



Civic Federation Position Statement

May 26, 2005

Civic Federation Urges Immediate State Action on CTA Funding

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The Civic Federation announces its support for House Bill 1663, sponsored by State Representative Julie Hamos, as an important step toward resolving the Chicago Transit Authority's current financial crisis. We further call for immediate state assistance to avert the CTA's proposed "Doomsday" service cuts, and we urge the General Assembly and Governor Blagojevich to take swift action to assure the long-term viability of public transit throughout northeastern Illinois.

As proposed, HB1663 would reassign responsibility for all paratransit to PACE, the suburban bus and car-pooling agency. Removing paratransit responsibility from the CTA would significantly reduce the agency's operating costs and allow it to recover a greater portion of those costs from the farebox.

The Civic Federation again urges the CTA to raise its base fare by 25 cents and make further cuts in administrative costs. We repeat our strong opposition to the service cuts in the CTA's proposed "Doomsday" plan as destructive to the agency's overall goal of increasing ridership. The Federation warns that widespread service cuts will likely result in drastic – and enduring – ridership losses.

While there is considerable evidence that the CTA compares favorably with other urban transit agencies on most measures of service efficiency and cost effectiveness,¹ the agency must continue its efforts to reduce labor costs, which represent 80% of CTA operating expenses. Any additional State funding should be used to further the CTA's efforts to secure more flexibility in its collective bargaining negotiations, to allow increased privatization and other modern management strategies.

After the CTA's funding shortfall is reduced through higher fares, paratransit restructuring and reduced administrative costs, the Federation believes the State should provide immediate funding to close any remaining deficit for FY2005. Such funds should not be tied to the Governor's proposal for a new tax on corporate purchases of prewritten computer software. The Civic Federation continues to oppose this tax, which we consider impracticable to implement in a short time-frame and likely to provoke legal challenge.

Finally, the Federation warns that the CTA's continuing financial needs will require more than a stopgap solution. Public transit is vital to the economy of the State of Illinois, reducing highway congestion and supporting Illinois' role as a transportation and logistics center. Moving forward, the Civic Federation calls on the General Assembly to review and, if necessary, reform the Regional Transportation Authority funding formula. To that end, it is imperative that a new RTA Chair be appointed without delay, and that the RTA assume a more active, responsible role in addressing both short- and long-term regional transit funding issues, and in removing barriers to integrated service among the transit agencies.

¹ National Transit Database Draft 2003 Transit Agency Profiles, www.ntdprogram.com