

## RIDE TRANSIT PROGRAM FUNDING UPDATE

### Recommendation

That the May 23, 2024, City Operations report CO02390, be received for information.

<b>Requested Action</b>	Information only		
<b>ConnectEdmonton's Guiding Principle</b>	<b>ConnectEdmonton Strategic Goals</b>		
<b>CONNECTED</b> This unifies our work to achieve our strategic goals.	<b>Mobility Network</b>		
<b>City Plan Values</b>	ACCESS		
<b>City Plan Big City Move(s)</b>	Community of Communities	<b>Relationship to Council's Strategic Priorities</b>	Mobility Network
<b>Corporate Business Plan</b>	Serving Edmontonians		
<b>Council Policy, Program or Project Relationships</b>	<ul style="list-style-type: none"> <li>Edmonton Transit Service Fare Policy C451H</li> </ul>		
<b>Related Council Discussions</b>	<ul style="list-style-type: none"> <li>March 14, 2018 - CR_5409 Ride Transit Program Pilot Update</li> <li>March 14, 2018 - CR_4704 Sliding Scale Model: Integration of a Low Income Transit Pass Program</li> <li>November 28, 2018 - CR_5804 Permanent Ride Transit Program - Transition</li> <li>October 26, 2022 - CO01192 Ride Transit and Leisure Access Programs</li> <li>October 26, 2022 - CO00576 Transit Fare Fines - Repayment Options</li> </ul>		

### Executive Summary

- Since 2017, the Ride Transit Program has offered a discounted monthly transit pass to Edmontonians experiencing low income. The application and intake process is integrated with the City of Edmonton's Leisure Access Program.
- An anti-racism review of low-income transit fare programs was conducted in 2021-2022 and program improvements are being implemented to remove barriers and further support program participants.

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- Fare revenue recovery lags behind ridership recovery due to changing travel patterns following the COVID-19 pandemic and increased demand for discounted fare products, including the Ride Transit Program.
- The growth in sales volume for subsidized Ride Transit Program passes puts additional pressure on the Edmonton Transit Service (ETS) revenue budget, as the volume of subsidy is not fully funded.
- A \$1 monthly increase to the Ride Transit Program fare is scheduled for February 2025 to reduce the revenue gap; other mitigation options could also be explored.

## REPORT

Thousands of Edmontonians rely on public transit to connect them to where they work, learn, play and live. ETS is focused on delivering a service that is convenient, reliable and safe, and provides travel options through a range of services, including conventional fixed-route bus service, Light Rail Transit (LRT), Dedicated Accessible Transit Service (DATS) and On Demand Transit.

Similar to other transit service providers in Canada, ETS fare revenue has not fully recovered to pre-pandemic levels (Attachment 1). Through the “Safe Restart” grant, the federal and provincial government supported public transit services in Alberta with operating funding during their 2020/21 and 2021/22 budget cycles to offset fare revenue gaps caused by declining ridership due to the pandemic. That funding did not continue into 2023 and beyond. The Operating Investment Outlook in 2022 also discussed how fare revenue recovery lags ridership recovery across Canada.

There are five key elements influencing fare-buying behaviours that put pressure on fare revenue performance, including:

- Conventional bus ridership recovered to pre-pandemic levels in February 2023, but LRT and paratransit service have not fully recovered. This experience is similar to other transit agencies in large Canadian cities.
- Changes to travel patterns post-pandemic experienced across jurisdictions in Canada - including a portion of riders working primarily from home or hybrid at a physical work location and from home, as well as safety and security concerns - have reduced the volume of trips and, therefore, fare purchases for those riders;
- Changing timelines for regional Arc implementation, affecting revenue projections in the 2023-2026 fare revenue budget;
- Riders switching from paper fare products to Arc and remembering to tap validators in LRT stations to process fare payment; and,
- Increased demand for discounted, subsidized fare products, likely due to affordability concerns and increased population growth in eligibility groups.

Further analysis and information about the Ride Transit Program low income transit pass program in the discounted, subsidized fare category is outlined below. Other mitigating measures and further analysis about the overall fare revenue performance is provided in Attachment 1.

## **RIDE TRANSIT PROGRAM FUNDING UPDATE**

### **Ride Transit Program Low Income Transit Pass**

Since September 2017, the Ride Transit Program has provided a monthly fare discount on the regular adult monthly pass for eligible individuals and families experiencing low income. It has been subsidized by the City of Edmonton and the Government of Alberta. This program supports Edmontonians experiencing low income to use transit in their daily lives to access work, education, recreation, appointments, healthcare and other activities within their communities. The Ride Transit Program is integrated with the City of Edmonton's Leisure Access Program (LAP) application and registration process. Once a rider is registered in the program, they can purchase the subsidized pass(es) each month.

### **Program Eligibility**

The program eligibility includes the following criteria:

- Individuals and families with household income up to 25 per cent above the federal government's Low Income Cut Off.
- Participants in receipt of the Government of Alberta Income Support through Alberta Works, or Foundational Learner Assistance funding.
- Participants in receipt of Alberta Assistance for the Severely Handicapped (AISH) benefits.
- Participants in receipt of the Canada Pension Plan - Disability Benefit.
- New Permanent Residents or those approved as a Refugee within the last year.
- Children under government care (aged 17 and younger).
- Participants in receipt of Employment Insurance.
- Those who have a letter from a Registered Social Worker that details their eligibility.
- Those who have the Canada-Ukraine Authorization for Emergency Travel.

In 2019, a sliding scale model for the Ride Transit Program was implemented to align with the LAP. Both the Ride Transit Program and the LAP use Canada Revenue Agency's Annual Low-Income Cut-Off (LICO) figures to assess applicants. The program has two tiers: the first tier is a \$35 monthly pass for those with income up to 10 per cent above LICO; and the second tier (referred to as Ride Transit Lite) offers a \$50 monthly pass for individuals with household incomes 10 per cent to 25 per cent above LICO. For reference, the cost of a standard adult monthly transit pass is \$100. The sliding scale model was introduced to support applicants who were previously ineligible for the program because they were slightly above the income requirements.

### **Government of Alberta Grant**

Introduced in 2018, the Government of Alberta provincial low income transit pass grant has helped offset revenue impacts and provide the subsidy to riders. The grant provided \$4.5 million in each budget year until an increase to \$5.8 million in the Government of Alberta's 2023-2024 budget. Subsequent to the funding expiring on March 31, 2024, the Government of Alberta confirmed that the grant will continue for 2024-2025.

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### Budget/Financial Implications

#### Ride Transit Program Budget

In December 2018, the Ride Transit Program budget was approved for the 2019-22 budget cycle. This included an ongoing annual budget of \$2.1 million in expenditures to administer the program and a reduction in the revenue budget by \$3.3 million to reflect the portion of subsidized revenue funded by the City. The total subsidy provided by Ride Transit was budgeted at \$7.8 million, with \$3.3 million from the City of Edmonton and \$4.5 million from the Government of Alberta grant.

The increased demand for subsidized Ride Transit Program passes, combined with the majority of program users purchasing the first tier \$35 monthly passes, has put pressure on the Ride Transit Program budget. The budget to offset the subsidized passes is no longer sufficient. In 2023, there was a \$5.3 million program funding shortfall. Based on current projections for program demand in 2024, the total Ride Transit program shortfall will be \$10 million (Attachment 2). Growth in the program is expected to continue throughout 2024 and beyond as the population grows.

For Council's consideration, Administration has identified program options that could be implemented to help address this funding gap, including:

- Changing the eligibility criteria to reduce the number of riders eligible for the subsidized fare.
- Further increasing the price for the Ride Transit Program fare to reduce the subsidy and partially address the revenue budget gap. A price increase of \$1 is already scheduled for February 2025, increasing the monthly fare from \$35 to \$36 for the base and tier 1 levels, and \$50 to \$51 for tier 2. Administration could do further analysis to explore additional price changes.
  - Any additional revenue projected due to a price point increase would consider the relationship between the fare increase and the reduction in rider demand as a result of the higher price.
  - Any increase to the Ride Transit Program fare that is not accompanied by a corresponding increase to the standard monthly transit fare should also consider policy implications related to Edmonton Transit Service Fare Policy C451H.

#### Community Insight

In 2018, Administration conducted a program evaluation of the Ride Transit Program with more than 740 participants (Attachment 3). The results from the program evaluation showed participants benefited from greater mobility independence, access to employment and services, as well as less social isolation and reduced stress. The positive outcomes from the pilot helped inform the decision to transition the Ride Transit Program into a permanent program.

ETS also conducts an annual online survey with Ride Transit Program participants to understand the impact of the program on participants, travel patterns and other outcomes. In September 2023, approximately 200 Ride Transit Program participants who used a Ride Transit Program pass

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in the past six months participated in the survey<sup>1</sup>. Data from the survey demonstrates that by providing more affordable transit fares, the program continues to meet its objectives of enabling mobility equity as the majority of survey participants agree the Ride Transit Program pass facilitates better access to jobs, healthcare, social, recreation and other activities. One of the factors the survey assessed is perceptions of affordability and the program's impact on participation in social and economic activities. Some key insights of the survey are outlined in Attachment 4, Table 1.

### GBA+

As outlined in the October 26, 2022 City Operations report CO00576 Transit Fare Fines - Repayment Options, in 2021-2022 Administration conducted an anti-racism review and collected feedback from community members on how to reduce barriers and improve access to all low income fare programs. An action plan was developed to address these barriers, and, in 2023, two action items were implemented to further improve access to the program. One was expanding the list of qualifying documents for proof of eligibility with the addition of a letter from a registered social worker; the other was that completed applications with supporting documentation submitted in person at the Edmonton Service Centre may receive immediate, conditional approval.

Administration participated in several outreach events in 2023 to increase awareness of the Ride Transit Program and, in 2024, a language review will be conducted to help eliminate communication and awareness challenges faced by participants and new applicants. ETS is also partnering with the two Edmonton school boards to pilot a new approach to provide access to Ride Transit Program for students who may have challenges applying due to family circumstances.

The Ride Transit Program is accessed by a diverse representation of intersecting identities and marginalized communities experiencing low income - this is validated through sales and survey data received through program applications. This data is analyzed to further evaluate program uptake by marginalized communities, and to fulfill reporting requirements related to the Government of Alberta grant. Tables 2 through 6 in Attachment 4 detail the distribution of Ride Transit Program passes sold to eligible participants. Compared to Edmonton's population, Ride Transit Program participants represent a higher proportion of those with household incomes less than \$40,000 and those living in households with four or more members.

As participants in the Ride Transit Program are experiencing low income, price increases impact this group more severely than other riders. Those with lower incomes spend a higher proportion of their income on transportation. While there is little data on transit fare price elasticity impacts for different user groups, any increase is expected to negatively impact the mobility or overall disposable income for Ride Transit Program participants.

The annual Ride Transit Program survey also collects demographic data to support equity analysis work. Some key demographics of survey respondents in 2023 are outlined below:

- 58 per cent identified as women

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<sup>1</sup> Ride Transit Survey, September 2023

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- 29 per cent identified as persons with disabilities
- 24 per cent identified as born outside of Canada
- 17 per cent identified as belonging to a racialized group or visible minority
- Nine per cent identified as Indigenous
- Eight per cent identified as LGBTQ2SA+

### **Attachments**

1. ETS Fare Revenue Analysis: Background
2. Ride Transit Program Annual Financial Summary: 2019-2024
3. Ride Transit Program Evaluation 2018 Report
4. Ride Transit Program Survey and Pass Sales Demographic Information