

AUDIT PROPOSAL

K-12 Education: Evaluating Transportation Services Funding

SOURCE

This audit proposal is intended to satisfy requirements in 2017 Senate Bill 19.

BACKGROUND

State law requires school districts to provide transportation services to students who live more than 2.5 miles from the schools they attend. For students who live less than 2.5 miles from school, districts create their own policies regarding which students the district will transport. Additionally, districts may operate their own transportation services or contract with a vendor to provide the service. In certain circumstances, districts can pay parents a mileage stipend to bring their students to school rather than providing transportation services.

State law also provides a funding mechanism to help districts pay for the cost of providing transportation services for students who live more than 2.5 miles from school. In the 2017-18 school year, it is estimated the state will spend \$105 million on transportation funding for these students. Under the school finance formula passed by the 2017 Legislature (2017 SB 19), the amount of funding is calculated for each school district through a formula. That formula is intended to provide funding for those students who live 2.5 miles or more from their school and who the district transports to school. Further, the formula takes into account the number of students who live more and less than 2.5 miles and includes assumptions about how much it costs to transport students who live more than 2.5 miles from school relative to what it costs to transport students who live less than 2.5 miles.

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

AUDIT OBJECTIVES AND TENTATIVE METHODOLOGY

The audit objectives listed below represent the questions that we would answer through our audit work. The proposed steps for each objective are intended to convey the type of work we would do, but are subject to change as we learn more about the audit issues and are able to refine our methodology.

Objective 1: Has transportation funding been allocated to school districts in accordance with the statutory formula in recent years? Our tentative methodology would include the following:

- Review 2017 SB 19 and previous state law, as well as work with Legislative Research to understand how statutes have directed transportation funding to be calculated in recent years.

- Review documents and work with KSDE officials to determine how much transportation funding each district has been allocated in recent years.
- Assess whether the allocations were correct by comparing how much each district's actual allocation was to how much it should have been allocated.

Objective 2: How does the funding school districts receive for required transportation services compare to their actual costs? Our tentative methodology would include the following:

- Judgmentally select a sample of school districts which represent a mix of different sizes and geographic areas in the state.
- Work with officials from the sample school districts to understand how many bus routes they operate, what students they transport, and how much it costs to transport all students, regardless of distance to school.
- Use geographic information system (GIS) software to estimate the number of routes each of the sampled districts would operate if it only transported students who live more than 2.5 miles from their school as required by state law.
- Work with school district officials and review district expenditures to estimate how much it might cost those districts to operate only those hypothetical routes.
- Compare the cost allocation ratio included in state law to the cost ratio established through our analysis to determine if they are generally comparable.
- Based on that cumulative information, determine whether the assumptions included in the transportation funding formula accurately reflect districts actual transportation costs.

Objective 3: What types of transportation requirements and funding mechanisms do other similar states use to provide and fund K-12 transportation? Our tentative methodology would include the following:

- Interview officials and review state laws for other midwestern states to identify what types of requirements or mechanisms they use to provide and fund transportation for K-12 students.
- Compare how other states provide and fund transportation for K-12 students to Kansas' structure to identify ways in which they are similar or are different.
- For any significant difference we identify, interview officials in other states to identify the advantages and challenges associated with those specific requirements or funding mechanisms.

ESTIMATED RESOURCES

We estimate this audit would require a team of **four (4) auditors** for a total of **five (5) months** (from the time the audit starts to our best estimate of when it would be ready for the committee).