

June 2021

Department of Sanitation: Using the Infusion of Federal Funds and Rebooting the Organics Program

New York City has been the recipient of substantial federal support over the past year as the pandemic wreaked havoc on the provision of public services and city finances alike. Leading into the 2022 Executive Budget, the city received another batch of stimulus funding via the American Rescue Plan Act (ARPA), in addition to continued Federal Emergency Management Agency (FEMA) support. The New York City Department of Sanitation has been the recipient of a large share of this funding, with the Executive Budget adding federal support for both regular department operations as well as ongoing emergency food distribution, a role sanitation has taken on during the pandemic. The level of federal support for agency operations has also freed up city funds, which have been used to restore a variety of sanitation programs cut during the pandemic. For 2022, the city expects these new federal funds to make up 28 percent of the department’s budget—a sizeable share for an agency that typically receives little or no federal assistance.

An Infusion of Federal Funding. The Department of Sanitation (DSNY) received \$852 million in new federal funding in the Executive Budget, with the vast majority budgeted in 2021 and 2022 (all years refer to city fiscal years). The ARPA legislation allows funding to be used for the provision of routine government services, to the extent that city revenues were reduced due to the Covid-19 public health emergency as measured relative to the most recent full fiscal year prior to the emergency. Around \$620 million of the federal funding added to the Executive Budget for the Department of Sanitation is a dollar-for-dollar replacement of city funds for federal ARPA funds, thereby allowing those city funds to be redirected elsewhere in the city budget.

The largest single allocation of new funds is \$500 million in ARPA stimulus funding swapped in for city funds and

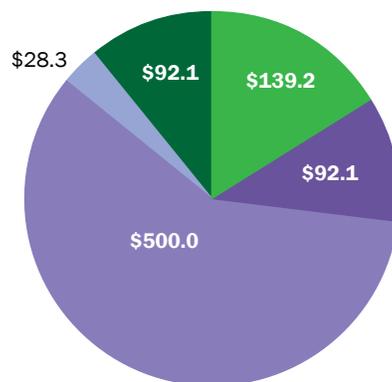
earmarked for waste disposal costs. A further \$92 million in ARPA funding replaces city funds to support the emergency food program. (See IBO’s [report](#) for more details on DSNY’s role in the pandemic food distribution.) Additionally, \$28 million is swapped for city funds to support the restoration of seven day a week litter basket service, which had been cut back during the Covid-19 crisis.

Separate from ARPA funds, pandemic-related FEMA assistance makes up \$139 million of the federal funding added in the Executive Budget. These FEMA funds will be used to support a continuation of emergency food aid, additional cleaning, vaccinations, and other services. The Executive Budget also includes an additional \$92 million in federally funded collection and cleaning support. Of

Largest Portion of Federal Funding Replaced City Funds in Waste Disposal

Dollars in millions

- Covid-19 Emergency Food/Cleaning/Vaccine
- Emergency Food Program (Swap)
- Waste Disposal (Swap)
- Basket Service Restoration (Swap)
- Cleaning and Collection



SOURCES: Mayor’s Office of Management and Budget; Department of Sanitation

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this \$92 million, \$56 million derives from the federal Coronavirus Recovery Fund to cover staffing costs driven by sick leave and supervisor vacancies over the past year, as well as by increases in the cost of residential waste collection resulting from the additional tonnage produced by city residents spending more time at home during the pandemic. The balance of \$36 million is from the reallocation of funds provided under the December 2020 Coronavirus Aid, Relief, and Economic Security Act.

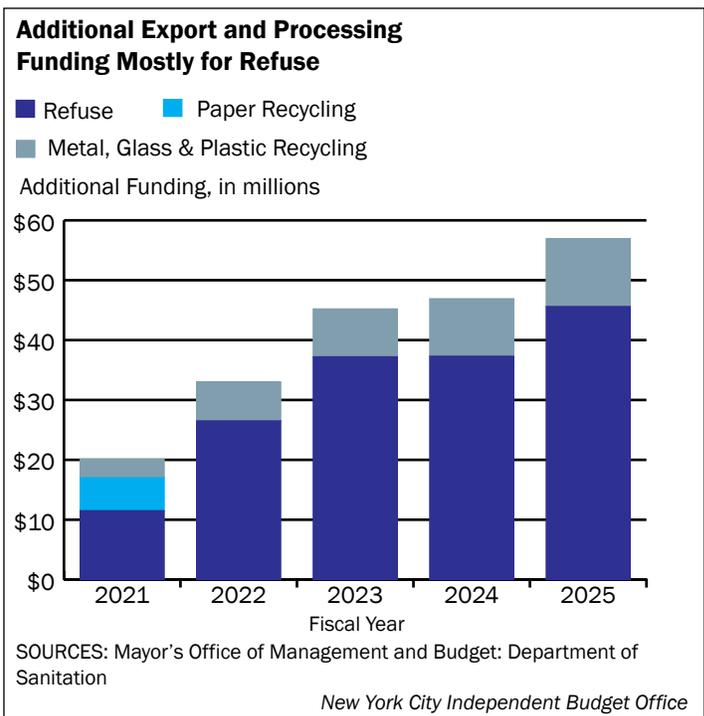
Organics Program Restarts and Changes to Opt-in Model.

The de Blasio Administration has added \$31 million in city funds in 2022 to restart the organics recycling program after canceling it in May 2020 due to pandemic-related budget cuts. The added funds cover curbside residential pickup and organics collection from schools. Because funding for organics collection and processing in 2023 and beyond was not cut from the budget, support for the program remains baselined at around \$27 million annually in future years. An additional city-funded \$2.6 million will restart previously canceled special waste programs. Special waste programs collect electronics, automotive components, and household items that cannot be disposed of in the standard waste or recycling streams.

The organics program will return in largely the same format serving the same neighborhoods, with the notable exception that collection is now opt-in. Previously, participation was voluntary, but all residences within the service zones would receive curbside pickup service. Under the new arrangement, service will only be provided to residences that choose to sign up. Enrollment will launch in August, with collection service to begin in October. Prior to its cancelation, the organics program struggled with low rates of public participation—a problem that shifting to an opt-in model is unlikely to address. While expanding drop-off sites and other special collections could help boost collection volume, raising the barrier to participation is likely to make it even harder to expand the program.

City Funds Bolster Waste Export and Recycling Processing Budget.

The Executive Budget adds \$202 million over the plan period to support waste export and recycling processing, starting with \$20 million added in 2021 and increasing each year to reach \$57 million added in 2025. The smallest portion of these new funds is \$5.5 million added in 2021 to support SIMS paper processing due to lower than anticipated commodity prices; this funding is not



expected to be needed beyond the current year. Increased processing fees for metals, glass, and plastic account for a total of \$39 million over the plan period and the remaining \$158 million is additional funding for the export of refuse through 2025. Some of the rise in costs is attributable to increases in the volume of waste and recyclables as more city residents work from home, but most of the increase in the out-years of the plan is due to increases in the estimated cost of exporting waste and processing recycling, which are done under long-term contracts.

Snowy Winter Leads to Big Boost in Snow Budget.

February 2020 was the snowiest month since 2016, leading to a \$44 million increase to the Department of Sanitation's budget in 2021 to cover snow removal costs, bringing total spending on snow to \$147 million in 2021. This fiscal year, Central Park received 38.6 inches of snow, 12.8 inches above average, leading to a shortfall in the budget for snow removal. The higher-than-normal spending in 2021 also affects snow budgets in future years: the City Charter requires that the budget for snow removal be set based on the average spending in the preceding five fiscal years. For future year snow budgeting, the higher level of spending in 2021 means the city will be required to add \$6.8 million to the snow budget annually from 2023 through 2025.

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