

# Challenge: Implementation of a Means-Tested Fares Program at the MBTA

## Introduction

The Massachusetts Bay Transit Authority (MBTA) is the largest transit agency in Massachusetts and operates bus, subway, Commuter Rail, and ferry service for the Greater Boston region. The Authority operates in 170 cities and towns in the Eastern portion of the state with over 1.3 million rider trips per day.

Inspired by the success of other transit agencies and measurable societal benefits, the MBTA is considering the feasibility of a Means-Tested Fares (MTF) program. Fare affordability is not merely a financial challenge, it is, for the neediest, a hurdle to employment, education and, quite simply, access.

## The Challenge

The implementation of a MTF program poses many logistical demands particularly around eligibility verification, administration, and effective public outreach. Peer transit agencies have shown that the best possible way to verify income is to leverage existing social service eligibility management systems.

The MBTA is considering forging partnerships to conceptualize and possibly implement a MTF program. Foremost in the order of challenges is the setting of an appropriate eligibility standard. After that, necessary structures and steps, such as client intake, verification, enrollment, client support, and data analytics must be developed, ideally through leveraging existing systems and infrastructure.

The MBTA is seeking creative ways to develop a workable design to overcome these challenges. The MBTA is asking prospective partners to share a feasible plan for implementing a MTF program in both the short-term, with a pilot, and long-term, at full-scale operation. The MBTA is looking to learn, through your response to this challenge, different mechanisms for administering a MTF program.

This document describes the MBTA's current technological capabilities, the hurdles that must be overcome to implement a robust MTF program, and provides more background information on our fare structure and current reduced fare programs.

## Current Technical Capabilities and Limitations

A new MTF program must work within the context of the MBTA's current fare collection system. A viable MTF program must ultimately get the proper reduced fare card into the hands of eligible riders. The following paragraphs explain how our fare collection system operates today.

The MBTA's system is a card-based system on bus/subway with additional visual validation of tickets and passes on the Commuter Rail and ferry. Note that this is not an account-based system. It does not allow customers to manage fare media and payments from a central account. Presently, the MBTA system has some limitations around its payments technology. This means that cards cannot be updated programmatically using a system Application Programming Interface (API) or other, more modern approaches.

Customers can pay for fares using a CharlieCard (smart card) or CharlieTicket (smart ticket) via fare vending machines, onboard fare boxes, MBTA retail sales locations, the CharlieCard Store in Downtown Crossing, and online. CharlieCards and CharlieTickets can be loaded with cash value, or passes, and are readable by fare gates and fare boxes. Customers can pay their Commuter Rail and ferry fares with CharlieTickets at fare vending machines, ticket windows, or onboard using cash or credit/debit cards.

Commuter Rail and ferry customers also have the option of using the MBTA's *mTicket* app to purchase and scan tickets from their mobile device. The *mTicket* app is the MBTA's mobile smartphone app for ticket purchase and validation for the Commuter Rail and ferry.

Reduced fare CharlieCards are specially encoded to confer reduced fare benefits. They may be loaded with value, through cash or other payment means, or monthly passes at fare vending machines, onboard fares boxes, MBTA retail sales locations, and the CharlieCard Store. To receive discounted fares on the Commuter Rail or ferry, customers must either present their reduced fare CharlieCard to the conductor or enter their reduced fare CharlieCard serial number on the Reduced Fares page of the Account Details section of the *mTicket* app in order to be charged the appropriate fare.

The MBTA is able to secure blank cards from our vendor at any time and the cards can be pre-encoded to confer the correct benefit. All reduced fare CharlieCards distributed are assigned, which means that the MBTA is able to keep a record of which card numbers belong to which individuals. Any lost or stolen cards can be deactivated remotely by the MBTA, but cards cannot be automatically and remotely reactivated. Customers can request replacements for lost or stolen cards.

The MBTA is in the process of transitioning and improving from its current fare collection system, known as Automated Fare Collection (AFC) 1.0, to a more modernized system, through a project known as Fare Transformation. Set to be complete in 2024, Fare Transformation will bring greater flexibility and adaptability to the MBTA fare collection system.

## Implementation Considerations

To be successful, the MBTA expects potential partnership models to include the following considerations:

### 1. Client intake channels

The MTF program will need to account for both in-person and remote client intake to begin the process of application and eligibility determination. Online intake capabilities must be compliant with the states' security and accessibility standards. Ideally, a MTF program will likely require multiple brick-and-mortar locations to accommodate walk-ins, appointments, and review of customer applications. Potential models should thus include physical intake centers along with the ability to receive mail-in and online applications.

### 2. Income verification and eligibility determination

In order to implement a MTF program, the MBTA expects to set an eligibility threshold, likely based on enrollment in an existing state or federal social service program(s) (e.g., SNAP) versus setting a federal poverty level (FPL) limit.

We are hoping to learn a potential partner's ability, expertise, or experience in verifying applicant eligibility based on existing participation in such programs. Questions regarding verification include:

- What current experience does the partner have with income verification?
- How will the partner verify that a potential participant is enrolled in the social service program(s)?
- Will the partner need any technological integration with the sponsoring agency of the social service program(s) in order to verify participant eligibility?
- What capacity exists for recertifying eligibility at specific intervals? What risks are associated and what technological supports are needed for administration?

### 3. Partner Resources

The MBTA would like to learn about the extent of a potential partner's service network, personnel, data-system infrastructure, language accessibility capabilities, and an explanation of how these items may support in the administration of a MTF program. Outreach to eligible participants will be essential to the success of this program. If the partner network does not cover the entire MBTA service area, the MBTA would be interested in models in which organizations collaborate with other entities to be able to scale a program to all cities and towns serviced by the MBTA.

As of this time, the MBTA has limited capacity for additional in-person customer support and so a partner network will be essential. An ideal partner would need to demonstrate sufficient staffing capacity and resources, or have the ability to scale up to support this program. In addition, a partner would need to

demonstrate the ability to maintain security of both customer data and MBTA property.

**4. Enrollment and fulfillment mechanism**

Please outline a proposed mechanism for coordinating with the MBTA to successfully reach and enroll potential MTF program participants. A proposed definition of roles and responsibilities is shown on slide 9 of the FMCB presentation made on February 24, 2020 referred to in the Additional Materials section of this Challenge. Feedback on this proposal, including any potential changes to MBTA or partner roles, is strongly encouraged. New insights are welcome!

**5. Partner program management technology**

The MBTA realizes that the successful implementation of a MTF program will necessitate both in-person and virtual customer support, along with IT resources. Please share any existing systems or tools used by your organization when serving clients enrolled in social service programs. While the MBTA is likely to provide a web-based system that allows a partner to place orders for new or replacement reduced fare CharlieCards, certain elements of the customer application, eligibility verification, and customer service process could benefit from the use of existing partner technology. The MBTA is interested in learning about:

- Case Management Applications,
- Income Verification Tools,
- Secure Document Storage,
- Customer Support Systems, and
- Customer Communication Tools.

**6. Fiscal implications**

Given the proposed partnership model, the MBTA would like to learn about the fiscal implications of administering a MTF program. Ideally, a partner would include program costs and allocations in any proposed solution. Details could be included for the costs of piloting versus scaling a MTF program over multiple years.

**7. Timeline and project schedule**

Considering the prospective breadth and scale of the MTF program, the MBTA would need an implementation schedule showing the start of the partnership, customer intake, pilot, and full-scale implementation. The MBTA is assuming a multiyear implementation to reach full scale.

**8. Monitoring and research**

The MBTA would need to be able to conduct research on the program, in order to prove effectiveness and impact. A proposed partner should be willing to integrate responsible research methodologies to monitor programmatic impacts,

use, demographic, and other research questions that may be relevant in the development of an effective MTF program.

**9. Benefits and limitations of the service model**

Ideal partners should recognize strengths and weaknesses in any proposed service delivery plan. These benefits or limitations may be economic, financial, societal, and/or practical.

## Submission Guidelines

Partnership plans should ideally contain discussions on all nine (9) Implementation Considerations stated above. Please submit your administration and partnership plan in a Word document format to [fares@mbta.com](mailto:fares@mbta.com). Partnership plans ideally should not exceed ten (10) pages in length.

To be clear, we are not looking for an application or innovation proposal. This is not an active procurement. The MBTA is seeking a partner who has a viable implementation plan for a MTF program.

Submissions will be accepted on a rolling basis through July 30, 2020.

## Contact

Should you have any questions, please do not hesitate to reach us at [fares@mbta.com](mailto:fares@mbta.com).

## Additional Materials

### MBTA Fares Structure

Current MBTA fares are provided below, including the proposed discount for the MTF program. This is not an exhaustive fares table, and does not include fares for MBTA Express Buses, ferry, or Interzone Commuter Rail trips.

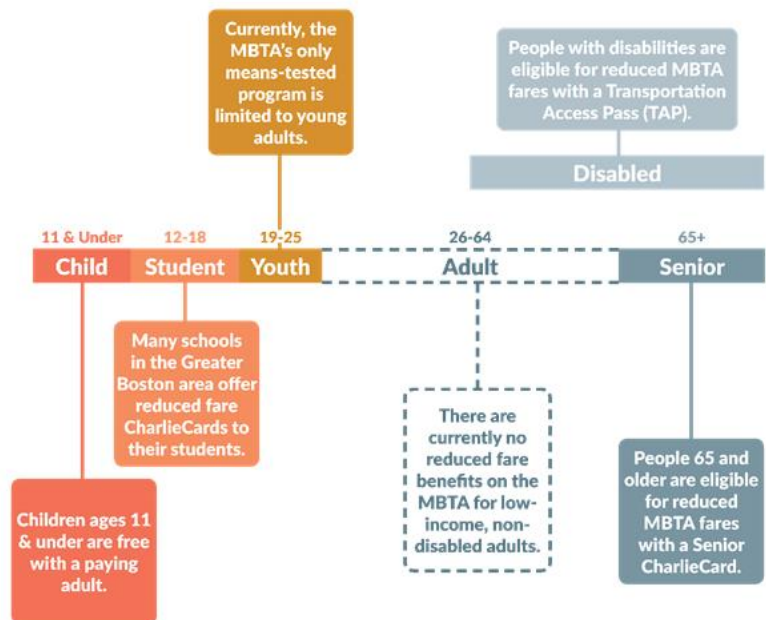
Transit Mode	Full Fare	Reduced Fare*	Discount
Bus	\$1.70	\$0.85	50%
Subway	\$2.40	\$1.10	54%
Commuter Rail Zone 1A	\$2.40	\$1.10	54%
Commuter Rail Zone 1	\$6.50	\$3.25	50%

Transit Mode	Full Fare	Reduced Fare*	Discount
Commuter Rail Zone 2	\$7.00	\$3.50	50%
Commuter Rail Zone 3	\$8.00	\$4.00	50%
Commuter Rail Zone 4	\$8.50	\$4.25	50%
Commuter Rail Zone 5	\$9.50	\$4.75	50%
Commuter Rail Zone 6	\$10.50	\$5.25	50%
Commuter Rail Zone 7	\$11.00	\$5.50	50%
Commuter Rail Zone 8	\$12.00	\$6.00	50%
Commuter Rail Zone 9	\$12.50	\$6.25	50%
Commuter Rail Zone 10	\$13.00	\$6.50	50%
Monthly LinkPass (bus/subway)	\$90.00	\$30.00	67%

\*Each MBTA reduced fare program is eligible for a differentiated set of reduced fares. Youth Pass, for example, does not confer any reduced fare benefit on the Commuter Rail, while Senior Pass does.

## MBTA Reduced Fare Programs

The MBTA offers several reduced fare programs: Transportation Access Pass (TAP), Senior CharlieCard, Student CharlieCard, and the Youth Pass. These programs provide discounted fares for people with disabilities, seniors, students, and low-income young people, respectively. The MTF program would be designed to fill a gap for those who are not currently



served by one of our reduced fare programs: non-disabled, low-income adults between the ages of 26 and 64.

### **Transportation Access Pass (TAP)**

People with disabilities and Medicare cardholders are eligible to apply for a Transportation Access Pass (TAP) CharlieCard. For people with doctor-designated permanent disabilities, TAP cards are valid for 5 years. For doctor-certified temporary disabilities, cards are valid for 1 year. TAP CharlieCard holders receive reduced fares for bus, subway, ferry, and Commuter Rail rides.

### **Senior CharlieCard**

People 65 and older are eligible to apply for a Senior CharlieCard. These cards are valid for 8 years. Senior CharlieCards holders receive reduced fares for bus, subway, ferry, and Commuter Rail rides.

### **Student Pass Program**

Middle or high school students who attend schools in the MBTA's Student Pass Program are eligible for a Student CharlieCard, which offers year-round reduced fares for bus, subway, ferry, and Commuter Rail rides.

Depending on the school district, students will be given either an M7 Card or an S-Card at the beginning of every school year. M7 Cards are preloaded with passes for the entire school year, while S-Cards need to be loaded with cash value or passes.

#### *M7 Card*

From September to June, M7 Cards are preloaded with \$30.00 monthly LinkPasses for unlimited travel on the subway, local or express buses, and Commuter Rail Zones 1A, 1, and 2. Students can travel Commuter Rail zones 3-10 for 50% the standard fare. During July and August, M7 Cards offer the same discounts as S-Cards but must have cash value added to them.

#### *S-Card*

Valid from September 1 to August 31, S-Cards can be loaded with cash value for reduced fares or \$30.00 monthly LinkPasses for unlimited travel on the subway and local or express buses. S-Cards can also be used to buy half-price 1-way Commuter Rail and ferry tickets.

## Youth Pass

The Youth Pass Program is a partnership between the MBTA and municipalities to offer reduced fares to low-income young people who are not eligible for a Student CharlieCard. A Youth Pass CharlieCard can be loaded with cash value or \$30 monthly LinkPasses for unlimited bus or subway rides only (no discount on the MBTA Commuter Rail, Express Buses, or ferry).

The program is administered by participating municipalities who are responsible for determining eligibility, as well as assigning and distributing cards. Youth Pass CharlieCards expire on November 1 each year, which means eligible young people must reapply each year.

To be **eligible** for the Youth Pass Program, one must live in a participating city or town and be:

- Between the ages of 12 and 18\*, inclusive, and not enrolled in middle or high school, or
- Between the ages 18 and 25\*, inclusive, and enrolled in either a MBTA-approved a) state or federal income-based benefit program; b) alternative education program; or c) job training or professional development program.

\*Specific date ranges provided each year for each age group.

## Free Fare Programs

The MBTA also offers free fares to children 11 and under who are accompanied by a paying rider, people who are blind, and to active-duty military personnel, police, and firefighters.

## Presentations to the Board

For additional guidance, please refer to the presentations on MTF made to the FMCB:

- [May 21, 2020 presentation](#)
- [February 24, 2020 presentation](#)
- [December 16, 2019 presentation](#)

## More on Reduced Fares

Additional material about current reduced fare programs administered by the MBTA can be found on our website, [mbta.com/fares/reduced](https://www.mbta.com/fares/reduced)