

SENATE BILL REPORT

SB 5691

AS OF MARCH 4, 1991

Brief Description: Authorizing the replacement of school buses.

SPONSORS: Senators Barr, Murray, Gaspard and Snyder; by request of Superintendent of Public Instruction.

SENATE COMMITTEE ON EDUCATION

Staff: Susan Mosborg (786-7439)

Hearing Dates: March 4, 1991

BACKGROUND:

The state pays the operating costs of student transportation. In addition, legislation enacted in 1981 created a state-funded program to replace aging school buses and provide ongoing modernization of the statewide school bus fleet. Despite this effort, some 30 percent of all school buses in the state are buses that were manufactured before 1977, the year significant upgrades were made to federal safety standards for school bus manufacture.

Currently, school bus purchases are front-funded by school districts. The state then makes periodic depreciation payments to the district over the life of the bus. These funds are deposited into the district's transportation vehicle fund, with the expectation that they will accumulate sufficiently to pay the cost of replacing the bus at its recommended retirement age.

Districts must use the funds for transportation purposes but are not obligated to save the money for future bus replacement. Consequently, many use the depreciation payments to expand their fleet in the short term. Some purchase new buses on installment with the intention of using future depreciation payments to pay off the loan. Others pay the purchase price in full, but may buy used buses already nearing the end of their useful lifetime. In either case, districts must seek additional funding to replace old buses in the long term. When funds are difficult to obtain, many districts simply do not retire their old buses and spend large sums maintaining their aging fleet.

The office of the Superintendent of Public Instruction (SPI) sponsors voluntary school bus purchase pools to allow districts to obtain competitive bids for their school bus purchases. SPI also pays districts that contract with private carriers for student transportation, according to a

depreciation schedule, in lieu of paying them for school bus purchases.

SUMMARY:

The Superintendent of Public Instruction (SPI) may adopt rules for a new school bus replacement program designed to maintain a statewide school bus fleet that meets contemporary design and manufacturing standards.

The method of allocating state funds for school bus purchases is revised. Each year, the school district shall receive funding credits based on a formula that takes into account the number, type, and age of school buses in the district's fleet. The district may trade in all or part of these credits for funds to buy new buses. Unused funding credits carry over to the next year.

For each bus purchased with state funds, an old bus must be retired. Districts must give priority to replacing buses manufactured before April 1, 1977. The specifications of both the retired bus and its replacement must be reported to SPI. SPI shall revoke the operating permit of each retired bus.

A process is established for determining the amount of state funds districts may spend on replacement buses. Each year, SPI shall establish specifications for a few categories of basic buses state funding is designed to cover. The specifications shall be developed with the assistance of school district representatives and shall be structured to stimulate competition among vendors.

SPI shall then arrange one or more voluntary school bus purchase pools for each category of basic bus. Participating districts will receive a bid for the basic bus. Each participating district may also solicit bids for any additional features they would like, but must pay for options with local funds. Districts not participating in school bus purchase pools may purchase any bus from any vendor but shall receive state funds at the basic rate negotiated by the applicable purchase pool.

SPI shall make full payment to the district for an authorized bus purchase when the bus is delivered.

For each of the next four years, school districts may use up to 40 percent of their school bus replacement funding credits to liquidate debt incurred in past school bus purchases.

Each year, SPI shall also develop a depreciation schedule for payments to districts that contract with private carriers for student transportation.

Appropriation: none

Revenue: none

Fiscal Note: requested February 21, 1991

Effective Date: September 1, 1991