



The Civic Federation

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CTA BUDGET MAINTAINS SERVICE LEVELS, EARNS CIVIC FEDERATION SUPPORT

Group Retains Concerns about Use of Capital Funds to Balance Budget

The Civic Federation announced today that it **supports** the FY2011 Chicago Transit Authority proposed budget of \$1.3 billion because it implements efficiencies and cost-cutting measures while maintaining current service levels. However, the Federation retains **significant concerns** about the System's future fiscal stability. The full budget analysis is available on the Civic Federation website at www.civiced.org.

The CTA proposes a budget that is precariously balanced for FY2011, relying on \$83.0 million in anticipated payments from the State of Illinois and yet another transfer of funds from the System's meager capital budget. The CTA has transferred funds from capital to operations every year since FY2006, resulting in a total loss of \$456.8 million in funds intended for maintenance of Chicago's transit infrastructure.

“The Chicago Transit Authority faces rising personnel expenditures, delayed payments from the State of Illinois and deferred capital needs that leave it constantly on the brink of financial failure,” said Laurence Msall, president of the Civic Federation. “While the System's leadership has made efforts to reduce expenditures, the CTA will require assistance from unions and the State to become truly fiscally stable.”

The Civic Federation supports the CTA's proposed cost-cutting measures, which will produce savings of \$53.6 million, primarily through elimination of positions, delays in hiring, and wage freezes for non-union workers. Most of the System's \$66.7 million budget increase over last year is due to union wage and benefit increases. The 90% of the CTA's workforce that is unionized has refused to share in necessary cost reduction measures. Thus, the 10% of the workforce that is not collectively bargained has taken the brunt of three years of no pay increases and unpaid holidays. The CTA's unionized employees should work with the System to relieve funding pressures during upcoming contract negotiations.

The 29-page analysis includes many additional recommendations to improve the CTA's short- and long-term financial management. One of the most important actions the Illinois General Assembly and Governor of Illinois must take is to repeal the costly and ill-conceived *Seniors Ride Free* program. Free rides have contributed to the CTA's multi-million dollar deficit and led to the need for higher fares for all. There is no sound public policy reason to provide free rides for affluent seniors. The Civic Federation urges the CTA to continue to advocate for repealing the existing free rides program in favor of fare relief for low-income riders of all ages.

The Civic Federation is an independent, non-partisan government research organization founded in 1894. The Federation's membership includes business and professional leaders from a wide range of Chicago area corporations, professional service firms and institutions. For more information, please visit the Federation's website at www.civiced.org.