Meeting of the RTA Ad Hoc Committee on Transit Funding

August 11, 2025

Welcome! Meeting Starts at 9 a.m.

Meeting Agenda: rtachicago.org

Regional Transportation Authority

RTA Ad Hoc Committee on Transit Funding

1. Call to Order

2. Roll Call

3. Approval of minutes from July 24, 2025 meeting

4. Public comment

5. Regional Budget Issues

Objectives for Today's Meeting

The Committee to review recommendations and provide feedback on the following items to be considered by the full Board on August 21:

- ADA Funding
    - 2025 Funding Gap
    - 2026 Funding Plan
- Operating Funding Marks
- Capital Funding Marks

ADA Funding

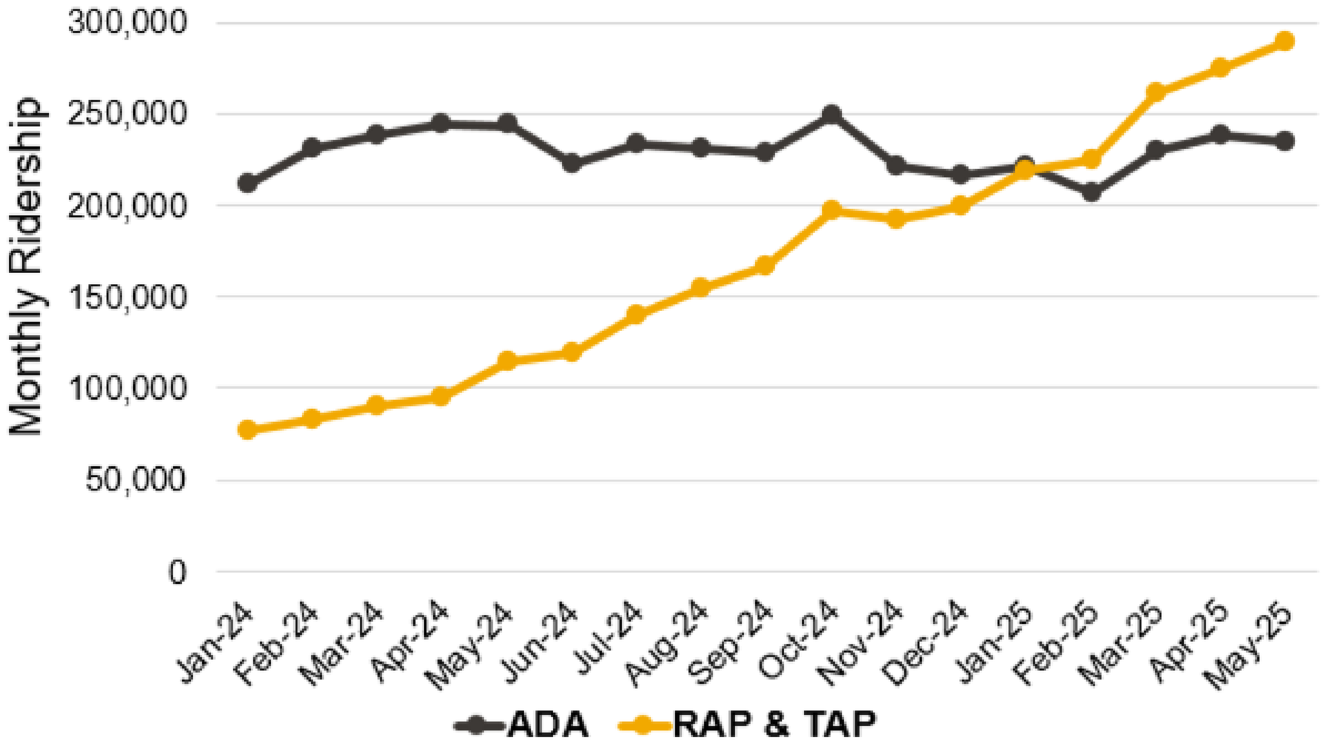
Background

- Collective goal is to ensure paratransit riders have access to quality transit services while managing costs in a challenging budget year
- Recent actions and briefings:
  - May 15 (RTA Board): $25.5 million approved for 2024 shortfall from ADA Reserve; $8.3 million remains
  - June 12 (RTA Board): Action Plan adopted to address expense growth
  - July 24 (ad hoc committee): staff presented funding options for 2025 shortfall; committee suggested a shared sacrifice solution
  - July 31 (budget working group): discussion of shared sacrifice funding options and next steps

ADA Paratransit Ridership Continues to Grow Rapidly

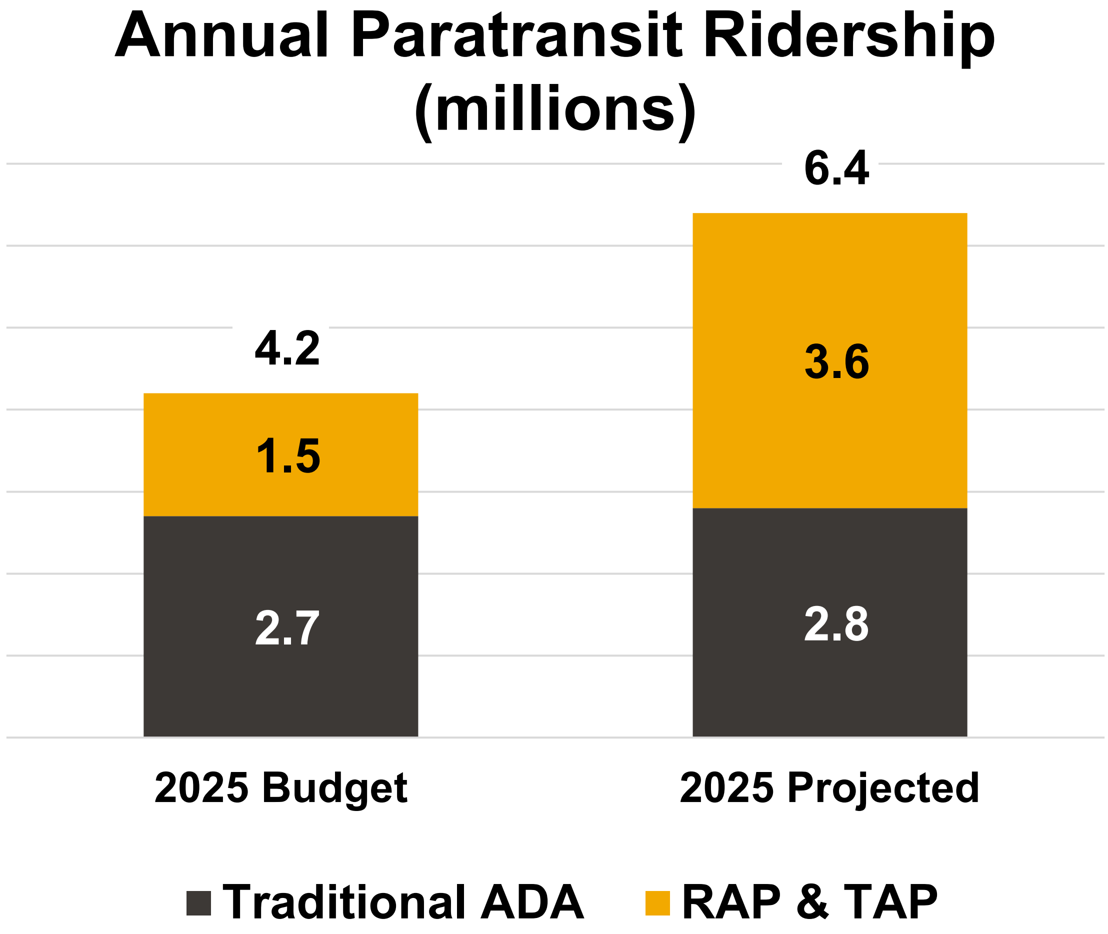
- Ridership continues to grow faster than anticipated
- As of Q1 2025 RAP and TAP are now providing more monthly trips than traditional ADA service
- 2025 Budget forecasted that RAP/TAP would account for half of traditional ADA ridership

Pace Paratransit Monthly Ridership by Service



Estimating the 2025 ADA Paratransit Funding Shortfall

- Ridership projected to exceed budgeted levels by more than 2 million rides (50%)
  - Ridership increase focused in RAP/TAP
- Mitigating components of RTA Action Plan
  - 30 ride per month cap for RAP/TAP
  - RAP/TAP fare restoration to $3.25
  - Implementation of free rides on all fixed routes
  - Review of RTA Certification Program



2025 ADA Paratransit Budget Shortfall – Shared Sacrifice

Based on the July 24 Ad-Hoc Committee guidance, staff recommends the following three-component solution, after adjusting for action plan mitigations due to 30-ride cap and fare increase (in millions):

Unconstrained shortfall:	$53.0
Action Plan mitigations (4Q):	($7.9)
Net funding shortfall:	$45.1
1. Remaining ADA reserve:	($8.3)
2. Incremental RTA 15% ST I	($17.5)
3. Pace funding	$19.4

2025 ADA Paratransit Funding Options

- Options for additional 2025 ADA Paratransit funding need
  - Existing reserve: $8.3 million
  - RTA's 15% share of incremental 2025 Sales Tax (ST) I: approx. $17.5M
  - Innovation, Coordination and Enhancement funding: up to approx. $34M (two years)
  - Incremental 2025 Sales Tax II / Public Transportation Fund (PTF) II: approx. $66M
  - Pace reserves

2025 ADA Paratransit Budget – Next Steps

August 21st RTA Board meeting

- Not in substantial accordance finding for 2Q ADA Paratransit results
- Funding amendment to approve RTA components of funding solution
- Revised budget required from Pace within 30 days

September 17th Pace Board meeting

- Revised budget adopted, including Pace funding as needed
- Revised budget submitted to RTA

October 23rd RTA Board meeting

- Revised budget adopted

2026 ADA Paratransit Funding Proposal – Partial Funding for RAP

- 2026 RTA marks fully fund traditional ADA and partially fund RAP/TAP, net of $30M mitigations.
- Pace provides remaining RAP/TAP funding from existing Suburban Service funding or reserves.

2026 (in millions)	**Traditional ADA**	**RAP/TAP**	**Total**
Operating Expense	$267.5	$117.4	$384.9
- Operating Revenue	($12.3)	($17.8)	($30.1)
= Funding Requirement	**$255.2**	**$99.6**	**$354.8**
Mitigating Actions	---	($29.5)	($29.5)
Net Funding Need	**$255.2**	**$70.1**	**$325.3**
State Funding	($11.5)	---	($11.5)
RTA funding - ST II / PTF II	($243.7)	($24.9)	($268.6)
Pace Funding	**---**	**$45.2**	**$45.2**

2026 Operating Funding Marks

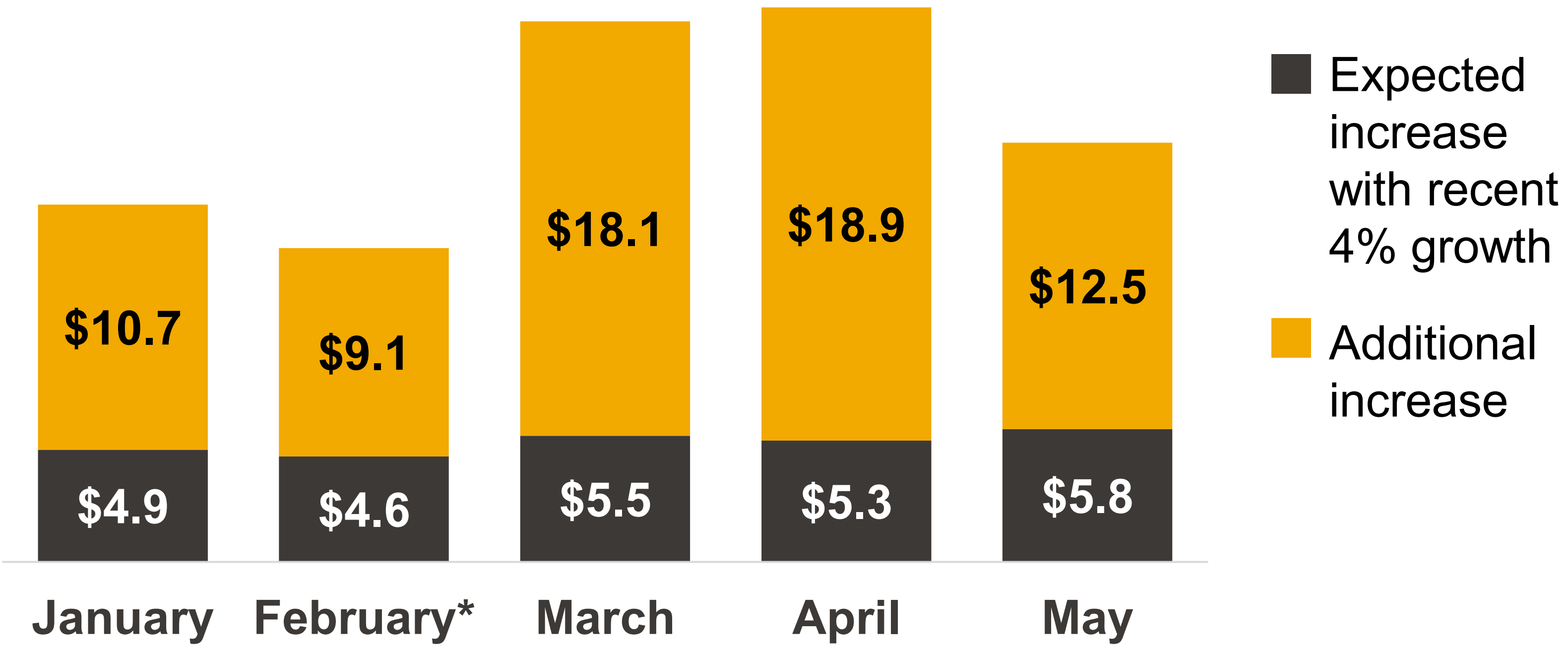
Operating Funding Considerations

- RTA Act requires funding amounts for upcoming year to be established by September 15th
- Service Boards develop budgets utilizing the funding amounts set by the RTA Board
- RTA funding will combine with federal relief funding reserves and system-generated revenue to support operating expenses

Sales Tax – Impact of P.A. 103-0983

- YTD results suggest an upward RTA sales tax shift between $10M and $18M per month in 2025
- These amounts will be added to the sales tax base, but growth will return to normal in January 2026

RTA Sales Tax Receipts – YOY Increase Jan-May 2025 (in millions)

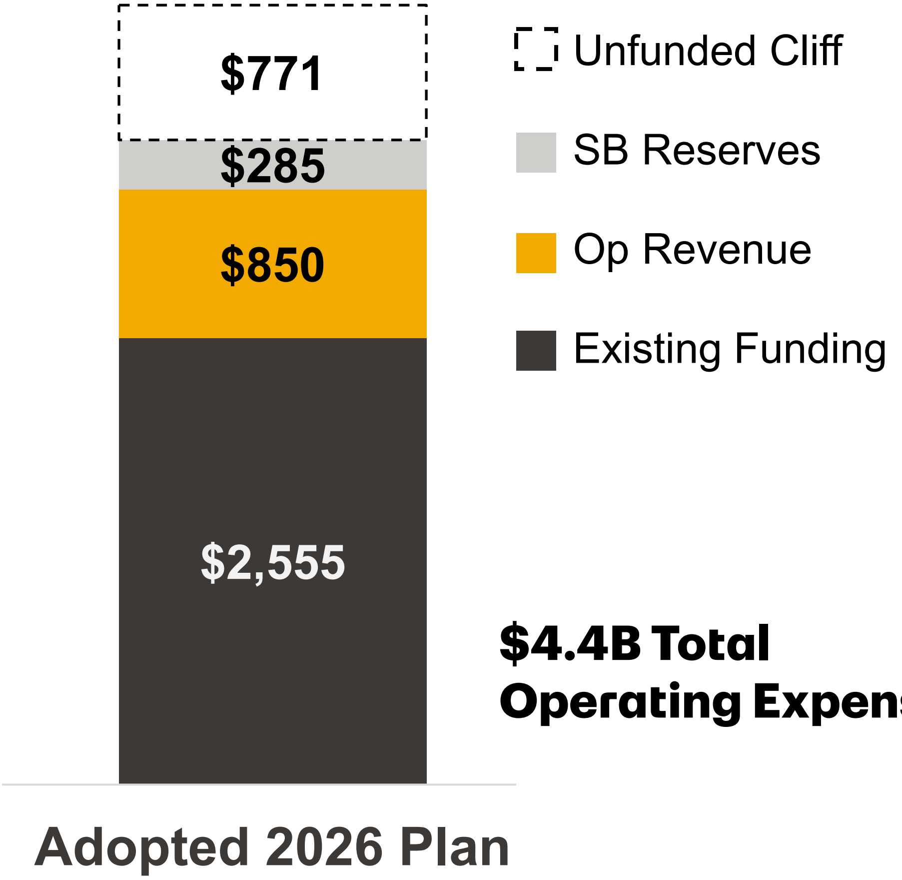


* Adjusted for extra day in Feb 2024 (leap year)

Recap: 2026 Fiscal Cliff as Projected in Late 2024 (in millions)

Many factors impact cliff timing and magnitude:

- Expense projections
- Ridership and fare trends
- Prior year budget performance
- Sales tax changes



$4.4B Total Operating Expense

2026-2028 Marks Assumptions

Resetting the 2025 Base

- Actual sales tax results through April, then 1.6% underlying growth with $12M of “new” sales tax added each month
  - Resulting 2025 sales tax growth is +11.0% compared to 2024 actuals
- Actual RETT results through June, then 10.0% growth each subsequent month

2026-2028 Forecast

- 3.0% sales tax growth in 2026, 2.5% in 2027, and 2.0% in 2028
- ADA sales tax II requirement set to previous 2026 Plan funding level (per earlier slide)
- Debt service on existing bonds only, including 2025A; no short-term borrowing

Additional Marks Assumptions – Budget Scenario 1 – No New Funding

- $74.0 million of RTA discretionary funding shifted to CTA in 2026 only
  - 2% Pace share of PTF I ($7.3M)
  - Metra and Pace shares of residual Sales Tax I ($42.3M and $14.1M, respectively)
  - Metra and Pace shares of Innovation, Coordination, and Enhancement funding ($6.8M and $2.3M, respectively)
  - RTA Agency funding reduction ($1.2M)
- Pushes CTA 2026 cliff back by two to three months
- Non-statutory allocations return to traditional distributions in 2027 and 2028
- Funding ADA paratransit at previous plan levels preserves $45M of Sales Tax II and PTF II funding for mainline services, split 48% CTA / 39% Metra / 13% Pace

Proposed 2026 RTA Funding Levels

	2026 Previous	2026 Proposed	$ Change	% Change
CTA	$1,170.6	$1,377.0	+$206.4	+17.6%
Metra	$614.0	$635.9	+$21.9	+3.6%
Pace	$248.3	$251.6	+$3.3	+1.3%
ADA Paratransit	$278.6	$280.1	+$1.5	+0.5%
Debt Service and JSIF	$62.2	$59.2	-$3.0	-4.8%
RTA Agency	$41.6	$40.4	-$1.2	-2.9%
Total	**$2,415.3**	**$2,644.1**	**+$228.8**	**+9.5%**

Includes Sales Tax, PTF, RETT, and State funding for ADA

Fiscal Cliff Timing

- Even with funding shifted to CTA, fiscal cliffs* are likely not fully aligned:
  - CTA mid 2026
  - Metra mid-to-late 2026
  - Pace 2027

*These figures represent preliminary estimates. Final spending levels and timing will be determined through the budget process.

Recovery Ratios

- Budget Scenario 1, with no recovery ratio relief, requires pre-COVID recovery ratio marks of 54.75% CTA, 52.5% Metra, and 30.3% Pace Suburban Service for 2026-2028
  - Necessary to set up year-end penalty calculation, even though penalty is unlikely to be enforced
  - Relief funding reserves no longer authorized to be included as operating revenue for recovery ratio purposes
  - Instead, SBs need to include generic revenue credit to reach mark as necessary
    - This credit also represents the potential year-end PTF penalty
  - ADA Paratransit requirement returns to 10%
- Budget Scenario 2, with stop gap funding, assumes recovery ratio relief

6. Scheduling Next Meeting

7. Other Business

Adjournment

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