



New York City Comptroller
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A Closer Look: FY 2014 Actual to Planned Capital Commitments



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Capital spending is essential to maintaining New York City's economic prosperity and providing an improved quality of life for its residents. The City's capital budget provides funding for a wide variety of physical improvements to assets valued at \$35,000 or more and with a useful life of at least five years. With a Preliminary Ten-Year Capital Strategy that proposes \$67.7 billion in capital commitments from Fiscal Year (FY) 2016 – FY 2025, the City's capital budget facilitates essential infrastructure investments, enables key City services and underpins the community institutions that are the fiber of our City.¹ Some common examples of capital spending include the construction of new facilities such as schools; the repair of existing infrastructure including bridges, water mains and roadways; the purchase of new equipment in schools, community centers and City offices; and major improvements to existing municipal facilities.²

From an oversight perspective, monitoring the City's capital budget poses several unique challenges which are exacerbated by the fact that the three major periodic capital reports published by the New York City Office of Management and Budget (OMB) – the Ten-Year Capital Strategy, the Capital Commitment Plan and the Capital Budget – do not present information that aligns in a readily transparent manner. Taken together, these complications have hindered the production of a straightforward comparison of capital budget lines.

This report by the New York City Comptroller's Office contains a first-of-its-kind analysis that compares data showing actual capital commitments achieved and planned capital commitments by aligning units of appropriation (UA) with corresponding budget lines in the FY 2015 Executive Budget Capital Commitment Plan.³ Over \$14 billion in total planned capital commitments were examined.⁴

The searchable and sortable appendix at the conclusion of this report unlocks the ability to examine data for actual capital commitments against planned capital commitments for some 1,600 budget lines across 25 programmatic agencies and 40 project types.

The Comptroller's analysis yields several interesting new insights into the City's capital budget.

Capital Commitments Achieved by Fiscal Year

An actual capital commitment is a measure of the work that was started in any given fiscal year which occurs when a contract is registered and work on a project can begin. Depending on the size and scope of a contract, work on a capital project could take several years to complete. Planned capital commitments in a current year are typically larger than capital commitments in out-years because uninitiated capital commitments from previous years are rolled into the current year.

¹ Commitments refer to contract registrations. They *do not* represent capital expenditures that appear in the Comptroller's Comprehensive Annual Financial Report (CAFR) in schedules CP2 and CP4. Capital expenditures occur after a contract is registered and spending against that contract can last several years.

² Complete definitions and modalities of capital projects are contained in the New York City Charter, Chapter 6, §210-§224.2

³ Data in this report is derived from various publications prepared by the New York City Office of Management and Budget.

⁴ In addition to authorized commitment amounts, the City's capital commitment plans also include an adjustment for unattained commitments called the "reserve for unattained commitments." The City's capital commitment plans compare actual commitments against commitments after netting out the reserve of unattained commitments at the managing agency level. However, the capital commitment plans do not contain the reserve of unattained commitments at the budget line level. As such, with currently available data, any comparison of actual commitments against planned commitments at the budget line level can only be done against the authorized amount.

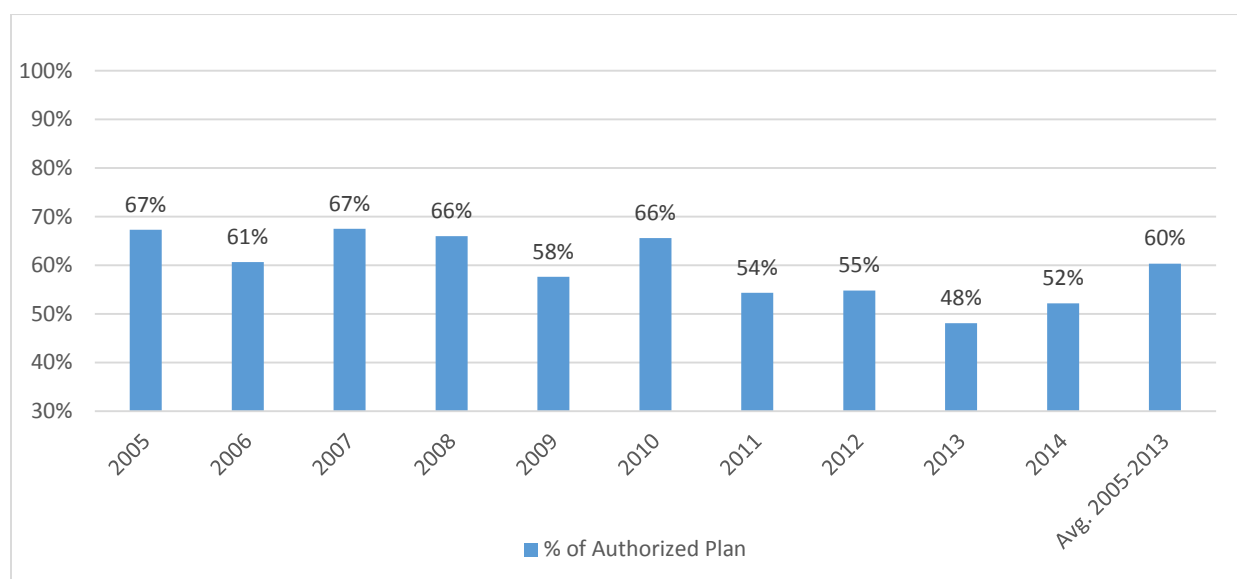
In recent fiscal years, the City has typically committed between one-half and two-thirds of its planned capital commitments. In FY 2014, 52 percent of authorized plan commitments were achieved, with wide disparities between agencies and project types.⁵ That was the second lowest rate achieved in the last 10 years.

There are many reasons why an agency may fall short of its authorized commitment plan. Capital projects vary in size and scope and often require unique design, planning and contracting processes. Projects can span several fiscal years and may have to change in scope and adapt to unforeseen field conditions. As such, the nature and complexity of capital project planning often causes shifting timelines and modified cost estimates.

Additionally, some capital commitments are easier to execute than others. For example, an agency might purchase a truck or other equipment in an expeditious manner. However, that same agency could encounter significant delays in constructing a new building due to factors such as acquiring the land, scoping and designing the building, contract negotiations, and land use complications.

As shown in Figure 1 below, the lowest actual commitment rates against authorized amounts were recorded in FY 2013 and FY 2014. It is possible that these low actual commitment levels may have been a consequence of disruptions to previously planned capital programs, and a redeployment of resources and agency personnel caused by Hurricane Sandy.

Figure 1 – Percent of Actual Commitments vs. Plan, All Funds



Source: Executive Budget Capital Commitments Plans, FY 2005 – FY 2014.

⁵ This is equivalent to a 68 percent achievement against commitments after the reserve of unattained commitments. Note: The City's existing measure of actual commitments is relative to total commitments after the reserve for unattained commitments. Using this measure, the FY 2014 percent achieved would be 68 percent compared to 52 percent as shown above.

Capital Commitments Achieved by City Agencies

Although 25 agencies engage in some form of capital spending, the City's capital budget is largely concentrated among 13 budget agencies. In FY 2014, these 13 agencies had substantial actual commitments in excess of \$100 million per agency. Collectively these agencies accounted for approximately 95 percent of FY 2014 commitments, as shown in Figure 2.

The Department of Education (DOE) and the Department of Environmental Protection (DEP) rank the highest in FY 2014 commitments with \$2.06 billion and \$1.16 billion in commitments, respectively. Additionally, the 13 capital intensive agencies identified in Figure 2 account for more than 97 percent of the units of appropriation with commitments equal to or greater than \$25 million.

**Figure 2 – Actual FY 2014 Commitments
vs. FY 2015 Executive Authorized FY 2014 Commitments**

(\$ in millions)

Agency	Actual FY 2014 Commitments	FY 2015 Executive Plan Commitments	Difference	% Achieved
Sanitation (DSNY)	277	310	(34)	89.4%
Education (DOE)	2,060	2,513	(453)	82.0%
Environmental Protection (DEP)	1,160	1,663	(503)	69.8%
Transportation (DOT)	837	1,351	(514)	62.0%
Housing Preservation & Development (HPD)*	439	747	(308)	58.8%
Police (NYPD)	170	306	(136)	55.6%
Citywide Administrative Services (DCAS)	594	1,095	(501)	54.2%
Information Technology (DOIIT)	245	512	(266)	47.9%
Corrections (DOC)	125	282	(158)	44.3%
Health and Hospitals Corporation (HHC)	242	718	(476)	33.7%
Small Business Services (SBS)	278	892	(614)	31.2%
Cultural Affairs (DCLA)	215	713	(498)	30.1%
Parks and Recreation (DPR)	365	1,516	(1,151)	24.1%
Subtotal	\$7,007	\$12,618	(\$5,611)	55.5%
All Other Agencies	\$380	\$1,541	(\$1,161)	24.7%
Total	\$7,387	\$14,159	(\$6,771)	52.2%

*Includes commitments for New York City Housing Authority

Source: FY 2015 Executive Budget Capital Commitment Plan and NYC OMB Final FY 2014 Actual Commitment Data.

Note: Numbers may not add due to rounding.

Of the 13 agencies highlighted in Figure 2, the Department of Sanitation fulfilled the highest percentage of its planned capital commitments with only \$34 million, or approximately 11 percent, of unrealized capital commitments in FY 2014. The three agencies with the largest amounts of planned capital commitments – the Department of Education, the Department of Environmental Protection and the Department of Transportation – also recorded relatively high rates of actual capital commitments.⁶ The Comptroller’s Office attributes these high completion rates to institutional expertise gained through the historically large volume of planned capital commitments that these agencies routinely process.

In FY 2014, the Department of Parks and Recreation showed the greatest deviation between its planned capital commitment and its actual capital commitment with over 75 percent of total commitments, or \$1.15 billion, below the authorized level.⁷ The Department of Cultural Affairs performed similarly, with some \$498 million in unrealized capital commitments recorded in FY 2014.

Our analysis found that a total of 60 budget lines with amounts greater than \$25 million accounted for \$5.83 billion, or 79 percent, of the FY 2014 actual commitments. These commitments represent 65.6 percent of the authorized commitments for these budget lines. The remaining 1,608 budget lines with amounts less than \$25 million account for \$1.55 billion of the remaining commitments on a planned amount of \$5.26 billion, implying a 70 percent shortfall.

Figure 3 lists the worst performing units of appropriation in FY 2014. Several individual units of appropriation account for a large portion of an agency’s shortfall. For instance, “Hospitals, Improvements” accounts for 68.7 percent of the Health and Hospitals Corporation (HHC) shortfall while “Acquisition and Site Development, Economic Development” accounts for over 56 percent of the Department of Small Business Services (SBS) shortfall. Despite being the largest unit of appropriation in terms of unspent planned commitments, “Park Improvements, All Boroughs” accounted for only 37.5 percent of the Parks Department’s shortfall.

Figure 3 – Ten Largest Shortfalls in FY 2014 by Unit of Appropriation

(\$ in millions)

AGENCY	UNIT OF APPROPRIATION DESCRIPTION	FY 2014 ACTUAL COMMITMENTS	FY 2014 PLANNED COMMITMENTS	DIFFERENCE	% ACHIEVED
DPR	Park Improvements, All Boroughs	\$129	\$561	(\$432)	23.0%
SBS	Acquisition and Site Development, Economic Development	\$213	\$558	(\$345)	38.2%
HHC	Hospitals, Improvements	\$117	\$444	(\$327)	26.4%
DCAS	Purchase of Electronic Data Processing Machines	\$91	\$277	(\$186)	32.9%

⁶ The actual Department of Education commitment data analyzed here is based on funds transferred to the School Construction Authority (SCA). This will not fully reflect the actual contracts by the SCA as those details are reported in a separate fund.

⁷ Planned FY 2015 commitments for the Department of Parks and Recreation in the Adopted FY 2015 Commitment Plan show an increase of \$1.24 billion, suggesting that most of the shortfall was the result of a delay of the FY 2014 commitments into FY 2015.

AGENCY	UNIT OF APPROPRIATION DESCRIPTION	FY 2014 ACTUAL COMMITMENTS	FY 2014 PLANNED COMMITMENTS	DIFFERENCE	% ACHIEVED
DOITT	Emergency Communications Transformation Program — Emergency Communication Systems and Facilities	\$193	\$378	(\$185)	51.1%
DOE	School Facilities Capital, Hurricane Sandy & nor'easter	\$119	\$303	(\$184)	39.3%
MTA	Various Transit Authority Projects and Purchases	\$0	\$178	(\$178)	0%
DOE	City Council, Section 254 Additions	\$45	\$204	(\$159)	22.1%
NYPL	NY Public Library facilities citywide	\$15	\$139	(\$124)	10.8%
DPR	Miscellaneous Parks, Parkways, Playgrounds, and Structures: Brooklyn	\$29	\$123	(\$94)	23.6%
Total		\$952	\$3,166	(\$2,213)	30.1%

Source: FY 2015 Executive Budget Capital Commitment Plan and NYC OMB Final FY 2014 Actual Commitment Data.
Note: Numbers may not add due to rounding.

Actual capital commitments and planned capital commitments were also examined by project type, as shown in Figure 4. The exceptionally high percentage of actual capital commitments achieved by Courts is explained by a \$90 million commitment for a courts project managed by the Dormitory Authority of the State of New York that originally had no planned commitment for its budget line in the FY 2015 Executive Budget Capital Commitment Plan for FY 2014. Other notable project types include City libraries which saw actual commitment levels of 25 percent or less in FY 2014 and the New York City Housing Authority which achieved only 14.5 percent of its planned capital commitments.

**Figure 4 – Actual Capital Commitments
vs. Planned Capital Commitments by project type**

(\$ in millions)

PROJECT TYPE CODE	PROJECT TYPE DESCRIPTION	PLAN	ACTUAL	CHANGE	% ACHIEVED
CO	Courts	86	123	36	142.0%
W	Water Supply	22	21	(1)	95.6%
S	Sanitation	310	277	(34)	89.1%
E	Education	2,513	2,060	(453)	82.0%
EP	DEP Equipment	106	84	(23)	78.8%
WP	Water Pollution Control	546	408	(138)	74.7%

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PROJECT TYPE CODE	PROJECT TYPE DESCRIPTION	PLAN	ACTUAL	CHANGE	% ACHIEVED
HD	Housing & Development	585	415	(169)	71.1%
SE	Sewers	458	302	(156)	66.0%
WM	Water Mains	530	345	(185)	65.1%
TF	Traffic	228	148	(80)	64.9%
HW	Highways	645	415	(230)	64.3%
HB	Highway Bridges	331	209	(122)	63.3%
BR	Waterway Bridges	41	25	(16)	60.9%
HH	Homeless Services	37	22	(15)	59.5%
PO	Police	306	170	(136)	55.6%
HR	Human Resources	126	65	(61)	51.3%
PU	EDP Equipment & Finance Costs	651	328	(324)	50.3%
F	Fire	126	63	(63)	49.8%
FA	Ferries & Aviation	69	35	(35)	49.8%
DP	DOITT DP Equipment	512	245	(266)	48.0%
C	Correction	282	125	(158)	44.2%
PW	Public Buildings	349	144	(205)	41.2%
HO	Health & Hospitals Corporation	718	242	(476)	33.7%
HL	Health	203	64	(138)	31.8%
ED	Small Business Services	892	278	(614)	31.2%
PV	Cultural Institutions	713	215	(499)	30.1%
HN	Higher Education	271	74	(198)	27.2%
LQ	Queens Borough Public Library	46	12	(34)	25.1%
P	Parks	1,516	365	(1,151)	24.1%
AG	Department for the Aging	28	6	(22)	20.1%
HA	Housing Authority	162	23	(139)	14.5%
TD	Transportation Equipment	36	5	(31)	14.5%
T	Transit Authority	257	35	(222)	13.6%
CS	Admin for Children's Services	76	10	(66)	13.3%
LN	New York Public Library	244	27	(218)	10.9%
LB	Brooklyn Public Library	51	3	(48)	5.8%

PROJECT TYPE CODE	PROJECT TYPE DESCRIPTION	PLAN	ACTUAL	CHANGE	% ACHIEVED
L	New York Research Library	23	1	(22)	4.9%
RE	Real Property	8	0	(8)	2.5%
MT	MTA Bus Company	49	0	(49)	0.0%
ST	Staten Island Transit	4	0	(4)	0.0%
	TOTAL	14,159	7,387	(6,771)	52.2%

Source: FY 2015 Executive Budget Capital Commitment Plan and NYC OMB Final FY 2014 Actual Commitment Data.

Note: Numbers may not add due to rounding.

Borough President and City Council Capital Commitments

A portion of the Executive Capital Budget is designated for use in each of the City's five boroughs in accordance with a formula outlined in § 211 of the New York City Charter which distributes funding based on each borough's share of the total population and total land area of the city. Borough Presidents have the authority to recommend capital projects and borough appropriations must provide for the total amount estimated to be necessary for the completion of the capital project. Additionally, the New York City Council is authorized by § 254 of the New York City Charter to adopt the capital budget. Consequently, the Council and the Borough Presidents propose capital commitments each year based on the needs and priorities of their districts and constituents.

The FY 2014 commitments in budget lines originated for capital projects that are initiated by the City Council and Borough Presidents totaled \$409 million. Commitments for projects related to parks, education, housing, City University of New York (CUNY), and cultural affairs account for almost 70 percent of the FY 2014 commitments, as shown in Figure 5.

Figure 5 - FY 2014 City Council and Borough Presidents' Actual Capital Commitments by Project Types

(\$ in millions)

	Brooklyn BP	Bronx BP	Manhattan BP	Queens BP	Staten Island BP	City Council	Total
Parks	\$8	\$1	\$3	\$5	\$8	\$53	\$78
Education	5	1	3	2	10	45	66
Housing	5	8	1	1	0	45	59
CUNY	0	1	3	6	0	36	45
Cultural Affairs	2	2	2	4	1	25	37
All Others	7	6	4	9	4	94	124
Total	\$28	\$19	\$16	\$25	\$23	\$298	\$409

Source: FY 2015 Executive Budget Capital Commitment Plan and NYC OMB Final FY 2014 Actual Commitment Data.

Note: Numbers may not add due to rounding.

As Figure 6 illustrates, most of the City Council and the Borough President's capital commitments were made at an even slower rate than some of the City's worst performing agencies in FY 2014. The actual capital commitments for the City Council and Borough Presidents in FY 2014 represented just 18.6 percent of the authorized capital commitments in the FY 2015 Executive Budget Capital Commitment Plan. This is significantly below the Citywide 52 percent commitment rate against the authorized amount. Commitments for agency capital projects were 58.4 percent of authorized level.

Figure 6 – FY 2014 City Council and Borough Presidents' Actual Commitments vs. Authorized Commitments

(\$ in millions)

	FY 2014 Actual Commitments	FY 2014 Authorized Commitments	Difference	% Achieved
City Council	\$298	\$1,648	(\$1,353)	18.1%
Brooklyn BP	28	160	(132)	17.5%
Bronx BP	19	89	(70)	21.3%
Manhattan BP	16	72	(56)	22.2%
Queens BP	25	167	(142)	15.0%
Staten Island BP	23	67	(44)	34.3%
Subtotal	\$409	\$2,203	(1,794)	18.6%

	FY 2014 Actual Commitments	FY 2014 Authorized Commitments	Difference	% Achieved
Agency	\$6,979	\$11,956	(\$4,977)	58.4%
Total	\$7,388	\$14,159	(\$6,771)	52.2%

Source: FY 2015 Executive Budget Capital Commitment Plan and NYC OMB Final FY 2014 Actual Commitment Data.

Note: Numbers may not add due to rounding.

The [appendix](#) at the conclusion of this report provides planned and actual commitments by agency, project type and budget line.



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