NEW YORK CITY COMPTROLLER
SCOTT M. STRINGER

Bureau of Budget

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The State of the City's Economy and Finances

1 Centre Street, New York, NY 10007 • (212) 669-3500 • www.comptroller.nyc.gov • @NYCComptroller

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
Orlando Vasquez

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I. Executive Summary

Even while the U.S. and City economies continue to post solid growth as the current expansion approaches its 9th year, the warning signs for the City budget are multiplying. Despite strong employment and earnings growth, personal income tax revenues have been essentially flat the last two years. Business income and real estate transaction tax revenues were lower in FY 2017 than in FY 2015. Even adjusting for the State intercept of $200 million in 2017, sales tax revenues grew by 3.7 percent, a drop of 2.2 percentage points from four years ago.

As tax revenue growth slows, there is an increasing risk that the City will not be able to sustain spending at the current rate of growth without a significant savings program and tapping into its budget reserves. Over the last two fiscal years, additions to the accumulated surplus from prior years, a component of the cushion, have been declining. In FY 2015, the City added $1.52 billion to the accumulated surplus of $2.01 billion that was rolled in. The following fiscal year the City added only $514 million to the accumulated surplus, and last fiscal year the City added $142 million. This November Modification is the first time the City has not appropriated funds to the Budget Stabilization Account in the last three years.

FY 2018 budgeted spending in the November Modification of $85.99 billion is an increase of approximately 3 percent from actual FY 2017 spending. However, expenditures in both fiscal years include prepayments which shift expenditures between fiscal years. After netting out the impact of prepayments, FY 2018 expenditures excluding reserves total $88.7 billion, an increase of 5.2 percent. This increase is similar to the 5 percent increase in FY 2017. In the outyears, expenditures are projected to grow at an average rate of 2 percent annually. Revenues are projected to grow at a faster annual rate of 3.5 percent, resulting in narrowing gaps in the outyears.

The Comptroller's Office's analysis of the November Plan shows that the outyear gaps could be larger than projected, however. The larger gaps are driven by the Comptroller's Office's expenditure estimates, which are higher than the Plan projections, resulting in net expenditure risks ranging from $475 million in FY 2018 to $915 million in FY 2021. The expenditure risks in FY 2018 and FY 2019 are partially offset by the Comptroller's Offices higher revenue forecasts which are above the Plan forecast by $460 million and $203 million, respectively. Setting aside imminent federal tax policy changes, the Federal Reserve Board has embarked on a course of monetary policy tightening that we project will result in a slowdown in the U.S. and local economies by 2020. In the latter half of the Plan period, therefore, the Comptroller's Office's revenue forecasts are below the Plan's by $554 million and $131 million in FY 2020 and FY 2021, respectively. As a result, the Comptroller's Office projects a modest gap of $15 million in FY 2018 and larger gaps of $3.56 billion in FY 2019, $3.57 billion in FY 2020, and $2.66 billion in FY 2021.

Compounding the budgetary risks is Federal policy, which imposes a high degree of uncertainty on both our economic forecast and budget projections. Our economic and revenue forecasts do not incorporate the impact of federal tax and budget changes, which had yet to be finalized at the time our forecast was completed. The general direction and impacts of federal policy are clear enough, however. President Trump and congressional Republicans are poised to enact federal tax legislation that will have a disproportionate impact on New York City taxpayers. Moreover, the trillion-dollar increase in the federal deficit that will result seems ready-made to provide the excuse congressional Republicans have been seeking to make substantial cuts to a range of federal aid programs that help fund the City's safety net, housing, and other programs. Other possible cuts to federal safety net, health, and public housing spending that do not flow directly through the City's budget will nonetheless multiply pressures to step in and repair the damage on the City's own dime, even as the sharp limitations on state and local tax deductibility will make it harder for already high-tax jurisdictions such as New York to raise local revenues without damaging their long-term competitive position. The impacts of federal tax law changes are likely to have deep and long-term impacts on the City's economy.

Table 1. FY 2018 – FY 2021 Financial Plan

($ in millions)	FY 2018	FY 2019	FY 2020	FY 2021	Change FYs 2018 – 2021 Dollar	Change FYs 2018 – 2021 Percent
Revenues						
Taxes:						
General Property Tax	$26,014	$27,648	$29,008	$30,126	$4,112	15.8%
Other Taxes	29,729	31,137	32,356	33,590	3,861	13.0%
Tax Audit Revenues	850	721	721	721	(129)	(15.2%)
Subtotal: Taxes	**$56,593**	**$59,506**	**$62,085**	**$64,437**	**$7,844**	**13.9%**
Miscellaneous Revenues	6,757	6,659	6,877	6,864	107	1.6%
Less: Intra-City Revenues	(2,053)	(1,745)	(1,745)	(1,750)	303	(14.8%)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	0	0.0%
Subtotal: City-Funds	**$61,282**	**$64,405**	**$67,202**	**$69,536**	**$8,254**	**13.5%**
Other Categorical Grants	1,023	869	860	855	(168)	(16.4%)
Inter-Fund Revenues	672	668	604	604	(68)	(10.1%)
Federal Categorical Grants	8,342	7,087	6,927	6,915	(1,427)	(17.1%)
State Categorical Grants	14,667	14,894	15,407	15,789	1,122	7.6%
Total Revenues	**$85,986**	**$87,923**	**$91,000**	**$93,699**	**$7,713**	**9.0%**
Expenditures						
Personal Service						
Salaries and Wages	$27,377	$28,741	$29,526	$30,164	$2,787	10.2%
Pensions	9,587	9,748	9,687	9,610	23	0.2%
Fringe Benefits	9,962	10,658	11,527	12,287	2,325	23.3%
Subtotal-PS	**$46,926**	**$49,147**	**$50,740**	**$52,061**	**$5,135**	**10.9%**
Other Than Personal Service						
Medical Assistance	$5,915	$5,915	$5,915	$5,915	$0	0.0%
Public Assistance	1,594	1,605	1,617	1,617	23	1.4%
All Other	29,833	27,771	27,784	28,048	(1,785)	(6.0%)
Subtotal-OTPS	**$37,342**	**$35,291**	**$35,316**	**$35,580**	**($1,762)**	**(4.7%)**
Debt Service						
Principal	$3,174	$3,470	$3,639	$3,634	$460	14.5%
Interest & Offsets	3,327	3,686	4,073	4,540	1,213	36.5%
Subtotal Debt Service	**$6,501**	**$7,156**	**$7,712**	**$8,174**	**$1,673**	**25.7%**
FY 2017 BSA and Discretionary Transfers	($4,180)	$0	$0	$0	$4,180	(100.0%)
Capital Stabilization Reserve	$250	$250	$250	$250	$0	0.0%
General Reserve	$1,200	$1,000	$1,000	$1,000	($200)	(16.7%)
	$88,039	**$92,844**	**$95,018**	**$97,065**	**$9,026**	**10.3%**
Less: Intra-City Expenses	(2,053)	(1,745)	(1,745)	(1,750)	303	(14.8%)
Total Expenditures	**$85,986**	**$91,099**	**$93,273**	**$95,315**	**$9,329**	**10.8%**
Gap To Be Closed	**$0**	**($3,176)**	**($2,273)**	**($1,616)**	**($1,616)**	**NA**

Table 2. Plan-to-Plan Changes
November 2017 Plan vs. June 2017 Plan

($ in millions)	FY 2018	FY 2019	FY 2020	FY 2021
Revenues				
Taxes:				
General Property Tax	$0	($91)	($95)	($98)
Other Taxes	(207)	91	95	98
Tax Audit Revenues	0	0	0	0
Subtotal: Taxes	**($207)**	**$0**	**$0**	**$0**
Miscellaneous Revenues	269	11	14	14
Less: Intra-City Revenues	(238)	(8)	(6)	(6)
Disallowances Against Categorical Grants	0	0	0	0
Subtotal: City-Funds	**($176)**	**$3**	**$8**	**$8**
Other Categorical Grants	143	1	1	(1)
Inter-Fund Revenues	1	4	2	2
Federal Categorical Grants	531	73	12	14
State Categorical Grants	248	22	36	62
Total Revenues	**$747**	**$103**	**$59**	**$85**
Expenditures				
Personal Service				
Salaries and Wages	$127	$116	$100	$99
Pensions	15	(123)	(256)	(395)
Fringe Benefits	(149)	(158)	(188)	(218)
Subtotal-PS	**($7)**	**($165)**	**($344)**	**($514)**
Other Than Personal Service				
Medical Assistance	$0	$0	$0	$0
Public Assistance	0	0	0	0
All Other	1,030	48	24	48
Subtotal-OTPS	**$1,030**	**$48**	**$24**	**$48**
Debt Service				
Principal	$0	($22)	$41	$43
Interest & Offsets	(27)	(47)	(190)	(200)
Subtotal Debt Service	**($27)**	**($69)**	**($149)**	**($157)**
FY 2017 BSA and Discretionary Transfers	($11)	$0	$0	$0
Capital Stabilization Reserve	$0	$0	$0	$0
General Reserve	$0	$0	$0	$0
	$985	**($186)**	**($469)**	**($623)**
Less: Intra-City Expenses	(238)	(8)	(6)	(6)
Total Expenditures	**$747**	**($194)**	**($475)**	**($629)**
Gap To Be Closed	**$0**	**$297**	**$534**	**$714**

Table 3. Risks and Offsets to the November 2017 Financial Plan

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

	FY 2018	FY 2019	FY 2020	FY 2021
City Stated Gap	**$0**	**($3,176)**	**($2,273)**	**($1,616)**
Tax Revenues				
Property Tax	$13	$332	$463	$853
Personal Income Tax	260	196	(7)	(145)
Business Taxes	(139)	(190)	(103)	(143)
Sales Tax	99	160	(139)	(309)
State Sales Tax Intercept	0	(150)	0	0
Real Estate-Related Taxes	56	(222)	(691)	(198)
Commercial Rent Tax	0	(37)	(38)	(40)
Audit	100	150	150	150
Subtotal Tax Revenues	$389	$239	($365)	$168
Non-Tax Revenues				
ECB Fines	$60	$60	$60	$60
Late Filing/No Permit Penalties	5	5	5	5
Motor Vehicle Fines	6	6	3	3
Taxi Medallion Sales	0	(107)	(257)	(367)
Subtotal Non-Tax Revenues	$71	($36)	($189)	($299)
Total Revenues	**$460**	**$203**	**($554)**	**($131)**
Expenditures				
Overtime	($150)	($140)	($150)	($150)
Charter School Tuition	0	(101)	(240)	(417)
DOE Medicaid Reimbursement	(70)	(70)	(70)	(70)
Carter Cases	(100)	(100)	(100)	(100)
Homeless Shelters	(126)	(126)	(126)	(126)
NYC Health + Hospitals	(165)	(165)	(165)	(165)
Public Assistance	15	15	15	15
VRDB Interest Savings	100	50	50	50
Refunding Savings	21	48	48	48
Total Expenditures	**($475)**	**($589)**	**($738)**	**($915)**
Total (Risks)/Offsets	**($15)**	**($386)**	**($1,292)**	**($1,046)**
Restated (Gap)/Surplus	**($15)**	**($3,562)**	**($3,565)**	**($2,662)**

II. State of the City's Economy

The U.S. economy continues to post solid growth. As of the third quarter of 2017, the national unemployment rate was at its lowest rate, 4.3 percent, since 2001, home prices have recovered most of their losses, and stock prices are at record highs. The global economy is bouncing back, and central banks have started to retract their crisis-era policy stimulus. The City economy continues to perform well — better, by some measures, than the national economy. Unemployment remains low and labor-force participation is at record highs. Job growth, while slowing, remains solid, and earnings are also rising.

Overall, we see no signs of a near-term recession or even a severe economic slowdown. We expect both the City and the U.S. economies to grow at a reasonable pace throughout the forecast period, with a slowdown during 2020 as the Federal Reserve gradually tightens monetary policy.

Employment growth over the next two years in a state of full employment will put pressure on wages, increasing personal income. As a result, the U.S. economy is expected to benefit from strong consumer spending. Strong demand for goods and services translates into high demand for labor. Robust corporate profits should result in increased nonresidential investment in structures and equipment. Even the U.S. trade balance is expected to improve slightly as the global economy improves and the dollar becomes cheaper. Federal government expenditures are expected to remain flat with moderate increases in spending at the state and local level.

The major uncertainties in this outlook continues to be federal fiscal and monetary policy. The expected timing and magnitude of the Federal Reserve's interest rate actions are generally known, but any policy errors could risk halting the expansion prematurely. The impact of Federal tax and budget cuts on consumer spending and business investments are also not fully clear at this time.

Our forecast does not explicitly take into account the possible impacts of federal tax bills that had yet to be finalized at the time of our analysis. The general direction of proposed changes in federal income and corporate taxes are clear enough, however, to allow us to draw some general conclusions about their impacts:

- The tax plan will generate both winners and losers, but overall New York City federal taxpayers can expect billions of dollars in federal tax cuts. These cuts will be reflected both in withholding in 2018, and in expected estimated payments based on non-wage income. Some capital gains realizations appear to have been deferred this year in expectation of lower tax rates.

- The corresponding increases in after-tax incomes should prompt higher consumer expenditures and give a small short-term boost to GDP growth.

- However, without the deductibility of state and local income taxes, many taxpayers will see both higher federal taxes and higher effective state and local marginal tax rates. In the short run, this could limit the boost to the local economy. In the longer run, it is likely to negatively affect the competitiveness of high-tax jurisdictions such as New York City.

- Limitations on the deductibility of property taxes and mortgage interest could reduce home values, which could in turn discourage consumer spending and, in the short run, depress residential real estate transactions.

- Corporate tax cuts are likely to spur even further increases in stock market indices, which appear to have already begun to incorporate expectations of greater corporate profitability. Higher Wall Street profits would give a boost to local tax revenues.

In addition to the potential impacts of tax legislation, the increase in the federal deficit could result in budget sequestration that would result in cuts to federal aid to state and local governments. Moreover, the President and Congressional Republicans have begun to discuss cuts to entitlement programs as a way to offset higher deficits (while at the same time, and inconsistently, casting doubt on the deficit projections by the Congressional Budget Office and Joint Committee on Taxation). Without action to address the growing deficit, increased federal borrowing could push interest rates higher, dampening private sector investment and spending.

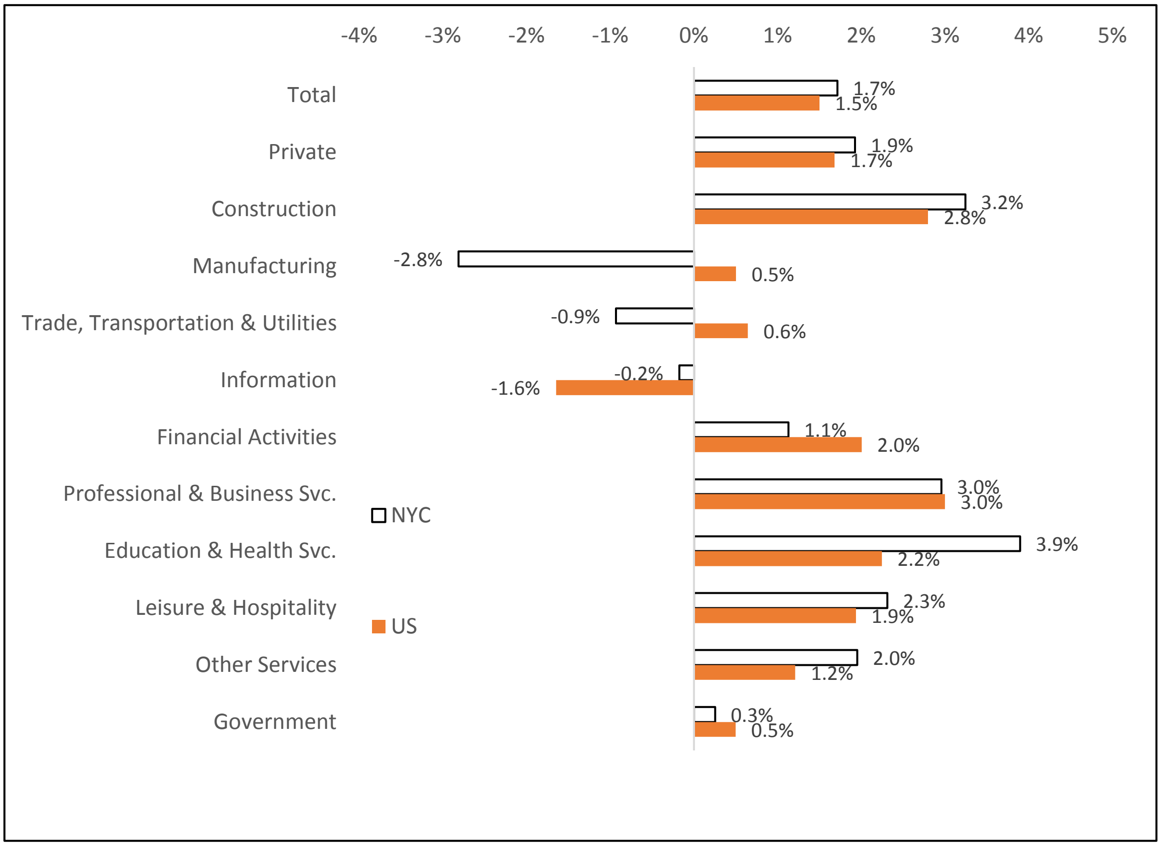
Assuming a tax bill is passed and signed by the President, we will incorporate its impacts, and any significant federal budget actions, into our March forecast.

NYC'S Economic Performance in 2017

The slow pace of the economic recovery thus far in this expansionary period gained momentum in both the City and the nation in 2017. Both economies grew faster in the first three quarters of 2017 than in 2016 despite the disruptions caused by hurricanes Harvey, Irma and Maria. Generally speaking, the City's economy continues to outperform the nation. Economic growth, as measured by the change in real gross domestic product, grew at an average annualized rate of 3.1 percent in the City and 2.5 percent in the nation in the first three quarters of 2017, faster than 2.4 percent and 1.9 percent, respectively, in the first three quarters of 2016.

The City's total private sector job count rose by 72,900 or 1.9 percent, compared with 1.7 percent in the U.S. in the first ten months of 2017. However, the pace of job growth in both the City and the U.S. slowed in 2017. Chart 1 shows the change in jobs for the City and the nation in the first ten months of 2017 over the same period in 2016 by major industries.

Chart 1. Change in NYC and U.S. Payroll Jobs
Average for the First 10 Months, 2017 over 2016



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

The City's unemployment rate averaged 4.5 percent in the first ten months of 2017, the lowest since 1976. The U.S. unemployment rate averaged 4.4 percent in the first ten months of 2017, the lowest rate since 4.0 percent in 2000. The City's labor-force participation rate rose to 61.1 percent in the first ten months of 2017, the highest on record as the labor force expanded by 89,100. The average unemployment rate in the boroughs in the first ten months of 2017 was the lowest on record in all the boroughs except Staten Island, which was the lowest since 2007.

Earnings were higher in the City as a result of strong demand for labor and a low unemployment rate. On a year-over-year basis, the average hourly earnings in the City grew 3.5 percent during the first ten months of 2017 to $35.09 compared to 2.7 percent in the nation to $26.30.

Commercial real estate has performed well in the first three quarters of 2017 as reported by Cushman and Wakefield. In Manhattan, new leases totaled 23.5 million square feet (msf) in the first three-quarters of 2017, a 14.4 percent increase from the same period in 2016. Downtown leasing increased 62.2 percent, and Midtown rose 8.9 percent, but Midtown South fell 2.5 percent. New office space coming on-line in the Hudson Yards area is likely reducing demand for older space in Midtown South. Overall asking rents fell in Midtown and Midtown South, but increased in Downtown in 3Q17 from 3Q16.

Wall Street profits rose 18.9 percent (on a year-over-year basis) in the first three quarters of 2017 to $17.8 billion, 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.

Venture capital investment in the New York metro area surpassed $8.5 billion in the first three quarters of 2017. This is the highest since 2000 and 40.7 percent above the three quarters of 2016. This result was largely driven by Softbank's $3.0 billion direct investment in WeWork.

The Economic Outlook

In both the City and the U.S., economic growth is expected to continue at a reasonable pace throughout most of the forecast period. We do expect some slowdown during 2020 – falling short of a recession – as a result of contractionary monetary policy by the Federal Reserve.

In the medium term, we expect economic growth to be fueled by strong consumer spending and private investment. Government expenditures as a result of emergency aid to repair the damage caused by hurricanes Harvey, Irma and Maria will increase temporarily. Exports should rise and the trade deficit shrink as a result of improving global economies and a decline in the dollar.

As noted, we have not sought to estimate the impact of federal fiscal policy changes, notably the tax bills that have been passed in both houses of Congress and are awaiting reconciliation. Even absent any impacts from eventual passage of tax legislation, we anticipate that the slightly above-trend growth will lead the Federal Reserve to more aggressively raise interest rates in the latter half of 2018 and 2019, leading to a slowdown in growth in 2020. For the City, this will translate into slowing job growth, eventually turning modestly negative in 2020 before beginning to recover in 2021.

This forecast is highly dependent on the direction and impact of the pending tax legislation and of Federal Reserve policy. Estimates of the impact of lower individual and corporate taxes range from an incremental 0.5 percent to 1.0 percent per year in GDP growth. That additional stimulus at this point in the economic cycle, when U.S. unemployment could fall below 4 percent, could lead the Federal Reserve to a more aggressive stance, possibly to the point of quashing the expected gains from tax relief and bringing economic growth to a halt. .

Table 4 provides summary projections for selected NYC and U.S. indicators from 2017 to 2021, comparing the Mayor's November forecast with the Comptroller's Office forecast.

Table 4. Selected Economic Indicators, Annual Averages Comptroller and Mayor's Forecasts, 2017-2021

		2017	2018	2019	2020	2021
SELECTED US ECONOMIC INDICATORS (ANNUAL AVERAGES)						
Real GDP, (2009 $), (% Change)	Comptroller	2.3	2.5	2.0	1.7	2.4
	Mayor	2.2	2.4	2.2	2.2	2.2
Payroll Jobs, (Change In Millions)	Comptroller	2.1	2.2	1.5	0.2	0.9
	Mayor	2.1	1.9	1.6	1.4	1.2
Fed Funds Rate, (Percent)	Comptroller	1.0	1.7	2.4	2.9	2.7
	Mayor	1.0	1.7	2.6	3.0	3.0
10-Year Treasury Notes, (Percent)	Comptroller	2.3	3.1	3.2	3.5	3.5
	Mayor	2.4	3.1	3.8	4.1	4.1
SELECTED NYC ECONOMIC INDICATORS (ANNUAL AVERAGES)						
Real GDP (2009 $, % Change)	Comptroller	2.5	2.5	2.1	1.6	1.8
	Mayor	3.6	1.3	1.5	1.5	1.5
Payroll Jobs, (Change In Thousands)	Comptroller	73	53	27	-5	23
	Mayor	56	49	42	31	31
Wage-Rate Growth, (Percent)	Comptroller	2.5	3.4	4.0	2.7	2.5
	Mayor	3.9	2.8	3.1	3.4	3.5
Unemployment Rate, (Percent)	Comptroller	4.3	4.8	5.3	5.4	5.2
	Mayor	NA	NA	NA	NA	NA

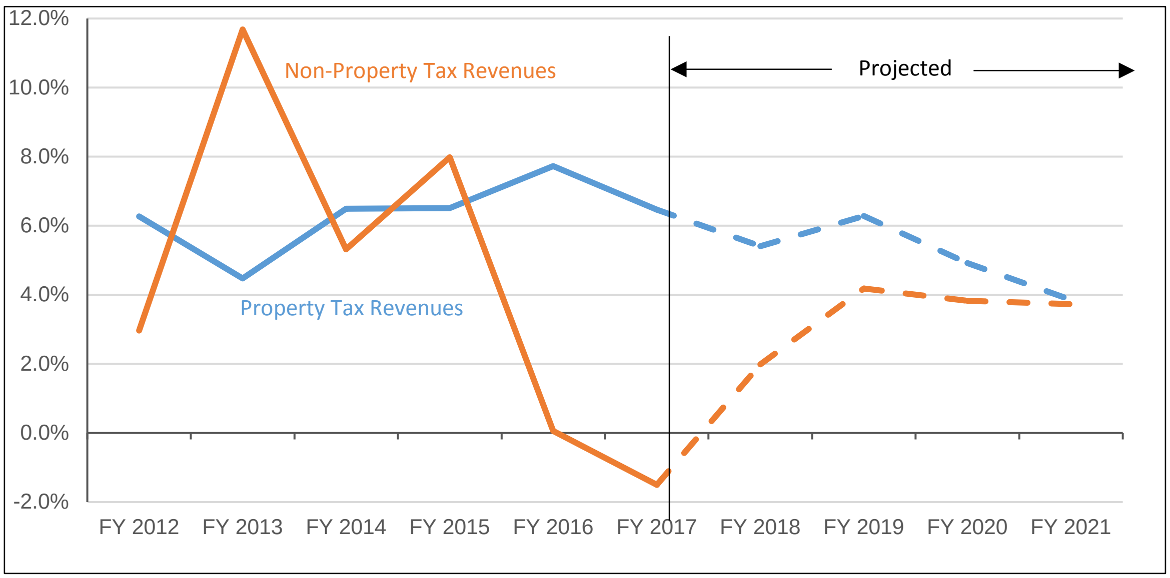
SOURCE: Comptroller: NYC Comptroller's Office. Mayor: NYC Office of Management and Budget, November 2017 Financial Plan.

NOTES: GDP: Gross Domestic product; GCP: Gross City Product.NA: not available.

III. The City's Fiscal Outlook

There are numerous warning signs that the City may not be able to sustain spending at the current rate of growth without tapping into its cushion. Tax revenue growth has slowed in the last two fiscal years, dropping from 7.4 percent in FY 2015 to 3.2 percent in FY 2016, and further decelerating to 1.9 percent in FY 2017. Tax revenue growth in the last two fiscal years have been sustained largely on the strength of the real property tax, which has averaged 7 percent growth over this period. Non-property taxes have been essentially flat for two years in a row. The City projects growth in non-property taxes to resume at 2.0 percent in 2018, although part of this growth is due to the shift of personal income tax (PIT) school tax relief (STAR) credit from FY 2017 to FY 2018.

Chart 2. Growth in Property and Non-Property Tax Revenues Since FY 2012



SOURCE: Office of the NYC Comptroller

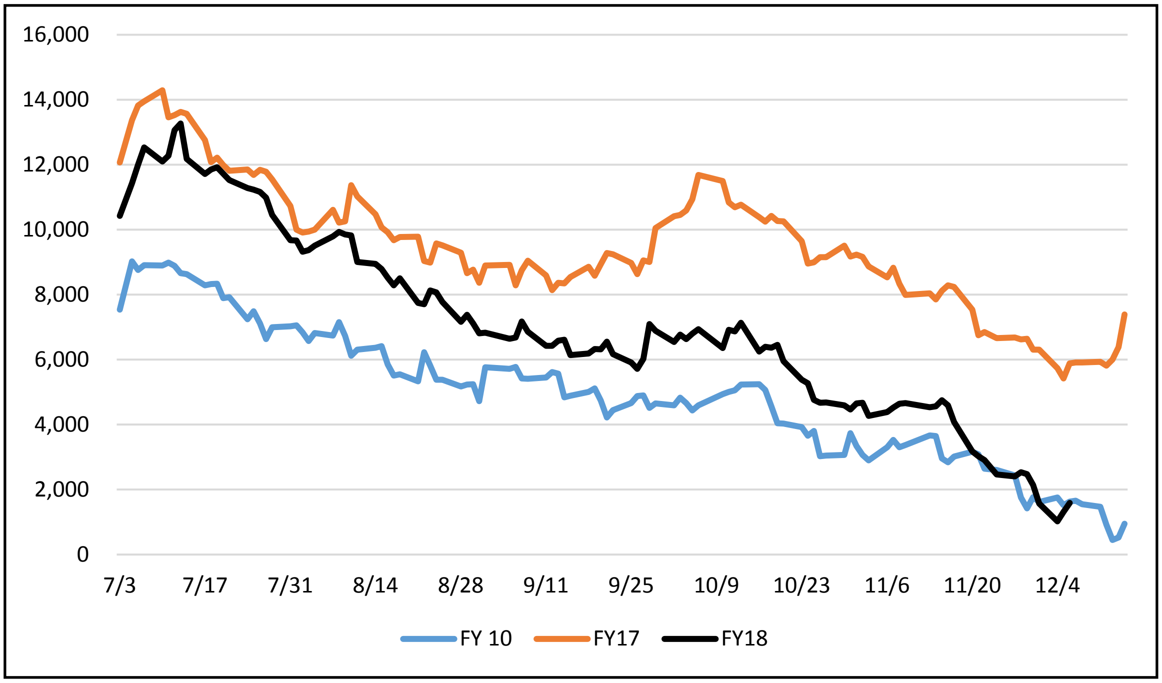
NOTE: Adjusted to include State Sales Tax intercept in Fiscal Years 2016 through 2019 and for shift of PIT STAR credit from FY 2017 to FY 2018

Thus far, the Administration has been able to identify sufficient resources to increase spending and add to the accumulated surplus from prior years. But the slowdown in tax revenue growth has slowed the growth of the accumulated surplus. In FY 2015, the City added $1.52 billion to the accumulated surplus of $2.01 billion that was rolled in. The following fiscal year the City added only $514 million to the accumulated surplus and last fiscal year the City added $142 million, bringing the accumulated surplus at the beginning of FY 2018 to $4.2 billion. The addition to the accumulated surplus in FY 2017 was made possible by a write-down of $628 million in the reserve for disallowed categorical aid claims.

Another indication of potential headwind confronting the City's fiscal condition is the declining cash balances in the City's central treasury account. After reaching historically high levels in Fiscal Years 2016 and 2017, cash balances have fallen precipitously, reaching a low point of $1.02 billion in the beginning of December — $4.4 billion below last year's low, and the lowest balance since FY 2010.

Chart 3. Daily Central Treasury Cash Balances

($ in millions)



SOURCE: Office of the NYC Comptroller

Changes to the FY 2018 Budget

The November 2017 Financial Plan increases the FY 2018 Budget by $747 million from the June 2017 Plan to a total of $85.99 billion. In the outyears of the Plan, revenue forecasts are increased by $103 million in FY 2019, $59 million in FY 2020 and $85 million in FY 2021 while expenditure projections are reduced by $194 million in FY 2019, $475 million in FY 2020, and $629 million in FY 2021. As a result, the outyear gaps are reduced by $297 million, $534 million, and $714 million in FYs 2019, 2020, and 2021, respectively.

The increase in the FY 2018 budget is due entirely to increases in the non-City-funds category of the budget, which is $923 million more than adopted. The Federal-funds portion of the budget, which increased by $531 million to $8.34 billion, accounts for more than half of the increase. This increase includes the recognition of about $190 million of disaster recovery Community Development Block Grants (CDBG-DR), most of which were previously anticipated in FY 2017. The remainder of the increase in Federal funds are due primarily to the roll-over of unspent grants from prior years. The Financial Plan does not reflect any potential impacts from the pending Federal budget which, is yet to be settled**.** As discussed in *Federal and State Aid* below, the outcome of the Federal budget agreement could have significant negative impacts on the City both in direct Federal funding and its effect on State funding to the City.

State categorical funds, which account for 17 percent of the budget, increased by $248 million to $14.7 billion. About two-thirds of this increase ($167 million) are from revisions to estimated State asset forfeiture revenues. An additional increase of $143 million in other categorical funds round out the rise in the non-City funds portion of the budget.

Both City-funds revenues and City-funds expenditures were reduced by $176 million in the November Plan. As a result, the City is not initiating a Budget Stabilization Account (BSA) in the

November Plan for the first time since 2014.[1] As Table 5 shows, the reduction in City-funds revenues stems primarily from a net downward revision to tax revenues driven by a lower forecast for business tax revenues. Technical adjustments to miscellaneous revenues estimates and anticipated revenues in the Citywide Savings Program provide some offsets against the reduction in tax revenues.

Table 5. Changes to FY 2018 City-Funds Estimates from the Adopted Budget

($ in millions)

Revenues		Expenditures	
Property Tax	$87	Miscellaneous Budget	($52)
Business Tax	(240)	Agency Spending	60
Sales Tax	(60)	Pension Contribution	16
Other Tax	6	HYIC Tax Equivalency Payment	17
Subtotal Tax Revenues	**($207)**	Collective Bargaining Adjustments	8
		Citywide Savings Program	(223)
Miscellaneous	$20	**Total**	**($176)**
Citywide Savings Program	11		
Total	**($176)**		

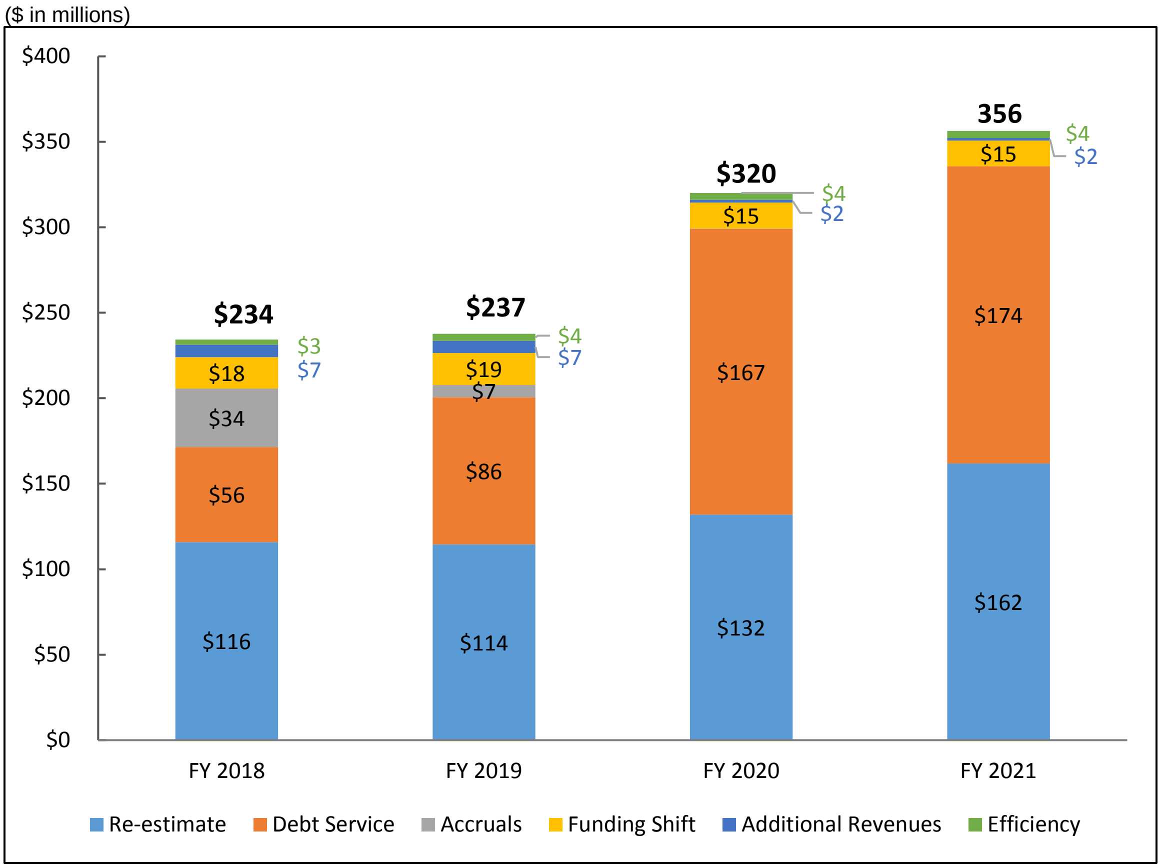
The reduction in City-funds expenditures from the November Plan is driven by spending reductions totaling $223 million in the Citywide Savings Program. All other spending adjustments net to an increase of $47 million, due to adjustments to spending estimates meant to reflect year-to-date spending.

Citywide Savings Program

The November Plan Citywide Savings Program totals $1.15 billion over the four years of the Financial Plan period. Reduced debt service contributions and other spending re-estimates account for most of the savings as shown in Chart 4. Initiatives in these two areas account for 88 percent of the Plan period's projected savings. The use of Federal, State and other categorical grants to fund expenditures that were previously expected to be funded with the City levy account for another $67 million, or 6 percent of the savings.

[1] Beginning in 2014, the City started a BSA in the November Plan rather than the January Plan, as was typical in prior years. Revisions to City-funds revenues and expenditures in the past three November Plans netted additional resources that were used to fund BSAs of $105 million in FY 2015, $135 million in FY 2016, and $439 million in FY 2017.

Chart 4. November Plan Citywide Savings Program



Risks and Offsets

The Comptroller's Office's analysis of the November Plan has identified net risks to the Plan projections of $15 million in FY 2018, $386 million in FY 2019, $1.29 billion in FY 2020, and $1.05 billion in FY 2021. As a result, the Comptroller's Office projects a slight gap of $15 million in FY 2018 and larger gaps of $3.56 billion in FY 2019, $3.57 billion in FY 2020, and $2.66 billion in FY 2021.

Table 6. Risks and Offsets to the November 2017 Financial Plan

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

	FY 2018	FY 2019	FY 2020	FY 2021
City Stated Gap	**$0**	**($3,176)**	**($2,273)**	**($1,616)**
Tax Revenues				
Property Tax	$13	$332	$463	$853
Personal Income Tax	260	196	(7)	(145)
Business Taxes	(139)	(190)	(103)	(143)
Sales Tax	99	160	(139)	(309)
State Sales Tax Intercept	0	(150)	0	0
Real Estate-Related Taxes	56	(222)	(691)	(198)
Commercial Rent Tax	0	(37)	(38)	(40)
Audit	100	150	150	150
Subtotal Tax Revenues	$389	$239	($365)	$168
Non-Tax Revenues				
ECB Fines	$60	$60	$60	$60
Late Filing/No Permit Penalties	5	5	5	5
Motor Vehicle Fines	6	6	3	3
Taxi Medallion Sales	0	(107)	(257)	(367)
Subtotal Non-Tax Revenues	$71	($36)	($189)	($299)
Total Revenues	**$460**	**$203**	**($554)**	**($131)**
Expenditures				
Overtime	($150)	($140)	($150)	($150)
Charter School Tuition	0	(101)	(240)	(417)
DOE Medicaid Reimbursement	(70)	(70)	(70)	(70)
Carter Cases	(100)	(100)	(100)	(100)
Homeless Shelters	(126)	(126)	(126)	(126)
NYC Health + Hospitals	(165)	(165)	(165)	(165)
Public Assistance	15	15	15	15
VRDB Interest Savings	100	50	50	50
Refunding Savings	21	48	48	48
Total Expenditures	**($475)**	**($589)**	**($738)**	**($915)**
Total (Risks)/Offsets	**($15)**	**($386)**	**($1,292)**	**($1,046)**
Restated (Gap)/Surplus	**($15)**	**($3,562)**	**($3,565)**	**($2,662)**

The Comptroller's estimate of expenditures are consistently higher than the City's over the Plan period. The Office's revenue forecasts, on the other hand, are above the City's only in the first two years of the Plan. In FY 2018 and FY 2019, the Comptroller's Office's higher revenue forecast partially mitigates the expenditure risks. However, the Comptroller's Office revenue projections are below the City's in FY 2020 and FY 2021, adding to the expenditure risks. The Comptroller's revenue projections are discussed in greater detail in *Tax Revenues* beginning on page 23 and *Miscellaneous Revenues* beginning on page 28.

The Comptroller's FY 2018 expenditure risks have decreased slightly since the Adopted Budget. The Comptroller's Office has reduced its overtime risk to $150 million in response to additional funding for overtime. This reduction, however, is offset slightly by an increase in the risk for homelessness expenses driven by persistent growth in the City's single adult shelter population. Other substantial risks in FY 2018 remain unchanged. These include a $70 million risk for Medicaid reimbursements for special education related services that are not expected to meet budget assumptions and $165 million for H+H reimbursements that are unlikely to materialize.

With regard to outyear expenditures, substantial new risks for charter school tuition expenses resulting from recent changes to New York State law have been identified. These include risks of $101 million in FY 2019, $240 million in FY 2020 and $417 million in FY 2021. Further, the Department of Education could face risks of at least $100 million annually from underestimation of the costs of special education Carter Cases, as discussed in *Department of Education* beginning on page 41. Finally, because pension asset gains above the actuarial interest rate assumption (AIRA) are now reflected in the budget, the Comptroller's Office has removed the offsets for pension contributions, which had been included in our June report.

IV. Revenue Assumptions

In the November Plan, total revenues are estimated to grow by $7.7 billion over the forecast period, from $85.99 billion in FY 2018 to $93.70 billion in FY 2021. City-funds revenues are projected to grow from $61.28 billion in FY 2018 to $69.54 billion in FY 2021. These projections reflect the City's assumption of moderate growth in the local and national economies over the four-year Financial Plan. Tax revenue growth is projected to gain traction in FY 2018 and rise to 3.5 percent after a weak 1.9 percent growth in FY 2017. Tax revenue growth in FY's 2018-2021 is driven by growth in both property and non-property tax revenues. Collections from the property tax are forecast to rise 16 percent from $26.01 billion in FY 2018 to $31.13 billion in FY 2021, while non-property tax revenues are expected to increase by 12 percent during the same period, from $30.58 billion in FY 2018 to $34.31 billion in FY 2021.[2]

Miscellaneous revenue, excluding intra-City revenues, is projected to decline 6.4 percent in FY 2018 to $4.7 billion. This projection reflects the City's anticipation of declines in both recurring revenues such as fees and fines and non-recurring revenues such as proceeds from the City's asset sales and refunds and restitutions. The City projects miscellaneous revenue will rebound in FY 2019 and average $5.1 billion in FY's 2019-2021.

The November Plan reflects $23 billion of Federal and State aid for FY 2018, representing about 27 percent of the City's overall revenue projections. Over the outyears of the Plan, Federal and State grants are projected to decline to $21.98 billion in FY 2019 and then recover over the next two years, reaching $22.7 billion by FY 2021. Federal support would fall from $8.34 billion in FY 2018 to about $7.0 billion in each of FYs 2019-2021 mainly due to the winding down of Sandy-related reimbursements and the inclusion of rollover Federal funds in FY 2018. Meanwhile, State aid is projected to grow from $14.67 billion in FY 2018 to $15.79 billion by FY 2021, at an average annual growth of 2.5 percent, driven primarily by the expectation of school aid increases.

Tax Revenues

In the November 2017 Financial Plan, total tax revenues are projected to grow 3.5 percent in FY 2018 to $56.59 billion. The City's revised four-year Plan reflects mostly changes in the FY 2018 tax revenue collections compared to June Plan projections. The FY 2018 tax revenue forecast decreased by a net $207 million. As Table 7 shows, revisions to the FY 2018 tax revenue projections include a decrease of $240 million in anticipated revenues from business taxes, a decrease of $60 million in anticipated sales tax revenues and a $6 million increase in the combined forecast for other taxes. The November Plan also baselines projected property tax revenue decreases as a result of the property tax relief program, first introduced in the June 2017 Plan.[3] The program is expected to reduce property tax revenue by $86.6 million in FY 2018, and a combined $283.4 million over the remainder of the Plan period. Although first quarter collections from the real-estate transaction taxes -- the Mortgage Recording Tax (MRT), and the Real Property

[2] If not indicated specifically, throughout this section, property tax revenue includes School Tax Relief (STAR) reimbursement.

[3] In July, 2017, the Governor signed legislation expanding the Senior Citizen and Disabled Homeowner exemption (SCHE/DHE) program, raising the income threshold for the 50 percent exemption to $50,000. The following month, the legislation was also passed by the City Council and signed into law by the Mayor. The City tax program, baselined in the November Plan, also expands the veteran's exemption from property related school tax.

Transfer Tax (RPTT) – were above the City's June Plan forecast by a combined $45 million, the Administration made no changes to those forecasts.

Table 7. Revisions to the City's Tax Revenue Assumptions June 2017 vs. November 2017

($ in millions)	FY 2018	FY 2019	FY 2020	FY 2021
June 2017 Financial Plan Total	**$56,800**	**$59,506**	**$62,085**	**$64,437**
Revisions:				
Property Tax Reserve*	$0	($91)	($95)	($98)
City Tax Program Baselined	87	91	95	98
Personal Income (PIT)	0	0	0	0
Business	(240)	0	0	0
Sales	(60)	0	0	0
Real-Estate Transactions	0	0	0	0
All Other	6	0	0	0
Tax Audit	0	0	0	0
Revisions-Total	**($207)**	**$0**	**$0**	**$0**
November 2017 Financial Plan - Total	**$56,593**	**$59,506**	**$62,085**	**$64,437**

* In the November Plan the City increased property tax reserves in FYs 2018-2021 to baseline the cost of the enacted tax program. For FY 2018, the City also decreased other reserves by a combined $87 million, resulting in no change to the overall property tax reserves in FY 2018.

Projected Tax Revenue Growth, FYs 2018 – 2021

The City projects total tax revenues will grow from $56.59 billion in FY 2017 to $64.44 billion in FY 2021, an average annual growth rate of 4.4 percent. Tax revenue growth slowed to 1.9 percent in FY 2017, after growing by a moderate 3.2 percent in FY 2016. The slowdown in FY 2017 reflected a decline of 1.5 percent in non-property tax revenue. In FY 2018, non-property tax revenue is expected to recover and grow by 2.0 percent.

The Comptroller's Office has revised its tax revenue projection for the current fiscal year as well as its forecasts for the remainder of the Plan period. The Comptroller's projection of faster tax revenue growth in FY 2018 is driven mainly by its higher projections for the Personal Income Tax (PIT), the sales tax, and tax audit revenues. As shown in Table 8, the City projects total tax revenue growth of 3.5 percent in the current fiscal year and continued moderate growth throughout the Financial Plan period. The Comptroller's Office forecasts a faster 4.2 percent growth in tax revenues in FY 2018. Over the Plan period, the Comptroller and the Administration project similar average annual growth in tax revenues of 4.3 percent and 4.4 percent, respectively.

Table 8. Tax Revenue Forecast, Growth Rates

	FY 2018	FY 2019	FY 2020	FY 2021	FYs 2018 – 2021 Average Annual Growth
Property					
Mayor	5.4%	6.3%	4.9%	3.9%	5.0%
Comptroller	5.5%	7.5%	5.3%	5.1%	6.0%
PIT					
Mayor	5.4%	2.0%	4.6%	4.3%	3.6%
Comptroller	7.8%	1.4%	2.8%	3.2%	2.5%
Business					
Mayor	6.2%	7.6%	2.4%	3.8%	4.6%
Comptroller	3.6%	6.8%	3.9%	3.2%	4.6%
Sales					
Mayor	3.5%	8.6%	4.6%	4.2%	5.8%
Comptroller	4.9%	7.2%	2.7%	2.2%	4.0%
Real Estate Transactions					
Mayor	(9.3%)	2.7%	4.4%	1.9%	3.0%
Comptroller	(7.1%)	(9.2%)	(17.1%)	30.5%	(0.6%)
All Other					
Mayor	3.5%	2.2%	1.9%	2.2%	2.1%
Comptroller	3.5%	0.7%	1.9%	2.1%	1.6%
Total Tax with Audit					
Mayor	**3.5%**	**5.1%**	**4.3%**	**3.8%**	**4.4%**
Comptroller	**4.2%**	**4.8%**	**3.3%**	**4.7%**	**4.3%**

As shown in Table 9, the Comptroller's Office projections result in net offsets of $389 million in FY 2018, and $239 million in FY 2019. For FY 2020, the Comptroller's Office expects overall tax revenues to be below the City's forecast by $365 million. This is primarily due to the Comptroller's significantly lower projection for revenues from real estate transaction taxes in FY 2020, resulting in an estimated shortfall of $691 million. Although the Comptroller's Office anticipates a shortfall of $685 million in non-property tax revenues in FY 2021, the Comptroller expects real property tax revenues to be above the City's forecast by $853 million. This projection more than offsets the estimated risk from non-property taxes in the last year of the Financial Plan period. A more detailed discussion of our projections and differences from the City's forecast follows.

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

($ in millions)	FY 2018	FY 2019	FY 2020	FY 2021
Property	$13	$332	$463	$853
PIT	260	196	(7)	(145)
Business	(139)	(190)	(103)	(143)
Sales	99	160	(139)	(309)
State Sales Intercept	0	(150)	0	0
Real Estate Transaction	56	(222)	(691)	(198)
Commercial Rent Tax	0	(37)	(38)	(40)
Audit	100	150	150	150
Total	**$389**	**$239**	**($365)**	**$168**

*Totals may not add due to rounding.

Property Taxes

The major change to the property tax forecast since Adoption is to baseline the effect of tax programs related to veteran's and senior's exemption which is expected to cost $87 million in FY 2018 and rise to $98 million in FY 2021.

In FY 2018 however, the City also lowered reserves by $87 million, resulting in no change to the overall property tax forecast. In the outyears, both the Comptroller and the City lowered overall property tax forecasts by the cost of the program, although the City recognized the cost in reserves rather than in the levy. Overall, the Comptroller expects that property tax revenues, including reserves could by higher than the City by $13 million in FY 2018, growing to $853 million by FY 2021.

Personal Income Taxes

The City's personal income tax (PIT) declined last year by 1.0 percent, the first drop since the great recession. The decline is unexpected given that both employment (a driver of withholding collections) and the stock market (a major source of non-withheld PIT collections) grew during the fiscal year. Underlying this result were policy factors unrelated to the City's economy, including a shift in the State's reimbursement of STAR PIT from FY 2017 to FY 2018. In addition, expectations of future tax cuts likely caused taxpayers to shift non-withheld sources of income from tax year 2016 into tax year 2017. The latter likely explains the weak growth in non-withheld income taxes, which declined by 2.9 percent. In contrast, withholding grew by 5.4 percent, consistent with the relatively healthy performance of employment and wage rate growth that the City experienced over the fiscal year.

Current collections through October show a continuation of this pattern. Growth in withholding is 15.2 percent higher on a year over basis[4], while non-withheld income is 3.6 percent lower. Safe harbor provisions related to non-withheld income taxes would not cause the trajectory of quarterly estimated payments to deviate from this path until the new tax year.

Looking forward, the Comptroller's and the City's near term economic outlook for fiscal years 2018 and 2019 are similar with regard to wage income growth, both near 4.5 percent, as the economy nears full employment and wage rate growth picks up. The resulting forecasts for the withholding component of PIT are similar, averaging about 7.0 percent over both years.[5]

The main difference in the FY 2018 and FY 2019 forecasts by the Comptroller's Office and the City is in the non-withheld component of income. The City expects non-withheld income to continue to decline in both FY's 2018 and 2019. In contrast, the Comptroller's forecast assumes that the stock market's strong performance over the past year with indices reaching record highs should provide a boost to non-withheld income. As a result, overall personal income tax collections could be $260 million and $196 million higher than those assumed by the City in FY 2018 and FY 2019.

Beginning in FY 2020, the Comptroller expects wage income growth to subside as the Fed begins to tighten interest rates and the boost from fiscal stimulus begins to wear off. Growth in overall PIT collections is expected to slow to about 3.0 percent, which is lower than the City's forecast of nearly 5.0 percent growth. Given this assumption of lower economic growth in the outyears, by FY 2021 PIT revenues could be $145 million lower than those projected by the City.

This PIT forecast is characterized by a high degree of uncertainty given that the outcome of Federal Tax reform and its impact on the economy and NYC taxes are still unknown at this time. It is unclear for instance whether the State and City will decouple from key provisions of Federal tax reform including the elimination of SALT deductibility. The preferential treatment of pass through income beginning in 2018 could provide an incentive to defer income into tax year 2018. (This same

[4] Part of the 15.2 percent jump is due to STAR reform and the aforementioned delayed reimbursement of STAR in FY 2017.

[5] Due to the STAR reform and the one time delayed reimbursement, the double digit jump in FY 2018 is followed by a more modest 2.7 percent increase in FY 2019.

consideration applies to the Unincorporated Business Tax.) The repercussions on revenues of federal tax reform and coupling provisions could be very significant both as an upside and downside risk and will need to be evaluated as these become clearer.

Business Taxes

The City expects total business income tax revenues to grow 6.2 percent or $5.8 billion in FY 2018 following two years of declines. Unincorporated Business Tax (UBT) revenues are projected to grow 5.8 percent and the business corporation tax to rise 6.4 percent. The City expects the growth of business income tax revenues to accelerate to 7.6 percent in FY 2019 and to maintain a moderate growth rate in the outyears. In contrast, the Comptroller's Office expects slower growth in FY 2018 of 3.6 percent to $5.6 billion. Although the Comptroller's Office expects that the City's macroeconomic environment will provide the necessary conditions for business taxes to grow at a moderate pace during the Financial Plan period, the Comptroller's Office's expectation of lower corporate profits based on Blue Chip forecasts for calendar years 2017, 2018, and 2019, compared to the City's projections, sets a lower base for the Comptroller's growth rates in the outyears. Therefore, the Comptroller's Office identifies risks in each year of the Financial Plan, ranging from $103 million to $190 million.

Sales Tax

The November Plan reflects sales tax revenue growth of 3.5 percent in FY 2018, to $7.3 billion. The forecast is net of $200 million in payments to the State related to the City's refinancing of STARC bonds. The City anticipates growth in sales tax collections to accelerate to 8.6 percent in FY 2019, before tapering off to 4.6 percent and 4.2 percent in FY's 2020-2021 respectively. The projected spike in FY 2019 is partly due to the City's decision to not recognize the remaining $150 million in anticipated State intercept of sales tax revenue in FY 2019.[6]

The Comptroller's Office expects higher wages and steady economic growth will support sales tax revenue growth of 4.9 percent in FY 2018, to $7.4 billion, compared to the City's 3.5 percent growth estimate, producing an offset of $99 million in the current fiscal year. The Comptroller forecasts growth to pick up in FY 2019, as growth in wage income accelerates. The resulting baseline sales tax revenue forecast creates an offset of $160 million in FY 2019. However, the unrecognized intercept of $150 million in the City's sales tax collections in FY 2019 represents a risk to the City's forecast. Consequently, the Comptroller's Office forecasts a net offset of just $10 million in FY 2019. As the Comptroller's outlook for wage and employment growth slows in calendar years 2020 and 2021, the Comptroller's Office projects sales tax revenue to grow at a more modest 2.7 percent in FY 2020 and 2.2 percent in FY 2021. This would result in risks of $139 million in FY 2020 and $309 million in FY 2021.

Real Estate Transaction Taxes

The City projects a decline of 9.3 percent in revenues from the real estate transaction taxes in FY 2018 (following a decline of 15.8 percent in FY 2017), to $2.3 billion. The Mortgage Recording Tax, which is projected to decline by 16.4 percent, accounts for 7.3 percentage points of this decline. The Real Property Transfer Tax is projected to decline by 3.6 percent. Over the Plan period, the City projects real estate transaction taxes to average 3.0 percent growth annually.

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[6] In FY 2016, the State began to intercept the City's sale tax revenues to recoup savings associated with the Sales Tax Asset Receivable Corporation (STARC) bonds refinancing, from which the City generated $650 million in savings. The State intercepted $50 million in FY 2016, $200 million in FY 2017, and is expected to collect another $200 million in FY 2018 and $150 million in FY 2019. The City's Financial Plan recognizes $200 million in sales tax intercept in FY 2018 but does not recognize the remaining $150 million payment in FY 2019.

The Comptroller's Office projects a more moderate decline of 7.1 percent in revenues from the real estate transaction taxes in FY2018, to $2.35 billion, resulting in an offset of $56 million. In the outyears of the Plan period, the Comptroller's Office projects risks of $222 million in FY 2019, $691 million in FY 2020 and $198 million in FY 2021. The Comptroller's Office's projections of offsets in FY 2018 and risks in FY's 2019-2021 are based on expected increases in interest rates, slower growth in Gross City Product and employment as well as weakening financial condition in the outyears.

Commercial Rent Tax

Legislation that would exempt small business filers with annual rents of less than $500,000 from paying the Commercial Rent Tax (CRT) was passed by the City Council after the release of the November Plan.[7] Under previous law the exemption threshold was $250,000. This is estimated to reduce CRT revenues by $37 million in FY 2019, when the law takes effect, $38 million in FY 2020 and $40 million in FY 2021.

Audits

The City's forecast assumes that audit collections, which have averaged nearly $1 billion annually over the last decade and reached almost $1.3 billion in FY 2017, will decline by more than 30 percent to $850 million in FY 2018 and then drop to $721 million for the remainder of the forecast. This forecast would have audit revenues dropping to just one percent of total tax revenues, far below the long term ratio of total audit collections to tax revenues of nearly 2.4 percent. The Comptroller's forecast, while recognizing the volatility in audit collections, assumes that these should approach more closely to the long term average.[8] As a result, the City could collect at least $100 million to $150 million more over the forecast period from this revenue source.

Miscellaneous Revenues

The City raised its FY 2018 miscellaneous revenue projection by $31 million to $4.70 billion in the November 2017 Plan.[9] The adjustment mainly reflects an increase of $20 million in revenues from licenses and franchises and $10 million in the category "other miscellaneous", which includes non-recurring revenues such as asset sales, refunds of prior-year expenditures and restitutions. Additionally, the forecast for charges for services increased by $8 million and the projection for water and sewer revenues decreased by $7 million.[10] Table 10 shows the changes in the FY 2018 miscellaneous revenue projections since the June 2017 Plan.

[7] The law further imposes income restrictions on business and individuals to be eligible to receive this benefit.

[8] Over the 1987-2017 period, the standard deviation around the 2.4 average ratio is approximately 0.5.

[9] Miscellaneous revenue analysis excludes private grants and intra-City revenues.

[10] 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.

Table 10. Changes in FY 2018 Estimates June 2017 vs. November 2017

($ in millions)	June	November	Change
Licenses, Franchises, Etc.	$674	$694	$20
Interest Income	110	110	0
Charges for Services	989	982	(7)
Water and Sewer Charges	1,402	1,410	8
Rental Income	251	251	0
Fines and Forfeitures	914	914	0
Other Miscellaneous	333	343	$10
Total	**$4,673**	**$4,704**	**$31**

Following a 0.7 percent decline in total miscellaneous revenue in FY 2017, the City projects miscellaneous revenue to decline another 6.4 percent in FY 2018 to $4.70 billion. Compared to the previous fiscal year, this forecast reflects lower projections for nearly all categories of miscellaneous revenue. The largest year-over-year decline -- $181 million -- is projected for the category "other miscellaneous", as the Plan reflects a significant reduction in non-recurring revenues in the FY 2018. Non-recurring revenue, which totaled nearly $190 million in FY 2017 and included one-time revenues such as Health Stabilization payments of $60 million, and $81 million in recoupment of prior-year expenses, is expected to drop to less than $10 million in FY 2018.

Miscellaneous revenue projections for the outyears of the Plan period reflect minor changes from the June Plan, averaging $5.1 billion annually in FY's 2019-2021. The City's outyear projections continue to include significant revenues from the sale of taxi medallions, which are expected to generate $731 million over FYs 2019 – 2021. The proliferation of ride sharing services has put sharp downward pressure on medallion prices. At a recent foreclosure auction, 46 medallions reportedly sold for $8.56 million, approximately $186,000 on average.[11] This compares to prices of nearly $1 million at their peak. Given the state of the market, the Comptroller's Office believes that the $731 million in anticipated revenues from medallion sales represents a risk to the City's Financial Plan.

Based on recent collection trend, the Comptroller's Office expects revenues from fines to be above the City's forecast in each of FYs 2018 – 2021 by $71 million in FY's 2018-2019 and $68 million in FY's 2020-2021. The Comptroller also believes revenues from Environmental Control Board (ECB) fines could generate an additional $60 million in each of FY's 2018-2021. Motor vehicle fines could be higher by $6 million in FY's 2018-2019, and $3 million in FY's 2020-2021, while penalties from the Department of buildings (DOB) are likely to exceed the City's current forecast by $5 million annually in FY's 2018 through 2021.

Federal and State Aid

The November Plan projects Federal and State aid of $23 billion for FY 2018, an increase of $779 million over the Adopted Budget. More than two-thirds of the new funding is reflected under Federal aid, which rose by $531 million in the November Modification. A large portion of the Federal aid increase is attributable to revised timing of Hurricane Sandy-related reimbursement. The most significant piece is the recognition of $190 million in additional CDBG-Disaster Recovery funding in the current year, most of which were previously anticipated in FY 2017. The November Modification also assumes increased Federal support of $43 million for social services, mostly for homeless services. The remainder of the Federal aid increase mainly stems from rollover of unspent grants from prior years, a technical procedure that typically occurs in the first quarter

[11] http://www.businessinsider.com/nyc-taxi-king-foreclosed-medallions-scooped-up-by-hedge-fund-2017-

budget modification of each fiscal year. A major component within this category is the rollover of about $100 million in cumulative prior year homeland security grants.

The City has also increased its FY 2018 State aid forecast by $248 million, about two-thirds of which ($167 million) stems from revision of estimated asset forfeiture revenues.

Over the outyears, the November Plan reflect modest increases of between $48 million and $95 million annually in Federal and State aid assumptions. The City projects Federal and State grants would fall to $21.98 billion in FY 2019. The decline is mainly due to the tapering of Hurricane Sandy-related reimbursement flow in the outyears and the effect of the rolled Federal funds on current year projections. Federal and State support of the expense budget correspondingly falls from 26.8 percent in FY 2018 to 24.1 percent in FY 2019. Federal and State grants are expected to recover moderately to $22.33 billion in FY 2020 before reaching $22.7 billion in FY 2021, supporting about 24 percent of the expense budget.

The City is typically conservative in its projections of outyear Federal and State aid revenues. This year, however, the risks and uncertainties around these funding sources are particularly high.

The City projects growth in State aid at an average annual rate of 2.5 percent, reaching $15.79 billion in FY 2021. About three-quarters of State aid is in support of education expenses while another 11 percent is allocated towards social services spending over the course of the Plan. The City expects growth in State education aid to average 3.7 percent per year over the plan.

The assumed growth in State aid could be at risk next year, as the State faces an estimated $4.4 billion budget gap for its fiscal year 2018-19, the largest projected gap since 2010. Through September, State tax collections have fallen $692 million short of initial projections, driven by a $1.1 billion shortfall in personal income tax receipts. In addition, the Governor retains significant powers to uniformly cut local assistance if federal funding cuts occur in the current federal fiscal year. If the federal government cuts Medicaid funding to the State by $850 million, or if non-Medicaid cuts total at least $850 million, the Governor can propose a plan to cut related local aid payments. If the Legislature does not pass an alternative plan within 90 days, then the Governor's proposal takes effect.

The November Plan does not reflect the potential impact from the pending Federal Budget, which remained unsettled at the time the Plan was issued. Net of Sandy-related funding, the City anticipates about $7 billion in Federal aid each year, with over 90 percent of this total devoted to social services (48 percent), education (30 percent), community development/housing (11 percent) and health (4 percent). Therefore, the outcome of the Federal budget process could have significant negative impacts on these areas of the budget. In addition to disputes about the level of federal defense and domestic spending, unresolved funding issues for the current federal fiscal year also include the currently expired Children's Health Insurance Program (CHIP), cuts to Disproportionate Share Hospital (DSH) payments which provide substantial support to the City's Health + Hospitals (H+H), and lapsed funding for Cost Sharing Reduction (CSR) payments which subsidize health insurance plans under the Affordable Care Act. Federal tax reform will also pose some choices on the State and City with respect to conforming or not to changed Federal tax law, as discussed on page 11.

V. Expenditures Analysis

Budgeted expenditures of $85.99 billion in FY 2018 are $1.89 billion more than actual expenditures in FY 2017. However, expenditures in both years reflect the impact of prepayments which shift expenditures between fiscal years. In addition, FY 2018 includes $1.2 billion in the General Reserve and $250 million in the Capital Stabilization Reserve, both of which were eliminated at the close of FY 2017. After netting out the impact of reserves and prepayments, FY 2018 expenditures total $88.72 billion, an increase of $4.38 billion or 5.2 percent from the adjusted FY 2017 expenditures of $84.34 billion. Adjusting for both provides a more accurate measure of the growth in the budget.

Table 11 shows that the largest increase in FY 2018 spending is for salaries and wages which is estimated to grow by $1.5 billion, more than one-third the total increase in FY 2018. Approximately $600 million of this increase is for the lump sum restructured payments for the United Federation of Teachers (UFT) contracts and all contracts patterned after the UFT contract.[12] Contractual services, which has been experiencing double digit growth rates in each of the last three years, with average annual growth of 11.7 percent, is estimated to grow by a smaller 4.2 percent. On the other hand, spending on Other OTPS, which averaged 5 percent annual growth over the last three years, is budgeted to grow by 8.9 percent in FY 2018. Most of the increase in this category is in the budget for "general services and charges" which is budgeted at $1.2 billion, significantly higher than the actual recent spending pattern, which averaged $583 million annually in the last three years, and primarily reflects the expenditure of State Building Aid revenues.

Table 11. FY 2017 and FY 2018 Adjusted Expenditures

($ in millions)	FY 2017	FY 2018	Change	Percent Change
Personal Services				
Salaries and Wages	$25,490	$26,992	$1,502	5.9%
Pensions	9,281	9,475	194	2.1%
Health Insurance	5,764	6,224	459	8.0%
Other Fringe Benefits	3,536	3,645	109	3.1%
Subtotal, Personal Services	**$44,071**	**$46,336**	**$2,265**	**5.1%**
Other than Personal Services				
Medicaid	5,913	5,915	2	0.0%
Public Assistance	1,465	1,594	130	8.9%
Judgments and Claims	750	692	(59)	(7.9%)
Contractual Services	15,476	16,120	644	4.2%
Other OTPS	10,616	11,559	943	8.9%
Subtotal, OTPS	**$34,220**	**$35,880**	**$1,660**	**4.9%**
Debt Service	$6,048	$6,501	$453	7.5%
Total	**$84,340**	**$88,716**	**$4,376**	**5.2%**

Numbers may not add due to rounding.
Source: Financial Management System, and NYC Office of Management and Budget.

Over the Plan period, expenditures adjusted to net out prepayments and excluding reserves, are projected to grow by 5.7 percent, averaging 1.9 percent growth annually. The lower growth compared to FY 2017 and FY 2018 results primarily from the estimates for contractual services

[12] Under the terms of the UFT contract, structured lump sums payment were scheduled to be paid in five installments in FY 2016, FY 2018, FY 2019, FY 2020, and FY 2021.

and other OTPS expenditures which are projected to decrease by 7.2 percent and 3.1 percent, respectively between FY 2018 and FY 2021.

Table 12. FY 2018 – FY 2021 Expenditure Growth Adjusted for Prepayments

($ in millions)	FY 2018	FY 2019	FY 2020	FY 2021	Growth FYs 18-21	Annual Growth
Salaries and Wages	$26,992	$28,373	$29,157	$29,796	10.4%	3.3%
Pensions	9,475	9,636	9,575	9,498	0.2%	0.1%
Health Insurance	6,224	6,743	7,275	7,930	27.4%	8.4%
Other Fringe Benefits	3,645	3,815	4,146	4,246	16.5%	5.2%
Subtotal, P.S.	**$46,336**	**$48,567**	**$50,153**	**$51,470**	**11.1%**	**3.6%**
Medicaid	$5,915	$5,915	$5,915	$5,915	0.0%	0.0%
Public Assistance	1,594	1,605	1,617	1,617	1.4%	0.5%
Judgments and Claims	692	707	725	740	7.0%	2.3%
Contractual Services	16,120	14,494	14,776	14,953	(7.2%)	(2.5%)
Other OTPS	11,559	11,405	11,126	11,196	(3.1%)	(1.1%)
Subtotal, OTPS	**$35,880**	**$34,126**	**$34,159**	**$34,421**	**(4.1%)**	**(1.4%)**
Debt Service	**$6,501**	**$7,156**	**$7,712**	**$8,174**	**25.8%**	**7.9%**
Expenditures Before Reserves	**$88,716**	**$89,849**	**$92,022**	**$94,064**	**6.0%**	**2.0%**
General Reserve	$1,200	$1,000	$1,000	$1,000	(16.7%)	(5.9%)
Capital Stabilization Reserve	$250	$250	$250	$250	0.0%	0.0%
Total	**$90,166**	**$91,099**	**$93,272**	**$95,314**	**5.7%**	**1.9%**

Numbers may not add due to rounding
Source: Financial Management System, and NYC Office of Management and Budget.

Expenditure growth over the Plan period is driven by spending on salaries and wages, debt service, health insurance and other fringe benefits. The combined spending in these areas, which accounts for 48 percent of the adjusted FY 2018 budget, is expected to approach 53 percent of the budget by FY 2021. Spending in all other areas, excluding reserves, are projected to decline by 3.2 percent as a result of projected declines in spending on contractual services and other OTPS. Including reserves, expenditures are projected to grow by 5.7 percent over the Plan period. This is below the projected revenue growth of 9.0 percent, resulting in narrowing budget gaps in the outyears of the Plan.

Headcount

Full-time headcount has grown rapidly over the last three fiscal years, rising by 23,688 or 8.7 percent between fiscal year-end 2014 and fiscal year-end 2017. As shown in Table 13, the November 2017 Financial Plan continues this trend with a planned increase of 7,612 or 2.6 percent in total-funded full-time headcount to 303,067 for fiscal year-end 2018. Beyond FY 2018, planned headcount remains stable over the Plan period, with a modest increase of 2,046 by FY 2021.

Table 13. Total Funded Full-Time Year-End Headcount

	Actual		November Plan	
	FY 2014	FY 2017	FY 2018	FY 2021
Pedagogical				
Dept. of Education	109,901	118,671	119,612	122,121
City University	3,849	4,449	4,441	4,441
Subtotal	**113,750**	**123,120**	**124,053**	**126,562**
Uniformed				
Police	34,440	36,254	35,914	35,914
Fire	10,318	11,090	10,914	10,946
Correction	8,922	10,862	10,420	10,475
Sanitation	7,185	7,544	7,503	7,607
Subtotal	**60,865**	**65,750**	**64,751**	**64,942**
Civilian				
Dept. of Education	11,411	12,528	12,240	13,060
City University	1,905	1,904	1,927	1,946
Police	14,512	14,802	16,077	15,827
Fire	5,152	6,289	6,167	6,159
Correction	1,353	1,729	2,172	2,172
Sanitation	1,890	2,137	2,251	2,279
Admin. for Children's Services	5,857	6,343	7,155	6,971
Social Services	13,483	13,244	14,690	14,700
Homeless Services	1,856	2,341	2,599	2,563
Health and Mental Hygiene	4,280	5,176	5,451	5,406
Finance	1,799	1,931	2,219	2,219
Transportation	4,408	4,773	5,273	5,155
Parks and Recreation	3,642	4,124	4,375	4,272
All Other Civilians	25,604	29,264	31,667	30,880
Subtotal	**97,152**	**106,585**	**114,263**	**113,609**
Total	**271,767**	**295,455**	**303,067**	**305,113**

The November 2017 headcount plan, as shown in Table 14, shows a net increase of 970 in FY 2018 year-end headcount as compared to the Adopted 2018 Financial Plan and a declining increase in each of FYs 2019 through 2021, when compared to the Adopted 2018 Financial Plan.

Table 14. Full-time Headcount Plan-to-Plan Comparison
Adopted 2018 Financial Plan vs. November 2017 Financial Plan

	FY 2018	FY 2019	FY 2020	FY 2021
Pedagogical				
Dept. of Education	(777)	(770)	(770)	(770)
City University	0	0	0	0
Subtotal	**(777)**	**(770)**	**(770)**	**(770)**
Uniformed				
Police	0	0	0	0
Fire	0	0	0	0
Correction	0	0	0	0
Sanitation	(14)	0	0	0
Subtotal	**(14)**	**0**	**0**	**0**
Civilian				
Dept. of Education	830	820	820	820
City University	0	0	0	0
Police	29	0	0	0
Fire	7	0	0	0
Correction	0	0	0	0
Sanitation	(4)	0	0	0
Admin. for Children's Services	0	0	0	0
Social Services	1	1	1	1
Homeless Services	116	80	80	80
Health and Mental Hygiene	25	0	0	0
Finance	23	23	23	23
Transportation	74	0	0	0
Parks and Recreation	100	12	12	(3)
All Other Civilians	560	167	51	47
Subtotal	**1,761**	**1,103**	**987**	**980**
Total	**970**	**333**	**217**	**210**

Not all of these headcount increases, however, represents new needs. Only 161 of the planned 970 increase in positions from the Adopted FY 2018 Financial Plan represent new budgetary needs. The remaining increase in headcount of 809 represents financial plan adjustments to the headcount plan, including a 777 reduction in pedagogical headcount together with an 822 increase in non-pedagogical headcount in DOE without any cost impact. The new needs include:

- 34 in the Department of Buildings relating to construction site safety, at a cost of $817,000. This increase does not extend to the outyears.
- 33 in the Department of Citywide Administrative Services for a computer-based testing and applications center and for operational and administrative resources, for a total cost of $1.3 million in FY 2018 and full-year cost of $2 million in the outyears.
- 27 in the Department of Small Business Services for construction safety training and for a City University jobs plan, for a total cost of $1 million. The 25 additional staff for safety training does not extend to the outyears.
- 23 in the Department of Finance for additional assessors and enhanced cyber security, for a total cost of $.8 million in FY 2018 and full-year cost of $1.6 million in the outyears.
- 12 in the Department of Parks and Recreation for stationary engineers for a total cost of $1.2 million in FY 2018 and full-year cost of $1.6 million in the outyears.
- 10 in the Department of Transportation for additional inspectors and managers, for a total cost of $.3 million in each fiscal year of the Financial Plan.

- 9 in the Department of Education (mainly for DOE website purposes, for a total cost of $517,488 in FY 2018 and full-year cost of $909,533 in the outyears.

Table 15 compares actual headcount on September 30, 2017 to the November Plan FY 2018 year-end headcount. The headcount plan shows an expected net increase of 7,612 full-time employees Citywide, from June 30, 2017.

Table 15. September 30, 2017 Headcount vs. Planned June 30, 2018 Headcount

	6/30/2017 Actuals	9/30/2017 Actuals	6/30/2018 November 2017 Plan	Change 6/30/2017 Actuals to 9/30/2017 Actuals	Planned Change 6/30/2017 to 6/30/2018	Percent of Planned Change Achieved
Pedagogical						
Dept. of Education	118,671	120,161	119,612	1,490	941	158.3%
City University	4,449	4,469	4,441	20	(8)	(250.0%)
Subtotal	**123,120**	**124,630**	**124,053**	**1,510**	**933**	**161.8%**
Uniformed						
Police	36,254	36,267	35,914	13	(340)	(3.8%)
Fire	11,090	10,996	10,914	(94)	(176)	53.4%
Correction	10,862	10,568	10,420	(294)	(442)	66.5%
Sanitation	7,544	7,785	7,503	241	(41)	(587.8%)
Subtotal	**65,750**	**65,616**	**64,751**	**(134)**	**(999)**	**13.4%**
Civilian						
Dept. of Education	12,528	12,578	12,240	50	(288)	(17.4%)
City University	1,904	1,900	1,927	(4)	23	(17.4%)
Police	14,802	15,021	16,077	219	1,275	17.2%
Fire	6,289	6,192	6,167	(97)	(122)	79.5%
Correction	1,729	1,745	2,172	16	443	3.6%
Sanitation	2,137	2,146	2,251	9	114	7.9%
Admin. for Children's Services	6,343	6,353	7,155	10	812	1.2%
Social Services	13,244	13,121	14,690	(123)	1,446	(8.5%)
Homeless Services	2,341	2,394	2,599	53	258	20.5%
Health and Mental Hygiene	5,176	5,296	5,451	120	275	43.6%
Finance	1,931	1,904	2,219	(27)	288	(9.4%)
Transportation	4,773	4,864	5,273	91	500	18.2%
Parks and Recreation	4,124	4,090	4,375	(34)	251	(13.5%)
All Other Civilians	29,264	29,690	31,667	426	2,403	17.7%
Subtotal	**106,585**	**107,294**	**114,263**	**709**	**7,678**	**9.2%**
Total	**295,455**	**297,540**	**303,067**	**2,085**	**7,612**	**27.4%**

As of September 30, 2017, one-quarter through the fiscal year, Citywide headcount has shown a net increase of 2,085, or 27.4 percent of the planned increase. This rate of increase suggests that overall headcount is on pace to meet its target for the current fiscal year. However, several agencies are significantly short of their targets while others are well above. Among those with significant shortfalls are:

- The Administration for Children's Services, which has added only 10 of the planned increase of 812.
- The Department of Correction, which has added only 16 of the planned increase of 443 civilian headcount.

- The Department of Sanitation, which has added only 9 of the planned increase of 114 civilian headcount.

Several agencies with planned increases have instead shown headcount decreases by September 30, 2017. These agencies include:

- The Department of Social Services, with a planned increase of 1,446 but showed a headcount reduction of 123.

- The Department of Finance, with a planned increase of 288 but showed a reduction of 27.

- The Department of Parks and Recreation, with a planned increase of 251 but showed a reduction of 34.

Finally, agencies with planned reductions for end-year FY 2018, which as of September 30, 2017 show increases in headcount include the Department of Sanitation (showing an increase in uniformed employees of 241 as compared to a year-end target of a reduction of 41) and City University (with a year-end target of a reduction of 8 in pedagogical headcount but showing an increase as of September 30, 2017 of 20).

Overtime

The City has budgeted $1.4 billion in the November Plan for overtime expenditures, about 21 percent lower than actual overtime spending of $1.781 billion for FY 2017. While overtime spending has shown a steady upward trend over the years driven by growth in uniformed overtime, increases in uniformed headcount levels, particularly at the Police Department (NYPD) and the Department of Correction (DOC) have alleviated some of the reliance on overtime to meet day to day operations. As a result, it is likely that total FY 2018 overtime cost will be lower than FY 2017. The Comptroller's Office projects that FY 2018 overtime expenditures will be $1.550 billion, $150 million higher than the City's projection, as shown in Table 16.

Table 16. Projected Overtime Spending, FY 2018

($ in millions)	City Planned Overtime FY 2018	Comptroller's Projected Overtime FY 2018	Difference
Uniformed			
Police	$543	$560	$17
Fire	247	247	0
Correction	165	220	55
Sanitation	103	103	0
Total Uniformed	**$1,058**	**$1,130**	**$72**
Civilians			
Police-Civilian	$85	$100	$15
Admin for Child Svcs	17	30	13
Environmental Protection	23	35	12
Transportation	52	55	3
All Other Agencies	165	200	35
Total Civilians	**$342**	**$420**	**$78**
Total City	**$1,400**	**$1,550**	**$150**

Civilian overtime cost accounts for about one-third of total overtime spending. However, in recent years that cost has grown at a significantly higher rate than that of uniformed overtime cost.

Between FY 2012 and FY 2017, spending for civilian overtime grew at an average rate of 10.9 percent from $341 million to $572 million. Over the same period, uniformed overtime grew at an average rate of 5.5 percent from $928 million to $1.2 billion. In response, the City has included in the Financial Plan several initiatives aimed at slowing down the growth in overtime costs for civilian employees. Together, these initiatives are expected to generate savings of $100 million over the plan. Despite these initiatives, the Comptroller's Office projects a residual risk of $78 million to the FY 2018 civilian overtime budget based on recent spending trend.

Health Insurance

The November Plan projects that the City's spending for employee and retiree health insurance will increase at an average rate of 8.4 percent from $6.224 billion in FY 2018 to $7.930 billion in FY 2021. These projections include expected savings of $1.3 billion in FY 2018 to be realized from the implementation of healthcare initiatives as agreed to in the Health Reform Agreement between the City and the Municipal Labor Committee (MLC).

Table 17. Pay-As-You-Go Health Expenditures

($ in millions)	FY 2018	FY 2019	FY 2020	FY 2021
Department of Education	$2,307	$2,476	$2,713	$3,036
CUNY	91	100	108	121
All Other	3,426	4,167	4,454	4,773
Subtotal	**$5,824**	**$6,743**	**$7,275**	**$7,930**
FY 2018 Prepayment	400	0	0	0
Adjusted PAYGO Health Insurance Cost	**$6,224**	**$6,743**	**$7,275**	**$7,930**

Compared to the July Financial Plan, the City's projections of Health Insurance cost for employees and retirees declined in the November Plan by $145 million in FY 2018, $119 million in FY 2019, $129 million in FY 2020, and $139 million in FY 2021. This includes:

- Reductions of $40 million in FY 2018, $50 million in FY 2019, $60 million in FY 2020, and $70 million in FY 2021 resulting from a lower Medicare Part B rate than previously projected.

- Reductions of $105 million in FY 2018 and $69 million in each of FYs 2019 through FY 2021 due to cost re-estimates.

For FY 2018, health insurance costs are expected to be about 7 percent higher than in FY 2017. The current projections reflect an increase in the premium rates for active employees' health insurance of 7.6 percent in FY 2018, 6.8 percent in FY 2019, 6.5 percent in FY 2020, and 6.0 percent in FY 2021. Premium rate increases are expected to be 5 percent annually for retirees' health insurance.

Pensions

The City's contribution to its five actuarial systems are projected to increase marginally by 2 percent to $9.475 billion in FY 2018 from $9.281 billion in FY 2017. As shown in Table 18, pension contributions are then expected to increase by a further 2 percent to $9.636 billion in FY 2019 before declining to $9.499 billion by FY 2021.

Table 18. FY 2017 – FY 2021 City Pension Contributions

($ in millions)	Actual FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Five Actuarial Systems	$9,232	$9,457	$9,715	$9,772	$9,838
Other Systems & Reserves	161	114	156	170	167
Less: Intra City-Expense	(112)	(112)	(112)	(112)	(112)
Net Pension Expense Adopted Budget	**$9,281**	**$9,459**	**$9,759**	**$9,830**	**$9,893**
FY 2017 Investment Earnings above AIRA		0	(140)	(280)	(420)
Uniform Accidental Disability Retirement		9	10	11	12
Line of Duty Death Benefits – Sanitation		7	7	7	7
Fire Corpus Funding		0	0	7	7
Net Pension Expense November Plan	**N/A**	**$9,475**	**$9,636**	**$9,575**	**$9,499**

In the November Plan, the City recognized lower pension contributions of $140 million in FY 2019, $280 million in FY 2020, and $420 million in FY 2021 resulting from FY 2017 investment gains in excess of the actuarial interest rate assumption (AIRA).[13] The pension funds earned a combined return of 13.0 percent for FY 2017, significantly above the AIRA of 7.0 percent that was used for projecting pension contribution in the July Financial Plan.

These savings are partially offset by additional costs of $17 million in FY 2019 increasing to approximately $25 million in each of FY 2020 and FY 2021. New York State law was amended earlier in 2017 revising the eligibility for accidental disability benefits (ADR) for uniformed employees belonging to the TIER III 22-year pension plan. The law was previously enacted with language restricting these employees from qualifying for ADR benefits once they were eligible for service retirement. These employees are now eligible for the ADR benefits regardless of years of service. The estimated cost of this improvement to the ADR benefit was previously included in the pension valuations for uniformed employees belonging to the New York City Fire Pension Fund (FIRE) and the New York City Employees' Retirement Systems (NYCERS). The additional cost to fund this benefit for employees who are members of the New York City Police Pension Fund (POLICE) was not previously calculated as part of the pension valuation. The Financial Plan includes funding for this cost in the pension reserve.

With the exception of uniformed Sanitation workers, spouses and children of uniformed employees who die while performing their jobs are eligible for line of duty death benefits. The New York City Municipal Law was recently amended to grant this benefit to uniformed sanitation workers effective November 1, 1996. As such, the City reserved $7 million in each of FYs 2018 through 2021 to meet its share of costs associated with this benefit.

Additionally, the City has increased the funds reserved for administrative expenses of the FIRE Pension Fund by $7 million each in FY 2020 through FY 2021. Legislation enacted in 2016 allowed the FIRE Pension Fund to be corpus funded for administrative expenses. The reserved amount now totals $3 million in FYs 2019 and $10 million in each of FYs 2020 and 2021.

Public Assistance

Through the first quarter of FY 2018, the City's public assistance caseload has averaged 366,733 recipients per month. As of December 11, 2017, the Human Resources Administration had not yet

[13] 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).

released public assistance caseload and spending data for November 2017. Through September, average monthly caseload has declined about one percent, or nearly 3,000 recipients compared to average monthly caseload over the same period in FY 2017. The number of public assistance recipients has been mostly range-bound between 364,000 and 371,000. The September caseload of 367,670 represents less than one-third of the historic peak of 1,160,593 from March 1995. Thus far, public assistance grants spending has averaged about $119 million per month in the current fiscal year, basically flat from the first-quarter average in FY 2017.

The City maintains its FY 2018 public assistance caseload projections at monthly averages of 388,600 over the entire plan period, unchanged since the June Plan. Net baseline grants expenditures are projected at approximately $1.48 billion in each year of the Plan. Both caseload and grant levels are currently running below the City's projections. Therefore, the City will likely realize public assistance savings of $15 million in each of FYs 2018-2021.

Homeless Services

The Department of Homeless Services's (DHS) spending on adult and family shelter is the primary driver of the City's spending on homelessness. However, funding for homeless assistance is also, and increasingly, drawn from the budgets of other agencies, including the Department of Social Services, the Department of Youth and Community Development, the Department of Health and Mental Hygiene and the Department of Veterans Services. Across these agencies, the November modification expands citywide funding for homeless services by $114.8 million in FY 2018.

The November modification increases total DHS expenditures by $32.2 million in FY 2018 to $1.65 billion, while the outyear projections remain unchanged from the June 2017 Plan, averaging $1.66 billion over FYs 2019 through 2021. The plan increase consists of $11.6 million for family shelter operations and $23.2 million for Homebase, a homelessness prevention program. Additionally, there are $11.1 million in administrative decreases in the November modification for the Department of Homeless Services - $8.9 million in general administration and $2.2 million in family shelter administration and support.

Several consequential funding increases for homeless services in FY 2018 are included in the November modification outside of DHS. Chief among these is $21.3 million in additional funds for Housing for Homeless Veterans and a $10 million increase in funding for City Family Eviction Prevention Services (CITYFEPS). CITYFEPS is a rent supplement program for families with children that are either in shelter or at risk of entry into shelter. Both of these programs are administered by the Department of Social Services.

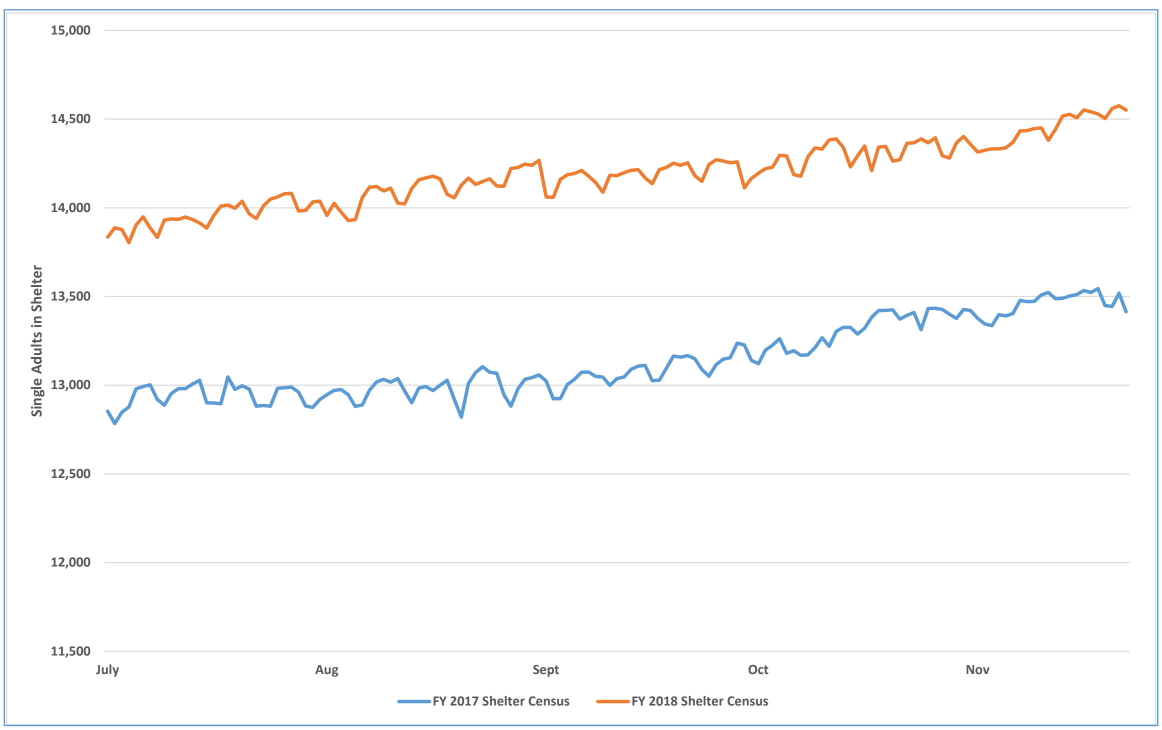
Among the largest of the planned spending decreases for homeless services in FY 2018 are a $31.0 million reduction for anti-eviction services and a cumulative $22.7 million decrease for the City's Living in Communities (LINC) rental assistance program, with cuts to three different types of LINC rental assistance – LINC III which serves families with domestic violence survivors, LINC V which serves single adults and adult families, and LINC VI which serves all populations. Additionally, spending for HASA supportive housing has been reduced by $7.9 million. HASA supportive housing serves homeless individuals living with HIV/AIDS and homeless families that include individuals living with HIV/AIDS. Each of these programs are administered by the Department of Social Services. On a citywide basis, the November modification yields a net increase of $10.6 million for rental assistance, as detailed in Table 19.

Table 19. Citywide Funding for Major Categories for Homeless Services

($ in thousands)	Modified FY 2018	Adopted FY 2018	Change
Adult Shelter Operations	$352,667	$351,287	$1,380
Family Shelter Operations	352,963	341,328	11,635
Homeless Administration & Support	162,056	171,175	(9,119)
Rental Assistance	321,845	311,206	10,639
Prevention, Diversion, Anti-Eviction, Aftercare & Other	368,847	269,108	99,739
DV, Youth & Emergency Shelters	147,724	147,224	500
Total Citywide Homeless Spending	**$1,706,102**	**$1,591,328**	**$114,774**

Finally, as noted in previous budget reports, planned expenditures for adult shelter operations in FY 2018 remain well below FY 2017 levels. However, as Figure 5 illustrates, the demand for adult shelter services has not diminished, with daily census counts rising by an average of more than 1,000 adults at the start of FY 2018 compared to FY 2017. These unrealistic funding levels for adult shelter operations led the Comptroller's Office to identify a risk of more than $121 million in City funds in our July report on the Adopted Budget. Despite this, City funds for adult shelter operations have been reduced by an additional $5.1 million in the November modification. Accordingly, the Comptroller's Office estimates an updated risk of at least $126 million in City funds for adult shelter operations in FY 2018.

Chart 5. Single Adult Shelter Population at the Start of FY 2017 and FY 2018



Source: New York City Department of Homeless Services

Department of Education

The November Modification reflects a net increase of $9 million for the Department of Education (DOE) budget in the current year, modestly raising the FY 2018 budget to $24.33 billion (net of intra-city funds). The FY 2018 budget provides an increase of 3.7 percent or $863 million compared to FY 2017 actual spending of $23.46 billion.

Changes to the FY 2018 budget include increases of $13 million in State funds and $5 million in other categorical grants, as well as a net reduction of $8 million in City support. The decline in City funds stems mainly from the citywide savings program that expects to reduce special education pre-kindergarten spending by $11 million as a result of increased State reimbursement rates for the program. The savings are partly offset by $3 million in new needs for the redesign/update of the Department's website and compliance with the City's plan for storm water overflow management. Rounding out the remainder of the November Modification changes are increases of $2 million resulting from re-categorizing Federal funds as State funds for substance abuse prevention, $3 million in prior-year E-rate revenue and $2 million for power usage management during peak demand periods.

The DOE's FY 2019 budget is projected to rise to $25.68 billion, an increase of about $1.35 billion or 5.6 percent from the FY 2018 estimate. Over the remainder of the plan, funding for the Department is anticipated to rise to $26.38 billion in FY 2020 and $27.09 billion in FY 2021, reflecting annual increases of $698 million and $713 million, respectively. State aid would comprise about $1.24 billion or 45 percent of the projected DOE budget growth of $2.76 billion between FY 2018 and FY 2021, while City support would provide $1.3 billion or about 47 percent of the budget increase in the outyears.

The Department will likely face risks from its Federal Medicaid revenue assumptions in the November Plan. The DOE estimates it will realize $97 million annually in Medicaid reimbursement for special education related services costs. Actual collections have averaged only $13 million annually over the previous five years, although FY 2017 collection has improved to $23 million thus far. However, given the ambitious targets in the November Plan, the Comptroller's Office projects DOE Medicaid revenue risks of $70 million in each year of the current plan. Also, the DOE budget does not reflect the potential costs associated with increases in charter school tuition rates approved by the State beyond the current year. Beginning in FY 2019, charter school tuition is expected to grow at the same rate as public school spending. The State, thus far, has not dedicated funding to support the increased charter school tuition costs beyond FY 2018. Unless the State provides additional funding in future legislative sessions, the DOE budget could face risks of $101 million in FY 2019, $240 million in FY 2020 and $417 million in FY 2021, based on the City's preliminary estimates.

Further, the DOE could face risks of at least $100 million annually from underbudgeting the costs of special education Carter Cases in the November Plan. These costs represent payments to parents who legally seek reimbursement for placing their special needs children in non-public schools instead of opting for public school special education programs. Given the growth of these costs, which spiked from $312 million in FY 2016 to an expected $417 million in FY 2017, at least $100 million will be needed each year to keep pace with the FY 2017 spending level. While there may be potential underspending in other areas such as the special education pre-kindergarten program, the savings will not provide adequate offsets to cover the risks associated with Carter Cases.

Capital Plan and Financing Program

The FYs 2018 – 2021 Adopted Capital Plan, which was released in November 2017, totals $68.63 billion in all-funds authorized commitments and $61.29 billion in City-funds authorized commitments. After adjusting for the reserve for unattained commitments, all-funds planned commitments drop to $62.68 billion, as shown in Table 20. The City-funds commitments after adjusting for the reserve for unattained commitments drop to $55.34 billion. The Plan is front-loaded with 36 percent or $24.44 billion of the all-funds authorized commitments scheduled for FY 2018. Estimated commitments decrease in the outyears of the Plan to $18.44 billion in FY 2019, $14.78 billion in FY 2020, and $10.98 billion in FY 2021.

Table 20. FY 2018 Adopted Capital Commitment Plan All-Funds FYs 2018 – 2021

($ in millions)	FY 2018 Adopted Plan	Percent of Total
Education & CUNY	$12,133	17.7%
Environmental Protection	11,108	16.2%
Dept. of Transportation & Mass Transit	12,238	17.8%
Housing and Economic Development	9,288	13.5%
Administration of Justice	5,024	7.3%
Technology and Citywide Equipment	3,864	5.6%
Parks Department	3,860	5.6%
Hospitals	2,838	4.1%
Other City Operations and Facilities	8,282	12.1%
Total	**$68,635**	**100.0%**
Reserve for Unattained Commitments	($5,956)	
Adjusted Total	**$62,679**	

Source: Office of Management and Budget, FY 2018 Adopted Capital Commitment Plan, November 2017.

The FY 2018 Adopted Capital Commitment Plan shows an increase of $9.82 billion over FYs 2018 – 2021 in all-funds authorized commitments from the April 2017 Capital Plan and an increase of $4.62 billion over the same period after the reserve for unattained commitments. The City's report on FY 2017 actual capital commitments shows all-funds commitments totaling $10.86 billion. This is $8.38 billion below the FY 2017 authorized commitment level of $19.24 billion in the April 2017 Plan, or an achievement rate of 56 percent. The combined $9.82 billion increase to FYs 2018 through 2021 ($3.73 billion in FY 2018, $3.83 billion in FY 2019, $1.41 billion in FY 2020, and $855 million in FY 2021) in the FY 2018 Adopted Commitment Plan suggests that most of the increases to FY 2018 and FY 2019 especially, are due to a shifting forward of unmet commitments in FY 2017.

Estimated commitments for capital projects in DOE and the City University of New York (CUNY), account for $12.13 billion or 17.7 percent of planned all-funds commitments ($11.57 billion of which is DOE). Other major components of the Plan are capital projects in the Department of Environmental Protection (DEP) which comprise 16.2 percent of the planned all-funds commitments, Department of Transportation (DOT) and Mass Transit projects which account for 17.8 percent, and Housing and Economic Development projects which account for 13.5 percent of the Plan.[14] Consistent with prior plans, these four major program areas constitute a majority of the Commitment Plan, with $44.77 billion, or 65.2 percent of the Plan.

[14] DEP capital commitments are primarily funded through `the issuance of NYW Debt.

FY 2017 Capital Commitments

FY 2017 all-funds actual commitments totaled $10.86 billion. As discussed above, this represents an achievement rate of 56.4 percent against the authorized April 2017 Executive Plan. This is a half-point drop from FY 2016, when the achievement rate was 56.9 percent.

Fifteen of 25 agencies saw their achievement rates drop from the previous fiscal year. The five agencies with the largest percentage point drops in achievement rates are NYC Transit, the Department of Information Technology & Telecommunications (DOITT), Health + Hospitals (H+H), the Department of Transportation (DOT), and the Administration for Children's Services (ACS), as shown in the Table 21 below.[15]

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

($ in millions)	FY 2017 Achievement Rate	FY 2016 Achievement Rate	Change
NYC Transit	26.1%	60.2%	(34.1%)
Dept. of Information Technology & Telecommunications	26.6%	57.9%	(31.3%)
Health + Hospitals	22.9%	49.2%	(26.3%)
Dept. of Transportation	61.3%	81.1%	(19.8%)
Admin. for Children's Services	11.9%	30.5%	(18.6%)

Only 10 of 25 agencies improved their achievement rates over FY 2016. The greatest improvement in achievement rates are for the Human Resource Administration, the Department of Parks, the Department of Citywide Administrative Services (DCAS), Dept. of Environmental Protection (DEP), and Cultural Affairs (DCLA). As Table 22 shows, the gains in achievement rates in these agencies ranged from 9.5 percentage points to 35 percentage points.

Table 22. Agencies Showing Largest Percentage Point Gain in Achievement Rates

($ in millions)	FY 2017 Achievement Rate	FY 2016 Achievement Rate	Change
Human Resources Administration	61.7%	26.7%	35.0%
Dept. of Parks	60.3%	43.8%	16.5%
Dept. of Citywide Admin. Services.	47.7%	37.4%	10.3%
Dept. of Environmental Protection	77.5%	67.6%	9.9%
Cultural Affairs	27.2%	17.7%	9.5%

Twelve of twenty-five agencies had commitments of over $100 million. Seven of these 12 agencies had improvements in rates of achievement over FY 2016. The five agencies with the highest rates of achievement in this category for FY 2017 are shown in Table 23. Four of the five agencies listed

[15] Although NYC Transit is not a City Agency, it is a distinct category within the Capital Commitment Plan with a measurable plan and recorded actuals against which to measure performance. Data related to NYC Transit contained herein represent City support to NYC Transit from GO and TFA financing and not that of the Metropolitan Transit Authority.

in Table 23 improved over FY 2016, with the exception of the Department of Transportation which saw a 19.8 percentage point drop in achievement rate from FY 2016.

Table 23. Five Top Achieving Agencies with more than $100 million in Commitments

($ in millions)	FY 2017 Commitments	FY 2017 Achievement Rate
Dept. of Education	$3,136	80.1%
Dept. of Environmental Protection	$2,491	77.5%
Dept. of Sanitation	$258	72.8%
Dept. of Transportation	$1,603	61.3%
Dept. of Parks	$586	60.3%

Financing Program

The November 2017 Financial Plan for FYs 2018–2021 contains $41.99 billion of planned borrowing in FYs 2018 –2021 as shown below in Table 24. The borrowing is comprised of $15.77 billion of GO bonds, $17.11 billion of TFA borrowing, $7.74 billion of NYW borrowing and $1.37 billion of borrowing from TFA BARBs that are supported by State building aid revenues.

Table 24. November Plan FY 2018 Financing Program

($ in millions)	Estimated Borrowing and Funding Sources FYs 2018-2021	Percent of Total
General Obligation Bonds	$15,770	37.6%
TFA – PIT Bonds	17,110	40.7
NYC Water Finance Authority	7,739	18.4
TFA – BARBs	1,372	3.3
Total	**$41,991**	**100.0%**

SOURCE: NYC Office of Management and Budget, November 2017 Financial Plan.

Total projected borrowing in the November Plan for FYs 2018 through 2021 is $592 million less than the June 2017 Financial Plan estimate for the same period. This is a result of decreases of $602 million in FY 2018 and $569 million in FY 2019 partially offset by increases of $164 million in FY 2020 and $415 million in FY 2021. The reduction is driven primarily by a $1.32 billion decrease in GO borrowing, offset by an increase in NYW borrowing over the financial plan period of $621 million.[16] Planned TFA PIT and TFA BARBs borrowing combined for a modest $107 million increase over the same period. If fully executed, FYs 2020 and 2021 would represent the highest level of borrowing in the City's history.

Debt Service

As shown in the Table 25 on page 45, debt service, net of prepayments, in the November Plan totals $6.57 billion in FY 2018, $7.23 billion in FY 2019, $7.79 billion in FY 2020, and $8.26 billion in FY 2021.[17] These amounts represent decreases from the June 2017 Financial Plan of $38 million

[16] $1.05 billion of the increase is in FY 2018.

[17] Includes GO Conduit debt, TFA PIT bonds, TSASC.

in FY 2018, $69 million in FY 2019, $150 million in FY 2020, and $156 million in FY 2021. Between FY 2018 and FY 2021, total debt service is expected to increase by $1.68 billion, or by 25.6 percent over the period. These projections exclude debt service of the NYC Municipal Water Finance Authority (NYW), which is backed by water and sewer user fees, and that of the Transitional Finance Authority Building Aid Revenue Bond debt (BARBs), which is supported by New York State building aid.

Table 25. November Plan FY 2018 Financial Plan Debt Service Estimates

($ in millions)	FY 2018	FY 2019	FY 2020	FY 2021	Change from FYs 2018 – 21
GO[a]	$4,020	$4,037	$4,347	$4,530	$510
TFA[b]	2,240	2,884	3,128	3,408	1,168
Lease-Purchase Debt	241	235	237	237	(4)
TSASC, Inc.	73	72	82	82	9
Total	**$6,574**	**$7,228**	**$7,794**	**$8,257**	**$1,683**

SOURCE: November 2017 Financial Plan.
NOTE: Debt service is adjusted for prepayments.
[a] Includes long-term GO debt service.
[b] Amounts do not include TFA BARBs.

The $38 million decrease in FY 2018 is due to GO savings of $94 million, offset by additional TFA costs of $39 million and an increase in Tax Equivalency Payments (TEPs) to the Hudson Yards Infrastructure Corporation (HYIC) of $17 million. The GO savings stems primarily from a $66 million reduction in estimated variable-rate interest costs. The increase in TFA debt service results largely from a $715 million increase in borrowing in the first-half of FY 2018 which resulted in higher interest costs in FY 2018.

In FY 2019 the reduction is comprised of estimated GO savings of $140 million, offset by $54 million of additional TFA costs mainly from the continued impact of the accelerated FY 2018 first-half borrowing. GO savings are driven by baseline savings of $94 million from a $1.05 billion reduction in borrowing coupled with refunding transaction savings of $36 million. The $17 million increase in TEP payments to the HYIC continues in FY 2019.

The estimated $150 million decrease in FY 2020 stems from GO debt service savings of $173 million due to the continued impact of lower FY 2018 borrowing and a further reduction in borrowing of $500 million in FY 2019. Subsumed in the debt service reduction is $36 million in refunding savings from a FY 2018 GO refunding transaction. These savings continue to be offset by additional TEP payments of $17 million. The FY 2021 debt service reduction of $156 million follows the same pattern with GO debt service savings partially offset by additional TFA debt service and TEP payments.

In recent years, variable rate interest rates on the City's debt have been low. It is projected that the City will have additional savings of $100 million in FY 2018 and $50 million in FYs 2019-2021. Also, the City recently priced a GO refunding transaction which generated $21 million of savings in FY 2018 and $48 million per year from FYs 2019-2021.[18]

[18] GO Refunding Series 2018 C&D will close on December 20th, 2017. Savings stated above are subject to successful closure of the transaction.

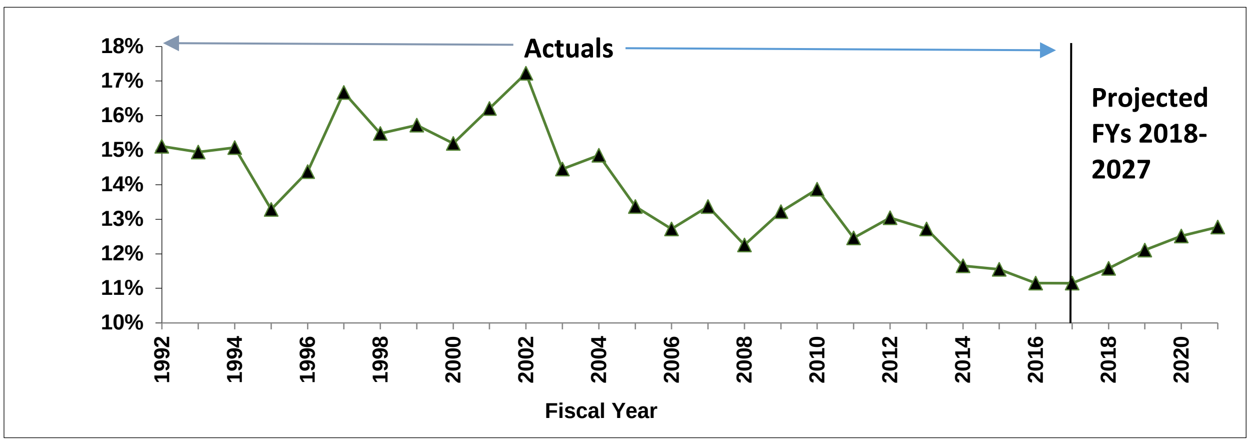
Comparison with FY 2017 Actuals

Excluding prepayments and net equity contributions for debt refunding, FY 2017 debt service totaled $6.047 billion.[19] FY 2018 debt service of $6.501 billion in the November Plan, adjusted to exclude prepayments, is projected to be $454 million higher than in FY 2017, or by 7.5 percent. The increase is due primarily to $282 million in higher estimated GO and TFA Variable Rate Demand Bonds (VRDB) costs in FY 2018, $51 million of higher estimated interest exchange costs and letter of credit & remarking fees, and $40 million of higher lease-purchase debt-service costs.

Debt Affordability

Debt service as a percent of local tax revenues and as a percent of total-funds expenditures are commonly used measures of debt affordability.[20] In FY 2017, the City's debt service was 11.1 percent of local tax revenues. The November Plan projects debt service will consume 11.6 percent of local tax revenues in FY 2018, 12.1 percent in FY 2019, 12.5 percent in FY 2020, and 12.8 percent in FY 2021, as shown in Chart 6. The upward trend in the debt service to tax revenue ratio reflects the disparity between debt service and tax revenue growth over the Plan period. Debt service is projected to grow at an average annual rate of 7.9 percent from FYs 2018 to 2021 while tax revenue during this period is projected to grow 4.4 percent annually.

Chart 6. NYC Debt Service as a Percent of Tax Revenues



SOURCE: Office of the NYC Comptroller, Comprehensive Annual Financial Reports, FYs 1992 – 2017, and NYC Office of Management and Budget, November 2017 Financial Plan.

Over the Plan period, debt service is projected to grow at a faster rate than the overall expenditures. As such, debt service is projected to consume an increasing share of the budget. As shown in Chart 7, the City's debt service as a percent of all-funds expenditures is estimated to be 7.7 percent in FY 2018, 8.0 percent in FY 2019, 8.4 percent in FY 2020, and 8.7 percent in FY 2021.

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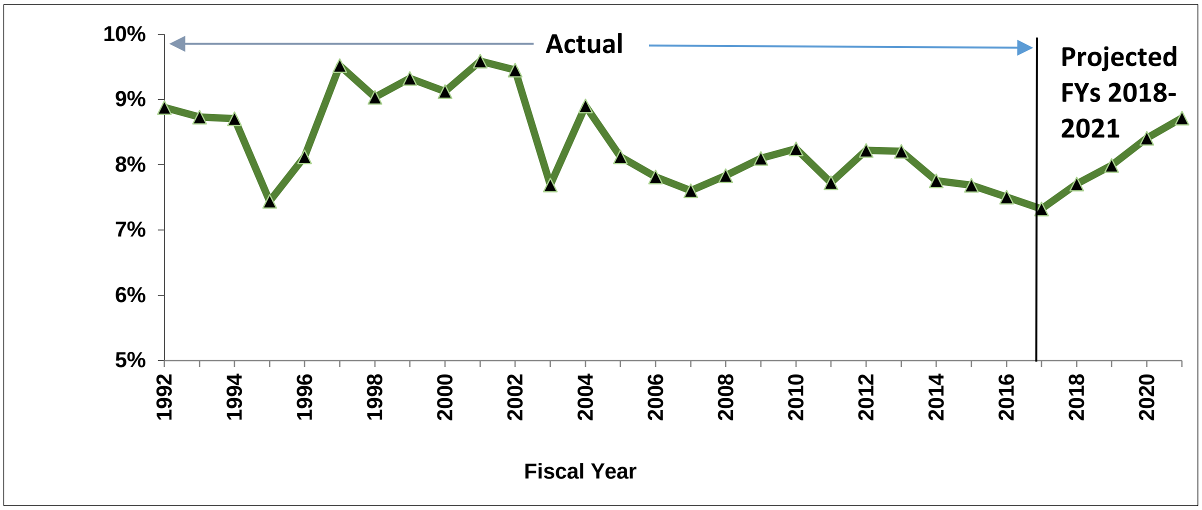
[19] $102.7 million was added back to FY 2016 from FY 2013 TFA defeasance action benefitting FYs 2014, 2015, and 2016.

[20] Debt service in this discussion is adjusted to exclude prepayments.

Chart 7. NYC Debt Service as a Percent of Total Expenditures



SOURCE: Office of the NYC Comptroller, Comprehensive Annual Financial Reports, FYs 1992 – 2017, and NYC Office of Management and Budget, November 2017 Financial Plan.

VI. Appendix

Table A1. November 2017 Financial Plan Revenue Detail

($ in millions)	FY 2018	FY 2019	FY 2020	FY 2021	Change FYs 2018 – 2021 Dollars	Change FYs 2018 – 2021 Percent	Annual Percent Change
Taxes:							
Real Property	$26,014	$27,648	$29,008	$30,126	$4,112	15.8%	5.0%
Personal Income Tax	$11,841	$12,073	$12,624	$13,166	$1,325	11.2%	3.6%
General Corporation Tax	$3,665	$3,982	$4,004	$4,113	$448	12.2%	3.9%
Unincorporated Business Tax	$2,122	$2,242	$2,371	$2,502	$380	17.9%	5.6%
Sale and Use Tax	$7,259	$7,881	$8,245	$8,592	$1,333	18.4%	5.8%
Real Property Transfer	$1,364	$1,400	$1,461	$1,490	$126	9.2%	3.0%
Mortgage Recording Tax	$934	$959	$1,001	$1,020	$86	9.2%	3.0%
Commercial Rent	$848	$884	$919	$955	$107	12.6%	4.0%
Utility	$378	$387	$396	$409	$31	8.2%	2.7%
Hotel	$580	$592	$599	$608	$28	4.8%	1.6%
Cigarette	$42	$41	$40	$39	($3)	(7.1%)	(2.4%)
All Other	$696	$696	$696	$696	$0	0.0%	0.0%
Tax Audit Revenue	$850	$721	$721	$721	($129)	(15.2%)	(5.3%)
Total Taxes	**$56,592**	**$59,506**	**$62,085**	**$64,437**	**$7,845**	**13.9%**	**4.4%**
Miscellaneous Revenue:							
Licenses, Franchises, Etc.	$694	$670	$669	$664	($30)	(4.3%)	(1.5%)
Interest Income	$110	$176	$241	$246	$136	123.6%	30.8%
Charges for Services	$982	$980	$980	$980	($2)	(0.2%)	(0.1%)
Water and Sewer Charges	$1,410	$1,398	$1,395	$1,383	($27)	(1.9%)	(0.6%)
Rental Income	$251	$250	$250	$250	($1)	(0.4%)	(0.1%)
Fines and Forfeitures	$914	$905	$896	$881	($33)	(3.6%)	(1.2%)
Miscellaneous	$343	$535	$701	$710	$367	107.0%	27.4%
Intra-City Revenue	$2,053	$1,745	$1,745	$1,750	($303)	(14.8%)	(5.2%)
Total Miscellaneous Revenue	**$6,757**	**$6,659**	**$6,877**	**$6,864**	**$107**	**1.6%**	**0.5%**
Reserve for Disallowance of Categorical Grants	**($15)**	**($15)**	**($15)**	**($15)**	**$0**	**0.0%**	**0.0%**
Less: Intra-City Revenue	**($2,053)**	**($1,745)**	**($1,745)**	**($1,750)**	**$303**	**(14.8%)**	**(5.2%)**
TOTAL CITY-FUNDS	**$61,281**	**$64,405**	**$67,202**	**$69,536**	**$8,255**	**13.5%**	**4.3%**
Other Categorical Grants	**$1,023**	**$869**	**$860**	**$855**	**($168)**	**(16.4%)**	**(5.8%)**
Inter-Fund Agreements	**$672**	**$668**	**$604**	**$604**	**($68)**	**(10.1%)**	**(3.5%)**

Table A1 (Con't). November 2017 Financial Plan Revenue Detail

($ in millions)	FY 2018	FY 2019	FY 2020	FY 2021	Change FYs 2018 – 2021 Dollars	Change FYs 2018 – 2021 Percent	Annual Percent Change
Federal Categorical Grants:							
Community Development	$1,210	$367	$249	$235	($975)	(80.6%)	(42.1%)
Welfare	$3,596	$3,308	$3,325	$3,331	($265)	(7.4%)	(2.5%)
Education	$1,787	$2,038	$2,042	$2,044	$257	14.4%	4.6%
Other	$1,749	$1,374	$1,311	$1,305	($444)	(25.4%)	(9.3%)
Total Federal Grants	**$8,342**	**$7,087**	**$6,927**	**$6,915**	**($1,427)**	**(17.1%)**	**(6.1%)**
State Categorical Grants							
Social Services	$1,739	$1,737	$1,749	$1,750	$11	0.6%	0.2%
Education	$10,696	$11,119	$11,589	$11,939	$1,243	11.6%	3.7%
Higher Education	$297	$297	$297	$297	$0	0.0%	0.0%
Department of Health and Mental Hygiene	$561	$542	$542	$526	($35)	(6.2%)	(2.1%)
Other	$1,374	$1,199	$1,230	$1,277	($97)	(7.1%)	(2.4%)
Total State Grants	**$14,667**	**$14,894**	**$15,407**	**$15,789**	**$1,122**	**7.6%**	**2.5%**
TOTAL REVENUES	**$85,985**	**$87,923**	**$91,000**	**$93,699**	**$7,714**	**9.0%**	**2.9%**

Table A2. November 2017 Financial Plan Expenditure Detail

($ in millions)	FY 2018	FY 2019	FY 2020	FY 2021	Change FYs 2018 – 2021 Dollars	Percent	Annual Percent Change
Mayoralty	$135	$130	$123	$120	($15)	(11.0%)	(3.8%)
Board of Elections	$143	$95	$97	$94	($49)	(34.0%)	(12.9%)
Campaign Finance Board	$57	$14	$14	$14	($43)	(75.3%)	(37.2%)
Office of the Actuary	$8	$7	$7	$7	($0)	(6.0%)	(2.1%)
President, Borough of Manhattan	$5	$5	$5	$5	($0)	(8.6%)	(3.0%)
President, Borough of Bronx	$6	$5	$5	$5	($1)	(9.3%)	(3.2%)
President, Borough of Brooklyn	$7	$6	$6	$6	($1)	(14.8%)	(5.2%)
President, Borough of Queens	$6	$5	$5	$5	($1)	(15.0%)	(5.3%)
President, Borough of Staten Island	$5	$4	$4	$4	($0)	(6.7%)	(2.3%)
Office of the Comptroller	$105	$105	$105	$105	$0	0.0%	0.0%
Dept. of Emergency Management	$72	$27	$27	$28	($44)	(60.9%)	(26.9%)
Office of Administrative Tax Appeals	$5	$5	$5	$5	($0)	(0.8%)	(0.3%)
Law Dept.	$215	$200	$204	$204	($11)	(5.3%)	(1.8%)
Dept. of City Planning	$50	$41	$40	$40	($10)	(20.1%)	(7.2%)
Dept. of Investigation	$49	$35	$33	$33	($16)	(32.4%)	(12.2%)
NY Public Library — Research	$28	$28	$28	$28	($0)	(0.2%)	(0.1%)
New York Public Library	$138	$137	$137	$137	($1)	(0.4%)	(0.1%)
Brooklyn Public Library	$103	$102	$102	$102	($1)	(0.5%)	(0.2%)
Queens Borough Public Library	$105	$105	$105	$105	($0)	(0.2%)	(0.1%)
Dept. of Education	$24,326	$25,680	$26,377	$27,091	$2,765	11.4%	3.7%
City University	$1,141	$1,138	$1,146	$1,159	$18	1.6%	0.5%
Civilian Complaint Review Board	$16	$17	$17	$17	$1	4.3%	1.4%)
Police Dept.	$5,465	$5,302	$5,250	$5,218	($247)	(4.5%)	(1.5%
Fire Dept.	$2,076	$2,005	$2,023	$2,021	($55)	(2.6%)	(0.9%)
Dept. of Veterans' Services	$4	$4	$4	$4	$0	1.7%	0.6%
Admin. for Children Services	$3,070	$2,559	$2,573	$2,577	($493)	(16.1%)	(5.7%)
Dept. of Social Services	$9,894	$9,871	$9,932	$9,951	$57	0.6%	0.2%
Dept. of Homeless Services	$1,648	$1,645	$1,663	$1,670	$21	1.3%	0.4%
Dept. of Correction	$1,445	$1,436	$1,452	$1,462	$17	1.2%	0.4%
Board of Correction	$3	$3	$3	$3	$0	6.2%	2.0%
Citywide Pension Contribution	$9,475	$9,636	$9,575	$9,498	$23	0.2%	0.1%
Miscellaneous	$9,939	$11,365	$12,168	$13,132	$3,193	32.1%	9.7%
Debt Service	$4,261	$4,272	$4,584	$4,766	$506	11.9%	3.8%
T.F.A. Debt Service	$2,240	$2,884	$3,128	$3,408	$1,168	52.2%	15.0%
FY 2017 BSA and Discretionary Transfers	($4,180)	$0	$0	$0	$4,180	(100.0%)	(100.0%)
Public Advocate	$4	$4	$4	$4	$0	0.0%	0.0%
City Council	$64	$54	$54	$54	($10)	(15.4%)	(5.4%)
City Clerk	$6	$6	$6	$6	($0)	(1.6%)	(0.6%)
Dept. for the Aging	$370	$342	$349	$350	($20)	(5.5%)	(1.9%)
Dept. of Cultural Affairs	$189	$143	$143	$143	($46)	(24.5%	(8.9%)
Financial Info. Serv. Agency	$109	$110	$112	$112	$3	2.8%	0.9%
Office of Payroll Admin.	$17	$17	$17	$17	$0	1.7%	0.6%
Independent Budget Office	$6	$5	$5	$5	($0)	(8.3%)	(2.9%)
Equal Employment Practices	$1	$1	$1	$1	$0	7.1%	2.3%

Table A2 (Con't). November 2017 Financial Plan Expenditure Detail

($ in millions)	FY 2018	FY 2019	FY 2020	FY 2021	Change FYs 2018 – 2021 Dollars	Percent	Annual Percent Change
Civil Service Commission	$1	$1	$1	$1	$0	3.9%	1.3%
Landmarks Preservation Commission	$6	$6	$6	$6	($0)	(4.7%)	(1.6%)
Taxi & Limousine Commission	$58	$61	$60	$60	$2	(19.9%)	(7.1%)
Commission on Human Rights	$15	$14	$14	$14	($1)	0.0%	0.0%
Youth & Community Development	$676	$521	$539	$542	($134)	(5.5%)	(1.9%)
Conflicts of Interest Board	$3	$3	$3	$3	$0	(2.9%)	(1.0%)
Office of Collective Bargaining	$2	$2	$2	$2	($0)	(1.7%)	(0.6%)
Community Boards (All)	$18	$17	$17	$17	($1)	(49.5%)	(20.4%)
Dept. of Probation	$97	$95	$95	$95	($2)	(41.1%)	(16.2%)
Dept. Small Business Services	$256	$145	$137	$129	($127)	(14.6%)	(5.1%)
Housing Preservation & Development	$1,305	$864	$777	$768	($536)	(0.8%)	(0.3%)
Dept. of Buildings	$186	$164	$166	$159	($27)	(2.5%)	0.8%
Dept. of Health & Mental Hygiene	$1,644	$1,601	$1,629	$1,631	($13)	3.4%)	1.1%
NYC Health + Hospitals	$788	$805	$908	$807	$19	(16.2%)	(5.7%)
Office of Administrative Trials & Hearings	$48	$50	$50	$50	$2	2.1%	0.7%
Dept. of Environmental Protection	$1,448	$1,243	$1,228	$1,213	($234)	(4.1%)	(1.4%)
Dept. of Sanitation	$1,672	$1,697	$1,710	$1,708	$36	(0.2%)	(0.1%)
Business Integrity Commission	$9	$9	$9	$9	($0)	(7.2%)	(2.4%)
Dept. of Finance	$296	$296	$296	$296	($0)	(12.6%)	(4.4%)
Dept. of Transportation	$993	$966	$921	$922	($71)	(64.0%)	(28.9%)
Dept. of Parks and Recreation	$506	$443	$443	$442	($64)	(13.1%)	(4.6%)
Dept. of Design & Construction	$407	$155	$159	$146	($260)	(22.8%)	(8.2%)
Dept. of Citywide Admin. Services	$484	$423	$421	$421	($64)	4.0%	1.3%
D.O.I.T.T.	$588	$469	$454	$454	($134)	(1.3%)	(0.4%)
Dept. of Record & Info. Services	$8	$8	$8	$8	$0	(16.2%)	(5.7%)
Dept. of Consumer Affairs	$40	$39	$39	$39	($1)	(2.9%)	(1.0%)
District Attorney - N.Y.	$123	$103	$103	$103	($20)	(3.4%)	(1.1%)
District Attorney – Bronx	$74	$72	$72	$72	($2)	(0.9%)	(0.3%)
District Attorney – Kings	$101	$97	$97	$97	($3)	(4.4%)	(1.5%)
District Attorney –Queens	$65	$64	$64	$64	($1)	0.5%	0.2%
District Attorney - Richmond	$15	$14	$14	$14	($1)	(1.6%)	(0.5%)
Office of Prosec. & Special Narc.	$22	$22	$22	$22	$0	(2.8%)	(0.9%)
Public Administrator - N.Y.	$3	$3	$3	$3	($0)	0.5%	0.2%
Public Administrator - Bronx	$1	$1	$1	$1	($0)	1.9%	0.6%
Public Administrator - Brooklyn	$1	$1	$1	$1	$0	1.1%	0.4%
Public Administrator - Queens	$1	$1	$1	$1	$0	3.9%	1.3%
Public Administrator - Richmond	$1	$1	$1	$1	$0	(4.7%)	(1.6%)
General Reserve	$1,200	$1,000	$1,000	$1,000	($200)	(16.7%)	(5.9%)
Citywide Savings Initiatives	$0	($46)	($74)	($99)	($99)	N/A	N/A
Energy Adjustment	$0	$22	$58	$101	$101	N/A	N/A
Lease Adjustment	$0	$35	$70	$107	$107	N/A	N/A
OTPS Inflation Adjustment	$0	$56	$111	$167	$167	N/A	N/A
TOTAL EXPENDITURES	**$85,986**	**$91,099**	**$93,272**	**$95,314**	**$9,328**	**10.8%**	**3.5%**

NEW YORK CITY COMPTROLLER
SCOTT M. STRINGER

1 Centre Street, New York, NY 10007

(212) 669-3500 • comptroller.nyc.gov

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