



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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**Bill Number:** H. 3027 Introduced on January 10, 2017  
**Author:** Clary  
**Subject:** School Bus Safety  
**Requestor:** House Education and Public Works  
**RFA Analyst(s):** Shuford  
**Impact Date:** January 24, 2017

**Estimate of Fiscal Impact**

	<b>FY 2017-18</b>	<b>FY 2018-19</b>
<b>State Expenditure</b>		
General Fund	\$423,746,000	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
<b>State Revenue</b>		
General Fund	\$2,000,000	\$0
Other and Federal	\$0	\$0
<b>Local Expenditure</b>	\$39,545,000	\$0
<b>Local Revenue</b>	\$0	\$0

**Fiscal Impact Summary**

This bill would increase state expenditures for lap seat belt conversions, labor costs, and new purchases of school buses by \$423,746,000 in FY 2017-18. State revenue would increase by \$2,000,000 from the sale of approximately 1,000 buses. Local expenditures would increase by \$39,545,000 for conversion and replacement costs for locally owned activity buses. In summary, state and local expenditures net of revenue from sales proceeds would increase by \$461,291,000 in FY 2017-18.

**Explanation of Fiscal Impact**

**Introduced on January 10, 2017**

**State Expenditure**

This bill requires before August 1, 2017, every school bus must be equipped with lap belts. This requirement would apply to all school buses owned by a public or governmental agency operated for the transportation of children to or from school. Additionally, all school buses owned and operated by a private school must be equipped with lap belts. Non-conforming private school buses must be painted a color other than yellow and are not entitled to the privileges and protection of a school bus operating on the highways of this state.

Information provided by the Department of Education (department) indicates that school buses purchased in 2011 or earlier (and a small number purchased in 2012) cannot be refitted with lap seat belts without replacing the seat frames. This modification would most likely result in the buses failing to comply with numerous federal motor vehicle safety standards as enforced by the National Highway Traffic Safety Administration. This noncompliance with motor vehicle safety

standards would shift the responsibility for safety, reliability, and liability to the State, rather than the bus manufacturer, in the event of a failure or motor vehicle accident.

Based on this and additional information provided by the department, we estimate that 1,577 of the current 5,642 buses can be converted since these buses were manufactured in 2012 or later. The cost of converting these buses would average \$11,475, but will vary based on the number of seats and bus capacity. These conversions would increase state expenditures by \$18,096,000 in FY 2017-18. The department expresses some concern that suppliers will not be able to provide the necessary number of lap belts and other supplies in a timely manner. Labor costs are estimated at \$430,000 in FY 2017-18 to install the seat belts.

The department further estimates that 4,065 older buses will require replacement. Due to increased route times and a reduction in seating capacity from the required lap belts, the department would require an additional 357 buses to maintain the current routes and student travel times. This would result in purchases of 4,422 buses to replace the existing non-convertible buses. The cost of these purchases averages \$91,640 per bus, but will vary based on size, seating capacity, and any physical limitations of the students transported. These purchases would increase state expenditures by \$405,220,000 in FY 2017-18.

This impact analysis does not include an expenditure estimate for privately owned buses since this aspect of the bill does not have a direct expenditure impact on the General Fund, Federal Funds, or Other Funds.

#### **State Revenue**

Of the 4,065 buses requiring replacement, the department indicates that approximately 1,000 of these may be sold for approximately \$2,000 each. These potential sales would offset expenditures by \$2,000,000. The remaining 3,065 buses would be junked with little or no residual value.

#### **Local Expenditure**

This proposal would also affect local school districts by requiring lap seat belt conversion or replacement expenditures on activity buses they own. RFA staff surveyed the eighty-one school districts for information on the number of activity buses that would require conversion or replacement. Twelve districts provided information. These districts represent almost 20 percent of the student population based on the FY 2015-16 135-day ADM count. Prorating these responses based on this student population measure suggests that conversion and replacement expenditures for local school districts would total \$39,545,000 statewide in FY 2017-18.

#### **Local Revenue**

N/A



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Frank A. Rainwater, Executive Director