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IMMEDIATE

TRANSCRIPT: MTA Chairman Foye Appears Live on CNBC

MTA Chairman and CEO Patrick J. Foye appeared live today on CNBC's *Squawk Box* with Andrew Ross Sorkin, Becky Quick and Brian Sullivan to discuss the impact of the COVID-19 pandemic on MTA finances and the Authority's need for \$12 billion in federal aid.

A transcript of the interview appears below.

Andrew Ross Sorkin: The Metropolitan Transportation Authority which of course runs the New York City Subway has released its 2021 budget and things are looking -- I hate to say this as a New Yorker they're looking very grim. Officials with the MTA are saying that without federal assistance transit agencies across the country will face devastating layoffs and cuts impacting the national economy. Here's more with that story - want to bring in Pat Foye he is the Chairman and CEO of the MTA. Good morning to you, Pat. What is, what's really at stake here? What does it look like?

Patrick J. Foye: Well, what's really at stake is the economic revival of the New York City region and to a large extent the national economy. The MTA carries 40% of public transit passengers in the entire country; New York accounts for slightly under 10% of national GDP. If we don't get federal funding -- and our ask is \$12 billion over the next several years -- our hand may be forced and we may be forced to make service reductions on subways and buses of up to 40% and on Long Island Rail Road and Metro-North 50%; that would have a devastating impact on commuters, on transportation, on the New York economy and frankly would exacerbate social equity issues.

We carry in an average day prior to the pandemic about 7.5, 7.6 [million] customers, we get half of our revenue from our customers and fares and tolls, the remainder with a dedicated package and taxes and subsidies and the remarkable thing is the decline in ridership is orders of magnitude worse than occurred during the Great Depression. I'll give you one example -- the decline in subways from September 1929, a month before the crash, to 1933, which was the low point on subway ridership, was at 13% decline. In the worst days of the pandemic in New York City subway ridership was down 95%, and on Monday subway ridership was about 29% of normal pre-pandemic weekday ridership. Subway and bus ridership have increased significantly; we're carrying pretty close to 2.9 million passengers a weekday on subways and buses but, that revenue that ridership decline has had a terrible impact on our revenue. Same thing on the dedicated package of taxes and subsidies.

Sorkin: What are you hearing from Washington, in terms of what kind of federal help you may or may not be able to get right now?

Foye: Look, I think the likelihood is that there will be no COVID-19 relief bill this year for mass transit, or states and cities that's certainly the way it appears. Obviously, the election of President-Elect Biden and his administration gives us great hope. However, the Senate Republican leadership in Washington has been holding up funding for states and cities, public transit agencies including the MTA, and the effects on the New York economy from a transportation point of view and environmental point of view, a job point of view, on a social equity point of view, would be devastating if we don't get the \$12 billion of federal funding.

Sorkin: Pat, let me ask you a question, because -- and this is the hard one -- I very much appreciate the economic benefits of helping the subway system, especially during a pandemic and the crisis that it's in and what kind of economic growth can come from it. Having said that, there is a view, especially those who are not in the state of New York. But even those who were in the state of New York, that will tell you that the MTA, not necessarily under your watch but for many decades has been terribly mismanaged, the amount of money that is misspent is, it is notoriously so and so there are going to be senators and congresspeople from around the country that are saying why are we helping these people who are, who have so mismanaged their system to this degree?

Foye: Well, I think that's a legacy of the past. I will tell you that over the last several years we've taken \$2.8 billion of expense out of the MTA. In 2021, we will take an additional billion dollars out of, out of the MTA's cost. From a construction point of view which has also been a target of criticism over the years and decades we are now delivering projects under Janno Lieber's leadership, we're delivering projects on time and on budget -- that was true for instance with respect to the L train tunnel that finished early. Third track is underway on the Long Island Rail Road -- that project will come in on time and on budget. There's an entirely new management team really from top to bottom and there's a new approach under Governor Cuomo's leadership.

Sorkin: Pat, we very much appreciate you joining us this morning we wish you lots of luck, on behalf of New Yorkers and frankly the country and we wish you a Happy Thanksgiving and hope to talk to you very soon.

Foye: Thank you. We're going to need luck and \$12 billion from the federal government. Happy Thanksgiving.

Sorkin: We'll work on both, thanks. Brian?

Brian Sullivan: Yeah, I think the biggest municipal bond issuer in America – the MTA \$50 billion in debt by 2024 – it's a bond market story as well.