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Teacher Bonuses Could Cost Up to \$21 Million

June 9, 2026 – On June 1, the United Federation of Teachers (UFT) announced an incentive bonus of \$8,500 in year 1 (\$9,500 in year 2) for teachers whose classes remain above class size caps. Only teachers within schools that received certain exemptions from compliance will be eligible for these bonuses.

Using the list of exempted classes from the current school year, IBO [estimates](#) at least 2,463 general education teachers will be eligible for the bonuses next year. If all teachers receive the maximum bonus of \$8,500, **IBO estimates this could cost an additional \$21 million in year one.** It is unclear whether the Department of Education budget will require additional funds for these bonuses.

Executive Budget Analysis [Published on June 1, 2026](#): IBO's projected budget gaps are similar to the Administration's projections, and the State Budget largely matched the Administration's assumptions. Within the \$124.7 billion budget, IBO projects a gap of \$1.6 billion for 2027 that would decrease to \$1.1 billion if a small surplus for the current year (\$476 million) is used to prepay next year's expenditures. It is reasonable to assume that this remaining gap can be closed prior to the budget adoption. However, the estimated gaps of \$7.6 billion in 2028, rising to \$9.6 billion in 2030, will require the Administration to identify some combination of new revenues, cuts to programs, or efficiencies that preserve service delivery with lower spending.

Cost containment strategies for the City-funded housing voucher program, CityFHEPS, and due process cases for students with disabilities remain unclear. The Mamdani administration has maintained the commitment it made in the Preliminary Budget





to reflect anticipated expenses more accurately, but in the Executive Budget, has identified potential savings that partly offset those increases.

IBO's [testimony](#) will also highlight areas of concern that remain in the City's latest budget proposal:

- **Childcare Vouchers:** Unexplained structural shortfall remains in the Executive Budget.
- **Housing Vouchers:** The Executive Budget does not include New York City's likely share of a State-funded Housing Access Voucher Program.
- **Tier 6 Pension Enhancements:** Based on estimates from the City's Chief Actuary, IBO projects the City will now need additional funding beyond the budgeted \$110 million annually in the Executive Budget—\$41 million in 2027 growing to \$69 million in 2030.
- **Pied-à-terre Surcharge:** The amount of revenue generated will depend on several variables: how properties values are calculated; how the City administers and enforces collections; and how second property owners behave in relation to the surcharge.
- **Food Support and Health Insurance:** Dramatic federal cutbacks have only been partially addressed by State actions.

