

LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6800
BILL NUMBER: HB 1403

NOTE PREPARED: Jan 23, 2013
BILL AMENDED:

SUBJECT: Lap and Shoulder Safety Belts on School Buses.

FIRST AUTHOR: Rep. Bartlett
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

STATE IMPACT	FY 2013	FY 2014	FY 2015
State Revenues			
State Expenditures		5,000,000	5,000,000
Net Increase (Decrease)		(5,000,000)	(5,000,000)

Summary of Legislation: This bill has the following provisions:

Safety Belts: The bill provides that a school bus or special purpose bus: (1) placed into operation after June 30, 2013, that is used to transport elementary school or high school students must be equipped with a 3-point lap and shoulder safety belt at each seating location; and (2) after June 30, 2018, must be equipped with a safety belt at each seating location. It requires each occupant of a school bus or special purpose bus that has a safety belt to have the safety belt properly fastened about the occupant's body at all times when the bus is in motion.

State School Bus Committee: The bill requires the State School Bus Committee to adopt rules for the design, installation, and use of safety belt systems that must be installed in school buses and special purpose buses. It provides for an exception to the laws concerning other types of passenger restraint systems.

Safety Belt Revolving Loan Fund: The bill establishes the Safety Belt Revolving Loan Fund. It requires the

Department of Education to establish a revolving loan program to provide loans from the fund to school corporations to assist school corporations in paying expenses necessary to comply with requirements concerning safety belts on school buses and special purpose buses. It appropriates \$10,000,000 to the fund from the state General Fund.

Amendments: The bill makes conforming amendments.

Effective Date: July 1, 2013.

Explanation of State Expenditures: Summary:

1. *State School Bus Committee:* The committee should be able to implement the bill's requirements within existing resource levels.

2. *Safety Belt Revolving Loan Fund:* The Department of Education (DOE) shall pay the expenses of establishing and administering the fund. This should be within its existing resources. The bill's requirements to be undertaken by the State Treasurer and Auditor of State should also be within these agencies' existing resources.

Additional Information:

Safety Belt Revolving Loan Fund: Under the bill, a total of \$10 M would be appropriated to the fund in FY 2014 and FY 2015; a \$5 M appropriation is assumed for each fiscal year. DOE shall establish and administer the fund, which would provide loans to school corporations to assist them in purchasing school buses with the applicable safety belts or in installing safety belts on buses.

The DOE would have to establish standards of eligibility, the maximum amount of the loan that may be awarded to a school corporation, application procedures, any local matching funds that would be required, the interest rate charged, and the length of the loan and the repayment schedule. All repayment amounts would be returned to the fund.

The Treasurer of State shall invest the money not currently needed for loans. The money in the fund at the end of the fiscal year does not revert to the state General Fund. If a school corporation is unable to repay the loans, the bill authorizes the Auditor of State to withhold the amount owed from any other funds payable by the state to the school corporation.

Explanation of State Revenues:

Explanation of Local Expenditures: Safety Belts: Two total cost figures for installing safety belts were estimated using different cost assumptions (*see Background Information: Computing Cost*). Both estimates are based on replacement of the current fleet capacity with buses containing the required safety belts. Under the first set of assumptions, the total cost for a statewide installation of safety belts is estimated at \$229 M; under the second set of assumptions, the total cost is estimated at \$341 M. These estimates are for larger buses (Type C and D). These costs could be significantly less to the extent that school corporations, in response to the requirement, reduce their transportation program and purchase a smaller fleet of buses with safety belts.

School corporations and those that have contracts with school corporations to provide bus service would have to absorb the added cost of ordering new school buses with safety belts or having current ones retrofitted. Additionally, the capacity of some buses would be reduced because of the installation of safety belts. The fleet size would have to be increased to maintain the capacity that existed prior to safety belt installation. According to one vendor, retrofitting old buses would not be cost-effective as they would not meet current certification rules that were adopted in 2011. Additionally, the retrofit cost (around \$40,000 to \$50,000) would probably be half the cost of a new bus.

For new buses, the bill becomes effective on July 1, 2013. This may place an additional expense on corporations that ordered new buses without safety belts before the effective date of the bill and which would be delivered after the bill becomes effective.

Additional Information:

Safety Belts: Under current law, school children riding in a school bus are not required to wear safety belts. This bill stipulates that after June 30, 2013, a new school bus or special purpose bus must be equipped with a 3-point lap and shoulder safety belt. Additionally, by June 30, 2018, all school buses or special purpose buses must be so equipped.

The bill provides that safety belts must be used if they are installed. A school corporation or nonpublic school that fails to enforce this provision would commit a Class C infraction.

Safety Belt Revolving Loan Fund: A school corporation may use any source of revenue to repay a loan, including money in the school corporation's school bus replacement fund, transportation fund, and capital projects fund.

Background Information

Computing Cost: The total cost does not include cost for maintaining the seat belts. It is estimated that there are about 1,650 buses with seat belts, but since it could not be determined if all of the seats were configured with the safety belts required by this bill, it was assumed that the safety belts were not installed.

Costs are computed based on two sets of assumptions:

1. *Estimate A:* The additional cost of installing lap/shoulder safety belts on school buses is estimated to be between \$10,000 to \$15,000 over the \$75,000-\$100,000 cost of a new bus. Assuming it costs approximately \$10,000 extra to install lap/shoulder safety belts, and that school corporations have a total of approximately 16,054 buses, the total cost would be:

$$(1.05 * 16,054 * \$10,000) + (0.05 * 16,054 * \$75,000) = \$229 \text{ M.}$$

This figure includes the cost of installing safety belts on all the buses and the 5% extra buses corporations would have to buy because of lost capacity.

2. *Estimate B:* This estimate is based on cost figures from an in-state vendor. It is based on a bus

having a capacity for 72 children in 24 seats (each seat holding three children), an average of 2 seats lost due to the installation, the cost of seatbelt installation being \$600 per seat, and the total number of buses being 16,054.

In this configuration, each bus would have 22 seats and the total cost of safety belts for 16,000 buses would be: $(22 * 600 * 16054) = \$212 \text{ M}$

The cost for new buses to replace the 2 seats lost per bus is: $(2 * 16054 / 22 * 75000) = \110 M

The cost for installing seat/lap belts on these new buses = $(2 * 16054 * 600) = \$19 \text{ M}$

Total cost under these assumptions: \$341 M

These estimates are for larger buses (Type C and D). Adding safety belts to seats on a typical 14-passenger Type A school bus is estimated at \$350 per seat, or \$2,100 (for six seats) additional cost over the standard school bus seat.

Safety Belts: Six states (California, Florida, Louisiana, New Jersey, New York, and Texas) require safety belts on school buses. New York was the first state to require school bus safety belts. The implementation of the law in Louisiana and Texas depends on adequate funding. California and Texas require school buses to have three-point lap/shoulder belts rather than lap belts. California and Florida require that elementary school students get priority for buses equipped with safety belts. New York's law allows local school boards to decide if students must use the safety belts.

There are usually four types of school buses: A, B, C, D. Types A and B are smaller school buses with typical capacities of 8 to 24 students. Types C and D are large buses. Their passenger capacity is generally 48 to 90, and they account for over 90% of all the buses.

Funding and capacity are issues for most school districts. Costs estimates vary: Bartholomew county estimated \$10,000 extra; NC State School Bus Study, \$7,000; CRS Report to Congress, \$8,000 to \$15,000; Texas State Government, \$9,300 to \$14,000; and Alabama State Department of Education, \$11,000 to \$15,000. One vendor estimates the cost per seat at \$600.

Installing safety belts reduces capacity in two ways. First, the thicker seatbacks take more floor space and result in the loss of one or more rows. Second, three elementary school pupils cannot sit on one bench with the minimum fixed width between belt-buckle latches, so seats must be a little narrower (for two pupils) on one side of the aisle and a little wider (for three pupils) on the other side. As a result, one seat per row is lost. A University of Alabama study estimated capacity losses at between 5% to 18%. The bus fleet would need to expand this much to offset the capacity loss. Funds would have to be appropriated for extra buses or it could mean fewer buses.

Explanation of Local Revenues:

State Agencies Affected: State School Bus Committee.

Local Agencies Affected: School corporations; Nonpublic schools.

Information Sources: OLR Research Report, Feb 2, 2010; Summary Report, Alabama School Bus Seat Belt Pilot Project, Oct 25, 2010; Bartholomew Consolidated School Corporation, 812-376-4246; Mr Clifford Zehr, President, Kerlin Bus Sales & Leasing, Inc., 260-353-2722; Mr. Jay Nine, Starcraft Bus, 800-348-7440. Michael A. LaRocco, Director of School Transportation, Department of Education, 317-232-0891.

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