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July 21, 2015

MEMORANDUM

TO: Legislative Education Study Committee

FR: David Craig

RE: STAFF BRIEF: SCHOOL TRANSPORTATION

INTRODUCTION

During the 2015 Regular Legislative Session, LESC-endorsed legislation¹ was enacted to amend provisions of the *Public School Finance Act* related to transportation distributions, effective July 1, 2015, to change:

- the reporting dates of each year for school transportation funding for school districts and state-chartered charter schools:
 - from the first reporting date (which is the second Wednesday in October);
 - to the average of the second and third reporting dates (which are, respectively, December 1, or the first working day in December, and the second Wednesday in February);
- the transportation allocations to each school district and state-chartered charter school to an amount calculated and distributed for the entire school year using an average of the amounts reported on the second and third reporting dates.

¹ HB 164a, *School Transportation Info Reporting* (Laws 2015, Ch. 57)

In addition the legislation included a temporary provision for the transportation distribution for FY 16 that:

- based the allocation on the tentative budget of a school district or state-chartered charter school; and
- adjusted the amount the school district or state-chartered charter school is entitled to receive based upon the number of students transported on the first reporting date of FY 16 and for special education students on December 1, subject to audit and verification.

This staff report provides the following for the Committee's review:

- Comparison of FY 15 Final and FY 16 Initial Transportation Funding Formula Allocations; and
- State-Chartered Charter Schools.

2012 and 2013 LESC Subcommittees on School Bus Transportation: Prior-Year Funding Discussions

The legislation reflected the work of the subcommittees on School Bus Transportation that the LESC formed in the 2012 and 2013 interims. During both subcommittees' interim meetings, members heard testimony from LESC staff regarding policy considerations for transportation funding based on a different, prior-year funding period similar to other education funding provisions in law. LESC staff provided testimony that the State Equalization Guarantee distribution, for example, is based on the average student membership of the second and third reporting periods.

Several stakeholders provided testimony that:

- while public school budgets are determined on prior-year reporting dates, the school transportation distribution is based on a current-year reporting date; and
- using a prior-year number would allow more predictability on available dollars when developing budgets.

The subcommittees also heard testimony from Public Education Department (PED) staff that provisions for prior-year funding for transportation would:

- provide for the use of prior-year ridership data in the transportation formula calculation;
- allow the transportation funding formula to absorb some fluctuations in ridership or funding; and
- give school districts and state-chartered charter schools one year to adjust for funding decreases.

According to the PED's bill analysis during the 2015 session:

- transitioning to prior-year funding for transportation will give school districts and state-chartered charter schools the ability to plan their annual transportation program more

accurately and make more informed conscientious decisions related to transportation as they will know their final allocations much earlier in the year; and

- it appears that contractors will benefit as well in that school districts and charter schools will know exactly what their total allocation will be for the year, allowing more informed negotiations of bus contracts

COMPARISON OF FY 15 FINAL AND FY 16 INITIAL TRANSPORTATION FUNDING FORMULA ALLOCATIONS

As shown in the **Attachment, *Comparison of FY 15 Final Transportation Allocation to FY 16 Initial Transportation Allocation***:

- 68 school districts and five state-chartered charter schools will see a reduction from the final FY 15 transportation funding formula allocation to the FY 16 initial transportation allocation;
- the total reduction for these school districts and charter schools is approximately \$8.0 million;
- conversely, 22 school districts and 15 state-chartered charter schools had the initial transportation funding formula allocation increase by approximately \$2.0 million;
- of the 15 state-chartered charter schools receiving an increase:
 - eight are new state-chartered charter schools beginning operations in FY 16; and
 - will receive new transportation funding formula allocations totaling \$832,000; and
- initial allocations to school districts and state-chartered charter schools based on funds appropriated for FY 16 for transportation will be adjusted to the final allocation after the second reporting date.

STATE-CHARTERED CHARTER SCHOOLS

During the 2015 Regular Legislative Session, LESC-endorsed legislation² was introduced to amend provisions of the *Public School Finance Act* to:

- exclude reference to state-chartered charter schools from current provisions related to transportation funding, including:
 - the transportation distribution;
 - transportation equipment;
 - the transportation distribution reports and payments;
 - the calculation of transportation allocation; and
 - the transportation distribution adjustment factor; and
- allow a charter school in which at least 20 percent of its students qualify for transportation services in compliance with an individualized education plan (IEP), or with Section 504 of the federal *Rehabilitation Act of 1973*, to choose to provide state-funded

² HB 166, *Charter School Transportation Agreements*

transportation services for its eligible students, provided that the eligible students are not provided transportation services that are provided for all students.

The legislation³ also proposed to amend provisions of the *Charter Schools Act* to:

- require charter schools that choose to provide transportation services to negotiate with the school district in which they are geographically located to provide transportation to eligible students; and
- indicate that a charter school and school district are not required to enter into a transportation agreement.

Though the legislation reflects the work of the 2014 LESC Charter Schools Subcommittee, the legislation did not pass.

2014 LESC Charter Schools Subcommittee: Charter School Discussion

The subcommittee's examination of transportation issues with charter schools began with an LESC staff review of statutory provisions in the *Public School Finance Act* and the *Charter Schools Act*, along with provisions in PED rule. Altogether, this testimony explained, provisions in current law and rule require:

- locally chartered charter schools to negotiate with the chartering district for transportation by school bus or per capita feeder agreement, although the routes must stay within the school district's boundaries and although the "walk zones" applicable to traditional schools do not apply to charter schools;
- the district to develop a separate transportation budget and allocation for locally chartered charter schools;
- the district to collect and submit required reporting for the locally chartered charter school's transportation;
- PED to calculate transportation allocations for each state-chartered charter school;
- the allocations to be based on the tentative transportation budget of the state-chartered school for the current fiscal year; and
- periodic installment payments to state-chartered charter schools to be based on the allocations certified by the state transportation director.

Of particular note, staff testimony continued, are the transportation needs and circumstances of state-chartered charter schools. For one thing, an interim subcommittee on public school transportation during the 2012 and 2013 interims heard testimony from PED that state-chartered charter schools were receiving more school transportation funding formula allocations than they needed to provide to-and-from transportation services for students. For another thing, the *Public School Finance Act* does not specify whether state-chartered charter schools are to receive a transportation funding formula distribution or be eligible to receive such funding; and there are no provisions in law that relate to transportation boundaries or distances for state-chartered charter schools.

³ HB 166, *Charter School Transportation Agreements*

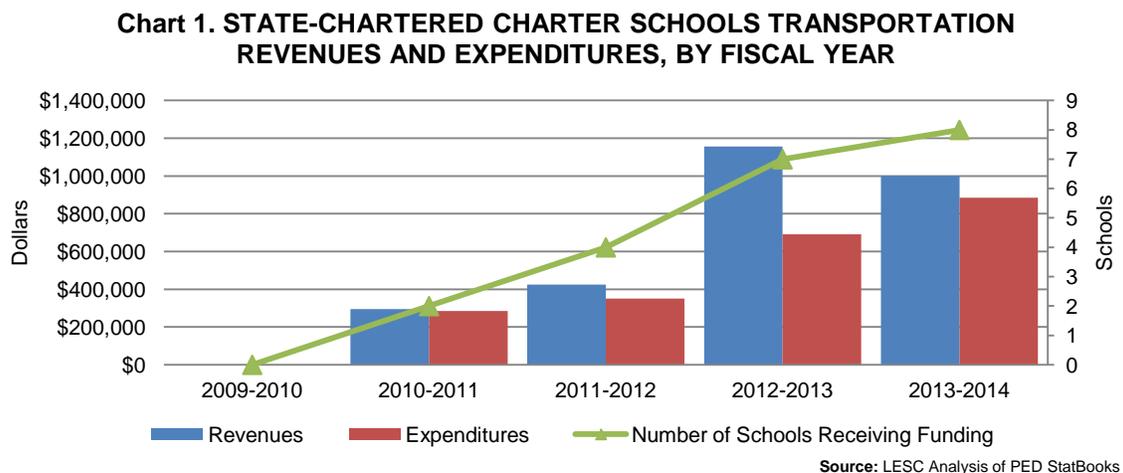
With these points in mind, LESC staff suggested that the subcommittee may wish to consider whether:

- the current mechanism for allocating transportation funding to state-chartered charter schools is adequate;
- the eligibility criteria for charter schools to receive a transportation allocation needs further clarification; and
- geographic boundaries or distances should be established for charter school transportation services.

Staff testimony also suggested that the subcommittee consider including state-chartered charter schools in the negotiation process with local school districts and incorporating into law a provision in PED rule that allows charter schools to elect not to provide transportation services.

State-Chartered Charter Schools Transportation Revenues and Expenditures

As shown in *Chart 1. State-Chartered Charter Schools Transportation Revenues and Expenditures, by Fiscal Year*, since 2009-2010 school transportation revenues for state-chartered charter schools appear to have exceeded expenditures at the end of each fiscal year.



Unexpended Transportation Allocations

In the event 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, provisions in current law require that:

- 50 percent of the remaining balance shall be deposited in the Transportation Emergency Fund; and
- of the excess amount retained by the school district or state-chartered charter school:
 - at least 25 percent shall be used for to-and-from transportation-related services, excluding salaries and benefits; and

- up to 25 percent may be used for other transportation-related services, excluding salaries and benefits as defined by PED rules.⁴

General Appropriation Act of 2015 and State-Chartered Charter School Transportation Allocations

For FY 16, language in CS/HB 2a, *General Appropriation Act of 2015*, indicates that a state-chartered charter school that receives a transportation allocation that exceeds the amount required to provide to-and-from transportation, three- and four-year-old developmentally disabled transportation and vocational education transportation shall deposit 100 percent of the remaining balance in the Transportation Emergency Fund at the end of FY 16.

⁴ 22-8-26 NMSA 1978

**COMPARISON OF FY 15 FINAL TRANSPORTATION ALLOCATION TO FY 16
INITIAL TRANSPORTATION ALLOCATION**

School District/State-Chartered Charter School	Final 2015	School District/State-Chartered Charter School	Initial 2016	Difference (Decrease)	Difference (Increase)
1 ALAMOGORDO	\$1,088,628	ALAMOGORDO	\$1,162,189		\$73,561
2 ALBUQUERQUE	\$18,201,525	ALBUQUERQUE	\$16,576,658	(\$1,624,867)	
		ALBUQUERQUE CHARTER ACADEMY	\$40,212		\$40,212
4 ASL CHARTER SCHOOL	\$256,959	ASL CHARTER SCHOOL	\$231,003	(\$25,956)	
5 ANIMAS	\$338,577	ANIMAS	\$300,015	(\$38,562)	
6 ARTESIA	\$1,187,179	ARTESIA	\$1,121,493	(\$65,686)	
7 AZTEC	\$884,069	AZTEC	\$908,395		\$24,326
8 BELEN	\$1,487,676	BELEN	\$1,343,255	(\$144,421)	
9 BERNALILLO	\$1,211,089	BERNALILLO	\$1,105,766	(\$105,323)	
10 BLOOMFIELD	\$1,129,149	BLOOMFIELD	\$1,071,276	(\$57,873)	
11 CAPITAN	\$338,327	CAPITAN	\$326,512	(\$11,815)	
12 CARLSBAD	\$1,449,215	CARLSBAD	\$1,352,938	(\$96,277)	
13 CARRIZOZO	\$188,089	CARRIZOZO	\$163,944	(\$24,145)	
14 CENTRAL CONS.	\$2,554,807	CENTRAL CONS.	\$2,166,082	(\$388,725)	
15 CHAMA	\$270,288	CHAMA	\$269,299	(\$989)	
16 CIEN AGUAS	\$120,347	CIEN AGUAS	\$119,773	(\$574)	
17 CIMARRON	\$420,205	CIMARRON	\$385,935	(\$34,270)	
18 CLAYTON	\$703,238	CLAYTON	\$630,173	(\$73,065)	
19 CLOUDCROFT	\$237,078	CLOUDCROFT	\$208,935	(\$28,143)	
20 CLOVIS	\$1,198,580	CLOVIS	\$1,410,694		\$212,114
21 COBRE CONS.	\$566,380	COBRE CONS.	\$597,449		\$31,069
22 CORONA	\$254,096	CORONA	\$216,597	(\$37,499)	
		COTTONWOOD			
23 CLASSICAL	\$281,147	CLASSICAL	\$294,367		\$13,220
24 CUBA	\$622,409	CUBA	\$580,923	(\$41,486)	
25 DEMING	\$1,715,228	DEMING	\$1,585,943	(\$129,285)	
26 DES MOINES	\$192,427	DES MOINES	\$165,387	(\$27,040)	
27 DEXTER	\$495,282	DEXTER	\$521,272		\$25,990
28 DORA	\$243,862	DORA	\$211,481	(\$32,381)	
29 DULCE	\$161,204	DULCE	\$167,980		\$6,776
		DZIT DIT LOOI SCHOOL OF EMPOWERMENT	\$80,757		\$80,757
31 ELIDA	\$207,028	ELIDA	\$174,456	(\$32,572)	
32 ESPANOLA	\$1,635,593	ESPANOLA	\$1,447,882	(\$187,711)	
33 ESTANCIA	\$390,265	ESTANCIA	\$366,453	(\$23,812)	
34 EUNICE	\$204,965	EUNICE	\$204,817	(\$148)	
		EXPLORE ACADEMY CHARTER	\$105,379	(\$1,882)	
35 CHARTER	\$107,261	CHARTER	\$105,379	(\$1,882)	
36 FARMINGTON	\$3,178,562	FARMINGTON	\$2,839,023	(\$339,539)	
37 FLOYD	\$133,716	FLOYD	\$117,526	(\$16,190)	
38 FT. SUMNER	\$471,015	FT. SUMNER	\$423,382	(\$47,633)	
39 GADSDEN	\$4,793,544	GADSDEN	\$4,185,075	(\$608,469)	
40 GALLUP	\$5,633,913	GALLUP	\$4,509,371	(\$1,124,542)	
41 GRADY	\$199,714	GRADY	\$168,974	(\$30,740)	
42 GRANTS	\$1,179,934	GRANTS	\$1,050,093	(\$129,841)	
43 HAGERMAN	\$248,483	HAGERMAN	\$255,315		\$6,832
44 HATCH	\$630,393	HATCH	\$674,225		\$43,832
		HEALTH SCIENCES ACADEMY CHARTER	\$174,027	(\$8,791)	
45 CHARTER	\$182,818	ACADEMY CHARTER	\$174,027	(\$8,791)	
46 HOBBS	\$1,680,251	HOBBS	\$1,618,188	(\$62,063)	
47 HONDO	\$187,413	HONDO	\$166,421	(\$20,992)	
48 HOUSE	\$167,368	HOUSE	\$139,376	(\$27,992)	
		INTERNATIONAL SCHOOL AT MESA DEL SOL	\$87,635		\$1,503
49 AT MESA DEL SOL	\$86,132	SCHOOL AT MESA DEL SOL	\$87,635		\$1,503
50 JAL	\$182,611	JAL	\$160,603	(\$22,008)	
51 JEMEZ MOUNTAIN	\$448,211	JEMEZ MOUNTAIN	\$406,776	(\$41,435)	
52 JEMEZ VALLEY	\$443,414	JEMEZ VALLEY	\$287,280	(\$156,134)	
		LA ACADEMIA DOLORES HUERTA	\$126,989		\$126,989
53 LA PROMESA CHARTER SCHOOL	\$78,680	LA ACADEMIA DOLORES HUERTA CHARTER SCHOOL	\$126,989		\$126,989
		CHARTER SCHOOL	\$85,766		\$7,086

**COMPARISON OF FY 15 FINAL TRANSPORTATION ALLOCATION TO FY 16
INITIAL TRANSPORTATION ALLOCATION**

School District/State-Chartered Charter School	Final 2015	School District/State-Chartered Charter School	Initial 2016	Difference (Decrease)	Difference (Increase)
55 LA TIERRA MONTESSORI SCHOOL OF THE ARTS	\$46,277	LA TIERRA MONTESSORI SCHOOL OF THE ARTS	\$47,698		\$1,421
56 LAKE ARTHUR	\$130,193	LAKE ARTHUR	\$110,472	(\$19,721)	
57 LAS CRUCES	\$5,165,487	LAS CRUCES	\$4,726,231	(\$439,256)	
58 LAS VEGAS EAST	\$686,234	LAS VEGAS EAST	\$692,190		\$5,956
59 LAS VEGAS WEST	\$673,093	LAS VEGAS WEST	\$662,322	(\$10,771)	
60 LOGAN	\$211,855	LOGAN	\$189,602	(\$22,253)	
61 LORDSBURG	\$329,530	LORDSBURG	\$329,736		\$206
62 LOS ALAMOS	\$535,131	LOS ALAMOS	\$679,636		\$144,505
63 LOS LUNAS	\$2,382,357	LOS LUNAS	\$2,126,381	(\$255,976)	
64 LOVING	\$124,921	LOVING	\$110,011	(\$14,910)	
65 LOVINGTON	\$927,421	LOVINGTON	\$973,779		\$46,358
66 MAGDALENA	\$319,452	MAGDALENA	\$287,733	(\$31,719)	
67 MAXWELL	\$72,252	MAXWELL	\$56,047	(\$16,205)	
68 MELROSE	\$261,763	MELROSE	\$224,349	(\$37,414)	
69 MESA VISTA	\$322,256	MESA VISTA	\$307,285	(\$14,971)	
70 MISSION ACHIEVEMENT & SUCCESS CHARTER	\$79,955	MISSION ACHIEVEMENT & SUCCESS CHARTER	\$86,249		\$6,294
71		MONTE DEL SOL	\$152,383		\$152,383
72 MORA	\$396,140	MORA	\$380,699	(\$15,441)	
73 MORIARTY	\$1,549,651	MORIARTY	\$1,375,582	(\$174,069)	
74 MOSQUERO	\$194,455	MOSQUERO	\$162,784	(\$31,671)	
75 MOUNTAINAIR	\$281,356	MOUNTAINAIR	\$249,079	(\$32,277)	
76 PECOS	\$388,170	PECOS	\$394,367		\$6,197
77 PENASCO	\$277,820	PENASCO	\$269,198	(\$8,622)	
78 POJOAQUE	\$864,463	POJOAQUE	\$826,917	(\$37,546)	
79 PORTALES	\$833,447	PORTALES	\$833,096	(\$351)	
80 QUEMADO	\$409,368	QUEMADO	\$354,837	(\$54,531)	
81 QUESTA	\$275,618	QUESTA	\$265,721	(\$9,897)	
82 RATON	\$359,678	RATON	\$416,254		\$56,576
83 RED RIVER CHARTER	\$29,046	RED RIVER CHARTER	\$30,769		\$1,723
84 RESERVE	\$216,504	RESERVE	\$188,071	(\$28,433)	
85 RIO RANCHO	\$3,071,743	RIO RANCHO	\$3,135,588		\$63,845
86 ROSWELL	\$2,070,458	ROSWELL	\$2,183,985		\$113,527
87 ROY	\$116,349	ROY	\$94,896	(\$21,453)	
88 RUIDOSO	\$703,835	RUIDOSO	\$737,673		\$33,838
89 SAN JON	\$157,517	SAN JON	\$130,437	(\$27,080)	
90		SANDOVAL ACADEMY OF BILINGUAL EDUCATION	\$75,662		\$75,662
91 SANTA FE	\$4,115,492	SANTA FE	\$3,439,991	(\$675,501)	
92 SANTA ROSA	\$430,927	SANTA ROSA	\$415,960	(\$14,967)	
93		SCHOOL OF DREAMS ACADEMY	\$109,202		\$109,202
94 SILVER CITY	\$922,368	SILVER CITY	\$904,782	(\$17,586)	
95 SOCORRO	\$649,997	SOCORRO	\$682,459		\$32,462
96 S.W. AM&SA	\$183,272	S.W. AM&SA	\$178,378	(\$4,894)	
97 S.W. SECONDARY	\$48,686	S.W. SECONDARY	\$51,515		\$2,829
98 SPRINGER	\$185,307	SPRINGER	\$163,189	(\$22,118)	
99 TAOS	\$900,379	TAOS	\$902,419		\$2,040
100 TATUM	\$306,086	TATUM	\$272,345	(\$33,741)	
101 TEXICO	\$236,222	TEXICO	\$223,311	(\$12,911)	
102		TIERRA ENCANTADO CHARTER SCHOOL	\$56,622		\$56,622
103 TRUTH OR CONS.	\$840,766	TRUTH OR CONS.	\$832,369	(\$8,397)	
104 TUCUMCARI	\$441,442	TUCUMCARI	\$582,653		\$141,211
105 TULAROSA	\$499,826	TULAROSA	\$522,828		\$23,002
106		TURQUOISE TRAIL CHARTER SCHOOL	\$190,852		\$190,852
107 UPLIFT COMMUNITY	\$100,969	UPLIFT COMMUNITY	\$93,543	(\$7,426)	
108 VAUGHN	\$94,946	VAUGHN	\$77,729	(\$17,217)	
109 WAGON MOUND	\$137,079	WAGON MOUND	\$114,676	(\$22,403)	
110 ZUNI	\$436,718	ZUNI	\$491,223		\$54,505

**COMPARISON OF FY 15 FINAL TRANSPORTATION ALLOCATION TO FY 16
INITIAL TRANSPORTATION ALLOCATION**

School District/State-Chartered Charter School	Final 2015	School District/State-Chartered Charter School	Initial 2016	Difference (Decrease)	Difference (Increase)
<i>SUBTOTAL EIGHT NEW STATE-CHARTERED CHARTER SCHOOL TRANSPORTATION PROGRAMS*</i>					\$832,679
TOTALS	\$95,262,621	TOTALS	\$89,265,500	(\$8,012,604)	\$2,015,483

*New State-Chartered Charter School Programs are designated by Italics.