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October 10, 2025

To: Farzin Parang
Executive Director
BOMA/Chicago

Jack Lavin
President & CEO
Chicagoland Chamber of Commerce

Joe Ferguson
President
Civic Federation

Lou Sandoval
President & Chief Executive Officer
Illinois Chamber of Commerce

Michael Jacobson
President & CEO
Illinois Hotel & Lodging Association

Mark Denzler
President & CEO
Illinois Manufacturers' Association

Rob Karr
President & CEO
Illinois Retail Merchants Association

Maurice Scholten
President
Taxpayers' Federation of Illinois

RE: Memo to the RTA Ad Hoc Committee on Transit Funding and Urgency of Meaningful Transit Reform and Funding Solutions

Thank you for your partnership and support in pursuing sustainable funding and reform for Chicago's regional transit system as the system approaches a fiscal cliff. As your letter highlights, public transit is vital to the economy of the entire state and more frequent, reliable service would be a boon for all Chicagoland communities.

FISCAL CLIFF UPDATE

At the [October 3rd meeting of the Ad Hoc Committee on Transit Funding](#), RTA worked with CTA, Metra, and Pace to update the preliminary funding shortfall for 2026 and projections for both 2027 and 2028 as part of its annual budget process. A budget task force made up of finance and planning staff from RTA, CTA, Metra, and Pace has met seven times since July and projects an estimated preliminary budget gap of approximately \$200 million in 2026 that will increase to \$790 million in 2027 and \$888 million in 2028 without new state funding.

Higher-than-expected RTA sales tax revenue starting in 2025 and short-term cost saving actions have reduced the 2026 shortfall as the transit agencies work to

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delay rider impacts, but fare increases, service cuts, and staff layoffs are still expected in 2026 absent new revenue, and these rolling cuts will worsen in future years. For more information on the latest cliff projection and potential 2026 and 2027 cuts, see the RTA's [Fiscal Cliff Update Fact Sheet](#) and [Regional Transit Fiscal Cliff Hub](#).

KEY TOPICS

Following are responses to the questions and comments raised in your letter from September 29, 2025.

- **Efficiencies and Cost Savings:** Chicago's regional transit system consistently ranks as [one of the most efficient in the nation](#), with CTA, Metra, and Pace meeting or exceeding their peers on key metrics like operating cost per mile and operating cost per passenger trip. As we sought additional funding from the state to address the structural funding gap, we committed to going further and have identified [more than \\$63 million in efficiencies](#) and cost savings from coordinated fuel and power purchases, staffing freezes, delaying planned service expansions, and other actions. RTA, CTA, Metra, and Pace will continue to work together to identify efficiencies and ensure they are achieved in the regional budget on an annual basis.
- **Revenue Analysis:** RTA conducted analysis of the operating revenue included in HB 3438 soon after the bill was introduced in the closing days of the spring legislative session, which concluded that the bill did not include sufficient new funding to address the fiscal cliff. This analysis was quickly shared with leaders in the General Assembly and contributed to changes in the final version of the bill that passed the Senate and included an estimated more than \$1 billion in new operating revenue. Since the end of the spring session, RTA has continued to analyze revenue options, [sharing and discussing our analysis publicly with riders, stakeholders, and elected officials](#). Earlier in the fiscal cliff planning process in the release of the [regional transit strategic plan in 2023](#), RTA shared a menu of 11 top revenue options analyzed on key factors like stability, equity, timeline for implementation, and potential yield, highlighting how some options like congestion pricing and tolling have the ability to positively affect both ridership and revenue. RTA has consistently avoided advocating for a specific revenue package or favoring one option over another, believing those decisions are best left to members of the General Assembly.

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- **Fare Changes:** The RTA has directed the Service Boards to incorporate a [systemwide 10% fare increase that will take effect in February 2026](#). This increase is projected to raise \$45-\$50 million and contributes to the reduction in the system's projected fiscal cliff for 2026.
- **Public Safety Strategy:** RTA, CTA, Metra, and Pace continue to coordinate additional investment in safety and security strategies on transit stops, stations, and vehicles. A comprehensive strategy requires additional investment and close partnership and coordination with state and municipal law enforcement agencies. RTA's *Transforming Transit* legislative proposal envisions a regional transit ambassador pilot program to supplement police and security forces and provide rider education and assistance and more "eyes and ears" on vehicles and at stations.
- **Cost Estimates for HB 3438:** Over the summer the RTA completed cost estimates for the mandatory new initiatives included in HB3438 and discussed and shared these estimates in public meetings with [the RTA Board](#) and [Transit is the Answer coalition of riders and stakeholders](#). The analysis found an estimated \$390 to \$485 million in new annual costs from a regional police force, expanded fare programs (income-based reduced fare, fare capping, etc.), regional transit ambassadors, and regional dial-a-ride. If these expenses are paid for out of the operations budget as proposed in the legislation, this could affect revenue available to deliver more frequent and reliable mainline services across the region, which riders frequently identify as their top priority.
- **Potential Cuts:** The [October meeting of the Ad Hoc Committee on Transit Funding](#) focused on the potential consequences of projected operating budget shortfalls in 2026 and 2027 if no new funding is enabled. A budget task force made up of finance and planning staff from RTA, CTA, Metra, and Pace now projects an estimated preliminary budget gap of approximately \$200 million in 2026 that will increase to almost \$790 million in 2027 and almost \$890 million in 2028 without new state funding. CTA could face a 25% service cut later in 2026, the scale of which could be up to 39 bus routes eliminated, one entire L line closed, and some mid-day, late-night, early, or overnight service eliminated. By early 2027, CTA estimates it may be forced to cut as many as 1,800 union and non-union positions, with many layoffs beginning in the summer of 2026. Cuts to the ADA Paratransit service area, as well as the rideshare and taxi access programs – referred to as RAP and TAP – are also expected. Since it is a regional system, when one operator is forced to cut service, all four

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agencies will need to coordinate on the impacts. Service Board reserves, including any remaining federal relief funds will be exhausted by 2027, with a projected funding gap of approximately \$790 million that will grow in 2028. Without state action, the region will face rolling service cuts and layoffs reducing transit by up to 40%.

- **Capital Planning:** The RTA is currently working with CTA, Metra, and Pace on the Five-Year 2026-2030 Capital Program, which will be released in draft form in November and is scheduled to be voted on by the RTA Board in December. The program will include updates on the performance-based capital allocation method used to apportion PAYGO funds and federal formula funds beginning with the 2025 allocations. It will also include updated capital project evaluations and a review of capital funding by priority projects for each of the Service Boards.
- **Fiscal Cliff Hub:** The RTA is continually updating the [Regional Transit Fiscal Cliff Hub](#) to be as current and transparent as possible with lawmakers, riders, and the public as the fiscal cliff approaches. This will include regular updates of the timing and consequences of the fiscal cliff for the regional transit systems, including recent updates provided at the [October meeting of the Ad Hoc Committee on Transit Funding](#).

We appreciate your continued feedback. Please do not hesitate to reach out with additional thoughts or questions. We are happy to meet one-on-one or as a group with you and your members as the budget process moves forward and the fiscal cliff approaches. We look forward to continuing to work together to build a stronger public transit system for all who rely on it.

Sincerely,



Kirk Dillard
Chairman, RTA Board

Cc: Nora Leerhsen, CTA Acting President
Jim Derwinski, Metra CEO and Executive Director
Melinda Metzger, Pace Executive Director