

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2009-10		FY 2010-11	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 255 requires that school buses manufactured after the effective date of the bill and purchased on or after January 1, 2010 to transport public school children shall be equipped with lap-shoulder belts for each occupant. Instruction in the use of belts is to be provided at least twice during each school year. The bill provides that the new provisions shall not be construed to increase or decrease the liability of school districts for injuries when a belt is not used or misused. It also shall not increase or decrease the liability of a district for the continued use of buses which are not equipped with lap-shoulder belts.

The requirement to have lap-shoulder belts for each passenger on a school bus will increase the cost of new buses beginning in 2009-10. Recent articles on the cost of buses with lap-shoulder belts indicate increased costs of \$2,000 to \$12,000 per bus, depending upon the size of the bus and type of seat belt configuration. The State Department of Education (NDE) indicates the additional cost for a 60-passenger bus equipped with lap-shoulder belts is \$9,000 to \$11,500 based upon estimates provided by three bus manufacturers.

Since transportation needs of school districts are unknown, the bill will have an unknown fiscal impact for school districts and/or other entities that transport public school children on buses manufactured and purchased after the effective date of the bill, beginning in 2009-10. Any increases in spending by school districts pursuant to the bill will increase state aid two years after the spending increase occurs.

The bill will require NDE to revise two rules and regulations. It is assumed the rules can be revised with the existing resources of the department.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Matt Eash	DATE	2/12/09	PHONE	471-2526
COMMENTS					
DEPARTMENT OF EDUCATION: Any administrative costs can be absorbed within existing budget.					
Cost to School Districts (and/or State Aid Formula).					
Assumptions:					
<ul style="list-style-type: none"> Department of Education's market research that determined per-bus cost increases for new seatbelt-equipped 60-passenger buses is correct. The following analysis is based on that range of per-bus costs from \$9,000 to \$11,500. The reasonable replacement schedule for buses is 10 to 15 years. Nebraska public schools operated 2,638 buses in 2006 (source: School Transportation News; http://www.stnonline.com/stn/statesprovinces/unitedstates/2_ne.htm) 					

1. All buses (assuming all are non-compliant). We estimate that annual costs to public school districts statewide could increase by a range from \$1,582,800 for a \$9,000 upgrade cost to buses purchased on a 15-year replacement schedule—to \$3,033,700 for an \$11,500 upgrade to buses purchased on a 10-year replacement schedule. These estimates do not account for the possibility that some buses (e.g. Special Education) may already be compliant with LB 255 and would therefore not increase costs to a school's existing replacement budget.

2. Impact to TEEOSA. After considering equalization, LB 255 would create a General Fund cost increase to the TEEOSA aid formula based only on the impact to equalized schools (assuming no compliant buses). The increase to current annual costs would range from \$1,199,951 for a \$9,000 upgrade cost on a 15-year replacement schedule—to \$2,299,906 for an \$11,500 upgrade on a 10-year replacement schedule. This impact would not be realized fully until FY 2012-13. Given that LB 255 affects bus purchases after January 1, 2010, the TEEOSA impact to FY2011-12 would be one half of a year; so General Fund requirements would increase by a range from \$599,976 to \$1,149,953.

3. Discounting for existing compliant buses. No bus fleet data was available to Budget Division at the time of this fiscal note, so there is an unknown margin of error that could be attributed to a small number of buses—primarily those for special needs students—of the assumed 2,638 may already be compliant with LB 255 and would therefore not necessitate a replacement cost increase. We assume also that some schools use vans in lieu of buses to transport Special Education students, and these would not be impacted by LB 255. However, to determine this lowest-cost scenario, costs are limited to non-Special Education transportation. Discounting all special needs transportation, the General Fund cost increase to TEEOSA would range annually from \$728,423 for a \$9,000 upgrade cost on a 15-year replacement schedule—to \$1,396,145, for an \$11,500 upgrade cost on a 10-year replacement schedule.