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## FISCAL IMPACT REPORT

SPONSOR Gonzales DATE TYPED 2/14/05 HB 300/aHEC  
 SHORT TITLE Statewide School Bus Operation Shortfall SB \_\_\_\_\_  
 ANALYST Chabot

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
\$1,500.0				Non-recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Transportation (DOT)

Public Education Department (PED)

### SUMMARY

#### Synopsis of HEC Amendment

The House Education Committee amendment increases the appropriation to \$1.5 million for the purpose of funding the increase in fuel costs for school bus operations.

#### Synopsis of Original Bill

House Bill 300 appropriates \$1.022 million from the general fund to PED for the purpose of funding the increase in fuel costs for school bus operations. The bill includes an emergency clause.

#### Significant Issues

PED reports diesel fuel has increased approximately 21 percent according to the Lundberg Letter, a national, independent research firm that reports on petroleum based fuel costs. DOT reports bulk diesel fuel was \$1.03 per gallon at the start of the fiscal year, rose to a high of \$1.61 and has since declined to \$1.32. This equates to an average increase of 29 percent in New Mexico.

However, PED did not indicate in its analysis any school districts that are facing operating budget shortfalls for transportation services.

### **FISCAL IMPLICATIONS**

The appropriation of \$1.022 million contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2005 shall revert to the general fund.

### **ADMINISTRATIVE IMPLICATIONS**

Since fuel costs vary throughout the state, PED will have to determine an equitable method of distributing the appropriation to reimburse school districts for the increased costs.

### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?**

The increased fuel costs will have to be absorbed by the school districts. There could be disruption of school bus services if school districts are unable to pay the extra costs.

### **POSSIBLE QUESTIONS**

1. Which school districts have identified budget shortfalls because of increased fuel costs?
2. Do contracts with private operators have clauses for contract increases due to increased fuel costs?

GAC/lg:yr