

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 5, 2007

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

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

IN RE: HB323 by Hamilton (Relating to seat belts on buses that transport schoolchildren.),
Committee Report 1st House, Substituted

No fiscal implication to the State is anticipated.

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 buses operated or contracted for use by a district on or after September 1, 2014 to be equipped with seatbelts. The bill would take effect September 1, 2007.

According to the Texas Education Agency (TEA), seating capacity of school buses would be reduced by 20 percent once seat belt systems are included. Once a school district purchased or retrofitted 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 would be approximately \$18.4 million in fiscal year 2011 and \$36.8 million in fiscal year 2012. These costs would increase until full implementation in fiscal year 2015.

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 25 percent of school buses each year between fiscal year 2011 and 2014 in order to meet the 2014-15 school year deadline, the incremental local cost associated with the cost of retrofitting existing buses with safety seats, the cost of purchasing and staffing 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 \$260.7 million in fiscal year 2011 and \$318.5 million in fiscal year 2012. Costs would increase at a similar rate annually and continue into future years until full implementation in fiscal year 2015. To the extent that school districts opted to retrofit buses with seat belt systems on a more aggressive schedule, costs could begin as early as fiscal year 2008 but annual amounts would decrease somewhat as costs are spread across a longer timeframe.

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 \$18.4 million in fiscal year 2011 and \$36.8 million in fiscal year 2012. These costs would increase until full implementation in fiscal year 2015.

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

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