

LAC

A Review of South Carolina School Bus Purchases

October 1999

Members of the South Carolina General Assembly requested that we review the purchase of school buses by the State Department of Education (SDE). Through SDE, the state owns, manages and maintains the school bus fleet for all South Carolina public schools. SDE purchases, through the state procurement process, the school buses used to transport pupils. Local school districts hire and supervise the bus drivers and determine bus routes. Since FY 92-93, SDE has made the following purchases of school buses.

THREE TYPES OF BUSES PURCHASED BY SDE

Fiscal Year	Type of Bus	Number of Buses	Expenditures
93-94	Type A Conventional	3 47	\$1,980,562
94-95	Transit	480	\$25,156,772
95-96	Transit	1,631	\$84,976,814
96-97		none purchased	
97-98		none purchased	
98-99		none purchased	
99-00	Conventional	57	\$3,931,803

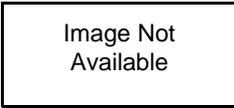


Transit

These are "flat-nosed" buses with the engine located behind the windshield.

Conventional

These are buses with hooded engines located in front of the windshield.



Type A

This is the smallest type bus in South Carolina's fleet.

SCHOOL BUS SPECIFICATIONS

Engines and Transmissions

SDE requires that its conventional and transit buses have 250 horsepower. This requirement may be excessive, resulting in extra cost for engines and transmissions estimated by one manufacturer to be as much as \$7,000 for each conventional bus. None of the 6 southeastern states we contacted require that school buses with capacities up to 78 passengers have 250 horsepower engines.

Seating Capacity and Type of Bus

SDE has purchased only large 78-passenger, rear-engine transit buses for its regular routes since FY 89-90. This practice may reduce the flexibility of local school districts to match seating capacities with low-density rural routes. Rear-engine transit buses can cost approximately:

- 10% to 20% more than comparably equipped conventional buses of the same seating capacity, and
- 5% to 10% more than front-engine transit buses.

Bus Frames

SDE's specifications for transit bus frames may be restrictive, resulting in reduced competition and potentially higher prices. One bus manufacturer filed a protest in December 1998, stating that it no longer sold transit buses that met SDE's specifications for frame strength. The department could not provide documentation that the frame it requires is more durable than the frame currently sold by the protesting manufacturer.

SDE should establish higher-cost specifications only when their benefits and cost effectiveness can be demonstrated.

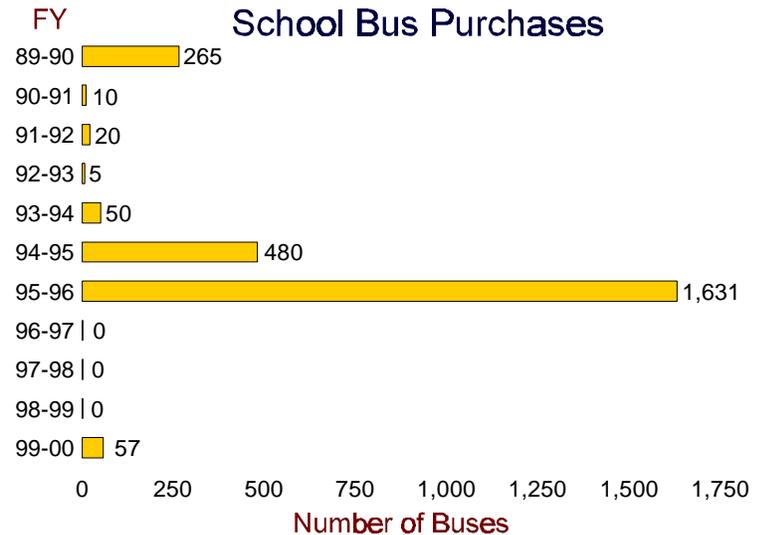
Funding proposals from SDE regarding school bus replacement should occur only after the department conducts a thorough reevaluation of the specifications it requires.

REPLACEMENT SCHEDULE

South Carolina has not been funding regular school bus and service vehicle replacement schedules. SDE officials report that funding from the General Assembly has been inadequate as well as inconsistent from year to year.

SDE's bus fleet is aging. As of July 1, 1998, about 60% of the department's 5,582 buses had been driven more than 100,000 miles or were more than 10 years old; 31% of SDE's buses had been driven more than 150,000 miles or were more than 15 years old.

Under the department's most recent replacement proposal to the General Assembly, conventional buses would be replaced at 150,000 miles or 15 years, and transit buses at 200,000 miles or 20 years. The proposed bus replacement schedule, however, is not based on formal analysis of the optimal replacement point.



SCHOOL BUS PROCUREMENT PROCESS

Emergency Procurement

All of the FY 98-99 bids for conventional buses were rejected as non-responsive. SDE declared an emergency procurement and awarded the bid to the lowest non-responsive bidder. By having restrictive specifications, SDE was unable to purchase any transit buses and did not receive any responsive bids for the conventional buses. The lengthy procurement process and the possibility of emergency procurements may continue unless the specifications are changed.

Inspection Process

We found no evidence that SDE staff conduct follow-up or detailed inspections after buses are delivered to ensure that they meet the required specifications. To help ensure compliance with specifications, random inspections should be conducted by SDE when buses are delivered.

SDE has not promulgated regulations that define the process for establishing school bus specifications. Without regulations that define the process for establishing specifications, including approval by the State Board of Education, the public may not be adequately informed, and the board's accountability is reduced.

Alternative Purchasing Considerations

SDE and the state Materials Management Office should investigate alternative ways to meet the needs of school districts, obtain lower prices, and produce a more efficient procurement process. Some strategies might be to:

- Purchase buses jointly with other states in order to increase the volume of the purchase and decrease the cost of each bus.
- Allow vendors to submit separate bids for the bodies and the chassis of conventional buses.
- Purchase a variety of seating capacities and types of buses based on the needs of local school districts.
- Purchase buses in two stages to avoid "last minute" protests regarding specifications:
 - Vendors would first be required to submit a detailed description of the buses they would like to sell to the state so that compliance with the state's specifications could be determined.
 - Vendors who have had their buses pre-approved would then be permitted to submit price bids.

This document summarizes our full report, ***A Review of South Carolina School Bus Purchases***. Copies of the full report and all LAC audits are available free of charge. Audit reports and agency information are also published on the Internet at www.state.sc.us/sclac. If you have questions, contact George L. Schroeder, Director.