

**Operational Services Verbal Update to
Intergovernmental Affairs Committee
2023 February 16**

**ISC: UNRESTRICTED
IGA2023-0215**

Fair Entry Low Income Transit Pass Scenarios

PURPOSE

Following direction from Council during the continuation of the Regular Meeting of Council Re: 2023-2026 Service Plans and Budgets on 2022 November 08 (Attachment 1), Administration has prepared scenarios relating to moving from household income eligibility to an individual income eligibility assessment for the Low Income Transit Pass (Attachment 2). These scenarios will be used in The City of Calgary's upcoming discussions with the Government of Alberta regarding financial support for the Low Income Transit Pass. It is requested this document is held confidential pursuant to Section 21 (Disclosure harmful to intergovernmental relations) of the *Freedom of Information and Protection of Privacy Act* until such time Committee deems it appropriate for public consumption.

SUPPORTING INFORMATION

The Low Income Transit Pass was introduced in Calgary in 2005. This program provides lower cost monthly passes for adults (18 and older) and youth (13-17 years of age), as well as a lower cost annual pass for seniors (65+). Calgary Transit also offers a deeply discounted annual pass for seniors regardless of income. A sliding scale with three price bands was introduced in 2017, offering discounted passes based on specific income thresholds (Attachment 2). Proof of fare payment is not required for children aged 12 and under in 2023.

Currently eligibility is determined using Statistics Canada's Low Income Cut Off. Calgarians can apply through the Fair Entry program by mail, by fax, or in-person at the Municipal Building and Village Square Leisure Centre. After a Calgarian is deemed eligible, Low Income Transit Passes can be purchased online or in-person at Calgary Transit Customer Service Centres or at the Municipal Building.

The program is administered using an income assessment based on the household income, rather than individual income. Evaluation of individual income against the Low Income Cut Off would result in more people being eligible (Attachment 2).

The Government of Alberta has provided a subsidy to certain municipalities since 2017. Under the current agreement, which expires in March 2024, \$4.5 million a year is provided to The City to support the Low Income Transit Pass (youth and adult).

The existing Low Income Transit Pass represents a subsidy by The City of Calgary and Government of Alberta of approximately \$23 million annually (relative to the revenues and costs associated with equivalent use of regular youth/adult/senior fare products). The current Provincial subsidy represents approximately 20% of the estimated overall subsidy. Revenues traditionally cover approximately 45% of the cost of service delivery (2019), so the current funding represents approximately one-tenth of the cost per trip for each program participant.

The current agreement with the Government of Alberta partially offsets the cost of the existing program by \$4.5 million annually until March 2024. This leaves a significant gap between the actual subsidy offered by The City for the existing program and the funding offered by the Government of Alberta. Expanding eligibility based on individual income will further widen this gap, so the role of the Government of Alberta in fully funding the costs associated with the Low Income Transit Pass (existing and expanded scenarios) is an important consideration in the upcoming discussions with The Province.

The forecasts associated with this change to eligibility are outlined in detail in Attachment 2. Changing eligibility will result in more persons applying and accessing the Low Income Transit Pass program. This will provide more affordable transportation and increased community participation for persons previously not eligible. Through annual surveys, customers have expressed that their use of the pass has:

- Increased their access to medical and other services;
- Enhanced their social ties with friends and family;
- Assisted them with seeking, securing and maintaining employment;
- Allowed them to visit different places in the city; and,
- Saved their household money.

It is anticipated that increased access to the Low Income Transit Pass program would extend similar benefits to new customers. The increase in program participation will result in an increasing number of applicants to be processed and an increasing number of in-person transit pass sales. This will require additional staffing to meet increased demand. Without this parallel investment, current City service levels could not be maintained. Revenue impacts will vary depending on how an individual income assessment is applied. A lower financial risk is associated with the application of individual income assessment only for applicants seeking the Low Income Seniors Annual Transit Pass. The estimated costs, including revenue impacts, of focusing only on the Low Income Seniors Annual Pass are between \$500,000 and \$1,700,000. Full implementation across all Low Income Transit Pass programs (adult, youth and seniors) is estimated to cost over \$12 million inclusive of administrative costs and revenue impacts.

There are equity impacts that should be considered if eligibility criteria are applied to only select age categories and not applied to others with similar financial need. Financial support via subsidies should be applied based on the financial need. Selective application based on age alone, for instance by applying individual income assessment selectively to seniors, creates an inequity for non-seniors with similar financial need who would pay higher fares. Further, the expansion to individual income assessment across the entire program may inadvertently allocate subsidy fares to individuals who are associated with high overall household incomes (for example, young adults with strong family supports). These equity considerations should be assessed prior to adoption of a new approach to eligibility assessments.

There is some risk that potential customers could be confused by the introduction of an individual assessment and for such a process only to be selectively assessed to the Low Income Transit Pass and/or seniors only. Targeted communication can mitigate confusion when customers may not immediately understand what programs they may be eligible to receive.

If additional funding were to be provided by the Government of Alberta (\$1.5 million for the Seniors Annual Low Income Transit Pass, or \$12 million for the full Low Income Transit Pass) individual assessment could be used as a mechanism for administering the Low Income Transit Pass.

Notwithstanding, there would remain a gap between the funding offered by the Government of Alberta (\$4.5 million per year) and the full cost of offering Calgary's current Low Income Transit Pass (estimated \$23 million per year).

ATTACHMENT(S)

1. Confidential Previous Council Direction
2. Confidential Fair Entry Low Income Transit Pass Scenarios