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FISCAL IMPACT REPORT

ORIGINAL DATE 02/13/15

SPONSOR Roch **LAST UPDATED** _____ **HB** 166

SHORT TITLE Charter School Transportation Agreements **SB** _____

ANALYST Gudgel

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY15	FY16		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		See Fiscal Implications				

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

SUMMARY

Synopsis of Bill

House bill 166, endorsed by the Legislative Education Study Committee, amends multiple sections of the School Finance Act and a section of the Charter School Act related to transportation of charter school students. The bill eliminates distributions of transportation funding directly to a state-chartered charter school (currently, the only type of charter school eligible for direct distributions). It requires all charter schools that wish to provide transportation services to negotiate with the school district in which the charter school is geographically located, unless the charter school has at least 20 percent of its students qualify for transportation services pursuant to an individualized education plan (IEP) or Section 504 of the federal

Rehabilitation Act of 1873 (nondiscrimination under federal grants and programs). In that case the charter school is eligible for state-funded transportation services for eligible students so long as eligible students are not receiving transportation services provided for all students.

The bill enacts a new section that grants access to state-funded transportation services for charter schools if at least 20 percent of the charter school students qualify for transportation services pursuant to an individualized education plan (IEP) or Section 504 of the federal Rehabilitation Act of 1873 (nondiscrimination under federal grants and programs) so long as the eligible students are not receiving transportation services provided for all students.

FISCAL IMPLICATIONS

PED’s analysis notes 14 state-chartered charter schools currently receive a distribution from transportation funding. The department notes these charter schools will not be eligible for funding in FY16 if the bill is enacted. However, staff notes they will be able to negotiate with their local school districts to continue providing transportation services to their students.

The following chart shows the state-chartered charter schools currently receiving a transportation distribution, their FY14 final allocations and the amount of funds unspent on student transportation in FY14. Fifty percent of transportation funds that are unspent at the end of a fiscal year are retained by the school district and the remaining 50 percent is transferred to the emergency transportation fund.

State-Chartered Charter Schools Receiving Transportation Funding	FY14 Allocation	FY14 Year-End Unspent	FY14 % Unspent	FY15 Final Allociaton
ASL CHARTER SCHOOL (APS)	\$241,802.00	\$32,296.00	13%	\$256,959.00
CIEN AGUAS (APS)	\$75,941.00	\$20,686.00	27%	\$120,347.00
COTTONWOOD CLASSICAL (APS)	\$253,768.00	\$83,146.00	33%	\$281,147.00
EXPLORE ACADEMY CHARTER (APS)	N/A	N/A	N/A	\$107,261.00
HEALTH SCIENCES ACADEMY CHARTER (GADSDEN)	N/A	N/A	N/A	\$182,818.00
INTERNATIONAL SCHOOL AT MESA DEL SOL (APS)	N/A	N/A	N/A	\$86,132.00
LA PROMESA CHARTER SCHOOL (APS)	N/A	N/A	N/A	\$78,680.00
LA TIERRA MONTESSORI CHOOLOF THE ARTS (ESPANOLA)	\$40,244.00	\$10,494.00	26%	\$46,277.00
MISSION ACHIEVEMENT & SUCCESS CHARTER (APS)	N/A	N/A	N/A	\$79,955.00
RED RIVER CHARTER (QUESTA)	\$36,141.00	\$50,948.00	141%	\$29,046.00
S.W. AM&SA (APS)	\$169,474.00	\$0.00	0%	\$183,272.00
S.W. SECONDARY (APS)	\$49,869.00	\$0.00	0%	\$48,686.00
UPLIFT COMMUNITY (APS)	\$134,151.00	\$118,330.00	88%	\$100,969.00
Total	\$1,001,390.00	\$315,900.00	32%	\$1,601,549.00

Source: PED and LFC Files

Concerns exist that the current calculation of for the transportation distribution for state-chartered charter schools provides well in excess of what state-chartered charter schools need for student transportation annually. During interim hearings, LESC noted state-chartered charter schools often receive transportation allocations much larger than needed, resulting in large cash balances. For example, Red River Charter School was able to accumulate more funds at the end of FY14 than their annual allocation.

The bill addresses this overfunding by requiring state-chartered charter schools to negotiate with local school districts for transportation services, consistent with the current process utilized for locally-chartered charter schools.

SIGNIFICANT ISSUES

The bill eliminates direct distributions of state school transportation funding to a state-chartered charter school and requires all charter schools to negotiate with the local school district for transportation services except for certain students with disabilities.

PED's analysis notes this will have the effect of significantly reducing the number of students that are able to choose to attend state-authorized charter schools. As noted above, only 14 of 54 state-chartered charter schools currently choose to provide transportation services to students and they will still be able to negotiate with local school districts to provide transportation services. Current practice for locally chartered charter schools allows the local school district to include the charter school students they are providing transportation services for and the miles traveled to transport those students in the district data to generate funding for those students.

PED's analysis notes the bill provides for any charter school that has at least 20 percent of their student population with an individualized education plan (IEP) or with section 504 of the federal Rehabilitation Act of 1973 to provide state-funded transportation services. PED states the section appears to be in violation of the federal Individuals with Disabilities Education Act (IDEA), which requires transportation services to be provided if a student requires transportation services pursuant to accommodate exceptionality and meet the provisions of the IEP. PED states that under IDEA the department would be required to provide funding for transporting these children, causing a potential conflict in this bill.

PED additionally notes concerns that the bill may result in the elimination of transportation services for state-chartered charter school students. District charters are authorized by the school districts they reside in and collaborate with districts in many ways, including transportation matters. State-authorized charters may have competitive relationships with the districts they reside in, providing a disincentive for districts to engage in fruitful negotiations and provide transportation to state charters. Staff notes changes in the bill do not specifically address whether the school district is able to include charter school students and miles driven to transport charter school for purposes of annual transportation allocations. Inclusion of explicit language allowing school districts to claim these students and miles driven in the calculation of their annual transportation allocation may directly address this disincentive PED notes the bill may create.

It is also unclear if the effective date of this bill would allow local school districts, and in particular Albuquerque Public Schools, sufficient time to negotiate transportation contracts with state-chartered charter schools before the start of the 2015-2016 school year. The Legislature may want to consider an implementation date of July 1, 2016 to ensure all entities are given sufficient time to enter into transportation agreements.

ADMINISTRATIVE IMPLICATIONS

School districts would have the added burden of negotiating transportation agreements with state-chartered charter schools. Currently, the majority of state-chartered charter schools are located in Albuquerque.

TECHNICAL ISSUES

Changes proposed in Paragraph F on page 3 are unclear. It is unclear what is meant by the statement “provided that the eligible students are not receiving transportation services provided for all students.”

ALTERNATIVES

The Legislature may wish to consider prohibiting state-chartered charter schools from retaining 50 percent of unspent transportation distributions to address the annual overfunding of state-chartered charter school transportation.

RSG/bb