

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 5, 2007

TO: Honorable Mike Krusee, Chair, House Committee on Transportation

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB229 by Ritter (Relating to three-point seat belts on school buses.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would require school buses to be equipped with three-point seatbelts for each passenger, including the driver. The provisions would apply to both school districts and charter schools. The provisions would be effective for school buses acquired on or after September 1, 2007.

According to the Texas Education Agency (TEA), seating capacity of school buses would be reduced by 20 percent once three-point seat belt systems are included. Once a school district purchased buses with seat belts, it would be required to acquire additional buses and travel additional route miles to transport the same number of students to and from school. Additional miles would generate additional Foundation School Program (FSP) state costs in the transportation allotment. Due to changes made by House Bill 1, 79th Legislature, 3rd Called Session, increases to Foundation School Program formula funding elements are generally either offset by a decrease in districts' entitlement to hold harmless funds or an increase in funds dragged back to hold districts to a total revenue target. Since the bill does not amend Texas Education Code 42.2516 regarding the calculation of school district entitlements under the Foundation School Program, no net cost to the state associated with increases to the transportation allotment is expected.

If Texas Education Code 42.2516 were amended to allow for changes in the transportation allotment to impact state aid, the estimated state cost would be approximately \$3.7 million in fiscal year 2008, \$7.4 million in fiscal year 2009 and increasing by approximately the same amount in the out years.

Local Government Impact

The Texas Department of Criminal Justice estimates the cost of equipping a new bus with safety seats at about \$6,300 inclusive of labor. Buses outfitted with safety seats decrease school bus seating capacity by an estimated 20 percent, which would affect the number of school buses districts would need to purchase to meet demand. Assuming that districts would replace 5 percent of school buses per year, the incremental local cost associated with the cost of purchasing new buses with safety seats, the cost of purchasing additional buses due to lost seating capacity, and additional costs associated with increased route miles due to the lower seating capacity per bus outfitted with safety seats would be about \$52 million in fiscal year 2008 and \$64 million in fiscal year 2009. Costs would increase at a similar rate annually and continue into future years. To the extent that school districts opted to purchase new buses with seat belt systems on a more aggressive schedule, costs would be expected to be higher.

If Texas Education Code 42.2516 were amended to allow for changes in the transportation allotment to impact state aid, local costs would be offset by about \$3.7 million in fiscal year 2008, \$7.4 million in fiscal year 2009 and increasing by approximately the same amount in the out years.

Source Agencies: 303 Building and Procurement Commission, 405 Department of Public Safety, 601 Department of Transportation, 701 Central Education Agency

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