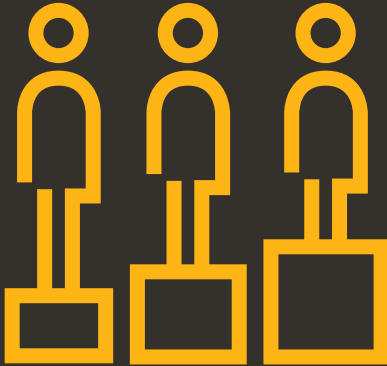


# Building a More Equitable Fare Structure

Regional Transportation Authority  
July 2024



# Building a More Equitable Fare Structure

Public transit plays an invaluable role in the lives of millions of riders across the Chicago region and has the potential to reach even more people — but the system has been drastically underfunded for decades. The pandemic exposed what we already knew: our system relies too heavily on fare revenue to balance operating budgets, limiting our ability to focus on delivering reliable service to the people who need it the most. More public funding is needed to support transit operations and maximize the system's impact on the region's economy, climate, and equity.

As a result of chronic underfunding and the growth of remote and hybrid work post-pandemic, starting in 2026 the system faces a projected budget gap equivalent to 20 percent of the region's operating budget, estimated at more than \$730 million annually and growing. Increased funding is required to fill the gap and maintain service levels, while additional funds beyond the fiscal cliff can realize expanded and improved transit service.

Even at its full base fares and pass prices, transit remains an affordable alternative to car ownership. Therefore, prioritizing transit availability and frequency of service along with free or lower priced base fares for qualifying riders is a priority for transportation equity in our region. While additional free and reduced fare programs have the potential to attract new riders, service reliability has a greater impact on ridership growth.

Chicago's regional transit system gives hundreds of thousands of residents with disabilities and older adults independence through existing Americans with Disabilities Act (ADA) Paratransit and Reduced Fare and Ride Free programs. One critical step toward closing the coming budget gap is full funding for ADA Paratransit service and free and reduced fare programs for people experiencing low incomes, seniors, and people with disabilities. These critical and popular programs are severely underfunded, and adequate funding to cover their significant costs can assist in lowering the projected budget gap. Each year, legislators and advocates propose expanding these programs, but doing so without full funding only puts the system in a deeper financial hole.

Legislators can put the system on a path to increased equity and financial strength with a thoughtful and comprehensive funding and reform approach.

This study documents the existing free or reduced fare programs available to different cohorts in the region and provides recommendations for making the fare structure and programs more equitable, especially for vulnerable riders and residents in our region.



## Current Fare Structure

Chicago's regional transit network is required to rely on passenger fares and other system generated revenues to fund a significant portion of its operations. A state mandate to achieve a 50 percent system-generated recovery ratio remains an anomaly among U.S. transit systems. Our peers have either lowered or removed this requirement permanently, while Illinois's requirement remains temporarily suspended due to the pandemic and its effect on ridership and fare revenues.

The two systems with formal state requirements most akin to the RTA's, the Maryland Transit Administration and Denver's Regional Transportation District, had their 35 percent recovery ratio requirements repealed in 2017 and 2021, respectively. New York and California require specific revenue targets to apply for state transit funding; however, these are significantly more lenient than the RTA's requirement of 50 percent of operating funds coming from system generated revenue (primarily fares paid by riders).

Fully funding and expanding regional Reduced Fare and Ride Free programs helps high-need riders save money and increases access for those residents who need it most. Making paying for transit more seamless and affordable is a commitment RTA made in [Transit is the Answer](#), the agency's strategic plan for the regional transit system.

With sustainable funding, the regional transit system can rely less on fare revenue and instead focus on equity and impact.

An expanded reduced fare program is more equitable and can create a seamless rider experience across the region compared to today's mix of regional and agency level programs. Central to expansion is first understanding the program administrative cost and lost operating revenue borne by the transit agencies, as well as quantifying who does and does not benefit under the current programs. Pursuant to Public Act 103-0281 this document charts a course to building a more equitable fare structure while providing:

- A review of all reduced fare programs administered by the Authority and the Service Boards, which includes information on accounting of the total cost of the program, costs to increase the program, current sources of funding for the program, and recommendations to increase enrollment in current reduced fare and free ride programs and any other recommendations for improvements to the programs.
- The impact and feasibility of providing year-round reduced or free transit fares, including, but not limited to, veterans, returning residents, students and youths, people experiencing low incomes, and other riders who are not currently receiving free or reduced fares.
- Analysis of how reduced and free ride programs and changes in eligibility and funding for these programs would affect the regional transit operating budget.

## Summary Findings

- **There are more than 14 specialized free and reduced fare programs between RTA and the three Service Boards**, offering opportunities for program consolidation and consistency if funding is made available.
- In 2019, **Ride Free and Reduced Fare programs cost the regional transit system \$180 million** annually to administer and implement. In 2023, the regional transit system delivered more than 82 million free and reduced fare rides.
- There are **317,000 individuals enrolled** in the RTA Ride Free and Reduced Fare programs for seniors, people with disabilities, and people experiencing low incomes, and



tens of thousands of additional students, youth, active military, and disabled veterans who also receive free or reduced fares from Service Board programs.

- While elements of the program are mandated by federal, state, and local laws, the only dedicated funding stream comes through state appropriation, and reimbursement is only made on the state-mandated elements of the program. In FY25 the state reimbursement amount was **\$21 million, or less than 20 percent of the lost revenues**.
  - Prior to fiscal year 2014 the state reimbursement was nearly double current levels at \$34 million. Fiscal year 2025 has been enacted at \$21 million, which, while an increase, is still significantly below the cost of the state-mandated programs.
- Pace operates the federally mandated ADA Paratransit service for the entire region. The program, which provides door-to-door service for people who can't access the fixed route bus and rail network, is the **second largest ADA Paratransit system in the nation and provides more than 4 million trips per year**, with a budget of \$250 million for 2024, which will continue to grow as the region's population ages.
- State appropriation for ADA Paratransit was **\$8.9 million in fiscal year 2023, less than 4% of the annual cost of this critical program**.
- Costs to administer and implement Ride Free and Reduced Fare programs and to operate ADA Paratransit in excess of state reimbursement are paid out of the regional transit operating budget, comprised of a mix of local taxes and system generated revenue (primarily fares). **Absent sustainable funding, expansion of the existing programs will increase the annual budget gap**, which is already projected at a minimum of \$730 million beginning in 2026 and growing with inflation.

## Recommendations

### *Regional Access*

- We recommend **Regional Access**, a fully funded, consolidated, income-based reduced fare program that is available to everyone, regardless of their age or disability. Regional Access builds upon current programs, ensuring the region continues to meet federal and state mandated free and reduced fare programs while expanding fare affordability.
- The RTA, in partnership with Cook County and Metra, is currently testing an income-based reduced fare program called the Access Pilot. The cost to expand the Access Pilot to CTA and Pace, providing a **year-round reduced fare to individuals from low-income households in the six-county region, is \$152 million annually**.
- An income-based expansion, with eligibility tied to the Supplement Nutrition Assistance Program (SNAP), a broadly used benefit, is the most cost-effective model to administer and **minimizes the burden** for individuals applying.
- An income-based expansion **is the most inclusive and equitable model** as household income intersects with many other demographics such as incarceration, veteran status, disability, and students.

### *State Funding*

- Full state funding of ADA Paratransit operations and Regional Access (existing free and reduced fares plus income-based expansion) can assist in reducing the projected annual operating budget gap of \$730+ million.
- As ridership may increase with additional reduced fare recipients in the region, the operating agencies will need funding to enhance frequencies and services to meet this demand.



**Table 1: Projected Costs of Fully Funding ADA Paratransit and Regional Access**

<b>State Funded ADA Paratransit Operations</b>	<b>\$250,000,000</b>
<b>State Funded Regional Access</b>	<b>\$332,000,000</b>
Existing Free and Reduced Programs	\$180,000,000
Expanded Income-Based Program	\$152,000,000

- The report also provides cost estimates for providing free or reduced fare rides to specific cohorts, based on current ridership patterns. However, this approach is not recommended in comparison to expanding the Access program as high-need riders in these cohorts will pay a reduced fare through Access, and overall fare revenues remain an important source of funding for transit operations. Also, administering and promoting many different programs is challenging and inefficient, resulting in many people who could benefit not gaining access to the discount because they are unaware. Instead, we could focus resources on promoting a single program with broad eligibility.
- Finally, investments in technology and overall transit operations funding reform can unlock collaborative pricing policies across the region. The RTA and Service Boards have been able to advance lower pass prices and new regional products for an improved rider experience and greater affordability largely due to the flexible federal COVID-relief funding. Future state funding will be required to maintain and enhance this progress and ensure that the fare structure remains affordable. Technology like fare capping can be advanced with further integration between agencies and stable revenues available to maintain transit operations.
- Future fare increases can be coordinated between agencies and could rely on external measures such as inflation.

# Background

Transit in the six-county Chicago region is operated by the three Service Boards, Chicago Transit Authority (CTA), Metra Commuter Rail, and Pace Suburban Bus with the Regional Transportation Authority (RTA) providing financial oversight and strategic planning.

Efforts to advance a more seamless and affordable rider experience in recent years have yielded substantial results.

- Across the three Service Boards, pass prices have dramatically reduced, reflecting changes in how people travel and commute to work on a weekly basis.
- CTA and Pace have fully integrated pass products and eliminated transfer fees when utilizing a pass.
- Metra introduced a simplified zone structure, reducing to just four zones and lowering the one-way ticket cost to \$3.75 for travel between all stations outside of downtown Chicago. This does not apply to trips passing through Chicago.
- Metra and Pace, in partnership with Cook County, completed the Fair Transit South Cook pilot offering a universal reduced fare on the Metra Electric and Rock Island District lines and is now piloting an income-based reduced fare, the Access Pilot, on all Metra lines.
- Pace and CTA partnered to create the Regional Connect Pass (RCP), which allows monthly Metra pass holders to take unlimited rides on CTA and Pace.
- Pace continues to innovate Paratransit service through the Taxi Access Program (TAP) and now the Rideshare Access Program (RAP), offering a more convenient rider experience while reducing cost.
- Pace now offers free fares on fixed route buses for customers who are certified eligible for ADA Paratransit, with plans to include all CTA bus and rail routes by year's end.
- The RTA continues to modernize and simplify applying for fare programs through web innovation and extending eligibility periods to five years.

These advancements have produced a **regional transit fare system that is more integrated and affordable than it has ever been**. With sustainable funding this work will continue, advancing further integration, developing equitable fare policies, and expanding access to reduced fares to riders who will benefit most.

## Engagement

Making the regional transit system more seamless and affordable is a commitment in *Transit is the Answer* and is reflected in the priority given to establishing the Access Pilot as a key initiative of plan implementation.

RTA staff has [engaged stakeholders and partners on the topic](#) through the Transit is the Answer Coalition, building consensus that an income-based reduced fare is the most equitable. Input from the coalition informed the creation of the Access Pilot.

Studies conducted by advocates, academics, and other units of government have drawn similar conclusions, calling for an expanded reduced fare program that uses income as the qualifier for eligibility. Additionally, peer agencies in other regions of the U.S. have piloted similar programs with promising results. The recommendations contained in this document represent analysis and advocacy from a host of regional voices.



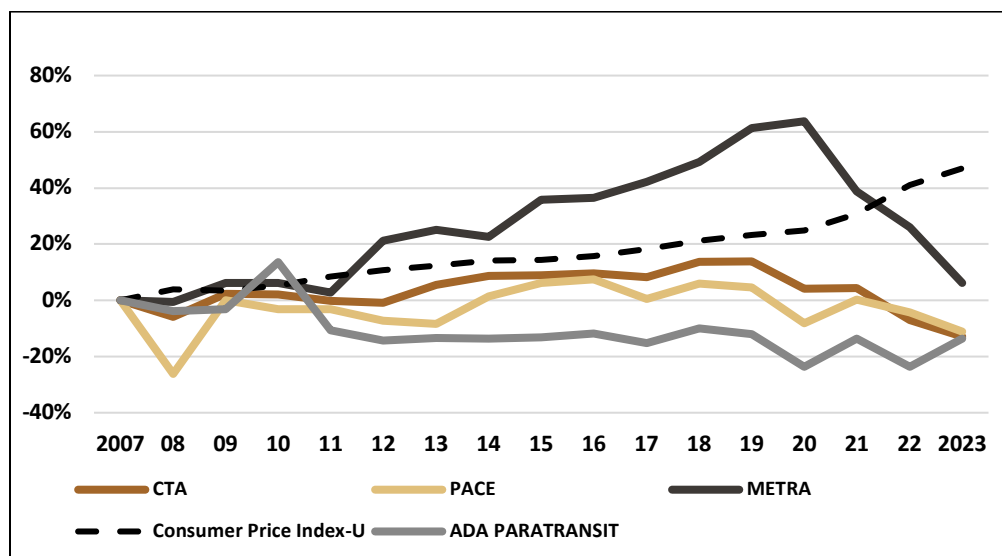
Calling for an expanded Access Pilot, an income-based reduced fare for the entire regional system is not the RTA's recommendation alone but rather represents the tireless work of many and is several years in the making.

## Transit Affordability

The cost of transportation continues to rise. Owning a car in the United States costs a family \$11,820 annually when maintenance, fuel, and insurance are included. The push to electrify private automobiles in the United States has largely produced over-sized luxury electric vehicles that are completely unaffordable to middle- and working-class families. Amidst this trend, transit remains an affordable and sustainable option for transportation.

Comparing the inflation adjusted average fare paid, which is calculated by dividing total fare revenue by passenger trips, to overall inflation shows how affordable the existing fare structure remains. Figure 1 shows the percent change in average fare compared to inflation. If people with lower incomes have regional access to reduced fares, transit agencies may be able to adjust full fares at regular intervals to match inflation.

**Figure 1: Percent Change in Average Fare and Inflation**



This trend extends across modal peers for each Service Board. Comparing heavy and commuter rail, urban and suburban bus, and Paratransit shows that nearly every single modal peer has seen a decline in average fare over the last five years. Individually, each mode operated by the Service Boards falls in the middle of peer declines in average fare.

## Existing Free and Reduced Fare Programs

The two largest existing programs are administered by the RTA and give eligible riders permits to purchase discounted rides or to ride for free on all three Service Boards.

### *Ride Free Program*

Illinois residents from low-income households who are enrolled in the Illinois Department on Aging Benefit Access Program (BAP) as a person with a disability or as a senior aged 65 or older can apply for a Ride Free permit.

Ride Free was originally established by the State of Illinois in 2008 under the Governor Blagojevich administration. Originally all seniors, regardless of income, qualified. In 2011, under the Quinn administration, it was changed to seniors who qualify for Circuit Breaker property tax relief program. Under the Pritzker administration, the Circuit Breaker program was replaced by the Benefit Access Program (BAP), and Ride Free eligibility continues to be offered to seniors and people with a disability who qualify for BAP.

### *Reduced Fare Program*

Adults aged 65 or older, Medicare recipients receiving Social Security benefits, adults with disabilities who receive Social Security benefits, veterans with disabilities who receive connected disability benefits, and adults with disabilities with a doctor's disability statement are eligible to apply for a Reduced Fare permit.

The Reduced Fare program meets the requirements of federally subsidized transit providers under 49 U.S.C. Section 5307 of the Federal Transit Act. All transit agencies receiving federal funding may not charge more than half of the peak fare for fixed route transit during off-peak hours for seniors, people with disabilities, and Medicare cardholders.

Administering the Ride Free and Reduced Fare programs regionally is cost effective while allowing riders to gain access to free and reduced fares for all three Service Boards with a single application process.

Additionally, each Service Board offers a host of discounted fare programs for children, students, military personnel, and others. Table 2 lists the full offering of free and reduced fare programs throughout the region.

**Table 2: Ride Free and Reduced Fare Programs by Service Board**

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#### **CTA – Ride Free**

RTA Seniors Income-based  
RTA People with a Disability Income-based  
Veterans with a Disability  
Active Military  
Others, such as police or school crossing guards in uniform

#### **CTA – Reduced Fare**

RTA Seniors  
RTA People with a Disability  
Students

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#### **Metra – Ride Free**

RTA Seniors Income-based  
RTA People with a Disability Income-based  
Police officers and firefighters in uniform

#### **Metra – Reduced Fare**

RTA Seniors  
RTA People with a Disability  
Student  
Child





Military  
South Cook Fair Transit Pilot (2021 – 2023)  
RTA Access Pilot (2024 – present)

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**Pace – Ride Free**

RTA Seniors Income-based  
RTA People with a Disability Income-based  
Children under 7 with a parent  
Active-duty military in uniform  
Police officers or firefighters in uniform or with badge

**Pace – Reduced Fare**

RTA Seniors  
RTA People with a Disability  
Student

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*Gender Based Violence Survivors*

In November 2023, RTA provided 25,000 transit passes loaded with \$20 each to The Network: Advocating Against Domestic Violence, an Illinois membership organization advocating to end domestic violence through training, education, and policy advocacy. The Network distributed the cards to more than 50 service providers throughout the six-county Chicago region so they could be given to survivors in need of access to transportation.

This program fulfills the requirements of PA 103 – 0281.

*Access Pilot Program*

Beginning in February 2024, the RTA, Metra, and Cook County are partnering to extend reduced fares to Metra riders experiencing low incomes regionwide through the Access Pilot Program. All recipients of Supplemental Nutrition Assistance Program, or SNAP, living in the counties of Cook, DuPage, Kane, Lake, McHenry, and Will are eligible to apply for more affordable transit at [GetAccess.org](https://GetAccess.org). The program will run through July 31, 2025. Learn more at [RTAChicago.org/Riders/Access](https://RTAChicago.org/Riders/Access).

**Administrative Cost**

The RTA and Service Boards each assume some level of administrative cost to implement free and reduced fare programs. These costs include staffing and labor costs to determine eligibility of participants, technology and card production, coordination with state and other local partners as well as printing and shipping costs for mailing out free and reduced fare permits.

The bulk of administrative cost is borne by the RTA, administering the regional Ride Free and Reduced Fare programs and, beginning in 2024, the Access Pilot. Total administrative costs for 2023 were \$1.8 million.

In considering costs for expanding the existing programs, it is imperative to maximize efficiencies through connecting reduced fare eligibility to an existing benefit program. This model has worked well for the Ride Free program, has been utilized in other regions by peer transit agencies, and is currently being tested with the Access Pilot.

Washington Metropolitan Transit Authority (WMTA) launched the Metro Lift last year, and transit agencies in the Seattle area offer the ORCA Lift. Both programs offer reduced fares for low-income riders and tie eligibility to existing benefit programs, minimizing the burden for riders completing the application process.



Creating separate eligibility certification processes for each sub-group of the population is expensive and time consuming and makes it more difficult for riders to utilize, decreasing the equity and fairness of the program and ultimately the impact of the investment in the region.

## Lost Operating Revenue

Transit operations are funded by a mix of public funding (primarily the RTA sales tax and state match of PTF) and system generated operating revenue (primarily fares). Operating costs reflect the number of trains and buses put in operation each day while operating revenue primarily reflects the number of riders on the system and the fare price paid.

Lost operating revenue results from the difference in fare revenue realized by the Service Boards each time a reduced fare or ride free ticket is utilized. While there are some variances in price and parameters, most reduced fares equate to roughly 50 percent of the full fare price. Ride Free means exactly that, \$0 fare.

In 2023, free and reduced fares utilized on the regional transit network cost the Service Boards more than \$126 million in lost operating revenue. Table 3 shows lost operating revenue for Ride Free and Reduced Fare programs by Service Board for 2019 and 2023.

**Table 3: Annual Lost Operations Revenue by Service Board**

	2019	2023
<b>CTA</b>		
Ride Free	\$111,847,104	\$80,867,253
Reduced Fare	\$43,472,578	\$24,719,233
<b>CTA Total</b>	<b>\$155,319,682</b>	<b>\$105,586,486</b>
<b>Metra</b>		
Ride Free	\$5,101,221	\$2,314,545
Reduced Fare	\$11,856,574	\$14,695,257
<b>Metra Total</b>	<b>\$16,957,795</b>	<b>\$17,009,802</b>
<b>Pace</b>		
Ride Free	\$4,482,529	\$2,377,679
Reduced Fare	\$1,973,350	\$1,130,633
<b>Pace Total</b>	<b>\$6,455,879</b>	<b>\$3,508,312</b>
<b>Regional Total</b>	<b>\$178,733,356</b>	<b>\$126,104,600</b>

The long-term lost fare revenue of the existing program is expected to increase back to pre-pandemic levels as ridership continues to recover. Additionally, enrollment in fare programs is estimated to grow as the region's population ages.

## Funding Ride Free and Reduced Fare Programs

The only dedicated funding for the Ride Free and Reduced Fare programs comes from the State of Illinois. The RTA and Service Boards submit ridership and lost operating revenue data for reimbursement, and the state appropriates funds to cover a portion of the total cost. In 2022, the last year of complete data, the state appropriated \$17.5 million, roughly 20 percent of the amount requested for reimbursement.

Prior to fiscal year 2014, the state reimbursement was nearly double current levels at \$34 million. Dating back to fiscal year 2002, the state appropriation was \$40 million. Had 2002 funding levels been maintained and indexed to inflation, the state would now be investing roughly \$70 million annually in 2024 dollars. Fiscal year 2025 has been enacted at \$21 million, which, while an increase, is still significantly below the cost of the state-mandated programs.

Like ADA Paratransit and other programs and services that are federally or locally mandated, the unfunded costs of Ride Free and Reduced Fare come out of the regional transit operations budget.

In other words, funding these critically important programs for vulnerable riders is paid at the expense of the amount of service each agency can operate. We limit the number of trains and buses serving our riders because we do not have a sustainable funding source to cover these vital programs.

Cook County reimbursed \$37.4 million in lost operations revenue to Metra and \$400,000 to Pace to fund the Fair Transit South Cook mobility pilot over two years. The funds the county utilized for reimbursement came from the Motor Fuel Tax.

The Access Pilot is being funded by RTA, Metra, and up to \$6 million from Cook County to cover the administrative cost and lost operating revenue borne by each agency.

Fare equity and affordability across the full fare programs is also impacted by state funding available to close the budget gaps at the three Service Boards. Between 2008 and 2019, the three agencies saw 10 cumulative increases to base fares and many service cuts or adjustments to balance the operating budgets. These changes have a negative impact on access to transit and lead to lower transit ridership. Adequate operating funds, fully funded free and reduced fare programs, and removal or lowering of the 50 percent system-generated recovery ratio mandates can ensure that transit fares remain affordable and accessible to residents.

## Who benefits? Who does not?

The Chicago region is home to 8.4 million residents of a wide array of races and ethnicities, but a legacy of racism and segregation, including in our transportation system, has led to inequitable access to opportunity for too many. There are more than 1.5 million people, roughly 18 percent, in the six-county region living at or below 200 percent of the Federal Poverty Line. Absent being 65 years or older or having a disability, this substantial group of people does not currently benefit from the existing reduced fare programs.

The U.S. Department of Transportation (DOT) has developed an indicator of transportation cost burden, Equitable Transportation Community (ETC) Explorer. This online mapping tool estimates the average annual cost of transportation as a percent of household income for every Census tract in the U.S.

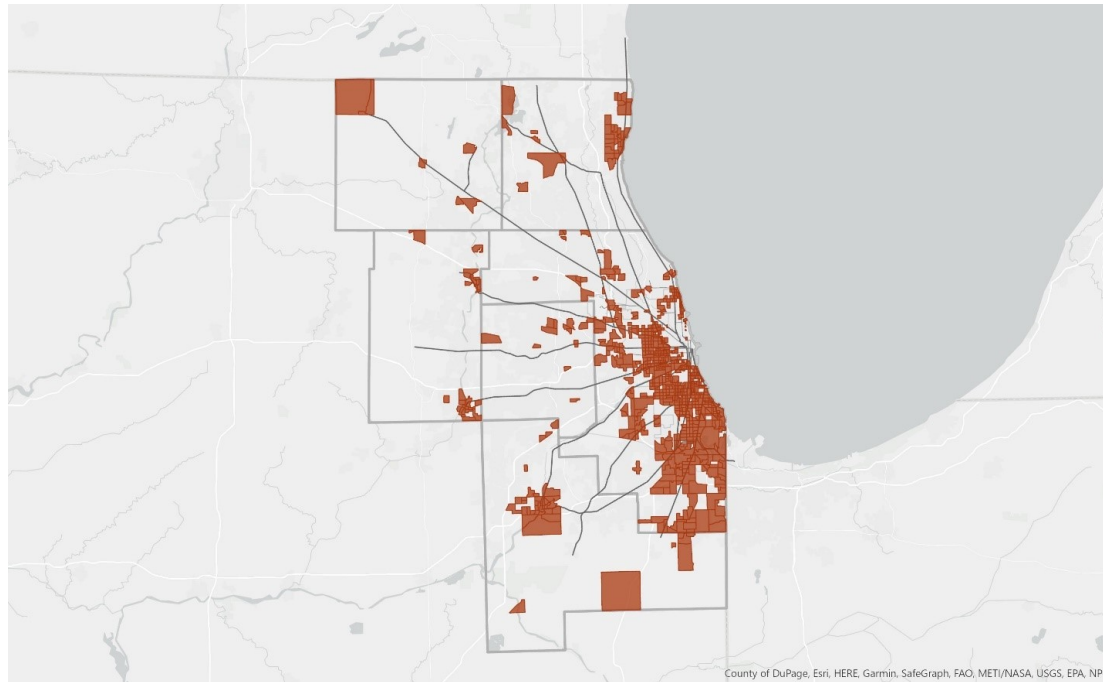
Using the value established by Center for Neighborhood Technology (15 percent or more of annual household income), it is estimated that transportation cost burden is a significant factor in the lives of disadvantaged populations in our region. In 748 Census tracts, roughly 36 percent of the region, the typical household is transportation cost burdened, spending at least 15 percent of their household budget on transportation, as shown in Figure 2.



Securing sustainable funding to make the Access Pilot permanent and to expand the scope to include CTA and Pace services would help alleviate this burden.

Securing sustainable funding for transit means we can move away from a system overly reliant on fare revenue and instead focused on equity and impact.

**Figure 2: ETC Transportation Cost Burden Exceeds 15% of Annual Household Income**



**Expanding the Access Pilot**

Expansion of the Access Pilot to include CTA and Pace is the most equitable way to make the regional transit system more affordable. Using income as the factor for eligibility offers a reduced fare to segments of the population that will benefit most. Additionally, offering reduced fare eligibility at a regional scale means individuals only apply once to receive benefits across the three operators.

Pursuant to Public Act 103-0281 below is additional analysis of the impact and feasibility of offering year-round reduced fares to veterans, returning residents, students and youths, people experiencing low incomes, and other riders who are not currently receiving free or reduced fares.

*Income-based*

The cost to expand the Access Pilot to include CTA and Pace is estimated at \$152 million annually in administrative costs and lost operations revenue. The RTA, in partnership with Metra and Cook County, has structured the Access Pilot to be scalable to a much larger segment of the population. With dedicated, sustainable funding, expanding the Access Pilot will provide a streamlined, single, dedicated program to all residents experiencing low incomes.

*Veterans/Military*



CTA offers a free fare for disabled veterans and active military, realizing \$1.3 million in lost operating revenue and providing more than 800,000 rides in 2023.

Metra offers a reduced fare for active military, realizing more than \$111,000 in lost operating revenue and providing 73,000 rides. Pace also offers free fare for active-duty military members.

Veterans with disabilities who receive connected disability benefits are eligible for the RTA Reduced Fare program.

Per census data, there are more than 250,000 veterans living in the six-county region and roughly 7 percent living in poverty. There are existing programs to help veterans apply for and utilize SNAP benefits in Illinois.

Cost estimates to expand the Access Pilot are inclusive of veterans from households receiving SNAP benefits.

Offering a year-round reduced fare to all veterans, beyond those already included in existing programs, could cost up to \$15 million annually.

### *Returning Residents*

Currently available data suggest roughly 3,000 individuals from the six-county region are released from custody of the Illinois Department of Corrections (IDOC) in a given 36-month period. The most equitable way to offer a reduced fare to returning residents is to ensure their inclusion in an existing benefit program and to tie that benefit to reduced fare eligibility. IDOC has an existing program to pre-enroll returning residents in SNAP. Expansion of the Access Pilot could include all returning residents that have SNAP benefits as eligible for a reduced fare through the RTA.

Absent an existing benefit or partnering agency, determining eligibility will carry significant administrative costs and be burdensome for returning residents to apply, making offering a year-round reduced fare to returning residents infeasible.

Cost estimates to expand the Access Pilot are inclusive of returning residents from households receiving SNAP benefits.

There is no feasible way to offer a year-round reduced fare to returning residents given the limitations of the RTA to certify eligibility. An alternative method would be to distribute one-month Regional Connect passes to returning residents upon release from IDOC in the six-county region. The annual cost of 3,000 passes would be \$495,000.

### *Students and Youth*

CTA offers student fare of \$0.75 between the hours of 5:30 a.m. and 8:30 p.m. on school days. In 2023, student fares realized more than \$20 million in lost operating revenue, and CTA provided more than 15 million rides to students. Extending the student fare to be offered year-round and at all times of day would cost the agency an estimated \$10 million annually in lost operating revenue, assuming a similar level of utilization on non-school day weekdays.

With dedicated, sustainable funding, a regional student reduced fare program can be implemented.

Metra offers a year-round student reduced fare, realizing just over \$1 million in lost operating revenue and providing more than 400,000 rides in 2023.

Pace operates school service in certain suburban communities and charges a reduced fare to students utilizing the service, realizing \$4,000 in lost operating revenue.

Given the limited cohort of students utilizing Pace services outside of school routes, there is limited financial impact to offering a year-round reduced fare.



Cost estimates to expand the Access Pilot are inclusive of students and youth from households receiving SNAP benefits.

Offering a year-round reduced fare to all students and youth, beyond those already included in the existing programs, would cost \$10 million annually. It should be noted that additional cost and administrative burden will be placed on schools as a state law restricts data sharing of minors. Schools currently partner with transit agencies and their vendors to provide eligibility data and maintain those lists each semester to ensure the benefits are available to eligible recipients. This study does not provide an estimate on these administrative costs.

## **Additional Enhancement, Integration, and Innovation**

Building a more equitable fare structure means ensuring that all riders can benefit from the innovations in fare integration the Service Boards are advancing. Technology can unlock savings for riders and make the system more equitable by making certain we are offering the best price for a trip on the system to riders that are the most price sensitive, regardless of their method of payment or entry point.

As the region continues to work toward a more seamless and affordable fare system, there are three near term innovations the Service Boards should work to achieve as sustainable funding is available:

- **Short-term Regional Passes.** Regional full fare passes that allow riders to use a single ticket or fare for service across the regional system can ensure that the full end-to-end transit ride remains affordable.
- **Eliminate transfer penalties for cash and paper tickets on CTA and Pace.** Transfer fares have already been eliminated for riders utilizing pass products, but some pay-per-use transfer fares exist between CTA and Pace. Seamless single fare with transfer between CTA and Pace can ensure the discount is being offered to all riders. Additional technological investments could unlock pay-per-use fares between CTA, Metra, and Pace for a single region-wide fare.
- **Establish regional fare capping policy.** Fare capping limits or caps the cumulative fare a rider pays to match the corresponding pass price. In practice, fare capping works as a pay-as-you-go pass product. Accessing the best value pass should not be contingent upon the rider's ability to pay upfront. Fare capping ensures we're offering the best value to all riders.

Transit is the answer to connecting the most vulnerable residents to jobs, healthcare, and other opportunities. Fully funding and expanding regional Reduced Fare and Ride Free programs helps high-need riders save money and increases access for those residents who need it most. Fully funding these critical programs also works toward realizing a system that is less reliant on fares to fund operations. With a thoughtful legislative approach to sustainable funding and reform, the regional transit system can rely less on fare revenue and instead focus on equity and impact.