

Statement of Kenneth L. Pierson, Director  
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Federal Highway Administration  
U.S. Department of Transportation  
Before the Government Activities and Transportation  
Subcommittee of the House Government  
Operations Committee

Chicago, Illinois

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Hearing on Intercity Bus Safety and Regulatory Reform

Madam Chairwoman, Members of the Committee:

The Department of Transportation is pleased to appear before this Subcommittee today to discuss our activities in monitoring and assessing the safety of passengers in intercity bus transportation. With me today is Dr. Edward H. Rastatter, Chief, Regulatory Policy Division in the Office of the Secretary to respond to possible questions on regulatory reform.

The Secretary of Transportation has publicly stated her strong commitment to all aspects of transportation safety on many occasions and has declared it to be one of our highest priorities. We appreciate the Subcommittee's review of the safety impacts of Greyhound Corporation's use of new hires as drivers of intercity buses, due to a work stoppage by the majority of its employees. The Department shares your concern that this labor/management dispute not diminish the safety of the traveling public.

The Industry

It may be helpful in examining the safety impacts involved in intercity bus transportation if we briefly describe the nature and extent of this significant industry. The "intercity bus industry," which is used more or less interchangeably with "interstate bus industry," (although the

former includes the intrastate operations of interstate carriers) is a large and diverse group of business entities generating in excess of \$2.1 billion annually.

Our records indicate there are about 1,470 bus carriers authorized by the Interstate Commerce Commission (ICC) to conduct interstate operations. They operate about 22,000 motor coaches in intercity service and employ approximately 49,000 salaried and hourly workers, and are located throughout the United States. This industry serves 96 percent of the towns with a population between 2,500 and 5,000 persons and all cities with a population greater than 5,000 persons. These operations are exclusive of school buses, local transit buses, and those operated by Federal, State, and local government. The ICC classifies carriers by revenues as Class I (\$3 million or more annually) and other than Class I (less than \$3 million annually).

A unique feature of the intercity bus industry is that two entities dominate the industry in terms of size. Based on revenues, Greyhound Lines, Inc., and Trailways, Inc., account for over 80 percent of the total revenues generated by Class I carriers. In contrast, the third largest carrier, Carolina Coach, generates about 2.5 percent of the Class I revenues.

A significant portion of the revenues of this industry (about 15 percent) has been in package express service. With respect to type of service offered, the revenues for regular route carriage of passengers by Class I carriers are about 77 percent of total revenue, while revenue from charter and special service are the predominant source of revenue for other than Class I carriers.

By any measure, intercity bus transportation constitutes an important and essential activity within the transportation sector of our economy.

### Ridership

In the past 5 years the interstate bus industry in the United States has experienced, with one exception, an annual increase in total revenue passengers. Over the period 1977 to 1981, revenue passengers increased a total of 46 million or 14 percent. In the 6 years preceding this period revenue passengers declined annually from 395 million in 1971 to 329 million in 1977. Annual ridership data reported by the Class I, II, and III industry members are shown below:

Interstate Commerce Commission  
Class I, II, and III carriers  
total annual revenue passengers

<u>Year</u>	<u>Millions of Passengers</u>
1977	329
1978	336
1979	368
1980	365
1981	375

Source: American Bus Association,  
Bus Facts, 1982 Edition

The reasons for this increase are probably the large increase in fuel costs between 1974 and 1980, and the aging of the Nation. As the Nation's population increases in age, more and more individuals are able and eager to travel. The U.S. Bureau of the Census demographics clearly show that the Nation's population is growing older. Also, the bus industry's findings are that older passengers constitute one of the major groups using buses for travel for both intercity and charter and tour service.

### Safety

The number of accidents involving passenger buses operating in interstate commerce were relatively stable over the 1977-81 period. There were 830 accidents of record in 1977 and 832 in 1981. The average number of accidents per year amounted to 749. The accident rate measured by the ratio of accidents per million miles traveled tracked the annual accident count with an average rate of 0.66 per million miles of operations. The accident rate reached period highs of 0.74 and 0.73 in 1977 and 1981, respectively. The interstate bus industry accident rate is less than one-third the 1981 rate of the Class I and II interstate trucking industry of 2.39 accidents per million miles.

In terms of our commercial vehicle inspection program, of those vehicles selected for inspection only one in 10 buses are ordered out of service as contrasted to three in 10 for commercial trucks.

Societal costs resulting from interstate bus accidents, as measured by the number of fatalities, injuries, and property damage, are relatively low. The societal cost data are provided below along with Federal Highway Administration trucking industry data for comparative analysis:

Accident statistics: U.S. interstate bus and 1,400 selected trucking company accident statistics for selected years.

	<u>1977</u>	<u>1978</u>	<u>1981</u>
Fatalities:			
Bus	87	68	95
Truck	215	229	229
Injuries:			
Bus	1,929	1,917	2,041
Truck	2,286	2,501	2,325

	<u>1977</u>	<u>1978</u>	<u>1981</u>
Property damage:			
Bus (10 <sup>3</sup> )	\$ 3,576	\$ 4,023	\$ 5,290
Truck (10 <sup>3</sup> )	\$17,599	\$23,678	\$28,934

Source: Official statistics of the Federal Highway Administration

From the above comparisons, it is apparent that passenger safety is superior compared to truck safety.

#### Deregulation

The bus industry has seen a huge increase in applications for operating authority from the Interstate Commerce Commission in the year since passage of the Bus Regulatory Reform Act, with more than 2,000 applications filed. This is compared to a prior average of only about 190 applications each year from 1976 to 1979. Our assessment is that entry by these new companies has brought improved service to some rural areas, and has had no discernible effect on the safety of operations of the passenger carrier industry.

#### Labor Dispute

With respect to the particular focus of this hearing, the Department of Transportation has been monitoring the developments of the Greyhound strike. Initially our stance was to merely follow the events through contact with the carrier's principal place of business and note the press reports of activities in the newspapers, to avoid any impression of taking sides or interfering with lawful labor/management bargaining.

After Greyhound announced its intention to replace striking drivers with new hires, newspapers published allegations, that there was a risk of

public danger "from hastily recruited and poorly trained workers," we stepped up our activities. On Thursday, November 17, our field staff was requested to conduct assessments of Greyhound's driver hiring practices, its adherence to qualification requirements, and its training practices. By the following day five of the 10 training locations across the country had been examined, with the remaining five completed the following week.

The Federal Motor Carrier Safety Regulations require motor carriers of passengers to qualify drivers in the following areas:

1. Minimum age.
2. Previous employment.
3. Traffic and accident record.
4. Road test.
5. Written examinations.
6. Training and experience.
7. Medical qualification.

These requirements are minimum requirements and are often exceeded by employing carriers.

### Results

Our review of the Greyhound new hire practices consisted of management interviews, examination of driver qualification files, review of the training program content, and closeout interviews. Based on the reports from our field staff, no exceptions have been taken to Greyhound's practices or records. This is not surprising, since Greyhound has operated under the Federal Motor Carrier Safety Regulations since 1936, and its management and staff are thoroughly grounded in the requirements, and indeed in most cases exceed our minimum requirements. In addition to its concern for safety and

its public image, every bus represents potentially multiple passenger civil liability suits if the bus is culpably involved in an accident.

Greyhound's operation was extensively examined 3 years ago, and for a carrier of its size, very few violations were discovered. Therefore, based on our own review, we have concluded that there is no basis for our intervention in its operations at this time.

We plan to continue to monitor developments and if evidence of noncompliance can be established, we will move to enforce the requirements of the law.

#### Future Trends

We believe that the future of the intercity bus passenger industry is bright. It will continue to serve small cities and small towns across the country, particularly those not near rail lines or airports. It is the low cost alternative for a wide spectrum of the traveling public. As the demography of the Nation changes we expect greater use of charters and tour bus services by retired persons.

The bus industry's strong commitment to safety, and the increase of States' inspection activity with the help of Federal financial assistance should result in even better safety performance. This assistance, amounting to \$150 million over the next 5 years, will be available under the Motor Carrier Safety Assistance Program authorized by the Surface Transportation Assistance Act of 1982.

This completes my prepared statement and Dr. Rastatter and I will be happy to respond to any specific questions or provide material for the record.

Thank you.