

March 2, 2020

Via online submission

Washington Metropolitan Area Transit Authority
Office of the Secretary
600 5th Street NW
Washington DC 20001

Public Comments: WMATA’s Proposed Surcharge on Cash Transactions on Metrobuses

Dear Chairman Smedberg:

The Legal Aid Society of the District of Columbia¹ writes to oppose WMATA’s proposed 25-cent surcharge on cash transactions on Metrobuses. Low-income residents of the District and surrounding suburbs are disproportionately likely to use cash and rely on Metrobus, so the proposed surcharge would discriminate against the very people most dependent on Metrobus and least able to afford the surcharge. The surcharge would also run counter to the District’s efforts to alleviate transit inequities by studying whether reducing fares could lead to positive results for low-income residents’ employment, incomes, use of social services, and children. In addition, the proposed surcharge is inconsistent with the D.C. Council’s consideration of a bill that would remove a burden facing cash users by prohibiting retailers from refusing to accept cash.

The Proposed Surcharge Would Disproportionately Harm Low-Income Riders – the Riders Most Dependent on Metrobus Services

To avoid the surcharge, a Metrobus rider must use a SmarTrip card. Acquiring and adding money to a SmarTrip card requires either (a) a debit or credit card and access to the Internet or (b) going to a Metro station or a small number of sales locations.² These options are less accessible for low-income riders compared to high-income riders: low-income people are much less likely to have a

¹ The Legal Aid Society of the District of Columbia was formed in 1932 to “provide legal aid and counsel to indigent persons in civil law matters and to encourage measures by which the law may better protect and serve their needs.” Legal Aid is the oldest and largest general civil legal services program in the District of Columbia. Over the last 88 years, Legal Aid staff and volunteers have been making justice real – in individual and systemic ways – for tens of thousands of persons living in poverty in the District. The largest part of our work comprises individual representation in housing, domestic violence/family, public benefits, and consumer law. We also work on immigration law matters and help individuals with the collateral consequences of their involvement with the criminal justice system. From the experiences of our clients, we identify opportunities for court and law reform, public policy advocacy, and systemic litigation. More information about Legal Aid is available on our website, www.LegalAidDC.org, and our blog, www.MakingJusticeReal.org.

² *SmarTrip*, WMATA, <https://www.wmata.com/fares/smartrip> (last visited Feb. 25, 2020).

bank account³ and Internet access⁴ and to live near a Metro station.⁵ At the same time, low-income people and people living in households without cars (an indicator of dependency on public transit) make up a disproportionate share (a majority, in fact) of Metrobus riders.⁶

Thus it is likely that WMATA's proposed surcharge would burden a substantial proportion of Metrobus riders – low-income riders who are most dependent on Metrobus, more likely to rely on cash, and least able to afford paying more. People of color and immigrants are also more likely to

³ Although District-specific data are unavailable, nationwide, households earning under \$15,000 each year are 43 times as likely as households earning at least \$75,000 (25.7% versus 0.6%) to have no bank account. *2017 FDIC National Survey of Unbanked and Underbanked Households: Appendix Tables*, FEDERAL DEPOSIT INSURANCE CORP. 1 tbl.A.1 (Oct. 2018), https://economicinclusion.gov/downloads/2017_FDIC_Unbanked_HH_Survey_Appendix.pdf (last visited Feb. 9, 2020).

⁴ More than 38% of District households earning under \$75,000 per year lack an Internet subscription, compared to only 6.8% of District households earning \$75,000 or more per year. *Household Income in the Last 12 Months (In 2017 Inflation-Adjusted Dollars) by Presence and Type of Internet Subscription in Household: 2013-2017 American Community Survey 5-Year Estimates*, U.S. CENSUS BUREAU, https://factfinder.census.gov/bkmk/table/1.0/en/ACS/17_5YR/B28004/0400000US11 (last visited Feb. 25, 2020).

⁵ Although nearly 49% of the District's 278,000 households earn under \$75,000 each year, only 44% of the 200,000 households living within a half-mile of the District's 40 Metro stations earned \$75,000 or less between 2012 and 2016. If the income mix of households living near Metro stations matched the income mix of the District as a whole, more than 10,000 additional households earning \$75,000 or less a year would live within a half-mile of a Metro station. *Household Income in the Past 12 Months (In 2017 Inflation-Adjusted Dollars: 2013-2017 American Community Survey 5-Year Estimates*, U.S. CENSUS BUREAU, https://factfinder.census.gov/bkmk/table/1.0/en/ACS/17_5YR/B19001/0400000US11 (last visited Feb. 25, 2020); Kery Murakami, *Data Shows Areas Near Metro Stations Remain Havens for the Rich*, WASHINGTON POST (Mar. 11, 2019), <https://t.co/1yNFCF2hBr>.

⁶ Fifty-two percent of Metrobus riders live in households with incomes under \$30,000 per year, and 55% live in households with no car – rates that are far higher than the representation of low-income and carless households in the geographic area served by WMATA. *Bus System Today*, WASHINGTON AREA BUS TRANSFORMATION PROJECT 17 (Jan. 2019), https://bustransformationproject.com/wp-content/uploads/2019/01/20190118-Bus-System-Today_FINAL.pdf.

rely on cash⁷ and are overrepresented among Metrobus riders⁸ – which suggests that the surcharge would also disproportionately harm people of color and immigrants.

The Proposed Surcharge Runs Counter to the District’s Efforts to Improve Transit Equity and Promote Economic Inclusion

With WMATA’s support, the District is studying whether permitting low-income public transit riders to ride for free or at a reduced rate would lead to greater employment, higher incomes, greater use of social services, and improved outcomes for children.⁹ Instituting a surcharge on cash transactions for Metrobus users is inconsistent with the goals of that study.

The surcharge would also be inconsistent with a bill the D.C. Council is considering that would ban District retailers from refusing to accept cash.¹⁰ Recognizing that businesses with no-cash policies exclude the many District residents without credit or debit cards,¹¹ six members of the

⁷ District households headed by a black person are 32 times as likely as households headed by a white person (16.0% versus 0.5%) to have no bank account. *Unbanked and Underbanked for District of Columbia, 2017 by Selected Household Characteristics*, FEDERAL DEPOSIT INSURANCE CORP. 1 (Oct. 2018), https://economicinclusion.gov/surveys/2017household/documents/tabular-results/2017_banking_status_District_of_Columbia.pdf (last visited Feb. 9, 2020); *2017 FDIC National Survey of Unbanked and Underbanked Households*, FEDERAL DEPOSIT INSURANCE CORP. 2 n.4 (Oct. 2018), https://economicinclusion.gov/downloads/2017_FDIC_Unbanked_HH_Survey_Report.pdf (last visited Feb. 9, 2020) (explaining that the Federal Deposit Insurance Corporation assigned race at the household level based on the race of the owner or renter of the home). Although District-specific data are unavailable, immigrants across the country also tend to use banking services at much lower rates than U.S.-born consumers. *Financial Access for Immigrants: Lessons from Diverse Perspectives*, FEDERAL RESERVE BANK OF CHICAGO & THE BROOKINGS INSTITUTION 6 (May 2006), https://www.brookings.edu/wp-content/uploads/2016/06/20060504_financialaccess.pdf (last visited Feb. 9, 2020).

⁸ Eighty-one percent of Metrobus riders are people of color; and 24% have limited English proficiency (a proxy for immigrant status) – figures that exceed the corresponding proportions in the geographic area served by WMATA. *Bus System Today*, *supra* note 6, at 17.

⁹ *Can Discounted Transit Improve Mobility and Well-Being for Low-Income Residents?*, THE LAB @ DC, <http://thelabprojects.dc.gov/fare-subsidy> (last visited Feb. 24, 2020).

¹⁰ *B23-0122 – Cashless Retailers Prohibition Act of 2019*, COUNCIL OF THE DISTRICT OF COLUMBIA, <http://lims.dccouncil.us/Legislation/B23-0122> (last visited Feb. 24, 2020).

¹¹ It is possible that as many as 30% of District households use only cash or primarily use cash. That is, 8.0% of households have no checking or savings account at a federally insured depository institution, and 21.2% of households have a checking or savings account at such an institution but in the past 12 months used products or services from a non-federally insured alternative financial services provider such as a check-cashing outlet, payday lender, pawnshop, money order provider, or rent-to-own store. *Unbanked and Underbanked for District of Columbia*, *supra* note 7, at 1; *2017 FDIC National Survey of Unbanked and Underbanked Households*, *supra* note 7, at 1, 8 n.11, 13.

Council have endorsed the Cashless Retailers Prohibition Act to remove a barrier to these residents' participation in the District's economy.

Reducing Travel Time Should Not Come at the Expense of Low-Income Riders

WMATA's proposed surcharge aims "to encourage customers to pre-load SmarTrip® cards and speed up the boarding process for all riders."¹² WMATA appears to assume that cash users will substitute toward using SmarTrip cards, but the foregoing discussion highlights several obstacles – lack of access to credit and debit cards, Internet, and Metrorail stations – to making this substitution. Therefore, instead of decreasing travel time by prompting more people to preload SmarTrip cards, it is possible that the primary effect of the proposed surcharge will be to make public transit even less affordable for the riders who are most dependent on Metrobus and least able to absorb a fare increase. WMATA should not penalize customers simply for being poor.

Conclusion

Legal Aid opposes WMATA's proposal to introduce a surcharge on cash transactions on Metrobuses. Thank you for the opportunity to submit written comments. If you have questions about these comments, please contact me at 202-661-5957 or eangel@legalaiddc.org.

Sincerely,



Eric Angel
Executive Director

¹² *Balancing the Next Metro Budget to Reflect Your Priorities*, WMATA, <https://www.wmata.com/initiatives/budget/index.cfm> (last visited Feb. 27, 2020).