



# FAIR FARES

The Case for Means-Tested Transit in  
Montgomery County

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## About the Fellow

Sarah Brotman is a Master of Public Policy student at Duke University. She is passionate about leveraging data to promote policies that build economic wellbeing for vulnerable populations. Sarah's policy interests include poverty alleviation, transit, housing, education, and the intersections within these areas. Sarah grew up in Columbia, SC and earned her B.A. in Public Policy from the University of Virginia. Before attending Duke, Sarah worked in education policy for three years.



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# Acknowledgements

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# Executive Summary

Despite having a median income of \$111,812, Montgomery County still experiences income inequality and inequitable access to transit. Seven percent of County households lack access to a vehicle, predominantly People of Color, low-income, or non-English speaking. Ride On customers mirror this demographic and earn less than \$30,000 a year. As the cost of living continues to rise and income-growth rates continue to decline, Montgomery County residents are experiencing significant cost-burdens. Residents who could previously pay for transit may no longer be able to afford this necessity. Lack of access to reliable transit has a myriad of negative externalities, including lower health outcomes. The Office of Legislative Oversight recently [released a report](#) linking lack of reliable transit access to lower likelihoods of seeking consistent healthcare.

Montgomery County has an opportunity to bridge the transit access gap by adopting means-tested transit fares. Means-tested programs limit eligibility to individuals and families whose incomes or assets fall below a pre-determined threshold. To improve public transit access for cost-burdened residents, many progressive cities have turned to means-testing as an equitable alternative to traditional fare rates. As the DC area explores equity-focused transit solutions, Montgomery County has an opportunity to be a regional leader in progressive policy by adopting means-tested fares.

# Montgomery County Fare Policy History

## Existing Discounts for Vulnerable Populations

Montgomery County has worked to provide affordable transit to many of their vulnerable populations. Through Kids Ride Free, Seniors Ride Free, People with Disabilities Ride Free, Call-n-Ride, Montgomery College Student Discounts, and TANF Voucher Recipient Discounts, free and discounted fares are available to an important portion of the County's population.

- Kids Ride Free: Under Kids Ride Free, children under 18 may ride Montgomery County Ride On buses for free.
- Seniors and People with Disabilities Ride Free: Similarly, seniors and people with disabilities ride free on Ride On and select Metro buses in Montgomery County.
- Call-n-Ride: Through this program, low-income seniors and low-income adults with disabilities are also eligible for subsidized taxi rides throughout Montgomery County. To qualify, you must be low-income and at least 63 years of age or low-income and 18-62 with a disability. Call-n-Ride's services operate on a sliding income scale based on household size.

Income Limits by Household Size						
Categories	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person
<b>Level 1</b>	up to \$15,856	up to \$21,403	up to \$26,950	up to \$32,498	up to \$38,047	up to \$43,595
<b>Level 2</b>	\$15,857 - \$21,403	up to \$24,404	up to \$31,404	up to \$37,489	up to \$43,747	up to \$49,295
<b>Level 3</b>	\$21,404 - \$26,951	up to \$29,951	up to \$36,725	up to \$42,500	up to \$49,447	up to \$54,995
<b>Level 4</b>	\$39,000 - \$44,000	up to \$50,019	up to \$57,934	up to \$63,757	up to \$74,646	up to \$82,156

**Table 1: Proposed Eligibility Categories for Call-n-Ride (FY23)**

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- HHS-Provided-Tokens: HHS provides individuals in the Temporary Assistance for Needy Families/Temporary Cash Assistance programs who request tokens free access to public transit.
  - Montgomery College Student Discount: Montgomery College students can take Ride On buses free of charge.

## Policy and Fare History

Prior to COVID-19, Montgomery County's bus fares were \$2 for all riders who did not qualify for one of the above discounts. In response to the pandemic, Montgomery County implemented a back-door policy effective March 16, 2020, making fares free for all. This policy was initially focused on reducing the spread of COVID-19 before driver screens were installed. In January of 2021, WMATA Metrobus and many surrounding transit agencies reinstated fares after the driver screens were installed. Montgomery County, however, kept fares free until the Council voted to raise bus fares to \$1, effective July 2022. In their deliberation regarding fare restructuring, the Council discussed implementing a means-tested fare structure to promote equitable transit access.

Ultimately, the Council concluded that half fares (\$1) were the best option for the County at that time. One major concern they cited with means-tested Ride On and Metro Bus fares was the burden Montgomery County would incur by subsidizing transit for WMATA riders who may not be County residents. Additionally, the Council agreed that regional coordination among DC, Maryland, and Virginia transit systems would be a critical foundation for the success of means-tested fares in Montgomery County. Lastly, they cited high administrative burdens associated with implementing a new fare structure, including disseminating new fare information to riders, determining eligibility criteria, and monitoring the program's effectiveness. For these reasons, the Council decided not to pursue means-tested fares.

Last year when the Council agreed on this universal reduced fare price, no region in the DMV was exploring means-tested fares. This summer, however, Washington, DC launched a pilot means-tested fare program. This pilot will measure the impact of both free and half-off fares on District resident ridership, wellbeing, and other outcomes.

# Unmet Needs

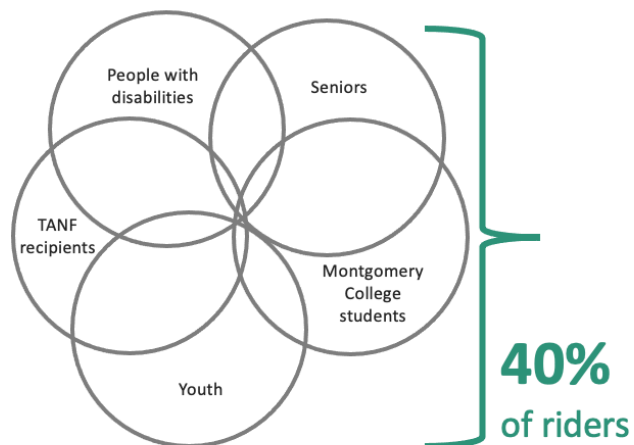
## Who's Missing from Existing Public Transit Programs?

While many individuals qualify for one of Montgomery County's existing programs, there remains a sizeable population whose needs are currently going unmet: low-income individuals between the ages of 18-62 *without* disabilities who don't qualify for TANF vouchers or Montgomery College discounts. As Montgomery County continues their dialogue around how to build an equitable transit fare structure, means-testing could be the solution they've been looking for.

## Who's Missing from Existing Programs?

Low-income individuals between 19-62 not receiving:

- Disability fare
- Temporary Assistance for Needy Families (TANF) transit benefits
- Montgomery College discounts

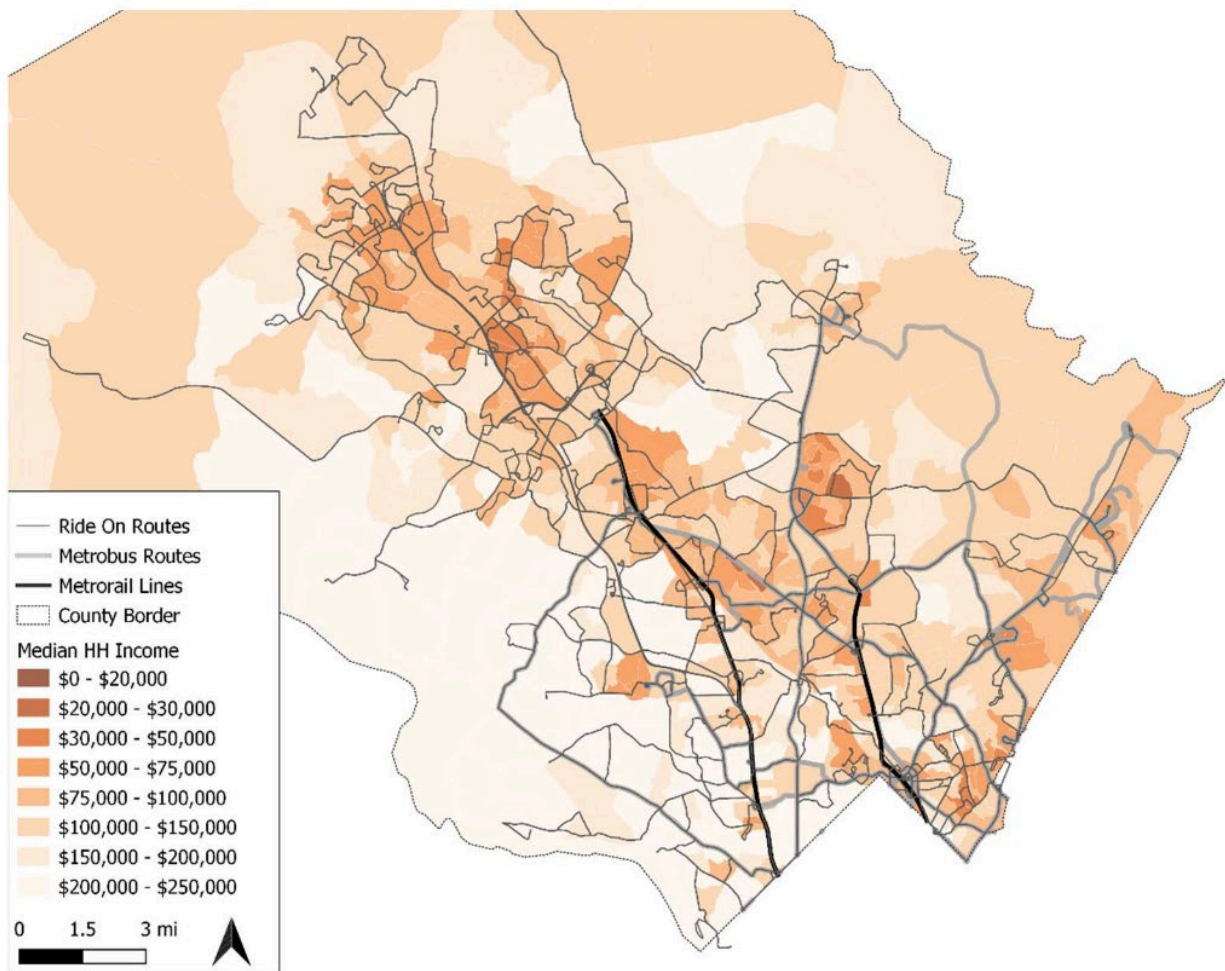


**Figure 1: Individuals currently excluded from existing Montgomery County fare subsidy programs**



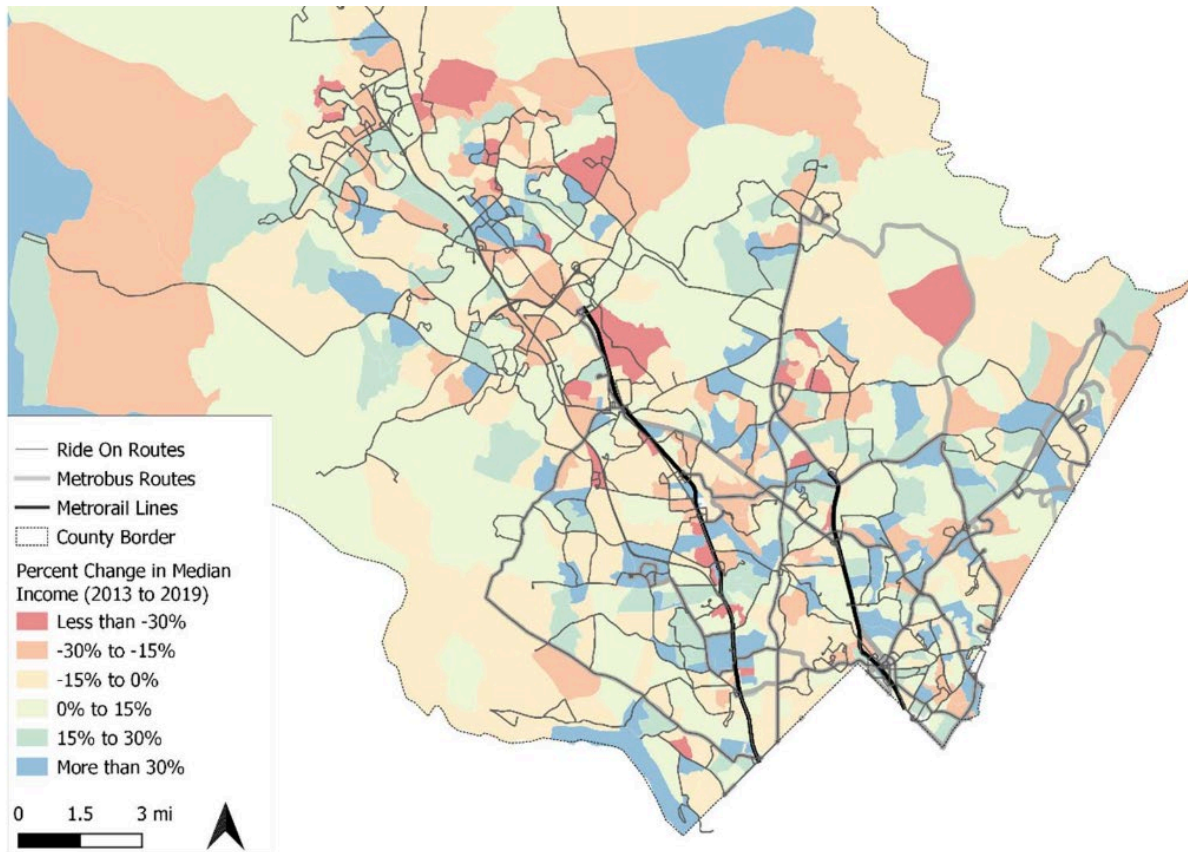
## Inequities Across County Income Distribution

While Montgomery County is relatively affluent with a median household income of \$ \$111,812, and 74 percent of Census block groups earning median incomes of over \$100,000, a closer look at the income distribution paints a different picture. Many of the lower-income Census block groups are distributed among urban areas near the center of Montgomery County, surrounding public transit routes.



**Figure 2: Median household income across Montgomery County (source: [Fare Equity Study](#))**

Despite Montgomery County growing richer overall since 2013, 43 percent of Census groups show a reduction in median income. Areas with significant declines in median income are predominantly distributed along public transit routes.



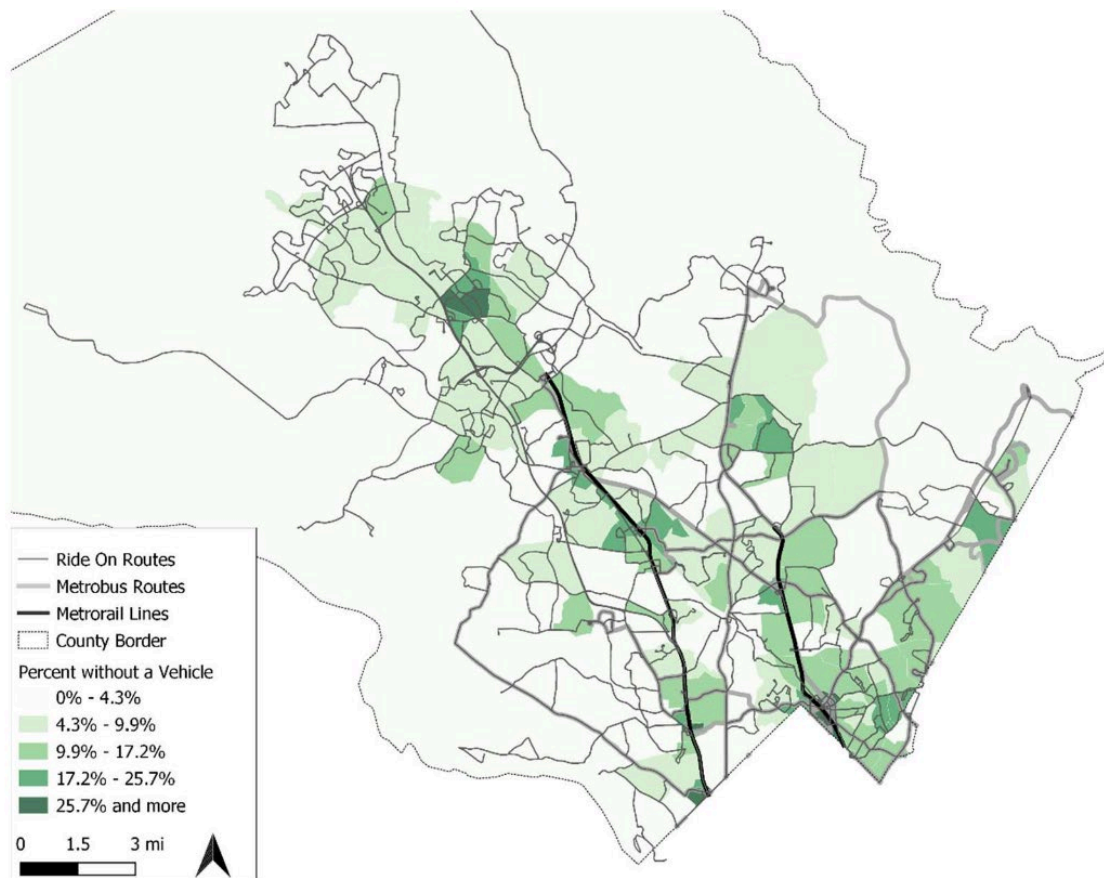
**Figure 3: Change in median income across Montgomery County from 2013-2019 (source: [Fare Equity Study](#))**

## Cost Burdens

The County's overall wealth contributes to a high cost of living. To sustain financial independence, a household of two adults and one child in Montgomery County (the average county household size) must make \$69,826. Overall, 32.1 percent of County households are considered cost-burdened, paying more than 30 percent of their income for housing. This burden makes it challenging to afford other necessities like food, clothing, transportation, or medical care. The increasing costs of living compound this problem. In 2021, housing costs rose by over 14 percent.

## Access to Automobiles

As shown in Figure 4, the census tracts with the highest concentration of carless households predominantly fall along public transit routes.



**Figure 4: Percentage of households without a vehicle across Montgomery County (source: Fare Equity Study)**

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# Means-Testing Builds Equity

Means-tested programs are an evidence-based tool to address social inequities. [The Congressional Budget Office](#) defines means-tested programs as programs and tax credits that provide cash payments or other assistance to people with relative low income or few assets.

While means-testing is relatively new to transit policymaking, it is a longstanding fixture in many social policies. Medicaid, housing vouchers, utility assistance programs, food stamps, and income-driven student loan repayment programs all rely on income testing to equitably allocate resources.

In addition to building equity, means-tested fares would have a myriad of positive externalities. A [case study conducted by the Metropolitan Transportation Commission \(MTC\)](#) in California cited the following outcomes of a successful means-tested transit program:

1. Increase mobility in a cost-efficient and effective way by sharing program costs and responsibilities
2. Avoid new costs by relying on social service agencies to verify income, assess eligibility, distribute fares
3. Increase customer convenience by providing multiple service centers
4. Use smart media to manage eligibility, control abuse, and minimize costs and operating impacts
5. Use databases to manage cardholder registration
6. Mitigate the impact of fare increases on low-income riders

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# Methodology

In this paper, I explore how to implement means-tested fares into the Montgomery County transit system. My research comes from three primary sources: internal interviews, a program scan, and external interviews.

- 1. Internal interviews:** During my preliminary research, I sought out experts within Montgomery County Government to understand the context of transit and history of this policy. To broaden my understanding of the current transit system and its challenges, I spoke with Glenn Orlin, Gary Erenrich, Samuel Oji, Phil McLaughlin, and Deanna Archey. To understand the existing social welfare programs within Montgomery County that could serve as potential eligibility criteria, I spoke with Oscar Mensah and Yvonne Iscandari from Health and Human Services and Rachel DuBois and Barbara Harral from Montgomery County Public Schools.
- 2. Program Scan:** After gaining a solid understanding of Montgomery County transit, I looked to other cities and municipalities that have implemented equity-focused fare pilots and full-scale programs, both regionally and nationally. From my online research, I sought to understand their eligibility criteria, distribution processes, and evaluation methods.
- 3. External Interviews:** After gleaning as much as I was able from internet research, I reached out to the most successful models via email and requested informational interviews. I received responses from about two-thirds of the agencies I emailed, and had conversations with the following individuals:
  - Monica Morton (Fares Director) and Tiffany Conners (Fares Supervisor) - Utah Transit Authority
  - Helise Cohn (Program Coordinator) - Bay Area Metropolitan Transportation Commission
  - Charlie Scott (Senior Government Relations Officer, Maryland) and Vishwas Paul (Research Assistant, The Lab @ DC)– Washington, DC

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- Martin Barna (DASH Director of Planning and Marketing) and Christopher Ziemann (Alexandria Transportation Planning Division Chief) – Alexandria, Virginia. While I spoke with Alexandria to further understand the greater-DC-area transit context, I chose not to include them in my pilot section as they do not have means-tested fares. The DASH system offers all individuals free rides, regardless of income status.
  - Jeffrey Rosenblum (Lead Researcher on Means-Tested Study)– Boston, Massachusetts

These individuals all have direct experience in planning or implementing means-tested fare programs in their cities, albeit different stages of this process. I utilized these conversations as opportunities to learn more about the selection process for eligibility criteria, implementation best practices, the evaluation process, and challenges they encountered along the way. I also spoke with David Kahana, Policy Analyst with the American Public Transit Association for general context on the state of means-tested fares across the country.

# Case Studies

I explore four means-tested fare programs, ranging from a small study currently in the first few months of implementation, to a successful regional network of transit systems.

Demographic characteristics across programs varied widely. What remains constant in each of these programs, however, are clear eligibility cutoffs. The Bay Area and Salt Lake City both use the Federal Poverty Level as their cutoffs, while Boston’s study relied on SNAP eligibility and DC’s used utility assistance eligibility.

Location	Pilot?	Discount, Duration	Eligibility	Project Status
Bay Area, California	Yes	20% or 50%, 36 months	200% FPL	Began as pilot, currently full-scale program
Boston, Massachusetts	Yes (n = 242)	50%, 2 months	SNAP recipient	Study, not currently full-scale program
Salt Lake City, Utah	Yes (n = 163)	50%, 6 month preliminary study	150% FPL	Currently entering second year of pilot program
Washington, DC	Yes (n = apx. 4000)	Free or 50%, 9 months	Eligible for utility assistance	Beginning now as study

Table 2



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# Key Findings

## 1. Bay Area



The Bay Area's regional transportation planning and policy organization, MTC, implemented a 36-month means-tested pilot, Clipper START, in July 2020. This program operates on behalf of 24 transit agencies across the Bay Area.

**Eligibility:** To qualify for this subsidy, individuals must have annual incomes at or below 200 percent of the Federal Poverty Level (FPL). Since many other social benefit programs in the region have the same 200 percent requirement, MTC chose to align this program's threshold to maintain consistency.

**Verification:** To verify applicant eligibility, MTC requires individuals to fill out a short online application that asks basic questions about their income and social benefit eligibility. Alternatively, individuals can mail in a paper application.

**Discount:** Each transit agency within MTC chose to provide low-income riders either a 20 percent or 50 percent discount on fares. These discounts are programmed into rider cards; any time a rider purchases a trip, they receive it at the applicable 20 or 50 percent discount.

**Challenges:** MTC launched their pilot during 2020, so COVID was obviously a challenge. MTC also encountered minor technical issues with Salesforce, the platform they use to manage applications and eligibility.

**Community Engagement:** MTC prioritized community engagement during policy planning, implementation, and evaluation. First, MTC connected with county health departments and social service departments to ensure employees knew to direct their eligible participants to apply. Through consistent dialogue with social service departments, MTC also expanded their list of documentation to show proof of eligibility. Second, MTC developed and maintained relationships with community-based organizations, including churches, libraries, unions, and affordable housing developers. As a



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result of this engagement, many affordable housing developers incorporate Clipper use into these units and neighborhoods from the beginning. Additionally, MTC conducted focus groups to understand unforeseen challenges. Through focus groups with unhoused individuals, they learned that many individuals do appreciate having their name on their transit cards to prevent theft in common spaces and shelters. Lastly, to signal that this program is inclusive, MTC offers their website in different languages commonly spoken in the region (English, Spanish, Chinese, and Tagalog) and displays diverse stock photos on their landing page.

**Results:** MTC's 36-month pilot will continue until July 2023, so ridership trends will be available at the conclusion of the study.

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## 2. Boston



A team of researchers at Massachusetts Institute of Technology conducted a series of 2-month means-tested studies, spanning from February through May 2019, across the greater Boston area.

**Eligibility:** To qualify for this pilot, individuals who qualified for Supplemental Nutrition Assistance Program (SNAP) benefits were recruited.

**Verification:** Researchers mailed recruitment postcards to 12,000 individuals currently receiving SNAP benefits in the Massachusetts Bay Transit Authority (MBTA) core system catchment area and placed advertisement placards on buses to recruit the remaining number of participants necessary. To confirm that participants who signed up through the bus advertisements, individuals were asked to enter the last five digits of their food stamp identification card number. Since participants were recruited from a list of SNAP-eligible individuals, they were automatically verified.

**Discount:** Participants were randomly assigned either a 50 percent discount on all fares or no discount.

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**Challenges:** The initial recruitment strategy, mailing postcards, did not garner as many applications as researchers anticipated.

**Community Engagement:** The study designer conducted a comprehensive literature review around the best practices for engaging with marginalized populations as a researcher and incorporated several strategies into the research plan. Best practices included including endorsements from key community partners on outreach materials, creating a dedicated phone number for calls and text messages, and providing refrigerator magnets to participants to ensure they were able to contact the study team if they needed anything.

**Results:** [Researchers found](#) that subsidized riders took more trips *and* took more trips to health care and social services. Researchers also found that low-income riders have different travel patterns. Low-income riders take more trips during off-peak travel times, relied more heavily on buses, made more transfers among different modes of transit (for example, subway to bus to another bus), and often paid with a stored value on their card rather than a one day/seven day/monthly pass.

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### 3. Salt Lake City



Salt Lake City's transit system, UTA implemented a 6-month means-tested study in June 2021. After seeing success from this preliminary study, UTA extended the pilot's duration.

**Eligibility:** To qualify for this subsidy, individuals must have annual incomes at or below 150 percent of the Federal Poverty Level (FPL). They utilized this threshold in their pilot and maintained it in their full-scale program. To verify applicant eligibility, UTA relies on the Department of Workforce Services' database, which contains the name of every individual with an active benefit. UTA staff enters the applicant's name and date of birth, and if they are listed as having an active benefit, they are approved for the subsidy. When UTA stopped requiring applicants to send in proof of benefits, this

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removed a significant barrier in applying. Alternatively, applicants can send in a pay stub or tax return for income verification.

**Discount:** Participating riders receive a 50 percent discount on all UTA transit. These discounts are programmed into rider cards; any time a rider purchases a trip, they receive it at half price.

**Monitoring Eligibility:** Each card is programmed with the discount for a full calendar year. After one year, the card will lose its discount until the rider confirms their continued eligibility.

**Community Engagement:** UTA utilized social media to raise awareness. Additionally, they set up booths at train platforms, distributed flyers on buses and in schools, and simplified their application process.

**Challenges:** UTA reported difficulty in raising awareness and reaching their target population.

**Community Engagement:** To reach a larger portion of their target population, UTA plans to partner with human service agencies, homeless shelters, and immigration centers.

**Results:** In the first six months of their pilot program, UTA received 490 applications for means-tested fares. As UTA raised more awareness around program benefits and the application process, they received over 700 additional applications in the second six-month period. Since June 2021, ridership has increased from 3 to 163.

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## 4. Washington, DC



Washington, DC initially planned to pilot means-tested fares in 2019, but due to COVID-related delays have recently launched this program in Summer 2022. As this program is just getting off the ground, there is little available data to evaluate its success.

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**Eligibility:** To qualify for this pilot, individuals who are receiving utility assistance were recruited by the DC Department of Energy and Environment (DOEE). Since this program is a 9-month pilot, continued eligibility is not being verified at this stage. If participants are eligible during the selection phase, they will remain in the pilot through the duration of the study.

**Discount:** Participants were randomly assigned either a 50 percent discount, free fares, or no discount.

**Challenges:** As this program is just beginning, it is too soon to identify key challenges.

**Next Steps:** Based on the results of the pilot, DC government will determine whether to implement this program at a larger scale.

**Results:** As this program is just beginning, the first round of results will be available mid-Fall 2022.

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# Policy Options

## 1. Pilot Study

## 2. Full Scale Implementation

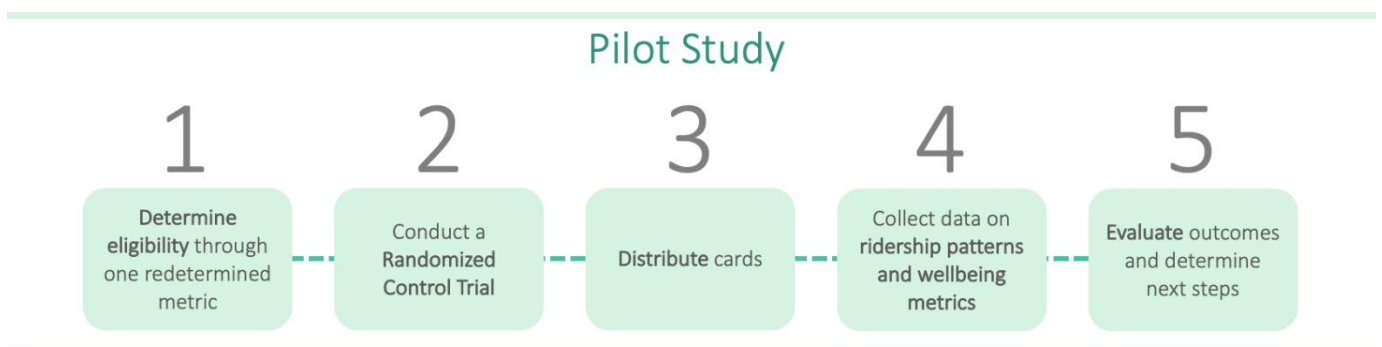
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*Montgomery County could either implement a pilot study or a full-scale means-tested fare system. By conducting a preliminary study, policymakers could determine the impact of low-income fares on Montgomery County residents before launching a full-scale program. By immediately adopting low-income fares countywide, policymakers could rely on best practices and lessons learned from nationwide pilot studies and begin helping the maximum number of people as quickly as possible. This paper discusses the most promising pathways for either route.*

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### Option 1: Pilot Study

Conduct a 9-month study among a select group of individuals to evaluate the impact of reduced fares on low-income rider transit patterns.



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## Step 1: Utilize a single pre-determined eligibility metric (FARMS, Medicaid, Call-n-Ride) to narrow down sample size

It is notable that each case study discussed above relies on pre-determined metrics. This is the most objective threshold and the least burdensome on administrative staff. Three potential eligibility determinants include:

1. **FARMS (Free and Reduced-Price Meals):** While Montgomery County Public Schools (MCPS) cannot disclose the names of FARMS recipients to DOT, they can provide families information about eligibility requirements and encourage individuals to sign up. FARMS eligibility has been proven to be a successful criterion for other social assistance programs in the county. Comcast uses FARMS eligibility as the requirement for their family internet assistance program. To encourage families to sign up for this program, MCPS allows Comcast to table at the annual back-to-school fair. This initiative has boosted sign-ups for Comcast while also incentivizing families who were previously on-the-fence about applying for FARMS to apply. As this is a mutually beneficial partnership, MCPS has expressed interest in forming this same partnership with the County if they did pursue a means-tested pilot program.
2. **Medicaid Eligibility:** There are approximately 100,158 active Medicaid recipients in Montgomery County. Many of these individuals are currently active due to the Public Health Emergency (PHE), and this number will be reduced once the emergency ends, and benefits are recertified. Additionally, once we remove individuals who receive free children, senior, and disability transit from the pool – as not to duplicate – this number will shrink even further. If Montgomery County utilized Medicaid for means-tested transit eligibility, they would not be the first transit agency to do so. The Illinois Tollway IPass Assist program does not specify a maximum income for eligibility, instead requiring participants to be enrolled in one of a few select social welfare assistance programs – one of which is Medicaid. Additionally, Capital Bikeshare for All, a DMV program, includes Medicaid in their list of qualifying eligible programs.
3. **Call-n-Ride:** This program operates on a sliding income scale, depending on how many family members are in the family. While Call-n-Ride is a taxi-based program, it serves as an existing means-tested transit program within Montgomery County, and therefore Council could borrow its tiered eligibility framework. Individuals may submit the following documents for

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proof of eligibility: bank account statements, tax returns, Social Security or Veterans Administration benefits, alimony/child support, paycheck stubs, unemployment checks, and award/eligibility letters for social services. If an individual falls in Level 1 or 2 of income, they would qualify for free transit. If they fell in Levels 3 or 4 of income, they would qualify for 50 percent discounts.

In each of these cases, the Council could further narrow their sample size to a smaller population by selecting residents who fall within Qualified Census Tracts (QCTs) as participants.

### **Step 2: Conduct a Randomized Control Trial (RCT)**

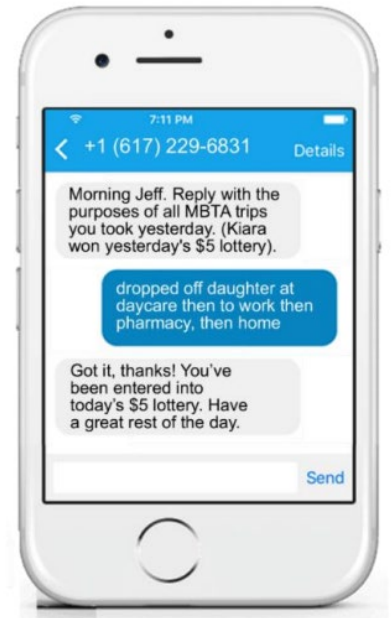
In their pilots, both Washington, DC and Boston chose to conduct RCTs with subsets of their target population. This approach is often used to prove the effectiveness of a policy before fully funding and implementing it. By design, RCTs eliminate confounding variables by assigning some participants to the treatment group and some to the control group. In both Boston and DC, the treatment group received the transit subsidy while the control group did not. Since everything else about the treatment and control groups are demographically identical, this design allows researchers to draw statistically significant conclusions at the end of the study. Before spending millions of dollars on means-tested transit for the entire County, it would be in the best financial interest of the Council to run an RCT.

### **Step 3: Distribute cards**

Partner with the agency whose eligibility criteria is used. Collect recipient addresses and send out cards with pre-programmed benefits.

## Step 4: Collect ridership data

Boston's pilot program simplified and incentivized data collection with an automated text-based mobile-phone ChatBot tool. The ChatBot asked participants to record the purposes of their transit trip every day. ChatBot also administered pre-and post-study surveys. To incentivize participation (among both treatment *and* control groups), every time a rider recorded a ride, they were entered into a \$5 lottery. Since this study's release, other studies have utilized the ChatBot for similar purposes. If Montgomery County chooses to administer an RCT, this ChatBot could be a low-burden and effective method to collect data around attitudes towards public transit, financial wellbeing, transit patterns, destinations traveled to, trip duration, and more.

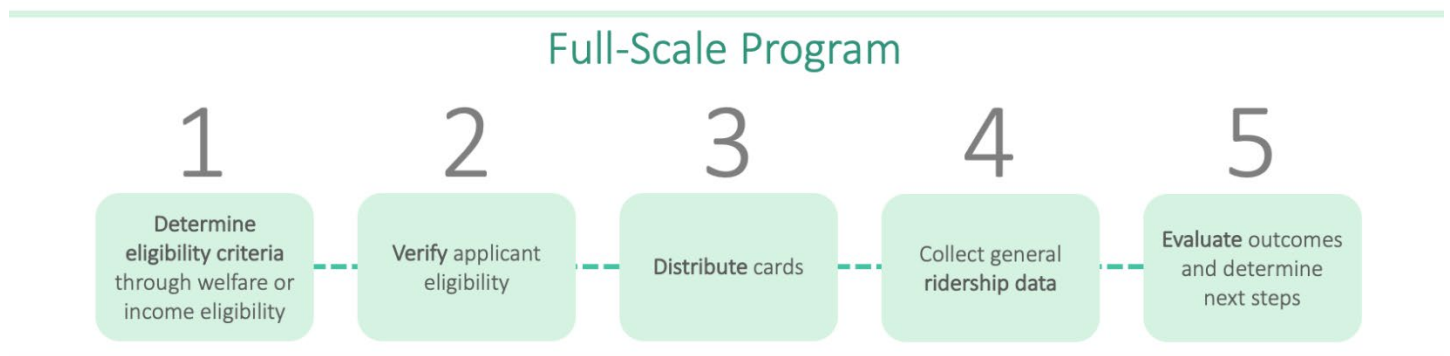


## Step 5: Evaluate outcomes

Through the detailed ridership data of program recipients in a RCT, researchers will be able to isolate the effect of benefits on rider behavior and wellbeing. Further analysis will be necessary to determine if, based on the outcomes identified, this program should be scaled up.

## Option 2: Full-Scale Program

Launch a county-wide program providing subsidized fares to low-income riders.



### Step 1: Determine eligibility through either:



- 
1. Eligibility for any of the following social welfare programs:
    - a. Medicaid, Supplemental Nutrition Assistance Program (SNAP), Women, Infants and Children (WIC), Temporary Assistance to Needy Families (TANF)/ Temporary Cash Assistance (TCA), Free and Reduced Meals (FARMS), SSI/SSDI Supplemental Security Income, Low Income Home Energy Assistance Program (LIHEAP), Veterans rated with 60 percent disability or more or Pandemic Electronic Benefit Transfer (PEBT).
    - b. Applicant must send in photograph of benefit card or notification of benefit award.
  2. Income (using cutoffs determined by Call-n-Ride):
    - a. Applicant must send in one of the following forms of verification: bank account statements, tax returns, Social Security or Veterans Administration benefits, alimony/child support, paycheck stubs, or unemployment checks. In UTA's evaluation of their pilot, they note that every individual's situation is unique, and additional flexibility is needed in verifying special case applications. If individuals do not have access to current paystubs, they should also be able to submit letters from previous employers who can verify a person's identity, how much they were paid working for them, and their understanding of the individual's financial situation.

## **Step 2: Verify applicant eligibility**

Applicants will submit a brief and simple application to DOT with required verification materials. In the beginning, a new team within DOT will verify applicant eligibility based on applicable criteria. In the long-term, with greater inter-agency coordination, Montgomery County could develop a program where agencies can apply to automatically qualify their recipients for means-tested fares.

## **Step 3: Distribute cards**

DOT will mail applicant special SmarTrip cards with the discount programmed into it. These benefits will be set to expire after one calendar year to ensure recipients still qualify for benefits.

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#### **Step 4: Collect ridership data**

In a full-scale program, tracking individual ride purpose will likely be infeasible. Policymakers will rely on MCDOT and WMATA data to track demographic trends across applicants and program participants.

#### **Step 5: Evaluate outcomes**

Through high-level ridership data, researchers will be able to compare pre-program ridership levels to current ridership levels to draw conclusions around the value of this program. Further analysis will be necessary to determine if, based on the outcomes identified, this program should be continued.

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# Best Practices

Through conversations with internal and external stakeholders, I identified several best practices which can be implemented at either the pilot or full-scale level.

## Best Practice 1: Include last-mile transit in policy through:

1. Partnering with preexisting [Capital Bikeshare for All program](#), where all qualifying low-income riders receive unlimited 60-minute rides for a five-dollar annual fee. Participants also receive a free helmet and are eligible for free bike-riding classes. Any individual who qualifies for bus/train subsidy should qualify for bike subsidy.
2. Partnering with [Lyft's preexisting Low-Income Community Pass](#), where all qualifying low-income riders unlimited 30-minute rides for a five-dollar monthly fee. Any individual who qualifies for bus/train subsidy should qualify for bike subsidy.

## Best Practice 2: Prioritize community engagement in the planning process

The Bay Area's transit system, MTC, emphasized the importance of engaging with target populations in program development and outreach. MTC hosted focus groups with residents in the lowest-income and lowest-car access areas to understand current transit patterns and most pressing challenges. Their office also spoke with individuals from local schools, places of worship, libraries, and sports organizations to better understand the needs of residents. As the Council explores transit fare structures for Montgomery County, it is critical to center community experiences in these plans.

## Best Practice 3: Minimize Barriers to Entry

Salt Lake City (UTA) and the Bay Area (MTC) significantly simplified their application processes to encourage higher levels of participation. These efforts paid off, with UTA seeing a jump in applications from an average of 10 to an average of 20. UTA's form simply asks applicants for their name and date of birth. Once UTA has this information, they enter applicant names and birthdays into the Department of Workforce Services' database, which contains the name of every individual with an active social welfare benefit. MTC's system asks applicants to send in tax documents or proof

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of eligibility for a social welfare assistance program with a 200 percent FPL eligibility requirement. Regardless of which eligibility criteria the Council chooses, people will be far more likely complete a simplified form which only asks the bare minimum.

#### **Best Practice 4: Time Costs Intentionally**

Boston's RCT found that low-income riders are more likely to purchase a stored-value pass rather than a weekly or monthly pass. However, research indicates that spreading the costs of weekly, monthly, or annual pass payments over time could help low-income riders that couldn't typically afford the up-front cost of a pass. Research also indicates that timing the cost of passes to not coincide with other bills, such as rent or utilities, [could further encourage low-income riders](#) to purchase extended passes over stored-value passes.

#### **Best Practice 5: Increase Participation through Community Engagement**

California's Utility Assistance program, Pacific Gas and Electric California Alternate Rates for Energy (PG&E CARE), found that an impressive 86 percent of its eligible population participates in its program. PG&E CARE conducted a third party review of its administrative and outreach processes and [identified several best practices](#) that contributed to such a high engagement rate: tracking outreach effectiveness, providing materials in languages pertinent to local demographics, and streamlining the application process. This underlies the importance of centering community engagement in both the planning *and* the implementation process. Montgomery County's Capital Bikeshare for All program has excelled in identifying and engaging with their target populations. To increase participation, their office set up booths outside of Manna Food Pantry with bilingual representatives to speak with individuals picking up food, answer any questions, and help them sign up on the spot. Since they had also streamlined their application process to only require a photograph of their social welfare benefit card, this was very simple. Since their program has expanded, they have transitioned from this model to driving a mobile commuter store around the county. This store travels to a different area of the county every day of the week to engage with the community, answer questions, and enroll new participants. DOT could employ a similar model with this program as a supplement to online outreach.

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## Best Practice 6: Coordinate regionally

The Bay Area's regional transit authority, MTC, has refined their regional coordination process for Clipper, the electronic fare payment system for the area. Clipper operates their means-tested fare program on behalf of 24 transit agencies. Initially MTC planned to administer these discounts with the four largest operators in the Bay Area; however, many surrounding transit agencies joined this coordinated effort in response to COVID. Operators can choose between offering a 20 percent discount and a 50 percent discount on rides. If an individual qualifies for Clipper discounts, they receive a plastic card with all regional discounts built into it. With DC piloting means-tested fares over the next 9 months, the timing for regional coordination is opportune. While the greater-DC area contains far fewer than 24 regions, the region could eventually look towards a model like the Bay Area's.

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# Pricing Analysis

## 1. Discounted Fares for Recipients of Social Welfare Benefits

## 2. Call-n-Ride Tiered Income Pricing

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*To provide equitable experiences for Ride On and Metro Bus riders, I worked with MCDOT to price both bus system's fares equally in my projections. For example, to make fares free for low-income riders, I calculated the lost revenue from a Ride On trip as \$1, and the cost of a Metro Bus trip as \$2. Because MCDOT does not work closely with Metro Rail, our projections do not include the cost of means-tested Metro Rail.*

*Assumptions made for these projections: All program participants use the service half the days during the week throughout the year & at least one weekend per week-2 rides per day.*

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### Option 1: Discounted Fares for Recipients of Social Welfare Benefits

I included projections for the cost of both free and 50 percent fares for Ride On and Metro Bus:



Individuals will be eligible for discounted fares if they qualify for one of the following programs:

- Medicaid

- Supplemental Nutrition Assistance Program (SNAP)
- Women, Infants and Children (WIC)
- Temporary Assistance to Needy Families (TANF)/ Temporary Cash Assistance (TCA)
- Free and Reduced Meals (FARMS)
- SSI/SSDI Supplemental Security Income
- Low Income Home Energy Assistance Program (LIHEAP)
- Veterans rated with 60 percent disability or more
- Pandemic Electronic Benefit Transfer (PEBT)

**FREE**  
low-income fares

People	Ride On Annual Lost Revenue	Metro Bus Annual Cost	Total Lost Revenue + Cost
250	\$87,500	\$175,000	\$262,500
4,000	\$1,400,000	\$2,800,000	\$4,200,000
71,000	\$24,850,000	\$49,700,000	\$74,550,000

**Table 3**

**50%**  
low-income fares

People	Ride On Annual Lost Revenue	Metro Bus Annual Cost	Total Lost Revenue + Cost
250	\$131,250	\$ 43,750	\$175,000
4,000	\$ 2,100,000	\$ 700,000	\$2,800,000
71,000	\$ 37,275,000	\$ 12,425,000	\$49,700,000

**Table 4**

*I included projections for the cost of both piloting and full-scale implementation (providing benefits to every Montgomery County resident below the poverty line). 250 represents the approximate number of participants in Boston’s study, while 4,000 represents the approximate number of participants in DC’s study. 71,000 (the number of County residents at or below the poverty line) represents an approximate count of County residents theoretically eligible for low-income fares. 71,000 is likely much higher than the count of means-tested fare recipients, however, because it includes recipients of any existing bus subsidies (i.e., Seniors Ride Free). The total lost revenue and cost of the full scale implementation will be significantly lower than these estimates after recipients of existing bus subsidies are removed.*

## Option 2: Call-n-Ride Tiered Income Pricing

In this model, individuals who fall into income levels 1 or 2 would receive free fares, while individuals in income levels 3 or 4 would receive 50 percent fares. This would allow the riders with the highest levels of need to receive the heaviest discounts. Below is the tiered income structure that Call-n-Ride already uses in their program:

	Household Size (# of People)					
Levels	1	2	3	4	5	6
1	up to \$15,856	up to \$21,403	up to \$26,950	up to \$32,498	up to \$38,047	up to \$43,595
2	\$15,857 - \$21,403	up to \$24,404	up to \$31,404	up to \$37,489	up to \$43,747	up to \$49,295
3	\$21,404 - \$26,951	up to \$29,951	up to \$36,725	up to \$42,500	up to \$49,447	up to \$54,995
4	\$39,000 - \$44,000	up to \$50,019	up to \$57,934	up to \$63,757	up to \$74,646	up to \$82,156

**Table 5**

Since the most demographically common household size in Montgomery County is 3 people, I utilized this household size for my projections. In my projections, I assume one person out of every three-person household participates in this program. I used American Census Survey (ACS) data to make my projections. Because their income brackets were broken down through different cutoff points than the Call-n-Ride cutoffs, I aligned Call-n-Ride cutoffs with the closest income brackets available in the table. Level 1: Less than \$24,999; Level 2: Less than 34,999; Level 3: Less than 49,999; Level 5: Less than 74,999. These cutoffs will overestimate the number of recipients and therefore cost and lost revenue, as Call-n-Ride Level 4 only goes up to \$57,934 for a family of 3.



Income Level	People	Ride On Annual Lost Revenue	Metro Bus Annual Cost	Total
1 (Free)	34,300	\$12,004,965	\$24,009,930	\$36,014,895
2 (Free)	17,896	\$6,263,600	\$12,527,200	\$18,790,800
Subtotal	52,196	\$18,268,565	\$36,537,130	\$54,805,695
3 (50%)	24,979	\$4,371,325	\$13,113,975	\$17,485,300
4 (50%)	46,603	\$8,155,525	\$24,466,575	\$32,622,100
Subtotal	71,582	\$12,526,850	\$37,580,550	\$50,107,400
<b>Total</b>	<b>123,778</b>	<b>\$30,795,415</b>	<b>\$74,117,680</b>	<b>\$104,913,095</b>

**Table 6**

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# Areas for Future Research

## Budget and Funding

The one-time and continuous costs of managing this program must be considered in this decision.

Identified expenditures include:

- Community engagement
- Portal for submitting and verifying eligibility
- Cost of programming SmarTrip cards
- Customer service for unforeseen challenges
- Cost of subsidizing Metro Rail trips
- In weighing these options, additional analysis is necessary to determine whether the cost of implementation outweighs cost of lost revenues for making *all* fares free. If program costs outweigh lost revenue, the county should consider restructuring means-tested fares.

## Regional Coordination

As DC evaluates the outcomes of their current means-tested fare pilot, Montgomery County will be able to incorporate lessons learned into their own program, whether pilot or county-wide. If the District does choose to restructure their fares at the conclusion of this pilot, this will obviously have implications for the greater-DC-area transit system. Montgomery County must take these into consideration in whatever decision they make.

## Extended Research Timeframe

Due to the concise time frame of this research project, there is inherently a limit on how much information I was able to gather. If this project was extended, I would have done a more comprehensive literature review of existing evidence on means-tested programs.

I would have also focused on interviewing more cities who have successfully implemented their own means-tested pilots.

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## Conclusion

Despite Montgomery County's high median wealth, vulnerable residents lack access to affordable, reliable transportation. Of the seven percent of County households without access to a vehicle, most are People of Color, low-income, or non-English speaking. Bus riders in the County largely mirror this demographic and earn less than \$30,000 annually. In light of the rising costs of living and stagnant income-growth rates, it is even more critical that Montgomery County address these access gaps. An evidence-based policy already in effect in counties across the nation, means-tested fares provide an opportunity to equitably allocate resources to those who need it most. As the DC area joins the movement of equity-focused transit solutions, Montgomery County has an opportunity to be a regional leader in progressive policy by adopting means-tested fares.

# Appendix

## ACS S1901: INCOME IN THE PAST 12 MONTHS (IN 2020 INFLATION-ADJUSTED DOLLARS)

	Montgomery County, Maryland	
	Households	
Label	Estimate	Margin of Error
Total	372,825	±1,093
Less than \$10,000	3.4%	±0.3
\$10,000 to \$14,999	1.8%	±0.2
\$15,000 to \$24,999	4.0%	±0.2
\$25,000 to \$34,999	4.8%	±0.3
\$35,000 to \$49,999	6.7%	±0.4
\$50,000 to \$74,999	12.5%	±0.5
\$75,000 to \$99,999	11.6%	±0.4
\$100,000 to \$149,999	19.2%	±0.5
\$150,000 to \$199,999	12.7%	±0.5
\$200,000 or more	23.5%	±0.4
Median income (dollars)	111,812	±1,361
Mean income (dollars)	152,779	±1,592
PERCENT ALLOCATED		
Household income in the past 12 months	30.9%	(X)
Family income in the past 12 months	(X)	(X)
Nonfamily income in the past 12 months	(X)	(X)