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**EXECUTIVE MANAGEMENT COMMITTEE  
AUGUST 20, 2020**

**SUBJECT: STUDENT FARES UPDATE AUGUST 2020**

**ACTION: ORAL REPORT**

**RECOMMENDATION**

Oral Report on **STUDENT FARES UPDATE**

**ATTACHMENTS**

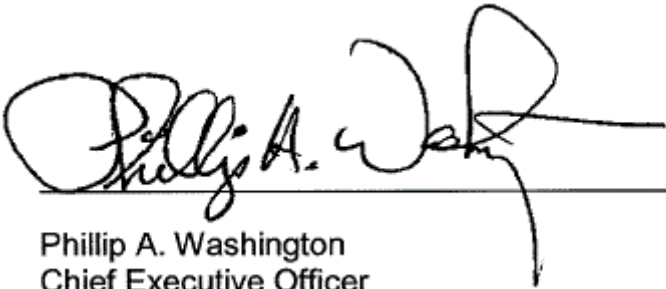
Attachment A - Presentation on Student Fares Oral Update August 2020

Attachment B - Report on Free Student Fares Feasibility Study April 2020

Attachment C - File #2019-0879 Approved Motion on U-Pass K-12 Pricing

Prepared by: Devon Deming, Director of Commute Services, (213) 922-7957  
Glen Becerra, Executive Officer, Marketing, (213) 418-3264

Reviewed by: Yvette Rapose, Chief Communications Officer, (213) 418-3154



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Phillip A. Washington  
Chief Executive Officer



# Oral Update Informational Report on Student Fares

Executive Management Committee, File #2020-0468



**Metro**

**Metro Commute Services:**  
**Devon Deming, Director of Commute Services**  
**Direct: 213.922.9757**  
**[demingd@metro.net](mailto:demingd@metro.net)**

# UCLA Graduate Student Association (GSA)

- **Metro Commute Service (MCS) and TAP staff are working with UCLA to load 13,000 personalized Graduate Student U-Pass Cards for distribution in Fall Quarter 2020. Graduate students voted in a \$25 fee to cover the cost of this program for all students.**



- In response to a request from LAUSD, the Metro Board approved K-12 pricing structure for the U-Pass Program for homeless support services under the McKinney-Vento Act in January 2020.
- Converting to U-Pass could save districts up to 61% of cost (at loss to Metro)
- Average K-12 Boardings in FY '19 = 2.9 per week or 12.43 per 30 days
- 13 boardings per month at U-Pass Rate of \$0.75 = \$9.75 per month vs. K-12 monthly pass at \$24/mo.
- U-Pass Valid on Metro and 9 additional transit agencies
- We are currently waiting for LAUSD to decide the size of the participation group and implementation date based on COVID and return to school timeline.



# K-12 Reduced Fare Stickers

- June 2020 Board request to implement K-12 stickers similar to U-Pass
- The TAP Office could potentially convert to stickers, but would still need schools/districts to collect names and some form of unique identifier during distribution process (Student ID #, DOB, etc.)
- TAP currently uses identifying information to assist LAPD with missing persons investigations
- Districts would need to be willing to work with Metro on effective distribution process
- K-12 stickers would allow students to use DASH to Class, but would require additional fare to be purchased/loaded to ride Metro or other transit agencies.





**Metro**


Los Angeles County  
Metropolitan Transportation Authority


One Gateway Plaza  
Los Angeles, CA 90012-2952

213.922.2000 Tel  
metro.net

**April 30, 2020**

**TO: BOARD OF DIRECTORS**

**THROUGH: PHILLIP A. WASHINGTON**   
**CHIEF EXECUTIVE OFFICER**

**FROM: YVETTE RAPOSE**   
**CHIEF COMMUNICATIONS OFFICER**

**SUBJECT: REPORT ON FREE STUDENT FARES FEASIBILITY**  
**STUDY**

**ISSUE**

In January 2020, the Metro Board approved a motion directing the CEO to return to the Board in April 2020 with a report detailing various aspects of existing state and regional K-12 and college fare programs to help assess the feasibility of providing free transit passes to students in Los Angeles County. The motion stated that Metro’s “existing student pass program has multiple barriers to entry and a high administrative burden that could be avoided through a universal program” and that “access to transportation is the single greatest factor in the odds of escaping poverty and avoiding homelessness.” The Board requested a variety of information in the report, including performance reviews of similar existing programs, cost estimates for administration and operations, farebox impacts, needs assessment of schools and communities in the county, analysis of effects on ridership and operations, outreach to other transit agencies in the county, and recommended actions to reduce barriers to ridership.

Although the COVID-19 pandemic has closed schools and greatly reduced transit ridership, this report contains information available prior to the closures and proposes next steps in the process of moving toward more affordable transit passes for students in Los Angeles County.

## **DISCUSSION**

An internal working group was established to examine each of the topics listed in the Board Motion and compile the information in this report. The internal working group was comprised of representatives from various Metro Departments, including Marketing, TAP, Reduced Fare, Government Relations, Office of Management and Budget (OMB), County Counsel, Service Planning, Operations, Internal Audit, and Systemwide Safety and Security.

In addition, staff reached out to a wide variety of transit agencies, including those mentioned in the Board Motion, and held meetings with various stakeholders, including Los Angeles Unified School District (LAUSD), Pasadena Unified School District (PUSD), and the City of Los Angeles.

### **Existing Transit Programs**

The Board motion requested a review of the performance of existing free transit programs for K-12 students, including the City of Los Angeles' DASH to Class program, Metro's Just Transit pilot with LAUSD, programs from other school districts, and the City of Sacramento's RydeFreeRT program.

#### **Metro U-Pass Program**

Metro's existing U-Pass program has established a very successful model of providing affordable transit to students through a cost-sharing model with the students, schools/districts, cities, and Metro, where the school is billed for actual rides at the reduced rate of \$0.75 per boarding and the schools are also able to charge students a participation fee, as long as that fee does not exceed the cost of the program. The program now includes twenty (20) colleges and one (1) high school and has over 19,000 participants per semester. The current average cost of the program based on actual usage is about \$6.00 per week, and the pass is good for unlimited rides on Metro and nine other transit agencies. U-Pass participation increased 49% from Fall 2018 to Fall 2019 (13,178 to 19,656 participants) and has increased 135% since its launch in Fall 2016 (8,367 to 19,656).

Prior to the U-Pass launch, there were approximately 7,000 students utilizing Metro's Institutional Transit Access Pass (ITAP) and an additional 7,000 using the College/Vocational Reduced Fare TAP card, for a total of 14,000 college riders. Today there are 19,656 U-Pass Participants and 10,289 active College/Vocational TAP cards for a total of 29,945 college riders. This is an increase of 114% over the last four years. From August 2019 to February 2020, there were 2.44 million U-Pass boardings and 1.45 million College/Vocational boardings on Metro and other LA County transit agencies for a total of 3.89 million boardings for the Fall/Winter semester.

The use of TAP “smart chip” stickers applied to student IDs in the U-Pass Program enables Metro to streamline the application and distribution process through the schools and to collect a higher level of data than other transit agencies with similar programs that may only be using paper “flash pass” stickers or student IDs for boarding purposes.

Los Angeles Department of Transportation (LADOT) DASH to Class

The DASH to Class Program offers free rides on LADOT’s DASH services to all K-12 and College/Vocational students. This program is funded through the State of California’s Low Carbon Transit Operations Program (LCTOP). Free boardings are recorded as full fare and reimbursed to the agency via LCTOP funding. Prior to launch, the majority of student riders on DASH were paying with cash at \$0.50 per boarding. The projected annual ridership for the first year of the DASH to Class Program was 480,000 boardings, which represented \$240,000 in lost fare revenue reimbursed by LCTOP funds. Metro currently uses LCTOP funding for other programs, such as capital projects and operations.

The DASH to Class Program requires participants to acquire a Metro Reduced Fare Student, College/Vocational TAP Card, or U-Pass Sticker to be eligible for free fare, but it allows students to board free with any student ID to give them time to apply and receive their Reduced Fare TAP cards. The program launched on August 20, 2019 and over the first 5 months, approximately 46% of the 220,000 total boardings were not on a TAP card (student ID only). During the first five full months of the program, DASH saw a year-over-year increase in ridership of 134% for K-12 boardings, from 44,903 rides in FY ‘19 to 105,078 rides in FY ‘20, and an increase of 198% for College/Vocational boardings from 4,564 to 9,058. LADOT estimates that the total number of "DASH to Class" boardings over the first five months was approximately 220,000, which would have put them on track to achieve 528,000 boardings for the full year (10% above their initial projections), prior to the school closures due to COVID-19. However, with schools out of session through the end of the school year, student ridership has been significantly reduced.

<b>LADOT DASH Year-Over-Year Ridership</b>						
K-12 Student	Sep	Oct	Nov	Dec	Jan	Grand Total
FY 2019	9,693	12,435	9,015	6,512	7,248	44,903
FY 2020	17,663	26,145	20,238	20,794	20,238	105,078
Difference	7,970	13,710	11,223	14,282	12,990	60,175
	82%	110%	124%	219%	179%	134%
College/Voc	Sep	Oct	Nov	Dec	Jan	Grand Total
FY 2019	921	1,194	878	720	851	4,564
FY 2020	2,596	3,228	2,230	2,637	2,931	13,622
Difference	1,675	2,034	1,352	1,917	2,080	9,058
	182%	170%	154%	266%	244%	198%



## “Just Transit” Manual Arts Pilot Program

The Manual Arts High School U-Pass Pilot Program also launched on August 20, 2019. The program is funded through a “Just Transit” grant received by Move LA from the 11<sup>th</sup> Hour Schmidt Family Foundation and administered by LA Promise Fund through their on-campus College Center. In order to register for the program, students are required to complete Metro’s K-12 Reduced Fare Application along with a supplemental application that asks additional questions about how the student usually travels to school and other activities, how they currently pay for transit, and how many miles they live from campus. Application packets may be completed online or on paper and both are available in English and Spanish ([https://lametro.formstack.com/forms/upass\\_k12\\_manual\\_arts](https://lametro.formstack.com/forms/upass_k12_manual_arts)).

The program uses the U-Pass stickers with embedded TAP chips applied to student IDs to track ridership and total boardings per semester are invoiced back to Move LA at the U-Pass rate of \$0.75 per boarding capped at the K-12 Monthly Reduced Fare rate of \$24 per month. U-Passes are valid on Metro, DASH and eight other transit agencies, including Culver CityBus, GTrans, Long Beach Transit, Montebello Bus, Norwalk Transit, Pasadena Transit, Santa Monica Big Blue Bus, and Torrance Transit. The passes are good for the entire 40-week school year.

Because the funding received would only cover 400 passes, Move LA initially chose to distribute the passes only to members of the junior class. However, as of February 2020, only 161 students had completed the registration process, which was 40% of the 400 available passes. Because of the low participation, the program was made available to all students on campus. Thirty-six (36) of the 161 (22%) who had registered had not yet picked up their passes, so there were 125 active participants. While the group of 125 active users only represents 31% of the 400 available passes, it represents 9% of the 1,400 students on campus that are actively riding transit. (Comparatively, according to the USC Price School of Public Policy, only 6.8% of Angelenos utilize public transit. <https://www.kcet.org/shows/neighborhood-data-for-social-change/transit-ridership-in-los-angeles-county-is-on-the-decline>). To gain a better understanding of contributing factors, Move LA and LA Promise Fund will conduct surveys of students not participating to determine what barriers are keeping them from joining the program and those not riding to determine why they were not using their passes prior to the school closures.

As of February 24<sup>th</sup>, there was a total of 8,639 boardings for the Fall ‘19/Winter ‘20 Pass Period: 8,198 (95%) on Metro, 392 (4.5%) on DASH, 31 (0.4%) on Santa Monica Big Blue Bus and 18 (0.2%) on Culver CityBus. Therefore, 125 students rode an average of 2.6 boardings per week for 27 weeks in the Fall/Winter semester. The average trip distance self-reported by students was 0.3 miles.

Based on the registration data, only 3 of the 161 (4%) registered participants in the pilot program stated they did not previously ride Metro. Prior to joining the program, 59% already travelled to school via transit, 29% walked and 1% biked. Only 11% travelled by car and were dropped off at school. Based on how students said they were paying for transit prior to joining the U-Pass Program, Metro would have collected \$42,864 over the previous 6-month period, versus \$6,479 collected from the U-Pass program. This represents an 85% reduction in revenue and average revenue loss of approximately \$40 per student per month.

### Long Beach Transit LBUSD Pilot Program

Long Beach Transit (LBT) is currently running several student pass programs with Long Beach Unified School District (LBUSD). In a new pilot program that started at Millikan High School this year, students can purchase \$30 discount monthly passes or stored value through their student store on campus. Millikan was chosen for the pilot because they are a commuter school with fewer students walking to campus. In February 2020, they had 293 participants out of approximately 4290 students (6.8%) and an average boarding rate of 24 boardings per month. However, some students still prefer to pay cash at \$1.25 per boarding. Because these passes are loaded on regular TAP cards and not K-12 Student Reduced Fare TAP Cards, there is no application process. Since this is a special rate for Millikan High School, students are only able to purchase the \$30 monthly pass on campus. LBUSD does not subsidize the cost of this program, but they offer two other programs, one for Homeless Student Services and one for chronically absent students, that are paid for by the school district at the regular LBT Student rate of \$40 per participant per month. The “Other Agency” data listed below includes DASH and LBT boardings:

<b>Student and College Vocational (CV) Pass Use Summary</b>			
<b>Pass Type</b>	<b>Aug 2018 - Feb 2019</b>	<b>Aug 2019 - Feb 2020</b>	<b>Change</b>
Metro K-12 Boardings	5,212,329	4,347,613	-17%
Other Agency K-12 Boardings	611,419	705,446	15%
U-Pass K-12 Boardings	-	8,639	
<b>Total K-12 Boardings</b>	<b>5,823,748</b>	<b>5,061,698</b>	<b>-13%</b>
<b> </b>			
Metro CV Boardings	1,800,047	1,379,359	-23%
Other Agency CV Boardings	80,419	69,546	-14%
U-Pass CV Boardings	1,820,631	2,433,788	34%
<b>Total CV Boardings</b>	<b>3,701,097</b>	<b>3,882,693</b>	<b>5%</b>
<b> </b>			
Metro K-12 Unique Users	64,020	57,224	-11%
Metro CV Unique Users	12,797	10,289	-20%
U-Pass CV Unique Users	13,178	19,653	49%
<b>Total Unique Student Passes</b>	<b>89,995</b>	<b>87,166</b>	<b>-3%</b>

<b>Recent Student and College/Vocational Boardings During "Safer at Home"</b>					
	<b>Average Boardings</b>	<b>Mar-20</b>	<b>Change</b>	<b>4/1-4/23</b>	<b>Change</b>
Metro Student	724,602	346,943	-52%	3,098	-99.6%
Metro CV	117,574	107,710	-8%	2,971	-97.5%
Muni Student	229,893	54,401	-76%	32	-99.99%
Muni CV	11,591	5,318	-54%	4	-99.97%

### Sacramento's RydeFreeRT

Sacramento Regional Transit (SacRT) launched the RydeFreeRT Program in October 2019, which offers youth/students free access to the entire SacRT network, including buses, light rail, and SmaRT Ride on-demand microtransit service. SacRT initially estimated the potential revenue loss for the one-year pilot program would be \$1.5 Million. The City of Sacramento paid \$1 million (67%) of the projected revenue loss. Local school districts and other participating cities paid \$200,000 (13%), and the \$300,000 (20%) balance was absorbed by SacRT. SacRT anticipates that Year Two will be fully funded by the City of Sacramento, along with other participating cities and local school districts.

The program uses "flash pass" stickers, which are distributed to over 300 schools. There is no application process. All students at a participating school have a "flash pass" sticker attached to their student ID card and parents can remove the sticker if they don't want the student to have access to transit. Anyone can also pick up stickers from libraries and customer centers, as there is no verification requirement in place. Student boardings have increased by 106% year-over-year. Total systemwide boardings have increased 5%, which is still 20% less than total boardings five years ago.

### **Barriers to Student Ridership**

Staff believes the following issues are barriers for students to utilize free or reduced fare transit programs:

#### Application Process

Because U-Pass program participation increased significantly when the application process was simplified, staff believes simplifying the K-12 application process could have a similar effect. The application form itself was streamlined at the beginning of the school year, making it easier to complete, however, more improvements could be made, including asking the schools to help with the process.

In initial conversations with TAP and LAUSD, both agree that an application, or an option to opt in or out of a transit program, could be added to existing school registration forms. In looking at this option, we could also consider utilizing

existing Reduced Fare Agents to perform sticker or card activation and distribution.

### Fare Media – TAP Cards or Stickers

LAUSD, LBUSD, Pasadena Unified School District (PUSD), and others already have systems in place for distributing separate TAP cards each month with full monthly student fare or stored value to homeless students under the McKinney-Vento Act. Separate from the K-12 and College/Vocational Reduced Fare TAP Cards, the U-Pass Program currently uses stickers with TAP chips in them affixed to student IDs to allow students to board covered services. We are also working on several pilot programs to test using ID Cards with TAP chips embedded in them.

In discussions with SacRT, their staff brought up issues of families not wanting to be “tracked” through a TAP-like system and not wanting to share Personally Identifiable Information (PII). However, this could be solved by using a U-Pass type process with Metro only using TAP ID numbers to aggregate boardings and schools not receiving individual boarding data. Currently, all TAP programs are only allowed to share aggregate data in compliance with California Streets and Highways Code Section 31490 and other applicable privacy and information security laws, and Metro is not permitted to provide any personally identifiable information regarding its patrons.

### **Farebox Impact**

Per Metro’s Office of Management and Budget, there were approximately 29 million K-12 boardings in FY ’19, with 20 million of those being paid with cash at \$1.00 per boarding for total in \$27 million of revenue.

In FY ’19, U-Pass Program for K-12 and college had 3.7 million boardings (a 22% increase over FY ’18 boardings of 3.04 million) and resulted in \$2.8 million dollars in revenue. College/Vocational Reduced Fare Revenue was over \$2.1 million bringing the total student fare revenue for FY ’19 to approximately \$32 million.

However, in the K-12 U-Pass Program Pilot group, 40% of students who registered self-reported that they were already using K-12 reduced fare and 54% said were paying by full fare monthly passes, weekly passes, or stored value. Similarly, in the U-Pass Program, 20% of participants reported they were already using College/Vocational Reduced Fare passes, but 59% said they were utilizing stored value or full-fare Metro 30-Day or EZ Regional passes. This suggests that the actual lost fare revenue may exceed the \$32 million, when you take into account the students currently paying full fare.

In addition, a 2019 UCLA Assessment of Los Angeles Metro's U-Pass Program by Ryan Yowell found that, even fully paid, the U-Pass Program may be costing Metro more than \$100 per student per semester in lost revenue. "Because 55 percent of U-Pass participants report paying full transit fares before the program, the revenue generated from new riders does not recoup revenue losses resulting from existing riders taking advantage of the lower per-ride fare. For Metro to break even on U-Pass fare revenue based on students' previous ridership and payment behavior, the proportion of new riders would need to increase from 20 percent to 64 percent of the total U-Pass participant population."

<https://escholarship.org/uc/item/52p581ph>

## **Cost Estimates for Administration and Operations**

Metro's Reduced Fare Office processes regional TAP Reduced Fare applications for; Student K-12, College/Vocational, Senior and Disabled TAP Cards.

Currently, there are fifteen (15) permanently assigned Full Time Employees (FTEs) to the Reduced Fare team. However, due to the increase of Student TAP applications, three additional FTEs were temporally assigned, on loan to the Reduced Fare team to process over 3,200 monthly student TAP card applications in FY20. The Reduced Fare Office has received an increase of 900 Student TAP applications per month since the August 2019 launch of the DASH to Class Program. It is estimated an additional three (3) full-time FTEs will be required to process the increase of Student TAP applications.

Metro's K-12 Student Reduced Fare Application form was updated in late August 2020 to begin tracking which applicants were LAUSD Students. As of February 2020, the Reduced Fare Office had processed 24,446 applications for FY '20. Of these, 4,365 (18%) were designated as LAUSD students. This compares with 22,640 K-12 Applications that were processed over the same time period for FY '19, representing an increase of 8%.

Under the U-Pass Program, two (2) FTE in Marketing and two (2) FTE in TAP support the 21 schools in Metro's U-Pass Program. LAUSD has over 1,000 schools with an additional 200+ charter schools, and there are over 2,000 schools and 78 primary and secondary school districts in Los Angeles County. Depending on how quickly the U-Pass program grows, additional staff will be needed to support the program.

From FY '17 to FY'19 boardings at California State University Los Angeles (CSULA) increased 265% from 107,340 to 392,339. As a result of this growth, two additional buses were added to the Silver Line to reduce overcrowding during the afternoon student rush-hours at a cost of approximately \$500,000 per year. In addition, the U-Pass was added to the Silver-to-Silver MOU to allow students to ride Foothill Transit's Silver Streak between El Monte Transit Center and downtown Los Angeles. Metro will reimburse those boardings to Foothill Transit at a higher cost and a portion of that expense will be covered by the U-

Pass cost billed to the schools. This is the only situations so far, where ridership increases at a U-Pass school have led to services increases. Since U-Pass participation varies greatly from school to school, it will be difficult to estimate future service impacts until we launch U-Pass programs at additional schools.

Additional work will need to be done between Metro Service Planning and other transit agencies to determine the effects of ridership from the DASH to Class, U-Pass, and Just Transit programs.

There will likely be additional administrative costs, operational costs, or security costs which have not yet been identified.

### **Pending State Legislation**

Assembly Bill 1350 - Free Youth Transit Passes, authored by Assembly Member Lorena Gonzalez, would require transit agencies to offer free youth transit passes to any rider age 18 years or under in order to be eligible for state funding. It is our understanding that his bill is not moving forward this legislative session.

Assembly Bill 2176 - Free Student Transit Passes, authored by Assembly Member Chris Holden, would require transit agencies to provide free transit passes for community college and university students of public institutions state-wide in order to be eligible for state funding. We understand this bill will be advanced this year, however, it will be amended in some form. Those amendments are not available as of the writing of this report. The current version of the bill does not provide funding.

The Board adopted a work with author position on AB 1350 (Gonzalez) in January 2020. The Board has previously supported legislative efforts to create funding opportunities for students, in particular those who ride Metro's system. The Board's support has been directed towards creating incentives or increased funding. AB 1350 and 2176 take a different approach by creating a mandate. Staff would suggest that while we would support increasing assistance for those in need who ride our system there may be other ways to achieve this objective. We would like to work with the Assembly Members to explore a more appropriate way to identify additional state funding or other mechanisms that could be provided rather than pursuing this objective through a mandate.

The California Transit Association (CTA) is conducting a study to analyze potential impact to all transit agencies and identify funding sources. Staff will continue to work with Assembly Member Holden to address the Boards' concerns as he advances his legislation.

## Potential Funding Opportunities

### McKinney – Vento Act Requirement for Federal Funding for Title 1 Schools

Youth experiencing homelessness are automatically eligible for Title I, Part A services, whether they attend a Title I, Part A school, or meet the academic standards required of other students for eligibility. Funds reserved for homeless students under Title I, Part A may be used to provide children and youth experiencing homelessness with services not ordinarily provided to other students, including transportation to and from the school of origin. Title I funds are based on mathematical formulas involving the number of children eligible for Title I support and the state per pupil cost of education. All L.A. County school districts whose schools are receiving Title I, Part A funds must include in their plan a description of how the district's Title I, Part A program is coordinated with its McKinney-Vento program.

462 out of 5,647 schools in LA County receive Title 1 federal funds and are required to provide services for students experiencing homelessness, including transportation services. These services could be provided by school buses, public transit, or other means, such as an on-demand service.

McKinney-Vento subgrants are also provided by the U.S. Department of Education's Education of Homeless Children and Youths (EHCY) Program and are distributed to the California Department of Education who must distribute a portion of their State McKinney/Vento allocation to school districts through a competitive subgrant process. The subgrants are intended to meet a range of needs for homeless students, not just transportation needs. School districts that receive a subgrant may use these funds to "defray the excess cost" of providing transportation to students experiencing homelessness. During FY 2018-19, the LA County Office of Education received \$237,500 in funding for its Education for Homeless Children and Youth Program.

The Metro Board passed Motion #43 in January 2020 (File #[2019-0879](#)) that set a K-12 pricing structure for the U-Pass Program to be used to provide homeless support services under the McKinney-Vento Act. Converting existing monthly pass programs or stored value to U-Pass will potentially save the schools costs for administering these programs and paying for full fare, since many students may not be riding every day. According to the ridership data from the current fiscal year on page 3 of this report, there were 5,053,059 boardings taken on Metro and other transit agencies by 57,224 unique Metro K-12 cards over the 30 weeks from August 2019 through February 2020. This is an average weekly ridership rate per student of 2.9 boardings per week or 12.6 boardings over 30 days, which would result in a monthly cost of \$9.45 at \$0.75 per boarding under the K-12 U-Pass pricing structure. **Transitioning Homeless Student Services to the U-Pass program has the potential to save schools up to \$14.55 per student per month (61%) versus \$24 Reduced Fare K-12 passes, while also**

**giving students access to riding the other transit agencies that participate in the U-Pass Program.**

Additionally, schools receive funding for each student in attendance each day, and it is believed that having more affordable access to transit could improve attendance. As an example, LAUSD receives \$68 of funding for each student in attendance each day.

In April 2013, a Los Angeles County Education Coordinating Council (ECC) Report ([http://www.publichealth.lacounty.gov/chie/reports/Transit\\_Passes.pdf](http://www.publichealth.lacounty.gov/chie/reports/Transit_Passes.pdf)) called for LA County (LAC) school districts to work with the Metropolitan Transportation Authority (MTA) to provide free, unrestricted transit passes available to all students from preschool to college passes. This study found that for every one percent decrease in unexcused absences at LAUSD, students would receive an additional 29,000 more instructional hours per year and the district would receive an additional \$125,000 each year in funding. A 5% decrease in unexcused absences could result in an additional \$625,000 per year in funding for schools.

According to the 2019 University of California Irvine (UCI) study [A Review of Reduced and Free Transit Fare Programs in California](https://escholarship.org/uc/item/74m7f3rx), “Based on a review of the available literature and interviews with experts, the LAC Department of Public Health (DPH) and the ECC concluded that providing unrestricted passes to all LAC students could increase transit ridership by 6 to 14 percent in the first 2 years (63,200 to 158,000 extra riders daily), and by as much as 26 percent after 10 years (284,000 daily riders). It could also improve school attendance and have a number of health and other benefits, but it was not possible to reliably quantify these benefits because of data limitations. MTA’s revenues could, however, decrease by more than one-fifth as a result (a loss of roughly \$71 million) [31]. Such a program has not yet been implemented.” (<https://escholarship.org/uc/item/74m7f3rx>).

Staff hopes that moving forward, we will be able to use aggregated attendance data to show the positive correlation between access to transit and improved attendance.

Other potential funding opportunities:

- **Student transportation fees** – The UCLA Graduate Student Association (GSA) recently voted to increase the GSA student fee by \$25.04 per quarter or \$37.56 per semester (depending on program of study), for a duration of three years, from Fall 2020 through Spring 2023 in order to provide unlimited free access for graduate students on all public transportation providers in Los Angeles County who are participating in Metro’s U-Pass Program.

Similarly, students at eight of the nine Los Angeles Community College District (LACCD) campuses recently approved a \$13 per semester fee to



offset U-Pass costs. U-Pass Programs exists at 4 of the 9 LACCD schools, plus College Promise Program participants at all 9 schools. Metro staff estimates that \$13 fee will cover the cost of participation for up to 8% of LACCD students. However, there is a need to identify a funding source for a potential gap in funding of up to \$10 Million per year, based on LACCD estimates that up to 40% of students would participate.

Other schools are moving in a similar direction, and recent articles by students have expressed the value of this investment:

- <http://www.uscannerbergmedia.com/2019/12/03/metro-upass-could-change-the-way-undergraduate-commuter-students-access-their-education/>
  - <https://dailybruin.com/2019/12/12/throwback-thursday-improvement-of-uclas-transportation-options-has-been-stuck-in-park-for-years/>
- **Measure M 2% for ADA Paratransit and Metro Discounts for Seniors and Students** – While a portion of this subfund is dedicated to keeping fares affordable for students, seniors, and the disabled, the total amount is committed to the Low-Income Fare is Easy (LIFE) program as specified in the Board-approved Measure M Guidelines. The funding is therefore not available for a new program offering free student fares. Additionally, because U-Pass fares are typically lower than K-12 student and College/Vocational fare rates, U-Pass participants do not qualify for LIFE discounts.
  - **Measure M Local Return** - Subsidizing student transit passes would be an allowable use of Measure M Local Return funds. Each jurisdiction has total control of their Local Return funding as long as the money is spent on eligible expenses, pursuant to the Measure M expenditure guidelines. Allocating this money to pay for free K-12 fares would be at the discretion of each local jurisdiction.
  - **SB 743 Vehicle Miles Traveled (VMT) Reduction Clearinghouse** – A program being piloted by the Southern California Association of Governments (SCAG), LADOT, and Metro will potentially allow for private developer funding sources for traffic mitigation to support public Transportation Demand Management (TDM) programs. Metro’s U-Pass Program is scheduled to be one of the first programs tested under this model.
  - **CalStart Clean Mobility Options Voucher** – A one-time grant opportunity offering up to \$1 Million per public agency (which could be a school district or school) on a first-come, first-served basis with \$20M total available this year. These funds are only eligible to be used for bike share stations or other shared on-demand mobility services, including marketing and administration, with a maximum of 10% going toward fare subsidies. Other grant opportunities may become available.
  - **Other city/county/school district funding** - Including fees for unnecessary driving and parking
  - **Other grant funding** – Staff is constantly searching for other forms of funding that may be applied to student fare programs

## Recommendations for Cost-Sharing

“A Review of Reduced and Free Transit Fare Programs in California” published in 2019 by the University of California at Irvine (UCI) in collaboration with the CTA in its conclusion states:

In particular, the “insurance” model, where a large group of potential transit riders (such as all students at a college or all employees in a large firm) periodically pays a lump sum to a transit agency while only a subset of that group actually uses transit, has the potential to enhance mobility and increase transit ridership, while improving the financial health of the participating transit agency...”

“While programs based on the insurance model have the potential to be financially self-sustaining, outside funding should be considered for those addressing the special needs of low-income groups including students, unemployed people, veterans, the elderly, and people with disabilities.” To enhance the success of a free or reduced transit pass program, it is critically important to understand the transportation needs, travel preferences, and the socio-demographic characteristics of the intended recipients. Making transit more accessible via free or reduced transit fare programs is not sufficient; transit should also be convenient, clean, and safe.”

### **Transit Dependency and Student Interest**

Data from the Manual Arts Pilot Program shows only 4% of students who signed up were not already taking transit in some form, 59% were already taking transit to school, 29% were walking to school and 11% were being dropped off.

In addition, after 6 months of the Manual Arts Pilot Program, only 210 students had registered for 400 available free passes (52%).

Further research will need to be conducted in collaboration with LAUSD and other school districts to determine transit dependency and interest of switching to transit as a result of potential free fares.

Staff recommends using this time of distance learning to work with school districts to survey students regarding their future transportation needs.

### **Municipal Operators**

Nine municipal operators are currently participating in the U-Pass program and are reimbursed for student boardings at the end of each semester through that program. Several additional operators are also in the process of joining the

program. Any funding opportunities or policy decisions made about the U-Pass Program will include these operators. Discussions regarding other student fare program options will also include all regional operators.

## **Mapping Transit Needs and Services**

This research will need to be conducted in collaboration with Metro Service Planning, LAUSD, and other school districts in consideration of Metro's NextGen bus system restructuring. We will also need to determine how many students live within walking and biking distance from school, and if those students will require transit passes as well.

## **RECOMMENDATIONS**

1. Staff recommends moving forward with implementing K-12 U-Pass Programs for Homeless Student Services with LAUSD, PUSD, or any other school district that expresses interest as approved by the Metro Board in January 2020 as Item #43, File #[2019-0879](#). While this would likely result in a revenue loss for Metro, it would also establish a cost-sharing model for these programs and provide a mechanism for testing administrative processes that can be scaled up to include more schools and districts in the future. This would also fulfill the Board directive of focusing on equity by helping the students with the greatest need first.
2. Work with LAUSD and other districts to survey students while they are "Safer at Home" to gather additional details about future transportation needs
3. Work with Move LA, LA Promise Fund and LAUSD to survey students at Manual Arts High School to gather information on barriers to utilizing free transit passes under the "Just Transit" Pilot Program.

## **NEXT STEPS**

1. Continue Internal Working Group meetings and establish and establish External Working Groups with school districts and transit agencies
2. Launch U-Pass Pilot Program with LAUSD and PUSD
3. Conduct surveys of Manual Arts, LAUSD and other students
4. Report additional K-12 and College updates to Board in June 2020



## Board Report

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**File #:** 2019-0879, **File Type:** Program

**Agenda Number:** 43.

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**EXECUTIVE MANAGEMENT COMMITTEE  
JANUARY 16, 2020**

**SUBJECT: ESTABLISH K-12 U-PASS PRICING AND CONTINUE REGIONAL U-PASS PROGRAM**

**ACTION: APPROVE RECOMMENDATIONS**

**RECOMMENDATION**

APPROVE

1. The establishment of a K-12 pricing structure for the Universal Student Pass (U-Pass) Program for homeless student services programs at \$0.75 per boarding to match the college program, capped at \$24 per month for Metro boardings to match the existing K-12 Reduced Fare monthly pass.
2. The continuation of the Regional U-Pass Program for College/Vocational schools at the existing rate, which is each agency's college fare rate, up to \$0.75 per Boarding, capped at \$43 per month to match the College/Vocational Reduced Fare monthly pass.
3. The establishment of a Regional K-12 pricing structure for homeless student services programs, which is each agency's K-12 fare up to \$0.75 per boarding, capped at the highest monthly K-12 fare rate of all agencies used by the institution's students or \$40 per month, which is the highest monthly K-12 fare in the region, if no K-12 monthly fare exists at those agencies

**ISSUE**

As part of an ongoing effort to pursue strategies to increase student transit ridership, motion 49.1 requested an assessment of the feasibility of piloting a Universal Community College Student Transit Pass Program (See Attachment A).

The U-Pass Pilot Program ran for two years from Fall 2016 through Summer 2018 and U-Pass became a permanent program effective Fall 2018.

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## **DISCUSSION**

Since the launch of the U-Pass program, Metro has increased its partnerships from four schools to 21 schools (425%) and has increased participants 72% from 7,402 riders to 12,752 riders.

The U-Pass program was originally designed to partner with community colleges, universities and trade schools to utilize technology and improve accessibility to reduced fares to increase student ridership, while keeping costs low for students. Students of participating schools can purchase semester passes online or on campus. They receive a sticker with an embedded TAP chip, which turns their student ID into a TAP card that can be renewed each semester. Schools partner with Metro in co-branded marketing efforts and collect payments from students to fund the program. At the end of the semester, the schools are only billed for actual rides taken by students at the reduced rate of up to \$0.75 per boarding and the maximum charge is capped at the equivalent of \$43 per student per month (\$10.03 per week) to match the existing College/Vocational Reduced Fare.

Staff has created boilerplate Memoranda of Understanding (MOUs) approved by County Counsel and standard administrative procedures to make the U-Pass Program easy to implement, while also placing a high value on allowing schools to administer the program in the way that works best on their individual campuses.

As of Fall 2019, Metro launched the first K-12 Pilot Program at Manual Arts High School (MAHS). Through a grant from the 11<sup>th</sup> Hour Schmidt Family Foundation administered by Move LA and LA Promise Fund, passes were purchased for the Junior class at MAHS for the entire academic year (40 weeks) at a cost equivalent to the K-12 monthly reduced fare rate of \$24 per month or \$5.60 per week. Participation in the K-12 Pilot Program requires completion of Metro's K-12 application, which includes parental permission.

Los Angeles Unified School District (LAUSD) and Pasadena Unified School District (PUSD) have both contacted Metro to get permission to use the U-Pass program format to purchase passes for their homeless student populations as required under the McKinney-Vento Homeless Assistance Act. LAUSD has an estimated 18,000 homeless students and PUSD has an estimated 850 homeless students that receive free services from the district. As a result of tokens being phased out in November 2019, providing this assistance has become more challenging for schools and districts. Because this student population is more fluid and transit pass usage is likely to be less consistent, the U-Pass format of the school or district paying a per boarding cost capped at the equivalent of the monthly pass cost would work better than purchasing monthly passes for all participants.

Staff is recommending implementing the U-Pass option for homeless student services programs at K-12 schools by doing the following:

1. Invoice K-12 schools the at the same per boarding rate as the colleges, which is the agency's student rate up to \$0.75 per boarding (per the chart below, there are four agencies that have a K-12 fare lower than \$0.75, and the remaining U-Pass agencies and Metro would be invoiced at \$0.75 per boarding); and
2. Cap the average monthly cost at the board-approved K-12 monthly reduced fare rate,

which is currently \$24 per month or \$5.60 per week. If the Board changes the K-12 monthly fare rate in the future, the K-12 U-Pass monthly cap would also change accordingly.

Other Transit Agencies' K-12 Per Boarding Fare	
Culver CityBus	\$0.50 per boarding
GTrans	\$0.70 per boarding
Montebello Bus	\$0.75 per boarding
Pasadena Transit	\$0.50 per boarding
Torrance Transit:	\$0.50 per boarding

The pricing structure above does not represent a change in either the U-Pass per boarding rate or the K-12 monthly fare rate. Currently, the \$24 K-12 monthly fare rate only covers boardings on Metro and the U-Passes are valid on Metro and ten additional transit agencies. Therefore, if the K-12 U-Passes are used on regional transit agencies, and the cost to cover the Metro boardings and reimburse boardings on other agencies exceeds the \$24 monthly cap, then staff is recommending that the additional charges be handled as outlined in the following section.

### Regional U-Pass

Metro currently has signed reimbursement agreements with ten additional transit agencies, where the agency adds U-Pass products to their fareboxes and Metro reimburses the agency for the fare for all U-Pass boardings at the end of each semester at the U-Pass rate or their current college rate, whichever is lower. These agencies are: Big Blue Bus, Culver CityBus, Glendale Beeline, GTrans, LADOT DASH, Long Beach Transit, Norwalk Transit, Montebello Bus, Pasadena Transit and Torrance Transit. Additional transit agencies have also expressed interest in joining the U-Pass Program. These boardings are included at no additional charge under the college U-Pass, and thus far the cost to reimburse other transit agencies has not exceeded the revenue collected for those boardings. Staff will continue to work with regional transit agencies and Metro's Office of Management and Budget (OMB) to determine if future pricing adjustments need to be made to the college Regional U-Pass based on the cost of reimbursing the other agencies and will seek Board approval if fare adjustments are required. Under this recommendation, K-12 Boardings would be reimbursed at the agency's K-12 per boarding fare up to \$0.75.

However, due to the lower monthly fare cap for K-12 boardings, the lower revenue generated by the K-12 U-Pass may not be enough to reimburse the other transit agencies at their full rate without charging additional costs to the participating schools or districts. Staff is proposing that the cost for Metro boardings be capped at the equivalent of the Metro K-12 monthly reduced fare rate, which is \$24 per month or \$5.60 per week. If the cost to reimburse additional transit agencies exceeds \$24 per month, staff is proposing that the institution be invoiced for the overage, with the total average cost capped at the monthly K-12 rate of the agencies used during the semester pass period, if one exists. For instance, if a school's students used only Metro and Torrance Transit, the cost would be

capped at the monthly equivalent of \$30 per month (\$7 per week) per student (see agencies' established K-12 monthly rates below). If a K-12 monthly rate has not been established by the agency or if the boardings were used on multiple agencies, staff is recommending the total cost be capped at an average of \$40 per month (\$9.33 per week) per student, which is the highest monthly K-12 fare in the region (see chart below). As of Spring 2019, 91% of all Regional U-Pass boardings were used on Metro services, and the total amount reimbursed to other agencies was only \$101,947.10 of over \$1.2 million collected in U-Pass Fare Revenue.

Other Transit Agencies' Monthly K-12 Reduced Fare	
Big Blue Bus	\$30 Youth 30-Day Pass
Foothill Transit	\$36 31-Day Pass
Glendale Beeline	\$22 31-Day Pass
Long Beach Transit	\$40 Monthly Student Pass
Montebello Bus	\$30 Monthly Student Pass
Torrance Transit	\$30 Monthly Student Pass

**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**

In FY '19, the U-Pass Program generated \$2.7 million in total revenue and paid \$112,595 in reimbursements to other agencies.

Impact to Budget

The funding source for the MCS programs is Enterprise Fund operating revenues including sales tax and fares. The source of funds for this action, operating revenues, is eligible to fund bus and rail operating and capital expenditures.

The continued expansion and support of the U-Pass program may warrant an evaluation of the staffing for future years as part of the budget process.

**ALTERNATIVES CONSIDERED**

1. Metro will continue to offer the regular monthly College/Vocational and K-12 Reduced Fare Passes for students and schools not participating in the U-Pass pilot program.

**NEXT STEPS**

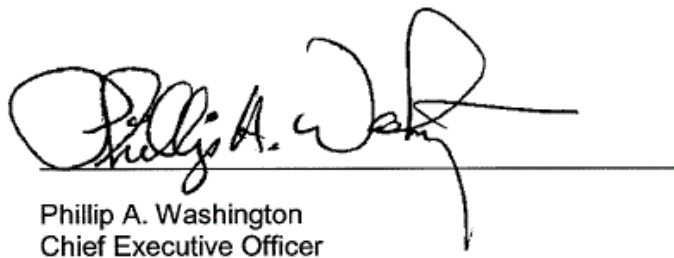
1. Establish long-term contracts with new K-12 U-Pass schools to support homeless student services programs.
2. Continue to grow ridership at all partner schools by 10% each year.
3. Continue to seek additional funding to further reduce the cost of the program to schools and will work with schools to identify other sources of funding such as grants, parking fees and/or fines, student association fees, and/or activity fees and/or referendums and as a means of subsidizing the program.
4. Continue to partner with schools to address transit service and service alignment issues.

## **ATTACHMENTS**

Attachment A - File #:2016-0333, Board Report on Approve Adoption of Universal College Student Transit Pass (U-Pass) Pilot in response to Motion 49.1

Prepared by: Devon Deming, Dir. of Metro Commute Services, (213) 922-7957  
Jocelyn Feliciano, Communications Manager, (213) 922-3895

Reviewed by: Yvette Rapose, Chief Communications Officer, (213) 418-3154



Phillip A. Washington  
Chief Executive Officer