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Press Release

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IMMEDIATE

ICYMI: MTA Chief Financial Officer Bob Foran Op-Ed in Bloomberg Opinion: ‘The U.S. Economy Is Riding On New York's Subways’

Below is text of MTA Chief Financial Officer Bob Foran's op-ed [published today in Bloomberg Opinion](#).

The U.S. Economy Is Riding On New York's Subways

Without a high-functioning mass transportation network, the city's fiscal health is under threat — and so is the nation's economy.

The Metropolitan Transportation Authority is no stranger to tough times. Our finances were stretched to their limit in the 1970s and early 1980s, and again during the Great Recession of 2008-2009. Each of these crises severely affected transit service in New York, but their impacts pale in comparison to that of the global Covid-19 pandemic, and our outlook is only poised to get worse unless the federal government steps in to replace revenues lost to the pandemic.

The MTA's 2020 revenue losses are greater than that of more than 30 states, according to a [recent survey](#), and greater than 35 states in 2021. The estimated impact of this unprecedented public-health emergency is \$14.3 billion for 2020-2021. That is 41.4 percent of fare, toll and other revenues over those two years, which make up half our budget. To compare, we lost roughly 9.3 percent during the 2008-2009 peak of the Great Recession. Without help from Congress, the MTA will be forced to take drastic measures unacceptable to riders — including service and personnel reductions, and jettisoning huge portions of the historic 2020-2024 Capital Program.

The MTA is the lifeblood of the New York City economy, an economy that generates nearly 10 percent of the nation's economic output. MTA bonds also make up 1 percent of the national bond market — which was dangerously close to collapse in March and April but has since rebounded with the stimulus provided by the CARES Act and extraordinary measures taken by the Federal Reserve. Investors nonetheless continue to demand far higher risk premiums to loan to distressed state and local borrowers like the MTA because we are all facing dire financial straits. Market conditions would certainly worsen if the desperately needed funding of the HEROES Act fails. If we can't pay our bills, it does not bode well for the muni market as a whole.

During the last four months, the number of customers riding the system has fallen off a cliff — by over 90 percent across the New York City Transit Authority, Long Island Rail Road and Metro-North Railroad, with traffic over MTA bridges and tunnels falling by as much as 65 percent. Without a doubt, this is the most difficult chapter in the MTA's 52-year history.

Plummeting ridership is inextricably linked to New York's aggressive efforts to flatten the curve. In response to Governor Andrew Cuomo's "New York State on PAUSE" order, New Yorkers heroically stayed home. In fact, we actively urged the vast majority of New Yorkers not to use the transit system unless they were essential workers. These efforts saved untold thousands of lives and have allowed New York to stabilize and slowly move back toward a state of normalcy more quickly than the rest of the country.

Make no mistake: This is an immense success story, but it's one that's left the MTA with massive losses. Bold action to protect public health is not without costs, and the MTA's revenue shortfall is more than 45% of our budget in 2020, with similar shortfalls expected next year.

These sustained losses leave us in an untenable position.

Without a virtually immediate infusion of \$4 billion in federal aid, the MTA cannot serve as the catalyst for economic growth that this city, state and country needs as the recovery continues. Faced with losses that could exceed \$10 billion over the next 18 months, our remaining options in the absence of federal assistance are dire.

Prior to the pandemic, the MTA had achieved more than \$2 billion in annual recurring savings, and further cost-cutting is underway, along with agency-wide transformation. But we won't be able to cut our way out of this.

One possibility would be borrowing to finance these losses in the private markets. But this would dramatically increase the portion of our operating budget that gets directed toward servicing our debt by up to \$500 million annually for interest alone, for no productive purpose. That would leave no money to fund critical repair work, infrastructure projects or operational efforts that actually make a difference.

Another approach would be to redirect already-allotted capital funding from the record 2020-2024 Capital Program. Commandeering that pool of money to replace our revenue losses means that vital projects to make the system more accessible for riders with disabilities or modernize our badly outdated signal system would not be completed. These deferrals and other reductions would lead to further deterioration of the system, threatening to revive the vicious circle of disinvestment that's plagued the system too often in the past and that we've worked assiduously to break in recent years.

Finally, we could make drastic cuts to personnel and service. In that scenario, thousands of workers could lose their jobs and millions more commuters could be left with reduced or eliminated service that makes mass transit a less compelling option for moving around the city and its suburbs.

The New York State Congressional Delegation — including Senator Charles Schumer and Chair Nita Lowey — deserves real credit for its leadership and support in directing approximately \$4 billion in federal aid to the MTA via the CARES Act. Unfortunately, the economic fallout from this pandemic is expected to be far longer-lasting than anyone could have foreseen just three months ago. A second tranche of funds directed toward assisting the MTA, the HEROES Act, remains delayed in the Senate.

The time to move on that bill is fast running out. We have already exhausted 72 percent of the CARES Act money to cover the hundreds of millions in lost farebox revenue we've been hemorrhaging each month.

Additionally, the MTA is expected to spend approximately \$500 million this year alone to clean and disinfect the system around the clock. Should additional funding not come before federal funds are expected to run out, we'll find ourselves in dangerous financial territory. Our Capital Program is already on hold and we must be prepared to take additional dire actions necessary to survive this crisis.

The bottom line is that without high-functioning mass transit in New York, the region's — and by extension the nation's — continued fiscal health is under threat. The time to act is now. New York's future depends on it.

Bob Foran is the Chief Financial Officer for the Metropolitan Transportation Authority.