SANTA CLARA
Valley Transportation Authority

Date: October 9, 2012
Current Meeting: October 18, 2012
Board Meeting: N/A

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Transit Planning & Operations Committee

THROUGH: General Manager, Michael T. Burns

FROM: Executive Policy Advisor, Jim Lawson

SUBJECT: Low Income Discount Fare Analysis

FOR INFORMATION ONLY

BACKGROUND:

Board Chair Yeager and Directors Abe-Koga and Liccardo asked the Transit Planning and Operations Committee (TP&O) to consider a range of possible implications associated with reducing fares for low-income riders, in response to a question posed by the group People Acting in Community Together (PACT). PACT describes itself as "…an inter-faith, multi-ethnic grassroots organization that empowers everyday people to create a more just community."

PACT suggested that a reduced fare for low-income riders could benefit those most in need in our Valley, while boosting ridership and revenue for VTA. VTA understands PACT's concern and the stated desire to find creative ways to address the needs of the less-fortunate in our community.

To that end, VTA staff negotiated a scope of work with CH2M HILL, a consulting firm with a considerable expertise in the area of transit fare policy, to conduct an analysis on the cost implications of alternative fare reduction programs for low-income riders, administrative considerations and alternatives for subsidizing them.

Chair Yeager and Director Cortese have also asked staff to look into the possibility of distributing unused Eco Passes from County of Santa Clara employees to those in need. The consultant was asked to address this in their analysis.

DISCUSSION:

Attached is the report from CH2M HILL. In completing the report, the consultant interviewed both internal stakeholders from various departments within VTA and external stakeholders from nonprofit organizations, churches and service providers from the County of Santa Clara.

The consultant also looked into programs administered by VTA's peer agencies, and examined federal guidelines for low income status as well as the Bay Area's Self-Sufficiency guidelines and how these apply to VTA's ridership.

The findings and recommendations are contained within the report, and VTA staff has discussed the recommendations with PACT. PACT has indicated they prefer a project more in line with a proposal VTA made to the Metropolitan Transportation Commission (MTC), explained below.

Metropolitan Transportation Commission Activity

In parallel with the CH2M HILL study, an opportunity to receive funding from MTC arose earlier this year. VTA submitted a proposal to MTC requesting $4.6 million for a pilot project to provide free or reduced-cost passes to adults receiving case management services through the County of Santa Clara Department of Social Services, but whose current services did not include transportation support.

VTA's request was designed to increase ridership among groups who are unable to afford public transit on a regular basis. Commissioners denied VTA's proposal as well as one from San Francisco that would provide free passes from low-income youth at their meeting of July 25th. At their September 2012 meeting, one commissioner asked to have MTC staff find a source of money to pursue the idea of discounted fares for youth/low-income individuals.

MTC, as part of the Transit Incentive Program, is considering providing formula money in the amount of $1.3 million that could be used for a low-income fare program. The Commission is scheduled to consider this at its October 24 meeting.

CH2M HILL Analysis

The analysis by CH2M HILL (Attachment A) will be discussed by the consultant who will describe the work accomplished and the conclusions.

Next Steps

VTA staff will bring final recommendations to TP&O later this year. Any decision MTC makes will also be an important consideration in staff's final recommendation. At that meeting TP&O will be asked to review the staff's report and following discussion forward any recommendations to the Board of Directors.

Prepared By: Colleen Valles
Memo No. 3771

Final Report

Low-Income Fare Program Study

Prepared for

Santa Clara Valley Transportation Authority (SCVTA)

October 5, 2012

CH2MHILL®

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Executive Summary

The Low Income Fare Program Study was undertaken by VTA to assess the feasibility of creating one or more new or expanded reduced fare programs to meet the needs of Santa Clara County's low-income population. To put dimensions to these needs, data on income, unemployment, homelessness, and government assistance were reviewed. By any of these criteria, the number of low income residents in the County is significant – and the potential market for a low income program could be in a range between 6,000 and 160,000, making this a problem that cannot be solved by VTA alone.

Program parameters were defined following discussions with VTA staff and interested partners and stakeholders, including PACT, OUTREACH, the Silicon Valley Council of Non-Profits, County agencies and Safety Net Providers:

- In addition to the numbers o f low income individuals who can be targeted through benefit programs, VTA recognizes there are individuals such as the working poor and the senior poor who are not eligible for programs like UPLIFT. Safety Net providers try to meet some of those transportation needs by buying and distributing tokens and passes, but the effectiveness of their efforts is constrained by the funds they have available to purchase fare products.

- The UPLIFT program takes advantage of an existing service network and eligibility management system that allows VTA to rely on other agencies to assess eligibility and administer the program on VTA's behalf. One of VTA's objectives is to adopt a similar model for any low income program.

- Peer transit agencies as well as VTA's own experience with the UPLIFT program confirm the need for secure media and identification cards to manage eligibility and control abuse.

- VTA recognizes the need for partners to assist in meeting the transportation needs of low income riders. VTA has pursued opportunities to share program costs and will continue to do so.

Several approaches to providing transportation benefits to low income riders were evaluated.

Programs that would subsidize monthly passes for social service recipients or provide across the board fare reductions are not recommended. These approaches would generate additional ridership, but based on VTA's experience, can be expected to result in revenue losses because it is likely that passes would be used by eligible individuals who currently pay to use VTA services. As a result, VTA would need to find external funding to help cover program costs.

Making "unused" Santa Clara County Eco Passes available to low income riders is not a viable option for the Eco Pass program. These employer pass programs are priced on the assumption that some passes will never be used. Providing so-called "unused" Eco Passes to individuals who would actively use them would change the dynamics behind the pricing structure, making it necessary to re-price the program. This could in turn make the program less attractive to the organizations that participate in Eco Pass.

It is recommended that VTA consider providing a **50% discount on day pass tokens to community-based safety net organizations** to help them meet immediate and urgent needs of clients. Increasing the discount from 10% to 50% for this purpose will leverage the efforts that these agencies make to support the transportation needs of low income riders. The revenue impact on VTA would be constrained by the capacity of these partners to purchase tokens, even at a 50% discount. The alternative also meets VTA's parameters for administering, managing and delivering the program and targets individuals who may not otherwise receive assistance.

It is also recommended that VTA and its City and County partners **expand the existing UPLIFT program** by 50% to reach additional low income individuals. This approach relies on County Social Services to administer and manage the program, leverages the existing service network and eligibility management system, minimizes VTA's costs, and clearly defines and bounds the target population.

Providing transportation benefits for low income individuals is a major social issue and not one that VTA can address alone. The recommended approaches involve VTA's partner agencies in the solution and staff have indicated that it is possible to sustain these programs at this time, subject to the biennial budget process.

Background

In the fall of 2011, People Acting in Community Together (PACT) led a community action meeting with public officials to address concerns about the inaccessibility of public transportation for the low-income and homeless populations in Santa Clara County. This study is a direct result of those efforts to bring attention to an issue that has become increasingly critical in difficult economic times.

The purpose of this study is to evaluate the feasibility of creating one or more new or expanded reduced-fare programs for the low-income population in Santa Clara County.

To initiate the study, the consultant team met with diverse stakeholders, reviewed peer agencies' low income programs, and assessed the size of the potential market for a low income program in Santa Clara County. Subsequently, program goals and objectives and alternative approaches for providing low income fares were identified and evaluated. This report summarizes the results of those activities and provides recommendations for VTA's consideration.

Current conditions

In FY 2011, the cost of every VTA fixed route boarding was $6.36. For each of those boardings, VTA recovered 14.5% of the cost from fare revenue – about $0.92. The remaining $5.44 is primarily funded through local sales tax revenues, with lesser contributions from federal and state sources.

Basic Fare Structure

VTA currently offers discounted fares to youth between the ages of 5 and 17, seniors (age 65 and older) and persons with disabilities or on Medicare, subject to verification of eligibility:

VTA Fares (effective 10/1/2009)	Cash Fares				Prepaid Fares		
	Single Ride	Day Pass	8-Hour Light Rail Pass	Community Bus Single Ride	Day Pass Tokens	Monthly Flash Pass/Sticker	Annual Pass Subscription
Adult	$2	$6	$1.25	$1.25	5@$27	$70	$770
Adult Express	$4	$12	N/A	N/A	N/A	$140	$1,540
Youth (5-17)	$1.75	$5	$3.50	$0.75	5@$22.50	$45	$495
Senior (65+)/ Disabled/Medicare	$1	$2.50	$2	$0.50	N/A	$25	$275

As shown above, the Day Pass provides unlimited rides on VTA fixed route services for a calendar day for a fixed price, while the Monthly Pass offers unlimited rides for a calendar month. VTA also offers the 12-month Prepaid Pass Subscription Program (available to adult, youth, and senior/disabled riders), which provides 12 monthly passes for the price of 11 (a discount of 8.3%) with advance payment.

Regional Transit Connection (RTC) Discount Card

The Regional Transit Connection (RTC) Discount Card is available to qualified persons with disabilities and senior citizens 65 years of age or older. The card provides the eligibility verification required for reduced fares on fixed route transit, bus, rail and ferry systems throughout the San Francisco Bay Area. VTA accepts the RTC Discount Card, but also accepts other evidence of eligibility, such Medicare cards.

Universal Pass for Life Improvement from Transportation (UPLIFT) Transit Pass Program

VTA's UPLIFT Transit Pass Program provides transit passes at no charge to homeless adults in Santa Clara County who are receiving case management services through local service providers. From VTA's perspective, this program has several advantages. The County is responsible for administering the program and managing the distribution of UPLIFT passes. The program leverages an existing service network and eligibility management system that is coordinated by the County, minimizing VTA's costs and providing a means for clearly defining and bounding the target population. In this case, UPLIFT passes are provided only to individuals who are receiving case management services from homeless shelters or related service providers.

Currently, the program makes 1,850 UPLIFT stickers available per year, valued at approximately $1,544,000. The County pays $111,000 (7.2% of the cost of the passes) per year for the passes and is responsible for coordinating and monitoring the social service providers that issue the passes to their clients. UPLIFT stickers are valid for three months and are affixed to County-issued photo identification cards that individuals must have in order to continue to receive benefits, thereby reducing the temptation to share or resell the stickers and the fraud that can be a concern with reduced fare programs.

The individuals eligible for the UPLIFT program must be able to verify to the satisfaction of County staff that they are homeless and must commit to adhere to program rules, which include participating in case management services. These rules reinforce the security of the program, help to ensure that it achieves its intents, and reduce VTA's risk.

Each participating service provider has an assigned allotment of passes. A client who is participating in and compliant with a case management plan may be referred to the program for a pass. The requirement is that clients must meet with a case manager at least once a month and be making efforts to improve their life situations, working toward ending homelessness and finding stable housing.

The City of San Jose and the County of Santa Clara contribute $120,000 in funding annually to the UPLIFT program:

- Santa Clara County Mental Health Department: State MHSA dollars - $40,000
- Santa Clara County Social Services Agency: General Fund - $40,000
- City of San José - $40,000

The County then pays VTA $111,000 to fund the program; the balance of the funds ($9,000) is applied towards County administrative costs such as costs for issuing the photo ID cards.

Eco Pass Program

The VTA also offers an Eco Pass program, designed for employers, colleges/universities, and residential neighborhoods. Participating organizations are required to purchase Eco Passes, which are deeply discounted, for each employee/student/resident, on the premise that the fees paid for those who do not use their passes will offset the cost of those who do, and that having a pass will induce some additional ridership and attract some new riders to transit. The Eco Pass program was designed with the intent that it would not adversely impact VTA's fare revenues. With this objective in mind, the VTA Board of Directors adopted a fare policy that specifies that the Eco Pass program should generate an average fare per boarding equal to VTA's average adult fare per boarding. The effectiveness of the Eco Pass program is currently being evaluated.

Stakeholder Input

The intent of this task is to identify and evaluate alternatives for expanding the transit fare discounts available to low income riders in Santa Clara County. A series of interviews with internal and external stakeholders was conducted to frame the opportunities and challenges of offering more extensive discounts to this population.

Internal Stakeholders

Internal stakeholders representing VTA Finance, Operations, and Marketing/Outreach were interviewed. Highlights of those discussions are noted here:

Group	Discussion Highlights
Finance/Management	▪ Desire to find a sustainable solution to address the issue ▪ Interest in expanding UPLIFT program ▪ Prefer a partnership with other invested organization(s) ▪ Concerned about scale and costs, so prefer to start with a pilot program ▪ Concerned about administrative costs ▪ Concerned about how to establish boundaries for eligibility (prefer to leverage an existing case management situation)
Operations	▪ Do not want to burden bus operators with additional responsibility of verifying a "low-income" pass ▪ Concerned about impact on operations ▪ Concerned about farebox recovery ratio ▪ Consider reducing fares across the board instead of creating more special programs ▪ Concerned about stigma of labeling individuals as "homeless" (e.g., with an identification card) ▪ Implications for paratransit fares ▪ Noted Title VI/Eco Pass issues
Marketing/Outreach	▪ Need a firm understanding of Board's intent ▪ Recommend using existing eligibility standards ▪ Concerned that not everyone can win ▪ Noted Title VI/EcoPass issues

External Stakeholders

The consultant team met with representatives of the following external stakeholders:

- **People Acting in Community Together (PACT)** (http://www.pactsj.org/) – a multi-ethnic, inter-faith grassroots organization that promotes community organizing and initiated the discussion about transportation solutions for low income and homeless populations in Santa Clara County

- **OUTREACH** (http://www.outreach1.org/index.htm) – a non-profit, public benefit organization committed to supporting older adults, individuals with disabilities and low-income families with their efforts to lead independent and self-sufficient lives

- **County Department of Mental Health**, whose focus includes re-integration of former inmates into society

- **Santa Clara County Social Service Safety Net Providers**, including representatives from the following agencies:
  - Sacred Heart Community Service (http://www.sacredheartcs.org/)
  - City of Gilroy
  - Family and Children Services (http://www.fcservices.org/index.html)
  - Refugee Transitions (http://www.reftrans.org/), whose mission is to assist refugee and immigrant families to become self-sufficient
  - Supervisor George Shirakawa's office

- County Social Services Agency, including representatives from the Department of Employee and Benefit Services (DEBS) who work with the following public-assistance programs:
  - CalWORKS
  - General Assistance
  - Refugee services

- **Silicon Valley Council of Non-Profits** (http://www.svcn.org/svcn/), which champions the interests of nonprofits in Silicon Valley and is the major organization in the County convening the nonprofit voice to focus on health and human service public policy issues.

The external stakeholder interviews resulted in identifying groups of individuals who could be targets for low income programs. For example, one of the concerns of the Safety Net organizations is to be able to obtain and provide low cost fare media (e.g., tokens, day passes) to individuals on an occasional basis, while administrators of County social service programs are interested in expanding the UPLIFT program, in terms of both eligibility and the number of passes available for distribution.

The highlights of the discussions with external stakeholders are summarized here:

Organization	Discussion Highlights
PACT	▪ Recommend half-price fares for all who quality as low income ▪ Consider RTC-type ID ▪ Involve Safety Net-type organizations in determining eligibility ▪ Feasibility of using "unused" Eco Passes
OUTREACH	▪ Eligibility requirements and enforcement are critical ▪ Eligibility control and standards ▪ Use CTSA as a buffer (for vetting eligibility) ▪ Strongly recommend decoupling paratransit ▪ Use Federal poverty guidelines for eligibility ▪ Consider range of discounts ▪ Consider funding pool and cost sharing ▪ Consider equity and fraud issues ▪ County and non-profits can definitely participate ▪ Implications for passes currently sold at full price
County Mental Health Department	▪ Consider matching contributions ▪ Consider pooling resources to buy in bulk and allocate to participating organizations ▪ Administration by a non-profit ▪ Need data on population ▪ Require reporting feedback to continue to participate (for allocation) ▪ 90-day timeframe would be sufficient ▪ Monthly passes are more valuable to clients than tokens
Safety Net Providers	▪ Universal agreement that needs to address issues exists ▪ Demand for reduced-fare passes exceeds their budgets ▪ Willing to pool resources ▪ Willing to think creatively to address more needs ▪ Willing to report and administer ▪ Some of their needs are to help people who are not helped through

Organization	Discussion Highlights
	existing programs, not the general population ▪ Consider ridesharing/economize resources to serve common destinations ▪ Need is day-to-day ▪ Senior poor will need help as long as they are mobile ▪ Youth don't qualify for UPLIFT until they're 18
County Social Services Agency	▪ Data on populations, programs ▪ Open to working with VTA to provide a benefit (or to expand a benefit like UPLIFT) to an existing client group (e.g., General Assistance) ▪ Potentially two or more groups (subsets of each other) ▪ Robust community partnership – non-profits could administer ▪ Ridesharing ▪ Eligibility: use any public assistance program ▪ Other potential funding sources (JARC) ▪ Concerns about Clipper
Silicon Valley Council of Non-profits	▪ Eco Pass approach ▪ 18-month timeframe for benefits

Peer Programs

The consultant team interviewed representatives of each of the following transit agencies to obtain information about their programs for low income individuals:

- Regional Transportation District (RTD), Denver
- LA Metro, Los Angeles
- Valley Metro, Phoenix
- Utah Transit Authority (UTA), Salt Lake City
- SANDAG (San Diego Association of Governments)
- SFMTA (San Francisco Municipal Transportation Agency)
- King County Metro, Seattle

The table in Appendix A provides a high-level comparison of the peer programs.

In the following discussion, transit providers are referred to as "agencies;" the organizations that administer or participate in the programs are referred to as "organizations."

Among transit agencies that have low income programs, a variety of types of programs are offered. Almost all the agencies sell monthly and daily passes at discounts to organizations that service homeless or low-income populations. These organizations then issue the passes at their discretion to clients for free. In these cases, the organizations determine eligibility and in some cases track the number of passes distributed and to whom they are distributed. One transit agency (SANDAG) does not have a program specific to "low-income" populations and offers reduced fares only to seniors, disabled and Medicare passengers.

Administration

LA Metro's customer programs and services department administers a program for reduced-cost passes for residents of unincorporated areas of the county. In Denver, RTD administers its Non-Profit Agency Reduced Fare Program. Every other transit agency outsources program administration, including screening applicants and determining eligibility. The organizations that own this responsibility include agencies that already work with the low-income and/or homeless populations, or state agencies that administer other programs such as food stamps. SFMTA pays $250,000 a year to the Human Services Agency (HSA) for program administration, which includes determining client eligibility and distributing passes at two sites, and to operate and maintain a client database.

Where program administration is outsourced, there seem to be few processes in place to provide feedback mechanisms for transit agencies to fully understand who and how many are benefiting from reduced fares. Often, an initial contract was established with the organizations that took care of pass distribution and set guidelines regarding intended recipients, but contract enforcement did not appear to be a priority.

Fares, Fare Media and Discounts

Peer programs vary in terms of the types of fares and fare media offered. The following table summarizes the fare products and the discounts that the peer agencies currently offer:

Agency	Discounts Offered
RTD (Denver): Non-Profit Agency Reduced Fare Program	60% discount on 10-ride ticket books. No limit on number; must be distributed at no charge 40% discount on Local Regular Adult Monthly Pass. Maximum of 25 passes/ month/agency; first come first served and must be distributed at no charge Reduced Price Monthly Pass (25% discount)
LA Metro: Available Transit Pass Subsidy Program	Metro Senior/Disabled Pass $8.00 (normally $14, 43% discount) Metro Student Pass $16.00 (normally $24, 33% discount) Metro College/Vocational Pass $25 (normally $36, 31% discount) Metro 30-Day Pass $61 (normally $75, 19% discount) EZ Transit Pass $70 (normally $84, 17% discount) Senior/Disabled EZ Transit Pass $21.00 (normally $35, 40% discount)
LA Metro: Rider Relief Transportation Program	$10 Subsidy Coupon for riders who purchase regular monthly or weekly passes, provided their cities do not provide an additional Metro subsidy $6 Subsidy Coupon for Senior/Disabled/Medicare riders whose cities do not provide an additional Metro subsidy $6 Subsidy Coupon for kindergarten through 12th grade and college/vocational students of cities or schools that do not provide an additional Metro subsidy Metro tokens may be offered in lieu of the subsidy coupon in each category with the total value not to exceed the value of coupons offered in each category
UTA (Salt Lake City): Low Income Program	25% discount off adult monthly pass
UTA (Salt Lake City): Homeless Discount Program	UTA provides passes at 50% discount to agencies that work with the homeless. Agencies distribute passes to homeless for free. Passes available through this program are the adult monthly pass, day pass and tokens
Valley Metro	50% discount on 1-day (normally $3.50 regular, $5.25 express), 7-day (normally

Agency	Discounts Offered
(Phoenix): Homeless Provider Program	$17.50) and 31-day (normally $55) passes
SFMTA (San Francisco): Lifeline Pass, available to low-income residents	50% discount off the regular Muni-only pass (normally $62)
King County Metro (Seattle): Bus Ticket Program for homeless and/or low-income persons	Organizations purchase tickets at a reduced rate (20 percent of actual cost) and then distribute tickets to clients

Subsidies

Among the seven agencies reviewed, most have low-income programs that are subsidized by the transit agencies themselves, with the following exceptions:

- In Salt Lake City, UTA has two programs (the Low Income Program and Homeless Discount Program) that are subsidized by UTA, but also participates in a program that was initiated and is subsidized by the Utah State Department of Health which provides free transit rides to low-income individuals to get to medical appointments.
- LA Metro has two reduced-fare programs (Rider Relief and Intermediate Needs) that are subsided by Metro, but the agency also participates in a program subsidized by the County to provide reduced-cost passes in unincorporated areas of Los Angeles County.
- In Seattle, the King County Human Services Bus Ticket Program provides subsidized bus tickets to eligible organizations. Approved organizations are authorized to spend up to a specified amount for bus tickets, paying 20 percent of the ticket cost with the King County Metro Transit Division subsidizing the remaining 80 percent of the cost.
- In Phoenix, Valley Metro gives a 50% discount to 501(c)3 organizations that purchase and provide free day passes to their homeless clients. San Diego does not have a low income program.

The sizes of the programs vary. UTA's Low Income Program sold a total of 2,584 discounted monthly passes in 2011 (estimated value: $129,200). For its Homeless Discount Program, UTA subsidized $337,214 in 2011, on sales of adult monthly passes, day passes and tokens. SFMTA reported that they had 18,745 Lifeline clients in 2011 and that the program cost $7.4 million. Most other agencies landed somewhere between these extremes. Only two programs (Denver and Seattle) limit the number of passes sold. SFMTA indicated that one of their main challenges was managing a program that had grown faster than anticipated (the number of clients grew more than 250% from 2008 to 2011) and noted that it is difficult to scale back a program once it is in place. Clearly the sustainability of any program is specific to the needs and resources of each agency.

The following table provides more detail about the sources and levels of subsidies:

Agency / Program	Agency Subsidy	Other Subsidy Source	Total Program Cost
RTD (Denver): Non-Profit Agency Reduced Fare Program	N/A	None	N/A (RTD: 100%)
LA Metro: Reduced cost passes in unincorporated areas of the county	$250,000 for administrative fees	LA County: ~$650,000 for program fares	~$900,000 (est.) (LA Metro: 28%)
LA Metro: Rider Relief Transportation Program & Immediate Needs Transportation Program	$8.5M for both programs	$0	$8.5M for both programs (LA Metro: 100%)
UTA (Salt Lake City): Low Income Program	$129,200	$0	$129,200 (UTA: 100%)
UTA (Salt Lake City): Homeless Discount Program	$337,214	None	2011: $337,214 (UTA: 100%)
UTA (Salt Lake City): Utah State Dept of Health - Medicaid Punch Pass program	$0	Utah State Dept of Health: $1.2M	$1.2M (est.) (UTA: 0%)
Valley Metro (Phoenix): Homeless Provider Program	N/A	N/A	N/A
SF MTA (San Francisco): Lifeline Pass, available to low-income residents	$7.4 M (number of Lifeline clients: 18,745)	$0	$7.4M (SF MTA: 100%)
King County Metro (Seattle): Bus Ticket Program for homeless and/or low-income persons	$360,000	$1.4M	$1.8 M (KC Metro: 20%)

Impact to Operations

None of the peers noted any impacts to on-street operations as a result of their low income programs. Nor did they express any concerns about potential impacts on operations. UTA indicated that its low income program is too small to have an impact. Two agencies (Seattle and UTA) said that their agencies provide a popular free downtown "circulator" or "free zone" service, of which the low-income population already makes good use. Adding reduced-fare passes might enable the population to go elsewhere in town but most of their needs are met on free downtown services without impacting operations.

SFMTA and LA Metro both noted that customer service has been impacted by long lines at the limited distribution centers where discounted media are sold (SFMTA sells discounted passes at five sites; LA Metro sells discounted passes at six sites). SFMTA noted that a "low income" fare category on the Clipper smart card would help alleviate this issue.

Marketing

None of the agencies actively market their programs.   Patrons usually find out about programs through word of mouth, through other organizations of which they are a part, or by seeing them on the agency website. None of the agencies indicated that marketing the program is a priority. In some cases this was because the program was longstanding and/or did not have a strong advocate.

Lessons Learned and Recommendations

Agencies noted a number of topics when asked about "lessons learned" and /or program recommendations:

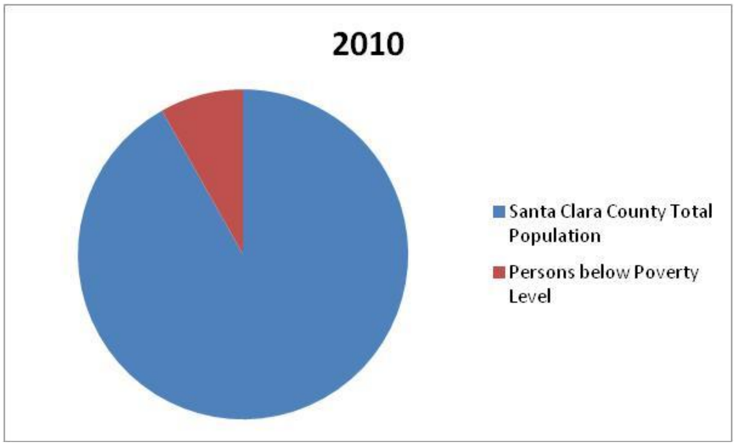
- Demand is very difficult to gauge and to this end the program should be thought through carefully to make sure the it is sustainable; once a program is in place, it is very difficult to scale it back
- It is important to think about how to structure resources, including the additional work load required to provide customer service and staff to check and ensure eligibility
- Try to implement a program via an electronic pass to reduce the strain on distribution channels (this is an aspiration for peer agencies, not the way most of them currently operate)
- The MTC RTC discount card (and the Seattle area's Regional Reduced Fare Permit) are models that could be applied to low income programs to assist with eligibility enforcement.

Low Income Market

In searching for data on the number of individuals who might qualify for a low income transit program in Santa Clara County, it became apparent that a number of indicators are used to define that population. As the following information shows, these criteria include the U.S. Department of Health and Human Services' Federal Poverty Level, a Self-Sufficiency Standard defined by a United Way report published in 2009, and the Bureau of Labor Statistics' unemployment and homeless rates.

Several sources provided information on income:

- For 2010, the U.S. Census Bureau reported the population of Santa Clara County was 1,781,642 and 158,566 (8.9%) individuals were living below the federal poverty level.[1]



- In 2009, the United Way's Bay Area Self-Sufficiency Report defined a self-sufficiency standard based on 2007 data for a family of three for each of the counties in the Bay Area. For Santa Clara County, that standard was $58,512. For the 460,867 households in the County in 2007, 22.2% (over 102,000 households) did not earn enough to cover the costs of housing, child care, food, health care, transportation and taxes.[2]

  As noted by the United Way report, the cost of maintaining a household varies by household composition and geographic location and the Self Sufficiency Standard was defined to provide a more "accurate, nuanced and up-to-date measure of income that is adequate for basic needs" than the Federal poverty guidelines. In 2007, the Federal poverty level for a family of three was $17,170, less than 30% of the Self Sufficiency Standard.

- The results of VTA's last on-board passenger survey, which was conducted in 2005, found that a significant number of riders have low incomes. In that survey, 75% of riders reported household incomes under $49,999. The survey did not collect data on household size, so per person income cannot be estimated.

Federal poverty guidelines for 2012 are shown in the following table. Some stakeholders interviewed for this study suggested that these guidelines should be adjusted by a factor of 2 or 3 to account for the higher cost of living in Santa Clara County. This would increase the low income threshold for a family of

[1] http://quickfacts.census.gov/qfd/states/06/06085.html
[2] http://www.selfsufficiencystandard.org/docs/CA%20Overlooked%20%20Undercounted%202009.pdf

four, for example, to somewhere between $46,100 and $69,150, which would be more consistent with the Self Sufficiency Standard for Santa Clara County.

2012 Poverty Guidelines for the 48 Contiguous State and the District of Columbia	
Persons in Family/Household	**Poverty Guideline**
1	$11,170
2	$15,130
3	$19,090
4	$23,050
5	$27,010
6	$30,970
7	$34,930
8	$38,890
For families/households with more than 8 persons, add $3,960 for each additional person	

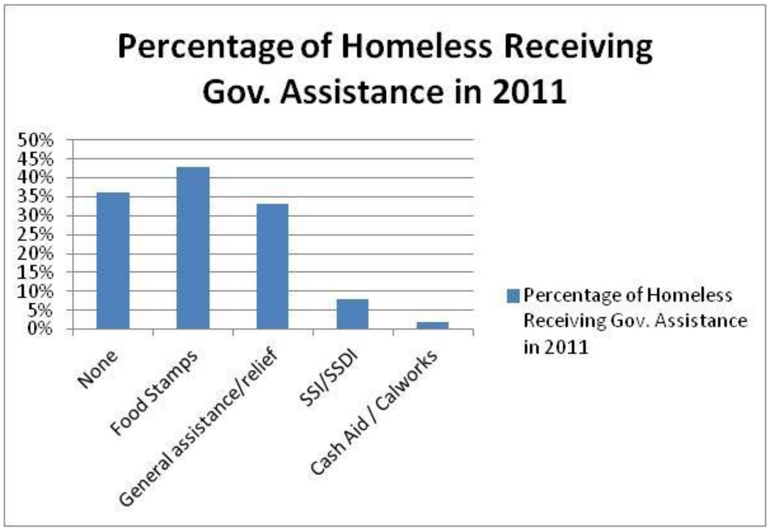
Unemployment is another indicator of income:

- Referencing data from the Bureau of Labor Statistics, the Wall Street Journal reported that the unemployment rate in the San Jose metro area had reached 11.8% in June 2010.[3] Based on 2010 Census figures, over 210,000 County residents were unemployed.

Homelessness is also an indicator of income:

- The 2011 Homeless Census and Survey estimated that 18,272 unique persons in Santa Clara County experience homelessness over the course of one year.[4] As shown in the following graph, approximately 65% of the homeless population received one or more forms of government assistance in 2011.[5] Between 30% and 35% (approximately 6,000) of the homeless population received General Assistance.

[3] http://online.wsj.com/article/SB124899667428695385.html
[4] http://www.sccgov.org/sites/mhd/Mental%20Health%20Services%20Act/MHSA%20Housing%20Program%20-%20Housing%20Plus%20Fund/Pages/2011-Santa-Clara-County-Homeless-Census---Survey-Reports.aspx
[5] These programs are not mutually exclusive.



As of September 2011, the Santa Clara County Social Services Department of Employee and Benefit Services (DEBS) had processed 167,514[6] distinct cases year-to-date for the following programs:

Program	Active Participants
Medi-Cal	235,449
CalFresh (formerly Food Stamps)	74,439
Financial Assistance: • CalWORKS • General Assistance	 37,872 4,691
Foster Care	N/A

Programs are not mutually exclusive; a participant of one program could also be a participant of other programs

Currently, the target population for the UPLIFT program is homeless individuals who are identified by their case workers. As noted previously, Santa Clara County Social Services Department of Employee and Benefit Services case loads under programs such as those shown above help in estimating the potential scope of a low income program.

More details and eligibility requirements for these programs are provided in Appendix B.

By any of these criteria, a significant number of Santa Clara County residents qualify as being low income, as summarized below:

Criterion	Statistic	Source
Income	**158,566 individuals** are living below the Federal poverty level (2010)	U.S. Census

[6] Vital Signs Report, A Review of Key Performance Indicators, Quarter One, Fiscal Year 2012, Santa Clara County Social Services Agency

Criterion	Statistic	Source
Income	Over **102,000 households** earned less than $58,512, the Self Sufficiency Standard for Santa Clara County (2007)	United Way
Income	**75% of VTA riders** reported incomes under $50,000 (2005)	SCVTA
Unemployment	In the San Jose metro area, the **unemployment rate was 11.8%** in June 2010	Bureau of Labor Statistics
Homelessness	**18,272 persons** in Santa Clara County experienced homelessness during 2011	Santa Clara County Homeless Census
Government Assistance	**4,691 individuals** were active participants in the County's General Assistance program as of September 2011 (assuming an even distribution, **2011 total could be approximately 6,254**)	Santa Clara County Social Services

These statistics suggest that the potential market for a low income fare program is in a range between 6,000 and 160,000. Among fixed route riders who paid adult, youth or senior/disabled fares in FY 2011, 56% paid full adult fares, 20% received youth discounts, and 24% received senior/disabled discounts.[7] Assuming the same ridership distribution and current monthly pass prices ($70 for adults, $45 for youth, $25 for senior/disabled) and no cost sharing, providing monthly passes for 160,000 individuals for a year would represent a commitment of about $97 million. A program of this magnitude would not be sustainable, even if a partner was identified to cover half the cost, and it will be important to define a more limited target market for a low income program.

VTA Low-Income Program Goals and Objectives

Based on discussions with internal and external stakeholders, the following goals and objectives were identified for a low income program:

Goals

Provide free or discounted access to transit for low income individuals on a sustainable basis.

Objectives

- Define the target population, including one or more segments or sub-groups within the overall low-income population.
- Link program management and administration to organization(s) that are experienced in and routinely assess income-based eligibility.
- Transit benefits should be made available through case managers to their low income clients.
- Consider fare media tied to a photo identification card that must be retained by the eligible individual for other benefit programs (e.g., if available to recipients of General Assistance benefits).
- Consider electronic fare media that do not require visual validation by coach operators or rail fare inspectors.

[7] These data exclude boardings using Eco Pass and miscellaneous/other fare products.

- Other agencies and/or organizations should participate in funding the discounts provided by the program, to support its sustainability in the longer term.
- Any discount program should be limited to fixed route services.
- Any program should be piloted for a period of 18-24 months and evaluated at the end of the pilot to determine whether it achieved its goals, objectives, and performance targets, whether it is sustainable, and whether it should be continued.

Scoping a VTA Low-Income Program

Scoping low income program alternatives requires answers to questions such as the following:

- Who should be targeted by a program to provide transit benefits to low income individuals?
- How should a low income transit program be administered, managed, and delivered; how should eligibility be assessed and managed?
- How should eligibility be enforced?
- Who will provide the funding to make it possible to sustain a low income program over the longer term?

Target Population

The previous discussion of the low income market identified a variety of sources and a correspondingly broad range in the number of individuals who could qualify for a low income fare program. In addition, organizations such as the members of the Santa Clara County Safety Net Providers noted that there is a population of low income individuals who are not included in benefit programs and would not be reached by a program limited to persons who qualify for an existing assistance program. These individuals include the working poor and the senior poor, who meet the poverty guidelines but are not receiving assistance from the County and are not identified in the DEBS case loads.

The Safety Net Providers try to meet some of the transportation needs of these individuals by buying and distributing tokens and passes. The effectiveness of these programs is limited to the funding the organizations have available to purchase fare products – and the distribution process appears to be more random and not organized the way a case managed program would be. Nevertheless, these organizations help to meet a need that is not filled by programs like UPLIFT and might not be met by a program targeting individuals in case managed programs. The importance of the services provided by these agencies suggests that a single program will not meet all of the County's needs and that there may be a place for two or even three different types of programs (including UPLIFT).

In addition, several external stakeholders noted that eligibility under the UPLIFT program is limited to individuals who are 18 years of age or older, and that there is a need to assist low income youth with their transportation needs, particularly to make it possible for them to get to school. VTA's discounted youth fares are currently $1.75 per boarding, $5 for a day pass, and $45 for a monthly pass.

Program Administration, Management, Delivery

The UPLIFT program leverages an existing service network and eligibility management system that is coordinated by the County and implemented through service providers, minimizing VTA's costs and providing a means for clearly defining and bounding the target population. UPLIFT passes are provided only to individuals who are receiving case management services from homeless shelters or related service providers. VTA relies on County case workers to administer and manage the program and on service provider staff to validate eligibility, distribute the stickers that provide transit benefits, and ensure that homeless participants continue in their commitment to improve their situations. One of VTA's key objectives for any low income program is to base it on a similar model and to rely on the administering agency to decide how best to administer the program. In effect, the program should be one of the tools in the social worker's toolbox to move people from poverty to economic stability.

In discussions with County Social Services Agency staff, they indicated that they are open to working with VTA to provide a benefit (or to expand a benefit like UPLIFT) to an existing client group such as those who receive General Assistance. Outreach staff indicated that they have the capability to assess eligibility and deliver fare products to eligible participants. Several of the Safety Net providers also indicated that they would be able and willing to provide these services.

Eligibility Enforcement

Peers expressed concerns about the security of a program that provides free paper fare products and recommended using electronic fare systems (e.g., smart cards) to manage eligibility and control abuse. One advantage of the current UPLIFT approach is that it provides stickers that are affixed to County-issued photo identification cards that individuals must have in order to continue to receive benefits. This helps to manage abuse, by reducing the likelihood that the stickers will be shared or resold, and controls for eligibility. The ID cards are used to track client participation and services in a centralized database, which controls against individuals receiving stickers from more than one service provider.

Funding

The UPLIFT program currently provides 1,850 monthly passes (valued at $1,544,000) to homeless individuals, which are funded by Santa Clara County ($111,000, 7.2%) and VTA ($1,433,000, 92.8%).[8]

VTA recently requested $2 million from MTC to fund 50% of the cost of a two-year pilot program that would make 3,700 adult monthly passes available for $25 (a 64% discount from the $70 monthly pass price) to individuals who are not currently eligible for transportation assistance through any Santa Clara County Social Services program. The funds requested from MTC would cover one-half the value of the passes; VTA would match the MTC's funding by providing the remaining discounts. VTA intended to minimize its costs of managing and administering the program by making the Santa Clara County Social Services Agency responsible for distribution, eligibility assessment and case management, without the need for additional infrastructure. MTC has not approved VTA's funding request.

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[8] This subsidy is in addition to the 85.5% of costs for every fixed route boarding that is funded through sales taxes or other non-fare revenues.

VTA Low-Income Program Alternatives

After extensive stakeholder and staff input, several low income program alternatives were identified. Following is an analysis of the most promising alternatives for addressing the issue of affordability for the economically disadvantaged while preserving VTA's ability to provide needed service. Each of the five alternatives was evaluated on its ability to reach the target population and achieve administration, management, delivery and funding objectives. The following exhibit summarizes the initial evaluations of each alternative and provides initial recommendations.

Alternative	Target Population	Administration, Management, Delivery Model	Funding	Preliminary Recommendation
Subsidized monthly passes for social service recipients	✓	✓		Not recommended
Distribute "unused" County Eco Passes to low-income riders	✓	✓		Not recommended
Across-the-board fare reduction				Not recommended
50% discount on Day Pass tokens to be distributed by "safety net" CBOs	✓	✓	✓	Recommended
Expand existing UPLIFT program	✓	✓	✓	Recommended

- **Subsidize monthly passes for social service recipients.**

  Earlier this year, VTA submitted a request to MTC for funding to support a pilot project to provide a fare subsidy for extremely low-income adults. The program targeted individuals who are not currently eligible for transportation assistance through any Santa Clara County Social Services program. It would have leveraged an existing service network and eligibility management system coordinated by County Social Services to provide an efficient and effective process for determining eligibility.

  The pilot would have made 3,700 VTA adult monthly passes available each month for two years at a price of $25 per pass, which is a 64% discount from the $70 monthly pass price. The value of the discounted passes was just under $4,000,000 (3,700 passes x $45 discount x 24 months = $3,996,000). The VTA request proposed a 50/50 regional/local split, with $2 million to be allocated from MTC's regional discretionary funding and $2 million to be provided by VTA in the form of fare discounts.

  While it was expected that this proposal would generate additional ridership, it was also expected to result in revenue loss because it is likely that some of the passes would be made available to eligible individuals who currently use VTA services and thus either pay cash fares or already purchase a monthly pass. VTA's experience when the price of Senior/Disabled and Youth passes was reduced in September 2007 is illustrative. With that fare change, the increase in ridership was not sufficient to offset the revenue lost as a result of the price reduction. Although the number of passes sold did increase, VTA experienced a loss, not a gain, in Youth and Senior/Disabled pass fare revenue, as summarized here:

		Adult	Youth	Senior/Disabled
Pass Prices				
Pre-fare change (Sep '06 - Aug '07)		$61.25	$49.00	$26.00
Post-fare change (Sep '07 - Aug '08)		$61.25	$40.00	$20.00
	change	$0.00	-$9.00	-$6.00
		0.0%	-18.4%	-23.1%
Pass Sales				
Pre-fare change (Sep '06 - Aug '07)		113,985	45,910	58,145
Post-fare change (Sep '07 - Aug '08)		120,491	53,387	66,366
	change	6,506	7,477	8,221
		5.70%	16.30%	14.10%
Pass Revenue				
Pre-fare change (Sep '06 - Aug '07)		$6,981,581	$2,249,590	$1,511,770
Post-fare change (Sep '07 - Aug '08)		$7,380,074	$2,135,480	$1,327,320
	change	$398,493	($114,110)	($184,450)
		5.71%	-5.07%	-12.20%

- Reducing the Youth pass price 18% (from $49 to $40), resulted in a 16% increase in the quantity of youth passes sold, but a 5% decline in pass revenues.
- For the Senior/Disabled pass, when the price was reduced 23% (from $26 to $20), the number of passes sold increased 14%, and the associated pass revenues declined 12%.
- During the same period, the price of Adult monthly passes did change. Both sales of these passes and the associated revenues increased by 6%.

VTA's total revenue loss from the Youth and Senior/Disabled pass price reductions was almost certainly larger than indicated above because some of the gain in pass sales volumes would have come from riders who previously paid cash fares.

With the proposed subsidy of monthly passes for social service recipients, it was expected that the $25 price would yield some fare revenue, but that much of that revenue would come from riders who are currently paying more than $25 and the net effect would be a revenue loss similar to the one experienced with the previous pass price reductions . VTA's proposed pilot was therefore contingent on a commitment of external funding. The MTC has not approve funding for VTA's proposal or for a free youth fare program proposed by SFMTA because both programs were perceived as being unsustainable over the longer term. The proposed VTA program clearly could not be sustained by VTA alone.

Without external funding from MTC or another organization, it is not recommended that VTA pursue this option.

- **Make “unused” Santa Clara County Eco Passes available to low income riders.**

  Some stakeholders have suggested reassigning to low income individuals the “unused” Eco Passes that Santa Clara County purchases as a participant in the Eco Pass program. The suggestion assumes that Eco Passes that are not actively being used by the individuals for whom the County purchased them represent an unused asset that could be made available for use by the economically disadvantaged. However, this is precluded by the premise of the Eco Pass program and the way Eco Passes are priced. Providing so-called “unused” Eco Passes to individuals who would actively use them would change the dynamics behind the Eco Pass pricing structure, making it necessary to re-price the program and increase the per-pass price. Increasing the number of Eco Pass boardings without increasing corresponding Eco Pass fare revenues would reduce VTA’s average fare per boarding and farebox recovery ratio. As these indicators decline, less revenue would be available to cover the cost of providing service.

  The intent of the Eco Pass concept is to promote transit use by making free transit passes available to all members of a participating organization, regardless of the extent of each individual’s use of transit. It was developed by Denver’s Regional Transportation District (RTD) nearly 30 years ago, when RTD’s overriding concern was to increase transit ridership. The program has increased ridership, but it has also resulted in significant revenue impacts.

  RTD’s original program targeted employers and their employees, who are a potentially large transit market. The agency contracted with employers to purchase deeply discounted passes for each of their employees, with the objective of putting a “free pass” in every employee’s pocket. The plan was to induce transit ridership by making it possible for employers to provide a relatively inexpensive employee benefit. At the same time, the program was intended to break even financially: some employees were already transit users and would use transit extensively; the free pass would induce some employees to try transit and some of them would then continue to use transit; the remaining employees would never use transit. RTD tried to price the program to take actual use across the entire employer organization into consideration. However, this has proven very difficult to implement in practice for both technical and political reasons.

  Since then, the concept has been adopted by other transit agencies, including VTA, and expanded to include universities and colleges and residential complexes or neighborhoods. Participating organizations are charged a greatly reduced price for each Eco Pass, but they must purchase a pass for every employee, student, or resident. This is intended to ensure that the transit agency does not lose money by providing highly discounted passes only to organization’s active transit users. In all cases, the capacity of the transit agency to provide extremely discounted fares is dependent on the great majority of covered individuals continuing to use modes other than transit for all or nearly all of their travel. Eco Pass programs that result in shifting travel choices to transit will need to be re-priced to ensure that the transit agency breaks even as its revenue per boarding decreases. This is fundamental to the pricing of Eco Passes not only for VTA but for all Eco Pass type programs.

VTA's current Eco Pass pricing structure is shown in the following table. The size of the participating organization and its proximity to transit service are considered in determining the price of the Eco Pass program. Smaller organizations that chose to participate are likely to have higher proportions of transit riders than larger organizations, and are therefore charged higher fees. Similarly, organizations that are closer to transit services are likely to have higher transit usage rates – and higher fees.

Current Price	1-99 employees	100-2,999 employees	3,000-14,999 employees	15,000+ employees
Downtown San Jose	$144	$108	$72	$36
≤ ¼ mile of light rail	$108	$72	$36	$18
> ¼ mile from light rail	$72	$36	$18	$9

Santa Clara County, which offers Eco Passes to 31,950 employees and service providers, and has offices in all three location categories, paid $324,450 to participate in the Eco Pass program for 2012, or $10.15 per recipient. Recent analyses of the Eco Pass program indicate that to achieve VTA's Board-approved Eco Pass revenue target[9] at current usage rates, it would be necessary to increase Eco Pass pricing overall by approximately 130%. For Santa Clara County, this would require a contract cost increase of close to $425,000 per year to a total of $750,000 per year. Even without making "unused" passes available to low income individuals, VTA is already well below its target for revenue generation from the County's Eco Pass contract.

Increasing the usage rate by making "unused" passes available to low income individuals would necessitate further increases to the unit price. If all of the "unused' passes were distributed and used, increasing the County's participation rate to 100%, hypothetically we would have to assume that to meet the Board's revenue target, the price per participant could increase from $10.15 per year to $840, the annualized price of a monthly pass. For 31,950 recipients, this would increase the cost to the County from $324,450 to over $26,000,000. At that level, it is unrealistic for the County to participate. An increase in usage would also likely require an increase in service, and without an attendant increase in the per-pass price, VTA would experience some difficulty funding such an expansion.

For these reasons, it is not recommended that VTA further consider this option.

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[9] VTA's Board-adopted fare policy states that the Eco Pass program should generate an average fare per boarding equal to VTA's average adult fare per boarding. VTA is not currently achieving this objective. For FY11, the average fare per adult boarding was $1.53; the average fare per Eco Pass boarding was $0.67

- **Across-the-board fare reductions.**

  Some stakeholders have suggested that reducing fares across the board, for all transit users, would increase ridership sufficiently to make up the resulting revenue shortfall. The viability of this strategy is questionable at best, and it has not been proven in practice. In fact, experience has shown that ridership growth following a fare reduction is typically not sufficient to offset the revenue lost by the fare change, as demonstrated by other transit entities as well as VTA's own results after reducing the youth monthly pass price.

  Using a CH2M HILL fare analysis model, VTA staff evaluated the ridership and fare revenue impacts of an across-the-board fare change that would reduce by 50% the prices of all single ride cash fares and all monthly passes (excluding Eco Pass). Fare reductions of this magnitude are estimated to result in:

  - A ridership increase of 7.0 million (16%)
  - A fare revenue loss of $13.4 million (35%)
  - A $0.37 reduction in the average fare per boarding, from $0.89 to $0.52.

  The estimated cost per VTA service hour is $195, for bus and light rail combined. With a $13.4 million revenue loss, a reduction of 68,700 service hours (5% of service) would be required to offset the revenue impacts of a 50% reduction in cash and monthly pass fares. Proportional service cuts would be required to offset revenue losses of alternative fare reductions.

  As shown, an across-the-board fare reduction would simultaneously increase the demand for service, while reducing VTA's ability to meet that demand. The net result would be a significant degradation of VTA's service with a likelihood of service cuts and an inability to add service to address potential overcrowding.

  It is recommended that VTA not pursue across-the-board discounts, primarily because they would result in a substantial loss of fare revenue. Across-the-board fare discounts would provide a discount to every rider, extending well beyond the low-income market that is the target of this analysis. Even if the price reductions were limited to low-income riders, with 75% of VTA riders reporting household incomes under $50,000 – a low income for this area – reductions would quickly become unsustainable in terms of both revenue losses and service impacts.

- **Provide a 50% discount on day pass tokens to community-based safety net organizations to meet immediate and urgent needs of their clients.**

  For several years, VTA has sold day pass tokens, in bags of five, at the prices shown below, which provide a 10% discount on the price of a day pass.

Rider Category	Price per Bag of 5 Tokens	Price per Token	Day Pass Price	Current Discount
Adult	$27.00	$5.40	$6.00	10%
Youth	$22.50	$4.50	$5.00	10%

Public agencies and community-based safety net organizations currently purchase day pass tokens in small quantities, as they can afford them, in order to be able to help clients meet their immediate transportation needs. To further encourage the efforts of these organizations, and leverage their support for the transit needs of the low-income, it has been proposed that VTA increase the discount to 50% on all day pass tokens sold to community-based organizations. Participating organizations would be required to agree to distribute the tokens at no charge to recipients.

In 2011, VTA sold 4,897 packages of adult tokens and 3,720 packages of youth tokens to public and community-based nonprofit agencies, generating $149,000 in revenue. VTA averages 4.1 boardings per day pass. At that rate, those sales of day pass tokens accounted for approximately 115,000 boardings.

At that volume of adult and youth day pass token sales, a 50% discount (instead of the current 10% discount) would have generated $83,000 for VTA, which is $66,000 (56%) less than the revenue generated with the 10% discount. If the volume of sales doubles with a 50% discount, VTA would experience an additional revenue loss of $83,000.

Although this alternative would represent a significant price change in the day pass tokens, the revenue impact on VTA would be constrained by the capacity of community-based partners to purchase tokens for free distribution, even at a 50% discount from standard day pass pricing. So this alternative may be considered sustainable for VTA. It also would appear to reach the target population and at least nominally meets the criteria for administering, managing and delivering the program. This alternative is recommended for VTA.

- **Expand the existing UPLIFT program to make the benefit available to additional homeless individuals or those at-risk of homelessness.**

VTA's UPLIFT Transit Pass Program provides 1,850 transit passes at no charge to homeless adults in Santa Clara County who are receiving case management services through local service providers. The County is responsible for administering the program and managing the distribution of UPLIFT passes, leveraging an existing service network and eligibility management system, minimizing VTA's costs, and providing a means for clearly defining and bounding the target population. Currently, the program makes 1,850 UPLIFT stickers available per year, valued at approximately $1,554,000.

The City of San Jose, the Santa Clara County Mental Health Department and the Santa Clara County Social Services Agency each contribute $40,000 in funding annually to the UPLIFT program, of which $111,000 (7.2% of the value of the passes) is paid to VTA to fund the program; the balance of the funds ($9,000) is applied towards County administrative costs (e.g., to issue the photo ID cards).

Based on recent data on UPLIFT pass usage on VTA buses, and assuming a similar utilization rate on light rail, it is estimated that that there are approximately 85,000-90,000 UPLIFT boardings per month, or about 47 boardings per UPLIFT sticker. If the same usage rate applies under an expanded program, expanding the number of passes distributed by 50% would increase UPLIFT boardings, on an annualized basis, to 1.5 – 1.6 million. Some proportion of those boardings would likely be existing occasional riders whose trips would now be fully subsidized by the program, but it is anticipated that the proportion would be small since homeless individuals are likely unable to afford more than the most critical trips, and there is anecdotal evidence that in the absence of a free fare, many of those critical trips are made by foot or another alternative that does not require a payment.

Expanding the UPLIFT program to the recipients of a County-administered assistance program is a recommended strategy because it meets the objectives for administering, managing and delivering the program as well as the target population objectives. Based on discussions with UPLIFT program partners in the City and the County, VTA believes there are both the demand and the capacity to expand the scale of the program by up to 50%. For an increase of this magnitude, VTA would provide up to 925 additional monthly passes valued at $777,000, making a total of 2,775 passes available at a total value of $2.3 million. Expanding the scale of the UPLIFT program would require proportionate increases to the City of San Jose, County Mental Health, and County Social Services Agency funding shares. For a 50% program expansion, shares of each partner would be expected to increase by $20,000, to a total of $60,000 per entity.

Recommendations

VTA applied earlier this year to MTC for funding to subsidize half the cost of a two-year pilot program that would provide discounted adult monthly passes each month to 3,700 extremely low income riders. VTA's proposed pilot was contingent on a commitment of external funding. The MTC did not approve funding for VTA's proposal because it was perceived as being unsustainable over the longer term. The program could not be sustained by VTA alone and without external funding. It is not recommended that VTA pursue this option.

The proposal to make "unused" Eco Passes available to low income individuals is not feasible. The program is intended to increase ridership by providing deeply discounted passes to all of the members of a participating organization. However, the deep discounts are made possible averaging the mix of riders and non-riders. Giving "unused" passes to individuals who would use them would upset this balance and make it necessary to re-price the program and increase the price per pass. This proposal is not recommended.

Across-the-board fare reductions are also not recommended. This approach would provide a discount to every rider, extending well beyond the low-income target market. With no controls on eligibility, and with 75% of VTA riders reporting incomes under $50,000, an unconstrained program like this could quickly become unsustainable from the perspectives of both revenue and service impacts. The magnitude of the fare revenue loss would result in significant deterioration of service, resulting from additional demand for service occurring at the same time that it would be necessary to institute service reductions.

Providing transportation benefits for low income individuals is a major social issue and not one that VTA can address alone. In addition, because the majority of VTA's ridership is low income, it is important to clearly define the criteria for administering a low income fare program. Two approaches that achieve this objective are recommended for consideration:

- A 50% discount on day pass token sales to community-based safety net organizations
- Expansion of the UPLIFT program to reach additional low-income individuals.

It is recommended that VTA extend the discount on sales of day pass tokens from 10% to 50% for public and nonprofit agencies that purchase the tokens to meet the urgent and immediate transit needs of their clients, on condition that the agencies commit to distributing tokens at no charge to recipients.

It is further recommended that the existing UPLIFT program be expanded by a factor of 50%, to provide an additional 925 passes, valued at $777,000 annually. This approach has the advantages of relying on County Social Services to administer the program and manage the distribution, leveraging an existing service network and eligibility management system, minimizing VTA's costs, and providing a means for clearly defining and bounding the target population. The City and County partners would be expected to increase their contribution by 50%, to a total of $180,000. The overall level of discount provided by VTA would remain at approximately 93%, as compared to the value of regular monthly passes.

VTA staff believes that it is possible to sustain the recommended programs at this time, subject to the biennial budget process.