

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**Session 2005**

**Legislative Fiscal Note**

**BILL NUMBER:** House Bill 1155 (First Edition)

**SHORT TITLE:** Safe Transportation for School Students.

**SPONSOR(S):** Representative Sherrill

	<b>FISCAL IMPACT</b>				
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 2005-06</u></b>	<b><u>FY 2006-07</u></b>	<b><u>FY 2007-08</u></b>	<b><u>FY 2008-09</u></b>	<b><u>FY 2009-10</u></b>
<b>REVENUES:</b>	N/A	N/A	N/A	N/A	N/A
<b>STATE EXPENDITURES:</b>					
Crime Control and Public Safety	\$2,525,758	\$1,331, 234	\$1,380,594	\$1,380,594	\$1,380,594
<b>LOCAL EXPENDITURES:</b>					
Public Schools	**Substantial Additional Cost Anticipated: See Public Schools subsection (pages 2-4)of Assumptions and Methodology**				
<b>POSITIONS (cumulative):</b>					
Crime Control and Public Safety	24.0	24.0	24.0	24.0	24.0
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Local Education Agencies, Department of Crime Control and Public Safety, State Highway Patrol Division					
<b>EFFECTIVE DATE:</b> Bill would become effective July 1, 2005					

**BILL SUMMARY:**

The bill amends GS 115C-247 to require each local school board that operates activity buses to adopt a policy on use of the vehicles and requires the policy to restrict the use of these buses to counties within the athletic conference in which the school participates. The bill also enacts a new GS 115C-247.1 requiring the Department of Transportation (DOT) to establish a system of certification of privately owned motorcoach companies that seek to contract with local school systems for the transportation of student and school personnel for school-sponsored trips. The statute sets out certain requirements for approved companies and requires school units to use certified motorcoach companies.

*Source: Bill Digest H.B. 1155 (04/07/0200)*

## **ASSUMPTIONS AND METHODOLOGY:**

### **Crime Control and Public Safety**

Section 2 of the bill requires the establishment of a system to certify privately owned motor coach companies that seek to contract with local school systems to transport students, staff, and other personnel on school-sponsored trips. The system must include on-site inspections of interested companies; assure compliance with Federal Motor Carrier Safety Regulations, and require that companies adhere to NC motor vehicle laws. Although the bill states that DOT would be responsible for carrying out the requirements of the bill, that responsibility would actually fall to the Motor Carrier Enforcement Section (MCE) in the State Highway Patrol (SHP) Division of the Department of Crime Control and Public Safety (see Technical Considerations below).

SHP staff indicates that currently there are no federal certification requirements for motor coaches. The MCE Section would have to develop and implement a statewide certification system. Currently, 16 MCE Officers conduct safety compliance reviews of all motor carriers, including the 370 motor coach carriers that operate in the state. The Department estimates that it will need to hire, train, and equip 24 additional MCE/SHP Officers (3 officers per Troop) to carry out the requirements of the bill. The associated cost would be \$2,525,758 in the first year; \$1,331,234 in the second year; and \$1,380,594 in the third year.

### **Public Schools**

#### *Overview*

Data that would be required to produce a precise estimate of the bill's fiscal impact on public schools is not available. It is reasonable to assume, however, that the bill would likely create substantial additional costs for local education agencies (LEAs).

#### *Limited Size of Athletic Conferences*

The restriction on travel outside of athletic conferences makes impact on short and medium trips likely more substantial than for long distance trips. Athletic conferences are fairly small (especially after the re-alignment of conferences in 2005-06), often including schools in only one or two counties.

For example, Cleveland County is situated only an hour outside of the many museums and other field trip options available in Charlotte, NC, but Cleveland does not have a Mecklenburg County school in its athletic conference (either 2A, 3A, or 4A). Gaston County, which borders Mecklenburg County, is in the same situation. Under H1155, these two LEAs would have two options for transporting their students to Charlotte:

- 1) Use a yellow bus for the instructional trip, or
- 2) Charter a motorcoach service

Each of these approaches, while feasible, could increase Cleveland County's costs for field trips and athletic events.

### *Yellow Bus Cost and Logistical Issues*

LEAs may currently use yellow buses for short or medium distance field trips and athletic events, but LEAs almost exclusively choose to use activity buses. This practice allows LEAs to perform routine maintenance on yellow buses between daily morning and afternoon routes, and limits accelerated depreciation of yellow buses that occurs when additional miles are logged through usage beyond the daily, regular routes.

The bill would still allow LEAs to use yellow buses in lieu of activity buses for travel outside of their athletic conference(s). However, this would lead to increased depreciation of the yellow buses, as mentioned above. This increased depreciation would lead to increased State costs for replacement buses, as yellow buses would take less time to reach State replacement mileage thresholds and therefore would need to be replaced more frequently.

Use of yellow buses during the school day is also limited by the constraint of needing to have the buses available and in proper working condition to run regular after school routes. LEAs do not keep many “spare” yellow buses (i.e., those not employed daily for regular student transportation), and the rare extras serve as maintenance replacements. Activity buses would not be able to serve as substitutes for transportation of students on regular daily routes because activity buses lack the requisite safety features found on a yellow bus (lights, stop sign, extender arm, etc.).

### *Higher Cost of Motorcoach Service*

Employing a motorcoach company for short or medium distance field trips and athletic events would allow LEAs to preserve their yellow bus fleet, but motorcoaches would cost more to use than activity buses or yellow buses. A 2001 industry survey by the American Bus Association found that on average it cost motorcoach services \$1.90 per mile to operate their buses (inclusive of ownership, fuel, fuel tax, labor, supplies, insurance, tolls and driving expenses, and purchase of transportation.) The same survey found that the average charge per mile ranged from \$2.00 to \$3.00.<sup>1</sup>

The Department of Public Instruction estimates that it costs \$1.50 per mile to operate a standard yellow bus (inclusive of fuel, maintenance, labor, bus cost, and administration). No data is available for the cost per mile for activity buses. DPI staff believes this cost would be lower than the per-mile cost for yellow buses, but even if it were the same it would still be less than the charge per mile for motorcoach service.

The following example illustrates the increased cost imposed by the bill:

Assume that two classes wish to take field trips to Discovery Place in Charlotte. One leaves from Shelby Middle School in Shelby, NC, the other from Grier Middle School in Gastonia, NC. Table one represents an estimation of the cost for yellow bus (based on DPI cost-per-mile information), as well as a low and high cost-per-mile costs for motorcoach service (based on industry data) for the group traveling from Shelby Middle. Table 2 presents estimated costs for the group traveling from Grier Middle.

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<sup>1</sup> American Bus Association. 2001. 2001 Industry Survey. Available: <http://66.117.48.33/industry/IndustrySurvey.pdf>

**Table 1: Estimated Bus Costs - Shelby Middle School (Shelby, NC) to Discovery Place (Charlotte, NC)**

Bus Type	Miles Roundtrip	Cost Per Mile	Trip Cost	Difference (v. Yellow Bus Cost)
Yellow Bus	91.06	\$1.50	\$ 137	N/A
Motorcoach (low)	91.06	\$1.90	\$ 173	\$ 36
Motorcoach (high)	91.06	\$2.75	\$ 250	\$ 114

**Table 2: Estimated Bus Costs - Grier Middle School (Gastonia, NC) to Discovery Place (Charlotte, NC)**

Bus Type	Miles Roundtrip	Cost Per Mile	Trip Cost	Difference (v. Yellow Bus Cost)
Yellow Bus	43.4	\$1.50	\$ 65	N/A
Motorcoach (low)	43.4	\$1.90	\$ 82	\$ 17
Motorcoach (high)	43.4	\$2.75	\$ 119	\$ 54

In both cases the yellow bus would be the more economical option. If the motorcoach service used were to charge a minimum fee per day, as some do, the difference in cost could be even greater. Further, in some LEAs, motorcoaches might not be readily available for trips and the LEA might have to pay an additional premium to secure the services of the motorcoach. Given the cost implications of using yellow buses, as noted above, both of the example trips would be more costly than if activity buses were used.

*Implications for Students*

The increased cost associated with use of a motorcoach, particularly for short and medium distance trips, could limit the number of such opportunities for students that LEAs are able to provide. In order to maintain the same level of participation in field trips and athletic events, LEAs might be forced to: (i) transfer some of the additional costs directly to students, by asking them to contribute toward the cost of transportation, or (ii) reduce other school programs or services in order to come up with funds to meet the increased transportation costs.

*Duplicate Resources*

On average, each LEA owns and maintains 27 activity buses, each of which initially cost approximately \$60,000. The activity bus fleet thus represents a sizable investment for an LEA, especially as these buses are purchased from local funds (either local public schools revenue or through the fundraising efforts of local organizations) rather than from state transportation dollars. The bill would severely limit the usefulness of these buses, thus dramatically reducing the return on investment able to be realized by the LEAs. This lost value is a substantial additional cost not captured by simply comparing cost per mile of bus trips.

Similarly, whether or not LEAs use activity buses as much as they currently do, the LEAs would still have to perform maintenance and pay insurance on the buses in order to be able to use them for the trips that are still allowed under the bill. While the cost of maintenance and insurance would not be an additional cost, since it is being borne currently, again the return on this investment would be dramatically reduced. How much of a cost this represents to an LEA would

depend on the number of activity buses owned, as well as the difference in number of trips on which they were employed prior to and after passage of the bill.

**SOURCES OF DATA:** Department of Crime Control and Public Safety, State Highway Patrol Division; Department of Public Instruction, Transportation Section

**TECHNICAL CONSIDERATIONS:**

1) The bill requires the NC Department of Transportation to establish a certification system and to conduct on-site inspections when needed. Effective December 1, 2002, S.L. 2002-190 transferred the DMV Motor Vehicle Enforcement Section from the Department of Transportation to the Department of Crime Control and Public Safety. The Section was transferred and became the Motor Carrier Enforcement Section within the State Highway Patrol Division. All activities related to the regulation and enforcement of commercial motor vehicles, motor carrier safety are now the responsibility of the Motor Carrier Enforcement Section in the Department of Crime Control and Public Safety, not the Department of Transportation.

2) The SHP legal staff indicates that the proposed bill will “greatly impact the likelihood for tort liability claims against the state, since the state does not currently “certify” any carrier.”

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**DATE:** May 18, 2005

**Signed Copy Located in the NCGA Principal Clerk's Offices**