



The ABA Foundation, Natural Resources Defense Council, Reason Foundation and Taxpayers for Common Sense have worked with the research firm MJ Bradley and Associates to produce the first cost and environmental efficiency study that compares alternative transportation options to the Essential Air Service Program.

As a nation, we need to pursue the most cost-effective and environmentally-responsible transportation system. As this report highlights, we can protect and expand rural mobility while reducing the financial burden on taxpayers and decreasing fuel consumption and emissions.

Please take a moment to review the attached summary of our findings. If you have any questions please do not hesitate to contact any one of our organizations.

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## The Study

This study compares the costs and environmental effects of supporting rural mobility using scheduled inter-city coach bus service to current costs to maintain air links under the Essential Air Service (EAS) program. The study includes 38 EAS communities in the lower 48 states that are within 150 miles of a medium or large hub airport. For the current EAS program, total costs include government subsidies and passenger fares. For the coach bus alternative, total costs include bus operating costs, and the value of passenger time for alternative bus trips that take longer than current EAS-subsidized flights.

## The Results

For the 38 communities included in the study, current EAS-subsidized flights carry 615,528 one-way passengers annually at a total cost of \$131.5 million - an average cost of \$427 per passenger round trip. For these routes annual EAS subsidies total \$60.8 million - 46% of the cost - and passenger fares total \$70.7 million. While some routes require a relatively low subsidy, for others the current subsidy amounts to as much as \$1,600 per passenger round trip.

This analysis indicates that the same number of scheduled weekly trips between these 38 rural airports and nearby regional hub airports could be provided by coach buses at a total annual operating cost of \$33.9 million. Most of the bus trips would take longer than current air flights - if the "cost" to passengers of longer travel time is included it adds an additional \$8.0 million to the total cost of the bus alternative. For the 38 communities studied, total costs for coach bus service average \$136 per passenger round trip - this is on average 68% less than the cost of current EAS-subsidized flights.

The use of scheduled coach bus service to link these 38 communities to the national air transport system - instead of current EAS-subsidized air service - could save society over \$89 million annually. Average savings could be as high as \$291 per passenger round trip. Some level of subsidy would likely be required to incentivize coach operators to start new service on most routes, and continuing subsidies might be required on some routes, but projected per passenger bus operating costs on more than half of the routes are lower than current airfares. This indicates that these routes could probably support bus service with no long-term government subsidy; in the long run savings to taxpayers could amount to \$50 million or more annually because the cost to operate coach bus service is so much lower than the cost to operate aircraft.

The analysis also shows that using buses instead of aircraft to link these 38 communities to regional hub airports could reduce annual petroleum use by 5.7 million gallons, could reduce annual CO<sub>2</sub> emissions by 63,500 tons, and could reduce other harmful air emissions of nitrogen oxides, hydrocarbons, carbon monoxide, and sulfur dioxide.

## EAS Program

Begun in 1978 when U.S. airlines were deregulated, the Essential Air Service program provides subsidies to air carriers to maintain scheduled flights between rural communities and regional hub airports - the program currently subsidizes air links to 153 communities in 35 states and Puerto Rico. As of May 2010, annual subsidies under the program total more than \$163 million. EAS-subsidized air service typically includes two or three round trips per day, using small regional aircraft, typically with 19 or fewer seats.

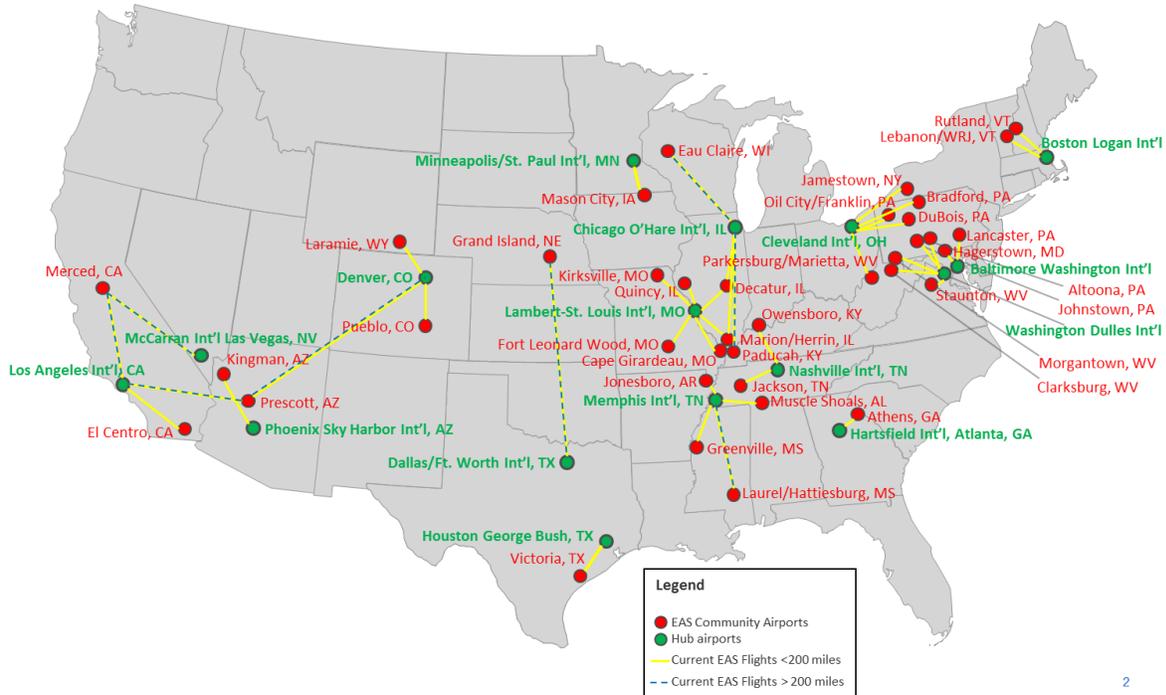


Figure 1 EAS Communities within 150 Air Miles of a Large or Medium Hub Airport

Table 1 Costs and Environmental Effects of EAS Program Compared to Coach Bus Service

		unit	EAS-Subsidized Flights	Alternative Coach Bus Service	Difference	
S E R V I C E	Annual Trips	#	79,040	79,040	0	
	Annual Seats	#	1,539,720	4,347,200	2,807,480	
	Annual Passengers	#	615,528	615,528	0	
C O S T S	Current Annual EAS Subsidy	\$	\$60,838,832			
	Current Annual Passenger Fares	\$	\$70,652,143			
	Annual Bus Operating Cost	\$		\$33,860,696		
	Annual Incremental Travel Time	\$		\$8,098,098		
	<b>TOTAL</b>			<b>\$131,490,975</b>	<b>\$41,958,794</b>	<b>(\$89,532,180)</b>
E N V I R O N M E N T	Annual Miles	mi	12,310,688	11,953,411	(357,277)	
	Annual Fuel Use	gal	7,930,259	2,213,595	(5,716,665)	
	Annual Emissions	CO <sub>2</sub>	ton	88,149	24,605	(63,544)
		NO <sub>x</sub>	ton	28.1	14.9	(13.2)
		HC	ton	1,188.2	2.0	(1,186.3)
		CO	ton	2,067.7	1.2	(2,066.6)
		SO <sub>2</sub>	ton	28.1	0.2	(27.8)

Totals for 38 EAS communities that are within 150 miles of a medium or large air hub. For 32 communities alternative bus service is to the the same destination as current EAS flights (large air hub); for two communities bus service is to the closest large air hub, and for 4 communities bus service is to the closest medium air hub.

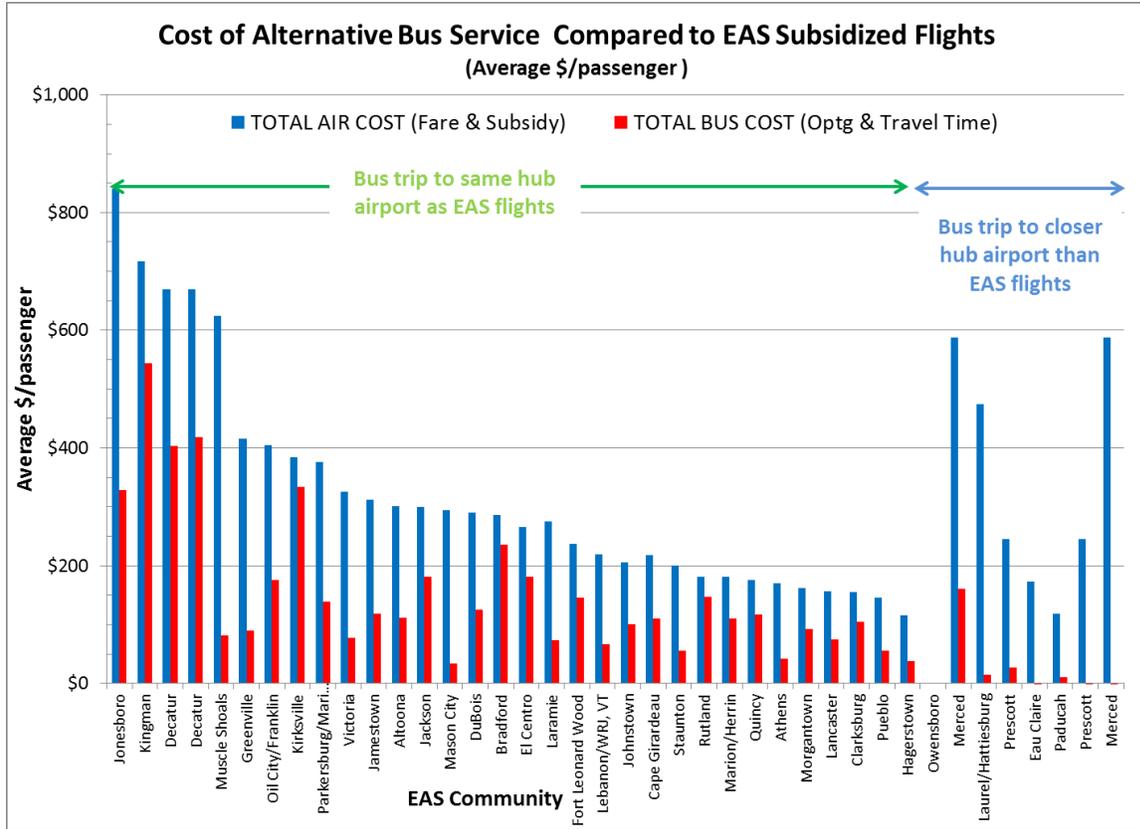


Figure 2 Total EAS Costs Compared to Total Costs for Alternative Bus Service (\$/passenger)

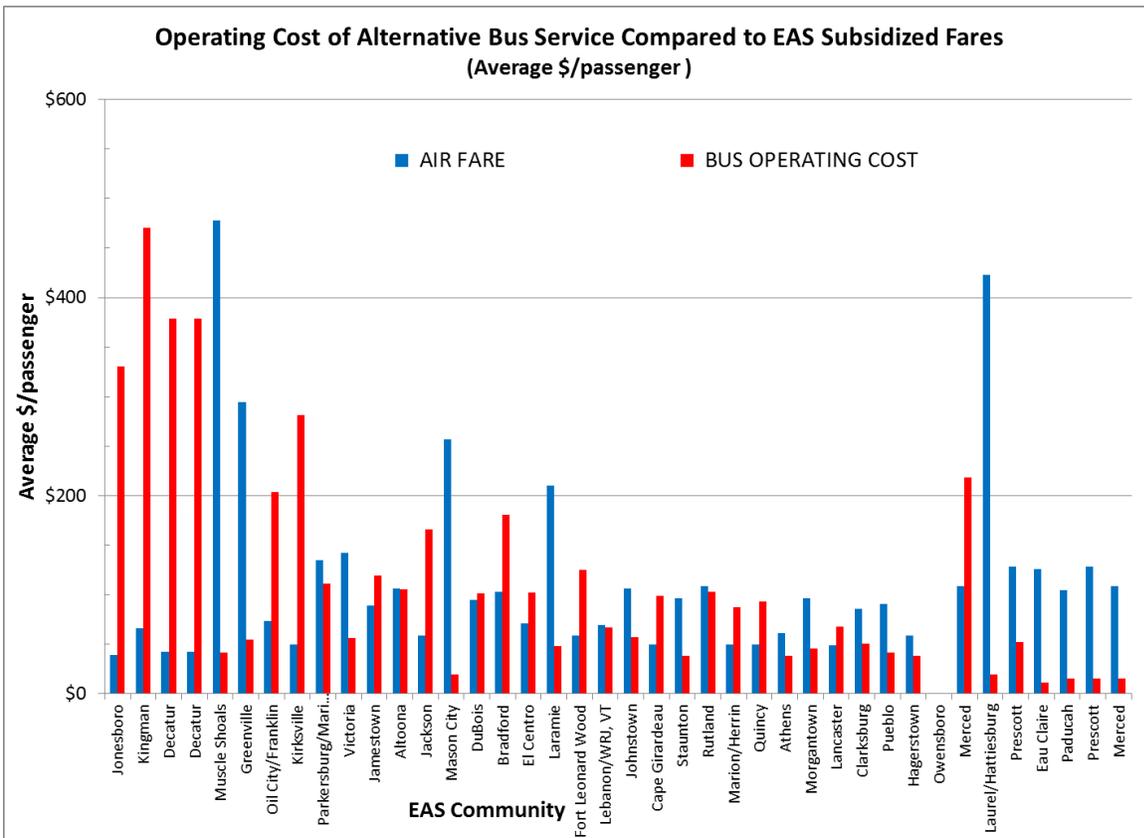


Figure 3 Coach Bus Operating Costs Compared to Current Fares on EAS Flights (\$/passenger)

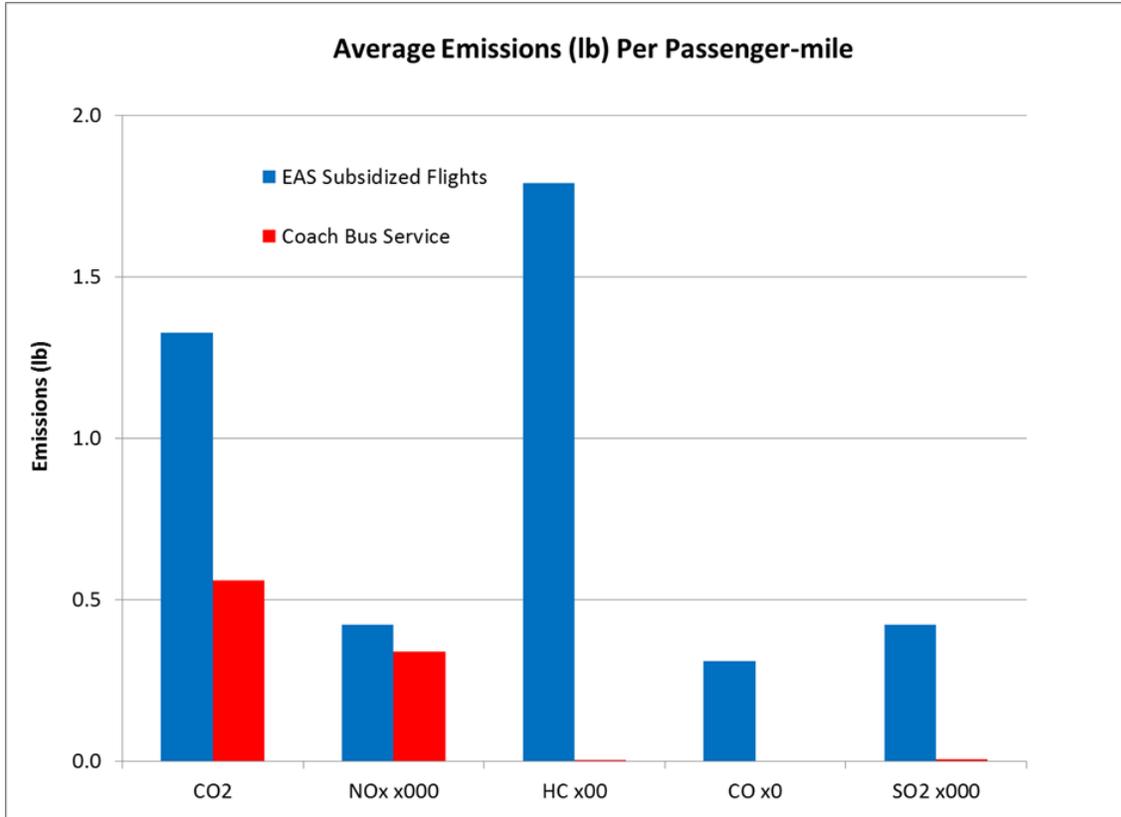


Figure 4 Average Emission per Passenger-mile, EAS Flights Compared to Coach Bus Service

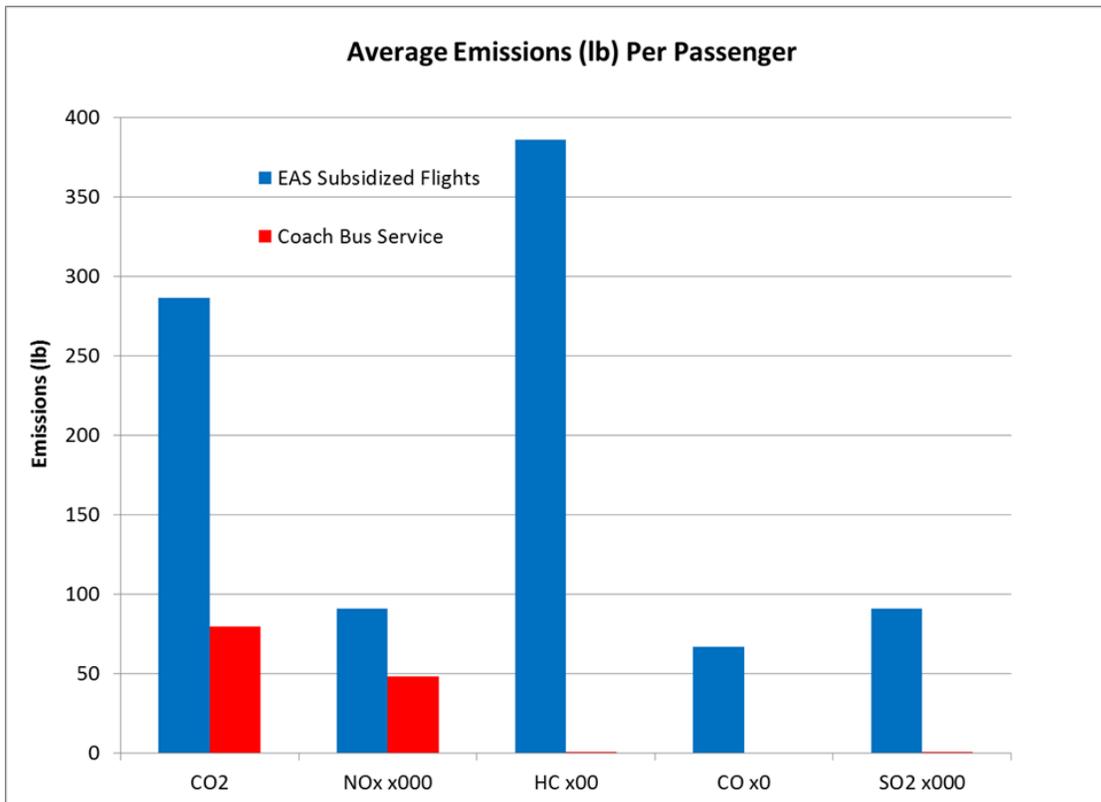


Figure 4 Average Emission per Passenger, EAS Flights Compared to Coach Bus Service