

2

TRANSIT FARE SUBSIDY REQUESTS UPDATE

The Community and Health Services Committee recommends:

- 1. Receipt of the communication from Jane Wedlock, Executive Director – Community Strategist, Alliance to End Homelessness, dated February 7, 2011; and**
- 2. Adoption of the recommendations contained in the following report dated January 28, 2011, from the Commissioner of Community and Health Services and the Commissioner of Transportation Services.**

1. RECOMMENDATIONS

It is recommended that:

1. Regional Council endorse the development of a pilot transit subsidy program based on offering Ontario Works and Ontario Disability Support Program recipients in The Regional Municipality of York discounted transit passes, and making transit tickets available to vulnerable residents.
2. The Regional Chairman write to the Minister of Community and Social Services urging the Province to seek methods of enhancing financial support for costs related to transportation as part of its review of the social assistance system.

2. PURPOSE

This report provides an overview of existing transit fare subsidy programs in Ontario. It also provides options (based on research and stakeholder engagement sessions) as to how staff could proceed with the development of a fully scoped pilot program.

The recommended pilot option is a combination of discounted transit passes to support Ontario Disability Support Program (ODSP) and Ontario Works (OW) recipients and making a fixed number of transit tickets available to vulnerable residents. The intent is to support the Region's most vulnerable residents to get and keep work, and more fully participate in our community.

3. BACKGROUND

Multiple requests have been received for transit fare subsidies for clients with low income

In recent years, the Transportation Services Committee has received multiple requests for reduced transit fares from individuals and agencies representing persons with low incomes. This sentiment was echoed repeatedly during stakeholder consultations for the development of Community and Health Services' Multi-Year Plan and during the recent Interfaith Social Assistance Review Committee consultations. It is also cited in the Province's Poverty Reduction Strategy and in studies done by the York Region Alliance to End Homelessness, as a major initiative that municipalities can take to mitigate the effects of poverty. Staff were directed to explore options for a transit fare subsidy program by conducting a peer review of similar programs across Ontario and by consulting with community agencies.

Regional Council approved a pilot program in November 2008 which provides York Region Transit (YRT) transit tickets at a 15% discount to selected homeless agencies. The discounted tickets are then distributed to clients on an as-needed, case-by-case basis. During the first year of the pilot, tickets worth approximately \$40,000 were sold to agencies at the 15% discounted rate.

On January 21, 2010, the Transportation Services Committee requested that staff review fare subsidies and provide options to possibly expand their use.

4. ANALYSIS AND OPTIONS

Given the need to create program options that relate to transit and human services, Transportation Services and Community and Health Services staff worked in partnership to complete the background research and develop options for the transit subsidy pilot program.

PEER REVIEW

Transit fare subsidy programs across Ontario are funded by the municipal tax levy and have set budget caps

Fare subsidy programs from municipalities across Ontario were reviewed, including Hamilton, Waterloo, Durham, Kingston and Ottawa. Many municipalities do not offer any transit subsidy programs. Table 1 provides a quick summary of the municipalities surveyed. It should be noted that these subsidies are separate and apart from the historical student and senior rates which all transit providers support.

Table 1
Survey of Municipalities With/Without Transit Fare Subsidy Programs

Municipality	Yes	No
Toronto		X
Mississauga		X
Brampton		X
Oakville		X
Burlington		X
Hamilton	X	
Waterloo	X	
Durham	X	
Kingston	X	
Ottawa	X	

For those municipalities who provide transit fare subsidies, information was gathered regarding eligibility, client usage, value of transit subsidy, funding source and administration model. A summary of the results are shown in Table 2. With the exception of Ottawa and Durham, municipalities provide transit fare subsidies to OW clients, ODSP recipients, and those considered below Statistics Canada's Low Income Cut-Off (LICO).

Table 2
Comparison of Transit Fare Subsidy Programs in Ontario

	Hamilton	Waterloo	Durham	Kingston	Ottawa
Eligibility	LICO, OW, ODSP	LICO, OW, ODSP	ODSP	LICO, OW, ODSP	ODSP
Monthly Clients	500	1,500	2,300	625	4,500
Transit Subsidy (%)	50	43	60	32	70
Annual Fare Subsidy Value (\$)	250,000	438,000	350,000	156,000	1,100,000
Funding Source	Municipal Tax levy	Municipal Tax levy	Municipal Tax levy	Municipal Tax levy	Municipal Tax levy
Administration	Community/ Social Services	Independent Agencies	Transit Agency	Community/ Social Services	Transit Agency

In all municipalities the funding source for the transit subsidy is the municipal tax levy, with the percentage of subsidy ranging from 32% to 70% of the standard adult fare. Client participation rates range from 0.6% to 4.4% of those identified below LICO, and eligible for the subsidy. It should, however, be noted that the participation rate does not

reflect the demand for the program, since a maximum budget cap has been set in all cases for these programs. The administration of the transit fare subsidy in the transit systems examined is either based on a first come first serve basis or prioritized based on an application process up to the limit of the available funding.

Transit fare subsidies for residents below the Low Income Cut-Off (LICO) ensures equitable access to public transportation

LICO is an income threshold which is calculated based on the percentage of income that an individual or family would spend on basic needs such as food, shelter and clothing. This criterion includes anyone already on OW and ODSP. Three of the municipalities surveyed use LICO as the eligibility criteria for their transit subsidy programs, while the others focus only on recipients of ODSP. Transit fare subsidies enable low income residents to use public transit and as a result creates more equitable access. A comparison of OW and ODSP rates with the before tax LICO rate is shown in Table 3.

Table 3
Ontario Works (OW) and Ontario Disability Support Program (ODSP)
Annual Income relative to Low Income Cut-Off Before Tax (LICO-BT)
(All figures are for 2009)

	OW*	ODSP*	LICO-BT
Single Person	\$7,501	\$12,905	\$19,144

* Note: OW and ODSP annual rate includes value of federal and provincial tax credits.
Source: National Council of Welfare and Statistics Canada.

STAKEHOLDER ENGAGEMENT

Forums conducted with Regional community agencies indicate that a transit fare subsidy program is needed for vulnerable residents

In order to engage local community organizations in the design and implementation of a potential transit fare subsidy initiative, Ogilvie, Ogilvie & Company were retained to independently facilitate the consultation process. Three workshops were held across York Region between October 13, 2010 and October 15, 2010. Each workshop was approximately four hours in length and explored the following subject areas:

- Existing funding
- Target audience or group
- Potential outcomes
- Size (dollar amount) of the subsidy
- Implementing, monitoring and evaluating methods

In general, the concerns and comments were consistent among all the workshops. Access to transportation and mobility were identified as major barriers for persons with low income to be fully integrated into society. It was identified the Region should strive to achieve “mobility with dignity” so that persons with low income do not feel stigmatized by their circumstances. Participants also stressed that any attempt to provide assistance must look beyond the single trip and examine the total needs of the individual. Transportation was identified as a social determinant of health, contributing to healthy communities by providing opportunities for employment, social interaction and full citizenship.

While the existing transit fare subsidies for seniors and youth were recognized as achieving some success, participants suggested these programs be extended based on income level rather than on the basis of age group.

Agencies that participated in the YRT pilot program for homeless agencies indicated that this type of fare subsidy program is limited since it only provides transportation for that specific homeless program. They also stated they restrict the number of YRT tickets they distribute because of the high demand and often have waitlists for transit tickets. Further, it was identified that these agencies are not connected with the vast majority of persons with low income.

There was mixed response to the subsidy framework discussion. Many participants believed that all individuals on ODSP or OW should receive a full transit pass at a 100 percent subsidy since these individuals have little available income after they have paid their living expenses. However, there were others who argued any subsidy should be based on income and the individual’s ability to pay. There was a consensus that any subsidy for low income residents was better than the existing condition and subsidizing at fifty percent would be a good place to start.

Participants agreed the distribution of passes should be conducted in a way that respects the resident’s privacy and dignity. Options include distributing the fare media through the agency or individuals purchasing them directly from the transit office or retailer using a special identification. Agencies were clear that they would not be in a position to distribute weekly or monthly passes, and perhaps a mixed model of tickets and passes would be ideal. Participants were eager for the Region to initiate a transit fare program given the existing programs are not able to meet the needs of the low income community.

THREE OPTIONS OUTLINING THE RECIPIENT GROUPS AND THE METHOD OF ADMINISTRATION ARE PROVIDED

Administration through existing social service agencies increases ease of access, thus improving customer service

A variety of models are delivered and used by the peer municipalities. Hamilton and Kingston administer their programs through the Community and Social Services

Departments. Ottawa and Durham administer the program through the Transit Departments, while Waterloo has adopted a unique model where the program is administered by local agencies who are already serving their target population. Based on these results, staff identified three options for administering a transit fare subsidy program for York Region.

Option 1 – Discounted tickets only – through community agencies

Option 1 expands on the current pilot program offered to homeless agencies. Discounted tickets would be offered to community agencies across York Region to distribute to their clients. The benefits of this model are that the client receives free transit, and that local community programs benefit through increased participation. This option could be the least costly and there would be a greater ability to contain the cost of the program. Drawbacks to this model include its limited access to those in need, as only people accessing programs in community agencies are able to take advantage of free transit. It also limits the individual's mobility as it is on a single-ticket basis to a pre-determined destination. Finally, the community agencies would absorb the discounted cost of the tickets which may limit the number of agencies able or willing to participate unless the premise of the program was to provide a finite number of tickets free of charge.

Option 2 – Discounted monthly pass for low income individuals

Option 2 offers an 'open' system where a new fare category would be created for low-income transit users. The discounted monthly pass would be offered at point-of-purchase with the ticket agent determining the eligibility of clients. The benefit of this option is it offers the greatest amount of access to those in need because of the wider network available to purchase the monthly pass and the ability to advertise the discount. However, the disadvantage of this option is that it can increase the stigma on those with low-income. It also includes establishing an administrative process to determine who qualifies for the low-income transit category, and requires these individuals to reveal their income status publicly. Retailers may not welcome this added process and intrusive eligibility screening. This option, depending on how it is structured, could be the most costly and most complex option to operate.

Option 3 – Recommended Pilot Option – Combination of discounted passes for OW and ODSP recipients, and tickets for vulnerable residents

Option 3 is a two tiered approach, targeted to assist York Region's most vulnerable population, as well as those receiving OW and ODSP support.

The first tier would offer a discounted monthly transit pass to ODSP and OW clients with a view to assisting their participation in employment or work-related training. It is anticipated that at least 75% of the amount budgeted for the transit subsidy program would be directed to this first tier.

The second tier would be to offer individual transit tickets to vulnerable, low income residents in need through community agencies. It is anticipated that the remaining 25% of the amount budgeted would be directed to the second tier.

There are many benefits to this two tier approach for an initial transit fare subsidy pilot program.

- Regional staff have an established connection with OW clients, and can therefore administer the program as it pertains to OW clients with relative efficiency.
- This option also takes a more measured step into the program with a very clear target group and no additional screening for eligibility. It also broadens the ability to offer more case management support to clients. Options would be explored as it pertains to the best and most efficient access for ODSP clients.
- The two tier approach also provides for transportation assistance to vulnerable low income residents who are in need of transit tickets to meet their urgent basic needs. This specific need was heard very clearly at the community forums.
- A drawback to this model is a potential increase in workload and possibly costs for Regional staff and community agencies to administer the program. This would need to be evaluated in terms of both customer service and impacts on existing work requirements in determining the best options from a client and workload efficiency perspective.
- Another possible down side is that it offers no transitional step after they leave OW or ODSP and may therefore further contribute to the “welfare wall” and keeping people dependant on social assistance. Options to mitigate this would have to be explored and could include the continuance of the subsidized pass for a defined period after securing employment.

It is anticipated that Regional staff along with community agencies would play a role in administering this option. The pilot could start with a small group of eligible OW and ODSP clients. The Region would learn from this two tier pilot program and evaluate it after a predetermined time.

Further details regarding administration and implementation of this option would be brought forward for Council approval in the fall of 2011 prior to this option being implemented.

5. FINANCIAL IMPLICATIONS

The 2006 Census indicates approximately 6,065 (or 8%) of working age residents living below the LICO use public transit in York Region. Implementing a transit fare subsidy program has the potential to increase this ridership by encouraging use of transit. It should also be noted that any additional ridership gains over the current 8% would offset the subsidy cost (at an average fare rate of \$2.50/trip). This assumes some excess capacity exists on the transit system and no extra service would need to be added. It can

also be expected that 15-20% of the budget for this program be allocated to cover administration related costs.

Based on the results of the peer review, the recommended approach for program funding would be to establish a budget cap on the amount available for the transit fare subsidy pilot program. Table 4 outlines the budgetary impacts of different scenarios in terms of subsidy levels and client participation rates. Assuming a cap of \$1 million was set for the transit fare subsidy pilot program and a discount of 50% was offered, 1,000 passes sold per month would have a direct fare box cost of \$630,236 per year.

Table 4
TRANSIT FARE SUBSIDY COST

Cost Implications of Transit Fare Subsidy based on
Number of Monthly Transit Passes Distributed and Level of Subsidy

	\$105 Monthly Transit Pass		
	<i>Annual Revenue Loss from Farebox based on Monthly Transit Passes Sold and % Subsidy</i>		
Regular Number of Monthly Transit Passes Sold	%Level of Discount/Subsidy		
	30%	40%	50%
1,000	\$378,142	\$504,189	\$630,236
1,500	\$567,070	\$756,093	\$945,117
2,000	\$756,000	\$1,008,000	\$1,260,000

A general approximation of administrative costs for such a program is 15% to 20%. Therefore, assuming a \$1 million cap, with approximately \$600,000 subsidizing a monthly transit pass, roughly \$200,000 would cover administration and the remaining \$200,000 would be available for transit tickets. These are general approximations only to provide context on how many people this program could help. It should be noted that at this point there is no provision in the 2011 budget for this expenditure. When the report with details is brought back for Council consideration in the Fall, funding sources for the pilot will be identified.

6. LOCAL MUNICIPAL IMPACT

Access to transportation, along with employment and affordable housing, are crucial for residents to be able to contribute effectively to the Region's community and economy. A transit fare subsidy has the potential to increase ridership and bring in additional revenue. This would be of benefit to the Region which has invested heavily in a high quality transit system. It also has the potential to make transit more affordable for our most

vulnerable residents, resulting in improved employment options, increased disposable income, and the ability to be more actively involved in our communities.

7. CONCLUSION

There is an identified need for a transit fare subsidy for persons of low income. Our research finds transit subsidy fare programs are being provided by some peer municipalities and their programs are being fully accessed (exhausting the program's budget limit). Stakeholder engagement workshops with community agencies identified many low income persons across the Region are not able to afford transit under the current fare structure. This impacts the ability for low income individuals or residents to find and keep jobs, and engage in our communities. As outlined in Option 3, implementing a pilot program in partnership with the Regional staff and community agencies would provide the most direct and discreet access to those in need of a transit fare subsidy. In addition, providing a funding limit would ensure that the program is sustainable and without additional burden to the municipal tax levy.

For more information on this report, please contact Irene McNeil, Director, Strategic Policy and Business Planning, at Extension 5021 or Cordelia Abankwa-Harris, Managing Director, Strategic Service Integration and Policy, at Extension 2150.

The Senior Management Group has reviewed this report.



York Region

Alliance to End HOMELESSNESS

510 Penrose Street
Newmarket,
Ontario L3Y 1A2

February 7th 2011

Members of Community and Health Services Committee:

Members of the York Region Alliance to End Homelessness are aware that you will be considering a recommendation at the February 9th meeting of Community and Health Service Committee regarding a pilot transit subsidy program for vulnerable individuals.

As you consider the recommendations of the pilot transit subsidy initiative, we hope that you will also consider that a subsidy is only one of a number of strategies that need to be put in place if we are to truly respond to the transportation needs of vulnerable individuals.

The Community Plan to Address Homelessness (2008) highlighted the need for strategies to improve transportation to and from various facilities across York Region that offer services and supports to homeless and at risk individuals.

We are pleased to attach the fact sheet summary of a 2 year pilot project carried out by the York Region Alliance to End Homelessness to address this issue. Between 2008-2010 almost \$80,000 was distributed to 11 agencies to support critically needed access for their clients to housing, education and employment opportunities. This funding was provided through the federal Homelessness Partnership Initiative, administered through York Region.

Since the pilot funding has finished (end of June 2010) as result of all funds being expended, the pressure on agencies to respond to client requests for transportation supports to access housing, education and employment opportunities has caused significant hardship.

The ability to move around our vast region is essential for all of us if we are to create inclusive communities where everyone is able to participate adequately in accessing education, employment, public services, social and recreational activity.

We look forward to opportunities to support the development of innovative transportation strategies that will improve accessibility for vulnerable members of our community. Accessible affordable transportation is a key poverty reduction strategy.

Yours truly,

Jane Wedlock
Executive Director-Community Strategist

Why Transportation Matters: Improving Access for Homeless and At-Risk Individuals to Housing, Education and Employment

The issue

A targeted activity in the York Region Community Plan to Address Homelessness (2008) has been to improve transportation to and from the various facilities across the Region offering services to homeless people and those at risk of homelessness.

What did YRAEH do?

- Conducted a needs assessment (2008) by speaking to individuals staying at emergency shelters and drop-ins. Their main unsupported transportation priorities were housing search, education access and employment access.
- Established a YRAEH Transportation Working Group to determine funding allocation, share knowledge, and build partnerships.
- Conducted a 2-year pilot project using federal Homelessness Partnership Initiative Funding (through York Region) and distributed \$38,550 in Year 1 and \$40,000 in Year 2 to agencies serving homeless/at-risk individuals¹

How many people were helped?

Priority Area	Number of People – Year 1	Number of People – Year 2
Housing	855	2978
Employment	316	597
Education	235	405

Who were they?

Single men, women, families, young people, children, pregnant women, seniors, individuals fleeing abusive situations, residents of emergency shelters and domiciliary hostels, the working poor, individuals with physical disabilities, individuals with developmental disabilities, individuals with mental illness, individuals with HIV/AIDS

What were their transportation needs?

Moving from emergency winter shelter to longer term (6-week) emergency shelter, housing search (moving out of emergency shelter), attending school, pursuing adult learning opportunities, attending job counseling, job training/re-training, job search, keeping a job, attending programs, legal appointments, accessing financial support, homeless youth re-connecting with family

What forms of transportation were used?

June 2009-June 2010 (Year 2)	\$	%
Transit	16,634	38.7
Taxis	10,196	23.7
Volunteer Drivers (Transit Georgina)	6,619	15.4
Gas Cards	926	2.25
Moving assistance	6,916	16.19
TOTAL	42,988	100%

Additional costs (over \$40,000) were absorbed by agencies

¹ Blue Door Shelters, Community Legal Clinic of York Region, Inn from the Cold, MOSAIC Interfaith Out of the Cold, Pathways for Children Youth and Families, York Region Rose of Sharon, Sandgate Women's Shelter, Salvation Army – Sutton Youth Shelter, Transit Georgina, Yellow Brick House, York Support Services Network.

A sampling of stories ...

- *Bus tickets allowed a client to access a resource centre and pre-employment workshops that resulted in her moving off Ontario Works and finding employment that is providing a decent standard of living for herself and her child. (Sandgate Women's Shelter)*
- *Taxi fares have made it possible for a teen, living with her mother and brother in a shelter for victims of violence to participate in a program to assist children in dealing with the effects of abuse. (Yellow Brick House)*
- *In an area of York Region without public transportation, a man with a young family, new to the country was driven to courses so that he may provide a better life for his family. (Transit Georgina)*
- *A gas card was provided to a woman living with her children in the family shelter (East Gwillimbury) who needed to search for housing in a place (Markham/Scarborough/Pickering area) close to her work. (Blue Door Shelters)*
- *An older lady had the Sheriff at the door. The movers removed her belongings before the Sheriff locked the door – her belongings were saved. (Community Legal Clinic of York Region)*

The consequences of lack of funding for transportation supports for homeless/at risk individuals

- Inability to access housing, educational and employment opportunities that will improve quality of life and health of individuals and families
- Deepened poverty level – increased risk of homelessness – continued marginalization
- Potential continued or increased reliance on social assistance

Recommendations:

1. In accordance with York Region's Sustainability Strategy (2007) ensure that all residents and employees, including new immigrants, the elderly, young people and the disabled have barrier-free, accessible and affordable transportation.
2. Investigate opportunities through the Ontario's Poverty Reduction Strategy for transportation funding.
3. Engage YRAEH Transportation Working Group and other interested stakeholders to work with York Region staff to explore options to address public transportation costs for low income residents (as recommended in the Draft Community and Health Services Multi-Year Plan June 2010).
4. York Region and area municipalities develop strategies explore the introduction of subsidies to support the use of public transit for the purpose of accessing essential human services.
5. Continue the discounted transit fares (15%) for all agencies serving the homeless/at-risk population – if possible increase the subsidy.
6. Increase funding support for organizations with volunteer driver services that provide critical transportation supports to people living on low income who are unable to access public transportation.
7. Allow transportation funding through York Region funding applications e.g. CDIF/Community Enhancement with broader terms (beyond accessing programs provided by the agency).
8. Ensure organizations supporting emergency shelters have a separate budget line for transportation.