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Some States Allow School Districts to Charge Parents for School Bus Transportation or to Advertise in or on School Buses to Raise Additional Revenue

at a glance

Some states allow school districts to raise additional revenues to supplement the funds they receive from traditional state and local student transportation sources. For example, 12 states allow and 1 state mandates districts to charge parents fees to transport their children to and from school. In addition, 13 states allow school districts to advertise on the inside and/or outside of school buses. In general, states give school districts considerable decision-making authority to determine how to implement such policies.

Background

Florida law provides school district superintendents the authority and responsibility for determining which students within the district receive transportation to school.[1] The cost of this transportation is paid for by both the state and the school district. In Fiscal Year 2009-10 (the latest year for which information is available), Florida school districts transported 1,022,154 (39%) of the 2,627,250 students enrolled at a cost of $954,136,204 ($931 per transported student). The 2009-10 dedicated state student transportation appropriation of $428,931,491 paid approximately 45% of these costs, with the remainder coming from local funding sources.

Although school district superintendents have the authority and responsibility for determining which of their students receive transportation to school, *Florida Administrative Code* restricts state student transportation funds to students who live at least two miles from their assigned schools.[2] Traditionally, most Florida public K-12 students have had the option of being transported to their assigned school by the local school district at no cost to the student.

Increasingly, states are examining ways to supplement traditional sources of revenue for student transportation. This report provides information about other states' policies regarding (1) fee-based transportation and (2) school bus advertising. To obtain this information, we conducted surveys and interviews of education officials in all 50 states.

[1] Section 1006.21(1), *F.S.*

[2] Florida law allows school districts to use dedicated state student transportation funds to transport Exceptional Student Education (ESE) students who require specialized transportation, elementary school students living less than two miles from their school who would face hazardous walking conditions, students who require transportation from one school center to another to participate in an instructional program, and Teenage Parents (TAPs) and their children. See ss. 1006.21(3) and 1006.23(2), *F.S.*, and Rule 6A-3.001, *F.A.C.*

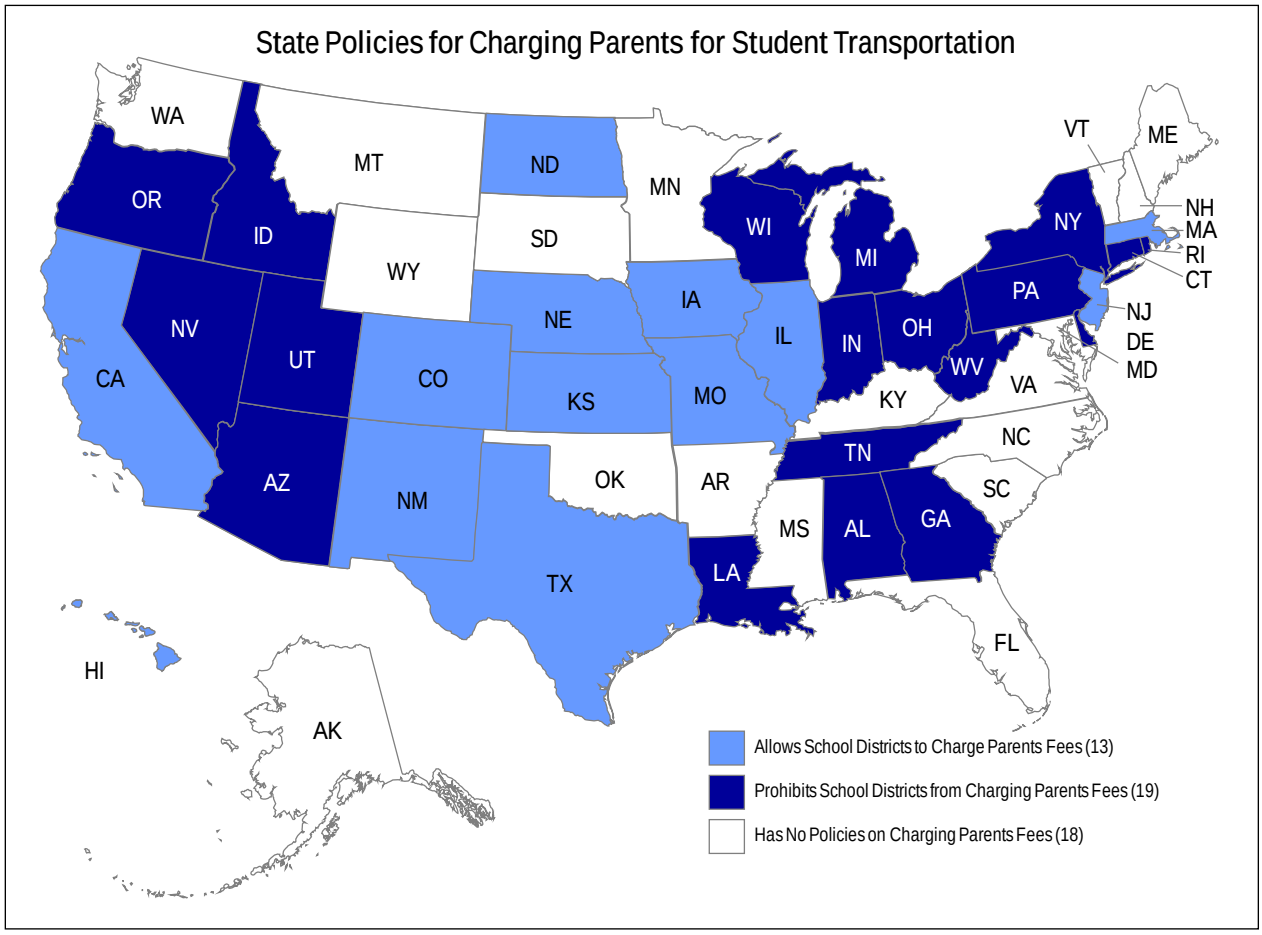
Findings

States are divided in their policies related to fee-based school bus transportation

While some states allow school districts to charge fees for school bus transportation, others prohibit the practice or have not established fee-based school transportation policies. States that permit fee-based school transportation usually give school districts the authority to decide whether to implement such a policy and to determine the amount charged. School districts we contacted varied regarding which students must pay fees, the fee amount, and the collection method. Although school districts asserted that fee-based school transportation initiatives are necessary to avoid cuts in core education programs and services, some education officials raised access and legal concerns regarding such policies.

State policies vary on charging fees for school bus transportation. Currently, 12 states allow and 1 state mandates charging fees for regular (i.e., home to school/school to home) school bus transportation. Nineteen states prohibit such fees. The remaining 18 states have not established state-level policies regarding charging fees for student transportation. (See Exhibit 1.)

Exhibit 1
Thirteen States Allow Parents to Be Charged to Transport Their Children to and from School



Note: State officials in Virginia responded that they were not sure of the state's policy regarding charging parents for student transportation; therefore, it is shown on the map as having no policy.

Source: OPPAGA surveys and interviews of student transportation officials in other states (August through October 2011).

States that permit fee-based school bus transportation usually give school districts the authority to decide whether to implement such a policy and to determine the amount to charge families. Twelve of the 13 states with fee-based school bus transportation initiatives allow, but do not require, school districts to charge such fees. The remaining state, Hawaii, has established a uniform amount that it requires parents to pay for student transportation.[3] In general, the other states that permit fee-based school bus transportation allow local school districts to determine the amount to charge families. However, three states—California, Iowa, and New Jersey—have established a maximum amount that school districts can charge parents.[4]

School districts cite similar reasons for implementing fee-based school bus transportation, but their specific policies differ. Few state-level school transportation officials surveyed in states that allow student transportation fees knew how many of their districts charge fees for school bus transportation. Most of these officials reported that their states do not collect such information. However, Colorado reported that only 3 of its 178 school districts currently charge fees for student transportation. In addition, school transportation officials in California, Iowa, Kansas, and Texas provided us with examples of school districts in their states that have implemented fee-based school transportation initiatives.

We interviewed staff in eight school districts that charge parents for regular transportation.[5] Five of these districts reported that they implemented fee-based school bus transportation in the past five years to address budget deficits. One district expected to generate approximately $2.2 million in transportation fees during the 2011-12 school year−enough to cover the entire cost of providing transportation to approximately 4,000 students. However, most district officials reported that their fee-based initiatives were too new to estimate how much additional revenue they would generate. In general, the eight districts differed regarding which students must pay fees, the fee amount, and the methods they use to collect the fees.

For instance, the school districts' policies often make exceptions for disabled and economically disadvantaged students. Six of the eight districts we contacted charge fees for transportation outside of the school walk zone. The remaining two school districts only charge fees to families of children who live within school walk zones. All six of the school districts that charge fees for transportation outside of the walk zone exempt students with disabilities from paying such fees.[6] In addition, four of these school districts also exempt students from economically disadvantaged families from paying fees, and one charges these families a reduced fee for school bus transportation.[7]

School districts also vary greatly in the fees they charge for school bus transportation.

[3] The state of Hawaii comprises one school district.

[4] School districts in California can charge up to $8.50 daily round-trip cost. In Iowa, school districts can charge no more than the district's "cost per pupil transported" from the prior year. In New Jersey, school districts are permitted to charge all or part of the cost, but no more.

[5] We interviewed officials in the Paso Robles School District (Santa Barbara, California area), the Poway School District (San Diego, California area), the Douglas School District (Denver, Colorado area), Hawaii, the Franklin Township School District (Indianapolis, Indiana area), the West Des Moines Community School District (Des Moines, Iowa area), the Blue Valley School District (Kansas City, Kansas area), and the Keller School District (Ft. Worth, Texas area).

[6] Federal regulations (34 CFR Subpart B, Section 300.107) require states receiving Individuals with Disabilities Education Act (IDEA) funds to provide transportation without cost to students with disabilities who need such transportation to attend school.

[7] Economically disadvantaged is determined by students' participation in the federal free/reduced price lunch program. Two districts exempt students who receive free or reduced price lunches, two districts exempt students who receive free lunches, and one district charges a reduced fee for students who receive free or reduced-price lunches.

Fees in the districts we contacted range from $180 to $575 per student per school year. Some districts, such as Keller (Texas) and Franklin Township (Indiana), charge a reduced amount for families with multiple children. The eight school districts used a variety of methods to arrive at their fee structures, including parent surveys, cost comparisons with public transportation, and break-even analyses.

In general, the school districts we spoke to require advance payment of at least a portion of the transportation fees, but they use different methods to collect these fees. Collection methods range from bills mailed or e-mailed to families on a monthly/quarterly/semester basis to on-line options, such as PayPal and PaySchools services, also used in lunch programs. Two school districts rely on third-party billing or electronic bills derived from card readers that report when and where a child boards the bus.

The districts reported that they experienced some negative consequences as a result of implementing their fee-based school transportation programs. These consequences included a decline in ridership and an increase in parent complaints about the new policy. In addition, four of the districts experienced a substantial increase in traffic congestion around schools as a result of a large number of parents who chose to transport their children to and from school rather than pay the new fee. However, none of the eight school districts experienced billing or collection problems associated with their fee-based student transportation programs.

Some education officials raised access and legal concerns regarding fee-based school transportation initiatives. Some state and district officials we spoke to raised concerns that requiring parents to pay fees to transport children to and from school creates barriers to accessing K-12 public education, especially for students in lower income families. In addition, five states reported the practice was prohibited by their states' constitution or concluded they could not charge for school transportation based on legal opinions.

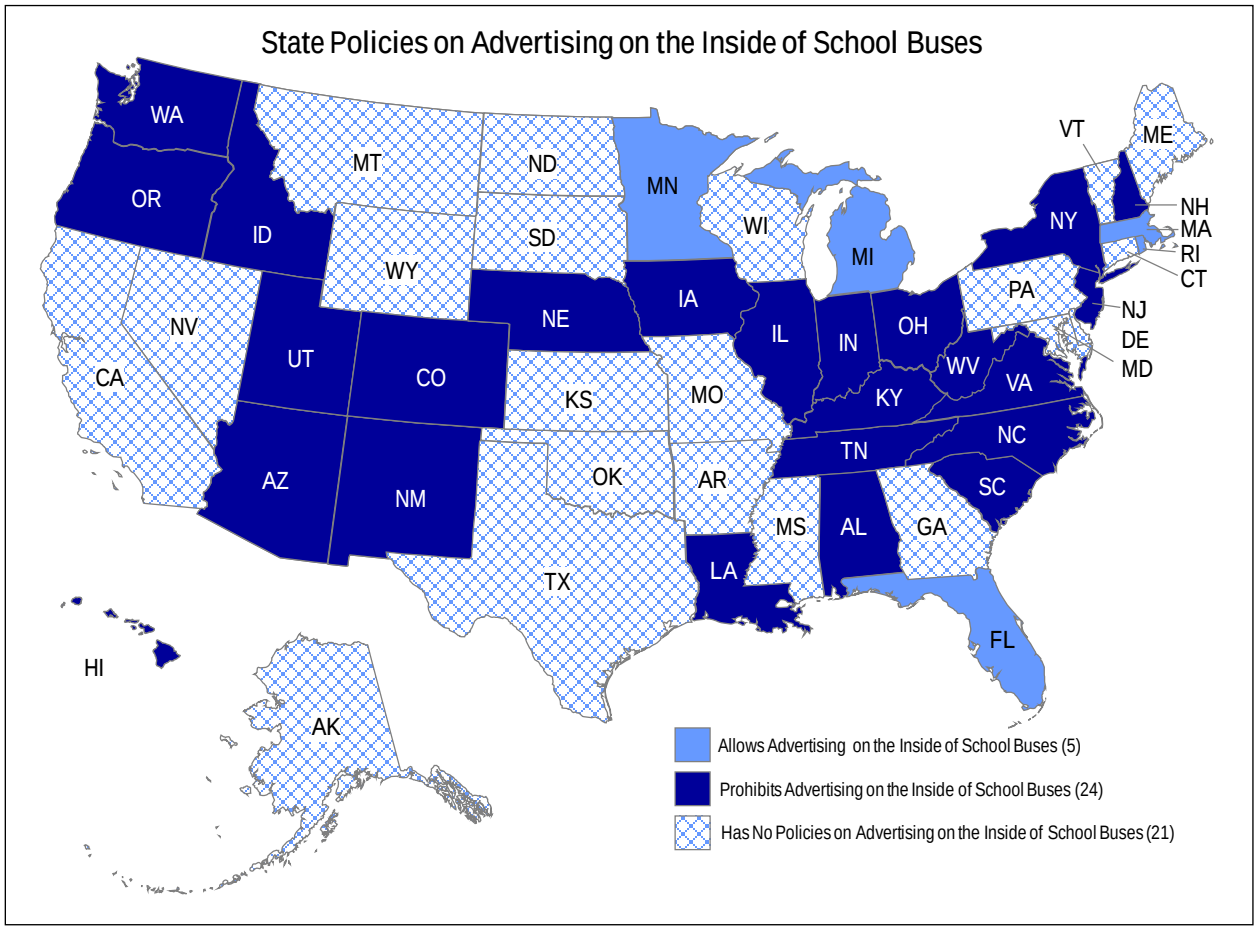
Most states either limit or prohibit advertising in or on school buses

Currently, 13 states allow school districts to advertise on the inside and/or the outside of school buses. However, most states have policies that limit the type of advertising allowed. Florida is 1 of 5 states that allow advertising on the inside of buses and one of 34 states that prohibit it on the outside of school buses.

Most states have policies regarding the type of advertising school districts can place inside and outside of school buses. Over the past few years, a number of states have considered allowing school districts to place advertisements on the inside and/or the outside of school buses as an additional source of revenue. These initiatives are more attractive during tough budget times, but often face opposition from local communities and state and national student transportation organizations. Forty states have policies that limit the type of school bus advertising allowed. Eighteen of these states prohibit any advertising on the inside or outside of school buses. Two states, Massachusetts and Rhode Island, explicitly allow school districts to advertise both on the inside and on the outside of school buses.

Five states allow advertising on the inside of buses. Five states (Florida, Massachusetts, Michigan, Minnesota, and Rhode Island) permit advertising on the inside of school buses. Almost half (24) of all states prohibit such advertising, usually by administrative rule or agency policy, and 21 states have not established state-level policies in this area. (See Exhibit 2.)

Exhibit 2
Twenty-Four States Prohibit Advertising on the Inside of School Buses



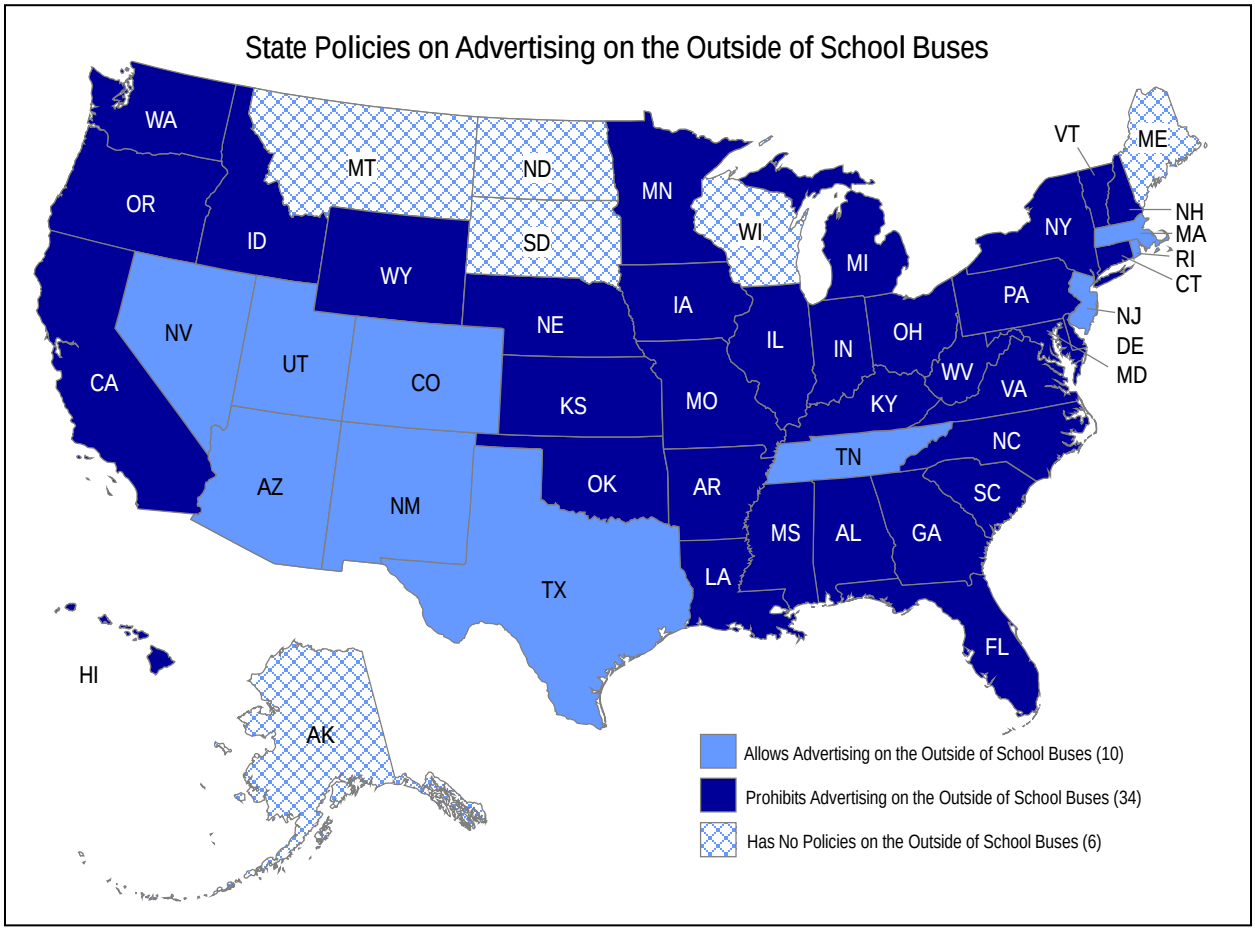
Note: State officials in California responded that they were not sure of the state's policy regarding advertising on the inside of school buses; therefore, it is shown on the map as having no policy. In Rhode Island, pursuant to state law this matter is left to school districts on the basis of promulgating policy.

Source: OPPAGA surveys and interviews of student transportation officials in other states (August through October 2011).

Although allowed, the Florida Association for Pupil Transportation was not aware of any Florida school districts that currently advertise on the inside of school buses. A primary concern regarding advertising inside school buses is the appropriateness of advertising to children who are a "captive audience." Some school district officials in Florida and other states reported that they had difficulty arriving at a consensus on what types of ads would be suitable for students and who would make such decisions. In addition, the officials raised concerns that ads would distract students from paying attention to bus driver instructions and that revenue from internal advertising could be offset by increased costs to maintain the ads due to student vandalism.

Most states do not allow advertisements on the outside of school buses. Although 10 states allow advertising on the outside of school buses, most states (34), including Florida, prohibit the practice. Six states have not established policies related to advertising on the outside of school buses. (See Exhibit 3.)

Exhibit 3
Thirty-Four States Prohibit Advertising on the Outside of School Buses



Note: In Rhode Island, pursuant to state law this matter is left to school districts on the basis of promulgating policy.
Source: OPPAGA surveys and interviews of student transportation officials in other states (August through October 2011).

Although advertising on the outside of school buses gives school districts the ability to raise funds to supplement their transportation budgets, some education officials we spoke to raised safety and legal concerns regarding the practice. According to a National Association of State Directors of Pupil Transportation Services' position paper, advertising on the outside of school buses is intended to catch the attention of passing motorists, and as a result, increases the risk that passing motorists will focus their attention on the ads and not notice that the school bus has stopped or that students are exiting the bus. The association also points out that it may be difficult to control the types of advertising on school buses, and the cost for a state or local school district to defend its advertising policies in court might exceed the revenue obtained from the advertising itself. The association cites these safety and legal concerns as the primary reasons it does not endorse advertising on the exterior of buses. The Florida Association for Pupil Transportation cites the same rationale for its opposition to this type of advertising.

The Florida Legislature

Office of Program Policy Analysis and Government Accountability

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