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BEFORE THE SUBCOMMITTEE ON HIGHWAYS AND TRANSIT

Of The

HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

On

**“CONNECTING COMMUNITIES: THE ROLE OF THE SURFACE
TRANSPORTATION NETWORK IN MOVING PEOPLE AND FREIGHT”**

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Mr. Chairman and members of the Subcommittee,

My name is Randy Isaacs. I manage the nationwide state government affairs function for Greyhound Lines, Inc. Previously, I managed a rural public transit system, organized a state rural transit association in Tennessee and was the founding President and Board Member of a national association that has since become known as the Community Transportation Association of America (CTAA).

I appear before you today in response to the Subcommittee’s investigation of the role of the surface transportation network in connecting American communities and moving people and freight. Greyhound -- and its network of independent, interline partners -- is perhaps the single most appropriate model connecting communities nationwide in the provision of scheduled passenger and package express services in the United States.

In fact, privately operated intercity buses can provide revitalized feeder services from rural communities into urbanized areas and the nation’s transportation grid with relatively little investment. The bus infrastructure is already in place, and unlike rail or air services, buses can go anywhere and provide service at very low cost. Ongoing government policies should focus on supporting and further encouraging the use of privately operated intercity bus services as an essential component of the nationwide transportation infrastructure.

In SAFETEA-LU, Congress started to focus on the important role that intercity bus

service plays in the Nation's transportation system and particularly in connecting smaller communities to that system. This occurred primarily through the Federal Transit Administration (FTA) Bus and Bus Facilities program, the Rural and Small Urban Areas programs (including the Rural Intercity Bus program codified as 5311(f)), and the OTRB accessibility program. These programs -- when used, as intended, by statute and regulation -- effectively support the continued viability of the nationwide intercity bus network and contribute to enhanced connectivity between intercity and local/regional surface transportation modes. These programs are now starting to generate positive results, and their key provisions should be retained -- and strengthened -- in the next reauthorization.

Historically, intercity buses were the core of rural intercity transportation. Going back to the 1960s, intercity buses provided service to more than 20,000 communities. Currently, the nationwide intercity bus network provides service to 3,000 communities. Though this decline has been precipitous, this is still far more than any other form of intercity transportation. Although the spread of the private automobile has been the main reason for this decline, the imbalance in federal support has also been a major contributing factor. Most recently, the emergence of cultural and low-cost bus services -- whose regional city-pair business model favors urban-to-urban service over stops in intermediate rural communities -- have forced Greyhound to refocus its network mainly on urban-to-urban markets nationwide, while still trying to maintain as much of its rural feeder network as possible.

According to one of the most comprehensive studies of federal subsidies for passenger transportation modes in the U.S., over the past 45 years private sector intercity bus transportation has been disadvantaged by inequities in the distribution of federal subsidies. Since 1960, intercity buses have received only .3% of total federal subsidies compared to 43.6% for mass transit, 22.3% for commercial airlines and 9.8% for intercity rail. From 1996-2005, mass transit received 54.9%, commercial airlines received 20.2%, intercity rail received 8.2% and intercity bus service has been unchanged at .3%. In the last 10 years, the net subsidy per passenger trip for intercity bus service was \$.06 per trip, compared to \$46.06 per passenger trip for Amtrak, \$4.32 per passenger trip for commercial air carriers, and \$.77 per trip for public transit. (Source: "Federal Subsidies for Passenger Transportation, 1960 - 2005, Focus on 1996-2005," Nathan Associates, Inc.)

Greyhound is the only remaining nationwide provider of fixed route, scheduled intercity bus service. Greyhound and its interline partners serve nearly 3,000 communities nationwide, many of which have no other form of public transportation. Although we have had to eliminate many rural routes in order to survive, we are actively engaged with state DOTs in an effort to reinstate, and possibly expand, as much service as possible to the affected communities. I will discuss this in greater detail below.

Greyhound, and the nationwide intercity bus network, is also perhaps the most effective model promoting connectivity among various surface transportation modes through the development and tenancy in intermodal transportation facilities nationwide. Greyhound,

and its interline partners, are tenants in over 100 such facilities. And Greyhound is a partner in many more such facilities that are currently in various stages of planning and development. Those projects have been greatly enhanced by the SAFETEA-LU provision making the intercity bus portions of intermodal terminals eligible for FTA funding and the excellent joint development regulations promulgated by FTA, which implemented this statutory provision.

Given the Nation's energy and environmental concerns, it is particularly important to look to intercity bus service as a means of enhancing connectivity. ***Intercity bus service is the most energy efficient and environmentally friendly mode of all forms of transportation in America.*** Energy Department statistics demonstrate that intercity buses are over 8 times more energy efficient than the single occupant auto; 5 times more energy efficient than transit buses; and 3 times more energy efficient than Amtrak on a BTU per passenger mile basis.

Intercity buses are also very carbon efficient, emitting only 56 grams per passenger mile compared to 371 grams for a single occupancy vehicle; 179 for intercity rail; and 243 for intercity air. A recent study for the American Bus Association by M.J. Bradley & Associates of Manchester, NH makes clear the energy efficiency and environmental friendliness of intercity buses. Table 1.1 from the study (on the next page) documents the average energy use and CO₂ emissions by mode.

Table 1.1 Energy Use and CO2 Emissions, by Mode

| MODE | Pass-mi/Gal ^{**} | | | Btu/pass-mi | | | CO2 g/pass-mi | | |
|---------------------|---------------------------|--------------|-------|-------------|---------------|--------|---------------|--------------|-------|
| | low | AVG | high | low | AVG | high | low | AVG | high |
| Motor Coach | 160.0 | 184.4 | 201.5 | 685 | 749 | 862 | 51 | 56 | 64 |
| Van Pool | 28.2 | 101.9 | 194.6 | 709 | 1,354 | 4,891 | 53 | 101 | 364 |
| Heavy Rail | 47.0 | 155.3 | 200.6 | 688 | 889 | 2,939 | 121 | 156 | 517 |
| Commuter Rail | 58.2 | 85.8 | 249.1 | 1,127 | 1,608 | 2,372 | 108 | 177 | 286 |
| Intercity Rail | 52.4 | 66.0 | 175.7 | 785 | 2,091 | 2,635 | 138 | 179 | 196 |
| Car Pool - 2 person | 41.2 | 55.4 | 111.4 | 1,239 | 2,492 | 3,353 | 92 | 185 | 250 |
| Light Rail | 14.4 | 120.5 | 214.9 | 642 | 1,146 | 9,596 | 113 | 202 | 1,689 |
| Trolley Bus | 53.4 | 104.4 | 122.1 | 1,130 | 1,321 | 2,582 | 199 | 233 | 454 |
| Car - Avg Trip | 32.5 | 43.8 | 88.0 | 1,569 | 3,154 | 4,244 | 117 | 235 | 316 |
| Domestic Air Travel | | 42.3 | | | 3,260 | | | 243 | |
| Transit Bus | 3.9 | 32.5 | 126.8 | 1,088 | 4,245 | 35,123 | 81 | 299 | 2,615 |
| Car - 1 Person | 20.6 | 27.7 | 55.7 | 2,478 | 4,983 | 6,706 | 184 | 371 | 499 |
| Ferry Boat | 2.0 | 12.6 | 31.0 | 4,447 | 10,987 | 68,632 | 331 | 818 | 5,109 |
| Demand Response | 1.4 | 9.5 | 48.4 | 2,849 | 14,562 | 99,468 | 212 | 1,063 | 7,401 |

****Passenger miles per Diesel Equivalent gallon**

Source: M.J. Bradley & Associates, "Comparison of Energy Use & CO₂ Emissions from Different Transportation Modes", May 2007

Turning to the specific SAFETEA-LU programs and how they are starting to improve rural connectivity, the most important is the section 5311(f) intercity bus program. Prior to SAFETEA-LU, this program had some success, particularly in developing and upgrading intercity bus terminals and intermodal facilities, but it had minimal effect on stemming the loss of rural intercity bus service.

There are several reasons. First, as many as half the states were certifying to FTA that there were no unmet intercity bus needs in their states even as many communities in those states lost all access to intercity bus service. This enabled states to divert the intercity bus funding to local transit. These certifications were made in many cases without any attempt to actually analyze the lack of rural connectivity, and FTA did nothing to investigate the accuracy of these certifications.

Another issue is the 5311(f) funding formula that limits federal subsidies to 50% of the net deficit. If a subsidized service is operated by a public or non-profit organization, then that organization has to raise the remaining 50% from other local sources. If a for-profit company operates the service, then the company must either convince local jurisdictions to raise the remaining 50% or it continues to lose 50% of the net costs for operating the service. In either case, it is extraordinarily difficult, if not impossible, to get local communities to provide the match for intercity, as opposed to local, services.

Greyhound has taken a number of steps intended to make the section 5311(f) program work more effectively, and we are starting to see some results.

First, we strongly supported the SAFETEA-LU requirement that states engage in meaningful public consultation process with regard to the states' intercity bus needs. We were very pleased that FTA promulgated strong and potentially effective implementing regulations. As a result, more states have initiated or plan to initiate intercity bus needs assessments and studies than ever before. Those assessments and studies are identifying ways state DOTs can implement intercity bus programs with FTA 5311(f) and other public funding. This has also led to an upswing in both the quality of the consultation with state DOTs and the number of states implementing a consultation process. Prior to SAFETEA-LU, nearly half the states used the Governor's certification to allow the transfer of 5311(f) funds to other rural public transportation needs. While it is too early to tell conclusively what all states are doing subsequent to the passage of SAFETEA-LU, it is clear that a number of states are ignoring the intent of the statute and FTA regulations. Further, it appears that, so far at least, FTA has not taken any meaningful action to enforce the statute or regulations.

Second, we also strongly supported the SAFETEA-LU provision that made the intercity bus portions of intermodal terminals eligible for FTA funding. This provision, which FTA has properly implemented, is leading to a significant increase in intermodal transportation center projects that include intercity buses, many of which serve as regional hubs for the connection of rural communities to regional urban centers.

Third, and perhaps most importantly for the 5311(f) program, we worked with FTA and others to develop the local match pilot program under which those providing rural feeder services can have their local match provided by the capital cost of the unsubsidized intercity bus network (usually Greyhound's) into which they feed and thus receive 100% of their net operating deficit for providing the service. This pilot program helps address the usual struggle of local, rural transit agencies to meet the local match requirements of the FTA grants. And this new program, plus the new planning and consultation requirements, are producing results:

- A new scheduled feeder service connecting Klamath Falls, OR – Medford, OR – Smith River, CA will be implemented in the next few months. This project will reinstate service lost during the Greyhound restructuring and connect Klamath Falls and Smith River with existing Greyhound service in

Medford. The new service is to be funded by an FTA 5311(f) grant from the Oregon DOT, and Greyhound will supply the local match.

- A new regional network of feeder bus services will reinstate Greyhound connections to Palatka, FL and initiate new east-west service connecting St. Augustine, Palatka and Gainesville, FL with existing Greyhound service.
- A new feeder service funded by the Washington State DOT began November 2007. The new service reconnects Walla Walla, WA to existing Greyhound service in Pasco, WA. Greyhound provides the local match for this service, and it is generating increasing intercity bus passenger feeder traffic. The service also connects Walla Walla to the Pasco airport for airline service connections and provides service for other regional travel needs.
- Two additional WashDOT feeder services will begin July 1st. The first will connect Port Angeles, WA to Greyhound service in Seattle. The second will connect Omak, WA to Greyhound in Ellensburg, WA. These new services are being funded by a 5311(f) grant from WashDOT, and Greyhound will provide the required local match for the projects.
- A feeder service was implemented between Selma, AL and Montgomery, AL to retain scheduled connections to Greyhound in Montgomery. The Alabama DOT funds the service with 5311 funding, and Greyhound is to begin providing the local match to help sustain the service in the face of spiraling diesel fuel prices.
- A new network of Texas feeder services providing east-west and north-south connections with Greyhound, Kerrville and Arrow Stage Lines will begin in the next few months. Operated by the Capital Area Rural Transit System (CARTS), the service will provide scheduled intercity bus connections in Austin, Georgetown, Round Rock and San Marcos, TX with 5311(f) grants from the Texas DOT.
- There are a growing number of other similar projects in various stages of planning and implementation in CO, FL, KS, OH, UT, WV and others.

Finally, we have tried several times in the past to have federal policies provide financial support to supplement rural air service with essential bus service. We previously (and unsuccessfully) proposed an essential bus service program that could supplement and expand EAS-type service from rural communities to primary airports. We attempted a pilot program in conjunction with Great Lakes Aviation, which would have enabled buses to run supplemental services from Cheyenne and Laramie, WY and Ft. Collins, CO to Denver International Airport. We developed special security procedures for this pilot, but ultimately the Transportation Security Administration (TSA) refused to permit the operation.

To more effectively illustrate the potential benefits of an essential bus service program, an example of how motorcoach service could supplement EAS service and even provide replacement service if necessary is Mason City, IA to Minneapolis, MN. Mason City has EAS service from Mesaba Airlines, which operates 3 schedules a day between Mason City and Minneapolis in a 33-passenger Saab 340. Jefferson Lines, a major motorcoach operator based in Minneapolis, has its terminal at the Mason City airport and also runs 3 schedules a day between Mason City and Minneapolis in a 55-passenger motorcoach. All of Jefferson's schedules serve the Minneapolis airport.

The Mason City airport is approximately 119 air miles from the Minneapolis airport. The flight time is 45 minutes. Non-stop Jefferson Lines service would take approximately 2 hours. Jefferson Lines' round-trip fare between Mason City and Minneapolis is \$63.80. The current EAS fare is \$899.50. In addition, the 2007 EAS subsidy for this route was \$1,056,933 or \$87 per passenger.

Clearly, there is a very limited market for \$900 fares for a 45-minute trip. On the other hand, a relatively small subsidy for motorcoach service could produce multiple additional trips that would provide an affordable and convenient method of traveling between the two airports.

I would like to mention one other small, but important program that benefits intercity bus passengers, particularly disabled passengers. That is the over-the-road bus accessibility program administered by FTA. This program helps OTRB operators comply with the federal mandate for wheelchair lifts on buses and provide fully accessible service to passengers with disabilities. This is a particularly important program for the carriers providing the network of fixed route, intercity service because they face an ongoing federal mandate to have a wheelchair lift on every bus they acquire. It is very important for the continuation of that network that the OTRB accessibility program be reauthorized.

In sum, Greyhound and its interline partners play a vital role in connecting rural communities with America's intermodal transportation network. Given the flexibility and low cost of intercity bus service, intercity buses can play an even larger role in making those connections. To make that possible, Greyhound makes the following recommendations for reauthorization:

Recommendations for Reauthorization

1. Make the FTA 5311(f) pilot in-kind match program permanent and expand its application to make it more broadly available to state DOTs planning statewide intercity bus services. Currently, 50% of the calculable value of the costs of unsubsidized intercity bus service to which a rural feeder service is connecting is eligible as local match. We believe that 100% of the calculable value of those costs in a state should be eligible as the local match for a statewide network of feeder bus services. This would provide significantly more flexibility for state DOTs to plan and implement feeder services without worrying where the local match will be derived. This measure would also foster greater consultation and

cooperation between state DOTs and the nationwide intercity bus network companies.

2. Require FTA to withhold or deny funding to any state that fails to comply with the section 5311(f) planning and consultation requirements and ensure that FTA has the resources to enforce those requirements.
3. Create an Essential Bus Service program as a supplement to the Essential Air Service program, thus leading to greater connectivity between rural communities and primary airports.
4. Support the development of integrated passenger information systems that can assist local, regional and intercity travelers interested in finding usable trip planning, fare, scheduling and ticketing information and services online.
5. Reauthorize the OTRB accessibility program in order to ensure that OTRB operators can continue to provide fully accessible service to people with disabilities, and provide appropriate increases in that program.

In closing, I want to reiterate that Greyhound has made a significant commitment to connecting rural, small urban and urban communities through its nationwide network of scheduled, intercity bus services. We are committed to continuing these efforts, but we cannot do it alone. Federal policies and policy makers must recognize the importance of private buses and their contributions to the nationwide intercity infrastructure. The cost of leveraging this segment of the surface transportation network to maintain and expand rural and urban connectivity is minimal, but the potential payback in the form of energy efficiency and environmental benefits are significant.

Thank you for the opportunity to testify today. I would be happy to answer any questions you might have.