HOW OTHER STATES FUND SCHOOL TRANSPORTATION

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ON SCHOOL FUNDING IMPLEMENTATION
By Andrea Merrill, Staff Researcher
Montana Legislative Council
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INTRODUCTION

Pupil transportation is an essential element in most state public school systems. School transportation services assure that educational opportunities are equally available to all children within a state. All but one of the states provide some level of support, in some uniform manner, to compensate for the variations in districts' transportation needs and resources.

No two states fund school transportation in a like manner. State aid as a percentage of total transportation expenditure ranges from zero (New Hampshire) to 100 percent (Hawaii and South Carolina). Seven states provide more than 80 percent of transportation expenses. Thirty-three states offer from 40 to 80 percent, and seven states, including Montana, provide less than 40 percent of total transportation funding requirements through pure state aid. In about half the states, the local contribution is equalized to some extent, either by including the entitlement within the basic education support program or through an equalized levy structure, such as the county levy contribution in Montana.

Minimum travel distances from home to school have been established for state aid eligibility in at least thirty-seven states. Most states specify a uniform distance for all grade levels, but nine states require a longer distance from home to school for funding high school transportation. The longest distance requirements are in the sparsely populated Western states: Kansas and South Dakota established two and one-half miles and Nebraska uses a four-mile minimum. Several states also waive distance requirements where hazardous conditions are present.
For the purposes of this report, state transportation programs are grouped by the primary reimbursement factors:

- the population density of transported students;

- an actual or approved cost formula;
- as part of unit cost for basic foundation program aid; and
- a flat rate per unit of need, similar to the Montana funding method

STATE AID BASED ON DENSITY FACTORS

ALABAMA: Transportation funding is calculated on the basis of an allowable cost per transported pupil per day that is derived from a cost analysis of 11 population density groups. An amount for bus depreciation is included in the average cost per density group. The district reimbursement is funded as part of the state's instructional-unit funding system, which takes into account average teacher salaries, administrative costs, benefits, and a capital outlay amount per unit.

ARIZONA: Districts receive state aid based on the greatest of the prior three year's daily route miles per student transported. Rates are based on a miles-per-student density factor: $1.70 per mile for districts with .5 miles per student or less; $1.38 for .501 to 1; and $1.70 for greater than 1 route mile per student. Additional support is allowed for academic, vocational education, and athletic trips. This ancillary amount is determined by a factor based on district type and miles per student and varies from 15% to 30% over the basic support level. Approved daily route miles are multiplied by 175 days. Funding comes to districts as part of the basic education grant program for district maintenance and operation, based on weighted pupil units.

ARKANSAS: The average daily transported pupil amount is divided by the district's area in square miles and multiplied by a rate per pupil.

INDIANA: Reimbursement is provided for all students who live more than one mile from school. The formula is based on density of transported students per linear mile and the ability of the district based on its assessed valuation.

KANSAS: All districts transporting pupils 2.5 miles or more from school receive 95% of the actual costs per pupil or the state average cost per pupil based on a formula which takes into account average costs and the pupil density per mile.

MINNESOTA: Funding is computed on a cost-prediction formula based on density and other district characteristics. State aid equals the predicted cost per pupil times the

number of pupils transported, minus the amount raised by a 2.25 mill levy. Districts are required to provide transportation for K-6 students residing more than one mile from school and for upper grade students living more than two miles from school.

Other states that base transportation funding on either a linear or area density factor include: Florida, Indiana, Kentucky, Mississippi, Oklahoma, and Texas. Linear density is calculated by dividing the number of transported students by the bus route miles. Area density is derived from dividing the number of transported students by the square mile area of the district. The state calculates an allowable cost per bus mile or square mile based on the average cost for various density groupings.

STATE AID BASED ON APPROVED COST FORMULA

CONNECTICUT: Reimbursement to districts is based on district wealth as defined for the state's guaranteed tax base formula. Support ranges from 20 to 60 percent of reimbursable costs from the prior year. The guaranteed tax base program is set at two standard deviations above the statewide average equalized valuation per capita. State aid is based on wealth as measured in terms of both property and personal income per capita. Rhode Island and Vermont also grant districts funding based on the resource wealth of the district.

IDAHO: Districts are reimbursed 85 percent of allowable costs for transporting students one and one-half miles or more from school.

MARYLAND: Reimbursement of allowable costs is 100 percent, with yearly increases based on either 8 percent or the percentage increase in the private transportation index portion of the Consumer Price Index.

MICHIGAN: The transportation allowable cost formula is based on: transportation staff per 100 pupils transported, bus capacity per pupil, transportation staff salaries, depreciations costs, and authorized miles traveled per day. State guarantees at least what district received per pupil in FY 1986.

MISSOURI: Reimbursement of 80 percent of allowable costs of transporting eligible pupils is limited by an "efficiency factor". Districts are adjusted downward if they are above a statewide maximum cost, factor which is statistically developed from a

statewide cost per pupil mile versus total miles per pupil per day.

PENNSYLVANIA: Regular reimbursement of allowable cost formula (based on vehicle characteristics, utilization, milage, excess hours, type of service) is multiplied by the district wealth ratio used for basic education funding.

WASHINGTON: Districts are reimbursed at 100 percent of an allowable cost formula, which is based on distance between bus stops and school and weighted by the number of pupils at each stop. An allocation for bus depreciation assumes a straight-line depreciation schedule.

The following states provide 100 percent funding of allowable costs through detailed budget models in which transportation needs are defined in terms of quantities of labor and equipment: Alaska, Delaware, Louisiana, Maryland, Utah, Washington, and New Mexico. Utah allows additional aid for educational field trip transportation.

West Virginia provides 80 percent of allowable costs, while Idaho offers funding up to 85 percent of allowable costs. Oregon's formula includes the costs of field trips, but only funds at 58 percent of the cost formula, as does Vermont.

STATE AID BASED ON A FLAT RATE PER UNIT

Some pupil transportation aid is allocated through formulas that provide a flat rate per unit of need, where need is defined in terms of pupils, route miles, or bus capacity, or all three factors. In Montana, this is translated into a certain amount per approved mile, depending on bus capacity.

COLORADO: Districts are reimbursed $.40 per mile traveled, plus 25% of the difference between current operating expenses and the amount determined by multiplying $.40 by each mile traveled. The $.40 per mile is also granted to parents for individual transportation if a district program is not offered.

NORTH DAKOTA: Districts are reimbursed for vehicles transporting 10 or more pupils at a rate of $.72 per mile plus $.19 per day per transported pupil. The reimbursement for vehicles transporting 9 or fewer pupils is $.35 per mile per school year.

TENNESSEE: Sixty percent of the state appropriation is a flat grant per student who is transported one and one-half miles or more; forty percent is allocated according to a county-to-state ratio of geographical area in square miles.

WISCONSIN: State aid is paid on a flat rate per pupil per range of miles; for example, 2-5 miles, $30 per year; and 15-18 miles, $75 per year.

STATE AID PART OF BASIC EDUCATION UNIT FUNDING

The following states include a portion for transportation within the state's basic education unit funding for districts, such as a classroom unit funding system or a foundation program amount per pupil.

IOWA: Transportation is not categorically funded, but is folding into the foundation program schedule amount per pupil, which was $2,250 in FY 1988.

NEBRASKA: State aid is based on a pupil weighting system and allows each pupil who lives more than four miles from school to be counted as 1.25.

NEVADA: A $140 per pupil per year transportation allowance is included in the basic support guarantee.

MAINE: Funding is allocated as part of the basic education formula at 106 percent of whatever base year is allowed for the district. Thus, subsidies vary from district to district.

SOUTH DAKOTA: Transportation is funded through the district general fund and paid for through state aid formula. For special education, 50 percent of allowable costs are covered by the state.

WYOMING: Transportation aid is an additional entitlement to the classroom unit funding system. The amount equals 75 percent of actual expenses and covers bus purchases at one-sixth of actual costs over a four-year period.

OTHER STATE AID METHODS

CALIFORNIA: Offering home-to-school transportation is optional by decision of a school board. If offered, the board may require parents to pay a portion of the costs, with exemptions for the indigent and handicapped. Districts receive state reimbursement for about half of the prior year's approved expenditures.

SOUTH CAROLINA: The state owns and operates the school transportation system and, therefore, pays all expenses.

CONCLUSIONS

Each school transportation funding method has its advantages and disadvantages, which are summarized below:

Density formulas use averages and groupings which must be analyzed frequently to ensure fairness. Even though density is the principal factor that is not subject to local control, other unavoidable factors must be monitored and accounted for, such as the price of fuel in various locations. To compute the averages for density groups, complex statistical procedures are required at the state level and districts may have trouble understanding or projecting entitlement. The averages used in density formulas can be an incentive for district efficiency: if actual costs are greater than the average, a district must use local resources; and if actual costs are less than the formula-predicted cost, the money may be available for other purposes.

State approved cost formulas allow the state to actively monitor district requests and can provide a more thorough way of determining necessary costs variations and costs experiences of districts. A large volume of data, record-keeping, reporting, and auditing are required for both the state and local levels. District efficiency is encouraged to meet standard state-determined costs.

Flat rate formulas can fail to recognize costs variations resulting from density, road conditions, prevailing wages, frequency of stops, traffic congestion, fuel prices, etc. Because variables are not as clearly accounted for, such formulas tend to underfund the smallest districts and large urban districts. While a fixed rate system is simple to calculate and administer for both the state and local districts, in most cases, it results

in larger differences between formula funding and actual transportation expenditures than other methods do. Where funding is based on factors subject to local control, such as bus capacity, state monitoring may be necessary to minimize potential inefficiencies.

Including transportation as part of basic unit funding can result in unfair disparities among districts with specific needs if there is no frequent analysis of transportation as a separate need area. Increases in the basic funding unit amount may be hard to justify to a legislature on merely the basis of fuel prices rather than curriculum or other education program needs.

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