Subject   Pupil Transportation Sparsity Adjustment

Authors   Hill and others

Analyst   Tim Strom

Date   February 17, 2025

Overview

Categorical funding for pupil transportation services was eliminated about 25 years ago. When categorical funding for pupil transportation was eliminated, a transportation sparsity component was added to general education revenue, and the basic formula allowance for all districts was increased by $170 per pupil unit (4.66 percent of the basic formula allowance at that point in time). The pupil transportation sparsity formula is based primarily on students per square mile. As a result, some districts with significant populations in their cities but with a relatively large total area to serve find that their pupil transportation expenses significantly exceed their transportation sparsity aid.

A transportation sparsity adjustment was added to the formula in 2017 and increased in 2023. This adjustment measures the difference between the district's pupil transportation expenses and the district's imputed transportation revenue which includes transportation sparsity revenue and 4.66 percent of the district's basic revenue for the previous year. Under current law, 35 percent of this difference is funded through the pupil transportation adjustment.

H.F. 53 increases the transportation adjustment from 35 percent to 70 percent of a district's unfunded pupil transportation costs for the previous year.

Summary

Section	Description
1	**Pupil transportation adjustment.** Increases the portion of a school district's unfunded pupil transportation expenses that are funded through state aid from 35 percent to 70 percent of the unfunded amount beginning in fiscal year 2026.