



SFMTA

Transit Fare Optimization & Compliance

SFMTA Board of Directors
April 15, 2025

Transit Fares have always been a core component of funding Muni.

Historically, fares have made up 15%+ of SFMTA revenues for the budget. Today, it is about **7% of SFMTA revenue.**

Where are the opportunities?

How might we increase transit fare revenue, while staying true to our values?

That is what we mean by **Fare Optimization.**

We've been working on this and believe we can **increase annual revenues up to \$5 million/year.**

Let's start with why transit fares today are only 7% of SFMTA revenues?

- During the pandemic, the SFMTA Board made the **policy decision to keep fares low and transit affordable** and not index; therefore, fare revenues did not keep pace with inflation and other SFMTA cost drivers (e.g., COLAs).
- Ridership is at approximately 75% of pre-pandemic levels. Simply put, **fewer riders and trips** generates less in fares.
- The **nature of the ridership has changed**: Free Muni for All Youth; more people are single fare riders vs. purchasing monthly passes.
- Post-pandemic we have seen a reduction in fare compliance. **Data shows fare evasion increased** during the height of COVID.

So, what are we doing about fare evasion?

We asked riders, fare inspectors and did deep research to understand why and how people skip paying their fare. We found out a lot about how we can efficiently and effectively address the issue.

UNDERSTANDING



Interviews
71 Muni Riders



Focus Group
Transit Fare Inspectors



Testing
Payment Methods for Riders



Literature Review
Background & Best Practices



Synthesis
Development of Insights

At the beginning of the current fiscal year, we began a **behavioral insights study** to understand how we might remove barriers for riders and improve compliance with our fare policies and programs.

The report was completed in January 2025.

- **Fare evasion** on Muni results from both *technical issues and obstacles to paying fares* and *deliberate choices* influenced by social norms and the belief that there are no consequences.
- **Rider behavior** is heavily influenced by their perceptions, including *underestimating how many riders pay* and having varied views on the fairness and impact of avoiding fares.
- **Obstacles to paying fares** fall into three categories: *affordability and awareness; access and ease; and habits and perceived value.*
- Improving fare compliance requires strategies that address these obstacles and **emphasize the importance of fare revenue while considering rider satisfaction.**
- The **most effective approach** combines technological upgrades, clear communication, and consistent enforcement.

Using these insights, we redesigned the Proof-of-Payment program.

Operational decisions backed by data and constant monitoring has led to clear performance improvements. We re-deployed our Transit Fare Inspectors (TFIs) with the mission that they be *seen by our ridership*. We focus on inspections as a key point of performance.

The SFMTA approaches Fare Compliance with San Francisco values in mind:

- Safety
- Equity
- Education

We've adjusted the program to increase inspections through ***route optimization.***

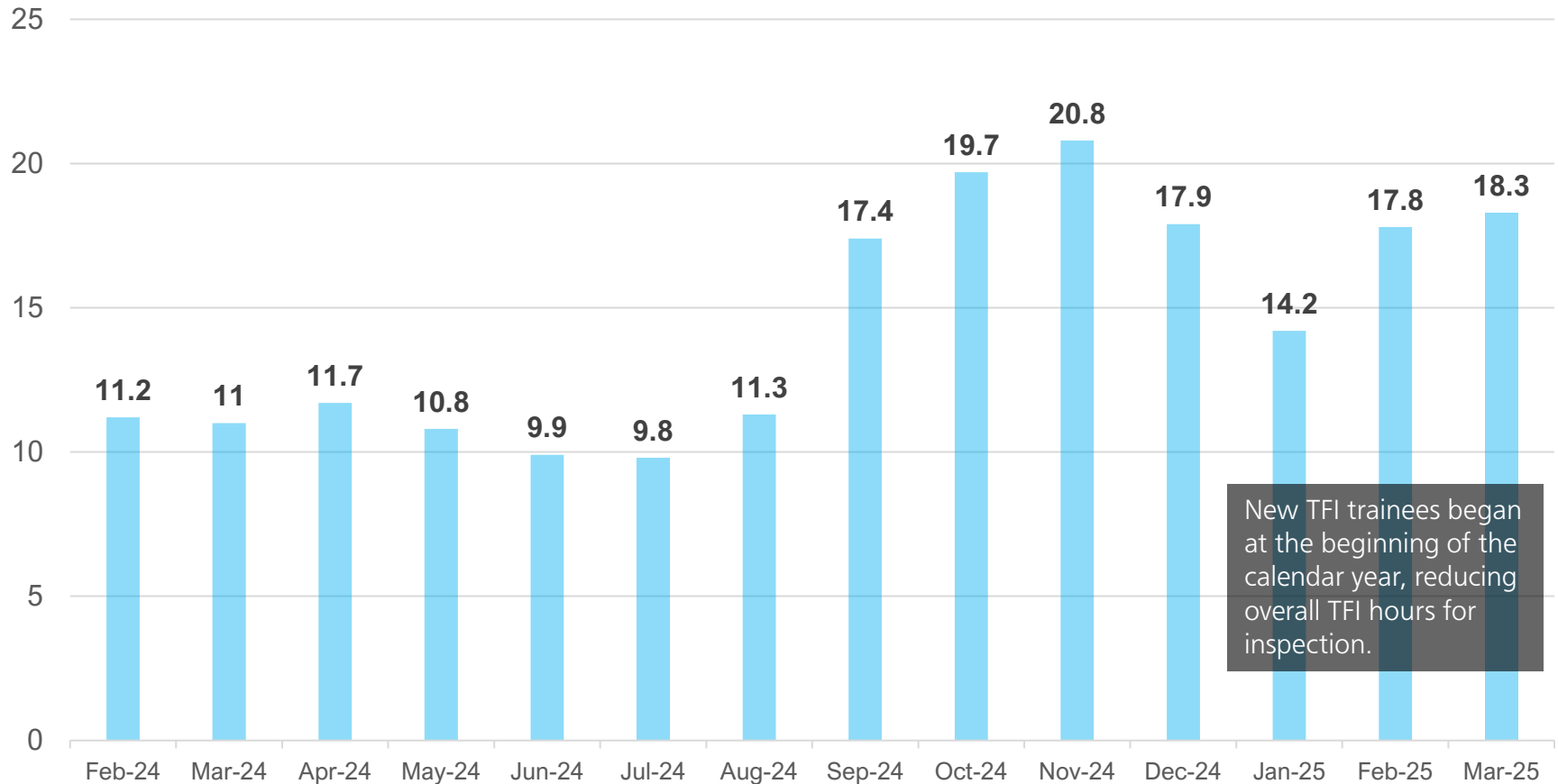
Our inspectors are trained:

- ***De-escalation techniques:*** employed while in the system
- ***Fare product education:*** Inspectors distribute a handout that describes our free and reduced fare programs to riders who do not provide proof-of-payment



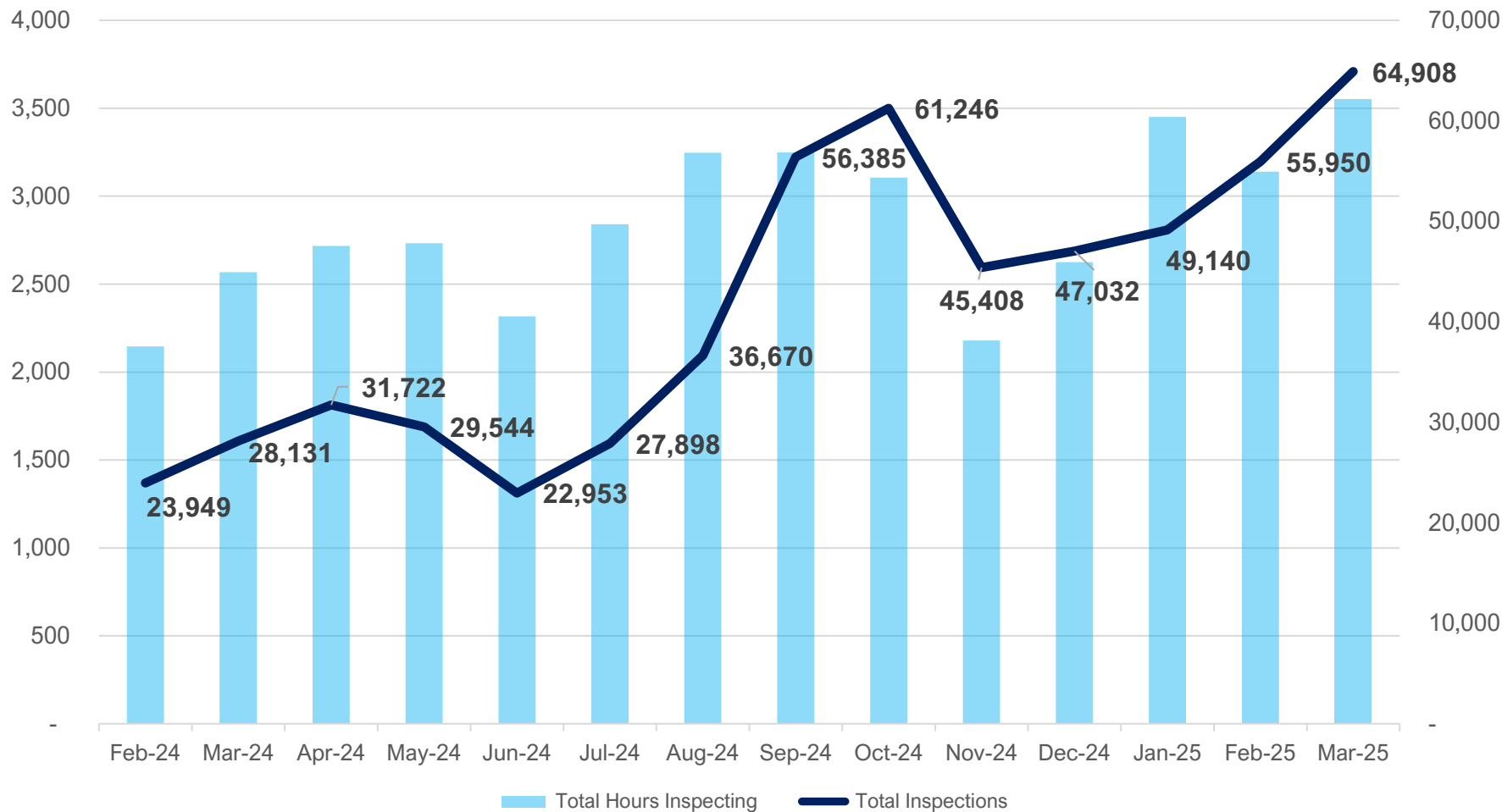
We have nearly doubled TFI productivity over 12-months; The team has increased inspections per hour by 86%.

Transit Fare Inspector Inspections Per Hour



We have increased passenger inspections by 100% with dramatic changes at the beginning of FY2025.

Transit Fare Inspector Inspections by Month w/Inspection Hours



What are the results of more TFIs and increased inspections?

It is difficult to isolate the benefits of TFIs from a single data source, so we have been reviewing various trends in ridership, payments and fare revenues. To date, we are seeing all trends moving in the right direction, helping to maximize fare revenue – we are *focused on correlation* to measure impact.

The **observed fare evasion rate** represents the number of inspected passengers who could not produce proof of payment.

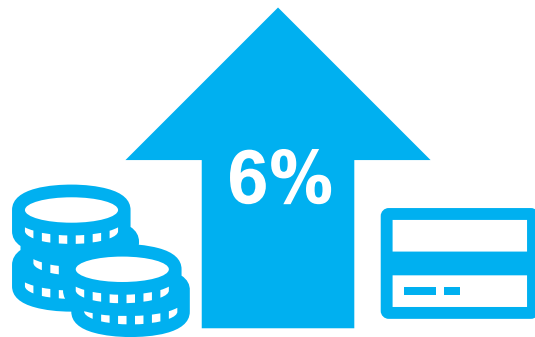
It does not reflect people who leave the vehicle when transit fare inspectors arrive, which may include those evading inspection.

Since the beginning of fiscal year 2025 (July 2024), **we have seen a decline in the observed fare evasion rate of nearly 30%**, with the rate staying consistently below the July 2024 high.

The **revenue per rider** represents the amount of the total fare collected for the month, calculated against monthly total weekday boardings.

It is a general trend to measure if more people are steadily paying their fare over time.

We continue to see a steady increase in the revenue collected per rider.



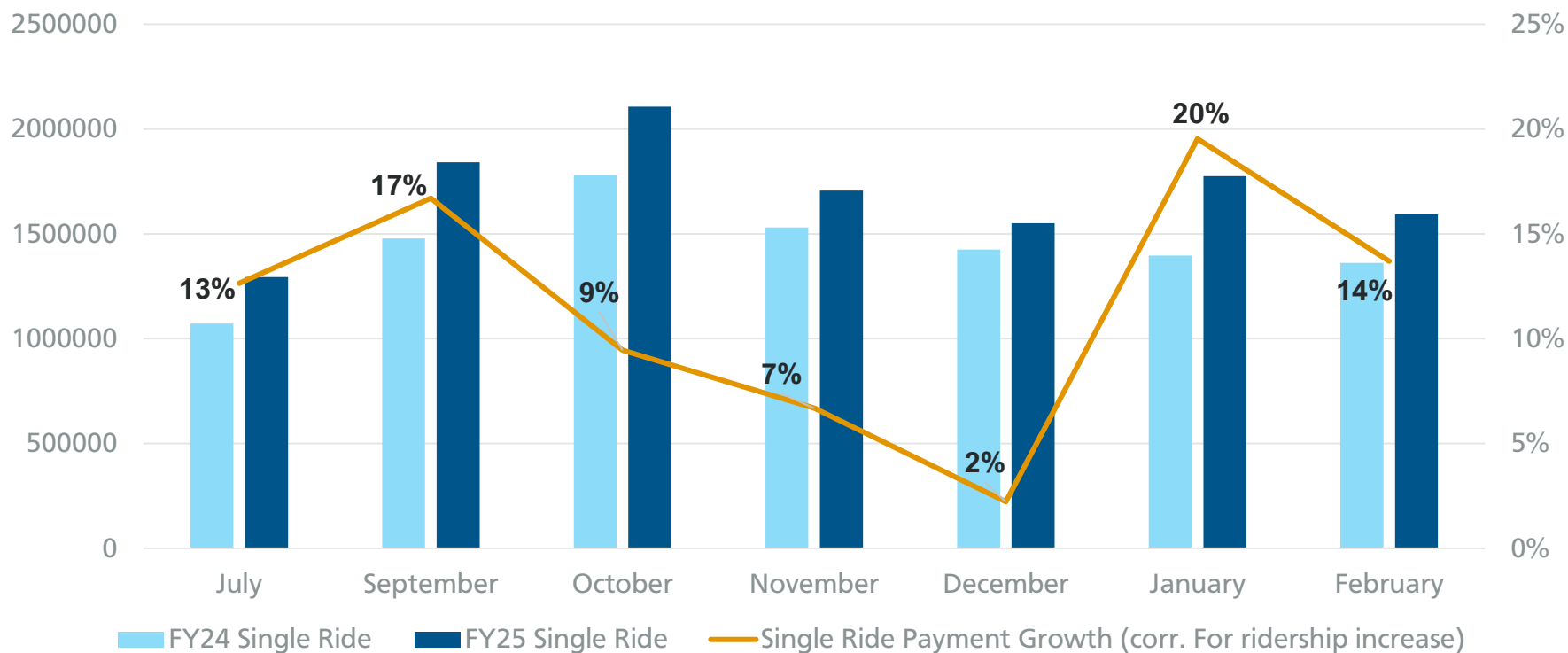
February 2024 – February 2025

Note: Calculations control for fare increases and exclude cable car revenue

Single Ride payments are growing faster than the ridership growth. *More existing riders are paying.*

Single Ride Payment Growth Fiscal Year 2024 to Fiscal Year 2025

Adjusted after new ridership is considered
Excludes August 2024 due to FY 24 YE adjustments



What are the next steps with Transit Fare Optimization?

We have only begun our journey, early trends are looking good, but we still have a lot to do. We need to address accidental and deliberate fare evasion, we need to reduce barriers to pay and make it easier – and most importantly, we need to inform San Franciscans and Muni Riders the importance of paying their fare.

In summary, the initial data is showing what we are **doing is working**. We will continue to monitor inspections, payments, and revenue to the end of fiscal year 2025.

TFI Availability

45

Highest in a decade

Increased by

86%

TFI inspections per Hour

Increased by

100%

Monthly Inspections

Decreased by

30%

TFI Observed Fare Evasion

Increased by

6%

Revenue per Rider

Payment Growth

Exceeds

Rider Growth

This is where we have started, but we have a series of actions that we plan to **implement over the next 6-months**.

- **Increased inspections on Muni Metro and on Weekends.** As we continue to hire TFIs we will continue to take a data-based approach to deployment and plan to increase inspections on weekends and on the subway.
- **Launch “Don’t Be A Dodger” Campaign.** This Spring we want to pilot and expand a campaign informing riders of the importance of paying fares and impacts of not doing so.
- **Support Regional Implementation of Clipper 2.0.** MTC is leading the regional upgrade of our fare payment system. Once implemented, Clipper 2.0 will enable open-source (credit card) payment and could also allow us to phase out Muni Mobile.



Thank you.