

# Issue Brief – Pupil Transportation

MINIMUM SCHOOL PROGRAM

NUMBER: MSP 06

## SUMMARY

State funding for pupil transportation is appropriated each year by the Legislature through the Minimum School Program. Appropriated funds support two transportation programs: Pupil Transportation – To and From School and, Pupil Transportation – Guarantee Transportation Levy. In addition to state funding, the majority of school districts also use local property tax revenues to support pupil transportation programs.

## DISCUSSION AND ANALYSIS

Information presented in this brief details potential FY 2009 changes to the To and From School Program and the Guarantee Transportation Levy.

### *To and From School – Pupil Transportation*

House Bill 1 “Minimum School Program Base Budget Amendments” (2008 General Session) provides \$72.6 million in ongoing funding to support the transportation of students to and from school each day. Funding also supports pupil transportation services at the Utah Schools for the Deaf and Blind.

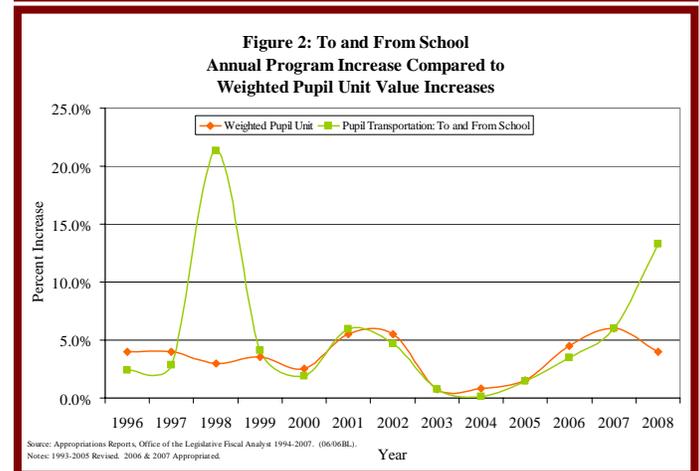
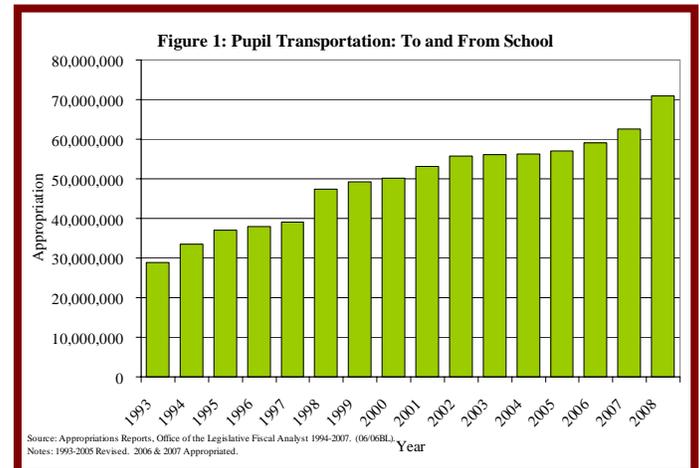
Pupil transportation funds “are to be used to transport students to and from school who are eligible for bussing based on the distance they live from school, and to pay for equipment and administrative expenses.”<sup>1</sup> Program funding also supports the creation of personnel training guidelines, and guidelines for school bus routing and mapping. Details on the transportation formula may be found in Chapter 5 of the Compendium of Budget Information (COBI).

Figure 1 shows that since 1993, the Legislature has more than doubled the amount of Uniform School Fund revenue appropriated to the To and From Pupil Transportation program. This history does not include any one-time funding appropriated by the Legislature.

Historically, the increase appropriated by the Legislature closely reflects the percent increase in the value of the Weighted Pupil Unit (WPU). Figure 2 compares the increase in To and From funding to the increase in the value of the WPU since 1996. The sharp difference in percent increase in FY 1998 was the result of an effort by the Legislature to correct program under-funding prior to 1998.<sup>2</sup> The same is true for the increase in FY 2008.

### 2007 General Session Adjustments

During the 2007 General Session, following a report by the Fiscal Analyst, the Legislature requested that State Board of Education conduct a study during the 2007 interim to fully review the various components of the Transportation Finance Formula, school district reporting procedures, mechanisms to annually adjust formula components, and FY 2009 cost estimates.



<sup>1</sup> Utah School Finance Reference Manual. Utah State Office of Education. 2000-2001.

<sup>2</sup> Budget Analysis. Office of the Legislative Fiscal Analyst., FY 1998. Minimum School Program.

The Superintendent convened a study group that consisted of representatives from the school districts (district business officials and transportation specialists) and other interested parties. The work-group met over the course of the interim with the focus of bringing greater accountability and transparency in pupil transportation funding.

In FY 2008, the Legislature appropriated an additional \$12 million (\$8 million one-time) to provide additional To and From School program funding to support school district transportation efforts during the study period.

On December 4, 2007, the Subcommittee heard the report and recommendations of the study group. The group adjusted auditing and accounting procedures to improve accountability and ensure comparability among school districts. The formula was re-worked to simplify the calculations and provide an efficiency incentive by only providing funding to the state-average cost. Recommended formula adjustments provide transparency in estimating district costs for reimbursement and the distribution of funds among school districts.

### ***Issues & Recommendations – FY 2009***

The transportation study group recommends that the Legislature fund 85 percent of the total To and From School transportation costs. In FY 2007, school districts spent a total of \$95.3 million on transporting students to and from school. The total appropriation for To and From School in FY 2007 was \$62.6 million, or 65.7 percent of the total. Estimates provided by the State Board of Education suggest that an additional \$9.1 million in ongoing Uniform School Funds will bring the state contribution to the recommended 85 percent of costs.

Due to financial reporting timelines, the 85 percent threshold is based on comprehensive expenditure reporting from the most recent fiscal year. In budgeting for FY 2009, the FY 2007 Annual Financial Report is the most recent comprehensive report and the recommended \$9.1 million will provide 85 percent of these expenditures.

- **Recommendation:** The Analyst recommends that the subcommittee prioritize \$9.1 million in ongoing Uniform School Funds to support To and From Pupil Transportation in the school districts.
- **Recommendation:** The Legislature may wish to study the state funding for USDB transportation services. Specifically, should USDB's transportation funding remain a part of the Minimum School Program or be appropriated directly to USDB?

In addition to the To and From School program, the State also supports the Guarantee Transportation Levy. This program assists a minority of school districts in providing student transportation services not covered through the To and From School program. The program assists districts with the added transportation costs associated with remote locations, hazardous routes, student field/activity trips, and small student populations.

School districts must levy a tax to participate in the Guarantee Transportation Levy. If the districts property tax levy does not generate at least 85 percent of the state average cost per mile they qualify for state funding.

Appropriations to the Guarantee Transportation Levy have remained at \$500,000 since FY 2002. Reports indicate that school districts qualify for \$650,000 to \$700,000 in state guarantee funding.

- **Recommendation:** The Analyst recommends that the subcommittee prioritize \$150,000 in ongoing Uniform School Funds to support the Guarantee Transportation Levy.

### **RECOMMENDATIONS**

The Analyst recommends that the Legislature consider the following:

- Increasing the ongoing Uniform School Fund appropriation to the Pupil Transportation – To and From School Program by \$9.1 million in FY 2009.
- Provide additional state funding for the Guarantee Transportation Levy of \$150,000 in ongoing Uniform School Funds.