

Fiscal Note

BILL # HB 2117

TITLE: schools; transportation support level; CTE

SPONSOR: Kaiser

STATUS: As Introduced

PREPARED BY: Patrick Moran

Description

The bill would authorize school districts to include route miles associated with transportation to and from a career technical education district (CTED) in computing their Transportation Support Level (TSL) funding under the K-12 Basic State Aid formula.

Estimated Impact

The bill would increase Arizona Department of Education (ADE) K-12 Basic State Aid formula expenses by an estimated \$3.1 million annually. This estimate assumes that the additional route miles for students enrolled in a CTED centralized campus program or a leased centralized program would generate per pupil transportation expenses of approximately \$281 per pupil annually, similar to the per pupil transportation cost of non-CTED pupils. This estimate is subject to change pending further data from CTED representatives on actual route miles incurred in transporting CTED pupils.

To the extent that the bill incentivizes more CTED transportation options, the bill will likely increase CTED enrollment. We estimate that each 1% increase in enrollment in such programs would increase K-12 Basic State Aid expenses by \$430,000 annually.

Analysis

The TSL component of the K-12 Basic State Aid formula allocates funding to districts primarily by reimbursing districts for their transportation route miles in the prior fiscal year. Under current law, route miles are only counted for funding purposes if they are part of a route approved by ADE to transport pupils to and from their homes to school. Districts are also eligible to receive funding for transportation associated with academic education, career and technical education, vocational education, and athletic trips, but funding for the latter programs is calculated by providing an increase factor ranging from 10% to 30% above the base route mile calculation rather than reimbursing districts for actual miles incurred.

The bill would authorize school districts to receive funding for actual route miles associated with transporting pupils to and from CTED programs. According to CTED representatives, school districts that are members of a CTED may offer transportation to their pupils that are enrolled in courses in a CTED centralized campus or a leased centralized campus (CTED satellite programs, which are offered in the student's home district, would not typically require transportation). As a result, the bill would result in school districts that are members of a CTED receiving additional funding for route miles.

CTEDs collectively reported enrollment in centralized campus and leased centralized campus programs of 10,993 for FY 2020. Under the current law transportation formula, we estimate that districts will receive approximately \$281 per pupil in TSL funding in FY 2023. Assuming the number of route miles per pupil to transport students from their home districts to a CTED campus is comparable to the route miles to transport pupils to school, the 10,993 CTED pupils would generate additional Basic State Aid costs of approximately \$3.1 million annually ($10,993 \times \$281 = \3.1 million). We lack data on actual route miles per CTED pupil, so we have asked CTED representatives to provide additional information. As a result, this estimate is subject to change.

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Member districts of CTEDs may be more willing to offer transportation of their students to CTED campuses as a result of the additional funding available under the bill. To the extent that increased transportation improves access to CTED centralized campus and leased centralized campus programs, the bill may impact enrollment in such programs. Increased enrollment in CTED central campuses would increase overall Average Daily Membership (ADM) counts because CTED students are permitted to generate a combined total of 1.75 ADM for their home district and their CTED under the BSA formula, whereas non-CTED students generally receive only 1.0 ADM. We estimate that a 1% increase in centralized and leased centralized campus enrollment would increase BSA expenses by \$430,000. This estimate assumes that each CTED centralized campus pupil generates an average of 0.59 ADM for the CTED and that the average cost per CTED ADM is \$6,630 in FY 2023 (10,993 current pupils X 0.59 ADM X 6,630 X 1% = \$430,000).

Local Government Impact

The bill may increase budget capacity for nonstate aid districts that are members of a CTED to the extent that such districts transport their students to CTED programs.

The bill may also impact transportation expenses funded with local property taxes via the Transportation Revenue Control Limit (TRCL). Under current law, districts may levy an additional primary property tax equal to the difference between the TRCL and the TSL. The TRCL for each district increases annually if the district's funding from the TSL increases in comparison to the prior year, except that TRCL does not increase in districts with a TRCL that is 120% or more of the TSL. To the extent that that bill increases TSL funding in districts with a capped TRCL, the bill would reduce the amount of primary property tax levies authorized by the TRCL.

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