Low Income Fare Update

Board Retreat
November 9, 2016

Project Background: Investigating the feasibility of a broader low-income fare program

❏ **Framework for a Low Income Program**

    ❏ **Sustainable**

    ❏ **Meaningful**

    ❏ **Targeted**

    ❏ **Manageable**

Summer 2016	Fall 2016	Fall /Winter 2016
Research Low Income Fare Programs	Convene Regional Taskforce & Stakeholders	Complete Final Program Report

Low Income Fare Taskforce Members

Community Partners	Clackamas County	Multnomah County	Washington County	Area Legislators
Oregon Food Bank	Commissioner Martha Schrader Clackamas County	Multnomah County Chair Deborah Kafoury	Commissioner Dick Schouten	Rep. Lew Frederick Senate District 22
Coalition of Communities of Color			Mayor Denny Doyle Beaverton	Rep. Alissa Keny-Guyer District 46
BTA / Street Trust	Mayor Mark Gamba Milwaukie	Commissioner Steve Novick City of Portland		Rep. Mitch Greenland District 33
APANO			Mayor Pete Truax Forest Grove	
OPAL	Commissioner Renate Mengelberg Oregon City	East County Representative		Rep. Jeff Reardon District 48
Ride Connection				

Peer Programs

- **Seattle ORCA LIFT**

- Tucson Economy Fare

- **Salt Lake City Horizon Pass**

- Santa Clara County UPLIFT

- **San Francisco Free Muni**

Seattle ORCA LIFT

- ❏ **Description:** discounted fares and monthly passes paid using stored value

- ❏ **Fare Discount:** 33%-50%

- ❏ **Program size:** August 2016: 35,000 registered; estimated 45-100,000 at completion

- ❏ **Source of program funding:** fare revenue loss covered from operating budget (Fare increase adopted separately)

- ❏ **Eligibility:** at/below 200% Federal Poverty Level

- ❏ **Means Testing:** community partners

- ❏ **Lessons learned:** leverage community partners to reach low income populations and manage program costs

Salt Lake City Horizon Pass

❑ **Description:** riders who receive welfare benefits from the state may use funds in their EBT accounts to purchase monthly passes

❑ **Fare Discount:** 25%

❑ **Program size:** N/A

❑ **Source of program funding:** riders' EBT benefits

❑ **Eligibility:** welfare recipient with funds on EBT card

❑ **Means Testing:** retail location

❑ **Lessons learned:** enabling direct use of welfare benefits has eliminated need for means testing; program only offers discounted monthly passes and does not address needs of less frequent riders

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San Francisco Free Muni

- ❏ **Description:** free Muni for low income and moderate income youth and seniors & persons with disabilities with use of smart card

- ❏ **Fare Discount:** 100%

- ❏ **Program size:**
  - ❏ 32,000 participants in initial Free Muni for Youth pilot
  - ❏ In month prior to launch of Free Muni for Seniors & Persons with Disabilities, 38,000 participants

- ❏ **Source of program funding:** funds from MPO and Google, remainder absorbed as lost fare revenue

- ❏ **Eligibility:** 100% Area Median Income

- ❏ **Means Testing:** self-certified application sent to SFMTA

- ❏ **Lessons learned:** absence of income verification has led to fraud, fare inspectors have confiscated student passes being used by adults

Estimating the potential program cost of a regional low income fare program has many variables

What is the eligibility Threshold?

What is the expected enrollment rate?

What is the level of subsidy 30%, 50%,70%?

What is the number of total trips affected?

What is the average fare outcome of the change?

How will transit use affect the overall cost?

Household Size	Federal Poverty Level (FPL), 2016	150% FPL	185% FPL	200% FPL
1	$11,880	$17,820	$21,978	$23,760
2	$16,020	$24,030	$29,637	$32,040
3	$20,160	$30,240	$37,296	$40,320
4	$24,300	$36,450	$44,955	$48,600
5	$28,440	$42,660	$52,614	$56,880
6	$32,580	$48,870	$60,273	$65,160
% TriMet Dist. Population	15%	24%	30%	32%

Potential Fare Subsidy Costs

- ❏ Fare revenue loss: $1.8M-$11.5M

- ❏ Estimated administrative cost could run between 1.5 and 3 million

- ❏ Assumptions:

  - ❏ Adoption rate: 25%-50%

  - ❏ Fare elasticity: -0.2

    - • (10% decrease in fare results ~2% increase in ridership)

	150% FPL Threshold	185% FPL Threshold	200% FPL Threshold
30% Discount ($70 Monthly, $1.75 Ticket)	$1.8-3.5M	$2.3–4.4M	$2.3–4.5M
50% Discount ($50 Monthly, $1.25 Ticket)	$3.0-$6.1M	$3.8–7.4M	$3.9–7.6M
70% Discount ($30 Monthly, $0.75 Ticket)	$4.6–9.3M	$5.7–11.2M	$5.8–$11.5M

Next Steps

❑ Four Nines complete final deliverables

• Summary of potential program funding sources

• Final program report

❑ Finalize estimate of high-level administrative costs and program administrative models

❑ Convene task force to review research, program models, eligibility thresholds, cost estimates, and develop local program recommendations

Total Avg Weekly Ridership
- 5 x Avg Wkday Boarding Rides
- Avg Saturday Boarding Rides
- Avg Sunday Boarding Rides

Rider Market Segmentation
- Rider Category
- Fare Type
- At/Below or Above Threshold

Total Ridership ⬜ by Total Avg Weekly Ridership

On-Board Survey Data Weighting *
- Rider Category
- Fare Type
- At/below or Above Threshold
- Including only Willing, Valid, TriMet RIder Responses

Total Ridership by Rider Market
- Rider Category
- Fare Type
- At/Below or Above Threshold

Weighting of Boarding Rides

$$\text{FINAL WEIGHT Boardings}_{Survey} * \frac{\text{Avg Boarding Rides}_{Day\ Type}}{\sum_{Day\ Type}\text{FINAL WEIGHT Boardings}}$$

where

$$\text{FINAL WEIGHT Boardings}_{Survey} = \frac{\text{FINAL WEIGHT}_{Survey}}{\text{Weight Transfer}_{Survey}}$$

Pass Sales
- Rider Category
- Fare Type

Fare by Rider Market
- Rider Category
- Fare Type
- At/Below or Above Threshold

Pass Usage Rates
- Rider Category
- Fare Type

Existing Average Fare by Rider Market
- Rider Category
- Fare Type
- At/Below or Above Threshold

TRIMET

Revenue Adjustment Factor

$$\frac{\text{Reported Fare Revenue}}{\sum \text{Calculated Fare Revenue by Rider Market}} - 1$$
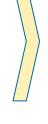
Existing Average Fare by Rider Market
- Rider Category
- Fare Type
- At/Below or Above Threshold

Total Fare Revenue by Rider Market
- Rider Category
- Fare Type
- At/Below or Above Threshold

Revenue Adjustment Factor

Total Ridership by Rider Market
- Rider Category
- Fare Type
- At/Below or Above Threshold

Arc Elasticity for Δ Average Fare

$$\frac{(\text{Avg Fare}_{\text{existing}} + \text{Avg Fare}_{\text{new}}) + \eta\,(\text{Avg Fare}_{\text{new}} - \text{Avg Fare}_{\text{existing}})}{(\text{Avg Fare}_{\text{existing}} + \text{Avg Fare}_{\text{new}}) - \eta\,(\text{Avg Fare}_{\text{new}} - \text{Avg Fare}_{\text{existing}})}$$

where η = fare elasticity

Total Ridership by Rider Market
- Rider Category
- Fare Type
- At/Below or Above Threshold

Arc Elasticity for Δ Average Fare *

* Capped Average Fare for Single 2-½ Hour Ticket and Book of 10 2-½ Hour Tickets for riders who make more than the breakeven number of trips per week to reflect impacts of fare capping on fare revenue.

New Total Ridership by Rider Market
- Rider Category
- Fare Type
- At/Below or Above Threshold

New Average Fare by Rider Market
- Rider Category
- Fare Type
- At/Below or Above Threshold

New Total Fare Revenue by Rider Market
- Rider Category
- Fare Type
- At/Below or Above Threshold

Revenue Adjustment Factor

New Total Fare Revenue