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## FISCAL IMPACT REPORT

SPONSOR HEC ORIGINAL DATE 03/11/21  
LAST UPDATED \_\_\_\_\_ HB 331/HECS  
SHORT TITLE School District 2022 Transpo Hold Harmless SB \_\_\_\_\_  
ANALYST Liu

### **ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		See Fiscal Implications				

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to HB175

Relates to Appropriation in the General Appropriation Act of 2021

### **SOURCES OF INFORMATION**

LFC Files

Legislative Education Study Committee (LESC) Files

### **SUMMARY**

#### Synopsis of Bill

The House Education Committee substitute for House Bill 331 requires the FY22 calculation for the school transportation distribution be based on FY20 transportation data and FY19 transportation expenditure data. The bill also makes technical adjustments to school transportation statutes.

### **FISCAL IMPLICATIONS**

The bill does not include an appropriation but changes how PED will allocate the FY22 school transportation distributions. Provisions of this bill would allocate the FY22 school transportation distribution in the same manner as FY21 using data, such as student ridership and mileage, from FY20 and prior years in the calculation. As such, school districts and charter schools will receive the same proportionate allocation for transportation funds in FY22 as was distributed in FY21, regardless of changes to student membership or mileage in FY21.

### **SIGNIFICANT ISSUES**

The school transportation distribution formula allocates funding to school districts and charter schools based on prior year data, including the number of school buses in operation, miles traveled, road surface types, bus mileage, student ridership, student enrollment. Due to school

closures, most schools reported substantially fewer student riders in FY21, which could significantly alter how the formula is computed for FY22 transportation distributions. Provisions of this bill would use data prior to FY21 in determining the allocation, effectively holding schools harmless from transportation funding changes as a result of school closures.

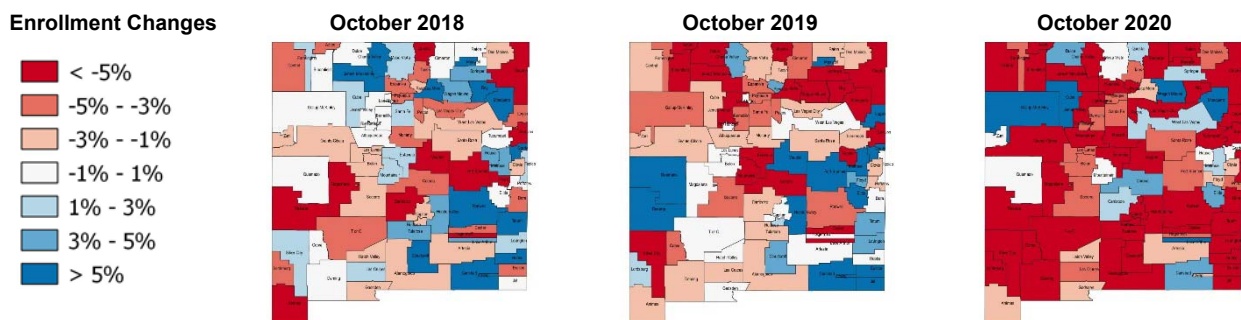
LESC notes school districts and state-chartered charter schools spent transportation funding on meal distribution and occasional transportation for special education students and small-group learning during school closures, resulting in potentially large amounts of unspent transportation funding that will revert to the transportation emergency fund. Money in the fund can only be allocated to fund transportation emergencies, including fuel price increases.

## RELATIONSHIP

This bill relates to House Bill 175, which includes an identical transportation hold harmless provision. The bill also relates to the school transportation distribution appropriation in the General Appropriation Act of 2021.

## OTHER SUBSTANTIVE ISSUES

School districts report FY21 public school student enrollment has declined due to the Covid-19 public health emergency, which will affect state funding distributions for FY22. Prior to the pandemic, overall student membership was naturally declining by about 1 percent each year. However, initial October 2020 enrollment data showed statewide student counts fell by 12.3 thousand students, or 3.9 percent, with most districts across the state losing membership. Updated October 2020 counts now show only a decline of 8,396 students, or 2.6 percent. A few (mostly rural) districts reported substantial enrollment growth as well. Notably, enrollment declines were more significant for younger grade levels and districts bordering the state.



PED recently announced all schools would reopen by April 5, 2021.

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

The SFC amendment to HB2/HAFCS removes notwithstanding language that holds schools harmless from changes in the school transportation distribution formula, which originally accomplished the same purposes of this bill. As such, if this bill is not enacted, PED will use FY21 data to determine school transportation distributions for FY22, which may significantly reduce transportation funding to schools that did not transport any students during school closures.

SL/al