

# Chicago regional rail passengers to be hit with sharp fare hikes

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Chicago regional rail provider Metra has announced a massive price hike for riders, beginning in February 2012. Tickets will go up an average of 25 percent, with the most popular options rising more. For over 300,000 weekday riders, the price increase demands hundreds of dollars more in fares per year.

Metra, like many other transit agencies, has faced repeated budget deficits during the recession. It is the third largest commuter rail system in the US by ridership and the largest geographically, covering 3,700 square miles in six counties. These counties fund the Regional Transportation Authority, which operates Metra, Pace (regional bus service) and the Chicago Transit Authority.

The RTA requires that each of these agencies obtain 50 percent or more of revenue for operations through fares. The other funding source of operations is a regional sales tax. Sales tax receipts have been lower than anticipated for years and are far below what was projected when the sales tax was last revised.

Ridership growth stalled in 2008, at the onset of the recession, and has yet to recover, leading to a loss of ticket revenue. The cost of diesel has risen dramatically over the last several years, from a low of \$41.9 million dollars in 2009 to a projected high of \$76.4 million dollars in 2012. All but one of Metra's routes rely on diesel powered trains.

In total, an increasing deficit for operations has emerged as fuel costs rise, sales tax revenue falls, and ticket revenue stagnates. For several years Metra management has covered the operating deficit by shifting capital funding—used for the maintenance and purchase of equipment and track—to the operating budget. In 2011, \$60 million of capital funding was used for operations.

New management at Metra has decided that the need for capital investment is reaching a tipping point, risking safety, speed, and service. The 2012 budget will end the pattern of using capital funds for operating expenses, leaving a \$53 million gap in the budget.

To make up the gap, small cost savings have been found throughout the operation. The budget as of yet does not seek

concessions from employees, but warns ominously that “management is reviewing health and pension benefit programs to reduce costs.”

Initially, service cuts were proposed, but riders strongly rejected them. Instead, Metra put forward the current plan of fare increases averaging 25 percent. Fares were last increased by 10 percent in 2008. In this round the increases are far higher, with Metra management claiming future fare hikes will be regular and less severe.

One-way tickets, used mostly for leisure travel, will rise by 15.7 percent. Young adult fares on weekends and holidays will be eliminated. Refunds will be eliminated or charged penalties. Seniors using reduced fare tickets face a hike of 10-18 percent on all ticket options. Prior to September, seniors rode free on all transit in the region.

The budget proposes that Metra will “eliminate” subsidized CTA and PACE inter-transit passes. For a monthly Metra commuter, these passes are \$30 for PACE and \$39 for CTA/PACE; without a Metra monthly pass, the passes are \$60 and \$86.

This is potentially the largest fare hike in the entire budget, yet Metra has not publicly clarified the amount, instead saying, “the new prices will be set after consultation with the CTA and Pace.” For all the talk of maintaining ridership and providing alternate transportation, this cutback ensures that already burdensome transit between different agencies becomes even more unmanageable.

Commuters, Metra's chief ridership, face the steepest announced fare increase. Both monthly passes and ten ride tickets will increase by 30 percent. For commuters and other regular riders, these changes will amount to hundreds of dollars per year in additional costs. For example, a rider from a location 40 miles from downtown Chicago will see a monthly pass rise from \$152 to \$192.

Falling incomes make the fare increase even more difficult. In Chicago, the median income has dropped from \$49,722 in 1999 to \$45,734 in 2009, an 8 percent decline. In the Chicago region, unemployment has risen from 4.5 percent in 2006 to 10 percent in 2009, a level that has persisted since then.

Across much of the country, transportation is the second highest cost behind housing. For working families with

incomes between \$20,000-50,000 in the Chicago region, 28 percent of income is spent on housing and 27 percent on transportation, according to a 2006 study by the Center for Housing Policy. It notes that “many working families that move far from work to find affordable housing end up spending their savings on transportation.”

More recently, the Center for Neighborhood Technology has developed a Housing and Transportation Affordability Index. It defines affordability as a combined housing and transportation cost that is less than 45 percent of income. Nearly every region of the Chicago metro area is above this level. The exceptions are largely towns and cities along Metra lines, where affordability stands to be reduced by fare increases.

As it is, many choose transit to avoid the even higher cost of driving. Chicago is the third largest city in the United States by population, with the third worst highway congestion. Chicago area drivers waste an average of 70 hours a year in traffic, and during many hours of the day, travel time is unpredictable. Vehicle crashes cost the region’s economy an astonishing \$11.3 billion a year. The huge amount of vehicle and truck traffic is also major source of pollution.

There is clearly a need for efficient, affordable public transportation, and Metra’s ridership numbers speak to that need. Since Metra assumed operation in 1985 ridership has grown 35.6 percent, and currently amounts to over 80 million rides a year. New service has been inaugurated with success, even though all Metra service lags in modern efficiency for a large-city system.

Despite this, federal, state, and local government have left the agency running on a shoestring budget for years. Operations funding, though down, comes from consistent sources: taxes and ticket sales. Capital funding, by contrast, is largely based on the whims of local, state, and federal budgets.

Metra’s budget report notes that “federal funding marks have fallen short of projections in 2011 and are now projected to fall below previously budgeted projections as much as 36 percent throughout the 5-year period.”

Metra estimates that \$7.37 billion in funding is needed to keep the system in a state of good repair from 2010 to 2020. Of this, “optimistically” \$2 billion will come from federal and state funding—leaving a \$5 billion dollar gap.

This is the pattern nationwide. Not only are transit agencies struggling to keep infrastructure in good repair, but many face deficits and are responding through service cuts and fare increases.

The Niagara Frontier Transportation Authority, serving the Buffalo, New York region, has put forward plans to solve its budget deficit that include ending all weekend bus service and fare increases. San Francisco has raised fares and cut subway, bus, and commuter rail service so sharply that ridership has fallen. In 2010, New Jersey Transit put through a 10 percent fare increase for buses, and a 25 percent increase for certain regional rail tickets.

The Obama administration put forward infrastructure funding in the 2009 Economic Recovery Act with great fanfare, including \$9 billion for transit. This did not even pretend to cover the immediate financial difficulties of transit agencies nationwide, much less allow for substantial improvements. Federal funds have even ended for some projects, like New Mexico’s Railrunner commuter rail, which has just cut weekend service and raised fares in response.

Currently, federal transportation funding for 2012 is being debated in Congress. The Senate has approved a version that holds overall funding at 2011 levels, which is a funding cut when inflation is factored in.

Taking currently funded projects and proposed spending into account, it is clear that the United States lacks any coherent national plan of infrastructure improvements. Only a few cities have extensive public transit—like New York, Boston, and Chicago—and these century-old systems all require a massive program of rebuilding and modernization. Several western cities have added light rail, subway, and commuter lines in the last two decades, but the limited scope of the projects has hindered their ridership growth.

Metra and other agencies are scandalously backwards when compared to transit in France, Germany, Britain and Japan. In each of those countries, commuter rail is electrified, offering better acceleration, faster speeds, more frequency, and zero-emissions. By comparison, there are few electrified commuter rail systems in the US, and none have been created since the early 20th century.

In Chicago, Los Angeles, San Francisco, Seattle, and countless other cities, trains go the same speed as they have since the days of steam—80 miles per hour or less—compared to 100 or even 125 miles per hour in Europe and Japan. The reliance on diesel power is due to miserly transportation budgeting, as electric requires that specific infrastructure be built. Yet in the long term, the use of diesel has tied transit budgets to the price of fuel, which has more than doubled in recent years, and plays a significant role in the budget problems.

The social, economic, and environmental demands of Chicago and other metropolitan areas of the US require a massive program to revitalize and modernize transportation, which would greatly increase economic development and the living standards of the population.



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