



OVERLAPPING METROCARD USAGE IN THE REDUCED-FARE AND FAIR FARES PROGRAMS – FINAL

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I. INTRODUCTION

New York City Transit (NYC Transit) offers Reduced-Fare MetroCards, which provide a 50% discount on fares, to customers who are age 65 or older and to those who have certain disabilities. Separately, through the Fair Fares program, the New York City Human Resources Administration (HRA) provides MetroCards to low-income city residents at a 50% discount on NYC Transit fares. Notably, some people may meet the eligibility requirements for both programs. Given this, the Office of the MTA Inspector General (OIG) examined any possible overlap between the Reduced-Fare MetroCard and the Fair Fares NYC MetroCard programs and the potential for abuse.

When an individual is eligible for both programs, HRA will direct the individual to NYC Transit's Reduced-Fare program. However, some individuals will inevitably acquire both types of discounted MetroCards despite the efforts of HRA. OIG identified a potential risk because a customer with two discounted MetroCards could sell or give one away to a person who is not eligible for the discounts. To determine the likelihood of such abuse, OIG sought to understand how many customers had obtained both types of discounted MetroCards and whether multiple discounted MetroCards registered to one customer were being used. This report summarizes the results of this analysis.

II. SUMMARY OF FINDINGS

Approximately 1.5 million customers are enrolled in the Reduced Fare program, and 320,000 in the Fair Fares program, almost all of whom appear to be using the benefit as intended. By analyzing MetroCard usage during the last three months of 2023, OIG identified 69 customers who appeared to switch from one program to the other during the period, which is permitted. However, 328 customers owned two or more discounted MetroCards that were used on the same day or alternating days during the period, indicating a risk of misuse or fraud.

It is important to note two things. First, although NYC Transit receives only half the regular fare when a customer uses a Reduced-Fare MetroCard, the agency receives the full fare when a customer uses a Fair Fares MetroCard because New York City reimburses NYC Transit

for the 50% not paid by the customer. Second, because every Reduced-Fare MetroCard has a photo of the customer, the Fair Fares MetroCard, which does not have a photo, is more valuable to someone who is not eligible for the discount. HRA bears the full financial burden of any abuse of the Fair Fares MetroCard program.

These programs serve a vital need, and the programs' resources should be protected. OIG believes that NYC Transit has an opportunity to work with HRA to reduce current and potential fraudulent use of discounted MetroCards. Greater cooperation between NYC Transit and HRA would benefit both organizations and strengthen the public's trust.

III. RECOMMENDATIONS

In light of the transition of both the Reduced-Fare program and the Fair Fares program to the One Metro New York (OMNY) system, OIG understands that it may be more effective to wait to implement new fraud controls until after the transition is complete. In the interim, however, the cases OIG identified of individuals having both types of cards should be addressed. For these reasons, OIG recommends the following:

1. The NYC Transit Division of Revenue Control should coordinate with HRA to ensure that for each of the 328 customers identified by OIG, either the Reduced-Fare MetroCard or the Fair Fares MetroCard should be cancelled or not renewed. NYC Transit should follow its usual customer notification and appeal procedures, as appropriate.
2. The Office of the MTA Chief Financial Officer should meet with HRA officials as the two programs transition to OMNY to discuss potential fraud controls and any data-sharing procedures needed to limit the duplicative use of discounted MetroCards under OMNY.

IV. AGENCY RESPONSE

In May 2024, OIG shared its Draft Report with NYC Transit for comment. In the agency's June 2024 response, the Interim President stated: *"The OIG determined that less than half of 1% of the eligible population of Reduced Fare and Fair Fares users had obtained both cards and used them either on the same day or alternating days. NYC Transit has asked HRA to investigate those users to ensure proper use. As NYC Transit pilots the One Metro New York system it continues to work with HRA to ensure the proper controls are in place and share data as needed to continue to serve these communities."*