

AMPLE SCHOOL FUNDING PROJECT FOR WASHINGTON STATE

REPORT ON STATE FUNDING OF THE PUPIL TRANSPORTATION PROGRAM

SUMMARY

- Since 1978 the State of Washington has been under court requirements to define and fully fund (100%) certain K-12 (basic education) programs, including student transportation.
- In 2002-03, school district's total transportation operating expenditures were \$321.1 million. The state allocation was \$188.6 million funding an average of 58.7 percent of district expenditures.
- Of 290 school districts with transportation programs, 139 districts with 84 percent of the State's enrollment received state funding providing between 40 to 70 percent of their expenditures.
- School district expenditures data does not differentiate between activities eligible and not eligible for state funding. A 16-district survey indicates non-eligible expenditures are less than 2 percent of total expenditures.
- To allocate pupil transportation operating funds to school districts the State uses an allocation formula adopted by the 1983 Legislature.
- Development of the allocation formula approach was shared between the Legislature and the Office of the Superintendent of Public Instruction (OSPI).
- In 1981 and 1982, technical problems related to data availability and data processing plagued development of allocation formula factors that modeled district needs. The adopted solution used 16 district's transportation practices and 1980-81 costs in a formula based on factors chosen because they allowed empirical measurement.
- The main allocation formula factors were: a single rate per mile for all districts; and mileage for transported students calculated based on a straight-line from the point of pick up to school.
- From inception of the allocation formula in 1984, a number of districts did not receive 100 percent funding for eligible transportation. This was reported by SPI to the Legislature in 1984 and again in 1985.
- In 2001, citing complaints from a number of school districts regarding insufficiency of funding, SPI requested \$700,000 for a transportation formula study. The Legislature did not fund the study.
- Technological advancements since 1982 have greatly increased the amount of data available and the ability to manage the data. Computer software products currently available and in use by many of the state's school districts might be adapted by the state to refine its transportation formula.
- Previous attempts and recent work to improve the transportation operating allocating formula indicates that it may be difficult to develop a formula that fully funds all school districts as required. Meeting the state's full funding requirement for this basic education program may require establishment of a process to adjust state funding amounts for those districts that can demonstrate that the state funding formula does not fully fund their legitimate transportation expenditures.

**AMPLE SCHOOL FUNDING PROJECT FOR
WASHINGTON STATE**

Research Report

July 19, 2004

**STATE FUNDING OF THE K-12
PUPIL TRANSPORTATION PROGRAM**

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Executive Summary

Rationale For the Ample School Funding Project

The Washington Association of School Administrators (WASA) initiated the Ample School Funding Project in November 2003. The project emerged due to the perception that the State of Washington is not meeting its responsibility to fully fund basic education as required by the Washington State Constitution and the increased pressure and frustration being experienced by school administrators and board members in Washington State facing the challenge of closing the financial gaps caused by program cuts, employee demands for higher salaries and benefits, escalating operating costs and demands placed on personnel and resources by new higher standards mandated by the state and federal government that all students are expected to achieve.

It was hoped that the State would undertake a comprehensive K-12 finance study to examine the adequacy of basic education funding. While there were various proposals to conduct such a study, none were approved by the state legislature in 2003 or 2004. In the absence of such a state endeavor, WASA established this project to take a comprehensive look at our state's K-12 finance system. The first phase of the project concerns adequacy of state funding of basic education in the transportation, special education and apportionment programs. This first research paper deals with the K-12 pupil transportation program.

The Paramount Duty

Article IX Section I of Washington State's Constitution states that "It is the paramount duty of the state to make ample provision for the education of all children residing within its borders...". The nature of the state's funding responsibility under the constitution has been litigated and court decisions in 1978 and 1983 have held that:

- The State must define and fully fund basic education.
- Pupil transportation, insofar as defined by the State, is part of basic education.
- Excess levies could not be required to fund any part of basic education.
- It is the continuing obligation of the Legislature to review basic education funding formulas as the education system evolves and changes.

The State defined basic education in the 1977 Basic Education Act. This act established a statutory requirement to fund pupil transportation at 100 percent by 1980-81. Due to various reasons the state did not achieve full funding of transportation by 1980-81. In 1983 the court held that the Legislature must define, and fully fund the defined pupil transportation program by July 1, 1984. The resulting 1983 legislation committed the state to 100 percent funding of transportation of eligible students to and from school.

Summary of Findings

The 1983 formula adopted by the State to provide full pupil transportation funding did not accomplish this for all of the state's school districts. The state was notified of this under funding by the State Superintendent of Public Instruction in 1984, 1985, and again in 2001 when the superintendent requested \$700,000 from the Legislature to conduct a

transportation study. The study was not funded. The state transportation funding formula remains largely unchanged since 1985.

In 2002-03, the \$188.6 million allocated by the state for pupil transportation operations funded about 58.7 percent of the \$321.1 million expended by school districts. The resulting \$132.5 million difference was largely funded by school districts from excess levy revenues.

Not all school district expenditures for transportation are eligible for state funding. The Superintendent of Public Instruction notified the Legislature in 1984 that the state accounting system did not differentiate between basic education and non-basic transportation expenditures, a problem which is still prevalent. A survey of 16 districts indicates that expenditures for various non-basic education transportation activities constituted about 2 percent of total operating expenditures in the 2002-03 school year.

The state funding percentage produced by the state transportation funding formula is not uniform among the state's school districts. In 2002-03, 139 school districts with 84 percent of the state's enrollment were funded at levels ranging from 40 to 70 percent of their operating expenditures. The uneven funding appears to be the result of the main formula factors used by the state, which can be described as a one-size fits all approach. The two main formula factors are a dollar rate per mile and distance, measured on a straight-line basis.

The uniform dollar rate per mile does not allow for recognition of differences in costs among districts due to such things as salaries, bus maintenance costs and traffic density. The straight-line method of measuring distance does not take into account barriers to straight-line travel such as mountains, waterways, rivers, lakes, freeways, and railroad tracks.

Conclusion

Since initial adoption of the funding formula in 1983, the Office of the Superintendent of Public Instruction has made various substantial efforts to improve the transportation allocation formula. While some minor changes were made in the initial formula in 1985 to improve the funding fit for some districts, a comprehensive solution to the uneven funding problem has proved elusive.

Efforts to improve the formula by the Superintendent's office did not result in easy solutions because districts are unique in many respects and without common factors it is difficult to find a formula that will work for all districts. That districts are unique is confirmed by the 16-district survey done as part of this paper and the 6-district transportation program summary.

The improved data availability and the facility with which large masses of data are handled with today's computers may enable the state to improve its funding formula. However, an improved funding formula may not result in full funding of all school districts as required. Consequently, this may require adoption by the state of a process to adjust state funding amounts for those districts that can demonstrate that they are not fully funded.