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FISCAL IMPACT REPORT

ORIGINAL DATE 02/26/13
 SPONSOR Gonzales LAST UPDATED 03/07/13 HB 553/aHEC
 SHORT TITLE Charter School Transportation Funding SB _____
 ANALYST Cerny

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		See fiscal analysis below				

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB 419

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

SUMMARY

Synopsis of HEC Amendment

The House Education Committee Amendment to HB 553 specifies that only state-chartered charter schools that are chartered after July 1, 2013 will not receive transportation funding until after their first renewal of charter. Thus, state-funded schools charter schools that have been chartered before that date will not have to wait until after their first renewal to qualify for such funding.

Synopsis of Original Bill

House Bill 553 changes the method by which state-chartered charter schools are allocated funds through the public school transportation formula.

State-chartered charter schools are currently eligible to receive transportation funding if their charter reflects that they are going to provide transportation. These schools can receive funding through the formula just like a regular school district pursuant to 22-8-26 NMSA 1978.

FISCAL IMPLICATIONS

HB 553 carries no appropriation.

Provisions contained in this bill change how state charter chartered schools, of which there are currently seven, receive funding through the formula. According to PED, this chart reflects what these state-chartered charter schools would have received if this change had been incorporated for FY13.

CHARTER	FY13 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)

SIGNIFICANT ISSUES

The current formula is a distribution model. The formula allocates funding appropriated in HB 2 based on 40th day information submitted by school districts and charter schools.

According to PED analysis, the seven charter schools receiving funding for transportation are being allocated such funds through a formula designed for district and not for individual schools. Consequently, it appears these schools receive funding at a level greater than they need to provide services for their students. PED analysis states that the changes proposed by HB 553 will ensure these schools receive sufficient funding but at the same time prevent any over allocating of funds.

To give one example, Southwest Secondary received almost \$90,000 in transportation funding in FY 11. It spent \$30,000 of the allocation, retained \$35,000, and reverted \$35,000 to the Transportation Emergency Fund.

The new method of funding would allow an additional \$491,259 to flow to the state’s school districts through the new allocation formula.

AMENDMENTS

Provisions contained in the bill requiring charter schools to wait until they renew their charter to receive funding for transportation costs will put a strain on these schools to cover the cost of transportation for five years. This provision appears to be unreasonable and goes against the reasoning for a formula distribution. PED analysis states that the need to transport schoolchildren will not wait until a charter had renewed its charter and recommends this provision be removed as it is a fairness and equity issue.

ALTERNATIVES

PED may look at incorporate some of these changes through the New Mexico Administrative Code process.

CAC/blm