F I S C A L I M P A C T R E P O R T

SPONSOR SEC **ORIGINAL DATE** 3/3/19 **LAST UPDATED** 3/5/19 **HB**

SHORT TITLE School Bus Air Conditioners **SB** CS/SB321/aSFC/ec

ANALYST Liu

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
School District Buses		$181.5 - $321.2	$118.6 - $209.8	$300.1 - $531.0	Recurring	General Fund or Capital Outlay Funds
Contractor Bus Rental Fees		$28.2 - $51.0	$36.4 - $65.9	$64.6 - $116.9	Recurring	General Fund
Total		$209.7 - $372.2	$155.0 - $275.7	$364.7 - $647.9	Recurring	General Fund or Capital Outlay Funds

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to HB 510, SB 580
Relates to Appropriation in the General Appropriation Act
Conflicts with HB 265, HB 554, SB 156

SOURCES OF INFORMATION
LFC Files

Responses Received From
Public Education Department (PED)

SUMMARY

Synopsis of SFC Amendment

The Senate Finance Committee Amendment to the Senate Education Committee Substitute for Senate Bill 321 delays the air conditioning requirements for school buses by one year (to buses purchased on or after July 1, 2020) and removes the emergency clause. The amendment prohibits school districts and bus contractors from requesting funds from PED to retrofit school buses with air conditioning, and strikes the $1.5 million appropriation from the bill.

Synopsis of Original Bill

The Senate Education Committee Substitute for Senate Bill 321 appropriates $1.5 million to

purchase school buses with air conditioning or install air conditioning systems on school buses already in use in FY20. The bill requires PED to adopt rules to ensure all school buses purchased after July 1, 2019, to be equipped with air conditioning if operated in a school district with temperatures regularly high enough to pose a risk to students. The bill further establishes legal seating capacity for school buses and requires PED to provide training and rules on seating loads. The bill includes an emergency clause.

FISCAL IMPLICATIONS

The bill makes a $1.5 million appropriation from the general fund for expenditure in FY19 and FY20 to purchase buses with air conditioning systems or install air conditioning systems on school buses currently in use. Any remaining balances from the appropriation will not revert to the general fund at the end of FY20; however, no additional authority for this balance is given after FY20 for any purpose. See Technical Issues. **The SFC amendment strikes this appropriation.**

Current law requires school buses to be replaced every 12 years. For FY20, PED requested, and the executive and LFC recommended, $32.9 million to replace 387 school buses. According to the latest PED data, approximately 330 school district buses and 63 contractor-owned buses are currently due or behind schedule for replacement in FY19. According to PED, the cost of a school bus is $85 thousand, single-unit air conditioner is $6.5 thousand, and dual-unit air conditioner is $11.5 thousand. Retrofitting existing buses with air conditioning will cost approximately $9.4 thousand for a single unit and $17 thousand for a dual-unit. Contractor-owned buses are amortized over a 5-year period based on their purchase price, which is reflected in rental fees paid through the transportation distribution in the General Appropriation Act.

According to monthly average temperature data from the Western Regional Climate Center, New Mexico's hottest month is July, with average temperatures from the last century ranging between 56.9ºF and 82.7ºF across 258 temperature reporting stations. Approximately 19 percent of New Mexico temperature reporting stations recorded average temperatures above 79ºF in July, one standard deviation above the mean of July data. Total statewide costs for air conditioning will depend on how PED defines "school districts in which temperatures are regularly high enough to pose a risk to students riding in a school bus without air conditioning." If 19 percent of the 2,060 existing school buses were equipped with air conditioning, the costs could be up to $3 million.

Bus Model Year	School District Buses	Contractor Buses
2000 - 2007	330	63
2008	147	79
2009	96	102
2010	34	158
2011	27	40
2012	17	56
2013	55	75
2014	134	134
2015	57	47
2016	111	115

Source: PED

Starting in FY19, about school district buses and contractor-owned buses would be scheduled for replacement and potentially need air conditioners installed. Assuming only 19 percent of school buses must be equipped with air conditioners, the estimated incremental costs of installing these systems could be up to:

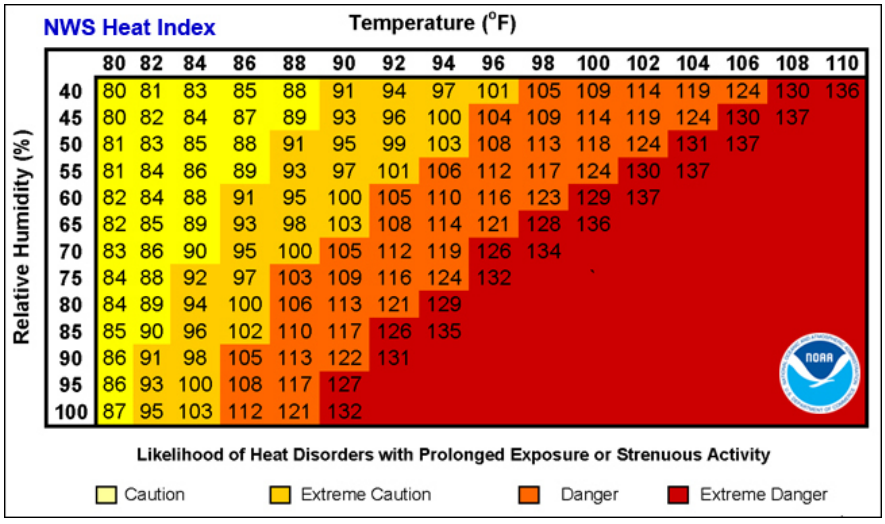
- $721 thousand for new school buses and $41 thousand for rental fees in FY19,
- $321 thousand for new school buses and $51 thousand for rental fees in FY20, and
- $209 thousand for new school buses and $66 thousand for rental fees in FY21.

The state would potentially incur these additional costs each year when replacing school buses. PED notes if the state remains on schedule and replaces buses according to the replacement schedule, approximately 102 school district buses and 68 contractor-owned buses should be replaced annually. PED estimates the total recurring cost could be up to $1 million annually if all buses required air conditioners.

Because the bill makes a $1.5 million appropriation available for purchasing air conditioning systems, no additional budget impacts are estimated for FY19 and FY20; however, the costs of air conditioning systems will become a recurring cost for specified school buses in future years and the appropriation's authority does not extend past FY20 to cover these costs. **The SFC amendment strikes this appropriation.** It is possible that additional budget impacts could occur in FY20 if more school buses apply for air conditioning funding in FY19 and the appropriation is exhausted before the end of FY20.

SIGNIFICANT ISSUES

The National Weather Service notes excessive heat can lead to heat disorders such as fatigue, sunstroke, muscle cramps, or heat exhaustion. The following index shows the likelihood of heat disorders occurring based on prolonged exposure or strenuous activity in high temperatures and humidity (NHTSA notes exposure to full sunlight can increase the index by up to 15ºF in buses):



According to the New Mexico Climate Center (NMCC), mean annual temperatures in New Mexico range from 64°F in the extreme southeast to 40°F or lower in high mountains and valleys of the north. Elevation is a greater factor in determining the temperature of any specific locality than its latitude. This is shown by only a 3°F difference in mean temperature between two stations at similar elevations, one in the extreme northeast and the other in the extreme

southwest; however, at two stations only 15 miles apart, but differing in elevation by 4,700 feet, the mean annual temperatures are 61°F and 45°F – a difference of 16°F or a little more than 3°F decrease in temperature for each 1,000 foot increase in elevation.

During the summer months, individual daytime temperatures quite often exceed 100°F at elevations below 5,000 feet, and the average monthly maximum temperatures during July (the warmest month) range from slightly above 90°F at the lower elevations to the upper 70s at high elevations. Warmest days quite often occur in June before the thunderstorm season sets in during July and August, afternoon convective storms tend to decrease solar insolation, lowering temperatures before they reach their potential daily high. According to NMCC, the highest temperatures of record in New Mexico are 116°F at Orogrande on July 14, 1934, and at Artesia on June 29, 1918. A preponderance of clear skies and low relative humidities permit rapid cooling by radiation from the earth after sundown; consequently, nights are usually comfortable in summer. The average range between daily high and low temperatures is from 25°F to 35°F.

PED notes currently air conditioning is optional equipment for school buses. The state does not currently pay for this option; however, when a school district or contractor replaces a school bus they have the option of keeping their current bus as a spare bus or trading the bus in. The proceeds given for the trade-in are typically used for either air conditioning or dual heaters. PED notes the bill appears to allow contractors to request funds from the department to retrofit school buses with air conditioning; however, this may not be possible and may violate the anti-donation clause within the New Mexico Constitution. **The SFC amendment removes this provision from the bill.**

PED notes the bill does not differentiate between to-and-from school buses and activity buses. The state currently does not pay for activity buses. All activity buses are purchased by school districts. Provisions of the bill would likely require school districts and contractors to absorb the additional cost of installing air conditioning in activity buses.

The bill adds maximum seat requirements; however, PED notes this language may not be necessary because 6.40.2 NMAC currently requires the following:

In determining seating capacity of bus, allowable average seat width shall be:

(a) 13-inches where a 3-3 seating plan is used.

(b) 15-inches where a 3-2 seating plan is used.

ADMINISTRATIVE IMPLICATIONS

The bill would require PED to promulgate and enforce rules on air conditioning and seat capacity in school buses. PED would need to develop rules and determine which districts qualify for air conditioned buses if the buses are operated in districts in which temperatures are regularly high enough to pose a risk to students riding in a school bus without air conditioning.

CONFLICT, RELATIONSHIP

This bill relates to Senate Bill 580, which establishes a daily salary rate for school bus drivers; and House Bill 510, which requires school bus attendants for students with disabilities. This bill also relates to the transportation distribution appropriation in the General Appropriation Act.

This bill conflicts with Senate Bill 156 and House Bill 554, which require seat belts on all school

buses purchased on or after July 1, 2019, and House Bill 265, which requires all school buses (model year 2020 or newer) purchased on or after January 1, 2020, to be equipped with seat belts, stability control systems, and collision avoidance systems. Senate Bill 156 further appropriates $8.5 million for seat belts, and House Bills 265 and 554 further require school buses in districts with regularly high temperatures to install air conditioning.

TECHNICAL ISSUES

This bill appropriates $1.5 million for expenditure in FY19 and FY20 and includes non-reverting language for the unexpended or unencumbered balances at the end of FY20; however, the bill does not specify how that remaining balance will be used after FY20. The sponsor may want to consider transferring or reverting the balance to a specific fund (e.g. general fund, transportation emergency fund, etc.) rather than leaving the funding earmarked with no specific purpose. **The SFC amendment strikes this appropriation from the bill.**

Currently, PED does not train new drivers. All new drivers are trained by school bus driver instructors (SBDIs) who are trained and certified by PED. PED recommends amending the language to place the responsibility of training bus drivers about the maximum loads per seat contained within this bill on school districts, contractors, or SBDIs certified by the department. PED also notes the bill does not include language regarding the training of current drivers.

PED recommends amending the language in the bill to require any school bus built or manufactured (rather than purchased) on or after July 1, 2019, to be equipped with air conditioning. This will help bus vendors in the state to sell stock buses held in current inventory that do not meet air conditioning system requirements.

School buses can be equipped with front air conditioning, rear air conditioning or both. There are price differences associated if a bus is equipped with one or two air-conditioners. PED recommends adding language specifying what type of air conditioner should be added.

OTHER SUBSTANTIVE ISSUES

According to PED, New Mexico currently has three bus vendors in the state. These vendors work with all the school districts and contractors. The majority of school buses are ordered and are custom-built according to the customer's needs. On average it takes between 3 months and 6 months for a school bus to be built. PED notes the provisions of this bill may require these vendors to equip air conditioning on stock buses held in inventory. The department will not send approval letters until after July 1, 2019, which may create delays in school bus orders.

ALTERNATIVES

The risks from exposure to high temperatures in school buses can be further mitigated through a suite of other measures, such as painting school bus rooftops white to reflect sunlight off the vehicle. Vents can be installed to reduce heat buildup, and windows can be tinted to reduce the sun's impact. School districts can also develop shorter routes or adjust transportation schedules to work around cooler months or times of day.

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