PERFORMANCE AUDIT REPORT

K-12 Education: Evaluating Transportation Services Funding

A Report to the Legislative Post Audit Committee
By the Legislative Division of Post Audit
State of Kansas
December 2017

R-17-020

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December 15, 2017

To: Members, Legislative Post Audit Committee

This report contains the findings, conclusions, and recommendations from our completed performance audit, *K-12 Education: Evaluating Transportation Services Funding*. The audit team included Heidi Zimmerman, Daniel McCarville, Amanda Schlumpberger, and Joel Gillaspie. Chris Clarke was the audit manager.

We would be happy to discuss the findings, conclusions, and recommendations presented in this report with any legislative committees, individual legislators, or other state officials.

Sincerely,

Scott Frank
Legislative Post Auditor

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K-12 Education: Evaluating Transportation Services Funding

Background Information

K.S.A. 75-8302 requires school districts to provide transportation services to in-district students who live more than 2.5 miles from the school they attend and live outside of the city limits. Districts create their own policies regarding whether and how to provide transportation for other students (those less than 2.5 miles from their school, out-of-district students, and those within city limits). Districts may operate their own transportation services, contract with a vendor to provide services, or pay parents a mileage stipend to bring their children to school in lieu of district-provided transportation.

The state provides funding to school districts for students who live in the district and at least 2.5 miles from their school. To do this, the transportation funding formula estimates what it should cost a district to provide transportation services based on its student density. Through a formula, that cost is converted to a transportation FTE and then multiplied by that year's base state aid. As a result, this method does not provide funding for a district's actual costs but instead provides funding at a level the funding formula estimates it should cost the district to provide transportation services.

2017 Senate Bill 19 includes a requirement that our office conduct a performance audit of transportation funding which includes a comparison of the amount of transportation funding school districts receive to the cost of providing those services. The final report must be submitted to the Legislature by January 15, 2018.

Objectives, Scope and Methodology

To comply with the requirements of 2017 Senate Bill 19, the Legislative Post Audit Committee approved an audit of K-12 transportation services funding on July 31, 2017. This performance audit answers the following questions:

1. **Has transportation funding been allocated to school districts in accordance with the statutory formula in recent years?**

2. **How does the funding school districts receive for funded transportation services compare to their actual costs?**

3. **What types of transportation requirements and funding mechanisms do other similar states use to provide and fund K-12 transportation?**

To answer Question 1, we compared the statutory requirements for calculating transportation funding with the state's actual allocation methods. We worked with Kansas Department of Education (KSDE) officials to understand how they allocate transportation funding, and how much transportation funding each district has received each year since the 2014 school year. We also replicated the calculations for the past several school years and compared our results to the amounts districts actually received for those years.

To answer Question 2, we estimated how much a sample of districts spent only on funded transportation services and compared those estimated costs to how much funding those districts received. We selected a sample of 16 districts that represented a broad range of districts in terms of number of students transported, student density, and square mileage. We worked with officials from those districts to understand their transportation policies, the number of students they transport, the bus routes they operate, and their transportation expenditures.

To estimate how much the sample districts spent only on funded transportation services, we determined how districts' routes would change if they only transported students funded under state law. To do this, we visited school districts, interviewed staff, and reviewed district bus route maps. For larger school districts, we used geographic information system (GIS) software to determine the number of routes those districts might operate if they only transported funded students. We then used district-reported expenditure information to estimate how much it costs the districts to provide those services, and compared those costs to the state transportation funding those districts received. We also estimated how much more expensive it is to provide transportation for students at least 2.5 miles from their school to costs for students who live closer. Last, we compared that number to the assumption in the transportation funding formula.

To answer Question 3, we contacted officials in five states and reviewed statutes and other documents to understand how they fund K-12 transportation, which students districts must transport, and what methods districts are allowed to use to provide transportation services. We also reviewed a 2006 study Washington state's Joint Legislative Audit and Review Committee conducted to understand the broad categories of transportation funding formulas used throughout the country.

Compliance with Generally Accepted Government Auditing Standards

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

State Law Only Requires Districts to Transport Students Who Live at Least 2.5 Miles from Their School, Although Districts Can Choose to Transport Others

Kansas law requires school districts to provide transportation to certain students who live at least 2.5 miles from the school they attend. K.S.A. 72-8302 requires school districts to provide transportation to students who live at least 2.5 miles from school and meet one of the following conditions:

- the student lives outside the city limits, or
- the school is outside of the city limits, or
- the student and school are in different towns

School districts are not required to transport students who live in the same city limits as the school they attend even if the student lives more than 2.5 miles from school.

In addition to public school students, districts are required to transport students who attend private accredited schools within the boundaries of the district, as long as those students can gather at a place along a regular school bus route.

School districts also have state and federal requirements to transport special education students. However, funding for these students is calculated through a separate special education formula, which we did not evaluate in this audit.

Districts also can choose to transport additional students who are not required to be transported under Kansas law. Concerns about student safety and attendance, or the community's expectations can influence whether a district chooses to transport these groups of additional students:

- **Students who live in town but live more than 2.5 miles from school.** Statute does not require that districts provide transportation for these students. However, the state does provide funding for these students so districts commonly offer transportation services to them.

- **Students who live less than 2.5 miles from school.** Most districts offer transportation services to students who do not meet the mileage threshold. In the 2016-17 school year, about 80% of Kansas school districts transported at least some students who lived less than 2.5 miles from school.

- **Students who live outside the boundaries of the school district.** School districts can choose to accept students who do not live in the school district, but they are not required to transport them.

- **Transportation services for extracurricular activities.** This includes any transportation the district may provide for activities such as field trips or athletic events.

Although districts may choose to provide transportation services to these students, the state does not provide any funding for them.

Kansas law allows school districts to transport students in three different ways. K.S.A. 72-8301 allows the state's 286 school districts to transport students in three main ways:

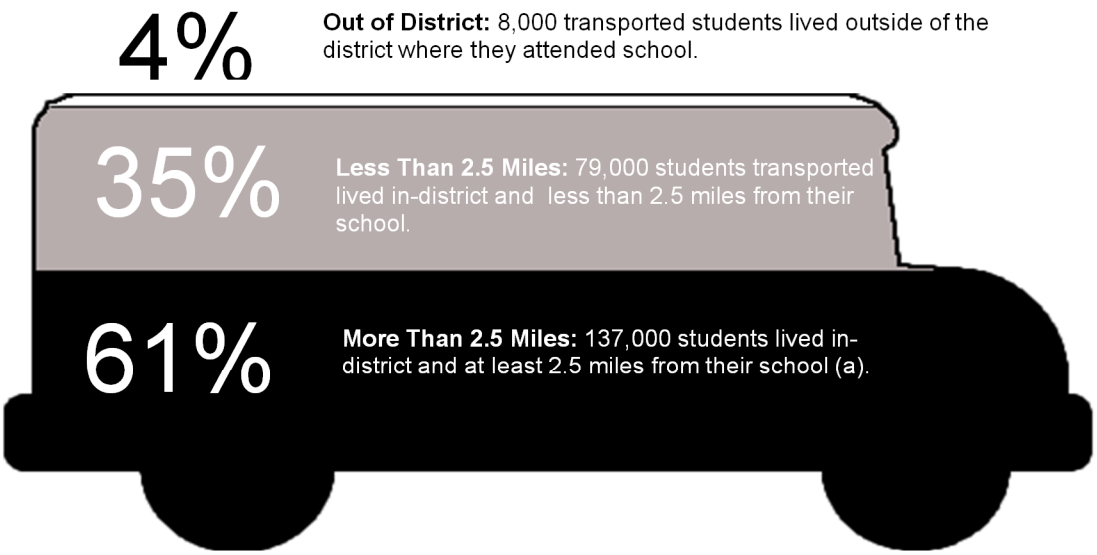
- **Most districts (252 or 88%) use their own transportation fleet to transport students.** For these districts, the bus drivers and other transportation staff are employees of the district. Additionally, the district owns (or leases) the buses.

- **Some districts (31 or 11%) contract with a private vendor to transport students.** For these districts, the district enters into a contract with a vendor to operate the district's transportation services. Typically, the bus drivers are the vendor's employees and the buses are owned and maintained by the vendor.

- **A few districts (3 or 1%) reimburse parents to transport their children to school.** These districts do not transport students to or from school (although they may provide transportation for extracurricular activities). Instead, the district reimburses parents on a per-mile basis to bring their children to school.

Figure OV-1
KSDE Student Transportation Counts by Residency and Distance
(school year 2016-17)

Kansas school districts either provided or made transportation services available to 224,000 students during the 2016-17 school year.



(a) This number reflects the number of students who lived in-district and at least 2.5 miles from their school but does not necessarily reflect the number of students school districts actually transported.
Source: Kansas Department of Education (unaudited).

During the 2016-17 school year, districts made transportation services available to an estimated 224,000 regular education students. ***Figure OV-1***, on page 6, shows the number of students transported or for whom districts made transportation available, grouped by distance and residence. As the figure shows, about 216,000 (or 96%) of these students lived within the school district they attended. Of this, about 137,000 (or 61% of the total) lived at least 2.5 miles from their school. The remaining 79,000 students (or 35%) lived less than 2.5 miles from their school.

The State Provides Transportation Funding to School Districts for Most Students Who Live at Least 2.5 Miles from Their School

The state has used a formula to provide transportation funding to school districts since 1965. State law allocates transportation funding to each school district based on a funding formula. The formula uses a district's per-student transportation cost, the number of students eligible for transportation, and student density to determine the amount of funding disbursed to each district. This method was passed into law in 1965 but has been modified several times:

- 1965: The first transportation funding formula was passed.
- 1973: A per-student minimum funding amount was removed from statute.
- 1978: The state began counting students for whom transportation was made available, rather than students actually transported.
- 1992: The entire K-12 funding formula was overhauled. Although the mechanics of transportation funding remained the same, a weighted transportation FTE was introduced and tied to base state aid per-pupil.
- 2015: The Legislature passed the CLASS Act (often referred to as the "block grant") which froze most components of state aid, including transportation funding, at the 2014-15 levels.
- 2017: The Legislature passed Senate Bill 19, which reinstituted the transportation funding formula with some modifications to address a math error in the earlier formulas.

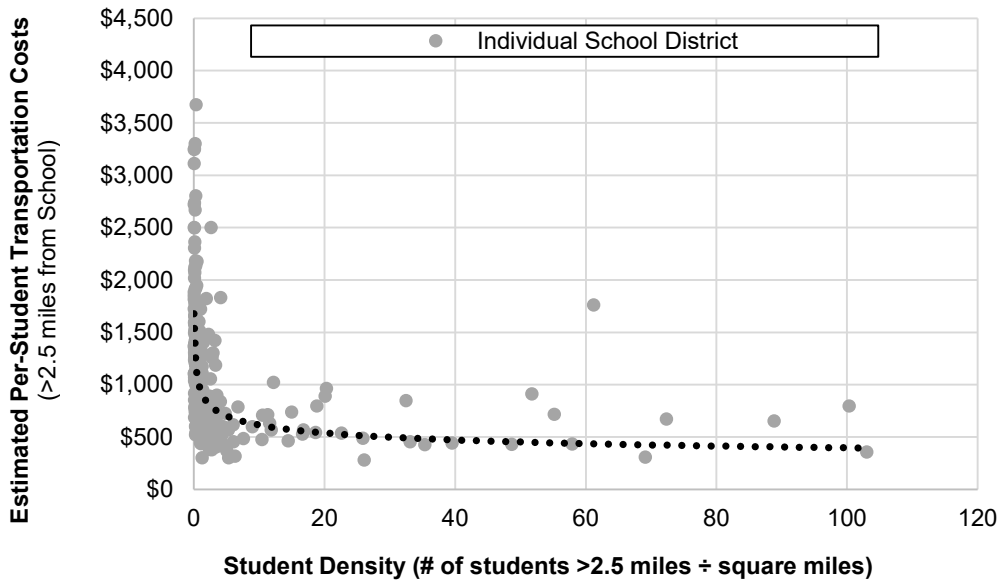
The state provides funding for in-district students who live at least 2.5 miles from their school based on costs estimated through a formula rather than the districts' actual costs. KSDE is responsible for implementing the formula and allocating transportation funding to school districts accordingly. To do this, school districts submit data, such as total transportation expenditures, and the distance each student lives from school. KSDE uses that data to calculate each district's transportation funding amount. Several steps must be taken to determine funding based on the statutory formula.

- **First, the formula allocates expenditures to in-district students who live at least 2.5 miles from school, based on the district's total transportation expenditures and the number of students transported.** This is necessary because districts only track and report total regular education transportation costs. The formula makes this allocation by weighting students who live at least 2.5 miles from school 2.8 times more heavily than students who live closer to school.

- **Next, a statistical "curve of best fit" is used to estimate per-student transportation costs based on student density.** Student density is the number of students who live at least 2.5 miles from school divided by the square mileage of the district. Each district's per-student cost (calculated in the previous step) and density are plotted on a graph. Statistical regression techniques are used to determine a "curve of best fit" through the data points. This curve represents the estimated per-student cost of providing transportation services at each density point. ***Figure OV-2*** shows a "curve of best fit". As the figure shows, the cost required to transport students decrease significantly as district density increases.

- **Last, the estimated cost is converted to an FTE which is multiplied by the base state aid to determine the district's total transportation funding.** The estimated cost is divided by the base state aid and then multiplied by the number of students who live at least 2.5 miles from school to produce the transportation FTE. This number is multiplied by the current base state aid to determine the amount of transportation aid for each district.

Figure OV-2
Estimated Per-Student Transportion Costs,
Student Density, and "Curve of Best Fit"
(school year 2016-17)



Source: LPA analysis of KSDE data.

As part of the transportation formula introduced by Senate Bill 19, the Legislature made changes to fix a longstanding mathematical error in earlier formulas. To help ensure that no district lost funding as a result of this correction, the Legislature introduced a hold harmless provision for school years 2018 through 2021. Under that provision, districts receive either the funding determined by the Senate Bill 19 formula or the amount they received in 2016-17, whichever is larger.

The state will provide an estimated $98 million in transportation funding to school districts in the 2017-18 school year. This number is an estimate because KSDE had not yet determined transportation aid at the time of this audit. The amount each individual district actually receives will depend on the number of students who meet the funding criteria in each district, as well as the actual transportation spending in all districts.

Question 1: Has Transportation Funding Been Allocated to School Districts in Accordance with the Statutory Formula in Recent Years?

For the most part, KSDE has allocated transportation funding in accordance with the statutory formula, with one significant exception. *KSDE has correctly executed the numerous calculations in the transportation funding formula for the past five years (p. 11). However, KSDE has continued to implement a funding minimum to the formula which is not authorized in statute (p. 11). Finally, KSDE's methods for counting students do not always align with statute, but the effect on funding is likely minimal (p. 14).*

KSDE Has Correctly Executed the Numerous Calculations in the Transportation Funding Formula for the Past Five Years

The transportation funding formula requires several steps to correctly allocate transportation funding to school districts. KSDE is responsible for implementing the formula in state law and allocating transportation funding to school districts accordingly. To do this, school districts submit data, such as total transportation expenditures and the distance each student lives from school. KSDE then uses that data to calculate each district's transportation funding amount through several steps:

- Allocating expenditures between students who live at least 2.5 miles from their school and all other students.
- Plotting the per-student expenditures for each district on a chart and determining the curve of best fit.
- Calculating the transportation FTE for each district.

We reviewed the department's calculations for the above items and found KSDE calculated them correctly for all school districts in each of the past five years.

However, KSDE Has Continued to Implement a Funding Minimum to the Formula Which is Not Authorized in Statute

KSDE has continued setting a minimum per-student funding level which primarily affects large, densely populated districts. State law allocates transportation funding to each school district based on a funding formula. Prior to 1973, this formula set a minimum per-student funding amount. This minimum was removed from statute in 1973 but KSDE has continued to implement it for the most densely populated districts. For these districts, KSDE substitutes a higher per-student cost in place of what the formula would yield. Each year, KSDE selects 6 to 10 high-density districts that had relatively low transportation expenditures per student. KSDE calculates the median transportation cost per student of those districts and substitutes this

median for any district whose estimated per-student cost was less. As a result, several high-density districts receive more funding than the statutory formula would have provided. ***Figure 1-1*** shows transportation funding amounts with and without this minimum for the districts likely affected in the 2017-18 school year. As the figure shows, the presence of this minimum will increase transportation funding by an estimated $9.7 million, or about 10%, for the 2017-18 school year.

Figure 1-1
Total Transportation Aid With and Without the Per-Student Minimum Established by KSDE (2017-18) (a)

School District	Funding Without KSDE Minimum	Funding With KSDE Minimum	Difference	
			$	%
Maize	$1,604,588	$2,469,756	$865,168	54%
Wichita	$5,560,041	$8,500,608	$2,940,567	53%
Shawnee Mission	$2,417,896	$3,606,780	$1,188,884	49%
Turner-Kansas City	$485,620	$693,720	$208,100	43%
Olathe	$2,074,229	$2,934,492	$860,263	41%
Kansas City	$1,476,558	$2,036,040	$559,482	38%
Goddard	$1,559,674	$2,125,716	$566,042	36%
Haysville	$830,257	$1,120,104	$289,847	35%
Topeka	$767,751	$1,021,968	$254,217	33%
Blue Valley	$1,901,887	$2,499,084	$597,197	31%
Piper-Kansas City	$556,642	$699,924	$143,282	26%
Andover	$760,335	$933,984	$173,649	23%
Derby	$770,999	$933,984	$162,985	21%
Leavenworth	$258,077	$311,328	$53,251	21%
Auburn Washburn	$1,634,475	$1,882,632	$248,157	15%
Bonner Springs	$482,566	$554,976	$72,410	15%
Seaman	$957,556	$1,069,908	$112,352	12%
De Soto	$1,047,966	$1,144,920	$96,954	9%
Fort Leavenworth	$88,443	$96,444	$8,001	9%
Spring Hill	$702,060	$755,196	$53,136	8%
Shawnee Heights	$1,370,592	$1,470,348	$99,756	7%
Manhattan-Ogden	$1,470,693	$1,543,668	$72,975	5%
Valley Center	$743,469	$778,884	$35,415	5%
Lawrence	$1,442,179	$1,477,116	$34,937	2%
Basehor-Linwood	$717,342	$729,252	$11,910	2%
Total	***$31,681,896***	***$41,390,832***	***$9,708,936***	***31%***

(a) Funding for the 2018 school year had not been dispersed at the time of this audit so this total is an estimate based on unaudited KSDE data.
Source: LPA analysis of KSDE data.

Over the past five years, KSDE's minimum funding level has provided a total of $45 million more in transportation funding than allowed by law. ***Figure 1-2*** shows the effects of KSDE's minimum funding level for high-density districts in each of the last five years. As the figure shows, districts have received a total of $8.0 million to $11.5 million in additional funding each year for the last five years.

Figure 1-2
Funding With and Without Minimum
(school years 2014 - 2018)

School Year	# of Districts	Funding Without KSDE Minimum	Funding With KSDE Minimum	Difference
2014	28	$31,185,554	$42,638,261	$11,452,707
2015	21	$26,892,045	$34,888,720	$7,996,675
2016 (a)	21	$26,892,045	$34,888,720	$7,996,675
2017 (a)	21	$26,892,045	$34,888,720	$7,996,675
2018 (b)	25	$31,681,896	$41,390,832	$9,708,936
Total	-	***$143,543,585***	***$188,695,253***	***$45,151,668***

(a) Due to the CLASS Act, each district's transportation funding in these years was the same amount the district received in 2015.
(b) Funding for the 2018 school year had not been dispersed at the time of this audit, so this total is an estimate based on unaudited KSDE data.
Source: LPA analysis of KSDE data.

State law does not include a minimum funding level for transportation, and it does not give KSDE the authority to create one. The original transportation funding formula which was passed in 1965 did include provisions for a minimum funding level, but this minimum was removed by the Legislature in 1973. Since then, statute has not included a provision for a minimum funding amount, nor has it authorized KSDE to implement one.

KSDE officials told us they continued adding a minimum funding level because some legislators had requested it in previous years. KSDE officials told us they were aware that a minimum funding level for high-density districts was not part of the funding formula. However, they maintained the minimum at the request many years ago of several legislators to provide additional funding to large, high density school districts. Although this request may have been made, state law does not allow for it.

Although there is no provision for a minimum funding level in state law, our findings in Question 2 of this audit suggest a minimum might be appropriate. As part of our analysis in Question 2, we estimated the per-student cost of transporting students who live at least 2.5 miles from school for a sample of districts and then compared those costs to the funding the districts received. As we expected, some districts received more

transportation funding than our estimate of their costs, while others received less. Among those districts that received less funding than their estimated costs, the shortfall was especially significant for the two large, densely populated districts in our sample (Wichita and Shawnee Mission). Given these results, a funding minimum that benefits large, densely populated districts might be appropriate. For more information on this analysis, see page 18.

KSDE's Methods for Counting Students Do Not Always Align with Statute, but the Effect on Funding is Likely Minimal

State law requires that students for whom "transportation was made available" be counted for funding purposes, even if the student did not actually ride the bus. The statutory formula directs KSDE to count the number of students for whom transportation was made available in two categories: students who live at least 2.5 miles from school, and all other students including those who live less than 2.5 miles from school and those who do not live in the district. Although the state only provides funding for students who live at least 2.5 miles from school, both counts are necessary components of the transportation funding formula.

The statute does not explicitly define the term "made available." However, in 1978 the Legislature replaced the original phrase "who are actually being transported" with "made available." Given this change, it appears the statute would not require these students actually ride the bus to be counted.

The way KSDE counts students for funding purposes is not consistent with the statutory definition. We found three situations where KSDE's method of counting students is not consistent with how statute directs students to be counted.

- **KSDE counts all students who live at least 2.5 miles from school for funding purposes, but does not make sure transportation services were made available to these students.** State law does not require districts to transport students who live in the same city limits in which their school resides, even if they live at least 2.5 miles from school. For these students, it is a district decision whether to make transportation available. As such, in districts that do not provide transportation to students in city limits KSDE should not count these students for funding purposes. However, KSDE counts all students who live at least 2.5 miles from school, without confirming that transportation services were available to all these students.

- **For students who live less than 2.5 miles from school, KSDE mostly counts students who were actually transported rather than only counting students for whom transportation was made available.** Because state law does not require districts transport these students, each district sets its own policies regarding which of these students, if any, it will transport. Thus, each district will have unique policies as to whether transportation was made available.

KSDE officials told us they direct school districts to report students for whom transportation was made available, but officials thought the majority of districts instead reported the number of students actually transported. Further, KSDE does not audit the information districts provide for students who live less than 2.5 miles from school.

- **KSDE reduces the count of students who only ride the bus one way.** KSDE officials told us they count students who only ride the bus one way as 0.5 FTE instead of 1.0 FTE. Additionally, officials told us they implemented this policy many years ago as a response to districts that only provided one-way transportation for half-day kindergarten students. Although, most districts now provide full-day kindergarten and thus provide transportation to and from school, officials told us they still occasionally reduce counts in other situations. Statutes refer to students based on whether transportation was made available, regardless of whether the student actually rode the bus. Further, statutes make no mention of riding one way or both.

However, the difference between the statutory definition and KSDE's method for counting students likely has a minimal effect on funding. First, although KSDE has decided to count all students who live at least 2.5 miles from school, rather than just those for whom transportation was made available, it is unlikely this affects many districts. Given the small geographic size of most Kansas communities, students who live at least 2.5 miles from school will also live outside the city limits in most school districts. Additionally, many larger school districts do provide transportation to students who live in the city limits because the state provides funding for those students.

Second, with regard to KSDE's policy to only count students who live less than 2.5 miles from school when they actually receive transportation, the effect is small. Although this policy likely affects all school districts, we estimated it only results in an average of about $550 less in transportation funding per district.

Finally, Department officials told us they only occasionally make an adjustment for students riding the bus one-way and so the effect of this change is also likely to be small. However, we were not able to verify the number of instances where KSDE made this adjustment.

Question 2: How Does the Funding School Districts Receive for Funded Transportation Services Compare to Their Actual Costs?

Overall, our 16 sample districts received less funding than it cost them to transport students, but the results varied by district (p. 17). *The funding formula uses student density to estimate transportation costs but a variety of other factors can also influence costs (p. 20). Last, based on our sample, the current funding formula appears to understate the comparative cost of transporting students who live at least 2.5 miles from school (p. 22).*

Overall, Our Sample Districts Received Less Funding Than It Cost to Transport Students, But The Results Vary by District

We interviewed school district officials and analyzed expenditure and funding data for 16 districts to determine how their transportation costs compared to the state funding they received in the 2016-17 school year. The 16 districts in our sample represent a cross section of districts statewide in terms of location, density, square mileage, and number of students transported. ***Appendix B*** lists these districts and the characteristics we considered when choosing them. Because we did not randomly choose these districts, our results are not statistically projectable statewide. Additionally, we did not evaluate expenditures related to transporting special education students or expenditures related to transporting students to extracurricular activities.

We estimated the districts in our sample spent about $20 million to provide "funded" transportation services, and received about $16 million in state transportation funding. As described in the Overview on page 7, the state provides transportation funding to school districts for students who live at least 2.5 miles from school. That funding is calculated by first determining the cost per student to provide transportation to students who live at least 2.5 miles from school. Those costs, and the districts' density, are plotted on a graph and a curve of best fit is drawn through the points. That line estimates what it costs each district to provide transportation services. That cost is then converted to a full-time-equivalent (FTE) and multiplied by the base state aid to determine the district's funding.

As discussed in the Overview on page 5, districts can provide transportation services to students the district does not receive funding for. This includes students who live less than 2.5 miles from school and students who do not live in the school district.

Because districts do not track expenditures for funded and unfunded transportation services separately, we had to estimate the cost for each district to provide funded transportation services. To do this, we interviewed school district officials, reviewed district policies regarding which students they transport, and analyzed bus routes to determine how costs might change if the district provided only funded transportation services.

The 16 districts we reviewed spent about $20 million to provide funded transportation services and received about $16 million in funding. More specifically:

- **Nine districts received a total of $5.6 million less in funding than it cost them to provide transportation services.** Of those nine, two districts (Shawnee Mission and Wichita) accounted for $5 million of that difference.

- **Seven districts received a total of $1.4 million more in funding than it cost them to provide transportation services.** Of those seven, one district (Dodge City) accounted for $1.2 million of the difference.

The difference between state transportation funding and the estimated cost of funded services varied significantly across our 16 districts. ***Figure 2-1***, on page 19, shows the estimated costs of funded transportation and funding for the 16 districts in our sample. As the figure shows, we found the districts in our sample received between 56% less and 202% more in funding than their costs.

- **Six districts received at least 15% less in funding than we estimate they incurred in costs for funded transportation services.** For example, Pittsburg received 56% less funding than it incurred in costs.

- **Seven districts received funding that was within 15% of our estimate of their incurred costs.** Among these districts, Santa Fe Trail had the most significant funding shortfall (13%) while Pratt had the most excess funding (13%).

- **Three districts received at least 15% more in funding than we estimated they incurred in costs.** For example, Dodge City received 202% more funding than it incurred in costs.

Two large districts in our sample account for most of the difference between funding and costs. The Wichita and Shawnee Mission school districts account for 80% of the total costs and 70% of the total funding in our sample. Combined, these districts received about $5 million less in funding than estimated costs. Because they are so much larger than the other districts in our sample, their results skew the overall sample results.

Because of their size and geographic concentration, both the Wichita and Shawnee Mission school districts benefit significantly from KSDE's implementation of a minimum funding level. This minimum is discussed more fully in Question 1 on page 11. If these two districts were funded at the level specified in state law (without the funding minimum), the difference between funding and costs would be significantly larger—an estimated $8.5 million.

Figure 2-1
Regular Education Transportation Costs Compared to Funding
(school year 2016-17)

School District	Estimated Cost for Students >2.5 miles	State Funding	Difference	
			$	%
Districts that Received At Least 15% Less Funding than Costs				
Pittsburg	$605,489	$265,403	($340,086)	(56%)
Minneola	$114,973	$70,106	($44,866)	(39%)
Shawnee Mission	$4,413,391	$3,002,249	($1,411,142)	(32%)
Osborne	$168,585	$117,101	($51,484)	(31%)
Wichita	$11,580,981	$8,000,604	($3,580,377)	(31%)
Ellis	$86,632	$61,632	($25,000)	(29%)
Subtotal	*$16,970,050*	*$11,517,095*	*($5,452,955)*	*(32%)*
Districts Whose Funding Was Within 15% of Their Costs				
Santa Fe Trail	$683,868	$597,830	($86,038)	(13%)
Kingman-Norwich	$375,814	$349,762	($26,052)	(7%)
Fort Scott	$533,107	$522,331	($10,776)	(2%)
Wamego	$366,275	$367,096	$820	0%
Barber County North	$191,414	$196,837	$5,424	3%
Valley Falls	$120,420	$129,812	$9,392	8%
Pratt	$153,484	$173,340	$19,856	13%
Subtotal	*$2,424,382*	*$2,337,008*	*($87,374)*	*(4%)*
Districts that Received At Least 15% More Funding than Costs				
Stockton	$77,872	$109,397	$31,525	40%
Belle Plaine	$92,143	$160,243	$68,100	74%
Dodge City	$600,890	$1,817,374	$1,216,484	202%
Subtotal	*$770,905*	*$2,087,013*	*$1,316,109*	*171%*
Total	***$20,165,337***	***$15,941,117***	***($4,224,220)***	***(21%)***

Source: LPA analysis of data provided by school districts and KSDE.

The mixed results for our sample are not surprising, given that the transportation formula funds districts based on estimated costs rather than actual costs. As described on page 8 of the Overview, a curve of best fit is drawn through the various data points (allocated per-student expenditures arrayed by student density). Districts are then funded at the level estimated by the curve. At each density level, districts that have costs above the

curve will not receive enough funding to cover their costs. Conversely, districts with per-student costs below the curve will receive more funding than their costs. This is consistent with the results for our sample of 16 districts.

The Funding Formula Uses Student Density to Estimate Transportation Costs, But a Variety of Other Factors Can Also Influence Costs

The funding formula uses a district's density to determine the amount of regular education transportation funding it will receive. Each district's density is calculated by dividing the number of students who live at least 2.5 miles from school by the square mileage of the district. Districts with lower densities tend to be more rural, whereas districts with higher densities tend to be more urban. The student density of Kansas school districts ranged significantly in the 2016-17 school year, from a low of 0.05 students per square mile in the most rural districts, to a high of 103 students per square mile in the most densely populated urban districts.

The funding formula uses student density to help predict a district's costs because density is strongly related to transportation costs. The funding formula assumes that districts with similar densities should have similar costs. More densely populated districts tend to have lower per-student transportation costs. This is because it is more efficient to transport groups of students who live close together than it is to transport only a few students who are spread out across the district.

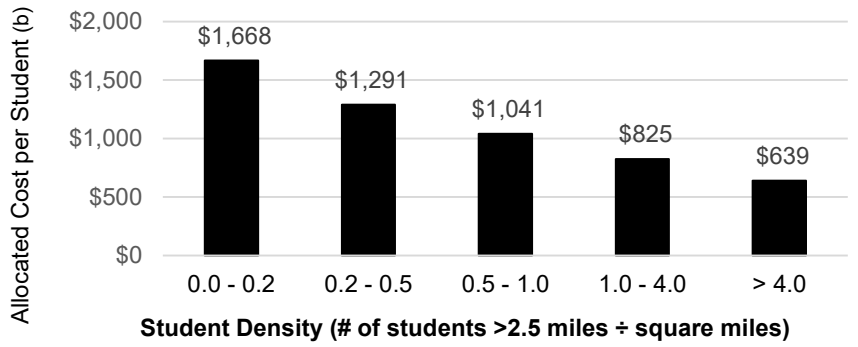
Figure 2-2, on page 21, compares the average transportation cost per-student based on student density. As the figure shows, the average allocated per-student cost in the sparsest districts (fewer than 0.2 students per square mile) was almost $1,700, while the average cost in the most densely populated districts was a little more than $600 per student. The current funding formula accounts for these cost differences through the curve of best fit.

However, the geography of a district and where students live can lead to significant cost differences between districts of similar student densities. Although student density accounts for how sparsely populated a district is, it does not account for how many students live long distances from school. Additionally, density does not account for how large a district is geographically. Where students live and district size can significantly influence how many miles buses must drive to pick up students, and thus how much it costs the district to provide transportation services.

Further, student density does not account for the natural geography of the district which can influence how efficiently a district can plan its routes. In some districts, rivers, flood prone areas, or

bridges that buses cannot cross can hinder efficient route planning. As a result, districts with similar densities may drive a very different number of miles and subsequently incur very different costs.

Figure 2-2
Average Allocated Cost per Student
for All School Districts by Density Range (a)
(school year 2016-17)



(a) Density represents the number of students who live at least 2.5 miles from school per square mile of the school district.
(b) This represents the cost per student after total costs are allocated between students who live at least 2.5 miles from school and those who live closer.
Source: LPA analysis of KSDE data.

District policies related to which students the district will transport or how students are assigned to schools can also influence costs. Although state law requires districts to transport students who live at least 2.5 miles from school, the law does not apply to students who reside in the city limits. For these students, districts can choose whether to provide transportation or not. Those that do may incur more costs. Additionally, districts that allow students to attend any school in the district (rather than the neighborhood school closest to them) may also incur more costs because more students are likely to live 2.5 miles or more from their school and thus require transportation.

Last, factors related to bus driver pay and the fuel efficiency of a district's bus fleet can also influence a district's per student transportation costs. Based on expenditure information the districts provided to us and interviews with district officials we identified other factors that can influence transportation costs.

- **Bus driver wages are a substantial cost component that varied significantly in our sample.** The average bus driver wages in our sample varied from an average of about $11.60 to $29.00 per hour—a difference of about 150%. Staff in many districts told us it is difficult to find bus drivers. One district told us they struggle to find drivers because they pay less than surrounding districts. Another told us

their bus drivers have been with the district for a long period of time, which has resulted in higher bus driver pay.

- **The fuel efficiency of buses also varied greatly.** In our sample, we found district bus fleets that averaged from 4 miles per gallon to 15 miles per gallon. Less fuel-efficient fleets require more fuel and thus are more expensive to operate on a per-mile basis.

Based on Our Sample, The Current Funding Formula Appears to Understate the Comparative Cost of Transporting Students Who Live at Least 2.5 Miles From School

Under the current funding formula, students who live at least 2.5 miles from school are weighted 2.8 times more heavily than other students when allocating costs. As described in the Overview on page 7, the first step in the statutory funding formula is to allocate each district's transportation expenditures between two groups of students: funded students who live at least 2.5 miles from their school, and other students the district transports. This is necessary because districts do not track expenditures separately based on these designations.

This allocation follows a formula which is embedded in statute. A key part of that formula is a cost ratio which helps determines what proportion of a district's transportation expenditures to attribute to each group of students. The current funding formula uses a ratio of 2.8, which implies funded students who live at least 2.5 miles from school are 2.8 times more expensive to transport than all other students. For the remainder of this section of the report, we will refer to this ratio as the "comparative cost ratio."

The comparative cost ratio in current statute was set by the Legislature in 2017 Senate Bill 19. The bill increased the ratio from 2.0 to 2.8 to hold overall transportation funding stable when a math error in the previous formula was addressed. Because the current ratio is not based on any empirical study, we attempted to assess its accuracy using our sample of 16 school districts.

The findings in this section are based on our evaluation of 16 districts that represent a cross section of districts statewide. Because these districts were not selected randomly, the results cannot be projected statewide.

For nearly all the districts in our sample, we estimated the comparative cost ratio to transport funded students was significantly greater than the 2.8 ratio currently in statute. For the 16 districts in our sample, we used our earlier estimate of the cost to provide funded transportation services to estimate the per-student costs of transporting students who live at least 2.5 miles from school and the per-student cost for other students. We then calculated the ratio between the two per-student costs to estimate

the comparative cost ratio for each district. ***Figure 2-3*** summarizes these results. As the figure shows:

- **For 13 of the 16 districts in our sample, the comparative cost ratio was greater than 2.8.** For these districts, the cost ratio ranged from 3.3 to 26.2. This means the statutory ratio understated the cost to transport students who live at least 2.5 miles from school. In other words, these students make up a much larger proportion of total district transportation costs than the formula allocated.

- **For 2 of the 16 districts in our sample the comparative cost ratio was less than 2.8.** These two districts (Dodge City and Wichita) had ratios of 1.0 and 1.5, which means the statutory ratio overstated the cost to transport funded students. In other words, transportation costs were more evenly split between students who live at least 2.5 miles from school and those who live closer.

- **For 1 of the 16 districts we were not able to calculate a ratio because all of its expenditures were related to transporting students who lived at least 2.5 miles from school.**

Figure 2-3
Estimated Comparative Cost Ratio for Sample Districts
(school year 2016-17)

District (a)	Estimated Cost Per Student		Estimated Ratio (b)
	Students > 2.5 miles	Other Students	
Barber County North	$1,428	$54	26.2
Ellis	$2,475	$109	22.7
Minneola	$2,804	$130	21.6
Pittsburg	$1,338	$70	19.0
Fort Scott	$968	$55	17.5
Shawnee Mission	$690	$43	16.0
Pratt	$1,059	$75	14.1
Kingman - Norwich	$1,333	$140	9.5
Wamego	$842	$111	7.6
Osborne	$2,294	$458	5.0
Stockton	$756	$160	4.7
Belle Plaine	$499	$140	3.6
Valley Falls	$997	$305	3.3
Current Formula	**---**	**---**	**2.8**
Wichita	$764	$515	1.5
Dodge City	$224	$223	1.0

(a) Although Santa Fe Trail was in our sample, we could not calculate a ratio for it because all of the district's costs were related to transporting students who live at least 2.5 miles from school.
(b) The ratio represents relative costs to transport students who live at least 2.5 miles from school compared to how much it costs to transport students who live closer to school. The higher a district's ratio is, the less of its costs come from transporting students less than 2.5 miles from school.
Source: LPA analysis of data provided by school districts and KSDE.

It is important to note that even when a district's estimated cost ratio was significantly greater than 2.8, it may still receive enough state funding to cover transportation costs. The amount of state funding each district receives is based on how much it costs all districts with similar student densities to provide transportation services. For example, we estimated Barber County North's comparative cost ratio for students who live at least 2.5 miles from school was 26.2 (significantly greater than 2.8). However, because its per-student costs were similar to costs for other districts with a similar student density, the district still ended up receiving about as much state funding ($196,837) as we estimated it incurred in costs to transport students who lived at least 2.5 miles from school ($191,414). This is shown in ***Figure 2-1*** on page 19.

For the districts we reviewed, the vast majority of their total transportation costs were related to transporting students who live at least 2.5 miles from school. For 15 of the 16 districts in our sample (Dodge City was the exception) we found that 84% to 100% of their total transportation costs were related to transporting students who lived 2.5 miles or more from school. This occurs primarily for two reasons:

- **Districts typically planned their bus routes to transport students who live at least 2.5 miles from their school, and then picked up other students if they lived along the bus route and there was room on the bus.** The cost to pick up these closer students was typically negligible. For example, Barber County North transports about 30 students who live closer than 2.5 miles from school, but we estimated this costs the district less than $2,000 a year. That is because those students either live near an existing route or are picked up at a stop the district was going to make anyway.

- **Districts that transported students who lived closer than 2.5 miles from school typically took steps to minimize the cost of these students.** Many of these districts used bus stops (rather than picking up students at their homes) and placed those stops on or near existing routes. For example, Pratt transports about 360 students who live closer than 2.5 miles, but we estimated this costs the district a little less than $30,000 a year (about 16% of its total transportation costs). That is because the district picks those students up at bus stops which are on or near the routes the district already operates for students who live at least 2.5 miles from school.

We estimated a comparative cost ratio of 5.0 might better reflect how districts' costs are allocated between students who live at least 2.5 miles from school and other students. To develop this estimate, we assumed the allocation patterns across all districts in the state are similar to the 16 districts in our sample. We used the information from those districts to create a simulation model. The model randomly assigned cost allocations to each district in the state, based on the patterns from our sample. We ran

this procedure 2,000 times and determined the median ratio of all school districts statewide each time. The resulting range of ratios was 3.0 to 7.0 across all of the simulations, but the median ratio was 5.0.

Because the 16 districts we chose to review were not selected randomly, their results cannot be projected statewide. As a result, the comparative ratios we estimated based on the model described above should be used only as a general indicator for what a more accurate ratio might be.

Increasing the comparative cost ratio to 5.0 would increase transportation funding by about $4 million over 2016-17 transportation funding. Increasing the cost ratio does not directly provide districts with additional transportation funding. Rather, a higher ratio would assign more costs to the students who live at least 2.5 miles from school during the initial allocation step of the statutory formula (see page 7 of the Overview). This results in greater costs per student which in turn raises the curve of best fit and finally the amount of funding provided to each district.

We estimated the potential fiscal impact of increasing the comparative cost ratio from 2.8 to 7.0 using districts' 2016-17 reported expenditures and student counts. ***Figure 2-4*** shows the estimated state funding at various ratios. As the figure shows, we estimated that increasing the comparative cost ratio to 5.0 would result in total statewide funding of $105.6 million. This represents an increase in total transportation funding of about $4 million over the state's 2016-17 transportation funding. This estimate assumed the funding minimum established by KSDE but not currently allowed by law is retained (see Question 1, page 11).

Figure 2-4
Estimated State Transportation Funding at Various Allocation Ratios (a)
(in millions)

Formula Ratio	Estimated Funding	# Districts that Have More Costs Than Funding
Assumes the minimum is retained		
3	$98.8	149
5	$105.6	131
7	$109.1	121
Assumes the minimum is eliminated		
3	$90.3	151
5	$96.6	132
7	$99.8	122

(a) Funding estimate uses 2016-17 costs and the 2017-18 BASE of $4,006.
Source: LPA analysis of data provided by school districts and KSDE.

Question 3: What Types of Transportation Requirements and Funding Mechanisms Do Other Similar States Use to Provide and Fund K-12 Transportation?

Kansas and the five other states we reviewed varied significantly in terms of which students must be transported and how transportation services are funded. *A Washington audit identified four primary mechanisms for state funding of transportation services (p. 27). Kansas and the five states we reviewed varied as to which students must be transported (p. 28). Last, only three states, including Kansas, provide dedicated transportation funding (p. 29).*

A 2006 Washington Audit Identified Four Primary Mechanisms for State Funding of Transportation Services

In 2006, the Washington state's Joint Legislative Audit and Review Committee reviewed transportation funding formulas for all 50 states. Their findings provide a general framework for understanding different K-12 transportation funding mechanisms used throughout the country. However, because they conducted their study eleven years ago, individual states may no longer be categorized accurately because of funding formula changes. Additionally, in a few instances, we disagreed with how Washington categorized states.

Washington's auditors identified four types of mechanisms for state K-12 transportation funding. They categorized each states' funding mechanism into four broad categories and assessed the strengths and weaknesses of each. Although the auditors reviewed all 50 states, they did not categorize five states because those states did not appear to provide dedicated transportation funding.

- **Predictive or efficiency-driven formulas provide funding at a predicted cost level that assumes similar costs for similar districts (14 states).** These formulas are generally designed to promote specific behaviors that improve operational efficiency and thus reimburse most districts at less than their full costs. This method promotes efficiency, but tends to require a fair amount of data and can be difficult to understand because funding is based on a statistical model. Kansas uses a predictive formula for transportation funding.

- **Block-grant funding provides funding as part of a per-student grant given to school districts (12 states).** This funding method is intended to offset some or all of the costs of student transportation, while allowing local school districts to have primary control of service levels and efficiency. This funding method is typically easy to administer and helps promote local control, but may not reflect the district's actual costs.

- **Approved-cost funding provides reimbursement for specific costs incurred by transportation programs (7 states).** This method typically has two approaches: one that provides reimbursement based on a percentage of total costs, and a second that limits reimbursements based on a statewide average. This system generally reflects actual costs and is easy to implement but requires significant financial oversight and auditing at the state level.

- **Per-unit-allocation funding provides a fixed amount of funding based on a specified unit such as miles driven or students transported (12 states).** This method provides consistent funding for districts and requires limited reporting. However, operational cost differences between districts may not be accounted for and it does not promote efficiency.

Kansas and the Five States We Reviewed Varied as to Which Students Must be Transported

We compared Kansas' various transportation requirements to five states we selected (Indiana, Iowa, Nebraska, Missouri, and Oklahoma). We selected these states because they are either geographically close or reasonably similar to Kansas in terms of population or the generally rural nature of the state.

Five of the six states we evaluated, including Kansas, require school districts to provide transportation services, but varied in terms of which students must be transported. Transportation requirements are frequently tied to a mileage threshold. School districts are typically required to provide transportation to students who live outside the threshold, while offering transportation to those who live within the threshold is optional. ***Figure 3-1*** summarizes the transportation requirements, including relevant mileage thresholds, for Kansas and our five sample states.

Figure 3-1
Summary of Student Transportation Requirements in Kansas and Five Other States

State	Mileage Requirements	Exceptions to Mileage Requirements
Indiana	All students enrolled in the district	School districts can apply for a waiver from the state in certain circumstances (a).
Iowa	> 2.0 miles (K-8) > 3.0 miles (9-12)	None
Kansas	≥ 2.5 miles	Students who reside in the same city limits as their school do not have to be transported.
Missouri	> 3.5 miles	Students who reside in Kansas City or St. Louis do not have to be transported.
Nebraska	> 4.0 miles	When certain types of districts consolidate, that district's secondary school students are exempt.
Oklahoma	No requirement to transport any students.	None

(a) State officials told us no districts have yet applied for this waiver.
Source: Interviews and LPA analysis of state statutes.

As ***Figure 3-1***, on page 28 shows, state requirements vary significantly. At the extremes, Indiana requires districts to transport all students, although Oklahoma does not require districts to transport any students. The other states have established mileage thresholds to determine which students districts are required to transport. Those thresholds range from 2.0 miles for some students in Iowa, to 4.0 miles for students in Nebraska. Kansas' requirement to bus students who live at least 2.5 miles from their school (with the exception of students who live in the city limits) is one of the lower thresholds.

All six states allow districts to use similar methods to provide transportation services. Each state allows districts to operate their own bus fleets or contract with a vendor to provide transportation services. Additionally, five of the six states, including Kansas, allow districts to reimburse parents for mileage instead of providing transportation services, although some states permit this only in certain circumstances.

Only Three States, Including Kansas, Provide Dedicated Transportation Funding

Kansas, Missouri, and Oklahoma provide dedicated transportation funding, though Kansas provides funding for a narrower group of students than the other states do. ***Figure 3-2***, on page 30, shows the funding methods Kansas and other states use. As the figure shows, Missouri and Oklahoma both use formulas to provide funding specifically for transportation. Like Kansas, Missouri's formula uses a regression analysis to predict each district's costs and then funds at that level. Further, like Kansas, Missouri and Oklahoma's formulas are not intended to reimburse the total costs for all districts.

However, both Missouri and Oklahoma provide funding for students who live closer to school than Kansas allows. The mileage threshold at which those states will provide funding is 1.0 mile and 1.5 miles from school, respectively. In comparison, Kansas provides funding for students who live at least 2.5 miles from school.

Three of the states we reviewed did not provide any specific funding for transportation, although two did consider transportation within their general state aid. In both of those states (Nebraska and Iowa), transportation costs are considered within the state aid but neither use a formula to provide aid specifically to reimburse districts for the transportation costs they incur. On the other hand, Indiana does not provide any state funding (directly or indirectly) and expects all transportation costs to be paid through the district's local funding.

Figure 3-2
K-12 Transportation Funding Mechanisms for Kansas and Five Other States

State	Mileage Threshold at Which Students are Funded	Funding Mechanism
State Provides Specific Transportation Aid		
Missouri	≥ 1.0 miles	The state reimburses up to 75% of total allowable transportation costs but no more than 125% of the prior year state per-student average (a). For districts the state deems inefficient (based on a regression analysis), the state reduces that district's allowable costs by up to 30%.
Oklahoma (b)	≥ 1.5 miles	Average daily riders (students that live at least 1.5 miles from the school) multiplied by the per-capita allowance multiplied by a transportation factor determined by the legislature.
Kansas	≥ 2.5 miles	A formula determines each district's cost per student to transport students who live at least 2.5 miles from school. A regression model predicts what it should cost for a district to provide transportation based on density. That amount is converted to a weighting which is multiplied by base state aid.
No Specific Transportation Aid is Allocated		
Iowa	N/A	Each district is provided general aid that is determined by a formula that considers historical spending as well as other factors. No specific allowance is given for transportation unless the district's per student costs exceed 150% of state average.
Nebraska	N/A	Each district only receives money from the state if total budgetary needs exceed the money they raise through their local effort and other funding options. Transportation is wrapped into the need-based funding.
Indiana	N/A	None, districts are expected to use local funds to pay for transportation expenses.

(a) State officials told us that the state can reimburse up to 75%, but this rarely occurs due to budget shortfalls.
(b) Districts are not required to provide transportation service, but if they do the state provides funding.
Source: Interviews and LPA analysis of state statutes.

Conclusion

Like many states, Kansas requires school districts to provide transportation services to certain groups of students, and like most of those states, Kansas has established a mechanism to help pay for the cost of these services. Kansas uses a formula that combines allocation rules and statistics to predict and fund the per-student transportation costs in districts with similar student densities. Predictive formulas like the one used in Kansas are a common funding mechanism used in many states. This type of formula has been used in Kansas for more than 50 years, and there is nothing in our results which suggest it needs to change significantly.

Although the basic structure of the state's transportation funding formula is solid, our work identified two issues with the formula the Legislature should consider reviewing further. The first issue is whether the formula should include a minimum funding level which sets a floor on the transportation aid in large, densely populated districts. The Department of Education has continued a minimum funding level on its own, which provides about $10 million a year in additional transportation funding to a number of school districts. While our analysis suggests a minimum funding level might be appropriate, this is not currently authorized in state law. Any such minimum should be codified in statute by the Legislature and not left to the department's discretion.

The second issue the Legislature should review is the assumption built into the current funding formula regarding the relative cost of transporting students who live at least 2.5 miles from school. As part of a process to estimate how much it costs to transport these students, the current formula assumes these students are 2.8 times more expensive to transport than students who live closer. Absent any empirical evidence, this was not an unreasonable assumption. However, our results for a sample of school districts indicates students who live at least 2.5 miles from school are likely five times as expensive to transport, and the Legislature should consider whether a change in this assumption is appropriate.

Recommendations

Kansas Department of Education

To address the areas where its administration of the transportation funding formula does not align with state statute, the Department of Education should do the following:

1. Remove the minimum funding level from its funding calculation, beginning with the 2018-19 school year to give adequate notice to the school districts that would be affected (p. 11).

2. Develop a process to ensure only students for whom "transportation was made available to" are counted. One option to consider would be requiring districts to certify which students they made transportation available to then auditing that certification on a sample basis each year (p. 14).

3. Count students for whom "transportation was made available to" as 1.0 FTE in all distance categories to align with the statutory definitions (p. 15).

Legislature

To better align transportation funding with the cost of funded transportation services, the Legislature should consider the following:

1. Review whether a minimum funding level is appropriate for large, densely populated districts, and amend state law as necessary (p. 11).

2. Review the comparative cost ratio in the statutory formula and amend state law as needed if it determines a ratio that better reflects districts' actual costs is more appropriate (p. 22).

APPENDIX A
Agency Response

On November 22, 2017 we provided copies of the draft audit report to the Department of Education. The department generally concurred with the audit's findings and recommendations. Its response is included as this Appendix. Following the agency's written response is a table listing the department's specific implementation plan for each recommendation.

We also provided a copy of the draft audit report to the 16 districts we reviewed as part of this audit. Although we did not request a formal response from those districts, three districts provided us with informal feedback. All three districts (Wichita, Shawnee Mission, and Dodge City) expressed concerns regarding our recommendations that KSDE discontinue the funding minimum and that KSDE make other changes to align how the department counts students with statute. The districts noted that changes to how the department allocates funding or how it counts students would likely lead to funding reductions that could be detrimental to students.

Kansas state department of Education

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December 1, 2017

Mr. Scott Frank
Legislative Post Auditor
Legislative Division of Post Audit
800 S. W. Jackson Street, Suite 1200
Topeka, Kansas 66612-2212

Dear Mr. Frank:

We appreciate the opportunity to review your recent performance audit, *K-12 Education: Evaluating Transportation Services Funding*. Listed below are the recommendations for KSDE and our responses.

1. ***Remove the minimum funding level from its funding calculation, beginning with the 2018-19 school year to give adequate notice to the school districts that would be affected.***

KSDE RESPONSE: The following is a historical explanation for how we arrived at the current line of best fit. Many years ago, at a time the Legislature was discussing the school finance formula, they were making every effort to not discriminate against high-density school districts. KSDE staff was called to the State Capitol and told that the purpose and intent was for KSDE to flatten out the line of best fit so that it would not to be disadvantageous to those school districts with high-density per pupil. At that time, legislators were having difficulty defining in writing the line of best fit for high-density school districts. However, they verbally provided KSDE with their definition of line of best fit.

The theory legislators had at that time was to split the line of best fit for high-density school districts by choosing the median expenditure as a minimum funding level. That theory has been in effect for many years. This calculation has been explained and reviewed before numerous legislative committees over the years and has met their criteria.

We believe that Legislative Post Audit's recommendation of codifying this process would be a good idea.

2. ***Develop a process to ensure only students for whom "transportation was made available to" are counted. One option to consider would be requiring districts to certify which students they made transportation available to then auditing that certification on a sample basis each year.***

KSDE RESPONSE: KSDE will implement this recommendation.

3. ***Count students for whom "transportation was made available to" as 1.0 FTE in all distance categories to align with the statutory definitions.***

KSDE RESPONSE: The .5 weighting was used because some kindergarten students were not transported both ways. School districts transported the students to school and parents were required to transport the students home. We did not believe that students should be counted as 1.0 since they were only transported one way and no seat was provided for the trip home. Implementation of this recommendation would have minimal effect since all-day kindergarten was approved by the 2017 Legislature.

Sincerely,

Dale M. Dennis, Deputy
Commissioner of Education

DMD:tjm

h:leg:LDPA—Transportation Audit—12-17

Itemized Response to LPA Recommendations

Audit Title: **K-12 Education: Evaluating Transportation Services Funding**

Agency: **Kansas Department of Education**

LPA Recommendation	Agency Action Plan
Question 1	
1. Remove the minimum funding level from the funding calculation, beginning with the 2018-19 school year to give adequate notice to the school districts that would be affected.	We plan to implement this recommendation unless the Legislature acts to provide minimum funding for high-density school districts. We believe a minimum funding level is appropriate if we desire to be equitable and fair to high-density school district.
2. Develop a process to ensure only students for whom "transportation was made available to" are counted. One option to consider would be requiring districts to certify which students they made transportation available to then auditing that certification on a sample basis each year.	Certification will be added to the Superintendents' Organization Report (SO66) for each school district.
3. Count students for whom "transportation was made available to" as 1.0 FTE in all distance categories to align with the statutory definitions.	We believe this issue has been resolved and plan to implement the recommendation since all-day kindergarten was approved by the 2017 Kansas Legislature.

APPENDIX B
Additional Information For the 16 Districts We Selected

This appendix shows the various characteristics we considered when selecting districts to review for this audit. The 16 districts in our sample represent a reasonable cross section of districts statewide in terms of location, density, square miles, and number of students transported.

Appendix B
Selected Information for the 16 Districts We Reviewed
(school year 2016-17)

School District	Region	Density	Square Miles	Total Students Transported or Eligible for Transportation	Total Enrollment
Barber County North	South Central	0.19	718	170	485
Belle Plaine	South Central	2.18	84	240	641
Dodge City	Southwest	6.31	426	4,916	7,054
Ellis	Northwest	0.12	281	157	479
Fort Scott	Southeast	1.83	300	1,809	1,881
Kingman-Norwich	South Central	0.50	566	370	979
Minneola	Southwest	0.14	292	124	248
Osborne	North Central	0.14	511	88	282
Pittsburg	Southeast	10.53	43	1,726	3,143
Pratt	South Central	0.54	267	534	1,229
Santa Fe Trail	Northeast	3.50	201	842	1,040
Shawnee Mission	Northeast	88.82	72	7,882	27,333
Stockton	North Central	0.16	445	84	339
Valley Falls	Northeast	1.05	115	192	376
Wamego	Northeast	2.25	193	722	1,533
Wichita	South Central	99.81	151	17,167	50,566

Source: Kansas Department of Education (unaudited).

APPENDIX C
Bibliography

This appendix includes the audit we noted in this report.

1. State of Washington Joint Legislative Audit and Review Committee, "K-12 Pupil Transportation Funding Study" (November 2006).