COVID-19 & Transportation Funding in Illinois

One Year Later

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EXECUTIVE SUMMARY

Despite the launch of its historic capital infrastructure program, Illinois' transportation systems have faced unique challenges during the COVID Pandemic. Decreased travel has reduced transportation revenues on which the program relies. And while travel trends have begun to rebound, they have not yet returned to pre-pandemic levels.

Both vehicular and transit systems experienced significant reductions in travel through 2020 and early 2021.

- Following Illinois' stay-at-home order, traffic volumes were most impacted in March and April of 2020, with April experiencing a 40% drop in total vehicle travel compared to the same month in 2019.
- Vehicular traffic has recovered since April but still averaged a 15% year-over-year reduction in travel.
- Transit similarly experienced massive ridership drops in April and May 2020, with reductions between 68% for Chicago Transit Authority (CTA) buses and 100% for Metra rail.
- For June through December 2020, year-over-year ridership declines remained 50%-60% for bus services, 77% for CTA Rail, and 89% for Metra.

The motor fuel tax (MFT), the most significant source of transportation funding in Illinois, lost $308 million over the 11-month period between April 2020 and February 2021 due to COVID-19.

- Rebuild Illinois doubled the MFT rate for gasoline and special fuels to generate an additional $1.3 billion in annual revenue annually, accounting for more than 66% of new transportation revenues.
- In normal travel conditions, the MFT generates $2.5 billion per year for Illinois and is divided between the state, local governments, and transit agencies.
- Of the $308 million in lost MFT revenue, $151 million would have been distributed to the state, $30 million would have funded transit agencies, and $126 million would have gone to local governments.
- The $308 million loss is consistent with Spring 2020 predictions in two separate studies by researchers at the Illinois Economic Policy Institute (ILEPI) and Chicago Metropolitan Agency for Planning (CMAP).
- Due to the Rebuild Illinois capital plan, Illinois is still collecting over $800 million (64%) more in MFT revenue than two years ago in spite of COVID-19.

Public transit in the Chicago region was hurt even more by COVID-19 – but help is on the way.

- Local sales taxes generated $96 million less for the Regional Transportation Authority (RTA) between March and November 2020 compared with the year prior.
- Collective farebox revenue from the CTA, Pace, and Metra generated $645 million less in 2020 compared to 2019; 69% less for Metra, 62% less for CTA, and 50% less for Pace.
- The American Rescue Plan provides an estimated $1.5 billion in federal funding for transit in the Chicago region to help fund operating expenses and payroll for RTA workers through 2023.

While traffic volumes showed signs of rebound in 2020, certain trends that became commonplace during the COVID-19 pandemic may ultimately persist for years to come.

- A U.S. Census Bureau survey indicates that 35% of Illinois workers who were working at an employment site prior to COVID-19 are now working from home as of February 2021.
- Changing travel patterns have impacted traditional commute times, with data showing Chicago's morning commute has declined, while midday hours experienced increased traffic.
- Rebuild Illinois was a historic plan to address long-term transportation funding shortages, but it is now important to continue tracking travel trends and emerging infrastructure needs as telework becomes more common post-pandemic.

With Illinois set to receive more than $13 billion in state and local government aid in the American Rescue Plan and vaccinations offering the potential for a return to a pre-pandemic normal in 2021, transportation infrastructure investment in Illinois may soon get back on track. To minimize COVID 19's longer-term impacts on state infrastructure, elected officials could consider devoting portions of the American Rescue Plan funding to replace MFT revenue lost during the pandemic.

INTRODUCTION

One year has passed since with the State of Illinois instituted a stay-at-home order in response to the COVID-19 pandemic on Saturday, March 21, 2020 (State of Illinois Coronavirus Response, 2020). COVID-19 has strained residents, businesses, and state and local governments as they faced public health restrictions, changing consumer habits, and diminished tax revenues. While vaccines bring hope for recovery in the coming months, many facets of Illinois' economy continue to cope with hardships.

Transportation systems – including both vehicular and transit systems – have faced their own demands and difficulties over the last year. Reduced travel has resulted in less transportation revenue, impacting Illinois' ability to properly support and maintain its transportation infrastructure. This can become more problematic as the impacts extend to funding streams for the historic $45 billion Rebuild Illinois capital plan, which was passed in June 2019. One year later, the state is beginning to see a rebound in travel trends in certain sectors, but it is likely that the future of transportation could be different from the pre-COVID-19 world. This report examines these issues through an evaluation of transportation trends over the past year, their subsequent impact on transportation revenues, and considers the future of transportation in Illinois.

TRANSPORTATION REVENUE AND REBUILD ILLINOIS

Signed into law in June 2019, Rebuild Illinois is a six-year comprehensive capital plan to fund the state's critical infrastructure systems, from roads, bridges, and transit systems, to investments in clean water, broadband, education facilities, and many other projects across the state. Multiple revenue sources are dedicated to Rebuild Illinois, but the most significant is the motor fuel tax (MFT). However, the MFT is among the most susceptible to negative consequences from the effect of COVID-19 on consumer traffic (Goolsbee & Syverson, 2020).[1]

The MFT is the most important source of transportation funding in Illinois. It is collected on a per-gallon basis, with rates currently $0.387 for gasoline and $0.462 for special fuels. As people travel less, they will purchase less fuel and ultimately contribute less to transportation funding. Rebuild Illinois increased MFT rates by $0.19 per gallon for gasoline and $0.24 per gallon for special fuels and indexed them to inflation. This increase was estimated to generate an additional $1.3 billion in revenue every year. It is the largest transportation revenue generator for Rebuild Illinois, accounting for over 66% of new estimated annual transportation revenues (ILEPI, 2021a). Altogether, the MFT brings in approximately $2.5 billion per year for Illinois and is divided between the state and local governments and transit agencies (ILEPI, 2021b).

EARLY ESTIMATES FOR LOST MFT REVENUE IN 2020

As stay-at-home orders, school and business closures, and social distancing kept people at home during the early months of the pandemic, Illinois' transportation systems saw significantly decreased travel. By May, Illinois had experienced reduced travel on roadways by 40% and the duration of such effects were uncertain. A May 2020 report by the Illinois Economic Policy Institute (ILEPI) sought to estimate these impacts by examining three different travel reduction scenarios through 2020. ILEPI estimated MFT

[1] Research has found that individual choices – motivated by fears of infection – were responsible for about 88% of the drop in consumer traffic, while legal restrictions were responsible for the remaining 12% (Goolsbee & Syverson, 2020)

revenues would decrease by 11% to 22% compared to normal travel conditions, resulting in a loss of between $296 million and $559 million for 2020 (Tyler, Manzo, and Gigstad, 2020).

The Chicago Metropolitan Agency for Planning (CMAP) performed a similar analysis in which two travel reduction scenarios were evaluated for the remainder of 2020. Statewide, CMAP estimated MFT revenues would be $300 to $600 million less than a baseline 2020 forecast. CMAP further estimated the impact for local governments and specifically northeastern Illinois. Local governments were expected to lose between $110 and $190 million and northeastern Illinois was estimated to lose between $100 million and $200 million (CMAP, 2020).

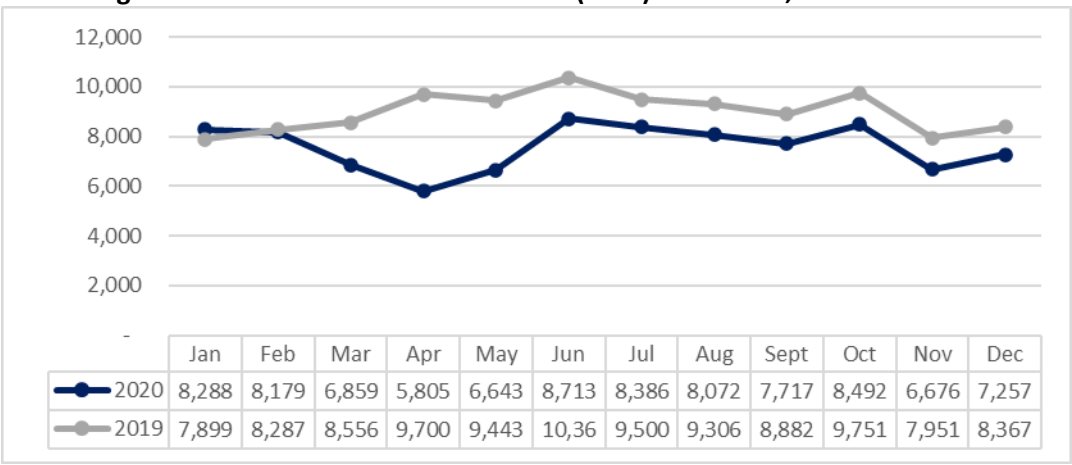
Both analyses considered scenarios that assumed travel reductions for anywhere between 5 to 10 months. The CMAP analysis only considered consistent severe travel reductions over five- and nine-month periods. The ILEPI analysis considered severe reductions over two- to five-month periods, with improvements seen in the following three to four months, eventually returning to normal in two scenarios. As discussed in the following sections, the reality may be permanently reduced travel for years to come.

IMPACT ON TRANSPORTATION SYSTEMS

Vehicular Travel

Figure 1 illustrates Illinois' total vehicular traffic volumes in 2020 as compared to 2019. The year-over-year comparison is beneficial as traffic fluctuates month-to-month in an average year, with summer months typically experiencing higher traffic volumes and winter months experiencing lower traffic volumes. Consequently, Figure 1 allows us to understand how the COVID-19 pandemic affected these normal traffic trends. Corresponding with Illinois' stay-at-home order, traffic volumes were most impacted March through May 2020, with the least amount of travel occurring in April. As the state began to resume more normal activity, total vehicle miles traveled (VMT) slightly increased through May and June. While VMT began to follow typical traffic trends though the end of 2020, it occurred at a noticeably – and sustained – lower level of overall traffic.

Figure 1: Illinois Vehicle Miles Traveled (VMT) in Millions, 2019 and 2020



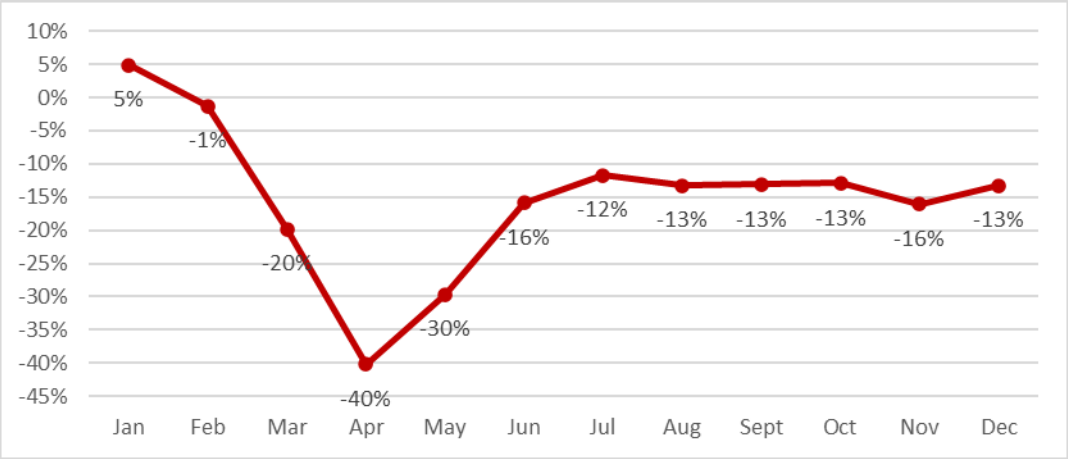
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2020	8,288	8,179	6,859	5,805	6,643	8,713	8,386	8,072	7,717	8,492	6,676	7,257
2019	7,899	8,287	8,556	9,700	9,443	10,36	9,500	9,306	8,882	9,751	7,951	8,367

Source: FHWA, 2021

Figure 2 further explains this data by illustrating the percent change in VMT between 2019 and 2020. April experienced a massive 40% year-over-year drop in total vehicle travel, with May having a 30%

decline. Traffic recovered slightly through the rest of the year, but reached a plateau and averaged a 14% year-over-year reduction in travel every month from June through December. Looking at 2020 on the whole, Illinois experienced a 15% drop in total vehicular traffic compared to 2019.

Figure 2: Illinois Vehicle Miles Traveled (VMT) in 2020 Compared to 2019

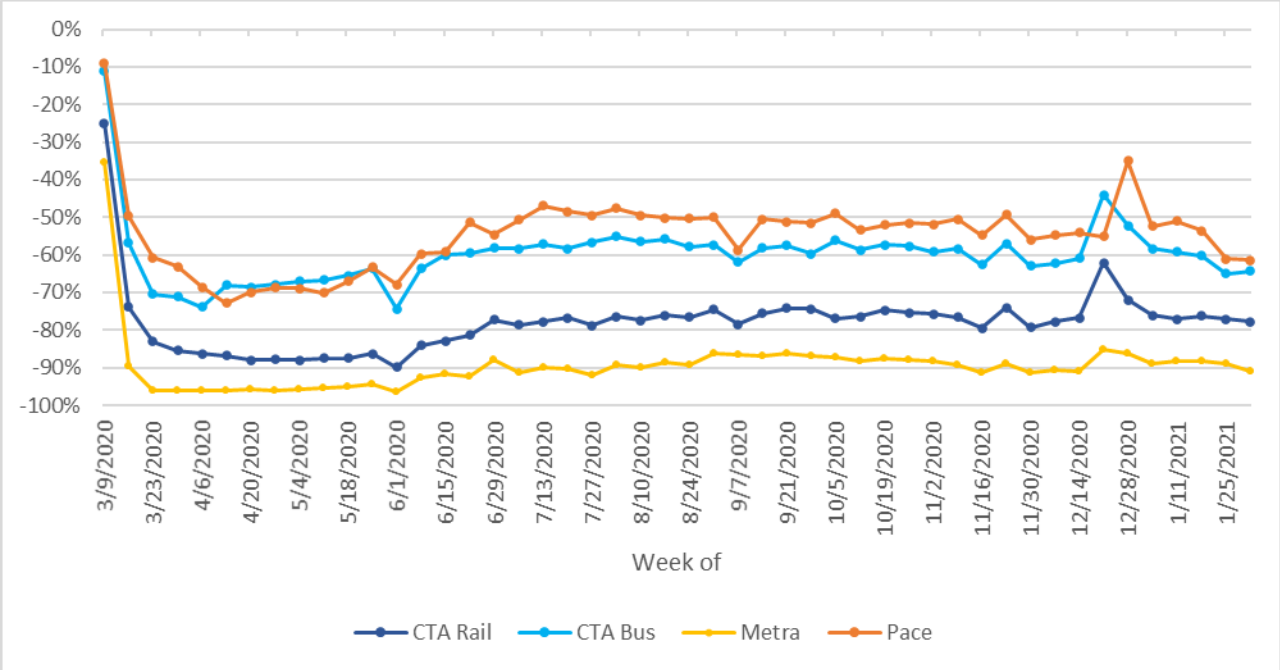


Source: FHWA, 2021

Transit Travel

COVID-19 has impacted all transit systems throughout the state, but this section focuses on the Chicago region, which accounts for nearly 85% of all transit trips in Illinois. Transit systems experienced historic drops in ridership in the early months of the pandemic. At the end of May, Illinois effectively ended the state's state at home order and entered Phase 3 of its "Restore Illinois" reopening plan. Even after businesses opened further during Phase 4 at the end of June, transit ridership remained significantly below pre-COVID-19 levels.

Figure 3: Chicago Transit Ridership Averaged by Week in 2020 Compared to 2019



Source: Regional Transportation Authority (RTA), 2021a

Figure 3 summarizes ridership on the three Chicago transit systems between March 9, 2020 – just prior to the state imposing its March 21st stay-at-home order – and February 1, 2021 (RTA, 2021a). The figure compares 2020 and 2021 numbers to the ridership experienced on the same day one year prior to the pandemic. All four systems (CTA bus and rail are illustrated separately) experienced a severe drop in ridership between the weeks of March 9, 2020 and March 23, 2020. Ridership continued to drop through the end of March, where it leveled off and stayed mostly consistent through the end of May. While ridership trended upward through June, it has remained fairly stagnant between July and November.

Metra commuter rail has been the hardest hit transit system, experiencing a nearly 100% ridership drop through May and an average drop of 89% for June 2020 through December. Similarly, CTA rail experienced a ridership decline of 86% between March and May, and only slightly improved to a 77% decline between June and December. While Chicago's bus services have fared slightly better, they are still experiencing massive ridership drops. CTA bus and Pace bus averaged a 68% and 67% drop in ridership, respectively, between March and May. These two lines have hovered at a year-over-year decline of between 50% and 60% between June 15 and December 14. All systems experienced slight increases in travel around the December holidays, but declined again in January 2021.

IMPACT ON TRANSPORTATION REVENUES

Motor Fuel Tax Revenues

With people traveling less to visit family members and partake in social or recreational activities and fewer workers commuting to offices as they work from home, less fuel has been purchased, resulting in reduced MFT revenue. Figure 4 summarizes Illinois MFT revenue collected by month since the beginning of the pandemic in April 2020, compared to what the MFT revenue would have been under normal travel conditions.

Figure 4: Illinois Motor Fuel Tax Lost Revenue Analysis, April 2020 – February 2021

Fiscal Year	Month/ Year	2020/2021 MFT Revenue	Estimated MFT Revenues Under Normal Travel Conditions (Using Average Gallons by Month)*	Difference	% Difference
FY20	Apr-20	$186,054,919	$208,945,492	-$22,890,573	-11%
	May-20	$147,899,738	$222,585,709	-$74,685,971	-34%
	Jun-20	$160,091,885	$220,266,485	-$60,174,600	-27%
FY21	Jul-20	$194,024,130	$218,557,188	-$24,533,059	-11%
	Aug-20	$207,208,946	$226,418,091	-$19,209,144	-8%
	Sep-20	$202,223,416	$215,509,231	-$13,285,815	-6%
	Oct-20	$200,374,834	$226,505,149	-$26,130,314	-12%
	Nov-20	$212,636,270	$214,419,886	-$1,783,616	-1%
	Dec-20	$182,648,943	$232,232,584	-$49,583,641	-21%
	Jan-21	$197,021,313	$206,982,900	-$9,961,587	-5%
	Feb-21	$187,614,401	$192,887,417	-$5,273,016	-3%
	Totals	**$2,077,798,796**	**$2,385,310,131**	**-$307,511,335**	**-13%**

* Gallons taxed by month reported by IDOR. Gallons used in this calculation are an average for each month for years 2017-2019. Gallons are multiplied by appropriate tax rates to provide monthly MFT revenue estimate; FY20 gasoline rates are $0.38/gallon and special fuel is $0.455/gallon, FY21 rates are $0.387/gallon and special fuel is $0.462/gallon.

Sources: IDOR, 2021a (2020/2021 MFT Revenue); IDOR, 2019 (gallons taxed)

Estimated revenue under normal travel conditions was calculated by multiplying the appropriate per-gallon tax rate by gallons taxed by month averaged over the past three years (2017-2019). It is important to use this calculation, instead of simply comparing to the previous year's revenues, because Rebuild Illinois tax increases began in Fiscal Year (FY) 2020 and rates were marginally increased due to inflation in FY 2021.

For the 11-month period between April 2020 and February 2021, Illinois brought in $2.08 billion in MFT revenue. If travel had stayed consistent with past years' trends, $2.39 billion would have been expected. Consequently, because of reduced travel from the COVID-19 pandemic, Illinois lost $308 million for road, bridge, and transit infrastructure funding during this time period. By month, May was the most severe, experiencing a 34% drop compared to what was expected. Revenues recovered in the summer months – corresponding to travel habits – but December experienced another 21% loss. January and February have recovered with minimal losses, but it will be necessary to keep tracking these trends through2021 and beyond.

It is important to note the positive impact of Rebuild Illinois on MFT revenues during the COVID-19 pandemic. Illinois lost $308 million in MFT revenues over the 11-month period between April 2020 and February 2021. However, as shown in Figure 5, the $2.08 billion in MFT revenues is still 64% more than Illinois collected at the pump during the same 11 months two years ago, before both the Rebuild Illinois capital plan and the COVID-19 pandemic. It is also 65% more than the same months three years ago. The key takeaways are that, *in spite of COVID-19*, the State of Illinois has generated about $800 million more over the past 11 months to invest in transportation infrastructure due to the Rebuild Illinois capital plan that was passed in June 2019 but, *because of COVID-19*, Illinois lost more than $300 million than it would have collected over the last 11 months under normal circumstances.

Figure 5: Illinois MFT Revenue Analysis, April 2020 – February 2021 Compared with Previous Years

11-Month Period Compared with Previous Years	Total MFT Revenues	April 2020 to February 2021 % Difference	Rebuild Illinois in Effect	COVID-19 Pandemic
April 2020 to February 2021	$2,077,798,796	--	Yes	During
April 2019 to February 2020	$1,965,272,350	+5.7%	Partially*	Before
April 2018 to February 2019	$1,266,659,490	+64.0%	No	Before
April 2017 to February 2018	$1,262,697,280	+64.6%	No	Before

*Rebuild Illinois was in effect starting in July 2019, representing 8 of the 11 months analyzed
Sources: IDOR, 2021a

MFT Lost Revenue by Fund and Agency

Illinois MFT revenue is distributed to multiple state funds that support the Illinois Department of Transportation (IDOT), local governments, and transit agencies. Any reduction in MFT funds results in less money to support these agencies. Calculations were performed to determine how the $308 million in lost MFT revenue breaks down by state fund. These calculations are summarized in Figure 6 and fully explained in the Appendix.

Of the $308 million in lost MFT revenue due to reduced travel from COVID-19, more than $151 million would have been distributed to the state and $30 million would have funded transit agencies. Specifically, the state lost $101 million for the State Construction Account and $50 million for the Road Fund. The three major Chicago transit agencies – supported by the RTA Fund – received almost $27 million less, while funding dedicated to downstate transit agencies was $3 million less than expected. Lastly, a large portion of MFT revenue is distributed to local governments statewide – including

counties, municipalities, and townships. More than $126 million less money was allocated to these local governments across Illinois (Figure 6).

Figure 6: Breakdown of Lost MFT Revenue by State Fund

Agency	Fund	Amount
State	State Construction Account	-$100,696,578
	Road Fund	-$50,754,907
	Total	**-$151,451,485**
Transit Agencies	RTA Fund	-$26,889,613
	Downstate Mass Transit Fund	-$2,987,735
	Total	**-$29,877,347**
Local Governments	**Total**	**-$126,182,502**
	Total	**-$307,511,335**

Source: Author's analysis of state MFT distribution; see the Appendix for complete calculations

Transit Revenue: Sales Tax

The Regional Transportation Authority (RTA) – the regional agency that provides the financial and planning oversight for the three Chicago area transit systems – relies on a variety of funding sources to support the operations and capital funding needs of the CTA, Pace, and Metra. The RTA's two most significant funding sources for operations are the regional RTA sales tax and the service board operating revenue (largely passenger fares), making up 72% of total operating revenue in the 2021 budget (RTA, 2021b).

The regional sales tax provides funding for RTA services and is levied at different rates by county throughout the Chicago region. Cook County has a 1% tax on general merchandise and a 1.25% tax on qualifying food and drugs. DuPage, Kane, Lake, McHenry, and Will Counties have a 0.75% tax on general merchandise and qualifying food and drugs (IDOR, 2020). This tax makes up an estimated 35% of the RTA's operations budget in 2021, down from 42% in 2020 (RTA, 2021b; RTA, 2020).

COVID-19 has adversely impacted the region's sales tax revenue, as a result of businesses and restaurants temporarily closing and people choosing to remain home. Figure 7 summarizes the RTA tax collected by month for January through November for 2019 and 2020. While January experienced a year-over-year increase of 8% and February experienced a year-over-year increase of about 1%, the impact of COVID-19 began in March. At that time, general merchandise experienced a 26% decline between 2019 and 2020, resulting in a 14% drop in total monthly tax revenues. The impact was far more extreme in April and May, when general merchandise experienced a decline of 40% and 30% in tax revenue between 2019 and 2020, respectively. Consequently, total monthly tax revenues saw a decrease of 28% and 24% in April and May, respectively. While the drop in RTA regional sales tax collections continued through the remaining months, it was less severe, with the year-over-year decline averaging 7% for June through November. Altogether, $96 million less was collected for March through November in 2020 compared to 2019.

Figure 7: Sales Tax Collected by RTA (shown by month tax was charged) for 2019 and 2020

Month*	Type of Tax	2019	2020	Difference	% Change
	General Merchandise	$52,265,603	$56,750,706		8.6%
January	Qualifying Food & Drug	$20,472,286	$21,590,496		5.5%
	Total	**$72,737,890**	**$78,341,202**		**7.7%**
	General Merchandise	$54,574,056	$54,376,088		-0.4%
February	Qualifying Food & Drug	$19,357,554	$20,143,858		4.1%
	Total	**$73,931,610**	**$74,519,947**		**0.8%**
	General Merchandise	$67,628,920	$49,920,595		-26.2%
March	Qualifying Food & Drug	$21,026,941	$26,094,245		24.1%
	Total	**$88,655,861**	**$76,014,840**	-$12,641,021	**-14.3%**
	General Merchandise	$66,275,385	$39,920,167		-39.8%
April	Qualifying Food & Drug	$21,069,242	$23,143,081		9.8%
	Total	**$87,344,627**	**$63,063,248**	-$24,281,378	**-27.8%**
	General Merchandise	$72,328,541	$50,472,980		-30.2%
May	Qualifying Food & Drug	$21,950,175	$21,551,100		-1.8%
	Total	**$94,278,715**	**$72,024,079**	-$22,254,636	**-23.6%**
	General Merchandise	$70,273,979	$61,985,391		-11.8%
June	Qualifying Food & Drug	$21,013,993	$22,191,132		5.6%
	Total	**$91,287,971**	**$84,176,523**	-$7,111,449	**-7.8%**
	General Merchandise	$70,895,175	$65,643,167		-7.4%
July	Qualifying Food & Drug	$22,047,722	$22,598,820		2.5%
	Total	**$92,942,897**	**$88,241,987**	-$4,700,910	**-5.1%**
	General Merchandise	$71,815,621	$64,225,522		-10.6%
August	Qualifying Food & Drug	$21,580,457	$22,457,579		4.1%
	Total	**$93,396,078**	**$86,683,102**	-$6,712,977	**-7.2%**
	General Merchandise	$67,784,341	$64,894,182		-4.3%
September	Qualifying Food & Drug	$21,024,818	$21,776,000		3.6%
	Total	**$88,809,159**	**$86,670,182**	-$2,138,978	**-2.4%**
	General Merchandise	$70,090,801	$62,825,354		-10.4%
October	Qualifying Food & Drug	$22,722,474	$21,476,289		-5.5%
	Total	**$92,813,275**	**$84,301,643**	-$8,511,632	**-9.2%**
	General Merchandise	$68,534,182	$58,553,170		-14.6%
November	Qualifying Food & Drug	$21,037,635	$23,649,727		12.4%
	Total	**$89,571,817**	**$82,202,897**	-$7,368,920	**-8.2%**
			Total Losses	-$95,721,901	

* Month reflects the month the tax was collected; in the IDOR database (the source of the data), the data is shown as the month it is disbursed to the RTA, which is actually 3 months later

Source: IDOR, 2021b

Transit Revenues: Farebox Revenue

The Service Board Operating Revenue is the second largest funding source for transit operations under the RTA, accounting for 38% of estimated revenues in the 2021 budget (RTA, 2021b). This revenue largely consists of passenger fares, in addition to the revenue from lease of space, advertising, and investment income.

In response to COVID-19, both the CTA and Pace suspended fare collections in early April, lasting through mid-June (Danielson, 2020). This, combined with reduced ridership, has resulted in a significant decline in farebox revenues across all Chicago area systems. The CTA, Pace, and Metra all experienced at least an 80% reduction in fare revenue for April and 90% reduction in May compared to the same

months in 2019 (Figure 8). This trend largely persisted through June, with only the CTA improving slightly. Both the CTA and Pace further improved for July through November, however the CTA is experiencing an average 70% loss and Pace is experiencing an average 59% loss. However, Metra farebox revenues have remained at a 90% or more reduction compared to 2019 since May, with the exception of August which was at 88%.

Figure 8: 2020 RTA Farebox Revenue Compared to 2019

Month	CTA	Metra	Pace
January	8%	5%	5%
February	1%	1%	0%
March	-39%	-23%	-25%
April	-83%	-83%	-80%
May	-89%	-95%	-96%
June	-82%	-92%	-92%
July	-71%	-93%	-59%
August	-70%	-88%	-56%
September	-68%	-93%	-56%
October	-68%	-91%	-65%
November	-70%	-93%	-60%

Source: RTA, 2021a

Figure 9 summarizes total revenue losses between 2019 and 2020. Total 2020 numbers were not available at the time the data was published, as such 2020 revenues are an estimate provided by the CTA, Metra, and Pace. In total, the Chicago transit agencies generated over $634 million less – or 64% – in 2020 compared to 2019. Metra fared the worst percentagewise, with farebox revenue 69% less in 2020, totaling $253 million. The CTA and Pace experienced losses totaling $364 million and $18 million, respectively (Figure 9).

Figure 9: Farebox Revenue Losses between 2019 and 2020

System	2019 Actual Revenues	2020 Estimated Revenues	Difference	% Change
CTA	$585,297,000	$221,479,000	-$363,818,000	-62%
Metra	$365,935,000	$113,200,000	-$252,735,000	-69%
Pace	$36,050,000	$17,979,000	-$18,071,000	-50%
Total	$987,282,000	$352,658,000	-$634,624,000	-64%

Source: RTA, 2021b

LOOKING TO THE FUTURE

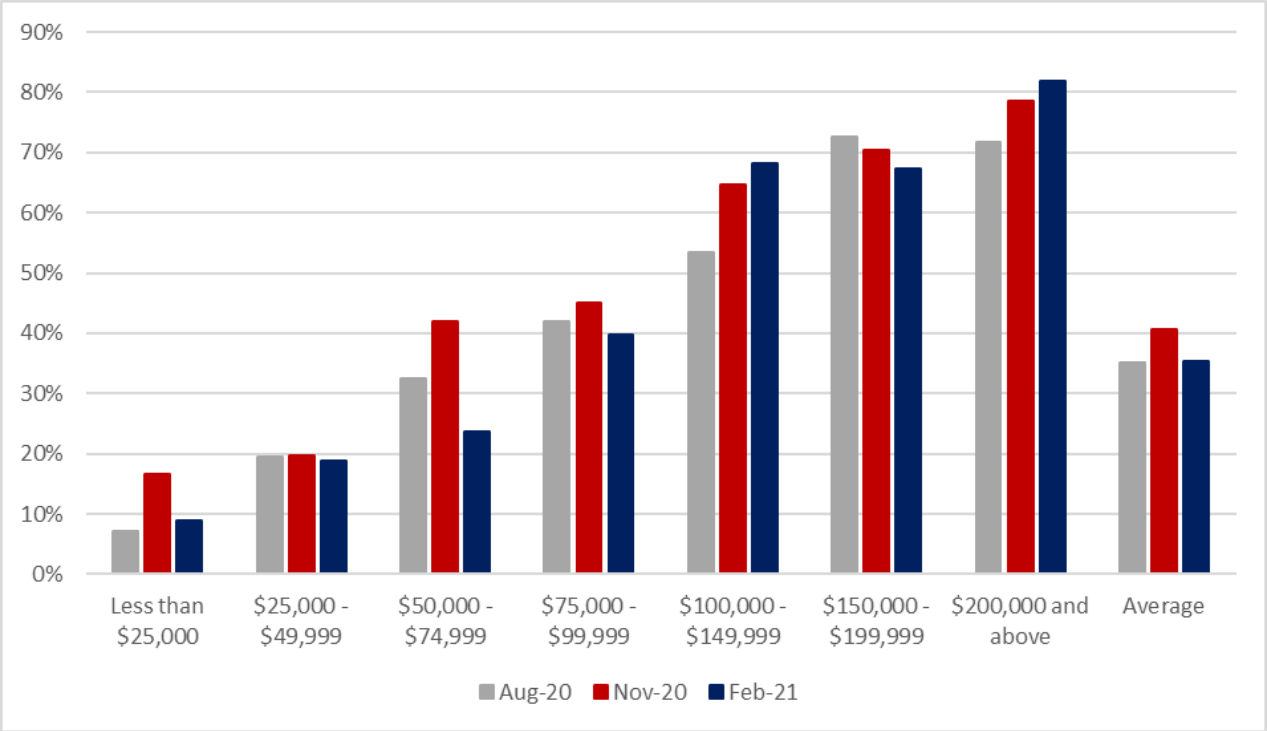
As Illinois recovers from the effects of the COVID-19 pandemic and aims to return to normal activity, much uncertainty remains regarding the future of transportation. While traffic volumes showed signs of a rebound over the summer of 2020, particularly in vehicular travel, certain trends that became commonplace during the COVID-19 pandemic may ultimately persist for years to come.

The most significant change will be related to the standard commute and telework, or working from home. A 2020 survey, completed by the University of Illinois at Chicago (UIC) Translab, interviewed over 1,000 people in the Chicago metropolitan region between April 25, 2020 and June 2, 2020 to understand people's attitudes and behaviors related to COVID-19. Looking specifically at working from home, the researchers found 67% of people never worked from home prior to the pandemic, yet following the

onset of the pandemic, 57% of all respondents were working from home at least one day a week (UIC Translab, 2020).

The nationwide Census Pulse Survey shows that this trend persists through early 2021. Since April 2020, the U.S. Census Bureau has been collecting data over short periods of time – typically one to two weeks – as a means to measure household experience during the COVID-19 pandemic. Transportation-specific questions were added in Phase 2, beginning in August 2020. Figure 10 summarizes the percent of people in Illinois now working at home, who were working at an employment site prior to the COVID-19 pandemic. This data shows that the trend persisted past the early months of the pandemic and remains at 35% of people statewide in February 2021 (Census, 2021). Furthermore, this survey also found that the trend strongly correlates to income level, with 68% of those earning between $100,000 and $149,999, 67% of those earning between $150,000 and $199,999, and 82% of those earning $200,000 or more working from home as of February 2021 (Figure 10).

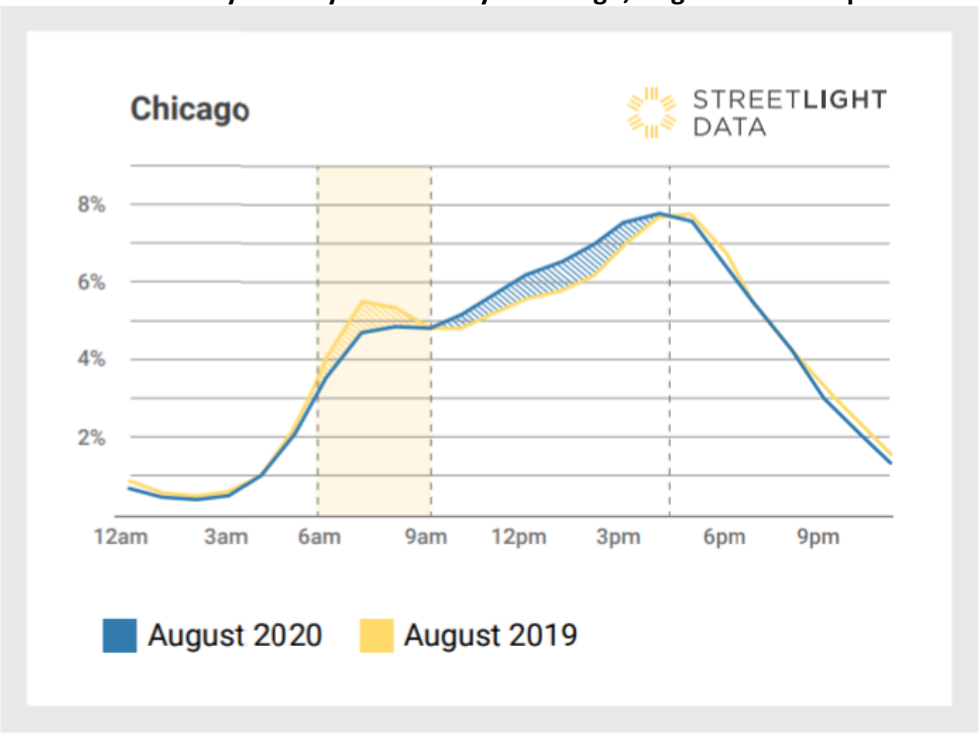
Figure 10: Percent of People in Illinois Working from Home who Previously Worked at Employment Site by Income, for August 2020, November 2020, and February 2021



Source: U.S. Census Bureau Household Pulse Survey Weeks 13, 19, and 25 (Census, 2021)

As the work-from-home trend continues, travel patterns – like the standard morning and evening commute times – are being impacted. StreetLight Data, a data analytics company focused on urban planning, analyzed the distribution of VMT by time of day in major metropolitan areas – including Chicago – to illustrate changing traffic patterns related to traditional commute times (StreetLight Data, 2021). Figure 11 clearly shows a reduction in VMT between the 6:00 a.m. and 9:00 a.m. hours in 2020 compared to 2019. As a result, traffic spread more throughout the day, resulting in a higher proportion of daily VMT observed in the midday hours of 9:00 a.m. to 4:00 p.m.

Figure 11: Distribution of Daily VMT by Time of Day in Chicago, August 2019 compared to August 2020



Source: StreetLight Data, 2021

While this data solely focused on vehicular travel, transit ridership is also expected to feel an impact. In particular, transit systems that focus on traditional commuters – Metra being the most notable in Chicago – will be required to adapt to a new type of traveler. Fewer people may need multiple train options during the morning and afternoon rush hour if they are working from home. Additional transit options may be required during what was traditionally considered an "off-time." Overall, transit will face many challenges in the coming years as people continue to exercise caution, work from home, and/or choose alternate modes of transportation.

CONCLUSION

COVID-19 has brought significant disruption to Illinois and its local governments, businesses, workers, and families. The pandemic's impact on transportation systems was one of the more unexpected byproducts, and both road and transit systems are still looking towards an uncertain future. It remains unclear when – or if – travel will return to pre-pandemic levels and trends.

One year later, we have a clearer picture of the impact of travel reductions on transportation revenues. Lost revenue from the motor fuel tax between April 2020 and February 2021 totaled $308 million, a 12% loss from expected annual revenue of approximately $2.4 billion during just these 11 months. This figure is consistent with predictions published by researchers, including ILEPI, in Spring 2020. This loss affects funding for IDOT, statewide transit agencies, and local governments and directly reduces revenue available to invest in transportation infrastructure as part of the Rebuild Illinois capital plan.

Transit agencies are hurting even more. Despite a recovery in economic activity in the later months of 2020, transit ridership has failed to substantially rebound. This has resulted in massive losses in farebox revenue. Transit agencies also depend on sales tax revenue, which continues to underperform.

The $1.9 trillion American Rescue Plan passed by Congress and signed by President Biden in March 2021 can close this gap in lost transportation revenue. The law provides $195 billion to states and $130 billion to local governments (NCSL, 2021). The law provides an estimated $1.5 billion in transit funding for the Chicago region to help fund operating expenses and payroll for RTA workers through 2023. In addition, the COVID-19 relief plan also includes about $7.5 billion for the State of Illinois and $5.5 billion for local governments in Illinois (U.S. Senator Dick Durbin of Illinois, 2021). These funds must be used to directly respond to the COVID-19 pandemic, provide premium pay to essential employees, provide government services affected by a revenue reduction resulting from COVID-19, and make investments in water, sewer, and broadband infrastructure. It cannot be used towards pensions or to offset revenue losses resulting from a tax cut (NCSL, 2021). Illinois could use at least $308 million in funding from the American Rescue Plan to invest in highway, street, and bridge construction that was affected by a reduction in revenue resulting from the COVID-19 pandemic.

With vaccinations offering the potential for a return to the pre-pandemic normal by the end of 2021 and increased federal funding under the American Rescue plan forthcoming, transportation funding and infrastructure investment in Illinois may soon get back on track. However, further study will be needed. The pandemic induced a general shock to the system as travel habits and trends changed overnight. Only time will allow for a full understanding of Illinois' altered travel habits, demographic shifts, and overall post-pandemic economy. Consequently, it will be important to continue tracking travel trends, associated revenues, and emerging infrastructure needs to understand required investments to promote equity and economic growth in the decades ahead.

Illinois took historic steps to address long-term infrastructure funding shortages when Rebuild Illinois was passed. While annual MFT revenues will exceed those collected prior to the passage of the capital bill, this revenue source did not reach its full potential for 2020 and likely will not for 2021. By devoting portions of the American Rescue Plan funding to replace MFT revenue lost during the pandemic, Illinois could take steps to prevent longer term pandemic impacts on the quality of highway, street, and bridge infrastructure and the state's broader economic recovery.

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APPENDIX

This Appendix outlines the analysis used to determine the breakdown of Illinois MFT revenues by state fund, including the Road Fund, State Construction Account, RTA Fund, and Downstate Mass Transit Fund. The table on the following page has step-by-step calculations. Descriptions for certain assumptions used are explained below.

% Breakdown of all MFT Revenues

MFT revenues can be calculated by multiplying gallons taxed by the appropriate per-gallon tax rate. The Illinois Department of Revenue reports "gallons taxed" broken down by gasoline and special fuels (IDOR, 2019). Since gasoline and special fuels have different tax rates, revenues cannot be assumed to have the same percent breakdown as gallons. Consequently, revenues for gasoline and special fuels were calculated separately using this "gallons taxed" figure for 2017, 2018, and 2019. These figures were then used to determine the percent that gasoline and special fuels, respectively, made up of total revenues. This breakdown was averaged over all three years. Of total MFT revenues, it was found that gasoline made up 72% of those revenues, while special fuels made up 28%.

Cost per Gallon

The cost per gallon increased slightly beginning in July 2020 – at a rate tied to inflation, as stipulated in state law. While that resulted in different rates between FY20 and FY21, only FY21 rates are used in this fund distribution calculation. The increase was minimal and would result in minimal differences of distribution. Thus only one rate was used to simplify the calculation process.

Breakdown by Funds

The blue box under each "Breakdown by Funds" heading shows how a single gallon of gas tax revenue is divided between various funds. These percentages are applied below to total revenues by gasoline and special fuels, respectively.

The percent breakdowns used for both the gasoline and special fuel breakdown calculations are determined by MFT legislation (35 ILCS 505). This flowchart developed by ILEPI illustrates this breakdown and may be helpful in further describing this process.

MFT LOST REVENUE (Apr 2020 – Feb 2021) BREAKDOWN BY STATE FUND

Total Lost Revenue	**$307,511,335**

% Breakdown of all MFT Revenues (Calculated Based on Gallons Taxed)	
Gasoline Revenue	72%
Special Fuels Revenue	28%
Lost Revenue Breakdown	
Gasoline Revenue (72%)	$220,987,851
Special Fuels Revenue (28%)	$86,523,484

Gasoline Revenue Breakdown by Funds	
Cost per gallon	$0.387
MFT Fund ($0.19/gallon)	49%
Transportation Renewal Fund ($0.197/gallon)	51%
MFT Fund (49%)	**$108,495,328**
Local (54.4%)	$59,021,458
State (45.6%)	$49,473,869
State Construction Account (37%)	$18,305,332
Road Fund (63%)	$31,168,538
Transportation Renewal Fund (51%)	**$112,492,524**
Road/Bridge (80%)	$89,994,019
Local (40%)	$35,997,608
State Construction Account (60%)	$53,996,411
Transit (20%)	$22,498,505
RTA Fund (90%)	$20,248,654
Downstate Mass Transit Fund (10%)	$2,249,850

Special Fuels Revenue Breakdown by Funds	
Cost per gallon	$0.462
MFT Fund ($0.215/gallon)	47%
Transportation Renewal Fund ($0.197/gallon)	43%
Road Fund ($0.05/gallon)	11%
State Construction Account Set-Aside ($0.025/gallon)	5%
MFT Fund (47%)	**$40,265,258**
State Construction Account ($0.025/gallon set-aside, 5% of total)	$4,682,007
MFT Fund after set-aside	**$35,583,251**
Local (54.4%)	$19,357,289
State (45.6%)	$16,225,962
State Construction Account (37%)	$6,003,606
Road Fund (63%)	$10,222,356
Transportation Renewal Fund (42%)	**$36,894,213**
Road/Bridge (80%)	$29,515,370
Local (40%)	$11,806,148
State Construction Account (60%)	$17,709,222
Transit (20%)	$7,378,843
RTA Fund (90%)	$6,640,958
Downstate Mass Transit Fund (10%)	$737,884
Road Fund (11%)	**$9,364,013.41**

Source: Author's analysis of MFT distribution