



Social Return On Investment (SROI) Case Study: Low Income Monthly Transit Pass

Funding provided by:



Fast Facts

About Fair Fares:

Fair Fares, an action team of Vibrant Communities Calgary, was formed in 2000 to address the affordable transportation needs of people living on low incomes. Fair Fares is a community committee composed of people living on low incomes, concerned citizens, non-profit agencies and representatives from The City of Calgary. Fair Fares is working to secure sustainable funding for city-wide affordable transportation.

About Vibrant Communities Calgary:

Vibrant Communities Calgary believes all Calgarians have a right to full participation in the family, social, community and political life of their communities, and recognizes that poverty limits this full participation.

Purpose of this SROI Case Study:

The LIMTP program is currently being piloted by Calgary Transit and continuation of the program beyond 2008 depends on further Council approval. This case study will demonstrate that the City's investment into the LIMTP program creates far more social value for the City of Calgary than the value of the initial \$2.5 million investment.

By the numbers:

- 134,000 Calgarians live on low incomes
- Approximately 11,000 Calgarians have accessed the LIMTP program
- 97% of LIMTP holders report that their quality of life is better when they have a pass
- LIMTP has a one year weighted SROI average of \$1: \$12.25

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"I buy the pass every month. I use it to get to my full-time job. If I had to get a full price pass I would have to take money from my food budget."

~ Whitehorn resident

Background on the Low Income Monthly Transit Pass

The Low Income Monthly Transit Pass, (LIMTP) is a discounted monthly transit pass for Calgarians with a household income that is less than 75% of the Low-Income Cut Off (LICO).

In 2007, a single person had to be living on less than \$15,584 a year to qualify. Similarly, a family of four had to be living on less than \$28,958 (see Table 1, p. 5).

A pass-holder must be 18 years old and have lived in Calgary for one year. In 2007, LIMTP pass-holders were subsidized 50% of the cost of a \$75 monthly transit pass.

Social Value Created

The social value created through affordable transportation includes improving a person or family's financial situation, improving the quality of a person's overall health, and improving a person or family's overall quality of life. The social value of these changes can be calculated annually. Some may be projected well into the future.

When transportation is affordable, Calgarians living on low-income are better able to take care of essentials such as grocery shopping, attending medical appointments, or furthering their education and skills.

Affordable transportation can be the

catalyst to employment or a better job when that job/better job is located outside a person's local area.

Affordable transportation enables low income citizens to participate more fully in communities, to volunteer, to access public recreation facilities and to visit family and friends.

Theory of Change

If individuals living on low-income can afford transportation, they will be more likely to work, to have better jobs, to have more skills & education, and to be healthier as a result of access to essential preventative social services. These factors reduce isolation and can break the cycle of poverty.

International research shows unaffordable transportation can cause social isolation and contribute to a cycle of poverty.¹ This can lead to poorer health and a lower level of educational achievement.² It can also increase a person's likelihood of being involved in crime.

LIMTP User Profile

There are six broad profiles of LIMTP pass-holders in Calgary: 1) people with a disability or who are chronically ill; 2) students; 3) people new to Canada; 4) single parents; 5) people who are homeless; and 6) single adults between the ages of 45–64. In a recent LIMTP pass-holder survey, 97% of respondents said their lives were better when they had the pass (see Table 2).³ Thirteen percent indicated they could not otherwise afford a bus pass. Forty-eight percent would take the \$37.50 from their household food budget if the pass wasn't available to them.

LIMTP pass-holders within three profiles represent the largest portion of LIMTP



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users (75%): 1) people who are disabled or chronically ill, 2) single parents, and 3) single adults who are aging.³ The social value created through the LIMTP program has been calculated based upon these three profiles as they represent the most distinct, and the largest, profile groups of pass-holders. The LIMTP budget has been divided equally against these three profiles in order to ensure that the entire investment is accounted for and that the estimate of social value created is as conservative as possible.

Table 2: Perceived benefits from pass-holders survey

Perceived benefits of LIMTP	% of agree
Improve their quality of life	97%
Attend medical appointments	60%
Stay employed	59%
Take more training/education classes	55%
Find employment or better employment	49%
Volunteer more often	48%

Calculating the SROI of the Low Income Monthly Transit Pass

The LIMTP is funded through Calgary Transit's surplus revenues. The total program investment is \$2.5 million.

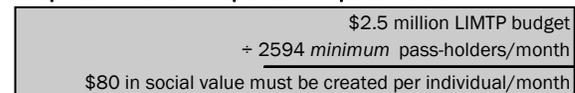
Each month, a *minimum* of 2,594 Calgarians buy the subsidized transit pass. In order to be a conservative as possible, this SROI case study uses the minimum number of passes sold as the basis for the calculations. Using 2,594 pass-holders as a constant monthly average, the investment would equate to \$80 per individual, each month (see Graph 1). In that case, the social value generated per person must be at least \$80 per person each month in order to pay back the City's investment.

Eighty dollars of social value can be created through:

- 10 hours of working minimum wage
- 1/5 of an avoided EMS call
- 1/3 of an avoided hospital visit

However, the actual number of passes sold ranged between 2,594 and 5,343, a monthly average of 4,490. Given this, the social value 'break-even point' decreases to an average of \$48 per person.

Graph 1: Investment per LIMTP pass-holder



Profile One: Single adult between ages 45-64

Profile One represents those users who are single, living on low income and between the ages of 45–64. They are living at or below 75% of LICO, and are not yet eligible for a pension. These adults represent approximately 22% of LIMTP pass-holders, or 557 individuals when 2,594 is used as the base-case.

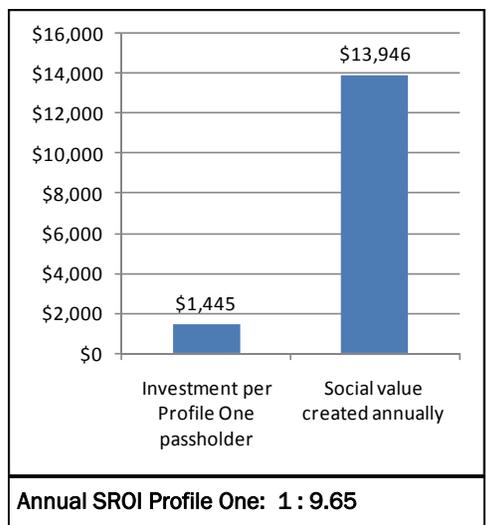
These individuals often have poor health and limited mobility. They have frequent doctor visits and access other services such as community kitchens, senior's resource centres, as well as community or church groups. Having access to these services means that they are able to maintain their health through routine medical attention and a more active lifestyle, thereby reducing the need to access emergency services.

People in Profile One are often under-trained or under-employed. Many use the LIMTP to access re-training programs, or to access job search training. The LIMTP also enables greater access to other parts of the city where

more employment opportunities are available. Access to 20 hours of part-time work at \$12/hr would generate an additional \$11,520 in income (gross) per year, per person.

As \$1,445 is invested per person within this profile, the value generated could equate to an annual **\$9.65** return on every dollar invested (see Graph 2).

Graph 2: Social value created annually per Profile One success



"I use the pass for medical reasons. I can no longer drive and depend on the pass to get to doctor's appointments. I have to go to the hospital 3 times a week. The \$37.50 I save means one more prescription for me."

- Anonymous LIMTP user



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Profile Two: Single Parent

The second profile of a LIMTP user is a single parent with at least one child. According to the user survey, 13% of pass-holders represent single parent households. This represents 337 single parents in any given month (minimum case)

The pass ensures access to medical services, recreation, grocery shopping and transportation for the family, and in addition, may enable access to better employment. Single parents living on low income often have to live in the far suburbs of Calgary. The LIMTP allows for exploration of better employment options since a person is not limited to employment in close proximity to their home. In fact, 49% of LIMTP survey respondents indicated they used the pass to find employment or better employment.

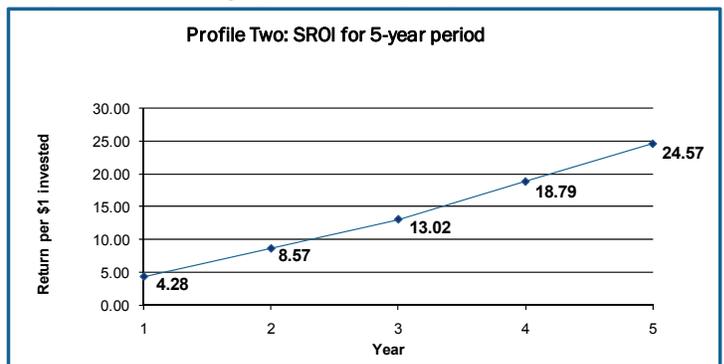
A woman working as a cashier would make \$11.15/hour according to the Alberta Wage and Salary Survey, but could make \$17.68/hour as an administrative assistant downtown. After three years, her salary would go up to \$19.78/hour. This is equal to an increase in yearly salary of \$10,587 and \$14,313 respectively, and would likely be accompanied by a benefits package from her employer. Increases in her household income would also generate additional provincial and federal taxes.

"I'm a single mother of two. The Low Income Monthly Pass is helping me to afford to go to work, go shopping, access leisure, and do things with my kids. It is a big save to my budget!"
- Single Parent

This increase in salary has an exponential impact on the family's quality of life that will be realized well into the future. There is a likelihood that over an extended period of time she may gradually reduce her need to access subsidized childcare or subsidized housing. She will also no longer require access to the LIMTP program.

\$875,000 invested in Profile Two of 337 single parents is equal to \$2,469 each. In the first year, \$10,462 in social value will be created should the parent move to a better job. As a better job will create social value into the future, over five years their SROI will grow to \$60,100 per person, a ratio of **1: 24.57** (See Graph 3). Only 14 successes are need in order to return the City's investment.

Graph 3: SROI for single parent over 5-year period



Profile Three: Person with a disability or chronically ill

According to the survey of LIMTP users, forty percent (40%) of pass-holders are disabled or chronically ill people who are recipients of Assured Income for the Severely Handicapped (AISH). Using the minimum number of LIMTP passes sold as a base-line, Profile Three represents a minimum of 1,038 Calgarians in any given month.

A person with a disability or who is chronically ill uses the LIMTP to access medical services that enable them to stay healthy. This includes appointments with GPs, specialists, physiotherapists and other preventative care services.

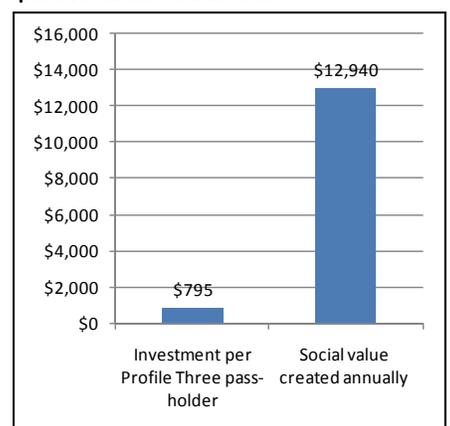
Access to these services enables someone to manage their health proactively, rather than to wait until emergency services such as EMS or hospital care are needed.

A person with a disability or who is chronically ill and unable to access medical appointments would require access to

subsidized in-home care, which would cost the individual upwards of \$2,000 a year.

Persons with limited mobility can become isolated - a key contributing factor to depression. With the LIMTP, people who have a disability or who are chronically ill are more likely to connect with others as volunteers, to access training for life and

Graph 4: Social value created annually per Profile Three success



Annual SROI Profile Three: **1 : 16.27**



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work skills development, access recreation, and socialize with family and friends. All of these factors improve quality of life, and help avoid depression and circumstances associated with serious mental health issues, such as hospitalization or psychiatric treatment.

Employment options can be limited for someone with a disability. Affordable transportation enables access to jobs that might not otherwise be available in the local area. In Calgary, 24% of AISH recipients work, mostly part-time. A conservative estimate of additional income earned by an

AISH recipient is \$100 per month, 6 months of the year.

The SROI ratio resulting from investing in the LIMTP program for Calgarians in Profile Three is **1 : 16.27**. For every one dollar invested, \$16.27 of social value is created. Only **64** of the 1038 people within this profile need to be enabled to manage their own health and access essential preventative services in order to return the \$825,000 investment.

Conclusion

Based on a minimum of 2,594 purchasers, one could consider the number of successes required, within each profile, in order to generate \$2.5 million in social value for the City of Calgary.

For example, enabling **59** of 557 single, adults who are aging (11% of minimum case) to improve their health and financial situation would generate \$ 825,000 in social value annually. If **14** single parents (4% of minimum case) used their passes to secure a better job, the \$825,000 annual investment in

Calgarians within Profile Two would be returned over five years. If **64** of 1038 people with a disability or chronically ill use the LIMTP to access preventative health care services, the City of Calgary will breakeven on the annual investment into Profile Three.

The potential to create social value through investment in the LIMTP goes far beyond the breakeven point, as the likelihood of success per LIMTP profile is greater than the minimum scenarios presented.

Table 3: Minimum successes per profile to breakeven on LIMTP investment

LIMTP Profiles	Investment made per profile	Minimum number of user per month	Social value created per person	SROI	Number of successes needed to breakeven on investment	Percentage of successes needed to breakeven on investment
Profile One: Person with a disability or chronically ill	\$825,000	1038	\$12,940	18.27 (one year)	64	6%
Profile Two: Single parent	\$825,000	337	\$60,100	24.57 (five years)	14	4%
Profile Three: Single adult between 45 - 64	\$825,000	557	\$13,946	9.65 (one year)	59	11%

“Basic transportation is a necessity to participate in community life. For people who are destitute, bus passes are essential.”
 – Canadian Centre for Policy Alternatives, November 2005



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Table 4: SROI value calculation for single adult between 45–64

Profile One: Single adult between 45 - 64 Social Value Calculation: One Year Period		
SROI Indicators Included:	Value YR 1	Notes
EMS because unable to get to doctor	\$937	2 times a year at \$468.43
Emergency visit to hospital	\$3,114	One 3-day stay at \$1038/day
Able to work part-time	\$11,520	20 hours a week at \$12/hour for 48 weeks
Medical visits	-\$1,625	Once every 2 weeks at f \$62.50 a visit (assuming 1/4 hour appointment)
Social value created annually (per person):	\$13,946	
Total investment per person (occurs in YR1)	\$1,445	
SROI attributed to LIMTP (over 1 year)	9.65	

Table 1: 75% of LICO in 2007

Size of Family	75% of LICO
1 person	\$15,584
2 people	\$19,400
3 people	\$23,851
4 people	\$28,958

Table 5: SROI value calculation for single parent

Profile Two: Single Parent Social Value Calculation: One Year Period		
SROI Indicators Included:	Value YR 1	Notes
EMS visit because unable to get to doctor	\$468	Once a year at \$468.63 a visit
Emergency visit to hospital	\$231	Once a year at \$231/day
Increase wages	\$7,762	\$11.15/hr (local cashier) to \$17.68/hr (downtown admin. assistant) for 3 years. A difference in salary of \$10,587 minus \$2825 taxes paid. For years 4 & 5 salary goes up to \$19.78/hr. This is a \$3726 increase in salary, minus taxes of \$932.
Increase taxes	\$2,825	Alberta exempt on first \$15,435, and 10% on remaining Federal exempt on first \$9,600 and 15% on remaining
Cost of transit pass	-\$825	First month eligible for pass, but next 11 should be paying full price
Social value created annually (per person):	\$10,462	
Present value of social value created: (over 5 years/person):	\$60,100	
Total investment per person (occurs in YR1)	\$2,446	
SROI attributed to LIMTP (over 5 years)	24.57	

Table 6: SROI value calculation for person with a disability or chronically

Profile Three: Person with a Disability/Chronically Ill Social Value Calculation: One Year Period		
SROI Indicators Included:	Value YR 1	Notes
EMS visits because unable to get to doctor	\$1,874	4 times a year at \$446.43 a time. This would be to deal with both major and minor issues.
Emergency visit to hospital	\$231	Once a year at \$231/day
Hospital for psychiatric care	\$8,878	\$8,878 per stay
Calgary Health Region Home Care	\$2,107	\$20.26/visit according to Home Care* 1visits/week * 2hours/visit * 52 weeks
Doctors appointments	-\$750	Once a month minimum at \$62.50 a visit (assuming 1/4 hour appointment)
Increased wages	\$600	An average of \$100 a month, maximum 6 months
Social value created annually (per person):	\$12,940	
Total investment per person (occurs in YR1)	\$795	
SROI attributed to LIMTP (over 1 years)	16.27	

Endnotes

¹ Raphael, Dennis, "Options addressing the Social Determinants of Health in Canada: Bridging the gap between research findings and public policy," Policy Options, March 2003, 35, <http://www.irpp.org/po/archive/mar03/raphael.pdf>

² Tanasescu, Alina, "SPRI Sustained Poverty Reduction Initiative. Public Transit for Low Income Calgarians," March 2006.

³ Hargroup Management Consultants, "Low Income Transit Pass Outcomes Survey," August 2007.