

MEMORANDUM

TO: Peter Pantuso
FROM: John Dunham
DATE: April 15, 2020
RE: Impact of COVID-19 on the Motorcoach Industry

The motorcoach industry is not only an important part of the nation's transportation network, it is also an important part of the economy, providing over 88,830 good-paying full-time equivalent jobs. In 2018, the industry generated almost \$15.35 billion in revenue.¹

Current Motorcoach Sector Economic Impact: United States (2018)

	Total	Charter	Commuter	Scheduled	Shuttle
Jobs	88,834	48,059	8,972	28,693	3,109
Wages	\$ 6,227,141,682	\$ 3,368,883,650	\$ 628,941,310	\$ 2,011,366,763	\$ 217,949,959
Output	\$ 15,345,224,481	\$ 8,301,766,444	\$ 1,549,867,673	\$ 4,956,507,507	\$ 537,082,857
Percent of Jobs	100.0%	100.0%	100.0%	100.0%	100.0%

This important industry is being decimated by the fallout from the COVID-19 pandemic. Based on reports from motorcoach companies, between 80 and 95 percent of motorcoach trips have been cancelled or are simply not being booked due to the pandemic. Some of the worst losses have been seen in the charter business, which depends on tours and conferences, where bookings are almost non-existent even though this is usually the busiest time of year. Even more impacted is shuttle and other services like school field trips, marching bands, and sports teams, that is down by about 95 percent. Scheduled and commuter services are estimated to be down by between 80 and 90 percent.

Based on these figures, were the pandemic to continue over the course of the year, losses to the industry would be staggering, with as many as 82,040 or 92.4 percent of the jobs in the industry lost. Overall, the industry would produce \$14.2 billion less in sales,² and the charter and special services businesses would be devastated.³

Immediate Motorcoach Sector Losses From COVID-19 Shutdown: United States

	Total	Charter	Commuter	Scheduled	Shuttle
Jobs	(82,043)	(48,059)	(8,075)	(22,955)	(2,954)
Wages	\$ (5,751,076,700)	\$ (3,368,883,650)	\$ (566,047,179)	\$ (1,609,093,411)	\$ (207,052,461)
Output	\$ (14,172,082,069)	\$ (8,301,766,444)	\$ (1,394,880,905)	\$ (3,965,206,006)	\$ (510,228,714)
Percent of Jobs	-92.4%	-100.0%	-90.0%	-80.0%	-95.0%

Even if, as anticipated, the pandemic runs its course by the end of May, and operations return pre-COVID-19 levels, there would still be a loss to the industry of \$4.7 billion, and an annualized 27,350 jobs would be lost in 2020.

Annualized Motorcoach Sector Losses From COVID-19 Shutdown: United States
(If Shut Down Lasted 120 Days then Fully Recovers)

	Total	Charter	Commuter	Scheduled	Shuttle
Jobs	(27,348)	(16,020)	(2,692)	(7,652)	(985)
Wages	\$ (1,917,025,567)	\$ (1,122,961,217)	\$ (188,682,393)	\$ (536,364,470)	\$ (69,017,487)
Output	\$ (4,724,027,356)	\$ (2,767,255,481)	\$ (464,960,302)	\$ (1,321,735,335)	\$ (170,076,238)
Percent of Jobs	-30.8%	-33.3%	-30.0%	-26.7%	-31.7%

¹ *Motorcoach Tourism Economic Impact Analysis*, prepared by John Dunham & Associates for the American Bus Association Foundation, 2018. Available at: <https://www.buses.org/aba-foundation/research-summary/economic-impact/motorcoach-economic-impact-study>. As measured by economic output which represents the value of industry production for the model year calculated in terms of producer prices. These numbers differ from those on the website in that they represent only motorcoach operating companies.

² As measured by output.

³ Based on the above assumptions and an econometric model of the motorcoach industry prepared by John Dunham & Associates for the American Bus Association Foundation, 2020. Special services are included in the Shuttle numbers in the tables. Industry splits based on both the *Motorcoach Tourism Economic Impact Analysis*, prepared by John Dunham & Associates for the American Bus Association Foundation, 2018. Available at: <https://www.buses.org/aba-foundation/research-summary/economic-impact/motorcoach-economic-impact-study>, and *Motorcoach Census: A Study of the Size and Activity of the Motorcoach Industry in the United States and Canada in 2017*, prepared by John Dunham & Associates for the American Bus Association Foundation, 2019.

Annualized Motorcoach Sector Losses From COVID-19 Shutdown: United States
(Most Likely Scenario)

	Total	Charter	Commuter	Scheduled	Shuttle
Jobs	(64,023)	(37,646)	(5,753)	(18,555)	(2,068)
Wages	\$ (4,487,888,037)	\$ (2,638,958,859)	\$ (403,308,615)	\$ (1,300,683,840)	\$ (144,936,723)
Output	\$ (11,059,271,314)	\$ (6,503,050,381)	\$ (993,852,645)	\$ (3,205,208,188)	\$ (357,160,100)
Percent of Jobs	-72.1%	-78.3%	-64.1%	-64.7%	-66.5%

However, if the pandemic continues beyond May, or if business does not immediately return to normal, then the impact would be much more significant. Assuming that current industry assessments are valid, about two-thirds of motorcoach industry activity will be lost in 2020 because of the mandatory shutdowns.⁴ Over 64,000 motorcoach jobs will be lost (on an annualized basis) and the industry would lose nearly \$11.1 billion in sales.

Economic Impact of the Motorcoach Travel and Tourism Industry in the United States

(2018)				
Current	Direct	Supplier	Induced	Total
Jobs	1,218,930	304,380	464,800	1,988,110
Wages	\$ 43,609,507,500	\$ 17,727,951,800	\$ 25,086,155,700	\$ 86,423,615,000
Economic Output	\$ 101,681,952,900	\$ 54,021,327,700	\$ 81,197,142,500	\$ 236,900,423,100

Bus operators make up just one part of the overall motorcoach travel and tourism industry in the United States. In fact, nearly 2.0 million full-time equivalent jobs depend on the passengers carried by motorcoach operators on tours, charters, and scheduled and commuter routes. This includes 469,650 full-time equivalent jobs in restaurants and taverns, 229,970 jobs in hotels and other lodging establishments, and 327,750 jobs in entertainment venues including sports stadiums, parks, theaters and zoos. Overall, the motorcoach travel and tourism industry generates \$86.4 billion in wages and benefits for these workers, and over \$236.9 billion in economic activity all across the country.

⁴ Based on the following assumptions: Commuter traffic will recover to 60 percent of the pre-COVID-19 market by the end of the year, while scheduled service will recover more slowly to about half of pre-shutdown levels by the end of the year. Shuttle and special services will recover more quickly but will still be at just 70 percent of normal levels by December, and Charter and Tour services are going to be affected losing close to 60 percent of all business this year. Charter will be the slowest to recover, the fall season is senior travel season and there is a significant amount of charters for school sports, field trips, etc. It is not possible to know exactly when seniors will begin traveling again. In addition, it is likely that all leisure travel will be down as people lost significant wages or value in retirement accounts. This analysis assumes a recovery rate such that tourism travel will experience a 90 percent recovery by the end of 2021.