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FISCAL IMPACT REPORT

ORIGINAL DATE 2/13/17
LAST UPDATED 3/04/17 **HB** 178/HECS

SPONSOR HEC

SHORT TITLE School Funds for Bus Passes for Students **SB** _____

ANALYST Liu/Courtney

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
		(\$934.4) - \$205.1	(\$934.4) - \$205.1	(\$1,868.8) - \$410.2	Nonrecurring	APS Transportation Budget
Total		(\$0.0 - \$125.0)	(\$0.0 - \$125.0)	(\$0.0 - \$250.0)	Nonrecurring	LAPS Transportation Budget

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB47, HB392, SB66, SB170, SB381

Relates to Transportation Distribution appropriation in the General Appropriation Act

SOURCES OF INFORMATION

- LFC Files
- Legislative Education Study Committee (LESC) Files
- Albuquerque Public Schools (APS)
- Los Alamos Public Schools (LAPS)

SUMMARY

Synopsis of HEC Substitute

The House Education Committee substitute for House Bill 178 amends the Public School Finance Act, allowing school districts to use funding from state transportation distributions in the 2017-2018 and 2018-2019 school years to conduct a high school student public transportation pass pilot project. The bill creates a new section in the Public School Code establishing a two-year study that allows Albuquerque Public Schools and Los Alamos Public Schools or state-chartered charter schools in those districts to use a portion of their state transportation distributions to provide monthly or annual passes for high school students to be transported to and from school during the school year.

FISCAL IMPLICATIONS

The bill does not include an appropriation. State appropriation levels for public school transportation typically fluctuate between \$90 million and \$110 million dollars.

APS indicates about 2,279 high school students may participate in the bus pass pilot and notes posted bus pass prices for students are as follows:

- 1 month = \$12
- 3 months = \$30
- 6 months = \$50
- 12 months = \$90

LAPS has approximately 250 high school student bus riders, depending on seasonal factors such as athletics and extracurricular activities. Atomic City Transit, Los Alamos' public transportation entity, does not charge the public to ride the bus. Therefore, passes are not needed to board the bus in White Rock or Los Alamos.

A 2011 LFC program evaluation reported per-student funding of the transportation allocation at \$480 per-student per school year. Most areas with public transportation have long-term passes available for a lower cost. In theory, lower ridership of school buses would lead to cost savings. However, to realize any cost-savings, enough students would have to start using public transportation that the number of bus routes decrease, fuel usage decreases, maintenance decreases, and number of buses used decreases by a significant amount. Note that reducing the number of students using school buses by a small amount (an amount that would not affect number of school bus routes, fuel usage, maintenance, or number of school buses) would likely lead to increased costs per student, as the marginal cost of transporting one student in a school bus is nominal.

Assuming APS purchases 12-month bus passes for all 2,279 students, the total cost would be \$205.1 thousand annually. Total potential savings for student transportation are estimated at up to \$500 per student, or a total of \$1.1 million for APS. As such, the range of potential savings to potential costs for APS to conduct this pilot may be between \$934.4 thousand in savings or \$205.1 thousand in costs. Because LAPS will not have to incur additional costs to purchase bus passes, potential annual savings could reach up to \$125 thousand (using the same estimated savings of \$500 per student). It is unlikely that full potential savings or potential costs will be realized, so the estimated net change in transportation budgets is expected to be within the range expressed.

SIGNIFICANT ISSUES

PSIA notes public schools cannot be held responsible for the actions of non-public school employees or other riders on public transportation. The bill includes provisions that release school districts or charter schools from any and all liability for “bodily injury or emotional harm, distress, trauma or loss or damage to personal property that may result from the student’s use of the public transportation pass.”

Section 22-8-29 NMSA 1978 requires each local school board to report the:

- Number and designation of school bus routes in operation;
- Number of miles traveled by each school bus on each school bus route, showing the route mileage in accordance with the type of road surface traveled;
- Number of students transported on the first reporting date, adjusted for special education students;
- Projected number of students to be transported in the next school year;
- Seating capacity, age, and mileage of each bus used; and

- Number of total miles traveled for each school district's per capita feeder routes.

The state transportation director calculates the transportation distribution using factors such as the total operations expenditures from the two years prior, number of students transported, and various site characteristics in the aforementioned list. These factors are multiplied by a transportation distribution adjustment factor, which is based on the change in total operational transportation distribution legislative appropriation for the current year.

Allowing students to utilize public transportation systems may require alternative calculations to account for reductions in the number of students transported. PED notes the current transportation formula funds school districts and charter schools using prior year data. As such, a school district or charter school that elects to issue public transportation passes would have to absorb the cost during the first year of implementation if this program is built into the current transportation calculation.

School buses and school bus drivers are subject to different requirements than those used by municipalities for vehicles and operators of public transportation. For example, school buses are required by law to have special lighting and equipment, and school bus drivers are required by administrative rule to have physical examinations and 36 contract hours of training in instructional programs.

ADMINISTRATIVE IMPLICATIONS

APS and LAPS would have to implement a process for auditing those students who are issued passes to track utilization.

RELATIONSHIP

This bill relates to HB392 and SB381, which allow certain school districts to provide transportation by means of a sport utility vehicle; HB47, which extends the replacement cycle for school buses; SB66, which creates separate transportation distributions for school districts and charter schools; and SB170, which increases the minimum student walking distances to school.

OTHER SUBSTANTIVE ISSUES

In 2003, the University of California-Berkeley conducted an evaluation of a low-income student bus pass pilot implemented by Alameda-Contra Costa Transit District (AC Transit), the public transportation authority serving western portions of Alameda and Contra Costa counties in the East Bay of the San Francisco Bay Area. Nearly 25 thousand free bus passes were distributed across the AC Transit service area, and almost two-thirds of the student recipients were enrolled in free or reduced-fee lunch programs. At the evaluation schools, the percentage of students receiving the free bus passes varied from 2 percent to 61 percent. The evaluation found no significant difference in attendance or student grades before or after implementation of the pilot; however, reported after-school program participation from bus pass users increased. Additionally, students receiving the free bus pass reported using the bus more for school trips, low-income students made more weekend trips on the bus, and high school students with the bus pass used the bus to get better after-school jobs.