



The NYC School Bus Industry in the Aftermath of the Removal of Employee Protection Provisions from Contracts

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One of New York City's biggest challenges is providing a sufficient number of decent job opportunities to enable its citizens to provide for their families and offer hope of a better life for their children. Our city's pronounced income polarization is fundamentally rooted in the job market. Economic and labor market changes over the years have severely limited the availability of good jobs that provide reasonable pay, leave policies, and health and retirement benefits. These changes threaten the survival of New York as a middle class city. They are not dictated by technology, markets, competition or globalization. Rather, they are shaped by those forces but fundamentally, economic change like this is determined by a host of public and private policy choices.

In testimony before this Committee on February 27, I outlined some of the salient facts about low-wage workers in New York City and touched upon the need for the City of New York to use its contracting authority to better the wages and working conditions of lower-wage workers providing valuable city services. A significant share of the City's \$74 billion annual operating budget goes to purchase \$11 billion in services from a mix of for-profit and not-for-profit providers.

The City spends \$1.2 billion annually on contracts with for-profit companies to provide school bus transportation services. This is a vital City-funded service that involves transporting predominantly young New York City school children, including about one-third of whom have special needs. You will hear from parents this afternoon just how important and essential it is to have safe and reliable school bus transportation.

Unfortunately, the school bus sector is in chaos today. Many bus routes are changing hands and seasoned workers are being shown the door. A major bus company, Atlantic Bus, with a quarter of all bus routes, is bankrupt and out of business. Other companies scurried to take over Atlantic's routes in the middle of the school year. For now, since many of the companies that took over Atlantic's routes are still under the job security provision, they hired former Atlantic employees off of the seniority list.

However, this won't be the case going forward unless the job security provision is reinstated in all school bus contracts. As more routes come under new contracts without job security, a downward spiral will be set in motion. The livelihoods of long-time school bus workers will be pulled out from under them. The wages and benefits for the remaining workers will be subjected

to unrelenting downward pressure as a disastrous race to the bottom has been set in motion. This is starting to happen and will soon accelerate.

Many more bus routes will change hands in September as the City continues a re-bidding process. More companies will go out of business, and the displacement of the experienced workforce will intensify. Drivers and matrons with years of experience will be thrown out of work and will have a very difficult time finding another job that pays comparable wages. The race to the bottom will accelerate as this chaos continues.

Why is this chaos happening? There's a simple answer and yet, it is an incomprehensible answer.

The New York City school bus system is in chaos because the Bloomberg administration set out to destroy a job security system for modestly paid bus drivers and matrons that had been in place for 35 years. It is incomprehensible, though, because the resulting chaos and the eventual decimation of wage and benefit standards for this workforce was entirely predictable. Why would a Mayor of New York City and the Chancellor of the City's school system want to inflict that result on a stable, moderately-paid, unionized workforce that is heavily comprised of persons of color and 60 percent female? Why would a Mayor want to knowingly unsettle the delivery of an essential public service transporting 150,000 children every day? Good question.

The prior mayor's quest to end a job security provision, known as the Employee Protection Provision, precipitated a month-long strike by over 8,000 school bus drivers and matrons a little over a year ago. Under the EPP, the Department of Education is required to maintain a Master Seniority List of drivers, escorts, and mechanics. School bus companies that provide new routes or take over existing bus routes must hire from this list, in order of seniority, and maintain workers' wages and pensions.

The mayor said he wanted to remove the job security provision to save money. While the City spends well over a billion dollars on pupil transportation, the increased costs in recent years are mainly the result of the increased bus services required by the Department of Education, not rapidly rising wages or benefits received by union workers.

Special needs students account for about one-third of the 150,000 pupils bused each day, yet nearly three-quarters of the \$1.2 billion spent on school bus contracts is for the special education population. That means that the Department of Education spends about \$13,000 a year to provide bus transportation services, sometimes door-to-door, for each special needs student, more than four times what it spends on services for the general student ridership. The per student cost for general education busing is less than in Los Angeles or Chicago.¹ The New York Times reports that the number of special needs students being bused has grown rapidly, they require extra attendants, and that increasing numbers are driven to schools and programs outside of New York City.² Writing in the New York Daily News, Juan Gonzalez noted that nearly half of the general

¹ According to the Mayor's Preliminary FY 2015 Budget, \$827 million will be spent on special education bus contracts in FY 2015, and \$272 million will be spent on general education bus contracts. Articles in The New York Times indicated that the special education population accounted for about one-third of the 150,000 students who receive school bus service. Al Baker and Marc Santora, "At Strike's Root, Runaway Costs in Busing Pupils," *The New York Times*, January 16, 2013, and Frances Robles, "With Bus Strike, Fragile Students Face Hard Trips," *The New York Times*, January 18, 2013.

² The NYC Department of Education runs 186 bus routes daily to Westchester County, 25 buses to New Jersey, 16 to Rockland County, and several to Connecticut. Juan Gonzalez, "Mayor Bloomberg should stop blaming bus

student population that is bused attend private, parochial or charter schools. The number of bus routes for the general student population has grown along with charter schools since charter school pupils are twice as likely to require busing as regular public school students.³

The data are crystal clear: New York City pupil transportation costs rose because DOE is required to provide, and is choosing to provide, a much greater range of transportation services.

In striking, the Amalgamated Transit Union was not seeking to thwart competition among bus companies. Rather, the workers struck seeking to avert a race to the bottom in wages and working conditions. There are endless examples where a race to the bottom in labor practices is accompanied by deterioration in the quality of services, and in this case, that means the safety of school children. Everything we know about the economy indicates that low wages are no bargain. Workers are not like the goods on a shelf in a 99-cent store. As the New York State Constitution affirms in Article 1, “[The] labor of human beings is not a commodity nor an article of commerce and shall never be so considered or construed.”

Last spring, the Bloomberg administration re-bid the first batch of school bus contracts without the EPP for services that commenced in September 2013. The second batch of bus route contracts without the EPP was put out for bid and awarded toward the end of last year for services to begin this coming September. And the third and largest batch of bus route contracts is being re-bid right now, for bus services to start in September 2015.

The chaos in the school bus system and degradation of the workforce described earlier is the result of stripping out worker job security protections. ATU 1181 member school bus workers earn moderate wages, with employer-provided health insurance, and a pension plan. Bus drivers average about \$38,000 a year, and bus matrons (also known as escorts or attendants) average a little over \$20,000 annually.

When these workers lose the job security that had long stabilized the school bus system, hourly wages typically are at least one-third less than the union average (approximately \$15 an hour for drivers and \$10 an hour for matrons). Such workers would very likely not have employer-provided health insurance or an employer-provided pension. On an annual average basis, non-union school bus workers would receive from \$17,000 (matrons) to \$25,000 (drivers). What had been moderately-paying jobs affording workers a modest income, are increasingly becoming poverty- or near-poverty wage jobs.⁴

Unionized school bus jobs are very important to the city’s low-income communities of color. Eighty percent of the workers are people of color, with Haitians comprising 40 percent,

workers for the strike and look for creative solutions,” *Daily News*, January 17, 2013.

³ Juan Gonzalez, “Mayor Bloomberg should stop blaming bus workers for the strike and look for creative solutions,” *Daily News*, January 17, 2013.

⁴ According to the Self Sufficiency Standard for New York City, a four-person family comprised of two adults, a preschooler and a school-age child requires an income of \$66,000 to \$70,000 to provide for housing and basic necessities in the New York City boroughs outside of Manhattan without reliance on public or private subsidies. Such an income does not provide for any savings. (Diana M. Pearce, *The Self-Sufficiency Standard for New York City 2010*, Prepared for the Women’s Center for Education and Career Advancement, June 2010.) A family where both adults had unionized school bus jobs would have income that would put them at the self sufficiency level to live in New York City. For their non-union counterparts, it would take at least three full-time workers to reach the self sufficiency income level.

Hispanics about 30 percent, and African Americans roughly 10 percent. Because women are about 40 percent of bus drivers and 95 percent of matrons, they hold approximately 60 percent of the unionized school bus jobs. A little over 40 percent of ATU Local 1181 members living in the city reside in Brooklyn, 22 percent in Queens, 20 percent in the Bronx, 10 percent in Staten Island, and about six percent in Manhattan.⁵ Most school bus workers do not have a college education. Striking school bus workers all have employer-provided health insurance. If they did not have a union, chances are they would be uninsured (30 percent) or be covered by Medicaid (22 percent). Fewer than half (48 percent) of New York City workers with a high school education or less have employer-provided health insurance.⁶

The damage wrought by the Bloomberg administration in eliminating the EPP is reversible and should be reversed as quickly as possible. The City can re-write the RFP for the 3rd batch of school bus contracts. Also, the City has the right under the school bus contracts already in effect to terminate them for cause or with notice. It should re-instate the EPP into all school bus contracts and urge the reinstatement of the long-term drivers and matrons who have been displaced.

If the city fails to preserve the job security and union standards for school bus workers, who would benefit? Maybe a handful of bus companies, some of which are not even locally-owned, willing to compete in a race to the bottom by converting jobs with union pay, benefits and seniority protections into poverty wage jobs under which workers live hand-to-mouth with absolutely no economic security. But no one else in the city would come out ahead—not the workers, not school kids, not parents, not communities of color, not local businesses, not even taxpayers. The choice could not be clearer: New York's future as a middle class city depends on maintaining the job security, wages and benefits of school bus company workers.

Mayor de Blasio has made it clear that he is determined to do what he can to lift the wages of low-wage workers. Under his leadership, the City should set an example for the private sector in using its extensive contracting power to lift wages for tens of thousands of low-wage workers providing services under City contract, not just the school bus workers, but also the 200,000 workers in the non-profit sector providing human services under City contract. These workers overwhelmingly are persons of color living in the lowest-income neighborhoods across the city. Raising their wages and improving their opportunities for advancement will have a significant impact in boosting the economic vitality of poor neighborhoods, and in making a significant dent in the poverty and near-poverty conditions prevailing in many of those communities.

Failure to act quickly to end the chaos in the school bus system will only result in less economic security, less consumer spending power, less stable communities, and a weaker tax base. The City budget will be worse off, in both the short run and the long run. The promise of New York City will suffer. I hope the Council will work with the Mayor to restore the job security system that has well-served New York City school bus workers and our school children. The school system faces many pressing challenges. Providing safe and reliable student transportation does not need to be one of those challenges.

Thank you for the opportunity to testify today.

⁵ Data provided by the Amalgamated Transit Union.

⁶ Fiscal Policy Institute analysis of American Community Survey microdata, 2009-11.