Over-the-Road Bus Industry and Accessible Service

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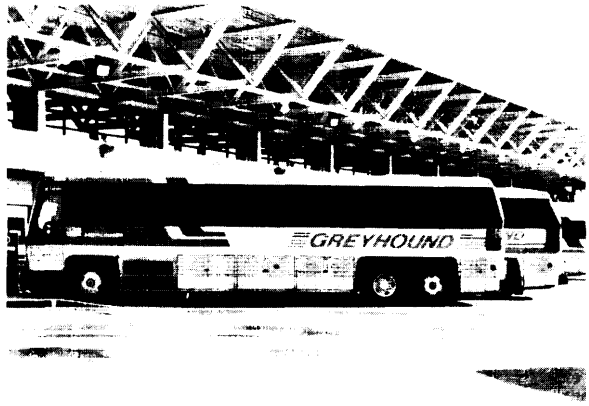
FINDINGS

- The 3,500 private companies that operate over-the-road buses (OTRBs) range in size from Greyhound Lines, Inc., with 2,300 OTRBs, to small companies with fewer than a half-dozen buses. This essentially unregulated, unsubsidized industry provides a variety of services: fixed-route, regular-route service links some 6,000 communities; charter and tour services provide group travel opportunities; and commuter, airport, and other services play important roles in the lives of many Americans.
- Since the 1930s, OTRB fixed-route service has been an established mode of intercity travel. Since the 1960s, however, the bus industry has faced increasing competition from other transportation modes. In addition, deregulation of the bus industry in 1982 permitted bus companies to drop less profitable routes. Consequently, freed-route OTRB service now covers a much smaller passenger base (shrinking from 130 million passengers in 1971 to 37 million in 1990) and decreasing numbers of points served (from 17,000 in 1968 to 5,700 in 1991).
- The demographics of the markets served by bus companies vary. People who use fixed-route bus service tend to occupy the lower rungs of the economic ladder. (Roughly one-half had incomes below $15,000 per year, in 1991 dollars.) In contrast, one study showed that charter and tour bus passengers had average household incomes in excess of $47,000 per year (1991 dollars).
- Most fixed-route OTRB companies have small net operating incomes when compared with their overall revenues.

(The average operating ratio for the largest carriers in 1991 was 98.7 percent.)[1] While most charter and tour companies appear to run with larger net operating incomes, there is very little nonproprietary data from which to make a comparison.

- The OTRB industry has been subject to limited Federal regulation. Since 1982, Federal regulation has primarily governed vehicle safety and driver qualifications, which apply to motor carriers generally. State agencies have other intrastate requirements. Some States have developed small programs for financial assistance to the bus industry. The Federal Government also has a small assistance program geared to improvement of rural bus service (under Section 18(i) of the Federal Transit Act, which was funded at $5.3 million in fiscal year 1992).
- Before passage of the Americans with Disabilities Act (ADA), private OTRB transportation operators were not required to provide accessible transportation to people with disabilities. A number of bus companies, however, have provided accessible service under contract to public agencies that, because of Federal or State assistance, were required by law to purchase lift-equipped vehicles. As of early 1993, virtually all lift-equipped OTRBs (approximately 350 in the United States) operated by private bus companies had been purchased or operated with the aid of public monies.



Elizabeth Robinson

OTRBs wait in a loading bay at a large intercity bus terminal. Over 5,000 OTRBs provide scheduled, intercity service daily.

CHARACTERISTICS OF THE INDUSTRY

The privately owned and operated bus companies comprising the OTRB industry[2] offer many types of service. The two principal service categories are fried-route scheduled service, and charter and tour service.[3] Some companies provide both, thus maximizing use of their vehicles.

Some 3,500 bus companies in the United States operate an estimated 23,000 to 27,000 OTRBs.[4] (See box 2-A for a description of an OTRB.) Only about 450 of the 3,500 companies, or 1 in 8, provide fixed-route scheduled service; most of these also offer charter and tour service. Some supply commuter, airport, scheduled sightseeing, and other specialized services, sometimes under contract to public entities. Bus package express is often provided in conjunction with fixed-route service, competing with numerous other package

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[1] This 1991 operating ratio figure reflects Greyhound's bankruptcy status, and thus may be anomalous.

[2] Sometimes called the motorcoach industry,

[3] The Americans with Disabilities Act (ADA) defines "fixed-route system" as , , a system of providing designated public transportation on which a vehicle is operated along a prescribed route according to a fixed schedule. " (Public Law 101-336, Sec. 221(3).) It describes both the fixed-route services of transit systems and what is usually referred to in the OTRB industry as fixed-route service, regular-scheduled service, or intercity bus service. Whether operated exclusively or as an adjunct to freed-route, the charter and tour segment of OTRB operations is "demand responsive. " The ADA states that: "The term 'demand responsive' system means any system of providing transportation of individuals by a vehicle, other than a system which is a fixed-route system. ' (Public Law 101-336, Sec. 301(3).)

[4] The most common estimate of the number of OTRBs in this country is 25,000, "Metro's 1991 Top 50 Motorcoach Survey, " *Metro Magazine,* January/February 1991, p. 32.

Box 2-A—What Is an OTRB?

The Americans with Disabilities Act (ADA) defines an over-the-road bus (OTRB) as ". . . a bus characterized by an elevated passenger deck located over a baggage compartment."[1] In practical terms, this describes a bus 35 feet or longer, usually seating 40 or more passengers (depending on configuration), and commonly called an intercity bus or motorcoach. This defintion does not include transit buses, vans, minibuses, school buses, and a variety of other types of vehicles that can be used in intercity transportation.

The exact dimensions of OTRBs vary. Before passage of the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), some States did not permit buses longer than 40 feet. However, ISTEA now authorizes the use of buses up to 45 feet long in all 50 States. The height of an OTRB passenger deck ranges from 55 to 60 inches above the ground. Prominent exceptions to this were the GMC Scenicruiser and Flxible Vistaliners, manufactured in the mid- 1950s, with seating on two levels. OTRB widths are either 96 or 102 inches. Aisle widths range from a standard 14 inches to as much as 20 inches, and door widths from 24 to 36 inches (40 inches on a Neoplan double-deck model).[2]

Most new standard OTRBs cost approximately $250,000. Although most OTRBs include a restroom as a standard feature, OTRBs providing freed-route service tend to have fewer additional features than those used for tours. More and more tour buses are equipped with video systems and other extra features. Wider doors and aisles are available by special order, as are larger (tinted) windows for sightseeing. Reading lamps, card tables, and AM/FM stereo/cassette players are becoming more common. These additional features cost more money, of course, and manufacturers equip their OTRBs with custom features as specified by the purchaser.

The average life of an OTRB in the United States is about 20 years. Most bus operators expect to replace a vehicle after 10 to 15 years, but replacement schedules are determined by a number of factors, including the availability of capital and the status of the bus resale market. The resale market consists of a handful of large national firms that sell, lease, recondition, and rebuild used buses, plus an unknown number of small used-bus dealers. Some bus companies handle their own resales. Purchasers of used buses are usually small bus companies, private organizations, and nonprofit groups.

1 Public Law 101-336, Sec. 301(5).

2 At one time, AFC, Crown Coach, Eagle, Flxible, General Motors, MCI, and Neoplan all had OTRB production facilities in the United States. Now only MCI, Eagle, and Neoplan remain. MCI, originally a Canadian company bought by Greyhound in 1948 and now owned by Greyhound Lines of Canada, Ltd., produces OTRBs in Manitoba, Canada; a U.S. presence is maintained by an assembly plant across the border in Pembina, North Dakota. Neoplan, a German company, has manufacturing facilities in Colorado. Eagle, owned first by Trailways, then by Greyhound, has been acquired by Mexican interests—Moto Diesel Mexicana S.A. de C. V., Aguascalientes, Mexico-and has resumed OTRB production on the United States-Mexican border. In addition to MCIs, Neoplans, and older buses no longer manufactured here, OTRBs used in this country include Prevost (Canadian), Van Hool and LAG (Belgian), and Setra (German). A Wisconsin company, SABRE Bus and Coach Corp., plans to manufacture a European-style touring OTRB. A European-style coach is characterized by larger windows and made-to-order features, such as wider aisles and doors.

express services. The remaining 3,000-plus companics offer charter and tour service exclusively.

Approximately 7,500 OTRBs, or 1 in 3, are found in the fleets of the 43 largest bus companies, and only 10 of those firms are essentially fixed-route scheduled service providers.[5] Grey - hound Lines dominates the fixed-route industry with its transcontinental network of routes. Grey - hound and 27 other companies are Class I carriers, defined by the Interstate Commerce Commission

5 "Metro's 1992 Top 50 Motorcoach Survey," *Metro Magazine*, January/February 1992, p. 18.

(ICC) as those carriers having over $5 million in gross annual revenue.[6]

About one-half of the Class I companies, and about two dozen slightly smaller fins, are considered regional carriers.[7] Their operations, if linked together, could form the basis of a national system comparable to Greyhound's network of routes. Many of the regional carriers are members of the National Trailways Bus System (NTBS), a group of 28 companies that coordinate schedules and share terminals and stations.[8] All other companies providing freed-route scheduled service in the United States offer intercity transportation and specialized transportation services in smaller, often local geographic areas.

To provide transportation services within a State, whether freed-route, charter and tour, or special services, a bus company often must register with its State Public Utility Commission (PUC) and file tariffs of services and fares. If the company wishes to offer interstate transportation services, it must also register with the Interstate Commerce Commission (ICC) and file tariffs of services and fares with that body.

A Brief History of U.S. OTRB Service

The first recorded fixed-route bus service began in 1913 between the towns of Hibbing and Alice in northern Minnesota. By 1926, 4,040 companies were operating nationwide, including Greyhound. The rapid growth of bus service throughout the country led individual States to establish regulatory control over intercity bus service within their borders. Pennsylvania was the first to act, and by 1930 all but Delaware had some form of regulation. Passage of the Motor Carrier Act of 1935 authorized ICC to regulate interstate fares, routes, safety, and other activities of the motorbus industry. Under its policy of ''universal service,' ICC permitted some monopolistic practices, ensuring companies an absence of competition in exchange for making services widely available. The industry developed rapidly during the Depression and World War II years, growing from 10 billion passenger-miles in 1940 to 27 billion in 1945.[9]

Developments in the 1950s, however, led to erosion of the freed-route passenger base. The number of personal automobiles burgeoned, construction of the Interstate Highway System began, and air travel increased rapidly. To combat the loss of ridership, the bus industry added package delivery and charter service. Many bus companies sought to scale back on their unprofitable routes, primarily in rural areas. In many cases, this was met with fierce resistance from State authorities, who could reject requests for abandonment of routes deemed to be in the public interest.

The bus industry was further challenged in the 1970s by the formation of Amtrak and by airline deregulation. Amtrak offered comfortable rail service at rates comparable to those for bus travel, thus cutting into market share, especially in the densely populated and highly profitable North-

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[6] Interstate Commerce Commission, Office of Economics, "Transport Statistics in the United States: Passenger Carriers, " draft report, 1991. Class II carriers have gross annual revenues between $1 and $5 million and Class III carriers less than $1 million, but ICC neither collects nor maintains data on Class II and Class III carriers. The designation is a holdover from the days before enactment of the Bus Regulatory Reform Act of 1982.

[7] Of the 28 Class I carriers in 1991, 21 were classified by ICC as ''intercity carriers" and 7 as ''local carriers. " Interstate Commerce Commission, Office of Economics, "Transport Statistics in the United States: 1991," draft document, table 5. As ICC explains: "Passenger carriers are classified as intercity carriers if the revenues received from intercity traffic equal or exceed 50 percent of the total revenues received from intercity and local or suburban traffic. If the intercity revenues are less than 50 percent, the passenger carriers are classified as local.'' Interstate Commerce Commission, Office of Economics, "Transport Statistics in the United States: Motor Carriers Part 2, for the Year Ended December 31, 1990, " unpublished report, p. 2.

[8] Greyhound purchased Trailways Lines, Inc. in mid- 1987, consolidated routes, schedules, and stations, and in November 1991 discontinued use of the Trailways name, also withdrawing from the National Trailways Bus System.

[9] John Meyer and Clinton V. Oster, Jr., *Deregulation and the Future of Intercity Passenger Travel* (Cambridge, MA: The MIT Press, 1987), p. 171.

Passengers wait for a bus in Gettysburg, PA in September 1943. Since the 1940s, OTRB fixed-route service has diminished, serving many fewer communities and passengers.

east Corridor.[10] Airline deregulation created a market for carriers such as Peoples Express, with longer distance rates often less expensive and travel almost always faster than by bus.

Federal deregulation of the bus industry came with the Bus Regulatory Reform Act (BRRA) of 1982. Among the BRRA's findings were that:

> ... the existing Federal and State regulatory structure has tended . . . to inhibit market entry, carrier growth, maximum utilization of equipment and energy resources, and opportunities for minorities and others to enter the motor bus industry; that State regulation . . . has . . . unreasonably burdened interstate commerce; [and] that overly protective regulation has resulted in operating inefficiencies and diminished price and service competition in the motor bus industry.11

The BRRA expedited the entry of new carriers, eliminated most of the ratemaking authority of ICC, and allowed the Commission to overrule any State decision preventing abandonment of service points. Bus companies were able to discontinue service to unprofitable locations and concentrate on their more profitable service points, usually the larger cities. (See the discussion of Rural Service later in this chapter.)

FIXED-ROUTE SCHEDULED SERVICE

A 1990 survey of bus companies revealed that 452 firms operated fixed-route or regularly scheduled service.[12] These companies operate a complex web of interconnecting routes, linking approximately 6,000 communities of all sizes, some with no other means of public transportation.

Greyhound has dominated the fixed-route bus industry since the 1930s. For 1991, the operating revenues of all 2 I Class I intercity carriers totaled $980 million, with Greyhound accounting for 70 percent of this sum.[13] Greyhound is the only bus company providing scheduled service coast-to-coast and, as of January 1993, it served 2,730 locations.[14] Inevitably, Greyhound's actions influence the rest of the industry, including many of the other Class I *carriers* and additional smaller companies that provide extensive fixed-route service on a regional and local basis. Some of them, especially the independent companies now part of NTBS, interline with Greyhound.

Interlining allows a passenger to travel from origin to destination on a single ticket via two or

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10 The Northeast Corridor is the concentrated area of urbanized population from Richmond, VA to Boston, MA.

11 Public Law 97-261, *Sec.* 3, Sept. 20, 1982, 96 Stat. 1102.

12 The ENO Foundation for Transportation Inc., "Report on the American Bus Association Confidential Survey of Intercity Operations,' unpublished report, December 1990. *Russell's Guide* includes only 107 intercity fried-route carriers. Russell's Guides, Inc., *Russell's Official National Motor Coach Guide* (Spokane, WA: Friendship Publications, Inc., September 1991), p. 1.

13 Interstate Commerce Commissio, op. cit., footnote 6.

14 Greyhound Lines, In C., "Greyhound Lines Fact Sheet, " April 1992, p. 1.

more carriers.[15] If a bus company belongs to the National Bus Traffic Association (NBTA), it issues tickets and accepts those issued by another carrier with the assurance that NBTA will allocate among the interlining companies the percentage of the proceeds to which they are entitled.

For example, if a bus company issues a ticket to a passenger's destination and does not serve that community, the company will carry the passenger to a point where he or she can connect with a second company, which accepts the ticket and transports the passenger to the final destination. The two companies share the proceeds according to agreed on allocation factors. At present, many companies do not regularly inform subsequent carriers of any specific information about passengers (e.g., if they have disabilities and require assistance) who will be interlining with their service.

Pooling, a less common method of intercompany coordination, is a formal agreement among carriers that enables the passenger to take a single bus from origin to destination over the routes of several carriers. For example, a company issues the ticket and carries the passenger on its own bus with its own driver from point A to point B. At point B, another driver from another company continues the journey on the original bus. If the journey is long enough, the same bus might end up at the destination point, having been driven by drivers of three or four companies under this type of pooling agreement. Often the participating companies contribute buses to the pool of equipment operated on such a route.

Decline of Fixed-Route Service

The freed-route intercity bus industry declined in virtually every measure of output or financial performance from 1967 through 1986.[16] Figure 2-1 shows the decline in the number of passengers during this period, with key events affecting the bus industry highlighted. Immediately after deregulation, many companies acted to reduce costs. For instance, Greyhound embarked on a planned shrinkage of the firm, leading to further ridership losses from 1985 to 1988, even steeper than those of previous years.

In March 1987, Greyhound was sold to GLI Holding Co. (GLIH), which also purchased Trailways Lines, Inc., the second largest bus company in the United States. The new owners sought to maintain their reduced operating costs while offering lower fares, marketing actively, and improving services. With these attempts to gain ridership, Greyhound increased its passenger-miles by 23 percent from 1986 to 1989. In 1990, these efforts were overwhelmed by the strike of the Amalgamated Transit Union Greyhound Council, representing most of the firm's unionized drivers, and by the bankruptcy filing of GLIH in June of that year.[17] Other fixed-route providers were affected by these developments because of their interlining arrangements with Greyhound, or because their service fed into Greyhound routes. They were also subject to many of the economic trends affecting Greyhound and had taken similar steps to improve their operating ratios.[18]

Figure 2-2 shows the steady decline in the number of points served by the entire freed-route

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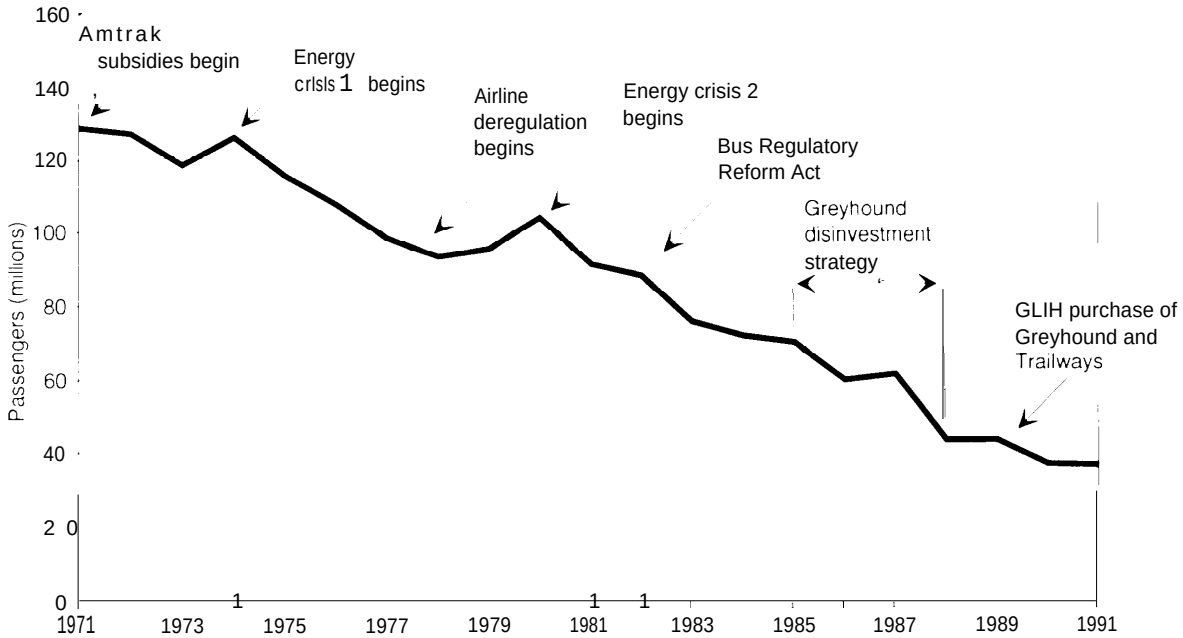
15 Interlining is much less common since deregulation.

16 Much of this discussion is adapted from Ecosometrics, Inc., "Background Paper on the Accessibility for the Disabled and the Intercity Bus Industry," OTA contractor report, Mar. 31, 1991.

17 From June 4, 1990 through Oct. 31, 1991, Greyhound operated pursuant to Chapter XI of the Federal Bankruptcy Code. As Of early 1993, the company was still operating under an approved Chapter XI reorganization plan.

18 Operating ratio is calculated as operating expenses divided by operating revenues.

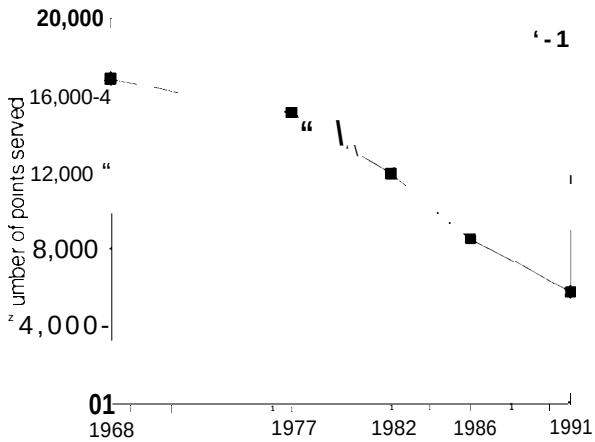
Figure 2-1—Intercity Bus Ridership: Class I Carriers, Regular Route Service, 1971-91



SOURCE: Interstate Commerce Commission, Office of Economics, "Transport Statistics in the United States: Second and Final Release, Passenger Carriers, " unpublished reports, issued annually for the years 1970-91.

industry during the 1968 to 1991 period. Even before passage of the BRRA, the fixed-route network was contracting, despite State regulations that made service discontinuation difficult. Much service ended due to firms going out of business, or approved changes allowing routes to shift to the Interstate Highway System. An ICC report found that between passage of the BRRA in September 1982 and January 1986, 3,763 points lost all intercity service.[19] This wave of abandonment included discontinuance of service to some 1,300 points on Greyhound's routes. As of mid-1990, an additional 481 locations served by Greyhound or Trailways had been abandoned. As of November 1991, the number of service points nationwide had declined from 16,800 in 1968 to an estimated 5,690.[20]

Figure 2-2—Points Served by Regularly Scheduled Intercity Bus Service, 1968-91



SOURCE: U.S. General Accounting Office, ***Surface Transportation: Availability of Intercity Bus Service Continues to Decline,*** Report to the Chairman, Subcommittee on Surface Transportation of the Senate Committee on Commerce, Science, and Transportation (Washington, DC: June 1992), p. 50.

19 Heather J. Gradison, chairman, Interstate Commerce Commission, letter to Senator Larry Pressler, Sept. *8, 1986.*

20 U.S. Generat Accounting Office, *Surface Transportation: Availability of Intercity Bus Service Continues to Decline*, Report to the Chairman, Subcommittee on Surface Transportation of the Senate Committee on Commerce, Science, and Transportation (Washington DC: June 1992), p. 50.

Box 2-B—Use of ICC Data in This Study

The best data on the financial and operational performance of the over-the-road bus (OTRB) industry have been collected from individual bus companies by the Interstate Commerce Commission (ICC). However, the portion of the industry reporting to ICC and the comprehensiveness of those reports have not been consistent over time. Therefore, ICC data must be used cautiously.

ICC has collected data from bus companies since 1938. Until passage of the Bus Regulatory Reform Act of 1982 (BRRA), data were collected from all carriers registered with ICC to perform interstate service. Large, medium, and small carriers, referred to as Class I, Class II, and Class III carriers respectively, were classified by their adjusted annual gross operating revenues. After passage of the BRRA, data were no longer collected from Class II and III carriers, and data collected from Class I companies were less detailed. Thus, any attempt to use ICC data to measure performance of the OTRB industry over the past decade must be confined to Class I carriers.

OTA's use of ICC data also recognizes the following inconsistencies and shortcomings.

- Class I definitions

  The ICC definition of Class I carriers since 1938 has been based on adjusted annual gross operating revenue in excess of a certain threshold. However, this threshold has been changed four times since 1938.[1] In addition, from 1970 to 1991, the numbers of bus companies with adjusted gross incomes above the threshold varied from year to year.[2]

- Definition of "Intercity Service Providers"

  For purposes of this study, (OTA used ICC data on intercity service providers. ICC classifies carriers as intercity if more than 49 percent of their total revenues comes from intercity traffic. Many of the Class I intercity carriers, however, provide a mix of services. ICC breaks out these costs by type of service, but it is unclear how these numbers are calculated. In addition, OTA discovered that at least one of the Class I carriers providing primarily local service did not report to ICC revenues in the form of extensive public subsidies it received for certain of the local services it provided. As a consequence, its operating ratio was substantially above 100 every year it appeared on the Class I list.

- Quality control

  ICC does not routinely check, and has few means to verify, whether carrier figures are accurate.

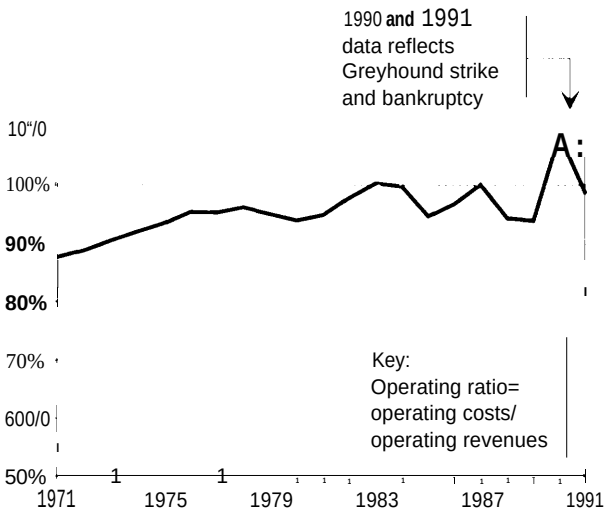
[1] This threshold, initially established at $100,000, was raised to $200,000 in 1950, to $1 million in 1969, to $3 million in 1977, and to the current level of $5 million in 1988.

[2] In 1970, there were 71 Class I carriers providing essentially intercity service; in 1990, there were 21. The 1991 Class I carrier report has been compiled by ICC and, as of early 1993, waa under internal review.

ICC publishes very limited data on carrier net operating income.[21] (For a discussion of the problems with ICC data, see box 2-B.) However, in 1970, the 71 Class I intercity carriers (defined, at that time, as receiving revenues over $1 million) had a collective net operating income of $260 million (1989 dollars). In 1989, the 20 Class I intercity carriers (then defined as receiving

[21] Measurement by ICC of the activity of Class I carriers has varied considerably over the years. The ICC definition of Class I carriers since 1938 has been based on adjusted annual gross operating revenue in excess of a certain threshold. Through 1979, the level of detail in the Class I carrier reports was considerable. The reports of 1980 to 1986 were less detailed, and those from 1987 to 1991, the latest year available as of autumn 1992, were far more rudimentary. However, not until 1987 were data displayed by carrier; before that they were broken down only by geographic district and region.

Figure 2-3-Intercity Bus Industry: Class I Carriers, Operating Ratios, 1971-91



SOURCE: Interstate Commerce Commission, Office of Economics, "Transport Statistics in the United States: Second Release, Passenger Carriers," issued annually for the years 1971-91,

revenues in excess of $5 million) had a collective net operating income of $72 million. By 1991, that figure had dropped to $13 million.[22]

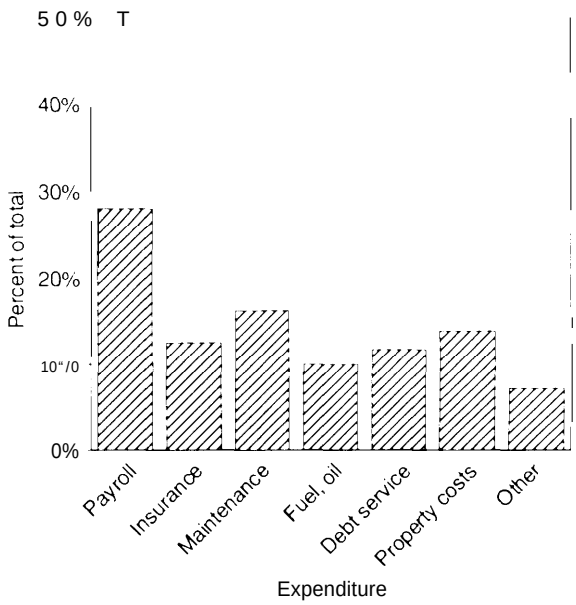
Figure 2-3 reveals a steadily worsening operating ratio for Class I fried-route carriers, from 87.6 percent in 1971 to 94.0 percent in 1989 and 98.7 in 1991. The energy crises of 1973-74 and 1980 had relatively little effect on this trend, which frost peaked in 1983, the first full year of regulatory reform. Subsequent cost reduction efforts improved the operating ratio, but were overwhelmed by the insurance rate spike in 1986-87 (see box 2-C), the strike and bankruptcy of Greyhound Lines, Inc., and the recession of 1990-92,

Figure 2-4 illustrates the allocation of finds by category of expenditure for an average bus company.[23] Payroll expenditures were the largest category (28 percent), followed by maintenance (16.3 percent), property costs (14 percent, including rental, mortgages, and taxes), insurance (12.6 percent), and debt service (1 1.8 percent). The remaining allocations are for fuel and oil (10 percent), and "other," including profit (7.3 percent).

While these figures show general trends for the industry, individual companies vary substantially in their financial outlook. Carriers differ tremendously in:

- size,
- number of passengers carried,
- annual mileage per bus,
- sizes and numbers of communities served,
- use of temninal facilities,
- computerization of operations,
- ability to increase fixed-route and charter rates over the past 10 years,

Figure 2-4-Average Allocation of Funds by the Typical Bus Company



SOURCE: United Bus Owners of America, NTS, Inc., SnapShot: 1991 (Washington, DC: 1991), p. 7.

22 Interstate Commerce Commission, Office of Economics, "Transport Statistics in the United States: Second and Final Release, Passenger Carriers, ' unpublished reports, issued annually for the years 1971 through 1990 and the draft report for 1991.

23 Both fixed-route and charter and tour carriers participated in the United Bus Owners of America survey from which these data were taken.

Box 2-C-How Over-the-Road Buses Are Insured

Insurance for over-the-road buses (OTRBs) covers bodily injury, personal property damage, collision, and general liability on or around the bus and on any premises owned or operated by the carrier. The operator of a public transportation vehicle is legally responsible for providing safe passage to all riders, whether boarding, riding, or leaving the bus, under both normal and emergency conditions.

A handful of insurance companies provide OTRB coverage.* The few bus companies unable to secure insurance directly for financial, operational, or other reasons have access to the assigned risk pool maintained through each State's insurance commissioner's office. A few of the largest bus companies self-insure, but these must secure Interstate Commerce Commission (ICC) permission to do so. In addition, product liability insurance is available for manufacturers of OTRBs and accessibility equipment. Whether the increased numbers of passengers with disabilities and their use of accessibility equipment will affect insurance rates for OTRBs is difficult to predict.

The Commercial Insurance Market—Rates for the bus industry and for individual operators are based on ''10ss experience"—accidents that result in the insurer paying a claim. Four years of data are usually necessary to develop hard loss experience figures.[2] Only then is the insurance industry confident that its rates reflect reality. In the absence of hard data, insurers may be inclined to believe that a perceptible increase in the number of passengers with disabilities will lead to an increase in claims, but it is impossible to predict what effect this supposition may have on rates.[3]

In the mid-1980's, bus operators found their insurance rates to be quite unstable. Until 1985, the bus industry obtained its insurance from a small number of company's, the most prominent of which were Transit Casualty Insurance Co., CIGNA, National Indemnity, AIG, and Carriers Insurance Co. In late 1985, Transit

1 Less than a dozen insurance companies write policies for public transportation operators: Progressive, Lancer, Lincoln National, National Interstate, Great American, Carolina Casualty, Reliance, Clarendon National, and Aetna. Aetna does an extensive business in paratransit, and is thought to have the best industry data on transportation of disabled individuals. Progressive, Lancer, and Reliance are the principal insurers of OTRB operators.

2 These data are expressed in "bus-years," with a minimum of 1O,(K)O bus-years of data required to develop a satisfactory level of confidence. Kenneth G. Sislak, assistant vice president, Transportation Division, Progressive Companies, Cleveland, OH, personal communication, Dec. 6, 1991.

3 Ibid.

- operating ratio,
- gross revenues, and
- net operating income.

Many differences are attributable to the nature of the companies' service areas and the magnitude of competition from other bus companies or other transportation modes, but each company is also unique in its operation and the type of service offered. (For a description of a mid-size carrier, see box 2-D.)

Terminals and Stations

Facilities for fixed-route services provided by OTRBs are either terminals or stations.[24] The bus terminal serves the needs of intercity bus passengers. Most terminals in cities or large towns handle ticketing, baggage, and package express service. A station is a business location that provides services to bus passengers as a secondary activity. These are usually gas stations, grocery stores, restaurants, motels, or similar

24 The ADA considers terminals and stations to be public accommodations. Section 301(7)(G) specifically identifies as such . . a terminal, depot, or other station used for specified public transportation.' Section 302(a) states that ". . . (n)o individual shall be discriminated against on the basis of disability in the full and equal enjoyment of. . . any place of public accommodation by any person who owns, leases (or leases to), or operates a place of public accommodation."

Casualty Insurance Co. and Carriers Insurance Co. became insolvent, and CIGNA dropped its participation in a plan under which coverage was provided at group rates for members of the United Bus Owners of America. Without these major providers, insurance became more difficult to obtain and rates increased dramatically, in many cases doubling. By mid-1987, however, with the entry of other insurance companies into the field, rates began to drop.

Assigned Risk Pools—The insurance industry administers most assigned risk pools. Risk pool premiums can be twice those available directly from a commercial insurer. Anyone reasonably entitled to insurance and unable to obtain coverage in the open market is placed in the pool. In Washington State, for example, the only eligibility criterion is that an applicant's coverage must not have been canceled for nonpayment within the past 2 years. Pool rates are currently set at 150 percent of the standard rates for commercial vehicles within the State.[4]

Self-Insurance--ICC requires each motor carrier applying for self-insurance to provide financial, safety, and claims data for the last 3 years and evidence of safe operations in the form of a satisfactory safety rating from the U.S. Department of Transportation. ICC reviews this and other information under general guidelines; wide differences in motor carriers' size and operational characteristics preclude the use of specific criteria.[5] Once permission to self-insure is granted, ICC monitors the carrier, requiring quarterly financial reports and claims data.

As of summer 1992, only two bus companies were self-insured: Greyhound and Peter Pan. Three other companies had permission to self-insure but had not done so. Some companies may want to self-insure only for the first $1 million of the required $5 million and buy the rest on the open market, where the first $1 million of coverage is the most expensive. Other companies may view permission to self-insure as a bargaining chip with insurance carriers.[6]

Product Liability Insurance-Product liability insurance protects the manufacturer of a lift device or an OTRB, but not all manufacturers carry such insurance. Manufacturers generally retain legal and engineering experts to advise them on how best to prevent accidents and lawsuits.

4 Mien Morrow, deputy insurance commissioner, State of Washington, personal communication, Jan. 14, 1992.

5 Interstate Commerce Commission, "EX Parte No. MC-178: Investigation Into Motor Carrier Insurance Rates," decided Jan. 20, 1987, p. 6.

6 Alice Ramsey, assistant to the deputy director, Section of Operations and Enforcement Interstate Commerce Commission, personal communication, Feb. 18, 1992.

small business establishments whose proprietors serve as agents for the freed-route lines serving the community. The flag stop-locations by the side of the road where the bus picks up passengers—is far less prevalent with the decline of rural service.

In 1984, a combined ICC/U.S. Department of Transportation (DOT) study found that in cities of more than 100,000 population, 84 percent of bus facilities were terminals compared to only 39 percent in towns under 15,000 population.[25] The study identified 1,991 terminals and 1,775 stations for a total of 3,766 fixed-route passenger facilities. More than 80 percent of these facilities were owned or leased by Greyhound, Trailways, and the members of NTBS. Independent carriers accounted for the remainder.

The subsequent shrinkage of the Greyhound and Trailways networks, the sale of many terminal properties by Greyhound, the purchase of Trailways by Greyhound, and the consolidation of facilities, have resulted in far fewer terminals

25 U.S. Department of Transportation, Office of the Secretary, Transportation Systems Center, and Interstate Commerce Commission, Office of Transportation Analysis, "The Intercity Bus Terminal Study: A Report to the President and the Congress of the United States," unpublished report, December 1984, p. 13.

Box 2-D-Profile of a Fixed-Route Carrier

Acme Bus[1] is a family-owned mid-size intercity bus company that has operated in the Midwest since shortly after World War I. The company's routes and services have evolved with the changes in the intercity bus business, but do not connect on a regular basis with publicly operated rural bus service or paratransit.

Acme serves more than a half-dozen States in the Midwest and interlines with Greyhound. Scheduled freed-route service represents about threequarters of the company's ridership. The remainder consists of charter service plus a bit of tour service. Its fixed-route service has changed considerably since the passage of the Bus Regulatory Reform Act. The company has eliminated most service to small towns in favor of large and medium-size cities, although a couple of routes linking major cities have been dropped. Acme managers estimate that more than 90 percent of its passengers board at full-service terminals. Only one or two bus stations operating out of a food store or gas station remain on the system; there are no bus shelters on Acme's routes, and it serves no flag stops.

The company's freed-route passengers are seniors, students, and middle- to low-income persons who do not fly for financial or other reasons. Since 1981, ridership has declined steadily. Although Acme has conducted no marketing surveys, management views the private automobile as its prime competitor and believes that its passenger profile has not changed since the early 1980s.

None of Acme's nearly three dozen over-the-road buses-average age about 10 years-is lift-equipped. Acme's managers estimate that each year they receive around 15 inquiries about accessible service from passengers who use wheeled mobility aids and that perhaps 100 of its 250,000 passengers need some kind of assistance to board. Boarding assistance extends to lifting and carrying if necessary.

Acme has 50 or so drivers and approximately one dozen mechanics, all of whom are male. These employees are unionized; employees who perform supervisory, managerial, clerical, and other support functions are not. Acme uses computers for accounting and for charter information, but not for dispatching. The company does not have an advance reservation system.

The company's operating ratio for 1985 to 1990 was around 95 percent. Like many similar companies that interline with Greyhound, Acme was affected by that company's 1990 strike. Acme's operating ratio was further hurt by the recession of the early 1990s and the reluctance of some individuals to travel during the Gulf War in early 1991. However, Acme's worst year coincided with the insurance crisis of 1986-87. Due to competitive pressures, Acme has not raised its fixed-route fares since a 10 percent increase in 1983. Its charter rates rose in 1985 by 6 percent and again, in 1991, by 5 to 10 percent.

When asked, "If you could do anything you wished, what would you change about your business?" Acme management replied: "The company has changed about as much as it could over the last 10 yearn, eliminating most of the nonproductive routes and cutting out a lot of fat. Not much more can be done. " The managers think the future of the industry lies in cooperative arrangements among bus companies, through the sharing of systems, terminals, and technology.

[1] "Acme" is a fictitious name; the bus company is real.

and stations than a decade ago. Generally, terminals are no longer staffed by bus company employees, but by contract agents. Greyhound figures show that, as of May 1991, the company used a total of 1,967 terminal and station facilities.[26]

[26] Econometrics Inc., ''Description of Available Intercity Services, OTA contractor report, May 21, 1992, p. 35.

Fixed-Route Ridership

In August 1989 and 1991, Greyhound conducted onboard passenger surveys to establish an updated passenger profile.[27] Results characterized the income, age, employment, and other demographics of riders. The questions posed in the two surveys varied only slightly (see table 2-l). Along with the high percentages of low-income, female, minority, and elderly individuals using intercity buses, the surveys found that most trips were taken to visit friends or relatives, over one-third of bus travelers took 4 to 10 trips of 50 or more miles per year, over 20 percent defined their communities as rural, and almost 50 percent did not own an automobile capable of a 500-mile trip.[28]

In the 1991 survey, 47 percent of riders had household incomes under $15,000 per year. That same year, the poverty line for a family of four was $13,400. Census data for 1990 indicate that approximately 16.9 percent of all families had incomes below $15,000. A 47-percent ridership among individuals at that income level means that those with incomes below $15,000 are roughly three times more likely to be bus riders than a random draw of the population would predict.[29]

Similarly, 1977 census data show that low-income families (then under $10,000 per year) accounted for 45 percent of intercity bus passenger-miles, compared to 25 percent of rail passenger-miles, 18 percent of auto passenger-miles, and 15 percent of air passenger-miles (see figure 2-5). Figure 2-6 shows the age distribution of bus, rail, auto, and air travelers. The bus passenger is characterized by extreme youth and age. Business was the travel purpose of only 4.6 percent of bus passengers, compared to 50.7 percent of airline passengers and 37.2 percent of rail passengers.[30]

Table 2-l-Characteristics of Greyhound Riders

	1989	1991
Personal characteristics		
Incomes under $15,000 per year	44.30/0	47.20/.
Female	60.9	57.8
Minority [a]	37.8	41.8
Never married	41.9	43.8
High school graduate or less	42.6	41.7
Age		
Ages 16-24	26.3	28.1
Ages 65 or over	15.1	12.2
Employment		
Full time	41.3	40.4
Retired	19.0	15.5
Part time	13.5	15.3
Full-time student	13.6	14.0
Unemployed	10.9	13.3
Active military duty	1.7	1.5
Purpose of trip		
To visit someone	55.4	53.2
Business	3.8	6.2
Total annual trips of 50+ miles		
1-3 trips	35.1	33.2
4-10 trips	36.3	36.7
11-30 trips	18.8	20.2
30+ trips	9.8	9.9
Miscellaneous		
Traveling alone	64.2	64.4
Never traveled by air	21.3	23.2
Do not own auto capable of 500-mile trip	49.7	46.0
Describe home community as rural	20.4	21.7

[a] Minority includes nonwhites, listed as Asian, Black, Hispanic, and other.

SOURCE: Greyhound Lines, Inc., "Greyhound On Board Passenger Profile Surveys," unpublished surveys, 1989, 1991.

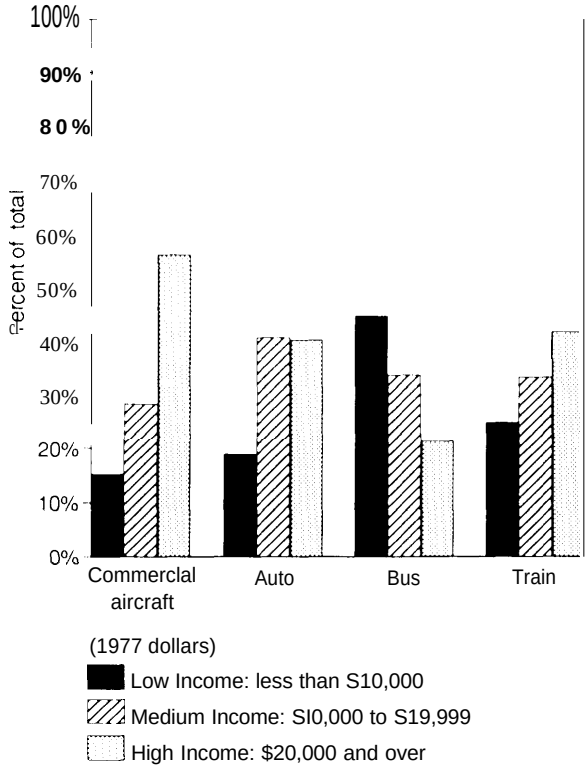
27 Econometrics, Inc., op. cit., footnote 16, pp. 24-25.

28 A Bureau of the Census survey in 1977 found that more than 30 percent of bus riders came from rural areas.

29 Richard v, Burkhauser, professor of economics, The Maxwell School, Syracuse University, personal communication, June 26, 1992.

30 Ecosometrics, Inc., op. cit., footnote 16, p, 25. OTA notes that these data and those in figures 2-5 and 2-6 are from 1977, before airline and OTRB deregulation and many other changes in U.S. transportation. Thus, they may not be entirely applicable to OTRB service in the 1990s. However, OTA analysts spoke with a number of bus companies in early 1992 to determine if company officials had noticed any change in the composition of their ridership over the past 10 years, Responses indicated no changes, except to reflect trends in the mix of services, e.g., if fixed-route services to smaller communities were reduced, and charter and tour services were increased, the overall ridership tended to have a higher percentage of older, retired people with more discretionary income.

Figure 2-5-Intercity Passenger Travel, by Family Income and Transportation Mode, 1977



NOTE: In 1977, the poverty threshold for a family of four was $6,191.

SOURCE: Robert R. Nathan Associates, Inc., from data in U.S. Department of Commerce, Bureau of the Census, "Travel During 1977," October 1979.

CHARTER AND TOUR SERVICE

The charter and tour industry is the largest user of OTRBs. One study found that some 12,750 intercity coaches in use in North America in 1990 were in tour and charter fleets, compared to 10,500 in scheduled service.[31] As noted earlier, however, firms that offer both fixed-route and charter and tour services might use the same coach for any of these purposes. (See box 2-E for a description of a company providing a mix of services.)

Elizabeth Robinson

Charter and tour service provides many opportunities to travel to sites in North America, such as the Lincoln Memorial.

Prior to deregulation, ICC and individual State PUCs granted charter authority only to those companies operating freed-route service. Profits from charter and tour service often subsidized financially weak fixed-route service. Deregulation enabled this linkage to be broken.[32] Following passage of the BRRA in 1982, many smaller firms abandoned freed-route service to concentrate exclusively on charter and tour operations. Indeed, during the first year of regulatory reform, ICC processed 2,028 applications for new authority, one-half of which were from first-time applicants and 1,775 of which were for charter only.[33]

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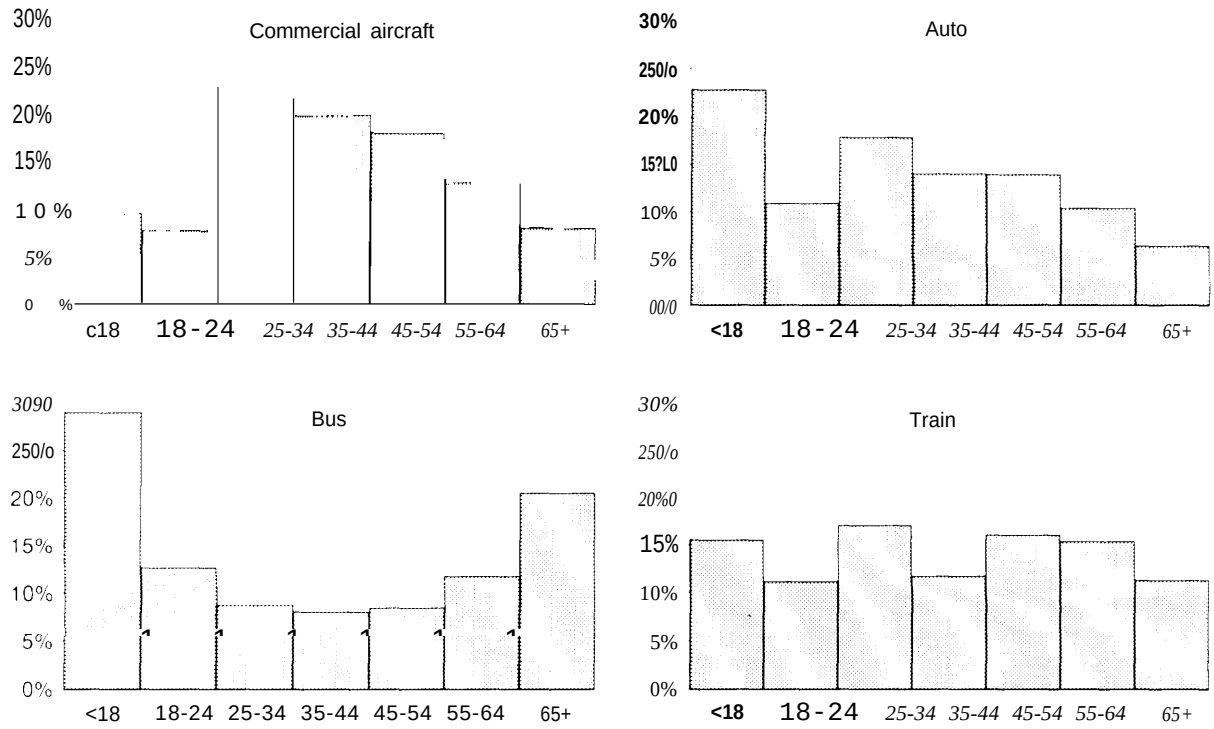
31 "Coach Sale Growth is Predicted Through 1994," *Metro Magazine*, January-February 1991, p. 20. Other coaches nOt included in these numbers may be owned by churches, private and public organizations, or other groups.

32 In Michigan, 24 bus companies provided both fixed-route and charter service during the late 1960s. There are now 128 bus companies in the State, of which only 6 operate any freed-route service, and 4 of the 6 provide only local commuter or airport limousine service. Similarly, Virginia now has 3 firms supplying fixed-route service, compared to 13 prior to deregulation. Frederic D. Fravel et al., "Rural Inter-Regional Public Transportation Study," prepared for the Virginia Department of Transportation, Rail and Public Transportation Division, November 1988, p. 4. Although national data have never been collected, evidence suggests that the non-Class I carriers still providing scheduled service are more than likely supplying it as commuter service, airport service, or scheduled sightseeing. Econometrics, Inc., op. cit., footnote 16.

33 Interstate Commerce Commission, *The Intercity Bus Industry* (Washington, DC: January 1984), pp. 75-76.

Figure 2-6—Intercity Passenger Travel, by Age of Traveler and Transportation Mode, 1977 (percent of total, by mode)



SOURCE: Robert R. Nathan Associates, Inc., from data in U.S. Department of Commerce, Bureau of the Census, "Travel During 1977," October 1979.

The total number of bus companies grew from less than 1,000 in 1982 to an estimated 3,600 in 1990, with much of the increase provided by small firms. However, when insurance rates rose dramatically in 1986-87, and increased competition in charter and tour service created severe cost pressures, some large companies with both fixed-route and charter and tour services focused on fixed-route because of its relatively stable revenue.

Of the 3,000 providers of charter and tour services, about 750 classify themselves as operators of escorted group tours, either with their own buses or with charters.[34] A bus company may provide only a bus and a driver to the tour operator on a charter basis, or may itself serve as tour operator, selling tours to the public. These differing roles are described by three types of service:

- *Charter transportation* provides group travel where the schedule, origin, and destination is set by members of the group. The company providing the bus receives payment from the group; no transaction occurs between the bus operator and individual passengers.
- *Charter tours* include additional services requested by the group and arranged by the bus operator, such as meals, lodging, or attractions.
- *Retail tours* include the same services as charter tours but are sold directly to the

[34] Stephen M. Johnson, director, Government and International Relations, National Tour Association, Inc., personal communication, Mar. 16, 1992.

Box 2-E—Profile of a Carrier Providing Mixed Services

Anchor Bus Co.[1] is a large carrier operating in a major metropolitan area in the Northeast. Founded in the late 19th century, the company has been owned by the same family since before World War II. Anchor provides a variety of services with 65 over-the-road buses (OTRBs), 15 transit buses, and 1 van. one-quarter of its OTRB fleet is lift-equipped, with 10 lift-equipped buses acquired through a State-financed program to promote OTRB accessibility, and 6 through contract arrangements with a public agency. The van and three transit buses are also lift-equipped.

Ninety percent of Anchor's service is fixed-route; the remainder consists of charter and tour. The fixed routes link outlying suburban and rural communities in the metropolitan area to downtown and the airport.The maximum distance one-way is about 115 miles, with most riders traveling shorter distances. This mostly commuter service operates all day, with peak frequency during rush hours. As a result, the company's OTRBs are available for charter and tour service, primarily on weekends.

About 75 percent of the company's ridership is handled at three full-service terminals in the metropolitan area. The terminals are owned by other operators; Anchor is a tenant. Other passengers, mostly commuters, board at ''Park & Ride' stations; a few are picked up at flag stops. The company has done some marketing surveys, confirming that its market for fixed-route services is blue- and white-collar workers traveling to and from the central business district. Retirees and students predominate during off-peak hours. The charter market is comprised largely of suburban groups.

Some persons with disabilities travel regularly on Anchor's Ml-equipped OTRBs; most are commuters. The vehicle-based MCI internal lifts are used about 75 times per year. Anchor keeps records of lift usage, but does not track the number of passengers whose disabilities may require other boarding assistance. The company has a 24-hour advance reservation system for passengers requesting accessible service, and works closely with the disability community to publicize the availability of its lift-equipped buses.

Anchor's 100-plus drivers and 12 mechanics are all unionized. About 10 percent of the drivers are women. Drivers undergo an intensive 4-week training program, and mechanics are subject to continuing training requirements. The company has not computerized any of its operations.

Anchor's operating ratio runs between 90 and 95 percent. In a tight market, the company has been able to raise its freed-route fares by only 5 percent over the last 10 years. Its chief competition is a State-subsidized van pool system, and its main concern is the regional transit authority's proposed extension of commuter service into Anchor's service area. Looking ahead, Anchor management believes the company's future as a provider of commuter and airport services may lie in securing more contracts with competing public bodies.

[1] ''Anchor'' is* fictitious name; the bus company is real.

public on an individual basis by a tour operator who makes all arrangements for meals, attractions, accommodations, tour guides, and so forth. The tour operator may be a bus company or a travel agent. (See box 2-F for a profile of a medium-size tour bus operator.)

Comparing Fixed-Route and Charter and Tour Service

The 1990 American Bus Association (ABA) survey of the 452 firms performing fixed-route service as well as charter and tour operations revealed that, of their estimated total revenue of $1.8 billion, charter and special service accounted for an estimated 30 percent, and tour transporta-

Box 2-F—Profile of a Medium-Size Bus Tour

Ajax Tours, Inc.[1] is a medium-size bus tour operator, in business for almost 20 years, and based in a midwest community of about 100,000 population. Ajax operated 150 tours in 1991, about 75 percent of them between May and October, the peak season in that part of the country. Business is fairly good during the shoulder seasons from October to early December and again from March to May. During the winter it falls off drastically.

The company owns two new over-the-road buses, which are not lift-equipped but have a kneeling feature for easier boarding.[2] Four 12-passenger vans are used mostly for passenger pickups. Ajax charters six to eight additional over-the-road buses from a bus operator located a few miles out of town, making reservations 6 to 8 months in advance. The operations of Ajax Tours, Inc. are completely computerized.

The company conducts tours throughout the continental United States and Canada with its own buses and its charters. The most popular and frequent tours, representing 25 percent of the company's total business, are to Nashville, Tennessee, and Branson, Missouri, centers for country music. Sixty percent of all tours are for 1 day. The typical longer tour is 3 to 5 days, with some tours as long as 30 days.

Most passengers are over 55 years of age, with disposable income, who like to travel but can no longer drive or who prefer not to. In recent years, the number of passengers in their fifties has increased, and females clearly predominate. In a typical tour group of 40, only 4 to 8 are males.

Customers tend to be less interested in tours of 2 weeks or more, preferring in such cases to fly to their destinations and spend more time touring locally. Increasing numbers seem to want less structured tours than in years past, with more options to see sites of particular interest to them.

In a given year, Ajax will accommodate from 12 to 15 persons using wheeled mobility aids who thus far, with the kneeling feature of the bus, have been agile enough to board by themselves. Their wheelchairs or scooters are stowed in the baggage compartment. Larger numbers of passengers who have limited mobility but do not use wheeled mobility aids, and others with visual and hearing impairments, tour on Ajax during the course of a year.

The company's chief competition is nonprofit organizations running tours for their members. Over the past 5 years, Ajax has been able to raise its tour rates by 10 to 15 percent and remain competitive in the commercial tour market.

1 "Ajax" is a fictitious name; the company is real.

2 The kneeling feature reduces the height of the first step to 9 inches above the ground, a reduction of 4 1/2 inches.

tion for about 6 percent.[35] Fixed-route service accounted for 57 percent and package express for 7 percent of revenues.[36]

The 452 firms provided an estimated 38 million passenger-trips on charter and special services, and 1.5 million trips on tours. The average revenue for tour passengers is estimated to be $64.04 per passenger, compared to $12.98 per charter passenger and $21.18 per fixed-route passenger. These figures also reflect differences in average trip lengths. Of particular note is that the average passenger revenue was $1.97 per fixed-route bus-mile compared to $1.63 for charter and special services, and $1.83 for tour services.[37] However, a subset of 56 firms operating only fixed-route OTRBs reported $2.21 per

35 Mark Beavers, "A Picture of the Industry," *Destinations (American* Bus Association), December 1990. Magazine survey respondents tend to be self-selecting and therefore do not always represent the target audience.

36 ENO Foundation for Transportation, Inc., op. cit., footnote 12. percentage of revenues derived from package express varies from carrier to carrier, ranging from about 5 to 15 percent.

37 ibid., p. 3.

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bus-mile. This may be due to the fact that some OTRBs on freed-route service generate income from package express.

These revenue estimates suggest that although freed-route ridership is shrinking, it is the only service capable of paying higher operating costs. For charters and tours to be profitable, operating costs must be lower on a bus-mile basis. This may be the reason why a number of the unionized fins, which pay higher wages, such as Greyhound Lines, Jefferson Lines, and Carolina Coach, have substantially reduced their charter and tour operations, focusing instead on their fixed routes.[38] The large increase in the number of companies offering charter and tour services has also increased competition, severely limiting the ability of some higher cost firms to compete in this market.

Stephen Garcia

Many OTRB companies offer both fixed-route and charter and tour service. These buses are part of such a mixed fleet.

Ridership

Little nonproprietary information about charter and tour passengers is available. A 1986 market research effort to identify the characteristics of the customers of one particular firm showed that bus tour patrons have a median age of 60, and take an average of nearly five l-day vacation trips per year, 4.1 overnight or weekend vacation trips, and 2.3 extended vacation trips annually.39 They travel primarily to socialize, attend sporting or cultural events, and go sightseeing; have a household income of over $34,000 (1985 dollars, over $47,000 in 1991 dollars), and an average auto ownership of 1.8 autos per household; prefer package tours and economy vacations and are relatively averse to planning their own vacations; are more likely to be female; and prefer group travel to travel on their own. Most groups contain sizable numbers of widows or widowers. Studies undertaken by the National Tour Association, Inc. show that the average tour patrons are well-educated, middle to upper middle-level income seniors living in metropolitan areas, with no children residing at home.[40] One tour operator, with tours ranging from 1 to 30 days, describes the day-tripper as typically less affluent than those taking much longer tours.[41]

The primary market for escorted bus retail tours includes persons ages 50 and above, a group totaling about one-quarter of this country's population.[42] The American bus tour industry generated $13.8 billion worth of escorted tour business in 1990, carrying more than 60 million passengers on more than 1.5 million trips. Sixty percent of these passengers were over the age of 64.[43]

From this limited statistical information, it can be inferred that the median income of tour patrons is likely to be much higher than that of fixed-route passengers. However, both tour and fixed-route

38 Some Class I firms have been able to develop tour operations into a major revenue provider despite higher Cost structures.

39 Lawrence F. Cunningham, "Profiling Tour Patrons and Non-Patrons in Intercity Bus Passenger Markets,' paper presented at the Annual Meeting of the Transportation Research Board, Washington DC, January 1986.

40 National Tour Association, "NTA Today," newsletter, 1991, pp. 7-9.

41 S. Burkett Milner, vice president/general manager, Capital Tours, Inc., personal communication, June 4, 1992.

42 National Tour Association, op. cit., footnote 40, pp. 7 9.

43 James Santini, Washington, DC Representative, National Tour Association personal communication, March 1992.

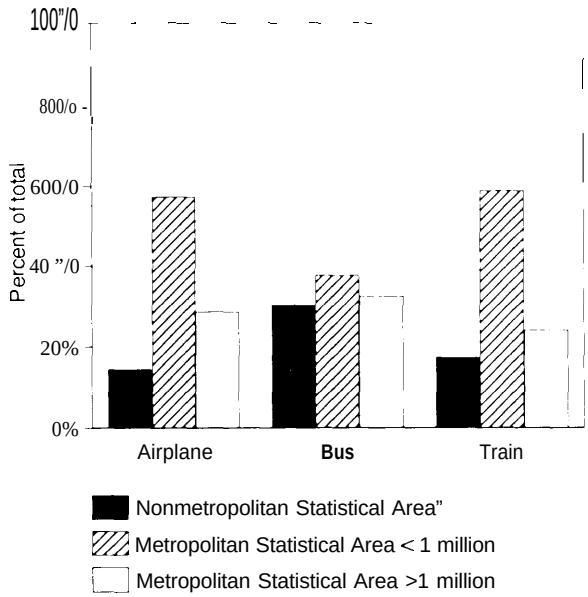
patrons are more likely to be over 65 than travelers on other modes of transportation. This group will be a growing percentage of the population in coming years. The Bureau of the Census projects a growth in population in the 65 and over category, from 31 million in 1990 to more than 65 million in 2050, rising from 12,5 percent to 22.9 percent of the overall population.

SERVICE TO RURAL AREAS

Among the six specific areas the ADA directs OTA to analyze is: "The impact of accessibility requirements on the continuation of over-the-road bus service, with particular consideration of the impact of such requirements on such service to rural communities. "[44]

The OTRB is often the only public carrier option for the resident of a rural area or small town.[45] The approximately 6,000 U.S. communities served in 1992 by fixed-route bus service are only one-half as many as those reached in 1982, yet far more than the 477 served by air carriers or the 498 linked by Amtrak. Indeed, over 30 percent of fixed-route passengers describe their home community as rural, a far greater percentage than for either air or rail travel.[46] (See figure 2-7.) These riders have been affected by the loss of rural services. One survey estimated that 83 percent of the communities that lost bus service after deregulation had no other means of public intercity transportation.[47]

Figure 2-7—Intercity Passenger Travel, by Travelers' Area of Residence



•Metropolitan Statistical Areas are defined as a county or group of counties that include: 1) a city of 50,000 or more residents, or 2) an urbanized area of at least 50,000 people that is part of a county or counties with at least 100,000 total residents.

SOURCE: Robert R. Nathan Associates, ***Inc., federal Subsidies for Passenger Transportation, 1960-1988: Winners, Losers, and Implications for the Future*** (Washington, DC: May 1989), p. 18.

Meanwhile, the rural population of the United States has declined, from 49 percent in 1920 to 27 percent in 1990.[48] (For further characteristics of

44 Section 30.5(1))(6) of the ADA.

45 Robert R. Nathan Associates, Inc., *Federal Subsidies for Passenger Transportation,]960-1988: Winners, Losers, and Implications for the Future* (Washington, DC: May 1989), p. 17.

46 A survey by Greyhound placed the figure at 20.4 percent, while a survey conducted by the Bureau Of the Census in 1977 found that over 30 percent of bus riders came from rural areas. Although it is over 16 years old, the census survey still provides the most accurate demographic breakdown of modal ridership. Ibid., p. 17.

47 Paul Shultz, "In the Gateway of Commerce: The Impact of Deregulation on Intercity Transit Service, " *Community Transportation Reporter,* vol. 5, No. 8, September 1987, p. 8.

48 U.S. Department of Commerce, Bureau of the Census, 'Summary: Number of Inhabitants for 1980," PC 80- l-Al (Washington, DC: U.S. Government Printing Office, 1980), p. 1-335; U.S. Department of Commerce, Bureau of the Census, 1990 press release, CB 91-344, December 1991; and OTA analysis. The U.S. census defines rural areas as those that are not urban, i.e., 1) central cities and their immediate surroundings, with a combined population of at least 50,000, and 2) towns outside of these areas with a population of at least 2,500. The Office of Management and Budget defines populations on the basis of metropolitan and nonmetropolitan areas (see table 2-2). U.S. Congress, Office of Technology Assessment, *Defining ' 'Rural' Areas : Impact on Health Care Policy and Research* (Washington DC: U.S. Government Printing Office, 1989), pp. 5-7.

Table 2-2—Selected Characteristics of Metropolitan and Nonmetropolitan Populations[a]

	Metro	Non metro
Total population	187,072,000	56,324,000
Population density per square mile	328	19
Median age	30.0	30.2
Percent of population under age 18	27.8%	29.4%
Percent of population age 65 and over	10.7Y0	13.0%
Median family income	$33,131	$24,397
Percent with family incomes below poverty level	12.5%	16.9?4.
Unemployment rate	6.9%	8.4%
Median years of education completed	11.6	10.9

a Based on office of Management and Budget definitions: Metropolitan Statistical Areas (MSAs) are counties or groups of counties that have either a city of 50,000 or more people or an urbanized area that has at least 50,000 people located in a county or group of counties of at least 100,000 population. Counties that do not have central cities can be counted as MSAs if they have other characteristics of metropolitan areas such as significant commuting to other counties or high population density. Nonmetropolitan populations reside in all other counties.

SOURCE:U.S. Congress, Office of Technology Assessment, ***Health Care in Rural America, OTA-H-434*** (Washington, DC: U.S. Government Printing Office, September 1990), p. 40.

metropolitan and nonmetropolitan populations, see table 2-2.) For example, Iowa, with an extremely large rural population of 39 percent,[49] has a higher percentage of the elderly than all but three States, two of which, Florida and Arizona, are retirement havens.[50] This demographic picture appears to make rural America a good fit for the fixed-route bus market, whose passengers tend to be disproportionately made up of the poor, young, and elderly.

Effects of Deregulation on Rural Service

The passage of the BRRA resulted in significant point abandonment, with service lost to 2,154 communities in the first year alone.[51] This abandonment did not necessarily eliminate service to entire rural areas; often just unprofitable stops were dropped. Further, many bus operations shifted to the Interstate Highway System, eliminating stops along parallel local routes using older U.S. and State highways. This meant that, for individuals able to travel a short distance outside their home town, intercity service was sometimes still available.[52] How much of the reduction in service points was due to deregulation is a matter of debate. Quite possibly, economic trends would have eventually forced the shut down of service to some communities.[53]

Small towns bore the brunt of deregulation because of their lack of ridership and locations off of main routes. In Iowa, 70 percent of the points that lost service served fewer than 10 passengers per month.[54] Figures such as these did not translate into profits for the intercity carriers, especially when the bus had to travel off the beaten path to pick up only a few riders. In a

49 U.S. Department of Commerce, Bureau of the Census, "Percent Urban and Rural Population, 1990 and 1980," *The Census and You*, vol. 27, No. 1 (Washington DC: U.S. Government Printing Office, January, 1992).

50 Osha Gray Davidson, Broken *Heartland:* The *Rise of Americans Rural Ghetto* (New York, NY: The Free Press, 1990), p. 63.

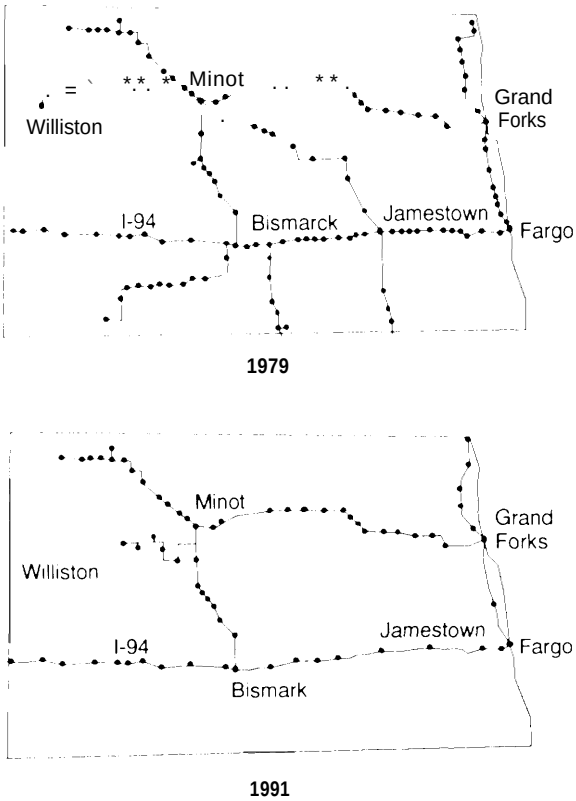
51 Ecosometrics, Inc., op. cit., footnote 16, p. 17.

52 All communities in Florida that lost service had another intercity bus stop between 9 and 21 miles away. In Iowa, 37 percent of ticket agents in communities that lost service reported that the nearest stop was over 20 miles away. John Due et al., *Transportation Service to Small Communities: Effects of Deregulation (Ames*, IA: Iowa State University Press, 1990), p. 86.

53 Meyer and Oster, op. cit., footnote 9, p. 219.

54 Mary Kihl, "TheImpact of Bus Deregulation on Small Towns," *Transportation Research Record 1012 (Washington* DC: Transportation Research Board, National Research Council, 1985), as cited in Eric Hansen et al. *The Benefits of Intercity Bus Service* (Milwaukee, WI: The School of Architecture and Urban PIarming, The University of Wisconsin-Milwaukee, October 1986), p. A9.

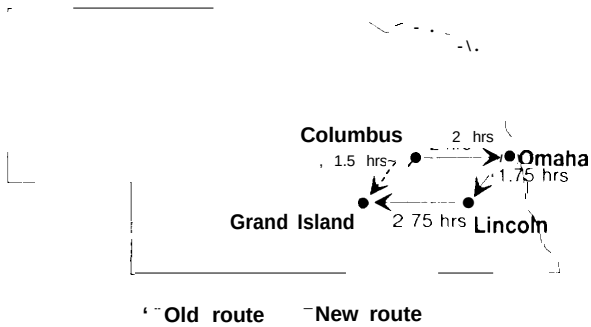
Figure 2-8—North Dakota Fixed-Route Service, 1979 and 1990



• = Service points

SOURCE: U.S. General Accounting Office, *Surface Transportation.' **Availability** of* Intercity ***Bus Service Continues*** to ***Decline*** (Washington, DC: June 1992), pp. 21-22.

Figure 2-9-Fixed-Route Service From Columbus to Grand Island, Nebraska



SOURCE: Russell's Guides, Inc., Russell's ***Official National Motorcoach Guide*** (Spokane, WA: Friendship Publications, Inc., October 1982 and November 1991), cited in U.S. General Accounting Office, ***Surface Transportation: Availability of Intercity Bus Service Continues to Decline*** (Washington, DC: June 1992), p. 25.

sample of 12 States, of the communities that lost service in the first 2 years of deregulation, 82 percent had populations under 2,500 and 94 percent had populations of less than 10,000.[55] When given the option, the major carriers concentrated on the most profitable routes, those between large central cities. Unlike the Airline Deregulation Act of 1978, which provided subsidies for continued air service to small communities, the BRRA included no such provision for communities left without bus service.

For example, the two maps in figure 2-8 compare freed-route service in North Dakota in 1979, when 129 locations were served, and in 1991, when 68 locations received service.[56] All communities south of Interstate 94 (I-94) lost service during that period. Bus service along the I-94 corridor still connects Fargo, in the east, through Jamestown and Bismark to the Montana border. However, I-94 now serves 17 intervening points compared to 34 in 1979. Service was also discontinued for points along the route linking Jamestown on I-94 and Minot, and the route between Minot and Williston. Williston, the Williams County seat, and eight other communities in that part of western North Dakota, now have no bus service.

Unlike Williston, Jamestown is still linked to Minot by bus, but the Jamestown passenger must now go through Bismark, adding approximately 25 percent to the distance traveled. Similarly, figure 2-9 demonstrates why, in 1992, travel by

55 Clinton Oster and C. Kurt Zorn, *The Impacts of Regulatory Reform on Intercity Bus Service (Bloomington, IN: Indiana University, **September 1984.***

56 U.S. General ***Accounting*** Office, *Surface Transportation: Availability of Intercity Bus Service Continues to Decline* (Washington, DC: June **1992),** pp. 21-22.

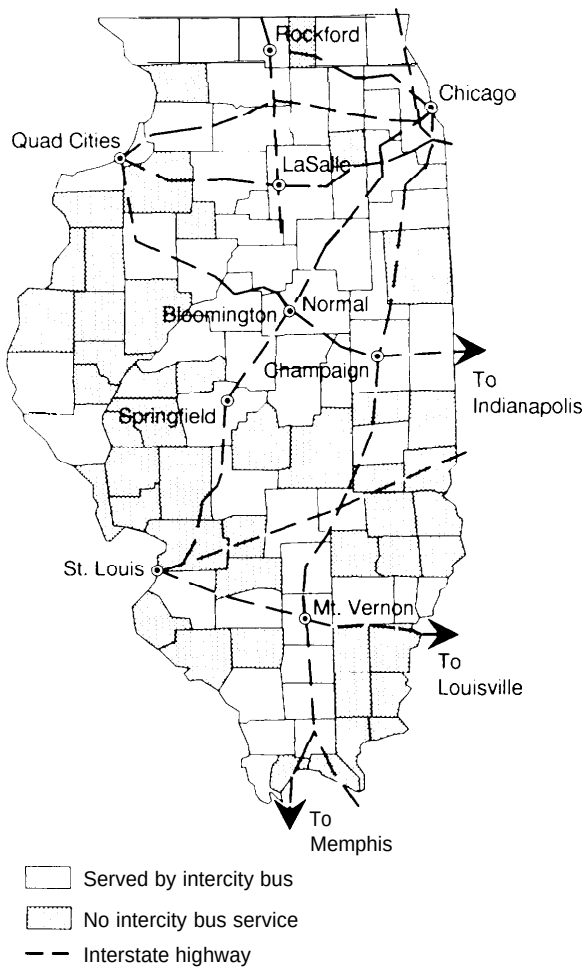
bus within Nebraska between Columbus and Grand Island is less convenient than it was 5 years earlier and less attractive as a travel option.[57] Formerly a 1 l/2-hour trip, the journey now takes 6 1/2 hours.

Figure 2-10 illustrates how areas served by intercity bus routes in Illinois correspond to Interstate highway routes.[58] Communities in 51 Illinois counties have fixed-route service; 39 of those counties are intersected by Interstate highways. Communities in the remaining 50 counties have no intercity bus service; only 13 of those counties are intersected by Interstate highways.

Rural Bus Stops

Besides differing ridership levels, the most signifilcant distinction between rural and urban intercity service is in the facilities servicing the bus. In a large city center, a traveler goes to a full-service terminal, usually with its identity prominently displayed outside. In small communities, buses often stop at stations, where servicing the bus is not the primary business function. Because businesses usually either break even or lose money as ticket agents, they view the enterprise more as a public service operation than a profitable venture.[59] Thus, it can be difficult for carriers to find business owners willing to operate stations and publicize their service. As a result, while stations may be known to town residents, other potential riders do not always know where the bus stops or where they can purchase a ticket.[60]

Figure 2-10-Fixed-Route Service in Illinois and the Interstate Highway System



SOURCE: Russell's Guides, Inc.., ***Russell's Official National Motorcoach Guide*** (Spokane, WA: Friendship Publications, Inc., November 1991), cited in U.S. General Accounting Office, Surface Transportation: ***Availability of Intercity Bus Service Continues to Decline*** (Washington, DC: June 1992), p. 24.

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57 Ibid., p. 25.

58 Ibid., p. 24.

59 Randy Isaacs, director of State Government Affairs, Greyhound Lines Inc., personal communication, Aug. 13, 1991.

60 In order to alleviate this problem, Michigan, North Carolina, and Oregon have established programs to place signs identifying bus stops.

Reliance on Service

The extent to which rural areas depend on fixed-route passenger and package service is difficult to determine. Studies of rural communities that have lost service have concluded that, while on the whole the adverse consequences to towns were usually not severe, some individual businesses and people who had used the bus endured significant hardship.[61]

Dependence on Passenger Service

With the exception of the private automobile, no readily available alternative exists for travel along many passenger bus routes. Therefore, the potential adverse effect of abandonment can be very high in rural communities. But in any analysis, the perceived need for the intercity bus must be separated from the actual demand for the service.[62]

Community Dependence—Studies have consistently shown that route abandonment has had minimal effects on rural communities in general. A study of 15 States facing substantial route discontinuance after the passage of the BRRA found no formal protests from communities losing service,[63] Whether this was due to indifference or because of ignorance of how best to protest is unclear. In the few States where significant protest has occurred, a proposed abandonment has often been stalled, or the route has been partially subsidized by government funds. In Nebraska, the work of a' 'Save the Bus' committee eventually led to State funding of a rural route. Citizens were able to demonstrate that bus service was in the public interest and that a substantial portion of the community wanted to maintain the service. The route from Omaha to Rapid City, South Dakota, was maintained by Arrow and Black Hills Stage Lines for several years after a Federal Transit Authority study recommended State subsidies. However, ridership continued to decline, and the bus company stopped operation of the route on June 1, 1991.@

Because most residents of rural areas never use bus service, its loss has little impact on their lives. The business community is seldom affected significantly, either, as most fixed-route bus trips are taken for purposes of visiting friends or relatives, and not for shopping or business trips.[65] A nationwide study of service to rural areas concluded that ''. . . most intercity trips taken by rural residents . . . are not critical to their day-to-day needs [and] do not materially relate to the basic economic functions of rural areas, ''[66]

Individual Dependence—For individuals dependent on bus service, however, community abandonment often means increased isolation. In the Wisconsin study, 20 percent of bus riders from small towns said they would not be able to make a similar trip if bus service were unavailable. Among the elderly, dependence on the bus is even more striking: 48 percent of those over 65 said they would not be able to make the trip if bus service were unavailable.[67]

However, community abandonment does not seem to have occurred disproportionately in towns with numerous poor and elderly residents.

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61 The Wisconsin Department of Transportation conducted a study on the benefits of intercity bus service, which included an analysis of towns that have lost service. Similar studies have been conducted in Iowa and other States. Hansen et al., op. cit., footnote 54.

62 Due et al., op. cit., footnote 52, p. 88.

63 Ibid., p. 89.

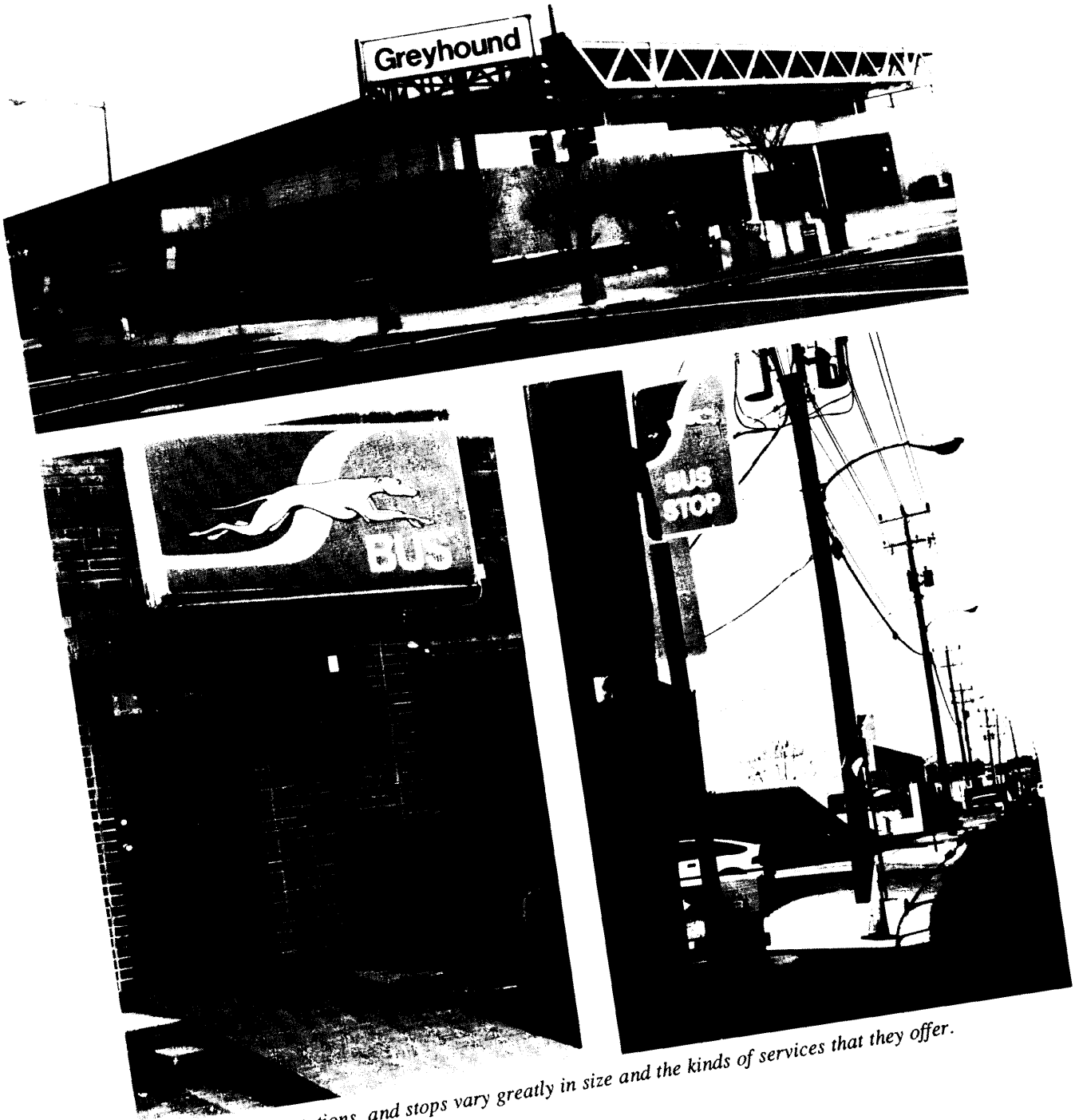
64 U.S. Department of Transportation *Comprehensive Study of Intercity Bus Service in Nebraska* (Washington, DC: March 1988); and Frederic D. Fravel, Ecosometrics, Inc., personal communication, Feb. 16, 1993.

65 Due et al., op. cit., footnote 52, *p. 85.*

66 John Wells et al., U.S. Department of Transportation, Office of the Assistant Secretary for Policy and International Affairs, *Inter-City Bus, Rail, and Air Service for Residents of Rural Areas, 1980* (Washington, DC: U.S. Government printing Office, 1980), cited in Hansen et al., op. cit., footnote 54, p. Al.

67 Hansen et al., op. cit., footnote 54, p. B2.

Photos by Stephen Garcia



OTRB terminals, stations, and stops vary greatly in size and the kinds of services that they offer.

Because the elderly and poor use the bus at a high rate, they often provide sufficient ridership to justify continuation of bus service in places where their numbers are large. In fact, communities that retained service after deregulation had lower per capita incomes and higher percentages of elderly citizens than small towns where service was discontinued. [68]

Most passengers travel on intercity, fixed-route OTRBs for vacations, visits to relatives, and shopping trips.

Dependence on Package Service

Bus package delivery finds its largest market in rural areas, serving small businesses, farmers, or hospitals. However, with the expansion of next-day-delivery services, the importance of bus package delivery has diminished greatly. Greyhound saw a significant drop in its revenue from package service as these companies expanded; Federal Express, for example, now delivers to innumerable locations.@

Those who use bus package service find it attractive because it often supplies the only available same-day delivery of important perishable items, such as blood and agricultural products, cargoes not handled by carriers such as Federal Express or United Parcel Service (UPS). OTRBs have less stringent weight and size restrictions than other services, allowing heavy packages, such as auto parts, to be shipped in a timely fashion. Although package air service is becoming increasingly available to small communities, its cost compared to bus freight shipment makes the latter more appealing to some businesses.[70] Individuals who had relied on package service in areas where bus service has been eliminated have been forced to adjust. For example, when bus service was curtailed in Bishop, California-a town of 3,500-blood had to be rushed from Reno by the California and Nevada State highway patrols.[71] Businesses that need to transport larger or different objects than UPS handles now rely on personal delivery or travel to the nearest intercity bus station to ship their packages.

Given the low volume of packages shipped by intercity bus in most communities, the adverse economic effects of service discontinuance are not widespread. For example, 81 percent of the routes abandoned in Iowa handled fewer than 50 packages a month.[72] In most of the small towns that lost bus service following deregulation, the few small businesses that used bus package service have switched to other alternatives, primarily UPS, and the towns' general economic health was rarely affected.[73]

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68 Meyer and Oster, op. cit., footnote 9, p. 219.

69 Randy Isaacs, director of State Government Affairs, Greyhound Lines Inc., personal communication, Sept. 17, 1991.

70 For example, in the case of a 100-pound package Shipped from Wausau, WI to Rhinelander, WI, a town of under 10,000 residents, United Parcel Service would not take the package because of weight restrictions; sending it by Federal Express would cost $146 more than shipping it by bus. Hansen et al., op. cit., footnote 54, p. 43.

71 John E. Gallagher, "Where There's No Bus, There's No Exit," *Time, Mar. 26, 1990,* p. 59.

72 Kihl, op. cit., footnote 54, p. A9.

73 Hansen et al., op. cit., footnote 54, p. 50.

Government Assistance to Rural Transit

Federal and State Governments offer financial assistance for rural transit services, which are generally provided by vehicles other than OTRBs. The principal instrument for this assistance is Section 18 of the Federal Transit Act, successor to the Urban Mass Transportation Act of 1964.

- Section 18 authorizes the Secretary of Transportation, through the Federal Transit Administration (FTA), to provide funds to each State to be used for public transportation projects in nonurbanized areas .74 The funds may be used for planning, capital, and operating assistance by State and local government bodies, nonprofit organizations, operators of public transportation services, and others.
- The Section 18 program aims to facilitate rural residents' access to health care, education, employment, public services, and other activities through improvement of public transportation systems in rural and small urban areas. It also seeks to encourage as much as possible the participation of private transportation providers in rural and small town transportation service.
- State agencies receive additional funds under Section 16(b)(2) of the 1978 Surface Transportation Assistance Act. These FTA funds assist private nonprofit organizations to purchase vehicles and equipment to transport the elderly and individuals with disabilities in both rural and urbanized areas. Transportation providers serving primarily rural areas may receive both Section 16(b)(2) and Section 18 funds from their State agencies; some may also receive funds from the U.S. Department of Health and Human Services to provide transportation for certain disadvantaged individuals.[75]

Elizabeth Robinson

Package express service, which delivers large, perishable, or other special cargo, can generate significant revenue for the bus company.

Over one-quarter of all rural transit agencies operate in more than one county, their vehicles often traveling long distances over several counties on individual trips.[76] A number of these buses travel distances similar to those of the average rural freed-route bus trip (estimated at 125 miles), making some rural transit operations suitable surrogates for discontinued bus service .77 Persons who use wheeled mobility aids make up 7 percent of all riders of Section 18 systems; 39 percent of all passengers are over 65.[78] Many vehicles operated by FTA-supported agencies are lift-equipped, enabling passengers with mobility disabilities to travel more easily.

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74 States receive funds based on their percentage of the Nation's total rural population using *the census definition* of rural.

75 The Department of Health and Human Services provides $1 billion for transportation. However, that money Often is Spread out over a variety of local agencies, and coordinating resources among transportation providers is a major stumbling block in rural transportation. U.S. Department of Agriculture, *Reconnecting Rural America: Report on Rural Intercity Regional Transportation* (Washington DC: U.S. Government Printing Office, July 1989), p. 2.

76 Community Transportation Association of America, *A Profile of the Section* 18 *program* (Washington, DC: 1990), p. 4.

77 Due et al., op. cit., footnote 52, p. 85. In a 1984 survey, the majority of former intercity bus ticket agents in Iowa recalled that three-quarters of their passengers traveled less than 100 miles, usually within the State.

78 Community Transportation Association of America, op. cit., footnote 76, p. 4.

1991 Amendments to Section 18

Section 18 was amended by the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA),[79] which added Subsection (i) to encourage the further involvement of the OTRB industry in serving rural areas. Section 18(i) calls for each State to spend no less than a fixed percent of its apportionment for that purpose, unless the Governor certifies that the State's intercity bus needs are adequately met.[80]

- Section 18(i) provides funds to support a set of national objectives that: 1) connect nonurbanized areas to the larger regional or national system of intercity bus service; 2) meet the intercity travel needs of residents of nonurbanized areas; and 3) improve the infrastructure of the fixed-route network.
- Eligible activities for funding under Section 18(i) include planning and marketing, capital grants for shelters, joint-use stops and depots, operating grants through purchase-of-services agreements, user-side subsidies and demonstration projects, and coordination of rural connections between small transit operations and fixed-route carriers .[81] FTA draft guidance specifies that capital assistance may be used to purchase vehicles or vehicle-related equipment such as wheelchair lifts for use in intercity service. For vehicle-related equipment required by the ADA, the Federal share is 90 percent of its incremental cost. For purposes of Section 18, charter and sightseeing services are not eligible for FTA assistance; commuter service is not included in the definition of intercity service, but package express is.

In connection with its June 1992 report on the intercity bus industry, the U.S. General Accounting Office (GAO) identified 20 States with intercity bus service programs ranging from financial support for individual bus routes to toll-free telephone numbers for route and schedule information.[82] Seventeen of these States use Federal funds, 14 also use State or local government funds, and 3 use only funds generated within the State.[83] While 30 States have no programs for supporting fixed-route service, 43 States indicated to GAO that they expect to use the Section 18(i) set-aside moneys for improvement of intercity bus transportation.

Rural Connector Programs

As major freed-route carriers dropped rural stops from their routes, community leaders and industry sought ways to provide transportation to potential riders in isolated areas. In 1987, Greyhound, with the cooperation of the Community Transportation Association of America (CTAA) and FTA, sought to link existing intercity routes with public providers of rural transit by establishing the Rural Connector Program (RCP).[84] As of December 1991, 73 transit agencies serving over 850 communities in 20 States were participating in RCP.[85] Local transit systems took passengers

79 Public Law 102-240.

80 Five percent in fiscal year 1992, 10 percent in fiscal year 1993, and 15 percent in fiscal year 1994 and thereafter. The fiscal year 1992 appropriation for Section 18 activities was $66.13 million, the fiscal year 1993 appropriation is $90.83 million.

81 The maximum Federal share is 80 percent of capital expenses and 50 percent Of Operating costs.

82 U.S. General Accounting Office, Op. Cit., footnote 56, pp. 34-41

83 Fourteen of the 20 States provide operating subsidies, typically designed to maintain public transportation services for rural and Small town residents. Six have vehicle programs whereby State-owned buses are leased to private operators to provide intercity bus service. Five offer assistance for construction or remodeling of terminal facilities, particularly for intermodal transportation. Ten provide other types of assistance such as promotional materials, maps, signage, passenger shelters, and tax credits on fuel expenditures.

84 Greyhound Lines invested approximately $500,000 in RCP, with CTAA contributing $200,000. CTAA's costs were offset by a grant from FTA. U.S. Department of Transportation, *Intercity Bus Feeder Project Program Analysis: Final Report* (Washington, DC: September 1990), p. S-13.

85 U.S. General Accounting Office, op. cit., footnote 56, p. 4.

to and from intercity bus stops and acted as ticket agents for Greyhound, selling intercity bus tickets along with the regular transit service fee. Between 1987 and the beginning of the Greyhound strike in 1990, the program allowed Greyhound to add 941 points to its fixed-route service.[86] The strike and the company's subsequent bankruptcy filing, however, placed the program on hold in all but a few communities.

The greatest concern surrounding RCP was the lack of ridership.[87] After almost 2 years of operation, the program had generated 2,744 total trips, with average ridership for individual transit agencies ranging from O to 64 trips monthly .88 Local operators offered the following reasons for the program's inability to attract passengers: lack of advertising funds made marketing difficult; Greyhound marketing materials were ill-suited to small community needs; and intercity coaches often arrived during hours not covered by local providers. In addition, many rural transit operators serve primarily human service agency clients, and have limited abilities to serve the general public.[89]

Another reason for the program's low ridership was that Greyhound was unable to serve a portion of the Section 18 operators' clientele—individuals with disabilities, In fact, Minnesota's State Department of Transportation declared that it would not support the participation of its Section 18 operators in RCP in view of the inaccessibility of Greyhound's OTRBs.[90]

OTRB ACCESSIBILITY PRIOR TO THE AMERICANS WITH DISABILITIES ACT

Legislative Precedents, 1970 to 1990

Twenty years of legislation, rulemaking, and court decisions involving access to publicly funded transportation preceded the 1990 enactment of the ADA.[91] Milestones during that time included:

- In 1970, the Urban Mass Transportation Assistance Act established as national policy that individuals with disabilities have equal right of access to publicly assisted mass transportation facilities and services, and that planning and design of such facilities and services should assure that right. It authorized the use of up to 3.5 percent of total mass transit appropriations for improved access. But suits brought by individuals with disabilities claiming that public transit authorities must now purchase accessible vehicles were dismissed by the courts.
- In 1973, Section 504 of the Rehabilitation Act became law, stating that: "No otherwise qualified handicapped individual . . . shall, solely by reason of his handicap, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. "[92]
- In 1976, the Urban Mass Transportation Administration (UMTA, now FTA) of DOT adopted regulations requiring public transit

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86 Ecosometrics, Inc., op. cit., footnote 16, p. 19.

87 In 1987, the State of Michigan instituted its own connector program with FTA support, providing funds to local transit agencies to conduct the service. By the spring of 1991, Michigan's RCP had attracted more ridership than Greyhound's national version. Once FTA funding ended, however, even these ridership levels could not justify continuance of the program, which continued to lose money.

88 U.S. Department of Transportation, op. cit., footnote 84, p. s-11.

89 Isaacs, op. cit., footnote 59.

90 David Raphael, executive director, Community Transportation Association of America, personal communication, July 18, 1991; and Randy Isaacs, Isaacs & Associates, personal communication, Oct. 6, 1992.

91 The following material is based on Paul Stephen Dempsey, "The Civil Rights of the Handicapped in Transportation: The Americans With Disabilities Act and Related Legislation, " *Transportation Law Journal, vol. 19, No. 2, 1991,* pp. 314-317,

92 Public Law 93.112, approved Sept. 26, 1973, 29 USC 794.

agencies to make special efforts to accommodate individuals with disabilities, but without indicating how that should be done. Some agencies responded by purchasing Lift-equipped buses and others established dial-a-ride or paratransit services.[93]

- In 1978, the then-Department of Health, Education, and Welfare issued lead agency guidelines requiring that individuals with disabilities be "mainstreamed' into Federal programs. Retrofitting of buses and subway systems was required, with the provision of specialized services allowed to supplement or substitute for accessibility. In 1979, UMTA issued rules requiring that all new fixed-route buses be made accessible to individuals with disabilities, including those using wheelchairs. The rule required that 50 percent of peak-hour buses be accessible within 3 years.
- In 1981, however, the courts held that such specific requirements were beyond the scope of DOT authority. Congress then enacted the Surface Transportation Assistance Act (STA) of 1982, with provisions requiring DOT to establish minimum service criteria for indiviuls with disabilities, but requiring neither equal access nor comparable service.
- In 1986, UMTA issued final rules pursuant to the STA, giving transit agencies three options: installing lifts on buses, establishing a paratransit system, or establishing a mixed system of accessible buses and paratransit. In rulings on suits brought against the mixed system approach, the courts held that mixed systems were legal since no right for equal access existed at that time, either legislatively or constitutionally.
- In 1990, however, equal access became the law with passage of the Americans with Disabilities Act, which for the first time addressed private entities providing public transportation.

I Current Status of Accessible Service

Prior to passage of the ADA, the statutes, regulations, and court decisions noted above required federally assisted public transit systems to provide some accessible transit buses and vans, and by 1990 considerable progress had been made. However, examples of accessible OTRBs were few. The first lift-equipped OTRBs appeared in 1985 in Canada under government-sponsored demonstration programs. In 1986, Massachusetts initiated its own program providing publicly financed, lift-equipped OTRBs to a number of private operators within the State for freed-route, commuter, and other services, In 1987, two public transit agencies, the Denver Regional Transportation District and the Golden Gate Bridge, Highway and Transportation District of San Rafael, California, began operating a total of 39 lift-equipped OTRBs. (See chapter 3 for a discussion of the Denver RTD project.)

Privately Operated Service

As of late-1992, OTA had identified 26 bus operators nationwide who ran some 350 lift-equipped OTRBs. At that time, these 26, plus other operators without lift-equipped buses, had an additional 100 accessible buses on order. Of the 26 bus operators, 7 are public transit authorities. The remaining 19 are private companies, but, with two exceptions, they operate their accessible

[93] Paratransit, also formerly referred t. as di~.a-ride, is characterized by flexible routes and schedules, curb-to-curb or door-to-door pickup and dropoff points, requested in advance by a user eligible for the service. Under the DOT Interim Regulations (issued pursuant to Sec. 306(a)(2)(A) of the ADA), paratransit ". means comparable transportation service required by the ADA for individuals with disabilities who are unable to use fixed-route transportation systems, 56 *Federal Register 45624* (Sept. 6, 1991).

Stephen Garcia

A sign at a Greyhound terminal in February 1993 indicates the company's willingness to serve persons with disabilities.

OTRBs under contract to public bodies.[94] (One of the exceptions is a tour operator whose single lift-equipped OTRB was purchased and operates without public financial assistance. See box 2-G.) Fewer than 5 of the 26 operators are principally providers of traditional freed-route service; the others provide essentially commuter, airport and special services, and charter and tour services.

Approximately 40 companies list themselves in the 1992 *Motorcoach Marketer* as providers of accessible tours to persons with disabilities. However, OTA has been able to confirm only six of these as having lift-equipped OTRBs.[95] The rest provide accessible service with minibuses, vans, school buses, and other vehicles.

A few travel agents and tour operators have persons with disabilities as their primary client base.[96] Travel agents and tour operators specializing in travel for individuals with disabilities claim that arranging accessible motorcoach tours in the United States is next to impossible, although a few small bus companies may have accessible vehicles for highly localized tours, and some tour destinations are thoroughly accessible, most notably Disney World. (See chapter 3 for a discussion of the charter and tour market for individuals with disabilities.)

PRESENT DOT REGULATIONS

DOT regulations require privately operated OTRBs to provide handrails, stanchions, increased lighting, slip-resistant flooring, contrasting edge surfaces, and a door width of 30 inches where possible and in no cases less than 27 inches. The ADA also called on the Secretary of Transportation to issue interim regulations 1 year after enactment, so that each private entity using an OTRB provides access for persons with disabilities .97 These regulations could not require structural changes in OTRBs or the purchase of boarding assistance devices, and remain effective until supplanted by the Secretary's final regulations.[98]

The DOT interim regulations require private entities operating OTRBs to assist individuals with disabilities in boarding and disembarking,

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94 In addition t. the private bus companies participating in the Massachusetts demonstration, and the two public agencies, the Denver Regional Transportation District and Golden Gate, the following private operators provide accessible OTRB service, all under contract to public agencies: California—Laidlaw Transit, Antelope Bus Co., Inc., Gray Line Tours, Goodall's Charter Bus Service, Inc., All-West Coach Lines, Amtravel; Connecticut—Post Road Stages; and New York-Central New York Coach Lines, which owns a lift-equipped OTRB but has never operated it. A public transit authority operating its own accessible OTRBs is Dallas Area Rapid Transit. Houston Metropolitan Transit Authority ordered 40 accessible OTRBs in early 1992. This list may not be all-inclusive.

95 Brush Hill, Central New York Coach Lines, Goodall's Charter Bus Service, Inc., H&L Bloom, Inc., Post Road Stages, and Peter Pan.

96 "A travel agency is a retail merchant who sells travel to the consumer. A tour operator is a wholesaler who puts tours together, then sells them to a travel agency. Many travel agencies are also tour operators." Helen Hecker, *Directory of Travel Agencies for the Disabled* (Vancouver, WA: Twin Peaks Press, 1991), p. 2. Some foreign travelers with disabilities who are interested in touring the United States by motorcoach assume accessible coaches are available, and foreign travel agents making inquiries on their behalf are often astounded to find otherwise. Yvonne Nau, Nautilus Tours, Inc., Tarzana, CA, personal communication, Jan. 28, 1992.

97 Publicly operated OTRBs (or privately owned OTRBs operated under contract to a public entity) must meet all of the service requirements applying to public entities, and all of the vehicle accessibility requirements that apply to transit buses under Part 38 of DOT's regulations.

98 56 *Federal Register 45624* (Sept. 6, 1991).

Box 2-G—An Accessible Tour Bus: Evergreen Travel Service, Inc.

Evergreen Travel Service, Inc., of Lynnwood, Washington, has been operating tours since 1960. After 20 years of conducting tours all over the world for persons with disabilities, proprietors Betty Hoffman and her son Jack decided they needed their own bus. The Hoffmans bought a used bus, equipped it with a Crow River lift, rebuilt the restroom to make it accessible, and installed 16 tie-down positions. Its current configuration accommodates 12 tie-downs. The Crow River is an external lift, takes up no baggage space, and is located in front of the rear wheels and immediately in front of the restroom. The restroom is equipped with a 40-inch-wide door facing the aisle.

Jack Hoffman says the bus was used for only 1 year before the insurer discovered it was being used to transport a number of passengers with disabilities and raised the insurance rates to $3,000 per month. Hoffman claims he was told he could pay normal rates only if he were to tear out the lift. Instead, he parked the bus and left it unused for 7 years. Meanwhile, he unsuccessfully tried to secure coverage through the State of Washington high-risk pool. He was later placed in a high-risk pool in San Francisco where he could have obtained coverage for $900 per month, but that figure was not economically feasible. Only in early 1992 was the Evergreen bus put back into operation, after being insured at $525 per month through a pooling arrangement with another eight buses operated by a family company in the Seattle area. Hoffman believes that rate to be about $125 per month above the going rate for OTRBs in Washington State.[1]

In more than 30 years, Evergreen has conducted tours to more than 100 countries for individuals with a variety of mobility and sensory disabilities. In some countries, accessible coaches can be arranged easily. Britain, Scandinavia, several other countries in Western Europe, and Israel are favorite destinations where accessibility presents few major problems. In other countries, including Tibet, Nepal, India, and Burma, accessible buses do not yet exist, nor are facilities accessible. In such cases, lifting and carrying are the only options. Hoffman has conducted six tours to China and in 1991 took a group of 23 individuals with disabilities there. He tells the story of getting persons who use wheeled mobility aids or scooters to the top of the Great Wall of China via routes unknown to his Chinese guides, using ramps initially built for supply horses and encountering only five steps along the way.

[1] It is Hoffman's belief that insurance company concerns are misplaced. Most suits brought by individuals with disabilities are dismissed, he claims, with the court finding that they are already disabled, and proof of further disability as a result of an accident difficult to establish. Suits brought by formerly able-bodied people disabled in accidents, however, are frequently found in favor of the passenger; it is in these cases that insurance companies end up paying claims. Hoffman believes that insurance companies should not focus on a company's ability to transport disabled passengers but on its safety record.

including moving to and from the bus seat. Carrying is a disfavored method of assistance, but since the purchase of boarding assistance devices cannot be required, there may be times when carrying is the only available means of access. In such cases, it is the responsibility of the entity to ensure that personnel providing boarding assistance, especially by carrying or direct physical aid, are trained to do so safely and appropriately.

Wheelchairs and other mobility aids and assistive devices may be accommodated in the areas for personal effects in the passenger compartment, size permitting. If this is not possible, they are to be stored in the baggage compartment of the bus. At any stop, a person with a wheelchair or other assistive device would have the device loaded before other items at the same stop, although luggage already on the bus could not be "bumped" to accommodate the device.

The OTRB operator may require up to 48 hours advance notice, but only if boarding assistance is necessary. "While advance notice requirements are generally undesirable, this appears to be a case in which a needed accommodation may be able to

be provided successfully only if the transportation provider knows in advance that some extra staffing is needed to accomplish it. ' '[99] If advance notice is not provided, the entity still has the obligation to offer boarding assistance, if it can be done with available staff.

One year after submission of the OTA study, DOT must issue final regulations specifying the level of service required on accessible intercity coaches for individuals with disabilities. These regulations will be enforced by a governmental framework divided among many different agencies. While modes such as air and rail have entire administrations within DOT geared to their oversight, private OTRB companies find regulatory authority splintered not only within DOT but throughout the State and Federal Governments (see app. B.) Within this complex regulatory environment, DOT must determine how best to administer and enforce accessibility regulations.

[99]56 Federal *Register 45756* (Sept. 6, 1991).