



Director Louisa Chafee

FY 2026

Analysis of the 2025 November Financial Plan
by the Independent Budget Office

IBO's Estimates for City Expenditures for
The November 2025 Financial Plan



December 2025

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Introduction

Today, the Independent Budget Office (IBO) is releasing IBO's [Charter-mandated overview analysis](#) of the Adams administration's November 2025 Financial Plan Fiscal Years 2026-2029, together with IBO's [November Economic and Tax Revenue Outlook](#), and a comparison between IBO's estimates of expenditures to those presented by the Administration.

IBO bases its expenditure estimates on historical spending patterns, trends in clients served and usage, and expected program or rule changes. IBO presents details on key areas of the City budget for which it identified either savings or additional costs on planned spending areas.

When Mayor-elect Mamdani is sworn into office on January 1, 2026, he and his Administration will embark immediately on constructing their first budget—which will need to keep the current year balanced and balance the budget for fiscal year 2027. (All years refer to City fiscal years unless otherwise specified.)

The November 2025 Financial Plan released by the Adams administration presented next year's gap at \$4.7 billion. While the Administration addressed several structural budget misalignments during its tenure, others remain:

- The budgeted baseline amount for many social services and personnel costs for uniformed agencies remains low compared with actual year-end spending. These misalignments reduce transparency and diminish the value of the budget as a financial planning document.
- The City has relied on freezes or slowdowns in hiring to achieve savings over the past several years. With lower staffing, however, many City agencies noted that personnel shortages were at the root of underperformance on metrics presented in the Mayor's Management Report. IBO studies have identified the consequences of staffing challenges from 2020 through 2023 in the program areas of [benefits processing](#) for lower-income New Yorkers and [services for adults](#) who are unable to care for themselves.

With increased hiring efforts from 2024 through 2026, the active City headcount has recently risen to its highest level since May 2021, with substantial increases in teacher hiring in September of 2025 to meet the State class size legislation requirements. As a result, vacant positions and slower hiring cannot be relied upon for easy-to-find savings moving forward.

In this report, IBO discusses its largest adjustments to the Expense budget. IBO presents each of these adjustments from most to fewest dollars for the 2026 budget based on its analysis of the November 2025 Financial Plan, as shown in [Figure 1](#).

Structural Surpluses

Citywide Civilian and Educational Staffing

From 2020 through 2025, the City's personal services (PS) costs—staff salaries, wages, and benefits—grew, on average, 3% annually while tax revenues grew 4.5% annually over the same period. As a result, savings from the slower growing PS budget effectively subsidized

FIGURE 1

IBO's Estimated Net Surpluses and Gaps Across November 2025 Financial Plan Years

Dollars in Millions

	2026	2027	2028	2029
Net 2026 Surpluses				
Citywide Civilian and Pedagogical Staffing	\$784	\$-	\$-	\$-
Civilian Positions	384			
Pedagogical Positions	400			
Health	89	(62)	(64)	(64)
City University	85	-	-	-
Youth and Aging	76	-	-	-
Debt Service	39	35	-	-
Parks, Recreation, and Cultural Activities	9	(7)	(9)	(11)
Asylum Seekers	-	338	-	-
Subtotal - Net Surpluses	\$1,082	\$304	(\$72)	(\$74)
Net 2026 Gaps				
Public Safety and Judicial	(\$641)	(\$467)	(\$206)	(\$185)
Social Services, Homeless Services	(576)	(1,279)	(1,017)	(733)
Education (Excluding 2026 Staffing Surplus)	(531)	(845)	(1,258)	(1,258)
Transportation Services	(176)	(230)	(256)	(286)
Environmental Protection and Sanitation	(101)	(95)	(93)	(105)
Fringe Benefits	(29)	-	-	-
General Government	(25)	(281)	(279)	(355)
Housing and Buildings	(1)	(21)	(22)	(22)
Subtotal - Net 2026 Gaps	(\$2,079)	(\$3,218)	(\$3,130)	(\$2,943)
Total-IBO Forecasted Expense Differences	(\$997)	(\$2,913)	(\$2,202)	(\$3,018)

SOURCE: IBO Analysis of November 2025 Financial Plan

New York City Independent Budget Office

faster growth in Other Than Personal Services (OTPS) costs—meaning all costs not related to staffing—which grew 5.4% annually, on average.

However, over the past year, the City's active headcount (the number of employees on payroll) has rebounded from its recent lows. As of December 1, 2025, approximately 291,000 of the City's 305,800 full-time authorized positions are filled, yielding a vacancy rate of 4.8%. This is up from 2023 when active headcount sank to 282,000 from the pre-COVID high of approximately 300,000.

Consequently, IBO's projection of savings in 2026 resulting from underspending on staffing costs has shrunk considerably. IBO has focused on citywide staffing in three distinct groups: civilian staff (those with administrative roles); pedagogical staff (those with instructional roles—teachers, paraprofessionals, or leadership staff); and uniformed staff (officers at the New York Police Department (NYPD), Fire Department of New York (FDNY), Department of Correction (DOC), or Department of Sanitation (DSNY) staff working on sanitation trucks). IBO estimates that PS savings for non-uniform staff will total \$784 million, with \$400 million attributable to pedagogical positions at the Department of Education (DOE) and the City University (CUNY). However, those savings are almost completely offset by \$678 million in additional uniform staffing costs. In Figure 1, \$641 million for NYPD, FDNY, and DOC is reflected in "Public Safety and Judicial," and \$38 million for DSNY is reflected in "Environmental Protection and Sanitation" (see Uniformed Personnel Staffing Costs section for more details).

Finally, IBO estimates a modest need of \$29 million for fringe costs, although IBO's estimate excludes the possibility of greater than budgeted health insurance costs. The City's switch to the new NYC Employees PPO health plan for most of its employees has been touted by the Administration and the Municipal Labor Committee as a cost saving measure. IBO has not adjusted the Adams administration's estimate at this juncture, and instead will wait to assess after initial spending on the new plan has come in. The net \$77 million of savings (see Figure 2) is smaller than IBO's estimates of staffing costs in prior budget releases, reflecting the rebound in the City's workforce.

Citywide Costs in Non-Personnel Areas

IBO also forecasts savings resulting from underspending on Other Than Personal Services (OTPS) costs at various agencies. IBO reprices these costs based on historical trends and spending year-to-date. These estimated savings total \$259 million in 2026 and are anticipated to occur at the Department for Youth and Community Development, NYC Aging, NYC Health, City University of New York, and the Department of Parks and Recreation.

FIGURE 2

IBO's Estimate of Net Personnel Savings in 2026: Surplus From Vacancies Adjusted For Increases for Uniformed Agencies and Fringe Benefits

Dollars in Millions

Civilian and Pedagogical Savings	\$784
Civilian Positions	384
Pedagogical Positions	400
DOE	385
CUNY	15
Uniformed Agencies	(\$678)
NYPD	(316)
FDNY	(148)
DOC	(177)
DSNY	(38)
Fringe Adjustment	(\$29)
Total Citywide Personal Savings	\$77

SOURCE: IBO Analysis of November 2025 Financial Plan

New York City Independent Budget Office

IBO also reprices variable rate debt costs, as the baseline budget conservatively assumes higher variable rates than those recently offered to issuers. The Adams administration assumes variable rate costs based on a 3.8% interest rate in the current year, and 4.25% in the baseline. However, IBO uses an interest rate of 3.0%—based on the most recent six-month trend—to adjust this year's estimated costs, and a 3.5% rate for the upcoming year. This results in \$39 million in savings in 2026 and \$35 million in 2027.

Structural Gaps

Uniformed Personnel Staffing Costs

The City's four uniformed agencies—NYPD, FDNY, DOC, and DSNY—have persistently overspent their initial personnel budgets. IBO again projects substantial shortfalls in the three public safety uniformed agencies, with a smaller shortfall for DSNY in 2026. Across the four agencies, the City is on track to spend more than \$679 million in excess of their respective personnel budgets in 2026—nearly half of which is attributable to NYPD (shown in Figure 3). IBO uses the same methodology as for other citywide staffing costs, applying year-to-date average payrolls over the remaining pay periods of the year, with some adjustments for seasonal spending trends. IBO considers budget gaps from its higher uniformed personnel cost projections to be structural, in that the gaps recur every year and the City chooses not to take any action to fund them until closer to the year end. Thus, IBO assumes similar total funding will be needed in the City's Expense Budget in the years to come.

The four uniformed agencies are currently evidencing different spending trends. In NYPD, efforts to reduce the rate of overtime have seen some success through the first quarter of 2026, as year-to-date spending through September was \$229 million, whereas last year over the same time frame it was \$288 million. As a result, IBO's current year shortfall projection is lower than it has been over recent years. Additionally, the Adams administration forecasts growth in NYPD's personnel budgets in 2028 and 2029 due to the anticipated [hiring of 5,000 police officers by 2029](#). Therefore, IBO's forecasts of the budgets, driven by overtime costs, are similar to the Adams administration's forecasts, driven by salaries for new hires.

For now, IBO assumes those positions will remain unless the incoming Administration states otherwise. For FDNY, the Adams administration projects personnel budgets from 2027 through 2029 that are smaller each year without disclosing any rationale for such lower estimates. Since IBO projects larger budgets, based on year-to-date spending patterns and seasonal patterns IBO estimates growing shortfalls from 2027 through 2029. So far, DOC has spent more money on overtime

FIGURE 3

IBO Estimates of Additional Funds Needed for Uniformed Personnel Budgets 2026 Through 2029

Dollars in Millions

Agency	Fiscal Year			
	2026	2027	2028	2029
NYPD	\$316	\$174	\$27	(\$116)
FDNY	\$148	\$163	\$171	\$177
DOC	\$177	\$128	\$7	\$7
DSNY	\$38	(\$20)	(\$39)	(\$44)
Total	\$679	\$445	\$166	\$24

SOURCE: IBO Analysis of November 2025 Financial Plan
New York City Independent Budget Office

in 2026 than it has in the prior years of the Adams administration. Compared with 2025, year-to-date spending in 2026 on uniformed overtime is almost 10% higher. This results in an even bigger projected shortfall for 2026 and 2027 than IBO had previously forecast. Finally, from 2027 through 2029 DSNY is budgeted to have small personnel surpluses. Overall, IBO estimates the highest additional funding need to be \$679 million in 2026, and a subsequent decrease to a total shortfall of \$445 million in 2027, and further fall to a shortfall of \$166 million in 2028.

The main driver of the higher 2026 staffing costs shown in Figure 3 is uniformed overtime. Each uniformed agency is projected to spend more than last year, though the rate of increase varies. Compared with last year's overtime spending, the rate of increase for uniformed personnel overtime in 2026 is highest for DOC (9.2%) and lowest for NYPD (1.4%).

Social Services: Cash Assistance

The City provides temporary financial help to qualifying lower-income households, known as cash assistance. There are two structural issues related to the City's budgeting of cash assistance:

1. During the Adams administration, the City has addressed underbudgeting for cash assistance for the current year only, leaving gaps in future years:
 - **For 2023:** In the May 2023 Executive Budget, the City added \$320 million, but only for 2023.
 - **For 2024:** In the January 2024 Financial Plan, the City added \$820 million for 2024, but just \$8.5 million for all future years.
 - **For 2025:** In the November 2024 Financial Plan, the City again added \$920 million for 2025, with no additional funding for other years, and added another \$78 million for 2025 in April 2025.

The City has not addressed the funding shortfall for 2026 or beyond and instead adds money to the budget as expenditures increase throughout the year. The November 2025 Financial Plan currently budgets \$1.6 billion for cash assistance, \$1 billion less than total spending in 2025. This underbudgeting continues through 2027, but funding increases in 2028 and 2029 and even surpasses the level of spending from last year (\$2.6 billion).

2. The City's share of cash assistance has been rising over time. Cash assistance encompasses Family Assistance (FA)—the federal cash assistance program with costs split by the City (15%) and the federal government (85%)—and Safety Net Assistance (SNA)—the State form of cash assistance funded at 71% City and 29% State dollars. There are different eligibility rules for each program, and after 60 months, households time-out of FA and must switch to SNA. From June 2023 through June 2025, the number of households timing out of FA and switching to SNA grew 21%, and the number of households on SNA grew 34% over the same period. As more households experience longer periods of sustained need, increases in this primarily City-funded program (SNA) will put pressure on the City budget.

Social Services: CityFHEPS Rental Housing Vouchers

CityFHEPS (the City Fighting Homelessness and Eviction Prevention Supplement) program is the largest City-funded rental assistance housing voucher program for families and individuals living in homeless shelters or at risk for becoming homeless. CityFHEPS is administered through the Department of Social Services (DSS). DSS includes both the Department of Homeless Services (DHS), which administers the City's homeless shelter system, and the Human Resources Administration (HRA), which administers all benefits programs. With expanded and broad criteria for eligibility, the potential costs of CityFHEPS continue to be a contentious topic between the Adams administration and the City Council. (See IBO's [explainer report](#) on the history, expansions, and costs estimates for CityFHEPS).

Baselined Funding Not Keeping Up With Program Growth

Over several recent budgets, the Adams administration has added funding for CityFHEPS, partially addressing issues it had created by not budgeting for future years in advance. The 2025 Executive Plan (released in April 2024) added \$573 million for 2025 and \$507 million annually for 2026 through 2028, which increased baseline funding for the CityFHEPS program for the first time. The baselined amounts, however, have not kept pace with the cost of operating the program and the growth in the number of housing vouchers. Last year, total CityFHEPS spending was \$1.2 billion.

For the current year, the Adams administration added \$512 million in CityFHEPS funding—\$100 million at the Adopted Budget and \$412 million in the November Plan. Even with these additions, however, CityFHEPS is currently budgeted at \$169 million less than was spent last year. Inexplicably, the budgeted amounts for fiscal year 2027 and beyond amount to only half of total program spending last year.

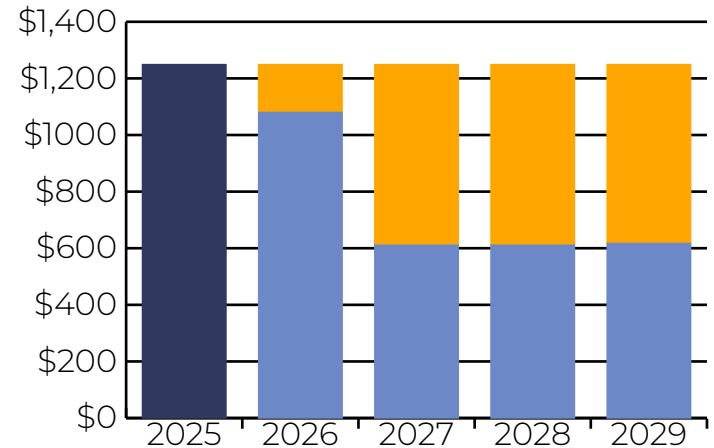
Spending in November as a share of the total year's spending has also varied over the last several years as the program has grown. Spending as of November represented 22% of total year spending in 2024 and 29% in 2025. IBO expects that the City will spend at least as much as it did in 2025, estimating that the City will need at least \$169 million in additional 2026 funding to match prior-year spending. This need will grow to at least \$638 million in 2027 and 2028 and \$631 million in 2029 (see Figure 4). IBO plans to revisit

FIGURE 4

IBO Estimates More Funding for CityFHEPS Needed To Match Current Spending Levels

■ Actual Expenditures
 ■ November Budget
■ IBO Estimates of Additional
Funding Needed

Dollars in Millions



SOURCE: IBO November 2025 Economic Forecast
New York City Independent Budget Office

this estimate based on year-to-date spending and the impacts of any policy changes by the incoming Mamdani administration in its analysis of the January 2026 Preliminary Budget.

Ongoing Policy Changes to CityFHEPS Program

There is significant uncertainty about how various potential program changes will impact cost. The number of households receiving a CityFHEPS voucher increased 32% from June 2024 through June 2025 (from 44,500 to 58,700). Given the City's current 1.4% housing vacancy rate, there is a limited pool of available apartments that meet the program's rent requirements. IBO expects this supply strain to constrain, at least somewhat, future growth for the program. With program revisions in October 2023, households can now use the voucher outside the City but HRA does not assist with apartment searches outside of New York City. There is no public data on how many households with CityFHEPS vouchers have successfully secured apartments outside the City, limiting understanding of this feature of the program.

Beyond the predictable program growth that has occurred, there are multiple program changes being considered that could change operations and costs. The process to bring about these changes highlights the strong tensions between the Adams administration and the City Council over the size of the program and the City's funding of CityFHEPS on an ongoing basis. First, the Adams administration proposed increasing the share of income families would pay towards rent upon renewing their vouchers after the initial five-year period: from 30% to 40%. In December 2025, the City Council [overrode a Mayoral veto](#) to enact legislation keeping the share at 30%.

The Adams administration also proposed ending its policy to pay property owners one month's rent (called a "unit hold incentive") to hold an apartment while the City processes applications and conducts inspections. The City first [announced](#) this change in June 2025. Following a [lawsuit](#) from advocates to block it, the Adams administration has [proposed rulemaking](#) to discontinue the unit hold incentives, and the comment period closed in November.

The Mamdani administration must decide how to interpret and implement the [package of legislation](#) passed by the City Council in January 2024. The legislation made multiple changes, including lifting the income threshold from about \$64,300 to \$81,000 per year for a family of four.¹ It also expanded eligibility to households already in apartments that have received a rent demand letter, the first step towards eviction. There has been ongoing litigation since the Council passed the legislation, and in June 2025, the Appellate Division of the New York State Supreme Court [ruled](#) in favor of the City Council, which the Adams administration [appealed](#). As IBO [noted](#) in January 2024, estimates of these changes have ranged from \$3 billion to \$36 billion over five years due uncertainty about how many households the expansion could include. Mayor-elect Mamdani has stated that he will withdraw the City's litigation seeking to block the City Council's changes at the very outset of his administration, and his campaign previously indicated that it would fully [implement the expansion](#).

Social Services: Childcare Vouchers

The City's Administration for Children's Services (ACS) offers [childcare vouchers](#) under specific circumstances and enables families to afford childcare for thousands of children ages 6

weeks through 13 years. [Increased funding by the State](#) to provide \$7 billion statewide over four years—from 2023 through 2027—to further expand access to lower-income families led to a substantial increase in the number of vouchers used. This expansion was in addition to families on cash assistance and families involved with the child welfare system, who are automatically eligible for childcare vouchers.

Childcare voucher enrollment increased by 38% year-over-year, from 79,000 in October 2024 to 109,000 in October 2025. Because the State's commitment to additional funding is set to expire next year, the City closed the new voucher application process in May 2025. Since then, enrollment continued to rise until July 2025, when it plateaued at around 110,000 current vouchers. The City is on track to spend \$1.7 billion per year if enrollment remains at current levels. There is a total of \$1.2 billion in the budget for childcare in 2026, and \$785 million is baselined annually in 2027 and beyond. As a result, IBO projects an additional \$8 million in 2026, and \$229 million in each year thereafter will be needed in the budget just to maintain current enrollment levels, a total that will rise if enrollment increases.

Homeless Shelter Costs

In October 2025, the City reported about 114,600 New Yorkers resided in temporary housing administered across multiple City agencies.² Last January's survey of unsheltered homelessness, known as the Homeless Outreach Population Estimate (HOPE) count estimated about 4,100 individuals. Unlike the vast majority of jurisdictions across the country, New York City has a legally enforced "[right to shelter](#)," which results in a requirement that the City provide temporary housing to unhoused individuals and families.

The right to shelter generally applies to shelters run through the Department of Homeless Services (DHS) and DHS administers shelter housing to most New Yorkers in temporary housing. In December 2025, around 17,600 families with minor children, 2,200 adult families, and 24,500 single individuals resided in DHS shelters, totaling about 44,300 households (86,000 individuals). The population in DHS shelters has grown mostly due to the growth of single adults in the shelter system. The Department of Homeless Service's 2026 budget includes \$2.3 billion for shelter intake, administration, and operations.

Since asylum seekers began arriving in New York City in summer of 2022, IBO has projected populations and costs separately for asylum seekers and non-asylum seekers. The costs attributable to asylum seekers have now fallen sharply as the population has declined substantially, largely as a result of changes in federal immigration policies and NYC exit policies. The costs for services and support to other unhoused New Yorkers have increased in recent years, driven by an increase in the single adult population and higher daily costs across the board. The single adult daily rate increased by 7% from 2023 through 2025 (without adjusting for inflation) and the average monthly population grew by 11% in the same period. In October 2025, the single adult population was 21% more than the average monthly population in 2023. Despite this population growth, the City has added funding for this population just one year at a time:

- In 2023, the City added \$345 million for 2023 and \$2.6 million in future years.
- In 2024, the City added \$419 million for single adult shelter but reduced the each outyear budget by \$5 million.
- In 2025, the City added \$489 million for that year and \$38 million in future years.
- In 2026 so far, the City has added \$217 million for the current year, with no changes to future years.

As a result, IBO now estimates a \$126 million gap in 2026 related to single adult shelter that will grow to \$304 million in future years, based on current population trends and a constant daily cost rates, which has been elevated since the asylum seeker response (see previous [IBO report](#) for more details).

IBO projects that the Adams administration has overbudgeted by about \$3 million for shelter costs relating to families with children in 2026, but will need to add an additional \$37 million in 2027, \$34 million in 2028, and \$8 million in 2029. The average monthly shelter population for families with children (not including asylum seekers) grew just 5% from 2024 through 2025. However, the daily rate has increased significantly, up 44% from the rate in 2022 (without adjusting for inflation). Reducing the daily rate would alleviate pressure on the City's budget.

Metropolitan Transportation Authority (MTA) Paratransit Costs

The City is required by State law to reimburse the MTA for a portion of its paratransit program, Access-a-Ride, which provides public transportation for eligible customers with disabilities who are unable to use public buses and subways. MTA's paratransit costs are growing rapidly; the MTA projects a 16% increase in total paratransit costs from calendar year 2026 through 2029, from \$990 million to \$1.15 billion.

Before 2024, the City was only required to reimburse 50% of paratransit operating costs after fares and dedicated taxes. Starting in 2024, State law increased that to 80%, with the additional 30 percentage points of cost sharing not to exceed \$165 million annually. The sunset of the 80% reimbursement level (bringing it back down to 50%) was recently extended to 2027, but the MTA's latest financial plan assumes that the State Legislature will set the City's paratransit contribution permanently at the 80% rate. This will produce a hole in the MTA's budget if the State chooses to stick to the current sunset in 2027. On the other hand, it will cost the City even more in subsidies each year if the 80% is extended indefinitely.

As a result of the subsidy rate increase and rider demand, the City's paratransit contribution has more than doubled in recent years, from \$241 million in 2023 to almost \$506 million in 2025. Despite consistently rising costs in prior years, the Adams administration's budget assumes a decreasing paratransit contribution over time, as low as \$174 million in 2029. IBO's financial projections include a recalculation of the City's paratransit subsidy to reflect the current subsidy rate plus 5% annual growth in expenses. IBO's estimates assume the 80% reimbursement rate will end in 2027. IBO projects the City will need an additional \$168 million in 2026, \$201 million in 2027, \$220 million in 2028, and \$239 million in 2029.

Education

While IBO projects substantial funds will be needed each year for the Department of Education (DOE) from 2027 through 2029, IBO estimates that the agency's 2026 budget requires relatively less funding than the Adams administration has projected. The largest areas of additional need are for new teachers to meet the State class size limits, due process cases, and to fund programs previously funded with COVID-19 stimulus funds. Due process cases, known in previous IBO reports as "Carter Cases," relate to the costs of settlements when guardians of a student with a disability file a claim that their student is not able to be served in a DOE school setting, and is therefore entitled to compensation to seek other educational opportunities. As shown in Figure 5, after accounting for savings in 2026 for vacant pedagogical positions (see Citywide Civilian and Educational Staffing section above), IBO estimates DOE will need \$130 million in 2026, \$845 million in 2027, and \$1,258 million each year for 2028 and 2029.

Spending on State Class Size Mandate Expected to Ramp Up Starting in 2027

IBO provided new estimates in a recent [report](#) for the number of teachers needed and the cost of such staffing to achieve full compliance with the class size mandate by 2028. IBO estimates that DOE will need an additional \$702 million to hire approximately 6,900 teachers by 2028. Assuming a gradual phase-in of staffing, the projected annual need is \$289 million to support 2,800 teachers in 2027, rising to \$702 million beginning in 2028 and continuing annually thereafter to meet full compliance. These estimates reflect the gaps between: 1) expected teacher headcounts derived from IBO's analysis of school year 2023–2024 data; and 2) DOE's budgeted headcounts in the current financial plan.

Additional Need for Due Process Cases and Accounting Adjustment

Due process cases occur when families file claims and seek compensation on behalf of students with a disability who cannot be served in a DOE school setting. Settlements can result in the City's being required to provide funding for tuition at a private school, for the provision of services, for transportation, or for further evaluation. DOE spending on due process cases has increased substantially over the past several years, totaling more than \$1 billion in annual expenditures. Payments for nonpublic schools and direct education services

FIGURE 5

IBO's Estimates for Department of Education: Surplus in 2026 and Additional Costs for 2027 Through 2029

Dollars in Millions

Estimate	2026	2027	2028	2029
Pedagogical Positions				
- Current Year Surplus	(\$385)			
Class Size Mandate	\$289	\$702	\$702	
Due Process Cases	\$515	\$445	\$445	\$445
COVID-19 Stimulus-Funded Programs		\$111	\$111	\$111
Net IBO Adjustment for DOE	\$130	\$845	\$1,258	\$1,258

OURCE: IBO Analysis of November 2025 Financial Plan

New York City Independent Budget Office

particularly drive this type of spending. Under State law, families of nonpublic students may also file claims for direct educational services, in addition to families of public school students.

IBO estimates that to meet costs for due process cases, DOE will need an additional \$515 million in the current year, and an additional \$445 million annually from 2027 through 2029. Previously, IBO's estimate was calculated by maintaining the previous year's actual expenditures. However, there has been a change in the way in which DOE is accounting for these costs. Going forward, expenditures will be booked to the year in which settlements are made—similar to how the City recognizes other judgments and claims—rather than projecting costs for the year for cases yet to be determined. Based on this accounting change, IBO expects slightly elevated costs in the current year. IBO estimated 2026 expenditures by using prior year trends and year to date actual expenditures, assuming consistent spending for the rest of the year.

Funding Still Needed for Previously COVID-19 Stimulus-Funded Programs

IBO identified two initiatives—Summer Rising and Learning to Work—that were supported by federal COVID-19 relief dollars during the pandemic but have not yet been funded in all years of the financial plan with other revenue sources. Although the City allocated \$80 million for Summer Rising and \$31 million for Learning to Work in 2025 and 2026 following the expiration of federal aid, these amounts were not included in future years. Accordingly, IBO estimates that an additional \$111 million will be needed annually for these programs from 2027 through 2029.

Sanitation Waste Export Costs

Of IBO's estimated \$50 million shortfall in 2026 in the Department of Sanitation's budget, \$45 million is attributable to waste export contract costs. This shortfall grows to \$74 million in 2029. The majority of this is for paying contractors to ship solid waste to landfills outside the City—the single largest cost outside of personnel costs in DSNY's budget. These costs have steadily increased year over year, yet the Adams administration has not increased the baseline, instead preferring to address the shortfall one year at a time. Actual spending in 2025 reached \$514 million, while the baseline budget totals only \$480 million. IBO's estimate also includes an annual increase of \$10 million each year. Small shortfalls in other programs make up the balance of IBO's forecasted gap in DSNY.



Endnotes

- 1 The CityFHEPS income eligibility was established at 200% of the federal poverty line, a federal income threshold set published annually by the federal Department of Health and Human Services and is based on family size. The City Council legislation (Local Law 102 of 2024) changed the income eligibility to 50% of area median income, a federal income threshold published annually by the Department of Housing and Urban Development and also is based on family size. This change expanded the income ranges eligible for CityFHEPS.
- 2 NYC Mayor's Office of Operations. [Temporary Housing Assistance Report](#). Report Month: October 2025. The total number of persons utilizing all City-administered facilities includes DHS shelter and special population shelters operated through the Department of Youth and Community Development, Housing Preservation and Development, and the Human Resources Administration.

IBO's mission is to enhance understanding of New York City's budget, public policy, and economy through independent analysis.

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