

New York School Bus Contractors Association

Testimony
Joint Legislative Hearing on Education
2024-2025 Executive Budget

Our Priorities...

Safely Transporting School Children
Helping School Districts Manage Transportation Costs
Protecting our Labor Force

Thomas Smith, President

New York School Bus Contractors Association and
Chief Operating Officer, Suffolk Transportation Service, Inc.
nysbca.com

February 1st, 2024

Good Afternoon.

My name is Thomas Smith; I am the President of the New York School Bus Contractors Association and the Chief Operating Officer for Suffolk Transportation Service, Inc., based in Suffolk County, New York.

I am here today proudly representing the New York School Bus Contractors Association. We are an organization comprising of 200 private pupil transportation companies that provide safe, reliable and cost-effective student transportation services to 85% of the school districts in New York. In addition, school bus contractors employ approximately 50,000 people with good paying union jobs with benefits and operate roughly 30,000 school vehicles in New York State.

I want to thank all the members of the joint committee on education for affording the New York School Bus Contractors Association the opportunity to present an overview of our 2024-2025 budget recommendations.

We appreciate the positive working relationship we have with the legislature, Governor, the school districts we serve and the over 50,000 professionals who work to make sure every student is provided a safe ride to and from school. School buses are, and have always been, the safest way for children to travel to and from school.

NYS is well on its way in transforming the school transportation sector, requiring all school buses purchased after 2027 to run on electricity and replacing all 50,000 diesel-fueled buses in the state with electric vehicles by 2035. As many of you know, our members are at the forefront of that movement running electric school buses throughout the state and worked closely with

NYSERDA on the zero-emission bus road map. In addition, my company, Suffolk Transportation Inc., is currently running eleven (11) electric school buses so I would be more than happy to answer any questions in relation to the operation and cost of zero-emission buses.

Despite the significant advantages of electric buses, the upfront purchase price has emerged as the greatest obstacle to their adoption. New electric buses can cost 2x-3x (or even greater) compared to a traditional new diesel bus. Fleet operators often just can't afford the upfront cost, even with grants and other subsidies. In addition, we are learning that the different available grants are likely NOT stackable. And while the trend is clear – electric vehicles continually get cheaper – the funding gap for now remains too great for many and parity is not certain. One creative way to speed up the conversion is by eliminating the sales tax associated with the purchase of new electric school buses and parts.

On average, more than \$8,000 of sales tax is charged for each new diesel school bus that is on the road. The cost associated with this tax, as well as the taxes on school bus parts and fuel, is passed along from the transportation providers to school districts. School districts, funded by both local property taxpayers and New York State itself, are bearing the cost of funding its own tax. NYSBCA members have already begun transforming its school bus fleet to incorporate electric buses, which can quickly become cost-prohibitive, with sales tax bills alone accounting for up to \$30,000 or more per vehicle.

Therefore, we strongly suggest adding AB 8010/ SB 5524 sponsored by Assemblyman Benedetto and Senator Skoufis to your one-house budget bills.

However, this brings me to my next point – **and this is absolutely necessary in order for the electric school bus road map to become a reality**—and that is the need and ability for school districts and transportation companies to have contract flexibility due to all of the uncertainty associated with the electric conversion.

Many school districts are in multi-year pupil transportation contracts (2-5 years) and as a result, the districts and private contractors need guidance on our ability to modify existing multi-year contracts in order to provide a mechanism for contractor compensation/ flexibility that is needed due to the unforeseen circumstances and expenses associated with electric school buses. As you have likely figured out, 5-year contracts entered into today, already bring us well into 2029.

Therefore, in order to avoid NYSED's pupil transportation department having to review likely over 4,000 contracts in a short period of time, it is essential that we have the ability to add an electric vehicle rate to existing contracts and/or the ability to adjust the base price for the vehicle.

Therefore, we strongly suggest adding AB7122/ SB 6754A sponsored by Assemblywoman Jean-Pierre and Senator Skoufis into your one-house budget bills. The legislation makes clear that the contract modification is for the sole purpose of complying with the zero-emission bus mandate and the cost must be justified and proven by the contractor. Lastly, as this is a contract amendment, both the school district and contractor of course would have to agree to the terms. This is a straight technical amendment to the law that is needed in order to comply with the zero-emission bus mandate.

As transportation providers for more than half of the school-age children in this state, we have a record of safety, quality, and cost effectiveness that is unparalleled. We are proud of the work we do, and the services we provide.

Thank you very much for your time today. We are here to help, so please do not hesitate to call upon us. We look forward to working with you and the Governor to improve our transportation system, reduce unnecessary costs and most importantly—keep our children safe.