

OVERVIEW OF HOUSE BILL 3 CHANGES TO THE TRANSPORTATION ALLOTMENT

AN ISSUE BRIEF FROM LEGISLATIVE BUDGET BOARD STAFF

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OBJECTIVE

House Bill 3 amended the Texas Education Code, Section 48.151, to change the method of determining a school district's transportation entitlement.

KEY FACTS

- ◆ The Foundation School Program (FSP) is the state's primary source for funding public schools and includes funding for student transportation. For school year 2018–19, the FSP's statewide transportation allotment was \$384.4 million.
- ◆ Beginning with school year 2019–20, all school districts will be eligible to benefit from a transportation entitlement.

BUDGETARY IMPACT

For school year 2018–19, the FSP's statewide transportation allotment was \$384.4 million. Although the transportation allotment changes made by House Bill 3 were fiscally neutral, school closures due to the COVID-19 pandemic will decrease the transportation allotment to an estimated \$260.0 million for school year 2019–20.

STATUTORY REFERENCES

The Texas Education Code, Section 48.151

Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium, Article III, Texas Education Agency, Rider 5, Transportation Allotment

Texas public charter schools, traditional school districts, and counties providing transportation services are entitled to receive state funding for the transportation of eligible students through the Foundation School Program's (FSP) transportation allotment. House Bill 3, Eighty-sixth Legislature, 2019, amended the Texas Education Code, Section 48.151, to change the method of determining a school district's transportation entitlement beginning September 1, 2019.

TRANSPORTATION ALLOTMENT BEFORE SCHOOL YEAR 2019–20

The transportation allotment provides funding for regular-education students and certain special-program students with disabilities that require specialized transportation to access their academic programs and certain other related services. Four categories of transportation services are eligible for funding: regular route services, special route services, career and technical education route services, and private route services.

Before school year 2019–20, reimbursement rates for eligible student groups were established in statute and by a rider in the General Appropriations Act. For regular-education students, the transportation allotment entitled a school district to a reimbursement rate per route mile traveled that was based on the district's linear density grouping. Linear density is the average number of regular-education students transported daily, divided by the approved daily route miles traveled in the district. Districts that served more students per mile received higher reimbursement rates than districts that operated less dense routes. Urban school districts, which served more geographically compact populations, tended to have greater linear density than more sparsely populated rural districts. School districts that provided transportation services to geographically isolated or homeless students tended to operate routes with lower linear density.

House Bill 21, Eighty-fifth Legislature, First Called Session, 2017, established the Texas Commission on Public School Finance to develop and make recommendations for improvements to the public school finance system. The commission's recommendations to the Eighty-sixth Legislature, 2019, included two changes relating to the transportation allotment. The first recommendation was to base funding on static mileage, rather the linear density formula, which had been in place since 1984. The second recommendation was to provide transportation funding to school districts subject to the state's property-wealth equalization provisions. Before enactment of House Bill 3, Eighty-sixth Legislature, 2019, property-wealthy districts did not receive the benefit of a transportation entitlement because the FSP funding formula excluded transportation from the calculation of weighted average daily attendance, which was a factor used to determine a district's equalized wealth level and recapture amount.

CHANGES TO TRANSPORTATION FUNDING IN HOUSE BILL 3

House Bill 3 included amendments to the Texas Education Code, Section 48.151, implementing both of the commission's transportation recommendations. Beginning September 1, 2019, the Regular Transportation Program allotment was changed from the linear density model to a flat \$1 per mile rate. The flat rate was amended in the Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium, Article III, Texas Education Agency, Rider 5, Transportation Allotment. By changing the calculation from linear density to a flat rate, districts

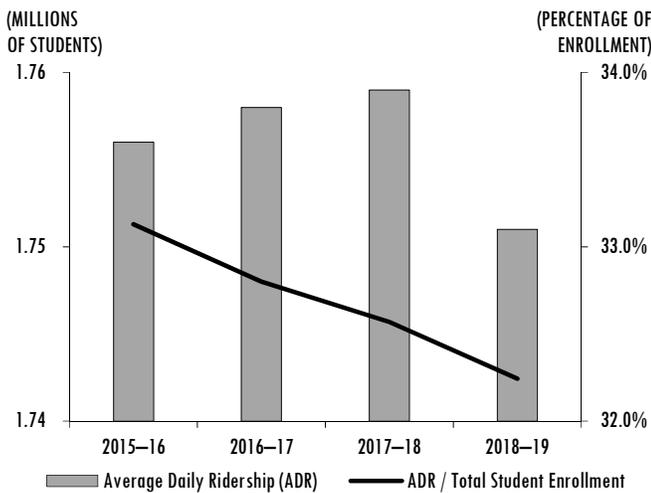
benefit from reporting all eligible miles. In the previous linear density model, districts legally could receive a higher overall entitlement if certain low-density routes were not reported. The change to a flat rate means that districts no longer are penalized for offering more routes with fewer riders to accommodate transportation outside of attendance zones and transportation during the school day for specialized school models. Examples of programs that may have included routes with lower linear density that now will generate an additional entitlement through the flat rate per mile include: dual-language; Montessori; single-gender schools; schools with specific themes or focuses such as science, technology, engineering, and math or fine arts; magnet schools; and dual-credit course offerings.

House Bill 3 also amended the state’s equalized wealth provisions to include the Transportation Allotment for all districts. Transportation is part of the FSP’s Tier One entitlement for all districts, although the calculation of recapture now is based on local revenue in excess of entitlement instead of local revenue in excess of the equalized wealth level. Beginning with school year 2019–20, state funding for transportation costs is provided in the same manner for recapture and nonrecapture districts.

SCOPE OF THE SCHOOL TRANSPORTATION SYSTEM

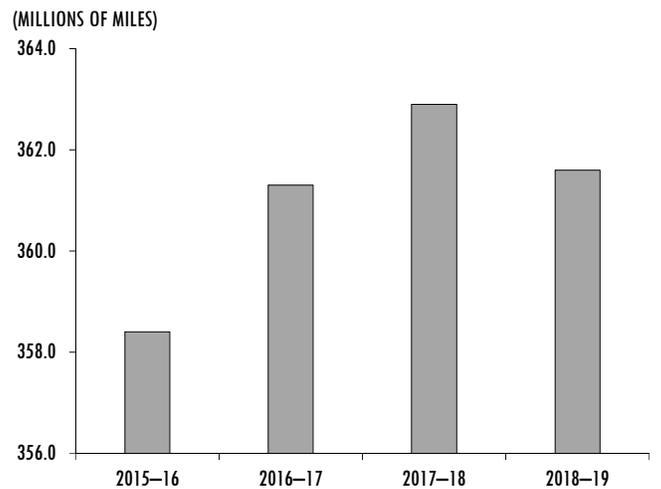
As shown in **Figure 1**, the annual daily ridership (ADR) statewide during the previous four reported school years surpassed 1.75 million student rides each year and had remained stable. From school years 2015–16 to 2018–19, ADR varied by less than 4,500 rides per day or 0.25 percent of the 2018–19 ADR. During school year 2018–19, daily ridership was 32.2 percent of total student enrollment for the school year. This percentage has varied less than 1.0 percent during the previous four school years. **Figure 2** shows the statewide system’s average number of miles. During school year 2017–18, which recorded the most miles of the previous four years, the transportation system accounted for more than 362.9 million miles. This increase represented a 1.2 percent change from school year 2015–16, which recorded the fewest miles.

FIGURE 1
TEXAS PUBLIC SCHOOLS TRANSPORTATION SYSTEMS’
AVERAGE DAILY RIDERSHIP
SCHOOL YEARS 2015–16 TO 2018–19



SOURCE: Texas Education Agency.

FIGURE 2
TEXAS PUBLIC SCHOOLS TRANSPORTATION SYSTEMS’
AVERAGE ANNUAL MILEAGE
SCHOOL YEARS 2015–16 TO 2018–19



SOURCE: Texas Education Agency.

USEFUL REFERENCES

Texas Education Agency, School Transportation Funding: tea.texas.gov/finance-and-grants/state-funding/state-funding-reports-and-data/school-transportation-funding

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