



How Do States Fund School Transportation?

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Approximately one-third of all public school students travel on yellow buses to get to and from school each day.¹ Transportation is a significant and, in many cases, growing share of per-student expenditures. Costs for transporting public school students have risen 33% from 2008 to 2018, reaching, on average, \$1,152 per student transported.² The reasons behind this shift include higher labor costs, various forms of school choice requiring longer commutes from students' neighborhoods, and environmentally friendly upgrades to bus fleets. As a result, some districts face tough choices: cut into classroom funds to keep buses running, look to other funding sources, reduce or eliminate bus service, or charge families for transportation.³ These challenges have put a spotlight on state funding for school transportation.

Why Is Funding for School Transportation Important?

Investment in school transportation is an equity concern — offering students a safe means of reaching school on time is a prerequisite for effective learning. Research suggests positive relationships between bus ridership and attendance rates as well as a greater likelihood of Black and Latino bus riders attending high-quality schools.⁴ However, transportation spending is higher as a share of total spending in districts serving more Black or low-income students.⁵ Students from these subgroups may live farther from their zoned schools, require busing to schools of their choice, or be less likely to have a parent or guardian able to drive them to school — all of which may result in higher spending on transportation compared to other districts.⁶ Districts with higher transportation costs and limited funding may be at risk of either not meeting their students' transportation needs or compromising classroom investments to keep buses running.

NOTE

Read more on school transportation from Bellwether:

- [Miles to Go: Bringing School Transportation into the 21st Century](#)
- [The Challenges and Opportunities in School Transportation Today](#)
- [From Yellow to Green: Reducing School Transportation's Impact on the Environment](#)
- [School Crossing: Student Transportation Safety on the Bus and Beyond](#)
- [Intersection Ahead: School Transportation, School Integration, and School Choice](#)

Who Is Responsible for School Transportation Funding?

Federal Funding

The federal government’s role in school transportation is mostly limited to regulatory requirements and specific provisions for students with disabilities, students experiencing homelessness, and students in the foster care system. There are a few targeted and time-limited federal school transportation grant programs, including:

- A Transportation Alternatives set-aside from the Surface Transportation Block Grant Program, which provides \$1.4 billion each year for five years to help state and municipal governments fund transportation alternatives.
- The Clean School Bus Program, which provides \$5 billion in total over five years to replace existing school buses with zero- and low-emission models.⁷

State Funding

States play a crucial role in school transportation — providing funding, overseeing structure, and managing regulations — while the actual service provision typically falls under the jurisdiction of school districts. Almost all states consider transportation in some fashion in their education finance allocations.⁸ Transportation costs function differently from many other costs associated with education, with unique factors such as community geographic density, bus fleet maintenance, and school choice systems all affecting costs and complexity of transportation. There are both operational costs and capital investments associated with school transportation. These function differently from many other costs with unique operational factors such as labor, geographic density, and school choice systems, along with capital costs of bus fleet maintenance.⁹

COMMON STATE FUNDING METHODS FOR TRANSPORTATION OPERATIONS¹⁰

Funding Method	Number of States	State Example	Pros	Cons
<p>Categorical Funding</p> <p>States allocate funding specifically for transportation to districts based on a range of factors such as square mileage, bus miles traveled, ridership, and linear density.</p>	21	<p>New Mexico calculates a transportation allocation for each school district and state-authorized charter school. Some of the factors that the state uses to determine this allocation include number of eligible students, number of buses in operation, and total miles traveled.¹¹</p>	<p>Responsive to unique transportation cost drivers, which differ from costs associated primarily with student need; dedicates funding to transportation while also limiting the state budgetary impact.</p>	<p>May require additional state data collection for accuracy; like other categorical funding streams, it might be more vulnerable to cuts and less likely to be adequate.</p>

Note: The number of states for each funding method is estimated.

COMMON STATE FUNDING METHODS FOR TRANSPORTATION OPERATIONS (continued)

Funding Method	Number of States	State Example	Pros	Cons
<p>Included Within the State Funding Formula</p> <p>Depending on the state’s funding formula approach, states may incorporate funding for school transportation as part of the overall base cost calculation or as part of the inputs in a resource-based formula.¹ For instance, the formula might estimate a per-pupil funding weight for transportation or the average inputs and expenditures for a transportation program.</p>	17	<p>Kansas includes a transportation weight as part of its total foundation aid, calculated using a per-capita density allowance.¹²</p>	Creates predictability, stability, and incorporates transportation clearly as part of the costs of running a school.	Differentiates less based on district needs and specific transportation costs, if based on averages; may not differentiate between funding meant for transportation and other operational revenues.
<p>Reimbursement Based on District Costs and Expenses</p> <p>States reimburse districts for part of the operating costs associated with school transportation.</p>	10	<p>Massachusetts reimburses districts up to a certain amount for transportation costs. In fiscal year 2023, districts were reimbursed up to 79.5%.¹³</p>	Establishes clear state support and state/local co-funding for transportation, linked to actual district costs.	Less predictable budgetary impact for districts and the state; can result in less efficient transportation spending; may disadvantage districts with less local revenue capacity for cost sharing.

Note: The number of states for each funding method is estimated.

The current lack of comprehensive state-by-state research on transportation funding strategies hinders any strong claim for one funding model over another. However, states should strive to ensure adequate and transparent funding for transportation, regardless of the policy structure. Students will benefit in states that pay attention to the growing cost drivers in transportation, design responsive funding models, and continue to invest in the yellow school bus.

NOTE

¹Read more in [Splitting the Bill: How Are State Education Funding Formulas Structured?](#)

Questions for Advocates

- *How does your state currently fund school transportation? What factors determine how state transportation aid for schools is allocated?*
- *Is there independent research in your state around school transportation funding adequacy or equity? Are there reasons to believe that transportation costs are competing with other school funding needs?*
- *When you consider the current school transportation funding model in your state, what are the implications of how dollars are allocated for students of color, low-income students, school choice students, and those living in rural areas? For more or less advantaged districts and schools?*

Endnotes

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- 4 Sarah A. Cordes, Christopher Rick, and Amy Ellen Schwartz, "Do Long Bus Rides Drive Down Academic Outcomes?," *Educational Evaluation and Policy Analysis* 44, no. 4 (2022), <https://journals.sagepub.com/doi/abs/10.3102/01623737221092450>; Marc L. Stein and Jeffrey A. Grigg, "Missing Bus, Missing School: Establishing the Relationship between Public Transit Use and Student Absenteeism," *American Educational Research Journal* 56, no. 5 (2019), <https://journals.sagepub.com/doi/10.3102/0002831219833917>; Samantha Trajkovski, Jeffrey Zabel, and Amy Ellen Schwartz, "Do School Buses Make School Choice Work?," *Regional Science and Urban Economics* 86 (2021), <https://www.sciencedirect.com/science/article/abs/pii/S0166046220302921>; cited in Meryle Weinstein, Sarah A. Cordes, Christopher Rick, and Amy Ellen Schwartz, "Riding the Yellow School Bus: Equity in Bus Transportation across Districts, Schools, and Students," *Urban Education* (2022), <https://journals.sagepub.com/doi/10.1177/00420859221114084>.
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- 7 "Bipartisan Infrastructure Law Fact Sheets: Transportation Alternatives," Federal Highway Administration, updated 2022, <https://www.fhwa.dot.gov/bipartisan-infrastructure-law/ta.cfm>; "Transportation Alternatives," Federal Highway Administration, updated 2022, https://www.fhwa.dot.gov/environment/transportation_alternatives/; "Clean School Bus Program," EPA, <https://www.epa.gov/cleanschoolbus>; "AFLEET Online," AFLEET, <https://afleet.es.anl.gov/afleet/>, and Sara D. Adar et al., "Adopting Clean Fuels and Technologies on School Buses. Pollution and Health Impacts in Children," *American Journal of Respiratory and Critical Care Medicine* 191, no. 12 (2015), <https://www.atsjournals.org/doi/full/10.1164/rccm.201410-1924QC>, cited in Phillip Burgoyne-Allen and Bonnie O'Keefe, "From Yellow to Green: Reducing School Transportation's Impact on the Environment," Bellwether, 2019, <https://files.eric.ed.gov/fulltext/ED602602.pdf>; "All About the Clean School Bus Program," Electric School Bus Initiative, 2024, <https://electricschoolbusinitiative.org/all-about-clean-school-bus-program>.
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ABOUT THE SERIES

Splitting the Bill is a crash course in the essentials of school finance equity for advocates and others interested in reforming state education finance systems. Learn more and read the other briefs in this series [here](#).

About Bellwether

Bellwether is a national nonprofit that exists to transform education to ensure systemically marginalized young people achieve outcomes that lead to fulfilling lives and flourishing communities. Founded in 2010, we work hand in hand with education leaders and organizations to accelerate their impact, inform and influence policy and program design, and share what we learn along the way. For more, visit bellwether.org.

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