



**Massachusetts Bay  
Transportation Authority**

# Proposed Fare Change Package

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MBTA Board Meeting  
January 2024

Steven Povich, Senior Director of Fare Policy & Analytics

# Meeting this Moment

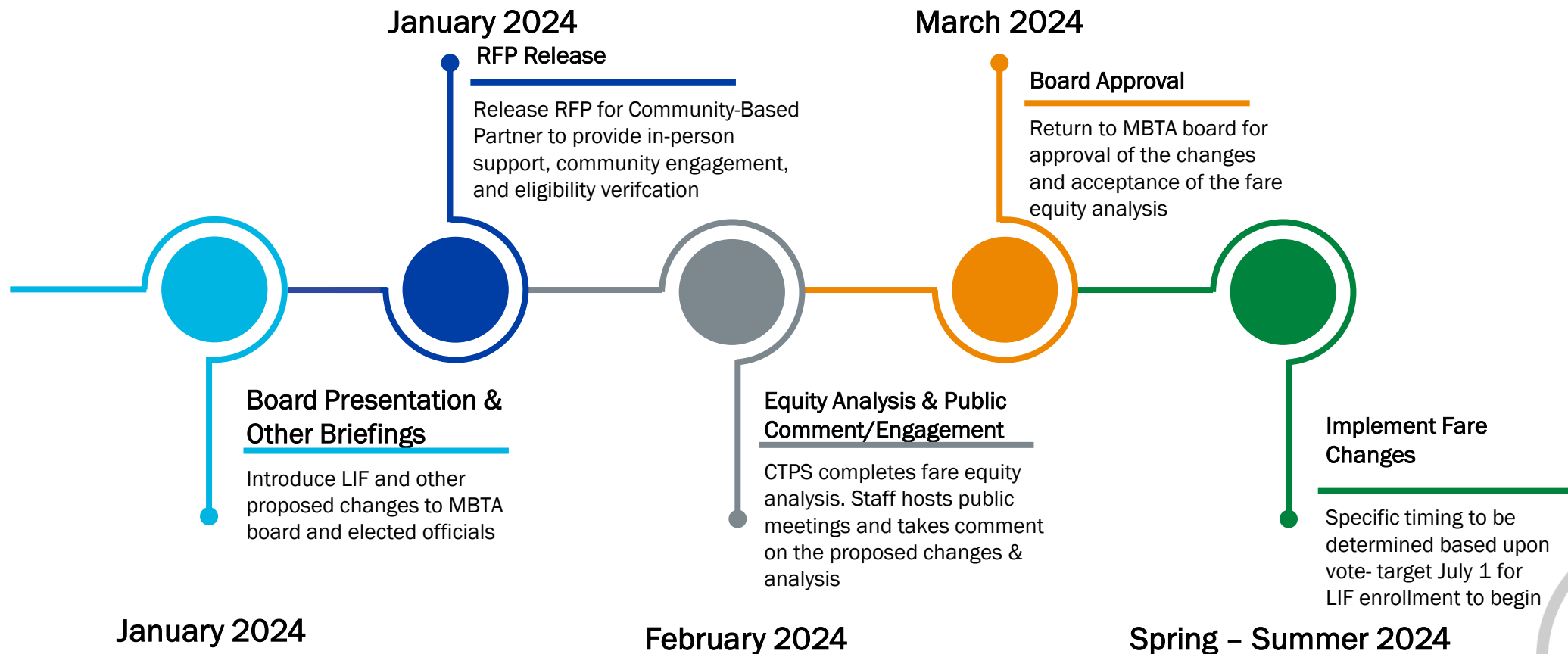
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- **Low-Income Fare (LIF) Overview:** Building from Governor Healey’s initial budget request, MBTA staff have been building a low-income fare program. This program will provide approximately 50% off tickets and passes for low-income riders across the 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.<sup>1</sup>*



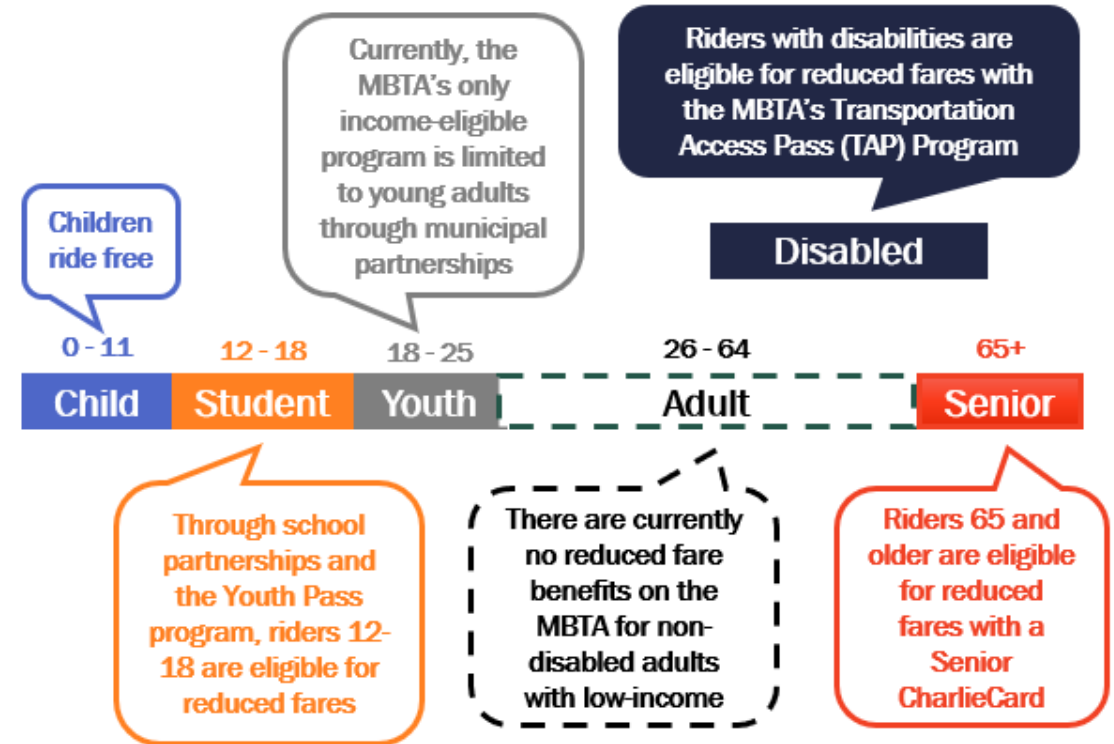
1. Changes leverage the [MBTA Fare Policy](#), approved December 21, 2015



# Context on Fare Affordability

- The MBTA has several reduced fare programs<sup>1</sup>
  - 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



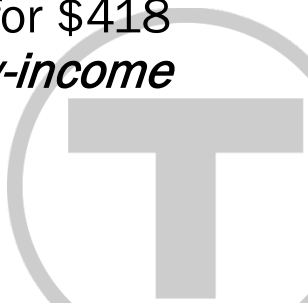
<sup>1</sup> Users active with at least one fare validation in Q4 FY23



# 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

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*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
<b>Enrolled Riders</b>					
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
<b>Additional Trips</b>					
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
<b>Fare Revenue Loss</b>	--	\$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
<b>Operational Costs</b>	--	\$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
<b>Initial Program Design &amp; Ongoing Administration Costs</b>	\$4.2	\$2.9	\$2.9	\$3.0	\$3.1	\$3.2
<b>Total Program Costs</b>	<b>\$4.2</b>	<b>\$23 - \$26</b>	<b>\$33 - \$40</b>	<b>\$40 - \$50</b>	<b>\$47 - \$58</b>	<b>\$52 - \$62</b>

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

## 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.*

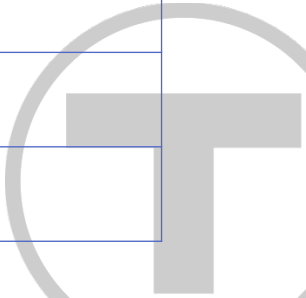
Change	Description	FY25 Revenue Impact
Replace Change Tickets with CharlieCards	Due to obsolete technology, migrating riders from “change tickets” for cash overpayment on bus and trolley fareboxes to CharlieCards	N/A
Make \$10 Weekend Pass Holiday Expansion Permanent	Expand existing unlimited weekend 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

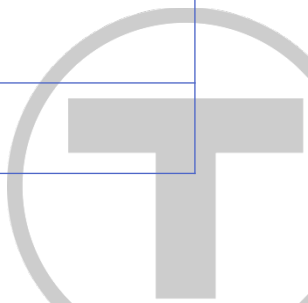
Date	Key Activities
<i>January 19</i>	<ul style="list-style-type: none"> <li>• Brief MBTA A&amp;F Subcommittee</li> <li>• Open <b>public comment period</b> and website with information</li> </ul>
<i>January 24</i>	<ul style="list-style-type: none"> <li>• Release Community Partner <b>RFP</b> to support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



# Upcoming Public Meetings

Staff have planned eight public meetings across the MBTA service area. Meetings will be accessible and available in several languages. Please visit [mbta.com/2024farechanges](https://www.mbta.com/2024farechanges) or reach out to [publicengagement@mbta.com](mailto: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

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- 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%.<sup>1</sup>



# 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

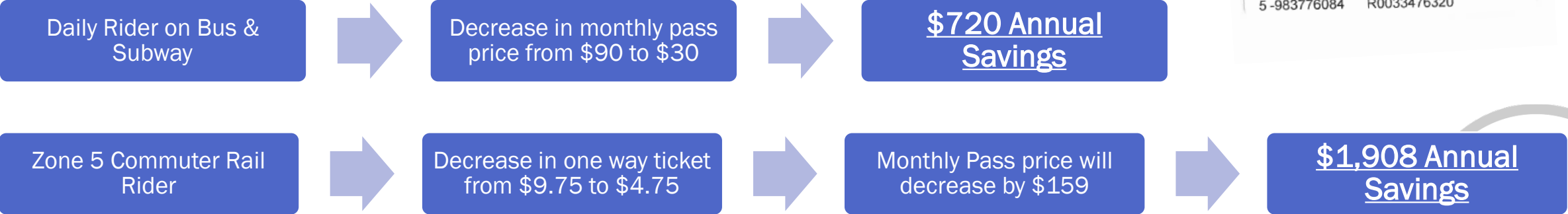


# Low-Income Fares: Rider Experience and Savings

- 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 commuter rail 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).

