

June 27, 2017

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

Re: MTC Regional Means-Based Transit Fare Pricing Study

Dear Ms. Richman:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

³ Perrotta, A. Fare Collection and Fare Policy. (2016). Regional Plan Association.

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

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

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

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

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

6. Carefully study regional pass options.

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

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

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

⁵ Ibid.

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

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

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

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

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

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

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

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

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

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

Sincerely,



Arielle Fleisher
SPUR, Transportation Policy Associate

cc: Melany Choy Senior, Programming and Allocations