



# **The Impact of Public Transit Fees on Low Income Families and Individuals in Guelph**

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## Purpose and Research Questions

The purpose of this research is to inform and support the advocacy efforts of the Guelph & Wellington Task Force for Poverty Elimination for affordable public transit in Guelph. A proposed increase in transit fares as part of the 2011 budget for the City of Guelph has led to a need for further investigation into the impact that a lack of affordable transit has on individuals and families facing economic hardships. In addition an overview of affordable public transit programs in other communities sheds light on what is being done reduce barriers to transit and provides possible options for a similar program in Guelph.

## Key Findings

- Money used for bus fare could be used for other items such as food and shelter.
  - Respondents to a 2007 survey of the users of Calgary's reduced rate pass program stated that "the less expensive passes made it a little easier for them to meet their monthly expenses."
- Not having affordable public transit significantly impacts quality of life.
  - Of the 401 respondents to the Calgary survey, 97% agreed that their quality of life was better when they had access to the reduced rate program. Affordable fares were said to be responsible for increased independence and socialization, as well as access to school, work, grocery stores, health centres and services.
- Multiple trips mean multiple fares.
  - Research shows that single, working-poor mothers spend more time travelling to multiple destinations in order to fulfil responsibilities such as buying groceries and taking children to school, recreational activities and medical appointments. Roughly 4000 households in Guelph are run by single mothers and half of those live on an income lower than \$36,000/year (2005 prices).
- Many do not have another form of transportation.
  - 99% of the respondents surveyed in Calgary agreed that a low-income passes were useful to them. Also, affordability, accessibility and reliability greatly impact the travel horizons of low-income earners who often not consider seeking employment and other opportunities outside of their geographic area.
- Other cities, including Waterloo, Kingston, Hamilton, Windsor, and Calgary, have an affordable transit pass program that allows people living below the Low Income Cut-off Line to purchase a transit pass at a reduced rate.

## 1. Statement on Limited Income in Guelph and Affordable Transit

As mentioned in the 2010 Poverty Briefings that the Guelph & Wellington Task Force for Poverty Elimination hosted in Guelph and Arthur for municipal candidates, between August 2008 and July 2011, 55 percent more households in Wellington County became registered to receive Ontario Works benefits. This means that more people living in Guelph are on assistance that limits the amount of spending that a family can do. For example,

“A three-person family on Ontario Works has a total housing allowance of \$620 per month. Yet, the average price of a one-bedroom apartment in Guelph is \$768 per month [...] The same family of three would receive \$341 per month [...] for all other expenses, yet the cost of a nutritious basket of food for our area is estimated to be \$520 per month” (GuelphMercury.com, 2010).

Simply stated, affordable transportation is absolutely necessary for families and individuals who already have to be extremely careful where their limited money is spent. Knowing that there is a reliable, accessible and affordable public transit system means there is more money to save or spend elsewhere, and also means that there are more opportunities for improving one’s own and family’s wellbeing. The following highlights the impacts of affordable public transit focusing on 4 key topics:

- Impact of Reduced Fare Programs for People with Low/Limited-Income
- Calgary Study – Improvements to Personal Finances and Mobility (Mitigating Mental Illness?)
- Trip Chaining and Low-Income Single Mothers
- “Travel Horizons” and Transit Reliability: Impacts on Opportunities

### 1.1 Impact of Reduced Fare Programs for People with Low/Limited-Income

In 2009, Waterloo Region conducted a study to investigate options for sustainable affordable public transit in the region. The report provides a comparison of the Region’s Transit for Reduced Incomes Program (TRIP) with other similar programs across Canada. TRIP provides discounted monthly adult bus passes to people with low-income, mainly those with a disability, seniors, people on income support and college students. It is 1 of 4 similar programs in Canada: the others are in Hamilton, Victoria and Calgary (Dempster, 2009).

- In Waterloo Region, eligibility for reduced passes (\$34 per month) is based on the low-income cut-off determined by Statistics Canada. Annually, approximately 1500 residents are enrolled in the program.
- In Hamilton, those meeting the Statistics Canada low-income cut-off receive a 50% reduction in adult monthly bus passes (\$39.50 per month).

- In Victoria, passes are distributed by community agencies to patrons on a one-time-use basis (two-for-one prices or free) for those needing to get to specific events such as job interviews.
- In Calgary, roughly 1/3 of the eligible residents, about 10,000 residents, participate in their similar Low Income Transit Pass program: a half-price monthly transit pass of \$37.50 for those with income lower than 75% of the low-income cut off

In Ottawa, ODSP clients and persons using a mobility aid can purchase monthly adult passes for \$32.00 (OC Transpo, 2011).

Free Transit is available in a number of European cities, including Hasselt, Belgium. In Canada, Milton ran a free ride program for a short time in 2008; however, both Winnipeg and Halifax have consistently offered free rides to all travellers in the downtown core (Dempster, 2009).

## 1.2 Calgary Study – Improvements to Personal Finances and Mobility

In 2007, Calgary Transit, in collaboration with the organization Vibrant Communities Calgary, commissioned a study of its transit system to identify benefits and outcomes of its monthly reduced rate transit pass. Four hundred and one program users responded to the telephone survey. Respondents answered “agree/disagree” to a series of questions such as “You go to medical appointments in Calgary more often when you have the Low Income Transit Pass.” The data collected from the study was combined with the most recent 2006 results of Calgary Transit’s annual Customer Satisfaction Survey. The report provided to Calgary Transit explains:

- Users of the program were most often between the ages of 35-44.
- There were more females than males using the program and most reported having at least 1 child.
- Most resided in the inner city and established communities.
- Approximately 75% were on some form of income support.
- Half of those benefiting from the program did not use any other form of transportation.
- 99% agreed that a low-income pass was useful to them as most did not own a vehicle.
- 97% responded that their life was better when they had the pass – 25% of respondents said that the pass enabled them to be more independent and to get out and socialize with others.

Thus, the two most significant aspects of everyday life that were said to have been improved by reduced rate passes were the increase in users’ ability to manage personal finances, and the increased opportunities to visit friends and family and to get involved in social activities outside of the home. Thus,

the report showed that for all respondents, the reduced rate pass allowed users to either save money or spend it on other necessary items, making it easier to meet their monthly expenses, such as for food, clothing and shelter.

Importantly, spending less time worrying about finances and more time with family and out being social meant that respondents reported having a higher quality of life when a reduced rate was made available (HarGroup Management Consultants Inc., 2007). It is important to note here that there is a well known connection between poverty and mental illness, particularly anxiety and depression (Weich & Lewis, 1998). Those with a mental health disorder are 4 times more likely to be unemployed or partly employed (Saraceno & Barbui, 1997). Arguably, mobility and the independence that comes with having affordable public transit, means increased opportunity for finding meaningful employment and socializing with others, among a population already at risk of experiencing mental illness.

### 1.3 Trip Chaining and Low-Income Single Mothers

The 2006 Canada Census revealed that at that time, approximately 5000 households in Guelph were identified as being “lone parent” households. Just under 4000 of those were single-mother families (Stats Canada, 2006). Studies have shown that women and particularly mothers continue to shoulder the burden of taking care of household and child care needs (Gavigan & Chunn, 2007). As such, they take part in what is called “trip-chaining”: when commuting for work involves more than one intended destination, such as factoring in additional stops to take care of household needs such as getting groceries or in relation to children’s education, care and medical needs. Arguably, it is likely that a significant number of single mothers living on a low or limited income in Guelph take part in this activity.

Trip-chaining is a challenge for women with limited income who do not own or have access to privately owned vehicles and who rely on public transit. In order for them to effectively balance their work life with household and child care responsibilities, it requires a transit to be 1) affordable, taking multiple buses means paying multiple fares, 2) accessible, buses cover a broad enough geographic area to be useful for getting tasks done, and 3) reliable, buses are on time. In a study conducted in the Knoxville, Tennessee (Rogalsky, 2010) working-poor mothers reported that while public transit may provide a least cost option in most cases, they often ended up taking more expensive private transit due issues of accessibility and reliability.

### 1.4 “Travel Horizons” and Transit Reliability: Impacts on Opportunities

A 2003 Cabinet Office study of 10 cities in the United Kingdom involving public consultations, interviews and focus groups found the following were constraints on removing oneself from living in poverty: restrictions from working overtime due to the incongruity of bus and work schedules, and the cost of public transit.

This study also mentions the dimension of “travel horizon”: the tendency to avoid travel outside of a particular geographic area due to a lack of trust in a transportation system. Having limited horizons restricts accessibility to income generating activities for low-income households. Respondents reported that the main factors affecting trust in their transit system were “time table changes, out of date information, and unreliability” (p.6). Thus, employment opportunities outside of a geographic area, for example outside of the City of Guelph, are often not investigated, nor are they seriously considered when travelling presents a significant challenge. This is particularly true for those who would benefit most from additional economic opportunity (Social Exclusion Unit, 2003).

## **2. Overview of Affordable Transit Programs in Other Communities**

An analysis of affordable transit programs in Waterloo Region, Hamilton, Kingston, Windsor and Calgary indicates the following:

- Qualification requirements for an affordable transit pass are primarily based on the Low Income Cut-off line.
- Proof of income is required in all cases (generally a Notice of Assessment from the Canada Revenue Agency qualifies as proof of income)
- Application for the pass is done directly through the Municipality, its transit department, or through a community partner agency
- On average, the cost of an affordable transit pass in these communities is 46% the cost of a regularly priced transit pass
- The programs cost the municipalities from \$90,000 to \$2 million
- All municipalities developed programs in partnership with community agencies and organizations, similar to the Guelph & Wellington Task Force for Poverty Elimination

Please see full details in Appendix 1.

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## Appendix 1

City	Name of Program	When did it start?	Who qualifies?	What proof of qualification is required?	How is a pass obtained?	Is there a limit on how many people can be approved?	Cost of reduced pass vs. Cost of regular pass	Cost of program & who covers it	Who works together for this program?
Calgary	Low Income Transit Pass	Jun-05	Calgarian adults whose household income is lower than 75% of LICO	Canada Customs & Revenue Agency "Notice of Assessment" or "Notice of Reassessment" form	Application form to Calgary Transit	n.a	\$40/mth vs. \$90/mth	\$2 million/year (2006 & 2007) - Calgary Transit's surplus revenues (\$26 million user fee revenue fund)	Fair Fares Action Team - City of Calgary, Calgary Transit, Vibrant Communities Calgary, nonprofit organizations
Waterloo Region	Transit for Reduced Incomes Program	2001	Residents of Waterloo Region who have an income that falls below LICO	Proof of gross annual income and income source	Applications to The Working Centre or Lutherwood	no	\$34/mth. vs. \$60/mth	\$438,000	Social Services (Region of Waterloo), Transit Development (Region of Waterloo), The Working Centre, Lutherwood, Civics Research Cooperative

Windsor	Affordable Pass Program	2011	Any individual and their spouse/partner and/or dependents may apply if their combined household income falls below the 2008 Statistics Canada Low-Income Cut-Off.	Acceptable proof of eligibility includes one of the following: the most recent Notice of Assessment from Revenue Canada, the most current Canada Child Benefit Notice or Ontario Child Benefit Notice, verification of Ontario Disability Support Program benefits or verification of current Ontario Works benefits.	Application form to Transit Windsor	no	\$40/mth vs. \$79/mth.	unknown (currently at the start of a one year pilot project)	City of Windsor, Social Services Department, & Pathway to Potential
Hamilton	Affordable Transit Pass Program	2008	Adult residents of Hamilton currently working and receiving assistance from OW, ODSP (but not receiving transportation costs for other activities like medical transportation) or family income falls under LICO	Notice of Assessment from the Canada Revenue Agency and pay stubs that show 4 weeks in a row (weekly, bi-weekly, monthly)	Application to City of Hamilton, Special Supports Program	n.a.	\$39.50/mth.	\$500,000	

Kingston	Affordable Transit Pass	2009	Families with after-tax incomes below LICO	One of: OW or ODSP Drug Benefit Eligability Card, Canada Child Tax Benefit Notice, Guaranteed Income Supplement Notice, Ontario Child Care Supplement for Working Families Entitlement Notice, GST/HST Notice, Personal Income Tax Notice of Assessment	Application to City of Kingston Fee Assistance Program	no	\$20.80/mth vs. \$65/mth	\$90,000	During development the City of Kingston worked with their local ODSP office, OW office, and a committee that was est. by Council to address poverty issues. Program eligibility is managed by their OW office.
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