



NOT YOUR "OLD SCHOOL" DRIVER SHORTAGE

HOW POLICY CHANGES & TODAY'S ECONOMY ARE MAKING THIS DRIVER SHORTAGE DIFFERENT -- AND WHAT TO DO ABOUT IT



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Policy changes and today's economy are driving the driver shortage in new ways -- macro factors in the marketplace are increasing the demand for professional drivers, while the tightening of budgets, more school choice options, and the "Uberfication" of transportation are all impacting the overall driver supply.



THE CURRENT ENVIRONMENT SURROUNDING STUDENT TRANSPORTATION

The economy in the United States is growing, with 100,000 more jobs available than unemployed Americans to fill them¹. Additionally, wage growth is starting to find its way into the economy at a rate not seen during previous years of economic growth. With a historically low unemployment rate – just 3.9% nationally as of August 2018² – finding qualified workers has become increasingly difficult for employers.

In metro areas, the transportation industry is experiencing unemployment rates similar to that of the national scale, with the starting wage for many CDL passenger transportation drivers at more than \$17 an hour. This is tremendous news for a professional driver force that has long been seeking and deserving of a more competitive wage. However, when you stop to consider the source of the driver shortage plaguing the school transportation industry, it must be recognized that this is more than just an issue of wages. Other macro factors in the marketplace are increasing the demand for professional drivers, while the tightening of budgets, more school choice options, and the "Uberfication" of transportation are all negatively impacting the overall driver supply.

When assessing the causes of the bus driver shortage, one must take into account the continuing strain on state and local budgets. When education funding is cut, school boards and superintendents work hard to protect their teachers and students, sparing classrooms and educational activities to the greatest extent possible. Support services,

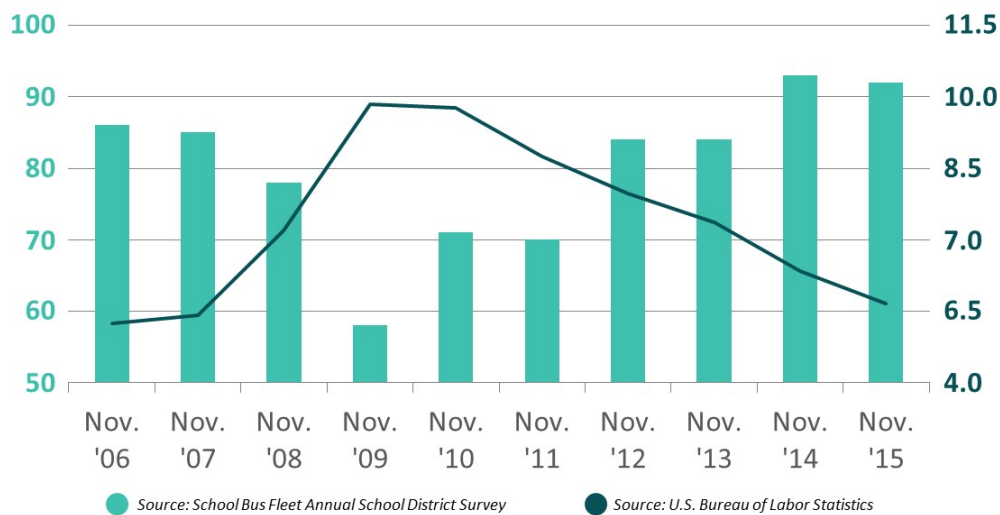
¹ <https://www.wsj.com/articles/jobs-go-unfilled-as-the-economy-expands-1533677955>

² <http://www.ncsl.org/research/labor-and-employment/national-employment-monthly-update.aspx>

including administrative, janitorial, food services and transportation, are much more likely to take the brunt of state or local funding decreases.

Students and their families also have more options than ever before when it comes to K-12 education. From public and private school, to parochial, Montessori, charter, magnet and everything else in between, more choices in schools and a reduction in the use of traditional attendance zoning results in more complex – and thereby, less efficient – school transportation. More options result in the need for more buses, thus the need for more drivers, thereby increasing costs. Some cities, like Denver, Colorado, have been very public in their support of students and parents exercising their options to choose the school best suited for them; however, transportation policy, funding, and resources are difficult to align with the program given these macro-level challenges.

Bus Driver Shortage vs. U.S. Unemployment Rate



School programs, extracurricular activities, and even movements like Start School Later³ increase the complexity of a school's transportation system, while the rise of rideshare services such as Uber and Lyft, provide potential school bus drivers with more options for gainful income.

So, we have found ourselves in a situation where the market is deficient of the resources schools and school districts need to support the demands of current school transportation systems.

³ <https://www.startschoollater.net/>

EXPECTATIONS & DISRUPTORS

In addition to the macro-level influences discussed above, the rising desire for more options and growing service requirements – including the McKinney-Vento Homeless Assistance Act⁴, ESSA⁵, and more – increase the demand for drivers and the complexity of a school's transportation system.

It has become an article of faith over the last 20 years that technology would help address these problems by “optimizing” transportation service delivery. Technology has changed our expectations of the services we receive. Whether it's buying coffee through an app, following a pizza delivery, ordering an Uber, or tracking school bus service for our children, society now expects real-time perfection and there is little, if any, tolerance in the marketplace for much less. However, the technological advancements in logistics and transportation that help drive routing efficiency are swiftly outpacing technology adoption rates.

While it is widely known that GPS, bus tracking applications, routing software and even Wi-Fi can result in the direct reduction of buses on the road and therefore the reduction of drivers needed behind the wheel, the price tag associated with the implementation and onboarding of these technologies is often a hard sell to school districts – especially those facing budget cuts.

HOW THIS AFFECTS THE DRIVER SHORTAGE

First, it is important to remember that recruiting, hiring, and retaining quality school bus drivers has always been difficult. Split shifts, obtaining a Commercial Driver's License, and operating a large vehicle with your back to two classrooms of school-aged children is not for just anyone. Additionally, budget cuts have had a negative effect on vehicle conditions, driver wages, and operational support. When a department is short on drivers, they are often forced to use other staff – dispatchers, routers, recruiters, trainers, mechanics, and even managers – to drive the necessary routes. In some instances, teachers, coaches, and janitors are trained to cover in extremis, putting even more stress on the overall education system. This makes increasing driver supply while reducing driver demand a more daunting task.

Second, school start time decisions and policies like rider eligibility, student walking distances, and school choice further challenge a system's capacity for efficiency. For example, a district may have three separate bell-time tiers but is only able to run three tiers with 30 to 40% of their route buses due to time constraints – the time may be limited by maximum ride time of the students or a lack of ample time between the tiers. Parents, administrators, and others in the community all become frustrated by the sight of a full-size school bus with only ten students onboard, but if it takes 55 minutes to deliver them due to the time or distance of the route and there are only 65 minutes between tiers, the options are not as clear when it comes to increasing efficiency.

⁴ <https://nche.ed.gov/legis/mv.php>

⁵ http://blogs.edweek.org/edweek/campaign-k-12/2018/01/foster_essa_transportation_states.html

The reality of the school transportation industry's current environment is that we must address the broader issue of defining expectations for school transportation, while determining how we can support those expectations with highly integrated technologies and trained professionals. Only then will we be able to design transportation systems that have any chance of meeting the expectations of parents, students, and administrators.

TECHNOLOGY CAN HELP, BUT THERE'S NO "EASY" BUTTON

As mentioned earlier, GPS, bus tracking applications, and routing software – when used properly and to their full potential – can help reduce the number of buses on the road and thereby reduce the number of bus drivers needed. But the advent of “real-time technology” and the “Uberfication” of today's society have increased awareness and familiarity with transportation in general, (e.g., Google Maps), resulting in a perception by the general public that transportation is “easy”. If I can track a package from drop-off to delivery, or a pizza from the moment it enters the oven until it is at my door, then surely, I should be able to track my child on their bus.

More data can be collected now than ever before, but for technology to work for a school or school district, they must have the staff and resources required to analyze the data and make improvements. Routing software allows scheduling changes to be made more frequently and easily, but staff must be trained on its use. Similarly, school bus tracking applications are only as good as the data they are built upon, and a department's GPS and routing data cannot be properly managed if the router or manager is tasked with driving a school bus. With the proper time and training, GPS, routing software, and tracking applications can all be used to locate opportunities to reduce driver demand and increase the overall efficiency of the transportation system.

GETTING OUT OF THE HOLE

The severity of your bus driver shortage, conditions of your local economic environment, and your school district's programmatic and personnel policies all impact your staff's ability (and timeline) to address a driver shortage. An integrated approach including technological expertise and creative strategies – recruiting resources, pay scale and incentives, bell times and routing, and even changes to the transportation system itself and its policies – can go a long way towards solving a driver staffing crisis.

RECRUITING STRATEGIES & RESOURCES: Within any organization, there is always going to be turnover, whether an employee retires, moves away, promotes to a new position, or finds a new job. But calculating how many bus drivers you really need is a multi-faceted issue that involves more than counting the number of routes you have. You must also consider having driver coverage for call-outs and sick days, vacation and PTO, peak service demands and activity trips, turnover rates, and the attrition that takes place during the often lengthy training and onboarding time period.

Ensuring you have the right number of people starts with acknowledging some basic characteristics about the individuals you are likely to hire. One of the most important considerations is for managers, and whether their applicant pool is comprised of

candidates that need a job rather than want a job. Additionally, many school districts consider the six to eight weeks that it takes to properly train a new hire as simply “part of the process”, but for many candidates, the six to eight weeks without compensation is both untenable and unacceptable. This gets worse if the expectation is that the employee will not be reimbursed for the pre-employment costs associated with CDL testing, drug testing, and physicals.

Given this, employers must be highly attuned to helping their candidates through the process. Paying pre-employment costs upfront, establishing a transitional or training wage rate, and reducing the time from application to employment are critical concerns when attempting to build and maintain a full complement of employees. In these instances, employers must weigh the value of having these employees versus the costs or the process changes necessary to bring them on board.

PAY SCALE & INCENTIVES: Low unemployment rates make finding qualified workers difficult. If your pay rates are not competitive, it makes the task of finding skilled and employable individuals even harder. Offering benefits such as health coverage and paid time off may cost more on your bottom line, but it may help reduce turnover, and studies have found that people will often take a lower paying job that comes with benefits over a higher rate with no incentives⁶.

By its very nature, school bus driving is a difficult job. While good workers are hard to find and retain, incentives such as guaranteed daily hours and the ability to make additional income with add-on routes such as activity trips, sporting events, community events, and other extracurricular work help motivate current employees and potential candidates who may still be on the fence about whether or not driving a school bus is the right move for them.

The idea of addressing total compensation rather than just the pay rate is an under-appreciated concern for transportation organizations. When considering what a driver needs, 40 hours per week at \$15 per hour is worth more than 20 hours per week at \$25 per hour. This is not only because the wage is higher, but because it is likely to provide more steady and predictable time expectations and possibly access to other benefits. While this will be more costly to the employer, the question is how much more costly than the foregone revenue/re-imbusement and public outcry associated with having a shortage?

BELL TIMES & ROUTING: School bus routing is, in part, a demand and supply question. The demand is generated by the policies and practices that establish who is eligible for service combined with how a school district chooses to connect those points. The supply is provided by everything done to get drivers into the program. What is often overlooked is the profound effect that changing the demand can have on an organization’s ability to supply a full complement of drivers.

The most critical component of the system that should be managed to help mitigate a driver shortage is the arrival and departure times to schools. Keep in mind that this is

⁶ <https://www.investopedia.com/articles/retirement/09/job-retirement-benefits.asp>

different than when schools actually start and end, but is focused on the earliest time a student can be dropped off and the latest time they can be picked up. Everything being done to “create” time in the system provides the opportunity to more efficiently use a school bus, which ultimately reduces the number of drivers needed. Being laser focused on how each minute is used is one of the most important operational practices that managers can undertake to help mitigate their driver shortage.

SYSTEM & POLICY: Changing the structure of your transportation system to curb the driver shortage may be the largest undertaking on the list, but it also has the potential to be one of the most effective. Organizations should have a model that incentivizes people to come to work, without extra cost to the budget. Adjusting pay rates versus benefits is a start, but school districts should look deeper into their policies to uncover areas of potential.

There is a strong case to be made that the popular “use it or lose it” approach to paid time off policies actually creates absenteeism within a workforce. When an employee is faced with taking vacation time or losing vacation time, most are going to take the time off thereby creating yet another driver seat that needs to be filled. Districts should strongly consider the incentives and disincentives they use to promote high rates of attendance, particularly from part-time and mission critical employees.

CONCLUSION

The cause of the driver shortage is varied and systemic, but the consequences of it are known and predictable. Driver shortages will lead to higher costs, poor services, and increased risk exposure as we try to squeeze ever increasing service demands from decreasing service providers. A driver shortage also increases the stress levels of everyone involved – students, parents, teachers, administrators, and transportation staff are all impacted.

To adequately address these concerns, organizations must first acknowledge that it is about more than just increasing compensation and waiting on the next recession. Transportation leaders are encouraged to take a highly critical look at all aspects of how they manage personnel to assess where they may be impeding their ability to recruit, hire, and train sufficient staff. Additionally, districts should consider alternatives to the traditional employment model and evaluate the availability and appropriateness of third-party providers of both driver and transportation services. The safety, reliability, and cost effectiveness of these organizations are dependent on aggressively pursuing the most qualified work force available.

About TransPar

TransPar is a leading organization that offers an array of products and services representing the most comprehensive and responsible services in the student transportation industry. And we do this all while keeping your students safe and improving the cost and quality of your school transportation operation.

Our experience with student transportation programs of all sizes includes school districts that own and operate their own school bus fleet, school districts that utilize contractors, and school bus contractors themselves, thereby allowing us to provide innovative solutions to the entire spectrum of student transportation needs.

TransPar provides Management and Staffing Services to develop solutions for difficult operational questions and problems; Advisory Services to deliver resources and expertise that transportation contractors and organizations often cannot access on their own; and Fleet Management Services and Technology Products to help customers create the strong foundation necessary to support effective service delivery. So no matter your needs, we are your all-inclusive solution to creating a successful, reliable, and profitable student transportation program.