

AFD Ep 318 Links and Notes - Intercity Bus Deregulation

- <https://static.tti.tamu.edu/tti.tamu.edu/documents/965-1F.pdf> (Aug 1981 report from Texas A&M for the state and for federal DOT) *The first state to initiate passenger bus regulations was Pennsylvania in 1914. By 1930, all states, with the exception of Delaware, had instituted some form of regulation of the intercity bus industry. The type and amount of control used by the states varied. Some states extensively controlled certification, service and rates, while others were concerned solely with safety regulations. However, the chief method of control utilized by the states was the power to grant or deny operating certificates. In granting certificates of authority the state commissions were required to interpret the meaning of the phrase "public convenience and necessity" in each situation as established in the Code of Fair Competition of the National Association of Motor Bus Operators. For the most part, the commissions held that if the public in general, rather than a group or groups of individuals, was served, a certificate would be granted. Under this type of regulation the industry gained considerable financial and managerial stability as the state commissions, in granting certificates, usually favored the existing carrier if adequate service was being rendered. This resulted in protection for existing carriers from excessive competition.*
- https://en.wikipedia.org/wiki/Bus_Regulatory_Reform_Act (1982)
The bill included reducing restrictions on bus lines to add or remove stops, and increasing ease of entry of entrepreneurs into the bus service market. As such, authority could be granted to any "fit, willing, and able" carrier unless a protestant could show the new authority was contrary to public interest. The bill provided the [Interstate Commerce Commission](#) could investigate or suspend rates considered discriminatory or predatory. It could also overrule state regulatory authorities on intrastate "rate and exit issues" if state rulings caused "undue burdens" on interstate commerce.^[3]

Following the enactment of the new law, the [Interstate Commerce Commission](#) received over 2000 applications to operate new bus services.^[4] However, the rate of service loss was not substantially different than that observed prior to passage.^[3]

Overall, the Act has been considered "beneficial in improving the economic efficiency of carriers", while "some minor reservations" exist "regarding its adverse effects on smaller towns and rural areas".

- <https://www.congress.gov/bill/97th-congress/senate-bill/2354>
- <https://scholarship.law.campbell.edu/cgi/viewcontent.cgi?article=1079&context=clr>
The Commission is authorized to grant a certificate to any person who is fit, willing and able to provide intercity bus transportation, unless the Commission finds that the transportation is not consistent with the public interest." The burden of proof has been switched to protestants. The jurisdiction of the ICC is extended to intra-state bus service. "Fitness-only" certificates shall be granted to carriers seeking to serve towns with no existing bus service, or for service substituting for discontinued passenger train or airline service." Protests are limited to carriers actually serving the applied-for route, or those with rival applications.
A rider to the bus deregulation bill prohibits the ICC from granting certificates for bus or truck service to foreign bus carriers unless the President has certified that the applicant's country does not discriminate against United States carriers. This was added in response to complaints by domestic motor carriers that United States companies were

not being given rights to compete in Canadian and Mexican markets, as those countries had not deregulated entry to the motor carrier system.

Companies may charter a partial load, i.e. handle charter and regular passengers within the same bus.

A provision of the new law provides that a carrier seeking to discontinue intrastate service may petition the ICC if the state has not acted within 120 days of the bus carrier's petition for state authority to discontinue service. If the state has denied the buscarrier's request, the carrier may appeal to the ICC." The public has no such appeal if the state agency grants the request for discontinuance. (This procedure is similar to that found in old section13(a)(2) of the Interstate Commerce Act, now 49 U.S.C. 10909, pertaining to discontinuance of intrastate passenger trains). In addition, the Commission is authorized to preempt state authority if it finds there is discriminatory state regulation of rates and practices

The major opposition was found in the ranks of legislators from rural states who feared loss of service to small towns and cities without air or rail passenger service. These fears are justified. Whereas the old Motor Carrier Act of 1935 left it to the states to determine the needs of their citizens for local service, the new Bus Act proclaims that the Commission may overrule a state regulatory agency's ruling applicable to bus transportation if the ICC finds that the rate or ruling prescribed by a state agency "causes unreasonable discrimination against or imposes an unreasonable burden on interstate commerce." The one-sided appeal process for carriers means virtually unrestrained freedom to exit markets, given the pro-deregulation tendencies of the current membership of the Interstate Commerce Commission.

It should be emphasized that what has happened to the bus industry is not deregulation but reregulation. The Federal government has preempted state authority over motor carriage. It is now easier for a new carrier to gain entry and easier for existing carriers to offer promotional discount fares or to raise regular rates for its captive travelers. But the ICC still stands as the ultimate arbiter of the motor coach industry. It is neither removed from the picture(as with Amtrak) nor abolished (as with the Civil Aeronautics Board)

- <https://www.nytimes.com/1982/09/21/business/bus-deregulation-is-signed-into-law.html>
 - The NY Times at the time called it "the most sweeping change in bus regulation since 1935" and said that "industry experts" believed it would lead to "a drop in many fares and expanded scheduled service in many communities"
 - "Among the principal losers are the state regulatory agencies, many of which have been strongly criticized by bus operators for their restrictions on intrastate routes and strict control on the price of tickets."
 - "Bus companies may withdraw from unprofitable services more easily in most circumstances, although the bill has provisions for protecting small communities without transportation alternatives from being abandoned altogether." [weird how that last part didn't work out]
- [mentioned in the Wiki article above]
<https://www.tandfonline.com/doi/abs/10.1080/01441648708716650> "The effects of regulatory reform on the US inter-city bus industry" by K.J. Button in Transport Reviews, 1987 - abstract mentions "some minor reservations must be retained regarding its adverse effects on smaller towns and rural areas"
- <https://www.jstor.org/stable/43620389?seq=1> "Abandonment of the rural poor" by Robert Cervero for *Ekistics* in Nov/Dec 1983 (ekistics = the science of human settlements):

- *The deregulation of intercity bus transportation could materially hurt a number of small communities and rural areas throughout the United States. The Bus Regulatory Reform Act of 1982 (Public Law 97-261), which lifts numerous controls over the pricing and service practices of US intercity bus carriers, has **already prompted most large operators to begin cutting or discontinuing services to more sparsely populated and rural areas. In California, Greyhound Lines has reduced services to 344 communities since January and has notified the Public Utilities Commission of plans to totally eliminate services to 94 others.** This comes at a time when many small towns and rural areas have just begun to feel the isolating effects of deregulation in other transportation modes such as air, rail and trucking – which has too often meant the cessation of services or closing of a depot in these communities. The snowballing effect of losing important intercity transportation services, one after the other, could be particularly debilitating to the low income and elderly residents of affected areas.*
- *Prior to the 1982 act, many state regulatory agencies required carriers such as Greyhound Lines to provide service on unprofitable routes in exchange for a monopoly on highly lucrative ones.*
- <https://files.eric.ed.gov/fulltext/ED316358.pdf> 1989 USDA report on rural transportation
 - Who are rural bus passengers? “One survey covering national trends, the 1977 National Travel Survey, covers only trips over 100 miles and does not break out charters versus regular routes. Key findings indicate that the typical intercity bus passenger has a lower median income, is more likely to be minority and female, and has a lower level of education than do air or rail passengers. Thirty percent of bus passengers originate from towns under 50,000 population, while 19 percent of rail passengers and 18 percent of air passengers come from similar population centers. Destinations of bus passengers are also more likely to be small towns than are air and rail passengers. Fifty percent of bus passengers are age 24 and under, while 13.4 percent are 65 and over. Fewer passengers are in the 25-40 age category. Trip purpose is primarily nonbusiness, and is generally for visiting friends and relatives or for entertainment and sightseeing.”
 - Effect of deregulation of buses in comparison to air and rail deregulation: Because the bus industry was the last transportation sector to be deregulated, there were several differences in the effects of this deregulation. First, while the rail and air deregulation acts were somewhat cautious in requiring the ICC to consider the impact of abandonment on communities, the bus act directs the ICC to give priority to eliminating unprofitable routes and cross-subsidization wherever possible. Second, while Congress established Amtrak to ensure the continuation of a passenger rail network and initiated EAS to continue air service for small communities, such program emerged for intercity bus transportation. As a result, the net impact of the bus act on rural areas may be greater than the effect of the rail and air deregulation acts. Within a year of the act, 2,154 points had lost, or were slated to lose, some or all bus service. In a 1984 report, the ICC estimated that 1,045 communities losing service in the first year retained no alternative integrity service. In a September 1986 study, the ICC estimated that between enactment of the bus act in 1982 and January 1986, a nationwide total of 4,514 points had lost service, with 3,763 of these points losing all intercity bus service. The study also estimated that during the same period a total of 896

points had gained service. Small communities were the biggest losers-3,432 of the towns losing service had populations of 10,000 or under. This trend toward reduced service continues.

- Deregulation did not begin the trend of decreasing ridership on buses in rural communities, but it did accelerate it.
- Example from IL: Between November 1975 and August 1986, 351 cities, towns, and villages in Illinois lost intercity bus service, with two points receiving new service. Two hundred-fifty of the points lost service after passage of the Federal act. In 1975, 93 out of 102 counties were on a bus route; by August 1986, only 62 out of the 102 counties retained service. The average population of an Illinois community with bus service increased from 8,231 to 12,705 during this period. Much of the loss was the elimination of flag stops: 37 percent of the loss was flag stops, and 17 percent was at points with scheduled arrival time. The only area demonstrating growth was bus service to O'Hare International Airport in Chicago.
- Prices increased for rural riders: A recent study conducted by Mary Kihl in Iowa demonstrated that basic coach fares from small midwestern hubs to major national locations have gone up an average of about 150 percent since deregulation, with the sharpest increases taking place in the shorter connections.
- Effects of decreasing bus service: While the effects of deregulation on rural areas remain largely anecdotal, it appears there may be an incremental addition to a larger trend toward increased isolation and rising costs for rural communities. As costs rise, businesses close, thereby reducing the number of services available locally. And as the number of services decline, residents are forced to travel farther to access medical care, schooling, employment opportunities, and social and recreational outlets. As people travel to meet basic needs, the cycle of decline is reinforced as individuals combine their trips to the larger community to include the doctor, the shopping center, and the theater and bypass the local business as an additional, unnecessary stop. Eventually, population declines as access to basic services becomes too difficult or too costly for rural residents to sustain.
- https://en.wikipedia.org/wiki/Greyhound_Lines#1983%E2%80%932001:_Consolidation,_strikes,_and_bankruptcies
 - Fatalities during 1983 and 1990 strikes
 - 1983: Strike November-December due to proposed 10% reduction of wages and shifting costs of benefits to workers. Starting November 2, 1983, Greyhound suffered a major and bitter drivers' strike with one fatality in [Zanesville, Ohio](#), when a replacement driver ran over a striking worker at a picket line. A new contract was ratified December 19, and drivers returned to work the next day.
 - 1990: In early 1990, the drivers' contract from 1987 expired at the end of its three-year term. In March, the ATU began its strike against Greyhound. The 1990 drivers' strike was similar in its bitterness to the strike of 1983, with violence against both strikers and their replacement workers. One striker in California was killed by a Greyhound bus driven by a strikebreaker,^[58] and a shot was fired at a Greyhound bus.^[59] While Greyhound CEO [Fred Currey](#) argued that "no American worth his salt negotiates with terrorists," ATU leader [Edward M. Strait](#) responded that management's failure to negotiate amounted to "putting the negotiations back into the hands of terrorists."^[60] During the strike by its 6,300 drivers, Greyhound idled much of its fleet of 3,949 buses and cancelled 80% of its

routes.^[61] At the same time, Greyhound was having to contend with the rise of low-cost [airlines](#) like [Southwest Airlines](#), which further reduced the market for long-distance inter-city bus transportation. Without the financial strength provided in the past by a parent company, the strike's lower revenues and higher costs for security and labor-law penalties caused Greyhound to file for [bankruptcy](#) in June 1990.^[62] The strike would not be settled for 38 months under terms favorable to Greyhound. While the [National Labor Relations Board](#) (NLRB) had awarded damages for unfair labor practices to the strikers, this liability was discharged during bankruptcy reorganization.

- In 1987, Greyhound had also acquired (parts of) near-bankrupt Trailways, their former rivals
- Greyhound was struggling to compete with the new budget airline proliferation after airline deregulation
- 1991 Bankruptcy led to the elimination of a federal program supporting Greyhound in maintaining "Rural Connector" feeder service from over 850 communities in 20 states to express route stops.
http://atu1700.org/sites/atu1700.org/files/5_bus_service_report.pdf
- https://en.wikipedia.org/wiki/Intercity_bus_service#United_States [see stats here]
- Bus deregulation led directly to the rise of the dirt-cheap, very unsafe bus service between Chinatowns in various major cities in the northeastern US (originally without even stations!) https://en.wikipedia.org/wiki/Chinatown_bus_lines
 - After crackdowns by federal regulators, more mainstream budget options like Megabus are probably more prevalent?
[https://en.wikipedia.org/wiki/Megabus_\(North_America\)](https://en.wikipedia.org/wiki/Megabus_(North_America))
 - These new express bus services are differentiated from the "conventional" carriers that have scheduled routes with more intermediate stops and connecting "inter-line" service between carriers (meaning less rural coverage):
https://editorialexpress.com/cgi-bin/conference/download.cgi?db_name=TRF18&paper_id=19 ("The Size, Scope and Competitive Status of Express Coach Carriers in the United States" - Submitted for presentation at the 59th Transportation Research Forum in Minneapolis, MN in Feb 2018) *focus on point-to-point service between relatively large population centers without arrangements to support passenger connections (though "interline agreements") with other carriers. In contrast, almost all large conventional bus lines sell interlined tickets to offline destinations reachable on connecting carriers, with the vast majority of these interline tickets sold through Greyhound's website (greyhound.com). [And even the conventional carriers' new "express" services to compete with these tend to have better connectivity to other bus routes.]*
 - One of the lowest points after deregulation of intercity buses was in the mid-2000s, just before the emergence of the budget express services began to revitalize interest in intercity bus travel, when Greyhound suggested it might cut 75% of all stops in the United States and noted that half of all revenue from ticket sales was generated at just 50 locations in the entire country. This prompted Congressional and DOT action:
http://atu1700.org/sites/atu1700.org/files/5_bus_service_report.pdf
 - *As intercity bus carriers are no longer required to keep lines open if they are unprofitable, today [in 2005] there are approximately 4,500 communities with daily intercity bus service compared to 23,000 such*

communities in 1965. [It had already declined to 11,820 in 1982, when deregulation happened.] Nationwide, intercity bus ridership peaked at about 130 million trips in 1970 and is currently [in 2005] at or below 40 million trips per year.

- Section 5311 Formula Grants for Rural Areas (created 1978, but amended in 1991 to add a 15% allocation requirement to intercity bus service)
 - <https://www.transit.dot.gov/rural-formula-grants-5311> *The Formula Grants for Rural Areas program provides capital, planning, and operating assistance to states to support public transportation in rural areas with populations of less than 50,000, where many residents often rely on public transit to reach their destinations. The program also provides funding for state and national training and technical assistance through the Rural Transportation Assistance Program. [...] Each state must spend no less than 15 percent of its annual apportionment for the development and support of intercity bus transportation, unless it can certify, after consultation with intercity bus service providers, that the intercity bus needs of the state are being adequately met.*
 - https://s-rides.njtransit.com/home/Documents/SMP5311_201_rev_dec_2017.pdf
 - *In a society which places great value on the ability to have access and mobility, rural residents often find themselves at a disadvantage when it comes to the availability of public transportation. Rural residents, especially seniors, people with disabilities and individuals with low incomes, want to retain opportunities to actively participate in all of life's pursuits including but not limited to education, employment, entertainment, medical treatment, nutrition, shopping, therapy and volunteer work. The lack of availability and expense of travel often fosters social and economic isolation.*
 - ***The Section 5311 Program was established in 1978 and provided public transportation funds for services in areas with populations of less than 50,000. Federal funding for rural transportation remained fairly constant through 1991. Funding for the program increased when reauthorized under the Intermodal Surface Transportation Efficiency Act (ISTEA). ISTEA also introduced support for intercity bus service as a requirement under the rural program and formally authorized the Rural Transportation Assistance Program (RTAP), which had initially been enacted through appropriations acts back in 1987. In 2005, Congress enacted Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). Although funding for this Program nationally was again increased, the 2000 census reduced the eligible rural area in New Jersey and the allocation to the State was reduced significantly. SAFETEA-LU introduced the requirement that projects funded with Section 5310, Section 5316 and Section 5317 funds be derived from a locally developed, coordinated public transit-human services transportation plan ("coordinated plan"). Although that requirement is not officially part of Section 5311, the FTA and the State of New Jersey strongly encourage all Section 5311 subrecipients be a part of the "coordinated plan" process.***

- <https://las.depaul.edu/centers-and-institutes/chaddick-institute-for-metropolitan-development/research-and-publications/Documents/BusStudy2017-FinalWeb.pdf>
"2017 Outlook for the Intercity Bus Industry in the United States" - CHADDICK INSTITUTE FOR METROPOLITAN DEVELOPMENT AT DEPAUL UNIVERSITY
 - ***Public agencies that had provided subsidized bus services primarily to link rural communities with nearby population centers are gradually expanding their focus to give these places interlined connections to the national network. The federal "Section 5311" program is enhancing the strength of Greyhound's hub-and-spoke system, restoring some of the connectivity lost decades ago.***
 - ***A largely unpublicized trend in intercity bus travel has been the gradual expansion of subsidized service and the integration of this service into the Greyhound national network. The Federal Transit Administration's "Section 5311" program looms large in this arena, providing funding for transportation services to communities outside of urban areas with populations of 50,000 or less. Funds are awarded to state governments, which are free to use the funds with considerable discretion. The requirement that 15% of all funds awarded be allocated for intercity bus services has been a boon for small-town service.***
 - ***State and local governments are required to match a significant portion of the federal funds provided. In some instances, this is accomplished through in-kind service, such as additional frequencies, provided by bus companies. State and local governments are also making other funds available for new "feeder services" that are not self-supporting. It is not uncommon for bus companies to receive funds equivalent to about \$2.00 per bus mile to provide this service. For example, public agencies may give the equivalent of \$400 in subsidies for each 200 mile one-way bus trip operated.***
 - ***Previous annual intercity bus reports by the Chaddick Institute have showcased the gradual expansion of the subsidized network. Over the past year, Greyhound has forged arrangements to allow other new carriers to sell both local service and connections to more distant points. This allows small carriers to sell a wider array of destinations to their customers while also strengthening the role of greyhound.com as an all-purpose mobility tool, which at present has few rivals in the travel arena. This strategy also generates additional revenue for this prominent legacy carrier.***
 - ***Greyhound has also been active in expanding its rural network with the help of governmental financial support. In Florida in 2016, the carrier launched three new intra-state services, with state cooperation, that serve smaller communities along corridors that already have***

Greyhound Express service. A new Miami to Orlando service operates via Fort Lauderdale, West Palm Beach, and Melbourne, while a new Miami to Jacksonville service runs through these same points as well as New Smyrna Beach and Palm Coast, both serving many smaller points. A new Miami to Tampa service follows the Atlantic Coast route to Melbourne before diverging to the west through Winter Haven, Sebring, and Auburndale.

- *In North Carolina, Greyhound launched a once-daily Wilmington to Charlotte route with state support to makes stops at Rayetteville, Rockingham, Monroe and several rural towns. In Louisiana, Greyhound built on the recent Baton Rouge to New Orleans expansion with a new twice-daily service making stops in Lafayette, Thibodaux, Raceland, and other points. This service also features a new stop at New Orleans' Louis Armstrong International Airport.*
- *Reallocations in funding did lead to the cancellation of a few routes. Peter Pan dropped one of its twice-daily Albany to Springfield (via Route 2) routes in 2016 due to a loss of certain Massachusetts BusPlus program funds, leaving only one midday roundtrip. True North Transportation Group, also known as MAXBus, had operated a pair of daily roundtrips in the north and eastern parts of the state with governmental support, but its new BusPlus grant provides it funding for only one Brattleboro to Boston trip, operating via Worcester and Framingham. This resulted in a loss of service to Clinton, Salem, Pelham, Amherst and other points. These exceptions aside, the outlook for new subsidized routes appears bright.*
- *Deregulating the Bus (LA Times July 1987)*
<https://www.latimes.com/archives/la-xpm-1987-07-19-tr-4661-story.html>
- *AN ANALYSIS OF THE EFFECT OF AIRLINE DEREGULATION UPON THE DEMAND FOR INTERCITY BUS SERVICE by Daniel G. Greenberg (economics honors thesis, not sure what university, maybe Oberlin), Feb 1987*
https://etd.ohiolink.edu/!etd.send_file?accession=oberlin1335892436&disposition=inline
 - *The intercity bus industry has seen increased competition both intramodally and intermodally. The former was a result of deregulation within the industry itself, and had little impact upon the financial status of individual carriers. The increase in intermodal competition, which arose as a consequence of the new low-fare airlines, has had a profound effect on the bus industry. Through our analysis we have determined that the Airline Deregulation Act of 1978 did, in fact; create 'spillover' effects with regard to the bus industry. Although there are a number of factors which have contributed to the bus industry's decline, I would suggest that none have been as injurious to the industry as airline deregulation.*
 - *Based on statistical evidence of the demand demographics of these two industries, airlines and buses appear to service very different divisions of the population. Buses dominate short distance routes while airplanes predominate over longer hauls. Furthermore, there is a considerable divergence between the income categories of these modes, where buses and airlines, respectively service the lower and higher income groups. This same sort of relationship exists*

for age classification. Closer examination of these differences, however, reveals that there exists a large area of substitution between these demand categories.

- Here is a 2019 map of the Greyhound system (though not with all the non-Greyhound intercity connections from other companies):
<https://www.greyhound.com/-/media/greyhound/images/discover/greyhound-us-network-map-2019.pdf>
- Here is the most detailed map I could find of all US intercity bus and rail:
<http://www.kfhgroup.com/aibra/pdf/usmap.pdf>