



# U-Pass Policy Framework

**Date:** March 20, 2018

**To:** TTC Board

**From:** Deputy Chief Executive Officer (Acting)/Chief Customer Officer

## Summary

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This report proposes the introduction of a Universal pass (U-Pass) for Toronto post-secondary students that makes transit more affordable and will increase transit ridership within this customer group.

Student unions at post-secondary institutions within Toronto have expressed interest in implementing a U-Pass that provides unlimited travel on the TTC. Student union representatives from four post-secondary institutions<sup>1</sup> joined together to form U-Commute to advocate for a U-Pass. They conducted an online survey of their student members, which found that 95% of approximately 16,000 respondents would vote in favour of a U-Pass. Due to the renewed interest in a U-Pass, TTC conducted analysis and stakeholder consultation to develop a U-Pass fare policy.

This report defines the new U-Pass fare policy framework and recommends its approval and implementation.

## Recommendations

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It is recommended that the TTC Board:

1. Approve the addition of a new TTC U-Pass fare type and pass product in accordance with the U-Pass Fare Policy framework;
2. Approve the U-Pass Fare Policy framework, as defined in this report;
3. Authorize the TTC CEO to negotiate and enter into any agreement(s) necessary to implement a U-Pass; and
4. Direct staff to report back in 2019 with analysis on part-time post-secondary students and students attending Private Career Colleges, including a review of the current Post-Secondary Metropass.

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<sup>1</sup> University of Toronto- St. George, Ryerson University, OCAD University and George Brown College

## Financial Summary

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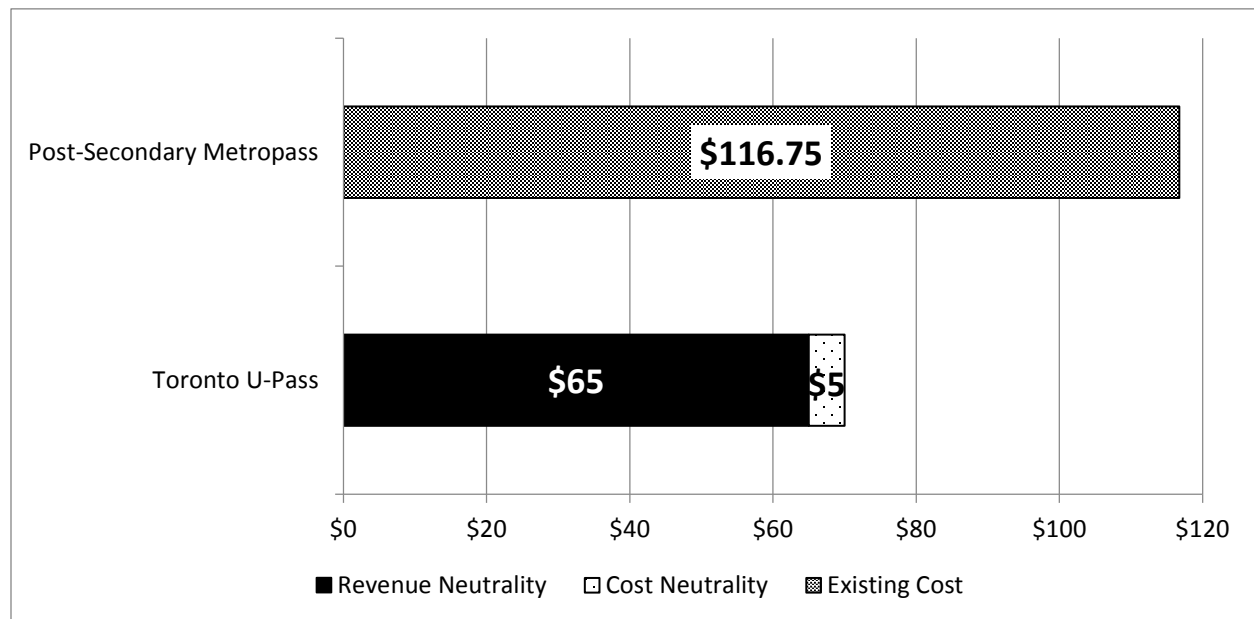
Approximately 760,000 Post-Secondary Metropasses were sold in 2017. Relative to the regular Adult Metropass, the discount value of the Post-Secondary Metropass is \$17 million. In 2017, 280,000 passes (37% of sales) were sold during the fall school semester, followed by 262,000 sales (34%) during the winter semester, and 218,000 (29%) in the spring/summer period.

A U-Pass is designed to be revenue and cost neutral. This is possible because participation is mandatory for all eligible students and the cost of the pass is included in the post-secondary fees a student pays each semester, providing guaranteed revenues.

The TTC U-Pass will be \$70 per month per eligible student; \$65 per month for revenue recovery and \$5 per month for cost recovery. These prices do not include administration fees that may be added by a post-secondary institution or student union. Further detail explaining how the price was calculated is contained in this section.

A 15% uptake is expected, which results in an additional 4.5 trips per month per student. The cost to add the incremental service required to support a 15% increase is approximately \$4.7M annually, which results in an additional charge of about \$5 per month, for a total U-Pass price of \$70

Figure 1: U-Pass and current Post-Secondary Metropass pricing



## **Revenue Recovery**

Based on analysis of the Transportation Tomorrow Survey and the 2015 StudentMoveTO survey, post-secondary students at University of Toronto – St. George, Ryerson University, OCAD University and George Brown College have a TTC trip rate of 30 trips per student per month. Students at these institutions are most likely to use the TTC, and therefore offering a U-Pass at these post-secondary institutions poses the greatest financial exposure to the TTC. As a result, the proposed price of the U-Pass is derived with this consideration.

Today, without a U-Pass, full-time students at these universities generate an estimated \$7.3M in revenues per month during the fall and winter semesters. Annually, full-time students generate an estimated \$61.7M in revenues<sup>2</sup>. A U-Pass price of \$65 would guarantee the current revenues generated by post-secondary students who currently use the TTC.

## **Ridership Increase and Incremental Service (Cost Recovery)**

It is expected that the mandatory requirement of a U-Pass for eligible students will mean an increase in ridership. The new rides will come from two sources: new customers, and infrequent, non-pass (token, ticket cash, PRESTO e-purse) customers who will increase their transit use.

The student trip rate increased 10% over the period 2006 to 2011 when a post-secondary monthly pass was implemented with a discount of \$20-\$30 per month.

The experience of other Canadian transit agencies such as Ottawa, Victoria, St. Catherine's and Waterloo has shown a 10-20% increase in ridership from their U-Pass customers. Based on the above, the TTC estimates that transit trips by post-secondary students will likely increase by up to 15% with the introduction of the U-Pass.

Meanwhile, a 20% increase assumption results in six trips per month per student. This will require an additional \$5.7M annually to support incremental service, which translates to an additional \$6 per pass, compared to \$5 per pass with a 15% assumption. This indicates that the pass price is not overly sensitive to marginal changes in this assumption.

Assuming that the U-Pass program is available at the four post-secondary institutions named above, a 15% increase in rides yields an approximate 4.2M additional system-wide rides annually.

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<sup>1</sup>Based on assumption that spring and summer semester enrollment is approximately 10% of fall and winter enrollment.

## Financial Impact

Determining the end-state financial impact is dependent on participation and enrollment. The cost of the U-Pass was determined based on the participation of at least one of the following institutions: University of Toronto–St George; Ryerson University; OCAD University; and George Brown College students at these institutions generally use the TTC with the same frequency.

Consider the case in which 110,000 full-time students (undergraduates and graduates) at these four institutions enroll in the U-Pass. Today, without a U-Pass, full-time students at these universities generate revenues of \$61.7M<sup>1</sup> annually. If all 110,000 full-time students attending these institutions pay \$70 per month, the U-Pass will generate revenues of \$66.4M<sup>1</sup> annually.

The additional \$4.7M in revenues per semester are required to offset the additional service costs to support the forecast additional ridership from the U-Pass initiative. Based on a \$70 U-Pass price, the TTC will remain cost and revenue neutral.

<b>IMPACTS - ANNUAL*</b>	Existing	U-Pass
<b>Revenues (\$M):</b>		
Revenue from Post-Secondary Students	\$61.7	\$66.4
<b>Expenses (\$M):</b>		
Increased Service Hours	-	\$4.7
Total (Net)	\$61.7	\$61.7

\* Assumes all full-time students at U of T - St George, Ryerson, OCADU and George Brown College and assumes spring and summer semester enrollment is approximately 10% of fall and winter enrollment.

The below table simplifies the concept by illustrating an example of revenue and cost neutrality for full time students represented by the undergraduate student union at University of Toronto-St George on a monthly basis. The difference in revenue will pay for increased service that will support the projected uptake in the demand.

University of Toronto-St. George Campus (40,000 undergraduate full-time students)

Fare Media	Estimated Number of Users	Monthly Cost	Monthly Revenues
Post-Secondary Metropass	13,200	\$116.75	\$1.54M
Single Fare	10,800	\$99*	\$1.07M
Total	24,000	-	\$2.61M
U-Pass	40,000	\$70	\$2.80M

\*Estimated based on transit usage of pass/non-pass users from TTS

The Chief Financial Officer has reviewed this report and agrees with the financial impact information.

### **Equity/Accessibility Matters**

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In Ontario, the average post-secondary student's income is less than one half the province-wide average. Meanwhile, undergraduate tuition fees at Ontario post-secondary institutions have increased by 60% in the last decade, which has outpaced both growth in post-secondary student income and the consumer price index. This has placed greater financial pressure on students, which has resulted in many requiring large student loans, or working additional hours to fund their education. This financial pressure may be further compounded for students from certain demographic backgrounds or with intersecting characteristics, such as persons with disabilities, Indigenous Peoples, persons who are racialized or persons who have recently immigrated to Canada who face higher rates of low-income according to Statistics Canada.

Transportation costs make up a significant portion of a post-secondary student's budget. Consider the case of a student that uses the TTC to travel to and from a post-secondary campus in Toronto: the average eight month tuition and incidental fees are approximately \$8,000 plus an additional \$930 fare in Post-Secondary Metropasses for eight months. Transportation, therefore, accounts for 10% of the student's budget. Reducing this cost will positively benefit the more than 60% of the post-secondary students that use the TTC. A U-Pass priced at \$70 per month or \$560 for eight months, amounts to a 40% savings over the purchase of Post-Secondary Metropass.

A U-Pass will make transportation more affordable for post-secondary students and could potentially unlock additional economic, educational and cultural opportunities. Moreover, the U-Pass may allow some students to reside in different, more affordable neighbourhoods to further reduce their expenses.

### **U-Pass: Mandatory Participation**

Mandatory participation in a U-Pass program may potentially impose a burden on students whose personal circumstances or needs related to a protected ground under the Ontario Human Rights Code restrict their ability to utilize transit (conventional transit system or specialized transit services). In order to eliminate this potential burden, an opt-out provision will be offered to accommodate these students. These opt-out requests will be assessed by the post-secondary institution on a case-by-case basis.

### **Private Career Colleges**

As previously noted, a U-Pass program requires 100 percent adoption with the mandatory cost included in the student fees. Further analysis and consultation is required with Private Career Colleges (PCC) to understand their governance structure and how the cost of U-Pass would be included in student fees.

The proposed U-Pass will only be available on PRESTO and will be administered through an online PRESTO solution, with the institution responsible for the ongoing administration. Further analysis and consultation is required to understand the operational and financial impact of smaller institutions administering the U-Pass program.

Given the above, TTC staff will report back to the board in 2019 with further analysis and recommendations regarding fares for PCC students. In the interim, full-time students enrolled in a PCC will continue to be eligible for a Post-Secondary Metropass, which will be migrated to PRESTO later in 2018.

### **Part-time students**

We recognize the cost of transit may be a burden for part-time students who already face compounding financial barriers. Also, many students with disabilities and caregiving responsibilities often register for part time studies because they are unable to attend school on a full-time basis. Therefore, further consultation and analysis is required to fully understand the needs of part-time students and their governance within their institutions. In 2019, the TTC will bring to the board a report with further analysis and consultation regarding post-secondary part-time students.

## Decision History

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At its January 25, 2006 meeting the TTC board directed TTC staff to pursue a U-Pass program for implementation in 2007. The board also approved a policy framework to guide on-going discussions with the post-secondary institutions and student unions.

[http://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2006/Jan 25 2006/Other/Post Secondary Disco.jsp](http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2006/Jan_25_2006/Other/Post_Secondary_Disco.jsp)

At its March 21, 2007 meeting the TTC board approved an updated policy framework.

[http://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2007/Mar 21 2007/Other/U Pass Update.jsp](http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2007/Mar_21_2007/Other/U_Pass_Update.jsp)

At its February 14, 2008 meeting the TTC board agreed that it would evaluate, on a case by-case basis, the merits and impacts of exceptions proposed by the post-secondary institutions to the policy framework.

[http://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2008/Feb 14 Special%20Meeting/Other/Revisions to U-Pass .pdf](http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2008/Feb_14_Special%20Meeting/Other/Revisions_to_U-Pass_.pdf)

At its November 17, 2009 meeting, the TTC board approved the Post-Secondary Metropass, allowing eligible post-secondary students to purchase a Metropass at a price equal to that offered to students and seniors.

[http://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2009/November 17 2009/Highlights/index.jsp](http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2009/November_17_2009/Highlights/index.jsp)

At its December 11, 2017 meeting, the TTC board approved the policy framework for a U-Pass program and directed staff to consult with stakeholders.

[http://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2017/December 11/Reports/11 U-Pass Solutions for Toronto Post-Secondary Institutions.pdf](http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2017/December_11/Reports/11_U-Pass_Solutions_for_Toronto_Post-Secondary_Institutions.pdf)

## Issue Background

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### TTC Post-Secondary Metropass

TTC staff previously engaged with Toronto post-secondary institutions to negotiate a U-Pass but the U-Pass referendum was unsuccessful. In order to provide affordable transit to post-secondary students, the TTC Board instead approved the current Post-Secondary Metropass in 2008. The Post-Secondary concession fare policy is defined as full-time students enrolled in a degree or diploma program at a recognized post-secondary institution or a program at registered Private Career College within the city of Toronto. A discount is only available on a Metropass and PRESTO Monthly Pass equivalent, and is discounted at the same rate as the current Student/Senior Metropass/PRESTO Monthly Pass.

## **U-Pass overview**

A U-Pass is a fare pass program offered to students who are enrolled in a post-secondary institution. The cost of a U-Pass is based on current modal split (transit vs non-transit) and is designed to keep the TTC revenue and cost neutral, both today and in the future. Two of the main objectives of a U-Pass are 1) to increase access to transit by lowering the cost to travel and 2) grow transit ridership. To lower the cost of the pass the program requires mandatory student participation, (with no opt-outs, except where discussed above) and ensures the financial impact for the TTC is cost neutral.

The cost of a U-Pass is included in the student fees collected by the institution and reimbursed to the TTC. The adoption of a U-Pass at an institution is dependent on a referendum of the student union to allow for the inclusion of the pass cost in the student fees. This requires pre-planning as student fees are often agreed to 12-18 months in advance; a referendum can take substantial time to set-up and relies on the institution's student union to administer. The referendum process and times vary between institutions.

At its December 11, 2017 meeting, the TTC Board approved the below policy framework that was used as a basis for the calculation of the U-Pass price and development of the associated fare policy framework.

### **Price**

- Formulated to keep the TTC in a net neutral financial position
- Calculated based on one blended rate for all institutions, so that the product is offered at a single price to all post-secondary institutions.
- If the TTC implements a fare increase, the U-Pass will increase at a similar rate as the TTC Metropass.

### **Participation and Adoption**

- Participation by all eligible students at an institution is mandatory (no opt outs).
- Implementation requires adoption by at least one of the following post-secondary institutions: University of Toronto–St. George, York University or Ryerson University.

### **Agreement Terms**

- A multi-year agreement is required with each post-secondary institution.
- The U-Pass can be provided on a per semester basis, all year-round (i.e. September to December, January to April and May to August).
- The U-Pass will only be available on PRESTO.



## Comments

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TTC staff is recommending a U-Pass program for Toronto post-secondary students, based on the below following policy framework:

### **U-Pass Fare Policy Framework**

#### Price

- \$280 (\$70 a month, based on 4 months per semester) will be added to the student fees on a per semester basis to align with the post-secondary institution's fee payment schedule. The U-Pass is for eligible students for all three semesters, including the summer semester.
- If the TTC implements a fare increase, the U-Pass will increase at a similar rate as the TTC Metropass/PRESTO Monthly Pass.

#### Participation and Adoption

- Participation by all eligible students at an institution is mandatory (no opt outs, except where discussed above).
- Implementation requires adoption by at least one of the following post-secondary institutions: U of T-St George, Ryerson, OCADU and George Brown College.

#### Eligibility Criteria

- Post-secondary students, enrolled full-time in a degree, diploma or graduate certificate.
- Post-secondary institutions located within the city of Toronto, per the Post-Secondary Education Choice and Excellence Act, 2000. University and Colleges with satellite campuses located in Toronto are ineligible.

#### Agreement Terms

- Post-secondary institutions will be required to commit to a four-year term.
- The U-Pass will be provided on a per semester basis, all year-round (i.e. September to December, January to April and May to August).
- The U-Pass will be administered by the post-secondary institution.
- The U-Pass will only be available on PRESTO.
- Post-secondary students must carry appropriate TTC Post-Secondary Photo ID when travelling with a U-Pass.
- The U-Pass can only be used by the eligible student and cannot be resold.

### **U-Pass Consultations**

At its December 2017 meeting, the TTC Board directed staff to consult with stakeholders. Consultations occurred in January 2018 with the major Toronto Universities and Colleges. These included:

- OCAD University
- Ryerson University
- University of Toronto
- York University

- Centennial College
- George Brown College
- Humber College
- Seneca College of Applied Arts and Technology.

Through consultation, TTC staff refined the eligibility criteria to better represent their student bodies by including graduate certificates. Institutions also provided insight on their governance structures and referendum processes. It was found that most institutions have their fees set for the 2018/2019 or later. Therefore, most institutions who want to administer a U-Pass referendum could be ready for a fall 2019 implementation. The exception was University of Toronto (St. George Campus) that has initiated a U-Pass referendum to be held March 26 and March 28. If successful, a U-Pass could be implemented for fall 2018.

### **Regional U-Pass**

In the TTC's December 2017 U-Pass Board Report, the TTC proposed that a regional U-Pass for York University students, given its location at the Toronto boarder and that TTC, Brampton Transit and York Regional Transit (YRT) all provide transit directly to its campus.

The regional U-Pass would have been priced higher (at more than \$100 per month) than a Toronto only U-Pass (at \$70 per month) to account for the revenue and cost recovery of two additional transit agencies. Because of the need for 100 percent adoption, and for the U-Pass program to be successful, only one U-Pass program can be administered at an institution.

Through our consultations, concerns were raised on the fairness for students in Toronto who attended York University. Students living in Toronto and only travelling on the TTC, account for 35-40% of York University students. If a referendum was successful and a regional U-Pass was implemented, York University students only taking the TTC would be paying more than their peers at other Toronto post-secondary intuitions that have implemented a U-Pass. As a result, TTC staff propose a TTC U-Pass only, which will be available for Toronto post-secondary institutions, including York University, which are eligible under the new U-Pass policy framework.

### **Part-time students**

Part-time students represent less than 20 percent of total post-secondary enrollment. Currently, part-time post-secondary students are ineligible for the Post-Secondary Metropass, which is priced at \$116.75, the equivalent of 39 adult trips per month, based TTC token price of \$3. Post-secondary part-time students complete an average of 20-25 trips per month, below the trip rate of a Post-Secondary Metropass. The proposed \$70 U-Pass would be equivalent to 23 trips per month, which falls within in the range of the average cost and number of trips part-time students make to attend studies. It appears that extending the U-Pass program to part-time students would be beneficial because it would provide unlimited monthly travel for the same cost that part-time students are currently paying for transit to attend studies.

However, further consultation and analysis is required to understand part-time students' needs in regards to transit fares and the U-Pass program. For example, a U-Pass program requires a referendum, administered by the institutions' student union, to vote on the payment of additional mandatory fees. Through our consultations, we have found that part-time students at university and colleges are often represented by separate student unions than their full-time counterparts. Further consultation is required to understand the governance at each institution and the impact of each type of part-time status on the U-Pass program.

### Peer Benchmark

The TTC U-Pass price of \$70 per month, equates to a 52% discount in comparison to the adult monthly pass price. That is in line with other Canadian transit agencies whose number of students is highest, such as Edmonton and Ottawa. The below table, compares a U-Pass price against the adult monthly pass price as the TTC is the only transit agency with a Post-Secondary Metropass.

Municipality	Number of Institutions	Number of Students	Number of Transit Agencies	Cost per Month	Savings*
Edmonton	5	58,300	1	\$38.75	56%
Ottawa	4	72,500	2	\$48.17	53%
Toronto U-Pass	4+	110,000+	1	\$70	52%

Source: CUTA 2015 Canadian Fare Structure Details Report

\* Compared to Adult Monthly Pass Price

### Post-Secondary Metropass / PRESTO Monthly Pass

For now, the TTC Post-Secondary Metropass will continue to be available for eligible post-secondary students whose institutions have not adopted a U-Pass or are attending Private Career Colleges. By the end of 2018, the Post-Secondary Metropass will be migrated onto PRESTO. In 2019, TTC staff will report back to the board with further analysis on the future of the Post-Secondary Metropass. This analysis will take into account part-time students, Private Career College students and the number of institutions who have adopted a U-Pass.

### U-Pass and Fare Integration

In January 2018, a new co-fare discount was introduced for customers transferring between TTC, GO transit and Union/Pearson Express. The co-fare can only be applied to customers using single fares on PRESTO; monthly passes are currently ineligible for a co-fare discount. The U-Pass will be as a PRESTO monthly pass and therefore co-fares would not be applied.

## **U-Pass Implementation**

The TTC U-Pass program will be only implemented on PRESTO. It will leverage an existing technical solution that allows passes and concessions to be remotely loaded on a PRESTO card. It will require the post-secondary institution to use a PRESTO online website for third-parties. The institution will be responsible for confirming the student's eligibility and sending the U-Pass to the student's PRESTO card. TTC staff is working with PRESTO to ensure a U-Pass program is implemented in the fall of 2018, should the University of Toronto referendum be successful.

It is at the discretion of the post-secondary institution to charge an admin fee for administering the U-Pass program. However, the admin fee will be in addition to the U-Pass price and must be included in the referendum process. The cost of the U-Pass is included in the student's fees; however there are circumstances in which a student's eligibility changes mid-semester or a student might lose their PRESTO card. Business processes will be developed to accommodate the above scenarios.

Eligible post-secondary students using a U-Pass will be required to carry TTC Post-Secondary Photo ID card and present it to TTC staff if requested, just as they are today when using a Post- Secondary Metropass.

### **Contact**

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Arthur Borkwood, Head - Customer Development  
647-464-2033  
Arthur.Borkwood@ttc.ca

### **Signature**

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Kirsten Watson  
Deputy Chief Executive Officer (Acting)/Chief Customer Officer