

The Hidden Cost of Ventra

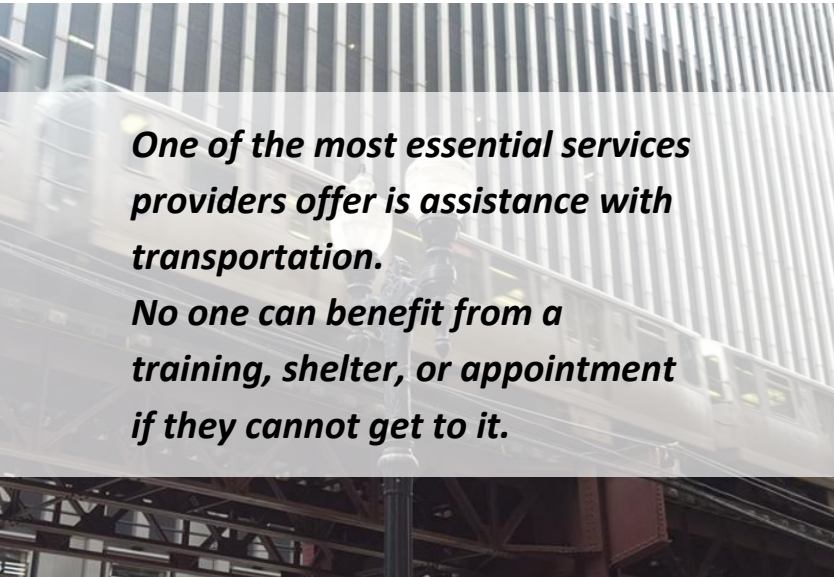
The Impact of the Ventra Fare System on
Chicago Social Service Providers



Chicago Jobs Council

May 2016

Transit is Crucial



One of the most essential services providers offer is assistance with transportation. No one can benefit from a training, shelter, or appointment if they cannot get to it.

Cook County is home to 5,194,675 people. Almost 900,000 of them live on less than 30 dollars per day.¹ They are mothers, fathers, students, grandparents, and workers. Many are looking for a better job, or any job at all. Some are looking for a place to call home.

Fortunately, there are hundreds of providers across the region that provide essential assistance, such as job training, housing, medical appointments, childcare, and other necessities for a life with dignity. One of the most important services they provide is assistance with transportation. No one can benefit from a training, shelter, or appointment if they cannot get to it.

Service providers depend on the Chicago Transit Authority (CTA) every day to ensure that participants can access programs. However, the CTA's Ventra fare system is costly and burdensome for social service providers who offer transit assistance to their program participants. The Chicago Jobs Council first publicized some challenges of the Ventra fare system in 2014 in our report "Ventra poses barriers to providing transit support to low-income Chicagoans."² Later in 2014, the Chicago Department of Family and Support Services further explored the Ventra issues through a survey of their own delegate agencies. Their survey identified similar challenges. Over the last three years, Chicago Jobs Council staff have met with additional providers, CTA staff, city agencies, and the Mayor's office to find solutions to the costs and burdens Ventra has created.

Ventra is designed and operated by Cubic Transportation Systems, and rolled out in late 2013. Challenged by early glitches and complications, the system has since seen improvements for most customers. **But service providers spend over \$1,000,000 on Ventra passes each month, and continue to face the same challenges they did in 2013.**³

¹ Estimate based on U.S. Census Bureau, 2014 American Community Survey 1-Year Estimates, and 2014 Census Bureau Poverty Thresholds.

² Ventra poses barriers to providing transit support to low-income Chicagoans. Chicago Jobs Council. 2014. <http://cjc.net/resources/publications/ventra-poses-barriers-to-providing-transit-support-to-low-income-chicagoans/>

³ See Table 2.

In late 2015, Chicago Jobs Council conducted its second survey of social service providers. As outlined in this report, the findings suggest that providers continue to face the same challenges since the early months of Ventra implementation, despite repeated calls for change. One provider shared the feeling that **“they didn’t give us any consideration at all.”**

Key findings of the survey include:

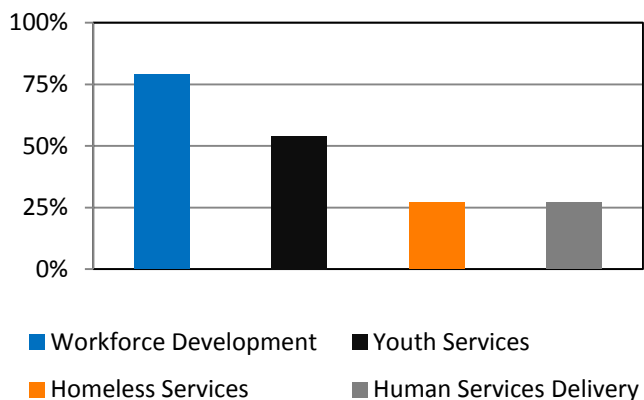
- Bulk orders, which typically exist for efficiency, are inefficient and inconvenient. CTA uses outdated paper order forms and checks, rather than online stores with credit card payment options.
- 63% of respondents report long wait times to receive bulk orders of tickets or cards—some wait up to 2 months.
- Due to the long wait times, some providers have resorted to purchasing large quantities of tickets from regular Ventra vending machines, which is inefficient and burdensome.
- Paper tickets are the most convenient fare type for providing transit assistance to transient clients who may lose a hard card or acquire a negative balance on the provider’s account.
- Cubic (the private contractor that operates Ventra) is collecting a 50 cent fee on paper tickets—earning over \$280,000 yearly from providers. That could buy 112,000 more rides if the fee were waived.
- Administrative barriers negatively impact the ability of providers to server their clients.



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This report concludes with recommendations developed with providers, and suggestions for making Chicago’s transit system more accessible and affordable for low-income residents.

Programs Administered by respondents



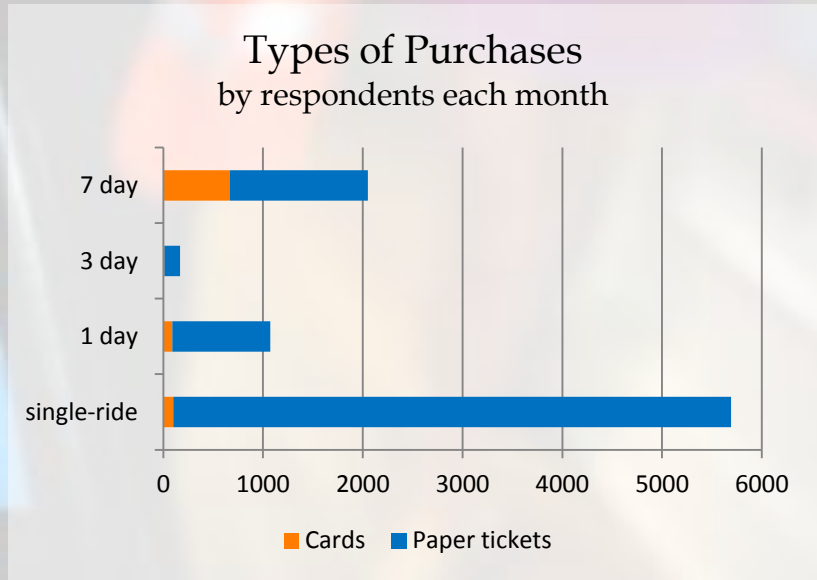
Survey Respondents

In November and December of 2015, the Chicago Jobs Council surveyed organizations in and around Chicago who provide workforce, homeless, youth, and other social services. We collected responses from organizations funded by Chicago’s Department of Family and Support Services, the Chicago Housing Authority, and the Chicago-Cook Workforce Partnership. From the 347 organizations funded by these city and county agencies, we received 53 responses (15.3%).

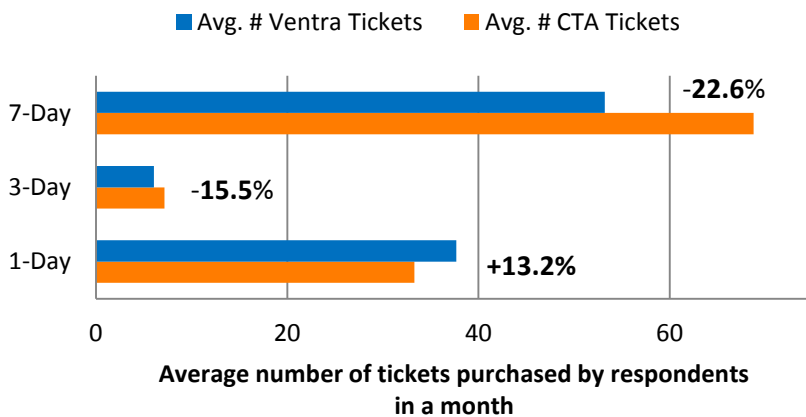
Purchasing Patterns

Overwhelmingly, providers rely on single-use paper tickets to provide transit assistance. For many providers, reloadable hard cards are impractical and costly, and represent a financial liability if they are lost or used to accrue a large negative balance. The cards cost \$5 up front, and to get the \$5 back, providers must register the cards online. With no bulk online registration option, this process is impractical. Hard cards do not make sense for programs that serve highly transient populations.

Providers rely overwhelmingly on single ride tickets, and have been forced to cut back on 7-day and 3-day passes.



Monthly Fare Type Purchase Patterns CTA tickets vs Ventra

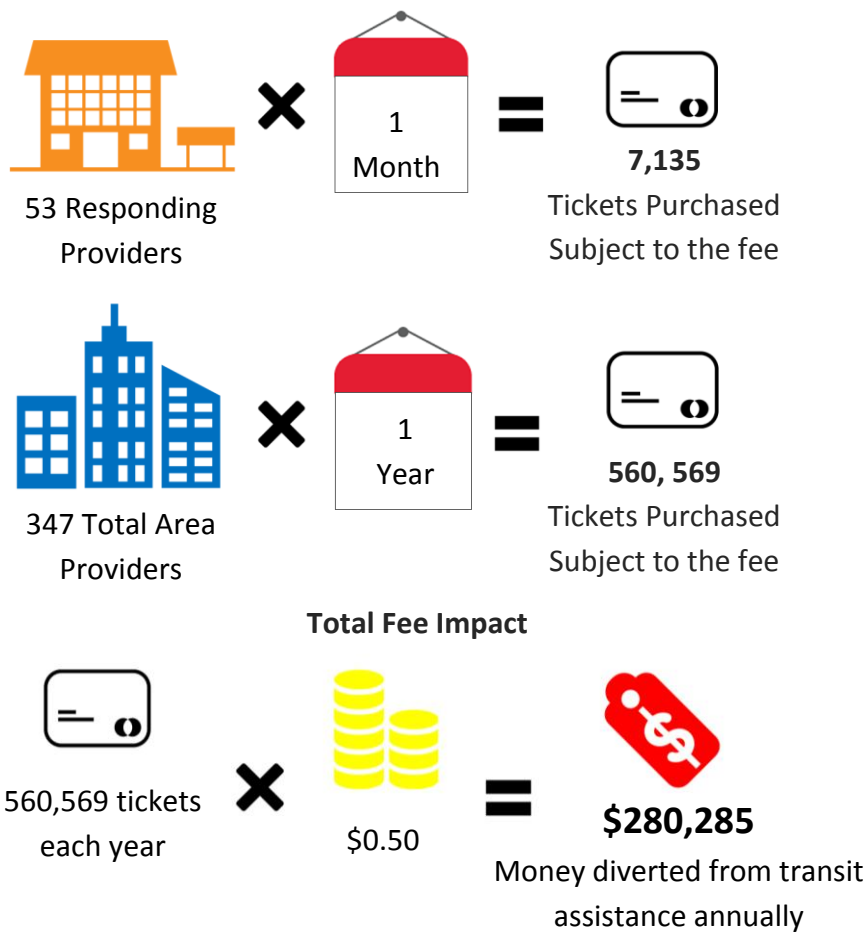


In order to continue offering transit assistance, providers have dramatically cut back on using 7-day tickets and opted for other fare types instead. Despite the added burdens, providers offer similar levels of transit assistance under Ventra by redirecting already limited funds and staff time. Providers must cut other services because services don't work without the transportation to get to them.

Fee Impact

Ventra is designed to move its users to a reloadable hard card. Programs and individuals who opt for disposable tickets are hit with a \$0.50 “limited-use media fee” on each single ride, 3-day, and 7-day ticket. Fifty cents on a ticket may not be a lot of money for an individual person, but when providers in the region spend over \$1 million on transit fare every month, the fee adds up quickly.

50 Cents adds up quickly



That's enough for 112,000 more rides to job interviews, activities for homeless youth, or medical appointments if the fee were eliminated.

Without transportation to work for a week, a minimum wage worker in Chicago would lose \$400. ...And probably their job.

Survey results suggest that in a year, local providers purchase over 600,000 tickets subject to the \$0.50 fee, which costs them over \$280,000.⁴ That’s enough for 112,114 more rides to job interviews, activities for homeless youth, or medical appointments if the fee were eliminated.

⁴ The estimate is consistent with a previous survey conducted by the Department of Family and Support Services in late 2014, in which DFSS estimated that its agencies lose over \$257,000 each year to the \$0.50 fee. DFSS-funded providers are the largest segment of our total universe of 347 providers. Therefore, it is reasonable that our survey only produced a slight increase to \$280,285 in total fee impact.

Administrative Burdens

Ordering tickets in bulk should be an efficiency measure. Instead, it is a huge burden. Sixty-three percent of respondents reported excessive wait times for delivery, sometimes waiting as long as two months. These waiting periods make it impossible to plan effectively for program needs. Under the previous system, providers regularly had their orders in 1-3 days. The current ordering system is antiquated. Credit cards are not accepted, and checks must be sent in with a paper order form. There is no way for providers to track orders after mailing them in. While CTA representatives report that an online order system is forthcoming, the rollout timeline has been repeatedly pushed back since 2013.⁵

If tickets expire, CTA will only exchange tickets one time per organization. Ever.

Providers who plan for the long wait times by ordering surplus tickets face another challenge: expiration dates. Bulk order tickets expire 255 days (8 months) after they are manufactured, and tickets purchased at vending machines expire 90 days after purchase. Long delivery times reduce ticket shelf life, and if tickets expire, CTA will only exchange tickets one time per organization. Ever. If a provider has any expired tickets after exchanging the first set, they lose the money to CTA.

Providers that do purchase and use hard cards have also faced challenges. Each card costs a minimum of \$5, which can be “refunded” and used to purchase fare if the card is registered. But registered cards come with their own expenses, because they can accumulate negative balances once the pre-paid fare is used up. One provider reported that between 25 cards, they had accrued over \$500 in negative balances. Currently, there is no option to deactivate this negative balance function, which is marketed as a *positive* feature by Ventra. Providers must choose between losing \$5 per unregistered card, or handing out registered cards that slip into debt at a significant cost to the organization. For those who choose to register cards, bulk registration is itself a burden because the online system can only register one card at a time.

One provider reported that between 25 cards they had accrued over \$500 in negative balances

⁵ In an October 2013 meeting with Chicago Jobs Council and All Chicago, CTA reported that online bulk ordering would be available by early 2014. In July of 2014, CTA reported that online bulk purchase of Ventra cards would roll out by mid-September 2014, with online bulk sales of tickets and credit card payment options coming later. In September 2014, CTA said online bulk sales of tickets and cards should be available by the end of 2014. In February 2016, CTA staff estimated a roll out by the end of 2016.

“We have tried bulk ordering the paper tickets, but the processing sometimes takes 8 weeks (once even longer) so we resorted to sending staff to use the Ventra dispensing machines at the subway stations. To do this, our staff sometimes have to use four different personal credit cards to be able to buy enough tickets...”

“Having to stand in line when the temperature was below zero last winter to buy 500 tickets out of the vending machines, when the tickets are only dispensed in increments of 8 tickets, is a lot to ask of our staff. The machines run slower and jam more often when it is very cold, which makes the time our staff has to stand at the machines in the cold around an hour and a half.

“When a line forms behind them, our staff has to give the people behind them a turn, which makes the time expenditure even longer in getting the tickets.”

-One Provider’s Experience

A Long Road to Transit

A sample timeline of bulk purchase orders, based on survey participants.



1-7 Days Internal Processing

Providers fill out paper forms and request check/money orders be approved. Send items together or they have an increased likelihood of taking longer to process.

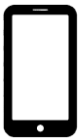
3 Days Waiting for Check to Clear

Providers have no way to track orders other than waiting to see when their checks clear to make sure their orders are being processed.



10 Day Delivery Guarantee Begins

Once a check clears, a provider should begin making calls to Ventra to make sure their order is under way, and to get estimates on how long delivery might take.



2-3 Weeks Delivery Time

Providers must wait 2-3 weeks for their orders to be processed and delivered to them.



This report found about 63% of providers have issues with turnaround time of bulk orders.



Providers are desperate for a better way to order transit fare. Left waiting for weeks and sometimes months before tickets arrive, many providers have chosen to visit their nearest Ventra vending machine at a CTA stop to purchase tickets in “bulk.” As a safety measure, machines will only sell 8 tickets per transaction, and will start declining a credit card after 7 transactions (56 tickets total per card in one visit). Purchasing limits make sense as a fraud prevention measure, but lead to a serious and unnecessary waste of limited time and resources for providers who have no other options.

Recommendations

Chicago can do more to make transportation more accessible to the thousands of residents experiencing poverty and homelessness. Service providers offer vital opportunities for people to gain new skills, find employment, improve their health, and move into stable housing—but these services only work if people can get to them. City leaders recognize the importance of transit access, including Mayor Rahm Emanuel, who endorsed “Chicago’s Plan 2.0: A Home for Everyone.” The plan specifically calls for the City of Chicago to increase the accessibility and affordability of public transit for people experiencing homelessness.⁶

Increasing access to and affordability of transit has higher rewards than costs. Without the \$0.50 fee, providers could offer 112,000 more rides to classes, job interviews, or counseling appointments. This \$280,000 difference would mean a lot more to providers than to CTA and Cubic. CTA generates nearly \$600 million in yearly revenue from fares and passes.⁷ Part of that revenue goes to Cubic, in addition to payments from CTA for the design and operation of the Ventra system.

Chicago’s transit leaders—the President and Board of CTA, the Mayor, and Cubic—can take the following concrete steps to improve transit access and affordability. Service providers helped identify these recommendations, which will increase the accessibility and impact of programs in which the city and county are already invested.

- **Eliminate the \$0.50 fee on paper tickets for social service providers who receive funding from city and county agencies.**
- **Modernize the bulk order process with online credit card payment options and delivery tracking.**
- **Ensure delivery of bulk orders within 2 weeks of order.**
- **Designate high capacity Ventra vending machines that are accessible to providers across the city, allowing providers to fill immediate bulk transit needs.**
- **Allow providers to disable negative balance function of cards.**
- **Extend ticket expiration times.**
- **Offer bulk registration of cards online.**
- **Number tickets sequentially to simplify tracking and inventory.**
- **Allow more than one opportunity for providers to return expired tickets.**

⁶ “Chicago’s Plan 2.0: A Home for Everyone”

http://www.cityofchicago.org/content/dam/city/depts/fss/supp_info/Homeless/ChicagoPlan2WEB082712.pdf

⁷ CTA FY2016 Budget.

http://www.transitchicago.com/assets/1/finance_budget/2016_Budget_Book_WEB_FINAL_Compressed.pdf

In addition to improving the existing Ventra system, policymakers also have options to make transit more affordable and accessible in the long run with steps like these:

- **Expand the hours of the student-rate transit to include nights, weekends, and summer—all critical times for at-risk youth to remain engaged in programs that maximize their opportunities to thrive, and reduce violence in communities.**
- **Expand student discounts to adults enrolled in education and training programs.**
- **Follow the example of cities like Minneapolis-Saint Paul, where Metro Transit offers a 50% discount on transportation fare to workforce and homeless service providers.**

The modest recommendations in this report—including waiving the 50 cent fee for providers—are only first steps towards increasing transportation affordability for residents who struggle to pay for transit. The more we do to make sure Chicagoans can access services and get to where they need to be, the more successful our other efforts to improve our communities will be.

We know that implementation of the Ventra system was a big change, and that the people behind it have worked hard to modernize and streamline transit payments for many Chicagoans. Unfortunately, providers and the hundreds of thousands of people they serve every year have a different set of needs that have not been met or considered during this transition. Moving forward, improvements to Ventra should address the needs of providers, not only because they work to meet critical needs of our most vulnerable neighbors, or because the 50 cent fee reduces the impact of city-funded programs, but also because they are customers who collectively spend millions of dollars on Ventra products, and deserve better service.

“I had someone walk for two hours to get to us because their shelter couldn’t afford to offer transit assistance.”

One provider reported what happens when organizations can’t afford transit assistance: “I had someone walk for two and a half hours to get to us because their shelter couldn’t afford to offer transit assistance.” No one receiving a basic service from the City should have to spend hours walking around the city because their shelter couldn’t afford transit assistance.



This report was prepared by the Chicago Jobs Council, the primary authors are Kim Boche and Eric Halvorson. It would not have been possible without research and survey assistance from the Department of Family and Support Services, The Chicago Housing Authority, and the Chicago Cook Workforce Partnership.

Thanks also to the dedicated providers who took the extra time to give us the detailed information requested in our survey. This report is for you, and driven by the valuable information you provided.

For inquiries, or to join Chicago Jobs Council in our efforts to increase transit access and affordability in Chicago, contact Policy & Communications Associate Eric Halvorson at eric@cjc.net or 312.252.0436.

Appendix

Table 1. Actual Ventra Monthly Purchases by Respondents			
Fare type	Ventra hard cards	Ventra paper tickets	Total Ventra purchased
single-ride*	99	5594	5,693
1 day	91	980	1,071
3 day*	10	157	167
7 day*	668	1384	2,052

*Fares with \$0.50 Limited Use Media Fee

Table 2. Estimate Monthly Spending on Ventra by all Providers	
Total spent on tickets by respondents each month:	\$194,230
Estimate monthly spending on tickets by all providers:	\$1,433,995.96

Table 3. Estimate Total Loss from Ticket Fee	
Actual number of Ventra tickets purchased by responding providers subject to 50 cent fee (Monthly):	7,135
Estimate number of Ventra tickets purchased by all responding providers subject to 50 cent fee (Yearly):	560,569
Fee:	\$0.50
Total monthly cost of fee for respondents:	\$3,567.50
Responding providers:	53
Total providers:	347
Response rate:	15.27%
Estimate monthly cost of fee for all providers:	\$23,357.02
Estimate yearly cost of fee for all providers:	\$280,284.34
Estimate # of additional rides that can be provided if fee were eliminated:	112,114