

\$8 Million Lost Annually to Fraud?

Counterfeit Transit Passes, Revenue Losses Makes Shift to New Fare System More Urgent



(November 16) A rising tide of counterfeit transit passes and transfers is giving urgency to the MTA's effort to develop a universal fare system (UFS) and install electronic transfer machines (ETM) aboard Metro Buses.

The urgency of shifting from the use of printed passes and pre-printed transfer tickets comes

into sharp focus when the MTA considers the magnitude of fare evasion and its impact on revenues.

Agapito Diaz, MTA director of Revenue, estimates the agency is losing \$4 million to \$8 million annually to counterfeiting fraud and other methods of fare evasion. That's about 2 to 3 percent of the projected \$247.5 million in farebox revenue this fiscal year.

"That's money we could be using to run this organization," he says, noting that major U.S. transit agencies report annual revenue losses of between 2 percent and 8 percent to fare evasion.

On Wednesday, the Board's Operations Committee will hear reports on both the universal fare system and the electronic transfer machines. The MTA has the Board's approval to buy new fare collection equipment for use on Metro Buses and Metro Rail, including 2,500 bus fareboxes. A procurement also is in process to buy 2,400 ETMs for installation on the bus fleet.

The purchase, production and installation of UFS units - fareboxes capable of accepting magnetic-stripe cards as well as cash and tokens - could take more than two years, according to Diaz. ETMs, devices with an electronic keypad that would eliminate the need for pre-printed transfer tickets, could be installed on buses within six months or so, he says.

The new systems would reduce fare evasion significantly, Diaz says, while providing data - such as usage of different types of fare media and passenger loading - that would be useful to the MTA in better meeting customers' needs through service improvements.

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