FARE STRATEGIES

Description
A fare is money paid by a customer for transit service. Transit fare policies can accomplish a number of goals including increase or decrease ridership levels, diversify funding streams, and provide a rich data stream. Fares have one main goal—to share the cost of providing the service with the people benefitting from the service.

Target Market
All transit providers have a fare strategy. Large urban providers usually develop a fare strategy that targets commuter and urban markets to reduce congestion.

How Will This Help?
- Attracts the most riders possible and reduces congestion with the right fare.
- Decreases congestion and wear and tear on the roads. Fares that encourage regional transit maximize the return on investment in transit spending.
- Speeds up boarding/transfering and reduces the time the transit vehicle is stopped. This improves service, increases ridership, and minimizes the impact on other traffic.

Implementation Issues

Pushback from Riders
Transit riders often push back when fares increase. Also, updated fare technologies (such as those that use proprietary smart cards or cell phones) come with increased costs for users, which can cause pushback from transit riders and potential equity issues.

Cost Barriers
Upgrading fare technologies is a big financial investment. Some new fare technologies include new vending systems, new or upgraded on-vehicle fare collection devices, and back-office systems to manage the fare technology. Depending on the agency and the available funding, such improved fare technology may be cost prohibitive.

SUCCESS STORIES

The Maryland Transit Administration in Baltimore eliminated fare zones in favor of a flat fare, eliminated transfers, and introduced a day pass in 1999. Ridership increased after the change took effect and has continued to grow.

King County Metro Transit in Seattle, Washington, developed an employer-sponsored FlexPass pass program in 1993. In 2000, FlexPass generated:

- 825,000 new transit trips
- $651,000 new revenue

More Information: tti.tamu.edu/policy/how-to-fix-congestion