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# Student Transportation

# Key Takeaways

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- Formula is necessarily complex to account for the wide variability of cost factors and site characteristics across North Carolina
- It has been generally successful in promoting improved Statewide efficiency
- There are questions about whether it adequately addresses non-traditional education programs, wealthier LEAs, and quality of service issues

# Purpose of Allotment

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- Transportation of Students
  - Provides funding to all public schools for the expenses related to the transport of all eligible school age students for travel to and from school
  - Program funds allotted to encourage efficient transportation
  - Does not provide funding for vehicle purchases, which are supported through a different funding source

# Allotment Formula

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- The current formula has been in place since 1990, and was implemented after a systemic review of the Transportation of Pupils allotment
  - S.L 1989-752, section 55 “...These recommendations shall include incentives for encouraging cost-effective operations in local school administrative units...”
- Funding for LEAs is calculated through a three-step process
  - Determination of LEA’s Funding Base
  - Determination of LEA’s “Budget Rating”
  - Multiplication of Factors 1 and 2, and adjustment for salaries and benefits and other legislative factors

# Step 1: Determine Funding Base

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- Use the Previous Years' Eligible Expenditures for calculating the Funding Base:
  - All State Expenditures
  - All Local Expenditures corresponding to a state object code
- Exceptions:
  - Equipment
  - Salaries in excess of the State maximum

# Step 1 Continued

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- Base appropriation assumes allotment growth consistent with ADM growth plus legislated salary and benefits increases
- Allotments for counties may be capped due to expenses that increase beyond these projections
  - Formula caps funding growth when expenditure growth exceeds ADM growth

# Step 2: Determine Budget Rating

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- Inputs:
  - Expenditures/Students Transported
  - Buses Operated/100 Students Transported
- Site Characteristics (to level the playing field):
  - Avg. Distance from School
  - Pupil Density
  - Elevation
  - Percentage of Children with Disabilities transported
- End result is a percentage (Budget Rating)

# Step 3: Adjustments

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- Multiply Budget Rating (Step 2) by Base Funding (Step 1)
- Add funding for (positive) growth in ADM
- Adjust for Legislative Increases

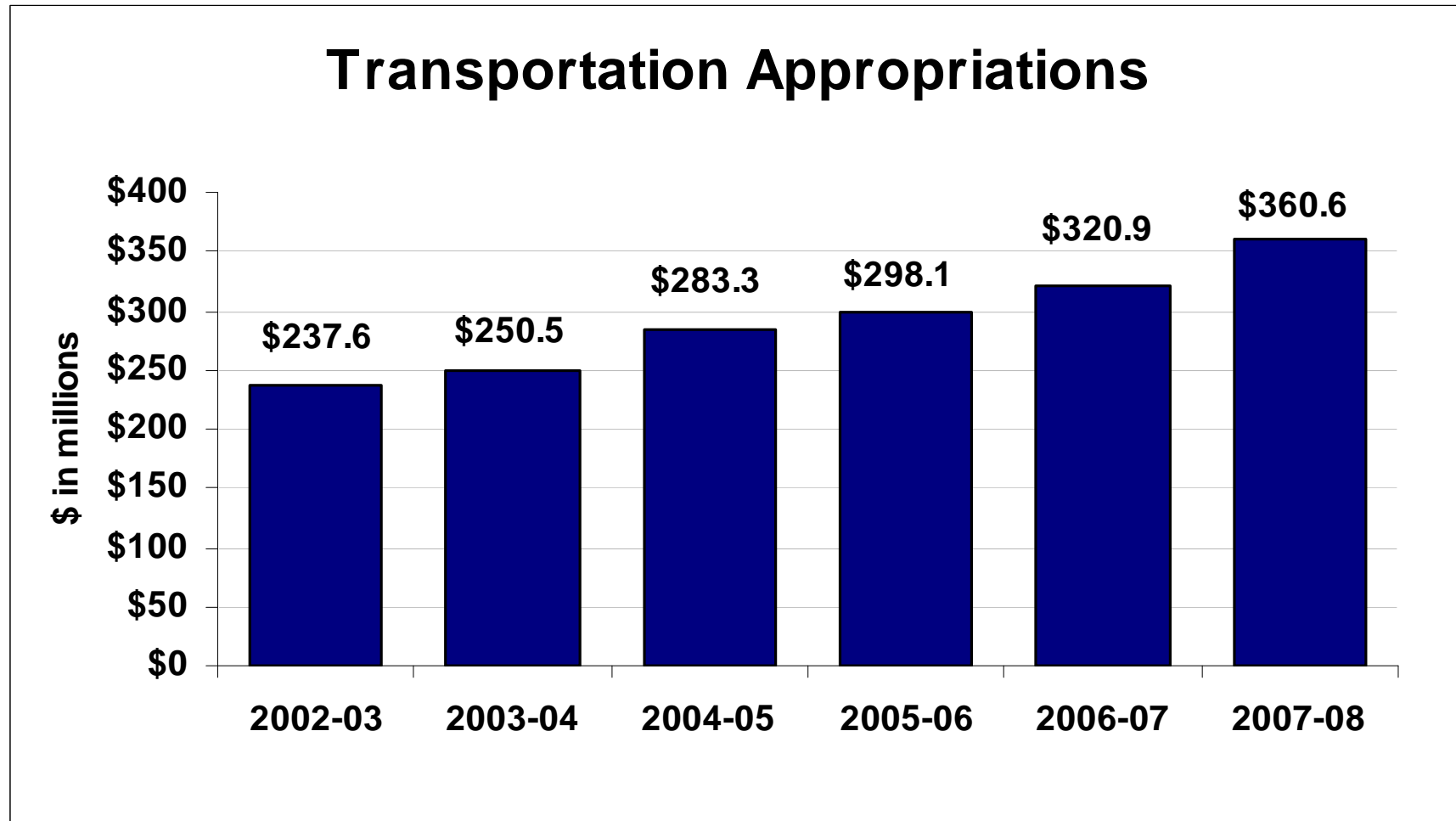


# Formula-Hypothetical Example

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|                                      |                    |
|--------------------------------------|--------------------|
| [a] Prior Year State Expenditure     | 5,000,000          |
|                                      | +                  |
| [b] Prior Year Local Expenditure     | 500,000            |
|                                      | =                  |
| [c] Funding Base                     | 5,500,000          |
|                                      | x                  |
| Multiply [c] by [d] Budget Rating    | 0.98               |
|                                      | =                  |
| [e] Base Funding                     | 5,390,000          |
|                                      | x                  |
| Multiply [e] by                      |                    |
| [f] ADM Growth Adjustment            | 1.015              |
|                                      | =                  |
|                                      | 5,470,850          |
|                                      | x                  |
| Multiply by [g] Legislative Increase | 1.04               |
|                                      | =                  |
| <b>Final Funding Allotment</b>       | <b>\$5,689,684</b> |

# Funding History



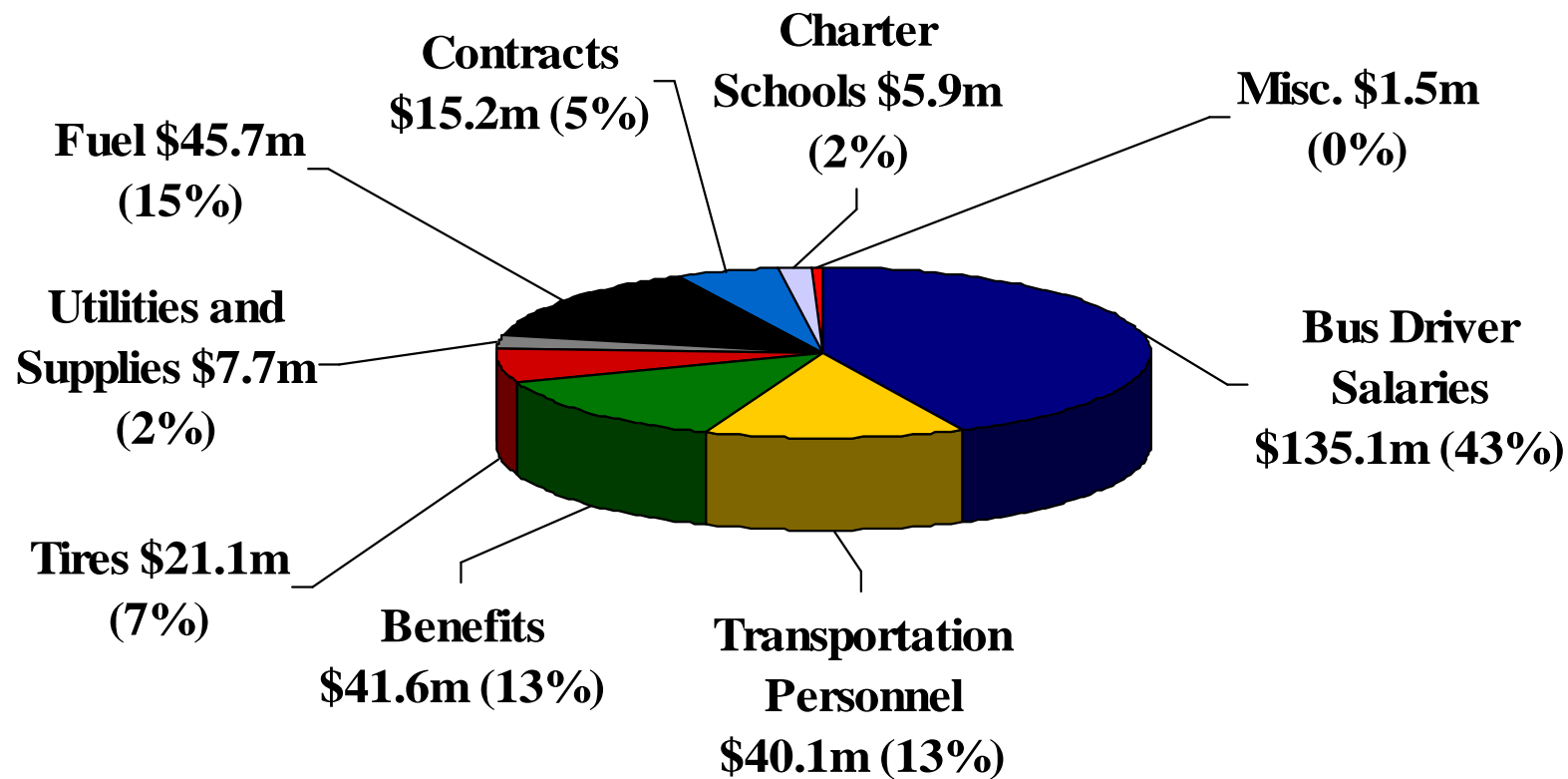
# Expenditures

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- Funds can support the following activities:
  - Transportation related expenses
    - Bus Drivers
    - Fuel Costs
    - Repair and Maintenance Costs
    - Contracted Transportation
- Funds do not support the purchase of replacement buses
  - Provided through separate allotment
- Funds may be transferred into and out of this allotment category

# Expenditures-FY 2005-06 Statewide

## 2005-06 Transportation Expenditures



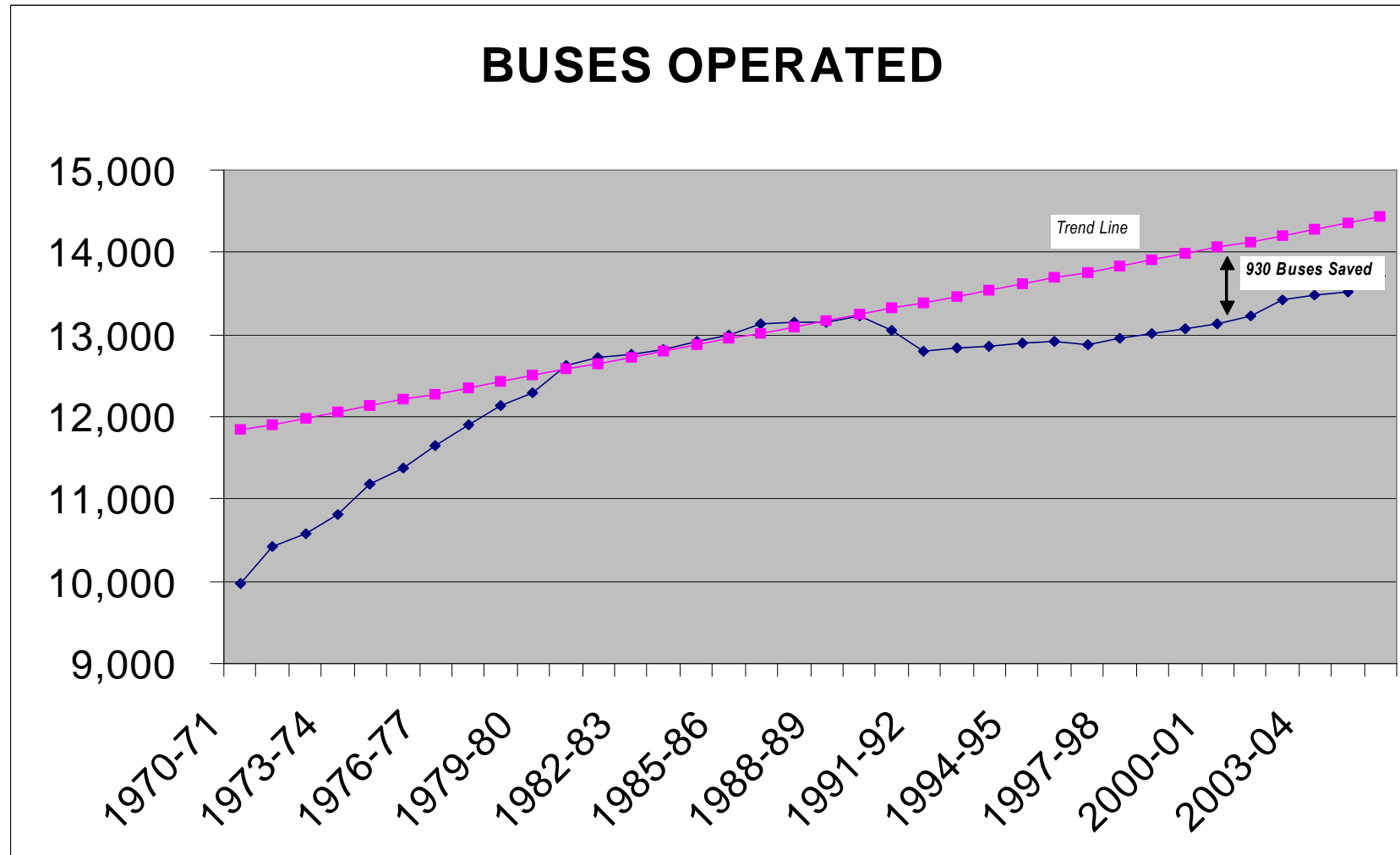
# Allotment Evaluation

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- 2006 Management Partnership Inc. study findings
  - Study commissioned by State Board of Education at the direction of the NC General Assembly
  - Significant consultation with LEAs
  - Charged with evaluating the success of funding formula in meeting its efficiency goals
- Judgment on Formula's Usefulness
  - Study found that Basic Formula has been successful in promoting efficiency in the size of bus fleet transported without increasing miles traveled per student

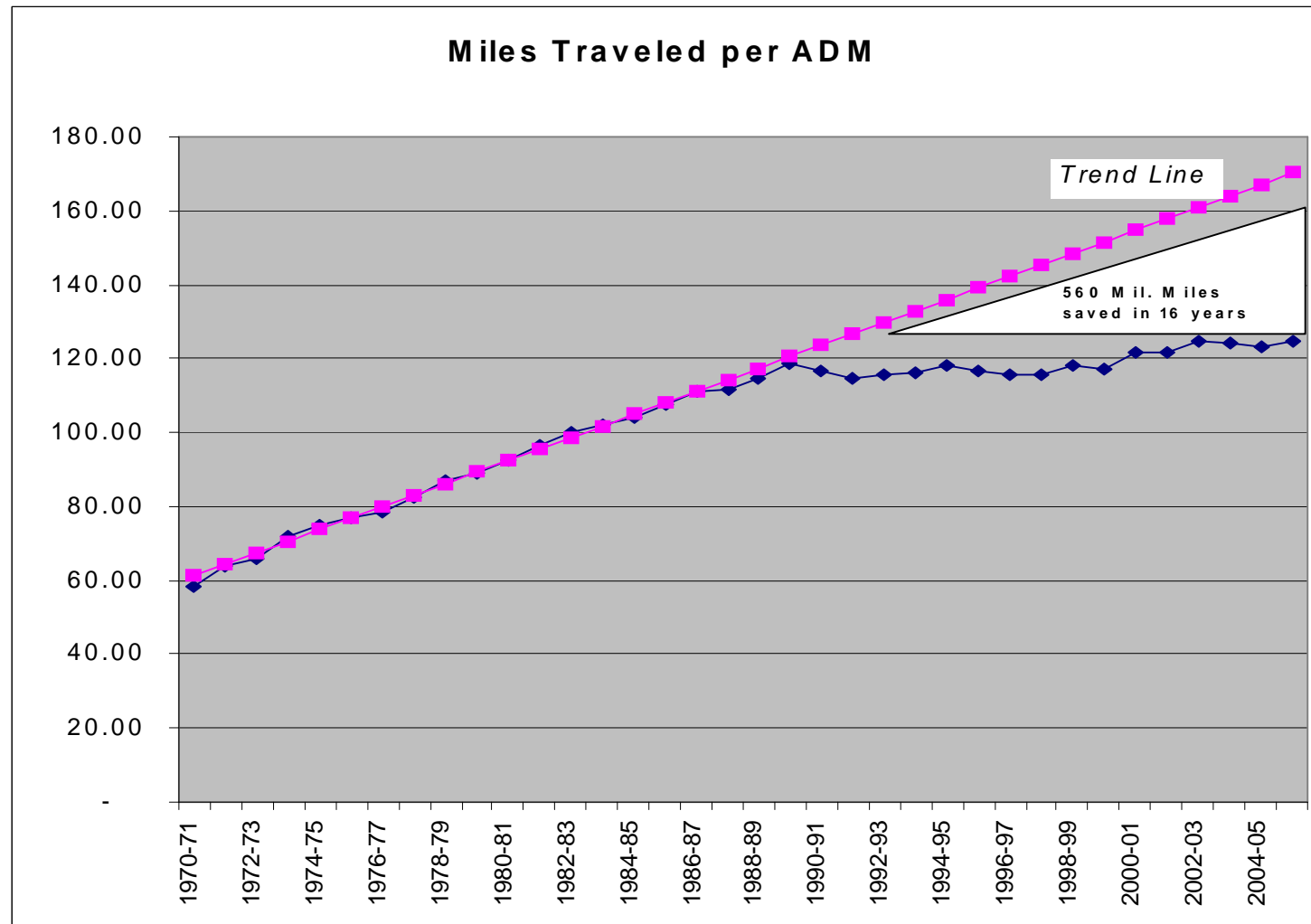
# Allotment Evaluation-Continued

- Reduction in Projected Fleet Size:



# Independent Evaluation-Continued

- Reduction in Projected Miles Traveled:



# Evaluation-Outstanding Concerns

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- Evaluation also identified areas for consideration
  - Unintended consequences for wealthier, efficient LEAs
    - Perpetuates State funding of local pupil transportation spending
    - May also advantage LEAs with a higher “base cost” when formula was first put into effect
  - Concerns that service may be traded for efficiency
    - Fewer buses with longer ride times



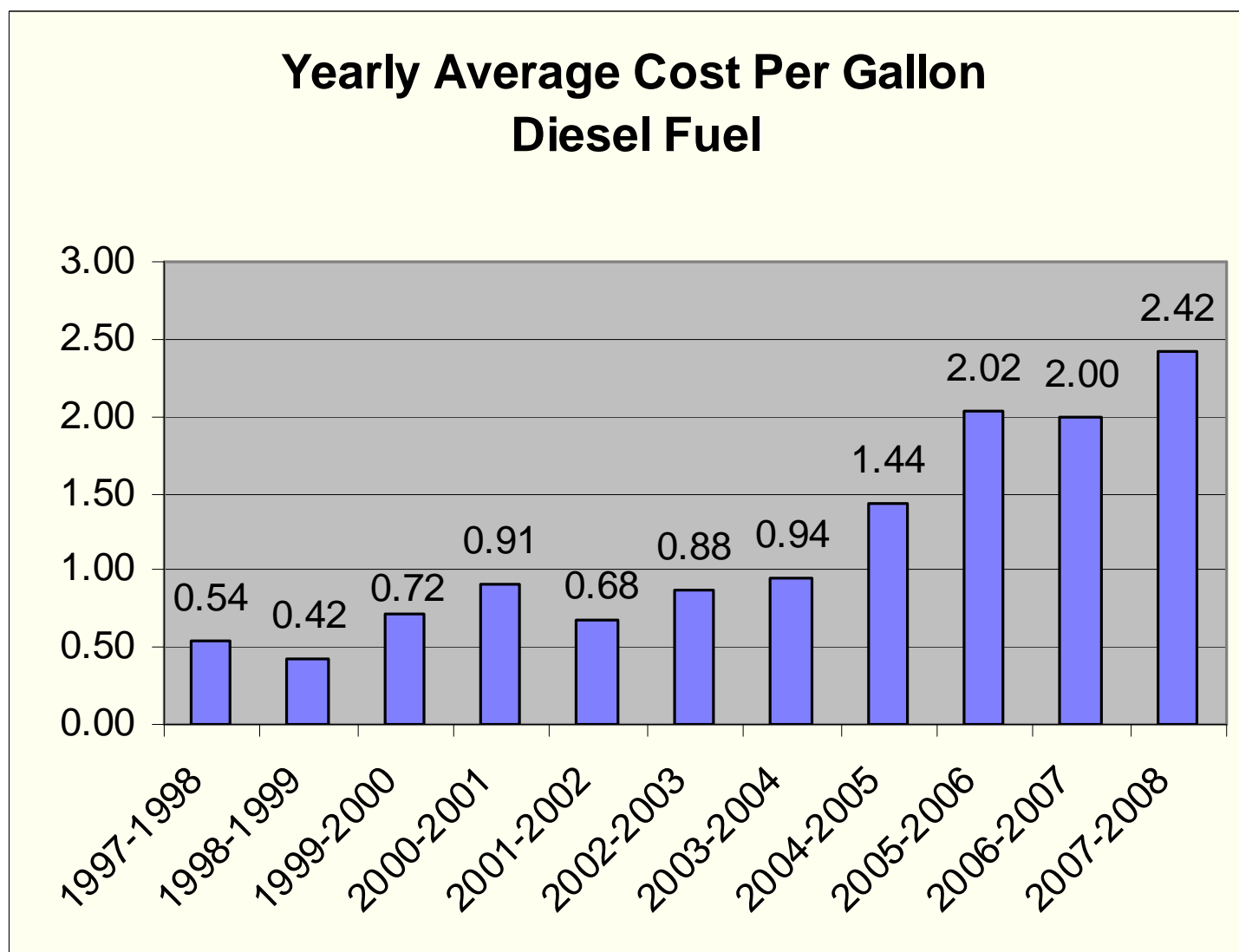
# Evaluation-Outstanding Concerns Con't

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- Additional Concerns
  - Non-traditional programs like Magnet Schools or open enrollment may negatively impact Budget Rating
    - Reduces Budget Rating for LEAs that begin such a program after formula was established
    - Challenge of Early College transportation and potential reductions in LEA efficiency

# Other Concerns-Fuel

- Diesel fuel costs have grown substantially



# Questions for Consideration

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- Rewarding Local Effort
  - Adjust reimbursement for wealthier LEAs?
- Fuel Costs
  - Recent cost spikes outpacing Budgeted funding
- Non-traditional Programs
  - Consider separate funding mechanism for new efforts?
- Efficiency vs. Service
  - Lessen formula's focus on efficiency?

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