

Funding Options for Low-Income Transit Pass Pilot Programs

July 11, 2012

Programming and Allocations Committee



METROPOLITAN TRANSPORTATION COMMISSION

Background

- **Discussions at May and June Committee meetings regarding requests from SFMTA and VTA for regional funding to support low-income pilot programs**
- **Committee requested follow up on:**
 - AC Transit free youth pass experience
 - Regional context on free or reduced fare program
 - Request from Alameda County
 - Alternative proposals considering long term sustainability and needs throughout region

Requests Received from SFMTA, VTA (revised), and ACTC

| Sponsor | Proposal | Duration | Est. Cost | Request for Regional Funding |
|---------|--|--------------|-------------------------|------------------------------|
| SFMTA | Free transit passes for low-income youth | 22 months | \$9.4 million | \$5.0 million |
| VTA | Reduced-cost monthly passes to low-income adults | 24 months | \$4.0 million | \$2.0 million |
| ACTC | Student pass program (pending passage of Measure B3) | TBD | TBD | \$500,000 + \$4.5 million |
| | | TOTAL | \$13.4 + million | \$12 million |

Prior Experience with Free Youth Passes - AC Transit

- **Demonstration project in 2002**
- **Funded by AC Transit, MTC, non profits**
- **Distributed 25,000 free passes for middle and high school students who participated in Free and Reduced lunch program.**
- **Program cancelled after one year due to finances**
- **Major Findings (from UCB study):**
 - No significant change in attendance or grades
 - Increased participation in after school programs
 - Ridership patterns varied, also affected by other factors
 - AC Transit operations not strongly affected but did experience loss in fare revenue

Regional Context

- **Calculated subsidies needed to support free or discounted fare programs for low-income youth**
- **Annual regional revenue loss for largest operators ranges from ~\$8 million to \$15 million (excluding admin and increased service costs)**

Revenue Loss Amounts shown are Annual and in Million \$

| Operator | Low Income Youth Free | Low Income Youth at 75% Discount off of Youth Fare | Low Income Youth at 50% Discount off of Youth Fare |
|---------------------|-----------------------|--|--|
| AC Transit | \$2.96 | \$2.22 | \$1.48 |
| BART | \$2.06 | \$1.55 | \$1.03 |
| Caltrain | \$0.70 | \$0.52 | \$0.35 |
| Golden Gate Transit | \$0.48 | \$0.36 | \$0.24 |
| San Francisco MTA | \$4.71 | \$3.53 | \$2.35 |
| SamTrans | \$1.02 | \$0.77 | \$0.51 |
| Santa Clara VTA | \$3.30 | \$2.47 | \$1.65 |
| Total | \$15.22 | \$11.42 | \$7.61 |

Options

- **1. Focus on SFMTA pilot program in near term, establish reserve for future pilots including VTA and ACTC**
- **2. Support three pilot programs: SFMTA, VTA, ACTC**
- **3. Establish framework for regional reduced fare program for low income youth**

Option 1: Focus on SFMTA pilot program now, reserve for future pilots

- **SFMTA's program farther along in development**
- **Available Funding: \$5 million available from carryover Climate funds, \$20 million in OBAG Climate Initiatives**

- **Distribution:**

| Amount | Purpose | Source | Timing |
|-------------|--------------------------------------|---|-------------------------|
| \$4 million | SFMTA low income youth pilot program | Carryover Climate Funds | Allocation in July 2012 |
| \$4 million | Reserve for future pilots | \$1 million Carryover, \$3 million OBAG Climate | Revisit in Spring 2013 |

- **Preserves \$17 million for OBAG Climate Program**

Option 2: Support Three Pilot Programs: SFMTA, VTA, ACTC

- **Available Funding: \$5 million available from Climate carryover, \$20 million in OBAG Climate Initiatives**

| Amount | Purpose | Source | Timing |
|---------------|---------------------------------------|-------------------------|----------------------------|
| \$4 million | SFMTA low income youth pilot program | Carryover Climate Funds | Allocation in July 2012 |
| \$1 million | VTA low income adult pilot program | Carryover Climate Funds | Allocation in July 2012 |
| \$0.5 million | ACTC student pass program development | OBAG Climate | Allocation in July 2012 |
| \$2.5 million | ACTC student pass implementation | OBAG Climate | TBD, following B3 approval |

- **Preserves \$17 million for OBAG Climate Program**

Option 3: Framework for New Regional Reduced Fare Program for Low Income Youth

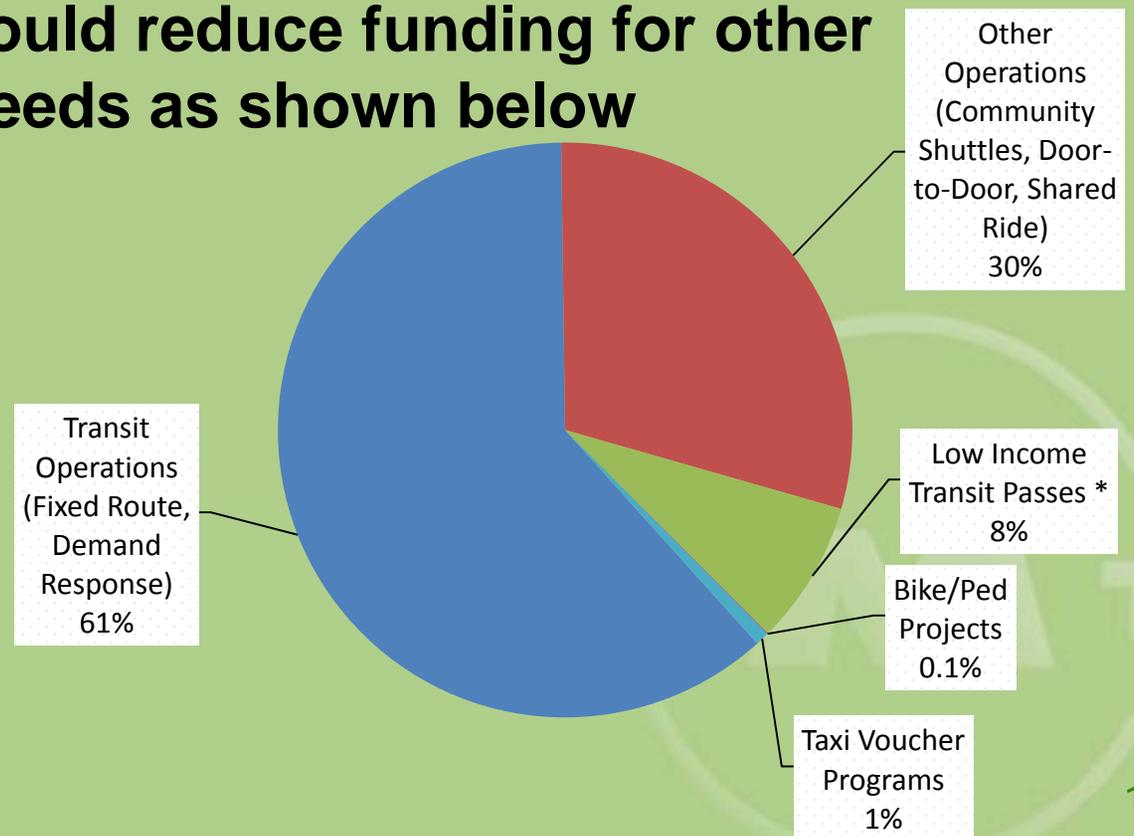
- **Discount of 50% off current youth monthly passes**
- **Funding potentially available starting in FY2013-14, if redirect STA funds from Lifeline Transportation Program (Total STA \$ Available = \$11.9 million)**
- **Primary benefits:**
 - Financial relief to low income youth/families
 - Region-wide approach results in more consistent fare policies across operators
 - Long-term funding source identified

Option 3: Regional Reduced Fare Program - Estimated Price, Revenue Loss, and Subsidy

| Operator | June 2012 Monthly Youth Pass Price | Est. Low Income Youth Pass Price at 50% Discount | Est. Annual Revenue Loss from Low Income Youth at 50% of Youth Fare (in millions) | Potential Regional/Lifeline STA Contribution (in millions) |
|---------------------------|------------------------------------|--|---|--|
| AC Transit | \$20 | \$10 | \$1.48 | \$1.48 |
| BART | \$26 | \$13 | \$1.03 | \$1.03 |
| Caltrain | \$37 | \$19 | \$0.35 | \$0.35 |
| Golden Gate/Marin Transit | \$40 | \$20 | \$0.24 | \$0.24 |
| San Francisco MTA | \$21 | \$11 | \$2.35 | \$2.35 |
| SamTrans | \$36 | \$18 | \$0.50 | \$0.50 |
| Santa Clara VTA | \$45 | \$23 | \$1.65 | \$1.65 |
| Total | | | \$7.60 | \$7.60 |
| | | | Remaining STA: | \$4.30 |

Option 3: Regional Framework – Tradeoffs

- **STA can be used for operating expenses, is usually in high demand**
- **Use of Lifeline Transportation Program funds for fare discounts would reduce funding for other county Lifeline needs as shown below**



Summary of Options

- **1. Focus on SFMTA pilot program in near term, establish reserve for future pilots including VTA and ACTC**
- **2. Support three pilot programs: SFMTA, VTA, ACTC**
- **3. Establish framework for regional reduced fare program for low income youth**