

# 2006 Annual Report: Impacts of the Motorcoach Industry on Society and the Economy

An Industry that Binds the Nation Together



**NATHAN**  
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# Executive Summary

The motorcoach transportation service industry consists of approximately 3,600 mostly small businesses, nearly three-fourths of which operate fewer than 10 vehicles. Operating a total fleet of more than 39,000 vehicles, the industry provides charter, tour, sightseeing, airport shuttle, commuter, and scheduled services.

*The industry binds the nation together.* It transports 631 million people each year, more than all other transportation service industries. Its national network of bus stations includes more than three times the number of airports and intercity rail stations. The motorcoach industry's transportation network provides greater coverage of rural areas than do the air and rail industries' networks. For 14.4 million rural residents, motorcoaches are the only available mode of intercity commercial transportation service. And the motorcoach industry serves everyone in good times and in times of emergency. Business men and women use motorcoaches to commute to work; airline passengers use motorcoaches to shuttle to and from airports; ocean-going cruise line passengers use motorcoaches to shuttle to and from points of anchorage; students use motorcoaches for field trips, band trips, and sports outings; senior citizens use motorcoaches to travel to places of cultural and historical significance; everyone – business travelers, tourists, students, senior citizens, and minorities – uses regularly scheduled service provided by the motorcoach industry; and people stranded during times of local and national emergencies rely on motorcoaches to transport them to safety.

*The industry creates jobs and incomes throughout the economy.* Traveler and tourist demand for services provided by the motorcoach industry generates \$44.2 billion of annual sales directly and indirectly throughout the U.S. economy. Motorcoach travelers and tourists spend \$4.9 billion on motorcoach industry transportation services and another \$20.8 billion on goods and services of other industries. Direct spending of motorcoach travelers and tourists generates an additional \$16.4 billion of indirect sales. Moreover, the motorcoach industry invests in motorcoaches each year, spending that generates another \$2.1 billion of sales by motorcoach manufacturers and their supply chain industries. The total impact of traveler and tourist demand for services provided by the motorcoach industry generates 758,000 jobs.

*The industry injects consumer spending into local economies, thereby stimulating business growth and economic opportunity.* In Boston alone, spending by visitors who traveled on motorcoaches supported over 1,400 full-time jobs and generated \$8.1 million in sales tax revenues. In New York City, spending by visitors who traveled on motorcoaches supported 7,200 full-time jobs and generated \$50 million in sales tax revenues. A single tour bus on a two-night tour injects as much as \$16,000 into a local economy.

*The transportation service provided by the motorcoach industry is safest, most fuel efficient, and least energy intensive.* On the basis of these three dimensions of performance, the motorcoach industry is the most cost effective provider of transportation service. Among all passenger transportation modes, the motorcoach fatality rate is lowest – 0.5 fatality per 100 million vehicle miles. For passenger cars the fatality rate is nearly three times higher. For U.S. air carriers, the fatality rate is four times higher. And for passenger trains, the fatality rate is 14 times higher than the rate for motorcoaches. Motorcoach passenger miles per gallon of fuel is highest – 148 passenger miles per gallon in 2004, which was more than four times greater than air carrier and passenger car fuel efficiency – and increasing. Energy intensity is lowest – 938 Btu per passenger mile in 2004, which was one-fourth the energy intensity of air carriers and passenger cars. Fuel consumption and energy intensity rates of motorcoaches are half the rates of intercity passenger trains.

*The motorcoach industry promotes intermodalism, a seamless travel experience, and greater efficiency in the U.S. transportation system through private-public partnerships.* The industry contracts with airlines and airports to shuttle passengers from regional facilities to hubs. The industry contracts with cruise lines to shuttle passengers between port facilities and airports. The industry partners with state governments to develop and operate intermodal facilities that link metropolitan and outlying areas. And motorcoach operators enter into pooling arrangements with each other to consolidate terminal facilities and eliminate redundant scheduled services. The industry has long recognized what most people implicitly understand: traveling is a multimodal experience.

*Perhaps most important, these valuable contributions to the economy come at virtually no cost to taxpayers.* Unlike the industries of its competing modes, the motorcoach industry has received virtually no federal subsidy after accounting for its federal costs responsibility and the user fee payments to the federal government by the industry and its passengers. From 1960 through 2001, the motorcoach industry received just 0.1¢ per passenger mile in net federal subsidy. The air transportation system received nearly 15 times more. Mass transit received more than 137 times more. And Amtrak received more than 200 times more in subsidy than did the motorcoach industry.

As we enter 2007, the 25<sup>th</sup> anniversary of motorcoach industry deregulation, we find a vibrant industry of mostly small businesses competing with each other and with heavily subsidized other modes of passenger transportation to provide affordable, safe, reliable, and efficient nation-wide services that meet the varied demands of all citizens during normal times and

times of emergency. In these 25 years, the motorcoach industry has succeeded by truly binding the nation together.



# 1. Introduction

The first recorded fixed-route bus service began in 1913 (Office of Technology Assessment 1993). Passengers were carried between the towns of Hibbing and Alice in northern Minnesota. By 1926 there were 4,040 businesses nationwide offering fixed-route passenger transportation service on buses (*ibid.*)

Today, fixed-route bus service is generally provided on motorcoaches with an elevated passenger deck located over a baggage compartment.<sup>1</sup> They are likely to be 35 feet or longer and provide seating for 30 to 57 passengers depending on the specific configuration of the coach. Comfort features of today's motorcoaches include upholstered seats, as well as individual climate, audio, and video controls.

In 2004, the most recent year for which data are available, there were approximately 3,600 businesses in the United States and Canada providing passenger transportation service on motorcoaches (Nathan Associates, Inc. 2005). In 2005, there were 39,068 motorcoaches in operation (Nathan Associates, Inc. 2006).<sup>2</sup>

Although Greyhound Lines, Inc. and Coach USA have brand value nationally, most motorcoach businesses are small (see Figure 1-1) and operate regionally. Nearly three-fourths operate fewer than 10 motorcoaches.

With construction of the Interstate Highway System in the 1950s and the increasing popularity of the private automobile, motorcoaches began losing passengers. To offset the loss, motorcoach operators began offering charter and freight services.

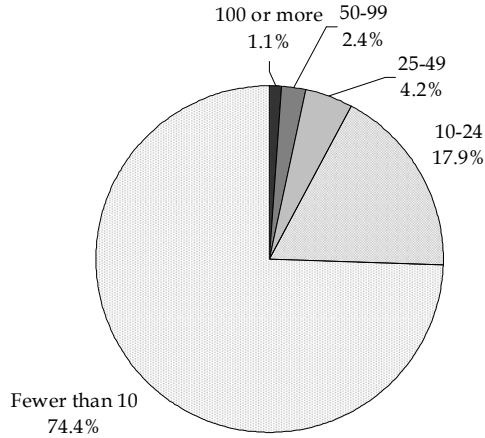
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<sup>1</sup> Transit buses, minibuses, and school buses are also used to provide regular route passenger transportation service.

<sup>2</sup> According to the Bureau of Transportation Statistics (BTS) of the U.S. Department of Transportation (USDOT), there were 795,274 highway buses registered with USDOT in 2004. The multitude of businesses and vehicles of the motorcoach industry is in sharp contrast to the industries of air and intercity rail passenger transportation. In 2003 (the most recent year for which data are available), there were only 80 air carriers in the commercial airline industry. There were only 14 major air carriers. In 2004 there were only 8,186 aircraft in the commercial airline industry. Regarding non-commuter regularly scheduled intercity passenger rail service, Amtrak is the only provider. In 2004, Amtrak had only 276 locomotives and 1,211 passenger cars (Bureau of Transportation Statistics 2006).

**Figure 1-1**

*An Industry of Small Businesses (businesses by number of motorcoaches operated)*



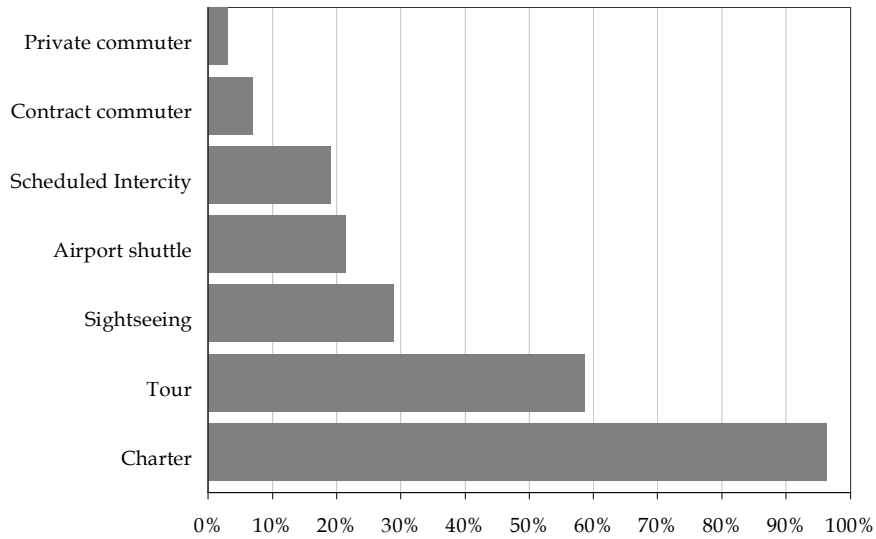
SOURCE: *Motorcoach Census 2005*, Nathan Associates, Inc., September 2006.

Today charter service is offered by nearly all (96.3%) motorcoach operators (Figure 1-2). In terms of miles traveled, charter service miles rank first followed by regularly scheduled service miles (Figures 1-3). Other transportation services provided by the industry include tour, sightseeing, airport shuttle, contract commuter, and private commuter. Approximately three-fourths of all industry businesses provided at least two motorcoach services in 2004, usually charter and tour (Nathan Associates, Inc. 2005).

This report tells the story of today's motorcoach transportation service industry. It documents the numerous contributions of the industry to society and the economy. The industry binds the nation together (Chapter 2); creates jobs and generates incomes throughout the economy (Chapter 3); injects consumer spending and stimulates economic activity in local economies (Chapter 4); provides safe, fuel and energy efficient transportation service (Chapter 5); partners with private sector businesses and public sector organizations to achieve greater transportation efficiencies (Chapter 6); and adds value to the economy without government subsidy (Chapter 7).

**Figure 1-2**

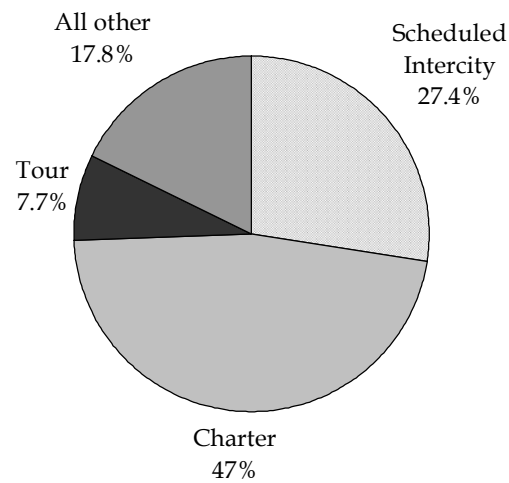
*Nearly All Motorcoach Businesses Provide Charter Service (companies by service provided)*



SOURCE: Motorcoach Census 2005, Nathan Associates, Inc., September 2006.

**Figure 1-3**

*Charter Service Accounts for Most Industry Miles*



SOURCE: Motorcoach Census 2005, Nathan Associates, Inc., September 2006.



## 2. Binding the Nation Together

The motorcoach transportation service industry – unlike all other transportation industries – truly binds the nation together. It provides more types of service to more locations for more people of all backgrounds than any other mode. It provides an airport inter-modal connection for air travelers. It provides commuter service for business men and women traveling between homes and offices. In many rural areas it is the only mode of commercial intercity passenger transportation. For many low-income travelers it is the only affordable transportation mode. For student and tour groups, it is the only choice for educational, recreational, and sightseeing trips to America’s urban, cultural, entertainment, and natural resource centers.

### Serving More People

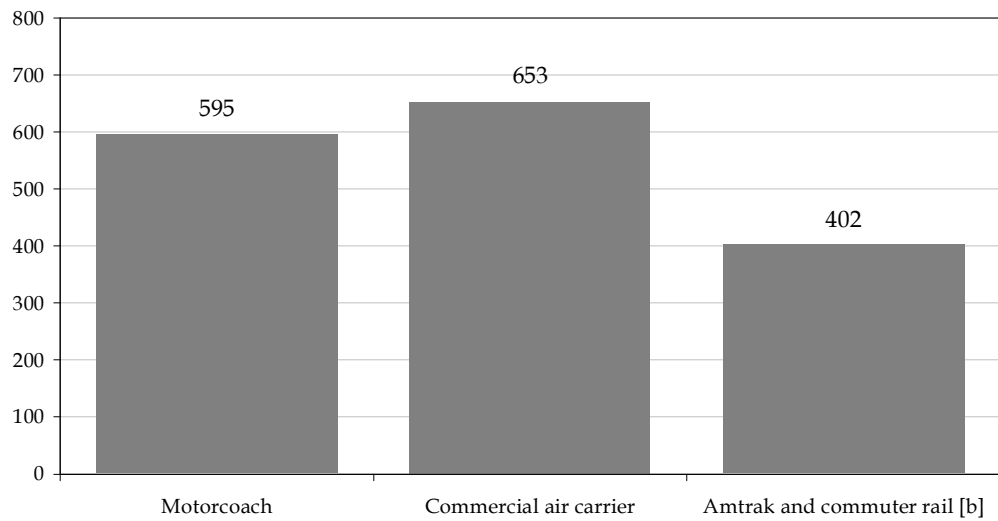
The motorcoach transportation service industry is the number one people mover. In 2005 the industry carried approximately 631,000,000 passengers in the United States and Canada alone (Nathan Associates, Inc. 2006). The motorcoach transportation service industry carries one-fourth more passengers than the airline industry and twice more than Amtrak and commuter rail combined (Figure 2-1).

### Serving More Locations

As of April 2005, the U.S. intercity passenger transportation network consisted of 4,357 bus terminals, airports, and rail stations (Bureau of Transportation Statistics 2005), nearly three-fourths of which were bus terminals (Figure 2-2). In contrast to the 3,179 bus stations, there were only 638 airports<sup>3</sup> and 540 rail stations. Moreover, regularly scheduled intercity buses often drop off and pick up passengers at locations without a bus station.

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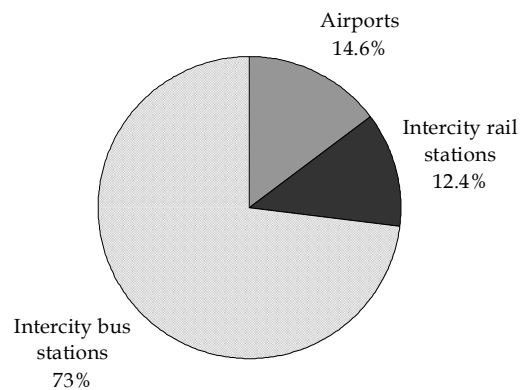
<sup>3</sup> Approximately 84% of passenger enplanements occur at the top 50 airports (Bureau of Transportation Statistics 2001).

**Figure 2-1***Passengers by Mode in 2004[a] (millions)*

[a] 2004 is the latest year for which commercial air carrier and Amtrak and commuter rail data are available.

[b] Amtrak total is 25 million. Commuter rail total is 375 million.

SOURCES: Nathan Associates, Inc., *Motorcoach Census 2005* for motorcoaches. Bureau of Transportation Statistics, U.S. Department of Transportation, *National Transportation Statistics 2006*, Tables 1-41 and 2-33a for commercial air carriers and commuter rail, and *National Transportation Statistics 2006*, Rail Profile for Amtrak.

**Figure 2-2***Regularly Scheduled Intercity Passenger Transportation Facilities by Mode*

SOURCE: *Scheduled Intercity Transportation: Rural Service Areas in the United States*, Bureau of Transportation Statistics, U.S. Department of Transportation, April 2005.

In much of rural America, bus stations are the only points of access to the U.S. intercity passenger transportation network. Nearly 73 million people living in rural areas have access to regularly scheduled intercity bus service. Fewer than 58 million rural residents have access to airline service and fewer than 35 million rural residents have access to intercity rail service. For 14.4 million rural residents, motorcoaches are the only available mode of intercity transportation.<sup>4</sup>

In addition, the efficiency of airports and rail stations is enhanced by inter-modal connecting service provided by motorcoach operators. 2.1% of the motorcoach transportation service industry's reported miles are airport shuttle service miles (Nathan Associates, Inc. 2005).

And finally, when one considers charter and tour services of motorcoach operators, the industry serves all communities – wherever there are people who want to travel to special events, centers of culture and entertainment, and places of natural beauty. According to the American Bus Association, the ten most popular cities to visit by motorcoach are Atlantic City, NJ; Branson, MO; Chicago, IL; Las Vegas, NV; Los Angeles, CA; Nashville, TN; New York, NY; Orlando, FL; Washington, DC; and Toronto, Canada.

In terms of vehicle-miles, highway motorcoaches travel more miles than the fleet of large certificated domestic air carriers and Amtrak (Bureau of Transportation Statistics 2006). Over the 10 years ending in 2004, highway bus miles averaged 6.9 billion per year.<sup>5</sup> Air carrier miles average 5.3 billion. Intercity train-car-miles averaged only 360 million.

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### Serving More of Rural America

*"Intercity bus has the greatest penetration into rural areas with 89% of the rural residents in the coverage area. Air service covers 70%, and intercity rail covers 42%."*

*["Scheduled Intercity Transportation: Rural Service Areas in the United States," Bureau of Transportation Statistics, U.S. Department of Transportation, September 2004, p. 2.]*

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*"[A]bout 30% of intercity bus trips were taken by persons who lived in a household with no personal use vehicle available."*

*["1995 American Travel Survey," Bureau of Transportation Statistics, U.S. Department of Transportation, October 1997, p. 8]*

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## Serving Everyone

Unlike other passenger transportation industries, the motorcoach industry serves all people. It provides commuter service for businessmen and women; airport shuttle service for airline and cruise travelers; charter, tour, and sightseeing services for students, senior citizens, and

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<sup>4</sup> Access is determined on the basis of a reasonable distance from airports and stations. The Bureau of Transportation Statistics (2005) defines reasonable coverage areas for bus stations, rail stations, and smaller airports to span a radius of 25 miles. For medium and large hub airports, the reasonable coverage area spans a radius of 75 miles.

<sup>5</sup> Reported statistics on highway bus miles include some highway transit bus miles that are not separately reported.

other groups visiting educational and cultural points of interest; and it provides regularly scheduled service for everyone, including business travelers, the elderly, women, and persons of color.

- In 1995 (the most recent year for which data are available), 31.0% of all long-distance charter and tour bus person-trips and 23.8% of all long-distance intercity bus person-trips were taken by people 65 years old or older (Bureau of Transportation Statistics 1997). Only 8.3% of long-distance commercial airplane person-trips were taken by the elderly (*Ibid.*).
- In 2001 (the most recent year for which data are available), most (55%) long-distance person-trips by bus were taken by females (Bureau of Transportation Statistics 2003). Males took most long-distance person-trips on all other modes of travel, including personal vehicle (58%), air (57%), and train (58%) (*Ibid.*).
- In 1995 (the most recent year for which data are available), 52.1% of all long-distance intercity bus person-trips were taken by non-white or Hispanic travelers (Bureau of Transportation Statistics 1997). Only 13.8% of all long-distance commercial airplane and 32.0% of all long-distance train passenger-trips were taken by minorities (*Ibid.*).
- In 1995 (the most recent year for which data are available), 37.2% of all long-distance intercity bus person-trips were taken by persons 25 years old or older with less than a high school education (*Ibid.*). Only 2.1% of all long-distance commercial airplane and 6.6% of all long-distance train passenger-trips were taken by this segment of the population (*Ibid.*).

The motorcoach industry provides affordable transportation service, ensuring that all people have the opportunity to travel (Figure 2-3). In 1995 (the most recent year for which these data are available) over half (54.2%) of all long-distance intercity bus person-trips and one-third (33.1%) of all long-distance charter or tour bus person-trips were taken by households with annual incomes less than \$25,000 (Bureau of Transportation Statistics 1997). In contrast, only 9.7% of commercial airplane person-trips were taken by households with annual incomes less than \$25,000. Nearly two-thirds (65.5%) of long-distance commercial airplane person-trips were taken by households with annual incomes exceeding \$50,000.

During normal times and times of emergency, the motorcoach industry moves people where they want and need to be. Following 9/11, the industry played a key role in helping people complete journeys that had been interrupted by closure of the air transportation system. In 2005, the industry played a key role in the relocation of people stranded by hurricanes Katrina and Rita. And leading up to and during the Iraq war and throughout the armed conflict and rebuilding effort, motorcoaches were

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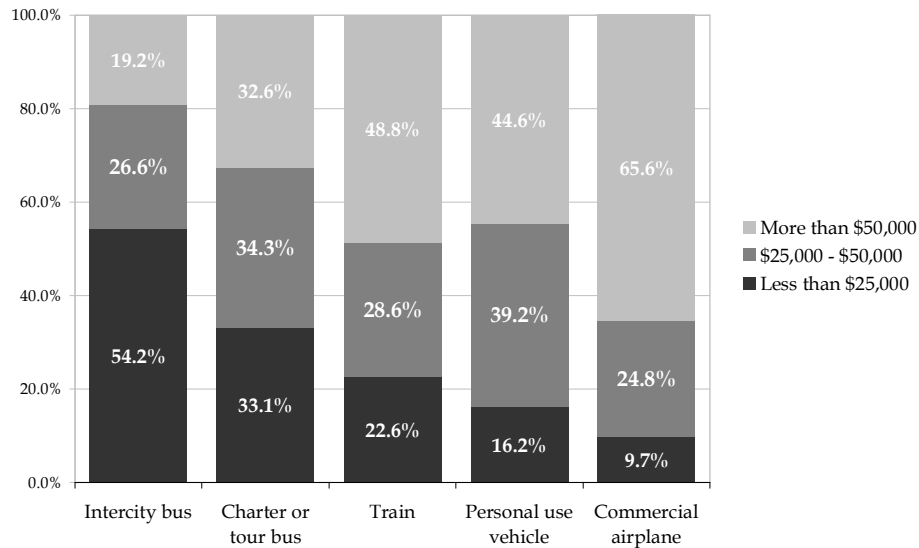
*At a meeting with motorcoach industry officials following 9/11, Governor Tom Ridge, who at the time was head of the White House Office of Homeland Security, characterized the motorcoach industry as "America's strategic transportation reserve."*

*["The American Motorcoach Industry's Anti-Terrorism Action Plan December 2002," American Bus Association, Washington, D.C., 2002, p. 4]*

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**Figure 2-3**

*The Motorcoach Industry Provides Affordable Service to Low-Income Households  
(distribution of long-distance trips by annual household income)*



SOURCE: 1995 American Travel Survey, Bureau of Transportation Statistics, U.S. Department of Transportation, October 1997, Figure 8, p. 8.

used for troop movements supporting the U.S. military. The motorcoach industry binds the nation together, especially during local and national emergencies.



# 3. Creating Jobs and Incomes throughout the Economy

In the 2004 U.S. economy, motorcoach traveler and tourist demand generated total sales of \$44.2 billion, consisting of:

- \$4.9 billion of direct spending by travelers and tourists on motorcoach industry services
- \$20.8 billion of direct spending by motorcoach travelers and tourists on goods and services produced by other industries
- \$2.9 billion of sales in the motorcoach transportation service industry's supply chain
- \$13.5 billion of sales in the supply chain of industries producing goods and services purchased by motorcoach travelers and tourists
- \$0.8 billion of sales by motorcoach manufacturers
- \$1.3 billion of sales in the motorcoach manufacturing industry supply chain.

Motorcoach traveler and tourist demand generated employment for 758,000 people, throughout the U.S. economy, including:

- 60,000 jobs in the motorcoach transportation service industry
- 26,000 jobs in the motorcoach transportation service industry's supply chain
- 496,000 jobs in other industries that are the recipients of direct spending by motorcoach travelers and tourists
- 161,000 jobs in the supply chain of these other industries
- 15,000 jobs in the motorcoach manufacturing industry and its supply chain.

## Impact of Demand for Motorcoach Transportation Services

### SALES

Travel and tourism demand generates direct and indirect effects on the U.S. economy. The direct effect, which consists of spending by travelers and tourists on transportation services, as well as other goods and services, including traveler accommodations, food and beverage services, and entertainment, among others, totaled \$572.1 billion in 2004 (Bureau of Economic Analysis 2006). The indirect effect, which totaled another \$436.6 billion, consists of spending by businesses and households that are the recipients of money spent directly by travelers and tourists. For example, when a traveler purchases the transportation service provided by a motorcoach operator, the operator must purchase fuel, insurance, bus maintenance services, and other goods and services. In addition to operations spending, motorcoach operators must invest in replacement or additional motorcoaches, and, like operations spending, investment spending has a ripple effect on the economy.

Of the \$572.1 billion of direct spending by travelers and tourists in 2004, \$109.9 billion was spent on transportation services, *excluding* transit, taxi, and private automobile transportation services. The remaining \$462.2 billion was spent on other goods and services, primarily food services, drinking places, and traveler accommodations, but also transit, taxi, and private automobile transportation services, among others.

In 2004, total direct spending by travelers and tourists that can be attributed to demand for motorcoach industry services was \$25.7 billion. This total direct effect consisted of \$4.9 billion (4.5% of direct spending on transportation services) spent on intercity bus, intercity charter bus, and scenic and sightseeing bus transportation services (see Figure 3-1) plus \$20.8 billion spent on other goods and services, again primarily food and beverage services, traveler accommodations, and intra-city transportation services.<sup>6</sup>

To provide their goods and services, all industries purchase goods and services from other industries. For example, the motorcoach transportation service industry purchases diesel fuel, insurance, and maintenance and repair services. Hence, the demand for any good or service has an indirect effect on the economy as industries purchase what they need to provide their goods and services from other industries.

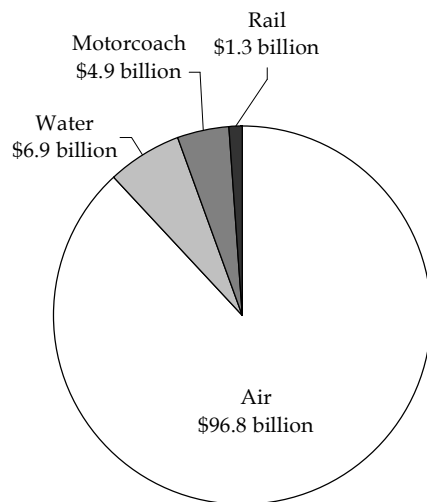
Of the total \$436.6 indirect effect of traveler and tourist demand in 2004, \$16.4 billion can be attributed to the demand for services provided by the motorcoach industry. Of this \$16.4 billion, \$2.9 billion was generated by the \$4.9 billion of direct spending by travelers and tourists on services provided by the motorcoach industry as the industry purchased what it

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<sup>6</sup> The \$20.8 billion direct spending attributed to demand for motorcoach services is calculated using the industry's share of direct spending on transportation services (4.5%) and direct spending by travelers and tourists on non-transportation goods and services (\$462 billion), that is, \$20.8 billion equals 4.5% of \$462 billion, where \$462.2 billion equals \$572.1 billion minus \$109.9 billion.

**Figure 3-1**

*Traveler and Tourist Spending on Intercity Transportation Services by Mode, 2004*




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*Between 2003 and 2004, direct spending by travelers and tourists on motorcoach industry services increased 5.5%.*

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SOURCE: "U.S. Travel and Tourism Satellite Accounts for 2002-2005," *Survey of Current Business*, Bureau of Economic Analysis, U.S. Department of Commerce, June 2006, pp. 14-30.

required to provide its services. The remaining \$13.5 billion was generated by the \$20.8 billion of direct spending by motorcoach industry travelers and tourists on goods and services of other industries.

## EMPLOYMENT

In 2004, total direct and indirect spending by motorcoach industry travelers and tourists generated jobs for 743,000 people.<sup>7</sup> Employment stimulated by traveler and tourist direct spending on motorcoach industry services generated 86,000 jobs, 60,000 of which were in the industry itself with the remaining 26,000 in the industry's supply chain. Employment stimulated by motorcoach traveler and tourist direct spending on goods and services of other industries generated 657,000 jobs, 496,000 of which were in the industries producing the goods and services that travelers and tourists purchased. The remaining 161,000 jobs were in the industries' supply chains.

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<sup>7</sup> Estimated by Nathan Associates. See Bureau of Economic Analysis 2006.

## Impact of Demand for Motorcoaches

In addition, the demand for motorcoach transportation service stimulates investment in new motorcoaches. From 1994 through 2004, the average annual number of new buses put into service by Greyhound alone was 186, approximately 6.6% of its beginning-of-the-year fleet size.<sup>8</sup> From confidential information provided by motorcoach manufacturers, the average number of new highway motorcoaches manufactured each year since 1993 was 2,150. In 2005 the number was slightly less than the average, with 2,058 new motorcoaches manufactured (Bus & Motorcoach News, February 2006). At an average purchase price of \$385,000,<sup>9</sup> total annual industry investment in new motorcoaches is \$792 million.

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### **Impacts of Motorcoach Industry Investment Spending**

*Every \$1 of investment spending on new motorcoaches generates an additional \$1.65 of spending throughout the economy.*

*Every \$1 million of investment spending by the motorcoach industry supports 19.1 jobs throughout the economy.*

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Investment spending on new motorcoaches has a direct impact on motorcoach manufacturers and an indirect impact on other industries as motorcoach manufacturers purchases the materials and services they use in their manufacturing processes. A \$792 million annual investment in new motorcoaches generates an additional \$1,307 million of output in these other industries, for a total impact on output of goods and services in the U.S. economy of \$2.1 billion.<sup>10</sup> The direct investment of \$792 million supports over 15,000 jobs in the motorcoach manufacturing industry and its suppliers.

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<sup>8</sup> Fleet size and new bus acquisitions were collected from Greyhound Lines, Inc. 10-K reports.

<sup>9</sup> According to the American Bus Association and Motor Coach Industries, Inc., the average price of a newly manufactured motorcoach is approximately \$385,000.

<sup>10</sup> Calculated using final-demand multipliers for the motor vehicle and equipment manufacturing industry. There is approximately \$2.65 of total output generated per \$1 change in output delivered to final demand by the motor vehicle and equipment manufacturing industry. There are approximately 19.1 jobs created per \$1 million of output delivered to final demand by the industry.

## 4. Injecting Consumer Spending into Local Economies

In the U.S. economy in 2004, goods and services sold to tourists and travelers, excluding intercity transportation service, totaled \$462 billion, four times the amount spent on purchased intercity transportation service. Industries that benefit most from traveler and tourist spending include providers of food and drink, traveler accommodations, retail trade (shopping), and recreation and entertainment (Table 4-1).

Several studies have examined the impact of consumer spending injected into local economies by the motorcoach industry. For example,

- ***In Boston, Massachusetts*** in 2000, visitors to the city who had traveled on motorcoaches operated by Greyhound Lines, Inc., Peter Pan Lines, Inc., or Vermont Transit Company Inc. injected \$140 million of direct and indirect consumer spending into the economy (Nathan Associates Inc. 2001). The spending supported 1,403 full-time –equivalent jobs, generated \$21.6 million in household earnings, and added \$8.1 million in sales tax revenues (Table 4-2).
- ***In New York City***, more than 1 million visitors who had traveled on Greyhound motorcoaches injected nearly \$800 million of direct and indirect consumer spending into the economy (Nathan Associates Inc. 2004). The spending supported 7,200 full-time-equivalent jobs, generated household earnings of \$193 million, and added \$50 million in sales tax revenues to the local economy (Table 4-3).
- Neirotti (2002) has analyzed and estimated the economic impacts of bus tours on the economies of New York City, Washington, D.C., and Lancaster, Pennsylvania. In 2001, the average amount spent per bus on accommodations, meals, attractions, fuel, and additional fees was \$7,107 in New York City, \$4,780 in Washington, and \$4,302 in Lancaster. Spending per bus varied from \$2,536 to \$16,080 depending on tour destination and length (Table 4-4). At these destinations, bus tour groups generated 18% to 40% of the business of local restaurants, retail establishments, hotels, and attractions (*Ibid.*).

**Table 4-1***Travel-Related Expenditures in the United States by Residents and Non-Residents*

<b>Tourism Goods and Services</b>	<b>2004 (\$million)</b>	<b>Share</b>
Food and drink	103,055	22.3%
Traveler accommodations	94,615	20.5%
Shopping	91,598	19.8%
Recreation and entertainment	76,633	16.6%
Travel arrangement and reservations	34,921	7.6%
Automobile and other vehicle rental and leasing	22,080	4.8%
Gasoline	19,842	4.3%
Automotive repair	10,432	2.3%
Taxi	3,383	0.7%
Urban transit	3,024	0.7%
Parking lots and garages	1,889	0.4%
Highway tolls	671	0.1%
Subtotal	462,143	100.0%
Air, rail, water, and motorcoach industry transportation	109,934	na
Total	572,077	na

Note: na means not applicable.

SOURCE: "U.S. Travel and Tourism Satellite Accounts for 2002-2005," *Survey of Current Business*, Bureau of Economic Analysis, U.S. Department of Commerce, June 2006.

**Table 4-2***Economic Impacts of Boston Visitors Traveling by Greyhound, Peter Pan, and Vermont Transit Company, 2000*

<b>Item (\$million, except as noted)</b>	<b>2000</b>
Visitors traveling by Greyhound, Peter Pan, or Vermont Transit Company (thousand)	459.5
Direct spending	
Lodging	39.6
Restaurant	36.9
Shopping	31.0
Entertainment	15.3
Transportation, intra-city	9.0
Total	131.8
Indirect spending	18.0
Total spending	149.8
Full-time-equivalent jobs	1,403
Household earnings	21.6
Sales tax revenue	8.1

SOURCE: "Economic Impacts of Greyhound, Peter Pan, and Vermont Transit Passengers Visiting Boston," Nathan Associates Inc., Arlington, VA, 2001.

**Table 4-3***Economic Impacts of New York City Visitors Traveling by Greyhound, 2003*

<b>Item (\$million, except as noted)</b>	<b>2003</b>
Visitors traveling by Greyhound (million)	1.0
Direct spending	
Shopping	188.5
Lodging	145.7
Restaurant	144.6
Entertainment	88.0
Transportation, intra-city	39.7
Total	606.5
Indirect spending	192.2
Total spending	798.7
Full-time-equivalent jobs	7,199
Household earnings	192.9
Sales tax revenue	49.6

SOURCE: "Economic Impacts of Greyhound Bus Passengers Visiting New York City," Nathan Associates Inc., Arlington, VA, 2004.

**Table 4-4***Economic Impact of Bus Tours by Destination Type and Tour Length in 2001*

<b>Destination Type</b>	<b>Impact per Bus (\$)</b>		
	<b>Day Tours</b>	<b>One-Night Tours</b>	<b>Two-Night Tours</b>
Historical or cultural such as Washington, D.C.	2,536	7,685	12,199
Rural ethnic such as Lancaster, Pennsylvania	2,415	5,094	9,021
Major cosmopolitan such as New York City	4,563	11,264	16,080

SOURCE: "Bus Tours and Bus Passengers: Impact on Local Economies," Lisa Delpy Neirotti, Ph.D., School of Business and Public Administration, The George Washington University, Washington, February 2002.

- *In Cleveland, Ohio* more than 4,600 motorcoaches transported 233,000 visitors to the city in 2005. Visitors injected \$41.4 million of direct and indirect consumer spending into the economy (GuerrillaEconomics LLC. 2006). The spending supported 1,182 jobs and generated \$.9 million in sales tax revenues (Table 4-5).

**Table 4-5**

*Economic Impact of Cleveland, Ohio Visitors Traveling by Motorcoach in 2005*

<b>Item (\$million, except as noted)</b>	<b>2005</b>
Visitors traveling by motorcoach (thousand)	233
Direct spending	
Lodging	1.3
Restaurant	8.9
Shopping	7.1
Entertainment	6.5
Services	0.3
Transportation, intra-city	0.5
Total	24.7
Indirect spending	16.7
Total spending	41.4
Full-time-equivalent jobs	1,182
Sales tax revenue	0.9

*SOURCE:* "Economic Impact of Motorcoach Tourism in Greater Cleveland Ohio," GuerrillaEconomics, LLC., New York City, NY, 2006.

Consumer spending injected into local economies by the motorcoach transportation service industry is a significant stimulus to local economic activity, business development, and growth.

## 5. Providing the Safest, Most Fuel Efficient, and Least Energy Intensive Service

The safety, fuel efficiency, and energy intensity of motorcoaches combine to make the motorcoach industry the most cost effective provider of transportation service.

### Safe

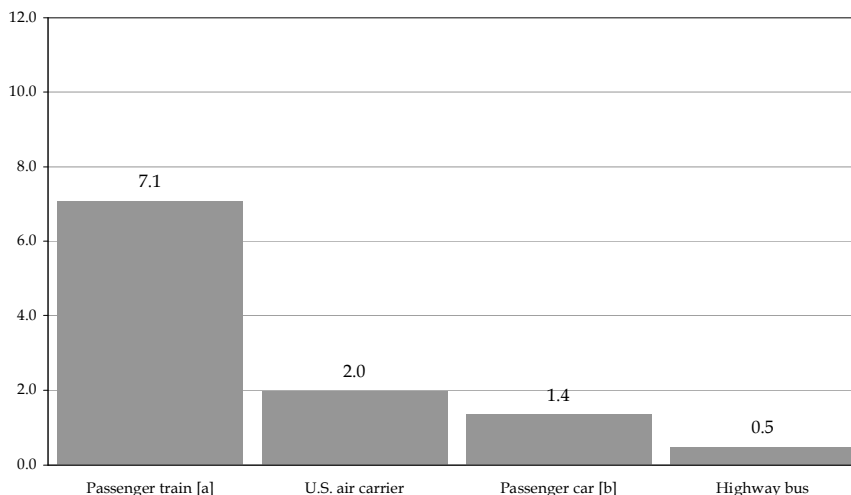
Over the most recent 10-year period for which data are available, traveling by motorcoach has been the safest mode of intercity travel (see Figure 5-1). From 1994 through 2003, the fatality rate of highway buses was only 0.5 per 100 million highway bus miles. The passenger car fatality rate was almost three times higher – 1.4 fatalities per 100 million passenger car miles. U.S. air carrier and passenger train fatality rates were even higher.

Among all types of buses, motorcoaches are safest. From 1995 through 1999, 297 buses (schools buses, transit buses, and motorcoach buses) were involved in fatal accidents each year (Campbell and Putchá 2001). Of this total, only 11% or 33 motorcoaches were involved.

Of the 340 people killed in all bus accidents each year from 1995 through 1999, only 13.4% were the result of motorcoach accidents (*Ibid.*). Fatalities from transit bus and school bus accidents were almost three times as high. Moreover, of the average annual motorcoach fatalities (46), less than one-fourth (11) were fatalities of passengers who were on the bus at the time of the accident.

**Figure 5-1**

*Motorcoaches Are the Safest Mode (fatality rates per 100 million vehicle miles from 1994-2003)*



[a] 1994 - 2003 for train.

[b] 1994 - 2003 for car.

SOURCE: Bureau of Transportation Statistics (BTS) at <http://www.transstats.bts.gov>. See BTS Table 1-32 for highway bus miles, Table 2-1 for highway bus occupant fatalities, Table 2-2 for high bus occupant injuries, Table 2-9 for U.S. air carrier fatalities and injuries, Table 2-21 for passenger car occupant fatalities and injuries, and Table 2-38 for railroad passenger fatalities and injuries.

## Fuel Efficiency and Energy Intensity

The motorcoach industry provides the most fuel efficient passenger transportation service (see Figure 5-2). In 2004, the industry provided 148 passenger miles per gallon of fuel. The next most fuel efficient mode (the intercity train) provided only half as many passenger miles per gallon of fuel (distillate and diesel fuels only). Motorcoaches are more than four times as fuel efficient as private automobiles.

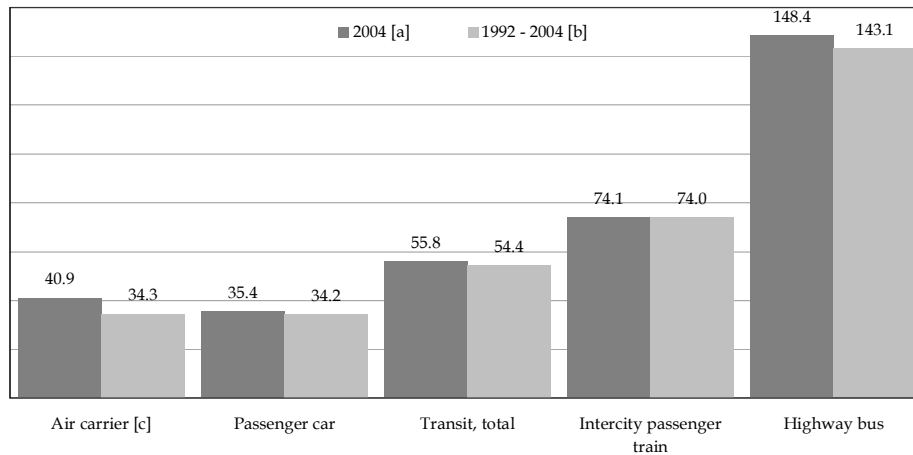
The motorcoach industry is becoming even more fuel efficient. In 2004, the industry's consumption of fuel per passenger mile was 5.3% lower than the average from 1992 through 2004. Only air carriers achieved a better reduction (6.6%) in fuel consumed per passenger miles. Yet the air carrier industry consumed more than three times as much fuel per passenger mile as did the motorcoach industry in 2004.

In addition, the energy intensity of motor coach industry passenger transportation service is lowest among all modes of passenger transportation. In 2004, the motorcoach industry consumed only 938 Btu per passenger mile (see Figure 5-3).<sup>11</sup> The energy intensity of all other passenger transportation industries was higher than 2,100 Btu per passenger mile.

<sup>11</sup> A Btu is the quantity of heat required to raise the temperature of one pound of water from 60°F to 61°F at a constant pressure of one atmosphere. Btu varies by energy source. The BTS uses the following conversion rates: 135,000 Btu per gallon of jet fuel; 125,000 Btu per gallon of automotive gasoline; 138,700 Btu per gallon

**Figure 5-2**

*Motorcoach Industry Is Most Fuel Efficient (passenger miles per gallon of fuel)*



[a] 2003 for transit and 2001 for train.

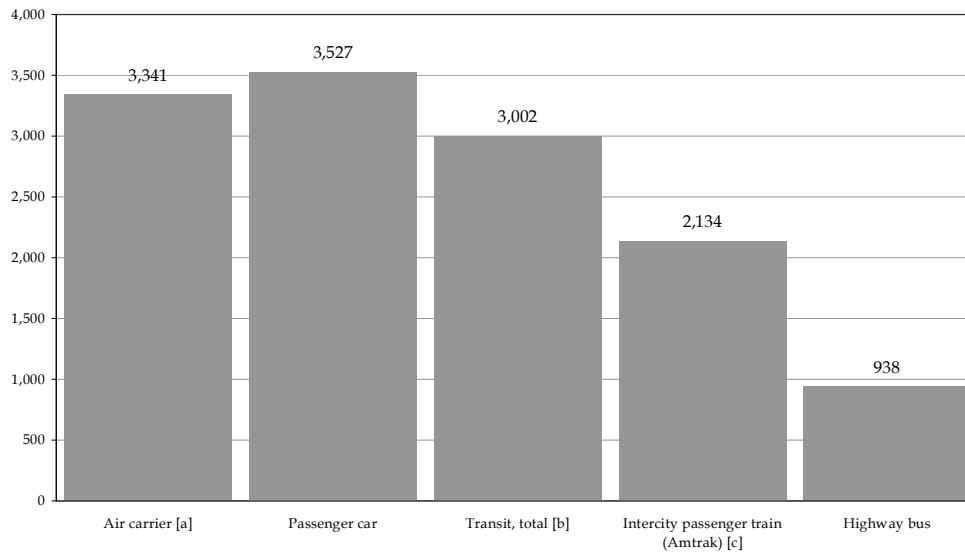
[b] 1992 - 2003 for transit and 1992 - 2001 for train.

[c] Air carriers, certificated, domestic, all services.

SOURCE: Nathan Associates Inc. from data reported by the Bureau of Transportation Statistics (BTS) at <http://www.transtats.bts.gov>. See the BTS air carrier profile for air carrier passenger miles, Table 4-5 for air carrier fuel consumption, the automobile profile and Table 1-37 for passenger car passenger miles, Table 4-11 for passenger car fuel consumption, Table 1-37 for transit passenger miles, Table 4-5 for transit motor fuel consumption, Table 1-37 for intercity/Amtrak passenger miles, Table 4-5 for distillate/diesel fuel consumption, the bus profile and Table 1-37 for bus passenger miles, and Table 4-5 for highway bus fuel consumption.

**Figure 5-3**

*Motorcoach Industry Is Least Energy Intensive (Btus per passenger mile in 2004)*



[a] Air carriers, certificated, domestic, all services.

[b] Transit data for 2003.

[c] Intercity passenger train (Amtrak) data for 2003.

SOURCE: Nathan Associates Inc. from data reported by the Bureau of Transportation Statistics (BTS) at <http://www.transtats.bts.gov>. See BTS Table 4-20 for energy intensity of air carriers, passenger cars, and Amtrak; BTS Table 4-6 for energy consumption of highway buses and transit.

of diesel motor fuel, 3,412 Btu per kilowatt hour of electricity, excluding electrical system losses, and 1,031 Btu per cubic foot of natural gas.



## 6. Partnering for Greater Efficiency

The key to greater efficiency in the U.S. transportation system is intermodalism. In 2002, Craig Lentzsch, past President and Chief Executive Officer of Greyhound Lines, Inc. gave an example of how the transportation system could be improved with better intermodal connections:

“A perfect example exists right here in Washington, D.C. Washington’s bus terminal is located three long blocks from Union Station, where Amtrak and Metro rail service are located. This is a formidable barrier to someone with luggage wanting to connect their Capital Trailways, Peter Pan, or Greyhound bus trip with Amtrak or Metro service. Despite this barrier, roughly 55% of Greyhound’s current customers use Metro. Just think how much more attractive Washington’s public transportation would be if intercity bus, intercity rail, and transit services were located in the same building.” [Craig Lentzsch, past President and Chief Executive Officer of Greyhound Lines, Inc. in testimony given before the Highways and Transit Subcommittee of the House Transportation and Infrastructure Committee of the U.S. House of Representatives on June 18, 2002]

Since industry deregulation in 1981, motorcoach operators have worked to improve intermodal connections in the U.S. transportation system through creatively partnering with providers of other modes of commercial transportation services and public entities, including rural transit providers.

- When American and United Airlines cut service to Rockford, Illinois, Van Galder Bus and Rockford Peoria Lines were contracted to transport passengers between Rockford and O’Hare International Airports. Van Galder Bus has transported passengers onto the tarmac of O’Hare International where American Eagle flights await. Rockford Peoria Lines has made dozens of daily runs linking Rockford and O’Hare International Airports. Dozens of other motorcoach operators provide connecting services to airports, including the C & J Trailways service between New Hampshire and Boston’s Logan International airport and the CoachUSA service between Bakersfield and Los Angeles International Airport.
- Escot Bus Lines has run more than 30 buses weekly to and from Miami’s airport and cruise ship ports. The intermodal service provided by motorcoaches helps cruise ship passengers make reliable, orderly, and affordable connections between ship and plane.

- Motorcoach operators have promoted the creation of public-private partnerships for the development and operation of intermodal facilities linking private automobiles and express motorcoaches to improve transportation service between metropolitan and outlying areas. Two very successful projects are found in New Hampshire. The State Department of Transportation funded development of two intermodal facilities, one in Concord and the other in Portsmouth. The State invested only \$11 million in the facilities and commuter motorcoaches. The motorcoach industry operates the facilities with no subsidy from federal or state governments. Operations are fully funded from ticket fares. This year, more than 800,000 people traveled by scheduled bus service through these facilities. Other intermodal facilities that include local and intercity rail and bus services are found in Oceanside, Oxnard, and San Francisco, California and elsewhere throughout America.
- Motorcoach operators are partnering with public sector rural transit providers to serve remote locations with seamless through ticketing arrangements. In Ft. Dodge, Iowa, Jefferson Lines is partnering with the city. The city acts as a Jefferson agent and an interline feeder service by providing a small bus that meets the Jefferson schedule on Interstate 35. The rural communities surrounding Ft. Dodge now have direct connected access to the entire North American intercity bus network. The city of Minneapolis used federal grants and parking revenues to build an attractive central transportation hub – the Hawthorne facility – for transit, charter and tour operators, as well as Greyhound and Jefferson Lines. The facility provides a skyway connection to downtown theater, shopping, and sports complexes for people throughout a five state region including Minnesota, Iowa, South Dakota, North Dakota, and Wisconsin.

Motorcoach operators also enter into partnerships with each other to improve the efficiency of the industry. Regular scheduled service providers enter into pooling or interline arrangements. Pooling reduces expenses through consolidation of terminal facilities and elimination of redundant scheduled services. Pooling also generates incremental revenue from bus scheduling improvements.

Motorcoach operators who also provide freight transportation service ally themselves with package pickup and delivery carriers. Greyhound, for example, relies on such alliances to provide same-day intercity package express service at distances of up to 400 miles at substantially lower prices than those charged by other delivery services (Greyhound 2002).

The motorcoach industry has long recognized what most people implicitly understand: traveling from one location to another is a multimodal experience. We envision a seamless and continuous trip when planning to travel. Too often, however, transportation system planners have overlooked the multimodal dimension of travel. As a result, facilities are not conveniently connected and a trip that could be seamless and continuous is not. An important element of the success of the motorcoach industry since its deregulation has been its continuing focus on helping to make the travel experience seamless and continuous.

# 7. Adding Value with Virtually No Federal Subsidy

The motorcoach industry has survived and, indeed, grown and prospered, in a highly competitive market with relatively little support from the federal government. Unlike its competitors, the motorcoach industry has received virtually no federal subsidy after accounting for its federal cost responsibility and the user fee payments to the federal government by the industry and its passengers.

## A Brief History

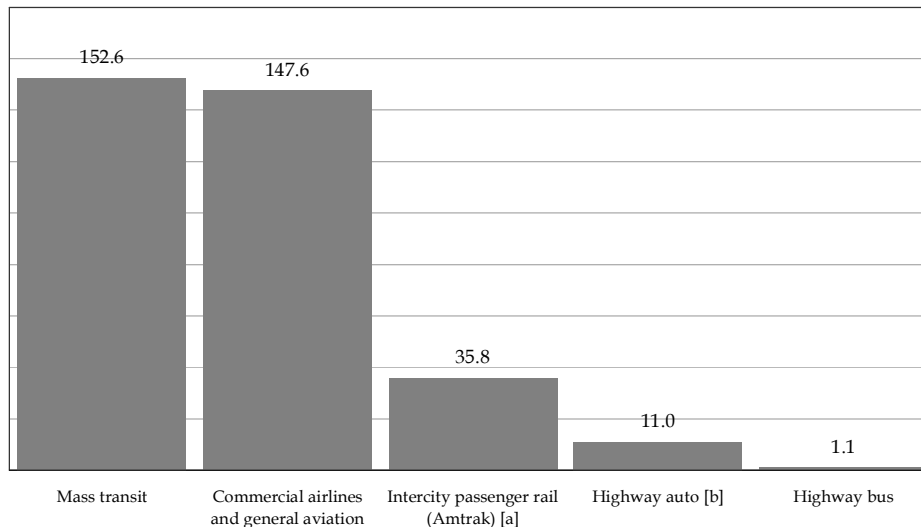
Development of the current U.S. transportation system effectively began in the late 1950s following passage of the Federal-Aid Highway Act of 1956 and the Federal Aviation Act of 1958. It continued during the 1960s and 1970s with passage of the Urban Mass Transportation Act of 1964 and the creation of the National Railroad Passenger Corporation (Amtrak) in 1971.

Although user fees such as the motor fuels tax and the airline passenger ticket tax have paid for a significant portion of the transportation system, its development has been due largely to Federal subsidies – financial assistance from the federal government that has not been reimbursed by user fees. Early examples of subsidy include Federal land grants which facilitated the development of the transcontinental railway system and U.S. Postal Service airmail contracts which facilitated the development of commercial airlines.

Since 1960 all systems of passenger transportation have received some subsidy (Nathan Associates 1989). However, federal subsidies have not been distributed evenly among systems and modes (see Figure 7-1).

**Figure 7-1**

Federal Subsidy from 1960 through 2001 (2001\$ billion)



[a] Amtrak was created in 1970.

[b] Includes motorcycles, pickups, and vans beginning in 1977; SUVs beginning in 2000.

SOURCE: "Net Federal Subsidies to Passenger Transportation Systems and Modes," 1960-2001, Nathan Associates Inc., Washington, April 2003.

When accounting for mode-specific cost responsibilities to allocate federal outlays to passenger systems and modes, and for user fees collected by the federal government from each mode and its users, the motorcoach industry's federal subsidy from 1960 through 2001 has been virtually zero. On a per passenger mile basis, the motorcoach industry subsidy over 42 years was 0.1¢ (see Figure 7-2). Other modes received at least 14 times more in subsidy per passenger mile.

## Growing Recognition of Subsidy Disparities

Recently the Bureau of Transportation Statistics released its own analysis of federal subsidies to passenger transportation (Bureau of Transportation Statistics 2004). The BTS analyzed subsidies from 1990 through 2002 and found that:

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*"...intercity buses paid more than their allocated cost to the federal government." [BTS 2004]*

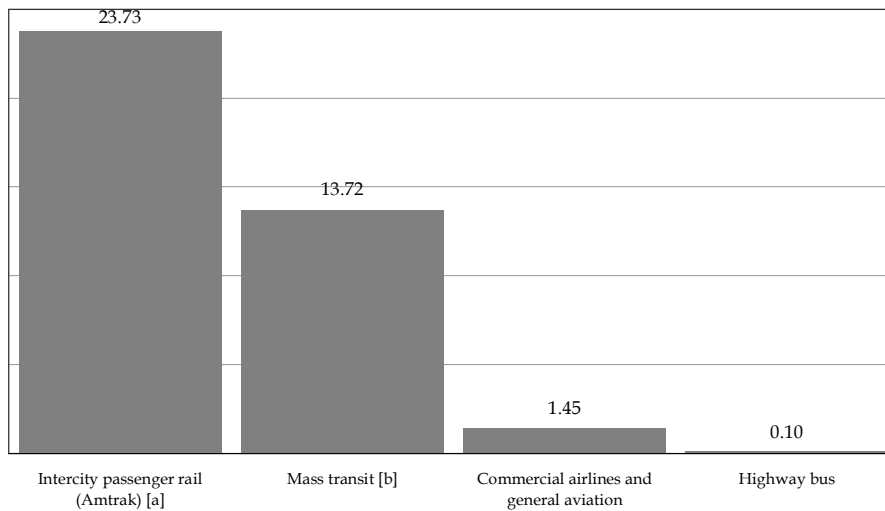
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- Although the cumulative net federal subsidy to highway passenger transportation was negative (indicating excess user charge payments) during the period, not all users of the highway passenger transportation system benefited. Autos, motorcycles, pickups and vans, and intercity buses paid more than their cost responsibility to the federal government. Only school and transit buses benefited from federal subsidy.

- On average, passenger rail service received the largest subsidy during the period, followed by transit and air transportation.

### Figure 7-2

Federal Subsidy per Passenger Mile from 1960 through 2001 (2001¢)



[a] 1971-2001.

[b] 1978-2000.

SOURCE: "Net Federal Subsidies to Passenger Transportation Systems and Modes," 1960-2001, Nathan Associates Inc., Washington, April 2003.

From a taxpayer's perspective, the motorcoach industry's numerous impacts on the economy and society are high-value, low-cost contributions. Unlike other transportation industries, only those who use the service pay for its cost.

In summary, the motorcoach transportation service industry:

- Binds the nation together,
- Creates jobs and incomes throughout the economy,
- Injects consumer spending into local economies, thereby stimulating business growth and development,
- Provides the safest and most fuel and energy efficient service,
- Partners with private and public sector entities to increase the overall efficiency of the transportation system, and
- Contributes without federal subsidy.



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