



THE CITY OF NEW YORK
INDEPENDENT BUDGET OFFICE

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November 13, 2022

VIA EMAIL

Borough President Vito J. Fossella
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Council Member Joseph C. Borelli
borelli@council.nyc.gov

Council Member David Carr
dcarr@council.nyc.gov

Council Member Kamillah Hanks
khanks@council.nyc.gov

Dear Borough President Fossella and Council Members Borelli, Carr, and Hanks:

At your request, the Independent Budget Office (IBO) has estimated the cost of services that New York City is providing to the city's newly arrived asylum seekers. As of early November, the Adams administration reported that 23,800 asylum seekers have arrived in New York City, in most cases looking to escape economic and civil unrest in their home countries—Venezuela in particular. While some of these new arrivals may relocate elsewhere, many remain in the city.

IBO has examined the costs that the city will incur over the course of a year to provide services to this population. Based on the number of asylum seekers who had arrived as of early November, IBO estimates that the city will spend at least \$596 million over the course of a year. Our estimates include about \$580 million in costs that are directly tied to the number of asylum seekers who already have arrived in the city. These include shelter stays, public school costs, as well as some health services and immigration legal assistance. Some of these costs, particularly shelter, will fall into the next fiscal year.

The total cost of city services provided to the newly arrived asylum seekers cannot be estimated with certainty, as the number of people arriving and remaining in the city continues to evolve. Where possible, we provide the per-person or per-household cost of the various services. We estimate that this per-person/household could range from about \$1,900 for an individual who does not enter the city's shelter system and receives some health and basic legal services to nearly \$93,000 for a family of four who enters a shelter for a year and has two children enrolled in the city's public schools, along with receiving some health and basic legal services. This can be used to project total costs once there is a

better understanding of the total number of asylum seekers expected to require services from the city. For example, the arrival of an additional 10,000 asylum seekers—assuming the current mix of households remains consistent—would increase costs by around \$246 million.

In addition to the per-person and per-household costs, we also include about \$16 million in more fixed-type costs the city has incurred or has committed to incurring. These costs are for constructing the city's Humanitarian Emergency Response and Relief Center (HERRC) on Randall's Island, and contracts for the city's Navigation Resource Center, and translation services. This number is likely to rise as the city spends more money against existing contracts.

There are likely other costs, outside those outlined here, that the city may or could incur. We have limited our estimates to the cost of services the city is either required to provide or has currently indicated it will provide. We are also limited by what we could reasonably calculate given available data. Our analysis is summarized in the enclosed memo, which includes details on the data, assumptions, and methodology used for this analysis.

If you have any questions or would like additional information, please contact me at georges@ibo.nyc.ny.us or (917) 284-0090 or Sarah Stefanski, who coordinated the study, at sarahs@ibo.nyc.ny.us or (212) 341-7367.

Sincerely,



George V. Sweeting

Acting Director

Memorandum

To: George V. Sweeting, Acting Director
From: Sarah Stefanski, Assistant Director
Date: November 13, 2022
Subject: Impact of Newly Arrived Asylum Seekers on New York City's Budget

In recent months, there has been a large increase in the number of asylum seekers arriving in New York City.¹ Economic collapse, political instability, and social unrest, particularly in Venezuela but also other countries, have driven individuals and families to cross the southern border into the United States. Border state and local governments, citing the burden of hosting the growing number of asylum seekers with little assistance from the federal government, have begun offering transportation to many of these individuals and families by interstate bus and other means to other parts of the country, including New York City. According to estimates from the Adams administration, 23,800 asylum seekers have arrived in the city from April through early November.

While some of these new arrivals quickly relocate elsewhere, many remain in the city. As a first step, IBO has estimated the costs that the city will incur over the course of a year to provide services to these asylum seekers who have already arrived. Our estimates include costs related to shelter stays, public education, some health services, basic immigration legal assistance, among others. There are likely other costs outside those outlined here that the city may incur. Our estimates are limited to the cost of services that the city is either required to provide or has indicated it will provide, as well as what we could reasonably calculate given available data.

While IBO has estimated costs in each of these categories for the asylum seekers who have arrived as of early November, the total cost of providing the identified city services cannot be estimated with certainty as the number of people arriving continues to evolve. To give a sense of what these future costs could be, where possible, we provide estimates for the per-person or per-household cost of the various services. This can be used to project total costs once the number of asylum seekers, and the city services they use, is fully understood. We also provide details on other costs that the city has incurred that are less directly tied to the number of new arrivals. Lastly, we outline what other sources of funding the city may be able to tap into to help pay for these unanticipated expenses.

Shelter Services

Many of the asylum seekers arriving do not have existing ties to New York City, and many therefore are entering into the city's homeless shelter system. Unlike other major cities, New York City is legally required to provide shelter to individuals who otherwise would be unhoused. This right to shelter is provided through the city's Department of Homeless Services (DHS), which operates shelters for three groups: individuals, families with minor children, and families of related adults. In addition to the DHS shelter system, the city has also opened several Humanitarian Emergency Response and Relief Centers or HERRCs, operated through NYC Emergency Management (NYCEM), that are also intended to provide

temporary shelter and intake services to asylum seekers as they arrive in the city.

As of October 31, 2022, more than 15,400 asylum seekers resided in shelters operated through DHS, according to the agency's Asylum Seeker Daily Report. This includes about 3,670 individuals, 2,800 families with minor children, and 800 families of related adults, totaling nearly 7,300 households.ⁱⁱ Based on the Adams administration's count of 17,500 individuals in the city's care as of early November, IBO estimates more than 2,100 additional asylum seekers reside in the HERRCs that the city has set up on Randall's Island, at the Row Hotel, and at the Hotel Wolcott in midtown Manhattan.ⁱⁱⁱ On November 10, the city [announced](#) it was "demobilizing" the Randall's Island HERRC and moving its occupants to a third midtown Manhattan hotel, the Watson Hotel. Assuming the mix of household types mirrors those of asylum seekers in DHS shelters, IBO estimates around 515 individuals, 400 families with minor children, and 110 families of related adults currently reside in the city's HERRCs.

Based upon DHS's average daily cost of providing shelter at its shelters in 2022 (all years refer to fiscal years unless otherwise noted), IBO estimates that the annual shelter cost per household to be around \$50,000 for an individual, \$69,000 for a family with minor children, and \$63,000 for a family of related adults. These cost estimates incorporate not only expenses associated with shelter, but also meals, security, and case management costs. Without detailed information on the average daily rate to provide shelter at a HERRC, IBO assumes, for this estimate, that the cost is similar for those staying in DHS shelters and that those in the HERRCs will stay in some form of city shelter for a year. These shelter costs should be considered a conservative estimate; as the city contracts for additional shelter capacity on an expedited basis in response to pressure on the shelter census, the average annual cost per household is likely to be higher this year than last year.

Using the 2022 average annual costs and the distribution of asylum seeker household types, IBO estimates that the cost to provide shelter services for a 12-month period to asylum seekers currently in shelters would total about \$487 million. Because of the timing of the arrival of asylum seekers, these costs for one year of shelter would be spread across multiple city fiscal years.

While IBO's estimate is based on the city providing one year of shelter, over the past few years, the average length of stay for a household in all three types of DHS shelter has been over a year—17 months for an individual, 18 months for a family with minor children, and 29 months for a family of related adults in 2022. It is unclear yet how the length of stay for newly arrived asylum seekers will compare with historic trends so IBO's annual estimates may be adjusted upwards or downwards based on those factors.

Absent any new federal or state intervention, IBO estimates that most, if not all, of these shelter costs will be funded through city funds. While some family shelter costs can typically be partially covered with state or federal funds through a family's cash assistance grant, it is unlikely that many of the asylum-seeking households would qualify for either of the federal or state government's cash assistance programs.^{iv}

IBO Estimate Shelter Costs				
	IBO Estimated Average Annual Cost	Current Number of Asylum Seeker Households in DHS Shelter	IBO Estimated Number of Asylum Seeker Households in HERRCs	Current Estimated Annual Cost
Individuals	\$50,000	3,670	515	\$209,250,000
Families with Minor Children	\$69,000	2,800	400	\$220,800,000
Families with Related Adults	\$63,000	800	110	\$57,330,000
Total Annual Shelter Costs Based on Current Population				\$487,380,000
<small>SOURCE: IBO analysis of Department of Homeless Services data and Office of the Mayor NOTES: Average annual cost based on DHS average cost in 2022. Number of asylum seeker households in DHS shelters reported as of October 31, 2022. IBO assumes that HERRC shelter stays have a similar cost to DHS shelters, and that the mix of household types in HERRCs mirrors that of asylum seekers in DHS shelters.</small>				
<i>New York City Independent Budget Office</i>				

Education

According to recently released Department of Education [data](#), there were about 5,850 children from families seeking asylum enrolled in city public schools as of October 31, 2022. To estimate the additional costs to serve these students, IBO relied on newly released special allocations to school budgets and the city’s Fair Student Funding formula, the latter is the method the city uses to distribute most of its instructional funds to individual schools.

At the end of October, the city increased funding to schools based on the influx of students from asylum-seeking households. Approximately \$12 million was [allocated](#) to schools that have newly enrolled six or more students who live in temporary housing and who have been identified by the city as coming from asylum-seeking households. Schools received \$2,000 per student that can be used to provide language access and support, provide academic or extracurricular programming as needed, create supportive classrooms, and coordinate services with community-based organizations.

These funds are intended to be in addition to funding provided to schools through the Fair Student Funding formula. The Fair Student Funding formula begins with a base amount determined by the grade of each student. Additional funds are then allocated to the student’s school based on the individual needs of that student. These include the need for academic intervention (based on prior test scores), English Language Learner services, services for students with disabilities, and specific programmatic services based on the type of school they attend. While IBO knows little about the educational needs of these new students, it is most likely that many students would be classified as English Language Learners (ELL). And while students may present with other needs for which the Fair Student Funding formula provides additional funding (like students with disabilities), those needs are unknown at this time and the resources to meet them are not included in this estimate.^v

For the 2022-2023 school year, the Fair Student Funding per pupil base amounts are \$4,197 for kindergarten through grade 5, \$4,533 for grades 6 through 8, and \$4,323 for grades 9 through 12. The Fair Student Funding per pupil funds for ELL students who require English as a New Language

programming—the most common service provided to ELL students—range from \$1,678 for kindergarten through grade 5, and up to \$2,100 for grades 6 through 12. Based on these amounts, IBO estimates that per pupil funds through Fair Student Funding for the children of families seeking asylum would average approximately \$6,240, including the ELL funding.

Using the Adam’s administration count of children from asylum-seeking families enrolled in public schools as of late October, IBO estimates the additional education cost to the city be about \$48 million for the 2022-2023 school year. This includes the special allocation to schools, as well as the Fair Student Funding amounts. Fair Student Funding is paid for through a mix of city funds and New York State Foundation Aid, thus a portion of the education costs may be covered through state aid. Typically, the city adjusts the amount of Fair Student Funding in school budgets in January or February based on enrollment changes that take place during the school year.

IBO Estimate of Public Education Costs			
Service Provided	IBO Estimated Average Annual Per Pupil Cost	Current Number of Asylum Seekers in Schools	Current Estimated Annual Cost
Allocation for Students in Asylum-Seeking Families	\$2,000	5,850	\$11,700,000
Fair Student Funding			
Base Grade Amount	\$4,350	5,850	\$25,447,500
Additional English Language Learner Amount	\$1,890	5,850	\$11,056,500
Fair Student Funding Subtotal	\$6,240	5,850	\$36,504,000
Total	\$8,240	5,850	\$48,204,000
SOURCE: IBO analysis of Department of Education data			
NOTE: Number of children from asylum-seeking families in NYC public schools as of October 31, 2022.			
<i>New York City Independent Budget Office</i>			

Other Potential Education Funding. In addition to the Fair Student Funding amounts, the DOE annually provides funding to schools serving a high number of students who live in temporary housing (STH). This includes students living in shelters, doubled up in apartments with other families, residing in hotels or motels, awaiting foster care placement, or other transitory situations. These targeted STH allocations are issued to schools at the start of a school year and fund social workers, shelter-based family assistance navigators, and school-based community coordinator positions, which are different than the programs to be funded by the new school-based, per-student allocation. The DOE’s budget for the 2022-2023 school year includes \$33 million to fund positions to be distributed at the school or shelter levels. This \$33 million includes \$14 million in city funds, \$6 million in state funds, and \$13 million in federal funds. To date, the city has not increased funding for these services based on the influx of asylum-seeking families living in the city’s shelter system and it is unclear whether the city will do so. Therefore, IBO is not including an increase to this amount in our estimate.

There is also the possibility that the city could seek increased federal education aid to serve the needs of the students in asylum-seeking families. The city receives support through several federal grant programs to distribute to schools with students that have particular needs. This includes federal funding for schools with high concentrations of ELL students and schools that serve students in temporary housing.^{vi}

Medical Services

New York City Health + Hospitals (H+H), the city’s public hospital system, is responsible for providing medical care to recently arrived asylum seekers. The city is providing basic health screenings, as well as offering some Covid-19 testing and vaccines to asylum seekers upon arrival. IBO estimates that the cost per Covid-19 test run through NYC Health + Hospitals (H+H) is around \$120 and the cost of administering a Covid-19 vaccine is around \$150. These estimates are derived from recent H+H expenses to deliver these services across the city as part of the pandemic response. IBO also examined the cost to provide basic medical services, using Management and Administrative Reporting Subsystem (MARS) Medicaid data to serve as a baseline for health care costs associated with a low-income individual. Factoring in expenses associated with staffing, equipment, and administration, basic medical services could be around \$1,500 per person annually. To the extent that some of these individuals and families lacked access to consistent and quality medical care prior to arriving in New York City, and may be arriving with acute physical and mental health needs, they may require health services beyond the basic primary care included in this estimate.

IBO Estimate of Basic Medical Costs			
Service Provided	IBO Estimated Annual Per-Person Cost	Number of Asylum Seekers	Current Estimated Annual Cost
Covid-19 Test (per test)	\$120	23,800	\$2,856,000
Covid-19 Vaccine (per vaccine)	\$150	23,800	\$3,570,000
Basic Health Care (per person)	\$1,500	23,800	\$35,700,000
Total Annual Medical Costs Based on Current Population			\$42,126,000
<small>SOURCES: IBO analysis of New York City Health + Hospitals and New York State Medicaid Management and Administrative Reporting Subsystem data NOTES: Covid-19 test and vaccine cost may be reimbursed with federal pandemic funds. Primary care costs are covered through H+H budget, although H+H may require additional city support.</small>			
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H+H has been getting reimbursed for Covid-19 vaccinations and testing through federal pandemic relief funds, which lowers the cost to H+H of providing those services and federal pandemic-expense reimbursement is expected to continue for tests and vaccines provided to asylum seekers. In addition, because the city’s contribution to Medicaid funding is capped at a certain level, delivering basic medical services to this population will not directly impact the city’s budget. It may, however, put a larger burden on H+H’s finances. In recent years, the city has increased its financial support for H+H, so any additional pressure to H+H’s budget may lead to further city support more broadly. Based on these costs, IBO estimates health-related costs for the 23,800 asylum seekers who have thus far arrived in the city would total about \$42 million over the course of one year.

Legal Services

It is difficult to assess the cost of legal services for individuals pursuing asylum status because the level of service provision—both in terms of the number of individuals to be served and the scope and intensity of those services—has yet to be determined. Unlike criminal court or the relatively new right to counsel in housing court in the city, New York City is not required to provide legal representation in immigration proceedings for those who cannot afford it, so any investment in legal services relating to asylum seekers is at the discretion of the city.

On September 15, 2022, the city issued a request for proposals (RFP) for a \$5 million contract through the Human Resources Administration for “light-touch legal services”—to screen and triage up to 50,000 people (up to 100 individuals per day) through the end of fiscal year 2024. The RFP was intended to provide basic “know your rights” information and assistance filing a change of address or change of immigration court venue with federal authorities. It did not include representation of individual asylum seekers in immigration proceedings. Many immigration advocates and legal service providers voiced concern that \$5 million was insufficient reimbursement for even the basic scope of work set forth by the city. The city’s Human Resources Administration recently chose not to grant the contract and is considering how to best reallocate legal services funds. IBO has included the contract cost in our estimated cost for services as this appears to be the baseline of services the city is likely to provide.

IBO Estimate of Legal Services Costs			
Service Provided	Cost Per Interaction	Current Number of Asylum Seekers	Current Estimated Annual Cost
Know Your Rights and Basic Legal Assistance	\$100	23,800	\$2,380,000
<small>SOURCE: IBO analysis of Human Resources Administration data NOTES: Based on the city's September 2022 RFP for legal services. The city has recently chosen not to grant the contract and is considering how to best reallocate legal services funds. IBO has included the cost in our estimate as this appears to be the baseline of services the city is likely to provide.</small>			
<i>New York City Independent Budget Office</i>			

Historic Immigration Legal Services Costs. The 2023 Adopted Budget included \$14 million baselined annually for legal defense services in deportation cases in the Human Resources Administration budget. The city has provided free legal representation in immigration court in the past, notably through the New York Immigrant Family Unity Project and the City Council Unaccompanied Minors Initiative program, as well as funding for deportation defense legal services through the Human Resources Administration. Overall, the city spends around \$2,600 to provide free legal representation for an immigration case. Advocates and legal non-profit groups estimate, however, that \$3,200 per case or higher is a more accurate accounting of the cost, based upon estimates cited in past budget negotiations for expanding deportation defense services. Representation in immigration proceedings has largely been paid for out of a mix of city funds, including City Council discretionary funding, and private charitable contributions.

Beyond the light-touch legal services previously announced, however, the Adams administration has not provided any indication on whether it intends to scale up legal services to include some level of

representation in immigration proceedings. If the approximately 8,300 households currently in the city's HERRC and DHS shelters were to be provided with case representation, this cost could range from \$22 million to \$27 million and would likely be a mix of city and private charitable funds.

One reason the city may expand legal services is to assist the asylum seeker in obtaining work authorization. As asylum seekers' cases proceed forwards towards a legal determination, they may qualify for employment authorization approximately five to six months into a pending asylum application. Current backlogs in processing Employment Authorization Document cards may push this process to over a year, however. The Adams administration and the City Council have pushed for the federal government to expedite this process. Work authorizations, for those that receive them, would help reduce some of the city costs and may at the same time add to city tax revenues.

Per Capita Costs in Sum

Drawing upon the analysis outlined above, IBO can estimate total annual costs for each individual or family of asylum-seekers who arrive in the city. We estimate that this could range from about \$1,900 for an individual who does not enter the city's shelter system but receives some basic health and legal services to about \$93,000 for a family of four who does enter a DHS shelter for a year and has two children enrolled in the city's public schools. This latter estimate also includes the costs of providing the baseline health to the family and legal services described above.

Based on the number of asylum seekers who have arrived in the city through early November, including those currently in city shelters, HERRCs, and enrolled in the city's public school system, IBO estimates that the city will incur costs of about \$580 million over a 12-month period. Depending on when individual asylum seekers arrived in the city, some of these costs may be spread over multiple city fiscal years.

As noted, the \$580 million estimate is derived from per capita costs of providing specific services to asylum seekers that will increase or decrease as their number shifts up or down. For example, if the number of asylum seekers arriving in a year were to grow by 10,000, with the same mix of individuals and families staying in shelter, and a similar share of school-aged children as in the current population, the total cost would grow by \$246 million in that first year.

IBO Estimated Per-Person/Per-Household Annual Costs					
Agency	Service Provided	IBO Estimated Average Annual Cost	Current Number of Asylum Seekers/ Households	Current Estimated Annual Cost	Funding Source
DHS/NYCEM	Individuals in Shelter (per person)	\$50,000	4,185	\$209,250,000	City
DHS/NYCEM	Families with Minor Children in Shelter (per household)	\$69,000	3,200	\$220,800,000	City
DHS/NYCEM	Families of Related Adults in Shelter (per household)	\$63,000	910	\$57,330,000	City
Subtotal Shelter Costs				\$487,380,000	
DOE	Allocation for Students in Asylum-Seeking Families (per student)	\$2,000	5,850	\$11,700,000	City
DOE	Fair Student Funding Base Amount (per student)	\$4,351	5,850	\$25,453,350	City and State
DOE	Fair Student Funding English Language Learner Amount (per student)	\$1,889	5,850	\$11,050,650	City and State
Subtotal Education Costs				\$48,204,000	
H+H	Covid-19 Test (per test)	\$120	23,800	\$2,856,000	H+H
H+H	Covid-19 Vaccine (per vaccine)	\$150	23,800	\$3,570,000	H+H
H+H	Primary Care (per person)	\$1,500	23,800	\$35,700,000	H+H
Subtotal Health Costs				\$42,126,000	
HRA	Know Your Rights and Basic Legal Assistance (per interaction)	\$100	23,800	\$2,380,000	City
Subtotal Legal Services Costs				\$2,380,000	
Total				\$580,090,000	
SOURCES: IBO analysis of DHS, DOE, H+H, HRA, Office of the Mayor, and New York State Medicaid Management and Administrative Reporting Subsystem data					
NOTE: Estimates of the current number of asylum seekers for each service are as of early November 2022.					
<i>New York City Independent Budget Office</i>					

Other Costs

In addition to costs that will grow as the number of asylum seekers grows, the city is incurring other fixed costs. These include: the costs to construct and operate the city's Humanitarian Emergency Response and Relief Center (HERRC) on Randall's Island; a contract to oversee the operation of a Navigation Resource Center; and a contract for translation services at the city's homeless shelters. For these services, IBO estimates the current costs to total around \$16 million.

On October 19, 2022, the city opened the HERRC on Randall’s Island. The weatherized temporary facility, which is intended to serve as an intake center and temporary shelter for 500 single men, was first planned for Orchard Beach but was moved to Randall’s Island due to flooding conditions at the original site. The Adams administration has reported the costs associated with constructing and launching the HERRC at around \$650,000 thus far. This includes \$325,000 to take down the HERRC setup in Orchard Beach and \$325,000 to relocate it to Randall’s Island. The facility is being operated by SLSCO, a pre-existing city contractor. As previously stated, on November 10, the Adams administration [announced](#) that it was “demobilizing” the Randall’s Island Herc and moving its occupants to the Watson Hotel in midtown Manhattan.

In addition to the HERRC contract, at a September 30, 2022 City Council hearing, the Mayor’s Office of Immigrant Affairs reported a \$6.75 million contract with Catholic Charities to operate a Navigation Resource Center out of a space owned by the Red Cross which the city has leased for about \$192,000. The Navigation Center is intended to help connect asylum seekers with services, including counseling, school enrollment, child services, healthcare, and immigration legal services. At the same hearing, the Department of Homeless Services also reported an \$8.2 million emergency solicitation for language interpretation services specifically in response to the influx of asylum seekers applying for shelter.

Beyond what the mayor has announced, it is difficult to determine the costs associated with the construction of the Randall’s Island HERRC and other city contracts, and these costs will likely only be known when expenses are eventually reconciled. (Estimates of the cost to provide shelter services at the HERRCs are included in the shelter services section of this analysis.)

New York City issued an emergency procurement [declaration](#) on August 1, 2022, allowing the city to bypass usual procurement processes in an effort to expedite the contracting of shelter and other services. Additionally, the city may not need to create a new discrete contracting mechanism solely for the asylum seeker response, but instead can utilize existing contractual capacity. This makes it more difficult to directly account for specific costs related to asylum seekers if the city utilizes existing contracts.

IBO is monitoring vendors known to be providing services to the city for the asylum-seeker response, but billings and payment lag action. Budget codes to track costs related to the city emergency response for asylum seekers have been established in the New York City Emergency Management agency’s budget, but it does not appear that other agencies are directly tracking their costs yet.

Lastly, many community-based organizations, charities, and mutual aid groups have incurred costs such as providing clothing and toiletries, school supplies, cell phones, transportation within the city and to other destinations, and for providing language translation and interpretation services, among other expenses. The extent to which these expenses will be reimbursed by the city, if at all, has yet to be resolved.

Potential to Tap FEMA Funding

Beyond what has been described thus far—in terms of federal education aid based on student and school needs and potential federal support for Covid-19-related testing and vaccine costs—some additional federal funds may be available to help cover these costs.

The primary source of federal aid for these types of expenses comes through the Federal Emergency Management Agency's (FEMA) Emergency Food and Shelter Program (EFSP). Through EFSP, the federal government reimburses local governments and non-profits for the costs of providing food, shelter, and other services to those in need. In federal fiscal year 2022, Congress appropriated a total of \$280 million for this program. This included \$130 million in annual formula grants and \$150 million in humanitarian relief funding specifically for organizations and governments providing assistance to "individuals and families encountered by the Department of Homeland Security."^{vii} Reimbursable costs for this funding include shelter, food, transportation, basic health, first aid and other services.

The \$150 million in humanitarian relief is awarded through a competitive grant process. It was first authorized in March 2022 but reimburses eligible expenses beginning in January 2022 through December 2022. Applications for awards are submitted on a rolling quarterly basis. The Adams administration has reported that it applied for \$5 million in reimbursements thus far for the April to June period. Given the rapid growth in the number of asylum seekers during the July to September claiming period, however, IBO expects the amount that the city seeks in future claim periods to be substantially higher.

The level of the current funding authorization makes it unlikely, however, that the allocation will cover a sizable portion of the city's expenses. Several members of Congress requested that the federal Continuing Resolution—which will keep the government funded through mid-December—provide \$50 million above the enacted federal fiscal year 2022 level for the Emergency Food and Shelter Program for humanitarian assistance.^{viii} Ultimately, this was not included in the resolution passed at the end of September. The members have reported that they are committed to continue to work for increased funding in the final fiscal year 2023 appropriations bill.^{ix}

FEMA Public Assistance grants could be another source of federal funding, however federal political hurdles make that an unlikely possibility. The Biden administration would have to issue an emergency declaration and then \$5 million would be available for distribution.^x Any funding over that amount would require Congressional involvement. In the autumn of 2021, Texas requested a presidential emergency declaration and was denied.

Reserve Funds the City Could Tap—None Without Risks

If the city does not receive additional federal or state assistance to help defray these costs, it has some reserves of its own that it could tap—but with a shaky economic and fiscal outlook, the city is counting on having those funds available to help close what are likely to be large future budget gaps.

The city's 2023 budget includes a general reserve of \$1.555 billion and a capital stabilization reserve of \$250 million. These funds are intended to deal with unexpected expenses or make up for lower than anticipated tax revenues in the current fiscal year. For now, these funds are appropriated in the budget but remain unallocated. While the unused portions of these funds become part of the surplus used to prepay expenses for the next year, they could be directed to cover some costs of providing services to asylum seekers.

Since 2021, the city has been allowed to make deposits to a Rainy Day Fund (officially known as the Revenue Stabilization Fund), which currently holds \$1.95 billion. The city is allowed to draw down 50 percent of the balance in the fund at a time, or more, if the mayor declares a “State of Emergency” certifying a compelling fiscal need to tap the reserve fund. There are currently no constraints on how the funds may be used, although the name suggests that the intention was to create a resource that could be used to plug holes in the revenue budget rather than cover unanticipated expenditures.

Finally, the city has \$4.6 billion in a Retiree Health Benefits Trust fund. This fund is used to pay retirees’ health benefits and provides a vehicle for accumulating funds to help the city pay for future retiree health benefits. The fund must have a balance sufficient to cover the cost of retiree health benefits for one year or the city must appropriate funds to make up the difference. When the fund’s balance exceeds the estimated cost of benefit for that year, the city can generate budget relief by appropriating less. Currently, the city could pay this year’s retiree health benefit obligations with \$2 billion in funds in the Retiree Health Benefits Trust fund, freeing up a little over \$2 billion in currently budgeted spending which could be used to cover some of the expenses discussed above.

Timing and Scale of Asylum Seekers Arriving in New York City Still Playing Out

The biggest open question for the cost of the city’s response to asylum seekers is the number and timing of their arrival. The city must plan and prepare for additional asylum seekers to arrive while facing uncertainty around just how large of a response may be needed. Furthermore, recent changes in federal immigration policy are impacting the flow of asylum seekers entering the United States from the southern border. The ultimate effect of these changes on the flow of individuals and families already in the United States from the border states to New York City is unclear, although the Adams administration reports a slowing in arrivals in recent weeks.

On October 12, 2022, the Biden administration announced the reinstatement of a Trump administration immigration policy known as Title 42. The Title 42 policy refers to a public health rule that seeks to prevent the spread of communicable diseases across international borders, referencing the Covid-19 pandemic. The policy curbs much of the immigration at the U.S.-Mexico border, including people entering to seek asylum. At the same time, the Biden administration created a new humanitarian parole program for Venezuelans, similar to what the United States put in place earlier this year for Ukrainians. (Many of the asylum seekers arriving at the southern border are originally from Venezuela.) Qualifying Venezuelan immigration applicants must show ties to and financial support in the United States, among other requirements, and be pre-approved before entering the United States. How these changes play out on a national level, and for New York City specifically, however, is yet to be fully seen.

ⁱ For the purposes of this memo, IBO refers to the newly arrived individuals and families as asylum seekers. Neither IBO, nor the city, know the immigration status of all the newly arrived individuals and they have been often interchangeably referred to as migrants and asylum seekers. While we use the term asylum seeker, this is not meant to denote a specific known legal status. For a more technical and legal explanation of the terms "asylum seeker," "migrant," and "refugee," see [UNHCR Master Glossary of Terms](#).

ⁱⁱ These numbers of asylum seekers in city homeless shelters entail some amount of imprecision. The Department of Homeless Services initially did not count asylum seekers and only recorded shelter entrants as asylum seekers if

they voluntarily indicated their immigration status. As of mid-October, the department began to record shelter entrants as asylums seekers if their most recent prior address was outside of the United States and they recently arrived in New York City.

ⁱⁱⁱ [Mayor Adams Announces Placement of Humanitarian Emergency Response and Relief Center | City of New York \(nyc.gov\)](#)

^{iv} For families with minor children, DHS can charge a portion of the shelter stay to the federal cash assistance program, Temporary Assistance for Needy Families (TANF) where the family is eligible for such assistance. In addition, New York State administers the Safety Net cash assistance program for households ineligible for TANF, including some non-citizens, as well as some families of related adults. For households eligible for Safety Net, state funds can cover a portion of the stay. While the shelter stays of asylum-seeking families with children, as well as some families of related adults, may qualify to be charged to Safety Net if they meet certain humanitarian parole criteria, this is likely to be a small portion, at least in the near term.

^v IBO's estimates per pupil expenses do not include all of the additional funds for which students may be eligible based on specific needs. For example, there is an additional per pupil amount of \$504 for students with interrupted formal education—ELL students who have attended schools in the U.S. for less than one year and who are two or more years below grade level in literacy or math due to inconsistent schooling prior to arrival in the United States. Students with interrupted formal education must be in grades 3 and above. There is also an additional per pupil amount of between \$1,847 and \$2,308 if students are enrolled in bilingual programs.

^{vi} These federal funds include Title III funds specifically for English Language Learners, as reported in [School Allocation Memorandum #14](#) and Title I funds for students in temporary housing, as reported in [School Allocation Memorandum #11](#).

^{vii} [Emergency Food and Shelter Program | FEMA.gov](#)

^{viii} [Norton, García, Espaillat, and Pressley Express Disappointment Continuing Resolution Doesn't Increase Funding for Emergency Food and Shelter Program to Assist Migrants | Congresswoman Eleanor Holmes Norton \(house.gov\)](#)

^{ix} Ibid

^x Under the federal Stafford Act—which authorizes this type of FEMA assistance—an emergency is defined as “any occasion or instance for which, in the determination of the President, Federal assistance is needed to supplement State and local efforts and capabilities to save lives and to protect property and public health and safety, or to lessen or avert the threat of a catastrophe in any part of the United States.” For more details on the Stafford Act: [Stafford Act, as Amended - FEMA P-592 vol. 1 May 2021](#)