

From: [Kamp, Charles](#)
To: [Benishek-Clark, Anne;](#)
CC: [Rusch, Mick;](#)
Subject: FW: Low-Income Bus Fare Proposal
Date: Friday, November 21, 2008 11:51:30 AM
Attachments: [BusFareProposalInfo.doc](#)
[BusFareAnalysis2.xls](#)
[BusFareAnalysisAssumptions.doc](#)

[Anne - fyi.](#)

From: lisasubeck@sbcglobal.net [mailto:lisasubeck@sbcglobal.net]
Sent: Friday, November 21, 2008 11:09 AM
To: Kamp, Charles
Cc: Solomon, Brian; Sanborn, Jed; Webber, Robbie
Subject: Low-Income Bus Fare Proposal

Mr. Kamp,

Would you please forward this email to TPC members?

Thank you,
--Lisa

Dear TPC members,

As you know, one of the biggest challenges when raising bus fare is the hardship such increases place on low-income riders. As someone who works professionally with low-income individuals and families on a daily basis, I see the challenges they face trying to make ends meet. Most of the individuals with whom I work have jobs and rely on the bus to get to work each day. Most also rely on the bus to get to the store, get their children to activities, visit family or friends, etc. Balancing Metro's budget may require a fare increase, but is it fair to do so on the backs of those who can least afford it?

In the attached documents, I have outlines a proposal for a new low-income fare

category that would include individuals on food stamps designated low-income along with senior citizens, disabled individuals and youth. I will present my proposal at your upcoming public hearing on Monday and wanted you to have the opportunity to review it before then should you choose to do so.

I'm attaching 3 documents that I plan to present on Monday. The 3 documents include:

1. A description and rationale for the proposal (titled BusFareProposalInfo)
2. A spreadsheet outlining the specific fare changes and resulting revenue changes (the last block highlighted in green) along with comparison charts to the 2 proposals currently offered by Metro and a 3rd chart for comparison using only the Metro changes with low-income riders moved to the proposed senior/disabled category (titled BusFareAnalysis2).
3. A description of assumptions made for this proposal (basically, a description of how I derived the various numbers for the spreadsheets -- titled BusFareAnalysisAssumptions).

I am hoping you will support this proposal or something similar. Given that low-income people in Madison make up a much larger portion of Metro ridership than they do of the population at large, including them in the general fare increases means funding public transit's budget gap on the backs of those who can least afford it. Adding a low-income fare category more fairly distributes these costs and allows low wage workers access to safe and affordable transportation to and from work and other destinations each day.

Thank you for your consideration, and I look forward to seeing you on Monday.

Sincerely,

Lisa Subeck

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Low-Income Bus Fare Proposal

Background

As Madison Metro looks to increase fares to cover rising costs and make service improvement, the riders hardest hit by these fare increases are low-income workers, individuals, and families. According to data collected during Metro's last on-board survey (completed in 2000):

- 21% of Madison Metro riders report total household incomes of less than \$10,000. This compares with 9.7% of all City of Madison residents at this income level. \$10400 is the federal poverty line for an individual family of one.
- 11.6% of Madison Metro riders report incomes between \$10000 and \$15000 compared to 5.9% of the city's overall population at this income level. \$14004 is the federal poverty line for a family of two.
- 17.1% of Metro riders report incomes between \$15000 and \$25000 compared to 12% of the city's overall population. \$25000 falls between the federal poverty line for a family of 4 and a family of 5.
- **50.3% of Madison Metro ridership reports annual household incomes under \$25000 compared with 27.6% of the City of Madison population reporting household incomes at this level.**

Based on this data, it is clear that any bus fare increase disproportionately affect low-income individuals and families.

Additionally, low-income riders disproportionately use the cash fare option offered by Madison Metro instead of discount multi-ride cards or monthly passes. According to the same survey referenced above:

- 10% of all cash fare riders report household income below \$5000. 4% of 10-ride pass users and 9% of monthly pass riders report this same income.
- 10% of all cash fare riders report household income of \$5000-\$9000 compared to 4% of 10-ride users and 9% of monthly pass riders in this income category.
- 11% of all cash fare users report income from \$10k - \$15k vs. 5% of 10-ride users and 10% of monthly pass riders.
- **31% of riders using the cash fare option have household incomes below \$15k (Federal Poverty Line for Family of 2 = \$14k). Riders at this income level make up only 13% of 10-ride pass users and 28% of monthly pass users.**

Based on this data, it is clear that low-income riders are most affected by increases to the cash fare and also significantly impacted by increases to the cost of the monthly pass. However, a portion of the low-income riders who use the monthly pass receive these passes through W-2, FSET, or other public assistance programs, skewing the proportion of low-income riders using vs. purchasing the 31-day pass. Cash fare is the predominant choice of low income riders, likely due to the inability to scrape together enough money to purchase the discount monthly or 10-ride pass at any given time.

Because increases in Metro bus fare disproportionately affect those who can least afford the additional costs, it is proposed that Metro establish a low-income fare for riders living at or below 150% of the Federal Poverty Line.

The Proposal

The attached spreadsheet outlines specific elements of the proposed fare structure that would adequately fill most of Metro's budget gap without additional burden to low income riders by establishing a low-income fare equal to that charged to senior citizens and youth. Essentially, this

proposal creates a new category of Senior/Low-Income fares equal to the youth fare proposed in the presented \$2 cash fare structure. The proposed fare structure is titled “Low-Income Adjusted Proposal” on the attached spreadsheet. Other fare structure information is included for comparative purposes. Revenue totals are based on City Operating Budget Revenue for the fare types included in the structure. There is a supplement to the spreadsheet entitled “Assumptions for Bus Fare Analysis” that explains how various numbers were derived/extrapolated.

Highlights of the Low-Income Adjusted Proposal include:

- Individuals receiving Food Stamp assistance will be eligible for the same reduced fare as senior citizens and youth.
- Senior, youth, and low-income cash fares are \$1.25/ride, a 38% discount off the regular cash fare.
- Senior, youth, and low-income monthly passes are \$37.50, a 38% discount off the regular monthly pass cost.
- 10-ride passes for seniors, youth, and low-income individuals do not offer an additional discount over the cash fare for this category but instead serve as a convenience vs. purchasing individual fares.
- Low-income riders will need to prove eligibility for reduced fares through showing their food stamp (Quest) card similarly to current procedures for youth to prove student or age status and seniors to prove age through presenting appropriate identification.
- Agencies providing bus passes to low-income riders through Transit for Jobs or other programs may purchase these passes at the low-income rate.
- Through moderate increases to non-low-income fares, this proposal provides total revenues within \$270k of the current \$2 cash fare proposed structure. \$40k of this shortfall has been covered by a Council budget amendment eliminating Clean Air Action Days. At least \$100k should be available through reduced fuel costs compared to those predicted at the time of the original budget proposal. This leaves a gap of only \$130k to be made up through other efficiencies in Metro’s budget.
- This proposal brings in more revenue than the \$1.75 proposed fare structure offered as a possible alternative by the TPC. Some of the cuts/savings identified for the \$1.75 fare structure could be incorporated into this proposal to fill the \$130k gap.

This proposal provides additional revenue for Madison Metro as required by the approved City of Madison 2009 budget without covering the costs on the backs of Madison’s low-income individuals and families.

Fare Type	08 Current Fare	08 Projected	09 Proposed Fare	09 Budgeted	08 Quantity	09 Proposed Quantity
Current Proposal - \$2 Cash						
Adult Cash	1.5	830820	2	1122129	553880	561065
31-Day	47	946600	55	1085162	20140	19730
Adult 10 Ride	12	960600	15	1128996	80050	75266
Youth Cash	1	456951	1.25	617170	456951	493736
Youth 10 Ride	8.5	354900	10	399228	41753	39923
Semester Pass	125	279100	150	373145	2233	2488
Senior Cash	0.75	96929	1	130915	129239	130915
Senior 10 Ride	7.5	74400	10	91112	9920	9111
S/D 31-Day	23.5	91100	27.5	111994	3877	4073
Day Pass	3.4	2900	4.5	2608	853	580
Summer Youth Pass	30	39500	30	28468	1317	949
VisiTour Pass	3	84968	3	82666	28323	27555
Total Revenue		4218768		5173593		
Current Proposal - \$1.75 Cash						
Adult Cash	1.5	830820	1.75	981863.75	553880	561065
31-Day	47	946600	52	1025960	20140	19730
Adult 10 Ride	12	960600	14	1053724	80050	75266
Youth Cash	1	456951	1	493736	456951	493736
Youth 10 Ride	8.5	354900	9	359307	41753	39923
Semester Pass	125	279100	135	335880	2233	2488
Senior Cash	0.75	96929	0.85	111277.75	129239	130915
Senior 10 Ride	7.5	74400	8.5	77443.5	9920	9111
S/D 31-Day	23.5	91100	26	105898	3877	4073
Day Pass	3.4	2900	4	2320	853	580
Summer Youth Pass	30	39500	30	28470	1317	949
VisiTour Pass	3	84968	3	82665	28323	27555
Total Revenue		4218768		4658545		
Low-Income Proposal - \$2 Cash						
Adult Cash	1.5	1260077	2	774269	840051	387135
31-Day	47	946600	55	792168	20140	14403 (31% discount vs. cash 40 rides)
Adult 10 Ride	12	960600	15	982227	80050	65482 (25% discount vs. cash 10 rides)
Youth Cash	1	96929	1.25	130915	96929	104732
Youth 10 Ride	8.5	354900	10	399228	41753	39923 (20 % discount vs. cash 10 rides)
Semester Pass	125	279100	150	373145	2233	2488
Senior/Low-Income Cash	0.75	27694	1	304845	36925	304845
Senior/Low-Income 10 Ride	7.5	74400	10	188958	9920	18896 (No discount vs. cash 10 rides)
S/D/Low-Income 31 Day	23.5	91100	27.5	258491	3877	9400 (31% discount vs. cash 40 rides)
Day Pass	3.4	2900	4.5	2608	853	580
Summer Youth Pass	30	39500	30	28468	1317	949
VisiTour Pass	3	84968	3	84968	28323	27555
Total Revenue		4218768		4320290		

Low-Income Adjusted Proposal						
Adult Cash	1.5	1260077	2	774269	840051	387135
31-Day	47	946600	60	864184	20140	14403 (25% discount vs. cash 40 rides)
Adult 10 Ride	12	960600	17	1113190	80050	65482 (15% discount vs. cash 10 rides)
Youth Cash	1	96929	1.25	130915	96929	104732
Youth 10 Ride	8.5	354900	12.5	499038	41753	39923 (No discount vs. cash 10 rides)
Semester Pass	125	279100	150	373200	2233	2488
Senior/Low-Income Cash	0.75	27694	1.25	381056	36925	304845
Senior/Low-Income 10 Ride	7.5	74400	12.5	236198	9920	18896 (No discount vs. cash 10 rides)
S/D/Low-Income 31 Day	23.5	91100	37.5	352488	3877	9400 (25% discount vs. cash 40 rides)
Day Pass	3.4	2900	5	2900	853	580
Summer Youth Pass	30	39500	40	37960	1317	949
VisiTour Pass	3	84968	5	137775	28323	27555
Total Revenue		4218768		4903172		

Assumptions for Bus Fare Analysis:

Age demographics are based on information provided by Chuck Kamp regarding ridership thus far in 2008 broken down by type of fare:

1. Farebox (Cash fare)
 - Adult = 60% of total riders
 - Youth = 33% of total riders
 - Senior = 7% of total riders
 -

These demographics are important for the farebox calculations, as revenue for 2008 and 2009 for adult, youth, and senior cash fares is all lumped together. The ridership breakdown allows calculation of the amount of fare projected and budgeted for each category of cash fare. As tickets and monthly passes are already broken down by type in projected and budgeted figures, these percentages need not be calculated.

For 2008, total farebox is projected to be \$1384700, and for 2009, total farebox revenues budgeted are \$1870215. Multiplying these numbers by the farebox breakdown percentages gives a total revenue for each type of fare (indicated on the spreadsheet).

Income demographics are also based on an on-board survey done in 2000. Neither current nor historical information was available on income of riders. The assumption made for this purpose is that income breakdown is similar to 2000. The proportion of low-income riders (food stamp eligibility for a family with a gross income at or below \$18204) by fare category as available in 2000:

- Adult Cash = 31% of total
- Adult 10 Ride = 13% of total
- Adult 31 Day = 27% of total

To define low-income according to food stamp recipient status is a bit complicated because the income limits vary by family size. Income on Metro riders surveyed is only available according to total household income without family size information. For this purpose, a family size of 2 is used. The maximum income for a family of 2 is \$18204 which does not easily match the categories included on the ridership survey. Included for these purposes are all riders under \$15k/year. While this may not capture all riders eligible for food stamp assistance, it is reasonable to believe that income on the whole has gone up since 2000, a fact included in the food stamp eligibility but not in Metro survey incomes. Also, some portion of the riders in this income category already qualify for reduced fares through senior/disabled pricing. This estimate for proportion of riders seems reasonable if only an estimate.

To calculate quantity and revenue of total fares with a low-income category added to the senior passes, the quantity of adult tickets is reduced, and the quantity of senior/low-income increased according to the numbers above. Revenues are then recalculated accordingly.

This proposal (low income adjusted proposal on the spreadsheet) provides less revenue than the proposed \$2 fare increase by \$270,000. I believe a BOE amendment already transferred \$100000 in fuel savings to Metro after the \$2 fare increase proposal was made, reducing the shortfall by enacting the low-income adjusted proposal to \$170,000. The shortfall is reduced an additional \$40k by a Council amendment that eliminated funding for Clean Air Action Days, leaving the shortfall at \$130,000.

However, this proposal actually produces more revenue than projections based on \$1.75 proposal (assume similar ridership to \$2 proposal) by \$582,827. This does not account for the additional \$100k in fuel savings or \$40k in Clean Air Action Day cuts.