

Department of Legislative Services
 Maryland General Assembly

FISCAL NOTE

House Bill 1220 (Delegate Finifter. *et al.*)

Commerce and Government Matters

Education - Transportation of School Students

This bill establishes a new maximum seating capacity for public school buses. The number of students on a seat may not exceed specified limits. In addition, a school bus driver may not allow a student to stand while the school vehicle is in motion. The bill provides for certain exceptions in cases when the failure to pick up a student at a designated bus stop or at the student's school results in the student being left on the side of a road or at the student's school. In such cases, the school bus driver must notify the local school system of the incident. Local school systems must correct these incidences within 72 hours or, if it occurred at the beginning of the school year, within 30 days. The State is required to provide local school systems with the necessary funding to implement the bill's requirements beginning in fiscal 2000.

This bill takes effect July 1, 1998.

Fiscal Summary

State Effect: General fund expenditures could increase by \$62.2 million beginning in FY 2000, which includes the cost of reimbursing local school systems for FY 1999 expenses. Future year expenditures reflect ongoing operating costs and inflation. Revenues would not be affected.

(in millions)	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	0	62.2	23.3	23.7	24.2
Net Effect	\$0	(\$62.2)	(\$23.3)	(\$23.7)	(\$24.2)

Note: () - decrease; GF - general funds

Local Effect: Local expenditures would increase by \$39.4 million in FY 1999 only. However, it is assumed that the State would reimburse local school systems for these costs in

FY 2000, when the State is required to start providing funding for the bill's requirements.

Small Business Effect: Potential meaningful impact.

Fiscal Analysis

State Effect: Current State regulations (COMAR 13A.06.07.11) require local school systems to develop school bus routes that enable all students to be seated, with the number of students transported not exceeding the manufacturer's rated capacity. When an emergency situation creates an overload, local school systems must correct the condition within a reasonable time. The manufacturer's rated capacity is based on three students per bus seat, except for the last row where it is based on two students per bus seat. This bill alters the maximum seating capacity on public school buses by basing it on either three primary students per bus seat; two secondary students per bus seat; or one primary school student and one secondary school student per bus seat. Accordingly, a school bus' seating capacity would depend on the type of student being transported.

Approximately two-thirds of the school buses used in Maryland have a rated capacity of either 58 or 64 passengers. This bill would reduce the rated seating capacity on school buses serving secondary school students, resulting in the need of additional school buses. A conventional 58 passenger school bus would only be able to transport 40 secondary school students; whereas a conventional 64 passenger school bus would only be able to transport 44 secondary school students.

Over 550,000 public school students receive school transportation services each year. Approximately 40% of these students are secondary school students. Due to the lower seating capacity, local school systems would have to purchase an estimated 681 new school buses. School systems that use mostly publicly-owned school buses (Baltimore, Frederick, Montgomery, and Prince George's counties) would have to purchase additional school buses at a one-time cost of approximately \$48,000. Annual operating costs per school bus would total approximately \$26,300, which includes salaries, benefits, and operating costs. Schools systems that primarily use private contractors would only incur an annual contractor's fee of approximately \$40,000 per bus. Accordingly school expenditures could increase by \$39.4 million in fiscal 1999, as shown in **Exhibit 1**.

Exhibit 1
Projected Costs - Fiscal 1999

Type of Bus	Number of Buses	Avg. Cost Per Bus	Total Cost
Publically-owned	355	\$74,300	\$26.4 million
Contractual	326	\$40,000	\$13.0 million
Total	681		\$39.4 million

Future years' expenditures increase by only \$22.8 million, which reflects the elimination of one-time start-up costs (purchase of new school buses). The State is required to provide funding for the bill's requirements beginning in fiscal 2000. Assuming the State provides full funding, general fund expenditures could increase by \$62.2 million beginning in fiscal 2000. This amount includes \$39.4 million to reimburse local school systems for costs incurred in fiscal 1999 and \$22.8 million for costs incurred in fiscal 2000. **Exhibit 2** shows the projected costs for fiscal 2000 through fiscal 2003.

Exhibit 2
Projected Costs - Fiscal 2000 through 2003

Type of Bus	FY 2000	FY 2001	FY 2002	FY 2003
Publically-owned	\$9.5 million	\$9.7 million	\$9.9 million	\$10.1 million
Contractual	\$13.3 million	\$13.6 million	\$13.8 million	\$14.1 million
Total	\$22.8 million	\$23.3 million	\$23.7 million	\$24.2 million

* Future year costs reflect 2% annual inflation.

In addition, the Maryland State Department of Education (MSDE) advises that an additional 178 school buses at a cost of \$2 million is needed to prevent over crowded conditions during the course of the school year. Since new students are constantly being added to a school bus route during the course of a year, school systems may need up to 10 days to correct potential over crowded conditions. The Department of Legislative Services advises that current State regulations governing school bus operations have strict limits on the type of vehicles that can transport students to and from school facilities. For example, leasing other types of buses on a temporary basis to handle over crowded conditions is not an option for compliance with this bill. However, a portion or all of these additional costs could be reduced through improved local planning.

Local Effect: Local expenditures would increase by \$39.4 million in fiscal 1999 only. However, it is assumed that the State would reimburse local school systems for these costs in fiscal 2000. Beginning in fiscal 2000, the State is required to provide full funding for the bill's requirements.

Small Business Effect: Private contractors provide pupil transportation services in all 24 school districts in the State. In 19 counties, private contractors operate a majority of school vehicles. In fiscal 1996, there were approximately 3,000 private school vehicles under contract statewide. A large segment of these private school vehicles are either owned or operated by individuals or small transportation companies. Accordingly, private school bus contractors would be positively impacted due to increased demand for school bus services.

Information Source(s): Maryland State Department of Education, Department of Legislative Services, Prince George's County Public Schools (Transportation Office)

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