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FISCAL IMPACT REPORT

BILL NUMBER: Senate Bill 234

SHORT TITLE: Foster Child School Transportation

SPONSOR: Tobiassen/Trujillo/Ezzell

LAST ORIGINAL
UPDATE: _____ **DATE:** 2/5/26 **ANALYST:** Rovang/Liu

APPROPRIATION*
(dollars in thousands)

FY26	FY27	Recurring or Nonrecurring	Fund Affected
	\$1,200.0	Recurring	General Fund

*Amounts reflect most recent analysis of this legislation.

Relates to Senate Bills 88 and 231

Sources of Information

LFC Files

Because of the short timeframe between the introduction of this bill and its first hearing, LFC has yet to receive analysis from state, education, or judicial agencies. This analysis could be updated if that analysis is received.

SUMMARY

Synopsis of Senate Bill 234

Senate Bill 234 (SB234) appropriates \$1.2 million from the general fund to the public education department for the purpose of providing transportation to and from school for students in foster care in Albuquerque Public Schools (APS). The appropriation is for use in FY27 and subsequent fiscal years. Any unexpended balances at the end of a fiscal year do not revert to the general fund. This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, which is May 20, 2026.

FISCAL IMPLICATIONS

The appropriation of \$1.2 million contained in this bill is a recurring expense to the general fund. The appropriation is for use in FY27 and subsequent fiscal years. Any unexpended balances at the end of a fiscal year do not revert to the general fund.

In FY25, the Legislature removed a factor for population density from the school transportation formula. Prior to FY24, densely-populated, urban districts like APS and Rio Rancho, had their

transportation distributions reduced based on the density factor. Like other districts that had more transportation spending that exceeded their distribution amount, APS and Rio Rancho would supplement costs of student transportation using state equalization guarantee (SEG) dollars, or operational funding. As a result of the removal of the population density factor in FY25, APS saw a 20 percent increase in transportation funding. At the end of FY25, APS had an unrestricted cash balance of \$79.8 million.

APS Transportation Allocation and Expenditures, in Thousands

Fiscal Year	Revenue	Spending
FY22	\$20,547	\$19,613
FY23	\$21,425	\$21,519
FY24	\$20,533	\$21,250
FY25	\$24,455	Not yet available
FY26	\$23,962	Not yet available

Source: LFC analysis of OBMS data.

In its “Last 13 Months Report” for December 2025, the Children, Youth and Families Department (CYFD) reported that 883 children in Bernalillo County were in foster care. As such, the appropriation of this bill could provide approximately \$1,359 in transportation funding per foster child in the county.

SIGNIFICANT ISSUES

Statutory and Regulatory Provisions Around Transportation for Students in Foster Care

Under Section 1112(c)(5)(B) of the U.S. Elementary and Secondary Education Act (ESEA), school districts and charters receiving Title I, Part A funds must ensure that transportation is provided for children in foster care needing transportation to the school of origin consistent with the procedures developed by the local education agency (LEA) in collaboration with the state or local child welfare agency.

ESEA provisions emphasize the importance of limiting educational disruption by keeping students in foster care in their schools of origin, unless it is determined to be in their best interest to change schools. School of origin transportation can require non-standard routing, cross-jurisdiction travel, or individualized rides that do not align with more typical route-based busing.

New Mexico requires each district or charter to develop and implement written procedures describing how transportation to maintain foster youth in the school of origin (when in the child’s best interest) will be provided, arranged, and funded. The regulation mirrors the federal guidance structure: if there are “additional costs” to provide school-of-origin transportation, the LEA will provide transportation if one of three conditions is met:

1. the child welfare agency (CYFD) agrees to reimburse the LEA; or
2. the LEA agrees to pay; or
3. the LEA and CYFD agree to share the cost.

New Mexico administrative rule (6.41.4 NMAC) requires LEAs to adopt written procedures to provide, arrange, and fund school-of-origin transportation for students in foster care, and it specifies that any “additional costs” must be covered either through reimbursement by CYFD, payment by the LEA, or a cost-sharing agreement. This means CYFD reimbursement is possible but not automatic. Additionally, 6.41.4 NMAC expects consideration of allowable federal funds

as part of covering additional costs.

Federal guidance under Title IV-E contemplates school transportation cost support and explicitly allows separate payment to transportation providers (not only bundled into foster care maintenance payments). However, IV-E only reimburses costs for IV-E eligible foster care cases. If APS/CYFD transport costs are being incurred for foster youth who are not IV-E eligible, or if eligibility is not being tracked cleanly for claiming, federal participation will not cover all costs. Even when allowable, claiming federal reimbursement typically requires the state to do it through its Title IV-E plan and cost allocation processes.

During 2025, CYFD had contracted with two third-party providers to bring transportation services to foster families. Those contracts appear to have been terminated in late 2025. In short, SB234 appears intended to provide APS a separate funding source—administered through PED—to ensure continuity of transportation services for students in foster care where interagency reimbursement arrangements or federal claiming pathways are not sufficient to fully cover additional transportation costs.

New Mexico Transportation Funding and Related Issues

New Mexico’s public school transportation funding formula is based on selected site characteristics including miles driven by buses, number of riders, and number of buses. If a district’s costs exceed what is provided in its transportation allocation, it can use SEG operational funds to cover the difference.

PED maintains a large transportation emergency fund, but the agency has only used it in limited cases. A 2024 LFC evaluation of the public school transportation funding formula found the transportation emergency fund has grown to over \$9 million and could provide gap funding in some cases.

PERFORMANCE IMPLICATIONS

Nationally, foster children have historically missed twice the number of school days as their peers. Many foster children experience housing instability and school changes, affecting their ability to attend school regularly. In New Mexico, students who are economically disadvantaged or experiencing housing instability have higher chronic absenteeism rates than their peers, meaning they miss 10 percent or more school time in a calendar year. In FY24, New Mexico students experiencing housing instability had a chronic absenteeism rate of 46.4 percent and economically disadvantaged students had a rate of 38.8 percent compared to the statewide average of 29.8 percent.

A 2024 LFC evaluation on student attendance found transportation issues account for about 15 percent of the reasons for student absences, while 40 percent of absences were due to parental decisions and illness. The appropriation in this bill could potentially address some of the barriers to attendance related to transportation in APS.

ADMINISTRATIVE IMPLICATIONS

Per federal statute and state regulations, LEAs are responsible for either covering additional transportation costs for students in foster care or working out a reimbursement or cost-sharing

framework with CYFD. This appropriation goes to APS through PED. PED will need to develop a mechanism through which APS can access this funding. The agency will need to determine whether the appropriation will transfer to APS in a lump sum or its expenditure will be contingent on a request for reimbursement process.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Bill 231 (Study Community-Based Foster Care) appropriates \$200,000 to the Office of Child Advocate in FY27 to study foster care placement and treatment reimbursement rates, explicitly including “reasonable travel expenses” as part of the costs reimbursed to resource families. This intersects with SB234 because it could generate the empirical basis to evaluate New Mexico’s funding of transportation costs within the foster care system.

Senate Bill 88 (Foster Parent Tax Credit) creates a refundable foster parent/guardian income tax credit (\$500 per month up to \$6,000 annually) and requires CYFD to certify eligibility and share certificates with the Taxation and Revenue Department. While SB88 does not directly fund school transportation, it is another state fiscal mechanism aimed at strengthening foster family capacity and stable placement, which may have indirect impacts on the need for high-cost transportation in the future.

OTHER SUBSTANTIVE ISSUES

In 2019, the Legislature considered a bill that would have clarified in statute the sequence of actions and timeline for CYFD and PED in determining the cost of transportation for a student in foster care to remain in their school of origin (“Education for Children in Foster Care,” House Bill 152).

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