Fare Policy—& Zero Fares—Can Help Transit Agencies & the Communities They Service Post-Pandemic

As ridership and farebox revenue plummeted due to the COVID-19 pandemic, already cash-strapped transit agencies took a surprising step: they went fare-free.

Of course, the move was driven by safety concerns, not financial ones: rear-door boarding helps protect drivers from exposure by reducing their interaction with passengers. It also makes fare payment impossible in many transit systems, as fareboxes sit within arm's reach of drivers.

The move to fare-free reflects the incredible adaptability of transit agencies in responding to the pandemic—taking bold steps to continue service to their communities while protecting their drivers. As some stay-at-home restrictions have begun to lift across the nation, many agencies are contemplating a return to charging fares. However, in this moment of transition, it is worth questioning whether the best approach is to simply return to former norms. Instead, fare policy updates, including zero-fare operations, present a variety of opportunities for agencies to enhance equity, improve service, and boost ridership as they seek to attract customers back to transit service post-pandemic.

The Opportunity for Fare Payment

For agencies looking to reinstitute fares, this moment offers an enormous opportunity to rethink fare collection practices and streamline payment options—a benefit to both agencies and customers. A series of quick wins for agencies to consider include the following:

- **Make fares understandable.** Review instances of peak-only fares, distance-based fares, and the number of pass types to determine the feasibility of streamlining the products offered. Ridership trends across the U.S. have favored fare structure simplicity, which may now be more important than ever as agencies look to regain riders post-pandemic.

- **Make fares affordable.** Many agencies throughout the U.S. have been investigating fare policy alternatives, like offering reduced fares to low-income riders or pay-as-you-go options for purchasing a monthly pass. Given the economic impact of the pandemic, keeping fares affordable will require creative approaches like these.

- **Move away from cash.** Particularly during the pandemic, cash is no longer king. Agencies looking for ways to minimize health risks to their staff—both operators and other in-house administrative staff—are considering ways to reduce or eliminate cash handling. In addition to safety concerns, reducing the use of cash onboard vehicles helps reduce dwell time and speed service for all customers. Agencies should consider a variety of options for moving toward cashless systems, with an eye toward viable options for unbanked populations. Newer trends include retail partnerships to purchase passes and mobile tickets with cash; digitization of cash; use of prepaid, reloadable cash cards; and encouraging use of mobile ticketing and other contactless forms of payment on vehicles.

The Balancing Act

Fare policy nearly always represents a tension between ridership and revenue, and a successful fare structure finds the right balance between the two. In the Great Recession, many agencies increased fares to combat budget shortfalls as they simultaneously cut service. Similarly, many agencies are already beginning to make tough choices due to rapidly declining tax revenue from the pandemic.

As the pandemic subsides, agencies will need to be proactive in attracting customers back to transit, both for the viability of the service and to assist with local and regional economic recovery. Transit customers respond to pricing changes, and fares must remain competitive to regain passengers. As we consider the economic fallout from the pandemic on millions of Americans, transit can be part of the solution, helping people get back to work and preventing them from sliding into poverty. As an industry, we need to remain aware of the dramatic increases in individuals struggling to make ends meet, including the potential for more zero-vehicle households and families without other transportation options. By carefully considering how to structure fares post-pandemic, transit agencies can play a vital role in helping their customers and communities pick up the pieces.

The Opportunity for Zero Fares

Zero-fare service has proved an effective and cost-efficient way to boost ridership—no other service enhancement can increase transit ridership as dramatically and quickly. Now, for the first time, many transit agencies across the country have first-hand experience operating without a fare. Zero-fare policies have been a hot topic of late in the transit industry, and even before the pandemic, agencies were evaluating and implementing zero-fare operations. While agencies are currently enforcing social distancing requirements and carefully managing passenger loads on vehicles, post-pandemic they will look to attract customers back to transit service.

The benefits of zero-fare operations for agencies and customers are numerous:

- **Increased access.** Not paying fares makes it easier to use transit service and removes barriers for riders, especially casual riders. It also supports equity and affordability goals, making the system more accessible to low-income populations.
- **Faster service.** Transitioning to zero-fare service significantly reduces dwell time, and faster service that is more competitive with automobile travel attracts all types of transit customers.
- **Elimination of farebox conflicts.** Zero-fare system operators note the lack of conflicts that occur with fare-free boarding.
- **Partnership opportunities.** Zero-fare operation offers opportunities to encourage and leverage partnerships, especially if jurisdictions, major employers, and other local stakeholders can champion the value and benefits that zero-fare service brings to the community, as well as contribute financially to support the program.
- **Cost savings.** Especially for agencies with low farebox recovery, the amount of fare revenue collected is already minimal—and less so when considering the annual costs for agencies to administer, sell, count, collect, and securely transport fares, as well as the hardware and maintenance required for farebox equipment.

Still, zero-fare operation is not without its challenges, including the potential for passenger disturbances, increased paratransit demand, and higher staffing needs. Zero-fare agencies have worked to mitigate on-board disturbances by allowing passengers a maximum of one complete round-trip ride, empowering drivers to act if issues arise, and installing camera systems with video and sound. Ridership increases for paratransit service should also be anticipated, which can be particularly costly. To prepare for the increase in ridership, agencies can tighten up eligibility and ramp up marketing to promote fixed-route service for those who can use it. Finally, zero-fare agencies should expect the need for increased staffing levels to handle the additional service and ridership.

Across the industry, the success of zero-fare service has been remarkable. Zero-fare operation transformed Mountain Line (Missoula, MT) into the most effective transit system in Montana and has notably improved community connectivity. Ridership increases resulting from zero-fare operation—a 70% increase over three years with no increase in service—bumped the agency into a higher tier of systems for grant awards, and in the last few years, Mountain Line brought in roughly $3 million in grant funding. Intercity Transit (Olympia, WA) implemented zero-fare operation in January 2020, resulting in a 20% year-over-year ridership increase from January 2019. The policy also led to noticeably faster service. Broader positive impacts of zero-fare include helping provide a "path to stability" for vulnerable members of the community, according to a testimonial from WorkSource Thurston County.

As transit agencies prepare for post-pandemic service, zero-fare operation offers an effective way to encourage ridership growth and support local equity and affordability goals. While zero-fare might not be universally feasible across all systems, for those with available capacity and low farebox recovery before the pandemic, zero-fare operation may be a compelling way to help agencies, their customers, and their communities recover.

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