Income-based fares
Program update

Seattle Transit Advisory Board
January 7, 2020

Lindsey Greto & Cindy Chen
Mobility is a human right, leading to thriving communities, sustainable environment, and a vibrant economy.

**EXISTING PROGRAMS**
- ORCA LIFT
- Human Service Tickets
- Regional Reduced Fare Permit
- Youth fare

**ONGOING EFFORTS**
- Mobility Framework
- METRO CONNECTS
- Fare Enforcement reform
- Next Generation ORCA
- Studies and pilot projects

**Income based fares**
<table>
<thead>
<tr>
<th>Existing conditions</th>
<th>Stakeholder engagement</th>
<th>Customer engagement</th>
<th>Implementation report</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>January – July 2019</td>
<td>• Consult with experts and peer agencies&lt;br&gt;• Research affordability</td>
<td>• Recruit stakeholders&lt;br&gt;• Hold four workshops: current barriers, potential solutions, long-term vision, program recommendation</td>
<td>• Community based organization-led community conversations&lt;br&gt;• Customer survey</td>
<td>Consult with partners and Councilmembers&lt;br&gt;Write and submit report to Council</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Program development</th>
<th>Program launch</th>
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<tbody>
<tr>
<td>• Develop program concepts: free and low-cost&lt;br&gt;• Use feedback to refine options&lt;br&gt;• Determine what we need to learn from customers&lt;br&gt;• Include recommendation in report</td>
<td>• Develop systems for anticipated launch in mid-2020&lt;br&gt;• Start evaluation&lt;br&gt;• Learn and adjust for Phase 2 and Next Generation ORCA</td>
</tr>
<tr>
<td>• Use feedback to refine options</td>
<td>• Estimate ridership impact and cost&lt;br&gt;• Design final program</td>
</tr>
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</table>
Program guiding principles

1. Center on the needs of customers
   ▪ Focus resources on customers who can’t afford the current fares
   ▪ Be simple for customers to access/use
   ▪ Avoid stigmatizing or burdening customers
   ▪ Include customer-centric outreach and education

2. Partner with human service agencies for enrollment, verification, outreach
   ▪ Consider their capacity limitations

3. Strive for regional integration

4. Ensure program and transit system sustainability
   ▪ Recognize that fares are not the only barrier to mobility

5. Evaluate results and grow/adapt

King County METRO
Moving forward together
Program proposal

• Leverage existing LIFT infrastructure
• Fully subsidized Metro services
  • On an ORCA LIFT or Regional Reduced Fare Permit card
  • For customers who earn $\leq 80\%$ federal poverty
• Through state, local, and community programs
• Anticipated public launch, mid-2020
• Access through six state benefit programs
• Aim to expand in 2021 via a call for partners
• Employ robust evaluation
Services included at launch

Full subsidy: Metro-operated services
- Metro bus
- Metro first/last mile
- King County Water Taxi
- King County Access
- Trailhead Direct
- Metro permit parking
- Seattle Center Monorail
- Seattle Streetcars

No subsidy: customer pays with E-purse
- Community Transit (LIFT or RRFP fare)
- Everett Transit (LIFT or RRFP fare)
- Kitsap Transit (LIFT or RRFP fare)
- Pierce Transit (regular or RRFP fare)
- Washington State Ferries
- Metro Vanpool

TBD
- Sound Transit (Link, ST Express bus, and/or Sounder)
Proposed phased schedule

Year 1: July – Dec 2020
LAUNCH

- Rapidly implement
- Eligibility: ≤80% FPL + enrollment in a state benefit program
- Enrollment locations: DSHS, Public Health, Catholic Community Services

Years 2/3: 2021/2022
EXPAND/ADJUST

- Process improvements
- Evaluate impact
- Expand eligibility: Add community programs
- Expand enrollment locations

Ongoing: 2022
ADJUST/ALIGN

- Report on impact
- Consider changes to program size, scope, product, eligibility
- Recruit other transit agencies
Eligibility: Launch year

- Automatic qualification for clients of state benefit programs with ≤80% FPL:
  - Temporary Assistance for Needy Families (TANF) & State Family Assistance (SFA)
  - Pregnant Women Assistance (PWA)
  - Refugee Cash Assistance (RCA)
  - Supplemental Security Income (SSI)
  - Aged, Blind, or Disabled (ABD)
  - Housing & Essential Needs (HEN)
- Enroll at DSHS, Public Health, Catholic Community Services

17 enrollment sites
54,000 people eligible
40% Seattle residents
Next steps

- Anticipated Council action in coming months
- Starting implementation now
- Make necessary changes to the ORCA system
- Aim for public launch July 2020 (pending Council approval, system readiness)
- Continue partnership discussions with Sound Transit, SDOT, Seattle Center
- Procure evaluation consultant, start baseline data collection
- Develop expansion plan
Questions?

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Reference slides
## Poverty in King County

<table>
<thead>
<tr>
<th>People ages 6+ in King County</th>
<th>Single adult</th>
<th>Family of 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>50% FPL</td>
<td>4%, 83k people</td>
<td>$6,245</td>
</tr>
<tr>
<td>80% FPL</td>
<td>6%, 130k people</td>
<td>$9,368</td>
</tr>
<tr>
<td>100% FPL</td>
<td>9%, 184k people</td>
<td>$12,490</td>
</tr>
<tr>
<td>30% AMI</td>
<td>14%, 167k people</td>
<td>$23,250</td>
</tr>
<tr>
<td>138% FPL</td>
<td>13%, 261k people</td>
<td>$17,236</td>
</tr>
<tr>
<td>200% FPL</td>
<td>20%, 396k people</td>
<td>$24,980</td>
</tr>
<tr>
<td>50% AMI</td>
<td>26%, 210k people</td>
<td>$38,750</td>
</tr>
</tbody>
</table>
## Eligible customers

<table>
<thead>
<tr>
<th>Launch year programs</th>
<th>King Co clients</th>
<th>Pierce Co clients</th>
<th>Snohomish Co clients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temporary Assistance for Needy Families (TANF) &amp; State Family Assistance (SFA)</td>
<td>24,418</td>
<td>7,664</td>
<td>3,971</td>
</tr>
<tr>
<td>Pregnant Women Assistance (PWA)</td>
<td>66</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>Refugee Cash Assistance (RCA)</td>
<td>98</td>
<td>12</td>
<td>71</td>
</tr>
<tr>
<td>Supplemental Security Income (SSI)</td>
<td>16,384</td>
<td>5,071</td>
<td>4,139</td>
</tr>
<tr>
<td>Aged, Blind, or Disabled (ABD)</td>
<td>10,100</td>
<td>2,006</td>
<td>2,355</td>
</tr>
<tr>
<td>Housing &amp; Essential Needs (HEN)</td>
<td>3,509</td>
<td>522</td>
<td>327</td>
</tr>
<tr>
<td><strong>Total eligible customers at launch</strong></td>
<td><strong>54,575</strong></td>
<td><strong>15,283</strong></td>
<td><strong>10,865</strong></td>
</tr>
</tbody>
</table>

Source: current DSHS caseload

<table>
<thead>
<tr>
<th>Highest ceiling for expansion</th>
<th>King Co</th>
<th>Pierce Co</th>
<th>Snohomish Co</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total population ≤80% FPL (est.)</td>
<td>130,000</td>
<td>73,304</td>
<td>48,992</td>
</tr>
</tbody>
</table>

Source: ACS population estimates
Key findings: Existing conditions

• The affordability of transit and transportation is a key equity issue.
• The need for affordable transportation is exacerbated by the increasing cost of living in King County.
• Mobility for low-income populations depends on the development of high-quality alternatives to driving.
• Existing data does not make it clear how important lower fares are for low-income populations as compared with other priorities.
• More work is needed to understand and further reduce the barriers of enrolling and using Metro’s lowest fares for those who are eligible.
Key findings: Peer outreach

• It’s important to incorporate discounts into the existing fare structure and to design programs to be easily scalable and expanded.

• It is difficult to compare costs between programs since agencies evaluate costs differently, especially with respect to foregone revenue.

• Many discount programs are supported by cost-sharing with cities, counties, partner organizations, grants, or through dedicated sales tax measures; few are fully funded by the transit agency alone.

• Programs that offer multiple or variable reduced rates based on income are most effective at ensuring program investments are made where the need is greatest.
# LIFT program utilization by mode (2018)

<table>
<thead>
<tr>
<th></th>
<th>Metro bus (Metro)</th>
<th>Water Taxi (Metro)</th>
<th>Streetcar (Metro + Seattle)</th>
<th>Link (Sound Transit)</th>
<th>ST Express (Sound Transit)</th>
<th>Sounder (Sound Transit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORCA LIFT</td>
<td>5,461,565</td>
<td>3,589</td>
<td>50,542</td>
<td>1,010,994</td>
<td>592,370</td>
<td>55,146</td>
</tr>
<tr>
<td>Total ORCA</td>
<td>130,037,262</td>
<td>598,167</td>
<td>1,366,000</td>
<td>24,658,390</td>
<td>16,010,000</td>
<td>4,595,500</td>
</tr>
<tr>
<td>% of total ORCA Boardings</td>
<td>4.20%</td>
<td>0.60%</td>
<td>3.70%</td>
<td>4.10%</td>
<td>3.70%</td>
<td>1.20%</td>
</tr>
<tr>
<td>% of total ORCA LIFT Boardings</td>
<td>76.13%</td>
<td>0.05%</td>
<td>0.70%</td>
<td>14.09%</td>
<td>8.26%</td>
<td>0.77%</td>
</tr>
</tbody>
</table>
Estimated net program costs

<table>
<thead>
<tr>
<th>Net impact</th>
<th>2020</th>
<th>2021-2022</th>
<th>2023-2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses</td>
<td>$30M</td>
<td>$78M</td>
<td>$82M</td>
</tr>
<tr>
<td>Revenue</td>
<td>$24M</td>
<td>$60M</td>
<td>$62M</td>
</tr>
<tr>
<td>Net costs</td>
<td>$6M</td>
<td>$18M</td>
<td>$20M</td>
</tr>
</tbody>
</table>

- At the root of the issue is income inequality and regional poverty
- Success hinges on consistent and sustainable funding
- Ongoing conversations with County Council in 2020 about sustainable funding
# Estimated expense details

<table>
<thead>
<tr>
<th>Estimated expenses</th>
<th>2020</th>
<th>2021-2022</th>
<th>2023-2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit passes</td>
<td>$27M</td>
<td>$72M</td>
<td>$76M Subsidy value of the passes</td>
</tr>
<tr>
<td>Staffing</td>
<td>$700K</td>
<td>$3M</td>
<td>$3M Metro staff to administer the program and coordinate customer service, anticipated ratio of 4,000 to 1 for staff people to individual customers</td>
</tr>
<tr>
<td>Card stock</td>
<td>$150K</td>
<td>$150K</td>
<td>$150K Card production (new and replacement), freight, local taxes, and international tariffs</td>
</tr>
<tr>
<td>Evaluation</td>
<td>$750K</td>
<td>$1M</td>
<td>$500K Staff and consultant services</td>
</tr>
<tr>
<td>Professional services</td>
<td>$300K</td>
<td>$500K</td>
<td>$500K Materials, promotions, financial support for human service agencies, estimate ORCA system change</td>
</tr>
<tr>
<td>Tenant improvements</td>
<td>$500K</td>
<td></td>
<td>Estimate for one-time space configuration</td>
</tr>
<tr>
<td>Partner transit agency reimbursements</td>
<td>$500K</td>
<td>$1M</td>
<td>$1M Revenue sharing if agreements are not met for Streetcar and Monorail participation in the subsidy</td>
</tr>
</tbody>
</table>
# Projected revenue

<table>
<thead>
<tr>
<th>Estimated revenue impact</th>
<th>2020</th>
<th>2021-2022</th>
<th>2023-2024</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metro</td>
<td>$27M</td>
<td>$72M</td>
<td>$76M</td>
<td>Revenue from subsidy value of the passes returns to Metro (Metro buys the passes, so revenue is net zero)</td>
</tr>
<tr>
<td>Lost revenue</td>
<td>(3M)</td>
<td>($12M)</td>
<td>($14M)</td>
<td>Existing riders</td>
</tr>
</tbody>
</table>