

STATE OF NEW MEXICO
LEGISLATIVE EDUCATION STUDY COMMITTEE

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September 11, 2013

MEMORANDUM

TO: LESC Interim Subcommittee on School Bus Transportation

FR: Ian Kleats and David Craig

**RE: SUMMARY OF SCHOOL TRANSPORTATION LEGISLATION FOR THE
CONSIDERATION OF THE 2013 LEGISLATURE**

INTRODUCTION

During the 2012 interim, the Legislative Education Study Committee (LESC) convened a school bus transportation subcommittee with the purpose of discussing issues pertaining to school transportation and proposing legislation for the consideration of the LESC as a whole. As a result of that interim work, the LESC endorsed six of seven proposals made by the subcommittee for the 2013 Legislature to consider.

This staff brief includes:

- recommendations of the 2012 interim subcommittee; and
- 2013 LESC endorsed school transportation legislation.

LESC staff has requested that the Public Education Department (PED) staff be prepared to provide the subcommittee a summary of PED-proposed school transportation legislation from the 2013 legislative session.

RECOMMENDATIONS OF THE 2012 INTERIM SUBCOMMITTEE

The 2012 LESC interim Subcommittee on School Transportation met in August, October, and December 2012. Based on subcommittee discussion and testimony from LESC and PED staff, subcommittee members considered a variety of possible initiatives and reached consensus on several recommendations to present to the LESC, including:

- 1) Gross Receipts Exemption for Fuel Purchase
- 2) School Bus Transportation Distribution Based on Prior-year Reporting
- 3) Supplemental Fuel Funding Based on Mileage
- 4) Bus Rental Fee Extension
- 5) School-owned Bus Replacements Capital Appropriation
- 6) Global Positioning System (GPS)
- 7) Study of Transportation Issues

A detailed description of the proposals can be found in Attachment 1.

2013 LESC ENDORSED SCHOOL TRANSPORTATION LEGISLATION

For consideration of the 2013 Legislature, the LESC endorsed six (listed below) of the seven subcommittee recommendations. Not endorsed was the subcommittee recommendation relating to the creation and an appropriation for a task force to study school transportation issues. Copies of the bills from the 2013 Regular Session as introduced, as well as the corresponding LESC analyses, are available as Attachments 2a through 2f.

- *Gross Receipts Exemption for Fuel Purchase*: HB 328 amended the *Gross Receipts and Compensating Tax Act* to allow for an exemption from gross receipts tax for school bus contractors for purchases of gasoline and special and alternative fuels. **This legislation did not pass**
- *School Bus Transportation Distribution Based on Prior-year Reporting*: HB 419 amended law to base prior-year reporting on the average of the 80th and 120th reporting date. The change from the subcommittee recommendation by the LESC was done to mirror reporting dates for operational funding via the Student Teacher Accountability Reporting System (STARS). Amendments fixed technical drafting oversights related to charter schools receiving distributions and delayed an implementation date until FY 15. **This legislation did not pass**
- *Supplemental Fuel Funding Based on Mileage*: HB 447 appropriated \$1.0 million to the Transportation Emergency Fund for expenditure in FY 13 and subsequent years for the purposes of the transportation emergency fund. HB 447 was subsequently amended to remove the appropriation from the General Fund and allow for funding for increases in fuel costs from existing fund balance for FY 13 and FY 14. **This legislation did not pass**

- *Bus Rental Fee Extension*: HB 603 allowed flexibility in contractor financing and aligned with the 12-year school bus replacement cycle by allowing school districts to pay rental fees up to 12 years. **This legislation did not pass**
- *School-owned Bus Replacements Capital Appropriation*: House Capital Request 42 requested appropriating through severance tax bonds \$20.145 million to PED for the purchase of school-owned buses. This recommendation mirrored the capital outlay request of PED. Senate Finance Committee Substitute for SB 60 and HB 337 appropriated \$13.0 million from the Public School Capital Outlay Fund for school bus replacement.
- *Global Positioning System (GPS)*: SB 576 requested a special appropriation of \$565,000 to PED for expenditure in FY 14 for purchase and/or operation of GPS equipment based on an estimate for operating costs for GPS hardware; to provide a method for PED to verify mileage, idle time, and fuel use to accurately reimburse costs; and to inform future studies of the school transportation funding formula, including site characteristics. **This legislation did not pass**

PED had two agency-sponsored pieces of school bus transportation legislation included as attachments 2g and 2h. These pieces of legislation are:

- *School Transportation Training Fund*: HB 533 created a fund to provide public school transportation workshops and training to school districts and charter schools including supplies and professional development for PED staff. **This legislation did not pass**
- *Charter Schools Transportation Funding*: HB 553 amends the transportation allocation section of the *Public School Finance Act* to require PED to group charter schools' variables with that of the school district in which they are geographically located and then fund the charter school to the extent that its variables contribute to the school district in which it is geographically located. HB 553 also required the charter school be renewed at least once, include student transportation services in its charter, and notify PED one year prior to requesting school transportation funding.

2012 LESC Interim Subcommittee on School Bus Transportation Recommendations	
Gross receipts exemption for fuel purchase	The <i>Gross Receipts and Compensating Tax Act</i> would be amended to allow for an exemption from gross receipts tax for school bus contractors for purchases of gasoline, special and alternative fuels to allow contractors that do not take advantage of the special fuels excise tax credit tax relief. Subcommittee discussion also focused on the circular nature of these payments.
Transportation Distribution based on Prior Year 80 th Day Reporting	Transportation funding would to be based on prior year reporting on the average of the 80 th and 120 th day reporting. Subcommittee testimony and discussion on this issue was focused on stability in funding and budgets. Currently, all transportation funding allotments are adjusted around February of every year leading to uncertainty in budgeting and contract management.
Supplemental Fuel Funding based on mileage	This bill would make an appropriation of \$1,000,000 to PED to be distributed on a quarterly basis by PED based on the determination of the Secretary that there is a need for increased supplemental funding for school transportation based on increased fuel costs. The distribution is to be made on a to-and-from mileage basis.
Bus rental fee extension	The provisions in law for School Transportation equipment would be to extend the period of time during which a school district can pay rental fees on any one bus from five years to twelve to allow for flexibility in contractor financing and align with the twelve-year replacement cycle.
School-owned bus replacements capital appropriation	This bill would allow for PED to purchase school-owned bus replacements to be funded through severance tax bonds at the amount of \$20.145 million. Language mirrors that of past capital outlay bills and the recommendation of PED through the capital outlay process. The subcommittee heard testimony and evidence from PED on the need for school-owned bus replacements and LESC staff discussed potential liability for delayed replacement.
GPS appropriation	This bill would make a \$565,000 special appropriation to PED for FY 14 for purchase and/or operation of GPS equipment. The amount was based on an estimate of operating costs for GPS hardware. GPS would provide a method for PED to verify mileage, idle time, and fuel use for to-and-from in order to accurately reimburse costs and help inform future studies of the school transportation funding formula, including site characteristics.
Study of Transportation Issues	The Subcommittee recommended the creation of a task force to examine the transportation funding formula, recruitment and retention of school bus drivers, costs of and funding for fuel, as well as reviewing safety concerns for school transportation. The Subcommittee recommended a \$90,000 appropriation to Legislative Council Service (LCS) to help offset costs.

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HOUSE BILL 328

51ST LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2013

INTRODUCED BY

Roberto "Bobby" J. Gonzales

FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE

AN ACT

RELATING TO TAXATION; PROVIDING FOR AN EXEMPTION FROM THE GROSS RECEIPTS TAX FOR RECEIPTS FOR THE SALE OF FUEL FOR SCHOOL BUSES; PROVIDING FOR AN EXEMPTION FROM THE COMPENSATING TAX FOR FUEL USED IN A SCHOOL BUS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. A new section of the Gross Receipts and Compensating Tax Act is enacted to read:

"[NEW MATERIAL] EXEMPTION--GROSS RECEIPTS TAX--
COMPENSATING TAX--FUEL FOR SCHOOL BUSES.--

A. Exempt from the gross receipts tax are receipts from the sale of fuel used in a vehicle authorized by contract with the public education department as a school bus for the to-and-from school transportation of students.

B. Exempt from the compensating tax is the use of

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1 fuel in a vehicle authorized by contract with the public
2 education department as a school bus for the to-and-from school
3 transportation of students."

4 SECTION 2. EFFECTIVE DATE.--The effective date of the
5 provisions of this act is July 1, 2013.

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: HB 328a

51st Legislature, 1st Session, 2013

Tracking Number: .191426.3

Short Title: School Bus Fuel Gross Receipts

Sponsor(s): Representative Roberto “Bobby” J. Gonzales and Others

Analyst: Ian Kleats

Date: February 26, 2013

FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE

AS AMENDED

The House Taxation and Revenue Committee amendments expand the gross receipts and compensating tax exemptions to the sale of school bus fuel used for school-related activities.

Bill Summary:

Effective July 1, 2013, HB 328 would enact a new section of the *Gross Receipts and Compensating Tax Act* to exempt receipts from the sale of fuel used in the to-and-from transportation of students from the gross receipts and compensating taxes.

Fiscal Impact:

HB 328 does not contain an appropriation.

Fiscal Issues:

The LESC staff estimated revenue impact, as illustrated in the table below, considers the amount of special fuel excise tax paid on the number of gallons of fuel purchased by school bus contractors. According to the Taxation and Revenue Department (TRD) bill analysis, the Public Education Department (PED) estimates that school bus operators contracted with the PED purchased about 1.5 million gallons of diesel fuel in FY 12. At \$.21 per gallon, the amount of tax currently collected from those purchases would total about \$315,000. The estimate assumes gallons-used will remain constant between fiscal years.

Estimated Revenue Impact*				R or NR**	Fund(s) Affected
FY 13	FY 14	FY 15	FY 16		
0	(315.0)	(315.0)	(315.0)	R	State Road Fund

* In thousands of dollars. Parentheses () indicate a revenue loss.

** Recurring (R) or Nonrecurring (NR).

It appears that TRD, PED, and the Department of Finance and Administration (DFA) may have incorrectly scored the revenue impact in their agency bill analyses. As explained more fully under **Substantive Issues** below, school bus contractors currently choose to pay special fuel excise tax. The provisions of HB 328, although relating to gross receipts and compensating tax, would actually allow those contractors to benefit from certain special fuel excise tax provisions.

As such, HB 328 should be correctly scored against the State Road Fund, the beneficiary of special fuel excise tax revenue, not the General Fund.

The provisions of HB 328 could result in net cost savings to the General Fund of over \$300,000 either by reducing the appropriation needed for school transportation fuel costs or by mitigating the need for emergency supplemental fuel distributions.

In FY 12 and FY 13, the Legislature appropriated \$1.2 million and \$1.5 million respectively as emergency supplemental distributions to accommodate fuel price increases. The bill's provisions could stretch General Fund dollars appropriated for school transportation further and minimize any future emergency supplemental distributions.

Substantive Issues:

Provisions in the *Special Fuels Supplier Tax Act* allow school bus contractors to benefit from:

- a deduction of gallons of special fuel sold when calculating special fuel excise tax due, which would most commonly occur for contractors buying diesel fuel wholesale; or
- a refund of special fuel excise tax paid, which would most commonly occur when fuel is purchased at retail.

The exemption for fuel from the gross receipts and compensating taxes includes the clause, “on which the tax imposed by Section 7-13-3, 7-16-3 or 7-16A-3 NMSA 1978 or the *Alternative Fuel Tax Act* has been paid and not refunded.” This clause means that, if a school bus contractor uses the special fuel excise tax deduction or refund, the transaction would generate gross receipts or compensating tax liability. In essence, the contractor must choose between paying the lesser of gross receipts and compensating taxes or the special fuel excise tax.

At current and projected diesel price levels, gross receipts tax, with a statewide average rate of 6.8 percent, and compensating tax, with a statutory rate of 5.125 percent, exceed the flat \$.21 per gallon special fuel excise tax. This is one reason why TRD must rely on PED reporting of diesel gallons purchased by school bus contractors; although TRD tracks the use of the current deduction and refund, no school bus contractors take advantage of those provisions because they would cost the contractors more than just paying special fuel excise tax in the first place.

Additionally, the special fuel excise tax deduction and tax refund are structured in a way that could be considered “upside down.” Because a taxpayer using those two tax expenditures must pay gross receipts tax or compensating tax instead, the price relief provided by the deduction or refund is greatest when fuel prices are low; conversely, the price relief afforded is at its least or even nonexistent when the price of fuel is high. The provisions of HB 328 would allow for the level of fuel price relief to remain constant for all price levels.

Tax Deductions vs. Tax Exemptions

The distinction between tax deductions and exemptions bears mention. Under most instances, a gross receipts tax deduction could be considered preferable to a gross receipts tax exemption from a tax policy perspective because the use of deductions can be tracked to a greater degree than exemptions. However, in the case of HB 328, this is not the case. The special fuel excise tax deduction and refund provide parallel reporting mechanisms through which the use of the gross receipts tax exemption can be tracked. In fact, if HB 328 were structured as a deduction

instead, the TRD would be required to maintain a redundant tracking mechanism at a nontrivial administrative cost.

Finally, public school districts and state-chartered charter schools currently pay neither special fuel excise tax nor gross receipts tax on diesel fuel purchases. That private school bus contractors do could be viewed as a competitive disadvantage placed on the provision of school transportation services. HB 328 would provide the same tax treatment to private enterprise as public schools.

Background:

During the 2012 interim, the Legislative Education Study Committee (LESC) convened a school transportation subcommittee, which included members of the Legislature and other interested parties, such as school administrators and private school bus contractors. The subcommittee met several times during the interim to discuss issues related to school transportation including:

- school bus replacement schedules;
- allocations through the school transportation funding formula; and
- options to deal with high fuel costs, which included alternative funding mechanisms, fuel price forecasting methods, and cost-saving measures.

The provisions of HB 328 were the result of the subcommittee's deliberations, and the bill was unanimously endorsed by the LESL on January 14, 2013.

Committee Referrals:

HTPWC/HTRC

Related Bills:

None as of February 18, 2013.

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HOUSE BILL 419

51ST LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2013

INTRODUCED BY

Dennis J. Roch

FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE

AN ACT

RELATING TO SCHOOL TRANSPORTATION; CHANGING THE DATES FOR
REPORTING SCHOOL TRANSPORTATION INFORMATION TO THE STATE
TRANSPORTATION DIRECTOR; CHANGING THE BASES FOR DETERMINING
TRANSPORTATION DISTRIBUTION ALLOCATIONS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 22-8-29 NMSA 1978 (being Laws 1967,
Chapter 16, Section 78, as amended) is amended to read:

"22-8-29. TRANSPORTATION DISTRIBUTIONS--REPORTS--
PAYMENTS.--

A. [~~Prior to November 15 of each year~~] On the
second reporting date and the third reporting date, each local
school board of a school district and governing body of a
state-chartered charter school shall report to the state
transportation director, upon forms furnished by the state

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1 transportation director, the following information concerning
2 the school district's or state-chartered charter school's
3 operation on ~~[the first]~~ each respective reporting date of the
4 current year:

5 (1) the number and designation of school bus
6 routes in operation in the school district;

7 (2) the number of miles traveled by each
8 school bus on each school bus route, showing the route mileage
9 in accordance with the type of road surface traveled;

10 (3) the number of students, including special
11 education students, transported on ~~[the first]~~ each respective
12 reporting date of the current year ~~[and adjusted for special~~
13 ~~education students on December 1]~~;

14 (4) the projected number of students to be
15 transported in the next school year;

16 (5) the seating capacity, age and mileage of
17 each bus used in the school district for student
18 transportation; and

19 (6) the number of total miles traveled for
20 each school district's or state-chartered charter school's per
21 capita feeder routes.

22 B. Each local school board of a school district and
23 governing body of a state-chartered charter school maintaining
24 a school bus route shall make further reports to the state
25 transportation director at other times specified by the state

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1 transportation director.

2 C. The state transportation director shall certify
3 to the secretary that the allocations from the transportation
4 distributions to each school district [~~and state-chartered~~
5 ~~charter school~~] are based upon the transportation distribution
6 formula established in the Public School Code, [~~The allocations~~
7 ~~for the first six months of a school year shall be based upon~~
8 ~~the tentative transportation budget of the school district or~~
9 ~~state-chartered charter school for the current fiscal year.~~
10 ~~Allocations to a school district or state-chartered charter~~
11 ~~school for the remainder of the school year shall adjust the~~
12 ~~amount received by the school district or state-chartered~~
13 ~~charter school so that it equals the amount the school district~~
14 ~~or the state-chartered charter school is entitled to receive~~
15 ~~for the entire school year based upon the November 15 report~~
16 ~~and] calculated and distributed for the entire school year~~
17 ~~using an average of the amounts reported on the second~~
18 ~~reporting date and third reporting date of the prior school~~
19 ~~year, subject to audit and verification.~~

20 D. The department shall make periodic installment
21 payments to school districts and state-chartered charter
22 schools during the school year from the transportation
23 distributions, based upon the allocations certified by the
24 state transportation director."

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: HB 419aa

51st Legislature, 1st Session, 2013

Tracking Number: .191429.1

Short Title: School Transportation Reporting Dates

Sponsor(s): Representative Dennis J. Roch and Others

Analyst: David Craig

Date: March 20, 2013

FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE

AS AMENDED

The Senate Education Committee amendments strike the House Transportation and Public Works Committee amendments regarding the effective date and inserts an effective date of July 1, 2014.

The House Transportation and Public Works Committee amendments inserted:

- language back into the bill to make it applicable to state-chartered charter schools; and
- an effective date of July 1, 2013 to make it applicable to FY 14.

Original Bill Summary:

HB 419 amends the *Public School Finance Act* to change the reporting dates for school transportation funding for school districts and state-chartered charter schools:

- from the 40th day reporting date;
- to the average of the second and third reporting dates¹ (December 1 or the first working day in December and the second Wednesday in February).

Fiscal Impact:

HB 419 does not contain an appropriation.

Substantive Issues:

HB 419 reflects the work of the 2012 interim LESC School Transportation Subcommittee. The *Public School Finance Act* contains provisions by which school districts and state-chartered charter schools provide required information for the distribution of the school transportation allocation through the school transportation funding formula.

¹ Commonly referred to as the 80th and 120th day reporting dates.

Under current statute the funding formula allocations for the first six months of the school year are based upon a tentative school budget for the current fiscal year. However:

- funding of the tentative budget has to be adjusted;
- allocations for the remainder of the school year are adjusted so that it equals the amount a school district or state-chartered charter school is entitled to receive for the entire year based upon the first reporting date; and
- as a result, changes in the distribution of the school transportation allocation for even one school district impacts all school districts and state-chartered charter schools receiving distributions from the school transportation fund.

The uncertainty and changes in the yearly school transportation allocation creates an unstable environment for developing school budgets for transportation programs or managing contracts with school bus contractors.

According to the Public Education Department, “transitioning to prior year funding for transportation will give school districts the ability to plan better and make more conscientious decisions related to transportation as they will know their final allocations at the beginning of the fiscal year.”

Technical Issues:

On page 3, lines 4 to 5, the words “and state-chartered charter school” have been removed. Removing this language has the consequence of removing transportation funding for all state-chartered charter schools.

In addition, the bill does not create an effective date. Without an effective date, the bill would become law 90 days after the Legislature adjourns, or June 17, 2013. This could impact FY 13 funding allocations that have already happened.

The sponsor may wish to consider an amendment to:

- page 3, lines 4 to 5, to not strike the words “and state-chartered charter school”; and
- to include a future effective date.

Background:

During the 2012 interim, the Legislative Education Study Committee (LESC) convened a school transportation subcommittee, which included members of the Legislature and other interested parties, such as school administrators and private school bus contractors. The subcommittee met several times during the interim to discuss issues related to school transportation including:

- school bus replacement schedules;
- allocations through the school transportation funding formula; and
- options to deal with high fuel costs, which included alternative funding mechanisms, fuel price forecasting methods, and cost-saving measures.

During the August 2012 interim transportation subcommittee meeting members heard testimony from LESG staff regarding a policy consideration for the subcommittee to consider funding to be based on a different funding period. LESG staff said for determination of the State Equalization

Guarantee distribution, for example, funding is based on the average student membership of the second and third reporting periods.

Several individuals stated that while public school budgets are determined on prior-year reporting dates, the school transportation distribution is based on a current-year reporting date. It was noted that using a prior-year number would allow more predictability on available dollars when developing budgets.

The provisions of HB 419 are the result of the subcommittee's deliberations, and the bill was unanimously endorsed by the LESC on January 14, 2013.

Committee Referrals:

HTPWC/HEC/SFC

Related Bills:

- HB 290 *K-3 Plus Program School Buses*
- HB 328a *School Bus Fuel Gross Receipts*
- *HB 447a *Transportation Emergency Fund*
- HB 532 *School District Liens on Certain School Buses*
- HB 553a *Charter Schools Transportation Funding*
- *CS/SB 60 *Severance Tax Bond Projects*
- *SB 160aa *Biodiesel Definitions*

HOUSE BILL 447

51ST LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2013

INTRODUCED BY

Roberto "Bobby" J. Gonzales

FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE

AN ACT

MAKING AN APPROPRIATION TO THE TRANSPORTATION EMERGENCY FUND;
DECLARING AN EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. APPROPRIATION.--One million dollars (\$1,000,000) is appropriated from the general fund to the transportation emergency fund for expenditure in fiscal year 2013 and subsequent fiscal years to carry out the purposes of the transportation emergency fund. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

SECTION 2. EMERGENCY.--It is necessary for the public peace, health and safety that this act take effect immediately.

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**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: *HB 447a

51st Legislature, 1st Session, 2013

Tracking Number: .191430.1

Short Title: Transportation Emergency Fund

Sponsor(s): Representative Roberto “Bobby” J. Gonzales and Others

Analyst: David Craig

Date: March 8, 2013

FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE

AS AMENDED

The House Appropriations and Finance Committee amendments:

- **allow the Public Education Department (PED) to use \$1.0 million of the existing balance in the Transportation Emergency Fund for emergency fuel costs in FY 13 and FY 14; and**
- **removes the \$1.0 million appropriation to the Transportation Emergency Fund from the General Fund.**

Original Bill Summary:

HB 447 makes an appropriation to the Transportation Emergency Fund for the purposes of that fund.

*HB 447 contains an emergency clause.

Fiscal Impact:

\$1.0 million is appropriated from the General Fund to the Transportation Emergency Fund for FY 13 and subsequent years. Unexpended or unencumbered funds shall not revert to the General Fund.

CS/HB 2 et al., the *General Appropriation Act of 2013*, includes approximately \$13.5 million for fuel, the first time that fuel has been separately funded from transportation maintenance and operations.

Substantive Issues:

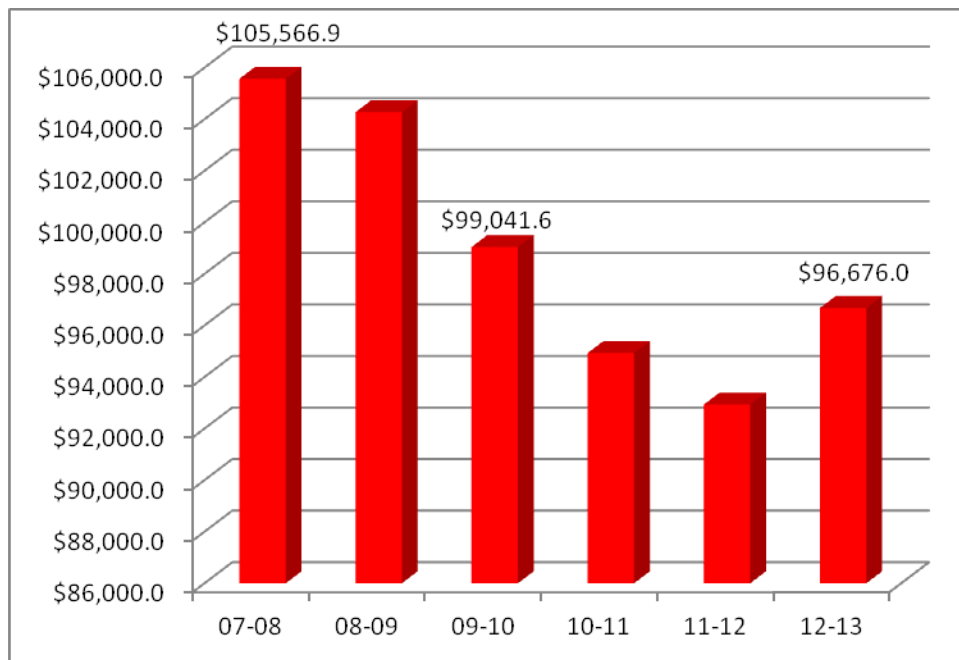
Endorsed by the Legislative Education Study Committee (LESC), HB 447 reflects the work of the 2012 LESC School Transportation Subcommittee (see “Background,” below). One of the topics that the subcommittee discussed was the uses of the Transportation Emergency Fund, which was created in statute in 1995 to address school transportation emergencies. The statute authorizes the Secretary of Public Education to make distributions from the fund “only to ensure the safety of students receiving to-and-from transportation services.”

As part of its participation in the LESC subcommittee, the Public Education Department (PED) provided a reconciliation of the Transportation Emergency Fund as of June 30, 2012 (see Attachment 1). Attachment 1 shows that expenditures from the fund for fuel supplements were:

- \$558,919 for FY 11; and
- \$641,081 for FY 12.

This attachment also indicates a fund balance of nearly \$3.1 million at that time. However, according to the PED analysis of HB 447, \$600,000 has since been budgeted for FY 13 in the event that funding is needed for current year emergencies; and another \$600,000 has been budgeted in the event that the department needs to purchase buses to deal with an emergency situation in the Española Public Schools district.

Another factor, as the PED bill analysis illustrates, is that the funding of to-and-from transportation has decreased by approximately \$8.8 million since FY 08. This reduced funding has affected school districts' ability to negotiate their school bus contracts and to administer their to-and-from operations, creating the possibility of increased expenditures from the Emergency Transportation Fund. The graph below, taken from the PED bill analysis, shows the total dollars that have been funded over the last six years with General Fund dollars for to-and-from transportation.



Still other conditions may increase the need for distributions from the Transportation Emergency Fund. According to the PED bill analysis:

- PED has submitted a request for \$20.1 million for the replacement of 237 school-owned buses to catch up on the replacement cycle;
- SB 60, which is the capital outlay bill, currently has \$10.0 million listed for school-owned bus replacements; and
- if only half of PED's request is funded, the department may have to use the Emergency Transportation Fund to purchase additional equipment.

Aside from direct legislative appropriations, the fund receives revenues from school districts through reversions. According to provisions in the *Public School Finance Act*, if a school district's or state-chartered charter school's transportation allocation exceeds the amount required to meet obligations to provide to-and-from transportation, three- and four-year-old developmentally disabled transportation and vocational education transportation, 50 percent of the remaining balance shall be deposited in the transportation emergency fund.

For example, in FY 11, the Quemado Independent Schools district had \$1,010 remaining in FY 11 in its transportation account. It then reverted \$505 to the Transportation Emergency Fund and retained \$505 as a cash balance. Attachment 2, *Revenues for Emergency Transportation Fund*, which PED provided to the LESC subcommittee, illustrates these reversions for all school districts from FY 08 to FY 11.

After considering all these possible fiscal circumstances – the uses of the Transportation Emergency Fund, the expenditures for FY 11 and FY 12, the budgeted expenditures for FY 13, the reduced funding for school transportation in recent years, PED's funding request, and the revenues into the fund – the LESC subcommittee recommended a direct legislative appropriation of \$1.0 million to the fund as a means of anticipating supplemental fuel costs in the near future.

According to PED, the *General Appropriation Act of 2012* appropriated \$1.5 million for increased fuel costs on the basis of to-and-from miles travelled and requiring supporting documentation from districts that the increased costs were associated with increased fuel costs. HB 447 would allow for distributions without the supporting documentation requirement, which subcommittee members felt hampered the timing of the emergency funding.

Background:

Realizing that school bus transportation had not been examined since the late 1990s and that several issues had arisen since then, the LESC appointed the LESC Subcommittee on School Transportation, which met in August, October, and December 2012. The Chair requested that discussions be focused on agreement or consensus about legislation that the LESC could consider endorsing for the 2013 legislative session and further suggested that the subcommittee may be reconvened in future interims for an ongoing discussion of issues and concerns.

During the August meeting, after hearing testimony on a variety of topics, the subcommittee reached consensus that staff be requested to examine and report on the following three issues:

- fuel costs, including the supplemental distributions from the Transportation Emergency Fund;
- replacement schedule for school buses and rental fees; and
- site characteristics used in the allocation process.

Regarding fuel in particular, LESC staff explained 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, LESC staff:

- reviewed provisions in the *Special Fuels Supplier Tax Act* that provide for a refund of state taxes on fuel and a credit to ensure that special fuel is not subject to double – once from the supplier and again from the user;
- identified several variables that affect the cost of fuel and that complicate cost estimates;
- explained 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;
- noted that variances in fuel costs have been the subject of legislative debate at least since 2008 and that the cost of diesel fuel is not expected to decrease soon; and
- suggested several options for reducing fuel costs or distributing fuel more efficiently.

Testimony by PED staff explained that the department:

- uses an average diesel price per gallon to help determine the fuel base funding request;
- reviewed provisions in current law relating to the distribution of available transportation dollars;
- described the transportation data that school districts and charter schools submit to PED; and
- identified the site characteristics that the department considers in its current transportation calculation.

Committee Referrals:

HTPWC/HAFC

Related Bills:

- HB 290 *K-3 Plus Program School Buses*
- HB 328a *School Bus Fuel Gross Receipts*
- HB 419a *School Transportation Reporting Dates*
- HB 532 *School District Liens on Certain School Buses*
- HB 553a *Charter Schools Transportation Funding*
- *SB 60 *Severance Tax Bond Projects*
- *SB 160a *Biodiesel Definitions*

**EMERGENCY TRANSPORTATION
BALANCE AS OF 6/30/2012**

REVENUES

Prior Year Balance	\$ 276,415
FY09 Cash Balance	\$ 1,994,845
FY10 Cash Balance	\$ 1,754,629
FY11 Cash Balance	\$ 662,244
<hr/>	
Total	\$ 4,688,133

EXPENDITURES

Fuel Supplement - FY11	\$ 558,919
Fuel Supplement - FY12	\$ 641,081
Emergency payment to take over bus fleet from Mesa Transportation mid year in Grants	\$ 317,984
FY12 Emergency Requests	\$ 104,734
<hr/>	
Total	\$ 1,622,718

BALANCE AS OF 6/30/12 **\$ 3,065,415**

REVENUES FOR EMERGENCY TRANSPORTATION FUND

DISTRICT	FY 2008	FY 2009	FY 2010	FY 2011	TOTAL
Alamagodo	\$ -	\$ 198	\$ -	\$ -	\$ 198
Albuquerque	\$ -	\$ 89,886	\$ 36,253	\$ 1,957	\$ 128,096
Animas	\$ -	\$ -	\$ 12,979	\$ 2,130	\$ 15,109
Artesia	\$ -	\$ -	\$ -	\$ -	\$ -
Aztec	\$ -	\$ -	\$ 69,970	\$ 346	\$ 70,316
Belen	\$ -	\$ -	\$ -	\$ -	\$ -
Bernalillo	\$ -	\$ -	\$ -	\$ 21,806	\$ 21,806
Bloomfield	\$ -	\$ -	\$ 79	\$ 20,554	\$ 20,633
Capitan	\$ -	\$ -	\$ 4,215	\$ 182	\$ 4,397
Carlsbad	\$ -	\$ -	\$ -	\$ -	\$ -
Carrizozo	\$ -	\$ -	\$ 346	\$ 175	\$ 521
Central	\$ -	\$ 45,698	\$ -	\$ 4,397	\$ 50,095
Chama	\$ -	\$ -	\$ 685	\$ 4,258	\$ 4,943
Cimarron	\$ -	\$ 31,788	\$ 95,069		\$ 126,857
Clayton	\$ -	\$ -	\$ 30	\$ -	\$ 30
Cloudcroft	\$ -	\$ -	\$ -	\$ -	\$ -
Clovis	\$ -	\$ -	\$ -	\$ -	\$ -
Cobre	\$ -	\$ -	\$ -	\$ -	\$ -
Corona	\$ -	\$ -	\$ 5,351	\$ 1,641	\$ 6,992
Cuba	\$ -	\$ 7,342	\$ 8,129	\$ -	\$ 15,471
Deming	\$ -	\$ -	\$ 3,502	\$ 2,254	\$ 5,756
Des Moines	\$ -	\$ -	\$ 21,723	\$ -	\$ 21,723
Dexter	\$ -	\$ -	\$ -	\$ 5	\$ 5
Dora	\$ -	\$ -	\$ 2	\$ 1	\$ 3
Dulce	\$ -	\$ -	\$ 35,779	\$ -	\$ 35,779
*El Camino Rael Charter	\$ -	\$ -	\$ -	\$ 529	\$ 529
Elida	\$ -	\$ -	\$ 8,332	\$ 5,051	\$ 13,383
Espanola	\$ -	\$ -	\$ -	\$ -	\$ -
Estancia	\$ -	\$ -	\$ 268	\$ -	\$ 268
Eunice	\$ -	\$ -	\$ 71,013	\$ 39,793	\$ 110,806
Farmington	\$ -	\$ -	\$ 147,273	\$ 31,769	\$ 179,042
Floyd	\$ -	\$ -	\$ 6,004	\$ -	\$ 6,004
Fort Sumner	\$ -	\$ 7,991	\$ -	\$ 5,549	\$ 13,540
Gadsden	\$ -	\$ 27,019	\$ 11,863	\$ 7,698	\$ 46,580
Gallup-McKinley	\$ -	\$ 1,689,039	\$ 580,073	\$ 305,690	\$ 2,574,802
Grady	\$ -	\$ 1,350	\$ -	\$ 5	\$ 1,355
Grants-Cibola	\$ -	\$ -	\$ 6	\$ -	\$ 6
Hagerman	\$ -	\$ -	\$ -	\$ -	\$ -
Hatch	\$ -	\$ -	\$ 298	\$ -	\$ 298
Hobbs	\$ -	\$ 149	\$ 76	\$ 69	\$ 294
Hondo	\$ -	\$ -	\$ 48,506	\$ 28,008	\$ 76,514
House	\$ -	\$ -	\$ -	\$ -	\$ -
Jal	\$ -	\$ -	\$ 2,646	\$ 1,150	\$ 3,796
Jemez Mountain	\$ -	\$ -	\$ -	\$ -	\$ -
Jemez Valley	\$ -	\$ -	\$ 4,461	\$ -	\$ 4,461
Lake Arthur	\$ -	\$ -	\$ 33	\$ 36	\$ 69
Las Cruces	\$ -	\$ 33,228	\$ 98,662	\$ 37	\$ 131,927
Las Vegas City	\$ -	\$ -	\$ -	\$ -	\$ -
Logan	\$ -	\$ -	\$ -	\$ -	\$ -
Lordsburg	\$ -	\$ -	\$ 11,596	\$ 450	\$ 12,046
Los Alamos	\$ -	\$ -	\$ -	\$ -	\$ -
Los Lunas	\$ -	\$ -	\$ 46,207	\$ -	\$ 46,207
Loving	\$ -	\$ -	\$ -	\$ -	\$ -
Lovington	\$ -	\$ -	\$ 497	\$ 248	\$ 745
Magdalena	\$ -	\$ -	\$ 2,840	\$ 1,420	\$ 4,260
Maxwell	\$ -	\$ -	\$ 21,947	\$ -	\$ 21,947

REVENUES FOR EMERGENCY TRANSPORTATION FUND

DISTRICT	FY 2008	FY 2009	FY 2010	FY 2011	TOTAL
Melrose	\$ -	\$ -	\$ -	\$ -	\$ -
Mesa Vista	\$ -	\$ -	\$ 246	\$ 123	\$ 369
Mora	\$ -	\$ -	\$ 22,427	\$ -	\$ 22,427
Moriarty	\$ -	\$ -	\$ 40,739	\$ 21	\$ 40,760
Mosquero	\$ -	\$ 2,275	\$ 439	\$ 4,781	\$ 7,495
Mountainair	\$ -	\$ -	\$ 2,641	\$ -	\$ 2,641
Pecos	\$ -	\$ 1,217	\$ 976	\$ 511	\$ 2,704
Peñasco	\$ -	\$ 461	\$ 5	\$ 22	\$ 488
Pojoaque	\$ -	\$ -	\$ 1,545	\$ -	\$ 1,545
Portales	\$ -	\$ -	\$ -	\$ -	\$ -
Quemado	\$ -	\$ 246	\$ 882	\$ 505	\$ 1,633
Questa	\$ -	\$ -	\$ 1,206	\$ -	\$ 1,206
*RFK Charter	\$ -	\$ -	\$ -	\$ 10,436	\$ 10,436
Raton	\$ -	\$ -	\$ 27,255	\$ 25,387	\$ 52,642
Reserve	\$ -	\$ -	\$ 40,012	\$ 31,770	\$ 71,782
Rio Rancho	\$ -	\$ -	\$ -	\$ -	\$ -
Roswell	\$ -	\$ -	\$ 10,168	\$ -	\$ 10,168
Roy	\$ -	\$ -	\$ 703	\$ 16,206	\$ 16,909
Ruidoso	\$ -	\$ -	\$ 1,917	\$ -	\$ 1,917
San Jon	\$ -	\$ -	\$ 4,485	\$ 2,267	\$ 6,752
Santa Fe	\$ -	\$ -	\$ -	\$ -	\$ -
Santa Rosa	\$ -	\$ 686	\$ 6,351	\$ -	\$ 7,037
Silver	\$ -	\$ -	\$ 227	\$ 31	\$ 258
Socorro	\$ -	\$ 30,096	\$ 3,336	\$ -	\$ 33,432
Southwest Secondary	\$ -	\$ -	\$ 59,235	\$ 34,620	\$ 93,855
Springer	\$ -	\$ -	\$ 25,653	\$ 1,383	\$ 27,036
T or C	\$ -	\$ -	\$ 31	\$ 15	\$ 46
Taos	\$ -	\$ -	\$ 22,093	\$ -	\$ 22,093
Tatum	\$ -	\$ 22,824	\$ 2,999	\$ -	\$ 25,823
Texico	\$ -	\$ -	\$ -	\$ -	\$ -
Tucumcari	\$ -	\$ -	\$ 11,692	\$ 1,503	\$ 13,195
Tularosa	\$ -	\$ 3,352	\$ 763	\$ 395	\$ 4,510
Vaugh	\$ -	\$ -	\$ 39,899	\$ -	\$ 39,899
W. Las Vegas	\$ -	\$ -	\$ -	\$ -	\$ -
Wagon Mound	\$ -	\$ -	\$ 6,268	\$ 3,134	\$ 9,402
Zuni	\$ -	\$ -	\$ 63,723	\$ 41,926	\$ 105,649
Prior Year Balance	\$ 276,415	\$ -	\$ -	\$ -	\$ 276,415
	\$ 276,415	\$ 1,994,845	\$ 1,754,629	\$ 662,244	\$ 4,688,133

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HOUSE BILL 603

51ST LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2013

INTRODUCED BY

Roberto "Bobby" J. Gonzales

FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE

AN ACT

RELATING TO SCHOOL TRANSPORTATION; INCREASING TO TWELVE YEARS
THE PERIOD OF TIME A SCHOOL DISTRICT MAY PAY RENTAL FEES FOR
EACH SCHOOL BUS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 22-8-27 NMSA 1978 (being Laws 1967,
Chapter 16, Section 77, as amended) is amended to read:

"22-8-27. TRANSPORTATION EQUIPMENT.--

A. The department shall establish a systematic
program for the purchase of necessary school bus transportation
equipment.

B. In establishing a system for the replacement of
school-district-owned buses, the department shall provide for
the replacement of school buses on a twelve-year cycle. School
districts requiring additional buses to accommodate growth in

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1 the school district or to meet other special needs may petition
2 the department for additional buses. Under exceptional
3 circumstances, school districts may also petition the
4 department for permission to replace buses prior to the
5 completion of a twelve-year cycle or to use buses in excess of
6 twelve years contingent upon satisfactory annual safety
7 inspections.

8 C. In establishing a system for the use of
9 contractor-owned buses by school districts or state-chartered
10 charter schools, the department shall establish a schedule for
11 the payment of rental fees for the use of contractor-owned
12 buses. The department shall establish procedures to ensure the
13 systematic replacement of buses on a twelve-year replacement
14 cycle. School districts requiring additional buses to
15 accommodate growth in the school district or to meet other
16 special needs may petition the department for additional buses.
17 Under exceptional circumstances, school districts may also
18 petition the department for permission to replace buses prior
19 to the completion of a twelve-year cycle or to use buses in
20 excess of twelve years contingent upon satisfactory annual
21 safety inspections.

22 D. The school district shall file a lien on every
23 contractor-owned school bus under the contract on which the
24 contractor owes money, which lien shall have priority second
25 only to a lien securing the purchase-money obligation. The

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1 school district shall perfect its lien on each contractor-owned
2 school bus by filing the lien with the motor vehicle division
3 of the taxation and revenue department. The lien shall be
4 recorded on the title of the school bus. A school bus
5 contractor shall not refinance or use a school bus on which a
6 school district has a lien as collateral for any other loan
7 without prior written permission of the department. A school
8 bus lien shall be collected and enforced as provided in Chapter
9 55, Article 9 NMSA 1978. The school district shall release its
10 lien on a school bus:

11 (1) when the department authorizes a
12 replacement of the school bus; or

13 (2) when the contractor has reimbursed the
14 school district the amount calculated pursuant to Subsection E
15 of this section if the school bus service contract is
16 terminated or not renewed and the contractor owes the school
17 district as provided in that subsection.

18 E. No school district shall pay rental fees for any
19 one bus for a period in excess of [~~five~~] twelve years. In the
20 event a school bus service contract is terminated or not
21 renewed by either party, the department shall calculate the
22 remaining number of years that a bus could be used based on a
23 twelve-year replacement cycle and calculate a value reflecting
24 that use. The school district shall deduct an amount equal to
25 that value from any remaining amount due on the contract, or if

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1 no balance remains on the contract, the contractor shall
2 reimburse the school district an amount equal to the value
3 calculated.

4 F. If the school district fails to take action to
5 collect money owed to it when a school bus contract is
6 terminated or not renewed, the department may deduct the amount
7 from the school district's transportation distribution."

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: HB 603

51st Legislature, 1st Session, 2013

Tracking Number: .191425.1

Short Title: School District Bus Rental Fee Times

Sponsor: Representative Roberto “Bobby” J. Gonzales

Analyst: David Craig

Date: March 6, 2013

FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE

Bill Summary:

HB 603 amends the Public School Finance Act to increase the period of time that a school district may pay rental fees for each contractor school bus to 12 years from five years.

Fiscal Impact:

HB 603 does not contain an appropriation.

Fiscal Issues:

The length of time that school districts pay rental fees to help contractors finance new bus purchases is statutorily capped at five years. If a bus contractor wants to finance a bus over a longer period of time, there is currently no provision in law to allow for that. HB 603 would grant school bus contractors this flexibility. While HB 603 does not require school bus contractors or school districts to extend the length of time a bus is financed beyond five years, it does allow for additional flexibility in financing.

According to the PED analysis, in the event that a contract is terminated or not renewed the PED will have to:

- calculate the remaining number of years that the bus could be used based on a 12-year replacement cycle (see “Current Law,” below);
- calculate a value reflecting that use; and
- collect an overpayment from the contractor (which is the difference between the calculated value and the lowest appraised value of the bus).

Also according to the PED analysis:

- the overpayment for contractors will be significantly lower if the contract is terminated before the 12 year obligation is completed; and
- overpayments are collected in the event of a contract termination to protect the state’s investment.

Current Law:

Currently, the *School Finance Act* (act) requires PED to establish:

- a systematic program for the purchase of necessary school bus transportation equipment;
- a schedule for the payment of rental fees for the use of contractor-owned buses;
- procedures to ensure the systematic replacement of buses on a 12-year replacement cycle; and
- a deduction from a school district's transportation distribution, any amount that a school district fails to collect when a school bus contract is terminated or not renewed.

Among its other provisions, the act requires a school district to:

- file a lien on every contractor-owned school bus with the Motor Vehicle Division of the Taxation and Revenue Department;
- record the lien on the title of the school bus;
- release its lien on a school bus when (1) PED authorizes a replacement; or (2) when the contractor has reimbursed the district an amount owed if the school bus service contract is terminated or not renewed; and
- not pay rental fees for any one bus for a period in excess of five years.

For a school bus contractor, the act prohibits a contractor from refinancing or using a school bus on which a school district has a lien as collateral for any other loan without prior written permission of the department.

Background:

During the 2012 interim, the Legislative Education Study Committee (LESC) convened a school transportation subcommittee, which included members of the Legislature and other interested parties, such as school administrators and private school bus contractors. The subcommittee met several times during the interim to discuss issues related to school transportation including:

- school bus replacement schedules;
- allocations through the school transportation funding formula; and
- options to deal with high fuel costs, which included alternative funding mechanisms, fuel price forecasting methods, and cost-saving measures.

The provisions of HB 603 include the subcommittee's recommendations to the LESC during the committee's January 14, 2013 meeting.

Committee Referrals:

HTPWC/HAFC

Related Bills:

HB 290 *K-3 Plus Program School Buses*
HB 328 *School Bus Fuel Gross Receipts*
HB 419 *School Transportation Reporting Dates*
HB 447 *Transportation Emergency Fund*

HB 532 *School District Liens on Certain School Buses*

HB 533 *School Transportation Training Fund*

HB 553 *Charter Schools Transportation Funding*

*SB 60 *Severance Tax Bond Projects*

*SB 160a *Biodiesel Definitions*

SB 576 *School Bus GPS Devices*

**HOUSE CAPITAL OUTLAY REQUEST 0042
STATE OF NEW MEXICO
51ST LEGISLATURE - FIRST SESSION - 2013**

Roberto "Bobby" J. Gonzales

CAPITAL PROJECTS FOR REPRESENTATIVE ROBERTO "BOBBY" J. GONZALES

I request that the following be funded:

- to the public education department

PED SCHOOL BUS REPLACEMENT

twenty million one hundred forty-five thousand dollars (\$20,145,000) to purchase replacement school buses statewide

PUBLIC SCHOOLS ROBOT EQUIPMENT

three hundred twenty thousand dollars (\$320,000) to purchase and install robot equipment and related infrastructure statewide for the public school robot education programs that participate in the annual robot competition in Albuquerque in Bernalillo county

LA JICARITA COMMUNITY CHARTER SCHL FACILITY

two hundred fifty thousand dollars (\$250,000) to plan, design, construct, furnish and equip a multipurpose facility for La Jicarita community charter school in Penasco in Taos county

PENASCO ISD SECURITY CAMERAS & INFO TECH

one hundred thousand dollars (\$100,000) to purchase and install security cameras and information technology, including related equipment, furniture and infrastructure, in the Penasco independent school district in Taos county

- to the office of the state engineer

QUESTA WATER RIGHTS PURCHASE

one hundred thousand dollars (\$100,000) to plan and purchase water rights for Questa in Taos county

QUESTA WATERSHED RESTORATION

one hundred thousand dollars (\$100,000) to plan and design restoration of the watershed in Questa in Taos county

.13HGONZ001

HOUSE CAPITAL OUTLAY REQUEST

Page 2

- to the department of environment

CERRO REGIONAL MDWC & SWA SYSTEM & METERS

five hundred thousand dollars (\$500,000) to plan, design, construct and install water system improvements, including meters and lines, for the Cerro regional mutual domestic water consumers and sewage works association in Taos county

EL PRADO WSD WELL/WATER/WASTEWATER IMPROVE

three hundred thousand dollars (\$300,000) for well and water system construction and improvements, land purchase, generators and refurbishing of sewer manholes in the El Prado water and sanitation district in Taos county

EL VALLE DE LOS RANCHOS WSD GARAGE

one hundred twenty-five thousand dollars (\$125,000) to prepare the site and utilities for and to purchase, install and construct a garage building for El Valle de los Ranchos water and sanitation district in Taos county

EL VALLE DE LOS RANCHOS WSD VACTOR TRUCK

two hundred thirty-seven thousand seven hundred fifty dollars (\$237,750) to purchase and equip a vactor truck for El Valle de los Ranchos water and sanitation district in Taos county

EL VALLE DE LOS RANCHOS WSD WASTEWATER 2C-5

sixty-seven thousand five hundred thirty-six dollars (\$67,536) to plan, design and construct phase 2C-5 wastewater system improvements for El Valle de los Ranchos water and sanitation district in Taos county

EL VALLE DE LOS RANCHOS WSD WASTEWATER 2C-6

seventy-seven thousand three hundred thirteen dollars (\$77,313) to plan, design and construct phase 2C-6 wastewater system improvements for El Valle de los Ranchos water and sanitation district in Taos county

EL VALLE DE LOS RANCHOS WSD WASTEWATER 2C-7

forty-nine thousand one hundred twenty-one dollars (\$49,121) to plan, design and construct phase 2C-7 wastewater system improvements for El Valle de los Ranchos water and sanitation district in Taos county

LAS TRAMPAS MDWC & MSWA FENCE

twenty thousand dollars (\$20,000) to construct a fence for Las Trampas mutual domestic water consumers and mutual sewage works association in Taos county

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HOUSE CAPITAL OUTLAY REQUEST

Page 3

LLANO QUEMADO MDWCA WATER SYSTEM IMPROVE

fifty thousand dollars (\$50,000) to design and construct water system improvements for the Llano Quemado mutual domestic water consumers association in Taos county

LOWER ARROYO HONDO MDWC & MSA EXPAND

one hundred thousand dollars (\$100,000) to design and construct a water distribution expansion, including water lines, valves and hydrants, for the lower Arroyo Hondo mutual domestic water consumers and mutual sewage works association in Taos county

LOWER DES MONTES MDWCA WATER SYSTEM IMPROVE PH 1

five hundred thousand dollars (\$500,000) to construct water system improvements, including the purchase and installation of new water storage tanks, a pump station, water lines and meters, for the Lower Des Montes mutual domestic water consumers association in Des Montes and Valdez in Taos county

TAOS CO SOLID WASTE TRUCK

two hundred thousand dollars (\$200,000) to purchase and equip a solid waste truck for the solid waste department in Taos county

ARROYO HONDO MDWCA WATER TREATMENT SYSTEM IMPROVE

three hundred six thousand six hundred dollars (\$306,600) to design and construct improvements to the water system, including a potable water uranium treatment system, a storage tank, well vault, well house, piping, meters, flow hydrant and related equipment and technology, for the upper Arroyo Hondo mutual domestic water consumers association in Taos county

QUESTA WASTEWATER SYSTEM IMPROVE

five hundred thousand dollars (\$500,000) to plan, design and construct wastewater system improvements in Questa in Taos county

QUESTA WATER SYSTEM IMPROVE

one million five hundred nine thousand nine hundred fifty dollars (\$1,509,950) to plan, design and construct water system improvements in Questa in Taos county

QUESTA WATER WELL

two hundred sixty-five thousand dollars (\$265,000) to plan, design and construct a water well, including improvements to the water system, in Questa in Taos county

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HOUSE CAPITAL OUTLAY REQUEST

Page 4

RED RIVER PINERIDGE SEWER LINES

eighty-seven thousand dollars (\$87,000) to plan, design and construct sewer lines and extensions to the Pineridge subdivision in Red River in Taos county

RED RIVER WASTEWATER SYSTEM IMPROVE

three hundred sixty-five thousand dollars (\$365,000) to plan, design and construct wastewater system improvements in Red River in Taos county

RED RIVER WATER SYSTEM IMPROVE & STORAGE

two million one hundred thousand dollars (\$2,100,000) to plan, design and construct water system improvements, including a water storage unit, in Red River in Taos county

- to the Indian affairs department

PICURIS PUEBLO ADMINISTRATION BLDG RENOVATE

three hundred seventy-five thousand dollars (\$375,000) to plan, design and construct phase 1 of the tribal administration building renovation at the Pueblo of Picuris in Taos county

PICURIS PUEBLO CONVENIENCE STATION

three hundred thousand dollars (\$300,000) to design and construct a convenience station, including a recreational vehicle park, at the Pueblo of Picuris in Taos county

PICURIS PUEBLO RESTAURANT RENOVATE

three hundred forty-five thousand dollars (\$345,000) to renovate the Hidden Valley restaurant facility to house a visitors center and museum at the Pueblo of Picuris in Taos county

TAOS PUEBLO VETERANS LIVING MEMORIAL PARK

one hundred thousand dollars (\$100,000) to plan, design and construct a veterans living memorial park at the Pueblo of Taos in Taos county

- to the interstate stream commission

ACEQUIA DE LA SEVADILLA CHANNEL

fifteen thousand dollars (\$15,000) to purchase, construct and install improvements, including a channel, to the acequia de la Sevadilla in Taos county

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HOUSE CAPITAL OUTLAY REQUEST

Page 5

ACEQUIA DE SAN JUAN DE NEPUMUCENO IMPROVE

two million five hundred thousand dollars (\$2,500,000) for improvements, including the installation of piping, for the acequia de San Juan de Nepumuceno in Llano de San Juan in Taos county

ACEQUIA DEL CANON LINER

forty thousand dollars (\$40,000) to purchase, construct and install improvements, including a liner, to the acequia del Canon in Llano de San Juan in Taos county

ACEQUIA DEL MONTE DEL RIO CHIQUITO IMPROVE

two hundred ten thousand dollars (\$210,000) to plan, design and construct improvements, including compuertas and lining, to the acequia del Monte del Rio Chiquito in Talpa in Taos county

ACEQUIA DEL MONTE DEL RIO CHIQUITO WATER PRJT LOAN

sixteen thousand four hundred dollars (\$16,400) to pay back a water project fund loan for improvements to the Talpa reservoir inlet acequia for acequia del Monte del Rio Chiquito in Taos county

ACEQUIAS DE CHAMISAL Y OJITO DIVIDER

fifty thousand dollars (\$50,000) to construct a divider on the acequias de Chamisal y Ojito in Taos county

TALPA IRRIGATION RESERVOIR FENCE

eighty thousand dollars (\$80,000) to plan, design and construct a fence at the Talpa irrigation reservoir in Taos county

ACEQUIA DE ARRIBA DEL LLANO DE SAN MIGUEL IMPROVE

fifty thousand dollars (\$50,000) to construct a diversion dam and reconstruct portions of the existing acequia de Arriba del Llano de San Miguel in Taos county

ACEQUIA VENITA DE TEODORO ROMERO IMPROVE

thirty thousand dollars (\$30,000) to construct phase 3 improvements, including piping, to the acequia venita de Teodoro Romero in Ranchos de Taos in Taos county

- to the local government division of the department of finance and administration

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HOUSE CAPITAL OUTLAY REQUEST

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NORTH CENTRAL RTD PARKING LOT PAVE

ninety thousand dollars (\$90,000) to pave the parking lot at the north central regional transit district building in Espanola in Rio Arriba county

RIO ARRIBA CO RECOVERY PROGRAM BLDG REMODEL

one hundred three thousand nine hundred twenty-one dollars (\$103,921) to design, remodel and make improvements to buildings for a residential abuse treatment and recovery center in Velarde in Rio Arriba county

RIO ARRIBA CO RECOVERY PROGRAM INFO TECH & EQUIP

seventy-five thousand dollars (\$75,000) to purchase and install information technology, including related furniture, equipment and infrastructure, and office equipment for a residential abuse treatment and recovery program in Velarde in Rio Arriba county

LATIR FIRE DISTRICT TAOS CO FIRE STATION CONSTRUCT

one million nine hundred thousand dollars (\$1,900,000) to plan, design, construct, furnish, equip and landscape a main fire station, including site development and installation of solar, geo-exchange and water catchment systems, for the Latir volunteer fire district in Taos county

TALPA COMMUNITY CENTER PARKING & FENCING IMPROVE

twenty-five thousand dollars (\$25,000) to plan, design and construct improvements, including renovation of the parking area and installation of surrounding fencing, at the Talpa community center in Taos county

TAOS CO FILEMON SANCHEZ PARK RENOVATE

two hundred fifty thousand dollars (\$250,000) to plan, design, construct, replace and renovate the bathrooms, lighting and electrical systems at the Filemon Sanchez park in Taos county

TAOS CO HEAD START BUSES

one hundred fifty thousand dollars (\$150,000) to purchase and equip head start program buses in Taos county

TAOS CO SHERIFF VEHICLES

three hundred thousand dollars (\$300,000) to purchase and equip vehicles for the sheriff's department in Taos county

.13HGONZ001

HOUSE CAPITAL OUTLAY REQUEST

Page 7

TAOS CO VETERANS CEMETERY

six hundred thousand dollars (\$600,000) to plan, design, fence and construct a veterans cemetery in Taos county

AMALIA COSTILLA COMMUNITY CENTER IMPROVE

four hundred three thousand three hundred thirty-three dollars (\$403,333) to plan, design, renovate, construct, equip and furnish the Amalia Costilla community center in Taos county

CERRO COMMUNITY CENTER RENOVATE

one hundred fifty thousand dollars (\$150,000) to plan, design, construct, renovate, purchase and equip improvements to the Cerro community center in Taos county

CERRO FIRE DEPT SUBSTATION

four hundred twenty-five thousand dollars (\$425,000) to plan, design and construct a substation for the Cerro fire department in Taos county

QUESTA BUSINESS PARK IMPROVE

one hundred thousand dollars (\$100,000) to plan, design and construct improvements to the business park in Questa in Taos county

QUESTA PUBLIC WORKS VEHICLES & EQUIP

one hundred thousand dollars (\$100,000) to purchase public works vehicles and equipment for Questa in Taos county

RED RIVER DAYCARE CENTER

fifty thousand dollars (\$50,000) to plan, design and construct a daycare center in Red River in Taos county

RED RIVER PUBLIC WORKS GRADER & DUMP TRUCK

two hundred ninety-five thousand dollars (\$295,000) to purchase public works equipment, including a road grader and dump truck, in Red River in Taos county

SAN CRISTOBAL FIRE STATION

three hundred thousand dollars (\$300,000) to plan, design and construct a fire station for the San Cristobal fire department in Taos county

TAOS CHAMISA VERDE AFFORDABLE HOUSING

one hundred thousand dollars (\$100,000) to plan the Chamisa Verde affordable housing project pursuant to the Affordable Housing Act in Taos in Taos county

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HOUSE CAPITAL OUTLAY REQUEST

Page 8

TAOS PLAZA RENOVATE-ARTS & CULTURAL DISTRICT

fifty thousand dollars (\$50,000) for renovations to the plaza in the arts and cultural district in Taos in Taos county

- to the department of transportation

NORTH CENTRAL RTD BUSES PURCHASE

three hundred thousand dollars (\$300,000) to purchase and equip buses for the north central regional transit district in Espanola in Rio Arriba county

ESTE ES ROAD IMPROVE PHASE 3 - TAOS

six hundred sixty-two thousand dollars (\$662,000) to plan, design and construct phase 3 improvements to Este Es road, including water and sewer infrastructure, in Taos in Taos county

TAOS MUNI AIRPORT HANGAR AND ADMIN FCLTY

three hundred forty thousand five hundred fifty dollars (\$340,550) to design and construct an airplane hangar and administrative facility at Taos municipal airport in Taos in Taos county

TAOS MUNICIPAL AIRPORT IMPROVE

six hundred seventy thousand dollars (\$670,000) to plan, design and construct improvements to the Taos municipal airport in Taos county

- to the board of regents of the university of New Mexico

UNM HARWOOD MUSEUM IMPROVE

six hundred thousand dollars (\$600,000) to plan, design and construct improvements to the Harwood museum of art facility, including site improvements, in Taos in Taos county

1 SENATE BILL 576

2 **51ST LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2013**

3 INTRODUCED BY

4 Howie C. Morales

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8 FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE

9
10 AN ACT

11 RELATING TO SCHOOL TRANSPORTATION; MAKING AN APPROPRIATION FOR
12 INSTALLATIONS AND OPERATION OF SECURITY AND GLOBAL POSITIONING
13 SYSTEM DEVICES FOR SCHOOL BUS SERVICES.

14
15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

16 SECTION 1. APPROPRIATION.--Five hundred sixty-five
17 thousand dollars (\$565,000) is appropriated from the general
18 fund to the public education department for expenditure in
19 fiscal year 2014 to provide for installations and operations of
20 security and global positioning system devices for school
21 buses. Any unexpended or unencumbered balance remaining at the
22 end of fiscal year 2014 shall revert to the general fund.

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**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: SB 576

51st Legislature, 1st Session, 2013

Tracking Number: .191427.1

Short Title: School Bus GPS Devices

Sponsor: Senator Howie C. Morales

Analyst: David Craig

Date: February 28, 2013

FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE

Bill Summary:

SB 576 makes an appropriation to the Public Education Department (PED) for the purpose of installing and operating security and global positioning system (GPS) devices in public school buses statewide.

Fiscal Impact:

\$565,000 is appropriated from the General Fund to PED for FY 14. Unexpended or unencumbered funds revert to the General Fund.

Substantive Issues:

During the 2012 interim, the Legislative Education Study Committee (LESC) convened a school transportation subcommittee to examine school bus transportation data, funding, and safety issues and to provide recommendations to the full committee prior to the 2013 legislative session.

During the October 2012 subcommittee meeting, members discussed the distribution of available transportation dollars and the need for additional site characteristics used in the current transportation calculation, including transportation in high elevation areas, on different road surfaces, for large land areas, and for charter school students. In order to consider any changes to the formula, however, subcommittee members stated that changes to the site characteristics should be considered only if consistent and accurate data are available for the school transportation program statewide. In response to that concern, PED staff reported that the department used \$966,400 from a 2007 capital outlay appropriation to purchase a statewide GPS that has the capability to determine site characteristics related to mileage by school district; however, the system is currently not funded.

In preparation for the November 2012 LESC Transportation Subcommittee meeting, staff contacted vendors of school transportation GPS for information. Information from one GPS vendor indicates that all school buses in New Mexico currently are formatted with the hardware to use the vendor's service. Another vendor reported doing business with nine districts, one contractor, and one nonprofit organization in the state.

Vendors generally cite benefits of a GPS, such as the following:

- increased efficiency and safety;
- creation of an audit trail;
- improved fleet maintenance; and
- increased data for policymakers.

Background:

The LESC has discussed the issue of data to inform school site characteristics since at least 2001. In response to a member’s question during the 2000 interim regarding additional site characteristics that affect school transportation operations, staff from the then State Department of Education (SDE) reported that among site characteristics identified by the department for formula refinements are roadway miles, elevation, and high fuel costs.

Also during the 2000 interim, SDE staff noted that charter schools had an impact on district transportation allocations because charter school transportation costs are provided from the school district’s annual transportation allocation. In most instances, staff reported, the charter school negotiates with the school district for services. However, if the negotiations result in additional bus routes, or if a charter school decides to provide its own transportation services, the school district is faced with providing additional buses. To address these issues, the then State Board of Education requested funding in the 2001 legislative session for a transportation information system that would determine site characteristics by school district.

During the August 2012 LESC Transportation Subcommittee meeting, members heard testimony from Legislative Finance Committee (LFC) staff regarding the findings of a May 2011 LFC School Bus Transportation Program Evaluation. The program evaluation included findings regarding the expenditure of the \$966,400 from a 2007 capital outlay appropriation to purchase a Statewide Public School Bus Global Positioning System that was awarded to Zonar Systems. As part of its contract with Zonar, PED also purchased the ZPass system, which records student ridership. This system was piloted in Deming Public Schools with plans to expand usage for Albuquerque Public Schools, Las Cruces Public Schools, Rio Rancho Public Schools, and Gallup-McKinley County Public Schools as additional pilots using 2010 General Obligation Bond (GOB) funds.

The response to the program evaluation from PED in 2011 said GPS for the state of New Mexico will definitely provide accurate mileage and ridership data which is a fundamental component of the current transportation formula and will require buy-in from the Legislature before the state continues with this service.

Also according to the LFC program evaluation report, there is potential for:

- PED to recapture the annual subscription fee if the data are analyzed and used properly, by:
 - monitoring bus idle time to reduce fuel consumption;
 - reducing administrative costs associated with the need for districts to manually capture and report data; and
 - reducing the amount of time spent verifying ridership while improving security; and

- the GPS-driven system to:
 - significantly increase the division's management of the buses;
 - improve administration of the transportation program;
 - reduce cost; and
 - reduce manpower.

Committee Referrals:

SEC/SFC

Related Bills:

HB 328 *School Bus Fuel Gross Receipts*

HB 419a *School Transportation Reporting Dates*

*HB 447 *Transportation Emergency Fund*

HB 603 *School District Bus Rental Fee Times*

HOUSE BILL 533

51ST LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2013

INTRODUCED BY

Roberto "Bobby" J. Gonzales

AN ACT

RELATING TO PUBLIC SCHOOL TRANSPORTATION; CREATING THE SCHOOL
TRANSPORTATION TRAINING FUND; MAKING AN APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. SCHOOL TRANSPORTATION TRAINING FUND--

CREATED.--The "school transportation training fund" is created
in the state treasury. The fund consists of payments from
school districts and charter schools for school transportation
training workshops and other types of school transportation
training described in rule provided by the public education
department, income from investment of the fund and money
otherwise accruing to the fund. Money in the fund shall not
revert to any other fund at the end of a fiscal year. The
public education department shall administer the fund, and
money in the fund is appropriated to the public education

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1 department to provide public school transportation workshops
2 and training services to school districts and charter schools,
3 including supplies and professional development for public
4 education department staff. Money in the fund shall be
5 disbursed on warrants signed by the secretary of finance and
6 administration pursuant to vouchers signed by the secretary of
7 public education or the secretary's authorized representative.

8 SECTION 2. EFFECTIVE DATE.--The effective date of the
9 provisions of this act is July 1, 2013.

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: HB 533a

51st Legislature, 1st Session, 2013

Tracking Number: .192959.1

Short Title: School Transportation Training Fund

Sponsor(s): Representative Roberto “Bobby” J. Gonzales and Others

Analyst: David Craig

Date: March 8, 2013

AS AMENDED

The House Appropriations and Finance Committee amendments fixes a typographical error and clarifies that money in the fund may be appropriated by the Legislature.

Original Bill Summary:

HB 533 creates a fund in the state treasury, effective July 2013 to:

- provide public school transportation workshops; and
- training services to school districts and charter schools including:
 - supplies and
 - professional development for Public Education Department (PED) staff.

Fiscal Impact:

HB 533 does not contain an appropriation.

Fiscal Issues:

Under HB 533:

- school districts and charter schools would make payments to the fund for workshops and services;
- other income is from investments and other money accruals to the fund;
- money in the fund does not revert to any other fund;
- PED would administer the fund;
- money in the fund would be appropriated to PED to provide workshop and training services.

Technical Issues:

On page 1, line 22, the sponsor may wish to consider replacing “is” with “in.”

Substantive Issues:

According to the PED analysis, the School Transportation Bureau (STB), administers three major programs:

- the School Bus Driver Instructor Program;
- the Commercial Drivers License Examiner Program; and
- the School Bus Inspection Program.

These programs are required in order to train and test new school bus drivers throughout the state as well as bus inspectors. They are key component in ensuring a safe and qualified driver workforce among districts and charter schools statewide.

Also according to the PED analysis:

- all three of these programs require training to school districts and school bus contractors who want to become certified in each of the respective programs;
- each of these trainings are week-long trainings that occur throughout the year in different regions of the state;
- currently PED charges \$200 per person to attend each of these trainings;
- these funds are used to cover the cost of trainings including equipment, supplies, and travel for STB employees; and
- funds may also be used to pay for professional development of PED employees to ensure the department continues to provide high quality training to drivers and inspectors.

According to PED, “the department does not have an appropriate fund to deposit fees received and as such contracts with a Regional Education Cooperative (REC) to collect funds, schedule the trainings, and pay conference costs. While the REC accounts for funds received, these funds are not under the direct control of the department and our external auditors have noted that they would like for the department to receive and deposit fees directly.”

Background:

During the 2012 interim, the Legislative Education Study Committee (LESC) convened a school transportation subcommittee to examine school bus transportation data, funding, and safety issues, and to provide recommendations to the full committee prior to the 2013 legislative session. One item of discussion was potential training for school district and school bus contractors regarding safety and operations issues.

Committee Referrals:

HEC/HAFC

Related Bills:

HB 290 *K-3 Plus Program Buses*
HB 328a *School Bus Fuel Gross Receipts*
HB 419a *School Transportation Reporting Dates*
*HB 447a *Transportation Emergency Fund*
HB 532 *School District Liens on Certain School Buses*

HB 53a3 *School Transportation Training Fund*
HB 603 *School District Bus Rental Fee Times*
*SB 60 *Severance Tax Bond Projects*
*SB 160a *Biodiesel Definitions*
SB 576 *School Bus GPS Devices*

HOUSE BILL 553

51ST LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2013

INTRODUCED BY

Roberto "Bobby" J. Gonzales

AN ACT

RELATING TO PUBLIC SCHOOL TRANSPORTATION; PROVIDING A PUBLIC SCHOOL TRANSPORTATION FUNDING FORMULA FOR STATE-CHARTERED CHARTER SCHOOLS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 22-8-29.1 NMSA 1978 (being Laws 1995, Chapter 208, Section 10, as amended) is amended to read:

"22-8-29.1. CALCULATION OF TRANSPORTATION ALLOCATION--
PUBLIC SCHOOL DISTRICTS AND STATE-CHARTERED CHARTER SCHOOLS.--

A. As used in this section:

(1) "annual variables" means the coefficients calculated by regressing the total operational expenditures from two years prior to the current school year for each school district and state-chartered charter school using the number of students transported and the numerical value of site

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1 characteristics;

2 (2) "base amount" means the fixed amount that
3 is the same for all school districts and an amount established
4 by rule for state-chartered charter schools;

5 (3) "total operational expenditures" means the
6 sum of all to-and-from school transportation expenditures,
7 excluding expenditures incurred in accordance with the
8 provisions of Section 22-8-27 NMSA 1978; and

9 (4) "variable amount" means the sum of the
10 product of the annual variables multiplied by each school
11 district's or state-chartered charter school's numerical value
12 of the school district's and state-chartered charter school's
13 site characteristics multiplied by the number of days of
14 operation for each school district or state-chartered charter
15 school.

16 B. The department shall calculate the
17 transportation allocation for each school district [~~and state-~~
18 ~~chartered charter school~~] in the following manner:

19 [~~G.~~] (1) the base amount is designated as
20 product A. Product A is the constant calculated by regressing
21 the total operations expenditures from the two years prior to
22 the current school year for school district [~~or state-chartered~~
23 ~~charter school~~] operations using the numerical value of site
24 characteristics approved by the department. The legislative
25 education study committee and the legislative finance committee

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1 may review the site characteristics developed by the state
2 transportation director prior to approval by the department;

3 ~~[D.]~~ (2) the variable amount is designated as
4 product B. Product B is the predicted additional expenditures
5 for each school district ~~[or state-chartered charter school]~~
6 based on the regression analysis using the site characteristics
7 as predictor variables multiplied by the number of days;

8 ~~[E.]~~ (3) the allocation to each school
9 district ~~[and state-chartered charter school]~~ shall be equal to
10 product A plus product B; and

11 ~~[F. For the 2001-2002, 2002-2003 and 2003-2004~~
12 ~~school years, the transportation allocation for each school~~
13 ~~district shall not be less than ninety-five percent or more~~
14 ~~than one hundred five percent of the prior school year's~~
15 ~~transportation expenditure.~~

16 ~~G.]~~ (4) the adjustment factor shall be applied
17 to the allocation amount determined pursuant to ~~[Subsections E~~
18 ~~and F of this section]~~ Paragraph (3) of this subsection.

19 C. The department shall make an allocation to a
20 state-chartered charter school by including the annual
21 variables of to-and-from school transportation expenditures of
22 the state-chartered charter school with the annual variables of
23 the school district in which the state-chartered charter school
24 is geographically located. The department shall use the
25 combined variables to calculate the school district's and

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1 state-chartered charter school's allocation. The department
2 shall then remove the state-chartered charter school's annual
3 variables from the formula and provide funding to the state-
4 chartered charter school that equals the difference between the
5 two calculations. A state-chartered charter school:

6 (1) shall not receive transportation funding
7 until after its first renewal;

8 (2) shall include in its charter that it is
9 providing transportation services to students; and

10 (3) shall notify the department one year in
11 advance of its request for school transportation funding."

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: HB 553a

51st Legislature, 1st Session, 2013

Tracking Number: .192961.2SA

Short Title: Charter Schools Transportation Funding

Sponsor: Representative Roberto “Bobby” J. Gonzales and Others

Analyst: David Craig

Date: March 11, 2013

AS AMENDED

The House Education Committee amendment provides that the different calculation of the transportation allocation for charter schools be applied to those that are chartered after July 1, 2013.

Original Bill Summary:

HB 553 amends the calculation of the transportation allocation in the *Public School Finance Act* to require the Public Education Department (PED) to make an allocation to a state-chartered charter school:

- by including the annual variables of to- and -from school transportation expenditures of the charter school with those of the school district in which the school is geographically located;
- use the combined variables to calculate the allocation;
- remove the charter school’s variables from the current transportation formula; and
- provide funding that equals the difference between the two calculations.

Among its other provisions, the bill requires state-chartered charter schools to:

- be renewed at least once before receiving school transportation funding;
- include student transportation services in its charter; and
- notify the PED one year prior to requesting school transportation funding.

Fiscal Impact:

HB 553 does not contain an appropriation.

Fiscal Issues:

According to the PED analysis:

- state-chartered charter schools are currently eligible to receive transportation funding if their charter reflects that they are going to provide transportation; and
- these schools can receive funding through the formula just like a regular school district;

the chart below indicates that:

- currently there are seven state-chartered charter schools receiving funding through the formula;
- the calculation would allocate \$642,336 to these charter schools; and
- the difference of \$491,259 would be available to all the other school districts through the formula.

CHARTER	FY 13 ALLOCATION	NEW ALLOCATION	DIFFERENCE
ASL Charter School	\$264,359	\$149,559	\$114,800
Cien Aguas	\$83,845	\$22,437	\$61,408
Cottonwood Classical	\$265,091	\$177,243	\$87,848
S.W. AM&SA	\$199,312	\$130,666	\$68,646
S.W. Secondary	\$92,027	\$39,222	\$52,805
Red River Charter	\$91,566	\$77,557	\$14,009
Uplift Charter	\$137,395	\$45,652	\$91,743
	\$1,133,595	\$642,336	\$491,259

Background:

During the 2012 interim, the Legislative Education Study Committee (LESC) convened a school transportation subcommittee, which included members of the Legislature and other interested parties, such as school administrators and private school bus contractors. The subcommittee met several times during the interim to discuss issues related to school transportation including:

- school bus replacement schedules;
- allocations through the school transportation funding formula; and
- options to deal with high fuel costs, which included alternative funding mechanisms, fuel price forecasting methods, and cost-saving measures.

The issue of state-chartered charter schools receiving school transportation funding formula allocations in excess of what may be needed was raised by PED staff.

Committee Referrals:

HTPWC/HEC/SEC

Related Bills:

- HB 290 *K-3 Plus Program School Buses*
- HB 328a *School Bus Fuel Gross Receipts*
- HB 419aa *School Transportation Reporting Dates*
- *HB 447a *Transportation Emergency Fund*
- HB 532 *School District Liens on Certain School Buses*
- HB 533a *School Transportation Training Fund*
- HB 603 *School District Bus Rental Fee Times*

**CS/*SB 60 Severance Tax Bond Projects*

**SB 160aa Biodiesel Definitions*

SB 576 School Bus GPS Devices