



OFFICE OF THE COUNTY EXECUTIVE

Chris Abele

MILWAUKEE COUNTY EXECUTIVE

DATE: April 22, 2015

TO: The Honorable Milwaukee Board of Supervisors

FROM: Chris Abele, Milwaukee County Executive

RE: County Board File No. 15-204 on requiring the Milwaukee County Transit System to implement a free-fare program

I am returning County Board File No. 15-204 unsigned.

The County Board adopted a resolution on March 26, 2015 that requires the Milwaukee County Transit System to develop and implement a unique, smart card ID program that provides under-budgeted free bus rides to eligible Milwaukee County residents, a group that includes seniors and individuals with disabilities at any income level.

I have been and will continue to be a champion of our transit system. It is a critical tool for economic development and self-sufficiency. In the decade before I took office, our transit system was in disarray, the result of regular route cuts and fare increases. The year I took office, despite a \$7 million cut from the state, we ended the practice of slashing transit. We have worked very hard for four years in a row to strengthen transit. In my time in office, we have lowered paratransit fares, added new route miles and not raised bus fares. I know Supervisors agree that our transit system is one of the most important services we provide, which is why we need to be thoughtful and disciplined when making changes.

Neither MCTS nor the Departments of Transportation, Aging or Disabilities were meaningfully consulted before this plan was introduced and voted on in the 2015 budget or this resolution. When they were asked, they opposed it. The Department of Transportation conducted research finding that there is not a single major transit system that offers free rides for both seniors and persons with disabilities without an income restriction and with public funding. Other systems have figured out that this is not a well-targeted policy. For example, a similar plan in Chicago was drastically scaled back because it was significantly over budget, was riddled with widespread fraud, and over a third of the people who took advantage of the free rides were not low income.

Milwaukee County already offered discounted fares for senior citizens, Medicare card holders, and people with disabilities. Also, those eligible for paratransit also have access to free bus rides via the Freedom Pass. Turning discounted fares into free fares comes at a significant cost. A preliminary review by MCTS of the proposal found it will likely cost \$3 million a year in lost revenues.

This is money that is being spent on a population that will include many individuals, perhaps a third of the group if the Chicago experience is a fair indication, that are not low income. To fill the deficit that this plan will cause, the County will be forced to make tough choices that could potentially impact other transit riders. Though this plan will benefit many low income individuals who are elderly or who have disabilities, the lack of an income restriction means that this plan will also benefit those who do not need help. In those cases, unless an income restriction is added, this plan will have the untended consequence of shifting services away from low income, working age, abled-bodied adults who rely on transit to get to their jobs and will hand those services over to individuals who can already afford to pay discounted fares. That the plan did not at least include a reasonable income restriction – something that every other major transit system plan of similar design has – is wholly without justification and jeopardizes Milwaukee County's commitment to serving those who need services the most.

Regardless of my objections to this plan, MCTS did a thorough analysis on its impact and implementation considerations. They sent this to Supervisors, as the budget language requested; however, it was not scheduled or heard. The report summarized implementation concerns and asked for a more flexible timeline to implement this plan. Amongst the points made in that report, was the concern about the burden placed on staff (with no extra funding), a lack of sufficiently large waiting facilities to accommodate long lines, and various administrative costs.

In just the first two weeks of implementing this plan, MCTS has given out 3,404 free passes and 53,647 free rides have been taken – many by those who are not low income. Even if no more free passes were handed out, this would equate to nearly \$1 million in lost revenue in 2015 alone. However, the lines at MCTS continue to be long and the outreach required by this resolution has not yet started. The actual costs will be far higher, in part due to already identified instances of fraud.

Finally, this resolution outlines an implementation plan – something that is clearly under the jurisdiction of the administration. This is important to note because the Board, as policymakers, do not have specific expertise in running a transit system and the details of implementing policy should be left to those that are hired for their expertise – the Departments.

I know that we all want to provide the greatest possible amount of high quality services to the individuals who need them the most. I am returning this resolution unsigned but ask the Board to reconsider this plan and work with me on a transit plan that will truly benefit our transit riders and the citizens of Milwaukee County.