

Calgary



Sliding Scale Low Income Transit Pass – Long-Term Funding Options

TT2019-1004

2019 October 23





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Sliding Scale History

Year	Report	
2014	<ul style="list-style-type: none"> • TT2014-0768 Proposed Sliding Scale of Fees for Low Income Calgarians 	
2015	<ul style="list-style-type: none"> • CPS2015-0712 Sliding Scale Proposal for The City of Calgary Subsidy Programs 	
2016	<ul style="list-style-type: none"> • CPS2016-0494 Options for Sliding Scale Implementation • C2016-0799 Sliding Scale Update 	<p>← \$4.5M Provincial funding, 2017-2019</p>
2017	<ul style="list-style-type: none"> • CPS2017-0652 Sliding Scale Implementation Update 	<p>← Sliding scale begins in 2017 April</p>
2018	<ul style="list-style-type: none"> • TT2018-0617 RouteAhead Update 	<p>← \$4M in one-time funding for 2018</p>
2019	<ul style="list-style-type: none"> • TT2019-0637 RouteAhead Update • C2019-0883 Initial Work Plan for Sub-Service Reviews 	<p>← \$6M in one-time funding for 2019</p>
		<p>← Oct 22: Province indicates renewal of funding</p>

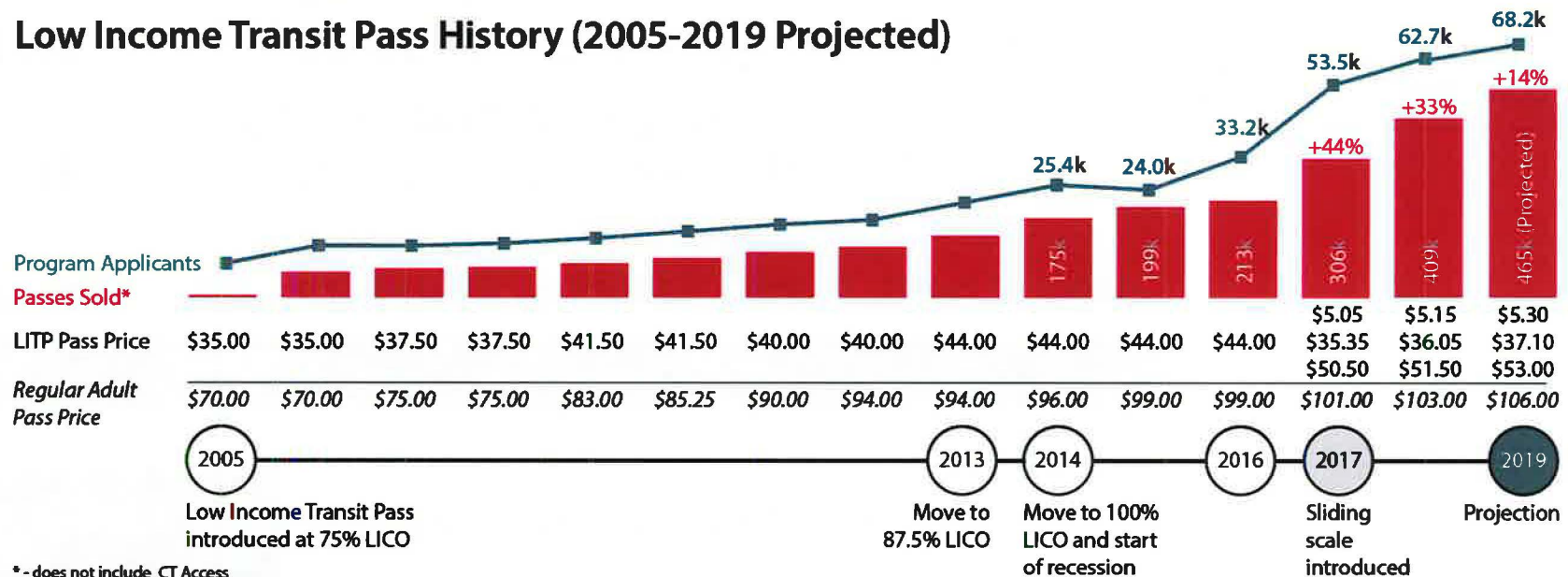


Low Income Transit Pass Current Status

- 68,000 applicants, 465,000 pass sales projected in 2019
- Sustainable funding model required for \$6.5 million funding gap

Band	Pass Price (2019)	LICO Range	% Discount off Adult Monthly Pass	% of Total YTD Pass Sales
A	\$5.30	0%-50%	95%	67%
B	\$37.10	50%-85%	65%	29%
C	\$53.00	85%-100%	50%	4%

Low Income Transit Pass History (2005-2019 Projected)



* - does not include CT Access



Direct Customer Benefits

Percent of LITP customers who experience benefits related to:

- Employment = 74%
- Maintaining social supports = 78%
- Medical and other appointments = 84%
- Saving household money = 91%

Societal Benefits

- Improved labour mobility and supply
- Improved economic and community participation
- Reduced use of costly health and emergency services



Funding Gap Scenarios

Scenario	Description	Funding Gap
A	Government of Alberta provides \$11 million in annual funding for LITP program from 2020 onward	-
B	Government of Alberta renews pilot annual funding of \$4.5 million for LITP program from 2020 onward	\$6.5 million
C	Government of Alberta discontinues funding for LITP program beyond 2019	\$11 million



1. **Maintain a Three Band Sliding Scale**

- Varying income levels below Low Income Cut-Off
- Operationally efficient to deliver and easy to communicate to customer
- Returning to single rate evaluated as part of sub-service review
- More equitable than single rate, while being financially-sustainable

2. **Reflect Equity among Bands**

- Align household's ability to pay with pass price
- Keep proportional price of pass similar among Bands
- Continue providing greatest advantage to those earning the least



Scenario B: \$6.5M Funding Gap

Option	Additional Tax Support	Additional LITP fare revenue	2020 Pass Price (Bands A/B/C)	Discount off Adult Monthly Pass
1	\$6.5 million	-	\$5.45 \$38.15 \$54.50	95% 65% 50%
2	\$3.25 million	\$3.25 million	\$13.10 \$38.15 \$54.50	88% 65% 50%
3	-	\$6.5 million	\$18.55 \$43.60 \$59.95	83% 60% 45%

Recommended – Option 3

- Most financially-sustainable
- Maintains equitable LITP rates aligned with ability to pay
- Aligned with original sliding scale recommendation
- Self-sustaining and stable funding model



Benchmarking Low Income Transit Pass Fares

Calgary Current (2020)	Calgary Proposed (2020)	Edmonton	Ottawa	Montreal	Winnipeg	Vancouver	Toronto	Regina
\$5.45	\$18.55	\$35.00	\$58.25	N/A*	N/A*	N/A	\$119.40	\$71.00
\$38.15	\$43.60	\$50.00						
\$54.50	\$59.95							

**Low Income Monthly Passes are being evaluated by Montreal and Winnipeg for implementation in 2020 or later*



Motion Arising to TT2019-0637 RouteAhead Update

“Direct Administration to report back to Council on 2019 September 30 on the following financial impacts in order to inform potential provincial advocacy:

- a. Eliminating the user fees charged for residents 70 years of age or older for the Senior Regular and the Senior Low Income passes, thereby allowing anyone 70 years of age or older to ride Transit at no charge without the need to produce a pass or fare;
- b. Reducing the cost of Youth fares and monthly passes, over several scenarios, up to the total elimination of these charges; and
- c. Enhancing the Low Income Transit Pass to provide free transit to individuals under 18 years of age on weekends and public holidays.”



Additional Discounts for Seniors and Youth

Discount	Revenue Impact	Admin Cost Savings	Comments
No charge for Seniors age 70+	All fare products = \$1.9 million Annual passes = \$1.1 million	\$233,000	<ul style="list-style-type: none"> • Fastest growing population segment, high revenue risk • 10.8-13.5% of Seniors age 70+ fall below LICO
Reduced cost of Youth fares and passes	Up to \$25.7 million	Minor	<ul style="list-style-type: none"> • Fares mainly distributed through external vendors
Enhanced LITP through no charge for Youth on weekends and public holidays	\$800,000	Minor	<ul style="list-style-type: none"> • No fare for children 5 and under • LITP mainly used for weekday travel to school and employment • Mainly benefits casual transit users



That the SPC on Transportation & Transit recommend that Council direct Administration to:

1. Direct Administration to continue advocacy with the Government of Alberta for permanent funding for the sliding scale Low Income Transit Pass program.
2. Direct Administration to address the sliding scale Low Income Transit Pass program funding gap at the 2019 November budget adjustments with a sliding scale fare structure and budget request that reflects the recommended options in this report, based on the outcome of Provincial funding decisions.
3. Receive for information Options 3 and 4 under Scenario C, as Administration's final submission for sub-service review of the sliding scale Low Income Transit Pass program.