

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 18, 2007

TO: Honorable Tom Craddick, Speaker of the House, House of Representatives

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

IN RE: HB323 by Hamilton (Relating to three-point seat belts on buses that transport schoolchildren.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB323, As Passed 2nd House: an impact of \$0 through the biennium ending August 31, 2009.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	\$0
2009	\$0
2010	\$0
2011	(\$104,300,000)
2012	(\$127,400,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1
2008	\$0
2009	\$0
2010	\$0
2011	(\$104,300,000)
2012	(\$127,400,000)

Fiscal Analysis

The bill would require all school buses purchased by school districts purchased after September 1, 2010 to be equipped with seatbelts for each passenger. The bill also would require all school-chartered buses contracted for use by a district on or after September 1, 2011 to be equipped with seatbelts. The bill would take effect September 1, 2007.

The bill would require the State Board of Education to develop and make available to districts a program of instruction on the proper use of three-point seat belts. The bill also would require districts to report annually to the Texas Education Agency information regarding school bus accidents, to be published by the agency on its Internet website.

Section 4 of the bill would prohibit the bill from taking effect unless the legislature appropriates money specifically for the purpose of reimbursing school districts for expenses incurred in complying with the bill.

Methodology

The Texas Department of Criminal Justice estimates the cost of equipping a new bus with safety seats at about \$6,300 inclusive of labor. For the purposes of this fiscal note, it is assumed that districts would, on a statewide average, replace 10 percent of their school bus fleet each year beginning in fiscal year 2011 with new buses with seat belt systems; this is estimated at approximately 3,550 buses annually at an additional cost of \$22.3 million. 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 transport the same number of students; statewide, it is estimated that approximately 890 new buses would need to be purchased annually due to this decreased capacity; at an estimated cost per bus of \$66,300, this represents a cost of \$59.0 million annually. The costs of operating the additional buses due to lost seating capacity, including drivers, fuel, and maintenance costs, are estimated to be an additional \$23.1 million in fiscal year 2011 and \$46.3 million in fiscal year 2012. The total costs incurred as a result of the bill's seat belt provision is estimated to be \$104.3 million for fiscal year 2011 and \$127.4 million for fiscal year 2012. Costs would increase at a similar rate annually and continue into future years until district bus fleets are fully equipped with seat belts.

The language in Section 4 of the bill states that the seat belt requirement provision would not take effect unless the legislature appropriates funds to reimburse districts for expenses incurred in complying with the section. It is assumed for the purposes of this fiscal note that the legislature would appropriate state funds to reimburse districts for incurred expenses which, as described above, include not only the marginal cost increase for new buses with seat belt systems, but costs related to the need to purchase and operate additional buses due to decreased bus capacity. If this assumption is incorrect, and "expenses incurred" in complying with the bill are defined to include only the marginal cost of equipping new buses with seat belt systems, state costs would decrease and local costs would increase accordingly.

Impact to the Foundation School Program: As noted above, once a school district purchased new buses with seat belts, it would need 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 through the transportation allotment would be approximately \$7.4 million in fiscal year 2011 and \$14.7 million in fiscal year 2012. These costs would increase until district bus fleets are fully equipped with seat belts.

Costs incurred by the Texas Education Agency relating to the adopted and distribution of a program of instruction on the proper use of three-point seat belts, and the reporting of information regarding school bus accidents, are not anticipated to be significant.

Technology

The bill would require the Texas Education Agency to collect and publish information on school bus accidents on its Internet website. This is not expected to represent a significant cost to the agency.

Local Government Impact

Local costs to implement the provisions of the bill are estimated to cost \$104.3 million in fiscal year 2011 and \$127.4 million in fiscal year 2012, increasing by a like amount each year thereafter until district bus fleets are fully equipped with seat belts. Based on the language in Section 4 of the bill, for the purposes of this fiscal note, it is assumed that the state would fully reimburse districts for these costs.

If Texas Education Code 42.2516 were amended to allow for changes in the transportation allotment to impact state aid, districts would experience an increase to their transportation allotment state aid by an estimated \$7.4 million in fiscal year 2011 and \$14.7 million in fiscal year 2012. It is assumed that this state aid would be part of the overall reimbursement of local costs by the state as assumed under the language of Section 4 of the bill.

Source Agencies: 601 Department of Transportation, 701 Central Education Agency

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