

Massachusetts Bay Transportation Authority

Fare Media Changes

Audit and Finance Subcommittee

Board of Directors

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Lynsey Heffernan, Assistant General Manager of Policy & Transit Planning
Steven Povich, Director of Fare Policy and Analytics

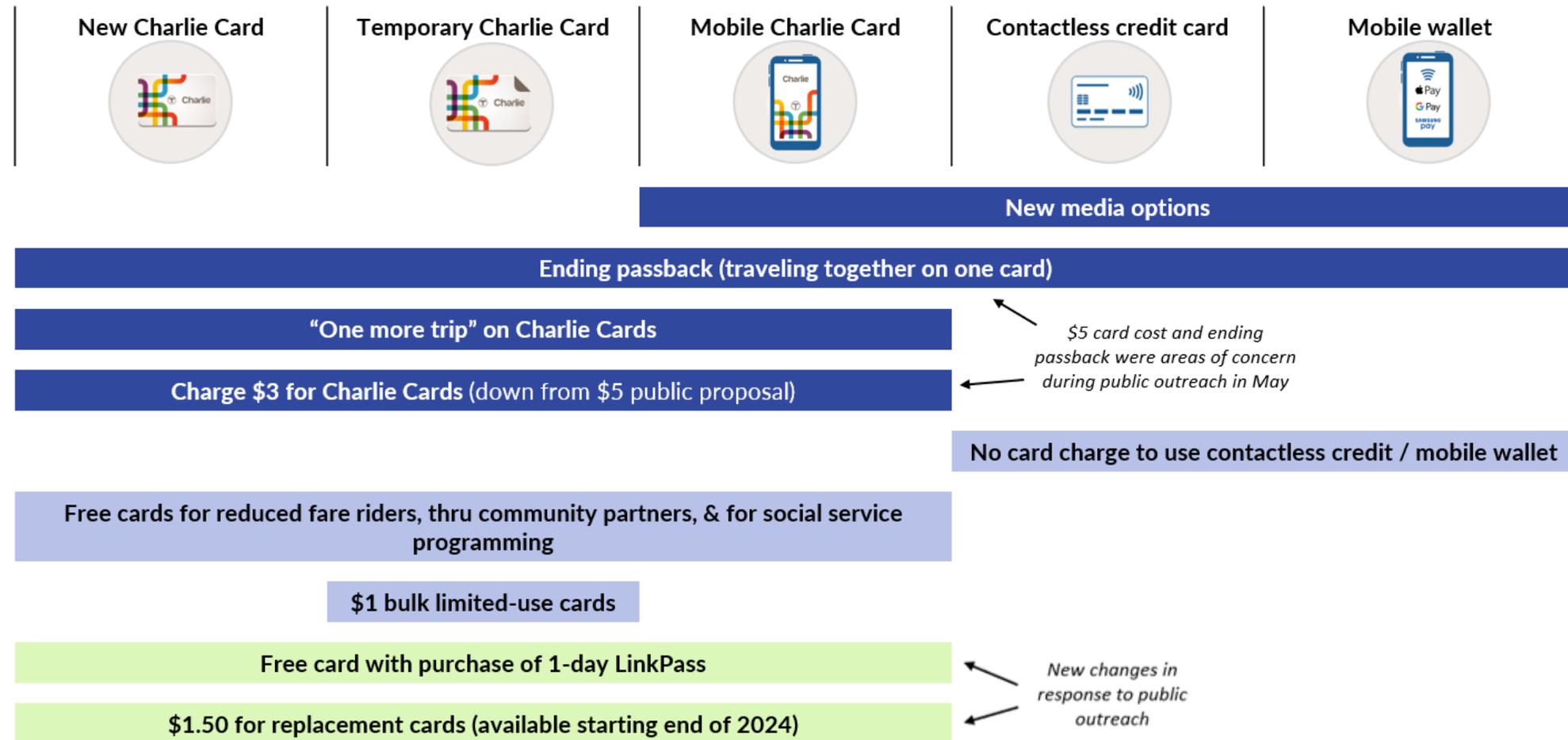
Fare Media Changes - Process

- Per FTA guidelines, Fare Media Changes are treated like Fare Tariff Changes, requiring equity analyses, public comment, and board approval
- The Fare Media Changes are fare policy changes which relate primarily to technology and rider behavior; cost impacts are largely self-contained (for example, card fees cover the cost of cards) or in the capital budget for Fare Transformation



Fare Media Changes - Overview

Fare Transformation includes exciting new technologies that inherently contain fare policy changes.





Fare Media

Riders will have a choice of what type of card they tap to pay for their trips on the T.



New Charlie Card

Dispensed from station fare vending machines and available at all sales locations



Temporary Charlie Card

Dispensed from streetscape fare vending machines, but can be upgraded for free at station fare vending machines
Sold in bulk for short term use (e.g. conferences or social service agencies)



Mobile Charlie Card

A virtual Charlie Card that allows riders to tap their mobile device when they ride



Contactless credit card

Riders can avoid purchasing and reloading a Charlie Card by tapping a Visa, Mastercard, Amex cards with the contactless logo to ride



Mobile wallet

Riders can avoid purchasing and reloading a Charlie Card by tapping a mobile device with Apple Pay, Google Pay, Samsung Pay to ride

Key Features

- Secure chip technology
- All fare media types are tappable, accepted at all readers on all modes, and support all fare products
- Card fees configurable by card type and other parameters defined in fare policy
- Card is used only as credential and record of the balance is held in the back office, ensuring there's an accurate record of the balance and making it easy to replace
- Charlie Cards can be printed with custom artwork for special events, promotions, or sponsorships



Fare Policy Change: Charging \$3 for Charlie Cards

We are introducing a \$3 card fee for new physical and mobile Charlie Cards for 2 primary reasons:

1. The new system allows “one more trip” – riders can board even if they have a low or zero balance. The \$3 fee is a partial prepayment for this capability. In preliminary analysis, we have assumed an average negative balance of \$0.50 per card.
2. Charlie Cards cost ~\$1.50 to procure

Note that in initial proposals, we considered charging \$5 for Charlie Cards, but have revised to \$3 based on public feedback



Fare Policy Change: “One more trip” on Charlie Cards

The new fare media will allow riders to board with a low or zero balance. This change is being made for two primary reasons:

1. Riders’ convenience and improvements to boarding efficiency
2. We will not leave riders stranded if they cannot get to a Charlie sales location; they will be covered by the “one more trip” protection



Fare Policy Change: Ending Passback

- “Passback” describes the action of using transit value to tap multiple riders through a fare gate. This is allowed under the current legacy fare system
- While Passback is popular with some riders, we are unable to retain this feature in the new system in order to:
 - Make sure everyone carries their own card as "proof of payment" when we move to all-door boarding
 - Introduce mobile and contactless payment without causing accidental charges
 - Integrate Commuter Rail without creating pricing errors



Summary of Other Fare Policy Changes

- ***Free Cards to Reduced Fare Riders***
 - Reduced Fare Riders will not be charged the \$3 card fee when they buy fare media
- ***Free Cards with 1-day LinkPass***
 - Riders purchasing a 1-day LinkPass on a new fare media will not be charged the \$3 card fee
- ***\$1 bulk limited-use cards***
 - This is intended for group sales such as conferences. These cards cost \$0.67 to procure
- ***\$1.50 for replacement cards***
 - Starting at the end of 2024, riders who lose their new fare media can replace them for a 50% card fee



Fare Policy Change: Enhanced Free Card Distribution Plan

- Given the potential inequity of charging for cards (and not charging for the use of contactless credit cards and mobile wallets), we are developing a plan to distribute free cards within minority and low-income communities through partner organizations
- In addition, riders will not be charged for cards if they are eligible for Reduced Fare Programs or if they purchase a 1-Day LinkPass
- Based on our analysis, a total of 325-355k free cards distributed to low income, minority, Reduced Fare, and 1-day LinkPass riders will cost \$650-710k and will ensure an equitable outcome for all riders



Preliminary Equity Analysis

- **Background:** The same FTA regulations regarding Disparate Impact on minority riders and Disproportionate Burden on low-income riders that apply to fare tariff changes also apply to fare media changes
- **Fare Increase:** Given that the \$3 card fee is a “fare increase,” the DI and DB ratios must be <1.10x to “pass” MBTA policy. We have worked with CTPS to understand the net equity impact of the media changes.
- **Preliminary Result:** Final analysis will be brought to the board in April, but CTPS’ preliminary work demonstrates that *these changes pass an equity analysis by a wide margin*
- **Assumptions:** Embedded in CTPS’ analysis are a number of assumptions about rider behavior, including:
 - % of riders who pay with contactless credit cards
 - Whether contactless credit cards can hold passes (1-day, 7-day, monthly)
 - % of riders who use the mobile app
 - Frequency with which riders lose and replace cards



Timeline & Next Steps

February:

Proposed Fare Media Changes will be presented to MBTA Board

Public Comment Opens

March:

Staff will conduct Public Outreach, informally and formally

Promoting Public Meeting on **March 15, 2022 at 6pm** and Public Hearing on **March 22, 2022 at 6pm**

April:

Public Comment will close on **March 31, 2022**

Staff will collate all comments, make any modification based on feedback, and with CTPS will finalize the Equity Analysis

Full Board will be asked to vote on Proposed Fare Media Changes

Future Implementation:

Changes will go into effect with revenue service commencement of the new fare collection system on bus and rapid transit



Appendix



Preliminary Equity Analysis Output

- CTPS has run several scenarios with various assumptions on key variables:
 - Whether contactless credit cards can hold passes¹
 - % of riders that use contactless credit cards. 30% is our working hypothesis, 100% is the most conservative (ie least equitable)
 - % of riders that use mobile app. 30% is our working hypothesis, 0% is the most conservative (ie least equitable)
- Depending on assumptions on credit card passes, credit card usage, mobile app usage, and free card distribution, the changes net out to a fare increase or a fare decrease (ie more cards are distributed than are purchased). The full results are included below.

| Can CCs Store Passes? | % of Eligible Riders Using CCs | % of Eligible Riders Using Mobile | Fare Increase or Decrease; Relevant Ratio | Disparate Impact Ratio | Disproportionate Burden Ratio |
|-----------------------|--------------------------------|-----------------------------------|---|------------------------|-------------------------------|
| Yes | 30% | 30% | Increase; <1.10x | 0.19x | -0.02x |
| Yes | 100% | 0% | Decrease; >0.90x | 1.41x | 1.60x |
| No | 30% | 30% | Increase; <1.10x | 0.38x | 0.21x |
| No | 100% | 0% | Increase; <1.10x | -0.17x | -0.78x |

¹ The MBTA would prefer for CCs to have the ability to store passes, but this remains an open discussion with the major CC companies

Summary of New Fare Media

| | |
|-----------------------------------|--|
| New Charlie Card | Functionally similar to the old CharlieCard; charge \$3 card fee |
| New Temporary Charlie Card | Same functionality as a Charlie Card but temporary in nature for bulk sales or distributed in limited functionality fare vending machines; charge \$3 card fee but this media can be exchanged for Charlie Card for free |
| Mobile Charlie Card | Functionally the same as a Charlie Card but stored on any smartphone; charge \$3 card fee |
| Contactless Credit Card | Riders can tap their contactless credit cards directly on fare gates and readers to pay fares and prove fare payment; no card fee |
| Mobile Wallet | Riders can tap the credit cards in their mobile wallets directly on fare gates and readers to pay fares and prove fare payment; no card fee |

Note: These changes will be implemented with the roll out of Fare Transformation and revenue service commencement on bus and rapid transit

