



**Massachusetts Bay  
Transportation Authority**

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**RIDE Means Testing Pilot Project -  
Report & Recommendation**

**January 30, 2017**



## Means Testing Pilot: Overview

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- Purpose: **Test whether a means tested RIDE fare is an effective way to increase mobility for low-income ride customers.**
- Results:
  - **Feasibility** – while a reduction of fares to \$2 ADA, \$4 Premium\* were implemented successfully, the high percentage of low income RIDE customers pose significant administrative and eligibility process challenges for a full roll out.
  - **Benefits** – although surveyed customers reported less difficulty paying for trips, ridership only increased 4.6%, much less than in other comparable pilots, and less than the expected 10% increase.
  - **Costs** – induced travel on the MBTA's most expensive service, along with lost revenue and administrative overhead combine for significant costs (approximately \$3.1M).
- Staff Recommendation: **Low income RIDE customers could be better served, and at lower cost, by expanding other new alternatives to traditional paratransit service.**

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\*Non-Mandated trips outside of fixed route area or scheduled same-day.



## **Means Testing Pilot: Recommended Alternative**

**Current initiatives around offering a suite of lower cost options that offer reduced fares will be accelerated and expanded to provide more benefit at a lower cost.**

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### **Expand existing on-demand services offered to all RIDE customers at \$2 or below:**

- Uber/Lyft pilots (\$2) will double in capacity this spring
- Uber Pool (\$1) will launch in February
- Subsidized taxi program will launch in April (RFP review underway)

### **Implement new fixed route fare incentives for all RIDE customers:**

- Free fare card to be piloted this spring
- Reduced (typically half) fare card to be automatically provided to customers
- Expanded travel orientation and training programs already underway

### **Expand programs designed to specifically benefit low-income customers:**

- Use centralized call and control center to direct customers to free medical transportation via MassHealth
- Expand successful pilot with non-profits to offer free service to home care-eligible customers

# Means Testing Pilot: Background

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**The pilot was developed in response to a legislatively mandated study conducted by Elder Affairs and the Mass. Office of Disability.**

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- In July of 2012, RIDE ADA Trips increased from \$2.00 to \$4.00; and a Premium Fare of \$5.00 was introduced for trips outside the Americans with Disabilities Act (ADA) service boundaries and for same-day reservations.
- Ridership dropped 26%, double the CTPS projected impact.
- In response, and in accordance with state law, a study was conducted by Executive Office of Elder Affairs (EOEA) and Massachusetts Office of Disability (MOD), in conjunction with the MBTA.
  - The study found that many people with disabilities, especially those making \$2,000 or less per month (approx. 200% FPL) reported cutting back on important quality of life expenditures as a result of the fare increase. **Based on a survey, the study estimated that at least 76% of the 57,000 registered RIDE customers would meet a 200% threshold. More than 80% of customers were expected to qualify at the 300% level.**
  - In December of 2013, the MBTA reduced the ADA fare to \$3.00. Ridership increased approximately 10%.
  - Based on the fare policy principles established by the Board, the MBTA developed a means testing pilot in concert with a community based committee

# Means Testing Pilot: Fare History

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Time Period	ADA Fare	ADA Maximum*	Premium (non-ADA)
Pre-July 2012	\$2	\$3.00	n/a
July 2012	\$4	\$4.00	\$5
December 2013	\$3	\$4.20	\$5
July 2016	\$3.15	\$4.00	\$5.25

\* Maximum allowed is twice the bus cash fare

# Means Testing Pilot: Fare Comparison

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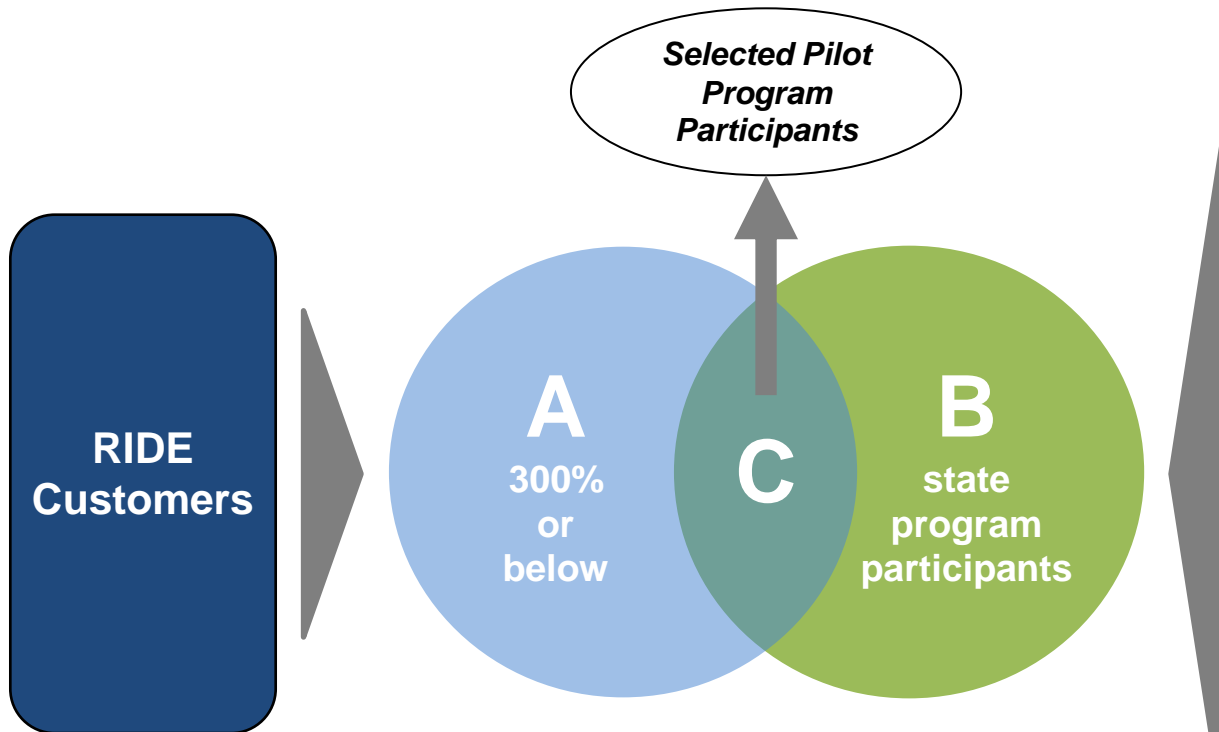


The average fare for comparable systems is around \$3.40.

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Agency	ADA Fares	ADA Maximum
NYCT	\$2.75	\$5.50
King County (Seattle)	\$1.75	\$5.00
WMATA (DC)	\$3.50-\$6.50	\$3.50-\$12.00
MARTA (Atlanta)	\$4.00	\$5.00
MTA (Baltimore)	\$1.90	\$3.40
Pace ADA (Chicago)	\$3.00	\$3.50
Access (LA)	\$2.75 - \$3.50	\$3.50
SEPTA (Philadelphia)	\$4.00	\$4.50
DART (Dallas)	\$3.00	\$5.00
Valley Metro (Phoenix)	\$4.00	\$4.00
RTD (Denver)	\$4.70	\$5.20
Broward County	\$3.50	\$4.00

# Means Testing Pilot: Eligibility



Public Benefit Programs	
Income Criterion (a)	Eligible Programs
≤ 100% of FPL	MH Senior Buy-In
	Head Start
	EAEDC
	SSI
	SNAP
≤ 200% of FPL	Veterans Disability Pens.
	MH Standard Buy In
	ConnectorCare
	MH Buy-In
≤ 300% of FPL	Free/Reduced Lunch
	Medicare Low Income
	TAFDC
	MA Veterans Benefits
	Health Safety Net
	WIC
	LIHEAP
	Rx Advantage
Mass Home Care	

- A** – Certified RIDE Customers Eligible for Means-Based Fare
- B** – Pre-qualified Participants of Public Benefit Programs
- C** – RIDE Customers Eligible for Means-Based Fare, who also are Pre-qualified Participants of one or more of the eligible Public Benefits Programs

(a) FPL = Federal Poverty Level



## **Means Testing Pilot: Program design**

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- 1. Eligibility Criteria** – at least two trips a month, participation in one or more public benefit programs with income criterion of less than or equal to 300 percent of FPL (\$35K in annual income for a household of one).
- 2. Application and Verification** - two-step application process (i.e., application followed by documentation) and sampled verification through external agencies.
- 3. Eligible Services** – both ADA trips and Premium trips, excepting same day service.
- 4. Discount Level** – \$1 fare reduction for both ADA and Premium.
- 5. Program Administration** – automatic reduction of fares for means based trip. Seamless to customer and service provider.
- 6. Number of Participants** – 577 participants from the pool of eligible RIDE customers, spread across income levels and geographic area.
- 7. Evaluation criteria** – data analysis and pre/post surveys.

# Means Testing Pilot: Results – Significant Feasibility Challenges



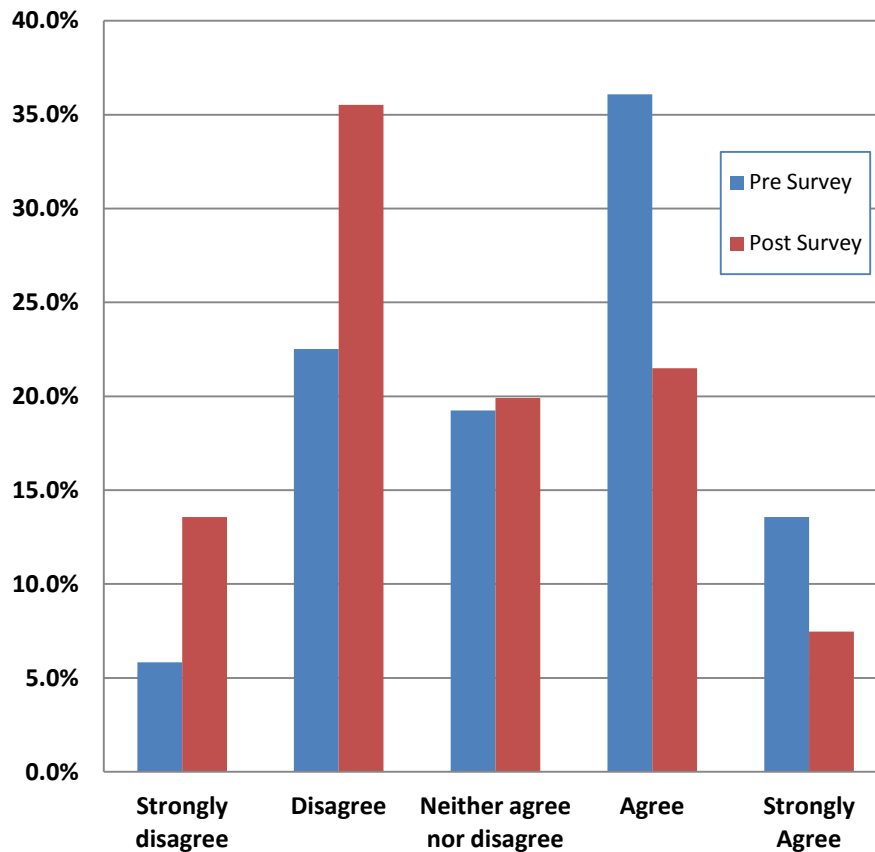
Even if eligibility and verification obstacles could be partially mitigated through external partnerships, extending the program at least 80% of RIDE customers represents a significant new bureaucratic process.

Category	Results
Operational	Fare change was implemented via software reprogramming. Seamless to customer and service provider but requires individual RIDE account changes by MBTA staff.
Eligibility process	33% response rate. 20% complete applications. 132 different types of documents were submitted to indicate eligibility. Often lacked recent dates or terms of eligibility. Also presented personal information security concern for MBTA.
Verification process	Unable to verify eligibility of all 48 randomly selected participants due to privacy issues.
<b>Conclusion regarding feasibility</b>	<b>Discounted fares (\$2 ADA, \$4 Premium) were operationalized seamlessly, but administrative and eligibility processes pose significant challenges due to large number of qualifying customers and partner agencies.</b>

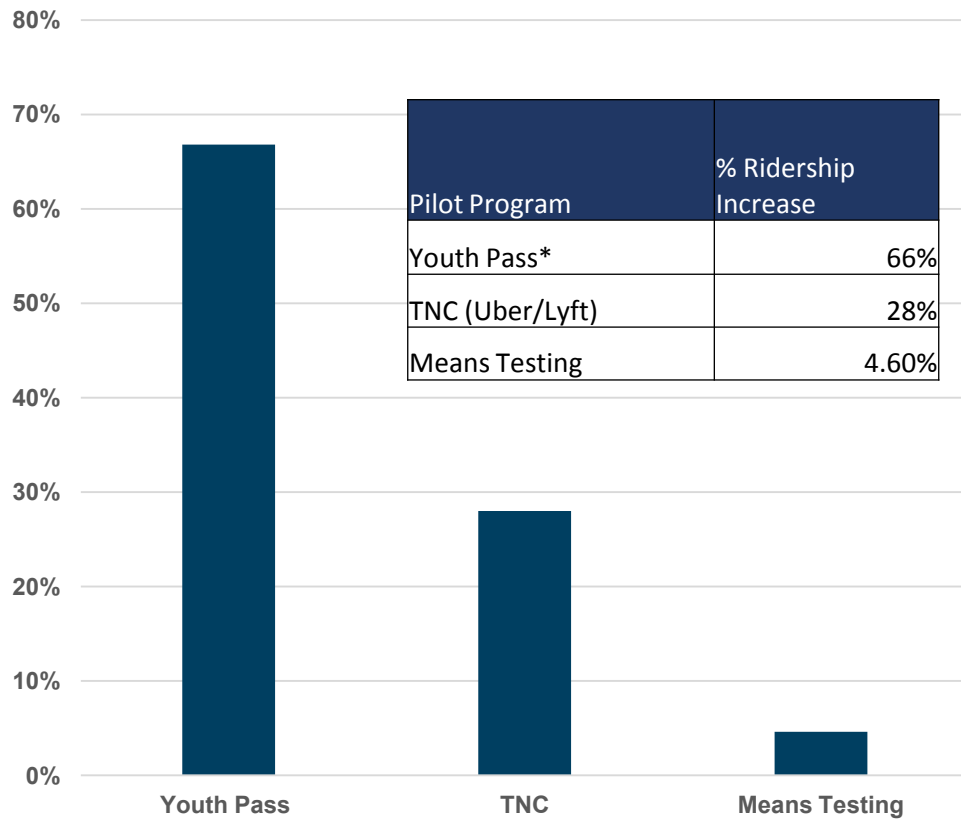


# Means Testing Pilot: Results – Limited Benefits

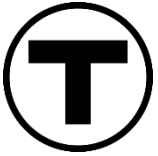
Although the percentage of surveyed customers reporting difficulty paying for trips was reduced by half (50% to 25%), ridership only increased 4.6%, much less than in other pilots.



% Ridership Increase



\* Youth Pass participants not in school



## Means Testing Pilot: Benefits – Smaller than expected impact

Although previous fare changes had an 11-13% change in monthly ridership per dollar, the means tested reduction only resulted in a 4.6% shift. This modest increase, particularly in contrast to the Uber/Lyft pilot, means that low-income customers could be better served by expanding other low fare services.

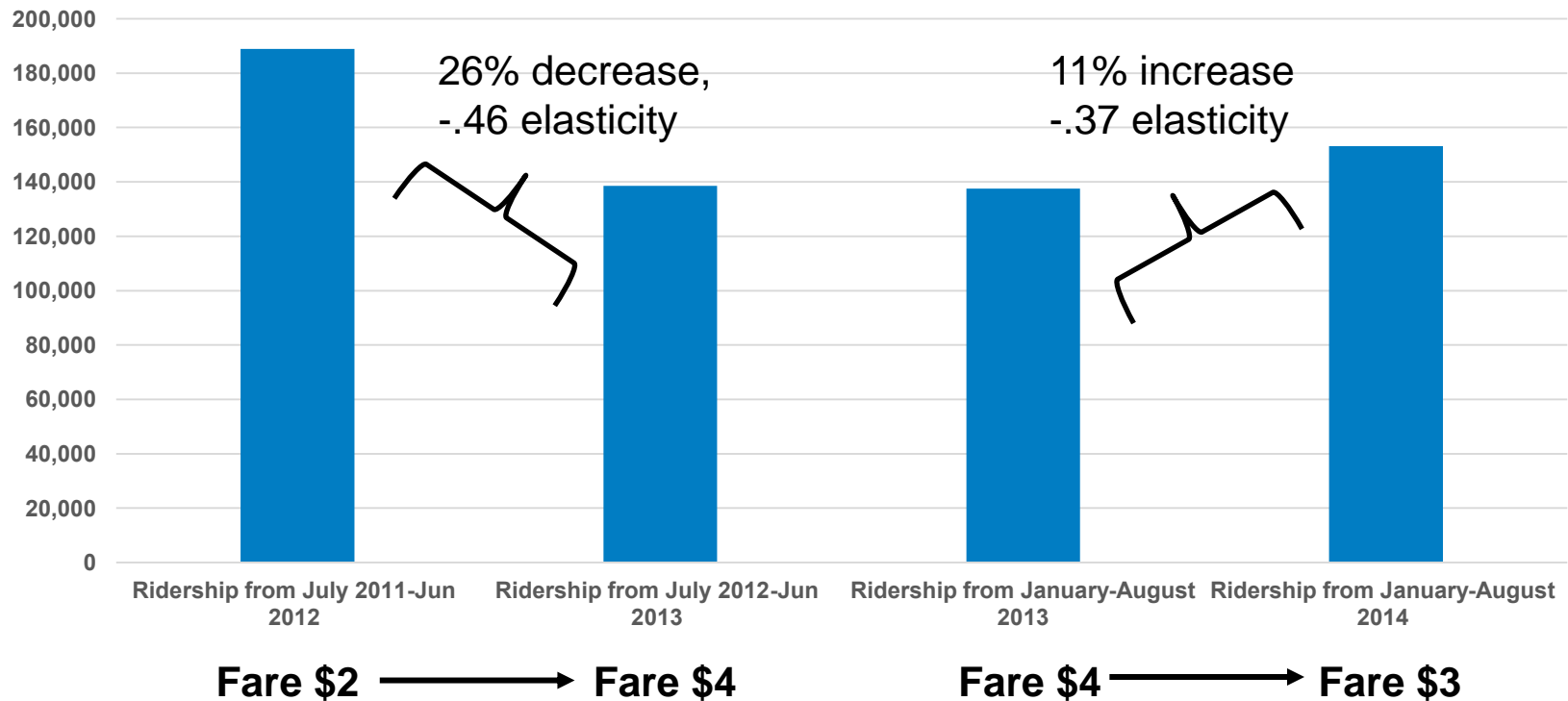
	Avg. Trips per Month, All Providers	Percent Change	Observed Elasticity
Ridership from July 2011- Jun 2012 (\$2 fare):	188,942		
Ridership from July 2012- Jun 2013 (\$4):	138,558	-26%	-.46
Ridership from January- August 2013 (\$4)	137,550		
Ridership from January- August 2014 (\$3)	153,120	11%	-.37



## Means Testing Pilot: Benefits – Smaller than expected impact

Although previous fare changes had an 11-13% change in monthly ridership per dollar, the means tested reduction only resulted in a 4.6% shift. This modest increase, particularly in contrast to the Uber/Lyft pilot, means that low-income customers would be better served by expanding other low fare services.

Average Monthly Ridership at Different Fare Levels



## Means Testing Pilot: Results – Increased Costs



Lowering RIDE fares creates an incentive for more travel on the MBTA's most expensive service (per trip) and would require additional staffing to implement.

Category	Notes
Induced ridership on expensive service	~\$2.9M (based on a 4.6% increase in expected ADA ridership at \$40 per trip)
Lost revenue	~\$75,000 (\$1 per induced trip taken)
Administrative	~\$100,000 (Additional fully loaded FTEs needed to implement and maintain program, even with external partnerships)
<b>Conclusion related to costs</b>	<b>A means tested fare results in increased use of the MBTA's most expensive per-trip service. \$2 or lower fares can be offered less costly, more convenient services such as Uber, Lyft, taxis, or the fixed route. Shifting trips to these services will save the MBTA money and provide more benefit to customers.</b>



## Means Testing Pilot: Conclusions

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**Due to an added bureaucratic burden, limited benefits vs. comparable pilots, means testing is not an effective way to improve mobility for low income customers.**

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**Feasibility challenges**— reduction in fares to \$2 ADA, \$4 Premium were operationalized seamlessly but the administration of a full roll out would be challenging due to the high percentage of low income RIDE customers.

**Limited benefits** – although surveyed customers reported less difficulty paying for trips, ridership only increased 4.6%, much less than in other comparable pilots (66% for Youth Pass, 28% for TNC (Uber/Lyft)).

**Increased costs** – induced travel on the MBTA's most expensive service, along with lost revenue and administrative overhead combine for significant costs (approximately \$3.1M).\*

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\*75,000 induced trips (4.6% increase over expected 1,650,000 ADA trips) @\$40 per trip + \$75,000 in lost revenue + \$100,000 in administrative cost.



## **Means Testing Pilot: Recommendations & Next Steps**

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**The MBTA recommends expanding alternative low fare/low cost services for customers. These initiatives will all be, or have been, designed in concert the community based task force.**

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### **Expand existing on-demand services offered to all RIDE customers at \$2 or below:**

- Uber/Lyft pilots (\$2) will open to ALL customers once cost saving targets are finalized (projected early March)
- Uber Pool (\$1) will launch in February
- Subsidized taxi program will launch in April (RFP review underway)

### **Implement new fixed route fare incentives for all RIDE customers:**

- Free fare card to be piloted this spring
- Reduced (typically half) fare card to be automatically provided to customers
- Expanded travel orientation and training programs already underway

### **Expand programs designed to specifically benefit low-income customers:**

- Use centralized call and control center to direct customers to free medical transportation via MassHealth
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# Means Testing Pilot: Free Fixed Route Program Details

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**The introduction of a free fixed route fare card pilot program for RIDE customers offers a significant new benefit to customers.**

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## **Research**

- The MBTA has surveyed programs at nine similar agencies and will implement a pilot program based on the resulting best practices.

## **Scope**

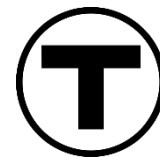
- The pilot will include approximately 2,000 current RIDE customers

## **Components**

- The pilot will include a broad range of customers to allow for analysis, but will focus on those with conditional RIDE eligibility and with access to frequent fixed route service.
- The free fare card will be offered in conjunction with expanded travel orientation (groups) and training (individual).

## **Timeline**

- To be rolled out this spring.
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# Means Testing Pilot: Results - Benefits

**Pilot participants took 4.6% more ADA trips and 20% fewer Premium trips vs. the same time period the previous year. More modest impact than projected.**

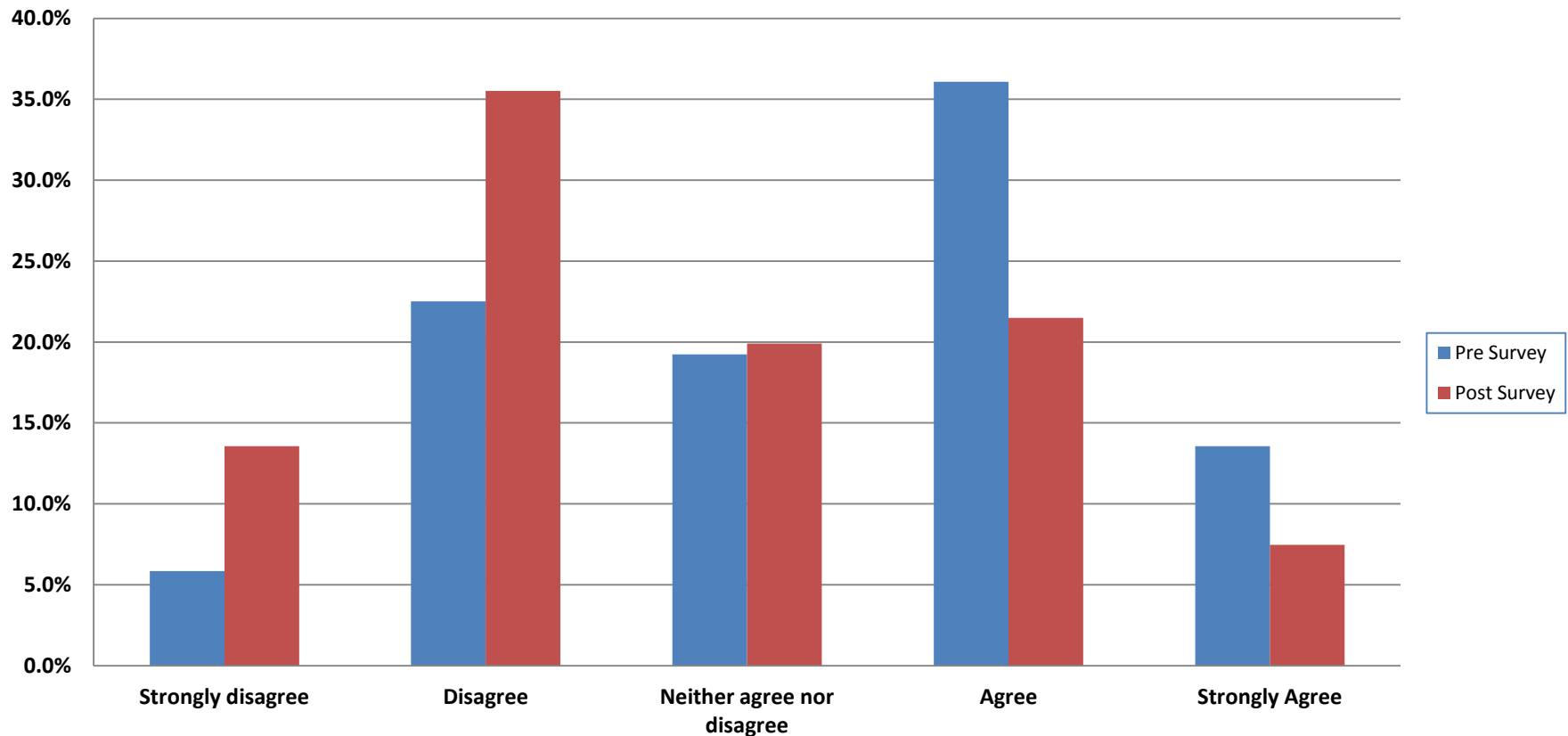
Category	2014 Trips Completed		2015 Trips Completed		Difference (2014 to 2015)		% Change (2014 to 2015)	
	Monthly	Cumulative	Monthly	Cumulative	Month-to-Month	Cumulative	Month-to-Month	Cumulative
<b>Pilot Project Participants - ADA Trips</b>								
July	4,731	4,731	5,255	5,255	524	524	11.1%	11.1%
August	4,728	9,459	5,243	10,498	515	1,039	10.9%	11.0%
September	5,180	14,639	5,333	15,831	153	1,192	3.0%	8.1%
October	5,523	20,162	5,611	21,442	88	1,280	1.6%	6.3%
November	5,025	25,187	4,870	26,312	-155	1,125	-3.1%	4.5%
December	4,961	30,148	5,214	31,526	253	1,378	5.1%	4.6%
<b>Total</b>	<b>30,148</b>		<b>31,526</b>		<b>1,378</b>			

<b>Pilot Project Participants - Premium Trips</b>								
July	906	906	717	717	-189	-189	-20.9%	-20.9%
August	901	1,807	793	1,510	-108	-297	-12.0%	-16.4%
September	941	2,748	732	2,242	-209	-506	-22.2%	-18.4%
October	949	3,697	715	2,957	-234	-740	-24.7%	-20.0%
November	844	4,541	816	3,773	-28	-768	-3.3%	-16.9%
December	1,012	5,553	677	4,450	-335	-1,103	-33.1%	-19.9%
<b>Total</b>	<b>5,553</b>		<b>4,450</b>		<b>-1,103</b>			



## Means Testing Pilot: Results - Benefits

Before the pilot, almost half of the respondents agreed or strongly agreed with the statement “I have had trouble paying for The RIDE”. After the pilot, approximately 25% of respondents reported having trouble paying.



## Means Testing Pilot: Costs of Pilot

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Category	Cost	Notes
Administrative	\$44,819	Personnel allocation, mailing, and software changes
Revenue loss	\$35,976	One dollar for each of the trips taken.
Induced travel - ADA	\$42,718	Customers took 1,378 additional trips vs. their baseline. Each trip cost approximately \$31 in FY16.
Induced travel – Premium	Unclear	Ridership declined vs. baseline. Indicates factors other than cost play a larger role in determining Premium ridership (health, weather, quality of service, or availability of alternative services).
<b>Six-Month Total</b>	<b>\$123,513</b>	
<b>Annualized Total</b>	<b>\$247,027</b>	

# Means Testing Pilot: Free Fixed Route Fare Pilot

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**The MBTA has completed a survey of existing programs as well as interviews with other agencies.**

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## **New York (MTA)**

AAR MetroCard gives four free trips a day on the fixed route for eligible customers

Serves as Paratransit customer identification card and as a MetroCard

Customers with temporary eligibility do not receive a MetroCard

## **Washington DC (WMATA)**

MetroAccess customers (ADA eligible) may ride for free on Metrorail, Metrobus and six other regional transits

## **Chicago (CTA)**

Eligible persons who are enrolled in Circuit Breaker (now called Benefit Access Program) can ride fixed route buses and trains for free

Different Cards for door-to-door service and free-fare BBA program

## **Dallas, TX (DART)**

Certified Paratransit riders travel free when using fixed-route bus or rail service

## **Los Angeles (accessla)**

An Access customer is eligible for the Free Fare program, and can ride most bus and rail systems within Los Angeles County, including Metrolink, for free

## **Phoenix (Valley Metro)**

ADA eligible customers get a free ADA Platinum Pass for unlimited use on all local bus and light rail vehicles

No upfront cost and the pass is valid for 3 years

## **Pittsburgh PA (Port Authority)**

Senior citizens (age 65+) get to ride for free on the fixed route. Disabled customers only get half fare cards.

## **Houston TX (Metro)**

Seniors 65-69 receive a 50 percent discount while Seniors 70+ ride FREE.

## **Delaware (DART)**

Free fare for visually impaired customers only



# Means Testing Pilot: Guiding principles & goals

**A community based task force was convened to develop both overarching principles and discrete goals for the pilot – as well as to design implementation.**

## Guiding Principles

### Equity

- The program would be accessible to all eligible RIDE customers
- The fare reduction could not negatively impact all other MBTA customers nor represent an disproportionate benefit (Title VI implications).

### Sustainability

- The cost had to be manageable and incorporated into FY2016 budget process
- Full roll-out would likely require additional outside funding

### Ease of implementation

- Maintained focus on core missions of MBTA to provide safe transit, excellent performance, and a high level of customer service

## Goals

### 1. Determine operational and administrative feasibility

- Evaluate ease of implementing discounted fare and impact on existing operations
- Evaluate accuracy and practicality of establishing an eligibility and verification process.

### 2. Measure benefits

- Conduct pre/post surveys
- Compare changes to ridership vs. participant baseline

### 3. Measure and annualize costs

- Capture administrative expenses, lost revenue, and costs associated with induced travel

# Means Testing Pilot: Federal Poverty Levels

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**The pilot included state programs that tested up to 300% of FPL**

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## 2016 Federal Poverty Level Chart\*

The Department of Health & Human Services (HHS) issues poverty guidelines that are often referred to as the “federal poverty level” (FPL). Federally-facilitated Marketplaces will use the 2016 guidelines when making calculations for the insurance affordability programs starting November 1, 2015.

Household Size	100%	138%	150%	200%	250%	300%	400%
1	\$11,770	\$16,242	\$17,655	\$23,540	\$29,425	\$35,310	\$47,080
2	\$15,930	\$21,983	\$23,895	\$31,860	\$39,825	\$47,790	\$63,720
3	\$20,090	\$27,724	\$30,135	\$40,180	\$50,225	\$60,270	\$80,360
4	\$24,250	\$33,465	\$36,375	\$48,500	\$60,625	\$72,750	\$97,000
5	\$28,410	\$39,205	\$42,615	\$56,820	\$71,025	\$85,230	\$113,640
6	\$32,570	\$44,946	\$48,855	\$65,140	\$81,425	\$97,710	\$130,280
7	\$36,730	\$50,687	\$55,095	\$73,460	\$91,825	\$110,190	\$146,920
8	\$40,890	\$56,428	\$61,335	\$81,780	\$102,225	\$122,670	\$163,360

# Means Testing Pilot: Alternatives 1



**A number of alternatives for each element of the program's design were considered.**

Pilot Project Element	Alternatives	Proposed Alternatives
1. Eligibility Criteria	<ul style="list-style-type: none"> <li>a. Programs for which the income criterion is less than or equal to 100 percent of the FPL</li> <li>b. Programs for which the income criterion is less than or equal to 200 percent of the FPL</li> <li>c. Programs for which the income criterion is less than or equal to 300 percent of the FPL</li> <li>d. Programs for which the income criterion is greater than 300 percent of the FPL</li> </ul>	<ul style="list-style-type: none"> <li>c. Programs for which the income criterion is less than or equal to 300 percent of the FPL</li> </ul>
2. Application and Verification	<ul style="list-style-type: none"> <li>a. Two-step application with 100 percent verification</li> <li>b. Two-step application with verification sampling</li> <li>c. Two-step application with no verification</li> </ul>	<ul style="list-style-type: none"> <li>b. Two-step application with verification sampling</li> </ul>
3. Eligible Services	<ul style="list-style-type: none"> <li>a. ADA trips only</li> <li>b. ADA trips and Premium trips, excluding same-day reservations</li> <li>c. ADA trips and Premium trips, including same-day reservations</li> </ul>	<ul style="list-style-type: none"> <li>b. ADA trips and Premium trips, excluding same-day reservations</li> </ul>

# Means Testing Pilot: Alternatives 1 cont.



**A number of alternatives for each element of the program's design were considered.**

Pilot Project Element	Alternatives	Proposed Alternatives
4. Discount Level	<ul style="list-style-type: none"><li>a. 20% discount on ADA and/or Premium fare</li><li>b. 25% discount on ADA and/or Premium fare</li><li>c. 33% discount on ADA and/or Premium fare</li><li>d. 50% discount on ADA and/or Premium fare</li><li>e. 75% discount on ADA and/or Premium fare</li></ul>	<ul style="list-style-type: none"><li>a. 20% discount on Premium fare</li><li>c. 33% discount on ADA fare</li></ul>
5. Program Administration	<ul style="list-style-type: none"><li>a. Software update</li><li>b. Account bonus</li><li>c. Account reimbursement</li></ul>	<ul style="list-style-type: none"><li>c. Account reimbursement</li></ul>
6. Number of Participants	<ul style="list-style-type: none"><li>a. 300 participants</li><li>b. 400 participants</li><li>c. 500 participants</li><li>d. 600 participants</li><li>e. 700 participants</li><li>f. 800 participants</li><li>g. 900 participants</li></ul>	<ul style="list-style-type: none"><li>d. 600 participants</li></ul>

# Means Testing Pilot: Objectives and Measures



Goal/Objective	Measure	Description
<b>Goal 1: Determine Feasibility</b>		
Operational Feasibility	Before and after use analysis of RIDE trip data	Measures the change in trip patterns resulting from the implementation of the means-based fare
Administrative Feasibility	# of pilot participants	This measure counts the number of pilot project participants
	# of means tested public programs pilot participants participate in (average)	Identifies the extent of participation in means tested programs
	Ranking of the top 3 means tested public programs according to pilot project participation	Identifies programs that may serve as proxies for means-based fare eligibility
	# of applicants who send in complete verification documents as requested	Measures the degree of compliance with pilot program requirements
	Administrative processes	Examines the practicality and transferability of processes required to determine eligibility.

# Means Testing Pilot: Objectives and Measures cont.



Goal/Objective	Measure	Description
<b>Goal 2: Measure Benefits</b>		
Customer Satisfaction	Pre and post pilot project rider behavior survey questions	Measure the qualitative impact on customer perceptions of the means-based fare
Personal Financial Impact	Pre and post pilot project rider behavior survey	Measures the qualitative impact on the affordability of RIDE services
<b>Goal 3: Measure Costs</b>		
Administration & Operating Costs	# of staff hours designated to screening and determining eligibility for pilot project participants (per week)	Measures the staff burden for pilot program administration
	Total cost of non-staff resources necessary to implement pilot project fare reduction	Measures the cost of resources such as mailing supplies, software, accessibility processing, etc.
	Difference in Fare Revenue collected among Pilot Project Participants	Measure the revenue collected during the six months of the Pilot Project versus the same six month period in the previous year.
	Cost of additional trips	Measures the cost of additional trips induced by the means-based fare