

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (www.nmlegis.gov). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

02/23/13
ORIGINAL DATE 02/27/13

SPONSOR Roch **LAST UPDATED** 03/09/13 **HB** 419/aHTPWC/aHEC

SHORT TITLE School Transportation Reporting Dates **SB** _____

ANALYST Gudgel

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		See Fiscal Implications				School District and State-Chartered Charter Schools Transportation Distributions

(Parenthesis () Indicate Expenditure Decreases)

For the Legislative Education Study Committee.

SOURCES OF INFORMATION

LFC Files

Responses Received From
 Public Education Department (PED)

SUMMARY

Synopsis of HEC Amendment

The House Education Committee Amendment struck the effective date of July 1, 2013 and inserted a new effective date of July 1, 2014.

Synopsis of HTPWC Amendment

The House Transportation and Public Works Committee amendment to House Bill 419 reinserted the term “state-chartered charter schools” that appeared to be a drafting mistake and includes an effective date of July 1, 2013.

Synopsis of Original Bill

House Bill 419 amends the Public School Finance Act, basing transportation funding allocations on the average of the second and third reporting dates for the prior school year.

FISCAL IMPLICATIONS

Changes proposed in this bill don't have any direct fiscal implications; however, transitioning to prior year funding may provide increased stability in school transportation funding, giving school districts and state-chartered charter schools the ability to plan better and make more conscientious decisions related to transportation as they will know their final allocations at the beginning of the fiscal year.

SIGNIFICANT ISSUES

Section 22-8-13 NMSA 1978 establishes the second reporting date as December 1, and the third reporting date as the second Wednesday in February.

During the 2012 interim, the Legislative Education Study Committee (LESC) formed a school transportation subcommittee to address school transportation issues and the school transportation formula. The LESG staff suggested to the subcommittee that they might want to consider funding to be based on a different reporting period than current statute required and suggested prior year reporting dates could be used to fund current year transportation. Subcommittee members generally indicated funding based on prior year data would provide more stability in school transportation funding. The LESG staff noted that school districts often find disruptive the practice of establishing an estimated allocation for initial distributions then adjusting these estimated allocations after data is collected on the first reporting date.

According to the PED

The transportation formula for a given fiscal year is based on a tentative allocation using data from the prior fiscal year. School districts are then required to submit data on the first reporting period of the current fiscal year and the calculations are adjusted based on the new data. The adjustments can either lead to an increase or decrease in the calculations based on the new data submitted by every school district and state chartered charter school. The formula in its current existence makes it very difficult for school districts to plan their budgets for any given year since it is not known what the budget will be at the beginning of a fiscal year. A school district will only know its final allocation after the final calculations are finalized which usually occurs in January of every fiscal year. At this point, half the year has already elapsed. It is even more difficult for school districts to negotiate their contracts with their contractors because they do not know how much they have to offer.

Growth districts may be in opposition of this bill because their growth numbers will not materialize until the subsequent fiscal year. However, prior year funding may give declining school districts a year to plan for any significant declines in enrollment because they too will not be affected until the following year. This was the premise behind the Public School Funding Formula which has been successful in allowing districts to plan appropriately for the future.

ADMINISTRATIVE IMPLICATIONS

The PED notes the collection and verification of transportation data can be cumbersome for both the PED and school districts. In the past it has taken up to three months for school districts and charter schools to validate data. Requiring the submission twice a year may prove to be overwhelming.

TECHNICAL ISSUES

Page 3, line 4 and 5, the bill eliminates the requirement to use the transportation distribution formula established in the Public School Code for “state-chartered charter schools”. It is unclear why state-chartered charter schools have been eliminated from use of the formula, as they are still required to report and eligible to receive transportation distribution funding. The House Transportation and Public Works Committee amendment reinserts “state-chartered charter schools”.

The PED analysis notes that if enacted, transportation allocations during the 2013-2104 school year will be based on data collected on the second and third reporting dates during the current school year (2012-2013). The second and third reporting dates for the 2012-2013 school year have already passed and the PED has not collected the data necessary to calculate the transportation distribution for 2013-2014 base on prior year data. The PED indicates the bill should have an effective date of FY15 to ensure the Department collects the required data during the 2013-2014 school year for the FY15 transportation allocation. The House Education Committee Amendment includes an effective date of July 1, 2014.

OTHER SUBSTANTIVE ISSUES

The bill does not allow for the calculation of a new state-chartered charter school’s transportation distribution based on current year data for the first year of operations. The PED suggests new state-chartered charter schools would be required to fund student transportation with their operational funds during the first year of operations.

During 2011, the Legislative Finance Committee (LFC) staff evaluation Public Education Department School Bus Transportation Program (May 2011) noted a problematic funding formula, poor oversight of districts, and administrative inefficiencies at the PED with regards to the school transportation program. The full report is available at:

<http://www.nmlegis.gov/lcs/lfc/lfcdocs/perfaudit/Public%20Education%20Department%20-%20School%20Bus%20Transportation%20Program%20FINAL.pdf>

ALTERNATIVES

The PED suggests the Legislature may want to consider using the first reporting period of the prior year to continue the current practice of collecting data on the first reporting date. In this instance the PED would be able to calculate the FY14 allocation based on prior year data (data collected in October of 2012).

RSG/svb:blm