

Calgary Transit Low Income Transit Pass Program

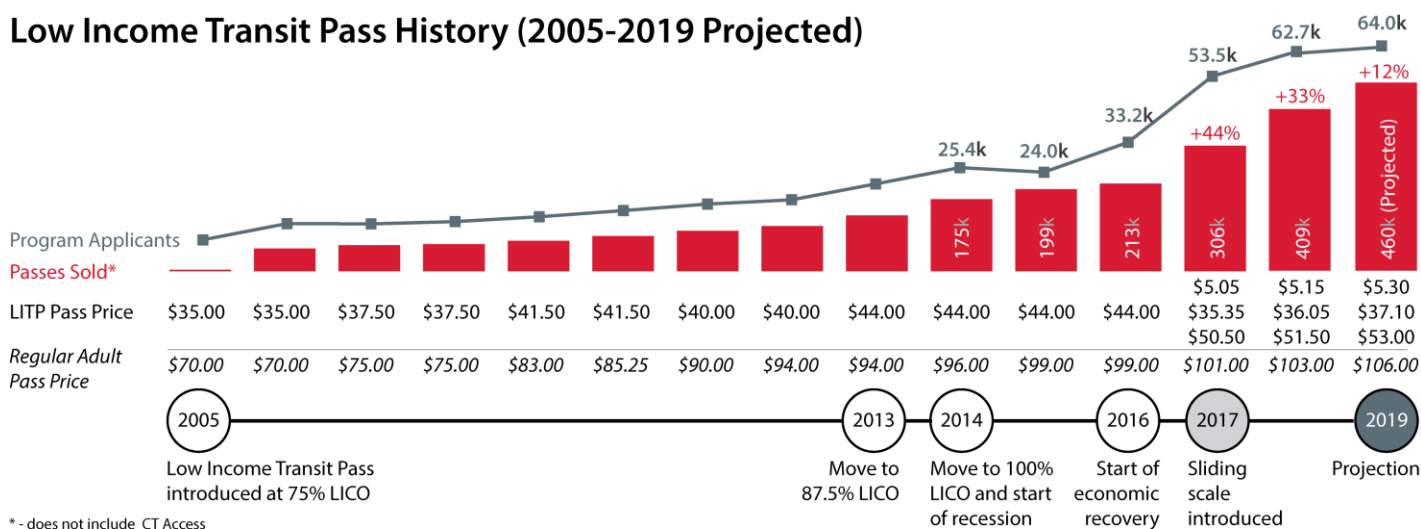
Overview

Introduced in 2005, the Low Income Transit Pass (LITP) program has seen several structural changes and significant growth. Changes to the program have included increases to the low income cut-off (LICO) qualification percentages, inclusion of a greater range of proofs of income/poverty to qualify, participation in Fair Entry application process and the implementation of the sliding scale fare structure in 2017 April. Successive changes have significantly improved the affordability and availability of the program and outcomes for those who are in the program. Additionally, significant growth in applicants in the lowest priced band sheds light on the size of the demographic that found it challenging to consistently afford the previous \$44 monthly pass.

Since the implementation of the sliding scale fare structure, the program has more than doubled in size and supports 63,000 low income Calgarians with 409,000 passes sold in 2018. Low income Calgarians have been clear that the program has made significant positive impacts in their day-to-day lives. However, the current program structure is only possible because of a three-year \$4.5 million annual funding partnership with the Government of Alberta which ends in 2019. The renewal status of this funding beyond 2019 is uncertain at this time. In addition, The City's subsidy costs have increased by more than \$6 million due to the success of the program and its unprecedented growth. Administrative costs are estimated at an additional \$250,000 annually.

Advocacy on a multi-year funding extension for the program will continue with the Provincial government. A long-term sustainable funding model for the LITP program will need to be established in advance of the 2020 budget adjustments in order to cover the estimated approximately \$11 million funding gap. This will include scenarios for LITP price increases to address some or all of the funding shortfall, based on program growth and the status of Provincial grant funding beyond 2019.

Low Income Transit Pass History (2005-2019 Projected)



The Council-approved rates for the LITP are set in relation to the adult monthly pass. Both youth and adults pay the same price per the table below. Eligibility is administered through the Fair Entry program, with specific Band eligibility based on household income in relation to the LICO. The median household income in Calgary is \$76,000, and average household size is 2.6 individuals (Statistics Canada 2016 Canadian Income Survey).

Band	Pass Price (2019)	LICO Range	Percent Discount off the adult monthly pass	2018 Pass Sales	% of Total YTD Pass Sales
A	\$5.30	0-50% LICO	95%	273,000	67%
B	\$37.10	50%-85% LICO	65%	116,900	29%
C	\$53.00	85-100% LICO	50%	16,600	4%

Household Size	LICO - Band A (\$5.30)	LICO - Band B (\$37.10)	LICO - Band C (\$53.00)
1 person	Less than \$12,960	\$12,961 - \$22,031	\$22,033 - \$25,921
2 person	Less than \$16,135	\$16,136 - \$27,429	\$27,430 - \$32,270
3 person	Less than \$19,836	\$19,837 - \$33,721	\$33,722 - \$39,672
4 person	Less than \$24,083	\$24,084 - \$40,941	\$40,942 - \$48,167
5 person	Less than \$27,315	\$27,316 - \$46,435	\$46,436 - \$54,630
6 person	Less than \$30,806	\$30,807 - \$52,371	\$52,372 - \$61,613
7 person	Less than \$34,299	\$34,300 - \$58,308	\$58,309 - \$68,598

Current State

The City of Calgary currently has a funding agreement with the Government of Alberta Ministry of Community and Social Services. This agreement provides an annual \$4.5 million grant (plus a 5% contingency) for each of 2017, 2018 and 2019.

In the first 12 months of the sliding scale fare structure (April 2017 – March 2018), pass sales grew 70% compared to the same period a year earlier. Between April 2017 and March 2018 over 340,000 passes were sold to almost 53,000 low income Calgarians. Of passes sold, almost two-third are in the lowest price category. In comparison, the previous 12 month period pre-sliding scale (April 2016-March 2017) saw 200,000 passes sold to 32,000 low income Calgarians. The program supported 63,000 low-income Calgarians in 2018, with 409,000 passes sold over the year.

Program Change and Growth

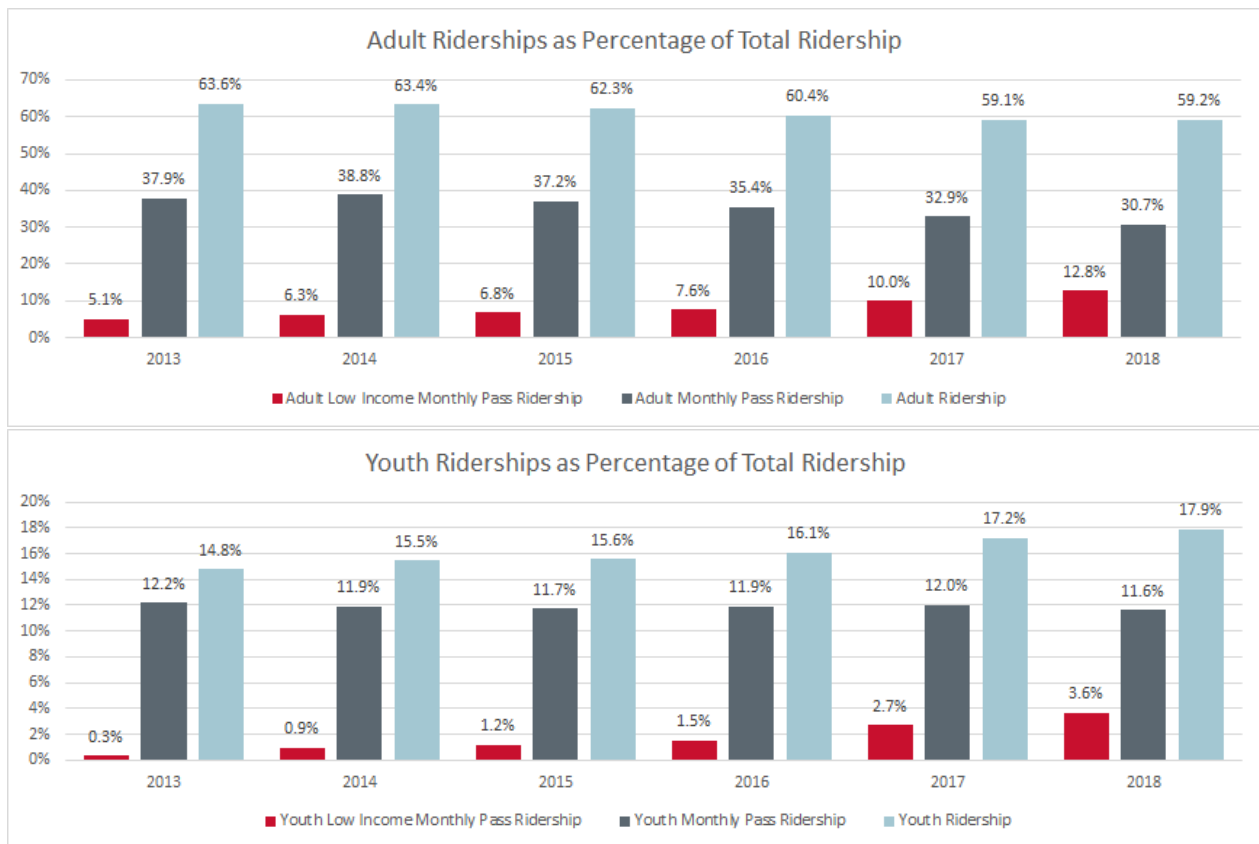
The LITP program realized consistent growth over time since its launch in 2015; however program participation and pass sales have grown rapidly with the introduction of the sliding scale fare structure. From 2006-2016, average annual growth was 14%. Implementation of the sliding scale fare structure in 2017 April has had the single largest impact on program participation, with 43.5% growth in pass sales the first calendar year and 33.7% growth in 2018. Growth in pass sales is projected to normalize moving forward, with approximately 12% projected for 2019 over 2018. While growth has begun to slow and is projected to stabilize in 2021 between 3 and 4% year-over-year, the overall change and impact has been significant in a short period of time. The table below shows actual and projected growth in LITP sales.

Actual and Projected Growth of LITP Sales

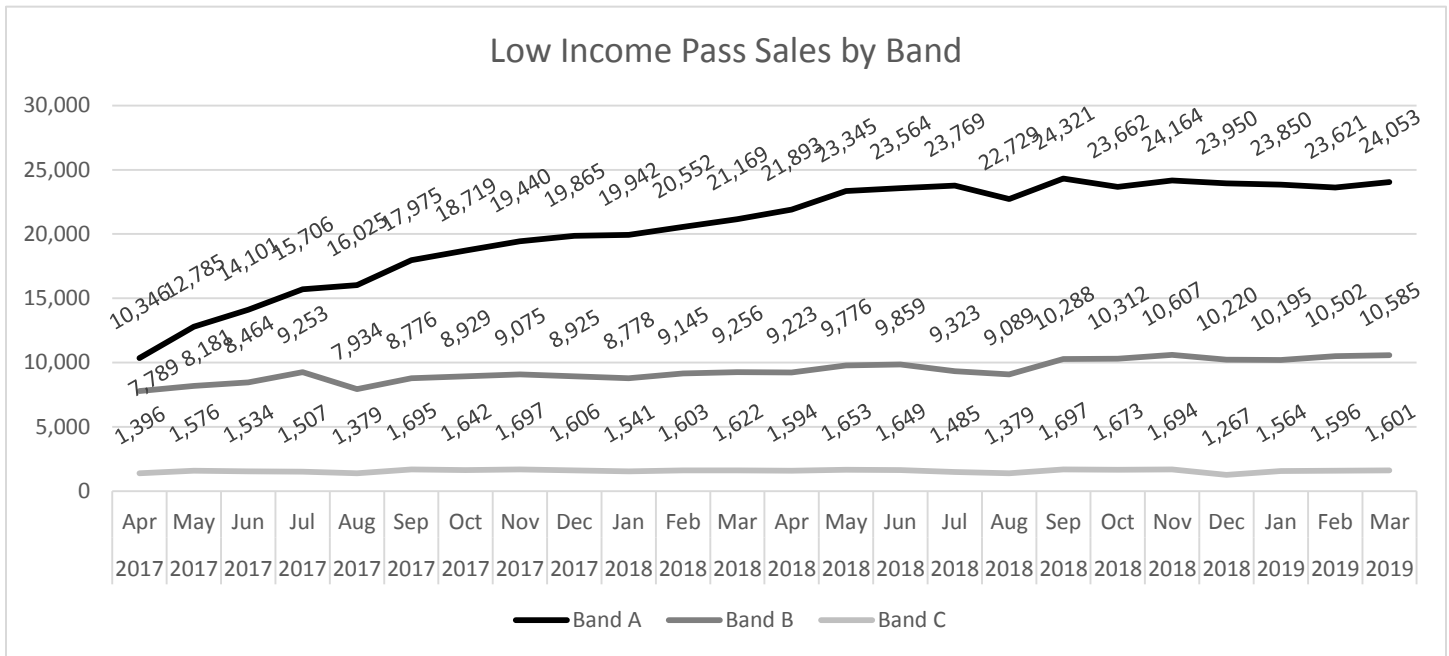
	2016	2017	2018	2019*	2020*	2021*	2022*	2023*	2024*	2025*	2026*
Adult	177,600	244,600	319,000	365,000	400,000	416,000	431,000	446,000	461,000	477,000	494,000
Youth	35,700	61,400	90,000	95,000	110,000	113,000	116,000	120,000	123,000	127,000	131,000
Total	213,300	306,000	409,000	460,000	510,000	529,000	547,000	566,000	584,000	604,000	625,000
Annual Change		43.5%	33.7%	12.5%	10.9%	3.7%	3.4%	3.5%	3.2%	3.4%	3.5%

*-Projected

The growth in LITP sales under the sliding scale program comes mainly from two sources. The first is from new ridership i.e. those customers who were not customers of Calgary Transit prior to the sliding scale. The second and representing the majority, is from those customers who converted from regular fares to the LITP program. The relative growth of low income ridership compared to regular adult and youth ridership reinforces that fare conversions are a main source of program growth. The following graphs also illustrate growth in low income ridership while regular pass ridership fell or plateaued.



The strongest growth has occurred in Band A (the lowest priced band) while the other two bands showed more modest growth in sales since the sliding scale program started.



Projections made in 2016 for expected program growth through 2019 forecasted 227,000 total passes to be sold in 2017, 239,000 for 2018 and 249,000 for 2019. The original projections were considerably underestimated, with actual sales being 34% higher in 2017, and sales being 71% higher than projections in 2018 and estimated to be 85% higher in 2019. Unforeseen growth in the lowest-priced fare category, Band A, has driven much of the overall growth. The table below shows the overall proportion of ridership who hold low income passes under the sliding scale compared to the \$44 program.

Low Income Participation Rates (Current and Pre-Sliding Scale)

LITP Band	% of Overall Ridership (2018)
A	11.0%
B	4.7%
C	0.8%
Total	16.4%
<i>Total Prior to the Sliding Scale (2016 data)</i>	<i>9.1%</i>

Customer Changes Post Sliding Scale

As previously stated, there has been significant growth in pass sales and number of persons accessing the LITP. Further analysis of the Subsidy Assistance Management System (SAMS) database was undertaken to identify those areas of greatest change.

The following trends were identified as contributing to overall program growth. The areas of greatest growth included:

- Larger households with 3 or more persons;
 - Larger households are purchasing more passes per household than prior to sliding scale.
- Households in the lowest income categories;
- Persons in receipt of Alberta Works;
- Youth, less than 18 years of age (although Calgary Board of Education policy changes would have accounted for some of the growth in this area);

- Passes purchased per person
 - The number of passes sold to each program participant has risen from 6.6 passes per person per year in 2016 to 7.4 passes per person in 2017 and finally to 7.6 passes per person in 2018.
- Passes purchased per household
 - In the 12 months after implementation of the sliding scale program, each household purchase 2.7 more passes than they did in 12 months before the sliding scale program.

Customer Impact

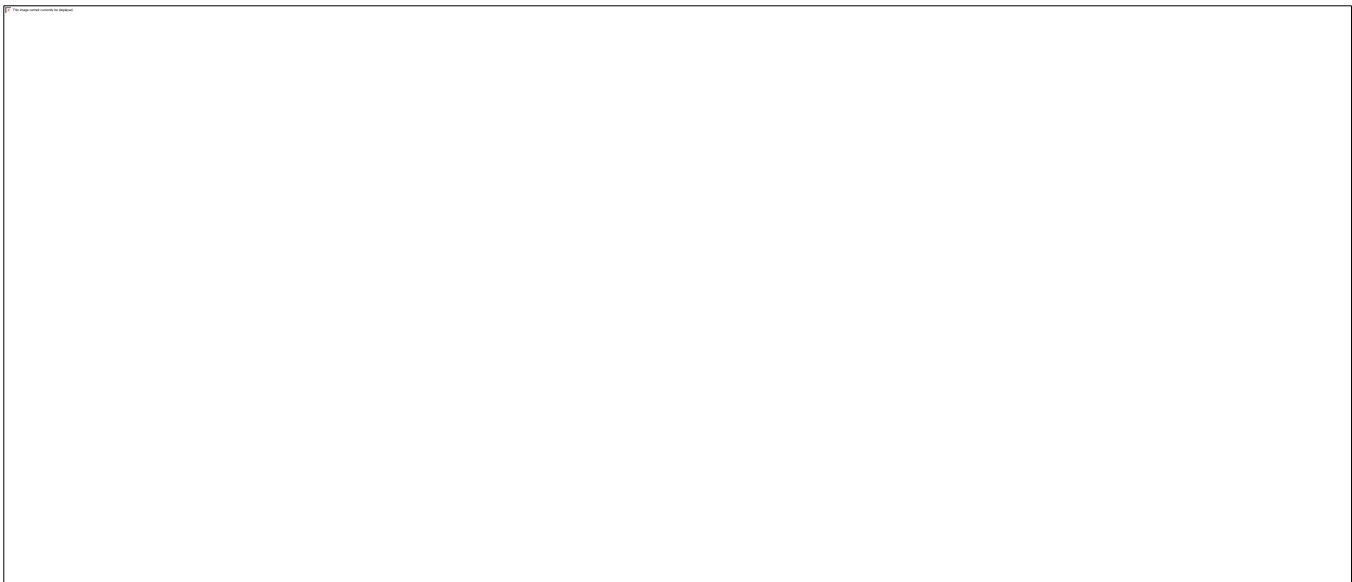
Calgary Neighbourhoods surveyed low-income transit pass customers in fall 2018. The analysis of this data indicated that customers were identifying significant positive impacts of the new sliding scale fare structure. These included:

- 78 percent of respondents said it made it easier to *maintain social supports* through family and friends;
- 84 percent said it was easier to get to *medical and other appointments*;
- 74 percent of respondents agreed the LITP allowed household members to *look for jobs*;
- 91 percent said it *saves their household money*; and
- 87 percent agreed that it *increased their use of Calgary Transit*.

A similar survey was also undertaken in 2017, with 2018 survey responses indicating even greater positive impacts of the program compared to 2017 survey results.

United Way Research – Over the course of the summer and fall of 2018, the Women’s Centre partnered with Fair Fares to further engage customers to identify the impact the Low Income Transit Pass program has had in light of the introduction of the sliding scale fare structure. The United Way undertook an analysis of the data collected.

The analysis outlined the proportion of Calgarians who identified a particular benefit within the data collected:



Justice Research - A recent report prepared by Athabasca University and the Elizabeth Fry Society proposed that through increased affordability, the LITP would result in fewer fines issued to low income persons, resulting in fewer instances of non-payment and associated negative consequences. These negative impacts may include issuing of warrants and detention, which in turn provides direct cost savings to the justice system and is evidence of additional benefits of a sliding scale fare structure for the LITP.¹

¹ Greene, Carolyn & Lucas, Katelyn & Williams, Nicole. (2017). Everything Comes at a Price: An Exploration of the Impact of Bylaw Enforcement Practices in the City of Calgary.

Implications for Funding

The financial change in position for Calgary Transit resulting from the introduction of the sliding scale annually is currently approximately \$10.67 million.

Old Program (\$44 pass) annual revenue*	\$16,200,000
Less New Sliding Scale program annual revenue	\$5,530,000
Less Alberta Provincial Subsidy (annual and incl. 5% contingency)	\$4,730,000
<u>Net Difference in revenues</u>	<u>\$5,940,000</u>

*Includes the revenue from those customers who used regular fares prior to the sliding scale program

Calgary City Council voted to add a one-time funding of \$4,000,000 in 2018 and \$6,000,000 in 2019. No funding decisions beyond 2019 have been made by the Government of Alberta or City Council.

The overall difference in revenue includes conversions from regular fares, but excludes other cost impacts:

- Additional administration costs of \$250,000 annually related mainly to manpower and security costs at Village Square. Pass sales increased at that location by 135% compared to sales before the sliding scale. In addition to more counter staff, security guards were deployed to assist in line management and address customer issues related to prolonged wait times.
- Losses from a change in the Calgary Board of Education's fee waiver program in which the CBE reduced the number of Band C passes they were purchasing monthly from 2,300 to 200. Instead those eligible students were referred to Fair Entry.

As mentioned earlier, the majority of the new participants in the sliding scale program were conversions from other fares; i.e. these customers used Calgary Transit prior to introduction of the sliding scale, but paid with regular fares. Survey data from the summer of 2018 reveals the following usage in the month prior to the survey:

- Monthly Transit Passes
 - Adult regular 29.5%
 - Youth regular 3.9%
- Single Ride Fares
 - Adult tickets 26.6%
 - Youth tickets 16.5%
- Universal Transit Passes 3.6%
- Day Passes
 - Adult 2.0%
 - Youth 1.0%
- Did not pay to ride transit 1.1% (note: includes use of free fare zone and fare evasion)
- Other transit fare 0.8%
- Did not ride transit 25.7% (includes customers who are new to Calgary)

Note: Survey respondents were permitted to select more than one fare type.

As noted above, in the month prior to the survey, 25.7% of respondents had not used transit. Of those, almost half were new to Calgary. From that we conservatively estimate that 17% of new LITP customers were ongoing residents of Calgary and attracted to the program because of the sliding scale.

Based on this, approximately 4,700 people became customers because of the sliding scale and, particularly, Band A. The new ridership combined with increased purchases per household (2.7 more passes per household in the first 12 months of the sliding scale) provide insight into the enabling nature of the program.

Going Forward

Low income Calgarians have been clear that the program has made significant positive impacts in their day-to-day lives, and this program has strong alignment with the City's poverty reduction and economic strategies. However, significant program growth, especially in the lowest price category, has resulted in substantial funding challenges. The current funding model for this program is not sustainable due to the conclusion of the Provincial grant at the end of 2019 and significant increases to the City's subsidy costs from program growth.

Communication and advocacy with the Government of Alberta will need to remain a high priority in light of the expiry of the current funding agreement at the end of 2019.

Most recent communication with other orders of government has included:

Provincially

- i. 2018 January – A letter from Mayor Nenshi highlighting the issue as part of the City's provincial budget submission;
- ii. 2018 March – Calgary Neighbourhoods (CN) highlighted the funding challenge in its grant annual report submission to Community and Social Services;
- iii. 2018 September and October – Meetings with the Minister and Assistant Deputy Minister of Community and Social Services attended by Calgary Transit and CN.
- iv. Intergovernmental and Corporate Strategy (ICS) has worked in partnership with Calgary Transit and CN to flag this issue with Municipal Affairs, as part of ongoing charter discussions.
- v. LITP funding was included as a priority for election advocacy as part of the YYCMatters campaign.
- vi. LITP funding was included as a priority for post-election collaborative opportunities with the Ministries of Transportation and Community and Social Services.

Federally –

- i. Q4 2017 and Q2 2018 – ICS and CN had discussions with Social Development Partnership Program raising the issue with program staff.
- ii. 2018 September – ICS identified the funding challenge as part of the City's recent Federal pre-budget submission.

Administration continues to have discussions with staff from the Government of Alberta on program evaluation and sustainment, as well as with the City of Edmonton on a coordinated approach to advocacy. Post-election advocacy for an extension of the funding partnership will need to continue with the new Provincial government, in coordination with Intergovernmental & Corporate Strategy.

A long-term sustainable funding model for the LITP program will need to be established in advance of the 2020 budget adjustments in order to cover the estimated approximately \$11 million funding gap. This will include scenarios for LITP price increases to address some or all of the funding shortfall, based on program growth and the status of Provincial funding beyond 2019. Administration will continue to evaluate program growth over 2019 and refine the projected short- and medium- term funding gap amounts, and will return in Q3 2019 with recommendations on a sustainable funding model to take forward to the 2020 budget adjustments.