

# Lifeline Pass Program



# Lifeline Pass Timeline

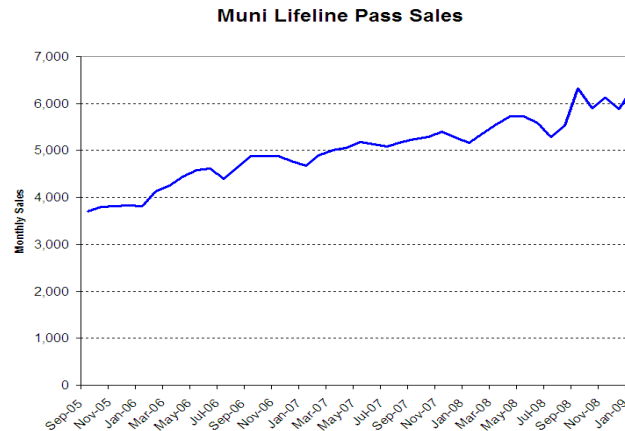
Mar-Apr 2008	As part of the FY 2009 – 2010 Budget approval, the SFMTA Board requests a review of the Lifeline pass
May 14, 2008	The SFMTA Board is presented with a review of the Lifeline Pass
Jul. 1, 2008	The SFMTA Board is updated on the Lifeline Pass and presented with a work plan for a comprehensive financial and ridership analysis of potential pass modifications
Aug. 28, 2008	To cover a portion of expanded pass sales and distribution expenses, SFMTA staff submit a \$1.7 million request for MTC Lifeline Transportation Program grant funds
Oct. 21, 2008	The SFMTA Board is presented with the results of a financial and ridership analysis of potential changes to the Lifeline Pass Program. The SFMTA Board provided direction to focus on: 1) enhanced sales and distribution; 2) additional information on eligibility criteria; and 3) potential funding sources.
Nov. 25, 2008	The SFCTA Board submits funding priorities for the Lifeline Transportation Program to the MTC, which include \$1.6 million for the Lifeline Pass (dependent on state funding – State Transit Assistance)
Jan. 27, 2009	The SFMTA Board is presented with FY 2010 budget projections and options for implementation to changes to the Lifeline pass

# Sales and Distribution

- Currently, Lifeline Passes are sold at the beginning and end of each month at two Human Services Agency (HSA) sites and the SFMTA Customer Service Office.
- Potential program modifications:

Potential Sales and Distribution changes	
<b>Fare Media</b>	Photo ID card with monthly Lifeline Pass sticker attached
<b>Verification</b>	HSA Eligibility Workers at HSA office once per year
<b>Sales Locations</b>	<p>Monthly Lifeline Pass stickers would be available at:</p> <ul style="list-style-type: none"> <li>• SFMTA Customer Service Office</li> <li>• Vendors throughout San Francisco*</li> </ul> <p><i>*SFMTA would allow any of its existing vendors to sell Lifeline stickers. However, it is an individual vendor's decision whether or not to participate in the program.</i></p>

- Lifeline Pass usage has steadily increased since the program's inception in September 2005.



# Sales and Distribution Administrative Functions

Organization	Description
<p><b>Human Services Agency (HSA)</b></p>	<ul style="list-style-type: none"> <li>• Income eligibility determination and verification for all potential clients</li> <li>• Client database modification (may require 18 months) and maintenance</li> <li>• Annual client recertification and notification</li> </ul>
<p><b>SFMTA</b></p>	<ul style="list-style-type: none"> <li>• Initiation of program, including establishing agreements with current network of vendors to sell the Lifeline Pass</li> <li>• Operator and Proof-of-Payment officer training to recognize pass</li> <li>• Design and purchase of fraud-resistant photo ID cards and stickers as well as photo equipment</li> <li>• Marketing</li> <li>• Revenue collection from pass vendors</li> <li>• Accounting</li> <li>• Pass sales at SFMTA Customer Service Office</li> </ul>

# Human Services Agency Administrative Support

- Currently, HSA has a \$250,000 annual work order that provides for eligibility determination and pass sales at two sites
- To support changes to Lifeline Pass sales and distribution, HSA would require additional staffing with functions assigned per current labor agreements
- HSA has estimated an annual administrative cost of \$461,549
- HSA is evaluating its staffing capacity to implement database changes in order to support expanded pass sales and distribution. Staffing shortages to budget cuts may require delays of 18 months or longer.

HSA Administrative Functions	Expenses
2 Eligibility Workers	\$159,305
2 Clerk Typists	\$151,715
Sales/Eligibility Supervisor (5% of time)	\$4,499
Facilities	\$14,500
Equipment	\$1,000
Marketing (production and mailing of annual client notices)	\$38,037
IT Support	\$22,606
Database Management	\$9,684
Administrative Overhead (15%)	\$60,202
<b>Total</b>	<b>\$461,549</b>

# Eligibility Criteria

## Federal Poverty Levels

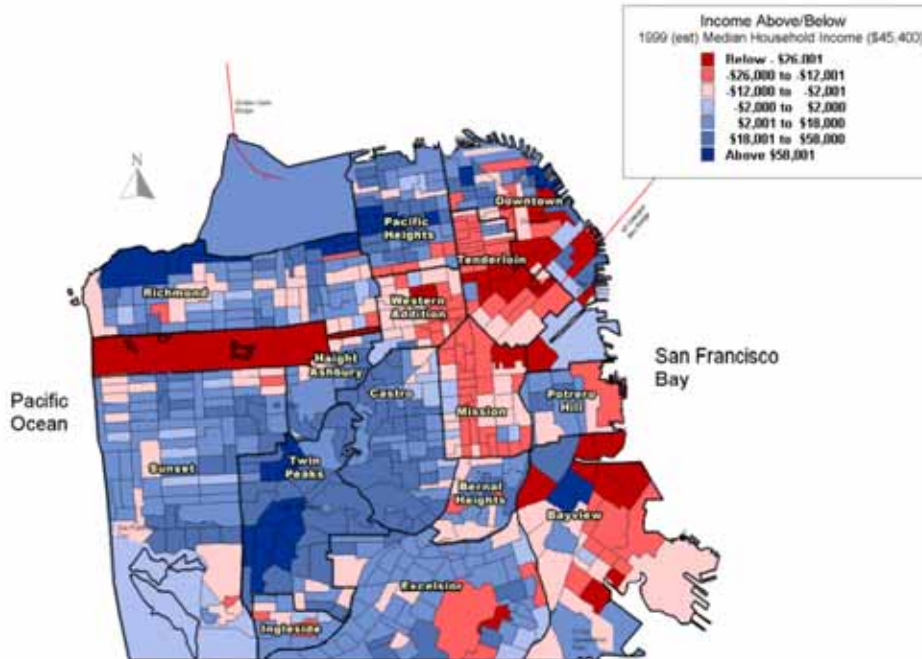
Persons in Family or Household	48 Contiguous States and D.C.	200% of Federal Poverty Level
1	\$10,400	\$20,800
2	\$14,000	\$28,000
3	\$17,600	\$35,200
4	\$21,200	\$42,400
5	\$24,800	\$49,600
6	\$28,400	\$56,800
7	\$32,000	\$64,000
8	\$35,600	\$71,200
For each additional person, add	\$3,600	\$7,200

SOURCE: *Federal Register*, Vol. 73, No. 15, January 23, 2008, pp. 3971–3972

- Currently, eligibility is available to people with household incomes of 200% of Federal Poverty Level or less
- The price of a \$35 Lifeline Pass is slightly less than four hours of earnings at the San Francisco minimum wage.

# Eligibility Criteria

## Lifeline Pass Income Eligibility



- According to the U.S. Census, San Francisco households on average have 2.3 persons and earn an income of about \$95,500
- Half of San Francisco households earn \$65,500 or less annually (median income)
- An average-sized household would qualify for a Lifeline Pass with an income of about \$30,000
- There are approximately 500,000 adults aged 18 to 64 living in San Francisco.
  - ✓ HSA's database contains about 67,000 people who are eligible for Lifeline Pass assistance benefits.
  - ✓ HSA estimates that a total of 85,000 to 90,000 people (about 17%-18%) are income-eligible for the Lifeline Pass.

# Financial Impacts of Possible Lifeline Pass Changes

	Current	Year 1	Year 2	Year 3
Pass Availability	3 locations	Multiple locations throughout the City		
<b>Total Program Costs</b> <i>Excludes costs of adding service to accommodate new customers</i>	<b>\$1,220,000</b>	<b>\$3,055,000</b>	<b>\$2,805,000</b>	<b>\$2,890,000</b>
Administrative Costs	\$500,000	\$1,240,000	\$935,000	\$965,000
• One-Time	-	\$330,000	-	-
• Ongoing (HSA)	\$250,000	\$460,000	\$475,000	\$490,000
• Ongoing (SFMTA)	\$250,000	\$450,000	\$460,000	\$475,000
<b>Ridership and Fares</b>				
Net Fare Revenue Loss	\$720,000	\$1,815,000	\$1,870,000	\$1,925,000
• Includes fare revenue lost from the additional discount of the Lifeline Pass relative to the Adult Fast Pass and the migration of current Fast Pass users to the Lifeline Pass, offset by fare revenue gained from new customers to the SFMTA	6,000 Total (Penetration Rate = 7%) 3,000 existing customers HSA purchases 3,000 others	17,600 total (Penetration Rate = 20%) 6,000 Existing Customers 7,950 Adult Fast Pass® customers who switch to the Lifeline Pass because of the lower relative price and changes to sales and distribution 3,650 new customers who start riding Muni		

Note:

- SFMTA has applied for a \$1.6 million MTC Lifeline Transportation Program grant to partially offset the implementation and administration costs for the first two years. However, it is more than likely that funding for this grant will be eliminated due to the state budget crisis.
- Even if these one-time grant funds could be secured, they would not be available after the second year and the full \$3 million cost of the program would be borne by SFMTA.
- Ridership increases could intensify overcrowding. Alternatively, adding service to accommodate new ridership could increase annual operating costs by \$3.5 million+.



# Options to Fund Enhanced Sales and Distribution

Options	Discussion
Raise Adult Fast Pass® prices	<ul style="list-style-type: none"> <li>• Further increase the price of the Adult Fast Pass®, from \$55, \$3 increase</li> </ul>
Cut other SFMTA Programs	<ul style="list-style-type: none"> <li>• Determine which SFMTA programs must be reduced or eliminated</li> </ul>
Defer implementation of sales and distribution changes until July 2010	<ul style="list-style-type: none"> <li>• Postpone implementation of sales and distribution changes until SFMTA’s financial situation improves and HSA is able to implement database changes (at least 18 months)</li> </ul>