Meeting of the RTA Ad Hoc Committee on Transit Funding

October 3, 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 August 11, 2025 meeting

4. Regional Budget Issues

Objectives for today's meeting

Update the Committee on the status of the 2026 budget process

- Funding actions and cost reduction initiatives
- First look at Service Board 2026 budgets
  - Updated 2026 cliff estimate
  - 2027 - 2028 projected cliff estimates
- Presentation and discussion with the Service Boards

rta Regional Transportation Authority   Region   Communities   Riders

RTA working to update fiscal cliff amount, timing as part of 2026 budget process

Under normal circumstances, transit operating budgets are impacted by many variables as revenue streams are tied to the larger economy, but this year there is even more uncertainty in the process. The RTA has estimated **a 20 percent operating funding gap as COVID-related relief funds are exhausted in 2026**, with the projected gap continuing to increase in 2027 and beyond without new and growing revenue sources. In late-2024, the gap for 2026 was forecasted at $771 million.

Now, the RTA and transit agencies are actively preparing their 2026 budgets and 2027-28 plans with the following updates to trends since last year:

- Higher sales tax collections due to a stronger-than-expected economy in 2025 and a change in state policy that extended local taxes, including the RTA sales tax, to more online transactions.
- On budget real estate transfer tax returns in Chicago.
- Lower-than-budgeted expenses for CTA, Metra, and Pace mainline services

Actions taken to date

- 2025 and 2026 funding actions taken
  - $42M of additional RTA funding provided to Pace to address projected 2025 ADA budget shortfall, including reallocation of 2025 ICE funding from CTA, Metra, and Pace
  - $74M of 2026 operating funding shifted to CTA from Metra, Pace, and RTA
- Lower 2025 spending and efficiencies at all agencies
- Improved sales tax receipts due to Jan 1 change regarding online transactions
  - Yields an estimated $203M of additional 2025 sales tax and PTF
  - Future impact (~$200M) is included in adopted 2026-2028 funding amounts

Agencies are preparing Scenarios 1 and 2 budget proposals

Scenario 1 – No New State Funding

- RTA and Service Boards lowering management and administrative expenses
- Service Boards halting service improvements
- CTA and Metra exhaust reserves in 2026 requiring expense reductions to balance their budgets
- A 10% regional fare increase is proposed effective Feb 1, 2026
- Pace reserves will fully fund suburban service in 2026
- Approved funding will fully fund traditional paratransit service and ¼ of RAP and TAP programs in 2026
- Pace proposes to partially commit remaining reserves to existing operating and capital projects

Scenario 2 – New Funding Averts Cliff

- Service Boards maintain scheduled service levels if stop gap funding is identified at minimum.
- A 10% regional fare increase is proposed effective Feb 1, 2026
- Metra proposes to transfer $60M a year to capital projects
- Pace reserves will fully fund suburban service in 2026 with planned service improvements
- RAP and TAP program will be preserved based on available funding
- Pace proposes to partially commit remaining reserves to existing operating and capital projects

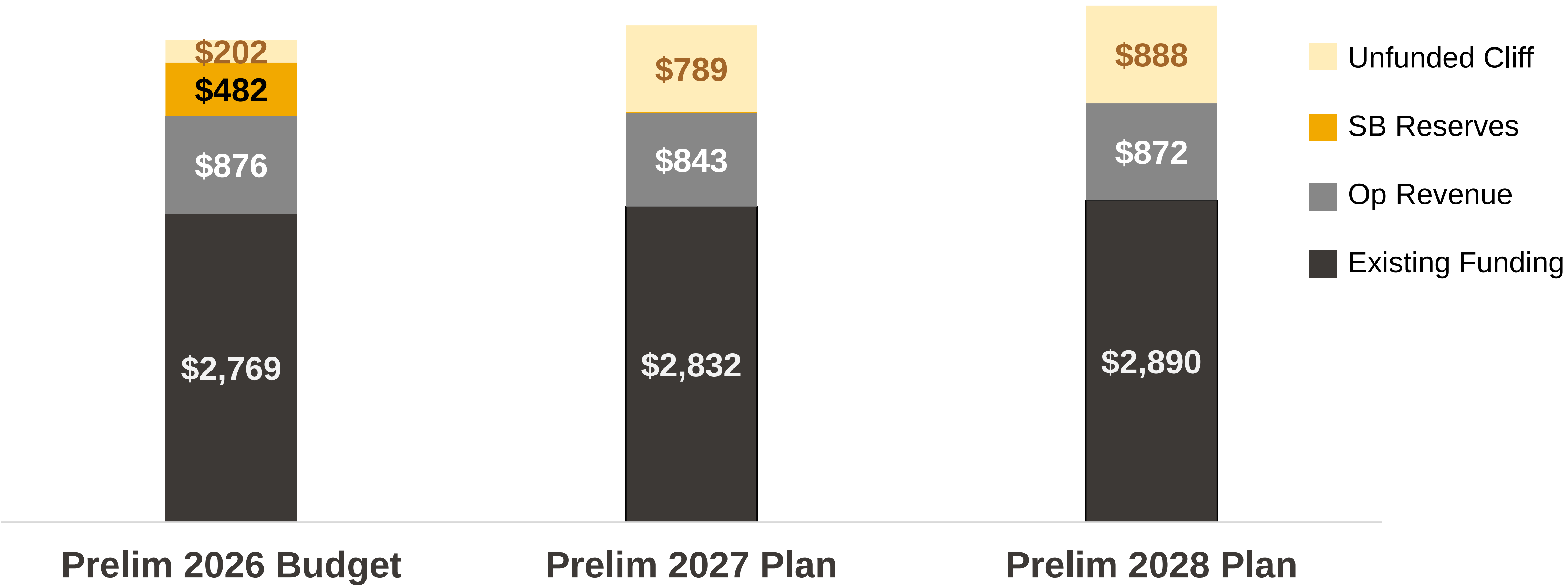
Fiscal Cliff Update

What changed – 2026 cliff

- **Higher Revenue:** Higher Sales Tax from Online Transactions, Reserves, and System Generated Revenues from proposed fare increase
- **Lower Expenses:** Cost controls, lower spending, and efficiencies

	Previous 2026 Plan	**Preliminary 2026 Budget**	**Change vs Previous Plan (in millions)**
System-Generated Revenue	$850	$876	+$26
+ Operating Funding	$2,537	$2,769	+$232
+ Service Board Reserves	$286	$482	+$196
= Total Revenue	$3,673	$4,127	+$454
- Total Expense	$4,367	$4,329	($39)
- Transfers to Capital/ICE	$77	$0	($77)
Total shortfall	**($771)**	**($202)**	**+$570**

Preliminary estimates of fiscal cliffs 2026 – 2028 (in millions)



Fiscal cliff – preliminary estimates by agency

Projected shortfalls (in millions)	Service Board Reserve Exhaustion	2026	2027	2028
CTA	Mid-2026	($130)	($485)	($530)
Metra	Late-2026	($22)	($225)	($253)
Pace Suburban Service	2027	---	($22)	($47)
ADA Paratransit - Traditional	N / A	---	---	---
TAP/RAP	N / A	($49)	($57)	($58)
Total shortfall		**($202)**	**($789)**	**($888)**

Timeline, if no funding from Springfield

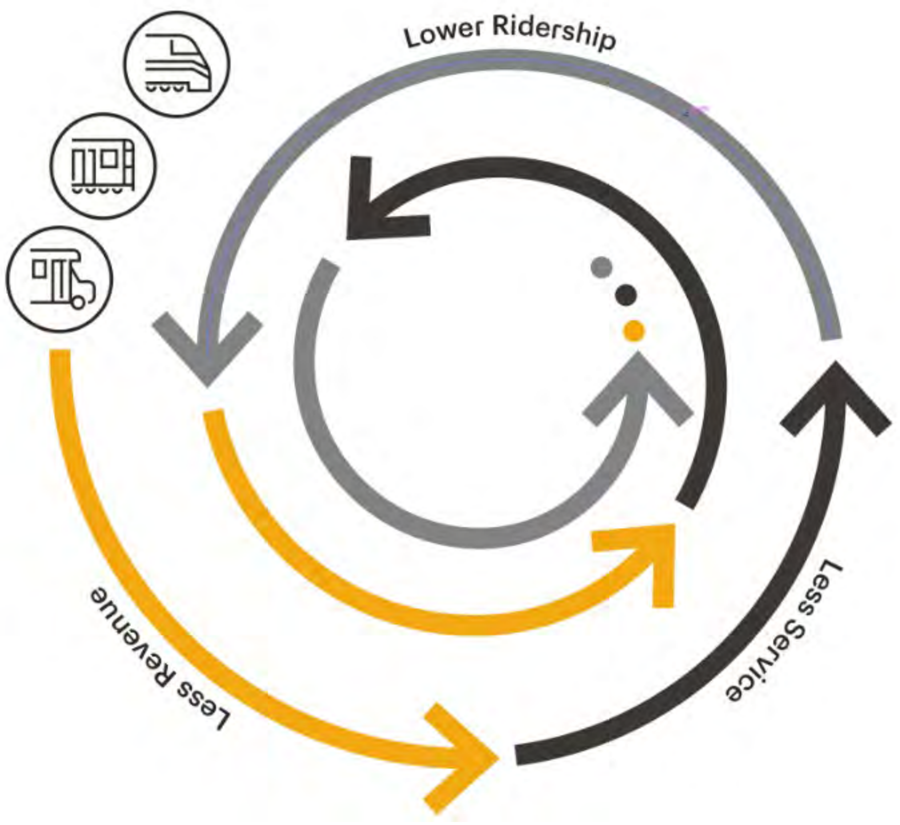
Potential 2026 impacts

- **Nov 2025** – Title VI hearings on fare increase, operator board action on budget/fares
- **Dec 2025** – RTA adopts Scenario 1 budget
- **Feb 2026** – 10% regional fare increase
- **Q1 2026** – CTA hiring freeze (non-service positions)
- **Q2 2026** – CTA service cut public notice and Title VI process begins, operator warn notices issued, coordinate regional impacts
- **April 2026** – RAP and TAP cuts
- **Q3 2026** – CTA layoffs (union & non-union), first round of CTA service cuts with impacts on the ADA service area
- **Q4 2026** – CTA (second round) and Metra (first round) operator layoff warn notices, coordinate regional impacts

Timeline, if no funding from Springfield

Potential 2027 impacts

- **Dec 2026** – RTA board adopts Structural Cliff regional budget with recovery ratio penalty
- **Q1 2027** – CTA (second round) and Metra (first round) cuts with impacts on ADA service area
- **Q2 2027** – Pace operator layoff warn notices, coordinate regional impacts
- **Q3 2027** – Pace suburban service cuts with impacts on ADA service area

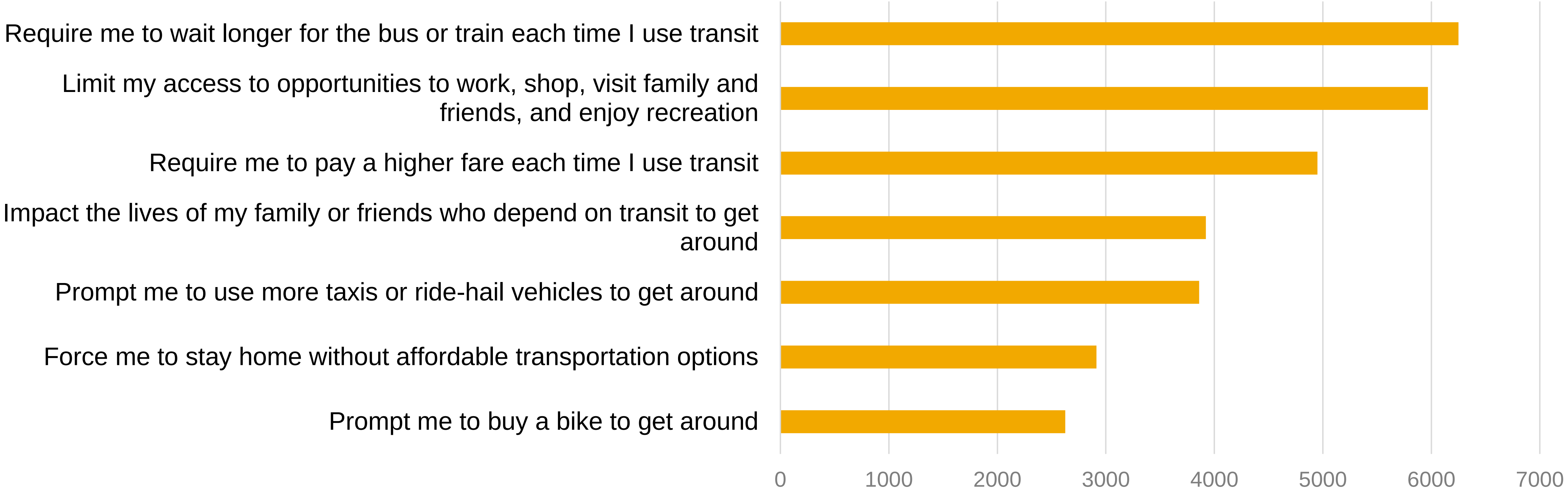


Declining state funds have contributed to the shortfall

Revenue Category	Budget Impact 2015-2024 (in millions)
Sales Tax Surcharge	($139.6)
Public Transportation Fund (PTF)	($98.0)
Interest on Short-Term Borrowing	($29.7)
Reduced Fare and ADA Appropriation	($137.1)
Total loss in operations funding	**($404.4)**

What riders have told us about how cuts to service would impact their lives

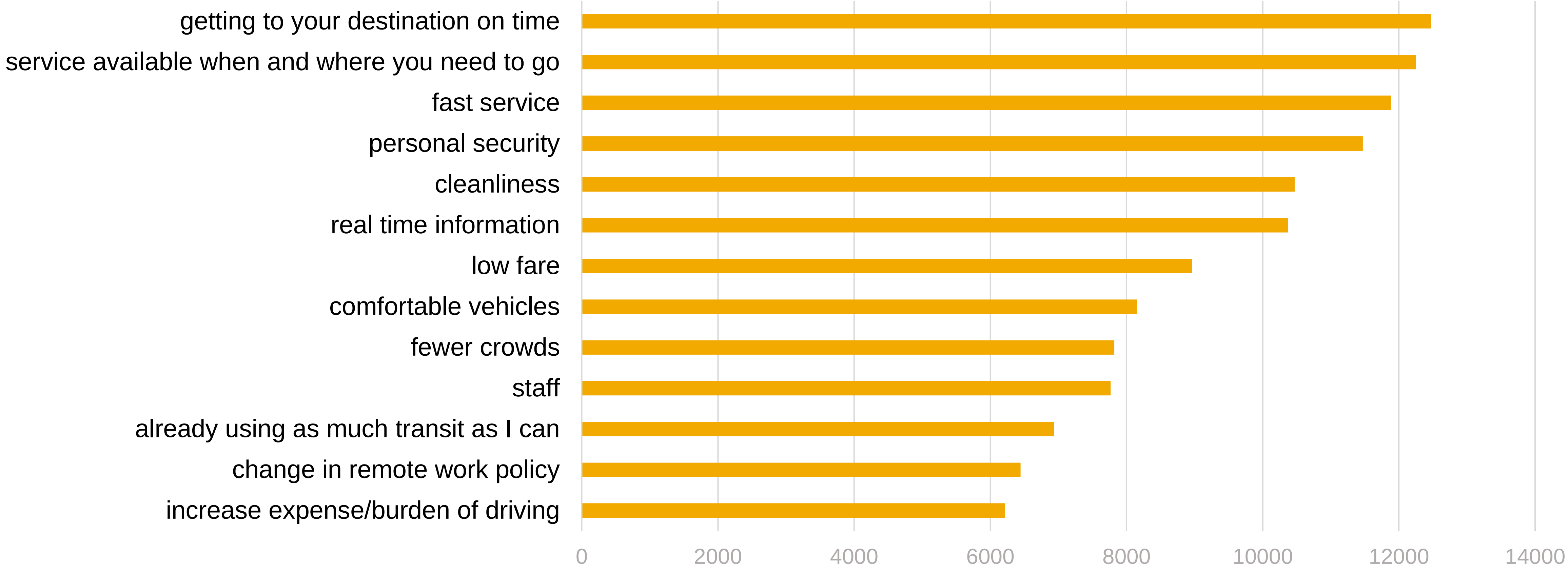
Absent new funding for transit from the state of Illinois, it will be necessary to make significant cuts to our regional system to balance the budget. Cuts to the regional system will have real impacts on riders. Please rank the following impacts in order of importance to you.



n = 1,089

What riders have told us would make them use transit more

What would encourage you to use transit more often? From the following list, please RANK the following responses. The response that you think would be the MOST SIGNIFICANT should be ranked FIRST.



n = 1,332

Service Board Presentations

5. Public comment

6. Other Business

Adjournment

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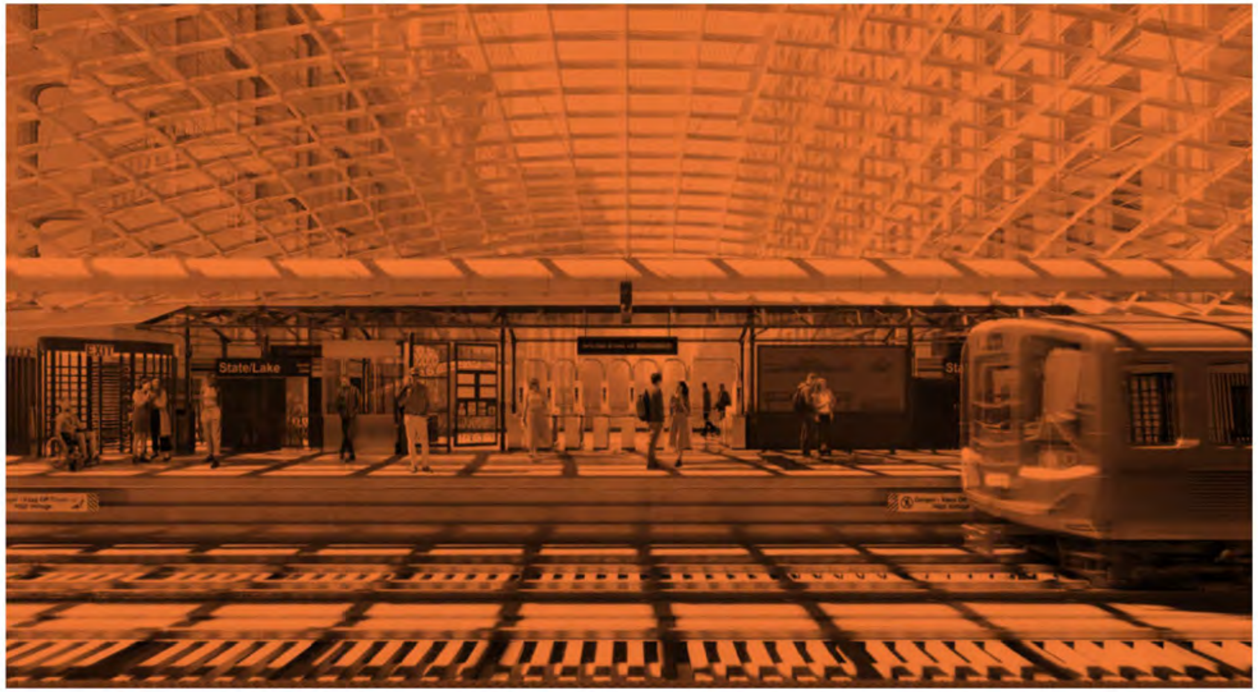
RTA Ad Hoc Committee Meeting – CTA Budget Overview

October 3, 2025



Chicago Transit Authority

‘CTA Chats’ & Budget Town Halls

Riders Engaged at CTA Chats!

1,500 Riders at 18 different bus & rail locations

We heard most often that **transit is not only a convenience but a necessity,** and riders **can’t live or work in the city without it** – without transit our riders would need to make serious changes

Safety, cleanliness & frequency are the most important concerns while riders are excited about new stations & modern features

Riders Engaged at Town Halls

400+ Attended across 3 different events

6,000+ have completed our virtual survey

61% say they ride CTA because they don’t have another transportation option

55% said they wouldn’t make their most common trip without CTA

Key Themes

Riders highlighted how critical CTA has been in their lives and valued our transparency in this climate

Riders mentioned significant perceptions of improvement in service

Riders stressed their needs for frequency & reliability and continued focus on security & cleanliness

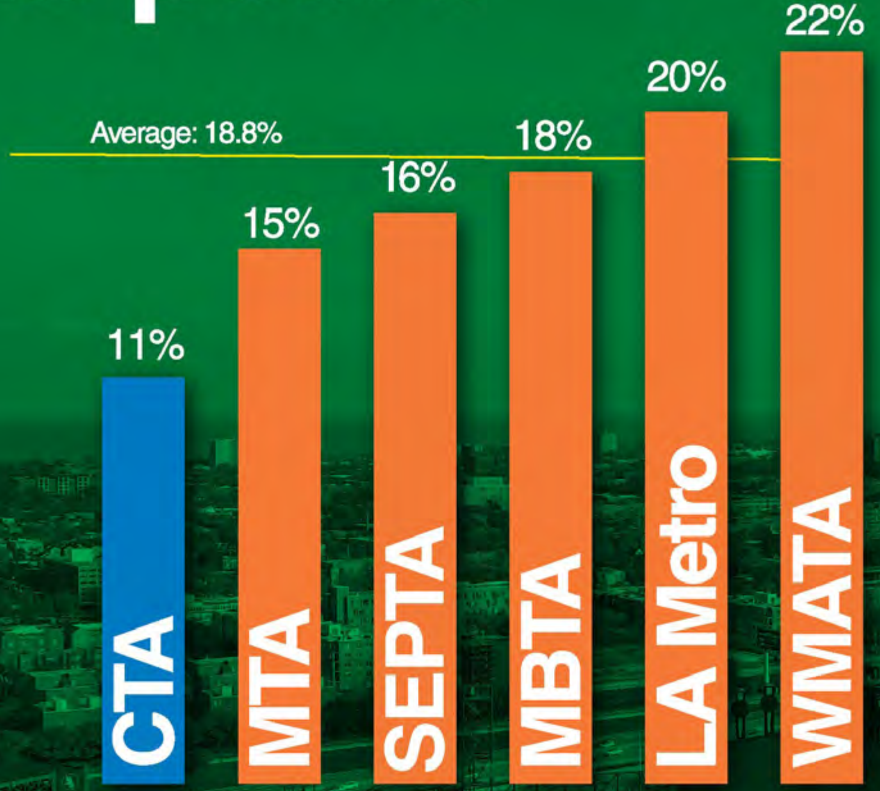
Riders want to see continued investment in their communities and more funding for CTA

Riders that rely on critical features like elevators and boarding assistance stressed how critical they are to their mobility in the city

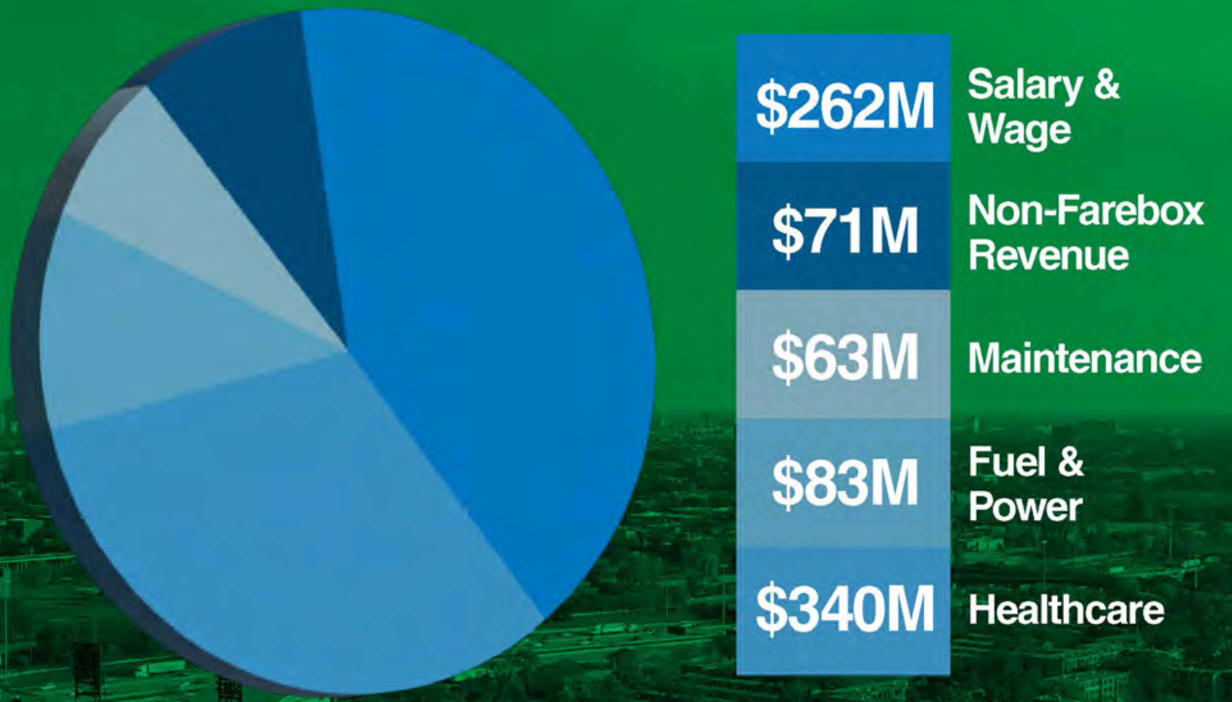
CTA is more efficient than its peers

CTA keeps administrative expenses low to maximize funding to service.

Benchmarking against peer transit agencies show that CTA is one of the most efficient transit agencies in the nation, but unfortunately, CTA also receives some of the lowest public funding per rider.



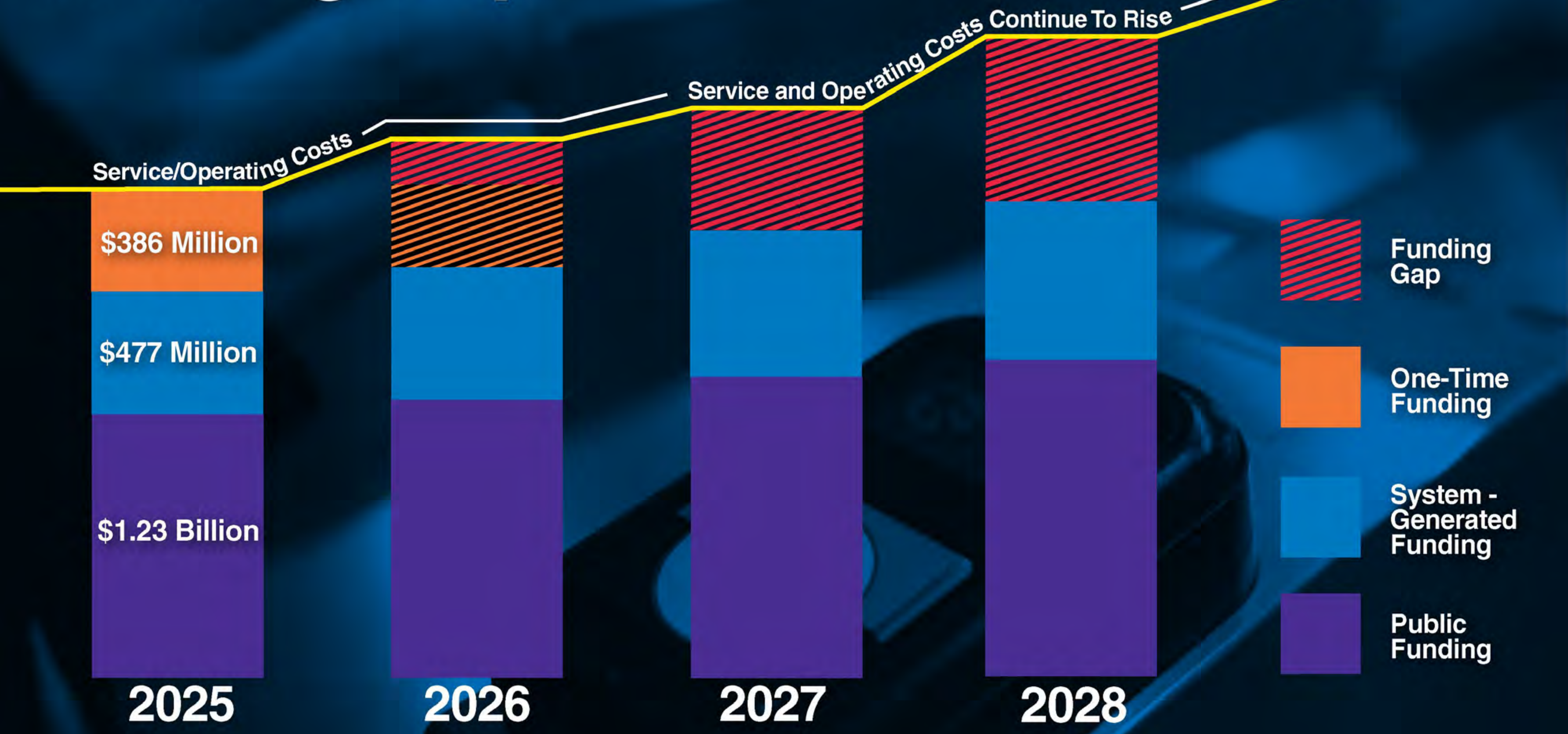
Admin % of Operating Expense



10 Years of Savings & Efficiencies ($819M Cumulative)

Sourced from FTA's National Transit Database (NTD) - 2023 actuals

Funding Gap



Service/Operating Costs
Service and Operating Costs Continue To Rise
$386 Million
$477 Million
$1.23 Billion
2025
2026
2027
2028
Funding Gap
One-Time Funding
System - Generated Funding
Public Funding

Without More Transit Funding...

More Crowded Buses and Trains Across the System

More transit trips will require transfers, leading to longer travel time

More Hours Spent Waiting For Transit Each Year

More cars on the road, causing more congestion, more time spent commuting & more vehicle emissions

Tentative 2026 Budget Timeline

If no new state funding is identified by November 2025, CTA will be forced to pass a budget with significant service cuts. The following timeline details the possible actions that may occur in 2026.

October 2025
- Multiple Scenarios of 2026 Budget Released

November 2025
- Title VI Public Hearing on Fare Increase
- Chicago Transit Board Action on Budget & Fares

Early 2026
- Possible Hiring Freeze for Non-Service Positions
- Fare Increase Implemented (All Budget Scenarios)

Spring 2026
- Possible WARN Notices Issued
- Possible Title VI Public Hearings on Service Cuts

Summer 2026
- Possible Layoffs of Union & Non-Union Employees Begin

Early 2027
- Additional Service Cuts and layoffs possible


Vision For Our Transit Future
More Frequent Service
Modern Rider Experience
More Station & Vehicle Cleaning
New Security Initiatives
New Connections

Visionary Transit Funding Will Result In...

A transformative investment in CTA will create a more robust regional transit system and lead to:

$10.5B
additonal travel time savings per year

$35B
in economic impact from transit

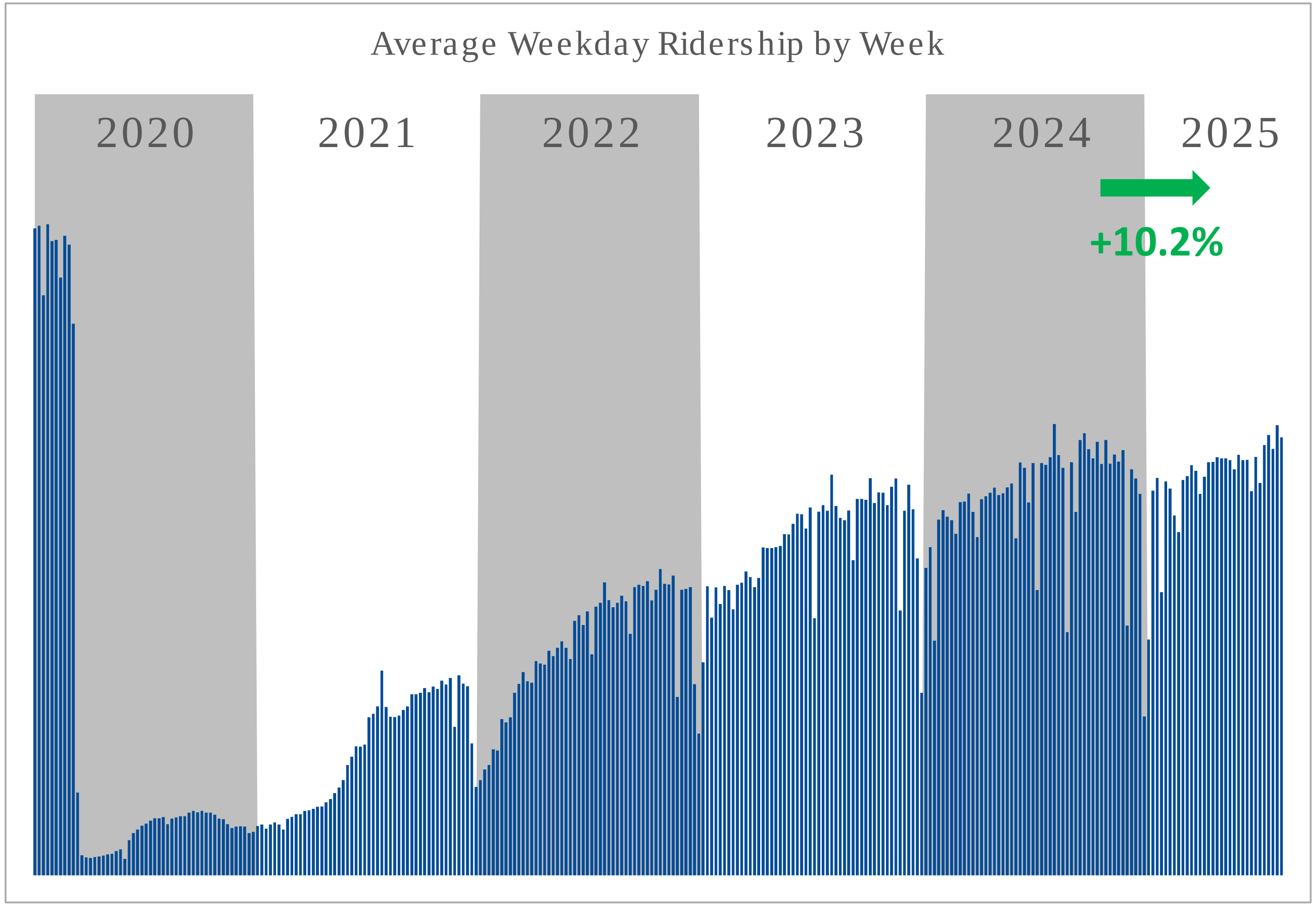
12% more trips
easier & faster travel encourages more mobility

700,000 more transit trips per day

RTA AD HOC COMMITEE

Oct. 3, 2025

AVERAGE WEEKDAY RIDERSHIP

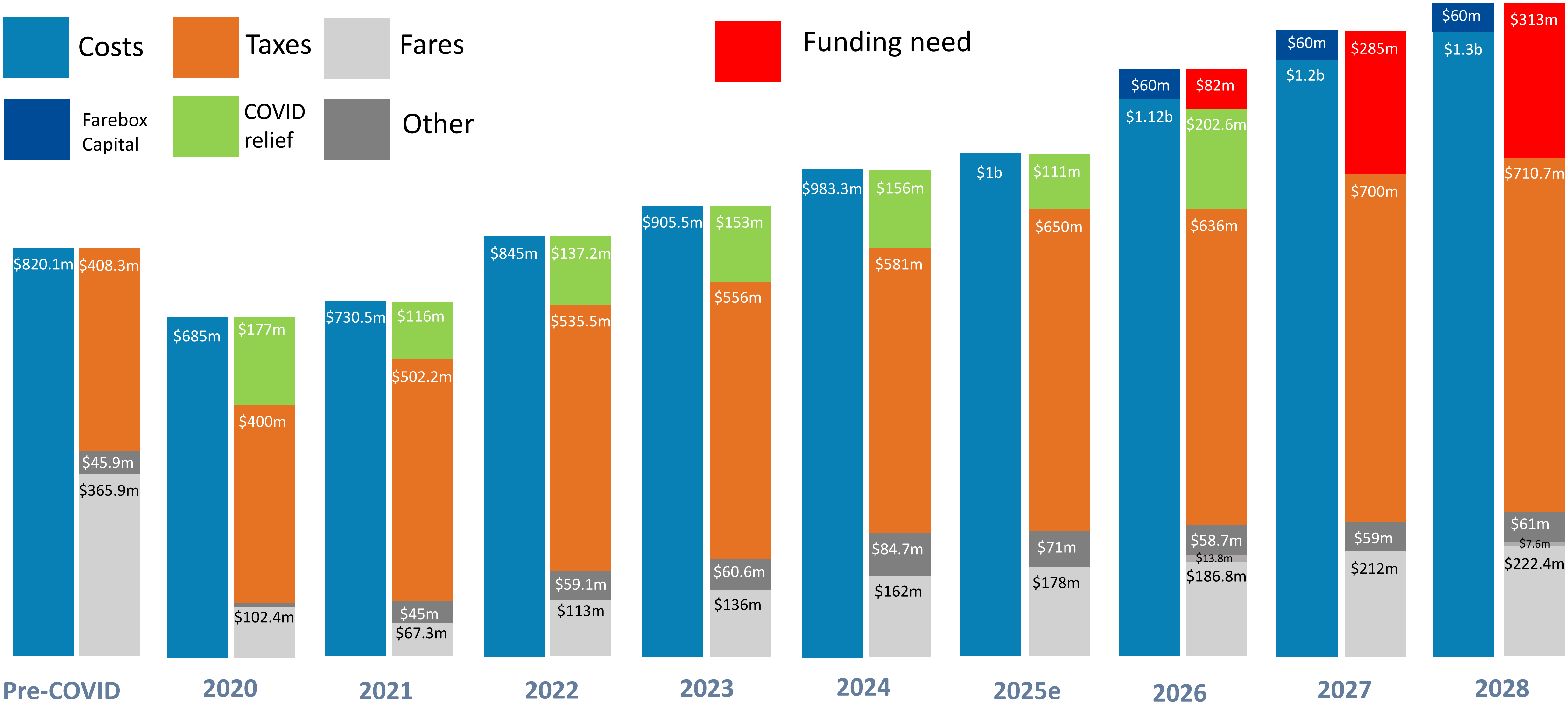


Source: Conductor Passenger Load Counts

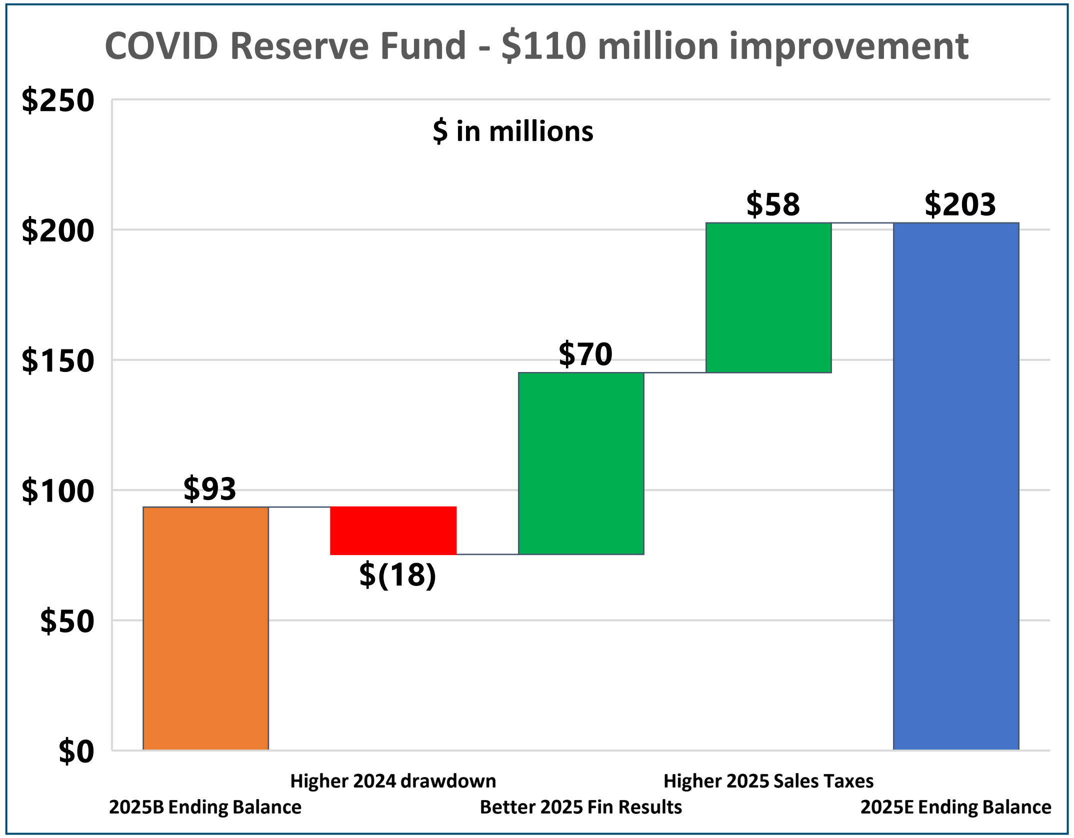
July 2025 Weekday Ridership Recovery:
65%

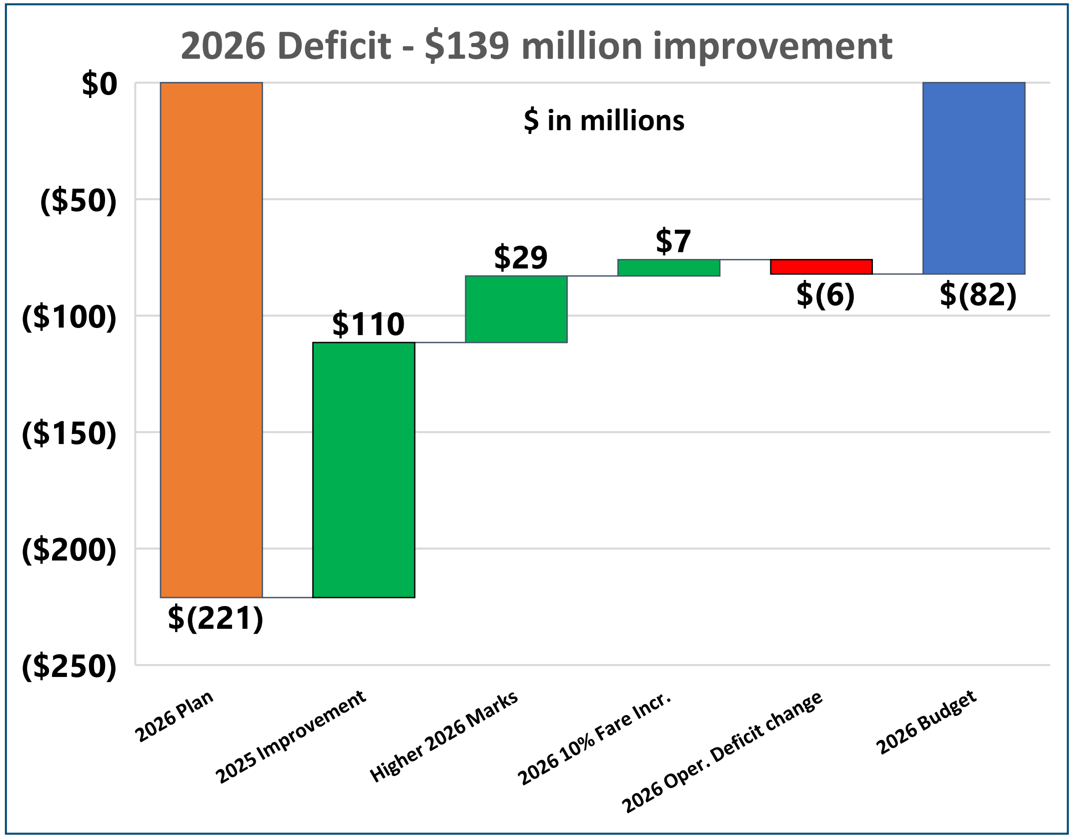
Chart updated through September 2025

HOW METRA USED COVID-RELIEF FUNDS THROUGH 2026



METRA'S FISCAL CLIFF IMPROVEMENT





2027 AND BEYOND – UNFUNDED SCENARIO

To close 2027 and 2028 deficits, sizable service cuts, fare increases, and other spending reductions are needed

Service reductions

- Service reduced by up to 40 percent systemwide
- 1 train per hour on weekdays
- 1 train every 2 hours on weekends
- Limited express service
- Potential elimination of ME Blue Island Branch service
- No trains before 6 a.m. or after 10 am

Potentially eliminate up to 267 weekday trains and 189 weekend trains

Corresponding reductions in Metra workforce

2027 TIMELINE - UNFUNDED SCENARIO

Schedules reflecting 40% service cuts in 2027 developed with public input in summer

2027 Budget including fare increase and 40% service cuts introduced for public comment

Public hearings on 2027 budget and Metra Board vote on budget and Service and Fare Equity Analysis

Fare increase and 40% service cuts implemented

MAY JUN JUL AUG SEP OCT NOV DEC JAN FEB

2026 2027

IMPACTS ON WORKFORCE – UNFUNDED SCENARIO

Federal WARN Act (and Illinois WARN Act if applicable) are both 60 days notice. Notice would be given as part of 2027 Budget and 2028-2029 Financial Plan process undertaken in Q3 of 2026. An actions would also need to be consistent with CBA's regarding protections.

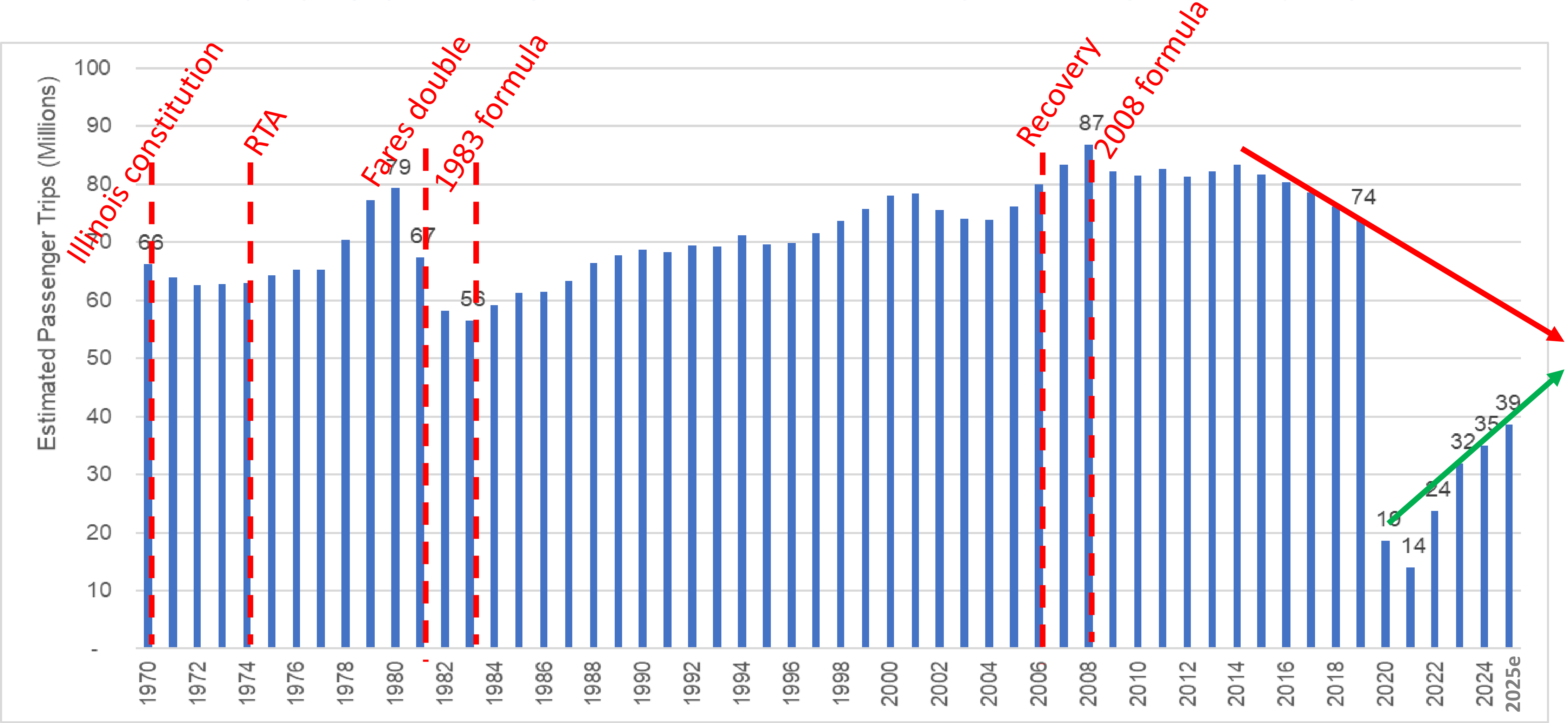
COORDINATION WITH OTHER TRANSIT PROVIDERS

- Metra's goal is to manage costs in 2026 such that no service actions are needed in 2026 to balance the budget.
- During 2026, Metra will work with RTA and the other service boards on the coordination of final service levels to maximize the amount of transit service available in 2027 and 2028 despite proposed service cuts.
- Focus will be to prevent potential "service holes".

EFFICIENCIES & COST REDUCTIONS

Efficiency / Cost Reduction	Amount (in millions)
Administrative	$10.5
Operations	$8.6
Reduction in Headcount	$4.5
Lower fuel costs for locomotives and support vehicles	$1.2
Total	$24.8

NE ILLINOIS COMMUTER RAIL RIDERSHIP 1970-2025



QUESTIONS?

Ad Hoc Meeting

October 3, 2025

Overview

For the past 40 years Pace has been efficient and fiscally responsible while serving our region's most transit-dependent populations

- ✓ Maintained balanced budgets
- ✓ Minimized service disruptions
- ✓ Implemented innovative service solutions to control costs

This continued as Pace was the first in the region to draw down and expend federal relief money.

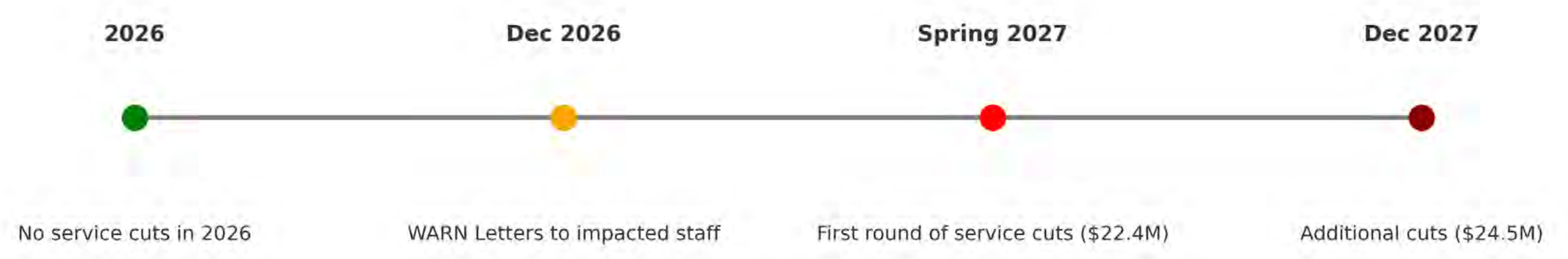
This was a strategic decision that allowed us to preserve our funding and operate through 2026 without any service cuts

Preparing for 2026 based on funding marks provided by RTA

- ✓ The proposed Suburban Service budget is balanced with status quo service levels
- ✓ For Regional ADA which is paid off the top by RTA, the proposed budget is balanced to the funding marks provided by RTA

Pace Suburban Service Cuts

- No service cuts in 2026
- WARN Letters to impacted staff in December 2026
- First round of service cuts implemented in Spring 2027 ($22.4M)
- If no funding solution is found, additional cuts beginning December 2027 to address additional FY2028 shortfall ($24.5M)



Regional ADA Paratransit Service Cuts

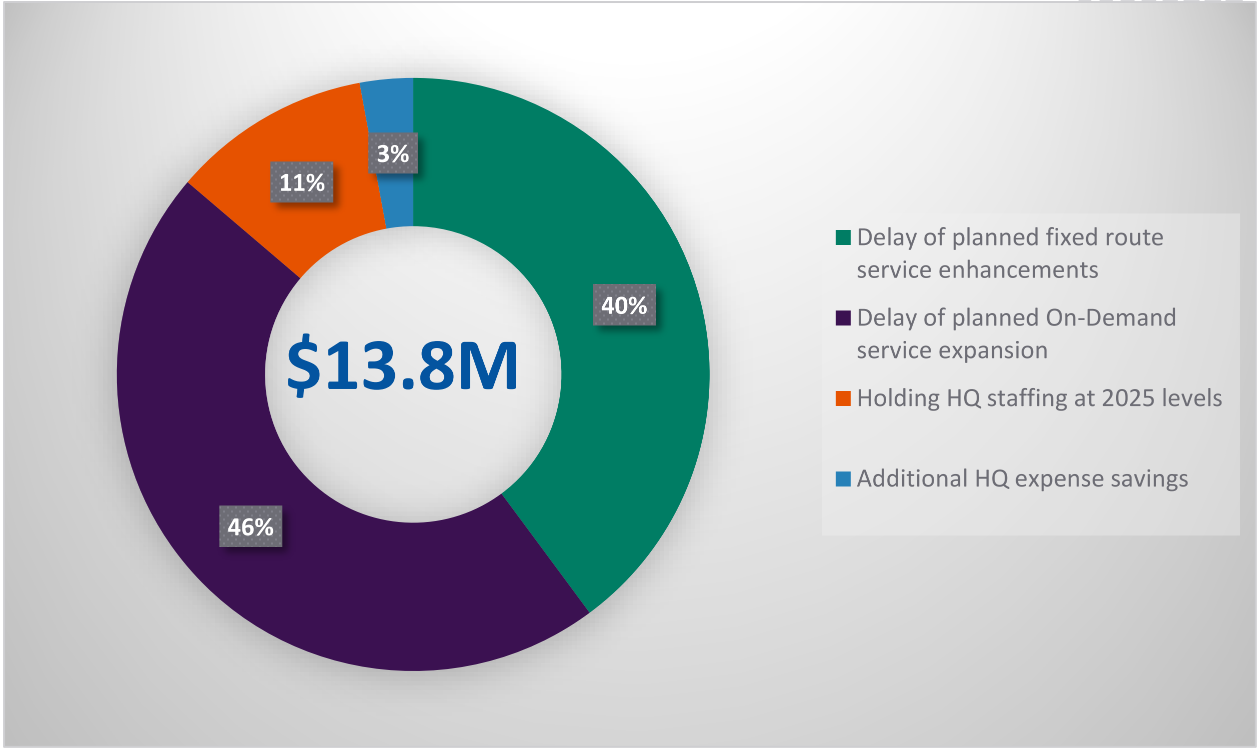
- Traditional ADA Paratransit is funded for the entire year
- TAP/RAP subsidy services will operate until funding runs out which we anticipate to be the end of March 2026 unless new funding is identified

Pace Efficiencies and Cost Savings

- Non-union hiring freeze – one-time savings of **$3M**
- South Division CNG Conversion - **$1.3M** annually
- Office space consolidation at Heritage Division Garage and Markham Acceptance Facility - **$0.4M** annually
- Service Efficiencies - **$20M** annually

2026 Pace Efficiencies and Cost Savings

- Delay of planned fixed route service enhancements - **$5.5M**
- Delay of planned On-Demand service expansion - **$6.4M**
- Holding HQ staffing at 2025 levels - **$1.5M**
- Additional HQ expense savings - **$0.4M**



2025-2028 Suburban Bus Proposed Budget (in millions)

	2025 Estimate	2026 Budget	2027 Plan	2028 Plan
Total Operating Revenue	**$49.2**	**$51.2**	**$49.8**	**$49.8**
Operating Expense	*$330.0*	*$348.0*	*$362.3*	*$382.4*
Budget Balancing Action	*$--*	*$--*	*($22.4)*	*($46.9)*
Total Operating Expenses	**$330.0**	**$348.0**	**$339.9**	**$335.5**
Funding Requirement	**$280.8**	**$296.8**	**$290.1**	**$285.7**
Public Funding	*$265.6*	*$257.0*	*$281.2*	*$285.7*
PBV Funding	*$15.2*	*$39.8*	*$8.9*	*$--*
Net Result	**$--**	**$--**	**$--**	**$--**

2025-2028 Regional ADA Proposed Budget (in millions)

	2025 Estimate	2026 Budget	2027 Plan	2028 Plan
Operating Revenue	$18.8	$16.2	$13.2	$13.9
Operating Expenses	$330.1	$296.3	$293.0	$317.0
Funding Requirement	**$311.3**	**$280.1**	**$279.8**	**$303.1**
Public Funding	$308.5	$280.1	$294.5	$308.6
Transfer from SCMF	$2.8			
Net Results	**$--**	**$--**	**$14.7**	**$5.5**

- TAP/RAP funded through April 1, 2026
- Without additional funding, TAP/RAP would be suspended

2026 ADA Paratransit Estimate by Service (in millions)

	2026 Budget – Full Year TAP/RAP			2026 Budget – 3 Months TAP/RAP		
	Traditional ADA	TAP/RAP	Total	Traditional ADA	TAP/RAP	Total
Operating Revenue	$12.5	$12.5	$25.1	$12.5	$3.7	$16.2
Operating Expense	$272.1	$82.5	$354.6	$272.1	$24.2	$296.3
Funding Requirement	**$259.6**	**$70.0**	**$329.6**	**$259.6**	**$20.5**	**$280.1**
Public Funding	$259.6	$20.5	$280.1	$259.6	$20.5	$280.1
Net Results	**$--**	**($49.5)**	**($49.5)**	**$--**	**$--**	**$--**
Base Ridership	2.8	3.6	6.4	2.8	1.1	3.9


Thank you
6357
pace