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CTA MOVES TO SECURE FINANCIAL FUTURE WITH FY2013 BUDGET *Structurally balanced plan based on shared sacrifice by union members, riders and CTA management*

(CHICAGO) In an analysis released today, the Civic Federation strongly supports the Chicago Transit Authority's (CTA) proposed FY2013 operating budget of approximately \$1.4 billion. The structurally balanced plan is based on shared sacrifice by union members, riders and CTA management. The full 42-page analysis is available at civicfed.org.

"This budget implements several prudent and sustainable steps including a targeted fare increase," said Laurence Msall, president of the Civic Federation. "These steps are necessary to preserve the CTA's role as one of Chicago's most vital economic and civic assets." The FY2013 budget maintains base fares, although rates for fare passes will increase. The new proposed fare structure will generate much needed recurring revenue for the CTA while aligning pass fares closer to the national average.

The proposed budget relies in part on a tentative four-year collective bargaining agreement with the CTA's union employees. The agreement achieves consensus on issues central to the CTA's budget and operations including employee wages, health care cost sharing, overtime costs and job security. In the past ten years, the CTA's budgeted labor appropriations have increased by nearly 30%, despite a 14% workforce reduction. The Civic Federation commends the CTA and its unions for working together to develop a more sustainable contract that provides some certainty about the largest portion of the CTA's operating budget. The FY2013 budget also includes approximately \$50 million in savings from management efficiencies outside of collective bargaining agreements.

This spending plan is the first structurally balanced budget presented by the CTA in the last seven years. All prior budgets since FY2006 relied on at least one non-recurring revenue source to meet operating expenses. These one-time revenue sources included transfers from capital funds and additional State funds accepted in exchange for foregoing fare increases. With the FY2013 budget, the CTA continues to take significant steps toward matching its ongoing expenses with its recurring revenues. The Civic Federation urges the CTA to continue its pursuit of new lease agreements such as those secured in 2012 with a major coffee chain and virtual grocery markets. These non-fare revenue sources generate millions of dollars in new resources without relying on State and federal funding or further increasing the burden on riders.

The Federation's full analysis provides recommendations to continue the balance and sustainability achieved in this budget proposal. These include developing a long-term financial plan, pursuing public-private partnerships for new transit funding and increasing budget transparency by publicly disclosing details on operating expenses and deficit reduction measures as well as a full reconciliation of the prior year's budget.

The Civic Federation is an independent, non-partisan government research organization that promotes efficient delivery of public services and sustainable tax policies in the Chicago region and State of Illinois. For more information, please visit the Federation's website at www.civicfed.org.



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