

Fixing Student Transit in Philadelphia

Student fares can go farther in Philly: together we can connect students to opportunities year round and empower 31,000 more students with transportation options to get to school.

Summary

Philadelphia's student transit pass program is heading for a crisis that most people don't know about yet. SEPTA estimates it provides roughly \$35 million in annual student ridership but is compensated only about \$24 million — an \$11 million gap that has quietly grown as students ride without tapping their fare cards.

Meanwhile, more than 31,000 secondary students are excluded from the program entirely because they live within 1.5 miles or less from school, and those who do have passes find them useless after 8:00 PM, on weekends, during holidays, and over the summer.

This memo lays out a path to fix both problems at once. A restructured financial relationship between SEPTA and the School District of Philadelphia can close the billing gap, give SEPTA the revenue certainty it needs, and create the conditions for expanding student transit access in ways that cost far less than people assume.

It is a rare case where resolving an institutional problem and expanding a public benefit are the same thing. City Council and the Parker administration will confront this issue through the city budget process. This memo is intended to give policymakers a clear picture of the problem and a

constructive proposal before the budget cycle forces the conversation into a less productive frame.

The Program Today

The School District of Philadelphia contracts with SEPTA to provide Student Fare Cards to eligible students in grades 7–12 who live 1.5 miles or more from their school. Children under 12 already ride SEPTA free when accompanied by an adult, so the program targets secondary students.

The cards allow up to eight taps per school day between 5:30 AM and 8:00 PM. They do not work on weekends, holidays, or during the summer.

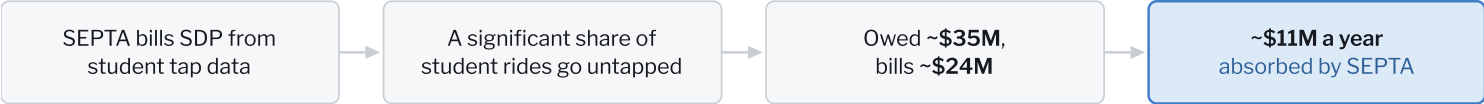
- **68,110** students are eligible under current rules (grades 7–12, 1.5+ miles from school)
- **~31,600** additional secondary students are excluded solely because they live within 1.5 miles
- SDP reports **32,067** students actively using the cards (2024 data); SEPTA estimates approximately **24,000** students regularly tapping in 2026
- The annual cost is **\$29.1 million** (FY25), funded primarily through state education transportation dollars at a negotiated rate of **\$662** per student per year
- The per-student rate reflects a **20.6%** discount SEPTA gives SDP because the passes are restricted to school-day hours — essentially, SEPTA charges less because the pass is less useful

A Billing Structure That Isn't Working

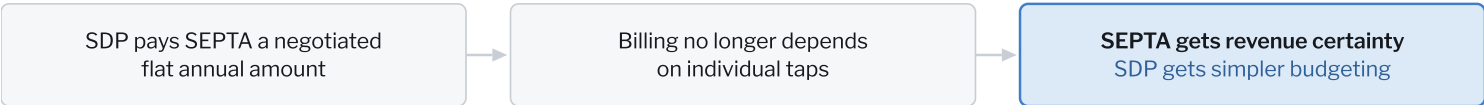
The current contract between SEPTA and SDP was originally negotiated roughly 20 years ago and has only been adjusted when SEPTA raises its base fare. Under this structure, SEPTA bills SDP based on student tap data — the number of times students actually use their cards at fareboxes and turnstiles.

The problem is that a significant number of students ride SEPTA without tapping their cards. They board through rear doors on buses, pass through open fare gates, or simply don't tap consistently.

TODAY — BILLED FROM TAPS



PROPOSED — FLAT ANNUAL PAYMENT



SEPTA provides the same service in both rows; only the payment method changes. The fix does not depend on students tapping more often.

The result is a growing gap between the transit service SEPTA actually provides to students and the revenue it receives for that service. SEPTA estimates that based on observed ridership patterns, it should be receiving approximately \$35 million per year for student transportation. It currently bills approximately \$24 million — because billing is tied to taps, and students aren't tapping.

That gap also explains a discrepancy in the data. SDP reported 32,067 students “actively using” their fare cards in 2024, while SEPTA's current records show approximately 24,000 students tapping regularly. The difference — roughly 8,000 students — likely reflects students who are riding but not registering taps in the billing system. They are real riders consuming real service, but they are invisible to the billing mechanism.

This is not a question of fault.

Students are teenagers; consistent tap behavior is hard to enforce, especially on buses where rear-door boarding is common. Anyone who has been to Broad and Olney when school lets out can sympathize with the realities transit operators face trying to board all the students while also sticking to the schedules.

But the financial consequences are real. SEPTA is under severe fiscal pressure, facing service cuts and a widely reported funding crisis. An \$11 million annual subsidy to the School District that was never agreed to and is not reflected in any contract is unsustainable, and SEPTA has signaled that the current arrangement cannot continue.

Why the Hours Restriction Matters More Than People Think

The current student pass is valid from 5:30 AM to 8:00 PM on school days only. No weekends. No holidays. No summer. This means the pass is designed for exactly one purpose — getting to and from school — and fails at virtually everything else a teenager in a major American city might need transit for.

Student athletes are the most visible example

After-school practices typically end between 5:30 and 7:00 PM. A student who finishes practice at 6:30 has a narrow window to tap in before the 8:00 PM cutoff — assuming no delays — but an evening game or late return from an away match leaves them stranded with a useless pass. Saturday and Sunday tournaments are completely uncovered.

This is not a niche problem: thousands of Philadelphia students participate in school athletics, and coaches and athletic directors have reported that transportation is a persistent barrier to participation, particularly for students whose families do not have cars.

The sports example makes a broader point. The hours restriction turns a transit pass into a commuting pass. It tells students that the city values

getting them to school but not getting them to a job interview, a weekend SAT prep class, a summer program, a friend's house, or a basketball game.

For students in households without vehicles — a disproportionately low-income population — this is a real constraint on opportunity, and it is being imposed by contract terms rather than by policy choice.

What Philadelphia Spends on Student Transportation

Philadelphia uses several different modes to transport students, and their costs vary enormously. The Flat Rate stipend program, which provides \$150–\$300 per month to eligible families as an alternative to district-provided transportation, primarily serves elementary-age students and phases out around grade 7. It is included here for cost context.

Annual per-student cost by transportation mode. Source: School District of Philadelphia transportation data, December 2024; Flat Rate figures from SDP FY24 budget (\$32.5M total program); fare card rates from SEPTA institutional pricing.

TRANSPORTATION MODE	ANNUAL COST / STUDENT	DAILY COST (180 DAYS)	VS. FARE CARDCATEGORY
SEPTA Student Fare Card			
Restricted or unrestricted hours — the same price either way	\$662	\$3.68	1.0xTransit
Flat Rate Stipend (\$150/month)	\$1,500	\$8.33	2.3xStipend
Flat Rate Stipend (\$300/month)	\$3,000	\$16.67	4.5xStipend
SDP Yellow School Bus	\$4,324	\$24.02	6.5xVehicle
SDP Contracted Cab Service	\$21,109	\$117.27	31.9xVehicle

The range is striking: a student on a SEPTA fare card costs the district \$662 per year; a student in a contracted cab costs \$21,109 — nearly 32 times as much. Yellow school buses cost \$4,324 per student, or more than six times the fare card rate.

These cost differences are driven partly by state law: Pennsylvania's Act 372 requires school districts to provide “identical provision” of transportation for nonpublic school students, which often means running dedicated vehicles to locations not well-served by transit. But they raise an obvious question — for students who can use transit, is the fare card the most cost-effective and most useful transportation tool available? The answer is clearly yes.

Moving marginally more students from the most expensive categories into the least expensive ones represents significant savings for the student transportation budget in a global sense, and expanded student pass options could help support this on the margin.

Models That Already Work: Senior Fares and Other Cities

Pennsylvania's own senior fare program

There is a working model for lump-sum transit funding right here in Pennsylvania. SEPTA's Senior Fare program provides free rides on all SEPTA modes to anyone 65 and older. It is funded by the Pennsylvania Lottery, which allocated over \$164 million statewide for 24.5 million free senior transit rides between 2023 and 2024.

Critically, this funding is not dependent on tracking individual taps. The Lottery funds are distributed based on a formula tied to overall recorded ridership, not per-trip billing. The result is a program that works smoothly, is universally understood, and does not create the kind of billing disputes that plague the student program.

We are proposing to make student fares work the way senior fares already do: a lump-sum payment for a defined population, not a billing system that breaks down when teenagers don't tap their cards.

New York City: from the same problem to 24/7 access

Until this school year, New York City's 1.1 million public school students used Student MetroCards with restrictions that will sound familiar: valid only from 5:30 AM to 8:30 PM on school days, three trips per day, no weekends, no holidays, no summer.

In 2024, the city and the MTA replaced those cards with Student OMNY cards that are valid 24 hours a day, 7 days a week, 365 days a year, with four free rides per day. In 2020, New York also eliminated its distance-based eligibility rule, making transit passes free for all students regardless of how close they live to school.

The parallels are striking. Philadelphia's program has the same hours, the same distance threshold, and the same complaints from student athletes who cannot get to weekend games. As one New York City student athlete said at the announcement, expanded hours meant he could finally make his Sunday football games. New York decided its students deserved a transit pass that worked for their whole lives, not just their commute. Philadelphia should make the same choice.

Washington State: free transit for all youth

In 2022, the Washington State Legislature passed the Move Ahead Washington transportation package, which allowed regional transit agencies to provide free transit to all riders 18 and younger. In the Seattle region, youth can now ride all Puget Sound transit systems for free simply by tapping a Youth ORCA card, showing a student ID, or boarding without any pass at all.

There are no time restrictions, no distance thresholds, and no school-day limitations. The program is funded at the state level as a policy choice that youth mobility is a public good. Philadelphia does not need to go as far as Seattle to make a meaningful difference — but it should not be falling behind cities that have already solved the problem we are still debating.

A Proposal: Restructure the SEPTA–SDP Relationship

Rather than allowing the billing problem to become an adversarial dispute between two essential public institutions, we propose a restructured deal that addresses SEPTA's revenue needs, improves the student experience, and creates a framework for expansion. The core components:

1. Replace tap-based billing with a flat annual payment.

SDP would pay SEPTA a negotiated flat fee in the range of \$28–32 million per year, replacing the current system where billing depends on students tapping their cards. This gives SEPTA revenue certainty and eliminates the \$11 million gap caused by untapped rides.

For SDP, it simplifies budgeting and removes the perverse incentive to undercount ridership. The exact amount would be negotiated, but should reflect the true volume of student ridership SEPTA is providing.

2. Expand pass hours to evenings and weekends at minimal additional cost.

Evening and weekend transit service runs well below capacity. Adding student riders during off-peak hours has near-zero marginal cost for SEPTA — the buses and trains are already running.

SDP currently receives a 20.6% discount precisely because the pass is restricted, and its position on the record is that lifting the restriction would raise the bill by that same 20.6% — roughly \$6 million a year. SEPTA's position is that the service is already running and the off-peak marginal cost is negligible. The two contracting parties therefore put the cost of this change somewhere between \$0 and \$6 million, and under a flat-payment model the difference can be settled inside the negotiated annual amount rather than as a separate line item.

3. Expand eligibility to all grades 7–12 students with new city funding.

Removing the 1.5-mile distance threshold would add approximately 31,600 students to the eligible pool. Not all would use the pass — the current

program shows a utilization rate of about 65% of theoretical maximum — but the incremental cost of covering them is significant and would require a new city funding source.

This is the piece that requires City Council action. See the cost scenarios.

4. Bring SDP's ~20,000 employees into SEPTA Key Advantage.

SEPTA's Key Advantage institutional pass program already covers the City of Philadelphia's 22,000 employees at a cost of approximately \$9 million per year, with about 68% actively using their passes. If SDP joined at comparable terms, it would generate an estimated \$4–7 million per year in new revenue for SEPTA.

For SDP, it's a recruitment and retention benefit in a chronically understaffed district where teacher parking is a serious quality-of-life issue. For SEPTA, it deepens the institutional relationship and adds predictable revenue.

5. Negotiate a volume discount.

SDP is SEPTA's single largest institutional customer. The current per-student rate was set roughly 20 years ago and has only been adjusted when base fares change. A modern bulk-purchasing agreement should reflect the scale of the relationship.

6. Include a dedicated student safety and security component.

SEPTA already transports more than 50,000 students daily and has invested in school-year security measures including targeted patrols near schools, coordination with School Police and PPD through the Safe Corridors program, and real-time monitoring through over 30,000 surveillance cameras.

Expanding hours and eligibility would extend the timeframe SEPTA needs to cover. A restructured deal should include dedicated security funding — potentially as a line item within the flat payment — to ensure expanded

access comes with expanded safety measures. SEPTA has reported that total crime on the system is 28% below the three-year average, and this momentum should be maintained.

What Expansion Would Cost

The following scenarios show projected real costs after applying the current utilization factor of 64.5% — reflecting the fact that not all eligible students request or actively use their cards. These are realistic projections, not theoretical maximums. The “new city funding” column represents the amount City Council would need to appropriate above the current state-funded baseline.

Projected annual cost by expansion scenario, at the observed 64.5% utilization rate.

SCENARIO	ELIGIBLE STUDENTS	EST. NEW CITY FUNDING	EST. TOTAL PROGRAM COST
Current baseline Grades 7–12, 1.5+ mi, school-day hours	68,110	—	\$29.1M
A: Expand hours only + evenings & weekends (school year)	68,110	\$0	\$29.1M
B: Expand eligibility only Remove 1.5-mi rule, current hours	99,693	\$13.5M	\$42.6M
C: Eligibility + hours All grades 7–12 + evenings & weekends	99,693	\$13.5M	\$42.6M
D: Full year-round + summer (12 months)	99,693	\$22.0M	\$51.1M

Projected costs apply the program's observed 64.5% utilization rate. Actual costs for newly eligible students living within 1.5 miles of school may be lower, as proximity reduces the need for transit commuting. Scenario A requires only a contract renegotiation between SEPTA and SDP; Scenarios B–D require City Council appropriation. The table applies SEPTA's reading of the hours premium; at the School District's 20.6%, Scenario A is \$6.0M, Scenario C \$22.3M and Scenario D \$32.5M.

Removing the hours restriction for students already in the program is the cheapest change available, and possibly free. Evening and weekend service

runs well below capacity; SEPTA's position is that carrying those riders off-peak has negligible marginal cost, while the School District has assumed it would pay the full 20.6% restricted-pass discount. The honest range is \$0 to \$6 million, and either end is a renegotiated contract rather than an appropriation.

This is the change that would let students get home from practice, get to weekend jobs, and use transit like a real mobility tool rather than a school bus replacement. And at either end of that range it can be accomplished through a contract renegotiation between SEPTA and SDP, without Council action on eligibility.

That also changes what the eligibility ask buys. Extending the pass to all 99,693 students in grades 7–12 costs about **\$13.5 million** a year with school-day hours. Adding evenings and weekends on top of that costs nothing more at SEPTA's reading, or \$8.8 million more at the School District's.

Sticking Points

Four things will have to be settled between SEPTA and the School District before any of this is signed. None of them is a reason the deal cannot happen; each is a term someone will want resolved, and it is better to arrive with them already identified.

1. What the hours are worth

The School District's position on the record is that lifting the evening and weekend restriction would raise its bill by the 20.6% discount it currently receives — about \$6 million a year. SEPTA's position is that the service is already running and the off-peak marginal cost is negligible.

This is the single largest open number in the package, and the two parties are roughly \$6 million apart on it. Under a flat annual payment it does not need a separate line item; it needs to be settled inside the negotiated amount. The cost page shows every scenario at both readings.

2. The eight-tap daily cap

Student cards allow up to eight taps per school day, and SEPTA has said the cap matters to it. The good news is that expanding hours does not push on it.

Evening access adds no taps. A student who leaves practice at 6:30 already taps twice that day. Under expanded hours they still tap twice — the second one simply happens at 9:00 PM instead of being refused. What the expansion adds is *days* of validity, on weekends and over the summer, and each of those days sits well within the cap.

There is one ambiguity worth closing. SEPTA allows up to two free transfers within two hours, but a transfer is still a boarding tap. Whether those taps count against the eight has not been stated. It matters:

Journeys a student can make in a day under an eight-tap cap, by how many boardings each journey takes.

JOURNEY	BOARDINGS	IF EVERY TAP COUNTS	IF ONLY CHARGED TAPS COUNT
Direct, no transfer	1	8 journeys	8 journeys
One transfer	2	4 journeys	8 journeys
Two transfers	3	2 journeys	8 journeys

A student making a school run, a shift at a job, and a trip home makes three journeys. At one transfer each that is six taps and fine. At two transfers each it is nine, and the cap bites — but only if every boarding counts.

The students who need two transfers are the ones furthest from a direct route, which is to say the ones in the least well-served parts of the city. If the cap counts every boarding, it constrains exactly the students the expansion is meant to reach. Asking SEPTA to confirm which taps count is a small clarification with a large equity consequence, and the tap-level data to check it against is data SEPTA already holds.

Absent that, the campaign can accept the eight-tap cap as it stands. It is not what is standing between students and an evening bus.

3. The administrative fee is capped, and expansion hits the cap

The District is paid to administer the fare card program — currently 9% of spend on fare cards, not to exceed \$3.5 million. That cap binds once program spending passes about **\$38.9 million**.

Today's \$29.1 million program generates roughly \$2.6 million in administrative payment, comfortably under the ceiling. Expanding eligibility to all students in grades 7–12 takes spending to \$42.6 million or more, at which point 9% would be \$3.8 million and the District receives \$3.5 million. Under the full year-round scenario the shortfall against an uncapped 9% reaches roughly \$1.1 million.

In other words, the District would administer a substantially larger program with its administrative funding frozen. That is a modest sum against the totals on this page, and it is exactly the sort of term that stalls an agreement if it surfaces late. The cap should be revisited alongside everything else.

4. A larger figure is already in circulation

The District has previously put the total cost of covering additional students within 1.5 miles of school at **\$53 million**. That is not in conflict with the figures here; it is a different quantity. It includes grades 1–6 as well as 7–12, and it is a theoretical maximum with no utilization factor applied.

Our scenarios cover grades 7–12 only, because SEPTA already carries children under 12 free when accompanied by an adult, and they apply the program's observed 64.5% utilization. Anyone who has seen the \$53 million figure should be given that reconciliation rather than left to assume the two disagree.

Context: The City's Key Advantage Experience

The proposal for SDP to join Key Advantage is grounded in the city government's own experience. The City of Philadelphia joined SEPTA Key Advantage in September 2023, making roughly 22,000 permanent employees eligible for free, unlimited SEPTA access. As of the most recent data, approximately 15,000 city employees actively use the passes, taking about 330,000 trips per month.

The city budgeted \$9 million per year for the program under Mayor Kenney. Key Advantage pricing is usage-based and designed to be revenue-neutral for SEPTA — employers pay only for actual trips taken, at rates that are over 80% below the retail pass price.

SDP's workforce of approximately 20,000 employees is comparable in size to the city's. The key difference is that a larger share of SDP employees — particularly teachers — live in the suburbs and drive to work, which would likely produce a lower active usage rate (perhaps 50% vs. the city's 68%). Because Key Advantage charges based on actual use, lower utilization translates to a lower cost — estimated at \$4–7 million annually.

Teacher parking is a well-documented quality-of-life issue in Philadelphia schools, especially at schools without dedicated lots in denser neighborhoods. A transit pass would not solve the parking problem for everyone, but it doesn't need to. Even a modest shift — 10–15% of employees at a given school switching from driving to transit — would meaningfully ease parking pressure while giving SEPTA new institutional revenue.

Why This Has to Happen Now

SEPTA is in the most difficult financial period in its history. Service cuts have already been implemented. The agency cannot continue to absorb an \$11 million annual shortfall from a billing system that undercounts student ridership.

If the billing problem surfaces in the next city budget cycle without a restructuring proposal on the table, the most likely outcome is a confrontation between SEPTA and SDP that serves neither institution and certainly does not serve students.

There is a better path. A restructured deal gives SEPTA the revenue certainty it needs, gives students a transit pass that actually works for their lives, gives SDP a modern institutional relationship with the region's transit system, and gives the city a chance to invest in the most cost-effective form of student transportation available. The alternative is letting a solvable problem become an uncontrolled crisis. We think Philadelphia can do better than that.

– Sources & notes

[1] SEPTA, “K-12 Student Pass Program.” Accessed March 2026.

septa.org/fares/student-fare-card-program — Eligibility: grades 7–12, 1.5+ miles from school. Hours: up to 8 trips per school day, 5:30 AM–8:00 PM. Academic year only; does not apply to summer programs.

[2] SEPTA, “Fare Information.” Accessed March 2026. septa.org/fares — “All children under age 12 ride free with a fare paying adult.” Policy effective July 1, 2020 per SEPTA Board Fare Restructuring Plan.

[3] School District of Philadelphia, “Transportation Services.” Accessed March 2026. philasd.org/transportation — “Students in grades 7 through 12 who live 1.5 miles or farther from school are eligible for free Student Fare Card.”

[4] Kristen A. Graham, “Fare card to replace TransPasses for Philadelphia students who ride SEPTA to school,” Chalkbeat Philadelphia, July 8, 2021 — Superintendent Hite noted approximately 65,000 students use SEPTA to get to school.

[5] NBC10 Philadelphia, “SEPTA Launches New Tap Card for Philadelphia Students,” July 8, 2021 — SEPTA GM Leslie Richards and Superintendent Hite on program launch and ~65,000 eligible students.

Note on cost data. Student enrollment counts (68,110 eligible; 52,563 assigned; 32,067 active), per-student rates (\$662.46/year), discount structure (20.6%), and FY25 total program cost (\$29.1M) are from School District of Philadelphia materials. Expansion cost projections are by the authors, applying observed utilization rates to SDP-provided per-student pricing. These figures should be treated as estimates subject to verification by the contracting parties.