

MAXIMIZING
YOUR DISTRICT'S DOLLARS
FROM THE PUPIL
TRANSPORTATION CLAIM



Introductions

Name: **Jim Lovelace** Role: Speaker

- *President, Transportation & Residency Specialists, LLC*
- *21 years Transportation Director,*
- *20 years as a commercial and mortgage banker*
- *4 years as owner of Transportation & Residency Specialists, LLC*



Name: **Seth Hill** Role: Speaker

- *4 years Transportation Director, New Berlin School District*
- *8 years History, Economics and Psychology teacher*
- *13 years football coach*
- *5 years owner of Hill Designs*

OVERVIEW

- ☐ UNDERSTANDING THE CLAIM “RULES”
- ☐ UNDERSTANDING THE CLAIM “PROCESS”
- ☐ BUILDING PARTNERSHIPS WITHIN YOUR DISTRICT
- ☐ EVALUATION OF CLAIM FOR LOST REVENUE
- ☐ DEVELOPING STRATEGIES
- ☐ REAPING YOUR REWARDS - EXAMPLES



UNDERSTANDING THE RULES

- BEFORE YOU CAN INTERPRET THE RULES, YOU MUST UNDERSTAND THEM COMPLETELY
- ISBE PUBLISHES THE CLAIM “RULES” EVERY YEAR AS PART OF THE CLAIM FILING PROCESS
- IN ORDER TO UTILIZE EVERY OPPORTUNITY, YOU MUST BECOME INTIMATELY FAMILIAR WITH WHAT ISBE ALLOWS, DOESN'T ALLOW AND MOST OF ALL, DOESN'T ADDRESS



UNDERSTANDING THE RULES

- REMEMBER, ONLY MONEY SPENT OUT OF THE 40 FUND, WITH MINOR EXCEPTIONS, IS ALLOWED TO BE CLAIMED. EXCEPTIONS:
 - FUNDS SPENT FROM O & M [FUND 20 – 2540 ACCTS] FOR UTILITIES OR OTHER TRANSPORTATION RELATED ITEMS CAN BE PRORATED BASED ON SQUARE FOOTAGE
 - FUNDS SPENT FROM THE EDUCATION FUND [FUND 10 – 2540 ACCTS] MAY ALSO BE PRORATED BASED ON SQUARE FOOTAGE
 - FUND 60 FOR CAPITAL IMPROVEMENTS (< \$2500)
- HOWEVER, KNOWING WHEN TO SPEND MONEY OUTSIDE OF THE 40 FUND CAN SOMETIMES BE MORE BENEFICIAL THAN SPENDING MONEY FROM THE 40 FUND (more on this later)



UNDERSTANDING THE CLAIMS PROCESS

- **CALCULATIONS FOR YOUR CLAIMS DO NOT BEGIN WITH YOUR TOTAL EXPENSES - IT BEGINS WITH THE WEIGHTED AVERAGE PUPIL CALCULATION**
 - THE STARTING POINT FOR CLAIM REIMBURSEMENT IS TO CALCULATE THE WEIGHTED AVERAGE PUPIL COUNT, MULTIPLY THAT BY THE COST PER STUDENT (**regular trans. expense [col A] / WAP**) THEN SUBTRACT THE COST FOR INELIGIBLE STUDENTS. THAT BECOMES THE STARTING POINT FOR YOUR **ALLOWABLE REGULAR TRANSPORTATION COSTS**
 - THE **NON-REIMBURSABLE EXPENSES ARE ALREADY EXCLUDED**
 - DEDUCTIONS FOR TWO PRORATIONS (*STATUTORY 80% PLUS ANNUAL ISBE DETERMINATION FOR ANY ADDITIONAL PRORATIONS*)
 - ADDITION OF PRORATED VOCATIONAL COSTS
 - ADDITION OR SUBTRACTION FOR ANY PRIOR YEAR ADJUSTMENTS
 - EQUALS NET ALLOWABLE REGULAR AND VOCATIONAL REIMBURSEMENT



UNDERSTANDING THE CLAIMS PROCESS (CONT'D)

- DISTRICTS HAVE THE RIGHT TO DETERMINE HOW AND FROM WHICH FUNDS DOLLARS ARE SPENT WITHIN ISBE RULES
- FOR PAYMENT OF CLAIMS, REGULAR AND VOCATIONAL EXPENDITURES ARE LUMPED TOGETHER AND PAID TOGETHER
- SPECIAL ED EXPENSES ARE PAID SEPARATELY AT A DIFFERENT, OFTEN HIGHER, PRORATION RATE THAN REGULAR AND VOCATIONAL EXPENSES



UNDERSTANDING THE CLAIMS PROCESS (CONT'D)

- DISTRICTS MUST UNDERSTAND HOW ISBE CALCULATES “COST PER STUDENT” AND SUBSEQUENTLY THE COST TO TRANSPORT INELIGIBLE STUDENTS (more later)
- DISTRICTS SHOULD ENSURE THAT EVERY SPECIAL ED TRANS. STAFF MEMBER AND EXPENSE IS ACCOUNTED FOR UTILIZING SEPARATE SPECIAL ED ACCOUNTS
 - TYPICALLY MONITORS FOR BUSES ARE NOT REIMBURSABLE **BUT ALL SPED MONITORS ARE PERMITTED TO BE CLAIMED**
 - IF DRIVERS DRIVE REGULAR RTES PART OF THE TIME AND SPED RTES OTHER TIMES, MAKE SURE THEY ARE SIGNING IN UNDER SPED ACCOUNTS WHILE DRIVING THOSE SPED RTES
 - REMEMBER WHEN ACCOUNTING FOR **SPECIFICALLY IDENTIFIABLE SPED EXPENSES** THEY ARE NOT REQUIRED TO BE PRORATED



BUILDING PARTNERSHIPS

- TRANSPORTATION DIRECTORS NEED TO HAVE STRONG PARTNERSHIPS WITH PEERS AND SUPERIORS INCLUDING OPERATIONS FOR BUILDING AND GROUNDS MAINTENANCE
 - CERTAIN PROJECTS MAY REQUIRE **“CREATIVE FINANCING”** TO BENEFIT THE DISTRICT. ITEMS SUCH AS FENCING, PAVING OF LOTS, LIGHTING, GRAVEL, ETC. MAY BE CLAIMED IF THEY CAN ARGUABLY BE ALLOCATED TO TRANSPORTATION. SOMETIMES ONLY A PERCENTAGE OF THE OVERALL PROJECT MAY BE CLAIMED.

I RAN ACROSS A CASE WHERE A DISTRICT NEEDED TO RESURFACE THEIR SCHOOL PARKING LOT. WITH SOME CREATIVE STRATEGIES, THEY WERE ABLE TO REROUTE THEIR BUSES THROUGH THE LOT FOR PICK UP AND DROP OFF, CREATING A **TRANSPORTATION NEED** FOR THE RESURFACING TO ENSURE STUDENT SAFETY. AS A RESULT, THE PROJECT WAS ABLE TO BE DEPRECIATED PER ISBE RULES. **TRANSPORTATION SITE IMPROVEMENTS ARE FUNDED THROUGH FUND 20 BUT DEPRECIATED THROUGH TRANSPORTATION.**



BUILDING PARTNERSHIPS

- TRANSPORTATION DIRECTORS NEED TO HAVE STRONG PARTNERSHIPS WITH PEERS AND SUPERIORS. THIS INCLUDES CFO/CSBO FOR ASSISTANCE IN DEVELOPING FISCAL STRATEGIES TO MAXIMIZE CLAIM DOLLARS
 - CFO/CSBO SHOULD BE YOUR FIRST SOUNDING BOARD WHEN DISCUSSING CREATIVE OPPORTUNITIES TO MAKE SURE FUNDING MECHANISMS ARE AVAILABLE AND APPROPRIATE
 - SOMETIMES OUT OF THE BOX **“CREATIVE FINANCING”** NEEDS A CHEERLEADER AT THE FINANCE COMMITTEE, WITH THE SUPERINTENDENT, BOARD MEMBERS, ETC.
 - A CFO/CSBO WHO UNDERSTANDS THE CLAIMS PROCESS CAN ALSO ASSIST IN RUNNING INTERFERENCE WITH PEERS TO GET BUY IN AND SUPPORT
 - THE CFO/CSBO ARE OFTEN THE FIRST POINT OF CONTACT FOR AUDITORS AS WELL



BUILDING PARTNERSHIPS

- TRANSPORTATION DIRECTORS NEED TO HAVE STRONG PARTNERSHIPS WITH PEERS AND SUPERIORS
- INCLUDING ATHLETIC DIRECTORS:
 - MANY CREATIVE OPPORTUNITIES TO MAXIMIZE THE CLAIM PROCESS OCCUR SINCE ALL ATHLETIC TRIPS ARE NONREIMBURSABLE. ITEMS SUCH AS THE PURCHASE OF ACTIVITY BUSES (**NOT UTILIZING 40 FUNDS**), UTILIZATION OF COACHES TO DRIVE NON-SCHOOL BUS TRANSPORTATION, ETC.
- INCLUDES SUPERINTENDENTS AND BOARDS OF EDUCATION
 - BUILDING TRUST WITH THE DECISION MAKERS IS A MUST AS THEY WILL ULTIMATELY DECIDE WHETHER OR NOT YOUR IDEAS ARE APPROVED



DETERMINE WHERE YOU ARE LOSING MONEY

- **EVALUATE WHERE YOUR DISTRICT IS LEAVING MONEY ON THE TABLE**
 - REVIEW THE CLAIM COMPUTATION SUMMARY AND DETERMINE EACH AREA WHERE THE CLAIM IS REDUCED (*many will be outside of your control*)
 - **COST TO TRANSPORT INELIGIBLE STUDENTS LINE 29** (students less than 1 ½ miles without a hazardous route designation, exclusive PreK or SS)
 - IF YOU TRANSPORT ANY PREK ON EXCLUSIVE ROUTES, (USUALLY 50% OF THE TOTAL) THAT PREK HEADCOUNT SHOULD BE LISTED ON LINE 29
 - ALL EXCLUSIVE PREK PLUS ANY OTHERS * LINE 28 = **COST TO TRANSPORT INELIGIBLE STUDENTS** = 100%
REDUCTION TO CLAIM – **NO PRORATION!!**



DETERMINE WHERE YOU ARE LOSING MONEY

- REVIEW THE CLAIM UNDER THE NR MILEAGE AND EVALUATE ALL ASPECTS OF THE MILES BEING CLAIMED AS NR
 - PREK EXCLUSIVE, EXTRA-CURRICULAR, SUMMER SCHOOL,
 - Consider most districts operate somewhere over \$5 per mile. If you purchase an AB for \$100K, you will receive approximately \$12.8K per year for 5 years -(80% of 80%). Break even is 2,560 mile per year, per AB at \$5.00 per mile
- DEVELOP POLICIES TO ELIMINATE INELIGIBLE FIELD TRIPS – THOSE THAT ARE LEAVING EARLY, RETURNING LATE, WEEKENDS, ETC.
- IF TRANSPORTING INELIGIBLE STUDENTS IS COSTING YOUR DISTRICT MONEY, DEVELOP STRATEGIES TO REDUCE THAT EXPENSE
 - IF POSSIBLE, ESTABLISH HAZARDOUS ROUTES THROUGH IDOT (https://www.isbe.net/Documents/safety_busing_instruct.pdf)



DETERMINE WHERE YOU ARE LOSING MONEY

- MODIFY CURRENT DISTRICT POLICIES TO ADDRESS TRANSPORTATION OF INELIGIBLE STUDENTS – EXAMPLES MAY INCLUDE -
 - WALK ZONES FOR NON-HAZARDOUS ROUTE STUDENTS
 - NO SUMMER SCHOOL TRANSPORTATION
 - CONSIDER ALTERNATIVES TO EXCLUSIVE PREK TRANSPORTATION



DEVELOPING STRATEGIES

- DEVELOPING STRONG FISCAL STRATEGIES STARTS WITH DEVELOPING STRONG RELATIONSHIPS WITH THE CFO/CSBO
- STRATEGIES SHOULD ALWAYS KEEP IN MIND ISBE “RULES” AND POLICIES AND USE THOSE TO GUIDE YOUR DISTRICT’S POLICIES TO BENEFIT YOUR DISTRICT
- STRATEGIES SHOULD ALWAYS FIRST LOOK FOR WAYS TO USE YOUR CURRENT PROCESSES AND MAKE THEM “CLAIMABLE”
 - WE HAVE FOUND ON OCCASION SLIGHT OR MINOR ADJUSTMENTS TO OUR PROCESSES WERE ALL THAT WERE NECESSARY TO ALLOW THEM TO BE CLAIMABLE



DEVELOPING STRATEGIES (CONT'D)

- ONCE CURRENT PROCESSES HAVE BEEN EVALUATED, THEN DEVELOP STRATEGIES THAT CHANGE CURRENT UNCLAIMABLE PRACTICES/POLICIES
 - ONE EXAMPLE OF THIS IS WHEN WE CHANGE PAYROLL ACCOUNTS FOR SPECIAL ED AND VOCATIONAL STAFF OR REQUIRE THEM TO CHANGE PAY CODES DURING THE DAY TO MAXIMIZE THE BENEFIT
 - IF YOUR DISTRICT PROVIDES PRE-K, TRY TO MINIMIZE “EXCLUSIVE” PRE-K BUS RTES AS THESE ARE NR
- STRATEGIES CAN BE BOTH SHORT AND LONG TERM
 - SHORT TERM MIGHT BE A SINGLE OPERATIONS PROJECT WHILE LONG TERM MIGHT BE THE RECATEGORIZATION OF PAYROLL ACCOUNTS
- ALWAYS BE ABLE TO “DEFEND” THE STRATEGY BY CITING AN ISBE “RULE” OR YOUR THOUGHT PROCESS THAT MAKES IT VALID



REAPING YOUR REWARDS

IN ORDER FOR DISTRICTS TO REAP THE REWARDS FOR LEARNING THE RULES, UNDERSTANDING THE CLAIMS PROCESS, BUILDING PARTNERSHIPS, EVALUATING LOSSES AND DEVELOPING STRATEGIES, THEY MUST **IMPLEMENT** AND APPLY EVERYTHING TOGETHER AS AN OVERALL COHESIVE DISTRICT APPROACH.

THE FOLLOWING SLIDES ARE SOME EXAMPLES OF POLICIES AND STRATEGIES USED BY OTHER DISTRICTS. THEY MAY OR MAY NOT BE APPLICABLE FOR YOUR DISTRICT, BUT SHOULD BE USED AS EXAMPLES OF HOW SOME DISTRICTS WORKED TO MAXIMIZE THEIR CLAIM DOLLARS OR MISSED OPPORTUNITIES BECAUSE OF THEIR STRATEGIES.

REAPING YOUR REWARDS

- ONE OF THE SINGLE BIGGEST REDUCTIONS TO TRANSPORTATION CLAIMS ARE **NON-REIMBURSABLE MILES**. MANY DISTRICTS OPERATE AT BETWEEN 20% AND 30%. YOUR GOAL SHOULD BE TO HAVE NO MORE THE 15% NR MILES (Consider a 1% reduction [just 100 miles for every 10,000 traveled] on a \$2MM claim is equivalent to \$20,000)
 - START BY ANALYZING YOUR DISTRICT'S NR MILES AND DEVELOP STRATEGIES TO REDUCE THEM – SOME POSSIBLE EXAMPLES COULD BE:
 - ✓ DISTRICT POLICIES LIMITING DISTANCE FOR EXTRA CURRICULAR TRIPS
 - ✓ POLICIES REQUIRING ALL FIELD TRIPS TO OCCUR DURING THE SCHOOL DAY, MAXIMUM DISTANCES, ETC. (making them reimbursable miles)
 - ✓ REDUCE THE USE OF “TRANSPORTATION” VEHICLES FOR NR TRIPS THAT COULD UTILIZE OTHER MEANS (Vans, activity buses, etc. that are not classified as Transportation vehicles – **NOT PURCHASED WITH 40 FUNDS**)



REAPING YOUR REWARDS

- ANOTHER SIGNIFICANT ITEM THAT REDUCES CLAIM DOLLARS IS “OTHER REVENUE”. SOME DISTRICTS UTILIZE ESSR FUNDS, PRE-K GRANT MONEY AND OTHER FUNDS TO HELP OFFSET TRANSPORTATION EXPENSES.
 - WHEN OUTSIDE MONEY IS USED IN TRANSPORTATION IT IS REQUIRED TO BE ITEMIZED UNDER “OTHER REVENUE”. GENERALLY SPEAKING, OUTSIDE REVENUE REDUCES THE CLAIM.

One district made the decision to use over \$700,000 in ESSR III grant money to offset PreK costs because “PreK expenses are not reimbursable”. ACTUALLY, “THE PREK **MILES** ARE A PORTION OF THE TOTAL NR MILEAGE PERCENTAGE THAT IS A DEDUCTION”. This district’s NR mileage rate was only about 15%. Had all \$700,000 in expenses been claimed, after the mileage proration of 15% was applied, this district would have received nearly \$600,000 in additional revenue on their claim (*prior to claim prorations*). As it turned out, they received nothing from the State for the PreK expenses and lost using the \$700,000 in grant funds for other expenses. Additionally, the fact that PreK was paid for with ESSR III funds may cost them their PreK grant the next year.



REAPING YOUR REWARDS

- CONSIDER THAT PRE-K EXPENSES ARE PRORATED BASED ON MILEAGE PERCENTAGE AND DIVIDED BETWEEN ALL FOUR CATEGORIES. IF YOU HAVE \$10,000 WORTH OF PRE-K EXPENSES AND A 25% NR RATE, YOU ARE ABLE TO RECEIVE 75% OF THE EXPENSE THROUGH THE CLAIM PROCESS (\$7,500) [before State proration]. IF YOU UTILIZE \$10,000 OF THE PRE-K GRANT MONEY TO OFFSET THOSE EXPENSES THE REVENUE IS PLACED UNDER THE NR “OTHER REVENUE”. BUT BY UTILIZING THE GRANT FUNDS, THE DISTRICT LOSES THE 75% THEY COULD HAVE GAINED THROUGH THE CLAIM PLUS THEY ARE OUT THE \$10,000 THEY USED TO OFFSET THE EXPENSE THAT COULD BE USED FOR OTHER PURPOSES.
- CONSIDER AVOIDING UTILIZING LANGUAGE IN GRANT REQUESTS INDICATING THE MONEY WILL BE USED TO OFFSET SPECIFIC TRANSPORTATION EXPENSES



REAPING YOUR REWARDS

SOME DISTRICTS VALIDATE ALL TRIPS THAT WOULD BE CLASSIFIED AS NR. EXTRA CURRICULAR TRIPS ARE ESSENTIALLY A COST OF DOING SCHOOL BUSINESS. HOWEVER, MANY “GRAY AREA” TRIPS SUCH AS COACHES GOING TO “SCOUT”, FACULTY TRAVEL USING TRANSPORTATION VEHICLES, SMALL GROUPS LIKE ONE OR TWO STUDENTS GOING TO COMPETE, ETC. WERE EVALUATED TO DETERMINE IF THERE WAS A REASONABLE WAY TO AVOID NR MILES WHILE STILL PROVIDING TRANSPORTATION

- ✓ Possibly utilizing vehicles purchased outside of the 40 fund like vans, activity buses, cars, larger utility vehicles like Chevy Suburban, etc.
- ✓ Possible policy adjustment to allow reimbursement process for staff utilizing their own vehicles if the district doesn't own non-transportation vehicles



REAPING YOUR REWARDS

- ALL VEHICLES PURCHASED WITH 40 FUNDS MUST CLAIM THE MILEAGE FOR THAT VEHICLE **REGARDLESS OF ITS USE** FOR CLAIM PRORATION – THIS INCLUDES MAINTENANCE VEHICLES, DRIVER'S ED OR OTHER NON-TRANS VEHICLES
 - Alternatively, purchase fleet vehicles (cars, vans, activity buses, maintenance, drivers Ed) with district funds (Fund 10 or 20 rather than Fund 40) for staff transportation or require use of their personal vehicles (*Possible policy change*)

We owned 5 8-passenger vans purchased with 40 funds 7 years earlier (fully depreciated). Those vans represented 20% of our non-reimbursable miles (25k of 125k NR & total miles ≈ 650k w/ claim \$2.2M). We sold 4 of the 5 vans for \$40,000, purchased 5 new 10-passenger vans with district funds for \$125,000 and saved approx. \$88,000 the first year in non-reimbursable expenses (reduction of NR % from 20% to 16% of 2.2M). At the end of the 1st year we were \$3000 to the good (*cost was \$125,000 benefit was \$128,000 - \$40K in cash had to be claimed as other revenue year 1*) with 5 new vans, 1 remaining van of the old ones, 18 additional ridership capacity and a long-term reduction in non-reimbursable miles.



2025 REGIONAL CONFERENCE

Bloomington | O'Fallon

TRANSPORTATION & RESIDENCY SPECIALISTS, LLC

0702LOVELACE@COMCAST.NET

217-341-8040



IASPA
Illinois Association of School
Personnel Administrators



ILLINOIS
Association of School Business Officials

QUESTIONS

**How We Can Help Your
District Maximize Your Claim**

We thank you for your time!

