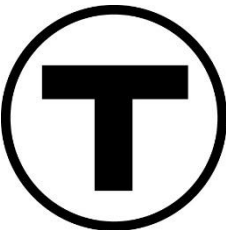


University Pass: Next Steps

May 22, 2017



Overview

- The MBTA continues to explore opportunities for university-oriented pass products. Current participation rates remain low.
- Due to the high density of college students in the MBTA service area, staff believes there is still potential to improve and market pass products.
- Staff seeks additional feedback and direction from the Board as the MBTA moves forward with university partners to create a more successful program and product.



Current MBTA Special Pass Products

Product	Target	Ages	Monthly Pass Price	Monthly/Term Unit Sales	FY16 Revenue
Semester	Enrolled students at universities	18-25	11% discount (on any product)	12,000 (Fall 2016)	\$7.5 million
Youth	Low-income youth	18-25	\$30 / month	950 (current)	n/a
Student	Enrolled students in metro Boston schools	18 and under	\$30 / month	22,000 (Feb 2017)	\$7.8 million
Corporate	Employers and employees	n/a	Full price (tax benefit)	123,000 (Mar 2017)	\$172.4 million
Senior/ TAP	Specified groups	65+ / n/a	\$30 / month	17,000 (Mar 2017)	\$5.4 million



Semester Pass background

Revenue: \$7.5 million in FY2016

- \$5.7 million in Link Pass
- \$1.7 million in CR, Boat, and Express Bus
- \$0.1 million in Local Bus
- 24,921 total passes sold (~12,500 students)

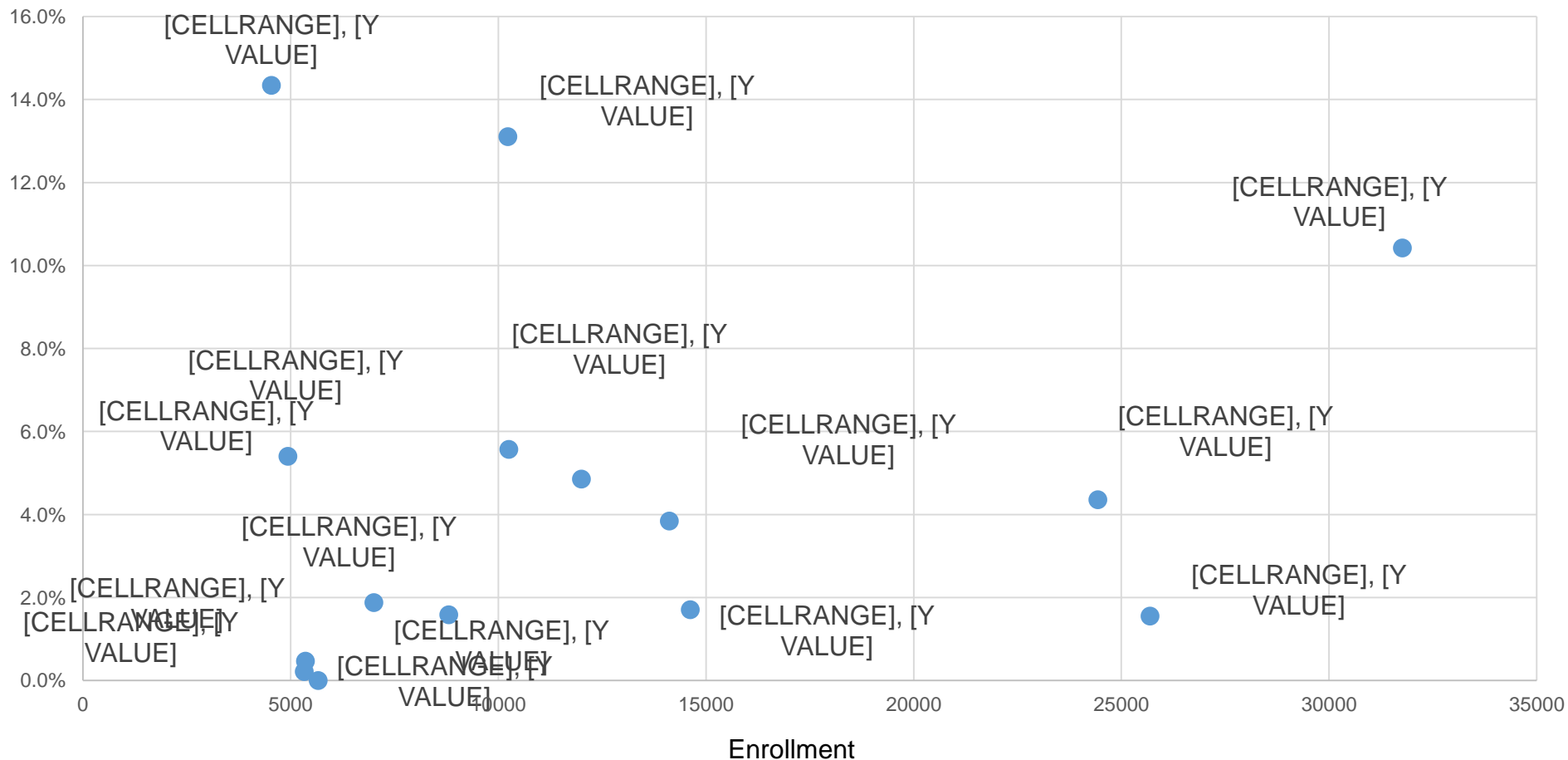
Model: Opt-in, 11% discount on all fare products
(including commuter rail)

Participation: 58 universities and colleges in metro
Boston

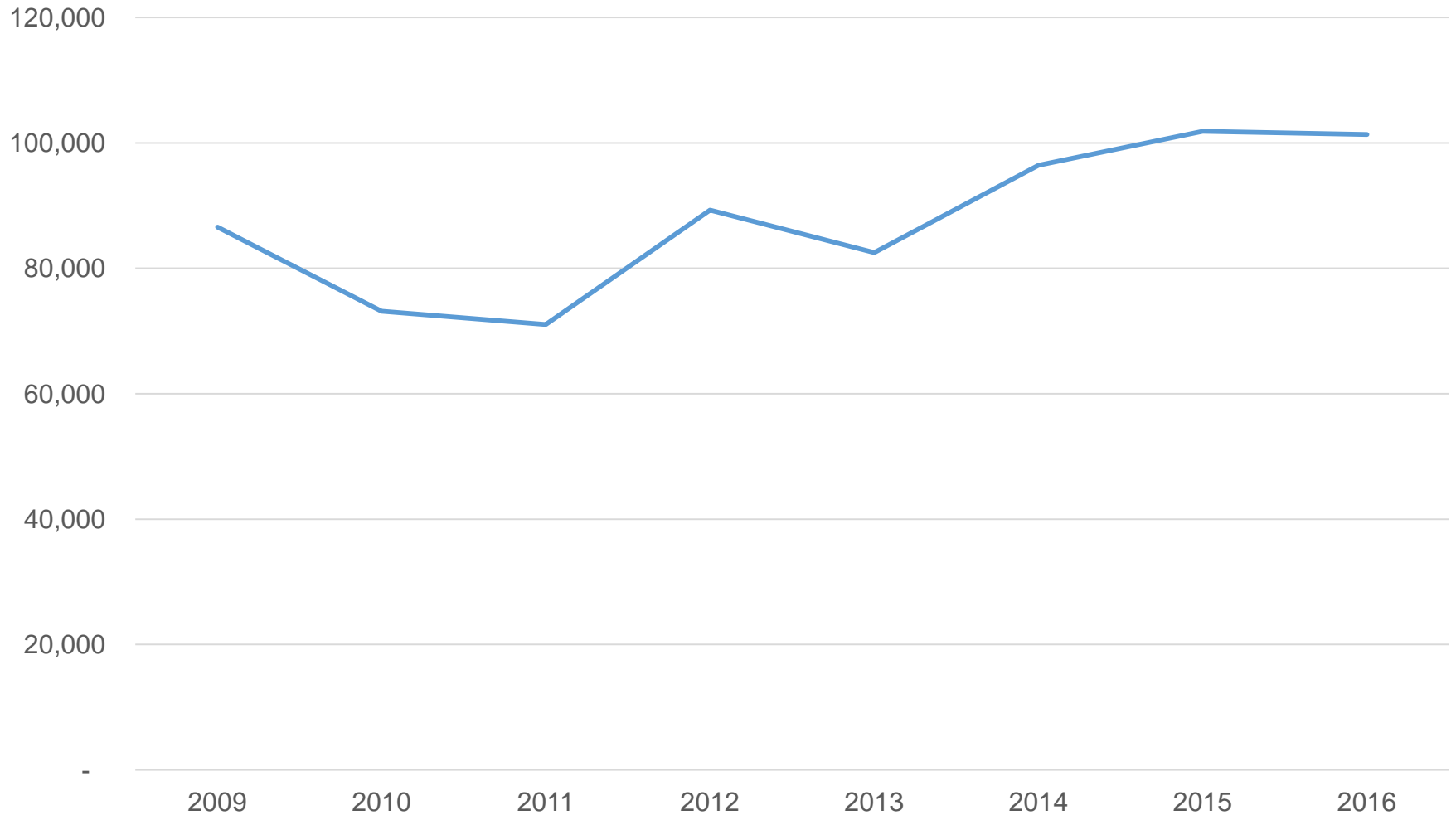


Semester Pass Adoption Rates Low: Best is only 14%

Average Semester Pass Adoption vs Enrolled Student Population at 15 Largest Metro Boston Universities in Calendar Year 2016



Semester Pass Unit Sales Largely Flat (2.3% average annual growth)



New Pass Guiding Principles: Discounts and Participation

		Participation Model for Students	
		Non-mandatory	Mandatory
Discount Offered	Large	<i>Danger Zone</i> Expensive for MBTA Inexpensive for University	<i>University Pass?</i> Medium for MBTA Medium for University
	Small	<i>Current State – Semester Pass</i> Medium for MBTA Medium for University	<i>Ideal but Unlikely</i> Inexpensive for MBTA Expensive for University



New Pass Guiding Principles: Chicago U-PASS (CTA): Mandatory, Large Discount

Participation: Over 100,000 students per year

Revenue: \$32 million per year

Model:

- Mandatory participation for students in participating schools, price allocated on per-diem basis (\$1.07/day).
- Customizable calendar for each school.
- Only valid on CTA trains and buses (not Metra).

Participation: 100+ universities and colleges within CTA service district

Worth Noting:

- University enrollment in Chicago + Evanston proper: 250,000
- University enrollment within 128: 235,825
- CTA Ventra is more customizable and flexible than current MBTA tech



New Pass Guiding Principles: Conversations to Date

FY16: Develop three main product options:

- Embed CharlieCard chips in student IDs
- Embed CharlieCard chips in student IDs, with university subsidization
- “All-in” University Pass with 50-70% discount off LinkPass price, depending on school proximity to rapid transit stations

Outcome: Limited interest from schools:

- Meetings with top target schools (Harvard, Northeastern, BU, Tufts, UMass Boston)
- Grassroots discussions with student groups, but limited follow-through
- No interest from university administrations unless additional discounts or incremental service provision



New Pass Guiding Principles: Conversations to Date (continued)

FY17: Meetings with area schools, including BU and Harvard

- Limited to no interest from administrators for a mandatory program
- Many choices are not made at university-wide level
- To draw serious administration interest, must develop relationships with student governments to help build widespread student demand



Concept 1: Semester Pass Marketing

Keep the existing Semester Pass program, develop additional collateral, and increase sales efforts.

Advantages

- Simple execution from product standpoint

Disadvantages

- Requires sales and marketing resources / collateral
- Potentially limited upside if students are already maximizing their value
- Limited desire from universities to push



Concept 2: Chips in University IDs

Work with universities to embed Charlie Chips in student IDs. Universities can choose whether or not to subsidize their student's fares and passes – either way, their student ID will make it possible to access the MBTA.

Examples: MIT, Harvard College (2017-2018 academic year)

Advantages

- Willing partner in card manufacturers and distributors
- Inexpensive for MBTA and technology exists
- Proven concept (MIT Mobility Pass)
- Limited cost for universities
- Possibility of university subsidization (like MIT)

Disadvantages

- Not possible for all universities due to card technologies
- AFC2.0 implementation places a sunset for current chip technology – but not on the concept

Next steps:

- Updating policy for implementation (end of May)
- Meeting scheduled with major chip distributor (May 23)



Concept 3: Mandatory Pass

Develop a heavily discounted pass product to replace the Semester Pass, for Subway and Local Bus only, with mandatory student participation.

Examples: CTA (from above); WMATA – American University Pilot Program

Advantages

- Significant discount for students (WMATA: \$1/day for unlimited Metro)
- Ridership is largely off-peak (60% in WMATA's pilot)

Disadvantages

- One price unlikely to suit all without extensive discount (Brandeis vs MIT)
- Unclear impact on budget
- Requires major on-campus organization (either with school administrators or students)

Next steps:

- Requires one intern HC for summer product and marketing development
- Develop program, aiming for Fall 2018 deployment

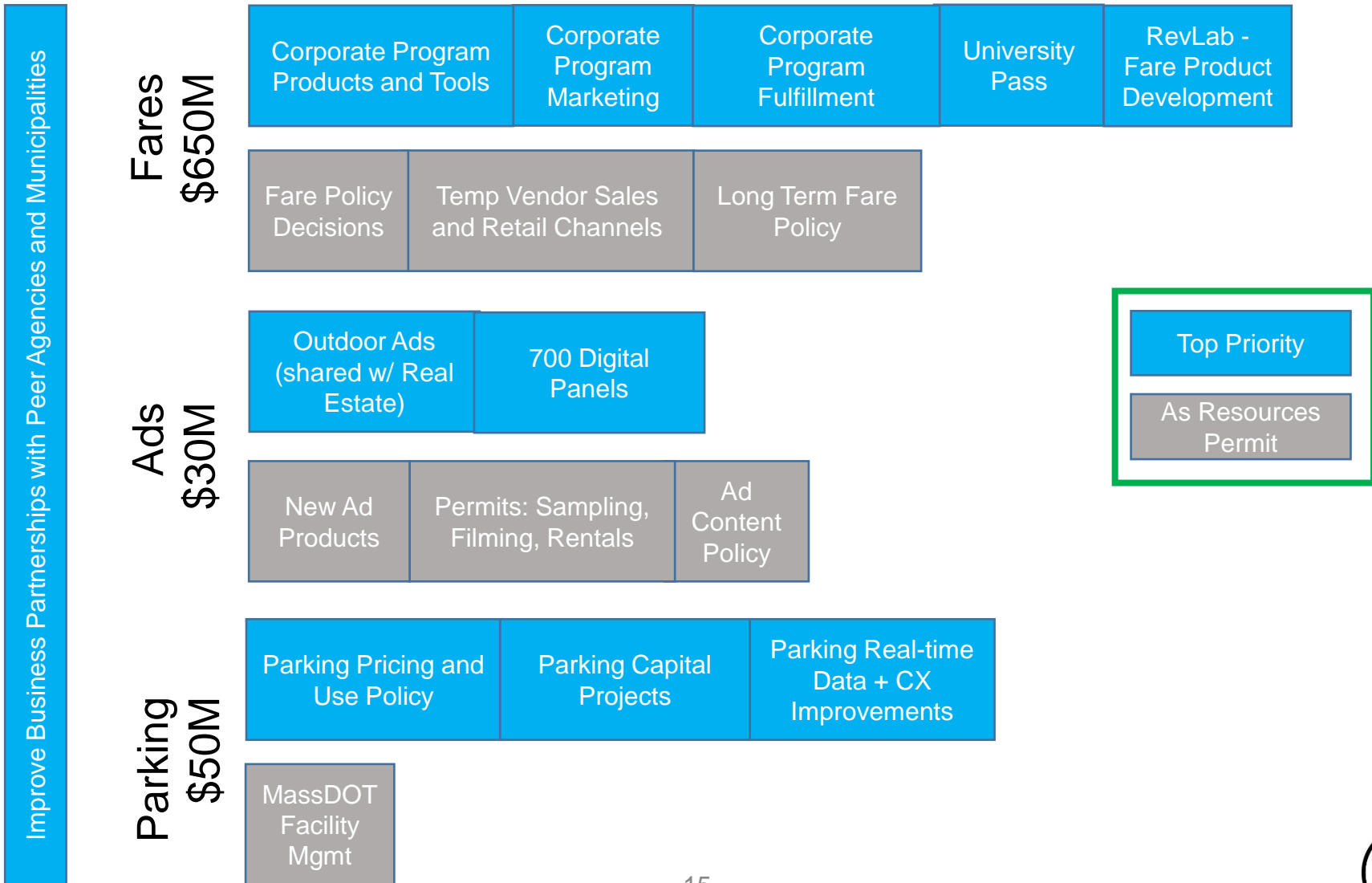


Questions

1. Is the FMCB willing to accept a revenue loss (compared to today) on a pilot University Pass product?
2. Is success measured by adoption by universities, revenue growth, ridership, or some other metric?
3. How should staff prioritize this effort vs efforts to improve the Corporate Pass and other revenue initiatives?



Revenue priorities in FY18



Next Steps

Date	Milestone
Summer 2017	Product Development Further talks with university administrations
Fall 2017	Conversations with student governments
Spring 2018	Pilot agreement signed
Fall 2018	Pilot launch

