Transportation Expenditure Reporting Guidance for State Fiscal Year (SFY) 2021 due to Executive Order 20-94

May, 2021

The governor signed executive order 20-94 on, November 5, 2020, and under paragraph 10 it states the following:

> Upon approval by the Executive Council, schools operating under a distance or hybrid model may charge additional special education contracted transportation costs beyond actual services provided but limited to what the school would have paid if they were fully on-site for State Fiscal Year 2021. Transportation contractors are strongly encouraged to provide discounts for fuel savings and other avoided costs related to idle vehicles.

The intent of executive order 20-94 is to limit the strain that has been placed on special education transportation contractors. School districts and charter schools need access to expanded transportation capacity to meet public health and safety requirements. When schools are in a distance learning model, contractors were not receiving payment and could then be forced to lay off drivers. When those school districts and charter schools return to hybrid or in-person learning; however, they need special education transportation to be available.

Due to the varying means by which schools contract for transportation services the department developed guidance to assist in the reporting of transportation costs in the Uniform Financial Accounting and Reporting Standards (UFARS) for State Fiscal Year (SFY) 21. Below are several examples for how to allocate and report transportation costs for SFY 21. The examples below will most likely not cover all scenarios. If you have any questions or concerns please do not hesitate to reach out and ask for assistance.

Scenario #1 – School normally contracts and pays for specific services by transportation type.

Under this scenario a school normally reaches out to their contractor with student information, sets up routes and the vendor charges the school for each route based on a vehicle type for a flat fee, based on hours, miles driven or student count. The executive order allows the school to continue paying for special education, homeless, care and treatment, along with 504 plan routes that would have happened if not for distant/hybrid learning models during SFY 21. Special education directors would work with finance and transportation staff to coordinate the students and routes that would have occurred if not for the pandemic with their transportation vendor. The vendor would charge the school for actual services provided along with routes that weren't provided due to the pandemic (they should provide discounts for savings related to idle vehicles). The school would then be able to continue to charge the cost to the appropriate UFARS finance code; in this case either 723 (special education) or 728 (homeless, care and treatment and 504 plan services).

It should be noted that the school is under no obligation to have to pay for routes when services were not provided. Executive order 20-94 only allows for schools to be reimbursed if they choose to work with their providers and agree to pay for unused routes.

Scenario #2 – School contracts one flat fee for the entire school year for several transportation services, including special education routes.

This is the most difficult scenario for SFY 21 due to the variety of education models, including in-person, hybrid and distant learning, and the potential changes in education models that could occur throughout the year and by grade level and/or program. Under this scenario a school normally pays a vendor a flat fee broken out into 12 annual installments for several or all types of transportation. In a normal year the school collects miles, hours, routes or student counts throughout the year to allocate the total transportation fee.

If your school is charged a flat annual fee for transportation services and your school has operated under either a distant learning or hybrid model for part of the year then the Minnesota Department of Education (MDE) suggests looking at how you split your special education transportation costs in both SFY 19 and 20 to calculate a two-year average by finance code to be used for SFY 21. The same would apply to costs reported under finance code 728. For example, if in SFY 19 you allocated 30 percent of your total transportation contract to special education transportation, finance 723 and in SFY 20 it was 34 percent, then for SFY 21 you would allocate the average, which in this case would be 32 percent of your SFY 21 contracted costs. You would also do this for finance code 728 (homeless, care and treatment and 504 plan services).

Executive order 20-94 only covers SFY 21 contracted special education transportation, which includes services reported under finance code 728. The remainder of your contracted transportation costs will need to be allocated as usual. This means after you deduct for finance codes 723 and/or 728, you would use the remaining amount and allocate the same as you have done in the past -- whether by miles, hours, routes or student counts while not including any special education, homeless, care and treatment or 504 plan miles, hours, routes or student counts.

Scenario #3 – you pay parents directly to transport their children directly.

This scenario would most likely be in addition to either scenario 1 or 2 above. In this case you would pay the family directly and charge the cost to the appropriate finance code. This would be done outside of the other two scenarios.

The information under both scenario 1 and 2 is only to be used if the school decides to pay their transportation vendor for idle vehicles. If the school is only paying for actual services received then they would calculate their allocation the same as they have done in years past.

Note, if a school is operating under scenario #1 above, and if the contracted provider is using a special education vehicle to deliver supplies, materials, meals or other general education services when normally that vehicle would be dedicated to special education transportation, the school must code those costs under finance code 728 and **not** finance code 723. Both finance codes are used the same way in the state special education aid calculation. However, finance code 723 is part of Maintenance of Effort (MOE), whereas finance code 728 is not since the service is not provided to special education students. Therefore, if special education vans and buses are being used in other non-special education capacity, the cost, while allowed to be included in the aid calculation, cannot be included in the MOE calculation and therefore must be charged to finance code 728. Again, this paragraph is only applicable to those who have contracts similar to scenario #1.

MDE encourages schools to be mindful of their MOE for SFY 21. If a school reports a large increase in special education transportation due to their allocation method, know that they would most likely be increasing their MOE requirements for later years. This would force them to continue to spend more in other areas of special education to maintain effort when transportation costs resume to normal levels. The federal government has not provided any waivers or safe harbors for local educational agencies (LEAs) with regards to MOE. The state also has no authority to waive the LEA MOE requirement for any reason.

If you have any questions, send an email to the Special Education Funding and Data Team.