

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4018-01
Bill No.: HB 1674
Subject: Education, Elementary and Secondary: Elementary and Secondary Education
Dept
Type: Original
Date: March 29, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	(\$7,417,313 to Unknown)	(\$7,417,313 to Unknown)	(\$7,317,313 to Unknown)
Total Estimated Net Effect on General Revenue Fund	(\$7,417,313 to Unknown)	(\$7,417,313 to Unknown)	(\$7,317,313 to Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
State School Moneys Fund*	\$0	\$0	\$0
School Bus Safety Assistance Fund**	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

* Offsetting Transfers In and Out total \$7,417,313 to Unknown annually

** Offsetting Income and Distributions total \$1,070,040 annually

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	(\$1,402,397 to Unknown)	(\$1,402,397 to Unknown)	(\$1,402,397 to Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Missouri State Highway Patrol** and **Office of the Director** state this proposal will have no fiscal impact on the Department of Public Safety or the Missouri State Highway Patrol.

Officials from the **Office of State Treasurer** and the **Department of Transportation** state there will be no fiscal impact on their respective agencies.

Officials from the **Office of State Courts Administrator (CTS)** assume that between 25% and 50% of the traffic dispositions with guilty outcomes would receive this surcharge (many traffic cases are "non-moving" violations and many others are reduced to non-moving violations by prosecutors).

Based on data for FY 05, CTS assumes that there were approximately 71,336 traffic cases on which this \$15.00 surcharge could be applied, creating income of \$1,070,040 annually.

ASSUMPTION (continued)

There may be some unknown costs associated with re-programming software used by the courts because the legislation only assumes the surcharge on "moving" violations.

Oversight assumes the re-programming costs would be absorbed within existing resources. If a significant fiscal impact were to result, funds would be sought through the appropriations process.

Officials from the **Department of Elementary and Secondary Education (DESE)**, based on the following assumptions and cost estimates, have calculated to reflect the potential fiscal impact of this proposal.

Cost estimates:

300	Estimated number of small school buses with required built-in seat belts currently mandated
<u>11,635</u>	Estimated number of large buses (average 66 passengers)
11,935	Total number of Missouri school buses in 2005

Assumptions:

- 22 seats in a 66-passenger large school bus
- 22 seat school bus is reduced from a 66-passenger bus to a 44-passenger bus when lap/shoulder belts are installed. This would be a 2/2 seating arrangement causing a 33% loss of capacity.
 - 3,840 (additional buses to replace 33% loss of capacity [$11,635 \times 33\% = 3,840$])
- \$60,000 acquisition cost of a 66-passenger bus without seat belts
- \$8,500 additional cost for lap/shoulder belt equipped with 2/2 seating arrangement

Estimated cost to replace all large school buses with buses that have lap/shoulder belt systems:

$$11,635 \times \$8,500 = \$98,897,500^* \div 10 \text{ (10 year replacement cycle} = \$9,889,750 \text{ per year)}$$

* This cost assumes that districts have no loss in capacity either because space was available on the buses to accommodate the same number of students already being transported or the districts reduced the number of children eligible to be transported from a range of students living one mile to 3 1/2 miles from school.

ASSUMPTION (continued)

Estimated cost to replace large school buses with lap/shoulder belts (recommended type of seat belt for school buses) and the purchase of 33% additional buses to account for loss of capacity:

\$ 98,897,500	Cost as calculated above
	Replace loss of capacity (3,840 x \$68,500 cost of large buses with lap/shoulder belts)
<u>\$263,040,000</u>	
\$361,937,500	
<u>10</u>	10-year replacement cycle
\$ 36,193,750	Annual cost

According to DESE, The Missouri Association of Pupil Transportation surveyed school districts in Missouri to calculate total costs for school districts if legislation passed requiring all school buses to be equipped with lap/shoulder seat belt systems. Their simulation projected increased costs for school buses; 33% more school bus drivers; increased benefits, insurance, and fuel costs; and additional facilities and supervisory personnel.

Based on a 10-year replacement cycle there would be a yearly cost of \$63,326,339.

Effect on State Transportation Aid Calculation

Section 163.161, RSMo, requires state aid for transportation to be paid at 75% of the district's eligible transportation costs including school buses. The increased cost of mandated lap/shoulder seat belts on school buses not funded by the "School Bus Safety Assistance Fund" would fall under this 75% funding requirement. Currently the state aid for transportation is under funded by almost 25% of the 75% and is projected to be under funded by 30% in FY07; therefore, these additional costs would be reimbursed at a maximum of 52.5% of costs.

Oversight was not provided an analysis of the cost for the 3 x 2 lap/shoulder seat belt system by DESE. **Oversight** assumes DESE calculated costs based on 100% capacity. **Oversight** was unable to obtain ridership capacity information.

ASSUMPTION (continued)

Oversight assumes that if a 3 x 2 system is used, the average 66 passenger bus would be decreased to 55 passengers per bus, a reduction of 17%. Assuming a 10 year replacement plan, 1,164 buses would be replaced with an additional requirement of 233 new buses to replace lost capacity. This would result in an annual cost of \$25,854,500.

Replacement buses - harness (1,164 x \$8,500)	\$ 9,894,000
New buses - harness (233 x \$8,500)	\$ 1,980,500
New buses (233 x \$60,000)	<u>\$13,980,000</u>
	<u>\$25,854,500</u>

Oversight assumes, for fiscal note purposes only, the range for cost of the proposal will range from (\$9,889,750 to Unknown) due to the various factors to be considered, i.e. 2 x 2 seat belts versus 2 x 3 seat belts, unused capacity with current school buses, replacement cycles, etc.

Oversight also assumes that since statute states up to a 75% reimbursement rate, the schools would be reimbursed for 75% of the transportation costs. The General Revenue cost will be shown at 75% of actual cost (\$7,417,313 to Unknown).

Officials from the **Columbia School District** state that, at their district's current transportation rates, upon full implementation of the seat belt requirement they will have to add an additional 30 buses. The cost, based on 2006-07 rates, will add \$1.1 million to their districts annual transportation cost.

Officials from the **Poplar Bluff School District** assume the implementation of seat belt/shoulder harness would limit their passengers to two to a seat. The district currently runs 35 buses, many of them full. If limited to 2/3 capacity, they would need a minimum of 8 additional busses and drivers. Each bus currently costs around \$60,000 and driver salary/benefit package costs at least \$15,000 per driver. The Poplar Bluff District indicated an additional cost of \$600,000.

ASSUMPTION (continued)

ASSUMPTION (continued)

Officials from the **Parkway School District** assume that if in 2006-07 they purchase four additional buses and have the other twelve buses they would ordinarily purchase in rotation fitted with the harnesses, plus misc. expenses, the cost would be more than \$500,000.

12 new x \$8,500	\$102,000 additional buses x \$68,500 = \$274,000
4 drivers x \$26,420.23	\$113,809
Fuel	\$ 23,237
Insurance	<u>\$ 2,600</u>
TOTAL for 2006-07	<u>\$515,646</u>

A fiscal impact request was sent to the school districts of **Kansas City, Springfield, Sedalia and others** who did not respond to a request for fiscal impact of the proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2007	FY 2008	FY 2009
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GENERAL REVENUE

Cost - Elementary and Secondary

Education - Transportation costs	(\$7,417,313 to <u>Unknown</u>)	(\$7,417,313 to <u>Unknown</u>)	(\$7,317,313 to <u>Unknown</u>)
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**ESTIMATED NET EFFECT ON
GENERAL REVENUE**

<u>(\$7,417,313 to Unknown)</u>	<u>(\$7,417,313 to Unknown)</u>	<u>(\$7,317,313 to Unknown)</u>
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STATE SCHOOL MONEYS FUND

Transfer In - General Revenue - State aid
for student transportation

\$7,417,313 to Unknown	\$7,417,313 to Unknown	\$7,417,313 to Unknown
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Transfer Out - Distributions to School
Districts

(\$7,417,313 to <u>Unknown</u>)	(\$7,417,313 to <u>Unknown</u>)	(\$7,317,313 to <u>Unknown</u>)
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**EXPECTED NET EFFECT ON
STATE SCHOOL MONEYS FUND**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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	FY 2007	FY 2008	FY 2009
SCHOOL BUS SAFETY ASSISTANCE FUND			

<u>Income</u> - Moving Violation Surcharges	\$1,070,040	\$1,070,040	\$1,070,040
<u>Cost</u> - Distribution to school districts	<u>(\$1,070,040)</u>	<u>(\$1,070,040)</u>	<u>(\$1,070,040)</u>

EXPECTED NET EFFECT ON SCHOOL BUS SAFETY ASSISTANCE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2007	FY 2008	FY 2009
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SCHOOL DISTRICTS

<u>Cost</u> - Increased Transportation Costs	(\$9,889,750 to Unknown)	(\$9,889,750 to Unknown)	(\$9,889,750 to Unknown)
<u>Income</u> - State reimbursement of transportation costs	\$7,417,313 to Unknown	\$7,417,313 to Unknown	\$7,417,313 to Unknown
<u>Income</u> - Distribution from School Bus Safety Assistance Fund	<u>\$1,070,040</u>	<u>\$1,070,040</u>	<u>\$1,070,040</u>

EXPECTED NET EFFECT ON SCHOOL DISTRICTS	<u>(\$1,402,397 to Unknown)</u>	<u>(\$1,402,397 to Unknown)</u>	<u>(\$1,402,397 to Unknown)</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposed legislation imposes a surcharge on moving traffic violations and creates the School Bus Safety Assistance Fund to assist school districts in obtaining buses that have seat belts for all passengers. The Department of Elementary and Secondary Education will allocate the funds, and priority will be given to buses used for elementary schools.

DESCRIPTION (continued)

Beginning January 1, 2007, new buses purchased or buses manufactured after that date must be equipped with lap-shoulder safety belts or other federally approved restraint systems. The proposal specifies how the belts must be used and exempts the state and school districts, among others, from liability for non-use or misuse of the belt under conditions described in the proposal.

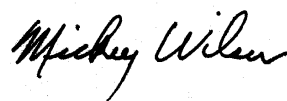
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education Department
Office of State Courts Administrator
Department of Public Safety
 Office of the Director
 Missouri State Highway Patrol
Department of Transportation
Office of State Treasurer
School Districts
 Parkway
 Poplar Bluff
 Columbia

NOT RESPONDING

School Districts
 Kansas City
 Springfield
 Sedalia
 Other school districts



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