Pupil Transportation Funding Overview
As implemented in HB1 for FY10 and FY11

Overview

A team of pupil transportation stakeholders worked with the Ohio Department of Education Office of Pupil Transportation to formulate recommendations for a new pupil transportation funding model. This was done pursuant to section 206.09.21 of Am. Sub. H.B. 66, which stated that "The Department of Education shall recommend a new formula for allocating state funds for transportation costs.

The team was made up of 20 stakeholders, invited because of their active roles in various aspects of school transportation. The group included an ESC Superintendent, Business manager, MRDD business manager, 5 transportation directors from large and small districts, 2 contract service providers, 5 ODE staff, and representatives from Ohio PTA, OEA, OSBA, OASBO, OAPT, and the Ohio State Patrol.

The formula was recommended by the State Board of Education, and adopted as part of the state budget process for the FY10-11 fiscal budgets. The formula will be initiated as amended for the 2009-2010 school year.

Formula Goals

The work group determined four goals to be of primary importance. These are:

- The formula should be *understandable*
- The formula should *reward efficiency*
- The formula should *promote ridership* – which increases student safety
- The formula should accommodate the realities of *special logistical circumstances*

It was also determined that the formula should continue to include the current expected local funding contribution computed as the local share percentage or 60% (whichever is greater).

Funding Factors

The team conducted a high level review of the various factors that can and do impact on the costs of providing pupil transportation services in Ohio's school districts. While 21 factors were initially identified, these were trimmed back to 6 factors based upon availability of data, subjectivity, and importance with regard to cost management. The 6 primary factors remaining were selected as the key elements that explain the cost differences between different districts.

Of these 6 factors, one was identified as the age of the bus fleet being operated by each district. While some consideration was given to including this factor as part of the operating cost funding formula, the consensus of the group was that this factor was best left outside of the formula.

The number of educational sites was also considered as a special adjustment, but dropped due to a lack of supportable data.

The four remaining primary funding factors are as follows:

- Current year pupil ridership
- Current year daily route miles
- Efficiency measure, adjusted by pupil density
- Nonpublic, community school, and scholarship (voucher) student transportation obligations

Formula concept

To accommodate the formula goals and factors identified above, a formula was developed that includes a ***base payment*** and ***adjustments*** for various factors. The base payment is adjusted by "the greater of 60% or state share", to remain consistent with the most recent legislative intent with regard to reimbursement.

The basic methodology is to calculate a base payment using average costs from the previous school year, and actual ridership and mileage from the current school year, and then provide the adjustments as a means for districts to increase their reimbursement.

The formula is constructed so that all adjustments will be positive, which guarantees that every district will receive at least the legislated rate or state share of their calculated base.

Element	High Level	Details
1) Base payment	This is the primary element of pupil transportation reimbursement for all students transported by yellow bus. This is based upon a rate per mile and a rate per pupil that is similar for all school districts in the state. For each district, the base reimbursement will be calculated by taking the *larger* of the per pupil calculation or the per mile calculation.	The per pupil and per mile rates are calculated by aggregating the total riders and mileage from the previous school year, and dividing that into the actual reported costs from the previous school year.

These average costs are then applied to the current year ridership and current year mileage for each reporting district.

This results in a base payment calculation for each district to be made on their **current** year transportation ridership or mileage, based upon the average costs from the previous fiscal reporting period.

The legislated rate (or state share) is then applied to the larger of the numbers from above. |
| **2) Efficiency adjustment, corrected for student density (maximum 10% influence)** | Each district will be assigned a target ridership per bus. Districts who exceed that target ridership will receive a positive adjustment. | Efficiency is defined as the degree to which the district can meet or exceed a target level of students per bus.

A common target is determined based upon previous year data. This target number of riders per bus is adjusted for each district based upon |

	The starting point for this target is the actual ridership per bus reported by all school districts in the previous year. The target ridership for each district will be adjusted based upon the student density in that district.	their student density (defined as transported pupils / square mile). This results in each district having a unique target ridership. Districts with higher density will have a higher target, districts with lower density will have a lower target. The added payment, to a maximum of 10% of the base, will be determined by the amount that a district exceeds their target ridership.
3) Service level adjustment (maximum 5% influence)	This adjustment is intended to encourage school districts to provide transportation for more students.	Districts who provide school bus service for high school students will receive a 2.5% adjustment. Districts who provide bus service for students in grades 1 through 8 who live 1 mile from school will receive a 2.5% adjustment.
4) Nonpublic/Community School adjustment (maximum 10% influence)	This adjustment is intended to compensate districts for the increased logistical costs attributed to providing service for students attending schools other than traditional public school.	Each district's ridership is evaluated as to the ratio of NP/CS students to their total number of students transported. Each district transporting NP/CS students will receive a positive adjustment based upon the ratio determined above. (Districts with 100% NP/CS students would receive a 10% adjustment, and districts with 0 % NP/CS students would receive no adjustment.
5) Final reimbursement	Each district will receive the lesser of their calculated reimbursement or their actual reported cost. This amount will be prorated for all districts to remain within the appropriation.	The base (item 1) and each possible adjustment (items 2-4) are added and compared with the districts actual cost from the previous year. A district will receive the lesser of their formula cost or their actual cost from the previous year. The final formula amount for all eligible agencies will be prorated as necessary to remain within the state budgeted amount for this purpose.
6) Additional funding for low wealth and low density districts	Districts who are below both the median state wealth and median state rider density will receive a higher appropriation than calculated in step 5 above.	After calculating the prorated funding in step 5, all eligible districts will receive an additional 30% of the difference between full funding and the prorated amount in FY10, and 70% of the difference in FY11.