

**Statement of the New York City Transit Riders Council to the
Metropolitan Transportation Authority
on Proposed Changes to the MetroCard Bonus Threshold**

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My name is William Henderson, and I am Executive Director of the New York City Transit Riders Council (NYCTRC). The Council was created in 1981 to represent the users of the New York City Transit system and consists of fifteen volunteer members appointed by the Governor upon the recommendation of the Mayor, the Public Advocate and the five Borough Presidents.

The NYCTRC supports maintaining a MetroCard bonus threshold that is low enough to be accessible by riders in a wide range of economic circumstances. We are relieved that the threshold is proposed to be reduced rather than raised. The new bonus threshold combined with the reduction of the MetroCard bonus from 20 percent to 15 percent has, however, created a new complication for riders that I will call “the five-cent problem.”

It is clear that the proposed threshold of \$7.00 was chosen because it is the lowest even-dollar amount at which the threshold purchase amount plus a 15 percent bonus would fund an even number of base NYC Transit fares. That is all well and good, except that \$7.00 plus a 15 percent bonus does not yield an \$8.00 MetroCard; instead, it results in a MetroCard worth \$8.05. In other words, after paying four fares, the buyer of a \$7.00 card will be left with a MetroCard worth five cents. This is not an easy problem to avoid, as \$40.00 is the first even-dollar amount that with a 15 percent bonus translates to an even number of fares and no remaining value. The \$7.00 threshold and the “five-cent problem” could lead to several complications.

The least of these is that many riders will lose that nickel of value. The five cent credit remaining on a MetroCard alone will generally not move riders to keep and refill that MetroCard, and many will throw it away. A fair number of these MetroCards will be discarded where they can be retrieved by others, and I have no doubt that some enterprising individuals, like those who collect beverage containers to redeem them for deposit, will establish a cottage industry of collecting these nickel MetroCards. Our guess is that NYC Transit’s administrative costs in dealing those who collect the five cent MetroCards will exceed the value of the cards.

The question is what to do about this issue. We certainly don't advocate raising the bonus threshold. Instead, we think the answer is to make the bonus available at \$7.00, but to work to minimize the number of customers who purchase the \$7.00 card and dispose of it after four uses. In the long run, this situation would be alleviated by dramatically increasing the use of account-based fare media at NYC Transit. This would be a system similar to EZPass, where customer accounts are linked to individual transponders, and the EasyPay Xpress MetroCard currently offered by NYC Transit.

The natural choice for an account-based system is, however, the smart card, which provides a readily available, durable, and reliable link to account information. An added advantage is that many existing credit and debit accounts available through financial institutions are already or can readily be linked to smart cards. If these smart cards could be used for transit fare payment, this could efficiently put fare payment media in the hands of a large number of potential riders with minimal expense to NYC Transit. We urge that the lessons learned in the current and future expanded contactless payment trials be promptly translated into action.

In the short term, dealing with this issue means educating customers and encouraging them to refill their MetroCards, letting everyone know that if a \$10.00 MetroCard is refilled with \$10.00 three times, it can be "zeroed out." Riders also need to be assured that MetroCards are durable enough to be refilled multiple times and that if they malfunction, existing balances will be quickly and cheerfully transferred to another card. Additional MetroCard readers for checking balances may be needed as well, so that the amount remaining on a card may readily be known. Some may be convinced to reuse cards to help the environment; perhaps there could even be an incentive such as a sweepstakes with a prize dependent on the number of refills made on the card having the winning serial number.

I have also mentioned the EasyPay Xpress MetroCard, but this system is currently marketed to express bus users, although it can be used by all bus and subway riders. Expansion of this system may not be the long term solution to fare collection issues, but it can serve as a bridge to a smart card system. We urge that this system be marketed more broadly, with the hope that, like EZPass, an increased number of users will result in reduced per user processing and administrative costs.

The "five-cent problem" is by itself a nuisance, but if it is a spur to a comprehensive rethinking of fare collection at NYC Transit, it may be a blessing in disguise. We have long advocated solutions like MetroCard and smart cards that promise to be more convenient for the rider and more efficient for NYC Transit, and are ready to work with you in progressing toward these solutions.

Thank you for the opportunity to comment on this proposed change.