



Dear Chairman Martin Causer;

The Mlaker family owns and operates Mlaker Student Transportation (school buses), Mlaker Transportation, Inc. (charter buses), Mlaker Sales & Service (new and used bus sales & service garage), and Glenwood Lawn Care. Ralph Mlaker founded the original business, Mlaker Sales & Service in 1964. The businesses are now owned and operated by Craig Mlaker Ralph's son and Matt Mlaker grandson. The Family businesses have grown to cover 4 counties and over employe over 295 employees.

School Buses and COVID-19

Our business was shut down for over 6 months following the governor's announcement on March 13, 2020. The school bus industry operates on a slim profit margin but has a very high overhead cost from the purchase of buses, a large and specialized garage space, and expansive parking lots. It takes 2 weeks to absorb the fixed cost of operating a school bus after missing just 1 day of school. On average, school bus operations only make a profit 15 days out of the entire year, so when school was closed for 6 months it was devastating.

ACT 13 was passed in the spring of 2020 and ACT 136 was passed in the fall of 2020. Both acts were specifically geared towards assisting school bus contractors but failed to have the teeth and oversight to force school districts to take action on the 2 pieces of legislation. Both acts were intended to provide full transportation funding to the school district as long as they negotiated a price to pay their school bus contractors, which is wonderful in theory, but the word "negotiated" left the entire act up for interpretation by each school district. Many school districts worked with their contractors to comply but many did not. We were unfortunate enough to experience this firsthand. One of our school districts refused to pay us for the contracted school days. We complied with ACT 13 by paying all of our drivers and staff but received no compensation from the school district. We were unable to continue to pay for the overhead of operating that particular contract and were forced to sell the buses and vans, causing our business to lose over 3 million dollars



for the 19/20 to the 20/21 school year. All drivers associated with that contract had to be permanently laid off, along with a few full-time staff members, culminating in the loss of at least 70 jobs.

Charter Buses and COVID-19

Mlaker Charter & Tours operates the charter bus division. Our charter buses provide transportation for colleges and school districts going on education trips, along with transporting the military and providing emergency transportation for natural disasters, airlines, and Amtrak. Our charter bus operation has been 98% shut down from March 2020 – March 2021. We are starting to see an uptick in business but only project a 25% – 50% reopening until the fall of 2021. Some projections put “normalcy” as far off as the spring of 2022.

The devastation of the travel industry has far-reaching consequences. If our buses are not moving, they are not stopping at restaurants, theaters, shopping centers, museums, parks, etc. The vendors that provide the products and services for our vehicles are losing business because we no longer need fuel, tires, parts, etc.

All of our full-time and part-time employees were laid off back in March of 2020 and many are *still* laid off. We, like many other businesses, applied for state and federal programs intended to assist in paying employees and bills to keep our doors open. Even with said programs we struggled to pay our drivers for the scant trips we were able to secure during COVID-19. The charter bus industry has an even higher overhead cost compared to the school bus industry, largely due to the high cost of buses. The average new bus cost over \$550,000. The charter bus division ran out of funds early in the summer of 2020. If not for being part of our diverse company we would have been forced to close Mlaker Charter & Tours permanently. We are extremely fortunate in this respect. The American Bus Association is projecting 50% of bus companies to permanently close.

Lawn Care and COVID-19

The lawn care business has not experienced the same devastation as the school bus and charter bus operations but has still been affected. We believe that this business has not suffer as much due to people receiving stimulus funds and the fact that



much of our lawn care customer base is retired. However, we fear that when the stimulus funds end, we will see a larger impact on this industry as home owners and businesses can no longer afford to pay for our services.

Lack of Employees

The loss of income we experienced during COVID-19 was jarring, but the single biggest and ongoing challenge that all of our businesses are facing is a major shortage of employees. We are down 85% for normal hiring on the bus industry side and we had almost 100% turnover for our lawncare company. Unfortunately, many potential employees (and even some current employees) believe that temporary measures for COVID-19, such as increased unemployment and other benefits, are long-term entitlements. Since 1964 we have operated under the immutable belief that our employees are absolutely crucial to the quality and continuation of our business. We do our best to compensate them as such but it is exceedingly difficult to provide competitive wages when we are in direct competition with our own government.

The school bus industry is at its breaking point. The requirements and background checks turn many would-be drivers away. Candidates seek other employment where they will not be required to be bothered with the timely training, background checks, and scrutiny that our drivers undergo. The average school bus driver takes 3 to 5 months to train, complete background checks, and be licensed for their CDL.

It takes a great deal of time and effort to train and vet a driver but it takes even longer to recruit a candidate, in some circumstance over a year. The cost to recruit and train one driver exceeds \$4,500. We have seen a 75% decrease in applicants and an 85% decrease in new drivers actually completing the training and obtaining their CDL to drive bus. With even more regulations on the legislative horizon, local communities will soon begin to feel the impact of the driver shortage that the industry has thus far been able to mitigate by covering bus runs with mechanics, office staff, and management. **"Schools districts will one day soon not be able to hold in person education due to the lack of qualified school bus drivers" Matt Mlaker**



What can be done to help our business in the future?

1. Open the state and allow commerce to fully commence. Limit future emergency powers granted to one person in a position of authority (e.g., the Governor or the Secretary of the Department of Health).
2. Improve state funding for school district transportation. Treat school buses drivers the same as teachers and *pay* them for their valuable service. Many school bus drivers are underpaid for the skillful work they provide. School bus drivers provide a rare, vital service and without them in-person school is not possible. Improving transportation funding for the district will allow bus contractors to raise their drivers' pay.
3. Limit government benefits and programs that discourage people from seeking employment. In our society it is becoming increasingly (and alarmingly) acceptable to rely on taxpayer money in the form of government handouts in lieu of actually working. The current excessive unemployment and stimulus handouts have only exacerbated the amount of people choosing not to work.
4. Provide liability protection for business that are doing their best to protect their employees and customers (House Bill 605).