

School Bus Purchase Program

Report to the General Assembly January 2020

Introduction

Pupil transportation service is required for all Ohio students in kindergarten through eighth grade who live more than two miles from their schools.¹ Many school districts also provide transportation service for students in grades 9-12 and for students who live between one and two miles of their schools. In Fiscal Year 2020, 13,994 Ohio school buses were assigned to daily routes in the state, transporting over 767,000 students. These buses range in model year from 1984 to brand new 2020 models, with 40.8 percent of school buses in regular use in Ohio being over eight years old. Given the age of buses and the accumulation of miles, the intent of the School Bus Purchase Program is to maintain a high level of safety and vehicle reliability by decreasing the overall average age of buses across Ohio.

State funding for pupil transportation helps offset the operating costs of transporting public (including community schools) and nonpublic school students to and from school. More than \$465 million is allocated through the larger school foundation funding to support the expenses of pupil transportation; however, it does not fully address the overall cost of maintaining the fleet of buses needed to transport Ohio students. Based on a review of data reported by Ohio school districts, for Fiscal Year 2019, the average cost to transport a student was \$1,013.72. On average, schools spend \$2,969.21 on maintenance per bus. Over the last three years, the average purchase price for a new school bus purchased in Ohio was \$86,689.²

House Bill 166 provides \$20 million dollars for school districts to purchase school buses. Using these funds to help address the aging Ohio school bus fleet, the Ohio Department of Education, in collaboration with the Ohio Department of Public Safety, is implementing a School Bus Purchase Program for the 2020-2021 school year.

Authorization and Requirements for this Report

The recently passed state budget includes \$20 million in new funding in Fiscal Year 2021 for the Department to assist school districts in purchasing school buses. Effective July 18, 2019, as enacted in Am. Sub. House Bill 166 of the 133rd General Assembly, the budget requires the following:

¹ Ohio Revised Code 3327.01

² Based on data provided by the Department of Public Safety, the average cost of a 2018-2021 model year school bus purchased by an Ohio school district is \$86,689.45.

Section 265.324. SCHOOL BUS PURCHASE

The foregoing appropriation item 200663, School Bus Purchase, shall be used by the Department of Education to assist school districts in purchasing school buses in accordance with the program developed under this section.

The Department of Education, in partnership with the Department of Public Safety, shall develop a program to provide school bus purchase assistance. Not later than January 31, 2020, the departments of Education and Public Safety shall submit a report to the General Assembly in accordance with section 101.68 of the Revised Code that describes how the program will operate.

The \$20 million investment by the state is the first time since 2009 that the state directly supported the cost of school bus replacement.

Outreach Activities

The School Bus Purchase Program was developed in collaboration with the Department of Public Safety. In addition, the Department of Education and Department of Public Safety engaged stakeholders to assist in developing the program. As a result, stakeholders, including the Buckeye Association of School Administrators (BASA), the Ohio Association of School Business Officials (OASBO) and the Ohio School Boards Association (OSBA), were instrumental in the development of this program.

School Bus Purchase Program Requirements

The Department of Education and Department of Public Safety have developed the School Bus Purchase Program with the following goals in mind:

1. Reduce the average age of the school bus fleet used for regular service in Ohio; and
2. Prioritize funds to entities that are required by law to provide regular daily service to students to and from school.³

Under the program, the Department of Education will issue awards for school districts to purchase one or more buses. Each bus purchased will require the school district to remove one of its older buses (eight model years or older) from regular daily service. If more than one bus is purchased, an equivalent number of buses should be removed from regular service.

Criteria for the Distribution of Funds

The Department will make funding available to school districts required to provide daily transportation to students based on the following:

³ ORC 3327.01

Rank order the district bus fleets based on the percentage of buses in regular service that are model year 2012 and older (at least eight model years old).

Funds will be awarded to rank-ordered school districts until funds are exhausted. If funds are not exhausted after working through the qualifying school district list, the Department will award a second award to school districts, in the same rank order, until funds are exhausted.

School districts will be awarded based on the following calculation: \$86,700 multiplied by the school district's FY19 State Share Index.⁴

Timeline and Distribution of Funds

Districts awarded school bus purchase funds will be notified by the Department of Education on or before March 20, 2020. Districts that wish to accept the award will need to return the signed assurances document to the Department by Monday, June 1, 2020.

School districts may begin utilizing funds provided under the program beginning on the date of the award letter. The program will NOT provide reimbursement for purchases prior to the date of the school district's award letter. Funding will be available on July 1, 2020.

Grant Assurances and Requirements

School districts receiving funds under the School Bus Purchase Program must agree to the following requirements:

1. Funds will be used to support the purchase or lease-to-purchase⁵ of at least one school bus after the date of the school district's award letter. Funds are restricted for this purpose;
2. Districts will provide documentation to the Department of Education verifying that the subsidy amount was used to purchase/lease-to-purchase one or more school buses during the allowable timeframe. A receipt of sale and/or purchase documents will be submitted as verification. Verification must be submitted by Sept. 30, 2021 in a manner prescribed by the Department of Education⁶;
3. Districts will remove at least one school bus from regular service for each bus purchased; and
4. Districts will return the funds provided under the program to the Department of Education if the school district fails to purchase or lease-to-purchase the required bus(es) during the allowable timeframe.

⁴ Based on data provided by the Department of Public Safety, the average cost of a 2018-2021 model year school bus purchased by an Ohio school district is \$86,689.45. State Share Index refers to the percentage calculated under Revised Code Section 3317.017 for Fiscal Year 2019.

⁵ Written agreement must include provision detailing the intent to lease to purchase.

⁶ The Department of Education will reserve the right to request additional supporting documentation, if necessary.