The New York City school bus strike and the for-profit student transportation industry

Dan Brennan
12 February 2013

Over the course of New York City's school bus strike, Mayor Michael Bloomberg has demonstrated an utter callousness to the school bus workers and the vital services they provide. He recently bragged that the strike is actually saving the city money, since it does not have to pay the companies while the strike persists. That tens of thousands of school children, many of whom are physically or mentally impaired, are unable to attend school is simply not a concern for the billionaire mayor.

Bloomberg sparked the strike nearly four weeks ago by issuing a request for bids from private school bus companies that destroyed the right of current school bus workers to keep their jobs regardless of which company wins contracts with the city. However, the move to rip up school bus workers' job security is not merely a matter of individual cold-bloodedness, but rather the product of a decades-long process to roll back the gains of the working class.

The city's last direct attempt to remove job security provisions from new contracts erupted in a bitter three-month struggle in 1979. The outcome of the strike established the Employee Protection Provisions, or EPP, which has been included in all bus contracts until now.

Prior to 1979, school bus service in New York City was dominated by a single company, Varsity Transit. Seeking to pin the burden of the city's bankruptcy on the working class, then-mayor Ed Koch opened up the busing contracts to competitive bidding. Savings were to be achieved through the influx of new companies competing against each other to cut costs, chief among them the wages and benefits of bus drivers. However, the 1979 strike limited Koch's plans, ultimately restoring the job protections to an otherwise open bidding process.

The drive for competitive bidding in school bus contracts in New York mirrored changes taking place throughout other sectors in the transportation industry nationally and around the globe. The Carter and Reagan administrations carried out the major restructuring of the trucking, intercity busing, and the airline industries on a national level in the 1970s and 1980s. This also occurred in Britain, where Thatcher and successive Tory and Labour governments sold off publicly owned rail and bus systems to private bidders.

Opening up these industries to competition meant a savage attack on the wages and benefits of workers. The major labor battles that erupted in the period included those of the PATCO air traffic controllers, Eastern and Continental airlines workers and Greyhound bus drivers. The unions, which had established long-standing relations with the employers based on standardized wage rates and government regulated markets, responded by betraying these strikes and seeking to get into the good graces of the cut-rate companies entering the new deregulated environment.

In the school bus industry, this process proceeded at a somewhat slower pace. Many school boards and local governments still operate their own school buses to this day. However, privatization has accelerated rapidly since the onset of the economic crisis five years ago. Budget crises at the state and local levels have been used to transfer busing into the hands of for-profit operators. Across the country approximately 35 percent of school bus routes are now operated by the private sector.

In New York City, competitive bidding has resulted in dozens of bus companies scrambling to offer service at the lowest price. Currently some 45 companies hold school bus contracts in New York City. While the EPP affords drivers and attendants a minimum level of job security, wages themselves have been held low. Companies find other ways to extract cost savings. Workers have told the WSWS that they are often compelled to work overtime without additional pay and must shoulder the burden themselves of tolls and violations outside of their control.

By attempting to remove the EPP contract requirements, New York City is opening itself up to larger companies who have thus far refrained from bidding on account of relatively higher labor costs. Cornering the New York City market—and its $1 billion plus yearly student transportation payments—would mean a windfall in profits for any such company.

First Student, Inc., the largest school bus company in the

US, reportedly offered up a bid for the first time. The company, three times the size of its nearest competitor, has grown rapidly since 1999 through mergers and acquisitions.

Its parent company, UK-based FirstGroup, originated from the deregulation of the UK municipal bus operations in the 1980s. The company, which also owns Greyhound, entered the US student transportation market in 1999 with the acquisition of Ryder Student Transportation and expanded much further with the $3.6 billion takeover of Laidlaw in 2007. Today it operates in 42 states, transporting nearly a quarter of the 26 million students who take school buses each day.

Key to First Student's success has been attacking the working conditions of its drivers, pushing low wages, bare-bones health insurance coverage, and no guaranteed hours. A number of labor skirmishes with First Student have erupted recently, including in New Haven, Connecticut and Portland, Oregon. New Haven drivers walked off the job in September of last year protesting poverty level wages. Also last year, a federal judge ruled against First Student for unfair labor practices and refusing to bargain in good faith, awarding Portland drivers two years of back pay.

First Student dominates the New York City suburbs on Long Island. Its workers there are little more than casual employees, guaranteed only six hours a day, with little or no benefits. These miserable part-time conditions are overseen by ATU Local 1181, which bargains for drivers.

Like the airline and trucking industry, the student transportation business is consolidating in the hands of a few major monopolies with far larger resources and geographic reach. After decades in which workers suffered the devastating impact of bankruptcies, mergers and acquisitions, and the loss of their jobs and pensions, a few major players are now in position to reap vast profits based on a sharp reduction in labor costs overseen by the unions themselves.

In addition to First Student, other conglomerates that dominate the US market include Durham School Services—another UK-based transnational that is actively preparing to bring in replacement drivers in the event of a strike in two South Carolina counties. School bus workers in that state start at $10.50 an hour.

The third largest is Student Transportation Inc., based in New Jersey, which dominates many rural and suburban areas. The biggest in New York City, Staten Island-based Atlantic Express Transportation Group, is owned by hedge fund Greenwich Street Capital and had revenues of $440 million last year. All of the companies anticipate that further acquisitions and privatization will promise large profits for years to come.

Throughout the country, the restructuring of the school bus industry has accelerated the exploitation of the school bus workers and a deterioration of service. In this process the various unions that nominally represent the workers are entirely complicit. Whether ATU or Teamsters, they are solely interested in maintaining their position as partners in the lowering of the wages and conditions of workers. Their chief concern is maintaining the collection of dues no matter how little workers are paid.

In addition, the unions fully accept the lie peddled by Democratic and Republican politicians alike that there is not enough money to provide decent public education, safe transportation or a decent secure living standard to those who provide it.

For New York City, the consolidation of the school bus industry portends a return to the pre-1979 structure of a handful of dominant school bus providers, with an important difference: a vast reduction in the living standards for school bus workers. For all the supposed cost savings attained from the capitalist free market, a few dominant companies will be able to hike up prices and reap enormous profits. The political establishment, from Bloomberg to the various Democratic Party mayoral candidates, all serve as conduits of public monies into the hands of the wealthy.

While Bloomberg hopes to accomplish this by circumventing the unions, the Democrats tend to work with the unions to achieve the same ends. Meanwhile, public resources that otherwise could be directed towards proper bus upkeep and reliable and professional service instead go towards filling the bank accounts of wealthy shareholders.

School bus drivers and attendants perform the socially indispensable function of transporting children to school. The only rational solution for school bus workers, parents and students is to fight to take school bus operations out of the hands of the millionaires and billionaires, and place them under public ownership and democratic control of working people.