



Board Report

File #: 2023-0095, File Type: Motion / Motion Response

Agenda Number: 19.

EXECUTIVE MANAGEMENT COMMITTEE APRIL 20, 2023

SUBJECT: FARELESS SYSTEM INITIATIVE (FSI)

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. RECEIVING AND FILING report on funding feasibility strategies to facilitate the Fareless System Initiative (FSI); and
- B. APPROVING an extension of the Pilot GoPass Program (FSI Phase1) through FY24.

ISSUE

Metro has actively pursued the implementation of a Fareless pilot in LA County since 2020. Recognizing the benefits of a Fareless program while also considering the financial constraints, the Board approved phase 1 of the FSI pilot (GoPass) program in September 2021, to provide K-14 students free transit, and enhancements to the LIFE program. The report provides a recommendation to extend the GoPass pilot program for another fiscal year as staff continues to identify and pursue funding for the program.

BACKGROUND

In August 2020, Metro initiated a study of free fare service as a recovery strategy for the COVID-19 pandemic. The study confirmed that Metro riders are overwhelmingly low-income people of color for whom transit fares are an economic burden. The pandemic exacerbated inequalities pushing many further into poverty, resulting in low-income residents making difficult decisions about what necessities they can afford, such as food, housing, transportation, or healthcare. The key objective of the pilot FSI program is to alleviate some of the financial pressure by removing the transit cost and enabling greater economic stability for those who need it the most.

A fareless system can provide several benefits to Metro and LA County.

- Increased ridership: Cost is often a barrier for many low-income LA County residents; the frequency of usage and new riders will increase. The increased ridership can help reduce traffic congestion and air pollution throughout the County.

- Improved access to essential services: Metro is a lifeline for low-income riders. Metro provides reliable transit services to places of employment, healthcare, education, and other essential services. The cost of transportation can be cost prohibitive for some low-income residents, particularly if they need to use it frequently.
- Promote social equity: Reducing the impact of poverty on residents and communities by removing the financial barrier to ensure equal access to transportation.
- Economic benefits: Providing free public transit can stimulate local economies by making it easier for people to access jobs, goods, and services. It reduces the financial burden on LA County residents, who may be spending a significant portion of their income on transportation.
- Environmental benefits: Positive impact on public health with reduced greenhouse gas emissions and improved air quality.

On May 27, 2021, the Board approved Motion 45 by Directors Garcetti, Mitchell Krekorian, Bonin, and Solis (Attachment A) directing the Chief Executive Officer to implement the FSI, subject to a final financial plan while pursuing cost-sharing agreements.

At its September 2021 meeting, the Board approved a phased approach to FSI implementation - Phase 1 fareless for K-14 students and Phase 2 fareless for low-income residents, once funding has been identified. The Board approved the implementation of FSI Phase 1 (GoPass), which was funded with one-time American Recovery Plan Act (ARPA) funding. With this action, the Board also approved improvements to Metro's Low-Income Fare is Easy (LIFE), such as an easier application process and a reduction in cost. Increasing enrollment in the LIFE program is an important interim step to FSI Phase 2 as staff continues to identify potential federal, state, and local funding for FSI Phase 2. At the same meeting, the Board approved Motion 40 by Directors Mitchell, Solis, Garcetti, Sandoval, Bonin, and Dupont-Walker directing streamlined and accessibility improvements to the LIFE program that provides transit discounts to qualifying low-income residents. (Attachment B)

In November 2021, under the direction of Board Motion 40, Metro launched an even more streamlined LIFE program aimed at doubling enrollment in the program. The effort expanded the LIFE program to reach more eligible riders and acts as a bridge to FSI Phase 2 low-income fareless as Metro actively seeks funding for the pilot program. The LIFE program surpassed the double enrollment goal of 182,172 by the end of 2022 and a total of 217,554 life participants as of April 2023.

The GoPass Program was officially launched on September 23, 2021, as a two-year pilot.

DISCUSSION

A fareless transit system in Los Angeles County is both an investment in social mobility and an important tool to assist in the fight against income and health inequality. The cost barrier to transit disproportionately impacts low-income households. Transportation costs limit mobility and access to employment, education, medical care, and social services.

By expanding mobility access, the FSI Program supports a range of interlocking economic, climate, and equity objectives. The Program's key objective is to remove barriers to mobility. Public transit provides access to jobs, economic opportunities, education, and healthcare resources while decreasing greenhouse gas emissions and congestion in the LA Metro area.

GOPASS

GoPass is paving the path towards a better quality of life and future job opportunities for the most disadvantaged students in LA County. Free access to public transportation increases students' mobility, school attendance, graduation rates, and access to social activities, promoting a better quality of life and better job opportunities.

GoPass has helped to promote educational equity by ensuring that all students, regardless of financial circumstances, have equal access to the educational opportunities they need. GoPass program supports young Angelenos with greater access to higher education and better jobs. A Metro study showed that students receiving a free transit pass have up to 27% higher graduation rates, which leads to expanded academic and employment opportunities. Currently, GoPass is expanding transit options for youth to attend post-school activities.

Prior to GoPass, Metro issued 93,956 K-12 Reduced Fare passes in FY19, which accounted for 10.1 million TAP boardings on Metro and Munis. All reduced-fare college programs accounted for 57,721 passes and 7.7 million TAP boardings on Metro and participating Munis. The total reduced-fare student participation in FY19 was 151,677 passes and 17.8 million boardings.

GoPass Program 2-Year Pilot Overall Stats (as of 4/7/23)

1. Registration Stats
 - 237,067 participants of the 2,016,043 students in LA County. About 18% of the student population
 - 101 participating districts
 - 1415 Participating schools
 - 16.6M boardings
 - 1.2M TAP cards provided to schools
 - 723 schools (52.74%) are within an EFC (Attachment C)
2. Applicant Stats
 - 86% of GoPass participants are over the age of 13
 - Average age is 18 years
 - 64% are Latino, 8% are Black, 14% preferred not to say, 7% are white, 7% are Asian or Pacific Islander, and 0.45% are American Indian
 - Though 48% of participants preferred not to provide household income, for those who did, 79% of participants reported a household income under \$35,000 and 89% reported a

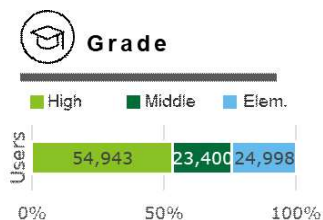
household income under \$50,000 annually.

3. Transaction Stats
 - 16.62M Boardings
 - Avg Boardings 1.2 m per month
 - 90% of Boardings are on Bus
 - 88% of Boardings during the week M-F

In the first 8 months of Year 2, the GoPass pilot program has recovered 63% of the pre-COVID student pass ridership and is estimated to reach 14M (79%) boardings by the end of FY23.

The GoPass program has also provided an additional 85,390 (56%) students with access to public transit. Families of K-12 students who participate in the GoPass program see an annual savings of \$288 per student by not having to purchase a reduced-fare student monthly pass. Community college students save \$516 per year participating in GoPass. Some community college participants are parents with children who also participate in GoPass, saving the family over \$800 per year.

GoPass first year findings:



85% of 114K registered users are in High School or Middle School

Community college users are about 10% of K-12



<\$35,000

78% of registered users have a household income less than \$35,000*



79%

of registered users **identified as Hispanic*** vs. 46% of students are Hispanic in LA County



83%

of total transactions are on Metro services

89% bus Most used: RT 100
11% rail Most used: B and E Lines



87%

of trips occur during weekdays



K-12 and CC Transactions by Time



Peak hours for K-12 users are 7am/3pm; with CC more dispersed

GoPass Costs

For the initial 2-year GoPass Pilot, Metro used ARPA funds to mitigate the cost of the program, including the loss in student fare revenues, which ensured that it did not reduce existing transit operations or state of good repair expenditures or use regional funding typically committed to bus and rail transit operations or intended for Metro’s capital program. ARPA funds were used by Metro, other transit agencies, and many participating school districts to cover the cost of the initial GoPass pilot program, which ends June 30, 2023. The cost for K-12 districts to partner with Metro is \$3 per enrolled student per year, and the cost for community colleges and adult/vocational schools is \$7 per student per year.

Factoring in estimated fare revenue losses, reimbursements from the schools/districts, reimbursements to other agencies, and TAP card and administrative costs, Metro anticipates a total annual cost of \$12.8 million for Year 2 that includes the revenue from school cost-sharing agreements. Metro Year 1 costs were \$7.8 million. The increase in Year 2 cost is driven by an increase in the number of participants and boardings and the projected loss of farebox revenue for Metro and the other participating transit agencies.

State Assembly Bill (AB) 1919, which would have provided statewide funding for student transit pass programs, was vetoed by Governor Newsom last year because the appropriate funding was not available in the state budget to support the program. Metro is continuing to work with a statewide

coalition supporting new legislation for potential statewide funding in support of student pass programs as AB 610.

Although AB1919 was vetoed, new Home-to-School (HTS) Transportation Reimbursement for school districts was implemented through AB 181 (Chapter 52, Statutes of 2022) and amended by AB 185 (Chapter 571, Statutes of 2022). It provides public school districts and county offices of education (COEs) with reimbursement of up to 60% of their transportation program costs and requires a district Transportation Plan to be reviewed by a local transit agency and adopted by the school district's governing body by April 1, 2023. Metro has assisted over 40 school districts with information, participation data, and plan reviews to meet this requirement.

Because of the availability of this new funding source, staff will negotiate increasing the GoPass cost-sharing rate for K-12 districts from \$3 to \$7 per student per year. After the 60% reimbursement, the net cost to public school districts would be \$2.80 per student, which is less than the current rate. This would result in \$3.4 million in additional funding to Metro for Year 3 of the GoPass Program and reduce the projected cost of Year 3 from \$20 million to \$16.6 million, without increasing the net cost to public school districts. (Attachment D)

Therefore, staff recommends extending the GoPass pilot program an additional year.. No increase to the cost for community colleges or adult/vocational schools will take place. This will make the cost the same for all categories of students.

SURVEY

In February 2023, Metro conducted an online GoPass participant survey. The purpose of the survey was to help develop an advocacy plan for the fare program, specifically around free fares. The survey allowed Metro to collect qualitative information about the people who use the free fare program and visualize the impact of the program.

TAP sent out an online survey to 102.7k GoPass participants who were eligible and reduced-fare students using their 90 days of free fares under the LIFE Program. The survey was available in English and Spanish and was live for ten days in February 2023. 1,524 GoPass surveys were collected with a 38% response rate.

Key Findings (Attachment E)

- 62% of GoPass survey participants said they ride more frequently now than before enrolling.
- Over 45% of GoPass survey participants ride Metro multiple times a day compared to only 27% before enrolling in the program.
- Over 60% of GoPass survey participants are female compared to Metro systemwide at 46%, *Customer Experience Survey 2022*
- More than 50% of GoPass survey participants previously had to choose between spending money to ride LA Metro or spending it on other important needs.
 - When having to choose between spending money to ride Metro or spending it on other important needs, 29% of survey respondents said they used their money to pay the fare.

- When asked about how they spent the money they saved under GoPass, survey participants spent the money they saved on schoolbooks and supplies, and food.
- 85% of GoPass survey participants express feeling more independent and relying less on family/friends for rides.
- 97% of GoPass survey participants feel better or much better after receiving free fares.

- Sample of responses when asked to “Please describe in your own words the impact of free transportation fares on your life.”
 - It's the reason why I attend college
 - Kids feel more secure riding the bus instead of walking to school or home.
 - Sometimes, I didn't have money in high school to take the metro bus, so I would have to walk like 35 minutes, but then my school gave out tap cards.
 - The impact that free transportation fares had on me were eye opening. I am now able to go to more school/community events. I don't rely so much on my parents for transportation since they can only do so much. I am very fortunate to have received this opportunity.
 - The impact free transportation fares have had on me is being able to get to school without having to worry if I will or won't have money for my bus fare there and back, as well as being able to save money to use for school or other needs I may have. It has saved me a ton since I have to take 4 buses to school and back, making it 8 buses a day
 - The free transportation fares impacted my life as I'm able to go to school every day without worrying about spending money each time I take the bus, which helps with the hardships of my financial situation I'm currently living.
 - Without free transportation fares, I literally would not be able to afford lunch. (i.e. Bread, cheese, lettuce, and meat that can last me a week) Free transportation fares have literally changed my life in more ways than one.

FSI-Phase 2 Low-Income

As a bridge to a low-income fareless program, Metro has taken various steps to dramatically expand the number of individuals served by the LIFE Program, Metro's fare discount program that supports low-income residents' access to transportation. In 2022, registrants completed about 800,000 boardings a month on average. Currently, 78% of LIFE riders have annual incomes lower than \$41,000. 53% of LIFE riders are female.

Over the past year, Metro has specifically worked with the Los Angeles County Department of Public

Social Services (DPSS) to increase enrollment in the program. Similarly, Metro staff has reached out to the City of Los Angeles WorkSource Centers, the Los Angeles County Department of Mental Health, and labor unions to discuss cross-promotional efforts. Metro intends to pursue other co-enrollment partnerships with the LA County Department of Children and Family Services and the LA County Development Authority's Section 8 and Public Housing participants.

In February 2023, Metro also conducted an online LIFE participant survey with the same objective as the GoPass, to collect qualitative information about the people who use the free fare program and visualize the impact of the program.

TAP sent out an online survey to 28,000 LIFE program participants who were eligible/are using 90 days of free fares. The survey was available in English and Spanish and was live for ten days in February 2023. 1661 LIFE surveys were collected with a 41% response rate.

Key Findings (Attachment F)

- 50% of LIFE survey participants are female compared to systemwide 46%, *Customer Experience Survey 2022*
- 55% of LIFE survey participants are riding Metro multiple times a day.
- 72% rode Metro more frequently when using the free fares.
- More than 50% of LIFE survey participants have had to choose between spending money to ride Metro or spending it on other important needs.
 - When having to choose between spending money to ride Metro or spending it on other important needs, 29% of survey respondents used their money to pay the fare.
- When receiving free fares, LIFE survey participants spent the money they saved on food, housing cost, and home items.
- 95% of LIFE survey participants feel better or much better after receiving free fares.
 - The top three reasons why survey respondents felt better were because they worried less about money, felt less stressed, and were able to plan their day more easily.
- Sample of responses when asked to "Please describe in your own words the impact of free transportation fares on your life."
 - Facilita la vida y es una gran ayuda (makes life easier and is a great help)
 - I was able to schedule medical appointments at VA Hospital without worrying if I had the bus fare. I was able to travel to big food stores and not have to use local high price all stores near me
 - I am grateful for the Life Program being on a limited income and having to do other things like washing clothes, grocery shopping and getting back and forth to work during the week and on the weekends using public transportation has helped tremendously.
 - Helps a lot in paying other bills. Being part of a low income family, this was a

relief, money wise, with the 90 day free bus ride

- I get limited money on welfare. This made it easier to spend more on my children and worry less about bus rides. I take 2 busses to get them to school, then 2 more buses to get me home. Then when the day is done, another 2 busses to go pick them up and another 2 busses home. I ride the bus at least 8 times or more a day. This saves me greatly.

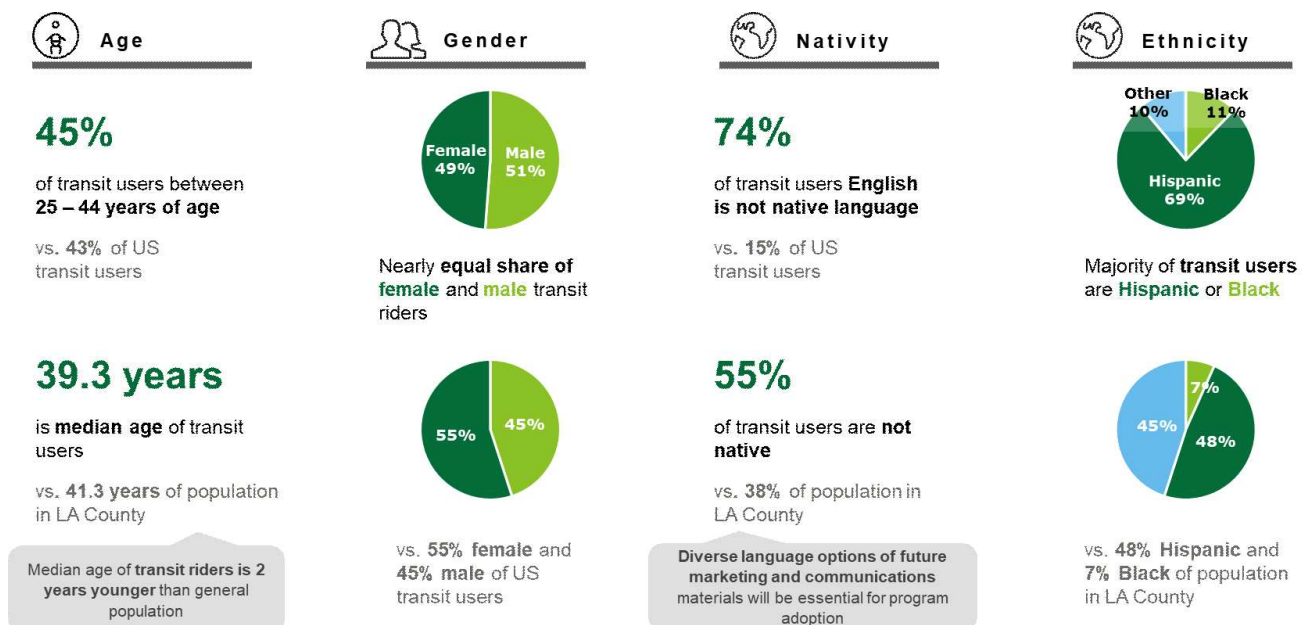
FSI PILOT PROGRAM NEXT STEPS

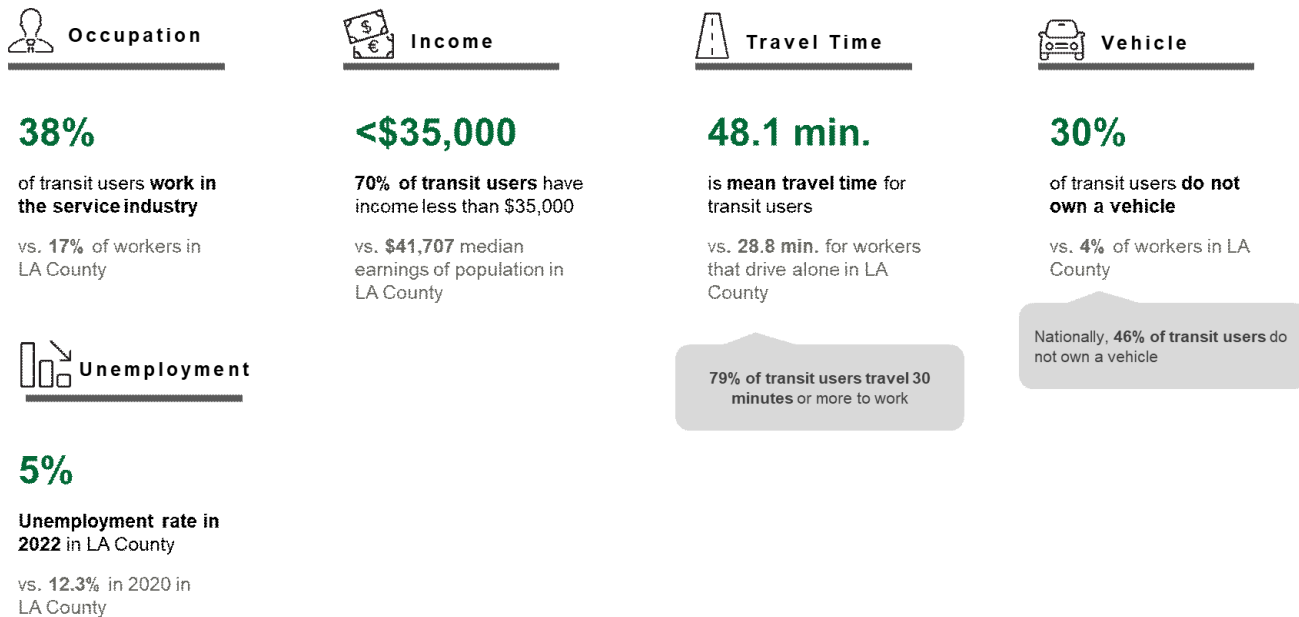
LA County has 9.8 million residents, about 25% of the entire State of California. Among Los Angeles County residents, approximately 13% live in poverty. Seventy percent of Metro customers have an annual household income of less than \$35,000. 80% of the customers are Latino/Hispanic or Black. The expansion of FSI to Phase 2 would eliminate transportation costs for extremely low-income riders and reduce equity disparities, promoting a better quality of life for LA County residents.

LA County Transit Users:

LA County transit users are diverse and younger than the general population in LA County. They primarily work in the service industry, make less than \$35k annually, and on average, have longer commute times than drivers.

LA County Transit Users Overview





Metro’s next step is to identify funding opportunities to expand its fareless system initiative. Metro has been actively pursuing funding but also recently engaged Deloitte to evaluate the FSI Phase 2 Program and develop a comprehensive funding feasibility plan including Federal, State, Local, and non-governmental sources and an advocacy plan.

The advocacy plan identifies three (3) priority audiences for tailored outreach with customized propositions around the impacts on equity, economic opportunities, and climate change. Creating a broad coalition of support and securing funds from multiple sources will be critical and will require an innovative approach that highlights the equitable public transit outcomes from the FSI Phase 2 Program.

Consistent with our Board-approved Federal Legislative Program for 2023, Metro continues to be a national leader in advocating for federal programs that would establish grants in support of fare-free and reduced-fare transit programs. Previously, Metro successfully advocated for the inclusion of such funding as part of a new discretionary grant program (Affordable Housing Access Program) included in the Build Back Better Act. Unfortunately - the Build Back Better Act did not become law, and the Bipartisan Infrastructure Law - which did become law - failed to embed the language we sought to have the federal government support fare-free and reduced-fare transit programs. During the current 118th Congress, staff will continue to explore all possible legislative efforts to create a new federal discretionary grant program to support fare-free and reduced-fare transit programs.

At present, staff is working with a diverse number of stakeholders across Los Angeles County to aggressively pursue federal funding for fare-free and reduced-fare transit services in the 118th Congress through the congressionally directed Community Funding Project process - previously known as earmarks. Staff has submitted Community Funding Project requests with members of the Los Angeles County Congressional delegation (including our U.S Senators) to support Metro’s Go

Pass Program - with strong support from members of the Metro Board and other groups, like MOVE LA, the Paramount Unified School District, the Los Angeles Unified School District, Long Beach Unified School District, Santa Monica College, Long Beach City College, among other educational institutions.

Metro staff is continuing to advocate for state funding to support the roll out of Phase 2 of FSI. The agency is supporting AB 610 by Assemblymember Holden, which would create a statewide Youth Transit Pass Pilot Program. The Department of Transportation would administer the Program to award grants to transit agencies to create and implement free youth transit pass programs. AB 610's proposed grant program would allow Metro to continue the GoPass program beyond its initial pilot phase. AB 610 builds upon the Assemblymember's similar bill from last year, AB 1919, which passed the legislature and was formally supported by Metro but was ultimately vetoed by the Governor for not having an associated appropriation. AB 610 is contingent upon an allocation of funds in the state budget and would be repealed on January 1, 2029. This bill is in line with our board-approved legislative program that seeks state funding for the implementation of a fareless transit system.

FSI Phase 2 Funding Sources:

The advantages and benefits of a fareless initiative are numerous. However, the key to success for FSI is to document the program data and messaging materials so they become compelling and impactful in the funding and policy decision-making processes. With a focus on providing equitable mobility and better quality of life for Angelenos with the lowest incomes, the key funding findings and recommendations are summarized in (Attachment G)

A broad collection of funding opportunities that are potentially viable and suitable to support Metro's budget requirements for expansion of the FSI program were assessed to the degree to which various funding options provide achievable, sufficient, and sustainable support for the FSI project as scoped by Metro.

The overall scope and primary purpose of the FSI program are about affordability and access to transit for students and low-income residents, however, the program's implementation approach and timeline are areas where the funding challenges loom largest. The current implementation plan for low-income is based on an estimated cost of \$439 million over eighteen months and more than 1 million eligible residents. These program assumptions, costs, and timeline will lead to a weaker funding feasibility plan and a lower probability of a sustainable program.

The FSI feasibility funding plan requires leveraging a combination of federal, state, local, philanthropic, and non-profit sources. Contributing sources may vary significantly throughout the years and are dependent on numerous and unpredictable variances that will present challenges for a sustainable fund source. A summary of all programs can be found in Attachment H.

Federal Funds: 69 specific programs were evaluated, including 56 from IIJA, 7 from USDOT, and six from HUD. Three federal programs with "High" alignment were identified, all through the Infrastructure Investment & Jobs Act. The Plan identified the Department of Transportation RAISE Grant Program, the FTA's Enhanced Mobility of Seniors & Individuals w/ Disabilities, and the FTA

Research Development, Demonstration, and Deployment Projects grant opportunities.

Federal Funding Challenges

- Federal programs do not directly list fare assistance as an eligible use of funds
- Regulations are not clear around the use of funds for fare revenue replacement
- Most Federal programs require cost sharing of 20% to 50% with awarded agencies

Federal Funding Opportunities

- Federal program awards are generally higher in value
- An award for FSI could create a use case for federal support for funding fareless transit
- Metro could have the opportunity to help shape legislation for fareless programs at the federal level leveraging data from GoPass

State Funds: 16 programs were evaluated. Two state programs with “High” alignment were identified, namely the Air Resource Board’s Sustainable Transportation Equity Project (STEP) and Caltrans’ Low Carbon Transit Operations Program (LCTOP)*. Categories used to support the state ranking alignment were transportation, education, growth, climate, resource, and workforce.

State Funding Challenges

- Majority of State programs are for competitive grants, with several oversubscribed in recent fiscal years
- Reduction of greenhouse gas emissions is a top priority for capital investments compared to fareless initiatives

State Funding Opportunities

- Share the FSI vision of success with stakeholders and highlight two years of GoPass and LIFE actual data as proof that fareless programs will create a significant community and transit impact.
- Use media and communications channels to keep stakeholders informed with data. One of the challenges to obtaining multiple years of funding for fareless initiatives is the lack of data to support political decisions. FSI can change this scenario by providing updated data for Los Angeles, the second largest transit market in the country.
- Build political support for future fareless legislation and policy development.

Local Funds: Local measures and potential funds from local municipalities were evaluated, in addition to 26 alternative revenue options. Two measures and two propositions with “High” alignment were identified that have designated allocations that may fund operational expenses and transit related programs such as FSI.

Local Funding Challenges

- Creating local stakeholder buy-in to fund the program
- Competing funding priorities with major local issues such as housing
- Elevating the importance of fareless initiatives to top of local conversations to emphasize and raise the priority to allocate local funds for fareless initiatives

Local Funding Opportunities

- Define a unique value proposition that will resonate with local community aspirations
- Gather political support for legislative solutions that could drive new sources of revenue to be directed to fareless initiatives
- Eliminate transit cost barrier from the most needed parcel of the population
- Review existing congestion pricing policies that are designed to maintain free flow traffic conditions in the managed lanes. Amplify the local voice for policy changes that allocate a portion of toll revenue to the fareless initiative as a congestion reduction measure to incentivize people to use transit, thereby reducing the number of personal vehicles in the managed lanes
- Take the opportunity to serve as a pathway to create a transit model that fights against climate, poverty and increases ridership

NGO/Philanthropy and Private Sector Funds: 46 organizations were evaluated as potential supporters of FSI Phase 2. 15 potential supporters with “High” alignment with the goals of a fareless program for low-income riders,

Alternative Revenue Options: In addition to government funding sources, the FSI Phase 2 Funding Plan identified potentially innovative options to generate revenue from local, nongovernmental, and private sector partners that align with the objectives, benefits, and outcomes for low-income riders envisioned through FSI Phase 2. Upon initial review, Metro staff believe that the following concepts are worthy of further investigation:

- o **Employer Certification Program** - Develop a "Transit Friendly Employer" program that requires a % of fare purchases to be donated to FSI
- o **Congestion Pricing** - Allocating or competing for a portion of the revenue generated

from congestion pricing on toll lanes

- o **Cost Sharing with Health Insurance Companies** - Insurance will cover the cost of trips to/from health care appointments
- o **Toll Round-Up** - Institute a toll “round up” feature to allow Express Lane drivers to round up their tolls

Funding Key Considerations:

The FSI Phase 2 funding plan should take a funding compilation approach since there is no clear single funding source that can meet the total needs of the program. The FSI Program size and scope make it necessary to anticipate and overcome potential barriers or limiting factors. Defining and advocating around the program benefits are essential to making the fareless initiative a viable program for the future. Finding a dedicated, evergreen funding source will be a challenge. One time money may start a program but may not be available to sustain the program creating an ongoing operating expense. It is more detrimental to riders to start and end a program abruptly because there is no funding. It may be even more detrimental to cut service because of the lack of funding.

However, there are a considerable number of funding sources and opportunities with federal, state, local, private sector, and NGO philanthropic organizations with strong program alignment. The limited budget and the competitions between programs are real and require strong, consistent, and long-term advocacy efforts combining transit agencies, political support, organizational encouragement, and community allyship to move FSI forward.

FSI Phase 2 Inter-locking Objectives



- Federal and State funding sources can be unpredictable unless fareless legislation is in place.
- Federal programs are generally for capital program investments and do not directly list fare assistance under eligibility criteria. However, the reduction of greenhouse gas emissions and other Justice40 grant opportunities can support the FSI Phase 2 funding strategy.
- Most federal funding program awards require cost sharing of 20% to 50%.
- A majority of state programs are for competitive grants, with several oversubscribed in recent fiscal years.
- Measure A, Measure R, Proposition A, and Proposition C have designated allocations that may be leveraged to fund FSI.
- Many philanthropic institutions do not make recurrent donations. Dedicated year-over-year funding is not guaranteed unless it is specified in an existing agreement.
- Sustainable funding support is vital to the success of the program, and we have identified various high-alignment alternative revenue sources that can contribute significantly to the program. These alternative revenue sources, such as a partnership program (pay-it-forward), a toll roundup program (new concept), and philanthropic bulk purchases, are further explored in the report.
- Metro is well positioned to partner with large private-sector companies that have strong Diversity, Equity and Inclusion (DEI) commitments and substantial budget allocations towards social programs, such as FSI, that bring positive impact to the county's economy, well-being, environment, and sense of community.
- Metro can advocate and lobby for legislative appropriation and policy mandate to fund the fareless program long-term

DETERMINATION OF SAFETY IMPACT

This action will not have an impact on safety standards at Metro

FINANCIAL IMPACT

Impact to Budget

The GoPass Pilot program years 1 and 2 were partially funded by the cost sharing agreements with the schools. The loss in revenues from K-14 students was absorbed by the ARPA funding in FY23, which allowed transit agencies to use ARPA to mitigate the loss in fare revenues. Metro has exhausted all ARPA funding in FY23. Extending the pilot to year 3 requires the identification of funding to continue the pilot into FY24. The estimated cost of extending the pilot is \$20 million, which

includes the loss in fare revenues expected from K-14 riders.

Metro will set aside \$20-\$25 million in operating eligible funds to cover the cost of the program in the FY24 budget.

EQUITY PLATFORM

At its core, the goal of the FSI Pilot Program is to achieve greater equity by reducing barriers to mobility and improving access to transit for all communities. Increased transit ridership adds social and environmental benefits to the LA region. For students, access to transit increases the probability of students becoming long-term transit riders, improves school attendance and academic performance, and increases participation in extracurricular activities and employment.

Transportation is a basic need for the Los Angeles region, and the GoPass program makes Metro more accessible while providing financial relief from transportation costs for students and families. Data analysis of boardings in September and October 2022 showed that 61% of GoPass boardings occurred in Equity Focus Communities (EFCs), and 22% of GoPass boardings occurred in areas designated as food deserts by the United States Department of Agriculture (USDA). Further, as shown in the most recent GoPass Program surveys, the program has directly improved student access to education, extracurricular activities, school supplies, and even food, while alleviating transportation logistics and cost burden on households and families.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommendation supports strategic plan goal #3, Enhancing communities and lives through mobility and access to opportunity, “by reducing the cost of riding transit for K-12 and Community College Students in Phase 1 and low-income riders in Phase 2.

ALTERNATIVES CONSIDERED

The Board can choose not to approve staff recommendations to extend the pilot period for GoPass through FY24 or to pursue funding strategies. This is not recommended as it will not support Metro’s goal to achieve greater equity by reducing barriers to mobility and improving access to transit for all communities.

NEXT STEPS


Staff will further assess and pursue, where applicable, potential funding sources as described in the FSI Phase 2 funding feasibility plan to support ongoing costs associated with the GoPass Program and future implementation of FSI Phase 2, which seeks to provide a fareless program to low-income riders.

ATTACHMENTS

- Attachment A - Board Motion 45
- Attachment B - Board Motion 40
- Attachment C - FSI Schools Within EFCs
- Attachment D - GoPass Pilot Cost Summary
- Attachment E - GOPass Survey Findings
- Attachment F - LIFE Survey Findings
- Attachment G - Key Funding Findings and Recommendations
- Attachment H - Potential Funding Sources

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