



Finance and Capital Committee

Information Item III-B

February 10, 2022

Quarterly Fare Evasion Update

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

Action Information

MEAD Number:
202333

Resolution:
 Yes No

TITLE:

Q2 FY2022 Fare Evasion Update

PRESENTATION SUMMARY:

Staff will discuss historical Metrobus and Metrorail fare evasion estimation methodology, present updated estimates on fare evasion, review jurisdictional laws regarding fare evasion and outline multi-pronged approach to addressing fare evasion.

PURPOSE:

To brief the Finance and Capital Committee on the financial and operational impacts of fare evasion.

DESCRIPTION:

Key Highlights:

- Metrorail fare evasion estimates have historically been calculated using an assumed rate based on peer averages; the Authority is moving towards technological solutions that will provide greater accuracy
- Metrobus data is recorded manually by operators; future state Metrobus estimates may include improved technology
- The Metrobus fare evasion rate has grown significantly over time; through Q2 FY2022, Metrobus incidents totaled 9 million occurrences among 26 million trips or 34 percent of trips
- Enforcement laws vary across jurisdictions
- New approaches are being pursued in the District for riders who are low income

Background and History:

Fare evasion continues to present challenges to WMATA, negatively impacting the Authority's financial position. Recent data suggests that evasion rates continue to grow. The WMATA Board of Directors suspended fare collection on Metrobus from March 2020 through December 2020. As a result, no bus fare evasion estimates were prepared for that period. Bus fare collection resumed in January 2021.

While WMATA's older, legacy faregates have sensors with limited tracking capability, the new faregates being installed in the system are equipped with sophisticated built-in sensors that provide a more systematic and accurate means of monitoring fare evasion.

Discussion:

WMATA monitors fare evasion through several means, including automatic and manual passenger counts, electronic gate sensors and Metro Transit Police Department (MTPD) tracking of fail-to-pay offenses. Evasion rate estimating methods are not exact and may result in underreporting. Going forward, new technology on Metrobus and Metrorail will enable better measurement and reporting of fare evasion.

On Metrorail, new faregates with integrated sensors will enable better monitoring of evasion incidents in the faregate area of stations. To date, 29 percent of the new faregate installations have been completed with all to be installed in early CY2023.

Dating back to FY2016, Metrobus fare evasion rates have steadily increased over time. The YTD FY2022 fare evasion rate is 34 percent. This compares to 14 percent for FY2019 and 17 percent for FY2020.

During the pandemic, WMATA's operating budget has been severely impacted by fare revenue loss on Metrobus and Metrorail. The combined revenue loss attributed to fare evasion for both modes of transportation in the first half of FY2022 was \$10 million. In FY2019, that figure was \$36 million for the full year, with a greater portion of the revenue loss coming from Metrobus despite higher ridership on Metrorail.

Enforcement is a complex issue with varying laws across jurisdictions with civil and criminal penalties in the state of Maryland and the Commonwealth of Virginia. Fare evasion is not considered a criminal offense in the District of Columbia. YTD FY2022 "Fail to Pay" offenses total 79 as reported by MTPD.

Given the scale and complexity of the challenge, Metro is working with regional partners on a multi-pronged approach to fare evasion that focuses on sizing the problem and improving accuracy, and developing low-income fare products to address customers who cannot pay. In the District, there are two initiatives underway:

Metro for DC bill

Council member Allen re-introduced the Metro for DC bill on October 4, 2021, which creates a recurring \$100 balance to DC resident's SmarTrip card every month and makes a \$10 million annual investment in improving bus service and infrastructure in the District. The District will manage the program and identify eligible residents based on income. Residents who currently receive federal transit benefits or participate in the Kids Ride Free program are not eligible for the program. A public hearing is scheduled for February 23 before the Council Committee on Transportation and the Environment, chaired by Councilmember Mary Cheh.

Low Income Fare pilot

Different levels of transit discounts are being piloted to better understand how these discounts impact mobility and well-being. By spring 2022, up to 4,000 residents will be

enrolled who receive public assistance into the nine-month pilot. This group of 4,000 residents will be randomly assigned to one of three groups: 1) no discount on transit, 2) a half-price discount on transit, or 3) free, unlimited trips. Existing data will be used to measure how the discounts affect the number and type of trips participants take on transit. Data will be collected on participants' employment, income, children's outcomes, and use of healthcare and social services. Finally, surveys or other methods will be used to answer questions about whether participants have trouble paying fares, how often they travel by car, and the environmental impacts of discounted transit.

The pilot was delayed due to the COVID-19 public health emergency. Results are expected by the spring of 2023. The pilot will help the District learn if price is a key barrier to transit use and how well-being changes (or doesn't) when transit is discounted. The findings can be used to inform future policies and programs that make transit more affordable for low-income residents.

FUNDING IMPACT:

This item is for information only - no funding impact.

TIMELINE:

Previous Actions	November 2019 – Fare Evasion FY2020 Q1 Quarterly Update
Anticipated actions after presentation	May 2022 - Fare Evasion FY2022 Q3 Quarterly Update

RECOMMENDATION:

Information item only.

Fare Evasion Update

Finance and Capital Committee

February 10, 2022



Purpose

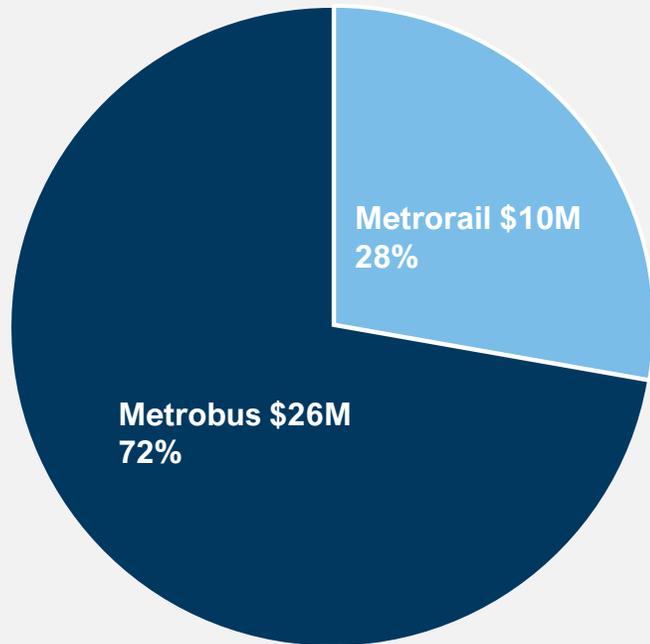
- Discuss historical Metrorail and Metrobus fare evasion estimation methodology
- Review estimated financial impact
- Review approaches to fare evasion impact and enforcement

Fare Evasion Estimating Methods

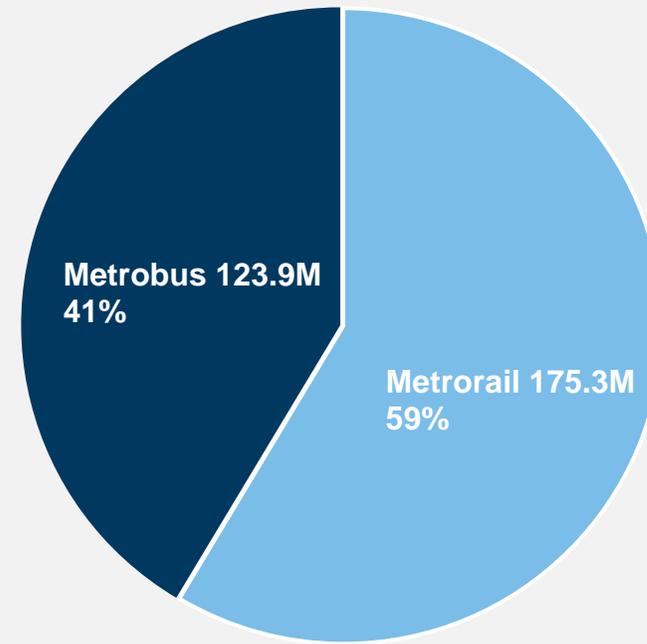
- Metrobus fare evasion relies on counts created as operators press “fare evasion” button on farebox; along with Automated Passenger Counter data
- Metrorail
 - Current fare evasion rate is estimated at 2% of ridership and is based on pre-pandemic industry norm
 - New faregate sensors can enhance accuracy and station-level detail, but will require analysis and validation in advance of adoption (underway)
- Estimating methods are not exact and may be underreported

Pre-Covid Fare Evasion by Mode

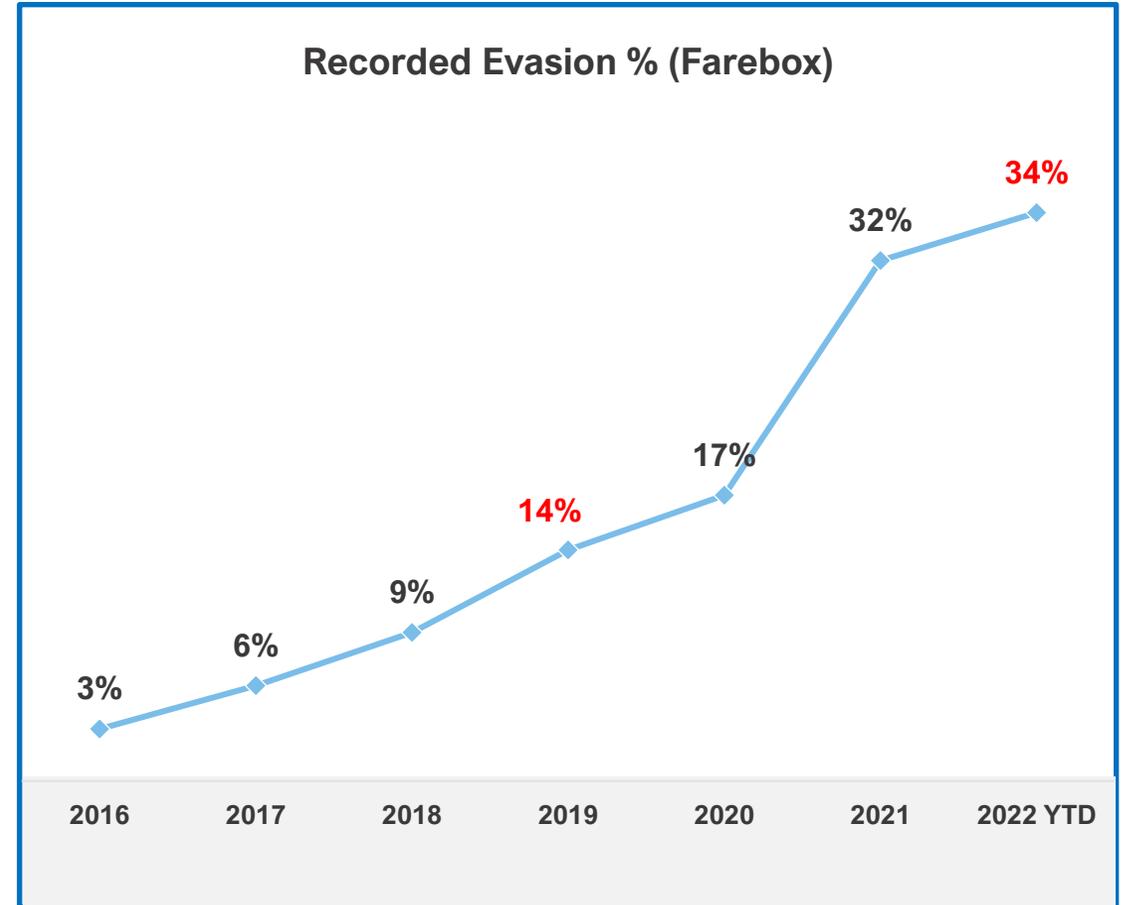
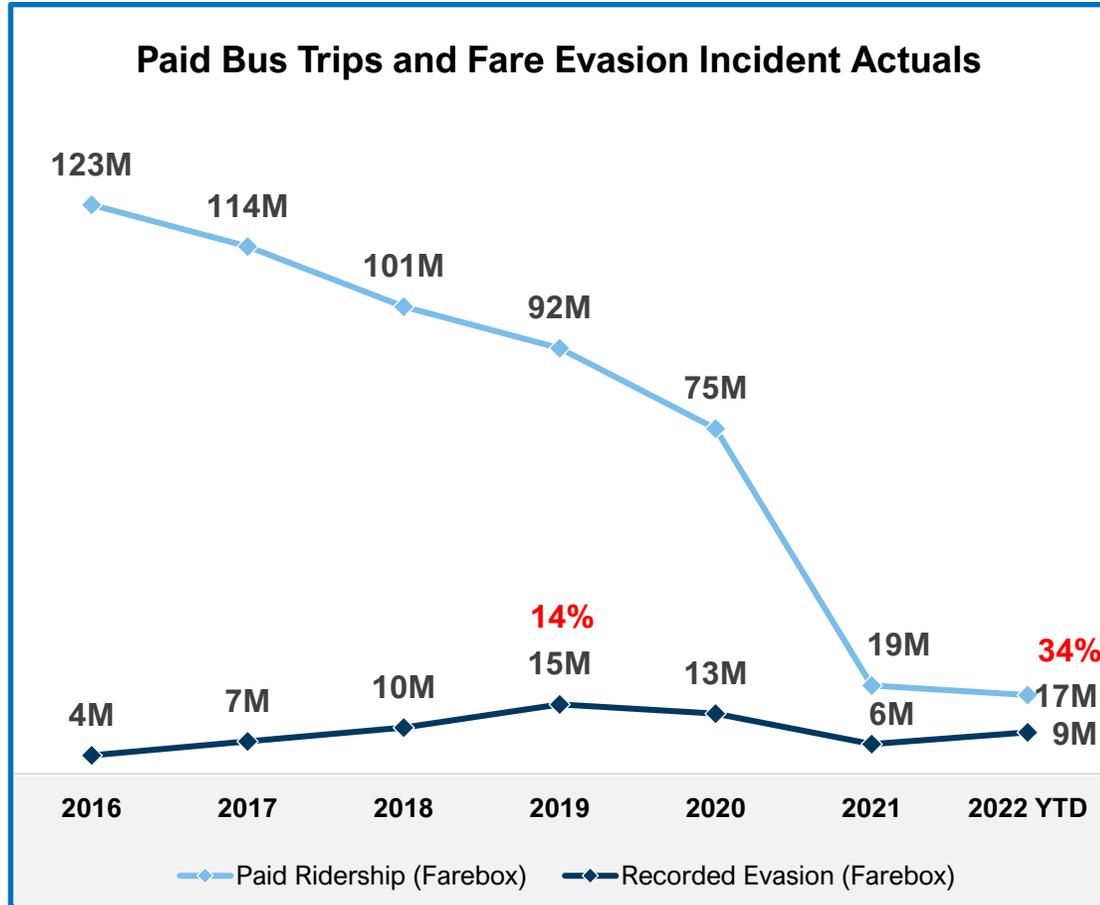
Fare Evasion, FY2019



Ridership, FY2019



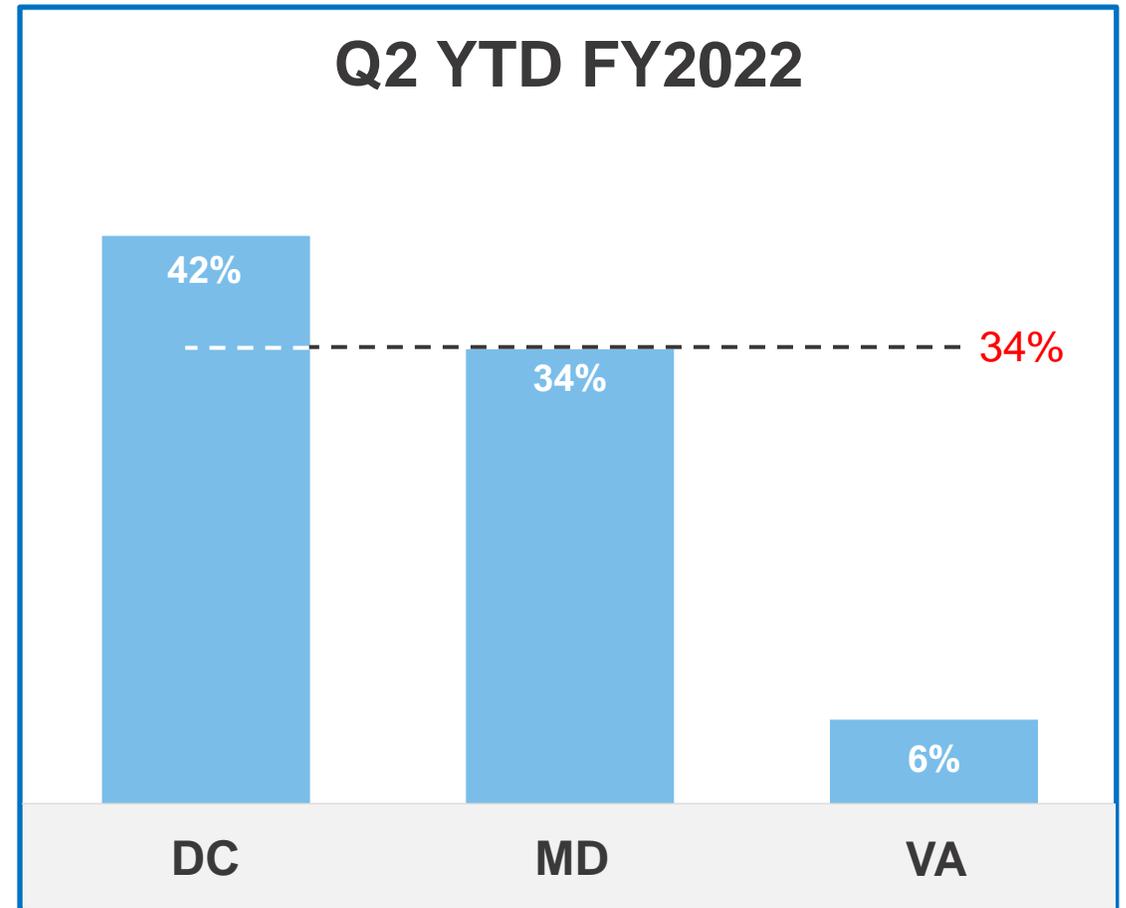
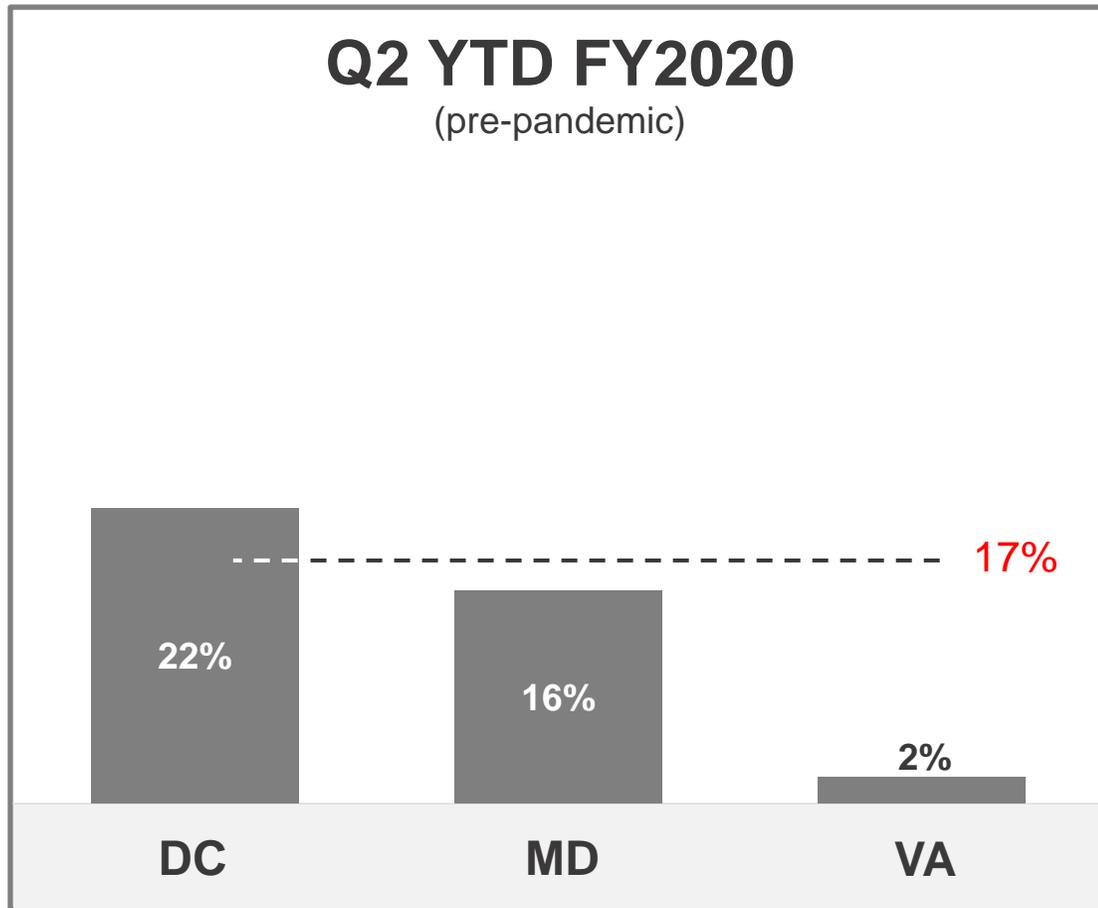
Fare Evasion Rate Has Increased As Bus Ridership Has Decreased



Note: FY2020 and FY2021 are partial years due to Covid-19 related temporary fare suspension; FY2022 is Q1 and Q2

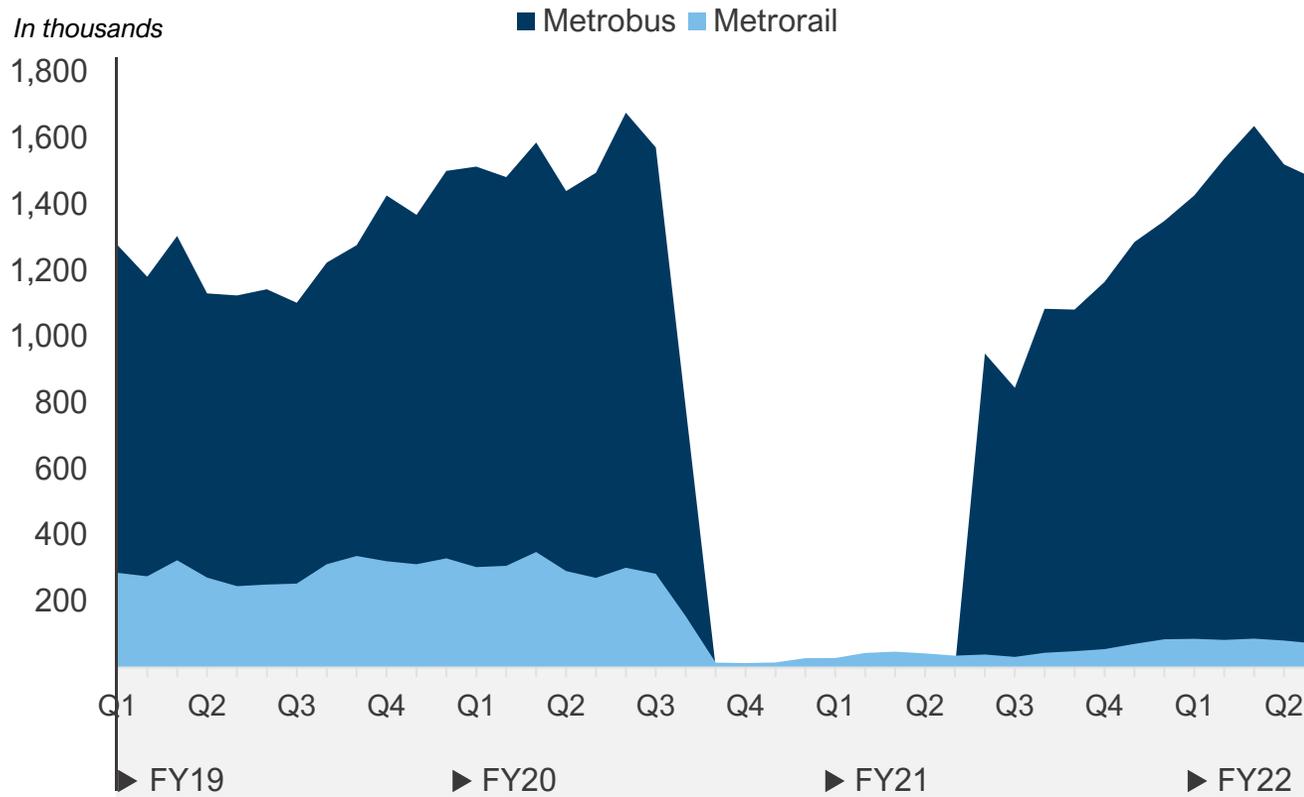


Average Bus Fare Evasion Rates Have Doubled

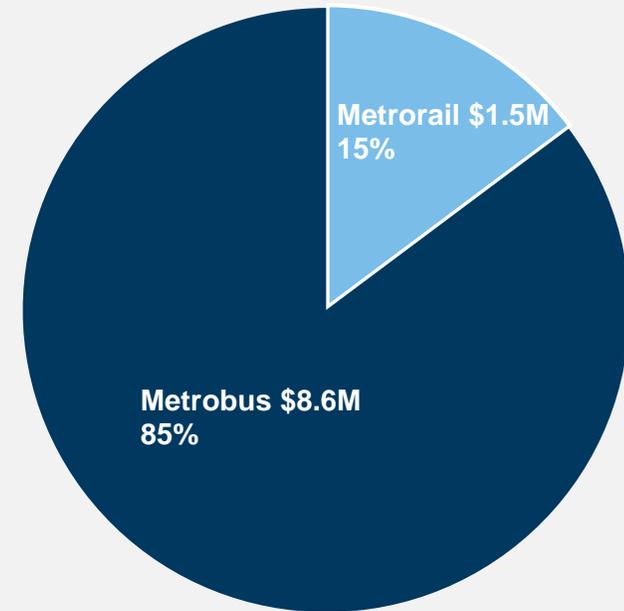


Fare Evasion Reduced Revenue by \$10M in FY2022

Fare Evasion Incidents



Revenue Loss, FY2022 YTD



Multi-Pronged Approach to Addressing Fare Evasion

- Sizing the problem: improving accuracy and understanding
- Assess Low-Income Fare Product: support District of Columbia and other jurisdictions
- Review Enforcement: work with jurisdictions on enforcement strategies

Appendix

New Technology Timeline

Step	Timeframe	Notes
Complete new faregate deployment	Winter 2023	29 percent of legacy gates have been replaced
Analyze performance vs. direct observation	FY2023	Capitalize on transition to new faregate system to prepare detailed analyses
Improve faregate automated solution, where possible	TBD	Depends on findings from analysis and complexity of reprogramming
Update methodology and integrate into routine reporting	Late 2023	Based on preferred method for evasion estimation

Validation of New Faregate Technology

- New faregate sensors require statistical validation of to accurately measure systemwide Metrorail fare evasion
- Validation will use same methodology presented in the preliminary analysis:
 - Compare faregate performance to events observed in-person
 - Include more faregates systemwide as more faregates are installed
 - Highlight location and jurisdictional characteristics

Fare Evasion Laws are different across Jurisdictions

District of Columbia

- Effective May 3, 2019
 - Civil
 - ≤\$50 fine
 - No consequences or further proceedings for failure to pay or attend hearing
- Awaiting regulatory action by DC Office of Administrative Hearings (OAH)

State of Maryland

- Montgomery County
 - Civil and Criminal
 - 1st - \$50 fine if paid; up to 10 days jail if not paid
 - 2nd & subsequent - \$75 fine if paid; up to 10 days jail if not paid
- Prince George's County
 - Criminal
 - 1st - \$10 - \$50 fine
 - 2nd & subsequent - \$50 - \$100 fine if paid; up to 10 days jail if not paid

Commonwealth of Virginia

- City of Alexandria
 - Civil
 - \$100 fine
- Arlington County
 - Civil and Criminal
 - 1st - \$10 - \$50 fine
 - 2nd & subsequent - \$50 - \$100 fine and/or up to 10 days jail or both
- Fairfax County
 - Criminal
 - Up to \$100 fine