



KING COUNTY LOW-INCOME FARE OPTIONS ADVISORY COMMITTEE

Final Report and Recommendations

June 2013



King County

FOR INFORMATION CONTACT:

Doug Hodson, General Managers, Office

Metro Transit Division

Department of Transportation

KSC-TR-0415

201 S Jackson St, Seattle, WA 98104

(206)-553-3000

www.kingcounty.gov/metro

Alternative Formats Available

206-263-5277 TTY Relay: 711

July 1, 2013

Dow Constantine, King County Executive
401 Fifth Avenue, Suite 800
Seattle WA, 98104

King County Council Members
516 Third Avenue, Room 1200
Seattle, WA 98104

Dear Executive Constantine and Council Members:

With this letter we are transmitting to you the final report of the Low-Income Fare Options Advisory Committee.

The issues you asked us to consider regarding development of new fare program options to assist in meeting the mobility needs of low-income persons as part of the health and human services safety net were challenging, but worth exploring given the County's focus on equity and social justice and the important role that Metro plays in providing mobility.

We have worked hard for six months to understand Metro's structure, policies, and financial challenges and to identify existing models for a low-income fare. We represent many diverse perspectives, but through our discussions we developed agreement on guiding principles and recommendations we believe are in the best interests of all King County residents.

When we began this process we agreed to attempt to reach unanimous consensus on our recommendations. We are pleased that the following report indeed reflects the unanimous approval of the Committee while also reflecting the diversity of perspectives on some topics.

We would be happy to serve as a resource in any way we can as you consider these recommendations. We look forward to your review and hope you and Metro will be able to establish a schedule for the adoption and implementation of these recommendations.

We would like to request that you provide us with a response outlining the status of the County's work to follow up on our recommendations by the end of 2013. We also request that future work include broad stakeholder and public engagement.

Thank you for the opportunity to serve on the Advisory Committee. It has been challenging, but very rewarding. We also thank Metro staff for their responsiveness and support of our efforts throughout the process.

Sincerely,

Low-Income Fare Options Advisory Committee Members

Executive Summary

In 2012, the King County Council approved a motion to establish an Advisory Committee to support the Council in the investigation and development of new fare program options to assist in meeting the mobility needs of low-income persons as part of the health and human services safety net.

The Committee met seven times from January through June 2013 and reviewed and discussed information on Metro's fare structure, existing discounts, policy objectives and financial situation. They also learned about the low-income fare offered by Kitsap Transit, one of only a handful of low-income fares in the country. An overarching theme of Committee discussions was the difficult financial situation facing Metro and the value of a sustainably funded public transit system.

The Committee believes that King County's emphasis on equity and social justice forms the policy basis for a low-income fare. Access to safe and efficient transportation is defined by the County as "providing all people and communities with transportation choices" and a low-income fare program would help to achieve this goal.

Low-income populations face an array of mobility barriers, which can impede their ability to sustain a job, access critical services, and obtain basic necessities. Many low-income individuals and families rely solely on public transit to move around the region, however, they often face obstacles that make it difficult to achieve their desired mobility.

Program Definition

Among the mobility barriers discussed by the Committee, cost is the one most directly related to the Committee's charge. Many Committee members believe the definition of low-income should be higher than the federal poverty level (FPL) and that a reduced fare could make a difference in an individual's ability to afford transit. In 2013, a family of four earning \$23,550 is at the poverty level. This is well below the King County median income for a family of four of \$86,700, which is why many members favor a more expansive definition than 100% of FPL.

The Committee believes the highest priority is access to transit service, but also believes the County should pursue a low-income fare program for working poor individuals and families with incomes in the range of up to 100% – 200% of federal poverty level. While there is insufficient data to identify a specific discount level for a low-income fare, the Committee believes Metro should provide the lowest fare possible that will also allow the fare program to be sustainable and relatively stable over time. Costs, changes in transit trips and revenue implications for Metro associated with a low-income fare are estimated on page 11.

Related Program Issues

A low-income fare program would have a relationship with a number of other existing programs:

The Human Services Ticket program, which provides transit trips for homeless individuals and those with no income, is a program that the Committee believes should be maintained.

Existing Youth, Senior and Disabled Persons discount fare programs currently all have riders that are low-income. The Committee believes all fare categories, and the policy bases for them, should be evaluated in an effort to rationalize the fare structure and ensure greater equity.

Administration

The Committee believes strongly that the administrative burden on Metro should be minimized and that use of external eligibility verification is preferred over Metro staffing a robust certification program. There are a number of agencies that already certify income for existing benefit programs within the Committee's identified income range.

Paying for a Low-Income Fare

As previously stated the Committee's highest priority is service availability. The Committee recommends that the County look at multiple funding sources to offset the financial impacts of a low-income fare program, including revising the existing fare box structure and other revenue sources. Given Metro's current financial challenges, the Committee believes that implementing a low-income fare at some level and growing the discount as Metro's finances stabilize, or phasing in some other way, would be a reasonable implementation approach.

Recommendations

- 1. A low-income fare program should be created.**
- 2. All fare categories, and the policy bases for them, should be evaluated in an effort to rationalize the fare structure and ensure greater equity.**
- 3. The Human Services ticket program should be maintained due to its important role in providing mobility for the homeless and those with no income through distribution of free tickets.**
- 4. A low-income fare program should minimize the burden on Metro, other agencies, and the people served.**
 - a. Rather than create a new entity, existing eligibility verification systems run by third-party agency partners that determine eligibility for existing benefit programs should be leveraged.**
 - b. An option to verify eligibility based on income should be made available for those not enrolled in other benefit programs and explored with agencies that already verify income or that would be willing to provide this service.**
- 5. Multiple funding sources should be evaluated to offset the financial impacts of a low-income fare program, including revising the existing fare box structure and other revenue sources.**
- 6. A low-income fare program should be considered as a beneficiary if the County has new or increased revenue.**
- 7. This report should be transmitted to the heads of the agencies included in the ORCA Joint Board.**
- 8. King County and Sound Transit should coordinate on the implementation of a low-income fare when it is approved.**

Section 1: Introduction

In 2012, the King County Council approved a motion to establish an Advisory Committee to support the Council in the investigation and development of new fare program options to assist in meeting the mobility needs of low-income persons as part of the health and human services safety net.

The motion directed that an Advisory Committee be formed by February 1, 2013 and meet at least monthly before submitting recommendations to the Council on July 1, 2013. Twenty-one members were selected representing a variety of interests throughout King County (see page 14). BERK was hired to facilitate the process and help draft the report.

The overall charge to the Committee was as follows:

Assist in the review and development of new King County public transportation fare options for low income persons

The motion also outlined the following Committee responsibilities:

- Establish an understanding of mobility barriers for low-income persons and how fare price points affect their access to transit
- Review various types of transit fare options to assist in meeting the mobility needs of low-income persons
- Review costs of potential low-income fare programs
- Recommend definitions of low-income to be used in the implementation of transit fare programs
- Make prioritized recommendations of low-income fare programs for King County
- Identify different funding options for low-income fare programs and potential funding partners
- Identify opportunities and recommendations for regional low-income fare programs for consideration by ORCA agency partners

Following, this **Introduction**, the report is organized as follows:

Section 2 summarizes the policy basis for a low-income fare.

Section 3 is organized by Committee responsibilities and provides detail on Committee deliberations to get to recommendations.

Appendices include information provided at Committee meetings and submitted by Committee members and/or their organizations.

Work Plan

The Committee met seven times from January through June 2013. The Committee used a consensus-based decision-making approach, which defined consensus as “all members can support or live with the recommendations.” The Committee agreed that if consensus was not unanimous, differences of opinion would be included in the final report. All meetings were open to the public and public comments could be submitted on the County’s website.

Committee meetings were organized around five broad topics:

- Foundation – Metro fare structures and policy, financial context (Meetings 1 and 2)
- Other models – Q&A with Kitsap Transit (Meeting 3)
- Fare Scenarios – results of modeling different fares (Meeting 4)
- Eligibility and program issues (Meetings 3-6)
- Draft and Final Recommendations and Report (Meetings 5-7)

Advisory Committee Schedule



Foundation

Given the Committee’s broad representation of perspectives and backgrounds, the objective of the first two meetings was to provide a common understanding of Metro and the Committee’s charge and responsibilities. The Committee reviewed and discussed information on Metro’s fare structure, existing discounts, policy objectives and financial situation.¹ An overarching theme of these foundational discussions was the difficult financial situation facing Metro. Members commented several times that it was difficult to think about implementing a program that would impose additional costs on a system that may not be able to maintain current service.

Metro’s largest source of funding is sales tax revenue. Since 2008, the weak economy has caused a substantial and ongoing revenue shortfall. Metro and King County have taken sweeping actions to reduce Metro’s costs, increase revenue and preserve as much transit service as possible. However, the temporary funding source that was implemented in an effort to maintain service expires next summer. Although Metro continues cost-cutting efforts and is considering a fare increase in 2014, there is no identified source to close a \$75 million gap without service reductions.

King County has joined with the Sound Cities Association and the City of Seattle to ask the legislature for local transportation funding tools. If new funding does not become available, deep service cuts will be necessary. Metro’s 2013-2014 budget assumes that Metro will cut up to 600,000 annual hours of service beginning in fall 2014 and continuing in 2015.

¹ Summaries of all Committee meetings are available on [Metro’s website](#). Meeting materials are in Appendix B.

Section 2: Policy Basis for a Low-Income Fare

The Committee looked to the motion establishing the Low-Income Fare Options Committee and to the County's *Strategic Plan 2010-2014* to develop the policy basis for a low-income fare.

The motion references several elements of the Strategic Plan and specifically calls out the guiding principle of "fair and just". The Plan defines this principle as follows: "We serve all residents of King County by promoting fairness and equality and eliminating inequities." Fair and just is implemented through "equity and social justice foundational practices", outlined in King County Ordinance 16948. The ordinance outlines 14 determinants for equity for all people to thrive and reach their potential regardless of race, income status, or language spoken. The determinant that is relevant to the Committee's work is "transportation that provides everyone with safe, efficient, affordable, convenient and reliable mobility options."

Committee members noted that countywide equity and access to the transit system should be key objectives of a low-income fare program. It is clear from the motion (see Appendix A) and the fact that the County Council and the Executive have prioritized exploration of "regional public transportation fare concepts to meet the growing mobility needs of low income persons as part of the health and human services safety net", that they also believe a low-income fare is important to achieving greater equity.

The motion also references United Way of King County information that finds that the economic recovery has not been felt equally and that the County is "currently experiencing its longest period of sustained, high unemployment since monthly unemployment rates began to be measured in the early 1940s." Several Committee members noted transit's role in helping many people to obtain and keep employment, adding that rising fares in a weak economy have put pressure on many household budgets.

RECOMMENDATION

1. A low-income fare program should be developed.

The Committee developed the following guiding principles for consideration by the County when developing a low-income fare program.

Guiding Principles in Developing a Low-Income Fare Program

- A low-income fare program should be part of King County's ongoing strategy as it is critical to achieving the County's stated goal of providing all people and communities with transportation choices.
- Maintaining Metro's current service levels should remain a priority.
- Expanding access to low-income people should be part of Metro's plans for growth.
- A low-income fare program should partner with other agencies to help minimize the administrative burden on Metro.
- A low-income fare program should respect the rights of the individual and preserve dignity through both the eligibility process and the product itself.
- Metro should provide the lowest fare possible that will also allow the fare program to be sustainable and relatively stable over time.
- A phased program that helps some people now would be preferable to delaying implementation due to lack of full funding.

Section 3: Committee Responsibilities

Establish a common understanding of mobility barriers for low-income populations, and how transit fare price points affect access and use of transit by low-income persons.

Low-income populations face an array of mobility barriers, which can impede their ability to sustain a job, access critical services, and obtain basic necessities. Many low-income individuals and families rely solely on public transit to move around the region; unfortunately, within our current system they often face obstacles that make it difficult to achieve the mobility they need. Committee members identified the following as the primary barriers to mobility facing low-income populations:

- **Cost.** Many low-income people cannot afford to spend \$90 per month on a transit pass or pay for several individual bus fares (at full price) per day. For some, even a \$3 round trip fare is prohibitive. Research by the Transit Riders Union finds that in the mid-1970s a minimum wage employee had to work for just over 10 minutes to pay for bus fare to and from work. Today, they'd have to work almost 35 minutes.
- **Lack of Alternatives.** Many low-income individuals do not own vehicles, cannot afford to operate vehicles they may own, or cannot afford parking costs, making transit the only option for trips beyond walking distance.
- **Service Coverage.** For those who rely on transit, service coverage is essential to travel to work, school, services or other destinations. In many areas, service has been reduced and stops are inconvenient. Even if a route stop is convenient, it may not reach the rider's destination without one or more time-consuming transfers. Service-related issues may result in long commutes requiring as much as 2-3 hours to travel a relatively short distance.

A recent publication from the Brookings Institution, *Confronting Suburban Poverty in America*, found that two out of three Seattle metro area residents at or below the poverty line live in the suburbs. While Metro's current system is fairly efficient for commutes to and from Seattle, it is much more burdensome to travel between outlying areas.

- **Operating Hours and Frequency.** Individuals who work night shifts or need to travel outside 7 am to 7 pm may face limited or no service on many routes. Operating hours on some routes can make travel via transit impossible or time-consuming.
- **Language and Cultural Barriers.** Riders with limited English proficiency often find it challenging to travel independently because they cannot read the route maps or understand the station announcements, and they are reluctant to ask for help if they become lost. A high percentage of non-English speaking seniors report a low literacy rate, so they cannot read materials even if they are translated into their native language. In addition, some recently-arrived immigrants have never encountered a similar transit system so they do not understand how to effectively navigate it.
- **Safety.** Low-income individuals and families may live in areas with higher crime rates, where waiting at a bus stop for a long period of time is, or is perceived as, unsafe. Long transfer windows, late night or early morning travel, and long walks between the stop and home can also put people at greater risk.

Fare Price Points and Access

Among the mobility barriers discussed above, cost is the one most directly related to the Committee's charge. Committee members agreed that within the low-income population there are at least two distinct groups and they cannot be served by the same fare. The first group includes those who have no income or are homeless and will not be served by a fare no matter how low. The second group is the working poor.

Many Committee members believe the definition of low-income should be broader than the federal poverty level (FPL) and that a reduced fare could make a difference in an individual's ability to afford transit. As shown below, in 2013, a family of four earning \$23,550 is at the poverty level. This is well below the King County median income for a family of four of \$86,700, which is why several members favor a broader definition than 100% of FPL (see page 9 for a discussion on the definition of low income). Many benefit programs, including Washington's Basic Food Program, use 200% of the FPL to determine eligibility.

2013 Federal Poverty Level Guidelines

Household Size	100% of FPL	200% of FPL
1	\$11,490	\$22,980
2	\$15,510	\$31,020
3	\$19,530	\$39,060
4	\$23,550	\$47,100
5	\$27,570	\$55,140
6	\$31,590	\$63,180
7	\$35,610	\$71,220
8	\$39,630	\$79,260

Source: U.S. Census Bureau, 2013.

A review of fare scenarios (see page 11) demonstrated that the lower the fare, the more additional boardings are likely to occur. There was general agreement that increased ridership, even at a lower fare, would achieve multiple county policy goals related to transportation and the environment. However, the tradeoff between increasing ridership and fares was discussed frequently throughout the process.



Review the different types of transit fare options available to meet the mobility needs of low-income persons.

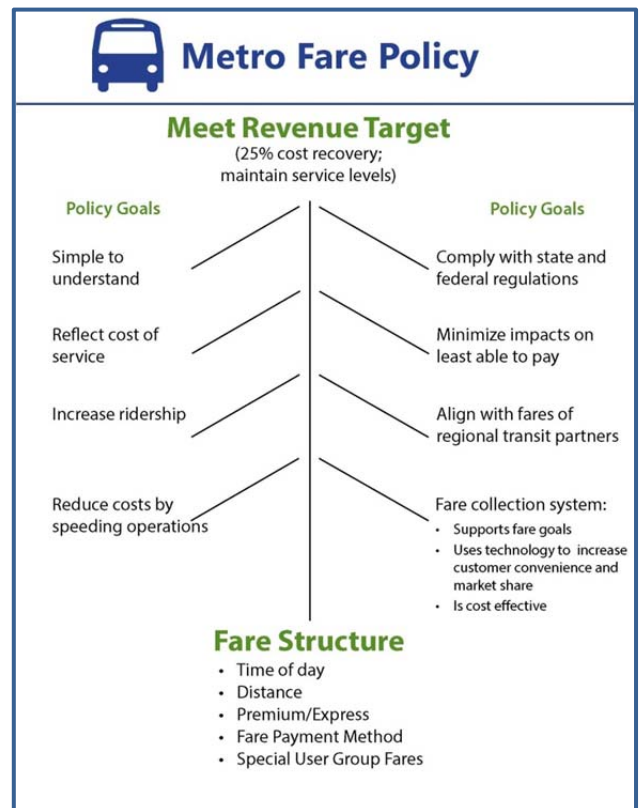
King County Programs and Discounts

The Committee’s charge included reviewing the transit fare options currently available to meet the mobility needs of low-income individuals. As part of this discussion, Committee members reviewed Metro’s policy framework shown at right. A key component of this framework is meeting revenue targets by recovering a minimum of 25% of operating costs from fare box revenue. This target is specifically identified in Metro’s fund management policies, which are adopted by the King County Council. In 2012, Metro received approximately \$135 million in fare revenue, representing the second largest source of revenue for the agency behind sales tax.

Metro provides a fare discount to seniors, people with disabilities, and Medicare card holders² with a Regional Reduced Fare Permit (RRFP), many of whom are low-income. Metro also provides a discount for youth ages 6 to 18. The RRFP fares are shown below along with the off-peak fares and the youth fare. While the off-peak fare provides a lower-cost option for those who can and do travel in the off-peak, it is not considered a low-income fare program due to the restrictions around time of day.

The reduced fare options are subsidized by Metro with the senior/disabled/Medicaid fare receiving about \$6.9 million in annual subsidy and the youth and off-peak fares receiving about \$3.5 million each annually (see page 23 of the Appendices).

While Metro does have a variety of discount fares that serve low-income individuals, the basis for the discount is not income. Committee members noted that a high-income individual over the age of 64 receives a discount while a low-income individual does not. While having a discount for seniors is a federal requirement, the amount of the discount is greater than required.



RECOMMENDATION

2. All fare categories, and the policy bases for them, should be evaluated in an effort to rationalize the fare structure and ensure greater equity.

² Under 49 U.S.C. Section 5307(d)(1)(D) of the Federal Transit Act, federally subsidized transit providers may not charge more than half of the peak fare for fixed route transit during off-peak hours for seniors, people with disabilities, and Medicare cardholders.

2013 Metro Fares

	Off-Peak All Zones	Peak One Zone	Peak Two Zone
Adult (19-64)	\$2.25	\$2.50	\$3.00
Senior (65+ with Regional Reduced Fare Permit)	\$0.75	\$0.75	\$0.75
Riders with disabilities and Medicare card holders (with Regional Reduced Fare Permit)	\$0.75	\$0.75	\$0.75
Youth (6-18)	\$1.25	\$1.25	\$1.25
Children (birth to 5)	Free w/ fare-paying adult		
Access Transportation	\$1.25	\$1.25	\$1.25

Source: King County METRO, 2013.

In addition to the reduced-fare options above, Metro offers a number of programs that directly assist low-income customers. These include:

- **ADA Paratransit program**, which includes:
 - Curb-to-curb Access van service for people with disabilities who cannot use regular bus service
 - Taxi scrip available to Regional Reduced Fare Permit holders who meet the income eligibility guidelines. Provides a 50 percent discount on taxi service.
 - The Community Access Transit program that provides retired Metro vehicles and some operating assistance to human service agencies.
- **Jobs Access Van program**, which helps low-wage workers get to jobs and work training.
- **Passport Pass Partnerships** with the public school system, the University of Washington and other employers. While these are not intended as programs for people with low-incomes, it is likely that many recipients—especially students—have low-incomes or are from low-income families.
- **The Human Services Ticket program** for the sale and distribution of tickets to human services agencies at 20 percent of their cash value for the purpose of meeting the transportation needs of people who have low-incomes or are homeless. Tickets are priced at an 80 percent discount and purchased by the agencies; the total subsidy for the tickets is limited to \$1.875 million per year by King County Code, with temporary increases in 2012, 2013 and 2014. Tickets are distributed to individuals at no cost.

The program is administered by the City of Seattle Human Services Department and the King County Department of Community and Human Services. In 2012, 1.3 million tickets (rides) were distributed through this program. This included extra tickets from a \$250,000 additional subsidy as authorized by the King County Council and additional tickets distributed to human service agencies through a ticket incentives program.

The Committee discussed the Human Services Ticket program and its relationship to a potential low-income fare program at length. The Committee noted that through the provision of free tickets to homeless individuals and those with no-income the program fulfills an important role, but it does not fully serve all the needs of this population.

RECOMMENDATION

3. The Human Services ticket program should be maintained due to its important role in providing mobility for the homeless and those with no income through distribution of free tickets.

Reduced Fare Program: Kitsap County (ORCA partner)

Kitsap Transit has had a reduced fare program that includes a low-income fare category since 1985, shortly after the agency was formed. To learn more about the program parameters, benefits, and challenges, the Committee had a question and answer session at its March 27 meeting with Kitsap Transit's Executive Director, John Clauson, and Customer Service Manager, Trudy Stacy. Key aspects of the program include:

- In Kitsap County, all reduced fares – including Low-Income, Senior, Disabled, and Youth – are 50% off of the standard fare. The initial ORCA card fee is waived for low-income applicants each year of eligibility.
- Kitsap Transit automatically approves those who are already enrolled in a qualifying low-income program (e.g. food assistance, public housing benefits, state medical assistance). In many cases, these programs have a threshold for eligibility of up to 200% of FPL.
- Eligibility can also be determined by income for those earning up to 100% of FPL.
- In order to maintain privacy, ORCA cards issued to low-income fare riders are identical to the Standard Cards. Expiration stickers are placed on the back as a reminder for the customer.
- Program participants must come into the Kitsap Transit office once a year to re-establish income eligibility. The pass requires a monthly payment, but participants can make the payment via phone, mail, or at other establishments such as grocery stores.
- Several Social Service agencies have elected to contract directly with Kitsap Transit as a Business Account to offer low income fare eligibility to a large population. These agencies qualify their clients, saving them a trip to the Kitsap Transit customer service office. Business Account passes are renewed every four years.

There were several elements of the Kitsap Transit program that Committee members identified as desirable, including:

- Simplicity – one reduced fare
- Preserves dignity – through the use of an ORCA card that is indistinguishable from that of full fare cards
- Provides two options to determine eligibility – proof of existing benefits and proof of income
- Sustainability – established in 1985, the program has not been cut or scaled back

The primary concern noted was around scalability, as Kitsap is a much smaller transit system than Metro. Metro has annual ridership of about 114.6 million while Kitsap is at about 2.7 million. Similarly, the size of the population that is at or below 200% of FPL is much larger in King County than in Kitsap County (480,000 versus 65,000).

Summaries of programs in place in other parts of the country are available on page 42 of the Appendices.

Recommend definitions of low income to be used for the implementation of transit fare programs.

The definition of low-income was a difficult topic and for many Committee members the answer may have changed from what they would ideally like to what is practical. Early discussions focused on whether a low-income fare should target the most vulnerable or serve the working poor. Generally, there was agreement that it should ideally serve the working poor (defined as someone earning up to 200% of FPL). However, some members remain concerned that a definition that reaches 200% (almost 25% of the adult County population would meet this eligibility requirement) may limit the ability to implement a low-income fare program given limited resources. Others noted that an expanded definition would broaden the constituency served and increase the number of people who will support the program and advocate on its behalf.

Since the Committee has an interest in following a verification model similar to the one used by Kitsap Transit, many Committee members were interested in using a definition that matches up with existing benefits eligibility. This would also support a Committee objective of leveraging other agencies to help determine eligibility for the program.

The table below shows some of the existing programs that could be used as part of the definition.

Benefit Programs and Eligibility Used in Washington

Program	Eligibility
Washington Basic Food Program (DSHS)	200% of FPL
Women, Infants and Children Suppl. Nutrition Program, DSHS	200% of FPL
Head Start Program, DSHS	200% of FPL
Low-Income Weatherization Program	200% of FPL or 60% of area median income
Washington Telephone Assistance Program (DSHS)	200% of FPL
Basic Health Insurance Program (DSHS) – current	133% of FPL
Affordable Health Care Act (DSHS) – January 2014	138% of FPL for Medicaid
Low-Income Energy Assistance Program (DSHS)	125% of FPL

Source: King County METRO, 2013.

In Committee discussions around the definition of low-income several tradeoffs were noted. For example, serving a broader definition would bring greater benefit to low-income individuals and potentially achieve other policy goals around environment and equity, but it would also increase the administrative burden, which would increase costs. However, if the definition was narrowed in an effort to increase the feasibility of implementing a low-income fare program, it would need to match one of the existing benefit programs since without a verification model there would be increased implementation costs.

Committee members were very supportive of verifying eligibility through demonstration of receipt of existing benefits. However, it was noted that some immigrant and refugee populations are excluded from these programs and that other individuals do not receive benefits that they may be eligible for, making proof of income an important option.

The Committee believes that the ability to qualify for a low-income fare based on income alone (if the individual does not currently receive any benefits) should be part of a program. There was some discussion around the feasibility of allowing self-certification of income in an effort to reduce administrative time and cost for the program agency and burden for the individual. However, the group deemed it too risky for audit and other reasons. Committee members favor looking to third party agencies, like Public Housing Authorities, that already determine income eligibility to help with the verification process. There may also be other organizations that would be willing to take on this function for compensation. The Committee discussed the difficulty and risks related to fraud associated with verifying income, which is another reason they favor working with one or more partner agencies on verification.

Committee members discussed the tradeoffs between a system that is accountable and one that respects the rights of individuals and is not overly intrusive. They also discussed the fact that regardless of who does it, there will be costs associated with verifying eligibility.

RECOMMENDATION

4. A low-income fare program should minimize the burden on Metro, other agencies, and the people served.

- a. Rather than create a new entity, leverage existing eligibility verification systems run by third-party agency partners that determine eligibility for existing benefit programs.**
- b. An option to verify eligibility based on income should be made available for those not enrolled in other programs and explored with agencies that already determine income eligibility or that would be willing to provide this service.**

Review costs of potential King County low-income fare program.

The Committee reviewed the results of a model that shows the revenue and ridership impacts associated with low-income fare programs based on two different low-income thresholds, differing discount policies, and four potential low-income cash fares. A standard set of assumptions was used for all of the scenarios.

Specifically, each scenario assumed that the proportion of boardings taken by low-income customers would be equal to the proportion of low-income residents in King County. The scenarios also assumed that each of these low-income boardings would be paid for with a reduced fare and that an elasticity impact would result in customers who are eligible for the reduced fare taking more boardings (with a resulting revenue impact). These scenarios maintain the existing fare levels for non-discounted boardings and maintain the pass price at 36 times the cash fare, whether passes were purchased for regular or reduced fare boardings.

Beyond these broad assumptions, additional assumptions were made about the individual scenarios related to the treatment of existing fare discounts and institutional pass pricing. Scenarios I.A. and II.A. assumed that institutional pass pricing would reflect the discount offered to low-income customers. Scenario II.B. assumed that institutional pass pricing would reflect only regular fares, not reduced fares. These scenarios also assumed that non-low income customers eligible for existing discounts (i.e. youth, senior, disabled) would remain at those current discount levels.

Low-Income Fare Scenarios¹ (all figures in millions)

Poverty Level Definition ²	Low-Income Adult Cash Fare ³			
	\$0.75	\$1.00	\$1.25	\$1.50
I. 100% of Federal Poverty Level (12% of King County Population)				
A. Low-income fares with existing discounts ⁴				
Revenue	-\$8.1	-\$6.8	-\$5.5	-\$4.3
Ridership	1.0	0.8	0.5	0.4
II. 200% of Federal Poverty Level (25% of King County Population)				
A. Low-income fares with existing discounts ⁴				
Revenue	-\$16.9	-\$14.2	-\$11.5	-\$9.1
Ridership	2.1	1.6	1.1	0.9
i) Single discount fare (i.e. Kitsap model) ⁵				
Revenue	-\$18.4	-\$13.7	-\$9.0	-\$4.3
Ridership	3.4	1.8	0.3	-1.3
B. No change to institutional pass pricing ⁶				
Revenue	-\$12.1	-\$10.3	-\$8.4	-\$6.6
Ridership	2.9	2.2	1.6	1.2
i) Single discount fare (i.e. Kitsap model) ⁵				
Revenue	-\$12.6	-\$9.3	-\$6.0	-\$2.6
Ridership	4.0	2.4	0.7	-0.9

Source: King County METRO, 2013.

As shown above, generally the lower the fare, the higher the expected boardings and the greater the lost revenue (this represents money that would have otherwise been collected through a regular fare). Given that fare revenue represents the second largest source for the agency, significant lost revenue could have an impact on Metro’s ability to maintain service. Higher boardings can come from new riders, either those that did not take the bus previously due to the fare or existing riders taking more trips as a result of the lower fare. While the Committee agrees that generating new riders is an important policy goal, there were concerns expressed that it should not come at the expense of service.

Committee members unanimously agreed that a low income fare program would impose costs in terms of lost revenue to Metro and administrative costs to any and all agencies involved with program administration.

These model results also included two scenarios (II.A.i and II.B.i – Single discount fare) where pricing was assumed to be the same for all discounted fares (low-income, youth, senior, and disabled) to replicate the pricing structure used by Kitsap Transit. In this case, ridership starts to fall off as the price increases above \$1.25. This is because the model assumed seniors and individuals with disabilities would likely take fewer trips due to the fare increase from \$0.75 to \$1.25.

These scenarios did not include estimates of program administration costs and the Committee had many discussions about who should administer the program and what the impact might be in terms of staffing and other costs. Several members suggested that administration of the program should not be the responsibility of Metro. However, all agreed that even if another existing agency took over eligibility verification and/or administration there would be costs associated with that process.

Identify different options for funding low income fare programs and potential partners that may be willing to support such programs.

Committee members agreed that a low-income fare program would impose costs to Metro and any and all agencies involved with program administration. There was also agreement that any program must be sustainable. Introducing a low-income fare only to have to end it a year or two later would not be viewed as a success by the Committee.

Related to sustainability the Committee agreed that there is no readily available Metro controlled funding source, nor are there federal or other grants that would fully fund a low-income fare program. Others noted that this was a particularly difficult discussion given that Metro is currently looking for revenue just to maintain its current service at a time when it needs to grow.

Committee members identified three primary ways that a low-income fare program could be funded and that funding would need to come from multiple sources.

Other revenue sources: this could be an ongoing new revenue stream or an increase to an existing revenue source that would be available to fund a low-income fare program

Farebox revenue: this could include raising some or all fare categories to offset financial impacts of a low-income fare and increase farebox recovery; increased fare revenue that might come through increased ridership through mode shifts or fare increases, and reprioritizing existing fare revenues.

Changes without revenue: this could include changes to service, cost cutting measures and other executive decisions to reduce expenditures.

The Committee discussed the political challenges of getting new revenue sources so soon after a recession, but noted that it should be part of the toolbox for when the time is right. They also acknowledged that fare changes create winners and losers. The Committee agreed that the goal should be to have a clear policy basis for the fare and an emphasis on equity. Finally, while cost cutting measures are one way that needed revenue might be made available, this is not a Committee recommendation given the challenges that Metro is facing and the importance of maintaining service, and ideally expanding service to improve mobility.

Committee members did suggest a few possible new revenue sources, including an Employer Tax, the Veteran's and Human Services Levy, and voluntary donation via ORCA at the point of sale. It was noted that voluntary donations are not a sustainable revenue source and could only be a supplemental funding source. However, there was no consensus on a new revenue source and some members stated that they felt the program should be funded with existing sources and not using new taxes or fees.

RECOMMENDATIONS

5. **Multiple funding sources should be evaluated to offset the financial impacts of a low-income fare program, including revising the existing fare box structure and other revenue sources.**
6. **A low-income fare program should be considered as a beneficiary if the County has new or increased revenue.**

Identify opportunities and recommendations for regional low income fare programs for potential consideration by agency partners of the ORCA joint board.

The ORCA joint board is made up of the heads of King County Metro, Sound Transit, Kitsap Transit, Pierce Transit, Community Transit, and Washington State Ferries. While the service of many of these agencies overlap, the committee recognizes King County Metro and Sound Transit have the most integrated set of services and fares and both agencies provide service in a few key corridors.

The Committee recognizes that integration with the regional transportation system is an important policy objective for King County Metro. Specifically, the Regional Transit Task Force recommended that integration with light rail and other bus services provided by partner agencies is required in order to provide an efficient network of services that is attractive for customers to use. The King County Metro Strategic Plan includes a specific strategy (Strategy 3.2.2) to “coordinate and develop services and facilities with other providers to create an integrated and efficient regional transit system.” In particular, coordination of fare categories between King County and Sound Transit is an important piece of this integration effort.

RECOMMENDATIONS

7. **This report should be transmitted to the heads of the agencies included in the ORCA Joint Board.**
8. **King County and Sound Transit should coordinate on the implementation of a low-income fare when it is approved.**

Low-Income Fare Options Advisory Committee Members

Name	Representing
Rob Beem – Board Member	North Urban Human Service Alliance
Al Smith – Board Member	Eastside Human Services Forum
Ginger Kwan – Executive Director, Open Doors for Multicultural Families	South King Council of Human Services
Alison Eisinger – Director, Seattle/King County Coalition on Homelessness	Seattle Human Services Coalition
Katie Wilson – Transit Riders Union	Low income consumer
Katheryn Flake – Southeast Seattle	Low income consumer
On Ho – Women’s Advisory Board	Low income consumer
Jerry DeGriek – Seattle Mayor’s Office	Local jurisdiction representative
Marilynne Beard – Kirkland Deputy City Manager	Local jurisdiction representative
John Hodgson – Kent City Manager (through 5/31/13)	Local jurisdiction representative
Londi Lindell -North Bend City Administrator	Local jurisdiction representative
Kate Joncas – President, Downtown Seattle Association	Business representative
Patrick Bannon – President, Bellevue Downtown Association	Business representative
Kelli Carroll	Ex officio member – County Council designee
John Resha	Ex officio member – County Council designee
Chris Arkills	Ex officio member – County Executive designee
Elissa Benson	Ex officio member – County Executive designee
Deborah Doyle	Ex officio member – Washington State Department of Social and Health Services
Katy Miller	Ex officio member – King County Human Services
Dennis Worsham	Ex officio member – King County Public Health
Kevin Desmond	Ex officio member – King County Metro Transit



Back row (L to R): Jerry DeGriek, John Hodgson, Rob Beem, Chris Arkills, Elissa Benson, Londi Lindell, Al Smith, On Ho, Kate Joncas, Ginger Kwan, Alison Eisinger, Katie Wilson

Front row (L to R): Katheryn Flake, Kevin Desmond, Katy Miller, Kelli Carroll, Dennis Worsham, Marilynne Beard, Patrick Bannon

Not pictured: Deborah Doyle, John Resha.



King County

FOR INFORMATION CONTACT:

Doug Hodson, General Managers, Office

Metro Transit Division

Department of Transportation

KSC-TR-0415

201 S Jackson St, Seattle, WA 98104

(206)-553-3000

www.kingcounty.gov/metro