NEW YORK CITY COMPTROLLER
SCOTT M. STRINGER

Bureau of Budget

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The State of the City's Economy and Finances

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SCOTT M. STRINGER
Comptroller

Deputy Comptroller for Budget
Preston Niblack

Bureau Chief
Eng-Kai Tan

Chief Economist
Lawrence Mielnicki

Project Coordinator
Manny Kwan

Principal Economist
Farid Heydarpour

Staff

Kettly Bastien
Rosa Charles
Stephen Corson
Selcuk Eren
Peter E. Flynn
Tammy Gamerman
Steven Giachetti
Michele Griffin
Michael Hecht
Dahong Huang
Irina Livshits
Andrew McWilliam
Marcia Murphy
Andrew Rosenthal
Jordan Smith
Orlando Vasquez

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I. Executive Summary

The outlook for both the U.S. and City economies is strong in the near term, in part stimulated by the federal tax cuts enacted at the end of 2017. This effect is expected to wear off going into fiscal year 2020, however, at which point we project the economy to revert to a more sustainable long-term growth level. But economic conditions are fraught with risks at this late point in the nearly decade-long expansion, as the unemployment rate falls to its lowest level in nearly half a century and the Federal Reserve attempts to navigate its dual mandate of full employment and contained inflation, among other indicators.

The November 2018 Financial Plan increased the adopted FY 2019 budget by $1.4 billion to $90.56 billion, with revisions to the Federal and State funded portion of the budget accounting for more than half of the increase. The City began the process of building a surplus for FY 2019, which will ultimately contribute to helping balance the FY 2020 budget. The combination of $506 million in additional City-funds revenues and a net City-funds spending reduction of $14 million resulted in $520 million in surplus resources for FY 2019, credited to the Budget Stabilization Account.

While the City recognized $506 million in new tax and non-tax revenues in the November Plan for FY 2019, it essentially did not otherwise revise its City-funds revenue forecast in the outyears. Tax revenues are projected to grow by 3.4 percent annually on average over the Plan period. Total City-funds revenues are projected to grow by $5.9 billion, or an annual average rate of 2.1 percent.

The most significant expenditure change in the Financial Plan since the FY 2019 budget was adopted in June is the recognition of collective bargaining agreements with District Council 37 and the United Federation of Teachers, together representing over 200,000 employees or 61 percent of the City workforce. The City extended the pattern set by these two agreements to the remainder of the City workforce (including non-represented employees) in the November Plan, at a cost of $227 million in FY 2019, rising to $1.44 billion in FY 2022. This additional spending need takes into account previously budgeted amounts in the Labor Reserve as well as projected savings from a second Health Reform Agreement with the Municipal Labor Committee of $200 million in the current year, $300 million in FY 2020, and $600 million annually thereafter.

The City included $52.7 million of new agency spending needs for FY 2019 over and above the cost of the pattern collective bargaining settlement, with recurring expenses of approximately $35.3 million in the outyears of the plan.

The cost of collective bargaining and new spending needs were partially offset by a Citywide Savings Program (CSP), which, as in previous rounds, relies primarily on debt service savings from bond refinancings, and on spending re-estimates. The CSP projects additional spending reductions of $294 million this fiscal year and $238 million next fiscal year, and rising slightly to $269 million by FY 2022. Agency efficiencies account for about 10 percent of the annual savings beginning in FY 2020. Including revenue initiatives, the CSP is projected to produce budget relief of $328 million in the current fiscal year, $264 million the next fiscal year, and about $275 million in the last two fiscal years of the Plan.

Compared to the June Financial Plan, the projected gap for FY 2020 is down slightly, to $3.18 billion. Outyear gaps grew compared to the June Plan by $646 million and $1.1 billion in FY 2021 and FY 2022, respectively, largely due to the additional projected cost of collective bargaining.

The Comptroller's revenue forecast for the Financial Plan period is generally modestly more optimistic than the Mayor's, and assumes substantially higher property tax revenue. The Comptroller's higher revenue forecast – by $466 million in FY 2019, rising to $1.23 billion in FY 2021 before dipping slightly to $1.19 billion in FY 2022 – are partially offset by expenditure risks related to overtime spending, State law regarding Charter School tuition, and other factors. Taken together, our estimate of risks and offsets would result in additional resources of $241 million in FY 2019, and narrow the outyear gaps by $537 million in FY 2020, $710 million in FY 2021, and $481 million in FY 2022.

Table 1. FY 2019 – FY 2022 Financial Plan

($ in millions)	FY 2019	FY 2020	FY 2021	FY 2022	Change FY 2019 – FY 2022 Dollar	Change FY 2019 – FY 2022 Percent
Revenues						
Taxes:						
General Property Tax	$27,974	$29,477	$30,891	$31,880	$3,906	14.0%
Other Taxes	31,423	32,151	33,150	33,894	2,471	7.9%
Tax Audit Revenues	1,056	721	721	721	(335)	(31.7%)
Subtotal Taxes	**$60,453**	**$62,349**	**$64,762**	**$66,495**	**$6,042**	**10.0%**
Miscellaneous Revenues	7,109	6,786	6,773	6,749	(360)	(5.1%)
Unrestricted Intergovernmental Aid	61	0	0	0	(61)	(100.0%)
Less: Intra-City Revenues	(2,074)	(1,804)	(1,805)	(1,803)	271	(13.1%)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	0	0.0%
Subtotal City-Funds	**$65,534**	**$67,316**	**$69,715**	**$71,426**	**$5,892**	**9.0%**
Other Categorical Grants	982	875	867	861	(121)	(12.3%)
Inter-Fund Revenues	690	655	654	655	(35)	(5.1%)
Federal Categorical Grants	8,215	7,265	7,149	7,125	(1,090)	(13.3%)
State Categorical Grants	15,136	15,336	15,790	16,259	1,123	7.4%
Total Revenues	**$90,557**	**$91,447**	**$94,175**	**$96,326**	**$5,769**	**6.4%**
Expenditures						
Personal Service						
Salaries and Wages	$29,032	$30,368	$31,430	$31,331	$2,299	7.9%
Pensions	9,850	9,951	10,418	10,864	1,014	10.3%
Fringe Benefits	10,625	11,420	11,901	12,555	1,930	18.2%
Subtotal PS	**$49,507**	**$51,739**	**$53,749**	**$54,750**	**$5,243**	**10.6%**
Other Than Personal Service						
Medical Assistance	$5,915	$5,915	$5,915	$5,915	$0	0.0%
Public Assistance	1,605	1,617	1,617	1,617	12	0.7%
All Other	31,466	29,074	29,304	29,572	(1,894)	(6.0%)
Subtotal OTPS	**$38,986**	**$36,606**	**$36,836**	**$37,104**	**($1,882)**	**(4.8%)**
Debt Service						
Principal	$3,411	$3,637	$3,697	$3,828	$417	12.2%
Interest & Offsets	3,408	3,718	3,983	4,558	1,150	33.7%
Subtotal Debt Service	**$6,819**	**$7,355**	**$7,680**	**$8,386**	**$1,567**	**23.0%**
FY 2018 BSA & Discretionary Transfers	($4,576)	$0	$0	$0	$4,576	(100.0%)
FY 2019 BSA	$520	($520)	$0	$0	($520)	(100.0%)
Capital Stabilization Reserve	$250	$250	$250	$250	$0	0.0%
General Reserve	$1,125	$1,000	$1,000	$1,000	($125)	(11.1%)
	$92,631	$96,430	$99,515	$101,490	$8,859	9.6%
Less: Intra-City Expenses	(2,074)	(1,804)	(1,805)	(1,803)	271	(13.1%)
Total Expenditures	**$90,557**	**$94,626**	**$97,710**	**$99,687**	**$9,130**	**10.1%**
Gap To Be Closed	**$0**	**($3,179)**	**($3,535)**	**($3,361)**	**($3,361)**	**NA**

NOTE: Numbers may not sum due to rounding.

Table 2. Plan-to-Plan Changes
November 2018 Plan vs. June 2018 Plan

($ in millions)	FY 2019	FY 2020	FY 2021	FY 2022
Revenues				
Taxes:				
General Property Tax	$0	$0	$0	$0
Other Taxes	377	0	0	0
Tax Audit Revenues	0	0	0	0
Subtotal Taxes	**$377**	**$0**	**$0**	**$0**
Miscellaneous Revenues	317	55	36	33
Unrestricted Intergovernmental Aid	61	0	0	0
Less: Intra-City Revenues	(249)	(33)	(29)	(27)
Disallowances Against Categorical Grants	0	0	0	0
Subtotal City-Funds	**$506**	**$22**	**$7**	**$6**
Other Categorical Grants	$102	$3	$0	$0
Inter-Fund Revenues	8	14	16	17
Federal Categorical Grants	623	136	41	33
State Categorical Grants	160	34	27	13
Total Revenues	**$1,399**	**$209**	**$91**	**$69**
Expenditures				
Personal Service				
Salaries and Wages	$286	$748	$1,062	$1,262
Pensions	(2)	48	256	497
Fringe Benefits	(112)	(223)	(513)	(539)
Subtotal PS	**$172**	**$573**	**$805**	**$1,220**
Other Than Personal Service				
Medical Assistance	$0	$0	$0	$0
Public Assistance	0	0	0	0
All Other	1,124	226	137	126
Subtotal OTPS	**$1,124**	**$226**	**$137**	**$126**
Debt Service				
Principal	($18)	$1	$65	$67
Interest & Offsets	(150)	(119)	(241)	(241)
Subtotal Debt Service	**($168)**	**($118)**	**($176)**	**($174)**
FY 2018 BSA & Discretionary Transfers	$0	$0	$0	$0
FY 2019 BSA	520	(520)	0	0
Capital Stabilization Reserve	0	0	0	0
General Reserve	0	0	0	0
	$1,648	$161	$767	$1,172
Less: Intra-City Expenses	($249)	($33)	($29)	($27)
Total Expenditures	**$1,399**	**$128**	**$738**	**$1,145**
Gap To Be Closed	**$0**	**$81**	**($646)**	**($1,076)**

NOTE: Numbers may not sum due to rounding.

Table 3. Risks and Offsets to the November 2018 Financial Plan

($ in millions, positive numbers decrease the gap and negative numbers increase the gap)

	FY 2019	FY 2020	FY 2021	FY 2022
City Stated Gap	**$0**	**($3,179)**	**($3,535)**	**($3,361)**
Tax Revenues				
Property Tax	$76	$303	$785	$883
Personal Income Tax	111	96	16	(31)
Business Taxes	112	20	44	53
Sales Tax	100	205	163	111
Real Estate-Related Taxes	(48)	41	(12)	(63)
Audit	100	200	200	200
Subtotal Tax Revenues	$451	$865	$1,196	$1,153
Non-Tax Revenues				
ECB Fines	$10	$16	$19	$30
Late Filing/No Permit Penalties	3	3	4	4
Motor Vehicle Fines	2	6	6	6
Subtotal Non-Tax Revenues	$15	$25	$29	$40
Total Revenues	**$466**	**$890**	**$1,225**	**$1,193**
Expenditures				
Overtime	($162)	($150)	($150)	($150)
Charter School Tuition	0	(119)	(281)	(478)
DOE Medicaid Reimbursement	(20)	(20)	(20)	(20)
Carter Cases	(60)	(60)	(60)	(60)
CEP School Food Savings	0	38	38	38
Homeless Shelters	(33)	(42)	(42)	(42)
VRDB Interest Savings	50	0	0	0
Total Expenditures	**($225)**	**($353)**	**($515)**	**($712)**
Total (Risks)/Offsets	**$241**	**$537**	**$710**	**$481**
Restated (Gap)/Surplus	**$241**	**($2,642)**	**($2,825)**	**($2,880)**

II. The State of the City's Economy

U.S. Economic Performance in 2018

The U.S. economy continued to grow during the first three quarters of 2018, putting the current expansion on track to be the longest expansion in history. Gross Domestic Product (GDP) grew 3.3 percent (on an annualized basis) during the first three quarters of 2018, the fastest growth since 2005. Growth was boosted by expansionary federal fiscal policy on top of already strong underlying fundamentals. Economic strength is expected to continue through 2019, after which the pace of growth is expected to slow. Strong consumer spending, business investment, government spending, and even possibly a decline in the trade deficit are expected to fuel short-term growth.

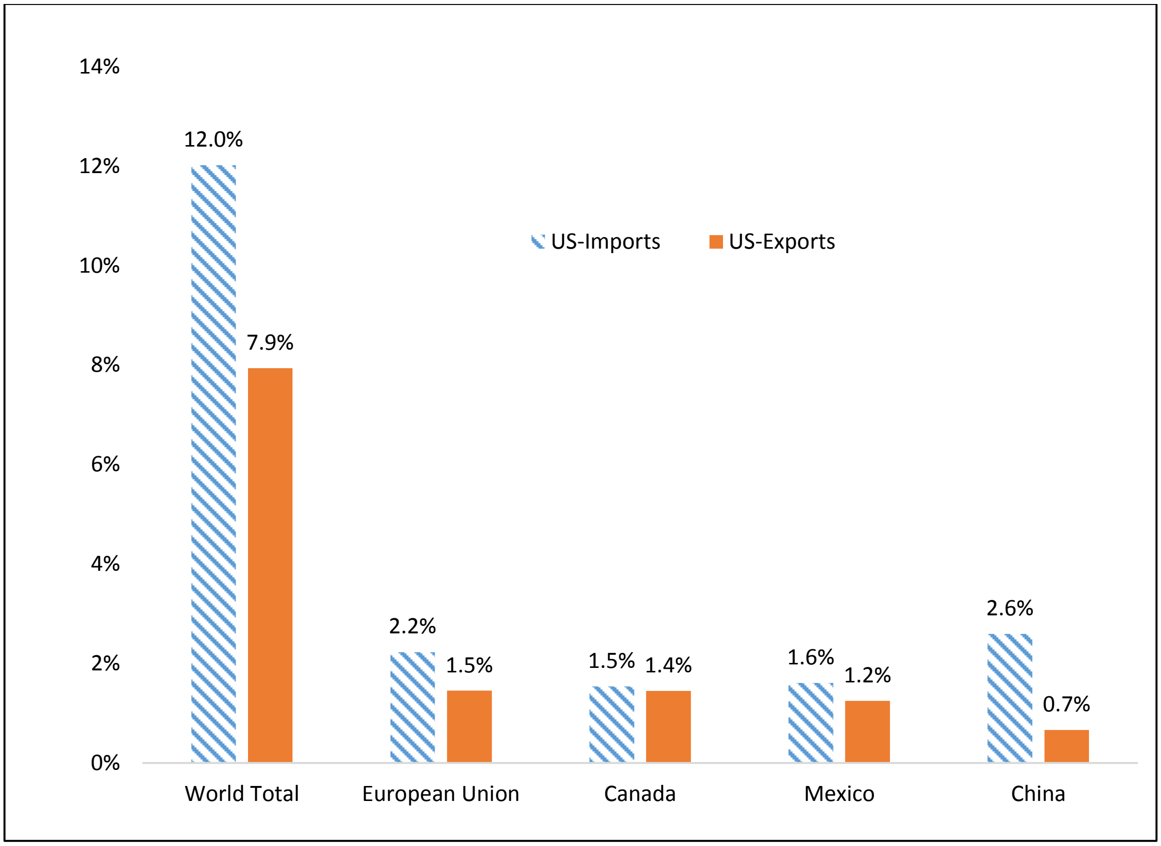
Consumer spending is expected to be strong, driven by robust job numbers, higher wages, and a strong consumer balance sheet. Private-sector jobs in the U.S. grew 1.9 percent in the first-ten months of 2018, on a year-over-year basis, slightly better than the 1.8 percent in 2017. The strong demand for workers and a diminishing labor supply has helped wages increase, with job openings exceeding the number of unemployed since March 2018, which has not occurred since the tracking of this data began in December 2000. Average hourly earnings for private-sector employees grew 2.7 percent in the first ten months of 2018, on a year-over-year basis, the same rate as in 2017, which was the highest since 2009.

Furthermore, consumer finances appear to be in solid shape. According to the Federal Reserve Board of Governors, as of the second quarter of 2018, household debt service payments and financial obligations as a percentage of disposable personal income are hovering around historical lows. As of the third quarter of 2018, households' net worth (total assets minus total liabilities) of $109 trillion is at a record high, and households' net worth as a percentage of disposable personal income is the highest on record.

Private nonresidential investment in equipment, nonresidential structures, and intellectual property are expected to be strong in the foreseeable future. Lower corporate taxes, regulation rollbacks, and the repatriation of corporate profits from abroad are expected to provide incentives for increased investment.

The forecast for U.S. trade is less certain given the Federal administration's preference to negotiate bilateral trade agreements in lieu of the multilateral agreements that currently govern international trade. U.S. exports to the world account for 7.9 percent of the nation's GDP, but imports account for 12 percent, resulting in a $795.7 billion net trade deficit in 2017. China, the primary target of new import tariffs, is the second largest U.S. trading partner after the European Union, and the biggest source of our trade deficit ($375.6 billion in 2017). U.S. exports to China are only 0.7 percent of the U.S. GDP, but imports from China are 2.6 percent. At least on the surface, a tit-for-tat trade war with China could lower the trade deficit, with risk primarily to the agricultural sector, which has a large exposure to Chinese markets. Chart 1 shows U.S. imports and exports as a percent of U.S. GDP in 2017.

Chart 1. U.S. Imports and Exports as a Percent of GDP in 2017



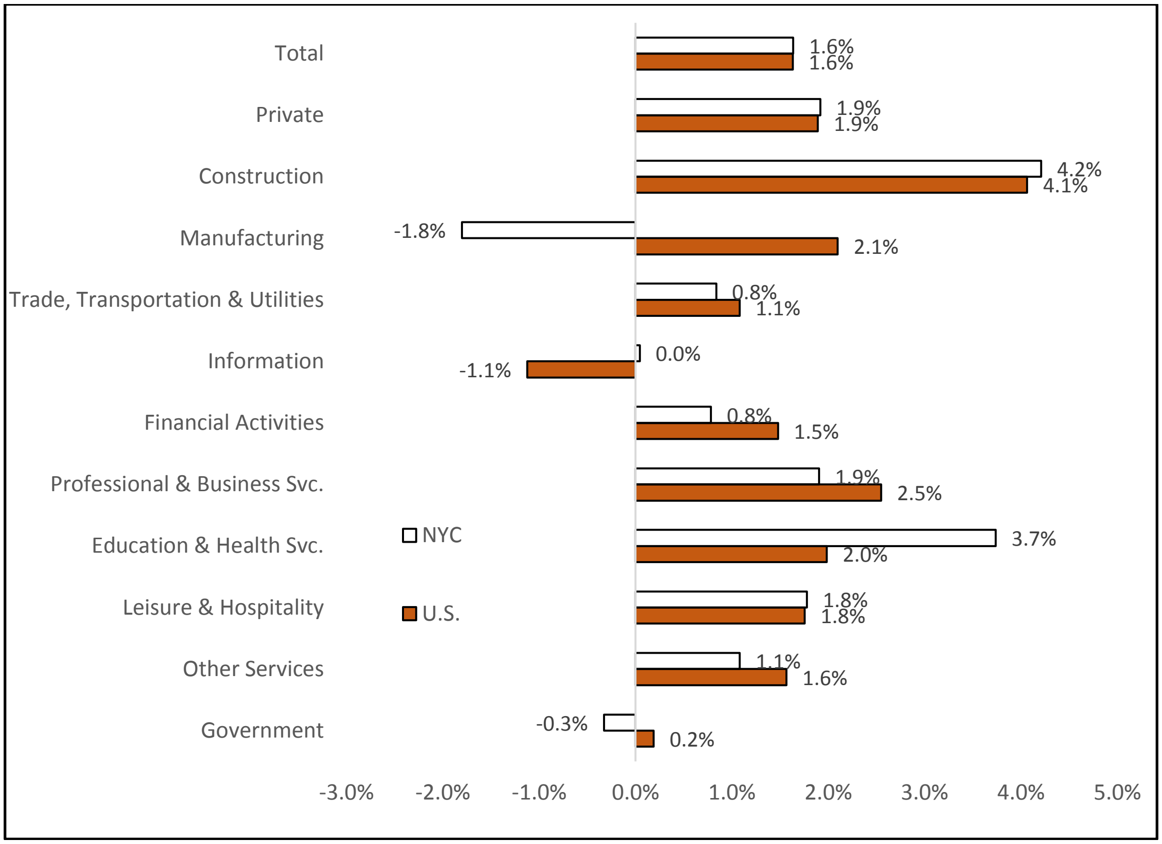
SOURCE: The U.S. Census and Bureau of Economic Analysis

NYC'S Economic Performance in 2018

The City's economy continued its solid growth during the first three quarters of 2018, albeit at a slower pace than during the same period in 2017, and below the 3.3 percent GDP growth of the nation. The City's economy, as measured by real gross city product (RGCP), grew 2.7 percent during the first three quarters of 2018, below the 3.3 percent rate during the same period in 2017. The City's growth fell short of the nation's for the first time in four years.

Private sector jobs in the City averaged a record high of 3,931,900 during the first ten months of 2018, 74,000 or 1.9 percent higher than during the same period in 2017. However, the pace of job growth was slower than the 82,700 or 2.2 percent growth achieved in 2017. Chart 2 shows the change in jobs for the City and the nation in the first ten months of 2018 on a year-over-year basis.

Chart 2. Change in NYC and U.S. Payroll Jobs Average for the First 10 Months, 2018 over 2017



SOURCE: Monthly data from the U.S. Bureau of Labor Statistics and the NYS Department of Labor

Of the 74,000 new private-sector jobs, 45,300 or 61.2 percent were in low-wage industries, 16,800 or 22.8 percent were in medium-wage industries, and 11,900 or 16.0 percent were in high-wage industries.[1] Despite the higher cost of living in New York City, the City's economy had a higher percentage of low-wage job growth than the U.S. as a whole.

The City's unemployment rate averaged 4.1 percent in the first ten months of 2018, the lowest on record for the same period. The average number of unemployed fell by 21,100 and the labor force increased by 2,400 during the first ten months of 2018 resulting in the unemployment rate decline. The average labor force participation rate fell slightly to 60.9 percent in the first ten months of 2018 from 61.0 percent in the same period in 2017 – not as a result of the labor force declining, but because the City's population increased. The City's average employment-to-population ratio reached a record high of 58.4 percent in the first ten months of 2018.

The tight labor market led to an increase in average hourly earnings. On a year-over-year basis, average hourly earnings in the City grew 2.8 percent during the first ten months of 2018 to $36.08. The City's metro area inflation rate was 1.9 percent during the same period yielding growth in real incomes.

Commercial real estate performed well in the first three quarters of 2018 as reported by brokers Cushman and Wakefield. In Manhattan, new leases totaled 25.7 million square feet (msf) in the first three-quarters of

[1] We classify low-wage industries as those with an average wage up to $62,000; medium-wage industries as those with an average wage between $62,000 and $124,000, and high-wage industries as those that average over $124,000.

2018, a 9.5 percent increase from the same period in 2017. Leasing declined 28.6 percent in the Downtown district, but it rose 15.9 percent in Midtown and 32.4 percent in Midtown South. Overall asking rents fell in Midtown, but increased to their record highs in Midtown South and Downtown in 3Q18.

Wall Street profits, as measured by the pre-tax net income of the NYSE member firms, rose 15.7 percent to about $20.6 billion in the first three quarters of 2018, the highest since 2010. Wall Street bonuses, a major contributor to City revenues through the income tax, are a function of the profits of the firms and are expected to be strong next year.

Total venture capital investment in the New York metro area rose 22.8 percent to $11.3 billion in the first three quarters of 2018 according to PwC/CB MoneyTree, the highest on record. Some of the largest deals were WeWork, Peloton, and Letgo. However, total investment in the nation rose faster, 32.0 percent to $73.7 billion. As a result, the share of the NY metro area's venture capital investment in the nation fell to 15.3 percent in the first three quarters of 2018 from 16.5 percent in the first three quarters of 2017. The NY metro area total investment ranked third after San Francisco and Silicon Valley.

The Economic Outlook

The economy is relatively strong and it is expected to continue to perform well in both the nation and the city through 2019. High consumer confidence, growing corporate profits due to corporate tax cuts and regulatory rollbacks, and expansionary fiscal policy are expected to add fuel to the growth, at least in the short run. The primary risk to this growth scenario is that an overly aggressive contractionary monetary policy, combined with increased government debt, could raise interest rates high enough to choke off growth. A lesser risk is that accelerating trade tensions could lead to higher prices of imported goods, fueling inflation and lowering the purchasing power of consumers.

In addition to the risks to the national economy, the city's economy will face its own extra set of challenges caused by the effects of the recent tax reform. The new tax law limits the amount of state and local taxes (SALT) City residents can deduct from their federal income taxes and the mortgage interest deduction. This could have adverse effects on the City's residential real estate market, which is already showing some signs of softening.

The Federal Reserve Board raised the Federal Funds rate for the third time in 2018 in September. The robust national economic data has made the possibility of a fourth rate increase in December of 2018 likely. As a result, the spread between the 10-year Treasuries and Fed Funds rate has flattened, but not turned negative – a negative spread is widely considered to be a precursor for recession. As of October 2018, the spread between the 10-year Treasury and the Fed Funds rate was 96 basis points, the lowest in over ten years (March of 2008). Nevertheless, the probability of a recession in the next 12 months according to the Federal Reserve Bank of New York, is very low at 14.1 percent.[2]

Federal fiscal policy, including higher government spending and lower tax rates, have led to higher projected federal deficits. The yield on U.S. Treasury 10-year notes is on the rise, mitigating a risk of a yield curve inversion. An increase in the 10-year Treasuries rate is also significant because these rates control the costs to service the national debt. According to the Congressional Budget Office's (CBO) projections, under the current law, net interest costs will nearly triple over the next 10 years, soaring from $316 billion or almost a billion dollar per day in 2018 to $915 billion in 2028 and totaling $7.0 trillion over the period.[3]

Table 4 provides summary projections for five NYC and U.S. indicators from 2018 to 2022, comparing the Mayor's November Plan forecast with the Comptroller's Office forecast.

[2] https://www.newyorkfed.org/medialibrary/media/research/capital_markets/Prob_Rec.pdf

[3] https://www.cbo.gov/system/files?file=115th-congress-2017-2018/reports/53651-outlook.pdf

Table 4. Selected Economic Indicators, Annual Averages Comptroller and Mayor's Forecasts, 2018 – 2022

		2018	2019	2020	2021	2022
SELECTED U.S. ECONOMIC INDICATORS (ANNUAL AVERAGES)						
Real GDP, (2012 $), (% Change)	Comptroller	2.9	2.8	2.0	1.6	1.2
	Mayor	2.9	2.7	2.0	1.7	1.7
Payroll Jobs, (Change In Millions)	Comptroller	2.4	1.9	1.7	1.4	0.6
	Mayor	2.4	2.2	1.5	0.8	0.6
Fed Funds Rate, (Percent)	Comptroller	1.86	2.80	3.23	3.36	3.19
	Mayor	1.8	2.8	3.4	3.4	3.4
10-Year Treasury Notes, (Percent)	Comptroller	2.95	3.54	3.97	4.05	4.30
	Mayor	2.9	3.3	3.5	3.6	3.5
SELECTED NYC ECONOMIC INDICATORS (ANNUAL AVERAGES)						
Real GCP (2012 $, % Change)	Comptroller	2.9	2.7	2.4	1.9	1.7
	Mayor	3.1	2.5	1.7	1.0	0.8
Payroll Jobs, (Change In Thousands)	Comptroller	71.9	60.2	40.0	36.6	28.5
	Mayor	66.5	62.0	53.5	47.4	37.2
Wage-Rate Growth, (Percent)	Comptroller	3.7	3.3	2.7	2.4	1.8
	Mayor	2.8	2.7	3.1	2.9	2.9

SOURCE: Comptroller=forecast by the NYC Comptroller's Office. GCP=Gross City Product. Mayor= forecast by the NYC Office of Management and Budget in the November 2018 Financial Plan. NA=not available.

III. The November 2018 Financial Plan

The November 2018 Financial Plan increased the adopted FY 2019 budget by $1.4 billion to $90.56 billion. Revisions to the Federal and State funded portion of the budget account for more than half of the increase. Together, the Federal and State funded portion of the budget are $783 million higher than adopted, with revision to Federal categorical grant estimates accounting for $623 million of the increase. (Federal and State aid are discussed in greater detail in "Federal and State Aid" beginning on page 26.)

The City-funds budget, which excludes State, Federal, Other Categorical and Inter-fund Agreement funding, totals $65.53 billion, an increase of $506 million from the Adopted Budget, as shown in Table 5. The higher City-funds revenues results from net increases of $377 million in non-property tax revenues and $129 million in non-tax revenues, $35 million of which was credited to the Citywide Savings Program. About half the increase in non-tax revenues is due to the recognition of $61 million of unrestricted inter-governmental aid from unanticipated Federal prior year reimbursements for police protection services at the United Nations.

Table 5. Changes to FY 2019 City-Funds Estimates from the Adopted Budget

($ in millions)

REVENUES		EXPENDITURES	
Personal Income Tax	$244	2017 – 2018 Collective Bargaining Increment	$227
Real-Estate Transaction Tax	56	Agency Spending	41
Commercial Rent Tax	44	Miscellaneous Budget	12
Sales Tax	24	Citywide Savings Program	(294)
Other Taxes	9	**Subtotal Expenditures**	**($14)**
Subtotal Tax Revenues	**$377**		
		FY 2019 BSA	$520
Non-Tax Revenues	$94		
Citywide Savings Program	35	**Total Expenditures**	**$506**
Total Revenues	**$506**		

NOTE: Numbers may not sum due to rounding.

The increase in City-funds expenditures reflects the establishment of an FY 2019 Budget Stabilization Account (BSA) of $520 million to prepay a portion of FY 2020 debt service. Net of the BSA, City-funds expenditures are $14 million less than estimated in the Adopted Budget. The reduction in City-funds expenditures are driven by the November Plan Citywide Savings Program, which is expected to reduce spending by $294 million in FY 2019. This spending reduction is more than sufficient to offset the FY 2019 incremental cost of wage increase patterned after the DC 37 agreement, which is discussed in greater detail in "Labor" beginning on page 35, and fund a net increase of $51 million in City-funds expenditures. The remaining savings together with the additional revenues are used to fund the BSA.

Included in the $51 million net increase in City-funds expenditures is spending on new needs which increased City-funds expenditures by $52 million in FY 2019, of which about $35 million recurs throughout the rest of the Plan period. Almost two-thirds of the recurring new needs spending are for expenditures related to body-worn camera in the Police Department, anti-eviction legal services and domestic and gender-based violence prevention in the Department of Social Services. The spending on additional civilian body-worn camera personnel is projected to cost $4.6 million in FY 2019 and $6 million annually over the remainder of the Plan period, while new needs spending on anti-eviction legal services and domestic and gender-based violence is estimated to cost $4.5 million and $11.5 million annually in FY 2019 through FY 2022.

The Outyears of the Plan

The City's tax revenue projections for the outyears remain unchanged from the Adopted Budget. Non-tax revenues were relatively unchanged with a $4 million reduction in FY 2020 and a $1 million reduction in FY 2022. City-funds expenditures in the outyears, net of the impact of prepayments, are $435 million, $646 million, and $1.08 billion above the June Plan in FY 2020 through FY 2022, respectively. The increase in expenditures is driven by the incremental cost of the Citywide 2017 – 2021 collective bargaining patterned after the DC 37 agreement. This incremental cost is estimated at $704 million in FY 2020, $967 million in FY 2021, and $1.44 billion in FY 2022. Some of this incremental cost is offset by outyear spending reductions of $238 million in FY 2020, $267 million in FY 2021, and $269 million in FY 2022 from the Citywide Savings Program.[4] The phase-in of the gains in FY 2018 pension investment return above the actuarial interest rate assumption (AIRA) further offset the incremental cost of collective bargaining by $50 million in FY 2020, $101 million in FY 2021, and $151 million in FY 2022.

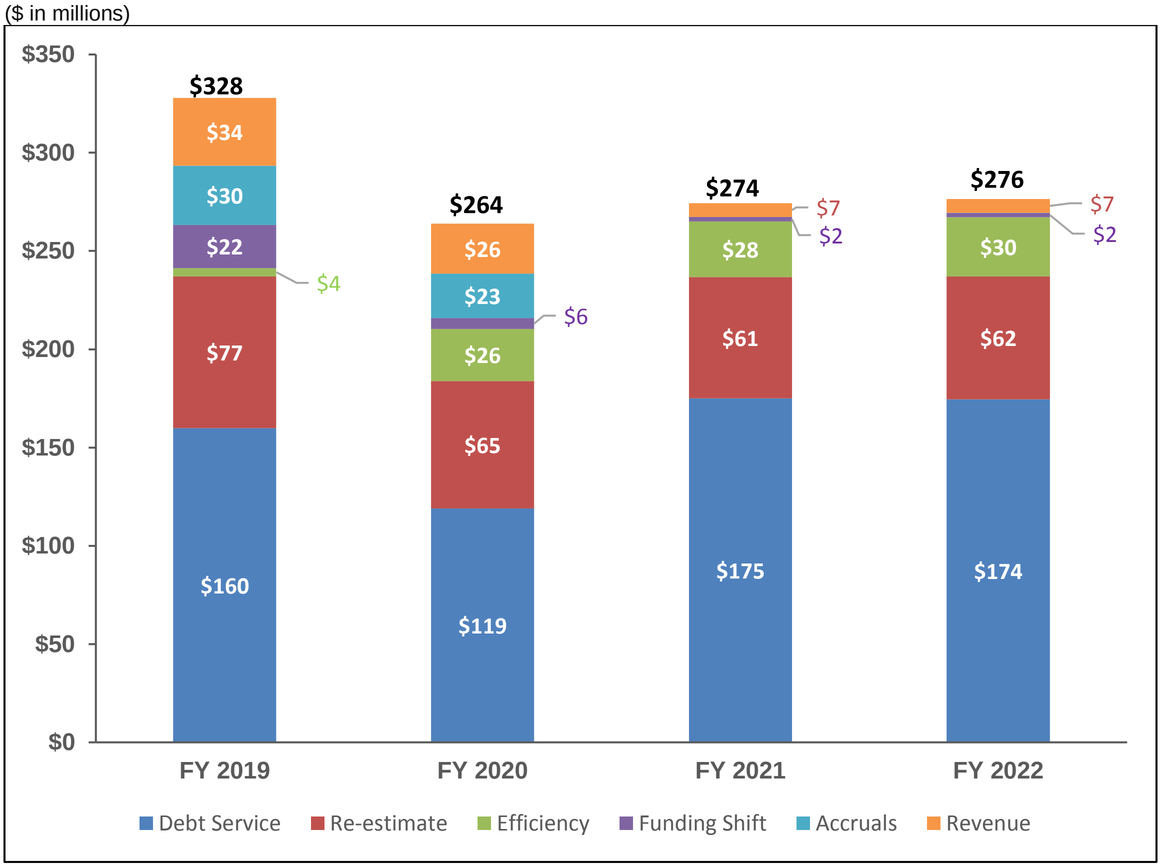
The planned prepayment of FY 2020 TFA debt service reduces debt service by $520 million. As a result, FY 2020 City-funds expenditures show a net decrease of $58 million, reducing the projected $3.26 billion gap in June to $3.18 billion. However, without the benefit of prepayments, the FY 2021 and FY 2022 gaps have widened by $646 million and $1.08 billion to $3.54 billion and $3.36 billion, respectively.

Citywide Savings Program

The November Plan Citywide Savings Program totals $1.14 billion over the four years of the Financial Plan period. Reduced debt service expenditures and other spending re-estimates account for most of the savings as shown in Chart 3. Initiatives in these two areas account for 78.3 percent of the Plan period's projected savings. Included in spending reductions from re-estimates is the extension of the elimination of FY 2019 vacancies to the outyears, which is expected to produce about $140 million of savings over FY 2020 to FY 2022. Efficiency savings account for another 7.8 percent of the savings, the bulk of which is due to a $20 million reduction in each of FY 2020 through FY 2022 in school supplies and materials budget in the Department of Education (DOE).

[4] The Citywide Savings Program is also expected to generate additional revenues of $26 million in FY 2020, and $7 million in each of FY 2021 and FY 2022. The additional revenues together with spending reductions are estimated to produce budget relief of $264 million, $274 million, and $276 million in FY 2020 through FY 2022, respectively.

Chart 3. November Plan Citywide Savings Program



Risks and Offsets

The Comptroller's Office's analysis of the November Plan has identified additional resources of $241 million, $537 million, $710 million, and $481 million in each of FY 2019 through FY 2022, respectively. As a result the Comptroller's Office projects a budget surplus of $241 million in FY 2019 and smaller gaps of $2.64 billion in FY 2020, $2.83 billion in FY 2021, and $2.88 billion in FY 2022.

Table 6. Risks and Offsets to the November 2018 Financial Plan

($ in millions, positive numbers decrease the gap and negative numbers increase the gap)

	FY 2019	FY 2020	FY 2021	FY 2022
City Stated Gap	**$0**	**($3,179)**	**($3,535)**	**($3,361)**
Tax Revenues				
Property Tax	$76	$303	$785	$883
Personal Income Tax	111	96	16	(31)
Business Taxes	112	20	44	53
Sales Tax	100	205	163	111
Real Estate-Related Taxes	(48)	41	(12)	(63)
Audit	100	200	200	200
Subtotal Tax Revenues	**$451**	**$865**	**$1,196**	**$1,153**
Non-Tax Revenues				
ECB Fines	$10	$16	$19	$30
Late Filing/No Permit Penalties	3	3	4	4
Motor Vehicle Fines	2	6	6	6
Subtotal Non-Tax Revenues	**$15**	**$25**	**$29**	**$40**
Total Revenues	**$466**	**$890**	**$1,225**	**$1,193**
Expenditures				
Overtime	($162)	($150)	($150)	($150)
Charter School Tuition	0	(119)	(281)	(478)
DOE Medicaid Reimbursement	(20)	(20)	(20)	(20)
Carter Cases	(60)	(60)	(60)	(60)
CEP School Food Savings	0	38	38	38
Homeless Shelters	(33)	(42)	(42)	(42)
VRDB Interest Savings	50	0	0	0
Total Expenditures	**($225)**	**($353)**	**($515)**	**($712)**
Total (Risks)/Offsets	**$241**	**$537**	**$710**	**$481**
Restated (Gap)/Surplus	**$241**	**($2,642)**	**($2,825)**	**($2,880)**

The additional resources identified by the Comptroller's Office is due to the Comptroller's higher revenue forecast. Over the FY 2019 – FY 2022 period, the Comptroller's Office's revenue forecast is higher than the Plan projections by $466 million, $890 million, $1.23 billion, and $1.19 billion in each of those years, respectively, driven primarily by the Comptroller's Office's higher tax revenue forecast, as shown in Table 6. The Comptroller's Office's tax revenues and miscellaneous revenues forecast are discussed in greater detail in "Tax Revenues" beginning on page 21 and "Miscellaneous Revenues" beginning on page 25.

The Comptroller's analysis of the expenditure projections in the November Plan indicates that spending could be higher than the Plan projections by $225 million in FY 2019, $353 million in FY 2020, $515 million in FY 2021, and $712 million in FY 2022. The greatest risk to the City's expenditure projections is in overtime, as discussed in "Overtime" beginning on page 32, which could be $162 million above budget in FY 2019 and $150 million higher in each of the outyears of the Plan. Overall, the risks to the Plan's expenditure projections have declined significantly since the June Plan due to the elimination of the risk associated with the incremental funding for the 2017 – 2021 round of collective bargaining. The City reached a labor agreement with DC 37 after the release of the June 2018 Plan. In July, the Comptroller's Office had identified the incremental cost of funding Citywide labor agreement patterned after the DC 37 agreement as a risk over the Plan period. The November Plan includes the funding for this incremental cost thus removing the risk associated with the funding.

IV. Revenue Assumptions

In the November Plan, total revenues are estimated to grow by $5.8 billion over the forecast period, from $90.56 billion in FY 2019 to $96.33 billion in FY 2022. City-funds revenues are projected to grow from $65.53 billion in FY 2019 to $71.43 billion in FY 2022. These projections reflect the City's assumption of strong momentum in the local and national economies which should drive growth in most economic indicators over the four-year Financial Plan even as the effects of higher interest rates begin to slow the economy in the later years. Tax revenues are projected to grow by only 2.3 percent in FY 2019 following last year's growth of 8.1 percent. The projected slowdown in the current fiscal year largely reflects a one-time boost related to federal tax reform which contributed to a 19.1 percent increase in personal income tax revenue in FY 2018 that is not expected to recur. In FY 2020 – FY 2022, the City projects growth in overall tax revenues to average 3.2 percent. This result is driven by growth in the City's largest tax, the property tax, of 4.5 percent on average in FY 2019 – FY 2022. This compares to average projected growth in non-property tax revenue of only 2.1 percent in FY 2019 – FY 2022.

Miscellaneous revenues, excluding intra-City revenues, are expected to hover around $5.0 billion throughout the Plan period. Within miscellaneous revenues, the forecast for the two largest sources of revenues, charges for services and water and sewer charges remain at around $2.4 billion over the entire four year period while the City anticipates minor changes in smaller sources of miscellaneous revenues.

The November Plan reflects $23.35 billion of Federal and State aid for FY 2019, representing about 26 percent of the City's overall revenue projections. Over the outyears of the Plan, Federal and State grants are projected to decline to $22.60 billion in FY 2020 and then recover slightly over the next two years, reaching $23.38 billion by FY 2022. Federal support would fall from $8.22 billion in FY 2019 to a range of $7.1- $7.2 billion in each of FY 2020 – FY 2022, mainly due to the winding down of Sandy-related reimbursements and the inclusion of rollover Federal funds in FY 2019. Meanwhile, State aid is projected to grow from $15.14 billion in FY 2019 to $16.26 billion by FY 2022, driven primarily by the expectation of school aid increases.

Total Tax Revenues

Revisions since the Adopted Budget, FY 2019 – FY 2022

In the November Plan, the City projects total tax revenues of $60.5 billion in FY 2019, an increase of $377 million over the Adopted Budget. The upward revision reflects higher than expected strength in monthly collections through October in almost all sources of revenues. The City however did not baseline any of the FY 2019 changes in the outyears, leaving the forecasts for FY 2019 – FY 2022 unchanged.

As Table 7 shows, the largest upward revision was in personal income tax (PIT) revenues which increased by $244 million. Both withheld and non-withheld income taxes have been running higher than the City anticipated in June and reflect stronger than forecast growth in the economy. Sales, real estate transactions, and other taxes (mainly the commercial rent tax) were also revised upwards, by smaller amounts. Business taxes were lowered by $14 million, but the revision was due in large part to a $71 million refund in bank taxes that were paid previously. The general corporation tax (GCT) was increased by $103 million. Although monthly collections for the property tax have been running lower than anticipated, the shortfall is attributed to a timing issue with prepayments which will be made up later in the year, rather than to underlying weakness in this revenue source, and the City did not revise the forecast for this tax in FY 2019.[5]

[5] The City has not raised the discount applied to taxpayers for making prepayments. As interest rates have increased the advantage to making these prepayments has declined.

Table 7. Revisions to the City's Tax Revenue Assumptions June 2018 vs. November 2018

($ in millions)	FY 2019	FY 2020	FY 2021	FY 2022
June 2018 Adopted Budget Plan Total	**$60,076**	**$62,349**	**$64,762**	**$66,495**
Revisions:				
Personal Income (PIT)	$244	$0	$0	$0
Business	(14)	0	0	0
Sales	24	0	0	0
Real Estate Transactions	66	0	0	0
All Other	57	0	0	0
Tax Audit	0	0	0	0
Revisions-Total	**$377**	**$0**	**$0**	**$0**
November 2018 Financial Plan - Total	**$60,076**	**$62,349**	**$64,762**	**$66,495**

Comptroller Projections, FY 2019 – FY 2022

The Comptroller's Office revised its tax revenue projection for the current fiscal year as well as its forecasts for the remainder of the Plan period. Similar to the City's, the forecast assumes continued growth in the economy throughout the Plan. The forecasts for the main economic indicators — employment, wages and GCP — are very similar by the end of the Plan period, as is the overall forecast for tax revenue growth, 3.4 percent on average in FY 2019 – FY 2022 versus the City's 3.0 percent.

Table 8. Tax Revenue Forecast, Growth Rates

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2019 – FY 2022 Average Annual Growth
Property					
Mayor	5.8%	5.4%	4.8%	3.2%	4.8%
Comptroller	6.1%	6.2%	6.4%	3.4%	5.5%
PIT					
Mayor	(5.7%)	2.7%	3.2%	2.5%	0.6%
Comptroller	(4.8%)	2.6%	2.6%	2.1%	0.6%
Business					
Mayor	4.1%	2.2%	2.2%	(0.2%)	2.0%
Comptroller	6.1%	0.6%	2.6%	(0.1%)	2.3%
Sales					
Mayor	4.6%	4.9%	4.0%	3.4%	4.2%
Comptroller	5.9%	6.2%	3.4%	2.7%	4.5%
Real Estate Transactions					
Mayor	1.1%	(4.2%)	3.3%	3.0%	0.6%
Comptroller	(0.9%)	(0.6%)	1.0%	0.9%	0.0%
All Other					
Mayor	10.7%	(0.9%)	1.7%	2.3%	3.5%
Comptroller	10.7%	(0.9%)	1.7%	2.3%	3.5%
Total Tax with Audit					
Mayor	**2.3%**	**3.1%**	**3.9%**	**2.7%**	**3.0%**
Comptroller	**3.0%**	**3.8%**	**4.3%**	**2.6%**	**3.4%**

The pattern of growth in the forecast however is slightly different, as are some of the forecasts of tax revenues. The Comptroller's forecast assumes higher near-term strength than the City, particularly for wages, but lower growth in later years. As a result the forecast for the income-sensitive taxes – PIT, Sales and Business – all begin at higher levels compared to the City in FY 2019. These differences begin to narrow in FY 2021 and FY 2022 as shown below. The main difference in the two forecasts is the property tax forecast. While both forecasts show the growth rate declining along with overall economic growth, the Comptroller's forecast is consistently higher and by the end of the Plan period the resulting $883 million difference drives most of the overall $1.15 billion offset to revenues shown below. Audit revenue is also projected to be consistently higher than the City's estimate.

Table 9. Comptroller's Office Risks and Offsets to the City's Tax Revenue Projections

($ in millions)	FY 2019	FY 2020	FY 2021	FY 2022
Property	$76	$303	$785	$883
PIT	111	96	16	(31)
Business	112	20	44	53
Sales	100	205	163	111
Real Estate Transaction	(48)	41	(12)	(63)
Audit	100	200	200	200
Total	**$450**	**$865**	**$1,196**	**$1,153**

*Totals may not sum due to rounding.

Property Taxes

The forecast for property taxes in FY 2019 is based on final tax roll data so the differences with the City are related to estimates of reserves. The Comptroller's Office projects lower reserves than the City in FY 2019 resulting in higher revenues of $76 million.

Although both the City and the Comptroller's Office project slowing property tax growth in the outyears, the Comptroller's Office projects this growth will taper off more gradually. This results in a higher pipeline of phased-in assessments over the Plan period. Therefore, property tax revenues could be higher than the City's forecast by $303 million in FY 2020, $785 million in FY 2021 and $883 million in FY 2022.

Personal Income Tax

The City's personal income tax (PIT) grew by an extraordinary 19.1 percent in 2018, driven by a surge of almost 31.3 percent in non-withheld taxes related to capital gains. This boost was due to both changes in federal tax reform which caused individuals to shift income across tax years and payments from hedge funds for deferrals of offshore income taxes that were due at the end of calendar year 2017 (FY 2018).[6] Like the City, given the non-recurring nature of these events, we anticipate a 24 percent decline in non-withheld taxes to offset otherwise strong growth in wage-related income. Overall PIT revenue is forecast to decline by 4.8 percent in FY 2019.

As the impact of these one-time events dissipates, growth in overall PIT revenue is expected to resume a more regular pattern of growth from FY 2020 to FY 2022. Withheld revenue is anticipated to grow by almost 4.0 percent on average over this period reflective of the underlying pattern of growth in wages and employment. Revenue from non-withheld income sources is expected to decline slightly by 2.7 percent on average over this period as capital gains realizations reset at lower levels from recent highs. Compared to the City's forecast, our assumptions are for higher near-term growth in wages and withheld income, while in the outyears we anticipate slightly lower PIT revenue from both withheld and non-withheld income. We anticipate that PIT revenue could be higher than the City's forecast in FY 2019 – FY 2020, while in the outyears the forecasts begin to converge and are slightly lower by FY 2022.

Two particular sources of income tax revenue that will be monitored closely in the upcoming months are estimated collections and offsets. Estimated collections surged in December of last year following the

[6] Withholding was also boosted in FY 2019 by a revision to STAR, but the overall effect of this one-time change is smaller compared to the one-time factors impacting non-withholding.

enactment of federal tax reform. A comparison of this year's collections with the prior year could provide an early indication of the tally of FY 2019's non-withheld income revenue. In addition, offset payments from the State to the City that reconcile initial collections with year-end data have grown from only $100 million in SFY 2011 to almost $856 million in SFY 2018, far outpacing the growth of overall PIT revenue. This increasing trend is a bit puzzling and suggests that the methodology employed to make these adjustments may need to be revisited. The last time a revision occurred was in 2010.

Business Taxes

The Tax Cuts and Jobs Act (TCJA) also impacted the timing of revenues from the City's business taxes. The projected decline in federal corporate business income tax rates and the incentive this provided to businesses to defer income into the current tax year, was likely a factor explaining the FY 2018 decline in GCT receipts of 2.1 percent. Conversely unincorporated business tax (UBT) income, which is passed through to individuals, increased 8.9 percent and was likely boosted by the limitation imposed on SALT deductions by the TCJA.

The Comptroller's Office expects that the bounce back in GCT from FY 2018's decline will be higher, with growth of 8.2 percent compared to 7.0 percent for the City. Similarly, for UBT the Comptroller's Office's forecast growth of 5.3 percent is also higher than the City's forecast of 2.0 percent. Revenues from business taxes combined could therefore be $112 million higher than those shown by the City in FY 2019. In the outyears, both the Comptroller's Office and the City expect growth in business taxes to moderate along with overall growth in the economy. The difference in the business tax forecasts is minor in the outyears.

Sales Tax

Sales tax revenues bounced back strongly in FY 2018, growing by 6.1 percent after growth of only 1.7 percent in FY 2017. Contributing to this result were continued strong growth in the City's economy, increased wages, a vibrant tourism sector, as well as strong consumer and business confidence fueled in part by a surging stock market.

The Comptroller's Office's near-term forecast for sales tax revenues anticipates a continuation of this strong momentum as reflected in the underlying projections for wage and employment growth. In FY 2019 and FY 2020 sales tax revenue is expected to grow by over 6 percent on average. Growth in FY 2019 – FY 2020 is also boosted by the expiration of the State's intercept of City sales tax to recoup savings from Sales Tax Asset Receivable Corporation (STAR) bond refinancing in FY 2019. This policy measure subtracted a total of $600 million in City sales tax revenue over the FY 2016 – FY 2019 period. In FY 2021 and FY 2022 the effects of higher interest rates are expected to take hold and slow economic growth. As a result, sales tax revenue growth will also moderate to 3.0 percent on average. Despite the moderation in growth, the Comptroller's Office sales tax forecast is consistently higher than the City's over the Plan period.

The upcoming legislative agenda in Albany could include significant legislation impacting sales tax revenue. This potentially includes the legalization of recreational marijuana and legislation to tax remote sellers following the Supreme Court's June decision South Dakota vs. Wayfair. Both of these measures would broaden the sales tax base and result in higher sales tax revenue for the City.

Real Estate Transaction Taxes

The City projects an increase of 1.1 percent in the combined revenues from the real estate-related taxes in FY 2019 (following a decline of 3.8 percent in FY 2018), to $2.46 billion. In FY 2019, the City projects revenues from the real property transaction tax (RPTT) to increase by 7.2 percent, while the mortgage recording tax (MRT) would decline by 7.1 percent. The city projects combined real estate transaction taxes to average 0.6 percent growth annually over the rest of the forecast period.

The Comptroller's Office projects a moderate decline of 0.9 percent in the combined revenues from the real estate transaction taxes in FY 2019, to $2.42 billion, resulting in a risk of $48 million. In later years, the

Comptroller's Office projects higher real-estate transactions tax revenues of $41 million in FY 2020, and shortfalls of $12 million in FY 2021 and $63 million in FY 2022. The Comptroller's Office projects real estate transaction taxes to average 0.1 percent growth annually over the forecast period. The Comptroller's Office's projections of relatively flat changes in real estate-related taxes in outyears are based on increasing interest rates offset by continued growth in GCP and employment.

Audits

The City's forecast of audit revenues assumes a sharp fall from $1.3 billion in FY 2018 to $1.1 billion this fiscal year and then to only $721 million in the reminder of the Plan. This decline would be unprecedented. Audit revenues are more likely to remain in a range of around $1 billion and therefore could be at least $200 million higher in the outyears.

Miscellaneous Revenues

In the November Plan, the City raised its FY 2019 miscellaneous revenue projection by $68 million to $5.04 billion, excluding intra-city revenues. Table 10 shows the changes in the FY 2019 miscellaneous revenue projections from the June 2018 Plan.

Table 10. Changes in FY 2019 Estimates
June 2018 vs. November 2018

($ in millions)	June	November	Change
Licenses, Permits & Franchises	$689	$715	$26
Interest Income	190	190	0
Charges for Services	1,005	1,010	5
Water and Sewer Charges	1,452	1,450	(2)
Rental Income	254	259	5
Fines and Forfeitures	943	960	17
Other Miscellaneous	434	451	17
Total	**$4,967**	**$5,035**	**$68**

*Water and sewer revenues collected by the Water Board from dedicated water and sewer charges represent reimbursements for operation and maintenance of the water delivery and sewer systems and therefore are not available for general operating purposes.

The largest revisions were in the categories licenses, permits and franchises; fines and forfeitures; and "other miscellaneous". Projected revenues from licenses and franchises increased by $26 million. This includes over $18 million in additional revenues from street opening/utility permits and a $6.2 million increase in revenues that the Department of Sanitation (DOS) expects to realize from the sale of credits for landfill gas collected at Fresh Kills landfill.

Projected revenues from charges for services rose $5 million. The City expects to realize an additional $4.4 million in combined filing fee revenues from the Affordable NY Housing program (previously known as 421-a). Projection for rental income increased by $5 million mostly due to an increase in estimated rents from Waterside Plaza developments.

Revenue forecast for fines and forfeitures increased by $17 million. This includes $11.5 million in additional revenues from Environmental Control Board (ECB) fines, $6.7 million in additional motor vehicle fines and $3.1 million in Department of Buildings (DOB) late filling/no permit penalties. These increases were partially offset by a $4.1 million decrease in projected parking violation fine revenues. The category "other miscellaneous" increased by over $17 million. Most of the change is due to an expected increase in non-recurring revenues such as a $7.5 million one-time settlement payment and another $7.5 million in revenues from a capital funds transfer of unspent balance related to a payment from the Triborough Bridge and Tunnel Authority to the Department of Parks and Recreation for vacating its Randall's Island facility.

The City made only minor modifications to the outyear forecasts, with annual miscellaneous revenue projections hovering around $5 billion annually in FY 2020 – FY 2022. Based on recent collection trends, the Comptroller's Office expects revenues from fines to be above the City's forecast by $15 million in FY 2019, $25 million in FY 2020, $29 million in FY 2021 and $40 million in FY 2022. The Comptroller believes revenues from Environmental Control Board fines could generate additional revenues ranging from $10 million in the current fiscal year to $30 million in FY 2022. Motor vehicle fines could be higher by $2 million in FY 2019 and $6 million in each of FY 2020 – FY 2022, while penalties from the Department of Buildings are likely to exceed the City's current forecast by $3 million annually in FY 2019 – FY 2020 and $4 million annually in FY 2021 – FY 2022.

Federal and State Aid

The November Plan projects Federal and State aid of $23.4 billion for FY 2019, an increase of $783 million over the Adopted Budget. Federal and State grants support about 26 percent of total spending in the FY 2019 budget, with 79 percent of the funding concentrated in education and social services.

Nearly 80 percent, or $623 million of new funding in the November Modification, consists of Federal Grants. The Federal aid increase stems mainly from the rollover of unspent grants from prior years, a technical procedure that typically occurs in the first quarter budget modification of each fiscal year. A significant portion of the new funding appears under Hurricane Sandy-related reimbursement that totals about $153 million, including the recognition of $118 million in additional CDBG-Disaster Recovery funding. In addition, the City has recognized $182 million in CDBG funding, including $95 million for various DOE initiatives and $60 million for NYCHA improvement actions. The November Modification also reflects increased Federal support of $41 million for social services, primarily in emergency shelter grants and collective bargaining/fringe benefits reimbursement. The remainder of the Federal aid increase is mostly comprised of about $124 million in prior year homeland security grants and $47 million in additional grants scattered across health, housing and transportation initiatives.

The November Plan has also increased State revenue forecast in FY 2019 by $160 million. The largest components of the upward revision include a $63 million increase to state asset forfeiture revenue; recognition of an additional $16 million related to a State Education Department correction of Building Aid from FY 2014; a $9 million increase for federally negotiated fringe benefit reimbursements for social service workers; and an $8 million increase related to higher wages under the recent DC 37 collective bargaining agreement.

Over the outyears, the November Plan reflects additional Federal and State aid of $170 million in FY 2020 before more modest increases of $68 million and $46 million in FY 2021 and FY 2022, respectively. The projections show Federal and State grants falling to $22.6 billion in FY 2020, mainly due to a slowdown of Hurricane Sandy-related reimbursement in the outyears and the effect of the rollover of Federal funds on the FY 2019 projection. Federal and State grants are expected to recover slightly to $22.9 billion in FY 2021 before reaching $23.4 billion in FY 2022. Federal and State support of the overall expense budget would stabilize at about 24 percent in FY 2020 – FY 2022.

Federal aid is expected to fall from $8.2 billion in FY 2019 to about $7.1 billion to $7.3 billion in each of FY 2020 – FY 2022, while State aid is projected to grow at an annual average of 2.4 percent from $15.1 billion in FY 2019 to $16.3 billion in FY 2022. The State aid growth is driven primarily by increases in education aid, which is anticipated to grow at an average of 3.4 percent annually over the course of the Plan. In FY 2020 alone, the City expects Foundation Aid – the City's largest source of state education funding – to grow by 5.2 percent. School aid comprises about three-quarters of total State aid in the November Plan projections, with another 12 percent dedicated to social services.

It remains to be seen if the recent shift in the political landscape in the State Legislature will result in a more favorable fiscal climate for the City. Despite avoiding an array of proposed cuts in the State Executive Budget last year, the enacted state budget still had a negative impact of $531 million on the City's FY 2019 budget, including an unfunded mandate of $254 million to fund the MTA's Emergency Action Plan. While a shift to Democratic rule in both chambers of the State Legislature may mitigate further cost shifts and cuts to the City, the State faces an estimated $3 billion budget gap for State fiscal year 2019 – 2020, as well as great pressure to finance substantial capital needs at the MTA. State revenue for the upcoming fiscal year will also hinge on action related to the State's surcharge on higher-income taxpayers, known as the "millionaire's tax," which is set to expire at the end of calendar year 2019.

V. Expenditure Analysis

After netting out the impact of reserves and prepayments, FY 2019 expenditures total $93.24 billion, an increase of $4.8 billion or 5.4 percent from the adjusted FY 2018 expenditures of $88.44 billion. As budgeted, expenditures in FY 2019 are $1.99 billion more than actual expenditures in FY 2018. However, expenditures in both years reflect the impact of prepayments which shift expenditures between fiscal years. In addition, FY 2019 includes $1.13 billion in the General Reserve and $250 million in the Capital Stabilization Reserve, both of which were eliminated at the close of FY 2018. Adjusting for both provides a more accurate measure of the growth in the budget.

Over the Plan period, expenditures adjusted to net out prepayments and excluding reserves, are projected to grow by 5.6 percent, averaging 1.8 percent growth annually. Expenditure growth over the Plan period is driven by spending on salaries and wages, debt service, health insurance, pension contributions, and other fringe benefits. The combined spending in these areas, which accounts for almost 60 percent of the adjusted FY 2019 budget, is expected to exceed 63 percent of the budget by FY 2022. Spending in all other areas, excluding reserves, are projected to decline by 4.3 percent as a result of projected declines in spending on contractual services and other OTPS. Including reserves, expenditures are projected to grow by 5.4 percent over the Plan period.

Table 11. FY 2019 – FY 2022 Expenditure Growth Adjusted for Prepayments

($ in millions)	FY 2019	FY 2020	FY 2021	FY 2022	Growth FY 2019 – FY 2022	Annual Growth
Salaries and Wages	$28,617	$29,969	$31,035	$30,938	8.1%	2.6%
Debt Service	6,819	7,355	7,680	8,386	23.0%	7.1%
Health Insurance	6,590	7,039	7,398	7,954	20.7%	6.5%
Pensions	9,738	9,838	10,306	10,752	10.4%	3.4%
Other Fringe Benefits	3,933	4,274	4,390	4,488	14.1%	4.5%
Subtotal	**$55,695**	**$58,474**	**$60,809**	**$62,518**	**12.2%**	**3.9%**
Medicaid	$5,915	$5,915	$5,915	$5,915	0.0%	0.0%
Public Assistance	1,605	1,617	1,617	1,617	0.7%	0.2%
J & C	697	712	727	742	6.5%	2.1%
Contractual Services	17,069	15,747	15,798	15,909	(6.8%)	(2.3%)
Other OTPS	12,258	11,431	11,594	11,736	(4.3%)	(1.4%)
Subtotal	**$37,543**	**$35,422**	**$35,651**	**$35,919**	**(4.3%)**	**(1.5%)**
Expenditures Before Reserves	**$93,239**	**$93,896**	**$96,459**	**$98,437**	**5.6%**	**1.8%**
General Reserve	$1,125	$1,000	$1,000	$1,000	(11.1%)	(3.9%)
Capital Stabilization Reserve	$250	$250	$250	$250	0.0%	0.0%
Total	**$94,614**	**$95,146**	**$97,709**	**$99,687**	**5.4%**	**1.8%**

NOTE: Numbers may not sum due to rounding.
SOURCE: Financial Management System, and NYC Office of Management and Budget.

Headcount

The November 2018 Plan for FY 2020 projects a small decline in full-time headcount for FY 2020, then a slight rise in the following two fiscal years. Full-time headcount, as shown in Table 12 is projected at 305,429 for FY 2019, falling slightly in FY 2020 to 305,166 then rising in the following two fiscal years to 307,537 and 310,316, respectively.

Table 12 . Total Funded Full-Time Year-End Headcount Projections
November 2018 Financial Plan

	FY 2019	FY 2020	FY 2021	FY 2022
Pedagogical				
Dept. of Education	120,723	120,968	122,883	125,568
City University	4,441	4,441	4,441	4,441
Subtotal	**125,164**	**125,409**	**127,324**	**130,009**
Uniformed				
Police	36,105	36,110	36,110	36,110
Fire	10,951	10,951	10,951	10,951
Correction	10,226	10,242	10,242	10,083
Sanitation	7,657	7,670	7,670	7,670
Subtotal	**64,939**	**64,973**	**64,973**	**64,814**
Civilian				
Dept. of Education	12,422	12,375	12,569	12,845
City University	1,942	1,946	1,946	1,946
Police	15,504	15,704	15,703	15,703
Fire	6,266	6,339	6,339	6,339
Correction	2,274	2,043	2,043	2,043
Sanitation	2,302	2,302	2,302	2,302
Admin. for Children's Services	7,016	7,350	7,564	7,564
Social Services	14,702	14,686	14,686	14,686
Homeless Services	2,613	2,577	2,577	2,577
Health and Mental Hygiene	5,764	5,570	5,560	5,560
Finance	2,198	2,210	2,210	2,210
Transportation	5,442	5,425	5,422	5,421
Parks and Recreation	4,369	4,301	4,298	4,298
All Other Civilians	32,512	31,956	32,021	31,999
Subtotal	**115,326**	**114,784**	**115,240**	**115,493**
Total	**305,429**	**305,166**	**307,537**	**310,316**

The November 2018 headcount plan, as shown in Table 13, shows a net increase of 880 in FY 2019 year-end headcount as compared to the Adopted FY 2019 Financial Plan. Headcount in the outyears are below that of the June 2018 Plan primarily as a result of extending the elimination of 1,000 vacancies in FY 2019 to the outyears. The elimination of these vacancies in the outyears is projected to produce personal service (PS) savings of $49 million in FY 2020, $50 million in FY 2021, and $51 million in FY 2022.

Table 13. Full-time Headcount Plan-to-Plan Comparison
Adopted 2019 Financial Plan vs. November 2018 Financial Plan

	FY 2019	FY 2020	FY 2021	FY 2022
Pedagogical				
Dept. of Education	3	0	473	473
City University	0	0	0	0
Subtotal	**3**	**0**	**473**	**473**
Uniformed				
Police	0	0	0	0
Fire	5	5	5	5
Correction	0	0	0	0
Sanitation	0	0	0	0
Subtotal	**5**	**5**	**5**	**5**
Civilian				
Dept. of Education	64	(69)	(542)	(542)
City University	0	0	0	0
Police	97	97	97	97
Fire	(30)	18	19	19
Correction	1	(230)	(230)	(230)
Sanitation	0	0	0	0
Admin. for Children's Services	0	(100)	(100)	(100)
Social Services	29	(40)	(40)	(40)
Homeless Services	36	0	0	0
Health and Mental Hygiene	249	1	(9)	(9)
Finance	0	(53)	(53)	(53)
Transportation	83	(55)	(55)	(55)
Parks and Recreation	77	(34)	(34)	(34)
All Other Civilians	266	(216)	(216)	(216)
Subtotal	**872**	**(681)**	**(1,163)**	**(1,163)**
Total	**880**	**(676)**	**(685)**	**(685)**

Of the projected changes, 224 positions were added for each fiscal year to address new needs. These include, for FY 2019:

- 97 in the Police Department related to body worn cameras, with a projected cost of $4.6 million in FY 2019, increasing to $6.4 million in the outyears.
- 65 in the Department of Health and Mental Hygiene related to lead inspections, with an estimated cost of $1.2 million in FY 2019, $2.4 million in FY 2020 and $2.6 million in FY 2021 and FY 2022.
- 29 in the Department of Social Services for domestic and gender-based violence prevention and for ThriveNYC, a program seeking to create better mental health outcomes, with a projected cost of $1.7 million annually over the Plan period.
- 14 in the Department of Housing Preservation and Development, mainly related to tenant harassment prevention, with an expected cost of about $500,000 in FY 2019, rising to about $1 million in the outyears.

Table 14 compares actual headcount on September 30, 2018 to the planned November Plan FY 2019 year-end headcount. The headcount plan shows an expected net increase of 7,059 full-time employees Citywide, from June 30, 2018. However, three months into FY 2019, the City has increased headcount by only 1,481, about 20 percent of the planned increase for the year. If staffing does not pick up during the remainder of the year, there could be additional accrual savings against budgeted headcount.

Table 14. September 30, 2018 Headcount vs. Planned June 30, 2019 Headcount

	6/30/2018 Actuals	9/30/2018 Actuals	Change 6/30/2018 Actuals to 9/30/2018 Actuals	6/30/2019 November 2018 Plan	Planned Change 6/30/2018 to 6/30/2019	Percent of Planned Change Achieved
Pedagogical						
Dept. of Education	119,900	120,609	709	120,723	823	86.15%
City University	4,549	4,580	31	4,441	(108)	(28.7%)
Subtotal	**124,449**	**125,189**	**740**	**125,164**	**715**	**103.5%**
Uniformed						
Police	36,643	36,512	(131)	36,105	(538)	24.35%
Fire	11,244	11,139	(105)	10,951	(293)	35.84%
Correction	10,653	10,731	78	10,226	(427)	(18.27%)
Sanitation	7,558	7,920	362	7,657	99	365.66%
Subtotal	**66,098**	**66,302**	**204**	**64,939**	**(1,159)**	**(17.6%)**
Civilian						
Dept. of Education	12,799	12,770	(29)	12,422	(377)	7.69%
City University	1,880	1,873	(7)	1,942	62	(11.29%)
Police	15,251	15,334	83	15,504	253	32.81%
Fire	5,905	5,838	(67)	6,266	361	(18.56%)
Correction	1,770	1,769	(1)	2,274	504	(0.2%)
Sanitation	2,120	2,110	(10)	2,302	182	(5.49%)
Admin. for Children's Services	6,593	6,652	59	7,016	423	13.95%
Social Services	12,969	12,860	(109)	14,702	1,733	(6.29%)
Homeless Services	2,368	2,378	10	2,613	245	4.08%
Health and Mental Hygiene	5,432	5,455	23	5,764	332	6.93%
Finance	1,882	1,882	0	2,198	316	0.0%
Transportation	4,842	4,917	75	5,442	600	12.5%
Parks and Recreation	4,097	4,161	64	4,369	272	23.53%
All Other Civilians	29,915	30,361	446	32,512	2,597	17.17%
Subtotal	**107,823**	**108,360**	**537**	**115,326**	**7,503**	**7.16%**
Total	**298,370**	**299,851**	**1,481**	**305,429**	**7,059**	**20.98%**

Overtime

The FY 2019 November Plan includes $1.4 billion for overtime expenditures, 24 percent lower than was spent in FY 2018. The City has implemented initiatives at several agencies to curtail the growth in overtime cost. Additionally, higher uniformed headcount levels at the Police Department (NYPD), the Fire Department (FDNY) and the Department of Correction (DOC) have helped reduce the reliance by these agencies on overtime usage for day-to-day operations. Overall, the rate of overtime spending growth has slowed to an average annual rate of 3.5 percent in the last three years, compared to an average annual rate of 6.6 percent in the preceding seven years. Total fiscal year overtime spending through October is about $3 million below the same period last fiscal year. While it is likely that current year overtime spending could decline from last fiscal year, it is unlikely to drop as sharply as the Plan assumes. The Comptroller's Office projects that FY 2019 overtime expenditures will be $162 million higher than projected by the City, as shown in Table 15.

Uniformed overtime cost declined slightly in FY 2018 to $1.19 billion from $1.21 billion for FY 2017. Over the last three fiscal years, the rate of growth in uniformed overtime has averaged 1.1 percent annually, compared to an average annual growth rate of 7.8 percent in the preceding seven fiscal years. FY 2018 uniformed overtime cost at the NYPD increased slightly to $590 million compared to $583 million in

FY 2017. FY 2018 uniformed overtime cost at the FDNY was $263 million compared to $272 million for FY 2017 and DOC spent $198 million for uniformed overtime compared to $240 million in FY 2017. The Comptroller's Office expects FY 2019 uniformed overtime spending to decline to $1.07 billion, $32 million above the City's projection.

Table 15. Projected Overtime Spending, FY 2019

($ in millions)	FY 2018 Overtime Actual	City Budgeted Overtime FY 2019	Comptroller's Projected Overtime FY 2019	FY 2019 Risk
Uniformed				
Police	$590	$548	$560	($12)
Fire	263	223	223	0
Correction	198	150	170	(20)
Sanitation	143	116	116	0
Total Uniformed	**$1,194**	**$1,037**	**$1,069**	**($32)**
Civilians				
Police-Civilian	$135	$82	$120	($38)
Admin for Child Svcs	61	17	40	(23)
Environmental Protection	44	21	40	(19)
Transportation	65	49	60	(11)
All Other Agencies	302	161	200	(39)
Total Civilians	**$607**	**$330**	**$460**	**($130)**
Total City	**$1,801**	**$1,367**	**$1,529**	**($162)**

In contrast to uniformed overtime spending, the average annual growth rate in civilian overtime spending in the last three fiscal years has more than doubled from 4.0 percent in the preceding seven fiscal years to 8.8 percent. In FY 2018, the City was able to achieve some success in slowing down the growth in civilian overtime spending. As a result, FY 2018 civilian overtime cost increased 6 percent compared to a 14 percent increase in FY 2017. Based on recent spending trend, the Comptroller's Office projects a risk of $130 million to the FY 2019 civilian overtime budget.

Health Insurance

The November Plan projects that the City's spending on health insurance for active employees and retirees will increase at an average annual rate of 6.5 percent from $6.59 billion in FY 2019 to $7.95 billion in FY 2022. These projections reflect healthcare savings from both the 2014 and the recent 2018 health savings agreements. The November Plan projections include the $1.3 billion annual savings from the 2014 Health Savings Agreement and savings of $200 million in FY 2019, $300 million in FY 2020, and $600 million annually in FY 2021 and beyond from the 2018 Health Savings Agreement.[7]

Similar to the previous Health Savings Agreement, a key provision in the current agreement is the recognition of savings against budgeted cost. Reduction in health insurance costs from lower premium increases measured against the June Plan projections will be credited as savings toward the 2018 Health Savings Agreement target. In addition, excess savings from the FY 2014 Health Savings Agreement will be carried over to the current agreement to meet the savings target. The 2014 Health Savings Agreement

[7] The FY 2014 Health Savings Agreement provides for savings of $400 million in FY 2015, $700 million in FY 2016, $1 billion in FY 2017 and $1.3 billion annually beginning in FY 2018.

exceeded targeted savings by $51 million in FY 2017 and $35 million in FY 2018, for cumulative excess savings of $86 million.

Projected premium rates for health insurance remain unchanged from the June financial plan. The FY 2019 premium for active employees' health insurance is 7 percent above FY 2018 and is projected to increase by 6.5 percent in FY 2020, 6.0 percent in FY 2021, and 5.5 percent in FY 2022. Premiums for retiree health insurance are projected to increase by 5 percent in each of FY 2019 through FY 2022. According to the 2018 Health Savings Agreement, any savings from lower rate increases relative to the June projection will be credited toward the health savings goal in the agreement.

Table 16. Pay-As-You-Go Health Expenditures

($ in millions)	FY 2019	FY 2020	FY 2021	FY 2022
Department of Education	$2,424	$2,630	$2,850	$3,108
CUNY	104	112	117	146
All Other	3,762	4,297	4,431	4,700
Subtotal	**$6,290**	**$7,039**	**$7,398**	**$7,954**
FY 2019 Prepayment	300	0	0	0
Adjusted PAYGO Health Insurance Cost	**$6,590**	**$7,039**	**$7,398**	**$7,954**

As part of the Citywide Savings Program, the City extended the elimination of 1,000 vacant positions across several agencies in FY 2019 to the outyears, resulting in health insurance savings of $14.9 million in FY 2020, $15.7 million in FY 2021, and $16.6 million in FY 2022. This is in addition to savings of $14 million to the FY 2019 Health Insurance Budget from the elimination of the need to fill 855 vacant positions as outlined in the FY 2019 Executive Budget.

Pensions

The City's contributions to its five actuarial systems are projected to increase by 2.4 percent to $9.738 billion in FY 2019 from $9.514 billion in FY 2018. As shown in Table 17, pension contributions are then expected to increase annually by 3.4 percent on average to $10.752 billion in FY 2022.

Table 17. FY 2018 – FY 2022 City Pension Contributions

($ in millions)	Actual FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Five Actuarial Systems	$9,538	$9,765	$9,680	$9,600	$9,816
Other Systems & Reserves	88	87	223	562	551
Less: Intra City-Expense	(112)	(112)	(112)	(112)	(112)
Net Pension Expense Adopted Budget	**$9,514**	**$9,740**	**$9,791**	**$10,050**	**$10,255**
FY 2018 Investment Earnings above AIRA	0	0	(50)	(101)	(151)
Labor Pension transfer for Wage Increases	0	3	103	354	654
Other	0	(5)	(6)	3	(6)
Net Pension Expense November Plan	**$9,514**	**$9,738**	**$9,838**	**$10,306**	**$10,752**

Pension contributions in the November Plan include transfers from the labor reserve of $3 million, $103 million, $354 million, and $654 million in FY 2019 through FY 2022, respectively, to fund increased pension costs based on the wage increase pattern agreed to between District Council 37 (DC37) and the City. (See "Labor" beginning on page 35.) These costs are partially offset by savings of $50 million in FY 2020, $101 million in FY 2021, and $151 million in FY 2022 resulting from FY 2018 investment gains in excess of the actuarial interest rate assumption (AIRA).[8] The pension funds earned a combined return of

[8] Returns above or below the AIRA for a given fiscal year are phased in to the Actuarial Asset Value over a six-year period in accordance with the Actuary's Actuarial Asset Valuation Methodology (AAVM).

8.7 percent for FY 2018, above the AIRA of 7.0 percent that was used for projecting pension contributions in the June Financial Plan.

The pension budget includes a reserve of $300 million in each of FY 2021 and FY 2022 to fund any costs that may result from potential modifications of underlying assumptions used to calculate pension cost for the five actuarial systems. Bolton Inc., the independent actuarial consultant that is currently engaged to conduct two consecutive biennial independent actuarial audits of the systems, pursuant to Chapter 96 of the New York City Charter, is currently working on the second audit and is expected to release final reports and recommendations in early 2019. The City's Chief Actuary will then review the recommendations put forward by the auditor and decide if any of the recommendations should be implemented. The funds reserved are to offset any cost that may arise from the implementation of changes to the assumptions.

Labor

Since the FY 2019 budget adoption, the City has reached labor agreements with two major unions, District Council 37 (DC37), and the United Federation of Teachers (UFT). These contracts mark the beginning of settlements under the current round of collective bargaining period and cover about 61 percent of the City workforce, or more than 200,000 employees. The DC 37 agreement, which covers the 44-month period from September 26, 2017 to May 25, 2021, provides for wage increases of 2 percent on the first day of the contract, 2.25 percent on the 1st day of the 13th month of the contract, and 3 percent on the 1st day of the 26th month of the contract. The UFT agreement, which is patterned after the DC 37 agreement, covers the 43-month period from February 14, 2019 to September 13, 2022, and provides for wage increases of 2 percent on the 1st day of the contract, 2.5 percent on the first day of the 16th month of the contract, and 3 percent on the first day the 28th month of the contract. The UFT contract also includes incentive payments for hard-to-staff positions in 180 schools to be designated by the Chancellor. UFT members in teaching, guidance counselling and other hard-to-staff positions in these schools will be eligible for an additional $5,000 – $8,000 annual hard-to-staff differential. The contract also calls for the establishment of two new teacher leadership positions, Teacher Developer Facilitator and Teacher Team Leaders. Teachers in these positions will be eligible for an additional $3,000 per semester and $14,000 per year in salary, respectively.

Additionally, the City reached a second Health Reform Agreement with the Municipal Labor Committee (MLC) that will provide annual savings to offset some of the cost of the current round of collective bargaining. This health agreement provides for healthcare savings of $200 million in FY 2019, $300 million in FY 2020, and $600 million in FY 2021 and beyond, with savings measured against projected health insurance costs in the June 2018 Financial Plan.

The DC37 and the UFT contracts are estimated to cost the City approximately $3.5 billion through FY 2022. Net of the healthcare savings and funding for a one percent wage increase that was previously budgeted in the Financial Plan, the additional funding required is about $1 billion through FY 2022. The November Plan includes funding of $227 million in FY 2019, $704 million in FY 2020, $967 million in FY 2021, and $1.44 billion in FY 2022 to fund wage increases for all City employees patterned after the DC 37 agreement. This funding reflects savings from the new health agreement and the one percent wage increase that was previously budgeted. The gross cost of wage increases Citywide is $781 million, $1.7 billion, $2.7 billion, and $3.4 billion in FY 2019 through FY2022, respectively.

While the City has funded Citywide wage increases based on the DC 37 pattern, The New York State Public Employment Relations Board (PERB) has declared a bargaining impasse between the Patrolmen's Benevolent Association (PBA) and the City and has appointed an arbitration panel to hear the City's and the PBA's arguments. However, the scheduling of the arbitration panel hearings are being held up due to the PBA's objection to the Commissioner of Labor representing the City on the panel, citing a conflict of interest. The Commissioner of Labor had served as the union's outside counsel in a previous arbitration hearing. The panel cannot schedule a hearing until this conflict is resolved.

Public Assistance

Through October, the City's public assistance caseload has averaged 352,194 recipients per month in FY 2019. Average monthly caseload has declined about four percent, or nearly 15,000 recipients compared to the same period in FY 2018. The public assistance caseload has experienced a steady decline that began in the second half of FY 2018, reaching 352,797 in October, and remains well below the historic peak of 1,160,593 in March 1995. In contrast, public assistance grants spending has averaged about $119 million per month in the current fiscal year, a drop of less than one percent over the same period in FY 2018.

The City maintains its FY 2019 public assistance caseload projections at monthly averages of 367,000 over the entire plan period, unchanged since the June Plan. Net baseline grants expenditures are projected at approximately $1.5 billion in each year of the Plan. Both caseload and grant levels are running below the City's projections, however it remains to be seen if actual spending will continue at current levels that could lead to potential savings in FY 2019.

Homeless Services

Spending on adult and family shelter in the Department of Homeless Services (DHS) is the primary driver of the City's homelessness expenses. However, funding for homeless assistance is also, and increasingly, drawn from the budgets of other agencies, including the Department of Social Services (DOSS), the Department of Youth and Community Development (DYCD), the Department of Health and Mental Hygiene (DOHMH) and the Department of Veterans Services. The table below details changes in total funding for seven major categories of homeless services across these agencies in the November modification.

Table 18. Citywide Homeless Services Expenditures

($ in millions)	Modified FY 2019	Adopted FY 2019	Change
Adult Shelter Operations	$654	$645	$9
Family Shelter Operations	1,139	1,127	11
Rental Assistance	268	266	2
Prevention, Diversion, Anti-Eviction & Aftercare	354	343	11
Domestic Violence, Youth & Emergency Shelters	393	376	17
Homeless Administration & Support	136	153	(17)
Total Citywide Homeless Spending	**$2,944**	**$2,911**	**$34**

NOTE: Numbers may not sum due to rounding.

The City's homeless services agencies continue to grapple with historic demand for shelter services. In calendar year 2018 the official shelter census breached 61,000 people for the first time in its history, an increase that is rooted in a significant surge in shelter admissions beginning in calendar year 2014. However, as the number of shelter dwellers has grown, the composition of the shelter population has begun to evolve, which may offer some guidance as to where future shelter expenses should be anticipated.

Looking back on the four-year period from November 7, 2014 to November 7, 2018, the number of families with children increased by 6 percent but the average family size decreased from 3.5 persons per family to 3.1 persons per family. The declining size of families with children in shelter during this period has contributed to a 9.5 percent drop in the number of children in shelter. However, during this same four-year period, the number of adults in shelter rose by 17.5 percent with single men accounting for the vast majority of the increase.

Total shelter operations expenses are set to increase by over $20 million since adoption, with $9.4 million added to the adult shelter operations budget and an additional $11 million added to the family shelter operations budget. The City is also increasing shelter administration and support expenses in the November Modification by approximately $1.7 million.

Despite a stubbornly rising adult male shelter population, the City has routinely understated its expense budget for adult shelter operations in recent years. At adoption, the Comptroller's Office projected a $33 million risk for homeless shelters in FY 2019. The November Modification includes an additional $2.6 million in City-funds for adult shelter operations but this addition mostly reflects collective bargaining transfers from the City's labor reserve and is not programmatic in nature. Accordingly, the Comptroller's Office original risk remains unchanged.

In other areas of the overall homeless services budget, spending on anti-eviction legal services, in conjunction with the passage of Local Law 136 of 2017 which provides legal services to tenants facing eviction in housing court, will increase by more than $11 million since adoption, rising from $99.9 million to $110.9 million for FY 2019. A recent report published by the Department of Social Services attributes a 27 percent reduction in residential evictions in calendar year 2017 vs. calendar year 2013 to Local Law 136. Despite this progress, as of now, the surge in funding for anti-eviction legal services will not be sustained in the outyears, with planned expenditures for anti-eviction legal services dropping to $82.5 million in FY 2020 – FY 2022.

The largest reductions to planned homeless services spending in the November Modification are in funding for runaways and supportive housing. Programs for runaways, managed by DYCD, will be cut back by $17.7 million in what has become a pattern of overfunding runaway programs at adoption and then scaling back planned expenses over the course of the fiscal year. Although the City's supportive housing expenses are spread across several city agencies, most of the $15.1 million in supportive housing reductions are being made by the DOSS. The agency will now cut $14.9 million from its supportive housing budget in FY 2019, including $12.4 million that had been planned for HIV/Aids Services Administration (HASA) supportive housing programs for HIV/AIDS patients. The remainder will be taken from the DOHMH 15/15 initiative for scatter site supportive housing units.

Since adoption, the City has substantially restructured its rental assistance programs, streamlining seven different classes of rental assistance into a single program called CityFEPS which is expected to reduce confusion for clients, providers and staff and better align with existing State and Federal rental assistance programs. In anticipation of increased demand for rental assistance programs, an additional $26.3 million in City-funds were added to CityFPEPS after adoption.

Department of Education

The November Modification projects a budget of $25.71 billion for the Department of Education (DOE) in the current year (net of intra-City funds), reflecting a net increase of $126 million in FY 2019. The current FY 2019 budget projection represents an increase of 2.5 percent or $626 million compared to the FY 2018 actuals of $25.08 billion.

A significant portion of the FY 2019 budget increase stems from recognition of about $95 million in spending supported by Federal Community Development Block Grants, including $67 million for handicapped accessibility improvement projects, $20 million for code violation removals and $5 million for environmental health inspections. The DOE budget also reflects an additional $18 million in State support and $26 million in School Construction Authority revenue primarily due to adjustments in prior year receipts, from which $42 million has been included in the Department's Citywide Savings Program total of $53 million, providing almost 80 percent of the savings. In addition, the City has addressed budget needs of $41 million in the November Modification, most notably for collective bargaining ($21 million net of health savings) and adjustment for NYC School Support Services custodial costs ($13 million).

The DOE's FY 2020 budget is expected to rise to $26.51 billion, an increase of about $797 million or 3.1 percent from the FY 2019 projection. Over the remainder of the plan, funding for the Department is estimated to rise to $27.14 billion in FY 2021 and $27.83 billion in FY 2022, reflecting annual increases of

$636 million and $688 million, respectively. Based on the November Plan projections, State support comprises about $1.16 billion or 55 percent of the projected DOE budget growth of $2.12 billion between FY 2019 and FY 2022, while City-funds provides $987 million or about 47 percent of the budget increase over the same span.

The Department will likely continue to face risks from its Federal Medicaid revenue assumptions in the November Plan. The DOE currently estimates $97 million in annual receipts from Medicaid reimbursement for special education related services costs. While collections have improved over the past two years, to $34 million for FY 2017 and $73 million thus far for FY 2018, risks of $20 million remains likely in each year of the Plan. Further, the DOE could face risks of $60 million annually from the likely underestimation of special education Carter Cases costs in the November Plan. Carter Cases represent payments that the Department make to parents legally seeking reimbursement for placing their special needs children in non-public schools. The DOE budget also does not reflect the potential costs associated with increases in charter school tuition rates approved by the State. Unless the State provides additional support towards the higher tuition rates, the City currently expects shortfalls of $119 million in FY 2020, $281 million in FY 2021 and $478 million in FY 2022, based on preliminary estimates. Finally, the DOE will likely generate savings of $38 million annually from expanded participation in the Federal CEP school food program in the outyears of the Plan. These savings have not yet been reflected in the CSP beyond the current year.

Capital Plan and Financing Program

The FY 2019 – FY 2022 Adopted Capital Plan, which was released in October 2018, totals $73.05 billion in all-funds authorized commitments and $66.89 billion in City-funds authorized commitments. After adjusting for the reserve for unattained commitments, all-funds planned commitments drop to $65.31 billion, as shown in Table 19. The City-funds commitments after adjusting for the reserve for unattained commitments drop to $59.15 billion. The Plan is somewhat front-loaded with 28 percent or $20.39 billion of the all-funds authorized commitments scheduled for FY 2019. Estimated commitments decrease slightly in FY 2020 to $20.36 billion, and then further to $17.68 billion in FY 2021, and $14.62 billion in FY 2022.

Table 19. FY 2019 Adopted Capital Commitment Plan All-Funds FY 2019 – FY 2022

($ in millions)	FY 2019 Adopted Plan	Percent of Total
Education & CUNY	$12,467	17.1%
Environmental Protection	12,369	16.9%
Dept. of Transportation & Mass Transit	12,300	16.8%
Housing and Economic Development	11,625	15.9%
Administration of Justice	5,126	7.0%
Technology and Citywide Equipment	4,123	5.7%
Parks Department	4,308	5.9%
Hospitals	2,421	3.3%
Other City Operations and Facilities	8,310	11.4%
Total	**$73,049**	**100.0%**
Reserve for Unattained Commitments	(7,738)	
Adjusted Total	**$65,311**	

SOURCE: Office of Management and Budget, FY 2019 Adopted Capital Commitment Plan, October 2018.

The FY 2019 Adopted Capital Commitment Plan shows an increase of $7.95 billion over FY 2019 – FY 2022 in all-funds authorized commitments from the April 2018 Capital Plan, and an increase of $2.71 billion over the same period after accounting for the reserve for unattained commitments. The City's report on actual FY 2018 capital commitments shows all-funds commitments totaling $11.96 billion. This is $4.9 billion below the FY 2018 authorized commitment level of $16.90 billion in the April 2018 Plan, or an achievement rate of 70.8 percent. The $4.9 billion shortfall in commitment against plan suggests that most of the combined

$7.95 billion increase to FY 2019 through FY 2022 ($1.32 billion in FY 2019, $2.92 billion in FY 2020, $2.32 billion in FY 2021, and $1.40 billion in FY 2022) in the FY 2019 Adopted Commitment Plan, especially in FY 2019 and FY 2020, are due to a shifting forward of unmet FY 2018 commitments.

Estimated commitments for capital projects in DOE and the City University of New York (CUNY), account for $12.47 billion or 17.1 percent of planned all-funds commitments ($11.88 billion of which is DOE). Other major components of the Plan are capital projects in the Department of Environmental Protection (DEP) which comprise 16.9 percent of the planned all-funds commitments, Department of Transportation (DOT) and Mass Transit projects which account for 16.8 percent, and Housing and Economic Development projects which account for 15.9 percent of the Plan.[9] Consistent with prior plans, these four major program areas constitute a majority of the Commitment Plan, accounting for $48.76 billion, or two-thirds of the Plan.

FY 2018 Capital Commitments

FY 2018 all-funds actual commitments totaled $11.96 billion. This represents an achievement rate of 70.8 percent against the authorized April 2018 Executive Plan. This is an increase of 14.4 percentage points from FY 2017, when the achievement rate was 56.4 percent.

Seven of the 25 program agencies saw their achievement rates drop from the previous fiscal year. The five agencies with the largest percentage point drops in achievement rates are the Department of Parks and Recreation, the Department of Correction, the Department of Cultural Affairs, the Department of Citywide Administrative Services, and the Department of Information Technology & Telecommunications as shown in Table 20.

Table 20. Agencies Showing Largest Percentage Point Drop in Achievement Rates

	FY 2018 Achievement Rate	FY 2017 Achievement Rate	Change
Department of Parks and Recreation	47.0%	60.3%	(13.3%)
Department of Correction	9.1%	15.6%	(6.5%)
Department of Cultural Affairs	21.0%	27.2%	(6.2%)
Department of Citywide Administrative Services	41.7%	47.7%	(6.0%)
Dept. of Information Technology & Telecommunications	22.0%	26.5%	(4.5%)

Eighteen of 25 agencies improved their achievement rates over FY 2017. The greatest improvement in achievement rates were seen in the New York Public Library (NYPL), the Brooklyn Public Library, the Administration for Children's Services, the Department of Homeless Services, and the Department of Transportation. As Table 21 shows, the gains in achievement rates in these agencies ranged from 35.8 percentage points to 215.8 percentage points. However, the 215.8 percent achievement rate in the NYPL results from a $141 million commitment for the Mid-Manhattan Library project that was scheduled for FY 2019 in the April 2018 Executive Plan. This $141 million commitment is almost twice the $77 million FY 2018 commitment for the NYPL in the April 2018 Executive Plan. Excluding the accelerated commitment, the FY 2018 commitment for the NYPL is $27 million, a 35 percent achievement rate.

9 DEP capital commitments are primarily funded through the issuance of New York Water Finance Authority (NYW) debt.

Table 21. Agencies Showing Largest Percentage Point Gain in Achievement Rates

	FY 2018 Achievement Rate	FY 2017 Achievement Rate	Change
New York Public Library	219.0%	3.2%	215.8%
Brooklyn Public Library	68.8%	5.5%	63.3%
Administration for Children's Services	65.2%	11.9%	53.3%
Department of Homeless Services	75.2%	35.3%	39.9%
Department of Transportation	97.1%	61.3%	35.8%

Thirteen of twenty-five agencies had commitments of over $100 million. Eleven of these 13 agencies had improvements in rates of achievement over FY 2017. The five agencies with the highest rates of achievement in this category for FY 2018 are shown in Table 22. All five of the agencies listed in Table 22 improved over FY 2017.

Table 22. Top Five Achieving Agencies with more than $100 million in Commitments

($ in millions)	FY 2018 Commitments	FY 2018 Achievement Rate
New York Public Library	$168	219.0%
Dept. of Transportation	$2,163	97.1%
Dept. of Environmental Protection	$1,925	89.5%
Dept. of Education	$3,546	84.5%
Dept. of Sanitation	$289	81.3%

Financing Program

The November 2018 Financial Plan for FY 2019 – FY 2022 contains $42.20 billion of planned borrowing in FY 2019 – FY 2022, as shown below in Table 23. The borrowing is comprised of $16.71 billion of General Obligation (GO) bonds, $18.01 billion of Transitional Finance Authority (TFA) borrowing, $6.77 billion of New York Water Finance Authority (NYW) borrowing and $718 million of borrowing from TFA Building Aid Revenue Bonds (BARB) that are supported by State building aid revenues.

Table 23. November Plan FY 2019 Financing Program

($ in millions)	Estimated Borrowing and Funding Sources FY 2019 – FY 2022	Percent of Total
General Obligation Bonds	$16,710	39.6%
TFA – PIT Bonds	18,010	42.7
NYC Water Finance Authority	6,766	16.0
TFA – BARBs	718	1.7
Total	**$42,204**	**100.0%**

SOURCE: NYC Office of Management and Budget, November 2018 Financial Plan.

Total projected borrowing in the November Plan for FY 2019 through FY 2022 is $95 million more than the June 2018 Financial Plan estimate for the same period. This is a result of decreases of $311 million in FY 2019 and $167 million in FY 2020, offset by increases of $38 million in FY 2021 and $535 million in FY 2022. GO borrowing is projected to increase by $120 million over the period. Planned TFA PIT and TFA BARBs borrowing combined for a modest decrease of $12 million over the same period. In addition, NYW had a projected net decrease of $13 million over the four-year period. If fully executed, FY 2021 and FY 2022 would represent the highest levels of borrowing in the City's history.

Debt Service

As shown in Table 24, debt service, net of prepayments, in the November Plan totals $6.89 billion in FY 2019, $7.44 billion in FY 2020, $7.76 billion in FY 2021, and $8.46 billion in FY 2022.[10] These amounts represent decreases from the June 2018 Financial Plan of $168 million in FY 2019, $119 million in FY 2020, $175 million in FY 2021, and $174 million in FY 2022. Between FY 2019 and FY 2022, total debt service is expected to increase by $1.57 billion, or 22.8 percent. These projections exclude debt service of the NYW, which is backed by water and sewer user fees, and that of the TFA BARBs, which is supported by New York State building aid.

Excluding prepayments and net equity contributions for debt refunding, FY 2018 debt service totaled $6.17 billion.[11] FY 2019 debt service of $6.89 billion in the November Plan, adjusted to exclude prepayments, is projected to be $720 million or 11.7 percent higher than FY 2018. The increase is due primarily to higher projected TFA debt service of $431 million in FY 2019, along with $150 million in higher estimated GO Demand Bonds (VRDB) interest costs, and approximately $50 million of higher estimated interest exchange costs and letter of credit & remarking fees. The spike in TFA debt service is due to the end of STAR refunding savings which reduced TFA debt service by $200 million per year from FY 2016 through FY 2018

Table 24. November Plan FY 2019 Financial Plan Debt Service Estimates

($ in millions)	FY 2019	FY 2020	FY 2021	FY 2022	Change FY 2019 – FY 2022	% Change FY 2019 – FY 2022
GO	$3,911	$4,226	$4,358	$4,703	$792	20.3%
TFA[a]	2,785	3,001	3,195	3,556	771	27.7%
Lease-Purchase Debt	123	128	127	127	4	3.3%
TSASC, Inc.	72	82	82	76	4	5.6%
Total	**$6,891**	**$7,437**	**$7,762**	**$8,462**	**$1,571**	**22.8%**

SOURCE: November 2018 Financial Plan.
NOTE: Debt service is adjusted for prepayments.
[a] Amounts do not include TFA BARBs.

The $168 million decrease in FY 2019 is due to GO savings of $79 million, TFA savings of $63 million, and lease-purchase debt savings of $26 million. The GO savings stem primarily from a $52 million reduction in estimated variable-rate interest costs and $24 million in savings from a GO refunding transaction earlier this fiscal year. The decrease in TFA debt service results primarily from the application of building aid revenues freed up by BARBs refunding transactions. The lease-purchase debt savings is due to a refunding transaction by the Dormitory Authority of the State of New York (DASNY) on behalf of Health + Hospitals (H+H).

In FY 2020 the reduction of $119 million is comprised of estimated GO savings of $27 million largely from the continued impact of a FY 2019 refunding transaction, and $70 million in TFA savings primarily from a projected increase in building aid revenues available to reduce TFA debt service, and $22 million related to the continued benefit of the H+H refunding transaction executed by DASNY in FY 2019.

The estimated $175 million decrease in FY 2021 stems from GO debt service savings of $31 million from the continued impact of the GO refunding done in early FY 2019 along with a lower variable rate demand bond (VRDB) interest cost estimates, $121 million of TFA savings primarily related to an increase in

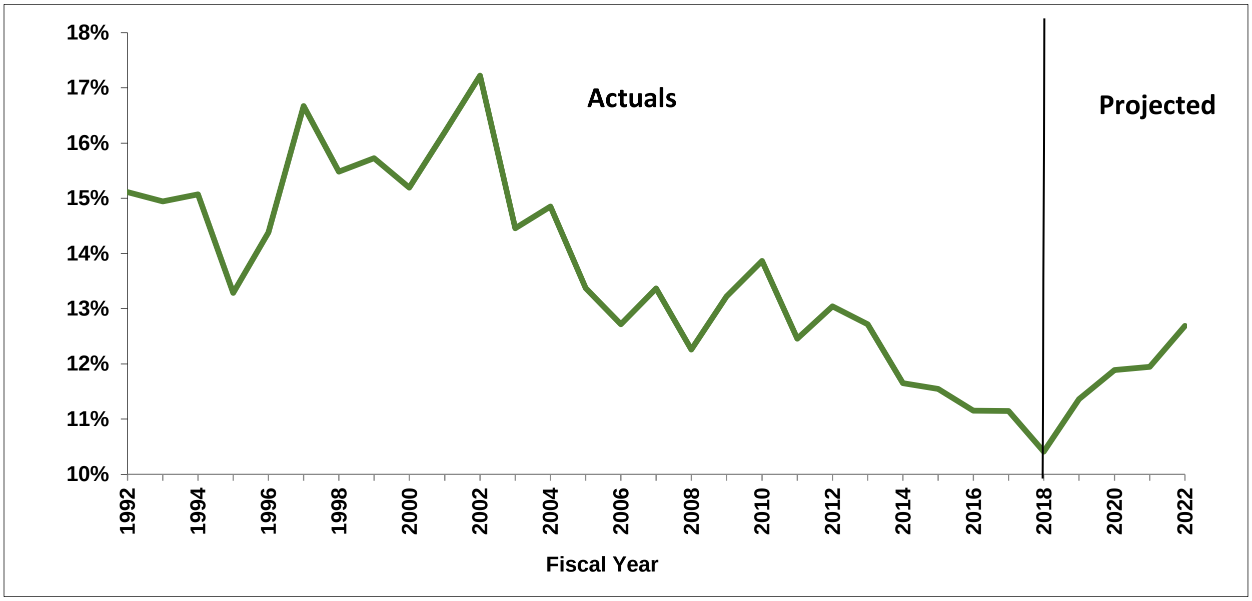
[10] Includes GO, conduit debt, TFA PIT bonds, and TSASC.
[11] Includes TSASC debt service.

available building aid revenues to offset TFA debt service, and $22 million in continued savings from the DASNY H+H refunding transaction. Estimated savings in FY 2022 of $174 million follow a similar pattern to FY 2021.

Debt Affordability

Debt service as a percent of local tax revenues and as a percent of total-funds revenues are commonly used measures of debt affordability.[12] In FY 2018, the City's debt service was 10.4 percent of local tax revenues. The November Plan projects debt service will consume 11.4 percent of local tax revenues in FY 2019, 11.9 percent in FY 2020, 11.9 percent in FY 2021, and 12.7 percent in FY 2022, as shown in Chart 4. The upward trend in the debt service to tax revenue ratio reflects the disparity between debt service and tax revenue growth rates over the Plan period. Debt service is projected to grow at an average annual rate of 7.1 percent from FY 2019 to FY 2022 while tax revenue during this period is projected to grow 3.2 percent annually.

Chart 4. NYC Debt Service as a Percent of Tax Revenues

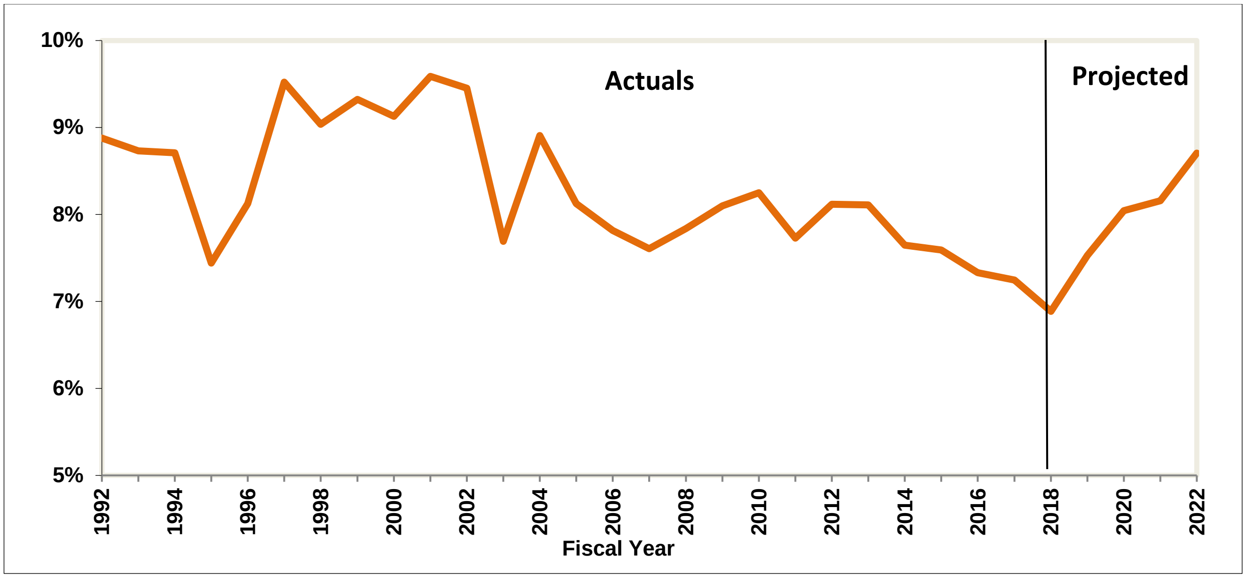


SOURCE: Office of the NYC Comptroller, Comprehensive Annual Financial Reports, FY 1992 – FY 2018, and NYC Office of Management and Budget, November 2018 Financial Plan.

Debt service is also projected to grow at a faster rate than total revenues (including taxes, non-tax revenues, and Federal, State and other categorical aid) over the plan period. As such, debt service is projected to consume an increasing share of the budget. As shown in Chart 5, the City's debt service as a percent of all-funds revenues is estimated to be 7.5 percent in FY 2019, 8.0 percent in FY 2020, 8.2 percent in FY 2021, and 8.7 percent in FY 2022. As cited earlier, the rate of debt service growth over the Financial Plan period is projected to be 7.1 percent as opposed to the estimated total revenue growth of 2.1 percent.

[12] Debt service in this discussion is adjusted to exclude prepayments. For additional analysis of the affordability of the City's debt, see Office of the New York City Comptroller, *Annual Report on Capital Debt and Obligations for FY 2019* (https://comptroller.nyc.gov/reports/annual-report-on-capital-debt-and-obligations/)

Chart 5. NYC Debt Service as a Percent of Total Revenues



SOURCE: Office of the NYC Comptroller, Comprehensive Annual Financial Reports, FY 1992 – FY 2018, and NYC Office of Management and Budget, November 2018 Financial Plan.

VI. Appendix

Table A1. November 2018 Financial Plan Revenue Detail

($ in millions)	FY 2019	FY 2020	FY 2021	FY 2022	Change FY 2019 – FY 2022 Dollars	Change FY 2019 – FY 2022 Percent	Annual Percent Change
Taxes:							
Real Property	$27,974	$29,477	$30,891	$31,880	$3,906	14.0%	4.5%
Personal Income Tax	$12,622	$12,969	$13,390	$13,722	$1,100	8.7%	2.8%
General Corporation Tax	$3,696	$3,606	$3,640	$3,604	($92)	(2.5%)	(0.8%)
Banking Corporation Tax	($71)	$0	$0	$0	$71	(100.0%)	(100.0%)
Unincorporated Business Tax	$2,225	$2,372	$2,468	$2,490	$265	11.9%	3.8%
Sale and Use Tax	$7,786	$8,167	$8,491	$8,779	$993	12.8%	4.1%
Real Property Transfer	$1,488	$1,435	$1,485	$1,532	$44	3.0%	1.0%
Mortgage Recording Tax	$975	$924	$952	$979	$4	0.4%	0.1%
Commercial Rent	$911	$893	$916	$949	$38	4.2%	1.4%
Utility	$385	$396	$410	$421	$36	9.4%	3.0%
Hotel	$617	$605	$615	$630	$13	2.1%	0.7%
Cigarette	$36	$34	$33	$32	($4)	(11.1%)	(3.9%)
All Other	$753	$750	$750	$756	$3	0.4%	0.1%
Tax Audit Revenue	$1,056	$721	$721	$721	($335)	(31.7%)	(11.9%)
Total Taxes	**$60,453**	**$62,349**	**$64,762**	**$66,495**	**$6,042**	**10.0%**	**3.2%**
Miscellaneous Revenue:							
Licenses, Franchises, Etc.	$715	$731	$718	$727	$12	1.7%	0.6%
Interest Income	$190	$253	$283	$284	$94	49.5%	14.3%
Charges for Services	$1,010	$1,007	$1,006	$1,006	($4)	(0.4%)	(0.1%)
Water and Sewer Charges	$1,450	$1,453	$1,442	$1,422	($28)	(1.9%)	(0.6%)
Rental Income	$259	$254	$250	$250	($9)	(3.5%)	(1.2%)
Fines and Forfeitures	$960	$942	$928	$917	($43)	(4.5%)	(1.5%)
Miscellaneous	$451	$342	$341	$340	($111)	(24.6%)	(9.0%)
Intra-City Revenue	$2,074	$1,804	$1,805	$1,803	($271)	(13.1%)	(4.6%)
Total Miscellaneous Revenue	**$7,109**	**$6,786**	**$6,773**	**$6,749**	**($360)**	**(5.1%)**	**(1.7%)**
Total Unrestricted Intergovernmental Aid	**$61**	**$0**	**$0**	**$0**	**($61)**	**(100.0%)**	**(100.0%)**
Reserve for Disallowance of Categorical Grants	**($15)**	**($15)**	**($15)**	**($15)**	**$0**	**0.0%**	**0.0%**
Less: Intra-City Revenue	**($2,074)**	**($1,804)**	**($1,805)**	**($1,803)**	**$271**	**(13.1%)**	**(4.6%)**
TOTAL CITY-FUNDS	**$65,534**	**$67,316**	**$69,715**	**$71,426**	**$5,892**	**9.0%**	**2.9%**
Other Categorical Grants	**$982**	**$875**	**$867**	**$861**	**($121)**	**(12.3%)**	**(4.3%)**
Inter-Fund Agreements	**$690**	**$655**	**$654**	**$655**	**($35)**	**(5.1%)**	**(1.7%)**

Table A1 (Con't). November 2018 Financial Plan Revenue Detail

($ in millions)	FY 2019	FY 2020	FY 2021	FY 2022	Change FY 2019 – FY 2022 Dollars	Change FY 2019 – FY 2022 Percent	Annual Percent Change
Federal Categorical Grants:							
Community Development	$891	$382	$285	$279	($612)	(68.7%)	(32.1%)
Welfare	$3,646	$3,486	$3,496	$3,496	($150)	(4.1%)	(1.4%)
Education	$1,944	$2,042	$2,044	$2,044	$100	5.1%	1.7%
Other	$1,734	$1,355	$1,324	$1,306	($428)	(24.7%)	(9.0%)
Total Federal Grants	**$8,215**	**$7,265**	**$7,149**	**$7,125**	**($1,090)**	**(13.3%)**	**(4.6%)**
State Categorical Grants							
Social Services	$1,800	$1,809	$1,817	$1,809	$9	0.5%	0.2%
Education	$11,126	$11,419	$11,851	$12,291	$1,165	10.5%	3.4%
Higher Education	$297	$297	$297	$297	$0	0.0%	0.0%
Department of Health and Mental Hygiene	$576	$554	$538	$538	($38)	(6.6%)	(2.2%)
Other	$1,337	$1,257	$1,287	$1,324	($13)	(1.0%)	(0.3%)
Total State Grants	**$15,136**	**$15,336**	**$15,790**	**$16,259**	**$1,123**	**7.4%**	**2.4%**
TOTAL REVENUES	**$90,557**	**$91,447**	**$94,175**	**$96,326**	**$5,769**	**6.4%**	**2.1%**

Table A2. November 2018 Financial Plan Expenditure Detail

($ in millions)	FY 2019	FY 2020	FY 2021	FY 2022	Change FY 2019– FY 2022 Dollars	Percent	Annual Percent Change
Mayoralty	$142	$141	$135	$134	($9)	(6.2%)	(2.1%)
Board of Elections	$124	$98	$96	$96	($28)	(22.3%)	(8.1%)
Campaign Finance Board	$21	$14	$14	$14	($6)	(31.2%)	(11.7%)
Office of the Actuary	$7	$7	$7	$7	$0	0.2%	0.1%
President, Borough of Manhattan	$5	$5	$5	$5	($0)	(7.5%)	(2.6%)
President, Borough of Bronx	$6	$6	$6	$6	($1)	(8.2%)	(2.8%)
President, Borough of Brooklyn	$7	$6	$6	$6	($1)	(12.3%)	(4.3%)
President, Borough of Queens	$6	$5	$5	$5	($1)	(13.8%)	(4.8%)
President, Borough of Staten Island	$5	$4	$4	$4	($0)	(5.9%)	(2.0%)
Office of the Comptroller	$108	$108	$109	$109	$0	0.2%	0.1%
Dept. of Emergency Management	$67	$27	$28	$28	($40)	(59.1%)	(25.8%)
Office of Administrative Tax Appeals	$5	$5	$5	$5	$0	1.9%	0.6%
Law Dept.	$233	$242	$242	$242	$9	3.8%	1.2%
Dept. of City Planning	$53	$43	$43	$41	($12)	(22.5%)	(8.2%)
Dept. of Investigation	$44	$32	$33	$33	($11)	(24.5%)	(8.9%)
NY Public Library — Research	$29	$29	$29	$29	$0	1.6%	0.5%
New York Public Library	$146	$143	$144	$144	($2)	(1.4%)	(0.5%)
Brooklyn Public Library	$108	$106	$107	$107	($1)	(1.2%)	(0.4%)
Queens Borough Public Library	$112	$110	$110	$111	($2)	(1.4%)	(0.5%)
Dept. of Education	$25,709	$26,506	$27,142	$27,830	$2,121	8.3%	2.7%
City University	$1,180	$1,163	$1,174	$1,189	$9	0.8%	0.3%
Civilian Complaint Review Board	$17	$17	$18	$18	$0	2.0%	0.7%
Police Dept.	$5,454	$5,301	$5,258	$5,244	($210)	(3.8%)	(1.3%)
Fire Dept.	$2,091	$2,053	$2,042	$2,036	($55)	(2.6%)	(0.9%)
Dept. of Veterans' Services	$5	$5	$5	$5	($0)	(5.0%)	(1.7%)
Admin. for Children Services	$2,936	$2,681	$2,707	$2,699	($237)	(8.1%)	(2.8%)
Dept. of Social Services	$10,103	$10,009	$10,024	$10,015	($87)	(0.9%)	(0.3%)
Dept. of Homeless Services	$2,083	$2,086	$2,090	$2,089	$5	0.3%	0.1%
Dept. of Correction	$1,384	$1,420	$1,442	$1,439	$54	3.9%	1.3%
Board of Correction	$3	$3	$3	$3	$0	5.7%	1.9%
Citywide Pension Contribution	$9,738	$9,839	$10,305	$10,752	$1,014	10.4%	3.4%
Miscellaneous	$11,814	$12,698	$13,752	$13,853	$2,040	17.3%	5.5%
Debt Service	$4,033	$4,353	$4,486	$4,830	$797	19.8%	6.2%
T.F.A. Debt Service	$2,785	$3,001	$3,195	$3,556	$770	27.7%	8.5%
FY 2018 BSA and Discretionary Transfers	($4,576)	$0	$0	$0	$4,576	(100.0%)	(100.0%)
FY 2019 BSA	$520	($520)	$0	$0	($520)	(100.0%)	(100.0%)
Public Advocate	$4	$4	$4	$4	$0	0.0%	0.0%
City Council	$81	$54	$54	$54	($27)	(33.4%)	(12.7%)
City Clerk	$6	$6	$6	$6	($0)	(4.7%)	(1.6%)
Dept. for the Aging	$394	$353	$354	$354	($40)	(10.1%)	(3.5%)
Dept. of Cultural Affairs	$204	$152	$152	$152	($52)	(25.5%)	(9.3%)
Financial Info. Serv. Agency	$114	$115	$113	$113	($1)	(0.8%)	(0.3%)
Office of Payroll Admin.	$17	$17	$17	$17	$0	1.4%	0.5%
Independent Budget Office	$6	$6	$5	$5	($0)	(3.7%)	(1.3%)
Equal Employment Practices	$1	$1	$1	$1	$0	5.9%	1.9%

Table A2 (Con't). November 2018 Financial Plan Expenditure Detail

($ in millions)	FY 2019	FY 2020	FY 2021	FY 2022	Change FY 2019 – FY 2022 Dollars	Change FY 2019 – FY 2022 Percent	Annual Percent Change
Civil Service Commission	$1	$1	$1	$1	$0	4.9%	1.6%
Landmarks Preservation Commission	$7	$7	$7	$7	($0)	(2.7%)	(0.9%)
Taxi & Limousine Commission	$52	$59	$60	$52	($1)	(1.0%)	(0.3%)
Commission on Human Rights	$14	$14	$14	$14	$0	2.4%	0.8%
Youth & Community Development	$735	$550	$553	$553	($182)	(24.7%)	(9.0%)
Conflicts of Interest Board	$3	$3	$3	$3	($0)	0.5%	0.2%
Office of Collective Bargaining	$2	$2	$2	$2	($0)	0.1%	0.0%
Community Boards (All)	$21	$18	$18	$18	($3)	(13.5%)	(4.7%)
Dept. of Probation	$115	$111	$111	$111	($4)	(3.3%)	(1.1%)
Dept. Small Business Services	$299	$171	$156	$135	($165)	(55.0%)	(23.4%)
Housing Preservation & Development	$1,226	$910	$897	$908	($317)	(25.9%)	(9.5%)
Dept. of Buildings	$207	$194	$183	$183	($24)	(11.7%)	(4.1%)
Dept. of Health & Mental Hygiene	$1,740	$1,678	$1,681	$1,683	($57)	(3.3%)	(1.1%)
NYC Health + Hospitals	$827	$830	$831	$831	$4	0.5%	0.2%
Office of Administrative Trials & Hearings	$50	$51	$51	$51	$1	2.6%	0.9%
Dept. of Environmental Protection	$1,427	$1,307	$1,291	$1,270	($158)	(11.1%)	(3.8%)
Dept. of Sanitation	$1,737	$1,751	$1,753	$1,755	$18	1.0%	0.3%
Business Integrity Commission	$9	$9	$9	$9	($0)	(1.7%)	(0.6%)
Dept. of Finance	$301	$302	$301	$300	($1)	(0.2%)	(0.1%)
Dept. of Transportation	$1,057	$1,005	$998	$999	($58)	(5.5%)	(1.9%)
Dept. of Parks and Recreation	$514	$476	$471	$471	($43)	(8.4%)	(2.9%)
Dept. of Design & Construction	$229	$169	$157	$157	($72)	(31.4%)	(11.8%)
Dept. of Citywide Admin. Services	$470	$445	$445	$444	($26)	(5.5%)	(1.9%)
D.O.I.T.T.	$582	$533	$566	$564	($18)	(3.1%)	(1.0%)
Dept. of Record & Info. Services	$10	$11	$11	$11	$1	7.6%	2.5%
Dept. of Consumer Affairs	$41	$41	$41	$41	$0	0.0%	0.0%
District Attorney - N.Y.	$119	$107	$107	$107	($12)	(10.3%)	(3.5%)
District Attorney – Bronx	$80	$80	$81	$81	$1	0.7%	0.2%
District Attorney – Kings	$109	$107	$107	$107	($2)	(2.3%)	(0.8%)
District Attorney –Queens	$70	$67	$67	$67	($3)	(4.6%)	(1.6%)
District Attorney - Richmond	$16	$15	$15	$15	($1)	(3.4%)	(1.1%)
Office of Prosec. & Special Narc.	$23	$23	$23	$23	$0	0.8%	0.3%
Public Administrator - N.Y.	$3	$3	$3	$3	$0	0.6%	0.2%
Public Administrator - Bronx	$1	$1	$1	$1	$0	0.7%	0.2%
Public Administrator - Brooklyn	$1	$1	$1	$1	$0	2.1%	0.7%
Public Administrator - Queens	$1	$1	$1	$1	$0	1.4%	0.5%
Public Administrator - Richmond	$1	$1	$1	$1	($0)	(0.6%)	(0.2%)
General Reserve	$1,125	$1,000	$1,000	$1,000	($125)	(11.1%)	(3.9%)
Citywide Savings Initiatives	$0	($45)	($68)	($79)	($79)	NA	NA
Energy Adjustment	$0	$17	$46	$67	$67	NA	NA
Lease Adjustment	$0	$36	$72	$110	$110	NA	NA
OTPS Inflation Adjustment	$0	$111	$167	$222	$222	NA	NA
TOTAL EXPENDITURES	**$90,557**	**$94,627**	**$97,709**	**$99,687**	**$9,129**	**10.1%**	**3.3%**

Note: Numbers may not sum due to rounding.

NEW YORK CITY COMPTROLLER
SCOTT M. STRINGER

1 Centre Street, New York, NY 10007

(212) 669-3500 • comptroller.nyc.gov

@NYCComptroller