In 2018, the School Finance Research Collaborative, a statewide bipartisan, diverse and broad-based group of business leaders and education experts, produced Michigan’s first comprehensive school adequacy study, providing the roadmap for fixing Michigan’s broken school funding approach and making it more fair. The study recommended policymakers adopt a separate formula to address widely varying school transportation costs across Michigan.

While the study and its 2021 update determined the true cost to educate a child in Michigan, SFRC membership concluded transportation costs should be funded separately to avoid dollars being diverted from the classroom. A new SFRC report, “Cost of Transportation in Michigan,” determined the most accurate and effective way to fund school transportation to ensure actual costs are met while incentivizing efficiencies among local districts.

A failed approach: Shifting dollars from classrooms to bus routes

- Each district’s unique geographic and student make-up drive its specific transportation costs. Michigan’s current school funding approach doesn’t take those differences into account.
- Many districts are forced to allocate dollars meant for the classroom to cover higher transportation costs, while others have been forced to reduce transportation services that could benefit families and communities.
- This contributes to an already broken school funding approach that fails to meet the unique, individual needs of students as Michigan’s schools continue to struggle to meet student achievement standards.

A new, equitable transportation funding approach

- This study recommends a new approach that uses a transparent and predictable funding model that is reflective of the actual costs that districts face for transportation.
  - Uses the “Lesser of Average or Actual” cost formula that encourages efficiencies by requiring districts that spend above the average for a district in their population density classification to contribute additional funding on their own.
    - Density classification is calculated by number of riders per square miles, the districts are then grouped with other districts with similar riders per square miles know as a density grouping.
  - Differentiates costs for districts that contract for services and do not pay retirement costs from those that employ drivers and contribute to their retirement.
  - Requires districts to participate in purchasing collaboratives with other districts to receive full funding as a means to lower costs of purchasing equipment, fuel and other transportation needs.
Examples of Effect on District

- **Density Group 1**: District A who currently spends $848 per rider is below the average of $927 per rider and will receive full reimbursement of their costs ($848). District B who currently spends $2,774 per rider will receive the average cost for their density group of $927 per rider.

- **Density Group 2**: District C who currently spends $995 per transported student is below the average of $1,075 per rider and will receive full reimbursement of their costs ($995). District D who spends $3,482 per rider will receive the average cost for their density group of $1,075 per rider.

- **Density Group 3**: District E who currently spends $1,187 per rider student is below the average of $1,198 per rider and will receive full reimbursement of their costs ($1,187). District F who spends $2,541 per rider will receive the average cost of their density group of $1,187 per rider.

- **Density Group 4**: District G who currently spends $1,283 per rider is below the average of $1,345 per rider and will receive full reimbursement of their costs ($1,283). District H who spends $2,430 per rider will receive the average cost of their density group of $1,345 per rider.

The full cost to implement this formula is $402 million.

To read the full report and learn more, visit [fundmischools.org](http://fundmischools.org).