Chapter 392-142 WAC
TRANSPORTATION—REPLACEMENT AND DEPRECIATION ALLOCATION

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DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER


392-142-200 Definition—School bus dealer. [Statutory Authority: 1995 1st sp.s.c 10, RCW 28A.150.290 and chapter 28A.160 RCW as amended in ESSB 5408, section 16(6).] Repealed by WSR 12-12-4, filed 6/12/03, effective 7/13/03. Statutory Authority: RCW 28A.150.290.]


**Replacement and Depreciation Allocation**

**WAC 392-142-005 Authority and purpose.**

The authority for this chapter is WAC 28A.150.290 which authorizes the superintendent of public instruction to adopt rules and regulations for the proper administration of WAC 28A.160.195 and 28A.160.200. The purpose of this chapter is to specify and implement the rules for the school bus depreciation and replacement systems.

**WAC 392-142-100 Definitions.** For the purposes of this chapter, the following definitions apply:

1. **"Superintendent"** means the superintendent of public instruction.

2. **"School district"** means a public school district or educational service district.

3. **"School bus"** means a vehicle:
   a. With a seating capacity of more than ten persons including the driver;
   b. Used for transportation of students to and from school or in connection with school activities; and
   c. That meets the requirements of the school bus specifications manual published by the superintendent.

4. **"Replacement system"** is the reimbursement process used for school buses when a school district is the legal owner.

5. **"Depreciation system"** is the reimbursement process used for contractor-owned school buses operated under a contract with a school district to provide regularly scheduled to-and-from student transportation services.

6. **"School bus categories"** are defined annually by the superintendent, taking into account such factors as student capacity, fuel type, and special equipment.

7. **"System lifetime"** means the minimum number of months that a category of school bus is expected to be in use as determined by the superintendent.

8. **"Eligible months"** are defined as the number of months a school bus is eligible for reimbursement payments within a school year. If a newly acquired school bus is eligible for reimbursement, such eligibility is determined by the issue date of the school bus operation permit as defined in WAC 392-143-010(4). If the issue date is prior to the 15th of any month, eligibility begins with the first of the month; otherwise, eligibility begins with the first of the following month. The total number of eligible months in all school years shall not be more than the system lifetime.

9. A school bus is defined as **"improperly maintained or operated"** when it is unable to pass the Washington state patrol inspection process within ninety days of the date requested for presentation. The school district may request the superintendent for an additional ninety days to arrange for repairs to the school bus. Improper operation includes use of

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a school bus without a valid school bus operation permit issued by the superintendent.

(10) The "state school bus quote" means the annual sealed bid process used by the superintendent as authorized by RCW 28A.160.195 to establish prices for school districts to purchase school buses for a school year. School districts may purchase school buses from any school bus dealer's accepted bid.

(11) The "low price quote" means the lowest competitive price quote for each category of school bus received from school bus dealers in the state school bus quote. The low price quote is determined prior to the inclusion of any sales or use tax. Included in the low price quote are:

(a) Freight to the school district; and

(b) Cost associated with full payment within thirty days of delivery.

In the state school bus quote process, the superintendent may include options for school districts to purchase that are not included in the low price quote.

(12) "State-determined purchase price" is defined as the low price quote including any sales and use taxes at the highest rate that could be charged to any school district in the state by the school bus dealer submitting that quote.

(13) "Average price" is defined as the five-year average of the low price quote for each school bus category. The average price is determined using the current and four previous school years' state school bus quote.

(14) "System price" means the price used to calculate the payment in a given school year, as follows:

(a) For the replacement system, the system price for a school bus for all years except the final year is the average price. For the final year, the system price is the current state determined purchase price.

(b) For the depreciation system, the system price for a school bus for all years is the first year's state determined purchase price.

(15) "Total school bus replacement payments" means the sum of all replacement payments for a school bus for prior school years.

(16) "Assumed interest earnings" means the sum of interest which is assumed to be earned on money assumed to be available in the transportation vehicle fund from any prior replacement payments and any previous interest earnings for a school bus. The rate used to calculate assumed interest earnings shall be the average of the ninety-day treasury bill rate during the previous state fiscal year calculated on the basis of simple interest.

(17) The "salvage value" of a school bus is defined as twenty-five percent of the first year's state determined purchase price divided by the system lifetime in years.

[Statutory Authority: RCW 28A.150.290. WSR 12-19-098, § 392-142-100, filed 9/19/12, effective 10/20/12. Statutory Authority: RCW 28A.41.170 and 28A.41.540. WSR 90-02-077 (Order 21), § 392-142-100, filed 1/2/90, effective 2/2/90.]

WAC 392-142-205 Assignment and changes to school bus categories. To determine the average price for a school bus assigned to a category that was not defined in the previous four years, the superintendent shall assign the school bus to the most appropriate category. When a school bus category is no longer available or when the definition of a school bus category is changed, the superintendent shall place any school bus still eligible for reimbursement into the most appropriate existing category. The superintendent shall provide a public meeting for interested parties prior to any change in school bus categories.


WAC 392-142-214 Alternative bid process. School districts are not required to use the state school bus quote process to purchase a school bus. However, a school district using another process shall only be reimbursed for a school bus if the school district uses a lowest-price competitive bid process conducted in accordance with the requirements of RCW 28A.335.190. Regardless of purchase process, all school buses must meet the requirements established in the school bus specifications manual.

[Statutory Authority: RCW 28A.150.290. WSR 12-19-098, § 392-142-214, filed 9/19/12, effective 10/20/12.]

WAC 392-142-225 Placement of used school buses on the state reimbursement system. A used school bus not previously on the reimbursement system shall be placed on the reimbursement system as if it had been issued a school bus operation permit on the first of September in the year of manufacture. A used school bus previously on the reimbursement system shall be placed on the system using the original initial eligible month and assuming no break in eligible months. The superintendent shall calculate reimbursement for used school buses using the assumption that all possible prior system payments were paid along with any assumed interest earnings.

[Statutory Authority: RCW 28A.150.290. WSR 12-19-098, § 392-142-225, filed 9/19/12, effective 10/20/12; WSR 05-19-072, § 392-142-225, filed 9/16/05, effective 10/17/05; WSR 03-13-049, § 392-142-225, filed 6/12/03, effective 7/13/03. Statutory Authority: RCW 28A.41.170 and 28A.41.540. WSR 90-02-077 (Order 21), § 392-142-225, filed 1/2/90, effective 2/2/90.]

WAC 392-142-240 Calculation of replacement system payments. To calculate the replacement system payment for a school district-owned school bus, the superintendent shall:

(1) Assign the school bus to the appropriate category;

(2) Divide the current year system price by the system lifetime;

(3) Multiply by the total number of past and current year eligible months;

(4) Subtract the total amount of all school bus replacement payments made in prior school years (if any);

(5) Subtract the assumed interest earnings (if any); and

(6) Subtract the salvage value if the current school year is the final year of the school bus's system life.

WAC 392-142-245 Calculation of depreciation system payments. To calculate the depreciation system payment for a contractor-owned school bus, the superintendent shall:
(1) Assign the school bus to the appropriate category;
(2) Divide the first year state supported price by the system lifetime; and
(3) Multiply the result by the number of eligible months in the current school year.

WAC 392-142-250 Calculation and allocation schedule. The superintendent shall calculate annual school bus reimbursement payments for existing school buses by September 15th of each year. Calculation of reimbursement for a school bus entering the system during a school year shall be based on the number of remaining eligible months in the school year. The superintendent shall apportion school bus reimbursement payments as follows:
(1) Replacement system payments shall be distributed to school districts on the final business day of August of each year; and
(2) Depreciation system payments shall be distributed to school districts in accordance with the schedule set forth in RCW 28A.510.250.

WAC 392-142-255 Deposit of payments in the transportation vehicle fund. School districts shall deposit net proceeds for the rent, sale, lease, or other disposition of school buses and replacement payments for school district-owned vehicles in the transportation vehicle fund. Depreciation system payments are not required to be deposited in the transportation vehicle fund.

WAC 392-142-260 Allowable uses of the transportation vehicle fund. School districts shall only use money in the transportation vehicle fund for the following purposes:
(1) The purchase of school buses;
(2) Performing major repairs to a school bus receiving prior approval by the superintendent.

Funds may be transferred from the transportation vehicle fund to the debt service fund for the payment of debt and interest associated with purchase agreements for school buses, including lease purchase agreements.

WAC 392-142-265 Improper maintenance and operation. (1) If a school bus is otherwise eligible for reimbursement payments and is determined to have been improperly maintained or operated, the superintendent shall discontinue reimbursement system payments effective the first of the month following the initial determination. The superintendent shall use the following process for any future payments:
(a) For school buses that are restored to operational condition, the superintendent shall:
(i) Return the school bus to the reimbursement system effective the first of the month following the date of the Washington state patrol inspection; and
(ii) Not provide reimbursement for any months the school bus was determined to have been improperly maintained or operated. However, such months shall be included as eligible months in the calculation of the system lifetime of the vehicle.
(b) For school buses that the school district disposes of without returning the vehicle to operational condition, the superintendent shall:
(i) Divide the total number of eligible months by the system life;
(ii) Multiplying the result by the current state-determined purchase price;
(iii) Subtract the total of all previous school bus replacement payments;
(iv) Subtract the total assumed interest earnings; and
(v) Subtract the salvage value.
(2) Such factors as fire, flood, explosion, storm, earthquake, or volcanic eruption shall not result in a school bus being determined to have been improperly maintained or operated. However, reimbursement payments shall be discontinued effective the first of the month following any such occurrence. Any future payments shall be calculated using the procedures listed in subsection (1) of this section. The superintendent shall assume any such school bus will be returned to service until such time as the school district disposes of the school bus.
(3) If a school district disposes of a school bus prior to the end of its useful lifetime, the superintendent shall discontinue reimbursement system payments as of the month of the sale of the school bus and adjust any final payment using the process in subsection (1) of this section.
(4) If a school district operates a school bus without an operation permit, the superintendent shall not provide reimbursement for that time period. However, any such months shall be included as eligible months in the calculation of the system lifetime of the vehicle.
WAC 392-142-270 Disposition of school buses. When a school district sells or otherwise disposes of a school bus, the school district shall notify the superintendent within thirty days using SPI Form 1020B.

[Statutory Authority: RCW 28A.150.290. WSR 12-19-098, § 392-142-270, filed 9/19/12, effective 10/20/12; WSR 03-13-049, § 392-142-270, filed 6/12/03, effective 7/13/03. Statutory Authority: RCW 28A.41.170 and 28A.41.540. WSR 90-02-077 (Order 21), § 392-142-270, filed 1/2/90, effective 2/2/90.]