TO: AASA, ASBO, NAPT Members
FROM: Noelle Ellerson Ng, AASA
RE: Impact of Diesel Costs on District Budgets
DATE: May 13, 2026

BACKGROUND: In May 2026, AASA, The School Superintendents Association collaborated with the Association of School Business Officials International (ASBO) and the National Association for Pupil Transportation (NAPT) to administer a timely survey of school districts across the country to gauge how changing diesel costs are impacting their budgets.

TOP TAKEAWAYS: The survey results provide a snapshot of how school districts are navigating recent increases in diesel fuel costs within the context of fixed and planned budgets for school years 2025-26 and 2026-27. Because student transportation is a required and ongoing function, districts are managing these pressures through a combination of internal budget adjustments, operational efficiencies, and, in some cases, the use of reserve funds.

The data suggests that many districts have, to date, prioritized limiting impacts on core instructional programs, instead relying on strategies such as route optimization, deferred maintenance, and targeted spending adjustments. While some districts report fuel costs exceeding planned amounts, the overall approach reflects a deliberate effort to manage rising expenses while maintaining stability in educational services.

Looking ahead, districts are beginning to incorporate fuel cost variability into their planning for the upcoming fiscal year, including through contingency considerations and contract adjustments. At the same time, the results indicate that, in many states, transportation funding does not automatically adjust to reflect changes in fuel prices, requiring districts to manage this variability within existing resource frameworks. While some districts reported using reserve funds to manage diesel price increases to avoid immediate disruptions to educational services, sustained reliance on reserves to cover recurring transportation costs may weaken long-term financial stability and reduce districts' ability to respond to future fiscal challenges.

DEMOGRAPHICS:

- 188 respondents completed the survey during the week of May 4. Two-thirds (65%) of respondents reported their title as transportation director/coordinator, compared to 16% reporting school business official and 12% reporting superintendent.
- One-third (34%) reported a district enrollment of under 2,500 students, compared to 32% reporting 2,500-9,999; 19% reporting 10,000-24,999; 8% reporting 25,000-49,999; and 7% reporting enrollment exceeding 50,000 students.
- Nearly three-quarters (72%) of respondents indicated their district transportation model was mostly district operated as opposed to mostly contracted (12%) and a mix of district owned and contracted (12%).
- About two-thirds of respondents (65%) reported the primary fuel used for school buses was diesel, compared to 29% reporting a mix of diesel and other fuels.

IMPACT OF RISING COSTS

- When asked to compare their approved/final budget for diesel in the 2025-26 school year to actual diesel costs, 22% of respondents reported actual costs running 11-20% over budget compared to 20% reporting costs running 6-10% over budget, and 14% reporting costs running more than 20% over budget.
- When asked how their district is managing rising diesel prices, in the 2025-26 school year, respondents reported: absorbing extra costs within their current transportation budget (63%); transferring funding from other district funds/programs (32%); using district reserves/rainy day funds (19%); and not yet covered (15%).
- When asked to identify the operational changes already adopted in the 2025-26 school year to adjust for rising diesel costs, respondents reported: consolidated bus routes/adjusting route efficiency (40%); enforced anti-idling measures (27%); reduced number of routes (25%); limited non-required trips like field trips (20%); changed fuel purchasing practices (14%); increased walk-to-stop ratio (8%); moved away from yellow bus to non-diesel vehicles (7%); and negotiated contracts with transportation vendors (6%).
- When asked to identify what spending in their 2025-26 school year budget has been offset to account for rising diesel costs, respondents reported: no offsets yet (55%); no cuts because we used rainy day funds (17%); deferred maintenance/facilities work (16%); reduced support personnel (13%); reduced administrative spending/staffing (13%); and reduced summer instruction (12%). Less than 5% of respondents selected one of the following: reducing instructional staff; increasing class sizes; delaying instructional improvement initiatives; cutting extracurricular programs; and cutting spending on instructional materials.
- When asked to identify any budget cuts already made for the 2026-27 school year, respondents reported: not yet addressed/in budget development (52%); added a contingency/reserve for fuel volatility (33%); renegotiated contracts/adjusted vendor terms (16%); drew down reserves (14%); and sought additional local/state revenue specific to transportation (10%).
- When asked to identify which portions of the 2026-27 school year budget will likely face cuts if diesel prices remain high, respondents reported: reserve funds/rainy day funds (37%); not sure (36%); extracurricular/athletic activities (30%); facilities/maintenance deferrals (29%); non-instructional staffing (23%); professional development/consulting services (22%); technology purchases/replacements (22%); supplies, materials, and textbooks (14%); and instructional staffing/programming (6%).
- Two-thirds (66%) of respondents indicated their state does not provide dedicated transportation funding that rises with fuel prices.

Questions? Contact Noelle Ellerson Ng (nellerson@aasa.org)