



Fair Pass Program - 2020 Update

Date: October 28, 2020

To: Economic and Community Development Committee

From: Executive Director, Social Development, Finance and Administration

Wards: All

SUMMARY

In 2016, as part of Toronto's Poverty Reduction Strategy, City Council approved the Fair Pass Program which reduces the cost of public transit for low income residents by providing a discount on an adult Toronto Transit Commission fare. Since the inception of the program, the City of Toronto has issued Fair Pass discounts programmed onto a PRESTO card to over 80,000 Toronto Transit Commission riders saving Toronto's lowest income residents over \$11.3 million on the cost of Toronto Transit Commission transit fares.

In March 2020, as part of the City's response to the COVID-19 public health emergency, the City suspended a number of services and programs in order to meet health and safety requirements and focus resources on the maintenance and delivery of critical emergency supports and services for vulnerable and marginalized residents. Consistent with this approach, the receipt and processing of new applications for the Fair Pass Program was suspended, while annual renewals of Fair Pass discounts for residents who remain eligible for the benefit have continued to be processed.

Planning is now underway to resume in December 2020 the acceptance and processing of new applications for the Fair Pass program in a manner which ensures the health and safety of residents and staff.

This report provides an update on the full resumption of the Program and the impacts to service during the COVID-19 pandemic. This includes an outline of the City's plan to complete implementation of the current second of three implementation phases. The report also identifies outstanding operational and technical barriers related to the Fair Pass Program's integration with the PRESTO card system. Finally, it provides an update on required work to move towards Phase 3 (full implementation) of the program, which will see eligibility extended to all adult residents whose income is less than the Low-Income Measure plus 15 percent.

RECOMMENDATIONS

The Executive Director, Social Development, Finance and Administration recommends that:

1. City Council approve the Fair Pass Program resumption strategy in this report and direct the Executive Director, Social Development, Finance and Administration, to implement the resumption strategy.
2. City Council direct the Executive Director, Social Development, Finance and Administration, to report to the Economic and Community Development Committee, as part of the Poverty Reduction Strategy Update report in the second quarter of 2021, on funding options for the full implementation of the Fair Pass Program, including consideration in the 2022 Budget process.

FINANCIAL IMPACT

Fair Pass is a demand driven program. As such, COVID-19 has significantly impacted expenditures. In the spring of 2020, with all non-essential places ordered to close and only critical travel recommended, ridership declined considerably among Fair Pass cardholders. This has resulted in a net under-spending in the Fair Pass Program for 2020.

Ridership modelling for 2021 is currently underway and it is expected that ridership will continue to be impacted in 2021 when compared to pre-COVID levels. Consideration will be given to reinvesting any anticipated demand based underspending in the Fair Pass Program for 2021, into completing the implementation of Phase 2 of the program by extending eligibility to those in receipt of housing supports or Welcome Policy subsidies in 2021. This change will be considered following final 2021 ridership modelling and as part of the 2021 Budget process.

There are no financial impacts resulting from the recommendations in this report.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

EQUITY IMPACT

How people commute to work, school or appointments is often tied to a person's socio-economic status. Low-income residents are more likely to use public transit to move around the city, yet the cost of travel acts a barrier to accessing this critical service. A 2020 study showed that Toronto has one of the least affordable public transit systems in

the world¹. When taken together with the cost of rent, healthy food and utilities, affordability of travel becomes a real challenge for many residents and often trade-offs are made to make ends meet.

To assist with the cost of transportation, many community and social service agencies provide low-income residents with tokens to travel to medical appointments and employment activities.

Additionally, the Toronto Transit Commission has historically provided discounted Toronto Transit Commission fares for youth, post-secondary students and seniors, and more recently permits children 12 and under to ride for free.

Prior to the introduction of the Fair Pass discount program, however, there has never been a direct, targeted discount on the cost of Toronto Transit Commission fares available to low-income working age adults in Toronto. By providing eligible residents with a discount on single-ride and monthly passes, Fair Pass reduces barriers to mobility for low-income residents.

DECISION HISTORY

On March 25, 2013 the Board of Health adopted “Next Stop Health: Transit Access and Health Inequities in Toronto,” requesting staff to develop solutions for affordable transit. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.HL20.3>

On July 8, 2014, City Council adopted “Toward a Policy Framework for Toronto Transit Fare Equity” directing staff to develop a Policy Framework for Toronto Transit Fare Equity. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.EX43.18>

On February 2, 2015, the Toronto Transit Commission Board adopted the recommendation that children aged 12 and under ride for free. https://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2015/February_25/Minutes/index.jsp

On November 3, 2015, City Council unanimously adopted “TO Prosperity - Toronto Poverty Reduction Strategy.” Transit equity is one of the five pillars of the strategy. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX9.5>

On December 13, 2016, City Council adopted "Fair Pass: Transit Fare Equity Program for Low-Income Torontonians." This established the Fair Pass Program providing a transit discount for eligible residents living below the Low Income Measure + 15%. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX20.10>

1 <https://www.picodi.com/ca/bargain-hunting/affordability-of-public-transportation-in-canada>

On December 20, 2016, the Toronto Transit Commission Board endorsed the Fair Pass Program and directed staff to work in partnership with the City to ensure the successful implementation of each phase of the Fair Pass Program.

http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2016/December_20/Reports/10_Transit_Fare_Equity_Fair_Pass_Program.pdf

The City has continued to provide updates on the progress of the Fair Pass Program implementation as part of the Poverty Reduction Strategy's annual work plan and updates from 2015-present day.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX10.1>

On September 30, 2020, City Council adopted a motion from Councillor Perruzza that directed staff to provide an update on the Fair Pass Program and impacts to service during the COVID-19 pandemic, an overview of outstanding PRESTO Card Policy and technical barriers preventing a full restart of Fair Pass and an update on the planning and implementation of Phase 3 of the Program.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.MM24.34>

COMMENTS

Background

The Fair Pass Program is a key initiative of the City's Poverty Reduction Strategy and was adopted by City Council in 2016. The Program is intended make transit more affordable for those living in poverty, including the working poor. For the purposes of the program, this is defined as residents living below the Low-Income Measure + 15% threshold. By leveraging PRESTO technology, the Fair Pass Program provides a 33% discount on a Toronto Transit Commission adult single fare, and a 21% discount on a Toronto Transit Commission adult monthly pass. Eligible residents receive the discount for 12 months from the date of issuance and can use it on any mode of transportation when traveling on the Toronto Transit Commission.

As outlined in the original 2016 project plan, implementation of Fair Pass has been carried out in phases to allow for iterative improvement and seamless integration into existing administrative processes:

- Phase 1 - launched in March 2018 and led by Toronto Employment Social Services, provided the discount to residents in receipt of social assistance (Ontario Works/ Ontario Disability Support Program) who are not receiving transportation supports equal to or greater than \$100 in the current month. An external evaluation of Phase 1 showed that 75% of clients found that the discount had increased the affordability of transit, and 63% stated it had positively impacted their life².
- Phase 2 - launched in September 2019 and led by Toronto Children's Services, expanded the program to approximately 23,000 additional residents in receipt of

² <https://www.toronto.ca/legdocs/mmis/2019/ex/bgrd/backgroundfile-139482.pdf>

a child care fee subsidy and whose earnings are below Low-income Measure + 15%. Due to logistical barriers, extension of the discount to those in receipt of housing supports, as originally planned, was determined to not be feasible at that time. However, in light of the impacts of COVID-19 on vulnerable and marginalized residents in Toronto, staff are exploring ways of extending Fair Pass eligibility to residents participating in additional means-tested programs/supports, for example, those residing in rent-geared-to-income housing or those receiving a recreation subsidy through the City's Welcome Policy. Ridership modelling for 2021 is currently underway and will inform future consideration to reinvest any anticipated demand based underspending in the Fair Pass Program for 2021.

- Phase 3 - planned for future years, extends the discount to all other Toronto residents living with an income below Low-Income Measure + 15%. This phase will also include streamlined application processes for residents, including the emerging automatic income verification process being developed through the City's Revenue Services. As outlined in the original authorizing staff report, this phase may also require funding strategies that leverage financial support from other orders of government and other non-City funding sources.

Impact of COVID-19 Pandemic on Program Delivery

At present, the majority of Fair Pass applications are received and administered at Toronto Employment and Social Services offices using a predominantly manual, paper-based process. Residents seeking the Fair Pass discount submit an application in-person, by mail or by fax.

Critically, because of the Fair Pass program's integration with and dependence on PRESTO card technology and related PRESTO program requirements, the application includes a mandatory signed consent which gives the City of Toronto, Toronto Transit Commission and Metrolinx the legal authority to share and collect PRESTO card number(s) loaded with a City discount and allows for the exchange of information to track when the discount is transferred to a new PRESTO card and support the payment of the subsidy and evaluation of the Program.

On March 23, 2020, the Mayor declared a State of Emergency in Toronto due to the escalating COVID-19 public health crisis. Consequently, many services, supports and programs offered by the City were suspended, with physical offices closed and in-person services redirected to other methods of delivery, such as by telephone. In addition, City staff were redeployed to support critical emergency responses, such as shelters, to protect the wellbeing of Toronto's most vulnerable and marginalized residents.

The closure of most City offices during the first wave of COVID-19, combined with the redeployment of many Toronto Employment Social Services' staff to support critical services for vulnerable residents and the need, following Toronto Public Health guidance, to minimize unnecessary travel and maintain social distance underpinned the decision to temporarily suspend the receipt and processing of new Fair Pass Applications whether received in-person, by mail or by fax.

Annual renewals of the Fair Pass discount for residents who remain eligible for the benefit and whose discount otherwise would have expired have, however, continued to be processed in a timely manner.

Information about the temporary suspension on processing new Fair Pass applications as a result of the City's COVID-19 emergency response was initially communicated to appropriate staff, posted on the City's COVID-19 Service Changes web page, and recorded on the City's Human Services Integration telephone line (416-338-8888). The City recently took further action to advise staff and residents of the program's status (i.e. suspension of receipt and processing of new applications; continuation of renewals) by:

- Sharing and clarifying program information with City staff (Toronto Employment Social Services/Toronto Children's Services), Ministry staff (Ontario Disability Support Program) and Toronto Transit Commission partners to communicate to residents;
- Updating the City's Fair Pass Program's website and COVID-19 page that card renewals continue;
- Recording new information on the City's Human Services Integration telephone line.

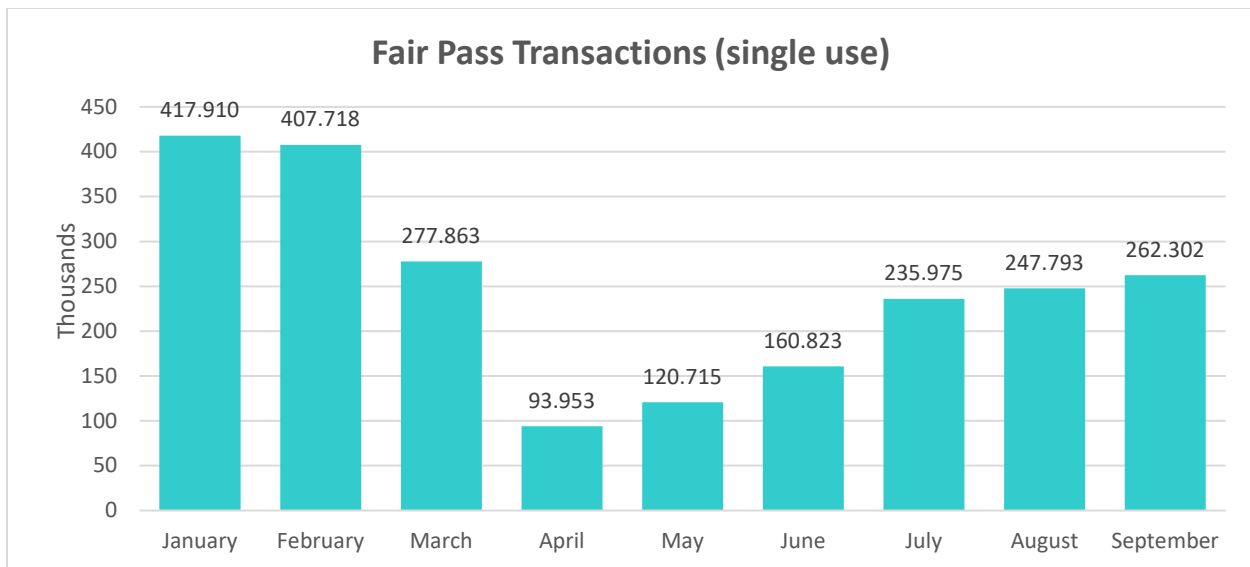
Ridership Patterns During COVID-19

The Toronto Transit Commission has publicly reported that ridership is still below 50 per cent of normal on all modes as a result of COVID-19³. There has been a similar decline in ridership among Fair Pass cardholders.

Despite this decline, however, Fair Pass ridership has returned at a somewhat faster rate than non-Fair Pass Toronto Transit Commission riders. The following chart illustrates monthly ridership transactions (i.e. trips) by Fair Pass discount PRESTO cardholders who do not have a monthly Toronto Transit Commission pass (i.e., single-use fare ridership). Ridership in January 2020 was at a high of 417,910 trips, decreasing to 93,953 in April, a decline of 78%.

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http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2020/September_24/Reports/1_Chief_Executive_Officer_Report_September_2020_Update.pdf



As of September 2020, the decline in ridership relative to January for Fair Pass users was 37%, compared to a 61% decline for non-Fair Pass Toronto Transit Commission riders.

The faster return to ridership among Fair Pass clients is indicative of the reliance that vulnerable and marginalized residents have on public transit, and may be a result of low income residents not having the ability to work from home or access a personal vehicle.

Strategy to Resume Processing of New Applications

The City has assembled a Fair Pass transition working group responsible for overseeing all aspects of program and business readiness, stakeholder engagement, communication and performance.

To enable resumption of the program in a manner compatible with new public health guidelines, the City has initiated a previously planned shift of administrative responsibility of the program from Toronto Employment Social Services and Toronto Children's Services to Human Services Integration within Social Development, Finance & Administration division. In doing so, Fair Pass users will be able to take advantage of an integrated service channel that provides one window, no wrong door access to the City's key income support programs: Ontario Works, Child Care Fee Subsidies and Rent Geared to Income Subsidies. In addition to experience managing significant volumes of transactional and program eligibility data, oversight of an interdivisional phone channel and existing Customer Relationship Management databases to ensure a streamlined client experience, Human Services Integration will be able to draw on the valuable operational experiences of Toronto Employment and Social Services and Children's Services staff over the last several years to ensure a positive customer experience.

With this change, residents who are currently eligible for the Fair Pass Program will be able to submit program applications in December using a new online application form. This online form will replace the current manual process. Residents who have difficulty or experience barriers with the online form will be able to apply for the program over the

phone.

With the shift to a more streamlined and automated service delivery in December, and an increase in the number of Fair Pass applicants who already have a PRESTO card, the City will no longer distribute free PRESTO cards in conjunction with the discount. New applicants applying to the program will be responsible for acquiring a PRESTO card, in alignment with all other Toronto Transit Commission discounts.

To mitigate the impact of this change and to assist those residents that may find it difficult to purchase a PRESTO card or do not currently have one, the City is partnering with Toronto Public Library to distribute complimentary cards at select libraries in Neighbourhood Improvement Areas. Available cards can be directly picked up by residents to use before applying to the Fair Pass Program. In addition, community agencies will have the opportunity to pick up larger quantities of cards, distributing them at a local level to those who may have challenges travelling to a Toronto Public Library branch.

Completing Phase 2 and Supporting More Residents

Vulnerable and marginalized Torontonians continue to cope with the negative impacts of COVID-19. But, as the ridership data above suggests, low-income Torontonians are disproportionately reliant on public transportation at a time when they are experiencing significant economic pressure.

Since the inception of the Fair Pass, program expenditures have been lower than originally forecast. This may be due to a number of reasons, including an overestimation of anticipated program participation, decreased costs to the program due to the introduction of the two-hour transfer window, barriers presented to low-income residents by the current base fare, and of course lower ridership due to the pandemic.

Given the increased need to support vulnerable and marginalized residents, this favourable budget variance, coupled with the shift of program administration into the Human Services Integration Office, presents the City with an opportunity to reinvest any anticipated demand based underspending in the Fair Pass Program for 2021 and extend the discount to additional low-income residents, such as those in rent-geared-to-income housing as originally envisioned.

To do so, the City will accelerate development of an online resident portal that will allow residents to apply for programs like Fair Pass and the Welcome Policy over a simplified and secure website available 24/7, upload documents to support applications, and receive notifications about the status of an application or eligibility for renewal. Working with Technology Services, the Human Services Integration Office will build and expand upon the technological platform already developed for the Children's Services Online Services Portal. It is anticipated that Fair Pass program expansion with a new online portal will launch by the end of 2021.

Full Implementation of the Program

The planned completed end state of Fair Pass (Phase 3) is intended to extend the discount to all adult residents below the Low-Income Measure+15% threshold. This phase is, as outlined in the original project plan, a significantly larger and more expensive phase. There are several outstanding issues that staff are working to resolve to create a pathway for full program implementation.

Addressing PRESTO Card Policy and Barriers

The Fair Pass Program leverages PRESTO technology to load the Fair Pass discount onto the PRESTO card. Thus, while the Fair Pass Program is a City program, it is required to operate within the terms of the Toronto Transit Commission's 2012 Master E-Fare Agreement with Metrolinx. As a result, the City relies upon the Toronto Transit Commission to liaise with Metrolinx to support implementation and ongoing operation of the program. As a small program within the larger PRESTO system in Toronto, Fair Pass is susceptible to all the implications and challenges of the PRESTO system (e.g. program discount not loaded properly/dropped, fare equipment functionality, point of sale locations, etc.).

From a user perspective, the City remains the first point of contact when a resident encounters an issue with their Fair Pass discount. To ensure as seamless a process as possible, steps are being implemented to support Fair Pass clients with their needs, including taking additional steps when required to further investigate an issue or escalate it to the Toronto Transit Commission for further action. The number of PRESTO card system/technical issues impacting the Fair Pass Program has diminished over the years, largely due to the on-going work between the Toronto Transit Commission and Metrolinx to resolve outstanding issues and improve customer experience.

As Metrolinx has proprietary rights to the PRESTO system and all related services and technology supports, any requests to enhance the Fair Pass Program's interface with PRESTO technology requires Metrolinx approval and, often, payment for implementation costs. To that end, the City has requested a number of technical changes and allowances from Metrolinx to support the transition from a largely manual process to a more streamlined, automated, digitally mediated process.

There has been a delay in response from Metrolinx regarding these technical requirements, as well as a larger than anticipated cost to fulfill the requests. This will result in City resuming the program without some technical supports. However, ongoing dialogue continues between Metrolinx, Toronto Transit Commission and the City to discuss the technical requirements to enable full program resumption in the short-term and implementation of Phase 3 in the longer-term.

Examples of issues currently under review and discussion with Metrolinx to achieve this goal include:

- **Online/Telephone Consent Submission:** To support a contactless and more streamlined application process, the City is seeking the approval to change from paper based to an electronic or telephone consent.

- Real-time PRESTO card Validation Requirement: The ability to validate PRESTO cards numbers as part of the application process and provide real-time status of the PRESTO card validity (e.g. not reported lost/stolen).
- Connection to PRESTO Vouchers Portal: Bi-directional connectivity between the City's Customer Relationship Management database to the PRESTO Voucher Portal to provide real-time transfer results on the success of loading the Fair Pass discount to a PRESTO card, eliminating the current manual update process.

Continuous Stakeholder Engagement

Ongoing stakeholder engagement and communication remains a priority for the program resumption and work leading up to Phase 3. There is a commitment to continue regular weekly meetings between the Toronto Transit Commission, Metrolinx and City staff and establish technical workgroups when required. Working collaboratively will increase transparency, accountability and develop stronger working relationships between all parties. City staff have developed a detailed communication strategy and outreach plan to guide the restart and ongoing implementation of the program.

Although current public health guidelines have created challenges in engagement with residents, a core component of the programs development strategy is also to ensure consistent and open communication to Toronto residents and community partners. Staff are adjusting to the new environment and are developing new methods to ensure residents are engaged, and informed about changes to the program as well as how to reach City staff for support.

Financing Full Implementation

The third phase of Fair Pass is the most ambitious and requires a longer term financial commitment to extend the discount to all Toronto residents living with an income below the Low-Income Measure + 15% threshold. The original staff report noted that financial support from other orders of government and/or non-City funding sources is needed to support Phase 3.

Analysis of actual ridership has shown that the estimated cost to support full implementation is likely lower than originally projected. However, assuming current ridership trends and economic conditions, staff are currently estimating that an additional \$20 million will likely be required to sustain a fully expanded program on an annual basis. Recognizing the City's current financial situation due to the ongoing pandemic, it will be a challenge to fully implement the program as intended without additional support and policy considerations of how the program fits within the larger system of transit fare supports. Staff will report back in Q2 2021 on the progress made towards resuming and modernizing the Fair Pass Program and explore funding options to fully support the implementation of Phase 3 as part of the 2022 Budget process.

Over the long-term, the funding of Fair Pass must be considered in conjunction with the broader public transit fare regime. As such, the City's Poverty Reduction Strategy Office will be a key participant in consultations planned to inform the Toronto Transit

Commission's 5-Year Fare Policy and 10-Year Fare Collection Outlook. These discussions will provide important insights into the future direction of the fare policy in Toronto and implications on the Fair Pass Program.

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