(DIGEST AS ENACTED)

Directs the office of financial management, in consultation with the superintendent of public instruction and the joint legislative audit and review committee, to contract for the development of two options for a pupil transportation funding methodology.

Provides that, in developing these options, the first priority shall be to create a methodology that reflects actual costs and builds incentives for the efficient use of resources. As a secondary priority, the funding methodology, to the extent possible, shall provide school districts with predictable levels of funding.

Requires that, in developing the funding methodology options, the office of financial management and the contractor shall consult with the office of the superintendent of public instruction, regional transportation coordinators, and professional associations representing pupil transportation coordinators, school business managers, school administrators, and classified staff.

Provides that, by December 1, 2008, the office of financial management shall report to the governor and the education and fiscal committees of the legislature details of the pupil funding methodology options and outline any legislation that would be required to implement those options. The report submitted by the office of financial management shall include an evaluation of the feasibility of some or all of the K-12 pupil transportation program being supported by the state transportation budget including reviewing the potential use of local transit agencies.