

Appendix G: Budget Process

Budget Process and Calendar

The RTA Act, which governs Pace's existence, contains specific language describing both the budget process and the RTA review criteria.

The Budget Process

By September 15th, the RTA is to advise Pace and the other Service Boards (the CTA and Metra) of the amounts and timing for the provision of public funding via the RTA for the coming and two following fiscal years. At the same time, the RTA is to advise Pace, the CTA and Metra of their required system generated recovery ratio for the coming fiscal year. In establishing the recovery ratio requirement, the RTA is to take into consideration the historical system generated recovery ratio for the services subject to each Service Board. The RTA is not to increase the recovery ratio for a Service Board disproportionately or prejudicially to increases in the ratio for the other Service Boards.

With the amendment of the RTA Act in 2008 to address ADA paratransit, a specific recovery ratio of 10% was established for the ADA Paratransit program budget. The ADA recovery ratio is independent of the ratios set by the RTA for Pace's suburban service.

To facilitate the RTA action by September 15th, Pace and the other Service Boards meet with the RTA in August. The August meetings and budget discussions serve to improve the budget process by allowing the RTA to consider up-to-date input on financial matters prior to making their September 15th decision on funding levels and recovery rate requirements.

By November 15th, Pace is required to submit a budget proposal to the RTA for the coming fiscal year and a financial plan for the two following years which is consistent with the recovery ratio and funding marks established by the RTA in September.

Prior to submitting a budget and financial plan to the RTA, Pace is required to prepare and publish a comprehensive budget and program document (as represented by this document), and hold at least one public hearing on the budget in each of the six counties. Due to its large size, Pace typically holds three public hearings in Cook County. In

order to facilitate public comment on the ADA paratransit program in the City of Chicago, Pace will hold four additional hearings in the City. Public notice of the hearings is run in several widely distributed newspapers throughout the service area. In addition, Pace is to meet with each of the six county boards to review the proposed budget and program. Above and beyond these required meetings, Pace participates in numerous meetings of local government organizations and councils such as CMAP (Chicago Metropolitan Agency for Planning) and various transportation committees (TMA's, business chambers) to inform the public of the proposed budget and program. Thousands of copies of this proposed budget document and supplemental brochure are printed and distributed to elected officials, local governments, transportation interests, public libraries and citizens. A copy is also available on Pace's website.

At the conclusion of these meetings and hearings, the Pace Board meets to evaluate the input gained, make recommendations for changes to the proposed budget as necessary, and then adopts a final program and budget by ordinance. This action is taken prior to the submittal of the budget and program to the RTA by November 15th.

Once the RTA has evaluated the budget submittals of Pace and the other Service Boards, they then consolidate the information along with their own regional budget and plan information.

The consolidated regional budget must also achieve certain criteria. Chief among them is the requirement for the consolidated budget to cover 50% of its operating costs from fares and other operating revenues. This is considered the regional recovery rate requirement. The RTA also meets with each county board and holds public hearings in each county on the consolidated regional budget and plan. At the conclusion of these meetings and hearings, the RTA adopts a final budget and plan which requires the approval of twelve of the RTA's sixteen member Board. The RTA Act requires that the RTA is to adopt the consolidated regional budget no later than December 31st for presentation to the Governor and General Assembly.

Budget Amendment Process

The Pace Board may make additional appropriations, transfers between line items and other changes to its budget at any time, as long as the changes do not alter the basis upon which the RTA made its balanced budget determination. Budget amendments are made from time to time by the Pace Board and are generally accomplished by revision to the annual appropriations ordinance. In the event a budget revision results in a general fare increase or a significant reduction of service, the Pace Board will also conduct public hearings in the affected areas.

Budget amendments which do not impact the RTA balanced budget determination basis are provided to the RTA for information purposes. The RTA may also initiate the need for a budget amendment by Pace or another Service Board if it determines such an amendment is necessary. Generally this would only occur if a Service Board failed to achieve its budgeted recovery ratio and/or exceeded its public funding allocation, in which case the RTA can direct the Service Board to submit an amended budget within a specified time frame. Additionally, the RTA may require the Service Boards to submit amended budgets to reflect a

revision to public funding or the recovery ratio as deemed necessary by the RTA. The Service Boards have thirty days from date of notice to submit a revision. There are no public hearing requirements for budget amendments which do not affect fares or services.

Budget Calendar

Below are key dates and events in the Pace FY 2012 budget development cycle. The annual capital budget and five year program, as well as the three year financial plan for operations, are also developed in accordance with this schedule.

Chart U. 2012 Budget Development Calendar

Date (2011)	Event
May 20	Release budget call to Agency management
June 17	Budget call requests due from management
July	Staff develops a preliminary budget
August	Budget Discussions/Meetings with RTA and other Service Boards
September 14	RTA to set 2012 Funding and Recovery Marks; Pace Board Meets
September 16 - 30	Staff develops Proposed 2012 Budget per Board directives
October 12	Pace Board releases Proposed 2012 Budget for Public Hearing
October 17 - 27	Public Hearings on Pace's Proposed 2012 Budget
November 9	Pace Board adopts Final 2012 Budget
November 15	Submit Final 2012 Budget to RTA
November 16	RTA evaluates Pace budget for compliance
December 15	RTA scheduled to approve/adopt 2012 Budget for Pace