

April 9, 2025

The Honorable Kate Stewart
Council President
Montgomery County Council
100 Maryland Avenue, 6th Floor
Rockville MD 20850

The Honorable Evan Glass
Chair, Transportation and Environment Committee
Montgomery County Council
100 Maryland Avenue, 6th Floor
Rockville MD 20850

Dear Council President Stewart and Chair Glass:

As the Montgomery County (County) Council considers the proposal in the Fiscal Year (FY) 2026 Operating Budget to fund free fares on the County's Ride On system, the Maryland Department of Transportation (MDOT) offers a Statewide perspective on the proposal, including its broader implications and tradeoffs.

The MDOT strongly supports transit throughout the State, including investments in Washington Metropolitan Area Transit Authority (WMATA), Local Operated Transit Systems (LOTS), and bus priority that benefit the County. Approximately half of MDOT's budget is dedicated to supporting transit and transit agencies.

The MDOT's commitment reflects the State's belief that transit is the backbone of our communities. It is through this lens that MDOT raises the following concerns that a fare free policy has the potential to undermine the State's ability to sustain investment in transit and in transportation more broadly.

The intent behind the County's consideration of a fare free policy is admirable. Any measure that could increase transit ridership and give a hand up to people in need of affordable access to life's opportunities is worth consideration. At the same time, the interconnected nature of Ride On with other transit systems, as well as the costs and tradeoffs, must be recognized when considering policies in a fiscally constrained environment.

Fare payment is a critical source of revenue supporting Maryland's significant transit investment. A reduction to this revenue source, particularly in a time of fiscal limitations, would jeopardize not only the State's transit investment capacity, but also resources for transportation funding across the board. This reality is most aptly demonstrated with the Purple Line, which is being delivered under a Public Private Partnership that includes a 30-year maintenance and operations phase. Central to the project's underwriting is an assumption of certain ridership revenues. Should those revenues miss projections arising from non-payment, additional State funds will be required to fill the gap. This would further strain future MDOT budgets, requiring increasingly challenging budget decisions that would limit the State's overall investment in transportation, resulting in undesirable transportation outcomes.

Similarly, WMATA's budget picture is emerging from a dire state, thanks to strong revenues from ridership growth and fare enforcement. Maryland, which provides nearly \$1 billion in annual funding to WMATA, called for WMATA to address fare evasion, and WMATA acted. On the rail system, stepped up enforcement and improved fare gates led to an 82 percent reduction in fare evasion. The WMATA more recently turned its attention to bus fare enforcement, engaging in a focused enforcement campaign, beginning in December 2024. Across the WMATA system, a re-established culture of fare payment is yielding higher fare revenues that are, in turn, resulting in lower operating subsidies as well as reinvestment back into operations for new and expanded service. This win-win of public cost savings and better service is only possible because of fare revenues.

Consistent fare policy and clear fare payment expectations are essential for preserving fare revenues and the critical service these revenues support. The County's fare free proposal runs contrary to this approach. Specifically, it risks undermining the concerted efforts to rebuild a culture of fare payment that many in the region have painstakingly been rebuilding in the aftermath of the COVID-19 pandemic. Consistency is particularly important in a place like Montgomery County, which is served by several transit providers, all at least partially funded by MDOT, including WMATA, Ride On, MARC, and, soon, the Purple Line. In this dynamic transit environment, it is common for riders to use multiple transit systems daily. Intentionally or not, differential fare policies stand to invite fare evasion across all systems.

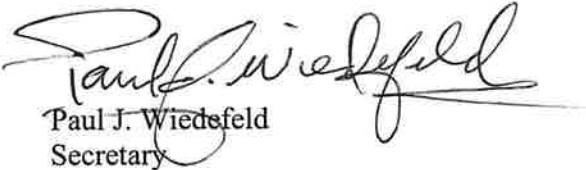
Historically, fare revenues have been a major revenue source for the County, too. Pre-pandemic, the County was generating about \$20 million annually in Ride On fares. The MDOT is sensitive to the capital outlays needed to modernize fareboxes on the Ride On fleet, at a cost of about \$19.4 million. The MDOT is committed to engaging WMATA to utilize the region's collective buying power to reduce jurisdictional costs for farebox modernization. The MDOT believes a one-time capital outlay for new fareboxes to be a wise investment to preserve a significant source of annual operating revenues, not just for the County, but the interconnected transit systems where Ride One passengers transfer. With annual increases in operating costs, a somewhat modest operating outlay in FY26 to pay for a fare free program can balloon and impede the County's ability to invest in other areas of need.

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The MDOT encourages the County to pursue other strategies that meet the intended objective of the fare free policy. Data consistently shows that transit use is most influenced by enhanced service, and surveyed riders cite service frequency and reliability as more important than fares. As such, investments in faster, more frequent, and reliable service are likely to be more effective at growing transit ridership in the County, while avoiding the indirect impacts to fare revenue on other transit systems in the County and the region. Additionally, more focused programs, such as targeted reduced fare programs, have been shown to be highly effective while maintaining manageable impacts to operating revenue.

The MDOT looks forward to continued collaboration to advance the State and County's shared commitment to transit. The MDOT appreciates the County's consideration of the Statewide perspective. If you have any questions, please contact Mr. Jonathan Rogers, MDOT Washington Area Transit Director, at jrogers4@mdot.maryland.gov or 410-382-5018. Mr. Rogers will be happy to assist you. Of course, you may always contact me directly.

Sincerely,



Paul J. Wiedefeld
Secretary

cc: The Honorable Gabe Alborno, At-Large Councilmember, Montgomery County Council
The Honorable Marilyn Balcombe, District 2 Councilmember, Montgomery County Council
The Honorable Marc Elrich, County Executive, Montgomery County
The Honorable Natali Fani-González, District 6 Councilmember, Montgomery County Council
The Honorable Andrew Friedson, District 1 Councilmember, Montgomery County Council
The Honorable Will Jawando, Council Vice President, Montgomery County Council
The Honorable Sidney Katz, District 3 Councilmember, Montgomery County Council
The Honorable Dawn Luedtke, District 7 Councilmember, Montgomery County Council
The Honorable Kristin Mink, District 5 Councilmember, Montgomery County Council
The Honorable Laurie-Anne Sayles, At-Large Councilmember, Montgomery County Council
Mr. Chris Conklin, Director, Montgomery County Department of Transportation
Mr. Stephen Kenny, Legislative Analyst (Transportation Policy), Montgomery County Council
Mr. Jonathan Rogers, Director, Washington Area Transit, MDOT