



## MEMORANDUM

**To:** CMAP Board and MPO Policy Committee

**From:** CMAP Staff

**Date:** March 3, 2021

**Re:** Background on Equity in Transportation Fees, Fines, and Fares project

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### Why fees, fines, and fares?

Metropolitan Chicago's transportation system, particularly the public transit system, has experienced decades of underfunding. To ensure the system is maintained, while providing necessary enhancements and expansions, ON TO 2050, the region's long range comprehensive plan, recommends fully funding the region's transportation system. ON TO 2050 also recommends that new user fees be implemented carefully to avoid undue burdens on residents with low income. The decisions that policymakers and transportation agencies make in funding the system greatly impact residents' ability to access the system.

A person's socioeconomic status, race, or ability should not result in disparate mobility options. Yet many of the region's residents who are lower income and people of color live in communities where transit connections from home to work are limited. When people have access to a multimodal transportation system that connects them to their destinations, it increases opportunities and improves quality of life. ON TO 2050 seeks to promote inclusive growth by improving mobility options that spur economic opportunity for low income communities, people of color, and people with disabilities. The transportation system is a literal route to opportunity for the region's residents, connecting them to jobs, education, and services.

Within northeastern Illinois, CMAP estimates that 22 percent of households have an income less than 60 percent of the region's median level.<sup>1</sup> These households are disproportionately comprised of Black and Latinx residents. Residents with disabilities also disproportionately have low incomes and are less likely to drive alone for commuting to work than residents without disabilities, presenting unique transportation challenges.

ON TO 2050 recommends that revenues be collected from those who benefit from the transportation system via direct user fees. While this helps improve horizontal equity – treating system users similarly with regards to the costs they pay and benefits they receive – it may not

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<sup>1</sup> Chicago Metropolitan Agency for Planning analysis American Community Survey, 2019. For a family of four people 60 percent of the region's median income is \$61,936.

support vertical equity. Vertical equity concerns the distribution of financial burdens based on a person's ability to pay. Horizontal and vertical equity goals can conflict. For example, horizontal equity requires that a driver with low income pay the same toll as every other driver who benefits from using a toll road, but vertical equity requires that they pay less than a driver with higher income. While most transportation user fees have been structured with horizontal equity in mind, it is important to make sure that vertical equity and issues of affordability are considered so they do not inappropriately impede mobility.

## **Scope, content, and report development**

This report sought to:

- Assess the impacts of fees, fines, and fares on residents in the region with low income
- Evaluate strategies to reduce the financial burden
- Understand the tradeoffs between affordability strategies and other goals and objectives, including horizontal equity and revenue generation
- Recommend policy changes to reduce the inequitable financial impact experienced by residents with low income

To undertake this work, CMAP began a process to qualitatively and quantitatively assess the impacts of several transportation fees, fines, and fares, namely:

- Fees and fines associated with motor vehicle usage:
  - Motor vehicle registration fees
  - Motor fuel tax
  - Road usage charges (ON TO 2050 recommendation)
  - Tolling
  - Transportation network company fees
  - Priced parking
  - Traffic and parking violation fines
- Fares on fixed route public transit

This report was developed with significant contributions of expertise from transportation agencies, researchers, and advocates. In addition to interviewing many experts on these topics, CMAP convened a group of partners and stakeholders from across the region to help provide feedback on the project. This group met several times between November 2019 and December 2020. During the meetings, the members discussed and provided feedback on the project's objectives and scope, analysis and assessment of the equity of each fee, fines, and fare, evaluation of strategies to improve vertical equity, recommendations, and priorities for implementation.

## **Next Steps**

At their March meetings the CMAP Board and MPO Policy committee will review the findings and recommended mitigation strategies to address inequities in fees, fines, and fares. Staff will discuss next steps for report release and implementation activities.

ACTION REQUESTED: Discussion

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