



## Board Report

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### EXECUTIVE MANAGEMENT COMMITTEE APRIL 18, 2024

**SUBJECT: GOPASS PILOT PROGRAM EXTENSION**

**ACTION: APPROVE RECOMMENDATION**

#### **RECOMMENDATION**

APPROVE an extension of the GoPass Pilot Program through FY25.

#### **ISSUE**

GoPass is a groundbreaking three-year pilot program designed to provide students in participating K-12 school districts, charter networks, private schools, public vocational schools, and community colleges with fare-free access to Metro and 15 additional transit agencies. 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. The GoPass Boardings Year-Over-Year data shows a 32% increase in ridership in Year 3. The current pilot period is set to expire June 30, 2024.

#### **BACKGROUND**

On May 27, 2021, the Board passed Motion 45 by Directors Garcetti, Mitchell, Krekorian, Hahn, Bonin, and Solis (Attachment A) on implementation strategies for FSI. The motion directed the Chief Executive Officer to implement the FSI, subject to a final funding plan, while pursuing cost-sharing agreements, and reporting to the Board on the development, launch, and performance of FSI.

On September 23, 2021, the Board approved a staff recommendation to launch Phase 1 of the FSI for K-14 students (GoPass) on October 1, 2021 as a two-year pilot, with the understanding that future Board approval would be required to launch Phase 2 for non-student, low-income adults once available funding had been identified. On April 23, 2023, the Board approved a one-year extension of the GoPass Pilot Program to add Year 3 through June 30, 2024.

#### **DISCUSSION**

GoPass reflects Metro's commitment to connecting students to opportunity by making transit more accessible and eliminating transportation cost barriers. GoPass has helped to promote educational equity by ensuring that all students, regardless of financial circumstances, have access to

transportation to access opportunities. The GoPass program supports students 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.

School District Participation

As of March 2024, 113 K-12 public school districts, charter school networks, and independent charter and private schools are participating in the GoPass Program, along with one adult/vocational district (LAUSD Adult Education) and nine community college districts representing 17 colleges for a total of 123 total districts. Currently, 27% of 81 public school districts in LA County are participating in the program, along with 69% of charter networks, 39% of independent charter schools and 69% of community college districts. Staff is currently in discussions with an additional 25 school districts, charter networks, and community colleges who are interested in joining the program.

**Total GoPass Program Participation by District Type**

**GoPass Program Participation by Year and District Type (Cumulative)**

District Type	Year 1	Year 2	YOY Increase	Year 3	YOY Increase
Public Districts	12	20	67%	22	10%
Charter Networks	10	18	80%	20	11%
Independent Charters	25	46	84%	59	28%
Private Schools	3	9	200%	12	33%
Community College Districts	6	8	33%	9	13%
Vocational Districts	0	1	100%	1	0%
<b>Total</b>	<b>56</b>	<b>102</b>	<b>82%</b>	<b>123</b>	<b>21%</b>

Districts and students have expressed appreciation for how easy it is for them to participate in the program and the improved cost-benefit of providing transit passes. Schools say that they have students who rely on the program to get to school daily, and having a pass helps them avoid absences. In a press conference with LAUSD on October 31, 2023, Superintendent Carvalho said that he believed the GoPass program significantly reduced chronic absenteeism from 50% to 20%.

Transit Agency Participation

Antelope Valley Transportation Authority (AVTA) joined the GoPass Program in September 2023, and Lawndale Beat joined in November 2023. This brings the total number of transit agencies participating in the program to 17: AVTA, City of Commerce, Culver CityBus, Foothill Transit, Glendale Beeline, Gardena Transit (GTrans), LA County Shuttles, LADOT DASH, Lawndale Beat, Long Beach Transit, Lynwood Trolley, Metro, Montebello Bus, Norwalk Transit, Pasadena Transit, Santa Monica Big Blue Bus, and Torrance Transit. This represents 56% of the transit agencies on the TAP system (15/27), plus two agencies who are not yet on TAP (Commerce and Lynwood).

Staff continues to meet with all interested transit agencies in LA County to ensure open communication and data sharing and is working on adding more transit agencies to the program.

Program Participants

As of April 2, 2024, over 376,000 unique GoPass participants have benefitted from the program, which is approximately 33% of the 1.15 million eligible students in participating districts, compared to about 6% of LA County residents who ride transit. The total number of eligible students in participating districts has decreased year-over-year due to reductions in district enrollment numbers. However, the number of districts in the program has grown by 24% and staff will continue to work with the remaining districts to expand the program,

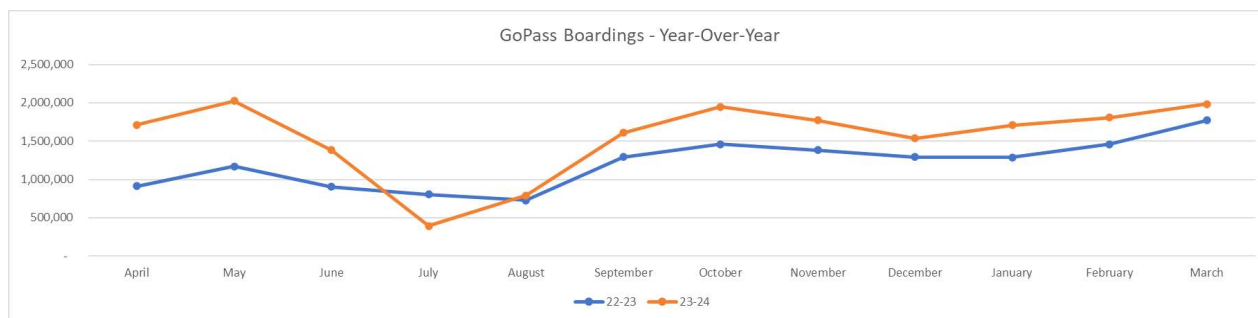
The number of annual participants increased 7% between Years 1 and 2. With ongoing outreach and marketing, Year 3 participation has increased 42% in the first half of year compared to the first half of Year 2. Retention between Year 1 and 2 was 13.8% and is 44.9% for the first half of Year 3, and the number of renewing students increased 274% from 10,500 in Year 2 to 39,400 in Year 3.

Approximately 48% of GoPass participants have shared their household income voluntarily through the registration process. As of December 2023, 87% of these students reported an annual income of less than \$50,000 per year. This is equivalent to the qualification requirements for the Low-Income Fare is Easy (LIFE) program, which establishes eligibility at \$50,450 for households of two persons or more. According to Metro’s Fall 2023 Onboard Customer Survey, 84% of Metro customers meet the LIFE threshold. At 87%, low-income participation in GoPass is higher than the 84% of Metro riders who qualify for the LIFE Program and also higher than the 69% of students in LA County who qualify for free and reduced-cost lunch programs.

### Ridership

The GoPass Boardings Year-Over-Year data shows a 32% increase in ridership in Year 3. This growth is indicative of successful outreach and operational improvements such as a streamlined registration process and the availability of the TAP virtual app. Building on this success, we will continue to amplify the benefits of GoPass by encouraging students to utilize their GoPass beyond their school commutes by developing marketing initiatives that inspire exploration across LA County via public transit.

### Go Pass Boardings Year-Over-Year



For the duration of the program, 87-88% of boardings occurred Monday through Friday, with the highest usage peaking at 8 a.m. and 4 p.m., indicating that the students were using the GoPass to get to and from school. Conversely, 12-13% of rides have been taken on weekends. This pattern underscores the program’s success in fulfilling its primary purpose: facilitating students’ commutes to and from school.

However, a strong growth opportunity lies in the remaining “non-school commute” rides, showing a relatively untapped market segment. Staff will capitalize on this growth opportunity through a comprehensive approach involving social media engagement campaigns, youth content partnerships and other geo-targeted paid media promotions. Encouraging GoPass use into weekends and off-peak hours presents a strategic opportunity to not only increase overall GoPass boardings, but to support the broader goals of reducing car dependency among younger generations and fostering a culture of public transit usage.

Fare Programs staff in Customer Experience have been partnering with schools to participate in back-to-school events and on-campus registration events to boost program enrollment since program launch. In FY23, staff attended 76 GoPass outreach events. In the first half of FY24, staff have already conducted 77 GoPass Outreach events. For Year 3 of GoPass, Metro Marketing has focused on positioning GoPass as an all-access pass for students to travel across LA County, anywhere, anytime.

### 2024 GoPass Survey Results

In a recent survey sent to 150,000 active GoPass students, 3,569 respondents shared the following:

- 53% of surveyed GoPass students rode Metro daily, with 60% reporting increased transit usage since joining the program.
- 78% of respondents note improved school attendance following enrollment in the GoPass program.
- 78% of students had to choose between transit expenses and other essential needs prior to being enrolled in GoPass, with food being the priority expense.
- The survey also highlights a significant positive impact on students' well-being, with 94% reporting feeling better in general thanks to GoPass.
- Safety while riding Metro tops the list of concerns, closely followed by the need for fast, reliable service.

These findings underscore the program's effectiveness in growing transit use, attendance, financial stability, and overall student well-being.

### GoPass Pilot Program Cost

In the September 2021 Board Report, the estimated cost of the FSI Phase 1 20-month regional fareless pilot program was \$49.9 million. This was based on the annual student fare revenue that was collected pre-COVID and the corresponding projected fare-revenue loss from not collecting those fares. Fare revenue losses for Metro were estimated at \$33.5 million (\$16.75M per year) and at \$16.4 million (\$8.2M per year) for municipal and local operators for FY22 and FY23. The projection did not take into account cost-sharing from school districts, or funding from grants and sponsorships, and additional operational costs were assumed to be absorbed in the existing Transit Operations budget. In FY19, total student boardings were 27 million.

At the close of Year 1, GoPass boardings were 5.4 million, and the fare revenue loss was \$3.4 million for Metro and \$925,000 for municipal and local operators, for a total fare revenue loss of \$4.3 million. This was primarily due to fares not being collected until January 2022. Taking into account additional

costs, including TAP cards and program administration, the full cost of the program for Year 1 was approximately \$10.4 million, and the school district cost-sharing amount for Year 1 was \$2.6 million, for a net cost of \$7.8 million.

Because the largest percentage of program cost is calculated from lost student fare revenue, as annual boardings have increased, costs have increased as well. GoPass boardings for Year 2 were 17.8 million for a cost of \$16.1 million (see Figure 4 below).

The current three-year cost estimate for the Pilot Program is 19% below the initial two-year cost estimate. This is because total GoPass boardings have not yet reached the projected 54 million boardings for two years, or 27 million boardings per year. However, there were approximately three million non-GoPass student boardings in FY23, so total student boardings were close to 21 million.

**GoPass Estimated vs. Actual Cost**

Figure 9 - GoPass Estimated vs. Actual Cost

	Boardings	Cost	
<b>FY19</b>	27,000,000	<b>\$24,950,000</b>	
<b>Year 1 (Actual)</b>	5,354,103	\$7,813,068	
<b>Year 2 (Actual)</b>	17,836,154	\$16,112,934	
<b>Year 3 (Estimated)*</b>	25,091,606	\$16,654,833	
<b>3-Year Total To Date</b>	48,281,863	<b>\$40,580,835</b>	<b>-19%</b>
<b>Initial 2-Year Projection</b>	54,000,000	\$49,900,000	

\*Year 3 District cost-sharing rate increased from \$3 to \$7 per student

While the actual cost of the GoPass program is currently 19% below projections, as the program continues to gain popularity, total boardings and cost will continue to increase. Staff will continue to monitor program costs and advocate for additional funding (see additional information on funding efforts below).

**State Funding Opportunities**

Metro has aggressively advocated for state funding to support free-fare programs in the State of California. In the 2023 legislative session, Assemblymember Chris Holden (D - Pasadena) introduced AB 610, which proposed to create the state Youth Transit Pass Pilot Program. Established Board policies allow us to support these types of measures as they are introduced, and Metro did formally support AB 610 through letters and legislative support at policy committee hearings. However, the bill did not have dedicated funding attached, and was not signed into law. Metro staff recognizes the need for dedicated funding for these programs and will continue to support legislation advancing these programs and keep the Board apprised of any new developments. Metro is also engaging in the statewide Transit Transformation Task Force that was created last year through SB 125. This Task Force plans on exploring avenues to increase transit ridership, including expanding funding to help transit agencies cover the cost of providing low-or-no-cost transit passes.

In addition, Metro is part of two Transformative Climate Community (TCC) Grants under CARB - one

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for \$35 million in South Los Angeles and another for \$22 million in Pomona. Metro's portion of this funding will provide GoPasses and LIFE passes at no cost to eligible participants in the grant area.

### **Federal Funding Opportunities**

Metro has been and continues to be a national leader in advocating and exploring pathways forward for legislation that would establish federal grants or formula funding to cover the cost of fare-free and reduced-fare transit programs. In the 117th Congress, Metro successfully advocated for the inclusion of fare-free funding as part of a new discretionary grant program (Affordable Housing Access Program) included in the Build Back Better Act. Unfortunately, this bill was never adopted into law.

Consistent with the agency's Board-approved Federal Legislative Program for 2024, Metro staff is continuing to work with a number of stakeholders to pursue federal funding for fare-free and reduced-fare transit services across Los Angeles County. As part of this effort, Metro's Government Relations team is exploring any appropriate legislative vehicles during the 2nd session of the 118th Congress.

With respect to seeking congressionally directed spending, Metro previously supported the Los Angeles Community College District (LACCD) in their successful effort to secure a \$1 million grant through the federal "earmark" process to help expand the GoPass program at all community colleges in LA County. This congressionally directed spending was supported in the U.S. Congress by the late U.S. Senator Dianne Feinstein (D-CA). The grant is funding passes for nearly 143,000 students over three years. In Academic Year (AY) 2022-2023, this funding covered the cost of 36,707 students participating in the program. In AY 23-24, 25,954 Community College students have registered for GoPass, which is an 11% increase over Fall 2022. This funding continues through Academic Year 2024-2025.

Currently, Metro is working cooperatively with the LACCD to submit a new request for funding that would, if approved by Congress and adopted into law, provide an additional \$1 million for the GoPass Program and also provide \$1.4 million in funding to support a new and innovative Ambassador Internship Program. This pilot internship program, if funded, would provide workforce opportunities for students on the Metro routes closest to their respective community college. This will not only help keep Metro safer and provide an enhanced customer experience, but it will also provide GoPass students with valuable work experience that could potentially lead to permanent employment with LA Metro.

In March of 2024, the U.S. Department of Transportation awarded Metro a Reconnecting Communities grant that included \$4 million for our agency's successful GoPass Program. Metro looks forward to being responsible stewards of this valuable federal funding to build on the proven success of Metro's GoPass Program.

### **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.

### **FINANCIAL IMPACT**

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This program will cost approximately \$22.2 million in FY25. Funding for this program will continue to come from the transit operations budget, and costs will continue to be offset by district cost-sharing revenues, grant funding, and sponsorship.

### Impact to Budget

GoPass funding sources are eligible and used to support bus and rail operations.

### EQUITY PLATFORM

At its core, the goal of free and reduced fare programs is to achieve greater equity by reducing barriers and improving access to transit, and subsequently, opportunity for all communities. Currently, 87% of registered GoPass users are low-income, which is higher than the systemwide average of 84% low-income riders measured, in the Fall 2023 Onboard Customer Survey. Approximately 88% of GoPass Boardings are used on weekdays, and for K-12 students, usage peaks in the hours immediately before and after school, showing that the large majority of boardings are used to access school. In Year 3, GoPass participants have increased year-over-year giving additional students better access to reliable transportation, which will improve their student success, outcomes, and future income levels.

### IMPLEMENTATION OF STRATEGIC PLAN GOALS

These programs support Metro's Strategic Plan Goal 3) Enhance communities and lives through mobility and access to opportunity and Goal 4) Transform LA County through collaboration and leadership. Metro will continue to work toward providing accessible and inclusive services for the residents of Los Angeles County.

### ALTERNATIVES CONSIDERED

The Board may choose not to approve an extension for the GoPass Pilot Program, however, this is not recommended. The GoPass program makes Metro more accessible while providing financial relief from transportation costs for students and families. 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. It is the staff's recommendation to extend the program an additional year.

If the Board votes not to extend the program, staff will immediately notify district partners and participating students that the program will cease on June 30, 2024 in order to provide them with a 60-day cancellation notice and information on other Metro fare programs.

### NEXT STEPS

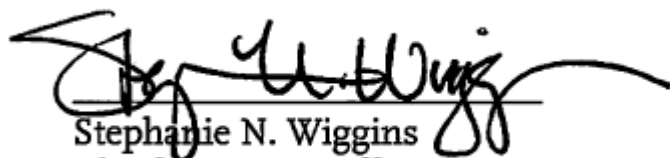
Upon Board approval, staff will notify district partners and participating students and transit agencies that the program will be extended.

### ATTACHMENTS

Attachment A - Board Motion 45

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