

# Edmonton Transit System Advisory Board - Proposal to Introduce a Low-income Transit Pass

## Recommendation:

That Transportation Committee recommend to City Council:

That Administration conduct a three-year pilot project beginning in January 2015, a low-income monthly transit pass, as outlined in the May 7, 2014, Edmonton Transit System Advisory Board report CR\_1224.

## Report Summary

One hundred thousand residents of Metro Edmonton live under the low-income cut-off. Introducing a low-income transit pass would allow these citizens greater access to opportunities, increasing equality and quality of life. This recommendation is in keeping with the sentiments articulated in *The Ways* documents. Specific recommendations regarding eligibility, cost, best practices, and reasons for adoption are described in the report.

## Report

This is the first time a specific recommendation to introduce a low-income transit pass has been brought to the board. However, the idea of subsidisation of ETS users has been discussed at length and is an important part of the Comprehensive Transit Review, which has been in progress since April 2013. *The Way We Finance* also could specify broad principles for setting fees for City services.

Refer to Attachment 1, a 7-page document that summarises the recommendations that the board followed and describes each recommendation.

## Corporate Outcomes

Potential benefits include:

- Increased utilisation of transit
- Greater equity within the system
- Increased economic opportunities for low-income citizens
- Increased quality of life for citizens
- Increased mobility for low-income citizens
- Allows for more geographic diversity of city services

The Edmonton Transit System Advisory Board is comprised of public volunteer members appointed by Council.

## Budget/Financial Implications

As noted in the report, exact costs for the low-income pass are not known at this point. That is why we recommended that this initiative be brought in initially as a three-year pilot, as this will

enable ETS to gather data to see if the idea is sustainable and fiscally responsible.

**Justification of Recommendations**

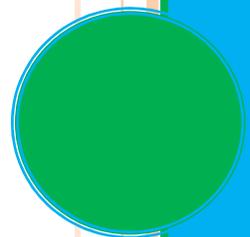
The 2013 Work Plan of the board, approved by Transportation Committee, included the preparation of a report linked to the low-income transit pass and subsequent presentation to Transportation Committee

**Attachment**

1. Proposal To Introduce a Low-income Transit Pass

# PROPOSAL TO INTRODUCE A LOW-INCOME TRANSIT PASS

*Edmonton Transit System Advisory Board*



# PROPOSAL TO INTRODUCE A LOW-INCOME TRANSIT PASS

## *Edmonton Transit System Advisory Board*

*The Edmonton Transit System Advisory Board (ETSAB) proposes that the Transportation Committee of Council direct Edmonton Transit to introduce a low-income monthly transit pass as a pilot project beginning in January 2015.*

Why? The latest statistics reveal that over 100,000 residents of Metro Edmonton live under the Low-income Cut-off (LICO)<sup>1</sup>. According to Statistics Canada<sup>2</sup>, these Edmontonians are more reliant on public transportation than the general population, and are more acutely sensitive to ETS price increases. Since 2007, the price of an Adult transit pass has risen from \$59 to \$89, limiting access to work and leisure activities for tens of thousands of people in our City.

Edmonton's 2009 Strategic Plan, *The Way Ahead*, embraced the principle of affordability, that is, "the ability of people of all incomes to have access to affordable core needs such as housing, food, transit and core social services"<sup>3</sup>. Similarly, the 2009 Transportation Master Plan, *The Way We Move*, identified a strategic goal "to provide reasonable access with a variety of modes for people across demographic, geographic, socio-economic and mobility spectrums."<sup>4</sup> The 2010 People Plan, *The Way We Live*, announced, as Objective 3.3, that "The City of Edmonton reduces physical and financial barriers to housing, transportation, libraries, recreation, social and leisure opportunities for residents."<sup>5</sup> Introducing a low-income monthly transit pass is consistent with these ideas, and with the ideas expressed in the other Ways documents, the Transit Master Plan and other guiding civic materials.

Our sub-committee has worked extensively on the particulars of what a low-income pass would look like and have researched a variety of potential options. This research has led us

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<sup>1</sup> <http://www.statcan.gc.ca/pub/75f0002m/2012001/tbl/tbl4.2-eng.htm> (accessed March 18, 2014.) LICO is defined by Statistics Canada as "an income threshold below which a family will likely devote a larger share of its income to the necessities of food, shelter and clothing than an average family would."

<sup>2</sup> Ibid.

<sup>3</sup> The City of Edmonton Strategic Plan: *The Way Ahead* 2009-2018 (updated 2011) p. 9

<sup>4</sup> *The Way we Move: Transportation Master Plan* p.18

<sup>5</sup> *The Way we Live: Edmonton's People Plan* p. 48



to make the recommendations presented below. For your consideration, alternatives and best practices from other municipalities are presented in Appendix A.

## Who should qualify for the low-income transit pass?

We recommend that the qualifications for the low-income monthly transit pass be the same as the qualifications for the City of Edmonton Leisure Access Program. All City of Edmonton residents meeting the following qualifications would be eligible:

- Those on AISH/Income Support
- Those on AISH/Income Support and have a Treaty Status Card
- Holders of a plastic Health Benefits Card
- New immigrants or refugees (to qualify, you must have been in Canada less than one year and have not filed a tax return)
- Children under government care
- Those whose household income is under the amounts listed below (2013 low-income cut-off, data provided from Statistics Canada):

# of people in household	1	2	3	4	5	6	7+
household income <sup>6</sup>	\$23,647	\$29,440	\$36,193	\$43,942	\$49,839	\$56,209	\$62,581

We believe that the above approach would be the simplest to implement. There would be no new qualifications or administrative effort to determine a system for qualification, as the work has already been done and is clearly outlined. All citizens currently receiving an Assured Income for the Severely Handicapped (AISH) pass would continue to qualify for a low-income transit pass under this proposal.

We recommend that the application process be designed to be simple and accessible. Our research has shown that detailed application forms represent a barrier to potential users of a low-income transit pass. Language used on application forms should be kept simple, and in-person assistance should be available if required. We believe that low-income Edmontonians

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<sup>6</sup> If the recommendation above is adopted as the basis for qualification, we request that the LICO information be updated annually.



who struggle with literacy should have equal access to concession fares and not face further disadvantage due to an administrative process.<sup>7</sup>

## **How much would the low-income transit pass cost citizens?**

We recommend that the low-income pass be offered as a regular monthly fare product and be set initially at a price of \$35 / month – the same price as the AISH (Assured Income for the Severely Handicapped) monthly pass. A \$35 pass represents a 60% discount over the cost of an ETS Adult transit pass as of April 2014 (\$89).

Most of the municipalities we surveyed set their discount at 50% of the price of an Adult monthly bus pass (see Appendix A). However, none of these municipalities offered an AISH pass prior to the adoption of a low-income transit pass, as Edmonton does. We do not think it desirable to have one price for the low-income transit pass and another price for the AISH pass. Even less desirable is the prospect of having a consolidated pass with a higher cost. In Edmonton's case, a transit pass subsidized at 50% would mean that the low-income transit pass set at \$44.50 / month, which represents a 28% increase for AISH pass holders. Thus, our initial recommendation – at least for the pilot – is to bring in the low-income transit pass at the same price – \$35 – as the AISH pass, which it would replace.

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<sup>7</sup>Ronson, Barbara & Irving Rootman. "Literacy and Health Research in Canada: Where have we been and where should we go?" *Canadian Journal of Public Health*, March/April 2005, Vol. 96, S67.



## Costs & benefits to the City of Edmonton

We recommend that the City introduce the low-income transit pass as a three-year pilot project beginning in January, 2015. Doing so will enable the City to determine both if there is sufficient interest in the idea, and to gather data to enable ETS to determine if a low – income transit pass is sustainable going forward. This data can be gathered most efficiently by simply asking applicants, on the application form, if they currently purchase a monthly transit pass. In so doing, ETS will get a more accurate measure of new and foregone revenue.

Our research has shown that even a rough estimate of cost is difficult to determine, as every transit property we studied determines cost by simply multiplying discount offered by passes sold. This results in an inflated and inaccurate figure, as:

- a) it assumes that everyone purchasing the low-income pass would have purchased a fully priced pass if given the chance, and
- b) it does not account for new revenue into the system - many studies have shown that low-income earners do not purchase monthly passes or avoid public transit altogether due to an inability to afford it.<sup>8</sup>

Calgary Transit has offered a low-income transit pass since 2006. It is estimated that the program had a direct cost to the City of 5.3 Million in 2012,<sup>9</sup> based on the formula described above. It should be noted that Calgary low-income pass includes AISH recipients (40% of the total) where Edmonton is already subsidizing this group through the AISH pass. Calgary

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<sup>8</sup> Studies include: *Federation of Canadian Municipalities. Mending Canada's frayed social safety net: The role of municipal governments (Quality of Life Reporting System) Report #6.*; *Canadian Urban Transit Association. Promoting better health through public transit use. Issue Paper 2.*; *Wilson, R.M., et al. Working rough, living poor: Employment and income insecurities faced by racialized groups in Black Creek and their impact on health. Alliance Multicultural Health and Community Services.*; *Mikkonen, J., & Raphael, D.. Social determinants of health: The Canadian facts.*; *Toronto: York University School of Health Policy and Management.*

<sup>9</sup>Based on 2012 data. Personal communication with author.



Transit reports 15,478 low income transit pass registrants total, with an average of 4,366 purchasing a pass every month.<sup>10</sup>

We encourage the committee to consider, in addition to cost, the benefits that we expect to result from the introduction of a low-income pass. A recent social return on investment study commissioned by community groups and the City of Calgary (SIMPACT Strategy Group) considered different categories of users that may purchase a low income transit pass, including single under-employed adults and single parents. By constructing profiles of typical low-income pass holders, and estimating the number of pass holders in each profile and the program cost to the City, they estimate that access to transit would improve employment outcomes and personal incomes well in excess of the program cost.

For example, a low-income transit pass may enable an under-trained adult to access training programs to gain part-time work. This in turn may generate an additional income for the pass holder that is equivalent to 10 times the program cost e.g., access to training that leads to 20 hours of part-time work at \$12 per hour.

The study also mentions the other community benefits of low-income transit fares, including enabling better participation by low-income citizens in communities, volunteering, and access to recreation, and more frequent visits to family and friends. In contrast, the study mentions that unaffordable transit fares have been linked to social isolation and poverty, along with poorer health and education outcomes.

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<sup>10</sup> Ibid.



## Conclusion

The Edmonton Transit System Advisory Board (ETSAB) proposes that the Transportation Committee of Council direct Edmonton Transit to introduce a low-income monthly transit pass as a pilot project beginning in January 2015. Doing so is consistent with the values articulated in The Ways documents, and is in keeping with sentiments expressed in the guiding documents of Edmonton Transit. We believe that our recommendation to introduce a low-income transit pass as a pilot project is a fiscally responsible one, as it would allow ETS and Council to gather the necessary data to determine if the idea is a sustainable one going forward. We very much hope that TC carefully considers our recommendation and opts to bring in this initiative, which we believe will benefit tens of thousands of our fellow citizens.



## Appendix A – information from other municipalities

<b>City</b>	<b>Qualification for low-income Transit pass</b>	<b>Other conditions, notes and qualifications</b>
<b>Kingston</b>	2013 LICO	Ontario Works, Ontario Disability Support Program
<b>Hamilton</b>	2006 LICO	Ontario Works, must be working, Ontario Disability Support Program
<b>Windsor</b>	2008 LICO	Ontario Works, Ontario Disability Support Program
<b>Oakville</b>	2009 LICO	Ontario Works, Ontario Disability Support Program
<b>Calgary</b>	2013 LICO	Combined fare that also applies to AISH recipients, You
<b>Halifax</b>	2013 LICO	500 passes issued as part of Pilot program. Currently under review
<b>Edmonton (proposed)</b>	<b>2013 LICO</b>	<b>Same as Recreation Access Program</b>
<b>Strathcona County</b>	2009 LICO	None
<b>Guelph</b>	2011 LICO	None

<b>City</b>	<b>Price of low-income transit pass (monthly)</b>	<b>% discount over cost of Adult Monthly transit pass</b>
<b>Kingston</b>	\$46.75	35%
<b>Hamilton</b>	\$43.50	50%
<b>Oakville</b>	\$52.50	50%
<b>Windsor</b>	\$40.00	50%



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<b>Calgary</b>	\$44.00	50%
<b>Halifax</b>	\$39.00	50%
<b>Guelph</b>	\$37.50	50%
<b>Edmonton (proposed)</b>	<b>\$35.00</b>	<b>60%</b>
<b>Strathcona County</b>	\$24.00	76%

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