

## MEMORANDUM

TO: Peter Pantuso  
 FROM: John Dunham  
 DATE: September 8, 2020  
 RE: Impact of COVID-19 on the Motorcoach Industry - Updated Report

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### INDUSTRY OVERVIEW

The motor coach industry is not only one of the most important components of the nation's transportation industry, but also an important part of the economy, providing over 88,830 direct, good-paying, full-time equivalent jobs. In 2018, the industry generated close to \$15.35 billion in revenue.<sup>1</sup>

Since the month of March when Covid-19 hit the nation and the government-imposed shutdown that followed, the motorcoach industry has suffered and continues to experience unprecedented economic losses. These losses span all sectors of the motorcoach industry: scheduled service, commuter operations, and charter operations.

The most severe losses have occurred in the charter bus industry which was the largest of all the various motorcoach services prior to the pandemic. Based on direct reports from motorcoach companies, between 80 and 95 percent of charter motorcoach trips have been cancelled or are simply not being booked due to the pandemic, and most of these trips will not be rebooked in 2020. According to the data gathered, all charter bus services were canceled for the months of March, April, May, June, and July in 2020. Normally, these months are the busiest time for charter bus service. Other services such as school field trips, marching bands, and sports teams, are down by approximately 95 percent.

Scheduled service and commuter operation are also struggling, based on reduced ridership, increased cleaning and sanitizing costs, and reduced vehicle capacity to remain in compliance with CDC guidelines. As of September, scheduled service operations are estimated to be down by between 70-80%, and commuter operations are down by a range of 80- 90 percent.

**Table 1**  
**Loss Percentage by Month**

Month	Scheduled	Commuter	Shuttles	Charter
Jan	0.0%	0.0%	0.0%	0.0%
Feb	5.0%	5.0%	5.0%	5.0%
Mar	85.0%	85.0%	95.0%	100.0%
Apr	90.0%	90.0%	95.0%	100.0%
May	90.0%	90.0%	95.0%	100.0%
Jun	85.0%	85.0%	90.0%	100.0%
Jul	85.0%	85.0%	90.0%	100.0%
Aug	80.0%	80.0%	85.0%	98.0%
Sept	80.0%	75.0%	70.0%	93.0%

Further, due to the nature of the crisis, the industry is not likely to recover anytime soon. Unlike other sectors of the economy, the motorcoach industry will continue to struggle for the following reasons :

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

1) The charter sector of the industry is highly dependent on group travel for various purposes, such as conferences and business meetings, school and collegiate athletics, and discretionary leisure travel.

A. For the foreseeable future, there are unlikely to be any major in-person conferences or trade shows. This will decimate the charter and shuttle portions of the industry that depend on these group meetings.

B. For the start of fall 2020 school year, numerous schools made the decision to provide virtual classes, and cancelled all extracurricular and sports schedules through the end of the year. Of the schools that did attempt to conduct in-person classes, many even now are reconsidering their decisions and modifying their plans to move to full-time virtual platforms. For charter operators, the fall season is second only to the spring season in terms of revenue. The cancellation of in-person education, along with related activities for this fall, kills any expectation for revenue generation to assist charter operators through the slower seasons of the year.

C. Discretionary leisure or entertainment travel, is down across all commercial transportation sectors, and is not expected to recover for the remainder of the year if not longer. The concerns over group travel in a coronavirus environment, along with government directives, pressures on expendable income and uncertainty about the future, have all plagued the travel industry in general, and particularly the motorcoach industry. For charter operators, most trips are planned well in advance, sometimes up to 2-years in advance. However, due to the pandemic, travel planning has stagnated for the foreseeable future.

2) The commuter market is highly concentrated in urban areas, often where government-imposed shutdowns and coronavirus “hot spots” have occurred and that have had the most extreme and long-lasting effects. Changes to workplace requirements and enhanced telecommuting policies are likely to become permanent. Most operators do not believe commuter service will return to even 50% of pre-virus levels in markets like New York City, Washington DC, Boston, and Los Angeles.

3) Finally, as with air travel, scheduled service motorcoach operations, which include city-to-city and rural-to-urban travel, is not likely to return to pre-virus levels due to continued government guidance/directives and traveler concerns. At this point, operators believe it may not exceed 50 percent of capacity within the next 24 months or longer.

Based on these factors, it is unlikely any of the sectors of the motorcoach industry will recover to even half of their pre-virus levels by the end of 2020. Ongoing government directives/guidance, traveler concerns, continued reports of coronavirus “hot spots,” changes to workplace requirements all point to a long, slow recovery for the motorcoach sector of the economy. Currently, John Dunham & Associates, estimates the charter and scheduled service sectors will lose roughly 75 percent of their bookings due to the coronavirus pandemic but the numbers may be even worse, as states impose quarantines on visitors.

## **EMPLOYMENT**

The table on the following page outlines the current level of unemployment in the motorcoach industry by state. These high unemployment levels are the result of jobs directly lost at motorcoach companies. Not included are the loss of jobs from firms that supply the industry with goods and services, or any of the economic multiplier effects that occur as drivers, mechanics, tour guides and administrators have lower income to spend in their local economies. The numbers also do not take into account the impact to jobs in terminal facilities or in hotels, restaurants, retail stores, and at attractions that are now closed or operating at reduced capacity due to the lack of passengers, visitors and tourists.

These employment impacts on the industry will be long lasting. For motorcoach operators in general, even prior to this crisis, the industry was facing a shortage of both commercial drivers and qualified mechanics. These positions are not easily replaced, and require both the investment of time and money to procure. As a result of the crisis and its duration, motorcoach operators report the critical loss of both drivers and mechanics, and in some cases these employees were recruited by public transit agencies who received relief funding under the CARES Act. For charter operators, in addition, most companies are reliant on trips and events that are scheduled months, or even years, in advance. Therefore, short term grants/loans pursuant to the CARES Act, including the Paycheck Protection Program and Economic Impact Disaster Loans, have not been effective in retaining necessary employees and sustaining these essential transportation businesses.

In summary, the motorcoach industry is facing an unprecedented economic downturn as a direct result of the coronavirus pandemic, in line with all other public modes of group transportation. Unlike many other businesses, the capital-intensive nature of the motorcoach business, along with the cost burdens associated with its workforce and highly regulated operations, make it especially difficult to reopen once operations are shutdown. This fact, coupled with the expectations of a delayed and lengthy recovery period, will exacerbate the situation for the industry unless it receives financial support structured to meet its unique needs.

**Direct Economic Impact of the Motorcoach Industry  
Motorcoach Operators Only  
2020 Pre-COVID v. 2020 Post-COVID Estimate  
(FTE Jobs)**

State	2020 Pre COVID	2020 Post Covid	Unemployed	Unemployment Rate
Alabama	458	108	350	76.5%
Alaska	701	165	537	76.5%
Arizona	694	204	490	70.6%
Arkansas	291	80	211	72.4%
California	9,367	2,562	6,805	72.6%
Colorado	1,121	289	832	74.2%
Connecticut	3,491	793	2,698	77.3%
Delaware	331	174	157	47.5%
District of Columbia	167	35	133	79.4%
Florida	4,163	1,165	2,998	72.0%
Georgia	1,009	207	801	79.4%
Hawaii	235	79	156	66.4%
Idaho	548	147	402	73.2%
Illinois	6,578	1,399	5,179	78.7%
Indiana	1,011	273	738	73.0%
Iowa	418	136	282	67.4%
Kansas	734	109	626	85.2%
Kentucky	1,100	359	742	67.4%
Louisiana	979	145	834	85.2%
Maine	433	127	306	70.6%
Maryland	1,445	282	1,163	80.5%
Massachusetts	3,932	688	3,243	82.5%
Michigan	2,328	662	1,666	71.5%
Minnesota	3,405	958	2,447	71.9%
Mississippi	309	80	229	74.2%
Missouri	1,400	365	1,035	73.9%
Montana	290	73	217	74.9%
Nebraska	435	115	319	73.5%
Nevada	556	159	397	71.3%
New Hampshire	580	103	476	82.2%
New Jersey	5,912	942	4,970	84.1%
New Mexico	215	65	150	69.7%
New York	11,399	2,050	9,349	82.0%
North Carolina	897	207	689	76.9%
North Dakota	109	43	66	60.2%
Ohio	2,283	609	1,674	73.3%
Oklahoma	314	96	219	69.6%
Oregon	1,326	379	947	71.4%
Pennsylvania	5,330	1,143	4,187	78.6%
Rhode Island	713	140	573	80.4%
South Carolina	307	83	224	72.9%
South Dakota	277	81	195	70.6%
Tennessee	1,013	229	784	77.4%
Texas	2,721	825	1,896	69.7%
Utah	419	123	296	70.6%
Vermont	354	81	273	77.2%
Virginia	1,494	382	1,111	74.4%
Washington	1,526	421	1,105	72.4%
West Virginia	275	95	180	65.6%
Wisconsin	3,356	759	2,597	77.4%
Wyoming	88	22	65	74.5%
<b>United States</b>	<b>88,834</b>	<b>20,816</b>	<b>68,018</b>	<b>76.6%</b>

Source: John Dunham & Associates: 2020