

Massachusetts Bay Transportation Authority

Means-Tested Fares Feasibility Study Update

August 12, 2019



Overview

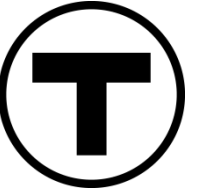
1. Overview of existing reduced fare programs
2. Key policy decisions needed to guide feasibility study
 - Eligibility criteria
 - Reduced fare levels, products, and service validity
3. Tools and data to model revenue impacts
4. Feasibility study focus
 - Potential revenue impacts
 - Requirements for administrative implementation
 - Technical feasibility
 - Operational impacts



Existing MBTA Reduced Fare Programs

Group	Eligibility	Policy Basis	Products	% taps on bus/rapid transit FY19
Student (11 and under are free)	<ul style="list-style-type: none"> Enrolled in middle school or high school 	MGL ch 159 sec 5 (e)	<ul style="list-style-type: none"> 50% fares 66% off Student Pass for subway, bus, and up to Zone 2 on CR 	6.3%
Youth (25 and under)	<ul style="list-style-type: none"> Income verified program or job training program Living in participating city or town 	MBTA program	<ul style="list-style-type: none"> 50% fares on bus and subway, but not CR 66% off Linkpass 	0.7%
Senior	<ul style="list-style-type: none"> 65 years or older 	Federal requirement for half priced at off-peak times [*] , ^{**}	<ul style="list-style-type: none"> 50% fares 66% off Linkpass 	5.1%
TAP	<ul style="list-style-type: none"> People with disabilities Medicare card holders Application process 	Federal requirement for half priced at off-peak times [*] , ^{**}	<ul style="list-style-type: none"> 50% fares 66% off Linkpass 	3.5%
Blind/visually impaired	<ul style="list-style-type: none"> ID from Massachusetts Commission for the Blind 	State policy	<ul style="list-style-type: none"> Free 	0.2%

*49 USC Chapter 53, Section 5307 (d)(1)(D); ** MGL ch 159 sec 5(e)



Key Policy Decisions



WHO is eligible?
What are the criteria?



WHAT MBTA services
are covered?



HOW MUCH is the
reduced fare discount?



WHAT KIND of fare does
the reduced fare apply to:
single-ride or pass?



Peer Comparison Analysis

	Seattle, King County	LA Metro	Portland TriMet	SFMTA - San Francisco	NYC MTA
Eligibility	200% FPL	HUD "Very Low" income	200% FPL	200% FPL	100% FPL
Discount	45-50% depending upon mode	Sliding Scale Subsidy (\$24 discount on \$100 monthly pass for regular riders)	<ul style="list-style-type: none"> • 50% off single rides • 72% off monthly pass 	<ul style="list-style-type: none"> • 50% off monthly pass • No-single ride discount 	50% discount
Partner(s)	Public Health Dept.; 501(c)(3) affiliated with health care enrollment	Three admin agencies hire partner agencies to run program	NGOs	SFMTA administrates with SF Human Service Agency (HSA)	Mayor's Office
Verification	<ul style="list-style-type: none"> • Proof of public assistance OR proof of income 	<ul style="list-style-type: none"> • Government-issued ID • Proof of public assistance OR proof of income 	<ul style="list-style-type: none"> • Proof of public assistance OR proof of income 	<ul style="list-style-type: none"> • To SFMTA: Medi-Cal or EBT • To HSA: Proof of income AND government-issued ID 	<ul style="list-style-type: none"> • NYC residents, CUNY students, veteran students, or employed • Receiving SNAP or Cash Assistance • Low-income
Certification	2 years	Annual	2 years	2 years	n/a

FPL: Federal Poverty Level



Eligibility Determinations for a Feasibility Study

- Eligibility in other jurisdictions and other government-administrated programs ranges from 100% to 200% Federal Poverty Level or is stated as a percentage of Area Median Income (AMI) as with HUD.
- A determination on the income eligibility threshold will greatly impact the number of customers who could potentially enroll.
- Some partners may already have established income eligibility guidelines, which the MBTA may wish to adopt for easier administration.

MBTA passengers receiving SNAP and/or TAFDC benefits:

5.3% Yes

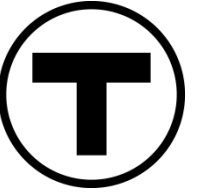
85.9% No

8.8% Prefer not to say

(source: 2019 Intercept survey)

MBTA Policy Proposal:

Follow partner-administered eligibility criteria, or SNAP benefits at 200% Federal Poverty Level



Fare Levels and Products for a Feasibility Study

- Current reduced fares have slightly different discount rates:
 - 50% off a single ride; 66% discount for a monthly Linkpass at \$30/month
 - Youth Pass does NOT apply to Express Bus, Commuter Rail, or Ferries
- The size of the discount will significantly impact revenue estimates.
- The discount level impacts technical feasibility: existing products work more easily with existing technology
- The services covered will impact beneficiaries and potentially the administrative partner
 - Inclusion of commuter rail makes a statewide partner preferable

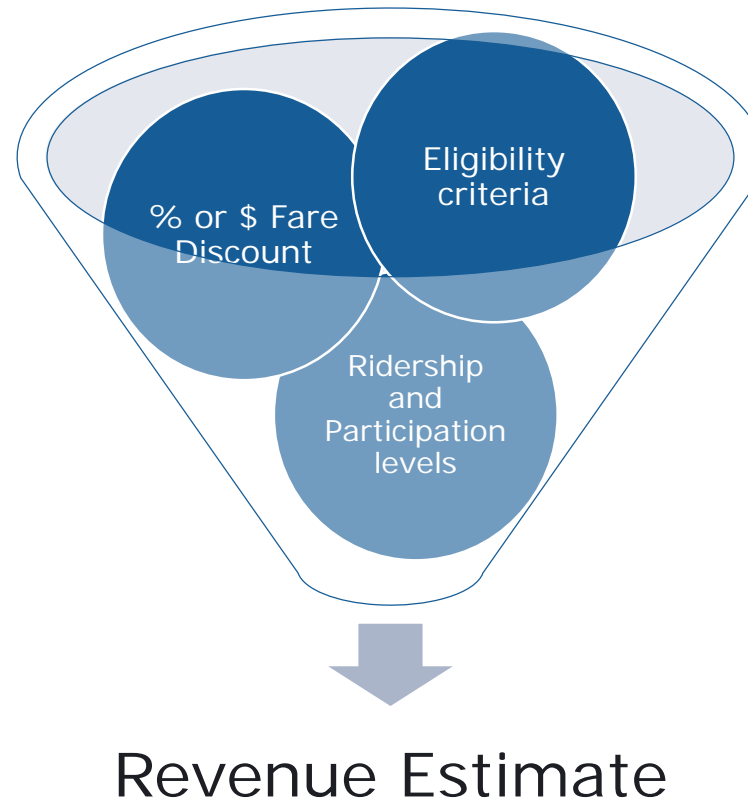
MBTA Policy Proposal:

- Apply existing discount for monthly Linkpass
- 50% off single-ride fares for all bus and rapid transit trips
- Include Commuter Rail and Ferry at 50% single-ride ticket



Components of a Revenue Estimate

Revenue estimates are impacted by many factors which are highly-interdependent and interrelated





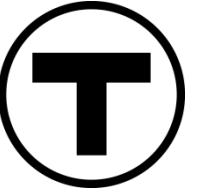
Fare Revenue and Ridership Model Update

- MBTA is currently building a new fare policy scenario model
 - Model development expected to finish by **October 2019**
 - Ready to use for analysis by **end of 2019**
- The model will allow analysis of potential new products and fare structures
 - Model starts from observed MBTA travel patterns and adjusts which products are purchased and the number of trips/riders based on the policy scenario
 - Scenarios can include adding new passes, eliminating existing products, modifying fare zones, and differentiating fares in new ways (for example, by time period and direction)
- Means-testing *within MBTA's current fare structure* can be analyzed to a large extent without the new model
 - Impacts of means testing depend primarily on how many riders are eligible and how many riders enroll—these are not predicted as part of the new model
 - The model would be needed to analyze means-testing in combination with *new products* or a *new fare structure*



Impacts to Ridership Understood Through a Feasibility Study

- Revenue estimate requires rates at which reduced fare trips are new trips or replacing existing trips at previous fare levels.
 - Using the MIT Study and the Youth Pass pilot, we can estimate the ridership impacts to the core system
- We have less data on how a reduced fare on Commuter Rail will impact ridership.
 - Will existing trips be replaced, or will it mostly create new trips?
 - We have survey income data to understand eligibility of current riders
 - People who currently drive may be induced to switch to the Commuter Rail or people might take jobs currently not considered
 - Commuter Rail discounts could have longer-term changes in ridership (e.g. people could move out of Boston for cheaper housing based upon lower commuter costs) that are harder to estimate



Feasibility Study Focus

1

Potential Revenue Impacts

- Using policy direction from today and existing data
- Sensitivity analysis based on participation rates

2

Requirements for Administrative Implementation

- Based on MBTA experience and peer agency best practices
- Define MBTA role and partner role

3

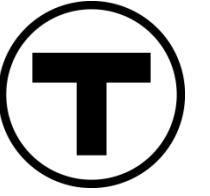
Fare Collection Technical Feasibility

- Design for possible implementation using existing technology

4

Operational Impacts from Additional Ridership

- Using existing data on usage for peak/off-peak trips



Decisions and Next Steps

Board Approval on Policy Inputs

Should we base revenue estimates on:

- 200% Federal Poverty Level
- Include commuter rail, ferry, and express bus
- 50% off single ride, \$30 monthly LinkPass, and no other pass options

Next Steps

- Feasibility study finished by end of 2019
- Seek administrative partner to verify eligibility and distribute special CharlieCards
- Determine how to offset estimated revenue loss