

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 770 - SB 954**

March 10, 2015

**SUMMARY OF BILL:** Requires school buses ordered or purchased on or after July 1, 2016, to be equipped with safety restraint systems approved by the National Transportation Safety Board (NTSB). Requires school buses owned, operated, or leased by a public or private elementary school or school system to be equipped with safety restraint systems approved by the NTSB no later than July 1, 2023.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures –**

**\$5,530,800/BEP/Each Year FY16-17 through FY24-25**

**Increase Local Expenditures –**

**\$33,185,000/Each Year FY15-16 to FY22-23\***

*Assumptions relative to general school bus statistics and current restraint requirements:*

- Based on Federal Motor Vehicle Safety Standards (FMVSS) from the NTSB, buses that weigh below 10,000 pounds are required to have a restraint system. Buses that weigh above 10,000 pounds are not required to have a restraint system.
- Based on FMVSS, independent research, and information from the Department of Safety and the Comptroller, buses that were not originally designed to contain an occupant restraint system and are retro-fitted with such a system will not be re-certified as being safe according to the manufacturer original body build date safety specifications.
- Buses in Tennessee will not be retro-fitted with seat belts. Local school systems will be required to purchase new buses with belts.
- According to the Department of Education's FY13-14 Annual Statistical Report (ASR), there are a total of 8,864 buses in Tennessee.
- The FY13-14 ASR reports that 2,120 buses (approximately 24 percent) currently have a restraint system. This percentage is estimated to remain constant in future fiscal years.
- Based on information from the Comptroller and the Department of Education, the average price of one bus without occupant restraint systems is \$85,000.
- Based on information received from the Comptroller, the Department of Education, and a national study done by the State of Alabama, the average increase in the price of a bus with seatbelt installation is approximately \$13,000.
- The average price of one bus with an occupant restraint system is estimated to be \$97,000 (\$85,000 + \$13,000).

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*Assumptions relative to FY15-16 to FY22-23 for annual local education agency bus purchases in the absence of this bill:*

- Buses that are purchased at the end of FY14-15 for the 2015 fall semester will be purchased with seatbelts.
- Based on historical statistical data and information from the Department of Education, approximately 600 buses are retired each year. It is assumed that each retired bus will be replaced with a new one. Further it is estimated that this number will remain fairly constant in FY15-16 through FY22-23.
- Based on data from the FY13-14 ASR, approximately 456 buses that would have been purchased by local education agencies in the absence of this bill will need an occupant restraint system added.
- The annual increase in local expenditures to add seatbelts to buses that would have been purchased in the absence of this bill is estimated to be \$5,928,000 (456 x \$13,000).

*Assumptions relative to local education agency bus purchases as a result of this bill:*

- Using data from the FY13-14 ASR, the remaining population of buses that will need to be purchased by LEAs annually, outside of the regular purchase cycle is estimated to be 168.
- According to independent research, information from the Department of Education, the Department of Safety, and national studies, buses with seat belts lose seating capacity due to a reduction in the number of riders per seat. The average capacity loss is estimated to be 15 percent per bus which is equivalent to approximately 12 seats.
- Additional buses will be purchased to make up for the capacity loss.
- Using data from the FY13-14 ASR and information from the Department of Education, the number of additional buses that will need to be purchased to make up for capacity loss is estimated to be 113 buses annually.
- An estimated 281 (113 + 168) buses will need to be purchased each fiscal year FY15-16 through FY22-23.
- The annual estimated increase in local expenditures to purchase new buses is \$27,257,000 (\$97,000 x 281).

*Assumptions relative to the increase in the Basic Education Program funding formula:*

- The BEP transportation formula will recognize one-third of the total increase in local expenditures each year beginning in FY16-17. This component will be split 50/50 between state and local governments and is based on the average of expenditures from several categories for the last three fiscal years.
- The total annual increase in local expenditures is estimated to be \$33,185,000 (\$5,928,000 + \$27,257,000).
- One-third of the total increase is \$11,061,667 (\$33,185,000 / 3).
- The increase in state expenditures for the BEP transportation component in FY16-17 through FY24-25 is estimated to be \$5,530,834 (\$11,061,667 / 2).

- Based on information from the Department of Education, the increase in the BEP required match will not actually require LEAs to increase local expenditures since all LEAs are funding above and beyond their required local match for this component.

\*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Jeffrey L. Spalding, Executive Director

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