

**Analysis of the RTA Seniors and People with Disabilities
Ride Free Programs**

Executive Summary Prepared for the
Regional Transportation Authority

-REVIEW DRAFT-

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EXECUTIVE SUMMARY

Introduction

The RTA Seniors Ride Free program began on March 17, 2008, and the People with Disabilities Ride Free program, also known as the Circuit Breaker program, began on October 24, 2008. The RTA contracted with the Urban Transportation Center at the University of Illinois at Chicago to undertake an analysis of the impact of these programs. The scope of work includes ridership analysis, financial impacts, a survey of Senior Ride Free registrants, a forecast of senior and disabled populations and ridership forecasts in the Chicago region. The study team relied on ridership and registration data provided by the service boards and by the RTA contractor Polaroid in addition to survey data collected by UTC from 1500 survey respondents.

Registrations

When former Governor Rod Blagojevich mandated free rides for seniors, RTA implemented the Seniors Ride Free program and created the Senior Ride Free fare card. Seniors could use existing reduced fare cards for free rides until April 2009. There was an immediate increase in applications for the free fare card and by July 2009, there were 165,700 senior free ride registrants and 183,120 renewals from the senior reduced-fare cards for a total of 348,825 Senior Ride Free card registrants while after March 2008 Senior Reduced Fare registrations remained relatively stable at 141,676, on average (Figure 1). Registrations for the Circuit Breaker program resulted in a rapid increase in registrations and by July 2009, there were 14,812 Circuit Breaker registrants and 7,163 renewals for a total of 21,974 Circuit Breaker registrants (Figure 2).

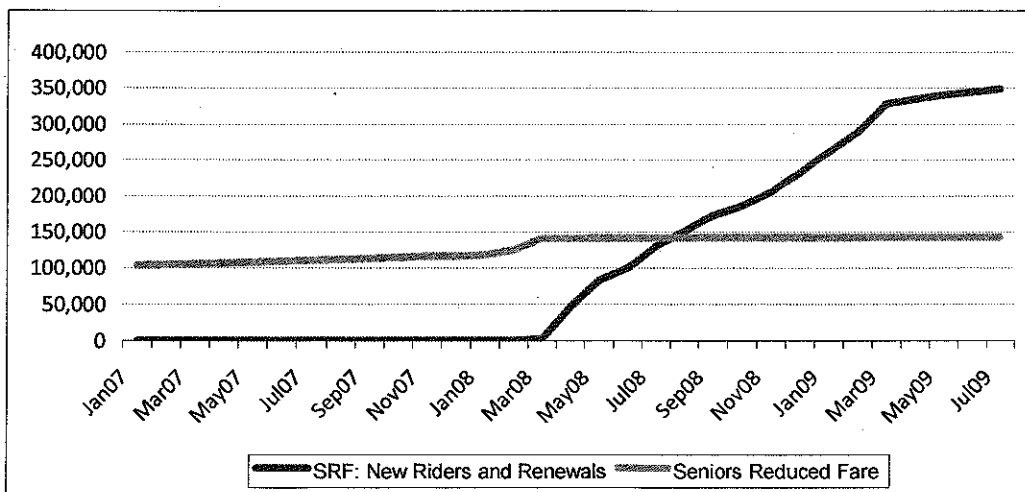


Figure 1. Seniors Ride Free Total Registrations.

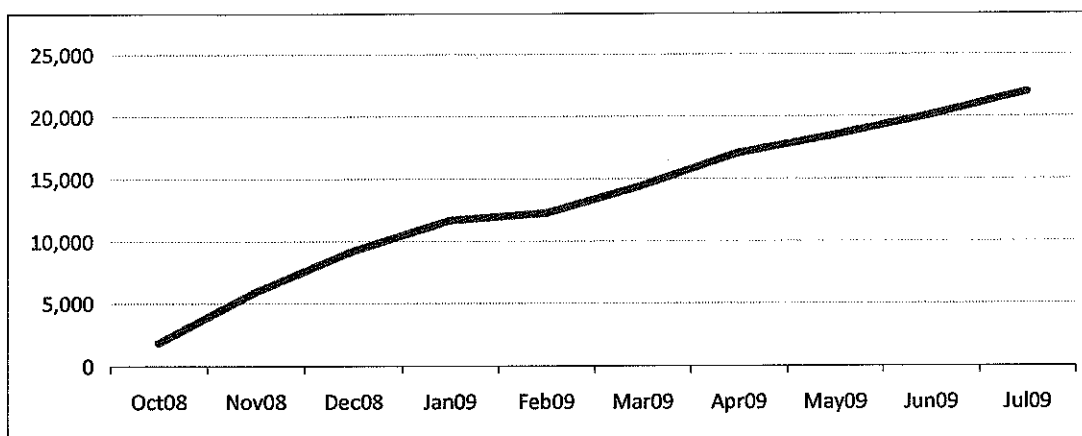


Figure 2. Disabled Circuit Breaker Total Registrations.

Regional Ridership

Since the inception of the free ride programs for seniors and people with disabilities or Circuit Breaker, there has been a rapid increase in free rides. The short-term ridership impact of the Seniors Ride Free (SRF) program and the Circuit Breaker (CB) program on the three Service Boards ridership is the sum of two trends: (a) diversion of senior rides, previously on reduced fare, to free rides, and (b) attraction of new free rides to the SRF and CB programs.

Prior to March 17, 2008, CTA, Metra, and Pace did not register senior riders separately from other reduced fare riders, which included persons with disabilities, military personnel, students and children. Therefore, in order to estimate diversion of rides from the reduced fare program to the SRF program, we computed the differences in reduced fare rides on each month from before and after the SRF program went into effect starting from April 2008 – the assumption being that seniors who had been paying a reduced fare were no longer doing so and were riding free. The average of these monthly differences is an estimate of the diverted rides (Estimate A).

In order to estimate the total number of new free rides attracted to the SRF and CB programs for the same period, we averaged the monthly SRF and CB ridership (Estimate B). The estimated number of new rides is then computed to be the difference between Estimates A and B.

According to our estimates, through March 2009 the programs have attracted on average 1.4 million new rides per month while diverting on average 1.7 million senior rides per month which previously were taken using a reduced fare (Figure 3).

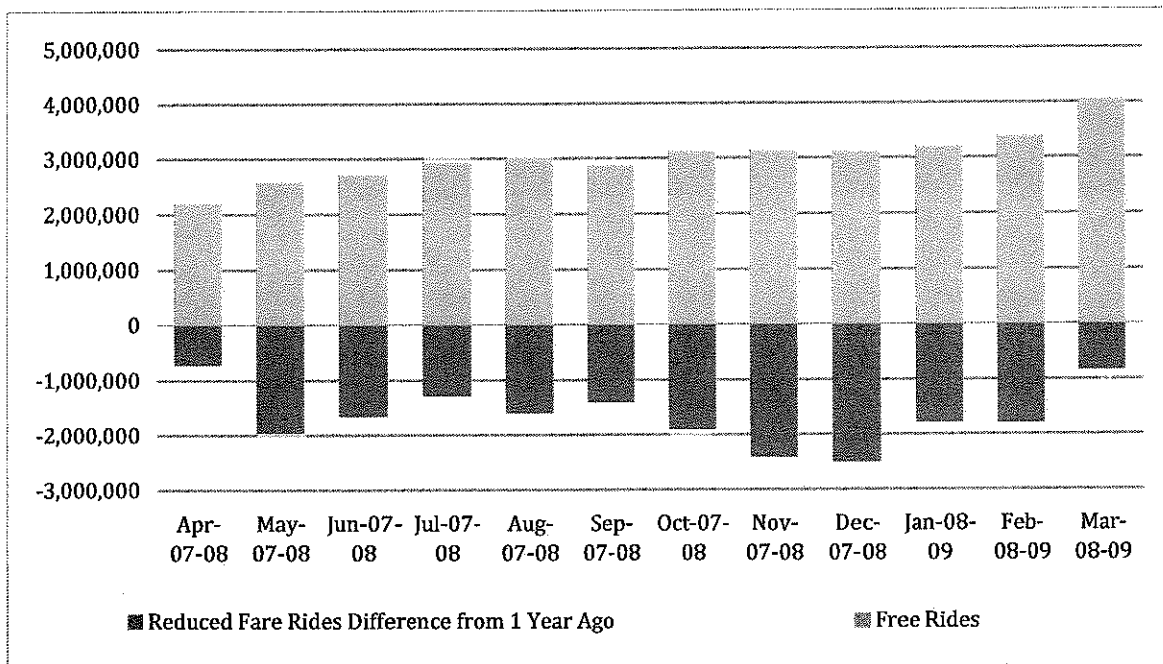


Figure 3. Service Boards: Reduced Fare Rides Diversion and Free Rides.

It should be noted that the ridership is impacted by other factors as well. During the study period gasoline prices have fluctuated significantly and unemployment in the Chicago region has increased. These and other factors influence both general ridership and usage by seniors and people with disabilities.

Service Boards

Between March 2008 and June 2009, a total of 50.3 million free rides (Free Seniors and Circuit Breakers) were provided on the RTA system. This represents 5.9% of total ridership.

During the study period, free rides to seniors and people with disabilities represent about 6.3% of CTA total ridership, 7.4% of Pace’s and about 3.5% of Metra’s. ADA paratransit ridership appears to be rather insensitive to the changes in Free Senior and Circuit Breaker ridership (Figure 4). There appears to be little, if any, diversion from ADA special services to free Circuit Breaker rides.

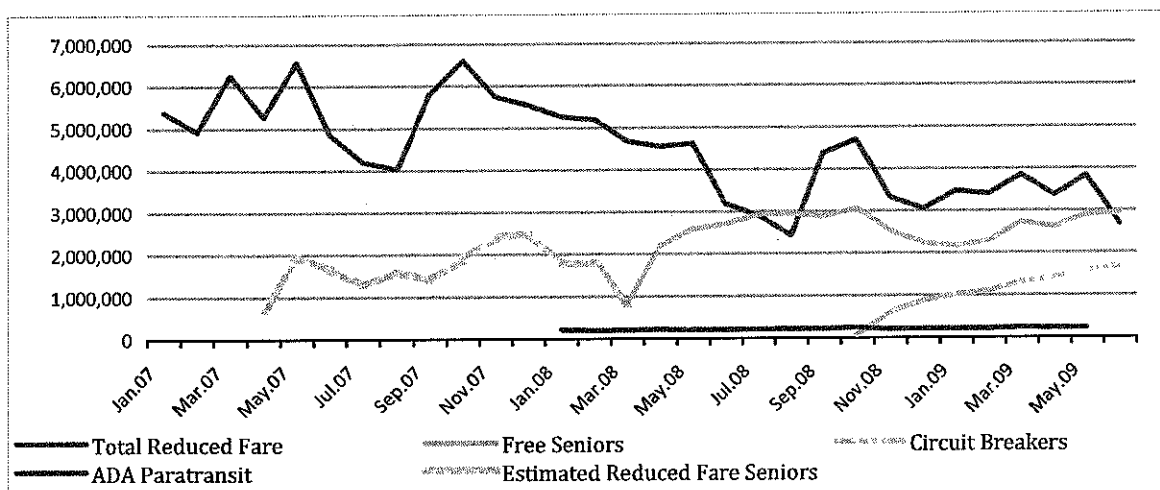


Figure 4. Service Boards ridership: Reduced Fare, Estimated Reduced Fare Seniors, Free Seniors, Circuit Breakers and ADA Paratransit.

CTA

On average, the CTA provides more than 42.8 million monthly trips and total ridership has experienced an upward trend between January 2007 and July 2009. At the same time, the estimated reduced-fare ridership, excluding Free Seniors and Circuit Breakers, has shown a downward trend from 4.7 million to 2 million trips (Figure 5). ADA paratransit ridership in Chicago appears to be rather insensitive to the changes in Free Senior and Circuit Breaker ridership (Figure 5). There appears to be little, if any, diversion from ADA special services to free Circuit Breaker rides.

Between March 2008 and July 2009, a total of 47.2 million free rides (Free Seniors and Circuit Breakers) were provided on the CTA bus & rail system. This represents 6.3% of total ridership.

According to our estimates, through March 2009 the programs have attracted on average 1.1 million new rides per month while diverting on average 1.5 million senior rides per month which previously were taken using a reduced fare (Figure 6).

Free Seniors and Circuit Breakers ride CTA mostly on weekdays, similar to CTA Bus riders in general. Compared to CTA Bus general ridership, Free Seniors and Circuit Breakers, on average, ride CTA Bus slightly less on weekdays and slightly more on weekends/holidays. Moreover, compared to CTA Rail general ridership, Free Seniors, on average, ride CTA Rail slightly more on weekdays and slightly less on weekends/holidays. Finally, compared to CTA Rail general ridership, Circuit Breakers, on average, ride CTA Rail slightly less on weekdays and slightly more on weekends/holidays.

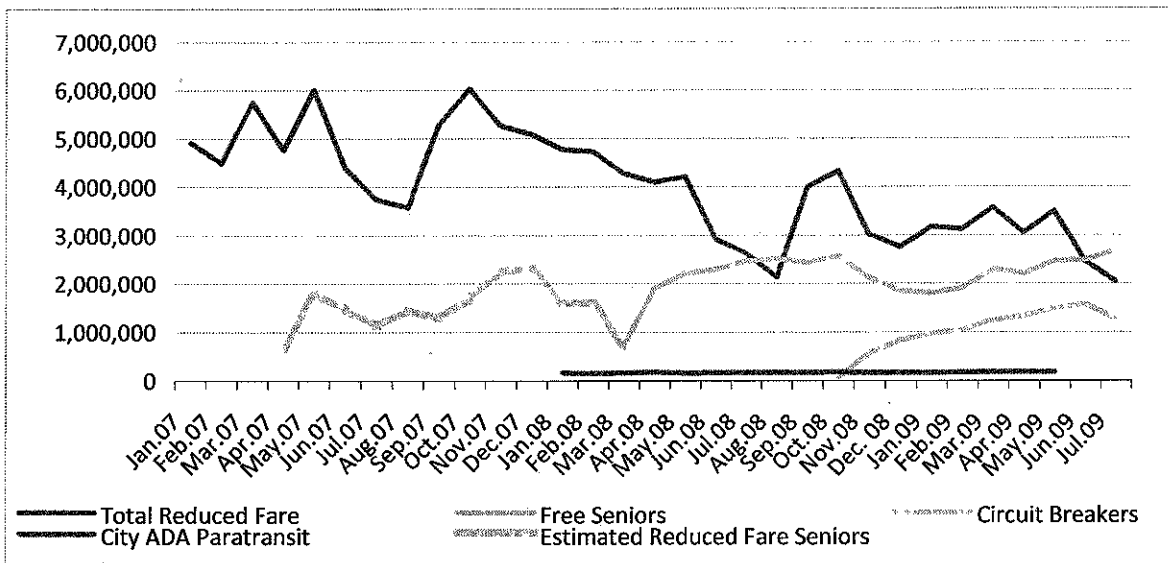


Figure 5. CTA ridership: Reduced Fare, Estimated Reduced Fare Seniors, Free Seniors, Circuit Breakers and Citywide ADA Paratransit.

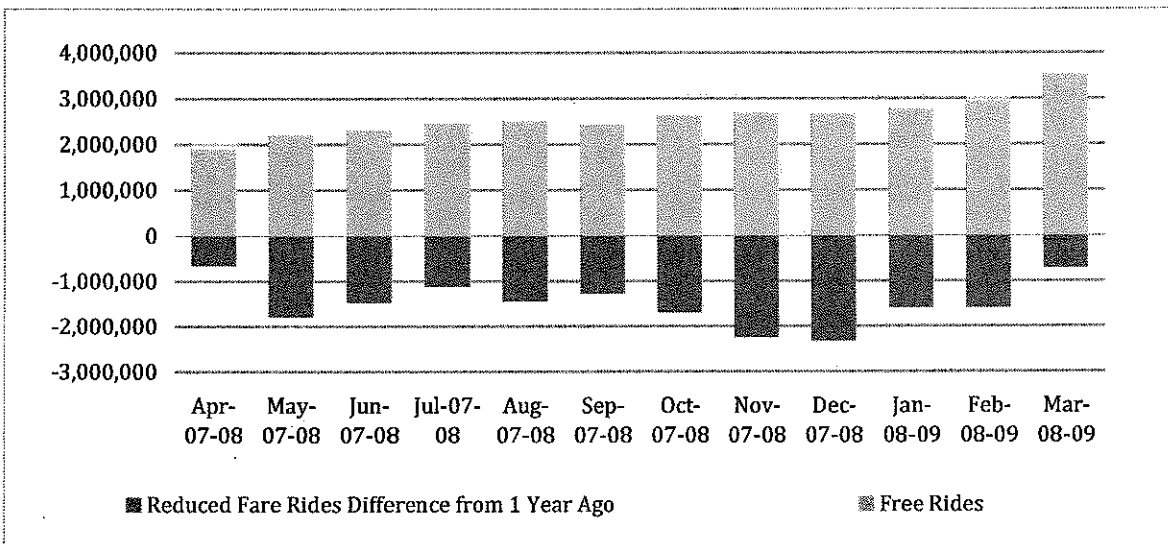


Figure 6. CTA: Reduced Fare Rides Diversion and Free Rides.

Metra

On average, Metra provides more than 7 million monthly trips and total ridership has experienced a slightly upward trend between January 2007 and June 2009. At the same time, the estimated reduced-fare ridership, excluding Free Seniors and Circuit Breakers, has shown a downward trend from an estimated 146,223 to 79,497 trips (Figure 7).

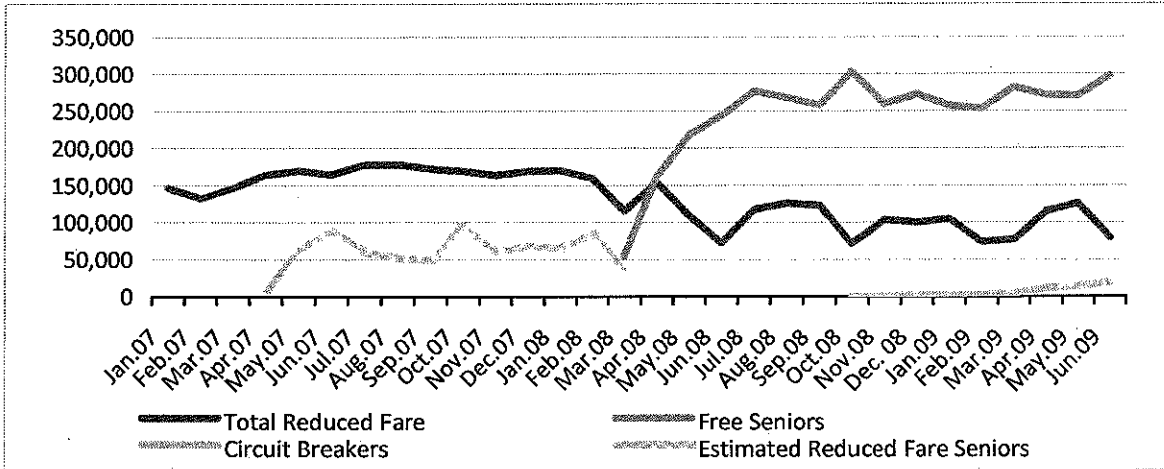


Figure 7. Metra ridership: Reduced Fare, Estimated Reduced Fare Seniors, Free Seniors and Circuit Breaker.

Between March 2008 and June 2009, a total of almost 4 million free rides (Free Seniors and Circuit Breakers) were provided on the Metra system. This represents 3.5% of Metra’s total ridership.

According to our estimates, through March 2009 the programs have attracted on average 193,000 new rides per month while diverting on average 61,500 senior rides per month which previously were taken using a reduced fare (Figure 8).

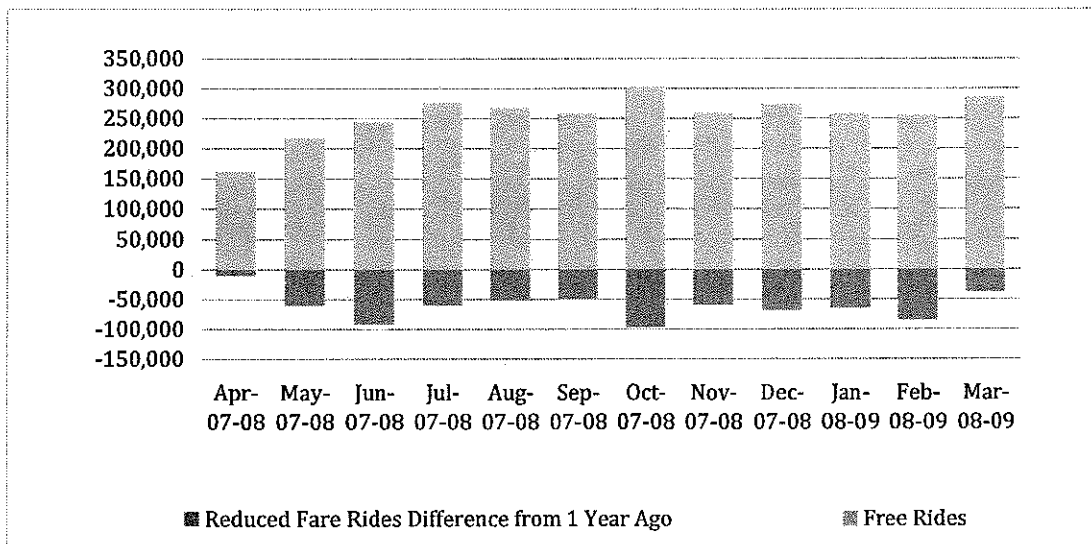


Figure 8. Metra: Reduced Fare Rides Diversion and Free Rides.

The data indicate that the majority of Metra riders are peak-hour riders. In addition, Free Seniors ride Metra mostly on weekdays, similar Metra riders in general. Furthermore, compared to Metra general ridership, Free Seniors, on average, ride Metra slightly less on weekdays and slightly more on weekends/holidays.

Pace

On average, Pace provides more than 2.6 million monthly trips and total ridership has experienced a slight downward trend between January 2007 and July 2009. At the same time, the estimated reduced-fare ridership, excluding Free Seniors and Circuit Breakers, has shown a downward trend from an estimated 323,764 to 114,680 trips (Figure 9). In addition, ADA paratransit ridership in the suburbs appears to be rather insensitive to the changes in Free Senior and Circuit Breaker ridership (Figure 9). There appears to be little, if any, diversion from ADA special services to free Circuit Breaker rides.

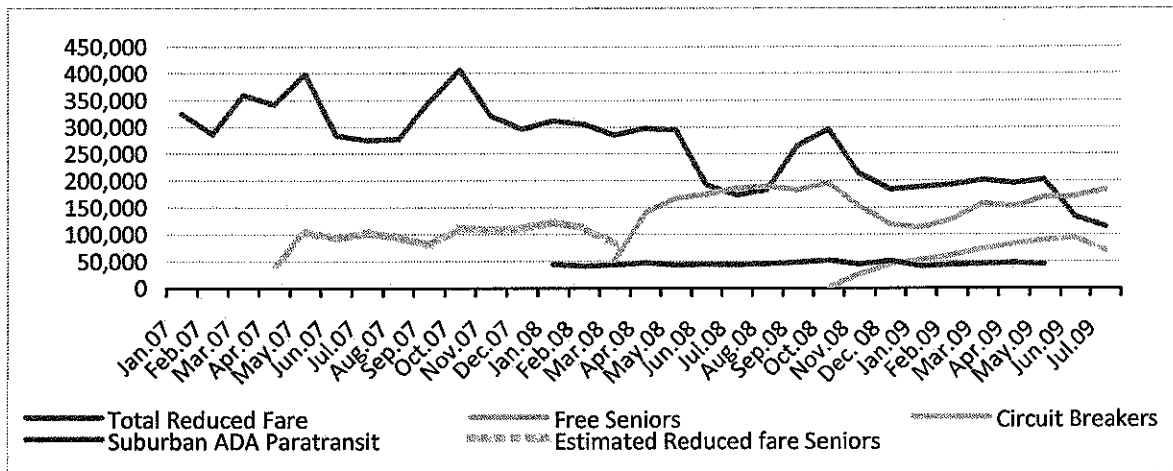


Figure 9. Pace ridership: Reduced Fare, Estimated Reduced Fare Seniors, Free Seniors, Circuit Breakers and Suburban ADA Paratransit.

Between March 2008 and July 2009, a total of 3.2 million free rides (Free Seniors and Circuit Breakers) were provided on the Pace system. This represents 7.4% of Pace’s total ridership.

According to our estimates, through March 2009 the programs have attracted on average 83,000 new rides per month while diverting on average 97,000 senior rides per month which previously were taken using a reduced fare (Figure 10).

The data indicate that Free Seniors and Circuit Breakers ride Pace mostly on weekdays, similar to Pace riders in general. Compared to Pace general ridership, Free Seniors and Circuit Breakers, on average, ride Pace slightly less on weekdays and slightly more on weekends/holidays.

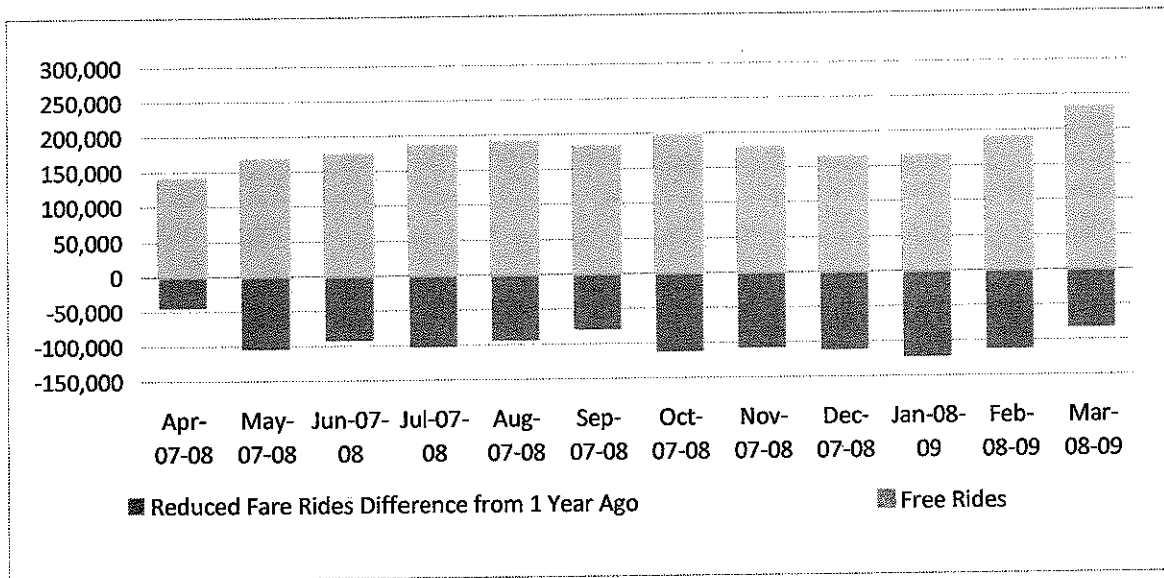


Figure 10. Pace: Reduced Fare Rides Diversion and Free Rides.

Financial Impact of the Ride Free Programs

The analysis of the financial impact of the Senior Ride Free and the Disabled Ride Free programs focuses on the revenue loss resulting from the free fare. The analysis does not consider the reduced fare reimbursement program which relies on annual appropriations by the General Assembly.

Based on currently available year to date data, an annualized loss for 2009 is projected to range from \$35.7 - \$112.6 million for both programs, with the senior ride free program accounting for \$25.1 - \$76.3 million of the loss and the Disabled Ride Free program accounting for \$10.6 - \$36.6 million. The low end of the range represents the annual loss assuming that all current riders were previously using the reduced fare program, while the higher end of the range represents the losses assuming they were paying the full fare. Although the ranges appear wide, they are necessary in order to capture the magnitude of scenarios that are possible in estimating the actual loss. Many variables must be considered for the development of more precise assumptions, including behavioral data obtained from the surveys.

For example, the revenue loss is narrowed to \$49.4 million by applying the simple assumption that current ridership activity is based on the distribution of seniors who previously held reduced fare cards to those who did not, 53% and 47% respectively. This scenario thus suggests that the revenue loss related to 53% of the current free riders would equal only the reduced fare that they previously paid, while the full cash fare would be the loss related to the other 47% who did not previously own a reduced fare card. Other variables, such as discounted fare media further complicate the analysis and suggest that the loss would be somewhat less if some of the seniors who were not previously using the reduced fare card were purchasing passes and multiple ride tickets, therefore paying less than the full cash fare but more than the reduced fare.

Another dimension of the complexity of the issue relates to the level of prior usage of the reduced fare card. Only 56% of seniors who owned reduced fare cards reported using them for all of their trips taken by public transit, while 15% said they never used it, and 29% said they used it some of the time. Overlaying this additional variable onto the original assumption that 53% of current riders owned reduced fare cards, results in a further refining within the range to conclude a loss of \$58.4 million. Furthermore, some of the losses may be stemming from riders who would not be riding if the Senior Ride Free program were not in effect, and therefore the loss from these passengers could be considered hypothetical.

These examples highlight the challenge of providing a single number that appropriately represents the revenue losses associated with the Senior Ride Free and the Disabled Ride Free programs. The extent of the impact of such variables and other factors on the underlying assumptions and subsequent results are discussed in greater detail in the full report. Also, additional scenarios are explored and analyzed to better bring into perspective the wide range of losses.

Seniors Ride Free Users Survey Preliminary Results

A two-page survey was developed in conjunction with the Survey Research Lab at UIC and RTA staff and mailed in June 2009 to a random sample of 5,000 seniors registered in the RTA Seniors Ride Free Program. This preliminary analysis is based on 1,500 responses for an average weighted return rate of 33%. An additional 307 surveys have been returned and analysis of the all of the returns will be included in the final report. Below are some of the key preliminary findings based on the 1,500 returns. Preliminary survey highlights are as follows:

Transit Use

- 46% of the respondents did not have a reduced fare card prior to the program.
- 28% of the respondents currently use transit one or more times per week.
- 27% responded they ride transit more frequently as a result of the program; an approximately equal percentage (28%) reported they use cars and taxis less.

Why and How They Ride

- 13% reported taking rides that are work related while 16% were currently employed.
- 41% rode CTA bus in the previous week, 21% CTA rail, 40% Metra and 15% Pace.
- 45% of respondents reported taking more transit trips during rush hour, and 50% rode more during weekends since the program started.

Socioeconomic Profile

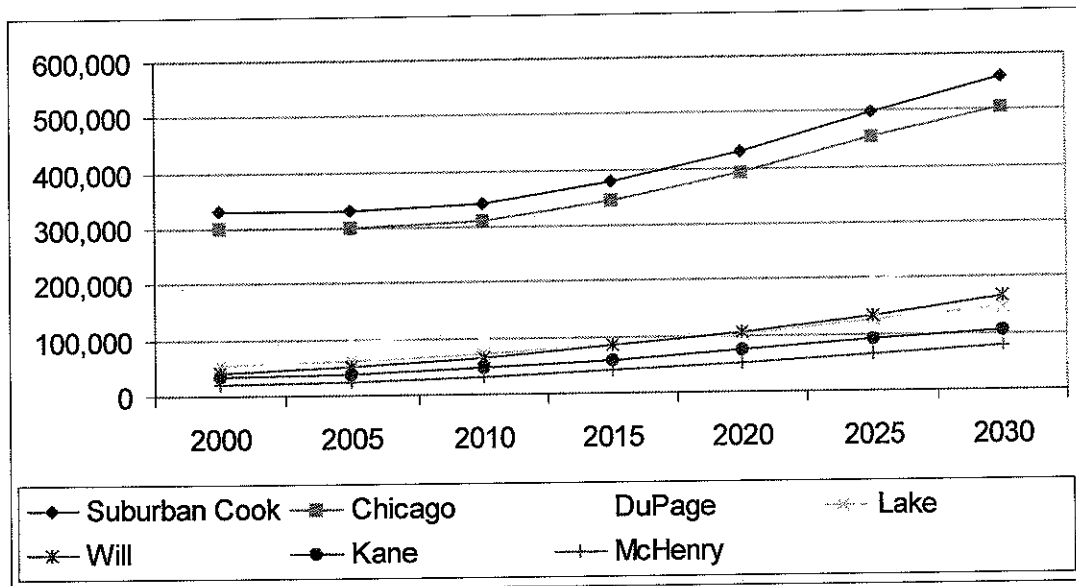
- Over 91% reported living in households of 1 or 2 people.
- 82% respondents had a driver's license and 84% had an auto available.
- 16% are currently employed, 5% less than at the start of the program.
- 29% had incomes less than \$22,000 annually
- 31% had income more than \$55,000 annually

Attitudes about the Seniors Ride Free Program Continuation

- 70% of respondents think the program should be continued,
- 24% think it should be limited to low income seniors, and
- 6% think it should be discontinued.

Demographic and Ridership Forecasts

The forecasted senior population data indicates that the senior population for the Chicago region will double between 2000 and 2030, growing from 870,000 to over 1,780,000. Sub-regional growth rates for senior cohorts vary, as seen in the graphs provided in this report. In terms of sheer numbers, Cook County will continue to dominate, with 60% or more of the region's senior population throughout the growth period (Figure 11).



Region	2000	2005	2010	2015	2020	2025	2030
Suburban Cook	331,607	331,719	340,257	376,838	430,052	497,216	557,432
Chicago	299,778	299,985	308,669	343,633	391,980	452,626	505,157
DuPage	88,948	96,909	110,734	133,018	163,604	196,131	223,164
Lake	55,085	61,497	71,894	86,400	103,621	126,689	147,543
Will	41,682	52,012	64,889	83,766	106,222	134,530	165,372
Kane	34,038	38,858	46,618	59,144	74,699	91,214	106,115
McHenry	20,949	24,141	30,412	39,922	50,623	64,646	78,064
Total	872,087	905,121	973,473	1,122,721	1,320,801	1,563,052	1,782,847

Source: Illinois Department of Commerce and Economic Opportunity

Figure 11. Projected Growth in Senior Population by Sub-Region.

As the baby boomers age, the largest impact will be growth in the 65 to 74 age cohort over the next ten to fifteen years. The 65-74 age group forecast for 2010 is over 513,000, growing to 972,000 by 2030. Between 2020 and 2030 growth in this cohort will slow, and the 74 to 85 year old age cohort will increase accordingly. By the year 2030 the regional population for persons 75 and older is forecasted to be nearly 811,000.

The growth rate in disabled population is influenced by growth in total population, since the disabled population is distributed throughout all age groups. However, seniors have a higher rate of disability than the rest of the population and as an age cohort, a higher growth rate. The percentage of disabled who are seniors is expected to increase from about 25% to around 35% over the forecast period. The fact that most of the growth in the disabled population will occur within the senior cohort has planning implications for transit and paratransit services. We might expect this pattern to follow the same trend as senior growth, with declining growth rates following 2030.

Long-Term Financial Impacts of the Senior Ride Free Program

The forecasting methodology is based on two assumptions: (a) the current registration rate by county as a percentage of the county seniors will remain constant in the forecast year; and (b) the trips rates by service board (estimated annual trip rate per person for each service board) will remain constant for each forecast year. Therefore, future ridership for each service board was projected based on the forecasted senior population and the current county-level registration rates for the Senior Ride Free program. Annual trips per person for each service board were estimated based on one year’s ridership and registration data. Future registrations were projected for each county in the region and the trip rates were applied for each service board.

The long-term revenue loss estimates assume a range of system fare increases from no increase, 10% and 20% increase over the period. Below are the estimated long-term revenue losses between 2010 and 2030 (Figure 12) using fare information from and projected SRF ridership. The analysis does not consider the reduced fare reimbursement program which relies on annual appropriations by the General Assembly.

By 2030, the estimated revenue loss assuming no fare increase would be between \$58.8 and \$172.7 million. Assuming a 10% increase in fares, the loss would be between \$64.7 and \$190.0 million and assuming a 20% increase in fares, the loss would be between \$70.5 and \$207.2 million.

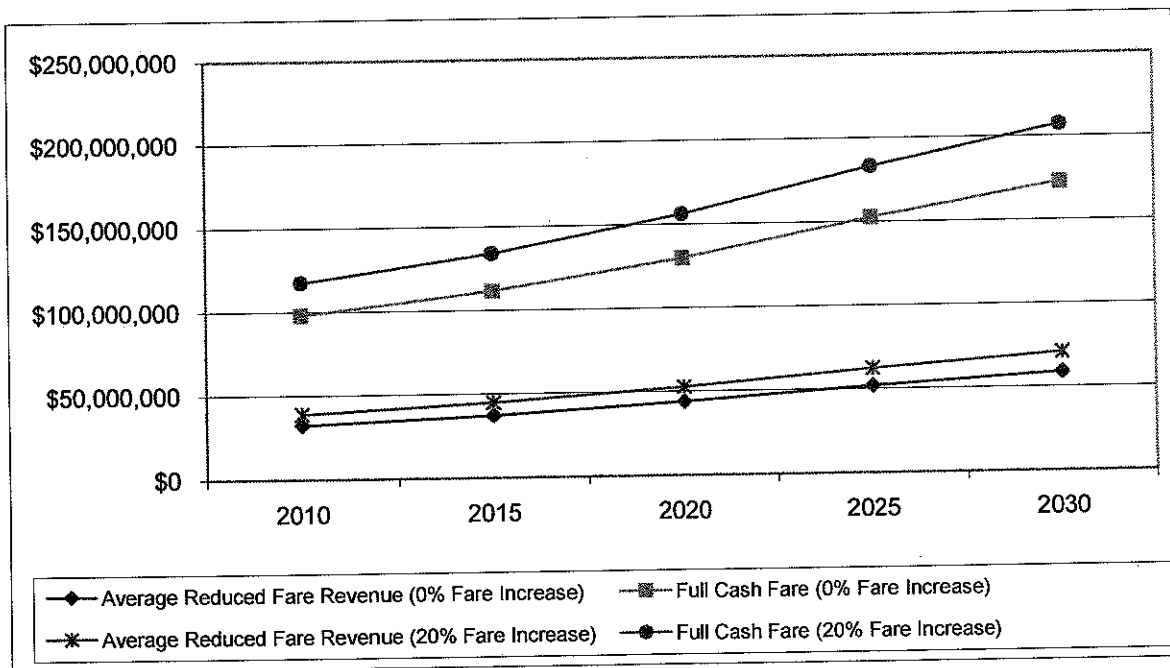


Figure 12. RTA: Estimated Long Term Revenue Losses of SRF Program.

It was not possible to produce similar estimates of future Circuit Breaker ridership due to the insufficient data because of the newness of the program. In addition, forecasting future income-based disabled transit usage is more complex than estimating senior markets since the criteria of service eligibility are an undetermined subset of the disabled population, and the US Census does not forecast future poverty estimates.

Finally, there are many factors influencing ridership including cost of fares, gasoline prices, employment, other and seasonality. However, it can be predicted that senior and circuit breaker riders will increase as a percentage of total ridership if fares increase since that would result in a decrease of fare-paying riders.

Whatever assumptions are made about the future, the result of the free ride programs will have a significant impact on the financial future of the RTA and its service boards.