



Board Report

File #: 2021-0679, **File Type:** Policy

Agenda Number: 35.

**EXECUTIVE MANAGEMENT COMMITTEE
OCTOBER 21, 2021**

SUBJECT: FARE POLICY CHANGE

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

APPROVE:

- A. The results of the Fare Equity analysis for changing free fares to 5 years and under.
- B. Changing the fare policy to raise the maximum age of free fare from under age 5 to under age 6.

ISSUE

On September 23, 2021, the Board approved implementation of Phase 1 of the Fareless Systems Initiative (FSI) for participating K-12 districts and community colleges. In ongoing outreach for FSI, it became clear that not all 5-year-olds qualify for kindergarten to participate in FSI. Therefore, this action is recommended to eliminate the gap between 4-year-olds who ride for free and 5-year-olds who have not started school yet.

BACKGROUND

According to Metro’s current Fare Policy, “Two children under age 5 may travel free with each fare-paying adult on bus or rail.” Under the newly implemented FSI Phase 1, children at participating school districts may obtain a TAP card from their school to travel without paying fares on Metro and participating local and regional transit operators. However, the State of California limits Kindergarten enrollment to children who turn 5 on or before August 31st. Consequently, some 5-year-olds do not qualify to enter kindergarten and cannot travel for free under either program.

DISCUSSION

Based on public feedback from the outreach process, staff recommends raising the maximum age for free rides on Metro from “under age 5” to “under age 6”.

Service and Fare Equity (SAFE) Analysis Requirement

According to Federal Transit Administration (FTA) Title VI guidance, “a fare equity analysis requirement applies to all fare changes regardless of the amount of increase or decrease. As with the service equity analysis, FTA requires transit providers to evaluate the effects of fare changes on low-income populations in addition to Title VI-protected populations.”

FTA Circular 4702.1B Chapter IV

Title VI of the Civil Rights Act of 1964 provides that no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. Chapter IV of the FTA’s Circular 4702.1B further describes the requirements that FTA recipients must follow to ensure that the programs, policies, and activities comply with the Title VI requirements.

Title 49 CFR Section 21.5 (b)(2) specifies that a recipient shall not utilize criteria or methods of administration which have the effect of subjecting persons to discrimination because of their race, color, or national origin, or have the effect of defeating or substantially impairing accomplishment of the objectives of the program with respect to individuals of a particular race, color, or national origin.

Section 21.5 (b)(2) requires recipients to take affirmative action to assure that no person is excluded from participation in or denied the benefits of the program or activity on the grounds of race, color, or national origin.

A detailed Fare Equity Analysis has been completed (see Attachment A). The analysis compares the percentages of minority and low-income K-12 student riders against to the total minority and low-income percentages for all Metro riders. The Minority Ridership Total below is based on data from the Fall 2019 Metro Customer Survey and includes: Latino/a, African American, Asian/Pacific Islander, Native American, and Other.

The analysis determined that, although the absolute difference on the number of minority and low-income K-12 students impacted is more than 5% of the total minority and low-income riders, since the proposal is to remove fares from this group, the net impact on these groups is positive.

The results of the SAFE Analysis must be reviewed and approved by the Metro Board prior to any permanent fare change being implemented.

Fare Change Recommendation

Because the results of the SAFE analysis demonstrate a positive impact, staff recommends a permanent fare change to the Metro’s Fare Policy.

In addition, research from Metro's How Women Travel Study and Metro's Gender Action plan currently under development shows that women, in particular, often travel with multiple children, who could be under the age of 6. So, staff recommends removing the restriction on the number of children that can travel free with each adult.

Therefore the revised rule would read:

"Children under age 6 may travel free with a fare-paying adult on bus or rail."

FINANCIAL IMPACT

There is no financial impact in FY21 or FY22 since all K-12 fare revenue losses were assumed for FSI Phase 1. Due to low ridership among five year olds, there is no material impact to fare revenues beyond the pilot period.

DETERMINATION OF SAFETY IMPACT

This program does not affect the incidence of injuries or healthful conditions for patrons or employees. Therefore, approval of this request will have no impact on safety.

EQUITY PLATFORM

At its core, the goal of the FSI Pilot Program is to achieve greater equity through reducing barriers and improving access to transit for all communities. As part of the FSI implementation, changing the maximum age of free fares on Metro from 4-years-old to 5-years-old will benefit families with children under six who do not qualify for kindergarten, by reducing their transportation costs.

NEXT STEPS

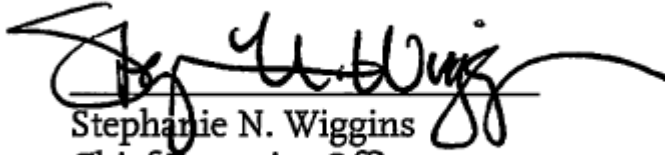
Once the fare analysis and fare change have been approved by the Board of Directors, all fare policy documents, and public-facing information will be updated to reflect this change.

ATTACHMENTS

Attachment A - Fare Equity Analysis

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Fare Equity Analysis

Changing Free Fares to Five Years-Old and Under

Los Angeles County Metropolitan Transportation Authority

FTA Recipient ID: 5566

FARE EQUITY ANALYSIS for CHANGING FREE FARES TO FIVE YEARS AND UNDER

Overview

The Los Angeles County Metropolitan Transportation Authority (Metro) serves as transportation planner and coordinator, designer, builder, and operator for one of the country's largest, most populous counties. More than 10.1 million people live and work within the 1,479-square-mile service area. Figure 1 (MAP) provides an overview of the Metro Service Area.

Over the coming decades, Metro will greatly expand the fixed-guideway rail and bus network throughout Los Angeles County due to the passage of the Measure M ballot initiative in November 2016. The half-cent sales tax increase is expected to provide upwards of \$130 billion for the development of new transit lines and other transportation capital investments throughout Los Angeles County.

Figure 1: METRO SYSTEM MAP



Purpose

Title VI of the Civil Rights Act of 1964 is a Federal statute and provides that no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. The Federal Transit Administration (FTA) is responsible for ensuring that recipients of Federal funds follow Federal statutory and administrative requirements. In 2012, FTA issued Circular 4702.1B, which provides recipients of FTA financial assistance with guidance and instructions necessary to carry out the United States Department of Transportation Title VI requirements.

Metro operates its service without regard to race, color, or national origin in accordance with Title VI of the Civil Rights Act of 1964, as amended. The purpose of this report is to analyze any potential impact of changing the maximum age to ride free on minority and low-income riders in our service area.

Regulatory Setting

FTA Circular 4702.1B Chapter IV

Title VI of the Civil Rights Act of 1964 provides that no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. Chapter IV of the FTA's Circular 4702.1B further describes the requirements that FTA recipients must follow to ensure that the programs, policies, and activities comply with the Title VI requirements.

Title 49 CFR Section 21.5 (b)(2) specifies that a recipient shall not utilize criteria or methods of administration which have the effect of subjecting persons to discrimination because of their race, color, or national origin, or have the effect of defeating or substantially impairing accomplishment of the objectives of the program with respect to individuals of a particular race, color, or national origin.

Section 21.5 (b)(2) requires recipients to take affirmative action to assure that no person is excluded from participation in or denied the benefits of the program or activity on the grounds of race, color, or national origin.

Transit providers that operate 50 or more fixed-route vehicles in peak service and are located in an urbanized area (UZA) of 200,000 or more in population are required to meet all requirements of Chapter IV including setting service standards and policies, collecting and reporting data, monitoring transit service, and evaluating service and fare changes.

Metro Title VI Program Update

In October 2019, Metro prepared the Title VI Program Update in compliance with Title 49 CFR Section 21.9 (b) and with the FTA Circular 4702.1B "Title VI Requirements and Guidelines for Federal Transit Administration Recipients," issued in October 2012. The purpose of the Title VI Program Update is to

document the steps Metro has taken and will take to ensure Metro provides services without excluding or discriminating against individuals on the basis of race, color, and national origin.

The Title VI Program Update provides an outline of Metro's Title VI policies including what constitutes a service or fare change, the disparate impact, and disproportionate burden policy. Metro staff recommended that the absolute difference be considered when evaluating service and fare changes.

Metro's Title VI Policies

Disparate Impact

Disparate impact refers to a facially neutral policy or practice that disproportionately affects members of a group identified by race, color or national origin and the policy lacks a substantial legitimate justification, including one or more alternatives that would serve the same legitimate objectives but with less disproportionate effects on the basis of race, color or national origin. This policy defines the threshold Metro will utilize when analyzing the impacts to minority riders. For fare changes, a disparate impact will be deemed to have occurred **if the absolute difference between the percentage of minority riders adversely affected and the overall percentage of minority riders is at least five percent** per Metro's Title VI Program which was updated and approved by Metro's Board in October 2019.

Disproportionate Burden

Disproportionate burden refers to a neutral policy or practice that disproportionately affects low-income riders more than non-low-income riders. Metro defines low-income riders at **\$41,500**, which represents the median income of a three-person household in Los Angeles County. A finding of disproportionate burden for major service and fare changes requires Metro to evaluate alternatives and mitigate burdens where practicable. For fare changes, a disproportionate burden will be deemed to exist **if an absolute difference between percentage of low-income adversely affected by the service change and the overall percentage of low-income persons is at least five percent** per Metro's Title VI Program which was updated and approved by Metro's Board in October 2019.

Disparate Impact Analysis Methodology

In order to assess whether the change will have a disparate impact on minority riders, this report evaluates the ethnicity demographic data of the riders that would receive the new fare discount. The data is then compared to the ethnicity demographic data of the Metro Service Area. If the absolute difference between the minority percentage along the alternatives and the Metro Service Area percentage is at least five percent, an impact is deemed to have occurred.

This report uses ethnicity data from Metro's Fall 2019 Customer Survey data to represent the current Metro ridership demographics and impacts.

Results

Figure 2 includes a comparison of the percentages of minority K-12 student riders compared to the total minority percentage for all Metro riders. The Minority Ridership Total below is based on data from the Fall 2019 Metro Customer Survey and includes: Latino/a, African American, Asian/Pacific Islander, Native American, and Other. Although the absolute difference is more than 5%, since the proposal is to remove fares from this group, the impact is positive.

Figure 2

Minority Riders vs. Total Riders	
Total Riders Surveyed	14,624
Minority Ridership Total	12,971
Minority Share	88.7%
Minority K-12 Student Share	96%
Absolute Difference	7.3%

Disproportionate Burden Analysis Methodology

In order to understand the characteristics of affected riders and assess whether the change will have a disproportionate burden on low-income riders, this report evaluates the income demographic data of riders that would receive the new fare discount. The data is then compared to the income demographic data of all Metro riders. If the absolute difference between the low-income percentage of K-12 student riders and the total Metro ridership is at least five percent, an impact is deemed to have occurred.

This report uses income demographic data from Metro's Fall 2019 Customer Survey data to represent the current Metro ridership demographics and impacts.

Results

Figure 3 includes a comparison of the percentages of low-income K-12 students affected compared to the total low-income percentage for all Metro riders. The Low-Income Riders total below is based on Household Income data from the Fall 2019 Metro Customer Survey. Although the absolute difference is more than 5%, since the proposal is to remove fares from this group, the impact is positive.

Figure 3

Low-Income Riders vs. Total Ridership	
Overall Riders	14,624
Low-Income Riders	11,714
Low-Income Share	80.1%
Student Low-Income Share	86%
Absolute Difference	5.9%

Public Outreach

Metro emphasizes public involvement in the planning process and seeks inclusive and collaborative participation in decision-making. A comprehensive community outreach, public information, and engagement strategy is designed to serve all stakeholders regardless of their gender or age and including Limited English Proficiency (LEP), minority, and low-income populations. The strategies and implementation combine traditional outreach practices with evolving technologies. The development of each specific public participation plan includes the assessment of how best to effectively communicate with technology within LEP, minority, and low-income communities, coupled with outreach methods to engage people with disabilities, hard-to-reach communities, and general population stakeholders. This combined approach provides meaningful and broad access to the public process.

Fareless Systems Initiative Outreach

Metro has conducted proactive outreach for this fare change as part of the Fareless Systems Initiative (FSI) for K-12 Students in compliance with FTA's Circular 4702.1B and will continue to engage in outreach to persons potentially impacted by the proposed changes.

The audience was the general public with targeted advertising to Metro riders and non-riders, each of the seven sub-regions, and in-language advertising to speakers of various languages. The key outreach tools included email distribution to school districts, agency blogs, public meetings. All 87 public school districts in Los Angeles County have received information on the Fareless System Initiative for students and over 50 districts are interested in participating in the program.

All meetings with the community were held virtually and included simultaneous Spanish interpretation and handouts of outreach materials in Spanish. Meetings were held virtually to allow attendees to participate while safely social distancing during the COVID-19 pandemic. Meetings included a presentation about the program followed by a question-and-answer session to allow input and dialogues with project staff and to receive comments directly. Outreach materials were also provided electronically and on Metro's web site at www.metro.net/fareless.

Metro conducted twenty-five (25) public and community meetings and one (1) Metro Employee All Hands meeting on the following dates:

- Eight (8) Metro Board and Committee Meetings (May through September 2021 – No meeting in August 2021)
- Metro Policy Advisory Committee (PAC) – 7/21/21 @ 2:00 PM
- Rio Hondo College Facilitating Alternative Solutions for Student Transportation (FASST) Consortium – 7/29/2021 @ 10:00 AM
- South Los Angeles Transit Empowerment Zone (SLATE-Z) – 8/11/2021 @ 1:00 PM
- Westside Cities Council of Governments – 8/12/2021 @ 12:00 PM
- Gateway Cities Council of Governments Transportation Committee – 9/1/2021 @ 4:00 PM
- San Gabriel Valley Council of Governments Transportation Committee – 9/9/2021 – @ 4:00 PM
- South Bay Council of Governments Transportation Committee – 9/13/2021 @ 10:30 AM
- Metro Policy Advisory Committee (PAC) – 9/14/21 @ 2:00 PM
- Local Transit Systems (LTS) Committee – 9/16/2021 @ 2:00 PM
- San Fernando Valley Council of Governments Transportation Comm. – 9/16/2021 @ 1:30 PM
- San Gabriel Valley Council of Governments Governing Board – 9/16/2021 @ 4:00 PM
- Metro Transportation Career Academy K-12 Partners Meeting – 9/22/2021 @ 10:00 AM
- Metro Employees All Hands Meeting – 9/29/2021 @ 1:00 PM
- Metro College & University External Partner’s Meeting – 10/6/2021 @10 AM
- Gateway Cities Council of Governments – 10/6/2021 @ 6:30 PM
- Metro Aging and Disability Transportation Network (ADTN) – 10/7/2021 @ 2:00 PM
- Arroyo Verdugo Communities Joint Powers Authority – 10/7/2021 @ 4:00 PM
- San Fernando Valley Council of Governments Governing Board – 10/21/2021 @1:30 PM

Based on public feedback from the public outreach meetings, it was determined that maximum age for free fares should be increased to 5 years old to accommodate children who have not yet started school to be eligible for reduced student fares.

Future Outreach

Once the fare change has been approved by the Board of Directors, Metro will launch a robust public education effort, including advertising on our bus and rail vehicles and on our web site, and external advertising in social media and print outlets, including ethnically diverse publications throughout the county.

In addition, a presentation will be given to each of our Service Sectors in the County during the month of November 2021 to allow the public to participate and ask questions.

- Monday, November 1, 2021 at 2:00 PM Gateway Cities Service Council
- Wednesday, November 3, 2021 at 6:30 PM - San Fernando Valley Service Council

- Monday, November 8, 2021 at 5:00 PM - San Gabriel Valley Service Council
- Wednesday, November 10, 2021 at 6:00 PM - Westside/Central Service Council
- Friday, November 12, 2021 at 9:30 AM – South Bay Service Council

Conclusion

This report documents the Title VI Fare Equity Analysis required to support changing free fares for children ages five and under instead of ages four and under. This change is analyzed based on Metro's Title VI thresholds and FTA's Circular 4702.1B to determine whether the proposed removal of fares for 5-year-old riders will have a disparate impact or disproportionate burden on minority and low-income riders relative to non-low-income and non-minority riders. Since the recommendation is to remove fare for these riders, even though the absolute difference between the affected riders and total riders is higher than 5% for minority riders, it is determined that this would result in a positive impact. Furthermore, Metro has also met the legal test as stated in the FTA Title VI Circular 4702.1B "the transit provider has a substantial legitimate justification for the proposed fare change, **and** the transit provider can show that there are no alternatives that would have a less disparate impact on minority riders but would still accomplish the transit provider's legitimate program goals."

In summary, this Title VI Fare Equity Analysis concludes that this change would prove beneficial and would not negatively impact minority or low-income riders.