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TRANSCRIPT: MTA Chairman and CEO Foye Appears Live on Inside City Hall on NY1

MTA Chairman and CEO Patrick J. Foye appeared live on Inside City Hall with Errol Louis on NY1 this evening to discuss the state of the MTA during the COVID-19 pandemic.

A transcript of the interview appears below.

Errol Louis: Chairman and CEO Pat Foye. Good evening. Good to see you.

Patrick J. Foye: Good to see you Errol.

Louis: 200 million dollars a week is a lot even for New York. I'm assuming that this is largely because ridership is down -- my understanding is 77 or 80%, is that why we have such a big hole in the budget?

Foye: Yeah Errol, I'll adopt your word: apocalyptic. I think the financial situation that the MTA faces directly as a result of the pandemic is apocalyptic. We're a \$17 billion dollar revenue organization in normal times, non pandemic. Half of our revenue comes from our customers' subway fares, buses, Metro-North, Long Island Rail Road, tolls and the remainder comes from a dedicated package of taxes and subsidies that the legislature's put in place over a period of decades. Those taxes and subsidies are economically sensitive, or transaction based. Because of the pandemic there's been a precipitous drop in ridership and ridership is increasing from the depths of the pandemic. But we need another \$3.9 billion from the federal government. The House of Representatives included in the bill that Speaker Pelosi and Chair Nita Lowey got passed by the House a month or so ago. The United States Senate is obviously back in session, and the 3.9 will cover revenue losses and subsidy losses, through the rest of 2020. We'll also need federal funding and federal assistance going forward, 2021 and beyond.

Louis: When you say subsidies are you talking about, sort of a special taxation zones that basically are connected to or in proximity to MTA stops and the businesses there that pay a little because they benefit from it? Is that how that works?

Foye: I'm talking about things like the mortgage recording tax which is obviously transaction based, the petroleum business tax which is economically sensitive, the payroll mobility tax which is economically sensitive. Those are a series of taxes and subsidies that the legislature has put in place. They have declined obviously, given the decline in the New York State, New York City, regional economy as a result of the pandemic. So the two sources of revenue for MTA -- tolls and fares from customers and this package of taxes and subsidies -- both have declined precipitously. At the beginning of the year pre-pandemic we expected to have an operating surplus for 2020 of about \$81 million. And we had the largest capital plan in the MTA history approved. Record ridership. On-time performance had increased eight or nine or 10 months in a row on subways and buses. We were really in a good place and then the pandemic came along and the effect on the MTA finances is apocalyptic.

Louis: So now the cutbacks that would be necessary to get through assuming we don't get every last penny that's needed from the federal government. I saw some scenarios where you're talking about cutting overtime. Maybe reducing headcount. Would that also include terminating or ending service to the extent that people have been used to it?

Foye: So Errol, the first cutbacks that we're going to talk about are the following. In 2021, we already baked into our financial plan approved by the Board \$800 million of expense cuts. On top of that, we have presented to the Board and discussed an additional about \$350 million of expense cuts and I'll tell you where these new proposed expense cuts come from in just a second. That would be a reduction in MTA overhead and expenses in 2020 of a billion-one. And this is important because we want to make the case to the federal government that we're doing everything we can to be as efficient as possible. The \$350 million of additional proposed expense cuts with reductions in controllable overtime at every agency including MTA headquarters would be one. Second would be a significant reduction in consulting contracts again at every part of the MTA including MTA headquarters, and then non-personnel, non-labor reductions. Those total \$350 million. The other thing I would add is this is a work in progress, and that \$350 million we're working to increase it. I know that it will be significantly higher by the time we present the November financial plan to our board at the November board meeting. Beyond that, if we don't get the federal funding and frankly in my mind it would be irresponsible for the federal government not to provide additional funding to the MTA for a bunch of reasons. One is the New York City regional economy accounts for about 10% of GDP. Second, the MTA transportation system is really critical to the recovery of the New York City regional economy and frankly given the amount of GDP that comes from this region, the national recovery. And then the last thing is one of the reasons the losses, the revenue declines are so low, so high rather and revenues are so low, is because, Governor Cuomo quite properly put New York on pause. New Yorkers listened to the governor's direction. We've stopped the spread of the virus and we've bent the curve. But one of the things MTA employees did who have been heroes moving heroes, was to move essential workers and first responders during the depths of the pandemic. Unlike some other transportation agencies around the world and around the country, we didn't have didn't have the luxury to stop service, and it would have been irresponsible to do so because doctors, nurses, transit workers, utility workers, firefighters, police officers etcetera a longer list than that, had to get to and from work and MTA transit workers -- subways, buses, Long Island Rail Road, and Metro-North got them to and from their jobs.

Louis: Okay, Pat, standby we're going to talk some more. Right now though we're going to take a short break. I'll have more with MTA Chairman Pat Foye in just a minute. Stay with us.

Louis: Welcome back to Inside City Hall. I'm once again joined by MTA Chairman and CEO Pat Foye, and Mr. Foye, I don't want to be overly optimistic but earlier this spring my understanding is that you asked for several billion dollars in assistance from the federal government and got nearly all of it. Is it possible we can see a repeat of that?

Foye: Look, I'm cautiously optimistic. I'll say Errol that we got \$3.9 billion in the Cares Act. We will exhaust that spending tomorrow. It will all be gone, we'll get the last reimbursement from USDOT probably first or second week of August, I'd say, USDOT has expedited the payments. I'm cautiously optimistic that we will get the 3.9 billion that's in the Heroes Act that passed the House. Obviously Washington is an uncertain place right now and as I said before, I think it'd be irresponsible not to fund the MTA given the losses that have been caused directly by the pandemic and the role the MTA plays in the New York City regional economy, and generating that proportion of the GDP that I talked about. It would frankly stunt the regional economic recovery, stunt job creation, and frankly thwart the job creation and economic goals that policymakers, that legislators in Washington want to achieve.

Louis: I want to switch topics. I read that 131 MTA workers have died of COVID-19, and more than 4,000 almost 4,100 have tested positive for the virus. So my question is, do you have any sense of whether they are getting or spreading it in the workplace and do they have sufficient protective equipment?

Foye: First of all the 131 colleagues who passed away as I mentioned before are heroes moving heroes. We grieve and mourn their loss, and the colleagues who were quarantined -- over 10,000 MTA employees were quarantined and returned to the job -- that's a sign of their dedication and commitment. The State Department of Health under the leadership of Dr. Zucker, the commissioner, has done antibody tests in New York City. Fully 20% of New York City residents has been positive for COVID-19 antibodies. The number for transit workers was 14%. So about 50% lower than the antibody penetration in the City of New York, generally. On the PPE question we've distributed to our workforce over 5 million masks. N95s, KN95, surgical masks, about 7.3 million pairs of gloves, as well as tens, hundreds of thousands of gallons of disinfectant. We've also obviously made disinfectant available to our customers. The other thing Errol I didn't mention the increase in expenses, which is not as dramatic as the revenue declines, but we, according to McKinsey's estimate will incur six or \$700 million plus of additional expenses as a result of the disinfecting that we're doing. Subway stations, subway cars, Long Island Rail Road, and Metro-North cars and stations, Access-A-Ride vehicles as well. We began that disinfecting regime and have ramped it up, frankly, when the first shortly after the first case of COVID-19 was uncovered in New York. The other thing I'm really proud of on the minimizing health risk to our customers and our employees is the innovative role the MTA has played and I'll give you a couple of examples. One is with Dr. David Brenner of the Urban Medical Center at Columbia University. We pioneered -- Dr. Brenner was obviously the researcher, he's an expert on ultraviolet light -- and he concluded, working with the MTA that ultraviolet-C light eradicated the COVID-19 virus. That was the first determination of that in the country, perhaps in the world. We've been piloting UVC ultraviolet C light on subways and buses. We're now doing a proof of concept with another form of ultraviolet light called far-ultraviolet light. We're also working with anti-microbials, federal labs and labs, frankly around the world with respect to anti-microbials, which could prove to not only eradicate the COVID-19 virus, but also to do so for weeks and months. We're waiting for verification on that. We have tested those materials on subway cars and buses.

Louis: Well, I raised the issue in part because our understanding of this virus and how it spreads and how long it can stay on a surface and still be dangerous to others, has really evolved over the last few months and if we're paying six or \$700 million that could better be spent elsewhere. You know, we don't want this to look like what they do at the airports what's, you know, called security theater where you go through all kinds of stuff and you can't say that any one piece of it isn't necessary but it's mostly to make people feel good, not necessarily to make them actually safer. Are you going to take a second look at whether or not you need to disinfect every train and every platform every night?

Foye: This is not theater. We hired WSP, and they retained professors from Johns Hopkins Bloomberg School of Public Health to review the system that we put in place, and frankly they confirmed that it was a league leading approach that we've taken. This is not about theater and let me be clear: We're also investigating techniques and new products with respect to aerosols, droplets from human beings. A couple of things. One is the most important thing that our customers and employees can do is masks masks, masks. This morning I was part of the Mask Force. We went out at about 7:30 in the morning and rode the 7 train out to Flushing, rode it back to Jackson Heights 74th Street and Roosevelt Avenue, got on the 4, 5 and 6, got on a couple of bus lines in Queens. I would say the following. One is our experience this morning, out of the hundreds of people, we only saw about four I believe that didn't have a mask and we gave those folks masks. They were happy to have it. We also gave extra masks on both subways and buses, the ones I just described, to the customers on those lines and on those bus lines. The most important thing our customers and employees can do is to wear a mask. The public health officials are clear on that. Secondly, while the public health officials are now focused on aerosols to a greater extent, they also say that droplets and virus particles on substances, whether it's a subway seat or a pole need to be addressed and that's why we're going to continue to disinfect the stations and the cars, Metro-North, Long Island Rail Road and the subways. That work is going to continue. It's important, it has served us well, it has minimized health risks to our customers and our employees. We're going to continue it.

Louis: Okay, I think I may go down there and take a look more out of curiosity, I've got nowhere to go. I haven't ridden the trains in about four months now but thank you for this update, and we'll, we'll be looking forward to seeing us, pull through this difficult time together Pat for thanks for joining us.

Foye: Errol, thanks for having me and bring your mask.