



Pupil Transportation "Vehicle"

Provided by the Transportation Section within the Program Finance Division

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1. Legislative Updates

The following is a summary of some of the new laws affecting pupil transportation that were passed during the 2011 Legislative Session in the Omnibus E-12 Education Act (Chapter 11) and HF1179 (Chapter 103). The information for this newsletter was obtained from summaries prepared by the department and the House and Senate education staff.

Omnibus E-12 Education Act (Chapter 11)

Full-service school zones (Sections 23-24)

Allows a school board to establish full-service school zones. Creates the zones for a school in an area with higher than average crime that provides education, health or human services, or other parental support in a collaborative manner. Expands the definitions of “Regular Transportation” and “Excess Transportation” to allow for full-service school zones. Makes this section effective July 1, 2011.

Area learning center pupils between buildings (Section 1)

Broadens a school district's pupil transportation authority for students attending area learning centers by allowing the district to transport area learning center pupils between buildings if space exists on an existing bus.

Definitions (Section 2)

Includes transportation of pupils for a curricular field trip activity on a school bus with a powerlift when the lift is required by the student's disability or section 504 plan in the definition of “transportation services for pupils with disabilities.”

District reports (Section 3)

Amends statutes to provide a more consistent method to measure transportation provided by the schools and provides an exemption from the standard cost allocation method for districts that contract for transportation services when the listed criteria are met.

HF1179 (Chapter 103)

Pupil transportation provisions modified, Department of Education's role clarified in maintaining training programs, lift bus use included in the category or revenue authorized for reimbursement, and actual contracted transportation costs included as a method for allocating pupil transportation costs.

This bill expands the transportation funding formula to include field trips when the transporting of students in buses with powered lifts is required because of either a student's physical disability or a temporary disability. School districts will be able to receive special education funding to cover the costs of field trips.

2. Changes to Student Transportation Reporting for FY12

Districts and charter schools (that provide their own transportation) will no longer be able to report by hours or routes on the paper Pupil Transportation Annual Report. This is effective with 2011-12 school year. The 2011 legislation amended the statute on student transportation reporting to provide a more consistent method to measure transportation provided by the schools. Cost allocation by hours and routes has been eliminated. It also provided an exemption to the allocation if actual costs are known. If you are not currently reporting by miles, please take measures to your track your mileage during the year. Districts and charter schools that contract for school bus service must obtain the mileage records from the contractor.

Districts must maintain daily records on miles in order to properly allocate costs at year end. The miles reported at year end will be a cumulative total of the daily miles. The starting mileage is the odometer reading when the vehicle starts its route. The ending mileage is the odometer reading when the vehicle terminates its route. The starting or ending mileage may be taken at a school or at the vehicle storage area.

The manual on Financial Accounting for Student Transportation Services has been updated to reflect the changes made in the 2011 Legislation.

View the updated Financial Accounting for Student Transportation Services Manual on the MDE website.

If you have any questions about the new legislation contact Kelly Wosika at 651-582-8855 or kelly.wosika@state.mn.us.

4. Transportation Service for Pupils with Disabilities on a School Bus Equipped with a Power Lift for a Curricular Field Trip

The 2011 Legislature amended Minnesota Statutes 123B.92, subdivision 1, (4), transportation services for pupils with disabilities, to include the cost of transporting students on a school bus equipped with a power lift for a curricular field trip activity when the power lift is required by a participating student's Individualize Education Program (IEP) or Section 504 Plan. The amendment will allow the cost of transporting students on a school bus equipped with a power lift to be included in the calculation of state special education aid.

The cost of transporting a student to a *curricular* field trip activity is eligible under this amendment if the field trip activity is a required part of an instructional program for school credit that counts toward graduation. It does not include a trip to an extra-curricular activity such as school sports.

The transportation cost for transporting a student to a co-curricular or extra-curricular activity, when the activity is identified in a student's IEP or 504 Plan, is already included in the state special education aid formula. If the activity is not included in the student's

IEP or 504 Plan, there may be times when the district would still be required to provide transportation for curricular, co-curricular, and/or extra-curricular activities. However, when the transportation is not documented in the student's IEP or 504 Plan, the transportation cost is not eligible to be claimed for special education aid under either Finance Code 723 or 728.

When a student has an IEP that contains special education transportation accommodations or adaptations that require a school bus with a power lift, the miles are eligible under Finance 723 -Special Education Transportation. If the lift bus is required by a student's 504 Plan then the miles would be reported under Finance Dimension 728-Special Transportation. Students that do not have IEP's or 504 Plans may ride in the same vehicle with the students with special needs.

At year-end, when student transportation expenditures are allocated among transportation categories based on a cost-per-mile basis, transportation costs allocated to Finance Codes 723 and 728 will reflect the miles that were reported for curricular activity transportation requiring a lift bus.

Please view the Financial Accounting for Student Transportation Services Manual for details on how to allocate expenditures among categories by miles.

If you have any questions regarding transporting students with a school bus with a power lift contact Kelly Wosika at 651-582-8855 or kelly.wosika@state.mn.us.

5. List of Training Material

The 2011 legislation amended Minnesota Statute 123B.88 subdivision 13 to have MDE develop and maintain a comprehensive list of school bus safety training instructional materials for pupils who ride the bus that includes bus safety curriculum for both classroom and practical instruction and age-appropriate instructional materials.

Please view a list of student training resources that is available on the MDE website.

6. PSEO and Open Enrollment Mileage Reimbursement Forms Updated

The forms and instructions for the mileage reimbursement for low-income students participating in the postsecondary, open enrollment and charter school enrollment options programs for the 2011-12 school year has been posted to the MDE website. The incomes levels used to determine eligibility for these programs have changed for the 2011-12 school year.

Students from low-income families participating in the Postsecondary Enrollment Options (PSEO) Program (Minnesota Statutes § 124D.09), Open Enrollment Program (Minnesota Statutes § 124D.03), or attending a charter school (Minnesota Statutes §

124D.10) may qualify for some mileage reimbursement. The income levels used to determine eligibility for these programs have changed for the 2011-12 school year.

In the PSEO Program, qualifying low-income students will be reimbursed for travel from their homes to the postsecondary institution or from their high schools to the postsecondary institution. In the open enrollment and charter school programs, qualifying low-income students will be reimbursed for travel from their homes to the school district boundary or attendance area boundary.

The mileage reimbursement is set at 15 cents per mile and travel is limited to 250 miles per week. There is an exception to the 250 miles per week limit in the PSEO Program if the nearest postsecondary institution is more than 25 miles from the student's home or high school.

This program is also available to districts or charter schools that choose to provide out-of-district transportation on a fee basis. The district or charter school can be reimbursed only for the transportation costs of those students who qualify as members of low-income families. Districts are eligible for 15 cents per mile per eligible student. This program is **only** available for students enrolled in a district under the Open Enrollment Program, Minnesota Statutes §124D.03, or in a charter school under Minnesota Statutes § 124D.10.

To obtain a copy of the forms, please visit: <http://education.state.mn.us>. Select School Support > School Finance > Transportation.

There are three forms in both programs. The income levels for the 2011-12 school year can be found on the second page of the Monthly Transportation Reimbursement Request. Following is a general overview of each form:

- **Application for Student Transportation Reimbursement** The family completes this form at the beginning of the application request with their annual income and family size. (For families that have open enrolled to another public school district, this application is sent to the enrolling district.) The family may be asked to complete the form during the school year if there is a change in their financial status.
- **Student Transportation Reimbursement Request** If the family qualifies for these programs (based on the application form they completed), then they must complete this form (expense claim) on a monthly basis.
- **Monthly Transportation Reimbursement Request** The district summarizes the information from the Student Transportation Reimbursement Request to complete this form and sends the form to the address listed in the form's upper, left-hand corner. The annual income levels, to determine eligibility, are listed on the second page of this form.

In addition to the forms, districts can find instructions about these programs on the MDE Website and on the second page of each form. If you have any questions regarding the mileage reimbursement for low-income students participation in the Postsecondary, Open

Enrollment and Charter School Enrollment Options Programs contact Kelly Wosika at 651-582-8855 or kelly.wosika@state.mn.us.

7. Leasing Vehicles

Districts may lease vehicles for student transportation. Leases are categorized as either capital leases (installment purchase) or as operating leases. The lessee must determine into which category a lease is classified to determine appropriate accounting treatment and when it is reported to MDE for bus inventory.

Capital Lease

A lease agreement is categorized as a capital lease if it meets any one or more of the following criteria:

1. Ownership is transferred to the lessee by the end of the lease term.
2. The lease contains a bargain purchase option (less than fair market value).
3. The lease term is equal to or greater than 75 percent of the estimated economic life of the leased property. If the beginning of the lease term falls within the last 25 percent of the total estimated economic life of the leased property, including earlier years of use, this criterion is not used for purposes of classifying the lease.
4. The present value of minimum lease payments for the term of the lease, excluding the portion representing executory costs, including any profit thereon, equals or exceeds 90 percent of the excess of the fair value of the property to the lessor at the inception of the lease over any related investment tax credit retained by the lessor and expected to be realized. A lessee shall compute the present value of the minimum lease payments using the lessee's incremental borrowing rate unless it is practicable for the lessee to learn the implicit rate computed by the lessor and the implicit rate computed by the lessor is less than the lessee's incremental borrowing rate. If both of those conditions are met, the lessee shall use the implicit rate. As in criteria 3, if the beginning of the lease is within the last 25 percent of economic life, this criterion is not used.

With a capital lease the district acquires the title of ownership when the lease is signed. Coding for capital lease installments should be reported in UFARS under Finance Code 302 or 000 or 733 and Object Code 535, Capital Leases. Capital lease expenditures are not eligible to be reported in UFARS under Finance Code 723.

Vehicles acquired through a capital lease, are added to the bus inventory at the time of the initial capital lease agreement by submitting a transaction form to MDE. If the vehicle is used primarily for transporting special education students the vehicle can be added to Special Education Bus Inventory to generate depreciation aid. The net cost to be used on the form should be the total amount of all installments due for the entire term of the lease agreement.

Operating Lease

A lease is classified as “operating” when none of the four criteria for a capital lease are met. Operating lease costs are reported in the appropriate transportation categories based on the number of miles, hours or routes the vehicle was used in that category. Use Object Code 370 to indicate it was for an operating lease. Operating lease costs are eligible to be reported in UFARS under Finance Code 723.

If an operating lease agreement includes a buy out option at the end of the lease the following guidance is followed:

- The rental agreement must be fair and reasonable.
- No part of the rental payment applies toward the purchase price.
- The option to purchase is not compulsory.
- If the district chooses to purchase the vehicle, the purchase price is based on the fair market value at the time of purchase.

If an optional purchase occurs at the end of an operating lease, the purchase price is coded to Fin Code 302 or 000 or 733 with Object Code 548 Pupil Transportation Vehicles. Vehicle purchases may not be reported under Finance Code 723.

Once the district has the title of ownership after the optional purchase, the district may put the vehicle on the bus inventory by submitting a transaction form to MDE. Use form ED-00186-12 for Regular buses and ED-01658-10 for Type III vehicles. If the vehicle is used primarily for transporting special education students the vehicle can be added to the Special Education Bus Inventory to generate depreciation aid. Use form ED-02387-03 for Special Education Regular buses and ED-02388-03 for Special Education Type III vehicles. The net cost reported on the form should be the purchase amount. The purchase price under an operating lease agreement with an option to purchase at the end of the lease should be the fair market value of the vehicle.

Federal Funds

Federal IDEA (Individuals with Disabilities Act) funds may be used to pay for either a capital lease or operating lease with prior approval from the Division of Program Finance, Special Education Funding Team. Requests for approval should come from the director of special education and the superintendent. If a leased vehicle is purchased with IDEA funds, the disposition or selling of the vehicle is subject to the Federal Inventory Management Act (EDGAR 80.32c)

Documents on Our Website

Districts may obtain the forms necessary to report purchases or disposals of school buses by visiting our website at: <http://education.state.mn.us> > Select School Support > School Finance > Transportation.

If you have questions, contact Kelly Wosika at 651-582-8855 or Kelly.wosika@state.mn.us

8. Sales Tax on the Purchase of Vehicles

State law requires school district to pay sales tax on the purchase of vehicles. Please include the amount of sales tax on the district-owned transaction form. If no tax is listed, MDE will ask that you check your records to see if the sales tax was paid to the dealership or to a deputy registrar. If the tax has not been paid, you must contact your local deputy registrar to pay the tax. Once the tax has been paid, you may resubmit the transaction form including the tax.

9. School Bus Safety and Special Education Transportation Committees

The School Bus Safety Committee and the Special Education Transportation Committee are great informational meetings on important student transportation topics. Everyone is welcome to attend. The committees meet the third Wednesday of the month at various locations across the state. The School Bus Safety Committee meets first at 9:30 a.m. until 11:00 a.m. and the Special Education Transportation Committee meets from 11:00 a.m. until 12:30 p.m. at the same location.

The School Bus Safety group discusses topics related to student safety training, school bus driver requirements and vehicle safety. LeAnn Livingston is the chairperson, her e-mail is Llivingston@forestlake.k12.mn.us.

The Special Education Transportation Committee discusses issues related to transporting students with IEPs and the related service of transportation. Kala Henkensiefken is the Chairperson, her e-mail is Kala.Henkensiefken@isd181.org.

Please contact the chairpersons for meeting locations.

10. Transportation Director Listserv

The Minnesota Department of Education Pupil Transportation Unit has a Transportation Director E-mail list serv. The listserv will provide information to Minnesota school districts regarding pupil transportation. The e-mail messages will include topics such as state pupil transportation reporting, legislative and MDE policies regarding pupil transportation and the "Vehicle Newsletter."

If you would like to be included in the Transportation Director Listserv, please send an e-mail to kelly.wosika@state.mn.us indicating you would like to receive e-mail news regarding pupil transportation. If you think someone at your district should be included on the Transportation Directors listserv, have that person send an email to kelly.wosika@state.mn.us.