What’s a Fair Fare?

As transit agencies move toward income-based discounts, they still need to keep larger issues in mind.

Like so much of government, transit agencies walk a tightrope between providing a public service and not breaking the bank. Thanks to advances in smart-card technology, transit policymakers can now use income-based fare discounts to take a more nuanced approach to the public service-vs--efficiency challenge. But the fundamental tension — and the need to focus on customer service — remains.

Nowhere is the balance between access and solvency harder to achieve than in Boston, a compact metropolitan area that relies heavily on transit. The region’s density and high cost of living must be weighed against the fragile physical condition and precarious finances of the Massachusetts Bay Transportation Authority (MBTA). The agency owes about $9 billion in debt and interest, it faces a maintenance backlog of more than $7 billion, and it famously collapsed under the weight of this year’s brutal winter.

The MBTA’s financial problems are worse than most, but other transit agencies have the same types of challenges. According to the American Public Transportation Association, more than 70 percent of American public transit systems cut service, raised fares or did both during the Great Recession and its aftermath.

In the wake of last winter’s meltdown, the MBTA was put under the control of a Fiscal and Management Control Board (FMCB), which is contemplating fare increases that would take effect next summer. One option board members are considering is introducing low-income fare discounts to counterbalance the fare hikes.

Boston’s wouldn’t be the first transit agency to try that approach. The San Francisco Municipal Transportation Agency implemented a plan called Muni Lifeline in 2005, but even though 20 percent of Bay Area residents live below the poverty line, only about 6 percent of system riders participate, One reason for the limited participation could be that the discount applies only to Muni’s bus and rail services, not Bay Area Rapid Transit trains.

Seattle presents a better comparison. Under a system implemented in March, together with the system’s sixth fare hike in eight years, those with annual incomes below 200 percent of the federal poverty line ($47,700 for a family of four and $23,340 for an individual) ride for $1.50, less than half of peak fares. Local transit officials estimate that 45,000 to 100,000 eligible residents will take advantage of the discount.

Low-income discounts are also an issue in Denver. In January, bus fares will rise from $2.25 to $2.60 and a monthly pass will cost $99. Advocates there are pushing for $1.30 fares and $49 monthly passes for recipients of public assistance.

In an era of scarcity, transit agencies can’t offer discounts to large swaths of riders without recouping the money elsewhere, and government isn't a good candidate to kick in more. A 2014 U.S. Government Accountability Office report projected that state and local government tax revenues, as a percentage of gross domestic product, won't reach pre-Great Recession levels until 2058.

But at the same time, transportation infrastructure has no more basic purpose than to facilitate economic growth. That includes providing low-income residents with a way to get to and from their jobs and an opportunity to climb the economic ladder.

Ultimately, the fate of transit agencies' worthy experiment with low-income fare discounts will rest on the answer to one question: Are more affluent riders willing to make up the difference by paying more, or will higher fares push them to other transportation options?

Seattle's transit agency awaits the answer to that question. Boston and Denver may soon join the list. Whether those riders choose to stay or go provides a reminder of why customer service needs to be job one throughout the transit industry.

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BY CHARLES CHIEPPO | DECEMBER 1, 2015