



U.S. Department  
of Transportation  
**Federal Transit  
Administration**

Headquarters

1200 New Jersey Avenue S.E.  
Washington DC 20590

May 24, 2012

Mr. Daniel Levy, Director of Civil Rights Programs Compliance  
Los Angeles County  
Metropolitan Transportation Authority  
One Gateway Plaza  
Los Angeles, CA 90012

Re: LACMTA Title VI - Fare Equity Methodology and Analysis Response

Dear Mr. Levy:

The Federal Transit Administration (FTA) has reviewed the Los Angeles County Metropolitan Transportation Authority's (LACMTA) Fare Equity Methodology included in its February 2012 Corrective Action Plan as Attachments #7 and #11, as well as the Fare Equity Analyses for fare changes for the periods from 2007 – 2013, which FTA received on May 2, 2012. This correspondence addresses the methodology and how it was applied in the fare equity analyses.

Based on the concerns raised as the result of FTA's review of the methodology and LACMTA's application of the methodology, FTA advises LACMTA to not move forward with any fare changes included in the May 2, 2012, analysis, or further fare changes until LACMTA has updated the methodology consistent with this letter.

**FTA Title VI Circular Guidance:**

FTA's Title VI Circular 4702.1A, sets out the expectation that recipients like LACMTA will analyze major fare changes that may have a discriminatory impact. The Circular sets out two options to choose from for determining whether discriminatory impacts exist. From the information submitted to FTA, it appears that LACMTA chose "option B," which allows LACMTA to "develop their own procedures to evaluate significant system-wide service and fare changes and proposed improvements . . . to determine whether those changes have a discriminatory impact." While LACMTA did not choose to pursue "option A" for its system-wide service and fare changes, it is worth noting that FTA would expect LACMTA's "option B" analysis to "analyze what, if any, alternative transit modes, fare payments types, or fare payment media are available for people affected by the fare change. *The analysis should compare the fare paid under the change with fares that would be paid through available alternatives.*"

Given the Title VI Circular guidance, what follows is FTA's analysis of the fare methodology submitted by LACMTA and an analysis of how LACMTA applied that methodology to a series of fare changes.

**Methodology:**

**1) Attachment #11 of the Corrective Action Plan**

**a. Determination of Minority or EJ Status**

The LACMTA methodology implies that LACMTA will analyze a fare change only if a particular fare media is disproportionately used by minority or environmental justice (EJ) populations. As LACMTA's May 2, 2012, analysis acknowledges, any change in transit fares is subject to Title VI and EJ analyses. As discussed in our meeting on May 7, 2012, low-income populations should not be aggregated with minority populations. This data must be disaggregated and is discussed in more detail later in this document.

Further, fare media should not be assigned a status of disproportionately minority or disproportionately low-income usage in the way that LACMTA has made these designations/thresholds. Instead, the data should be analyzed as shown in the table below. For example, it is inappropriate and unnecessary for LACMTA to set a usage threshold, such as 5 percent more than the system-wide average of minority passengers because there is no rational basis for defining a fare product or media as a "minority" or "non-minority" fare media, as LACMTA has done in Attachment #7. Unlike a service equity analysis, which necessarily focuses on specific routes and the locational impacts of who has access to service, and sets thresholds of "minority" and "non-minority" routes; all types of fare media are presumably available to all passengers at all times. What is important in a fare equity analysis is the comparative pattern of usage between minority and non-minority populations of different fare media.

**b. Determine Title VI Disparate Impacts or EJ Disproportionately High and Adverse Effects**

- LACMTA needs to determine the number and percent of users of all fare media being changed, not just those disproportionately used by minorities or low-income populations; review fares before the change and after the change; and compare the differences between minority, low-income and overall users separately (see table in the analysis section, below).
- The increase in fares as compared to the consumer price index has no bearing on whether a fare change results in a disparate impact or a disproportionately high and adverse effect, and, therefore, should not be used in LACMTA's method of analysis.

- LACMTA's methodology should compare the fare paid under the change with fares that would be paid through available alternatives.

## 2) Attachment #7 of the Corrective Action Plan – Fare Change Application

- The methodology provides that if the cost of a specific fare product that has been determined to be disproportionately used by minority populations is increased at a rate more than 20 percent higher than the rate for those fare products not disproportionately used by minority populations, it shall be considered to have disparate impact, unless the impact is caused by a rounding to the nearest \$0.05. The attachment goes on to say that disparate impact will only be considered to exist if the difference between the fare products used disproportionately by minority populations and fare products not disproportionately used by minority populations is also greater than 5 percentage points.
- FTA's Title VI Circular specifically references "proposed changes that would increase or decrease fares ..." A disparate impact can occur when fares are reduced, and LACMTA's determination of disparate impact should include both increases and reductions in fares.
- It is not clear what LACMTA means when it says a disparate impact will only be considered to exist if the difference between fare products is greater than 5 percentage points. Is LACMTA referencing the cost of the fare product or the usage of the fare product? LACMTA should clarify this policy consistent with the rest of this letter.

### Application of Methodology to Fare Equity Analysis:

#### 1) Results of Analyses Submitted (2007 -2013)

The analyses submitted on May 2, 2012, appear to have at least partially applied the above-referenced methodology; however, the analyses appear to also deviate substantially from the methodology, and, therefore, FTA has concerns with the results, as follows:

- The LACMTA methodology provides that "[t]he analysis will show the percentages of Title VI, EJ and other riders separately by each fare or media type and system-wide." The figures included in the analyses do not include this data, but instead show the total number of people who purchase each fare media that was changed, and the percentage of minority users for each fare media. The data should be presented consistently: total numbers of people or percentages of people, in order to easily analyze the results. Since the methodology provides for percentages, we recommend LACMTA follow its methodology. In addition, LACMTA must include in its fare analysis methodology the numeric definition of disparate impact, rather than having that information in a separate document. Additionally, a narrative for how this calculation was applied will help to

provide a clearer picture of whether there is a disparate impact, as this determination is based not only on disproportionate use of a particular fare media by minority users, but also on a comparison of usage of a particular fare media by minority riders and non-minority riders, as shown in the table. As with the service equity analyses we discussed on May 7, we recommend that EJ include only low-income, since minority populations are included in Title VI. FTA recommends LACMTA follow an analysis similar to what FTA’s Service and Fare Equity Questionnaire suggests (and what LACMTA’s own methodology commits to following), as shown in the sample table below:<sup>1</sup>

% of Total	Cost		Change		Usage by Group		
	Existing	Proposed	Absolute	Percentage	Low-Income	Minority	Overall
Cash	\$1.50	\$2.00	\$0.50	33.3%	26.4%	29.2%	20.2%
1-Day Pass	\$4.50	\$5.50	\$1.00	22.2%	25.7%	21.1%	20.1%
Senior	\$0.50	\$0.75	\$0.25	50.0%	3.2%	1.3%	2.1%
Disability	\$0.50	\$1.00	\$0.50	100.0%	6.5%	2.1%	1.7%
Adult 31-Day Pass	\$57.00	\$63.00	\$6.00	10.5%	11.4%	22.6%	33.4%
Student 31-Day Pass	\$30.00	\$35.00	\$5.00	16.7%	17.6%	14.0%	14.4%
Adult 7-Day Pass	\$15.00	\$17.00	\$2.00	13.3%	9.1%	9.6%	7.6%
Stored Value Card	\$13.50	\$18.00	\$4.50	33.3%	0.0%	0.1%	0.5%
<b>Total</b>					<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**2) Apply the Methodology Developed Separately for Minorities and Low-Income Populations**

- In order to make an appropriate assessment of disparate impact, LACMTA must compare the existing fare cost to the proposed change. Using Origin and Destination (O&D) or other survey data, cross-tabulate the number and/or percent of minority riders using a particular fare media. The next step is to compare the change in cost from pre-fare change to post-fare change. Only after completing this analysis can LACMTA determine the percent change resulting from the fare change, with the last step being application of the numeric threshold for disparate impact.

<sup>1</sup> See FTA Title VI Service and Fare Equity Analysis Questionnaire, at pgs. 9-11, <http://www.fta.dot.gov/civilrights/12881.html>.

- To be clear, the determination of disparate impact should be based upon the results of the analysis. The methodology should first define the data sources and analysis methods. Applying the threshold for determining disparate impact is the last step.
- For low-income users, the analysis of fare media used should be supported by recent data collection efforts and any other additional information. This includes the most recent Customer Satisfaction Survey for each analysis, which included questions about riders' income level and fare media used.<sup>2</sup> After the percentage of low-income and overall riders by fare media is determined, and a comparison of low-income to non-low-income fare media identified, it is appropriate to apply thresholds to determine if there is a disproportionate impact.<sup>3</sup>

Overall, the analyses submitted by LACMTA are flawed, incomplete, and not consistent with the methodology provided in attachments #7 and #11 of the Civil Rights Corrective Action Plan Update #1. In addition to the above concerns, LACMTA did not apply its own (albeit flawed, as described above) disparate impact determination policy, which states there is a disparate impact only when an *increased* fare results in a 20 percent fare differential between fares used disproportionately by minority populations and fares not used disproportionately by minority populations. Given this stated policy, it is puzzling that LACMTA found a disparate impact when the Day Pass and Student Cash fares were reduced. The conclusion that these fare reductions constitute a disparate impact, and, therefore, need to be reversed, is not supported by the methodology or the results of the analysis.

Therefore, FTA advises LACMTA to not change any fares on the basis of the flawed, incomplete analysis submitted on May 2, 2012, that found a disparate impacts when the Day Pass and Student Cash fares were reduced.

Furthermore, LACMTA made various assumptions in the analysis that were not supported by the data. For example, for each fare change, LACMTA states its Customer Satisfaction Surveys collected no data on income and repeatedly asserts there is no disproportionate high and adverse impact on low-income populations, despite conducting no analysis. As stated previously, the Customer Satisfaction Surveys found on LACMTA's web site included questions about income level and fare media used. It is difficult for FTA to reconcile the statement that no income data is available when we can see that data was collected. LACMTA must submit to FTA the actual source data (survey instrument and results) so that FTA can independently verify the results of the analysis. This includes the most recent O&D data, as well as the Customer Satisfaction

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<sup>2</sup> The 2009 survey is found here: <http://www.metro.net/news/facts-glance/customer-survey/>

<sup>3</sup> See FTA Title VI Service and Fare Equity Analysis Questionnaire, at pgs. 9-11, <http://www.fta.dot.gov/civilrights/12881.html>.

Surveys used for the 2007, 2009 and 2010 analyses. Please submit the survey instruments and data collected for the most recent Customer Satisfaction Surveys by **June 8, 2012**.

FTA expects LACMTA to reevaluate its fare methodology and analyses based on the above comments. FTA is available for a conference call with LACMTA staff to provide any clarification needed. Please contact Aida Douglas at your earliest convenience to set up the call for a mutually convenient date and time. You can reach her at (817) 978-0558 or at Aida.Douglas@dot.gov.

FTA appreciates the efforts LACMTA continues to make to adhere to the Corrective Action Plan.

Sincerely,

A handwritten signature in black ink, appearing to read "Linda Ford". The signature is fluid and cursive, with a large loop at the end.

Linda Ford  
Acting Director

cc: Art Leahy, LACMTA, President/CEO  
Leslie Rogers, FTA Region IX, Administrator  
Ray Tellis, FTA Transportation Program Specialist