Meeting of the RTA Board of Directors

July 24, 2025

Welcome! Meeting Starts at 9 a.m.

Meeting Agenda: rtachicago.org

Regional Transportation Authority

1. Call to order

Pledge of allegiance

RTA Board of Directors meeting

- Roll call
- Approval of minutes

4. Public comment

5. Executive Director’s report

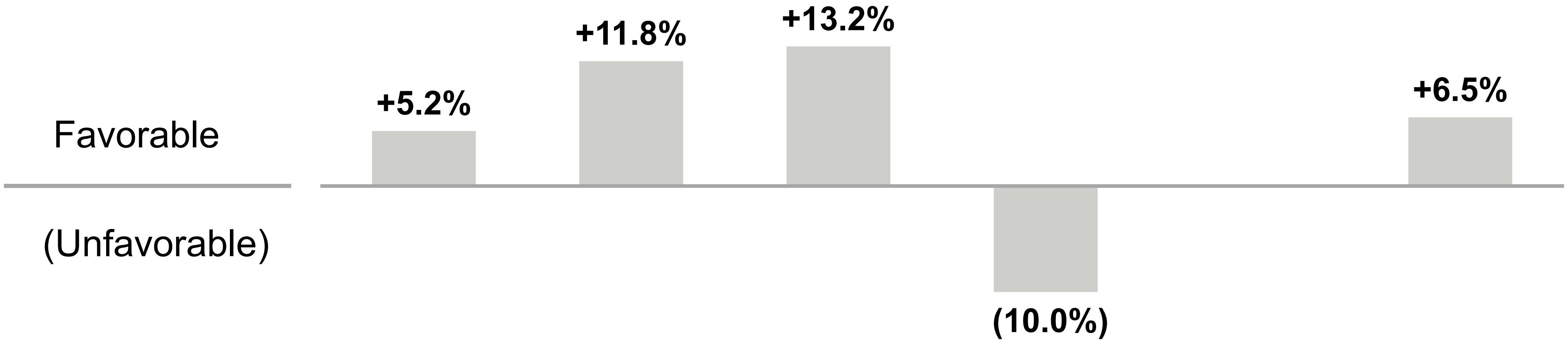
Legislative update

Today’s agenda

6. Information items

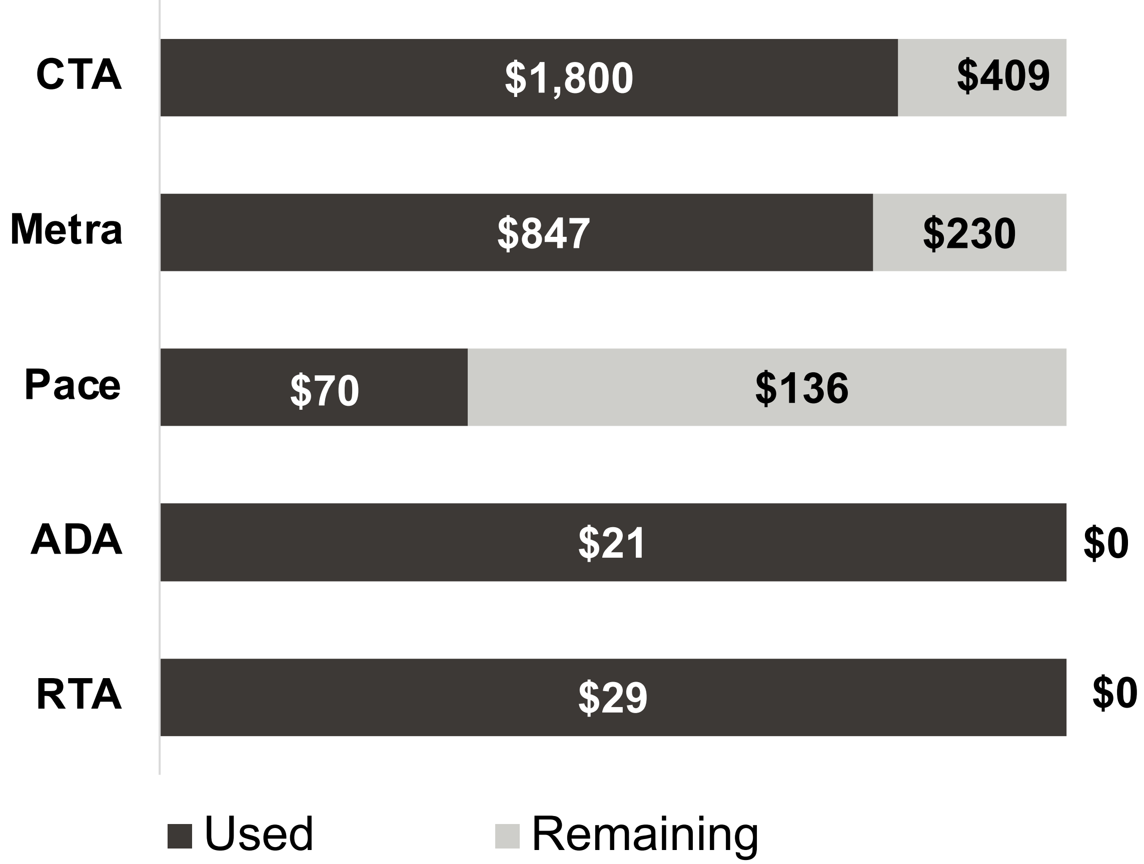
6a. Monthly Financial Results

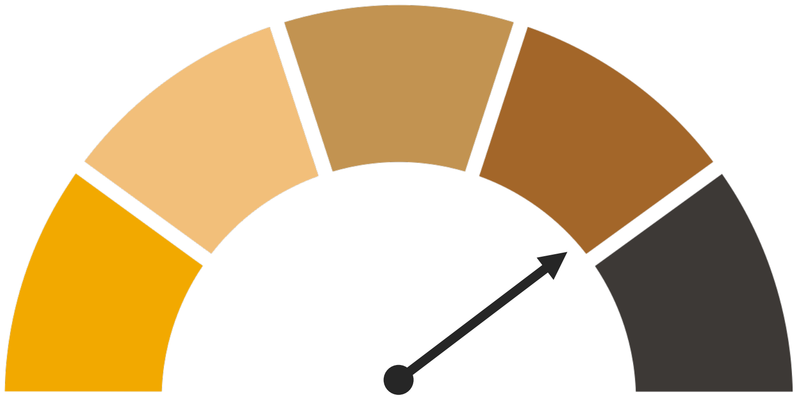
Operating deficit variances from budget
YTD through May 2025



	CTA	Metra	Pace	ADA	Region
Budget OD	($702.0)	($356.0)	($118.8)	($108.4)	($1,285.2)
Actual OD	($665.7)	($314.1)	($103.1)	($119.2)	($1,202.2)
Variance	$36.3	$41.8	$15.7	($10.8)	$83.0

Relief funding used
(in millions)





Region Total Used = **78.1%**

$2.766B of **$3.540B**

6b. Peer Transit Fiscal Cliff Update

SEPTA, Philadelphia: Going off the cliff this year

Fiscal Cliff: $240M deficit starting January 2025

Governor Shapiro provided a one-time infusion of $153M to SEPTA last year.

Agency and State actions:

- FY2025 Budget included 20% service cut and 21.5% fare increase
- PA Gov. flexed federal highway funds to temporary fill the budget shortfall
  - *Cost-cutting measures and a 7.5% fare increase*
- **No new funding was allocated to SEPTA during the spring 2025 legislative session**
- FY2026 budget includes 45% service cuts and 21.5% fare increases
  - *Cuts and fare increase phased beginning in Aug*

Current Status: Fiscal cliff was delayed but is here now.

BART, Bay Area: Temporary fix ending, time is running out

Fiscal Cliff: Annual deficit beginning in 2024, widening to >$500M by 2026

Agency and State actions:

- One-time stopgap of $5.1B to statewide transit in the FY2024 budget
- Remaining state funds expended FY2026, $376M gap starting July 2026
- FY2026 Budget included 6.2% fare increase and other cost-saving measures
- A ballot measure for a new transit sales tax could be voted on in November 2026 – too late to avoid service cuts
- Governor Newsom signed for a $750M loan to boost Bay Area transit with California's new state budget

Current Status: Fiscal cliff temporarily averted, due 2026

MBTA, Boston: Temporary fix, extended time for a solution

Fiscal Cliff: Approaching a $700M deficit starting 2026

Agency and State actions:

- Post COVID service cuts: peak-only service in 2020 after Covid pandemic, eliminated all ferry services; weekend commuter rail services; and 25 bus routes, cuts to support staff
- Fiscal cliff reached in 2020 with a deficit of $186M; increasing to $700M in 2026
- MBTA receives $1.5B annually in sales tax but revenues are growing slower than projected
- State task force recommends Fair Share revenue to fund MBTA operations, $1.2B over next two years coming to MBTA to cover cliff
- MBTA Board approved $3.24B operating budget that avoided service cuts by taking advantage of higher-than-expected revenues from the Fair Share income tax surcharge on higher-income households

Current Status: Fiscal cliff temporarily averted, due 2028

WMATA, DC: Temporary fix, extended time for solution

Fiscal Cliff: $750M deficit starting July 2024

Agency and State actions:

- WMATA passed proposed FY2025 budget with phased service cuts
  - *12.5% fare increase and hiring freeze*
  - *WMATA $95M saved from FY2024 plus $50M saved with efficiencies implemented starting 2024*
- One-time funding of $463M was allocated by DC, MD, VA governments in April 2024, preventing the budget deficit in the short term.
- Agency able to fund full service

Current Status: Fiscal cliff temporarily averted, due 2028

MTA, New York: Balanced budget, still work to do

Fiscal Cliff: Approaching fiscal cliff in 2023 with a budget deficit of $600M

Agency and State actions:

- MTA released a 5-year financial plan in 2023 with multiple steps to address fiscal cliff
    - *In 2023, New York state increased payroll mobility tax, while New York City increased funding for paratransit*
    - *MTA began identifying operating efficiencies to reduce expenses*
- In 2025, MTA will identify an additional $100M in operating efficiencies, targeting a total of $500M in annual savings
- A 5.5% toll increase and 4% fare increase generated $117M in 2023
- Congestion Pricing revenues are funding key capital projects across the system

Current Status: Stable operating budget, must continue to grow ridership

Peer Analysis – Key Findings

Timeline

- The RTA region has stretched its transit reserves and federal funding further than most peers.

Stopgap or Partial Funding

- Peer transit agencies have received at least short-term emergency funding from their states, except in Illinois.

Sustainable Funding

- New York MTA has sustainable operations funding in place.

Focus on Funding, Not Reform

- The primary focus of state legislatures across the country has been to shore up transit operations funding and not legislate sweeping reform.

6c. Discussion of HB 3438 –

The Sustainable Transit for Northern Illinois Act

How we got here

Changes in travel patterns post-pandemic

- **2022:** RTA first estimates fiscal cliff in *Transit is the Answer* strategic plan
- **2023:** CMAP affirms RTA projection in PART report
- **2024-2025:** RTA and legislature host dozens of hearings, meetings, events on fiscal cliff

Historic underfunding of transit

- ADA Paratransit: State appropriation covers 4% of the $250 million total
- Free and Reduced Fares: State appropriation covers less than 20% of the total cost of $150 million
- Since 2014, state has cut funding for transit by more than $400M

Proposed Transit Revenue and Reform

Several proposals for transit funding and reform introduced

- *Metropolitan Mobility Authority (MMA) Act* – new unified agency
- *United We Move* bill – empowered RTA
- *Transforming Transit* – empowered RTA

House & Senate bill reorganize transit system under new Northern Illinois Transit Authority

- 5 new directors appointed by Governor; chair chosen from Governor's appointments
- Key responsibilities shifted from CTA, Metra, Pace to new regional entity
- Different approaches to supermajority in House and Senate

HB3438 Revenue Summary

Proposed Source	Estimated Annual Yield (in millions)	PTF Match (in millions)
Climate Impact/Delivery Fee	$891	n/a
Transportation Network Company Tax	$150	$45
Regional Real Estate Transfer Tax	$131	$39
Subtotal	**$1,172**	**$84**
Total New Operations Revenue		**$1,256**

Potential Implementation Issues

- Potentially unstable and delayed funding
- Costs for new system responsibilities could impact service frequency and reliability
- New regional entity lacks discretion and ability to implement consequences
- Funding distribution is pre-determined for first several years
- Recovery ratio requirement remains unlikely to be met

Revenue Issues

Potentially unstable funding

- Concentrated reliance on climate impact/delivery fee

Potentially delayed funding

- Some new revenues may require approval by RTA or NITA board

- New regional entity may struggle to implement reforms and achieve progress on key goals (i.e. frequent and reliable service, safety, universal fare, coordination, etc.) without sufficient, sustainable revenue

Costs for NITA

New Proposed Priorities	Operating Expense Estimate (in millions)
Regional Police Force	\$150 - \$200
Expanded Fare Programs (income-based reduced fare, fare capping, etc.)	\$150 - \$175
Regional Transit Ambassadors	\$50 - \$60
Regional Dial-a-Ride	\$40 - \$50
Estimated New Expenses	**\$390 - \$485**

- High costs for new regional agency could impact service
- **Rider Impact:** Less revenue available to deliver frequent and reliable service – top rider priority

Regional Entity Authority

Limited authority for new regional agency

- NITA does not control significant discretionary funding for at least 6 years; no clear ability to incentivize operators to advance regional goals or identify specific process for maintaining accountability with service operators
- Authority remains limited to approval of the same three documents the current RTA approves: annual budget, 5-year capital program, and strategic plan
- Many new advisory committees and processes but they are not clearly linked to board action

Rider Impact: If gaps exist in transit network or an operator is not delivering planned service, NITA has limited ability to intervene and redirect resources in ways that benefit riders.

Operating Funding Distribution

Changing operating funding distribution

- New formula introduced for a six-year transition period before shifting to a service standards distribution model
- Set timing and lengthy transition to a service standards model could result in the fixed distribution largely staying in place for future years

Rider Impact: As communities change and service needs evolve NITA may struggle to incentivize operators to innovate and improve how service is delivered to riders.

Recovery Ratio

Recovery ratio requirement unlikely to be met

- Waiver from 50% requirement expires at end of 2025
- Proposal lowers requirement to 25% through 2029 but changes method for calculation
- Structure of requirement remains punitive with an associated financial penalty that hurts riders

Rider Impact: Riders experience less frequent and reliable service because NITA is paying stiff penalties for not meeting new requirement.

Other Potential Issues

- Limited bonding authority may constrain capital investment and jeopardize federal funding
- Timelines and process to develop service standards and plans not linked to budget
- Zero-emissions bus mandate could result in less available service
- Transit-supportive development language may be overly broad

What's Next

- **No clear timeline for legislative action**
  - Fall Veto Session – October 14-16 and October 28-30
- RTA continues to advocate for a swift, transparent, and inclusive process
- Outreach to legislative leaders, key stakeholders, and rider coalition

7. Action items

7a. Approval of the formation of an Ad Hoc Committee

7b. Appointment of RTA Pension Trustee

7c. Approval of travel expense reimbursement(s)

8. New business

Adjournment

The next meeting of the RTA Board of Directors is scheduled for **Thursday, August 21.**

Stay connected

rtachicago.org

transitistheanswer.org

Connections blog – rtachicago.org/blog

facebook.com/ChicagoRTA

instagram.com/@RTA_Chicago

threads.net/@rta_chicago

tiktok.com/@rta_chicago

twitter.com/@RTA_Chicago

youtube.com/RTAChicagoland

@rtachicago.bsky.social