



Air Resources Board



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TO: All Interested Parties

SUBJECT: LOWER-EMISSION SCHOOL BUS PROGRAM ADVISORY 08-004
MATCH FUNDING OPTIONS FOR 1977 – 1986 MODEL YEAR SCHOOL
BUS REPLACEMENTS (*LAST UPDATED SEPTEMBER 2008*)

This Policy Advisory is to inform air districts of the Lower-Emission School Bus Program position regarding waiving the \$25,000 match requirement for replacement of 1977-1986 model year (MY) school buses. School districts have raised concerns about their ability to meet the match funding requirement. This Advisory is in alignment with the Board's direction given to staff during the public hearing on March 27, 2008 for the Lower-Emission School Bus Program 2008 Guidelines and provides limited options for meeting the match.

Background

The success of the Lower-Emission School Bus Program is based on partnerships formed with local air districts and school districts. While Proposition 1B funds provide the opportunity for a large-scale State program, these funds alone are not sufficient to replace every eligible bus.

Consistent with previous program guidelines, public school districts are not required to provide match funds when replacing pre-1977 MY buses. However, to maximize the use of State funds, school districts are required to provide \$25,000 in match funding when replacing eligible middle aged (1977-1986 MY) school buses. This amount is less than 20 percent of the \$140,000 that the ARB is providing to fund each replacement bus.

At the local level, air districts have a greater ability to analyze the specific needs of the school districts in their regions and to determine how to best assist those eligible with the match funding requirements. ARB encourages local air districts to partner in California's effort to replace school buses by using its local funds to assist school districts, as deemed necessary, with funds to cover their required matching. ARB also encourages school districts to seek other funding sources, such as California Department of Education grants to supplement local funds. These grants are available to small school districts and may be used to cover the match as long as all program requirements are followed.

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website: <http://www.arb.ca.gov>.

California Environmental Protection Agency

What type of match waiver would be allowed with Proposition 1B funds?

ARB will grant local air districts the authority to provide partial waivers for the match requirement when deemed necessary. The air district may use Proposition 1B funds to cover \$15,000 of the match requirement for 20% of the buses funded with State funds in its respective air district. The remaining portion of the match (\$10,000) must still be provided through local school or air district funding.

Lake County Air Pollution Control District represents a very unique circumstance as it does not have the legal authority to raise motor vehicle fees following Assembly Bill 923 (AB 923, Stats 2004, Ch 707). Therefore, the ARB grants this district the authority to use Proposition 1B funds to pay for a full waiver for the match requirement for 20% of the buses funded in its air district. **Note: If an air district is legally able to generate AB 923 funds to support local school districts, but has chosen not to, a full waiver of the match will not be provided.**

Where would the school districts apply for a match waiver?

School districts would apply to the local air district. In some cases, the local air districts have already agreed to use its local funds to cover the school district's match requirement. Hence the school districts are strongly encouraged to apply directly to the local air district. For the 16 districts where the ARB is the implementing agency, school districts located in these respective regions would apply directly to the ARB.

If the air district determines that there is a need to use Proposition 1B funds to pay for a partial waiver, the air district would make the determination as to which buses would receive a waiver with Proposition 1B funds. It is important to understand that funds in each air district are limited, and the air district also has the flexibility to spend the equivalent amount of Proposition 1B funds used to pay for a waiver, to cover the cost of other school bus related projects in their district, such as retrofits. Retrofits are the most cost-effective method of reducing exposure to emissions from school buses and are a vital component of this program because they provide the greatest health benefit per dollar spent. In late 2008, the ARB will consider a regulation designed to reduce both NO_x and diesel PM emissions from heavy-duty on-road vehicles, including school buses in public and private fleets. The Lower-Emission School Bus Program is an opportunity to install retrofit devices on public school buses before it is required. ARB believes that for this reason, as well as the wide range of varying needs from region to region, it is necessary to allow each air district the discretion in determining which buses qualify for a waiver in their district.

What factors should an air district consider in determining the buses receiving the waiver?

Some of the factors the air district may consider are listed below. The factors may be used individually on its own merits or in combination.

- 1) **Buses with the highest mileage.** Based on the applications selected for funding, the air district may consider the oldest buses operating the most miles as an indicator of a school district with limited resources.
- 2) **California's free and reduced priced meals program.** Based on the applications selected for funding, the air district may also use the percentage of students eligible to participate in the free and reduced priced meals program for each school district that applies and compare that with the statewide participation rates. This information is available from a California Department of Education (CDE) nutrition program. Please go the CDE website at <http://www.cde.ca.gov/ds/sh/cw/documents/frpm2007.xls> to review this information. Those school districts that have a high percentage of students participating in the program may have less of an ability to provide the match.
- 3) **Localized Impacts.** Based on the applications received, the air district may consider localized impacts and determine if the school district is located in a higher risk community, including those designated under environmental justice status. The district may consider information regarding the district's population exposure to toxic contaminants and demographic data (e.g. income and ethnic group statistics) to determine who should receive the match waiver.

ARB recognizes that the factors presented above may not cover every situation in each region when determining the needs of each school district. Each air district may have additional factors to consider. Ultimately, whatever indicators are chosen, the local air district must document its methodology in its district's Policies and Procedures Manual. If this manual has already been approved by ARB, an amendment documenting the district's policy for granting a match waiver using Proposition 1B funds must be submitted for final approval. Approval of the district's amended Policies and Procedures Manual would not hold up the district's funding disbursement.

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The local air district must also indicate in its report to ARB, which buses received a partial waiver for the match funding requirement using Prop 1B funds. Records listing what buses received the waiver should also be maintained for the term of the contract plus two years.

Should you have any questions regarding this advisory, please contact Janet Page, Air Pollution Specialist, at (916) 324-1988 or jpage@arb.ca.gov .

Sincerely,

/s/

Robert H. Cross, Chief
Mobile Source Control Division

cc: Janet Page
Air Pollution Specialist
Planning and Regulatory Development