

# Act 136

## Background

On November 25, 2020, Governor Wolf signed Senate Bill 1216 (Act 136 of 2020). This legislation included the new sub-section m.1 within Section 1501.8, which created a modified calculation of the Pupil Transportation Subsidy for school year 2020-2021, payable in the 2021-2022 fiscal year.

First Student has requested Methacton School District consider paying First Student 49% of the agreed upon daily route rate of \$292.47 for all routes scheduled but not performed by First Student due to COVID – 19.

# First Student Requested Payment Analysis

## **Act 136 Option 1**

- Pay Transportation Company for the routes that are actually run. The State Subsidy will be based on the actual routes run.
- Methacton School District will only pay the transportation company what they actually run, which will result in an estimated reduction of \$1.0M - \$1.2M from our \$2.0M subsidy.
- There will be a savings of an estimated \$3M.

## **Act 136 Option 2**

- Pay Transportation Company as if all of the routes were run, despite the actual amount run.
- This will cost the school district roughly \$3.5M to pay for the routes that were not ran and receive \$2.0M in subsidy. This is a net loss of roughly \$1.5M.

## **Act 136 Option 3**

- Pay Transportation Company the costs based on the state determined formula.
- This would cost the school district between \$650k - \$800k in costs for routes not ran, but receive the \$2.0 subsidy. This is a net gain of about \$200k - \$550k.

# First Student Requested Payment Analysis

## Recommendation

- **Option 3** - Pay Transportation Company the variable costs as determined by the formula developed by the State.
  - Initial payment to First Student would be \$369,102, which is 36.3% of the costs. Going forward all routes not run due to COVID closures will be paid at a rate of \$106.20.
  - Require that First Student agree that they will not terminate the contract with Methacton School district for the 2021-2022 & 2022-2023 School Year. Language subject to Solicitor review.