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

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

<table>
<thead>
<tr>
<th>Discount Offered</th>
<th>Participation Model for Students</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Non-mandatory</td>
</tr>
<tr>
<td>Large</td>
<td>Danger Zone</td>
</tr>
<tr>
<td></td>
<td>Expensive for MBTA</td>
</tr>
<tr>
<td></td>
<td>Inexpensive for University</td>
</tr>
<tr>
<td>Small</td>
<td>Current State – Semester Pass</td>
</tr>
<tr>
<td></td>
<td>Medium for MBTA</td>
</tr>
<tr>
<td></td>
<td>Medium for University</td>
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</tbody>
</table>
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

- **Fares** $650M
  - Corporate Program Products and Tools
  - Corporate Program Marketing
  - Corporate Program Fulfillment
  - University Pass
  - RevLab - Fare Product Development
  - Fare Policy Decisions
  - Temp Vendor Sales and Retail Channels
  - Long Term Fare Policy

- **Ads** $30M
  - Outdoor Ads (shared w/ Real Estate)
  - 700 Digital Panels
  - New Ad Products
  - Permits: Sampling, Filming, Rentals
  - Ad Content Policy

- **Parking** $50M
  - Parking Pricing and Use Policy
  - Parking Capital Projects
  - Parking Real-time Data + CX Improvements
  - MassDOT Facility Mgmt

Improve Business Partnerships with Peer Agencies and Municipalities

Top Priority

As Resources Permit
# Next Steps

<table>
<thead>
<tr>
<th>Date</th>
<th>Milestone</th>
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<tbody>
<tr>
<td>Summer 2017</td>
<td>Product Development&lt;br&gt;Further talks with university administrations</td>
</tr>
<tr>
<td>Fall 2017</td>
<td>Conversations with student governments</td>
</tr>
<tr>
<td>Spring 2018</td>
<td>Pilot agreement signed</td>
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<tr>
<td>Fall 2018</td>
<td>Pilot launch</td>
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