



Date: April 26, 2021
To: Fiscal and Management Control Board
From: Andrew Stuntz, Senior Manager of Fare Policy Analysis, MBTA
Re: **Potential Disproportionate Benefit to Non-Low-Income Riders of Proposed July 2021 Fare Changes**

EXECUTIVE SUMMARY

The CTPS equity analysis of the proposed July 2021 fare changes finds that the proposal would potentially result in a disproportionate benefit to non-low-income riders. In accordance with FTA Title VI Circular and the MBTA's Disparate Impact/Disproportionate Burden (DI/DB) Policy, MBTA staff have reviewed possible steps to avoid, minimize, or mitigate this potential disproportionate benefit, and we propose mitigating this potential impact by recruiting Youth Pass municipal partners located on the MBTA's Commuter Rail network.

MBTA staff recommend that the FMCB vote on May 10, 2021 to accept the CTPS equity analysis, to approve the mitigation proposed in this memo, and to approve the fare changes as proposed on April 12, 2021.

Proposed Fare Changes

The MBTA has proposed two fare policy changes that, if approved by the FMCB, would take effect on July 1, 2021:

1. Converting all Outer Express Bus routes to Inner Express Bus fares.
2. Providing reduced fares to Youth Pass riders on Commuter Rail, Express Bus, and ferries.

Both proposed changes would result in **fare decreases** for certain MBTA fare types.

Finding of Potential Disproportionate Benefit to Non-Low-Income Riders

CTPS has completed a fare equity analysis of the proposed changes in accordance with FTA's Title VI Circular and the MBTA's Disparate Impact/Disproportionate Burden (DI/DB) Policy. The CTPS analysis finds the proposed changes would provide a *potential disproportionate benefit to non-low-income riders*. This finding relates to the relative impact of the proposed changes on non-low-income riders versus all MBTA riders. CTPS estimates that the changes would result in a decrease in *systemwide average fares* of 0.06% for low-income riders and 0.07% for all riders; this average decrease for low-income riders is 83% of the average decrease for all riders. When a decrease in average fares for low-income riders is less than 90% of a decrease for all riders, it is considered a potential disproportionate benefit to non-low-income riders under the MBTA's DI/DB policy. Of the two proposed fare changes, the elimination of the Outer Express bus fare is driving the potential disproportionate benefit finding; in sum Outer Express bus riders will experience a fare decrease and those riders tend to be higher income than our riders as a whole.

The MBTA is committed to following FTA regulations and our own policies with respect to DI/DB findings, and the next section describes those policies and our response to this fare equity finding. Before that response, we note several particularities of the proposed fare changes and of Title VI analysis during the COVID-19 pandemic that help to explain this finding and put it in context:

1. **The finding is a potential disproportionate benefit.** The proposed changes do not increase fares for any low-income riders; however, fare decreases must still be analyzed in a similar manner to fare increases to evaluate whether fares are being lowered less for minority and low-income riders than overall.
2. **The proposed fare changes affect a relatively small subset of MBTA riders.** The CTPS analysis shows that the proposed changes would lower fares for <0.2% of all MBTA rides, and the impact to system-wide average fares is <0.1%. If the proposed changes were taking place in the context of an overall fare increase or a broader review of all MBTA fare changes over a several-year period, then the impact of these Youth Pass and Outer Express Bus changes would barely register in the fare equity analysis. However, since the MBTA is not increasing fares in 2021, the *relative* impacts of proposed changes are analyzed regardless of how small the changes are.
3. **The analysis is based on pre-pandemic ridership.** There are two reasons this may be conservative, and that the *potential* disproportionate benefit to non-low-income riders might not become an *actual* disproportionate benefit.
 - First, the CTPS analysis uses a *pre-pandemic base year*, which reflects Outer Express Bus service and ridership before the pandemic. Lowering fares for Outer Express Bus is the primary driver of the potential disproportionate benefit to non-low-income riders, since Outer Express Bus riders before the pandemic were overwhelmingly non-low-income. If Outer Express Bus demand/ridership were not to recover to pre-pandemic levels, then the use of a pre-pandemic base year would overstate the actual future benefit to non-low-income Outer Express riders. Currently, there are only about *100 Outer Express rides per day* on a single Outer Express Bus route (less than 10% of pre-pandemic Outer Express rides).
 - Second, Title VI fare equity analyses must be based on actual observed ridership and cannot account for any changes in ridership that might result from the proposed fare changes. The CTPS analysis estimates Youth Pass Commuter Rail ridership based on *current* Youth Pass travel patterns and scaling to approximate pre-pandemic base year levels, but does not assume any increase *beyond* pre-pandemic levels as a result of the fare change. As a hypothetical, if pre-pandemic base year Youth Pass Commuter Rail ridership in the CTPS analysis were increased by about 15% or more, then the proposed changes would not trigger a finding of potential disproportionate benefit.

MBTA Response to the Equity Analysis Finding

The FTA's Title VI Circular states:

At the conclusion of the analysis, if the transit provider finds that low-income populations will bear a disproportionate burden of the proposed fare change, the transit provider should take steps to avoid,

minimize or mitigate impacts where practicable. The transit provider should describe alternatives available to low-income populations affected by the fare changes.

Similarly, the MBTA's DI/DB policy states:

Upon finding a potential disproportionate burden on low-income populations from a proposed fare change, the MBTA may take steps to avoid, minimize, or mitigate these impacts, where practicable.

Avoiding or Minimizing Potential Impacts of the Proposed Fare Changes

Of the two proposed fare changes, the change that drives the finding of a potential disproportionate benefit to non-low-income riders is converting Outer Express Bus routes to Inner Express fares. MBTA staff have proposed this change with the goal of simplifying fares and fare collection on the MBTA's Outer Express routes for MBTA bus operators and riders. Due to service changes as a result of the pandemic, the MBTA is currently operating only a single Outer Express route (352/354), which also serves an Inner Express stop. Given limitations of our AFC system, running this mixed Outer/Inner Express service requires bus operators to follow a complicated procedure at the farebox, with an ongoing risk of accidentally overcharging customers. Even before the pandemic, the MBTA was operating only three Outer Express Bus routes relative to sixteen Inner Express Bus routes. Maintaining separate fares for a small number of Outer Express bus routes has grown unnecessarily complicated. Lastly, when looking at Outer Express versus Inner Express bus routes we

We have reviewed the proposed fares changes and have not found a practicable alternative to the proposed fare changes that would avoid or minimize the disproportionate benefit to non-low-income riders while addressing the operating need that motivates the changes.

Mitigating Potential Impacts of the Proposed Fare Changes

MBTA staff propose mitigating the impacts of the proposed fare changes through Youth Pass partner recruitment. The MBTA's Youth Pass program provides reduced fares to young adults with low income, and the program is run as a partnership between the MBTA and participating municipalities who administer the program (including reviewing applications, determining eligibility, and assigning and distributing Youth Pass CharlieCards to approved applicants). The Youth Pass currently provides reduced fares on bus, subway, and Commuter Rail Zone 1A, and the MBTA's current municipal partners are accordingly located in areas served by the MBTA's bus and subway network. The proposed fare changes would expand reduced fares for Youth Pass cardholders to Commuter Rail, Express Bus, and ferries. To increase the impact of these new reduced fare benefits, we propose active recruitment of new Youth Pass municipal partners located on the MBTA's Commuter Rail network by taking the following steps:

1. Publish eligibility requirements and responsibilities for Youth Pass partner municipalities.
2. Prioritize processing of partner applications for Gateway Cities within the Commuter Rail network which are not currently Youth Pass partners.
3. MBTA staff will contact the following municipalities to share the Youth Pass eligibility requirements and to invite them to apply: Attleboro, Brockton, Fitchburg, Haverhill, Lawrence, Leominster, Lowell and Worcester.

Alternatives Available to Low-income Populations

The proposed fare changes do not increase fares for any low-income riders.

Low-income riders using Outer Express Bus routes would automatically benefit from the change beginning July 1st by paying lower per-ride fares or potentially purchasing a Monthly Inner Express Bus Pass at a lower price than the Outer Express pass.

Low-income populations can visit www.mbta.com/reduced or call 617-222-3200 to check if they are eligible for any MBTA reduced fare programs, including the Youth Pass program that would be improved as part of the proposed fare changes.

CONCLUSION

MBTA staff recommend that the FMCB vote to accept the CTPS equity analysis, to approve the mitigation proposed in this memo, and to approve the fare changes as proposed on April 12, 2021.