

# Funding for Low-Income Transit Pass Pilot Programs

**May 9, 2012**

Programming and Allocations Committee



METROPOLITAN TRANSPORTATION COMMISSION

# Requests from SFMTA and VTA

Sponsor	Proposal	Duration	Total Cost	Request for Regional Funding
SFMTA	Free transit service for low-income youth (age 5-17) who use a Clipper card	22 months, starting August 1	\$9.4 million	\$5.0 million
VTA	Free monthly passes to adults on General Assistance and limited number of low-income youth	24 months	\$9.2 million	\$4.6 million
		TOTAL	\$18.6 million	\$9.6 million

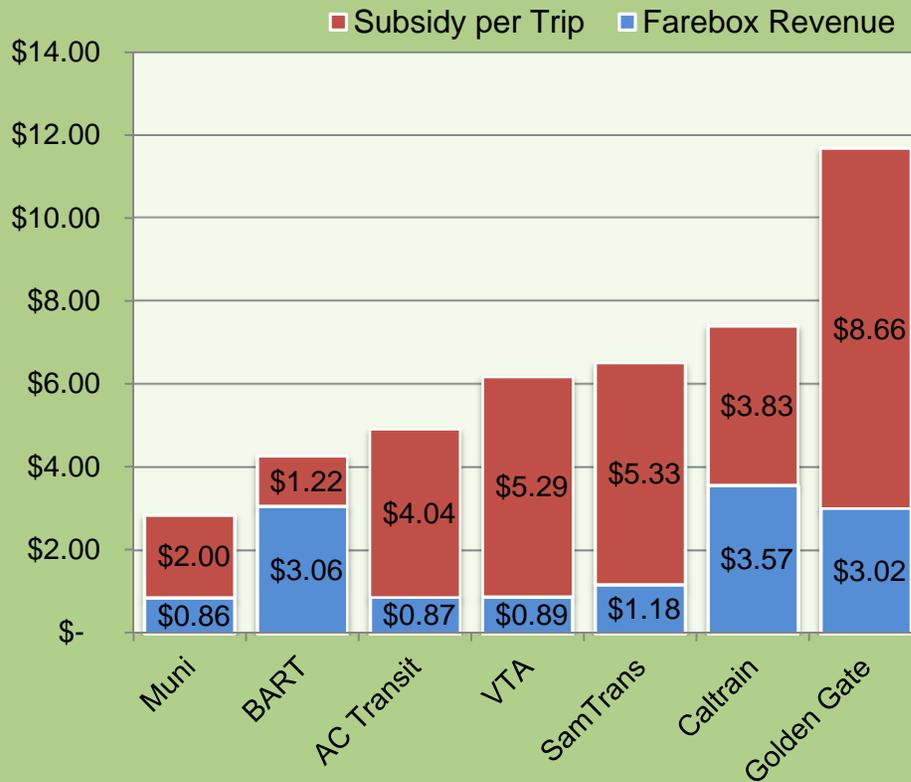
# Transit Financial Background

- **Bay Area Transit annual operating costs are about \$2.3 billion**
- **Fares cover approximately 30% of – varies by operator**
- **Other subsidies cover remaining 70% of costs**

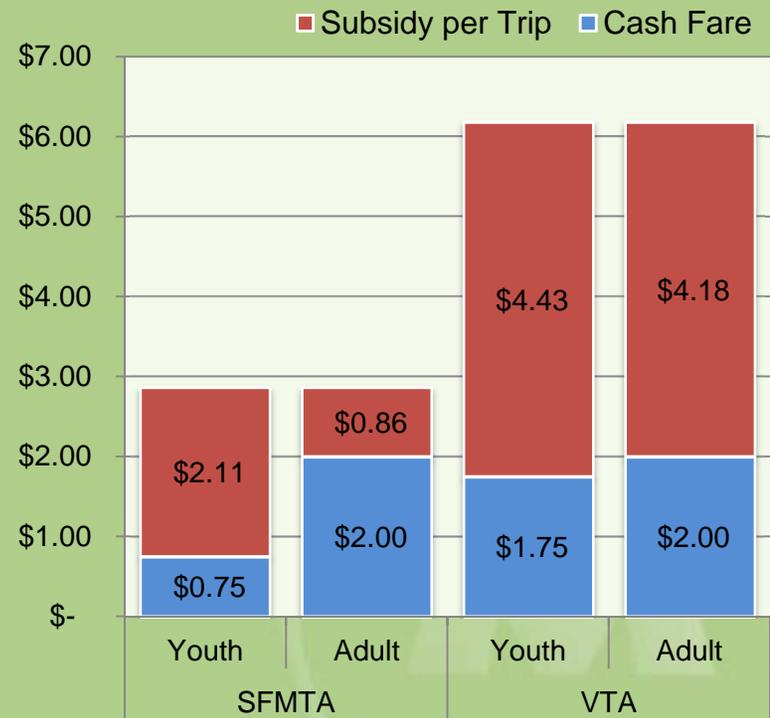
	<b>\$ in Millions</b>	<b>%</b>
Fares	690	30%
MTC Allocations (TDA, STA, FTA)	470	21%
Property Tax, Sales Tax, Other	1,120	49%
<b>Total Annual Operating Cost</b>	<b>2,280</b>	<b>100%</b>

# Transit Financial Background

Transit Operator Subsidies  
Relative to Cost Per Trip

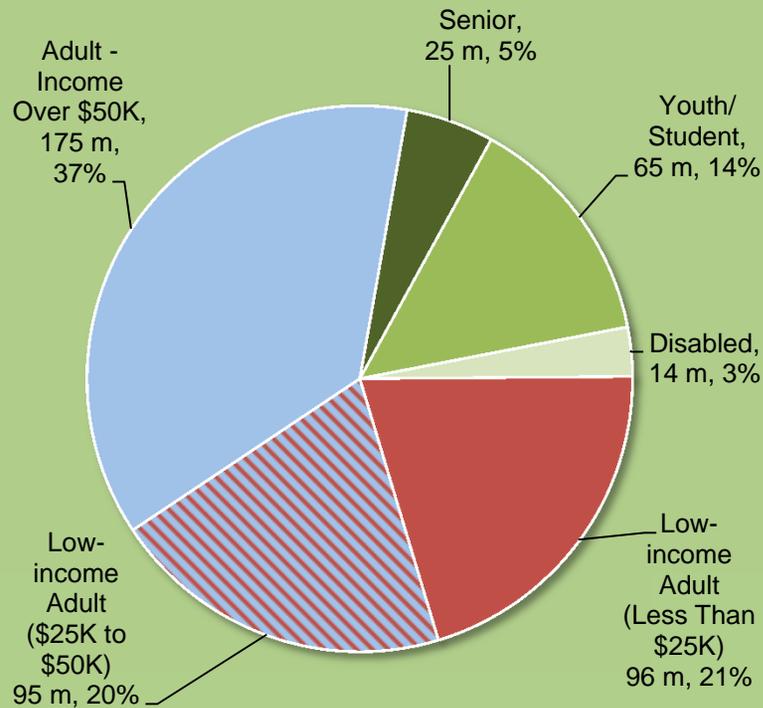


Transit Operator Subsidies  
by Youth and Adult Fares,  
Relative to Cost Per Trip



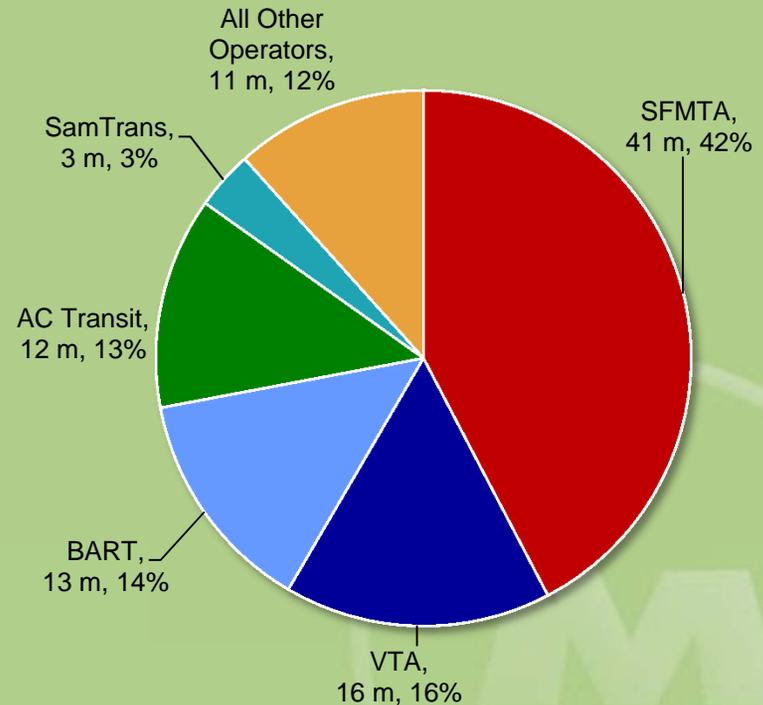
# Annual Transit Ridership

## Total Riders by Fare Category and Income Level



Total trips = 470 million

## Total Low Income Riders (<\$25,000/year) Paying Adult Fares



Total trips = 96 million

# Transit Fare and Discount Policies

- **FTA requires that operators who use FTA formula funds (most operators in Bay Area) offer the following fare discounts:**
  - Elderly (65 and older) - minimum 50% discount during non-peak hours
  - Disabled persons - minimum 50% discount during non-peak hours
- Policies beyond FTA requirements reflect local board policy

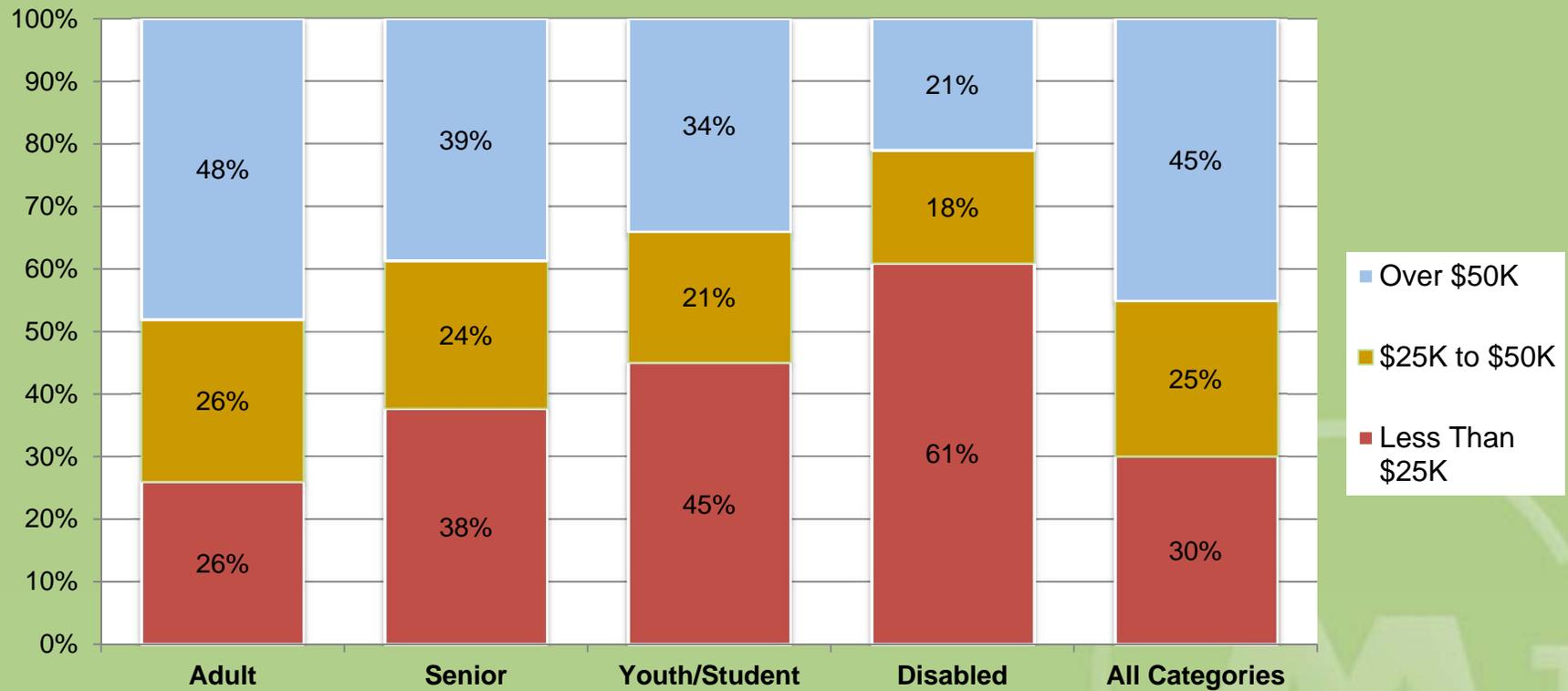
# Bay Area Fare Discounts

	Demographics		Cash Fare Policies		Period Pass Policies			
	% Riders <25K Income	% Paying Adult Fare Category	Elderly & Disabled Fare Discount of Full Fare	Youth Fare Discount of Full Fare	Adult Monthly Pass Discount	Elderly & Disabled Pass Discount of Adult Monthly Pass	Youth Pass Discount of Adult Monthly Pass	Low-Income Pass Discount of Adult Monthly Pass
SFMTA	20%	75%	63%	63%	23%	66%	66%	50%
BART	13%	92%	63%	50% - 63%	NA	NA	NA	NA
AC Transit	27%	66%	50%	50%	5%	75%	75%	NA
VTA	38%	71%	50%	13%	13%	64%	36%	NA
SamTrans	27%	67%	50%	38%	20%	61%	44%	NA
Caltrain	12%	82%	55%	55%	34%	50%	50%	NA
Golden Gate	19%	76%	50%	50%	0%	69%	50%	NA

Shaded cells illustrate discounts that exceed federal minimums; age thresholds also exceed minimums in some cases

**Note: “% Riders <25K Income” column corrected from version in memo**

# Share of Passengers by Fare Category and Household Income Level



# Income-based Fare Programs

- **Past Program:**
  - AC Transit – 2002 demonstration project to provide free passes to low income middle and high school students
- **Current Programs:**
  - SFMTA Lifeline Pass Program – provides discounted monthly passes to low income adults
  - VTA UPLIFT Program – provides free quarterly passes for homeless, case-managed adults
- **Looking Ahead: MTC Means-Based Fare Study**

# Funding Options

- **SFMTA and VTA proposals:**
  - MTC \$5 million available in carryover federal funds
  - Insufficient to cover both requests
- **Longer Term:**
  - Regional free/discounted fare programs could cost \$10-\$100 million per year in revenue losses
  - Given financial picture, unlikely that most transit operators could absorb these costs
  - Lifeline Transportation Program a potential source of funds
  - Lifeline funds currently used to support transit services in low-income communities

# FY2011 – FY2013 Lifeline Transportation Program Funding

## Amounts by Transit Operator and County

Transit Operator & Hybrid Formula (Share of Regional Low Income Ridership & Share of Regional Low Income Population)		Prop 1B
AC Transit	18.1%	\$ 8,403,487
BART	17.6%	\$ 8,173,010
Golden Gate Transit/Marin Transit	3.2%	\$ 1,477,729
Muni (SFMTA)	25.2%	\$ 11,723,430
SamTrans	4.9%	\$ 2,272,697
VTA	19.7%	\$ 9,186,049
Small Operators	11.3%	\$ 5,283,564
<b>Total</b>	<b>100.0%</b>	<b>\$ 46,519,967</b>

County & Share of Regional Low Income Population	Total STA, JARC, STP*
Alameda	23.7% \$ 9,550,312
Contra Costa	13.4% \$ 5,393,849
Marin	2.6% \$ 1,047,704
Napa	2.2% \$ 692,105
San Francisco	13.1% \$ 5,267,499
San Mateo	7.6% \$ 3,047,472
Santa Clara	23.7% \$ 9,167,409
Solano	5.8% \$ 1,833,601
Sonoma	7.8% \$ 2,855,777
<b>Total</b>	<b>100.0% \$ 38,855,726</b>

\*Does not include \$1.4 million for Means-Based project and admin.

- **Total Program is \$87 million over three years**
- **Funds have various requirements from FTA, State**

# Next Step: SFMTA and VTA Requests

- **Define objectives of the pilot projects and evaluation methodology**
- **Confirm Funding Strategy**
  - Additional local funds to support pilot
  - Local, long-term strategy to maintain the free fares if pilot is successful
  - Role of Lifeline Transportation Program funding
- **Information to be gained from pilot projects**
  - Use for MTC means-based fare study
  - Inform possible regional replication of successful pilots