More Affordable Transit Fares

Alexis Perrotta

Low-income urban residents often struggle to afford transit fares. Seattle recently established half-fares for poor residents, and other cities are considering similar measures. Yet the policy spheres of welfare and transit are rarely coordinated in the US. Alexis Perrotta proposes a progressive fare policy that would offer an annual fare pass that riders could buy with their income-tax refunds.

The Community Service Society recently released a survey that highlights the problem of transit-fare affordability for low-income riders in New York City (Stolper and Rankin 2016).[1] Separately, in-depth interviews reveal the necessity of transit in the lives of low-income New Yorkers (Perrotta [forthcoming]). Riders report skipping meals, sneaking aboard, borrowing money, and dipping into their children's toy banks. They describe struggling to afford trips to work, adult-education classes, and social visits. One respondent said that whether she attends church on a given weekend depends on if she has saved enough to buy a weekly fare card (Perrotta 2015). This is despite a fare that is already subsidized: its revenue only covers around 40% of operating expenses. Riders also report receiving occasional free fares via welfare agencies, while the transit agency (Metropolitan Transportation Authority, or MTA) receives no information about how many free fares are handed out and who uses them. This article considers the gulf between welfare and transit policy, and how to construct a more progressive transit fare.

Transit and welfare: separate spheres

While research has substantiated the importance of mobility to social inclusion (Stanley Stanley, Vell-Brodrick and Currie 2010), transportation policy remains attached to an economics-based epistemology. In the US, this has resulted in a preponderance of capital projects aimed at serving wealthier "choice" markets, to the detriment of transit operations in lower-income areas (Grengs 2005; Taylor and Sample 2002). The welfare state, which addresses the affordability of daily necessities for low-income individuals, is poised to fill the gap but is politically and historically distanced from transit. Although there is a common perception that public transit is the mode of the poor, especially buses (Aptekar 2015; Garrett and Taylor 1999), the two policy spheres—transit and welfare—only rarely coordinate (Blumenberg 2002).

There are many possible explanations for the lack of coordination between transit and welfare. They have different approaches to service: welfare is stigmatized, a policy with a goal of shrinking its rolls, while transit aims to be customer-friendly to attract broad ridership (Farmer 2011). Historically transit was privately operated and expected to make a profit (Cudahy 1990; Hood 2004). From a political-economy perspective, transit is often rhetorically tied to a city's real-estate values, while welfare is tied to the city's labor force. Nevertheless, the two policy spheres intersect in the lives of low-income transit riders.

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[1] The transit fare in New York City is now $2.75 per ride or $116.50 for 30 days of unlimited rides.

Precedents abroad

In some cities, transit and welfare are joined by cohesive policies. In Moscow, the fare structure acknowledges that transit can be treated as either an income transfer or a direct service, and allows recipients to choose between the two. Eligible citizens can choose between a reduced-cost travel pass or the equivalent monetary compensation (Marchenko 2009). Tallinn, Estonia, exemplifies how transit can be treated by the state as a universal entitlement based on citizenship. The city implemented free fares for residents in January 2013. Residents are required to hold both a residential identity card and a transit card; fares are still in place for visitors. Tallinn's mayor promotes the policy around Europe as an economic and environmental boon, and hosts free-fare transport conferences.

In the US, means-based fare discounts have been systemically applied in Seattle, Washington. Half fares for the poor have been in place there since March 2015, and income eligibility is determined by welfare agencies. Other US cities, including Boston and Charlotte, North Carolina, may follow suit (King County 2016). In New York City, several advocacy groups representing transit riders and low-income communities rallied in April 2016 in support of a "fair fare" for low-income riders (Riders' Alliance 2016).

The US challenge

Creating a cohesive transit-fare policy that uses the welfare system is particularly challenging in the US, where welfare is decentralized. In large US cities, the welfare system is administered, in large part, by private companies and nonprofits funded in part by government contracts. These entities provide emergency food, operate shelters, deliver substance-abuse treatment and job training, and facilitate enrollment in means-based government cash and health entitlements, among myriad other services. Some also hand out transit fares to participants in certain programs. In New York City, the contracting companies and nonprofits purchase the fare cards at retail price. In other cities, charitable organizations may receive a discount.

The disjointed administration of welfare means a person's access to the transit system can change depending on which worker happens to be there on a given day, or if a contracting organization happens to lose the funding it uses to buy fare cards. The government agencies involved with welfare distribute free fare cards in a similarly discretionary manner. New York City's welfare agency, the Human Resources Administration, maintains a complex set of policies for distributing cash intended for transportation (called "carfare") and fare cards to people in homeless shelters; shelter staff may additionally distribute fare cards that the contracting agencies purchase independently. On the other hand, Medicaid (federal health insurance for the poor) reliably distributes two-trip fares to patients after their appointments. Some systems use internal tracking procedures, as with the thousands of fare cards distributed through Food Bank of New York-funded programs, but others do not. All these practices are uncoordinated.

Any new policy risks displacing current practices, which are *ad hoc* and therefore difficult to measure. This is not to suggest that a new affordable fare policy is not warranted or possible. It will be difficult to measure its success, however, without comparing outcomes to the levels of mobility facilitated by the current *ad hoc* system. The issue is unaddressed in the case of Seattle. Seattle's transit agency has stated that its half-fare policy complements the fare discounts already distributed by the transit agency, some of which are for "social" categories of riders (e.g. homeless individuals), but it does not mention whether it has coordinated with nonprofit agencies that may have already been giving away free transit fares (King County 2016). It is unclear whether any organizations stopped giving away fares after the means-based policy was implemented, and therefore not possible to measure the effect of the new discounts on mobility.

Transit among public goods

A more progressive fare policy need not conform to the categorical approach of the US welfare system. Transit can instead be treated as a public good intended to provide access for all residents. This does not necessarily mean the fare must be waived, as in Tallinn. (Eliminating fares is only practical if another source of revenue becomes available, and is only equitable if that alternative revenue source is more progressive than the fare.) Rather, transit can be incorporated into the realm of publicly provided goods, supported by taxes.

One idea is for transit agencies to offer an annual fare pass, for a year's worth of unlimited rides, with an option to buy it with one's income-tax refund. By using the tax system, the state can scale the fare to correspond with income as well as geography. Residents of places that already contribute the most to transit, through sales and other taxes, could be eligible for steeper discounts, for example; very low-income workers could be eligible for dramatically reduced-price annual unlimited-ride fare cards. For those who choose to buy fares retail—not through taxes—the transit agency could offer cards in smaller denominations as well as a variety of payment plans (e.g. yearly and monthly), as is currently done in Vienna, Austria. Welfare and social-service providers would be able to buy annual cards for their clients and manage payments as many of them now manage clients' rent payments (Perrotta [forthcoming]).

An annual fare card would relax the constraint that each ride be directly priced. This would remove the burden of uncertainty from those travelers who can otherwise afford only one fare at a time. It further provides some parity with the most egalitarian of private (i.e. least collective) transportation infrastructure: streets and sidewalks are paved with tax dollars, and enjoyed by pedestrians and cyclists without a marginal price attached.

Transforming the way riders pay for the fare—changing it from a per-trip price to an annual cost linked (via taxes) to other privileges of citizenship—can expand access dramatically for those at the lowest end of the economic spectrum. While a simple low-income discount would coordinate and extend existing welfare-based programs to include transit, a tax-based option would emphasize transit's availability to all; it would help realize a more universal, expansive vision of transit, rather than further associating transit with poverty programs. Such an option may be worth the consideration of policymakers who recognize that income supports are necessary for citizens of an income-disparate city to enjoy some equality of access.

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