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Prepared By: Bedeaux

Witness: Tim Bedeaux, Senior Policy Analyst II, LESC, Amanda Lupardus, Transportation Director, Public Education Department (PED); Gregory Frostad, Assistant Secretary of Policy, Research, and Technology, PED; Denise Terrazas, Policy Director, PED.

Study of the Public School Transportation Distribution

School transportation is not a glamorous topic, especially as New Mexico wrangles with high-profile challenges in addressing academic achievement and educational equity statewide. Notwithstanding its unremarkable nature, school transportation is a key component of the promise of educational equity. For many students, especially economically disadvantaged students, a free bus ride to school reflects the promise of New Mexico’s constitution, that every student will have access to a sufficient and adequate education.

[Research on school transportation](#) suggests students who are eligible for transportation are less likely to be chronically absent, improving their achievement and educational outcomes. The research is all the more relevant in New Mexico’s current educational landscape, where about [two in every five students](#) are absent for more than 10 percent of the school year. Addressing New Mexico’s challenges with chronic absenteeism and academic achievement starts on the school bus.

Over time, New Mexico’s system of funding for school buses and their operation has become fragmented and complicated. Funds for operational transportation expenses flow through a categorical transportation funding formula to each school district and charter school that provides transportation to its students, while school buses themselves are purchased using a separate capital outlay appropriation when funds are made available for that purpose. The transportation funding formula, known as the “transportation distribution” operates using regression analysis, a complicated statistical model that attempts to use school district data to predict how several site characteristics affect the cost of actual transportation. While most school transportation experts across New Mexico understand the general rules of the transportation formula, e.g., more students means more funding, few can make sense of the formula’s intricacies.

In addition to the complicated nature of transportation funding streams, testimony from some school districts has indicated the transportation distribution does not provide them with sufficient funding for their transportation programs, requiring money be pulled from their operational fund (out of the classroom) and reallocated to transportation. Other school districts have testified the transportation formula generally provides them with plenty of funding and may even result in unspent transportation funds at the end of the school year. Some school districts simply take the lump sum they receive from the transportation distribution and pass it along to private school bus contractors. Inequities in transportation funding may be evidence the transportation formula is not accurately accounting for the actual costs of providing transportation across New Mexico.

In previous years, Legislative Education Study Committee (LESC) analysis highlighted [outstanding issues with the transportation distribution](#) that contribute to inequities in funding among school districts and charter schools statewide. The Legislature has not adopted systematic changes to the transportation distribution to improve sufficiency and equity of transportation funding.

Prolonged concerns about the transportation formula has prompted LESC staff to undergo a comprehensive study of the transportation distribution.

This report addresses the transportation distribution in three sections. The first section reviews the background of the transportation distribution in New Mexico and examines mechanisms other states use to allocate funding for school transportation. Section 2 contains the bulk of the present study, including descriptions of data and methodologies and findings regarding the transportation distribution. Finally, Section 3 contains policy and budget recommendations derived from the major findings of this study.

Section 1. Background: Public School Transportation Funding

The Transportation Distribution

The transportation distribution is the primary mechanism for funding school transportation operations on an annual basis. The Legislature makes an annual appropriation to the transportation distribution, which PED distributes via a funding formula to all school districts and state-chartered charter schools that provide transportation.

Statutory Framework.

Signed into law in 1999, [Section 22-8-29.1 NMSA 1978](#) contains the guidelines for calculating the transportation distribution. The transportation distribution is a funding formula independent of the state equalization guarantee (SEG) designed to allocate funding for to- and from-school transportation programs. The law contains broad guidelines for a formula, with several key phrases in the law determining how funds are distributed. PED uses the framework in statute to operationalize a complicated regression model focused on several site characteristics at each local education agency (LEA).

Site Characteristics. Each year, funding appropriated to the transportation distribution is allocated to school districts and charter schools based on their “site characteristics.” Site characteristics are not itemized in statute; PED has the authority to establish and adjust site characteristics at will. Statute gives LFC and LESC authority to review the site characteristics prior to their approval, but the committees have not exercised this authority in recent history. Currently, PED bases transportation allocations on the following site characteristics:

- Total enrollment (to determine whether districts are large or small);
- Number of students transported, also called ridership;
- Number of special education students transported;
- Number of buses in operation;
- Gross square mileage of the school district;
- Population density (students transported divided by gross square mileage);
- Total miles traveled; and
- Number of days in the school year.

Table 1. Transportation Distribution Formula Multipliers Over Time

Variable Type	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Per Student Rate (Large Districts)	\$1.39	\$1.05	\$1.54	\$1.37	\$1.50	\$1.50	\$1.50
Per Student Rate (Small Districts/Charters)	\$0.48	\$1.69	\$0.38	\$1.23	\$0.67	\$0.67	\$0.67
Student Special Education Rate	\$4.48	\$9.83	\$8.46	\$10.74	\$15.64	\$15.65	\$15.65
Bus Rate	\$133.24	\$72.37	\$119.07	\$94.71	\$142.77	\$142.77	\$142.77
Mileage Rate (Large Districts)	\$1.23	\$1.00	\$0.68	\$0.79	\$0.71	\$0.71	\$0.71
Mileage Rate (Small Districts/Charters)	\$1.31	\$1.41	\$1.12	\$1.44	\$1.10	\$1.10	\$1.10
Population Density Reduction	(\$11,073)	(\$8,979)	(\$18,411)	(\$11,657)	(\$25,558)	(\$25,558)	(\$25,558)
Base Allocation (Large Districts)	\$215,496	\$309,263	\$203,421	\$315,032	\$326,218	\$326,218	\$326,218
Base Allocation (Small Districts)	\$24,895	\$15,652	\$15,827	\$10,521	\$21,669	\$21,669	\$21,669

Note: Cells highlighted in gray denote a change of more than 50 percent from previous year.

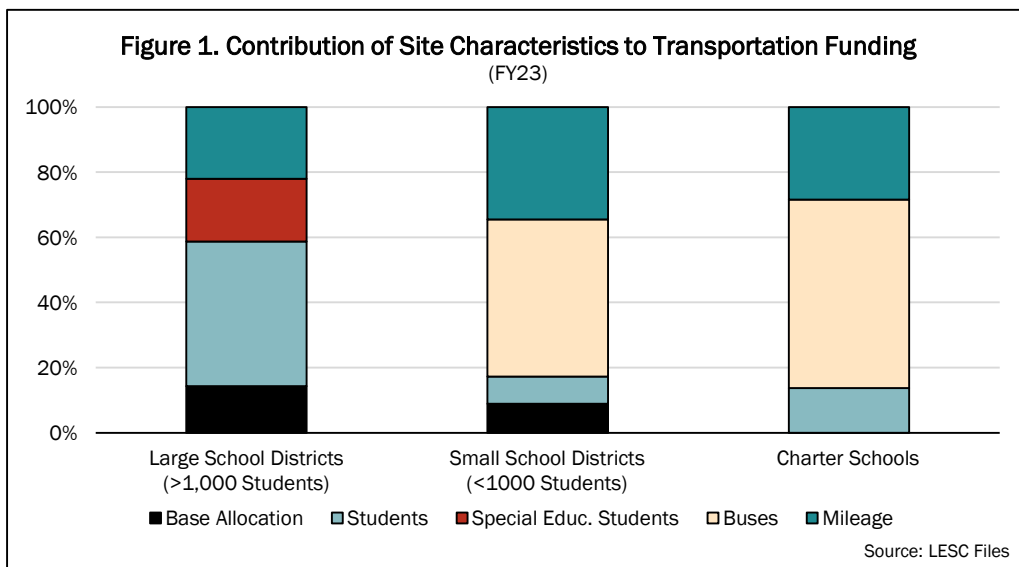
Source: LESC Files

Regression. The methodology for distributing funds is a multivariate regression, a statistical model that attempts to summarize how each of the site characteristics, like ridership, mileage, and buses, predict the outcome variable, actual transportation expenditures. The coefficients produced by

the multivariate regression become the multipliers for the transportation formula. As a result of this practice, the multipliers for each site characteristic can change each year, sometimes to a significant degree as shown in **Table 1**. Significant swings in formula multipliers can result in significant swings in transportation funding, making it difficult for LEAs to effectively budget for their transportation funding. During the Covid-19 pandemic, the Legislature included language in the annual budget bill that froze the multipliers at FY21 levels, preventing fluctuations in transportation funding due to low school bus ridership throughout the pandemic. For FY21, FY22, and FY23, PED did not recalculate transportation variables, but increased appropriations to the transportation distribution over this time period created additional funding allocated to LEAs.

Calculation of Transportation Allocations

While PED collects data on each of the factors listed above, the specific data used to calculate each LEA’s transportation allocation depends on its enrollment. In practice, PED administers three separate funding formulae, one for large school districts with 1,000 students or more, another for small school districts with fewer than 1,000 students, and a third for state-chartered charter schools. During the course of the study, LESC staff produced a data dashboard designed to show how site characteristics are used to calculate each LEA’s transportation allocation. As shown in **Figure 1**, the varying site characteristics used in the transportation distribution means LEAs generate funding for different factors based on their size. Large school districts generate a majority of their funding from student ridership, while small school districts and charter schools rely more heavily on the number of buses they operate.



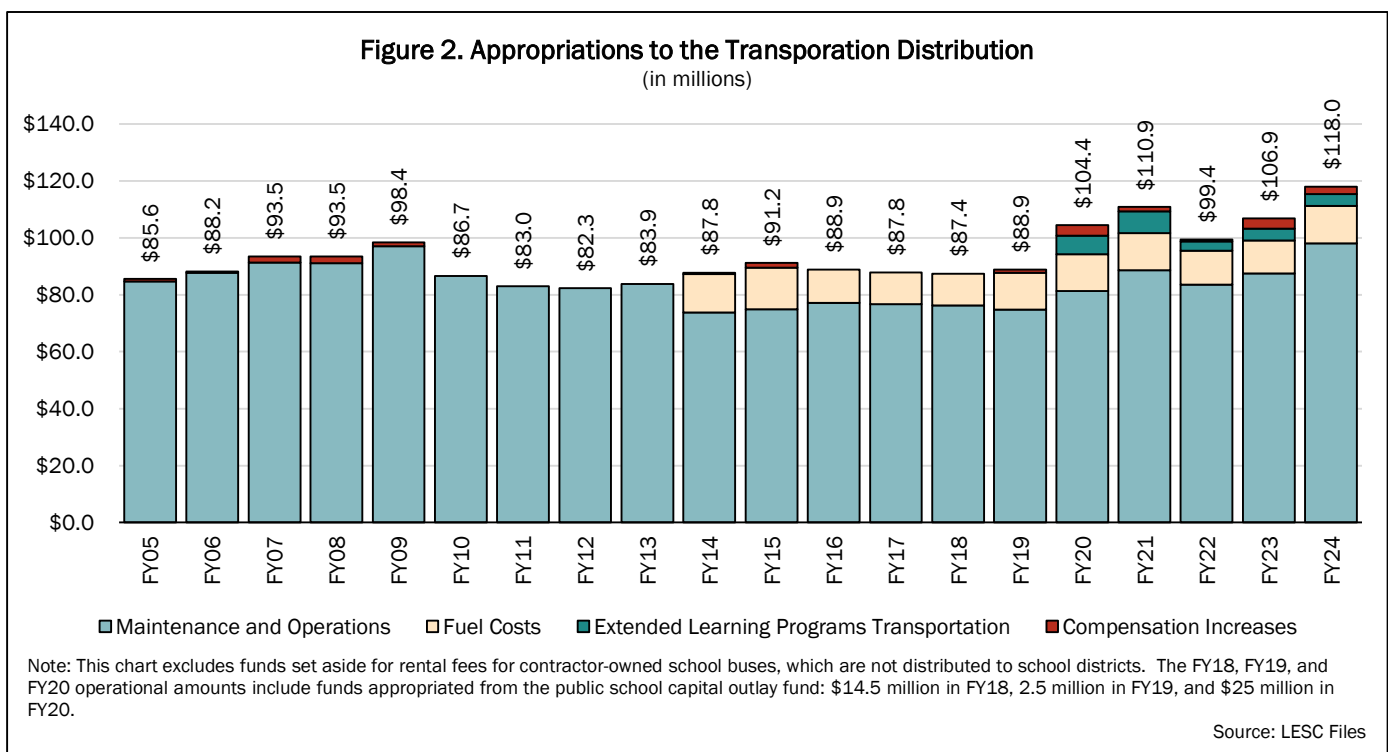
Large School Districts. School districts with 1,000 students or more receive a base allocation and additional funding for three site characteristics: students transported, special education students transported, and miles traveled. Large school districts also have their allocations reduced based on their population density; the transportation distribution assumes dense school districts, such as Albuquerque Public Schools, need to travel fewer miles to transport a greater number of students, reducing the overall cost of student transportation. See **Appendix 1, Example Large School District Transportation Distribution**.

Small School Districts. School districts with fewer than 1,000 students receive a base allocation and additional funding based on three site characteristics: students transported, the number of buses operated, and the total number of miles traveled. Small school districts do not have their funding reduced based on their population density. See **Appendix 2, Example Small School District Transportation Distribution**.

State-Chartered Charter Schools. The funding formula for state-chartered charter schools is identical to that of small school districts with one exception: charter schools do not receive a base allocation.

Appropriations to the Transportation Distribution

Each year, the Legislature makes a categorical appropriation to the transportation distribution, a fund independent of the state equalization guarantee dedicated only to the operation of school transportation programs. When determining the amount of the appropriation, the Legislature and PED consider the cost of fuel, the cost of providing transportation to extended learning time programs, and the cost of legislatively mandated salary increases. The transportation distribution became the target of budget cuts during the 2008 financial crisis. In FY11, as New Mexico felt the effects of the 2008 downturn, the transportation distribution reached a low-point of \$83 million. Over time, the total appropriation increased, peaking at a total of \$118 million for FY24.



School Bus Replacement

While this report focuses primarily on the transportation distribution and its ability to meet the operational needs of school districts and charter schools, many stakeholders have suggested examining the state’s statutory framework and funding cycle for school bus replacement. School districts and stakeholders expressed needs related to emerging technologies, including new safety features, school bus cameras, and electric vehicles and charging infrastructure. Funding for school bus replacement is typically appropriated separately from the transportation distribution, but as the Legislature considers systemic changes to the operational formula for transportation, it should also examine how capital expenses play a role in those operations.

Statutory Framework

[Section 22-8-27 NMSA 1978](#) provides for the replacement of school buses on a 12-year cycle. The 12-year replacement cycle applies to school buses owned by both school bus contractors and by LEAs, though the funding mechanism for these two types of buses differs.

For LEA-owned buses, the legislature makes an appropriation, generally from the Public School Capital Outlay Fund, to replace buses older than 12 years. In years where funds are scarce, the Legislature sometimes does not make an appropriation to replace LEA-owned buses. The amount of the appropriation is determined by multiplying the number of buses due for replacement by a “per bus amount.”

For contractor-owned buses, PED has established a systematic replacement schedule, obtaining financing to replace buses when they are 12 years old. For each contractor-owned bus replaced in this manner, PED places a 12-year lien on the bus, over which time contractors are responsible for reimbursing the state for the cost of the bus. At the end of this 12-year period, contractors gain full ownership of the bus. Each year, lease payments for contractor-owned buses come “off the top” of the transportation distribution. In other words, lease payments are paid before any transportation distribution allocations are made to school districts.

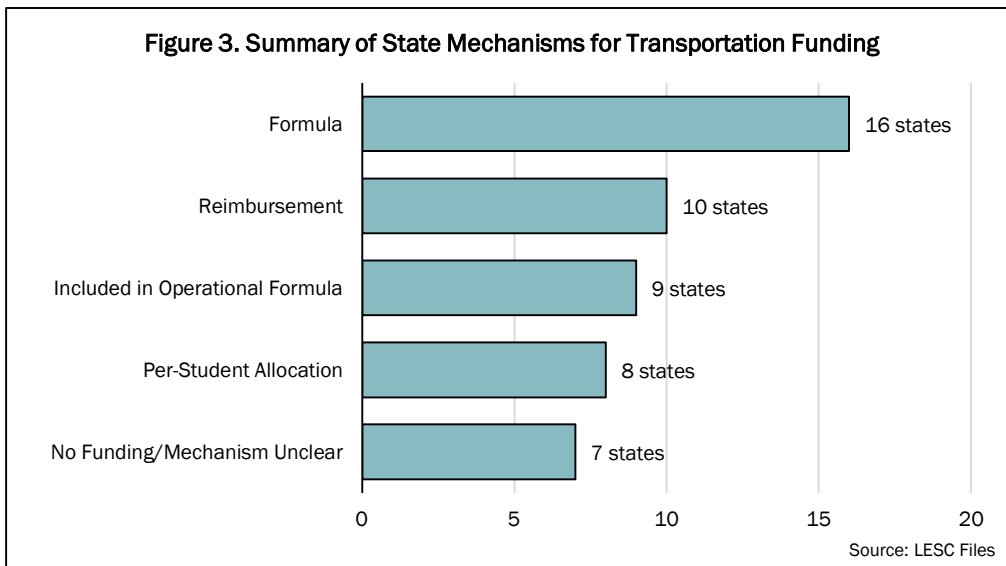
Transportation Funding in Other States

To better understand New Mexico’s transportation distribution in a broader context, LESC staff reviewed transportation funding mechanisms nationwide. Approaches adopted by other states may contain valuable policies and practices, some of which align with the unique needs of LEAs in New Mexico. Effective policies in other states may help New Mexico streamline transportation funding within the state, advancing the quality of transportation for students.

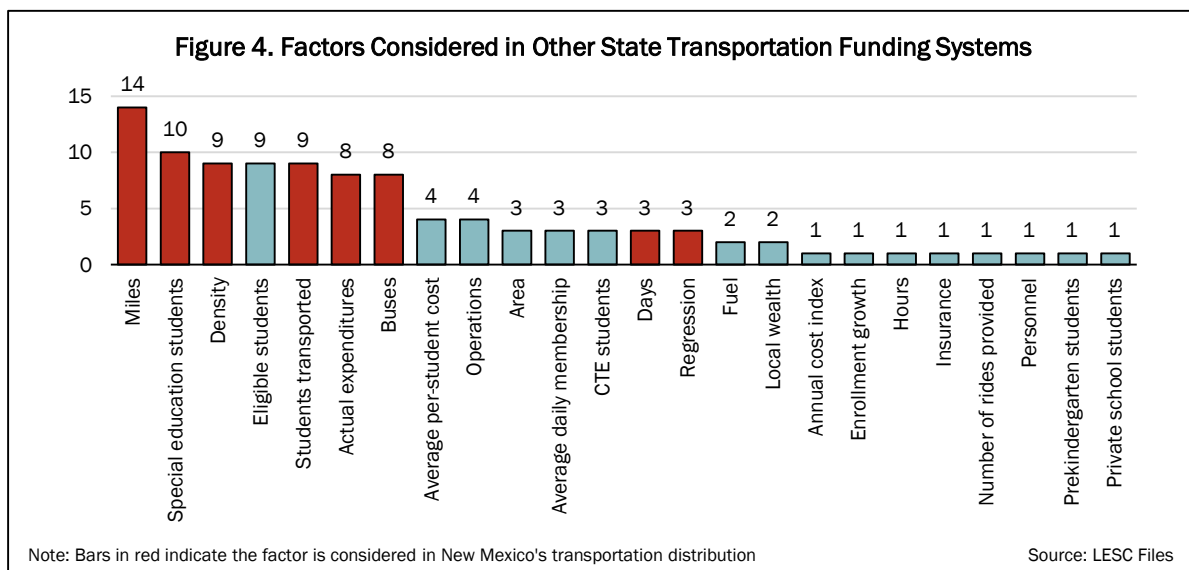
Broadly, state funding mechanisms for public school transportation fall into one of four categories:

- **Formula.** Sixteen states use a transportation formula that considers multiple factors when determining funding for transportation programs. New Mexico falls into this group of states, which tend to use factors like mileage, student counts, and vehicle counts, to distribute funding.
- **Reimbursement.** Ten states offer LEAs partial or even full reimbursement for the amount they spend on transportation expenditures. These states tend to split the cost between each LEA and the state, creating an incentive for LEAs to operate lean, efficient transportation programs to save their own funds.
- **Funds Included in Operational Formula.** Nine states include a factor to distribute transportation funding within their overarching operational funding formula.
- **Per-student Allocations.** Eight states offer a simple per-student allocation to each LEA. These states differ from “formula” states in that their formula is simple, usually only relying on students transported, students eligible for transportation, or even overall enrollment.

LESC staff were unable to identify a dedicated funding mechanism for school transportation in seven states. **Figure 3** summarizes the types of funding mechanisms identified in other states. A detailed breakdown of each state’s characterization can be found in **Appendix 3, Crosswalk of State Transportation Funding Systems**.



An examination of transportation systems in other states reveals the site characteristics considered in New Mexico mirror many formula factors considered nationwide. **Figure 4** lists the common factors identified in other state transportation funding systems. Among these factors, mileage is the most popular, considered in 14 states’ funding systems. Other common factors include special education students, density, students transported, actual expenditures, and school buses. Only two other states, Colorado and Virginia, consider the number of days transportation was provided.



While many states, like New Mexico, consider the number of students actually transported, it is equally common for states to consider students “eligible” for transportation. States that consider eligible students generally place statutory or regulatory guidelines on which students should be considered eligible, generally limiting eligibility to students who live more than one mile from their school.

Despite containing many factors considered in other states, New Mexico’s transportation funding formula is generally more complicated than those of other states. Most other states consider

between one and five factors; New Mexico considers nine. In addition, only two other states use a regression model to predict the impact of site characteristics on actual expenditures—Washington and Tennessee. Notably, the regression model codified in Washington statute requires only statistically significant variables be used to distribute transportation funds, a guideline that is absent from New Mexico statutes.

Section 1 Key Policy Considerations

- Using a regression model to distribute funds is complicated and can result in year-over-year changes in funding multipliers. The use of a regression model is required by statute.
- The site characteristics used to generate funds at each LEA depend on its size. In practice, PED administers three separate funding formulas—one for large school districts, one for small school districts, and one for charter schools.
- New Mexico’s transportation distribution considers factors similar to the transportation funding mechanisms used in other states.
- New Mexico uses an uncommon regression methodology and considers a larger number of site characteristics than every other state, making the transportation distribution more complicated than most other state transportation funding systems.

Section 2. LESC Study of the Transportation Distribution

Throughout the 2023 legislative interim, LESC staff conducted a comprehensive review of the transportation distribution. The study was designed to accomplish three goals:

- ***Build a shared understanding of how schools provide transportation for their students.*** Debates about school transportation expenditures often rely on school district specific experiences and personal anecdotes; few resources exist that attempt to summarize how school districts think about their transportation programs.
- ***Provide sufficient and equitable funding for all school districts and charter schools.*** Funding from the transportation distribution should treat all school districts similarly, funding an equitable proportion of each school district and charter schools' actual transportation expenses.
- ***Identify ways to streamline and simplify statutes regarding transportation funding.*** Multiple sections of state law govern the funding and standards for student transportation, with additional provisions often added in the annual budget bill each year. Any legislation that results from a transportation study should simplify the structure of transportation funding, streamline existing requirements, and eliminate unnecessary sections of law.

Research Questions

With the goals of the study in mind, staff developed three research questions to guide a study of the transportation distribution. The research questions blend a quantitative analysis of school district and charter school transportation expenditures with a qualitative analysis of testimony from school transportation experts across New Mexico.

1. Does the transportation distribution provide ***adequate*** funding for school transportation?
2. Does the transportation distribution provide ***equitable*** funding for school transportation?
3. How do school districts and charter schools build a budget for school transportation?

RQ1: Does the Transportation Distribution provide ***adequate*** funding for school transportation?

Anecdotal testimony from LEAs has suggested they often spend more on transportation than they receive from the transportation distribution. These LEAs explain that, because the transportation distribution is insufficient to meet their needs, they are required to divert discretionary operational dollars “out of the classroom” to fully fund their transportation programs. To test the veracity of these claims, LESC staff performed an analysis of transportation allocations and expenditures, attempting to determine whether the transportation distribution provides sufficient funding for school districts to run their transportation programs.

Data & Methodology

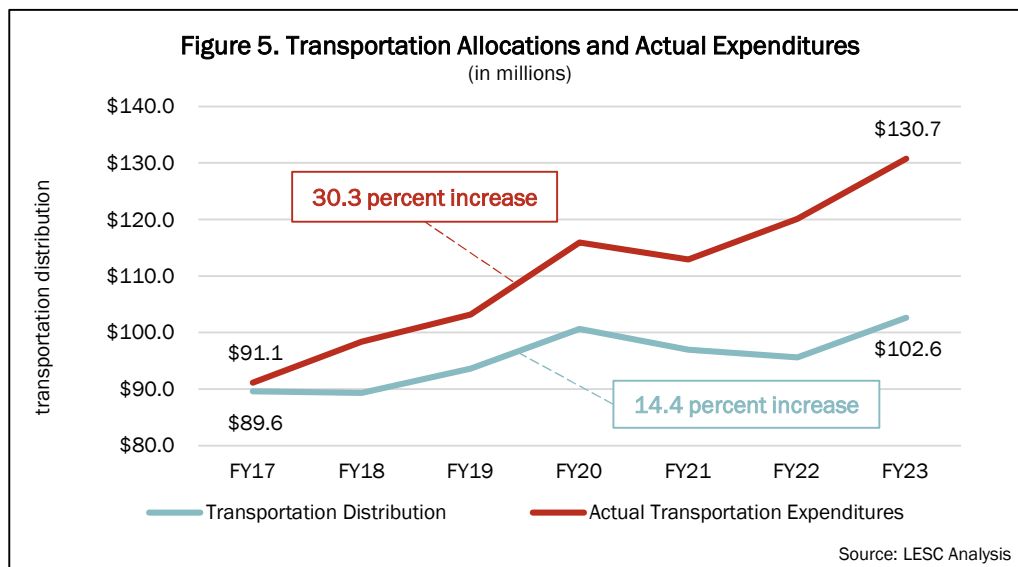
Transportation allocations for FY17 through FY23 were obtained from PED. Actual transportation expenditures were obtained for the same time period from PED's Operating Budget Management System (OBMS), the statewide accounting system for school financials.

LESC staff made several assumptions to ensure data can be responsibly compared between school districts and charter schools and across multiple years of data. Staff included only expenditures from OBMS function code “2700,” denoting school transportation expenditures. Funds included in the analysis are transportation funds (13000), the amount allocated from the transportation distribution, and other operational funds (11000, 12000, 14000, 15100, and 15200), discretionary funds that schools may spend on any operating expense. Because the funds are not universally allocated to all school districts and charter schools, other state grants and federal funds were omitted from this analysis. Staff also eliminated capital expenditures for school buses in an attempt to isolate the operating costs of school transportation programs.

Data in OBMS includes expenditures for to- and from-school transportation expenditures alongside expenditures for extracurricular activity transportation. The structure of the financial data does not allow staff to isolate only expenditures for to- and from-school transportation, potentially inflating actual costs above what the statutory framework for transportation intends to fund. The findings in this analysis discuss this limitation, and ultimately recommend that the state should begin to fund activity and extracurricular transportation as a standard practice.

Findings

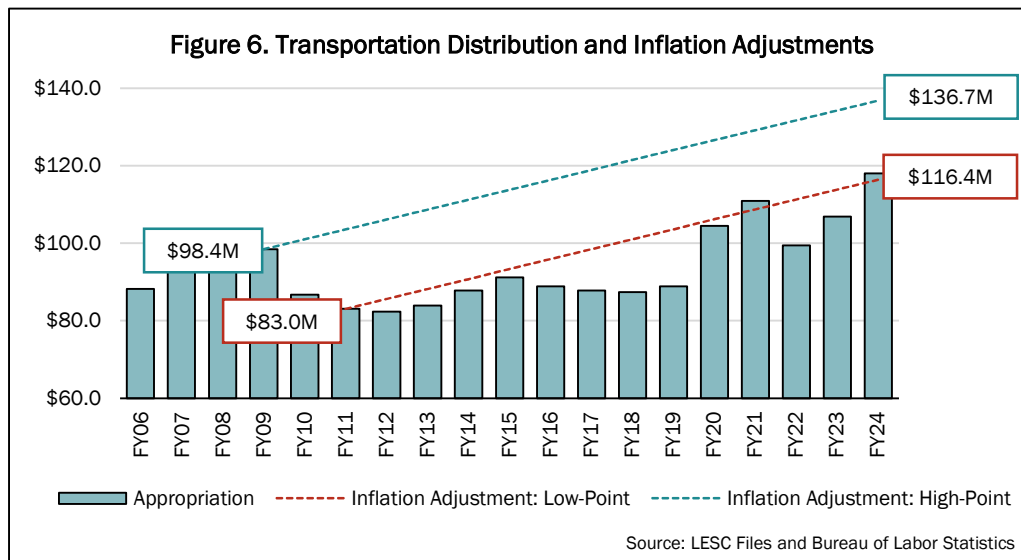
Statewide transportation expenditures have outpaced growth in appropriations to the transportation distribution. The transportation distribution allocated \$89.9 million to school districts and charter schools in FY17, increasing to \$102.6 million in FY23, an increase of 14.4 percent. Over the same time period, actual expenditures increased from \$91.1 million in FY17 to \$130.7 million in FY23. While it appears the transportation distribution may have once been closely aligned with expenditures, funding appropriated for transportation has failed to account for increases in transportation expenditures. **Figure 5** shows the growth in transportation expenditures and the growth in transportation allocations since FY17.



The legislative appropriation to the transportation distribution was cut as New Mexico attempted to recover from the Great Recession of 2008 and never returned to pre-recession levels. In FY10 and FY11, New Mexico felt the impacts of the Great Recession, and the transportation distribution became the target of significant budget cuts as the state attempted to pass a solvent budget. The appropriation to the transportation distribution hit a peak of \$98.4 million in FY09, but by FY11 was cut to \$83 million. As the state recovered from the recession, the transportation distribution was

never readjusted to its pre-recession levels. Instead, annual adjustments to the distribution built upon the low-point appropriation of \$83 million as a new baseline for transportation funding.

According to the Bureau of Labor Statistics' inflation calculator, appropriations to the transportation distribution have more-or-less kept pace with inflation when compared with FY11, the low-point year following budget cuts. **Figure 6** displays this concept graphically. In other words, the buying power of \$83 million in FY11 is roughly equivalent to the buying power of \$116 million in FY24, as shown on the red dotted line in **Figure 6**. To return the transportation distribution to an amount equivalent to its pre-recession baseline, the Legislature would have needed to appropriate \$136.7 million for FY24, an amount equivalent to \$98.4 million in FY09.



RQ2: Does the Transportation Distribution provide equitable funding for school transportation?

Analysis of school transportation expenditures under the first research question suggest expenditures tend to exceed the amount allocated by the transportation distribution. However, this pattern does not hold true for all LEAs. Some LEAs receive adequate funding to operate their transportation programs, while others consistently report supplementing their transportation distribution with significant amounts of operational funding. If transportation allocations do not align with actual transportation expenditures, the factors considered in the transportation distribution may not be accurately predicting the actual costs of transportation. LESC staff analyzed trends in school district and charter school transportation expenditures identify disparities and attempt to isolate their causes.

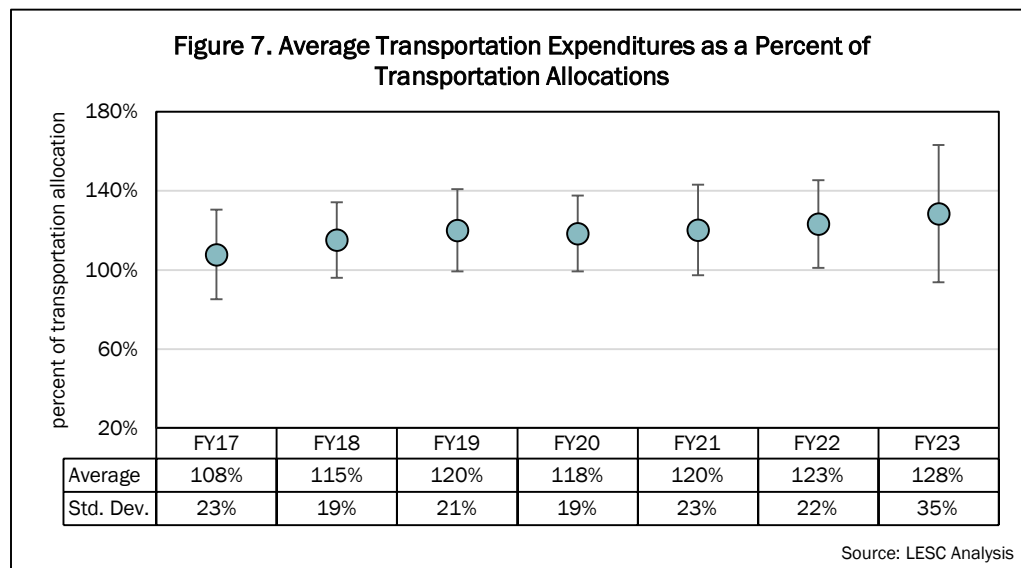
Data & Methodology

The financial data used for this analysis is identical to the data used in the first research question, obtained from PED and OBMS. Staff calculated a ratio of expenditures-to-allocations, or the amount that a school district spends on transportation divided by the district's transportation allocation. This ratio, expressed as a percentage, is the basis for understanding the adequacy of funding in any LEA, allowing comparisons of equity between LEAs. Higher values indicate LEAs are spending more on transportation than they receive from the distribution. For instance, an LEA with an expenditure-to-allocation ratio of 100 percent spent exactly the same amount on transportation as they received from their transportation allocation, while an LEA with an

expenditure-to-allocation ratio of 150 percent made expenditures that were 1.5 times the amount they received from their allocation.

Findings

There is variation in the amount that LEAs spend on transportation compared to what they receive in transportation allocations. On average, school districts and charter schools made expenditures for transportation operations between 108 percent and 128 percent of what they received from their transportation allocations. However, there is variation in this expenditure pattern; some LEAs spend more than the statewide average allocation, while others spend less. Figure 5 displays the average amount LEAs spend on their transportation programs as a percent of their transportation allocations, with the variation in this distribution displayed in standard deviations.



Sixteen school districts and one charter school were allocated adequate funding, receiving an amount similar to what they spent in at least four of the past seven years. Seventeen LEAs, listed in Table 2 below, consistently received enough funding from the transportation distribution to operate their transportation programs. In at least four of the last seven years, these seventeen LEAs ranked among the 20 LEAs with the lowest expenditure-per-allocation ratio. Of the seventeen LEAs, 12 are “small school districts” with less than 1,000 students, four are “large school districts” with greater than 1,000 students, and one is a charter school.

Despite a wide range of site characteristics among the large and small school districts included, some patterns emerge in the median characteristics of these fully-funded LEAs. LEAs appear to be more likely to receive “full funding” if they have an enrollment of about 200 students, operate about three buses each, have a very sparse population density of about 0.1 students per square mile, and offer school for 150 school days per year, e.g., a four-day school week.

Sixteen other LEAs, including seven school districts and nine charter schools, spent significantly more than the amount they receive in transportation allocations. In contrast to the LEAs with adequate funding indicated in Table 2, the LEAs listed in Table 3 spent received an allocation that was significantly less than what they spent on transportation for at least four of the last seven years. Table 3 summarizes the median characteristics of school districts separate from charter schools, given their significant differences in size and other site characteristics.

Table 2. Average Site Characteristics in LEAs Receiving Adequate Funding
(FY17-FY23)

Name	Model Type	Enrollment	Student Ridership	Sp. Ed. Ridership	Buses	Density	Total Miles Traveled	Days
1 BLOOMFIELD	Large Dist	2,792.6	1,658.3	47.1	20.3	1.10	343,689.4	177.0
2 CIMARRON	Small Dist	422.1	204.7	1.6	7.0	0.14	185,413.9	149.0
3 FARMINGTON	Large Dist	11,210.1	5,588.0	256.2	66.9	6.94	1,146,636.4	179.6
4 FLOYD	Small Dist	207.4	137.6	-	3.0	0.32	25,411.0	151.0
5 HONDO	Small Dist	136.2	117.2	-	5.0	0.09	47,529.0	144.0
6 LAKE ARTHUR	Small Dist	97.4	25.7	-	1.6	0.06	24,887.1	178.8
7 MAXWELL	Small Dist	117.7	20.1	0.6	1.0	0.06	18,796.2	147.0
8 MOSQUERO	Small Dist	55.7	27.3	0.6	2.0	0.02	76,919.3	144.0
9 ROY	Small Dist	52.0	28.0	-	1.9	0.04	44,282.1	145.0
10 SW AERO, MATH & SCI	Charter	265.3	128.9	-	3.0	0.11	61,309.7	176.8
11 SANTA FE	Large Dist	14,138.2	8,174.6	255.1	73.9	8.05	1,030,262.0	176.8
12 SOCORRO	Large Dist	1,626.5	857.7	20.1	13.0	0.33	154,164.6	175.0
13 SPRINGER	Small Dist	137.6	84.7	0.4	2.8	0.08	23,390.5	147.5
14 TATUM	Small Dist	336.3	76.3	1.3	5.6	0.06	103,975.7	155.3
15 TUCUMCARI	Small Dist	924.8	261.5	19.6	5.9	0.26	71,935.9	150.0
16 VAUGHN	Small Dist	63.0	29.1	0.6	2.1	0.02	13,021.9	150.0
17 WAGON MOUND	Small Dist	62.7	29.6	-	2.0	0.03	39,800.5	149.1
Median Site Characteristics		207.4	117.2	0.6	3.0	0.09	61,309.7	150.0

Note: Given the size of the school district, site characteristics highlighted in gray do not count toward districts' allocations. Source: LESC Analysis

Table 3. Average Site Characteristics in LEAs Receiving Inadequate Funding
(FY17-FY23)

Name	Model Type	Enrollment	Student Ridership	Sp. Ed. Ridership	Buses	Density	Total Miles Traveled	Days
1 DEMING	Large Dist	5,223.4	2,822.3	122.6	47.0	0.95	586,009.0	175.0
2 GADSDEN	Large Dist	12,969.8	9,670.8	332.5	84.6	7.40	1,569,930.4	172.0
3 HAGERMAN	Small Dist	414.6	304.4	14.0	5.0	0.76	45,074.4	179.0
4 LAS CRUCES	Large Dist	24,414.7	7,032.5	487.2	125.0	4.83	1,586,753.9	174.4
5 LORDSBURG	Small Dist	470.8	373.6	1.5	6.4	0.33	62,257.0	162.1
6 LOS LUNAS	Large Dist	8,208.9	4,705.9	137.8	61.4	7.03	873,354.0	176.0
7 RIO RANCHO	Large Dist	17,295.9	7,540.1	378.8	67.4	48.03	1,054,895.2	176.6
District Median Site Characteristics		8,208.9	4,705.9	137.8	61.4	4.8	873,354.0	175.0
8 ABQ SIGN LANGUAGE ACADEMY	Charter	99.3	32.9	40.1	5.4	0.03	86,494.3	181.6
9 EXPLORE ACADEMY CHARTER	Charter	379.9	168.3	-	5.4	0.14	61,186.5	175.8
10 LA PROMESA CHARTER SCHOOL	Charter	372.2	125.4	-	2.0	0.11	11,294.6	176.9
11 LA TIERRA MONTESSORI	Charter	95.1	42.8	-	1.0	0.06	9,389.0	169.3
12 MISSION ACH. & SUCCESS	Charter	847.8	209.9	-	3.2	0.18	23,647.7	178.7
13 MONTE DEL SOL	Charter	348.9	97.1	0.2	4.4	0.10	47,411.7	172.4
14 S.W. SECONDARY	Charter	427.9	29.4	-	1.0	0.02	14,794.5	176.1
15 SCHOOL OF DREAMS	Charter	449.3	95.8	9.4	2.6	0.14	50,591.0	176.5
16 TIERRA ENCANTADA	Charter	298.9	54.4	-	1.0	0.05	6,650.0	155.5
Charter Median Site Characteristics		372.2	95.8	-	2.6	0.1	23,647.7	176.1

Note: Given the size of the school district, site characteristics highlighted in gray do not count toward districts' allocations. Source: LESC Analysis

Consistently underfunded school districts to be mid-sized districts running approximately 60 buses and traveling upwards of 870 thousand miles annually. These school districts also tend to have higher-than-average density, with a median population density of 4.8. Rio Rancho, one of the geographically smallest school districts, has an average density calculation of 48 students per square mile, which results in an average reduction of \$850 thousand to the school district's transportation allocation each year. Two "small school districts," Hagerman and Lordsburg, also made the list of consistently underfunded districts. Both of these small school districts have higher-than-average ridership compared with similarly sized school districts.

There are not significant differences among charter schools that made the list of underfunded school districts, but it is notable that many charter schools made the list. In fact, there is a greater number of charter schools consistently underfunded than school districts. The transportation distribution treats small school districts and charter schools similarly, with the caveat that charter schools do not receive a base allocation in addition to funding for their site characteristics. The prevalence of charter schools on this list may be the byproduct of the methodology used to understand adequacy of funds; because charter schools have a relatively small transportation allocation and make smaller expenditures in terms of actual dollars, a relatively small dollar amount may have a large impact on the expenditure-to-allocation ratio calculated for all LEAs.

The transportation distribution plays a role in the adequacy of funding among school districts. In an attempt to empirically demonstrate the impact of site characteristics on adequacy of funding, LESC staff conducted a set of ordinary least squares regressions, attempting to estimate the extent to which site characteristics can predict whether an LEA will spend more than it receives from the transportation allocation. The results of two regression models are reported in **Table 4**. The first regression model measures effects for large school districts, while the second measures effects for small school districts and charter schools.

Table 4. Ordinary Least Squares Regression Results Regarding Effects of Site Characteristics on Inadequate of Funding

	Large School Districts			Small School Districts and Charter Schools		
	Coefficient	Sig.	Error	Coefficient	Sig.	Error
Intercept	1.65 ***		(0.48)	0.51 **		(0.15)
Student Ridership (1,000s)	-0.048 ***		(0.012)	-0.127		(0.124)
Special Education Students	0.0006 ***		(0.0002)			
Density	0.004 **		(0.005)			
Buses				-0.004		(0.006)
Miles Traveled (1,000s)	0.0001 *		(0.00003)	0.0001		(0.0003)
Days	0.002 *		(0.0009)	0.005 ***		(0.0009)
R ²	0.09			0.07		
Adjusted R ²	0.08			0.06		
N.	259			470		

Note: Statistical significance denoted by p-values. *** p < 0.001; ** p < 0.01; * p < 0.05

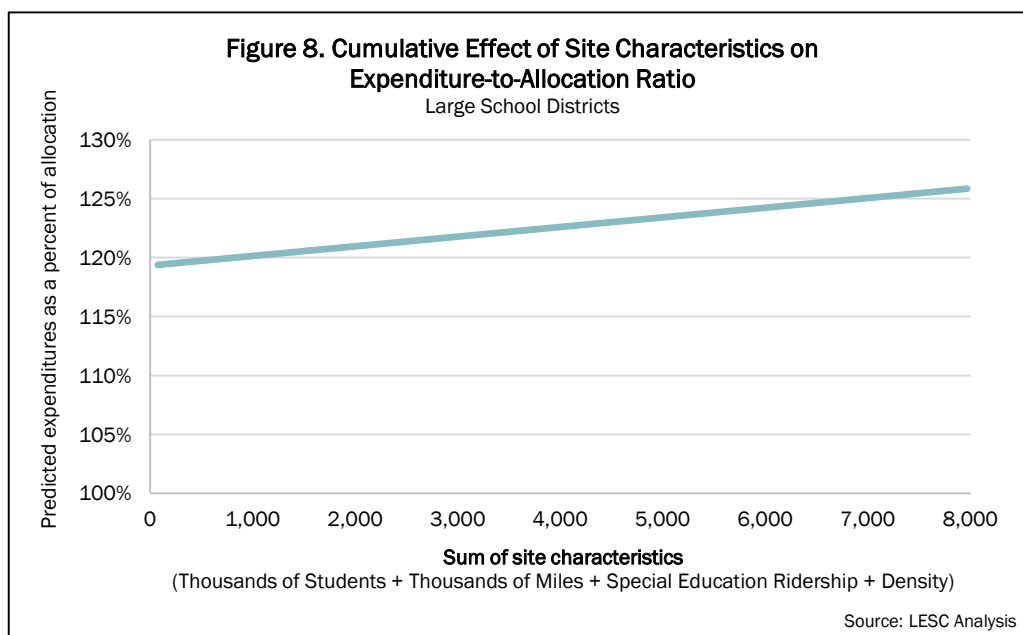
Source: LESC Files

The dependent variable in both models is the expenditure-to-allocation ratio, with greater numbers suggesting a greater funding deficit. Positive coefficients indicate the site characteristic can contribute to a larger funding deficit, while negative coefficients suggest the site characteristic can decrease funding deficits. Statistical significance for each coefficient is denoted using asterisks, with a greater number of asterisks indicating a greater certainty of statistical significance. Coefficients without statistically significant findings can be understood to “not have a significant impact” on the adequacy of funding.

Large school districts with greater numbers of special education students, greater density, and more miles traveled, are more likely to be underfunded. The first regression model regarding the impact of site characteristics for large school districts returned statistically significant findings for student ridership, special education students, density, and miles traveled. In this model, nearly every element of the formula for large school districts was found to contribute to the inequity of funding in some manner. However, the R squared coefficient for the large school district model is 0.09, suggesting the model has relatively weak explanatory power. The variation in school districts’ expenditure-to-allocation ratios might be better explained with the inclusion of other variables, such as overall funding sufficiency or site characteristic multipliers.

The regression results suggest students with disabilities drive costs up in large school districts, and the funding provided for students with disabilities may not be sufficient to offset these costs. Additionally, the model suggests the transportation’s density factor is creating a significant funding deficit for larger school districts. However, student ridership has a *negative* impact on the expenditure-to-allocation ratio, suggesting large school districts can get closer to a level of adequacy by increasing ridership.

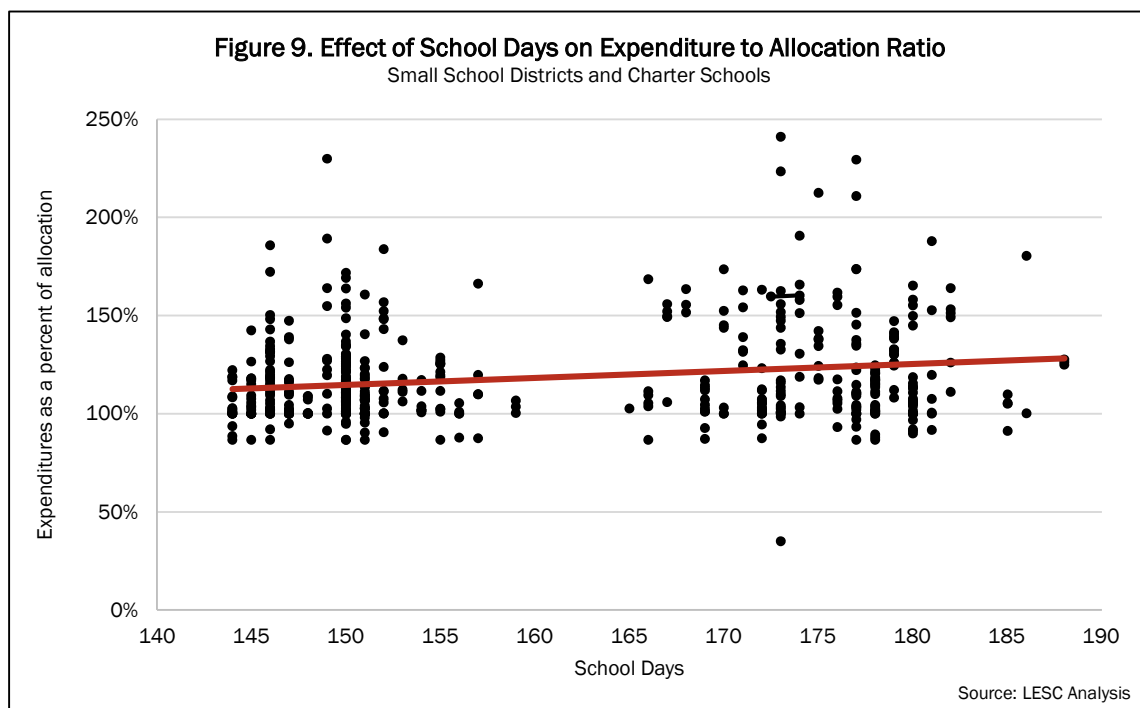
Figure 8 shows the cumulative effect of the statistically significant site characteristics graphically. As the figure shows, as site characteristics like miles, special education students, and density grow, they increase the extent to which a district is underfunded, requiring greater investments of operational funds. However, increasing the number of student riders can help offset the negative impacts of the other site characteristics, resulting in a fit line that is less steep than it would be otherwise.



Small school districts and charter schools with fewer days are more likely to receive sufficient funding.

The second regression model regarding the impact of site characteristics for small school districts and charter schools returned mostly insignificant findings, suggesting the transportation formula does not play a significant role in determining whether a small school district or charter school will receive adequate funding. In addition, the second model returned a lower R squared coefficient than the first, with a value of 0.07. The model suggests there are other factors at play when understanding whether a school district will supplement their transportation allocation with other funding.

Despite mostly insignificant results, the second regression presented in **Table 4** does suggest small school districts and charter schools with shorter school calendars are more likely to have sufficient funding, while those with additional days are more likely to be underfunded. **Figure 9** displays the effect of school days in small school districts graphically, with school districts with additional school days generally having a larger expenditure-to-allocation ratio. These findings mirror the anecdotal observations displayed in **Table 2**, which suggested most of the small school districts that are consistently fully-funded are operating four-day school weeks.



RQ3: How do school districts and charter schools build a budget for school transportation?

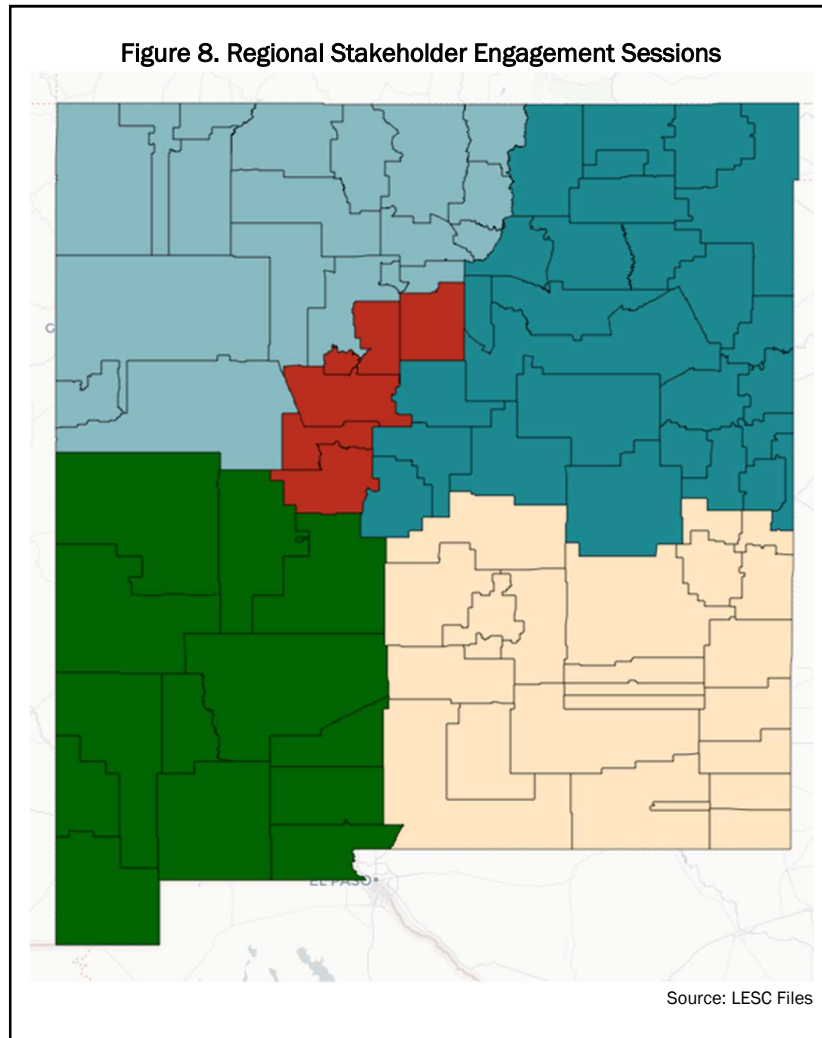
LESC staff findings from quantitative data analysis were augmented by testimony collected from experts in school transportation across New Mexico. Their insights and experiences corroborated the findings of the quantitative analysis, and provided invaluable perspectives on the practical aspects and constraints of the current transportation funding formula.

Data & Methodology

LESC staff held five virtual stakeholder engagement sessions, inviting feedback from regional superintendents, transportation directors, school budget officials, and other key stakeholders. The five regional engagement sessions, one for each corner of New Mexico and a fifth for central

New Mexico, involved a short framing presentation from LESC staff followed by a discussion of three sets of guiding questions. Figure 8, shown below, displays the regions invited to participate in each regional engagement session.

Summary notes from each engagement session can be found in **Appendix 4, Summary of Regional Transportation Engagement Sessions**. Staff identified several common themes in the discussions held with stakeholders across the state:



- **Bus Driver Shortages:** Several regions suffer from a lack of school bus drivers. Finding and retaining drivers is difficult due to competition with higher-paying jobs in the private sector, especially because drivers must have a commercial driver’s license (CDL).
- **Budget Constraints:** Many district officials, regardless of which region they are in, described facing budget constraints. District leaders indicated they often allocate a significant portion of their operational funds to support transportation programs.
- **Ridership Count Challenges:** The practice of counting riders on specific days (80th day and 120th day) can lead to fluctuations in funding that do not necessarily reflect actual ridership. This inconsistency is a common concern.

- **Student Safety:** Ensuring the safety of students during transportation is a shared value across regions. This includes providing staffing for additional adults on school buses and providing safety equipment like seat belts and on-board cameras.
- **Efficiency and Funding Limitations:** Many districts feel forced into certain efficiencies due to limited funding. They would provide additional routes or services if possible, but feel constrained by budget limitations.
- **Challenges with Rising Fuel Costs:** Several regions mention the challenge of rising fuel costs, which can strain transportation budgets that may not be keeping pace with these increases.
- **Use of Technology:** Some districts are utilizing route management software to improve efficiency and find routes. Additionally, there's a desire for student safety technologies like Zonar "Z-Passes," used to track when students get on and off of buses.
- **Need for Technical Support:** Many districts express the need for outside technical support to identify and address potential inefficiencies in their transportation programs.

Findings

The transportation distribution is not closely aligned with the decisions school districts make when designing their transportation programs. While the site characteristics used to calculate the transportation distribution are reasonable descriptors of the cost of providing transportation, most school districts and charter schools consider other factors when building their transportation programs. In general, school districts' largest transportation cost driver is salary costs, followed by fuel and maintenance costs. These factors are not included as site characteristics in the transportation distribution's regression model. A transportation distribution that considered bus driver salary costs may be able to help districts provide competitive wages for school bus drivers.

Student ridership may not effectively estimate the cost of student transportation; eligible students may be a more stable predictor. Many school transportation officials explained the process of basing funding on student ridership data collected on two days per year may not be an accurate reflection of actual services provided. The transportation distribution is susceptible to fluctuations in attendance and ridership, and schools may lose funding if the count days coincide with some other occurrence. One school district official noted the count days tend to occur on Fridays, which tend to be lower-attended than other days of the week. In the words of another school district official, "we have to run the bus route whether that kid gets on the bus or not." Many states overcome this challenge by providing funding for "eligible students," rather than students transported, as indicated in Figure 4.

School districts tend to place greater value on providing high-quality transportation services than providing efficient transportation services. Many school districts construct bus routes that limit the amount of time students are required to wait for the bus to pick them up, limit the amount of time they spend on the bus, or limit the number of students on a bus to a reasonable level. While these types of programs may result in some inefficiencies, many school districts explained the satisfaction of students and families are more important than efficiency. One school district transportation director explained, "I feel like we're forced into certain efficiencies by limited funding." District officials noted that with greater funding, they could provide higher-quality service. The transportation distribution was not designed to consider the "human" element of

school transportation; if the distribution were designed with student travel times or average bus loads in mind, it could provide funding to establish a minimum standard of service on all buses.

Students with disabilities are positioned along inefficient routes, driving costs up. Analysis of transportation data revealed empirical evidence that students with disabilities can require school districts to spend more than they receive from the transportation distribution. This finding was corroborated by testimony from school transportation officials, who explained they must provide transportation to students with disabilities as identified in those students' individualized education plans (IEPs), regardless of the costs. A stakeholder pointed staff to a finding by the U.S. Department of Education Office for Civil Rights, which held that Albuquerque Public Schools had violated the rights of students with disabilities by failing to provide them with transportation services, presumably in an effort to minimize costs. One school district explained how costly those services can be, explaining it runs a mid-sized school bus along a two-hour route to provide required services for nine students. The transportation distribution does consider the depth and variation of the actual costs required in students' IEPs, and does not allocate any funding for students with disabilities in small school districts or charter schools.

Some administrative regulations may be creating inefficiencies, driving costs up. Some school districts explained they could cut costs by using SUVs to run long routes, especially on unimproved roads. However, districts noted the regulations surrounding SUVs were cost prohibitive, making the use of SUVs for to- and from-school transportation infeasible. PED explained many of the regulations surrounding SUVs are designed to maximize student safety, given that SUVs are more likely to be involved in accidents than school buses. In addition to restrictions on SUVs, regulations appear to place limits on school district decision-making, which can result in inefficient programs. Rio Rancho Public Schools, a school district on the list of consistently underfunded LEAs identified in Table 3, believes the district could run a more efficient program if it was allowed to purchase additional buses. The district explained the purchase and operation of additional buses was contingent on approval by PED.

School districts may be able to run more efficient programs, but doing so may require more technical support from PED. Multiple school districts admitted that they haven't critically examined their transportation programs for inefficiencies. Other school districts explained they simply give whatever amount they receive from the distribution to a local school bus contractor to provide services, without deeply considering the services they are being provided. School districts invited feedback from PED on the efficiency of their programs. Technical support reviews from PED may help school districts identify and address inefficiencies, driving costs down. However, the department's transportation bureau is woefully understaffed with only three FTE responsible for all transportation support statewide.

Districts requested other miscellaneous transportation capital. School districts asked for support for a number of nonrecurring capital priorities, including modernizing bus fleets to electric buses, retrofitting existing buses with air conditioning, and equipping buses with safety equipment like cameras.

Section 2 Key Policy Considerations

- The legislative appropriation to the transportation distribution was cut during the Great Recession and never recovered to pre-recession levels. To provide an amount equivalent to what LEAs received in FY09, the legislature would need to appropriate \$136.7 million to the transportation distribution in the upcoming fiscal year.

- On average, LEAs spend more than they receive from transportation allocations, suggesting the transportation distribution does not provide sufficient funding.
- There is variation in the amount that LEAs spend on transportation compared to what they receive in transportation allocations, suggesting the transportation distribution does not provide equitable funding. Some school districts spend close to what they receive, while others need to supplement their transportation programs with operational funds.
- The LEAs that consistently spend more than they receive from the transportation distribution tend to be large school districts impacted by the density calculation and charter schools that do not receive a base allocation.
- The site characteristics contemplated in the transportation distribution do not align with the decisions LEAs make when crafting their transportation programs. Most LEAs build their budgets based on driver salaries, benefits, routes, maintenance, and fuel costs, rather than student ridership.

Section 3. Policy and Budget Recommendations

A study of the New Mexico transportation distribution has helped to build a more comprehensive understanding of the challenges LEAs face in providing school transportation. Many of these challenges are related to policy levers controlled by the Legislature and PED. This section contains policy recommendations and budget considerations to enhance equity, streamline funding, and ensure sustainable, efficient transportation services for students.

Recommendation: Increase the legislative appropriation to the transportation distribution to between \$130 million and \$135 million

Rationale:

- The appropriation to the transportation distribution was cut during the Great Recession and never recovered to pre-recession levels (p. 10-11).
- On average, school districts spend more on transportation than they receive from the transportation distribution (p. 12).

Specific Mechanism: Include a line item in the LESC Budget Recommendation for the transportation distribution for a one-time inflation adjustment, bringing the total distribution to at least \$130 million.

Estimated Cost: \$12 million to \$17 million.

Summary of Impact: Additional funding for all LEAs. Potential overfunding of small school districts if the formula is not adjusted in other ways.

Recommendation: Remove the density factor from the transportation distribution

Rationale:

- Large, dense school districts spend proportionally more operational funds to supplement their transportation program than small, sparse school districts (p. 12-13).
- The density factor has a statistically significant impact on the extent to which large school districts are underfunded (p. 14-15).

Specific Mechanism: Amend statute to require that PED no longer consider density in the calculation of transportation allocations. Include funding in the transportation distribution to offset the removal of the factor, holding LEAs harmless from the removal of the factor.

Estimated Cost: \$5 million.

Summary of Impact: More funding for large, dense districts. No change for small, sparse districts.

Recommendation: Use eligible ridership rather than actual ridership to calculate transportation distributions.

Rationale:

- Actual ridership counts collected on two days per year are subject to fluctuations. School bus routes require service regardless of how many students board the bus (p. 17).

Specific Mechanism: Amend statute to require that the transportation distribution be based on eligible ridership, rather than actual ridership on the second and third reporting dates.

Estimated Cost: Cost neutral.

Summary of Impact: The per-student rate in the transportation allocation will shift downward to accommodate the greater number of students in the calculation. The exact impact is indeterminate, but if accompanied by additional funding, would likely not produce negative impacts.

Recommendation: Establish a statutory transportation formula to create a more stable funding mechanism for school transportation.

Rationale:

- The current transportation distribution is complicated, resulting in confusion about how funds are allocated (p. 3).
- The use of an annual regression causes year-over-year swings in multipliers, and thus, year-over-year swings in funding (p. 3-4).
- Unlike other states that use regression models, PED may base transportation allocations on factors that are not statistically significant (p. 7-8).
- Site characteristics used to calculate transportation allocations have a statistically significant impact on funding disparities between large school districts, small school districts, and charter schools. (p. 14-15)

Specific Mechanisms:

- **Option 1:** Use any or all existing site characteristics, but establish statutory multipliers.
- **Option 2:** Establish new site characteristics based on the costs of providing high-quality transportation services, such as students-per-bus or average time spent on buses.

Estimated Cost: Cost depends on factors codified in statute. A new formula could be achieved under current funding, but would be more feasible with an increase of \$12 million to \$17 million.

Summary of Impact: If accompanied by additional funding, a new formula could result in right-sized allocations for all LEAs.

Recommendation: Allow state funds to be used for every aspect of school transportation programs, including the cost of transportation to career and technical education (CTE) program sites, extracurricular activities, after school activities, and services for McKinney-Vento students.

Rationale:

- More students are chronically absent than ever before ([LESC Analysis](#)).
- CTE programs and extracurricular activities can help students take ownership of their educational journeys, improving their engagement ([LESC Analysis](#)).
- Some states provide funding for transportation to CTE sites and extracurricular activities. (pg. 7, Appendix 3).

Specific Mechanism: Amend statute to allow LEAs to use transportation distribution funds for transportation to CTE program sites, extracurricular activities, and other out-of-school time programs.

Estimated Cost: Indeterminate; likely close to \$12 million to \$17 million, the cost of actual expenditures in recent years.

Summary of Impact: Additional funds for all LEAs.

Recommendation: Provide LEAs with funding to cover the cost of CDL acquisition for new drivers.

Rationale:

- Almost every school district is experiencing a bus driver shortage, driven by higher wages for drivers with CDLs in the private sector (p. 17).
- The residency and grow-your-own models have proven effective for recruiting and retaining educators, and may be effective for other aspects of school administration ([LESC Analysis](#)).

Specific Mechanism: Flow funds through the state equalization guarantee, the transportation distribution, or a nonrecurring below-the-line appropriation to PED.

Estimated Cost: Roughly \$4,000 to \$12,000 per CDL,

Summary of Impact: Additional funds for all LEAs.

Other Policy Options and Considerations:

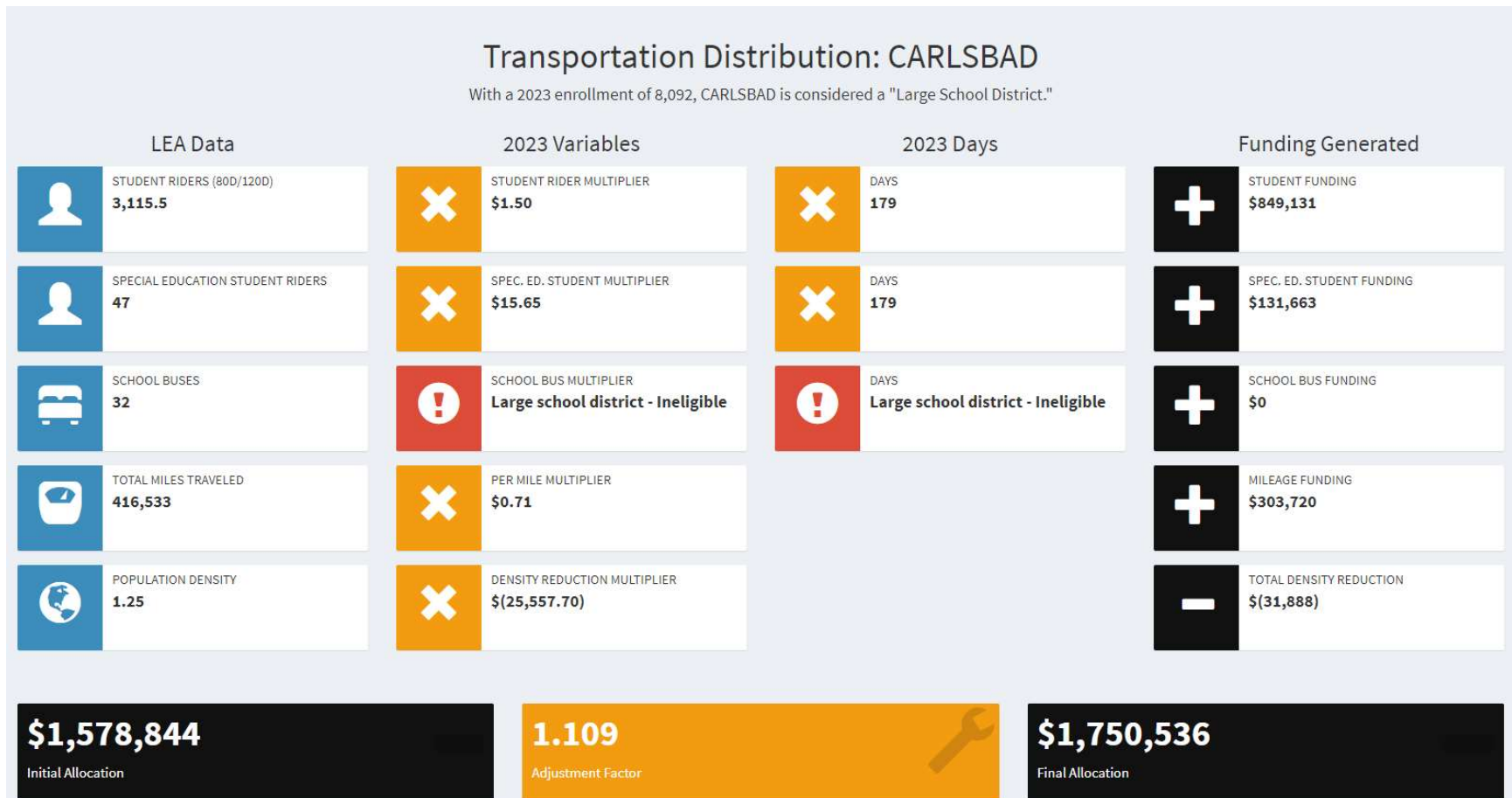
Clean and consolidate statutes for transportation programs. The statutes governing New Mexico's transportation funding and standards for providing transportation have been piecemealed together over time. Currently, requirements are spread across multiple sections of statute, creating difficulties in determining funding and standards. Any law that amends New Mexico's transportation statutes should consider how it can clean and consolidate existing requirements into an all-encompassing "Student Transportation Act."

Fund transportation based on a full or partial reimbursement model. Stakeholders have expressed interest in simplifying the transportation funding formula by using a simple reimbursement model. A reimbursement model may help simplify and right-size funding streams, but can also create more administrative burden for PED to audit transportation programs and determine which expenses are reimbursable. A reimbursement model is a significant departure from current practice and would require significant statutory amendments, as well as additional staffing at PED to accommodate new requirements.

Build a funding mechanism for electric school buses. Currently, school bus replacement funds are designed to support the purchase of new diesel buses. The legislature can provide funding for electric school buses, but a system to do so should consider the nuance in electric bus infrastructure. The significant charging infrastructure required for electric school buses suggests such buses may not be appropriate in all school districts. Additionally, opportunities exist for school districts to apply for federal grants for electric school buses. State funds for electric school buses should be provided for districts that are ready to proceed with electric buses and have shown that readiness by applying for federal electric bus grants.

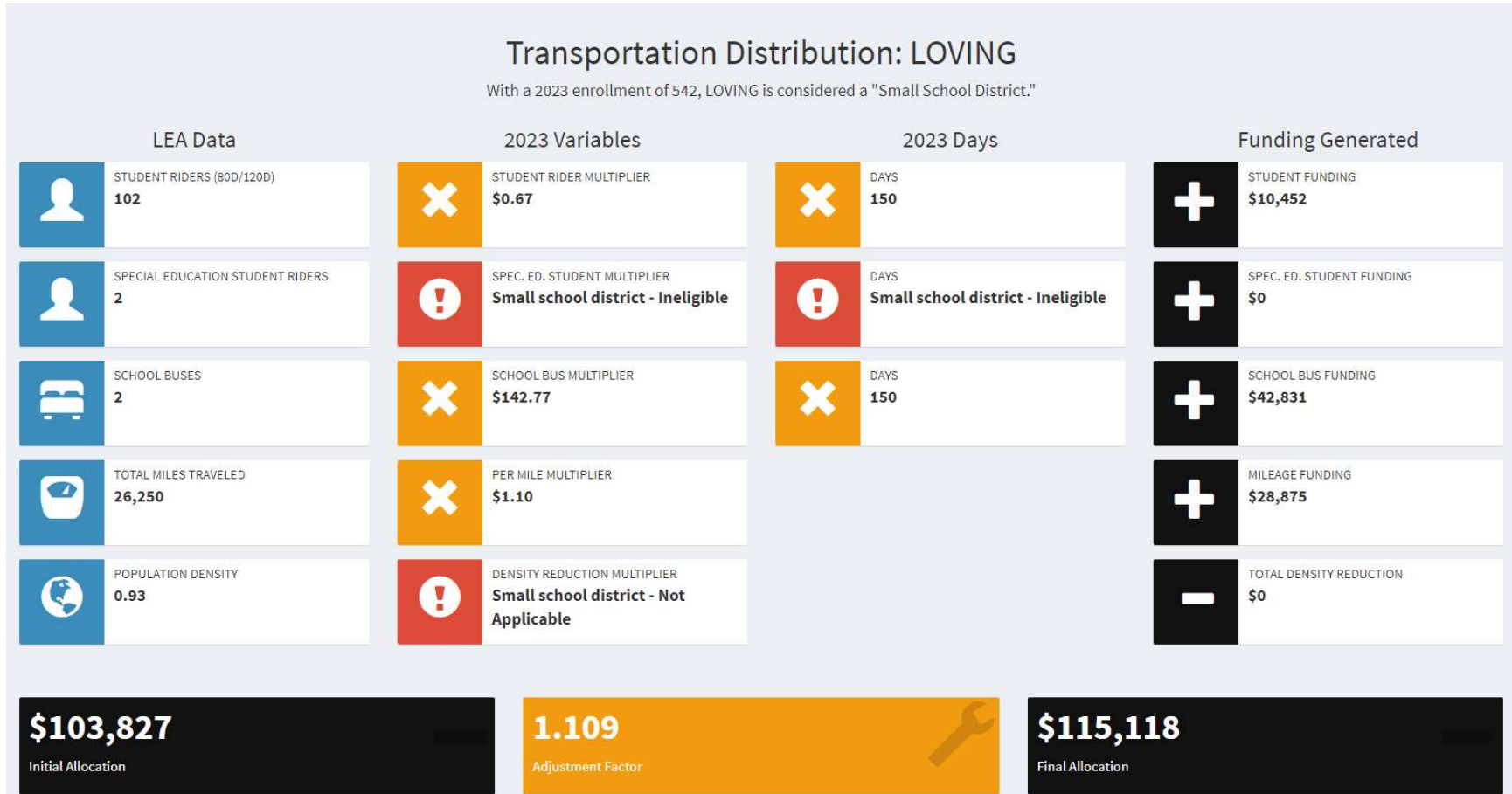
Fund other transportation capital needs. In addition to electric school buses, school districts have requested funds to retrofit existing school buses with air conditioning and cameras. It may not be prudent to equip buses that are nearing the end of their 12-year lifespan. The legislature may wish to provide below-the-line funds to PED to establish a priority-based grant program, allowing school districts to retrofit buses that may be used for the foreseeable future with new technologies.

APPENDIX 1: Example Large School District Transportation Distribution



View your school district or charter school's transportation data at <https://newmexicolesc.shinyapps.io/TransportationDistribution/>.

APPENDIX 2: Example Small School District Transportation Distribution



View your school district or charter school's transportation data at <https://newmexicolesc.shinyapps.io/TransportationDistribution/>.

APPENDIX 3: Crosswalk of State Transportation Funding Systems

State	Funding Type	Factors Considered	Other Notes
Alabama	Formula	<ul style="list-style-type: none"> • Personnel • Fuel • Operations • Area 	10-year replacement cycle
Alaska	Per-Student Allocation	<ul style="list-style-type: none"> • Average daily membership 	
Arizona	Formula	<ul style="list-style-type: none"> • Miles • Students transported 	State supports transportation to extracurricular activities and career-technical education programs.
Arkansas	No Funding		State provides some transportation funding for certain isolated school districts.
California	Reimbursement	<ul style="list-style-type: none"> • Local wealth 	Poorer school districts receive more state aid. Maximum reimbursement is 60 percent.
Colorado	Formula	<ul style="list-style-type: none"> • Miles • Actual expenditures • Days 	Maximum reimbursement is 90 percent of current year operating expenditures.
Connecticut	Reimbursement	<ul style="list-style-type: none"> • Local wealth 	Poorer school districts receive more state aid. Maximum reimbursement is 60 percent.
Delaware	Formula	<ul style="list-style-type: none"> • Fuel • Insurance • Operations • Buses 	
Florida	Per-Student Allocation	<ul style="list-style-type: none"> • Eligible students • Special education students • CTE students • Prekindergarten students 	
Georgia	Formula		Transportation based on fixed costs and variable costs, but exact site characteristics used are unclear.
Hawaii	No Funding		
Idaho	Reimbursement	<ul style="list-style-type: none"> • Actual expenditures 	State reimburses districts for 85 percent of actual expenditures.
Illinois	Per-Student Allocation	<ul style="list-style-type: none"> • Eligible students • Special education students • CTE students 	
Indiana	No Funding		
Iowa	Per-Student Allocation	<ul style="list-style-type: none"> • Average per-student cost 	Included in operational funding formula.
Kansas	Per-Student Allocation	<ul style="list-style-type: none"> • Eligible students 	
Kentucky	Formula	<ul style="list-style-type: none"> • Miles • Students transported • Special education students • Density • Buses 	
Louisiana	No Funding		State provides technical support for transportation programs, but school districts are responsible for cost.
Maine	Formula	<ul style="list-style-type: none"> • Students transported • Density • Miles 	State provides all districts access to Transfinder, a route management software.
Maryland	Formula	<ul style="list-style-type: none"> • Actual expenditures • Enrollment growth • Special education students 	

APPENDIX 3: Crosswalk of State Transportation Funding Systems

State	Funding Type	Factors Considered	Other Notes
Massachusetts	Reimbursement	<ul style="list-style-type: none"> Actual expenditures 	State reimburses actual expenditures proportional to amount appropriated.
Michigan	Included in Operational Formula		
Minnesota	Included in Operational Formula	<ul style="list-style-type: none"> Average per-student cost Density 	
Mississippi	Formula	<ul style="list-style-type: none"> Students transported Density 	
Missouri	Formula	<ul style="list-style-type: none"> Students transported Miles Operations 	School districts are provided funding for 75 percent of costs deemed eligible.
Montana	Reimbursement	<ul style="list-style-type: none"> Miles Buses 	
Nebraska	Reimbursement	<ul style="list-style-type: none"> Actual expenditures Miles 	School districts receive the lesser of last year's actual expenditure or a per-mile calculation.
Nevada	Included in Operational Formula	<ul style="list-style-type: none"> Average per-student cost 	School districts basic per-student support funding is adjusted based on statewide per-student transportation cost. Districts with higher-than-average transportation costs have their basic support allocation increased by that amount, and vice versa.
New Hampshire	No Funding		
New Jersey	Per-Student Allocation	<ul style="list-style-type: none"> Eligible students Special education students 	
New Mexico	Formula	<ul style="list-style-type: none"> Regression Actual expenditures Students transported Special education students Buses Area Density Miles Days 	
New York	Reimbursement	<ul style="list-style-type: none"> Operations Buses Density 	Up to 90 percent of school districts costs are reimbursable.
North Carolina	Formula	<ul style="list-style-type: none"> Students transported Actual expenditures Buses 	
North Dakota	Formula	<ul style="list-style-type: none"> Miles Number of rides provided Buses 	State includes distinct multipliers for different vehicle types, such as SUVs, shorter buses, and full-size buses.
Ohio	Included in Operational Formula	<ul style="list-style-type: none"> Students transported Special education students Miles 	Miles used in calculation are the average daily miles each bus travels.
Oklahoma	Formula	<ul style="list-style-type: none"> Eligible students Density Average per-student cost 	
Oregon	Included in Operational Formula	<ul style="list-style-type: none"> Average daily membership 	State supports transportation to extracurricular activities and the operation of activity vehicles.

APPENDIX 3: Crosswalk of State Transportation Funding Systems

State	Funding Type	Factors Considered	Other Notes
Pennsylvania	Reimbursement	<ul style="list-style-type: none"> • Buses • Students transported • Annual cost index 	State includes distinct multipliers for different vehicle types, such as SUVs, shorter buses, and full-size buses.
Rhode Island	Funding Mechanism Unclear		
South Carolina	No Funding		State assumes the responsibility for providing all school transportation.
South Dakota	Included in Operational Formula		
Tennessee	Included in Operational Formula	<ul style="list-style-type: none"> • Regression • Actual expenditures • Average daily membership • Special education students • Miles 	
Texas	Included in Operational Formula	<ul style="list-style-type: none"> • Eligible students • Special education students • CTE students • Private school students • Miles • Density 	
Utah	Formula	<ul style="list-style-type: none"> • Miles • Hours 	
Vermont	Reimbursement		State provides reimbursement equal to 50 percent of allowable expenditures.
Virginia	Per-Student Allocation	<ul style="list-style-type: none"> • Eligible students • Days 	
Washington	Formula	<ul style="list-style-type: none"> • Regression • Eligible students • Special education students • Area • Miles • Locations served 	<p>Regression results are limited to only include factors that are statistically significant.</p> <p>Miles include a calculation of average distance to school.</p>
West Virginia	Included in Operational Formula	<ul style="list-style-type: none"> • Density 	
Wisconsin	Per-Student Allocation	<ul style="list-style-type: none"> • Eligible students 	Per-student rate is based on length of route to each student's pick-up location.
Wyoming	Reimbursement		State fully reimburses cost of providing transportation, including transportation for activities.

Source: Various sources linked throughout table

APPENDIX 4: Summary of Regional Transportation Engagement Sessions

Northeastern Region

How districts build a transportation budget:

- Start with ridership.
- Identify students that need service and plan routes.
- Adjust salaries for drivers, admin staff.

Factors districts consider:

- Student riders.
- Distance traveled.
- Road conditions (unimproved roads).
- Time students spend on buses.
- Students outside of boundaries – routes to accommodate as much as possible.

How should the formula be adjusted?

- “Hard cuts” in the transportation formula cause swings in funding – perhaps variables should be adjusted on a sliding scale.
- Special education students should count in every school district, no matter the size.

Efficiency and other values:

- It’s tricky to evaluate the efficiency of a district’s transportation program.
- You can’t look at students-per-bus as a measure of efficiency in rural New Mexico - most of the buses are not full.
- Rural districts pay parents to run “feeder routes,” bringing kids to designated meeting points where a bus can pick them up.
- Districts balance efficiency with quality of service for students. Quality can be evaluated with time spent on bus, pickup times

Challenges:

- One district explained it was not allowed to use an SUV as both a “to-and-from vehicle” and an “activity vehicle”
- It appears PED is not providing funding to purchase SUVs, even if they are more cost effective than buses.
- Timeliness of transportation distribution payments. Transportation distribution went out in July, but PED asked for it to go into FY23 journal entry. That created an audit implication for districts.

Other comments:

- SUVs are a life-saver for rural districts, especially because drivers for SUVs don’t need a CDL.
- A bridge collapse in San Jon unexpectedly increased their transportation costs this year.
- New Mexico does a better job funding transportation than Texas.
- Rural districts need to have a plan for substitute bus drivers.
- EVs are not practical in rural New Mexico.

APPENDIX 4: Summary of Regional Transportation Engagement Sessions

Northwestern Region

Factors districts consider:

- Student safety
- Bus driver salaries
- Fuel costs
- Road conditions

Efficiency:

- There are inefficiencies inherent in the routes required in rural New Mexico.
- Districts believe they are forced into certain efficiencies because of the funds they receive.
- Districts use “feeder routes,” and swap students between buses to improve efficiency.
- One district believes it is not the most efficient, but it is working hard to get there.
- Districts need outside support to help identify and address potential inefficiencies.
- Having small buses for prekindergarten would help districts address some inefficiencies.

Challenges:

- One district with about 2,500 students believes they are receiving funding sufficient to run 16 routes, but needs to run 20.
- Districts are facing a shortage of bus drivers. It is difficult to compete with private industry for drivers with a CDL. Specifically, one district explained \$18 per hour is too low.
- A prekindergarten program operated by the in Dulce is not eligible for to- and from-school transportation
- A bus in one rural New Mexico district broke down and needed to be sent to a specialist in Albuquerque. The process was expensive.
- Limiting counts to two days per year can result in anomalous ridership counts, which may decrease funding.

Other comments

- Bus drivers should be paid more, especially because they need to have a CDL.
- Taos was appreciative of PED staff and their technical support
- Districts requested dedicated funding to purchase SUVs for transportation
- Districts asked for support for student safety infrastructure and software, like “Z Passes” from Zonar
- Districts asked for funding for school bus attendants to monitor students during travel.
- The age requirement for a CDL is 18, but the age requirement for school bus drivers is 21.
- Districts requested additional funding for vehicles, including a service truck to maintain one district’s bus fleet and vehicles for teachers in another district.
- Districts requested funding for on-staff mechanics.
- One district requested funding to build a bus barn, which will help the district transition to electric school buses.
- Buses run in rural areas deteriorate more quickly than other buses.

APPENDIX 4: Summary of Regional Transportation Engagement Sessions

Central Region

Factors districts consider:

- Salaries (About 65%)
- Fuel
- Maintenance
- Contracted services
- Insurance
- Time and distance students travel

Efficiency:

- One district explained it invited input from PED on its program to attempt to find inefficiencies, and PED could not identify any changes that should be made.
- Districts feel they are forced into efficiencies by limited funding.
- One district would add more buses if they could, but they don't believe they could find drivers for those new buses.

Values besides efficiency:

- Safety
- Getting kids to school on time.

Challenges:

- One district needs to spend \$2.7 million (84 percent) from its operational funds to support its transportation program. The district is running a "four-tier" system, and has bell schedules that don't align well with parents' work schedules.
- One district that is not growing is not receiving additional funding to account for rising fuel costs. The district believes it is underfunded by about \$314 thousand (20 percent).
- It's difficult to budget for programs when enrollment is flat, costs are increasing, and allocations are decreasing.
- There is a shortage of drivers. Drivers with CDLs in the private sector make \$25 per hour or more. It's difficult to compete.
- Behavioral challenges with kids are requiring more supervision. Bus attendants are becoming more necessary.
- Buses in some less dense school districts are overloaded; it's difficult to transport more than 60 students on a bus.
- SUVs have been helpful for some needs, but it's still difficult to find drivers.
- Buses need air conditioning, especially as the Legislature increases the length of the school year. Air conditioning is also a retention issue for bus drivers.
- Transportation for special education programs is a significant challenge for one mid-size district because programs are only offered at some schools, requiring longer, specialized routes.
- More parents are providing transportation and requesting reimbursement than in previous years.
- Technical requirements for CDLs slow down the recruitment process for drivers.

APPENDIX 4: Summary of Regional Transportation Engagement Sessions

Southwest Region

Factors districts consider:

- Ridership
- Routes (including special education student routes)
- Security equipment.
- Contractor fees (not all money is funneled to contractors).

Efficiency:

- One district uses route management software to find routes and design its program.
- One district works directly with its contractors to negotiate a per-mile cost.
- One district admitted certain inefficiencies exist imposed by rural students that are difficult to reach.
- Districts believe they are forced into efficiency because of limited funding. They would provide additional routes if possible.

Values besides efficiency:

- Student safety, including additional adults on school buses.

Challenges:

- One district supplements its transportation distribution by about \$400 thousand (20 percent) from its operational each year. Another district says its deficit is \$300 thousand to \$700 thousand (10 percent to 24 percent).
- Drivers are in short supply and it is difficult to fund competitive bus driver salaries.
- Pulling ridership counts on two days is subject to large swings and sometimes does not reflect actual ridership.
- Contractors attempt to negotiate for all of a district's transportation allocation.
- Student behavior has deteriorated in the wake of the pandemic.

Other Comments:

- Districts are confused why the per-mile cost in small districts is different than in large districts.
- Districts are purchasing student safety equipment, including Zonar "Z-Passes." Some districts want this security system but can't afford it.
- One district requested outside technical support to identify inefficiencies.
- Districts are requesting funds to retrofit buses with air conditioning.
- Districts requested funding to make improvements to the district-owned bus barn.

APPENDIX 4: Summary of Regional Transportation Engagement Sessions

Southeast Region

Factors districts consider:

- Driver salaries
- Fuel costs

Efficiency:

- It is difficult to define efficiency; no two school districts are the same.

Values besides efficiency:

- Low wait times for kids at schools.
- Student safety.
- Making sure students get where they need to be.

Challenges:

- Students who are not captured on the 80/120 count days are not funded.
- It is difficult to recruit and retain bus drivers, especially with extremely competitive salaries in the oil and gas industries
- Bus replacements are on a reimbursement basis; when replacements are needed, a district needs to buy the buses using cash first, then wait for reimbursement.
- Extracurricular activities keep kids engaged at school, but transportation to these activities is not funded.
- Fuel costs are rising quickly and the transportation distribution is not keeping pace.
- Given the nature of how the transportation distribution allocates funds, mandated salary increases are not always covered by the distribution.
- Student homelessness has increased, requiring additional resources for students covered by the McKinney Vento act.

Other comments:

- One district pays \$22 per hour for drivers as a starting salary to attempt to compete with the private sector. Another pays \$19 per hour and is losing drivers to the oil industry.
- One district requested funding to place a bus attendant on every bus.
- One district believes districts can use innovation zone funding to provide transportation “above and beyond” the required to-and-from transportation.
- One district explained it was able to stagger its school schedules to ensure students were not waiting for buses for a long time.
- Parents are more willing to drive their kids to school now than before the pandemic.
- One district suggested a model where funds are allocated and adjusted based on changes over time.
- One district asked for additional funding to cover the gross receipts tax for bus contractors.