



# Ohio Legislative Service Commission

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## Fiscal Note & Local Impact Statement

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**Bill:** [H.B. 448 of the 128th G.A.](#) **Date:** June 2, 2010  
**Status:** As Reported by House Transportation & Infrastructure **Sponsor:** Rep. Chandler

**Local Impact Statement Procedure Required:** Yes

**Contents:** Requires all school buses purchased, leased, or rented after January 1, 2014, that are used to transport students, to be equipped with seat belts

### State Fiscal Highlights

- Under the bill, the cost of buses acquired after January 1, 2014 may increase by approximately \$10,000 to \$15,000 per bus. If the General Assembly decides to partially reimburse school districts for school bus purchases after that date, as was the state's practice in previous years, state expenditures may increase. The amount of the increase will depend on the amount appropriated for the reimbursements.
- Under the bill, maintenance costs for school buses may also increase by approximately \$500 per bus. Under the current school transportation formula, state funding for student transportation is largely based on the actual transportation operating costs reported by school districts. Therefore, state aid may increase as a result of the bill, beginning in FY 2014.

### Local Fiscal Highlights

- Under the bill, the cost of buses acquired after January 1, 2014 may increase by approximately \$10,000 to \$15,000 per bus. Therefore, expenditures for bus purchases by bus operators, including school districts, community schools, educational service centers, and county boards of developmental disabilities, will increase. Based on the per bus cost estimates, the expenditure increase for school districts will be from \$12.0 million to \$22.5 million each year, assuming the number of buses purchased each year does not change.
- Under the bill, maintenance costs for school buses may also increase by approximately \$500 per bus. School district bus maintenance expenditures may increase by approximately \$600,000 to \$750,000 each year beginning in 2014 until reaching an annual increase of approximately \$7.5 million to \$10.0 million after about 10 to 17 years. These costs may be partially offset by increased state aid.

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## Detailed Fiscal Analysis

The bill requires that, after January 1, 2014, all school buses purchased, leased, or rented by any bus operator, whether a person, community school, board of education, or governmental entity, to be used to transport students to and from school be equipped with seat belt assemblies, including both lap and shoulder belts, for all passengers. The bill also requires that bus operators maintain all available seat belt assemblies in a usable form and adopt a disciplinary policy governing the failure of a school bus passenger to wear or properly adjust an available seat belt assembly.

### School bus purchases

The bill will have the largest fiscal impact on school districts, although community schools, educational service centers, and county boards of developmental disabilities also operate school buses. According to the Ohio Department of Education (ODE), approximately 1,200 to 1,500 buses are purchased by Ohio school districts each year. The current cost of a new bus is between \$75,000 and \$80,000, depending upon size, configuration, and options. According to *School Transportation News*, a monthly news and feature magazine serving the pupil transportation field, seatbelts add approximately \$10,000 to \$15,000 to the cost of a new school bus. Based on these data, therefore, the bill may result in increased expenditures for school districts for bus purchases of about \$12.0 million (1,200 buses x \$10,000 per bus) to \$22.5 million (1,500 buses x \$15,000 per bus).

A typical school bus seat without seat belts can hold three young children or two teenagers. Many of the seats that include seat belts hold a maximum of two children of any age, reducing the capacity of many buses. Approximately 360 to 450 additional buses would need to be purchased each year if reduced bus capacity increased the number of required buses by 30%. This would result in annual expenditure increases for school districts of approximately \$30.6 million (360 buses x \$85,000 per bus) to \$42.8 million (450 buses x \$95,000 per bus). However, at least three bus manufacturers have started to produce seats with seat belts that do not result in a reduction in bus capacity. If districts are able to purchase buses with these new seats, the total number of buses purchased will not be increased due to the bill.

Historically, the cost of school bus purchases has been shared between school districts and the state, with school districts paying the greater amount. However, Am. Sub. H.B.1 of the 128th General Assembly did not provide any state funding specifically for school bus purchases in either FY 2010 or FY 2011. If the General Assembly does not appropriate funding for school bus purchases in future biennia, school districts will bear the entire cost of the increased expenditures for school bus purchases resulting from the bill.

## **Operations**

According to *School Transportation News*, maintaining, repairing, and replacing damaged seat belts can add \$500 or more per bus to annual maintenance costs. According to ODE, there are about 20,000 school buses in operation in the state of Ohio, with 15,000 of them on active route service. Based on these estimates, school district bus maintenance expenditures may increase by approximately \$600,000 (1,200 buses x \$500 per bus) to \$750,000 (1,500 buses x \$500 per bus) each year beginning in 2014, until reaching an annual increase of approximately \$7.5 million (15,000 buses x \$500 per bus) to \$10.0 million (20,000 buses x \$500 per bus) after about 10 to 17 years. If the number of buses is increased by 30% due to reduced capacity, the ultimate increase in annual maintenance expenditures may be an additional \$2.3 million (4,500 buses x \$500 per bus) to \$3.0 million (6,000 buses x \$500 per bus).

Beyond the increase in maintenance costs, operations costs will likely not increase as a result of the bill as long as bus capacity is not reduced. If, however, bus capacity is reduced and the number of buses in operation increases, other operations costs, including personnel and fuel costs, will also increase. In FY 2008, the latest year for which data are currently available, total transportation operating costs per bus were approximately \$45,000. Assuming the number of buses increases by 30%, annual transportation operating costs may increase by approximately \$16.2 million (360 buses x \$45,000 per bus) to \$20.3 million (450 buses x \$45,000 per bus) each year until reaching an annual increase of approximately \$202.5 million (4,500 buses x \$45,000 per bus) to \$270.0 million (6,000 buses x \$45,000 per bus).

Funding for school bus operations is shared between school districts and the state. The current state formula for transportation funding, adopted in H.B. 1, is largely based on the actual transportation operating costs reported by school districts. Thus, under the formula, an increase in transportation operating costs would lead to an increase in both state and school district expenditures.

## **Discipline policy**

Bus operators may incur minimal administrative costs in adopting a disciplinary policy governing the failure of a school bus passenger to wear or properly adjust an available seat belt assembly.