

## **Opening / COVID Response**

Good morning, and thank you for having us here today, particularly Chair Krueger, Chair Weinstein, Chair Comrie, Chair Kennedy, Chair Paulin, and Chair Magnarelli for your leadership and for the invitation. I'm Pat Foye, MTA Chairman and CEO. I'm joined today by Bob Foran, our Chief Financial Officer, Janno Lieber, who leads Construction and Development for the MTA and Sarah Feinberg, Interim President of New York City Transit.

Much has changed since we last met for this annual budget hearing last January. Back then, we were buoyed by the approval by you and the governor of a new and historic \$51.5 billion capital plan designed to improve and modernize the system on all levels, an operating budget for 2020 that that we projected would show an expected surplus of \$81 million, record ridership levels, and performance metrics that showed impressive improvements for customers.

Much of that came to a screeching halt in March, when the COVID-19 pandemic hit New York. Consequently, this past year been among the most challenging in modern history for the country, New York, and of course, the MTA. As you are well aware, the COVID-19 pandemic has exacted an extreme personal and financial toll on our agency and our dedicated employees, surpassing that of the aftermath of 9-11, the Great Recession of 2008-09, and even the Great Depression. It's not just the financial cost but the all too real human cost we have suffered because of this once-in-a-century public health crisis. To date, we have tragically suffered the loss of more than 130 colleagues. We will never forget their service and dedication.

But I'm proud to say that despite the devastating and painful impacts of the coronavirus, the hardworking and heroic women and men of the MTA have continued to show up for work, day after day, to keep the New York City region moving-- for essential workers and first responders during the height of the crisis, and now, as New Yorkers continue to return to the system. And despite the immense challenges we've faced, New York City Transit, Long Island Rail Road and Metro-North continued to show improvements in on-time performance and other metrics, including 88.6% of subway trains operating on time last year, the highest in recent history, nearly 96% of LIRR trains running on time and almost 98% of trains meeting their schedules on Metro-North.

We need to keep up the good work during this critical recovery stage, with safety remaining our number one priority. Since the virus arrived in New York, we have worked in lockstep with top federal, state and local authorities to adapt our response and protect customers and employees. In fact, the MTA has led transit agencies across the country in enacting health and safety measures to combat the COVID-19 pandemic. That starts with our universal mask mandate launched back in April under the leadership of Governor Cuomo and our unparalleled round-the-clock disinfecting program – which in a recent customer survey garnered strong approval from 75 percent of riders.

But our response extends far beyond just cleaning. We've piloted innovative new technologies and studies - from air filtration systems to aerosols. We've empowered riders by providing real-time capacity tracking on the railroads and buses to help promote social distancing. And we've created the regional Mask Force, distributing more than 6 million masks to customers who need them. Many of you and your colleagues have joined us for Mask Force events and we are grateful for that show of support. We've installed PPE vending machines at select stations and put mask dispensers on buses and we are distributing hand sanitizer throughout our system using dispensers created by our very own employees.

Additionally, we've made it easier for our workforce to get tested for the virus, standing up our own on-site program and serving as the first transit agency in the country to do so. Now our focus is shifting to the coronavirus vaccine and getting as many employees inoculated as possible, starting with those on the frontlines. But like every other agency and entity, we're severely limited by the levels of vaccines made available by the federal government. We are planning to set up our own vaccination centers at work locations systemwide, but that is solely dependent on the supply of the vaccine.

But even while we deal with the added stresses associated with the COVID pandemic, our commitment to ensuring a safe and reliable system for our customers remains our central priority. Recently, we've seen a string of high-profile attacks on commuters and our workforce. This is unacceptable. That is why we are proposing legislation to strengthen the laws protecting transit workers against spitting incidents and other kinds of assault. We must be able to assure the public our system is safe if we want New Yorkers to return to public transportation. The MTA also continues to work closely with our partners at the NYPD to increase police presence across our system.

### **Budget Impact / Federal Relief Efforts**

As you know, the ongoing pandemic has driven down ridership precipitously—by as much as 95% on the subways at the peak of the pandemic. Even today, we're serving a fraction of the riders we did pre-COVID, with declines of roughly 70% on the subways, 50% on buses, and between 70-80% on the railroads. The impact on fare and toll revenue has been so severe, it exceeds even that of the Great Depression. And the dedicated taxes that support our agency remain severely depressed.

We've had to rely on the federal government for emergency aid to stay afloat, since the State and City are facing the same dire financial crisis as the MTA. We were grateful to receive \$4 billion under the CARES Act back in March, and after months of nation-leading advocacy on our part, another \$4 billion in the latest relief bill passed in December. We thank Senate Majority Leader Schumer, Speaker Pelosi and the bipartisan New York delegation for their hard work and support. This infusion of federal funds, in addition to another \$2.9 billion we borrowed through the Federal Reserve Municipal Liquidity Facility, which expired at the end of last year, was critical in helping us to avoid severe cuts to service and layoffs of thousands of colleagues this year and

should get us through 2021. But there will be challenges. Just last week, we delayed a vote on potential fare increases that have been approved on a biannual basis since 2011 because we recognize that so many of our customers are suffering financially as a result of the pandemic, and we don't want to exacerbate the economic impact of this crisis – especially for essential workers, low-income residents and communities of color that rely on us. And while we believe it's the right thing to do, delaying any fare increases has an impact on an already extremely fragile budget. There also remains the issue of our substantial out-year deficits through 2024.

We are doing our part to rein in costs through agency consolidations, significantly cutting overtime, and major reductions in the use of consultants – projected to save \$601 million in 2021– but there is simply no way we will be able to fully recover without billions of dollars more in additional federal relief to get us through the next few years.

With President Biden now in office, Senator Schumer serving as Senate majority leader (the first ever from New York), and a Democratic majority in both houses of Congress, we're more optimistic about our prospects than just a few weeks ago. The Biden administration rightly recognizes the importance of mass transit and has included an additional \$20 billion for public transportation nationally in its initial COVID-19 relief proposal. We are eager to continue working with Washington during this urgent crisis. We have said all along that this is a national crisis that requires a national solution.

### **Capital Program / Spending**

Our goal is to find a path forward to support mass transit nationwide -- not only to help cover operating costs but to fund transformative and necessary capital projects to ensure our 116-year-old system continues to serve the region as ridership returns, like those outlined in our historic 2020-2024 Capital Program: the installation of modern signaling on six subway lines, 70 new ADA accessible stations, East Side Access, Penn Station Access and Second Avenue Subway Phase 2. But the capital plan has been mostly put on hold as a result of the COVID crisis and the resulting financial crisis, putting at risk more than 350,000 good-paying jobs statewide and an estimated \$75 billion in economic activity for New York State.

The pandemic has decimated the MTA's traditional capital funding sources and forced us to dip into capital funds to rescue the operating budget. The Biden administration can help us recover by providing direction on the type of environmental review we must undertake in order to move forward with congestion pricing, which will help us leverage \$15 billion for our capital plan. We are grateful that the Legislature and governor authorized what would be the nation's first program of its kind in order to reduce congestion, air pollution and raise needed money for the MTA. The Legislature passed

the measure in April 2019 and we have heard nothing from the previous presidential administration since. We're hopeful that President Biden will change that.

Additionally, we're appreciative that the governor's budget proposal for 2021-22 includes \$3 billion in capital funding from the state and we expect the city to follow through with a similar commitment.

I do want to recognize Janno Lieber's leadership of Construction and Development – thanks to him, we've continued to advance key projects within the new funding constraints. In fact, amidst the pandemic we have completed some substantial and vital projects, including accelerating \$2 billion in capital work and leveraging low ridership during the crisis to deliver improvements for customers. To name a few examples of our 2020 achievements, we opened an iconic new entrance at Penn Station, which for the first time gives Penn a visible identity on 7<sup>th</sup> Avenue and is simply stunning.

We completed the rollout of the OMNY fare payment system on subways and buses, allowing our customers to simply tap and go; we installed new elevators at 11 stations systemwide; finished the L Train Tunnel Project on time and on budget; and implemented positive train control on the railroads by the federal deadline.

Once new funding is in place, we want to build on these successes and aggressively pursue projects that serve as the cornerstone of our capital plan, which we believe will help jumpstart the economy and ensure we continue to lead New York's recovery.

## **Conclusion**

As you are all well aware, a robust MTA isn't just good for the New York City region, but the state as a whole. Approximately 90% of our capital spending is done within the state of New York. Our vendors come from virtually every community around the state, from Long Island to the North Country, Western New York and the Southern Tier, bringing jobs and productivity to all those areas.

We must do everything we can to create a strong transportation system that can carry us out of this crisis. It's the only way New York can rebound and lead the nation's recovery. We look forward to working with you and our partners at every level of government to make this happen. We're now happy to take your questions. Thank you.