Maryland Department of Transportation
The Secretary's Office

Larry Hogan
Governor

Boyd K. Rutherford
Lt. Governor

Pete K. Rahn
Secretary

November 30, 2015

The Honorable Edward J. Kasemeyer
Chair
Senate Budget and Taxation Committee
Senate of Maryland
Miller Senate Building, 3 West
Annapolis MD 21401-1991

The Honorable Sheila E. Hixson
Chair
House Ways and Means Committee
Maryland House of Delegates
House Office Building, Room 131
Annapolis MD 21401-1991

The Honorable Maggie McIntosh
Chairman
House Appropriations Committee
Maryland House of Delegates
House Office Building, Room 121
Annapolis MD 21401

Dear Chairs Kasemeyer, Hixson, and McIntosh:

Pursuant to the language set forth in the Transportation Article, § 7-208, Annotated Code of Maryland, the Maryland Department of Transportation (MDOT) is required to submit an annual report to your respective committees on the status of farebox recovery ratios for the prior fiscal year. Specifically, the language directs:

> "*(b) (1) For fiscal year 2009 and each fiscal year thereafter, the Administration shall separately recover from fares and other operating revenues at least 35 percent of the total operating costs for:*
>
> *(i) The Administration's bus, light rail, and Metro subway services in the Baltimore region; and*
>
> *(ii) All passenger railroad services under the Administration's control.*
>
> *(2) The Administration shall submit, in accordance with § 2-1246 of the State Government Article, an annual report to the Senate Budget and Taxaation Committee, House Ways and Means Committee, and House Appropriations Committee by December 1 of each year that includes:*
>
> *(i) Separate farebox recovery ratios for the prior fiscal year for:*
>
> *1. Bus, light rail, and Metro subway services provided by the Administration in the Baltimore region;*

2. Commuter bus service provided under contract to the Administration in the Baltimore Region; and

3. Maryland Area Rail Commuter (MARC) service provided under contract to the Administration;

(ii) A discussion of the success or failure to achieve the farebox recovery requirement established in paragraph (1) of this subsection;

(iii) Comparisons of farebox recovery ratios for the Administration's mass transit services and other similar transit systems nationwide; and

(iv) The estimated fare prices necessary to achieve the farebox recovery requirement established in paragraph (1) of this subsection for the next fiscal year."

As with the Annual Performance Report, in order to fulfill the requirements of the Farebox Recovery report, the Maryland Transit Administration (MTA) needs to obtain data from the Federal Transit Administration's (FTA's) National Transit Database (NTD). The FTA has experienced delays in updating the NTD with performance data for other transit systems around the country. MTA has been in regular contact with FTA staff about the status of NTD data updates, and FTA advised that the database will not be completely updated with peer system information until the end of December 2015.

Obviously, as of December 1, 2015, the NTD will not contain the FY 2014 information. Without the FY 2014 NTD data, MTA cannot make any meaningful comparisons with peer systems. While MTA continues to check the NTD for updated data on a daily basis, MDOT respectfully requests an extension on this report until January 30, 2016.

If you should need additional information, please contact Mr. Paul Comfort, MTA Administrator, at 410-767-3943. Of course, you may always contact me directly.

Sincerely

Pete K. Rahn

Pete K. Rahn
Secretary

cc: The Honorable Thomas V. "Mike" Miller, Jr., President, Maryland Senate
The Honorable Michael E. Busch, Speaker, Maryland House of Delegates
Members of the Budget Committees
Mr. Paul Comfort, Administrator, MTA

Maryland Department of Transportation
The Secretary's Office

Larry Hogan
Governor

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Pete K. Rahn
Secretary

February 11, 2016

The Honorable Edward J. Kasemeyer
Chair
Senate Budget and Taxation Committee
The Senate of Maryland
Miller Senate Building, 3 West
Annapolis MD 21401

The Honorable Sheila E. Hixson
Chair
House Ways and Means Committee
The Maryland House of Delegates
House Office Building, Room 131
Annapolis MD 21401

The Honorable Maggie McIntosh
Chair
House Appropriations Committee
The Maryland House of Delegates
House Office Building, Room 121
Annapolis MD 21401

Dear Chairs Kasmeyer, Hixson, and McIntosh:

Pursuant to the language set forth in the Transportation Article, § 7-208, Annotated Code of Maryland, the Maryland Department of Transportation (MDOT) is required to submit an annual performance report to your respective committees on the status of operating expenses per revenue vehicle mile, operating expenses per passenger trip, and passenger trips per revenue vehicle mile. Specifically, the language directs:

> *"(2) The Administration shall submit, in accordance with § 2-1246 of the State Government Article, an annual performance report to the Senate Budget and Taxation Committee, House Ways and Means Committee, and House Appropriations Committee by December 1 of each year on:*
>
> *(i) The status of the performance indicators listed in paragraph (1) of this subsection for the prior fiscal year, including a discussion of the failure or success in meeting the goals established for the prior fiscal year by the Administration;*
>
> *(ii) The status of managing–for–results goals of the Administration as they pertain to mass transit service in the Baltimore area;*
>
> *(iii) Comparisons of performance indicators for the Administration's mass transit services and other similar systems nationwide; and*
>
> *(iv) The Administration's goals for each of the measures in paragraph (1) of this subsection for the next fiscal year."*

In order to fulfill the requirements of this report, the Maryland Transit Administration (MTA) must obtain data from the Federal Transit Administration's (FTA) National Transit Database (NTD). The FTA has attempted to post the FY 2014 performance data for other transit systems around the country but is continuing to experience technical difficulties. Without this data, MTA cannot make any meaningful comparisons with peer systems. MTA has been in daily contact with FTA staff and has been advised that FTA is working on the issue. Anticipating that the necessary information will be available mid-February, MTA intends to provide the report by February 29, 2016.

If you should need additional information, please contact Mr. Paul Comfort, MTA Administrator, at 410-767-3943. Of course, you may always contact me directly.

Sincerely

Pete K. Rahn
Secretary

cc: The Honorable Thomas V. "Mike" Miller, Jr., President, The Senate of Maryland
The Honorable Michael E. Busch, Speaker, The Maryland House of Delegates
Members of the Budget Committees
Mr. Paul Comfort, Administrator, MTA
Ms. Sarah Albert, Library Associate, Department of Legislative Services

March 16, 2016

The Honorable Edward J. Kasemeyer
Chair
Senate Budget and Taxation Committee
Senate of Maryland
Miller Senate Building, 3 West
Annapolis MD 21401-1991

The Honorable Sheila E. Hixson
Chair
House Ways and Means Committee
Maryland House of Delegates
House Office Building, Room 131
Annapolis MD 21401-1991

The Honorable Maggie McIntosh
Chairman
House Appropriations Committee
Maryland House of Delegates
House Office Building, Room 121
Annapolis MD 21401

Dear Chairs Kasemeyer, Hixson, and McIntosh:

Pursuant to the language set forth in the Transportation Article, § 7-208, Annotated Code of Maryland, the Maryland Department of Transportation (MDOT) is required to submit the attached annual report to your respective committees on the status of farebox recovery ratios for the prior fiscal year. Specifically, the language directs:

> "*(b) (1) For fiscal year 2009 and each fiscal year thereafter, the Administration shall separately recover from fares and other operating revenues at least 35 percent of the total operating costs for:*
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> *(i) Separate farebox recovery ratios for the prior fiscal year for:*
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> *1. Bus, light rail, and Metro subway services provided by the Administration in the Baltimore region;*

> 2. *Commuter bus service provided under contract to the Administration in the Baltimore Region; and*
>
> 3. *Maryland Area Rail Commuter (MARC) service provided under contract to the Administration;*
>
> *(ii) A discussion of the success or failure to achieve the farebox recovery requirement established in paragraph (1) of this subsection;*
>
> *(iii) Comparisons of farebox recovery ratios for the Administration's mass transit services and other similar transit systems nationwide; and*
>
> *(iv) The estimated fare prices necessary to achieve the farebox recovery requirement established in paragraph (1) of this subsection for the next fiscal year."*

If you should need additional information, please contact Mr. Paul Comfort, MTA Administrator, at 410-767-3943. Of course, you may always contact me directly.

Sincerely

Pete K. Rahn
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cc: The Honorable Thomas V. "Mike" Miller, Jr., President, Maryland Senate
The Honorable Michael E. Busch, Speaker, Maryland House of Delegates
Members of the Budget Committees
Ms. Sarah Albert, Library Associate, Department of Legislative Services, MSAR 8920
Paul Comfort, Esquire, Administrator, MTA

A Report to the Maryland General Assembly

Senate Budget and Taxation Committee,

House Appropriations Committee, and

House Ways & Means Committee

regarding

Farebox Recovery-
Attainment and Operational Requirements

(Transportation Article, § 7-208(b)(2))

Maryland Transit Administration
The Maryland Department of Transportation

February 2016

JCR Report – MTA Farebox Recovery

Introduction

This report was prepared to meet the requirements of Chapter 397, Acts of 2011 (HB 72), of the Budget Reconciliation and Financing Act of 2011. The language requiring this report is as follows:

> ***"Options for Meeting Farebox Recovery:*** *Operating costs for the Maryland Transit Administration (MTA) continue to increase; specifically, fuel, spare parts, labor and contracted service costs have outpaced the available revenues from fares despite a continued increase in ridership over that same period. The committees are interested in understanding the financial and ridership impacts of various revenue and expenditure options that MTA might pursue in order to meet the statutory farebox recovery level. By December 15, 2010, MTA should submit a report that outlines:*
>
> - *potential scenarios for increasing farebox in fiscal 2011 or 2012;*
> - *the ridership and revenue/expenditure impact of those scenarios;*
> - *the impact to MTA's budget and to the Transportation Trust Fund forecast of those scenarios; and*
> - *the efficiencies in service that could be undertaken to improve the farebox."*

Background

Historically, the Maryland Transit Administration (MTA) has been subject to requirements that a certain percentage of operating expenses for its system be recovered from farebox revenue.

Chapter 684, Acts of 2008 (HB 1185), amended the farebox recovery requirement to 35% and explicitly added farebox recovery data to MTA's annual performance report.

Chapter 397, Acts of 2011 (HB 72), provided MTA "may not reduce the level of services provided by the administration for the purpose of achieving the farebox recovery requirement."

Chapter 429, Acts of 2013 (HB 1515), required the Maryland Transit Administration to increase base fares prices and the cost of multiuse passes to the nearest 10 cents for all transit services, except for commuter rail and commuter bus service, by the same percentage as the biennial increase in the Consumer Price Index for all urban customers, effective June 28, 2015 and each subsequent 2-year period for which the amount is being calculated; every 5-years, increase one-way zone fare prices and the cost of multiuse passes to the nearest dollar for commuter rail and commuter bus service by at least the same percentage as the 5-year increase in the Consumer Price Index effective June 28, 2015 and each subsequent 5-year period for which the amount is being calculated and any additional amount the Administration determines is necessary after considering factors affecting commuting costs applicable to the jurisdictions in which the Administration provides commuter service, including: monthly parking fees, the retail price per gallon of motor fuel, the amount of any federal subsidy, fare prices for intercity rail service and any other relevant commuting costs.

Measurement

The farebox recovery ratio is the ratio of gross revenue to adjusted expenses, and measures only the subsidy level of transit service operated, not efficiency or cost-effectiveness. The numerator of the ratio is gross revenue, which is the total of fare revenue and an allocated share of certain non-passenger operating revenue. The denominator is adjusted expense, which is the gross expense less certain capital and allocated administrative costs. Tables 1 and 2 summarize the revenue and expense components of the measure.

Table 1: Expense inclusions & exclusions, MTA farebox recovery

Include	Exclude
Insurance	Paratransit and commuter rail service expenses
Changes in inventory levels	Past pension service liabilities
Pro-rated share of administrative costs	New services for the first 36 months of service
	Capital costs, including 20 percent of revenue vehicle maintenance costs

Table 2: Revenue inclusions & exclusions, MTA farebox recovery

Include	Exclude
Passenger fare revenues	Paratransit and commuter rail revenues
Advertising revenues	New services revenues for the first 36 months
Lease and rental income	

Factors in Revenue and Expenditure Growth

MTA's operating revenue is a function of ridership, which itself is a function of the level of service provided, and economic factors such as employment levels and gas prices. In terms of influences on expense, MTA relies heavily on three factors to operate and maintain transit service:

1. *Union labor*: Approximately 75% of MTA's workforce is represented by three unions and works under the terms of collective bargaining agreements which set wages, hours, conditions of employment, and fringe benefit arrangements.

    A. ATU Local 1300 is the largest of the three Unions with approximately 2,225 members consisting of bus and train operators, mechanics and various transportation division staff. The parties are operating under an expired contract that was modified and extended pursuant to a MOU dated April 19, 2013. The contract that was extended and modified by the 2013 MOU expired on June 30, 2014. The parties have been engaged in negotiations since the latter part of 2015 with a focus on economic issues in connection with the MTA Pension Plan, including securing an employee contribution.

B. AFSCME Local 1859 is comprised of 190 full time employees that include sworn Police Officers and civilian uniformed personnel such as Fare Inspectors, Security Guards, and Police Communications Officers. The collective bargaining agreement with Local 1859 expired on December 31, 2015. The parties anticipate beginning negotiations with Local 1859 in early summer 2016.

C. OPEIU Local 2 is comprised of approximately 217 full-time employees performing primarily clerical functions such as Clerks, Schedulers, and Call Center Agents. The unit also maintains a small contingency of part-time Traffic checkers. The current CBA with Local 2 expired June, 2015. The parties have been engaged in negotiations since November 2015 with emphasis on non-economic issues, including revising/modifying the grievance and arbitration procedure, posting and filling vacancies, and outsourcing.

Table 3 illustrates the increasing share of MTA's budget attributable to union wage and benefit costs. The largest union group is currently under negotiations; therefore, the MTA is estimating an increase of 2.5% in FY 2016.

Table 3: MTA Union Labor as Share of Operating Expense (\$000)

	Actual FY12	Actual FY13	Actual FY14	Actual FY15	Projected FY16
Union Labor Cost	\$238,184	\$237,817	\$269,329	\$271,127	\$277,905
Annual Growth	0.60%	-0.15%	13.25%	0.67%	2.50%
Total Operating Expense	\$646,795	\$665,844	\$751,801	\$767,009	\$763,273
Annual Growth	4.00%	2.95%	12.91%	2.02%	-0.49%
Union % Of Total	36.80%	35.72%	35.82%	35.35%	36.41%

2. *Diesel fuel*: MTA is the largest purchaser of diesel fuel in State government, and the second largest purchaser in the state. In FY 2015, MTA purchased approximately 9.6 million gallons of diesel fuel, costing \$25.0 million. MTA has begun to move its fleet to hybrid-electric buses and increase the use of biodiesel to improve fuel efficiency, but fluctuations in service levels and per gallon prices still present a large cost to MTA. Diesel prices dropped from FY 2015 at an average of \$2.35 per gallon to an average of \$1.48 per gallon so far in FY 2016.

Table 4 below shows diesel fuel price fluctuations in recent years.

Table 4: MTA Diesel Fuel, Average Price per Gallon, FY 2011-15

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Jul	$2.16	$3.20	$2.96	$3.08	$2.96
Aug	2.23	3.12	3.26	3.15	2.93
Sep	2.24	3.15	3.34	3.15	2.84
Oct	2.41	3.04	3.32	3.08	2.64
Nov	2.49	3.22	3.33	3.04	2.53
Dec	2.65	3.09	3.26	3.14	2.15
Jan	2.77	3.18	3.21	3.12	1.82
Feb	2.94	3.28	3.40	3.35	2.06
Mar	3.22	3.42	3.17	3.23	2.00
Apr	3.40	3.36	3.00	3.09	1.91
May	3.23	3.20	2.99	3.03	2.05
Jun	3.12	2.85	2.97	3.04	2.05
Annual	$2.74	$3.18	$3.18	$3.13	$2.35

1) *Repair parts:* MTA's bus fleet has an average age of 7.63 years and traveled in excess of 24 million miles throughout FY 2015. The most-used buses in the fleet cover approximately 67,000 miles per day on average. MTA's Light Rail fleet is over 20 years old, and the Metro Subway fleet was purchased and put in service nearly 30 years ago. Both rail fleets increase total mileage annually, and all MTA fleets operate in the full spectrum of weather conditions. The annual mileage accumulated by MTA's aging fleet requires a regular maintenance regimen and a significant inventory of spare parts, many of which have to be re-engineered, since several parts manufacturers have gone out of business. The cost of these parts escalates each year, while newer, more sophisticated buses and trains often require more expensive parts.

Because these three cost elements increase annually due to inflation and market factors, the cost to provide the same level of service in the Baltimore area from year to year increases automatically.

The revenue side of the farebox recovery equation is dependent on ridership and fare prices. Ridership is a function of service provision and quality, employment, population, and economic factors including gas and parking costs. Research has established that ridership increases are driven first by service availability and quality, and secondly by economic factors such as the relative cost of transit compared to other modes of travel.

Maintaining a *constant* farebox recovery ratio means that ridership (and thus fare revenues) must *increase at the same rate as expenses* each year. To *improve* farebox recovery, ridership and revenue growth must *exceed* the rate of growth in spending, or spending growth must be lower than ridership and revenue growth. Because of the spending factors cited above, MTA would typically need a 4-6% annual increase in Baltimore-area ridership to keep farebox recovery *constant at current levels*. In order to accommodate the 4-6% ridership increase, a corresponding increase in capital would also be required, equating to an additional $8-10 million annually. This growth in costs is typical of the transit industry, and properties nationwide face the same issues in providing consistent, quality service while trying to attain sufficient revenues. Historical farebox recovery expense and revenue totals for Baltimore local service and MARC are shown in Table 5. FY 2010 saw record snowstorms that decreased revenues along with the arbitrators ruling on the previous ATU 1300 contract, which significantly increased costs, and resulted in a lower farebox recovery. There was a recovery in ridership in FY 2011 and MTA continued to manage costs resulting in a slight increase in farebox recovery. There was an increase in ridership in FY 2013 even though the Baltimore Metropolitan area suffered flooding and storm damage from Hurricane Sandy. Fare revenue increased in FY 2015 while ridership decreased slightly due to federal sequestration and severe winter storms.

Table 5: MTA Farebox Recovery Expense and Revenue, FY 2011-15 ($000)

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Baltimore-area local service					
Total farebox expense	272,639	309,923	303,582	319,024	333,004
Annual increase	*-4%*	*14%*	*-2%*	*5%*	*4%*
Total farebox revenue	79,960	84,452	82,123	83,107	83,268
Annual increase	*0%*	*6%*	*-3%*	*1%*	*0%*
Farebox recovery ratio	29%	27%	27%	26%	25%
MARC service					
Total farebox expense	76,085	74,974	78,996	88,659	101,745
Annual increase	*-1%*	*-1%*	*5%*	*12%*	*15%*
Total farebox revenue	42,001	43,183	40,576	44,373	45,168
Annual increase	*-1%*	*3%*	*-6%*	*9%*	*2%*
Farebox recovery ratio	55%	58%	51%	50%	44%

Current Projections

MTA's latest estimate of farebox recovery is shown in Table 6. FY 2015 projections include the anticipated revenues as a result of fare increases mandated by Chapter 429, Acts of 2013 (HB 1515). Farebox recovery ratios for Baltimore-area decreased from 29% in FY11 to 26% in FY14. MARC farebox recovery is projected to remain above the 50% requirement specified in the Transportation Article (Section 7-208) through FY 2015.

Table 6: Farebox recovery ratios, FY 2013 - 2016 (Est.)

	Actual FY 2013	Actual FY 2014	Actual FY 2015	Estimated FY 2016[1]	Estimated FY 2017
Baltimore area service	27%	26%	25%	28%	27%
MARC	51%	50%	44%	59%	58%

[1] Assumes fare structure in accordance with Chapter 429, Acts of 2013 (HB 1515) will be implemented on January 1, 2015

MARC expense is driven by the level of service and the contracts MTA holds with Amtrak and CSX/Bombardier, who operate MARC service using MTA-owned rail equipment. Previously, CSX provided operations of trains and stations along their tracks but requested MTA provide this service. In FY 2013, Bombardier replaced CSX as the third party operator of the Camden and Brunswick lines. Amtrak operates the Penn line and is responsible for the operations of trains and stations along their tracks. Additionally, weekend service on the Penn Line brought in more than 383,000 riders throughout FY 2015. Track access fees typically escalate annually, however in FY 2012 and FY 2013 the increase in the Association of American Railroads (AAR) index was lower than previous fiscal years resulting in an increase in farebox recovery. The increase for the AAR index did not occur in FY 2014 but is expected in FY 2016 at 3.4% above the FY 2014 index and will be retroactive, which would add expense without increasing service.[1]

Although costs continue to increase for commuter rail service, ridership also continues to increase and is anticipated to increase by 2%. It is anticipated that the farebox recovery ratio will remain well above 50% at 59% for FY 2016 and 58% for FY 2017.

Attaining Required Farebox Recovery Ratios

Tables 7, 8, and 9 outline the actions required to meet the 35% Baltimore-area ratio through either fare increases or cuts to existing service levels, beginning in FY 2015 and continuing through FY 2019. Prior to implementing fare or service changes, public hearings and input for both fare increases and service adjustments are required, taking approximately 6 months to implement. Considering MTA is currently in negotiations with its largest union (ATU), the new contract could have additional cost implications.

While Chapter 429, Acts of 2013 (HB 1515), requires the Maryland Transit Administration to increase base fares prices and the cost of multiuse passes to the nearest 10 cents for all transit services, except for commuter rail and commuter bus service, by the same percentage as the biennial increase in the Consumer Price Index for all urban customers in FY 2015 and on a biennial basis, this is insufficient to achieve the mandated farebox recovery of 35% for core service.

In addition to increases required and planned for FY 2017, reaching the prescribed ratio would require a further fare increase to $2.20 (+30%) assuming MTA is able to negotiate a cost neutral union contract. If the union contract is not cost neutral, higher fares would be required in order to match increased labor costs. Subsequent fare increases would be required to maintain the 35% farebox recovery level. Fare and revenue amounts shown below are rounded and are based on the proposed scenario currently under consideration.

Table 7: Fare increases required to meet the 35% farebox recovery ratio - Baltimore core service ($000) [1]

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Core riders (proj.)	100,270	97,462	100,145	97,347	100,033
% increase previous year	*0.00%*	*-2.80%*	*2.80%*	*-2.80%*	*2.80%*
Core expense (proj.)	$315,869	$325,282	$334,976	$344,958	$355,238
% increase	*0.90%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*
Fares @ 35% FBR	$110,554	$113,849	$117,242	$120,735	$124,333
New fare required	**$2.20**	**$2.40**	**$2.40**	**$2.50**	**$2.50**
Required annual increase	38%	9%	0%	4%	0%

[1] Proposed fares do not include any additional costs for the union contracts which expire in FY 2014 and are currently under negotiations.

Estimated service cuts to meet the 35% farebox recovery level are shown in Table 8. The size of the required service cut shown in Table 8 would necessitate layoffs of both union and management employees, as well as the sale, or retirement of large portions of MTA's bus fleet in advance of their useful life cycle, requiring repayment of federal funds to the Federal Transit Administration. Table 8 assumes all costs are variable for demonstration purposes.

Table 8: Service cuts required to meet the 35% farebox ratio – Baltimore core service ($000)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Core riders (proj.)	100,270	97,462	100,145	97,347	100,033
Fare revenue (proj.)	$905,621	$105,287	$106,624	$115,740	$119,300
Projected expense	**$315,869**	**$325,282**	**$334,976**	**$344,958**	**$355,238**
Expense @ 35% FBR	**$258,748**	**$300,819**	**$304,640**	**$330,686**	**$340,858**
Required annual service cuts to meet FBR	**-18%**	**-8%**	**-9%**	**-4%**	**-4%**

[1] Assumes fare structure in accordance with Chapter 429, Acts of 2013 (HB 1515) will be implemented on January 1, 2015

It is an understatement to say that a 25% reduction in service would affect MTA's customer base and the future success of Baltimore-area transit operations. Fifty five percent (55%) of MTA's Baltimore-area riders are dependent on transit as their primary mode of transportation. Reducing service and reliability so extensively would virtually guarantee that riders would be driven away from transit options, reducing revenue and requiring further cuts to meet the farebox recovery ratio. This "vicious cycle" of declining service and declining ridership should be avoided at all costs.

Table 9, below, shows the impact on the Transportation Trust Fund of both the fare increase and service reduction options.

Table 9: Impacts to the Transportation Trust Fund, FY 2015-20 ($000)

	FY 2016	FY2017	FY2018	FY2019	FY2020
MTA fare increases					
Revenue to TTF	$19,992	$8,562	$10,617	$4,995	$5,033
MTA service reductions					
Savings to TTF	$57,121	$24,463	$30,335	$14,272	$14,380

[1] Assumes fare structure in accordance with Chapter 429, Acts of 2013 (HB 1515) will be implemented on January 1, 2015

MTA has developed a comprehensive and transformative transit plan that will create an interconnected transit system known as the BaltimoreLink, and will redesign the entire local and express bus systems throughout Baltimore. BaltimoreLink will include City Link, 12 new high-frequency, color-coded bus routes that improve connections to jobs and other transit modes.

The BaltimoreLink system will deliver a unified transit network and include renaming existing Maryland Transit Administration (MTA) modes: LocalLink (Local Bus), Light RailLink, Metro SubwayLink and MobilityLink to create an interconnected transit system. Other key elements of the BaltimoreLink system include transitways, transit hubs and Transit Signal Priority.

Conclusion

MTA's farebox recovery ratio is to a large extent affected by external factors that the MTA cannot influence. The current statutory requirement reflects the collective wisdom of the legislature in recognizing that an arbitrarily high recovery rate could lead to fare increases that would disproportionately affect transit-dependent persons and lower-income individuals. These individuals cannot easily adjust their personal budgets to accommodate higher transportation costs.

Farebox recovery provides a good snapshot of changes to MTA's revenue in comparison to expenses, but should only be used to evaluate the MTA's effectiveness and efficiency in the broader context of the performance measures MTA reports annually to the General Assembly and of the MTA's overall mission. MTA was created to meet the need for a public service that could no longer be provided profitably by private enterprise. With that mission, the MTA works continuously to strike the delicate balance between reducing expenses and providing high quality transit service to attract a growing number of riders. MTA is committed to acting as a prudent steward of the taxpayers' resources that provide the majority of its funding, at a time when demand for transit service and the associated stress on the existing system continues to rise.