Members Brief

An informational brief prepared by the LSC staff for members and staff of the Ohio General Assembly

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Pupil Transportation Formula

Current pupil transportation funding is shared between the state and school districts. State support is primarily composed of a base transportation payment for regular education students transported on yellow school buses, a transportation supplement for certain low-density school districts, and payments for other types of transportation. In total, state transportation formula funding for FY 2019 was $526.3 million.

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Transportation aid overview

Current law requires that school districts provide transportation to their students as well as to certain community school and nonpublic students who reside in the district. While this requirement only applies to students in grades K-8 who live more than two miles from the school, the state also funds transportation service for high school students and for students who live between one and two miles from the school. There are exceptions to the state transportation requirements, such as when transportation to a community or STEM school or nonpublic school exceeds 30 minutes, or when the district board determines transportation to be impractical. On the other hand, students in certain circumstances, such as those with disabilities or who are homeless, are entitled to transportation regardless of age or distance from school.

The transportation formula supports the transportation of all regular education pupils in buses owned by the district or operated through a contract. It is based on transportation costs reported by school districts for the prior fiscal year and current year ridership and mileage counts. All other types of pupil transportation to and from school, including for special education

students, are reimbursed through a method determined separately through rules adopted by the State Board of Education. Additionally, a supplemental transportation payment is provided to districts with low density.

The table below shows transportation operating expenses reported by school districts and other public schools, transportation reimbursements from the state (the state share), and the difference (the local share). Expenses are shown for operating costs for school district-owned yellow buses, which are categorized as "Type 1" transportation by the Ohio Department of Education (ODE), and expenses for contracted yellow buses, categorized as "Type 2" transportation. The base transportation formula applies to Types 1 and 2. "Other" types of pupil transportation include public transit, payments in lieu of transportation to parents when transportation by yellow bus is impractical, and district or privately owned vehicles other than school buses. Overall, state reimbursement totaled $526.3 million in FY 2019, or almost 49% of the $1.08 billion in transportation operating costs school districts and other public schools reported. Details concerning these payments are provided following the table. Transportation payments are funded through GRF line item 200502, Pupil Transportation.

State and Local Shares of Transportation Operating Expenses, FY 2019 ($ in millions)

Category	Expenses	State Share	Local Share
Type 1 and 2 Total	$794.8	$393.2	$401.6
Density Supplement	--	$54.8	-$54.8
Other Types	$26.8	$15.5	$11.3
Regular Education Total	**$821.6**	**$463.4**	**$358.1**
Special Education	$255.4	$60.5	$194.9
Community School Transportation	$2.4	$2.4	$0
Grand Total	**$1,079.4**	**$526.3**	**$553.1**

Regular education transportation

Base transportation formula

Ohio school districts vary widely with respect to geographic size and student density. The average school district covers 68 square miles. However, square mileage varies from as little as one square mile (New Boston Local in Scioto County) to as large as 546 square miles (Switzerland of Ohio Local in Monroe County). Nine districts are above 300 square miles while eight very small districts do not provide transportation services. Due to geographic size and student population, some districts are densely populated and thus transport large numbers of students while others are more sparsely populated, which means that school buses must travel greater distances to transport students to and from school.

The base transportation payment recognizes these differences by distributing funds based on a formula that looks at two statewide cost measures from the prior fiscal year: the average cost per pupil transported and the average cost per mile. These state averages are computed after removing the ten highest and ten lowest districts for each respective measure. In FY 2019, the most recent year in which the formula was in operation, the statewide average cost per rider was $1,013.72 while the statewide average cost per mile was $4.87. The state averages are multiplied by the number of students transported and the number of miles driven in the current year for each district. To calculate the base payment for each district, the greater of these two amounts is then multiplied by the greater of the district's state share index or the minimum transportation state share, which was 25% in FY 2019. The table below illustrates the process for the base transportation payment.

Base Transportation Funds
District's per-rider subsidy =
State average cost per rider in previous year x number of pupils transported in current year
District's per-mile subsidy =
State average cost per mile in previous year x number of miles driven in current year
If the district's per-pupil subsidy is greater than its per-mile subsidy:
Base payment = district's per-rider subsidy x greater of minimum transportation state share or state share index
If the district's per-mile subsidy is greater than its per-pupil subsidy:
Base payment = district's per-mile subsidy x greater of minimum transportation state share or state share index
Minimum transportation state share = 25% in FY 2019

In FY 2019, school districts reported that yellow buses transported approximately 724,000 qualifying riders, which are students who live more than one mile from the school they attend and thus are counted for funding purposes. Yellow buses traveled an average of over 877,400 miles on a daily basis that year, equivalent to almost 158 million miles over the course of the school year. The amount calculated for the base payment statewide was $393.2 million in FY 2019. The amount calculated for payments for other types of transportation was $15.5 million for 74 districts.

Density supplement

A supplement is provided to districts with low density to aid these districts with transportation operating costs. To calculate the supplement amount, a supplement percentage is first calculated for each district. This percentage is based on district rider density, defined as total average daily membership (ADM) per square mile. The percentage is equal to a rider density threshold of 50 minus the district's rider density, the result of which is then divided by 100. Thus,

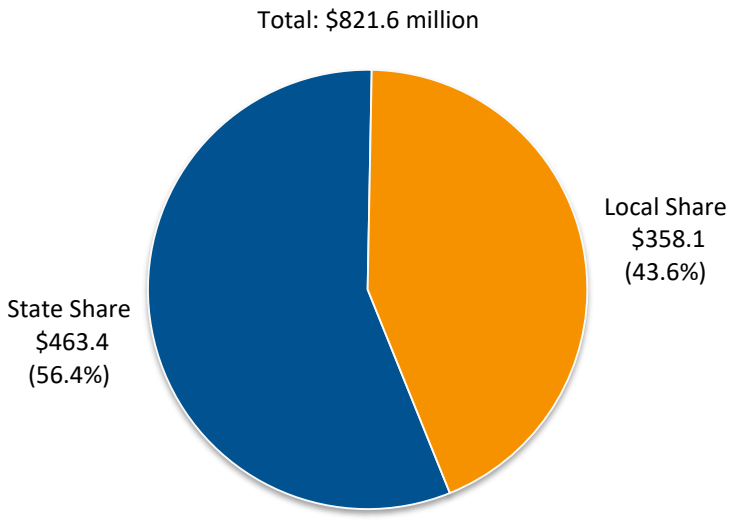
lower density districts have a higher transportation supplement percentage, up to a theoretical maximum of 50%. Districts above the density threshold in each fiscal year do not receive funding from this component. Each district's supplement is calculated by multiplying the transportation supplement percentage by the district's calculated mile base from the main pupil transportation formula and then by a fixed value of 0.55. The transportation supplement amounted to $54.8 million for 371 districts in FY 2019. The table below illustrates this calculation.

Density Supplement
Supplement percentage = (density threshold - district rider density) / 100
Density threshold = 50
District rider density = district total ADM / district square miles
Density supplement = supplement percentage x district mile base x 0.55 If this calculation results in a negative number, then density supplement = $0
District mile base = statewide cost per mile x district annual miles driven

Total state and local shares for regular education transportation

For FY 2019, transportation operating costs reported by school districts for regular education students totaled approximately $821.6 million statewide. The state share of the base transportation formula, reimbursements for other types of transportation, and the density supplement supported approximately $463.4 million (56%) of these costs. The difference, $358.1 million (44%), was covered by school districts.

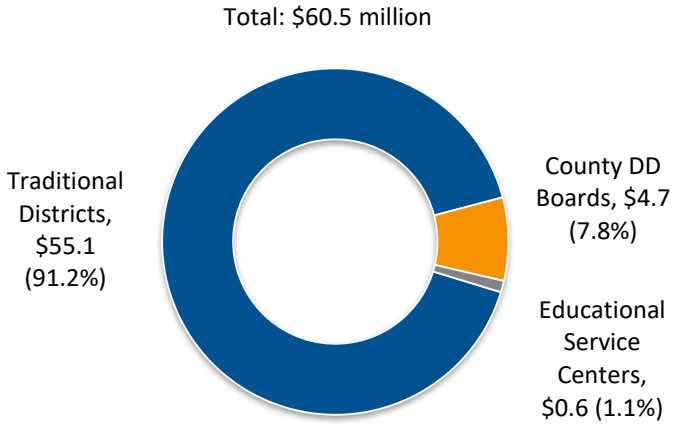
Chart 1: State and Local Shares of Transportation Costs for Regular Education Students ($ in millions), FY 2019



Special education transportation

The state also provides funds outside of the main transportation formula to school districts, county developmental disabilities (DD) boards, and educational service centers to provide required transportation services to students with disabilities whom it is impossible or impractical to transport by regular school bus. Like "other transportation" types, such transportation costs are reimbursed through a method determined separately through rules adopted by the State Board of Education. Under these rules, the state calculates a base amount of $6 per rider per instructional day plus one-half of the actual cost in excess of $6 per rider per day. However, the base amount is limited to the lesser of the actual reported cost of transportation or 200% of the statewide average cost of transportation per child. The resulting amount is then multiplied by the greater of 60% or the district's state share index. School districts, county DD boards, and educational service centers together reported $255.4 million in special education transportation costs for FY 2019. Of this amount, the state supported $60.5 million, or about 24%. Chart 2 shows the allocation of these payments, of which the majority, $55.1 million (91%), went to school districts. County DD boards received $4.7 million (8%) and educational service centers received about $644,000 (1%).

Chart 2: State Special Education Transportation Funding ($ in millions), FY 2019



Community school transportation

Generally, a district must provide transportation for students in grades K-8 who live more than two miles from school, whether they attend district schools, community schools, or chartered nonpublic schools. However, community schools may transport their own students and receive a payment for doing so, either through an agreement with the students' resident school district or by unilaterally assuming the district's transportation responsibility. In general, the payment for each student the school transports is the amount that would have been calculated for the district under the transportation formula. Thus, the community school's payment for each student transported is equal to the statewide average cost per rider for traditional districts multiplied by the state share index of the student's resident district or 25%, whichever is larger. ODE deducts the payment amount from the state aid of the student's resident district and transfers it to the educating school. In FY 2019, a total of $2.4 million was transferred to 23 community schools for over 3,300 riders. Current law requires the resident school districts to be credited for the amounts deducted.

Transportation funding in the FY 2020-FY 2021 biennium

H.B. 166, the operating budget for the 133rd General Assembly, suspended the main foundation aid and pupil transportation formulas for FY 2020 and FY 2021 and, instead, provided each district with the same allocations received in FY 2019. As a result, transportation funding in each year of the current biennium is generally flat compared with FY 2019. In response to the economic disruption caused by the COVID-19 pandemic, FY 2020 transportation allocations supported by GRF line item 200502, Pupil Transportation, were later reduced by about $22.9 million as part of an overall reduction in state aid of about $300 million.