



**Massachusetts Bay  
Transportation Authority**

# Means-Tested Fares Feasibility Study Update

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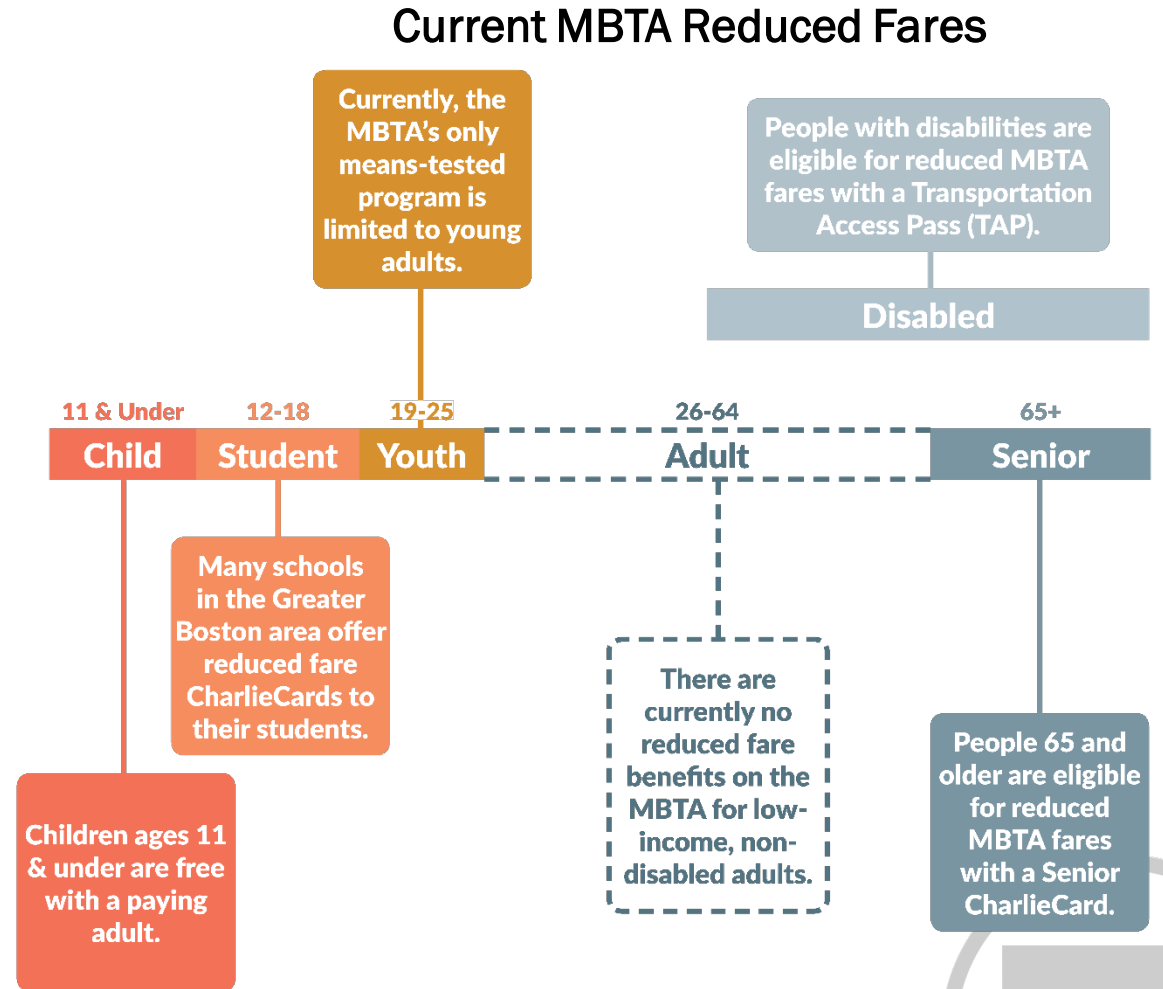
Fiscal and Management Control Board

May 21, 2020

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# Changing Context for Means-Tested Fares

- The MBTA has several reduced fare programs; however, there is a gap for non-disabled, low-income adults between 26 and 64 years of age.
- The region is facing increased economic pressures based on the impacts from COVID-19 pandemic, impacting household, state and MBTA budgets.
- Minimizing transportation barriers, including reducing fares for low-income adults, is an important tool to support regional recovery efforts but discounting fares to spur ridership risks undesirable levels of crowding at a time when social distancing is critical.
- MBTA fare revenue has fallen approximately 87% placing strain on the budget for FY21 and potentially future years.



# FY21 Work Plan

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- Goal of FY21 budget is to support a return to full FY20 service levels in order to provide as much capacity as possible to facilitate social distancing, even as we expect ridership and fare revenue to remain low.
- All available CARES Act funding is needed to cover additional costs from COVID-19 and loss of fare revenue.
- Fare revenue loss or full scale implementation costs from means-tested fares cannot be accommodated in the FY21 budget.
- In FY21 we plan to finish the feasibility study and implement technical/administrative investments that will improve existing reduced fare programs and serve as a foundation for any means-tested fare program implemented in the future when both system capacity and funding for replacement revenue are available.



# Status of Feasibility Study

## Running the Program

- Can internal technology systems support the program?
- Who manages eligibility determination, certification, and recertification?
- How do we identify participants?
- How do we provide customer service?



Proposal to release a Partner Challenge to solicit feedback

## Paying for the Program

- What is the revenue loss from implementing the program?
- What is the revenue gain from induced demand?
- Where does the money come from to pay for the program?
- What are the administrative costs for the MBTA and partners?



How to pay for a MTF Program is still undetermined, revenue impacts have changed

## Operations Impacts

- Is the MBTA able to serve the added trips across different modes?
- Will the MBTA be able to verify participants appropriately?



Operational capacity is diminished due to COVID-19

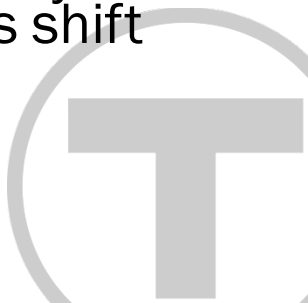
# Operational Impacts

## Operations Impacts

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- Is the MBTA able to serve the added trips across different modes?
- Will the MBTA be able to verify participants appropriately?

- Because of changes in the definition of undesirable crowding needed to support safe social distancing, we no longer know whether the MBTA can serve added trips
- Transit ridership is down dramatically across the system but is likely to rise as reopening advances through phases that have begun this week.
- For FY21, the MBTA must prioritize having system capacity to have people, both riders and employees, safely on the system while keeping social distance.
- For the foreseeable future, **even running at maximum capacity**, many MBTA modes, especially specific bus routes, will run the public-health risk of being crowded if ridership returns to the system too quickly.
- Off-peak capacity, previously viewed as available, may be needed to accommodate commuting trips as peaks shift to accommodate essential workers and others on alternative work schedules



# Paying for the Program

## Paying for the Program

- What is the revenue loss from implementing the program?
- What is the revenue gain from induced demand?
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- Pre-COVID, for Fixed Route only, the MBTA ridership estimates for a MTF program ranged from a low of **27,000** potentially eligible riders within close geography to the MBTA service system to a high of **107,000 riders**. Note that these are riders, not trips.
- How we set eligibility will impact scope of eligible participants.
- Certainly, given the economic downturn, many more households may be eligible than previously estimated.
- While induced demand is a potential revenue source, the MBTA may lack capacity to serve such demand given new crowding thresholds.

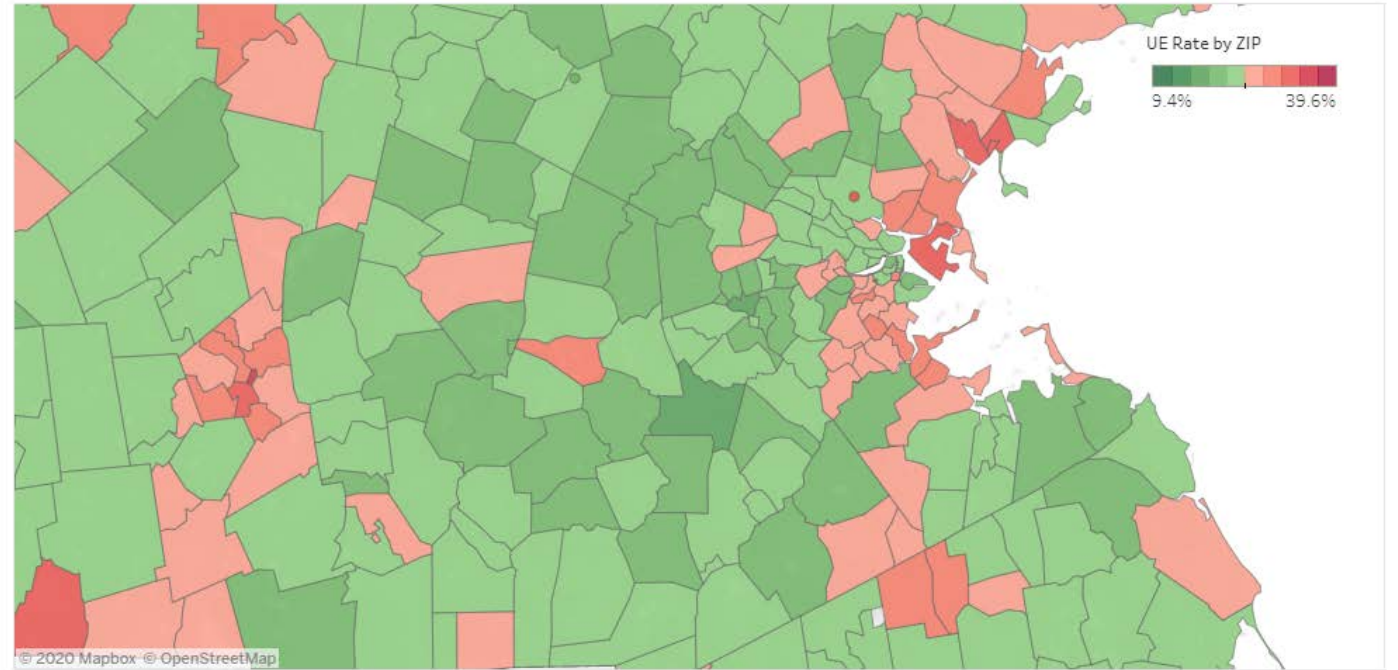


# Possible Increased Demand for Program

- The Massachusetts Taxpayers Foundation forecasts unemployment to rise to 18% from 2.8% in Dec 2019.
- Total employment will not completely recover until 2022.
- As households see personal income fall, applications for benefit programs have been increasing.
- It is unclear how many of new cases would be near the MBTA service area.

## Unemployment Rate By Zip Code in MBTA Service Area

Unemployment Rate by ZIP code: All County, May 2, 2020



<https://pioneerinstitute.org/news/where-in-massachusetts-is-being-hit-hardest-by-unemployment-due-to-covid-19/>



# Running the Program

## Running the Program

- Can internal technology systems support the program?
- Who manages eligibility determination, certification, and recertification?
- How do we identify participants?
- How do we provide customer service?

- Key Product Manager hired; work has begun on planning for development team and software build/buy decisions
- Scaling a program will require capital investments as part of Fare Transformation
  - Administering the program from a new MBTA-owned case management and card-tracking tool can ensure better customer service and information security
  - Fully-featured portal would allow for flexible applications to maximize access (web, phone, in-person, etc.)
- This work will also support other reduced fare programs such as Youth Pass





# Running the Program

## Running the Program

- Can internal technology systems support the program?
- Who manages eligibility determination, certification, and recertification?
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## Paying for the Program

- What are the administrative costs for the MBTA and partners?

- In order to administer a program, the MBTA would greatly benefit from a partner to assist with outreach, eligibility verification, and customer support.
- There are many partnership models employed by transit agencies across the country, and each has its own unique flavor.
- Managing even sophisticated partner networks across the metro area will be a resource-intensive responsibility for the MBTA, as seen in the agency's experience with the relatively small Youth Pass network



# Lessons Learned on Means-Tested Programs

From Peer Transit Agencies	From State Agencies	From Community Orgs/Advocates
<ul style="list-style-type: none"> <li>• Leverage existing human service agency partners for income verification and eligibility determination.</li> <li>• Link eligibility to a state or federal benefits program instead of income level.</li> <li>• Funding through cost-sharing with cities, counties, partner organizations, grants, or through dedicated tax and/or fee measures.</li> </ul>	<ul style="list-style-type: none"> <li>• Program entry should be easy and straightforward.</li> <li>• Programs have strict re-certification and verification processes, and robust fraud protection measures.</li> <li>• Programs have high-churn levels.</li> </ul>	<ul style="list-style-type: none"> <li>• Partnerships are key to enrollment and administration, including the involvement of trusted community-based organizations (CBOs).</li> <li>• Eligibility criteria should overcome citizenship and language barriers.</li> </ul>



# Running a Program: Potential Partnership

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- Possible functional assistance to build a Means-Tested Fare program include:
  - Income verification/eligibility determination process,
  - Data collection practices & document management,
  - Outreach capabilities to reach potential clients,
  - Technological abilities for administration,
  - Brick and mortar facilities to support riders,
  - Staffing to handle questions and concerns of the public.
- Need to clearly define roles for the MBTA and any future partner.



# Proposal to Release Partner Challenge

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- MBTA is considering releasing a *Challenge* to community-based organizations seeking information on how we could develop a workable-partnership model for pilot and/or scale implementation of a Means-Tested Fares Program.
- The purpose of the Challenge is to learn from potential partners, including non-profit and community service agencies, about what models of partnership might work.
- The Challenge will be open for approximately six weeks and we would host several webinars to answer any questions.
- Questions can be directed to [fares@mbta.com](mailto:fares@mbta.com)



# The Partnership Challenge

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Potential Partners are asked to consider the following logistics:

1. Client intake channels
2. Income verification & eligibility
3. Partner resources
4. Enrollment & fulfillment mechanism
5. Partner program management technology
6. Fiscal implications
7. Timeline & project schedule
8. Monitoring & research
9. Benefits & limitations of the service model



# Questions

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- Should we release the Means-Tested Fares Partner *Challenge*?
  - Does it make sense to release the *Challenge* now? Or wait until later in the year when we and potential partners have less uncertainty?
- Should we redo the “Paying for Program” analysis once we have better data on new ridership patterns?
- How do we rethink operational capacity with new crowding levels?

