

Hybrid School Bus Assistance, JC

Agency: 350 Office of Superintendent of Public Instruction
Budget Period: 2007-09

Recommendation Summary Text (Short Description):

School districts have been experiencing extreme fiscal stress based on the drastic increase in the cost of diesel fuel. The long range expectation is for fuel costs to remain high and to continue to increase into the future. Alternative fuel vehicles offer significant operation savings at a higher initial cost. Superintendent Bergeson requests \$150,000 to provide an incentive to school districts to purchase diesel electric hybrid school buses by providing an increased depreciation payment for a portion of the additional purchase cost. This will also provide an incentive to the school bus manufacturers to continue development of alternate fuel school buses. This reimbursement would be made by increasing the initial year's depreciation payment for qualifying buses.

Fiscal Detail

Operating Expenditures		FY 2008	FY 2009	Total
Hybrid School Bus Assistance	001-01	\$0	\$150,000	\$150,000
Total Cost		\$0	\$150,000	\$150,000

Staffing		FY 2009	Annual Avg.
Total FTEs Requested		0	0

Package Description

In the last three years, Superintendent Bergeson has requested additional money for districts to help pay for the escalating fuel price increases. The Legislature has a history of providing additional funding to recognize these increases. In two supplemental budgets (2006 and 2007), the Legislature provided a total of \$12 million.

School districts have been experiencing extreme fiscal stress based on the drastic increase in the cost of diesel fuel. The long range expectation is for fuel costs to remain high and to continue to increase into the future. Alternative fuel vehicles offer significant operation savings but at a higher initial cost. Superintendent Bergeson proposes an incentive to school districts to purchase diesel electric hybrid school buses by providing an increased depreciation payment for a portion of the additional purchase cost. This will also provide an incentive to the school bus manufacturers to continue development of alternate fuel school buses. OSPI established an alternate fuel school bus category included in the 2008-09 school year state bid. There are currently two manufacturers of hybrid school buses, IC and Thomas (providing for adequate competition in the category). For the 2009-10 school bus bid process, OSPI intends to include a compressed gas category to provide access for school districts to purchase propane or compressed natural gas powered buses (available through Thomas and Blue Bird). Reimbursement would be made by increasing the initial year's depreciation payment for qualifying buses.

Hybrid School Bus Assistance, JC

Contact Person

Allan J. Jones, Director, Pupil Transportation, 360-725-6122, allan.jones@k12.wa.us

Narrative Justification and Impact Statement

This supplemental request is needed to provide an incentive for the development and purchase of alternative fuel school buses.

Performance Measure Detail

Data on the number of alternate fuel school buses will be tracked.

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This decision package supports Goal 4: Provide a K-12 funding system that promotes student success.

Reason for change:

Fuel costs keep rising and districts cannot keep up. Districts need additional funding to purchase more fuel efficient vehicles so ongoing fuel costs can decrease.

Does this decision package provide essential support to one of the Governor's priorities?

This decision package improves the quality of Washington's natural resources.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

This decision package will help reduce negative impacts on the environment by decreasing carbon dioxide emissions.

What are the other important connections or impacts related to this proposal?

The Office of Financial Management is overseeing the development of two pupil transportation funding formula options to be delivered to the Legislature prior to December 1, 2008. The formula options will only address funding of school transportation operations. The acquisition and reimbursement process for school buses was studied and reformulated as a result of a Joint Legislative Audit and Review Committee report in February 2005. This system is currently working well to address school district routine replacement of school buses. However, the process does not provide any incentive for school districts to invest in new, alternative fuel, high efficiency technologies.

Impact on Clients and Services

The long range expectation is for fuel costs to remain high and to continue to increase into the future. Alternative fuel vehicles offer significant operation savings and would allow school districts to keep programs that would otherwise be cut to pay for a basic education program.

Hybrid School Bus Assistance, JC

Impact on Other State Programs

This program will assist other agencies, such as the Department of Ecology, in meeting their environmental goals.

What alternatives were explored by the agency, and why was this alternative chosen?

Providing additional funding through Department of Ecology's Clean School Bus Program was investigated, but funding for that program focuses on encouraging the elimination of old diesel powered buses to be replaced with newer diesel powered buses. While we support this idea, Superintendent Bergeson felt it was important to provide assistance to districts to invest in diesel electric hybrid technology.

What are the consequences of not funding this package?

Funding this request increases the likelihood of districts purchasing hybrid buses and bus companies providing these alternatives.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure Calculations and Assumptions:

The diesel electric hybrid technology is in its infancy and production of these vehicles will be limited in the short run. Therefore, the fiscal impact in the 2009-11 biennium will be minimal. Estimated cost is \$150K. OSPI added a diesel electric category school bus in the 2008-09 state bid. Fiscal impact for the 2008-09 school year as a result of adding the diesel electric hybrid category was less than \$2000. There is currently one diesel electric hybrid school bus in Washington at Lake Chelan School District. The incremental cost between the standard diesel school bus and the diesel electric hybrid for that bus was provided by the Department of Ecology, Regional Clean Air Agencies and other sources. The state bid process identified an incremental cost of approximately \$100,000 for a diesel electric hybrid. It is estimated that three additional diesel electric school buses may be purchased statewide during the 2008-09 school year. Providing 50% of the incremental cost for each purchase would require \$150,000.

Hybrid School Bus Assistance, JC

Object Detail

		FY 2008	FY 2009	Total
A	Salary and Wages	\$0	\$0	\$0
B	Employee Benefits	\$0	\$0	\$0
C	Contracts	\$0	\$0	\$0
E	Goods/Services	\$0	\$0	\$0
G	Travel	\$0	\$0	\$0
J	Equipment	\$0	\$150,000	\$150,000
N	Grants	\$0	\$0	\$0
	Interagency Reimbursement	\$0	\$0	\$0
	Other	\$0	\$0	\$0
Total Objects		\$0	\$150,000	\$150,000

Expenditures & FTEs by Program

Activity Inventory Item	Prog	Staffing			Operating Expenditures		
		FY 2008	FY 2009	Avg	FY 2008	FY 2009	Total
A033 Student Transportation	022	0	0	0	\$0	\$150,000	\$150,000
Total Activities		0	0	0	\$0	\$150,000	\$150,000

Six-Year Expenditure Estimates

Fund	09-11 Total	11-13 Total	13-15 Total
General Fund – State	\$150,000	\$750,000	\$1,350,000
Expenditure Total	\$150,000	\$750,000	\$1,350,000
FTEs	0	0	0

Distinction between one-time and ongoing costs:

All costs are ongoing.

Budget impacts in future biennia:

Budget impacts are dependent on the number of buses purchased. To estimate this cost, it is assumed the number of buses purchased will increase by three each year. In future years, as this technology becomes more common, there is a reasonable expectation that the incremental cost would decrease.