



An Urban Core Congestion Pricing Program for the Chicago Region

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New York City recently joined other global cities such as London, Singapore, and Stockholm and implemented a congestion pricing program covering a cordoned area in lower Manhattan. Such programs charge vehicles for entering a cordoned area, often a central business district, with the goals of reducing traffic congestion, improving air quality, incentivizing mode shift in transit rich areas, and funding improved public transit alternatives to driving. This post outlines a concept for a congestion pricing program for the Chicago region that uses the I-294/Tri-State loop as the cordon and charges vehicles an urban access fee when they enter the urban core of the Chicago region by passing over or under that cordon.

What is Congestion Pricing?

Driving is a popular mode of travel. Cars take up a lot of space. When there are more cars than expressways and other roadways can handle traffic, congestion results. Traffic congestion delays freight vehicles, raising the cost of goods. It delays people, impeding their ability to arrive at work consistently on time and access services, and depriving them of time with family and friends.

Successful cities tend to have lots of traffic congestion because they have a lot of people that want to access a lot of destinations—jobs, service providers, entertainment venues. Chicago is no exception. By some [measures](#) it has some of the highest levels of traffic congestion in the world.

Beginning with Singapore in [1975](#), some cities have tackled traffic congestion by imposing a fee on vehicles accessing especially congested areas, such as central business districts. The access fee into these urban cordons tends to vary by time of day and day of the week, calibrated to the varying levels of traffic demand. The goal is to use variable pricing to match traffic demand to roadway capacity, much as electricity providers and grocers vary prices to match demand with supply.

Charging drivers to use the roads is hardly new. The Illinois Tollway, for example, has been charging tolls on all vehicles that use its roadways in Northeastern Illinois for decades. While there are none in Illinois yet, in other parts of the country variable tolling rates are a standard feature of many [managed lane programs](#), which charge a toll that varies by demand to give motorists a reliable alternative to the unpriced -- and sometimes more congested -- general purpose lanes.

Congestion pricing programs tend to be controversial when implemented but grow in public acceptance when the public sees the traffic flow and quality of life benefits of fewer vehicles on their roads. A key to acceptance is how the congestion pricing program fees are used. Typically, a substantial portion of these fees are used to improve public transit alternatives to driving to and within the tolled cordon. In some metros a portion of the fee revenue is used to reduce the charge on low-income drivers or residents who live near the boundary of the cordon and pass back and forth frequently.

The equity impacts of congestion pricing have undergone significant study. First, unpriced roads have [negative equity implications](#) because they encourage driving—something higher income people do more than lower income people—and the negative effects of more driving such as impaired air quality, traffic noise, and roadway infrastructure dividing communities is felt by low-income communities around those roads. Second, using congestion pricing program proceeds to fund [improved affordable mobility](#) alternatives to driving, such as transit, walking, and biking, benefits low-income people. New York, for example, is using its [congestion pricing program](#) revenue to fund \$15 billion in transit system capital improvements. Third, through programs such as the Illinois Tollway's [I-Pass Assist](#) low-income drivers can get assistance in paying the congestion charge.

Congestion pricing in the Chicago region

The City of Chicago already has a congestion pricing program in place. It imposes an extra fee on transportation network companies like Uber and Lyft for trips that begin/end in its central business district (CBD) and certain other high-demand locations that are well served by transit. This fee varies by time of day/week. This program is able to rely on the apps of the transportation network companies to identify which trips are subject to the congestion zone charge.

Both the City of Chicago and outside parties have indicated an interest in expanding this congestion pricing system to all vehicles entering the CBD and not just vehicles for hire. This would require building out tolling system technology to identify and bill vehicles entering the CBD and a back office to handle collections and customer service. New York City reportedly spent about \$500 million to set up its system.

In its survey of transit funding options in its Plan of Action for Regional Transit (PART) the Chicago Metropolitan Agency for Planning (CMAP) identified a number of road pricing options. These include a surcharge on Illinois Tollway tolls, imposing a charge on vehicles using urban expressways such as the Kennedy or Dan Ryan Expressways, and congestion pricing for access into a Chicago CBD cordon.

New York's implementation of its congestion pricing program, as difficult and contentious as it was, has sparked renewed interest in a Chicago CBD congestion pricing program, as well as vociferous opposition to such.

Evaluating road pricing options

First, let's evaluate the road pricing options for funding transit that CMAP outlined in PART.

One PART transit funding option is imposing a surcharge on tolls charged by the Illinois Tollway. This option could be implemented easily. The surcharge would, however, adversely affect the Tollway's ability to raise tolls to fund its next capital program. Higher tolls might drive more motorists to use already congested local roads. Other than the I-294/Tri-State loop, the Tollway serves areas with limited transit service and relatively low population densities.

Another PART transit funding option is tolling the Interstate highways that run into the Chicago CBD. This option has a stronger nexus between the roadway charge and the part of the Chicago region where population densities and transit service levels are relatively high, as well as with areas with the highest levels of congestion. There are legal and technical hurdles, however. With limited exceptions, federal law bars putting tolls on existing untolled interstates. Tolling urban interstates with all their entrances and exits is a daunting task. There is also a risk that tolling Chicago expressways would cause traffic to divert to local streets, adding even more negative impacts on neighborhoods already burdened with heavy traffic.

A third PART option is a congestion pricing program that uses a cordon around the Chicago CBD. Such a tightly drawn cordon runs up against concerns that the CBD's recovery from the pandemic would be slowed even more by making it more expensive for drivers to access the CBD. There also is a mismatch between a cordon in one part of one city providing funding for a transit system that spans six counties. Installing and maintaining tolling equipment on all the streets into the CBD is also a daunting and expensive technical challenge, as is setting up and operating a tolling system back office.

All of these PART roadway pricing options have merit and should not be rejected outright. Is there a way, however, to design a congestion pricing program that is technically feasible, and that better matches the regional nature of our transit system?

An Urban Access Fee Program for the Chicago Region

There is an alternative to the roadway pricing contenders discussed above that is better scaled to the traffic challenges and demographics of the region.

1. The I-294/Tri-State cordon

I-294, the Illinois Tollway's Tri-State Tollway, forms a loop around the urban core of the Chicago region. It is a limited access roadway that is a sizable and largely impermeable barrier that serves well as a cordon. There is a stronger nexus between the location of this cordon and where transit service improvements funded by a congestion pricing program are needed.

2. The rationale for a Tri-State cordon around the urban core

The urban core inside the Tri-State cordon comprises more than the Chicago CBD and more than just the City of Chicago. It contains all of Chicago plus many suburban communities surrounding Chicago. As the Chicago Tribune observed [in a recent editorial attacking the idea of a Chicago CBD congestion pricing program](#), much of the region’s traffic congestion and associated negative environmental and safety impacts occur outside of the Chicago CBD, in this larger urban core area.

Population densities inside this urban core are high enough to support higher frequency transit service:

SAMPLE URBAN CORE ACCESS FEE - POPULATION DENSITY



Source: Decennial Census (2000, 2010, 2020)

Over 90 percent of transit service and ridership in the Chicago region is in this urban core:

SAMPLE URBAN CORE POINTS AND TRANSIT NETWORK



Source: Regional Transportation Authority, RTA, 2023

Traffic congestion is high throughout the core, outside of the Chicago CBD, on the Kennedy, Eisenhower, and Dan Ryan expressways, as well as arterials like Western Avenue and 79th Street.

SAMPLE URBAN CORE ACCESS POINTS AND CONGESTION



Source: CMAP, 2023

A relatively high number of low-income and transit dependent people reside in the urban core:

SAMPLE URBAN CORE ACCESS POINTS AND J40 CENSUS TRACTS



Source: Climate and Economic Justice Screening Tool, 2023
Regional Transportation Authority and Statistics, RTA, 2023

A Tri-State cordon thus matches the boundaries and challenges of the Chicago urban core better than the other roadway pricing alternatives. There is also a strong nexus between the scope of the urban core and where the vast majority of transit services are delivered and used.

3. Building on Illinois tollway assets, technology, and capabilities

It is challenging and expensive to build out a cordon congestion pricing program tolling system. The many streets leading into the cordon must be equipped with roadside technology such as cameras to identify vehicles subject to the congestion pricing fee. This extensive field hardware must be matched by robust tolling and customer service back-office software platforms. Technicians are needed to keep the roadway tolling equipment functional, software engineers must maintain the software platforms, and customer care staffing levels can be high.

A Tri-State urban access fee program mitigates these challenges by utilizing various Illinois Tollway assets. The Tri-State itself forms a physical barrier that can do double duty as the physical cordon dividing the Chicago urban core from the rest of the region. At about 80 locations a road passes over or under the Tri-State into the urban core. The Tollway could install tolling equipment at these sites and add them as additional tolling locations in its tolling software platform. The Tri-State already has fiber and electrical systems that could support these urban access fee tolling points.

The Tollway's tolling software platform is robust enough to support the additional tolling points that make up the urban access fee program. That platform can also support things such as time-of-day variable pricing, tolls by vehicle type, size, or emissions profile, and high occupancy vehicle discounts. It could support passes or discounts for those living near the cordon boundaries who may take

frequent short trips inside and outside the cordon in the ordinary course of their lives. The Tollway’s customer service software and staff likewise could be supplemented to support the urban access fee program.

4. What about equity?

There are oft-expressed concerns about the equity of congestion pricing, with a focus on the impact of such programs on low- and middle-income drivers. Existing congestion pricing programs deal with these concerns in two ways.

The first and most important equity intervention is to devote the revenue from congestion pricing programs to deliver improved affordable mobility alternatives for the public. Examples include more frequent bus and train service, upgraded services such as bus rapid transit, and improved sidewalk and bike trail connections to bus stops and train stations. With the average annual cost of owning and operating a vehicle currently about \$12,000, improved affordable mobility alternatives can make a big difference for low-income households.

A second equity intervention is providing congestion pricing fee discounts for low-income drivers. The Tollway’s I-Pass Assist program, which provides a substantial discount on tolls for low-income drivers could be utilized to deliver discounts to low-income drivers who are unable or choose not to use transit or other alternatives. If too many drivers are subsidized for driving into the urban core, however, the congestion reduction and other benefits of the urban access fee program will be diluted. A careful balance must be struck.

5. Revenue Potential

There is a mixture of Tollway, Illinois Department of Transportation, and local roads that pass through the 80 portals over or under the Tri-State into the Chicago urban core.

Using average annual daily traffic counts published by IDOT, the revenue potential for even a modest urban access fee is substantial. A \$3.00 fee, akin to a transit fare and only a third of the New York congestion pricing fee, for example, has a revenue potential of roughly \$750 million annually.

6. Implementation

The urban core access fee program is not a quick fix. The New York General Assembly authorized New York City’s congestion pricing program in 2019. Because the program involves federal-aid highways, the Metropolitan Transportation Authority had to prepare federally mandated environmental assessments. FHWA reviewed these studies and approved the program in 2023. In June 2024, just before the program was to launch, Governor Hochul paused it. She later lifted the pause and the program launched in January 2025. Along the way, the program generated state and federal lawsuits and intense debate. Based on negative comments about New York’s congestion pricing program by President-elect Trump, FHWA may well be unreceptive to congestion pricing proposals for at least the next four years. Yet, Project 2025, often cited as a blueprint for the new administration, speaks favorably of roadway pricing in its transportation section.

The urban core access fee program is thus not a quick fix for transit funding in the Chicago region. It might provide a future funding source for transit capital projects, following New York City’s lead of using congestion pricing program revenue to fund a \$15 billion capital program. Or it might provide a relatively stable long-term source of operating funding.

The Governor and the General Assembly could get the ball rolling by authorizing the urban access fee program and charging the Illinois Tollway, the RTA or its successor, and IDOT to seek the necessary federal approvals and implement the program. The lead implementing agencies, primarily the RTA (or its successor) and the Tollway, would then work up the necessary environmental assessments and engage with FHWA on winning FHWA’s approval. This is not an easy lift, but the benefits from the urban access fee program would be substantial: a stronger transit system; reduced traffic congestion; improved air quality; and a more equitable [transportation system](#).

Conclusion

Congestion pricing programs must be designed to fit the unique demographics and needs of the metropolitan areas in which they’re implemented. Using the Illinois Tollway’s I-294/Tri-State Tollway as the cordon around the Chicago urban core and charging vehicles that cross the Tri-State and enter the urban core fit both the demographics and needs of the Chicago region. This urban access fee program would leverage the Illinois Tollway’s robust tolling system capabilities. Fee revenue would be used to improve regional transit to give people viable lower cost and more sustainable alternatives to driving into and inside the urban core. The path to implementing such a program is lengthy and challenging, but the benefits make that journey a worthy one.