

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

☒ Action ☐ Information

MEAD Number:
202135

Resolution:
☒ Yes ☐ No

TITLE:

DC Low-Income Fare Pilot

PRESENTATION SUMMARY:

Staff is seeking Board approval to authorize negotiation and execution of a Memorandum of Understanding (MOU) for a program that would enable the District of Columbia (District) to fund and pilot a low-income fare program.

PURPOSE:

Seek Board approval to authorize the General Manager to negotiate and execute a MOU with the District to implement a low-income fare pilot.

DESCRIPTION:

The District seeks to evaluate the mobility and quality of life benefits that may result from lowering the cost of transit for residents who are recipients of social assistance. For this low-income fare pilot, the District would enter a fare buydown agreement with Metro to fund the fare revenue losses associated with the pilot program.

Grant funding from the District Department of Transportation and the **Massachusetts Institute of Technology's Abdul Lateef Jameel Poverty Action Lab (J-PAL)** will enable a robust evaluation of mobility and quality of life benefits that may result for pilot program participants.

Key Highlights:

Part of the City Administrator's Office of Budget and Performance Management, the Lab @DC will coordinate with multiple District agencies to randomly select up to 2,500 low income District residents for the six to nine month pilot. Participants will receive one of three fare products: no benefits (control group); free transit; subsidized fares.

Background and History:

Low-income households are the most likely to be burdened by the costs of using public transit, the most likely to forego using transit due to cost, and the least likely to have alternative travel options. Ridership and survey data demonstrates that over 65 percent of highest income rail customers receive an

additional transit subsidy through employer-sponsored programs, while only 10% of Metro's lowest income rail customers receive similar subsidies.

Within the District, on an annual basis, low income residents take approximately 31 million Metrobus trips and 11 million Metrorail trips. With much of the District accessible to Metrorail, this disproportionate use of bus is likely due to the higher cost of rail.

Nationally, many jurisdictions have adopted transit subsidies for low income riders, but did so without first piloting them for feasibility, impact, and cost-effectiveness. Notably, New York City's legislature enacted a subsidy for all residents below the federal poverty at an annual cost of over \$100 million.

Discussion:

To evaluate the potential benefits and effectiveness of subsidizing transit fares for low-income residents, the District of Columbia would use a randomized control trial to test fare options with up to 2,500 eligible participants. Within the participant pool, one third would receive a SmarTrip® card with no value (the control group); one third would receive a card providing free, unlimited use of Metrobus and Metrorail; and one third would receive a card providing discounted use of Metrobus and Metrorail.

The pilot program enrollment will be administered through a means-tested social services program administered by the District. Additional support for the program, including research and analysis, will be provided by The Lab @ DC. This additional support is partially funded through a grant awarded by the Abdul Latif Jameel Poverty Action Lab (J-PAL). J-PAL supports the use of scientific evidence to inform public policies aimed at reducing poverty. WMATA provided a letter of support for the District's J-PAL grant application.

FUNDING IMPACT:

To implement this pilot program without an impact to subsidies from other funding jurisdictions, the agreement with the District of Columbia will include reimbursement for revenue losses associated with the pilot program. The District of Columbia will allocate up to \$500,000 to fund associated revenue losses for the pilot program, which will last at least six months and up to nine months. Total duration of the pilot will be determined following a revenue analysis of the first three months of program implementation. In accordance with the WMATA Compact, governments may enter into agreements with Metro to provide reduced fares for any specified class or category of riders.

Project Manager:	Regina Sullivan
Project Department/Office:	GOVR

TIMELINE:

Anticipated actions after presentation	Following the pilot program, the District of Columbia will evaluate the mobility and welfare benefits realized by the two groups receiving free or discounted transit trips. The analysis will include measures of how more affordable transit options improve participants' economic and social well-being. Other potential benefits to Metro, such as increased ridership and reduced fare evasion, will also be studied. The District will use the results of this pilot to inform decisions on how to best support transit use and mobility for low-income residents. Additionally, analysis of this pilot could also inform any low-income fare initiatives that other funding jurisdictions may choose to explore.

RECOMMENDATION:

Approve authorization for the General Manager to negotiate and execute a MOU with the District of Columbia to implement a low-income Fare Pilot.

PRESENTED AND ADOPTED: December 12, 2019

SUBJECT: APPROVAL TO NEGOTIATE AND EXECUTE A MEMORANDUM OF UNDERSTANDING WITH DISTRICT OF COLUMBIA FOR FARE PILOT PROGRAM FOR LOW-INCOME RESIDENTS

2019-46

**RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY**

WHEREAS, Compact Section 79 and Resolution 2011-30 requires Board approval for all fare buy down agreements for WMATA services; and

WHEREAS, The District of Columbia seeks to implement a pilot program to test the effectiveness and impacts of a fare product for low-income residents; and

WHEREAS, The Lab @ DC, part of the City Administrator's Office, has been awarded grants by the Massachusetts Institute of Technology's Abdul Lateef Jameel Poverty Action Lab and the District of Columbia Department of Transportation to fund a fare pilot program for low-income residents;

NOW, THEREFORE, be it

RESOLVED, That the Board authorizes the General Manager and Chief Executive Officer or his designee to negotiate and execute a Memorandum of Understanding (MOU) with the District of Columbia to implement a fare pilot program for low-income residents; and be it further

RESOLVED, That the MOU shall include a fare buy down provision that requires the District of Columbia to fund fare revenue losses associated with the pilot program; and be it finally

Motioned by Mr. McMillin, seconded by Ms. Gidigbi

Ayes: 8- Mr. Smedberg, Ms. Gidigbi, Mr. Goldman, Mr. Horner, Mr. Dorsey, Mr. Marootian, Mr. Graham and Mr. McMillin

RESOLVED, That this Resolution shall be effective 30 days after adoption in accordance with Compact Section 8(b).

Reviewed as to form and legal sufficiency,



Patricia Y. Lee
General Counsel

WMATA File Structure No.:
4.3.1 Fare and Fee Agreements

PROPOSED