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**LEGISLATIVE EDUCATION STUDY COMMITTEE  
BILL ANALYSIS  
53rd Legislature, 1st Session, 2017**

<b>Bill Number</b>	<u>SB66</u>	<b>Sponsor</b>	<u>Stewart</u>
<b>Tracking Number</b>	<u>.205008.2</u>	<b>Committee Referrals</b>	<u>SEC/SFC</u>
<b>Short Title</b>	<u>School Fund Transportation Distribution</u>		
<b>Analyst</b>	<u>Macdonald</u>	<b>Original Date</b>	<u>2/23/17</u>
		<b>Last Updated</b>	<u>3/13/17</u>

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## BILL SUMMARY

### Synopsis of Bill

Senate Bill 66 (SB66) amends the Public School Finance Act to create two separate transportation formula funding calculations and distributions for school districts and state-chartered charter schools. The bill requires state-chartered charter schools to revert 100 percent of their remaining year-end transportation fund balance to the transportation emergency fund and limits transportation to the boundaries of the school district in which the state-chartered charter school is geographically located or within a 10 mile radius of the state-chartered charter school if transporting outside of the school district boundaries where the state-chartered charter school is geographically located.

## FISCAL IMPACT

SB66 does not contain an appropriation.

New state-chartered charter schools are being authorized to receive transportation funding though funding has not been appropriated annually for new transportation programs. In addition, more state-chartered charter schools access transportation funding each year, from two in FY11 to 18 in FY17. The FY17 final transportation allocation, including special session cuts, provided approximately \$2 million to fund 18 state-chartered charter school transportation programs, which included the same 17 programs from FY16 plus one new state-chartered charter school in FY17 (see Attachment 1). The new state-chartered charter school is Cariños Charter School, which transitioned from a locally chartered charter school the previous year. According to correspondence with PED staff, three additional state-chartered charter schools, which are in the first year of operation, requested to-and-from transportation. However, the initial transportation allocations for the 2016-2017 school year did not include the requests from the three new state-chartered charter schools.

The Senate Finance Committee amendment for the House Appropriations and Finance Committee Substitute for House Bills 2 and 3 includes the following appropriations to PED for the transportation distribution: (1) for state-chartered charter schools approximately \$1.9 million

in general fund revenue; and (2) for school districts approximately \$80.4 million in general fund revenue and \$14.5 million in other state funds, which will be from the public school capital outlay fund.

There is additional language in the Senate Finance Committee amendment for the House Appropriations and Finance Committee Substitute for House Bills 2 and 3 to create two separate transportation formula funding calculations and distributions for school districts and state-chartered charter schools as well as requiring a state-chartered charter school to revert 100 percent of its remaining year-end transportation fund balance to the transportation emergency fund at the end of FY18.

The bill also requires a state-chartered charter school to notify PED one year in advance of its request for public school transportation funding, which will ensure the state has advance notice of new programs and can account for them in annual appropriations.

## **SUBSTANTIVE ISSUES**

This bill will allow the Legislature to appropriate funds in a manner that more closely reflect the costs of state-chartered charter school transportation programs.

Among its other provisions, the bill requires state-chartered charter schools to adhere to reporting requirements needed to calculate a transportation funding formula allocation and establish bus routes and walk zones.

In FY16, school districts spent \$5.2 million of operational funds on transportation. Without a corresponding increase in the appropriation, transportation funding for new state-chartered charter school transportation programs may result in a smaller transportation allocation distributed to existing school districts and state-chartered charter schools.

In PED's analysis, the department recommends the Legislature to consider a one-year delay of the bill's implementation in order to develop the funding formula and to collect the necessary data to implement the formula.

PED also noted that the bill would require state-chartered charter schools to revert 100 percent of their cash balances at the end of the fiscal year to the emergency transportation fund. Currently charter schools are only allowed to contract for to-and-from transportation services; it makes sense that 100 percent of their balances at the end of the fiscal year should revert to the emergency transportation fund. However, there are several school districts that also contract out all of their to-and-from transportation services. If this language is applied to charter schools, it should also apply to those school districts that contract out all of their to-and-from services so that no disparity is created. Currently all school districts and charter schools are allowed to keep 50 percent of their cash balances from the prior year.

## **ADMINISTRATIVE IMPLICATIONS**

PED is required to establish two separate transportation formula funding calculations and distributions for school districts and state-chartered charter schools.

## **TECHNICAL ISSUES**

On page 16, line 8, the sponsor may wish to delete “one” and insert “the” as the current language may allow an interpretation of any state-chartered charter school within the boundaries of the school district and not necessarily the state-chartered charter school the bill is referencing.

PED notes in its analysis that during the 2015 legislative session, House Bill 164 was passed and enacted into law. This bill changed the transportation distribution to be calculated using prior year data. The unintended consequence of this change is that any new charter schools requesting a transportation distribution had to fund their first year from operational funds because they had no prior year data. Page 4, lines 10 to 12, requires charter schools to notify PED one year in advance of its request for transportation. This change may not be required until language is amended to allow charter schools to use projected data for their first year.

## **OTHER SIGNIFICANT ISSUES**

Laws 2016 (Second Special Session), Chapter 6 (Senate Bill 9), reduced FY17 public school categorical appropriations by \$30 million and gave PED discretion to allocate the \$30 million reduction across six appropriations. PED allocated the \$30 million reduction to the transportation and instructional materials appropriation. According to PED, school districts and charter schools were provided flexibility in determining how to allocate reductions among their transportation and instructional materials reductions; locally chartered charter schools saw the reduction to instructional materials allocations only because they do not receive transportation funds. Additionally, the Legislature appropriated \$12.5 million in supplemental severance tax bond proceeds from the public school capital outlay fund to the instructional material fund to offset reductions in FY17.

**Transportation Funding Under Current Law.** Provisions of the Public School Finance Act determine the funding elements of the state’s transportation program. The following is a summary of the current provisions of the Public School Finance Act that relate to the calculation and allocation of transportation funding.

The transportation distribution as it relates to a school district’s or state-chartered charter school’s transportation allocation, includes provisions that require: allocations to be used only for to-and-from school transportation costs of public school students in kindergarten through 12th grade and for three- and four-year-old developmentally disabled students; 50 percent of any excess funds to revert to the transportation emergency fund; 25 percent of the remaining excess to only be used for to-and-from transportation, excluding salaries and benefits; the remaining 25 percent of excess to be used for any other transportation services, excluding salary and benefits; each school district or state-chartered charter school to have their allocations reduced in the proportion to the total state distribution, if the amount of an allocation exceeds distributions; and a local board or governing body of a state-chartered charter school to seek approval to provide additional transportation services.

The current calculation of the transportation allocation includes: a base amount to which is added a variable predicted amount calculated from a regression analysis of site characteristics and predictor variables multiplied by number of days and then multiplied by an adjustment factor which is calculated by subtracting the amount of the sum of the base and variable amounts from the total transportation appropriation and dividing by the sum of the base and variable and then adding one.

Distributions from the transportation emergency fund are allowed by statute in instances of transportation emergencies.

## **RELATED BILLS**

Relates to \*SB114/SFCS/aHAFC/aHFl#1/aCC, School District Cash Balances, which limits the amount of each school district's or charter school's FY17 state equalization guarantee distribution reduction to no more than the amount of the school district's or charter school's FY16 year-end, audited cash balance above three percent of FY16 program cost.

Relates to SB140/SFCS, School District Flexibility, which amends the Public School Code to allow a school that is not a charter school that achieves a grade of A or B for two consecutive years to have some of the same waiver flexibility provided for charter schools.

Relates to \*SB170, Increase School Student Walking Distance, which amends the public school transportation statute to increase maximum student walking distances to school for FY17 and FY18.

Relates to SB381/SFCS, Alternative School Transportation, which amends the public school student transportation statute to allow school districts to transport from one to six students who live five or more miles from their school and within school district boundaries with a district-owned sport utility vehicle instead of a school bus.

Relates to HB7/HAFCS, School District Cash Balances, which directs the secretary of PED to withhold \$49.4 million from the FY17 state equalization guarantee distribution to school districts and charter schools as a credit against excess FY16 year-end operational cash balances.

Relates to HB47/aHFl#1, Extend School Bus Replacement Cycle, which extends the school bus replacement cycle for school district- and contractor-owned buses from 12 years to 15 years or 300 thousand miles, whichever occurs first.

Relates to HB178/HECS, School Funds For Bus Passes For Students, which amends the Public School Code to establish a pilot project that allows Albuquerque Public Schools, Los Alamos Public Schools, and state-chartered charter schools within those school districts to use a portion of their transportation distribution to provide public transportation passes for high school students for transportation to and from school.

Relates to HB392, Alternative School Transportation, which amends the public school student transportation statute to allow school districts to transport one to six students who live five or more miles from their school and within school district boundaries with a district-owned sport utility vehicle instead of a school bus.

## **SOURCES OF INFORMATION**

- LESC Files
- PED

## ATTACHMENT 1

SCHOOL DISTRICT	INITIAL FORMULA	SB-REDUCTION	FINAL FORMULA	OPERATIONS AFTER SB-9 REDUCTION	RENTAL FEES FOR 2016-2017	FINAL ALLOCATION
ALAMOGORDO	\$ 1,370,015	\$ -	\$ 1,370,015	\$ 365,610	\$ 1,735,625	
ALBUQUERQUE	\$ 17,355,726	\$ (1,000,000)	\$ 16,355,726	\$ 2,053,268	\$ 18,408,994	
ASL CHARTER SCHOOL	\$ 231,818	\$ (31,312)	\$ 202,506	\$ -	\$ 202,506	
ANIMAS	\$ 339,624	\$ (35,396)	\$ 304,228	\$ -	\$ 304,228	
ARTESIA	\$ 1,136,794	\$ (113,679)	\$ 1,023,115	\$ 128,785	\$ 1,151,900	
AZTEC	\$ 857,159	\$ -	\$ 857,159	\$ -	\$ 857,159	
BELEN	\$ 1,478,548	\$ (198,000)	\$ 1,280,548	\$ -	\$ 1,280,548	
BERNALILLO	\$ 1,170,026	\$ -	\$ 1,170,026	\$ -	\$ 1,170,026	
BLOOMFIELD	\$ 1,077,137	\$ (144,245)	\$ 932,892	\$ -	\$ 932,892	
CAPITAN	\$ 309,742	\$ (41,479)	\$ 268,263	\$ -	\$ 268,263	
CARINOS CHARTER SCHOOL	\$ 115,681	\$ (15,491)	\$ 100,190	\$ 39,736	\$ 139,926	
CARLSBAD	\$ 1,345,318	\$ -	\$ 1,345,318	\$ 319,946	\$ 1,665,264	
CARRIZOZO	\$ 157,348	\$ (21,971)	\$ 136,277	\$ -	\$ 136,277	
CENTRAL CONS.	\$ 2,297,834	\$ (307,716)	\$ 1,990,118	\$ -	\$ 1,990,118	
CHAMA	\$ 238,099	\$ (31,835)	\$ 206,214	\$ -	\$ 206,214	
CIEN AGUAS	\$ 117,489	\$ (15,734)	\$ 101,755	\$ -	\$ 101,755	
CIMARRON	\$ 403,737	\$ (54,067)	\$ 349,670	\$ 53,939	\$ 403,609	
CLAYTON	\$ 601,024	\$ (80,487)	\$ 520,537	\$ 104,436	\$ 624,973	
CLOUDCROFT	\$ 226,263	\$ (30,390)	\$ 195,963	\$ -	\$ 195,963	
CLOVIS	\$ 1,306,106	\$ (43,727)	\$ 1,262,379	\$ 522,325	\$ 1,784,704	
COBRE CONS.	\$ 499,779	\$ (11,244)	\$ 488,535	\$ 118,223	\$ 606,758	
CORONA	\$ 258,576	\$ (34,627)	\$ 223,949	\$ -	\$ 223,949	
COTTONWOOD CLASSICAL	\$ 284,615	\$ (38,115)	\$ 246,500	\$ -	\$ 246,500	
CUBA	\$ 594,767	\$ (84,497)	\$ 510,270	\$ -	\$ 510,270	
DEMING	\$ 1,617,294	\$ (266,187)	\$ 1,350,807	\$ 418,439	\$ 1,769,246	
DES MOINES	\$ 185,705	\$ (24,369)	\$ 160,836	\$ -	\$ 160,836	
DEXTER	\$ 443,883	\$ (59,443)	\$ 384,440	\$ -	\$ 384,440	
DORA	\$ 232,361	\$ (31,117)	\$ 201,244	\$ -	\$ 201,244	
DULCE	\$ 182,712	\$ (24,468)	\$ 158,244	\$ -	\$ 158,244	
ELIDA	\$ 188,166	\$ (25,198)	\$ 162,968	\$ 32,881	\$ 195,849	
ESPAÑOLA	\$ 1,529,546	\$ (136,918)	\$ 1,392,638	\$ 79,318	\$ 1,471,946	
ESTANCIA	\$ 371,233	\$ (39,714)	\$ 331,519	\$ -	\$ 331,519	
EUNICE	\$ 170,186	\$ (22,791)	\$ 147,395	\$ -	\$ 147,395	
EXPLORE ACADEMY CHARTER	\$ 114,670	\$ (15,256)	\$ 99,314	\$ -	\$ 99,314	
FARMINGTON	\$ 2,924,375	\$ (391,619)	\$ 2,532,736	\$ -	\$ 2,532,736	
FLOYD	\$ 117,258	\$ (15,703)	\$ 101,555	\$ -	\$ 101,555	
FT. SUMNER	\$ 478,247	\$ (62,189)	\$ 416,038	\$ 54,772	\$ 470,830	
GADSDEN	\$ 4,490,291	\$ (601,320)	\$ 3,888,971	\$ 822,839	\$ 4,711,800	
GALLUP	\$ 5,514,082	\$ (738,421)	\$ 4,775,661	\$ 60,546	\$ 4,836,207	
GRADY	\$ 174,663	\$ (18,390)	\$ 156,273	\$ 13,075	\$ 169,348	
GRANTS	\$ 1,055,817	\$ -	\$ 1,055,817	\$ -	\$ 1,055,817	
HAGERMAN	\$ 223,977	\$ (29,994)	\$ 193,933	\$ 41,639	\$ 235,622	
HATCH	\$ 649,202	\$ (82,405)	\$ 566,797	\$ -	\$ 566,797	
HOBBS	\$ 1,598,669	\$ (33,589)	\$ 1,565,080	\$ 293,336	\$ 1,858,416	
HONDO	\$ 173,271	\$ (24,277)	\$ 148,994	\$ -	\$ 148,994	
HOUSE	\$ 148,238	\$ (19,852)	\$ 128,386	\$ -	\$ 128,386	
INTERNATIONAL SCHOOL AT MESA DEL SOL	\$ 66,901	\$ -	\$ 66,901	\$ 39,612	\$ 106,513	

SCHOOL DISTRICT	INITIAL FORMULA	SB-9 REDUCTION	FINAL FORMULA		FINAL ALLOCATION
			OPERATIONS	SPECIAL SESSION	
JAL	\$ 160,257	\$ (21,461)	\$ 138,796	\$ -	\$ 138,796
JEMEZ MOUNTAIN	\$ 394,161	\$ (52,784)	\$ 341,377	\$ 18,992	\$ 360,369
JEMEZ VALLEY	\$ 274,937	\$ (10,389)	\$ 264,548	\$ -	\$ 264,548
LA ACEDEMIA DOLORES HUERTA	\$ 71,368	\$ (9,557)	\$ 61,811	\$ -	\$ 61,811
LA PROMESA CHARTER SCHOOL	\$ 68,090	\$ (9,118)	\$ 58,972	\$ 19,806	\$ 78,778
LA TIERRA MONTESSORI CHOO OF THE ARTS	\$ 30,561	\$ (4,093)	\$ 26,468	\$ 19,806	\$ 46,274
LAKE ARTHUR	\$ 114,336	\$ (15,311)	\$ 99,025	\$ -	\$ 99,025
LAS CRUCES	\$ 3,849,758	\$ (515,542)	\$ 3,334,216	\$ 100,066	\$ 3,434,282
LAS VEGAS EAST	\$ 659,418	\$ (104,592)	\$ 554,826	\$ 19,822	\$ 574,648
LAS VEGAS WEST	\$ 686,800	\$ (91,973)	\$ 594,827	\$ 145,309	\$ 740,136
LOGAN	\$ 196,603	\$ (20,250)	\$ 176,353	\$ 33,426	\$ 209,779
LORDSBURG	\$ 287,332	\$ (38,478)	\$ 248,854	\$ 19,806	\$ 268,660
LOS ALAMOS	\$ 584,079	\$ (78,217)	\$ 505,862	\$ -	\$ 505,862
LOS LUNAS	\$ 2,246,586	\$ (300,853)	\$ 1,945,733	\$ -	\$ 1,945,733
LOVING	\$ 115,272	\$ (15,437)	\$ 99,835	\$ -	\$ 99,835
LOVINGTON	\$ 914,303	\$ (122,439)	\$ 791,864	\$ 159,748	\$ 951,612
MAGDALENA	\$ 278,215	\$ (37,257)	\$ 240,938	\$ -	\$ 240,938
MAXWELL	\$ 64,249	\$ (3,290)	\$ 60,959	\$ -	\$ 60,959
MELROSE	\$ 217,041	\$ (29,065)	\$ 187,976	\$ 18,992	\$ 206,968
MESA VISTA	\$ 286,635	\$ (38,385)	\$ 248,250	\$ -	\$ 248,250
MISSION ACHIEVEMENT & SUCCESS CHARTER	\$ 55,468	\$ (7,428)	\$ 48,040	\$ 39,612	\$ 87,652
MONTE DEL SOL	\$ 155,329	\$ (7,471)	\$ 147,838	\$ 78,533	\$ 226,391
MORA	\$ 370,918	\$ (49,671)	\$ 321,247	\$ 19,822	\$ 341,069
MORIARTY	\$ 1,179,730	\$ (117,584)	\$ 1,061,746	\$ -	\$ 1,061,746
MOSQUERO	\$ 159,121	\$ (21,209)	\$ 137,812	\$ -	\$ 137,812
MOUNTAINAIR	\$ 184,810	\$ (12,018)	\$ 172,792	\$ 38,921	\$ 211,713
PECOS	\$ 328,845	\$ (44,037)	\$ 284,808	\$ -	\$ 284,808
PENASCO	\$ 254,729	\$ (34,113)	\$ 220,616	\$ -	\$ 220,616
POJOAQUE	\$ 832,023	\$ (114,099)	\$ 737,924	\$ 160,348	\$ 898,272
PORTALES	\$ 837,980	\$ (70,221)	\$ 767,759	\$ 160,849	\$ 928,608
QUEMADO	\$ 357,973	\$ (47,538)	\$ 310,035	\$ 13,657	\$ 323,692
QUESTA	\$ 336,127	\$ (45,013)	\$ 291,114	\$ 19,806	\$ 310,920
RATON	\$ 295,162	\$ (39,527)	\$ 255,635	\$ -	\$ 255,635
RED RIVER CHARTER	\$ 28,277	\$ (3,787)	\$ 24,490	\$ 19,868	\$ 44,358
RESERVE	\$ 183,881	\$ (24,624)	\$ 159,257	\$ -	\$ 159,257
RIO RANCHO	\$ 2,954,694	\$ (395,679)	\$ 2,559,015	\$ -	\$ 2,559,015
ROSWELL	\$ 2,111,122	\$ (209,512)	\$ 1,901,610	\$ 371,177	\$ 2,272,787
ROY	\$ 102,513	\$ (13,728)	\$ 88,785	\$ -	\$ 88,785
RUIDOSO	\$ 778,097	\$ (104,199)	\$ 673,898	\$ 121,253	\$ 795,151
SAN JON	\$ 145,158	\$ (19,439)	\$ 125,719	\$ 58,036	\$ 183,755
SANTA FE	\$ 3,599,160	\$ (481,983)	\$ 3,117,177	\$ -	\$ 3,117,177
SANTA ROSA	\$ 424,506	\$ (56,847)	\$ 367,659	\$ -	\$ 367,659
SCHOOL OF DREAMS ACADEMY	\$ 86,345	\$ (11,563)	\$ 74,782	\$ 39,612	\$ 114,394
SILVER CITY	\$ 896,534	\$ -	\$ 896,534	\$ 279,677	\$ 1,176,211
SOCORRO	\$ 688,172	\$ (92,157)	\$ 596,015	\$ -	\$ 596,015
S.W. AM&SA	\$ 183,100	\$ (24,520)	\$ 158,580	\$ -	\$ 158,580
S.W. SECONDARY	\$ 43,577	\$ (5,336)	\$ 37,741	\$ -	\$ 37,741

## 2016-2017 Final Transportation Allocations

SCHOOL DISTRICT	2016-2017		INITIAL FORMULA	SB-9 REDUCTION	FINAL FORMULA	FINAL
	OPERATIONS	SPECIAL SESSION	OPERATIONS AFTER SB-9 REDUCTION	RENTAL FEES FOR 2016-2017	RENTAL FEES ALLOCATION	
SPRINGER	\$ 114,900	\$ (12,134)	\$ 102,766	\$ -	\$ 102,766	
TAOS	\$ 781,237	\$ (104,620)	\$ 676,617	\$ 120,485	\$ 797,102	
TATUM	\$ 290,966	\$ (38,965)	\$ 252,001	\$ -	\$ 252,001	
TEXICO	\$ 209,010	\$ (27,989)	\$ 181,021	\$ 39,690	\$ 220,711	
TIERRA ENCANTADA CHARTER SCHOOL	\$ 28,045	\$ (3,756)	\$ 24,289	\$ 19,115	\$ 43,404	
TRUTH OR CONS.	\$ 820,431	\$ (109,868)	\$ 710,563	\$ 39,644	\$ 750,207	
TUCUMCARI	\$ 255,771	\$ (19,442)	\$ 233,329	\$ -	\$ 233,329	
TULAROSA	\$ 456,188	\$ (61,090)	\$ 395,098	\$ 79,885	\$ 474,983	
TURQUOISE TRAIL CHARTER SCHOOL	\$ 165,247	\$ (20,130)	\$ 145,117	\$ -	\$ 145,117	
UPLIFT COMMUNITY	\$ 101,255	\$ (13,559)	\$ 87,696	\$ -	\$ 87,696	
VAUGHN	\$ 73,436	\$ (9,834)	\$ 63,602	\$ -	\$ 63,602	
WAGON MOUND	\$ 116,722	\$ (15,631)	\$ 101,091	\$ -	\$ 101,091	
ZUNI	\$ 469,388	\$ (20,000)	\$ 449,388	\$ -	\$ 449,388	
	<b>\$ 89,398,920</b>	<b>\$ (9,027,403)</b>	<b>\$ 80,371,517</b>	<b>\$ 7,338,478</b>	<b>\$ 88,209,995</b>	