

REGIONAL BUS DRIVER SALARY ANALYSIS

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Prepared for
Northshore School District

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Overview

This report examines the wages and other motivational factors of bus drivers in and around the Northshore School District.

As the district considers modifying its start and end times of the schools within the district additional bus drivers would be required to meet student transportation requirements. This is being considered when most school districts report an overall lack of applicants to fill their posted driver positions. Would a wage increase attract the level of applicants necessary?

The Northshore School District has requested the Center for Economic and Business Research to answer this question. The Center, located within the College of Business and Economics at Western Washington University, obtained information about bus drivers through a phone survey of school districts in the region surrounding the Northshore School District. The survey questions were designed to shed light on wages, benefits, and other factors that may influence the attraction of new applicants and retention of current drivers.

While salaries and open positions were the main focus of the survey, we also gathered information on the demographics of drivers, the challenges other districts face, and their successful recruitment techniques in an effort to better understand what elements of a school bus driving occupation were critical to attracting and retaining drivers.

Notes about Survey

While the Center was hoping for full participation from the other school districts, some were not available to take the survey. In these cases, our analysis relied solely on the wage data available through their school district websites, and does not include further qualitative data about their drivers' demographics and motivations.

About the Authors

The Center for Economic and Business Research is an outreach center of Western Washington University located within the College of Business and Economics. The Center connects the resources found throughout the University to assist for-profit, non-profit, government agencies, quasi-government entities and tribal communities in gathering and analyzing useful data. We use a number of collaborative approaches to help inform our clients so that they are better able to hold policy discussions and craft decisions.

The Center employs students, staff and faculty from across the University as well as outside resources to meet the individual needs of those we work with. Our work is based on academic approaches and rigor and not only provides a neutral analysis perspective but also provides applied learning opportunities. We focus on developing collaborative relationships with our clients and not simply delivering an end product.

The approaches we utilize are insightful, they are useful, and they are all a part of the debate surrounding the topics we explore, however, none are absolutely fail-safe. Data, by nature, is challenged by how it is collected and how it is leveraged with other data sources; following only one approach without deviation is ill-advised. We provide a variety of insights within our work – not only on the topic at hand but the resources (data) that inform that topic.

We are always seeking opportunities to bring the strengths of Western Washington University to fruition within our region. If you have a need for analysis work or comments on this report, we encourage you to contact us at 360-650-3909. To learn more about CEBR visit us online at <https://cbe.wvu.edu/cebr/center-economic-and-business-research>.

The Center for Economic and Business Research is directed by Hart Hodges, PhD and James McCafferty.

Summary of Conclusions

While wage plays a factor in attracting and retaining drivers, we do not find a strong correlation between wage and the number of positions open in other districts. This indicates that drivers, while obviously sensitive to wages at some level, are finding enhanced values of employment from other benefits beyond their hourly wage.

The Northshore District is not strongly competitive based on wage alone, and has room to provide more incentives to stay with the district, most likely in the form of a higher maximum wage for those with seniority. The District currently reports an hourly rate below the mid-point within the study area.

All districts surveyed within our study area agree that the benefits provided to drivers, as well as the flexible nature of the schedule, are major motivations for their drivers.

Our study suggests that the Northshore District should consider utilizing a larger range of recruitment strategies. Other districts have found supermarket recruitment and highlighting opportunities for extra hours and pay raises to be successful strategies for example. Recruitment strategy should be strongly aligned with the overall value proposition that attracts drivers.

While we believe that the issue of attraction and retention of an adequate pool of bus driver is much more complicated than simply setting a salary we believe, based on available data, that Northshore will need to increase both the base and the maximum wages. A starting salary of \$22.XX will place the district as a top tier recruitment choice but increasing the maximum wage above \$25.00 will encourage long-term retention (which also means lower recruitment costs) and will likely spur driver referrals to attract new drivers.

Further, we recommend that an in-depth survey of current drivers and applicants, which aims to understand their motivations and values, would be the most useful direction for future research to inform this topic as it would assist the district in understanding why people currently choose to work for the district and why someone else may make the same choice. This study should also test the value of potential other cash and non-cash benefits.

Wages

In reviewing data related to hourly wages of school bus drivers in the vicinity of the Northshore School District, we find that the correlation between simple wage and position openings to be weak. Wage certainly plays a factor in attracting drivers, but from data available we believe that it may not be a primary factor.

District	Starting Wage	Maximum Wage
Seattle*	\$ 15.00	\$ 23.10
Shoreline	\$ 19.73	\$ 21.70
Monroe	\$ 19.96	\$ 22.49
Snohomish	\$ 20.00	\$ 25.00
Bellevue	\$ 20.09	\$ 25.51
Northshore	\$ 20.71	\$ 22.59
Mukilteo	\$ 20.96	\$ 25.02
Everett	\$ 21.00	\$ 23.00
Issaquah	\$ 21.12	\$ 22.94
Edmonds	\$ 22.15	\$ 22.15
Lake WA	\$ 23.78	\$ 24.93

Table 1: School Bus Driver Hourly Rates

*Seattle School District data from First Student was incomplete. We would need more information to be confident.

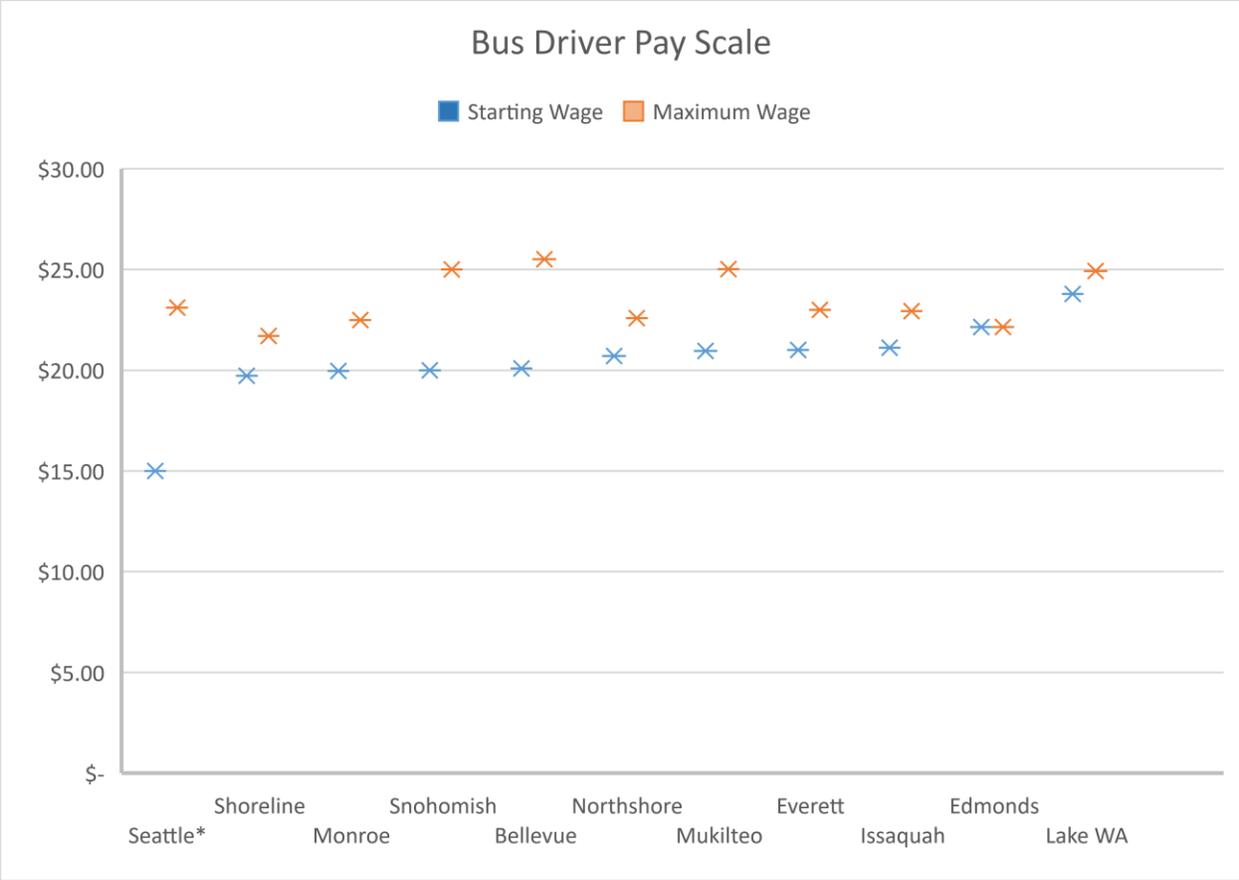


Figure 1: School Bus Driver Hourly Pay Scale

While starting wages for drivers ranged from \$15.00/hour* to \$23.78/hour, nearly every district is also experiencing a shortage of drivers. The district with the most generous starting wage, \$23.78 (Lake WA), is still in search of 2 regular route drivers, and 10-15 relief drivers. Districts with starting wages similar to Northshore, \$20.00 (Snohomish) and \$20.96 (Mukilteo), are in need of 5 and 10 regular route drivers, respectively, and are always searching for additional relief drivers.

Similar to Northshore, all respondents noted that full benefits are provided to drivers with a regular route. They also noted that benefits play a large role in the attraction and retention of drivers.

It should be noted that among the districts who have a starting rate between \$20.00 and \$21.00, Northshore has the lowest maximum wage. Districts with higher maximum wages show current drivers that there are more incentives to stay with the district, and potential drivers that there are more opportunities for mobility.

Furthermore, the survey asked the districts how much, if at all, they would raise their starting wages in order to attract more applicants. No district believed that raising the starting wage would increase the number of applicants. While this may be true, the starting wage and the maximum wage send a signal to the marketplace that is worth evaluation.

Should Northshore increase wages to attract more bus drivers to the position? The results of the survey suggest that a higher starting wage may not be the answer – although the data does suggest that Northshore is not strongly competitive based on wage alone.

The following table shows the average hourly wage, by sector, to provide context.

Industry Sector	Average Hourly Wage
Overall (all sectors)	\$35
Agriculture, forestry, fishing and hunting	\$32
Construction	\$32
Manufacturing	\$41
Retail trade	\$25
Information	\$84
Finance and insurance	\$52
Real estate and rental and leasing	\$28
Professional and technical services	\$46
Management of companies and enterprises	\$55
Health care and social assistance	\$25
Accommodation and food services	\$12
Government	\$32

Table 2: Average Wage, by Sector (King County 2015)

Source: Washington State Dept. of Employment Security

Note: Data show reported average weekly wage, divided by 40 hours

The table shows that the average wage paid to bus drivers is similar to what the drivers might earn in many retail, health care, and food service/accommodation jobs.

Continuing with the question, should Northshore increase wages to attract more bus drivers? – it may be important to note the cost of searching for drivers. Economic theory suggests that employers should pay a wage that is high enough to attract and/or retain workers, taking into consideration the cost of searching for new workers when needed and the frequency of searches needed. If a company is having to search for workers too frequently and those searches are costly, then wages are probably too low. (See for example, “Wages and the Cost of Search” by Phillip Nelson in the Journal of Business, Apr70, Vol. 43 Issue 2.)

While there is an extensive literature on efficient wages in general and case studies for wages in specific industries, such as health care, we were unable to find articles in the academic literature on wages or the recruitment of bus drivers. However, there are articles in the popular press that focus on bus drivers. An old article in the New York Times (from 1999 – titled “First Seat on School Bus Hardest to Fill”) notes difficulties finding bus drivers when unemployment is low and potential drivers can find full-time work, and do not have to look for part-time work. The article also notes rising concerns about accidents, due in part to increased news coverage of accidents even though statistically it is rare for a school bus to be in an accident. Finally, the article notes that retirees, stay-at-home mothers, and college students do not appear to be as readily available as in the past. The conclusion we see is that wages have to be competitive, but wages are only part of the solution. School districts have to consider finding ways to make it appealing to be a driver. Health benefits may be a factor, accommodating drivers’ needs in terms of scheduling may be required, etc.

Blog posts at schoolbusfleet.com show that someone might earn a commercial driver’s license to become a bus driver, only to learn he/she can earn more driving a truck or other job that requires that license. Other posts note the cost of becoming eligible to drive a bus – which many school districts now cover. And finally, there’s the question of whether the drivers feel supported by the district. If drivers feel that the school will not support them in the event of parent complaints or other issues, and just whether the drivers feel appreciated can be very important in the attraction and retention of drivers.

And finally, perception may be a factor. The following image is a screenshot from salary.com. It shows that someone curious about the pay range for bus drivers might find if he/she looks online.

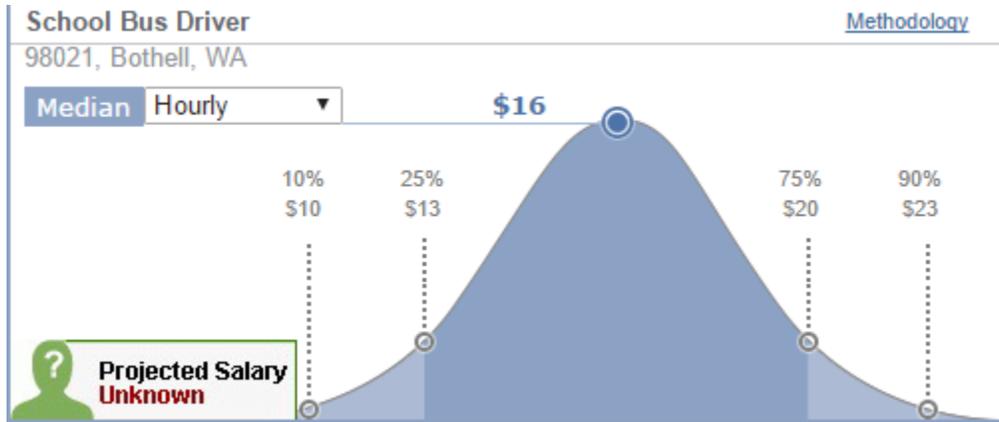


Table 3: School Bus Driver Hourly Rates, Salary.com

The actual pay available to the potential driver is noticeably higher than what is shown on salary.com.

While we believe that the issue of attraction and retention of an adequate pool of bus driver is much more complicated than simply setting a salary we believe, based on available data, that Northshore will need to increase both the base and the maximum wages. A starting salary of \$22.XX will place the district as a top tier recruitment choice but increasing the maximum wage above \$25.00 will encourage long-term retention (which also means lower recruitment costs) and will likely spur driver referrals to attract new drivers.

Recruiting Techniques

The survey also gathered information about other districts' recruiting techniques, which consisted of the following...

- Supermarket recruiter
 - Friendly, one-on-one contact is encouraging
 - The grocery store location is a good place for getting the word out to those who were not necessarily looking for a job, but could be interested (such as retirees or stay-at-home parents)
- Highlighting the opportunities for extra hours and job mobility
 - Some districts made sure to advertise that drivers would be able to bid for extra hours through field trips or other events needing transportation
 - Other districts offer the chance to take on additional roles, such as training positions and assistant positions
- Other recruiting techniques, such as banners, drivers' word of mouth, online postings, and job fairs were reported. Northshore already has utilized these methods of recruitment.

Demographics

To get an idea of who the average bus driver is, the survey asked districts to give us an estimation of the average age and gender composition of their drivers.

- The average estimated age of drivers is 51.
- The average estimated percent ratio of women/men is 59%/41%.

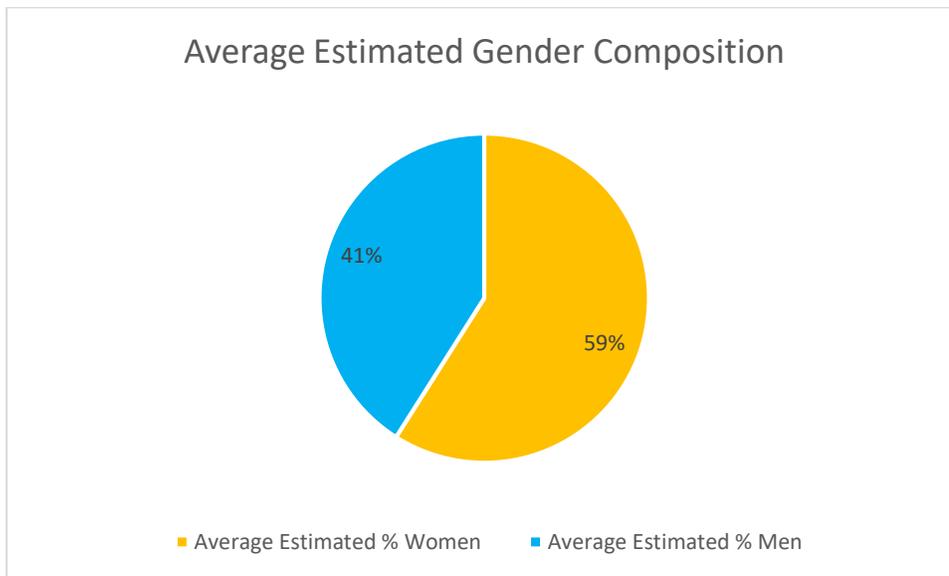


Figure 2: School Bus Driver Gender Composition

Respondents also offered their observations about the recent demographic changes in the bus driver workforce.

- Recently, the average age has been dropping for a number of possible reasons
 - Many older drivers are retiring
 - Not just stay-at-home parents and retirees anymore...
 - There are more college students interested in job flexibility and benefits, according to Snohomish and Monroe
 - There are more young people looking to support their families, according to Bellevue
- There has been a recent increase of men in the field, which used to be dominated by women.

Suggestions for Further Research

The Center suggests that further research should be done to understand more about the driving forces behind bus drivers' employment decisions.

The most direct approach would be to talk with current Northshore bus drivers and applicants to understand their motivations and values. Aim to understand what attracted them to the opportunity in the first place, why the unique work schedule fits in with their lives, and why they stay with Northshore. Questions would focus on both tangible and intangible benefits of the job to enrich the understanding of drivers' motivations. This approach would assist the district in understanding why people currently choose to work for the district, and why someone else may make the same choice.

A more indirect approach would be to survey focus groups of possible applicants who fit in with the demographics of current drivers, or those who are working in other jobs with equivalent pay, schedules, and benefits.

Both survey techniques have value and both could be executed. Of the most direct interest would be the interviews, however, the change in demographics of drivers may indicate that a survey or focus group of potential drivers may yield valuable information.