

Pay-As-You-Throw

Savings: \$400 million annually

Under a so-called “pay-as-you-throw” (PAYT) program, households would be charged for waste disposal based on the amount of waste they throw away other than recyclable material in separate containers—in much the same way that they are charged for water, electricity, and other utilities. The city would continue to bear the cost of collection, recycling, and other sanitation department services funded by city taxes.

PAYT programs are currently in place in cities such as San Francisco and Seattle, and more than 7,000 communities across the country—and the city hired consultants to study it here in 2018. PAYT programs, also called unit-based or variable-rate pricing, provide a direct economic incentive for residents to reduce waste: If a household throws away less, it pays less. Experience in other parts of the country suggests that PAYT programs may achieve reductions of up to 35 percent in the amount of waste put out for collection. There are a variety of different forms of PAYT programs using bags, tags, or cans in order to measure the amount of waste put out by a resident. Residents purchase either specially embossed bags or stickers to put on bags or containers put out for collection.

Based on sanitation department projections of annual refuse tonnage and waste disposal costs, each residential unit would pay an average of \$114 a year for waste disposal in order to cover the cost of waste export, achieving a savings of \$400 million. A 15 percent reduction in waste would bring the average cost per household down to \$97 and a 30 percent reduction would further lower the average cost to \$80 per residential unit.

Alternatively, implementation could begin with Class 1 residential properties (one-, two-, and three-family homes) where administration challenges would be fewer than in large, multifamily buildings. This would provide an opportunity to test the system while achieving estimated savings of \$118 million, assuming no decline in the amount of waste thrown away.

Proponents might argue that by making the end-user more cost-conscious, the amount of waste requiring disposal will decrease, and the amount of material recycled would likely increase. They may also point to the city’s implementation of metered billing for water and sewer services as evidence that similar programs have been successfully implemented. To ease the cost burden on lower-income residents, about 10 percent of cities with PAYT programs have implemented subsidy programs, which partially defray the cost while keeping some incentive to reduce waste. They might also argue that illegal dumping in other localities with PAYT programs has mostly been commercial, not residential, and that any needed increase in enforcement would pay for itself through the savings achieved.

Opponents might argue that pay-as-you-throw is inequitable, creating a system that would shift more of the cost burden toward low-income residents. Many also wonder about the feasibility of implementing PAYT in New York City. Roughly two-thirds of New York City residents live in multifamily buildings with more than three units. In such buildings, waste is more commonly collected in communal bins, which could make it more difficult to administer a PAYT system, as well as lessen the incentive for waste reduction. Increased illegal dumping is another concern, which might require increases in enforcement, offsetting some of the savings.