



**IASB**

Iowa Association  
of School Boards

*Vision & Voice for Public Education*



# Transportation Equity – IASB Proposal Review

Presentation to the School Finance  
Inequities Study Committee

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# Issue

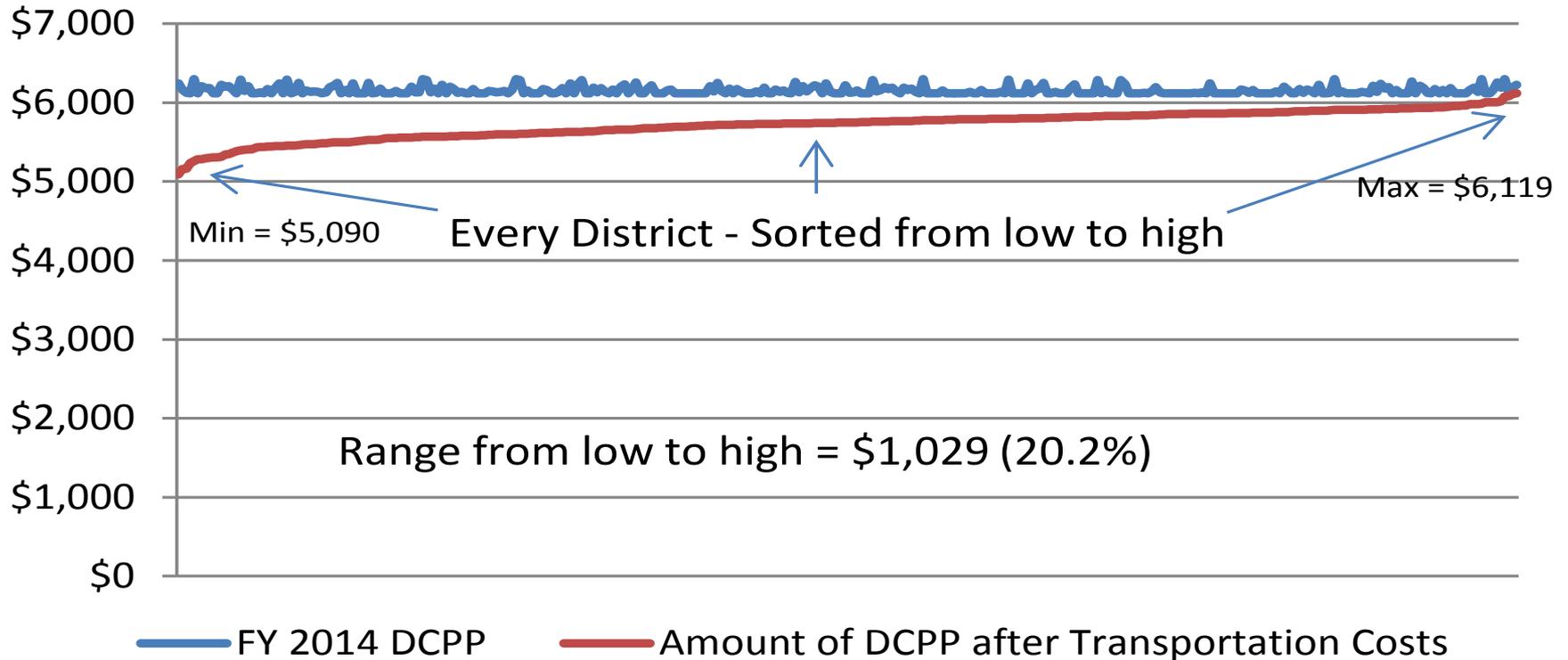
## Transportation Costs:

- every district transports students to and from school
- Every district pays for transportation out of the regular program
- These costs vary significantly between districts and are paid from the regular program



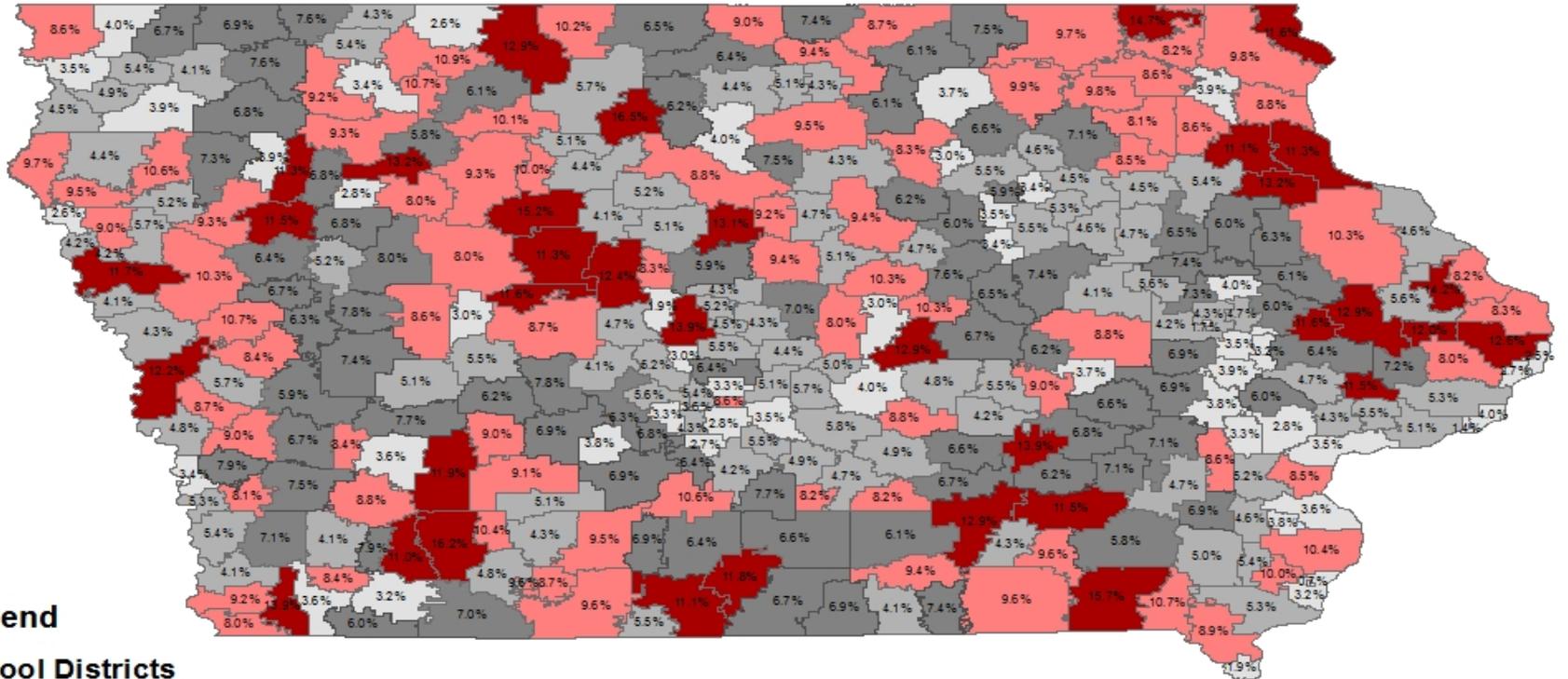
# Transportation Cost Issue

## FY 2014 District Cost Per Pupil and the Impact of Transportation Costs



Red line indicates amount remaining after the transportation costs

# Iowa Association of School Boards FY 2014 Net Operating Transportation Costs as a Percentage of the Regular Program Amount



## Legend

### School Districts

#### Transportation Costs as a % of Regular Program

- 0.7% - 4.0% (49 districts - 14.6%)
- 4.1% - 5.8% (96 districts - 28.6%)
- 5.9% - 8.0% (85 districts - 25.3%)
- 8.1% - 10.9% (72 districts - 21.4%)
- 11.0% - 16.5% (34 districts - 10.1%)

#### Statewide Statistics

Average = 6.9%  
 Median = 6.4%  
 Maximum = 16.5%  
 Minimum = 0.7%  
 Range = 15.8%

#### Sources:

Iowa Department of Education, FY 2014 Transportation Report  
 Iowa Department of Management, School Aid files  
 IASB analysis and calculations

# Note: Limitations on Estimates

Cost estimates provided in these options are based on a variety of assumptions, policy variables that may change, and the most currently available data. Variations in any of these factors will have an impact on estimates.





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Proposal –  
Transportation  
Supplementary  
Weighting

# Proposal

Provides supplementary weighting designated for transportation funding through the school aid formula

- **Three factors**

- Net operating transportation costs to regular program costs
- Enrollment factor
- Route miles per enrollment factor

- **Funding**

- Net operating trans. costs = \$150 million in FY 2014
- Weighting set to generate a specific level of funding per year
- Can be phased-in over a period of years
- Funding based on weighting level, and state cost per pupil.
- Level of funding in future years could be increased based on increasing the weighting factor.



# Proposal (cont'd)

- “Frees-up” regular program funds
- Creates simple mechanism to increase funding for non-discretionary transportation
- Promotes efficiency:
  - Local tax dollars included in the funding mechanism
  - Provides a budget framework for districts to work within



# Proposal (cont'd)

## **Propose \$30.0 million for 5 years**

- Phase-in beginning in FY 2017
- Subject to the school aid formula: State cost for this provision is about \$26 million and \$4 million in property taxes
- Phase-in complete by FY 2021 (\$30.0 million increase each year – total transportation funding about \$150 million by FY 2021.
- **Every district will get this funding, but districts with higher costs will get more funding (as a percentage of their regular program).**



# Proposal #1 – how it works (at SSA of 2%)

## Factors (adjustable)

<i>Desired Amount of Funding for Initial Year (FY 2017)</i>	<i>\$ 30,000,000</i>
<i>SSA State Percent of Growth Rate for FY 2017</i>	<i>2.00%</i>
<i>Increase in Weighting Factor for Year 2 (FY 2018)*</i>	<i>2</i>
<i>SSA State Percent of Growth Rate for FY 2018</i>	<i>2.00%</i>
<i>Increasing in Weighting Factor for Year 3 (FY 2019)*</i>	<i>3</i>
<i>SSA State Percent of Growth Rate for FY 2019</i>	<i>2.00%</i>
<i>Increase in Weighting Factor for Year 4 (FY 2020)*</i>	<i>4</i>
<i>SSA State Percent of Growth Rate for FY 2020</i>	<i>2.00%</i>
<i>Increasing in Weighting Factor for Year 5 (FY 2021)*</i>	<i>5</i>
<i>SSA State Percent of Growth Rate for FY 2021</i>	<i>2.00%</i>
<i>Foundation Level for Transportation Costs</i>	<i>87.50%</i>

# Proposal – how it works (at SSA of 2%)

Proposal Fiscal Impact					
	Transportation Supplementary Weighting	Total Transportation Funding	State Aid Portion	Property Tax Portion	
FY 2017	4,562.74	\$ 29,999,991	\$ 26,249,998	\$ 3,749,993	
FY 2018	9,125.48	\$ 61,204,559	\$ 53,557,418	\$ 7,647,141	
FY 2018 vs. FY 2017	4,562.74	\$ 31,204,568	\$ 27,307,420	\$ 3,897,148	
FY 2019	13,688.21	\$ 93,641,065	\$ 81,937,642	\$ 11,703,423	
FY 2019 vs. FY 2018	4,562.74	\$ 32,436,506	\$ 28,380,224	\$ 4,056,282	
FY 2020	18,250.95	\$ 127,355,128	\$ 111,440,297	\$ 15,914,831	
FY 2020 vs. FY 2019	4,562.74	\$ 33,714,063	\$ 29,502,655	\$ 4,211,408	
FY 2021	22,813.69	\$ 162,387,833	\$ 142,083,639	\$ 20,304,194	
FY 2021 vs. FY 2020	4,562.74	\$ 35,032,705	\$ 30,643,342	\$ 4,389,363	



# Proposal – Pros and Cons

- Pro: Provides additional funding to ALL school districts
- Pro: Frees-up regular program dollars for ALL school districts
- Con: Cost to provide full equity is at least \$150 million
- Con/Pro: This proposal can be phased-in over time – softening any one-year state budget impact
- Pro: Flexible school aid funding mechanism to adjust to desired level of funding



# Proposal – Additional

## Thoughts

- Funding designated for non-discretionary transportation costs
- Will need oversight – Recommend a five-year review (every 5 years)
- Phase-in period can be adjusted
- Foundation level can be adjusted for this provision
- May need to adjust weightings during phase-in



Questions, comments, thoughts  
on proposals?





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