

Fare Revenue and Policy Update

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Elizabeth Winters Ronaldson, Acting Deputy Chief of Fare Revenue

David Churella, Senior Manager of Fare Policy & Analysis



Fares remain an essential component of the MBTA's Operating Budget despite the pandemic's prolonged impact on ridership.

- Prior to the pandemic (FY19), 31% of the MBTA's operating revenues came from fares.
- In the FY25 Operating Budget, 15% of the MBTA's operating revenues, \$400M+, is projected to come from fares.

	Operating Revenues	FY19	FY25B	% Total
MBTA-Generated	Fares	\$671.7 M	\$ 403.0M	18%
	Own Source	\$90.2 M	\$79.8 M	
Dedicated Sources	State Sales Tax Revenue	\$1,053.2 M	\$1,465.4 M	54%
Local and State Assistance	State Assistance*	\$127.0 M	\$359.0 M	20%
	Local Assessments Revenue	\$170.1 M	\$193.1 M	
Federal Sources	Federal Revenue**	\$ -	\$191.0 M	7%
	Other Income	\$57.2 M	\$22.9 M	1%
	Total Revenue	\$2,169.4 M	\$2,714.2M	

* **State Assistance in FY25 budget** includes normal \$187M transfer, plus \$127M (doubling of state support) and \$45M (Income Eligible Fares) in additional assistance provided in Governor's H2 budget

** **Federal revenue in FY25 budget** reflects drawing down \$191M in 5307/5337 preventative maintenance funds to support preventative maintenance activities in the operating budget



Fares enable the MBTA to provide high-quality public transportation service to riders and communities it serves

MBTA Fare Policy, adopted by the Board in 2015, sets guidelines for establishing and restructuring fares:



Increase Revenue

- **Fare revenue is vital for the MBTA's operating budget**, requiring that the total fare revenue stream is maintained to meet the **farebox recovery goal**.
- **Strategies to increase fare revenue** include optimizing fare levels and leveraging pass discounts to maintain ridership, maximizing fare collection, and reducing fare evasion.



Improve Service and Customer Experience

- **Fare policy should support service standards¹ such as reliability and passenger comfort** while generating operational revenue and enabling efficient boarding to reduce delays and costs.
- **Fare strategies should focus on increasing ridership on underutilized services** to optimize capacity and manage crowding and increased operational costs.
- **Fare collection methods should prioritize safety** by minimizing conflicts between employees and riders.



Advance Social, Equity, Environmental, and Regional Economic Goals

- Fare structure should **enhance regional mobility, boost the economic vitality of the Commonwealth and access to opportunities for its residents** while **supporting the state's sustainability goals**.
- **Fare policy should be equitable** – considering the varied service needs of different rider populations and ensuring that fare increases do not disproportionately impact marginalized communities – **in compliance with Federal Title VI and Environmental Justice regulations**.

¹ As articulated in the MBTA Service Delivery Policy.

Post-pandemic, more flexible sales channels like mTicket and lower-commitment products like stored value and one-way tickets have recovered more quickly.

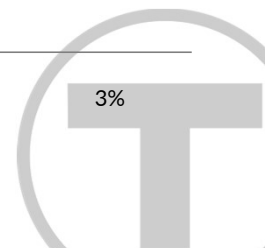
- Before the pandemic, rider habits of buying fares remained consistent year over year.
- Since 2021, the MBTA has launched several fare initiatives to expand access to transit, support revenue, and improve the customer experience including reduced fare online applications, commuter rail gates at North Station, expanded Pay-Per-Use institutional fare offerings.

What fare products customers are buying % of Total Fare Revenue (Before Adjustments)

	FY19	FY24
Monthly Pass	51%	40%
Stored Value	24%	30%
Commuter Rail Tickets	14%	19%
Daily and Weekly Passes	7%	7%
Other Fare Programs <i>RIDE and Commuter Boat Programs & Cape Flyer Sales</i>	2%	3%
Farebox - Cash	1%	1%

Where customers are buying fares % of Total Fare Revenue (Before Adjustments)

	FY19	FY24
In-Station Sales <i>Fare vending machines, fareboxes, and MBTA and Keolis sales offices</i>	45%	44%
Pass Programs <i>Perq for Work, semester, and student pass programs</i>	33%	28%
Out-of-Station Sales <i>mTicket sales, retail sales agent sales, website / phone and recurring pass sales, commuter rail on-board sales, and visitor / group sales</i>	20%	25%
Other Fare Channels <i>RIDE and Commuter Boat Programs</i>	2%	3%



How are fares set?

MBTA fare changes are subject to State and Federal regulations and requirements, and policy set by the Board

- Per Federal Transit Administration Title VI requirements, any fare change requires **public engagement, equity analysis, and board approval**.¹
 - Applies to all fare changes whether fares increase or decrease, with few exceptions such as 6-month fare pilots
 - The MBTA is federally required to ensure that changes do not have a **disparate impact** on riders of color nor impose a **disproportionate burden** on riders with low-income
 - MBTA must engage the public before any changes to fares
- ADA-regulated paratransit fares cannot exceed 2x the fare of alternative fixed route service
- 2016 Massachusetts law² limits MBTA fare increases to **no more than 7% every two years**
 - Fares shall not be increased more than once in a 24-month period
 - No fare for any single-ride nor the cost of any pass shall increase by more than 7 percent during any 24-month period
 - Earlier 2013 Massachusetts law limited fare increases to a 5% annual rate with at least 24 months between increases
- Fare changes are further guided by [MBTA Fare Policy](#), approved December 2015

1. [FTA Circular 4702.1B: Title VI Requirements and Guidelines for Federal Transit Administration Recipients](#)

2. [Acts \(2016\) Chapter 164: An Act Relative to MBTA Fare Increases](#)



What is the history of MBTA fare changes?

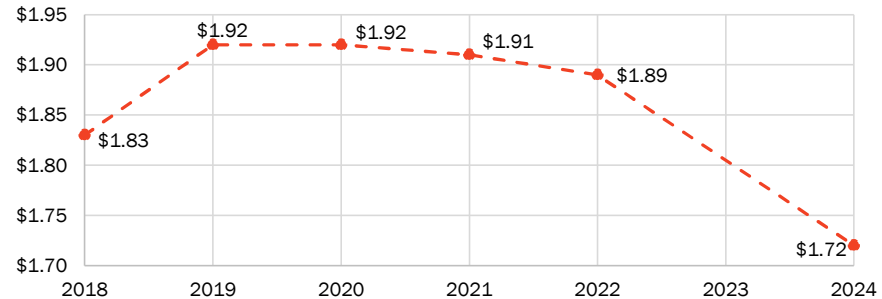
- Between the launch of Automated Fare Collection in 2007 and the start of the COVID-19 pandemic, the MBTA increased fares four times
 - 2012: **23% fare increase** across modes
 - 2014: **5% fare increase** across modes, with additional \$1 RIDE fare *decrease*
 - 2016: **9.3% fare increase** across modes
 - 2019: **5.8% fare increase** across modes, with no fare change for Local Bus or Reduced Fare programs
- Massachusetts laws passed in 2013 and 2016 set caps on MBTA fare increases
 - 2013: Fare increases capped at a **5% annual rate every two years**
 - 2016: Fare increases capped at **7% total every two years**
- Since COVID, the MBTA has passed **five fare change packages** designed to:
 - Simplify the fare structure and consolidate price points at lower levels
 - Expand access to and applicability of Reduced Fares
 - Create more affordable and flexible pass products
 - Expand transfer rules



How have MBTA fares kept pace with inflation?

- Fare changes in 2020, 2021, 2022, and 2024 all **decreased** average fares in nominal terms
 - Average fares under current tariff are **approximately 10% lower** than under the tariff enacted in 2019

	Average Fare (CTPS)
Prior to 2019 Fare Increase	\$1.83
After 2019 Fare Increase	\$1.92
After 2020 Fare Change	\$1.92
After 2021 Fare Change	\$1.91
After 2022 Fare Change	\$1.89
After 2024 Fare Change	\$1.72



- Inflation has continued apace since 2019, **increasing costs by 23%** across the economy
 - If MBTA fares had kept up with inflation since July 2019:
 - \$90 full-fare LinkPass would be **\$110.72**
 - \$2.40 full-fare subway fare would be **\$2.95**
 - \$1.70 full-fare Local Bus fare would be **\$2.09**
 - Average system-wide fare (currently \$1.72) would be **\$2.36**

* Inflation calculations as of September 2024 CPI data



How do MBTA fares compare to peer transit agencies?

Bus Fares: \$1.70 local bus fare is the *lowest of our peer agencies*

MTA (New York)	\$2.90	↑ 2023
MUNI (San Francisco)	\$2.50	↑ 2025 (planned)
MARTA (Atlanta)	\$2.50	
WMATA (Washington DC)	\$2.25	↑ 2024
CTA (Chicago)	\$2.25	
SEPTA (Philadelphia)	\$2.00	↑ 2024 (planned)
LA Metro (Los Angeles)	\$1.75	
MBTA	\$1.70	

Subway Fares: \$2.40 subway fare is *in line with peer agencies*

- Agencies with zoned subway fares (BART and WMATA) start below \$2.40 but increase above MBTA fares
- SEPTA's subway fare is scheduled to increase to \$2.50 in December 2024

MTA (New York)	\$2.90	↑ 2023
CTA (Chicago)	\$2.50	
MARTA (Atlanta)	\$2.50	
MBTA	\$2.40	
BART (San Francisco Bay Area)	\$2.30*	↑ 2022, ↑ 2024, ↑ 2025 (planned)
WMATA (Washington DC)	\$2.25*	↑ 2024
SEPTA (Philadelphia)	\$2.00	↑ 2024 (planned)
LA Metro (Los Angeles)	\$1.75	

*BART and WMATA subway fares are distance-based and prices shown are for the shortest trips.

8 Commuter Rail, ferry, and RIDE fares vary by origin, destination, and distance, and are *in line with peer agencies*



What other new initiatives help riders pay their fares?

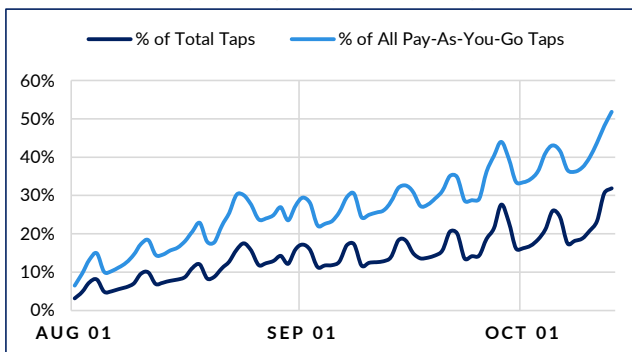
Contactless Payments

On August 1, the MBTA began accepting contactless payments onboard MBTA buses, light rail vehicles, and at all gated subway stations.

- **1M tap:** September 3
- **2M tap:** September 21
- **3M tap:** October 7

Charlie Adoption Rate

Daily Charlie taps as a percent of total taps



9 Data as of 10/15/24.

Income-Eligible Reduced Fares

On September 4, the MBTA expanded access to Reduced Fares for income-eligible riders.

- **10.2K+** riders enrolled
- **68% of enrollees auto-approved** via API connections with RMV & EOHHS databases
- **4% of enrollees approved in-person** at one of 16 ABCD + MASSCAP service locations in Greater Boston
- **20 additional locations rolling out Nov. 1** across MBTA service network, including commuter rail

University Pass

Starting in fall 2024, the MBTA partnered with Tufts University as the first **University Pass** participant. This **usage-based program** offers **unlimited travel** on subway and local bus to all undergraduates in the Tufts School of the Museum of Fine Arts (SMFA).



How has The RIDE handled expanded Reduced Fares?

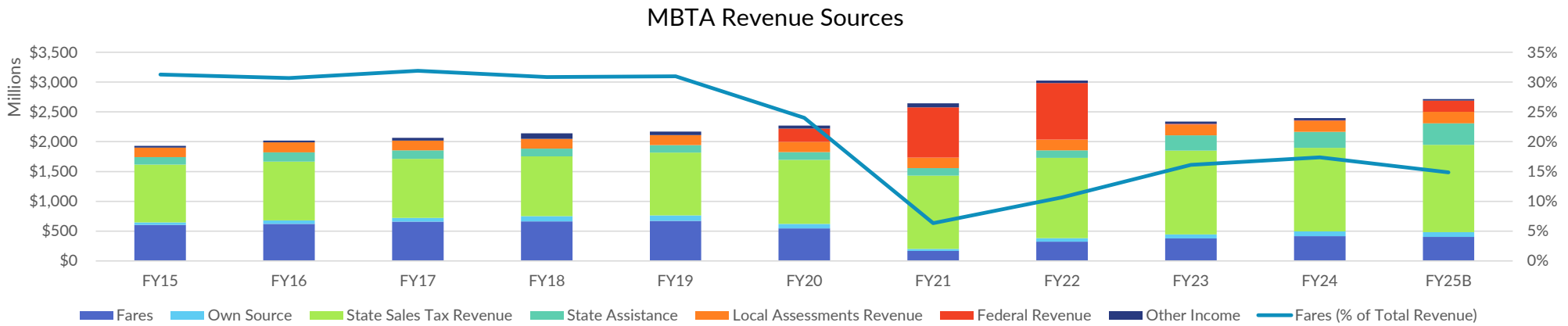
- Reduced Fares (Senior and Income-Eligible) were expanded to apply to The RIDE as part of the fare change package approved by the Board in early-2024
- Since September, more than **17K riders have gained access to Reduced Fares on paratransit**
 - >200 RIDE users have been approved for Income-Eligible Reduced Fares
 - 16.8 thousand RIDE users were automatically enrolled in Senior Reduced Fares
- **58% of weekday RIDE trips are now Reduced Fare**, up from 52% at launch
 - This will continue to increase as Reduced Fare enrollment on The RIDE grows over time
- The RIDE has seen a **23% increase in drivers** since the driver wage increase went into effect in April 2024
 - Driver increase met goals for expanded service capacity in advance of Reduced Fares expansion
- As a result, The RIDE has maintained **On Time Performance of 94%**





Appendix

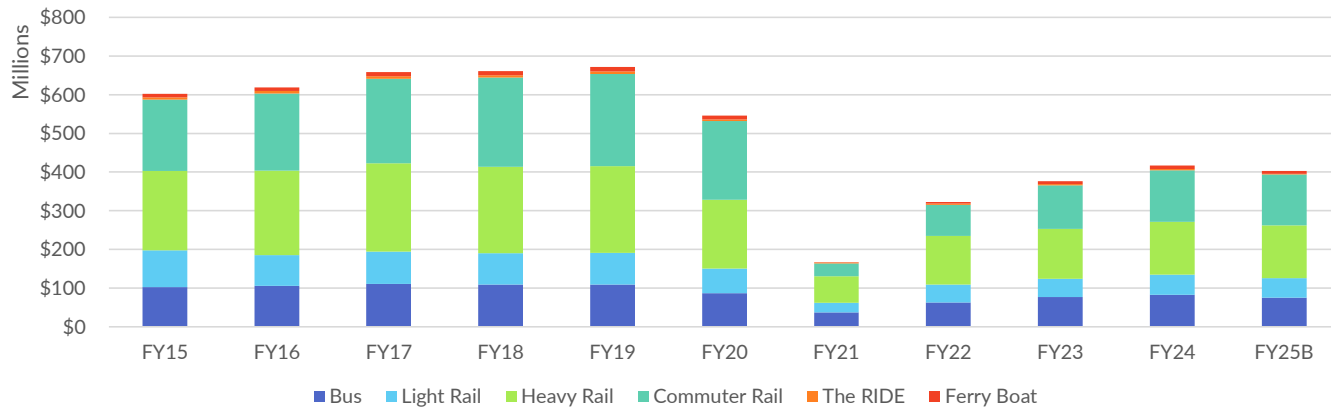
Despite the pandemic's prolonged impact on ridership, fares remain an essential component of the MBTA's Operating Budget.



Source	Type	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25B
MBTA Generated	Fares	\$602.6	\$619.2	\$659.0	\$661.1	\$671.7	\$545.7	\$167.1	\$322.3	\$376.4	\$416.6	\$403.0
	Own Source	\$43.3	\$59.2	\$62.6	\$88.1	\$90.2	\$73.8	\$34.0	\$60.1	\$69.6	\$78.4	\$79.8
	Other Income	\$26.1	\$30.5	\$47.4	\$92.9	\$57.2	\$52.2	\$66.5	\$40.0	\$36.5	\$38.7	\$22.9
	Total MBTA Generated	\$672.0	\$708.9	\$769.0	\$842.1	\$819.1	\$671.7	\$267.6	\$422.4	\$482.5	\$533.7	\$505.7
Local & State Assistance	State Assistance	\$125.4	\$155.8	\$140.3	\$127.0	\$127.0	\$127.0	\$127.0	\$127.0	\$252.7	\$264.8	\$359.0
	Local Assessments Revenue	\$160.5	\$166.9	\$164.0	\$166.5	\$170.1	\$174.4	\$177.2	\$179.0	\$183.8	\$188.4	\$193.1
Total Local & State	Total Local & State	\$285.9	\$322.7	\$304.3	\$293.5	\$297.1	\$301.4	\$304.2	\$306.0	\$436.5	\$453.2	\$552.1
Dedicated Sources	State Sales Tax Revenue	\$970.6	\$986.3	\$992.2	\$1,006.8	\$1,053.2	\$1,077.3	\$1,227.9	\$1,347.5	\$1,406.7	\$1,403.8	\$1,465.5
Federal Sources	Federal Revenue	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$221.8	\$842.3	\$948.0	\$10.3	\$5.1	\$191.0
Total Revenue	Total Revenue	\$1928.6 M	\$2017.9 M	\$2065.4 M	\$2142.3 M	\$2169.4 M	\$2272.1 M	\$2642.1 M	\$3024.0 M	\$2335.9 M	\$2395.7M	\$2714.2M
	<i>Fares (as % of Total Revenue)</i>	<i>31%</i>	<i>31%</i>	<i>32%</i>	<i>31%</i>	<i>31%</i>	<i>24%</i>	<i>6%</i>	<i>11%</i>	<i>16%</i>	<i>17%</i>	<i>15%</i>

Most of fare revenue comes from subway, commuter rail, and bus

Fare Revenue by Transit Modes

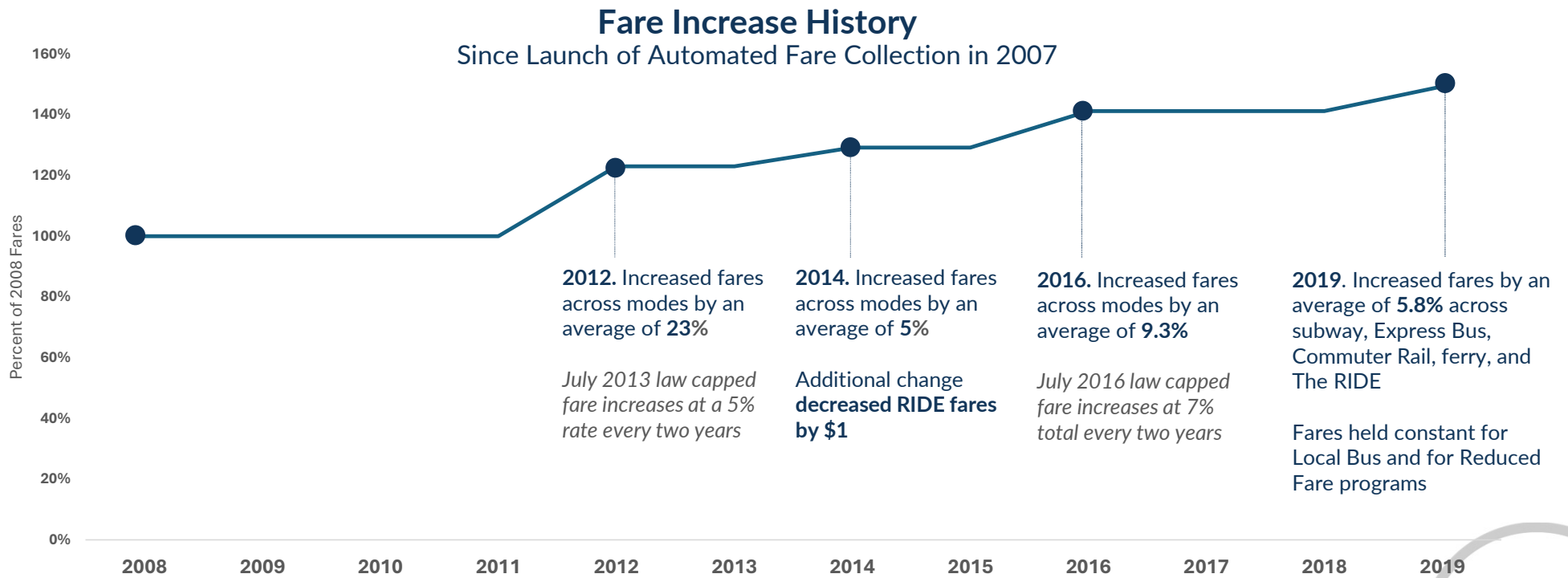


% of Total Fare Revenue (Before Adjustments)

	FY19	FY24
Subway (Heavy and Light Rail)	45%	46%
Commuter Rail	36%	32%
Bus	16%	20%
Ferry	2%	2%
The RIDE	1%	1%
Total	100%	100%

	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25B
Bus	\$102.6	\$105.5	\$110.8	\$109.0	\$109.1	\$86.3	\$36.7	\$62.3	\$76.5	\$82.3	\$74.7
Light Rail	\$95.1	\$79.7	\$83.2	\$81.4	\$81.7	\$64.3	\$25.3	\$47.1	\$47.7	\$52.1	\$51.1
Heavy Rail	\$204.7	\$218.5	\$228.7	\$223.4	\$224.4	\$177.9	\$68.3	\$125.1	\$128.8	\$137.0	\$135.9
Commuter Rail	\$185.1	\$199.5	\$218.5	\$230.5	\$238.8	\$203.1	\$33.1	\$80.8	\$112.8	\$133.0	\$132.1
The RIDE	\$6.0	\$6.2	\$6.7	\$5.9	\$6.0	\$4.1	\$2.3	\$2.7	\$3.4	\$3.4	\$1.8
Ferry Boat	\$9.0	\$9.9	\$11.0	\$11.0	\$11.6	\$9.9	\$1.4	\$4.3	\$7.1	\$8.8	\$7.4
Total Fare Revenue	\$602.6	\$619.2	\$659.0	\$661.1	\$671.7	\$545.6	\$167.1	\$322.3	\$376.4	\$416.6	\$403.0

What was the trend of MBTA fare changes before COVID?



What changes have been made to fare policy since COVID?

2020 Fare Change

- **CharlieTicket and cash fares were lowered** to match CharlieCard fares.
 - Prior to this change, CharlieTicket and cash fares had been as much as 33% higher than those paid with CharlieCards
- **Step-up transfer rules applied to the Fairmount Line**
- **Expanded Youth Pass Reduced Fares** to apply to Commuter Rail Zone 1A

2021 Fare Change

- Lowered **Outer Express Bus** fares to match lower **Inner Express Bus** levels
- **Expanded Youth Pass Reduced Fares** to apply to Express Bus, Commuter Rail, and Ferry

2022 Fare Change

- Made permanent the discounted **Commuter Rail Flex Pass**, which was introduced on a pilot basis in Summer 2020
- **Decreased the price of the 1-Day LinkPass** from \$12.75 to \$11.00
- Introduced the **Reduced Fare 7-day LinkPass** at a price of \$10.00
- **Introduced Reduced Fare monthly passes** for Commuter Rail, Express Bus, and ferry
- **Expanded transfer rules** to allow for a second free bus transfer

2022 Fare-Free Bus

- Officially incorporated **fare-free service on bus routes 23, 28, and 29** (funded by the City of Boston) into the MBTA tariff

2024 Fare Change

- **Expanded Reduced Fares for income-eligible riders.** Qualifying riders prove eligibility via enrollment in SNAP, MassHealth, or other programs with cutoffs at or below 200% FPL. The Income-Eligible Reduced Fare expansion applies to fares on all modes, and also expands Reduced Fares to the RIDE for riders with income-eligible or senior status.
- **Replaced change tickets** with CharlieCards on bus and light rail
- Made permanent the **\$10 Commuter Rail holiday passes**, which were introduced on a pilot basis in 2023



Bus and Subway Fares Since Introduction of the CharlieCard

Bus and Subway Fare History
One-Way Full Fare

