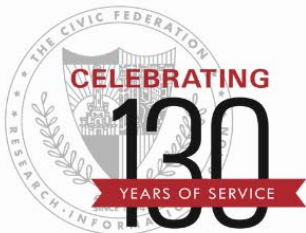


REFORMING MASS TRANSIT GOVERNANCE IN THE CHICAGO REGION



Executive Summary

Northeastern Illinois' mass transit agencies—CTA, Metra and Pace, which are overseen by the Regional Transportation Authority (RTA)—face a looming fiscal crisis. The transit agencies face an [estimated \\$730 million deficit](#) beginning in 2026 after federal pandemic relief funds are depleted. This represents approximately 20% of the system's operating budget and will continue to grow unless it is addressed. The revenue decline is largely due to reductions in farebox revenue as ridership has failed to return to pre-COVID 19 pandemic levels. Ridership is projected to increase to 349 million trips in 2024, but this is just [62% of the ridership level of 562 million](#) in 2019.

The current state of mass transit in Illinois impels a change to the governance structure that oversees the delivery of public transit services in the Chicago metropolitan region to improve service delivery and efficiency. Additional funding from the State of Illinois will be critical to resolving the crisis, but financial support must be linked with structural reforms that would provide a more centralized, efficient governance system that focuses on regional challenges and leverages regional opportunities. A more efficiently run regional transit system is also essential to creating pathways to opportunity and advancing equity goals for historically disinvested and disadvantaged communities.

The Civic Federation calls on Governor Pritzker, the Illinois General Assembly, the RTA and the service boards to take this once-in-a-generation opportunity to fully restructure its major mass regional transit system. Providing additional funding without first reforming the governance structure of the transit agencies would only lead to the continuation of flawed, inefficient transit services.

As a solution, the Civic Federation supports the integration of the three transit agencies with the Regional Transportation Authority into a single regional transit agency. This was one of two governance reform options presented in the [Plan of Action for Regional Transit \(PART\)](#), released in December 2023 by the Chicago Metropolitan Agency for Planning (CMAP), the [official regional transportation and land use planning agency](#) for the seven counties of northeastern Illinois. It was produced in response to the Illinois General Assembly calling on CMAP to develop recommendations for solutions to the fiscal crisis and operational and governance challenges facing the region's mass transit agencies.

In addition to identifying funding options, the PART report presented several options for governance reform, recognizing the critical connection between how transit agencies are governed and transit system outcomes. Two of the proposed options would create true structural and operational reform: 1) consolidation of the transit service boards into a centralized regional transit agency; and 2) maintaining the service boards to manage day to day operations, service decisions and local planning efforts, to be overseen by a regional coordinating agency that would develop region-wide policies, allocate funding and coordinate mobility planning. Both options would grant significantly greater power and authority to the Regional Transportation Authority (RTA), the existing government agency created by the State of Illinois to coordinate the operations of Chicago's multiple transit providers, than it currently

holds. However, the Civic Federation regards one of those two options —consolidation—as a comprehensive solution capable of addressing many of the existing operational inefficiencies while also solving for the calcified cultures, politics and bureaucratic competition dragging down our troubled system.

The two transit governance reform options recommended in the PART report would grant significantly greater power and authority to the transit oversight agency than the current RTA possesses. They would both require significant legislative changes to the existing RTA and Metropolitan Transit Authority Acts, which would be politically challenging. Both options, but centralization especially, would lead to a more effective utilization of transit resources, greater service coordination and improved customer service. The advantages of improved operational efficiency on a regional basis, rather than the current limited parochial basis, would outweigh the costs.

This report outlines existing obstacles faced by the Regional Transportation Authority and the benefits and challenges associated with each of the two reform options described in the PART report. In this moment of looming fiscal crisis and operational deficiency within our mass transit systems, the Civic Federation urges seizing the opportunity for true transformation and adopting centralized transit governance reform.

Challenges with Current Transit Governance System

There are several major problems with the current fragmented mass transit governance system in northeastern Illinois:

- The current system has failed to implement a regional vision or coordinated service implementation plans, instead prioritizing the narrow interests of the individual service boards. This is true even though the services offered by all three service boards complement and mutually reinforce one another.
- The distribution of transit funds is based on outdated formulas that fail to account for changes in transit utilization and has contributed to a zero-sum competition for resources among the service boards.
- The current governance structure with its multiple service boards, overlapping representation and divergent missions has led to a lack of accountability and transparency in decision making.
- The [role of the State of Illinois](#) in the Chicago metropolitan area's mass transit planning, operations and funding is very limited even though the State provides significant funding and service coordination with the transit agencies. This is in sharp contrast to other states where the state owns and operates transit infrastructure. The key reason for this limited approach is the longstanding [Chicago versus downstate political divide](#) in Illinois.
- The current system has failed to implement potential cost saving opportunities through coordinated purchasing and unified back-office services such as human resources, lobbying, auditing and related functions. Consolidating the four separate governments could save as much as \$200 to \$250 million in annual savings, according to the consulting firm Slalom.

Benefits and Challenges with the Two Transit Governance Reform Options

As outlined in the PART report, the first governance reform option, a centralized regional transit agency, would be a major shift from the current decentralized model and could be politically difficult to implement. It could provide the following **benefits**:

- More effective implementation of regional strategies, priorities and goals;
- Less siloed decision making;
- Better regional mobility with system-wide service planning and operating;
- Less duplication or disconnection in service; and
- Significant long-term cost savings.

However, there are a number of **challenges** that this approach would face:

- Merging existing service boards and their operating systems may take some time;
- The front-end transaction costs of merging the three service boards could be significant;
- There is uncertainty about the fiscal and operational impacts of merging pension systems, labor agreements and outstanding debt; and
- Assessing potential costs or savings would require further analysis and significant stakeholder engagement to ensure success.

The second governance reform option in the PART report, a regional coordinating agency, would be a less comprehensive reform of the current governance system. It could provide the following **benefits**:

- Providing substantial accountability and oversight to the service boards;
- Ensuring that local input and institutional knowledge would be retained by maintaining the three service boards;
- Maintaining valuable relationships with stakeholders and expertise about planning and operating different forms of transit;
- Guaranteeing that professional assets in the current system would continue to benefit the region.

However, this option would also face a number of **challenges** that could impact the effectiveness of regional coordination:

- Needed reforms could face implementation barriers if the regional entity lacks sufficient authority and resources;
- Adjustments to voting structures, appointing authorities and clearly defined allocations of which responsibilities rest with which entity would need to be defined;
- Existing contracts would likely need to be revised related to new responsibilities for the coordinated agency; and
- Historic political tensions could continue to divide stakeholders and impede progress.

Current Governance of the Regional Transportation Authority (RTA)

The Regional Transportation Authority (RTA) is the agency that oversees public transit in the Chicagoland region of northeastern Illinois. The RTA is a unit of local government of the State of Illinois created in 1974 by referendum in the six most populous counties of the northeastern Illinois region: Cook, DuPage, Kane, Lake, McHenry and Will counties. Initially the RTA had an oversight role over CTA and suburban transit and operated contracts with private commuter rail and suburban bus systems, but the CTA retained operations of City rail and buses. However, in 1983, in response to a financial crisis faced by the RTA and its service boards, the Illinois legislature [reorganized the RTA](#) as a planning, funding and oversight entity. The State also provided significant state financial assistance and mandated a supermajority voting requirement for the RTA Board for decisions. The reorganization split operating responsibilities among three service boards, each of which was given an independent board of directors:

- The **Chicago Transit Authority (CTA)** provides bus and rail service to the City of Chicago and [35 surrounding suburbs](#) within Cook County.
- The **Commuter Rail Division, or Metra**, provides rail transit service to the six-county area, with most transit riders residing in the suburban metropolitan area and commuting into the City of Chicago.
- The **Suburban Bus Division, or Pace**, provides bus services to suburban communities and some limited service within the City of Chicago. It also provides paratransit services in the region.

In 2008, a [series of reforms](#) approved by the Illinois General Assembly gave the RTA new enhanced authority for strategic planning, performance management and capital programming. CTA, Metra and Pace budgets and long-term financial plans are supposed to be consistent with the RTA's regional transit plan's goals and objectives. The RTA was supposed to guide regional transit planning through its strategic plan. But this has not occurred to the degree envisioned by the legislation.

In 2013 [Senate Bill 1594](#) proposed a merger of the Regional Transportation Authority and the Chicago Metropolitan Agency for Planning (CMAP). The intention was to eliminate duplicative administrative functions and ensure better coordination of regional transportation planning and operations. The effort was not successful.

Overall, the RTA has a dual function as both a regional transit organization and a metropolitan planning organization. As a regional planning organization, it controls the distribution of funding for its constituent service boards. Research by the [Eno Center for Transportation](#) has concluded that the RTA has little power to enforce planning or funding decisions. Thus, it is not powerful enough to successfully develop and pursue regional goals.

The [RTA Board's planning, funding and oversight responsibilities](#) include:

- Adopting an annual budget, a two-year financial plan and a five-year capital plan;
- Allocating funds to the three service boards and monitoring their performance;

- Developing system-wide plans and service standards;
- Coordinating service among rail, bus and paratransit modes of transportation; and
- Ensuring compliance with federal and state regulations.

The service boards manage operations in their respective jurisdictions. The table below shows the number of Chicago area transit board members per agency and their method of appointment. There are four boards with a combined total of 47 members appointed by 12 elected officials.

CURRENT CHICAGO AREA REGIONAL TRANSIT GOVERNANCE		
Agency	Board Size	Appointment
RTA	16	5 - Mayor of Chicago 4 - Suburban members of Cook County Board 1 - President of Cook County Board 5 - Chairman of Each Collar County Chair elected from outside the Board by at least 11 of the 15 appointed members, with at least 2 affirmative votes from Collar County directors
CTA	7	4 - Mayor of Chicago 3 - Governor of Illinois
Metra	11	6 - County Board Executives 4 - Suburban Members of Cook County Board 1 - Mayor of Chicago Chair elected by vote of the Board
Pace	13	6 - Suburban Members of Cook County Board 5 - Chair of Each Collar County 1 - Commissioner of the Mayor's Office for People with Disabilities for the City of Chicago 1- Chair (appointed by majority of Collar County Chairs + suburban Cook County Board members)

Governance Challenges

Governance of the Chicago metropolitan region transit system has a direct impact on how the system establishes operational priorities and funding strategies. The [Eno Center's 2014 analysis of the Chicago region's transportation system](#) concluded that the fragmented transit governance structure in the Chicago region was inefficient and that this inefficiency has led to suboptimal performance outcomes.

The [2023 PART report](#) identifies five challenges currently facing the Chicago region's transit system governance. They are summarized below.

Decision making: While there has been progress over time in fostering regional coordination among the service boards, efforts have fallen short. Decisions continue to be made and priorities set in a decentralized way. They lack a coordinated region-wide vision and a plan for implementation. For example, decisions regarding the long-term policy goal of regional fare integration are siloed. The goal of a seamless, coordinated regional fare system remains elusive, even though that is a service that is standard in most other transit systems in the U.S. and around the world.

Funding allocation: The current statutory required funding allocation for transit operations is rigid and based on long established, outdated formulas that do not necessarily reflect actual or emerging needs of customers and the systems or changes in transit usage. The funding structure incentivizes silos and competition among the service boards.

Service coordination: Each of the three service boards has a very different mission, service area and constituency. They independently make decisions about how to operate. Consequently, the boards focus on meeting each system's goals without considering regional impacts. There is a decided lack of focus on region-wide coordination of service.

Accountability: It is difficult to ensure accountability to the public because of the complex, decentralized nature of transit governance, the difference in missions of each transit agency and the overlapping jurisdictions of the service boards. It is not always clear which agency has the ability or authority to plan or implement transit investments.

State and Regional Roles: The State of Illinois provides significant funding to the regional transit boards. The success of mass transit is critical to the entire Illinois economy. The State owns many of the roads on which buses run and multiple transit rail lines operate alongside State operated expressways. Yet, the [role of the State of Illinois](#) in the Chicago metropolitan area mass transit planning, operations and funding is very limited. This has inhibited the ability to coordinate planning, seek more efficient mobility outcomes and consider more effective resource options and distribution. This is in sharp contrast to other states where the state owns and operates transit infrastructure. The key reason for this limited approach is the longstanding [Chicago versus downstate political divide](#) in Illinois.

Options for Transit Governance Reform

As noted above, the PART report includes two recommendations for reforming the Regional Transportation Authority's governance structure: a centralized regional transit agency and a regional coordinating agency. Both options would grant significantly greater power and authority to the oversight agency than the current RTA possesses.

Both approaches would require significant legislative changes to the existing RTA and Metropolitan Transit Authority Acts. This includes changes to existing funding formulas, ensuring that the regional entity has adequate authority and resources to effectively implement

regionally based approaches to transit service delivery, as well as revisions to rules and procedures for the regional board and either advisory committees or service boards that would emphasize regional priorities over parochial interests.

The PART report emphasizes that the State of Illinois should base reform of the current governance system on the following priorities:

- Implement a more centralized, regional approach to coordinating and implementing transit functions.
- Provide the regional agency with the authority and resources to successfully implement its responsibilities, including greater review authority over systemwide budgeting.
- Prioritize regional goals and decision making rather than rigid statutory funding formulas.
- Once ongoing baseline operational and capital investment needs have been met, the regional agency should be allowed greater discretion over how additional funds are allocated to advance regional goals.
- Provide a greater role for the State of Illinois in regional transit decision making and funding as in other states.
- Integrate more regional perspectives in the selection of board members.
- Ensure that board members reflect the service area's population, ridership and funding sources. Board appointees should have diversity in expertise, geographic representation and involvement with the transit system.
- Provide opportunities for local input, including ongoing communication with local governments to ascertain their issues and needs.
- Reform board appointment and voting structures to overcome parochialism and advance region-wide priorities.

Option 1: Integrated Agency Option

This proposal would create a centralized regional transit agency. The regional entity would manage all system-wide administrative functions such as human resource management, selection of executive staff, communications, procurement, pensions and labor negotiations. In addition, the regional entity would manage several transit functions, including: systemwide fare policy, funding allocation as well as capital and service planning. The operating units (called service committees in the chart below) would be responsible for day-to-day operations.

Integration:
INTEGRATED AGENCY OPTION
REGIONAL ENTITY
Regional Board + Agency Executive

- Regional Transit Functions**
- Fare Policy
 - Financial Stewardship
 - Capital Planning
 - Capital Funding
 - Service Planning
 - Strategic Planning

- Regional Corporate Functions**
- HR & Administration
 - Selection of Agency Executives
 - Pensions
 - Procurement
 - Communications
 - Labor Negotiations

Service Committee

Chicago Transit Authority

Transit operations
Daily service decisions

Metra

Transit operations
Daily service decisions

Pace

Transit operations
Daily service decisions

Pace/Paratransit On Demand

Transit operations
Daily service decisions

Source: Chicago Metropolitan Agency for Planning. Plan of Action for Regional Transit for Northeastern Illinois, p. 105

The table below summarizes the benefits of an integrated regional transit system as well as concerns with implementing that approach.

A centralized transit agency could:

- Make possible the effective implementation of regional strategies, goals and priorities by centralizing decision-making.
- Prevent progress from being delayed or blocked by parochial interests and siloed decision-making.
- Promote greater regional mobility by coordinating service planning and operating across the entire transit network in northeastern Illinois rather than having service being administered by separate entities.
- Reduce duplication of effort or service disconnections by centralizing administration of service planning and operations.
- Generate long-term cost savings by consolidating procurement and office space and optimizing service planning and operating.

However, there are several issues that would have to be addressed with a consolidated governance approach.

- It would take years to merge the existing service boards and create a unified administrative structure. Effectively consolidating three entities with different cultures, histories, stakeholders and processes would be challenging.
- The upfront cost of creating an integrated transit governance structure could be significant.
- There would be significant uncertainty about the fiscal and operational impacts of consolidating the transit system's outstanding debt, pensions, labor negotiations and other contracts. These would need to be analyzed to mitigate risk and deal with potential unintended consequences.
- Successfully addressing issues related to evaluating costs or benefits of consolidation would require additional analysis and significant stakeholder engagement.

BENEFITS AND CONCERNS WITH INTEGRATION AGENCY OPTION	
Benefits of Option One	Concerns with Option One
More effective implementation of regional strategies, priorities and goals	Merging existing service boards would take years
Less siloed decision making	Up-front merger costs could be significant
Better regional mobility with system-wide service planning and operating	Uncertainty about fiscal and operational impacts of merging pension systems, labor agreements and outstanding debt
Less duplication or disconnection in service	Assessing potential costs or savings will require further analysis and significant stakeholder engagement
Long Term Cost Savings	

Source: Chicago Metropolitan Agency for Planning. Plan of Action for Regional Transit p. 108.

Option 2: Empowered Coordinating Agency

A second option would create a regional coordinating agency that would have greater authority and resources than the current RTA board to develop region-wide policies, allocate funding and coordinate mobility planning. Specifically, the coordinating agency would be responsible for:

- **Fare Policy:** Setting fare and transfer policies, choosing payment technologies and establishing fare revenue distribution policies.
- **Financial Stewardship:** Overseeing financial functions, setting and evaluating operational efficiency standards and progress on system-wide goals.
- **Regional Service Planning:** Coordinating the region’s bus, rail and paratransit service planning.
- **Funding Allocation:** Collecting system-generated revenues and state or federal funding and allocating discretionary funds to meet regional priorities and goals.

The three service governing boards would be maintained, but their responsibilities would change as certain authority would shift to the coordinating agency, as outlined above. They would be in charge of day-to-day transit operations, service decisions and local planning efforts.

The agencies would continue to select their executives; manage human resources; administer pension, budget and procurement functions; and negotiate collective bargaining agreements.



Source: Chicago Metropolitan Agency for Planning. Plan of Action for Regional Transit for Northeastern Illinois, p. 106

The next table summarizes the benefits of an integrated regional transit system and concerns with implementing that approach.

An empowered regional coordinating transit agency approach could:

- Provide substantial accountability and oversight to the service boards.
- Ensure local input and retain institutional knowledge by maintaining the service boards.
- Sustain valuable relationships the service boards currently have with stakeholders and expertise about planning and operating different forms of transit.
- Ensure that professional assets embedded in the service boards continue to benefit the region.

However, the PART reform outlines concerns with the regional coordination approach:

- Needed reforms could face implementation barriers if the regional entity lacks sufficient authorities and financial, personnel and technological resources. State mandates for regional transit will fall short if the implementers are not empowered to enact reform.
- Adjustments to voting structures, appointing authorities and clearly defined allocations of which responsibilities rest with which entity may be necessary.
- Existing contracts may need to be evaluated and revised to meet the new responsibilities of the coordinated regional transit agency.
- Historic tensions may continue to divide stakeholders and impede progress. Dynamics between multiple boards may continue to challenge regional decision-making and funding allocation. Consequently, governance reform must be inclusive of perspectives from a wide range of stakeholders and efforts should be made to prevent silos on governing boards.

BENEFITS AND CONCERNS WITH EMPOWERED COORDINATED AGENCY OPTION	
Benefits of Option Two	Concerns with Option Two
Could provide substantial accountability and oversight to the service boards	Needed reforms could face implementation barriers if the regional entity lacks sufficient authorities and resources
Maintaining the service boards would ensure local input and maintain institutional knowledge	Adjustments to voting structures, appointing authorities and clearly defined allocations of which responsibilities rest with which entity may be necessary
Service boards have valuable relationships with stakeholders and expertise about planning and operating different forms of transit	Existing contracts may need to be revised related to new responsibilities for the coordinated agency
Maintaining their current structure may ensure that these professional assets continue to benefit the region.	Historic tensions may continue to divide stakeholders and impede progress

Source: Chicago Metropolitan Agency for Planning. Plan of Action for Regional Transit p. 109.

Conclusion

Failure to provide financial assistance to sustain Metra, the Chicago Transit Authority and Pace could lead to deep, irreversible service cuts that would have a major negative impact on the Chicagoland regional economy, with potentially debilitating effect on historically disinvested communities for whom public transit is most critical to economic opportunity. However, providing more funding without significant governance reform would fail to address longstanding operational and accountability problems that have plagued the transit system since its inception. Citizens want and deserve guarantees that funding increases for government programs will lead to better service outcomes. They want assurances that money is going to be spent efficiently and effectively. In the case of mass transit, this will require substantial reform of the current siloed governance and decision-making process that prioritizes the individual priorities of service boards, or transit providers, over regional priorities.

As the financial cliff faced by Northeastern Illinois' mass transit agencies grows closer, it is imperative the General Assembly consider not just funding solutions but also necessary governance reforms to ensure Illinois' transit systems operate with optimum service delivery, efficiency and effective use of taxpayer dollars. The Civic Federation urges the General Assembly to adopt substantive governance reforms that would consolidate the Regional Transportation Authority and service boards into a single centralized regional transit agency. Funding allocations to the service boards meant to alleviate financial shortfalls created by the forthcoming fiscal cliff should not be provided by the State without a centralized plan for transit governance. We encourage the state to consider what optimal transit operations might look like in Northeastern Illinois and make decisions now that will both be financially prudent and bring improved mass transit service to the region and its residents for generations to come.