



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #512

High Cost Transportation Aid (DPI -- Categorical Aids)

[LFB 2015-17 Budget Summary: Page 342, #3]

CURRENT LAW

The high cost transportation aid program provides additional transportation aid to school districts with higher per pupil transportation costs compared to the statewide average. A district is eligible for aid if its per pupil transportation cost exceeds 150% of the statewide average per pupil cost. Aid is distributed to eligible districts based on the difference between the district's per pupil transportation cost and the aid threshold of 150% of the statewide average. If appropriated funds are insufficient to pay the full payment amounts, payments are prorated.

GOVERNOR

Provide \$2,500,000 annually above base level funding of \$5,000,000 for high-cost transportation aid for districts with a transportation cost per member greater than 150% of the state average. Specify that only those districts with a pupil population density of 50 pupils per square mile or less, calculated by dividing the school district's membership in the previous school year by the district's area in square miles, would be eligible to receive aid.

DISCUSSION POINTS

1. The high cost transportation aid program was created under 2013 Act 20 to provide additional transportation aid to school districts with higher per pupil transportation costs compared to the statewide average. The act created a new categorical aid appropriation for this aid totaling \$5 million GPR annually in 2013-14 and 2014-15.
2. A district is eligible for high cost transportation aid if its per pupil transportation cost

exceeds 150% of the statewide average per pupil transportation cost, based on audited cost and membership information from the previous school year. Transportation costs include only expenditures from the school district's general fund (Fund 10). The statewide average per pupil transportation cost is determined by dividing the total transportation costs for all school districts by the total membership for all districts. This figure is multiplied by 1.5 to determine the threshold for receiving aid, or 150% of the statewide average per pupil transportation cost. The result is then compared to each district's per pupil transportation cost, calculated by dividing the individual district's total transportation cost by its total membership, to determine if the district's per pupil cost exceeds 150% of the statewide average.

3. Each qualifying district is eligible to be reimbursed for the difference between its per pupil transportation cost and 150% of the statewide average cost per pupil for each pupil in the district. Therefore, if a district qualifies for aid, the amount of aid for which it is eligible is determined by subtracting 150% of the statewide average transportation cost per pupil from the district's transportation cost per pupil and multiplying this amount by total membership. If eligible costs exceed the amount appropriated for the aid, aid is prorated.

4. The first aid under this program was distributed to 128 school districts in June, 2014, based on transportation costs in the 2012-13 school year. In that year, the statewide average transportation cost per pupil was approximately \$405, and therefore the threshold above which districts qualified for high cost aid equaled approximately \$607 per pupil. Statewide costs eligible for reimbursement totaled \$14.84 million. Because these costs exceeded the appropriation for high cost transportation aid, aid was prorated at 33.7%. Eligible districts received between \$300 and \$179,100 in aid.

5. Some have argued that high cost transportation aid should be targeted to rural districts, which often transport pupils over greater distances and experience significant financial pressures in part as a result of the large portion of their budgets spent on pupil transportation. In 2013-14, some suburban districts qualified for aid based on their higher than average transportation costs. Under the bill, the program would be targeted to sparsely populated rural districts by specifying that only those districts with a pupil population density of 50 or fewer pupils per square miles would be eligible to receive aid. As a result, four school districts would lose aid eligibility. These districts are Nicolet Union High School and three K-8 districts whose pupils feed into Nicolet: Fox Point J2, Glendale-River Hills, and Maple Dale-Indian Hill, which in total received approximately \$316,000 in aid in 2013-14.

6. On the other hand, one could argue that these districts experience higher transportation costs relative to other districts and therefore, even though they are not rural, still benefit from additional transportation aid. Another categorical aid program, sparsity aid, provides targeted aid to sparsely populated, rural districts, and therefore it could be argued that high cost transportation aid should benefit any district with a high per pupil cost of transportation.

7. In its agency budget request, DPI estimated that \$2.5 million of additional annual funding would allow the program to reimburse approximately 50% of eligible transportation costs. DPI estimates that total costs in each year of the 2015-17 biennium will be approximately \$15 million annually, meaning that without the additional funding, the current annual funding level of

\$5.0 million would reimburse approximately 33.3% of eligible costs in each of the next two years.

ALTERNATIVES

1. Approve the Governor's recommendation to provide \$2,500,000 annually above base level funding of \$5,000,000 and limit eligibility to school districts with a pupil population density of 50 pupils per square mile or less. It is estimated that this funding level would increase the reimbursement rate to approximately 50% of eligible costs. Based on 2013-14 data, four districts would lose aid eligibility as a result of the additional eligibility criterion.

2. Modify the Governor's recommendation with one of the following changes:

a. Delete \$2,500,000 annually from the appropriation for high cost transportation aid. It is estimated that this funding level would maintain a reimbursement rate of approximately 33.3% of eligible costs.

ALT 2a	Change to Bill
GPR	- \$5,000,000

b. Delete the provision specifying that only those districts with a pupil population density of 50 pupils per square mile or less would be eligible to receive aid.

3. Delete provision.

ALT 3	Change to Bill
GPR	- \$5,000,000

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