

Public Schools Transportation Allotment 2025-26

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Purpose of the Transportation Allotment

“Provides funding for all transportation related expenses for "yellow bus" use for eligible school age (K-12) students for travel to and from school and between schools.”

[DPI Allotment Policy Manual](#)

Note: This presentation is regarding PRC 0056. Other Federal/State/Local sources of funds have their own rules which may permit use for transportation as well. For example: Title I, EC, Remediation, Small County, Low Wealth, etc.

NC General Statutes Related to Funding



- [§115C-240\(e\)](#) – give the State Board of Education the authority to allocate funds for transportation to/from school
- [§115C 240\(f\)](#) – give the local boards of education the authority to spend the funds on specific transportation expenditures

Transportation Allotment Calculation

Funding Base x
Budget Rating +
Legislated Adjustments =
Annual Allotment



Funding Base * Budget Rating + Legislated Adjustments

- Funding Base: Eligible expenditures of the LEA (state and local) on eligible to/from K-12 school transportation
- Budget Rating: Measure of efficiency of the transportation operation
 - Dollars, Buses, and Students Transported in the county
 - Modified via linear regression for site characteristics of the county which make transportation more/less costly
 - Compared against all other counties
- Legislated Adjustments: Retirement, Medical, Salary, Fuel, other

Current Legislative Requirements

- Efficiency must be used to determine funding
- The SBE must use the most recently available data from a prior school year to determine efficiency
- All funds except 5% must be allocated at the beginning of the fiscal year
 - 5% is a maximum
- Reserve can only be used for emergencies
 - Equipment, Fuel, Natural Disasters (emergency need)
 - Must be distributed by end of March
 - Cutoff on Equipment is end of February
- Any reserve funds remaining to be allotted after April 1

2024-25

What Happened – Why Data Matters

What Actually Happened

- 12P financial data (Received July 2+3)
- Used 12P State (by object) and 12P Local (total only) as well as 23-24 students and buses data in the 22-23 data model (Budget Rating Simulator)
 - Provided initial allotment results July 4 to School Business
- We proceeded to collect TD-1 data and verified that data against local PRC 056 and other data
- We produced a new model based on the verified 23-24 data

Data Issues 12P -> Final

- A few minor corrections in bus quantities
- A few minor changes in Fund 1 PRC 0056
- In many cases Fund 2 PRC 0056 12P not representative of allowable eligible PRC 0056 costs
 - Big 13P changes (mostly down in net)
 - Directors (PRC 0002) in PRC 0056 (ineligible)
 - Capital Budget expenditures in PRC 0056 (ineligible)
 - Driver bonuses and incentive pay in PRC 0056 (ineligible)

What Actually Happened

Part 2

- Allotments for equipment and Helene contingency proceeded
- Implemented the final efficiency-based funding results at the beginning of April
 - Final State PRC 0056 data (July was preliminary)
 - Verified TD-1 PRC 0056 local expenditure data (12P was a placeholder)
 - 2023-24 data new model and new ratings (if better)
 - 102 LEAs received increased funding
 - 13 LEAs saw reductions
- Remaining funds distributed as percentage of whole (efficiency-based allocation)

Behind the Scenes

- Transportation and Financial Staff got together to analyze what happened and what to do
- Could not permit overreporting or improper accounting at 12P to result in extra State allotment
- Negative adjustments in April are not desirable
- Big increases from revised data and best-of-two models coming in April weren't desirable
- Mandating complete State and Local financial data (TD-1) on July 2-3 each year would not be reasonable or fair to staff

Data Sheet Review

Yes – It's Important – It's what we're going to use

STUDENT DATA (October 2023)	
Students on Regular Buses:	1,201.0
Students on Buses Transporting Primarily EC Students:	97.0
Students transported via contract:	2.0
Total Students Transported 2023-2024	1,300.0
BUSES OPERATED (2023-2024)	
Regular Buses	38
Buses Transporting Primarily EC Students	5
Total Buses Operated 2023-2024 (not including dedicated NERSBA buses)	43
TIMS DATA	
2023-24 TIMS Data Complete for new Budget Ratings? (Yes/No) "Yes" indicates that all data were acceptable and will be included in the funding formula. "No" indicates that less than 90% of students were updated and assigned to stops/runs/routes and located. "Worst Case" data will be assigned in running the funding model.	Yes
EXPENDITURES (FY 2023-2024)	
(1) Total State Expenditures PRC 056	\$953,789
(2) Total ELIGIBLE State Expenditures Personnel (\$158,183), Drivers/Subs (\$387,271), Benefits (\$189,518) Contract Transportation (\$677), Fuel (\$131,927), Other Less Contingency/Overdraft (\$72,113) (2a). Excluded Expenditures (not eligible): Equipment (461/462/541/542/551) \$0 Fleet Contingency (repairs, parts, engines, fuel) \$12,046 Rev. 69 Non-Recurring Retirement \$2,050	\$939,693
(3) Legislated Increases (2023-2024) for salary, retirement, hospitalization Used in Simulator Calculations Only (Already included in Expenditures)	\$36,455
(4) Total Eligible Local Expenditures Personnel (\$0), Drivers/Subs (\$19,840), Benefits (\$6,072) Contract Transportation (\$0), Fuel (\$41,223), Other (\$42,836)	\$109,971
ALLOTMENT CALCULATIONS	
(5) Funding Base for 2024-2025 (2) + (4)	\$1,049,664
(6) Amount by which Funding Base Exceeds Projected Base. (The projected funding base is calculated by increasing prior year Eligible expenditures by legislative salary/benefits increases - Lines 10+12 on Prior Year Funding Sheet - and ADM growth, if any. It is then increased due to higher fuel costs. Additional legislative appropriations are not available for LEAs where transportation expenditures grow faster than enrollment, legislative personnel salary/benefits costs and the cost of fuel. Some of this amount may be deducted from (5) Funding Base and, therefore, from allotment and budget rating calculations for 2024-2025. Note: Due to the increase in State funds provided in the Final PRC 056 Disbursement This number could be higher than local expenditures for some LEAs. We will review any impact this may have.	\$42,119
(7) Budget Rating – Budget ratings to be calculated and revised based on the above information once confirmed.	<i>To be determined</i>
(8) Final Transp. Allotment – 2024-2025 (5-6)x(7)	<i>To be determined</i>

Funding Base

What is “funding base”

Prior annual
eligible
expenditures =
funding base





Eligible Expenditures

- Prior annual eligible expenditures = funding base
- Relate directly to the transportation of K-12 students to and from school
- Correspond to one of state object codes in PRC 056

Ineligible Expenditures Cannot Expend in PRC 056

**(OR -- If resources are expended, they must be refunded
from other sources)**

- Ineligible if the costs are not associated with
 - K-12 To-From Transportation for the regularly organized school day; AND
 - Transportation costs to effect students' regular educational programs
- Expenses that don't correspond to PRC 056 object codes
 - Use PRC 706

Ineligible Expenditures Cannot Expend in PRC 056

(OR -- If resources are expended, they must be refunded from other sources)

- Things which have to be paid from elsewhere (law or policy)
 - Transportation Director Salary (PRC 002)
 - Expenses for Remediation (PRC 069)
 - Pre-K EC Expenses (PRC 032)
 - Other Pre-K Costs
 - State Resources Used on Local Vehicles or for Local Programs
- Use of Yellow Buses not related to to-from school transportation
- Incentives or Bonus Pay
 - Conditional pay (e.g. attendance, employment at a certain time of year, retention, etc.)

Ineligible For Funding Base But.... Are in PRC 056

- A few PRC 056 object codes contain ineligible expenditures
 - Equipment
 - Shop equipment, computers, tools, etc.
 - You CAN spend state money, but it won't be included in your base
 - Primarily One-Time (Not Annual) Costs
 - Any pay (base + supplement) which places average hourly salary above the relevant approved SBE classified salary range
- Purpose-Specific Additional Allotments
 - Extra funds to offset specific extra expenditures
 - These are not reflective of annual K-12 transportation costs
 - Handled separately as non-recurring and thus the expenses are excluded
 - Costs are spread across the chart of accounts

County? City? Both?

- Funding Base and Legislated Adjustments – Each LEA has their own based on what the LEA spent previously
- Budget Rating – Combined (Same for City and County)
 - County does maintenance, so separating out which costs belong to the city is not feasible
 - Geographical and other site characteristics are county wide and thus cannot be applied fairly to some portion of the county

Budget Rating

Deriving the Budget Rating

INPUT DATA

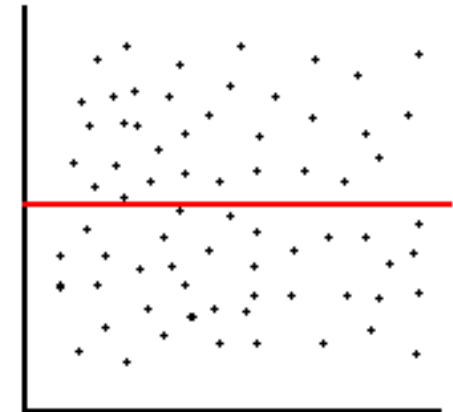
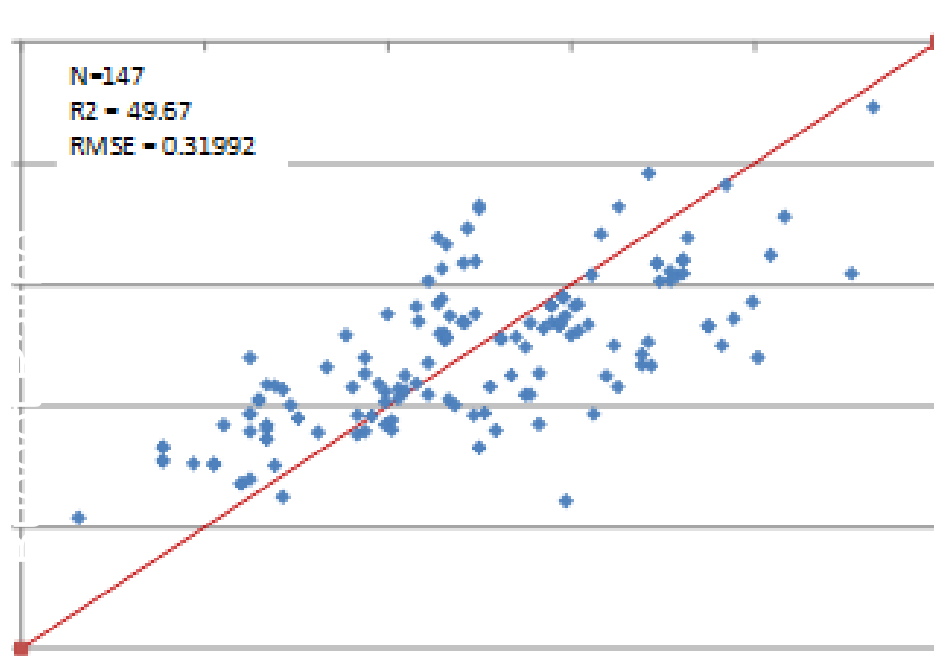
- Number of Students Transported
 - TD-2 Student Count (October)
 - TD-24 Contract Transportation Supporting Documentation (October)
- Number of Buses Operated on Routes (91+ days)
 - TD-10 Bus Inventory (March)
- Total **ELIGIBLE** Expenses
 - Local and State PRC 056 Data
 - TD-1 Annual Report (August)
- Cost per Student Transported
- Buses per 100 Students Transported

Budget Rating - Site Characteristics

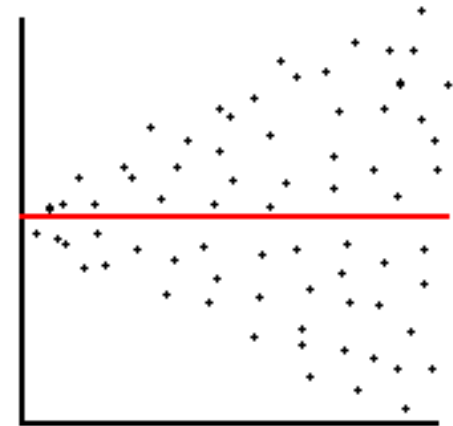
- Things beyond the control of transportation that impact efficiency such as
 - Distance of Students to School
 - Pupil Density (Students per mile of road)
 - EC Transportation
 - Ridership as Percentage of ADM
- Linear Regression allows very different counties to be measured using the same criteria - **“levels the playing field”**

Linear What?

It adjusts figures so that, for example, low density doesn't mean low budget ratings.



(a) Unbiased and Homoscedastic



(d) Unbiased and Heteroscedastic

Current year allotment = Funding base * Budget Rating + Adjustments

$$\begin{array}{rcl} \$1,900,000 & \text{ELIGIBLE} & \text{state expenditures} \\ + & 100,000 & \text{ELIGIBLE local expenditures} \\ * & 98\% & \text{budget rating} \\ \hline \$1,960,000 & & \text{State allotment before adjustments} \\ \\ + & 50,000 & \text{Salary and Benefit Increases} \\ - & 30,000 & \text{Fuel/Legislative Reduction} \\ \hline \$1,980,000 & & \text{Final State Allotment} \end{array}$$

Budget Rating

Actually.... There are two....

New Run Rating AKA Current Rating (2023-24 Actuals)

- Latest complete year information for everyone
- Includes all 2023-24 data from all LEAs
- Updates site characteristic data and compares all LEAs against each other to create a new efficiency model

The Trouble with the New Run Rating

- In 2023-24 when you're making operational decisions that define the New Run Rating:
 - You know your buses, students, and money
 - You don't know everyone else's
 - You don't know how what everyone else is doing will impact your relative efficiency
- It can feel like a moving target
 - It is....
 - BUT... there's another rating

Simulator Rating

- Data from 2022-23 for everything EXCEPT:
 - YOUR 2023-24 Expenditures
 - YOUR 2023-24 Students
 - YOUR 2023-24 Buses
 - Modifications to undo legislative changes
- It is the prior the New Run Rating Model, modified by what you actually did in the most recent complete year's data
- **Funding is Based on The Highest of the Two Ratings**

2025-2026 Funding

2025-26 Funding

- 2025-26 funding will be based on 2023-24 data
 - Same 23-24 data from the data sheets that was finalized and used for April 2025
 - At present no funds for any ridership adjustments were available (Note: ADM-based increases are now a separate PRC)
 - Adjustments for 24-25 legislative increases remain
 - Adjustments for 25-26 legislative adjustments are unknown
- All funds except 5% must be allocated at the beginning of the year
 - July 2025 Initial Allotment will be based on validated and complete expenditures from 2023-24
 - 5% is the maximum reserve
 - Actual reserve stands at 0.76%
 - DPI did not reserve anything that would be allocated via the funding formula
 - Limited reserve can only be used for emergencies
- Any reserve funds remaining to be allotted after April 1, 2026

Preliminary Initial Allotment Data Sheet

Budget Rating 1 - Simulator Rating: 86.59%

This rating was generated from the 2023 transportation budget rating simulator which can be used by LEAs to project how changes will impact their funding. This was the last efficiency model used for funding with complete school year data. It is based on the existing efficiency frontier that was established in Fall, 2023, updated to reflect 2023-2024 expenditures, buses operated and student count.

State Average: 90.21%

Budget Rating 2 - 2024 Model Run: 92.98%

In order to allow LEAs to most quickly benefit from the implementation of more efficient operations, a new set of budget ratings was generated from the most recent set of data available. This process compares each county with each other county in terms of cost and buses per adjusted student. State Average: 93.38%

Transportation Funding Computations

All funding is based on the GREATER OF the two budget ratings listed above.

LEA Funding DATA - (City/County Separated)	
Base Data:	
(1a) Eligible State Expenditures:	\$2,316,955
(1b) Eligible Local Expenditures: local expenditures corresponding to allowable PRC 056 expenses as reported on the TD-1, in appropriate financial system object codes, and necessary due to efficiency, growth or legislated changes.	\$242,613
(1) Total Eligible Expenditures: (1a+1b)	\$2,559,568
(2) Total Number of Buses:	92
(3) September 2023 Student Count	3,231
(4) Budget Rating 1 (existing formula, simulator)	86.59%
(5) Transportation Simulator Funding (1) x (4)	\$2,216,329
(6) Budget Rating 2 (2024 Model Rating)	92.98%
(7) 2024 Model Run Funding (1) x (6)	\$2,379,886
(8) GREATER OF - BASE FUNDING FOR 2025-2026	\$2,379,886
(9) Legislative Increases (2024-25 Increases) *	\$65,355
(10) Legislative Increases (2025-26) **	*TO BE DETERMINED
• Increase – Retirement \$ -	
• Increase – Salary and SS \$ -	
• Increase – Hospitalization \$ -	
(11) Fuel Adjustment – None	\$0
(12) Nash / Edgecombe – Rocky Mount Demerger adjustment 2024-25	\$0
(13) ***Preliminary/Initial Allotment 2025-26: (8)+(9)+(10)+(11)+(12)	\$2,445,241

* Same figures allocated in 2024-25 to provide for legislative increases and are included as they were not in the eligible State/Local expenditures figure from 2023-24 which was used.

**Legislative Increases for 2025-26 are pending legislation/state budget completion.

*** Per state law, **at least** 95% of funds must be allocated at the beginning of the fiscal year. July Preliminary/Initial Allotment is based on validated and complete expenditures from fiscal year 2023-24. Any reserve of funds remaining after emergency contingencies will be allotted after April 1, 2026.

Other Funding Topics

Contingency Funding

- Funding that remains after annual funding formula based allotments have been determined
- Emergency purposes only
- Purpose specific (equipment, fuel, and in some years natural disasters)
- Funding is issued on a reimbursement basis to assist with offsetting cost of unexpected expenditures
- Not reflected in normal k-12 transportation funding formula and is not included in funding base

Refund Rates and Reimbursement

Reimbursement Law / Policy

- §115C-240 – Funds to be used for replacing, maintaining, and operating school buses (Subject to SBE Rules)
- §115C-242 Use and Operation of School Buses
 - Intent is to pay for to and from school transportation for the regularly organized school day
 - Allows other approved uses with conditions
- DPI Allotment Policy Manual
 - PRC 0056 cannot be used to support other local, federal, or state programs
 - “When allotted state transportation funds are used to provide transportation services for these programs, the responsible program must reimburse this fund.”

Two Primary Sources

- Extra Use of the Yellow Bus
 - Handled by the Yellow Bus Refund Rate
 - Ensure full cost of extra use is covered
- Use of PRC 0056 funded resources for repair and maintenance of the local fleet
 - Handled by MCIS report from BSIP
- Both sources are used to complete the TD-19 refund report

Refunding for Local Vehicle Use

- MUST refund whenever PRC 0056 funded resources are used on local vehicles
- Refund only what is spent
 - Fuel
 - Parts
 - Labor (Benefits)
 - Towing
 - State Inspection
 - Etc.
- MCIS report in fleet system shows monthly expenses on a per vehicle basis as they are entered into the system



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