: The Legislature should amend the timing of disbursements under the Commonwealth's Special Education Reimbursement Program, commonly known as the circuit breaker reimbursement. By implementing a reimbursement model where the state makes disbursements in the fiscal year after a district has incurred the expenses, Massachusetts is an outlier in school transportation

funding. The reimbursement model could be improved by providing partial funding during the fiscal year that a district bears the transportation cost. The OIG offers the following potential policy model:

(1) At the beginning of each fiscal year in July, DESE would calculate a typical three-year mean for the amount disbursed across all districts per special education pupil above the circuit breaker threshold, referred to as the Mean Circuit Breaker Overage (MCBO). DESE would determine the MCBO through data from the three previous fiscal years. This metric already takes into account year-to-year fluctuations in the circuit breaker reimbursement rate. DESE would publicly notify school districts of the MCBO figure in August, prior to the new school year.

(2) In October of the same fiscal year, districts would submit projections to DESE estimating the number of students whose IEP cost would extend beyond the circuit breaker threshold.

(3) In February of the same fiscal year, DESE would make district disbursements equal to 60% of MCBO for each pupil the district projects would extend beyond the circuit breaker threshold.

(4) In July of the following fiscal year, districts would continue applying for circuit breaker reimbursement using their fully developed per-pupil spending figures for the entirety of the previous school year. DESE would use that data to distribute the remainder of each district's circuit breaker reimbursements after accounting for the amount previously reimbursed in February.

A paradigm such as the one above would enable districts to more easily project the amount they anticipate receiving in circuit breaker reimbursements, allowing for improved and more equitable budget planning throughout the school year. Districts would find some relief from the short-term cost burden of special education transportation services while remaining incentivized to complete all documentation to receive full DESE funding. Establishing the MCBO as a public metric would also help districts estimate and improve their spending as they analyze their own performance.

Recommendation 2B: The Legislature should amend Section 5A of Chapter 71B of the Massachusetts General Laws to require more transparency from vendors on costs. School districts have been paying ever-increasing transportation costs to a shrinking pool of vendors without understanding the details underlying these costs. The OIG's study found a wide variation in the costs that districts report to DESE. Costs vary substantially even among districts with similar size, geography, and policy choices, reinforcing the conclusion that no single factor drives costs. This dynamic is an additional reason to better understand the underlying costs that vendors incur.

In administering the circuit breaker reimbursement program, school districts and DESE should know more about what they are paying for, with information that goes beyond a daily rate or a total

contract value. The Legislature should amend Section 5A of Chapter 71B of the Massachusetts General Laws to increase transparency by requiring school district transportation procurements to include breakdowns on a per-trip or per-invoice basis for costs such as labor, capital or fleet/vehicle acquisition, fuel and vehicle maintenance, insurance, overhead, profit, and other costs that make up the total being charged to the districts.

Vendors should include detailed cost components in their bids or quotes. The detailed cost components should be part of the resulting contract and included in invoices. School districts should provide this data to DESE to further the process suggested in Recommendation 2A. The collection and analysis of this data would provide accountability and transparency in how school transportation dollars are expended and could be used to identify and address transportation cost drivers. The OIG recognizes that school districts and DESE have a right and an obligation to know what they are paying for and how to address rising costs without sacrificing the quality and safety of special education transportation services.

Recommendation 2C: The Legislature should consider ways to expand the types of vehicles acceptable for student transportation. To expand the vehicle pool and gain efficiencies, the Legislature should consider whether the state's regulatory requirements for alternative transportation vehicles, could be broadened in some circumstances to allow for more flexibility in the vehicles used for school transportation.

For the Massachusetts Legislature to promote consolidation of transportation services regionally:

Recommendation 3A: The Legislature should support voluntary, incremental regional procurement and shared services. The Legislature should provide funding to support shared contracts, operations (including routing, dispatch, and call centers), and co-routing of low-density demand across program types such as out-of-district special education and McKinney-Vento transportation, where geography and demand patterns support collaboration.

The 2008 report by the University of Massachusetts Donahue Institute was the result of a targeted pilot program to explore strategies to reduce costs and to improve quality of transporting students who receive special education services. A similarly funded program should explore ways to reduce student transportation costs in the low density, high-cost area of Western Massachusetts where educational collaboratives have not flourished.

For the Massachusetts Department of Elementary and Secondary Education (DESE) to promote transparency and accountability in school transportation:

Recommendation 4A: DESE should create a central repository for school transportation bid documents and transportation contracts. Most school districts either procure school transportation services independently, or work with other school districts or regional educational collaboratives to conduct joint (collective) transportation services procurement. The OIG's study found procurement and contract differences across districts that lead to inefficiencies and differences in vendor pricing.

The OIG recommends that DESE establish and maintain a centralized electronic repository of procurement and contract documents and a list of licensed school transportation providers under contract with school districts. DESE should implement a requirement for districts to submit their procurement documents and signed contracts to DESE within 30 days of signing the contract. The OIG is not suggesting that the districts do anything more than submit the documents used in the procurement and contract, and does not believe this requirement to be overly burdensome to districts.

The OIG recommends that DESE establish a searchable database of bid documents and contracts, so districts can search for and review the agreements that their neighboring districts have implemented. DESE should consider including vendor information in this registry such as compliance history, service footprint, ownership structure, and prior school district engagements. This repository and registry will assist school districts improve their market knowledge, procurement process efficiency, and improve market visibility for transportation vendors. Improving efficiency and market visibility may lead to school transportation cost savings. Such a central repository would be most robust and informative if the Legislature amends Section 5A of Chapter 71B, as recommended in Recommendation 2B, above.

Recommendation 4B: DESE should create standardized procurement documents and contracts for school transportation. Creating model bid templates and contract documents for school procurement and transportation staff can streamline the school transportation procurement process and help address planning inefficiencies and improve vendor oversight. DESE, with input from the Operational Services Division (OSD), should prepare these documents. Recommendation 4A recommends that DESE establish and maintain a repository of procurement and vendor information. This could greatly assist DESE in creating model templates for the school districts and could identify where DESE might assist school districts in issuing state-level school transportation and related contracts (for example, special education transportation vehicles).

Recommendation 4C: DESE should explore the feasibility of establishing a pricing rate structure for special education transportation. DESE, with input from OSD, should investigate the feasibility of creating a pricing structure for special education transportation providers. Although this may require legislation or the adoption of new regulations, it may be worth the effort. Vendor pricing for special education transportation varies widely across the Commonwealth and is based solely on vendor availability. Many school districts report that they often have only one vendor that bids on their services. In these cases, districts have very little power to negotiate pricing.

If the vendor marketplace for special education transportation does not create free and open competition and instead creates what amounts to monopoly pricing structures, DESE must investigate how the state can better regulate a broken marketplace. Otherwise, the Commonwealth will continue to subsidize and encourage monopoly pricing through the circuit-breaker special education reimbursement process. Gathering and analyzing pricing data from the school districts and vendor financial information that may be provided to the Department of Public Utilities and the Registry of Motor Vehicles or that needs to be requested from vendors will help the Commonwealth understand whether establishing a uniform pricing structure will encourage competition and help reduce transportation costs. For example,

the OIG can see a path by which the Commonwealth divides itself into zones and ties special education transportation rates to the number of zones traveled.

Recommendation 4D: DESE should expand state-provided technical assistance for student transportation. Through its collection of data and knowledge of larger trends, DESE is poised to offer assistance to districts struggling with high student transportation costs. DESE can proactively reach out to districts with identifiably high costs – such as the more than 20 districts that are currently spending $40,000 or more per pupil for out-of-district transportation – to discuss best practices. DESE could further refine this support as transportation data and benchmarking improve over time, reaching out to districts identified through the accountability system where transportation is contributing to underperformance and inequity. This assistance could also be offered both on an opt-in basis to districts seeking help with transportation planning and operations, including managing reimbursement requests. Districts need to rely on consistent and up-to-date information regarding complex transportation regulations and should be able to get this information from an authoritative source.

For DESE to promote consolidation of transportation services regionally:

Recommendation 5A: DESE should encourage regional coordination of program design and location. An analysis of the out-of-district special education transportation traffic patterns reveals that there is significant traffic across regions. DESE should identify programs that receive enough students from a region that could sustain a satellite location for that program. The closer proximity of the satellite location could greatly reduce the distance required to transport students and thereby lower transportation costs. The Legislature could develop incentives, including block grants and tax credits, for special education programs to establish satellite locations recommended by DESE.

APPENDIX A. STATUTES AND REGULATIONS

I. Key Terms

a. **General Education Transportation:** School transportation services, whether in-district or out-of-district, by use of large yellow school buses.

b. **Special Education Transportation:** School transportation services for pupils with disabilities, whether in-district or out-of-district..

c. **School District:** An administrative unit responsible for managing public school services within a defined geographical area.

d. **Regional School District:** A school district comprised of multiple municipalities.

e. **In-District Transportation:** School transportation within a district's boundaries.

f. **Out-of-District Transportation:** School transportation to a school or district outside of a district's boundary.

g. **Request for Proposals (RFP), also known as Request for Responses (RFR):** A procurement method by which an entity solicits proposals and can award a contract to the offeror submitting the most advantageous proposal, based on specified evaluation criteria and price.

h. **Invitation for Bids (IFB), also known as Request for Quotations (RFQ) or sealed bids:** A procurement method by which an entity solicits bid proposals and can award a contract to the qualified bidder that meets all required specifications and offers the best price.

i. **Education Collaborative:** A partnership formed by agreement among two or more local school committees or charter school boards to supplement their programs and services.

j. **Private Special Education School:** A private school approved by DESE that is not required to follow Chapter 30B or M.G.L. c.7, § 22 for any transportation services they provide.

k. **1-Hour Rule:** A regulation requiring that school districts not permit any eligible student with disabilities to be transported to school for longer than one hour each way unless part of a student's IEP.

II. Statutes

a. 20 U.S.C. § 1400 *et seq.*: The Individuals with Disabilities Education Act (IDEA) is a federal statute that makes available free appropriate public education (FAPE) for children with disabilities, providing support for special education and "related services" to such children, including transportation.

b. M.G.L. c. 7, § 22: Governs state contracts procured by OSD that school districts and educational collaboratives can use.

c. M.G.L. c. 7, § 22A: Allows school districts or educational collaboratives to make purchases of materials, supplies, equipment, or services through OSD.

d. M.G.L. c. 7, § 22B: Allows school districts or educational collaboratives to join together for the purpose of obtaining and accepting competitive bids on materials, supplies, equipment or services.

e. M.G.L. c. 12A: The OIG's enabling statute authorizes the summonses of records and persons for the purposes of investigation and establishes confidentiality protections for the records of such investigations.

f. M.G.L. c. 30B: The Uniform Procurement Act establishes uniform procedures for local governments to use when buying or disposing of supplies, services, or real property. Special education services, including transportation for students with disabilities, are exempt from Chapter 30B. *See* M.G.L. c. 30B, § 1(b)(8).

g. M.G.L. c. 40, § 4E: Authorizes school committees and charter school boards of trustees to enter education collaboratives that develop supplemental services and programming.

h. M.G.L. c. 71, § 7A: Authorizes state reimbursement to municipalities for student transportation, subject to appropriation, and identifies instances where reimbursement will not be awarded. Sets the minimum distance for reimbursement, the types of transportation that can be reimbursed, and rules for prevailing wage and the wage schedule for municipalities with a population over 16,000.

i. M.G.L. c. 71, § 7C: Prohibits the Commonwealth from providing financial assistance for the purchase or the operation of buses to any public entity engaged in competition with private school bus operators.

j. **M.G.L. c. 71, § 16C:** Mandates regional school districts to provide transportation for students and provides for reimbursements by the state for transportation services, subject to appropriation.

k. **M.G.L. c. 71, § 68:** Authorizes DESE to require towns to provide school transportation services to students under certain circumstances.

l. **M.G.L. c. 71B, § 5A:** Authorizes a special education program to reimburse municipalities for instruction costs and out-of-district transportation costs for special education services, subject to appropriations.

m. **M.G.L. c. 74, § 8A:** Requires municipalities, through their school committee, to provide transportation when necessary to residents admitted to a day school in another municipality. Such municipalities are entitled to full state reimbursement, subject to appropriation.

n. **M.G.L. c. 90, § 7D:** Regulates the required standards for vehicles transporting not more than eight passengers to school, often used to provide transportation to students to special education programs.

o. **2025 Mass. Acts c. 7, § 2A:** Directs the OIG to review school district transportation service practices, including procurement practices, and to make recommendations for school districts that aim to reduce costs, maximize school district purchasing power, and improve both transparency and efficiency in transportation services contracting.

p. **2019 Mass. Acts c. 132:** The Student Opportunity Act increased education funding, revised Chapter 70 funding formulas, expanded the special education circuit breaker program to include transportation costs, and increased the circuit breaker program's effective reimbursement rates.

q. **1972 Mass. Acts c. 766:** Provides all children with disabilities with an opportunity to receive free and appropriate education services in the least restrictive environment possible.

r. **1949 Mass. Acts c. 638:** The 1949 Regional Schools Act was enacted to encourage the formation of consolidated school districts.

III. Regulations

a. **540 CMR 7.00**: Regulates the minimum standards for school buses and school pupil transport vehicles.

b. **603 CMR 10.07:** Reimburses school districts for transporting students receiving special education services.

c. **603 CMR 28.00:** Governs the provision by Massachusetts public schools of special education and related services to eligible students and the approval of schools seeking to provide special education services to publicly funded eligible students.

d. **603 CMR 28.05(7)(b):** Requires that, upon parental response to a student's proposed IEP, the school district must implement all accepted elements of the IEP without delay.

e. **603 CMR 28.06(8)(a):** Requires that no student receiving transportation as an IEP-related service be scheduled to remain in a vehicle for more than one hour each way, unless documented in the approved IEP.

IV. State Agencies

a. **Department of Elementary and Secondary Education (DESE):** The Massachusetts agency within the Executive Office of Education that is responsible for the collection of school transportation data and provides such information to school districts within the Commonwealth.

b. **Department of Public Utilities (DPU):** The Massachusetts agency within the Executive Office of Energy and Environmental Affairs that regulates the safety of bus companies and administers compliance procedures for school transportation vehicles and their drivers.

c. **Registry of Motor Vehicles (RMV):** The Massachusetts agency within the Massachusetts Office of Transportation that is responsible for licensing drivers and registering vehicles within the Commonwealth. The RMV oversees compliance of vehicles, vendors, and drivers that provide school transportation services.

d. **Massachusetts State Police (MSP):** The Massachusetts agency within the Executive Office of Public Safety and Security that enforces compliance procedures for school transportation vehicles and their drivers.

e. **Operational Services Division (OSD):** The Massachusetts agency within the Executive Office for Administration and Finance that approves private school rates that are charged to districts for students transported out-of-district for education in compliance with that student's IEP.

APPENDIX B. INTERVIEW PARTICIPANTS

As part of this study, the OIG interviewed the organizations listed below either virtually or in-person. The OIG interviewed a number of these organizations multiple times to follow up and clarify data received or discussion points from prior interviews.

- The Arc of Massachusetts
- Barnstable Public Schools
- Bi-County Collaborative (Bi-Co Collaborative)
- Boston Public Schools
- Boston Special Education Parents Advisory Board
- Cape Cod Collaborative
- Collins Center for Public Management at UMass Boston
- Department of Elementary and Secondary Education (DESE)
- Easthampton Public Schools
- Federation for Children with Special Needs
- First Alt
- Framingham Public Schools
- Haverhill Public Schools
- HopSkipDrive
- Joint Committee on Education, Massachusetts State Legislature
- LABBB Collaborative
- Lee Public Schools
- Map Academy School
- Martha's Vineyard Public Schools
- Massachusetts Advocates for Children
- Massachusetts Association of Approved Private Schools (MAAPS)
- Massachusetts Association of Pupil Transportation (MAPT)
- Massachusetts Association of School Business Officials (MASBO)
- Massachusetts Association of School Superintendents (MASS)
- Massachusetts Association of Special Education Administrators (MASE)
- Massachusetts Department of Transportation (DOT)
- Massachusetts Organization of Educational Collaboratives (MOEC)
- Massachusetts Registry of Motor Vehicles (RMV)
- Natick Public Schools
- Needham Public Schools
- Newburyport Public Schools
- Norfolk Public Schools
- North River Collaborative / Southeast Transportation Network

- Operational Services Division (OSD)
- Peabody Public Schools
- Saugus Public Schools
- SEEM Collaborative
- Springfield Public Schools
- Worcester Public Schools

APPENDIX C. MASSACHUSETTS LOCAL EDUCATION AGENCIES (LEA), TYPE, AND LOCATION

As specified in the tables below, the OIG, in collaboration with its consultant, grouped Local Education Agencies (LEAs) and districts into several regions for the purposes of this study's data analysis.

Central Region					
LEA Code	**LEA**	**Type**	**LEA Code**	**LEA**	**Type**
17	Auburn	MuniK12	316	Webster	MuniK12
45	Brookfield	MuniElem	322	West Boylston	MuniK12
64	Clinton	MuniK12	343	Winchendon	MuniK12
77	Douglas	MuniK12	348	Worcester	MuniK12
97	Fitchburg	MuniK12	610	Ashburnham Westminster	ReglK12
103	Gardner	MuniK12	615	Athol Royalston	ReglK12
110	Grafton	MuniK12	616	Ayer Shirley	ReglK12
125	Harvard	MuniK12	620	Berlin Boylston	ReglK12
138	Hopedale	MuniK12	622	Blackstone Millville	ReglK12
151	Leicester	MuniK12	658	Dudley Charlton	ReglK12
153	Leominster	MuniK12	673	Groton Dunstable	ReglK12
158	Littleton	MuniK12	710	Mendon Upton	ReglK12
162	Lunenburg	MuniK12	720	Narragansett	ReglK12
185	Milford	MuniK12	725	Nashoba	ReglK12
186	Millbury	MuniK12	735	North Middlesex	ReglK12
214	Northbridge	MuniK12	753	Quabbin	ReglK12
215	North Brookfield	MuniK12	767	Spencer East Brookfield	ReglK12
226	Oxford	MuniK12	770	Tantasqua	ReglHS
234	Petersham	MuniElem	775	Wachusett	ReglK12
271	Shrewsbury	MuniK12	778	Quaboag	ReglK12
277	Southbridge	MuniK12	805	Blackstone Valley	Vocational
287	Sturbridge	MuniElem	832	Montachusett	Vocational
290	Sutton	MuniK12	852	Nashoba Valley	Vocational
304	Uxbridge	MuniK12	876	Southern Worcester	Vocational

Metro West Region					
LEA Code	LEA	Type	LEA Code	LEA	Type
10	Arlington	MuniK12	238	Plainville	MuniElem
14	Ashland	MuniK12	244	Randolph	MuniK12
18	Avon	MuniK12	246	Reading	MuniK12
23	Bedford	MuniK12	266	Sharon	MuniK12
25	Bellingham	MuniK12	269	Sherborn	MuniElem
26	Belmont	MuniK12	276	Southborough	MuniElem
40	Braintree	MuniK12	284	Stoneham	MuniK12
48	Burlington	MuniK12	285	Stoughton	MuniK12
50	Canton	MuniK12	288	Sudbury	MuniElem
51	Carlisle	MuniElem	305	Wakefield	MuniK12
67	Concord	MuniElem	307	Walpole	MuniK12
73	Dedham	MuniK12	308	Waltham	MuniK12
78	Dover	MuniElem	314	Watertown	MuniK12
99	Foxborough	MuniK12	315	Wayland	MuniK12
100	Framingham	MuniK12	317	Wellesley	MuniK12
101	Franklin	MuniK12	321	Westborough	MuniK12
133	Holbrook	MuniK12	326	Westford	MuniK12
136	Holliston	MuniK12	330	Weston	MuniK12
139	Hopkinton	MuniK12	335	Westwood	MuniK12
141	Hudson	MuniK12	336	Weymouth	MuniK12
155	Lexington	MuniK12	344	Winchester	MuniK12
157	Lincoln	MuniElem	347	Woburn	MuniK12
170	Marlborough	MuniK12	350	Wrentham	MuniElem
174	Maynard	MuniK12	600	Acton Boxborough	ReglK12
175	Medfield	MuniK12	640	Concord Carlisle	ReglHS
177	Medway	MuniK12	655	Dover Sherborn	ReglHS
178	Melrose	MuniK12	690	King Philip	ReglHS
187	Millis	MuniK12	695	Lincoln Sudbury	ReglHS
198	Natick	MuniK12	730	Northboro Southboro	ReglHS
199	Needham	MuniK12	801	Assabet Valley	Vocational
207	Newton	MuniK12	806	Blue Hills	Vocational
208	Norfolk	MuniElem	829	South Middlesex	Vocational
213	Northborough	MuniElem	830	Minuteman	Vocational
220	Norwood	MuniK12			

Northeast Region					
LEA Code	LEA	Type	LEA Code	LEA	Type
7	Amesbury	MuniK12	217	North Reading	MuniK12
9	Andover	MuniK12	229	Peabody	MuniK12
30	Beverly	MuniK12	252	Rockport	MuniK12
31	Billerica	MuniK12	258	Salem	MuniK12
38	Boxford	MuniElem	262	Saugus	MuniK12
56	Chelmsford	MuniK12	291	Swampscott	MuniK12
71	Danvers	MuniK12	295	Tewksbury	MuniK12
79	Dracut	MuniK12	298	Topsfield	MuniElem
105	Georgetown	MuniK12	301	Tyngsborough	MuniK12
107	Gloucester	MuniK12	342	Wilmington	MuniK12
128	Haverhill	MuniK12	675	Hamilton Wenham	ReglK12
144	Ipswich	MuniK12	698	Manchester Essex	ReglK12
149	Lawrence	MuniK12	705	Masconomet	ReglHS
160	Lowell	MuniK12	745	Pentucket	ReglK12
163	Lynn	MuniK12	773	Triton	ReglK12
164	Lynnfield	MuniK12	817	Essex North Shore	Vocational
168	Marblehead	MuniK12	823	Greater Lawrence	Vocational
181	Methuen	MuniK12	828	Greater Lowell	Vocational
184	Middleton	MuniElem	853	Northeast Metropolitan	Vocational
196	Nahant	MuniElem	871	Shawsheen Valley	Vocational
204	Newburyport	MuniK12	885	Whittier	Vocational
211	North Andover	MuniK12			

Boston area		
LEA Code	LEA	Type
35	Boston	MuniK12
46	Brookline	MuniK12
49	Cambridge	MuniK12
57	Chelsea	MuniK12
93	Everett	MuniK12
165	Malden	MuniK12
176	Medford	MuniK12
189	Milton	MuniK12
243	Quincy	MuniK12
248	Revere	MuniK12
274	Somerville	MuniK12
346	Winthrop	MuniK12

Southeast Region					
LEA Code	LEA	Type	LEA Code	LEA	Type
1	Abington	MuniK12	239	Plymouth	MuniK12
3	Acushnet	MuniElem	240	Plympton	MuniElem
16	Attleboro	MuniK12	242	Provincetown	MuniElem
20	Barnstable	MuniK12	250	Rochester	MuniElem
27	Berkley	MuniElem	251	Rockland	MuniK12
36	Bourne	MuniK12	261	Sandwich	MuniK12
41	Brewster	MuniElem	264	Scituate	MuniK12
44	Brockton	MuniK12	265	Seekonk	MuniK12
52	Carver	MuniK12	273	Somerset	MuniElem
65	Cohasset	MuniK12	292	Swansea	MuniK12
72	Dartmouth	MuniK12	293	Taunton	MuniK12
82	Duxbury	MuniK12	296	Tisbury	MuniElem
83	East Bridgewater	MuniK12	300	Truro	MuniElem
85	Eastham	MuniElem	310	Wareham	MuniK12
88	Easton	MuniK12	318	Wellfleet	MuniElem
89	Edgartown	MuniElem	323	West Bridgewater	MuniK12
94	Fairhaven	MuniK12	331	Westport	MuniK12
95	Fall River	MuniK12	625	Bridgewater Raynham	ReglK12
96	Falmouth	MuniK12	645	Dennis Yarmouth	ReglK12
109	Gosnold	MuniElem	650	Dighton Rehoboth	ReglK12
118	Halifax	MuniElem	660	Nauset	ReglHS
122	Hanover	MuniK12	665	Freetown Lakeville	ReglK12
131	Hingham	MuniK12	700	Marthas Vineyard	ReglHS
142	Hull	MuniK12	712	Monomoy	ReglK12
145	Kingston	MuniElem	740	Old Rochester	ReglHS
167	Mansfield	MuniK12	760	Silver Lake	ReglHS
169	Marion	MuniElem	763	Somerset Berkley	ReglHS
171	Marshfield	MuniK12	774	Upisland	ReglElem
172	Mashpee	MuniK12	780	Whitman Hanson	ReglK12
173	Mattapoisett	MuniElem	810	Bristol Plymouth	Vocational
182	Middleborough	MuniK12	815	Cape Cod	Vocational
197	Nantucket	MuniK12	821	Greater Fall River	Vocational
201	New Bedford	MuniK12	825	Greater New Bedford	Vocational
212	North Attleborough	MuniK12	855	Old Colony	Vocational
218	Norton	MuniK12	872	Southeastern	Vocational
219	Norwell	MuniK12	873	South Shore	Vocational
221	Oak Bluffs	MuniElem	878	Tri County	Vocational
224	Orleans	MuniElem	879	Upper Cape Cod	Vocational
231	Pembroke	MuniK12			

Western Region					
LEA Code	LEA	Type	LEA Code	LEA	Type
5	Agawam	MuniK12	272	Shutesbury	MuniElem
8	Amherst	MuniElem	275	Southampton	MuniElem
24	Belchertown	MuniK12	278	South Hadley	MuniK12
43	Brimfield	MuniElem	281	Springfield	MuniK12
61	Chicopee	MuniK12	289	Sunderland	MuniElem
63	Clarksburg	MuniElem	306	Wales	MuniElem
68	Conway	MuniElem	309	Ware	MuniK12
74	Deerfield	MuniElem	325	Westfield	MuniK12
86	Easthampton	MuniK12	327	Westhampton	MuniElem
87	East Longmeadow	MuniK12	332	West Springfield	MuniK12
91	Erving	MuniElem	337	Whately	MuniElem
98	Florida	MuniElem	340	Williamsburg	MuniElem
111	Granby	MuniK12	349	Worthington	MuniElem
114	Greenfield	MuniK12	603	Adams Cheshire	ReglK12
117	Hadley	MuniK12	605	Amherst Pelham	ReglHS
121	Hancock	MuniElem	618	Berkshire Hills	ReglK12
127	Hatfield	MuniK12	632	Chesterfield Goshen	ReglElem
135	Holland	MuniElem	635	Central Berkshire	ReglK12
137	Holyoke	MuniK12	662	Farmington River	ReglElem
150	Lee	MuniK12	670	Frontier	ReglHS
152	Lenox	MuniK12	672	Gateway	ReglK12
154	Leverett	MuniElem	674	Gill Montague	ReglK12
159	Longmeadow	MuniK12	680	Hampden Wilbraham	ReglK12
161	Ludlow	MuniK12	683	Hampshire	ReglHS
191	Monson	MuniK12	685	Hawlemont	ReglElem
209	North Adams	MuniK12	715	Mount Greylock	ReglK12
210	Northampton	MuniK12	717	Mohawk Trail	ReglK12
223	Orange	MuniElem	728	New Salem Wendell	ReglElem
227	Palmer	MuniK12	750	Pioneer	ReglK12
230	Pelham	MuniElem	755	Ralph C Mahar	ReglHS
236	Pittsfield	MuniK12	765	Southern Berkshire	ReglK12
249	Richmond	MuniElem	766	Southwick Tolland Granville	ReglK12
253	Rowe	MuniElem	818	Franklin County	Vocational
263	Savoy	MuniElem	851	Northern Berkshire	Vocational

N/A Region[32]		
LEA Code	**LEA**	**Type**
190	Monroe	TuitionK12
195	Mount Washington	TuitionK12
200	New Ashford	TuitionK12
302	Tyringham	TuitionK12

[32] Tuition K-12 schools are grouped together for purposes of this appendix, but all of these schools are located in western Massachusetts.

APPENDIX D. VEHICLE TYPES

Several types of school transportation vehicles were discussed or reviewed in some capacity during this study:

- General Education Buses – "Glossy yellow" buses
- Special Education School Transportation Vehicles – 7D vehicles
- Multi-Function School Activity Buses (MFSABs)

General Education Bus Service – "Glossy yellow" buses

School districts and other local education agencies typically provide general education student transportation through vehicles referred to as "yellow buses." Since 1939, federal regulations have required school buses to be painted "glossy yellow." These buses come in different sizes with Type C and D buses having a seating capacity of up to 90 people. Type A and B buses, often referred to as "minibuses," are shorter versions of Type C and D buses and have a seating capacity of approximately 30 people.

Yellow bus construction and equipment standards in Massachusetts are governed by 540 CMR 7, a regulation incorporating statutory requirements contained in Sections 7A, 7C, and 31 of Chapter 90 of the Massachusetts General Laws. Massachusetts regulations also incorporate federal vehicle and transportation school bus requirements. The Massachusetts Department of Public Utilities (DPU) and the Registry of Motor Vehicles (RMV) govern vehicle and driver registrations and certifications.

Buses must undergo semi-annual safety inspections and drivers must meet specific requirements, undergo a background check, and complete a state-approved training program.

School Pupil Transport Vehicles – 7D Vehicles

Special education school transportation vehicles can take a variety of forms. Some school districts use Type A or B "yellow" minibuses. Most districts use school pupil transport vehicles, commonly called 7D vehicles in reference to the section of law governing their use, Section 7D of Chapter 90 of the Massachusetts General Laws (see also 540 CMR 7.00). 7D vehicles come in a variety of styles and sizes as long as they conform to regulatory requirements. The 7D vehicle cannot have a capacity greater than 10 passengers and must be used for special education transportation for 8 or fewer students. Vehicles converted for wheelchair use must comply with additional vehicle standards. 7D vehicles include passenger vans, mini-vans, wheelchair accessible vans and minivans, and sedans.

Regulations (540 CMR 7) govern the construction and equipment standards for 7D vehicles. School districts may require, through their vendor contracts, additional vehicle standards and driver requirements. All 7D vehicles must be registered with the RMV and receive "Pupil" license plates.

Buses must undergo semi-annual safety inspections and drivers must meet specific requirements, undergo a background check, and complete a state-approved training program.

Multifunction School Activity Buses

A multifunction school activity bus (MFSAB) is defined by the National Highway Traffic Safety Administration's (NHTSA) regulations[33] as "a school bus whose purposes do not include transporting students to and from home or school bus stops." An MFSAB must meet all Federal Motor Vehicle Safety Standards applicable to school buses except those requiring the installation of traffic control devices (flashing lights and stop arms). Massachusetts regulations do not appear to specifically address MFSABs although Chapter 7D of Section 90 of the Massachusetts General Laws does permit the use of vehicles that may fit the definition in limited circumstances.

According to their websites, both Needham[34] and Weston[35] use MFSABs for field trips and extracurricular travel. While those MFSABs have a capacity of 12 to 14 people, the NHTSA regulations do not mention capacity, and bus vendors market larger buses that do not have flashing lights and stop arms and do not transport students to and from home or bus stops as MFSABs.[36]

[33] 49 C.F.R. § 571.3.

[34] NEEDHAM PUBLIC SCHOOLS, *Multi-Function Student Activity Bus (MFSAB),* available at Multi-Function Student Activity Bus (MFSAB) - Needham Public Schools (last visited February 3, 2026).

[35] WESTON MASSACHUSETTS PUBLIC SCHOOLS, *Multi Function School Activity Bus,* available at Multi Function School Activity Bus - Weston Public Schools (last visited February 3, 2026).

[36] BLUE BIRD, *Activity Buses: Activity & MFSAB,* available at Activity Buses - Blue Bird Corporation (last visited February 3, 2026).

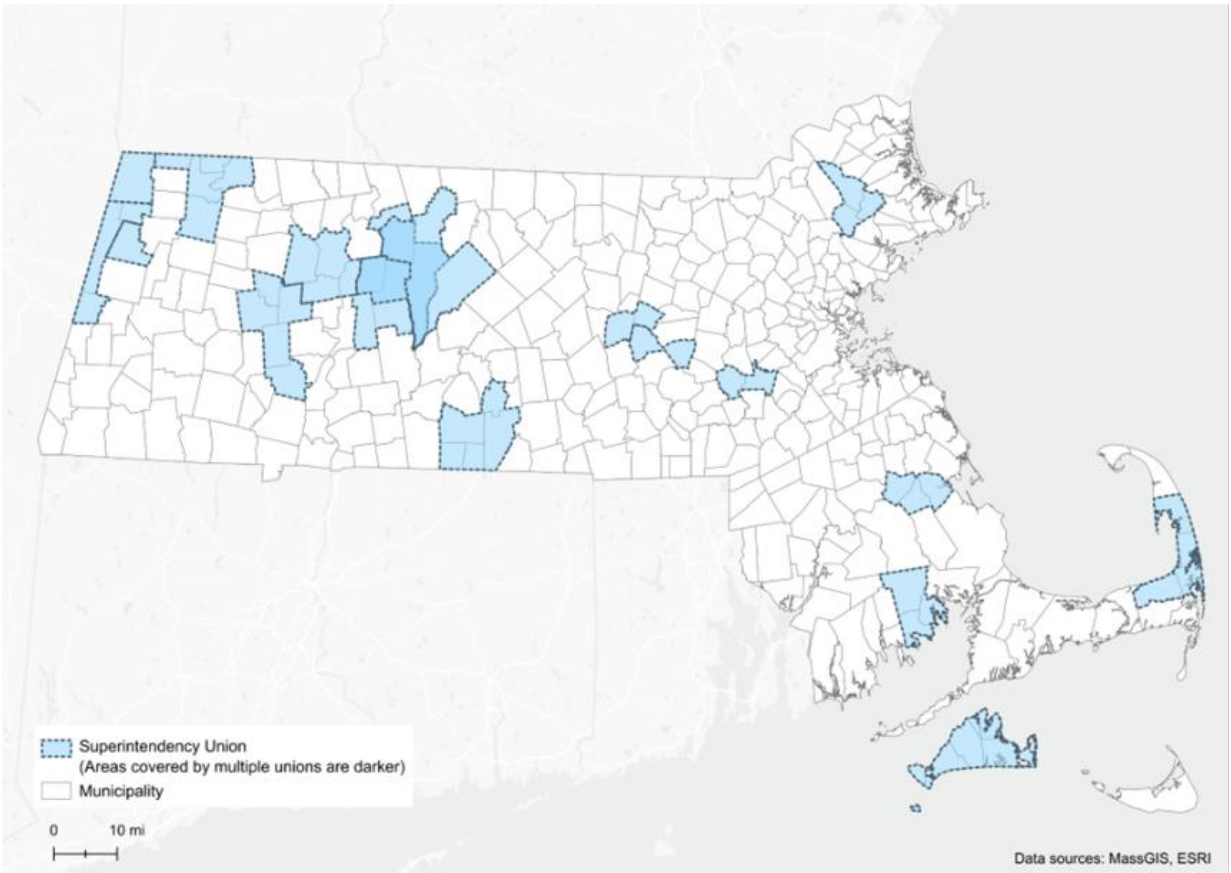
APPENDIX E. REGIONAL AND CROSS-DISTRICT EDUCATIONAL STRUCTURES IN MASSACHUSETTS, EXCLUDING EDUCATIONAL COLLABORATIVES

Superintendency Unions

Superintendency unions provide a shared administrative structure across multiple districts, primarily for leadership and governance functions. While these unions facilitate coordination on policy and administration and could in theory support transportation planning, they generally do not manage transportation services or procurement on behalf of member districts.

The existence of superintendency unions suggests a baseline level of inter-district coordination and communication that could, in theory, support shared transportation planning. However, the absence of transportation within the typical scope of union activities underscores that administrative alignment alone does not automatically translate into shared service delivery. The map below illustrates the boundaries of superintendency unions, which often overlap with but do not govern transportation service areas.

Superintendency Unions

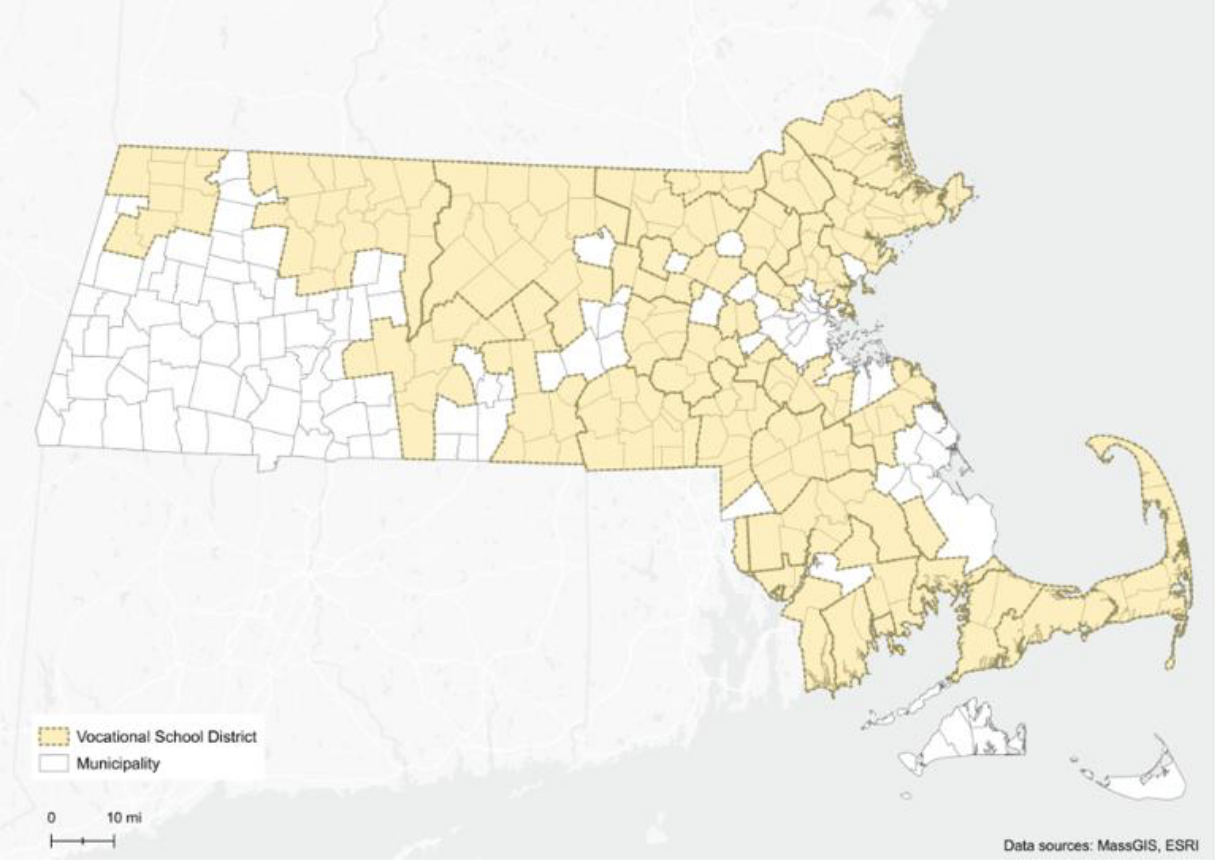


Vocational School Districts

Vocational and agricultural school districts routinely transport students from multiple sending communities to a single receiving campus, often across long distances.

Transportation for vocational districts is typically organized separately from sending districts' general education transportation and may involve distinct contracts, schedules, and routing considerations. While this model demonstrates longstanding regional coordination around a shared destination, it is also highly specialized and tightly linked to program access rather than transportation efficiency alone.

Vocational School Districts

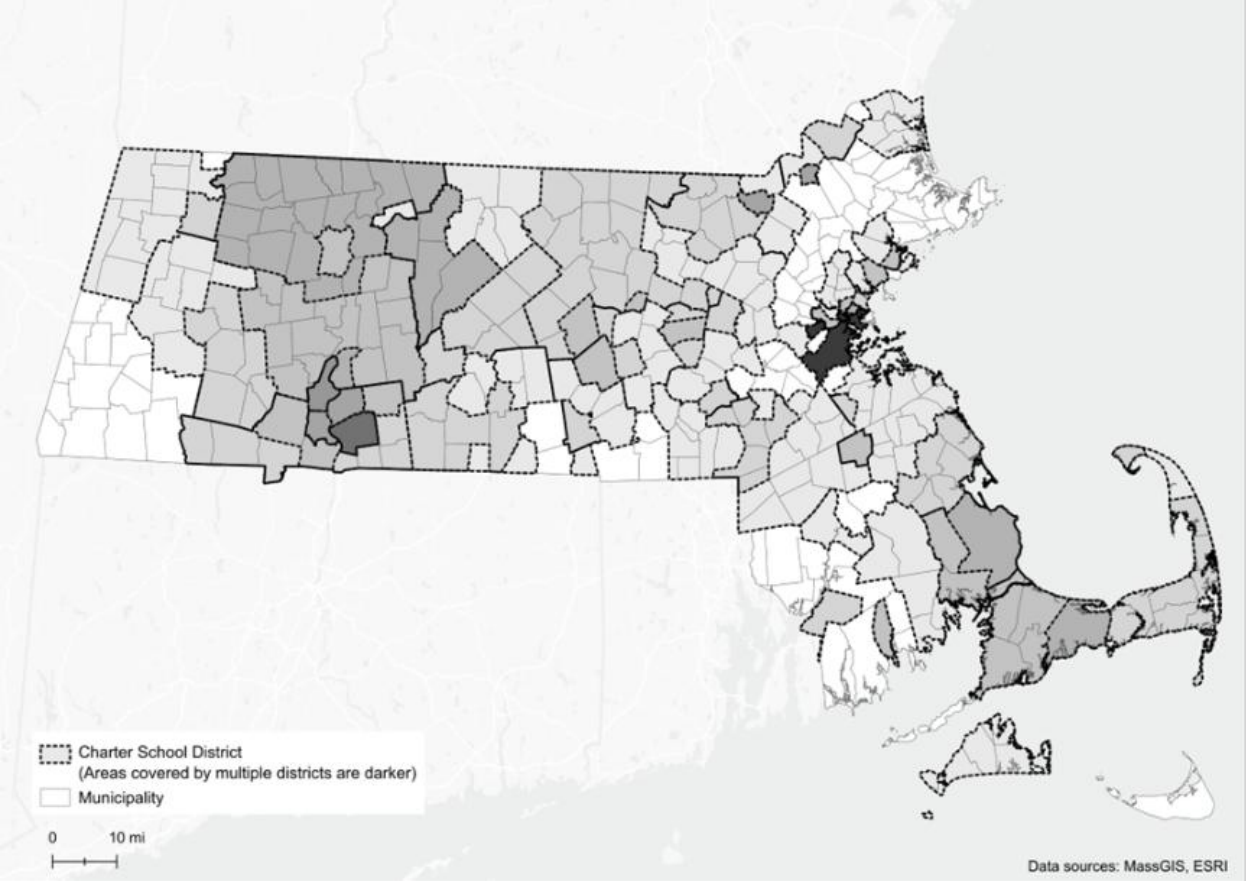


Charter and Tuition-Based Arrangements

Charter schools and tuition-based placements introduce additional complexity into the transportation landscape. Charter schools frequently draw students from multiple districts and may rely on a mix of district-provided transportation, parent-provided transportation, or independently contracted

services. Tuition-based placements similarly generate cross-district travel patterns that are driven by program availability rather than district geography. These arrangements contribute to fragmented transportation demand, particularly in urban and suburban areas where multiple districts send small numbers of students to the same charter schools or specialized programs. While this fragmentation complicates coordination, it also reinforces the importance of understanding transportation demand beyond traditional district boundaries.

Charter School Districts



APPENDIX F. TRANSPORTATION COST TABLES

The following tables were developed using DESE's enrollment and end-of-year cost data across multiple years DESE collects from districts.

District Cost Tables

Table 1: Transportation Cost Summary for Mass. General Ed. Riders by District Type (FY24)

District Type	Municipal Elem	Municipal K-12	Regional Elem	Regional K-12	Regional Second.	Tuition K-12	Voc.	Total
Count of GenEd Riders	24,196	328,830	604	67,322	13,893	43	0	**434,888**
% of GenEd Riders	5.6%	75.6%	0.1%	15.5%	3.2%	0.0%	0.0%	**100%**
Avg Annual Cost Per Rider (GenEd)	$1,098	$920	$1,680	$1,111	$1,243	$4,314	-	**$1,045**
Median Annual Cost Per Rider (GenEd)	$773	$777	$1,505	$886	$976	$4,205	-	**$835**

Table 2: Transportation Cost Summary for Mass. Special Ed. Riders by District Type (FY24)

District Type	Municipal Elem	Municipal K-12	Regional Elem	Regional K-12	Regional Second.	Tuition K-12	Voc.	Total
Count of SpEd Riders	1,024	57,283	53	3,083	476	0	77	**61,996**
% of SpEd Riders	1.7%	92.4%	0.1%	5.0%	0.8%	0.0%	0.1%	**100%**
Avg Annual Cost Per Rider (SpEd)	$16,075	$11,974	$14,168	$14,795	$15,336	-	$23,766	**$13,825**
Median Annual Cost Per Rider (SpEd)	$13,838	$10,867	$15,175	$14,052	$13,046	-	$17,451	**$12,176**

Table 3: Transportation Cost Summary for In-District Mass. Special Ed. Riders by District Type (FY24)

District Type	Municipal Elem	Municipal K-12	Regional Elem	Regional K-12	Regional Second.	Tuition K-12	Voc.	Total
Count of In-District SpEd Riders	753	49,387	52	2,325	263	0	77	**52,857**
% of In-District SpEd Riders	1.4%	93.4%	0.1%	4.4%	0.5%	0.0%	0.1%	**100%**
Avg Annual Cost Per Rider (SpEd In-District)	$10,441	$9,246	$7,710	$10,819	$10,061	-	$23,766	**$10,396**
Median Annual Cost Per Rider (SpEd In-Dist)	$9,083	$6,949	$7,434	$9,448	$9,580	-	$17,451	**$8,094**

Table 4: Transportation Cost Summary for Out-of-District Mass. Special Ed. Riders by District Type (FY24)

District Type	Municipal Elem	Municipal K-12	Regional Elem	Regional K-12	Regional Second.	Tuition K-12	Voc.	Total
Count of OOD SpEd Riders	271	7,896	1	758	213	0	0	**9,139**
% OOD SpEd Riders	3.0%	86.4%	0.0%	8.3%	2.3%	0.0%	0.0%	**100%**
Avg Annual Cost Per Rider (SpEd OOD)	$25,355	$20,101	$46,183	$23,676	$22,784	-	-	**$21,727**
Median Annual Cost Per Rider (SpEd OOD)	$22,114	$18,404	$46,183	$21,638	$19,866	-	-	**$19,269**

Regional Cost Tables

Table 5: Transportation Cost Summary for Mass. General Ed. Riders by Region (FY24)

Region	Boston	Central	Metro West	Northeast	Southeast	Western	Tuition K-12	Total
Count of GenEd Riders	39,210	80,159	103,980	61,068	102,488	47,940	43	**434,888**
% of GenEd Riders	9.0%	18.4%	23.9%	14.0%	23.6%	11.0%	0.0%	**100%**
Avg Annual Cost Per Rider (GenEd)	$1,538	$867	$829	$918	$962	$1,295	$4,314	**$1,045**
Median Annual Cost Per Rider (GenEd)	$1,434	$835	$741	$749	$777	$1,045	$4,205	**$835**

Table 6: Transportation Cost Summary for Mass. Special Ed. Riders by Region (FY24)

Region	Boston	Central	Metro West	Northeast	Southeast	Western	Tuition K-12	Total
Count of SpEd Riders	13,856	7,765	9,169	10,631	10,330	10,245	0	**61,996**
% of SpEd Riders	22.3%	12.5%	14.8%	17.1%	16.7%	16.5%	0.0%	**100%**
Avg Annual Cost Per Rider (SpEd)	$16,957	$14,183	$13,330	$15,293	$13,187	$13,195	-	**$13,825**
Median Annual Cost Per Rider (SpEd)	$12,785	$11,421	$12,258	$13,129	$12,796	$10,649	-	**$12,176**

Table 7: Transportation Cost Summary for Mass. In-District Special Ed. Riders by Region (FY24)

Region	Boston	Central	Metro West	Northeast	Southeast	Western	Tuition K-12	Total
Count of In District SpEd Riders	12,589	6,508	6,772	8,985	8,976	9,027	0	**52,857**
% of In District SpEd Riders	23.8%	12.3%	12.8%	17.0%	17.0%	17.1%	0.0%	**100%**
Avg Annual Cost Per Rider (SpEd In-Dist)	$14,509	$9,152	$11,024	$12,352	$10,018	$8,578	-	**$10,396**
Median Annual Cost Per Rider (SpEd In-Dist)	$7,041	$7,804	$7,460	$8,687	$8,912	$7,434	-	**$8,094**

Table 8: Transportation Cost Summary for Mass. Out-of-District Special Ed. Riders by Region (FY24)

Region	Boston	Central	Metro West	Northeast	Southeast	Western	Tuition K-12	Total
Count of OOD SpEd Riders	1,267	1,257	2,397	1,646	1,354	1,218	0	**9,139**
% OOD SpEd Riders	13.9%	13.8%	26.2%	18.0%	14.8%	13.3%	0.0%	**100%**
Avg Annual Cost Per Rider (SpEd OOD)	$27,671	$24,380	$21,559	$19,241	$22,560	$19,242	-	**$21,727**
Median Annual Cost Per Rider (SpEd OOD)	$27,510	$24,407	$20,455	$18,988	$18,969	$15,068	-	**$19,269**

APPENDIX G. BUDGET FOR THIS STUDY

Chapter 7 of the Acts of 2025, *An Act Making Appropriations for the Fiscal Year 2025 to Provide for Supplementing Certain Existing Appropriations and for Certain Other Activities and Projects*, was enacted into law on June 24, 2025. The legislation appropriated $250,000 for the OIG to review school district transportation practices.[37]

An 11-member team of investigators, auditors, data analysts, legislative analysts, and attorneys completed the review mandated by Chapter 7. The OIG estimates the cost of the internal work performed on this matter to be approximately $60,000.

The OIG also contracted with a subject matter expert to assist in the OIG's review of school transportation costs. After a competitive procurement process, the OIG hired 4MATIV Technologies, Inc. (4Mativ) in October 2025, for a contract price not to exceed $189,150.

As of February 2, 2026, the OIG has received four invoices from 4MATIV related to the school transportation review, totaling $187,715. The OIG expects 4MATIV to submit an additional invoice for services rendered during February 2026, which, combined with internal costs, will bring the total spent on this study to approximately $250,000.

[37] See Section 2A of Chapter 7 of the Acts of 2025, cited *supra* on page 11.

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