

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: HB 156

51st Legislature, 2nd Session, 2014

Tracking Number: .194939D.1

Short Title: Fuel Prices a School Transportation Emergency

Sponsor(s): Representative Mimi Stewart

Analyst: David Craig

Date: February 5, 2014

FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE

Bill Summary:

HB 156 amends a section of the *Public School Finance Act* to allow fuel prices increases to be considered a transportation emergency.

Fiscal Impact:

HB 156 does not include an appropriation.

Fiscal Issues:

Aside from direct legislative appropriations, the Transportation Emergency Fund receives revenues from school districts through reversions. According to provisions in the *Public School Finance Act*:

- if a school district's or state-chartered charter school's transportation allocation exceeds the amount required to meet obligations to provide to-and-from transportation, three- and four-year-old developmentally disabled transportation and vocational education transportation, 50 percent of the remaining balance shall be deposited in the Transportation Emergency Fund;
- money is appropriated to:
 - fund transportation emergencies; and
 - to ensure the safety of students receiving to-and-from transportation services.

House Bill 3, the *Education Appropriation Act*, includes an FY 15 appropriation of approximately \$14.6 million for fuel in the school transportation category.

Substantive Issues:

HB 156 reflects the work of the 2013 LESC Subcommittee on School Bus Transportation. The subcommittee met several times during the interim to discuss issues related to school transportation including amending the provisions in the *Public School Code* for the Transportation Emergency Fund to allow the use of funds to supplement increases in fuel costs.

According to the Public Education Department (PED) bill analysis:

- school districts and school district contractors spent approximately \$13.6 million in fuel in FY 13;
- the current average wholesale cost of diesel fuel is about \$3.41 per gallon;
- the chart below demonstrates the average cost of diesel fuel over the last 1½ years;
- in the 1st quarter of FY 13 wholesale cost of diesel fuel was approximately \$3.50 per gallon;
- the cost has decreased about .09 cents per gallon;
- although fuel prices have remained relatively flat, the current price is still relatively high;
- the Transportation Emergency Fund is a statutorily created fund that is non-reverting and is available to assist school districts in supplementing their transportation distributions during emergency situations;
- the passage of this bill will make the fund available to fund school districts in times where fuel increases;
- this action will improve program performance by having emergency funds available to allocate to districts which will ensure no disruption of transportation services in the event of an emergency; and
- PED may be required to implement rules through the NMAC process to establish a methodology to make allocations for fuel increases.

Background:

Variances in fuel costs have been the subject of legislative debate since 2008.

- During the 2008 regular session, legislation was introduced to address large increases in the price of diesel fuel. While the legislation did not pass, the Legislature addressed FY 08 fuel shortfalls for public school buses by providing a \$1.6 million Supplemental and Deficiency appropriation to PED.
- In the 2008 second special session in a Special Appropriation to PED, the Legislature appropriated \$4.0 million to supplement funding to school districts for price increases in fuel in FY 09. However, in the 2009 regular session, as part of appropriations reductions, the public school transportation distribution was reduced by \$4.0 million an amount equal to the funds appropriated for increased fuel costs in the 2008 second special session.
- During the 2011 regular session, legislation was passed to allow for temporary relief from increased diesel fuel costs by providing revenues from the Transportation Emergency Fund on the basis of miles travelled to-and-from. While the legislation was pocket vetoed, the Legislature appropriated \$1.2 million from the Transportation Emergency Fund to PED for increased fuel costs incurred by school districts or state-chartered charter schools in FY 12.
- In the 2012 legislative session, the Legislature appropriated \$1.5 million from the Transportation Emergency Fund to PED for increased fuel costs faced by school districts and state-chartered charter schools.
- In the 2013 legislative session, LESC-endorsed legislation was introduced appropriating \$1.0 million from the General Fund to the Transportation Emergency Fund for FY 13 and subsequent years, but did not pass.

Committee Referrals:

HTPWC/HEC

Related Bills:

HB 97 *School District Liens on Certain School Buses*
HB 98 *School Bus Fuel Gross Receipts*
HB 112 *School Transportation Info Reporting*
HB 157 *School Transportation Training Fund*
HB 158 *School Bus Security & GPS*
HB 169 *School Transportation Boundary Agreements*
HB 308 *School Transportation Boundary Agreements*
SB 258 *School Transportation & Tribal Leaders*
SJM 12a *Study Transporting School Students*