

EXECUTIVE SUMMARY

This report takes a new look at the current subway and bus fare in New York City. It is the first in-depth public report on fare issues since adoption of fare discounts and passes from 1997 to 1999. The report recommends improvements to the current fare structure that, if implemented by the Metropolitan Transportation Authority (MTA), will:

- Increase transit ridership
- Increase use of unlimited ride passes
- Improve the convenience and ease of use of the subway and bus system, and
- Make fare discounts more accessible to low-income riders.

We estimate that this package of improvements can be implemented without reducing fare revenues for the transit system.

Our recommendations are based on findings from a telephone survey of 805 New York City subway and bus riders, conducted in September 2002. Riders expressed interest in several new types of MetroCards and new MetroCard features. Currently, subway and bus riders can buy unlimited ride MetroCards good for one day (for \$4), seven consecutive days (for \$17) or 30 consecutive days (for \$63.) Riders can also receive a 10% bonus for purchases of \$15 or more on pay-per-ride MetroCards, paying \$15 for 11 trips. Riders can transfer for free between subways and buses (and between different bus routes) within a 2 hour, 18 minute period of the start of the trip.

The survey findings lead to the following recommendations for improving the subway and bus fare:

- 1) ***Offer a 5-day “flexible” unlimited ride pass for \$16 that can be used on nonconsecutive days.*** Sixty-three percent of riders in the survey said that a flexible multi-day pass would be a “major improvement” for them personally and 40% said it would be the most important of several alternatives offered to them. The survey found three inter-related reasons that riders buy a regular per-ride MetroCard instead of a 7-day pass: being able to use a regular MetroCard for longer than a week, not being sure how much you’ll travel in the next week, and not traveling enough for the 7-day card to be a good purchase.

The MTA should offer a 5-day unlimited ride MetroCard at a cost of \$16 that could be used on any five days, not necessarily consecutive days. Unlike current passes that can be used only for seven or 30 *consecutive* days, riders could choose which days to use a flexible pass. For example, a rider could use a flexible pass on Monday, Tuesday and Wednesday of one week, not use it for two days they were sick and stayed home, and use it again on Saturday and then again on Monday – for a total of five *nonconsecutive* days. Transit riders could thus purchase this 5-day flexible pass without worrying that they may “lose” days that they do not travel by subway or bus, as is the case with the current 7-day and 30-day passes.

- 2) **Replace lost or stolen 30-day unlimited ride MetroCards.** Fear of losing or misplacing the 30-day card is the biggest deterrent to its use. Two-thirds (67%) of 7-day pass users in the survey said that the possibility of losing a 30-day pass is a “very important” reason for buying a 7-day pass instead of a 30-day pass. The MTA currently offers a replacement program for seniors and disabled transit customers who pay half fare. The replacement feature should be offered to all 30-day pass users and thus boost the attractiveness of the 30-day pass.
- 3) **Offer a bi-weekly unlimited ride pass good for 14 days for \$31.50.** Nearly one-half (45%) of lower-income riders surveyed who use a 7-day pass said the cost of a 30-day card is a “very important” reason for not buying a 30-day pass. Cost contributes to the fact that only one in nine low-income pass users purchase 30-day passes compared with two in three upper-income pass users. A bi-weekly pass priced at \$31.50, one-half the cost of the monthly pass, should be offered to make the savings of the monthly pass more accessible to these lower-income riders.
- 4) **Reduce the \$1.50 base fare to \$1.40 by eliminating the 10% bonus on MetroCard purchases of \$15 or more.** Survey results show that the bonus is inequitable, purchased primarily by middle and upper-income riders. While 13% of low-income riders (household incomes under \$25,000) purchase bonus MetroCards, 30% of riders with household incomes between \$50,000 and \$75,000 and 39% of riders with incomes over \$75,000 purchase bonus MetroCards. The bonus should be eliminated and the resulting revenue should be plowed back to reduce the fare for all per-ride MetroCard purchases to \$1.40. This change would benefit lower-income riders and produce a more equitable fare structure.
- 5) **Aggressively promote “TransitChek.”** State, city and transit officials should commit themselves to increasing the number of employers participating in “TransitChek.” This program can save workers \$400 or more a year in income taxes, with the federal government footing much of the bill for commuting costs. Unfortunately, a large majority of employees are not able to take advantage of this money saving program. Only 23% of employed survey respondents say their employer offers TransitChek. MTA, City and State officials should commit to enrolling more private employers so that by 2004, 50% of employees in New York City can avail themselves of TransitChek benefits.

Implementation of these five recommendations offers the following benefits:

- **Greater convenience** and ease of use of the subway and bus system.
- **Increased ridership** as more riders use unlimited ride passes with introduction of the flexible multi-day and bi-weekly passes and increased purchases of 30-day passes.
- **A more equitable fare structure**, in which lower-income transit riders will more fully benefit from fare incentives than is now the case. Currently, lower-

income riders are more likely to pay the full \$1.50 fare than upper-income riders – 41% for riders with household incomes under \$25,000 compared with 21% of those with household incomes over \$50,000. With these recommendations in place, we estimate 57% of all riders and 59% of low-income riders would benefit through use of the expanded array of passes or through elimination of the bonus, producing a more equitable fare system.

- **No reduction in revenue to the MTA.** A preliminary financial analysis finds that this package of changes to the fare system can be implemented without reducing fare revenues to the MTA. The recommended changes reduce fare-related barriers to using transit and thus encourage greater ridership of the subway and bus. Thus, although some customers will save money (costing the MTA revenues), this revenue impact will be offset by other riders who will be attracted to purchase more convenient transit.

The MTA should work in collaboration with the advocacy groups that sponsored this study to further assess revenue impacts and adjust details of these recommendations if necessary.

The table below shows the current fare system and recommended changes.

Current and Proposed Fare Structure

Current	Proposed
\$1.50 fare for tokens, cash on buses and MetroCard purchases under \$15	Reduce fare to \$1.40 for MetroCard purchases under \$15. Eventually, standardize fare for MetroCard, tokens and cash
10% bonus for MetroCard purchases of \$15 or more	Eliminate bonus and reduce the base fare to \$1.40
7-day pass costing \$17; cannot be replaced if lost/stolen	No change
30-day pass costing \$63; cannot be replaced if lost/stolen	Offer replacement if card is lost/stolen
One-day pass costing \$4; cannot be replaced if lost/stolen	No change
Not currently offered	Offer 5-day flexible pass, usable on nonconsecutive days, costing \$16
Not currently offered	Offer bi-weekly pass, good for 14 consecutive days, costing \$31.50