

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0417-01
Bill No.: HB 110
Subject: Children and Minors: Education, Elementary and Secondary; Elementary and Secondary Education Department
Type: Original
Date: February 19, 2007

Bill Summary: Imposes a surcharge on moving traffic violations and creates the School Buss Safety Assistance Fund to assist schools in obtaining buses with seat belts.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	(\$7,419,863 to Unknown)	(\$7,419,863 to Unknown)	(\$7,419,863 to Unknown)
Total Estimated Net Effect on General Revenue Fund	(\$7,419,863 to Unknown)	(\$7,419,863 to Unknown)	(\$7,419,863 to Unknown)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
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 \$7,419,863 to Unknown annually

** Offsetting Income and Distributions total \$1,079,625 annually

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	(\$1,393,662 to Unknown)	(\$1,393,662 to Unknown)	(\$1,393,662 to Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Office of the Director** and **Missouri State Highway Patrol**, the **Office of State Treasurer**, and the **Department of Transportation** state there is no fiscal impact to 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 06, CTS assumes that there were approximately 71,975 traffic cases on which this \$15.00 surcharge could be applied, creating revenue of \$1,079,625 annually.

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.

ASSUMPTION (continued)

LMD:LR:OD (12/02)

Officials from the **Department of Elementary and Secondary Education (DES)**, based on the following assumptions and cost estimates, have calculated 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>11,639</u>	Estimated number of large buses (average 66 passengers)
11,939	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 [$11,639 \times 33\% = 3,841$])
- \$73,500 acquisition cost of a 66-passenger bus without seat belts*
- \$8,500 additional cost for lap/shoulder belt equipped with 2/2 seating arrangement

* Acquisition costs have increased over previous year pricing (\$60,000) due to manufacturer compliance with 2007 Federal Emission Standards.

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

$$11,639 \times \$8,500 = \$98,931,500^* \div 10 \text{ (10 year replacement cycle)} = \$9,893,150 \text{ per year}$$

* 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 ½ 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:

\$ 98,931,500	Cost as calculated above
	Replace loss of capacity (3,840 x \$79,133 cost of large buses with lap/shoulder belts)
<u>\$303,949,853</u>	
\$402,881,353	
<u>10</u>	10-year replacement cycle
\$ 40,288,135	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.

Oversight was not provided an analysis of the cost for the 3 x 2 lap/shoulder seat belt system by DES. **Oversight** assumes DES calculated costs based on 100% capacity. DES did not capture rider capacity statistics.

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 \$29,000,000.

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 \$73,500)	<u>\$17,125,500</u>
	<u>\$29,000,000</u>

Oversight assumes, for fiscal note purposes only, the range for cost of the proposal will range from (\$9,894,150 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 the legislation, as written, requires the safety restraints only on those buses purchased new on or after January 1, 2008 and that is purchased with a manufacture date after January 1, 2008.

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 (\$7,419,863 to Unknown).

Officials from the **Columbia School District** indicate they would have to add an additional 30 buses to their fleet. The cost, based on 2006-07 rates will add \$1.3 million to their district's annual transportation cost.

Officials from the **St Joseph School District** assume that in addition to the direct costs of providing seat belts, they might have to provide as many as one-third more buses. Also, in many cases, monitors or aides would have to be provided to assure that students are properly belted and remain properly belted.

Officials from the **Jefferson City School District** assume the actual cost of putting seatbelts on buses in \$10,000 per bus; however, the total cost of requiring seatbelts for buses would be about \$60 million per year since the capacity of a bus would be reduced by 25%, requiring 25% more buses and bus drivers.

ASSUMPTION (continued)

In response to the same proposed legislation from last session (HB 1674), officials from the

Poplar Bluff School District assumed 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.

Also in response to HB 1674 from last session, officials from the **Parkway School District** assumed 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	\$ 2,600
TOTAL for 2006-07	<u>\$515,646</u>

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
GENERAL REVENUE			
<u>Cost - Elementary and Secondary</u>			
Education - Transportation costs	(\$7,419,863 to <u>Unknown</u>)	(\$7,419,863 to <u>Unknown</u>)	(\$7,319,863 to <u>Unknown</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$7,419,863 to Unknown)</u>	<u>(\$7,419,863 to Unknown)</u>	<u>(\$7,319,863 to Unknown)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
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STATE SCHOOL MONEYS FUND

Transfer In - General Revenue - State aid
 for student transportation

\$7,419,863 to Unknown	\$7,419,863 to Unknown	\$7,419,863 to Unknown
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Transfer Out - Distributions to School
 Districts

(\$7,419,863 to <u>Unknown</u>)	(\$7,419,863 to <u>Unknown</u>)	(\$7,319,863 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
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**SCHOOL BUS SAFETY
 ASSISTANCE FUND**

Income - Moving Violation Surcharges

\$1,079,625	\$1,079,625	\$1,079,625
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Cost - Distribution to school districts

<u>(\$1,079,625)</u>	<u>(\$1,079,625)</u>	<u>(\$1,079,625)</u>
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**EXPECTED NET EFFECT ON
 SCHOOL BUS SAFETY
 ASSISTANCE FUND**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Local Government

FY 2008 (10 Mo.)	FY 2009	FY 2010
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SCHOOL DISTRICTS

<u>Cost</u> - Increased Transportation Costs	(\$9,893,150 to Unknown)	(\$9,893,150 to Unknown)	(\$9,893,150 to Unknown)
<u>Income</u> - State reimbursement of transportation costs	\$7,419,863 to Unknown	\$7,419,863 to Unknown	\$7,419,863 to Unknown
<u>Income</u> - Distribution from School Bus Safety Assistance Fund	<u>\$1,079,625</u>	<u>\$1,079,625</u>	<u>\$1,079,625</u>
EXPECTED NET EFFECT ON SCHOOL DISTRICTS	<u>(\$1,393,662 to Unknown)</u>	<u>(\$1,393,662 to Unknown)</u>	<u>(\$1,393,662 to Unknown)</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

§488.030, §160.1040

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.

§304.052

Beginning January 1, 2008, new buses purchased or buses manufactured after that date must be equipped with lap-shoulder safety belts or other federally approved restraint systems.

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

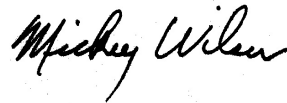
SOURCES OF INFORMATION

Office of State Courts Administrator

LMD:LR:OD (12/02)

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Department of Elementary and Secondary Education
Department of Transportation
Department of Public Safety
 Office of the Director
 Missouri State Highway Patrol
Office of State Treasurer
School Districts
 Jefferson City
 St Joseph
 Columbia
 Poplar Bluff
 Parkway

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
February 19, 2007