

MAXIMIZING YOUR RETURN FROM THE PUPIL TRANSPORTATION CLAIM

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Introductions

Name: Jim Lovelace

Role: Presenter

- ***21+ years as a Transportation Director at Ball-Chatham School District - retired***
- ***President, Transportation & Residency Specialists, LLC***
- ***Over 20 years as a commercial and mortgage banker prior to joining BCSD***



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OVERVIEW

- **UNDERSTAND THE “RULES”**
- **UNDERSTAND THE CLAIM PROCESS**
- **BUILDING PARTNERSHIPS WITHIN YOUR DISTRICT**
- **DEVELOPING STRATEGIES**
- **REAPING YOUR REWARDS - EXAMPLES**



UNDERSTAND 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 TAKE ADVANTAGE OF EVERY OPPORTUNITY YOU MUST BECOME INTIMATELY FAMILIAR WITH WHAT ISBE ALLOWS, DOESN'T ALLOW AND **MOST OF ALL, DOESN'T ADDRESS**



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UNDERSTAND THE RULES (CONT,D)

- REMEMBER, ONLY MONEY SPENT OUT OF THE 40 FUND, WITH MINOR EXCEPTIONS, IS ALLOWED TO BE CLAIMED
 - FUNDS SPENT FROM O & M [FUND 20] FOR UTILITIES OR OTHER TRANSPORTATION SPECIFIC ITEMS CAN BE INCLUDED
 - FUNDS SPENT FROM THE EDUCATION FUND [FUND 10] MAY ALSO BE INCLUDED IF THEY ARE FOR SPECIFIC TRANSPORTATION EXPENSES
- HOWEVER, KNOWING WHEN TO SPEND MONEY OUTSIDE OF THE 40 FUND CAN SOMETIMES BE JUST AS BENEFICIAL AS SPENDING MONEY FROM THE 40 FUND (more on this later)



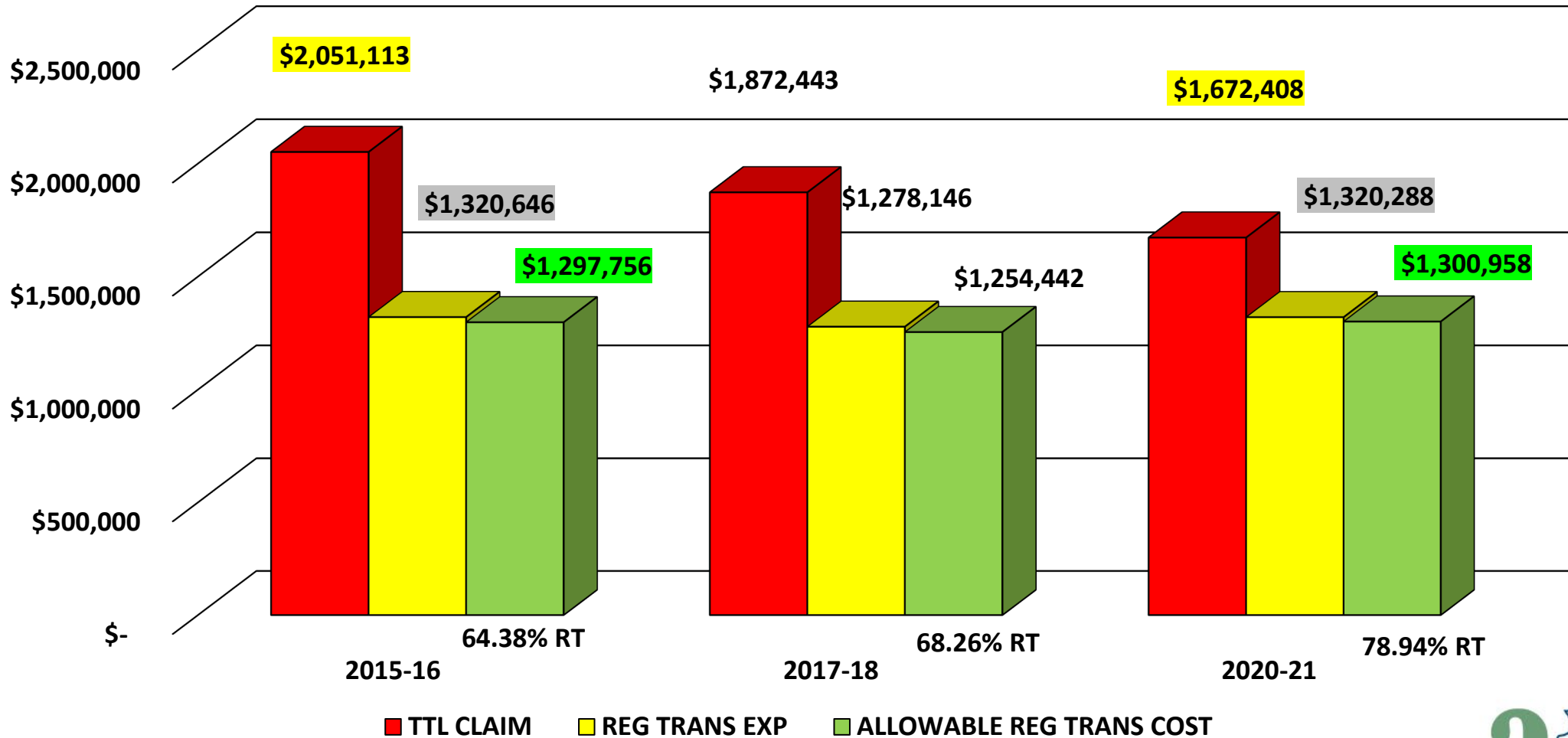
UNDERSTAND THE CLAIMS PROCESS

- **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 US 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 HAVE ALREADY BEEN EXCLUDED
- DEDUCTIONS FOR TWO PRORATIONS (*STATUTORY 80% PLUS ANNUAL ISBE DETERMINATION FOR ANY ADDITIONAL PROTATIONS*)
- ADDITION OF 80% OF TOTAL VOCATIONAL COSTS
- ADDITION OR SUBTRACTION FOR ANY PRIOR YEAR ADJUSTMENTS
- EQUALS NET ALLOWABLE REGULAR AND VOCATIONAL REIMBURSEMENT



REGULAR TRANSPORTATION % COMPARISON ON CLAIM DOLLARS



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UNDERSTAND THE CLAIMS PROCESS

- 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



UNDERSTAND THE CLAIMS PROCESS

- DISTRICTS MUST UNDERSTAND HOW ISBE CALCULATES “COST PER STUDENT” AND SUBSEQUENTLY THE COST TO TRANSPORT INELIGIBLE STUDENTS (more later)
- DISTRICTS MUST 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
 - INCLUDES CFO FOR ASSISTANCE IN DEVELOPING FISCAL STRATEGIES TO MAXIMIZE CLAIM DOLLARS
 - CFO 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, ETC.
 - A CFO WHO UNDERSTANDS THE CLAIMS PROCESS CAN ALSO ASSIST IN RUNNING INTERFERENCE WITH PEERS TO GET BUY IN AND SUPPORT



BUILDING PARTNERSHIPS

- TRANSPORTATION DIRECTORS NEED TO HAVE STRONG PARTNERSHIPS WITH PEERS AND SUPERIORS
 - INCLUDES 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
 - WE HAD A CASE WHERE OUR O & M DIRECTOR NEEDED TO BUILD A LOT TO SECURE HIS MAINTENANCE VEHICLES BECAUSE THEY HAD RELOCATED FROM THE TRANSPORTATION AREA. AS HE WAS SHORT ON FUNDING, WE WERE ABLE TO WORK TOGETHER TO BUILD THE LOT UNDER THE PREMISE THAT TRANSPORTATION IS RESPONSIBLE FOR ALL DISTRICT VEHICLES AND SINCE THEY BELONGED TO TRANSPORTATION, IT WAS OUR OBLIGATION TO FUND THE PARKING LOT - \$\$\$ INCLUDED TO THE CLAIM THAT WOULD NOT HAVE BEEN OTHERWISE



BUILDING PARTNERSHIPS

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



DEVELOPING STRATEGIES

- DEVELOPING STRONG FISCAL STRATEGIES STARTS WITH DEVELOPING STRONG RELATIONSHIPS WITH THE CFO
- 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 IT WASN’T THE PROCESS OR PROCEDURE THAT WAS NECESSARY TO CHANGE, BUT RATHER HOW WE APPLIED OR WHICH “RULES” WE APPLIED TO THOSE PROCESSES



DEVELOPING STRATEGIES

- ONCE CURRENT PROCESSES HAVE BEEN EVALUATED, THEN DEVELOP STRATEGIES THAT REQUIRE CHANGES TO CURRENT 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 “DEDICATED” PRE-K BUS RTES
- 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 CITING 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 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 OUR DISTRICT. THEY MAY OR MAY NOT BE APPLICABLE FOR YOUR DISTRICT, BUT SHOULD BE USED AS EXAMPLES OF HOW ONE DISTRICT WORKED TO MAXIMIZE THEIR CLAIM DOLLARS



REAPING YOUR REWARDS

- ONE OF THE SINGLE BIGGEST REDUCTIONS TO TRANSPORTATION CLAIMS ARE NON-REIMBURSABLE MILES
 - ANALYZE YOUR DISTRICT'S NR MILES AND DEVELOP STRATEGIES TO REDUCE THEM
 - 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 TRIPS THAT COULD UTILIZE OTHER MEANS (Vans, activity buses, etc.that are not classified as Transportation vehicles)

Our district validated all trips that would be classified as NR. Extra curricular trips are essentially a cost of doing school business. However, all other "gray area" trips such as coaches going to "scout", faculty travel, small groups like one or two students going to compete at a competition, etc. were evaluated to determine if there was a reasonable way to avoid NR miles while still providing transportation



REAPING YOUR REWARDS

- ENSURE YOUR DISTRICT IDENTIFIES ALL HAZARDOUS ROUTES TO INCLUDE AS MANY STUDENTS LIVING WITHIN 1 ½ MILES SO THEY ARE CLASSIFIED AS ELIGIBLE STUDENTS
 - ISBE'S CALCULATION FOR WEIGHTED AVERAGE STUDENTS IS TO TAKE TOTAL ATTENDANCE DAYS IN EACH CATEGORY AND DIVIDE THAT BY ATTENDANCE DAYS ON SCHOOL CALENDAR TO GET AVERAGE NUMBER IN EACH CATEGORY. 7A AND C ARE ADDED AND MULTIPLIED BY 2. 7B IS THEN ADDED TO GET TOTAL WEIGHTED PUPILS. THIS IS THEN DIVIDED BY TOTAL REGULAR TRANS. COST (LINE 23 COL.A) TO GET COST PER STUDENT. THIS COST IS THEN MULTIPLIED BY LINE 7B. THAT COST IS IMMEDIATELY DEDUCTED FROM YOUR CLAIM – **NO PRORATION!!!**
- THIS DEDUCTION IS SPECIFIC TO INELIGIBLE STUDENTS

Our district validated all hazardous routes and utilized our transportation software system to maximize “eligible” students and minimize “ineligible” students because the fewer ineligible students transported the less reduction to your claim

REAPING YOUR REWARDS

- ALL VEHICLES PURCHASED WITH 40 FUNDS MUST CLAIM THE MILEAGE FOR THAT VEHICLE **REGARDLESS OF ITS USE** FOR CLAIM PRORATION
 - PURCHASE “FLEET” VEHICLES WITH DISTRICT FUNDS (RATHER THAN 40 FUNDS) 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*) with 5 new vans, 1 remaining van of the old ones, 18 additional ridership capacity and a long term reduction in non-reimbursable miles.



REAPING YOUR REWARDS

- ALL VEHICLES PURCHASED WITH 40 FUNDS MUST CLAIM MILEAGE FOR PRORATION
 - UTILIZE ACTIVITY BUSES, VANS, FLEET VEHICLES, ETC. PURCHASED WITH NON-40 FUNDS FOR AS MANY CO-CURRICULAR ACTIVITIES AS POSSIBLE WHICH WILL REDUCE OVERALL NR MILES AND INCREASE REGULAR TRANSPORTATION MILEAGE PERCENTAGE

Our district owned one activity bus. When a second one was needed we purchased it through the athletic department since the majority of use was from the athletic dept. As a result of this strategy, no miles accumulated with this vehicle are required to be reported on the claim. Transportation dept. still maintained the vehicle and allocated to teams with the same District “rules” as we used for other vehicles.



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REAPING YOUR REWARDS

- ACCOUNT FOR EXPENSES IN THE CORRECT CATEGORY TO MAXIMIZE CLAIMABILITY
 - IDENTIFYING ALL EXPENSES SO THAT THEY ARE ALLOCATED AND ACCOUNTED FOR WITHIN THE PROPER PRORATION CATEGORY
 - UTILIZE SPECIAL ACCOUNT CODES FOR SPED AND VOCATIONAL PAYROLL, SUPPLIES, PURCHASE SERVICES, ETC. IF POSSIBLE

Our district identifies and categorizes all staff *[updated anytime an employee switches to or from those responsibilities and annually]* and SPED expenses into specific accounts to ensure during the claim process they are identifiable as SPED expenses. We also evaluate all “extra trips” to validate whether they are reimbursable or not. Our Transportation system allows categorization of trips



REAPING YOUR REWARDS

- WORKING WITH OTHER DEPARTMENTS WITHIN THE DISTRICT CAN CREATE OPPORTUNITIES TO INCREASE CLAIM

Our district paid, out of 40 funds, for an operations project to install underground wiring through the bus parking lot to improve the District's overall operations. The reasoning was that project would be necessary for us to install cameras at the bus lot the following year. Without the necessary underground wiring, our camera project would have to also bore underground to tap into the work being done. As a result of doing it all at once, the District was able to reduce the overall costs, and claim the project expense since the Transportation department did all of the work and paid the expenses.



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REAPING YOUR REWARDS

- ISBE RULES CAN BE INTERPRETED IN MANY DIFFERENT WAYS. EACH DISTRICT'S SPECIFIC SITUATIONS WILL NOT ALWAYS FIT WITHIN THE RULES LAID OUT BY ISBE SO EVALUATE SITUATIONS AND IF YOU BELIEVE YOUR SITUATION ALLOWS CLAIMING AN EXPENSE, CLAIM IT AND MAKE THE ARGUMENT, IF NECESSARY

Our District has “dedicated” bus lanes at each of our 6 schools plus a dedicated bus lot for all of our buses and district vehicles. The Operations staff calculated the total square footage for snow removal and then calculate the “dedicated” transportation areas. We ultimately claimed a prorated share of the total snow removal expense because of the “dedicated” transportation areas even though ISBE rules say snow removal is not an allowable expense for the claim.



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Questions and Answers

We thank you for your time!



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