

JOINT ROUND TABLE ON

“Kids Ride Free Program”

**Before the
Committee on Economic Development
The Honorable Muriel Bowser
and
Committee on Transportation and the Environment
The Honorable Mary Cheh**

**Thursday, December 12, 2013, 2 p.m.
Room 120, John A. Wilson Building**



**Testimony of
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**Natwar M. Gandhi
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Good afternoon, Chairwoman Bowser and Chairwoman Cheh, and members of the two committees. My name is Yesim Yilmaz, Director of Fiscal and Legislative Analysis at the Office of Revenue Analysis. I am pleased to testify for the Office of the Chief Financial Officer on the Kids Ride Free Program.

In my comments, I will discuss both the Kids Ride Free Program and transit subsidies for students in general since the implementation of the Kids Ride Free Program has changed the ridership profile among students, and thus, affected the entire subsidy program. The District's School Transit Subsidy Program, managed by the District Department of Transportation (DDOT), provides reduced fares for District students who use Metrobus, Metrorail, or the Circulator to travel to and from school. Students can use the subsidized fares to go to school (and in the case of foster children, also to work). The Transit Subsidy Program includes a number of components:

- Monthly transit passes, which can be purchased for \$30 by students, and provides for unlimited rail and bus rides. DDOT pays \$34 per month for these cards; additionally the Washington Metropolitan Area Transit Authority (WMATA) charges DDOT 69 cents for each rail trip students take on these passes; bus rides do not carry additional charges. These can be purchased on a DC One Card or as a paper pass.
- The Kids Ride Free Program through which students can ride busses for free during specified hours in the day using their DC One Card. The Program is now fully subsidized by the District at \$1.6 per ride.

- Various rail and bus passes (10-count passes) purchased in bulk, by the Office of the State Superintendent for Education (OSSE), charter schools and private schools distributed to students for temporary use. For each rail trip students take on these passes, the District pays on average \$1.28; for each bus trip, the District pays \$1.05.

The FY 14 budget for all transit subsidies programs was approximately \$10 million—nearly \$4 million more than previous years. Part of this increase (\$3.1 million to be specific) reflects the projected cost of the Kids Ride Free Program, where the District pays the full cost of bus subsidies. It also includes an additional \$797,000 for the expansion of the Metrorail subsidy and free Metrobus for students to include 18 to 21 year olds still attending high school.

The table below shows the change in ridership trends (based on WMATA's recorded trips) for the first three months of fiscal years 2012, 2013 and 2014. It also shows the change in recorded ridership between FY 12 and FY 14. We display FY 12 since this was the data used to project the cost of the Kids Ride Free Program in May of 2013.

	Recorded Ridership September through November			
	FY 12	FY 13	FY 14	FY 12-FY 14
Passes sold	37,038	31,960	18,899	-49%
Rail	719,273	586,754	421,970	-41%
<i>Monthly Pass</i>	685,904	538,576	359,413	-48%
<i>Other</i>	33,369	48,178	62,557	87%
Bus	956,870	908,724	1,654,596	104%
<i>Monthly Pass</i>	696,973	689,716	63,279	-91%
<i>Kids Ride Free</i>	0	0	1,356,829	
<i>Other</i>	259,897	219,008	234,488(est.)	-10%

Source: WMATA

A number of interesting trends emerge from this table:

- Rail ridership fell by 41 percent, whereas bus ridership more than doubled. This tells us that not only more school children are taking busses overall from other modes of transportation, but also more have switched from rail, where parents pay part of the cost, to bus, where the ride is fully subsidized.
- Half as many monthly passes were sold between September and November of 2013 compared to the same months in FY 12.
- During the same period, bus trips taken on monthly passes (which already include free bus rides) declined by more than 90 percent.
- The change in monthly pass usage is dramatic. Not only monthly pass sales declined, bus trips per pass also declined significantly. For a \$34 subsidy per monthly pass, the District subsidized 18 to 21 trips per month in previous years. Now, the recorded bus trips on monthly passes have declined to 3.3 per month. (As one can note from the table below, recorded trips on rail have remained stable.)

Recorded trips per pass	FY 12	FY 13	FY 14
Rail trips per pass	18.5	16.9	19.0
Bus Trips per pass	18.8	21.6	3.3

Source: WMATA

This suggests that WMATA could be undercounting the number of bus trips students take on monthly passes. This matters because the bus trips on monthly passes are already paid for. Another possibility is that students are paying for monthly passes when they are not needed because they are not fully familiar with the Program.

Spending Pressure for FY 14

Given the dramatic increase in bus ridership, the Transit Subsidy Program is likely to face a spending pressure in FY 14. Based on the number of recorded bus trips, this pressure could be in the range of \$1.9 million to \$2.4 million for the entire FY 14. However, if rides on monthly passes are undercounted, then ridership figures for September through November will overestimate the total ridership that will be paid through the Kids Ride Free Program, suggesting that the pressure could be much smaller. DDOT and WMATA are working on a solution to ensure that all bus trips are recorded properly that could be implemented as early as February of 2014.

To be clear, ridership on the Kids Ride Free Program has exceeded ORA's estimates for FY 14. The FY 14 budget was based on 4 million annual rides on the Kids Ride Free Program—a 15 percent increase in bus ridership compared to previous years. The actual increase, based on data through November, is 40 percent, which means that ridership will be higher by about 1 million, at 5 million rides through the year. DDOT is taking additional measures to better manage the program—most of these measures will be in place by February. We are closely monitoring this Program and will update our ridership estimates (and the corresponding spending pressure) in the first quarter of 2014.