

# TORONTO TRANSIT COMMISSION REPORT NO.

**MEETING DATE:** December 15, 2010

**SUBJECT:** POST-SECONDARY STUDENT METROPASS ELIGIBILITY

## **ACTION ITEM**

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### **RECOMMENDATION**

It is recommended that the Commission approve:

1. Retaining the current eligibility criteria for the Post-Secondary Student Metropass as approved at the July 14, 2010 Commission meeting; and,
2. Forwarding this report to the Ministry of Training, Colleges and Universities and the Association of Career Colleges.

### **FUNDING**

The annual revenue loss associated with expanding the current Post-Secondary Student Metropass eligibility criteria to include the 72,000 students who are TTC riders and are enrolled at Colleges of Applied Arts and Technology (CAAT) and registered Private Career Colleges (PCC) in Toronto is estimated to be approximately \$2.5 million, with an annual ridership increase of approximately 100,000 rides. This \$2.5 million annual revenue loss has not been incorporated into the proposed 2011 TTC Operating Budget.

### **BACKGROUND**

The most prevalent discount transit fare program currently in use in Canada for post-secondary students is the Universal Pass (U-Pass) program. The key principles of the U-Pass program in place in cities such as Ottawa, Vancouver and London include:

- Participation by post-secondary students is mandatory and requires a student referendum;
- The transit pass provides unlimited travel and the transit fee is collected through student activity fees;
- The monthly cost of the transit pass to post-secondary students is based on existing fare media usage modal split and is designed to keep the transit property revenue/cost neutral (current and future);
- The majority of programs are based on full-time undergraduate student eligibility;
- The majority of programs are in effect for the regular school year (September to April); and
- Price of the U-Pass is different at each institution if there is more than one institution in a City participating in the program.

From 2001 to 2008, significant effort was directed at trying to implement a U-Pass program for post-secondary students in the City of Toronto. Potential participants included the University of Toronto, York, Ryerson, George Brown, Seneca, Centennial, Humber and Ontario College of Art

and Design (OCAD). The key principle in the development of the U-Pass program was universality, with the objective being that rules and terms and conditions were consistent for all post-secondary institutions participating in the program.

The core elements of the policy framework for a TTC U-Pass approved by the Commission at its meeting on January 25, 2006 were:

- Mandatory program participation by all students at an institution with no ability to opt-out of the program;
- A referendum vote at each post-secondary school to approve adding the cost of the U-Pass to the student fees would be held;
- One blended pass rate for all institutions;
- Only full-time undergraduate students are eligible;
- One pass valid for school year (September to April);
- Priced at 60% of the regular Metropass. This term was modified in September 2007 when the Commission agreed to freeze the price at \$60 when the November 2007 fare increase came into effect for any school that implemented the program by September 2008. This effectively priced the U-Pass at 55% of the regular Metropass for any school that would have been able to implement the U-Pass in 2008;
- Non transferable with access to commuter parking lots.

Numerous difficulties were encountered in attempting to implement the U-Pass program, especially with the no-opt out clause. Further to the referendum failing to be passed at the University of Toronto, Scarborough campus, staff began to assess other means of providing discounted transit to post-secondary students.

The Volume Incentive Pass (VIP) program was introduced in January, 2003 to provide reduced price Metropasses to bulk purchases made by organizations or institutions. At the time, the regular Adult Metropass was priced at \$98.75, the VIP was priced at \$87.00 - \$88.75, depending on volume purchased. Post-secondary institutions became the largest group of VIP participants, with over 400,000 Metropasses sold in 2009, prior to the introduction of the Post-Secondary Student Metropass program. Currently, the VIP pass is priced at \$107.00 - \$109.00 versus \$99.00 for the Post-Secondary Student Metropass.

The criteria used in the development of the U-Pass program were changed for the introduction of the Post-Secondary Student Metropass program. When the 2010 fare increase was approved in November 2009, the staff recommendation was to introduce a Post-Secondary Student Metropass priced at \$99.00 to be available to full-time students enrolled in degree and diploma programs. Full-time degree and diploma students were considered the only eligible post-secondary students since they were in longer duration school programs and would have a longer commitment to transit which could influence their long-term travel patterns. At the public meeting held on November 17, 2009, the Commission amended that recommendation and approved the following:

- a) Student prices for the Metropass be extended, starting in September 2010, to post-secondary students enrolled in full-time or part-time degree or diploma granting programs.
- b) The age limit for the Student Metropass be removed.
- c) Staff be directed to report back on implementation issues as required.

At the public meeting held on July 14, 2010, the Commission approved TTC Corporate Policy

#### 6.17.0 Post-Secondary TTC Student Discount Card Eligibility:

*Full-time or part-time Post-Secondary Students, with no age restriction, that are enrolled in degree or diploma granting programs as defined under the Post-Secondary Education Choice and Excellence Act, 2000, administered by the Ontario Ministry of Training, Colleges and Universities, are eligible to use the Post-Secondary Student Metropass. Students in a Post-Secondary certificate program are not eligible for the Post-Secondary Student Metropass.*

At the public meeting held on September 30, 2010, the Commission received communication regarding the Post-Secondary Student Metropass eligibility criteria for information and requested staff to report back at the December public meeting on the financial costs and logistical implications of a January 1, 2011 implementation of expanded criteria to include Post-Secondary institutions not currently eligible.

### **DISCUSSION**

The Post-Secondary Student Metropass was implemented in September 2010 as approved for full-time and part-time degree and diploma students, with no age restriction. Sales of the Post-Secondary Student Metropass for the September to November period totalled 105,120 with October and November sales exceeding budget expectations by about 6%.

At the September 30, 2010 public meeting, the Commission received correspondence that requested the Post-Secondary Student Metropass eligibility criteria be expanded to also include the approximately 10,000 – 15,000 PCC students and the over 70,000 CAAT certificate students currently considered ineligible. The Ministry of Training, Colleges and Universities has expressed support of the expansion of the eligibility criteria. To address the concern that many short term duration programs offered by PCC's are less than one academic year in duration, the Ministry of Training, Colleges and Universities proposed that full-time or part-time post-secondary-students enrolled in a program of study of at least one year in duration that leads to a degree, diploma or certificate be eligible to use the Post-Secondary Student Metropass.

Since it has since been confirmed that the Ministry of Training, Colleges and Universities does not have the capacity to break down the PCC students further by program duration, the assessment of expanding the eligibility criteria has been based on 85,000, the total number of PCC and CAAT students as provided. Based on an additional 85,000 students and the assumption that 72,000 (about 85%) of this group are TTC users, the annual revenue loss is estimated at \$2.5 million, with an annual ridership increase of approximately 100,000 rides or \$25 for each additional ride. This impact would be incremental to the annual revenue loss of approximately \$7 million and 500,000 ridership gain based on the existing eligibility criteria as reported to the Commission in July 2010.

Including an additional 72,000 Post-Secondary students into the Post-Secondary Student Metropass program would have the following impact:

**Ridership Impact**

From the 2010 Post Secondary Student Survey, it was found that of the 85% of Post-Secondary students who are TTC riders, approximately 63% were Metropass users, 30% token users, and 7% cash and other fare media users.

Of the 72,000 PCC and CAAT post-secondary student TTC riders, from the 7% cash and other fare media users, negligible take-up of the Post Secondary Student Metropass is expected. From the 30% token users, approximately 1,200 or 5%-6% of the 25,000 token riders are expected to switch to the Post Secondary Student Metropass (Switchers). This would result in additional TTC rides of approximately 100,000 and annual sales of approximately 15,000 Post-Secondary Student Metropasses. From the bulk of the Post-Secondary student riders (45,000), an increase in ridership is not expected since these post-secondary students currently use a Metropass.

**Revenue Impact**

For each additional token user who switches to the Post-Secondary Student Metropass, the TTC incurs an annual revenue loss of approximately \$170 per token switcher. The estimated annual revenue loss for the expected 1,200 switchers is \$200,000.

For each Metropass user (Regular Adult, Adult Metropass Discount Plan (MDP) and VIP), the annual loss in revenue for the approximately 45,000 Post-Secondary riders is \$2.3 million.

**Logistics**

If the Post-Secondary Student Metropass program criteria were extended to include the additional 72,000 post-secondary TTC riders, the existing Post-Secondary TTC Student Discount Card photo process would be followed. At this point, there is no practical way to handle these additional students at the two current photo-id facilities in time for a January 1, 2011 implementation. For the convenience of the students, a school visitation program would be developed where the photo-id contractor would schedule on site visits for the larger post-secondary institutions. If the Commission were to approve proceeding with the expanded criteria, the earliest feasible implementation date would be February 1, 2011.

**JUSTIFICATION**

The estimated annual revenue loss to expand the Post-Secondary Student Metropass eligibility criteria to include 72,000 PCC and CAAT students is \$2.5 million, with an annual ridership increase of approximately 100,000. Based on the financial impact with minimal ridership gain, the recommendation is to retain the current Post-Secondary Student Metropass eligibility criteria as approved by the Commission on July 14, 2010.