SUBJECT: Affordable Transit Pass 2009 Program Update (ECS08051(c)) (City Wide)

RECOMMENDATION:

(a) That any remaining funds after December 31, 2009 allocated from the Social Services Initiative Fund #112214 to the 2009 Affordable Transit Pass Pilot Program budget be utilized to continue the program in 2010.

(b) That the Affordable Transit Pass Pilot Project be extended until April 30, 2011, including continuation of one temporary full-time position in the Special Supports Division (Community Services Department) and one temporary full-time position in the Transit Division (Public Works Department) to support program delivery, at a cost of $200,000 funded from the Ontario Works Stabilization Reserve Fund #110044.

(c) That future recommendations regarding continuation of the Affordable Transit Pass Program beyond the pilot phase be referred to the 2011 budget process.

Joe-Anne Priel
General Manager
Community Services Department

EXECUTIVE SUMMARY:

The Affordable Transit Pass Program (ATP) for low-income citizens was approved by Council in November 2007. Council subsequently approved in April 2009 an expansion of the target group for the ATP to include those in receipt of Ontario Works (OW) and Ontario Disability Support Program (ODSP) with earnings, and allowed the ATP pilot program to be
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extended until December 31, 2009. The original $500,000 approved in 2007 from the Social Services Initiatives Fund #112214, has been used to fund the ATP program since that time including costs required to cover the pilot until December 31, 2009. Staff project, based on very preliminary numbers to date, that there will be sufficient funds remaining in the 2009 ATP budget to continue the program until August 31, 2010. Staff are requesting an additional one time allotment of $200,000 to extend the ATP pilot program until April 30, 2011. It is anticipated that at that time staff will have greater detail on service utilization for the ATP for both target groups in order to allow Council to make a decision regarding the on-going status of the program at that time.

BACKGROUND:

The Affordable Transit Pass Program was approved as a 12 month pilot project in November of 2007 (refer to ECS07038). Funding in the amount of $500,000 for the pilot project was secured from the Social Services Initiatives Reserve Fund #112214.

As an initial pilot project, the program provided the opportunity for those living below the Statistics Canada Low Income Cut-Offs (LICO’s) and employed, to purchase an adult monthly bus pass at 50% of the current cost of the pass. Although there was an allowance made in the 2008 budget to increase temporary staffing in both the Special Supports Division in Community Services and the Transit Division in Public Works, it was agreed that no staff would be hired until the number of applicants accessing the program made it necessary to do so. Staff also agreed to conduct an evaluation of the pilot project once the program had been operational for six months.

The six month evaluation of the pilot project was completed in the fall of 2008 and presented in a report to the Committee of the Whole on November 14, 2008 (refer to ECS08051). Based on the information in that report and the quarterly statistics presented, two specific recommendations were presented and subsequently approved by the Committee of the Whole:

1. That due to capacity within the budget of the Affordable Transit Pass Program at that time, the deadline for the pilot project was extended to December 31, 2009 and

2. That staffing in both the Community Services Department (Special Supports Section) and the Public Works Department (Transit) be increased by one full-time contract position for the remainder of the pilot project for a total of two temporary full time positions.

Staff were also directed to explore the possibility of expanding the target group for the program to include those on OW/ODSP with earnings.

In April, 2009 a follow up report detailed how the expansion of the target group for the ATP Program could be implemented (refer to ECS08051(b)). The program expansion was approved at that time for implementation as of June 1, 2009. The ATP pilot program is scheduled to end as of December 31, 2009.
ANALYSIS/RATIONALE:

1. Program Statistics:

Staff continue to monitor program utilization. Table 1 provides a summary with respect to the number of new approvals per month and the total number of approvals since the program began in March 2008. The term “approval” means that the person is deemed eligible to purchase a subsidized adult monthly pass.

**Table 1: Number of Approvals – Affordable Transit Pass Program – March 2008 until August 2009**

<table>
<thead>
<tr>
<th></th>
<th>Low Income</th>
<th>ODSP</th>
<th>OW</th>
<th>Total Approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar-08</td>
<td>71</td>
<td>0</td>
<td>0</td>
<td>71</td>
</tr>
<tr>
<td>Apr-08</td>
<td>93</td>
<td>0</td>
<td>0</td>
<td>93</td>
</tr>
<tr>
<td>May-08</td>
<td>61</td>
<td>0</td>
<td>0</td>
<td>61</td>
</tr>
<tr>
<td>Jun-08</td>
<td>43</td>
<td>0</td>
<td>0</td>
<td>43</td>
</tr>
<tr>
<td>Jul-08</td>
<td>36</td>
<td>0</td>
<td>0</td>
<td>36</td>
</tr>
<tr>
<td>Aug-08</td>
<td>28</td>
<td>0</td>
<td>0</td>
<td>28</td>
</tr>
<tr>
<td>Sep-08</td>
<td>39</td>
<td>0</td>
<td>0</td>
<td>39</td>
</tr>
<tr>
<td>Oct-08</td>
<td>39</td>
<td>0</td>
<td>0</td>
<td>39</td>
</tr>
<tr>
<td>Nov-08</td>
<td>19</td>
<td>0</td>
<td>0</td>
<td>19</td>
</tr>
<tr>
<td>Dec-08</td>
<td>20</td>
<td>0</td>
<td>0</td>
<td>20</td>
</tr>
<tr>
<td>Jan-09</td>
<td>26</td>
<td>0</td>
<td>0</td>
<td>26</td>
</tr>
<tr>
<td>Feb-09</td>
<td>38</td>
<td>0</td>
<td>0</td>
<td>38</td>
</tr>
<tr>
<td>Mar-09</td>
<td>40</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Apr-09</td>
<td>23</td>
<td>0</td>
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<td>23</td>
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<tr>
<td>May-09</td>
<td>23</td>
<td>0</td>
<td>2</td>
<td>25</td>
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<tr>
<td>Jun-09</td>
<td>39</td>
<td>13</td>
<td>11</td>
<td>63</td>
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<tr>
<td>Jul-09</td>
<td>29</td>
<td>26</td>
<td>23</td>
<td>78</td>
</tr>
<tr>
<td>Aug-09</td>
<td>40</td>
<td>14</td>
<td>13</td>
<td>67</td>
</tr>
<tr>
<td>Sept-09</td>
<td>45</td>
<td>15</td>
<td>18</td>
<td>78</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>752</strong></td>
<td><strong>68</strong></td>
<td><strong>67</strong></td>
<td><strong>887</strong></td>
</tr>
</tbody>
</table>

The data from Table 1 indicates that since the pilot project began in March 2008, a total of 887 applicants have been approved for the program overall.

Since applicants are approved for six months at a time and then required to reapply, it is more realistic to review the trends over a year cycle. Since the most recent data available is for September 2009, the one year cycle reviewed will be September 2008 to September 2009. In that time frame, the number of approved applicants each month varied for the low income target group with the lowest number of approved applicants (19) in November 2008 and the highest number of applicants (45) in September 2009. For this time period the average number of new approved low income applicants is 33 per month. Since the program expansion for OW/ODSP with earnings was just launched in June, 2009, staff are unable to provide any averages or projections for this target due to limited data.
It is important to remember, however, that although it is useful to review the number of new applicants to the program by target group each month, there is a cumulative pool of approved applicants each month that needs to be considered. In other words, the cumulative total number of approved applicants each month is significantly higher than the number of new applicants each month. Further, this cumulative total number of applicants represents the maximum number of passes that could be purchased by those eligible in each month.

Graph 1 illustrates the total number of approved applicants each month (including both low income and OW/ODSP with earnings) over a year period.

**Graph 1: Total Number of Applicants Eligible to Purchase a Subsidized Pass Each Month by Target Group and the Accumulated Total – September 2008 to September 2009**

The data in Graph 1 highlights the fluctuation in the total cumulative pool of approved applicants for the ATP program with the minimum range being 329 in April 2009 and the maximum range of 569 occurring in September 2009. The average number in the total cumulative pool for this time period was 401.

Overall, the total cumulative pool may not have increased on average as quickly as originally estimated by staff. The graph demonstrates the importance of considering the total cumulative pool overall as opposed to focusing on the number of new applicants to the program monthly. For example, the program expansion to those on OW/ODSP with earnings has only been in place for roughly four months; however, the proportion of the total cumulative pool for the ATP that comprises the new target group is rising incrementally. As of September 2009, approved applicants from the newly expanded target group make up a total of 23% of the total cumulative pool. It is unclear, due to insufficient data available to date, to determine if and/or at what point in time the number

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1 The figures in this chart are the most recent available up to September 30, 2009
of those in the total cumulative pool from the new target group will exceed the number of low income citizens.

Graph 2 illustrates, however, that even though there is a cumulative total pool of approved applicants that could purchase a pass each month, there is a significant gap between the total number of approved applicants and the actual number of passes purchased. The total cumulative pool in Graph 2 includes both low income and those on OW/ODSP with earnings.

**Graph 2: The Total Cumulative Number of Applicants Approved for the ATP Program and the Total Number of Adult Monthly Passes Actually Purchased that Month – September 2008-September 2009**

Further, when the data is analyzed by target group, an average of 70% of those from the total approved low income target group actually purchase a pass on a monthly basis, compared to 28% of the total approved from the OW/ODSP with earnings target group. The 28% figure for the OW/ODSP with earnings target group can only be based on four months and the information available to date and is only preliminary as a result.

Volume to the ATP in terms of only those applicants approved or in the total cumulative pool does not accurately reflect the impact on staffing activity and the need to respond to ATP inquiries or process applications. Based on information provided by staff to date, roughly 30% of all applications processed are not eligible for the program, and 5% of all telephone ATP inquiries in the Special Supports Unit are from those on OW/ODSP who are not eligible for the program.

Although staff continue to receive a significant number of inquiries for the ATP program from those currently not eligible for the program, staff recommend that if the pilot program is extended that the target group not be expanded beyond those eligible low income citizens or those on OW/ODSP with earnings. Until there are more program statistics available on the OW/ODSP applicants with earnings target group, it is impossible for staff to predict the potential impact that any further target group expansion would have on the program and the funding required to support it.
2. Pilot Program Deadline Extension:

As of August 31, 2009 there is an outstanding balance of $319,045 available in the ATP program. Projecting the funds required until the current end date of the pilot program on December 31, 2009, an additional $96,968 would be required. For staffing alone, the projected costs until the end of the year would be ($9,242 per month X 4 months = $36,968). Based on the most recent figures from the program, staff are estimating that an additional amount of $60,000 would be required to subsidize the costs of a monthly pass until the end of the year ($15,000 on average per month X 4 months = $60,000). Unlike the figure for staffing which is a fixed cost, staff are only able to estimate the potential funds required to purchase passes until the end of the year. It should be noted that this amount does allow for incremental minimal growth for both target groups. Using the projected costs for both staffing and the subsidies for the purchase of passes, it is estimated that a total of $96,968 will be required to fund the ATP program through until December 31, 2009. This would result in a potential starting balance in 2010 of $222,077.

It is worth noting, however, that the Community Services Department is able to obtain cost sharing for the municipal share of the cost of the subsidized passes for approved OW/ODSP with earnings on an 80/20 basis. As a result, although the budget projections have allowed for minimal growth in both targets groups for the ATP, the ability to obtain cost sharing for those on OW/ODSP with earnings could mitigate any financial impacts if the number of approved applicants from this target group should substantially increase. Further, there may also be the possibility should significant growth take place in both target groups (i.e. both low income and OW/ODSP with earnings), the funding obtained via cost sharing for those on social assistance could offset the increased costs of any significant increase in the low income group. Until staff have more program statistics, it is difficult to predict at this point the level of service utilization by both target groups over time and the rate of uptake.

Using $222,077 as a projected starting budget for the ATP, staff are able to estimate a potential end date of the pilot program in 2010. Factoring in a revised monthly expense for staffing of $10,550 per month and using the conservative estimate of $15,000 per month to subsidize the purchase of passes, the ATP may be able to deliver the program with existing funds until the end of August, 2010. Since this end date was projected using both fixed and estimated costs, there is the potential for the funds required to deliver the program, to expire in advance of that date. It is evident; however, that even projecting minimal growth in the pilot program for the balance of 2009 and into 2010, the remaining funds will be insufficient to operate the ATP for all of 2010.

As a result, staff are recommending that Council consider one time funding in the amount of $200,000 to extend the ATP pilot program until April 30, 2011. Extending the pilot until that time would address two potential concerns: potential disruption in service in the fall of 2010 due to 2011 budget deliberation processes and lack of concrete service utilization data and rate of growth trending information on the program over time.

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2 Funded as a discretionary health benefit 80% Province + 20% municipality
3 Staffing costs increase in 2010 to $10,550 per month due to contract and merit increases.
3. **$25.00 Bus Pass for all OW/ODSP with Earnings and Low Income:**

At the April 22, 2009 Emergency and Community Services meeting, staff were also directed to report back to the committee on the implications of providing all those on OW/ODSP with earnings as well as all low income citizens, a bus pass at a reduced rate of $25.00. Table 2 summarizes the financial implications of exploring the option suggested by the Emergency and Community Services Committee based on the current cost of an adult monthly pass.

Based solely on using the current cost for a monthly adult pass, it could potentially cost $1,614,168 per month or $19,370,016 annually to offer all those on low income and those on OW/ODSP with earnings, the opportunity to purchase an adult monthly pass for $25.00. This figure is based only the actual cost per month of the transit pass and does not take into account the impact on administration at the city for the program i.e. staffing. It is also difficult to project whether or not providing a $25.00 bus pass for the target groups specified would result in lost revenue for HSR. Based on 2006 Census data for the City of Hamilton, only 9% of all residents 15 years of age and older who are employed use public transit as their main mode of transportation to their place of work. There are no further demographic data available on the ridership of the HSR that would assist staff in providing a projected level of uptake to a program providing a $25.00 bus pass for low income and those on OW/ODSP with earnings.

**Table 2: Implications of Providing a $25.00 Bus Pass to All OW/ODSP with Earnings and Low Income Citizens in 2010:**

<table>
<thead>
<tr>
<th></th>
<th>Average Monthly #</th>
<th>Subsidy(^5) - Monthly</th>
<th>Average Total Annual #</th>
<th>Subsidy - Annually</th>
</tr>
</thead>
<tbody>
<tr>
<td>OW/ODSP with Earnings(^6)</td>
<td>3,100 cases</td>
<td>$54 per person = $172,368</td>
<td>38,304 cases</td>
<td>$2,068,416</td>
</tr>
<tr>
<td>Low Income</td>
<td>26,700 persons</td>
<td>$54 per person = $1,441,800</td>
<td>320,400 persons</td>
<td>$17,301,600</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>$1,614,168 - MONTHLY</strong></td>
<td><strong>$19,370,016 - ANNUALLY</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

It is extremely unlikely as well that all those who would be eligible to apply for such a program actually would do so To add some context to the figures in Table 2, the financial impact of providing a $25.00 bus pass to the costs of the current ATP program also can

\(^4\) Source: 2006 Statistics Canada, Semi Custom Tab
\(^5\) Calculated assuming no cost-sharing potential with the Province due to the number of potential program users i.e. we exceed our cap for discretionary non-health benefits.
\(^6\) This is a caseload # and does not take into account the potential for spouses/partners or dependents being also eligible for the program.
\(^7\) Based on most recent data available from January 2009
\(^8\) Combined Average as of June 2009 – 1,201 – OW + 1,899 ODSP = 3,100
be calculated. The average number of approved applicants per month to the ATP program for both target groups is 401. The financial impact of providing a $25.00 transit pass within the current ATP program could cost an additional $21,654 per month\textsuperscript{10} or $259,848 annually.

5. Community Support:

Despite the current level of uptake into the program which may be perceived as relatively low, there continues to remain support in the community for the ATP program as it exists as well as for expansion of the target group. The six month program evaluation conducted in the fall of 2008 clearly found that although the volume may have been considered relatively low, program participants viewed the program to be a significant contributor to access to employment and other social and health community services.

6. Further Evaluation?

Staff will continue to monitor the level of uptake by the OW/ODSP with earnings target group and monitor the utilization trends in the program overall. Informative program statistics are not able to identify why there continues to be a significant gap between the total number of approved applicants eligible to purchase a pass each month and the actual number of passes purchased. Staff can speculate as to some of the factors that might influence approved applicants to actually purchase a pass each month (affordability, seasonal employment, ability to car pool, alternate transit etc.), but whether or not these assumptions reflect reality can not be confirmed without further evaluation.

As well, useful suggestions as to how the pilot program, should it be continued, could be improved would be best provided by the program users. Council may recommend staff undertake additional evaluation of the program in 2010 in advance of the 2011 transit budget review. The original budget for the ATP as approved in 2007 included $10,000 for evaluation, which has been used. If Council should direct staff to conduct any further program evaluation, an amount up to $10,000 should be set aside in the on-going budget for the ATP.

\textbf{ALTERNATIVES FOR CONSIDERATION:}

One option that Council could consider would be to end the ATP pilot program on December 31, 2009 and return any unused funds back to the Social Services Initiatives Fund #112214.

Another option that Council could pursue is to allow any unused funds remaining as of December 31, 2009 to extend the pilot program into 2010 only until all available funds in the ATP budget have been expended i.e. no additional funding for the ATP in 2010 and beyond.

\textsuperscript{10} This figure is an average based on both target groups and does not take into account cost sharing for the OW/ODSP with earnings target group.
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FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

Currently, a balance of $319,045 remains in the ATP budget as of August 31, 2009. An additional $96,968 will be required to complete the pilot program on December 31, 2009. At that time, it is projected that there will be an available balance in 2010 for the ATP program of $222,077. The ATP program has been funded from the Social Services Initiatives Reserve Fund #112214. Since the City is able to obtain cost sharing for the passes for those on OW/ODSP with earnings, a total of $4,692 has been realized in cost savings to the ATP budget and these funds will be reinvested back into the program for the purchase of passes. If Council decides to end the pilot on December 31, 2009, any unspent funds from the ATP pilot program budget could be returned to the Social Services Initiatives Fund #112214 resulting in a positive variance.

If Council recommends continuation of the pilot program until April 30, 2011 additional one time funding of $200,000 would be required. Staff have determined that there are funds available in the Ontario Works Stabilization Reserve Fund #110044 that could be made available for this purpose.

POLICIES AFFECTING PROPOSAL:

N/A

RELEVANT Consultation:

Community Services Department, Employment and Income Support Division, Social Development and Early Childhood Services Division, Benefit Eligibility Division; Corporate Services Department, Finance and Administration; Budgets & Finance Division, F&A Section
Public Works Department, Transit Fare Administration; and, Transit Sub-Committee of the Poverty Roundtable

CITY STRATEGIC COMMITMENT:

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Community Well-Being is enhanced. ☑ Yes ☐ No

The Affordable Transit Pass Program assists eligible citizens experiencing low income or in receipt of OW/ODSP with earnings to access affordable public transportation.

Environmental Well-Being is enhanced. ☑ Yes ☐ No

The Affordable Transit Pass Program encourages the use of public transit.
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Economic Well-Being is enhanced. ☐ Yes ☐ No

The Affordable Transit Pass Program reduces poverty for eligible low income citizens or those in receipt of OW/ODSP with earnings and facilitates both access and maintenance of employment.

Does the option you are recommending create value across all three bottom lines? ☐ Yes ☐ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants? ☐ Yes ☐ No