

**THE AMERICAN BUS ASSOCIATION'S RESPONSES TO QUESTIONS FROM
THE U.S. SENATE COMMITTEE ON COMMERCE, SCIENCE, &
TRANSPORTATION**

1. What impacts have you seen from COVID-19 on passenger transportation operations and how have you responded to these impacts?

The COVID-19 crisis has decimated the U.S. motorcoach industry. The COVID-19 outbreak coupled with government directives have brought this passenger carrying industry to a standstill. The U.S. motorcoach industry provides transportation to the public and, as well publicized, ridership for public transportation providers evaporated in March due to the spread of the COVID-19 outbreak coupled with government directives to shelter in place.

Normally, the motorcoach industry is a \$15 billion industry (not including the tourism impact), that provides nearly 600 million passenger trips annually. It is a diverse industry in terms of service, providing intercity scheduled service, commuter service, charter/tour, shuttle, contracted service to public transit entities, and emergency response and defense operations. The industry supports over 3,000 motorcoach operators, employing a direct workforce of nearly 100,000 employees, operating a fleet of around 36,000 vehicles.

However, by the end of March – mid April, due to the COVID-19 crisis, operations stood as follows:

- Scheduled service operations (approx. 100 companies/~30K employees) – at max, operating at 15% capacity, with few riders and feeder systems shutdown.
- Commuter service (approx. 300 companies/~9,000 employees) – operating at 5-10% capacity, with few riders.
- Charter – 99.9% shutdown (only a few military movements, and 1-off services for government entities).

Many motorcoach operations rely on the spring season for 50-60% of their annual revenue, but in 2020 this income was entirely lost. Further, in terms of recovery, as economies begin to reopen and businesses start to restore or resume normal operations, the motorcoach industry will lag behind for an extended period of time. Continuing concerns about the virus and travel by mass transit, directives from the Center for Disease Control calling for on-going social distancing requirements, and restrictions and cancellation of school field trips and extracurricular activities, coupled with increased costs for sanitizing and ensuring the health safety of vehicles, will interfere with any effort by the motorcoach industry to recover. At this point, the industry outlook for recovery is, at best, about 24-months or longer. Also, unlike its counterparts in the air, rail and public transit arena, the motorcoach industry has received little to no financial assistance to support it through the pandemic crisis.

In response to this unprecedented economic downturn, ABA has tried to work with Congress to seek specific and direct economic relief for the industry, in the form of grants (\$10B) and loans (\$5B). ABA has worked with the Federal Motor Carrier Safety Administration to provide relief to motorcoach operators in terms of complying with costly regulatory burdens that became

superfluous with the stoppage of motorcoach operations. ABA also worked with the Department of Homeland Security to ensure a designation of “essential service provider” to ensure those operators engaged in moving necessary medical personnel and/or supplies could continue operations in the wake of state government directives. ABA has also supported the industry by providing information and resources to assist motorcoach operators in understanding what federal resources are available, albeit minimal, to withstand the economic fallout from the crisis and survive. ABA has also convened a safety taskforce to assist operators in preparing to resume operations.

Additionally, attached is an industry economic impact statement developed by John Dunham and Associates.

2. What are your expectations for continued impacts on the passenger transportation system in the near future and its response to a reopening of the economy? What impacts do you anticipate for the passenger transportation system in the long term?

As referenced above, the recovery outlook for the motorcoach industry is bleak. While other businesses have sustained some level of operations through April into June, most of the motorcoach industry and its fleets has sat idled, with workers laid-off or furloughed. Further, based on continued concerns over the spread of the virus, especially with regard to travel aboard mass transit vehicles, along with government directives staging re-opening of economies and CDC guidance advising tight restrictions on school related activities, the industry does not expect see any signs of recovery for 24-months or longer.

In the short term, there will be no return to normalcy for the motorcoach industry. Most trips on motorcoaches, especially groups and tours, as well as educational trips, are planned months if not years in advance. When states and localities issued stay-in-place orders and businesses closed or implemented teleworking procedures, the entire motorcoach industry came to a standstill. Even with businesses restarting operations and employees returning to work, commuter bus operations remain stagnant with a few companies running vehicles into urban centers at a fraction of their normal capacity. While other commuter operators are indicating that they may not restart operations until August, hoping for more demand to justify putting equipment on the road. In the long term, commuter operators, at this point, do not see a return to 2019 levels for at least 3 years, if ever.

For scheduled service or point-to-point providers, some carriers did continue some level of operations over the previous 3 months but at 10-15 percent capacity. Other providers closed operations during this period and are just now starting to operate some limited services between Washington, D.C., New York City, Boston other cities in the Northeast corridor. However, these are limited services that carriers are attempting to operate in a manner consistent with CDC guidance by limiting rider capacity to approximately 25% - which clearly does not cover the costs of operating the service. For rural operations, service providers have only maintained operations on existing federally/state subsidized routes, limiting connection opportunities for many communities to the national intercity bus network and hampering the ability of these communities to participate in any recovery efforts. Over the long term, similar to commuter operations, we do not see a return to 2019 levels for a minimum of 24-months or longer.

The charter portion of the industry remains almost completely shut down with the exception of “one-off” trips, primarily for emergency or government funded services, such as military movements, state/local government contract movements or evacuations. For these operations, aside from emergency services such as providing transportation to cruise-ship passengers disembarking from COVID-19 effected ships, these operators have contracts for services in place. While for the mainstay of the charter industry, this is not the case. Instead, charter services are largely booked or scheduled by trip and several months, if not a year or two, in advance. These are the operators most at risk. When the COVID-19 outbreak spread into the U.S. in early March, all charter trips scheduled for March, April, May and early June were immediately cancelled. These trips tended to be primarily tied to education programs sponsored by schools. As most companies in the charter industry depend on generating 50-60% of their revenue during this time period, the loss of the 2020 season is devastating. Further, as the economic downturn continued through April and onward, and the CDC and states/localities issued additional guidance and directives, the remainder of charter trips scheduled through June, July and into August were also cancelled. The only hope left for these operators in 2020 is the fall season, which is dependent on school athletics and senior/adult travel. But at this point, based on the most recent CDC guidance and state plans for reopening schools, it does not look promising. This will result in many companies having had no income stream since late 2019, and the expectation for a number of permanent business closures. The effect of these closures, long term, will be significant as the loss of operators must also be assessed in terms of the role charter operations play in fulfilling the nation’s national emergency response capabilities in response to both weather and security related events, such as hurricanes and defense planning of the U.S. Capitol complex.

3. How have critical infrastructure employees been affected during the COVID-19 crisis while performing their duties, and what steps have been taken to protect them?

The U.S motorcoach industry and its employees were designated as “essential” during the declared national emergency, and many have undertaken operations to assist in moving critical medical personnel and supplies to medical facilities, including the Mayo Clinic and to several facilities located in New York City. For these limited operations, companies took steps, such as providing masks and sanitizer to front line workers, along with adopting cleaning and sanitizing procedures for vehicles. However, most of the nearly 100,000 employees involved in motorcoach operations not been engaged in operations and instead have been furloughed with no little to no prospect of returning to duty soon except for the very slow ramp-up of scheduled service and commuter operations.

One note to add, with the creation of the Paycheck Protection Program or PPP, some companies were able to bring some of their employees back to work after receiving PPP loans, however, the funding is insufficient to sustain these positions and with little to no work and no foreseeable revenue stream, most of these employees are now scheduled to be terminated again.

4. What steps has your organization or have your members taken to protect the safety of the traveling public?

The American Bus Association formed a safety task force of industry peers to address both passenger and employee safety considerations in support of preparing for recovery of operations, although it is not soon expected. Our members and their employees are anxious to get back to work, they want to welcome passengers back and ensure they are confident again about riding motorcoaches. For this purpose, the task force prepared guidelines for member companies to follow to protect employees, those in the office as well as on the motorcoach, appreciating that there is no return to business without a safe and secure workforce. These guidelines include employee protective measures, vehicle maintenance and cleaning, customer care, and other protocols to assist employees with interacting with colleagues, partners and customers in a safe manner. ABA has also partnered with federal agencies to facilitate the distribution of over 1 million masks to frontline employees.

Also, the Task force is taking into account passenger needs for assurance that they are traveling safely, not only in safely operating and maintaining the vehicle, but also with clean, disinfected vehicles to minimize the risk of exposure to COVID-19. Safety has always been our industry's number one priority, and this safety mission has expanded in the wake of the COVID-19 pandemic to better address the health and welfare of our workforce and our passengers.

5. What additional guidance or support would be useful from the U.S. Department of Transportation, other federal agencies, and from Congress as you move forward during the COVID-19 public health crisis?

First and foremost, Congress needs to support the U.S. motorcoach industry by providing financial support in the form of direct grant funding at a level of at least \$10 billion, and long-term, low-interest loans in the amount of \$5 billion. As was recognized for other passenger transportation modes, including airlines, airports, trains and public transit operations, direct grant funding was necessary to ensure the viability of these transportation services. The motorcoach industry is no different: it is a capital-intensive industry; heavily regulated by the federal government; with a unique workforce that cannot be easily replaced; that plays a critical role in the national transportation network; and is depended upon by the public to provide mass transportation. To be clear, the industry is not seeking a permanent subsidy, but instead a bridge to assist long-standing, established successful companies and their employees to survive this unprecedented economic downturn and reach a state of recovery.

Secondly, in terms of recovery, when operations start to resume, like other industries, the U.S. motorcoach industry also face issues with liability concerns related to COVID-19, and supports Congressional interest in addressing this matter.

As to additional guidance or support from the U.S. Department of Transportation or its modal administrations, or other parts of the Federal Government, ABA has successfully worked with the Federal Motor Carrier Safety Administration, Department of Homeland Security and the Department of the Interior to obtain various forms of relief, as necessary. Although additional operational relief would be useful in terms of the cost of vehicle insurance, this concerns does not currently fall within the oversight of the Administration.

6. Please describe any ways that you or your members have been affected by the CARES Act and how it has affected your employees, operations, or other aspects of your business.

While some of our members have applied and received assistance from the SBA economic disaster loan assistance program and the newly established PPP under the CARES Act, this assistance is insufficient to meet the needs of the U.S. motorcoach industry. The Main Street Lending program has yet to be fully operational, and at this point, due to the delay in receiving assistance and the lack of a foreseeable revenue stream, motorcoach companies are not in position to seek additional debt under the current terms of the program. Although well intentioned, there were too many challenges with these programs as they were not designed to address the unique circumstances facing the U.S. motorcoach industry, like the airline, rail and public transit industries. Unlike other non-transportation industries and businesses who are able to use such monies to continue some level of operation and retain workers or start reopening and rehire workers, add to production or inventories, and ramp up as business returns, motorcoach companies are not in this position. Almost all motorcoach companies were shuttered during the spring and were forced to dismiss their employees, with very few conducting limited “one-off” operations. The EIDL program was overwhelmed, and the PPP funding was too restricted and insufficient; it did not benefit motorcoach operators, and those who did accept funds will likely not qualify for loan forgiveness, thus adding to their debt. In June, with economies beginning to reopen, motorcoach companies are still not seeing an uptick in business as with other sectors of the economy, for several reasons: continuing fear of the spread of the virus through mass transit; CDC/state/local guidelines on social distancing, hindering resumption of service at a level to offset operating costs; CDC/state/local guidelines restricting school educational and extracurricular activities, including sports and athletics; conversion of work place requirements to permit telecommuting; diminished interest in group travel, destination points/attractions not available; and the list goes on. Because of the lack of business and no opportunities to generate a revenue stream for the foreseeable future, the CARES Act assistance has fallen far short of the U.S. motorcoach industry’s needs. These programs were clearly not designed for a capital intensive industry designed to provide mass transportation. As with other mass transportation providers, the U.S. motorcoach industry needs grant funding to bridge it through this crisis, and long-term loans to assist with recovery.