New York State’s Metropolitan Transportation Authority (MTA) provides a public good that is indispensable to the New York region’s economy, but a large portion of this value creation is not recognized or reimbursed, leaving the agency struggling to cobble together a patchwork of revenue streams from disparate sources. Federal, State, City, and local governments have not come up with a financing program that recognizes and compensates the MTA for the value it produces. This has led to a permanent fiscal crisis, with projected budget gaps in the billions of dollars over the next five years.

This thesis evaluates various ways to move the MTA toward a more sustainable financial model in which the MTA is compensated for the value that it brings to the New York economy. The thesis recognizes the potential of additional Federal, State, City, and local support and the MTA’s opportunities to streamline its cost structure, but focuses on revenue generation opportunities independent of increased government support and cost-cutting as a means to resolve the fiscal imbalances of the MTA’s financial model. A combination of reduced costs, increased government support and the opportunities explored in this thesis are likely to be able to close the entire gap. The thesis first establishes a set of criteria for what such a financing model would look like, then applies these criteria to a selection of revenue generation strategies that could be dedicated to the MTA to produce more sustainable revenue streams. The thesis concludes with recommendations for implementing these policies in the New York region and moving the MTA beyond a state of permanent financial crisis.