COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3490-01
Bill No.: HB 1356
Subject: Children and Minors: Education, Elementary and Secondary; Elementary and Secondary Education Department; Motor Carriers
Type: Original
Date: March 31, 2008

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

**FISCAL SUMMARY**

| **ESTIMATED NET EFFECT ON GENERAL REVENUE FUND** | | | |
|---|---|---|---|
| FUND AFFECTED | FY 2009 | FY 2010 | FY 2011 |
| General Revenue | ($9,166,845 to Unknown) | ($9,166,845 to Unknown) | ($9,166,845 to Unknown) |
| | | | |
| **Total Estimated Net Effect on General Revenue Fund** | **($9,166,845 to Unknown)** | **($9,166,845 to Unknown)** | **($9,166,845 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 2009 | FY 2010 | FY 2011 |
| State School Moneys Fund* | $0 | $0 | $0 |
| School Buss Safety Assistance Fund** | $0 | $0 | $0 |
| **Total Estimated Net Effect on Other State Funds** | **$0** | **$0** | **$0** |

***Offsetting Transfers In and Transfers Out total $9,266,845 to Unknown per year.**
**** Offsetting Income and Distributions are $819,575 in FY 2009 and $983,490 in FY 2010 and FY 2011**.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|---|---|---|
| FUND AFFECTED | FY 2009 | FY 2010 | FY 2011 |
| | | | |
| **Total Estimated Net Effect on All Federal Funds** | **$0** | **$0** | **$0** |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|---|---|---|
| FUND AFFECTED | FY 2009 | FY 2010 | FY 2011 |
| | | | |
| **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).

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| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|---|---|---|---|
| FUND AFFECTED | FY 2009 | FY 2010 | FY 2011 |
| **Local Government** | **($8,763,960 to Unknown)** | **($8,927,875 to Unknown)** | **($8,927,875 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 65,566 traffic cases on which this $15.00 surcharge could be applied, creating revenue of approximately $983,490 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.

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.

ASSUMPTION (continued)

Cost estimates:

| | |
|---|---|
| 300 | Estimated number of small school buses with required built-in seat belts currently mandated |
| 11,951 | Estimated number of large buses (average 66 passengers) |
| 12,251 | Total number of Missouri school buses in 2007 |

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.
- 3,944 (additional buses to replace 33% loss of capacity [11,951 x 33% = 3,944])
- $70,700 acquisition cost of a 66-passenger bus without seat belts
- $80,298 acquisition cost of a 66-passenger bus with factory-installed lap/shoulder belt systems

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

11,951 x $10,228 = $122,234,828* \ 10 (10 year replacement cycle = $12,223,483 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.

**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:**

| | |
|---|---|
| $122,234,828 | Cost as calculated above |
| $319,180,032 | Replace loss of capacity (3,944 x $80,928 cost of large buses with lap/shoulder belts) |
| $441,414,860 | |
| 10 | 10-year replacement cycle |
| $ 44,141,486 | Annual cost |

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ASSUMPTION (continued)

DESE notes that the seating arrangements for school bus seats equipped with lap/shoulder belts currently allows for a 3/2 seating arrangement (with an offset aisle) or a 2/2 seating arrangement. Both of the arrangements reduce the capacity of the bus. Recently some manufacturers have begun manufacturing a 3/3 school bus seat with lap/shoulder belts. In November 2007 the National Highway and Traffic Safety Administration issued a proposed rule revising the Federal Motor Vehicle Safety Standards (FMVSS) establishing standards for school bus seat belts. Since the proposed rule does not recognize the new 3/3 design as meeting the standard, the assumption made for this fiscal note was that the 3/2 seating would be used, thereby reducing the capacity of the large school buses. If the FMVSS standards eventually include the new 3/3 design, the projected costs for additional buses will be greatly reduced.

**School district survey simulation estimate:**

In 2005 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, authorizes state aid for transportation to be paid at no more than 75% of the district's eligible transportation costs including school buses. The increased cost of lap/shoulder seat belts on school buses not funded by the "School Bus Safety Assistance Fund" would be included in this 75% reimbursement funding authorization. In FY08 the state aid for transportation provides approximately 52% reimbursement of FY07 eligible costs. In FY09 the FY08 core funding is projected to provide approximately 50% reimbursement of FY08 eligible costs. If there is no additional transportation funding, these additional costs for buses, drivers, etc. would be reimbursed at a maximum of 50% of costs. Subsequently, if overall transportation costs increase and the state aid for transportation remains constant, the reimbursement rate will continue to decrease.

**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 each year with an additional requirement of 233 additional buses each year to replace lost capacity. This would result in an annual cost of $31,564,252.

| | |
|---|---|
| Replacement buses - harness (1,195 x $10,228) | $12,222,460 |
| New buses - harness (239 x $10,228) | $ 2,444,492 |
| New buses (239 x $70,700) | $16,897,300 |
| | $31,564,252 |

**Oversight** assumes, for fiscal note purposes only, the range for cost of the proposal will range from ($12,222,460 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, 2009 and that are purchased with a manufacture date after January 1, 2009.

**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 ($9,166,845 to Unknown).

Officials from the **Marshfield R-I School District** estimate the need to purchase about sixteen additional buses as result of the proposed legislation. Costs, including purchase of buses, increased maintenance, increased insurance, additional mechanic, and additional fuel total $1,418,907 for the first year.

Officials from the **Blue Springs School District** assumes costs would be as follows: Currently 150 schools buses time $6,000 to $8,000 per bus plus an additional 15 new buses required to replace seat capacity lost equals $2,000,000 to $2,400,0000.

Officials from the **Parkway School District** estimate the cost to replace/add to its fleet of 122 buses over approximately ten years is $790,000 in today's dollars. This does not include the additional cost of wages, benefits, insurance, and fuel needed for additional buses because of reduced capacity.

In response to the same proposed legislation from last year (HB 110 - FN 0471-01), the following

ASSUMPTION (continued)

school districts provided these responses:

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 additional 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.

| FISCAL IMPACT - State Government | FY 2009 (10 Mo.) | FY 2010 | FY 2011 |
|---|---|---|---|
| **GENERAL REVENUE** | | | |
| Cost - Department of Elementary and Secondary Education - Transportation costs | ($9,166,845 to Unknown) | ($9,166,845 to Unknown) | ($9,166,845 to Unknown) |
| **ESTIMATED NET EFFECT ON GENERAL REVENUE** | **($9,166,845 to Unknown)** | **($9,166,845 to Unknown)** | **($9,166,845 to Unknown)** |
| **STATE SCHOOL MONEYS FUND** | | | |
| Transfer In - General Revenue - State aid for student transportation | $9,166,845 to Unknown | $9,166,845 to Unknown | $9,166,845 to Unknown |
| Transfer Out - Distributions to School Districts | ($9,166,845 to Unknown) | ($9,166,845 to Unknown) | ($9,166,845 to Unknown) |
| **ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND** | **$0** | **$0** | **$0** |
| **SCHOOL BUS SAFETY ASSISTANCE FUND** | | | |
| Income - Moving Violation Surcharges | $819,575 | $983,490 | $983,490 |
| Cost - Distribution to School Districts | ($819,575) | ($983,490) | ($983,490) |
| **ESTIMATED NET EFFECT ON SCHOOL BUS SAFETY ASSISTANCE FUND** | **$0** | **$0** | **$0** |

| FISCAL IMPACT - Local Government | FY 2009 (10 Mo.) | FY 2010 | FY 2011 |
|---|---|---|---|
| **LOCAL POLITICAL SUBDIVISIONS** | | | |
| Cost - School Districts - Increased transportation costs | ($12,222,460 to Unknown) | ($12,222,460 to Unknown) | ($12,222,460 to Unknown) |
| Income - School Districts - State reimbursement of transportation costs | $9,166,845 to Unknown | $9,166,845 to Unknown | $9,166,845 to Unknown |
| Income - School Districts - Distribution from School Bus Safety Assistance Fund | $819,575 | $983,490 | $983,490 |
| **ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS** | **($8,763,960 to Unknown)** | **($8,927,875 to Unknown)** | **($8,927,875 to Unknown)** |

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

*§160.1040, 488.030*

This proposed legislation imposes a $15 surcharge each motor vehicle moving violation to be credited to the newly created 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, 2009, new buses purchased or buses manufactured after that date must be equipped with lap-shoulder safety belts or other federally approved restraint systems.

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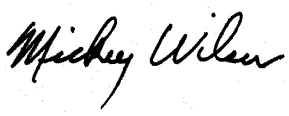
FISCAL DESCRIPTION (continued)

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
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
- Marshfield
- Blue Springs
- Parkway
- Jefferson City
- St Joseph
- Columbia



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