

# COUNTY OF MILWAUKEE

## Inter-office Communication

DATE: 4/22/2022  
TO: Marcelia Nicholson, Chair, County Board of Supervisors  
FROM: Donna Brown-Martin, Director, Department of Transportation  
SUBJECT: MCTS New Fare Collection System and Title VI Equity Review  
FILE TYPE: Informational Report

### POLICY

Title VI of the Civil Rights Act of 1964 states: “No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.”

### BACKGROUND

As part of its ongoing mission to advance racial equity in Milwaukee County, MCTS will be introducing a new fare collection system called UMO (pronounced “YOU-mo”) in fall 2022. The UMO system is made to fit the needs of all riders, including those without smartphones or who don’t have a bank account. Riders can choose to pay for their ride whichever way they prefer, including contactless credit cards, mobile phones using a new mobile app, a new smart card reloadable online or at retail outlets, or cash on board the buses. The new system would replace the M-Card system along with the RideMCTS app.

The vision of the new system is centered around four principles that are aligned with Milwaukee County’s mission and vision:

- **Simplicity** – The new UMO system replaces our existing, complicated fare structure with a simple fare which is easy to understand and fair for all. The new fare is \$2 per ride and can be paid by cash, credit, mobile app, or smartcard. -Gone are the passes, exceptions, premium fares, and other rules.
- **Equity** – The UMO system will introduce “fare capping” which allows all riders to get the “best rate.” Systems with fare capping count how many times a rider uses transit and automatically “caps” the fare at the cost of the old pass (daily, weekly, or monthly). Once a person has spent the equivalent value of the pass, any additional rides are free for the rest of the period. Riders must use an electronic payment method to obtain these rates, so MCTS will also add more retail locations for riders to add funds to their account.
- **Safety** – Bus operators will be better able to concentrate on driving safely since the new system will validate fares and thus reduce the potential for disputes with passengers. This will have the added benefit of speeding up service for all riders.
- **Growth** - The new system is designed to grow with us and provide connection to other forms of transit. The mobile app already integrates with other platforms like Uber, Lyft, Lime and Bird. It also allows for trip planning and transfers across Waukesha Metro and The Hop. Those integrations will increase over time with UMO’s software development plan, and MCTS is working to market this as a regional transportation app for groups like Madison Metro Transit and Waukesha Metro so the same fare payment system could be used universally.

In the coming months, MCTS will introduce riders to the comprehensive features and benefits found on the UMO card and mobile app. This campaign will include a timeline of when the current system will be phased out and the new one begins. MCTS will also provide a grace period to allow riders time to move to the new system.

#### Title VI Fare Equity Analysis

The Federal Transit Administration (FTA) requires large transit systems perform a fare equity analysis when there is any change to fares or to the fare system. The purpose of the analysis is to proactively assess the impacts of changes upon the minority and low-income population relative to the non-minority and non-low-income population. Any changes that do not have a similar impact on the minority and low-income population is considered a “disparate impact” or a “disproportionate burden”, respectively. If an impact or burden is determined to exist, the transit provider must then take steps to mitigate the impacts where practical.

#### Review and Assessment of the Current and New Fare Systems

A summary of the changes is shown below:

- Cash Fares:
  - Case fares will be reduced from \$2.25 to \$2.00, and the half-fare will be reduced from \$1.10 to \$1.00.
- Transfers:
  - Passengers who use an UMO card or app will receive free transfers.
  - Passengers who pay in cash will not receive a transfer since their trip would not be counted by the system. Passengers that pay in cash would also not be able to get the benefits of fare capping.
    - Riders will be strongly encouraged to get a free UMO card or download the mobile app which will give them a transfer for free and count their trips toward the cap.

As the elimination of cash transfers would require passengers who pay with cash to pay for additional ride(s), staff analyzed the impact this change could have on minority and low-income passengers.

#### Analysis of the Impact of Eliminating Free Transfer for Riders who pay in Cash

MCTS uses the four-fifths rule as the threshold for determining if an impact will occur as a result of a fare change. Specifically, a disparate impact has occurred when the percent change in fares in the minority or low-income group compared to the non-minority / non-low-income group is below four-fifths (0.80). MCTS used fare survey data collected by the Southeastern Wisconsin Regional Planning Commission (SEWRPC).

The percent of minority passengers that pay with cash (18%) exceeds that for non-minority passengers (14%). The impact ratio would be 0.77 (14 / 18) and a disparate impact would exist as it is below 0.80. As such, MCTS is required to develop strategies that would mitigate this impact.

As regards income levels, the percent of low-income passengers that pay with cash (16%) is less than that for non-low-income passengers (17%). The impact ratio would be 0.94 (16 / 17). In this case, the impact ratio is greater than 0.80 and a disproportionate burden would not exist.

#### Strategies to Mitigate Disparate Impact on Minority Population

MCTS developed the following strategies to mitigate the disparate impact on the minority population:

- Create an extensive public outreach effort in minority neighborhoods to inform people on the cost benefits of using UMO cards or a mobile device versus using cash, including the savings from fare capping.
- Significantly expand outlets and target locations in minority neighborhoods where passengers can add value to their UMO card.
- Ensure that new UMO fare cards will be free. After an initial grace period, UMO cards will be available for \$2.00.
- Lower the cash price of single rides from \$2.25 to \$2.00

#### ALIGNMENT TO STRATEGIC PLAN

Describe how the item aligns to the strategic plan:

2C: Apply a racial equity lens to all decisions.

3A: Invest “upstream” to address root causes of health disparities.

3B: Enhance the County’s fiscal health and sustainability.

3C: Dismantle barriers to diverse and inclusive communities.

#### RECOMMENDATION

This report is for informational purposes unless otherwise directed.

#### FISCAL EFFECT

#### TERMS (If applicable)

[Include specific term start and end dates, renewal options, automatic renewals, and termination clauses.]

#### VIRTUAL MEETING INVITES

Dan Boehm ([dboehm@mcts.org](mailto:dboehm@mcts.org)), Tim Hosch ([thosch@mcts.org](mailto:thosch@mcts.org)), and Tom Winter ([twinter@mcts.org](mailto:twinter@mcts.org)) should receive Microsoft Team invites to present this file.

#### PREPARED BY:

Prepared By: Dan Boehm, President & Managing Director, MCTS

#### APPROVED BY:

*Donna Brown-Martin*

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Donna Brown-Martin  
Director, Department of Transportation

#### ATTACHMENTS:

Presentation: New Fare Collection System and Title VI Equity Review ATTACHMENT.pdf

cc: Kelly Bablitch, Chief of Staff, County Board of Supervisors  
Janelle M. Jensen, Legislative Services Division Manager, Office of the County Clerk