

THE CIVIC FEDERATION

History of Mass Transit Funding and Governance in the Chicago Region

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Acting President
April 13, 2023



About the Civic Federation

- Founded in 1894
- Members include major corporations and service firms
- Independent and nonpartisan
- We promote:
 - Sustainable tax and fiscal policies
 - Responsible long-term financial planning
 - High quality, efficient government services

Membership opportunities and more information at civiced.org



Presentation Overview

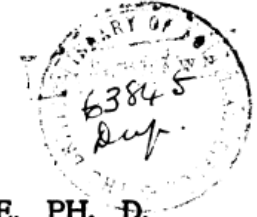
- Creation of the RTA in 1974
 - 1981-1983 Crisis
 - 2007-2008 Crisis
- Current RTA and Governing Board structure and funding
- Where are we now and the impact of the pandemic

THE
STREET RAILWAYS
OF
CHICAGO

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REPORT OF THE
CIVIC FEDERATION OF CHICAGO.

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Creation and Evolution of the RTA and Transit

- Late 1960s: Chicago Transit Authority and suburban private commuter rail and bus services in financial trouble
- Several year debate; lack of agreement between city and suburbs
- Referendum creating RTA passed—barely — in 1974
 - Governing Board: 4 City, 4 Suburban, Chair elected by Board
 - RTA provides oversight and operates contracts with suburban rail and bus
 - CTA operates L and city buses
 - Funding: state sales tax subsidies, eventually 5% gas tax in 1977
 - Changed gas tax in 1979→sales tax
- Deficits forced large fare hikes and service cuts in early 1980s



Creation and Evolution of the RTA and Transit

- 1983 Reforms
 - Creation of Metra and Pace service boards
 - Changes to governance and structure
 - Changes to funding
- Service Boards faced budget shortfalls and CTA faced massive pension crisis by mid-2000s
- 2008 reforms
 - Expansion of governing board
 - RTA's oversight powers enhanced
 - Increase to sales tax, increase to Chicago RETT, increase to state subsidy
 - CTA Pension Reforms, Pension Obligation Bond, Retiree Health Care Trust

RTA Operating Funding



Regional Sales Tax on General Merchandise, Food, Drugs, Medical Devices

- 1.00% sales tax on general merchandise in Cook County plus 0.25% “county” portion;
- 1.25% sales tax on food, drugs and medical appliances in Cook County
- 0.75% sales tax on general merchandise and qualifying food, drugs and medical appliances in DuPage, Kane, Lake, McHenry and Will Counties, of which 0.50% is allocated to the RTA.

State of Illinois Public Transportation Fund Revenues

- 30% match of RTA sales tax and RETT receipts

Other Funding Sources

- Chicago 0.30% real estate transfer tax (CTA only)
- State funds for ADA paratransit
- Federal relief funds

RTA Today



- The RTA's service area covers the six counties of Northeastern Illinois region: Cook, DuPage, Lake, Kane, McHenry and Will.
- The service area has approximately 8.2 million residents and covers 3,749 square miles

RTA SERVICE BOARD OPERATING CHARACTERISTICS

	CTA	Metra	Pace	RTA	Total
Rail Lines	8	11	-	-	19
Bus Routes	127	-	136	-	263
Rail Stations Served	145	242		-	387
Number of Employees	10,382	4,422	1,760	87	16,651

Source: FY2021 RTA Annual Comprehensive Financial Report, pp. 106 & 108.



RTA Ridership

Ridership by Service Board: FY2019-FY2025 Projected (In Millions)

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	% Change
CTA	455.7	197.5	196.0	240.7	263.0	282.7	303.9	-33.3%
Metra	74.0	18.6	14.1	24.6	34.8	44.2	51.6	-30.3%
Pace	32.8	17.1	16.3	18.0	18.5	19.0	19.1	-41.8%
Total	562.5	233.2	226.4	283.3	316.3	345.9	374.6	-33.4%

Sources: RTA Regional Transit Authority. Adopted 2023 Budget, Two-Year Financial Plan, and Five-Year Capital Program, December 15, 2022, pp. 17, 24, 31 and 38; CTA President's FY2023 Budget Recommendations, p. 38 ; Metra FY2021 Operating and Capital Program and Budget, p. 54 and FY2022 Budget, p. 59; Pace FY2021 Suburban Service and Regional ADA Paratransit Budget, p. 64 and FY2022 Budget, p. 64.

Impact of the Pandemic



- Immediate and significant loss of ridership; slow recovery
- State of Illinois suspended farebox recovery ratios
- Federal emergency funding
 - Congress approved \$69 billion for mass transit agencies nationwide in three separate relief packages in 2020 and 2021
 - Federal relief makes up 20% of the RTA's operating funding in 2023
 - Funding will run out starting in 2025; shortfall will reach \$732 million in 2026 and \$1.2 billion by 2031 if nothing is done.
- Ongoing safety and crime concerns
- Reliability and staffing issues
 - “Ghost” trains and buses; recruiting and retention issues

Thank You

- Happy to answer any questions
- For more information:
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 - [@CivicFederation](https://twitter.com/CivicFederation) 
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