



To: House Finance Committee
From: Scott Avedisian, CEO
Date: May 11, 2023
Re: H 5622 Fare-Free Transit Service

RIPTA has reviewed H 5622 rescinding RIPTA's authority to impose fares for transit service and wishes to respectfully note its opposition to this legislation. Farebox revenue is a stable, sustainable, and dependable source of operating revenue on which RIPTA relies in the provision of its services. Like many transit agencies around the country, RIPTA is currently engaging in a fare-free demonstration project, and would like to note the following:

- Even though limited in scope, and despite the provision of replacement revenue through the State budget, the R-Line Fare-Free Pilot Project has had a negative fiscal impact on RIPTA's FY 2023 budget and is projected to have a negative impact on RIPTA's FY 2024 budget as well.
- While waiving R-Line fares has had a positive impact on the number of trips taken on this route, this ridership increase is not directly correlated to an increase in new transit system users and is at least partially the result of current system users changing their travel patterns (for instance, a regular rider of Route 1 begins riding the R-Line to take advantage of the fare-free service). While this is financially beneficial to those riders, it does not benefit the transit system as a whole nor has it stimulated the mode shift needed to advance Rhode Island's climate goals.
- Since 1997, RIPTA has offered generous fare reductions to low-income seniors and individuals, currently subsidized at \$5 million annually through the state budget. These programs are immensely popular, highly successful, and are among the most generous in the nation. Equity is ensured by targeting the free fares to the most financially needy riders while enabling half and full fares to be collected from those able to pay. This supports both riders with financial need and the transit system overall, enabling the ongoing improvement of service span and frequency and the development of new transit routes and services as the need arises. Furthermore, RIPTA is now piloting a free travel pass for low-income individuals of all ages and abilities, which, if made permanent, would close the age gap in RIPTA's existing fare support programs.
- In FY 2023, in addition to \$12.3M in systemwide passenger fares, RIPTA expects to receive \$11.6M of fare revenue through third party contracts with businesses, colleges and universities, and other organizations. Rescinding RIPTA's ability to collect passenger

fares would jeopardize these contracts and, in so doing, inadvertently remove one of the most proven tools for growing transit ridership from RIPTA's hands. Commuter subsidy programs such as EcoPass (now Wave to Work) and U-Pass and partnerships such as those between RIPTA and the State of Rhode Island's RI Works program provide ready and affordable transportation to work, school, and community services for thousands of Rhode Islanders each day and are facilitating the post-COVID ridership recovery both here and nationwide. Travel demand management programs such as these are also key to encouraging mode shift and thereby reducing GHG emissions; rescinding fare collection authority would be devastating on this front as well.

RIPTA is currently seeking funding support through the General Assembly in the range of \$40M to ensure the future viability of Rhode Island's current transit services and cannot guarantee that current service levels will be sustainable once COVID relief funding is exhausted.