



# MBTA Proposed Fare Tariff Changes for FY 23 Oversight Report

Operating Budget Oversight Committee  
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The MBTA Advisory Board is an independent statutory organization organized under Massachusetts General Law to oversee the finances, operations, and activities of the Massachusetts Bay Transportation Authority. The Advisory Board represents the interests of the 176 cities and towns in the MBTA service district.

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## I. EXECUTIVE SUMMARY

The MBTA proposes a narrowly-focused set of fare tariff changes designed to increase options for customers eligible for existing reduced-fare products and programs, reduce the cost of a 1-day unlimited pass, make permanent a commuter rail fare pilot program, and increase the number and type of free transfers between modes and within certain modes. While the total cost of these changes represents just about 0.08% of the operating budget, it is worth noting that the individual cost to the Authority is relatively high on a per person basis. Using the high end of ridership increase estimated (165,000), the cost per trip generated at the low end of cost (\$1.2 million) is \$7.27 per trip, and \$11.52 per trip at the high end of cost (\$1.9 million).

Increasing ridership is a positive step, however the MBTA must remain focused on its looming fiscal cliff. The MBTA is projecting a significant operating deficit of more than \$300 million in FY24. Such a deficit will require a statewide solution, and hopefully one that includes clear and consistent policy mandates from the next gubernatorial administration and legislature, as well as the funding to implement these policies sustainably and fairly. Until such time, narrowly focused fare tariff changes, such as these, are a positive first step and should be adopted. These changes, however, must be a beginning of the fare tariff discussion, not the end.

## II. INTRODUCTION

The MBTA proposes to reduce fares on certain modes, make permanent other fare changes implemented during COVID-19, and simplify transfers

between modes. The Authority's fare policy objective is to use fares to raise revenue, improve service and customer experience, and advance social, equity, environmental, and regional economic goals. It should be noted that the MBTA is also proposing changes to its fare media. Fare tariff is different from fare media. Tariff is what a customer pays at the time of a trip, while media is the method by which a fare is paid. The Federal Transit Authority treats these different types of changes the same, and the MBTA is simultaneously going through a fare media change process. Fare media is outside the scope of this report, which focuses on tariff changes. Under Massachusetts General Law chapter 161A, section 5(d), the MBTA Advisory Board is required to review fare tariff changes.

### III. PROCESS OVERVIEW

The Authority's Finance & Audit Committee received a presentation from MBTA staff on these proposed fare tariff changes on January 20, 2022. Its full Board of Directors received a substantially similar presentation on January 27, 2022. As part of its public outreach, the MBTA hosted a public meeting on the evening of February 10, 2022, and a public hearing on the evening of February 17, 2022. During the day on February 17, 2022, the Authority presented these proposed fare tariff changes to a full meeting of the MBTA Advisory Board. Following this presentation, the Advisory Board charged its Operating Budget Oversight Committee to consider the fare tariff proposals, and to make a recommendation to the full body for its consideration. This report represents the completion of this charge.

The Operating Budget Oversight Committee met on March 4, 2022 to

consider a draft of this report, and approved its transmission to the Advisory Board with a recommendation to accept the report, and its recommendation to support the proposed fare tariff changes. The MBTA Advisory Board met on March 8, 2022, to consider this report. Following this discussion, the Advisory Board voted unanimously to approve it, and authorize the Executive Director to transmit it to MBTA staff and the Board of Directors. The MBTA Board of Directors is expected to vote on these proposed changes in the Spring of 2022, and, if approved, changes would go into effect on July 1, 2022.

#### IV. PROPOSED FARE TARIFF CHANGES

There are three categories of proposed fare tariff changes:

1. **Reduce Fares:** Increase options for customers eligible for existing reduced-fare products and programs
2. **Increase Ridership:** Reduce the cost of a 1-day unlimited pass, and make permanent a commuter rail fare pilot program.
3. **Simplification:** increase the number and type of free transfers between modes and within certain modes.

##### A. Reduce Fares:

To promote equity, the Authority proposes to allow reduced-fare eligible customers on commuter rail and ferries to use monthly passes. There are four major reduced fare categories: Seniors aged 65+ via the senior CharlieCard; persons with disabilities via a Transportation Access Pass, or TAP; High School and Middle School students via student CharlieCards; and the YouthPass available to certain low-income riders ages 18-25. The

discount afforded by such programs is typically 50% off full fares. Currently, monthly passes for reduced-fare eligible customers are only allowed on bus and subway. Expanding the reduced-fare program to monthly passes on commuter rail and ferry is expected to increase systemwide ridership by 2,000 to 9,000 trips per year, and cost the MBTA's operating budget between \$118,000 to \$144,000 per year.

In addition, the MBTA also proposes to introduce a new 7-day LinkPass product for reduced-fare eligible customers. This new product will allow unlimited travel on bus and subway for a period of seven consecutive days. Currently this ability is limited to monthly LinkPass customers only. A 7-day link pass has less up-front cost than a 30-day pass, and can be purchased at any point in the calendar, which is then valid for 7 rolling days following activation. This change is projected to increase annual ridership by 1,000 to 5,000 trips, at a cost to the operating budget of \$210,000 to \$250,000. The full suite of reduced fare monthly passes, zone, interzone and FlexPass will be offered under this change, generally offering a 50% discount off the full fare price.

Furthermore, the Authority proposes to make reduced-fare link passes valid on commuter rail zone 1A and inner harbor (Charlestown) ferry trips. Currently full-fare LinkPasses are valid for such trips, but not reduced fare LinkPasses. This change is expected to have a negligible effect on ridership or revenue.

## B. Increase Ridership:

To encourage ridership, the MBTA proposes to reduce the price of its 1-day LinkPass from \$12.75 to \$11.00. The 1-day LinkPass is good for unlimited trips on bus and subway for one calendar day. This change is expected to increase ridership between 5,000 and 23,000 trips per year, at a cost of \$269,000 to \$328,000. MBTA data suggests that this fare product is purchased in higher proportion to monthly passes by low-income individuals, suggesting an equity improvement from this change.

Additionally, to increase ridership MBTA staff also propose to make permanent the use of a 5-day mTicket FlexPass on commuter rail. This program started as a pilot program during the COVID-19 pandemic. It provided five one-day passes, valid for unlimited travel in a 24-hour time periods on commuter rail, up to the designated pass zone. This product must be purchased on the mTicket mobile app, and the five 1-day passes must be used within thirty days of purchase. This pilot program expires on March 15, 2022. Pilot data suggests that individuals working hybrid schedules enjoy this program. It is projected to cause an increase in ridership of between 11,000 and 33,000 trips annually. Its projected cost is between \$687,000 to \$884,000.

### C. Simplification (Transfers):

Currently most trips include one free transfer to a mode that costs the same or less than the first fare payment when purchased with a CharlieCard. At present, transfers between 3 different bus routes (bus-bus-bus), or transfers between two subway lines with a bus trip (subway-bus-subway), are not allowed. Furthermore, transfers between express bus



routes are not allowed. This proposal would allow such transfers. This change is projected to increase ridership between 44,000 and 102,000 trips annually, at a cost of \$316,000 to \$413,000.

#### V. REVENUE & RIDERSHIP

The proposed changes are expected to increase ridership between 61,000 and 165,000 trips per year, at a cost of \$1.5 to \$1.9 million in FY23. By way of comparison, the total FY22 operating budget is over \$2.3 billion, suggesting that the revenue loss from these proposals is equal to 0.08% of all spending. Similarly, in December 2021, on an average weekday, 586,000 unlinked trips were taken. This suggests that these changes represent a very minor effect on ridership, given that at its best scenario, 165,000 trips per year are projected, compared to 586,000 per day.

#### VI. ANALYSIS

All transportation trips are subsidized. Private car users benefit from billions spent each year in taxpayer supported road and bridge infrastructure, paid for by means other than the gas tax, for instance. All MBTA trips are also subsidized, but some are more subsidized than others. The Authority has a number of programs to reduce the cost of certain trips for certain people. These programs further subsidize certain individual's trips based on certain criteria that we, as a society, deem worthy of further subsidy. For instance, two children under the age of 12 (up to 11 years and 364 days) are eligible to travel free of charge when accompanied by an adult. In addition, the blind, police, fire and military personnel in uniform also travel for free on all MBTA vehicles. In addition, anyone aged 65 years or more, or who qualifies for Medicare, or who has a doctor-designated

disability are eligible for a 50% reduction on their fare on all modes except the RIDE. Depending on municipality or school, middle school and high school students are also eligible for a 50% discount, as are certain individuals under the age of 25 who qualify. In essence, these programs make it free or half-price to ride for persons under age 25 (up to 24 years and 364 days), and those over age 65. Persons aged 25 to 65 with disabilities are also eligible for half-fare discounts with qualifying media. Those 25-65 without qualifying disabilities are required to pay fares. However, these individuals also qualify for many fare programs that further subsidize their trips. Transfers allow a single individual to travel on multiple vehicles and/or modes without extra charge. Pass programs, including 1-day, 7-day, monthly, and \$10 commuter rail weekend, allow unlimited trips for certain durations. The MBTA does much to offer subsidized travel options already, and the tariff changes in this proposal will expand and increase such subsidies to more people. The cost of these changes, at the high end of 0.08% of the operating budget.

As COVID-19's effects continue to change how the people of Massachusetts work and move around the Commonwealth, and as the MBTA seeks to make its fare structure and system more equal, it offers this proposal. These changes will expand reduced-fare offerings to more riders, offer more flexible fare products for people whose travel patterns have shifted in recent years, and increase and expand the transfer program to more modes and trips. While the total cost of these changes represents just about 0.08% of the operating budget, it is worth noting that the individual cost to the Authority is relatively high on a per person basis. Using the high

end of ridership increase estimated (165,000), the cost per trip generated at the low end of cost (\$1.2 million) is \$7.27 per trip, and \$11.52 per trip at the high end of cost (\$1.9 million).

## VII. CONCLUSION/RECOMMENDATION

There is much work to be done at the state-wide level on public transit fare policy. The proposals contained herein are a small and narrow step towards reforming the MBTA fare tariff. Increasing ridership is always a positive step, albeit not at any cost. The MBTA projects a significant operating deficit starting in July 2023. Such a deficit will require a statewide solution, and hopefully one that includes clear and consistent policy mandates from the next gubernatorial administration and legislature, as well as the funding to implement these policies sustainably and fairly. Until such time, these narrowly focused fare tariff changes should be adopted. Such changes, however, must be a beginning and not an end of the fare tariff discussion. The MBTA Advisory Board, and its member communities, insist that such a discussion continue. Indeed, the Operating Budget Oversight Committee recommends that the MBTA Advisory Board appoint a committee to consider fare policy.