Context and background for the Plan of Action for Regional Transit (PART)

Contents

Executive summary

Key takeaways

- The regional transit system faces at least a **$730 million annual operating budget shortfall** when federal relief funding is fully exhausted in 2026. Resolving the shortfall, however, simply reflects a return to the pre-pandemic “status quo” and does not account for any additional investments required to improve the region’s transit system.
- Transit is crucial to the region’s economy, connectedness, and resilience— and to achieving the goals of the region’s ON TO 2050 plan. However, if the state and region do not act, the transit system faces the likelihood of drastic and damaging service cuts and fare increases, with negative consequences for mobility, economic vitality, and more.
- In response, the State of Illinois mandated that CMAP prepare a report about how to sustainably fund the transit system in the face of the looming fiscal cliff. A steering committee will guide the development of that report, ensuring the solutions identified are sufficient to the scale of the problems facing the system and region.

Transit faces an unprecedented fiscal cliff

The transit system in northeastern Illinois has provided critical mobility options throughout the pandemic and the region’s ongoing recovery. To endure this time of uncertainty in ridership levels and fare revenue, critical regional transit operations have been buoyed by significant federal support.[1] However, the Regional Transportation Authority (RTA) expects all federal relief funding to be fully exhausted by the end of 2025, prompting a significant – and ongoing – operating budget shortfall. While the region’s transit system has faced funding crises before, the scale and scope of this crisis is unique.

Without federal aid, the RTA projects there will be an unprecedented operating budget shortfall of at least $730 million in 2026. Efforts to resolve this funding gap would simply reflect a return to the pre-pandemic status quo. The causes of this funding gap include sharp declines in ridership related to the pandemic, reductions in average fare prices, and increased operating costs relative to pre-pandemic trends. Importantly, closing the gap would not account for any additional operational investments required to expand service, nor does it account for new capital investment funding to address maintenance backlogs or improve the region’s transit system.

Northeastern Illinois is not alone in this challenge. Some peer regions, such as New York City, Boston, Philadelphia, and Washington, D.C., anticipate similar operating funding crises as they exhaust their remaining federal relief funds. The Eno Center for Transportation found that transit agencies at the greatest risk for fiscal shortcomings are those that have large budgets,

[1] This includes funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and the American Rescue Plan Act (ARPA).

rely heavily on fares, and provide a combination of both commuter and heavy rail.[2] Northeastern Illinois's transit system is susceptible across all these dimensions.

Although the region's transit services have been sustained by federal aid through the pandemic, future federal funding for transit operations is not guaranteed. The overwhelming majority of transit systems in the United States do not rely on fares for a large portion of their operating budgets. Their fiscal cliffs, if any, are not nearly at the same scale as that of northeastern Illinois. Given the limited number of agencies facing a similar fiscal cliff, the region cannot count on federal aid as a certainty. Policymakers and transit officials will need to identify sustainable, local solutions that do not rely on federal intervention.

Importantly, the Illinois General Assembly has already taken action to invest in transit. In 2019, the Governor signed into law Rebuild Illinois, a $45 billion capital investment in critical infrastructure across the state, including public transit. While it did not fully address the significant capital funding needed for system maintenance and investment, Rebuild Illinois provided transit agencies with dedicated capital funding for the first time in the state's history, while also providing $2.6 billion in new bonding authority. To maximize these capital investments in transit, we must address some of the system's longstanding operating funding challenges.

Why it matters: Transit is critical to the success of northeastern Illinois

CMAP's work is guided by the recommendations of ON TO 2050, the comprehensive regional plan for northeastern Illinois. Although ON TO 2050 was originally adopted in pre-pandemic 2018, the region reaffirmed the plan's importance by endorsing an updated version in 2022.

ON TO 2050's vision of a region with inclusive growth, resilience, and prioritized investment is only possible with a robust and effective public transit system. Advancing ON TO 2050's goal of developing a system that works better for everyone requires that all residents have effective mobility options, especially those who do not use a personal vehicle.[3] The region's development goals also rely on transit as a critical element of its success. Public transit provides crucial connections between regional residents and employers, enhancing the region's economic competitiveness.[4] [5] Across these strategies and many more, ON TO 2050 relies on transit.

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[2] Shrode, Garett. "The Mass Transit Fiscal Cliff: Estimating the Size and Scope of the Problem." Eno Center for Transportation, 2022. https://www.enotrans.org/article/the-mass-transit-fiscal-cliff-estimating-the-size-and-scope-of-the-problem/.
[3] "A System That Works Better for Everyone," (Chicago Metropolitan Agency for Planning), accessed May 2023,
[4] "Pursue Regional Economic Development" (Chicago Metropolitan Agency for Planning), accessed May 2023,
[5] "Leverage the Transportation Network to Promote Inclusive Growth" (Chicago Metropolitan Agency for Planning), accessed May 2023,

Transit enables mobility for riders and non-riders alike

Millions of residents rely on transit. Before the COVID-19 pandemic, the transit system provided more than 1.8 million rides on an average weekday. While the pandemic did cause ridership decreases, rides have returned to roughly 60 percent of pre-COVID levels, averaging about one million trips each day.[6] From the collar counties to downtown Chicago, transit is integral to regional mobility – providing access to jobs, education, healthcare, friends, family, and so much more.

> **"Anytime I want to go see [my family who live outside the paratransit service area], we have to get me into the car. I have to transfer from the wheelchair to the car, and then from the car to the wheelchair. It's a big deal. It's not fun to do. And it takes a lot of work."**
> Christine Wilk from Mount Prospect, describing her difficulty in traveling to areas not served by paratransit

The mobility benefits of transit extend beyond just those who ride the system every day. Many transit riders would otherwise rely on a car for their trips. Making these trips by transit helps to significantly ease congestion on the streets and expressways for remaining car and truck travel. The transit system also provides regional residents with alternatives when the unexpected happens – a broken down vehicle, a snowstorm, or a medical condition – thereby ensuring continued mobility in the face of uncertainty.

Transit also provides options for residents throughout their lives – whether they are a teenager traveling to school, an adult going to work or shop for groceries, or a senior traveling to a doctor's appointment or to visit friends. As the region's population ages, transit will play an increasingly important role in allowing regional residents to age in place, maintaining their ability to move around the region even if they can no longer travel by car or other modes on which they used to rely.

The regional transit system also provides mobility options to those who have been historically marginalized, particularly low-income residents, people of color, and those with disabilities. In the context of rising transportation costs and high inflation, public transit is a lifeline for many who have limited options to access affordable transportation.

Transit fosters a vibrant and connected regional economy

In its 2023 strategic plan, the RTA noted that the region receives a return-on-investment of nearly four dollars for every dollar invested in transit.[7] The compounding benefits of transit are seen in the increased mobility, safety, economic activity, and environmental relief that public transportation delivers.

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[6] "Ridership Statistics," Regional Transportation Authority Mapping and Statistics, May 2023, https://rtams.org/.
[7] "Transit Is the Answer" (Regional Transit Authority, 2022), https://www.rtachicago.org/uploads/files/general/Region/Strategic-Plan/Final/TransitIsTheAnswer.pdf.

> **“If you have public transportation, that's on time, that goes through a route where people can access health care, where they can access grocery stores and better jobs, it makes for much better quality of life.”**
> Yvonne Shields from North Lawndale on the value that transit adds to quality of life

Transit is an important asset for businesses as they compete to attract talent and grow. For example, transit was a strong reason why Google decided to purchase the Thompson Center in Chicago. In the company’s announcement of the move, they stated that, “the Thompson Center will provide employees with unparalleled public transit access as the only building in the city where six L train lines converge, easily connecting Chicago’s South, West and North sides.”[8] While the number of regional employees working remotely has increased since the onset of COVID-19, most still travel to work at least some of the time. Further, 60 percent of regional employees have jobs for which remote work is not typically an option – and the transit system plays a critical role in ensuring that these employees can continue to make it to the jobs that regional employers want to fill.

Those same transit assets also make the region a more attractive global destination for businesses and special events. The region’s transit system enables the thousands of attendees at events like major business conventions, music festivals, parades, and sporting events to move throughout the region efficiently and affordably.

The positive economic impacts of transit in the region are quantifiable. The RTA’s analysis demonstrates that transit leads to an additional $1 billion in annual tax revenue through activity such as increased property values, development decisions, and consumer trips to shops, restaurants, and entertainment venues.

Transit enables the region to mitigate and adapt to climate change

ON TO 2050 calls for major reductions in regional greenhouse gas emissions by 2050. To prevent the most severe impacts of climate change, northeastern Illinois needs to reduce greenhouse gas emissions by approximately 5 percent annually to approach its 2050 goals.[9] Primarily driven by car and truck travel, the transportation sector currently produces the second-highest amount of regional greenhouse gas after energy generation and use, such as in building systems.

Transit has been and will continue to be a critical element of the region’s response to climate change. Across northeastern Illinois, public transit accounted for less than 2 percent of all greenhouse gas emissions from transportation in 2019, despite representing a regional average of 7 percent of all trips. Transit emissions will only continue to fall as the service boards complete their planned transitions to zero emission fleets.

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[8] John Pletz, “Google to Buy Thompson Center,” *Crain’s Chicago Business*, July 27, 2022,
[9] “Greenhouse gas emissions in northeastern Illinois.” Chicago Metropolitan Agency for Planning. Accessed January 2023. https://www.cmap.illinois.gov/data/greenhouse-gas-inventory.

Transit also enables more environmentally sustainable land use and development patterns, including the kinds of compact and walkable communities that ON TO 2050 highlights as a priority for the region. CMAP's Greenhouse Gas Inventory finds that communities with these characteristics have lower average emissions. Without transit, environmentally sustainable communities will not be able to continue growing and thriving.

By law, CMAP and the steering committee must propose solutions

In 2022, the State of Illinois enacted Public Act 102-1028, which requires that CMAP submit a report of recommendations regarding the long-term financial viability of a regional transit system by January 1, 2024. The text of the statute is included on the right.

The final recommendations must address the ***long-term financial viability*** of a system that is:

- Regionally coordinated
- Safe
- Secure
- Clean
- Efficient
- Supportive of efficient land use

The report must specifically address:

- The recovery ratio
- Sales tax formula and distributions
- Governance structures
- Regional fare systems
- Other changes to state statute, authority, or service board enabling legislation, policy, rules, or funding

The statute requires that CMAP consider racial equity, climate change, land use, economic development, and the Regional Transportation Authority's (RTA) strategic plan.[10]

Public Act 102-1028

By January 1, 2024, the Chicago Metropolitan Agency for Planning and its MPO Policy Committee, in coordination with the Authority, shall develop and submit a report of legislative recommendations to the Governor and General Assembly regarding changes to the recovery ratio, sales tax formula and distributions, governance structures, regional fare systems, and any other changes to State statute, Authority, or Service Board enabling legislation, policy, rules, or funding that will ensure the long-term financial viability of a comprehensive and coordinated regional public transportation system that moves people safely, securely, cleanly, and efficiently and supports and fosters efficient land use. In developing the report, the vision, principles, and recommendations of the Authority's strategic plan required by Section 2.01a shall be considered. The report shall also consider recommendations on how the Authority and Service Boards can better address racial equity, climate change, and economic development. The development of the report shall include meaningful public engagement led by the Chicago Metropolitan Agency for Planning and its MPO Policy Committee and should be developed with the support of a steering committee composed of representatives of business, community, environmental, labor, and civic organizations. The report shall be adopted by the MPO Policy Committee prior to submission to the Governor and General Assembly. The report shall be separate from the Strategic Plan required under Section 2.01a.

[10] "Transit Is the Answer."

The legislation also requires that the report be informed by stakeholders through a steering committee "composed of representatives of business, community, environmental, labor, and civic organizations," which is reflected in the composition of the PART steering committee.

Finally, the statute mandates that CMAP's MPO Policy Committee approve the final report prior to its submission to the Governor and General Assembly. Per past practice, CMAP will bring the report to both the CMAP Board and MPO Policy Committee for final approval.

MPO Policy Committee members include representatives from municipal government, each of the seven counties in the CMAP region, federal and regional agencies, and operating agencies, including the three transit service boards (the Chicago Transit Authority, Pace, and Metra).[11] The CMAP Board is largely composed of representatives from municipal and county governments across the CMAP region. [12] Many of the members of the CMAP Board and MPO Policy Committee are the region's primary transportation implementers. Taken as a whole, members of the CMAP Board and MPO Policy Committee represent various constituencies with unique perspectives, needs, and priorities.

While the timeline for this report is accelerated (both out of necessity and by statute), all of the public bodies will be able to draw on extensive research, planning, and policy development conducted by CMAP, RTA, and other regional partners in recent years.[13]

As this document will outline, no single revenue source, operational improvement, or system reform will be enough. Instead, it will take a combination of ideas, policies, and strategies to ensure the region's transit system can emerge from the pandemic stronger and more financially secure. And while many recommendations will, by necessity, focus on the near-term fiscal crisis, the PART steering committee must also grapple with systemic problems that pre-date the pandemic. Solving each of these challenges will require a mix of near-, medium- and long-term strategies that can be advanced through legislation, local efforts, and other ongoing regional planning processes.

The charge of the Plan of Action for Regional Transit is to identify such a package – one that is bold enough to solve hard problems and around which the region can build a successful coalition at the state and regional level.

[11] "MPO Policy Committee," Chicago Metropolitan Agency for Planning, Accessed May 2023, https://www.cmap.illinois.gov/committees/policy/mpo.
[12] "CMAP Board," Chicago Metropolitan Agency for Planning, Accessed May 2023, https://www.cmap.illinois.gov/committees/board.
[13] "Transit Is the Answer."

A pre-pandemic background on regional transit

Key takeaways

- There are three agencies (often referred to as "service boards"): Chicago Transit Authority (CTA), Metra, and Pace—that provide public transportation services throughout northeastern Illinois. The Regional Transportation Authority (RTA) oversees the financial standing and strategic direction of these three service boards.
- With four separate, autonomous governing bodies, a great deal of coordination and planning is required. The RTA is responsible for releasing a strategic plan every five years, while the service boards are responsible for operating their services subject to that plan.
- Funding for operating the transit system comes from two main sources: system-generated revenues (mostly fares) and public funding. Public funds are primarily from a regional sales tax and state matching funds.

Context: RTA's strategic planning process

In February 2023, the RTA adopted its 2023 regional transit strategic plan*: Transit is the Answer*. Engagement with riders revealed expectations for public transit to be an agent of change in answering long-postponed regional questions of: equal access to opportunity; equitable alignment of services; and how to unify the region in a connected, safe, and reliable transportation network that leads in the fight against climate change. They see transit as the answer, and this action and advocacy plan reflects the region's diverse voices.

The plan outlines 14 key Areas of Advocacy and Action that were co-created with stakeholders to guide priorities in areas like funding, safety, speed, and reliability. In addition, it identifies a number of actions that the RTA and service boards will work together on in 2023 including:

- Pursuing additional funding for transit operations, which is set to hit a funding cliff in 2026 that can't be solved by raising fares or cutting service;
- Convening a region-wide, cross-sector safety and security summit to facilitate information sharing and explore holistic solutions to the challenges affecting transit;
- Seeking funding to pilot an expanded regional free or reduced fare program available to people experiencing low incomes to make the system more affordable and advance understanding about the barriers that fares present to riders;
- Collaboratively beginning development of a regional transit climate action plan that identifies how transit can support the region's climate action goals, outlines regional strategies that will encourage more people to ride transit, and charts a course to reduce the footprint of the transit system and move toward zero-emissions for transit operations.

System overview

The Chicago region has the second largest public transit network in the country, serving millions of riders and six counties throughout northeastern Illinois: Cook, DuPage, Kane, Lake, McHenry, and Will. This network is coordinated by the RTA, which conducts strategic planning and oversees the finances and accountability of three transit service boards: CTA, Metra, and Pace.

Each of the service boards contributes one or more important elements to the broader regional transit network. The table and chart below highlight their coverage areas, services, ridership, and the scale of their 2019 and 2023 operating budgets.

Table 1. High-level overview of regional transit operations

Agency	Coverage[14]	Services	Ridership (2019)[15]	Operating Budget (2019)[16]	Planned Operating Budget (2023)[17]
CTA[18]	City of Chicago and 35 surrounding suburbs in Cook County	Bus (127 routes) and rail (8 lines)	456 million trips (219 million rail and 237 million bus)	$1.515 billion	$1.828 billion
Metra	Cook, DuPage, Kane, McHenry, Lake, and Will counties, with service to southeast Wisconsin	Rail (11 lines)	74 million trips	$802 million	$980 million
Pace[19]	Cook, DuPage, Kane, McHenry, Lake, and Will counties	Bus (137 routes), Vanpool, On Demand	28.5 million trips	$225 million	$303 million
Pace ADA (paratransit)		Paratransit services	4.2 million paratransit trips	$184 million	$238 million
RTA	Cook, DuPage, Kane, McHenry, Lake, and Will counties	Financial oversight and strategic planning	N/A	$42 million*	$37 million*
Total			*562 million*	*$3 billion*	*$3.5 billion*

**Excludes RTA regional debt service expenses (note these are included in the overall 2019 and 2023 totals).*

Governance overview

Transit governing boards have overlapping appointing authorities

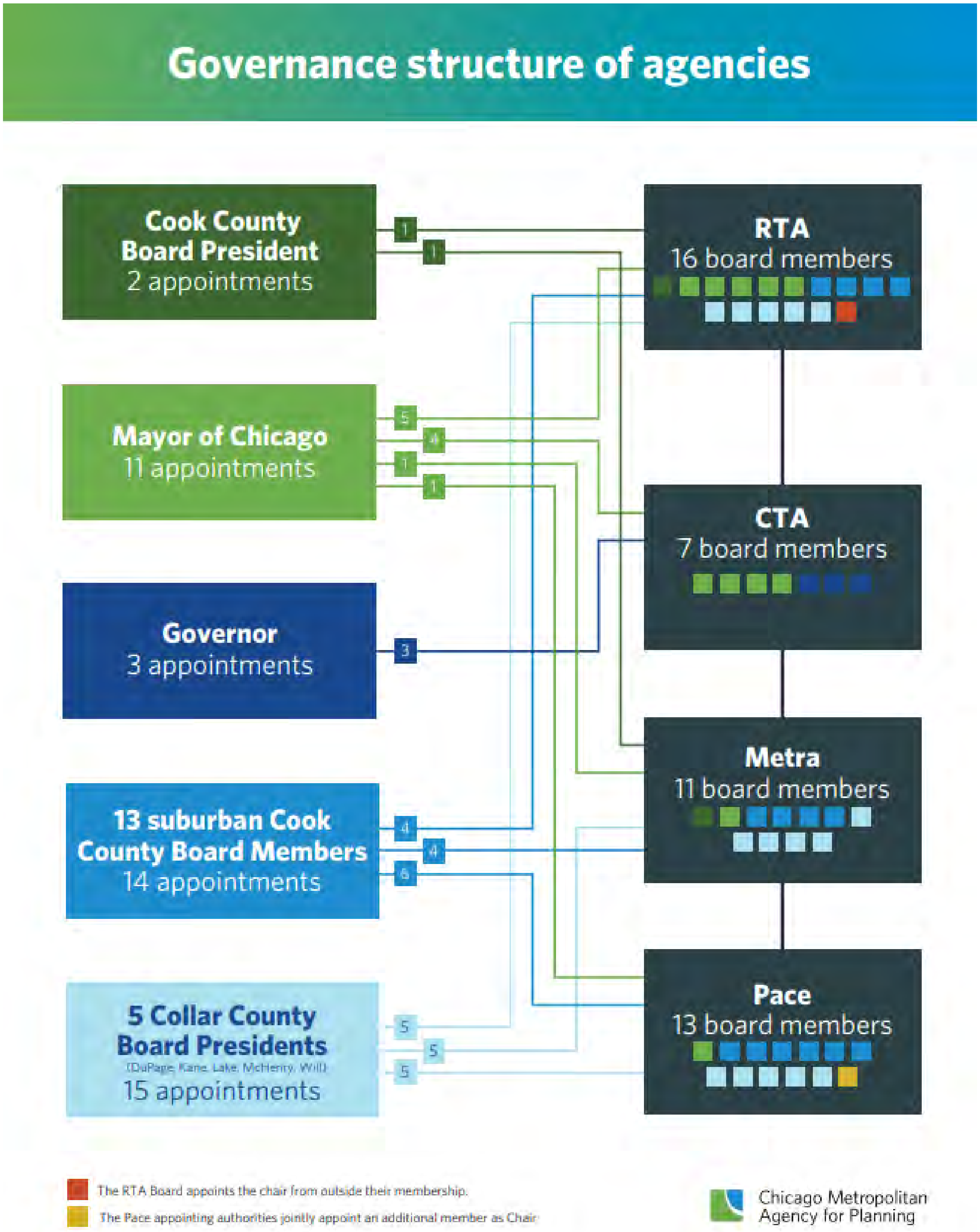
While the RTA is responsible for providing transit oversight to the three service boards, the four agencies operate as independent, autonomous entities and have a complex governance structure. Across the four agencies, there are 47 board members appointed by 21 elected

[14] "About RTA" Regional Transportation Authority, Accessed May 2023, https://www.rtachicago.org/about-rta.
[15] "System Ridership (annually, in millions)." Regional Transportation Authority Mapping and Statistics, November 27, 2022.
[16] "Adopted 2021 Operating Budget, Two-Year Financial Plan, and Five-Year Capital Program" Regional Transportation Authority, December 2020. https://www.rtachicago.org/uploads/files/general/Drupal-Old/documents/aboutus/meeting_documents/12-17-20/Adopted-RTA-2021-Operating-Budget.pdf.
[17] "Adopted 2023 Operating Budget, Two-Year Financial Plan, and Five-Year Capital Program." Regional Transportation Authority, December 2022. https://www.rtachicago.org/uploads/files/general/Transit-Funding/2023Budget/2023RegionalBudgetandCapitalProgram_ADOPTED.pdf.
[18] "President's 2023 Budget Recommendations." Chicago Transit Authority, October 2022. https://www.transitchicago.com/assets/1/6/FY23_Budget_Book_Final_Draft_(For_Website).pdf.
[19] "Suburban Service and Regional ADA Paratransit 2023 Operating Budget." Pace Suburban Bus, November 2022. https://www.pacebus.com/sites/default/files/2023-01/2023%20Final%20Book%20-%20for%20Internet%20Final%20compressed.pdf.

officials. The diagram below provides a visual representation of the intertwined governance structure of all four agencies' boards and how they are appointed.

It is also important to note that regional transit operations and capital programs are further impacted by decisions made by other government agencies and authorities, including state, regional, county, and municipal transportation agencies. The service boards and the RTA are also located within CMAP's slightly larger jurisdiction, which includes Kendall County in addition to the RTA's six-county representation.

Figure 1. Regional transit is governed by four boards with overlapping appointing authorities[20 21]



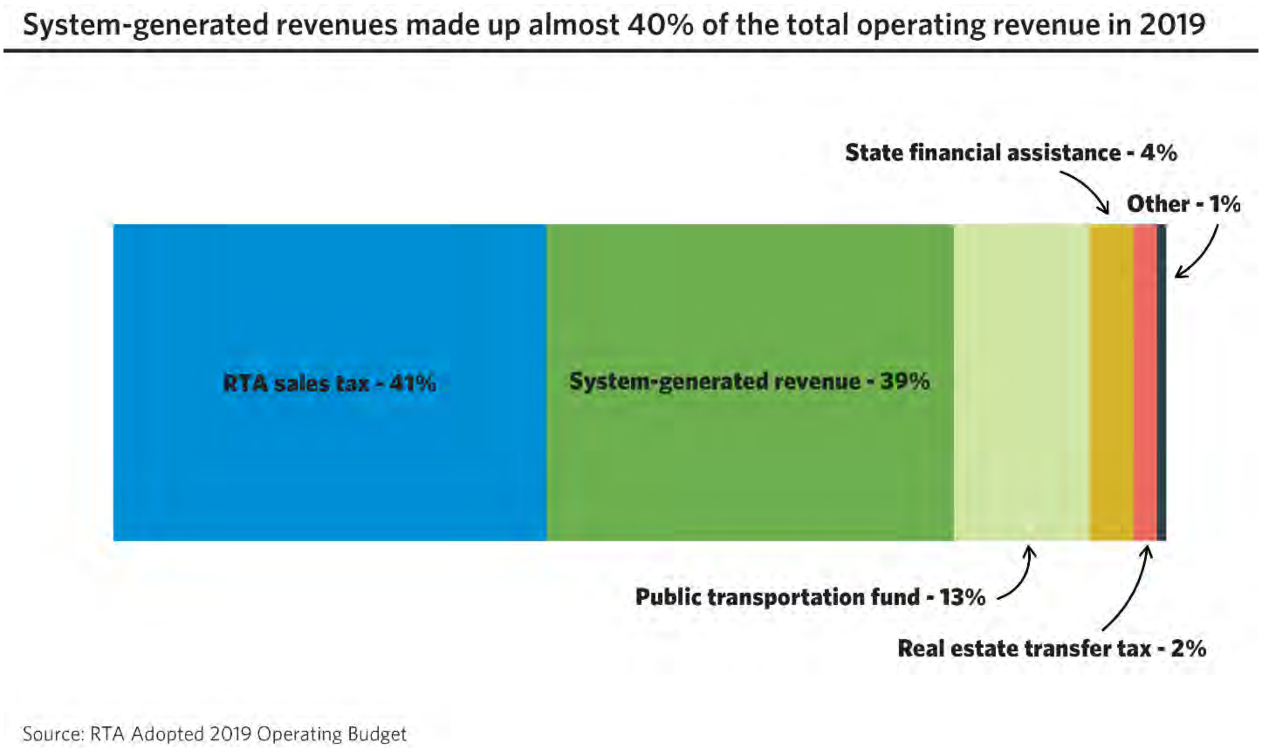
[20] "Transit for the 21st Century." Northeastern Illinois Public Transit Task Force, 2014. https://www.documentcloud.org/documents/1100598-transit-task-force-report.html.

[21] Pace board members are required to be current or former suburban mayors, except for the *ex-officio* position reserved for the Commissioner of the Chicago Mayor's Office for People with Disabilities.

Operating budget overview: Revenues

Funding for the operating budget of the region's public transit comes from two sources: system-generated revenues and public funding.

Figure 2. RTA operating revenues by source, 2019



For more information, see the RTA's 2023 budget.[22]

The state requires system-generated revenues to cover half of operating costs

Before the pandemic, state law required the service boards to cover 50% of their operating costs from fares and other system-generated revenue (otherwise known as the "recovery ratio requirement").[23] System-generated revenues mainly come from passenger fares, as well as smaller amounts from sources such as advertising, investment income, and concessions.

Revenues also include the state's reimbursement for existing free and reduced fare programs, which – it should be noted – falls significantly short of the full cost of the statutorily mandated

[22] "Adopted 2023 Operating Budget." Regional Transportation Authority, 2022.

[23] RTA's enabling legislation allows certain expenses to be excluded from the recovery ratio calculation, which is why even prior to the pandemic, the actual ratio of system-generated revenues to total operating expenses was less than 50%. In 2019, the share without exclusions was 39%.

program.[24] Additionally, the state has reduced the amount it has provided in recent years.[25] Fares and reduced fare programs make up between 67 percent and 89 percent of total system-generated revenues for the service boards, with an average of 80 percent across the RTA service boards.

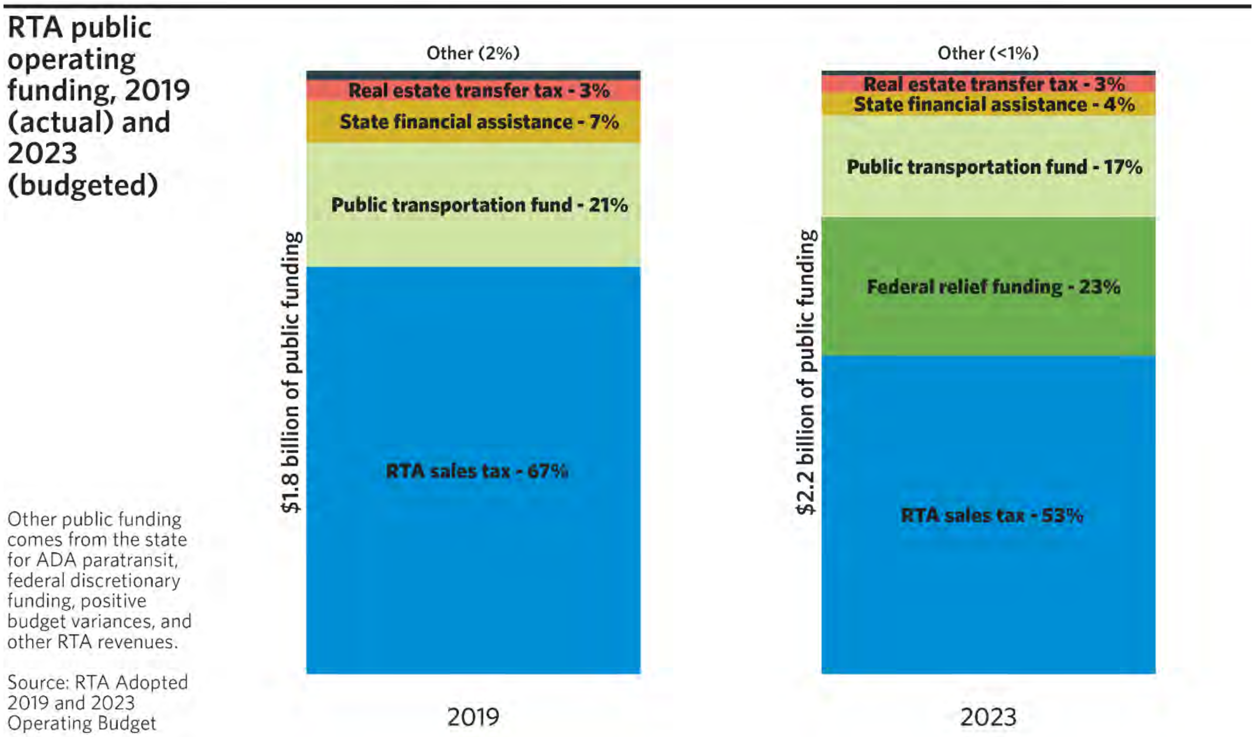
In December 2021, the General Assembly passed Public Act 102-0678, which waives the RTA's requirement to achieve the mandated 50% farebox recovery ratio through fiscal year 2023. In its latest strategic plan, the RTA notes: "At current ridership levels, current recovery ratios in the Chicago region are unsustainable without major fare increases and likely will be for years to come."[26]

Revenue from public funding comes from various sources, including the following:

- Sales tax levied by the RTA throughout the six-county region
- Real estate transfer tax (RETT) imposed by the City of Chicago for property located within city limits
- Public transportation fund provided by the state
- Additional state financial assistance to reimburse the RTA's debt service on Strategic Capital Improvement Program (SCIP) bonds

[24] "Discounted Fare and Ride Free Programs," Regional Transportation Authority, Accessed May 4, 2023, https://www.rtachicago.org/riders/free-and-reduced-fare-programs.
[25] "Chicago Transit Authority Reduces Assumptions for State Reduced Fare Subsidy," The Civic Federation, November 15, 209AD, https://www.civicfed.org/civic-federation/blog/chicago-transit-authority-reduces-assumptions-state-reduced-fare-subsidy.
[26] "Transit Is the Answer."

Figure 3. RTA public operating funding by source as a share of total public funding dollars in 2019 and 2023



Regional sales tax

The RTA imposes a sales tax in the six counties of its service area in northeastern Illinois. In Cook County the rate is 1.25%; in DuPage, Kane, Lake, McHenry, and Will Counties, the rate is 0.50%. In 2023, the RTA estimates the sales tax will generate approximately $1.5 billion.[27]

Real estate transfer tax (RETT)

In 2008, the state gave the City of Chicago authority to increase the Real Estate Transfer Tax (RETT) to support the CTA. The CTA's portion of the RETT is projected to be approximately $82 million in 2023.[28]

State matching program

The state transfers money from the General Revenue Fund to the Public Transportation Fund (PTF) equal to 30% of the revenue from the RTA Sales Tax and 30% of the revenue realized from the CTA's portion of the Real Estate Transfer Tax. This produces another $450 million per year of direct state support for transit.

[27] "Adopted 2023 Operating Budget." Regional Transportation Authority, 2022.
[28] "Adopted 2023 Operating Budget." Regional Transportation Authority, 2022.

Other state funding

Beyond matching funds, the state makes additional contributions. The largest of these are noted as State Financial Assistance in the figures above and reflect a reimbursement of the RTA's debt service on Strategic Capital Improvement Program (SCIP) bonds. As the oldest of these bonds mature, the level of State Financial Assistance is anticipated to decline.

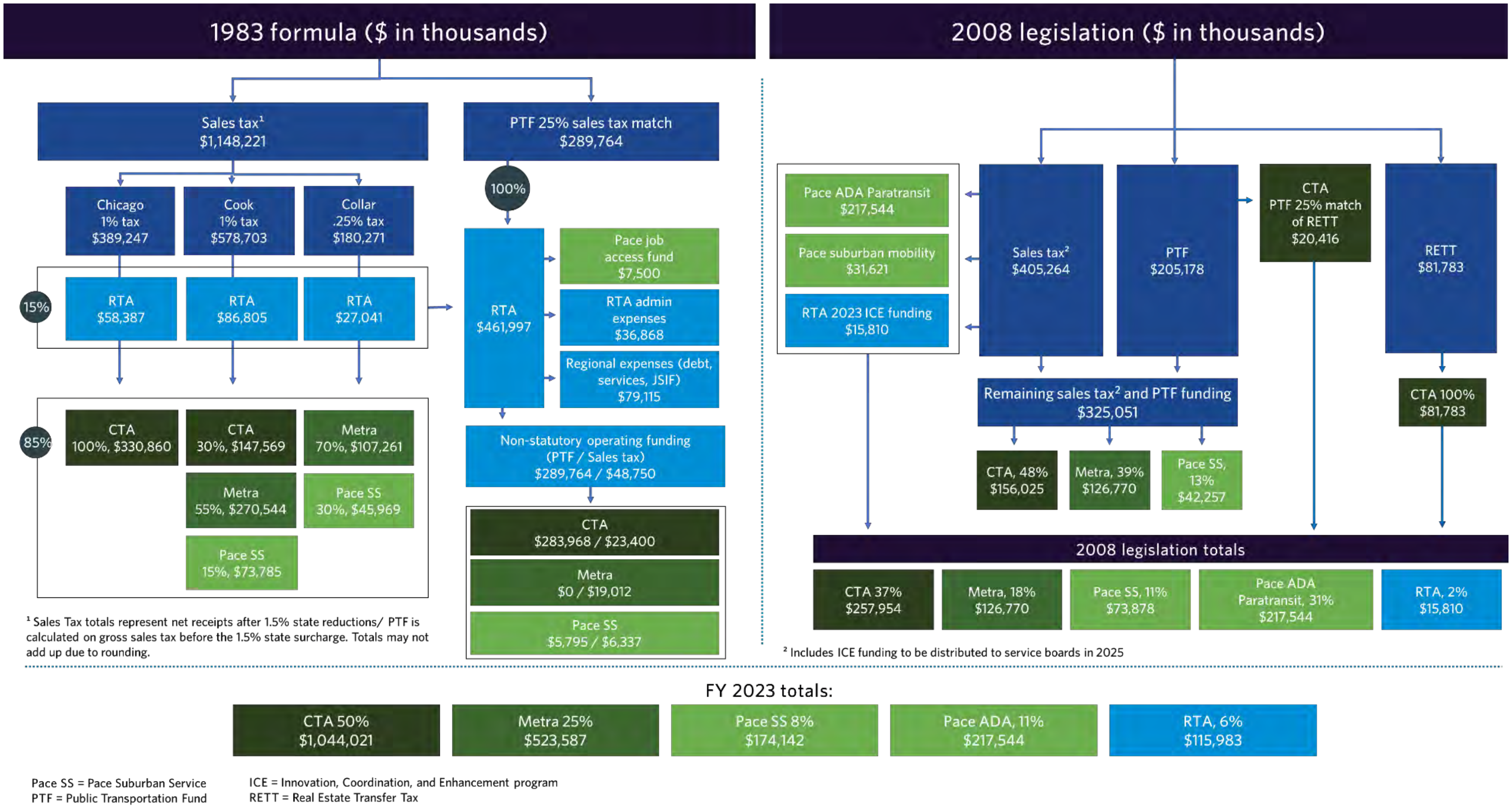
The state also provides funds to support the region's paratransit services. However, this funding (budgeted at $8.4 million for FY23) is small in comparison to the total cost of providing federally required paratransit services, which is budgeted at $226 million in FY23. This shortfall is made up by allocating the required amount from the system's sales tax proceeds (see Figure 4 below).

Funds are largely allocated based on statutory and geographically based formulas

Proceeds from the sales tax and other public funds are distributed to the CTA, Metra, and Pace to fund operating costs that are not covered by system-generated revenues. Most of the funds from the RTA sales tax are distributed via fixed statutory formulas based on where in the region the tax was collected (established in the original 1983 RTA Act). When the state enacted the second RTA sales tax in 2008, the distribution of funds added specific set-asides, such as for paratransit and the CTA's RETT funding. The remaining public funds are distributed to the service boards at the RTA's discretion.

A synthesis of the overall funding distribution mechanism is provided below.

Figure 4.Overview of transit funding distribution formulas[29]

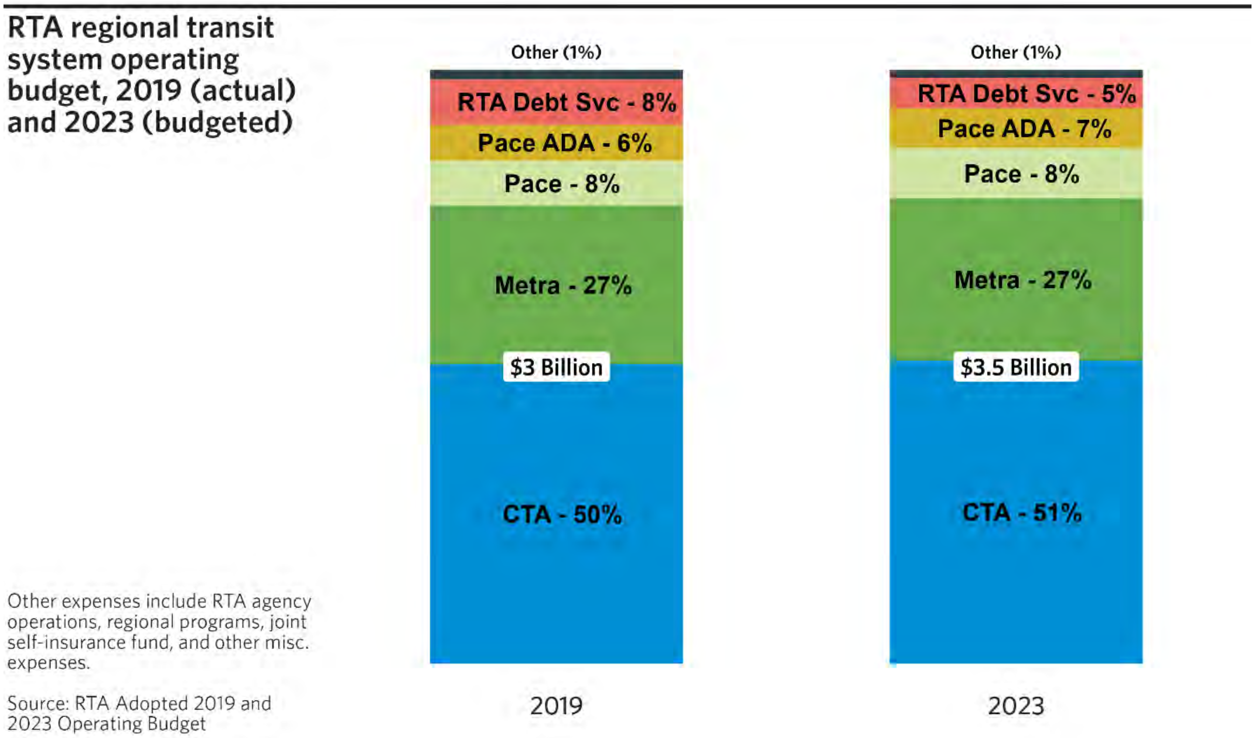


[29] This graphic is based in part on a similar graphic included in CTA's 2023 budget, which can be accessed at https://www.transitchicago.com/assets/1/6/FY23_Budget_Book_Final_Draft_(For_Website).pdf.

Operating budget overview: Expenses

As highlighted below, the CTA has the largest overall operating budget of the three service boards, representing more than half of all planned expenses in 2023. Metra represents slightly more than a quarter at 27%. Pace's operating expenses are split, with roughly half of its funding supporting services like suburban bus, vanpool, and demand-responsive services, and the remainder going toward the federally required ADA paratransit services that it provides throughout the region. Most remaining funds go toward regional debt service issued by the RTA on behalf of the service boards, along with a relatively small share to cover the RTA's agency operating budget and other expenses.

Figure 5: Operating expenses by service board have remained proportionally stable



Operating expenses for transit agencies have historically been:

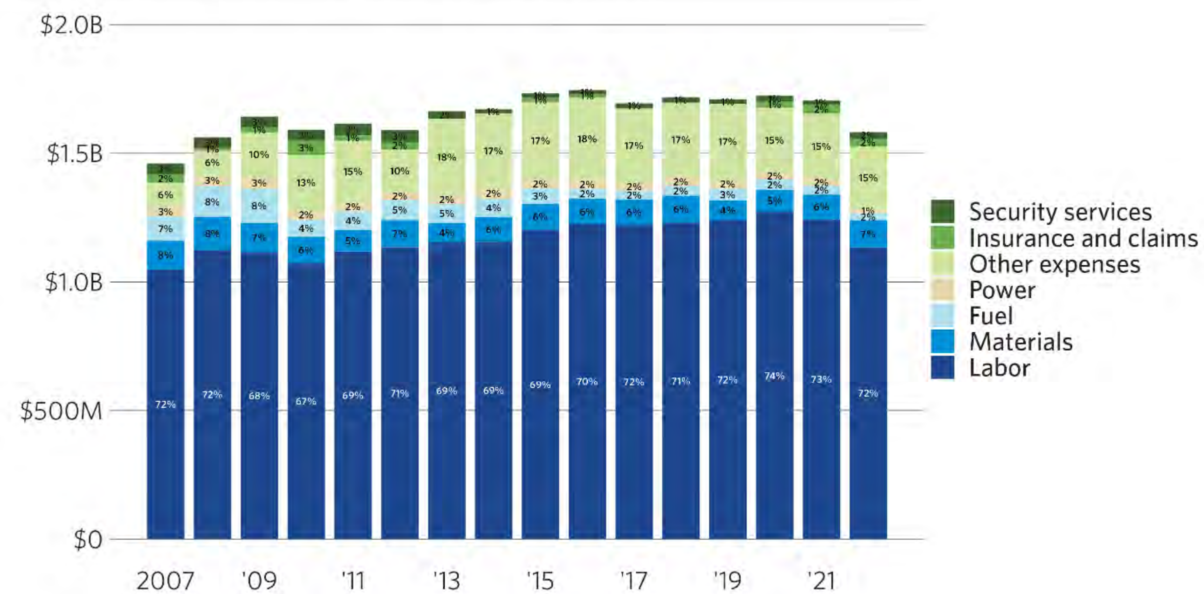
- **Labor:** This is the primary driver of transit cost growth over time. To provide transit service, employees are needed to oversee stations, drive buses, and operate trains. In addition, part of the transit workforce is dedicated to maintaining capital assets, reducing mechanical issues and ensuring a longer lifecycle.
- **Supplies and materials:** The transit agencies spend funds on various supplies and materials needed to provide service and maintain stations, like cleaning supplies and tires.
- **Power and fuel:** Electricity is required to power service stations and other facilities. The transit agencies also must purchase various fuels to run service. This includes purchasing

diesel, alternative fuels (e.g., compressed natural gas), and electricity to power electric trains and buses.
- **Debt service:** The RTA, Pace, and CTA pay debt service on bonds issued to fund capital investments or (for CTA) pension benefits.

CTA

Figure 6: Labor represents more than 70 percent of CTA expenses

CTA historical expenses by line item, 2007-2022



Source: CMAP analysis of RTA budget data, adjusted to 2022 constant dollars.

Note: Budget figures for 2022 are unaudited as of March 2023. Percentages may exceed 100% due to rounding.

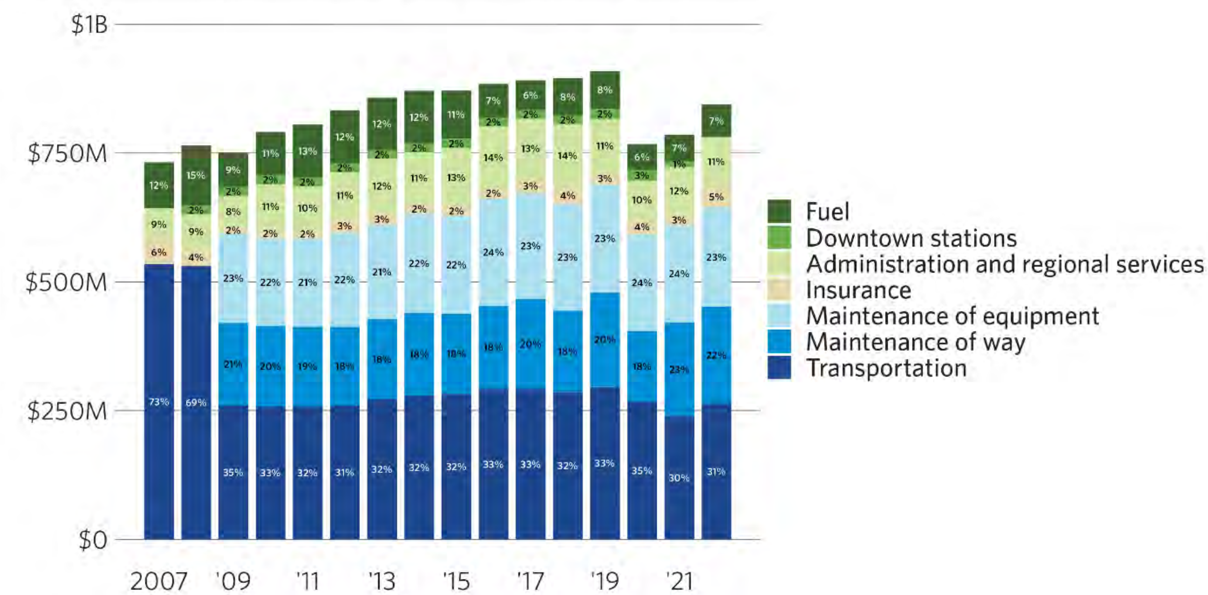
After adjusting for inflation, CTA's expenses have remained relatively stable in recent years. Expenses did grow from 2007 to 2015, but stabilized at that point until the onset of the pandemic. Labor represents by far the largest share of CTA's overall expenses, and has grown as a share of total costs since 2009. "Other expenses" have also become a much larger share of overall spending.

The growth in "Other expenses" is a result of the net debt service on the pension obligation bonds authorized by the Illinois General Assembly in 2008 and increased spending on contractual services (e.g., Ventra). Overall, CTA's operating expenses increased mostly at a flatter rate than Metra or Pace until 2020, when the pandemic started to impact transit ridership, service, and funding.

Metra

Figure 7: Metra's primary expenses are split across transportation and maintenance

Metra historical expenses by line item, 2007-2022



Source: CMAP analysis of RTA budget data, adjusted to 2022 constant dollars.

Note: Budget figures for 2022 are unaudited as of March 2023. Percentages may exceed 100% due to rounding.

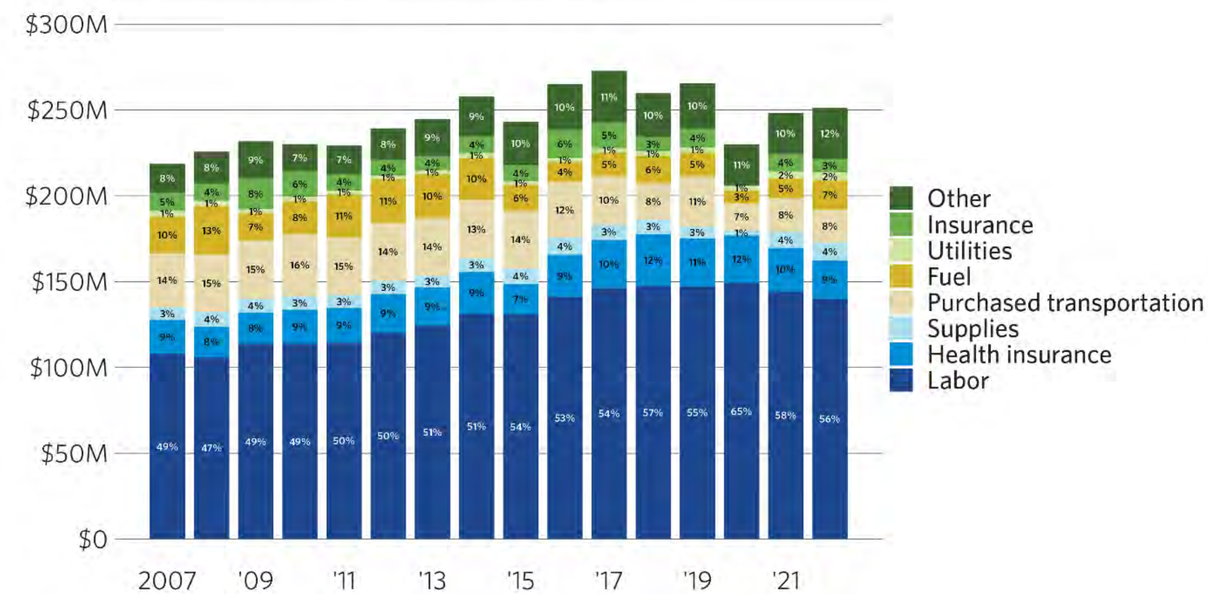
After adjusting for inflation, Metra's operating expenses grew consistently from 2007-2019 before declining due to pandemic-related service cuts. In 2009, Metra changed their budget reporting, introducing "maintenance of way" and "maintenance of equipment" categories. Following their introduction, the "transportation" category fell significantly. "Transportation" refers to the labor costs associated with operating trains, customer service, and the Metra Police Department. "Maintenance of way" corresponds to engineering activities for the inspection, repair, and maintenance of tracks, bridges and signals, whereas the "maintenance of equipment" category covers equipment used in transit service.[30]

[30] "2023 Proposed Operating and Capital Program and Budget." Metra. https://metra.com/sites/default/files/inline-files/2023%20Budget%20Final%202.pdf.

Pace

Figure 8: Labor and benefits costs also represent the bulk of Pace suburban service expenses

Pace historical expenses by line item, 2007-2022



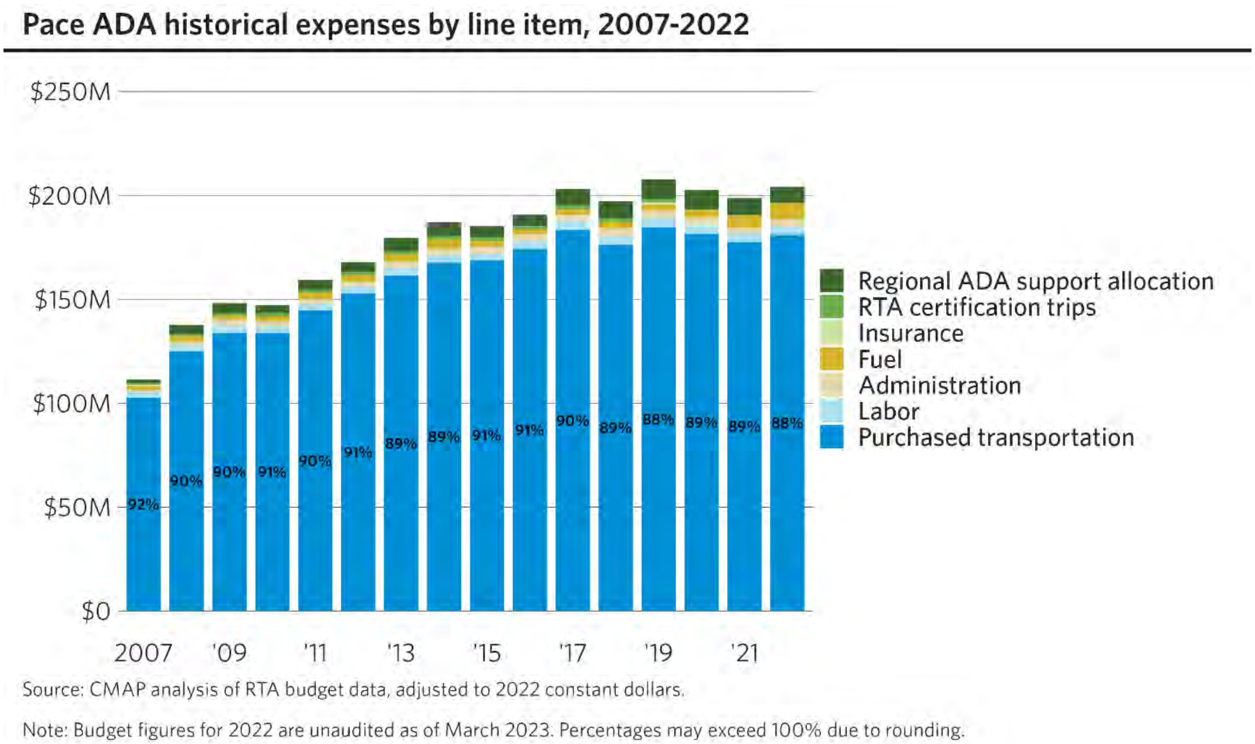
Source: CMAP analysis of RTA budget data, adjusted to 2022 constant dollars.

Note: Budget figures for 2022 are unaudited as of March 2023. Percentages may exceed 100% due to rounding.

Like Metra, Pace has also experienced consistent incremental operating expense growth over time even after adjusting for inflation. This growth has primarily been driven by an increasing share of labor costs and benefits, like health insurance. Pace has some agreements to provide demand-responsive transit services within specific jurisdictions, represented by the "purchased transportation" category.[31]

[31] Purchased transportation is when Pace contracts with another company or organization to provide service. It is important to note that these services are different and separate from paratransit demand-response service and costs.

Figure 9: The vast majority of Pace ADA expenses support purchased transportation services

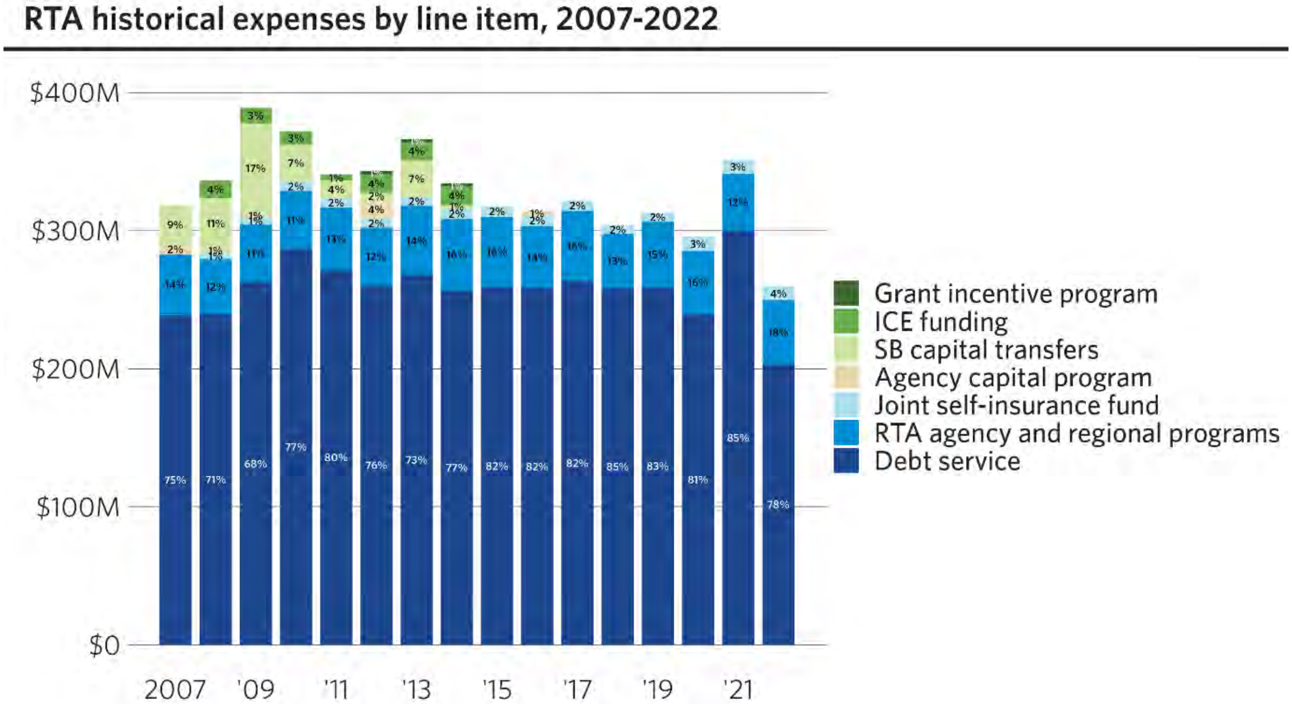


Of all transit services in the region, paratransit costs have grown at the highest rate. The inflation-adjusted cost of operating paratransit services has nearly doubled since Pace became responsible for providing all paratransit service for the region in 2007. Most of the total cost is from purchased transportation, which means Pace is contracting with other companies or organizations to provide paratransit service. This rapid cost growth has also been seen by peer paratransit providers in other regions and is a result of both the escalating costs of providing the service and the growth in ridership demand for these services.[32]

[32] "ADA Paratransit Services: Demand Has Increased, but Little is Known about Compliance." US Government Accountability Office, 2012. https://www.gao.gov/products/gao-13-17.

RTA

Figure 10: Most RTA expenses are due to "regional costs," including debt service



Source: CMAP analysis of RTA budget data, adjusted to 2022 constant dollars.

Note: Budget figures for 2022 are unaudited as of March 2023. Percentages may exceed 100% due to rounding.

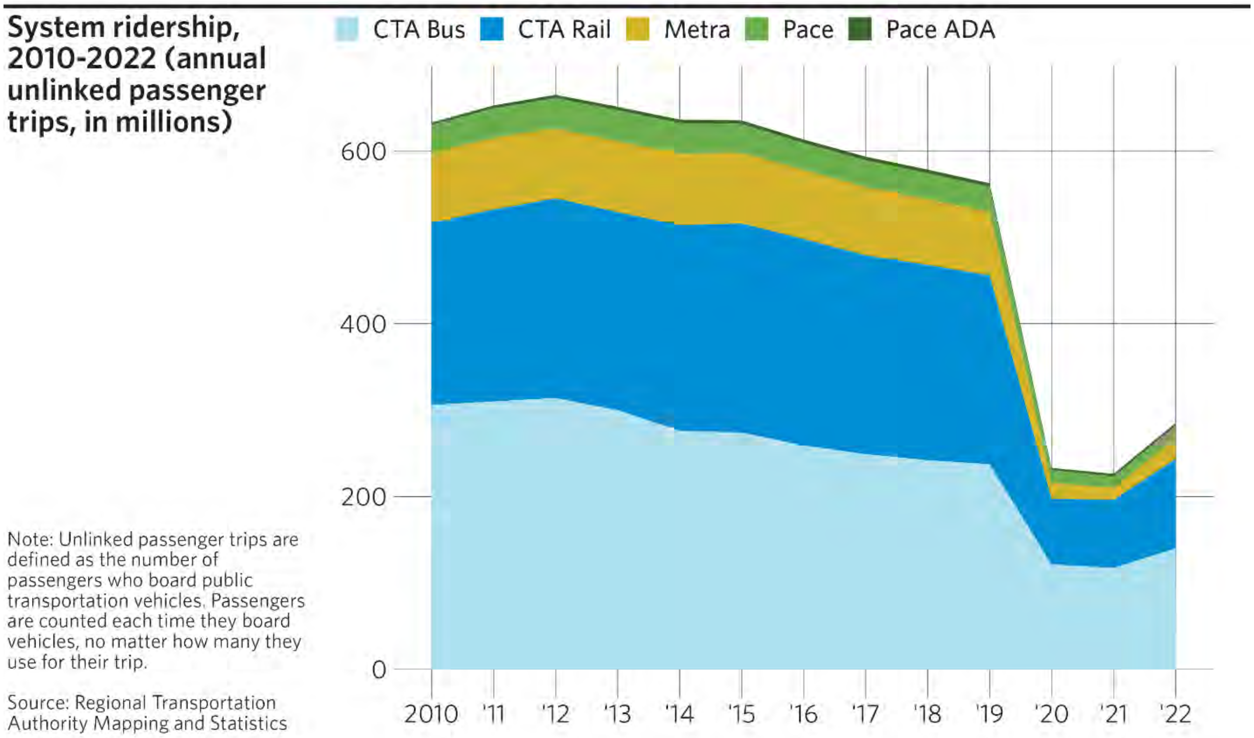
The expenses allocated to the RTA are predominantly payments on debt service issued on behalf of the regional transit operators. These payments have fluctuated over time depending on the debt service paid on RTA Strategic Capital Improvement Program bonds. RTA agency expenses have remained relatively stable in inflation-adjusted terms in recent years, as have those of other regional transit programs and special funds.

Ridership overview

Transit served a large but gradually declining number of trips before the pandemic

Transit ridership looks different today than it did before COVID-19. As seen below, while ridership was already declining from its 2012 peak, the regional transit system supported over 500 million unlinked transit trips (a total count of boardings including transfers) each year across CTA, Pace, and Metra.

Figure 11: Annual system ridership was gradually declining before COVID-19



Residents and visitors relied on the regional transit system to travel to and from home, work, school, medical care, shopping, and more, travelling within and between the rural, suburban, and urban parts of the region. While residents of Chicago and Cook County had the highest transit mode share in the region, residents of all counties in the region relied upon the mass transit system on a regular basis.

Trips on the regional transit system represented a significant share of all trips taken in northeastern Illinois—7 percent in 2019.[33] Nearly 15 percent of trips to work throughout the region were taken by transit.[34]

Even so, ridership was in decline before the pandemic. As shown below, Metra, Pace, and CTA all saw ridership declines begin in the early 2010s, with peak years of 2012 (CTA bus), 2013 (Pace), 2014 (Metra), and 2015 (CTA rail). A major factor contributing to this decline was the rise of transportation network companies (TNCs) such as Uber and Lyft, with hailed rides replacing some transit trips. For example, a 2018 CTA ridership survey found that roughly half of ride-hailing users would have relied on the CTA instead if ride-hailing were not an option.[35]

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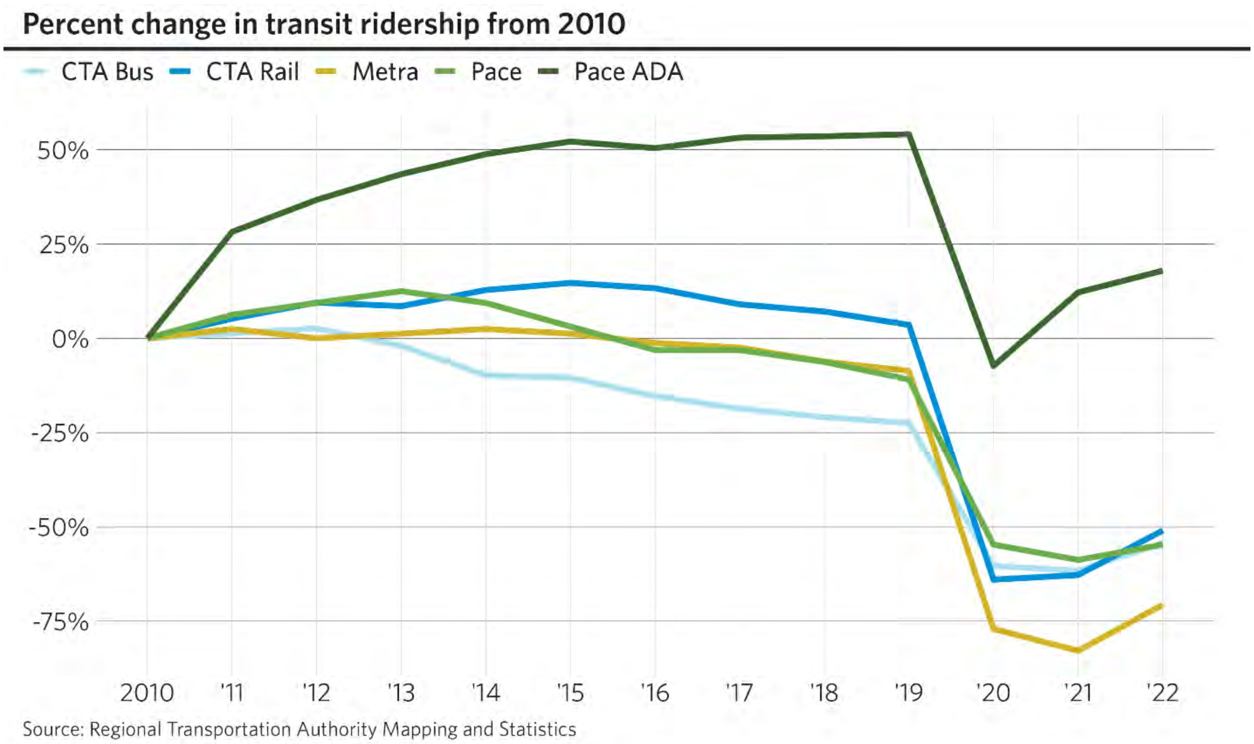
[33] "A Pre-Pandemic Snapshot of Travel in Northeastern Illinois," (Chicago Metropolitan Agency for Planning, October 2021), https://www.cmap.illinois.gov/data/transportation/travel-survey/my-daily-travel.

[34] "Indicators Appendix," ON TO 2050 Plan Update (Chicago Metropolitan Agency for Planning, October 12, 2022), https://www.cmap.illinois.gov/2050/appendices.

[35] "Transportation Network Providers and Congestion in the City of Chicago," (City of Chicago, October 2019), https://www.chicago.gov/content/dam/city/depts/bacp/Outreach%20and%20Education/MLL_10-18-19_PR-TNP_Congestion_Report.pdf.

Figure 12: Ridership recovery rates have varied significantly by mode



The chart above also shows the importance of paratransit with its precipitous growth and relative resilience. Unlike the fixed-route services operated by CTA, Metra, and Pace, paratransit ridership peaked in 2019, and its 2021 ridership quickly rebounded to exceed 2010 levels. Given the relative expense of – and unfunded federal mandate to provide the service – the growth of paratransit also has significant implications for the long-term financial sustainability of the region's transit system.

Residents from all sociodemographic backgrounds rely on transit

Transit is an integral part of northeastern Illinois today, just as it has been for more than a century. In every community throughout the region – across levels of household income, race and ethnicity, and more – the region's residents rely on transit.

It is important to acknowledge, though, that even before the pandemic, communities of color and households with low incomes disproportionately relied on transit for their transportation needs.[36] In 2019, Black, Latino, and Asian residents were all more likely to use transit (and all non-car modes) than were white residents. Additionally, households with less than $35,000 income were the most reliant on transit.[37]

[36] "Survey Shows Current Riders Are More Likely to Be Essential Workers or Minorities, Feel Transit Is Safe," Regional Transportation Authority, April 19, 2021, https://www.rtachicago.org/blog/2021/04/19/survey-shows-current-riders-are-more-likely-to-be-essential-workers-or-minorities-feel-transit-is-safe.

[37] "Demographics Inform Disparities in Travel around Northeastern Illinois," (Chicago Metropolitan Agency for Planning, October 2021), https://www.cmap.illinois.gov/data/transportation/travel-survey/my-daily-travel.

Figure 13: Transit mode share varied significantly by race and ethnicity

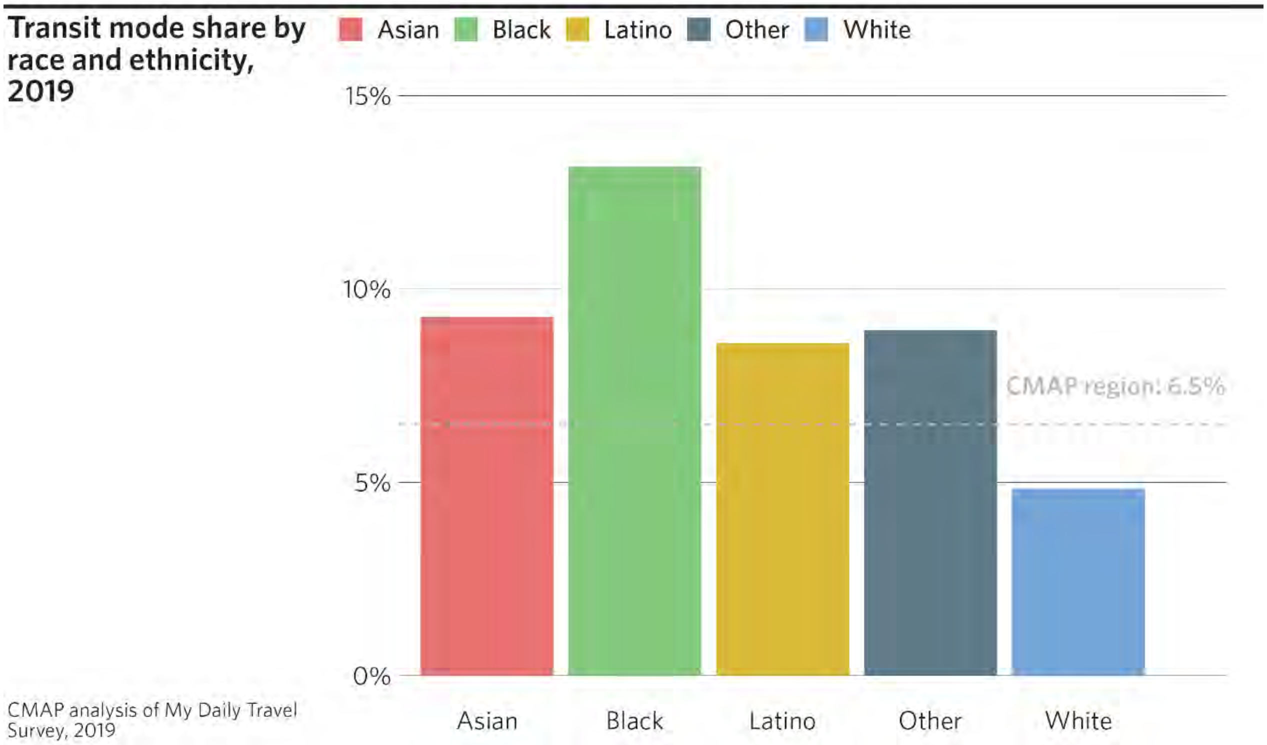
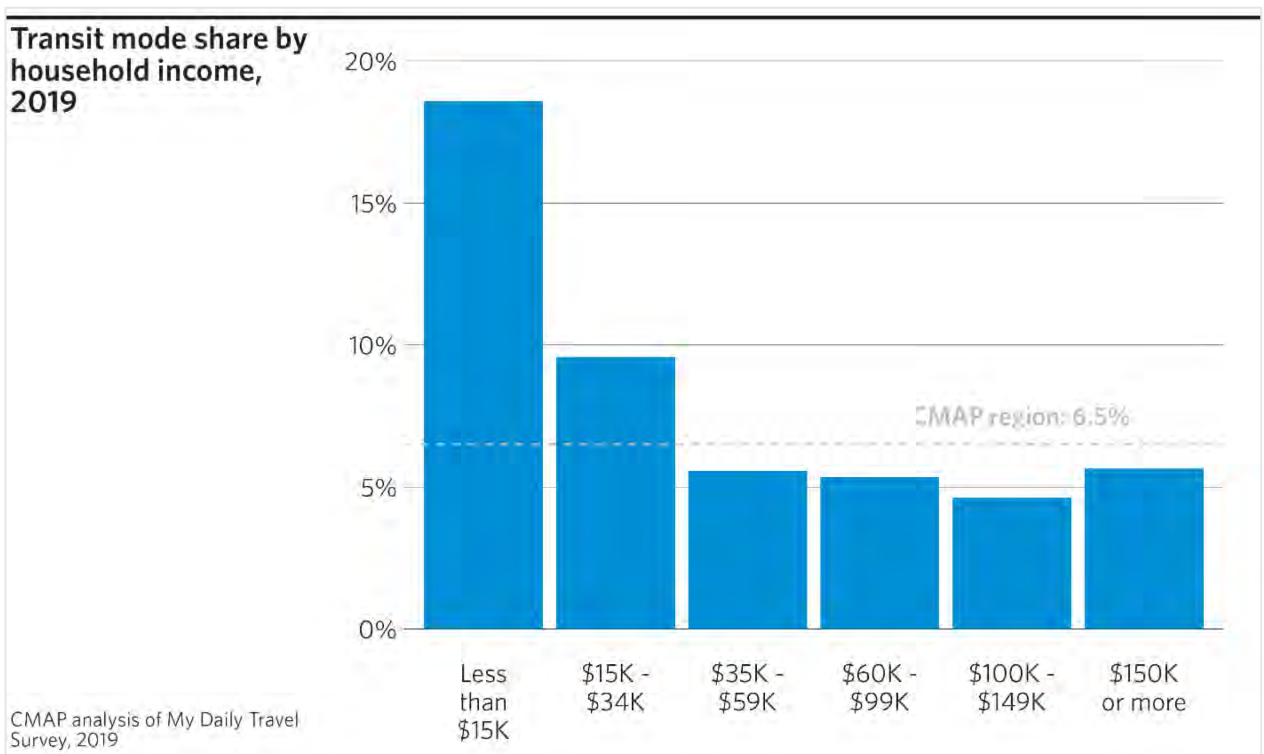
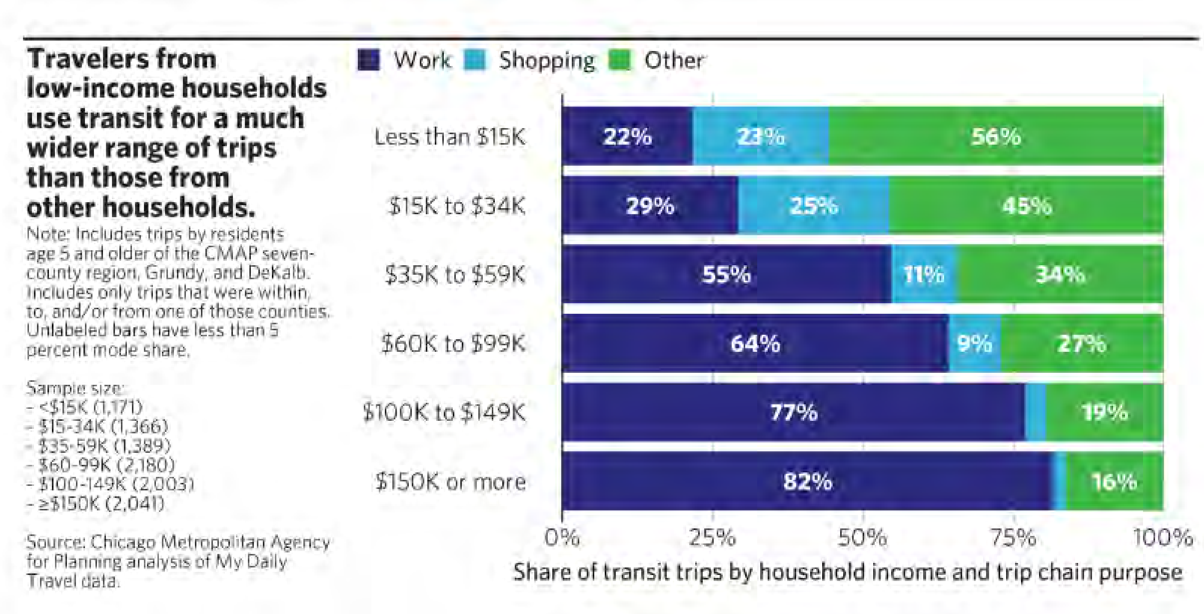


Figure 14: Low-income travelers were the most reliant on transit even before COVID-19



The uses of transit vary by household income. While higher income travelers who took transit used it predominantly for work trips, lower income travelers used transit for a wider range of trips, including work, shopping, and more (see Figure 15 below). Types of transit also varied by household income; higher income travelers were more likely to use Metra and CTA trains, while lower income travelers were more likely to rely on buses operated by CTA and Pace.[38]

Figure 15: Pre-pandemic share of transit trips by household income and trip purpose



[38] "Demographics Inform Disparities in Travel around Northeastern Illinois."

Transit ridership and COVID-19

Key takeaways

- COVID-19 led to dramatic and sustained declines in transit ridership. Ridership has regrown from its initial low levels in spring 2020, but the ultimate shape of post-COVID ridership remains uncertain. As of March 2023, ridership was slightly less than 60 percent of pre-pandemic levels.
- Roadway travel initially declined but has since returned to pre-pandemic levels. This is especially true for trucking activity, which now exceeds pre-pandemic levels by as much as 20 percent.
- Transit ridership will continue to feel the impacts of durably higher levels of remote and hybrid work, which are particularly important for the many work-oriented trips that transit supports. Nonetheless, more than 60 percent of the region's jobs are in industries where remote work is impossible or unlikely – jobs in sectors like warehousing, manufacturing, retail, and hospitality.
- Other factors will also continue to play a role in influencing ridership, including changes in personal vehicle ownership, rider experiences, and perceptions regarding safety, security, and reliability of service.

COVID-19 has had lasting impacts on regional mobility

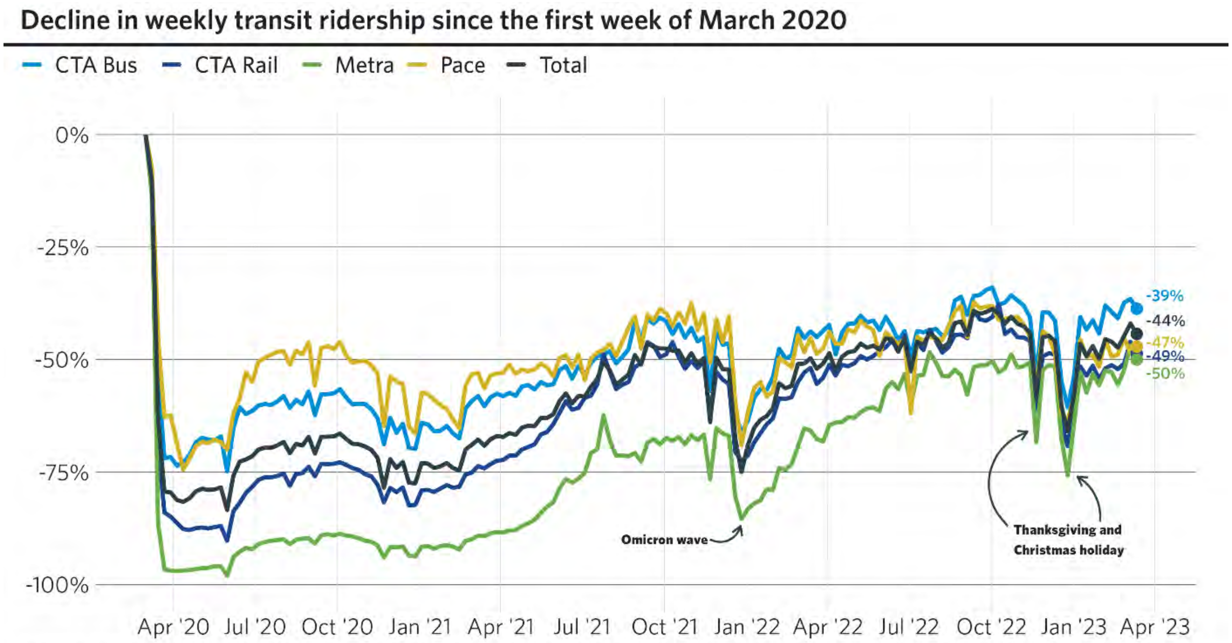
The COVID-19 pandemic has created enduring challenges to the region's transportation system. At the onset of the pandemic, travel patterns changed drastically as residents adjusted to restrictions, closures, remote work, and online learning. Over time, mobility in the region has continued to shift in response to the different phases of the COVID-19 pandemic and the varying circumstances it has caused. While some aspects of the region's mobility have made progress returning to pre-pandemic levels, other changes have proved to be longer-lasting.

COVID-19 led to dramatic and sustained declines in transit ridership

Following the onset of the COVID-19 pandemic in March 2020, regional transit ridership fell by as much as 80 percent.[39] As of March 2023, ridership remains well below pre-pandemic levels. However, ridership has gradually regrown since mid-2020, and the ultimate shape of post-COVID ridership remains uncertain. Ridership across RTA's system has now returned to around 60 percent of its pre-COVID levels.[40]

[39] "COVID-19 Transit Dashboard for Chicago Region," Regional Transportation Authority Mapping and Statistics, 19, accessed May 2023, https://experience.arcgis.com/experience/037eb95a8daa44f488e48d9afc09c38e.
[40] "COVID-19 Transit Dashboard for Chicago Region."

Figure 16: Transit ridership has recovered since spring 2020 but remains below pre-COVID levels



Source: Chicago Metropolitan Agency for Planning analysis of Regional Transportation Authority data through the week of March 12, 2023.

As demonstrated above, there are important variations in these trends between transit service types. The region's bus services maintained the greatest share of their ridership throughout the pandemic while Metra, and its Loop-oriented commuter base, sustained the greatest declines. As ridership continues to return, these differences have lessened, but the CTA bus system still has the highest share of its pre-COVID ridership of any of the service boards (excluding paratransit).

However, there are also variations in how ridership has returned depending on the day of the week and destination. For some types of service, such as transit serving special events (e.g., baseball games or Lollapalooza), ridership has returned to or even exceeded pre-pandemic levels. And while average weekday ridership does remain below pre-pandemic levels, regional transit operators have seen greater returns on weekdays in the middle of the week (Tuesday, Wednesday, and Thursday), likely reflecting new patterns of remote and hybrid work.[41]

Even with lower ridership, the region's public transit system maintained critical transportation services throughout the height of the pandemic and during the current recovery phase. A survey from the RTA found that essential workers, people of color, and people from low-income households were most reliant on transit during the pandemic.[42] Transporting essential workers from their homes to hospitals, pharmacies, and grocery stores was vital to public health and safety in the region. A survey conducted by the CTA found that 26 percent of

[41] "Increasing CTA Ridership Continues to Break Pandemic Records," Chicago Transit Authority, September 26, 2022, https://www.transitchicago.com/increasing-cta-ridership-continues-to-break-pandemic-records-/.

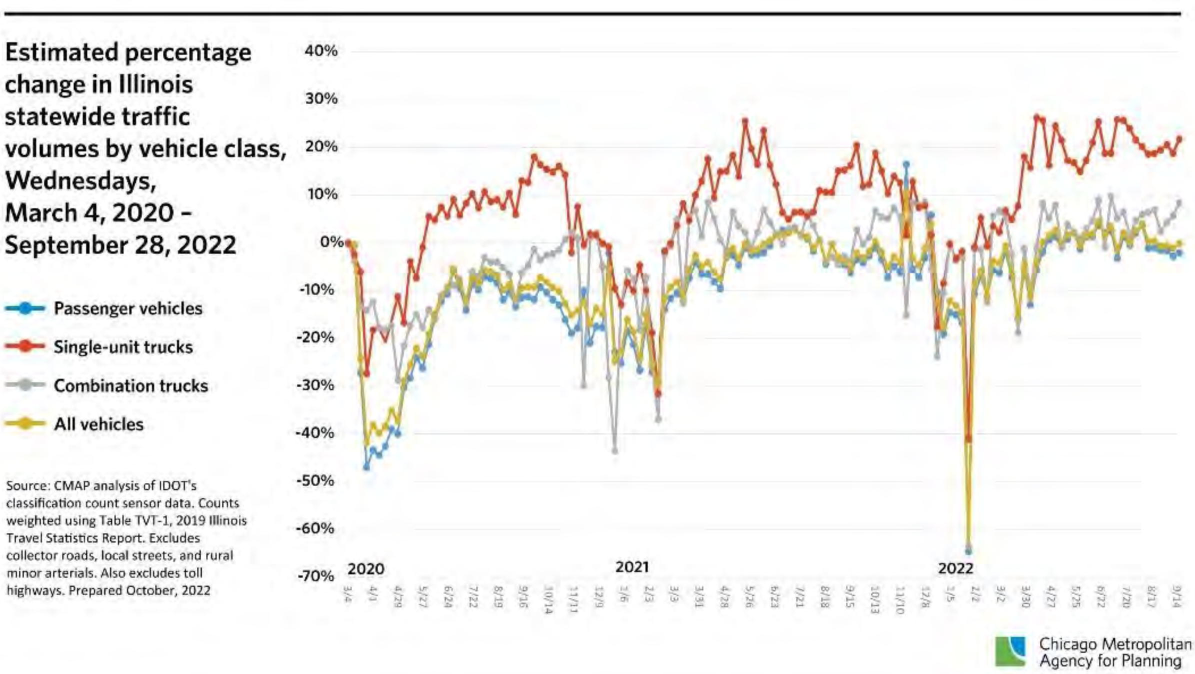
[42] "RTA COVID-19 Lapsed Rider Survey," (Regional Transportation Authority, March 2021), https://www.rtachicago.org/uploads/files/general/Drupal-Old/2021-04/RTA%20COVID-19%20Lapsed%20Rider%20Survey%20-%20Final%20Report.pdf.

respondents would not have had access to their workplaces without CTA services during the stay-at-home orders.[43]

Roadway travel initially declined, but now meets or exceeds pre-pandemic levels

In spring 2020, car and truck traffic also saw significant declines, with passenger travel down by as much as 50 percent and congestion reduced by 40 percent or more. However, travel by passenger vehicles has more rapidly rebounded than travel by transit. As shown below, these levels now meet or exceed pre-pandemic levels. Congestion and traffic speeds on expressways have also largely returned to pre-pandemic levels.

Figure 17: Statewide car and truck travel now meets or exceeds pre-pandemic levels



The figure above also shows a notable increase in the volume of single-unit trucks, such as those used by UPS, FedEx, and Amazon. Since the onset of COVID-19, single-unit trucks have increased by more than 15 percent. Trucks of this size typically serve a local market, and likely reflect the increased demand for e-commerce.

Unfortunately, traffic injuries and fatalities have also increased significantly since the start of the pandemic.[44]Transportation experts have pointed to an increase in speeding – perhaps in

[43] "COVID-19 Ridership Survey Results Overview" (Chicago Transit Authority, June 15, 2020), https://www.cmap.illinois.gov/documents/10180/1110040/CTA+COVID-19+Ridership+Survey_CMAP+Transportation+Committee.pdf.

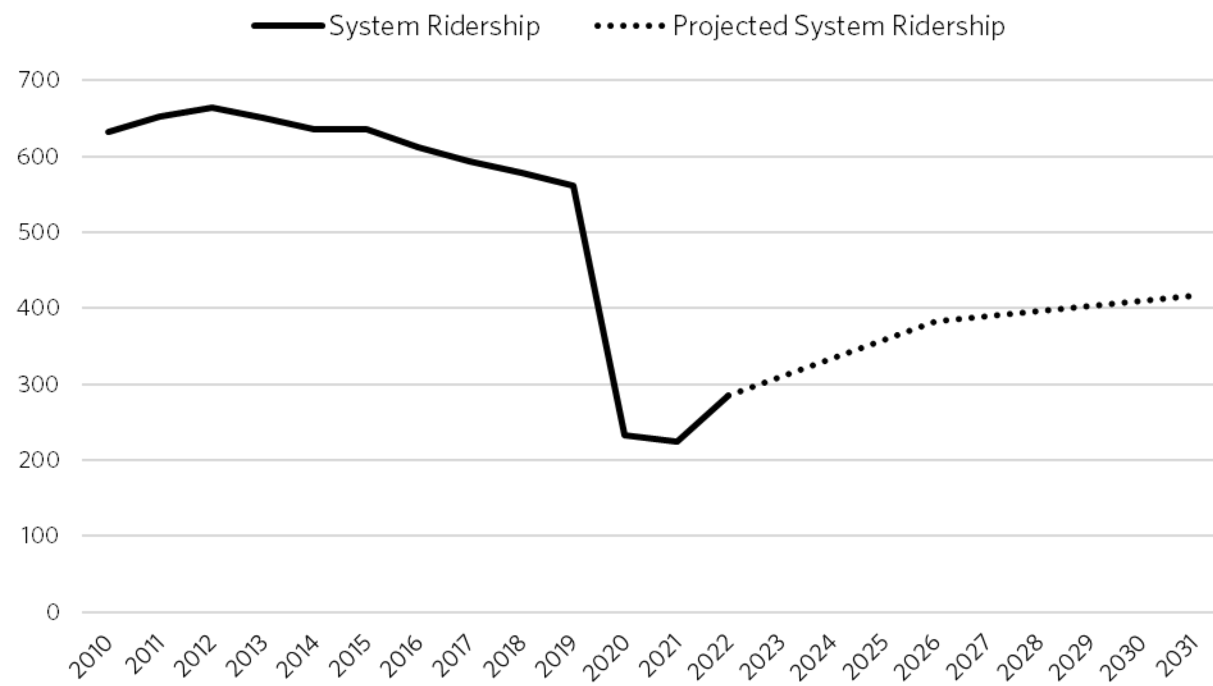
[44] Emmanuel Camarillo, "Illinois Traffic Deaths Dip Slightly in 2022, but Fatalities Are Still above Pre-Pandemic Levels: 'Not a Cause to Celebrate,'" *Chicago Sun Times*, April 24, 2023, https://chicago.suntimes.com/2023/4/24/23696850/illinois-traffic-deaths-dip-slightly-2022-but-fatalities-still-above-pre-pandemic-levels.

response to periods of decreased congestion – as a reason for the increased frequency of recent crashes and roadway incidents. As travel has resumed and congestion has returned, it remains to be seen whether this worrying trend in fatalities will continue.

Transit ridership is growing, but remains below pre-pandemic levels

Throughout the country, transit ridership is not expected to return to pre-pandemic levels this decade.[45] In the CMAP region, according to baseline scenario projections from RTA's 2023 Strategic Plan, system ridership is projected to reach only 68 percent of pre-COVID levels by 2026, and only 74 percent by 2031. The chart below shows actual annual system ridership between 2010-2022, represented by millions of unlinked transit trips per year (a total count of boardings including transfers), as well as projected ridership calculated as a share of 2019 levels for the benchmark years 2026 and 2031.[46]

Figure 18: Annual system ridership, actual (2010-2022) and projected (2023-2031)



Source: Data via Regional Transportation Authority Mapping and Statistics and the 2023 Regional Transit Strategic Plan Ten-Year Financial Plan

[45] Phillip Plotch, "Transit Ridership: Not Expected to Return to Pre-Pandemic Levels This Decade," Eno Center for Transportation, July 1, 2022, https://www.enotrans.org/article/transit-ridership-not-expected-to-return-to-pre-pandemic-levels-this-decade/.

[46] "Memo Summarizing Work of the Ten-Year Financial Plan Technical Working Group" (Regional Transportation Authority, September 2022), https://www.rtachicago.org/uploads/files/general/Drupal-Old/documents/StrategicPlan/10%20Year%20Plan/10-Year-FP-WG-Technical-Memo_FINAL.pdf.

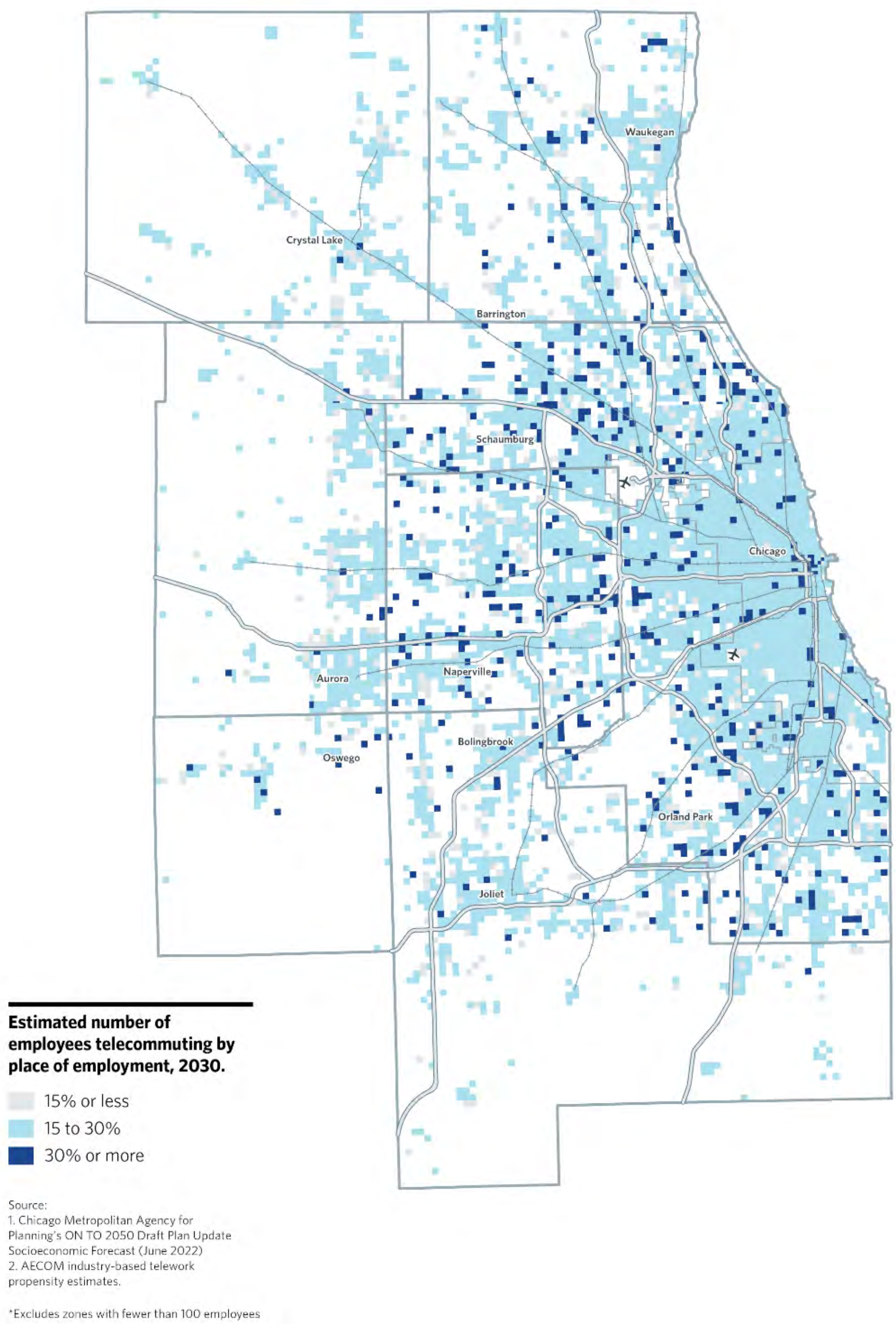
A durable rise in telework will have significant effects for transit ridership

While the ultimate shape of the post-pandemic economy remains uncertain, it appears likely that the growth of remote and hybrid work will remain –significantly impacting transit ridership.

In the early months of the pandemic, lockdowns quicky forced offices into remote work arrangements, and office utilization in central business districts rapidly plunged below 30 percent.[47] Two years later, the rise of telework, particularly hybrid work, appears to be a durable shift. Weekday transit ridership remains the highest on Tuesday, Wednesday, and Thursday, likely reflecting hybrid and remote work scheduling preferences.[48] Additionally, CMAP modeling has found that as many as 23 percent of workers in the region will now telework on an average weekday – compared to around 7 percent before COVID (see Figure 19 below). While telework will have consequences in communities throughout the region, it is especially concentrated in areas that are key markets for transit, such as downtown Chicago.

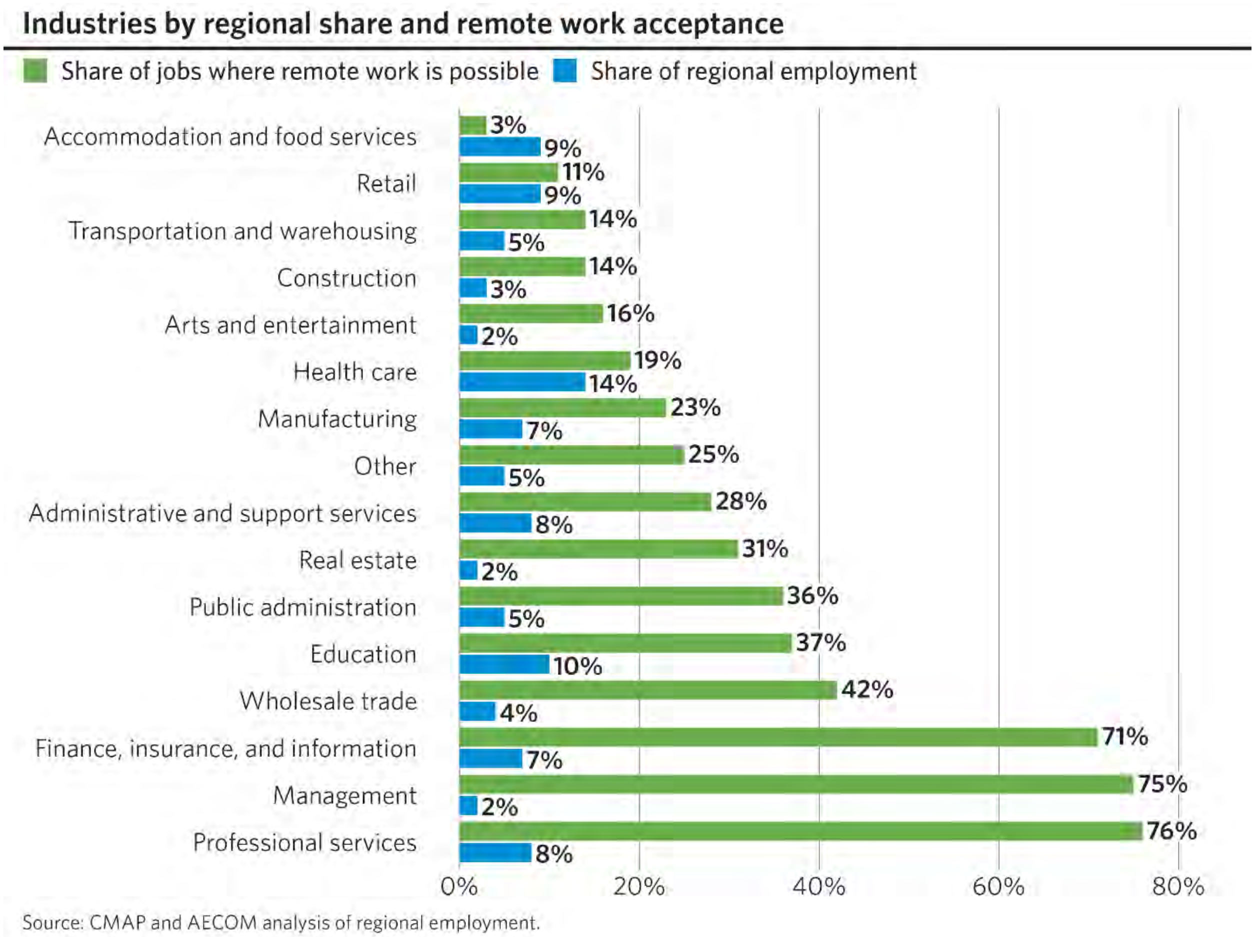
[47] "Rethinking Mobility in a Post-COVID Chicago Region: Task 3 COVID Induced Changes," Chicago Metropolitan Agency for Planning, August 10, 2022, https://www.cmap.illinois.gov/documents/10180/1475089/Mobility+Recovery+-+COVID-Induced+Changes.pdf/aad7941d-3d2c-f585-bd7d-d76b6d8f8861?t=1661185352412.
[48] "Increasing CTA Ridership Continues to Break Pandemic Records," Chicago Transit Authority, September 26, 2022, https://www.transitchicago.com/increasing-cta-ridership-continues-to-break-pandemic-records-/.

Figure 19: Share of employees estimated to work from home on an average weekday, by employment location



Even though continued telework has been a primary factor preventing the full rebound of pre-COVID ridership levels, transit still accounts for more than one million trips per day (average weekday ridership as of March 2023).[49] The region's transit system continues to provide residents with access to jobs, healthcare, education, friends, family, and more.

Figure 20: Remote work is typically not an option for many regional employees



Many of the region's workers hold jobs in industries where remote work is not always a realistic option. For instance, in the retail industry, only about one out of ten workers is likely to have the ability to work remotely on a regular basis. Similarly, in the manufacturing sector, about a quarter of roles can be done remotely. The region's highest concentration of jobs that can be remote is in the finance, insurance, management, and professional service sectors, where about three quarters of workers can do their jobs from home. However, these industries constitute less than 20 percent of the region's workforce.

[49] "COVID-19 Transit Dashboard for Chicago Region."

CMAP analysis has also found that while telework may replace some transit trips in the long term, there are far more transit trips, work-related or otherwise, that are *not* affected by the rise of remote and hybrid work.

Telework is only one of several factors affecting ridership

While telework has significantly affected transit use in the region, it is not the only COVID-related change with implications for transit. In the pandemic's earlier stages, many regional travelers were uncomfortable sharing spaces like buses and train cars with other passengers, leading to decisions that may outlast any health-related travel concerns.

For example, some purchased new cars during the pandemic or developed new travel behaviors and habits. According to the November 2021 results of a survey conducted by CTA, purchasing a vehicle had the largest impact when survey respondents indicated that they would not fully return to transit.[50]

Others are hesitant to return due to personal security concerns, or a desire to avoid certain conditions that contribute to the overall rider experience. These factors are discussed in more detail in the next section.

The pandemic has impacted the transit rider experience

Safety and security have emerged as primary areas of rider concern

One near-term challenge is the concern about safety and security on the region's transit network. Transit is only one part of the broader regional ecosystem, but stakeholders have highlighted the impacts of both perceived and actual increases in crime on the system and its impact on travelers' willingness to use transit.

While many of the safety and security concerns need to be addressed operationally by the service boards, it is important to note that they stem from issues that are not specific to the transportation system. These include broader societal trends in crime, the number of regional residents experiencing homelessness, and the treatment options available for residents with mental illness. But these trends nonetheless have an impact that is felt on the region's transportation system, and especially on transit. Addressing these concerns will be critical to bringing back ridership, with the most pronounced challenges (and perceptions) faced by the CTA.

While comprehensive regional data are not available for criminal activity on the transit system, the City of Chicago releases data on reported criminal activity on the CTA system within

[50] "Return to Transit Survey Results Overview," (Chicago Transit Authority, June 29, 2022).

Chicago. Those figures show that crime on transit declined alongside ridership at the beginning of the pandemic, with levels falling over the period from 2020 through the end of 2021.[51]

However, on CTA rail, *violent* crime rates did not fall as much as ridership during the pandemic, meaning that riders who continued to use the system were more likely to be victims of violent crime.[52] In 2022, levels of violent crime on CTA trains were the highest in at least twenty years, with over 700 reported violent crimes. This represented an increase of more than a quarter from 2019 levels. Violent crime on CTA trains has also steadily increased since 2015, suggesting that the current pattern is a continuation of pre-pandemic trends.[53]

It is also important to note that while violent crime levels have increased on CTA rail, the incidence of violent crime remains extremely low. For context, CTA rail provided over 103.5 million rides in 2022.[54] And CTA's bus services have not seen a similar spike in violent crime. Violent crimes on CTA buses and at CTA bus stops remained relatively flat through the COVID-19 pandemic and are well below levels from earlier in the 2010s.[55]

The broader societal relevance of these trends also makes it clear that success will require partnerships with stakeholders and agencies across sectors, from social service agencies to healthcare institutions and more. One example of successfully creating programmatic responses to these issues is the pandemic-era partnership between the City of Chicago, CTA, and the Night Ministries to provide services to people experiencing homelessness on the Blue Line and Red Line.[56]

In addition to crime, some riders have also experienced increased nuisance behavior on transit, including smoking cigarettes and marijuana, drinking alcohol, public urination, and other inappropriate conduct.[57, 58, 59] In a recent CTA survey, 56% of respondents that reported being dissatisfied with personal security on the CTA (bus and train) selected "other passengers using alcohol, tobacco, or other drugs" as the most prevalent reason.[60] This behavior is disruptive and

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[51] CMAP analysis of the City of Chicago Data portal as of April 27, 2023. https://data.cityofchicago.org/Public-Safety/Crimes-2001-to-Present/ijzp-q8t2/data

[52] Smith, Kelli, and Joe Mahr. "Violent Crime Rate Doubles on CTA Rail System, Even with Stepped-up Police Efforts and Far Fewer Riders: 'The People That Are Driving the Crime Never Left the System.'" Chicago Tribune, December 14, 2020. https://www.chicagotribune.com/investigations/ct-chicago-crime-cta-train-stations-20201214-el4tvqdanzb5jbgwlkecyx27kq-htmlstory.html

[53] CMAP analysis of the City of Chicago Data portal as of March 21, 2023.

[54] "Daily Ridership Count by Mode." Regional Transportation Authority Mapping and Statistics, April 25, 2023.

[55] CMAP analysis of the City of Chicago Data portal as of March 21, 2023. https://data.cityofchicago.org/Public-Safety/Crimes-2001-to-Present/ijzp-q8t2/data

[56] Steinberg, Neil. "Homeless L riders get Night Ministry care." Chicago Sun-Times, February 28, 2021. https://chicago.suntimes.com/columnists/2021/2/28/22305839/homeless-l-riders-cta-night-ministry-care-blue-line-forest-park-steinberg.

[57] Dent, Lisa. "Will the CTA's security fix the smoking and urination that riders encounter on their trains?" WGN Radio 720, 2022. https://wgnradio.com/lisa-dent/will-the-ctas-security-fix-the-smoking-and-urination-riders-encounter-on-their-trains/

[58] Liederman, Mack. "Smoking, Urination And 'Unruly Behavior' Is On The Rise On Trains, CTA Riders Say. But Will Private Security Fix Problems?" Block Club Chicago, March 3, 2022. https://blockclubchicago.org/2022/03/03/smoking-urination-and-unruly-behavior-is-on-the-rise-on-trains-cta-riders-say-but-will-private-security-fix-problems/

[59] Cobbs, Courtney. "Let's Address Crime, Smoking, and Homelessness on CTA Effectively and Humanely." Streetsblog Chicago, November 25, 2021.

[60] Chicago Transit Authority survey results.

unpleasant, and it negatively impacts ridership. The CTA contracted with security firms to deter and manage both nuisance behavior and crime, but riders remain concerned.[61, 62]

Finally, it is important to evaluate safety on transit within the context of other transportation options. Although safety concerns differ according to the mode of transportation, driving a car is still statistically more dangerous than taking public transportation.[63, 64] Additionally, in northeastern Illinois, traffic fatalities increased by about 42% from 2019 (pre-pandemic) to 2021, while pedestrian and bicyclist fatalities increased by about 31%, emphasizing the ongoing and worsening safety crisis on the region's roadways.[65]

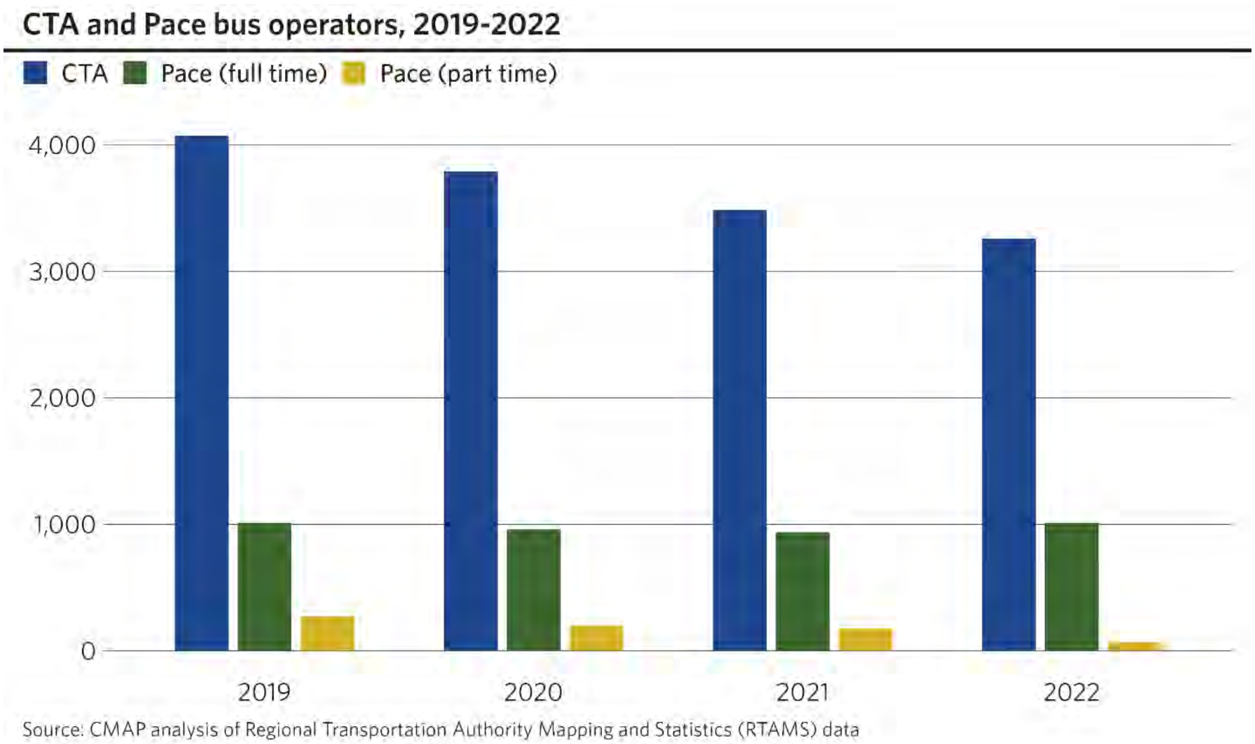
Service delivery challenges have also led to rider frustration

Transit ridership across the service boards continues to rebound as the region recovers from the pandemic.[66] With workplaces and schools returning to in-person activities, more people are relying on transit to get around. While ridership increases, the service boards are grappling with staffing shortages that make it difficult to provide enough transit service to meet demand.

For example, the CTA has faced criticism for so-called "ghost" services, when scheduled buses and trains fail to arrive on time or at all.[67] Metra has ramped up recruitment efforts to keep pace with ridership levels,[68] while the CTA is looking to hire about 700 bus drivers and 200 train operators.[69] As shown below, full-time Pace bus operator employment saw modest declines before returning to pre-COVID levels in 2022, while CTA bus operator levels have fallen significantly since 2019.

61 "K-9 Teams Returning to CTA Rail System with New Security Contract." Mass Transit Magazine, August 22, 2022.
62 Liederman, Mack. "The CTA Boosted Security To Battle Violence, Bad Behavior On Trains And Buses — But Riders Say Nothing Has Changed." Block Club Chicago, April 27, 2022. https://blockclubchicago.org/2022/04/27/the-cta-boosted-unarmed-security-to-battle-violence-bad-behavior-on-trains-and-buses-but-riders-say-nothing-has-changed/
63 Ian Savage, "Comparing the Fatality Risks in United States Transportation across Modes and over Time." *Research in Transportation Economics* 43, no. 1 (July 2013): 9–22, https://doi.org/10.1016/j.retrec.2012.12.011.
64 Todd Litman, "Safer Than You Think! Revisiting the Transit Safety Narrative," Victoria Transport Policy Institute, May 9, 2022. https://www.vtpi.org/safer.pdf
65 CMAP analysis of Illinois Department of Transportation data.
66 "COVID-19 Transit Dashboard for Chicago Region," Regional Transportation Authority, 2022.
67 "CTA Buses, Trains Continue to Ghost Chicago Commuters." NBC Chicago, October 17, 2022. https://www.nbcchicago.com/news/local/cta-buses-trains-keep-ghosting-chicago-commuters/2969699/
68 Studenkov, Igor. "Metra Is Recruiting Workers in Anticipation of Post-Omicron Schedule Expansion." Streetsblog Chicago, February 2, 2022.
69 Ward, Joe. "CTA Needs 1,000 Workers As It Struggles With Ghost Trains And Buses, Transit Boss Says." Block Club Chicago, November 11, 2022. https://blockclubchicago.org/2022/11/11/severe-workforce-shortage-to-blame-for-ghost-trains-buses-as-cta-struggles-with-1000-open-jobs-leader-says/

Figure 21: Both Pace and CTA have faced bus operator staffing challenges since 2019



Service boards are working to adapt to changes and challenges

In response to these challenges, the transit service boards have recently implemented changes to improve service reliability and frequency. For example, CTA recently reduced scheduled service frequency on many routes to better match service to available staffing. Pace has eliminated dozens of routes that had relatively low ridership levels, allowing the agency to provide better service on remaining routes while maintaining flexibility to continue to adjust as ridership returns. [70] [71] These changes aim to be responsive to the continuing evolution of post-pandemic ridership trends and related challenges.

Looking forward, Metra hopes to bring pre-pandemic service back by the end of 2023, and CTA bus and rail services are improving month-over-month, from September through March 2023, in terms of the delivery of scheduled trips.[72] [73] Pace has been responsive to changing travel demands by expanding their on-demand mobility services. Pace has also piloted new service

[70] Freishtat, Sarah. "Pace to Cut Suspended Routes, Create New Pass with CTA under Proposed 2023 Budget." Chicago Tribune, October 20, 2022.
[71] Studenkov, Igor. "Pace Launches Campaign to Attract Riders, Restores Some Pre-Pandemic Service." Streetsblog Chicago, August 4, 2021.
[72] "Meeting the Moment."
[73] Victory, Lauren. "Metra Aims to Restore Full Pre-Pandemic Service by End of next Year." CBS News, November 2, 2022.

models, such as the *VanGo* vanpool pilot program in Lake County.[74] [75]Service delivery improvements will continue to be guided by the RTA and service boards' strategic planning efforts to transform transit and meet rider expectations post-pandemic.[76, 77, 78, 79]

[74] "Pace Introduces VanGo and Expands Naperville-Aurora On-Demand Mobility Services," Regional Transportation Authority, June 29, 2022, https://www.rtachicago.org/blog/2022/06/29/pace-introduces-vango-and-expands-naperville-aurora-on-demand-mobility-services/.
[75] "Paratransit Services," Pace Bus, https://www.pacebus.com/paratransit.
[76] "Transit Is the Answer."
[77] "Meeting the Moment."
[78] "Strategic Plan: My Metra Our Future 2023-2027." Metra, October 2022.
[79] "Driving Innovation: The Pace Strategic Vision Plan." Pace Bus, September 2021.

Financial challenges and projections

Key takeaways

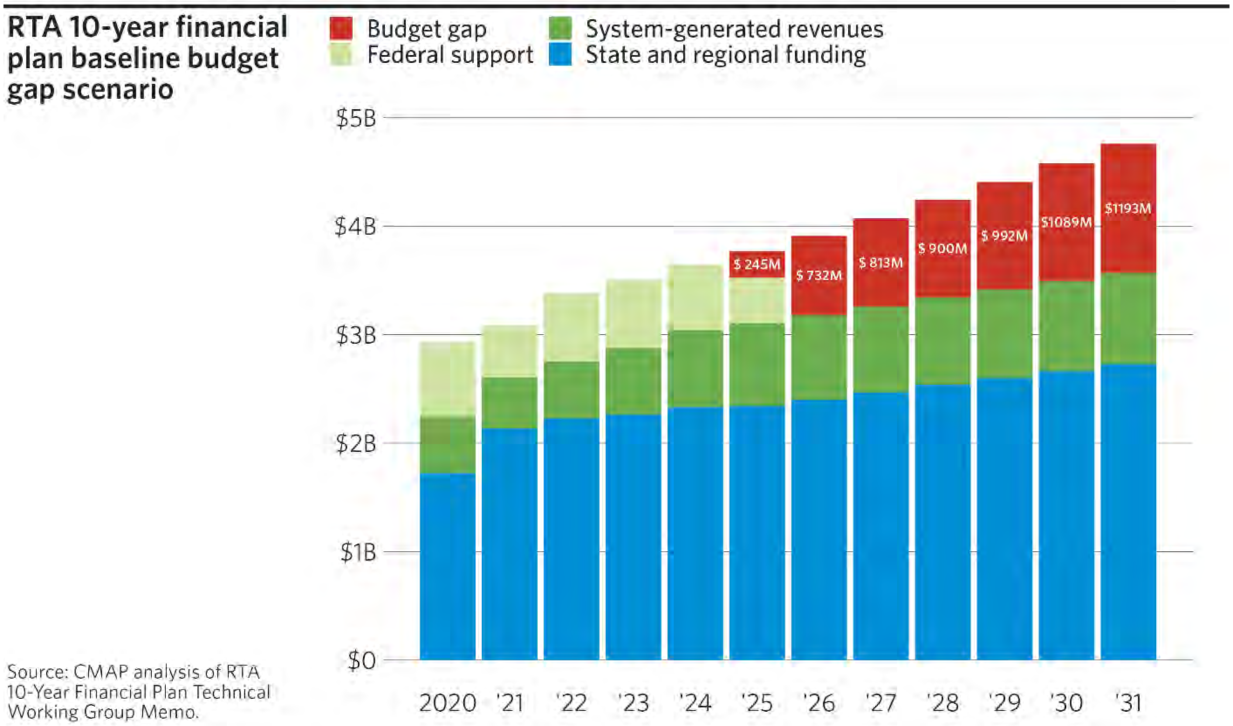
- The regional transit system faces at least a $730 million annual operating budget shortfall when federal relief funding is fully exhausted in 2026. Resolving that gap simply reflects a return to the pre-pandemic “status quo” and does not account for additional investments required to improve the region’s transit system.
- The funding shortfall has several causes, including lower ridership, increased operating costs, and reductions in fares. The gap would be worse but for higher-than-expected RTA sales tax receipts.
- The RTA service boards are not alone in facing this fiscal challenge, with peer agencies like those in New York City, Boston, and Washington, D.C. facing similar funding shortfalls as federal aid runs out. However, most U.S. transit agencies were not as successful in generating fare revenue before the pandemic, and thus do not face as large a funding gap.

Transit faces a fiscal cliff

Across the country, transit agencies are reeling from the effects that COVID-19 continues to have on travel patterns. These impacts have struck at the core of northeastern Illinois’ transit service operations and funding. The RTA estimates that, with current funding levels, the region’s transit agencies will face a combined operating revenue shortfall of $730 million in 2026 – about 20% of the total operating budget – simply to return to the pre-pandemic status quo.[80]

[80] ”Moving the system”, Regional Transportation Authority, 2022. https://www.rtachicago.org/transit-funding/moving-the-system.

Figure 22: Regional transit faces a looming fiscal cliff



Source: CMAP analysis of RTA 10-Year Financial Plan Technical Working Group Memo.

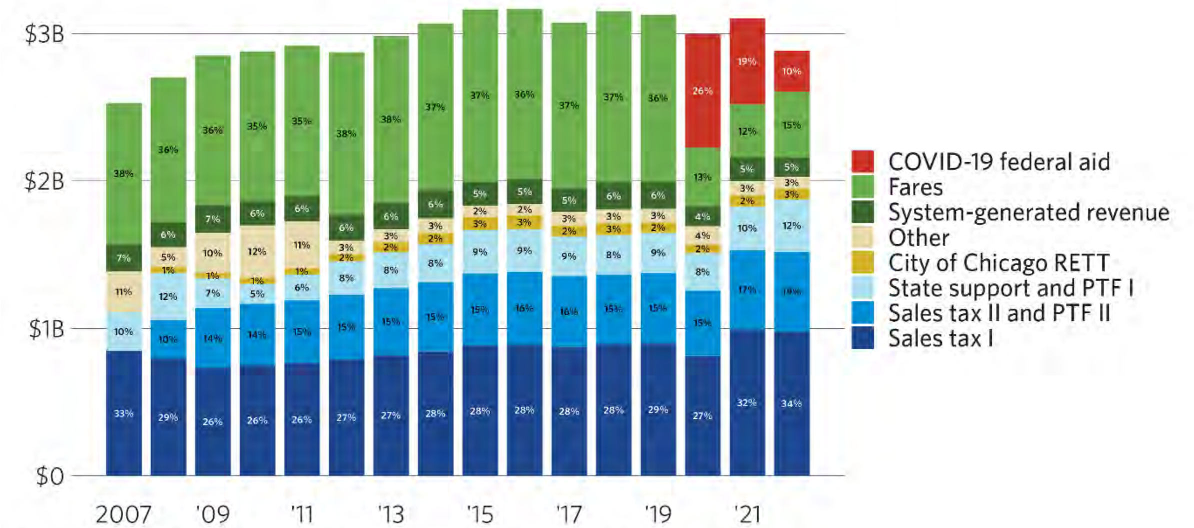
The region's transit system would already be facing a funding crisis if it were not for significant federal support. To address the pandemic's impact on system generated revenue across the country, the federal government temporarily subsidized transit operations nationwide with $70 billion through the Coronavirus Aid, Relief, and Economic Security Act (CARES), the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and the American Rescue Plan Act (ARPA).[81] The northeastern Illinois region received $3.5 billion from these funding programs, which has allowed transit to continue to provide service near pre-pandemic levels despite lower fare revenue.[82] However, the RTA anticipates this funding will be exhausted by the end of 2025.[83]

As noted previously, the Illinois General Assembly has provided the RTA temporary relief from the mandated 50% recovery ratio. This waiver has been granted through fiscal year 2023.

[81] Shrode, Garett. "The Mass Transit Fiscal Cliff: Estimating the Size and Scope of the Problem."
[82] "Transit is the Answer."
[83] "Moving the system."

Figure 23: Most transit revenues have historically come from fares, sales taxes, and state support

Historical northeastern Illinois transit revenues by source, 2007-2022



Source: CMAP analysis of RTA budget data, adjusted to 2022 constant dollars.

Note: Budget figures for 2022 are unaudited as of March 2023. Percentages may exceed 100% due to rounding.

PTF: Public transportation fund, RETT: Real estate transfer tax

The funding shortfall is due to both lower ridership and other factors

The estimated $730 million operating funding gap in 2026 has multiple causes. Three significant drivers include:

- Declining ridership
- Increased costs to operate transit
- Reduced average fares

It is worth noting, however, that the funding shortfall would be even greater if it were not for higher-than-expected collections from the RTA sales tax.

Declining ridership is the largest contributor to the funding gap

As shared above, transit ridership is only expected to return to about two-thirds of pre-COVID levels by 2026. That leads to a significant reduction in fare revenue vs. pre-pandemic trends, making it the single largest contributing factor to the anticipated funding gap in 2026. While a small source of the overall deficit, a decline in other revenues – such as advertising, rentals, and concessions – also contribute to the operating deficit due to their relationship with ridership levels.

Increased operating costs also represent a large share of the operating shortfall

The RTA and the service boards expect that the costs of providing transit services in the region will also grow faster than they did before the pandemic.[84] This is due to the economic effects of the pandemic on the supply chain, rising labor costs, and persistent inflation. These increased costs are also a major contributor to the anticipated budget gap.

New pass and transfer structures have made the system more attractive but reduce average fares

To attract riders back onto the system and to account for new hybrid work patterns, the transit service boards have made changes to their pass and transfer structures. While these changes have been an important part of the broader response to the pandemic, they have lowered the average fare paid by the systems' continuing riders. The transit system is at risk of an even greater funding shortfall if fares and ridership remain low while operating costs continue to rise.

The gap would be worse but for higher-than-expected RTA sales tax receipts

Offsetting some of the deficit is an overperformance of public funding, driven primarily by the RTA's sales tax.[85] The higher-than-expected sales tax revenue is likely attributable to a combination of macroeconomic and regulatory factors, including the pandemic-driven e-commerce boom, household fiscal stimulus provided by the federal government, and a modification to the sales tax requiring online retailers to collect and distribute RTA sales tax revenues.[86, 87]

Some (but not all) other transit agencies face similar funding crises

The CTA, Metra, and Pace are not the only transit agencies facing a looming fiscal cliff. Across the country, other major transit agencies— particularly those which rely heavily on fare revenue — anticipate operating funding shortfalls as they deplete their remaining federal dollars and ridership remains well below pre-pandemic levels.[88] An analysis by the Eno Center for Transportation showed that agencies at the greatest risk for budget shortfalls are those with either a large operating budget, those who rely on fares for a significant portion of their

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[84] "Estimated Financial Impact of COVID-19 on U.S. Transit Agencies: $26-$40 Billion Annually" Transit Center, March 20, 2020. https://transitcenter.org/estimated-financial-impact-of-covid-19-on-u-s-transit-agencies-26-38-billion-annually/.
[85] Shields, Yvette. "Illinois RTA stays on track with federal aid, sales tax boosts" The Bond Buyer, March 23, 2021. https://www.bondbuyer.com/news/illinois-rta-stays-on-track-with-federal-aid-sales-tax-boosts.
[86] Koetsier, John. "E-Commerce Jumped 55% During Covid To Hit $1.7 Trillion" Forbes, March 15, 2022. https://www.forbes.com/sites/johnkoetsier/2022/03/15/pandemic-digital-spend-17-trillion/?sh=7501a0275035.
[87] "Leveling the Playing Field for Illinois Retail Act Resource Page" Illinois Department of Revenue, Accessed May 4, 2023. https://tax.illinois.gov/research/taxinformation/sales/level-the-playing-field.html.
[88] Blumgart, Jake. "For Mass Transit Agencies, a Fiscal Cliff Looms" Governing, June 24, 2022. https://www.governing.com/now/for-mass-transit-agencies-a-fiscal-cliff-looms.

operational revenue, and those who operate both commuter and heavy rail.[89] The transit system in northeastern Illinois has all three of these characteristics.

Some peer systems will face operating funding gaps even sooner than the one anticipated in northeastern Illinois. Agencies like the Washington Metropolitan Area Transit Authority (WMATA) and Southeastern Pennsylvania Transportation Authority (SEPTA) have already announced a funding gap similar in proportion to or larger (on an absolute basis) than the RTA's estimate in 2025.

New York City's MTA faced a significant funding gap in 2024, estimated to be over $1 billion, which is smaller as a share of their operating budget, but significantly larger on an absolute basis than the gap facing any other U.S. agency. However, as of the date of this document, the MTA secured enough short- and long-term funding to address their fiscal cliffs through 2026 with the adoption of the 2023-2024 New York State Budget.[90] The budget provides the MTA with one-time payments from the state and New York City along with planned fare and toll increases to close their $600M gap for FY2023. The agency was also able to identify $100M in operational savings for 2023, and over $400M in annual operational savings earmarked for 2024-2026. In the long-term, the MTA will receive enough funding to address budget gaps through 2026 with a mix of operational efficiencies, new or increased taxes (e.g., MTA payroll mobility tax, revenues from planned downstate casinos), and bi-annual increases of fare and toll levels.

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[89] Shrode, Garett. "The Mass Transit Fiscal Cliff: Estimating the Size and Scope of the Problem."

[90] Ley, Ana "MTA Averts Fiscal Crisis as New York Strikes Budget Deal" New York Times, April 28, 2023. https://www.nytimes.com/2023/04/28/nyregion/mta-fare-hike-budget.html

Table 2. RTA's operating budget gap is in line with those of peer systems

Transit agency	Gap ($)	Gap fiscal year[91]	Annual operating budget in gap year	Share of operating budget	Gap estimate as of
WMATA (D.C.)[92]	$737 M	2025	$2.5 B	29.5%	January 2023
RTA (Northeastern Illinois)[93]	$730 M	2026	$3.9 B	19%	Sept. 2022
MBTA (Boston)[94]	$475 M	2026	$2.5 B (FY23)	19%	March 2023
BART (San Francisco)[95]	$334 M	2026	$1.1 B	30%	February 2023
SEPTA (Philadelphia)[96]	$244 M	2025	$1.7 B	14.3%	March 2023
MTA (New York City)[97, 98]	$1.2 B[99]	2024	$19.9 B	6%	February 2023

Despite these agencies facing similar circumstances, most transit systems in the United States do not rely on fares for a large portion of their operating budgets.[100] As a result, even in other places where ridership similarly remains lower than pre-pandemic levels, many agencies do not face a comparable fiscal cliff. Fares never made up a large share of their revenue, and while their loss will be noticed, it is not catastrophic. This has led to an unexpected dynamic, where systems like the RTA service boards, New York's MTA, and Boston's MBTA are now at risk from the model built on their previous successes (reliant on high ridership and fare revenue, with a consequent reduction in required public subsidy).

Each of these systems will continue to rely on the remaining federal COVID aid in the coming years. However, that does not mean that future federal operating support is certain or even likely. While the federal government may ultimately provide additional operating funding support or increase the flexibility of existing federal funding (such as allowing capital funding to support operations[101]), given the limited number of agencies facing a crisis of similar scale, the region, much like New York's MTA, cannot count on it as a certainty. Policymakers and transit officials will need to identify solutions that can be implemented without federal intervention.

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91 Represents the first fiscal year with no federal pandemic aid.
92 "FY2024 Proposed Budget" Washington Metropolitan Area Transit Authority, 2023.
93 "Memo Summarizing Work of the Ten-Year Financial Plan Technical Working Group."
94 "FY24 Operating Budget Preview," https://cdn.mbta.com/sites/default/files/2023-03/FY24%20Budget%20Preview.pdf.
95 "BART District Board Workshop 2023" Bay Area Rapid Transit, February 2023. https://www.bart.gov/sites/default/files/docs/2023%20Workshop_A_Intro%20Context%20Outlook.pdf.
96 "SEPTA FY2024 Operating Budget Proposale: FY 2025-2029 Financial Projections" Southeastern Pennsylvania Transportation Authority, March 2023.
97 "MTA 2023 Adopted Budget: February Financial Plan 2023-2026" Metropolitan Transportation Authority, February 2023. https://new.mta.info/document/106026
98 The MTA has already spent down federal pandemic aid. It is using surplus funds displaced by pandemic aid to decrease deficits between FY 2023-2028. Source: Eno Center for Transportation, https://www.enotrans.org/article/new-nyc-transit-forecast-previews-fiscal-cliff-issues/.
99 As of May 2, 2023, the MTA has secured enough long-term funding to address their fiscal cliff through 2026. Source: Crain's New York Business, https://www.crainsnewyork.com/instant-expert/what-mta-budget-bailout-means-new-yorkers.
100 Blumgart, Jake. "For Mass Transit Agencies, a Fiscal Cliff Looms (Part II)" Governing, June 27, 2022. https://www.governing.com/now/for-mass-transit-agencies-a-fiscal-cliff-looms-part-ii.
101 Zukowski, Dan. "Biden 2024 Budget asks Congress to allow transit capital funds to be used for operating expenses" SmartCities Dive, March 10, 2023. https://www.smartcitiesdive.com/news/fta-biden-2024-budget-asks-congress-allow-transit-capital-funds-for-operating-costs/644579/

What this means for the region

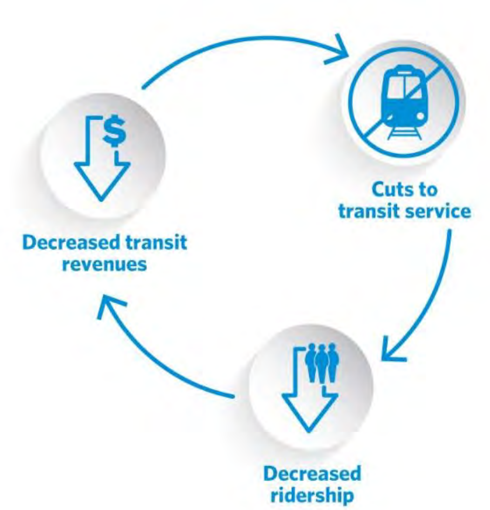
Key takeaways

- The region cannot afford to allow the transit system to fail. The deterioration or collapse of the regional transit system would have significant impacts on regional mobility, reduce economic growth and vitality, and limit the region's ability to achieve sustainability goals. It would also have outsized impacts on the region's most vulnerable residents, exacerbating inequities that the COVID-19 pandemic has already worsened in recent years.
- The region's transit service boards cannot address the looming fiscal cliff on their own through service cuts and fare increases alone.
- Without adequate support, however, service cuts and fare increases will be the only path forward – leaving the region less connected and accessible than it was before the pandemic. At scale, these changes could prompt a downward spiral of additional ridership declines and service cuts that could fundamentally alter transit's role in the region.
- While federal aid has blunted the immediate crisis, the region must now grapple with how to address these challenges. To address the ongoing budget gaps anticipated at the end of 2025 and beyond, action will be required in 2023 or 2024.

Transit cannot solve the funding gap with service cuts and fare increases alone

In the absence of new funds, the CTA, Metra, and Pace would have limited options to address the anticipated shortfall. The most likely of these would be a combination of fare increases and service cuts. However, the scale of the budget gap – roughly 20% of annual operating costs – is too large to be sustainably solved with these strategies alone.

A 20% operating budget gap cannot be addressed simply by cutting 20% of service. Transit systems inherently have many fixed operating costs beyond just running a bus or a train, such as maintaining stations and garages. It might require a 30-40% service cut to reduce operating costs by 20%. Service cuts of that magnitude would lead to a vicious cycle: cuts would lower ridership; lower ridership would mean less fare revenue, which, in turn, would require additional cuts to address the growing budget gap. This highlights an important fact: service cuts and cost-cutting are not necessarily one-time, contained events. Lay-offs,



for example, would lead to a reduction in services, which would lead to decreased ridership and reduced fare revenue in a cyclical manner.[102]

While equitable fare adjustments should be discussed, raising fares enough to cover a 20% budget gap poses similar risks. As fares increase, some riders will choose other options (or choose not to travel at all). Modest fare increases may be unlikely to lead to significant reductions in ridership, but raising them at the scale required to generate an additional $730 million in fare revenue risks a more precipitous decline. As with service cuts, this could lead to a self-reinforcing cycle of lower ridership and ever higher fares. Fare increases also disproportionately affect residents that cannot access or afford alternative travel modes, such as those that are low-income, have disabilities, or lack access to safe walking or biking infrastructure.

Peer regions have come to the same conclusion – service cuts cannot make up the funding shortfall. Recently, San Francisco's Bay Area Rapid Transit (BART) conducted a scenario analysis to determine if the agency could reduce its service enough to reach fiscal stability once its federal aid has been exhausted. The agency determined that service reductions are not proportional to savings on operational costs. Cutting BART service levels to create a balanced budget would result in such little service that the agency would lose more fare revenue from the unmet demand – resulting in lower ridership and, consequently, even lower revenue.

If the region's transit service providers were forced to move ahead with service cuts of this magnitude, it would not be enough to make marginal adjustments to low-ridership or "unproductive" routes. Instead, it would entail significant and disruptive changes, which could include major shifts like eliminating large numbers of routes, ending overnight service, and other adaptations that would leave the system unable to provide the mobility options the region needs and currently enjoys.

An order-of-magnitude estimate of the kinds of large changes that would be necessary to achieve a 40 percent reduction in service include, together:

- Stopping all service on the CTA's Yellow, Purple, Green, and Brown Lines; and
- Stopping all service on Metra's Heritage Corridor, North Central Service, Southwest Service, the Milwaukee District North and West, and UP West Lines; and
- Eliminating nearly 90 CTA bus routes and more than 70 Pace bus routes.

A 40% service cut would mean doing all of those cuts – not just one or the other. The region's residents would feel the impacts. Cuts of this magnitude would mean eliminating Metra service provided to the residents of more than a hundred cities, towns, and villages throughout the region – from Schaumburg to Elgin and Joliet to Palos Park. More than twenty Chicago neighborhoods and six suburban communities would lose access to CTA train services. Hundreds of thousands of riders would lose access to the bus routes that they rely on to travel

[102] As noted in the text box on the right of this page, other transit agencies have come to similar conclusions. The BART analysis is available here: https://bart.legistar.com/View.ashx?M=F&ID=11475227&GUID=1CC5347D-5D2A-4A9B-9D2B-58DF645C7E97.

throughout the region every day. And the communities and residents that retain transit services would have access to fewer people, places, and opportunities than they did before.

These would not necessarily be the specific cuts pursued by the transit service boards. But if the situation remains unchanged, this is the scale of reductions that would need to be considered – ones that would leave the system unrecognizable from its pre-pandemic state, and that could well prompt a downward cycle of reduced ridership that prompts additional service cuts, etc.

These same consequences would impact residents who rely on Pace's regional ADA paratransit services. Riders with disabilities already face significant challenges because of inadequate investment in ADA-compliant infrastructure at transit stations and on vehicles. Any further reductions to transit services may potentially sever their access to a job, healthcare, essential services, education, and other places critical to their way of life.

The section below outlines the many negative consequences that transit service cuts at this scale would prompt – to residents, communities, and the region.

Doing nothing will have enormous costs

Addressing the 2026 operating budget shortfall poses a significant challenge. Closing a gap of more than $700 million to merely continue current services will not be easy, let alone making new investments to improve the system. But the cost of inaction is even graver. If nothing is done between now and 2026, transit authorities will have no choice but to raise fares, cut services, and pursue undesirable cost-cutting measures such as deferring or canceling critical capital investments and maintenance.

These actions will almost certainly not be enough to sustainably fund the system. Without other options, however, it will be the only path forward. For the millions of regional residents and visitors who rely on the transit system – and the employers, schools, shops, friends, and family they visit—these decisions will have detrimental, compounding, and reverberating effects. **One way or another, the region will bear the cost of the choices made in the next three years – whether in new investments in the transit system, or the significant consequences of failing to act.**

These consequences would be felt throughout the region and state, including by residents, visitors, employers, local governments, and many more. The sections below outline the scale of some of these costs.

Regional residents who rely on transit would be left with fewer and worse options

The most immediate consequences would be felt by the residents of the region who currently rely on the transit system every day. Travel options on which they have long relied on will no longer be available or will be slower and more expensive than ever before. For example:

- **Zero-car households and those who are reliant on transit would become severely restricted in their movement**, especially if they are not in a walkable or bikeable community. Disconnection from employment and professional development outlets – such as schools and vocational programs – will hinder opportunities for upward mobility. With limited mobility and decreased spending capacity, residents will participate less in the regional economy.
- **Regional residents who work in industries that do not allow for remote work would face longer and more expensive options for commuting by transit – assuming they have any at all.** Roughly 60 percent of regional workers have jobs in industries where remote work will not be a typical option. Given the high cost of owning and operating a personal car, compared with transit's relative affordability, many residents depend on the transit system as their only option to travel to work. Without a robust transit system, residents throughout the region will have access to fewer jobs in regionally dominant industries, such as transportation and logistics, manufacturing, health care, hospitality, and retail.

The region's most vulnerable residents would bear the greatest share of these impacts.

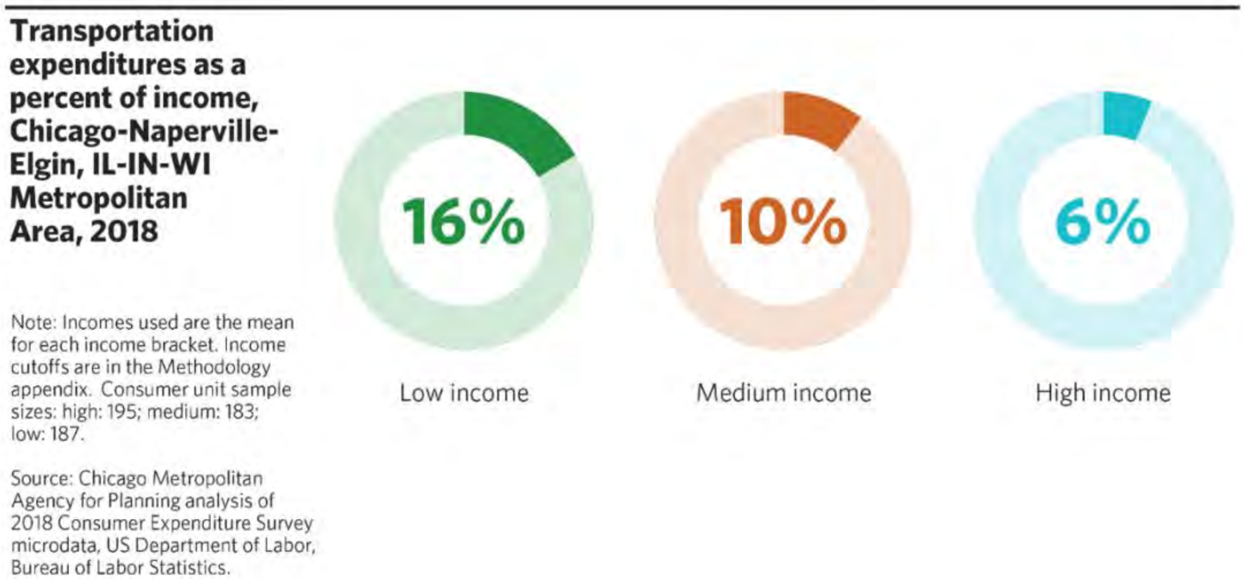
Although the whole region would suffer from the degradation of regional transit, some groups – like seniors, residents in households with low incomes, and residents from minority communities – would face the greatest costs. This would further exacerbate the disparities laid bare by the pandemic over the last two years.

As the region ages, transit is a critical option for seniors who wish to age in place. Without reliable and accessible transportation options, many seniors would be forced to move or face limited mobility – cutting them off from family, friends, health care, and more.

Other vulnerable groups, such as low-income households, would also face greater impacts than most in the region. Previous research has demonstrated that households earning less than $35,000 in annual income are the most reliant on non-car modes of travel.[103] As shown below, they also pay the most for transportation as a share of income.

[103] "Demographics Inform Disparities in Travel around Northeastern Illinois."

Figure 24: Transportation costs are a larger percentage of income for residents with low incomes



CMAP's *Equity in Transportation Fees, Fines, and Fares* report found that low-income households pay a significantly higher share of their income toward transportation costs – as much as 16 percent, vs. 6 percent for high-income households.[104] If the affordable services offered by the regional transit system were no longer available, this disparity would only grow.[105]

The RTA's strategic plan, *Transit is the Answer*, also makes the scale of these disparities clear, noting that, "in the urban core of our region, Black and Latinx residents can access 18 percent and 17 percent fewer jobs via transit than the average resident traveling in the AM Peak, while White and Asian residents can access 19 percent and 43 percent more jobs than the average resident."[106]

With a weakened transit system, more driving would exact a greater toll on the region

If the transit system deteriorates, more people would choose – or would be forced – to drive. As a result, highways and roads will experience higher levels of congestion and slower travel times – negatively impacting residents throughout the region, including those who rarely or never travel on the region's public transit system.

Roadway traffic is costly for the region. CMAP analysis found that if 25 percent of the riders who took transit pre-COVID were to drive instead, they would sit in gridlock and spend an

[104] "Improving Equity in Transportation Fees, Fines, and Fares" (Chicago Metropolitan Agency for Planning, April 2021). https://www.cmap.illinois.gov/mobility/strategic-investment/transportation-fees-fines-and-fares.
[105] "Improving Equity in Transportation Fees, Fines, and Fares."
[106] "Transit is the Answer."

additional 193,000 hours on the road each weekday. This time in traffic could mean a loss of over $1 billion annually in economic productivity.[107]

Higher traffic volumes will also damage roadways faster, causing construction-related delays and more maintenance and repair costs. Additionally, congestion will increase the amount of vehicle emissions, which will worsen air quality, speed climate change, and exacerbate public health challenges like asthma.

Residents throughout the region would feel the impacts in their communities

From suburban main streets to Chicago's Loop, communities would lose economic vitality

Economic development centered around rail and bus routes – such as housing, employment, and business districts – would face attrition and financial challenges with a decline in the transit system. As noted in RTA's *Transit is the Answer*, the impact would be substantial throughout the region: 74 percent of households and 78 percent of jobs across the region are located within a half-mile of transit.[108]

> **The impacts in context:**
>
> Suburban communities throughout the region have spent more than a century investing in developments around their Metra stations.
>
> In places like Arlington Heights, Downers Grove, Lemont, and many more, that investment has led to thriving urban and suburban centers – places with restaurants, coffee-shops, housing, shops, and more that attract residents and visitors from around the region.
>
> But that century of success would be at risk if transit service were significantly reduced, let alone eliminated. Without the daily activity generated by those Metra stations, local businesses would see fewer customers. Residents may choose to move elsewhere in search of better commute and travel options. And once thriving centers may be left much worse off than they were before COVID.

With less residents visiting employment centers and business districts that were developed around transit, economic activity in these areas will decrease significantly, with negative effects rippling out to employers, workers, and entrepreneurs.

This loss will also harm the fiscal health of municipalities throughout the region. Previous CMAP analysis found that one third of municipalities in the region rely on a combination of income and distributed sales tax for more than one third of their revenue. These communities would be especially vulnerable to the kinds of reductions in spending and employment that could accompany the lost economic activity the region's transit system currently enables.[109]

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107 "Workers choosing cars over transit — increased congestion and lost productivity." Chicago Metropolitan Agency for Planning, July 10, 2020. https://www.cmap.illinois.gov/updates/all/-/asset_publisher/UIMfSLnFfMB6/content/workers-choosing-cars-over-transit-increased-congestion-and-lost-productivity.

108 "Transit is the Answer."

109 "Impact of the Pandemic on Municipal Revenues," Chicago Metropolitan Agency for Planning, April 2020, https://www.cmap.illinois.gov/updates/all/-/asset_publisher/UIMfSLnFfMB6/content/impact-of-the-pandemic-on-municipal-revenues.

The region would lose one of its most important assets to maintain, grow, and attract businesses and employment

Losses in public transit may erode the attractiveness and economic viability of our region by impacting business development opportunities. As noted in RTA's *Transit Is the Answer*, companies choose to locate headquarters and office locations in prime business districts by prioritizing efficient and affordable public transit for workers to access these jobs. Businesses understandably prefer to locate near transit stations as this enhances the mobility options of employees and gives companies access to a broader pool of labor.

> When Google decided to purchase the Thompson Center in Chicago's Loop, company officials highlighted that, "*[the building offers] employees with unparalleled public transit access as the only building in the city where six L train lines converge, easily connecting Chicago's South, West, and North sides.*"

Those same transit assets also make the region a more attractive global destination for businesses and special events. The region's transit system enables the tens or even hundreds of thousands of attendees at events like major business conventions, music festivals, parades, and sporting events to move throughout the region efficiently and affordably.

Without the mobility and economic vitality that transit creates, communities would become less walkable

ON TO 2050 highlights the importance of supporting compact, walkable communities throughout the region, communities where transit is an integral part. But without the mobility that transit enables, residents will have fewer options and be more likely to drive. Research has shown that as the number of vehicle miles traveled increases, traffic-related accidents resulting in injuries or fatalities tend to increase.[110]

Recent trends have worsened the crisis of traffic safety in the region. Traffic injuries and fatalities have increased significantly since the start of the pandemic. Regionally, the number of pedestrians and bicyclists represented among those seriously injured or killed on northeastern Illinois' roadways has also increased.[111] It is unfortunately likely that if the transit system declines, the number of traffic fatalities will continue to grow – for pedestrians, bicyclists, and car occupants alike.

The loss of transit would also harm the region's resilience to climate change

CMAP's 2019 Greenhouse Gas Inventory found that the region is not on track to meet established emission reduction goals. In fact, emissions from the transportation sector have *increased*, largely due to more miles driven by cars and trucks.[112] Without transit, the region will fail to meet emission reduction goals and will exacerbate a rapidly changing climate.

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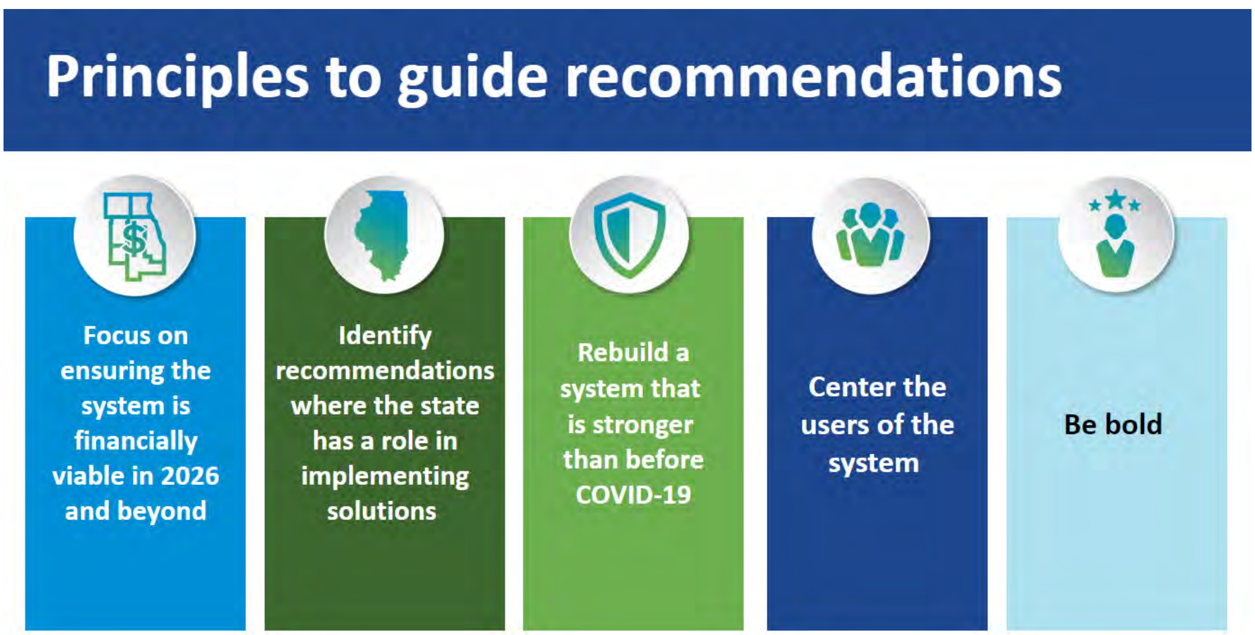
[110] "Travel Safety Is Worsening in Northeastern Illinois."
[111] "Travel Safety Is Worsening in Northeastern Illinois."
[112] "Greenhouse Gas Emissions in Northeastern Illinois."

Expanded roadways and increased pavement will also negatively impact the region's stormwater goals. As impervious surfaces increase, the region will lose resilience in addressing one of its greatest climate challenges: flooding. Less vegetated surfaces will minimize the region's natural drainage capacity and will make it more likely for stormwater to rapidly accumulate in costly flood events.

PART recommendations will include a package of solutions

Addressing transit's fiscal cliff and existing operating challenges will require more than just one answer. CMAP recognizes the need for a menu of strategies that will provide long-term, stable, and equitable solutions in a post-pandemic environment. Regional partners, such as the RTA and the three transit service boards, are already working hard to avert an operational crisis and mitigate drastic consequences for communities throughout the region. Through PART, CMAP will continue the momentum of these ongoing efforts by conducting research, analyzing data, and engaging stakeholders to prepare a package of solutions to ensure the short- and long-term viability of the transit system.



The table below outlines the scope of topics to be addressed in PART. To advance these recommendations, CMAP will work closely with a steering committee of regional stakeholders and the many public sector partners that are represented in the agency's Board, MPO Policy Committee, and topical committees.

Table 3. PART will address recommendations across three topic areas

System we want	How to pay for it	How to implement it
• Better bus service • Universal system accessibility • Operational changes to increase efficiency • Safety, security, and cleanliness • Integrated and affordable fares • Regional rail • Transit-supportive land use and development	*Funding* • New or modified public revenues • System-generated revenues *Costs* • Operational and structural savings *Complementary reforms and advocacy* • Farebox recovery ratio • Federal funding	*Governance structures* • Decision-making and accountability • Service coordination • Role of relevant regional and state entities *Funding allocation* • Allocation of transit revenues • Farebox recovery ratio

A time to “be bold”

The crisis facing the region’s transit system is significant. The pandemic exacerbated existing issues, such as a mismatch between operating expenses and revenues, and posed new challenges, such as the widespread adoption of new hybrid work practices. If nothing is done, each of the transit operators could be forced to make damaging cuts, leaving the region’s transit network as a shell of its pre-pandemic self.

Moreover, the significant capital investments made through programs like Rebuild Illinois will be undermined without a parallel investment in the system’s operations. Over more than a century, regional leaders have invested in transit as the economic engine of northeastern Illinois. Retaining the region’s role as an economic hub will require continued bold action in support of a robust transit system that meets evolving mobility needs.

The state legislature recognizes this. Through PART, CMAP will produce recommendations that ensure “the long-term financial viability of a comprehensive and coordinated regional public transportation system that moves people safely, securely, cleanly, and efficiently.” The legislative co-sponsors, State Senator Ram Villivalam and State Representative Eva-Dina Delgado, have encouraged CMAP and the PART steering committee to be open to reform, to think boldly, and to center the experiences of those who rely on transit.

As this document has emphasized, no single revenue source, operational improvement, or system reform will be enough. Rather, it will take a suite of ideas, policies, and strategies to ensure the region’s transit system can emerge from the pandemic stronger and more financially secure.

The charge of the Plan of Action for Regional Transit is to identify such a package – one that is bold enough to solve hard problems and around which the region can build a successful coalition at the state and regional level.

Glossary

- **ADA Paratransit**: Service required by the Americans with Disabilities Act of 1990 for individuals with disabilities who are unable to use fixed route bus or rail services. Only individuals who are certified by RTA are eligible.
- **Bike and scooter share**: Systems where users rent bikes or scooters for short periods of time for one-way trips (e.g., Divvy, Lime). Systems can be station-based (docked) or dockless. Users typically unlock their bike or scooter using an app, kiosk, or key fob.
- **Bus Rapid Transit (BRT)**: Enhanced bus service characterized by features like dedicated lanes, transit signal priority, off-board fare payment, high frequencies, low-floor vehicles or level-platform boarding, and distinct branding. These are meant to make the bus more efficient and reliable like rail rapid transit systems.
- **Capital**: expenses related to the purchase of capital equipment, such as transit vehicles, and financing for capital projects, such as station upgrades or new transit lines.
- **Capital funding**: refers to funds needed for long-term infrastructure investments such as rail upgrades, bus purchases, or support facilities. Most (but not all) of these expenses have long time periods between upgrades. Capital funding comes from a mixture of sources, including federal programs, state programs, bond proceeds, and other sources.
- **Chicago Metropolitan Agency for Planning (CMAP)**: the regional planning organization for the northeastern Illinois counties of Cook, DuPage, Kane, Kendall, Lake, McHenry, and Will. CMAP was created in 2005 and operates under authorizing legislation known as Public Act 095-0677 and by-laws.
- **Fare integration**: using a common fare payment system or charging a single fare for a trip across multiple operators or services (e.g., Ventra). Fare integration can make transit easier for riders to switch between modes or across jurisdictional boundaries.
- **Farebox Recovery Ratio**: the percentage of operating costs recovered through passenger fares.
- **Federal Transit Administration (FTA):** The federal department under the US Department of Transportation responsible for enforcing policies, providing oversight, and delivering funding for local transit providers in US states and territories.
- **Frequency/headway**: how often a trip occurs on a particular route. The headway is defined as the time interval in between trips. High frequency service (i.e., low headways) can make transit more attractive to riders by allowing them to use the service without consulting a schedule.
- **Invest in Transit**: the Chicago region's previous transit strategic plan. The plan was developed by RTA in coordination with partners and stakeholders and was adopted in 2018.
- **Mode share**: the share of trips (typically work trips) that are made on different modes of transportation, such as driving in a personal vehicle, walking, biking, taking the bus or train, or carpooling.
- **National Association of City Transportation Officials (NACTO):** an association of 89 major North American cities and transit agencies formed to exchange transportation ideas, insights, and practices and cooperatively approach national transportation issues.

- **National Transit Database (NTD):** A reporting system that collects public transportation financial and operating information.
- **On-demand transit**: transit that responds to requests from passengers and does not follow a fixed route or schedule. On-demand transit typically uses cars or vans rather than larger buses.
- **ON TO 2050**: the Chicago region's comprehensive plan which guides transportation investments and frames regional priorities on development, the environment, the economy, and other issues affecting quality of life. ON TO 2050 developed by the Chicago Metropolitan Agency for Planning (CMAP) along with partners and stakeholders and was adopted in 2018, with a revised version adopted in 2022.
- **Operating funding**: Operating costs are the costs to run transit systems day to day. Operating funding comes from the transit system's operating revenues (typically fares), public funds (tax revenue), and other sources.
- **Regional Transportation Authority (RTA)**: the unit of local government created to oversee finances, secure funding, and to conduct transit planning for the CTA, Metra, and Pace. The RTA also issues Reduced Fare and Ride Free permits, assesses eligibility for ADA Paratransit service, and oversees specialized travel training for people with disabilities and older adults. The RTA services the northeast Illinois counties of Cook, DuPage, Kane, Lake, McHenry, and Will.
- **Ride hailing services**: services in which riders request rides from drivers to take them to their destinations, typically through an app (e.g., Uber and Lyft). Ride hailing may or may not be shared (most shared services were suspended during the pandemic, although some have recently resumed).
- **Service Boards**: the three entities under the oversight of RTA that operate and plan transit service in the Chicago region. The Chicago Transit Authority (CTA) is the Service Board responsible for the rapid transit and bus systems serving the City of Chicago and adjacent suburbs. Metra is the Service Board of responsible for the commuter rail system serving Northeastern Illinois. Pace is the Service Board responsible for the suburban bus system serving Northeastern Illinois.
- **Transit Asset Management (TAM):** the practice of managing and maintaining transit assets over their lifecycle. Assets include facilities, infrastructure, rolling stock (e.g., buses and trains) and other equipment (e.g., maintenance equipment and other vehicles). The RTA Service Boards are federally required to have asset management programs, plans, and datasets.
- **Transit Is the Answer:** The RTA's 2023-2027 strategic plan, which was formally adopted in February 2023.
- **Transportation Network Companies (TNCs):** See Ride-hailing services.
- **Transit Signal Priority (TSP):** TSP uses bus location data and wireless communication technologies to advance or extend the green light of a traffic signal to allow a CTA or Pace bus to continue through an intersection when the bus is running behind schedule. It is a strategy to help improve transit reliability and reduce travel times.
- **Unlinked transit trips:** a total count of transit boardings including transfers (e.g., a customer making one transfer is counted as two unlinked trips).

- **Useful life:** the expected lifetime of a piece of equipment or vehicle, or its acceptable period of use.

Source: This glossary draws from and expands upon that provided to members of the RTA's strategic plan working groups. An example can be found at: https://www.rtachicago.org/uploads/files/general/Drupal-Old/documents/StrategicPlan/Meeting%206/WG%20%233%20Financial%20Responsibility_Briefing%20Booklet_062222.pdf.