Brief History of the Evolution of the RTA in Northeastern Illinois

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A Product of Financial Crisis

RTA was born out of financial crisis

RTA was reformed out of financial crisis
Late 1960s Early 1970s

- CTA, controlled by Chicago, is in Financial Trouble
  - Difficulty covering its capital debt
  - 1969/70 Dan Ryan and Kennedy rapid transit lines added to operating deficits
  - 1971 failed to recover operating cost from fares

- Private Commuter Rail Operations and Suburban Bus Systems also financially challenged

- Public funding debate begins
1972 to 1973

- Governor Ogilvie Task Force Recommend a Regional Authority but retained CTA

- Suburban Legislators Proposed One Regional Operating Authority

- Referendum set on the RTA
1974 RTA Referendum Passes

- Barely achieves 50+percent of vote
- RTA: Oversight & Operator
  - Taxing authority (5% gas tax)
  - Operating contracts
    - Commuter railroads
    - Suburban transit systems
- Chicago Transit Authority operated
  - Rapid Transit Lines
  - City bus system
RTA Governing Board

- 4 City of Chicago
- 4 Suburban
- Chairman elected by Board
  - Chicago cuts deal to control

Suburban Perception:
Controlled by Chicago to save CTA with Suburban tax revenue
1974 to 1981

- CTA cost continue to escalate
- 1979 RTA short of operating funds
- Differential sales tax replaces RTA gas tax and state subsidies
  - 1% in Cook County and ¼% in the collar counties
1981 to 1983 Doomsday Arrives

- Double digit inflation nationwide

- Sales tax revenue lagged legislative projections

- Legislature blamed RTA & CTA management.
  - Did nothing to advert doomsday

- Massive Fare increases & service cuts
  - RTA imposed 100% increase in fares on Commuter Rail
  - Suburban Bus cuts & some complete shut downs
  - CTA – 50% fare increase and severe service cuts
1983 Chicago & Suburban Mayors Legislative Deal

Financial Package
- New State Assistance
  25% match
- Retained differential sales tax (new formula)
- 50% Fare Box Recovery Ratio Mandated

Structural Reforms
- RTA Budget Powers
- Supermajority Voting – in effect Chicago veto
New RTA Governance Board

- 5 City of Chicago
- 7 Suburban
  - 4 Suburban Cook
  - 2 Collar Counties (other than DuPage)
  - 1 DuPage
- Chairman selected from outside of the Board by supermajority vote

- CTA Controlled by Chicago Mayor
- Metra Commuter Rail
- Pace Suburban Bus

Suburban Controlled
2004 – 2008 Prelude to Crisis

- Operating cost growth exceeded inflation
  - ADA Paratransit Growth
  - Fuel Prices Jumped
  - Claims & Insurance

- Had to capitalize operations to pay for funding shortfalls
  - Fed Capital $ funded operations through preventive maintenance loop hole

- CTA Pension Fund heading to bankruptcy
Every crisis requires some reform

- Expanded RTA
  - 5 Chicago, 5 Suburban Cook, 5 Collar Counties
  - Supermajority election of Chairman
  - City retained effective veto over RTA Board actions

- RTA Powers Better Defined
  - Auditing
  - 10 year financial forecast
  - Strategic Planning
  - Performance Measures
  - Capital Budgeting
  - Marketing Coordination
2007-2008 Legislative Action

- Financial Package
  - Across the board ¼% increase in RTA differential sales tax
  - Chicago forced to increase real estate transfer tax for CTA
  - State subsidy match increased to 30%

- Asked for $400 million and got $500 million
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Getting to the Route of It
THE ROLE OF GOVERNANCE IN REGIONAL TRANSIT