

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	NFI	Indeterminate	Indeterminate	Indeterminate	Nonrecurring	Transportation Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: House Bill 331 (HB331) would add language for the Public Education Department (PED) to use data reported in FY20 instead of FY21 to calculate the transportation distributions for FY22. This is a one-time fix to hold the transportation distributions harmless due to the COVID-19 pandemic. Additionally, Section 2 of HB331 would add language to correct another portion of the formula. The PED is required to do a regression analysis using data from two prior fiscal years in order to determine the coefficients used in the transportation formula. Due to the pandemic, school districts and charter schools were shut down in March of 2020. Therefore, the total expenditures will be skewed due to the lack of school bus operations for the entire year, further skewing the regression analysis, should FY20 expenditures be used to calculate the coefficients for FY22. Lastly, Section 3 of this bill would require the PED to use expenditures from FY19 instead of FY20 when conducting the regression analysis to calculate the coefficients for the FY22 transportation distributions. This could alleviate any anomalies in the regression due to the pandemic.

FISCAL IMPLICATIONS

School districts and charter schools are currently required to report transportation data on the second and third reporting dates of each year. As required in statute, PED uses the average of this data in the transportation formula to calculate the final distributions. Due to the COVID-19 pandemic, the majority of New Mexico school districts and charter schools are delivering education remotely with a very few exceptions. Therefore, school buses are not running normally and there is no data to report in FY21 from majority of the school districts on these respective reporting dates.

The changes to the transportation formula are critical and should be considered. Should these amendments not be made, school districts may not receive a sufficient or, in most instances, will not receive a transportation distribution at all in FY22, based on the current language of the transportation formula.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Duplicates Section 2 and 3 of HB175. Relates to similar language in HB2.

OTHER SUBSTANTIVE ISSUES

Part of the transportation funding formula requires the PED to do a regression analysis from expenditures from two prior fiscal years. Therefore, when the PED is required to calculate the transportation distribution for FY23, current statute will require the department to use expenditure data from FY21. Given that the expenditure data will be skewed for FY21, the legislature may consider including the fix for FY23 in Section 2 of this bill, as well.

ALTERNATIVES

The legislature may consider correcting the transportation fixes in the General Appropriations Act (HB2). The transportation language included within this bill is necessary, however, it is language that is a one-time fix. If this language is approved through this bill, it may require clean-up at a later date, thus, the legislature may consider amending the notwithstanding language included in HB2, which will eliminate the need to pass a subsequent bill in the future to clean up the one-time fixes.

Lastly, in Section 2, Page 5 of HB331, the sponsor may consider deleting Section F, which is no longer needed and will provide clean-up to this section of statute.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Should this bill not be passed, the amendments for transportation should be proposed and made in another bill, if not, school districts and charter schools will not receive a sufficient or, in most instances, will not receive a transportation distribution at all in FY22 based on the current language of the transportation formula. In order for school districts and charter school to continue their constitutional requirement and obligation of providing a free and appropriate education to all students, they will be forced to use operational funds to continue their school bus operations.

AMENDMENTS

None as of 3/12/2021.