



**Massachusetts Bay
Transportation Authority**

Proposed Fare Change Package

MBTA A&F Subcommittee Meeting

January 2024

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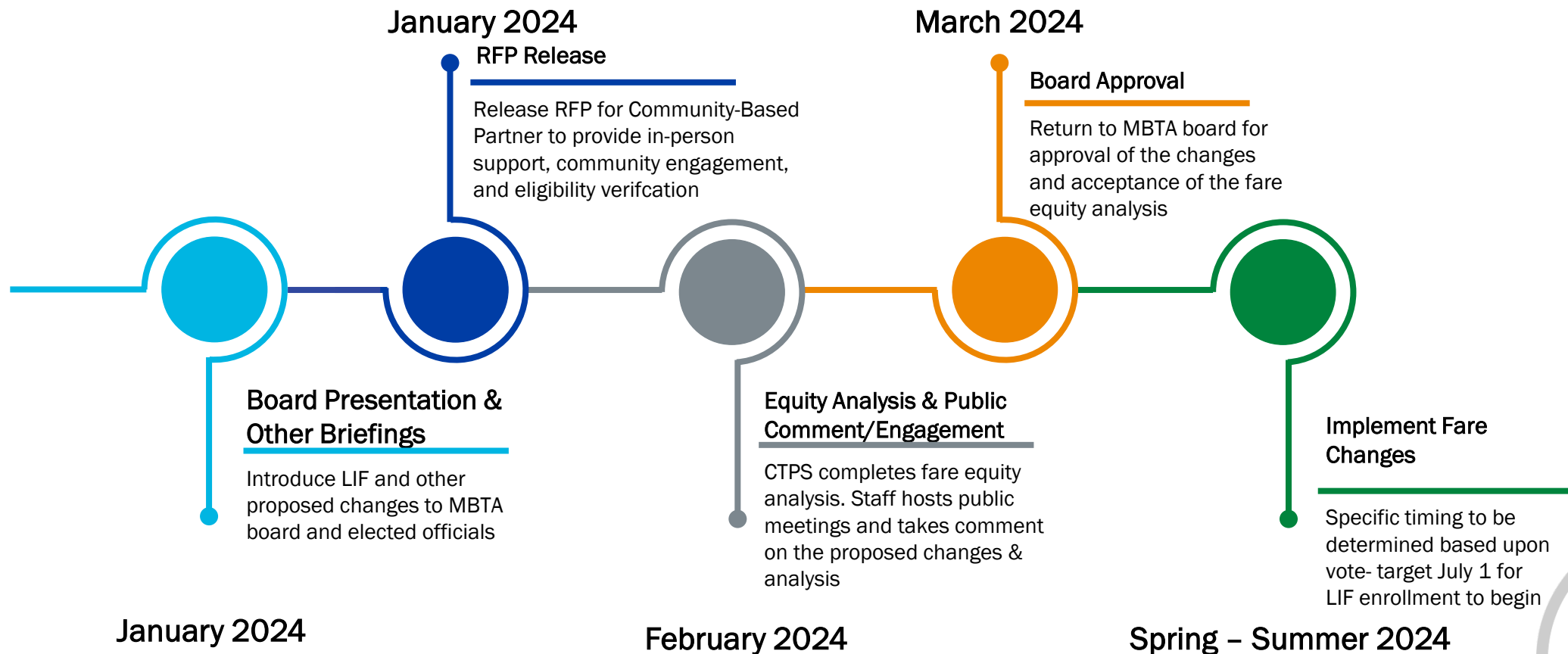
Meeting this Moment

- **Low-Income Fare (LIF) Overview:** Building from Governor Healey’s initial budget request, MBTA staff have been building a low-income fare program. This program will provide approximately 50% off tickets and passes for low-income riders across the MBTA service area.
 - Low-income fares represent a key element of statewide transit initiatives on fare affordability, including funding in FY24 to increase fare equity at the RTAs.
- **LIF Rationale:** Low-income fares improve affordability for low-income riders, increase economic mobility across the entire MBTA service area and all modes, drive mode shift toward sustainable transit options, and encourage ridership recovery post-Covid, with a targeted, financially sustainable and proven approach used by other major transit agencies.
- **Additional Changes:** In addition to low-income fares, the team is making minor changes to simplify and improve fares ahead of technological changes in the fare collection system.
- **Next Steps:** These changes will be part of a months-long public dialogue leading to a MBTA Board vote. The complete fare change package is projected to yield an annual increase of 8 million trips (+2.5%) at full scale.



Timeline for Fare Changes

To meet Title VI requirements, fare changes require public engagement, equity analysis, and board approval. Draft results of the equity analysis indicate that the proposed fare change package is equity enhancing.¹



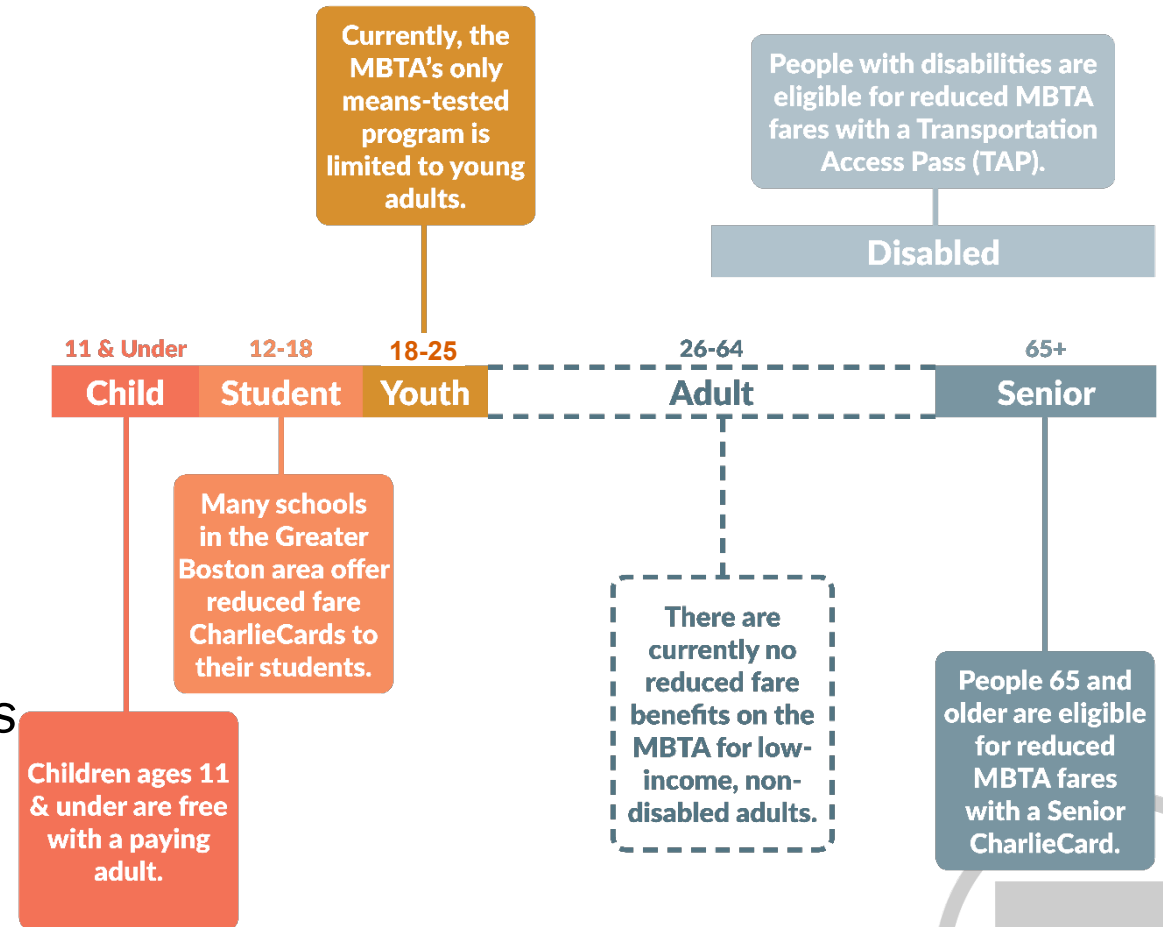
1. Changes leverage the [MBTA Fare Policy](#), approved December 21, 2015



Context on Fare Affordability

- The MBTA has several reduced fare programs¹
 - Students: 49,000
 - Seniors: 63,000
 - TAP (Disability): 15,000
 - Blind: 1,400 (note Blind riders ride for free)
 - Youth Pass: 6,900
 - Only means-tested program; T relies on a municipal partnership model
- We estimate that **60,000 additional riders** could benefit from Low-Income fares, meaning they fall into the 26-64 age bracket with incomes under 200% of the federal poverty line.
- This program would also benefit RIDE customers.

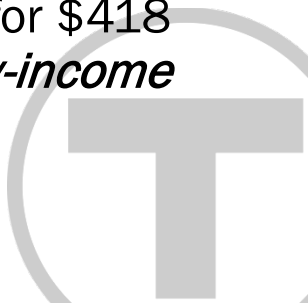
Current MBTA Reduced Fares



Low-Income Fares Policy Introduction

Low-income fares are a proven policy across the country that MBTA staff have studied and prepared for over the past decade.

- **Peer Agencies:** In the US, six of the top ten and 19 of the top 50 transit agencies offer a low-income fare program. Agencies implement this policy to increase equity and remove fares as a barrier to ridership for certain riders.
- **Local Research:** MBTA studied low-income fares in a randomized-controlled trial in 2018-19. Enrolled participants increased trips by 25-30% and took more trips to social services and health care, than the control group. *The study did not include commuter rail, our highest-priced mode, or our RIDE paratransit service.*
 - The commuter rail network encompasses many Gateway Cities where low-income riders may be priced out of transit; this is a particular opportunity to increase mobility for low-income riders.
 - The RIDE is likewise a more expensive service, with fares ranging from \$3.35 - \$5.60. Demographic data demonstrates that many RIDE riders will benefit from reduced fares.
- **Fare Revenue Context:** Fare revenue is an important source of revenue for the MBTA, accounting for \$418 million in the FY24 budget. Fare revenue has declined from near \$700 million pre-pandemic. ***Low-income fares represent a responsible approach to support riders for whom fares are a burden, increase ridership, and maintain strong fare revenue to support operations.***



Low-Income Fares: Peer Comparison & FPL Detail

Comparable Agency Programs			
Location	Program Name	% Discount	Income Threshold
New York - MTA	Fair Fares	50%	100% FPL
Los Angeles - LA Metro	LIFE	100-25%	250% FPL
Washington DC - WMATA	Metro Lift	50%	200% FPL
San Francisco - Muni	Lifeline Pass	50%	200% FPL
Bay Area - BART	Clipper START	50%	200% FPL
Portland, OR - TriMet	Honored Citizen	50%	200% FPL
Seattle - King County	Orca Lift	64%	200% FPL

Income Thresholds by Percentage FPL and Household Size			
Family Size	100% FPL	200% FPL	300% FPL
1	\$14,580	\$29,160	\$43,740
2	\$19,720	\$39,440	\$59,160
3	\$24,860	\$49,720	\$74,580
4	\$30,000	\$60,000	\$90,000
5	\$35,140	\$70,280	\$105,420

- In the US, six of the top ten and 19 of the top 50 transit agencies offer a low-income fare program
- While there is variety, 50% off fares and a 200% FPL income threshold are most common across the country
 - 200% FPL is widely used across government programs

- 200% FPL equates to \$29,160 for a single individual and \$60,000 for a household of 4



FY2024 Activity on Low-Income Fares

In the FY2024 budget, Governor Healey provided \$5 million for research on low-income fares. Over the past 6 months, MBTA staff have take significant steps toward program implementation.

- **Partnerships:** Developed interagency partnerships with the RMV and EOHHS
- **Program Staffing:** Hired staff to build the technological and programmatic support for the program
- **Application:** Built the online application and data exchange with other agencies
- **The RIDE:** Collaborated with RIDE staff to plan for anticipated increase in demand
- **Impact Modeling:** Updated ridership and revenue models to understand program impact
- **Peer Research:** Met with peer agencies working on similar fare affordability challenges



Low-Income Fares: Application Process

MBTA staff are focused on making the process easy for riders and efficient for administrators. Current planning efforts include the following:

- **Identity:** Using an integration with RMV data, riders will demonstrate identity. For those riders without an RMV-issued ID, other options will be available.
- **Income Eligibility:** Using an integration with EOHHS data, riders will demonstrate eligibility via existing enrollment in programs with income cutoffs at or below the cutoff for low-income fares.
- **Privacy:** Rider consents and Data Sharing Agreements with the RMV and EOHHS will protect the privacy of riders.
- **Offline Support:** Community Based Partner(s) will provide in-person support across the network.
- **FAQs**
 - How long will it take to apply online? 5 minutes
 - When will my reduced Fare CharlieCard arrive? 1 week
 - How long will my enrollment in the program last? 1 year
 - Will the application be accessible and translated to top languages in the MBTA service areas? Yes



Low-Income Fares Program Impact

The low-income fare program is expected to enroll 62 thousand riders and induce up to 8.1 million annual trips on the fixed route system by FY2029.

	FY25	FY26	FY27	FY28	FY29
Enrolled Riders					
Fixed Route	25 - 29 K	36 - 42 K	46 - 53 K	54 - 62 K	62 K
The RIDE	28 K	28 K	28 K	28 K	28 K
Additional Trips					
Fixed Route	1.2 - 1.7 M	3.1 - 4.3 M	4.4 - 6.0 M	5.6 - 7.5 M	6.5 - 8.1 M
The RIDE	170 K	175 K	180 K	185 K	185 K

Note: Staff expect rates for eligible RIDE customers to ramp quickly and yield very high participation due to existing enrollment and certification processes



Low-Income Fares Program Cost

Low-income fare program costs, including fare revenue loss, operations, and administration, are expected to grow from \$25 million annually to \$58 million over the first 5 years of implementation as program awareness and enrollment increase.

<i>(millions)</i>	FY24 (Pre-Launch)	FY25	FY26	FY27	FY28	FY29
Fare Revenue Loss	--	\$7.2 - \$9.1	\$16 - \$21	\$22 - \$29	\$27 - \$35	\$31 - \$38
Fixed Route	--	\$5.7 - \$7.6	\$14 - \$20	\$20 - \$27	\$25 - \$34	\$30 - \$36
The RIDE	--	\$1.5	\$1.6	\$1.7	\$1.7	\$1.7
Operational Costs	--	\$13 - \$14	\$15 - \$16	\$16 - \$18	\$17 - \$20	\$17 - \$21
Fixed Route	--	\$0.2 - \$0.7	\$0.4 - \$2.0	\$0.6 - \$2.9	\$0.8 - \$3.7	\$1.0 - \$4.1
The RIDE	--	\$13	\$14	\$15	\$16	\$16 - \$17
Initial Program Design & Ongoing Administration Costs	\$4.2	\$2.9	\$2.9	\$3.0	\$3.1	\$3.2
Total Program Costs	\$4.2	\$23 - \$26	\$33 - \$40	\$40 - \$50	\$47 - \$58	\$52 - \$62

Initial Program Design & Ongoing Administration Costs

	Pre-Launch <i>(thousands)</i>	Annual Recurring <i>(thousands)</i>
Community-Based Partner	\$380	\$1,500
Fare Collection Technology	\$350	\$100
MBTA Internal Costs:		
Policy & Strategic Planning	\$200	---
Fare Revenue Department	\$400	\$300
Technology Innovation Department	\$580	\$150
Customer & Employee Experience	\$580	\$310
<i>Contingency</i>	\$1,700	\$590
Total Administrative Costs	\$4,200	\$2,900

Community-Based Partner

- In-person application support, back-office identity & eligibility verification, and marketing & engagement activities

Fare Collection Technology

- Fare collection system software update
- Reduced fare CharlieCard fulfillment

Policy & Strategic Planning

- Project management, Title VI equity analysis, and public engagement

Fare Revenue Department:

- Increased staffing for program management, including new Reduced Fares Specialist

Technology Innovation Department:

- Online application design, build, and maintenance

Customer and Employee Experience:

- Marketing and communication
- CharlieCard Store and Call Center staff & support

Note: Due to project timeline, \$800 thousand of the planned FY24 implementation funding is scheduled to be spent in FY25



The RIDE Overview

- The RIDE is the MBTA's paratransit service, as mandated by ADA and shaped by FTA guidelines.
 - It provides door-to-door, shared ride, public transit service to customers unable to use the fixed route some or all of the time due to a disability.
 - It is highly personalized, small vehicle transit.
- RIDE customers must go through an eligibility process every 3 years.
 - The process includes an in-person interview, physical/cognitive assessments, and/or medical professional verification depending on the conditions reported.
- The RIDE has 30,000 active customers
 - 15% use a wheelchair or powerchair
 - 67% are age 65+
- RIDE customers can take an unlimited number of trips within the service area by making a reservation 1-5 days in advance.
 - Demand is highly price elastic.
 - The RIDE is required to complete all reserved trips.
 - Trip routes are determined the night before to accommodate all reserved trips for the following day.
- The RIDE's expenses are variable relative to the fixed route.
 - Costs increase in direct proportion to ridership at a rate of \$75-90 per trip



Low-Income Fares on The RIDE

The low-income fare program will be the first MBTA reduced fare program to include the RIDE. The RIDE is unique in its ridership (high percentage low-income and senior, and 100% with disabilities) and cost structure (highly variable with ridership). Fares cover a small fraction of the operational costs on the RIDE.

	Annual (FY25)
Program Usage on The RIDE:	
<i>Enrolled Riders</i>	<i>28 thousand</i>
<i>Additional Induced Trips</i>	<i>168 thousand</i>
Costs:	
Fare Revenue Loss	\$1.5 million
Induced Operating Costs	\$13 million
Total RIDE Costs	\$15 million

Demographics Assumptions:

- The vast majority of RIDE customers are over the age of 65 or have incomes below 200% of FPL. Our analysis assumes very high participation rates for eligible RIDE customers due to high touch relationship.

Fare Structure:

- RIDE fares for ADA trips (\$3.35) are federally capped at 2x the full fares of equivalent fixed route transit services. Low-income and Senior RIDE users will now be eligible for \$1.70 fares, inducing significant demand.
- The low-income fare program will launch with reduced fares on ADA trips. Future analysis will consider possible expansion to Premium (\$5.60) and Flex fares (\$3 plus any cost over \$43)



Additional Proposed Changes

In addition to low-income fares, staff recommend two changes to improve MBTA fares while meeting upcoming technological limitations.

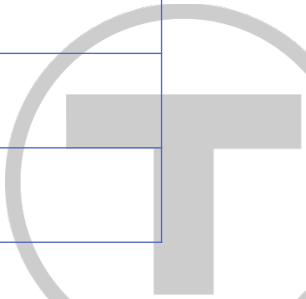
Change	Description	FY25 Revenue Impact
Replace Change Tickets with CharlieCards	Due to obsolete technology, migrating riders from “change tickets” for cash overpayment on bus and trolley fareboxes to CharlieCards	N/A
Make \$10 Weekend Pass Holiday Expansion Permanent	Expand existing unlimited weekend commuter rail rides for \$10 to include holidays (currently a pilot fare program) to increase ridership on trains with capacity	Up to +\$50 Thousand

These changes will be implemented as soon as March 2024. The Board will be asked to improve the entirety as a “package” of fare changes.



Fare Change Process and Engagement

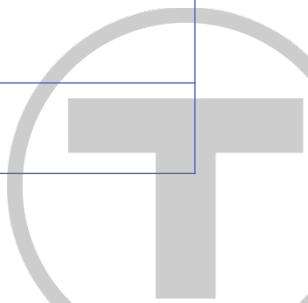
Date	Key Activities
<i>January 19</i>	<ul style="list-style-type: none"> • Brief MBTA A&F Subcommittee • Open public comment period and website with information
<i>January 24</i>	<ul style="list-style-type: none"> • Release Community Partner RFP to support LIF
<i>January 25</i>	<ul style="list-style-type: none"> • Brief MBTA Board
<i>January 19 – February 29</i>	<ul style="list-style-type: none"> • Brief external partners and interest groups • Host 8 public meetings, in various locations, times, and languages • MBTA Staff & partners complete required Title VI Equity Analysis
<i>February 1 – 5</i>	<ul style="list-style-type: none"> • Post Draft Title VI Equity Analysis
<i>February 29</i>	<ul style="list-style-type: none"> • Close public comment period
<i>March 6</i>	<ul style="list-style-type: none"> • Post summary of Public Comment
<i>March 6 – 16</i>	<ul style="list-style-type: none"> • MBTA staff can revise any proposed changes based upon public feedback
<i>March 28</i>	<ul style="list-style-type: none"> • <u>Full MBTA Board vote</u> on fare changes
<i>March - September</i>	<ul style="list-style-type: none"> • <u>Launch changes</u>



Upcoming Public Meetings

Staff have planned eight public meetings across the MBTA service area. Please visit mbta.com/2024farechanges or reach out to publicengagement@mbta.com with any questions.

Date	Time	Location	Address
January 29	6:30-8:30pm	Lowell	Pollard Memorial Library, 401 Merrimack St., Lowell
February 1	6-8pm	Dorchester	Cristo Rey High School, 100 Savin Hill Ave, Dorchester
February 5	6-8pm	Roxbury	Dewitt Center, 122 Dewitt Drive, Roxbury
February 7	6-8pm	Brockton	Brockton Public Library, 304 Main St, Brockton
February 12	6-8pm	Mattapan	Mildred Avenue Community Center, 5 Mildred Ave, Mattapan
February 13	6-8pm	Worcester	Worcester Public Library, 3 Salem Square, Worcester
February 20	6-8pm	Chelsea	La Colaborativa, 318 Broadway, Chelsea
February 27	6-8pm	Virtual	Virtual



Appendix A: Low-income fares



Low-Income Fares Program

- The low-income fare program would provide the existing reduced fare menu of prices (~50% off) to low-income riders. Staff are currently analyzing the impact of income cutoffs from 100 to 300% of the federal poverty level (FPL).
 - Low-Income fares will apply to all modes, including commuter rail and paratransit
- The low-income fare program is projected to grow to serve up to 62 thousand riders (assuming a 200% FPL cutoff) over the first 5 years. We expect enrolled riders to increase trip making by 25-30%.¹



Low-Income Fares: Community Partner Support

The MBTA plans to release an RFP for a community partner to support the low-income fare application process & program

In-Person Application Support

- For riders who do not have access to a computer or prefer to apply in person, the Community Partner would provide in-person application support across the MBTA service area

Back Office Verification

- The MBTA plans to accept proof of identity and eligibility through uploaded documentation if a rider is not automatically enrolled via the integrations with the RMV and EOHHS
- The Community Partner would staff a back office to review and confirm enrollment for these riders

Marketing & Engagement

- In addition to MBTA staff efforts, the Community Partner would amplify outreach via attendance at community events and use of existing networks

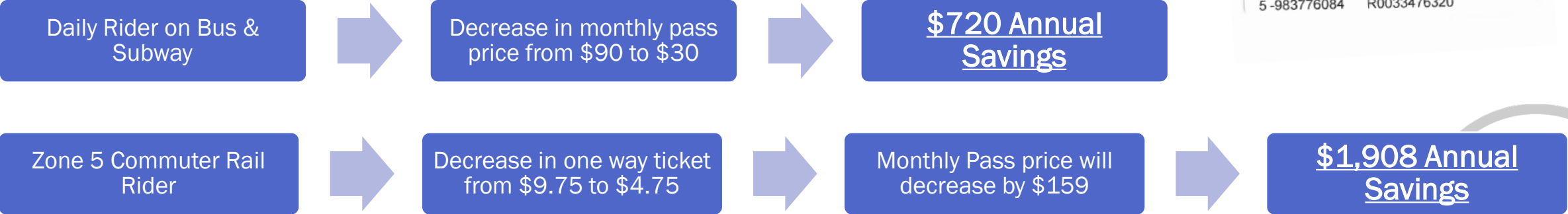


Low-Income Fares: Rider Experience and Savings

- Riders enrolled in the program would be mailed a CharlieCard that will be valid for approximately half fares
 - When loaded with stored value, tapping the card at a fare gate or farebox would deduct approximately half of our full fare levels
 - When used at a Fare Vending Machine, riders would see discounted pass prices on **all modes**
 - For RIDE users, standard trips would be 50% off (\$1.70 vs. \$3.35)



Example Rider Savings



Appendix B: Other changes



Replace Change Tickets with CharlieCards

MBTA plans to remove the Change Ticket functionality on March 1, 2024 and stock CharlieCards on buses to store cash overpayment

Drivers of Action

- If a rider overpays with cash onboard a Bus, Green Line, or Mattapan Line vehicle by more than \$0.50, the farebox issues a CharlieTicket with stored value as change (a “Change Ticket”).
 - 10-15 thousand change tickets are issued per month
- This functionality is going away due to obsolescence of certain elements of fare collection technology (magnetic stripe, or magstripe, paper tickets).

Additional Mitigating Actions

- **No other transit agency issues change for overpayment.**
- Stock CharlieCards on buses in a dispenser near the farebox
 - Riders will be able to take a CharlieCard and load cash onto the CharlieCard. Pilot launched on 100 buses in November 2023.
- Update all fareboxes to only accept small bills (\$1 and \$5) to reduce the impact on riders

Timeline

- Begin pilot on March 1 due to end-of-life technology; permanent change pending board vote on this fare change package, scheduled for March



Commuter Rail Holiday Pass

MBTA plans make permanent the CR \$10 Weekend Pass on all federal holidays

Ongoing Pilot

- The MBTA is currently conducting a fare pilot to test an expansion of the Commuter Rail \$10 Weekend Pass to include federal holidays.

Observed Impact

- On holidays CR trains have capacity to carry more riders.
- The pilot has generated approximately +\$50k in net revenue and positive ridership to date.
- Holidays that have a lower impact on Commuter Rail ridership patterns are more likely to be net revenue negative due to product switching from more expensive single ride products to the \$10 pass.

Impact

- On a projected annual basis, this change will increase ridership and have minimal revenue impact (\$0 to +\$50 thousand).

