How Boston transit agency increased bus driver job applications 356%

FC fastcompany.com/90945883/bostons-transit-agency-used-one-weird-trick-to-increase-bus-driver-job-applications-by-356

Kristin Toussaint August 29, 2023

For months, a bus driver shortage in Massachusetts has led to canceled trips and slashed service. But after the drivers' union won new benefits earlier this month—including an increased starting wage—the Massachusetts Bay Transit Authority has seen an influx of job applications. It's a lesson, labor economists say, for any employer who may be struggling to hire, in both the public and private sector.

In May 2023, the MBTA said it had 200 fewer bus drivers than it did prior to the pandemic, a shortage that has hindered public transit at a time when the agency is trying to expand its service 25% over the next five years. That month, the agency announced it would eliminate a "probationary-like period," *The Boston Globe* reported, that required new hires to work part time for their first three to six months. Now they could be hired full time right away; it was a win by the Boston Carmen's Union, Local 589, which represents more than 6,000 MBTA workers.

But many still noted that bus drivers' low starting pay was a deterrent: $22.21 an hour, even for drivers with years of experience elsewhere. It was one of the lowest rates at any major transit agency—only the Southeastern Pennsylvania Transportation Authority in Philadelphia pays a lower starting wage, per *The Boston Globe*. "I don't think people with experience are going to come for $22 an hour," Robert Butler, a member of the MBTA board, told *The Globe* in May.

Now new hires earn $30 an hour, after the MBTA board authorized a new labor contract with Local 589 at the beginning of August. And that's led to a surge in job applications. Between August 1 and August 25, the transit agency has seen 753 bus driver applications, MBTA General Manager Phillip Eng said in a monthly report, according to Streetsblog. That's a 356% increase over July's applications, the outlet notes.

"In a lot of places, unions are bargaining for new contracts and are getting pretty big wage gains," says Aaron Sojourner, a labor economist and senior researcher at the W.E. Upjohn Institute for Employment Research, who worked on the White House Council of Economic Advisers during the Obama and Trump administrations. "It makes it much easier for the employer to attract applicants, because all of a sudden the quality of the job jumps up."

It's a counter to the idea that "no one wants to work anymore"—an idea Sojourner says should be dead anyway, because there's a higher share of Americans in their prime (between 25 and 54 years old) working now than at any other time in 20-plus years.

There's been such a surge in hiring that it's meant more competition among employers. In some instances, that's led to rising wages—or a harder time for companies that have kept wages the same.

Employers may be hesitant to raise wages, as they always have an incentive to keep compensation low, Sojourner says. But then there's a trade-off in terms of turnover or the struggle to attract new employees. "Do they want to be a low-wage, high-turnover, a lot of unfilled-job-postings employer, or do they want to be a high-wage, low-turnover, lots-of-applicants employer?" he says.

There's a difference in how the public and private sectors handle this, though. While private-sector employment has already made up its pandemic losses—and is actually up 3% compared to pre-pandemic figures—the public sector hasn't quite caught up. The number of public employees is still down about 1% compared to February 2020.

This has to do with the economics of each sector, Sojourner says: Private-sector companies have seen increasing profits, which they can use to pay employees. "But public-sector budgets don't work that way," he notes. Instead, they tend to be set by legislators or city councilors. If public-sector employers like transit agencies don't get a bigger budget, they can't offer higher wages, and so they can fall behind and become short-staffed.

"Most of these labor-shortage stories are really wage-shortage or job-quality-shortage stories," Sojourner says. "Employers who offer high wages, or high job quality, don't have trouble finding labor. The ones who do are the employers who have trouble keeping up with the market."

Across the country, the public sector has seen a lot of shortages recently: Lifeguards in New York, teachers in Virginia and Michigan. The MBTA isn't the only employer to realize pay increases can help solve that shortage; other transit agencies in places like Richmond, Virginia, and Chapel Hill, North Carolina, have recently raised wages to attract workers.

As more unions come up on contract negotiations, Sojourner expects to see more wage growth. And the fact that the MBTA received far more job applicants as a result of its higher wages is a lesson not just to employers but also to legislators who may control public-service budgets.

"If your community is bothered by your inability to deliver public services because of an inability to attract staff, there is a solution, and it's sitting right in front of you," Sojourner says. They may not want to do so, because it could mean cutting other costs, finding new revenue, or raising taxes. "But there's no mystery," he adds. "It's just a choice."