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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 1407

03/11/2013 Authored by Anzele
The bill was read for the first time and referred to the Committee on Education Finance

1.1 A bill for an act
1.2 relating to education finance; simplifying the allocation of contracted pupil
1.3 transportation expenses across categories; amending Minnesota Statutes 2012,
1.4 section 123B.92, subdivision 5.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2012, section 123B.92, subdivision 5, is amended to read:

1.7 Subd. 5. **District reports.** (a) Each district must report data to the department as
1.8 required by the department to account for transportation expenditures.

1.9 (b) Salaries and fringe benefits of district employees whose primary duties are
1.10 other than transportation, including central office administrators and staff, building
1.11 administrators and staff, teachers, social workers, school nurses, and instructional aides,
1.12 must not be included in a district's transportation expenditures, except that a district may
1.13 include salaries and benefits according to paragraph (c) for (1) an employee designated
1.14 as the district transportation director, (2) an employee providing direct support to the
1.15 transportation director, or (3) an employee providing direct transportation services such as
1.16 a bus driver or bus aide.

1.17 (c) Salaries and fringe benefits of the district employees listed in paragraph (b),
1.18 clauses (1), (2), and (3), who work part time in transportation and part time in other areas
1.19 must not be included in a district's transportation expenditures unless the district maintains
1.20 documentation of the employee's time spent on pupil transportation matters in the form
1.21 and manner prescribed by the department.

1.22 (d) A school district that contracts for transportation service may allocate
1.23 transportation expense to transportation categories based upon contract rates. Districts
1.24 may only allocate transportation expense to transportation categories based upon contract

2.1 rates if contract rates are reasonably consistent on a cost-per-hour, cost-per-mile,
2.2 cost-per-route, or cost-per-student basis. In order to allocate transportation expense based
2.3 upon contract rates, a school district must be able to demonstrate that variances in the
2.4 application of transportation cost basis rates are appropriate.

2.5 (e) Pupil transportation expenditures, excluding expenditures for capital outlay,
2.6 leased buses, student board and lodging, crossing guards, and aides on buses, must be
2.7 allocated among transportation categories based on cost-per-mile or cost-per-student
2.8 regardless of whether the transportation services are provided on district-owned or
2.9 contractor-owned school buses. Expenditures for school bus driver salaries and fringe
2.10 benefits may either be directly charged to the appropriate transportation category or may
2.11 be allocated among transportation categories based on cost-per-mile or cost-per-student.
2.12 Expenditures by private contractors or individuals who provide transportation exclusively
2.13 in one transportation category must be charged directly to the appropriate transportation
2.14 category. Transportation services provided by contractor-owned school bus companies
2.15 incorporated under different names but owned by the same individual or group of
2.16 individuals must be treated as the same company for cost allocation purposes.

2.17 ~~(e) Notwithstanding paragraph (d), districts contracting for transportation services~~
2.18 ~~are exempt from the standard cost allocation method for authorized and nonauthorized~~
2.19 ~~transportation categories if the district: (1) bids its contracts separately for authorized and~~
2.20 ~~nonauthorized transportation categories and for special transportation separate from regular~~
2.21 ~~and excess transportation; (2) receives bids or quotes from more than one vendor for these~~
2.22 ~~transportation categories; and (3) the district's cost-per-mile does not vary more than ten~~
2.23 ~~percent among categories, excluding salaries and fringe benefits of bus aides. If the costs~~
2.24 ~~reported by the district for contractor-owned operations vary by more than ten percent~~
2.25 ~~among categories, the department shall require the district to reallocate its transportation~~
2.26 ~~costs, excluding salaries and fringe benefits of bus aides, among all categories.~~

2.27 (f) The department may reclassify a school district's transportation expense from
2.28 based upon contract rates to based upon cost-per-mile or cost-per-student for state aid
2.29 purposes if the school district transportation expense reporting is inconsistent with similar
2.30 school districts and if the school district is not able to demonstrate that variances in the
2.31 application of transportation cost basis rates are appropriate.

2.32 **EFFECTIVE DATE.** This section is effective for revenue for fiscal years 2014
2.33 and later.