



A low-income fare at the MBTA would bolster struggling Massachusetts families with \$500 annual savings per rider

Every week, people in Massachusetts take more than **3.5 million trips**¹ on the MBTA to get to work, get their children to school or daycare, run errands, access healthcare, and more.

Yet for many riders, getting on board is simply not affordable. High transit fares limit mobility and constrain family budgets, worsening the impacts of poverty. A low-income fare program would increase our regional prosperity by returning nearly **\$500 a year per rider** to thousands of families who are struggling to get by, from Plymouth to Boston to Lowell.



REPORT HIGHLIGHTS

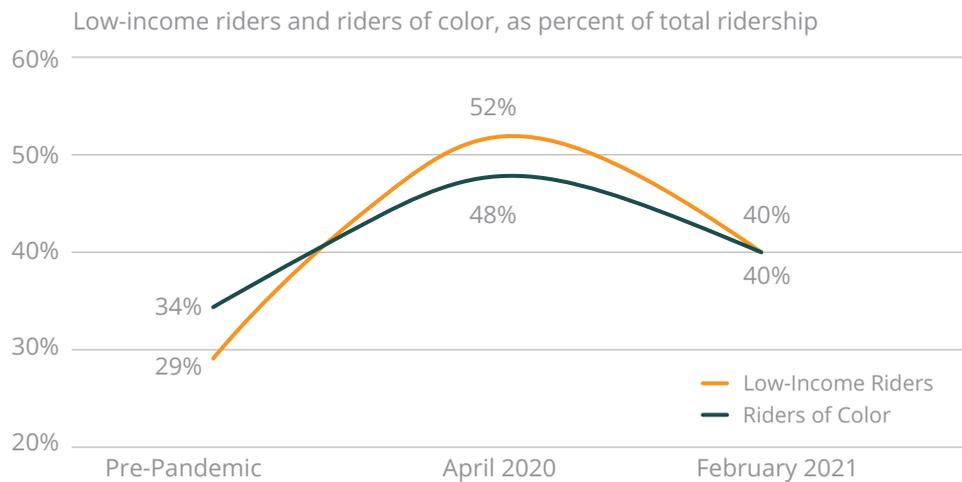
- A reduced-fare program would save low-income riders about \$500 each for a total of almost \$50 million.
- More than 90,000 riders could benefit.
- Users of The RIDE could afford to take up to 415,000 more trips, if fares were reduced for low-income riders.
- Reduced fare for low-income riders on the commuter rail could attract new low-income riders who can't currently afford this service, increasing mobility and generating new revenue.
- The MBTA can fund a low-income fare pilot program in 2022, using one-time funds from pandemic federal aid and other sources.
- The Legislature can pass H.3526, *An Act Relative to Low-Income Transit Fares*, to ensure long-term transit affordability.

REDUCED FARES WOULD BENEFIT THOUSANDS OF RIDERS ON BUS, SUBWAY, AND COMMUTER RAIL

- According to MBTA estimates, more than **90,000 riders** could benefit from a reduced-fare program.²
- Low-income people already make up a large proportion of rapid transit and bus riders.
 - During the pandemic, about **40% of MBTA riders were low-income**.³



More than
90,000
riders could benefit from a reduced-fare program



- As an MIT study has shown, a reduced fare increases low-income riders' use of MBTA services by about **30% more trips** overall, including more trips to access healthcare and social services.⁴
- Lowering the fare would not only allow current riders to use the MBTA more often, but could bring new riders on board.
 - Fully 25% of municipalities served by bus, rapid transit, and commuter rail have poverty rates above the statewide rate of 9.4%.⁵
 - Currently, low-income people make up only 7% of commuter rail riders, even though lines service a number of communities with elevated poverty rates.⁶

30%
more trips for low-income riders

Low-income riders on bus, subway and commuter rail would save 50% or more with reduced-fare program, for an average savings of nearly \$500 per year.

50%

or more saved with reduced-fare program



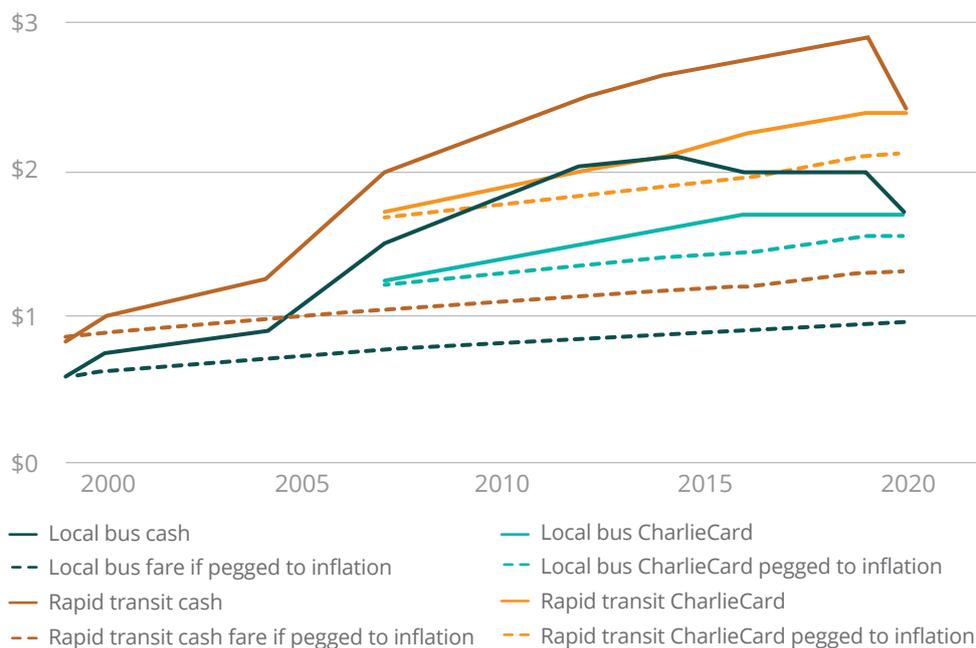
\$500 more will help me and others worry less about providing food for the household and paying rent as head of the house, and that is something for the MBTA administration and our legislators to think hard about. To think that I could save \$500 more every year would change the way my family makes decisions. We won't have to choose between cutting self-care, healthy foods, or house amenities like Wi-Fi speed, and taking the T to my job. We would be able to do both without cutting corners and compromising."

- Emmanuell De Barros, Bus 93 and the Silver Line rider.

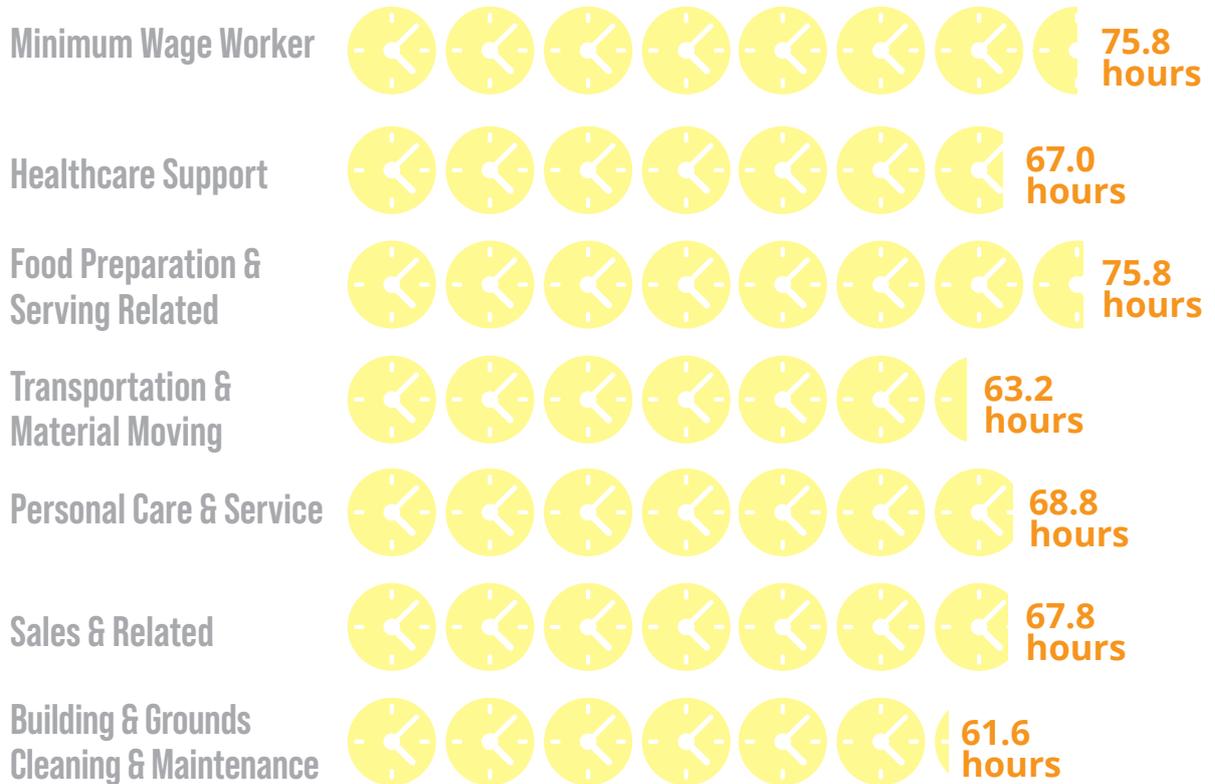
LOW-INCOME RIDERS STRUGGLE TO AFFORD THE MBTA

The cost of riding has risen faster than inflation, making costs unsustainable.

Cash and CharlieCard fares compared to inflation, 2000-2020



Low-income workers across industries work more than 60 hours per year to earn enough to buy 12 monthly LinkPasses.⁷



As a bus driver, my goal is to get the passengers from Point A to Point B safely and on time. When my passengers get on, they tell me why they can't pay the fare and I have heard a lot of stories. You know who gets on your bus when you live in the neighborhood. And you know these passengers are going through a difficult time. I feel that a lot of hard-working people have a hard time paying bills. I know a lot of families will benefit from the low-income fare."

– Ed Cora, MBTA Bus Operator and Boston Carmen's Union Member

A LOW-INCOME FARE WOULD PUT FUNDS BACK IN THE POCKET OF LOW-INCOME FAMILIES, WHILE INCREASING THEIR MOBILITY

According to the MBTA's own data:⁸



average annual savings for bus and subway riders



average annual savings for commuter rail riders

Nearly
\$50 million

annually back in the pockets of low-income riders through a low-income fare program



Riders could afford up to

415,000

more trips on The RIDE

This would increase mobility for seniors and people with disabilities.



According to our analysis, with a low-income fare system, there will be⁹

5%

increase in trips

\$2.7 million

new fare revenues



The Massachusetts Legislature should move quickly to pass H.3526, *An Act Relative to Low-Income Fares*.

- This important legislation would direct the MBTA to start a permanent discounted fare program for low-income people.
- It would also open a path for Regional Transit Authorities to institute reduced-fare programs or fare-free systems, extending the benefits of transit affordability to all corners of our Commonwealth.

The new MBTA board should move forward with a one-year pilot of the low-income fare.

- As little as \$42 million could fund a year-long pilot program for a low-income fare.¹⁰
 - That's about 2% of the MBTA's operating budget.¹¹
- The MBTA has a unique opportunity to pay for a pilot now.
 - The MBTA is considering using \$500 million of "one-time funds" — created by the infusion of federal aid — for "one-time spending."¹²
 - The MBTA Board should direct a fraction of these funds to support a low-income fare pilot and assist struggling riders.

ENDNOTES

- 1 To calculate trips, we used weekday trip data from November 2021 posted at <https://www.mbtabackontrack.com/performance/#/home>, plus weekend rapid transit ridership data from the weekend of November 20-21, 2021, at https://mobility-massdot.hub.arcgis.com/#transit_ridership. This figure does not include ferry trips, or weekend trips on bus or commuter rail.
- 2 Lynsey Heffernan and Andy Stuntz, "Fare Policy Updates," 20, <https://cdn.mbta.com/sites/default/files/2021-05/2021-05-24-fmcb-19-fare-policy-update.pdf>.
- 3 Anna Gartsman and Jen Elise Prescott, "MBTA Ridership Trends & Projections," <https://cdn.mbta.com/sites/default/files/2021-02/2021-02-22-fmcb-18-ridership-trends-projections.pdf>.
- 4 Jeffrey Rosenblum et al., "How Low-Income Transit Riders in Boston Respond to Discounted Fares: A Randomized Controlled Evaluation" (Massachusetts Institute of Technology, 2019), http://equitytransit.mit.edu/wp-content/uploads/2019/06/whitepaper_v8.pdf.
- 5 US Census Bureau, American Community Survey and Quick Facts data.
- 6 Elizabeth Haney, Dr Tracy Corley, and Ben Forman, "Prioritizing Equitable Growth Through Fare Policy" (MassINC Gateway Cities Innovation Institute, 2019), <https://d279m997dpfwgl.cloudfront.net/wp/2019/09/Fare-Equity-Policy-Brief.pdf>; "2015-2017 MBTA Systemwide Passenger Survey," n.d., <https://www.ctps.org/dv/mbtasurvey2018/>.
- 7 For salary information other than for minimum wage workers, we relied on Glasmeier, Amy K. Living Wage Calculator. 2020. Massachusetts Institute of Technology. livingwage.mit.edu. We adjusted the food preparation and serving related salary, assuming an hourly rate of \$14.25 in line with the January 2022 minimum wage increase.
- 8 Heffernan and Stuntz, "Fare Policy Updates." To calculate savings per rider, we divided the average revenue loss figure by the average participation figure.
- 9 To develop this estimate, we calculated per-trip average revenue for the commuter rail based on data reported to the Federal Transit Administration, and assumed every trip induced by the reduced fare program would garner half the average revenue. Base number of trips is for November 2021. See Federal Transit Administration, "Massachusetts Bay Transportation Authority, Annual Agency Profile," https://www.transit.dot.gov/sites/fta.dot.gov/files/transit_agency_profile_doc/2020/10003.pdf; T Dashboard, Ridership, <https://www.mbtabackontrack.com/performance/#/detail/ridership/2021-11-01////>
- 10 To arrive at this figure, we relied on two MBTA presentations to the Board, from December 2019 and May 2021. We assumed a pilot program would have medium uptake among MBTA riders on all modes. To estimate total lost fare revenue at medium uptake: For bus and rapid transit, we calculated the number of low-income fare program participants at medium uptake by taking the average of low and high participation estimates for 200% FPL thresholds from MBTA December 2019 figures (Slide 34). We used these numbers to calculate the ratio between medium and high uptake and applied it to the average high ridership number for commuter rail and ferry from the MBTA's May 2021 figures (Slide 20) to estimate a medium uptake number for those modes. For bus, commuter rail and ferry, we calculated revenue lost per rider based on figures provided in May 2021 (Slide 20, revenue loss figure divided by middle participation figure). For each mode, we multiplied average revenue losses by ridership estimate to arrive at a total revenue loss number. For The RIDE, we used May 2021 MBTA figures to estimate proportion of total costs attributable to revenue loss and operating costs, and applied the ratio to the MBTA's estimate of The RIDE costs at medium uptake from December 2019 (slide 20). Our estimate of total revenue loss at medium uptake is \$29.5 million. To estimate operating costs: We assumed no added bus, rapid transit or commuter rail service, and calculated new operating costs on The RIDE as described

above. Our operating costs estimate is \$8.7 million. For the administrative costs portion of our estimate, we used \$3.4 million, the high end of estimated administrative expenses detailed in the table included in the MBTA May 2021 presentation on slide 19. See Lynsey Heffernan and Andy Stuntz, "Fare Policy Updates;" Laurel Paget-Seekins, "Means-Tested Fares Feasibility Study Update," <https://cdn.mbta.com/sites/default/files/2019-12/2019-12-16-fmcb-21-means-tested-fares-feasibility-study.pdf>.

- 11 The MBTA's operating budget for FY22 is \$2.355 billion. See Mary Ann O'Hara, December 2021 Pro Forma Update, <https://cdn.mbta.com/sites/default/files/2021-12/2021-12-16-mbta-bod-7-pro-forma-update.pdf>, slide 5.
- 12 Mary Ann O'Hara, December 2021 Pro Forma Update, slide 6.