NEW YORK CITY COMPTROLLER
BRAD LANDER

New York by the Numbers

Monthly Economic and Fiscal Outlook

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A Message from the Comptroller

Dear New Yorkers,

As the holiday season arrives, New York's economy continues its relatively steady but uneven recovery. Job growth stalled in October, but more recent data on local initial jobless claims and layoff notices was more encouraging, pointing to a continued healthy job market.

As we've been noting in recent months, much of the job creation year-to-date has been in health care & social assistance, with a higher proportion of low-paying jobs. Combined with a drop in federal pandemic aid, that has meant modestly declining per-capita income.

With the holiday season upon us, this month's Spotlight focuses on the retail sector. Both retail and leisure & hospitality in New York City were hit hard by the pandemic and have recovered slowly amidst the shift to remote and hybrid work, plateauing below pre-pandemic levels (unlike nationally, where they have just about recovered fully). After steady growth in the years prior (driven in part by increases in the minimum wage), wages in the sector have stagnated since the pandemic. Unsurprisingly, the outer boroughs have fared meaningfully better than Manhattan.

Our report this month also includes a few other deep dives into the City's finances. We've got more than you ever knew you wanted to know about the City's prior-year receivables – money owed to the City by grantors for services rendered previously – including efforts to "bend the curve" as receivables have been rising in recent years.

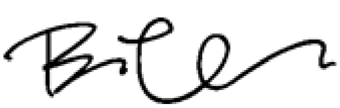
And we've launched a new web-resource on how we pay for the City's infrastructure and capital program, with attention to the state of good repair and costs of infrastructure maintenance, efforts to reform our capital project management to reduce delays and cost overruns, and our recently released annual report on the City's debt burden and our capacity to borrow to meet our capital needs.

Finally, we released a first-of-its kind report this month shedding light on stark racial wealth disparities in New York State and City. The report, which comes as New York State considers establishing a commission to study reparations, reveals racial disparities in net household wealth, home values, retirement savings, investment income, and student debt.

Later this week, we'll publish our office's annual *State of the City's Economy and Finances*, including an analysis of the November Financial Plan, the evolving costs of shelter and services for asylum seekers, budget cuts imposed by City Hall, and our outlook for the city's economic and fiscal future.

Across eight nights of Hanukkah, twelve days of Christmas, seven days of Kwanzaa, we'll keep watching the numbers,

Brad



Spotlight

The Fall and Rise of NYC's Retail and Consumer Services Cluster

With the holiday season upon us, we thought it would be an opportune time to review how retail and consumer-facing businesses have been faring. This group of industries that were generally hardest hit by the pandemic—with the notable exception of electronic shopping—play a key role not only in the city's economy and tax base, but also in its overall vibrancy and quality of life. This month's Spotlight looks at the extent to which these industries have recovered, how recent trends line up with pre-pandemic trends, and how Manhattan has fared relative to the other boroughs and how the city has fared relative to the nearby surrounding counties in New York State. It also examines the implications for New York City's fiscal situation and equitable growth.

Read more at:
comptroller.nyc.gov/reports/spotlight

Investing in NYC's Infrastructure

New York City's infrastructure is the foundation for our shared thriving – the school buildings that educate our kids, the tunnels that bring us clean water, our roads, bridges, public parks, libraries, and hospitals, affordable housing, municipal offices and technology. Most of the funding to pay for it comes through the City's municipal bond program, administered by the Comptroller's Office and the Mayor's Office of Management and Budget.

So this month, our office launched a new web resource focused on key questions about infrastructure and capital program, including the state of good repair and costs of infrastructure maintenance, vulnerabilities in the face of climate change, and efforts to reform our capital project management to reduce delays and cost overruns.

At the same time, we recently released our annual report on the amount of the City's debt burden and our capacity to borrow to meet our capital needs. Some of the key findings:

- NYC currently has room to borrow under our State Constitutional debt limit (we are $37.2 billion below the limit of $131.6 billion). However, given infrastructure needs, we could begin to near the limit over the next decade.
- The percentage of tax revenues dedicated to debt service grew from 9.6% in FY 2022 to 10.2% in FY 2023, well below the 15% threshold used to evaluate affordability. However, rising interest rates and greater capital debt will push that number up in the coming years.
- The City's credit rating remains strong. Rating agencies have maintained NYC's bond rating at Aa2 (Moody's), AA (S&P and Fitch), and AA+ (Kroll).

The U.S. Economy

- Revised data indicate that **real GDP** grew at a 5.2% rate in Q3, somewhat above the initial estimate of 4.9%. Projections for the current (4th) quarter are for growth in the range of 1.2-2.2% based on nowcasts from the NY and Atlanta Feds, as well as blue chip forecasts.

- **Housing indicators** have been mixed in recent weeks. Housing starts picked up in October, for both the single-family and multi-family sectors, the latter of which had been lagging. However, the November survey of homebuilders shows sentiment nationwide falling to its lowest level since the end of 2022, though it rose to a 3-month high in the Northeast.

- The **U.S. job market** remained solid in November, buoyed by the winding down of the UAW and actors strikes. Nonfarm payroll employment rose 199K, with earlier months' gains (mostly September) revised down by about 35K. Job gains have averaged slightly over 200K over the past three months. The household survey showed a 747K surge in employment in November, as the unemployment rate fell 0.2 points to 3.7%, and labor force participation held steady. This represents some convergence between the two surveys, as job gains reported in the household survey had been lagging in recent months.

- **Weekly jobless claims** have been fairly steady and subdued since our last Newsletter. Both the level and 4-week moving average of jobless claims have hovered around 220K in recent weeks—slightly above early-October lows but lower than for most of 2023.

- The **Consumer Price Index (CPI)** was flat in October—held down by a drop in energy prices—and it was up 3.2% from a year earlier. The core CPI (excluding food & energy) rose 0.2% in October; it increased at an annual pace of 3.4% over the last 3 months and 4.0% over the past 12 months, continuing a gradual trend of deceleration.

- The **Core Personal Consumption Expenditure (PCE) deflator** (excluding food & energy) rose 0.2% in October and was up 3.5% from a year ago; the overall PCE deflator was flat in October and up 3.0% from a year ago—the smallest 12-month gains in both since 2021.

- **Surveys of consumers and businesses** have continued to give mixed but, on balance, fairly neutral signals of late. The Conference Board's November survey of consumers showed confidence edging up from a 5-month low, while University of Michigan's parallel index slipped for the 4th straight month. The Purchasing Managers' November business surveys point to a continuing decline in manufacturing activity—possibly still reflecting the recently-settled UAW strike—but steady, moderate service-sector growth.

- University of Michigan's consumer survey shows near-term **inflation expectations** retreating sharply to 3.1% in early December, after jumping to 4.5% (a 7-month high) in November; longer-term expectations fell to 2.8%—at the low end of its recent range.

New York City Economy

Payroll Employment & Industry Trends

Table 1: Seasonally Adjusted NYC Private Employment, by Industry ('000s)

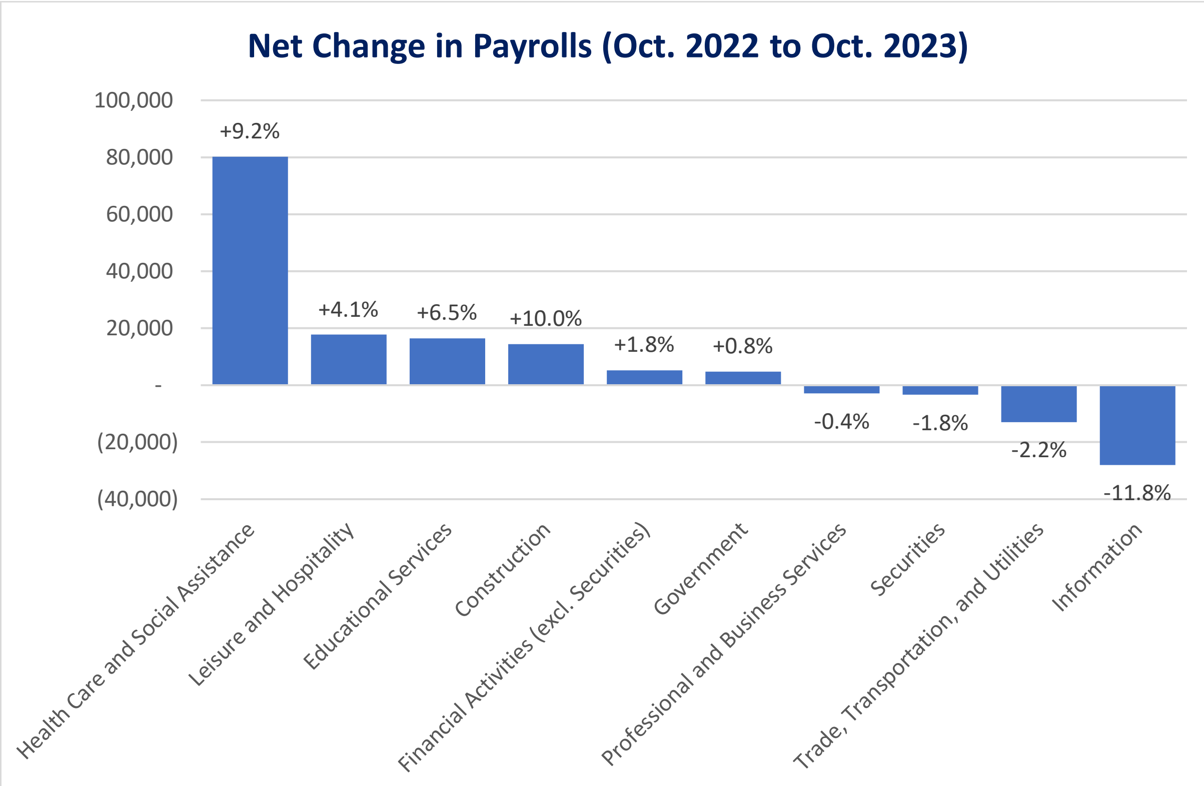
(1,000s)	Seasonally Adjusted NYC Employment					October 2023 change from			
Industry:	Feb. '20	Oct. '22	April '23	Sept. '23	Oct. '23	Feb. '20	Oct. '22	April. '23	Sept. '23
Total non-farm	4,460.2	4,608.6	4,648.5	4,712.4	4,702.3	242.2	93.7	53.9	(10.1)
Total Private	3,889.9	4,039.5	4,078.4	4,129.9	4,128.4	238.5	88.9	50.0	(1.5)
Government	570.3	569.1	570.1	582.5	573.9	3.6	4.8	3.9	(8.6)
Financial Activities	475.9	492.4	493.5	495.7	494.3	18.4	1.9	0.8	(1.4)
Securities	184.9	193.1	193.6	192.9	189.7	4.8	(3.4)	(3.9)	(3.2)
Information	232.9	237.2	229.7	210.0	209.2	(23.7)	(28.1)	(20.5)	(0.8)
Prof. and Bus. Serv.	763.4	783.3	788.5	790.0	780.4	16.9	(2.9)	(8.1)	(9.7)
Educational Services	256.4	255.1	262.4	274.5	271.7	15.3	16.5	9.3	(2.8)
Health Care & Soc. Assist.	827.0	871.7	903.2	946.2	951.9	124.9	80.2	48.7	5.7
Arts, Ent., and Rec.	73.1	83.3	86.1	85.6	85.1	12.0	1.8	(1.1)	(0.5)
Accomm. & Food Svc.	301.0	347.0	352.6	355.7	362.9	61.9	15.9	10.3	7.2
Retail Trade	306.4	308.7	305.6	303.1	302.3	(4.2)	(6.4)	(3.4)	(0.9)
Wholesale Trade	129.2	131.5	129.3	129.5	128.6	(0.6)	(2.8)	(0.6)	(0.9)
Trans. & Warehousing	133.9	132.3	123.6	126.9	128.3	(5.5)	(3.9)	4.7	1.4
Construction	143.3	143.5	149.8	157.0	158.0	14.7	14.5	8.2	1.0
Manufacturing	57.4	57.8	57.6	57.5	57.7	0.3	(0.1)	0.1	0.2

Source: NY Department of Labor, NYC Office of Management and Budget, and Office of the New York City Comptroller

Note: Due to revisions to earlier months made by NY DOL, numbers may not match to previous monthly newsletters.

- Total non-farm employment fell by 10,100 in October, mostly due to a drop in government jobs, while private-sector employment edged down by 1,500, suggesting some slowing in trend growth.
- The Securities sector lost 3,200 jobs in October. This loss may be a delayed realization of the decline that was expected in the transition from 2021's record-high Wall Street profits to lower profit levels, higher interest rates, and asset valuations in 2022. While the decision to reduce staff may have been made in early 2023, in many cases the workers being let go can remain on the payrolls for several months with severance packages that include salary and benefits continuation. Outside of the Securities industry, the rest of the financial sector rose in payroll count in October, such that the total sector (including Securities) showed a marginal decline of 1,300 jobs.
- Jobs in Accommodation & Food Services grew strongly in October, adding 6,500 jobs. This sector (a part of Leisure and Hospitality in Chart 1) has been another important source of job growth over the past year, as it continues to recover from a dramatic drop during the early pandemic.
- Health Care & Social Assistance has continued to be one of the leading sources of job growth in NYC, adding 4,800 jobs in October 2023. Chart 1 shows how this sector has been responsible for a disproportionate share of NYC's job growth over the past year, adding 80,000 jobs over 12 months. More than half of this increase can be attributed to gains in Home Health Care Services (+38,000 year-over-year, not seasonally adjusted) and Individual and Family Services (+14,000). It is likely that many of these job gains are the result of two publicly funded services: Medicaid's Consumer Directed Personal Assistance Program (CDPAP) and the provision of shelter and services to asylum seekers in NYC.

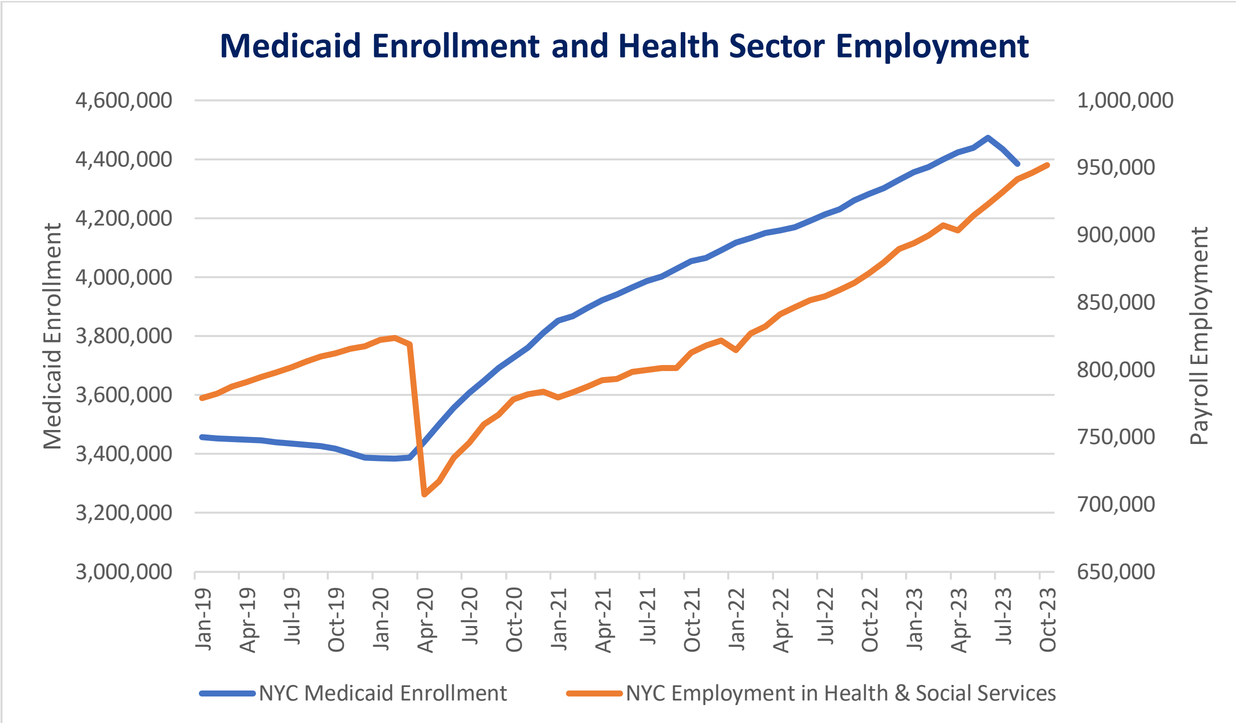
Chart 1



Source: NY Department of Labor, NYC Office of Management and Budget, and Office of the New York City Comptroller

- CDPAP funds in-home care which allows beneficiaries to choose providers, often family members. While funded by NY State and federal budgets, providers are paid through financial intermediaries and are therefore counted among private employment.
- The program has been growing rapidly for several years, as was described in a report from the Independent Budget Office. This growth appears to have accelerated in the wake of the pandemic, when Medicaid enrollment surged in NYC. As seen in Chart 2, Medicaid enrollment in NYC surged to a peak of 4.47 million in June 2023 through a combination of early pandemic job losses and federal mandates for continuous coverage until the COVID-19 public health emergency (PHE) ended in May 2023.
- Now that the PHE has officially ended, an unwinding of continuous Medicaid coverage has begun and is expected to reduce enrollments through May of 2024. This unwinding will contribute to slowing job growth in the sector.

Chart 2



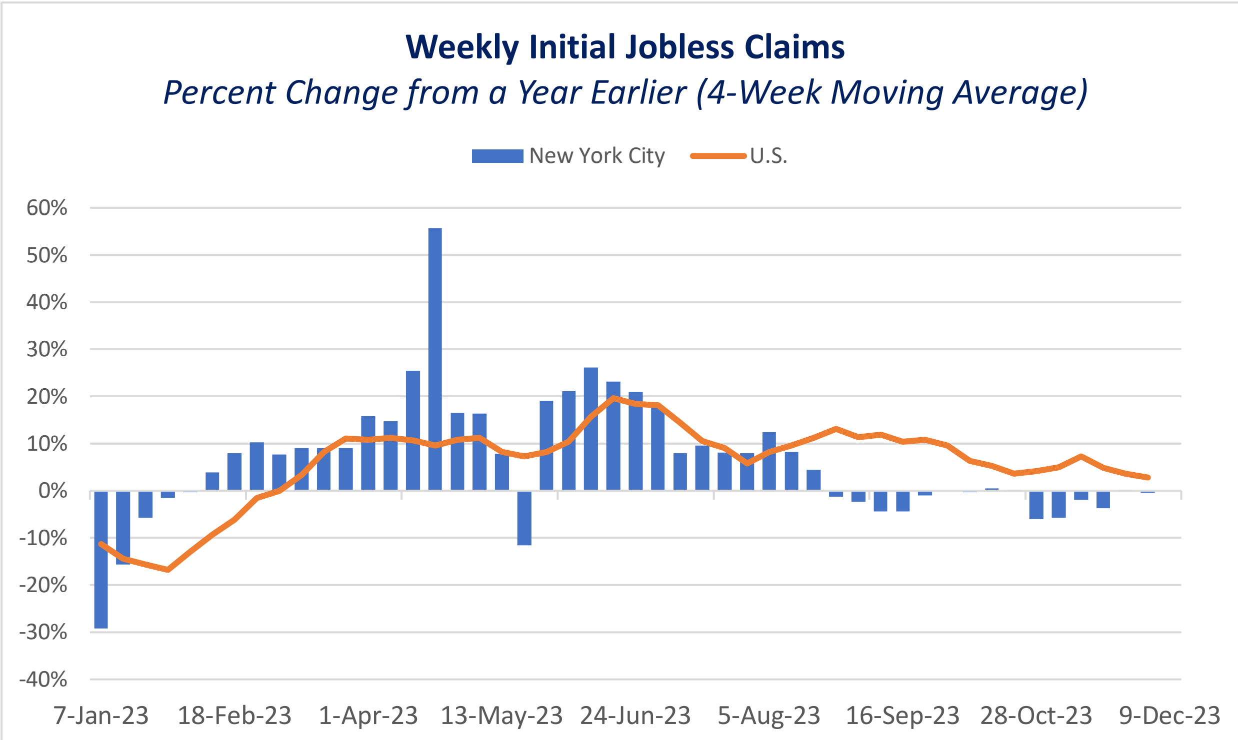
Source: NY Department of Labor; NYC Office of Management and Budget, and Office of the New York City Comptroller

Labor Force Trends

- While privately-funded employment growth in NYC has been weak in recent months, there are indications that payrolls may remain steady in the near future. Initial weekly claims for unemployment insurance, considered a leading indicator of the job market, have remained low in New York City. While claims had been running above comparable 2022 levels up until mid-August, they have consistently been on par with or below year-earlier levels since that time, as shown in Chart 3.

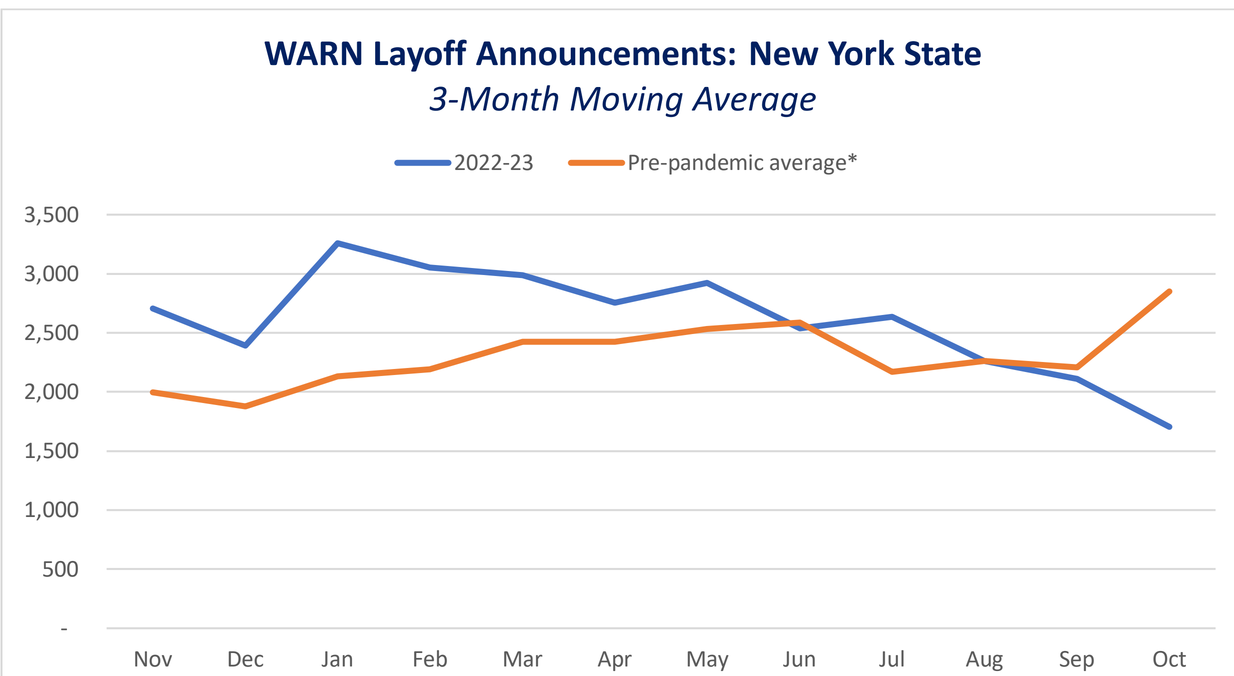
- The NY State Worker Adjustment and Retraining Notification (WARN) notices—which are required filings by larger employers for anticipated layoffs of more than one-third of employees at a given site (or any layoff of 250 or more employees)—also are trending lower than the typical pre-pandemic seasonal pattern for the state, as seen in Chart 4.

Chart 3



Source: NY Department of Labor

Chart 4



Source: Pawel Krolikowski and Kurt Lunsford, Office of the New York City Comptroller

*Pre-pandemic average is based on 2017-19 data

Personal Income

- As shown in Table 2, total personal income of NYC residents dropped in 2022 by 4.2% and per capita income dropped 2.8%.[1]
    - Population losses (-1.5%) were responsible for a large part of the total decline. A drop in after-government-transfers-to-individuals at the end of pandemic federal assistance significantly reduced personal transfers (-20.2%), as expected.
    - Net earnings of residents remained flat in nominal terms (+0.1%) despite a 4.4% increase in the earnings of those working in New York City. Earnings rose faster for non-residents (i.e., those who work in NYC but live outside of the city) due to the combination of: (i) job gains which tilted toward lower-wage industries that have a higher concentration of NYC residents; and, (ii) outmigration.

Table 2: Personal Income of NYC Residents 2019-2022

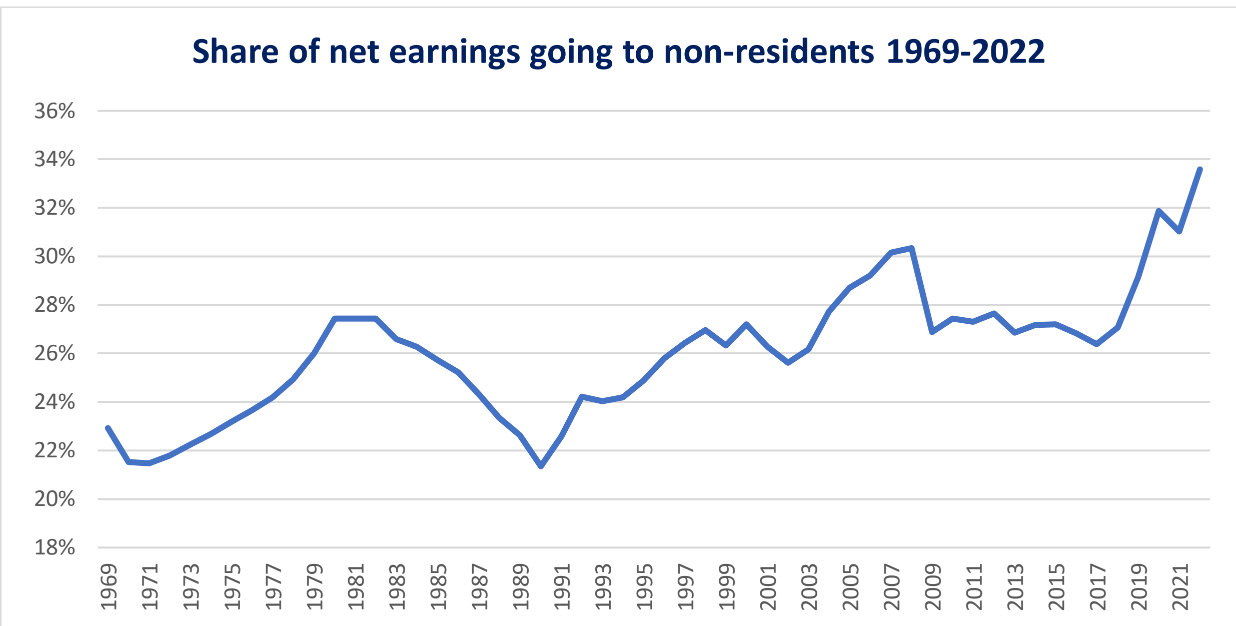
	2019	2020	2021	2022
Total ($b)	$627.1	$635.6	$693.9	$664.5
% change	2.1%	1.4%	9.2%	-4.2%
Per capita	$71,072	$72,722	$82,036	$79,719
% change	2.1%	2.3%	12.8%	-2.8%
Population	8,822,926	8,740,647	8,459,001	8,335,897
% change	0.0%	-0.9%	-3.2%	-1.5%
Major components				
Net earnings by place of work ($b)	$555.1	$545.0	$592.1	$615.5
% change	4.1%	-1.9%	8.5%	4.4%
Net earnings by place of residence ($b)	$393.3	$371.4	$408.4	$408.7
% change	1.0%	-5.6%	10.0%	0.1%
Dividends, interest, and rent ($b)	$126.9	$114.1	$125.4	$127.9
% change	0.9%	-10.1%	9.9%	2.0%
Personal transfers ($b)	$106.9	$150.2	$160.2	$127.9
% change	7.8%	40.4%	6.7%	-20.2%

Source: Bureau of Economic Analysis, Office of the NYC Comptroller. Definitions are available here: https://www.bea.gov/help/glossary/local-area-personal-income

- Chart 5 shows the share of net earnings (earnings net of contributions to social insurance programs) accruing to NYC's non-resident workers. From 1969 to 2022, the data shows five distinct periods:

  1. Increasing non-resident share in the 1970s, growing from 21.5% in 1970 to 27.4% in 1980.
  2. A decline in the share through the 1980s, bottoming at 21.4% in 1990.
  3. Increasing share between 1990 and 2008 to a pre-pandemic peak of 30.3%.
  4. A period of stability between 2009 and 2018, with the share averaging 27.1%.
  5. A sharp increase between 2019 (29.2%) and 2022—when the share reached a new peak of 33.6% through outmigration and income gains at the top of the distribution, where workers were already less likely to be NYC residents.

Chart 5

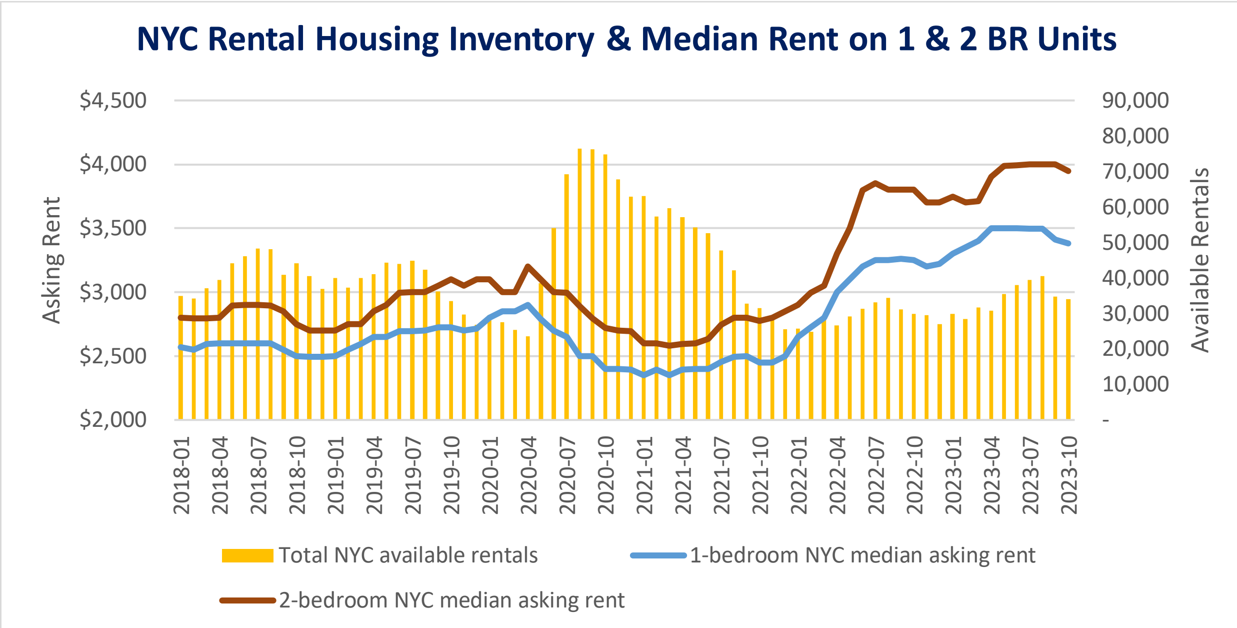


Source: [Bureau of Economic Analysis](), Office of the NYC Comptroller

Housing Market

- Median asking rents for apartment units listed online have declined slightly over the past two months, falling by $115 per month for one-bedroom units and $50 for 2-bedrooms (Chart 6). After having risen markedly starting in early 2022, this past summer saw rent plateau at a record high level and some signs of increasing availability. This may have loosened the market somewhat, allowing rents to decline.

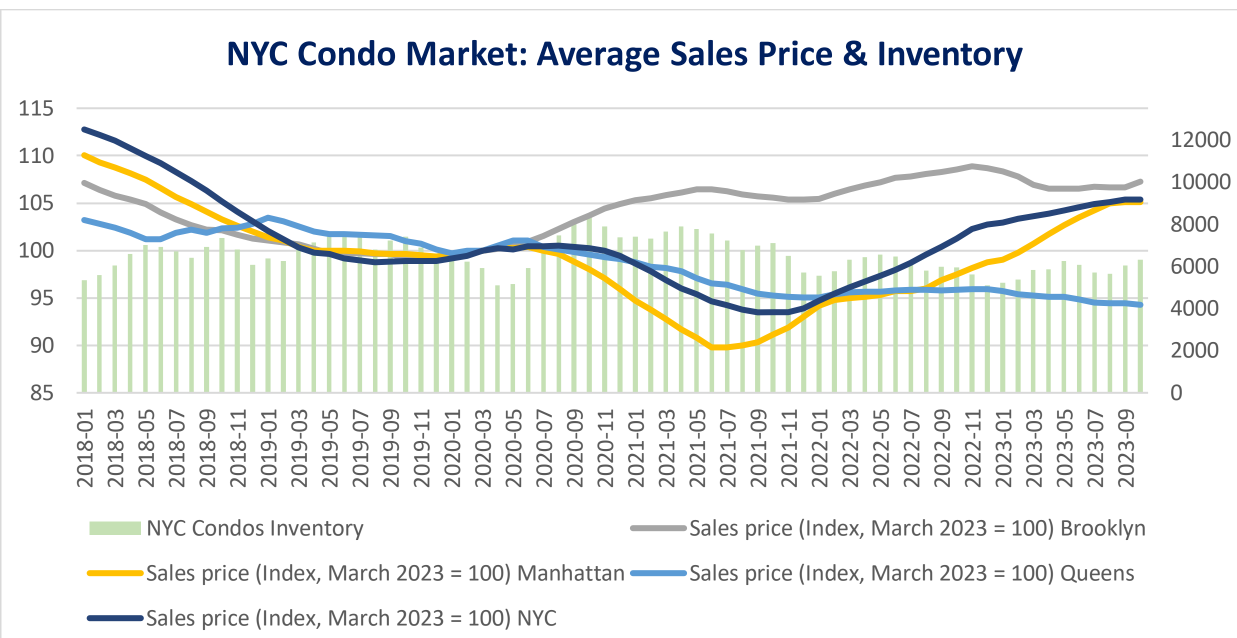
Chart 6



Source: StreetEasy.com

- The average sales price of condominiums listed online has risen 4.1% over the past 12 months (Chart 7). Manhattan condos rose 7.8%, on average, during that period, while prices in Brooklyn (-1.2%) and Queens (-1.7%) both fell. In the most recent months, prices in each borough have been mostly flat.

Chart 7

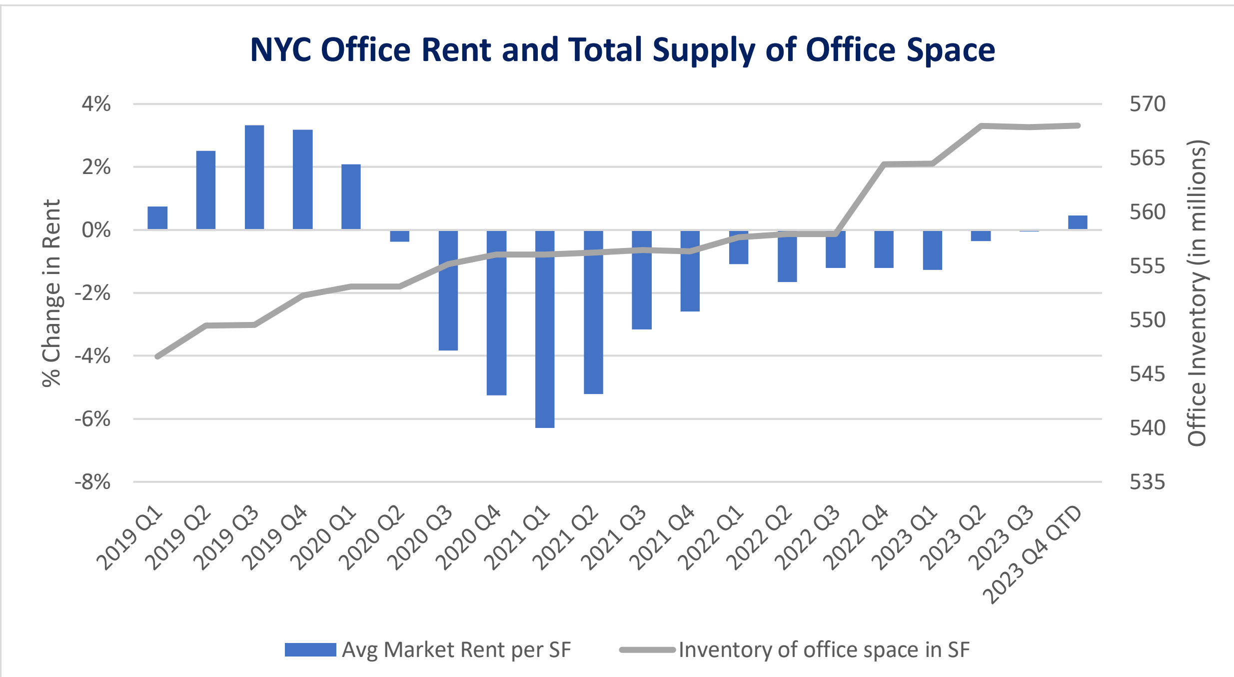


Source: StreetEasy.com

Office Market

- Rental cost per square foot for NYC offices is showing small but positive movement for the first time since the pandemic, up 0.5 percent year-over-year as of the middle of November (Chart 8). The total supply of office space has recently leveled off after rising by 15 million square feet (2.7%) since the first quarter of 2020. And, also for the first time since the pandemic began, the amount of NYC office space available for either new leases or subleases is lower than at the end of last year (a positive absorption rate).

Chart 8

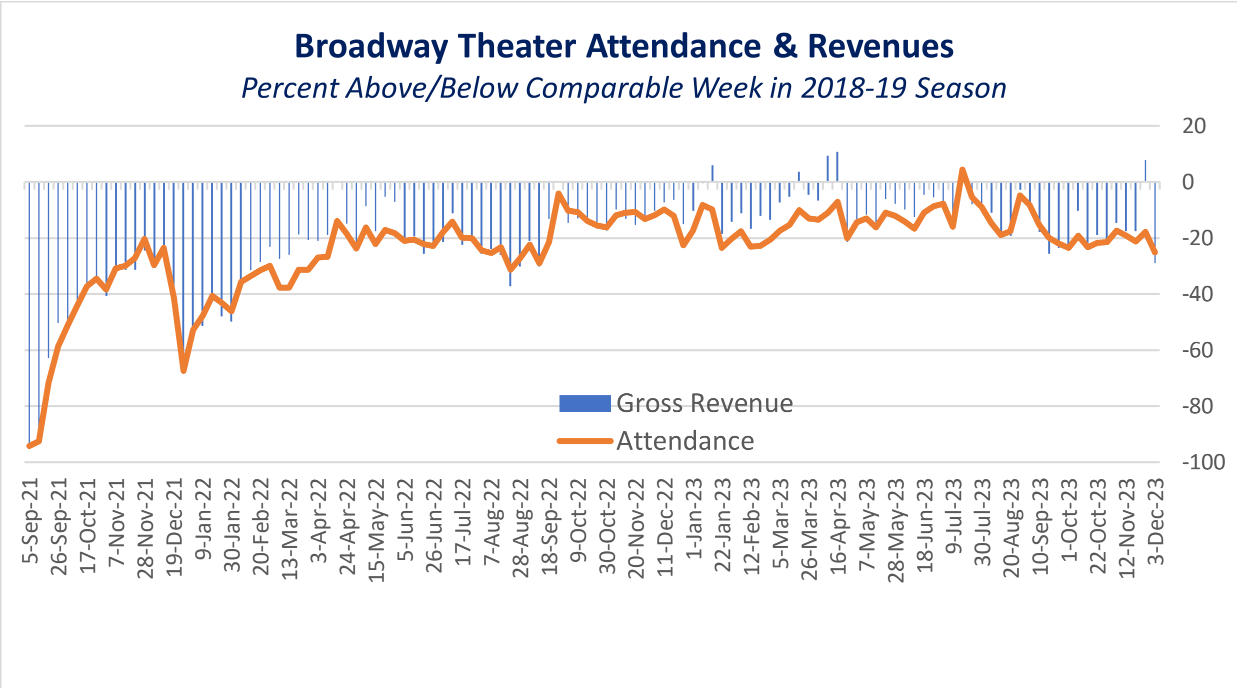


Source: CoStar

Tourism

- Attendance and revenues at Broadway shows has been slipping somewhat in the past three months compared with their comparable 2018-19 levels, as shown in Chart 6 below. One lackluster Fall season is not enough to draw longer-term conclusions; however, it is a notable change in direction in an industry that appeared headed for full recovery from its pandemic lows.

Chart 9

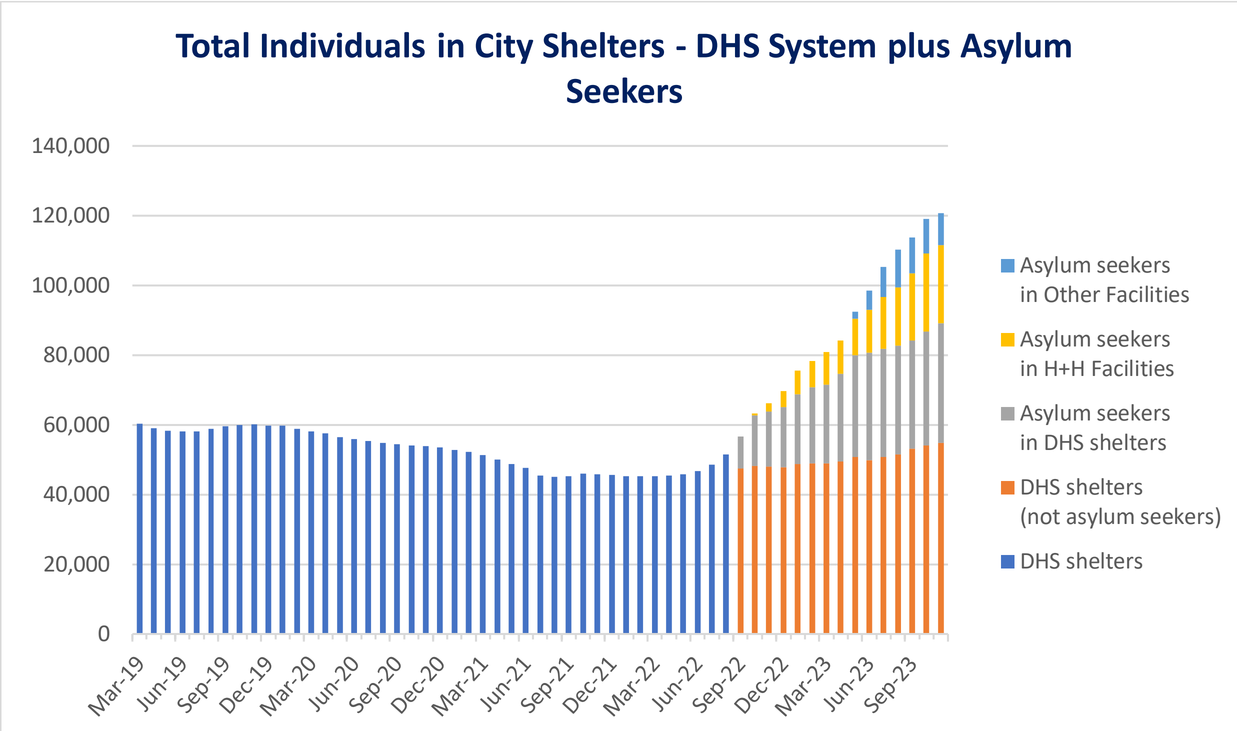


Source: Broadway League

Homelessness & Asylum Seekers

- Chart 10 shows the population in City shelters and other City-provided facilities through November. Recently arrived people seeking asylum represented approximately 55% of the total population in shelter.
- The population of people in shelter who are not asylum-seekers increased by approximately 670 individuals, or 1% in November compared to October.
- As of December 3rd, families with children make up 77% of the asylum-seeking population currently in the City's care, the same proportion from October 29th, one month prior.
- The City of New York has opened more than 210 sites to house new arrivals, operated by a growing number of agencies. The City is also covering the shelter costs of approximately 2,000 people in hotels upstate.
- More detailed information can be found on the Comptroller's resource hub Accounting for Asylum Seekers for more detail.

Chart 10



Source: NYC DHS, NYC Mayor's Office, Office of the NYC Comptroller

Note: Figures shown are monthly averages. Data on the asylum seeker population within DHS shelters is not available prior to August 31, 2022. Other Facilities include spaces operated by NYCEM, HPD, and DYCD, and those outside of NYC.

City Finances

November 2023 Financial Plan

- On November 16th, the Administration released its November Financial Plan update to the June Adopted Budget, increasing the Fiscal Year (FY) 2024 budget by $3.40 billion, to $110.52 billion.

- Much of this increase over June is from updates to Federal funding ($1.54 billion) resulting from the recognition of prior year revenue, rolling forward of FY 2023 grants, and accelerating COVID-19 aid that was slated for the outyears; and from increases in State aid ($936 million), including $447 million in aid to asylum seekers.

- The outyears of the November Financial Plan contain total expenditures of $113.72 billion in FY 2025, $113.60 billion in FY 2026, and $115.99 billion in FY 2027.

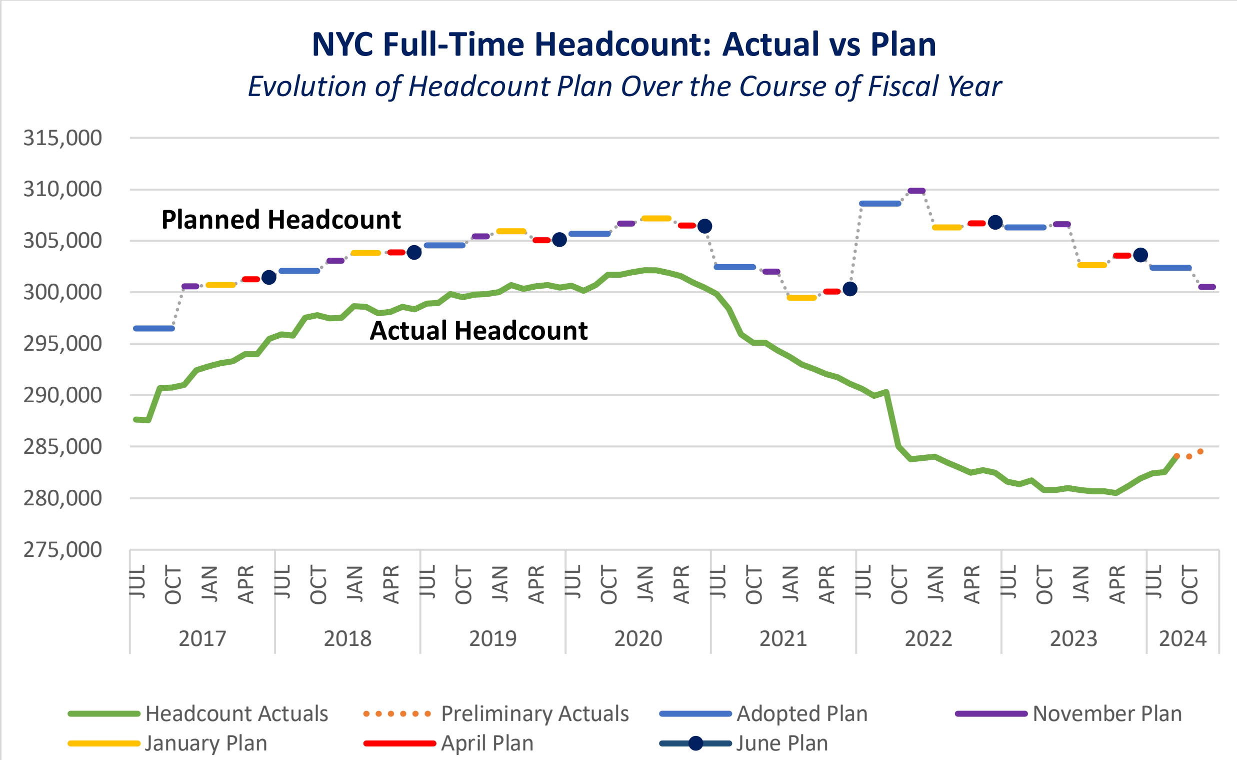
- By law, in the November update only the current fiscal year (FY 2024) budget must be balanced. The outyear budget gaps are $7.11 billion in FY 2025, $6.46 billion in FY 2026, and \$6.39 billion in FY 2027. The FY 2025 gap will need to be balanced when the Mayor presents his FY 2025 Preliminary Budget in January.

- As part of an ongoing strategy to reduce gaps in the budget, the Administration imposed a Program to Eliminate the Gap (PEG) of 5 percent, which originated savings of \$1.71 billion in FY 2024, \$1.97 billion in FY 2025, \$1.92 billion in FY 2026, and \$1.95 billion in FY 2027. Two additional rounds of PEGs (5 percent in each of the upcoming Preliminary and Executive Financial Plans) were announced in September. In November, the Administration announced an additional 20% planned reduction of spending for asylum seekers. A discussion on the City's fiscal backdrop leading to the PEG program can be found in the October Newsletter.
- On December 15th, the Comptroller's Office will release a comprehensive analysis of the November Financial Plan, including details on the PEGs, in the annual *State of the City's Economy and Finances*.

City Workforce

- The November Plan projects total full-time authorized headcount of 300,516 for FY 2024, a net reduction of 1,886 positions (0.6 percent lower than budget adopted in June).
- The overall decline in headcount is within uniform (142 positions) and civilian employees (1,744 positions), primarily as vacancy reductions taken as part of the savings program, or PEG, mentioned above.
- In terms of actual full-time headcount, following an uptick in the number of full-time employees over the spring and summer (growing from 280,502 in April 2023 to 284,104 in September 2023), growth in the City's full-time workforce has slowed in October and November (at 284,047 positions and 284,569 positions respectively), likely the result of the hiring freezes announced in late September.

Chart 11



Source: Office of the New York City Comptroller, Mayor's Office of Management and Budget

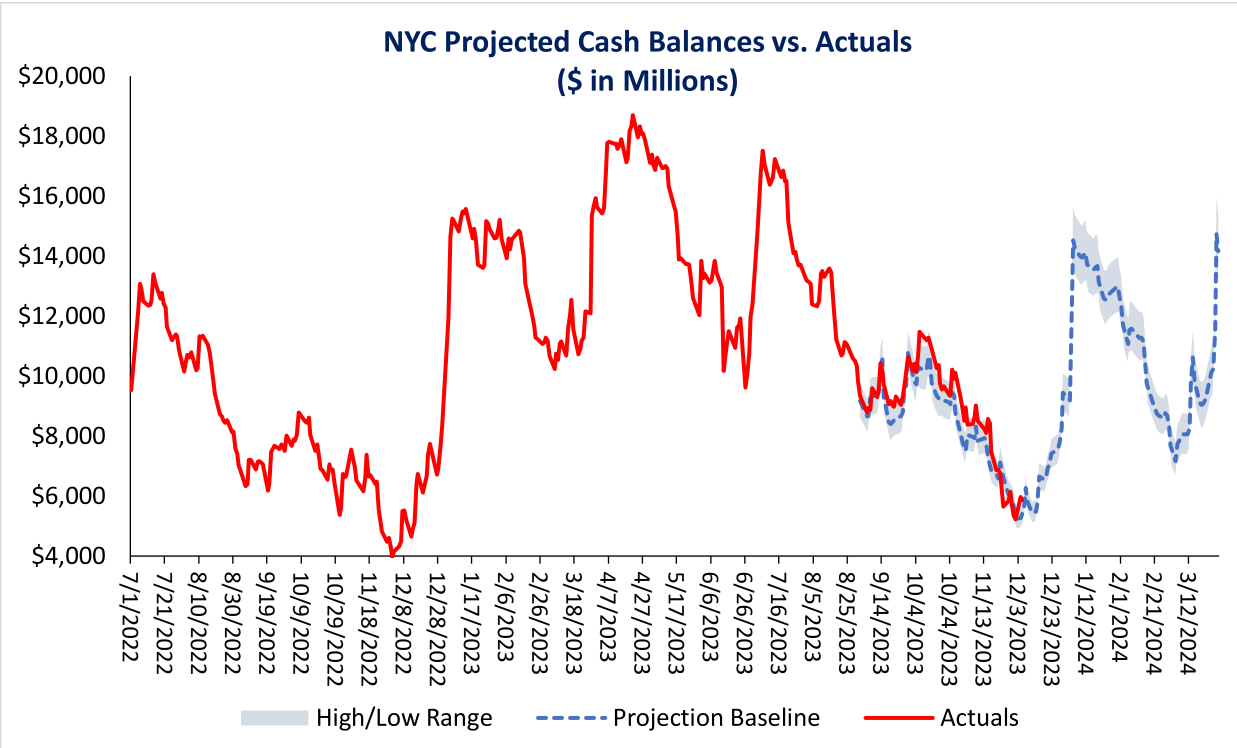
Note: Plan values are assigned to specific months - July through October are assigned the Adopted Plan value, November and December are the November Plan value, January through March are the Preliminary Plan value, April through May are the Executive Plan value, and June is the final June Plan value. Data on actual full-time employment is preliminary for October and November FY 2024; they are derived from initial payroll results and have not yet published by OMB.

New York City's Cash Balances

- Current cash balances continue to be at a historical high for this time of year. As of December 5th, the cash balance stood at $5.852 billion, compared to $4.332 billion at the same time last year.
- On Friday, December 1st, the cash balance measured $5.223 billion. It was likely the lowest cash balance of the fiscal year since the cash trough typically occurs the first week in December (as depicted in Chart 12 below), but significantly higher than in the last few years. The seasonal low measured $3.966 billion in FY 2023, $1.338 billion in FY 2022, $2.143 billion in FY 2021, and $1.769 billion in FY 2020.
- Each quarter, the Comptroller's Office releases projections for the following four months. As depicted below, actuals for the last quarter came in generally in line with projections

(with some differences related to timing). The Comptroller's Office's review of the City's cash position during the first quarter of FY 2024 and projections for cash balances through March 29, 2024, are available here.

Chart 12



Source: Office of the New York City Comptroller

Fiscal Note: Prior-Year Receivables

By law, the City's General Fund must be balanced according to Generally Accepted Accounting Principles (GAAP). To accomplish this, revenues and expenditures are booked on an accrual basis by establishing receivables and payables. In general terms, receivables are money owed to the City by grantors for services rendered in that year (correspondingly, payables are money owed by the City for services received).

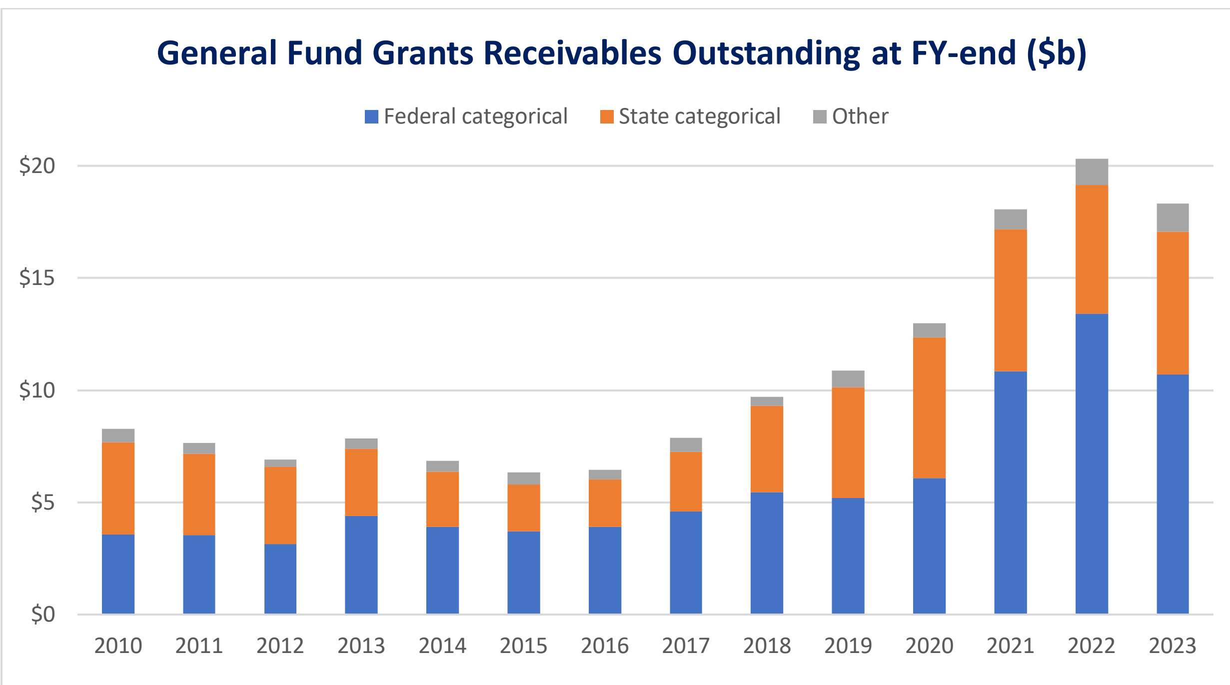
In this note, we examine the amount and composition of General Fund prior-year receivables as reported in schedule G1 of the City's Annual Comprehensive Financial Report (ACFR). Most of the revenues are from Federal and State categorical grants, with residual amounts from Federal and State unrestricted grants, and private sources.

Over the course of the following fiscal year (or even years), the City bills grantors and collects reimbursements and the amount of receivables is reduced, but the process can take a long time. City agencies can also find retroactively that additional services rendered in a prior year are reimbursable: these receivables increase current-year revenues (they are "budget gap closers" - there are examples of this in the PEGs submitted by DSS for the November 2023 plan). Conversely, write-downs for prior year receivables that are not collectible generally reduce current-year revenues (they are "budget gap openers"). At the end of the fiscal year, the total of outstanding receivables is made up of the net impact of the changes on the prior years' receivables plus the new amount that is established for the current year.

The Office of the NYC Comptroller sets the requirements for the presentation of revenues and receivables in the City's financial statements in its Directive #21. The directive sets an expectation that receivables should not be outstanding for more than three years (see the write-off policy in section 6).

Chart FN.1 shows the amount of receivables outstanding at the end of each fiscal year starting in FY 2010. The total started growing in FY 2017 and accelerated with Federal pandemic-related assistance, reaching $20.3 billion in FY 2022 before dropping to $18.3 billion in FY 2023.

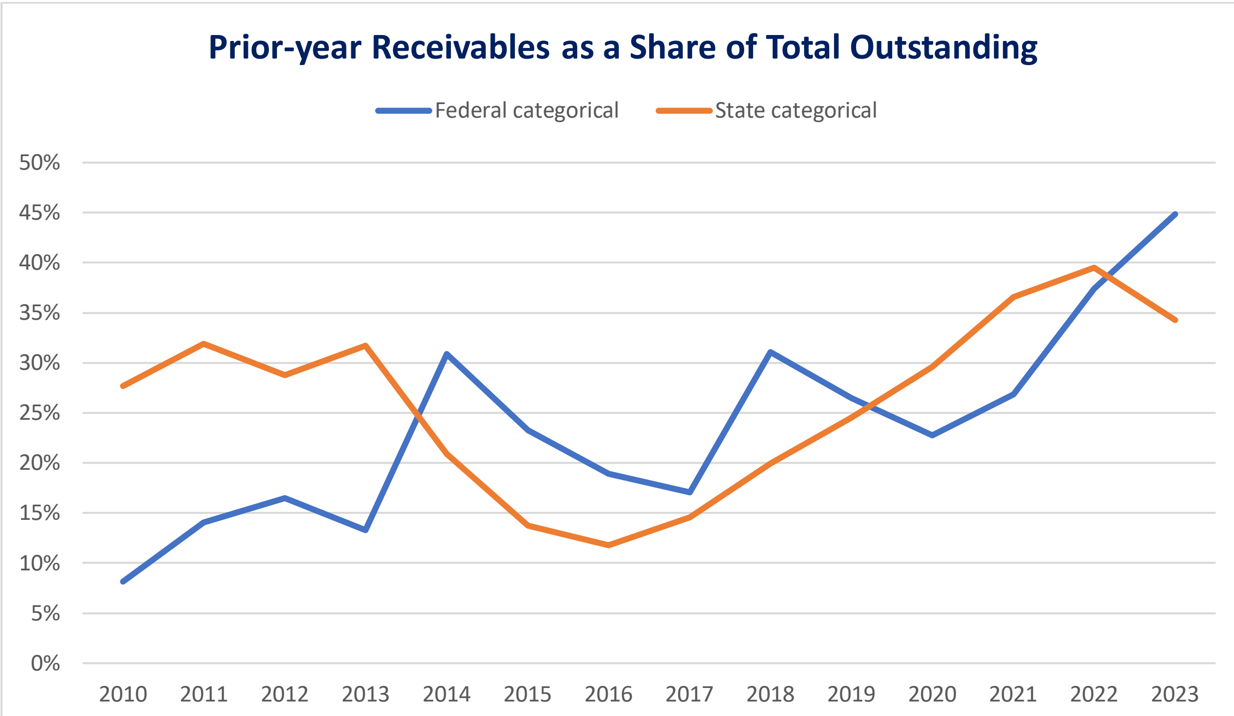
Chart FN.1



Source: Office of the NYC Comptroller

Chart FN.2 shows the share of prior-year receivables over total outstanding receivables, separately for Federal and State categorical grants. In both cases, the shares are on an upward trend, suggesting increasing delays in billing and reimbursement. While the City's cash balance is strong (see the monthly updates in the Economic Newsletter, the Office's quarterly cash reports and projections, and the July 2023 Spotlight), a lengthier reimbursement process lowers the City's cash position.

Chart FN.2

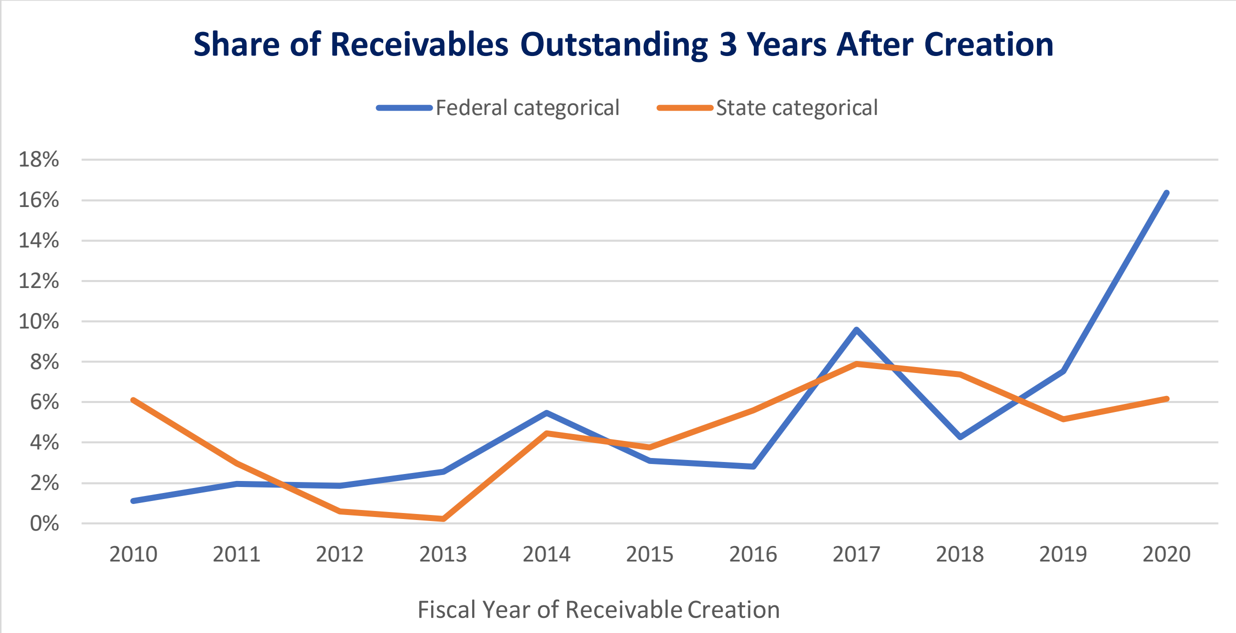


Source: Office of the NYC Comptroller

How old are the outstanding receivables? Chart FN.3 looks at the share still open after three years over the amount initially booked. For instance, for Federal categorical grants, more than 16% of the Federal categorical amount booked in FY 2020 was open as of the end of FY 2023, 7.5% of the amount booked in FY 2019 was open at the end of FY 2022, and so forth.

While the shares can be volatile, they are generally on an increasing trend. The spike in the share of FY 2020 Federal categorical receivables still open 3 years later is due to COVID-19-related grants (specifically FEMA grants, which are managed by the Office of Management and Budget - OMB) whose reimbursement is unusually slow compared to other Federal categorical grants.

Chart FN.3



Source: Office of the NYC Comptroller

Table FN.1 shows that, as of the close of FY 2023, $1.6 billion in receivables is outstanding for three years or more. These are the receivables that, based on Directive #21, are subject to be written off absent verifiable information that they remain collectible.

Table FN.1. Receivables outstanding for 3+ years as of the end of FY 2023 ($m)

Year booked	Federal categorical	State categorical	All General Fund grants
Pre-2018	$33	$2	$37
2018	$14	$151	$166
2019	$191	$178	$371
2020	$769	$272	$1,046
Total	**$1,007**	**$604**	**$1,620**

Source: Office of the NYC Comptroller

As part of the process leading up to the close of the fiscal year and the publication of the ACFR, City agencies review and certify to the Office of the Comptroller the status of prior-year receivables. This gives rise to adjustments (both increases and reductions) that are summarized in Table FN.2 for the last five fiscal years. For instance, in FY 2023, the amount of prior-year receivables was reduced, on net, by $451 million. To understand the volatility of negative adjustments, we break down their components in tables RecT3 and RecT4.

Table FN.2. Adjustments to Prior-year Receivables ($m)

Fiscal Year	Adjustment		
	Positive	Negative	Net
2019	$17	-$230	-$213
2020	$10	-$392	-$382
2021	$8	-$1,021	-$1,013
2022	$171	-$808	-$637
2023	$64	-$514	-$451

Source: Office of the NYC Comptroller

Table FN.3 shows that five agencies usually account for between 80% and 90% of negative adjustments (the lower percentage in FY 2022 was due to Fire Department negative adjustments for $190 million).

The large amount of negative adjustments in FY 2021 was driven by grants managed by the Mayoralty which were written down by $714 million.[1]

Table FN.3. Prior-year Receivables Negative Adjustments – Top 5 Agencies ($m)

Agency	Negative Adjustments ($m)				
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Mayoralty	-$129	-$38	-$714	-$135	-$17
DOE	-$45	-$78	-$68	-$115	-$117
ACS	$0	-$192	$0	$0	-$69
DSS	-$8	-$40	-$28	-$23	-$117
DHS	-$2	-$8	-$129	-$259	-$129
Subtotal	-$183	-$355	-$940	-$531	-$450
Total all agencies	**-$230**	**-$392**	**-$1,021**	**-$808**	**-$514**
Five agencies share of total	**80%**	**91%**	**92%**	**66%**	**88%**

Source: Office of the NYC Comptroller

Table FN.4, shows that over the five fiscal years, the largest negative adjustments came from TANF/Safety Net grants, COVID-19, and disaster recovery grants. The adjustments to

[1] The revenue shortfall was covered by FY2021 tax revenues above the expectations set in the budget adopted in June 2021.

Coronavirus Relief Fund and FEMA Public Assistance (PA) COVID-19 Emergency Protective Measures explain the near totality of the FY 2021 Mayoralty write-offs. These grants, as well as disaster recovery grants, are managed by OMB. It should be noted that, after the write-offs, OMB determined that the spending was eligible for reimbursement and budgeted $792 million in unrestricted grants revenues in FY 2022. That year closed with $498 million in unrestricted grants revenues, of which $461 million were still outstanding a year later (see FY 2023 ACFR, p.53 and p.262).

Table FN.4. Largest Negative Adjustments Among the Top 5 Agencies, by Grant ($m)

		Negative adjustments FY19-FY23		
		Amount ($m)	Share of	
Agency	Grant		Agency total	Overall total
DHS	TANF/Safety Net	-$491	93%	17%
Mayoralty	Coronavirus Relief Fund	-$482	47%	16%
Mayoralty	CDBG-Disaster Recovery	-$242	23%	8%
Mayoralty	FEMA PA COVID-19 Emergency Protective Measures	-$231	22%	8%
DOE	Family Court Pre-K	-$160	38%	5%
DSS	TANF/Safety Net	-$94	44%	3%
ACS	Child Care and Development Block Grant	-$86	33%	3%
ACS	State Preventive Services	-$79	30%	3%

Source: Office of the NYC Comptroller

Endnotes

[1] Note that the Bureau of Economic Analysis' latest personal income data release also showed significant revisions of previous estimates back to 1979. Total income was revised downward in each year 2019-21, with a particularly strong downward adjustment of 5.2% in 2020. Net earnings of residents in that year were lowered by 4.1% while net earnings of those working in NYC was only reduced by 0.3%. In other words, the BEA had underestimated the earnings losses of residents and/or the earnings of non-residents.

Contributors

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