



## **MBTA Fare Policy**

*Approved December 21, 2015*

### **I. Purpose**

This policy sets forth guidelines for establishing and restructuring fares by the Massachusetts Bay Transportation Authority (“MBTA”). This policy provides guidance to the MBTA with respect to charging fares as authorized by Chapter 161A of the Massachusetts General Laws and is subject to all applicable state and federal laws and regulations. In accordance with Chapter 161A, this policy addresses fare levels, including discounts, fare equity, and a fare structure, including but not limited to, fare media and passes, and includes a system for free or substantially price-reduced transfer privileges.

The MBTA has a mission of providing high-quality public transportation services for the benefit of the individuals and communities that it serves. This mission is funded by fare revenues from riders and taxpayers statewide. Currently over half of the MBTA’s operating budget is provided by the Base Revenue Amount and additional state assistance. Riders must contribute an appropriate share of the operating budget. In accordance with Section 6A of the 2013 Session Law Chapter 46, the MBTA has a goal to increase the Farebox Recovery Ratio (FRR) by at least 10 percent of the existing ratio for each rolling 5 year period. This policy sets a target of reaching a FRR of 50 percent. To meet and then maintain this target the MBTA will consider fare increases every 2 years at a systemwide average of up to 10 percent.

### **II. Fare Policy Objectives**

To guide fare related decision-making, the MBTA has developed three main fare policy objectives. These objectives reflect the complexity of developing a fare structure that meets the needs of the MBTA and its users; addresses the social, environmental, and economic goals for public transport; and fulfills federal civil rights obligations. These objectives are used to develop the fare structure described later in this document. Alternatives for achieving these objectives should be carefully weighed in relation to each other whenever changes to the fare structure are proposed. Some possible strategies may achieve one objective at the expense of another. The MBTA strives to

meet all of these objectives, while recognizing that competing objectives must be balanced.

#### *A. Increase Revenue*

Since fare revenue is a critical component of the MBTA's operating budget, any increase to, or restructuring of, fares should ensure that the total fare revenue stream is maintained at an appropriate level to meet the farebox recovery goal.

The MBTA strives to increase fare revenue through multiple methods. Total fare revenue is maximized by setting fare levels and pass discounts at levels that maintain ridership, maximizing fare collection, minimizing fare evasion, and increasing ridership. While ridership is primarily driven by economic conditions and service quality and reliability, fare policy can assist this goal by increasing fares at regular and modest rates, setting fares that are affordable, creating a fare structure that is easy to understand, and a fare collection system that makes fare payment simple.

The MBTA fare collection and enforcement mechanisms should maximize collection of all fares and reduce the costs of fare collection.

#### *B. Improve Service and Customer Experience*

The MBTA fare policy should contribute to meeting the service standards articulated in the MBTA Service Delivery Policy, including reliability and passenger comfort. In addition to the generation of revenue for system operations, the fare system and structure should facilitate the quick and efficient boarding of customers onto all vehicles in order to reduce dwell times, operational costs, and rider inconvenience.

When an increase in ridership creates crowding and the need to add service, the resulting additional fare revenue is offset by new operating costs or reductions in comfort (and wait times for overcapacity vehicles). It is therefore important to prioritize fare strategies that will increase ridership on services that have underutilized passenger capacity.

To achieve the MBTA's safety goals, the means by which fares are collected should also minimize conflicts between MBTA employees and customers over fare payment.

#### *C. Advance Social, Equity, Environmental, and Regional Economic Goals*

Transportation infrastructure, and the MBTA in particular, is a means to achieve larger social, economic, and environmental goals. The MBTA fare structure should promote regional mobility in order to improve the economic vitality of the Commonwealth and access to opportunity for its residents. Fare policy should assist in the achievement of the transit mode share goals set by the Massachusetts Global Warming Solutions Act and the Mass DOT's sustainability initiatives.

The fare structure should not significantly limit the ability of riders to access the MBTA system and move through it with ease. To be equitable, fare levels and the fare structure must take into account the different types of services and needs of various populations of users. The MBTA follows all Federal Title VI and Environmental Justice regulations to ensure that for any fare increase, the burden placed on Title VI and environmental justice communities is not unjustifiably and disproportionately greater than that borne by the users of the system as a whole. The threshold is set by the MBTA policy on Disparate Impact and Disproportionate Burden.

The MBTA is committed to working with state, municipal and nonprofit partners to pursue the implementation of reduced fare products based on income that allows the Authority to meet social equity goals without undermining the FRR goal.

In addition, while the MBTA strives to use advanced service-proven technology to ease the payment of fares, the Authority must respect customers' privacy in accordance with the MBTA's Privacy Policy and ensure the security of personal information.

### **III. Fare Structure**

The fare policy objectives listed above are used to develop and assess changes to the fare structure. In order to best achieve the multiple objectives, the fare structure takes into consideration the monetary level of the fare, the media for paying it, passes and other discounts offered, and transfer rules. All of the specifics of the fare structure are laid out in the MBTA Tariff.

#### ***A. Fare Levels***

The policy for fare increases is to raise fares modestly and regularly following the legislative requirement of no more than 10 percent every 2 years.

Fares may be differentiated by mode to reflect differences in operational characteristics and trip length.

- Commuter rail and ferry boat have multiple fare zones with higher prices farther from the urban core.

- Rapid transit has a single flat fare systemwide.
- The core bus system charges a flat fare for local bus and a higher fare for express buses.

The fare for all modes is the highest-value, adult single-ride fare. Customers using reusable, contactless fare media (such as the CharlieCard, where available) will pay a discounted fare. This is intended to encourage use of reusable, contactless media, which facilitates easy access to rapid transit stations, faster boarding on buses, and reduces MBTA operating costs. To achieve the goal of shifting riders to underutilized capacity, the MBTA may elect to offer discounts based on time of day or type of route.

The MBTA will define eligibility for reduced fare products in order to meet social equity goals without compromising the ability to meet the FRR goal. At a minimum, the MBTA follows the provisions of Massachusetts General Laws Chapter 161A(5)(e) and federal law for reduced fares by providing, on all fixed-route modes, discounted fares for students, seniors (age 65 or older), persons with disabilities, and Medicare cardholders that do not exceed one-half the single-ride fare. Persons with a valid Massachusetts Commission for the Blind ID card will ride for free on fixed-route services. Children 11 years of age and under ride for free when accompanied by an adult with a limit of two children per adult.

Customers using The RIDE paratransit services will pay up to twice the local bus, single-ride, base fare for trips that meet the Americans with Disabilities Act (ADA) complementary paratransit service requirements: service must be provided within 0.75 miles of a local bus route or rapid transit station and at the same hours and days as the fixed-route service. A premium fare will be charged for trips on which either the origin or destination is not within the ADA-mandated service area, for trips that begin or end outside of the ADA-mandated service hours, and for same-day and “will-call” trips (which are outside the scope of the ADA).

### ***B. Fare Media***

In order to meet the fare policy objectives, the MBTA’s fare media should be widely available and easy to use. In order to facilitate the use of MBTA fare media, the Authority works with retailers to provide locations outside of MBTA stations to add value and passes to MBTA fare media. The MBTA shall make every effort to accept popular payment media and make transit as easy to pay for as common goods and services. The MBTA may charge for fare media to recover the costs of production.

To meet fare policy goals the MBTA is working to decrease the usage of magnetic stripe tickets and cash onboard vehicles and increase the use of contactless fare media and mobile.

### *C. Pass Discounts*

The MBTA's policy is to encourage the use of pass products, both in order to ease boarding and to increase transit usage. Pass products provide purchasers the opportunity for a discount from the fare. Pass products allow the purchaser access to a set of services for a set amount of time. Pass prices are set as a multiple of the fare for the mode.

The current multiple for many of the MBTA pass products is lower than peer agencies and limits revenue generation. The MBTA will use the median pass usage for linked trips as a target level for pass multiples. Reaching the target multiple may be done incrementally over multiple fare increases. Since the policy objective is to optimize revenue generation and pass users the MBTA will monitor the percent of the ridership who uses passes for adverse impacts.

The MBTA offers a variety of pass products by duration, mode, and type of rider:

Monthly passes for local bus, local bus/rapid transit combination, express bus, ferry, and commuter rail (both Zone and InterZone passes). A monthly pass for one mode or zone will be accepted on any other mode with a lower fare.

One-day and seven-day passes for local bus/rapid transit, with validity on inner harbor ferry and commuter rail Zone 1A depending on fare media.

Student-only monthly passes for local bus, rapid transit, express bus, and commuter rail Zones 1A through 2 (available only on a Student CharlieCard).

Monthly passes for seniors and persons with disabilities for local bus and rapid transit (only available on a Senior/TAP CharlieCard).

In order to simplify the fare structure and fare collection the MBTA will create a single reduced fare monthly pass price.

### *D. Transfers*

The MBTA recognizes that due to the design of the transit network and the land use patterns of the region, many passengers have to transfer to complete their journey. The MBTA transfer policy is designed to meet the statutory requirement for a system of free or substantially price-reduced transfer privileges, fulfill other fare policy goals, and work within the constraints of the fare collection system.

Transfers outside of fare gate areas will be accomplished through the use of electronic fare media that can be recorded and validated on each route and mode used. Customers paying on board in cash will not be granted a transfer. The MBTA may offer a discount for pass products on fare media that do not allow transfers for technological reasons.

Transfers will be structured so that customers who use stored value on electronic fare media and who transfer between local bus, express bus, or rapid transit will be charged only for the cost of the higher-priced of the two routes or modes. The transfer price will equal the difference in price between the two routes or modes (the “step-up” price).

The transfer privilege is not meant to apply to the second or subsequent portion of multi-destination trips or round trips. For free or reduced prices to apply, a transfer must occur within a two-hour window of the initial fare payment (that is, for any given trip on which a transfer is made, the second vehicle must be boarded within two hours of the time the fare was first paid). Free or reduced-price transfers outside of fare gated areas are not allowed between different rapid transit lines, except between the Silver Line and other lines.

#### **IV. Fare Collection Technology**

The MBTA’s fare structure is constrained by its existing fare collection technology. In order to meet many of the revenue and operating fare objectives, the Authority is working toward a fare collection system that is not dependent on the use of a single fare card media, including the expansion of mobile and online payment options. It is a policy goal that future fare systems have the ability to implement time-of-day pricing, and distance-based pricing, and collect fares at all doors of vehicles. In addition, a future fare collection system should allow integration with private carriers to facilitate a consistent customer experience. The Authority is actively working to improve the collection of all fares and reduce the cost of fare collection.

#### **V. Glossary**

Within the context of this policy, the following definitions apply:

**Base Revenue Amount:** The dedicated contribution to the MBTA budget from the Commonwealth. Pursuant to MBTA’s enabling act, Dedicated Sales Tax receipts to MBTA are the greater of the base revenue amount (BRA) or the dedicated sales tax revenue amount.

**Commuter rail:** Passenger rail service that operates between North Station or South Station in Boston and the middle and outer suburbs.

Contactless fare media: An electronic media which, when presented to allow boarding or entrance to an MBTA vehicle or station, does not require mechanical handling for validation.

Core System: Rapid transit and local bus service.

Electronic fare media: A CharlieTicket, CharlieCard, MBTA-approved third-party smartcard, an MBTA-approved mobile device application magnetically or digitally encoded article or device.

Express bus route: A bus route providing a limited number of peak-direction trips during peak periods. A large part of any express route is characterized by high-speed, non-stop operation, and a limited number of stops are provided only near route termini. Some restrictions on drop-offs and pickups may apply.

Fare: The highest-value, adult single-ride price for each mode.

Local bus route: Any bus or trackless trolley route or portion of a bus or trackless trolley route not designated as an express bus route is considered a local bus route.

Mode: Any type of transit service provided by the MBTA, such as local bus, express bus, rapid transit, commuter rail, ferry, and paratransit.

Rapid transit: Includes the Green Line, Red Line, Orange Line, Blue Line, and Silver Line Waterfront Bus Rapid Transit.

Senior: Any person age 65 or older.

Student: The MBTA's enabling legislation (MGL c. 161A, § 5(e), defines students as ". . . pupils of public day or evening schools, pupils of private day schools or private evening schools or industrial day or evening schools giving substantially the same character and grade of instruction as the schools conducted at public expense and of a not higher grade than a high school . . ." For the purposes of this policy, a student is any pupil, age 12 through high school.