



Transportation Cost of a Federal Program Revisited

The method for allocating transportation cost to a federal program was re-examined by MDE and conclusions presented to the Advisory Committee on Financial Management, Accounting and Reporting. After some discussion a consensus was reached that the previous method of charging back transportation costs to the federal program as described in Business Bulletin 42 was cumbersome and that MDE's current way of tracking the transportation cost would satisfy the federal requirements on reporting. The decision was made that districts may use Object Dimension, Interdepartmental Transportation (Chargeback) 365 with the appropriate federal finance code to report transportation costs of the federal programs. Districts in turn would report the costs of the transportation in the State Educational Record View and Submission (SERVS) system in order to receive reimbursement.

Minnesota Statutes, section 123B.92, Subd. 5, requires school districts to allocate student transportation expenditures among categories by miles, hours or routes. Districts will need to determine a rate based on the district's total transportation expenditures for the entire school year in order to allocate the cost correctly. In addition, districts will need to document the miles, hours or routes that relate to the various federal programs on the supplemental sheet of the Pupil Transportation Annual Report (ED-01652). In the interim, before final rates are determined, districts may use estimated or prior year rates to report costs in SERVS. Once final rates are determined, the district would need to align reported expenditures with final rates.

MDE will change the UFARS Manual and programming to allow the federal programs to use the Object Dimension. In addition Object Dimension 365's name will be changed to Interdepartmental Transportation (Allocation) to clarify that it is used to identify a district's transportation costs determined by an allocation method based on miles, hours or routes.

Object Code 360, Transportation Contracts With Private or Public Carriers would be used to report expenditures incurred from contracting for transportation of pupils to a federal program for contracts under \$25,000. Object Code 364 will be created to identify transportation cost associated with contracted services for federal programs over \$25,000. Object Code 364 would only be used to identify the cost of a federal program and not for regular to-and-from student transportation.

The Interdepartmental Transportation (Allocation) Object Code 365, Transportation Contracts With Private or Public Carriers Under \$25,000 Object Code 360, and Transportation Contracts With Private or Public Carriers Over \$25,000, Federal Programs Object Code 364 will be allowed to identify transportation costs paid with American Recovery and Reinvestment Act (ARRA) funds, Finance Code 151. The miles, hours and routes associated with ARRA Funds should be reported on the supplemental sheet of the Pupil Transportation Annual Report.

When a district reports student transportation expenditures in UFARS under the federal or ARRA finance codes, the expenditures will not be included in state aid calculations of Nonpublic Student Transportation, Special Education Aid Entitlement or Desegregation/Integration Transportation Aid. These aid formulas will continue to use the expenditures reported in the traditional student transportation finance dimensions (700 series). State transportation aid is based on categorical expenditures in only certain finance dimensions.

Please disregard the procedure for reporting transportation expenditures to a federal program that was presented in the School Business Bulletin Issue 42. If you have any questions, please contact Kelly Wosika at 651-582-8855 or e-mail kelly.wosika@state.mn.us.