

Over a Million New Yorkers Will Benefit from Expanding NYC’s Fair Fares Program

Fair Fares NYC, a program that provides a 50% discount on subway and eligible bus fares for New York City residents living at or below the federal poverty level (FPL), is a critical lifeline to education, employment, medical care and other basic necessities for low-income New Yorkers. Expanding the program to reach those with incomes under 200% of the FPL—a large swath of whom are working-class New Yorkers—will benefit over a million people in our city.

- As the MTA continues to struggle financially and New Yorkers recover from the pandemic, expanding Fair Fares eligibility to 200% of the FPL would provide targeted assistance to a new group of working-class New Yorkers who rely almost exclusively on mass transit. Such an expansion would provide a steady stream of revenue, making it a win-win for the MTA and working New Yorkers.
- Currently, the program is available to an estimated 932,000 working age (18 to 64 years old) New Yorkers whose annual household incomes put them below the FPL—approximately 280,000 of whom have enrolled in the program.ⁱ
- If Fair Fares eligibility were expanded, it would cover a total of 1.7 million working age New Yorkers whose incomes fall below 200% of FPL. Of these 1.7 million, we estimate that approximately 45% of them—772,000—are likely to be regular commuters using the subway or the bus system.ⁱⁱ
- Assuming a take-up rate of 50%—higher than the current take-up rate of around 30%—we estimate that expanding the program would cost the city between \$195 million and \$225 million annually. This cost is net of any additional revenue that would likely be generated as the lower fares induce increased ridership.ⁱⁱⁱ
- Given that the program is currently baselined at \$75 million, this would mean that the city would need between \$120 million and \$150 million in annual additional funding.^{iv}

ELIGIBLE POOL AND ESTIMATE OF COST FOR FAIR FARES USING FPL ELIGIBILITY STANDARDS

Year 2021	Eligibility at 100% of FPL (2021)	Expanded Eligibility at 200% of FPL (2021)	
Threshold for 2-adult, 2-child family	\$26,500	\$53,000	
All below threshold	1.64 million	3.04 million	
All working age adults below threshold	932,000	1.7 million	
Regular commuters below threshold (45 percent)	419,400	772,000	
Estimated cost (in millions of \$)	\$75 million	\$195 million (high response)	\$225 million (low response)

Source: CSS analysis of 2021-1-year American Community Survey Public Use Microdata.

For further information about this analysis, please reach out to **Debipriya Chatterjee, Senior Economist** at the Community Service Society of New York via email at dchatterjee@cssny.org.

NOTES

ⁱ Estimate of the eligible population is based on the 2021 1-year American Community Survey Public Use Microdata Sample made available by the Census Bureau.

ⁱⁱ To smooth out year-to-year fluctuations in our estimation of the share of using the subway or the bus, we have used an average of 2020 and 2021 years.

ⁱⁱⁱ To measure responsiveness, we use fare elasticities of -0.19 (low) and -0.35 (high), which capture the ratio of changes in fares to changes in rides. Assuming a higher elasticity implies that we assume the reduced fare to induce many more additional rides. Assuming a low elasticity implies the opposite that we expect the reduced fare to induce only fewer additional rides. Further details on the methodology can be found here: [https://smhttp-ssl-58547.nexcesscdn.net/page/-/images/uploads/pubs/The%20Transit%20Affordability%20Crisis%20Final%204%207%202016%20\(2\)%20sm.pdf](https://smhttp-ssl-58547.nexcesscdn.net/page/-/images/uploads/pubs/The%20Transit%20Affordability%20Crisis%20Final%204%207%202016%20(2)%20sm.pdf)

^{iv} See <https://www.nyc.gov/assets/omb/downloads/pdf/de1-23.pdf>, pp. 1167 for baseline allocation for Fair Fares for FY 2024.