



High-Cost Aid

High-Cost Aid, also known as Public Excess Cost, is aid that public school districts receive to educate students with disabilities. High-Cost-eligible expenditures must exceed the lesser of either \$10,000 per student or four times the prior year's Approved Operating Expenditure per Aidable Pupil, a product of the Foundation Aid formula. The State then supplies High-Cost/Excess Cost Aid equal to the allowed expenditures multiplied by the aid ratio (another component of the Foundation Aid formula that accounts for local wealth) with a minimum of 25 percent. In FY 2026, the State allocated \$307 million in High-Cost Aid to New York City, making this the City's ninth-largest stream of State aid.

Historically speaking, the City's High-Cost aid allocations have increased slowly over time, but have not varied much over the past decade. Allocations did fall somewhat during the pandemic and remained lower for several years after, but the FY 2026 allocation is the highest aid contribution that the City has received to date. Nevertheless, the City's share of statewide High-Cost Aid is declining; initially over 50 percent, the City received about 44 percent to 48 percent of statewide High-Cost Aid from FY 2010 to FY 2020. Since then, the City's share has averaged just 40.3 percent annually, and is projected to be 40.8 percent in FY 2027. New York City had 44.6 percent of students with disabilities in school year 2025-2026.

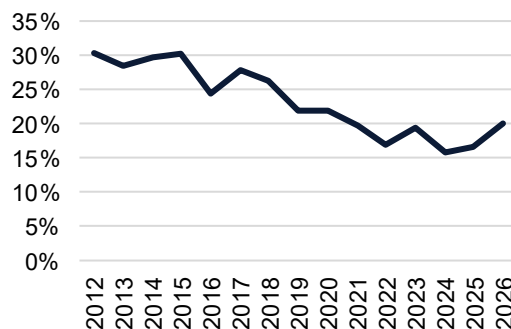
Impact

In the 2024-25 school year, the City educated approximately 1,054,000 students in grades 3-K through 12, including charter school students. Of that number, 231,000, or 21.9 percent, were students with disabilities. While the data does not include the number of students eligible for High-Cost Aid, the City spent a total of \$5 billion on special education in FY 2025 — indicating that High-Cost Aid covered about 4.9 percent of total special education spending.

However, High-Cost Aid is awarded based on, and used to supplement, students whose individual education plans require particularly cost-intensive programming. Most such students who are educated in public school settings are educated in the City's District 75 special education classrooms. In the 2024-25 school year, the City reported enrolling 29,291 District 75 students in grades 3-K-12 and spending approximately \$1.5 billion on their education. Thus, High-Cost Aid, which may be assumed to be applied to students in District 75 settings, covered about

FIGURE 1

Share of NYC District 75 Spending Covered by High-Cost Aid Allocations



Sources: NYS Division of Budget; NYC Office of Management and Budget; OSC analysis

16.6 percent of District 75 operations (see Figure 1).

However, the City's total spending on District 75 schools has outpaced the growth in High-Cost Aid allocations from the State. While High-Cost Aid covered approximately 30 percent of District 75 expenditures in FY 2012, the low point was 15.8 percent in FY 2024.