

SPEAKER 1: Welcome back, everyone. We'll now turn to our first panel, Solving the Transit Funding Riddle in Northeast Illinois and Beyond, to explore what an ideal and sustainable governance and funding structure for public transit might look like in light of ongoing issues. I'm very pleased to introduce the moderator for this panel, the honorable Julie Hamos, former chair of the Illinois House of Representatives Mass Transit Committee. Julie served as an Illinois State Representative for 11 years and created and served as Chair of the House Mass Transit Committee.

During the transit funding crisis between 2004 and 2008, she was the key spokesperson, negotiator, and sponsor for the comprehensive legislation, including transit funding, RTA reform, and CTA pension reform. Julie was a supporter of regional planning as one of the chief sponsors for the legislation creating the Chicago Metropolitan Agency for Planning, among other important work. Julie was appointed Director of the Illinois Department of Health Care and Family Services in 2010, where she worked to redesign the Illinois Medicaid system and implemented the Affordable Care Act. She currently serves as Senior Advisor at the Office of Medicaid Innovation for the University of Illinois. It is our pleasure to have her serve as our moderator this morning. And please join me in welcoming Julie Hamos.

[APPLAUSE]

JULIE HAMOS: Appreciate it. And what a pleasure it is to be in a room with people with business clothes.

[LAUGHTER]

To see everybody in the room guide on little screens. It's a pleasure to be back. So I'm going to first introduce all three of our panelists, and then call on each one, and then we'll take questions at the end. So first I'd like to introduce Senator Ram Villivalam, an Illinois State Senator representing the eighth district of the Illinois-- the Northwest Side of Chicago, where he was actually raised. Prior to being sworn into the General Assembly, he spent four years advocating for home care for seniors and people with disabilities, child care, and Medicaid. He also worked as Outreach Director for US Congressman Brad Schneider.

Ram is the son of Indian immigrants and was the first Asian-American elected to the Illinois State Senate and the first Indian-American elected to the Illinois General Assembly, although the Asian Caucus has grown. Congratulations.

RAM Thank you.

VILLIVALAM:

JULIE HAMOS: He is currently the chair of the Senate Transportation Committee and sponsored legislation requiring CMAP and RTA to develop recommendations for transit funding. And that's the committee that is now going to be tasked with presenting a report back to the General Assembly by January 1 of next year.

Andrew Ward-- Drew-- is the group credit officer for the US Public Finance at Fitch Ratings, based in San Francisco. He provides guidance on credit risks and performance to the analytical teams that rate local and state governments, public utilities, public transit agencies, and non-profit organizations. Drew was previously-- he has previously served as regional manager for local government ratings in the Western United States, analytical leader for public transit ratings, and lead analyst on California water agencies. He was previously a policy analyst at a macro hedge fund-- whatever that is--

[LAUGHTER]

--something he'll explain, and prior to that worked as a journalist for 15 years, covering economic policy and bond markets for a variety of national media outlets, including *Bloomberg News* and *The Bond Buyer*. And then finally we have Dr. Joseph Schwieterman, who's a professor in the School for Public Service Department of Public Policy and Sustainable Urban Development Program of DePaul University. He also serves as the Director of DePaul's Chaddick Institute for Metropolitan Development, which promotes effective urban planning, as well as President of the Chicago Chapter of the Transportation Research Forum. He helped us back in the last crisis. Right, Joe? Yeah.

He is an expert in the fields of public policy, transportation, and urban planning, is the author of numerous books and peer-reviewed articles on the development of cities and transportation. Professor Schwieterman, Joe, has consulted with prominent national organizations on planning and development issues, advised national trade groups and research organizations on trends in transportation. So we have three wonderful people with different experience, different backgrounds, and we're excited to hear from them. So first I'm going to call on Ram to give us an overview.

**RAM
VILLIVALAM:**

Good morning. Thank you so much for that kind introduction. It's good to see you again, and thank you for all of your years of service. We're trying to follow the good work that you all have done in the Illinois General Assembly now.

As was mentioned, Ram Villivalam, State Senator for the Eighth District on the North Side of Chicago and North Suburbs. I have been the Chair of the Senate Transportation Committee since 2020, a year in which nothing was going on.

[LAUGHTER]

And it's an honor for me to be here this morning. And I will say that I am always encouraged when there are opportunities to talk about transportation and infrastructure. I equate this issue to people generally don't think about it until they have a problem, and then it's too late, in some instances, to be more preventative. I thought I would start-- and I will say, I'm going to have some coffee. If I go on into a nursery rhyme, it's because my two-year-old woke up at 3:30 this morning.

[LAUGHTER]

So please excuse that. But hopefully, that won't happen.

I thought I would start just more broadly and then get more specific, and then I would certainly like to leave as much time as possible for Q&A. As many of you might know, we passed Rebuild Illinois back in 2019. It was the most historic capital plan-- \$45 billion in over a six-year period, \$33 billion for roads, bridges, and mass transit, approximately \$12 billion for vertical projects in our state. And that was due to the fact that we had a D- rating from the American Society of Civil Engineers in our state.

And we had this conversation in 2019, and this is going to be a theme that I bring up today, which is generally, when you explain the problem to the average person and you ask them, we have 2,300 deficient bridges in the State of Illinois. Do you want to be driving over one of them before there's a problem-- or, there's a solution? And that's really how we were able to pass this historic plan with bipartisan support, support from stakeholders across the spectrum.

And that's incredibly significant because I think what followed was the two most consequential years that we've seen at the federal level in terms of legislation, which also included a massive infrastructure package. People in the transportation and infrastructure industry used to joke about having Infrastructure Week in Washington, DC for 20 years and nothing happening.

Well, something happened. And we were able to secure-- our leaders in Congress were able to secure \$17 billion at least in Federal funding. And so when you look at that, you look at over \$60 billion that's been allocated to, really, what I consider, make and continue to make Illinois the hub-- the hub of the Midwest, the hub of our country-- as it relates to moving our goods and services is really attracting people, attracting businesses.

As a side note, the longest issue or challenge has been getting the money-- having the political will and allocating it in a policy-oriented way. Well, that challenge that was fulfilled. Now we're experiencing a different kind of challenge, which is having the people, the personnel at the various agencies, to help get projects out. And so we'll leave that side note there, maybe, for another time. But suffice to say, if you know an engineer looking for work, please have a look at my website.

[LAUGHTER]

But I bring that up because that is-- obviously, the state level, the federal level, it ties into this. We faced-- prior to facing the pandemic, we knew how important our transit system was, so much so that we've allocated hundreds of millions of dollars from Rebuild Illinois, whether it's mostly capital, to improve and maintain our infrastructure as it relates to transit.

Fast-forward, pandemic happened, and we faced challenges in a way that no one really could anticipate. Fortunately, the gas tax revenue recovered-- I think within a couple of months. However, public transit did not. I think the latest figures, around 50% to 60% of what ridership was.

And I'm going to out my wife, so now one tell her, but she was-- it's a perfect example of where we are. She was someone that took the train every day both ways Monday through Friday, and now she has to go to work twice in person, three times a week, and she's able to drive and park.

And so we're contending with this issue of remote work. I'm sure we're going to get into more issues like public safety, reliability, and so forth. But this is the world we live in.

And fortunate for Illinois, sometimes we're put on an island when it comes to certain issues. I shouldn't say "fortunate" because it's a problem everywhere, but that's just it. It's a problem everywhere. Every major transit system is facing this issue-- which gives us some comfort, and also some angst. But it does allow us to talk to our counterparts, see what other places are doing, and so forth.

So I will also say that I want to give credit where credit's due. We know this cliff is coming. I will say that RTA, CTA Metro Pays, CMAP, have put in the work the early side to start educating people, both as everyday folks, but also the legislature. And I want to talk about that for 10 seconds.

There's 177 legislators in the Illinois General Assembly. We get pulled in 100 different directions every single day on issues from health care, to gun violence, to transportation, and so much more. And the challenge, obviously, is getting folks to focus-- I have a Committee of 19 members-- on the holistic challenge we have.

A lot of times, we are focused on our district because that's our job. And so when I talk to another member, they say, transportation, what's going on with this project in my district? And I say, OK, well, we can find that out. By the way there's a \$700 million budget gap for public transit. We need your help in thinking that through because it's coming.

And so I would just encourage everyone to have that mentality as we talk about these issues and other issues where legislators are getting pulled in a lot of different directions. And so I think what I would say-- and I'll end with this-- is that there is a absolute appetite by the Illinois General Assembly to provide assistance with regards to this cliff. We had legislation that created a committee for CMAP to study this. We've been having meetings with RTA. We've had a hearing, a Transportation Committee hearing.

I think the message is we want to help. We know we need to help. What structural reforms are we looking at implementing? What innovation can we pursue?

And the last piece is, I think, the X factor in my opinion, which is what services can we provide to our commuters and our non-commuters for to look at-- for our non-commuters to look at, to say, to justify the spending. I just met with a constituent yesterday, passionate about higher education and he said-- and education in general. He said, I paid \$9,000 in property taxes. Make it \$12,000, make it \$15,000, I will pay it as long as that the funding-- the money that I'm giving to the state-- is going towards education and higher funding of our higher ed institutions.

I think, really, that is the mentality in general. If we explain to our commuters, our non-commuters, these are the policies that we're enacting to better serve the residents of Illinois, they will get on board and support the Illinois General Assembly providing this assistance. And so that's where I feel things are right now. But look forward to the discussion, and thanks again so much for having me.

JULIE HAMOS: Thanks, Ram.

RAM Thank you.

VILLIVALAM:

[APPLAUSE]

JOSEPH Since this is such a fancy room, I want to stand at the podium. It's such a nice-- reminds me of the European
SCHWIETERMAN:Parliament room, actually. So we need the translators in the back. It's so high tech and cool.

But there, they sit left, left politically on that side, center-- and I don't see any pattern of political affiliation of where you're sitting. So--

JULIE HAMOS: [INAUDIBLE].

JOSEPH But seriously, really great remarks by the Senator. And I'm going to be a little bit of a troublemaker today,
SCHWIETERMAN:maybe talking about why I think this value proposition for transit needs some attention. And read the RTA plan. Really impressive with the Transit is the Answer Program, looking at the funding options and looking at how much revenue they could bring.

But it's really ambitious to look at sales tax increases at a state or a city that's among the highest in the country. Of course, taxing services, a lot of other people at the table wanting a piece of that. Real estate transaction taxes, we know our mayor has talked about, possibly, that for General City Council. So it's going to be a big lift, and the case has to be really strong.

And what I would like to do is just give you my context on how I think we can make that case and what I think it could get us to be able to put it-- to reach a constituency that's willing to pay some additional taxes for transit. And to give you a sense of how I'd like to approach this is a little bit about the messaging for transit and the governance.

So I'm not going to talk a lot today about how I think governance needs to change, but I will talk about where the finish line is. And if governance changes are needed to reach the finish line, I think that could drive those decisions.

So anyway, I'm Director of the Chaddick Institute at DePaul. We are a center-- we're just three blocks away. I love the location today. I do four or five studies a year on transit. We're releasing one on Monday, in fact, about a very difficult issue coming up about Chicago's Greyhound station, which is likely to be sold by a real estate holding company. We may lose the facility, which could create a real problem. We have done work on intercity bus, on transit, and so forth.

Today, my central proposition is this-- making an effective case for heightened public support for transit will require multi-agency effort comprised of new strategies to increase ridership, few of which are now being employed. We saw that forecast. It's not good. Even three or four years out, we could be 30% to 40% down from pre-pandemic. And that comes on the heels of some modest declines before the pandemic.

So we clearly need to try new things, and a lot of our eggs are in the basket, you might say, of rail new starts right now. We have the Red Line Extension, which is moving ahead, which is going to solve a lot of equity issues, but it's not going to solve the general ridership problem. The Red-Purple, much needed. Going to we see fix something that long needed fix. It's going to fix some CTA problems. But it's not a holistic strategy for our region. Of course, the South Shore Line is double-tracking, building the Lake Extension that's going to bring some new riders, but it isn't a holistic strategy to try to generally bring a lot more people to the table for transit.

So what I'd like to talk about is what I think what the strategy would need to encompass, one, is we need metrics to measure our progress and cost-effectiveness. So we need to make the case we can do it cost-effectively. Two, interagency collaboration. I think we all that. But three-- and maybe the one that's a little more difficult-- is a willingness to experiment with services that may shift traffic between transit operators.

So right now, we have pretty clean delineation of who does what. Metra does one thing, PACE does another. They generally don't compete. CTA, of course, does something different as well. And we've seen some of the tensions that have arisen about Metra Electric service expansion versus the Red Line and so forth. And things get pretty intense when you talk about shifting riders between the systems. And we know there's a lot of reasons for that-- economic, politically, financially, and so forth.

So what I'd like to do is just outline a couple strategies that I think would be good to look at to make the value proposition. Again, I haven't studied these. Would need to have modeling done to see how well they could get us to ridership gains.

A lot of analysis. We know the CMAP Task Force is looking at a lot of options too. So a lot of work is being done in these areas, and I just want to walk through a couple.

First, you look at New York and its regional bus system, and there is no assumption that bus can't compete with train. So if you look at the system out of the Port Authority Terminal and Wall Street and others, and you just have a lot of options in New York.

You can take the train. You can take the bus. They go to different stops, and people can stratify.

And you look at our system with, say, Metra service every two hours on Sunday, can we get that to hourly? Can we get that to half-hourly? Should buses be part of the mix? Should people from the Hancock Center Area, the North Loop, Gold Coast have to go to Union Station? Should we have different services that pick you up? And we also, of course, know our airports aren't heavily served by transit.

So there's a lot of interesting things. And we actually have an incremental step toward this as the Pace Bus on Shoulder program, which is a couple of things. One, it uses our expressways, which we generally haven't done much for transit. So that's a really exciting free resource we have. Really, I think, successful with ridership.

But also, it has multiple stops Downtown. You can get on at North Michigan Avenue. You can get on at Van Buren Street, Michigan. You've got a lot of different drop off points that aren't served by Metra. And a program like this really could be extended to other kind of routes that might compete with Metra, compete with Pace, but there's a fairly cost-effective way to fill some gaps in our system.

Also, of course, fair integration. This is the great Holy Grail. I hope when I finally retire, we'll have some big progress on this area.

[LAUGHTER]

But we know it's-- the technology is really moving fast on this. Now, Josh, you've done a lot of work on the tech side of this, but a lot of interesting opportunities here. We have swipe off and-- swipe on and swipe off systems that are being deployed around the world. We have a common fare on mobile systems. You've just got to swipe twice.

I think this is coming. I think the service boards are interested in it. I think it needs a push and a political champion to make it happen.

It could be experimented with services just within the city. It could be a mileage system. But there's a lot of need for this because the consumer really doesn't want to buy a separate tickets, and there's been some exciting experimentation between Pace and CTA that's been impressive, but clearly, we have to push this to another level.

In Boston, they have something really cool. They built a system of express buses to the airport with Park and Rides. That's run by the transit, the state's transit agency, which sort of brings a new constituency to transit with frequent service to Logan Airport that's coordinated. But just an example of how buses can be in the mix here.

In our region, this was actually proposed in the Metropolis 2020 Plan. People remember that from a few years ago when we were in the early years of CMAP? There was a big call for Bus Rapid Transit. It was actually ahead of its time in a lot of ways because we've seen a lot of the cities around the country employ this in a bigger way than we have done.

And the Midwest High Speed Rail Association has mapped out some things about making Metra Electric, perhaps, regional rail with connecting bus services that are timed to connect to the trains-- a new way to time express bus. So there's a lot of thinking about this, what can be done without a single mile, you might say, of new rail construction.

So I'll get to the hard things. And this is very hard to even put these up at a time when budgets are so strapped, but other programs that really could give our program, our system, that 20% ridership boost, you might say. And I haven't studied these carefully, but other cities are in the game on this.

And if you look at Los Angeles, they've got a regional connector, a two-mile subway system they're building to link a bunch of light rail lines to improve connections so you can have a one-connection trip between a lot of the regions. We have enormous problem with that, with people arriving on Metra and there's no CTA rail there, and there's no easy fix to it.

Well, we don't really even have anything on the table to solve it right now, and that's a hard thing to fix. But certainly, exploring the options would be good. I wish we had this kind of money for New York's Grand Central Madison Terminal. This would be enormously expensive, but it's an example of a program where service agencies are working together-- Long Island Railroad, Metro-North-- to bring Long Island Railroad trains into Grand Central. And you have a one-connection trip between much of the region now with this new system that just opened a few months ago. And so New York has a big fix for a lot of its problems which has been many years in the making.

London, we can look at the Crossrail proposal there, which has been enormously successful. London is a lot like Chicago with these train stations that ring the Downtown, but they have developed the big fix, you might say. These are bigger projects. I mean, they've got to take 10 years to do.

In our region, there's three of these things that have been talked about over the years. How effective they are, we haven't all studied. It hasn't been formally studied. But the West Loop Transportation Center has been on the books for quite a while, the Carroll Avenue Transit Way, and Crossrail.

So the West Loop Transportation is designed to link Ogilvie and Union. Quite expensive, but not nearly as expensive as an entirely new transit line. But it is a big fix solution that's worth more study, and it's been mothballed in the last few years.

JULIE HAMOS: Joe, are you almost done?

JOSEPH Yes. One minute.

SCHWIETERMAN:

JULIE HAMOS: Because you're out of time. OK, just saying.

JOSEPH Carroll Avenue transit way, which is a system to connect the transit centers to North Michigan Avenue, and

SCHWIETERMAN: Crossrail, which has been proposed, the Purple Line there by the high-- So time we get looking at these things. We're not ready to do them, but to make that case, we really have to brand transit and think about ways to give us that 30% ridership bump. And these kind of programs, I think, can get us there. Thank you so much.

JULIE HAMOS: Thank you.

[APPLAUSE]

Are you going to do it sitting or standing?

ANDREW WARD: I'm sitting.

JULIE HAMOS: OK, take it away.

ANDREW WARD: OK.

JULIE HAMOS: Our timekeeper is right there.

ANDREW WARD: OK, is there a clicker so I can switch between? Thank you. Show me this stuff. OK, I get it. It's obvious, big arrows.

I thank you. It's great to be in Chicago. I was a Chicagoan for 15 years, and I'm a Californian now. And I miss-- we have real transit in the Bay Area, but I miss the CTA, and I just miss Chicago in general. Most of the fare-dependent US transit agencies that we cover are talking about exactly what you're talking about. There's a graph there that tried to roughly show the scale of the gaps, and they run 15% to 1/3 of budgets-- so really large gaps in terms of operations.

Our three biggest fare-dependent agencies remain on negative outlook. I do credit ratings. I tell investors whether public agencies are likely to be able to pay them back when they borrow money for big infrastructure. So that's my focus. I work for investors.

Our fundamental problem is a mismatch between ridership volumes, which are down, and fairly fixed infrastructure cost, and baseline service level needs that do not vary nearly as much as our revenues have. This is a rough graph of what some of the big agencies, including the CTA, have seen in terms of ridership, and the dotted lines are what they expect to come back. We're seeing folks plan for ridership recoveries in that 60% to 75% range. They look, in some cases, like-- CTA looks like it's a pretty conservative, reasonable assumption with some growth. BART, we're down at the bottom, and we've got a lot of line to make up. We're probably not going to get there. They've probably even updated that forecast since I last looked at them.

I think we're all past the time where we can just hope that riders come back en masse. That's really the point here. Which lines doesn't really matter.

And I do think that the action has shifted to the state and local level. After all of the federal largesse, I just don't see the federal budget constraints and political environment suggesting that locals are going to get a lot of help on the next step. I could be wrong. I'm not a political analyst. But planning as though local solutions are going to predominate is really the only rational thing that we can do at the local level.

The clock is definitely ticking 2025 sounds like tomorrow to me. It takes a while to build consensus, to plan budgets.

You see New York. I did this just to be mean. New York is ahead of you. New York's governor has proposed the first down payment-- and it's really good down payment. Gets to about 1/3 of the MTA, maybe 25% of the MTA's problem, biting it off in chunks. Giving the city some of the responsibility also helps.

And the problem isn't just transit. We can't think of just transit. It's a problem with cities. We've lost-- in San Francisco where I live, we lost 7.5% of our population since the beginning of the pandemic. Cook County, 3.2%. These are not numbers that we've historically experienced in this country. We've seen gradual erosions in Midwestern cities, but nothing like this. I don't expect that pace to continue, but we've seen quite a reset, and there's a risk that population losses endure.

The other thing facing cities, office values are just plunging. The use and occupancy of these properties is plunging. That means municipal tax basis will plunge. 30% to 50% is the range of professional commercial real estate forecasters, and Chicago is at the high end of it. We're the worst, then San Francisco.

We are seeing sluggish tourism recovery. We are seeing shifting retail habits. You go into-- someone was telling me they went into Bloomingdale's, and they were like, where are all the products? Retailers know where the customers are, and they're not here as predominantly as they used to be. Destination shopping is struggling.

And then, quality of life and public safety concerns are-- people argue with us about whether we are right that we are unsafe on transit. They'll show us the data. But clearly, many of us feel unsafe on transit and in cities in a way that we haven't in the past.

About 50% occupancy on offices around the country, a little worse in places like San Francisco. Here's a picture of the transit funding trajectory. The gaps are pretty profound for fare-dependent agencies. And I'm just looking at operating revenues here, so what you gather from fares, and advertising, and the like.

But it's not universal. Look at that green line down there. That's LA. They pay for transit with tax dollars. They just do .

And as I called around to people to peers around the world-- places like Paris, London, Hong Kong, Santiago, Chile, asking them, well, how do you do it there? I know the US. What do you guys do? And there's a really wide variation in the ways that societies figure out how to pay for transit.

Interestingly, the most essential transit agencies are the ones that are hit hardest-- the ones that had the riders and that could charge fares and could operate kind of like a business. For years, I was saying that was a strength, and during the pandemic, I said, oops, never mind, that's a weakness. I'm still optimistic. I'm a human. We have optimism biases. But I also think that as a base case, it's reasonable to think that, through some revenue enhancements-- primarily revenue enhancements, some modest fare tweaks, though I think the elasticity of demand problem and the need to recover ridership makes that not a very good tool right now.

And trimming where we can I mean. I'm not giving you more money to just spend, spend, spend. It's going to want efficiency, but that we can get to a rebalancing, I think that that's because-- I believe it because transit's so essential, because transit serves a lot of policy goals besides transporting people from A to B. In the era of concern about climate change and congestion management, we Californians will always vote for more transit because we hope someone else will get out of their car and let us drive on the road.

[LAUGHTER]

And there are huge equity aspects to transit provision. And they help-- transit is very important to our economic development. That's why everyone's building a silly light rail line to-- all over America, they're popping up, and all over the world.

The scale of the problem sounds really big to you all, but I look at these problems in terms of how big are they relative to the economy and the resources of the people who live here. We're talking 0.1%. That's 700-- I think I used \$720 million gap. But this is what then your capabilities.

Oh, no, Julie's going to be on me in a minute. But there are a lot of downside risks to this rebalancing effort. I want to highlight a few things that can go wrong. One of the first things is assuming this is temporary, overestimating ridership recoveries, thinking we're going to go back to what we were. We aren't-- or we might, but not in the time horizon that's reasonable to plan for.

I'm really worried about us delaying until a recession makes the state budget look so bad that it's hard for them to fit you in. The inability to achieve political consensus is ever present in America today, the failure to adjust service levels to live within whatever you can get out of policymakers as transit agencies.

Yes, we want more. You might not get it. You'll have to cut to the level that you are provided in funding.

You can create new revenue concentrations. Please don't give me a gas tax to replace fares. They just-- it's a declining revenue stream, a wasting resource.

Forgetting the life cycle cost of transit it is just a classic. We do it all the time, and thinking we've solved the problem once and for all. It's going to come back. We're going to have to readjust periodically.

It doesn't mean Julie did a good job last time. It means that we've just-- that's the nature of public problems. And the other problem risk is thinking that you can fix transit alone without fixing every-- working toward solutions on the other things that are ailing cities. And that was almost on time, Julie.

JULIE HAMOS: That was great, and I think this slide is so important we should keep it up there-- really. I mean, this is like these are all the risks that we're facing right now for the next two to three years in solving this problem. Thank you very much, Andrew.

[APPLAUSE]

It's interesting to hear about an optimistic credit rating agency guy.

ANDREW WARD: Yeah, [LAUGHS] it's really an outlier.

JULIE HAMOS: So please send your questions in through that app. But I have a few questions to just get us started. So Drew, let me ask you about this one note, that creating new revenue concentrations, I think you said, don't give me a gas tax. When you checked around in other cities in this country and elsewhere, did you hear about that cross-subsidization between tollways and transit and other funding sources that you can throw out there that we can get our arms around?

ANDREW WARD: There are unlimited and just really fascinating approaches. My favorite was-- I hadn't even imagined this. I talked to our analyst in Hong Kong, and what they do is they give transit, which is run by a private, publicly-listed company, they give it the right to do the development around the stations. And they live on that-- on the revenue from those office buildings and malls. And they make a good healthy profit, and they're not in the boat that we're in.

Partly, that's also because performance, as far as return of riders, is very different around the world. Americans have been especially stubborn about not going back to work. My colleagues in Britain are like, what do you mean, you're not in the office?

In the Bay Area, we're looking at tolls. The bridges are always targets. We are seeing-- everyone always talks about congestion pricing. I think that's very hard to do. Suburbanites hate it. City people love it.

This suburbanite versus city people thing is stronger nowhere than here. It's just amazing, unless you all don't realize you're just-- you just, you live in Chicago, all of you.

[LAUGHTER]

Let's see, what else? The thing is first, you don't want your eggs in one cyclical basket. You don't want everything sales tax. Well, then that means that you're just going to go up and down.

You want non-correlated revenue streams to the degree you can. Or you might not want it. I like, that's the least risk to financial stability. Great, thank you.

JULIE HAMOS: Ram, let me ask you this question. You, I think, alluded to it, but back when I was last working on the last crisis in 2005 to '08, there was again a push to raise taxes. And we have to acknowledge that it's exceedingly difficult for legislators to vote on tax increases. We can talk all day long about how this is so needed, and it's obvious, it's just very-- it's key, but it's exceedingly important.

So what-- so it's exceedingly difficult. So at that time, we said, with revenues has to come reform. And we really insisted that that had to be the formula. And we-- not just the legislative leadership, but the business community, the civic leadership. And this was a really important component of the total package.

So do you think that's going to be, again, the case? And what kinds of reforms do you think, this go-round-- this is 15 years later-- legislators might be looking for? And the business community, and the community, the larger community?

RAM

Great question. My favorite topic is taxes. I would say a couple.

VILLIVALAM:

Item one, I think we have to look at what's worked-- what you all did in 2005-2008, what we did in 2019, where there was consensus on Rebuild Illinois, right? Essentially, we voted to double the gas tax and increase a number of license fees to fund this \$45 billion plan.

Now, you would think that if I did that, I would get thousands of calls to my office in an uproar. I got five. Why? Because of the way we did it.

We did it in a very bipartisan, bicameral fashion, and we did it in a way where legislators had input as to what they wanted to see in this major plan. And so I think we can look at that blueprint, and fast-forward to here, and say, that's something that we have to try to reengage and follow again, I am fortunate to have someone on my Transportation Committee, Minority Spokesperson Senator Don Dewitt, who I can work really well with. And he was a former mayor. He was on the Board, a public transit board. And he looks at these issues and is able to provide a different perspective.

And so that's going to be really important as we move forward. If we're able to do things in a bipartisan, bicameral fashion, it gets easier because, as with everything, if you have strong opposition, you're going to hear. You're going to hear about it.

So I think that's the first point. I think the second point is-- you hit it on the head. And some of this came out in the hearing that we had earlier in March, but I think-- and some of this came out with the conversation we're having right now, right? So when we talk about innovation, I think about meeting the commuter where they are.

Fare integration is something that I think-- it was said perfectly. If we have these political dynamics and different service boards, the commuter doesn't care about all that. The commuter wants to get from point A to point B in the easiest way possible. And so that's one example of innovation.

When we talk about structural reform, we passed legislation, House Bill 253. That would require factors to be considered as we're prioritizing projects-- accessibility, affordability, livability, safety, equity, environmental impact, economic impact. We need to make sure that as Metra, CTA, Pace engage, for example, on hundreds of millions of dollars in capital projects that, in my opinion, we're prioritizing a project to lessen the commute in a community that has historically had the longest commutes, rather than-- and I'm not saying this is happening-- but rather than like repave a Wilmette Metra parking lot.

That's what I believe is how we're going to structurally look at this and say, we are getting at the root of the problem. And I'll put a number on it. 95 out of the top 100 longest commutes in the Chicago area region stemmed from Black and Latino communities, which means it's harder for them to get to their job, their school, their hospital, and so much more. So that's a structural reform.

I think the X factor I go back to, because I think this is really key in some ways, but I've been pushing this idea of, for example, offering free fares to victims of domestic violence and their dependents. It could be a small population. Don't the cost, but when we talk about what they go through and talk about removing a barrier for them to get services in terms of being a transit barrier, the public support level for that-- I haven't done a poll, but it would be a 90% if not 100. And so I think those are the types of things that, I think, legislators want to see, but also the general public want to see.

JULIE HAMOS: Well, thank you. Joe, let me ask you this question, from Maggie Trevor. Suburb to suburb, suburb to suburb commuting is generally not feasible with the current system that we have. This has been a forever problem. Are there any cost effective solutions to address this as part of an overall strategy to increase ridership?

JOSEPH SCHWIETERMAN: It is the very difficult problem, especially in our region. We tend not to have these edge cities with sort of large office concentrations like you would in, say, Washington, DC. But we have seen all around the country-- and our region is getting into the game a little bit, too-- is just experimenting with bus to rideshare transfers, or bus to Van pool services, where you have lots of different modes in the mix.

And I was lucky enough to be on a project in Lake County to look at eliminating single occupancy drivers, and there's just all kind of interesting toolbox things-- employers that assist with fan pools, better reverse commuting on Metra that can serve some of these better links. So it just requires, I think, a lot of micro solutions that maybe aren't well served by the way our system is currently set up with the big service boards and the connective tissue that needs to be developed, with these ideas often needs a home to take root.

JULIE HAMOS: Go ahead.

ANDREW WARD: Just one, when you talk about eliminating single driver vehicles, I imagine Joe on a bridge with a sniper rifle.

[LAUGHTER]

I'm sure that's not what he meant.

[LAUGHTER]

Second of all, like the fundamental question, this link we build-- and it's been a great system. We built transit to get to the center. And the places where you don't have transit, like LA and Seattle, they're building towards what you have. And they are building tens of billion dollar plans-- like many tens of billion dollar plans-- and they're still building towards the center. And I'm always bugging them, is that still where people want to go?

JULIE HAMOS: Yeah.

ANDREW WARD: And it's just-- I think it's a good question. I guess all I'm saying is that, it's a good question. Yes, they are still doing it because still people want to get--

JOSEPH SCHWIETERMAN: Just to add to that, I think you do look at some of the potential of, let's just say hypothetically, Union Station could be made this integrated hub with moving sidewalks to Ogilvie where it's really well-designed with timed connections. So you get off your train at Union and you're on the next 17 minutes later, where now it's sort of a random thing if you're going to make your connection.

You could envision a lot more suburb-to-suburb commuting if we had a hub. And you look at Berlin, for example-- we're not going to get there in my lifetime-- but that's the way their system is set up, where you have a single connection to every point in the region. Baby steps are needed, though, to get us toward that.

JULIE HAMOS: Yeah, so you talk about falling off the cliff. If we fall off the cliff, what would be the consequence?

ANDREW WARD: For my work, I look really dumb. But I mean, we have our fare-dependent transit rating agencies on negative outlook from fairly high ratings because we do believe that you won't let yourselves fall off a cliff. We think that's-- I mean, we've seen time after time that democratic publics have the ability to solve problems five minutes before the CTA is going to shut down, maybe?

JULIE HAMOS: No, don't do that story. It was like five minutes before the CTA was shutting down.

ANDREW WARD: And it makes me very nervous. The cliff really looks like, all right, you've got the money you've got? You've got a fire 1/3 of the people, and you've got to live with that. And your bus every two hours? Oh, yeah, good luck. That's what the cliff looks like.

I don't think that you're going to just keep going straight off it, but much reduced service levels, large hit to employment of those employee bases, and just not helping with the rebuilding of cities that we need. I'm not supposed to have that bias. I'm not supposed to say we need to rebuild cities. I just tell you risk. I have no opinions.

[LAUGHTER]

JULIE HAMOS: I like your opinion.

JOSEPH Well, tell them.

SCHWIETERMAN:

JULIE HAMOS: Right, so what-- I think again, maybe this is also a question for Ram, but what would you be looking for by way of analysis as we go into this really critical stage in analyzing how much of the ridership decline is due to changes in residency patterns and work patterns? I mean, don't we need some-- would you say we need some really solid analysis of that as well to guide us?

RAM Absolutely. And I think again, to the credit of RTA and CMAP, there's been some data that's been gathered. I think, from my recollection of the hearing, Tuesdays, Wednesdays, and Thursdays have somewhat recovered. The weekends are somewhat surging. Mondays and Fridays are really where it's been a huge decline.

And so I think we absolutely need data. I think the biggest data set that we need, though, is we need to know what commuters want, and we need to know exactly from them what would keep them using, but also what would increase their use or what they're hearing from non-commuters in terms of challenges. And as has been said, we're in a vicious cycle here. Because of remote work, there's been less usage. Then, less usage in some ways leads to safety concerns, and safety concerns leads to less usage.

And then, on top of that, the reliability factor is, if we're not able to have the workforce and the funding for that workforce, then you're not able to have reliable transportation. Then, people don't want to use it. And it's this cycle that we're in.

I would say, though, we absolutely need data on what the commuters are looking for, what would keep them using, what would increase their use. I would say also, though, going back to the whole conversation around the center, I think there's a conversation-- speaking of innovation, for example, the governor just announced huge tourism funding. I think there's conversations to be had about, is there transit improvements we can make in terms of accessibility that's not geared towards the center? Do people want to go from one neighborhood to another and not necessarily downtown?

And so I think these are different data points that we need, but it has to be centered on, again, getting that information from the commuters. And hopefully, that will inform what we do.

JULIE HAMOS: Are you at this stage priming your colleagues for the fact that there is this really big crisis looming?

RAM
VILLIVALAM: Well, we had a hearing-- so the answer is Yes. I'm trying my best. We had a hearing. So people think being Chair of Transportation is glamorous. I've had to send 20 specialty license plate bills to subcommittee. Everyone wants a specialty license plate.

[LAUGHTER]

JULIE HAMOS: That will solve the problem.

RAM
VILLIVALAM: There you go. So I have the second largest Committee in the Senate. And everyone has-- and look, transportation is everything. You can talk about specialty your license plates. You can talk about public transit. You can talk about trucking. You can talk about everything.

And so I think it was really important that we had the hearing that we did. We did a subject matter hearing, a joint subject matter hearing, earlier this March, in March. And I think it really was good because of, one, just laying the groundwork of what the extent of the challenge is, the fact that it's not just us, the fact that conversations are starting, and, two, how holistic the problem is.

We have sitting members on the Committee. We have suburban members. And you can see who's invested in what.

Obviously, the city members are invested in CTA, Metra. I have more than a few suburban members talk to me about Pace and then some of the great things Pace are doing, some of the things that they want to see in terms of Pace partnering with their townships to provide rides to them for their seniors and new immigrant families. And so there's all these different pieces.

They are getting primed, but it's going to have to be a continual conversation. And it's somewhere in between. You were alluding, we have a \$45 billion budget. So \$730 million isn't the end of the world, but it's not something you want to come to the Illinois General Assembly on the last day of session and say, hey, by the way.

So it's a conversation that I am really glad that we're having now, really. Because Julie, we get requests very late in session, and we have to keep a straight face, but we're like, what are you doing asking us for this now, is really what we want to say.

But I think it's started, but I also think that we have to continue it. I think we do it in bipartisan fashion. And we also have to remember that there are a significant amount of legislators that are outside of the RTA region. And we have over 50 public transit agencies across the state.

And so as we look at this solution-- and look, it's part of our job, part of my job, to say, are other transit agencies across the state struggling, and what are their needs? And it's so easy for us to get focused on the Chicago area region, but we do have to remember that aspect, too.

JULIE HAMOS: Right, it needs to be a statewide solution. I think we probably only have a couple of minutes left because I think we got back our 10 minutes. So Joe, let me ask you this, because I think this is a provocative way to think about it. One of the paths that other major cities around the world have taken to transit mobility and my ridership is to make driving more painful.

So we're going to see a little bit of that with the Kennedy--

[LAUGHTER]

--for the next 10 years. I think the Blue Line is going to see a big recovery. But Amsterdam-- I mean, there are other places. Have you been through this at all?

JOSEPH Yeah, I think before the pandemic, we had the big discussion about a cordon fee downtown.

SCHWIETERMAN:

JULIE HAMOS: About what?

JOSEPH A cordon fee and congestion pricing for skiing downtown. I think that's probably off the table now with office not
SCHWIETERMAN:being what it is.

And I've always said, we are sort of like-- I like to complain about our region, and that's not my point. I think we're doing really good things for Chicago. But we haven't really gotten in the game on Expressway congestion pricing. We don't give incentives for carpools on the Tri-State we're not using some of the latest techniques we're seeing around the world and the country to encourage smart driving.

It's not just discouraging driving, but getting people to shift off-peak. We're rebuilding the Kennedy Expressway, and we're not building in a pricing component, which would be a real missed opportunity in my thinking. We've had a couple of false starts.

But around the country, that seems to be part of the long-term plan, is to not only generate funding from transit with these express lanes there for a fee, but also to look holistically at how vehicle miles can be curbed a bit, which pushes people to transit. Just in closing, I think our Tollway system is exceptionally well positioned to start using some incentives to change riding. But that gets into the governance issue, I think, too.

JULIE HAMOS: Yeah, so will you be researching any of them.

JOSEPH I was--

SCHWIETERMAN:

JULIE HAMOS: To add to this?

JOSEPH Yeah I think we--

SCHWIETERMAN:

JULIE HAMOS: That would be great.

JOSEPH And REACH and CMAP has done some work on this, on how our whole Expressway system is reaching the end of

SCHWIETERMAN: its useful life one Expressway at a time. And so we've got--

JULIE HAMOS: Opportunities.

JOSEPH There's really no scenario to rebuild the Stevenson, for example. And so they are going to be looking at fees,

SCHWIETERMAN: inevitably, as part of that. But transit needs to be integrated in it.

JULIE HAMOS: More controversy.

JOSEPH Yeah.

SCHWIETERMAN:

JULIE HAMOS: Just FYI. What were you going to say, Joseph?

JOSEPH Oh, I was going to say call me a Californian, but I'm not sure that selling this beyond the RTA service, beyond

SCHWIETERMAN: this room of transit nerds, is-- yeah, it goes very well through, make it hard for them to drive.

[LAUGHTER]

JULIE HAMOS: Look, I think let me just-- I'll just jump in and say, I think on the contrary, I think there's a way to unite. I forget where it is internationally, but this concept of dynamic electric charging, for example-- building in electric charging into the road infrastructure-- I think would, one, help with moving us towards electric in terms of our cars and helping our electric infrastructure. But two, this is part of the hearing that we had, was legislators indicating that they would like to see, for example, CTA buses, the fleet go electric. And there is a plan to do that by 2040.

We, obviously, as legislators, we want to see it sooner, because that's what we're hearing from our constituents. And I think part of that challenge is dealing with the electric charging infrastructure. And so I do think that there's ways to work with those that drive cars and those that are looking to use the public transit system on certain projects, because it will be beneficial for both.

JOSEPH But you're right, climate change is a real ally in this discussion. I mean, it's the timing, in some ways, couldn't

SCHWIETERMAN: be better, with our state making a commitment to 2040 greenhouse gas neutrality and so forth. So that really helps. And I also think--

JULIE HAMOS: Yes, but gas tax revenues diminishing--

JOSEPH Right.

SCHWIETERMAN:

JULIE HAMOS: It just adds some more complex issues to the mix, right?

JOSEPH SCHWIETERMAN: Exactly. Well, and again, it goes back to, if we're able to-- this is why there's a lot of pressure on Rebuild Illinois to deliver. Because if we're able to explain what we're going to do, then vote on it, and then justify it by it being getting done, we're going to be in a good place.

In 2019, there was a bill to increase the fee for electric vehicles to \$1,000 to help pay for Rebuild Illinois and everything. So I got a call from my niece in California. And she's like, what are you doing? I thought we were supposed to incentivize people to use electric vehicles.

And I said, well, let me explain. And I proceeded to explain to a nine-year-old in California Illinois transportation policy.

[LAUGHTER]

But the point is that after I explained, I said, look, everybody uses the road. We do want to incentivize electric. We have to find the middle ground.

It's not \$1,000. I didn't introduce the bill. But we do have to take into consideration that if this is a system that everybody uses, we all have to contribute to it in some way.

JULIE HAMOS: Thank you.

JOSEPH SCHWIETERMAN: And then she was like, OK, you're OK with me now.

[LAUGHTER]

JULIE HAMOS: Thank God. You're looking good. So if you can explain it to a nine-year-old, I'm sure you'll do quite well in the Legislature.

JOSEPH SCHWIETERMAN: That--

[LAUGHTER]

JULIE HAMOS: So thank you to our three great panelists.

[APPLAUSE]

And I think we have a 15-minute break still? A 15-minute break. Keep talking.

JOSEPH SCHWIETERMAN: Absolutely, I would love to--