

# Metropolitan Transportation Commission Programming and Allocations Committee

January 10, 2018

Agenda Item 5a

## Regional Means-Based Transit Fare Program

**Subject:** Regional Means-Based Transit Fare Program

**Background:** MTC has been involved in identifying transportation challenges for low-income residents and promoting solutions through various regional planning and policy initiatives for over a decade. These include the Coordinated Public Transit-Human Services Transportation Plan (“Coordinated Plan”), the Lifeline Transportation Program, the Community Based Transportation Planning (CBTP) program, the Regional Transportation Plan, and the Transit Sustainability Project.

Concerns about transit affordability are commonly raised by low-income residents during these planning efforts. The Commission has also funded several low-income or youth pass pilot programs through the Transit Performance Initiative (TPI) Incentive program. Further, in the third cycle of the Lifeline Transportation Program, MTC set aside \$300,000 to look comprehensively at this issue in a Regional Means-Based Transit Fare Pricing Study.

The study overview, findings, and proposed recommendations are presented below and in the attached slides.

### Study Overview

The study developed scenarios for funding and implementing a regional means-based transit fare program or programs and determined the feasibility of implementing the scenarios. Per the study scope of work, each of the scenarios must be consistent with the following three overall program objectives:

1. Make transit more **affordable** for the Bay Area’s low-income residents.
2. Move towards a more **consistent regional standard** for fare discount policies.
3. Define a transit affordability solution that is **financially viable and administratively feasible**, and does not adversely affect the transit system’s service levels and performance.

Staff has conducted comprehensive outreach throughout the study to a variety of stakeholder groups including a technical advisory committee, focus groups, and the Policy Advisory Council. The region’s public transit operators have been involved at every step along the way.

### Fare Scenarios

Three affordability and two program cost offset scenarios were evaluated (see Attachment A). The program cost offset scenarios were analyzed to evaluate the amount of new fare revenues that might be generated to offset the discounts provided in the affordability scenarios.

### Key Findings and Recommendations

The affordability scenarios were scored against the three study objectives and the key findings and recommendations are:

- Two scenarios (A1 and A3) were rated higher.
- Annual cost could be \$65-80 million with 100% participation (≈250 million annual low income adult trips). Note that the Revenue Scenarios could generate \$55-65 million per year but are very challenging to implement because they involve repealing or reducing fare discounts for current classes of passengers.

- All scenarios require means-testing, which requires up-front costs and ongoing costs to administer.
- Any scenario can be constrained for further study and analysis or capped at a specific funding level or number of participants.

Attachment B provides key findings from the AC Transit/BART Fare Discount Pilot, which recognized the need for means-based discounts for riders on those systems.

For many months, MTC staff has been in discussions with the large transit operators and representatives of the small operators regarding advancing toward implementing a program. While some key details of a full program are yet to be developed, there seems to be interest around the region in moving ahead. The study estimated a program cost (lost fare revenue) of approximately \$16 million per year, based on a 50% discount and about 20% of eligible low-income adult riders participating, on all operators in the region. Staff proposes to split this cost 50/50 with the operators.

Over the past several months, in partnership with transit operators, staff has developed the following proposed terms for a regional means-based fare program and funding plan.

### ***Proposed Regional Means-based Fare Program***

#### ***Participating Agencies***

All 7 Large Operators to participate in the Means-Based Program:

1. SFMTA and VTA retain and continue (or expand) their current programs
2. At a minimum the other 5 large operators to agree to Opt-In to the new Means-Based program (BART, Caltrain, SamTrans, AC Transit, GGBHTD). SFMTA and VTA have the option to opt in.
3. All other operators have the choice to Opt-In to the program

#### ***Means-based Discount***

Discounts offered by operators shall be set at a minimum of 20% to allow some regional standardization while also recognizing that the potential lost fare revenue is more significant for some operators. In particular, several operators have expressed a preference for a 50% discount to match their current senior and disabled discount fares. BART staff has indicated concern about the 20% minimum discount because they cover so much of their operating cost through farebox revenues.

#### ***Funding***

MTC to contribute \$8 million in funding that would be used for administrative costs first, currently estimated at \$2 million annually. The remainder would defray operators' revenue losses for the new regional means-based fare program. The operators are to cover any remaining costs or revenue losses from their augmented STA revenue-based funds or other sources.

Staff proposes the MTC contribution come from the additional State Transit Assistance population-based funds available to the Commission through Senate Bill 1 (SB 1). If SB1 is repealed, this Means-based program is subject to cancellation.

#### ***Implementation***

Program to be implemented on Clipper through a discount coupon approach.

**Issues:**

1. Agency Participation

While there is general conceptual agreement between MTC and agency staff, program participation would require each agency board approval. Since roughly 95% of Bay Area transit trips occur on the seven largest operators, a regional program should at a minimum include these seven operators. However, smaller agencies have significant low-income ridership and this proposal offers an opportunity for all transit agencies to participate by opting-in to the regional framework.

2. Financial Risk related to discount levels and participation rates

The extent of revenue loss is dependent on the rates of discount and participation. The discount rate will be set in advance. While participation rates can be estimated based on existing programs in the Bay Area and beyond, the actual participation rate is unknown. Consistent with the study objectives of making transit more affordable and moving toward a more consistent regional standard for discounted fares, MTC staff recommends insisting on a minimum discount level of 20%. Staff from agencies with higher average fares note that participation rates may be significantly higher because of the higher base fare. Agencies with higher fares may select the minimum discount level, at least initially, in order to mitigate the financial exposure.

3. Implementation Challenges

Program implementation will require coordination between MTC, transit agencies, county social service agencies and other partners. While this proposal provides a high-level conceptual overview, program development and design, including a federal Title VI evaluation and transit operator board consideration and approvals, will take time to develop. Should the Commission decide to move forward with the concept, staff estimates program development to take most of 2018 and program start-up in 2019. This schedule also will allow us to react to any potential repeal of SB 1 on the November 2018 ballot prior to program launch.

Proposed funding for the regional Means-based fare discount program is subject to additional discussion under the next agenda item related to SB 1 and the State Transit Assistance (STA) population-based funds.

Staff is seeking Committee input today and hopes to return to the Commission in February 2018 to seek approval and SB 1 funding commitment for the Means-Based Fare Discount Program.

**Recommendation:** Information and discussion only.

**Attachments:** Attachment A – Scenarios Evaluated in Study  
Attachment B – Findings from the AC Transit/BART Fare Discount Pilot Presentation  
SPUR Comments on Means-Based Fare Study

## Attachment A – Scenarios Evaluated in Study

<b>Affordability Scenarios</b>	<b>A1. Discounted Fares and Passes</b>	Create a fare discount category for low-income riders
	<b>A2. Fare Capping/ Accumulator Pass</b>	Low-income riders would purchase pass products (such as monthly passes) in small increments rather than paying the full price of the pass up-front. After a set amount has been reached for the pass period, all remaining trips in the pass period would be free.
	<b>A3. Cash on Clipper®</b>	Low-income riders would receive a stipend in the form of cash value added to a Clipper card.
<b>Cost Offset (Revenues) Scenarios</b>	<b>R1. Eliminate non-mandated discounts</b>	Eliminate current discounts provided to seniors, disabled, and youth in excess of federal requirements
	<b>R2. Fare increase for non-low-income riders</b>	Raise all fares for all non-low-income riders 10% across the board

## **Attachment B**

### **Findings from AC Transit/BART Fare Discount Pilot**

Study conducted in 2015-2016 by MTC, AC Transit, and BART to gauge effects of transfer discounts, findings included:

1. Consider future fare-based discount opportunities on most receptive audiences from this pilot:
  - a) Central and Northern portions of AC Transit service area; and
  - b) Residents earning less than \$100,000 year per year.
  
2. Consider future fare-based discount opportunities that:
  - a) Generate ridership where capacity is available, such as BART's Richmond-Fremont line and transit trips during non-peak periods
  - b) Take into account BART station parking policies and fee structures.
  
3. Consider the Inner East Bay and AC Transit/BART riders when developing recommendations for MTC's Means-based Fare Study.

# MTC Means Based Fare Study

---

FINDINGS AND PROPOSED NEXT STEPS

JANUARY 10, 2018



# Study Goals

---



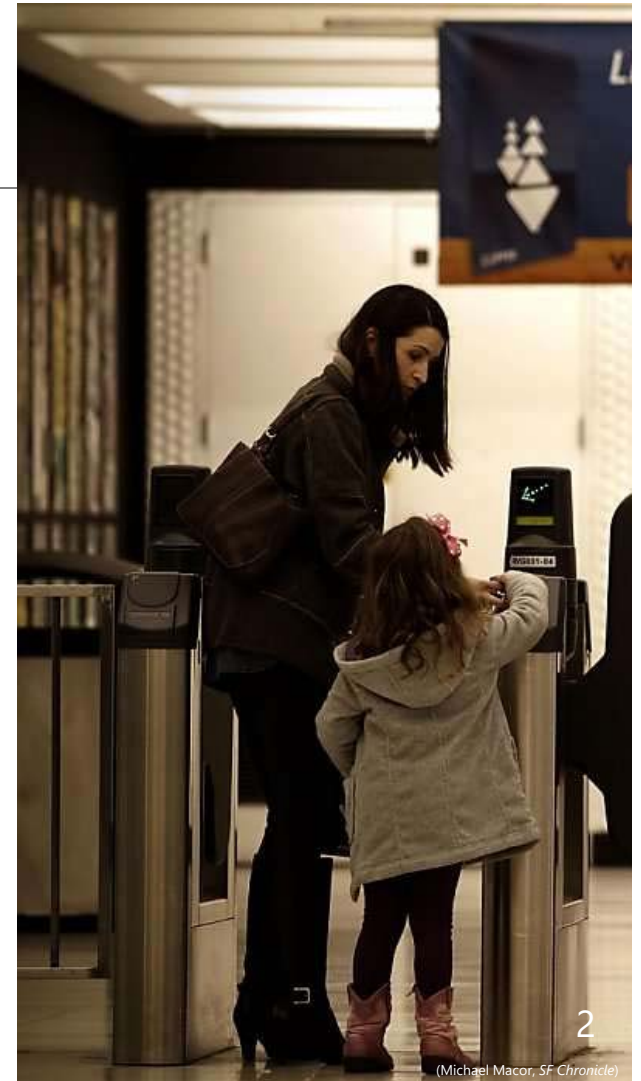
Make transit more **affordable** for the Bay Area's low-income residents



Move toward a more **consistent regional standard** for fare discount policies



Define a transit affordability solution that is **financially viable and administratively feasible**, and does not adversely affect the transit system's service levels and performance



# Low-Income Ridership and Average Fares

## FY2014-15 Average Weekday Boardings by Income Category

Operator	Household Income * <\$25,000	Household Income * \$25,000-\$49,999	SUBTOTAL AVERAGE WEEKDAY RIDERSHIP < \$49,999	TOTAL AVERAGE WEEKDAY RIDERSHIP (all income levels)**	AVERAGE FARE per Trip ***
AC Transit (Local)	90,818	44,816	135,634	171,766	\$ 1.13
AC Transit (Transbay)	1,054	1,123	2,177	7,816	\$ 3.09
BART (Heavy Rail)	35,239	77,627	112,866	433,791	\$ 3.41
Caltrain (Heavy Rail)	4,006	7,352	11,358	60,800	\$ 4.39
GGBHTD (Bus)	1,479	2,198	3,677	12,135	\$ 0.68
GGBHTD (Ferry)	147	604	751	8,184	\$ 7.24
SFMTA (Bus, Trolley, LR)	264,472	147,793	412,265	700,072	\$ 0.87
SamTrans (Bus)	16,635	14,686	31,321	42,980	\$ 1.33
VTA (Bus and Light Rail)	77,674	26,833	104,507	141,226	\$ 0.89
<b>Total by Income Category</b>	<b>491,523</b>	<b>323,032</b>	<b>814,555</b>	<b>1,578,770</b>	

\* Income data from MTC/Operator Transit Surveys; SFMTA and VTA income data from Operator Surveys

\*\*Average Weekday Boardings from 2014-15 MTC Statistical Summary

\*\*\* 2015 Average Fare Revenue per unlinked passenger trip from FTA National Transit Database 2015 data

Shaded represents boardings with average fares higher than \$3 per trip



# Study Overview

- **May 2015:** Peer Program Review
- **July 2015:** Scenario Development
- **December 2015:** Selection of Five Scenarios for Analysis
- **2016:** Qualitative and Quantitative Analysis
- **2017:** Evaluation of Report and Selection of preferred Alternative(s)
- **Now:** Discussion of Program Proposal



# Study Scenarios and Analysis

	Scenario	Description	Analysis
<b>Affordability Scenarios</b>	<b>A1.</b> Discounted fare media	<ul style="list-style-type: none"> <li>New discount category for low-income riders paying cash fares or purchasing passes</li> </ul>	<ul style="list-style-type: none"> <li>Delivers affordability benefits but challenging implementation if a new low income fare category must be created on Clipper®</li> </ul>
	<b>A2.</b> Fare Capping/ Accumulator Pass	<ul style="list-style-type: none"> <li>Fares are capped at a specific threshold within a given time period</li> <li>Additional rides within the period are free once the cap is reached</li> </ul>	<ul style="list-style-type: none"> <li>Does not deliver affordability benefits to infrequent riders and was identified as most difficult to implement under current conditions</li> </ul>
	<b>A3.</b> Subsidized Clipper® cards	<ul style="list-style-type: none"> <li>No change to operators' fare policies</li> <li>Fare stipends delivered on pre-loaded Clipper® cards</li> </ul>	<ul style="list-style-type: none"> <li>Ranked highest based on relative ease of implementation and delivering affordability to riders</li> </ul>
<b>Cost Offset (Revenues) Scenarios</b>	<b>R1.</b> Eliminate non-mandated discounts	<ul style="list-style-type: none"> <li>Eliminate current discounts provided to seniors, disabled, and youth in excess of federal requirements</li> </ul>	<ul style="list-style-type: none"> <li>Not analyzed against study goals but should be considered in terms of feasibility to offset potential program costs</li> </ul>
	<b>R2.</b> 10% fare increase for non-low-income riders	<ul style="list-style-type: none"> <li>Raise all fares for all non-low-income riders 10% across the board</li> </ul>	<ul style="list-style-type: none"> <li>Not analyzed against study goals but should be considered in terms of feasibility to offset potential program costs</li> </ul>

# Overall Study Findings

- All the transit discount scenarios resulted in a **revenue loss** for transit operators at full implementation; the revenue generation proposals could cover about 1/2 to 2/3 of the costs
- Ridership **impacts vary considerably** by operator depending on existing capacity
- All scenarios require **means-testing**, which requires up-front costs and ongoing costs to administer
- Experience from agencies with low income transit fare discounts demonstrate approximately **25% of those eligible transit riders sign up/** participate in the program.



# Regional Program - Range of Annual Cost Estimates (2014 \$)

% of eligible residents that participate	Scenario *		
	A1. Discounted Fare Media <i>(In millions)</i>	A2. Fare Capping/ Accumulator Pass <i>(In millions)</i>	A3. Cash on Clipper® <i>(In millions)</i>
10%	\$ 8	\$ 7	\$ 8
15%	\$ 12	\$ 10	\$ 12
20%	\$ 16	\$ 13	\$ 16
25%	\$ 20	\$ 17	\$ 19
50%	\$ 40	\$ 33	\$ 38
100%	\$ 80	\$ 65	\$ 76

\* Fixed costs for administration for any program are estimated at \$1-1.5M/year plus \$0.6- \$1M in one time startup costs

# Lessons from Other Means-Based Fare Programs

---

## SFMTA'S LIFELINE PROGRAM

- Means-testing and process by Human Services Agency (HSA) up to 200% Federal Poverty Level (FPL)
- Approximately half of Lifeline pass-holders don't qualify for other means-tested benefit programs (CalFresh, Medicaid)
- SFMTA estimates the program is actively used by 21% of eligible low-income riders
- Annual revenue loss ~\$7.5M, serving ~20,000 riders (\$350/person/year)
- \$600,000 annual operating costs

## SEATTLE'S ORCA LIFT PROGRAM

- Eligibility and discount policies set by King County Metro
- Allows ~50% discount on seven regional operators
- Relies on regional smart card to calculate fares and discounts depending on time of day and zones of travel
- Social service and non-profit agencies serve as program administrators and partners
- Program participation and growth rate lower than expected; anticipated 45,000-100,000 enrollees; now serving ~7500 riders
- Annual revenue loss ~\$4M (\$533/person/yr)
- \$1.8 - 3M annual operating costs

# Proposed Regional Means Based Program Framework

*Based on study results and subsequent discussions:*



All 7 large operators to participate (SFMTA and VTA can continue or expand current programs); other operators may opt in



Operators to select fare discount rate, (minimum of 20%) (closest to Scenario A1 from study) – focus on cash fares rather than passes



Offered through Clipper

Funding: MTC to invest \$8 M/year in SB 1 – STA Population-based funds to cover administrative cost and defray operator revenue loss.



Operators to cover remaining costs and/or revenue loss.



# Proposed Regional Means-Based Program Implementation Concepts

---

- Establish income threshold at 200% of federal poverty level
- Eligibility screening and determination could be modeled after Regional Transit Connection program in partnership with Social Service Agencies
- Requires Title VI Analysis
- Administrative costs estimated at \$2 million annually

# Proposed Regional Means Based Program Issues

---



Agency participation is subject to operator board approval.



High average-fare operators note that participation and costs (fare revenue losses) may be significantly higher because of the higher base fare



Funding: Proposed MTC funding source is SB 1 – STA Population-based. If SB 1 is repealed, the Means-based program is subject to cancellation.



# Next Steps

---

- February – MTC consider committing \$8 million annually to Means-based Fare Discount program as part of SB 1 population-based framework adoption
- Spring/Summer - Transit Agency Boards consider approval of Means-based Fare Discount program participation.
- Program design/development through end of 2018
- 2019 - Program start-up



**SPUR**

San Francisco | San Jose | Oakland

January 4, 2017

Programming and Allocations Committee  
Metropolitan Transportation Commission  
375 Beale St, Suite 800  
San Francisco, CA 94105

Re: MTC Regional Means-Based Transit Fare Pricing Study

Dear Chair Josefowitz and Programming and Allocations Committee Members:

SPUR is a member-supported nonprofit organization that promotes good planning and good government in the San Francisco Bay Area through research, education and advocacy. Improving public transit and increasing transit use in cities are core priorities for our organization.

Access to transit is not merely a question service availability, but also the cost to ride. For most households in the Bay Area transportation is the third-biggest monthly expense, behind housing and food.<sup>1</sup> When transit is out of reach, its promise—access to other people, goods, jobs, education, and opportunity—cannot be realized.

We are appreciative that MTC launched the Means-Based Fare Study in 2015 to determine if a region-wide low-income transit fare program would be feasible and effective. We recognize that providing transit at a discount to low-income residents requires finding political, logistical and financial solutions.

SPUR has followed the study. In consultation with experts and stakeholders, we have developed the following suggestions for next steps:

**1. Collect and use more data on the travel patterns of low-income Bay Area residents; use the results to set the direction for the pilot program.**

The Means-Based Fare Study found that the lowest incomes riders make shorter trips than higher income riders and use the local bus systems at higher rates than higher-incomes riders use the region's long-distance transit modes. If the study is based on the premise that low-income transit riders cannot afford transit, it is insufficient to use only the trips low-income transit riders *can afford* as indicative of overall travel patterns.

---

<sup>1</sup> MTC Means-Based Fare Study, <http://mtc.ca.gov/our-work/plans-projects/other-plans/means-based-fare-study>.

For a more holistic assessment of the travel patterns of low-income people, the study should also analyze trips low-income residents take by car or simply forgo. An analysis of low-income travel patterns could further be strengthened by using Clipper data, data from the [San Francisco Late-night Transportation study](#), the Bay Area Travel Survey, and the regional travel demand model. These sources could also provide additional insights into the overall mobility needs of low-income residents. Findings should be used to determine which transit agencies or markets should be the focus for the pilot.

## **2. Understand users: Seek to better understand the needs, wants and preferences of low-income transit riders and potential riders prior to pilot implementation.**

The study would benefit from a more robust exploration into the needs of low-income transit riders, such as how, when and why they use and don't use transit; what they identify as barriers to transit use; and how they would prefer to access and use a discounted fare.

The SFMTA's Lifeline program, which offers a discounted monthly pass to low-income transit riders, provides a template for how MTC can design and deliver a discounted transit fare to low-income residents. The MTC study explores the program, but only from the perspective of those who administer it. Lifeline participants are the ideal population to interview to understand the barriers, challenges and opportunities to accessing and using a low-income transit pass in the Bay Area. The insights gleaned through interviews with Lifeline participants (and program dropouts, if feasible) could help MTC understand how to optimally design and deliver a discounted fare program. MTC should also interview participants in the Santa Clara Valley Transportation Authority's UPLIFT Program and incorporate learnings from the Alameda County Transportation Commission's Affordable Student Transit Pass Program.

## **3. Use the Clipper 2.0 upgrade to modify Clipper to make it a more effective product for low-income residents and workers.**

Members of the TAC and focus group participants expressed that it would be a burden to access the discounts if they were limited to Clipper. Moving people to Clipper is a good goal: Clipper allows for easier regional travel; many transit agencies offer discounts for Clipper use; cash transactions slow buses down and are costly to operators. However, the study offers no strategies to make Clipper a more useful product for low-income riders.

The Clipper card should work for everyone regardless of income. Solving for low-income transit affordability requires that the shortcomings of Clipper be addressed. As part of the Clipper 2.0 upgrade, SPUR recommends that MTC identify changes to benefit low-income transit riders, such as the following. We recognize that some of these solutions cannot be implemented by MTC. However, they should be acknowledged and supported in through this study.

- Allow riders who do not have enough money on their Clipper card to board or exit trains and buses, but require that they make up the negative balance before they can use their card again.
- Allow the start date for a monthly pass to be the date of purchase. People with little or no income are paid at different times during the month and could benefit from this flexibility.
- Increase the network of Clipper retail outlets and vending machines with a particular focus on improving access for low-income residents.<sup>2</sup> MTC should set a threshold requirement for opportunities to purchase or reload Clipper in Communities of Concern. Meeting this threshold should be a performance requirement for the Clipper 2.0 System Integrator.
- Establish a low-income category so that all low-income discounts can be accessed through the Clipper card.
- Design Clipper 2.0 to support open payments. This type of platform allows Clipper to be combined with the smart cards offered by other low-income programs, such as food stamps and/or Medicaid.<sup>3</sup>

#### **4. Design a means-based program which makes applying for, using and renewing the discount fare an easy experience.**

The low-income transit fare program needs to be easy to apply for, easy to use and easy to renew. MTC should evaluate whether picture ID cards are necessary, especially if they add cost or make the program more difficult to access. Seattle’s low-income transit program, ORCA Lift, opted not to require picture ID cards to reduce the potential stigma.<sup>4</sup>

MTC should offer multiple locations for enrollment and multiple means to determine program eligibility. The ORCA Lift program is heralded for its innovative enrollment strategy. King County Metro Transit [partnered with Public Health – Seattle & King County](#) to take advantage of Public Health’s robust network of Affordable Care Act enrollment locations. As a result, passengers can sign up for an ORCA Lift card at more than 46 locations, including colleges, food banks, human service providers, nonprofit organizations and health clinics.

While linking eligibility to existing programs such as Medi-Cal or the PG&E CARE program would ease means-testing, participation in social safety-net programs varies. The SFMTA found that the majority of the participants in the Lifeline program, though eligible for other safety-net

---

<sup>2</sup> For example, an analysis of retail locations by Marin Transit found that in the areas with the highest transit ridership and highest concentration of minorities, there is only one Clipper retail outlet. See: Marin Transit, 2016-2025 Short Range Transit Plan, Appendix B: Fare Analysis.

<sup>3</sup> Perrotta, A. Fare Collection and Fare Policy. (2016). Regional Plan Association.

<sup>4</sup> Regional Means-Based Transit Fare Pricing Study: Draft Technical Memorandum #3: Evaluation of Alternative Means-Based Transit Fare Scenarios.

programs, were not enrolled.<sup>5</sup> The majority of bus riders are low-income. Means testing may make more sense for typically high income modes like BART and Caltrain.

The low-income transit fare program should not add complexity to an already complicated fare landscape. MTC is considering structuring the pilot program like the RTC (Regional Transit Connection) Clipper card, a version of Clipper that provides discounted fares to passengers under 65 with qualifying disabilities. However, discounts vary by operator. SPUR recommends that the cost of a discounted single ride be consistent, with a single price for bus trips and single price for rail trips regardless of operator. While this might not be feasible with the current Clipper technology, a consistent low-income discount can be achieved as part of the Clipper upgrade.

### **5. Coordinate with Bay Area Bike Share’s means-based program, which is also an initiative of MTC.**

Motivate, the vendor that operates Bay Area Bike Share, is offering a discounted annual membership to low-income individuals. Enrollment for both the bike share discount and low-income transit fare program should be structured such that when a low-income person is a deemed eligible for either program, he/she immediately has the opportunity to enroll in the other. Coordinating on enrollment is a means to capture more people who are eligible the programs while reducing the enrollment burden for people with limited income. In addition, MTC should study the implementation and uptake of the bike share discount and apply any learnings to the low-income transit fare pilot.

### **6. Carefully study regional pass options.**

The Means-Based Fare Study considered but ultimately recommended against a regional interagency pass (a single fare product for use on multiple operators) as well as a regional accumulator pass (a monthly pass that is paid for in increments) out of a concern that these options would be too difficult to implement and would pose a potential barrier to bringing a low-income transit fare program into existence.

We think it is premature to decide not to pursue a regional pass because of technical and organization barriers. Seattle, which like the Bay Area has multiple transit agencies, demonstrates that it is possible to offer a discount across transit agencies. The ORCA Lift program allows eligible residents to ride for \$1.50 regardless of what agency provides the ride.

The following highlight why a regional pass is necessary to meet the transit needs of the region’s low-income residents:

---

<sup>5</sup> Ibid.

- Low-income residents surveyed for the MTC study said a regional pass that addresses the high cost of multi-fare trips was the solution they preferred. Participants expressed strong support for a pass that included trips on different operators and for making transfers more affordable, suggesting that many need to use more than one ride, and in many cases more than one transit system, to reach their destinations.<sup>6</sup> Many people live and work in places with multiple operators, including the region’s growing job centers (downtown San Francisco, mid-Peninsula, downtown San Jose, downtown Oakland).
- The need to ease the cost of regional travel is heightened by the increase in displacement of low and moderate income residents from the region’s core to outlying jurisdictions where they are farther from jobs and transit. According to [Plan Bay Area 2040](#), there are over a half million lower-income households at risk of displacement in the Bay Area, with the majority of them living in San Francisco, Santa Clara and Alameda counties. Reducing the cost of transferring between operators is needed to ensure these households are not priced out of opportunity by the cost of a multi-leg transit trip.<sup>7</sup>
- Certain regional pass products can make transit more affordable without the need for a means-based subsidy. A regional accumulator or “pass as you go” option would put a monthly pass— and all its benefits— within reach of people with limited income because it is paid for increments. (With an accumulator, a rider pays incrementally for each trip, and there is a cap at a maximum level after the rider is not charged for additional trips). Unless attached to a subsidy, an accumulator would not require means-testing, which can be a barrier to enrollment and drives up the cost of program administration. Moreover, transit is facing increasing competition. Passes can create loyalty and encourage discretionary trips, especially from existing transit users.

SPUR recommends MTC carefully study regional pass options. This study should look at the different transit markets and types of regional fare products and test to see if regional fare products can help low-income transit riders afford transit, or choose transit.

## **7. Design the means-based fare pilot to discover what we don’t know, and include a rigorous evaluation.**

The pilot should be developed thoughtfully to test certain questions and assumptions, such as how to determine eligibility, whether to focus on transit markets or individual operators, and how

---

<sup>6</sup> Reducing the cost of transfers and accumulator products were identified as key means to make transportation more affordable for low-income people in the comprehensive study of transit affordability for low-income people by Loren Rice. See: Rice, L. (2004). *Transportation Spending by Low-Income California Households: Lessons for the San Francisco Bay Area*. [http://www.ppic.org/content/pubs/report/R\\_704LRR.pdf](http://www.ppic.org/content/pubs/report/R_704LRR.pdf)

<sup>7</sup> SPUR analysis found that workers who leave their county for work are more likely to have higher wages than those who stay within their county. Among lower-wage workers who lack cars, transportation is the single largest barrier to middle-wage work. See: SPUR Report, *Economic Prosperity Strategy*.

to manage impacts to farebox revenue. The pilot should be developed with a specific goal in mind, such as to grow low-income ridership or ease the burden for current riders.

It is imperative that the evaluation include metrics beyond enrollment and uptake. If the pilot is to produce learnings that will inform larger rollout, MTC needs to understand how each aspect of the program — from outreach to enrollment to use— is received by users and non-users in addition to transit agencies. Capturing the perspective user of the will help MTC understand what works, what doesn't work and why, and adjust the program accordingly.

We acknowledge that there are a myriad of factors that will determine the success of MTC's low-income transit program. The program is attempting to reach a diffuse population with habits and lived experiences, beyond the cost of transit, that drive their transportation choices. Ultimately, the program can enable low-income individuals to change or adopt new transit behaviors, but behavior change takes time and is the product of a confluence of factors. To properly serve low-income riders, transit quality must also be addressed: Transit must meet their needs in terms of wait time, travel time, reliability and safety — just as it must for all riders.

Thank you for the opportunity to provide input on the Means-Based Fare Study. Please feel free to contact us with any questions you may have at 415-644-4280.

Sincerely,

A handwritten signature in cursive script, appearing to read "Arielle Fleisher".

Arielle Fleisher  
SPUR, Transportation Policy Associate