

Public Transportation Subsidies and Racial Equity: A Case Study of the NYC Ferry and Fair Fares

BY PRISCA AGOMBE AND GEORGE SWEETING
CENTER FOR NEW YORK CITY AFFAIRS

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Brookings' Center for Community Uplift (CCU) is an initiative that seeks to increase economic security and well-being for people across racial and geographic lines. Through innovative public policy research, CCU aims to dismantle discrimination, racism, and exclusion. Rather than focus on racial disparity, CCU's research explores how diversity and inclusion can yield better outcomes for all by building upon the assets and strengths in cities and neighborhoods. www.brookings.edu/centers/center-for-community-uplift/

Executive Summary

This report is a case study of how city government policy and budget choices relating to public transit subsidies have differential effects on New York City communities by race, ethnicity, and income. It compares public subsidies for various public transportation services in New York City, focusing on the New York City's Fair Fares program for low-income riders using the Metropolitan Transportation Authority's (MTA) New York City subway and bus systems, and the NYC Ferry service. It also compares the demographic characteristics of those likely to benefit from each.

Our analysis shows that NYC Ferry, which provides commuter waterborne service, has a much deeper per-trip subsidy than Fair Fares, with those subsidies going disproportionately to higher income and White commuters. It is a dramatic example of how seemingly neutral transportation policy can have disparate racial and income effects.

The public transportation system in New York City serves millions of city residents and commuters to the city on a daily basis, using a mix of commuter rail, subway, bus, and ferry services. (The MTA also operates suburban commuter rail lines and express bus service to Manhattan from outer boroughs.) While each service is subsidized to some degree by the federal, state, or city governments, the amount of subsidy per trip, particularly from city sources, varies greatly. Before Covid-19 disrupted commuting and work patterns and public transit financing in 2020, some of the least-subsidized modes, particularly the New York City subway and bus systems, disproportionately served low-income Black and Latinx New Yorkers. Conversely, the more deeply city-subsidized NYC Ferry system served commuters with higher average incomes and who were more likely to be White.

Because more affordable homes tend to be located in neighborhoods far from jobs in the city's central business district, many low-income workers trade in high housing costs for long commutes. The disparity in subsidies and the lack of alternative commuting options contributes to inequalities in economic well-being, quality of life, and access to opportunities for New Yorkers based on their race, gender, place of living, and income.

Analyzing the modes of public transportation used by New York City residents with respect to income, race, and gender, and the extent of public subsidy per trip by transit mode, we found:

- In 2019, right before the pandemic, users of the MTA subway paid the highest share (70 percent) of the systems' operating costs among the major public transportation systems serving New York City. On the other hand, passenger fares covered 17 percent of the operating costs for the NYC Ferry, reflecting a wide disparity in public benefits by income and race/ethnicity. (New York City also provides free passage on the Staten Island Ferry.)

- In 2019, the public subsidy for each subway trip was \$1.08. For each NYC Ferry trip, the public subsidy (entirely provided by the city government) was \$9.01, almost nine times the per-trip subsidy for subways.
- According to the Census Bureau’s American Community Survey (ACS), 44 percent of city resident commuters used the subways in 2019, but less than one percent used ferries.
- In 2019, New York City inaugurated the Fair Fares program to reduce the cost of using the subway or bus system for low-income city residents. To date, however, the income eligibility level for the program has been kept fairly low.
- The median income for bus and subway users in 2022 was \$34,100 and \$50,711 respectively. (Low-income commuters were more likely to use the bus than other modes.)
- The median income of NYC Ferry users was the highest among all 10 of the metropolitan area’s public transportation systems, at \$95,171.
- While New York City’s subway riders reflect the city’s overall demographic mix, Black and Latinx New Yorkers are significantly overrepresented as bus system users and White commuters are significantly underrepresented. Among ferry riders, White New Yorkers are significantly overrepresented, while Latinx commuters are significantly underrepresented, and Black commuters are only slightly underrepresented. Asian New Yorkers are roughly proportionate users of subway and ferry service but underrepresented among bus riders.
- Data for 2022, the most recent available, reflects conditions in the midst of the city’s economic recovery from the pandemic. With ridership levels well below pre-pandemic levels, public subsidies per ride were generally higher in 2022 than in 2019. While employment levels, tourism, and transit ridership have continued to rebound since 2022, it is possible that a post-Covid economy may require a greater degree of public subsidy.

The City Council has called for raising the income ceiling for qualifying for Fair Fares from the current 120 percent of the Federal Poverty Level (FPL) to 200 percent, which could bring another 326,000 New Yorkers (disproportionately lower-income and Black and Latinx) into the program. At this level, a full-time worker enrolled in Fair Fares working five days a week would save \$725 over the course of a year. The Council’s proposed expansion would require \$54 million in additional funding, raising the total Fair Fares annual budget to \$149 million. This additional funding is about the same as the City’s \$56.5 million subsidy to NYC Ferry in 2023.

Voters approved amendments to the city’s charter in 2022 committing the city to analyze the racial equity impacts of historic and proposed policies, and to proactively advance racial equity and inclusion throughout government. Our analysis of the racial and income ramifications of New York City’s transit subsidies demonstrates that raising the income

eligibility level for the Fair Fares program would have a significantly positive racial equity impact. It also illustrates how policymakers should consider the importance of economic, geographic, and racial disparities when determining subsidies across the city's forms of public transportation.

Introduction

New York City is an economic powerhouse and one of the most racially and ethnically diverse cities in the world. But it struggles with wide disparities in economic well-being, quality of life, and access to opportunities that are often rooted in racially determined systemic forces. Like many large U.S. cities, New York City has a high degree of racial/ethnic residential segregation and racial inequities across a multitude of indicators of health, well-being, and economic opportunity.

Quality of life and the city's economic success derive heavily from a broad array of public services funded by a \$115 billion city government budget. It is easily the nation's largest municipal budget, and larger than any other governmental budget in the United States except for that of the federal government and the budgets of the five largest states.

New York City policymakers make budget choices in areas ranging from sanitation and public safety to parks, health care, human services, education, and transportation. In each service area, policymakers should understand how their budget choices affect not only the quality and quantity of services, but how those services differentially affect communities by race, ethnicity, and income.

In November 2022, New Yorkers approved three amendments to the City Charter, including establishment of an Office of Racial Equity and a Commission on Racial Equity charged with working with other city agencies to develop racial equity plans for individual agencies and the city overall. One feature required of these plans is identifying historical decisions about allocation of city resources and investments that disproportionately affect low-income New Yorkers and New Yorkers of color in accessing economic opportunity and security. The plans are also to include proposed actions to address the consequences of such decisions.

This report is a case study in how policy and budget choices affecting the subsidization of public transit affects different New York City communities by race, ethnicity, and income. It compares public subsidies received by public transportation services in New York City, with a particular focus on New York City's Fair Fares program and the NYC Ferry service. It also compares the demographic characteristics of the commuters who benefit. Public transportation is an essential public service in medium-sized and large urban areas. This study can be a model for evaluating the degree of public subsidy for public transportation and differential community and racial impact.

Many low-income workers facing high housing costs close to the city’s central business districts move to the periphery, often trading longer commutes for more affordable housing. These choices can constrain economic mobility, resulting in inequities among races and income groups. In New York, neighborhoods affordable to low-income workers often provide fewer transit options than closer-in areas. Our analysis of 2022 data shows that the median one-way commuting time for White New York City commuters was 26 minutes, but 36 minutes for Black commuters and 40 minutes for Latinx workers.

This report begins with a description of the Fair Fares program. It then reviews the subsidies received by 10 major transit providers in the New York City region, and changes in the structure of those subsidies from 2019 to 2022. The final section uses Census data to understand the income and demographic characteristics of users of different modes of transportation that New York City commuters rely on to get to work.

Fair Fares

After years of advocacy for initiatives to reduce commuting costs for low-income workers, New York City launched the Fair Fares program in 2019. Fair Fares provides for a half-fare ride on the Metropolitan Transportation Authority’s (MTA) subway and bus systems for New Yorkers ages 16 to 64 with household income at or below 120 percent of the federal poverty line (FPL). (The MTA itself has long provided a half-price fare for all senior citizens, age 65 or older.) Fair Fares eligibility was initially available to specific groups, but by early 2020 the program shifted to open eligibility, based solely on residence and income. In the summer of 2022, NYC Ferry began to offer half-fare rides to Fair Fares cardholders.

Prior to City Fiscal Year 2024, the income eligibility ceiling had been 100 percent of the FPL. During the city budget adoption process in spring 2023, City Council and advocates pushed to raise the eligibility criteria to 200 percent of the poverty line. The administration of Mayor Eric Adams accepted a smaller eligibility increase to 120 percent of the FPL. People must apply for the benefit through the Department of Social Services (DSS). Those approved are charged half the price when buying either a single-ride or a multi-day MetroCard. The price of a single ride for Fair Fares users currently is \$1.45 rather than the \$2.90 full price.

Those who qualify and commute to work five days a week purchasing single-ride cards each time, save \$14.50 per week, or \$725 per year, assuming they work 50 weeks out of the year. The savings are potentially larger for qualified beneficiaries who have enough cash available to buy seven-day (\$34) or 30-day (\$132) unlimited cards, which already include a discount from the cost of single-ride cards once riders reach the break-even point in terms of trips.

Fair Fares is entirely city-funded. In the first year of the program the city appropriated \$106 million to pay the MTA (a state agency) for the half-fare cards. With ridership down

sharply as a result of lockdowns prompted by the Covid-19 pandemic, the payment was slashed to \$68 million for Fiscal Year 2021 and \$53 million for FY 2022.

In February 2022, the Adams administration took steps to undo some of these cuts. It proposed raising funding for FY 2023 to \$75 million. Also for the first time, Fair Fares funding was baselined in the city budget, providing some protection against future cuts. With the eligibility ceiling ultimately increased to 120 percent of the FPL, the FY 2023 budget for Fair Fares was increased by \$20 million to \$95 million annually to cover the cost of newly eligible individuals. DSS reported that 330,000 city residents were enrolled in Fair Fares as of March 2024.¹

Subsidies for Transit Providers

The New York City region accounts for one-third of all mass transit users in the nation. Public transportation services in the region, like those elsewhere in the country, are typically funded by farebox revenue plus subsidies from a mix of government sources including grants, dedicated tax revenue, and miscellaneous revenue. While users rarely pay the full cost of service, there is wide variation across systems in the share they pay and the share covered by public subsidies.

For example, before the Covid pandemic scrambled the funding picture, users of the MTA's subways regularly paid the highest share of operating costs among the 10 public transportation providers serving the New York City region that we examined. In 2019, that farebox share was 70 percent. In sharp contrast, NYC Ferry passenger fares that year covered only 17 percent of that system's operating costs. This was the smallest user share paid by riders of transit systems in the region, with the exception of the Staten Island Ferry, which is fare-free.

The subsidies received by each service evolved piecemeal, each a product of changing political and policy priorities of the level of government with primary responsibility for the service. For example, New York State takes the lead in setting MTA policy. As a result, the city funding contribution to subways and buses is effectively determined by the current political balance between the city and the state. Other services such as the Staten Island Ferry, NYC Ferry, and Fair Fares are all created and subsidized by the city and therefore are potentially more responsive to local priorities.²

¹ Unfortunately, the data the MTA releases to the public on MetroCard swipes does not track Fair Fares card usage. This differs from usage statistics of other discount cards such as those for Senior Citizens.

² Another such service is the rather hybrid MTA Bus Company. While part of the MTA, it was the product of a city-led initiative during the administration of Mayor Michael Bloomberg. The city negotiated acquisition of the assets of a number of private bus lines largely servicing Queens residents. The city had been subsidizing these private operators and assumed that it could save money by consolidating the companies into one entity managed by the MTA. The MTA took on the new entity but required the city to pay any costs not covered by fare revenue.

In comparing subsidies, it is also necessary to consider they are directly available to an individual, or instead flow to the agency providing the service, so that subsidies only indirectly benefit users. Subsidies paid to service providers such as New York City Transit (NYCT, the largest operating division of the MTA) are examples of the latter. In the case of Fair Fares, both types of subsidies are involved. NYCT bus and subway fares are lowered for all users thanks to local, state, and federal subsidies. Fair Fares further lowers the price for a trip for those eligible for the benefit.

This analysis relies on data from the U.S. Department of Transportation National Transit Database (NTD) with the focus on 2019, the last year before the pandemic disrupted commuting patterns and scrambled the financing of public transportation. Public transit operators receiving operating or capital grants from the federal government are required to file annual reports with the Department of Transportation including information on their revenues and expenses, ridership, and operations. Our analysis only considers operating expenses and revenues. Capital expenses are excluded.

The 10 services examined include six under the MTA: the NYCT subway, NYCT bus system; the MTA Bus Company, the MTA Express Bus service; the Long Island Railroad; and Metro-North Railroad.³ The other four transit services are the New York City Department of Transportation's Staten Island Ferry service, the Port Authority's PATH system, New Jersey Transit's commuter rail service,⁴ and the NYC Ferry, which was only in its second full year of operations in 2019.⁵

To compare subsidies, we calculated two commonly used metrics. The first is the farebox ratio. It compares total annual fare revenue to total annual operating costs for each agency or service. The second is the public subsidy per "unlinked trip," which shows the average amount of public subsidy per ride for each service.⁶

In 2019, NYC Ferry carried 5.8 million unlinked trips. Passengers paid a total of \$13.9 million in fares, only 17 percent of the system's operating expenses of \$79.8 million. NYC Ferry is operated under a contract with the Economic Development Corporation (EDC), a New York City public benefit corporation technically independent of city government and therefore allowed to generate and spend funds outside city government's regular appropriation process. In the case of NYC Ferry, EDC can help cover operating shortfalls by redirecting funds to NYC Ferry that would otherwise flow to the city general fund.⁷

³ The agency reporting in the NTD is somewhat inconsistent particularly for agencies that provide multiple transportation modes. For example, there are separate reports for four major components of the MTA (New York City Transit, Metro-North, the Long Island Railroad, and the MTA Bus Company). The subway system and most MTA buses are components of New York City Transit which itself is a component of the MTA. The MTA Bus Company consists of the remnants of a group of private bus lines operating primarily in Queens that were acquired by the MTA a decade and a half ago. In our reporting for New York City Transit buses, we combined the traditional bus service run by NYC Transit along with the more recent Bus Rapid Transit service. The Transit Authority's express bus service was included as a separate entity.

⁴ New Jersey Transit also operates an extensive bus service across the entire state of New Jersey. Because New Jersey Transit's route structure differs substantially from the MTA bus systems, it was not included in this analysis.

⁵ See Citizen's Budget Commission, "Swimming in Subsidies: The High Cost of NYC Ferry" (2019).

⁶ Unlinked trips are the standard ridership measure in the NTD. It counts transfers between lines as separate trips.

⁷ See the New York City Comptroller's Office, "Audit Report on the New York City Economic Development Corporations Administration of the New York City Ferry Operation". (June 30, 2022).

For 2019, NTD data show a public contribution to NYC Ferry of \$52.7 million, coming entirely from city sources. Each unlinked trip on the NYC Ferry in 2019 required a subsidy of \$9.01, the highest among the 10 systems analyzed (See Figure 1).

NYC Ferry’s operating cost per trip (\$13.65) was among the highest of any metropolitan carrier. It was comparable to figures at Metro-North and LIRR, although considerably below the \$21.13 per trip operating cost of the MTA’s Express Bus service.⁸ The 2019 ratio of total fares collected to operating expenses (the farebox ratio) for NYC Ferry was 17 percent, the second-lowest we found. In fact, only the fare-free Staten Island Ferry was lower. Its operating cost of \$5.65 per trip was less than half that of NYC Ferry, due in part to its using higher-capacity boats on a single, simpler route.

Figure 1

Fare Box Ratios and Public Subsidy/Trip Vary Widely in 2019

Agency	Fare Box Ratio	Subsidy/Trip
MTA New York City Transit Subway	0.70	\$1.08
MTA New York City Transit Buses	0.32	\$2.18
MTA Express Bus	0.32	\$11.91
MTA Bus Company	0.26	\$4.49
NYC Ferry - NYC EDC	0.17	\$9.01
SI Ferry - NYC DOT	0.00	\$5.36
MTA Metro-North Railroad	0.60	\$5.71
MTA Long Island Rail Road	0.51	\$6.19
PATH	0.45	\$5.44
New Jersey Transit Corporation	0.55	\$6.32

Source: U.S. DOT NTD

According to the NTD data, in 2019 the New York subway system, run by MTA-NYCT recorded 2.7 billion unlinked trips, with fare revenue of \$3.6 billion. Public funds, primarily from the state and city governments, added another \$2.9 billion, accounting for 44 percent of total funds used for operations (the subway system also receives ad and rental income). The subsidy amounted to more than 12 percent of the per-trip subsidy supporting NYC Ferry. With subway operating expenses of \$1.51 per trip, the farebox ratio equaled 70 percent, the highest among the 10 services analyzed. In other words, users of the subway were directly paying over two-thirds of the operating expense for their trip.

⁸ It is quite common for operating costs per trip to vary, particularly between modes. Generally, costs are higher if routes are longer, or variation in density along the route leads agencies to provide service to meet peak demand rather than average demand.

The second-most commonly used transportation service in the New York area are MTA's urban bus routes, provided by three different organizations. The largest is NYCT's bus department. The MTA Bus Company also maintains formerly private routes in Queens, the Bronx, and Brooklyn, acquired by the MTA in 2005, with, as previously explained, the city government responsible for all costs not covered by farebox revenue. NYCT's Express Bus service includes long routes with limited stops between the city's central business districts in Manhattan and residential neighborhoods in the other boroughs. In 2019, NYCT buses provided 722 million unlinked trips; the MTA Bus Company accounted for another 135 million trips, and the express buses an additional 11 million.

While all are under the auspices of the MTA, the three systems differ in how much rides are subsidized. NYCT bus trips in 2019 were, on average, subsidized with \$2.18 in public funds. The per trip subsidy for the MTA Bus Company was more than two times higher, at \$4.49. The gap is due to differences in operating costs: MTA Bus Company trips had an average operating cost of \$6.32 per trip in 2019 compared to \$3.86 for NYCT bus trips. The farebox-to-operating-expense ratios were 26 percent for MTA Bus Company and 32 percent for NYCT buses. The Express Bus service had much larger operating expenses per trip (\$21.13). Even with fare revenue per trip of \$6.66, it operated with an \$11.91 deficit per trip, covered by subsidies from city and state government. Exceeded only by the NYC Ferry subsidy, the Express Bus public subsidy is the second-highest among the 10 services we studied.

The city's Department of Transportation operates the Staten Island Ferry from lower Manhattan to the St. George Terminal on Staten Island. It provided 25.6 million one-way trips in 2019. Free to riders, virtually all its operating costs are covered by public subsidies. In 2019, the total subsidy per trip was \$5.36; the contribution from the city's general fund was \$98 million or \$3.84 per trip. (State and federal contributions comprised the balance of the public subsidy.)

Among the other services analyzed, the one closest to the NYCT subway, in terms of equipment and style of operations, was the Port Authority of New York and New Jersey's PATH rail system. PATH is able to tap internal resources of the Port Authority rather than rely on direct support from state and local governments. This helped hold the burden on the farebox to 45 percent of operating expenses, which were more 2.5 times those for NYCT subways (\$5.08 versus \$1.92).⁹

Among commuter rail lines, prior to the pandemic, fares covered 51 percent of operating costs for the LIRR and 60 percent for Metro-North. The public subsidy per ride ranged from \$6.32 (NJ Transit) to \$5.71 (Metro-North) to \$6.19 (LIRR). The commuter railroads have high operating costs (\$13.75 per unlinked trip for Metro-North, \$13.19 for the LIRR,

⁹ The NTD data for the PATH system report over \$500 million as other income that originates internally to the Port Authority – from bridge and tunnel tolls and other operations. For this analysis these funds were shifted from the Direct Revenue category (fares plus items such as advertising and concessions) to state public subsidies, as the PATH system is under the control of a bi-state authority. The NYCT subway and bus services also benefit from cross subsidies from MTA bridge and tunnel tolls for capital but not operating expenses.

and \$11.44 for NJ Transit). That is consistent with customer bases spread over wider and less densely populated service areas than those served by urban subways or buses.

Federal Pandemic Relief Increased Public Subsidies

In the early stages of the Covid pandemic, New York and New Jersey imposed lockdowns in an effort to limit the spread of the disease. Ridership and fare revenue for most transportation providers consequently fell sharply in March 2020, and remained below 2019 levels for many months, even as operating expenses changed only slightly. Some systems have yet to recover their pre-pandemic ridership levels, leaving them short of revenue to maintain services.

As part of the response to the sharp economic downturn brought on by the lockdowns, the federal government enacted a series of fiscal relief and stimulus measures in 2020 and 2021. They included enormous temporary financial support for public transit providers. Most of this money will have been spent by the end of 2024. For nine of the 10 systems we studied, federal assistance increased from \$414 million in 2019 to \$8.4 billion in 2022. This allowed them to maintain service for essential workers even as work-from-home arrangements increased, and total ridership fell. Only NYC Ferry did not receive any federal emergency assistance and remained dependent on fare revenue and a subsidy from the city.

As a result, the extent and variation in public subsidies for transport providers were significantly altered. By essentially swapping federal funds for fare revenues – and to a lesser degree state and local subsidies for federal funds – differences in farebox revenues were narrowed considerably. Although ridership has more recently been steadily increasing, with some providers essentially back to their pre-Covid levels, changes to work and commuting arrangements persist.

The latest comprehensive NTD data available are from 2022, when ridership was slowly increasing but office occupancy and employment in sectors such as leisure and hospitality were still well below pre-pandemic levels. While the patterns in the 2022 data are unlikely to persist for the long term, they help document conditions likely to persist for at least the next year or two.

The range in farebox ratios in 2022 was much smaller than in 2019. For NYCT subways, the portion of operating costs covered by fares fell from 70 percent to 43 percent – still the highest among the 10 service providers studied. On the other hand, the NYC Ferry portion increased from 17 percent to 23 percent, putting it slightly above the farebox ratio for all New York City bus services, which had experienced precipitous Covid-related declines in fare revenue.

At NYC Ferry, fare revenue also fell, as did operating expenses. Meanwhile, NYC Ferry fares were increased. In September 2022, the system raised the price of a one-way ticket from \$2.75 to \$4.00. It also introduced a 10-trip ticket for \$27.50, in effect preserving the \$2.75 single trip price for those with sufficient liquidity to afford the package. (Many of those who choose to buy a \$4.00 ticket are likely visitors to the city and presumably less price-sensitive than many city residents.¹⁰)

At the same time, NYC Ferry altered its discount fare policy, adding a \$1.35 reduced fare for city residents already receiving half-fare discounts from the MTA, including those with disabilities, seniors aged 65 and up, and riders eligible for Fair Fares. They've since also announced that the discounted price would be extended to students beginning in September 2024.) Offering a half-price fare to qualified low-income Ferry riders addressed complaints from Fair Fares advocates about disparities in transit subsidies.¹¹

For all transit providers, public subsidies per trip in 2022 generally increased from their 2019 levels. The NYCT subway public subsidy nearly doubled between 2019 and 2022, rising from \$1.08 per trip to \$2.07 in 2022. The public subsidy per trip on NYCT buses doubled from \$2.18 to \$4.47 per trip, and the subsidy for MTA Bus Company rides rose from \$4.49 to \$11.34. Once again, NYC Ferry was an exception, with a \$0.76 reduction in the average subsidy per trip, from \$9.01 to \$8.25. (See the Appendix for the 2019 and 2022 public subsidy per trip comparisons.)

In addition, there were notable differences in the subsidy sources, with federal aid largely supplanting state and city funds and reducing pressure on local budgets.¹² Whether Covid has brought a “new normal” to the differences in subsidies among different modes and service providers will not be clear for another year or so.

Although it is too early to see it in the NTD data, the new fare policy should change some of the subsidy metrics. With the new \$4.00 base fare, NYC Ferry farebox revenue is likely to increase. On the other hand, if the discounts established in 2022 draw in a lot of new riders, additional subsidies may be necessary to offset the resulting costs to the system.

¹⁰ As with the MTA's data on Fair Fares card swipes in the subway system, the Economic Development Corporation has been unable to provide information about Fair Fares usage on NYC Ferry.

¹¹ One unknown at present is whether NYC Ferry fares will be adjusted for the MTA fare hike that took effect August 20, 2023. The base subway and bus fare went up from \$2.75 to \$2.90. The discounted Fair Fares, seniors, and disabled fare increased from \$1.35 to \$1.45. When NYC Ferry was launched under then-Mayor Bill de Blasio, it was announced that the NYC Ferry fare would equal the MTA base fare. As of this writing there has been no announcement of adjustments to the NYC Ferry fare. If the \$1.35 price remains in effect for the Ferry, the discount, relative to the MTA discount, will be greater on the Ferry than on the MTA subway and bus systems.

¹² The New York State budget for 2023-2024 included several actions that increased state support for the MTA. The most significant is an increase in the Commuter District Payroll Mobility Tax rate for large New York City employers; the rate for employers in the surrounding suburban counties was not raised. This is expected to increase the MTA's revenue from this source by \$1.1 billion annually.

Characteristics of Users of Different Transportation Modes

The means of transportation to work depend on the individual's income, where they live and work, and what modes of transportation are readily available, among other factors. With differences in the level of public subsidy for different transportation providers in New York, this variation can result in disparities among different income and racial groups. The following analysis examines how income and race play a role in the use of commuting modes and the implications for racial equity in the five boroughs.

Using 2019 and 2022 data from the U.S. Census Bureau's American Community Survey, we analyzed working residents of New York City between the ages of 18 and 64, and their use of available modes of transportation. The ACS does not identify Fair Fare users. However, an estimate of those eligible for the benefit can be identified from ACS data, based on income as a share of the federal poverty line (FPL).¹³ For the purposes of this study, we established four income categories: those at or below 100, 120, and 200 percent of the federal poverty level, and those above 200 percent of the FPL. (The FPL is determined by household income rather than individual income.)

For this report we identify commuters' income based on the income of the household they are part of.¹⁴ The relatively small sample size in the ACS for ferry riders by race and income limits data reliability. Nevertheless, we include it in Figures 2-4, below, to provide some sense of racial differences in transit use.¹⁵ Because the Covid pandemic disrupted work and commuting patterns, we will focus primarily on data from 2019. We also use data from 2022 to provide some sense of the changes since the pandemic, but caution that post-pandemic work and commuting adjustments are still underway.

New York City commuters have access to one of the country's most extensive public transit systems. In 2019, the subways served as the primary mode of transportation to work for 44 percent of commuters. (See Figure 2.) Only a quarter reported using automobiles, and less than 10 percent used the bus. Four percent reported that they worked from home, although it isn't clear if they worked fully remotely or followed a hybrid schedule. Both the NYC Ferry and the Staten Island Ferry accounted for less than one-fifth of one percent of commuters' primary commuting modes.

¹³ We used the IPUMS.org version of the ACS data. Steven Ruggles, Sarah Flood, Matthew Sobek, Danika Brockman, Grace Cooper, Stephanie Richards, and Megan Schouweiler. IPUMS USA: Version 13.0 ACS 2017-2021 five-year file. Minneapolis, MN: IPUMS, 2023. <https://doi.org/10.18128/D010.V13.0>

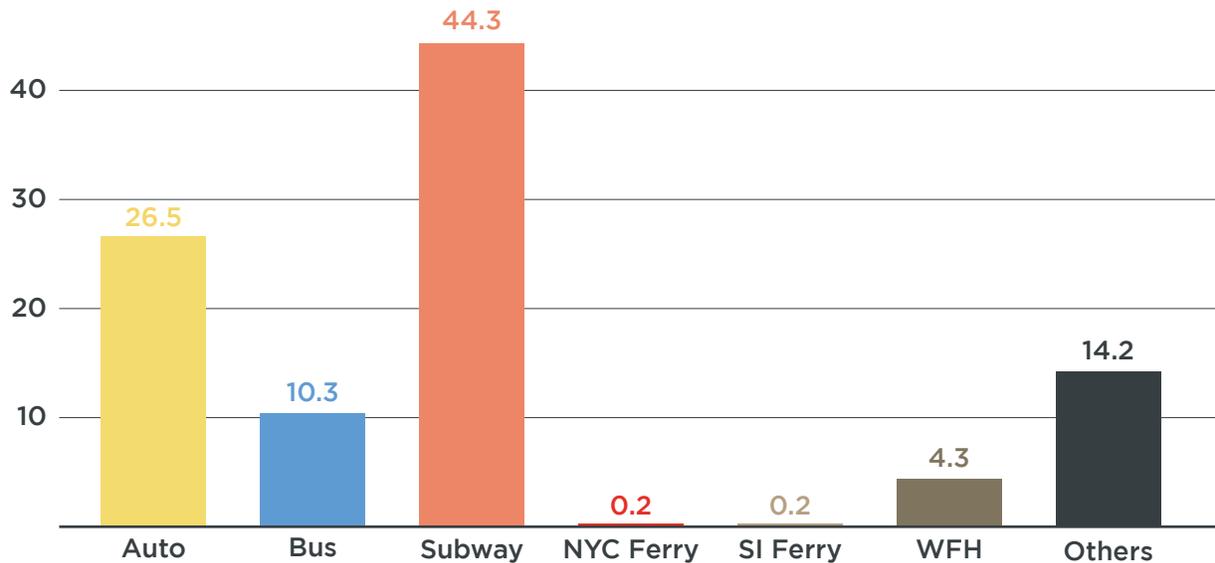
¹⁴ Questions about place of work and mode of transportation are only asked of those who first answered that they had worked in the previous week. This means, workers who were ill, on vacation, or had worked recently but not the prior week are excluded, reducing the number of cases available for examining commuting behavior. Commuters using multiple modes on their daily commute are asked to identify their primary mode.

¹⁵ The ACS identifies commuters whose primary mode was a ferry, without distinguishing between the Staten Island Ferry and the NYC Ferry. We used the place of residence of ferry users to assign them to either the Staten Island Ferry or NYC Ferry. Residents of Staten Island commuting by ferry were assumed to use the Staten Island Ferry and those residing in the other four boroughs were assumed to use the NYC Ferry.

Figure 2

Subway Most Commonly Used Transportation Mode

Shares of Primary Mode Among Commuters, 2019



Source: ACS 2019

There are some deviations from this overall pattern when we compare commuters' use of transportation mode when also looking at household income, race, and gender. While differences between income groups are small, they are larger between races and genders.

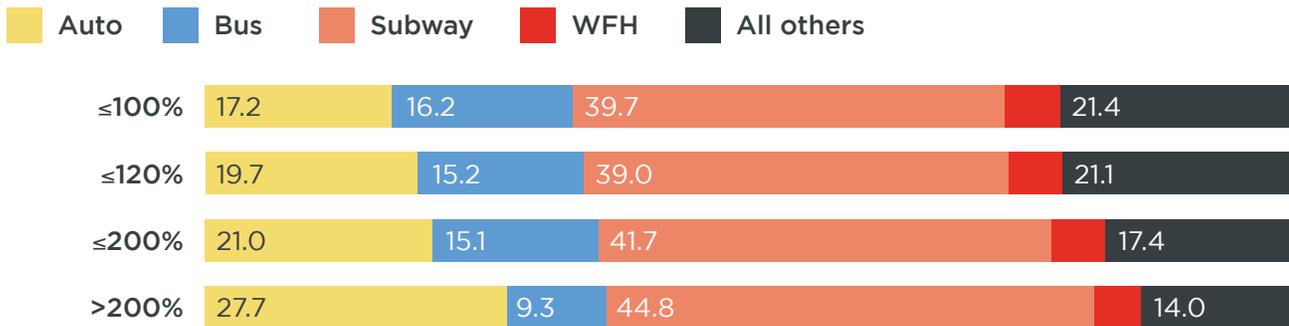
The share of commuters using each mode is fairly stable across our four income categories (less than 100 percent, less than 120 percent, less than 200 percent, and greater than 200 percent of FPL). The one exception is those using buses, where usage declines as incomes rise. With the exception of the MTA Express Bus service, most MTA bus routes do not run from the outer boroughs into Manhattan. More typically, they run between centers of economic activity, such as medical facilities, industrial parks, and commercial strips in the boroughs, providing generally low-wage occupations. Such workers are more dependent on intra-borough bus service than are those with higher-paying jobs in Manhattan.

With its many connections to jobs in Manhattan and its relatively low price and frequent service, the New York City subway is a great equalizer, serving commuters of all income levels as the data in Figure 3 demonstrate.

Figure 3

Modes of Transportation by Income Groups in 2019

Share of the ridership based on 100, 120, and 200% of the FPL



Work From Home (WFH) was performed by only 4% of the total NYC workers in 2019

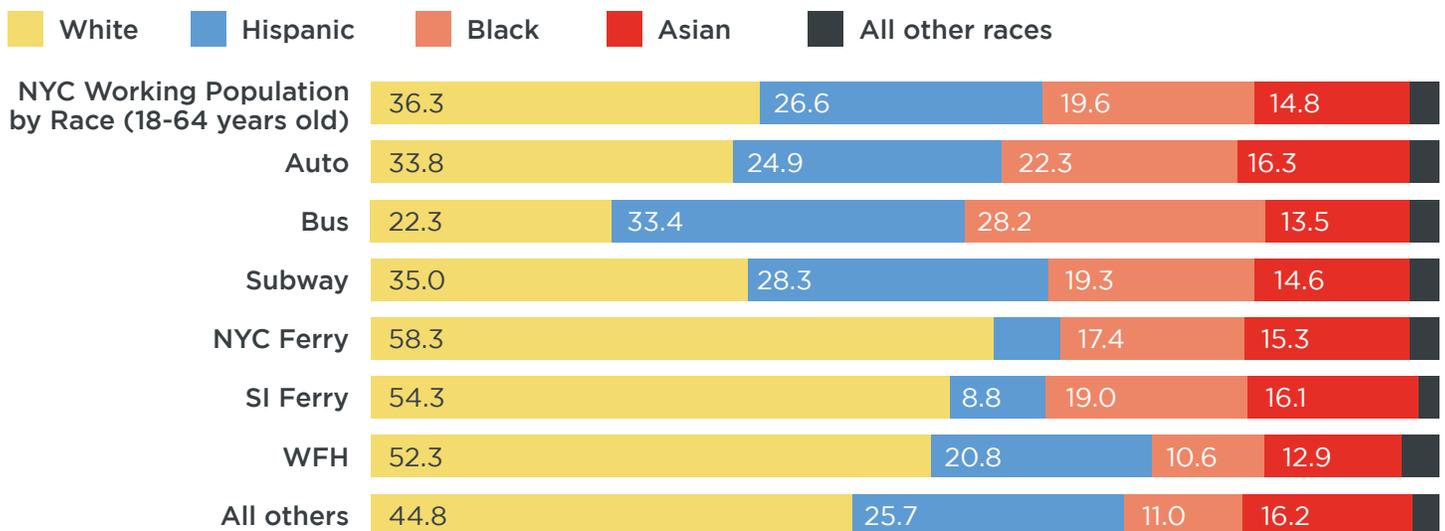
Source: ACS 2019

Turning to differences by race and ethnicity, Hispanics and Non-Hispanic Blacks ranked second or third in terms of share of users of each of the major transportation modes except buses, where they ranked first and second, respectively. For comparison, Figure 4 also shows the race/ethnic shares of New York City's working age population (18-64). Non-Hispanic Whites generally had the highest shares of each mode, except for buses. The White share of both the NYC Ferry and the Staten Island Ferry were well over 50 percent, while Hispanics accounted for 5-10 percent of ferry ridership and Blacks 15-20 percent.¹⁶

Figure 4

Commuting Modes by Race in 2019

Hispanic and Black Commuters from 18 to 64 years old Rely Most Heavily on Bus



Source: ACS 2019

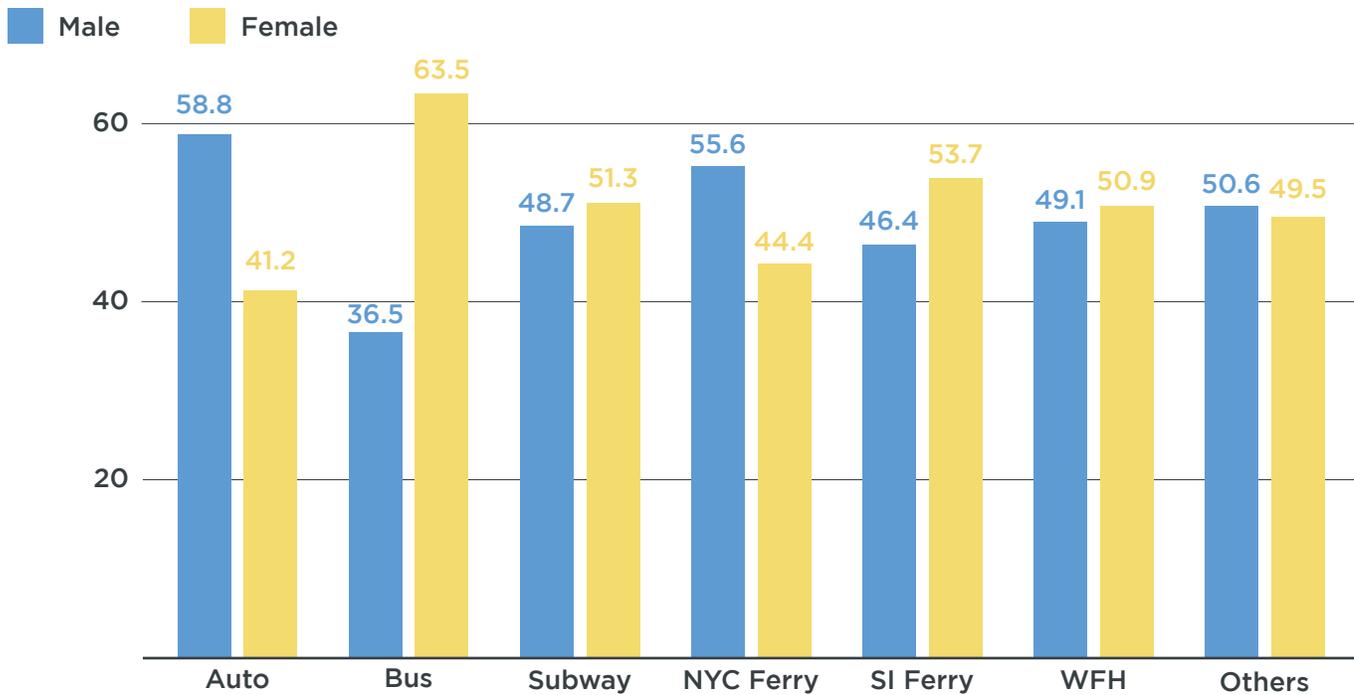
¹⁶ The NYC EDC survey reported 64 percent of NYC Ferry passengers in 2019 were White.

Among users of the two most common modes of public transportation – buses and subways – there were significant differences in terms of gender. Commuting by bus, which was the mode with the largest difference, with women accounted for nearly two-thirds of bus commuters in 2019. The gender difference among those commuting by car was almost as large, albeit reversed, with men accounting for 59 percent of city resident commuters driving to work. (See Figure 5.)

Figure 5

Modes of Transportation by Gender in 2019

Women Commute Via Bus More than Men; Reverse for Autos



Source: ACS 2019

There are more female commuters in our data at or near the poverty line than males. In 2019, 55 percent of commuters in households with incomes less than or equal to 100 percent of the FPL were female; of those at or below 120 percent, the female share was 54 percent. Roughly one-fifth of New York City workers are part of the low-wage service and care workforce, which has a large concentration of women.¹⁷ These workers are more likely to face commuting costs that are a higher share of their income than those in higher-earning industries. Access to the Fair Fares subsidy would provide them meaningful support.

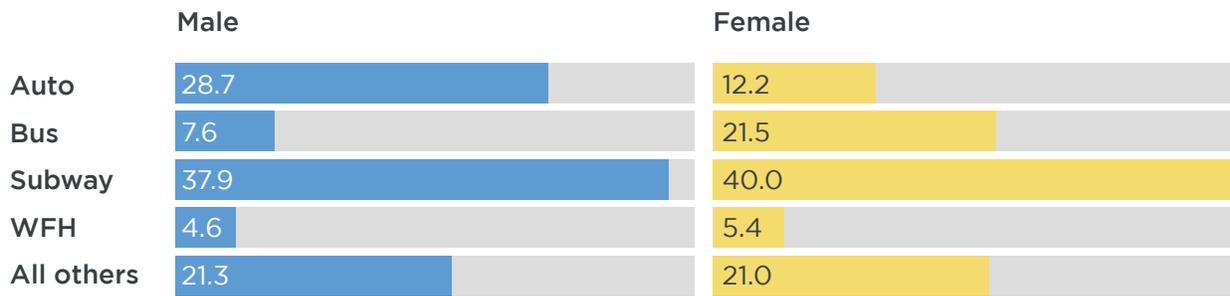
¹⁷ The CNYCA conducted studies on How the Rise in the Care Work affected the New York's Gender Income Inequality (<http://www.centrernyc.org/reports-briefs/how-the-rise-in-care-work-intensifies-new-yorks-gender-income-inequality>).

Women with incomes at or below 120 percent of the FPL accounted for about 22 percent of bus ridership in 2019, thrice the share for men. In addition to the employment patterns noted above, women are frequently the primary household caregiver, which can play an important role in their choice of jobs and place of work.

Figure 6

Commuting Modes by Gender in 2019

Income at or below 120% of the FPL: Among Low Income Commuters, Females Rely on Buses More Than Men



Source: ACS 2019

Changes from 2019 to 2022

Commuting patterns and modalities underwent a remarkable change from 2019 to 2022 – the last year in our analysis offering ACS data. These arrangements continue to evolve today, along with the post-Covid economy, with notable consequences for equity among commuters

There was, for example, an increase in those working from home, from four percent in 2019 to 16 percent in 2022. Working from home is far more common in professional and technical occupations, which require much less face-to-face interactions with customers or clients than in industries such as leisure and hospitality, personal services, and retail. Jobs in these sectors have lower wages on average; many pay at or near minimum wage. These jobs are disproportionately held by women and people of color, many of whom have to spend a significant fraction of their income toward transportation expenses to work.

There was also a marked decrease in the use of the bus and the subway systems for all workers. Subway usage fell by an average of 10 percentage points from 2019 to 2022 for all income levels. Such a large shift risks weakening broad support for the financing necessary to maintain service.

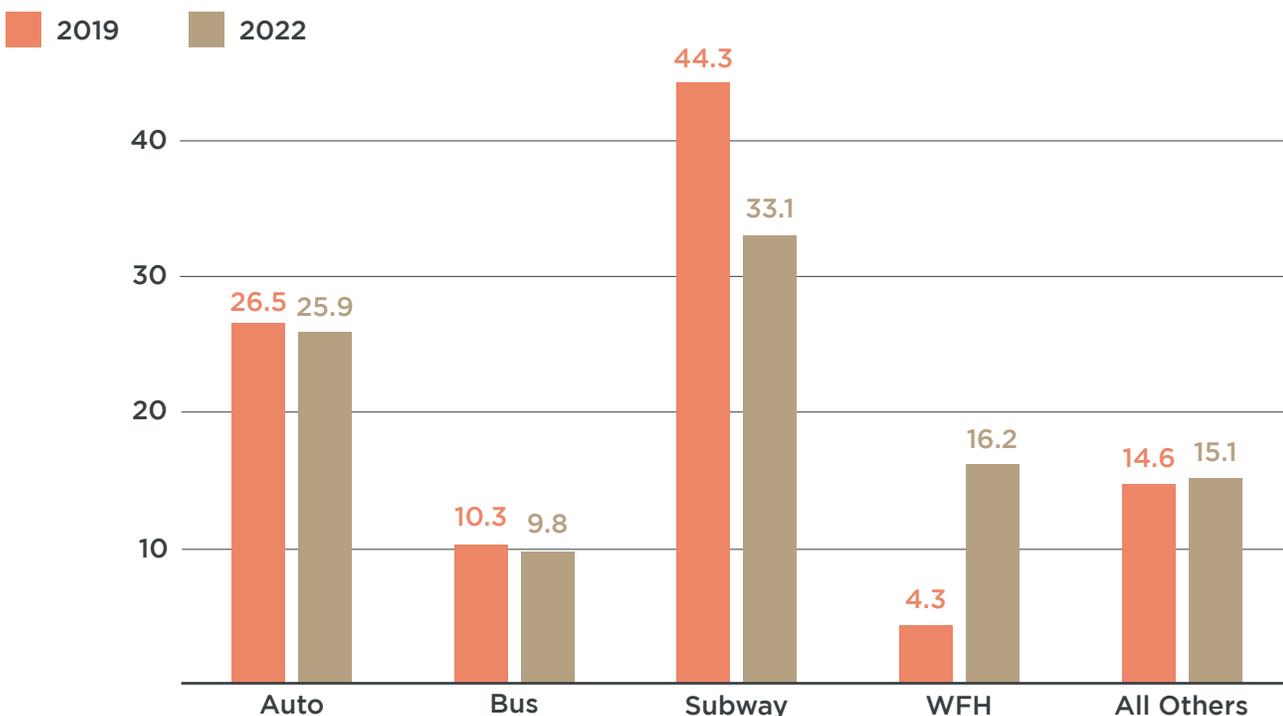
Although the data are limited, in 2022 the median income of users of the NYC Ferry was the highest (\$95,171) among the transportation modes we studied. (In a 2021 survey

of NYC Ferry riders, EDC determined that the median income for riders was between \$100,000 and \$150,000.¹⁸⁾

Figure 7

Modes of Transportation in 2019 and 2022

Share of the ridership: Subway and Work From Home have Experienced the Highest Change



Source: ACS 2019 & 2022

Raising the Fair Fares Eligibility Threshold

The City's 2024 fiscal year budget raised the Fair Fares eligibility ceiling from 100 percent of the FPL to 120 percent and added \$20 million annually to the budgets for 2024 through 2027 to pay for the anticipated additional participants. In March 2024, the Department of Social Services reported 330,000 Fair Fares, an increase of 35,495 new enrollees since the income ceiling was raised.

In its April 1, 2024, response to the Mayor's Preliminary Budget for Fiscal Year 2025, the City Council once again called for raising the eligibility ceiling to 200 percent of FPL, citing the high cost of living in New York City and commuting costs that for many low-income residents eat up a large portion of household income.

¹⁸ NYC EDC conducts an annual survey of NYC Ferry riders (<https://www.ferry.nyc/wp-content/uploads/2021/12/2021-NYCF-Survey-Report.pdf>) collecting income and demographic information about the system's users. In the 2021 survey, the range for the median annual household income was between \$100,000 and \$150,000.

It is estimated that approximately 450,000 New Yorkers are currently eligible for Fair Fares at the 120 percent FPL level – nine percent of the total working population aged 18 to 64 in the city. Raising the ceiling to 200 percent of FPL would make 418,000 more New Yorkers eligible for reduced fares, nearly doubling the total to 868,000 persons. Based on current usage patterns, most of those newly eligible will be users of the NYCT’s bus and subway systems. At an estimated take-up rate of about 78 percent, the Council’s proposal could boost enrollment by 326,000. A full-time five-day-a-week worker enrolled in Fair Fares would save \$725 over the course of a year.

The Council projects that the proposed expansion would require an additional \$54 million in funding, raising the total Fair Fares annual budget to \$149 million. This is roughly equal to the city’s annual \$56.5 million subsidy to NYC Ferry in 2022.

Figure 8

Fair Fares’ Projected Enrollment for Ages 18-64 based on the Poverty Threshold

FPL threshold at or below:	120%	200%
Eligible working individuals 18-64	450,150	867,800
Estimated enrollment	351,650	677,900

Source: Estimated by the CNYCA

Conclusion

The New York City region is served by an array of public transit options. Each differs in terms of how much of the operating cost is borne by the riders (farebox ratio) and how much from public subsidies (subsidy per trip). Also differing is the bite that commuting to work, or school can take from household budgets, particularly for low-income workers. Each of these transit systems emerged independently, usually with different intended ridership bases. It is useful to consider those legacies when examining the current fiscal and demographic profiles of each system.

Our analysis of the 10 New York area transit services we studied and the demographic composition of their users, shows that at 70 percent, the subway relies more heavily on farebox revenue to fund operations than the other nine systems studied. The subways and NYCT buses were also disproportionately used by Black and Latinx riders.

By comparison, the NYC Ferry system collected only 17 percent of its operating expenses from fares, relying on city subsidies to make up the difference. The Staten Island Ferry collected no fares at all, with public subsidies paying the entire operating costs. The

ridership of both the NYC Ferry and the Staten Island Ferry is disproportionately white and higher income, relative to the city's entire population.

New York City funds a half-price Fair Fares program that currently serves around 330,000 residents with family incomes below 120 percent of the FPL. It can be used on NYCT subways and buses, as well as the NYC Ferry. The City Council and advocates for low-income New Yorkers have been pushing the Adams Administration to expand income eligibility to 200 percent of the FPL. Doing so would roughly double the number of New Yorkers benefiting from a half-priced fare.

The latest comprehensive fiscal data for the public transportation providers is from 2022 when the Covid pandemic was still disrupting commuting patterns and ridership. At the same time, federal Covid relief funds for state and local governments and public transit systems were at a peak, altering pre-Covid funding arrangements with federal dollars replacing city and state funds and offsetting the loss of fare revenues.

In 2019, NYCT's subway service had the highest farebox ratio of the 10 systems we studied and one of the smallest public subsidies per trip. Still large, this gap had narrowed by 2022, as federal dollars replaced diminished fare revenue.

Before Covid, NYC Ferry had the lowest farebox ratio (except for the fare-free Staten Island Ferry) and the highest public subsidy per trip, all of which came from the city. In 2022, NYC Ferry's farebox ratio and per trip public subsidy were no longer such outliers. It was the only city-based service that reported higher fare revenue in 2022 than in 2019, thanks in part to a September 2022 fare increase.

Both the NYCT services and NYC Ferry honor the Fare Fares discount for those who qualify.

It should be noted that the amount spent on either Fair Fares (\$95 million in the current fiscal year) or NYC Ferry (\$56.5 million as of 2023) is dwarfed by the city subsidy to the subway system (\$1.1 billion) or its combined subsidies to the three MTA bus systems (\$930 million). In 2022, the city subsidy to the MTA Express Bus system of \$21.29 per rider was the highest among the 10 services studied, driven by operating expenses of \$32.44 per trip.

The fiscal picture has changed since 2022 and no doubt will continue to change, particularly as federal Covid relief funding expires later this year. In 2023 the MTA also received a large infusion of state assistance, generated by increasing state taxes and by mandating additional city contributions. Going forward, maintaining current service levels will require some combination of more efficient operations, higher farebox revenue, and public subsidies. Thus, the differences in subsidies for the 10 services are likely to shift again.

NYC Ferry by its nature serves waterfront areas, many of which are newly developed residential neighborhoods with higher average incomes than elsewhere in the city, and which also lack ready access to mass transit. Extending subway service to some of these areas would be very costly.

But there are other transit “deserts” in many outlying areas in outer borough communities that are largely communities of color, such as eastern Queens. They would benefit from better transit options. These communities have not received the level of attention and support and low fares provided to the NYC Ferry and Staten Island Ferry. Shifting more of the operating burden from city government to users of those ferry systems would bring their subsidy more in line with other services. That shift also would free up city dollars to provide more bus rapid transit service in areas with limited subway service, or to further expand Fair Fares eligibility, or deepen the discount for riders. These are among the ways that racial equity concerns could receive greater weight in decision-making regarding public transportation subsidies.

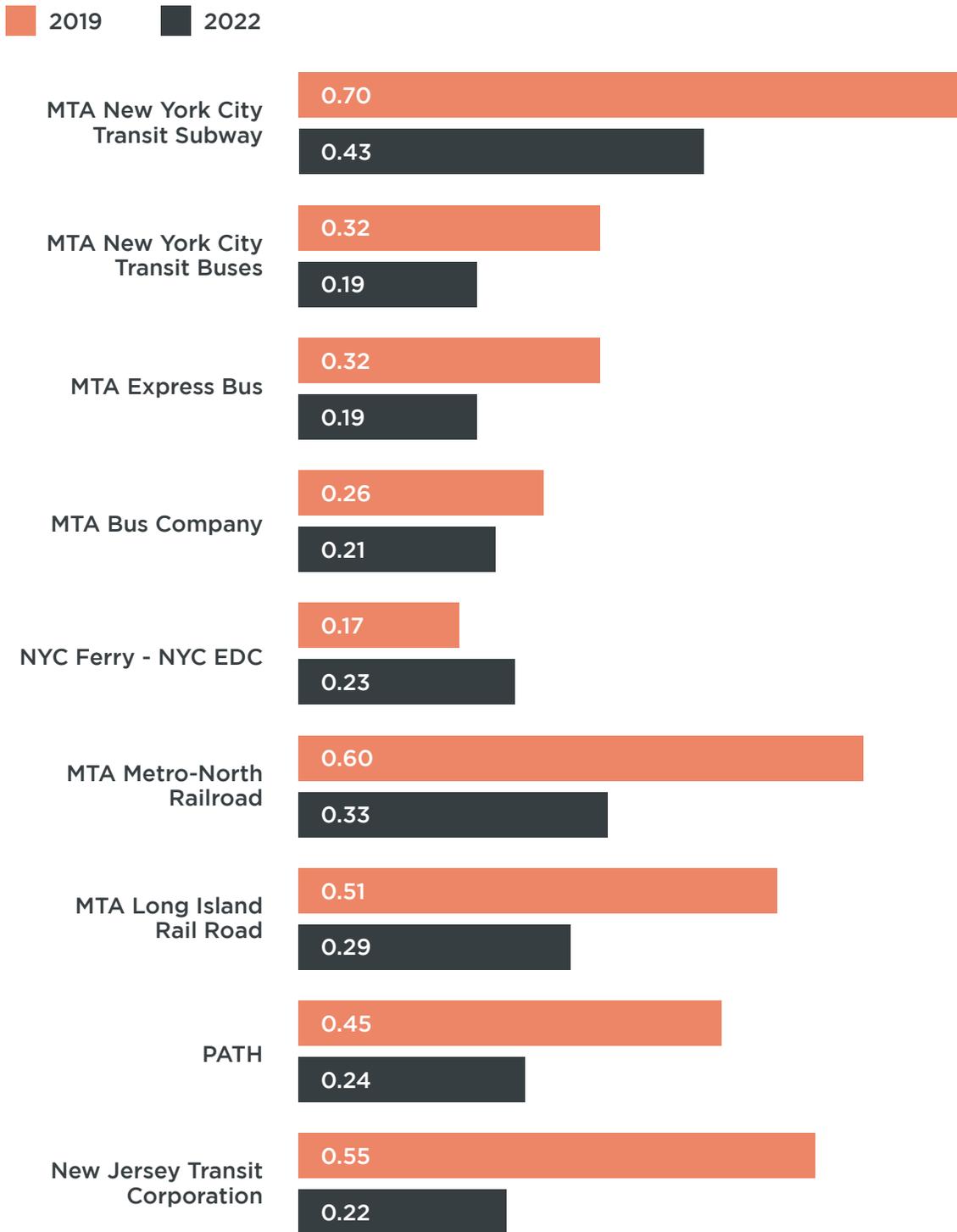
Differences in the amount of public subsidy per trip for different modes of transportation reflect not only policy choices but also the operating expenses and the number of users of the service. For example, systems with longer routes and service areas that are relatively sparsely populated such as commuter railroads, generally have high operating costs per trip. Bus and subway systems in the New York area have lower operating expenses per trip due to high population density and relatively short routes with relatively short distances between stops.

The extent of subsidization for different systems and between different modes of transportation can yield a mix of costs and benefits. For example, while subsidies for commuter rail service mean lower costs for higher-income commuters, they also can create an incentive for suburban residents to use public transportation rather than use their car to drive into the city, thus reducing congestion and pollution in the central city.

The economic, community, and racial disparities documented here suggest that New York City policymakers should pay more explicit attention to the relative subsidy levels provided across the city’s various forms of public transportation, and the impact of those subsidies by race and ethnicity. The data sources informing this analysis – the National Transit Database, the American Community Survey, and transit system and local government budgets – are available for other cities. This report could serve as a model for more systematic transit equity analysis in other locales.

Appendix

Farebox Ratios Shrink and Converge from 2019 to 2022

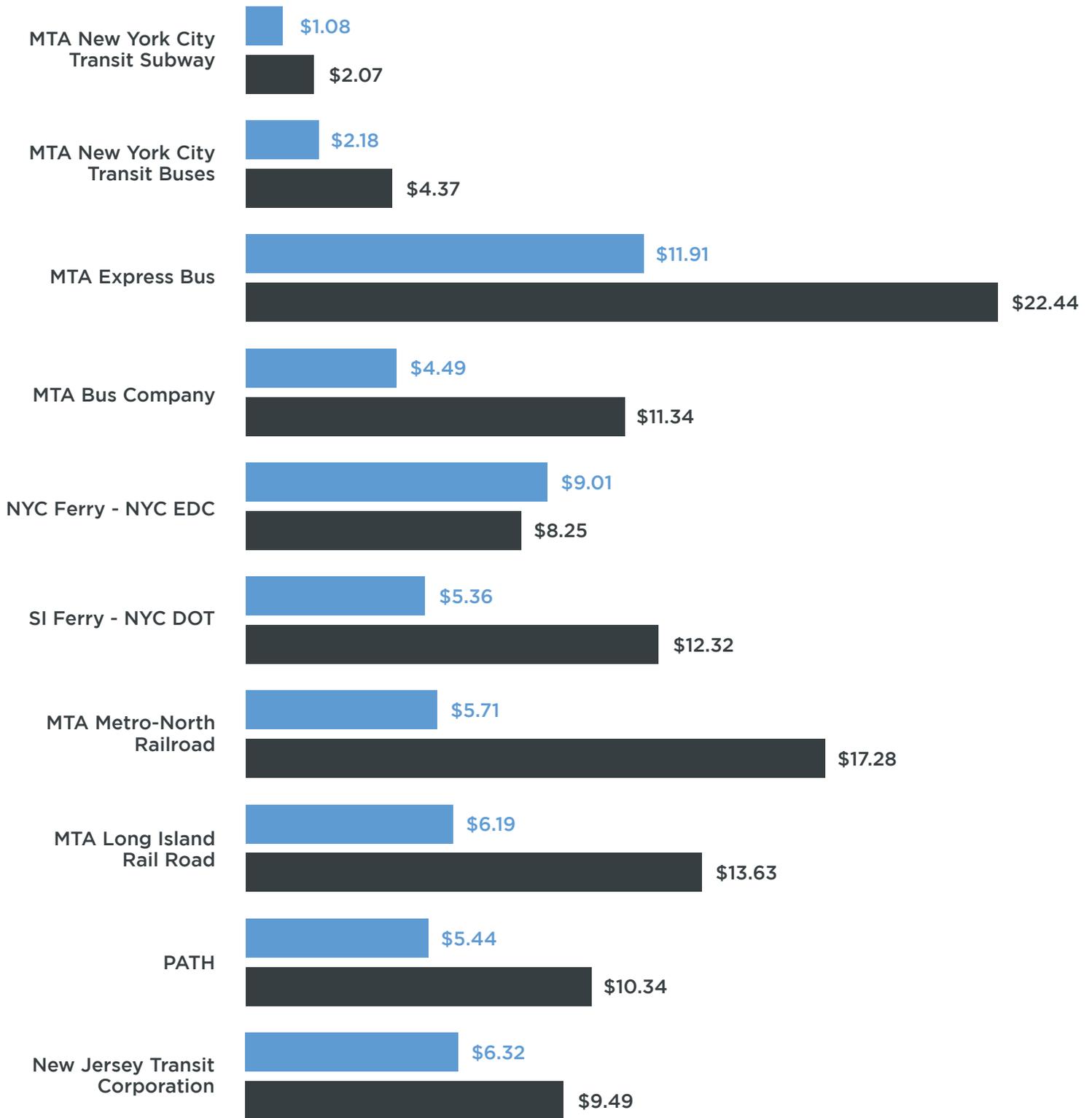


Staten Island Ferry excluded - Fare is \$0

Source: U.S. DOT National Transit Database

Public Subsidy Per Trip Grew for Most Providers in 2022

2019 2022



Source: U.S. DOT National Transit Database

Revenue, Subsidies, Operating Expenses, Trips in 2022

\$ in millions, trips in thousands

AGENCY	FARE AND DIRECT REVENUE	LOCAL SUBSIDY	STATE SUBSIDY	FEDERAL SUBSIDY	OPERATING EXPENSE	UNLINKED TRIPS
MTA New York City Transit Subway	\$2,976.5	\$136.0	\$552.5	\$3,012.8	\$5,349.8	1788
MTA New York City Transit Buses	\$731.6	\$76.3	\$310.0	\$1,690.3	\$3,001.4	475
MTA Express Bus	\$63.6	\$6.6	\$27.0	\$147.0	\$261.0	8
MTA Bus Company	\$174.0	\$591.6	\$0.0	\$547.4	\$792.5	100
NYC Ferry - NYC EDC	\$16.8	\$15.0	\$0.0	\$30.0	\$63.3	6
SI Ferry - NYC DOT	\$1.1	\$76.6	\$40.7	\$32.0	\$149.1	12
MTA Metro-North Railroad	\$489.8	\$99.7	\$283.8	\$558.8	\$1,353.5	55
MTA Long Island Rail Road	\$487.1	\$114.9	\$42.9	\$954.8	\$1,601.9	82
PATH	\$123.9	\$0.0	\$476.0	\$5.8	\$481.2	47
New Jersey Transit Corporation	\$340.7	\$0.0	\$335.0	\$719.0	\$89.6	40

Source: U.S. DOT, NTD

Prisca Agombe is a Budget and Policy Analyst at the Center for New York City Affairs, where her work focuses on quantitative analysis of the New York State and New York City budgets to generate insights for public advocates and policymakers.

George Sweeting is a Senior Fellow at the Center for New York City Affairs. His work focuses on New York's state and local fiscal policy and budgetary conditions.

The New School
66 West 12th Street
New York, NY 10011

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