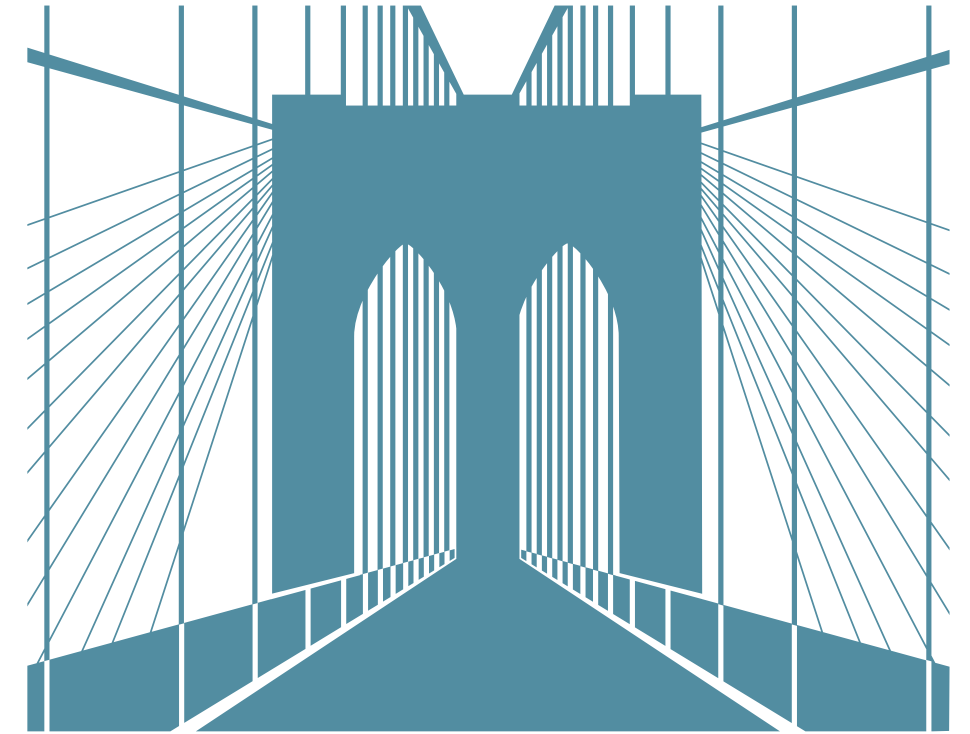


# NYC Independent Budget Office Asylum Seeker Cost Projections For Fiscal Years 2025 & 2026



May 15, 2024



New York City  
Independent Budget Office  
Louisa Chafee, Director

Prepared by Claire Salant  
With Benjamin Ferri, Cassandra Stuart, Cole Rakow,  
Julie Anna Golebiewski, Joydeep Roy,  
Stephanie Kranes & Youngwan Song

110 William Street, 14<sup>th</sup> floor  
New York, New York 10038  
Tel. (212) 442-0632

[www.ibo.nyc.gov](http://www.ibo.nyc.gov) • [press@ibo.nyc.gov](mailto:press@ibo.nyc.gov)



# Introduction

- This document contains the Independent Budget Office's (IBO) asylum seeker cost scenarios as well as estimates of negative consequences associated with the Adams administration's (Administration's) exit policies.
- IBO continues to look at these issues, following up on previous analyses in [November 2022](#), [May 2023](#), and [December 2023](#). This analysis extends IBO's cost scenarios to 2026. All years refer to City fiscal years.
- Exit policies have changed substantially since IBO's previous estimate. In response to the [stipulation modifying the consent judgment](#) entered into between the City and Legal Aid Society in *Callahan v. Carey* (referred to as the "Legal Aid Settlement"), the Administration will require 18 to 23 year-old asylum seekers to exit shelter after 60 days, and all other non-family asylum seekers to exit after 30 days, without the guarantee of a new placement. The City is still determining exceptions and implementation details. Asylum-seeking families not placed in Department of Homeless Services (DHS) shelters are currently required to reapply for shelter every 60 days, resulting in frequent moves. Families in DHS shelters are not required to exit.
- Following the 20% Program to Eliminate the Gap (PEG) [for 2024 and 2025](#) the Administration's Executive budget for asylum seekers includes increases for 2026 and 2027. IBO estimates that actual costs for asylum seekers in shelter in 2025 and 2026 would be even lower under current exit policies, due to the Administration's high population estimates—all three of IBO's cost scenarios use the same daily costs as the Administration. IBO's cost scenarios incorporate data through April 1, 2024. More recent changes have not yet been reflected in the models presented, and IBO has not projected costs for 2027.
- IBO has estimated up to an additional \$2 billion in negative consequences for a year related to these exit policies across three categories: healthcare costs, overall economic impact of missing work authorization, and increased transportation costs for school children. It is unclear how these costs may affect the City budget.

## Exit Policy Details

Adults and Adult Families (collectively, “Adults”):

- The Legal Aid Settlement limits placements for either 30 days or 60 days for adults aged 18 through 23, with exceptions for adults with documented disabilities. Although extensions may be granted in [limited circumstances](#), extensions are not guaranteed and implementation is unclear. This policy was set to begin on April 8, 2024, but the Administration was still rolling it out as of May 1, 2024.

Families with Minor Children

- Beginning in January 2024, the City is issuing 60-day notices to families with minor children that reside in non-DHS shelters. After 60 days, families must re-apply for placement.
- If there are no available rooms when a family arrives, they will be placed in the overflow Hotel Voucher Program, which provides [28-day vouchers for hotels](#).

## Cost Overview and Comparisons Of IBO’s Scenarios

By Fiscal Year, Dollars in Billions

Scenario	2024	2025	2026	Cumulative Total
OMB Executive Budget	\$3.8	\$4.8	\$4.0	\$12.5
IBO Higher-Cost Scenario	3.8	3.5	3.5	\$10.8
IBO Middle-Cost Scenario	3.8	2.8	2.7	\$9.2
IBO Lower-Cost Scenario	3.8	2.3	1.9	\$7.9

SOURCE: IBO analysis of monthly data from the Mayor’s Office of Management and Budget

NOTE: None of these scenarios include the negative consequences generated by exits, which are estimated on the next slide. See [Appendix](#) slides for more details on IBO cost scenario assumptions.

For a detailed City/State/Federal breakdown, see IBO’s Executive Budget report [here](#).

- The Administration’s Executive Budget calculates its daily rate for asylum seekers by dividing the total budget by the total number of households. This is not the traditional way of calculating daily costs for shelter, which is adding up the specific services used per household and also disaggregating by household type. IBO’s cost estimates also use this same daily cost rate calculated by the Administration.
- All of these estimates differ based on the forecasted populations over 2025 and 2026. IBO’s higher-cost scenario estimates modest growth in 2025, and constant populations in 2026. The middle-cost scenario additionally factors in a declining adult population beginning in May 2024 due to exit policies. The lower-cost scenario additionally projects a declining family population. The [Appendix](#) slide contains more details on each IBO cost scenario assumption.

# Negative Consequences of Exit Policies

- The City has incorporated its current exit policies into its budget estimate as though its current and evolving exit policies will result in a total savings, without estimating the negative consequences generated by this management strategy.
- IBO has separately estimated some negative consequences for a year of current exit policies. IBO has done extensive research on existing studies and available data that forms the basis for the estimates presented, recognizing that there are no direct comparable circumstances.
- Some of these consequences reflect the opportunity, indirect, or direct costs for individuals forced to exit shelter—which could impact the larger New York City community. These consequences may be shouldered by individuals, government, businesses, or nonprofits, some or none of which might be paid for by governmental entities. IBO’s estimates reflect the potential fiscal impact of these consequences and report them separately from IBO’s cost scenarios since those costs are more clearly borne by government entities. There also are many consequences that IBO is not able to measure, including the traumatic impact of exit policies on asylum-seeking adults and children.

## Negative Consequences to Asylum Seekers Over One Year

Consequence Type	IBO Estimate	Explanation (see Appendix slides for details)
Economic impact of missed work authorizations	Up to \$1 billion	Asylum seekers are missing work authorization and asylum-related documents due to the exit policies because individuals' addresses are constantly changing and mail cannot be received. IBO uses a multiplier to estimate the compounding effects of the inability to work on the local economy.
Healthcare impacts associated with street homelessness	Up to \$870 million	New exit policies for adults do not guarantee repeat placements, so IBO estimates an increase in street homelessness, which could lead to increased health costs.
Busing costs for new requests by students residing in Humanitarian Emergency Response and Relief Centers (HERRCs)	Up to \$30 million	Students are moving to different shelters as the result of the 60-day exit notices, which could result in higher transport costs if they stay at the same school (a right under federal law). Although there are additional negative educational impacts from moves, IBO does not have data to measure those impacts.

SOURCES: IBO analyses, see [Appendix](#) slides for more details.

NOTE: The busing estimate does not include the transit costs associated with families that move as the result of 28-day limits in the Hotel Voucher Program. IBO requested but was unable to get data on bus requests for students in this program.

# Longer-Term Effects That IBO is Monitoring



## Population & Labor Market

Migrants are helping to stabilize the City's population, which has [declined](#) since 2020, and have had a positive impact on the labor market.



## Childcare & Afterschool Care

Availability of childcare and afterschool care also impacts adults' ability to work.



## Education & Healthcare

Knowledge gaps around educational rights and healthcare systems in the United States, and lack of sufficient patient navigators.



## Language & Translation Support

Translation needs for both students in schools and adults to connect them with community resources.



## Mental Health

Mental health needs.



## Legal Services

Long-term immigration legal services needs, given the length and complexity of asylum cases.



## Providing Services

Capacity of service providers to rapidly increase scale of operations (limitations include available sites and financial challenges related to late City payment for other goods and services delivered).

# Appendix: Methodology

Use the buttons below to toggle to the different Methodology sections.

[IBO Cost Scenarios](#)

[Economic Impact of Missed Work Authorizations](#)

[Healthcare Impacts Associated  
With Street Homelessness](#)

[Cost of Busing](#)

## IBO Cost Scenarios

**Daily Costs:** The Administration reports that the average per household blended daily cost for services for the full year was \$386 through February, and the average daily cost in March was close to the City's stated target of \$352. Consequently, all models assume a \$386 daily cost in 2024 and a \$352 daily cost for 2025 and 2026.

**Higher-cost Scenario:** Growth in 2025, constant population in 2026. IBO takes the growth rate from the change in the shelter census from October 2023 to April 2024 for families and for Adults for 2025, and then holds the population constant beginning in 2026. This time period includes the rollout for 30-day notices for Adults and 60-day notices for families, when the population in shelter has begun to stabilize, but does not include the surge in population last summer.

**Middle-cost Scenario:** Growth in 2025 and constant population in 2026 for families, declining Adult population beginning in May 2024. IBO takes the same assumption for families as the higher-cost scenario but incorporates the City's new exit policies for Adults. IBO assumes that this policy will roll out over the next eight months, with new entrants to the shelter system based on the average for the past year and the share of Adults in care.

**Lower-cost Scenario:** Declining family populations in 2025 and constant in 2026, declining Adult population beginning in 2025. IBO takes the same assumption for Adults as the middle-cost scenario but adjusts the growth rate in 2025 for families based on the change in the family census from January 2024 to April 2024 to reflect the decline in new entrants and shelter census growth.

## Appendix: Methodology

Use the buttons below to toggle to the different Methodology sections.

[IBO Cost Scenarios](#)

[Economic Impact of Missed Work Authorizations](#)

[Healthcare Impacts Associated  
With Street Homelessness](#)

[Cost of Busing](#)

### Economic Impact of Missed Work Authorizations

This calculation is based on the New York State Department of Labor's identification of 18,692 jobs available to migrants and asylum seekers in New York City, as of mid-December 2023.<sup>1,2</sup>

The potential population of migrant adults eligible for expanded work permit authorization is greater than the number of jobs available based on the number of applications the City has helped individuals to file. However, IBO believes this labor demand constraint serves as an effective cap on additional hiring behavior (for comparison, about 70,000 total jobs were added in the City in calendar year 2023).

Given that the largest number of the businesses identified as potential employers were in the accommodation/food services and healthcare/social assistance sectors, IBO based potential earnings on minimum wage (\$16.00 per hour) at full time employment (40 hours per week).<sup>3</sup>

IBO applied a multiplier of 1.6 to capture the additional earnings that occur due to economic ripple effects throughout the City's local economy, based on NYC-specific Regional Input-Output Modeling System (RIMS) multiplier from the Bureau of Economic Analysis.

The United Nations estimates that average migrant workers typically send about 15 percent of earnings back to their home countries in the form of remittances, but given the many immediate needs of the population of current asylum seekers, this adjustment was not applied to our estimate.<sup>4</sup>

Beyond the direct and indirect economic impacts of additional wages flowing through the local economy, the addition of the migrant population to the labor force would help combat the effects of slow growth and an aging population faced by the City.

<sup>1</sup>[Governor Hochul Announces 18,000 Jobs Available to Asylum Seekers and Migrants as Part of Statewide Initiative to Move Individuals Out of Shelter and Into Independent Living.](#) [Governor Kathy Hochul \(ny.gov\)](#).

<sup>2</sup>[DOL: Nearly 40K jobs identified for NY migrants \(spectrumlocalnews.com\)](#)

<sup>3</sup>[IBO's estimate of raw earnings is similar to that of the Comptroller's office.](#)

<sup>4</sup>[Remittances matter: 8 facts you don't know about the money migrants send back home | UN DESA | United Nations Department of Economic and Social Affairs](#)



## Appendix: Methodology

Use the buttons below to toggle to the different Methodology sections.

[IBO Cost Scenarios](#)

[Economic Impact of Missed Work Authorizations](#)

[Healthcare Impacts Associated  
With Street Homelessness](#)

[Cost of Busing](#)

### Healthcare Impacts Associated With Street Homelessness

IBO estimates that a person moving from sheltered to street/unsheltered homelessness could accrue on average an additional \$28,724 per year in healthcare. In other words, their utilization of healthcare services could cost \$28,724 more compared with if they remained in shelter.

Healthcare utilization is dependent on a number of factors including access to services, individual health status, and personal notions regarding accessing care. Consequently, individuals may accrue costs that are below or above this estimated average.

IBO's estimate is based on a number reported in an externally published study about the average healthcare spending for services utilized by sheltered and unsheltered adults in Boston, Massachusetts.<sup>1</sup> IBO has adjusted this dollar amount to 2024 dollars using the Consumer Price Index for medical care in the New York metropolitan area. The \$28,724 represents the difference between the sheltered and unsheltered costs reported in the paper, adjusted for inflation.

Massachusetts and New York have comparable health care costs. Based on a KFF report of health spending, New York and Massachusetts ranked as the states with the first and third highest healthcare expenditures per capita in 2020.<sup>2</sup>

According to previous testimony, the City has issued 55,000 exit notices per household for Adults and adult families from September 2023 through mid-March 2024.<sup>3</sup> Based on the percentage of individuals in care, IBO estimates that this represents about 61,500 individuals in 6 months, or 121,000 individuals in a full year. IBO assumes that a quarter (25%) of these individuals will experience street homelessness, which could still result in an increase in street homelessness of 30,000 people over the course of a year.

<sup>1</sup>[Unsheltered vs. Sheltered Adults Experiencing Homelessness: Health Care Spending and Utilization | Journal of General Internal Medicine \(springer.com\)](#)

<sup>2</sup>[Health Care Expenditures per Capita by State of Residence | KFF](#)

<sup>3</sup>[The New York City Council - Meeting of Committee on General Welfare on 3/1/2024 at 10:00 AM \(nyc.gov\)](#)



## Appendix: Methodology

Use the buttons below to toggle to the different Methodology sections.

[IBO Cost Scenarios](#)

[Economic Impact of Missed Work Authorizations](#)

[Healthcare Impacts Associated  
With Street Homelessness](#)

[Cost of Busing](#)

### Cost of Busing Students

Federal law and the City's Chancellor's regulations provide students in temporary housing with the right to transportation services to school; for students in grades kindergarten through 6th grade, those services include school bus service.

IBO estimates additional transportation costs associated with 60-day notices by multiplying the per-pupil busing cost by the number of new requests for bus service from students residing in a Humanitarian Emergency Response and Relief Centers (HERRC) site since the 60-day notices went into effect. While some of these bus requests may come from new arrivals, others likely represent families who have moved to a new shelter and now request bus service to attend their initial school.

IBO calculated the average cost of busing per student in 2022 from the total cost of busing from NYC Financial Management System (FMS) and the number of students who receive busing from Department of Education Transportation Reports. IBO did not estimate the marginal cost of adding one additional student to a preexisting bus line, which could reduce costs.

Number of New Busing Requests Over Two Months in 2024: 433 students X 6=Total Number of New Busing Requests in a Year: 2,598 X Per Student Cost of Busing: \$11,405 = \$30 Million