

State of New York
Office of the State Comptroller
Division of Management Audit

**METROPOLITAN TRANSPORTATION
AUTHORITY
NEW YORK CITY TRANSIT
NEW YORK CITY POLICE
DEPARTMENT**

FARE EVASION

REPORT 95-S-121



H. Carl McCall
Comptroller



State of New York Office of the State Comptroller

Division of Management Audit

Report 95-S-121

Mr. E. Virgil Conway
Chairman
Metropolitan Transportation Authority
347 Madison Avenue
New York, NY 10017

Mr. Howard Safir
Commissioner
NYC Police Department
1 Police Plaza
New York, NY 10038

Dear Messrs. Conway and Safir:

The following is our audit report on the efforts of the MTA-NYC Transit and the NYC Police Department to prevent fare evasion on the New York City subways.

We did this audit according to the State Comptroller's authority as set forth in Article X, Section 5 of the State Constitution. We list major contributors to this report in Appendix A.

*Office of the State Comptroller
Division of Management Audit*

December 24, 1996

Executive Summary

Metropolitan Transportation Authority

New York City Transit

New York City Police Department

Fare Evasion

Scope of Audit

New York City Transit (Transit), part of the Metropolitan Transportation Authority (MTA), was created by the State Legislature in 1953 to operate New York City's bus and subway systems. Transit and its subsidiaries, the Manhattan and Bronx Surface Transit Operating Authority and the Staten Island Rapid Transit Operating Authority, provide service to approximately 1.5 billion passengers annually on 5,800 subway cars and 3,700 buses.

Boarding the subway without paying the required fare, or fare evasion, has been a problem for years. Reported fare evasion peaked at 7.43 percent in August 1990 and dropped about one percent a year to reach a low of 1.61 percent in December 1995. However, in 1995 Transit reported that fare evasion still accounts for about \$15 million in lost revenues annually. To reduce the incidence of fare evasion, Transit is planning to install an automatic fare collection (AFC) system in all stations by 1997; AFC equipment is currently in place at 485 of 736 station control areas. NYC Police Department (Police Department) efforts to reduce fare evasion, including the stopping, summoning and arresting of fare evaders, were estimated to cost about \$13.4 million in personal service costs in 1995.

Our audit addressed the following questions about the fare evasion prevention efforts of Transit and the Police Department for the period January 1, 1994 through February 29, 1996:

- ! Does Transit compile accurate statistics on fare evasion?
- ! Do Transit and the Police Department use fare evasion prevention tactics that are successful and cost effective in reducing its occurrence?

Audit Observations and Conclusions

We found that Transit may be reporting fare evasion rates higher than they really are. We also found that, while the incidence of fare evasion declined between 1990 and 1995, the methods used to prevent it could be more successful, and applied more cost effectively, by compiling accurate data, developing performance measures and exploring the use of new technologies to identify fare evaders.

Transit's reported fare evasion rate is used by both Transit and Police Department management to determine how to combat this problem and how much to spend doing it. However, our counts of fare evaders at 44 stations for 82 hours were about half the number recorded by station clerks for the

same periods. Further, on the presumption that clerks will undercount evaders, Transit adds 35 percent to the clerks' numbers to develop its reported evasion rate. Thus, the cost of fare evasion may be less than half the \$15 million reported. Had Police Department officials had accurate count information, they may have decided to use fewer officers or assign them differently. We recommended that Transit obtain accurate fare evasion counts, and suggested using station managers to do periodic counts of fare evaders. (See pp. 5-8)

Transit decided to implement AFC, in part, because the installation of this equipment was projected to contain fare evasion losses and increase Transit's revenues by \$41 million per year. We examined fare evasion statistics at 82 randomly selected AFC stations, and noted that, while rates were down overall, they had actually increased at 14 stations. Although the count data is admittedly unreliable, we believe that Transit should determine why fare evasion appears to have increased at these stations. (See pp. 9-10)

The Police Department assigns uniformed police officers to stations and daily does 50 to 75 "sweeps" with plainclothes officers at specific stations. We found that fare evasion rates during 1995 had decreased overall at the 94 stations where they assigned officers; however, the rates actually increased at 44 of these stations. There was no direct relationship between the number of sweeps done and changes in the rate of fare evasion. Police Department officials should develop their own performance standards so they can determine the relative success of each of these methods and modify their strategies, where necessary. (See pp. 11-15)

The Transit Adjudication Bureau (TAB) processes summonses issued for fare evasion. However, we estimate that at least 75 percent of respondents do not appear at the hearing or pay a fare evasion fine. According to TAB officials, the major cause for the low response rate is that police officers do not obtain a valid name and address at the time they issue the summons. We recommended that Police Department officials explore the use of new technology, such as finger imaging, to help identify repeat evaders who have not responded to summonses. (See pp. 17-18)

Comments of Transit and Police Department Officials

The matters contained in this report were provided to Transit and Police Department officials for their review and comment. Both Transit and Police Department officials generally agreed with our audit findings and conclusions about the fare evasion programs. However, they disagreed with many of the report's recommendations because, in their opinion, the recommendations would not be cost effective or the recommendations represent a practice which is already in place. Their comments have been considered in preparing this report.

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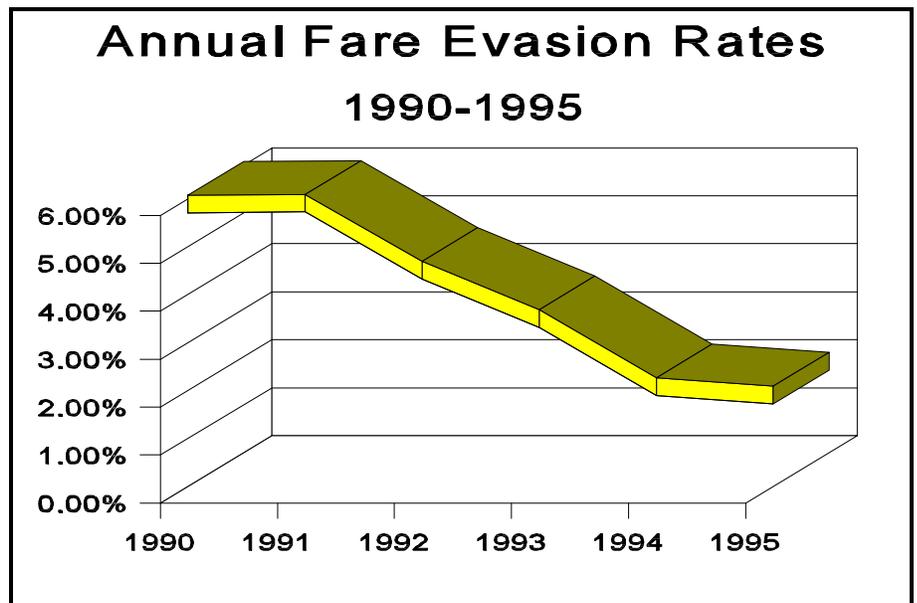
Introduction

Background

New York City Transit (Transit), a part of the Metropolitan Transportation Authority (MTA), was created by the State Legislature in 1953 to operate New York City's bus and subway systems. Transit and its subsidiaries, the Manhattan and Bronx Surface Transit Operating Authority and the Staten Island Rapid Transit Operating Authority, provide service to approximately 1.5 billion passengers annually on 5,800 subway cars and 3,700 buses. Of this total, about 1.1 billion passengers rode the subways operated by Transit.

The act of boarding the subway without paying the required fare, or "fare evasion," has been a problem for many years. Reported fare evasion reached a peak of 7.43 percent of total subway passengers in August 1990. Since then, the overall trend in fare evasion rates has been downward, falling about one percent a year, from about 5.9 percent in 1990 to about 1.9 percent in 1995 as shown on the following graph.

These rates reached a low of 1.61 percent in December 1995. Transit



calculates that fare evasion resulted in almost \$15 million in lost revenues in 1995. This calculation is based on Transit's estimates that, if they completely eliminated fare evasion, only 60 percent of fare evaders would still use the subway as paying customers.

Compiling fare evasion statistics is the responsibility of the Stations Department. Station clerks (token sellers) count the number of fare evaders around

the clock on the second Wednesday each month at each of Transit's 468 stations. Transit officials recognize that it is very difficult for the station clerks to carry out their regular duties (i.e., selling tokens, providing change and answering questions) and at the same time accurately count the number of fare evaders. Therefore, during 1988 and 1989, officials assigned traffic checkers from the Operations Planning Department to conduct independent counts. These counts found that the station clerks undercounted the total number of fare evaders by an average of 35 percent. Thus, Transit officials decided to increase the station clerks' counts by 35 percent to arrive at the official fare evasion rate reported monthly to the MTA Board of Directors.

Station clerks are not allowed to stop fare evaders. Stopping, issuing summonses to or arresting fare evaders is presently under the jurisdiction of the Transit Bureau of the NYC Police Department (Police Department). The Transit Adjudication Bureau (TAB), a division of Transit's Law Department, processes summonses for fare evasion issued by the Police Department. The Police Department assigns a certain number of uniformed officers to control areas (subway entrances with turnstiles and token booths) to prevent fare evasion according to a schedule prepared by Police headquarters. There are 138 weekday and 24 weekend shifts ranging from two to eight hours each. Transit pays about \$5.4 million annually in personal service costs for these uniformed police.

In addition to assigning uniformed police officers, the Police Department does 50 to 75 daily "sweeps." In a sweep, a supervisor and three or more plainclothes police officers go to specific stations to catch fare evaders in the act. Each district commander is in charge of scheduling these sweeps. Generally, this decision is made in response to a request from Transit's Stations Department, crime trends in the region or a station's appearance in the report of the 50 Highest Booths by Fare Evasion. We estimate that performing such sweeps costs about \$8 million annually.

In addition to the above Police Department actions to reduce fare evasion in subway stations, Transit is also in the process of establishing automatic fare collection (AFC) systems in all its stations. Nonpaying passengers typically enter through the exit slam gates, jump over low railings or slip through turnstiles. AFC equips a station with high railings, agent-operated exit gates and the T-200 turnstile, which is designed to prevent people from slipping through. Transit initiated planning for AFC in 1984, and submitted a report to the MTA Board in March 1991 which projected that AFC would produce \$41 million in additional revenues through reduced fare evasion and increased ridership. As of December 1995, AFC equipment has been installed at 485, or almost two-thirds, of the 736 control areas. All stations are scheduled to be equipped with AFC equipment by 1997.

Audit Scope, Objectives and Methodology

We audited the fare evasion prevention programs of Transit and the Police Department for the period January 1, 1994 through February 29, 1996. The objectives of our performance audit were to determine whether Transit compiles accurate statistics on fare evasion and whether the methodologies used to combat fare evasion (police presence, AFC equipment and summonses) are successful and cost effective in reducing its occurrence. To accomplish our audit objectives, we tested Transit's fare evasion statistics by conducting our own observations of fare evaders. We also interviewed key personnel at Transit and Police and reviewed pertinent reports and data.

We conducted our audit according to generally accepted government auditing standards. Such standards require that we plan and do our audit to assess adequately those Transit and Police Department operations included in our audit scope. Further, these standards require that we understand Transit's and Police's internal control structures and their compliance with those laws and rules that govern the operations included in our audit scope. An audit includes examining, on a test basis, evidence supporting transactions recorded in the accounting and operating records and applying other auditing procedures as we consider necessary in the circumstances. An audit also includes assessing management's estimates, judgments, and decisions. We believe our audit provides a reasonable basis for our findings, conclusions and recommendations.

As is our practice, we notified Police Department officials at the outset of the audit that we would request a representation letter in which management provides representations concerning the relevance and competence of the evidence provided to the auditors. In this representation letter, management asserts that to the best of its knowledge, all financial and programmatic records and related data had been made available to the auditors. In such a letter, Police Department officials affirm that the agency had complied with all laws, rules and regulations applicable to its operations that would have a significant effect on the operating practices of the program being audited. Upon conclusion of the audit fieldwork, we formally requested the representation letter from the Office of Management Analysis and Planning but they have not provided one. By not providing us the letter we lack assurance that all relevant evidential matter was provided to us during the audit.

We use a risk-based approach when selecting activities to audit. This approach focuses our audit efforts on those operations identified through a preliminary survey as having the greatest chance for needing improvement. So, by design, we use our finite audit resources to identify where and how to make improvements. Thus, we devote little audit effort to reviewing operations that may be efficient or effective. As a result, we prepare our audit reports on an "exception basis." This report, therefore, highlights those areas needing improvement and does not address activities that may be functioning properly.

Response of Transit and Police Department Officials

Draft copies of this report were provided to Transit and Police Department officials for their review and comments. We considered their comments in preparation of this report and have included them as Appendices B and C.

Both Transit and Police Department officials generally agreed with the audit findings and conclusions about the fare evasion programs. However, they disagreed with many of our recommendations because, in their opinion, the recommendations would not be cost effective or represent a practice which is already in place. Transit officials stated that they have tried other methodologies for counting fare evasions, but they have proved to be costly. They also believe that the current method, even with its inaccuracies, gives consistent results systemwide.

We believe that because many decisions on how to combat fare evasion are based on these statistics, Transit should compute the data accurately and we suggest how station managers could be used to help do this.

Police Department officials stated that the primary objective in assigning personnel is to reduce crime not just prevent or reduce incidents of fare evasion. Thus, they do not agree to develop measurable performance standards to determine the extent uniformed police and/or sweeps are effective alone in reducing fare evasion.

Considering that the Police Department spends approximately \$13.4 million per year to combat fare evasion, we believe that it is imperative that performance standards be established to determine the cost effectiveness of those assignments.

Within 90 days after final release of this report, as required by Section 170 of the Executive Law, the Chairman of the Metropolitan Transportation Authority shall report to the Governor, the State Comptroller, and leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons therefor.

Reported Number of Fare Evaders

The resources allocated to a program should be based on accurate and verifiable information. Before spending money for combating fare evasion, it is essential to know how pervasive fare evasion is and where it is occurring. Without this information, Transit does not know how much to appropriate for prevention efforts or where to allocate its resources. Further, the MTA Board makes decisions based, at least in part, on these reported statistics.

We found that Transit may be reporting fare evasion rates higher than they really are. This is based on our observations at 44 stations for 82 hours on the same days that token booth clerks counted fare evaders in September, November and December 1995 and February 1996. We saw only about one-half the number of fare evaders that the clerks reported for the same hours, as shown on the chart below. Further, Transit routinely increases clerks' counts by 35 percent because management believes that the station clerks undercount the number of fare evaders. However, clerks appear to be overcounting fare evaders, on average. Using Transit's methodology, the number of fare evaders reported for the above periods was almost triple what we observed.

FARE EVADERS

Observation Date	Our Counts	Clerks' Counts	Transit Reported Number *	Variance
09-13-95	13	24	32	19
11-08-95	107	181	244	137
12-13-95	42	58	78	36
02-07-96	<u>59</u>	<u>180</u>	<u>243</u>	<u>184</u>
	<u>221</u>	<u>443</u>	<u>597</u>	<u>376</u>

***Note:** This is our calculation, based on the clerks' counts plus the 35 percent Transit routinely adds to the total count before it calculates the fare evasion rate it reports to the Board.

Transit officials have known that they have been potentially over-reporting the amount of fare evasion for several years, but have not changed their reporting methodology. For instance, in January and February 1991, Transit's Operations Planning Unit conducted counts of fare evaders by using a random sample of times and stations. Their projected totals were 23 percent higher than the token clerks counts, indicating that the 35 percent adjustment factor was probably too high. However, Transit officials decided to continue using the 35 percent adjustment, with the justification that lowering the adjustment

factor “may give the appearance that Transit is attempting to minimize the true extent of fare evasion on the subway.”

In a 1992 audit of fare evasion, Transit’s Office of Audit recommended that Transit implement a statistically valid sampling method. Operations Planning Unit implemented this method in October 1993 and continued it through December 1994. Although the statistically determined fare evasion counts showed that the clerks undercounted fare evasions by 16 percent, Transit continued to use the token booth clerks’ monthly counts and the 35 percent adjustment to determine the fare evasion rates it reported to the Board.

Transit officials told us that they discontinued the statistical method because they concluded the \$300,000 annual cost was not worth the benefit of having a more exact count of fare evaders. They believe that the trend in fare evasion is more important and that the current method is adequate for determining the trend because it has been consistently used for several years. They also point out that the statistical counts showed similar trends in fare evasion.

Although we agree that the current method reflects the overall downward trend in fare evasion, we strongly believe that a more accurate count of fare evaders is needed. The MTA Board makes decisions based, at least in part, on estimates of fare evasion. For example, a major part of the justification for implementing AFC was that it would save \$41 million per year in fare evasion. In addition, we estimate that the Police spent about \$13.4 million combating fare evasion during 1996 (\$5.4 million for uniformed police and \$8 million for plainclothes officers). The Police Department might have decided to expend fewer resources on fare evasion prevention efforts if the costs to Transit in lost revenues were less than half the \$15 million Transit reported for 1995.

The Police Department also decides the specific stations and times to assign officers based to a large extent on the counts of fare evaders. Resources may be misapplied if these counts are not accurate. For example, we observed six fare evaders at 86th Street on the “C” line on November 8, 1995 between 2:00 p.m. and 3:00 p.m.; the clerk reported 30. On the same date, we observed 25 fare evaders at 86th Street on the Lexington Avenue Line between 4:00 p.m. and 5:00 p.m.; the clerk reported only two. Such errors in the clerks’ counts could result in the assignment of officers to locations at times when they are not needed, or the failure to assign officers where they are needed. Police Department officials told us that they have assigned officers to certain stations based on the fare evasion counts only to have the officers report that there was no, or very little, fare evasion.

It is essential that Transit officials have accurate fare evasion data to be able to reliably determine the actual costs of fare evasion and how much should be expended to prevent it. With accurate data, officials will also be better able to determine where fare evasion is most likely to occur and to gauge the success, and relative cost effectiveness, of the various prevention efforts. We discuss such performance measurement in the following section of this report.

We believe that Transit may obtain more accurate counts of fare evaders by assigning station managers to help with this task at stations included in the Station Manager Program (Program). Transit started this Program in 1990 to maintain its newly-renovated subway stations and to provide higher levels of customer service. Under the Program, a station manager is assigned from one to seven stations and is responsible for the overall environment in those stations. Currently the Program has 62 station managers and 279 supervisors, who are responsible for 252 of the system's 468 stations. Transit intends to expand the program to all 468 stations. In a recent audit of the Program, we concluded that the station managers could take on additional work. Having them periodically help to count fare evaders could give Transit more accurate data about the incidence of this problem.

In response, Transit officials stated that the use of station managers to count fare evaders is not a practical solution. They indicated that station managers would be conspicuous and thus the number of fare evaders would be lower than usual. In addition, because station managers are each responsible for more than one station and each station can have more than one fare control area, the station managers would not be able to count fare evaders at all fare control areas of the stations they are responsible for.

We believe that our report provides sufficient reasons for Transit to implement our recommendation. As stated by Transit officials in their response, these fare evasion statistics provide "...the police with information needed to make tactical decisions regarding deployment." Unfortunately, as our report shows, the wrong decision can, and have, been made because of inaccurate counts of fare evaders.

We believe that Transit officials are not considering the different potential ways they could utilize station managers to help count fare evaders. For instance, rather than relying on a single, 24 hour count each month, Transit could stagger the station managers' observations for a few hours at a time at different locations throughout the month. In addition, the station managers could be used to spot-check the counts of the station clerks, rather than replacing them. Station managers could also conduct their counts from within the token booths, where they would not be so conspicuous.

Recommendations

1. Develop a methodology for accurately counting fare evaders.

(Transit officials disagree with this recommendation, stating that "...while we realize the current monthly counts may have some inaccuracy associated with them at specific booths during certain months, the current method appears to give consistent results systemwide, which does provide an indication as to whether the fare evasion problem is increasing or decreasing." They also stated they have tried other methodologies for counting fare evasion, but they have proved to be costly.)

Auditors' Comments - We believe that Transit can improve the accuracy of its statistics at little or no additional cost by relying on station managers as we suggest in recommendation 2.

2. Consider using station managers in the Station Manager Program to periodically help count the number of fare evaders.

(As discussed in the body of this report, Transit officials disagree with this recommendation.)

Performance Standards for Cost Effective Prevention Efforts

Formal performance measurement can be a useful tool in helping managers assess their programs' progress toward achieving objectives. The comparison of actual performance with measurable objectives can also function as a valuable tool of accountability. We believe that performance measures would help control fare evasion cost effectively because management could concentrate its limited resources on prevention efforts that have proven to be the most effective.

However, neither Transit nor Police Department managers have established formal performance measurements and goals for their efforts in combating fare evasion or formally evaluated the effectiveness of their efforts in achieving the goals. Transit and Police Department officials told us that they believe that the overall decline in fare evasion over the last few years is an indication that their efforts as a whole have been successful. However, without specifically measuring the effectiveness of each of their fare evasion reduction efforts (AFC, uniformed police or undercover sweeps), these officials do not know which has been the most successful and where they should concentrate their efforts.

Automatic Fare Collection Program

Although implementation of the Automatic Fare Collection Program (AFC) was justified, in part, by estimates that it would increase Transit's revenues by \$41 million per year in reduced fare evasion, Transit has only conducted a limited assessment of whether AFC is reducing fare evasion. Transit compared one-day fare evasion at 20 stations immediately before and immediately after installation of AFC. This comparison showed that fare evasion decreased by a total of almost 32 percent after AFC was installed. However, this was limited in that it did not determine the long-term effects of the AFC equipment on the fare evasion rates. We developed our own methodology, as described below, for assessing its performance and concluded that AFC has made a significant contribution to reducing fare evasion. However, because our assessment used fare evasion statistics compiled by the Stations Department whose accuracy we previously questioned, our results cannot be fully relied on. This points out the need for Transit to develop a methodology to compile accurate fare evasion statistics, so that it can conduct better performance assessments.

We randomly selected 82 control areas at which the AFC equipment has been installed. We compared the amount of fare evasion in the last three months before the AFC installation at each control area to the amount of fare evasion for the three-month period September through November 1995. In total, fare

evasion had dropped significantly from 23,909 to 11,662, a reduction of more than 50 percent. Some stations showed very large reductions: for instance, at 149th Street, counts went from 1,977 fare evaders to 274; at Cypress Avenue, from 1,024 fare evaders to 336.

However, not all control areas with AFC equipment showed a reduction in fare evaders. In fact, fare evasion increased at 14 of these stations (rates more than doubled at five stations) and stayed the same at two others. For instance, fare evasion at 90th Street increased from 176 to 460; Park Slope increased from 172 to 377. Together, these 14 stations had an increase of more than 51 percent in fare evasion, from 1,962 to 2,972.

Transit officials told us that they reviewed our listings of the stations which had an increase and found that one station (14th Street) had uniformed police presence before the installation of the AFC equipment, but had none afterwards. They believe that this may explain why fare evasion increased after the AFC equipment was installed. For the other stations, Transit officials stated that the increases could be the result of changes in police coverage, or merely the result of our sampling stations. They believe the only significant issue is the overall downward trend in fare evasion at the AFC stations.

We believe that Transit officials have to investigate and determine the causes of the increase at the 14 stations. This may help them determine other measures that management should take. For instance, the new AFC equipment may not be effective in eliminating the problem of people entering the subway through the exit gates.

In our observations of both AFC stations where the exit gate is electronically controlled by the token booth clerk and in non-AFC stations (where the exit gate can be opened by passengers) we found that 29 percent of the fare evaders entered through the exit gate. One cause of this problem is that token booth clerks violate Transit procedures by leaving the exit gates unlocked. This defeats the whole purpose of having the exit gate electronically controlled by the clerks. For instance, at 68th Street on the Lexington Avenue Line, 15 evaders went through the service gate during the 15-20 minutes the gate was left unlocked. In addition, we found that many evaders went through the gate when it was opened for legitimate reasons (e.g., to admit a paying passenger with a baby carriage or a student with a transportation pass). For example, we noted ten evaders going through this way in two hours of observation on November 28, 1995 in the Hoyt Street station.

Recommendations

3. Determine the causes of the increase in evasion at the AFC stations we identified.

(Transit officials replied that the increases were probably due to a change in level of police coverage after the AFC equipment was installed. They also stated that the only significant issue is the overall downward trend in fare evasion at the stations.)

Auditors' Comments - Given that fare evasion still accounts for about \$15 million in lost revenues, we believe that Transit officials need to determine why fare evasion increases at subway stations in order to take the appropriate corrective action.

4. Ensure that token booth clerks do not leave electronically controlled exit gates unlocked.

Effective Use of Police Department Personnel

Despite spending approximately \$13.4 million per year to combat fare evasion, the Police Department has not conducted any analysis to determine the effectiveness of these actions. Thus, the Police Department does not know what modifications need to be made to make police actions, such as assignments of uniformed police or station sweeps, more cost effective.

To determine the effectiveness of uniformed police assignments, we compared the amount of fare evasion during January 1995 to April 1995, to the amount during June to September 1995, for the 94 control areas where police officers were assigned during the entire period. We found that fare evasion had decreased by 3,478 or eight percent.

However, not all control areas had a reduction in fare evaders. In fact, fare evasion increased in 44 of the 94 control areas (47 percent), with one more than tripling and three more than doubling the number of fare evaders. For instance, fare evasion at Park Place increased from 191 to 751 and Elmhurst Avenue increased from 255 to 575. Together, these 44 stations had an increase of almost 32 percent from 16,697 to 21,970. We believe that Police Department officials have to investigate the causes of this increase in fare evasion and determine which other measures should be taken.

For instance, one reason for the increase could be that not all scheduled assignments were filled. We took another small sample of nine control areas which had scheduled uniformed police presence daily to determine whether the police were deployed as scheduled. For the three-month period we

sampled, there were 11 shifts scheduled per month (total of 33). We then compared them to police records of assignments filled. We found that of the 33 scheduled assignments, 13 were not filled. Police officials informed us that this happens when other matters arise which require the reassignment of the officer.

In fact, we were initially informed by Department officials that the schedule of uniformed police assignments was changed in six-month intervals. But, in responding to our draft audit report, Department officials indicated that the Department does not have a fixed time period for its fare evasion assignments, and that they may be updated at any time. However, the schedule of assignments we were told was in effect during the audit had not been updated for ten months. Thus, any changes in assignments made during that period were not reflected in the schedule. The lack of adequate information on uniformed police assignments hinders any analysis of their effectiveness. Thus, the Department needs to ensure that the assignment schedule is updated timely when changes in assignments are made.

The Police Department usually assigns uniformed officers to subway stations based on fare evasion reports compiled from the token clerks' counts. They assign other officers based on a listing of the 61 stations that had the highest fare evasion rates when Operations Planning conducted counts in 1988-1989. This data is not current, but the Police Department believes that fare evasion will increase if they do not periodically maintain a presence at these stations.

To determine whether this claim was valid, we compiled the fare evasion statistics for the weekday uniformed police assignments which were added to or deleted from the schedule of May 20, 1995. For the 17 control areas added in May, fare evasion decreased by a total of 43 percent, from 14,384 to 8,135. (Sixteen control areas decreased by 6,261; but one increased by 12). In addition, for the 30 control areas which were deleted in May, fare evasion increased by a total of 29 percent, from 8,788 to 11,341. (Nineteen control areas increased by 3,215; but eleven decreased by 662.) Based on this analysis, we believe that there is a basis for the Police Department's claim that there is a potential for fare evasion to increase once police are removed from the locations that previously had high levels of evasion. However, due to the volatility of these results (e.g., 11 locations showed a decrease even after police were no longer assigned on a regular basis) the Police Department may find it useful to test whether removing police assignments from these specific locations results in significant increases in fare evasion. This could free-up police to be assigned to locations with current high fare evasion rates.

In addition, we determined that 29 percent of the uniformed police assignments are based on the recommendations of the district commanders. While we understand that district commanders' knowledge is useful when scheduling

police, professional judgment must be supported by verifiable evidence and records that show why assignments are made.

However, we found the Police Department did not maintain records of the reasons for these assignments. We contacted four district commanders to find out their reasons for some of these assignments. Three stated that they were new in the position and thus were not aware of the reasons for the assignments. We question how the police can properly plan these assignments and make changes to them without knowing the reasons they were made.

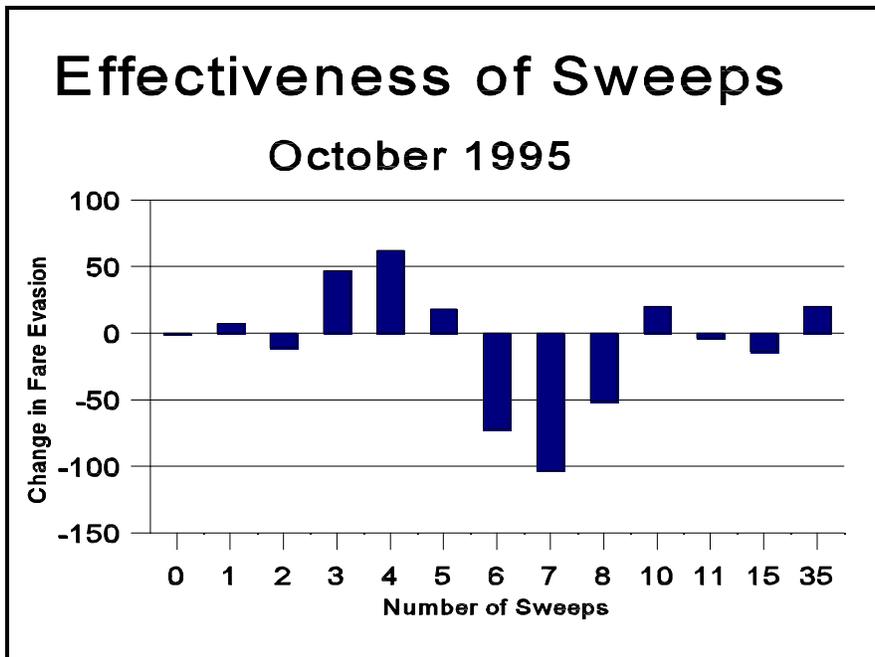
In responding to our draft report, police officials stated that the recommendation addresses the need to document the reasons for an assignment. However, they are more concerned with the decision making process and that they believe the district commanders' decisions are based upon important factors and that the decisions achieve positive results. These factors include crime statistics/patterns, their own review of Transit's fare evasion surveys and reports, and requests for police coverage from both Transit and Community Boards. They point to the overall decrease in fare evasion as proof that the correct assignment decisions have been made.

We believe the police's decision making process will be significantly improved by their documenting the reasons for all assignments made. It will provide a basis for the police to plan, review and modify the assignment schedule.

We also reviewed the sweep activities for nine districts. To determine the effectiveness of sweeps conducted in October 1995, we compared the total fare evasion for the month before the sweeps (September) to the fare evasion in the month after (November). We found, as shown on the following graph, that there is no direct relationship between the number of sweeps done and the change in fare evasion. For instance, 14 stations that did not have any sweeps had, on average, a slight decrease in fare evasion; 10 stations that each had one sweep had, on average, an increase in fare evasion. In addition, stations with three to five sweeps showed, on average, significant increases in fare evasion. Although stations with from six to eight sweeps showed very significant fare evasion decreases, we found that stations that had either 10 sweeps or 35 sweeps showed, on average, increases in fare evasion.

Police officials told us that the main objective of sweeps is not to reduce fare evasion, but rather to combat crime. In their opinion, the people who enter the system to commit a crime, will, in all probability, also evade the fare. By arresting the fare evader, they believe that they are likely to be arresting a potential criminal and are, in effect, significantly reducing felony crimes in the subways. They also believe that the sweeps help to create an atmosphere where the potential criminal will not feel free to act. However, the Police Department has not established any performance measure to determine the

effect of sweeps on the crime rates. In any event, it does not appear they are creating the hoped for atmosphere if fare evasion increases at many stations after the sweeps are held.



We recognize that our analyses of Police Department actions were for a short time frame and that results may be different for longer periods. But we believe they indicate that it is important for the Police Department officials to develop their own performance measures. If the results of their analyses are consistent with ours, officials should modify their strategies for combating fare evasion.

Recommendations

5. Investigate the causes of the increase in evasion at the 44 stations we identified with police coverage.

6. Update the assignment schedule when changes are made to uniform police assignments.

(Police officials disagreed with our original recommendation to update the assignment schedule more frequently. They stated that the assignments are continuously updated. We note that although the assignments may be changed, the schedule of assignments is not updated to reflect these changes. We have modified the recommendation to account for this.)

7. Ensure that the reasons for all uniform police fare evasion assignments are documented.

(Police officials disagreement with this recommendation is discussed in the body of this report.)

8. Develop measurable performance standards to find out to what extent uniformed police and/or sweeps are effective alone in reducing fare evasion.

(Police officials disagree with this recommendation. They reiterated that the primary objective is to reduce crime, not just fare evasion. But they indicated a willingness to cooperate if Transit expressed an interest in researching the cause-effect relationship between the number of police personnel and the number of incidents of fare evasion.)

Summons Adjudication

During 1995, the Police Department issued more than 200,000 summonses for fare evasion. The Transit Adjudication Bureau (TAB) processes, adjudicates and collects fines on summonses issued by the Police Department for various offenses, including fare evasion. Those persons who are found guilty of, or who plead guilty to, fare evasion are required to pay a \$60 fine. Fines collected by TAB go to Transit's Transit Crime Fund. Transit's Board of Directors uses this Fund to pay for programs selected to reduce crime on Transit facilities or to improve the enforcement of laws.

We conservatively estimate based on TAB reports that at least 75 percent of the respondents do not appear at the hearing or pay the summonses. TAB officials claim that many summons recipients do not carry reliable identification to show the police officer writing the summons. Thus, many summonses contain incomplete information that TAB must rely on when following up on unanswered summonses.

TAB sends dunning notices to those persons who do not appear at scheduled hearings to answer summonses. When we asked TAB officials to provide statistics about the number of dunning notices returned by the Post Office, they responded that they do not compile such statistics, due to the sheer volume of notices sent out every day. We sampled dunning notices sent out to non-respondents of summonses issued for fare evasion and found that more than 50 percent had return notices. Reasons for non-delivery of notices included "unknown address/addressee," "no such number" and "insufficient address." Thus, we conclude that the TAB officials' assertion that the police officers' inability to obtain a valid name and address when the summons is issued is a major cause of the low response rate is accurate.

Before an officer issues a summons for fare evasion, the officer must obtain and verify identification from the fare evader. Ideally, a photo identification such as driver's license, passport, resident alien or U.S. military card is preferred. However, officers told us that these forms of identification are usually not carried by most fare evaders. Therefore, officers will accept other types of identification, such as a utility bill, a Social Security card or a Medicaid card. The Police Department admits that such alternate means of identification are easily obtainable and that habitual fare evaders carry false identification in the event they are caught. Since some of these acceptable forms of identification do not include an address, police officers will record what the fare evader states as an address.

TAB and the Police Department have made some efforts to identify and arrest repeat offenders who do not show up for the hearing. TAB prepares a

monthly listing of the people who have 40 or more outstanding fare evasion summonses. When uniformed police officers catch a fare evader, they check the offender's name against this listing and arrest persons whose names match.

However, neither TAB nor the Police Department maintain statistics on how often this list has been used to catch repeat offenders. Thus, they do not know whether it has been successful. In addition, the listing may not be successful for those that have phony identification or no identification. These people will be caught only if they use a false identification that is on the listing.

We believe that the Police Department should consider using new technologies in the identification of fare evaders, such as a finger imaging system. With this system, an electronic scanner captures an image of the fingerprint and feeds it into a computer. This technology is already being used to curb welfare fraud by matching the fingerprints of new welfare applicants against a database of existing clients to find duplicate claims. The Police Department should explore the feasibility of using a similar system to identify repeat fare evaders who do not respond to their summonses. In responding to our draft report, Police Department officials agreed to study this recommendation further and complete it during the first quarter of 1997.

Recommendation

9. Explore the feasibility of using a finger imaging system to identify repeat fare evaders.

Major Contributors to This Report

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E. Virgil Conway
Chairman



October 21, 1996

Mr. David R. Hancox
Director of State Audits
State of New York
Office of the State Comptroller
A.E. Smith State Office Building
Albany, New York 12236

Re: State Comptroller Audit 95-S-121 (MTA NYC Transit /NYC Police
Department Fare Evasion)

Dear Mr. Hancox:

This is in reply to your letter requesting a response to the above referenced
audit report.

I have attached for your information the comments of Mr. Lawrence G.
Reuter, President, MTA NYC Transit, which address your report in detail.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Virgil Conway", is written over the typed name.

Attachment

The agencies of the MTA,
State of New York

MTA New York City Transit
MTA Long Island Rail Road

MTA Long Island Bus
MTA Metro-North Railroad

MTA Bridges and Tunnels
MTA Card Company

370 Jay Street
Brooklyn, NY 11201-3814
718 243-4321 Tel
718 596-2146 Fax

Lawrence G. Reuter
President



New York City Transit

October 9, 1996

E. Virgil Conway
Chairman
Metropolitan Transportation Authority
347 Madison Avenue
New York, NY 10017



RE: Response to the State Comptroller's Office Draft Audit Report

Dear Chairman Conway:

The following are MTA New York City Transit's comments on the draft audit report (No. 95-S-121) on fare evasion. Our comments are shown for each section of the report. We understand that the Police Department is preparing a separate response to the audit as it pertains to them.

SECTION 1: REPORTED NUMBER OF FARE EVADERS

We welcome the State Comptroller's review of the fare evasion statistics and the calculation of the fare evasion rate. While we may have differences in what the exact number of fare evaders is each month and what the correct adjustment factor is for the clerk counts, I think we can agree that the overall trend in fare evasion is down significantly from 1990 and that New York City Transit and the New York City Police Department have made remarkable progress in reducing this problem. Since 1990, fare evasion has been decreased by 68 percent (as consistently measured by our current methodology), while paid ridership has increased by 6.3 percent during the same period. In addition, the efforts of the police to deter fare evasion have had additional benefits to the subway and we believe there is a direct correlation between the drop in both fare evasion and crime in the system. This is supported by the number of evaders who are discovered to have weapons as well as outstanding warrants when they are stopped for fare evasion.

The State Comptroller's audit expresses concern about the 35 percent adjustment factor which is applied to the 24-hour count of evaders. This factor was determined by comparing the clerk counts to a more complete count of evasion by traffic checkers done in 1988. An additional comparison in 1989 also indicated that the 35 percent adjustment factor was correct.

MTA New York City Transit is an agency of the Metropolitan Transportation Authority, State of New York
E. Virgil Conway, Chairman

Chairman E. Virgin Conway

October 9, 1996

Page 2 of 4

In 1991, another count of evasion by Operations Planning (not by New York City Transit's Office of Management and Budget, as it states in the audit) estimated the adjustment factor to be 23 percent, but the true statistical value of the adjustment factor could be anywhere from 14 to 32 percent. While it is possible that the general level of evasion might be lower, the reported level is now so low (less than 1.5 percent for July, August, and September 1996) that any overstatement has none of the policy implications that the audit suggests.

The audit expresses concern that because New York City Transit uses the second Wednesday of the month to conduct fare evasion counts, factors such as school holidays and weather are not taken into consideration. In fact, if a holiday or weather conditions impact the second Wednesday the count is moved to another Wednesday. In January 1996, because of the heavy snow, the January 10th count was moved to January 17th.

We disagree with the two recommendations in this section: 1) develop a methodology for accurately counting fare evaders, and 2) consider using station managers in the Station Manager Program to periodically count the number of fare evaders.

Regarding the need for a new methodology, New York City Transit has investigated and used a number of alternatives to the 24-hour token clerk evasion counts over the past five years to help determine fare evasion levels. When the Fare Abuse Task Force was started in July 1990, traffic checkers were deployed to count fare evaders at locations with dedicated police and property protection agent assignments. This proved costly, and these counts, which were originally done on a monthly basis and then reduced to a quarterly basis in 1994, were discontinued at the end of 1994 to save money. In October 1993, Operations Planning began quarterly counts with traffic checkers based on a statistically valid sample of locations and times to replace the clerk counts as the Authority's official fare evasion statistics. The fare evasion rate Operations Planning estimated using these counts closely tracked the trend in the evasion rate from the clerk counts statistics and were discontinued at the end of 1994 at a savings of more than \$300,000 per year. While we realize the current monthly counts may have some inaccuracy associated with them at specific booths during certain months (which we try to resolve), the current method appears to give consistent results systemwide, which does provide an indication as to whether the fare evasion problem is increasing or decreasing. In addition, it provides the police with information needed to make tactical decisions regarding deployment.

Chairman E. Virgil Conway
October 9, 1996
Page 3 of 4

Regarding the recommendation to use station managers to count fare evaders, we do not believe that this is a practical solution. Station managers would be conspicuous counting fare evaders, which would tend to decrease the number of evaders below normal levels. Another important fact is that, because of their other duties, station managers would not be able to provide a 24-hour count at each station fare control area. Using them to count fare evaders would not be a very productive use of their time. Thus, we would still need to continue using the clerk counts to determine fare evasion at individual stations and time periods. This is necessary to provide information to the police on locations with possible problems for possible deployment. Additionally, Station Managers are responsible not for an individual station, but for a group of stations. Most stations also have more than one fare control area which would require counts. It is not possible for the station manager to count fare evaders at all fare control areas of the stations they are responsible for.

SECTION 2: PERFORMANCE STANDARDS FOR COST EFFECTIVE PREVENTION EFFORTS

Our comments only pertain to the first part of the section: "Automatic Fare Collection Program," as the second part on "Effective Use of Police Department Personnel" pertains to the Police Department.

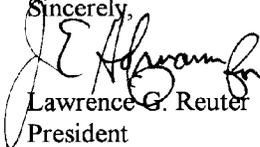
We are glad to see that the State Comptroller's own assessment of the installation of AFC equipment has made a significant contribution to reducing fare evasion. Their audit showed increases at a small number of stations with AFC equipment. The audit states that we were able to give explanations for the increase in evasion at only one of the stations in the audit sample that had a fare evasion increase. In fact, due to mistakes in the audit, two additional stations actually showed declines in fare evasion instead of increases. At other locations, the increases could be the result of changes in police coverage. In any sampling of stations, some stations will show an increase in evasion rather than a decrease. What is significant is the overall trend at stations where AFC was installed. Their study confirms the conclusions of our own studies that evasion at AFC stations generally decreased after the AFC equipment was installed.

We agree with their recommendation that the token booth clerks not leave electronically controlled exit gates unlocked. Token booth clerks are instructed to keep agent operated gates locked at all times. Managers and supervisors in the field routinely check for compliance during inspections. As a result of this audit this recommendation has been reinforced with token booth clerks and managers and supervisors.

Chairman E. Virgil Conway
October 9, 1996
Page 4 of 4

SECTION 3: SUMMONS ADJUDICATION

This section pertains to the Police Department.

Sincerely,

Lawrence G. Reuter
President

cc: H. Poris
H. Spector
B. Spencer



POLICE DEPARTMENT

NEW YORK, N.Y. 10038

Office of Management Analysis & Planning
One Police Plaza, Room 1403

October 30, 1996

David R. Hancox
Director of State Audits
Office of the State Comptroller
A.E. Smith Office Building
Albany, New York 12236

Re: Draft Audit Report -
Transit Fare Evasion
(95-S-121)

Dear Mr. Hancox:

The Department's response to the above audit draft report is attached.

We appreciate the Comptroller's efforts to conduct the audit and prepare the report. We hope your office found that the Department demonstrated its policy of cooperation with the Comptroller's office during the course of the audit.

If you have any questions concerning this response, please call Deputy Audit Coordinator Michael Manzolillo at (212) 374-2408.

Sincerely,

Michael J. Farrell
Deputy Commissioner,
Policy and Planning

Copy: Chief of Department
Chief, Transit Bureau
M. Manzolillo
Mayor's Operations

Attachment
47-##5#7

PRIDE • COMMITMENT • RESPECT

AUDIT IMPLEMENTATION PLAN

Auditing Agency: New York State Comptroller

Audit Report Status: (x) Draft () Final

Audit Title and Number: MTA-NYC Transit, NYPD Fare Evasion; 95-S-121

Audit Report Release Date: 9/17/96

Recommendations

Category	Total Recommendations	Sequence Numbers
A. Agency Agrees; Will Implement		
B. Agency Agrees; Unable To Implement		
C. Recommendation Not Applicable; This is Already PD Practice	1	6
D. Agency Disagrees; Will Not Implement	2	5,7
E. Recommendation Requires Additional Analysis/Evaluation	1	8
Grand Total	4	

47-##5#5

AUDIT IMPLEMENTATION PLAN

Category D: Recommendations with which the agency disagrees and will not implement.

Auditing Agency: New York State Comptroller

Audit Report Status: (x) Draft () Final

Audit Title and Number: MTA-NYC Transit, NYPD Fare Evasion; 95-S-121

Audit Report Release Date: 9/17/96

Recommendation: Ensure that the reasons for all Police Department assignments are documented.

Report Reference: Recommendation Number 5 of 8

Section: Effective Use of Police Department
Personnel

Explanation: This recommendation is concerned with the need for an audit trail documenting the reasons why District Commanders choose to make specific personnel assignments to combat fare evasion. However, the Department is concerned more with the decision making process, i.e., that the decisions are based upon the most important factors and that these decisions achieve positive results. We believe that the District Commanders and patrol supervisors are considering the most important factors in making assignments and are making the correct decisions. As the audit report states, fare evasion has been reduced to 1.61 percent of riders from 7.43 percent in the last five years (As of September 1996 this rate was reduced to 1.43 percent). The primary documents used by the Transit Bureau when considering fare evasion personnel assignments are the monthly NYC Transit's Fare Evasion Survey report, the Operations Planning Department's fare evasion rates report, NYC Transit requests for police coverage, crime statistics/patterns, and community board requests for coverage.

AUDIT IMPLEMENTATION PLAN

Category C: Not Applicable; This is already an NYPD Practice.

Auditing Agency: New York State Comptroller

Audit Report Status: (x) Draft () Final

Audit Title and Number: MTA-NYC Transit, NYPD Fare Evasion; 95-S-121

Audit Report Release Date: 9/17/96

Recommendation: Update the assignment schedule more frequently.

Report Reference: Recommendation Number 6 of 8

Section: Effective Use of Police Department
Personnel

Explanation: This recommendation is based upon the erroneous belief that the Department reviews its fare evasion assignments at six month intervals. This is not the case. The Department does not have a fixed time period for its fare evasion assignments; the assignment schedules may be updated at any time. The District Commanders have the authority to make summary changes in many fare evasion assignments. These changes would be based upon monthly NYC Transit fare evasion reports, crime statistics and patterns, daily patrol feedback, etc. District Commanders may also request assignment changes at core fare evasion locations. These requests to the Transit Bureau Chief may be made at any time. Assignment change at these locations less frequently because these stations have consistently high fare evasion rates. In addition, the Bureau Chief may, at any time, direct District Commanders to make assignment changes at core or non-core fare evasion locations. Therefore, the mechanism is in place to change assignments on a timely basis. It should be noted that the frequency of changing fare evasion assignments matters far less than the effectiveness of the assignments. The Department will maintain an assignment for as long as it continues to be effective. As noted elsewhere in this response, fare evasion rates have been dropping steadily, the September 1995 fare evasion rate is the lowest recorded -- 1.43 percent.

AUDIT IMPLEMENTATION PLAN

Category D: Recommendations with which the agency disagrees and will not implement.

Auditing Agency: New York State Comptroller

Audit Report Status: (x) Draft () Final

Audit Title and Number: MTA-NYC Transit, NYPD Fare Evasion; 95-S-121

Audit Report Release Date: 9/17/96

Recommendation: Develop measurable performance standards to find out to what extent uniformed police and/or sweeps are effective alone in reducing fare evasion.

Report Reference: Recommendation Number 7 of 8

Section: Effective Use of Police Department
Personnel

Explanation: The Department's primary objective in assigning personnel is to reduce crime not just prevent or reduce incidents of fare evasion. Therefore, the Transit Bureau will continue to assign uniformed and undercover personnel based upon this broad objective. However, if NYC Transit expresses an interest in researching the cause-effect relationship between the number of police personnel and the number of incidents of fare evasion, we would cooperate with them.

AUDIT IMPLEMENTATION PLAN

Category E: Recommendation Requires Additional Analysis/Evaluation

Auditing Agency: New York State Comptroller

Audit Report Status: (x) Draft () Final

Audit Title and Number: MTA-NYC Transit, NYPD Fare Evasion

Audit Report Release Date: 9/17/96

Recommendation: Explore the feasibility of using a finger imaging system to identify repeat fare evaders.

Report Reference: Recommendation Number 8 of 8

Section: Summons Adjudication

Explanation and Projected Completion of Analysis/Evaluation:

A preliminary review indicates that there are legal, procedural and technological problems that would make it infeasible to use a computer fingerprinting imaging system as suggested by the auditors. However, we will study the recommendation further. This process should be completed during the 1st quarter 1997.