



MEMORANDUM

TO: MPO Policy Board
FROM: Kellem Emanuele, Transportation Program Coordinator
DATE: May 7, 2007
RE: Overview of Fare Free Transit

As requested at the March MPO Policy Board meeting, this memo is intended to provide an overview of the impact of fare-free transit. Specifically, research focused on how converting to a fare-free transit system has been shown to impact existing service, and the factors associated with conversion to a fare-free system. (Note: The impact on complementary paratransit service (JAUNT) was not explored.)

Fare-Free System Impacts

As referenced by Hodge et al. and several other studies, ridership trials have shown that in general, converting to a fare free can produce an approximate 30% increase in ridership. Potential other impacts include the following:

- **Financial:**
 - o Eliminate fares will eliminate the costs associated with collecting fares and fare changes
 - o Increased ridership may increase costs associated with expanding capacity
- **Problem Riders:**
 - o Absence of a fare may attract problem riders (e.g. truant school children, etc.)
 - o Difficult to recover from a negative public perception brought on by problem riders
 - o Potential for increased costs to respond to problem riders (address vandalism, need to hire security officials, etc.)
 - o Problem riders create safety, security, and job satisfaction issues for drivers
- **Fare-related Issues:**
 - o Eliminate possibility of fare disputes, confusion over fares and transfers
 - o Eliminate perception that fare payment entitles rider to vandalize bus, rowdy behavior
 - o Boarding time: Removing fare may speed boarding time; however increasing the number of people boarding may have a negative effect on keeping to schedule by increasing the time it takes for all passengers to board/exit

Fare free systems are most successful in small – medium sized communities (approximately 1 million riders annually, similar to the CTS) rather than larger communities, for the following reasons:

- Fare collection costs represent a higher percentage of operating costs in smaller systems
- Smaller systems are less likely to confront the same number/type of problem riders
- Smaller systems are better able to keep track of problem riders, and implement educational and other efforts aimed at preventing unacceptable behavior

Conversion to a Fare-Free System

Transit systems typically have broad goals that relate to mobility (e.g. ensuring that all members of society have the ability to move around, and/or strategies to relieve congestion) and environmental objectives (e.g. increase transit use to address transportation-related impacts on the natural environment). Before making the decision to convert to fare-free, the following elements should be addressed:

1. Clearly define and communicate transit system goals among key stakeholders (including the public, the transit agency, policy makers, etc.)
2. Ensure that conversion to fare-free will contribute to achieving these goals
3. Ensure organizational support and commitment to the policy
4. Establish policies and procedures to address problem riders
5. Be prepared for substantial ridership increases and requests for service changes

Finally, based on their research, Hodge et. al suggest that “the final evaluation of a given fare policy depends both on the objectives that the transit agency must attain, and on the measures used to assess the attainment of those objectives.” In fact, ridership surveys often show that among those who are not transit-dependent, fare/cost of service ranks lowest among other factors influencing the decision to choose transit, including: safety, cost of driving, service frequency and reliability, availability and ease of use of schedule and route information, amenities (e.g., shelters) and driver courtesy.

Financing

Several fare-free systems exist throughout the country. In many cases, sales taxes compensate for the absence of farebox revenue. For example, both Island County Transit (Island County, WA) and Logan Transit (Logan, UT) are fare free transit systems. Island County Transit receives dedicated funding from a local sales tax of 6/10ths of 1% of every dollar spent in Island County, whereas Logan Transit is partially funded by a 1/4% sales tax.

In other systems, such as Chapel Hill Transit, in Chapel Hill, NC expenses are allocated through adopted formulas. For Chapel Hill Transit, this formula is part of the annual contract negotiations among the system’s partners. The City of Chapel Hill operates the transit system, with the University of North Carolina at Chapel Hill (UNC) and the Town of Carrboro as financial partners in operations. Chapel Hill Transit began operations in 1974. Carrboro first began purchasing services in 1978. In 1980, Carrboro approved a \$.10/\$100 valuation ad valorem tax to pay for transit service.

Resources:

1. National Center for Transportation Research, Center for Urban Transportation Research (CUTR) *Advantages and Disadvantages of Fare-Free Transit Policy*, Jennifer S. Perone, October 2002
2. Washington State Transportation Commission, Transit, Research, and Intermodal Planning (TRIP) Division, in cooperation with US DOT and FHWA, *Fare-Free Policy: Costs, Impacts on Transit Service, and Attainment of Transit System Goals*, David S. Hodge, James D. Orrell, Tim R. Strauss, March 1994
3. Federal Transit Administration, National Transit Database, 2004 Agency profiles, <http://www.ntdprogram.com/ntdprogram>
4. Chapel Hill Transit, <http://www.townofchapelhill.org>
5. Link Transit, www.linktransit.com
6. Island County Transit, www.islandtransit.org
7. Logan Transit, <http://www.cvtbus.org/>