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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/25/13  
 SPONSOR Gonzales LAST UPDATED 03/07/13 HB 447/aHAFC  
 SHORT TITLE Transportation Emergency Fund SB \_\_\_\_\_  
 ANALYST Roberts

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	\$1,000.0	Recurring	Transportation Emergency Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

For the Legislative Education Study Committee

### SOURCES OF INFORMATION

LFC Files

#### Response Received From

Public Education Department (PED)

### SUMMARY

#### Synopsis of HAFC Amendment

The House Appropriations and Finance Committee amendment to House Bill 447 includes changing language so that the bill appropriates \$1 million dollars from the transportation emergency fund to the Public Education Department for emergency fuel costs for expenditure in fiscal years 2013 and 2014. Any unexpended or unencumbered balance remaining at the end of fiscal year 2014 shall revert to the transportation emergency fund.

#### Synopsis of Original Bill

House Bill 447 (HB 447) appropriates \$1 million from the general fund to the Transportation Emergency Fund for expenditure in fiscal year 2013 to carry out the purposes of the Transportation Emergency Fund. There is an emergency clause in which the bill would take effect immediately.

### FISCAL IMPLICATIONS

The appropriation of \$1 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

## SIGNIFICANT ISSUES

The Legislative Education Study Committee (LESC) formed a school transportation subcommittee during the 2012 interim that, among other things, discussed the need for supplemental fuel funding due to increased fuel prices statewide.

The LESG has noted that it is difficult to track appropriations specific to fuel because fuel costs are one of the three components that comprise the single categorical public school support line item for school transportation; the other two are operations and maintenance and salaries and benefits. Among other points related to fuel costs, LESG has also noted that, in New Mexico, fuel prices vary by region and that, because the transportation allocation does not consider regional fuel price variation either directly or indirectly through the site characteristics, a district's annual budget for fuel could fall short of actual expenditures even if the statewide annual average price projection were correct

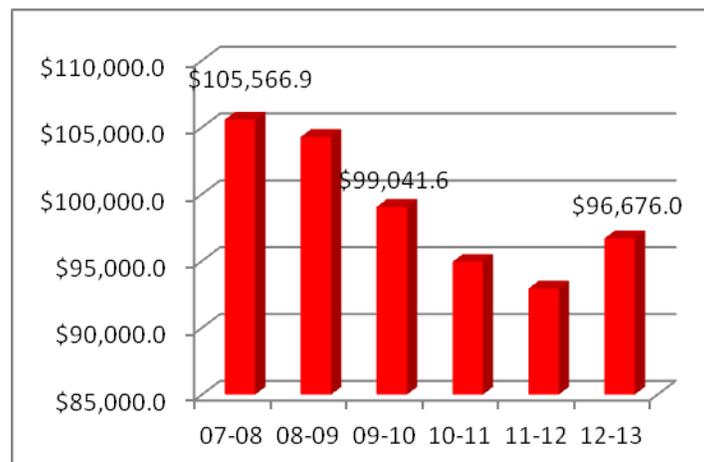
The LESG discussed appropriating funds to the Transportation Emergency Fund to supplement increased fuel costs however, the language in the bill does not limit the use of the appropriation for fuel.

The PED cites:

The “Transportation Emergency Fund” (Section 22-8-29.6 NMSA 1978) is a statutory created fund that is non-reverting for the purpose of funding transportation emergencies is to ensure the safety of students receiving to-and-from transportation services.

The Transportation Emergency Fund is funded with 50 percent of the revenues remaining at the end of a fiscal year from school district and state-chartered charter school transportation distributions. Fiscal year 2012 year-end balances in the fund totaled \$3.1 million. Of this amount, the PED has budgeted \$1.2 million—\$600 thousand has been budgeted for potential current year emergencies and \$600 thousand to potentially to purchase buses to deal with an emergency situation in Espanola. It is unclear whether these budgeted funds will be used by the Department in FY13.

To-and-from transportation is funded through a statutory formula. The formula is a distribution model using variables such as ridership, miles and total school buses used. Below is a chart that shows the total dollars that have been funded over the last 6 years through HB 2 for to-and-from transportation.



Funding has decreased about \$8.8 million dollars from FY08. Fewer dollars appropriated over the past few years has negatively impacted the amount of funds school districts have to negotiate their school bus contracts and to administer the to-and-from operations.

## **RELATIONSHIP**

HB 447 is related to the following bills:

- House Bill 211: appropriates \$7 million dollars from the general fund to the PED to purchase replacement school buses statewide;
- Senate Bill 60: appropriates \$7 million dollars from the general fund to the PED to purchase replacement school buses statewide; and also appropriates \$3 million from the public school capital outlay fund to purchase replacement school buses statewide.

## **OTHER SUBSTANTIVE ISSUES**

The state replaces an average of 80 district owned buses per year which requires approximately \$6.8 million per year. The state has funded an average of \$2.4 million over the last 5 years. Individual contractors have gone out of business, resulting in emergency situations that require the PED intervention.

The PED submitted a request for \$20.1 million dollars for the replacement of 237 school owned buses to catch up on the replacement cycle. SB 60 currently has \$10 million (\$7 million from the general fund and \$3 million from the public school capital outlay fund) listed for school owned bus replacements.

Given that the Transportation Emergency Fund is non-reverting, the PED must submit a budget adjustment request (BAR) to access funds for use, to both the Department of Finance and Administration and the Legislative Finance Committee for approval.

MIR/svb