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IMMEDIATE

TRANSCRIPT: MTA Chairman and CEO Foye Appears Live on Cheddar

MTA Chairman and CEO Patrick J. Foye appeared live on Cheddar this morning with Kristen Scholer to discuss the MTA's financial needs and transit plans during New York City's Phase 4 reopening.

A transcript of the interview appears below.

Kristen Scholer: Welcome back to Cheddar's Opening Bell. New York's public transit system is now on the brink of a financial crisis. The future of the MTA riding on a second multibillion dollar bailout from Congress and joining us now is the MTA chair Patrick Foye. Patrick, it's good to have you with us this morning. Let's start with funding, the MTA asking Congress for another \$3.9 billion and reports showing a budget shortfall of \$16.2 billion through 2024. What options are you looking at to mitigate this?

Patrick J. Foye: First, thanks for having me. We're grateful for the federal funding that we received this spring, about \$4 billion in the CARES Act. We have used that to make up for declines in revenue, tolls and fares as a result of the pandemic. Also reductions in a dedicated package in taxes and subsidies. To get us through the remainder of 2020 we've asked for an additional \$3.9 billion, which the House included in its bill. With the United States Senate having returned to Washington we are hopeful that this desperately needed funding will be provided. The total decline in revenues for the MTA, an increase in expenses as a result of disinfecting stations, is \$8 billion dollars for 2020 alone. What one of the question that your viewers and elected officials may ask is, what is the MTA doing about this? And here's what we're doing: in 2020 we will take 1.1 billion--in 2021--we will take \$1.1 billion of expense out of the MTA.

Scholer: How are you going to do that Patrick?

Foye: Yes

Scholer: How are you going to take that \$1 billion-dollar metric out of spend next year?

Foye: Here's what we're going to do. We have already \$350 million of budget reduction plan reductions, which are part of our financial plan for 2020. We're also doing a transformation at the MTA. Together, those two things will total \$770 million. That's already in our financial plan. Tomorrow we'll be discussing with our board \$350 million of additional cuts---reducing overtime, reducing consulting agreements, terminating consulting agreements. That will total \$1.1 billion of cost reduction in 2021. Even after having done that, we still have a need this year in 2020 for an additional \$3.9 billion and in 2021 as a result of the pandemic, a request for an additional--or need rather--for an additional \$6.5 billion. The \$1.1 billion that we will take out of costs in 2021 will help, but it will not be enough as a result the precipitous drop in our revenues as a result of the pandemic and its continuation into 2021 and beyond.

Scholer: Okay, so that extra \$5 billion that's not accounted for in the year ahead, Patrick, how are you going to make that up?

Foye: Well look, there are steps that we could take that we do not want to take, including service reductions and reductions in headcount. Deficit financing is also on that list. Those are things unattractive, unpalatable and unacceptable to New Yorkers steps. But obviously we've got to balance our books. The State Legislature did give us the right to borrow on a deficit financing basis, and frankly I'll note that before the pandemic started, we expected in 2020 a \$81 million surplus from our operations. That's not a huge number on a \$17 billion budget, but it does demonstrate that pre-pandemic we were managing our finances in a responsible way. The unexpected and precipitous drop in revenue as a result of the pandemic, may if we don't receive federal funding in the remainder of 2020, and into 2021, may necessitate us taking steps that no one at the MTA and no one in New York wants us to take.

Scholer: Will riders notice a difference Patrick? Are they going to see increased fares?

Foye: Well look, riders are already noticing a difference in the following sense. We are disinfecting our stations and subway cars, every one of them, Long Island Rail Road and Metro-North cars on multiple times a day. We survey our customers regularly, over 70% of our customers say that the station--subway stations and subway cars--have never been cleaner. That is good news. We do--we have planned a 2% toll and fare increase in 2021 and 2022. That is baked into our budget. We do not want to do a pandemic-related fare increase. We're really aware that lots of our customers and lots more neighbors in the New York region are suffering. Unemployment has spiked, people are not making the money that they did prior to the pandemic and we're cognizant and incredibly respectful of that.

Scholer: Phase 4 reopening began on Monday here in New York City. What changes have you seen in ridership over the summer?

Foye: Well, we don't expect a significant increase from Phase 4 although it's good news for the city. We do expect continued growth in ridership after Labor Day. Having said that, it's important to note that pre- pandemic on a typical average weekday we carry 5.5 million customers on subways and 2.1 on buses, a total of 7.6 million customers a day. Right now, we're carrying approximately 1.2 million on subways and 1.2 million on buses. That's a

significant increase from the depths of the pandemic, but obviously significantly lower than the 7.6 million riders we carried prior to the pandemic on an average day. And that decline in ridership has obviously resulted in a significant drop in revenue on both fares and tolls for the MTA.

Scholer: The issue of masks has been an issue throughout the country. It's been a political issue and there have been reports that some bus drivers working for the MTA have been attacked by riders who are not wearing masks after they were asked to put a mask on. What are you doing to protect your workers?

Foye: Here's what we're doing. We are deploying police officers and peace officers to buses to hand out, and actually MTA volunteers and managers are doing the same thing. We rolled out our Mask Force yesterday. It's important to note that on subways we've done a physical count of about 200,000 customers on the subways and well over 90% of our customers are wearing masks on subways. The same thing, in my experience, is true on the Long Island Rail Road and Metro-North. We're now doing a mask compliance count on buses, and bus mask compliance is over 90%. The attack--the attacks on transit workers are abhorrent, they violate the law and we're going to do everything we can with MTA managers, volunteers and police officers from the NYPD and the MTA police to make sure that those attacks do not occur. Where they occur, we're going to ask the DA's to prosecute vigorously. No transit-- it is a felony to attack a transit worker in the course of his or her duties--no transit worker ought to be risked doing his or her job.

Scholer: Patrick, is there data that shows the overnight cleaning has been effective and how long is that expected to last?

Foye: The overnight cleaning, as a result of the 1 a.m. to 5 a.m. closures, I think has been an unqualified success. It's allowed Sarah Feinberg and her team at New York City Transit to disinfect every subway station and subway cars multiple times a day. The closure has made that possible. The 1 a.m. to 5 a.m. closure will continue as long as the pandemic continues. I ought to note that we've increased substantially our bus service, including additional express bus routes in the 1 a.m.-5 a.m. period to carry customers, essential workers, first responders and others traveling who would otherwise be traveling on subways in that 1 a.m. to 5 a.m. time period.

Scholer: And you mentioned that you do expect an increase in ridership after the Labor Day holiday, who are going to be those extra new riders?

Foye: I think they'll be a mix of New Yorkers. White collar workers, office workers returning to the to the office. Summer is typically a slower period in any year. That appears to be true in a time of pandemic as well and we believe that workers will continue to come back and we'll see a noticeable increase post-Labor Day. Having said that, it's important to note that at the ridership levels that we're talking about, which is basically 20-21% on subways, 50% or so on buses and lower percentages on Long Island Rail Road or Metro-North. We are far short of the 7.6 million customers that we carried on an average weekday pre-pandemic.

Scholer: All right Patrick, we got to leave it there. Thank you so much for sitting down with me today. That's the MTA chair, Patrick Foye.