

DPI 2009-11 BIENNIAL BUDGET REQUEST

DECISION ITEM 5001 – TRANSPORTATION AID

210 – Aid for pupil transportation s. 20.255 (2) (cr)

FISCAL SUMMARY		
	2009-10 Request	2010-11 Request
Requested Aid	\$34,800,000	\$34,800,000
Less Base	\$27,292,500	\$27,292,500
Requested Change	\$7,507,500	\$7,507,500

Request/Objective

The Department requests \$7,507,500 GPR in both FY10 and FY11 to increase all per pupil transportation aid rates.

The Department requests a statutory language change to permit the payment of additional transportation aid to districts if there are funds remaining in the appropriation after the statutorily-defined rates are reimbursed.

The Department also requests statutory language similar to that in 2007 Assembly Bill 112 which allows schools to claim refunds of the motor vehicle fuel tax.

Background/Analysis of Need

Before the 2005-07 biennial budget, pupil transportation aid was based upon a flat annual amount per transported pupil that had been unchanged since FY81. Over the past two biennial budgets, the Department's recommendations to increase per pupil reimbursement rates over eight miles (in 2005-07) and 12 miles (in 2007-09) were agreed to by the Governor and Legislature.

There are several issues affecting transportation costs being incurred by school districts:

- Fuel costs have increased significantly over the past year.
- Labor, maintenance, and insurance costs continue to increase.
- Geographically large rural districts that transport pupils significant distances (over 12 miles) have been hardest hit due to the longer bus routes.
- District transportation costs vary widely among districts, from \$50 per pupil in some places (e.g. South Milwaukee) to over \$1,300 per pupil in others (e.g. North Lakeland).
- Pupil transportation aid, while more than covering current state-defined criteria, actually reimburses only approximately 9-10 percent of actual school district transportation costs.

The Wisconsin School Bus Association believes districts are facing a "fuel crisis."

Under current law, school districts are required to provide transportation services to public and private school pupils enrolled in regular education programs if the pupil resides more than two miles from the nearest public school they are entitled to attend. State pupil transportation categorical aid is based upon a flat annual amount per transported pupil. Payments are based upon the distance a pupil travels to school from home.

During the FY08 school year, 421 (out of 426) districts received state aid for transporting 510,000 public school pupils and 40,400 private school pupils. State categorical aid funding is provided through a single, GPR-funded appropriation totaling \$27,292,500 annually. Using the state's criteria for

providing pupil transportation aid, state funding entirely covered all allowable transportation aid claims for FY08.

It is estimated that total school district transportation costs for transporting pupils to and from school (not including co- and extra-curricular transportation or transportation for children with disabilities) were approximately \$280 million in 2006-07. Thus, as stated above, state pupil transportation aid reimburses only 9-10 percent of actual transportation costs, though unaided transportation costs are eligible to be aided through the state general equalization aid formula.

Recent significant increases in fuel costs have affected many areas of the nation's economy, both for businesses and consumers. School districts are no exception to these rising costs and have statutory requirements to transport all eligible public and private school pupils who reside within their boundaries. While voluntary, school districts' costs related to summer school transportation are invariably increasing as well. About 35,000 pupils receive transportation for summer school classes. Summer school transportation rates have not been changed in many years, and increases to those rates are included in this proposal.

The Department's proposed transportation rate increases are shown in the table below:

Mileage	Current Rate	Proposed Rate	Rate Change	% Rate Change
0-2 miles (haz.)	\$15	\$25	\$10	66.6%
2-5 miles	35	50	15	42.9
5-8 miles	55	75	20	36.4
8-12 miles	110	150	40	36.4
Over 12 miles	220	300	80	36.4
Summer 2-5 mi	4	6	2	50
Summer 5+ mi	6	8	2	33

Due to decreasing numbers of pupils being transported in recent years, the Department has been unable to spend the entire transportation aid appropriation due to the cap on per pupil rates, despite the fact these rates cover only an estimated 9-10 percent of district transportation costs. The Department is proposing a statutory language change that would permit the payment of additional transportation aid for eligible pupils if there are funds remaining after the payment of the statutorily-defined rates.

Motor Fuel Tax Refund

School districts are currently not exempted from the state motor fuels excise tax. In addition to providing additional direct transportation aid, the Department also proposes a motor vehicle fuel tax refund for schools, similar to one contained in 2007 Assembly Bill 112. The refunds would also apply to a person/company that transports pupils to/from school activities under a contract with a school district.

Assembly Bill 112 was introduced in February 2007 by Representative Bies. The Department registered in support of the bill. The bill had a public hearing in April 2007, but was not acted upon and died at the end of the 2007 legislative session. Similar bipartisan legislation was introduced in the 2005 session.

The Department estimated the fiscal effect of the bill, meaning fuel tax rebates, at approximately \$2 million annually. However, this estimate does not include the effect on motor fuel taxes paid by companies or municipal bus services that are under contract with school districts (including Madison and Milwaukee) to transport pupils. The Department does not have data to estimate the amount of motor fuel purchased by the contracted services.

Other states that have motor vehicle fuel rebate programs for schools include Iowa, Ohio, Michigan, and Kansas (possibly others).

Statutory Language

The Department is proposing statutory language related to this request. See *Transportation Aid* in the Statutory Language section of this document.