

# HOUSE BILL REPORT

## HB 1485

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### As Passed Legislature

**Title:** An act relating to the school bus bid process.

**Brief Description:** Regarding the school bus bid process.

**Sponsors:** By Representatives Hunter, Jarrett, Wallace, Tom, Fromhold, McDermott, Haigh, Kenney and P. Sullivan.

#### **Brief History:**

##### **Committee Activity:**

Education: 2/7/05, 2/14/05 [DP].

##### **Floor Activity:**

Passed House: 4/19/05, 98-0.

Passed Senate: 4/23/05, 45-0.

Passed Legislature.

<h4><b>Brief Summary of Bill</b></h4>
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- Revises the state bidding and purchasing process for school buses.

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### HOUSE COMMITTEE ON EDUCATION

**Majority Report:** Do pass. Signed by 7 members: Representatives Quall, Chair; P. Sullivan, Vice Chair; Haigh, Hunter, McDermott, Santos and Tom.

**Minority Report:** Without recommendation. Signed by 4 members: Representatives Talcott, Ranking Minority Member; Anderson, Assistant Ranking Minority Member; Curtis and Shabro.

**Staff:** Susan Morrissey (786-7111).

#### **Background:**

School districts provide transportation to and from school for many students as part of basic education. Two hundred and seventy-five districts operate their own bus fleets. About 8,500 school buses operate across the state and about 450 new buses must be purchased to augment or replace that fleet each year. The districts decide the brands of buses to purchase, the methods of operation and maintenance, and the replacement timetable for the districts' fleets. School districts purchase the buses and the state makes annual payments to the districts to replace the buses. The payments are made on either an eight-year or 13-year depreciation schedule, depending on the size of the bus. Under the replacement theory, by the end of the

depreciation schedule, the state will have provided each district with enough money to replace the old buses with new ones.

Before 2004, school districts were able to purchase buses through a non-profit purchasing cooperative. In 2004, the Legislature limited state reimbursements to buses bought either through the state bid or through a district's competitive bidding process.

During 2004, the Joint Legislative Audit and Review Committee (JLARC) studied the methods school districts used for bidding and purchasing school buses. The committee's February 2005 report included a series of findings and recommendations for improving the process.

The JLARC found that many external factors affect the prices of school buses and it appears that the prices paid by school districts are in line with the prices charged in states that use similar purchasing strategies. There are purchasing practices used in some districts and in other states that could improve the process. The committee also found that the wide variability in the annual payments to school districts for bus purchases is due more to the payment process than the bidding or purchasing processes. The variability could be reduced by switching to a financing system.

The committee's three recommendations were:

1. The Legislature should make permanent the bidding, purchasing, and payment system implemented through a proviso in the 2003-05 budget.
2. The Office of the Superintendent of Public Instruction should examine some of the promising practices identified by the committee to determine whether and how to implement the practices on a statewide basis.
3. If predictable budget levels for bus reimbursements are important, the Legislature should ask the Superintendent to examine alternative funding approaches.

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### **Summary of Bill:**

The requirement is removed that the Superintendent of Public Instruction (Superintendent) establish school bus categories that, as a minimum, are the same as the ones in place at the beginning of the 1994-95 school year.

The Superintendent will solicit competitive price quotes for base buses and for optional features and equipment. The prices must be in effect for at least one year. The Superintendent will publish a list of accepted quotes in each category. School districts may purchase directly from any dealer on the list.

The Superintendent of Public Instruction will reimburse school districts and educational service districts for buses purchased through a lowest-bid competitive process or through the competitive price quote bus process established by the Superintendent, using reimbursement rates established for base buses.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** The bus bidding and purchasing process proposed in the legislation was implemented through a budget proviso in the 2004 Supplemental Budget. It permits school districts to maintain the standardization of their fleets but does not require the state to pay for options that are not included on base buses. It preserves local control and provides a range of choices without obligating the state to pay for locally selected options. In addition, it is supported by the report of the Legislature's Joint Legislative Audit and Review Committee. The menu style included in the legislation will not increase the price of base buses because vendors have an incentive to keep the prices low so they can capture the business of school districts that need to buy a fleet of similar buses.

**Testimony Against:** None.

**Persons Testifying:** (In support) Representative Hunter, prime sponsor; Dan Payne, Stanwood Cameno School District and Washington Association for Pupil Transportation; Mitch Denning, Alliance of Educational Associations; and Allan Jones, Office of the Superintendent of Public Instruction.

**Persons Signed In To Testify But Not Testifying:** None.