

STATE OF NEW MEXICO
LEGISLATIVE EDUCATION STUDY COMMITTEE

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August 24, 2011

MEMORANDUM

TO: Legislative Education Study Committee

FR: Craig J. Johnson

**RE: STAFF BRIEF: DISTRIBUTION OF SPECIAL APPROPRIATIONS OF THE
2011 LEGISLATURE**

Section 5 of the *General Appropriation Act of 2011* makes special nonrecurring appropriations, including three appropriations to the Public Education Department (PED) totaling \$5.7 million, and also reauthorizes an appropriation made to PED in 2010 to extend the time of expenditure.

This staff brief discusses PED's distribution of two nonrecurring appropriations for (1) emergency support and (2) increased fuel costs. The third appropriation, \$2.5 million for the Governor's education reforms, is addressed in the Director's report under 'correspondence'.

Emergency Supplemental Funding

For FY 12, approximately \$7.7 million is available for emergency support to school districts, including:

- \$1.9 million in recurring categorical Public School Support for expenditure in FY 12;
- \$2.0 million in nonrecurring funds for expenditure in FY 11 and FY 12; and
- almost \$3.8 million in nonrecurring funds unexpended in FY 11 and reauthorized for expenditure in FY 12.

The \$2.0 million nonrecurring appropriation for emergency support includes language requiring that:

- no money be distributed to any school district or state-chartered charter school having cash and invested reserves, or other resources or any combination thereof, equaling 5.0 percent or more of the school district's or state-chartered charter school's operational budget;
- the appropriation be from the separate account of the appropriation contingency fund dedicated for the purpose of implementing and maintaining educational reforms created in Section 12 of Chapter 114 of Laws 2004, also known as the "Education Lockbox"; and
- prior to the distribution of any emergency supplemental funds, the Secretary of Public Education provide the Legislative Finance Committee (LFC) and the Legislative Education Study Committee (LESC) with a report outlining:
 - the criteria used to qualify for funds;
 - the financial status of recipients, including the status of recipients' financial audits; and
 - any cost savings measures recipients implemented before applying for funds.

On July 21, PED provided LESC staff with a spreadsheet indicating how school districts budgeted nearly \$7.9 million in emergency supplemental funds (see Attachment 1). Although the budgeted amount exceeds the emergency funding available, PED notes that the final distribution of these funds will not be made until after PED verifies the school districts' second quarter financials. The department projects that, after the districts' financial reports have been verified, the actual distributions will fall below the available amount of funds. LESC staff anticipates that to comply with the appropriation language, prior to the distribution, PED will provide a report to the LESC and LFC outlining the required information.

It should be noted that PED indicates that four districts: (1) Corona Public Schools; (2) Des Moines Municipal Schools; (3) Roy Municipal Schools; and (4) West Las Vegas Public Schools, were permitted to budget the nonrecurring \$2.0 million, adding that the department is currently collecting the information required to comply with the appropriation language above. With regard to the financial status of these districts, LESC staff recently received a list of FY 10 audits received by the State Auditor indicating that Des Moines Municipal Schools has not yet submitted their FY 10 audit (see Attachment 3).

\$1.2 Million from Transportation Emergency Fund

The transportation distribution in the *General Appropriation Act of 2011* includes \$82.3 million for operational and maintenance costs, including the purchase of fuel. To address the risk of increased fuel costs during school years 2010-2011 and 2011-2012, the Legislature appropriated an additional \$1.2 million from the Transportation Emergency Fund.¹ The appropriation includes language to require that:

- notwithstanding the provisions governing distributions from the Transportation Emergency Fund, for school years 2010-2011 and 2011-2012, the Secretary make

¹ Money in the Transportation Emergency Fund is appropriated to PED for the purpose of funding transportation emergencies. The Secretary may make distributions only to ensure the safety of students receiving to-and-from transportation services. PED reports that the following commonly constitute an emergency: (1) the need to replace a school bus; (2) unexpected growth within a district; (3) start-up costs for a school district taking over transportation from a contractor; and (4) increased fuel costs.

distributions from the fund first to provide additional funding to school districts and state-chartered charter schools for increased school bus fuel costs;

- the distribution of funding be based on miles traveled for to-and-from transportation of public school students;
- school districts and state-chartered charter schools request funds for fuel from the secretary and provide supporting documentation that they have incurred increased costs due to higher fuel prices; and
- the Secretary approve requests for funding for fuel cost increases and make distributions on a reimbursement basis.

On June 17, 2011, PED issued a memorandum to school districts soliciting requests for fuel supplements (see Attachment 2). The memo notes that, to apply, districts must submit the following documentation by June 24, 2011:

- a cover letter with a detailed explanation of the need;
- 3rd and 4th quarter expenditure reports;
- receipts for fuel purchased during the entire school year; and
- anticipated FY 11 transportation and operational cash balances.

At the June LESC meeting the committee requested a spreadsheet detailing PED's distribution of the Transportation Emergency Fund.

According to PED, the projected balance in the Transportation Emergency Fund at the end of FY 11 is approximately \$2.34 million. After budgeting \$1.2 million of the balance toward the appropriation for increased fuel costs, PED reports that approximately \$1.14 million remains to be used pursuant to the provisions of that fund.

2011-2012 Appropriation		
(A) Categorical Public School Support	\$1,924,600.00	(A) Fund 858Z5003
(B) Per HB-2 Requirements	\$2,000,000.00	(B) Fund 790Z10523
(C) Per HB-2-Section 5 Requirements	\$3,792,955.00	(C) Fund 790Z00117
(D) Out of State Tuition	\$346,000.00	(D) Fund 858Z5002
Total Appropriation:	\$8,063,555.00	
Supplemental Emergency	Amount Requested	Amount Budgeted
DISTRICTS		
CHAMA	515,648.00	179,961.00
CORONA	650,000.00	590,000.00
DES MOINES	584,422.00	610,000.00
DULCE	509,686.00	250,000.00
ELIDA	198,000.00	198,000.00
FT. SUMNER	230,000.00	129,000.00
GRADY	451,000.00	451,000.00
HATCH	250,000.00	250,000.00
HONDO	220,000.00	220,000.00
HOUSE	303,670.00	300,000.00
LAKE ARTHUR	844,215.00	794,215.00
MAXWELL	456,977.00	456,977.00
MELROSE	207,331.00	150,000.00
MOSQUERO	550,000.00	550,000.00
QUEMADO	195,000.00	175,000.00
RESERVE	205,000.00	205,000.00
ROY	800,000.00	600,000.00
SILVER CITY	250,000.00	100,000.00
SPRINGER	130,000.00	130,000.00
TAOS	200,000.00	100,000.00
VAUGHN	500,000.00	500,000.00
WAGON MOUND	840,515.00	755,000.00
WEST LAS VEGAS	351,011.00	200,000.00
Sub Total	9,442,475.00	7,894,153.00
Out-of-State Tuition:	Amount Requested	Amount Budgeted
ALAMOGORDO	\$46,000.00	46,000.00
LORDSBURG	\$300,000.00	300,000.00
Sub-Total	\$346,000.00	\$346,000.00
TOTAL	9,788,475.00	8,240,153.00
Total Appropriation:	8,063,555.00	
Total Amount BUDGETED	8,240,153.00	
Balance	-176,598.00	
Total Appropriation:	8,063,555.00	
Total Amount Distributed:	0.00	
Balance	8,063,555.00	

District	Supplemental Emergency Budgeted for 2011-2012	Cost Savings Implemented
Corona	\$590,000	The district cut a .5 FTE in 2008-2009 and will not replace in 2011-2012. They have cut the supplies and materials budget, travel and training for staff other than what is required to remain licensed. Electricity has been reduced significantly due to the ARRA solar project.
Des Moines	\$610,000	The district has cut their custodial staff down from three to two. They have combined classrooms in the elementary, junior high and the high school due to the limited staff. In the 2011-2012 budget they have cut their 1 day a week library position and reduced their full time principal to a stipend. All of this combined will save the district approximately \$100,000.
Roy	\$600,000	11000.1000.55915 "Other Contract Services" expenditures were reduced from 17,967 to 6,396 (11,571 reduction in spending) 11000.1000.56113 "Software" expenditures were reduced from 10,000 to 5,000 (5,000 reduction in spending) 11000.2300.53413 "Legal" expenditures were reduced from 3,277 to 2,500 (777 reduction in spending) 11000.2300.53414 "Other Services" expenditures were reduced from 1,987 to 1,655 (332 reduction in spending) 11000.2300.55812 "Board Training" expenditures were reduced from 2,940 to 1,500 (1,400 reduction in spending) 11000.2300.55813 "Non Employee Travel" expenditures were reduced from 2,865 to 100 (2,765 reduction in spending) 11000.2300.56118 "General Supplies" expenditures were reduced from 665 to 400 (225 reduction in spending) 11000.2500.56118 "General Supplies" expenditures were reduced from 3,055 to 2,500 (555 reduction in spending)
West Las Vegas	\$200,000	The district did not fill approximately 10 positions in Operational, 2 of which were level 1 teachers with little experience. Positions which were vacant were filled with employees making less then their predecessors.

Total: \$2,000,000



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RECEIVED
 VIA E-MAIL

JUN 25 2011

HANNA SKANDERA
 SECRETARY OF EDUCATION

SUSANA MARTINEZ
 GOVERNOR

June 17, 2011

MEMORANDUM

TO: Superintendents/Business Managers/Charter School Representatives
FROM: Paul Aguilar, Deputy Secretary of Finance & Operations 
RE: Fuel Supplement

During the 2011 legislative session, \$1.2 million was appropriated from the emergency transportation fund, to supplement increased fuel costs incurred by school districts or state-chartered charter schools. Language in House Bill 2 requires the Secretary to approve requests for fuel cost increases and to make distributions on a reimbursement basis for the 2010-2011 and/or 2011-2012 school years. House Bill 2 also requires school districts and state-chartered charter schools to request the funds for fuel directly from the Secretary and to provide supporting documentation demonstrating that they have incurred increased costs due to higher fuel prices.

At this time the Public Education Department (PED) is soliciting requests for fuel supplements and is requiring submittal of the following documentation:

1. Cover letter with a detailed explanation of the need
2. 3rd and 4th quarter expenditure reports
3. Receipts for fuel purchased during the entire school year
4. Anticipated FY11 transportation and operational cash balances

(Please note: school districts will be required to collect expenditure reports and fuel receipts from their contractors)

The request for fuel must be submitted to the PED, Transportation Bureau no later than **5:00 p.m. Friday, June 24, 2011**. **If the requested information is not received in our office by this deadline, there will not be sufficient time in the fiscal year to process funding for your district.** Please e-mail your requests and supporting documentation to carlosm.santiago@state.nm.us or you may also fax them to (505) 827-6422. If you have specific questions regarding this memorandum please feel free to contact Antonio Ortiz, Director of Capital Outlay at (505) 827-3863. Thank you for your attention.

**FUEL SUPPLEMENTAL ALLOCATIONS
FOR 2010-2011**

SCHOOL DISTRICT	BUS CONTRACTOR	FINAL ALLOCATION (Lesser of \$3.02 and Budgeted vs. Certified)
ALAMOGORDO	ALAMO BUS CO.	\$ 7,147
ALBUQUERQUE	BEAL BUS COMPANY	\$ 24,657
ALBUQUERQUE	DURHAM SCHOOL SERVICES	\$ 49,253
ALBUQUERQUE	HERRERA SCHOOL BUSES	\$ 19,310
ALBUQUERQUE	LOVATO BUS COMPANY	\$ 3,038
ALBUQUERQUE	LUCERO BUS COMPANY	\$ 37,954
ALBUQUERQUE	ALBERT SANCHEZ BUS CO.	\$ 11,788
ALBUQUERQUE	SANCHEZ SOUTHWEST CO.	\$ 6,397
ALBUQUERQUE	GONZALES JR., JOSEPH L.	\$ 2,523
ARTESIA	KAISER, INC.	\$ 9,418
BERNALILLO	SCHOOL OWNED	\$ 6,481
BLOOMFIELD	SCHOOL OWNED	\$ 18,037
CARLSBAD	BALLARD BUS COMPANY	\$ 30,343
DEMING	M & T BUSES, INC.	\$ 11,745
ESPANOLA	MFI TRANSPORTATION, LLC	\$ 2,335
ESPANOLA	SUAZO BUS SERVICE INC.	\$ 3,755
HOBBS	B & G TRANSPORTATION	\$ 11,667
LAS CRUCES	STS OF NM	\$ 99,809
LAS VEGAS CITY	ARM TRANSPORTATION, LLC	\$ 3,013
LAS VEGAS WEST	VIGIL, ANTONIO JR	\$ 278
LAS VEGAS WEST	ARM TRANSPORTATION, LLC	\$ 475
LAS VEGAS WEST	M & P BUS SERVICES	\$ 33
LOS ALAMOS	SCHOOL OWNED	\$ 22,898
MORA	CHAVEZ, FRANK	\$ 934
MORA	DURAN, LORI	\$ 1,191
MORA	MONTOYA, CLEO	\$ 535
MORA	OLIVAS, RICHARD	\$ 1,048
MORA	RV'S TRANS., LLC	\$ 8,523
MORIARTY	DAVIS TRANSPORTATION (Calvin)	\$ 6,282
MOUNTAINAIR	GONZALES BUS SERVICES	\$ 155
MOUNTAINAIR	GREENE BUS CONTRACTORS	\$ 2,709
PENASCO	ROMERO, HELEN	\$ 358
PENASCO	ROYBAL, ANDREW	\$ 1,053
PENASCO	GONZALES TRANSPORTATION	\$ 541
PENASCO	LOPEZ, FABY	\$ 777
POJOAQUE	ORTIZ, GILBERT R OR EMILY	\$ 2,783
RIO RANCHO	SCHOOL OWNED	\$ 138,428
RUIDOSO	LINCOLN TRANSPORTATION	\$ 13,387
SANTA FE	SCHOOL OWNED	\$ 15,770
SANTA ROSA	SCHOOL OWNED	\$ 1,222
T OR C	SCHOOL OWNED	\$ 20,981
TAOS	ROMERO, MANUEL	\$ 1,354
TAOS	AMADOR, CATHY	\$ 576
TAOS	AMADOR, JOE	\$ 329
TAOS	VIGIL, ANTONIO	\$ 1,437
TAOS	D & R TRANSPORTATION	\$ 3,297
	TOTALS	\$ 606,022

Total District Submission	51
Total Requests	121
Total Districts Allocated	24
Total Allocations	44

School Audit Reports Received / Released (FY10)

Group	Aname	Rep Rec'd	Rep Rel'd
School	Farmington Municipal Schools	11/10/2010	12/15/2010
School	Floyd Municipal Schools		
School	Fort Sumner Municipal Schools	11/29/2010	1/14/2011
School	Gadsden Independent Schools	12/9/2010	1/6/2011
School	Gallup-McKinley County Public Schools	11/15/2010	1/7/2011
School	Los Alamos Schools	11/15/2010	12/22/2010
School	Deming Public Schools	11/15/2010	1/7/2011
School	Mora Independent Schools	11/4/2010	11/22/2010
School	Ruidoso Municipal Schools	11/15/2010	1/7/2010
School	Carrizozo Municipal Schools	11/15/2010	1/18/2011
School	Elida Municipal Schools	11/15/2010	1/10/2011
School	Alamogordo Municipal Schools	11/15/2010	12/15/2010
School	Albuquerque Public Schools	11/15/2010	1/20/2011
School	Animas Public Schools	11/12/2010	12/22/2020
School	Artesia Public Schools	11/15/2010	1/6/2011
School	Aztec Municipal Schools	11/8/2010	12/9/2010
School	Belen Consolidated Schools		
School	Bernalillo Public Schools	11/8/2010	12/8/2010
School	Bloomfield Municipal Schools	11/2/2010	11/22/2010
School	Capitan Municipal Schools	11/15/2010	12/9/2010
School	Carlsbad Municipal Schools	2/24/2011	3/29/2011
School	Espanola Public Schools	3/25/2011	5/18/2011
School	Estancia Municipal Schools	11/24/2010	12/29/2010
School	Eunice Public Schools	12/29/2010	2/10/2011
School	Clovis Municipal Schools	12/15/2010	1/11/2011
School	Corona Public Schools	10/26/2010	11/22/2010
School	Cuba Independent Schools	11/8/2010	12/22/2010
School	Los Lunas Schools	11/15/2010	12/9/2010
School	Loving Municipal Schools	12/23/2010	2/8/2011
School	Grady Municipal Schools	11/30/2010	1/14/2011
School	Grants/Cibola County Schools	11/15/2010	12/14/2010
School	Hagerman Municipal Schools	1/10/2011	2/21/2011
School	Hatch Valley Municipal Schools		

Group	Aname	Rep Rec'd	Rep Rel'd
School	Hobbs Municipal Schools	11/15/2010	12/22/2010
School	Hondo Valley Public Schools	11/15/2010	12/29/2010
School	House Municipal Schools	9/29/2010	10/26/2010
School	Jal Public Schools	12/23/2010	2/8/2011
School	Jemez Mountain School District	5/27/2011	8/17/2011
School	Jemez Valley Public Schools	5/17/2011	6/14/2011
School	Lake Arthur Municipal Schools	11/15/2010	12/15/2010
School	Las Cruces Public Schools	12/3/2010	1/25/2011
School	Las Vegas City Schools		
School	Dulce Independent Schools	2/22/2011	3/8/2011
School	Cimarron Municipal Schools	11/22/2010	1/10/2011
School	West Las Vegas Schools	12/15/2010	1/26/2011
School	Logan Municipal Schools	8/20/2010	9/27/2010
School	Lordsburg Municipal Schools	11/12/2010	12/9/2010
School	Des Moines Municipal Schools		
School	Dexter Consolidated Schools	12/2/2010	1/18/2011
School	Clayton Municipal Schools	11/2/2010	11/22/2010
School	Cloudcroft Municipal Schools	11/15/2010	12/29/2010
School	Lovington Municipal Schools	12/9/2010	1/31/2011
School	Magdalena Municipal Schools	11/15/2010	12/15/2010
School	Melrose Municipal Schools	1/31/2011	3/4/2011
School	Mountainair Public Schools	11/15/2010	1/4/2011
School	Mesa Vista Consolidated Schools	1/18/2011	2/22/2011
School	Pecos Independent Schools	11/15/2010	1/4/2011
School	Penasco Independent School District	1/11/2011	2/21/2011
School	Pojoaque Valley Schools	11/15/2010	12/14/2010
School	Quemado Independent Schools	11/15/2010	1/6/2011
School	Questa Independent Schools	12/2/2010	1/4/2011
School	Reserve Independent Schools	11/12/2010	12/16/2010
School	Chama Valley Independent Schools		
School	Mosquero Municipal Schools	9/9/2010	9/29/2010
School	Raton Public Schools	11/10/2010	12/9/2010
School	Roswell Independent School District	11/15/2010	1/26/2011
School	Roy Municipal Schools	11/15/2010	12/29/2010

Group	Aname	Rep Rec'd	Rep Rel'd
School	San Jon Municipal Schools	12/1/2010	1/19/2011
School	Santa Fe Public Schools	11/10/2010	12/9/2010
School	Santa Rosa Consolidated Schools	2/3/2011	3/17/2011
School	Silver Consolidated Schools	11/12/2010	12/6/2010
School	Socorro Consolidated Schools	3/18/2011	4/1/2011
School	Springer Municipal Schools	12/23/2010	3/3/2011
School	Taos Municipal Schools		
School	Tatum Municipal Schools	11/15/2010	12/29/2010
School	Texico Municipal Schools	10/27/2010	11/16/2010
School	Truth or Consequences Municipal Schools	12/9/2010	1/10/2011
School	Tucumcari Public Schools	11/15/2010	1/4/2011
School	Tularosa Municipal Schools	9/30/2010	3/4/2011
School	Vaughn Municipal Schools	4/20/2011	6/2/2011
School	Wagon Mound Schools	11/15/2010	1/10/2011
School	Zuni Public Schools	11/15/2010	1/4/2011
School	Rio Rancho Schools	10/18/2010	11/2/2010
School	Portales Municipal Schools	11/15/2010	12/9/2010
School	Cobre Consolidated Schools	11/15/2010	1/7/2011
School	Southeastern New Mexico Educational Resource Center	11/3/2010	11/16/2010
School	Maxwell Municipal Schools	11/10/2010	1/13/2011
School	Central Consolidated School District #22	11/15/2010	12/15/2010
School	Dora Consolidated Schools	8/8/2011	
School	Moriarty-Edgewood School District	11/9/2010	12/9/2010