LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 2456

STATE OF NEW JERSEY
219th LEGISLATURE

SUMMARY

DATED: JUNE 24, 2020

Synopsis: Provides that users of Access Link paratransit service are automatically eligible for and enrolled in motor bus and rail passenger discounted fare program.

Type of Impact: Annual decreases in New Jersey Transit revenues and costs

Agencies Affected: New Jersey Transit Corporation

Office of Legislative Services Estimate

Fiscal Impact	FY 2020 and Thereafter
NJ Transit Revenue Decrease	Indeterminate
NJ Transit Cost Decrease	Indeterminate

- The Office of Legislative Services (OLS) finds that the bill will result in an indeterminate annual reduction in fare box revenue collections and an indeterminate decrease in costs for the provision of Access Link paratransit service, resulting in an indeterminate impact on New Jersey Transit Corporation's (NJ Transit) annual operating margin. Considering that the State provides an annual operating subsidy to balance NJ Transit's budget, any net increase or decrease in NJ Transit's operating margin will result in a corresponding increase or decrease in State costs through the annual State operating subsidy.

- Current law provides that seniors and disabled persons requiring assistance to use NJ Transit services are eligible to receive a reduced fare card that provides a fare discount of 50% or more compared to regular one-way fares. This bill deems eligible users of the Access Link program to be eligible for the reduced fare program by default and requires them to be provided the reduced fare discount card, likely increasing utilization of the reduced fare program.

- Access Link provides door-to-door paratransit service for persons with greater mobility needs than those that can be met on regular route bus and rail service. This service is substantially more expensive per passenger for NJ Transit to provide compared to regular route service, but the price of fares charged to users are the same as prices for regular route service. When eligible Access Link users utilize regular route service for their trips, NJ Transit realizes cost savings. As a result, any increase in utilization of regular route service by Access Link customers replacing Access Link trips will provide NJ Transit with operating cost savings in

excess of any reduction in fare revenue by providing those trips at reduced fares, resulting in a de minimus State cost increase or even possible decrease.

BILL DESCRIPTION

This bill provides that persons eligible for the Access Link paratransit service, operated by NJ Transit, are automatically eligible for the program that provides motor bus and rail passenger service to senior citizens and persons with disabilities at reduced fares. The bill requires a person eligible for Access Link service to be issued an identification card for reduced fare eligibility at the same time NJ Transit determines Access Link service eligibility. If a person has already been determined to be eligible for Access Link prior to the effective date of the bill, the person is to be issued an identification card within sixty days after the effective date of the bill or immediately upon the request of the eligible person, whichever occurs earlier.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that the bill will result in an indeterminate annual reduction in fare box revenue collections and an indeterminate decrease in costs for the provision of Access Link paratransit service, resulting in an indeterminate impact on NJ Transit's annual operating margin. Considering that the State provides an annual operating subsidy to balance NJ Transit's budget, any net increase or decrease in NJ Transit's operating margin will result in a corresponding increase or decrease in State costs through the annual State operating subsidy.

The bill will make it so that persons who qualify to participate in the Access Link program are automatically made eligible for and enrolled in the fare discount program for senior citizens and disabled persons. The fare discount reduces the cost of one way trips on regular route service by 50 percent or more depending upon the trip and timing. This provision likely will have no practical impact on the number of people potentially eligible for the fare discount program, because users of the Access Link program have to be disabled and generally includes the subset of users with the most serious mobility issues, because it provides trips that cannot be completed through regular route service. It would be a relatively unique situation for an eligible user of the Access Link program to not already be eligible for the fare discount program. The difference in users is more often the result of a different process to become eligible under each program. The fare discount program requires documentation from a doctor or provision of proof of age to a customer service office. Participating in Access Link requires an in-person interview with Access Link program staff. Some Access Link users participate in Access Link without ever knowing about the fare discount program because they do not utilize customer service offices and are less frequent users of regular route service.

By making Access Link users automatically eligible and signed up for the reduced fare program, it is likely to increase participation in the reduced fare program, by registering more people who were already eligible. This is also likely to result in a greater number of reduced fare trips taking place. Those new trips are likely to come from two sources. The first are regular route

trips by Access Link users who had not signed up for the reduced fare program due to a lack of knowledge about the program. These people will be paying reduced fare where previously they would have been paying full fare. The second type of new trips will come from current Access Link users who exclusively utilize Access Link and choose a reduced fare regular route trip over an Access Link trip.

The first type of trip will represent a loss in revenue to NJ Transit with no change in operating cost. The average revenue per rider per trip for bus service is $2.68 in FY 2020 based on budget evaluation data, so each of these reduced fare trips is likely to cost NJ Transit approximately $1.34 in lost revenue. The second type of trip is likely to result in a similar loss in revenue, because Access Link trips are charged the same fare as full fare regular route service, with no reduced fare discount. This second trip will result in significant cost savings, though. The cost of Access Link trips vary by geographic location in the State but the full statewide cost of the program is about $40 per trip. A regular route bus trip on the other hand costs NJ Transit about $6.67 per trip per rider based on FY 2020 budget data. This means that the second type of trip improves NJ Transit's operating margin by roughly $32 per trip ($40 cost avoided, less a $6.67 new bus trip, less $1.34 reduced revenue). This suggests that as long as there are at least one of these diverted Access Link trips for every 23 of the first type (full fare to reduced fare), NJ Transit will realize net savings.

It cannot be determined at this point how many of each type of trip will result from the new bill. Access Link provides about 2 million trips per year. The number of Access Link users that would newly be granted reduced fare cards under the bill is likely to be small as are the number of new trips by those users. As a result, the impact of the bill on NJ Transit's operating margin and the resultant State cost impact is indeterminate but likely less than $1 million per year. Between a small Access Link user base, an even smaller number of people newly registered for reduced fare cards, the nature of Access Link users as having higher mobility needs, the small revenue loss per reduced fare trip of about $1.34 per bus trip, and the possibility of offsetting cost gains from diverted Access Link trips, the impact may be much less than $1 million per year. This amount compares to NJ Transit's operating budget of $2.4 billion and fare box revenue of around $1 billion.

Section:	*Authorities, Utilities, Transportation and Communications*
Analyst:	*Patrick Brennan* *Principal Fiscal Analyst*
Approved:	*Frank W. Haines III* *Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).