



MEMORANDUM

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TO: Members, House Committee on K-12 Education Budget
FROM: Justin Stowe, Interim Legislative Post Auditor
DATE: March 8, 2018
SUBJECT: Neutral Testimony Regarding House Bill 2697

I appreciate the opportunity to provide neutral testimony regarding House Bill 2697 which would amend the state's current K-12 transportation funding formula to increase the weighting for students who live at least 2.5 miles from school.

Background Information

In December 2017, our office released an audit that evaluated several aspects of the state's K-12 transportation funding formula. The formula estimates what it should cost a district to provide transportation services to students who live at least 2.5 miles from their school. Transportation funding is then allocated to each school district based on that estimate. As part of our work on this audit, we evaluated an assumption in the current formula that students who live at least 2.5 miles from school are about three times more expensive to transport than students who live closer.

Based on a sample of 16 districts, we found that students who live more than 2.5 miles from school are on average five times more expensive to transport than those who live closer. Using data from our sample of districts, we created a model to estimate the difference in how much it costs districts to transport students who live at least 2.5 miles from their school and the students who live closer. We ran our simulation model 2,000 times to estimate a median ratio statewide. That model produced ratios that ranged between 3.0 to 7.0, and a median ratio of 5.0.

We recommended the Legislature review the comparative cost ratio in the statutory formula and amend state laws as needed if it determines a ratio that better reflects district's actual costs is more appropriate.

Provisions of House Bill 2697

HB 2697 amends the state's current K-12 transportation funding formula to increase the weighting for students who live at least 2.5 miles from school from 2.8 to 5.0—the median ratio we reported in our 2017 audit.

This change would better reflect what it costs districts to provide transportation services to students who live at least 2.5 miles from school based on our model, but would require an estimated \$4.0 million increase in transportation funding over what districts received in the 2016-17 school year.