



Massachusetts Bay Transportation Authority

Proposed Fare Tariff Changes for FY 23 Board of Directors Meeting

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Fare Changes FY 23: Overview

The proposed changes, outlined on the following slide and detailed in the appendix, target 3 key goals:

- 1. Reduced Fares:** Increase equity by filling gaps in our existing fare structure for Reduced Fare riders
- 2. Ridership:** Minimize revenue implications in the face of Covid and budget uncertainties, while increasing ridership in the recovery where possible
- 3. Simplify:** Simplify the logic of our tariff rules and transition toward the rules that will be in place under AFC2.0



Fare Changes FY 23: Summary Overview

The proposed changes target **3 key goals**: Supporting **Reduced Fares** programs, **Increasing Ridership**, and **Simplification** of fare rules.

Annual Impact of Proposed Fare Changes - 2023, Recovery Scenario 1		
	Ridership (000s)	Revenue (000s)
Reduced Fares:		
Expanding Monthly Passes to all modes for Reduced Fare Riders	+2 to +9	(\$118) to (\$144)
New 7-day LinkPass for Reduced Fare Riders	+1 to +5	(\$210) to (\$250)
Allowing Reduced Fare LinkPass to be Valid on 1A and Inner Harbor Ferry	Minimal	Minimal
Increasing Ridership:		
Lower Price for 1-day LinkPass from \$12.75 to \$11	+5 to +23	(\$269) to (\$328)
Permanent mTicket 5-Day FlexPasses on Commuter Rail	+11 to +33	(\$687) to (\$884)
Simplification:		
Second Transfers on Subway/Bus and Between Express Routes	+44 to +102	(\$316) to (\$413)
Total Impact	+62 to +172	(\$1,601) to (\$2,019)

Update from January Proposal: if approved, the 5 Day Flex Pass will become permanent immediately, whereas all other changes will be implemented for July 1, 2022



Public Comment Process

- The MBTA accepted public comment on the FY23 Proposed Fare Tariff Changes from January 27 through March 3, 2022. 100 comments were received.
- Comment was received through the following channels:
 - The MBTA's public engagement email (publicengagement@mbta.com)
 - Public Meeting and Hearing with a total of 60 participants (February 10 and February 17, respectively)
 - Meetings with key stakeholder groups
 - Joanne Daniels-Finegold et. al v. MBTA Plaintiff Group & R-TAG Executive Board (February 3)
 - Policy Development Working Group (February 15)
 - MBTA Rider Oversight Committee (February 15)
 - MBTA Advisory Board (February 16)
- The vast majority of comments were in favor of the fare changes.
 - Critical commenters advocated for more significant support for low-income riders, generally through a means-tested fare or moving stations to zone 1A, though they supported the proposed changes.



Public Comment Summary

Comment	#	Discussion
Move Stations to Zone 1A	30	Commenters asked that the MBTA move Hyde Park and Readville from Zones 1 and 2 to Zone 1A on the basis that they are within the City of Boston limits
Implement or Pilot Means-Tested Fares	28	Commenters asked that the MBTA pilot or implement a means-tested fare for able-bodied, low-income riders between the aged 26-64
Support and Expand Fare-Free Bus	14	Commenters were in favor of programs such as the Fare-Free 23, 28, and 29 program funded by the City of Boston
5-Day Flex Pass	10	Commenters were in favor of the proposed permanent implementation of this product and in some cases asked for the product to be expanded to other modes
Broaden Transfer Policies	9	Commenters were in favor of the proposed change and in some cases asked that the policy be broadened, for example to allow unlimited trips with 2 hours
Specific Service Issue	4	Commenters referenced specific service issues which were redirected to the appropriate team at the MBTA
Implement or Pilot Fare Capping	4	Commenters asked that the MBTA pilot or implement a fare system in which riders' fares in a given day, week, or month are capped at the value of the equivalent unlimited pass
Other Topics	38	Comments related to other departments and initiatives at the MBTA were redirected to the appropriate recipients

Note: the sum of the # of comments is >100 as many commenters discussed multiple topics

Defining Title VI Equity Analysis

- It is MBTA policy to evaluate major service changes and fare changes, in accordance with Title VI of the Civil Rights Act and the FTA's guidance. Fare changes cannot have a Disparate Impact on minority riders or a Disproportionate Burden on low-income riders
- A Disparate Impact or Disproportionate Burden is found if the average fare decrease for minority or low-income riders is $<0.9x$ the average decrease for all riders, or if the average fare increase for minority or low-income riders is $>1.1x$ the average increase for all riders.
- All the proposed changes are decreases in fares, such that the ratio of price change for Minority or Low-Income Riders to All Riders **must be greater than 0.9x**.
- Central Transportation Planning Staff (CTPS) was contracted to complete this Title VI Equity Analysis.



Final Equity Findings of Proposed Changes

- CTPS has performed an equity analysis, which has been posted on [MBTA.com](https://www.mbta.com)
- All the proposed changes are decreases in fares, such that the ratio of price change for *Minority or Low-Income Riders* as compared to *All Riders* must be **greater than 0.9x**.

CTPS Disparate Impact/Disproportionate Burden Ratio Analysis				
	Existing Average Fare	Projected Average Fare	Percent Price Change	DI/DB Ratio ¹
Minority Riders	\$1.2956	\$1.2845	-0.86%	0.9172
Low-Income Riders	\$1.1564	\$1.1440	-1.07%	1.1392
All Riders	\$1.9120	\$1.8941	-0.94%	

¹Average Fare Change for Relevant Riders / Average Fare Change for All Riders

- Based upon the above results, there were **no Disparate Impacts (DI) on minority riders, nor any Disproportionate Burdens (DB) on low-income riders** stemming from this analysis.



Timeline & Next Steps

- March:** Full Board vote on the Proposed Fare Changes
If approved, the 5-Day Flex Pass will be permanent effective immediately
- April-June:** Work with MBTA administrative and operations staff and technology partners to implement remaining changes;
Communicate changes to riders and partners
- July:** All remaining changes will go into effect on **July 1, 2022**



Vote

WHEREAS, the Massachusetts Bay Transportation Authority (“MBTA”) has proposed to make six changes to its tariff including the following: (1) Expanding Monthly Passes to all modes for Reduced Fare Riders (People 65 and over; People with disabilities and Medicare cardholders; certain Middle and High School Students; and People 18-25 with low income); (2) Creating a New 7-day LinkPass for Reduced Fare Riders; (3) Allowing Reduced Fare LinkPass to be Valid on Zone 1A and Inner Harbor Ferry; (4) Lower Price for 1-day LinkPass; (5) Creating Permanent mTicket 5-Day FlexPasses on Commuter Rail; and (6) Allowing Second Transfers on Subway/Bus and Between Express Routes (together, the “Tariff Changes”); and

WHEREAS, the Tariff Changes (together, the “Title VI Fare Changes”) are fare changes that will last longer than six months; and

WHEREAS, the Federal Transit Administration (“FTA”) Title VI Circular 4702.1B requires the MBTA to conduct a fare equity analysis for fare changes that last longer than six months to evaluate the impacts of such fare changes and determine whether such fare changes would have a discriminatory impact based on race, color, or national origin, low-income populations would bear disproportionate burdens of the fare changes, or non-low-income populations would receive disproportionate benefits because of the fare changes; and

WHEREAS, the Title VI Fare Changes are fare changes requiring a fare equity analysis under FTA Title VI Circular 4702.1B; and

WHEREAS, a fare equity analysis as to the Title VI Fare Changes was completed on March 9, 2022 (“the Title VI Equity Analysis”); and

WHEREAS, the Title VI Equity Analysis demonstrated that the Title VI Fare Changes, taken together, do not have a discriminatory impact on race, color, or national origin; low-income populations would not bear disproportionate burdens of the fare changes; and non-low-income populations would not receive disproportionate benefits because of the fare changes and

WHEREAS, MBTA Board of Directors (“Board”) has considered and reviewed the Title VI Equity Analysis;

On motion duly made and seconded, it is by roll call VOTED that:

The Board hereby approves the Title VI Equity Analysis for the Title VI Fare Changes and directs the MBTA, through the General Manager, to take all steps necessary to provide such acceptance to the FTA, as appropriate.

And further that the Board hereby approves the Tariff Changes as set forth herein.



Appendix



Using Recovery Scenarios

- Throughout the pandemic, we have analyzed expected outcomes and compared actual ridership and revenue to three recovery scenarios. To date, the recovery has been trending between Scenarios 1 & 2. Ridership and revenue have overachieved Scenario 3 (our most pessimistic scenario) significantly.
- We continue to use these same Scenarios. We are not updating the scenarios at this time because:
 - The recovery has not deviated materially from the existing scenarios
 - Surveyed riders do not suggest we are at or near a “new normal” of travel patterns that could intelligently inform new scenario development
 - The changing variants make it difficult to narrow or change our scenario ranges *with any conviction*



Scenarios & Fare Change Analysis

- Internal MBTA analysis of these fare changes is based on Recovery Scenario 1 (our most optimistic recovery scenario) and, where noted, Scenarios 1 & 2.
- Under Scenario 1, the Revenue impacts total \$1.6 to 2.0M annually. Under Scenario 2, the Revenue impacts are lower at \$1.3M to 1.6M annually.
- Given the higher ridership in Scenario 1, revenue and ridership impacts appear more significant under this Scenario. It is important to note, however, that even with larger impacts from the changes, Scenario 1 is a “better” outcome for the MBTA overall as more ridership increases fare revenue.

Recovery Scenarios - Percent of Pre-COVID Ridership Systemwide					
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Scenario 1	72%	89%	93%	95%	98%
Scenario 2	57%	78%	82%	84%	87%



Scenario 2 Ridership & Revenue Impacts

- Scenario 2, more conservative overall, yields lower revenue and ridership impacts from the proposed fare changes.

Annual Impact of Proposed Fare Changes - 2023, Recovery Scenario 1		
	Ridership (000s)	Revenue (000s)
Reduced Fares:		
Expanding Monthly Passes to all modes for Reduced Fare Riders	+1 to +6	(\$87) to (\$106)
New 7-day LinkPass for Reduced Fare Riders	+1 to +5	(\$195) to (\$233)
Allowing Reduced Fare LinkPass to be Valid on 1A and Inner Harbor Ferry	Minimal	Minimal
Increasing Ridership:		
Lower Price for 1-day LinkPass from \$12.75 to \$11	+4 to +21	(\$242) to (\$295)
Permanent mTicket 5-Day FlexPasses on Commuter Rail	+8 to +23	(\$479) to (\$616)
Simplification:		
Second Transfers on Subway/Bus and Between Express Routes	+41 to +97	(\$295) to (\$386)
Total Impact	+56 to +152	(\$1,298) to (\$1,635)



Reduced Fares Overview

As a reminder, the MBTA offers Reduced Fares (typically ~50% of Full Fares) to certain groups. Many of the tariff changes add to the set of passes and access available for these riders.

- **Seniors (65+)**: Present a valid ID at the CharlieCard Store and receive a Senior CharlieCard
- **Persons with Disabilities**: Apply for the Transportation Access Pass (TAP), which is valid for 1 or 5 years, depending on judgment of the disability
- **Middle and High School Students**: For students in grades 5-12, participating schools distribute the M7 Student CharlieCard (M7) or Regular Student CharlieCard (S-Card); students can also show valid student ID in some instances
- **YouthPass**: Low-income riders ages 18-25, administered through participating municipal partners



Expanding Monthly Passes to all modes (CR, Ferry, and Express Bus) for Reduced Fare Riders

Explanation

Currently, frequent reduced fare riders on the commuter rail, ferry, and express bus pay by trip; they are unable to access the value and convenience afforded by our monthly pass products. This proposal would offer a full set of reduced fare monthly passes, including Zone, Interzone, and FlexPasses, at approximately 50% of full fare pass prices

Goal

Increases equity by filling in a gap in our reduced fare product offering. By only offering one-ride reduced fare options, we know we are disadvantaging lower-income riders from obtaining the benefits of bulk purchasing.

Implications

Scenario	Ridership (000s)	Revenue (000s)
1	+2 to +9	(\$118) to (\$144)
2	+1 to +6	(\$87) to (\$106)



Adding a New 7-day LinkPass for Reduced Fare Riders

Explanation

This proposal creates a new product for reduced fare riders, a 7-day LinkPass priced at \$10. This completes the set of LinkPasses to create parity between Reduced and Full fares. The full fare 7-day LinkPass is priced at \$22.50. This product complements the Reduced Monthly LinkPass (\$30) and Reduced Single Ride (\$1.10 Subway, \$0.85 Bus).

Goal

Increases equity by filling in a gap in our reduced fare product offering.

Gives reduced fare riders the value and convenience of bulk purchasing in a range between single rides and monthly passes, even if they do not have the money for a full monthly pass at the beginning of the month.

Implications

Scenario	Ridership (000s)	Revenue (000s)
1	+1 to +5	(\$210) to (\$250)
2	+1 to +5	(\$195) to (\$233)



Additional accepted modes for Reduced Fare LinkPass cardholders: Adding Zone 1A and Inner Harbor Ferry

Explanation

Currently, a Reduced LinkPass is only available on a CharlieCard, and not on a printed CharlieTicket to allow for visual validation by Commuter Rail conductors. Along with the “Expanding Monthly Pass on All Modes,” we are working with the AFC1.0 team on a fare media solution to allow Reduced Fare Riders to have a visually validated pass in addition to the reduced fare CharlieCard.

Goal

Increase consistency of product pricing and access for reduced fare passes.

There is no reason for the current distinction between a LinkPass and a Zone 1A pass, given our pricing structure (where Zone 1A costs the same as subway). This change continues to bridge that gap, an improvement that will be final with the AFC2.0 system.

Implications

Scenario	Ridership (000s)	Revenue (000s)
1	Minimal	Minimal
2	Minimal	Minimal



Lower 1-day LinkPass Price to \$11

Explanation

This proposal lowers the price of the 1-day LinkPass from \$12.75 to \$11.00

The current price has the highest pass multiple in the system; at \$11, the pass pays for itself with 5 subway trips in 24 hours

Goal

Increases ridership by encouraging more riders to buy passes with free marginal trips

Increases equity by reducing the price of a product popular with low-income & minority riders

Implications

Scenario	Ridership (000s)	Revenue (000s)
1	+5 to +23	(\$269) to (\$328)
2	+4 to +21	(\$242) to (\$295)



Permanent 5-Day FlexPass on Commuter Rail

Explanation

The FlexPass (5, 24-hour commuter rail passes for 10% off the price of 10 one-way trips, available on mTicket) is currently a pilot fare product. This proposal would make it a permanent feature of the fare structure, including Zone, Interzone, and Reduced Fare versions. Unlike other changes, this will be effective immediately if approved today.

Goal

Encourages commuter rail ridership and provides a product that “bridges the gap” between one-way, single-ride tickets, and monthly passes for riders who work hybrid.

Implications

Scenario	Ridership (000s)	Revenue (000s)
1	+11 to +33	(\$687) to (\$884)
2	+8 to +23	(\$479) to (\$616)



Second Transfers on Buses and Between Express Routes

Explanation

Our current fare structure allows at most one transfer between bus and/or subway, with one recent addition – CharlieCard riders can currently transfer from Bus to Subway to Bus. This proposal would standardize the sequences to allow all combinations of second transfers involving Bus and/or Subway. In addition, this proposal would also allow for transfers between Express Bus routes.

Goal

Simplifies a complexity in our transfer policy. Newly possible combinations include bus-bus-subway, subway-bus-bus, and express bus-express bus.

Implications

Scenario	Ridership (000s)	Revenue (000s)
1	+44 to +102	(\$316) to (\$413)
2	+41 to +97	(\$295) to (\$386)



Assumption Utilized

Analysis is based on the scaling of pre-pandemic and mid-pandemic data to full year, recovery scenario ridership levels. In general, we assume the direct impact of price changes, the impact of elasticity, and some behavior changes (for example pass or mode changes based on new comparative pricing).

Elasticity Assumptions			
	Low	Medium	High
Monthly Passes on all modes for Reduced Fare Riders	(0.05)	(0.15)	(0.25)
New Reduced Fare 7-day LinkPass	(0.05)	(0.15)	(0.25)
Reduced LinkPass Valid on 1A and Inner Harbor Ferry	(0.05)	(0.15)	(0.25)
Lower 1-day LinkPass Price from \$12.75 to \$11	(0.05)	(0.15)	(0.25)
Permanent mTicket Flex Pass	(0.10)	(0.20)	(0.30)
2nd Transfers on Bus + Transfers Between Express Routes	(0.15)	(0.25)	(0.35)

CTPS Analysis uses ridership and demographic data from the 2015 - 2017 rider census (ie pre-pandemic) and 2019 AFC tap data and applies this to the FY22 fare tariffs, to create a ridership/revenue model that they believe is appropriate but is not the actual ridership/revenue combination from any historic year. Their analysis does not include the impact of elasticity, per FTA guidelines.

