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Regional Means-Based Transit Fare Pricing Study

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Technical Memorandum #1: Policies and Conditions

Prepared for



METROPOLITAN
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COMMISSION

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1.0 Introduction

The Metropolitan Transportation Commission's (MTC's) Regional Means-Based Transit Fare Pricing Study has been undertaken to develop scenarios for funding and implementing a regional means-based transit fare program or programs in the nine-county Bay Area, and to determine the feasibility of implementing the scenarios.

MTC has been involved in identifying potential affordability barriers to transit for low income riders and promoting solutions through various regional planning and policy initiatives for more than ten years. These include the Coordinated Public Transit-Human Services Transportation Plan, the Lifeline Transportation Program, and the 2012 means-based fare discount funding requests, the Regional Transportation Plan, the Transit Sustainability Project, and the Community Based Transportation Plans. Although MTC does not determine specific fare policies for individual transit operators, MTC does have statutory authority to promote regional transit fare coordination.

The goal of the Regional Means-Based Transit Fare Pricing Study is to answer three interrelated questions:

- Is there a way to make transit more **affordable** for the Bay Area's low income residents?
- How can the region best move towards a more **consistent regional standard** for fare discount policies?
- Is there a transit affordability solution that is **financially viable and administratively feasible**, and does not adversely affect the transit system's service levels and performance?

Participating Bay Area agencies recognize the value of regional collaboration to answer these questions. Their insights, along with lessons learned from other regions, and attention to new approaches and new ways to manage existing programs, will be important considerations in this study. Furthermore, by documenting the regional need for affordability and the value delivered through affordability programs, this study will attempt to align program value with potential funding sources.

This technical memo provides the results of the first phase of the study, which has included discussions with Bay Area social service agencies, a review of existing means-based fare discounts offered by Bay Area transit providers, and research into other means-based pricing and transit affordability programs in North America. As such, it includes a description of the existing conditions and policies in the Bay Area that have implications for low income residents as well as means-based programs that have been undertaken in other regions and by other sectors. It also includes a statement of the project goals and the results of discussions of project objectives with study stakeholders and potential performance measures for use in assessing how well proposed policy changes meet study goals and objectives.

1.1 Transit and Transportation Affordability for Low Income Travelers

An objective of this technical memorandum is to provide an understanding of affordability issues for low income transit users. This section summarizes MTC's previous work on this issue as well as some of the literature on transit and transportation affordability in the Bay Area.

1.1.1 Previous MTC Planning and Policy Work

MTC has been involved in identifying potential affordability barriers to transit for low income riders and promoting solutions through various regional planning and policy initiatives for more than ten years.

These include the following:

- **Coordinated Public Transit-Human Services Transportation Plan for the San Francisco Bay Area:** MTC’s Coordinated Plan cites transit fares, especially distance-based fares for long trips, monthly passes requiring high up-front costs, and certain transfer policies, as being barriers to mobility for some low income persons. These findings are supported by numerous Community Based Transportation Plans sponsored by MTC throughout the region since 2002. The original Coordinated Plan, adopted in 2007, identified subsidized fares for low income riders and youth as a regional priority to address affordability barriers. The Coordinated Plan Update, adopted in March 2013, reaffirmed these needs and identified such discounts or subsidies as a regional priority while noting the potentially high costs and implementation barriers for such programs.
- **Regional Transportation Plan:** The current Regional Transportation Plan, Plan Bay Area, and its predecessor, Transportation 2035 (adopted in 2009), both identify improving affordability of housing and transportation for low income households as a key regional policy objective. Research included in the Plan Bay Area Equity Analysis Report showed that between 2000 and 2010, the inflation-adjusted cost of the average transit fare paid per trip in the region rose 34% while inflation-adjusted per-capita income fell by 12%. These findings suggest that over the past decade, those who use transit have been paying steadily more to ride even while incomes have fallen in real terms.
- **Transit Sustainability Project:** In 2012, MTC adopted the Transit Sustainability Project (TSP) recommendations, aimed at improving the overall financial stability of the region’s transit system in a constrained funding environment. The financial sustainability of the transit operators is a key part of the context for the regional study of means-based fare policies. Pursuant to MTC Resolution No. 4060, one of the TSP recommendations is related to the uniformity of fare discounts:

Consider fare policies focused on the customer that improve regional/local connections . . . Continue to work towards a more consistent regional standard for fare discount policies and minimize transfer penalties so that passengers can choose the most optimal route for their transit trip.

1.1.2 Literature Review

Other studies in the Bay Area have assessed transportation affordability and provided recommendations to improve mobility, including:

- Asha Weinstein Agrawal and Evelyn Blumenberg, “Getting Around When You’re Just Getting By: The Travel Behavior and Transportation Expenditures of Low income Adults,” Mineta Transportation Institute Report 10-02, 2010.

- “Transportation Spending by Low income California Households: Lessons for the San Francisco Bay Area,” Public Policy Institute of California, 2004.
- “Bay Area Housing and Transportation Affordability: A Closer Look,” Metropolitan Transportation Commission, 2009.
- “Translink for Transit Oriented Development (TOD): Pilot Project Evaluation and Recommendations for Future Implementation,” Metropolitan Transportation Commission, 2010.
- Marin County, “Ride & Roll Evaluation Report,” 2004.
- Noreen McDonald, Sally Librera, Elizabeth Deakin and Martin Wachs, “Low income Student Bus Pass Pilot Project Evaluation: Final Report,” University of California Institute of Transportation Studies, 2003.

The following are some of their key findings from the research that are directly relevant to this study:

Barriers to Mobility. Transportation is the third-largest budget item for low income households in California’s metropolitan areas. For low income households, only housing and food expenditures constitute larger budget shares than transportation expenditures.

Low income individuals evaluate the time and financial costs of different travel modes as well as the associated benefits when considering transportation options. Although low income households may find ways to cover their transportation expenditures, there are trade-offs that have negative effects on their lifestyles, including increased stress and anxiety about ability to pay, reduced expenditures on necessities such as food, inability to participate in discretionary activities, and spatial entrapment in the neighborhood around their homes.

Household transportation costs also vary by location in the Bay Area. Transportation costs are lower in more dense communities where households can use transit to get around, such as San Francisco and Oakland. Communities with the highest transportation costs have lower densities and few alternatives to the automobile because transit service is not as readily available, such as Napa and Solano counties. Avoiding or reducing dependency on vehicle ownership has a significant economic benefit for low income households.

Regardless of mode, the majority of low income households’ transportation dollars are spent on non-discretionary travel (any trip made for work, school, or other purpose necessary for livelihood maintenance).

Commuting Patterns. Commuting travel behavior differences between low income and non-low income households suggest that the costs of vehicle ownership and operation are prohibitive for many low income households. Transit costs may also be a barrier for some low income subgroups.

Low income commuters are less likely than other workers to drive alone and more likely to carpool, walk, or take transit. Although there are large differences in vehicle use rates across income levels, driving alone is still the most common way to commute for low income workers, with over half of low income commuters driving alone to work.

Differences in mode choice between income groups are closely linked to differences in residential location. The distribution of mode choice is fairly similar for low- and higher income commuters living in

the same neighborhood. Given the transit dependency of low income households and the low number of non-discretionary trips, low income transit riders are generally less sensitive to fare changes. Instead, service coverage and frequency appear to be the greatest obstacles to transit use—as is the case for all income levels.

Alternatives to Existing Transit Fare Structures. The research suggests alternatives to existing fare structures to improve transit affordability. These recommendations include:

- A distance-based transit fare instead of a flat fare may be more equitable. Flat fare structures disproportionately subsidize long-distance, peak, and rail travelers, who are generally not low income people. Low income transit riders on average, make more trips, transfer more frequently, and travel shorter distances and during the off-peak than higher-income riders. Fares that vary by distance, time of day, and transit mode to reflect differences in costs could substantially reduce the transit cost burden for low income users.
- Low income transit users would benefit from discounted or subsidized passes for riders who demonstrate incomes below a particular threshold. However, it is recognized that these programs can be administratively onerous. Poverty advocates are also concerned that such passes can stigmatize users and exclude undocumented residents. Efforts to minimize the distinction between low income and general transit riders are imperative. The recommendations from the AC Transit youth pilot suggest linking a program to existing programs, such as the Free and Reduced Lunch Program (FRL). However, a legal opinion would be required to determine whether information could be shared.
- Spreading the costs of monthly and annual pass payments over time or transitioning to rolling monthly passes could also help low income riders that cannot afford the upfront costs to purchase passes and provide riders the flexibility to purchase passes at times of the month that they do not have to pay other bills (housing, utilities, etc.), typically at the beginning of the month. Monthly pass accumulators or “best fare” structures that cap a transit rider’s fare at the monthly pass price can greatly improve affordability by minimizing the upfront cost.
- Providing free or discounted interagency transfers can also improve affordability for low income transit riders that may use multiple transit operators to complete their trips. When transit transfers are not free or discounted, low income workers with complex commutes may be especially affected.
- Offering discounted or free passes instead of discounted fares provides transit riders with greater flexibility and ease of use. Since the majority of low income travel is for non-discretionary trips, offering free or discounted monthly passes can help incentivize discretionary trips. In the 2008 Translink for Transit Oriented Development pilot between MTC and AC Transit, providing free AC Transit passes to residents in below-market-rate developments induced discretionary trips. Participants visited new destinations with the free pass, often with other household members. In addition, the pilot found an increase in transit use and reduction in trips made by a private vehicle, promoting other regional goals.

- Several of the pilot studies recommend the use of electronic fare cards, such as the Clipper smart card, to distribute long-term subsidies, as well as monitor and analyze the program. However, MTC and transit operators need to be aware that technical problems with an electronic card that can force rider to pay the regular fare.
- Charging a nominal amount for trips or passes can help offset costs of the program, increase the likelihood of the program’s continuation, and minimize abuse while still providing a significant benefit.

1.2 Structure of this report

This report is organized into eight sections and two appendices:

- Section 2.0: Means-Based Testing Programs – examples of programs developed to address the needs of low income persons in sectors other than transit
- Section 3.0: Bay Area Transit Fare and Discount Policies – a review of Bay Area transit operators’ existing fare and discount policies
- Section 4.0: Means-Based Transit Fare Programs – examples of transit programs to improve affordability for low income riders, both locally and nationally
- Section 5.0: Role of Social Service Organizations in Low Income Transit Programs – information from Bay Area social service agencies on their roles today in providing transit access for their clients
- Section 6.0: Transit Use by Low Income Populations – description of the travel behavior of low income populations in the Bay Area
- Section 7.0: Funding for Low Income Transit Fare Programs – information from Bay Area social service agencies and transit operators on funding sources for low income client transportation and program administration
- Section 8.0: Regional Goals & Objectives for Low Income Transit Fare Programs – recommendations on goals and objectives to guide the development of a low income fare program for the Bay Area
- Appendix A: Findings from Information Gathering Discussions with Social Service Agencies – additional details on outcomes from interviews and the information gathering session with stakeholders discussed in Section 5.0
- Appendix B: Low Income Transit Programs – additional information about low income transit programs discussed in Section 4.0

2.0 Means-Based Testing Programs

Means-based testing is used in a variety of different sectors as they have developed programs to address the needs of low income persons. These programs are implemented in areas ranging from transportation tolling, utilities, and housing to educational loans, healthcare, and social services. Additionally, program administration occurs at every level of government: federal, state, regional, and local. There are numerous examples of means-based testing programs throughout the United States and worldwide but this section focuses on examples from a select group of industries. Exhibit 1 summarizes nine means-based testing programs within transportation and non-transportation policy areas, highlighting eligibility requirements, program benefits, and method of benefit delivery.

2.1 Eligibility Requirements

Despite crossing several sectors, almost all programs have income-based eligibility requirements, with many based on the Federal Poverty Level (FPL). When an income threshold is not specified, programs may require enrollment in other low income assistance programs for eligibility. For example, the Illinois Tollway I-Pass Assist program, which does not specify a maximum income, requires the participant to be enrolled in Medicaid or Illinois Link Card Program, the State's Electronic Benefit Transfer (EBT) card offering medical/cash assistance and/or food stamps, both of which have maximum income thresholds.

All programs verify eligibility through documentation that proves income status or enrollment in other low income programs. Programs that are income based but allow eligibility under other conditions are the Federal Student Aid Income Based Repayment (IBR) Plan, Medi-Cal, California LifeLine and CalWORKs. CalWORKs has the most stringent eligibility requirements amongst these nine programs, requiring compliance with several conditions such as legal status, amount of money in a bank, and citizenship.

Documents commonly used to verify income or enrollment in low income programs include:

- Bank account statements
- Federal/state tax returns
- Statement of benefits for Social Security or Veterans Administration
- Alimony/child support documents
- Paycheck stubs
- Unemployment checks
- Award/eligibility letters for social services, such as Medi-Cal

Exhibit 1: Low income Programs Across Sectors

Program	Eligibility Requirements	Program Benefits	Benefit Delivery
Transportation			
<i>Bridge Tolling</i> Illinois Tollway: I-Pass Assist	Enrollment in Medicaid or Illinois Link Card Program (EBT card)	Provides one-time discount of \$20, \$10 deposit and \$10 in prepaid tolls.	Transponder
<i>HOT Lanes</i> Metro Los Angeles ExpressLanes: Low Income Assistance Plan	Los Angeles County resident and have household income equal to or less than 200% of 2015 Federal Poverty Level (FPL)	Provides one-time \$25 credit applied to prepaid toll or transponder deposit. Maintenance fee of \$1/month is waived.	Transponder
Utilities			
<i>Gas & Electricity</i> PG&E: California Alternate Rates for Energy (CARE)	Maximum household total annual income for 1-2 persons equal or less than \$31,460. Each additional person adds \$8,120 to maximum household income <u>OR</u> Participation in qualifying public assistance programs: Medicaid/Medi-Cal; Supplemental Security Income (SSI); CalFresh/SNAP (Food Stamps); Low Income Home Energy Assistance Program (LIHEAP); Women, Infants and Children (WIC); Medi-Cal for Families (Healthy Families A&B); CalWORKs (TANF) or Tribal TANF; National School Lunch Program (NSLP); Bureau of Indian Affairs General Assistance; Head Start Income Eligible (Tribal Only)	Provides at least a 30% discount on monthly bill for gas and electricity customers, or at least a 20% discount on monthly bill for gas-only customers.	Reduced monthly utilities bill

Program	Eligibility Requirements	Program Benefits	Benefit Delivery
<p><i>Telephone Service</i> California LifeLine</p>	<p>Enrollment in Medicaid/Medi-Cal, Low Income Home Energy Assistance Program, Social Security Income (SSI), CalWORKs, Welfare to Work (WTW), Greater Avenues for Independence (GAIN), Federal Public Housing or Section 8, CalFresh, Food Stamps, or Supplemental Nutrition Assistance Program, Women, Infants and Children Program (WIC), National School Lunch Program (NSL), Temporary Assistance for Needy Families (TANF), Tribal TANF, Bureau of Indian Affairs General Assistance, Food Distribution Program on Indian Reservation <u>OR</u> Maximum household income for 1-2 Persons must be equal or less than \$25,500. Each additional person per household adds \$6,200</p>	<ul style="list-style-type: none"> • Provides monthly flat or measured rate or cell phone service discount of up to \$12.65. • Provides service connection and/or conversion discount of up to \$39. • Exempt from paying the public purpose program surcharges, CPUC’s user fee, federal excise tax, local franchise taxes, and State 911 tax associated with their telephone service. • Discounts on two telephone lines for teletypewriter (TTY) users and Deaf and Disabled Telecommunications Program participants are allowed. 	<p>Reduced monthly telephone bill</p>
Housing			
<p>U.S. Department of Housing and Urban Development (HUD) Housing Choice Voucher Program Section 8</p>	<p>Family income may not exceed 50% of median income in county or metropolitan area</p>	<p>Provides housing subsidy. Family pays difference between actual rent charged by landlord and amount subsidized by program.</p>	<p>Housing voucher</p>
Education			
<p>Federal Student Aid Income Based Repayment (IBR) Plan</p>	<p>Payment under IBR (based on income and family size) must be less than payment under the Standard Repayment Plan with a 10-year repayment period; and be a new borrower as of Oct. 1, 2007, and have received a disbursement of a Direct Loan on or after Oct. 1, 2011</p>	<p>Reduces monthly payment amount.</p>	<p>Decreased monthly payment amount</p>

Program	Eligibility Requirements	Program Benefits	Benefit Delivery
Health			
Medi-Cal	Must qualify under one or more of the following conditions: <ul style="list-style-type: none"> • 138% of FPL • 65 and older • Blind • Under 21 • Pregnant • In skilled nursing or intermediate care home • On refugee status • Parent or caretaker relative or child under 21: if child's parent is deceased, doesn't live with child, if child's parent is incapacitated or child's parent is under/unemployed • Screened for breast or cervical cancer • Enrolled in CalFresh, SSI/SSP, CalWORKs, or Foster Care 	Provides needed healthcare services at free or low-cost.	Benefits Identification Card (BIC)
Social Services			
CalFresh	200% of FPL	Issues monthly cash benefits to be used at many markets and food stores.	EBT card

Program	Eligibility Requirements	Program Benefits	Benefit Delivery
CalWORKs	<p>Must fulfill all the following requirements:</p> <ul style="list-style-type: none"> • California resident • U.S. Citizen or lawful immigrant • Have eligible child(ren) or are pregnant and both parents absent from home or if principal wage earner is unemployed or working less than 100 hours/month • Have social security number or applied for one • Net monthly incomes less than maximum aid payment for family size • Less than \$2,250 in cash, bank, accounts, and other resources (\$3,250 if disabled or 60 years or older) • Provide proof of immunizations for all children under age of six • Cooperate with child support requirements • Participate in welfare-to-work (WtW) activities • Perform 20 hours per week of WtW related activities for single-adults with child under six years old or 30 hours per week for single-adults 	<p>Provides monthly cash aid and services, which may include transportation allowance in the form of bus passes, train fare, or payment for miles driven.</p> <p>Recipients may receive CalWORKs benefits for up to 48 months before “timing out.”</p>	EBT card

The U.S. Department of Housing and Urban Development (HUD) Housing Choice Voucher Section 8 program and CalWORKs require more comprehensive income verification than the other programs reviewed. Unlike the other programs that simply require records of income, the HUD Housing Choice Voucher Section 8 program conducts eligibility verification through its Enterprise Income Verification (EIV) System. EIV helps identify income sources and/or amounts that the tenant may not have disclosed. CalWORKs also has a more involved eligibility verification that includes an interview with an eligibility worker from the welfare office.

2.2 Program Benefits

Programs vary in the frequency with which benefits are delivered. Most are available on a one-time basis or monthly. In one case, benefits are individualized and offered on an ad hoc basis.

Programs that provide monthly benefits distribute them in two forms:

- a discount that provides a reduction of standard charges
- cash benefits in the form of vouchers or accounts accessible through EBT cards.

Transportation program benefits provide a combination of one-time discounts and on-going discounts. The Illinois Tollway I-Pass Assist provides a one-time \$20 discount. The Metro Los Angeles ExpressLanes Low Income Assistance Plan provides both a one-time \$25 toll discount and waives the on-going monthly \$1 maintenance fee. Metro's program is the only ExpressLanes or High Occupancy Toll (HOT) lanes project in the United States that provides a discount for low income drivers. For the Ohio River Bridget Project, Kentucky and Indiana considered a program to mitigate the effects of bridge tolls on low income and minority commuters in the Louisville area. Recently, the states decided not to set discount toll rates for low income drivers because they could lead to significant administrative and enforcement challenges.

The utilities and education programs provide reductions on standard charges. The Pacific Gas & Electric (PG&E) CARE and California LifeLine programs provide monthly discounts on bills and one-time discounts on certain services. The Federal Student Aid IBR Plan offers a reduction in monthly repayment amounts as compared to standard repayment methods.

The housing and social services programs provide cash benefits in the form of vouchers or accounts accessed through EBT cards. The HUD Housing Choice Voucher Program Section 8 monthly housing subsidy is provided using housing vouchers. CalFresh and CalWORKs provide monthly cash benefits using EBT cards.

Medi-Cal healthcare benefits are offered on an individual basis, depending on the type of care a participant would need, and thus do not fall under the one-time or monthly benefit categories.

2.3 Method of Benefit Delivery

Transportation programs, Illinois Tollway I-Pass Assist and Metro Los Angeles ExpressLanes Low Income Assistance Plan, deliver benefits through transponders. Utilities and the Federal Student Aid IBR Plan deliver benefits through reduced monthly gas and bills telephone bills or repayment amounts. Housing

and social services programs, Section 8, Medi-Cal, CalFresh, and CalWORKs, distribute benefits through housing vouchers, and Benefits Identification Card (BIC) and EBT cards, respectively.

2.4 Program Successes and Failures

In order to streamline means testing, the following assesses the program successes and failures of some of the existing means testing programs to capture eligible populations in the Bay Area. Opportunities to integrate into existing programs are being considered for the Bay Area Bike Share program. Currently, MTC is considering the development of a low income discount program for bike share, using the PG&E CARE program to establish eligibility. Expanding discounts to transit could further improve low income mobility for these eligible households.

CalFresh and CalWORKs are struggling to reach a significant penetration within their eligible populations. As of March 2015, the number of applications for CalWORKs participation has dropped, experiencing the lowest six-month rolling average since July 2009. Furthermore, as of January 2014 the share of California’s population receiving CalWORKs is about 3.5% statewide. Thus, CalWORKs may not be a good program to use in proving low income eligibility. Similarly, CalFresh has the lowest rate of participation amongst all fifty states, with approximately 50% of the eligible population is enrolled. Low enrollment is attributed to application barriers such as fingerprinting, excessive verification, and old forms and processes that require a significant amount of time. Furthermore, despite CalFresh’s new name and branding for food stamps, the stigma of receiving food stamps may still be present and could also contribute to the low penetration.

The PG&E CARE program and Medi-Cal are exceptional in their ability to recruit and maintain program participants. In 2003, PG&E CARE conducted a third party review of its administrative and outreach processes and implemented the study’s recommendations: tracking outreach effectiveness, providing materials in languages pertinent to local demographics, and streamlining the application process to prevent attrition. This third party study may have contributed to CARE’s high rate of penetration: 86% of its eligible population participates in PG&E Care. Approximately a quarter of the households in the Bay Area are enrolled. Exhibit 2 shows the percentage of households enrolled in the CARE program by county in the Bay Area.

Exhibit 2: Bay Area Households Participating in CARE

County	Households Participating in CARE	Households in County	% of Households Participating in CARE
Alameda	125,617	545,000	23%
Contra Costa	84,580	375,000	23%
Marin	12,553	103,000	12%
Napa	10,962	49,000	22%
San Francisco	63,613	346,000	18%
San Mateo	35,777	258,000	14%
Santa Clara	107,762	604,000	18%
Solano	40,868	142,000	29%
Sonoma	41,958	186,000	23%

Medi-Cal also has very high enrollment with approximately 11.3 million participants, accounting for about 1/3 of California's total population. Medi-Cal's success has its own challenges. With this high number of participants, special attention must be paid to limiting cost per enrollee while providing the high level of access to physicians and services.

California LifeLine is an example of how implementing income verification may require significant administrative effort. In April 2004, the Federal Communications Commission mandated that state programs that provide reduced rates for low income customers, such as California LifeLine, must verify eligibility. Before this mandate, carriers permitted customers to self-certify that they met the eligibility requirements. To comply with this new mandate, the Commission's Consumer Affairs Branch in Fall 2006 established an office in Sacramento with a team of ten positions to respond to the onslaught of 6,000 complaints per month. When the workload stabilized a few years later, permanent funding for seven full time positions was required to continue LifeLine operations for the entire state of California.

With the controversy surrounding equity and HOT lanes, it is surprising that the Metro ExpressLanes Low Income Assistance Plan has failed to reach a significant number of eligible households. Using the three-person household as an example of program reach, the Metro Low Income Assistance Plan is currently available to approximately 1,349,010 LA County low income households. Yet as of February 2015, only 5,730 households have enrolled. The program reaches less than one half of one percent of eligible households. A Metro survey revealed that only 5-7% of existing customers are aware of the program's existence.

2.5 Key Takeaways: Means-Based Testing Programs

Key findings from the programs reviewed here include the following:

- *Most programs have an income-based requirement with many based on the Federal Poverty Level (FPL).*
- *When an income threshold is not specified, programs require enrollment in other low income assistance programs for eligibility.*
- *Some programs that have income based eligibility also allow eligibility under other conditions, such as Medi-Cal, which requires an income level of 138% of FPL or enrollment in CalFresh, CalWORKs, Social Security Income, or Foster Care.*
- *CalWORKs has the most stringent eligibility requirements, and as a result is one of the programs accepted as eligibility for other programs (e.g., Medi-Cal and California LifeLine accept enrollment in CalWORKs).*
- *All programs accept the same types of documents for income verification, such as paycheck stubs, federal and state tax returns, and award letters from social service programs. Some programs (e.g., HUD Housing Choice Voucher Section 8 and CalWORKs) have more stringent requirements for verifying income.*
- *Program benefits are distributed on one-time, monthly, and ad hoc bases in the form of discounts and cash benefits, and are delivered through transponders, reduced monthly payments, housing vouchers, and EBT and BIC cards. Many of these are delivered electronically.*

- *With applications for CalWORKs on a downward turn for the past six years, CalWORKs is not a good program to use to prove low income eligibility. As of March 2015, the number of applications for CalWORKs participation has dropped for the past six years, experiencing the lowest six-month rolling average since July 2009. The share of the population receiving CalWORKs as of January 2014 is about 3.5% statewide.*
- *Third party evaluations are a valuable tool for identifying ways to improve program processes and outreach. PG&E contracted a third party to review its outreach and administrative processes in 2003 and implemented many changes in response to the evaluation. The evaluation aided the PG&E CARE Program in becoming a highly successful program, reaching 86% of its eligible households in 2009.*
- *Introducing income verification may require significant administrative effort. When the Federal Communications Commission mandated that state programs that provide reduced rates for low income customers, such as California LifeLine, verify customer eligibility, the Commission hired a team of ten full time employees to address the initial onslaught of LifeLine appeals and complaints. When the work stabilized after a few years, the Commission kept seven full time employees to continue the program.*
- *With high enrollment in a low income program, attention must be paid to limiting cost per enrollee, while providing access to services. Since Medi-Cal enjoys a very high enrollment of 11.3 million participants or approximately 30% of the California population, the program needs to balance service provision with resource allocation.*
- *Application barriers such as mandated fingerprinting, excessive verification, and old forms and processes prevent programs from reaching full penetration. CalFresh requires all these steps to participate in the program, preventing it from achieving a high penetration of its eligible population.*
- *Controversy regarding equity does not correlate with awareness of equity programs meant to mitigate the effect of HOT lanes. A lack of awareness of low income programs generates low participation rates by eligible populations. The Metro ExpressLanes Low Income Assistance Plan has not reached a significant number of households due to lack of awareness of the program. Less than 0.5% of eligible households are enrolled with only 5-7% of program participants aware of the low income program.*

3.0 Bay Area Transit Fare and Discount Policies

The following map, which was developed for the Regional Zonal Integrated Fare Study conducted for the Translink Consortium in 2008, illustrates the extent of public transit services operated in the Bay Area. Going forward, the map will be revised to incorporate changes that have occurred over the last seven years, such as the consolidation of Blue & Gold, Alameda Harbor Bay, Alameda Oakland, and Vallejo Baylink ferry services under WETA, and the consolidation of Benicia and Vallejo transit agencies in Solano County under Solano County Transit (SolTrans).

Exhibit 3. Bay Area Transit Demographics and Fare Discounts



Source: Booz Allen Hamilton, Integrated Fare Study, 2008

3.1 Bay Area Transit Demographics and Fare Discounts

Bay Area Transit fare and discount policies reflect local transit agency Board policies as well as federal requirements. Federal law is specific about two areas of discounts for transit systems that use federal formula funds. Specifically, elderly (including at a minimum all persons at least 65 years of age and older) and disabled passengers are required to receive a minimum 50% discount on fares during non-peak hours. There are currently no federal requirements for fare discounts for youth and low income persons. As shown in Exhibit 4, transit discount policies among the largest Bay Area transit providers vary considerably and often exceed the federally required discounts, as illustrated in the shaded cells.

Exhibit 4. Bay Area Transit Demographics and Fare Discounts

	Demographics*		Cash Fare Discounts***		Effective Adult Monthly Pass Discount****	Effective Discounts from Adult Monthly Pass Price		
	% Low Income Riders**	% Paying Adult Fare	Senior/ Disabled	Youth		Senior/ Disabled	Youth	Low Income
SFMTA	59%	85%	56%	56%	22%	66%	66%	50%
BART	28%	60%	63%	50% - 63%	N.A.	N.A.	N.A.	N.A.
AC Transit	78%	59%	50%	50%	6%	N.A.	73%	N.A.
VTA	73%	77%	50%	13%	13%	64%	36%	65%
SamTrans	77%	78%	50%	38%	20%	61%	44%	N.A.
Caltrain	22%	95%	51% - 55%	51% - 55%	34%	50%	50%	N.A.
Golden Gate Transit (excl. Marin)	12% (ferry) 47% (bus)	89% (ferry) 84% (bus)	50%	50%	N.A.	N.A.	N.A.	N.A.
Total (7 largest operators)	54%	72%						

*Source: Calculated based on weighted MTC transit rider survey results and VTA, SFMTA, and BART on-board/station surveys. VTA, SFMTA, and BART data integrated based on July 1, 2012 – June 30, 2013 ridership, as reported by SPUR.

**Household incomes below \$50,000 per year are considered “low income.” This roughly aligns to 200% of poverty for a family of four, and it is the lowest income threshold used in each of the surveys.

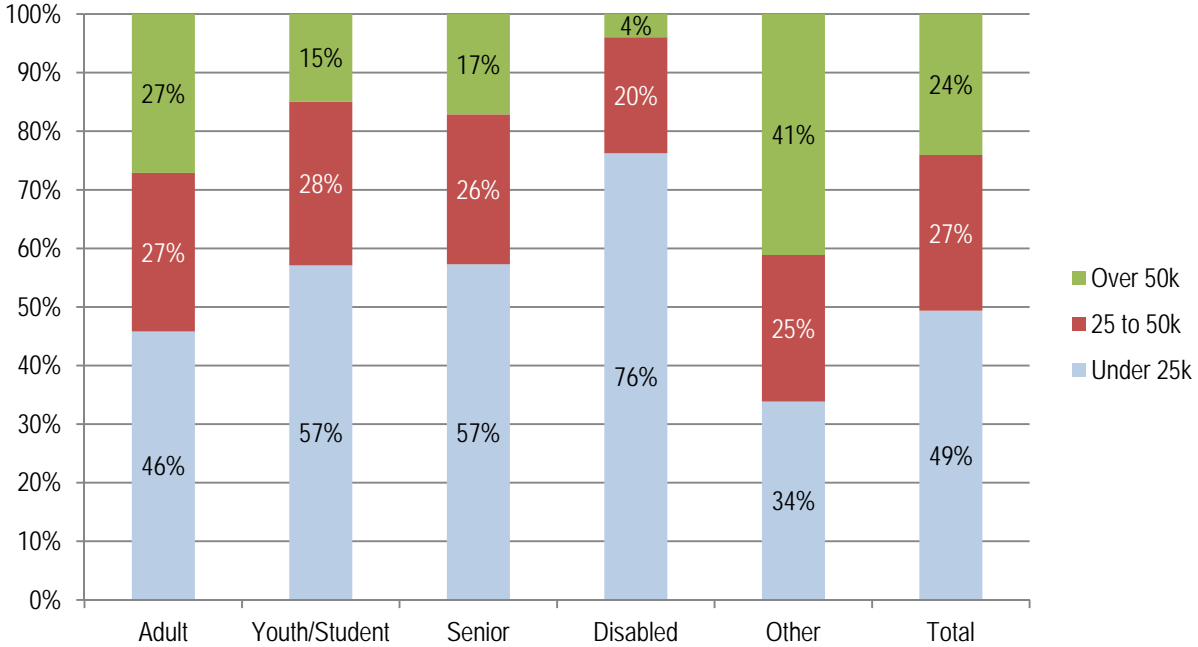
***Source: Published Operator Fare Schedules, as of July 2015

****Adult monthly pass discount based on a cash fare equivalent of 40 trips per month

Exhibit 5 shows that while discounts for disabled persons are a fairly good proxy for financial need, senior and youth discounts are less so. While 76% of disabled passengers are very low income, only 57% of seniors are. Youth riders are likely under-represented in these data, since riders under age 18 are commonly excluded from surveys. If the region is to consider a means-based discount approach for

specific operators or regionwide, then current discount policies that exceed federal requirements could be reevaluated in order to consider funding priorities.

Exhibit 5. Share of Passengers by Fare Category and Household Income Level










Note: Calculated based on weighted MTC transit rider survey results and VTA, SFMTA, and BART on-board/station surveys. VTA, SFMTA, and BART data integrated based on July 1, 2012 – June 30, 2013 ridership, as reported by SPUR.

3.2 Regional Transit Connection (RTC) Program

The RTC program is a regional transit program that qualifies persons with disabilities for discounted fares throughout the Bay Area. The Regional Transit Connection (RTC) Discount ID Card is available to qualified persons with disabilities and may be used as proof of eligibility to receive discount fares on fixed route bus, rail and ferry systems throughout the San Francisco Bay Area. Since the switch to Clipper, seniors are issued Senior Clipper cards and no longer receive RTC cards. The RTC Program does not apply to paratransit services.

While setting the discounts offered to RTC-certified disabled riders is the policy of each transit agency, many of the Bay Area transit operators accept the RTC card, and most agencies offer the RTC cardholders the same discounts as seniors. As such, the RTC program offers a model for regionwide program qualification. Exhibit 6 provides information on RTC participation and discounts by operator.

Exhibit 6. RTC Participation and Disabled Discounts

Bay Area Transit Operator		RTC Participation (Single Ride % Discount)
	AC Transit – Alameda-Contra Costa Transit District	50% Discount (73% on 20-trip pass)
	BART – San Francisco Bay Area Rapid Transit District	62.5% Discount
	Caltrain – Peninsula Corridor Joint Powers Board	50-55% Discount
	Golden Gate Transit – Golden Gate Bridge, Highway and Transportation District	30-50% - Bus Discount 5-50% - Ferry Discount
	SamTrans – San Mateo County Transit	50% Discount
	Muni – San Francisco Municipal Transportation Agency	67% Discount
	VTA – Santa Clara Valley Transportation Authority	50% Discount
County Connection – Central Contra Costa Transit Authority		50% Discount
Dumbarton Express		No*
FAST – Fairfield and Suisun Transit		No*
Marin Transit		
Petaluma Municipal Transit		50% Discount
Readi-Ride – City of Dixon		No
Santa Rosa CityBus		50% Discount
SolTrans – Solano County Transit (Benicia & Vallejo)		No*
Sonoma County Transit		50% Discount
SMART – Sonoma Marin Rail		TBD – Future
Tri Delta Transit – Easter Contra Costa Transit Authority		50% Discount
Union City Transit		No*
VINE – Napa County Transportation & Planning Agency		No*
Vacaville City Coach		No*
WETA – San Francisco Bay Ferry		Up to 50% Discount
WHEELS – Livermore Amador Valley Transit Authority		50% Discount

* Operator does not participate in RTC, but does offer up to 50% discount for senior, disabled, and Medicare riders in accordance with Federal requirements.

To receive an RTC discount Clipper card, customers may bring an RTC application with supporting medical documentation to most transit operator customer service centers throughout the region. Customers' photos are taken at the time of application, but applications are processed and eligibility is

assessed by a third party at a central processing center. A Clipper card with a photo ID is mailed to customers determined to be eligible, generally within three weeks. Customers then have the option to purchase discount fare products from any Clipper retail network partner and may also sign up for autoload features, minimizing the administrative burden for the transit operators and adding convenience for customers. RTC cards are activated for up to a maximum of five years. When the activation period expires, customers must resubmit medical and/or disability documentation.

Fifteen Bay Area transit agencies, including AC Transit, BART, Caltrain, Golden Gate Transit, SFMTA, SamTrans, and VTA, participate in the RTC Program. Since 1998, Cordoba Corporation has served as the processor for the RTC program on behalf of the region through a contract held by AC Transit as the lead coordinating agency.

3.3 Key Takeaways: Bay Area Transit Fare and Discount Policies

Key findings from the review of Bay Area transit fare and discount policies include the following:

- *Bay Area transit discount policies vary considerably and often exceed the federally required discounts.*
- *The Bay Area's Regional Transit Connection (RTC) program offers a model for regionwide program qualification.*
- *Discounts for disabled persons are a reasonably good proxy for financial need, but senior and youth discounts are less so.*

4.0 Means-Based Transit Fare Programs

Low income transit fare programs are evolving nationally as the demand for reduced fares for individuals with low incomes has increased, particularly since the economic downturn in 2008. In addition to Federally-mandated fare discounts¹, which may overlap with reduced fares available for individuals based on income, many transit operators have created programs to provide discounted fares specifically to low income riders. In some cases, these programs are built on the bulk ticket sales model and make fare products (typically tickets, tokens, and day passes) available to eligible organizations, such as social service and other government agencies, to redistribute to their low income clients. These programs depend on the capacity of these organizations to purchase and distribute fare products. Increasingly, transit operators are also developing solutions that provide better-managed benefits and ways to distribute them more broadly.

Transit operator low income programs are generally Board-approved fare policies intended to provide discounted products – usually monthly passes, day pass, or single-ride tickets – to low or moderate income riders. In several cases, transit operator programs are a collaboration with social service agencies, which may support the transit operator by qualifying individuals for discounted fares, distribution of reduced fare products, and/or some funding for the program.

This section describes first the Bay Area’s discount policies and programs and then low income programs that have been implemented by other U.S. transit operators. For this discussion, transit operator approaches to low income programs have been grouped into two categories:

- **Low income bulk ticket sales programs** – these programs are built on conventional ticket sales programs that allow organizations to purchase transit fare media in bulk at a discount, with the addition of requirements that the recipients must qualify on the basis of income to receive discounted fare products. Any subsidies may be shared by the transit operator (the discount provided to purchasing organizations) and the organization (any further discount provided to their recipients); recipients may also pay a portion of the cost. These programs are generally not intended to meet on-going needs, but rather are designed to meet occasional or emergency needs – e.g., to get a client to a job interview, a meeting with a counselor, or a medical appointment – for individuals who struggle to afford the price of a transit fare.
- **Other low income programs** – transit operators are also defining other solutions to manage and distribute low income benefits, while continuing to rely on outside organizations that routinely

¹ Transit operators that receive funding from the Federal Transit Administration are required to provide half fare discounts on cash fares to seniors, persons with disabilities, and Medicare recipients during off-peak periods. Most transit operators across the country exceed the federal mandate by extending the discount to students [and/or youth] and by offering it throughout the day and not just on cash, but also on fare products such as passes and tickets.

assess income eligibility as part of their case management workloads to manage the eligibility assessment and distribution of fares to low income clients. The programs in this second group tend to be unique to each transit operator and to provide assistance in meeting the on-going needs of the working poor – e.g., to get to work, to school, or to childcare.

4.1 Bay Area Low Income Transit Fare Programs and Policies

This section documents how local transit operators have implemented discount policies to reduce the fare burden on low income riders. This section draws upon previously documented fare policy, Clipper business rule and fare policy coordination, as well as a written survey of Bay Area operators asking specific questions about their specific discount programs. A synthesis of these different sources is the basis for identifying commonalities and differences among both programs and policies targeting low income riders.

Among Bay Area transit operators, existing means-based fare programs fall into the two categories described above. Bulk ticket sales programs involve a collaboration between transit operators and social service organizations to make transit fare products available for distribution to low income clients. Transit operator programs are led by and specific to the sponsoring transit operators, who manage the logistics and finances of the programs.

Exhibit 7 lists Bay Area transit agencies and notes their participation in low income and bulk ticket sales programs. Sources for the data include transit operator published information, Clipper fare policy documentation, and the transit operator survey. While the table provides a snapshot summary of local discount policies and low income fare programs, this information is often not available on agency websites, and so may not reflect the latest fare discounts and policies. Blank spaces in the table indicate that information was not provided in a survey response or found on a website. Of the 24 agencies surveyed, 13 have provided responses to date. The exhibit will be updated as operators submit responses.

Among the seven largest agencies, five offer bulk sales programs. Of those, only VTA offers a discount to the organizations that purchase fare products through this program. Among the smaller agencies that have responded to the survey, eight offer bulk sales programs – five do not provide discounts and three offer discounts of 10%, 25%, and up to 50%. These discounts make the fare products more affordable to social service agencies, helping them to stretch the funds they have available for this purpose. Social service agencies usually distribute the fare products to their clients at a low cost or at no cost, thereby subsidizing and benefitting their clients, including low income individuals.

Three agencies have developed alternative low income programs: SFMTA, VTA, and SolTrans. These programs, which are described further below, were developed with the intent of making transit more affordable to individuals with low and/or fixed incomes.

Exhibit 7. Bay Area Low income Transit Fare Programs

Bay Area Transit Operator		Bulk Ticket Sales	Low Income Program
	AC Transit – Alameda-Contra Costa Transit District	Discount Unknown	No
	BART – San Francisco Bay Area Rapid Transit District	No Bulk Sales	No
	Caltrain – Peninsula Corridor Joint Powers Board	No Discount*	No
	Golden Gate Transit – Golden Gate Bridge, Highway and Transportation District	No Bulk Sales	No
	SamTrans – San Mateo County Transit	No Discount*	No
	Muni – San Francisco Municipal Transportation Agency	No Discount*	Lifeline, Free Youth, Free Seniors
	VTA – Santa Clara Valley Transportation Authority	50% Discount	Uplift, TAP
County Connection – Central Contra Costa Transit Authority		No Discount*	No
Dumbarton Express			
FAST – Fairfield and Suisun Transit		No Discount*	No
Marin Transit		25% Discount	No
Petaluma Municipal Transit			
Readi-Ride – City of Dixon		10% Discount	No
Santa Rosa CityBus			
SolTrans – Solano County Transit (Benicia & Vallejo)		No Bulk Sales	Student Pilot
Sonoma County Transit		Up to 50% Discount	No
SMART – Sonoma Marin Rail			
Tri Delta Transit – Easter Contra Costa Transit Authority		No Discount*	No
Union City Transit			
VINE - Napa County Transportation & Planning Agency			
Vacaville City Coach			
WETA – San Francisco Bay Ferry		No Bulk Sales	No
WHEELS – Livermore Amador Valley Transit Authority		No Discount*	
WestCAT – Western Contra Costa Transit Authority		No Discount*	

Transit operator does provide bulk sales to organizations including health and social service agencies, but does not provide any discount from the full product price.

In the Bay Area, transit operator programs reflect Board-approved fare policies intended to provide discounts to low or moderate income riders. Operators offer targeted discounted products – usually monthly passes or single-ride tickets. In several cases, transit operator programs are a collaboration with social service agencies or school districts, which may support the transit agency with program qualification, distribution, and/or funding.

4.1.1 Bay Area Low Income Bulk Sales Programs

Many of the Bay Area’s transit operators, large and small, manage bulk sales programs with policy objectives of providing discounted fares to clients of social services agencies with longstanding ties to the communities that they serve. In the Bay Area, city and county governments with responsibility for delivering both health and human services and transit have been instrumental in connecting transportation services with the delivery of social services. Bulk sales discount programs are the dominant model used by transit operators, especially smaller operators, to support health and human services with transit service.

In general, Bay Area social service agencies lead these bulk sales programs and manage program qualification, distribution, and program funding. They facilitate purchase of transit products from the operator, often at a bulk discount. Overall, transit operators report minimal involvement in the workings of the specific means-based discount programs. Because these programs are structured around a uniform discount, operators show a willingness to support sales to multiple government and social service agencies. Once an organization is qualified by the transit operator to purchase fare products in bulk, the transit operator generally has minimal reporting requirements or insight into pass distribution or usage. Operators view this as essential to keeping program overhead costs down, but it minimizes oversight and standardization of these bulk sales programs.

Despite the broad application bulk discount programs by Bay Area transit operators, each program has naturally grown out of each operator’s existing fare products and is therefore unique to that operator. For example VTA sells discounted “5-token-bags,” Marin discounts monthly passes to the school district for students on free and reduced lunch, County Connection offers no discount on their 12-ride punch card, and Sonoma County offers 100-ride books that provide a flat \$1.45 fare per ride on what is usually a zone-based system. The diversity across bulk sales programs is a reflection of the wide range of fare products and fare policy across the region. While these programs are fairly straightforward to the operator and riders already familiar with fare products of a particular system, these policies are complex and confusing when considered regionally.

Even those transit operators that offer specific low income fare discount programs recognize the importance of providing a bulk sales program serving social service agencies. It is through bulk sales programs that social service organizations procure fare media that can be distributed to their clients so meet immediate and short term needs for transportation. For example, VTA recognizes there are individuals such as the working poor and the senior poor who may not qualify for the UPLIFT and TAP programs. Local social service providers try to meet some of those transportation needs by buying and distributing tokens and passes which can be distributed at the discretion of the social service organization. The effectiveness of these efforts is constrained by the funds that the agencies have

available to purchase fare products. To further support their efforts, VTA recently increased the bulk sale discount to 50%. VTA has no reporting requirements from the purchasing agencies for this program.

4.1.2 Other Bay Area Low Income Programs

Among the Bay Area's larger transit agencies, only SFMTA, and VTA offer their own means-based discount programs. The region's other large transit operators (AC Transit, BART, Caltrain, Golden Gate Transit, SamTrans, and WETA) do not offer any operator specific programs, although AC Transit piloted free bus passes for middle and high school students in 2002. BART has no low income programs, but acknowledges that the High Value Discount (HVD) program is used by students and low income riders to achieve a discount. The HVD program allows all riders to receive 6.25% of additional value when purchasing value in amounts of either \$45 or \$60 (which buy \$48 and \$64, respectively, in BART value). Among the smaller operators, only SolTrans and Marin Transit offer means-based programs beyond bulk sales for low income programs; both target low income students.

San Francisco Municipal Transportation Agency (SFMTA)

SFMTA (also known as Muni) has three operator programs for low income customers: the **Lifeline** program for low income adults, the **Free Muni for Youth** program for low and moderate income youth, and the **Free Muni for Seniors and Persons with Disabilities** program for low and moderate income seniors and persons with disabilities.

Lifeline Program

The Lifeline program provides monthly passes to approximately 20,000 low income customers at 50% of the full fare price (the full fare price is \$68; the Lifeline program price is \$34). To qualify for benefits under the program, customers must be 18 or older, residents of San Francisco County, and at or below 200% of the Federal Poverty Level.

The program is a partnership between the San Francisco Human Service Agency (SF HSA) and SFMTA. Along with applications, applicants must submit government-issued identification, proof of income eligibility (e.g., tax return with W-2s; award letter from CalWORKs, CAAP, CalFresh (food stamps), or Medi-Cal; SSI/SDI check stubs; current housing assistance program contract), and proof of San Francisco residency. Qualification criteria are set and income verification is undertaken by SF HSA. Income is verified every two years. Customers found eligible must visit the SFMTA customer service center to receive a photo ID card (which is not issued on a Clipper smart card due to high implementation costs). During specific vending windows every month, customers may visit one of five locations throughout the city to purchase a monthly pass sticker that is affixed to the ID card.

Lifeline program administrative costs are borne by SF HSA and SFMTA through their existing operating budgets. The program receives no external funding and is believed to reduce SFMTA's annual fare revenue by approximately \$7.1 million (assuming Lifeline riders would continue to take these trips at full fare).

Free Muni for Youth

The Free Muni for Youth program began as a 16-month pilot program to provide free transit to low income youth. The program launched in March 2013 and has been extended, with financial support from Google. The pilot program provided a free monthly transit pass to youth between the ages of 5 and 17 living in households earning less than 100% of the Bay Area median income.

Approximately 32,000 individuals participated in the initial pilot. Applicants submit an application and must state their families' annual income. SFMTA relies on the honor system; there is no formal income verification. Eligible participants receive a standard youth age Clipper card eligible for free travel for 16 months. Because program cards are not differentiated in appearance from youth and adult Clipper cards, fare inspectors have reported difficulty confirming that cards are being used by an eligible participant.

SFMTA staff acknowledge that some fraud is likely occurring with the program but also observed that increased compliance needs to be weighed against increased administrative burdens. The absence of income verification is believed to lead to some fraudulent applications, and fare inspectors have confiscated about 1,000 passes being used by adult customers.

The pilot program received some funding from MTC's Transit Performance Initiative (TPI) Incentive Program, with some of the lost revenue and administrative costs absorbed by SFMTA. On April 16th, 2015 the program was extended indefinitely thanks to an encouraging \$7 million contribution from Google to support the program over the next two years. Future funding remains uncertain and would likely be borne by SFMTA should the Board choose to continue the program.

Free Muni for Seniors and People with Disabilities

SFMTA also introduced a Free Muni for Seniors and people with disabilities program recently. The program is similar to the Free Muni for Youth program, but no funding source has been identified for the program. Any incremental costs and revenue loss are being absorbed by SFMTA.

Santa Clara Valley Transportation Authority (SCVTA)

SCVTA (also known as VTA) currently offers two programs that help to support the transit needs of the county's low income residents: **UPLIFT** for homeless and low income adults and **TAP** for low income individuals.

Universal Pass for Life Improvement from Transportation (UPLIFT) Transit Pass Program

UPLIFT provides free quarterly transit passes to case-managed, homeless individuals and those in danger of becoming homeless. VTA has developed and provides this program in partnership with the City of San Jose, Santa Clara County's Social Services Agency and the Department of Mental Health. VTA's UPLIFT Transit Pass Program provides quarterly transit passes at no charge to homeless adults in Santa Clara County who are receiving case management services through local service providers. From VTA's perspective, this program has several advantages. The County is responsible for administering the program and managing the distribution of UPLIFT passes. The program leverages an existing service network and eligibility management system that is coordinated by the County, minimizing VTA's costs and providing a means for clearly defining and bounding the target population. UPLIFT passes are

provided only to individuals who are receiving case management services from homeless shelters or related service providers.

UPLIFT stickers are valid for three months and are affixed to County-issued photo identification cards that individuals must have in order to continue to receive benefits, thereby reducing the temptation to share or resell the stickers and minimizing the fraud that can be a concern with reduced fare programs.

Individuals eligible for the UPLIFT program must be able to verify to the satisfaction of County staff that they are homeless or in danger of becoming homeless and must commit to adhere to program rules, which include participating in case management services. These rules reinforce the security of the program, help to ensure that it achieves its intents, and reduce VTA's risk.

Each participating service provider has an assigned allotment of passes. A client who is participating in and compliant with a case management plan may be referred to the program for a pass. Clients must meet with a case manager at least once a month and be making efforts to improve their life situations, working toward ending homelessness and finding stable housing.

VTA conducted a study in 2012 to examine opportunities to expand the delivery of transit services to low income individuals. As a result, the UPLIFT program was expanded by 50% in 2014, increasing the number of UPLIFT passes available each quarter to 2,400, valued at \$2.0 million per year. The City of San Jose and the County of Santa Clara is billed by VTA for approximately \$144,000 (\$15 per sticker) per year which covers about 6.5% of the face value of the passes as well as supplies, issuance of photo ID cards, and staff time.

The agencies that manage the UPLIFT program through their case management activities report on overall service activities to the County and to other agencies, but the agencies do not do any reporting to VTA.

Transit Assistance Program (TAP)

As a result of VTA's 2012 study, VTA proposed a two-year pilot Transit Assistance Program (TAP) to promote transit use for those who lack the economic means to afford it. With a \$1.3 million grant from MTC's TPI Incentive Program, VTA planned to make 24,000 monthly passes available over the course of two years (1,000 passes per month for 24 months) at a nominal cost (\$25 instead of the \$70 face value of the monthly pass) to qualifying low income individuals.

Initially, VTA's monthly passes were only available on Clipper cards. However, implementation delays and contractor-reported technical barriers during implementation scuttled the Clipper launch and delayed pass distribution. In 2014, 6,755 passes were distributed. Beginning in February 2015, VTA has moved the TAP program to paper passes and hopes to expand the TAP program.

VTA is partnering with Santa Clara County Social Services Agency and the Emergency Assistance Network to distribute TAP passes, and manage, monitor and evaluate the pilot program. To be eligible, participants' income levels must be at or below 200% of the Federal Poverty Level. However, MTC did not set any reporting requirements, probably because the funds were provided through a funding swap

that made Federal dollars available to VTA for preventive maintenance and freed up other funds to cover the program costs.

The 1,000 passes that are available each month are allocated to the six participating social service agencies, which were selected in part to provide geographic coverage throughout the county. At most, about 70% of the allocated passes are sold each month. This rate is expected to improve with the transition to paper passes. The program was initiated in 2013 and set to expire in August 2015.

SolTrans

SolTrans is in the middle of a one-year pilot program offering discounted bus passes for low income students. This program is in partnership with the Benicia Unified School District and is based on eligibility for the free or reduced school lunch program. SolTrans is providing the \$44 passes to the school district for \$22 each. The school district is determining what the students need to pay for the passes but information on the price to students was not available. Roughly 90 passes are being distributed each month.

AC Transit

AC Transit does not currently operate any low income programs. However, In August 2002, AC Transit began offering free bus passes to low income middle and high school students. At the same time, the agency reduced the cost of its monthly youth pass from \$27 to \$15. This reduction in costs for student riders resulted from a grassroots advocacy campaign that successfully focused local political attention on school transportation in an area where school busing had largely been eliminated for middle school and high school students. The creation of the program drew together state and local elected officials, youth advocates, schools, and transportation agencies. Across these diverse groups, there was a wide range of goals. Some of the primary goals for the program were improving social equity by lessening the financial burden on low income families and increasing opportunities for low income students, improving school attendance rates, increasing participation in after-school and weekend enrichment programs, as well as simplifying bus operations by reducing cash fares.

The program was projected to cost \$2 million per year and was funded through a collaboration with Kaiser-Permanente as well as local social service agencies of Alameda and Contra Costa Counties, the Alameda County Congestion Management Agency, the Bay Area Air Quality Management District, the Contra Costa Transportation Authority, the Metropolitan Transportation Commission, the U.S. Treasury's Marketing Office, Wells Fargo, and financial services firm State Street California, Inc.

The two-year demonstration project began in fall 2002. Financial shortfalls in the AC Transit budget led to a mid-course restructuring of the program. At the end of the first year, the AC Transit Board eliminated the free bus pass for low income students; the remaining LIFT funds were used to support a \$15 monthly pass for all youth. There continues to be advocate encouragement for a low income youth program and the Measure BB half-cent sales tax approved by Alameda County voters in November 2014 includes funding for "affordable youth transit to school" but any specific program is yet to be fully defined.

4.2 National Low income Transit Fare Programs and Policies

Other transit operators' low income programs provide insights for the Bay Area. Most commonly, the objectives for these programs are to increase mobility for low income individuals in a cost-efficient and effective way by sharing program costs and management and administrative responsibilities with partner agencies and organizations. By relying on social service agencies to assess income-based eligibility, transit operators can avoid new costs associated with verifying income, assessing eligibility, and distributing fare products. Different models are used for assessing eligibility. In the Bay Area, the RTC program centralizes application processing and eligibility assessment while relying on service centers throughout the region to accept applications and take photos for identification cards. In Seattle, full-service centers throughout the region accept applications, verify eligibility, and issue low income fare media. With either approach, reliance on disbursed service centers to improve access for customers can add significant costs if existing social service networks are not effectively utilized.

Transit operators noted that secure media and identification cards are key to managing eligibility and controlling abuse in special fare programs, but the technology must function smoothly. The use of smart cards can assist in collecting data, enforcing fares, reducing fare collection costs, speeding boardings and reducing dwell and travel times, and verifying program eligibility – all important aspects of maintaining the integrity of the program. In addition, an online database that allows partner agencies to manage cardholder registration data can reinforce the effectiveness of program management through efforts to manage eligibility and control abuse.

In several cases, transit operators also commented that they have implemented low income programs in part to mitigate the impact of a general fare increase on those riders.

Transit agency objectives for low income programs include:

- *Increase mobility in a cost-efficient and effective way by sharing program costs and responsibilities*
- *Avoiding new costs by relying on social service agencies to verify income, assess eligibility, distribute fares*
- *Increasing customer convenience by providing multiple service centers*
- *Using smart media to manage eligibility, control abuse, and minimize costs and operating impacts*
- *Using databases to manage cardholder registration*
- *Mitigating the impact of a fare increase on low income riders*

Twenty-one transit agencies in large metropolitan areas outside the Bay Area were surveyed. Approximately half of these transit agencies (the 11 transit providers in Atlanta, Baltimore, Boston, Cleveland, Detroit, Houston, New York, Philadelphia, San Diego, St. Louis, and Washington DC) do not have low income programs, as shown in Exhibit 8. Some of these transit agencies observed that they do offer reduced fares to individuals based on age (seniors, youth) and ability and that in many cases these discounts are available to low income riders. Many transit agencies have bulk ticket sales programs that may benefit low income riders, although they do not specifically target low income populations.

Exhibit 8. Low income Transit Fare Programs

Transit Agency	Low Income Program (yes/no)	Bulk Ticket Sales Low income Program	Other Low Income Program
MARTA, Atlanta	No		
MTA, Baltimore	No		
MBTA, Boston	No		
CTA, Chicago	Yes (1)	No	Yes
RTA, Cleveland	No		
DART, Dallas	Yes	No	Yes
RTD, Denver	Yes	Yes	No
DDOT, Detroit	No		
METRO, Houston	No	No	No
LA Metro, Los Angeles	Yes	No	Yes
MDT, Miami	Yes	Yes	No
Metro Transit, Minneapolis	Yes	Yes	No
MTA, New York City	No		
SEPTA, Philadelphia	No		
Valley Metro, Phoenix	Yes	Yes	No
TriMet, Portland	Yes	Yes	Yes
UTA, Salt Lake City	Yes	No	Yes
MTS, San Diego	No	No	No
King County Metro, Seattle	Yes	Yes	Yes
Metro, St. Louis	No	No	No
WMATA, Washington DC	No		

Notes:

- (1) CTA accepts Ride Free Permits issued by the Regional Transportation Authority to low income Illinois residents who are enrolled in the Illinois Department on Aging Benefit Access Program as a person with a disability or as a senior aged 65 or older. Income verification is based on the previous year’s tax return and/or income information.

Among agencies that have low income programs, six (Denver, Miami, Minneapolis, Phoenix, Portland, and Seattle) are based on bulk sales of fare products to social service agencies and six (Chicago, Dallas, Los Angeles, Portland, Salt Lake City, and Seattle) have developed other approaches to low income programs. Portland and Seattle have bulk sales programs, but have also developed other programs. Both approaches provide ways to discount fares to individuals who qualify on the basis of income and both typically rely on other organizations to assess income-based eligibility, administer the program, and distribute discounted fare products. While unified and standardized verification processes make assessment and distribution more convenient for customers, they can add significant cost if existing social service networks are not effectively utilized.

4.2.1 National Bulk Sales Programs

Some peer low income programs are based on existing bulk sales programs that make fares available to organizations such as non-profits, government agencies, schools, and convention centers. In some cases, the discounts transit operators offer to organizations that support low income riders are greater than the discounts otherwise available under bulk sales programs. In Denver for example, RTD provides discounts of 10%-20% on bulk sales of day passes while the low income program provides discounts of

25%-60% on bulk sales of tickets and monthly passes. Features of peer low income programs that rely on bulk ticket/pass sales are summarized in Exhibit 9.

Exhibit 9. Low income Transit Fare Programs - Bulk Sales Programs

Transit Agency	Low income Program	Fare Products	Discount	Means Testing Responsibility	Income Requirements	Reporting Requirements
RTD (Denver)	Non-Profit Reduced Fare	10-trip tickets Monthly passes	60% 25%-40%	Participating non-profits	185% of Federal Poverty Level	Yes
MDT (Miami)	Transportation Disadvantaged	Passes (monthly, weekly, day, 1-trip)	100% (free)	Participating non-profits	150% of Federal Poverty Level	Yes
Metro Transit (Minneapolis)	Jobseekers, Homeless	Passes, Tokens, Tickets	50%	Participating non-profits	Set by non-profits	Yes
Valley Metro (Phoenix)	Homeless Provider	1-, 7-, 15-, 31-day passes	50%	Participating non-profits, schools, government agencies	Set by participating organizations	Yes
TriMet (Portland)	Fare Assistance	Tickets, Passes	20%	Participating non-profits, government agencies	100% of Federal Poverty Level	Yes
King County Metro (Seattle)	Human Services Reduced Fare Bus Tickets	Tickets	20%	Participating social service, public housing, and local government agencies	133% of Federal Poverty Level	Yes

Peers make a variety of fare products available through their bulk sales programs – and at different discount rates. These decisions have been made based on local need and the ways individual transit agencies have chosen to respond to them. In Denver, Minneapolis, and Portland, for example, transit agencies provide a combination of 10-trip tickets to help social service agencies meet their clients’ immediate needs and monthly passes for those organizations that wish to help their clients get to work on an on-going basis. While these products are normally priced to provide discounts to the general public, they are further discounted for these programs to help social service agencies achieve their objectives and assist their clients. In some cases, they are provided without cost to low income clients; in other cases, clients may share in part of the cost of the ticket or pass.

Some transit agencies, like Phoenix, make all of their fare products available; others, like Seattle, limit the options to tickets. The discounts offered to organizations that purchase fare products in bulk vary. Portland and Seattle offer discounts of 20%; discounts are 50% in Minneapolis and Phoenix. Miami provides fare products at no charge and Denver’s program includes three options with discounts that

vary between 25% and 60%. In some cases, participating organizations are permitted to resell fares for no more than what they paid to purchase them (Minneapolis). In other cases, fare products must be distributed free of charge and may not be resold (Phoenix). While the transit agencies stipulate whether fare products may or may not be resold, the choice of whether to pass through any of the cost to their clients is generally left to the social service agencies.

With fare payment technologies such as smart cards and mobile ticketing, additional ticketing alternatives are emerging, such as pass accumulators (which collect fares for each trip until a dollar value cap is reached and then no further fares are collected for a the period, typically a day or a month) or bonus trips (which award a certain number of free trips once a defined number of paid trips have been taken). These alternatives may be particularly beneficial to low income riders who find it difficult to afford the up-front cost of a monthly pass.

In some cases, income eligibility thresholds are set by the transit agency (Denver, Miami, Portland, and Seattle), while in other cases this decision is left to the participating organizations. At 185% of the Federal Poverty Level, Denver's threshold is the highest, followed by Miami (150%), Seattle (133%) and Portland (100%). For the two transit operators that allow participating non-profits to determine income thresholds, it was not possible to determine the income thresholds because each non-profit organization sets its own requirements.

In all cases, eligibility assessments are conducted by the participating organizations, which are also responsible for inventorying, managing, distributing, accounting for, and reporting on the fare products they purchase and distribute. Reporting periods are typically monthly and requirements typically include the numbers of different types of fare products distributed, the purpose of the trips for which they were provided, and demographic information about the client. In one case (Minneapolis), client signatures are required on the reporting form.

In Denver, RTD's Non-Profit Agency Reduced Fare Program is an example of a bulk sales approach. The non-profit organizations that purchase and distribute tickets and passes through the low income program conduct income eligibility assessments as part of their client work and RTD depends on them to provide the eligibility assessments needed for this program and to distribute reduced cost 10-trip ticket books and monthly passes to qualifying individuals. RTD has set the income criteria for this program at 185% of the Federal Poverty Level. The subsidies are shared between RTD and the participating non-profit organizations, with requirements to redistribute some products free and provisions for recovering some costs of some products from program participants.

Low income bulk sales program characteristics:

- *Subsidies often shared by transit operators and participating organizations, and may include resale to customers*
- *One or more fare products offered at discounts of 20% to 100%*
- *Income eligibility requirements usually set by transit operators and vary between 100% and 185% of Federal Poverty Level*
- *Income eligibility assessments conducted by partner organizations*
- *Partner organizations also inventory, distribute, account for, and report on fare products purchased*

4.2.2 Other National Low Income Programs

Six of the peers included here have developed alternative low income fare programs, as identified in Exhibit 10. These programs are distinguished by their efforts to be broader reaching than the bulk sales programs. They are not constrained by the amount that social service organizations can afford to spend to purchase transit tickets/tokens/passes, but involve a higher financial commitment on the part of the transit operator – although in some cases, programs may be supported by other organizations, as in the Bay Area where Google is supporting SFMTA’s Free Fares for Youth program this year and VTA is making use of funds it received through MTC’s Transit Performance Initiative (TPI) Incentive Program on the Transit Assistance Program.

Exhibit 10. Low income Transit Fare Programs – Agency-Specific Programs

Transit Agency	Low income Program	Fare Products	Discount	Means Testing Responsibility	Income Requirements	Reporting Requirements
CTA (Chicago)	Free Ride Permits	N/A	100%	Illinois Dept. on Aging	Set by IL Dept. on Aging (~230% of FPL)	TBD
DART (Dallas)	Lone Star Monthly Pass	Monthly passes	50%	State benefit agencies	TANF guidelines	TBD
LA Metro	Immediate Needs Program	Tokens	Provides up to \$35/month	Program administrators (social service agencies)	Set by participating organizations	Yes
	Rider Relief Program	Fare subsidy coupons	\$10/month toward monthly (\$100)/weekly (\$25) passes	Program administrators (2 social service agencies)	Set by Metro	Yes
	Support for Homeless Re-Entry Program	Tokens	Free tokens	Program administrator (social service agency)	Set by participating organizations	Yes
TriMet (Portland)	Fare Relief Program	Tickets, Passes	Provides grants up to \$25k to non-profits to increase assistance to low income riders	Participating non-profits, CBOs	Set by participating organizations	Yes
UTA (Salt Lake City)	Horizon Monthly Pass	Monthly passes	25%	State benefit agencies	Varies with benefit programs	TBD
King County Metro (Seattle)	ORCA LIFT	Cash fare (stored value)	40%-60% (varies by time of day, # zones traveled)	Program administrators (social service and	Set by Metro at 200% of FPL	Yes

Transit Agency	Low income Program	Fare Products	Discount	Means Testing Responsibility	Income Requirements	Reporting Requirements
				government agencies)		

In developing these programs, transit operators have relied on external organizations such as health and human agencies, social service agencies, non-profit organizations, and other government agencies that already conduct means testing to provide eligibility assessments for reduced transit fares. Leveraging existing service networks and eligibility management systems has minimized the need and cost for transit operators to develop and maintain the resources required to verify eligibility, while providing a means for clearly defining and bounding the target populations. Among the peers included here, the responsibilities for setting income eligibility thresholds are evenly distributed between transit operators and participating organizations. Where income thresholds are set by the transit operator, they range from less than 100% to 200% of the Federal Poverty Level. Most, but not all, programs have implemented reporting requirements.

Characteristics of other low income programs:

- *Subsidies provided by transit operators, but may include participation by other organizations and sometimes resale to clients*
- *Benefits include vouchers, free ride permits, fare discounts linked to transit smart cards or EBT programs, and grants to partner agencies*
- *Income eligibility requirements set by transit operators or participating organizations*
- *Income eligibility assessments leverage existing eligibility management systems*

These programs tend to be unique in the approaches they use to meet the specific needs of the transit agency and its customers. Some of the characteristics of the different programs are highlighted here; more detailed descriptions of the programs are included in Appendix B.

Chicago

The Regional Transportation Authority, which is the parent organization of the Chicago area’s three transit service boards (CTA, Pace, Metra) issues Ride Free Transit cards that provide free travel to seniors and persons with disabilities who are enrolled in the Illinois Department on Aging’s Benefit Access program and comply with that agency’s income thresholds (approximately 230% of Federal Poverty Levels).

Dallas and Salt Lake City

In these two cases, state welfare beneficiaries are able to use the benefits in their electronic benefit transfer (EBT) accounts to purchase fare products. In Dallas, DART subsidizes the cost of a 50% discount on its monthly passes (\$40 per Local pass and \$80 per Regional pass) to riders who meet Temporary Assistance for Needy Families (TANF) eligibility criteria. In Salt Lake City, UTA’s discount is 25%; eligibility criteria vary with the benefit programs through which riders qualify.

Los Angeles

Los Angeles Metro directly funds three programs that issue fare vouchers and tokens at no charge to social service agencies for distribution to those in need. Metro also covers the revenue loss and administrative costs:

- The *Rider Relief* program was created to provide relief for low income, working poor following a fare increase in 2008. The \$5 million program is administered by two social service agencies that distribute subsidy coupons to eligible individuals through a network of non-profit organizations. The coupons may be redeemed for \$10 per month toward the price of full fare monthly or weekly passes (or \$6 on reduced fare passes). Income thresholds range from \$28,550 for single-person households to \$47,300 for a six-person household. Documentation required to assess eligibility include a paycheck stub, a public benefits statement or card, or a LifeLine gas, light or telephone bill.
- Metro also budgets \$5 million per year for the *Immediate Needs Transportation Program* that provides funds to two agencies for administrative and media costs. The program makes 96,000 bus tokens and 8,000 taxi vouchers available each month through about 500 non-profit and government agencies throughout Los Angeles County to help low income and homeless persons who have no other resources to meet their immediate transportation needs. It is estimated that the program reaches approximately 16,000 individuals each month. The maximum subsidy value an individual may receive in a month is \$35.
- For the *Support for Homeless Re-Entry Program*, Metro budgets about \$500,000 per year to distribute free tokens to homeless shelters and case managers in downtown Los Angeles.

Portland

TriMet budgeted \$1.3 million in FY 2015 to mitigate the impacts of a fare increase on low income riders. TriMet has established two programs to provide low- or no-cost fares to non-profits and community-based organizations for distribution to their low income clients:

- Through the *Fare Assistance Program*, TriMet provides fares to more than 40 eligible 501(c)(3) non-profit organizations at a 20% discount.
- TriMet's *Fare Relief Program* makes grants of up to \$25,000 available to eligible 501(c)(3) non-profit organizations. The grants are provided in the form of fares. The intent of this program is not to replace existing resources used to purchase fares through the program, but rather to increase the assistance an organization is able to provide to low income recipients.

Seattle

Seattle's *Adult Low Income Transit Fare Program* (ORCA LIFT) was implemented on March 1, 2015 at the same time that general fare increases took effect. The program distributes specially encoded ORCA cards (the region's smart card) to anyone who qualifies and signs up through one of the organizations under contract to the County to assess income eligibility and distribute the cards. ORCA LIFT cards provide a stored value discount, deducting a fare of \$1.50 (instead of Metro's fares of \$2.50-\$3.25, depending on time of day and distance traveled). ORCA LIFT cardholders may also purchase a \$54 regional monthly pass. ORCA LIFT cards are valid for two years. After two years, participants must

demonstrate continued eligibility. ORCA LIFT cards are registered to the participants to ensure that each individual has only one card and to enable balance protection. Participants are responsible for adding value or passes to their cards. Potential program demand is limited only by the number of eligible riders who enroll and the number of trips those riders can afford to take at the reduced fare. Metro expects to incur fare revenue losses as more adult riders will be riding at lower fares. Prior to rollout, it was estimated that the number of eligible people who would apply for ORCA LIFT cards range from 45,000 to 100,000. Associated revenue losses were estimated to be nearly \$4 million in 2015, increasing to approximately \$4.75 million per year in 2016 and 2017. Registrations were expected to reach 10,000 during the first month. In fact, registration, which began on March 1, 2015, has been “slow and steady” and reached 7,377 by April 26, 2015.

The ORCA card is accepted by six transit operators serving the four-county Puget Sound Region and the Washington State Ferries. At rollout, the ORCA LIFT card is accepted by transit operators in King and Kitsap Counties, including bus, light rail, streetcar, and water taxi services. Specific discount rates afforded by the \$1.50 fare depend on each agency’s full fare.

4.2.3 Peer Program Summary

Peer programs vary in the fares and discounts offered. Exhibit 11 summarizes the fare products and the discounts that some peer transit operators currently offer and, if available, their impacts on transit operator budgets.

Exhibit 11. Low income Transit Fare Discounts and Budget Impacts

Agency	Discounts Offered
CTA (Chicago)	Ride Free Transit: Income-eligible riders who are seniors or have disabilities ride free on CTA, Metra, and Pace. The transit operators take on the full burden of the 100% discount. Estimated impact on CTA’s fare revenue: \$63.3 million annually (?)
DART (Dallas)	Lone Star Monthly Pass: Income-eligible riders receiving welfare benefits from the state may use funds in their EBT accounts to purchase monthly passes at a 50% discount (\$40 instead of \$80 for Local passes, \$80 instead of \$160 for Regional passes). DART takes on the full burden of the 50% discount.
RTD (Denver)	Non-Profit Reduced Fare Low Income Program: Non-profit organizations purchase tickets and day passes for distribution to Income-eligible clients. RTD discounts fare products by 25%-40%. In some cases, nonprofits may charge riders up to what the organization paid for the fare product.
LA Metro	Immediate Needs Transportation Program: Tokens distributed free to non-profit agencies to distribute to homeless and low income individuals. LA Metro takes on the full burden of providing free tokens. Program budget: \$5 million annually
	Rider Relief Transportation Program: \$10 subsidy coupon for income-eligible riders who purchase regular monthly or weekly passes; \$6 Subsidy Coupon for Senior/Disabled/Medicare riders who purchase discounted monthly or weekly passes. LA Metro takes on the full burden of fare discounts provided by these coupons. Program budget: \$5 million annually
	Support for Homeless Re-Entry Program: Tokens and coupons distributed free to homeless shelters and caseworkers in downtown Los Angeles to distribute to homeless and low income individuals. LA Metro takes on the full burden of providing free tokens. Program budget: \$500,000 annually

Agency	Discounts Offered
Metro Transit (Minneapolis)	Jobseekers and Homeless Programs: provide 50% discounts to non-profit organization that provide fare products to eligible riders for no more than what they paid for the fares. Depending on the price that non-profit agencies charge their clients, the discount is either fully covered by the transit agency or split between Metro Transit and the non-profit operators.
Valley Metro (Phoenix)	Homeless Provider: 50% discount on all pass products to participating non-profit organizations, for distribution to their clients at no charge or at cost. Depending on the price that non-profits sell these fares to their clients, the discount is either fully covered by the transit operator or split between the transit and non-profit agencies.
TriMet (Portland)	Fare Assistance: 20% discount on tickets and passes to participating non-profit organizations for distribution to their clients. Depending on the price that non-profits sell these fares to their clients, the discount is either fully covered by the transit operator or split between the transit and non-profit agencies.
	Fare Relief: TriMet provides grants of up to \$25,000 to participating non-profit organizations to increase their ability to provide assistance to low income riders.
UTA (Salt Lake City)	Horizon Monthly Pass: Income-eligible riders, who receive welfare benefits from the state, may use funds in their EBT accounts to purchase monthly passes at a 25% discount. UTA takes on the full burden of the 25% discount.
King County Metro (Seattle)	Bus Ticket Program: Eligible organizations purchase tickets at a reduced rate (20% of actual cost) for distribution to homeless and low income clients. Depending on the price that non-profits sell these tickets to their clients, the subsidy is either fully covered by the transit agency or split between the transit and non-profit agencies. Program budget: \$2.3 million
	Low Income Adult Transit Fare: \$1.50 for fares paid using stored value on regional smart cards (on Metro this is a 33% discount from off peak fare, 40% discount from one-zone peak fare, 50% discount from two-zone peak fare; discount rates vary on other transit operators that accept ORCA Lift). Each participating transit agency takes on the full burden of the fare discounts provided by this program on Metro services. Expected fare revenue loss: \$4 million. Associated annual operating costs: \$1.8 million.

Discounts afforded income-eligible individuals by these programs range from 10% to 100% (free). These discounts are subsidized by the transit agencies and often by organizations like social service agencies that purchase fare products for their low income clients. In some cases the transit operators subsidize the entire discount (Dallas, Salt Lake City, and Los Angeles). In other cases (Portland, Phoenix, Minneapolis), participating organizations may further subsidize the fare to further reduce the price to the client. In those cases, these organizations have the flexibility to give the fares to their clients at no charge or to charge clients up to the price that they paid.

Subsidy-sharing provisions help social service agencies stretch their budgets for transit fares, by allowing them to pass through some of the cost to their clients while still affording substantial discounts for low income transit riders. However, because each social service agency sets the amount that it is able to cover, it is not possible to know whether or how much additional discount is provided without further data from participating agencies.

4.3 Key Takeaways: Bay Area and National Transit Fare and Discount Policies

Low income programs are offered in several places, including the ten metropolitan areas discussed here. All of the programs have been designed to provide mobility by addressing affordability in ways that meet agency- and area-specific needs. Programs based on bulk ticket sales are the most common, but a variety of new programs are emerging – each with its own objectives and constraints. It remains to be seen how effectively any of the programs meet the needs of all low income riders. Key takeaways from the transit agency programs reviewed here include the following:

- *Providing transportation benefits for low income individuals is a major social issue and may not be one that transit agencies can address alone. Partnering with social service agencies to share program costs and management and administrative responsibilities has been key to successful strategies in the Bay Area and elsewhere.*
- *Several agencies have implemented low income programs in conjunction with a fare increase. In some cases, the fare increase helped to offset the revenue losses associated with the low income mitigation.*
- *Many transit agencies sell fare products at bulk discounts to social service agencies that serve low income populations. These organizations determine eligibility and issue the fare products to their clients at their own discretion and either free of charge or at significant discounts. These programs are designed primarily to address immediate needs and depend on the discounts offered by transit agencies and the funds available to participating organizations to purchase fare products.*
- *Some transit agencies have developed programs to provide on-going transit benefits, in many cases to working poor, by providing reduced (not free) fares (e.g., Los Angeles' Rider Relief, San Francisco's Lifeline and Seattle's ORCA LIFT). These programs are not intended to meet all needs for reduced transit fares and other reduced fare programs have not been eliminated.*
- *Fare revenue losses have generally been covered by transit agency operating budgets. In the Bay Area, MTC and major local companies with vested interest in the community have helped to offset fare revenue subsidies.*
- *Unified and standardized verification processes make assessment and distribution more convenient for customers, but they can add significant cost if existing social service networks are not effectively utilized.*
- *Secure media and identification cards are key to managing eligibility and controlling abuse in special fare programs, but the technology must function smoothly – and in multi-operator regions like the Bay Area must work across transit agencies.*

5.0 Role of Social Service Organizations in Low Income Transit Programs

In many regions, including the Bay Area, a variety of non-profit organizations and government agencies, including county health and human services agencies, social service agencies, and school districts, have key roles in the delivery of affordable transit fares to low income individuals. All of these organizations recognize the importance of meeting immediate and ongoing transportation needs of their clients – whether that’s returning home after being discharged from a hospital, or returning to the workforce in a low-paying entry level job. Low income transit discount programs are often managed and subsidized by social service organizations. These organizations may handle program qualification, provide funding, and facilitate the purchase and distribution of transit fare products.

While the need for transit discount programs is clear, funding to pay for such programs is always an open question. Social service organizations report that they purchase the transit fare media for distribution to their clients using a variety of Federal and State funding sources. The lack of any major centralized funding source results in a creative array of transit programs and funding schemes. However, decentralized and inconsistent funding also results in decentralized program management, lack of cross-program coordination, and the inability to scale transit discount programs.

In the Bay Area, health and social service organizations are key partners in both SFMTA and VTA low income discount programs (Lifeline, UPLIFT, and TAP). School districts are also partners with transit operators in low income discount programs targeting Bay Area students (SFMTA and SolTrans). In these cases, transit operators have collaborated with supporting organizations to develop unique programs to meet specific community needs. It is far more common for transit operators to limit their role to offering their normal fare products for sale, at a bulk discount, to qualified third-party service organizations. The amount of discount, if any, and the products that are offered for bulk sales is a matter of fare policy determined by each individual transit operator. In general, the same discount is offered to social service agencies regardless of their mission, need, or population served.

As part of the information gathering for this study, representatives from Bay Area social service organizations were asked to highlight key issues related to providing transit services to low income individuals. (See Appendix A: *Findings from Information Gathering Discussions with Social Service Agencies.*) Those representatives pointed to several key issues:

- **Consistently high need for free and/or discounted rides** - Agency staff confirmed that affordability of transit tickets and passes is a significant issue for their low income clients, particularly for older adults and families with multiple children.
- **For some low income persons, affordability is reported as less of a challenge than level of transit availability (e.g., coverage, frequency and travel times)** – Many comments were made about the challenges clients face in accessing transit service and the low frequency of service. For example, one stakeholder noted that for non-senior low income persons, challenges are

often more focused on the level of transit service availability (such as coverage, frequency and travel times) rather than specifically on affordability.

- ***The need to serve the “working poor”*** – A key market that is often unserved by subsidized transit is that of the underemployed or working poor. There is a sub-set of CalWORKs recipients who do not qualify for transit assistance and yet are low income. Others may have previously exhausted their CalWORKs benefits and no longer qualify for the program, but still need assistance to find and maintain employment. Recipients may receive CalWORKs benefits for up to 48 months before “timing out.”
- ***The importance of standardized program qualifications*** – Medi-Cal may be the preferred eligibility standard for discounted transit programs because other programs such as CalFresh or CalWORKs have a stigma that can prevent individuals from registering (they are perceived as “welfare” rather than insurance programs). Also, Medi-Cal has a far greater reach than CalWORKs. However, adding a transit benefit to CalFresh could have the desired effect of increasing usage of the CalFresh program by individuals who otherwise would be reluctant to join. Simplicity of eligibility determination and fare media distribution will be keys to the success of any subsidy program.
- ***The benefits of Clipper*** – Clipper cards eliminate paper tickets and allow agencies to provide one fare instrument that will allow travel across multiple transit systems. Another advantage of prepaid Clipper cards is that they contain a serial number, which allows organizations to track what the travel benefits are being used for, travel patterns, and effective utilization.
- ***The challenges of fare media distribution via County Social/Human Service Agencies*** – Because transit fare products have cash value, distribution of transit products requires the establishment of financial controls including distribution tracking, theft prevention, fraud monitoring, and reconciliation. When discussed during the information gathering session with social service agencies, stakeholders indicated that there are problems associated with requiring social service agency staff to distribute cards or add value to media such as Clipper cards, as this could be considered an addition to staff’s responsibilities and could require work rule changes for unionized workers. In Santa Clara County, this did not appear to be a concern during the period that the TAP program used Clipper cards to distribute monthly passes.
- ***The benefits of partnering with community-based organizations (CBOs) for eligibility screening and enrollment*** – It is important to make it as easy as possible for low income people to enroll in any means-based transit program that is implemented. Without convenient and simple enrollment, many people may not be able to take the time off work to apply for this separate benefit. Partnering with CBOs to share eligibility requirements and/or subcontract eligibility screening can bring efficiency to the application process.

6.0 Transit Use by Low Income Populations

The intent of this section is to provide information about the travel behavior of low income populations in the Bay Area and characteristics that distinguish those travel patterns from those of higher income populations. The data analyzed for this purpose is from U.S. Census pertaining to low income populations and their transit use as well as MTC Transit Rider Surveys and VTA, SFMTA, and BART on-board/station surveys.

For the purposes of this discussion, a *low income person* is someone living in a family or household that has earnings below 200% of the Federal Poverty Level. MTC established the 200% of poverty threshold in 2001 to account for the Bay Area’s high cost of living relative to nationally defined poverty thresholds. The Census Bureau does not adjust the poverty level for different parts of the United States where different costs of living factor into the varying affordability.²

Exhibit 12. 2015 Federal Poverty Guidelines

Persons in Family/Household	Annual Household Income: 100% of FPL	Annual Household Income: 200% of FPL
1	\$11,770	\$23,540
2	\$15,930	\$31,860
3	\$20,090	\$40,180
4	\$24,250	\$48,500
5	\$28,410	\$56,820
6	\$32,570	\$65,140
7	\$36,730	\$73,460
8	\$40,890	\$81,780

Source: US Department of Health and Human Services³

6.1 Low Income Population by County

Approximately 1.9 million Bay Area residents live in households with incomes below 200% of the Federal Poverty Level, representing 26% of the region’s population. The share of the population defined as low income varies by county, from less than 19% of Marin County residents to more than 30% of Sonoma County residents.

Exhibit 13 shows the low income population of each Bay Area county and for the region as a whole. Of these, 830,000 people, or 11% of the regional population, live in households or families with incomes lower than 100% of the Federal Poverty Level. More than 12% of the populations of Solano, Alameda,

² Definitions from MTC ‘s Draft Equity Analysis Report including Title VI, Environmental Justice and Equity Analysis for Plan Bay Area, March 2013.

http://planbayarea.org/pdf/Draft_Plan_Bay_Area/Draft_Equity_Analysis_Report.pdf

³ <http://aspe.hhs.gov/poverty/15poverty.cfm>

and San Francisco Counties live below the federally-defined poverty level, with San Francisco the highest at nearly 14%.

Exhibit 13. Low Income Population by County and Bay Area Total, 2013

County	Total Population	Population earning <100% of FPL	Percent of population earning <100% of FPL	Population earning <200% of FPL	Percent of population earning <200% of FPL
Alameda	1,550,103	200,532	12.9%	441,574	28.5%
Contra Costa	1,083,531	117,306	10.8%	276,628	25.5%
Marin	252,394	21,263	8.4%	46,937	18.6%
Napa	136,394	12,286	9.0%	37,412	27.4%
San Francisco	823,902	113,517	13.8%	234,040	28.4%
San Mateo	741,938	58,035	7.8%	147,450	19.9%
Santa Clara	1,833,880	191,805	10.5%	433,046	23.6%
Solano	414,410	53,992	13.0%	120,667	29.1%
Sonoma	489,398	60,812	12.4%	148,120	30.3%
Bay Area Total	7,325,950	829,548	11.3%	1,885,874	25.7%

Source: 2013 ACS 1 Yr Estimates (C17002)

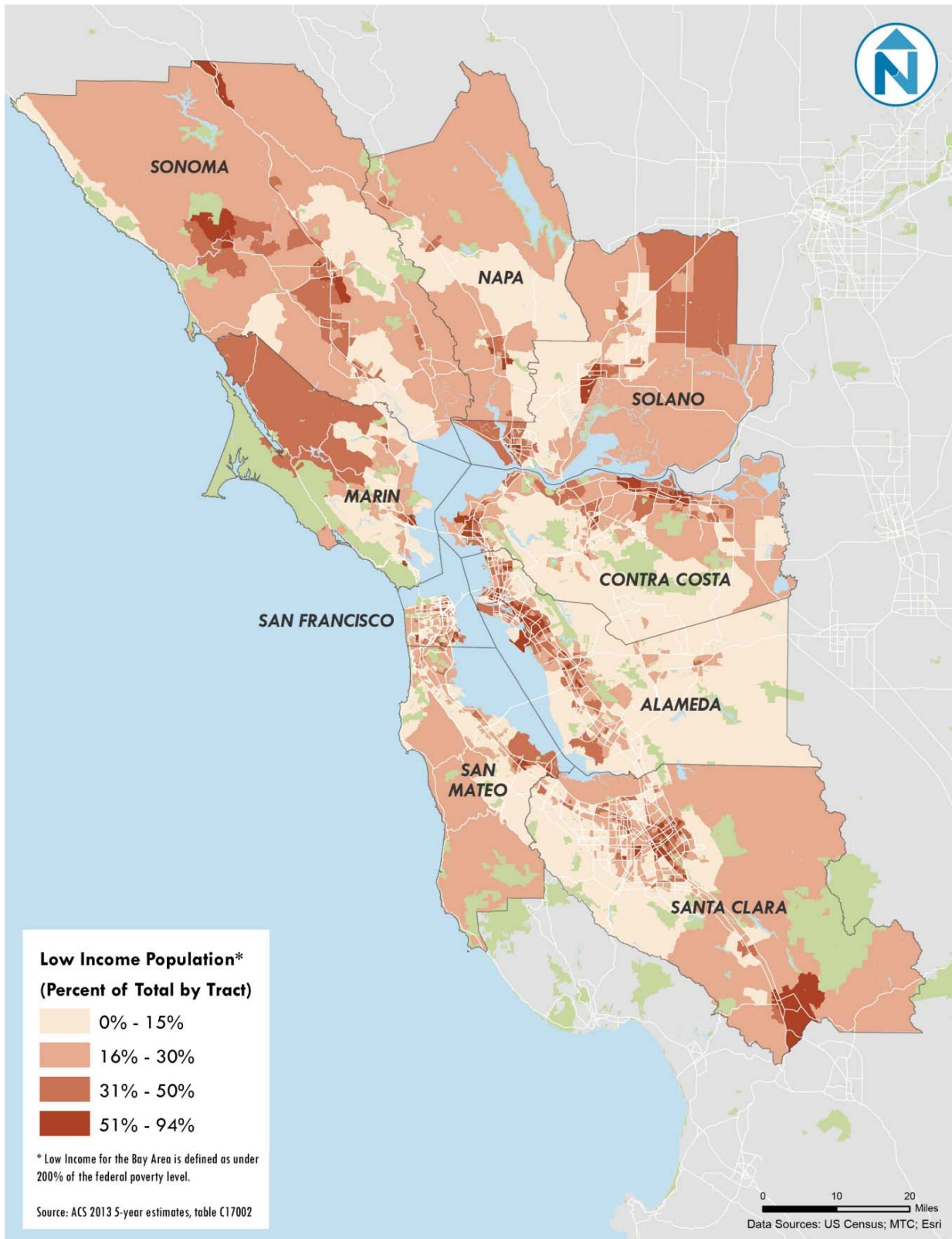
6.2 Geographic Concentrations

Exhibit 14 shows the density of low income people residing in each census tract. In nearly all of the region’s urbanized areas, at least 16% of their populations earn less than 200% of the Federal Poverty Level. Exceptions include the I-680 corridor in eastern Alameda County, portions of the San Francisco peninsula including the I-280 corridor, parts of San Francisco, and a group of cities in southern Marin.

Exhibit 15 highlights the areas where at least 30% of the population is low income. This 30% threshold was used by MTC to help define Communities of Concern for the last Regional Transportation Plan. That analysis is updated here using the most recently available data (ACS 2013 5-year estimates).

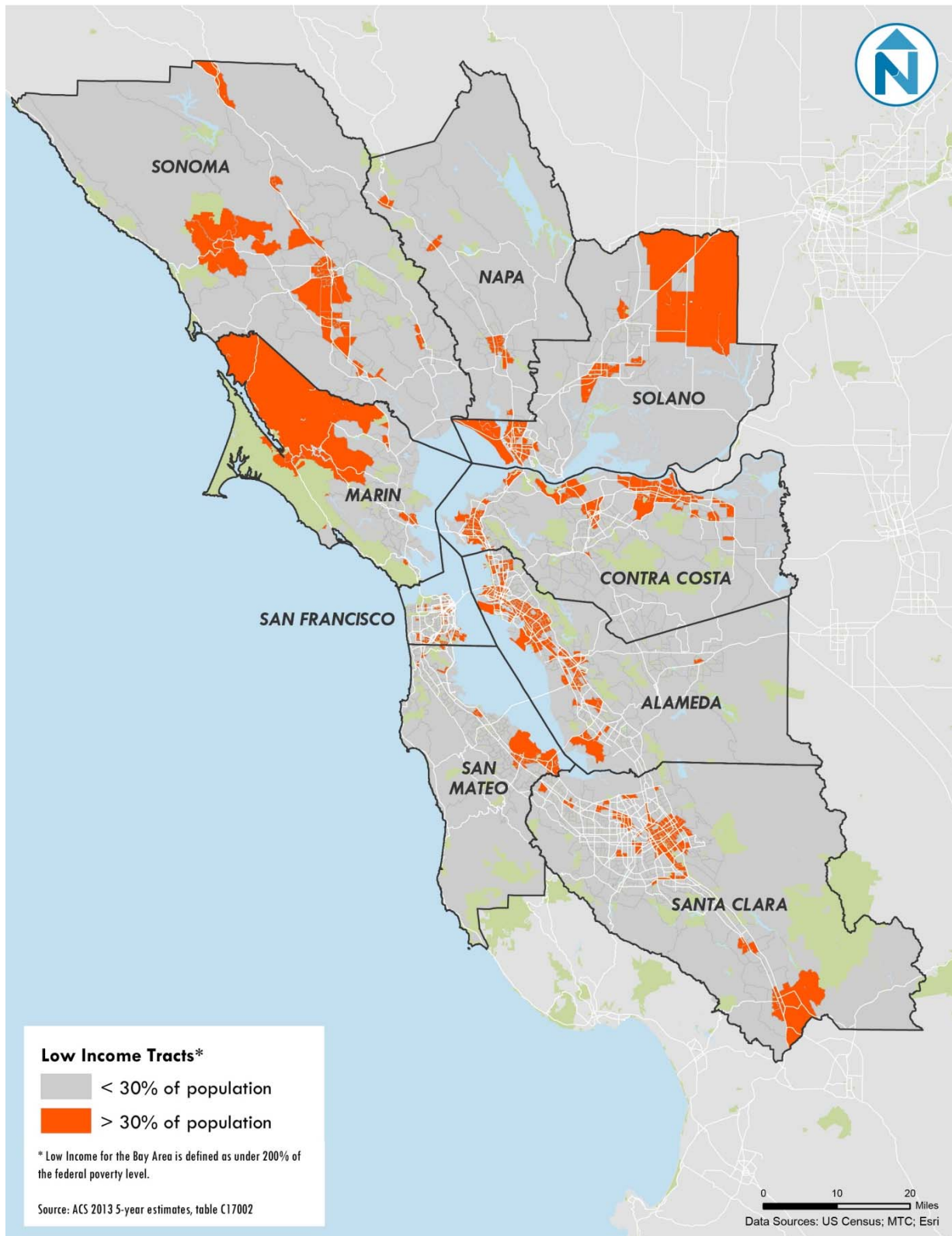
Concentrations of low income households are present throughout much of the inner East Bay from Richmond to Fremont; most of the City of San Jose; the City of East Palo Alto; the Route 4 corridor in northern Contra Costa; West Marin; and most of urbanized Solano and Sonoma Counties.

Exhibit 14. Percent Low Income by Census Tract



Source: 2013 ACS 1 Yr Estimates (C17002)

Exhibit 15. Census Tracts with >30% Low Income



Source: 2013 ACS 1 Yr Estimates (C17002)

6.3 Zero Car Households

Exhibit 16 shows the number of Bay Area households without access to a vehicle (“zero car households”), the number of low income zero car households, the percentage of zero-car households that are low income, and the percentage of low income households that do not have access to a vehicle.

Due to differences in how the US Census reports the data, *low income* household in this table is defined as a household earning less than 150% (rather than 200%) of the Federal Poverty Level. These figures are therefore not directly comparable with other figures reported for this analysis, but are still useful for purposes of comparison among counties.

There are roughly 114,000 low income households in the region that lack access to a vehicle, a group that represents 49% of all zero vehicle households and 28% of all low income households. By far the largest share of these households lives in San Francisco, where nearly 60% of low income households do not have a vehicle. Outside of San Francisco, the share ranges from 15% in Sonoma County to 32% in Alameda County.

Exhibit 16. Zero Vehicle Households (<159% of FPL)

County	Zero Vehicle Households	Zero Vehicle HH below 149% of FPL	Percent of zero-car households that are low income	Percent of low income households that have zero cars
Alameda	54,260	30,625	56.4%	31.5%
Contra Costa	20,375	9,935	48.8%	19.0%
Marin	5,265	2,105	40.0%	17.8%
Napa	2,635	1,175	44.6%	15.0%
San Francisco	99,750	40,645	40.7%	59.9%
San Mateo	14,380	5,905	41.1%	20.2%
Santa Clara	31,180	15,560	49.9%	19.1%
Solano	7,070	4,060	57.4%	18.2%
Sonoma	9,780	4,525	46.3%	14.7%
Bay Area Total	244,695	114,535	46.8%	28.6%

Source: 2006-2010 ACS 5 Yr Estimates (CTPP, Table A113201)

6.4 Racial and Ethnic Minorities

The equity analysis completed in support of MTC’s Regional Transportation Plan provided a detailed analysis of the distribution of racial and ethnic minority populations in the region. In that analysis, minority populations are defined as persons who identify as any of the following groups defined by the Census Bureau: American Indian or Pacific Islander; Asian; Black or African-American; Hispanic or Latino of any race; Native Hawaiian or Pacific Islander. Following MTC’s guidelines, the minority population also includes persons whose responses identify Some Other Race or Two or More Races. The “non-minority”

population consists of all other persons not included in the above, namely those identifying as non-Hispanic white alone.⁴ According to this definition, the Bay Area is a “majority minority” region.

Exhibit 17 shows the number of all Bay Area households that identify as belonging to a minority group, the population of low income people who belong to a minority group, the percentage of minorities that are low income, and finally the percentage of low income people that are minorities. Due to differences in how the US Census reports the data, low income in this table is defined as households earning less than 100% of the Federal Poverty Level, rather than 200%. These figures are therefore not directly comparable with other figures reported for this analysis, but are still useful for purposes of comparison among counties.

The Census data show that there are 659,000 minority households in the region with incomes below the poverty level, representing 15.9% of the total minority population. The poverty rate among minorities varies from 11.1% in San Mateo to 23.4% in Sonoma County. Fifty-eight percent of all people living below the poverty level identify as belonging to a minority group.

Exhibit 17. Minority Population (<100% of FPL)

County	Total minority population	Minority below FPL (100%)	Percent of minority Population earning below poverty level	Percent of population earning below poverty level that is Minority
Alameda	998,843	163,281	16.3%	66.3%
Contra Costa	557,110	89,293	16.0%	52.8%
Marin	64,295	12,512	19.5%	26.0%
Napa	58,987	8,295	14.1%	43.9%
San Francisco	469,424	80,887	17.2%	58.3%
San Mateo	419,697	46,537	11.1%	58.1%
Santa Clara	1,167,700	175,714	15.0%	65.4%
Solano	239,728	43,824	18.3%	59.5%
Sonoma	163,813	38,303	23.4%	34.1%
Bay Area Total	4,139,597	658,646	15.9%	58.0%

Source: 2013 ACS 5 Yr Estimates (S1701)

⁴ Definitions from MTC ‘s Draft Equity Analysis Report including Title VI, Environmental Justice and Equity Analysis for Plan Bay Area, March 2013.

http://planbayarea.org/pdf/Draft_Plan_Bay_Area/Draft_Equity_Analysis_Report.pdf

6.5 Persons with Disabilities

Exhibit 18 shows the number of Bay Area residents who have a disability, the number of low income people in the region who have a disability, the percentage of people with a disability that are low income, and finally the percentage of low income households that have a disability.

There are roughly 283,000 low income Bay Area residents who have a disability, which represents roughly 10% of all people and 15% of all low income people in the region.

San Francisco has the greatest overlap between disabilities and low incomes. About half of all people with a disability in San Francisco belong to a low income household or family, and almost 20% of San Franciscans with low incomes also have a disability.

Exhibit 18. Population with a Disability (<200% of FPL)

County	Total population with a disability	Low income with a disability	Percent of disabled population that is low income	Percentage of low income people who have a disability
Alameda	150,089	67,664	45.1%	15.3%
Contra Costa	124,302	45,049	36.2%	16.3%
Marin	25,880	9,287	35.9%	19.8%
Napa	15,797	5,387	34.1%	14.4%
San Francisco	91,155	45,731	50.2%	19.6%
San Mateo	58,139	20,590	35.4%	14.0%
Santa Clara	142,345	50,734	35.6%	11.7%
Solano	46,350	17,314	37.4%	14.4%
Sonoma	56,426	21,643	38.4%	14.6%
Bay Area Total	710,483	283,399	39.9%	15.0%

Source: 2013 ACS 1 Yr Estimates (C18131)

6.6 Seniors

Exhibit 19 shows the number of Bay Area residents who are seniors (age 65 or older), the number of seniors who have low incomes, the percentage of seniors that have low incomes, and the percentage of low income households that are seniors.

There are roughly 247,000 people aged 65 or older in the region with low incomes. That total represents 25% of the senior population of the region and 13% of the low income population.

Similar to disability status, San Francisco has the highest overlap between low income and senior populations: 38% of San Francisco seniors have low incomes and 19% of low income San Francisco residents are seniors.

Exhibit 19. Senior Population (<200% of FPL)

County	Total population 65 and older	Low income 65 and older	Percentage of seniors that have low incomes	Percentage of low income households that are seniors
Alameda	187,980	48,882	26.0%	11.1%
Contra Costa	147,599	33,702	22.8%	12.2%
Marin	47,870	8,487	17.7%	18.1%
Napa	22,152	5,157	23.3%	13.8%
San Francisco	117,088	44,521	38.0%	19.0%
San Mateo	105,097	22,469	21.4%	15.2%
Santa Clara	218,152	55,115	25.3%	12.7%
Solano	53,321	12,880	24.2%	10.7%
Sonoma	77,567	16,106	20.8%	10.9%
Bay Area Total	976,826	247,319	25.3%	13.1%

Source: 2013 ACS 1 Yr Estimates (B17024)

6.7 Transit Commuters

Census Journey to Work data estimates the flows of workers between counties, including their mode of transportation. Journey to Work data is not tabulated in a way that makes it possible to assess worker incomes as a ratio of the poverty level. Therefore, for purposes of this analysis, we have defined low income as any worker earning less than \$49,000 per year, which corresponds roughly to 200% of the Federal Poverty Level for a family of four. These figures are therefore not directly comparable with other figures reported for this analysis, but are still useful for purposes of comparison among counties.

Exhibit 20 details in table form the pattern of transit commuting between counties by all workers and the percentage of those trips that are made by low income workers. Exhibit 21 provides the same data, but only for low income commuters. Exhibit 22 illustrates in map form the pattern of transit commuting by all workers. Exhibit 23 shows the pattern for low income workers. The largest markets for low income transit commuters are within counties. More than 28,000 low income workers commute daily within San Francisco; 12,000 within Alameda County; 6,000 within Santa Clara County; 3,000 within Contra Costa, and 2,000 within San Mateo County.

By far the largest inter-county transit commute market for low income workers is the market from Alameda County to San Francisco: more than 6,000 low income workers make this commute each workday. This corridor, in which BART and AC Transit provide travel times that are highly competitive with auto travel, is also the strongest inter-county transit market for commuters of all incomes. Large numbers of low income workers also commute from San Mateo (2,600) and Contra Costa (2,200) Counties to San Francisco, from San Francisco to Alameda County (1,100), a between Alameda County and Contra Costa in both directions (roughly 1,000 trips each way). No other county-to-county market has more than 500 daily low income transit commuters.

Exhibit 20. Daily County-to-County Transit Commuters (Total Number of Transit Commuters at All Income Levels and Percentage that are Low Income)

<-- Workplace County -->

	Alameda	Contra Costa	Marin	Napa	San Francisco	San Mateo	Santa Clara	Solano	Sonoma
<i>Alameda</i>	63,275 (20%)	4,710 (20%)	189 (34%)	-	80,430 (8%)	3,340 (8%)	4,065 (4%)	8 (0%)	29 (0%)
Contra Costa	17,940 (8%)	13,770 (23%)	240 (29%)	55 (27%)	47,375 (5%)	2,900 (8%)	565 (7%)	40 (0%)	-
Marin	260 (6%)	215 (47%)	5,340 (32%)	-	13,435 (3%)	320 (0%)	30 (0%)	-	189 (2%)
Napa	50 (30%)	20 (0%)	-	715 (35%)	654 (1%)	-	-	185 (16%)	30 (50%)
San Francisco	13,750 (8%)	1,875 (9%)	1,440 (10%)	220 (30%)	243,805 (12%)	9,190 (12%)	9,525 (5%)	140 (0%)	-
San Mateo	2,240 (5%)	570 (16%)	195 (0%)	-	35,620 (7%)	14,725 (14%)	4,445 (10%)	-	260 (23%)
Santa Clara	1,585 (13%)	210 (14%)	70 (0%)	-	6,180 (6%)	3,840 (6%)	40,330 (17%)	-	49 (8%)
Solano	1,525 (7%)	360 (0%)	30 (50%)	200 (30%)	3,685 (4%)	229 (11%)	130 (0%)	2,955 (17%)	8 (0%)
Sonoma	20 (0%)	-	650 (17%)	20 (50%)	2,710 (4%)	120 (0%)	20 (0%)	-	4,950 (21%)

Source: 2006-2010 ACS 5 Yr Estimates (CTPP, Table B103202C2)

Exhibit 21. Daily County-to-County Low Income Transit Commuters (Total Number of Low Income Transit Commuters and Percentage by Workplace County)

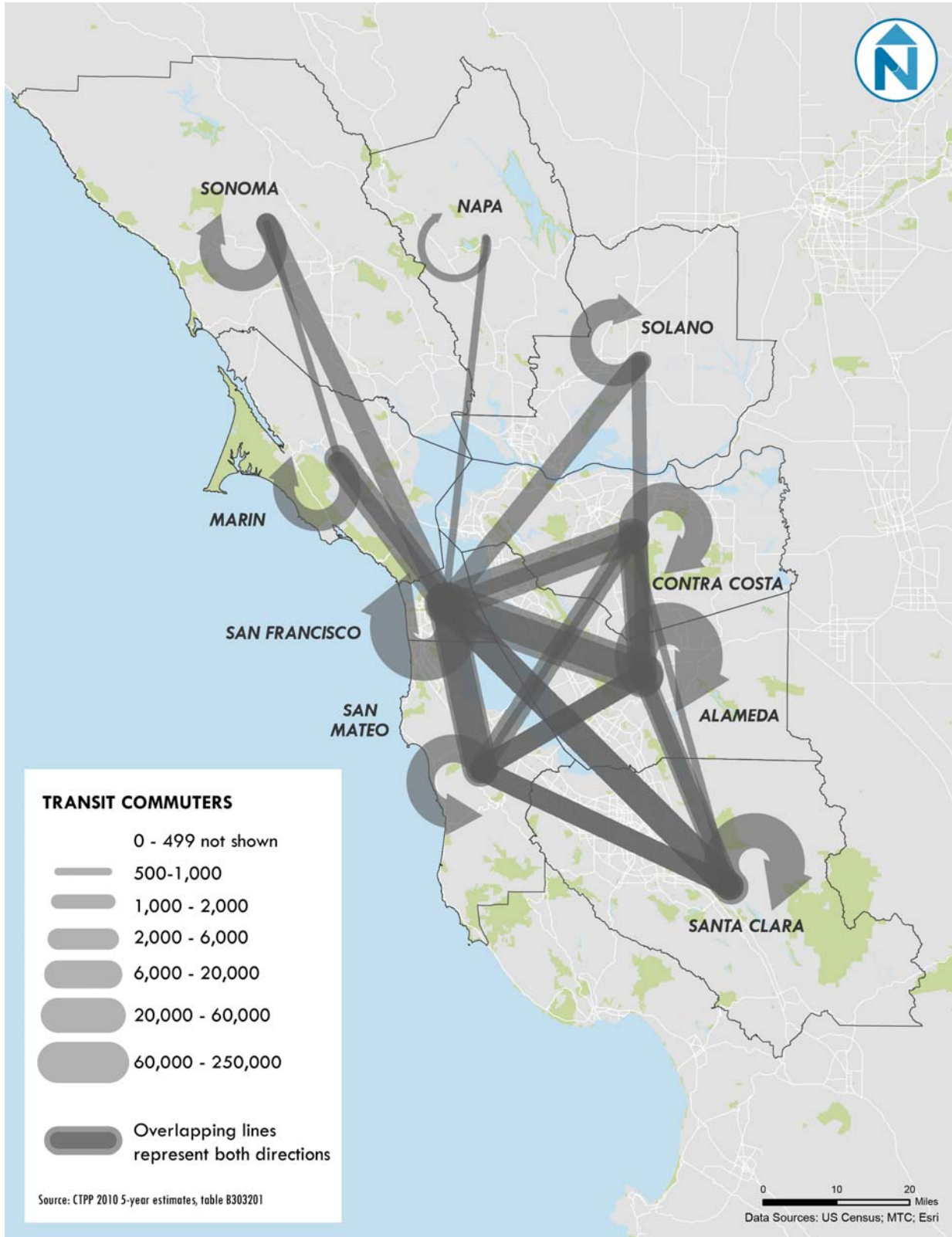
<-- Workplace County -->

	Alameda	Contra Costa	Marin	Napa	San Francisco	San Mateo	Santa Clara	Solano	Sonoma	Total
<i>Alameda</i>	12,415 (61%)	960 (5%)	64 (<1%)	-	6,330 (31%)	280 (1%)	170 (<1%)	-	-	20,219 (100%)
Contra Costa	1,375 (20%)	3,125 (45%)	70 (1%)	15 (<1%)	2,155 (31%)	235 (3%)	40 (<1%)	-	-	7,015 (100%)
Marin	15 (<1%)	100 (5%)	1,700 (78%)	-	370 (17%)	-	-	-	4 (<1%)	2,189 (100%)
Napa	15 (5%)	-	-	250 (80%)	4 (1%)	-	-	30 (10%)	15 (5%)	314 (100%)
San Francisco	1,135 (4%)	175 (<1%)	145 (<1%)	65 (<1%)	28,245 (90%)	1,095 (3%)	430 (1%)	-	-	31,290 (100%)
San Mateo	110 (2%)	90 (2%)	-	-	2,660 (49%)	2,085 (38%)	435 (8%)	-	60 (1%)	5,440 (100%)
Santa Clara	210 (3%)	30 (<1%)	-	-	390 (5%)	245 (3%)	6,665 (88%)	-	4 (<1%)	7,544 (100%)
Solano	110 (13%)	-	15 (2%)	60 (7%)	145 (17%)	25 (3%)	-	510 (59%)	-	865 (100%)
Sonoma	-	-	110 (9%)	10 (<1%)	110 (9%)	-	-	-	1,040 (82%)	1,270 (100%)

<-- Residence County -->

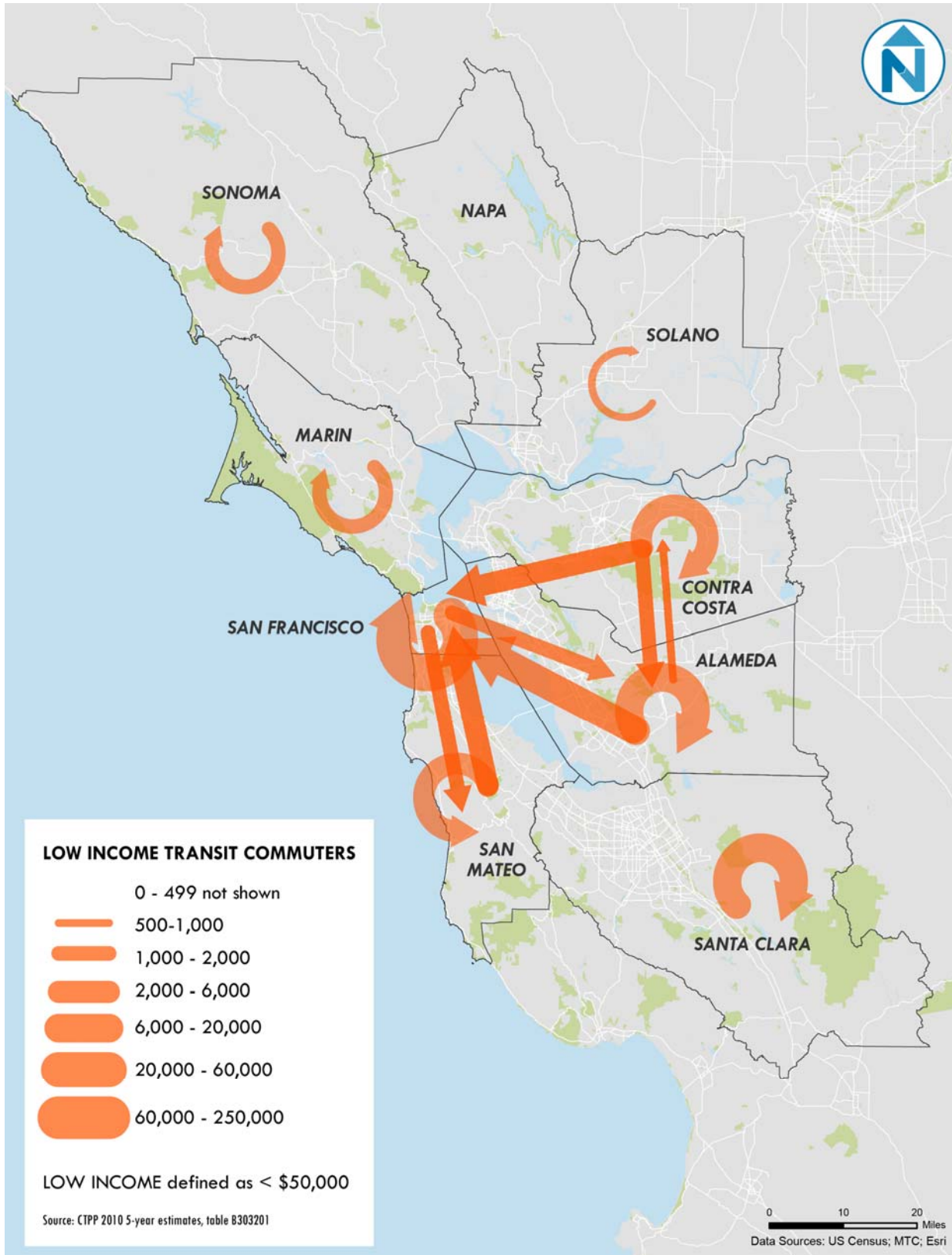
Source: 2006-2010 ACS 5 Yr Estimates (CTPP, Table B103202C2)

Exhibit 22. Daily County-to-County Transit Commuters (All Workers)



Source: 2006-2010 ACS 5 Yr Estimates (CTPP, Table B103202C2)

Exhibit 23. County-to-County Transit Commuters (All Workers and Low Income Workers)



Source: 2006-2010 ACS 5 Yr Estimates (CTPP, Table B103202C2)

6.7 Transit Travel Patterns

The transit travel patterns discussed in this section are the result of analysis of data from the MTC Transit Passenger Survey and other onboard transit passenger surveys.

6.7.1 Data Sources

MTC Transit Passenger Survey

MTC and the transit agencies have a common interest in understanding the demographics and travel patterns of transit riders in the San Francisco Bay Area. Between 2012 and March 2015, MTC staff have carried out transit surveys in partnership with 15 separate transit agencies as part of MTC’s Cooperative Demographic and Travel Pattern Transit Rider Survey Program (Transit Survey Program). At the time of this analysis, consolidated data from MTC’s Transit Survey Program were available for the following agencies:

- Alameda/Contra Costa (AC) Transit (2012)
- Altamont Commuter Express (ACE) (2014)
- Caltrain (2014)
- County Connection/Central Contra Costa Transit Authority (CCCTA) (2012)
- Golden Gate Bridge Highway and Transportation District (GGBHTD) (2013)
- Livermore Amador Valley Transit Authority (LAVTA)/Wheels (2013)
- Napa VINE/Napa County Transportation and Planning Agency (NCTPA) (2014)
- Petaluma Transit (2012)
- SamTrans/San Mateo County Transit District (2013)
- Santa Rosa City Bus (2012)
- Sonoma County Transit (2012)
- Tri Delta Transit/Eastern Contra Costa Transit Authority (ECCTA) (2014)
- Union City (2013)
- Water Emergency Transportation Authority (WETA)/San Francisco Bay Ferry (2013)

Other On-Board Surveys

For transit operators that had not yet been surveyed as part of MTC’s Transit Survey Program at the time of this analysis, data from the following sources were used:

Operator	Data Source	Use in analysis
Bay Area Rapid Transit District (BART)	2014 Customer Satisfaction Survey or 2008 Station Profile Study survey (source noted with each exhibit)	All exhibits (except where otherwise noted)
San Francisco Municipal Transportation Agency (SFMTA)/Muni	2014 Systemwide On-Board Study	All exhibits (except where otherwise noted)
Santa Clara Valley Transportation Authority (VTA)	2013 On-Board Survey	All exhibits (except where otherwise noted)

Fairfield and Suisun Transit (FAST)	2014 Local Ridership Report	Exhibits 24 and 25 only
Marin Transit	Countywide Transit Market Assessment Existing Service Assessment	Exhibits 24 and 25 only
Solano County Transit (SolTrans)	2014 Bus Routes (Local) Ridership Study and 2014 Intercity Routes Ridership Study	Exhibits 24 and 25 only
Vacaville	2009 On-Board Ridership Survey	Exhibits 24 and 25 only
WestCAT	2014 On Board Survey	Exhibits 24 and 25 only

6.7.2 Methodology

For the purposes of this analysis, a *low income person* is someone living in a family or household that has earnings below 200% of the federal poverty level. MTC established the 200% of poverty threshold in 2001 to account for the Bay Area’s high cost of living relative to nationally defined poverty thresholds. The Census Bureau does not adjust the poverty level for different parts of the U.S. where different costs of living factor into the varying affordability.⁵

Though the federal poverty level varies by household size, some on-board surveys analyzed as part of this analysis lacked information on household sizes. As such, the analysis used \$50,000 as the cutoff for “low-income” status. This is an income threshold used in almost all of the surveys, and it was the closest threshold to 200% of the 2015 federal poverty level for a family of four.

Crosstabs were created separately for each survey dataset then integrated based on reported average weekday ridership.⁶ MTC survey data were calculated based on values weighted based on boardings unless otherwise specified.

6.7.3 On-Board Survey Data Analysis

As Exhibit 24 shows, the region’s four largest transit agencies (SFMTA, AC Transit, BART, and VTA) account for nearly 90% of the region’s transit boardings by low-income riders. Muni accounts for a large plurality of low income transit riders.

⁵ Definitions from MTC ‘s Draft Equity Analysis Report including Title VI, Environmental Justice and Equity Analysis for Plan Bay Area, March 2013.

http://planbayarea.org/pdf/Draft_Plan_Bay_Area/Draft_Equity_Analysis_Report.pdf

⁶ Ridership source: MTC (July 2015). “Statistical Summary of Bay Area Transit Operators.”

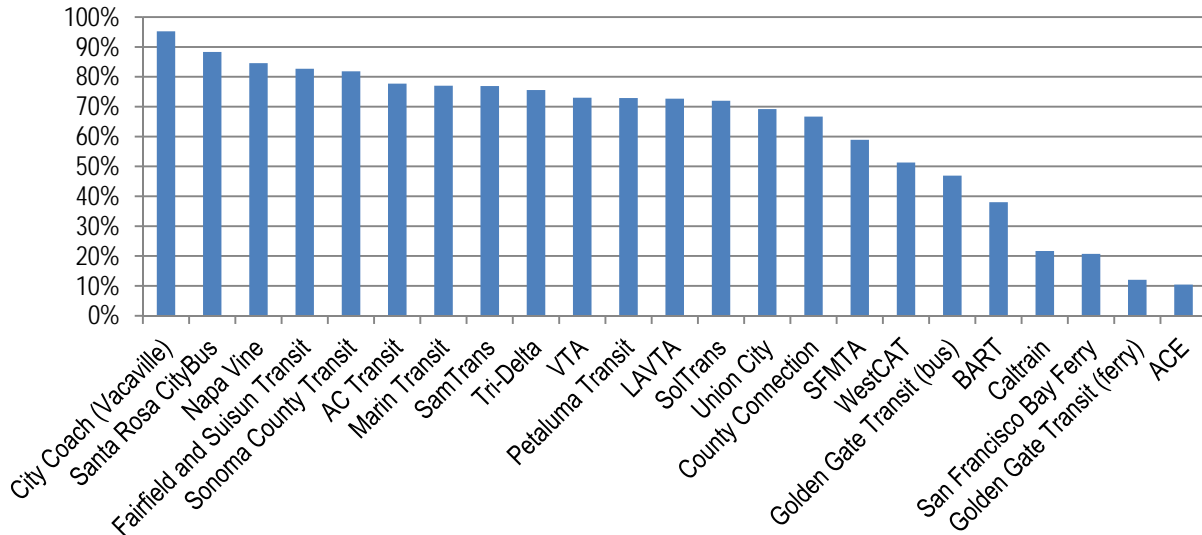
Exhibit 24. Transit Operator’s Share of Regional Low Income Ridership

Transit Agency	Share of Regional Low Income Boardings
SFMTA	43%
AC Transit	18%
BART	17%
VTA	11%
SamTrans	5%
Caltrain	2%
Tri-Delta	1%
Golden Gate Transit (bus)	1%
County Connection	1%
Santa Rosa CityBus	1%
LAVTA	<1%
Fairfield and Suisun Transit	<1%
Sonoma County Transit	<1%
WestCAT	<1%
Napa Vine	<1%
Marin Transit	<1%
Vacaville	<1%
San Francisco Bay Ferry	<1%
Union City	<1%
Golden Gate Transit (ferry)	<1%
Petaluma Transit	<1%
ACE	<1%
SoTrans	<1%
Total	100%

Note: Calculated based on MTC transit rider survey results (weighted by boardings) and VTA, SFMTA, BART, FAST (Fairfield and Suisun), Marin Transit, SolTrans, City Coach (Vacaville), and WestCAT on-board/customer satisfaction surveys, per the table above. Data integrated based on July 1, 2013 – June 30, 2014 ridership, per the July 2015 MTC “Statistical Summary of Bay Area Transit Operators” report.

Exhibit 25 illustrates the low income shares of each transit agency’s ridership. These shares generally fall between 60% and 80% for most of the region’s local bus service providers, while low income riders make up much smaller shares of rail and ferry agencies’ ridership. Overall, 56% of riders across all Bay Area transit agencies fall into the low income category.

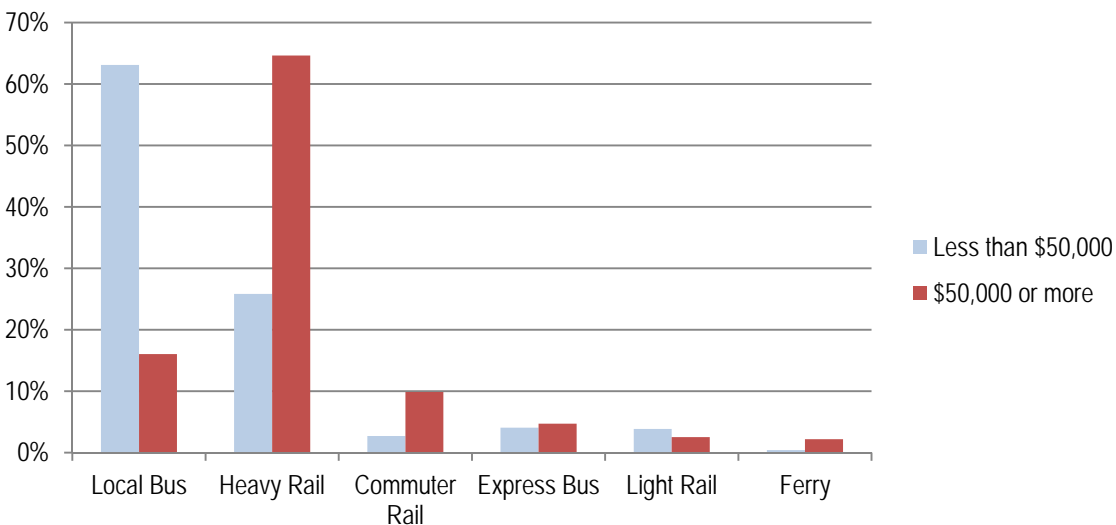
Exhibit 25. Low Income Share of Ridership, All Systems



BART data source: 2014 Customer Satisfaction Study

These data make it possible to compare travel patterns between low income (riders earning less than \$50,000) and non-low income (transit riders earning \$50,000 or more) riders. For example, a larger share of low income riders use local buses than non-low-income riders, but the ratios are reversed on heavy and commuter rail services, as shown in Exhibit 26.

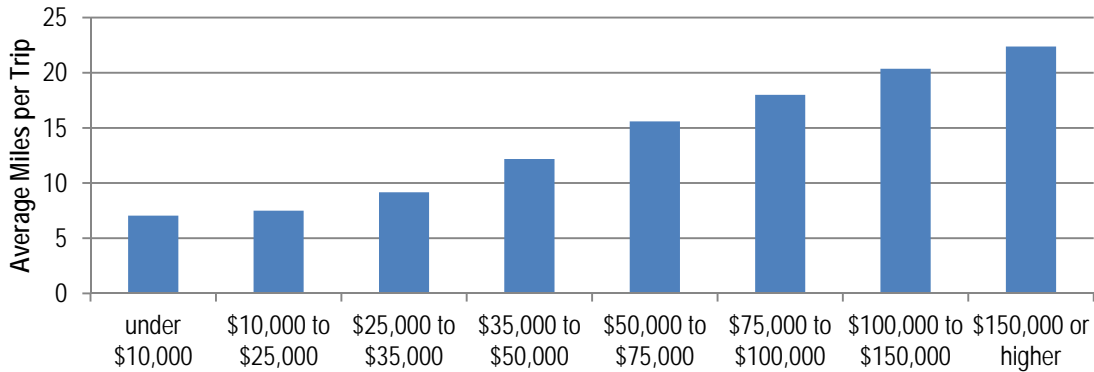
Exhibit 26. Mode Share by Income Category



Note: Excludes Muni because mode usage by income level was not available. BART data source: 2014 Customer Satisfaction Study.

Average distance traveled steadily increases with each higher income bracket, as shown in Exhibit 27. Low income riders travel less than one-third the distance of the highest income riders. This effect is reflected in the transit mode use data, which show that upper-income riders use the region’s long-distance transit modes at higher rates, while low income riders generally use local bus systems at higher rates.

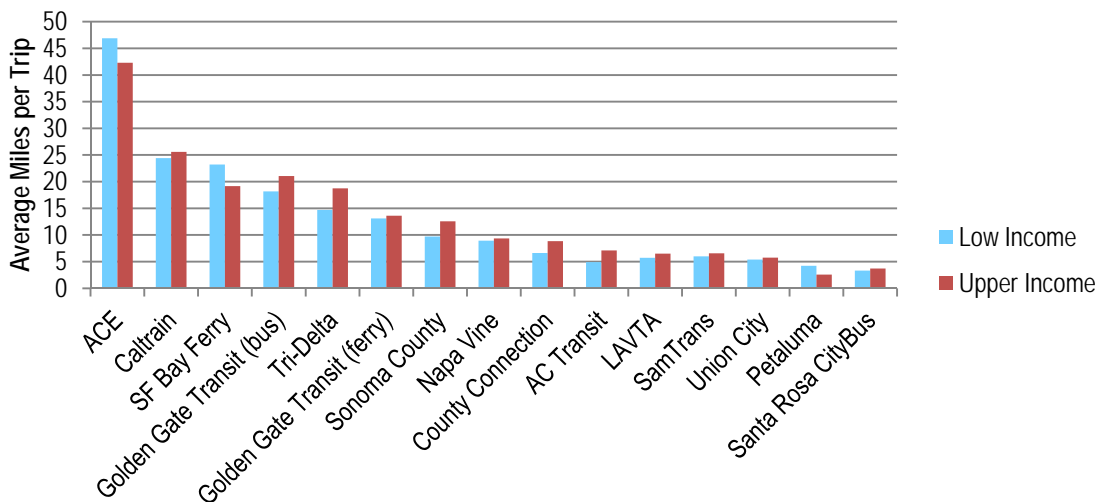
Exhibit 27. Average Distance Traveled on Transit by Reported Income Level



Note: Excludes VTA, Muni, and BART

Though there is a clear pattern in mileage per trip when the region’s agencies are taken together, most individual agencies see relatively consistent average mileage across income groups. The contrast is because agencies like ACE and Caltrain, whose ridership bases skew toward non-low income brackets, facilitate much longer average trips than do many other systems, while smaller bus systems, whose ridership bases skew toward low-income brackets, provide trips that are much shorter on average, as shown in Exhibit 28.

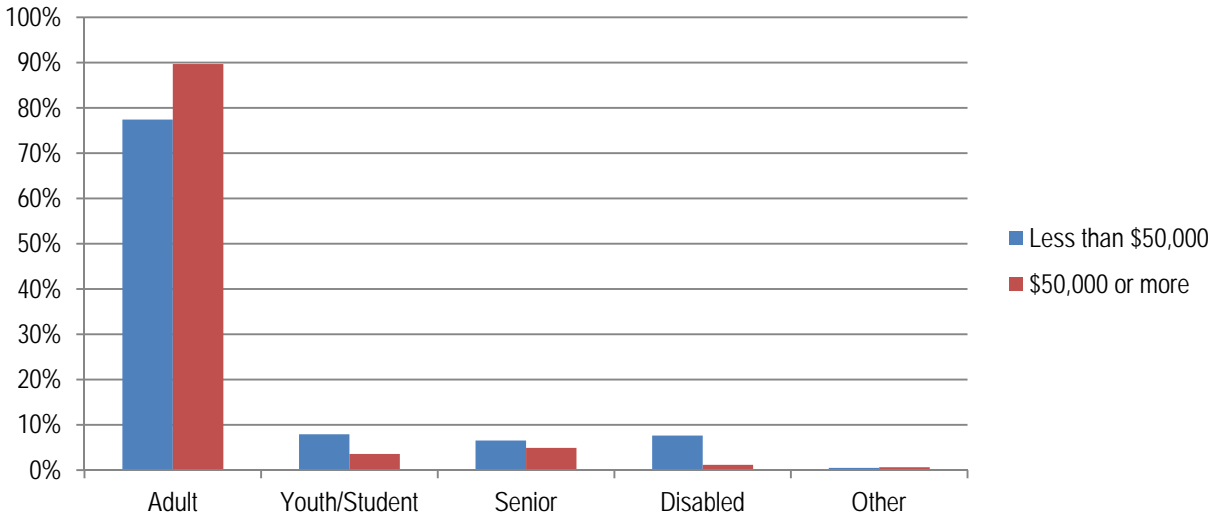
Exhibit 28. Average Distance Traveled on Transit by Reported Income Level and Transit Agency



Note: Excludes VTA, Muni, and BART

Low income riders report that they primarily use the regular adult fare, although at lower rates than higher-income riders, as shown in Exhibit 29.

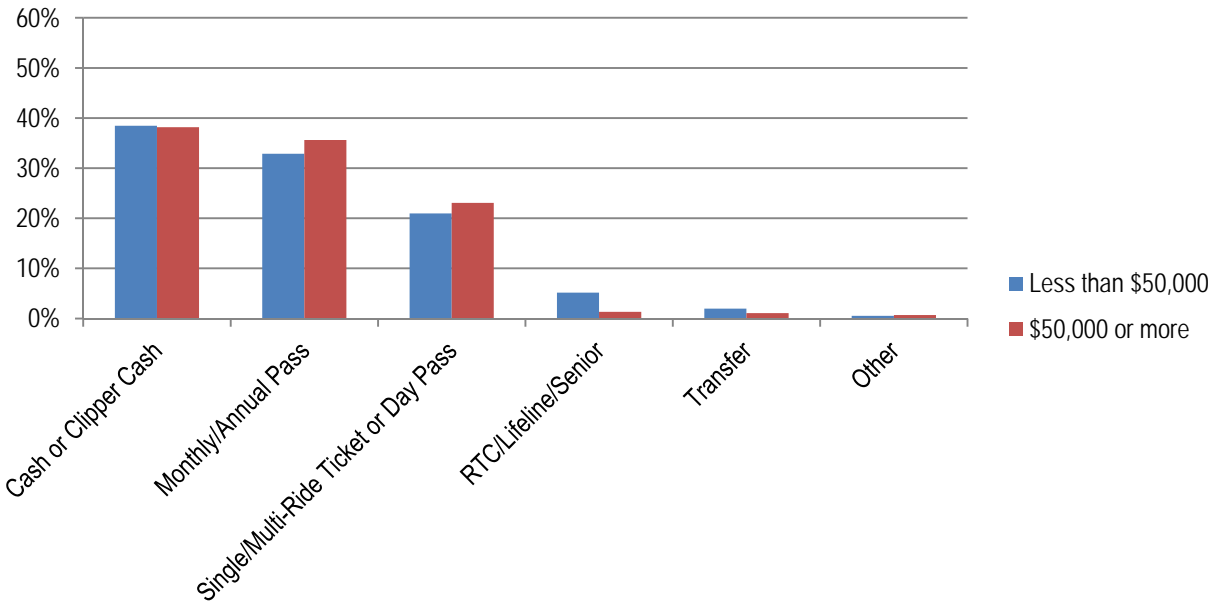
Exhibit 29. Fare Type by Income Category



BART data source: 2014 Customer Satisfaction Survey

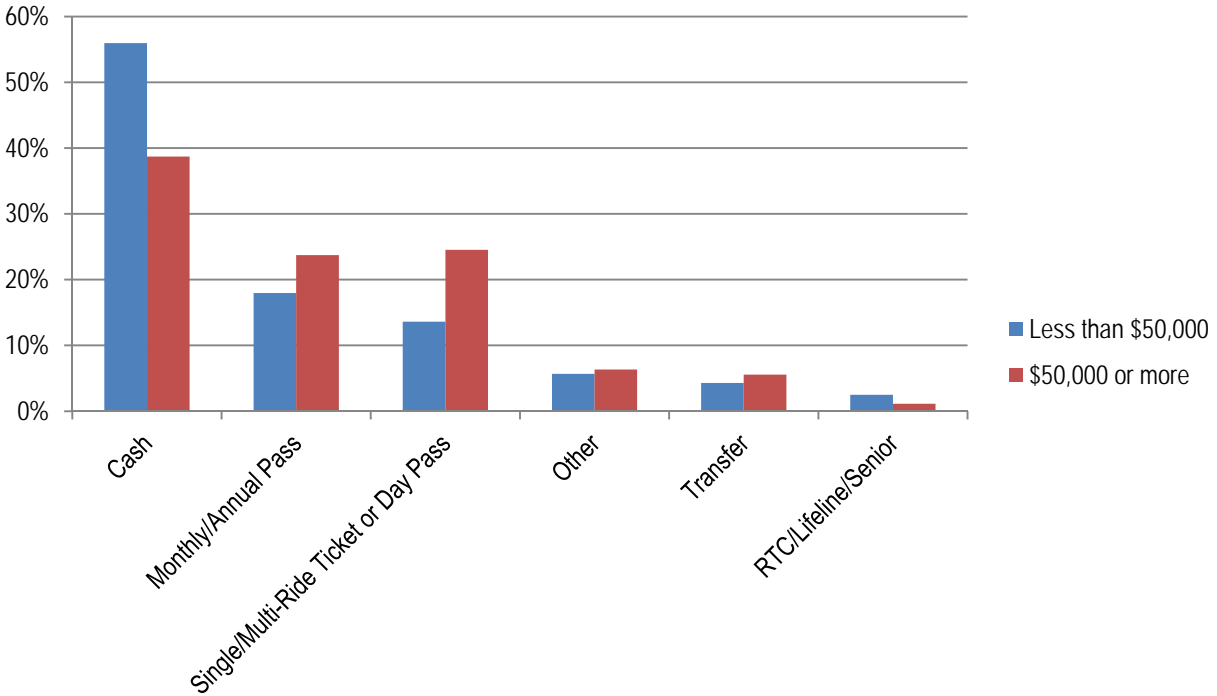
Agencies that offer Clipper see relatively only small differences along socioeconomic lines for typical fare products, while agencies that do not offer Clipper see higher use of cash by lower income riders than by non-low income riders. These distinctions are illustrated in Exhibits 30A and 30B.

Exhibit 30A. Ticket Type by Income Category (Agencies with Clipper)



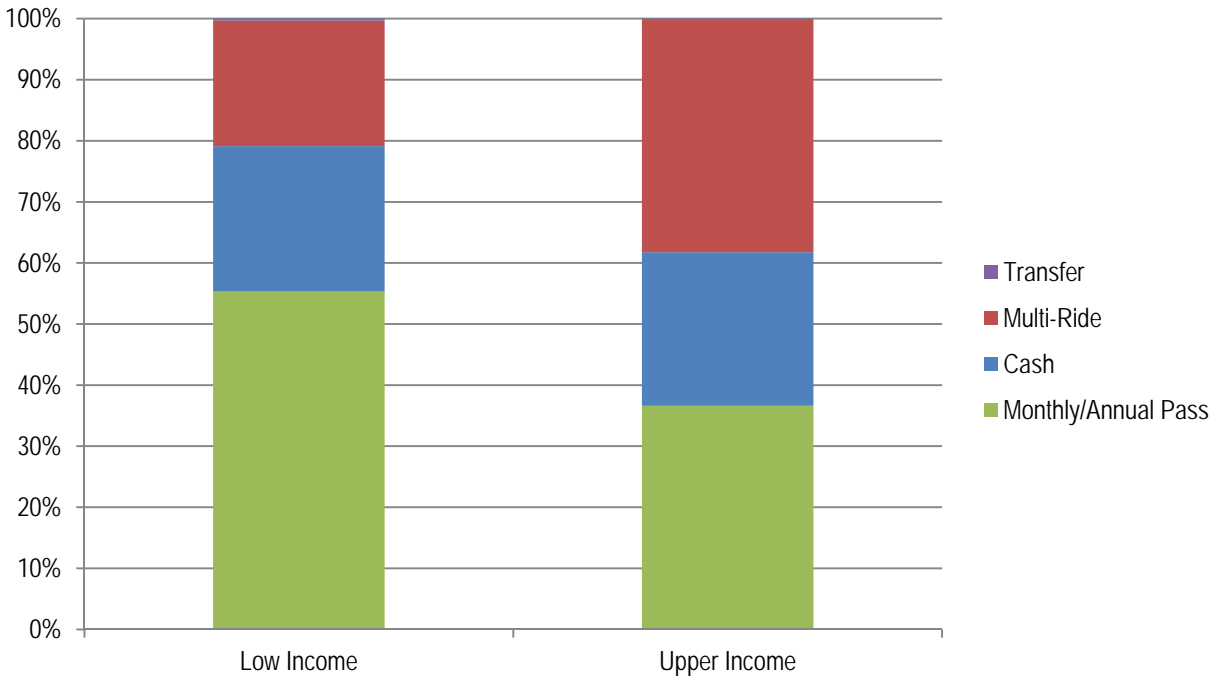
BART data source: 2014 Customer Satisfaction Study

Exhibit 30B. Ticket Type by Income Category (Agencies without Clipper)



As shown in Exhibit 31, low income and upper-income users of Clipper cards load cash on their cards at roughly the same rates, but non-low income users load passes and multi-ride tickets at slightly higher rates.

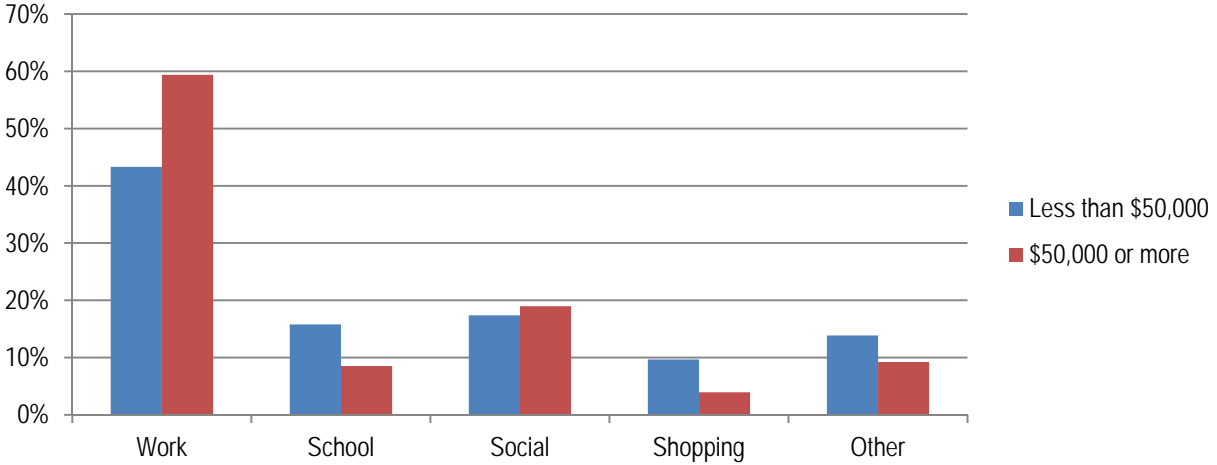
Exhibit 31. Fare Purchased with Clipper



BART data source: 2014 Customer Satisfaction Study

Low income riders use transit for work trips at lower rates than higher income riders. Low income riders also reported higher transit usage for school-related trips than did the population as a whole.

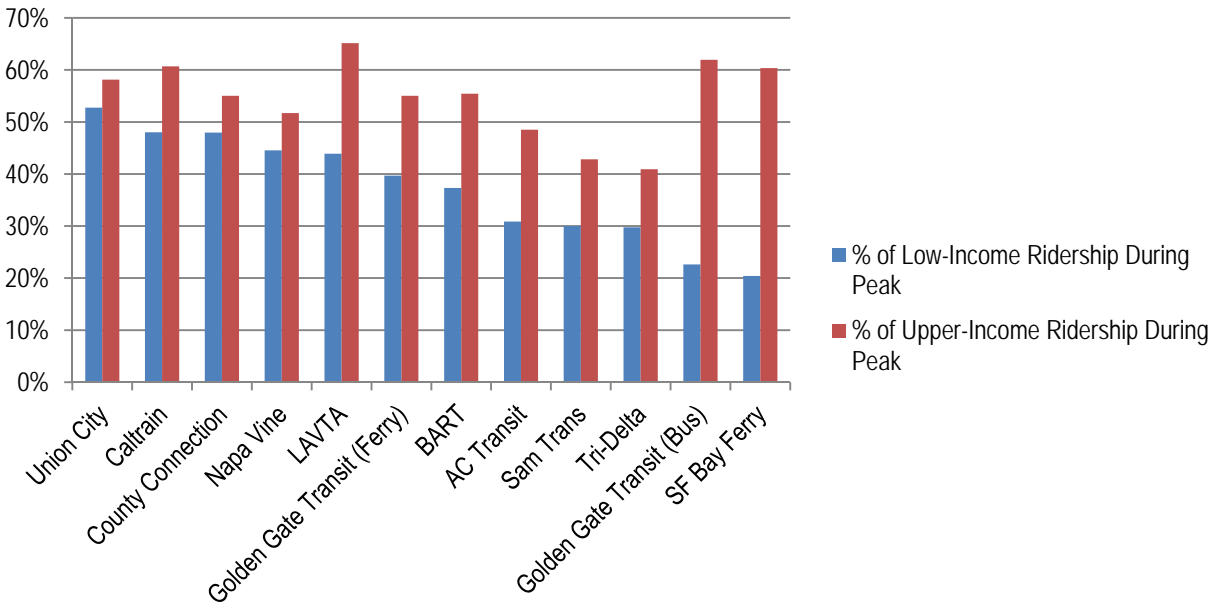
Exhibit 32. Trip Purpose by Income Category



BART data source: 2014 Customer Satisfaction Study

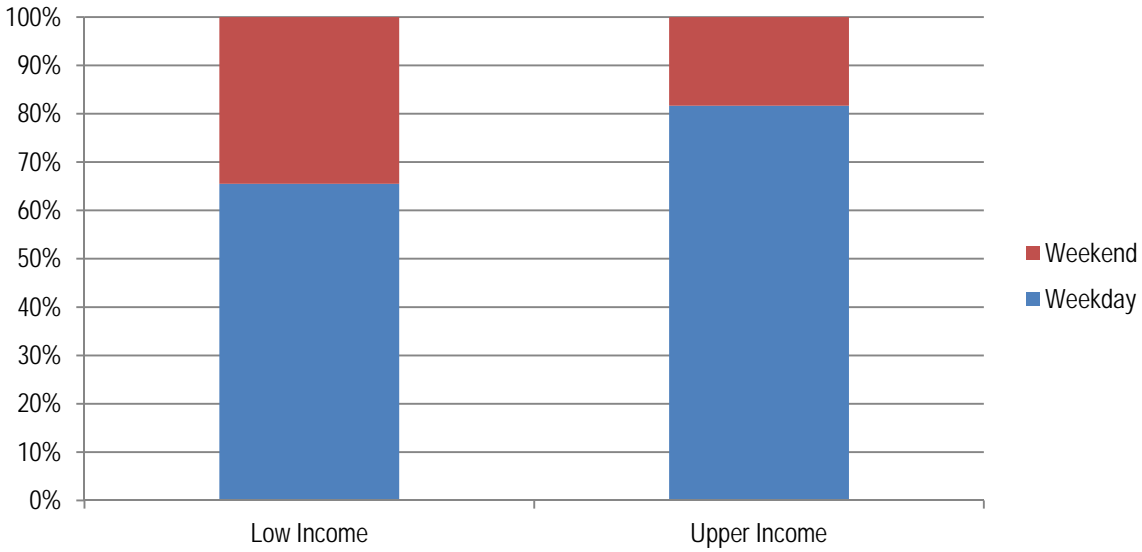
Higher income riders use transit during peak hours at much higher rates than do lower income riders (Exhibit 33), while lower income riders use transit on weekends at higher rates (Exhibit 34).

Exhibit 33. Time of Travel by Income Group



Note: Only includes BART and agencies participating in the MTC survey for which there is both peak and off-peak data. BART data source: 2014 Customer Satisfaction Study.

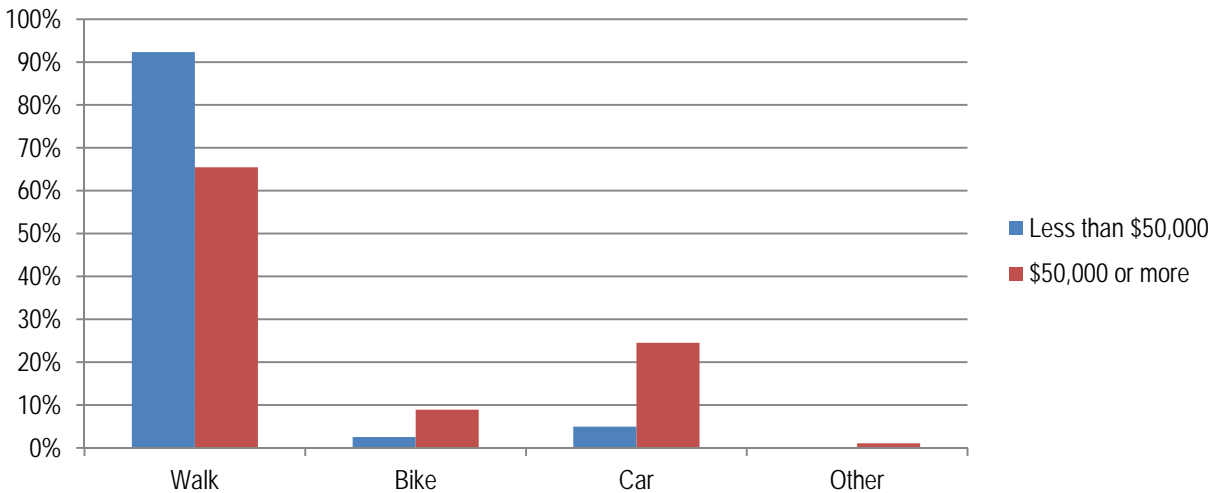
Exhibit 34. Day of Travel by Income Category



BART data source: 2014 Customer Satisfaction Survey

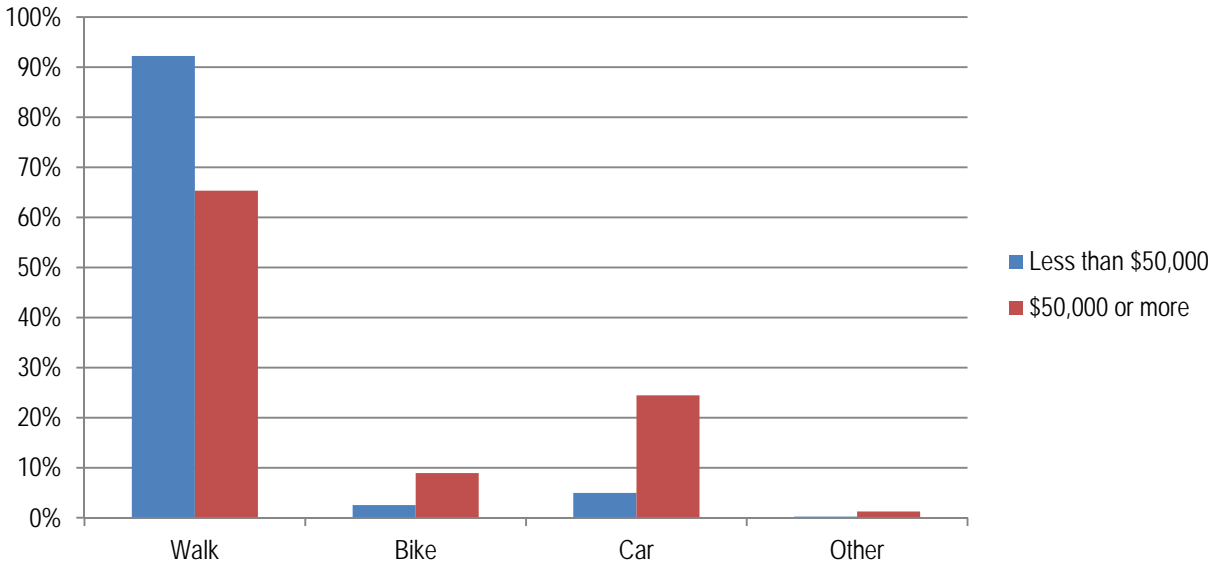
Lower-income riders seem to walk to transit at higher rates than non-low-income riders (Exhibit 35, Exhibit 36), and they tend to make both inter-agency and intra-agency transfers at higher rates (Exhibit 37, Exhibit 38).

Exhibit 35. Access Mode by Income Category



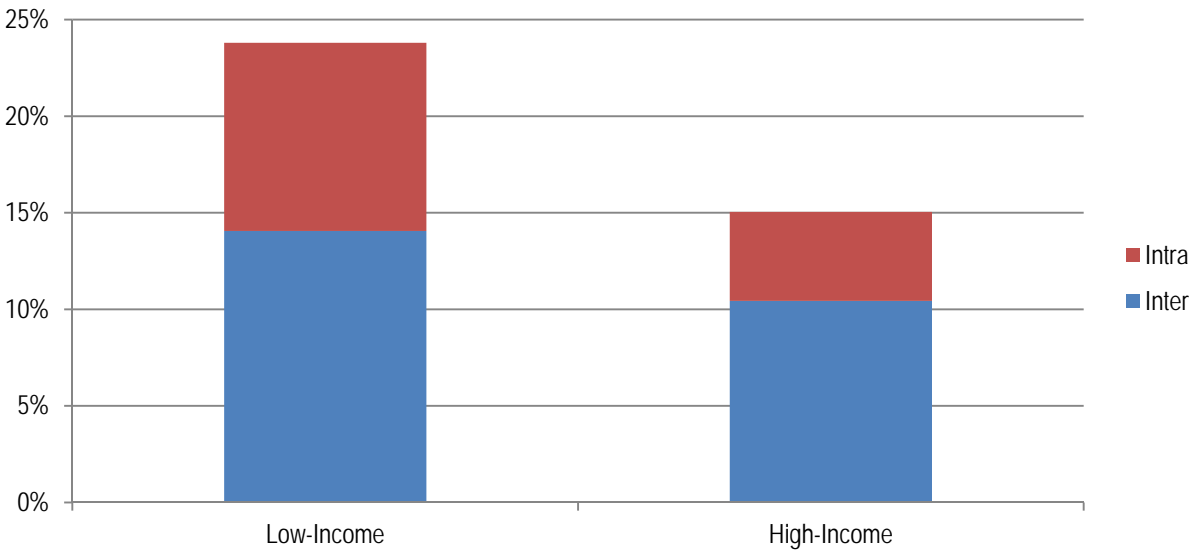
Note: Excludes agencies not participating in the MTC survey given differences in how access-mode question was asked on other surveys.

Exhibit 36. Egress Mode by Income Category



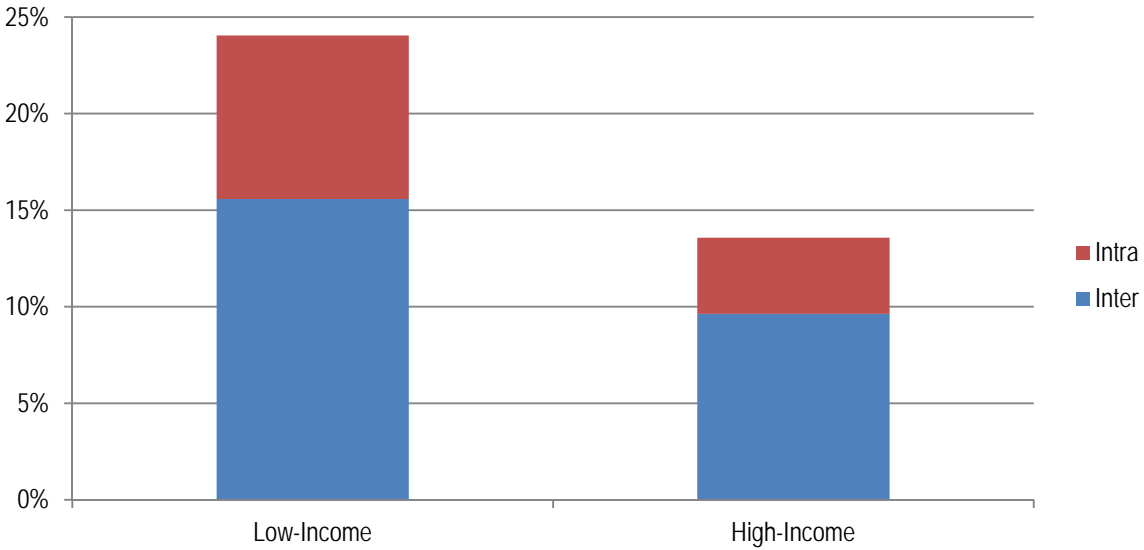
Note: Excludes agencies not participating in the MTC survey given differences in how access-mode question was asked on other surveys.

Exhibit 37. Intra-Agency and Inter-Agency Transfers to Access Point, by Income Category



BART data source: 2014 Customer Satisfaction Study

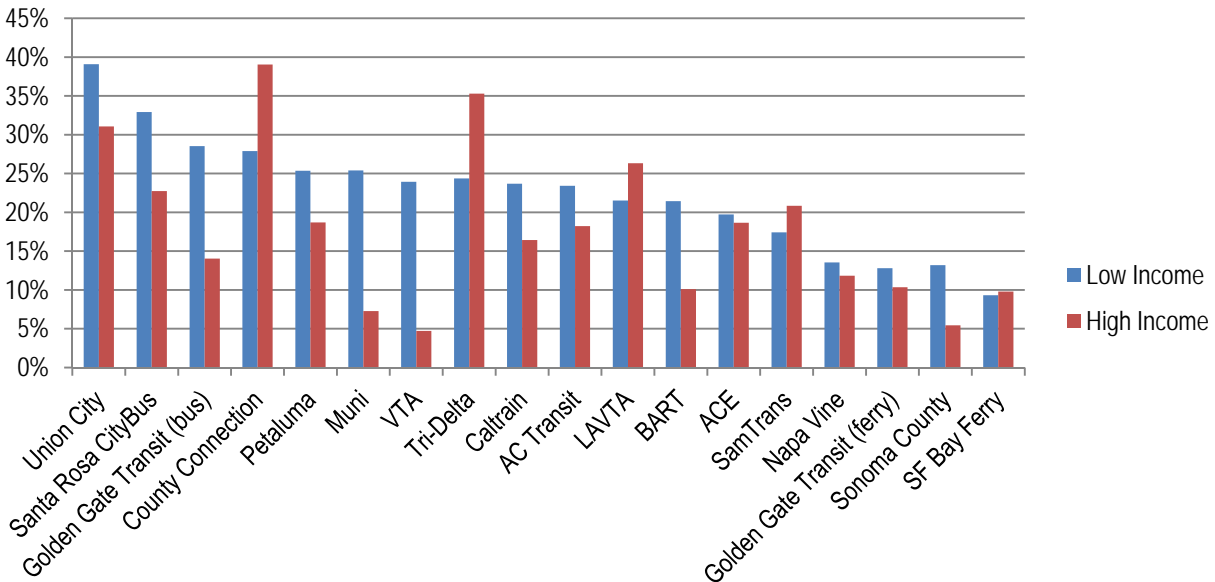
Exhibit 38. Intra-Agency and Inter-Agency Transfers from Egress Point, by Income Category



BART data source: 2008 Station Profile Study Survey

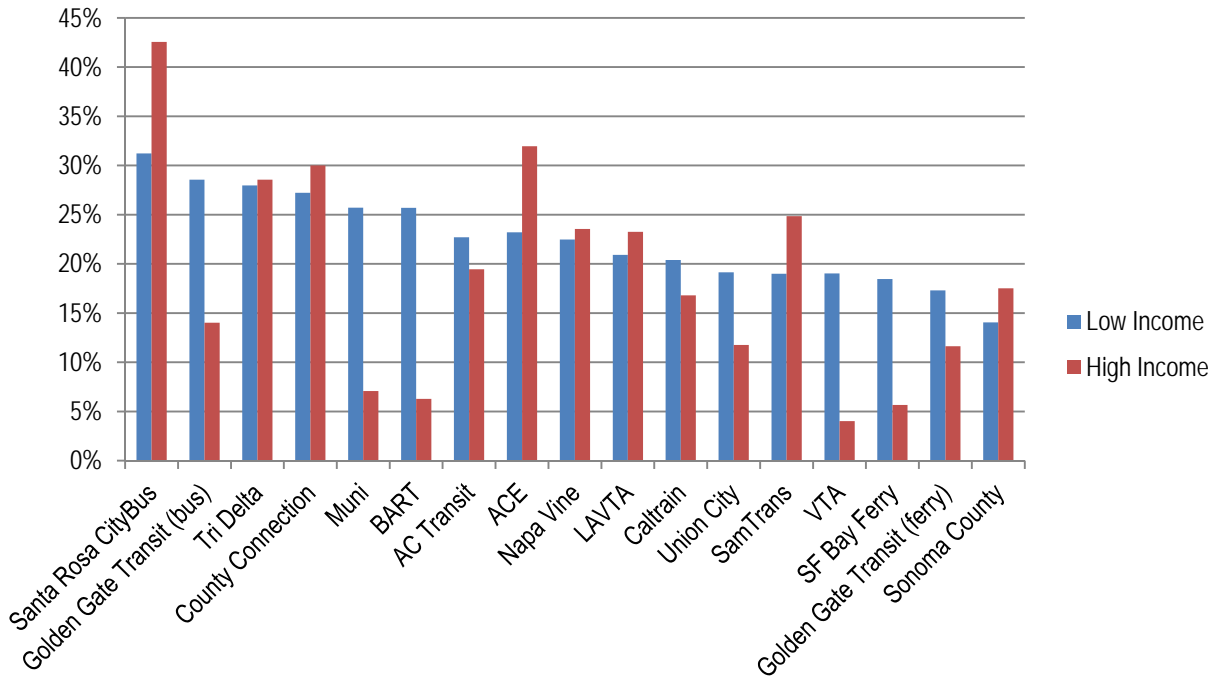
Transfers also tend to occur at higher rates on the region’s smaller systems than they do on larger systems. On some of the larger systems, lower income riders make up more than 80% of those making transfers (Exhibit 39, Exhibit 40).

Exhibit 39. Percent of Boardings Occurring After Transfer (Intra- or Inter-Agency), by Income Category and Agency



BART data source: 2014 Customer Satisfaction Survey

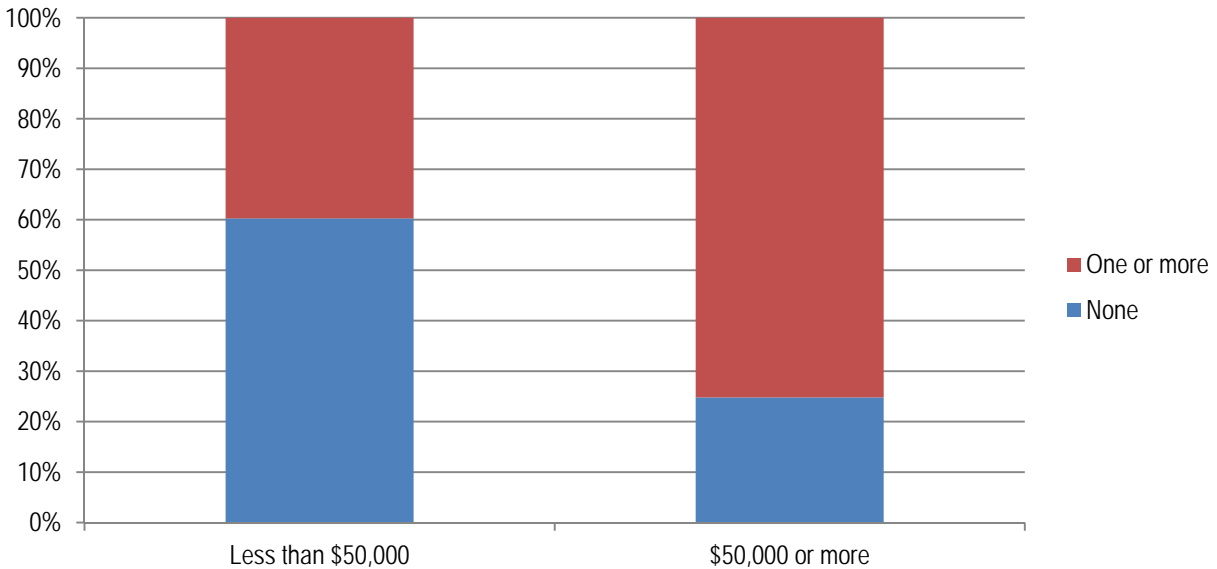
Exhibit 40. Percent of Boardings Occurring Before Transfer (Intra- or Inter-Agency), by Income Category and Agency



BART data source: 2008 Station Profile Study Survey

More than 60% of lower income reported that they had no access to an automobile, while less than 30% of non-low income riders reported no access (Exhibit 41).

Exhibit 41. Access to Private Automobiles by Income Category



BART data source: 2008 Station Profile Study Survey

6.8 Key Takeaways

Key findings on transit use by income indicate that lower income riders tend to take shorter trips – substantiating research findings that on flat fare systems, low income riders subsidize higher income riders who are more apt to take longer trips. Other findings are as follows:

- *Low income households make up 28% of the region’s population – and low income households are located throughout the region. Approximately 1.9 million Bay Area residents live in households with incomes below 200% of the federal poverty level, representing 26% of the region’s population. In nearly all of the region’s developed areas, at least 16% of their populations earn less than 200% of the federal poverty level.*
- *Certain parts of the region have high concentrations of low income households. Low income households make up 30% or more of the population in census tracts throughout much of the inner East Bay; most of the Cities of San Jose and East Palo Alto; and the Route 4 corridor in northern Contra Costa; West Marin; and most of urban Solano and Sonoma Counties.*
- *Twenty-eight percent of low income households lack access to a car. There are roughly 114,000 low income households in the region that lack access to a vehicle, a group that represents 49% of all zero vehicle households and 28% of all low income households. Access to private automobiles is notably lower among low income residents. Among low income households, 60% do not have access to a private vehicle.*
- *The Bay Area is a “majority minority” region, and minority households are more likely to have incomes below the poverty level than white households. People who identify as a member of a racial or ethnic minority group outnumber those who identify as non-Hispanic white. There are 659,000 minority households in the region with incomes below the poverty level, representing 15.9% of the total minority population. The poverty rate among minorities varies from 11.1% in San Mateo to 23.4% in Sonoma County. Fifty-eight percent of all people living below the poverty level identify as belonging to a minority group.*
- *People with disabilities make up 15% of the region’s low income population. There are roughly 283,000 low income Bay Area residents who have a disability, which represents roughly 40% of all people with a disability and 15% of all low income people in the region. The City and County of San Francisco has the greatest overlap between disabilities and low incomes.*
- *Seniors make up 13% of the region’s low income population. There are roughly 247,000 people aged 65 or older in the region with low incomes. That total represents 25% of the senior population of the region and 13% of the low income population. Similar to disability status, San Francisco has the highest overlap between low income and senior populations.*
- *The largest markets for low income transit commuters are within counties. More than 28,000 low income workers commute daily within San Francisco; 12,000 within Alameda County; 6,000 within Santa Clara County; 3,000 within Contra Costa, and 2,000 within San Mateo County.*
- *largest inter-county transit commute market for low income workers is the market from Alameda County to San Francisco. More than 6,000 low income workers make this commute each workday. This corridor, in which BART and AC Transit provide travel times that are highly competitive with auto travel, is also the strongest inter-county transit market for commuters of all incomes.*

- *In seven of the nine Bay Area counties, the majority of low income commute trips occur within a county. In Contra Costa and San Mateo Counties, less than 50% of low income commuters travel within their home counties. For those low income commuters that make intercounty trips, the largest workplace attractor is San Francisco County.*
- *Among intracounty commute trips, low income commutes account for between 12% and 35% of trips. The majority of intracounty commute trips are made by higher income individuals. Only on commute trips from Solano County to Marin County do low income commuters account for half of the total commute trips.*

7.0 Funding for Low Income Transit Fare Programs

As part of the research for this technical memo, Bay Area transit agencies were surveyed about their fare policies and programs that support low income riders, and they were asked how those programs are funded. In discussions with social service agencies, those organizations were also asked how they fund purchases of the fare products that they distribute to their low income clients.

Among Bay Area transit agencies, Marin Transit, SFMTA, SolTrans, Sonoma County Transit, VTA, and WestCAT/AC Transit currently have means-based low income programs:

- Marin Transit offers three low income programs:
 - Adult monthly passes are sold in bulk at a 25% discount to agencies that purchase 50 or more passes. Measure A local sales taxes dollars are used to cover these bulk fare sales.
 - Annual and Semiannual Youth Passes are available to students. The program is funded using Local Measure A and TCI funds
 - The Homeward Bound Local Transit Program – makes monthly passes available to clients of Homeward Bound, a program dedicated to ending homelessness. Measure A local sales taxes subsidize the agency share of the program.
- SFMTA also offers three low income programs:
 - The Lifeline program, which provides monthly passes at 50% of the full fare price to adult residents of San Francisco County who are at or below 200% of the FPL
 - The Free Muni for Youth program, which provides free monthly passes to low and moderate income youth from families with family incomes at or below 100% of the Bay Area Median income level. The program is funded by a \$6.8 million grant from Google and \$1.6 million in MTC TPI Incentive Program funds (STP/CMAQ funds for Preventive Maintenance)
 - The Free Muni for Seniors and Persons with Disabilities, which provides free monthly passes to low and moderate income seniors and persons with disabilities. The program is available to residents with gross annual family incomes at or below 100% of the Bay Area Median income level.
- SolTrans is piloting a program offering discounted bus passes for low income students. This program is in partnership with the Benicia Unified School District and is based on eligibility for the free or reduced school lunch program. The funding for this program has not yet been determined.
- Sonoma County Transit is piloting free rides for college students and offers free fares for veterans. There are no income eligibility requirements, so these are not means-based low income programs. Both programs are funded by the County General Fund.

- VTA's UPLIFT program is partially funded by Santa Clara County, a partner agency in the delivery of program services. For VTA's TAP program, VTA elected to use \$2.3 million in Transit Performance Initiative (TPI) Incentive funds from MTC to subsidize \$45 of each pass sold; the clients who receive the passes pay the remaining \$25 of the \$70 face value. Funding for the TAP program was provided through a funding swap that made the Federal (Surface Transportation Program) dollars in the TPI Incentive program available to VTA for preventive maintenance and freed up other funds to cover the program costs.
- WestCAT and AC Transit provide bus fare subsidies for low income high school students in the West Contra Costa Unified School District. Students under the Freed and Reduced Lunch Program are eligible for the program at no charge on a first-come-first served basis. The program's annual cost of \$415,000 is paid for by Contra Costa County's Measure J sales tax revenues.

Discussions with the social service agencies that purchase and distribute fare products indicate that they use a variety of Federal or State sources of funding but that there is no single funding source dedicated to this purpose.

Among peer agencies, most indicated that they cover program costs and subsidies from operating funds. Only Chicago identified an external funding source. At one time, the Illinois State Legislature provided funding to subsidize revenue losses for free rides for seniors.

8.0 Regional Goals and Objectives for Low Income Transit Fare Programs

The goal of the Regional Means-Based Transit Fare Pricing Study is to determine whether there are opportunities to:

- Make transit more **affordable** for the Bay Area’s low income residents.
- Move towards 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.

Achieving these objectives will require carefully assessing trade offs among alternative fare scenarios . Fare programs that are more affordable are likely to have greater financial impacts. Fare programs that are the most administratively viable for each individual transit operator may not be consistent across the region. Well crafted solutions will consider these tradeoffs, strike the right balance, and draw from national best practices that would work best for the Bay Area.

As alternative low income fare scenarios are developed and evaluated, the program objectives will need to be further refined:

- Making transit services more affordable for low income residents will require 1) clear and consistent definitions of “low income” and “resident,” 2) a well administered means-based testing program to verify eligibility for low income programs, and 3) fare pricing and payment that is convenient and compliant with applicable regulations, including Title VI.
- Ensuring regional consistency will require extensive consensus building across a large number of Bay Area transit operators, social service agencies, community organizations, and external stakeholders.
- Means-based fare scenarios must overcome any implementation challenges and must not overly compromise transit operator farebox recovery and financial objectives in order to be successful and sustainable. It is very possible that a funding source will need to be identified to offset revenue and cost impacts.

9.0 Key Takeaways and Next Steps

9.3 Key Takeaways

Understanding the key takeaways of this Policies and Conditions Memo will be important in crafting preliminary means-based transit fare scenarios for the Bay Area in the next task. High-level key takeaways include:

- **The region's four largest transit agencies (SFMTA, AC Transit, BART, and VTA) account for 90% of the region's transit trips.**
- **Transportation is the third-largest budget item for low income households in California's metropolitan areas.** For low income households, only housing and food expenditures constitute larger budget shares than transportation expenditures. Although low income households may find ways to cover their transportation expenditures, there are trade-offs that have negative effects on lifestyles, including increased stress and anxiety about ability to pay, reduced expenditures on necessities such as food, inability to participate in discretionary activities, and spatial entrapment in the neighborhood around their homes.
- **Majority of transit riders are low income.** Approximately half of Bay Area transit riders are very low income (household income under \$25,000) and three-quarters are low income (household income under \$50,000). While three-quarters of disabled passengers are very low income, only about half of seniors are. This indicates the fare category may in some cases be a good proxy for income while not in others. The proportion of transit riders that are low income also varies by transit operator. For the Bay Area's largest operators, low income transit riders account for three-quarters of riders for three operators (AC Transit, VTA, and SamTrans); low income transit riders account for almost 60% of SFMTA riders. For three smaller operators (Santa Rosa CityBus, Napa Vine, and Sonoma County), low income riders account for more than 80% of riders.
- **Among Bay Area transit riders, the lowest income riders make shorter trips than higher income riders, traveling less than one-third the distance of the highest income riders.** Low income riders generally use local bus systems at higher rates while upper-income riders use the region's long-distance transit modes at higher rates. Specifically, low income riders are more likely to use local bus services (63% of low income riders vs. 16% of upper income riders). Meanwhile, low income riders are less likely to use heavy or commuter rail services (29% of low income riders vs. 75% upper income riders). Nonetheless, with the suburbanization of poverty, specific attention should be directed to considering how commute patterns may change.
- **Low income transit discount programs have evolved over time.** The broad variety of the programs that have been developed reflect the diversity of needs that transit operators have chosen to address. Transit agencies generally offer two categories of low income transit discount programs: bulk ticket sales programs and other low income programs. The programs are targeted at different populations. Bulk sales are generally not intended to address on-going needs, but rather are designed to meet immediate needs. Other low income programs (e.g., Free Muni, ORCA LIFT) are intended to meet long-term on-going needs as well as populations. For example, ORCA LIFT is specifically targeted at assisting working poor. It is important to be

clear on the objectives and the target market for a program. Often the programs can work in conjunction with each other since they serve different needs.

- **Health and social service organizations can be key partners in low income transit discount programs.** In the Bay Area, these organizations are key partners in both SFMTA and VTA low income discount programs (Lifeline, UPLIFT, and TAP). School districts are also partners with transit operators in low income discount programs targeting Bay Area students (SFMTA and SolTrans). In these cases, transit operators have collaborated with supporting organizations to develop unique programs to meet specific community needs. ORCA LIFT in Seattle relies on third-party social service agencies to conduct eligibility assessments and card distribution, defraying the costs to the transit agencies while at the same time improving accessing to the program by using existing social service channels. In addition, using social service agencies provides potential opportunities to help enroll participants into other programs, such as Medi-Cal and CalFresh. Opportunities also exist to streamline means testing by linking eligibility to existing programs, such as Medi-Cal or CARE programs.

9.2 Next Steps and Project Timeline

In the next task, the CH2M team will begin working with MTC and the TAC to develop transit fare scenarios based on the study goals and findings from this review of existing policies and research. The potential of the scenarios developed will be evaluated by conducting focus groups with existing and potential low income transit riders as well as completing a more thorough qualitative and quantitative evaluation of the scenarios.

Project Timeline:

- Fare Scenario Development: June-July 2015
- Focus Groups: July 2015
- Qualitative and Quantitative Evaluation of Scenarios: August-October 2015
- Final Recommendation: Late 2015/Early 2016

Appendix A: Findings from Information Gathering Discussions with Social Service Agencies

In order to explore in greater detail the experiences of social service agencies with subsidized transit programs, the consultant team conducted an information gathering session with social service agencies serving Bay Area low income communities. The meeting was held at MTC headquarters on April 10, 2015. Seven individuals from Alameda and Contra Costa Counties participated in the information gathering session.

In addition, the CH2M team in collaboration with MTC, compiled a list of 25 potential stakeholders who were invited to participate in telephone interviews. These stakeholders were from all nine Bay Area counties. A number of individuals declined to be interviewed because of changes in job roles, and an additional ten did not respond to e-mails or telephone messages. The team was able to meet its goal of completing six interviews, which ranged from 15 minutes to over an hour in duration.

The results of those interviews and key findings from the information gathering workshop cover the following topics and are described below:

- Need for discounted/“free” tickets
- Different needs of different markets
- Market gaps
- Clipper cards
- Access to service and service frequency
- Means testing
- Administration and recordkeeping
- Funding
- Other transportation benefits
- Other issues

In the following discussions, “agency(ies)” refer to non-profit and social service agencies.

Need for Discounted/“Free” Tickets

Agency staff confirmed that affordability of transit tickets and passes is a significant issue for their low income clients, particularly for older adults and families with multiple children.

One agency representative said that their clients are typically patients being discharged from hospitals who are very low income and need to be transported back home. Without the “free” transit token, these individuals would have no means of travel. Another agency commented that the 2,000 free monthly bus passes that it distributes to low income seniors has grown significantly over the past two years and still does not meet the demand. All agencies confirmed that they distribute transit fare media free of charge to their clients.

Many recipients of free transit tickets and passes use these fare products for welfare-to-work or for employment purposes. Individual clients have case plans that are developed with their case managers. If a plan indicates need for some type of transportation subsidy, then the case manager documents the need and provides it. However, it is not uncommon for agencies to run out of their available transportation budgets for purchasing bulk tickets, and case managers then need to inform their clients of the lack of free fare media.

Different Needs of Different Markets

Transportation needs vary depending on the type of clients served. For example, CalWORKs clients need transportation for job searches that may require traveling outside of the county, whereas a case involving child welfare may need local transportation services for counseling sessions. The case plan for individual clients is followed when determining their transportation needs and providing transportation benefits. It is critical that both case workers and clients be better educated regarding their rights and responsibilities in a subsidized program, as stakeholders indicated that many are not fully aware of the programs that are currently available.

San Francisco Human Services Agency has three programs to meet different client needs: 1) MUNI Lifeline (in collaboration with MUNI) 2) free MUNI rides for low income people with disabilities and seniors 3) Free MUNI youth pass program. These programs serve CalWORKs clients, clients participating in the County Adult Assistance (CAP) program, foster youth, and a broader range of unaffiliated low income youth.

One form of subsidy for low income individuals that is often overlooked is the free rides on transit that are provided to ADA paratransit eligible individuals in a number of paratransit programs. Since these individuals are overwhelmingly low income (e.g. average annual income of \$13,000 for VTA's Outreach riders), the fact that they are able to use their Outreach cards to ride transit for free represents a significant transit subsidy to these riders.

Market Gaps

A key market that is often unserved by subsidized transit is the "working poor." There is a sub-set of CalWORKs recipients who do not qualify for transit assistance and yet are low income, even at 200% of the Federal poverty guidelines. Some individuals are "timed out" of CalWORKs but still need employment. Discounted transit access is critical to their ability to find a job, but since they do not have a welfare-to-work plan, they are not eligible for these benefits. In addition, there are individuals who are CalFresh recipients but not on CalWORKs, and therefore do not receive transportation assistance. Another key market that is not well served is low income students, specifically those of college age. They traditionally do not qualify as low income because their parent's income is considered, yet they are temporarily low income and should be eligible for discounted fares while in school.

Other gaps include low income families where the adults may receive monthly transit passes due to CalWORKs or other programs, but these do not serve their needs when they are travelling with multiple children who are not eligible for these benefits. One agency indicated that there is limited availability for low income veterans who are not eligible for one of the other programs and need service to

locations other than the Veterans Hospitals. In addition, one stakeholder organization indicated that providers of preventive medical care under the Affordable Care Act serving low income communities need more and better options for subsidizing their fares.

Clipper Cards

While Clipper cards are preferred fare media by Sonoma County Department of Social Services for distributing discounted fares to low income clients, enhancing procedures would make them easier to purchase and distribute. One agency commented that they purchased 100 Clipper cards and were pleased that the \$3 card fee was waived. Another indicated that the current Clipper protocols do not make it easy for third party organizations to add value to clients' cards. They indicated that in its current form, using the Clipper card to distribute subsidies would require a whole new layer of customer service and some clients simply can't afford to wait for the processing time required.

Others commented that it is desirable to move to Clipper to eliminate paper tickets and to allow agencies to provide one fare instrument that will allow travel on multiple systems. However, they also indicated that potential users often don't know where to purchase Clipper cards. One of the advantages of prepaid clipper cards is that they contain a serial number, which will allow for tracking how they are being used, what they are being used for, travel patterns, and utilization rates.

Access to Service and Service Frequency

Many comments were made about the challenges clients face in accessing service and the low frequency of service. For example, one stakeholder noted that for non-senior low income persons, challenges are often more focused on the level of transit service availability (such as coverage, frequency and travel times), rather than specifically on affordability. This trend is likely to increase due to the "suburbanization of poverty," with low income communities relocating in areas that have less transit availability.

Means Testing

Most agencies explained that rather than conducting their own means testing for transportation benefits, they rely on the fact their clients have already been determined low income through their eligibility in referring programs. For example, in Santa Clara County OUTREACH either assumes eligibility based on CalWORKs status, or requests documentation such as Medi-Cal or SSI cards.

The San Francisco Human Services Agency is unusual among stakeholders in that they determine eligibility for the Lifeline Program. To be eligible, individuals must be at or below 200% of the Federal poverty level and they certify individuals for a two-year period. They accept a variety of proofs for income levels including CalWORKs, CalFresh, CAP, Social Security, wage stubs, tax returns, etc.

Stakeholders pointed out that Medi-Cal may be a preferred option for assessing eligibility for discounted transit programs, since other programs such as CalFresh or CalWORKs have a stigma that can prevent individuals from registering (they are perceived as welfare rather than insurance programs). Also, Medi-Cal has a far greater reach than CalWORKs. Some indicated that adding a transit benefit to CalFresh recipients could have the desired effect of increasing usage of the CalFresh program by individuals who

otherwise would be reluctant to join. They also stated that simplicity of eligibility determination and fare media distribution will be keys to the success of any subsidy program. Over-monitoring of how media are used can result in a waste of resources, as other benefit users are also likely to be low income individuals and it will be important to avoid using an unreasonable proportion of program budgets for administrative purposes.

A fare subsidy program could also consider tools that are being used to distribute benefits to higher income workers (e.g., commuter checks, Dependent Care Reimbursement Accounts, Health Savings Accounts). These mechanisms are already established and should be explored as potential options for eligibility screening and media distribution.

Administration and Recordkeeping

In terms of fare media distribution, stakeholders indicated that there are problems associated with requiring social service agency staff to distribute cards or add value to media such as Clipper cards, as this could be considered an addition to staff's responsibilities and require work rule changes. On the other hand, using the retail network to distribute cards or add value would likely increase the potential for fraud and safeguards would need to be built into the program. Electronic Benefit Transfer (EBT) cards should be considered as a means for efficiently distributing transit benefits. This would be more convenient for the users, but does have the potential for misuse by individuals for whom the card is not intended.

Because transit fare products have cash value, distribution of transit products requires the establishment of financial controls including distribution tracking, theft prevention, fraud monitoring, and reconciliation. When discussed during the information gathering session with social service agencies, stakeholders indicated that there are problems associated with requiring social service agency staff to distribute cards or add value to media such as Clipper cards, as this could be considered an addition to staff's responsibilities and could require work rule changes for unionized workers.

OUTREACH in Santa Clara County has developed a web portal that allows staff to easily determine which benefits individuals are eligible for, since many fall into a variety of program categories. OUTREACH is also able to cross-check bus pass utilization data with attendance at senior nutrition program sites that have automated tracking via bar code scanning. In some senior centers, card holders simply touch a tablet computer to record their presence at a nutrition site, and this is automatically fed back to the agency.

However, most agencies use a manual process for recording the fare media they distribute to their clients. Since the agencies tend to distribute tickets and passes to clients on a trip-by-trip basis, it requires a significant effort to record each transaction, especially because some trips require two or more transit agencies. For county social service departments, there may be several different divisions that distribute fare media, resulting in splitting costs between departments, in turn requiring pulling the individual records into one comprehensive report. Another cumbersome recordkeeping task according to one stakeholder is that all bus tickets are tracked through specific programs such as CalWORKs, General Assistance, or Medi-Cal, which is a time consuming activity. Furthermore, this agency keeps

records of how often individuals are provided bus tickets, how many families are served, and the purpose of their travel. Overall, stakeholders indicated that maintaining a manual log is burdensome. One agency indicated that it uses a number of multi-lingual/multi-cultural volunteers to administer its benefits program.

It is important to make it as easy as possible for low income people to enroll in any means-based transit program that is implemented. Even for those who are currently receiving some sort of social services benefit through the county, it is unlikely that they would be able to dedicate the entire half-day or day that would be needed to travel to the centralized county social services office and enroll in a means-based transit fare program. Even Social Services Agencies themselves are looking to community partners to help screen and enroll people for their own programs (e.g., Alameda County Food Bank for CalFresh enrollment), and this model is recommended. In addition to food banks, another community partner that was recommended was the free tax preparation sites that are coordinated by AARP and United Way, although this would be seasonal. The program should also explore if any of the mechanisms used for non-low income populations could be replicated, such as Health Savings Accounts.

Funding

There is not any one identified funding program that pays for transit fare media. The agencies explained that transportation is one of many services that they provide, and funding is derived from a variety of Federal and State sources. They further explained that bus passes are purchased by each division within the county and charged to each program.

In some counties, the Parks and Recreation Department is the conduit for State and Federal funding for transportation benefits since they are responsible for oversight of the senior nutrition sites. Some non-profit organizations rely on private donations to fund benefits such as those provided to veterans.

Other Transportation Benefits

In addition to distributing transit fare media, some agencies also provide funds for mileage reimbursement for clients that have access to automobiles. Others provide taxi vouchers to clients. One agency provides bicycles or shoes to enable individuals to access distant bus stops.

Other Issues

One stakeholder commented that an emerging trend is to provide services “in place,” for clients who do not need to travel. This should be factored in when developing improvements to transit fares for low income and other transit dependent groups because it could reduce the need to distribute transit tickets on a regular basis and provide solutions on a longer term basis.

Appendix B: Low Income Transit Programs

Some transit agencies have initiated alternative programs designed to provide reduced fares to low income customers in ways that are less constrained by social service agencies' capacities to purchase discounted fare products. These programs may involve a higher funding commitment on the part of the transit agency – and possibly its partners – to cover fare revenue losses. In developing these programs, the majority of transit agencies have continued to rely on external organizations to assess and verify income eligibility and distribute fare products, thereby minimizing transit agency costs, eliminating the need and cost to develop and maintain in-house the resources required to verify eligibility, and providing a means for clearly defining and bounding the target populations. These programs are also more likely to charge riders a share of the fare.

This appendix provides more detailed descriptions of some of these programs, focusing on the programs that have been introduced in Chicago, Dallas, Los Angeles, Portland, Salt Lake City, San Francisco, Santa Clara, and Seattle. Most of these agencies have implemented that make reduced fares available to low income populations that rely on outside organizations to assess income eligibility, administer the program, and distribute transit benefits. In implementing these programs, several agencies are making efforts to manage eligibility and control abuse by relying on more secure media such as EBT cards and transit smart cards, and to facilitate and improve reporting processes and requirements by providing access to on-line databases.

Chicago Transit Authority

The Regional Transportation Authority, which is the parent organization of the Chicago area's three transit service providers (CTA, Pace, Metra) issues Ride Free Transit cards that provide free travel to seniors and persons with disabilities who are enrolled in the Illinois Department on Aging's Benefit Access program and comply with that agency's income thresholds. The Ride Free Transit program has 167,730 customers, of whom the majority are low income seniors and the remainder are low income people with disabilities. The number of free riders on CTA, Metra and Pace peaked at 53.6 million in 2010, two years after the State mandated free rides for all seniors (65+). At that time, no means-testing was required. Means-testing was implemented in 2011.

The State originally provided funding for legislatively-mandated free rides for seniors, but ended that program in the face of budget cuts and cut the state reduced-fare reimbursement to half of what it was originally. Even after the General Assembly ended the free rides for seniors program and following the implementation of the Benefit Access Program and means-testing, ridership has grown as more people have qualified for Federal Supplemental Security Income (SSI) since the 2008 recession. Participation in SSI is one of the qualifying criteria for participation in the Ride Free Transit program. About 80% of customers who receive free CTA rides receive SSI disability payments. The Benefit Access Program has also made it easier for disabled individuals to apply and qualify for State benefits, including free transit.

At CTA, free rides for the disabled totaled 26.5 million in 2013, up from 1.4 million in 2008, and this year disabled free rides are up 22 percent from a year ago. From 2009 to 2013, free rides for persons with

disabilities grew at a rate of about 13% per year, while overall ridership grew at an average annual rate of 0.4%.

In 2014, it cost CTA \$62.3 million in lost fare revenue to provide free riders to low income seniors and low income disabled riders. Metra and Pace estimated their lost fare revenues at \$2.6 million and \$2.7 million, respectively. The lost revenues come out of the agencies' operating budgets.

Pace, which provides bus services in suburban Chicago and paratransit service throughout the region, noted that the cost of providing free fixed route transit rides to disabled customers is comparatively minor, since the cost of providing a paratransit trip is significantly higher than for a fixed route trip. Pace therefore promotes the Ride Free Transit on fixed route service as an alternative to providing more expensive paratransit trips.

For 2015, income eligibility levels range from \$27,610 or less for an individual to \$36,635 for a two-person household and \$45,657 for a household of three or more – approximately 230% of Federal Poverty Levels. Applications for the Benefit Access program require a valid government-issued picture identification card to verify age and residency. Ride Free Transit cards are available to anyone enrolled in the Benefit Access Program and are valid for two years. The application process for the Benefit Access Program takes advantage of an automated, on-line system that includes a more thorough verification of age, income, and disability.

Key Takeaways:

- *Implementation of means-testing did not deter riders from registering and did not reduce ridership. In fact, it increased ridership as more people qualified for the program following the economic downturn.*
- *Pace, the agency that provides paratransit services for the region, recognizes that providing free fixed route fares for ADA-eligible riders who are able to use fixed route service is preferable to providing higher-cost paratransit trips.*

Dallas Area Regional Transit

In addition to the transit agency-based low income programs described here, transit benefits are provided for low income populations by state agencies in Texas and Utah. Texans who get Temporary Assistance for Needy Families (TANF) cash help benefits⁷ are able to use the TANF benefit funds on their electronic benefit transfer cards (Lone Star Cards) to purchase standard DART monthly passes (not reduced fare passes) at a 50% discount. When the card is swiped, the cashier enters the appropriate fare

⁷ TANF provides monthly cash payments to families with children under age 19, to help pay for food, clothing, housing, utilities, furniture, transportation, phone, laundry, home supplies, medical supplies, and other basic needs. Eligible families have little to no money and no way to get money.

(\$40 for Local Pass (instead of \$80), \$80 for Regional Pass (instead of \$160)) and the purchaser is issued a Local or Regional pass.

Los Angeles County Metropolitan Transportation Authority (LA Metro)

LA Metro has three programs for low income or homeless persons:

- **Immediate Needs Transportation Program (INTP):** The INTP program is designed to provide transit to individuals with no resources. It is managed through approximately 500 non-profit agencies that distribute tokens to low income and homeless people. The program is not designed to cover recurring needs, but rather to provide a ride to a medical appointment, to get to a shelter, to get home, and so on. Metro has two administrators who are paid to manage the INTP.
- **Rider Relief Transportation Program (RRTP):** The RRTP is designed for low income, working poor. Metro's Board of Directors was involved in setting the income level requirements for this program, which provides coupons for discounts on weekly or monthly transit passes to individuals who show identification and proof of income. The coupons may be used at pass sale vendor outlets and provide discounts of \$10 on regular full fare passes and \$6 on reduced fare passes. In addition to Metro, ten local transit agencies in the region also accept the coupons for their passes. Most customers purchase weekly passes because they do not have the financial means to purchase monthly passes. The coupons come in books of six with the month indicated on each coupon (January-June and July-December). Metro has switched to 30-day passes, so a person can purchase a pass in the middle of the month and not need another until the middle of the following month. However, a few agencies still have monthly passes (e.g., Santa Clarita Transit) and the regional EZ transit pass is also sold as a monthly pass. Like the INTP, the RRTP is administered by non-profit agencies and administered by two Metro staff. There is the potential for an individual to go to multiple non-profits and Metro is consolidating program records into a central database to reduce the associated fraud.
- **Support for Homeless Re-Entry Program (SHORE):** The Shore Program is similar to the INTP and RRTP programs, except that tokens and coupons are distributed to homeless shelters and case managers in the downtown Los Angeles area only.

For all three programs, Metro issues tokens and coupons to non-profit agencies at no charge and covers the revenue loss and administrative costs. Metro staff estimate that lost fare revenues are approximately \$10.5 million for all three programs. Each agency has a contract with Metro and works with Metro to stay in budget and implement the program.

One of the challenges with the current programs is the reliance on coupons, since it is difficult to verify whether they are being used. Data on coupons issued compared to coupons redeemed are not consistent. People appear to be getting coupons but not using them, particularly among seniors in the RRTP.

Metro initiated a pilot project earlier this year to test the feasibility of loading fare products onto TAP (smart) cards for three agencies in the SHORE program. The SHORE program was selected for this purpose because INTP is a larger scale program with many participating agencies. Metro is loading roundtrips, day passes, and weekly passes on extended use TAP cards and transitioning the three agencies in the SHORE program to TAP as part of the pilot. The weekly pass is intended for case managers to give clients who have a series of trips for job interviews, doctor appointments, social security interviews, etc.

Unlike tokens and coupons electronic media enable an agency to understand how the cards are being used. However, the agencies do not currently have the capacity to load value onto TAP cards. Because Metro is concerned about agencies going over their allotments, Metro gives loaded cards directly to the agencies and encourages them to recycle the cards instead of having the agencies pay based on actual use at the end of the month. Metro's program administrators decide which agencies get which products and how many. The agencies are also unable to determine what value is left on a card when the client returns it to the agency, so agency staff assume that all value was used since the card was given to a client to complete specific trips. Metro is undertaking an analysis of the number of cards that are used and the number returned and will use the central database that is being developed to help identify any shortcomings or fraud. However, in the meantime, Metro conducts an annual audit and staff talk with people and the agencies to get feedback. Based on that feedback, Metro staff report that the program seems to be working.

Key Takeaways:

- *Using a smart card program to manage rider relief programs is expected to provide better data on use.*
- *The Metro approach used extended use smart cards and encourages agencies to recycle the cards. To be successful, agencies need to be able to determine what value, if any, remains on a card when it is returned by a client.*
- *Rather than creating a new program, Metro is testing the feasibility of transitioning its existing relief programs to the TAP smart card.*

TriMet (Portland)

TriMet's commitment to transit equity is rooted in ensuring that low income riders affected by fare increases are able to continue to use transit services actively. In the face of fare increases and service cuts in 2014, TriMet's Board of Directors dedicated \$1 million to a program designed to blunt the impact of fare increases on low income riders. The funding, which was pulled from a \$20 million contingency fund that had been set aside pending the results of a labor arbitration, provided additional funding for an existing \$300,000 Fare Assistance Program that provides discounted passes and tickets to nonprofits for distribution to their clients. The funds were also directed to the development of a Fare Relief Program, which makes grants of up to \$25,000 in fare products available to nonprofits and community based organizations. These grants are not intended to replace existing resources used to purchase fares, but rather to increase the assistance an organization can provide to low income recipients.

- The **Fare Assistance Program** provides an incentive to eligible organizations to continue or to increase current funding levels for the purchase of TriMet fares for low income recipients. “Low income” individuals are defined as persons whose median household income is at or below the U.S. Department of Health and Human Services poverty guidelines. To be eligible to participate in the program, organizations must enter into purchase agreements with TriMet, serve low income clients with residences in the TriMet service area, and help low income clients access services critical to employment, housing, and personal stability. Fare products may be distributed only to the organizations’ clients. Purchase agreements specify administrative duties such as verification of income status; intake, processing and fulfillment of order to qualifying recipients, recordkeeping, inventory management, and reporting of fare disbursements. Organizations must apply and be accepted into the program
- The **Fare Relief Program** has been designed to assist in increasing the number of low income client served b providing grants of up to \$25,000 in TriMet fares for qualified 501(c)(3) nonprofit and Community Based Organizations (CBOs) The program is being administered by Ride Connection, a nonprofit dedicated to providing responsive, accessible transportation options or those in need. Ride Connection will also award the grants to qualified organizations. The program was implemented by the Board of Directors in recognition that changes to TriMet’s fare structure would negatively impact the organization’s ridership base. The program provides an incentive to eligible organizations to continue or to increase current funding levels dedicated to purchasing fares for low income riders. To be eligible, nonprofits must serve low income clients, a majority of whom reside in the TriMet service district, use fares to help low income clients access services critical to employment, housing, and personal stability. Organizations must agree to only distribute fares to clients and not to supplant existing resources dedicated to purchasing fares.

Key Takeaways:

- *The TriMet programs are designed to incentivize nonprofits to continue to invest in and distribute fares to clients – and not to supplant existing resources dedicated to purchasing fares*

Utah Transit Authority (Salt Lake City)

In Utah, temporary assistance is available to individuals and families in unemployed, underemployed, or special needs circumstances. Support services include food, financial, medical and child care assistance. A program similar to the one in Texas allows eligible individuals to use the cash value on electronic benefit transfer cards (Horizon Cards) issued by the State Department of Workforce Services to purchase UTA adult monthly passes at a discount of approximately 25%. Passes are valid on local buses, light rail and streetcar services; additional fares are required on express and premium services, including commuter rail.

UTA, which currently has a flat fare structure on fixed route bus and light rail, is also considering a distance-based fare. In order to attract additional riders, UTA is beta testing a mileage-based fare structure designed to work with smart cards and on-board GPS to determine the as-the-crow-flies

distance traveled. Customers are required to tag-on and tag-off to determine mileage. UTA's plan is to make shorter trips more attractive by significantly reducing fares, retain current fare levels for average trip lengths, and charge higher fares for longer trips. For the test, UTA is charging \$0.50 per mile with a \$2.50 maximum, which is the current cash fare. The minimum fare is \$0.50. Most fare charges are \$1.00. The fare structure is designed to attract additional riders by charging less for short trips, while maintaining higher fare for longer, less elastic commute trips – and depending on the travel patterns of low income riders, could provide a lower cost alternative for those riders.

San Francisco Municipal Transportation Authority

SFMTA (also known as Muni) has a number of programs for low income customers.

- **Agency Programs:** Agency Programs include the Lifeline program for low income adults, the Free Muni for Youth program for low and moderate income youth, and the Free Muni for Seniors and Persons with Disabilities program for low and moderate income seniors and persons with disabilities.
- **HHS Programs:** SFMTA has a number of well-established programs with health and human services agencies that buy discount Muni fare products for distribution to low income and needy riders. These programs include discounted single ride and round trip tickets that SFMTA provides to local social service agencies.
- **Regional Transit Connection Program:** SFMTA participates in the RTC program, offering adults with disabilities a discounted fare equivalent to the discount youth and senior fares.

SFMTA staff has acknowledged that the products offered to low income and disabled customers are somewhat fractured, with different agencies managing the programs, different eligibility criteria, and different fare media leading to customer confusion and inconvenience. SFMTA staff have suggested that a single low income program managed at the regional level, similar to the RTC program, would provide a better customer experience and would likely reduce regionwide administrative burdens. SFMTA staff have also commented that photo identification on the card has been a successful strategy to reduce fraud in the RTC program.

Lifeline Program

The Lifeline program provides monthly passes to approximately 20,000 low income customers at 50% of the full fare price (the full fare price is \$68; the Lifeline program price is \$34). To qualify for benefits under the program, customers must be 18 or older, residents of San Francisco County, and at or below 200% of the Federal Poverty Level.

The program is a partnership between the San Francisco Human Service Agency (SF HSA) and SFMTA. Along with applications, applicants must submit government-issued identification, proof of income eligibility (e.g., tax return with W-2s; award letter for CalWORKs, CAAP, CalFresh (food stamps), or Medi-Cal; SSI/SDI check stubs; current housing assistance program contract), and proof of San Francisco residency. Qualification criteria are set and income verification is undertaken by SF HSA. Income is verified every 24 months. Customers found eligible must visit the SFMTA customer service center to receive a photo ID card (not issued on a Clipper smart card). During specific vending windows every

month, customers may visit one of five locations throughout the city to purchase a monthly sticker that is affixed to the ID card.

Lifeline program administrative costs are borne by SF HSA and SFMTA through their existing operating budgets. The program receives no external funding and is believed to reduce SFMTA's annual fare revenue by approximately \$7.1 million (assuming Lifeline riders would still take these trips at full fare).

SFMTA staff believe the current qualification and photo ID process does create some customer challenges. However, they noted that the process for acquiring a monthly pass/sticker is an improvement over the previous method. Until 2014, all 20,000 Lifeline customers were required to visit the customer service center during business hours to obtain a monthly pass on magnetic stripe fare media. Customers often waited several hours and had to take time off work to wait in line for their passes. This approach also created an administrative burden for SFMTA at the beginning of each month, provided a lower than acceptable level of customer service, and increased the likelihood of fraudulent pass use. Consideration was given to implementing the Lifeline program on Clipper smartcard fare media but was rejected due to high incremental implementation costs.

Free Muni for Youth

The Free Muni for Youth program began as a 16-month pilot program to provide free transit to low income youth. The program launched in March 2013 and has been extended, with financial support from Google. The pilot program provided a free monthly transit pass to youth between the ages of 5 and 17 living in households earning less than 100% of the Area Median Income for the Bay Area.

Approximately 32,000 individuals participated in the initial pilot. Applicants submit an application and must state their families' annual income. SFMTA relies on the honor system; there is no formal income verification. Eligible participants received a standard youth age Clipper card eligible for free travel for 16 months. Because program cards are not differentiated in appearance from youth and adult Clipper cards, fare inspectors have reported difficulty confirmed that a card is being used by an eligible participant.

The pilot program received some funding from the Metropolitan Planning Commission, the Bay Area's Municipal Planning Organization, but the majority of the revenue impact was absorbed by SFMTA as lost fare revenue. The pilot program has been extended for two years with a \$7.2 million contribution from Google.

SFMTA staff said that one challenge has been weighing the potential for fraud against the increased administrative burdens of fraud prevention measures. The absence of income verification is believed to lead to some fraudulent applications, and fare inspectors have confiscated about 1,000 passes being used by adult customers.

Free Muni for Seniors and Persons with Disabilities

SFMTA also introduced a Free Muni for Seniors and Persons with Disabilities program recently. The program is similar to the Free Muni for Youth program, but no funding source has been identified for the program. Any incremental costs and revenue loss are being absorbed by SFMTA.

Key Takeaways:

- *While the transit agency often bears the cost of lost fare revenues associated with low income programs, sharing administrative responsibilities and costs with other agencies (such as social service agencies) can help reduce transit agency costs. In one case, the MPO and then a major local company helped offset the fare revenue subsidies.*
- *Qualification and photo ID processes are inconvenient for customers, but increasing the number and hours of service locations has made the process for acquiring Lifeline passes more convenient and reduced MTA's administrative burden and the likelihood of fraudulent pass use.*
- *Centralized verification processes, with multiple service centers throughout the region, make the RTC program convenient for customers.*
- *The use of Clipper for the RTC program makes it possible for customers to purchase fare products at retail outlets and use autoload.*
- *The absence of income verification and the use of undifferentiated Clipper cards enable fraud (e.g., fare inspectors cannot confirm that the rider presenting the card is an eligible participant). However, there may be tradeoffs between compliance costs and administrative burdens.*

Santa Clara Valley Transportation Authority

VTA currently has four programs that help to support the transit needs of the county's low income residents:

- **Agency Programs:** VTA programs include the **UPLIFT** and **TAP** programs for low income residents, including those who are homeless or in danger of becoming homeless.
- **HHS Programs:** VTA has a number of well-established programs that buy discounted products from VTA for the purpose of distributing them to low income and needy riders. These programs include discounted tickets to Safety Net providers on bulk purchases of tokens and tickets.
- **Regional Transit Connection Program:** VTA participates in the RTC program, offering adults with disabilities a discounted fare equivalent to the discount youth and senior fares. Other evidence of eligibility, such as Medicare cards, is also accepted.

Universal Pass for Life Improvement from Transportation (UPLIFT) Transit Pass Program

UPLIFT provides free quarterly transit passes to case-managed, homeless individuals and those in danger of becoming homeless. VTA has developed and provides this program in partnership with the City of San Jose, Santa Clara County's Social Services Agency and the Department of Mental Health. VTA's UPLIFT Transit Pass Program provides quarterly transit passes at no charge to homeless adults in Santa Clara County who are receiving case management services through local service providers. From VTA's perspective, this program has several advantages. The County is responsible for administering the program and managing the distribution of UPLIFT passes. The program leverages an existing service network and eligibility management system that is coordinated by the County, minimizing VTA's costs and providing a means for clearly defining and bounding the target population. UPLIFT passes are provided only to individuals who are receiving case management services from homeless shelters or related service providers.

UPLIFT stickers are valid for three months and are affixed to County-issued photo identification cards that individuals must have in order to continue to receive benefits, thereby reducing the temptation to share or resell the stickers and minimizing the fraud that can be a concern with reduced fare programs.

Individuals eligible for the UPLIFT program must be able to verify to the satisfaction of County staff that they are homeless and must commit to adhere to program rules, which include participating in case management services. These rules reinforce the security of the program, help to ensure that it achieves its intents, and reduce VTA's risk.

Each participating service provider has an assigned allotment of passes. A client who is participating in and compliant with a case management plan may be referred to the program for a pass. The requirement is that clients must meet with a case manager at least once a month and be making efforts to improve their life situations, working toward ending homelessness and finding stable housing.

VTA conducted a study in 2012 to examine opportunities to expand the delivery of transit services to low income individuals. As a result, the UPLIFT program was expanded by 50% in 2014, increasing the number of UPLIFT passes available each quarter to 2,400, valued at \$2.0 million per year. The City of San Jose and the County of Santa Clara contribute \$153,000 annually to the UPLIFT program, including \$132,000 that is paid to VTA to cover about 6.5% of the face value of the passes. The remaining \$21,000 is used for supplies, issuance of photo ID cards, and staff time.

The agencies that manage the UPLIFT program through their case management activities report on overall service activities to the County and to other agencies, but do not do any reporting to VTA.

Transit Assistance Program (TAP)

The *Transit Access Program (TAP)* is a pilot that is making 1,000 passes per month available for 24 months, at a nominal cost to individuals who qualify for the program. VTA is partnering with Santa Clara County Social Services Agency and the Emergency Assistance Network to distribute TAP passes and manage, monitor and evaluate the pilot program.

As a result of the 2012 study, VTA also proposed a two-year pilot Transit Assistance Program (TAP) to promote transit use for those who lack the economic means to afford it. With a \$1.3 million grant from the Metropolitan Transportation Commission, VTA is making 24,000 monthly passes available over the course of two years (1,000 passes per month for 24 months) at a nominal cost (\$25 instead of the \$70 face value of the monthly pass) to qualifying low income individuals. VTA is partnering with Santa Clara County Social Services Agency and the Emergency Assistance Network to distribute TAP passes, and manage, monitor and evaluate the pilot program.

To be eligible, participants' income levels must be at or below 200% of the Federal Poverty Level. However, MTC did not set any reporting requirements, probably because the funds were provided through a funding swap that made Federal dollars available to VTA for preventive maintenance and freed up other funds to cover the program costs. And while VTA has developed a system to collect data on the economic status of participants and how they use their passes, no one is providing program oversight or collecting and reviewing reports.

VTA's monthly passes are only available on Clipper and the TAP initially used Clipper cards. However, implementation delays and contractor-reported technical barriers during implementation has scuttled the Clipper launch. Beginning in February 2015, VTA will move the program to paper passes.

The 1,000 passes that are available each month are allocated to the six participating non-profit agencies, which were selected in part to provide geographic coverage throughout the county. At most, about 70% of the allocated passes are sold each month. This rate is expected to improve with the transition to paper passes.

The program was initiated in 2013 and will expire in August 2015. It is likely that the program will continue, even if the subsidy is discontinued, to maintain VTA's good relationship with the community.

VTA evaluated several approaches for increasing the level of transit benefits available to low income populations in the county. VTA concluded that providing transportation benefits for low income individuals is a major social issue and not one that VTA can address alone. The recommended approaches involve VTA's partner agencies in the solution. One of the alternatives rejected was a proposal by a community action group to make "unused" Eco Passes available to low income riders. Since these employer pass programs are priced on the assumption that some passes will never be used, providing so-called "unused" Eco Passes to individuals who would actively use them would change the dynamics behind the pricing structure, making it necessary to re-price the program. This could in turn make the Eco Pass less attractive to the organizations that participate in it.

Ticket and Token Discounts

VTA recognizes there are individuals such as the working poor and the senior poor who are not eligible for programs like UPLIFT. Safety Net providers try to meet some of those transportation needs by buying and distributing tokens and passes, but the effectiveness of their efforts is constrained by the funds they have available to purchase fare products. VTA is currently increasing the discount available to Safety Net providers to 50%. VTA has no reporting requirements for this program.

Key Takeaways:

- *Providing transportation benefits for low income individuals is a major social issue and not one that transit agencies can address alone. Partnering to share program costs and management and administrative responsibilities has been key to VTA's strategy.*
- *Taking advantage of an existing service network and eligibility management system and relying on other agencies to assess eligibility and administer special programs has minimized resources and costs for implementing these programs.*
- *Secure media and identification cards are key to managing eligibility and controlling abuse in special fare programs, but the technology must function smoothly.*

King County Metro (Seattle)

King County has a Reduced Bus Ticket Program that makes single-trip paper tickets (one-zone peak, two-zone peak, off-peak, youth, and senior/disabled reduced fare permit) available to social service agencies

at a discount. In March 2015, King County will introduce an Adult Low Income Fare that will be implemented on the region's ORCA smart card.

Human Services Reduced Fare Bus Ticket Program

Metro, which operates bus services in King County, has been making reduced fare tickets available through the Human Services Reduced Fare Bus Ticket Program since 1993. The program was established to provide subsidized bus tickets for low income and/or homeless people who are in need of transportation assistance to services such as emergency shelters, employment, and child care. Qualified organizations purchase tickets at 20% of face value and distribute them to their clients; Metro subsidizes the remaining 80%. For 2015, Metro is making available subsidized bus tickets with face value of approximately \$2.25 million.

The program is administered by the King County Department of Community and Human Services (DCHS) and managed through a competitive Request for Proposals process administered by the King County Procurement Office.

To qualify for the program, an organization must be a 501(c)3, public housing authority, or local government serving low income and homeless populations. Organizations must disperse tickets to those populations to assist in seeking access to housing, health care, employment, and related services "critical to personal and residential stability," demonstrate the ability to purchase tickets prior to the annual deadline, and submit usage logs. Households served through the program must have incomes at or below 133% of the Federal Poverty Level.

Organizational applicants that meet eligibility requirements are funded according to the following priorities: assistance to homeless persons, assistance to low income persons, geographic location and regional distribution of funding, previous purchasing record (i.e., whether an agency purchased the full amount of their allocation), and program compliance.

Agencies are required to submit program policies and procedures with their applications, including the following elements:

- How bus tickets are stored (at a minimum, they must be stored in a locked room and container)
- Who has access to the tickets
- How tickets are prioritized for use
- The number and types of tickets distributed to individuals at any given time
- How tickets are logged/tracked
- How income and homeless status are verified
- How agencies monitor multiple programs or sites that are distributing tickets

Agencies are also required to submit usage logs (Excel spreadsheets) every six months showing number of clients served by category, trip purpose, and type of ticket distributed:

<http://www.kingcounty.gov/operations/DCHS/Business/BusTicketProgram.aspx>

In 2011, the King County Council created the Congestion Reduction Mitigation Fund as a transit incentive to offset the effects of the congestion reduction charge King County vehicle owners pay when renewing their vehicle registrations. The mitigation fund allows King County vehicle owners to opt to receive eight free-ride bus tickets or donate the value of the tickets towards the Human Services Reduced Fare Bus Ticket Program.

Adult Low Income Transit Fare Program (ORCA LIFT)

In October 2012, following the impacts of the recession on both Metro’s customers and Metro’s revenue (which resulted in annual fare increases that raised adult one-zone peak fares by 66%, from \$1.50 to \$2.50 over four years), the King County Council created an advisory committee to assist in the development of public transportation fare programs for people with low incomes. The committee met for seven months, beginning in January 2013, and presented their recommendations to the Council in July 2013. In January 2014, the County Executive proposed an ordinance to increase all Metro fares and introduce a low income fare, with the objective of creating a “more equitable community where everyone can realize their potential” consistent with the County’s strategic plan.

The resulting Low Income Program was rolled out on March 1, 2015, when Metro implemented its next fare increase.⁸ The program provides an all-day flat reduced fare of \$1.50 for adult riders with incomes at or below 200 percent of the Federal Poverty Level. Metro’s other reduced fare programs (the Human Services Ticket Program, Taxi Script Program, Regional Reduced Fare Permit (RRFP) Program⁹ for seniors and persons with disabilities, and reduced youth fares) will continue.

Although the concurrent fare increase was not structured to cover all of the costs of ORCA LIFT, the low income program, along with service enhancements, were given as reasons for the fare increase. Metro’s reliance on sales tax and the slow recovery of retail sales and sales tax revenue following the economic downturn has created challenges for the agency and a fare increase was proposed for 2015 to provide additional revenue to maintain services. At the same time, the County Council and Executive asked Metro examine a reduced fare for low income riders, to help offset the effects of the four earlier fare increases and the elimination of the Ride Free Area in downtown Seattle.

Persons whose incomes have been verified and are eligible for the low income fare are given an ORCA card to pay the fare; cash will not be accepted for reduced-fare payment on buses. Processes for adding

⁸ Metro’s \$2.25 off peak, \$2.50 one-zone peak, and \$3.00 two-zone peak fares will each increase by \$0.25. The Low Income Fare will be created and priced at \$1.50.

⁹ Seniors and persons with disabilities must obtain Regional Reduced Fare Permits (RRFPs) to be eligible for reduced fares. The RRFP is issued on an ORCA-compatible card and may be loaded with stored value and reduced fare passes, but because the RRFP is accepted by other transit agencies in the region that do not participate in ORCA, RRFP customers are not required to load fare value or products on the card.

value¹⁰, paying fares, and making transfers will be the same as for other ORCA card users. ORCA cards will be valid for two years and will be provided at no cost to eligible customers, but there will be a charge (currently \$5) for cards that are lost, stolen, or damaged. ORCA LIFT cards are registered to the owner to ensure that each eligible individual has only one card, to aid in replacement of lost or stolen cards, and to provide balance protection.

Metro's implementation plan (<http://metro.kingcounty.gov/am/reports/2014/low-income-fare-program-implementation-plan-june-2014.pdf>) describes the operating model for the Low Income Program, which operates in partnership with third-party agencies. Metro is responsible for functions within their core competencies, including procuring and preparing low income ORCA cards and providing them to partner agencies, and contracts with partner agencies for services they are better equipped to provide, including verifying customer eligibility and ORCA LIFT card distribution. Metro conducted a formal RFP-based procurement process for this purpose, and has contracted with agencies with locations throughout the County. Metro is also working with other County departments and local jurisdictions to develop a network of locations throughout the County. To qualify, potential partners needed to demonstrate experience with Limited English Proficiency (LEP) populations and the ability to verify income eligibility, manage and account for low income ORCA cards, and track and report data in the County's on-line data bases.

Metro staffed up its pass sales office in the months before and after the Low Income Program takes effect, to manage the increase in both in-person visits and back office procedures needed to support the partner verifying agencies. Their goal is to process card orders within five days and card registration and ORCA system inputs within 24 hours. To smooth demand and manage staffing needs after the first six to 12 months, they will also shift card replacement processes to a rolling calendar, by shifting to later card expiration times.

Metro's ORCA To Go mobile sales van makes stops at senior centers, major events, and other locations throughout the county to provide card sales and assistance. Metro plans to expand the program to distribute and revalue all ORCA card types, including ORCA LIFT cards, and to lease vans and equipment to expand the reach of the program.

Metro's marketing and outreach program recognizes the need to reach all eligible individuals throughout the county, including urban and rural areas and the high proportion of LEP people with low incomes. It will leverage relationships with community organizations that are able to help potentially eligible individuals understand the program, the qualification process, and the use and benefits of ORCA. In addition to ORCA To Go visits, news releases, and website information, Metro's marketing and advertising campaign includes bus ads, ads in ethnic media and mass market media, videos for YouTube

¹⁰ Customers will be able to add value online, by mail, through ORCA Customer Service, at retail outlets, by telephone, and at ticket vending machines.

and Metro's pass sales offices, posters at community locations, Metro literature distribution racks, and social media.

The number of eligible people who will apply for ORCA LIFT was estimated to be 45,000 to 100,000. Registrations were expected to reach 10,000 during the first month. In fact, registration, which began on March 1, 2015, has been "slow and steady" and reached 7,377 by April 26, 2015.

Metro has estimated the following start-up and on-going costs for the program as well as a loss in fare revenue because it is assumed that more adult riders will be riding at lower fares:

- Capital costs include modifications to the ORCA database, creation of a stand-alone verification database and office, and equipment to expand ORCA To Go outreach
- Start-up operating costs include ORCA card stock, education and promotion materials, contracts with the agencies that provide eligibility verification and card distribution, and staffing for ORCA card management.
- On-going operating costs include ORCA transaction fees as well as continuation of the start-up operating costs.
- It is assumed that Metro will incur fare revenue losses because more adult riders will be riding at lower fares. Revenue losses are estimated to be nearly \$4 million in 2015, increasing to approximately \$4.75 million per year in 2016 and 2017.

Metro is working with partner transit agencies to accommodate low income fares in regional pass and transfer agreements. Sound Transit, which operates services in the three county area, has agreed offer the same low income fare (\$1.50) on Link Light Rail services operating within King County, between downtown Seattle and the airport.

It has also been suggested that with the low income fare program, Metro may be able to eliminate paper transfers. While most of the other ORCA agencies limit transfer privileges to ORCA, Metro has not done so out of concern for riders who do not have ORCA cards. Since the low income program will be implemented on ORCA, those concerns will largely be eliminated, making it possible to migrate transfers to ORCA and address issues of fraud related to paper transfers.

Metro will continue its other programs that provide reduced fares: the Human Services Ticket Program, Taxi Script Program, and Regional Reduced Fare Permit (RRFP) program for seniors and people with disabilities, and the reduced fare for youth. ORCA LIFT was intentionally set up not to compete with these programs, but to make another benefit available. The Human Services Ticket Program is really directed toward the homeless who cannot afford to pay any fare, while ORCA LIFT is directed toward the working poor.

Key Takeaways:

- *Eligibility verification and re-qualification and use of ORCA (including ORCA card registration, ORCA card replacement fees, and ORCA card management policies and procedures) are important to maintain program integrity.*

- *While transit agencies bear most of the costs and lost revenues associated with reduced fare programs, there are opportunities to avoid or minimize new costs by leveraging the capabilities of partner agencies.*
- *Metro's implementation strategy included introducing the adult low income fare in conjunction with a fare increase.*
- *Considerable outreach and verification efforts will be needed in advance of the low income program implementation date.*
- *Partner agencies support the overall need for access to locations throughout the county as well as outreach to LEP populations.*
- *An online database that allows partner agencies to manage cardholder registration data is under development by the ORCA vendor.*
- *With the implementation of the ORCA LIFT program, Metro plans to continue its other reduced fare programs. While ORCA LIFT is designed to assist working poor, other programs assist individuals who cannot pay any transit fare. It is important to be clear on the objective and the target market for the program.*