

TO: Transportation Administrators  
FR: Pete Japikse, Pupil Transportation Office, ODE  
RE: Changes in Bus Purchase Funding procedure and disposal of funded buses  
DATE: February 23, 2006

The new budget bill included a change in the procedure for funding buses used for the transportation of nonpublic students and handicapped students. That change is in effect immediately, and impacts the funding flow for these buses. The change in funding style also impacts on the procedure for disposal of buses that were previously funded through this program.

The purpose of this memo is to review the bus purchase funding flow and also the new procedures that will be adopted for disposal and use of previously funded buses.

1) Public Bus Purchase Subsidy (current practice, remains unchanged)

This subsidy is calculated annually for all public school districts who provide pupil transportation on yellow buses. It is based upon a formula that includes the following data elements: number of yellow bus pupils reported on the T-1, number of yellow bus miles reported on the T-1, relative wealth of the district and number of miles traveled on rough roads. These factors are used to calculate a bus purchase aid amount for each district which is distributed in a one time payment through the statement of settlement.

Funds received through this bus purchase subsidy payment are restricted funds, and can only be used to purchase school buses or to pay for contracted yellow bus services. They may not be used for any other purpose. These funds can be carried over from year to year.

2) Nonpublic and Handicap Bus Purchase (new procedure in FY06)

There is a significant change in this program. In accordance with previous law reimbursement for nonpublic or handicap buses was required to be 100% of the net cost to purchase these buses. Since funding was not distributed to all districts, and was insufficient to meet all need, both law and rule required that these funding approvals be based upon a prioritization of need based upon data submitted to ODE.

Under the new law, distribution of funds for these buses is now shared among all school districts and boards of MR/DD who provide pupil transportation by yellow bus. That distribution is calculated by determining a per pupil amount based upon the total number of eligible students riding school buses as reported on the T-1, and dividing that number of students into the amount of funds allocated for this

purpose in the state budget. Eligible students for this calculation are only actual riders receiving yellow bus service as a special education or nonpublic student.

Funds received through this bus purchase subsidy payment are restricted funds, and can only be used to purchase school buses or to pay for contracted yellow bus services. They may not be used for any other purpose. These funds can be carried over from year to year. (Funds received through the nonpublic/handicap calculation may be used by a district for any bus purchase, and are not restricted to nonpublic or handicap bus purchase.)

### 3) Disposal and/or use of previously funded buses (new procedure)

As a result of the new funding process a new process was needed to allow districts to address disposition of previously funded buses, but still to safeguard the state's legal authority to reassign buses previously funded but no longer needed by a given agency.

A new set of administrative rules has been developed to cover this process, and is moving through the legal process of adoption. While the rules will not be final until later this school year, [approximately May 19], we will begin operating under their guidance immediately as a matter of practicality. This will allow school districts to begin liquidating older buses that can be considered to be fully depreciated in terms of both monetary and transportation value.

The language (as it is being introduced in the new rule 3301-85-01) is as follows:

(C) Rules pertaining to buses previously funded for transportation of nonpublic pupils or pupils with disabilities.

(1) School districts that enter into an agreement with a licensed school bus contractor to provide pupil transportation services and that sell the board-owned school buses pursuant to section 3313.41 of the Revised Code shall return one hundred per cent of the proceeds to the state of Ohio, Ohio department of education, or make the buses available without charge to other school districts. Vehicle assignment will be overseen by the Ohio department of education. The return of proceeds or use by other districts applies only when the bus was funded by the Ohio department of education.

(2) School districts that enter into an agreement with a licensed school bus contractor to provide pupil transportation services may lease the board-owned school buses to the contractor.

(3) Pursuant to section 3317.07 of the Revised Code, the Ohio department of education may reassign a bus funded under the previous version of this rule if it determines that the county MR/DD board or school district no longer needs the bus to transport pupils to a nonpublic school or special education program.

(4) Districts and county boards of MR/DD with buses funded under the previous version of this rule who continue to transport nonpublic or special education pupils to eligible programs may trade or sell outright any vehicle in excess of ten years of age. All proceeds of that trade or sale shall be retained by the district or county board of MR/DD.

(5) Districts and county boards of MR/DD with buses funded under the previous version of this rule who continue to transport nonpublic or special education pupils to eligible programs who wish to trade or sell any vehicle ten years of age or less shall make that bus available without charge to other school districts. Vehicle assignment will be overseen by the Ohio department of education.

4) Claims for previously funded buses

While the funding mechanism for 100% funded buses has changed, there are still a substantial number of buses that have been approved in previous fiscal years and not claimed. At the time of approval of each of these buses, letters were sent to district staff by ODE area coordinators, notifying them of the pending approval. A current list of unclaimed bus funds is posted on the pupil transportation website. Districts included on the list should make contact with their area coordinator or the Pupil Transportation Office at ODE immediately to pursue the use of those funds. These funds will not remain available for an indefinite period of time.

Should you have any other questions regarding the procedures for bus purchase funding or with regard to funded buses, please feel free to contact the pupil transportation office at the Ohio Department of Education.