NEW YORK CITY COMPTROLLER
BRAD LANDER

Comments on New York City's Executive Budget for Fiscal Year 2023 and Financial Plan for Fiscal Years 2022-2026

BUREAU OF BUDGET

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I. Executive Summary

The City of New York is at a pivotal fiscal moment. Tax revenues for the current fiscal year are coming in far above projections, yielding a substantial surplus; however, neither the Mayor's Office nor the Comptroller's Office expect this trend to continue. Economic growth is expected to slow due to the tightening of monetary policy and its ramifications on the real estate and stock markets. While new investments in an inclusive recovery from the Covid pandemic are critical, it is also imperative to use a significant portion of this year's surplus to save for the uncertain future.

The FY 2023 Executive Budget of $99.65 billion presented by the Mayor adds $2.3 billion in City-funded expenditures since the Preliminary Plan in February. These additional expenditures are balanced by $789 million in new projected FY 2023 revenues, as well as surplus revenues of $1.54 billion rolled forward from FY 2022. These surpluses are not projected to last, however. The Mayor's April Financial Plan projects outyear gaps at $3.9 billion in FY 2024, $3.4 billion in FY 2025, and $3.7 billion in FY 2026.

The FY 2023 Executive Budget as presented is $9.3 billion less than the FY 2022 Budget, due primarily to a drop of $8.2 billion in COVID related spending. Netting out the impact of COVID related spending and planned prepayments, and excluding reserves, the core FY 2023 Executive Budget is projected to grow by $3.37 billion from FY 2022.

The Comptroller's Office generally agrees with the Mayor's economic outlook, which is predicated on the Federal Reserve successfully lowering inflation by raising interest rates while avoiding a recession – though not without a reduction in job growth, and likely even some job losses, causing very real pain for households in New York City, where unemployment remains well above the national average and even higher for Black and Latino New Yorkers.

The projected revenue trends in the outyears are generally similar. However, in the current fiscal year, the Mayor's Office has significantly understated revenues, particularly in Personal Income Tax (PIT) receipts. While the Mayor's Office did increase tax revenue projections for FY 2022 in the Executive Plan by $1.6 billion, this simply reflects tax collections through March, without any projections for the additional collections through fiscal year-end. Tax collections showed significant additional strength in April and, as a result, the Comptroller's Office projects that by the end of FY 2022 tax revenues will exceed the City's projections by $3.3 billion. Similarly, the Comptroller's Office tax revenue projections for next year are $1.2 billion higher than in the Mayor's Executive Budget, though they still show a year over year decline. Smaller differences are projected in the outyears.

On the expense side, the Mayor's Office added funding for some new programs as well as increased support for continuing services. New programs include the Mayor's Subway Safety Plan ($217 million), the funding of Juneteenth as a paid holiday for City workers ($148 million), and an expansion of the Summer Rising program to an additional 110,000 students ($101 million). The budget also includes funding for continued COVID-19 testing and other services ($200 million), rental assistance ($119 million), and an expected increase in judgment and claims ($107 million).

The Comptroller's Office identifies several important items missing from the Mayor's Office spending projections, including perennial under-budgeting of anticipated expenses, as well as other risks. As in prior years, the Comptroller's Office identifies under-budgeting relative to trends in services or rate increases including in overtime, special education Carter Cases, foster care reimbursement, charter school tuition, and public assistance. Other programs, such as school transportation, 3K expansion, and Summer Rising have sufficient funding in FY 2023 but are unsupported or under-supported in the outyears of the plan. The Comptroller's Office also incorporates additional expenditures associated with reduced pension earnings as of March 2022 due to the decline across the stock market (when annual investment returns fall below the 7% actuarial interest rate assumed in the plan, additional contributions must be made into the pension funds). Overall, the total of these unaccounted expenditures grows to $3.6 billion by FY 2026.

Combining its assessment of revenues and spending, the Comptroller's Office forecasts an overall budget surplus of $3.1 billion at the end of this year, a small surplus next year of $400 million, and gaps of $5.0 billion in FY 2024, $4.7 billion in FY 2025, and $6.5 billion in FY 2026. Not included in this forecast are 1) an expectation that the City will incur greater costs than the Mayor's Office has set aside for collective bargaining agreements, and 2) the possibility of further reductions in pension earnings due to the current turmoil in the stock market.

Although the Comptroller's Office anticipates additional savings may accrue in the next Fiscal Year due to the current high job vacancy rates across City agencies, it has not included any in the assessment of overall risks and offsets. Where positions are not needed to meet essential services, they should be removed from the budget. Where positions are imperative for essential services, sustained vacancies are detrimental to the City's ability to meet the basic needs of residents and businesses. One particular area of concern here is vacancies at the Department of Housing Preservation and Development, which are slowing progress on desperately needed affordable housing.

The City's Capital Budget has been reduced by 5%, primarily reflecting the reality that anticipated projects will be deferred as a result of a flawed system of capital projects management. While realistic projections are essential, the inability of the City to make timely investments to strengthen its infrastructure is an area of great concern. The Capital Projects Reform Task Force convened by First Deputy Mayor Lorraine Grillo is an encouraging effort to address this longstanding problem. Also, as previously mentioned in the Comptroller's Preliminary Budget report and as has become far more evident since, the City does not need to increase the NYC Transitional Finance Authority's debt capacity at this time.

Finally, the Comptroller warns that the Mayor's Executive Budget has not provided for a sufficient contribution to the Revenue Stabilization Fund, the City's Rainy Day Fund. Considering the strong surplus this year and looming economic and fiscal uncertainties in the coming years, it is imperative to seize the opportunity to enhance the City's long-term savings. Given the current year's expected revenue surplus of $3.1 billion, and consistent with a proposed rules-bound approach for revenue stabilization released this week, the Comptroller's Office recommends an additional $1.8 billion contribution to the Revenue Stabilization Fund at the end of this fiscal year. The proposed formula requires a significant deposit in years like this one, with greater than average non-property tax revenue growth, in order to save for a future recession when these volatile resources fall. A significant deposit in this year of surplus will protect New Yorkers from difficult service cuts in the next downturn, whenever such a moment comes.

Table 1. FY 2022 – FY 2026 Financial Plan

($ in millions)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Change FYs 2022 –2026	
						Dollar	Percent
Revenues							
Taxes:							
General Property Tax	$29,573	$31,344	$31,834	$31,966	$31,974	$2,401	8.1%
Other Taxes	35,198	34,199	35,381	36,974	38,395	3,197	9.1%
Tax Audit Revenues	871	722	722	722	721	(150)	(17.2%)
Subtotal: Taxes	**$65,642**	**$66,265**	**$67,937**	**$69,662**	**$71,090**	**$5,448**	**8.3%**
Miscellaneous Revenues	7,354	7,246	7,258	7,265	7,285	(69)	(0.9%)
Unrestricted Intergovernmental Aid	792	252	0	0	0	(792)	(100.0%)
Less: Intra-City Revenues	(2,253)	(1,972)	(1,939)	(1,929)	(1,928)	325	(14.4%)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)	0	0.0%
Subtotal: City-Funds	**$71,520**	**$71,776**	**$73,241**	**$74,983**	**$76,432**	**$4,912**	**6.9%**
Other Categorical Grants	1,173	1,029	1,016	1,015	1,012	(161)	(13.7%)
Inter-Fund Revenues	686	735	731	730	730	44	6.4%
Federal Categorical Grants	19,128	9,356	8,677	7,958	6,975	(12,153)	(63.5%)
State Categorical Grants	16,462	16,757	16,891	17,136	17,189	727	4.4%
Total Revenues	**$108,969**	**$99,653**	**$100,556**	**$101,822**	**$102,338**	**($6,631)**	**(6.1%)**
Expenditures							
Personal Service							
Salaries and Wages	$31,055	$31,276	$31,339	$31,623	$32,033	$978	3.1%
Pensions	9,727	9,665	9,048	8,176	7,561	(2,166)	(22.3%)
Fringe Benefits	12,238	12,652	13,762	14,728	15,446	3,208	26.2%
Subtotal-PS	**$53,020**	**$53,593**	**$54,149**	**$54,527**	**$55,040**	**$2,020**	**3.8%**
Other Than Personal Service							
Medical Assistance	$6,473	$6,385	$6,385	$6,385	$6,385	($88)	(1.4%)
Public Assistance	1,651	1,650	1,650	1,650	1,650	(1)	(0.1%)
All Other	43,478	36,148	34,879	34,695	34,283	(9,195)	(21.1%)
Subtotal-OTPS	**$51,602**	**$44,183**	**$42,914**	**$42,730**	**$42,318**	**($9,284)**	**(18.0%)**
Debt Service							
Principal	$3,318	$3,994	$4,202	$4,070	$4,134	$816	24.6%
Interest & Offsets	3,367	3,822	3,917	4,560	5,273	$1,906	56.6%
Subtotal Debt Service	**$6,685**	**$7,816**	**$8,119**	**$8,630**	**$9,407**	**$2,722**	**40.7%**
FY 2021 BSA and Discretionary Transfers	($6,107)	$0	$0	$0	$0	$6,107	(100.0%)
FY 2022 BSA and Discretionary Transfers	$5,272	($5,272)	$0	$0	$0	($5,272)	(100.0%)
Capital Stabilization Reserve	$0	$250	$250	$250	$250	$250	NA
General Reserve	$50	$1,055	$1,000	$1,000	$1,000	$950	1,900%
Deposit to Rainy Day Fund	$700	$0	$0	$0	$0	($700)	(100.0%)
Less: Intra-City Expenses	(2,253)	(1,972)	(1,939)	(1,929)	(1,928)	325	(14.4%)
Total Expenditures	**$108,969**	**$99,653**	**$104,493**	**$105,208**	**$106,087**	**($2,882)**	**(2.6%)**
Gap to be Closed	**$0**	**$0**	**($3,937)**	**($3,386)**	**($3,749)**	**($3,749)**	**NA**

NOTE: Numbers may not add to totals due to rounding.

Table 2. Plan-to-Plan Changes
April 2022 Plan vs. February 2022 Plan

($ in millions)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Revenues					
Taxes:					
General Property Tax	$19	$310	$543	$500	$448
Other Taxes	1,643	82	(381)	(481)	(93)
Tax Audit Revenues	(50)	1	1	1	0
Subtotal: Taxes	**$1,612**	**$393**	**$163**	**$20**	**$355**
Miscellaneous Revenues	104	266	222	200	193
Unrestricted Intergovernmental Aid	(252)	252	0	0	0
Less: Intra-City Revenues	(100)	(122)	(91)	(91)	(90)
Disallowances Against Categorical Grants	0	0	0	0	0
Subtotal: City-Funds	**$1,364**	**$789**	**$294**	**$129**	**$458**
Other Categorical Grants	24	16	10	10	11
Inter-Fund Revenues	(44)	1	(1)	(1)	(1)
Federal Categorical Grants	1,114	(29)	33	30	73
State Categorical Grants	(28)	340	249	248	246
Total Revenues	**$2,430**	**$1,117**	**$585**	**$416**	**$787**
Expenditures					
Personal Service					
Salaries and Wages	($180)	$677	$663	$743	$836
Pensions	(205)	0	0	0	0
Fringe Benefits	(60)	9	33	45	48
Subtotal-PS	**($445)**	**$686**	**$696**	**$788**	**$884**
Other Than Personal Service					
Medical Assistance	($73)	($109)	($109)	($109)	($109)
Public Assistance	0	0	0	0	0
All Other	1,587	2,328	1,451	1,153	1,032
Subtotal-OTPS	**$1,514**	**$2,219**	**$1,342**	**$1,044**	**$923**
Debt Service					
Principal	$0	($57)	$14	($50)	($68)
Interest & Offsets	(79)	(69)	(160)	(123)	(122)
Subtotal Debt Service	**($79)**	**($126)**	**($146)**	**($173)**	**($190)**
FY 2021 BSA and Discretionary Transfers	$0	$0	$0	$0	$0
FY 2022 BSA and Discretionary Transfers	$1,540	($1,540)	$0	$0	$0
Capital Stabilization Reserve	$0	$0	$0	$0	$0
General Reserve	($200)	$0	$0	$0	$0
Deposit to Rainy Day Fund	$200	$0	$0	$0	$0
Less: Intra-City Expenses	($100)	($122)	($91)	($91)	($90)
Total Expenditures	**$2,430**	**$1,117**	**$1,801**	**$1,568**	**$1,527**
Gap to be Closed	**$0**	**$0**	**($1,216)**	**($1,152)**	**($740)**

NOTE Numbers may not add to totals due to rounding.

Table 3. Plan-to-Plan Changes
April 2022 Plan vs. June 2021 Plan

($ in millions)	FY 2022	FY 2023	FY 2024	FY 2025
Revenues				
Taxes:				
General Property Tax	$141	$1,152	$1,215	$939
Other Taxes	3,195	(325)	(843)	(713)
Tax Audit Revenues	(50)	1	1	1
Subtotal: Taxes	**$3,286**	**$828**	**$373**	**$227**
Miscellaneous Revenues	481	774	797	791
Unrestricted Intergovernmental Aid	792	252	0	0
Less: Intra-City Revenues	(362)	(532)	(500)	(495)
Disallowances Against Categorical Grants	0	0	0	0
Subtotal: City-Funds	**$4,197**	**$1,322**	**$670**	**$523**
Other Categorical Grants	148	36	25	25
Inter-Fund Revenues	(39)	10	6	5
Federal Categorical Grants	5,431	112	74	50
State Categorical Grants	509	449	265	259
Total Revenues	**$10,246**	**$1,929**	**$1,040**	**$862**
Expenditures				
Personal Service				
Salaries and Wages	($368)	$465	$393	$395
Pensions	($310)	($804)	($1,612)	($2,421)
Fringe Benefits	($139)	$813	$829	$838
Subtotal-PS	**($817)**	**$474**	**($390)**	**($1,188)**
Other Than Personal Service				
Medical Assistance	($73)	($109)	($109)	($109)
Public Assistance	$0	$0	$0	$0
All Other	$6,620	$3,837	$2,809	$2,694
Subtotal-OTPS	**$6,547**	**$3,728**	**$2,700**	**$2,585**
Debt Service				
Principal	($185)	$156	($99)	($10)
Interest & Offsets	(159)	(731)	(571)	(713)
Subtotal Debt Service	**($344)**	**($575)**	**($670)**	**($723)**
FY 2021 BSA and Discretionary Transfers	$0	$0	$0	$0
FY 2022 BSA and Discretionary Transfers	$5,272	($5,272)	$0	$0
Capital Stabilization Reserve	$0	$0	$0	$0
General Reserve	($250)	$55	$0	$0
Deposit to Rainy Day Fund	$200	$0	$0	$0
Less: Intra-City Expenses	($362)	($532)	($500)	($495)
Total Expenditures	**$10,246**	**($2,122)**	**$1,140**	**$179**
Gap To Be Closed	**$0**	**$4,051**	**($100)**	**$683**

NOTE: Numbers may not add to totals due to rounding.

Table 4. Risks and Offsets to the April 2022 Financial Plan

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

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
City Stated Gap	**$0**	**$0**	**($3,937)**	**($3,386)**	**($3,749)**
Tax Revenues					
Property Tax	$233	$283	$424	$809	$1,125
Personal Income Tax	1,771	209	(357)	278	208
Business Taxes	910	56	(2)	(119)	(301)
Sales Tax	216	276	295	174	33
Real Estate Transaction Taxes	144	146	(92)	(312)	(480)
All Other	(13)	0	0	0	0
Audit	0	250	250	250	250
Subtotal Tax Revenues	**$3,261**	**$1,221**	**$517**	**$1,079**	**$835**
Non-Tax Revenues	($36)	$101	$103	$56	$54
Expenditures					
Overtime	($252)	($383)	($150)	($150)	($150)
Charter School Tuition	0	0	(196)	(266)	(467)
Carter Cases	(100)	(300)	(300)	(300)	(300)
Pupil Transportation	0	0	(75)	(125)	(175)
3K Expansion	0	0	0	0	(376)
Special Ed Pre-K Expansion	0	0	0	(47)	(95)
DOE Mental Health Services	0	0	0	(37)	(86)
Community Schools Expansion/Sustainability	0	0	0	(27)	(54)
Summer Rising	0	0	0	(176)	(176)
DOE Contracted Nursing	0	0	0	(49)	(49)
Public Health Corps	0	0	0	(13)	(49)
FDNY Mental Health Response Program	0	0	(37)	(37)	(37)
Public Assistance	0	(50)	(50)	(50)	(50)
Homeless Shelters	0	(109)	(120)	(120)	(120)
Rental Assistance	0	(108)	(227)	(227)	(227)
Paratransit Funding	(28)	(55)	(77)	(91)	(105)
Prevailing Wage for Shelter Security Guards	0	0	(32)	(32)	(32)
FY 2022 Pension Investment Return	0	0	(335)	(670)	(1,006)
State Change to Pension Benefits	0	(25)	(25)	(25)	(25)
Foster Care Reimbursement Rate	(59)	(117)	(117)	(117)	(117)
VRDB Interest Savings	0	75	75	75	75
eFMAP Savings	225	150	0	0	0
General Reserve	50	0	0	0	0
Subtotal	**($164)**	**($922)**	**($1,666)**	**($2,484)**	**($3,621)**
Total (Risks)/Offsets	**$3,061**	**$400**	**($1,046)**	**($1,349)**	**($2,732)**
Restated (Gap)/Surplus	**$3,061**	**$400**	**($4,983)**	**($4,735)**	**($6,481)**

NOTE: Numbers may not add to totals due to rounding.

II. The City's Economic Outlook

Comptroller's Economic Forecast, 2022 – 2026

As the U.S. enters its third year of the COVID-19 pandemic, the economic outlook continues to change rapidly, and new risks are on the horizon. With high inflation no longer a temporary distortion driven by supply constraints and unusually low prices in 2020, the Federal Reserve started to aggressively tighten monetary policy by increasing the Federal Funds Rate by 75 basis points so far this year; another full percentage point is expected by the end of July. With job openings topping 11.5 million compared with nearly 6 million unemployed workers in March and the unemployment rate back at pre-pandemic levels, the Federal Reserve is focused on achieving price stability while maintaining a strong, but not over-heated, economy. The key question is whether monetary policy will be able to achieve such a "soft landing." Our forecast assumes so, with two implications. First, wage growth, job openings, and GDP will slow, possibly below its trend, but the economy will not slide into a recession. Second, the economy is entering a new phase of higher interest rates and lower asset values. The NYC economy will also decelerate but continue to absorb the slack in the local labor market while facing headwinds from a drop in bonus payments and profits on Wall Street. The table below depicts the Comptroller's Office's forecasts compared with the Mayor's Office for selected economic indicators.

Table 5. Selected Economic Indicators, Annual Averages Comptroller and Mayor's Forecast, 2022 to 2026

		2022	2023	2024	2025	2026
Selected US Economic Indicators (Annual Averages)						
Real GDP (2012 $, % Change)	Comptroller	2.6	2.8	2.7	2.2	2.0
	Mayor	3.3	2.7	2.9	2.8	2.5
Payroll Jobs, (% Change)	Comptroller	3.8	1.7	1.0	0.8	0.8
	Mayor	3.9	1.3	0.8	0.8	0.8
Fed Funds Rate, (Percent)	Comptroller	0.9	2.3	2.5	2.5	2.5
	Mayor	0.8	2.0	2.5	2.6	2.6
10-Year Treasury Notes, (Percent)	Comptroller	2.7	3.1	3.2	3.3	3.3
	Mayor	2.1	2.8	3.1	3.1	3.1
Selected NYC Economic Indicators (Annual Averages)						
Real GCP (2012 $, % Change)	Comptroller	1.2	1.9	2.0	1.6	1.4
	Mayor	5.3	3.3	3.2	3.1	2.7
Payroll Jobs, (% Change)	Comptroller	5.2	3.5	1.9	1.0	0.7
	Mayor	4.7	2.9	2.2	2.0	2.0
Wage-Rate Growth, (Percent)	Comptroller	0.9	0.9	2.1	2.7	2.4
	Mayor	1.7	1.2	1.8	2.9	2.6

The National Economy

The U.S. economy is facing a variety of challenges that will slow economic growth going forward. COVID-19 and its evolving variants continue to impact daily life, though they are exerting a lesser economic toll given the greater availability of vaccines and successful treatments. Russia's invasion of Ukraine, combined with China's COVID-related lockdowns, are resulting in new supply chain shocks impacting oil, food, and consumer good pricing. The labor market is tight, with unemployment back to pre-pandemic historic lows and continued solid job growth. While the end of extraordinary fiscal policy measures exerts a drag on growth, the Federal Reserve's implemented and planned steep interest rate increases are beginning to reverberate through the economy, as seen in the increase in bond yields and mortgage rates, and initial signals of cooling in the housing market. The combination of higher interest rates, planned declines in the Federal Reserve's balance sheet, and the revision of expectations for growth and profits are also driving losses in the stock market. As of May 14, the S&P 500 posted its worst year-to-date performance since 1970, declining 16 percent.[1]

The U.S. economy experienced an unexpected 1.4 percent drop in real GDP in the 1st quarter of 2022, coming on the heels of robust 6.9% growth. Personal consumer spending grew 2.7 percent and gross private domestic investment grew 2.3 percent, indicators of underlying, if moderating, economic strength. Exports, however, dropped 5.9% after rising 22.4 percent the previous quarter. Imports, which are a drag on the economy, increased 17.7 percent, continuing the trend from the prior quarter. Overall, net exports subtracted 3.2 percentage points from GDP growth in the first quarter.

The surge in inflation is due to an exceptionally strong economic rebound supported by unprecedented fiscal and monetary policy expansion in the face of supply constraints and rising energy prices. The Consumer Price Index (CPI) grew 8.5 percent in March 2022 from a year earlier, the fastest pace since December 1981. The largest contributor was transportation, particularly private transportation which was most affected by motor fuel prices and the cost of new and used vehicles. Despite higher inflation eating into purchasing power, overall spending will be supported by savings accumulated during the pandemic and buttressed by healthier balance sheets as households' net worth in the fourth quarter of 2021 was 29.3 percent higher than at the end of 2019.

As of May, the Federal Reserve has increased the target range of the Federal Funds Rate by 75 basis points to .75 to 1.00 percent and is expected to continue with increases of 50 basis points in the next two Federal Open Market Committee meetings, and then opt for a slower pace afterwards. Mortgage rates have already risen above 5 percent, adding more than two percentage points since the beginning of the year. In addition, the Federal Reserve announced

[1] https://www.wsj.com/articles/stocks-are-way-down-theyre-still-expensive-11652500809

the reinvestment caps for Treasuries and Mortgage-Backed Securities that will drive the pace of balance sheet runoff starting in June, a move aimed at tightening financial conditions.

The U.S. added 428,000 nonfarm payroll jobs in April, showing continued solid growth, led by gains in leisure and hospitality, manufacturing, transportation and warehousing. Average hourly earnings rose 5.5 percent from April 2021 and unemployment stayed at 3.6 percent, close to the multi-decade low of 3.5 percent in February 2020.

Labor markets are exceptionally strong, the question is how much monetary tightening will be needed before inflation abates and whether this tightening will cause employment and the economy to contract. The Comptroller's base case is that the economy will avoid a recession, but risks to the outlook are tilted to the downside and the chance of a policy miss is high.

The New York City Economy

New York City's economy continues to rebound from the effects of the pandemic, and most current economic indicators are in positive territory. However, as noted in previous budget reports, the recovery is still uneven in terms of its sectoral impact. While current conditions are generally strong, some important barometers of the City's economy such as Wall Street profitability and office vacancy rates are weakening.

Labor markets

Private sector employment at City establishments is now at 95 percent of the February 2020 pre-pandemic peak. Low-paying sectors such as accommodation and entertainment are furthest from achieving full recovery, at only 80 percent of their pre-pandemic levels, while two sectors of the City's economy, information and health care, exceed these levels.

The pace of job gains has averaged about 25,000 per month so far this year, essentially the same as last year.

The City's unemployment rate has also improved to 6.5 percent in March from a high of 21 percent in May 2020, but it remains well above both the national average and local pre-pandemic lows of 3.7 percent. Rates among Black and Hispanic New Yorkers are higher than for Whites and Asians, pointing again to an unequal recovery.

Table 6. NYC Employment Pre-pandemic vs Current Employment Levels

(in thousands)	Seasonally Adjusted NYC Employment				April 2022 Change From			Percent of Feb 20
Industry	Feb. '20	Apr. '20	Dec. '21	Apr. 22.	Feb. '20	Apr. '20	Dec. '21	
Total Private	4,086.0	3,176.7	3,806.1	3,893.9	(192.1)	717.1	98.7	95.3%
Financial Activities	486.2	469.5	467.1	470.2	(16.0)	0.7	3.2	96.7%
Information	227.8	204.3	233.1	233.8	6.0	29.5	0.7	102.6%
Professional and Business Services	775.6	689.6	752.0	768.3	(7.3)	78.8	16.4	99.1%
Educational Services	255.6	229.9	239.5	243.4	(12.2)	13.5	4.0	95.2%
Health Care and Social Assistance	816.0	713.8	814.2	836.1	20.1	122.3	32.8	102.5%
Arts, Entertainment, and Recreation	95.5	50.9	74.0	73.9	(21.6)	23.0	(0.1)	77.4%
Accommodation and Food Services	372.7	107.7	287.4	307.9	(64.8)	200.2	20.6	82.6%
Other Services	195.3	129.6	171.6	179.6	(15.7)	49.9	7.9	91.9%
Retail Trade	345.0	231.0	301.5	305.7	(39.3)	74.7	4.2	88.6%
Wholesale Trade	138.7	109.2	127.0	129.6	(9.1)	20.4	2.7	93.4%
Transportation and Warehousing	134.9	98.8	132.5	129.6	(5.3)	30.8	(2.9)	96.1%
Construction	162.4	88.1	135.1	143.3	(19.1)	55.3	8.4	88.3%
Manufacturing	65.0	39.5	56.2	57.7	(7.3)	18.2	1.5	88.8%

Wages and Wall Street Profits

Average wages earned in the City have grown significantly over the past two years, increasing by 18 percent overall in the third quarter of 2021 compared with the same period in 2019. Increases in average wages have occurred in both high- and low-paying sectors.

High-paying sectors such as finance and information experienced the strongest overall gains, as shown below. Wages in finance have been boosted by the profitability of Wall Street firms which had a near record year of profits of $58 billion in 2021, falling short only of the $61 billion record in 2009. The strong gains in finance were outpaced by increases in tech-related sectors such as information. Anecdotal reports suggest that the finance and tech sectors are increasingly engaged in wage competition to retain and recruit top talent.

Table 7. NY Wage Rate Gains by Sectors 2019-2021

	Period			Q3 2021 % Change From	
Low Wage	**Q3-2019**	**Q3-2020**	**Q3-2021**	**Q3-2019**	**Q3-2020**
Retail	$11,185	$12,249	$12,740	14%	4%
Accommodation & Food Services	$9,545	$8,901	$10,434	9%	17%
High Wage					
Information	$35,187	$41,258	$43,746	24%	6%
Finance & Insurance	$47,553	$50,145	$55,068	16%	10%
Professional & Technical Services	$32,626	$34,647	$38,216	17%	10%
TOTAL	**$21,058**	**$23,656**	**$24,858**	**18%**	**5%**

City Inflation

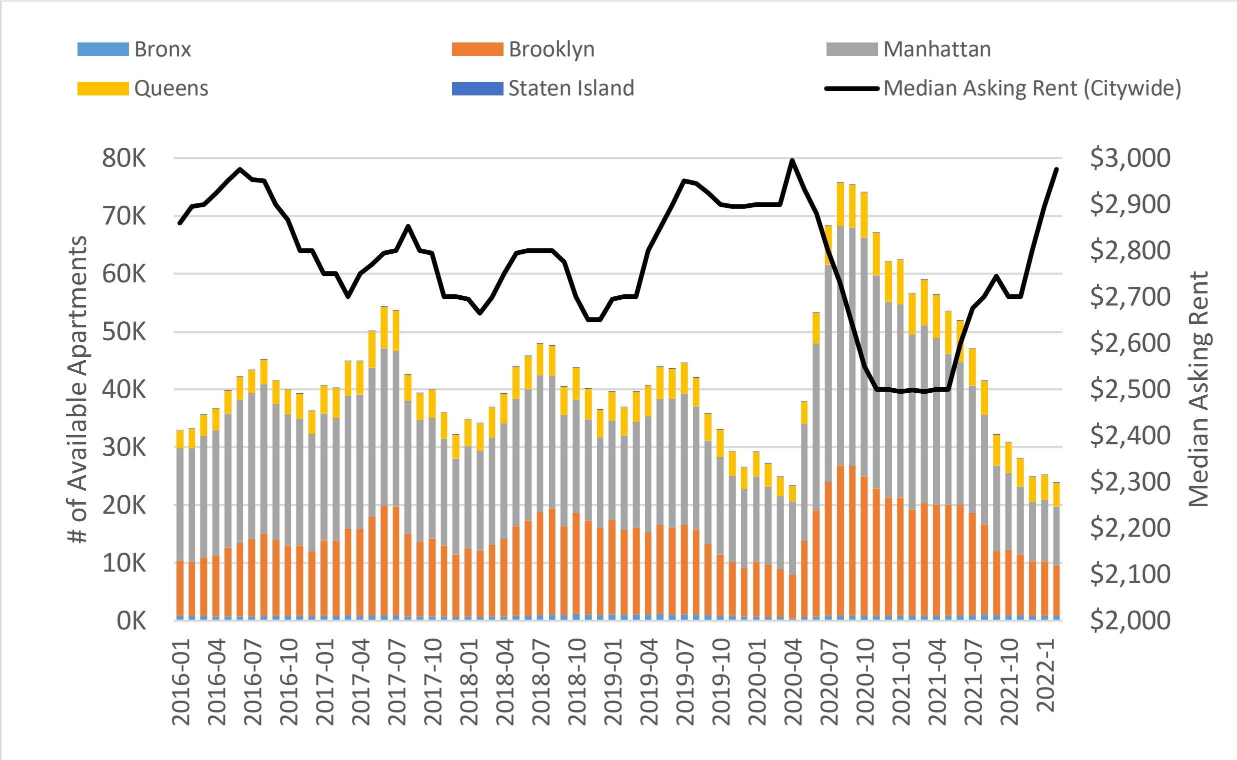
CPI inflation in the NY area has been slower than the national average. As of March 2022, NY-area prices grew 6.1 percent, the highest level since February 1991, but still 2.4 percentage points below the 8.5 percent national average (measured as the 12-month percentage change). In large part, the discount relative to the U.S. is due to the fact that while both transportation and housing costs have been rising locally, they have been growing more slowly than the national average. Transportation, the CPI component with the fastest growth in the U.S. (affected highly by rising fuel prices) is growing more slowly in the NY area (+14.7 percent) than in the U.S. (+22.6 percent). Shelter prices are increasing at less than half the speed in the NY area (2.1 percent) versus nationally (5.0percent). The differential between the NY-metro area and the U.S. CPI is unusual. The last time such a large wedge occurred was in the late 1970s. We anticipate that the differential will dissipate in the coming months and that the inflation rate of the shelter component will exceed 4.0 percent by the end of the year. This would be the highest NY shelter CPI since March 2007. [2]

Real estate markets

The overall improvement in the City's labor markets has been accompanied by a sharp turnaround in the City's residential market. March data from Streeteasy.com show median citywide rents climbing, as shown in the Chart below. March's median citywide rent of $3,000 was 20 percent higher than median rents in March 2021 and surpassed its pre-pandemic peak to hit its highest level ever. Availability of apartments remains about half of what it was just one year prior and is near historic lows.

[2] New York by the Numbers: Monthly Economic and Fiscal Outlook No. 65 – May 2nd, 2022 : Office of the New York City Comptroller Brad Lander (nyc.gov)

Chart 1. Streeteasy — NYC Apartment Rental Inventory and Median Asking Rents



The market for owner-occupied homes has also rebounded. Residential sales totaled more than $15 billion in the first quarter of 2022, the highest first quarter going back to 2016.

In contrast to the residential market where conditions have improved markedly and performance metrics now exceed pre-pandemic levels, conditions in the commercial real estate market remain considerably weaker than they were before the pandemic. Based on the latest available data from CoStar through early May, the amount of available commercial space has soared to over 125 million square feet compared with 86 million at the onset of the pandemic. Asking rents are also below pre-pandemic rates.

Outlook

The outlook for the City's economy is predicated on the same assumption that underpins the US macroeconomic outlook, namely that the Federal Reserve will be successful in its attempt to rein in inflation while averting a recession, the soft-landing scenario described in the U.S. section of this report.

Labor markets and Wages

Annual average job gains in the City are expected to slow from 5.2 percent this year to 3.5 percent in 2023 as the economy begins to cool. The slowdown due to the impact of the soft-landing is more apparent in the outyears when job gains slow to only 0.7 percent in FY 2026, similar to the pattern of decelerating growth in U.S jobs. Even with a soft landing, unemployment would be expected to increase at least moderately, following the U.S. forecast but from a starting point that is nearly double. In terms of the sectoral job mix, while the Comptroller's Office anticipates that City overall employment will return to its pre-pandemic peak by late 2024, the tourism sector of the economy will not have fully recovered by the end of the forecast. Tourism is expected to continue to rebound strongly in 2023 and 2024, but recovery to full pre-pandemic levels will be hampered by the fact that the business segment of travel has become more reliant on virtual meetings and international travel remains significantly lower than pre-pandemic levels.

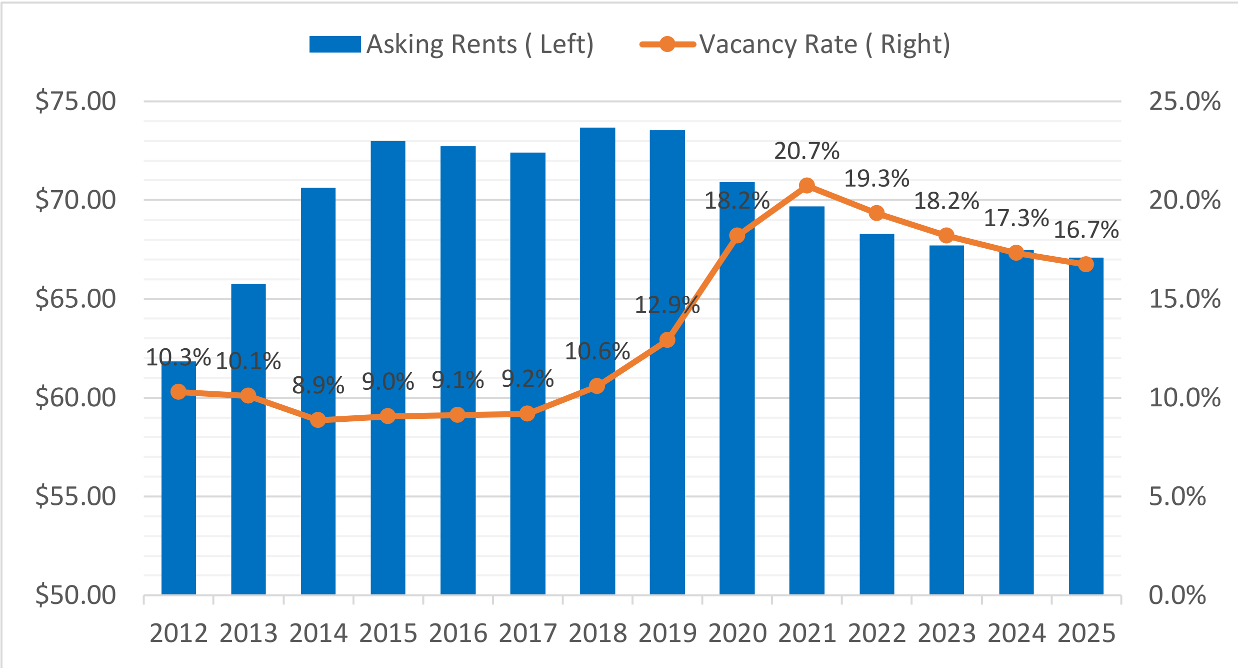
The impact of slowing growth on inflation and wages is readily apparent in the forecast. This is due to a combination of factors. Slowing inflation growth and lower inflationary expectations are expected to curb wage rate growth both nationally and locally. U.S. CPI is expected to decelerate sharply from 6.3 percent in 2022 to 3.3 percent in 2023 while local headline CPI falls from 4.5 percent to 2.4 percent.

In addition to this macro driver, at the local level the surge in Wall Street profits that drove finance and overall wages higher over the past two years is expected to subside, bringing overall wage rate growth to only 0.9 percent in the near term.

Real estate markets

Real estate markets are expected to be particularly impacted by higher interest rates. Mortgage rates have climbed to over 5 percent, and the forecast assumes that rates will remain at these high levels throughout the forecast horizon. As a result of higher borrowing costs and slowing economic growth, home prices in the City are expected to remain flat throughout the Plan. For the commercial market, the slowing pace of gains in office-using jobs in the outyears means that vacancy rates will remain elevated, and will continue to pressure rents downwards, as shown in the chart below.

Chart 2. Office Market Vacancy Rate and Asking Rents



Risks

The Fed faces a formidable task in bringing down high inflation without causing a recession, an achievement that has only been achieved three times, most recently in 1995. The Russian invasion of Ukraine, COVID lockdowns in China and related supply chain interruptions make this an even more challenging task.

The City's economic and revenue forecast is even more susceptible than the U.S. to potential negative impacts on the stock market given its reliance on the securities industry and the capital gains that boost Personal Income Tax revenues. Furthermore, any negative shocks would further delay the City's recovery from the pandemic, increasing unemployment yet again with potentially disproportionate impacts on those who have rebounded the least. Conversely, if the geopolitical situation and inflation outlook were to improve more quickly than expected, the City could stand to benefit if this were to result in a sharp upward reversal in financial markets. At this time the risks are weighted to the downside.

III. The FY 2023 Executive Budget and April 2022 Financial Plan

The FY 2023 Executive Budget totals $99.65 billion, an increase of $1.12 billion from the FY 2023 Preliminary Budget, resulting primarily from a $789 million increase in City-fund revenues and a $340 million increase in State categorical grants. About two-thirds of the increase in State categorical grants are in education, discussed in greater detail in “Federal and State Aid”. Other significant State revenue increases include $62 million in state operating assistance to the Staten Island Ferry and MTA Bus Company funding and $11 million in State child welfare services. The remaining non-City-fund revenues show a net decrease of $12 million.

The increase in City-funds revenues in FY 2023 is due to upward revisions of $393 million in tax revenues, $144 million in non-tax revenues and $252 million in unrestricted inter-governmental aid, as shown in Table 8. Tax revenue forecast changes are driven by revisions to property tax revenue which is $310 million above the Preliminary Budget forecast. As discussed in “Tax Revenues”, the increase in property tax revenues is due to a re-estimate of the tentative-to-final assessment roll reductions. Increase to the non-tax revenues stems mainly from a $111 million increase in estimated water and sewer reimbursement for operation and maintenance of the water delivery and wastewater disposal systems. An upward revision to interest income to reflect anticipated increases in the Federal Funds rate accounts for another $33 million of the increase in non-tax revenues. The increase in unrestricted intergovernmental aid represents a roll-over from FY 2022 into FY 2023 of $252 million in FEMA reimbursement for prior year FEMA eligible expenditures. The previous Financial Plan included $750 million of unrestricted intergovernmental aid in FY 2022 for reimbursement of eligible COVID expenditures in FY 2020 and FY 2021 that were originally paid with City-funds revenues.

Table 8. Changes to FY 2023 City-Funds Estimates from the February Plan

($ in millions)

REVENUES		EXPENDITURES	
Property Tax	$310	Agency Expenses	$1,875
Non-Property Tax	83	0.5% Increase in each of First Two Years of Collective Bargaining Increase	238
Non-Tax Revenues	144	PEGs	(141)
Unrestricted Intergovernmental Aid	252	Miscellaneous Expenses	358
Total	**$789**	**Subtotal**	**$2,329**
		Prepayments of FY 2023 Debt Service and Retiree Health	**($1,540)**
		Total	**$789**

FY 2023 City-funded expenditures before prepayments are $2.33 billion above the Preliminary Budget. The bulk of the increase in agency expenses and miscellaneous expenses is due to new needs totaling $1.90 billion. Major new needs include:

- $217 million for the Subway Safety Plan;
- $200 million for continued COVID-19 testing capacity and other services as part of the Test & Trace Corps;
- $148 million to fund the designation of Juneteenth as a paid holiday for City workers;
- $119 million increase in rental assistance bringing FY 2023 funding for City Family Homelessness and Eviction Prevention Supplement (CityFHEPS) to $136 million;
- $107 million increase in judgments and claims (J&C) spending, reflecting the City's re-estimate of timing and expected payout in relation to judgments against the City in the case of Gulino v. the Board of Education;
- $101 million to expand the Summer Rising program to an additional 110,000 elementary and middle school students; and
- $59 million to support the implementation of the Department of Correction's Risk Management and Accountability System (RMAS), the City's plan to end solitary confinement.

The Executive Budget also includes $238 million to fund the cost of a 0.5 percent increase in each of the first two years of the new round of collective bargaining. The previous Financial Plan had assumed no wage increase in the first two years of the new round of collective bargaining.

Overall, the net increase of $2.33 billion in City-funded expenses is covered by the additional $789 million in FY 2023 City-funds revenues and an additional FY 2022 budget surplus of $1.54 billion. The additional FY 2022 budget surplus in the current Financial Plan brings the total FY 2022 budget surplus to $5.27 billion, and it is earmarked to prepay $2.77 billion of General Obligation (GO) debt service, $1.96 billion of Transitional Finance Authority Future Tax Secured (TFA-FTS) debt service, $40 million of lease debt service, and $500 million of retiree health benefits.

FY 2022 Budget

The FY 2022 budget increases by $2.43 billion to $108.97 billion in the April Financial Plan, due to an addition of $1.36 billion in City-funds revenues and $1.11 billion in Federal Categorical Funds. A net decrease of $48 million in other non-City revenues offset some of these increases. The increase in Federal categorical grants is due primarily to revisions to Federal stimulus grants and pandemic relief, including $100 million in Emergency Connectivity Fund award, $318 million in previously unallocated American Rescue Plan Act State and Local Fiscal Recovery Fund (ARPA SLFRF) grant, and an increase of $459 million in FEMA COVID relief.

City-funds revenue increases are driven by an increase of $1.61 billion in tax revenues to reflect stronger than expected collections through March, which was $1.53 billion more than projected in the February Plan. Partially offsetting the tax revenue increase is the roll of $252 million of unrestricted intergovernmental aid from FY 2022 to FY 2023. The $252 million is part of a $750 million FEMA reimbursement for FEMA eligible expenditures in FY 2020 and FY 2021.

Table 9. Changes to FY 2022 City-Funds Estimates from the February Plan

($ in millions)

REVENUES		EXPENDITURES	
Tax Revenues	$1,612	Agency Expenses	$141
Non-Tax Revenues	4	Miscellaneous Expenses	39
Unrestricted Intergovernmental Aid	(252)	0.5% Increase in each of First Two Years of Collective Bargaining Increase	119
Total	**$1,364**	Pension	(205)
		PEGs	(270)
		General Reserve	(200)
		Deposit to the Revenue Stabilization Fund	200
		Total	**($176)**

FY 2022 City-funded expenditures are $176 million below the February Plan. Driving the reduction are $270 million in Program to Eliminate the Gap (PEG) savings and a $205 million reduction in pension contributions, due to a reduction in the reserve to fund changes in actuarial audits which is no longer needed.[3] The Plan reduced the General Reserve by $200 million to $50 million but at the same time increased the deposit to the Revenue Stabilization Fund by $200 million to $700 million. These changes help fund upward revisions of $180 million in agency and miscellaneous expenditures. Overall, the net of revenue increases and expenditure reductions increase the FY 2022 budget surplus by $1.54 billion to $5.27 billion. As discussed above, this surplus is earmarked to prepay FY 2023 debt service and retiree health benefits.

Program to Eliminate the Gap (PEG)

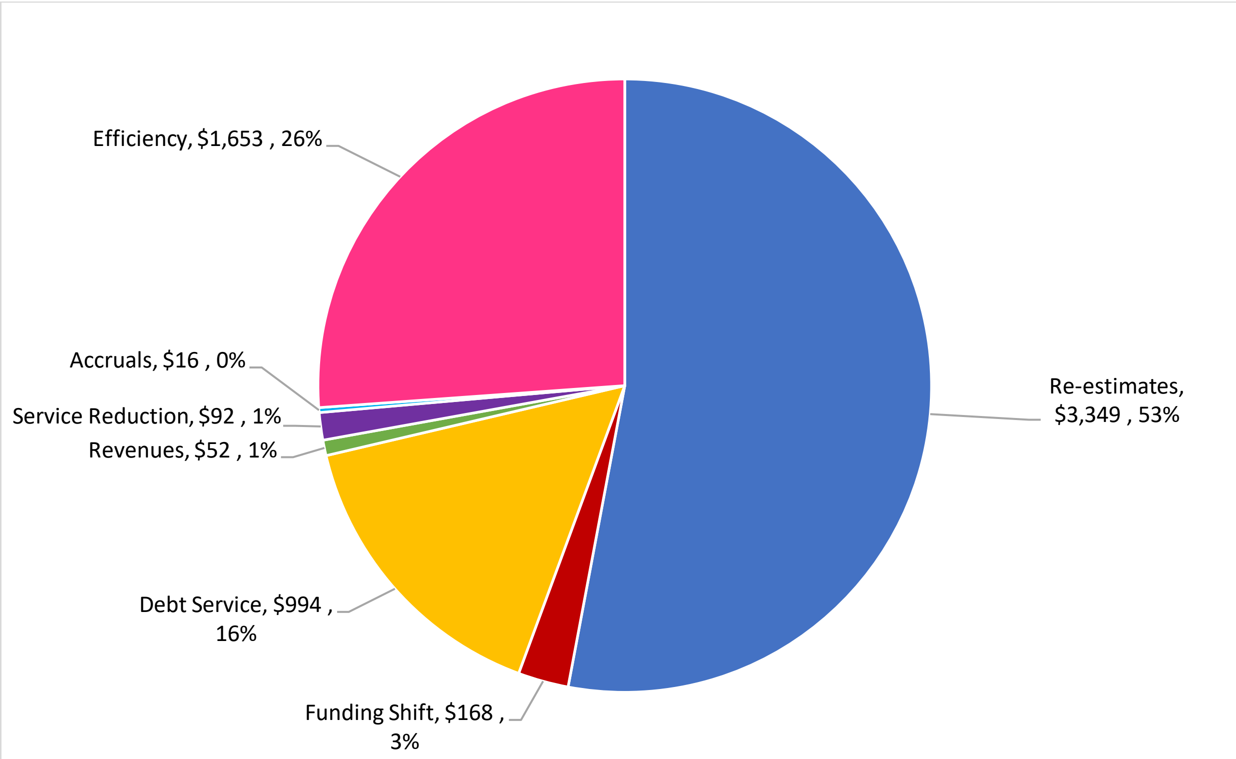
The April 2022 Financial Plan includes additional PEG initiatives that are expected to provide budget relief totaling $965 million over FY 2022 through FY 2026. The incremental savings are primarily due to debt service savings (72 percent) and expense re-estimates (22 percent).

Together with the PEG initiatives introduced in the February Plan, total PEG budget relief in the current Financial Plan sums to $6.32 billion over the Plan period, with estimated budget relief beginning at $1.14 billion in FY 2022 growing to $1.33 billion by FY 2026. As shown in Chart 3, re-estimates, efficiency initiatives, and debt service savings account for 95 percent of the budget relief. Almost 80 percent ($1.29 billion) of the efficiency savings are from vacancy reductions. Other major efficiency savings include $184 million from school budget allocation efficiencies and $43 million from the reduction of uniformed staff assigned to administrative and support roles at the Department of Sanitation (DSNY).

[3] The City typically maintains a reserve in anticipation of increased costs from changes recommended by the actuarial audits.

Chart 3. PEG Savings Over the Plan Period (FY 2022 – FY2026)

($ in millions)



The Financial Plan also includes a Citywide Savings Program (CSP) proposed in the November 2021 Plan by the prior administration. The CSP is expected to provide budget relief of $2.45 billion over the Plan period. The bulk of the savings is in debt service savings which account for $2.00 billion, or 82 percent, of the savings over the Plan period. Together, the PEG and CSP initiatives are projected to provide $8.78 billion of budget relief over the Plan period.

Risks and Offsets

The Comptroller's Office conducts an analysis comparing its forecasted revenues and expenses against the City's Plan. Overall, the Comptroller's Office shows a combined positive impact in the first two years (FY 2022 and FY2023) with the Comptroller's forecast of revenues coming in greater than expenses by $3.06 billion and $425 million respectively, as shown in Table 10. In FY 2024 – 2026, the Comptroller's Office's analysis shows that the City has underestimated expenses more than revenues, for a net negative impact of $1.02 billion in FY 2024 growing to $2.71 billion by FY 2026. The outyear risk is understated, with the outcome of collective bargaining still to be determined.

The Comptroller's Office projects that tax revenues will be above the Plan forecast by $3.26 billion in FY 2022, $1.22 billion in FY 2023, $517 million in FY 2024, $1.08 billion in FY 2025, and $835 million in FY 2026. The Comptroller's Office's tax revenue forecast is discussed in more detail in "Comptroller's Office Revisions and Projections, FY 2022 – FY 2026" beginning on page

24. The Comptroller's Office also projects higher non-tax revenues from fines and interest income in each of FY 2023 – FY 2026, ranging from $54 million to $103 million. In FY 2022 however, there could be a shortfall of $45 million from bus shelter revenues, as discussed in "Miscellaneous Revenues" beginning on page 31, resulting in a net shortfall of $36 million in non-tax revenues.

The Comptroller's Office estimates that expenditures could exceed the Plan projections in each year of the Plan, beginning at $164 million in FY 2022 and growing to $3.60 billion by FY 2026. The largest risk in FY 2022 is attributable to overtime spending, which the City estimates will remain close to the lows experienced during the pandemic. However year-to-date spending indicates otherwise, as discussed in "Overtime" beginning on page 42. Similarly, the line items for "Carter Cases" spending for students with special needs and charter school tuition have also been under-budgeted beginning in FY 2022 and FY 2024, respectively, compared with recent spending patterns, as described in the Department of Education section of the report.

Risks to the City's expenditures beginning in FY 2023 reflect insufficient budgeting for recurring expenditures, also known as fiscal cliffs, because the current budgeted levels are not sustained. These shortfalls include funding for homeless shelters, rental assistance, prevailing wages for shelter security guards, Behavioral Health Emergency Assistance Response Division (B-HEARD) in the Fire Department, and a number of core education initiatives supported by stimulus funds for which the City has not provided funding beyond the expiration of these funds. Altogether, fiscal cliffs pose risks of $217 million in FY 2023, $416 million in FY 2024, $765 million in FY 2025, and $1.30 billion in FY 2026.

Other expenditure risks include the City's funding for paratransit. While the State requires the City to increase its funding of the Metropolitan Transportation Authority's (MTA) net paratransit deficit from 33 percent to 50 percent, funding for paratransit in the Financial Plan does not reflect the increase in funding requirement. The Comptroller's Office estimates that raising the City's funding to 50 percent would require $28 million in FY 2022, growing to $105 million by FY 2026.

In addition, the impact of lower FY 2022 pension investment return poses a significant risk to the Plan in the outyears as discussed in "Pensions" beginning on page 46. The combined FY 2022 pension investment return of the City's actuarial pension system was 0.11 percent, as of March 2022.[4] The Comptroller's Office estimates that every percentage point shortfall in investment return below the actuarial interest rate assumption (AIRA) of seven percent would result in additional pension contributions of $48 million in FY 2024, $96 million in FY 2025 and $144 million in FY 2026. Therefore, if the return on pension investments at the end of the fiscal year is close to the .11 percent seen through March, the additional cost to pension contributions will be $335 million in FY 2024 growing to a little more than $1 billion in 2026. However, this estimate does not take into account additional volatility since March, which could drive final FY 2022 returns lower.[5]

[4] Combined return on pension investments as calculated by State Street Bank.

[5] Pension contributions are increased or reduced by pension investment returns below or in excess of the actuarial interest rate assumptions (AIRA) over five years to smooth out the impact of pension investment return volatility on pension contributions. To the extent that future year returns outperform the AIRA, they could potentially offset the outyear risk.

The impact of State budget actions on City expenses that are not yet reflected in the April Financial Plan is estimated to increase expenditures by $59 million in FY 2022 and $117 million in each of the outyears for increased reimbursement rate for foster care, and at least $25 million annually beginning in FY 2023 for changes to pension benefits.

The City's conservative estimates of interest rates on variable rate debt bonds (VRDB) provide some offset to expenditure risks. The Comptroller's Office estimates that debt service on VRDB could be less than the Plan projections by $75 million annually in FY 2023 through FY 2026.

The Comptroller's Office estimates of under-budgeting for known and likely expenditures combined with the analysis of revenues indicates that the City could end FY 2022 with budget surpluses of $3.11 billion and $425 million in FY 2022 and FY 2023, respectively, and larger gaps of $4.96 billion in FY 2024, $4.71 billion in FY 2025, and $6.47 billion in FY 2026.

In addition, looming on the horizon is the upcoming round of collective bargaining which could pose a significant additional risk to the budget. The City set aside resources in the Labor Reserve assuming 0.5 percent increases in the first two years of the contracts and 1 percent increase in each year thereafter, which is likely to be insufficient. Each additional percentage point in wage increases would cost $450 million per year. Given the uncertainty of the outcome of collective bargaining, the Comptroller's Office has not quantified the magnitude of this risk.

Headcount savings could provide some offsets to these risks in the outyears. While the Plan projects an FY 2022 increase of 15,594 positions from the FY 2021 year-end headcount, actual headcount as of February 28, 2022 was below the FY 2021 fiscal year-end level. It is unlikely that FY 2022 year-end headcount will reach planned level and the Plan includes savings from this shortfall. Given a lower FY 2022 headcount base, there is a potential for headcount savings in FY 2023 if the City is unable to hire and retain its planned workforce.

Table 10. Risks and Offsets to the April 2022 Financial Plan

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

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
City Stated Gap	**$0**	**$0**	**($3,937)**	**($3,386)**	**($3,749)**
Tax Revenues					
Property Tax	$233	$283	$424	$809	$1,125
Personal Income Tax	1,771	209	(357)	278	208
Business Taxes	910	56	(2)	(119)	(301)
Sales Tax	216	276	295	174	33
Real Estate Transaction Taxes	144	146	(92)	(312)	(480)
All Other	(13)	0	0	0	0
Audit	0	250	250	250	250
Subtotal Tax Revenues	**$3,261**	**$1,221**	**$517**	**$1,079**	**$835**
Non-Tax Revenues	($36)	$101	$103	$56	$54
Expenditures					
Overtime	($252)	($383)	($150)	($150)	($150)
Charter School Tuition	0	0	(196)	(266)	(467)
Carter Cases	(100)	(300)	(300)	(300)	(300)
Pupil Transportation	0	0	(75)	(125)	(175)
3K Expansion	0	0	0	0	(376)
Special Ed Pre-K Expansion	0	0	0	(47)	(95)
DOE Mental Health Services	0	0	0	(37)	(86)
Community Schools Expansion/Sustainability	0	0	0	(27)	(54)
Summer Rising	0	0	0	(176)	(176)
DOE Contracted Nursing	0	0	0	(49)	(49)
Public Health Corps	0	0	0	(13)	(49)
FDNY Mental Health Response Program	0	0	(37)	(37)	(37)
Public Assistance	0	(50)	(50)	(50)	(50)
Homeless Shelters	0	(109)	(120)	(120)	(120)
Rental Assistance	0	(108)	(227)	(227)	(227)
Paratransit Funding	(28)	(55)	(77)	(91)	(105)
Prevailing Wage for Shelter Security Guards	0	0	(32)	(32)	(32)
FY 2022 Pension Investment Return	0	0	(335)	(670)	(1,006)
State Change to Pension Benefits	0	(25)	(25)	(25)	(25)
Foster Care Reimbursement Rate	(59)	(117)	(117)	(117)	(117)
VRDB Interest Savings	0	75	75	75	75
eFMAP Savings	225	150	0	0	0
General Reserve	50	0	0	0	0
Subtotal	**($164)**	**($922)**	**($1,666)**	**($2,484)**	**($3,621)**
Total (Risks)/Offsets	**$3,061**	**$400**	**($1,046)**	**($1,349)**	**($2,732)**
Restated (Gap)/Surplus	**$3,061**	**$400**	**($4,983)**	**($4,735)**	**($6,481)**

NOTE: Numbers may not add to totals due to rounding.

Revenue Analysis

Total revenues in the April 2022 Financial Plan are estimated to decline over the plan from $109.0 billion in FY 2022 to $102.3 in FY 2026. The projected decline is largely due to decreases in pandemic-related federal aid. City-funds revenues are projected to grow from $71.5 billion in FY 2022 to $76.4 billion in FY 2026. These projections reflect the City's assumption that the US macro economy will experience a soft landing enabling the City's economy to continue to recover over the Plan with City employment expected to reach pre-pandemic levels in FY 2025. Forecast tax revenue growth of $6 billion from FY 2022 to FY 2026 is expected to be driven primarily by non-property tax revenues. Property tax revenue is projected to increase significantly in FY 2023 by $1.8 billion, but the City estimates growth of only $600 million for the remainder of the Plan[6].

Miscellaneous revenue, excluding intra-City revenues, is projected to grow by 5 percent in FY 2023 to $5.28 billion. Thereafter, miscellaneous revenues are projected to remain relatively flat, ranging from $5.32 billion in FY 2024 to $5.36 billion in FY 2026.

The April Plan reflects $35.6 billion of Federal and State aid for FY 2022, representing about 33 percent of the City's overall revenue projections. Over the outyears of the Plan, Federal and State grants are projected to decline to $24.2 billion in FY 2026. This decline stems from the wind-down for Federal stimulus and pandemic relief funds. As a result, Federal categorical grants are projected to drop $9.8 billion to $9.4 billion in FY 2023 and $7.0 billion by FY 2026. Over the same period, State categorical grants are projected to grow from $16.5 billion in FY 2023 to $17.2 billion in FY 2026.

Tax Revenues

The City revised local tax revenues upwards in the current fiscal year by $1.6 billion compared with the February Plan, reflecting more than $1.5 billion in better-than-expected collections through March. Since then, April results exceeded expectations set in February by almost $2.8 billion, driven largely by personal and business income taxes[7]. Based on collections through April, Personal Income Tax (PIT) revenue is only $200 million below the City's April forecast for year-end FY 2022 with two months of collections remaining.

The revisions to FY 2023 and beyond were overall relatively minor. The property tax forecast was revised upwards based on data that shows, as expected, a smaller than anticipated reduction from the tentative to the final roll, while non property tax revenues were generally revised lower.

[6] A detailed discussion of property tax revenues follows

[7] In this and the following chart comparisons are shown relative to the February Plan number. The City revised its cash projections upward for April to cover part of the $2.8 billion in revenues above expectations, raising income taxes by $600M but then lowered expectations for business taxes by a similar amount In June. Business taxes are now projected to decline by almost 75 percent year-over-year in June.

Table 11. Revisions to the City's Tax Revenue Assumptions April 2022 Plan vs. February 2022 Plan

($ in millions)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
February Financial Plan	**$64,030**	**$65,872**	**$67,774**	**$69,642**	**$69,642**
Revisions:					
Property Tax	19	310	543	500	445
Personal Income (PIT)	534	(250)	(485)	(496)	(396)
Business	324	(307)	(240)	(199)	(151)
Sales	414	232	(93)	(251)	(8)
Real-Estate Transactions	311	102	164	215	225
All Other	55	(10)	(10)	(10)	(10)
Tax Audit	-50	-1	-1	-1	-1
City Tax Programs		300	300	300	300
Total April Plan	**$1,612**	**$393**	**$163**	**$20**	**$355**
April 2022 Financial Plan – Total	**$65,642**	**$66,265**	**$67,937**	**$69,662**	**$71,090**

Table 12. Collection Trends vs. February Plan

($ in millions)	YTD Variance Through March	Monthly April Variance
Property Tax	58	181
Personal Income	362	1,991
Business	370	463
Sales	504	91
Real Estate Transactions	230	135
Other	45	-33
Total	**$1,543**	**$2,836**

Comptroller's Office's Revisions and Projections, FY 2022 – FY 2026

The Comptroller's projections for the current fiscal year, in addition to the revision due to March collections, also incorporate April's data which is estimated to have exceeded the City's February Plan by almost $2.8 billion. This result brings year-to-date collections at almost $4.4 billion above the prior plan, compared with the $1.6 billion revision the City has recognized in the Executive Budget. For the remainder of the year, the Comptroller anticipates tax revenues will exceed the City's prior projections by an additional $500 million bringing total tax revenues for FY 2022 to $68.9 billion. In total, local tax revenues are expected to exceed the February Plan by $4.8 billion, or almost 8 percent higher.

This $3.2 billion higher estimate for FY 2022 is by far the largest discrepancy with the City's forecast over the Plan period as shown below in Table 13. For the remainder of the Plan in FY 2023 – FY 2026, the Comptroller forecasts higher overall revenues compared with the City, mainly due to a higher estimate for the property tax revenue. Both forecasts anticipate that revenues from the City's most volatile taxes (personal and business income taxes and real estate transaction taxes) will decline significantly from record levels experienced in FY 2022. Growth comparisons are skewed given that the City's starting point for FY 2023 is far lower than the Comptroller's. A detailed discussion of the individual taxes follows.

It is important to note the considerable downside risks to this scenario as discussed in the Economic section of this report.

Table 13. Risks and Offsets to the City's Tax Revenue Projections

($ in millions)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Property	233	283	424	809	1,125
PIT	1,771	209	-357	278	208
Business	910	56	-2	-119	-301
Sales	216	276	295	174	33
Real Estate Transaction	144	146	-92	-312	-480
Other	-13	0	0	0	0
Audit	0	250	250	250	250
Total	**$3,261**	**$1,221**	**$517**	**$1,079**	**$835**

Table 14. Tax Revenue Forecast, Growth Rates

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FYs 2022 – 26 Average Annual Growth
Property						
Mayor	-6.0%	6.0%	1.6%	0.4%	0.0%	2.0%
Comptroller	-5.3%	6.1%	2.0%	1.6%	1.0%	2.7%
PIT						
Mayor	-2.5%	-1.5%	2.4%	4.2%	2.6%	1.9%
Comptroller	9.2%	-10.8%	-1.5%	8.7%	2.1%	-0.6%
Business						
Mayor	0.1%	-9.0%	1.7%	3.6%	5.5%	0.3%
Comptroller	13.0%	-18.7%	0.8%	1.8%	2.9%	-3.7%
Sales						
Mayor	24.1%	3.0%	4.3%	5.0%	5.6%	4.5%
Comptroller	27.4%	3.7%	4.4%	3.5%	4.0%	3.9%
Real Estate Transactions						
Mayor	44.2%	-15.8%	8.0%	7.0%	3.0%	0.1%
Comptroller	51.6%	-15.0%	-2.0%	-1.7%	-3.5%	-5.7%
All Other						
Mayor	1.9%	2.4%	6.4%	4.2%	1.2%	3.5%
Comptroller	1.4%	2.9%	6.4%	4.2%	1.2%	3.7%
Audit						
Mayor	-23.5%	-17.1%	0.0%	0.0%	-0.1%	-4.6%
Comptroller	-23.5%	11.6%	0.0%	0.0%	-0.1%	2.8%
Total Tax with Audit						
Mayor	-0.1%	0.9%	2.5%	2.5%	2.0%	2.0%
Comptroller	5.1%	-2.1%	1.4%	3.3%	1.7%	1.1%

Property Taxes

The City has revised property taxes higher throughout the Plan based on lower estimates of assessment reductions that occur each year from the tentative to final property tax roll. The City had forecast a reduction of almost $8 billion in billable assessed value in the January Plan. The City is now estimating that the reduction will be about $3 billion or 1.2 percent of the levy, which is more in line with the historical average. At the time of the January Plan, the Comptroller's Office also assumed a higher-than average reduction of $5 billion. The Comptroller has also revised the forecast downward to $3 billion. The two forecasts of the FY 2023 levy are now very similar, with differences driven by the amount of uncollectible taxes, as explained below.

Both the City and Comptroller's forecasts assume that after the strong pandemic-related recovery projected for FY 2023, growth in property values will slow to less than 2 percent in the outyears (Table 14) due to lower economic growth and the negative impact of higher interest rates on Class 2 and Class 4 property values.[8]

Since Class 2 and Class 4 properties are valued on a capitalized income net basis, higher rates are likely to cause cap rates to move higher, reducing their capitalized value.[9] Net income and valuations of Class 4 office properties are also forecast to be impacted by lease spreads (the difference between new and previously contracted rents) upon turnover. Long-term lease commitments which require renters to pay contracted rents even when they sublease space have mitigated the effects of the pandemic on net income of properties. As more leases come due in the outyears, high vacancies will put downward pressure on the newly contracted direct rents. This is expected to have a greater impact on older Class B and C properties where vacancy rates currently exceed 20 percent. Overall property markets face strong headwinds even in this baseline forecast of a soft landing.

In addition to the forecast of the levy, the forecast of overall property taxes also takes into account reductions from abatement programs and reductions related to cancelations and delinquencies. Collectively, these are referred to as reserves. OMB is projecting a much higher reserve rate as a percent of the levy compared with the Comptroller's Office. Our assumption is that the rate will be 6.3 percent throughout the Plan, similar to the rate experienced in the past five years, while OMB projects the reserve rate to rise above 8 percent by the end of the Plan, as shown in Table 15 below.

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[8] Assessments and revenue from Class 1 single family homes continue to grow over the Plan period due to the amount of market value gains yet to be reflected in billable assessed values because of the statutory caps on their growth.

[9] "For 'Gateway' CBD markets, respondents more often believed cap rates will increase during the next six months" U.S. Cap Rate Survey H2 2021 | CBRE

Table 15. Property Tax Forecast- Levy and Reserves, Comptroller vs OMB

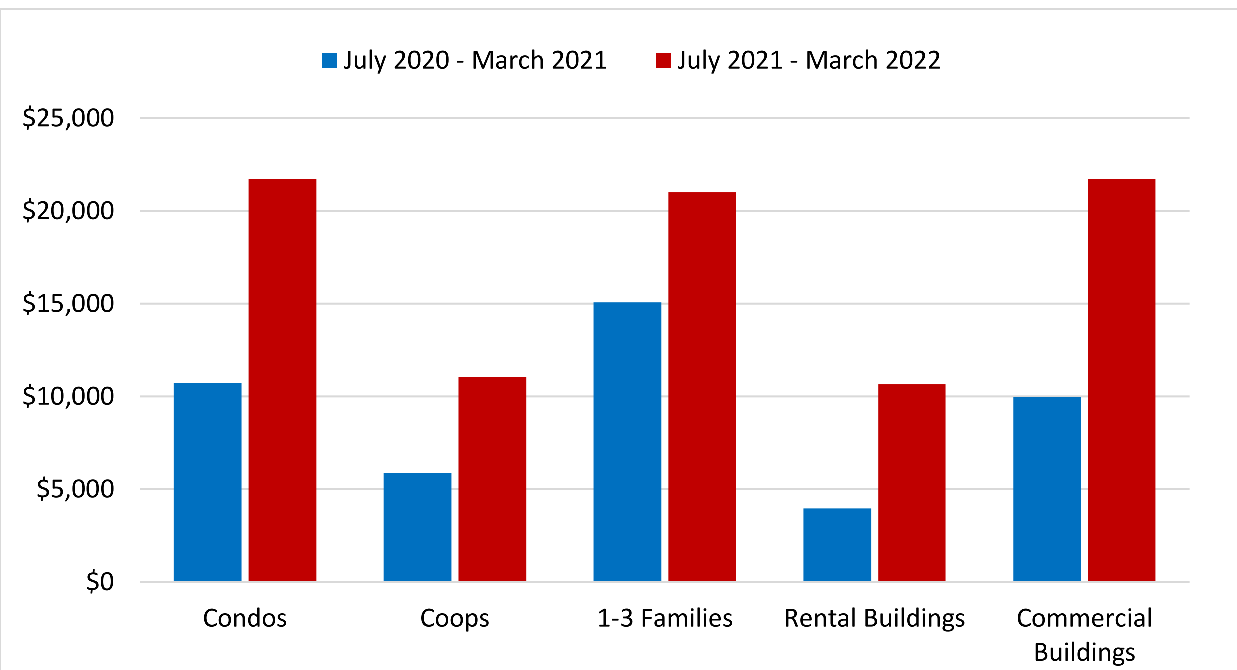
($ in millions)	FY 2023	FY 2024	FY 2025	FY 2026
Comptroller				
Levy	33,600	34,302	34,856	35,204
-Reserves	2,117	2,161	2,196	2,218
Reserve Ratio	*6.3%*	*6.3%*	*6.3%*	*6.3%*
OMB				
Levy	33,799	34,192	34,500	34,683
-Reserves	2,599	2,500	2,674	2,847
Reserve Ratio	7.7%	7.3%	7.8%	8.2%

Real Estate Transaction Taxes

Real estate sales rebounded from an almost complete halt in 2020 due to lockdowns and uncertainty but delayed and new deals started to close as the City reopened. All major real estate categories witnessed significant gains in sales (chart 4). The combined revenues from real estate-related transaction taxes (the real property transfer tax and mortgage recording tax) in the first ten months of FY 2022 exceeded $2.64 billion.

Chart 4. Real Estate Sales by Major Categories

($ in millions)



As a result of catching up of delayed deals and strong performance so far, the Comptroller's Office projects an increase of 50 percent in the combined revenues from real estate-related taxes in FY 2022, to $2.94 billion. This is $144 million above OMB's latest forecast, which assumes revenues will drop to levels not seen since May 2020 for the remaining two months of the fiscal year. As a result of a combination of slowing growth in NYC employment and increases in interest rates, the Comptroller's Office projects declines in real estate related taxes over the rest of the plan period. OMB forecasts a decline in FY 2023 as well but from a lower base, which yields an offset of $146 million in FY 2023. The Comptroller's Office forecast is below OMB's by $92 million in FY 2024, $312 million in FY 2025, and $480 million in FY 2026.

Personal Income Tax

Data from April income tax returns indicates that FY 2022 will likely be another exceptional year for the City's Personal Income Tax (PIT) driven by the continued gains in the stock market and a near record year of profits for Wall Street firms. Almost all components of income tax liability are estimated to be considerably higher compared with FY 2021 as shown in Table 16. Withholding, the largest component, is forecasted to increase by more than 10 percent while estimated payments are expected to be more than 12 percent higher compared with FY 2021. Settlements (final returns minus refunds), which are typically negative, are forecasted to be lower in FY 2022. These higher measures of liability were offset slightly by lower offset payments, which brought overall PIT growth to 9.2 percent in FY 2022.

Table 16. NYC Comptroller PIT forecast: FYs 2022-2023

PIT Components	FY 2021	FY 2022	Y/Y % chg 22 vs 21	FY 2023	Y/Y % chg 23 vs 22
Withholding	9,834	10,830	10.1%	11,137	2.8%
Estimated Payments*	4,207	4,746	12.8%	4,127	-13.0%
Settlements (Final Returns-Refunds)	(464)	(354)	-23.7%	(1,397)	294.6%
Assessments	304	300	-1.3%	300	0.0%
Offsets	1,299	1,083	-16.6%	883	-185%
Charges	(80)	(80)	0.0%	$(80)	0.0%
TOTAL	15,100	16,487	9.2%	14700	-10.8%

*Estimated payments are shown combined with payments from the newly enacted PTET tax beginning in FY 2023. See the recently enacted legislation section below for more detail

The same economic factors that have contributed to strong PIT in recent years have shown signs of weakening recently. Similar to the City's forecast, the Comptroller projects that the record years of growth in PIT are behind us. The stock market, measured broadly by the S&P 500 Index, is more than 15 percent off from its peak level and Wall Street firms reported strong but declining profits in Q4 2021.

These two factors are expected to result in a contraction from recent record levels in the most volatile components of PIT, estimated payments and related settlements. Estimated payments are forecast to drop by 13 percent in FY 2023 and final settlements turn largely negative (Table 16). Withholding declines, while impacted by lower bonuses, are mitigated by continued employment and wage growth outside of the finance sector, including gains in high-pay sectors such as professional and business services. The forecasted decline in PIT and the stock market continues in FY 2024, but by a more moderate rate of 2.1 percent and 5.0 percent respectively, following a more severe correction in the Stock market of 15 percent in 2022 (year-end 2022 vs 2021). In the outyears, PIT resumes growth along with the stock market although PIT revenue is forecast to remain below FY 2022's record level throughout the Plan.

The comparison to the City forecast is skewed due to the fact the City's starting point in FY 2022 is considerably lower than the Comptroller's. Both the City and the Comptroller expect a similar trough in PIT revenue of $14.4 billion but OMB projects the trough to occur in FY 2023 compared with FY 2024 for the Comptroller's Office.

Recently Enacted Legislation Impacting PIT

Pass-through Entity Tax (PTET): NYS enacted an optional PTET tax that partnerships and S-Corporations in NYC may elect to pay beginning on or after January 2023. An eligible partnership or S-Corporation that elects to pay the PTET, at a rate of 3.876 percent, will be eligible for an equivalent credit on their NYC income tax returns.

The purpose of this tax, like the NYS PTET and similar programs in many other states, is to help taxpayers save on federal taxes. PTET income is not subject to the federal cap on state and local tax (SALT) deductions, thereby lowering Federal income taxes. The new tax is expected to be revenue neutral for NYC. The tax is expected to sunset along with the sunsetting of the SALT limitation in tax year 2025.

The PTET tax is expected to generate $375 million in 2023, $1.5 billion in 2024 and 2025, and $1.125 billion in FY 2026. As structured, this will reduce PIT by a similar amount in the corresponding years.

Small Business Tax Relief: NYS has enacted additional tax relief to small businesses beginning January 1, 2022. The small business subtraction modification to income is increased from 5.0 percent to 15.0 percent of net business income or farm income. The bill also expands the benefit to include pass-through entities with less than $1.5 million NY-source gross income. This is expected to reduce NYC PIT revenues by $10 million in 2022 and $20 million in each year thereafter.

City Tax Program - Expansion of the New York City Earned Income Tax Credit (EITC): NYS has authorized an enhanced EITC on NYC personal income taxes. The benefit is on a sliding scale and can reach up to 30 percent of a family's Federal EITC award (up from 5 percent). The cost of this expansion is baselined at $250 million per year beginning in 2023

Sales Tax

The Comptroller projects growth in City sales tax revenue of 27.4 percent in FY 2022. This unprecedented growth was driven largely by the rebound in revenue related to the tourism sectors of the economy (accommodation, restaurants and bars, and transit) which had been almost completely shut down at the height of the pandemic. Total room demand in March of

2022 doubled compared with the prior year reaching 2.59 million rooms but demand was still far below pre-pandemic highs of over 3.2 million for the same month in 2019.[10]

The boost in sales tax growth from the recovery in tourism sectors and reopening of the economy is expected to be less favorable compared with this year. Growth in overall sales tax revenue is forecast to moderate in the outyears to annual growth of only 3.9 percent on average as overall taxable sales have caught up to pre-pandemic levels.

As shown in Table 13, the Comptrollers projection of sales tax revenue is higher compared with the City's forecast, particularly in the near term. As noted for other taxes, the higher starting point in 2022 makes comparisons difficult.

Recently Enacted Legislation Impacting Sales Tax

The State extended for three State fiscal years the distressed hospital intercept, although at the lower amount of $150 million yearly compared with $200 million previously. The intercept will subtract $37.5 million in FY 2022, $150 million in FYs 2023 and FY 2024, and then $112.5 million in FY 2025.

Business Taxes

Revenue from Business Taxes (General Corporation Tax, Business Corporation Tax and Unincorporated Business Tax) grew by an estimated 13 percent in 2022, far exceeding initial expectations. The current strength in local business tax revenue is due to both the continued strength in Wall Street profits, at a near record of $58 billion in the most recent year[11], and the unprecedented fiscal and monetary policy provided during the pandemic.

These strong tailwinds that contributed to boost business tax revenues this year are not expected to continue in the remainder of the Plan. The Comptroller's Office projects that Wall Street profits will pull back from recent record levels and decline throughout the Plan period. Recent data already points to declining profitability of Wall Street firms. According to the latest statistics reported by ICE, net income of Wall Street firms declined by 25 percent from almost $18.0 billion in the first quarter of 2021 to $13.5 billion in the final quarter of 2021. Recent first quarter 2022 earnings reports from major banks point to continuing earnings declines. Stock prices for financial services firms, a forward-looking measure of profitability, are 15.7 percent lower year-to-date t, as measured by the SP Financials Index, through May 14th.

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[10] See: New York by the Numbers: Monthly Economic and Fiscal Outlook No. 65 – May 2nd, 2022 : Office of the New York City Comptroller Brad Lander (nyc.gov)

[11] According to the latest business income statistics released by NYC DOF *"STATISTICAL PROFILES OF NEW YORK CITY BUSINESS INCOME TAXES"* , Wall street firms accounted for almost 50 percent of Business Income tax in FY 2018.

The Comptroller estimates Business Tax revenue to contract sharply by 18.7 percent in FY 2023. Revenues stabilize over the remainder of the Plan. Comparisons to the City are shown in Table 13 and Table 14.

Recently Enacted Legislation Impacting Business taxes

City Tax Program - Childcare Business Tax Credit: NYS has authorized a refundable tax credit against NYC business income tax liability for businesses that provide new childcare seats for their employees. The cost of this proposal is baselined in the Plan at its cap of $25 million per year, beginning in FY 2024.

Audit Revenues

The City reduced its forecast of audit revenues in FY 2022 by $50 million based on information from the Department of Finance (DOF). The Comptroller's Office has also reduced its estimate for FY 2022 audit revenue. However, this reduction is more likely due to a delay of when this revenue will be realized rather than an outright decline. We anticipate that these revenues will rollover into the next fiscal year resulting in higher FY 2023 audit revenues. For the remainder of the plan, the Comptroller expects audit revenues to hover near the $1 billion average realized over the last decade while the City projects audit revenues to decline to $721 million in the outyears. The resulting differences between the City and the Comptroller's forecast for audit revenue are shown in Table 13.

Miscellaneous Revenues

In the FY 2023 Executive Budget, miscellaneous revenues increased by a net $144 million from the February Plan to $5.27 billion. The revision reflects increases of $111 million in revenues from water and sewer charges, $32 million in additional interest income and $4 million in rental income. In addition, the City lowered its projection for "other miscellaneous", which includes mostly non-recurring revenues, by approximately $4 million. The FY 2023 miscellaneous revenue projection represents a $173 million increase from FY 2022, driven mainly by higher projections for interest income to reflect rises in short-term interest rates, water and sewer revenues, and charges for services. The latter reflects an expected recovery in revenues from various fees which declined due to the pandemic, including parking fees, recreation centers fees, resumption of booting fees, as well as community college tuition revenues, as enrollment is expected to rebound. [12]

[12] Miscellaneous revenue analysis excludes intra-city revenues. Water and sewer revenues are mostly payments from the New York City Water Board for the operation and maintenance of the water delivery and sewer system and are not available for general operating purposes.

The revised FY 2022 forecast also increased slightly from the February Plan projection by a net $4 million. Table 17 shows the changes in the FY 2022 miscellaneous revenue projections since the February Plan.

Table 17. Changes in FY 2022 Estimates February 2022 Plan vs. April 2022 Plan

($ in millions)	February	April	Change
Licenses, Permits & Franchises	$672	$673	$1
Interest Income	9	13	4
Charges for Services	1,002	904	(98)
Water and Sewer Charges	1,682	1,689	7
Rental Income	246	246	0
Fines and Forfeitures	1,093	1165	72
Other Miscellaneous	393	411	18
Total	**$5,097**	**$5,101**	**$4**

Revenue projections for fines and forfeitures increased by $72 million, including a projected $46.2 million increase in revenues from environmental control board fines, $10.5 million in speed camera fines, $6 million in bus lane fines, and $4 million in red light camera fines. Revenues from Interest income, licenses, franchises, and permits; water and sewer, and other miscellaneous revenues increased by a combined $30 million.

Charges for services declined by a net $98 million. This results primarily from a $100 million decrease in community college tuition revenue due to a significant drop in student enrollment. Projected revenues from parking meters and marshal booting fees also decreased by a combined $16 million. These were slightly offset by projected increases in other fee revenues such as fire insurance fees, city register, and credit card convenience fees.

Revenue projection for “other miscellaneous” increased by a net $18 million. This includes increases of $10 million in tobacco settlement revenue, $9.5 million in debt service balance related to HPD loans and $8.5 million in other miscellaneous collections. Projected revenues from affirmative litigation, grant refunds, unclaimed cash and property sale, and E911 surcharges declined by a combined $10 million.

Revisions to the outyear miscellaneous revenue forecasts reflect anticipated increases to water and sewer revenues and interest income. Total miscellaneous revenue is projected to remain relatively stable growing from $5.27 billion in FY 2023 to $5.36 billion in FY 2026.

Based on collection trends and changes in local laws, the Comptroller’s Office expects revenues from fines to be above the City’s forecast by $9 million in FY 2022, $30 million in FY 2023 and $27 million in each of FYs 2024-2026. These additional revenues result from the Comptroller’s Office’s slightly higher projections for Environmental Control Board (ECB) fines, RPIE late penalties, as well as parking violation and camera fines. In addition, based on current interest rate forecasts, the Comptroller’s Office projects interest income will be above the City’s projection by $71 million in FY 2023, $76 million in FY 2024, $29 million in FY 2025 and $27 million in FY 2026. Furthermore, the City has not received three payments totaling $45 million due in FY 2022 from

JC Decaux for the operation of the City's bus stop shelters. It is unlikely that the City will receive these payments by the end of the fiscal year. As such the Comptroller's Office estimates that in total, non-tax revenues will be $36 million below Plan estimate in FY 2022 and above by $101 million in FY 2023, $103 million in FY 2024, $56 million in FY 2025, and $54 million in FY 2026.

Federal and State Aid

The April Financial Plan projects total categorical Federal and State aid of $36.38 billion (including unrestricted aid) in FY 2022, supporting over 33 percent of the City's expenditure budget. Compared with the February Plan, the City has reflected a net increase of $834 million in the current year comprised of an increase of $862 million in Federal aid and a decline of $28 million in State grants.

The increased Federal funding predominantly stems from continued recognition of COVID-related grants at a net $758 million. This includes $459 million in Federal Emergency Management Agency (FEMA) reimbursement mainly for costs associated with vaccinations and testing and tracing activities. The City also reflects $431 million in American Rescue Plan Act State and Local Fiscal Recovery Funds (ARPA SLFRF) consisting mainly of reallocated funds totaling $370 million assigned to NYC Health + Hospitals. Other major COVID-related increases include $100 million in Emergency Connectivity Fund allocation to support provision of digital devices and broadband services to students and $33 million in transit grants for ferry operations. Partly offsetting these increases is the rollover of $252 million in unrestricted aid associated with FEMA reimbursement from the current year into FY 2023. The City has also incorporated $104 million in non-COVID Federal funding with notable increases for Section 8 housing vouchers ($118 million), Home Energy Assistance Program ($41 million) and Community Development Block Grant ($27 million), offset by lower expectation of Head Start grants ($61 million), DOE Medicaid reimbursement ($20 million) and Emergency Assistance Fund grants ($55 million).

The April Plan revisions have raised total Federal COVID assistance anticipated by the City to $17.23 billion in FY 2022 – FY 2026, as shown in Table 18. Compared with the February Plan, the level of COVID grants has increased by roughly $1 billion from a previous estimate of $16.29 billion, mostly from the aforementioned recognition of FEMA and ARPA SLFRF funding in FY 2022.

The largest component of Federal COVID assistance is the $6.70 billion in combined ARP and Coronavirus Response and Relief Supplemental Appropriations (CRRSA) provided to the DOE, followed by $4.91 billion in ARPA SLFRF and $3.75 billion in FEMA grants (including unrestricted aid) currently reflected in the April Plan. Together, these three major funding sources constitute nearly 90 percent of Federal COVID-related funding assumed in the Plan. About 85 percent of the $17.23 billion total is expected in FY 2022 and FY 2023, with funding falling to a residual amount of only $7 million in FY 2026.

Table 18. Projected Federal COVID Assistance April 2022 Plan

($ in millions)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Total
ARPA SLFRF	$3,766.3	$259.3	$184.1	$409.4	$0.0	$4,619.0
ARPA CRRSAA Education	3,018.2	1,771.3	1,383.9	529.8	0.0	6,703.2
FEMA	2,994.6	4.0	1.0	0.0	0.0	2,999.6
Coronavirus Relief Fund	194.6	0.0	0.0	0.0	0.0	194.6
Epidemiology and Laboratory Capacity Grants	437.2	138.8	8.9	0.1	0.0	585.0
All Other	803.0	174.6	56.9	41.8	7.1	1,083.5
Subtotal	**$11,213.9**	**$2,347.9**	**$1,634.9**	**$981.1**	**$7.1**	**$16,184.9**
Unrestricted Aid-FEMA	$498.4	$251.6	$0.0	$0.0	$0.0	$750.0
Unrestricted Aid-ARPA SLFRF	294.0	0.0	0.0	0.0	0.0	294.0
Subtotal	**$792.4**	**$251.6**	**$0.0**	**$0.0**	**$0.0**	**$1,044.0**
Grand Total	**$12,006.3**	**$2,599.5**	**$1,634.9**	**$981.1**	**$7.1**	**$17,228.9**

Source: NYC Office of Management and Budget.

The FY 2023 Executive Budget assumes $26.37 billion in Federal and State assistance, reflecting a net increase of $563 million since the Preliminary Budget. The main components of the increase are the roll of unrestricted Federal aid ($252 million) and additional State education aid assumed in FY 2023. Most State grant modifications in FY 2023 are in education, including transportation aid ($104 million), charter supplemental tuition ($80 million), and charter lease aid ($55 million). The City has also recognized an additional $17 million in State grants for the Staten Island ferry and $45 million for MTA Bus, the subsidiary that runs formerly private bus lines. Compared with the current year, Federal and State support of the expense budget would fall to 26.5 percent in FY 2023 as COVID-related funding declines by nearly $9.4 billion year-over-year.

Over the remainder of the Plan, total Federal and State grants are projected to fall sequentially to $25.57 billion in FY 2024 and $25.09 billion in FY 2025 before reaching $24.16 billion in FY 2026, essentially reflecting the trend in Federal COVID grants in the latter years of the Plan. Moreover, the City anticipates only modest growth in State education aid over the latter portion of the Plan. As a result, State aid is expected to grow at an average annual rate of less than one percent, increasing from $16.76 billion in FY 2023 to $17.19 billion in FY 2026.

Enacted State Budget

Flush with surplus tax receipts and one-time federal stimulus funds, the New York State Legislature approved a $220 billion budget for State fiscal year (SFY) 2023 in early April. While allocating billions of dollars in new state spending for school aid, property tax rebates, pandemic assistance, a gas tax holiday, healthcare worker bonuses, and child care, among many other provisions, the State projected baseline surpluses throughout their Financial Plan. For the State fiscal year ending March 31, 2022, State tax receipts exceeded initial projections by $13.6 billion, fully 15 percent higher than forecast.[13]

OMB estimates that actions in the adopted State budget will have a combined negative impact on the City of $48 million in FY 2022 and $261 million in FY 2023, as shown in Table 19. Most of these impacts are not reflected in the City's Financial Plan.

The State budget also authorized three previously budgeted tax measures sought by Mayor Adams and extended the voluntary Pass-Through Entity Tax (PTET) to city income taxes beginning in 2023. As described earlier in the Personal Income Tax section above, the PTET is expected to be revenue neutral.

Table 19. Impact of Enacted FY 2023 State Budget

($ in millions)	FY 2022	FY 2023	Total Two-Year Impact
Spending Impacts	**$0**	**($91)**	**($91)**
Maximum State Aid Rate for foster care	$0	($59)	($59)
Lowered vesting age for public pensions	$0	($25)	($25)
After 4pm school busing	$0	($3)	($3)
State aid for CUNY community colleges	$0	($2)	($2)
Reduced funding for school-based health centers	$0	($2)	($2)
Mandated overtime compensation for extracurricular activities	$0	($1)	($1)
Revenue Impacts	**($48)**	**($170)**	**($218)**
Extend sales tax intercept for distressed health care providers	($38)	($150)	($188)
Provide small business tax relief	($10)	($20)	($30)
Total Impact	**($48)**	**($261)**	**($309)**

Source: NYS Division of Budget and NYC Office of Management and Budget

[13] Excludes $16.4 billion in tax collections from the Pass-Through Entity Tax in State fiscal year 2022, which was not incorporated in the State's initial forecast.

Taxes

The State budget included three tax actions sought by Mayor Adams: 1) a property tax abatement for buildings that create or expand child care seats after April 1, 2022; 2) a tax credit for businesses that provide child care for their employees; and 3) an expansion of the City's Earned Income Tax Credit (EITC) from 5 percent to 30 percent of the federal amount. Both the property tax abatement program and the business tax credit are capped at $25 million per year, matching the budgeted amounts in the City's Financial Plan.

Starting in 2023, taxpayers with pass-through income from New York City partnerships and S corporations may opt to pay a Pass-Through Entity Tax (PTET) and receive a commensurate credit on their New York City personal income tax. The PTET was implemented to counteract the loss of federal personal income tax deductions for state and local taxes and is expected to be revenue neutral for the City. New York State opened its PTET in late 2021 and has collected $16.4 billion through March 2022. At the city level, the PTET rate will be 3.876 percent. OMB predicts that PTET payments will total $375 million in 2023, $1.5 billion in 2024, $1.5 billion in 2025, and $1.125 billion in 2026.

Several provisions in the State budget will also reduce taxes on small businesses including a new tax credit for COVID-related capital costs and an expansion of the small business subtraction modification. The latter provision is expected to reduce New York City tax revenues by $20 million annually.

Over the last two years, the State has intercepted $400 million in City sales tax revenue to provide funding to financially distressed hospitals and nursing homes. Rather than allow the intercept to expire, the State budget extended it for three years and lowered the annual amount to $150 million. The extension will reduce city sales tax revenue by $37.5 million in FY 2022, $150 million in FY 2023, $150 million in FY 2024, and $112.5 million in FY 2025.

To provide relief from rising gasoline prices, the State adopted a gas tax holiday from June 1 through December 31, 2022, temporarily suspending the State's sales tax and other fuel taxes on gasoline purchases. Local governments have the option of also capping local sales taxes, but New York City has not exercised that option.

School Aid

This year's State budget maintains the State's commitment to fully fund Foundation Aid by FY 2024. New York State implemented Foundation Aid in FY 2008 in response to the Campaign for Fiscal Equity (CFE) settlement but had never fully funded it. Under this year's enacted State budget, Foundation Aid for New York City will increase to $8.9 billion in FY 2023, an increase of 3.6 percent from $8.6 billion in FY 2022. By FY 2024, Foundation Aid is expected to reach $9.1 billion, up from $8.1 billion in FY 2020. Including transportation and building aid, overall school aid to New York City is projected to increase 4.0 percent to $12.3 billion in FY 2023.

The State also created a new grant program to address student well-being and learning loss in response to the trauma brought about by the pandemic. Total funding of $50 million in each of the next two school years will be awarded to school districts, following an application process.

A provision in the State budget mandates that all school bus purchases or leases be zero-emission by July 1, 2027 and all school buses in operation be zero-emission by July 1, 2035. Related vehicle and infrastructure costs will be eligible for transportation aid, and school districts will be allowed to lease or finance zero-emission buses over a period of 12 years, rather than the current five years for diesel buses. The new mandate is similar to New York City Council legislation that requires all zero-emission buses by September 1, 2035.

The State allocated $500 million for costs associated with the purchase of or conversion to zero-emission school buses and supporting infrastructure, as part of the $4.2 billion Clean Water, Clean Air, and Green Jobs Environmental Bond Act. The Bond Act must be approved by voters in November.

City Pensions

Last-minute additions to the State budget will enhance pension benefits for future New York City retirees, partially reversing cost-savings adopted under Tier VI reforms. Under the legislation, the length of time required to vest in the pension fund for Tier VI members of the New York City Employees' Retirement System (NYCERS), the New York City Teachers' Retirement System (NYCTRS), and the New York City Board of Education Retirement System (BERS), as well as certain Tier IV members of NYCTRS and BERS, will be reduced from 10 years to five years. The City Actuary estimates that the change will require a $24.5 million increase in City pension contributions in the first year, noting that the financial impact will generally increase as the impacted population grows over time. Another provision would exclude overtime compensation from the calculation of required employee contributions for members of NYCERS, NYCTRS, and BERS.

Other Direct Impacts on City Spending

As part of a legal settlement on reimbursement rates for foster care payments, in 2021 the State agreed to establish a new rate setting methodology to increase rates for voluntary agencies and payments for adoption subsidies. Statutory changes included in the final State budget require local districts to reimburse foster parents at 100 percent of the rates set by the Office of Children and Family Services (OCFS). The City is awaiting updated rates from the State, but OMB initially estimated that the change will cost the City $58.5 million in FY 2023 and $117 million in each year beginning in FY 2024.

Under the State budget, eligibility for child care subsidies will increase from 200 percent of the federal poverty line to 300 percent, up to 85 percent of state median income, adjusted by family size, effective August 1, 2022. While the State will provide funding for the expansion, the City is responsible for the administration and approval of child care vouchers. Additional State funds for child care have not yet been added to the City's Financial Plan.

As discussed in the "Public Assistance" section below, the City also has not revised public assistance spending projections to reflect State actions that would enhance and accelerate the receipt of public assistance benefits beginning October 1, 2022, at total costs to the City of $32 million in FY 2023 based on State estimates.

The State budget also extended design-build authority for certain New York City agencies for five years through December 31, 2027 and added the Department of Administrative City Services (DCAS) to the list of authorized city agencies.

COVID-19 Assistance

Building on billions of dollars in COVID-19 assistance included in last year's budget, the FY 2023 State budget includes additional funding to assist individuals and businesses impacted by the pandemic, including an additional $800 million in State funds for the Emergency Rental Assistance Program (ERAP), $800 million for hospitals experiencing financial distress from the pandemic, $250 million for utility arrears assistance, $200 million for seed funding grants for small businesses that do not qualify for federal COVID-19 assistance or are unable to obtain sufficient assistance from federal programs, $125 million for homeowner and landlord assistance, and an additional $100 million in tax credits for New York City musical and theatrical productions.

Other State Budget Provisions

Several other provisions in the budget will benefit city residents and businesses. These include $2.2 billion in one-time property tax relief rebates; an additional $100 million for the conversion of commercial and hotel properties to permanent affordable housing through the Housing Our Neighbors with Dignity Program (HONDA); $4.5 billion in new appropriations to support a multi-year housing program, including $1.5 billion for supportive housing; $1.2 billion in bonuses for frontline healthcare workers; a $3 wage increase for home healthcare workers over two years; and an expansion of Medicaid coverage for undocumented seniors and new mothers.

Expenditures Analysis

The FY 2023 expenditures as presented in the April Financial Plan are projected to drop by $9.32 billion from FY 2022. However, both FY 2022 and FY 2023 expenditures are reduced by prepayments of debt service and retiree health benefits in the previous fiscal year. FY 2022 expenditures are also further reduced by the take-down of the General Reserve and the re-estimates of prior-year accruals. As shown in Table 20, after adjusting for prepayments, and excluding re-estimates of prior-year accruals and reserves, expenditures are projected to drop by a smaller $5.83 billion to $103.62 billion. In addition, the budgeted expenditures reflected below include COVID-19 related expenditures which are expected to drop from $9.48 billion in FY 2022 to $1.24 billion in FY 2023. If COVID-19 related spending is netted out, expenditures are projected to grow by $3.37 billion in FY 2023.

Table 20. FY 2022 – FY 2026 Expenditure Growth Adjusted for Prepayments

($ in millions)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Growth FYs 22-26	Annual Growth
Debt Service	$6,685	$7,815	$8,119	$8,630	$9,407	40.7%	8.9%
Health Insurance	7,521	8,078	9,047	9,880	10,473	39.3%	8.6%
Other Fringe Benefits	4,606	4,473	4,614	4,748	4,872	5.8%	1.4%
Subtotal	**$18,811**	**$20,366**	**$21,780**	**$23,257**	**$24,752**	**31.6%**	**7.1%**
Salaries and Wages	$30,668	$30,873	$30,937	$31,226	$31,636	3.2%	0.8%
Pensions	9,615	9,553	8,936	8,064	7,449	(22.5%)	(6.2%)
Medicaid	6,473	6,385	6,385	6,385	$6,385	(1.4%)	(0.3%)
Public Assistance	1,651	1,650	1,650	1,650	$1,650	(0.0%)	(0.0%)
J & C	1,294	1,058	1,075	877	$823	(36.4%)	(10.7%)
Contractual Services	23,885	19,845	19,294	19,253	18,825	(21.2%)	(5.8%)
Other OTPS	17,057	13,891	13,187	13,246	13,316	(21.9%)	(6.0%)
Subtotal	**$90,642**	**$83,255**	**$81,463**	**$80,701**	**$80,085**	**(11.6%)**	**(3.0%)**
Expenditures Excluding Reserves and Prior-Year Re-estimates	**$109,454**	**$103,620**	**$103,243**	**$103,958**	**$104,837**	**(4.2%)**	**(1.1%)**
Prior-Year Accruals Re-estimate	($400)	$0	$0	$0	$0		
Rainy Day Fund Deposit	$700	$0	$0	$0	$0		
General Reserve	$50	$1,055	$1,000	$1,000	$1,000		
Capital Stabilization Reserve	$0	$250	$250	$250	$250		
Total	**$109,804**	**$104,925**	**$104,493**	**$105,208**	**$106,087**	**(3.4%)**	**(0.9%)**

Over the Plan period, adjusted expenditures before reserves are projected to decrease by 4.2 percent. However, as discussed above, FY 2022 expenditure includes $9.48 billion of COVID-19 related spending which is projected to drop to $12 million by FY 2026. Net of COVID-19 spending, expenditures before reserve is projected to grow by 5.7 percent over the Plan period.

Headcount

Full-time Headcount, as shown in Table 22, is expected to decline over the Plan period by about 2 percent, from 306,695 in FY 2022 to 300,881 in FY 2026. After initially reducing headcount in the February Plan, overall headcount in the April Plan has been increased in each fiscal year of the Plan from the February Plan levels as shown in Table 21. The increase reflects the partial restoration of a hiring and attrition management initiative implemented in FY 2021, which restores 469 positions in each of FY 2023 through FY 2025 and 1,005 position in FY 2026 in the Plan. The remaining increases stem primarily from new needs. Major new needs include the addition of 578 Correction Officers for the new Risk Management and Accountability System in FY 2023, the hiring of 715 personnel in FY 2023 for the Parks Improvement Plan and the addition of 188 civilian positions in FY 2023 only in the Fire Department for their component of the B-HEARD Mental Health Response Program.

Table 21. Full-time Headcount Changes
April 2022 Financial Plan vs. February 2022 Financial Plan

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Pedagogical					
Dept. of Education	0	0	0	0	0
City University	0	0	0	0	0
Subtotal	**0**	**0**	**0**	**0**	**0**
Uniformed					
Police	0	0	0	0	0
Fire	0	0	0	0	0
Correction	0	578	578	578	578
Sanitation	0	58	60	62	64
Subtotal	**0**	**636**	**638**	**640**	**642**
Civilian					
Dept. of Education	0	0	0	0	0
City University	0	0	0	0	0
Police	134	21	21	21	21
Fire	0	188	0	0	0
Correction	4	4	4	4	0
Sanitation	0	27	27	27	27
Admin. for Children's Services	0	0	0	0	0
Social Services	-6	14	8	8	8
Homeless Services	0	20	20	20	20
Health and Mental Hygiene	28	104	99	99	99
Finance	0	0	0	0	0
Transportation	50	56	66	69	70
Parks and Recreation	0	719	719	719	719
All Other Civilians	194	1,103	897	894	1,430
Subtotal	**404**	**2,256**	**1,861**	**1,861**	**2,394**
Total	**404**	**2,892**	**2,499**	**2,501**	**3,036**

Table 22. Total Funded Full-Time Year-End Headcount April 2022 Financial Plan

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Pedagogical					
Dept. of Education	127,815	126,892	127,022	126,151	123,367
City University	4,313	4,313	4,313	4,313	4,313
Subtotal	**132,128**	**131,205**	**131,335**	**130,464**	**127,680**
Uniformed					
Police	35,030	35,030	35,030	35,030	35,030
Fire	10,945	10,952	10,952	10,952	10,952
Correction	7,460	7,638	7,638	7,638	7,638
Sanitation	7,482	7,449	7,448	7,450	7,452
Subtotal	**60,917**	**61,069**	**61,068**	**61,070**	**61,072**
Civilian					
Dept. of Education	13,403	13,465	13,945	13,955	12,918
City University	1,771	1,946	1,946	1,946	1,946
Police	15,197	15,042	15,042	15,042	15,042
Fire	6,320	6,537	6,349	6,340	6,340
Correction	1,966	1,962	1,962	1,962	1,958
Sanitation	1,992	1,995	1,995	1,995	1,995
Admin. for Children's Services	7,073	7,073	7,073	7,073	7,073
Social Services	13,037	12,945	12,939	12,939	12,926
Homeless Services	2,064	2,012	2,012	2,012	1,994
Health and Mental Hygiene	6,216	6,023	6,013	5,955	5,955
Finance	1,992	1,992	1,992	1,992	1,992
Transportation	5,556	5,602	5,632	5,641	5,642
Parks and Recreation	4,227	4,813	4,813	4,813	4,813
All Other Civilians	32,836	31,811	31,551	31,535	31,535
Subtotal	**113,650**	**113,218**	**113,264**	**113,200**	**112,129**
TOTAL	**306,695**	**305,492**	**305,667**	**304,734**	**300,881**

Table 23 shows June 30, 2021 Headcount versus the April 2022 Plan projected June 30, 2022 Headcount. The April Plan assumes an increase of 15,594 from the FY 2021 year-end headcount. As shown in the table, actual headcount as of February 28, 2022 fell by 7,652 since June 30, 2021. The City would need to increase headcount by 23,246, more than 8 percent, to reach the planned year-end level. While the Plan has assumed PS savings in FY 2022 from this headcount shortfall, there is potential for outyear savings also if the City is unable to hire and retain its planned workforce.

Table 23. June 30, 2021 Headcount vs. Planned June 30, 2022 Headcount

	FY 2021 6/30/2021 Actuals	FY 2022 2/28/2022 Actuals	FY2022 6/30/2022 April Plan	Change 6/30/2021 to 2/28/2022 Actuals	Planned Change 6/30/2021 to 6/30/2022	Gap in Planned Hiring
Pedagogical						
Dept. of Education	119,210	116,163	127,815	(3,047)	8,605	(11,652)
City University	4,404	4,291	4,313	(113)	(91)	(22)
Subtotal	**123,614**	**120,454**	**132,128**	**(3,160)**	**8,514**	**(11,674)**
Uniformed						
Police	34,858	35,061	35,030	203	172	31
Fire	10,750	10,619	10,945	(131)	195	(326)
Correction	8,388	7,406	7,460	(982)	(928)	(54)
Sanitation	7,220	7,774	7,482	554	262	292
Subtotal	**61,216**	**60,860**	**60,917**	**(356)**	**(299)**	**(57)**
Civilian						
Dept. of Education	13,173	12,714	13,403	(459)	230	(689)
City University	1,674	1,620	1,771	(54)	97	(151)
Police	14,329	13,813	15,197	(516)	868	(1,384)
Fire	6,332	6,304	6,320	(28)	(12)	(16)
Correction	1,603	1,524	1,966	(79)	363	(442)
Sanitation	1,998	1,903	1,992	(95)	(6)	(89)
Admin. for Children’s Services	6,847	6,481	7,073	(366)	226	(592)
Social Services	11,769	11,094	13,037	(675)	1,268	(1,943)
Homeless Services	1,991	1,870	2,064	(121)	73	(194)
Health and Mental Hygiene	5,292	5,081	6,216	(211)	924	(1,135)
Finance	1,906	1,760	1,992	(146)	86	(232)
Transportation	5,090	4,942	5,556	(148)	466	(614)
Parks and Recreation	4,005	3,830	4,227	(175)	222	(397)
All Other Civilians	30,262	29,199	32,836	(1,063)	2,574	(3,637)
Subtotal	**106,271**	**102,135**	**113,650**	**(4,136)**	**7,379**	**(11,515)**
						0
TOTAL	**291,101**	**283,449**	**306,695**	**(7,652)**	**15,594**	**(23,246)**

Overtime

The FY 2023 Executive Budget projects overtime expenditures of $1.26 billion for FY 2023, in line with projections at the beginning of FY 2021 and FY 2022. Overtime projections at budget adoption were $1.25 billion for FY 2021 and $1.18 billion for FY 2022, respectively. However, historically, actual annual overtime spending has been consistently higher than originally projected at the beginning of each fiscal year. FY 2021 overtime spending of $1.61 billion was about 28 percent higher than projected and FY 2022 year-to-date overtime spending through April is already almost fifty percent higher than projected at budget adoption. The COVID 19 pandemic has affected many City employees during FY 2022 resulting in higher than usual overtime usage. Additionally, the Subway Safety Program addressing safety issues within the system and the deployment of Neighborhood Safety Teams to combat gun violence have resulted in higher overtime usage at several agencies. The City currently estimates spending of $1.84 billion for FY 2022, $252 million lower than the Comptroller's Office's estimate. For FY 2023, the Comptroller's Office projects overtime costs of approximately $1.64 billion, exceeding the Plan projections by $383 million as shown in Table 24.

Table 24. Projected Overtime Spending, FY 2022 and FY 2023

($ in millions)	FY 2022 Plan Overtime	FY 2022 Comptroller's Projection	FY 2022 Risk	FY 2023 Plan Overtime	FY 2023 Comptroller's Projection	FY 2023 Risk
Uniformed						
Police	$524	$625	($101)	$372	$600	($228)
Fire	369	369	0	252	252	0
Correction	185	225	(40)	126	175	(49)
Sanitation	224	275	(51)	107	107	0
Total Uniformed	**$1,302**	**$1,494**	**($192)**	**$857**	**$1,134**	**($277)**
Civilian						
Police-Civilian	$84	$100	($16)	$80	$100	($20)
Admin for Child Svcs	39	39	0	39	39	0
Transportation	60	60	0	69	69	0
All Other Agencies	356	400	(44)	214	300	(86)
Total Civilians	**$539**	**$599**	**($60)**	**$402**	**$508**	**($106)**
Total City	**$1,841**	**$2,093**	**($252)**	**$1,259**	**$1,642**	**($383)**

Risks to the overtime budget stem mainly from projected spending for uniformed overtime at the Police department (NYPD) and the Department of Corrections (DOC) as shown in Table 24. Pre-pandemic NYPD uniformed overtime spending was about $600 million annually. The unrest and protests following the death of George Floyd led to a sharp increase in NYPD uniformed overtime to $721 million in FY 2020. However, because of the suspension of parades, street fairs and other large events uniformed overtime spending fell to a low of $426 million in FY 2021. The return to pre-pandemic activities, the ramping up of enforcement to address public safety, and the effects of officers being affected by COVID-19 have resulted in increased overtime costs for FY 2022. Through April 2022, the City has spent $533 million for NYPD uniformed overtime and the Comptroller's Office estimates costs could be about $625 million for the fiscal year. For FY 2023, the Comptroller's Office is projecting police uniformed overtime costs will return to pre-pandemic levels of $600 million, $228 million higher than the City is projecting.

DOC continues to experience several staffing challenges. As of February 28, 2022, the department has experienced a decline of 982 uniformed officers to 7,406 from FY 2021 year-end level. DOC has relied and continues to rely on uniformed overtime usage to address high staff absenteeism and unrest and disorder at its centers. This has led to a jump in overtime spending. Through April, DOC has spent $188 million on unformed overtime, $54 million more than FY 2021. The Comptroller's Office estimates that DOC uniformed overtime spending for the current fiscal year would be $225 million, $40 million more than budgeted. The City is optimistic that uniformed overtime spending at DOC will decrease even as the issues facing DOC remain to be resolved. At this time, the Comptroller's Office projects FY 2023 uniformed overtime spending of $175 million for DOC, posing a risk to the budget of $49 million.

Spending for civilian overtime accounted for approximately one-third of total annual overtime costs in recent fiscal years and averaged $585 million per year between FY 2019 and FY 2021. Through April 2022, the City has spent $517 million for civilian overtime and is on target to spend $599 million for FY 2022. For FY 2023, the Comptroller's Office estimates that civilian overtime spending will be lower at $508 million, still exceeding the City's budget by $106 million.

Health Insurance

The FY 2023 Executive Budget projects employees' and retirees' pay-as-you-go health insurance costs of $7.58 billion for FY 2023, declining slightly from the expected costs of $7.60 billion for FY 2022. However, these projections reflect prepayments in the amounts of $425 million paid in FY 2021 for FY 2022 retiree health insurance cost and $500 million in FY 2022 for FY 2023 retiree health insurance cost. After netting out the impact from these actions, the FY 2022 and FY 2023 health insurance costs are expected to be $7.52 billion and $8.08 billion, respectively. The increase in health insurance expenses from FY 2022 reflects projected premium rate increases of 6.25 percent for active employees and pre-Medicare retirees, and 4.8 percent for the senior care rate.[14] As shown in Table 25, health insurance costs are then projected to increase to $9.05 billion in FY 2024, to $9.88 billion in FY 2025 and to $10.47 billion by FY 2026.[15] The outyear projections assume annual increases in health insurance premium rates for active employees and pre-Medicare retirees of 6 percent in FY 2024, 5.75 percent in FY 2025 and 5.5 percent in FY 2026. Premium rates for senior care health insurance are projected to increase by 4.8 percent for FY 2024 and 4.7 percent in FY 2025 and in FY 2026.

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[14] The senior care rate is the premium the City pays to supplement shortfalls in Medicare benefits so that Medicare eligible retirees can maintain a similar level of benefits as active employees.

[15] The projections reflect savings resulting from two agreements in the last several years between the City and the Municipal Labor Coalition (MLC). The FY 2014 Health Savings Agreement resulted in savings of $400 million in FY 2015, $700 million in FY 2016, $1 billion in FY 2017, and $1.3 billion in FY 2018 and beyond. The FY 2018 Health Savings Agreement provides for savings of $200 million in FY 2019, $300 million in FY 2020, and $600 million in FY 2021 and beyond.

Table 25. Projected Pay-As-You-Go Health Expenditures

($ in millions)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Department of Education	$2,626	$2,794	$3,376	$3,893	$4,181
CUNY	132	142	144	156	156
All Other	4,837	4,642	5,527	5,830	6,136
Sub-total	**7,596**	**7,578**	**9,047**	**9,880**	**10,473**
FY 2021 Retiree Health Prepayments	425				
FY 2022 Retiree Health Prepayment	(500)	500			
PAYGO Health Insurance Costs	**$7,521**	**$8,078**	**$9,047**	**$9,880**	**$10,473**

Health insurance expenditures have increased at an average annual rate of 4.34 percent from $4.79 billion in FY 2012 to $7.02 billion in FY 2021 due to increases in insurance rates and number of insured participants. As shown in Table 26, health insurance expenditures for active employees increased from $3.26 billion in FY 2012 to $4.59 billion in FY 2021 at an average annual rate of 3.89 percent. Retiree health insurance spending increased at an average annual rate of 5.24 percent, growing from $1.53 billion in FY 2012 to $2.43 billion in FY 2021. Between FYs 2012 and 2021, health insurance rates for active employees and pre-Medicare retirees have increased on average 4.9 percent annually while senior care rates have experienced average rate increases of 1.8 percent annually. Meanwhile, the level of plan participation has increased from about 500,000 participants as of June 30, 2012 to approximately 550,000 participants as of June 30, 2020.

Table 26. Pay-As-You-Go Health Expenditures FY 2012 – FY 2021

($ in millions)	Actives	Retirees*	Total	Annual % Inc/(dec)
FY 2012	$3,257	$1,534	$4,791	9.7%
FY 2013	$3,525	$1,676	$5,201	8.6%
FY 2014	$3,699	$1,681	$5,380	3.4%
FY 2015	$3,610	$1,624	$5,234	(2.7%)
FY 2016	$3,634	$1,797	$5,431	3.8%
FY 2017	$3,968	$1,862	$5,829	7.3%
FY 2018	$4,215	$1,994	$6,209	6.5%
FY 2019	$4,332	$2,074	$6,406	3.2%
FY 2020	$4,681	$2,241	$6,922	8.1%
FY 2021	$4,593	$2,428	$7,021	1.4%

* Includes pre-Medicare and Medicare eligible retirees.

The City and the Municipal Labor Committee, in July 2020, reached an agreement to implement the NYC Medicare Advantage Plus Program to replace the current Senior Care program. This action was estimated by the City to produce about $600 million of health care cost savings annually, earmarked for contribution to the Health Insurance Stabilization Fund. The implementation of the Medicare Advantage Plus Program which was originally scheduled for January 1st, 2022 is now uncertain. The City has postponed the implementation date because provisions of the plan have been legally challenged by a group of City retirees, and the case is currently on appeal.

Pensions

The FY 2023 Executive Budget projects pension expenditures of $9.55 billion in FY 2023, about $62 million lower than the expected spending of $9.62 billion for FY 2022. Other than lowering the FY 2022 pension projections by $205 million in the April Plan, the City made no revisions to the FYs 2023 to 2026 pension projections.

The April Plan projects pension contributions declining in the outyears to $8.94 billion in FY 2024, $8.06 billion in FY 2025 and $7.45 billion in FY 2026. Reflected in these projections are combined pension investments earnings of 25.8 percent for FY 2021, well in excess of the Actuarial Interest Rate Assumption (AIRA) of 7 percent. Baseline pension projections are based on the assumption that pension investments will earn the actuarial interest rate assumption (AIRA) of 7 percent as of June 30th of the fiscal year. The phase-in of the excess earnings in FY 2021 offset projected pension contributions by approximately $805 million in FY 2023, $1.6 billion in FY 2024, $2.4 billion in FY 2025, and $3.2 billion in FY 2026.

However, the expected lower pension investment earnings for FY 2022 will impact pension contributions beginning in FY 2024 and is not yet reflected in the City's Financial Plan. The slowing of the US and Global economies poses a risk to the projected investment earnings since it is likely that the markets will not rebound fully by June 30, 2022. Through March 2022, pension investments experienced a combined return of .11 percent. A one percentage point return below the AIRA of 7 percent is projected to increase pension cost to the City by approximately $48 million in FY 2024 growing to $144 by FY 2026. Therefore, if the return on pension investments at the end of year is close to the .11 percent through March, the additional cost to pension contributions will be $335 million in FY 2024 growing to a little more than $1 billion in 2026.

As enacted in the FY 2023 New York State Budget, the number of years required to qualify for a vested pension benefit was lowered from ten years to five years for Tier 4 members with a membership date after December 10, 2009 and Tier 6 members of the New York City Employees' Retirement System (NYCERS), the New York City Teachers' Retirement System (NYCTRS), and the New York City Board of Education Retirement System (BERS). This action will increase the City's pension cost by $25 million dollars annually. The budget also modified Tier 6 basic membership contribution rate calculations to exclude pensionable earnings such as overtime above annual base wages made by members during the COVID-19 pandemic. This will result in a cost to the City of $0.8 million annually beginning in FY 2023.

Labor

The current balances in the City's Labor Reserve are $764 million in FY 2022, $1.07 billion in FY 2023, $1.36 billion in FY 2024, $1.81 billion in FY 2025, and $2.29 billion in FY 2026. When compared with the February Plan, net increases to the Labor Reserve were $15 million in FY 2022, $220 million in FY 2023, $329 million in FY 2024, $402 million in FY 2025, and $458 million in FY 2026.

The net changes to the reserve balances resulted mainly from three actions –

1. Funds were added to the reserve for wage increases of a half percent in each of the first two years for the next round of collective bargaining contracts. Previously, the City had budgeted annual one percent wage increases beginning the third year for each contract and had indicated that any wage increases granted for the first two years of contracts would be funded through productivity actions. The reserve now reflects projected wage increases of a half percent in each of the first two years for a given contract and 1 percent annually thereafter. Depending on the terms of the agreement that is finally reached, the City will need to fund the difference between the assumed increases and the negotiated increases. The full-year value of a one percent increase for all employees, including pensions, would cost approximately $450 million. The full year cost of a wage increase at the projected FY 2022 inflation rate would be $2.22 billion.

2. Funds were transferred out of the Labor Reserve to agencies for wage increases agreed to in the most recent round of collective bargaining contracts, generally covering 2017 – 2021. Unions representing approximately 93 percent of the City's workforce have reached labor agreements with the City.

   The City and the Patrolmen's Benevolent Association (PBA) have yet to settle on an agreement for the most recent round of collective bargaining. The New York State Public Employment Relations Board (PERB) declared an impasse between the two parties and has recently concluded hearings on this matter. The City has allocated approximately $950 million through FY 2022, retroactive to August 2017, based on the pattern established by the Uniformed Officers Coalition of 7.95 percent over three years.

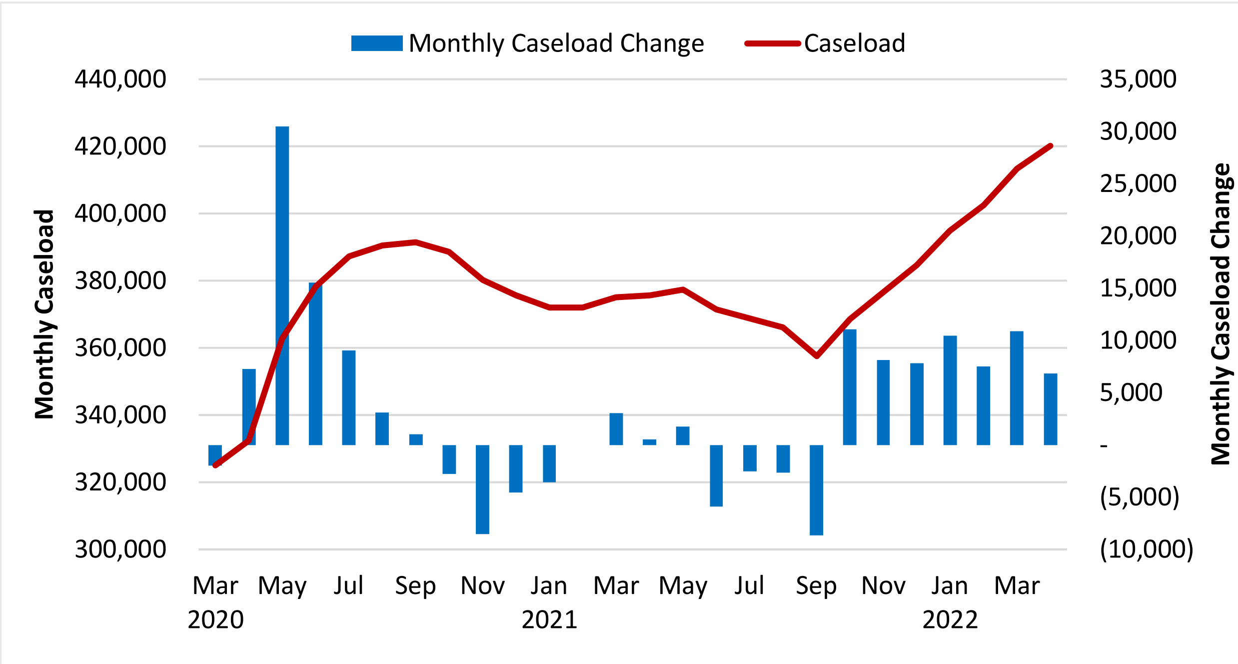
3. City employees for the first time this year will be given an official holiday to commemorate Juneteenth. The holiday which marks the liberation of slaves in Texas on June 19, 1865 was established as a Federal and New York State holiday in 2021. The City added $74 million in FY 2022 and $148 million annually thereafter to fund this holiday.

Public Assistance

Through April, the City's public assistance caseload has averaged 385,323 recipients per month thus far in FY 2022. While caseload fell during the first quarter of the current fiscal year through September 2021, a significant reversal has taken place in subsequent months that pushed levels past even the peak experienced during the early phase of the pandemic, as shown in Chart 5. Since September 2021, the City's public assistance caseload has undergone seven months of uninterrupted rise, leading to a sharp spike of about 18 percent or about 62,715 recipients. The latest data from the City shows a caseload of 420,192 recipients in April, edging towards levels not seen since 2005.

The sharp increase in caseload coincides with the expiration of extended unemployment benefits under the Federal Pandemic Unemployment Compensation program on September 6, 2021. According to the Human Resources Administration, between September 2021 and April 2022, there has been a 62 percent surge in the average number of applicants per month compared with the final month of FY 2021. Moreover, between September 2021 and February 2022, average monthly acceptance rate of clients for benefits has jumped to 46 percent compared with 35 percent in June 2021, fueling the rapid rise in caseload.

Chart 5. Public Assistance Caseload and Monthly Changes March 2020-April 2022



Source: NYC Department of Social Services

Though the City has not provided an update of its caseload projections, the April Plan maintains baseline grants expenditure estimates of approximately $1.48 billion in each of FY 2022 – FY 2026. Despite the increase in monthly grants spending in the second half of FY 2022, the City's public assistance budget appears sufficiently funded in the current year due to lower spending levels through most of the first half of FY 2022. However, it appears likely that FY 2023 grant spending, even if caseloads do not continue to rise significantly, will stabilize at higher levels than in the current year. In addition, the State will implement administrative actions during FY 2023 that could push caseload and spending even higher by easing certain program restrictions for receiving benefits. Therefore, the City will likely need to provide additional funding of at least $50 million annually in FY 2023 – FY 2026 to meet its obligations for public assistance spending.

Department of Education

The April Financial Plan reflects a net decline of $73 million in the Department of Education (DOE) budget in the current year. For FY 2022, the DOE budget now totals a net $31.91 billion, an increase of 12 percent or $3.42 billion above actual FY 2021 spending of $28.48 billion due to increased spending supported by Federal COVID relief funding. The FY 2022 DOE budget includes about $3.02 billion in stimulus funding stemming from ARPA ($1.76 billion) and CRRSAA ($1.26 billion) education grants, with an additional $493 million provided through ARPA SLFRF ($411 million), CARES ($72 million), and FEMA ($10 million) funding.

Compared with the February Plan, the FY 2022 decline is attributable to reduced City funding of $82 million mainly from assigned PEG savings of $100 million in personnel expenditures and lower State aid assumptions of $31 million primarily from the rollover of Smart Schools funding of $35 million. These reductions are partly offset by a net increase of $40 million in Federal grants from a combination of $100 million in new Emergency Connectivity Fund allocation and $26 million in rollover Community Development Block Grants against reductions of $61 million in Head Start funding and $20 million in special education Medicaid reimbursement. The reduced Head Start grants projections are due to certain care providers opting to claim Federal reimbursement directly on their own.

The FY 2023 Executive Budget projects DOE spending of $30.94 billion, a drop of about 3 percent or $964 million from the FY 2022 budget, driven mainly by the decline in Federal ARPA and CRRSAA education grants. Since the February Plan, the FY 2023 DOE funding level has improved by a net $214 million mostly from the recognition of additional State support. The Executive Budget reflects State aid increases totaling $230 million, including $60 million in formula school aids from the enacted State budget and $134 million in charter school aids for supplemental tuition and leases. The City previously reflected the charter school aids only in FY 2022 during the Preliminary Budget, the latest revision baselines the increase throughout the Plan period. The Executive Budget also provides a $45 million increase in City funds mainly for energy needs and summer youth employment while reducing Federal Head Start funding by $61 million. In addition to these changes, the DOE has repurposed about $309 million in Federal COVID funding in FY 2023. Foremost among these initiatives is $176 million reallocated towards Summer Rising, an academic and enrichment program that is expected to serve 210,000 schoolchildren this summer. In addition, $49 million has been set aside for continued school nurse coverage as well as an assortment of actions that include $33 million for career pathways expansion, $11 million for new bilingual education programs, $10 million for digital learning and $9 million for safe, supportive schools.

In the outyears, the City projects the DOE budget to be narrowly range-bound between $31.14 billion and $31.39 billion. Federal stimulus funding will continue to fall from $1.78 billion in FY 2023 to $1.39 billion in FY 2024 and then $726 million in FY 2025, with no further funding assumed beyond FY 2025. The reduced Federal support is offset mainly by higher levels of City funds, rising by $1.75 billion between FY 2023 and FY 2026, while State support is expected to grow by $408 million across the same span.

Several major risks to the DOE budget projections remain unaddressed in the April Plan. While the City has fully reflected potential costs from increased charter school tuition rates in FY 2023, it has not provided adequate funding to address spending growth in subsequent years in the Plan. Unless the State provides additional reimbursement in future years, the City could face potential shortfalls of $196 million in FY 2024, $266 million in FY 2025, and $467 million in FY 2026. In addition, the City has under-budgeted spending for special education Carter Cases in each year of the Plan. Over the past five years, spending for Carter Cases has more than doubled from $312 million in FY 2016 to $807 million recognized in FY 2021. In order to maintain baseline funding similar to the FY 2021 spending level, the City will need to increase its Carter Cases budget by at least $100 million in FY 2022 and $300 million annually in FY 2023 – FY 2026. Moreover, the DOE budget has likely underfunded pupil transportation costs in the outyears that could require additional City funding of $75 million to $175 million in each of FY 2024–FY 2026.

The City could also face risks for a number of core instructional and support initiatives upon the expiration of Federal COVID grants. Chief among these are the underfunding of 3K expansion by $376 million in FY 2026 and respective needs of $176 million and $49 million each year for continued funding of Summer Rising and school nursing coverage beginning in FY 2025. The City would also need to provide additional funding of $111 million in FY 2025 and $235 million in FY 2026 as ongoing support of special education pre-kindergarten expansion, mental health services and community schools programs unless these initiatives can be significantly curtailed or discontinued.

Homeless Services

Spending on adult and family shelter in the Department of Homeless Services (DHS) is the primary component of the City's expenses to address homelessness. However, funding for homeless services is also, and increasingly, drawn from the budgets of other agencies, including the Department of Social Services (DSS), the Department of Youth and Community Development (DYCD), the Department of Health and Mental Hygiene (DOHMH) and the Department of Veterans Services. Table 27 details changes in total funding for seven major categories of homeless services across these agencies from FY 2022 – FY 2026.

Table 27. Citywide Homeless Services Expenditures

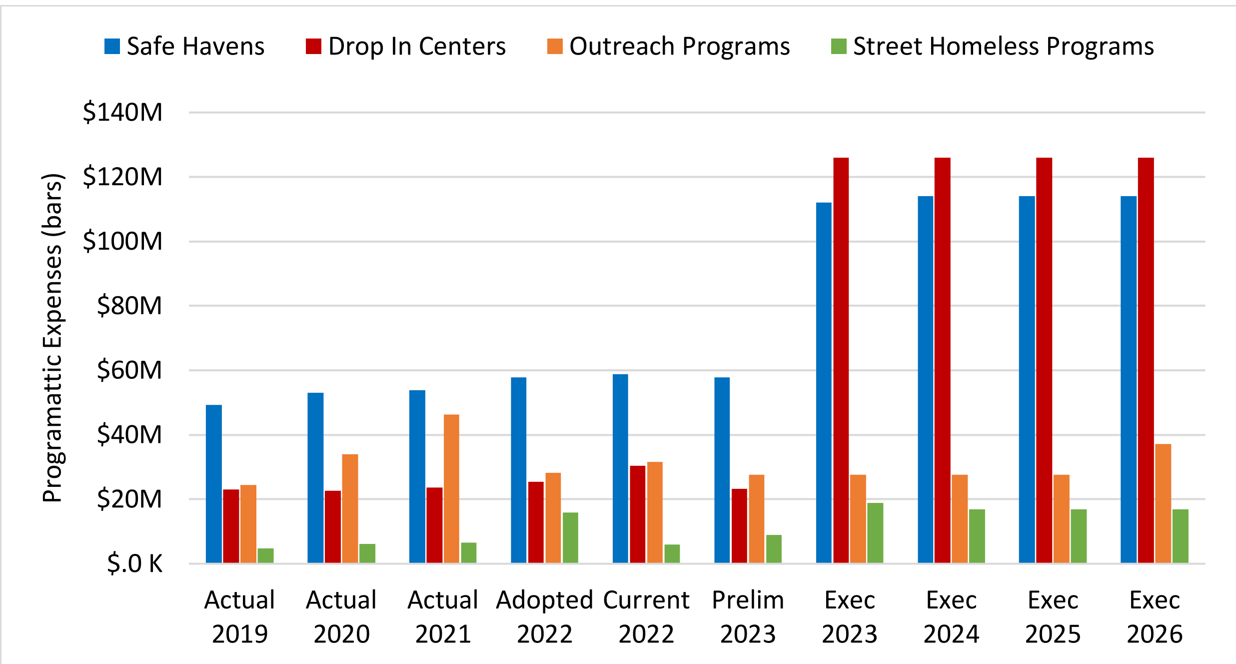
($ in millions)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Adult Shelter Operations	$946	$829	$819	$819	$819
Family Shelter Operations	1,023	1,090	1,067	1,067	1,063
Rental Assistance	788	660	508	508	508
Prevention, Diversion, Anti-Eviction & Aftercare	545	479	478	478	478
Domestic Violence, Youth & Emergency Shelters	112	112	112	112	112
Homeless Administration & Support	836	431	428	428	419
Total Citywide Homeless Spending	**$4,250**	**$3,602**	**$3,413**	**$3,413**	**$3,393**

Numbers may not add due to rounding.

Total citywide homeless services expenses in the Executive Budget for FY 2023 are planned to drop by $648 million compared with current FY 2022 spending levels, a 15 percent reduction in anticipated spending. Much of that reduction can be attributed to an approximately $564 million drop in Federal emergency funding for the Department of Homeless Services in FY 2023, and associated expenses related to the COVID-19 pandemic response. However, Citywide homeless services spending included in the Executive Budget represents a $365 million increase when compared with the Preliminary Budget Plan.

Increased funding for services and programs to bolster low-barrier bed capacity was a focal point of the City's Executive Budget announcement for FY 2023. The April Plan was prefaced by a major announcement of the City's subway safety plan which will dedicate $140 million for low-barrier shelter beds, $19 million for drop-in centers, including enhanced medical and behavioral health services and $12 million for an enhanced and expanded comprehensive outreach program. The budgeted amounts for programs related to this announcement in the April plan include substantial new City-funded expenditures, but in the following allocations: $102.7 million for Drop-in Centers, $54.4 million for Safe Havens and $11.9 million for the Street Homeless Solutions program. OMB has indicated to the Comptroller's Office that they are still working to realign funding for this initiative at the budget code level to better represent the announced breakdown. Chart 6 illustrates major expenditures for unsheltered homeless programs at DHS as allocated in the April Plan.

Chart 6. Summary of DHS Unsheltered Homeless Expenditures



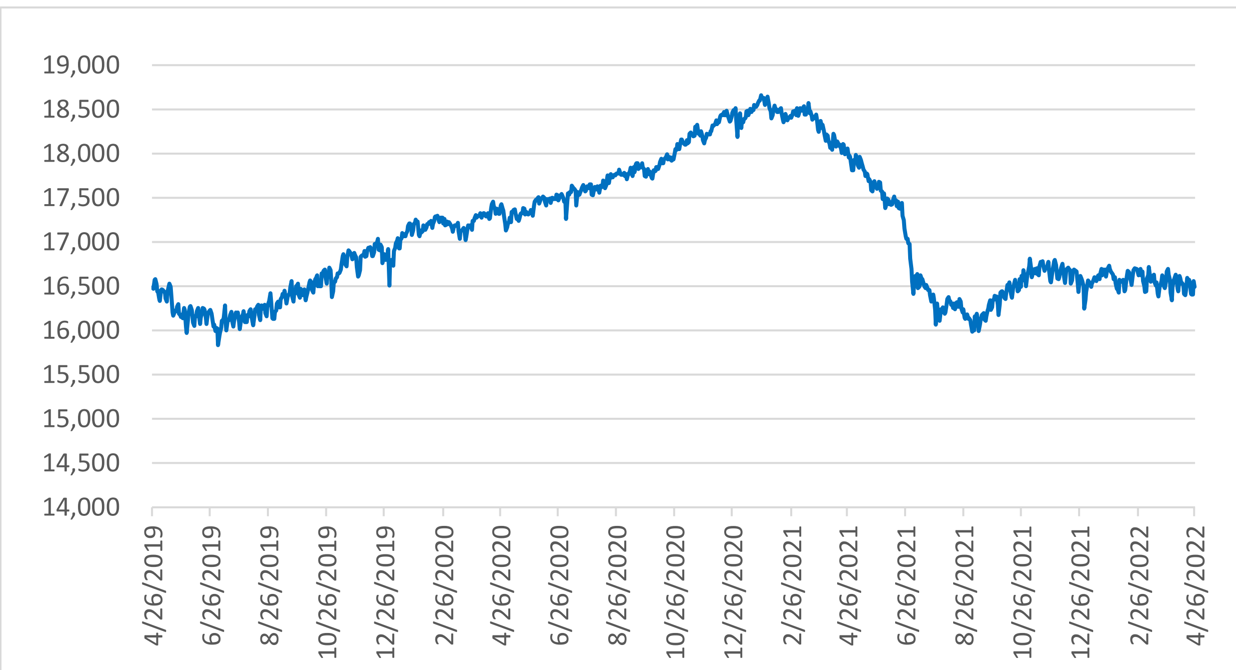
Source: Financial Management System

Also since the release of the Preliminary Budget, there has been a substantial increase in rental assistance with overall expenditures rising to $660 million in the Executive Budget, up from $507 million in the prior Plan. Much of this new spending is attributable to the addition of $118.5 million in city funds for the CityFHEPS voucher program in FY 2023, although no additional funding for this program has been allotted for the outyears as of the Executive Budget Plan. Despite these new resources for the CityFHEPS program, planned rental assistance expenditures for FY 2023 and the outyears are below current rental assistance spending. The Comptroller's

Office therefore projects a risk of $108.4 million for rental assistance expense in FY 2023 and risks of $226.9 million in each of the outyears.

As of the release of the Executive Budget, there were 45,629 individuals in shelter which represents a reduction of 13,382 individuals in shelter since 2017. An extraordinary contraction of 4,017 individuals in the shelter census occurred in the just the last year. The change in the five-year trend has been driven by a total reduction of 13,437 individuals in families with children. However, this reduction has been offset by a net increase of 2,480 single adults in shelter over the last five years. The single adult population has fluctuated substantially during the pandemic period but has ultimately returned to the approximate Spring 2019 level, as illustrated in Chart 7 below. However, in the absence of any forthcoming policies to aggressively reduce the single adult shelter census, and taking into consideration the range of new programs that the City has introduced to ease individuals from unsheltered into sheltered settings in the Executive Budget Plan, the budgeted amount for adult shelter operations appears to be insufficient. The Comptroller's Office anticipates that at least $109.3 million in additional City funds will be necessary to meet adult shelter expenses in FY 2023, and an additional $119.5 million will be required in the outyears.

Chart 7. Single Adult Shelter Census, 2019-2022



Other notable programmatic adjustments to homeless services spending in the Executive Budget since the Preliminary Plan include a $33.8 million increase for the HASA SRO program at the Department of Social Service, a $5.8 million increase for supportive housing under the NY/NY III program at the Department of Health and Mental Hygiene to fund placement staff and facilitate the efficient placement of clients into supportive housing and a $1.7 million increase for diversion programs that are run by DSS.

NYC Health + Hospitals

In the April Plan update, the City projects NYC Health + Hospitals (H+H; formerly the Health and Hospitals Corporation, or HHC) will end the current fiscal year with a cash balance of $732 million. For the FY 2023 Executive Budget, the City anticipates H+H to retain a similar year-end cash balance of $751 million. These projections represent modest improvement from prior cash balance estimates of $658 million and $680 million in FY 2022 and FY 2023, respectively. The City projects the H+H budget will trend downward significantly from $12.7 billion in FY 2022 to $9.8 billion in FY 2023 based on the expectation that the impact of COVID-19 on H+H will wind-down over the course of the upcoming fiscal year.

In the current year, the City has reduced H+H's revenue projection by a net $71 million which includes the recognition of a $122 million increase from third party revenue re-estimates, primarily in normal Medicaid and Medicare collections, and a $193 million decline in other revenues. The decline in other revenues mainly stems from re-categorization between City services reimbursement and grant revenues resulting in a net decrease of $209 million, partly offset by higher supplemental Medicaid revenue of $16 million. The revenue decline is more than offset by reduced expenses of about $146 million, driven by lower projected spending for personnel expenditures and fringe benefits due to temporary staff conversions. Overall, H+H would incur a smaller operating loss of $5 million in FY 2022, compared with a projected loss of $80 million in the February Plan.

Compared with the February Plan, H+H has raised its revenue projection by a net $304 million in FY 2023 in the FY 2023 Executive Budget. In addition to the extension of the baseline increase in third party revenues of $185 million reflecting both revenue trends and enacted State budget impact, the H+H Financial Plan also reflects an additional $360 million in revenue from City services. This mainly includes $200 million in COVID Test and Trace Corps reimbursement and a $110 million transfer in the form of additional City subsidy to partly offset a reduction of about $185 million in supplemental Medicaid revenue anticipated in H+H's strategic plan. On the expense side, the Executive Budget increases spending of $308 million mainly for Test and Trace activities and to a lesser extent, staffing needs. These changes are expected to culminate in a net operating income of $18 million, raising H+H's cash position to $751 million at the end of FY 2023.

Over the remainder of the Plan, H+H's cash balance is anticipated to rise slightly to $763 million in FY 2024 before declining to $599 million in FY 2025 and $80 million in FY 2026. Looming in FY 2024 is the reduction of Federal Medicaid Disproportionate Share Hospital (DSH) payments that would trim Supplemental Medicaid receipts by more than $600 million to $1.30 billion annually, compared with the FY 2023 assumption of $1.92 billion. The reduction in DSH payment is expected to begin in October 2023, but the implementation of these cuts has already been delayed several times since the passage of the Affordable Care Act. The increasing values of H+H's strategic initiatives would partly forestall the full impact of the DSH revenue cut on its operating budget. In the April Plan, H+H's strategic plan is expected to rise from $1.32 billion in FY 2023 to $1.65 billion in FY 2024, $1.73 billion in FY 2025 and $1.80 billion in FY 2026, enabling H+H to uphold a cash balance of $763 million in FY 2024 before sequential declines in FY 2025 and FY 2026.

IV. Capital Budget and Financing Program

Capital Commitment Plan, FY 2022 – FY 2026

The April 2022 Capital Commitment Plan for the five-year period FY 2022 through FY 2026 totals $94.9 billion in authorized all-funds commitments, as shown in Table 28.[16] All-funds commitments decreased by $5.1 billion, or by 5.1 percent, from the February 2022 Commitment Plan. Estimated authorized commitments average $18.98 billion per year. City-funds commitments account for $90.3 billion of the total.

All-Funds Commitments

All-funds commitments, after adjusting for the $8.84 billion reserve for unattained commitments, total $86.05 billion, or an average of $17.21 billion per year.[17] Approximately 15 percent of all-funds commitments, after netting out the reserve for unattained commitments, are scheduled for FY 2022.

Similar to past capital commitment plans, projected commitments for DOE and the City University of New York (CUNY), the Department of Environmental Protection (DEP), the Department of Transportation (DOT) and Mass Transit, and Housing and Economic Development account for most of the estimated commitments, with 65.3 percent of the total estimated commitments.

[16] The Commitment Plan is a schedule of anticipated capital contract registrations.

[17] The annual average commitment, before the reserve for unattained commitments, is $18.98 billion.

Table 28. FY 2022 – FY 2026 Capital Commitments, All-Funds

Project Category - $ millions	April FY 2022 – FY 2026 Commitment Plan	Percent of Total	Change from February 2022 Plan
Education and CUNY	$17,902	18.9%	$86
Environmental Protection	13,919	14.7%	(894)
Dept. of Transportation and Mass Transit	14,385	15.2%	(2,351)
Housing and Economic Development	15,734	16.6%	863
Administration of Justice	10,276	10.8%	(436)
Resiliency, Technology and Equipment	6,699	7.1%	762
Parks Department	4,350	4.6%	(1,528)
Hospitals	3,308	3.5%	(190)
Other City Operations and Facilities	8,311	8.8%	(1,427)
Total Authorized Commitments	**$94,884**	**100.0%**	**($5,114)**
Reserve for Unattained Commitments	**(8,837)**	**N/A**	**$1,217**
Total Net of Reserve for Unattained Commitments	**$86,047**	**N/A**	**($3,897)**

Source: NYC Office of Management and Budget, FY 2022 – FY 2026 April Capital Commitment Plan, April 2022.

Note: Numbers may not add due to rounding.

As shown on Table 28, there is a modest $86 million increase for Education and CUNY over the period FY 2022 – 2026. Estimated DEP commitments decreased by $894 million due largely to commitments being rolled out to FY 2027 – 2031. The $2.35 billion decrease to DOT and Mass Transit are driven by a decrease of $2.48 billion for East River bridges and highway bridges projects, offset by a net increase of $132 million in other DOT project areas, driven primarily from an increase in highways and street reconstruction related projects.

Housing and Economic Development projects increased by $863 million over the period, stemming from a $748 million deferral in Economic Development projects to FY 2027 – FY 2031, and increases of $1.41 billion in HPD commitments and $198 million to NYCHA from the February 2022 Plan. HPD's increase was driven by the NYCHA Permanent Affordability Commitment Together (PACT) initiative in the amount of $1.2 billion that will run through HPD. In addition, HPD commitments in FY 2027 – FY 2031 were increased by $3.4 billion for new construction, preservation, and special needs housing.

The Administration of Justice program area decreased by $436 million over FY 2022 – FY 2026 from the February 2022 Plan. The decrease is comprised of a $360 million decrease for Courts related projects along with a decrease of $76 million to Police Department related commitments. The Department of Correction commitments remained unchanged at $8.16 billion over the period.

Commitments for Resiliency, Technology, and Equipment saw a substantial increase of $762 million over the FY 2022 – FY 2026 period. This increase was driven by an additional $852 million related to equipment, energy efficiency, sustainability and resiliency projects offset by an $89 million decrease to DOITT related projects.

Commitments in the Parks Department decreased by $1.53 billion over FY 2022 – FY 2026 from February 2022. This is comprised of a multitude of revisions in over 400 capital project ID's. However, this decrease reflects the roll of commitments into future fiscal years and does not constitute programmatic reduction as the FY 2027 – FY 2031 period has increased by $2.34 billion when comparing the currently updated Ten-Year Plan to the Ten-Year Plan published in October 2021.[18]

Commitments in H + H decreased by $190 million over FY 2022 – FY 2026, about 5 percent from the February 2022 Plan. Other City Operations and Facilities decreased by $1.43 billion. The major drivers of the decrease in City Operations and Facilities are DCAS managed public facilities projects with a $441 million decrease, along with a decrease in various projects related to cultural affairs in the amount of $318 million, and a $284 million decrease to the three library systems combined.

As indicated above, the Plan over FY 2022 – FY 2026 decreased by $5.11 billion. This change in authorized commitments from the February 2022 Plan is comprised of a projected commitment decrease of $1.78 billion in FY 2022, an increase of $1.13 billion in FY 2023, followed by decreases of $826 million in FY 2024, $569 million in FY 2025, and $3.07 billion in FY 2026. By and large, the reduction in capital commitments is rolled into the FY 2027 – FY 2031 period.

The decrease of $1.78 billion in estimated commitments in FY 2022 stems primarily from a decrease of $365 million in economic development projects, a decrease of $347 million in Highway Bridges commitments, along with decreases of $160 million in Parks Dept. commitments and $102 million in H+H commitments. Thirty-five other project types result in a net decrease of $806 million.

In FY 2023, the increase of $1.13 billion is driven by an increase of $372 million in HPD related projects, an increase of $261 million in economic development projects, an increase of $238 million in Parks Department related projects, and an increase of $201 million primarily for energy efficiency and sustainability projects within DCAS. Another 35 project types combined for a net increase of $55 million.

The decrease of $826 million in FY 2024 is largely driven by a decrease of $540 million for Highway Bridges and an ACS deferral of $279 million from FY 2024 to FY 2025. Thirty-seven other project types summed to a net decrease of $7 million.

The decrease of $569 million in FY 2025 is comprised of estimated commitment decreases of $657 million for Highway Bridges and $280 million for economic development projects, offset by increases of $205 million in energy efficiency and sustainability projects within DCAS, and a $345 million increase for HPD related projects. Another 35 project types summed to a net decrease of $183 million.

The decrease of $3.07 billion in FY 2026 is driven by a decrease of $1.26 billion in projected Parks Department commitments, along with decreases of $465 million related to public buildings

[18] NYC OMB did not publish an updated Ten-Year Plan in February of 2022.

projects, $420 millionfor Highway Bridges projects, and $366 million for Sewers related projects in DEP. Another 35 project types sum to a net decrease of $560 million. Overall, these commitments are deferred to FY2027 – FY 2031.

The City's FY 2023 Executive Capital Commitment Plan also includes a redistribution of the Ten-Year Plan over the FY 2022 – FY 2031 period. The redistributed Ten-Year Plan by project type and ten-year plan category over FY 2022 – FY 2031 sums to $156.6 billion, an increase of $9.51 billion from the Ten-Year Plan last released in October 2021.[19] Four agencies comprise $97.38 billion or 62 percent of the total. These include DEP at $25.96 billion, DOT at $25.76 billion, DOE at $23.29 billion, and HPD and NYCHA at a combined $22.38 billion. Revised commitments in the latest Ten-Year Plan redistribution reflect the significant increase in forecast commitments over the FY 2027 – FY 2031 period in the amount of $15 billion. Major increases in commitments over this specific period include a $3.39 billion increase to HPD, $3.0 billion to Highway Bridges, $2.34 billion to the Parks Department, and $1.08 billion to economic development projects.

Financing Program

Estimated borrowing in the FY 2023 Executive Budget and Financial Plan sums to $57.94 billion, a decrease of $2.13 billion from the February 2022 Plan. General Obligation (GO) bonds are projected to comprise $24.91 billion, or 43 percent of the total, with Transitional Finance Authority – Future Tax Secured (TFA FTS) bonds at $24.34 billion, or 42 percent of the total. New York City Water Finance Authority (NYW) borrowing is estimated at $8.69 billion, as shown on Table 29 below.

GO borrowing increased by a modest $40 million from the February Plan while TFA--FTS decreased by $1.74 billion over the Plan period, FY 2022–2026. NYW estimated borrowing dropped by $432 million over the same period.

Table 29. February 2022 Plan Financing Program

($ in millions)	Estimated Borrowing and Funding Sources FY 2022 – FY 2026	Percent of Total
General Obligation Bonds	$24,910	43.0%
TFA FTS Bonds	24,335	42.0%
NYC Water Finance Authority	8,693	15.0%
TFA BARBs	0	0.0%
Total	**$57,938**	**100.0%**

Source: NYC Office of Management and Budget, FY 2023 Executive Budget and Financial Plan, April 2022.

Borrowing estimates by fiscal year dropped $278 million in FY 2022, $624 million in FY 2023, $303 million in FY 2024, $306 million in FY 2025, and $616 million in FY 2026. The decrease in borrowing is directionally in-line with the $5.11 billion decrease in estimated capital commitments over the FY 2022-2026 period discussed earlier in the report.

[19] The February 2022 Capital Commitment Plan did not include an update to the Ten-Year Plan.

Debt Service

As shown in Table 30, debt service, net of prepayments, in the April 2022 Plan totals $6.76 billion in FY 2022, $7.89 billion in FY 2023, $8.20 billion in FY 2024, $8.71 billion in FY 2025, and $9.48 billion in FY2026. Between FY 2022 and FY 2026, total debt service is expected to increase by $2.72 billion, or by an annual average growth rate of 8.8 percent. These projections do not include debt service of the NYW, which is backed by water and sewer user fees, nor that of the TFA BARBs, which is supported by New York State building aid.

The April 2022 Plan for debt-service projects decreases from the February 2022 Plan of $79 million in FY 2022, $126 million in FY 2023, $147 million in FY 2024, $173 million in FY 2025, and $190 million in FY 2026.

Savings in FY 2022 are from letter of credit and remarketing fee savings of $30 million, followed by GO VRDB debt service re-estimates resulting in savings of $29 million, and $20 million primarily from an Educational Construction Fund (ECF) refunding action which lowered the City's payment to ECF. In FY 2023 through FY 2026, estimated GO debt-service decreases by $25 million in FY 2023, $5 million in FY 2024, $4 million in FY 2025, and $11 million in FY 2026 largely from the April 2022 refunding action offset by other baseline adjustments.

TFA-FTS debt service is projected to have savings of $102 million in FY 2023, $142 million in FY 2024, $169 million in FY 2025, and $179 million in FY 2026. These projected decreases are largely driven by TFA's reduced borrowing over Financial Plan period as cited in the Financing Program section.

In FY 2022 to date, the City completed one GO refunding transaction and two TFA FTS refunding transactions. The GO refunding generated savings of $115 million over the FY 2022 – FY 2026 period and reduced debt outstanding by $110 million. The two TFA refunding actions combined produced budget savings of $417 million over the same period and lowered its debt outstanding by $393 million.

Variable Rate Demand Bond (VRDB) interest costs are conservatively budgeted and could see savings of $75 million in each of FYs 2023 through FY 2026.

Table 30. April 2022 Financial Plan Debt Service Estimates

($ in millions)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Change FY 2022 – FY 2026	Average Annual Growth
GO	$3,727	$4,288	$4,575	$4,792	$5,052	$1,325	7.9%
TFA FTS[a]	2,854	3,381	3,426	3,721	4,239	1,385	10.4%
Lease-Purchase	104	147	118	117	116	12	2.8
TSASC, Inc.	76	76	76	76	69	(7)	(2.4%)
TOTAL	**$6,761**	**$7,892**	**$8,195**	**$8,706**	**$9,476**	**$2,715**	**8.8%**

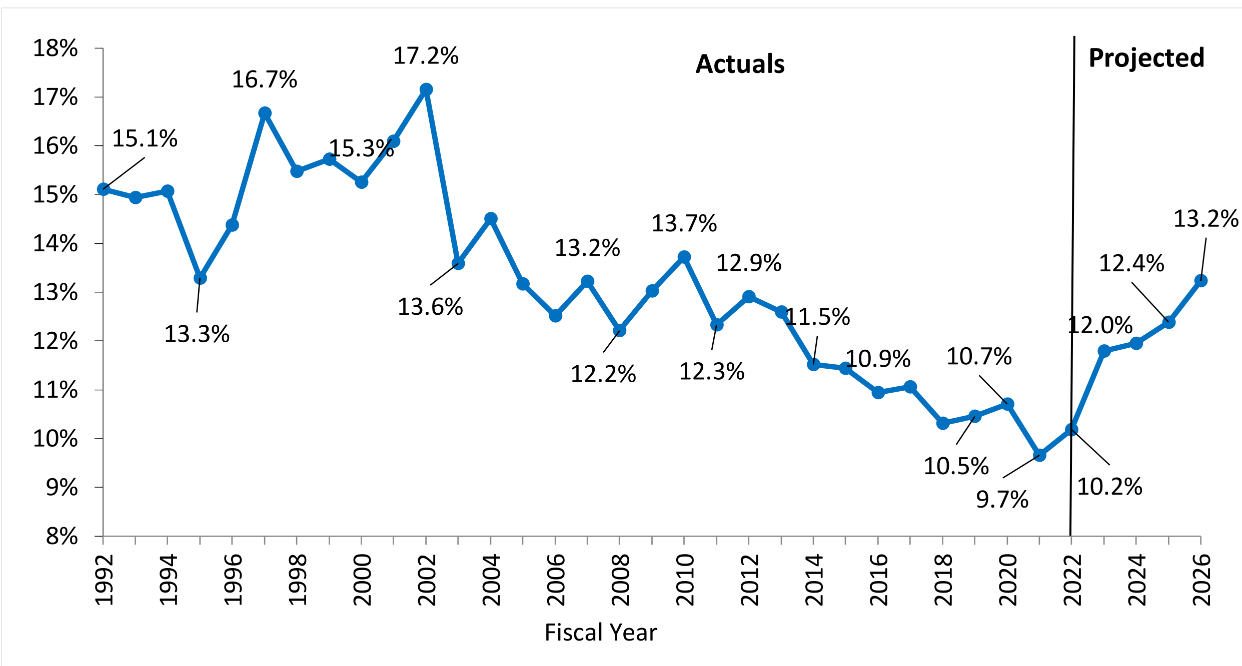
Source: NYC Office of Management and Budget, FY 2023 Executive Budget and Financial Plan, April 2022.
Note: Debt service is adjusted for prepayments.
a Amounts do not include TFA BARBs

Debt Affordability

Debt service as a percent of local tax revenues and as a percent of total-funds revenues are commonly used measures of debt affordability. In FY 2021, the City's debt service was 9.7 percent of local tax revenues. The April 2022 Plan projects that debt service will consume 10.2 percent of local tax revenues in FY 2022, rising to 11.8 percent in FY 2023, 12.0 percent in FY 2024, 12.4 percent in FY 2025, and 13.2 percent in FY 2026, as shown in Chart 8. The upward trend in the debt service to tax revenue ratio reflects the disparity between debt service and tax revenue growth rates over the Plan period. Debt service is projected to grow at an average annual rate of 8.8 percent from FY 2022 to FY 2026, while tax revenues during this period are projected to grow 2.0 percent annually.[20]

As shown in Chart 9, debt-service as a percent of total revenues is estimated to be 6.2 percent in FY 2022, growing to 7.9 percent in FY 2023, 8.1 percent in FY 2024, 8.6 percent in FY 2025, and 9.3 percent in FY 2026. As stated earlier, the rising ratio is due to the growth differentials between debt-service and total revenue growth, with debt-service growing at 8.8 percent annually versus total revenue growth of -1.6 percent.

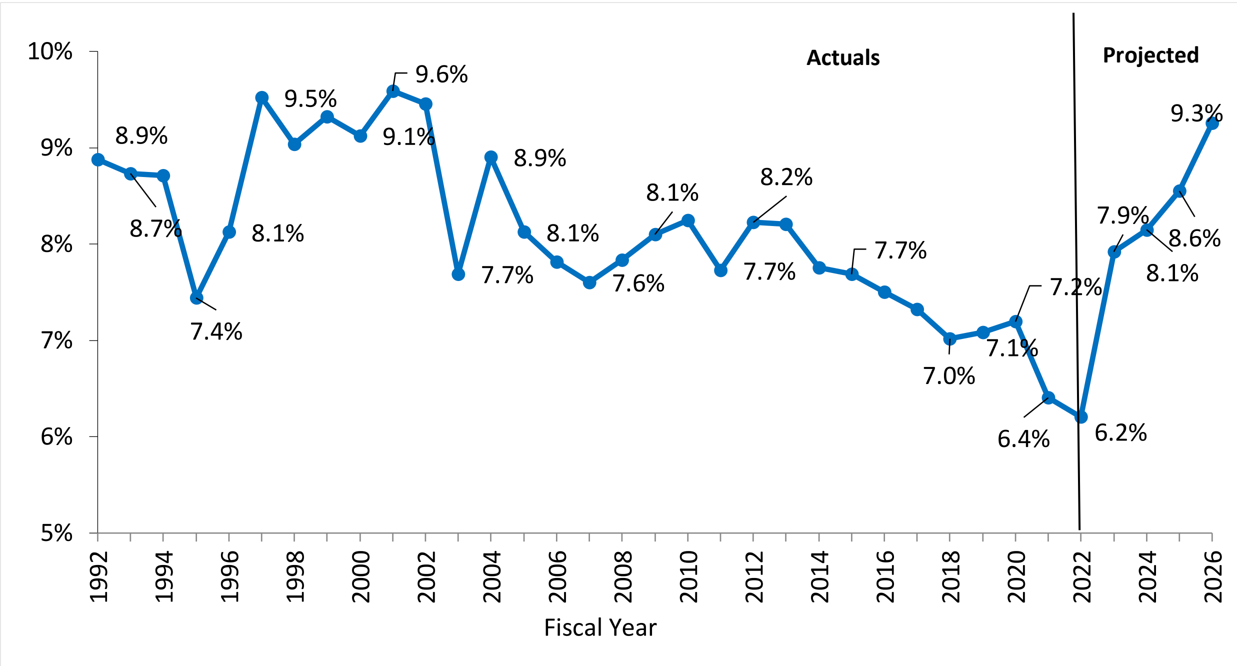
Chart 8. NYC Debt Service as a Percent of Tax Revenues



Source: Office of the NYC Comptroller, Comprehensive Annual Financial Reports, FY 1992 – FY 2021 and NYC Office of Management and Budget, FY 2023 Executive Budget and Financial Plan, April 2022.

[20] Excludes TSASC debt service.

Chart 9. NYC Debt Service as a Percent of Total Revenues



Source: Office of the NYC Comptroller, Comprehensive Annual Financial Reports, FY 1992 – FY 2021, and NYC Office of Management and Budget, FY 2023 Executive Budget and Financial Plan, April 2022.

The FY 2023 Executive Budget also includes the Debt Affordability Statement which contains OMB estimates for remaining debt-incurring power over the Financial Plan period along with other debt burden measures. By the end of FY 2026, the remaining estimated debt-incurring power declines to $12.05 billion from an estimated $27.38 billion at the end of FY 2023. The FY 2026 debt incurring power is $7.38 billion higher than estimated in last year's Debt Affordability Statement from OMB. The Comptroller's Office will continue to monitor the impact of the Capital Plan and its related contract liability and borrowing on remaining debt-incurring power. As of April 30th, 2022, remaining debt-incurring power stood at $41.7 billion.

V. Appendix

Table A1. April 2022 Financial Plan Revenue Detail

($ in millions)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Change FYs 2022– 2026 Dollars	Change FYs 2022– 2026 Percent	Annual Percent Change
Taxes:								
Real Property	$29,573	$31,344	$31,834	$31,966	$31,974	$2,401	8.1%	(2.0%)
Personal Income Tax	14,716	14,491	14,844	15,462	15,869	1,153	7.8%	(1.9%)
General Corporation Tax	4,873	4,287	4,294	4,444	4,724	(149)	(3.1%)	(0.8%)
Unincorporated Business Tax	2,234	2,178	2,281	2,366	2,463	229	10.3%	2.5%
Sale and Use Tax	8,129	8,375	8,734	9,175	9,692	1,563	19.2%	4.5%
Real Property Transfer Tax	1,625	1,395	1,529	1,636	1,688	63	3.9%	1.0%
Mortgage Recording Tax	1,174	961	1,015	1,087	1,118	(56)	(4.8%)	(1.2%)
Commercial Rent	860	862	863	866	868	8	0.9%	0.2%
Utility	385	379	395	403	418	33	8.6%	2.1%
Hotel	285	430	586	696	716	431	151.2%	25.9%
Cigarette	20	18	17	16	16	(4)	(20.0%)	(5.4%)
All Other	897	823	823	823	823	(74)	(8.2%)	(2.1%)
Tax Audit Revenue	871	722	722	722	721	(150)	(17.2%)	(4.6%)
Total Taxes	**$65,642**	**$66,265**	**$67,937**	**$69,662**	**$71,090**	**$5,448**	**8.3%**	**2.0%**
Miscellaneous Revenue:								
Licenses, Franchises, Etc.	$673	$691	$693	$691	$696	$23	3.4%	0.8%
Interest Income	13	107	161	195	217	204	1569.2%	102.1%
Charges for Services	904	1,029	1,033	1,033	1,033	129	14.3%	3.4%
Water and Sewer Charges	1,689	1,785	1,756	1,742	1,736	47	2.8%	0.7%
Rental Income	246	250	250	250	250	4	1.6%	0.4%
Fines and Forfeitures	1,165	1,076	1,090	1,090	1,090	(75)	(6.4%)	(1.6%)
Miscellaneous	411	336	336	335	335	(76)	(18.5%)	(5.0%)
Intra-City Revenue	2,253	1,972	1,939	1,929	1,928	(325)	(14.4%)	(3.8%)
Total Miscellaneous Revenue	**$7,354**	**$7,246**	**$7,258**	**$7,265**	**$7,285**	**($69)**	**(0.9%)**	**(0.2%)**
Unrestricted Intergovernmental Aid:								
Other Federal and State Aid	$792	$252	$0	$0	$0	($792)	(100.0%)	(100.0%)
Total Unrestricted Intergovernmental Aid	$792	$252	$0	$0	$0	($792)	**(100.0%)**	**(100.0%)**
Reserve for Disallowance of Categorical Grants	**($15)**	**($15)**	**($15)**	**($15)**	**($15)**	**$0**	**0.0%**	**0.0%**
Less: Intra-City Revenue	**($2,253)**	**($1,972)**	**($1,939)**	**($1,929)**	**($1,928)**	**$325**	**(14.4%)**	**(3.8%)**
TOTAL CITY-FUNDS	**$71,520**	**$71,776**	**$73,241**	**$74,983**	**$76,432**	**$4,912**	**6.9%**	**1.7%**
Other Categorical Grants	**$1,173**	**$1,029**	**$1,016**	**$1,015**	**$1,012**	**($161)**	**(13.7%)**	**(3.6%)**
Inter-Fund Agreements	**$686**	**$735**	**$731**	**$730**	**$730**	**$44**	**6.4%**	1.6%
Federal Categorical Grants:								
Community Development	$610	$263	$252	$239	$239	($371)	(60.8%)	(20.9%)
Social Services	3,558	3,333	3,449	3,447	3,445	(113)	(3.2%)	(0.8%)

($ in millions)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Change FYs 2022– 2026		Annual Percent Change
Education	5,184	3,710	3,323	2,431	1,901	(3,283)	(63.3%)	(22.2%)
Other	9,776	2,050	1,653	1,841	1,390	(8,386)	(85.8%)	(38.6%)
Total Federal Grants	**$19,128**	**$9,356**	**$8,677**	**$7,958**	**$6,975**	**($12,153)**	**(63.5%)**	**(22.3%)**
State Categorical Grants								
Social Services	$1,890	$1,872	$1,859	$1,855	$1,848	($42)	(2.2%)	(0.6%)
Education	$12,182	$12,480	$12,695	$12,888	$12,887	$705	5.8%	1.4%
Higher Education	278	276	276	276	276	(2)	(0.7%)	(0.2%)
Department of Health and Mental Hygiene	545	556	576	576	576	31	5.7%	1.4%
Other	1,567	1,573	1,485	1,541	1,602	35	2.2%	0.6%
Total State Grants	**$16,462**	**$16,757**	**$16,891**	**$17,136**	**$17,189**	**$727**	**4.4%**	**1.1%**
TOTAL REVENUES	**$108,969**	**$99,653**	**$100,556**	**$101,822**	**$102,338**	**($6,631)**	**(6.1%)**	**(1.6%)**

Note: Numbers may not add due to rounding.

Table A2. April 2022 Financial Plan Expenditure Detail

($ in millions)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Change FYs 2022 – 2026		Annual Percent Change
						Dollars	Percent	
Mayoralty	$177	$197	$171	$171	$171	($7)	(3.8%)	(1.0%)
Board of Elections	233	137	137	137	137	(96)	(41.2%)	(12.4%)
Campaign Finance Board	51	80	15	15	15	(36)	(70.6%)	(26.4%)
Office of the Actuary	7	7	7	7	7	1	8.5%	2.1%
President, Borough of Manhattan	6	5	5	5	5	(1)	(22.4%)	(6.1%)
President, Borough of Bronx	8	6	6	6	6	(2)	(23.9%)	(6.6%)
President, Borough of Brooklyn	9	7	6	6	6	(3)	(30.2%)	(8.6%)
President, Borough of Queens	7	6	5	5	5	(2)	(32.1%)	(9.2%)
President, Borough of Staten Island	6	5	4	4	4	(1)	(19.9%)	(5.4%)
Office of the Comptroller	110	114	114	113	113	4	3.5%	0.9%
Dept. of Emergency Management	779	61	34	33	33	(745)	(95.7%)	(54.5%)
Office of Administrative Tax Appeals	6	6	6	6	6	(0)	(0.0%)	(0.0%)
Law Dept.	268	276	236	236	236	(33)	(12.2%)	(3.2%)
Dept. of City Planning	44	48	43	43	43	(1)	(2.6%)	(0.6%)
Dept. of Investigation	52	44	44	44	44	(8)	(15.1%)	(4.0%)
NY Public Library — Research	31	31	31	31	31	(0)	(0.3%)	(0.1%)
New York Public Library	154	153	153	153	153	(1)	(0.6%)	(0.2%)
Brooklyn Public Library	116	115	115	115	115	(1)	(0.8%)	(0.2%)
Queens Borough Public Library	121	120	120	120	120	(1)	(0.8%)	(0.2%)
Dept. of Education	31,907	30,943	31,136	31,388	31,286	(621)	(1.9%)	(0.5%)
City University	1,287	1,359	1,282	1,297	1,298	11	0.8%	0.2%
Civilian Complaint Review Board	23	24	24	24	24	1	2.3%	0.6%
Police Dept.	5,569	5,306	5,291	5,291	5,289	(280)	(5.0%)	(1.3%)
Fire Dept.	2,449	2,288	2,223	2,215	2,214	(236)	(9.6%)	(2.5%)
Dept. of Veterans' Services	6	6	6	6	6	0	1.3%	0.3%
Admin. for Children Services	2,748	2,730	2,731	2,725	2,704	(44)	(1.6%)	(0.4%)
Dept. of Social Services	11,345	10,865	10,686	10,656	10,631	(715)	(6.3%)	(1.6%)
Dept. of Homeless Services	2,811	2,350	2,313	2,313	2,294	(517)	(18.4%)	(4.9%)
Dept. of Correction	1,386	1,303	1,289	1,289	1,289	(97)	(7.0%)	(1.8%)
Board of Correction	3	3	3	3	3	1	26.5%	6.1%
Citywide Pension Contribution	9,615	9,553	8,936	8,064	7,449	(2,166)	(22.5%)	(6.2%)
Miscellaneous	13,645	13,525	14,300	15,061	15,998	2,354	17.2%	4.1%
Debt Service	3,831	4,435	4,693	4,909	5,168	1,337	34.9%	7.8%
T.F.A. Debt Service	2,854	3,381	3,426	3,721	4,239	1,385	48.5%	10.4%
FY 2021 BSA and Discretionary Transfers	(6,107)	0	0	0	0	6,107	(100.0%)	(100.0%)
FY 2022 BSA	5,272	(5,272)	0	0	0	(5,272)	(100.0%)	(100.0%)
Public Advocate	5	5	5	5	5	(1)	(9.5%)	(2.5%)
City Council	81	100	64	64	64	(16)	(20.3%)	(5.5%)
City Clerk	6	6	6	6	6	(0)	(2.5%)	(0.6%)
Dept. for the Aging	559	479	475	478	414	(145)	(25.9%)	(7.2%)
Dept. of Cultural Affairs	228	155	150	150	150	(78)	(34.3%)	(10.0%)
Financial Info. Serv. Agency	116	113	113	113	113	(3)	(2.8%)	(0.7%)
Office of Payroll Admin.	16	15	15	15	15	(1)	(5.1%)	(1.3%)
Independent Budget Office	7	7	6	6	6	(0)	(5.1%)	(1.3%)
Equal Employment Practices	1	1	1	1	1	0	0.7%	0.2%
Civil Service Commission	1	1	1	1	1	0	0.0%	0.0%
Landmarks Preservation Commission	7	7	7	7	7	0	2.6%	0.6%
Districting Commission	1	1	0	0	0	(1)	(100.0%)	(100.0%)
Taxi & Limousine Commission	166	56	56	55	55	(111)	(66.9%)	(24.2%)
Commission on Human Rights	13	15	15	15	15	2	18.6%	4.4%
Youth & Community Development	904	819	823	823	803	(100)	(11.1%)	(2.9%)
Conflicts of Interest Board	3	3	3	3	3	0	6.2%	1.5%
Office of Collective Bargaining	2	2	2	2	2	0	3.2%	0.8%

($ in millions)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Change FYs 2022 – 2026		Annual Percent Change
Community Boards (All)	20	20	20	20	20	(1)	(3.8%)	(1.0%)
Dept. of Probation	116	115	114	114	113	(3)	(2.7%)	(0.7%)
Dept. Small Business Services	598	253	168	208	150	(448)	(74.9%)	(29.2%)
Housing Preservation & Development	1,456	1,187	1,190	1,189	1,197	(259)	(17.8%)	(4.8%)
Dept. of Buildings	205	231	205	202	202	(3)	(1.3%)	(0.3%)
Dept. of Health & Mental Hygiene	3,167	2,160	2,013	1,994	1,961	(1,206)	(38.1%)	(11.3%)
NYC Health + Hospitals	2,555	990	824	823	787	(1,768)	(69.2%)	(25.5%)
Office of Administrative Trials & Hearings	54	68	68	68	68	14	25.3%	5.8%
Dept. of Environmental Protection	1,600	1,599	1,555	1,535	1,529	(72)	(4.5%)	(1.1%)
Dept. of Sanitation	2,013	1,824	1,812	1,820	1,813	(200)	(9.9%)	(2.6%)
Business Integrity Commission	9	9	9	9	9	0	3.3%	0.8%
Dept. of Finance	323	337	334	329	329	7	2.1%	0.5%
Dept. of Transportation	1,296	1,427	1,412	1,402	1,378	82	6.3%	1.5%
Dept. of Parks and Recreation	585	539	533	530	531	(54)	(9.2%)	(2.4%)
Dept. of Design & Construction	268	183	158	159	159	(109)	(40.7%)	(12.2%)
Dept. of Citywide Admin. Services	729	601	575	575	576	(153)	(21.0%)	(5.7%)
D.O.I.T.T.	777	570	579	584	584	(193)	(24.8%)	(6.9%)
Dept. of Record & Info. Services	17	17	18	18	18	0	1.6%	0.4%
Dept. of Consumer & Worker Protection	59	66	64	64	64	6	9.6%	2.3%
District Attorney - N.Y.	163	145	145	145	145	(18)	(11.3%)	(3.0%)
District Attorney – Bronx	99	97	97	97	97	(2)	(1.7%)	(0.4%)
District Attorney – Kings	128	128	128	128	128	0	0.2%	0.1%
District Attorney –Queens	85	85	85	85	85	1	0.7%	0.2%
District Attorney - Richmond	23	21	21	21	21	(2)	(7.2%)	(1.8%)
Office of Prosec. & Special Narc.	26	26	26	26	26	(0)	(0.1%)	(0.0%)
Public Administrator - N.Y.	1	1	1	1	1	0	3.4%	0.8%
Public Administrator - Bronx	1	1	1	1	1	0	3.1%	0.8%
Public Administrator - Brooklyn	1	1	1	1	1	0	3.1%	0.8%
Public Administrator - Queens	1	1	1	1	1	0	3.1%	0.8%
Public Administrator - Richmond	1	1	1	1	1	(0)	(4.2%)	(1.1%)
Prior Payable Adjustment	(400)	0	0	0	0	400	(100.0%)	(100.0%)
General Reserve	50	1,055	1,000	1,000	1,000	950	1900.0%	111.5%
Citywide Savings Initiatives	0	(105)	(107)	(108)	(110)	(110)	NA	NA
Energy Adjustment	0	0	10	7	99	99	NA	NA
Lease Adjustment	0	0	43	87	133	133	NA	NA
OTPS Inflation Adjustment	0	0	56	111	167	167	NA	NA
TOTAL EXPENDITURES	**$108,969**	**$99,653**	**$104,493**	**$105,208**	**$106,087**	**($2,881)**	**(2.6%)**	**(0.7%)**

Note: Numbers may not add due to rounding.

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