NEW YORK CITY COMPTROLLER
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Bureau of Budget

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The State of the City's Economy and Finances

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I. Executive Summary

After falling at an annualized rate of 5.0 percent in the first quarter, and 31.4 percent in the second quarter, U.S. Gross Domestic Product (GDP) roared back in the third quarter as state and cities eased back on social and business restrictions that were imposed to combat the COVID-19 pandemic. But the recovery has been partial, leaving GDP still 3.5 percent below its level in the fourth quarter of 2019, while just over half of jobs lost initially have returned. In the short term, the economic outlook remains uncertain as rising infections and fatalities could lead to tightening of state and local restrictions which had eased over the summer. In the longer term, the successful roll-out and deployment of coronavirus vaccines should provide a boost to the economy by mid-2021, and set the stage for recovery and renewed economic growth.

An accelerated and robust recovery would vastly improve the City's fiscal outlook. Revenue and expenditure projections in the November Plan released on November 23rd do not reflect any change in economic outlook since June. Outyear tax revenue forecast in the Plan remains unchanged from June, while City-funds spending projections in the outyears reflect primarily the phase-in of pension investment return shortfall relative to the actuarial interest rate assumption of 7 percent, and outyear savings from the November Plan Citywide Savings Program.

Revisions to the FY 2021 budget essentially reflect alignment with year-to-date experience. The November Plan increased the FY 2021 budget by $3.83 billion to $92.02 billion. The bulk of the increase is in the non-City-funds portion of the budget and is driven by increases of $1.48 billion in FEMA COVID-19 grants, and $1.43 billion in CARES Act funding.

FY 2021 City-funds revenues were increased by $617 million to $64.32 million. The increase primarily reflects higher-than-expected tax revenue collections through the first quarter of the fiscal year. Through October, tax collections for the current fiscal year were $985 million more than forecasted for this period in June.

FY 2021 City-funds agency spending is $740 million more than the Adopted Budget, driven by spending for new needs, including $157 million for school reopening, and $113 million for the COVID-19 emergency food program. The increase in City-funds agency spending is offset by savings in the November Plan Citywide Savings Program, resulting in a net decrease in agency spending of $15 million. The net reduction in City-funds agency spending together with the $617 million increase in City-funds revenues allows the City to fund a FY 2021 Budget Stabilization Account (BSA) of $632 million to prepay a portion of FY 2022 Transitional Finance Authority debt service.

The Comptroller's Office's analysis of the November Plan shows risks to the budget ranging from $128 million in FY 2021 to $3.04 billion in FY 2024. Risks to the Plan estimates stem from the Comptroller's Office's higher expenditure estimates. In the first two years of the Plan, the Comptroller's Office's higher tax revenue forecasts provide some offsets against these expenditure risks. However, the Comptroller's Office expects tax revenues to be lower than the City's forecast in the latter half of the Plan period, adding to the expenditure risks in these years.

The greatest risk to the Plan assumptions is the assumption of $1 billion of unspecified labor savings in the outyears of the Plan. In FY 2021, the City credited $658 million in spending reductions from furlough savings and deferrals of FY 2021 labor payments to the $1 billion savings, leaving a residual risk of $342 million. Beyond the modest furlough savings, however, no recurring savings have yet to be identified, and the City will need to address this risk in the January preliminary budget for FY 2022.

Other risks or mitigation to risks not quantified in our analysis is the uncertainty of State and Federal actions. The State budget assumes $8 billion in recurring local aid cuts but the allocation of these cuts have yet to be determined. While President-elect Biden has pledged to provide states with budget relief, it is not clear if Congress will approve such proposal. Federal budget relief for states would obviate the need to implement some or all of the State reductions.

Table 1. FY 2021 – FY 2024 Financial Plan

($ in millions)	FY 2021	FY 2022	FY 2023	FY 2024	Change FYs 2021 –2024 Dollar	Change FYs 2021 –2024 Percent
Revenues						
Taxes:						
General Property Tax	$30,852	$32,001	$32,863	$33,226	$2,374	7.7%
Other Taxes	27,617	31,026	33,079	33,995	6,378	23.1%
Tax Audit Revenues	921	721	721	721	(200)	(21.7%)
Subtotal: Taxes	**$59,390**	**$63,748**	**$66,663**	**$67,942**	**$8,552**	**14.4%**
Miscellaneous Revenues	7,025	6,821	6,809	6,810	(215)	(3.1%)
Less: Intra-City Revenues	(2,038)	(1,816)	(1,812)	(1,811)	227	(11.1%)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	0	0.0%
Subtotal: City-Funds	**$64,362**	**$68,738**	**$71,645**	**$72,926**	**$8,564**	**13.3%**
Other Categorical Grants	1,065	998	988	986	(79)	(7.4%)
Inter-Fund Revenues	696	654	656	656	(40)	(5.7%)
Federal Categorical Grants	10,957	6,994	6,931	6,925	(4,032)	(36.8%)
State Categorical Grants	14,942	16,285	16,732	16,781	1,839	12.3%
Total Revenues	**$92,022**	**$93,669**	**$96,952**	**$98,274**	**$6,252**	**6.8%**
Expenditures						
Personal Services						
Salaries and Wages	$29,397	$30,327	$30,504	$30,783	$1,386	4.7%
Pensions	9,932	10,566	10,538	10,310	378	3.8%
Fringe Benefits	11,142	11,572	12,237	13,041	1,899	17.0%
Retiree Health Benefits Trust	(1,600)	0	0	0	1,600	(100.0%)
Subtotal-PS	**$48,871**	**$52,465**	**$53,279**	**$54,134**	**$5,263**	**10.8%**
Other Than Personal Services						
Medical Assistance	$5,238	$5,915	$5,915	$5,915	$677	12.9%
Public Assistance	1,626	1,651	1,650	1,650	24	1.5%
All Other	34,740	30,904	31,167	31,412	(3,328)	(9.6%)
Subtotal-OTPS	**$41,604**	**$38,470**	**$38,732**	**$38,977**	**($2,627)**	**(6.3%)**
Debt Service						
Principal	$3,263	$3,896	$4,186	$4,074	$811	24.9%
Interest & Offsets	3,409	3,788	4,283	4,752	1,343	39.4%
Subtotal Debt Service	**$6,672**	**$7,684**	**$8,469**	**$8,826**	**$2,154**	**32.3%**
FY 2020 BSA	($3,819)	$0	$0	$0	$3,819	(100.0%)
FY 2021 BSA	$632	($632)	$0	$0	($632)	(100.0%)
Capital Stabilization Reserve	$0	$250	$250	$250	$250	NA
General Reserve	$100	$1,000	$1,000	$1,000	$900	900.0%
Less: Intra-City Expenses	($2,038)	($1,816)	($1,812)	($1,811)	$227	(11.1%)
Total Expenditures	**$92,022**	**$97,421**	**$99,918**	**$101,376**	**$9,354**	**10.2%**
Gap To Be Closed	**$0**	**($3,752)**	**($2,966)**	**($3,102)**	**($3,102)**	**NA**

NOTE: Numbers may not add to due to rounding.

Table 2. Plan-to-Plan Changes
November 2020 Plan vs. June 2020 Plan

($ in millions)	FY 2021	FY 2022	FY 2023	FY 2024
Revenues				
Taxes:				
General Property Tax	$0	$0	$0	$0
Other Taxes	748	0	0	0
Tax Audit Revenues	0	0	0	0
Subtotal: Taxes	**$748**	**$0**	**$0**	**$0**
Miscellaneous Revenues	65	(23)	(20)	(19)
Less: Intra-City Revenues	(196)	21	22	23
Disallowances Against Categorical Grants	0	0	0	0
Subtotal: City-Funds	**$617**	**($2)**	**$2**	**$4**
Other Categorical Grants	90	9	0	0
Inter-Fund Revenues	19	(21)	(19)	(19)
Federal Categorical Grants	3,587	28	9	8
State Categorical Grants	(483)	1	(7)	(7)
Total Revenues	**$3,830**	**$15**	**($15)**	**($14)**
Expenditures				
Personal Services				
Salaries and Wages	($352)	$355	($32)	($32)
Pensions	0	84	164	240
Fringe Benefits	577	116	(18)	(19)
Retiree Health Benefits Trust	0	0	0	0
Subtotal-PS	**$225**	**$555**	**$114**	**$189**
Other Than Personal Services				
Medical Assistance	$0	$0	$0	$0
Public Assistance	(2)	0	0	0
All Other	3,869	(35)	14	13
Subtotal-OTPS	**$3,867**	**($35)**	**$14**	**$13**
Debt Service				
Principal	($455)	($72)	$108	$7
Interest & Offsets	(243)	(250)	(350)	(326)
Subtotal Debt Service	**($698)**	**($322)**	**($242)**	**($319)**
FY 2020 BSA	$0	$0	$0	$0
FY 2021 BSA	$632	($632)	$0	$0
Capital Stabilization Reserve	$0	$0	$0	$0
General Reserve	$0	$0	$0	$0
Less: Intra-City Expenses	($196)	$21	$22	$23
Total Expenditures	**$3,830**	**($413)**	**($92)**	**($94)**
Gap To Be Closed	**$0**	**$428**	**$77**	**$80**

NOTE: Numbers may not add to due to rounding.

Table 3. Risks and Offsets to the November 2020 Financial Plan

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

	FY 2021	FY 2022	FY 2023	FY 2024
City Stated Gap	**$0**	**($3,752)**	**($2,966)**	**($3,102)**
Tax Revenues				
Property Tax	$0	($62)	($978)	($1,617)
Personal Income Tax	283	306	324	285
Business Taxes	0	(164)	(300)	(160)
Sales Tax	18	59	142	229
Real Estate Transaction Taxes	144	289	(28)	(155)
All Other	129	86	14	56
Audit	0	200	200	200
Total Tax Revenues	$574	$714	($626)	($1,162)
Expenditures				
Overtime	($272)	($130)	($130)	($130)
Charter School Tuition	0	(154)	(282)	(433)
Carter Cases	(150)	(150)	(150)	(150)
Pupil Transportation	0	(75)	(75)	(75)
DOE Medicaid Reimbursement	(20)	(20)	(20)	(20)
Pre-K Special Education	50	50	50	50
Fair Fares	0	(100)	(100)	(100)
Homeless Shelters	(68)	(68)	(68)	(68)
Labor Savings	(342)	(1,000)	(1,000)	(1,000)
VRDB Interest Savings	100	100	75	50
Total Expenditures	**($702)**	**($1,547)**	**($1,700)**	**($1,876)**
Total (Risks)/Offsets	**($128)**	**($833)**	**($2,326)**	**($3,038)**
Restated (Gap)/Surplus	**($128)**	**($4,585)**	**($5,292)**	**($6,140)**

NOTE: Numbers may not add due to rounding.

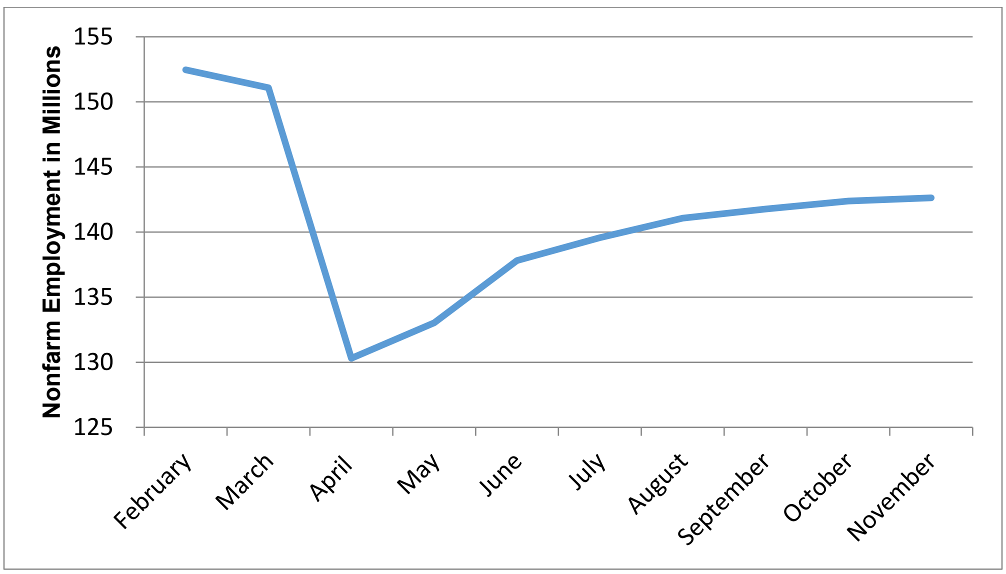
II. The State of the City's Economy

U.S. Economic Performance in 2020

In the first three quarters of 2020, U.S. real (inflation-adjusted) Gross Domestic Product (GDP) fell at an annualized rate of 5.0 percent in the first quarter, 31.4 percent in the second quarter, and rose 33.1 percent in the third quarter. These dramatic swings resulted in third quarter GDP roughly 3.5 percent below the fourth quarter of 2019.

With the onset of the pandemic, U.S. nonfarm employment fell from a peak of 152 million in February to 130 million in April, a loss of roughly 22 million jobs, as the economy shut down. Employment recovered quickly with reopening in subsequent months, and the economy added 2.7 million jobs in May, 4.8 million in June, and over 1 million in July and August. With COVID cases resurging in the fall, states began taking greater measures against the spread, and employment growth slowed. The U.S. added only 245,000 new jobs in November, and total employment remained some 10 million jobs below the pre-pandemic level.

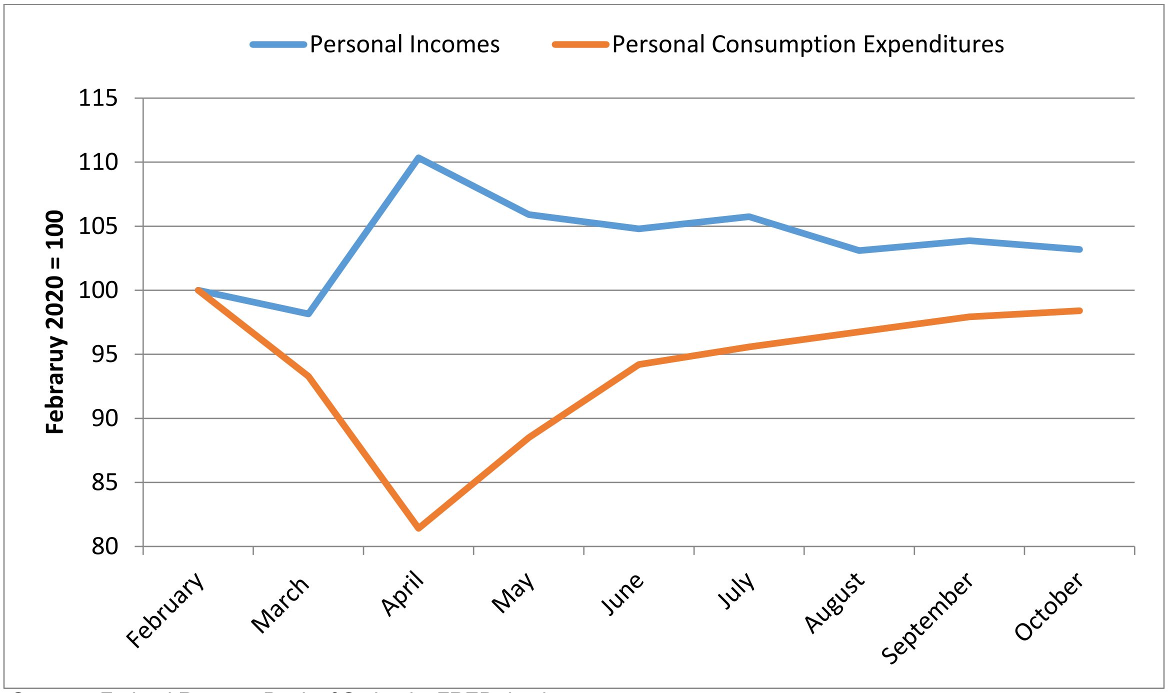
Chart 1. U.S. Nonfarm Employment in 2020



SOURCE: U.S. Bureau of Labor Statistics

Despite the massive job losses, personal income actually rose through the pandemic thanks to programs such as regular unemployment insurance, Pandemic Unemployment Assistance (made available to those ineligible for regular unemployment insurance) supplemental $600 weekly unemployment insurance payments, and one-time stimulus payments made through the $2.2 trillion CARES Act. Personal income peaked at a seasonally-adjusted annualized rate of $21 trillion in April due to one-time stimulus payments. Incomes have since fallen, in part due to the expiration of the $600 weekly supplemental unemployment insurance at the end of July.

Chart 2. Change in U.S. Personal Income and Personal Consumption Expenditures



SOURCE: Federal Reserve Bank of St. Louis, FRED database

In contrast, personal consumption expenditures fell dramatically in April, as worried consumers retrenched, cancelling travel plans, limiting major purchases, and staying home. Consumer spending has since gradually recovered, but as of October is still 2 percent below pre-pandemic levels.

New York City's Economic Performance in 2020

The economic shutdown in response to the COVID pandemic brought unprecedented New York City job losses. Over 890,000 jobs were lost between February and April. Job losses were concentrated in lower-wage industries providing in-person goods and services to consumers: hotels, restaurants, bars, spas, hair salons, and retail stores, as shown in Table 4. From February to April, employment in leisure and hospitality declined by almost two-thirds, shedding over 302,000 jobs. Despite the pandemic, over 100,000 healthcare jobs were lost between February and April as many people delayed healthcare visits out of caution, and hospitals cancelled elective surgeries.

Table 4. New York City Employment Changes in 2020

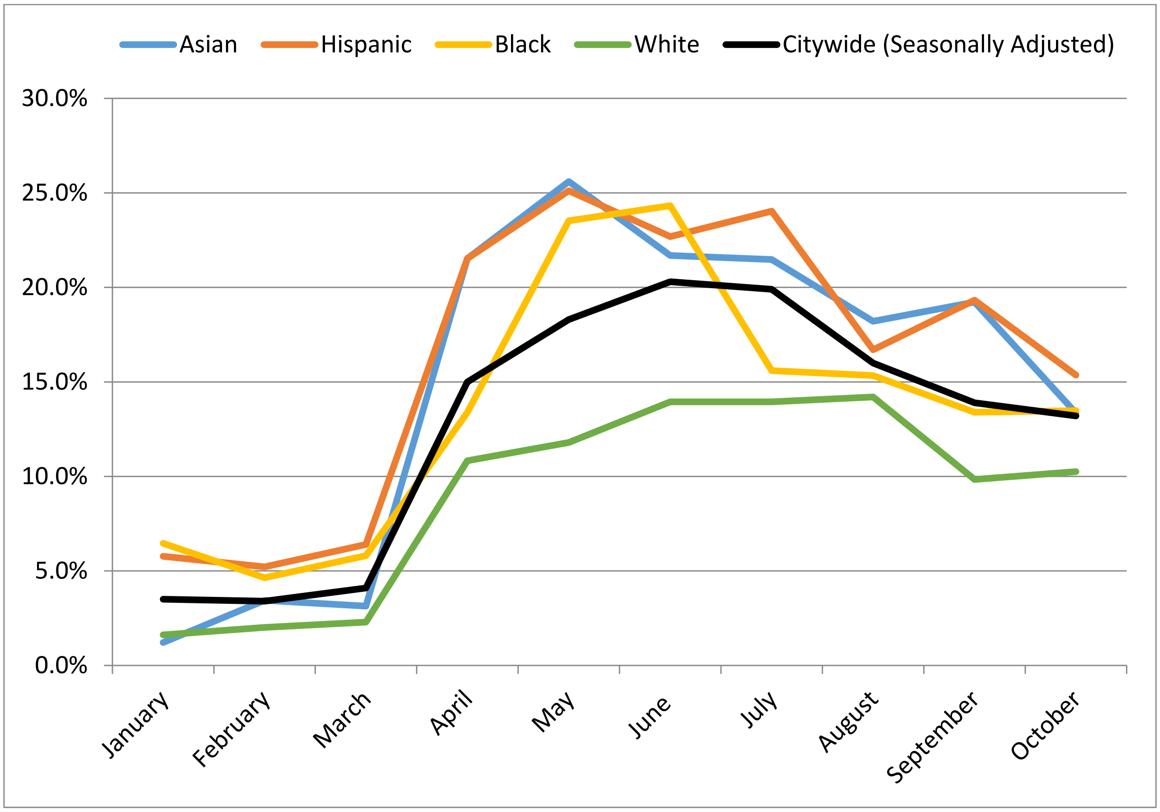
Seasonally-Adjusted	February	April	Change, Feb-Apr	October	Change, Apr-Oct.	Percent Change, Feb-Oct.
Total Private	4,093.5	3,201.9	(891.57)	3,511.6	309.67	(14.2%)
Financial Activities	481.5	458.1	(23.43)	452.3	(5.82)	(6.1%)
Finance and Insurance	345.3	338.3	(6.97)	328.3	(10.10)	(4.9%)
Securities	179.9	177.3	(2.65)	170.8	(6.48)	(5.1%)
Banking	105.6	101.7	(3.94)	100.4	(1.29)	(5.0%)
Real Estate	136.2	119.7	(16.45)	124.0	4.28	(8.9%)
Information	211.7	198.9	(12.78)	203.6	4.66	(3.8%)
Professional and Business Services	808.8	693.5	(115.31)	704.8	11.34	(12.9%)
Prof., Scientific, and Technical Services	438.2	409.1	(29.15)	402.2	(6.84)	(8.2%)
Mgmt. of Companies and Enterprises	77.5	70.7	(6.85)	69.9	(0.77)	(9.8%)
Administrative Services	293.0	213.7	(79.31)	232.7	18.95	(20.6%)
Employment Services	130.5	100.3	(30.27)	110.5	10.25	(15.3%)
Education and Health Services	1,074.7	938.9	(135.80)	996.9	58.01	(7.2%)
Educational Services	246.7	215.0	(31.72)	219.5	4.49	(11.0%)
Health Care and Social Assistance	828.0	723.9	(104.08)	777.4	53.52	(6.1%)
Leisure and Hospitality	462.3	159.9	(302.38)	255.5	95.62	(44.7%)
Arts, Entertainment, and Recreation	90.3	33.6	(56.71)	32.7	(0.92)	(63.8%)
Accommodation and Food Services	372.0	126.3	(245.67)	222.8	96.55	(40.1%)
Other Services	199.6	139.0	(60.65)	162.5	23.48	(18.6%)
Trade, Transportation, and Utilities	628.3	482.2	(146.10)	541.9	59.75	(13.7%)
Retail Trade	342.3	252.4	(89.93)	305.7	53.27	(10.7%)
Wholesale Trade	138.8	116.1	(22.72)	117.7	1.53	(15.3%)
Transportation and Warehousing	131.8	98.7	(33.13)	103.8	5.12	(21.2%)
Utilities	15.2	14.9	(0.32)	14.8	(0.17)	(3.2%)
Construction	159.7	83.6	(76.15)	140.2	56.60	(12.2%)
Manufacturing	66.9	47.9	(18.98)	53.9	6.01	(19.4%)

SOURCE: New York Department of Labor, seasonally-adjusted by New York City OMB.

Since April, reopening allowed New York City to recover over 300,000 private sector jobs: more than 56,000 in construction, 53,000 in retail, 96,000 in accommodation and food services, and 53,000 in healthcare and social assistance. Nonetheless, October private employment remained 14.2 percent below February levels, on a seasonally-adjusted basis. Employment in industries that have yet to reopen, such as arts and entertainment, has not recovered. Through October, arts and entertainment employment remains down almost 64 percent from pre-pandemic levels.

Historic job losses have led to historic levels of unemployment. New York City's seasonally-adjusted unemployment rate rose from a record low 3.4 percent before the pandemic to a record high 20.3 percent in June. As job losses were concentrated in service sector jobs employing many Black New Yorkers and recent immigrants, the unemployment rates of Black, Asian, and Hispanic New Yorkers rose even higher. As of October, New York City's unemployment rate stood at 13.2 percent, almost four times higher than before the pandemic.

Chart 3. New York City Unemployment Rates



SOURCE: New York Department of Labor, and Current Population Survey.
NOTE: Rates for individual demographic groups not seasonally-adjusted.

While unemployment is still rising, not all the news is grim. Wall Street took advantage of market volatility, and lower borrowing costs to have two of its most profitable quarters in over a decade, raking in $27.6 billion in pretax profits.

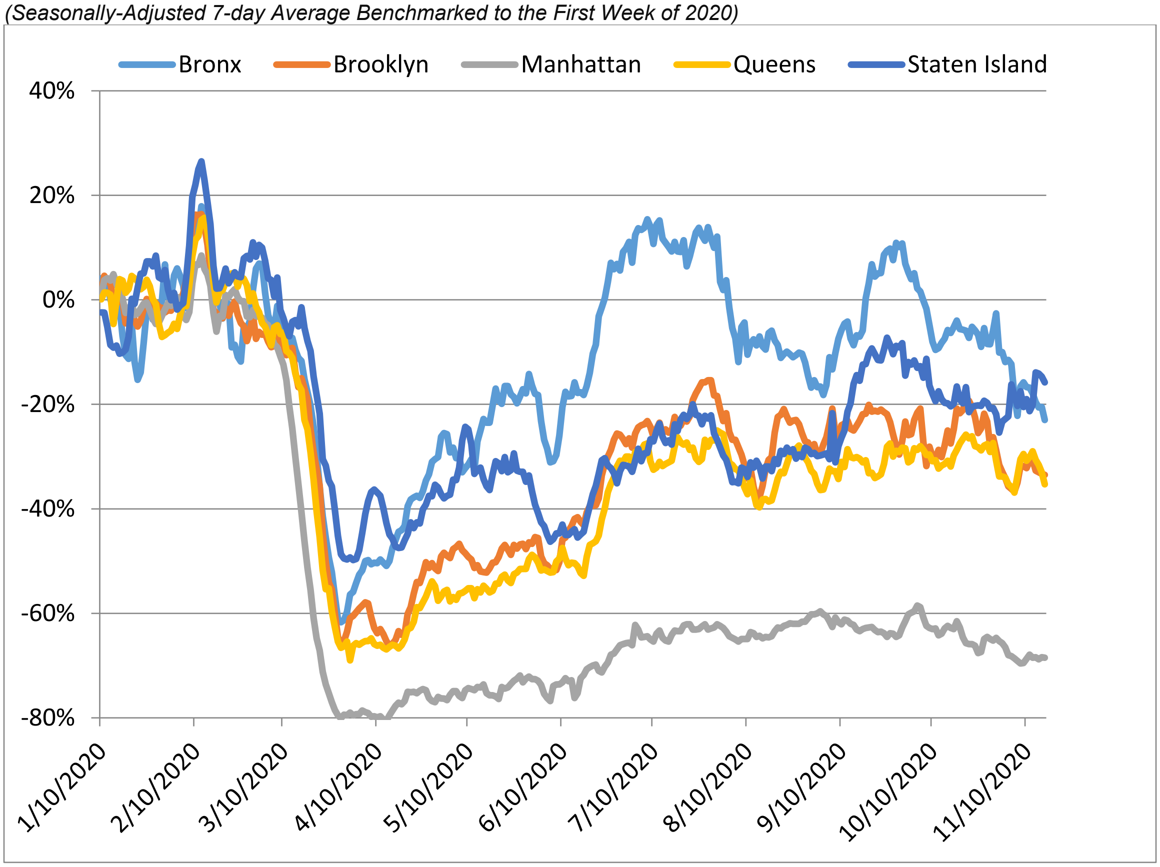
Nonetheless as the gains from partial reopening were exhausted, New York City's rebound has slowed, and by some measures gone into reverse. This is true of small business revenues.

Small business revenues declined dramatically across New York City in March. Manhattan small business revenue was already declining in early March, and had declined by 70 percent by month's end, as businesses shuttered and commuters stayed home.

Small business revenues recovered with reopening, rising gradually from April through early October, but has since begun to decline again. As of November 16th, small business revenues were down 69 percent in Manhattan, 35 percent in Queens, 34 percent in Brooklyn, and 23 percent in the Bronx compared to the beginning of the year.

Chart 4. New York City Small Business Revenue

(Seasonally-Adjusted 7-day Average Benchmarked to the First Week of 2020)



SOURCE: Womply, via Tracktherecovery.org

The Economic Outlook

Through the coming winter months employment gains are likely to level off, and possibly even be reversed to some extent as colder weather puts a damper on outdoor dining, rising COVID infections keep cautious consumers home, and City and State officials are forced to impose targeted restrictions on commerce. In fact, on December 11th, the Governor announced that indoor dining in restaurants in New York City would not be permitted starting December 14th. Nonetheless, after a year filled with economic hardship, there is light at the end of the tunnel, and that light takes the form of a vaccine.

There are currently over 50 vaccine candidates in development undergoing various stages of clinical trials.[1] Preliminary data on the most advanced of these trials appears to show the vaccines to be effective in preventing COVID-19 without serious or permanent side effects. The Food and Drug Administration approved the Pfizer vaccine on December 11th, and approval of a second vaccine is expected later in the month. Absent setbacks, approved vaccines are likely to be first available to healthcare workers and vulnerable Americans in December 2020, widely available to them in January 2021, and then widely available to the public beginning early in the spring.

[1] https://www.nytimes.com/interactive/2020/science/coronavirus-vaccine-tracker.html

The Shape of Recovery

The current recession is unusual in that it has a single, clear, and unambiguous cause, a new virus that impacted countries around the world at roughly the same time. The U.S. and other countries that were unsuccessful at containing the initial spread of the virus have experienced similar economic impacts: job losses in the service sector, reductions in consumer spending, increases in savings, increases in telecommuting, closures of entertainment venues, and both voluntary and government-imposed restrictions on social gatherings.

When effective vaccines become widely available and broadly administered, what impact does that have on the COVID recession? Many people have in mind the recovery from the Great Recession of 2008, a prolonged, gradual, multi-year recovery. Recovery from the COVID recession should look very different; and a comparison shows why.

The Great Recession had multiple complicating factors. There was a bubble in the housing market, leading to overinflated home prices. When it burst, home prices collapsed, and millions of homeowners were left owing more than their homes were worth. Many defaulted on their mortgages and walked away from their homes. Rising mortgage defaults distressed the banks holding mortgages. Distressed banks, deprived of mortgage payments, were unable to make loans and credit markets collapsed, cutting off the ability of businesses to borrow. Many of the mortgages had been securitized, so when borrowers defaulted, it was difficult to determine who actually owned the mortgages. Resolving the resulting mess of foreclosed homes, insolvent banks, and impoverished homeowners took years.

The contrast with the COVID recession could not be more stark. Where the Great Recession began with a huge hit to the net worth of homeowners, through both collapsing home and stock prices, home prices across the U.S. have been rising through the COVID recession, buoyed in part by mortgage rates at all-time lows. While there has been downward price pressure in urban areas such as New York City, as telecommuters retreated to the country and suburbs for more space, there has been no Great Recession-style collapse in home prices.

Where the Great Recession brought a stock market collapse that took a year to bottom out, and many years to recover, this year’s collapse took a month to bottom out, and had fully recovered by November. Absent a relapse, depressed stock values will not present a headwind to the current recovery as they did in the Great Recession.

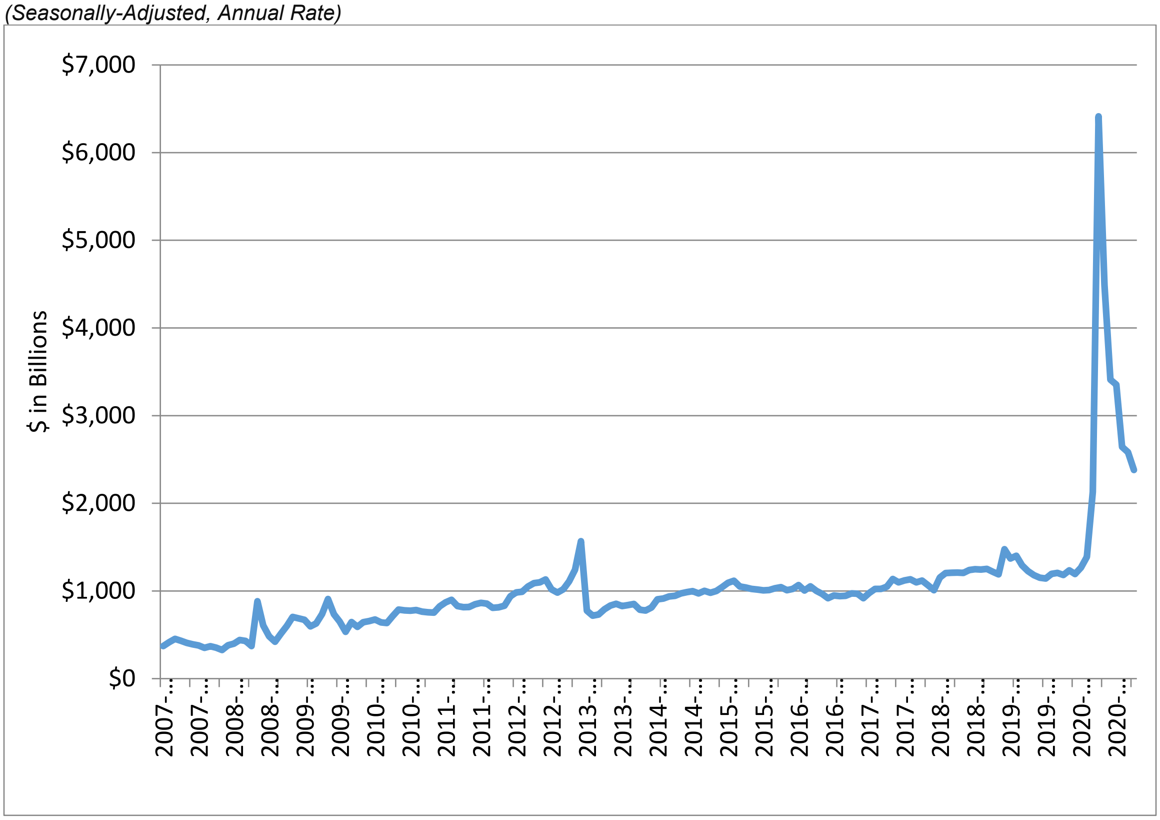
Where the Great Recession brought bank insolvency, complicated bail-outs and orchestrated acquisitions of failing banks by stronger ones, the COVID recession does not entail any sort of banking or financial crisis.

Where the Great Recession caused homeowners to pull back on spending as their wealth and incomes collapsed from falling home prices, a crashing stock market, and widespread job losses, the COVID recession has had a limited impact on higher-income, wealthier Americans who are able to work remotely. Job losses and economic hardship have instead been concentrated among lower-income service workers in retail, food service, and entertainment related businesses. Although higher-income Americans did pull back on spending, both due to uncertainty, and because they had fewer options for spending, they did not do so because their wealth and incomes collapsed.

In fact, reduced consumption by U.S. consumers has resulted in record increases in personal savings, a potential barometer of pent-up demand. In the Great Recession, Americans found their desire to save constrained by falling incomes and loss of wealth, primarily in the form of home equity. In comparison, even prior to the COVID pandemic, Americans were already more cautious with their spending, saving at an annualized rate of roughly $1.2 trillion. This jumped to an unprecedented $6.4 trillion in April, the greatest increase in personal savings in U.S. history, before falling to a still remarkable rate of $2.4 trillion in October. This pattern of COVID induced savings is present in European countries as well.[2]

Chart 5. U.S. Personal Savings

(Seasonally-Adjusted, Annual Rate)



SOURCE: US Personal Savings, FRED

Anecdotally, Americans long to return to lives that include travel, entertainment, sporting events, dining out, and social gatherings. Accumulated savings will allow Americans to quickly resume these activities once a broadly available vaccine makes them possible.

Similarly, U.S. corporations have amassed record cash holdings of $2.1 trillion, an increase of 30 percent from the end of 2019. This cash remains available for business expansion, distribution to shareholders, and paying off debt.

The global collapse in travel and entertainment has left airports, airplanes, cruise ships, stadiums, theatres and hotels empty. But the infrastructure for all these activities remains in place, and will be available once the pandemic has passed. It does not need to be rebuilt.

In short, none of the economic conditions that made the recovery from the Great Recession a slow one are present in the current recession. The greatest pandemic in a century remains the greatest obstacle to full economic recovery, but with vaccines likely to be available within the month, it is a temporary one. Economic circumstances are otherwise largely favorable to economic growth, and that growth should come quickly with widespread vaccine adoption and a full post-pandemic reopening.

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[2] https://ec.europa.eu/eurostat/web/products-eurostat-news/-/DDN-20201110-2

That is not to say the pandemic will not leave permanent scars on the U.S. and New York City economies; it will. While large corporations sitting on piles of cash can easily expand in a post-COVID boom, small businesses that have already closed, or are unable to survive the next few months of COVID winter, cannot. Even when it is clear that demand has returned, replacing New York City's lost stores and restaurants will take time.

Some fraction of office workers currently telecommuting on a full-time basis will continue to do so. Many others, if not most, will enjoy the flexibility of doing so on a part-time basis, and this could have permanent effects on demand for New York City mass transit and office space, and on choices for home ownership.

Despite these impacts, this is not the world's first pandemic; and previous pandemics did not permanently impact the fundamental economics of cities as centers of relationship building, innovation, idea sharing, and creativity, or lead to permanent flights to rural areas.

Our forecast has no economic and employment growth in New York City through the remainder of the year, as colder temperatures put a damper on outdoor dining, state and local governments impose targeted shutdowns on economic activity to combat rising COVID infections, and wary consumers increasingly stay home. With a vaccine likely available first to healthcare workers and at-risk individuals in December 2020, increasing availability through the winter months, and widespread availability to the general public in the coming Spring, our forecasts predicts a rapid resumption of economic activity across the four quarters of 2021 and into early 2022.

Table 5 provides summary projections for seven NYC and U.S. indicators from 2020 to 2024, comparing the Mayor's November forecast with the Comptroller's Office's forecast.

Table 5. Selected Economic Indicators, Annual Averages, Comptroller and Mayor's Forecast, 2020 to 2024

		2020	2021	2022	2023	2024
SELECTED U.S. ECONOMIC INDICATORS (ANNUAL AVERAGES)						
Real GDP, (2012 $, % Change)	Comptroller	(3.1)	3.7	4.4	4.0	2.1
	Mayor	(3.6)	3.1	2.5	2.5	2.9
Payroll Jobs, (Change In Millions)	Comptroller	(8.5)	3.7	3.9	2.7	1.2
	Mayor	(8.5)	5.1	3.8	2.1	1.8
Fed Funds Rate, (Percent)	Comptroller	0.4	0.1	0.1	0.6	1.5
	Mayor	0.4	0.1	0.1	0.1	0.1
10-Year Treasury Notes, (Percent)	Comptroller	0.9	1.0	2.0	2.9	3.6
	Mayor	0.9	1.0	1.2	1.4	1.6
SELECTED NYC ECONOMIC INDICATORS (ANNUAL AVERAGES)						
Real GCP (2012 $, % Change)	Comptroller	(5.6)	2.0	2.2	1.4	2.7
	Mayor	0.2	2.5	3.2	1.8	1.7
Payroll Jobs, (Change In Thousands)	Comptroller	(538.5)	202.1	336.8	100.6	106.8
	Mayor	(518.2)	170.3	232.6	93.9	66.1
Wage-Rate Growth, (Percent)	Comptroller	5.9	0.1	2.1	2.1	1.4
	Mayor	4.3	2.4	1.9	2.4	2.6

III. The November 2020 Financial Plan

The November 2020 Financial Plan increased the FY 2021 Adopted Budget by $3.83 billion to $92.02 billion. The bulk of the increase is in the non-City-funds portion of the budget. Revisions to the Federal portion of the budget account for $3.59 billion of the increase, driven by increases of $1.48 billion in FEMA COVID-19 grants and $1.43 billion in CARES Act funding. The remaining changes in the non-City-funds portion of the budget include increases of $90 million and $19 million, respectively, in Other Categorical and Inter-fund Agreement revenues and spending, and a decrease of $483 million in State categorical grants and expenditures. Federal and State aid are discussed in greater detail beginning on page 23.

The City-funds budget, which excludes State, Federal, Other Categorical and Inter-fund Agreement funding, totals $64.36 billion, an increase of $617 million from the Adopted Budget. As shown in Table 6, the higher City-funds revenues result from an increase of $748 million in tax revenues, partially offset by a net decrease of $131 million in non-tax revenues. The increase in tax revenues reflects higher-than-expected collections through the first quarter of the fiscal year. Through October, tax collections for the current fiscal year were $985 million more than forecasted for this period in June.

Revisions to estimates for revenues from fines and forfeitures, and charges for services account for the bulk of the reductions in non-tax City-funds revenues. Fines and forfeitures, and charges for services are respectively, $76 million and $38 million less than in the Adopted Budget. Tax revenues and miscellaneous revenues are discussed in greater detail in "Revenue Analysis" beginning on page 17.

Table 6. Changes to FY 2021 City-Funds Estimates from the Adopted Budget

($ in millions)

REVENUES		EXPENDITURES	
Personal Income Tax Revenues	$251	Agency Expenditures	$740
Business Tax Revenues	391	Health Insurance	685
Sales Tax	2	Deferrals of Lump Sum/Retro/ Welfare Fund Payments	(639)
Real Estate Transaction Tax	75	Furlough/Labor Savings	(19)
All Other Taxes	29	Citywide Savings Program	(782)
Subtotal	**$748**	**Subtotal**	**($15)**
Non-Tax Revenues	(135)	Budget Stabilization Account	$632
City Savings Program	4		
Total	**$617**	**Total**	**$617**

As shown in Table 6, the increase in City-funds expenditures is driven primarily by the establishment of an FY 2021 Budget Stabilization Account (BSA) to prepay $632 million of FY 2022 Transitional Finance Authority (TFA) debt service. Net of the BSA, City-funds expenditure increases are offset by spending reductions in the November Plan Citywide Savings program, resulting in a net decrease of $15 million.

As discussed in "Labor" beginning on page 29, the City recently negotiated with several unions to defer $722 million of FY 2021 payments until FY 2022. In return, the City credited $639 million of the deferral and $19 million in furlough savings toward the $1 billion labor savings in FY 2021, to be identified by the unions and the City, that were included in the June 2020 Financial Plan.[3] In June, the City had reduced health insurance expenditures by $1 billion in each of FY 2021 – FY 2024 as a placeholder for the yet-to-be identified labor savings. The labor cost reductions from deferrals and furloughs are used to restore part of the FY 2021 health insurance reductions, which together with a $27 million increase from technical adjustments increase FY 2021 health insurance expenditures by $685 million.

City-funds agency spending is $740 million more than the Adopted Budget. Most of the spending increases are due to funding for new needs of $651 million. New needs in the Department of Education (DOE) and Department of Sanitation (DOS) account for about 83 percent of the total. New needs in the DOE include $157 million for school reopening, $200 million for pupil transportation, and $45 million for the Learning Bridges program which provides child care options from 8 a.m. to 3 p.m. for 3-K to 8th grade students for days they are scheduled for remote learning.[4] In the DOS, new needs include $113 million for the COVID-19 emergency food program, $12 million for COVID-19 cleaning, and $14 million for waste export expenses.

Citywide Savings Program (CSP)

The November Plan Citywide Savings Program totals $1.92 billion over the four years of the Financial Plan period, with savings of $786 million in FY 2021, $537 million in FY 2022, $259 million in FY 2023, and $337 million in FY 2024. The bulk of the savings is in debt service savings which account for almost 80 percent of the savings over the Plan period.

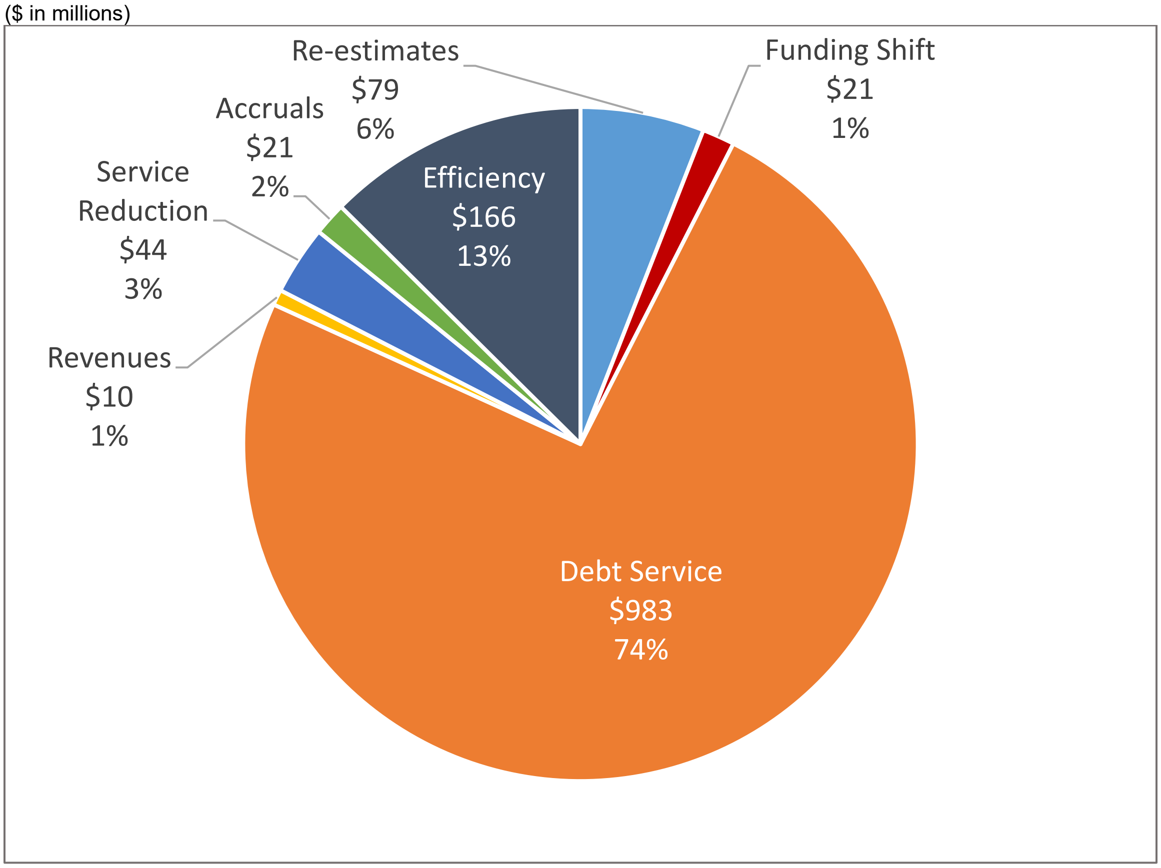
Almost 70 percent of the savings are in the first two years of the Plan, with estimated savings of $1.32 billion. Savings in the latter half of the outyears are mainly from outyear debt service savings, which account for 87 percent of the outyear savings. In the first two years of the Plan, debt service makes up almost three-quarters of the savings, as shown in Chart 6. Efficiency initiatives account for 13 percent of the savings. One initiative, a Citywide freeze on the purchase of vehicles that are not critical to life and safety accounts for $81 million, or almost half of the efficiency savings. The extension of the FY 2020 hiring freeze into FY 2024 accounts for another $49 million in efficiency savings over the first two years of the Plan.

[3] The credit towards savings exclude $83 million of the deferral for retirees. All lump sum payments for retirees were booked as FY 2014 expenses.

[4] The $45 million only funds early childhood Learning Bridges slots. According to the Office of Management and Budget, expenses for the school age slots will be funded in the Department of Youth and Community Development.

Chart 6. Combined FY 2021 and FY 2022 Citywide Savings Program

($ in millions)



The Outyears of the Plan

While the FY 2021 budget is balanced, the November Plan shows budget gaps of $3.75 billion in FY 2022, $2.97 billion in FY 2023, and $3.10 billion in FY 2024. The outyear gaps are in line with outyear gaps in the November plans of the last two years in which outyear gaps ranged from $2.95 billion to $3.54 billion. The FY 2022 gap represents 5.2 percent of City-funds expenditures while gaps in FY 2023 and FY 2024 are 4 percent of City-funds expenditures. In the previous two November plans outyear gaps averaged 4.3 percent of City-funds expenditures. While the gaps appear manageable, it should be noted that the outyear projections include $1 billion of unspecified labor savings.

The City's tax revenue projections for the outyears remain unchanged from the June Plan. Non-tax City-funds revenues are also essentially unchanged, with nominal downward revisions of $8 million or less in each of the outyears

City-funds expenditures in the outyears, net of the impact of prepayments, are $201 million, higher than the November Plan in FY 2022, and $74 million and $76 million lower in FY 2023 and FY 2024, respectively. Revisions to outyear expenditures stem from the outyear CSP savings and the phase-in of the FY 2020 pension investment shortfall against the actuarial interest rate assumption of 7 percent. The additional contributions from the phase-in of pension investment shortfalls are offset by CSP savings in the outyears, resulting in net reductions in expenditures in FY 2023 and FY 2024. However, the negotiated deferrals of FY 2021 payments increase expenditures by $639 million, offsetting savings from the CSP and resulting in a net increase in FY 2021 City-funds expenditures.

Risks and Offsets

As Table 7 shows, the Comptroller's Office's analysis of the November Plan shows risks to the budget ranging from $128 million in FY 2021 to $3.04 billion in FY 2024. Risks to the Plan estimates in FY 2021 and FY 2022 results from the Comptroller's Office's higher expenditure estimates. The Comptroller's Office's higher tax revenue forecast in the first two years of the Plan provides some offset against these expenditure risks. However, the Comptroller's Office expects tax revenues to be lower than the City's forecast in FY 2023 and FY 2024, adding to the expenditure risks in these years. The Comptroller' Office's tax revenue forecast is discussed in more detail in "Comptroller's Projections" beginning on page 18.

Table 7. Risks and Offsets to the November 2020 Financial Plan

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

	FY 2021	FY 2022	FY 2023	FY 2024
City Stated Gap	**$0**	**($3,752)**	**($2,966)**	**($3,102)**
Tax Revenues				
Property Tax	$0	($62)	($978)	($1,617)
Personal Income Tax	283	306	324	285
Business Taxes	0	(164)	(300)	(160)
Sales Tax	18	59	142	229
Real Estate Transaction Taxes	144	289	(28)	(155)
All Other	129	86	14	56
Audit	0	200	200	200
Total Tax Revenues	$574	$714	($626)	($1,162)
Expenditures				
Overtime	($272)	($130)	($130)	($130)
Charter School Tuition	0	(154)	(282)	(433)
Carter Cases	(150)	(150)	(150)	(150)
Pupil Transportation	0	(75)	(75)	(75)
DOE Medicaid Reimbursement	(20)	(20)	(20)	(20)
Pre-K Special Education	50	50	50	50
Fair Fares	0	(100)	(100)	(100)
Homeless Shelters	(68)	(68)	(68)	(68)
Labor Savings	(342)	(1,000)	(1,000)	(1,000)
VRDB Interest Savings	100	100	75	50
Total Expenditures	**($702)**	**($1,547)**	**($1,700)**	**($1,876)**
Total (Risks)/Offsets	**($128)**	**($833)**	**($2,326)**	**($3,038)**
Restated (Gap)/Surplus	**($128)**	**($4,585)**	**($5,292)**	**($6,140)**

The Comptroller's Office estimates that expenditures could exceed the Plan projections by $702 million in FY 2021, $1.55 billion in FY 2022, $1.70 billion in FY 2023, and $1.88 billion in FY 2024. The biggest risk to expenditures is the assumption of as yet unspecified labor savings in the Plan. The City had assumed $1 billion of labor savings in June and continues to include these savings in the outyears of the November Plan. While the City had credited $658 million of deferral and furlough savings to FY 2021, a residual risk of $342 million remains.

Other expenditure risks include funding for the Fair Fares program, overtime and expenditure estimates in the DOE and the Department of Homeless Services (DHS). The Fair Fares program remains unfunded in the outyears of the Plan. The Comptroller's Office estimates that the program could cost at least $100 million annually as participation rate picks up. Risks to overtime, DOE and DHS are discussed below in the "Expenditure Analysis" section beginning on 24.

The City's conservative estimates of interest rates on variable rate debt bonds (VRDB) provide some offset to the Comptroller's Office's expenditure risks. In an environment of low variable interest rates and no indication that rates will rise to the level assumed over the Plan period, the Comptroller's Office estimates that debt service on VRDB could be less than the Plan projections by $100 million annually in FY 2021 and FY 2022 and $75 million and $50 million in FY 2023 and FY 2024, respectively.

Overall, the Comptroller's Office's analysis of the Plan indicates that the City could end FY 2021 with a deficit of $128 million and larger gaps of $4.59 billion in FY 2021, $5.29 billion in FY 2023, and $6.14 billion in FY 2024.

Revenue Analysis

The City estimates that total revenues will grow by $6.25 billion over the forecast period, from $92.02 billion in FY 2021 to $98.27 billion in FY 2024. City-funds revenues are projected to grow from $64.36 billion in FY 2021 to $72.93 billion in FY 2024.

These projections reflect the City's assumption of a gradual recovery in the local and national economies from the effects of the pandemic. After declining by 5.9 percent in FY 2021, tax revenues are projected to begin to rebound in FY 2022, and grow at an average annual rate of 4.6 percent from FY 2021 – FY 2024. It is important to note that the City has not altered in this Plan the forecast of property tax revenues, the largest source of tax revenue.

Miscellaneous (non-tax) revenues, excluding intra-City revenues, are projected to decline 4.8 percent in FY 2021, to $4.99 billion and are not expected to recover to FY 2020 level over the Plan period. In total, miscellaneous revenues are projected to remain relatively flat, growing by less than a quarter of a percent to $5.0 billion in FY 2024.

FY 2021 Federal and State aid totals $25.90 billion and comprised 28 percent of the City's overall revenue estimate. Over the outyears of the Plan, Federal and State grants are projected to decline to $23.28 billion in FY 2022 before increasing modestly over the remainder of the Plan to reach $23.71 billion by FY 2024. The drop in FY 2021 is due mainly to the discontinuance of COVID-19 assistance beyond the current fiscal year while the outyear growth reflects State education aid increases.

Tax Revenues: Revisions since the June 2020 Adopted Budget

The City revised non-property tax revenues upwards by $748 million in the current fiscal year compared to the June Plan, to reflect stronger than projected collections. FY 2020 ended on a stronger note than anticipated, with revenues exceeding year-end projections by $1 billion. Hence some of the strength is a result of higher baseline revenues from the previous year.[5] The City did not carry any of the higher near-term growth to the outyears, leaving the revenue forecast for the remainder of the Plan period unchanged. Revisions were largely concentrated in the income taxes as shown below.

[5] This is particularly relevant for income taxes since taxpayers typically make estimated payments based on the previous year's filing.

Table 8. Revisions to the City's Tax Revenue Assumptions June 2020 vs. November 2020

($ in millions)	FY 2021
June 2020 Financial Plan	**$58,642**
Personal Income (PIT)	251
Business Income	391
Sales	2
Real-Estate Transactions	75
All Other	29
Total	$748
November 2020 Financial Plan	**$59,930**

Comptroller's Projections

The Comptroller's revised forecast for FY 2021 also reflects higher than previously anticipated collections, mainly in the personal income and business taxes. Similar to the City, the Comptroller's projections are predicated on a rebound in the local and national economies that is expected to occur with the wide distribution of a COVID-19 vaccine. The Comptroller, however, anticipates somewhat higher near-term growth in local employment and in the national economy as measured by real GDP. Although this stronger forecast is partly offset by anticipated lower local wage rate growth, the Comptroller's forecast for income sensitive taxes exceeds the City's forecast throughout the Plan.

The main difference between the two forecasts is in the outyear forecast for property taxes, the largest source of revenue. Although the City Department of Finance has not yet released the FY 2022 tentative roll, the Comptroller's Office has updated its projections for the property tax based on available data. As shown in Table 10, these updated projections show lower estimated property tax revenue compared to the City, particularly in the outyears. As shown in Table 10, overall tax revenues beginning in FY 2023 are expected to be lower by $626 million than those projected by the City, and nearly $1.2 billion lower in FY 2024.

The high degree of uncertainty surrounding the economic forecast and whether the pandemic has resulted in or accelerated structural and behavioral changes makes the tax revenue forecast equally uncertain.

Table 9. Tax Revenue Forecast, Growth Rates

	FY 2021	FY 2022	FY 2023	FY 2024	FYs 2021 – 2024 Average Annual Growth
Property Tax					
Mayor	3.5%	3.7%	2.7%	1.1%	2.5%
Comptroller	3.5%	3.5%	(0.2)%	(0.9)%	0.8%
Personal Income Tax					
Mayor	(12.0%)	8.8%	5.8%	3.9%	6.2%
Comptroller	(9.9%)	8.8%	5.8%	3.6%	6.0%
Business Income Taxes					
Mayor	(19.2%)	7.6%	6.3%	(0.3%)	4.5%
Comptroller	(19.2%)	4.4%	4.0%	2.1%	3.5%
Sales Taxes					
Mayor	(8.2%)	19.6%	7.1%	2.9%	9.6%
Comptroller	(8.0%)	20.1%	8.1%	3.8%	10.5%
Real Estate Transactions					
Mayor	(32.1%)	17.9%	14.9%	4.5%	12.3%
Comptroller	(25.2%)	25.5%	(3.3%)	(2.1%)	5.9%
All Other Taxes					
Mayor	(17.4%)	16.7%	4.3%	2.0%	7.5%
Comptroller	(12.7%)	14.0%	1.6%	3.5%	6.2%
Audits					
Mayor	(10.2%)	(21.7%)	0.0%	0.0%	(7.8%)
Comptroller	(10.2%)	0.0%	0.0%	0.0%	0.0%
Total Taxes with Audits					
Mayor	**(5.9%)**	**7.3%**	**4.6%**	**1.9%**	**4.6%**
Comptroller	**(5.0%)**	**7.5%**	**2.4%**	**1.1%**	**3.7%**

Table 10. Comptroller's Office Risks and Offsets to the City's Tax Revenue Projections

($ in millions)	FY 2021	FY 2022	FY 2023	FY 2024
Property	$0	($62)	($978)	($1,617)
PIT	283	306	324	285
Business	0	(164)	(300)	(160)
Sales	18	59	142	229
Real Estate Transaction	144	289	(28)	(155)
All Other	129	86	14	56
Audit	0	200	200	200
Total	**$574**	**$714**	**($626)**	**($1,162)**

Property Taxes

The pandemic is expected to have significant impacts on the City's property markets and real estate tax revenue. The impact on revenue will largely occur in the outer years due to the lagged nature of assessment mechanisms. These impacts are expected to vary considerably by property types and by geography (borough) as discussed below.

Class 1 properties, comprised of one- to three-family homes, are expected to be the least impacted by the pandemic. Recent data suggests that prices for single family homes, particularly outside

Manhattan, have held up relatively well, as larger spaces and desirable amenities like outdoor space have commanded premiums during the pandemic.[6] In addition, because assessment increases for Class 1 homes are capped, declines in market values will have little impact on property tax revenue. Due to these caps, Class 1 homes are still "catching up" to their actual assessed values. Therefore, billable assessments and tax revenue from Class 1 are not expected to decline over the Plan period.

Class 2 properties, which include coops, condos and apartment buildings, are primarily located in Manhattan and are assessed based on their income, or the income of comparable rental properties in the case of coops and condos. The pandemic's impact on the rental market has been both very pronounced and swift, particularly in Manhattan which accounts for most of Class 2 market value. Median effective rents net of concessions for rental properties in Manhattan are nearly 16 percent lower compared to the previous year and vacancies have increased by more than four percentage points.[7] While there are some signs that vacancies and demand have begun to stabilize more recently, this has been achieved only through steep declines in rental rates and the widespread use of concessions.[8] Outside of Manhattan, rental properties have fared only slightly better and rental rates and vacancies are weaker compared to a year ago. It is also unclear how many tenants are behind in their rent payments and could potentially face evictions once moratoriums enacted by the Governor in response to the pandemic are lifted. Delinquencies on property tax payments could also rise.

Given the weakness in market conditions, Class 2 net operating incomes and market values are expected to decline between five to ten percent in the near term, and only gradually recover over the outer years as the local economy improves. The impact of projected market value declines for Class 2 property tax revenue will occur with a lag since increases and decreases in market values are phased in over five years (the pipeline effect). The phase-ins of prior year's increases will help offset revenue declines in the near term, but revenue will begin to decline in FY 2023 and FY 2024 as the pipeline effect of prior year increases diminishes.

Class 4 properties include all other commercial properties such as offices, hotels, stores, theatres warehouses and factories. The largest commercial proprieties, in terms of market values, are office buildings, primarily located in the Manhattan commercial business district. Unlike Class 2 rental property leases, which are renewed primarily on an annual or biennial basis, Class 4 office leases are typically negotiated for longer periods of time. The impact on rents and vacancies is therefore expected to be more staggered than for Class 2.[9] As leases come up for renewal over the forecast period there will be significant downward pressure on rents with discounts of about 10 percent compared to current levels, and increases in vacancies caused by weakening demand and a flood of sublease space that has already hit the market.[10]

Increased reliance on remote work poses a significant downside risk to the office market, both in terms of lower office demand and by putting tenants in a much better position to bargain for lower rents on renewal. According to a recent survey, only 13 percent of office workers had returned to their offices in New York, the lowest share among large metro areas.[11] While the distribution of the vaccine should coincide with a return of many workers to their offices, firms will likely continue to rely on work from home much more than they did in the pre-pandemic world. This degree of reliance

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[6] https://www.elliman.com/resources/siteresources/commonresources/static%20pages/images/corporate-resources/q3_2020/newyork-newsignedcontracts-10_2020.pdf

[7] The Elliman Report: October 2020 Manhattan, Brooklyn & Northwest Queens Rentals prepared by Miller Samuel Real Estate Appraisers

[8] The Elliman Report: October 2020 Manhattan, Brooklyn & Northwest Queens Rentals prepared by Miller Samuel Real Estate Appraisers e

[9] Even when existing tenants put space up for sublease, the initial terms of the lease are still binding on the primary tenant

[10] Manhattan Sublease Space Keeps Increasing as Asking Rents Start to Fall – Commercial Observer. We assume typical lease terms of ten years and that in any given year 10 percent of all leases could be renewed.

[11] https://www.crainsnewyork.com/commercial-real-estate/new-york-workers-are-most-reluctant-us-return-office

is expected to vary considerably among firms and is unknown at this time. Some firms, primarily in the tech sectors, have indicated that they will adopt widespread use of remote work in the future, while others will adopt a more limited approach to work from home.[12] Changes to mass transit service levels could also impact reliance on work from home.

As a result of overall weakening conditions in the office market, net operating incomes and market values are expected to decline over the forecast period. The impact on tax revenue will begin to occur slightly later than for Class 2, showing up more significantly in FY 2024 and beyond the Plan period.

While the gradual turnover in rent rolls will help to delay the impact of the pandemic on office property income, other commercial properties such as hotels, stores, and entertainment venues will feel a more immediate impact. Hotel and retail properties have closed as a result of the pandemic.[13] While some of these properties are expected to reopen with the recovery in the economy, the scars left by the pandemic are expected to heal only very gradually, and in the case of retail, the continued growth of online retail poses a long term threat. The one bright spot in the forecast for commercial properties are warehouses, which have instead benefitted from the surge in e-commerce sales and the need for fast delivery storage spaces.[14]

Overall, as a result of deteriorating conditions in most property markets, property tax revenue is expected to slow and begin to decline in 2024. The City still expects growth in revenue, albeit minor. The resulting difference is a lower property tax forecast of $1.6 billion in 2024 compared to the City.

Personal Income Taxes

The Comptroller's forecast for personal income taxes (PIT) has been revised upwards in FY 2021 to account for current collection trends that have been running ahead of our previous estimates. Though year-to-date PIT collections are almost 10 percent lower compared to FY 2020, this decline is lower than originally anticipated due mainly to the withholding component of PIT.

This unexpected strength in PIT collections is likely due to the fact that the stock market and Wall Street profits have continued to rise in spite of the downturn in the broader economy. This is a departure from the pattern seen in previous downturns when the stock market contracted sharply, along with employment and GDP. It is also important to note that filers are likely continuing to make estimated payments based on last year's liability and residency status. Final income tax liability due in April therefore remains highly uncertain.

In the outyears, the Comptroller's forecast has been revised to reflect a somewhat faster rebound in employment compared to the Adopted Budget. Since the City did not reflect the stronger growth seen in recent collections in the outyears, the Comptroller forecast for PIT is higher than the City's throughout the Plan.

Business Taxes

Revenues from overall business taxes (General Corporation (GCT), Unincorporated Business (UBT), and Banking Corporation (BCT)), though declining year to date through October by more than 14 percent, are higher than originally anticipated. As with PIT, this unexpected strength is likely due to the fact that certain sectors, including Wall Street and sectors related to the stay-at-home economy, have significantly outperformed our initial expectations. In fact, according to recent data, outside of a few struggling industries concentrated mainly in the leisure and travel sectors,

[12] Twitter to allow most employees to work from home permanently (telegraph.co.uk) Jamie Dimon Calls for Return to Offices, Sees Long-Term Damage of Work-From-Home - Bloomberg

[13] New York City Roosevelt Hotel closing due to COVID-19 pandemic (usatoday.com)

[14] https://nypost.com/2020/11/18/amazon-to-lease-giant-nyc-warehouse-space-for-delivery-center/

S&P 500 earnings in the third quarter actually rose by 4.3 percent.[15] To reflect this greater than anticipated strength, the Comptroller has revised business tax revenues upwards in FY 2021, although revenues are still expected to decline significantly compared to FY 2020.

For FY 2022 – FY 2024, growth is expected to resume following the trajectory of overall growth in the economy as measured by Real GDP. The forecast, which excludes audit revenue, is lower compared to the City's in the outyears. However, when factoring in audits, the two forecasts are similar (see "Audits" below).

Sales Taxes

Sales tax collections have been tracking very closely to June estimates, declining by 20 percent year to date through October compared to FY 2020. Overall sales tax revenue has been significantly impacted by the collapse in the tourism and leisure sectors, which have shown few signs of recovery so far. Outside of these two sectors, declines have been more contained and offset by a dramatic increase in online sales.[16]

The distribution of the vaccine is expected to result in a recovery in the entertainment and tourism sectors, although the international and business travel segments may recover more slowly.[17] Pent up demand and the uptick in tourism is expected to cause sales tax revenue to increase sharply in 2022 and 2023, followed by trend growth in 2024 as shown in Table 9. The forecast is somewhat higher compared to the City's, reflecting a slightly stronger assumption of local rebound in employment and tourism.

Real-Estate Transaction Taxes

The Comptroller's Office projects the combined revenues from real-estate-transaction taxes (the real-property transfer tax and mortgage recording tax), to decline by 25.2 percent to $1.58 billion in FY 2021. The City projects a greater decline of 32.1 percent to $1.43 billion. The anticipated recovery in NYC employment and low interest rates are expected to cause real-estate transaction taxes to increase by 25 percent in FY 2022, exceeding again the City's forecast of recovery. For the outer years, continued growth in NYC employment is expected to be offset by expected increases in interest rates, resulting in a slight decline in real-estate transaction taxes while the City shows continued increases in the outer years, as shown in Table 9.

Audits

The City projects audit revenue will drop sharply from approximately $900 million in FY 2021 to only $721 million in FY 2022 – FY 2024. This pattern of below trend audit revenue in the outyears is unlikely to occur. As a result, the Comptroller's Office projects audit revenue collections to be at least $200 million higher compared to the City in each of the outyears. The higher projections are anticipated to be largely concentrated in business taxes.

Miscellaneous Revenues

In the November Plan, the City lowered its FY 2021 miscellaneous revenue projection by net $131 million to $4.99 billion. The change is net of $4 million in additional revenues which were

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[15] Earnings would've been up in Q3 if it weren't for three industries: Morning Brief (yahoo.com)

[16] New York by the Numbers: Weekly Economic and Fiscal Outlook No. 23 – November 2, 2020 : Office of the New York City Comptroller Scott M. Stringer (nyc.gov)

[17] Business Travel Expected To Lag Leisure On Path To Recovery | The Beat

credited to the CSP. Table 11 shows the changes in the FY 2021 miscellaneous revenue projections since the June 2020 Plan.

Table 11. Changes in FY 2021 Estimates June 2020 vs. November 2020

($ in millions)	June	November	Change
Licenses, Franchises, etc.	$694	$680	($14)
Interest Income	12	12	0
Charges for Services	1,013	975	(38)
Water and Sewer Charges	1,726	1,720	(6)
Rental Income	245	245	0
Fines and Forfeitures	1,028	952	(76)
Other Miscellaneous	400	403	3
Total	**$5,118**	**$4,987**	**$131**

The current forecast is $252 million less than the $5.24 billion realized in FY 2020 and reflects the impact of the slowdown in business and social activities precipitated by the COVID-19 outbreak beginning in the third quarter of FY2020.[18] The largest drop is in revenues from fines and forfeitures, which are projected to fall by $127 million, or 12 percent, as result of slowdowns in both business and social activities and reduced enforcement. Interest income is expected to drop even more precipitously as a percent of last year's revenues. As a result of the Fed's emergency rate cut in response to the economic disruption from the COVID-19 pandemic, the City estimates that interest income will fall by $125 million to $12 million, a drop of 91 percent.

Federal and State Aid

The November Plan projects Federal and State aid totaling $25.90 billion for FY 2021, reflecting a net increase of $3.1 billion over the Adopted Budget. Federal and State grants support about 28 percent of total spending in the FY 2021 budget, with over 70 percent of the funding dedicated to education and social services.

In the November Modification, the City has incorporated an additional $3.6 billion in Federal grants, bringing the FY 2021 assumption to a total of $10.96 billion. The majority of the new aid is attributable to a $2.91 billion increase in COVID-19-related funding, including $1.48 billion in FEMA reimbursement and $1.43 billion in CARES Act funds. A significant portion of the FEMA grants recognized in the November Plan is due to a change in the timing of reimbursements that were originally assumed in FY 2020. A major component of the CARES Act funds increase involves a funding shift of $721 million that the State utilized as substitute for its own education funding to the City, therefore a corresponding decline is reflected in State aid resulting in no net impact on the budget. The remainder of the CARES Act funds increase mainly includes $424 million in Epidemiology and Laboratory Capacity grants for the Department of Health, $212 million in Coronavirus Relief Fund revenue and $39 million in higher education grants.

In addition to the COVID-19-related funding, the November Plan also recognizes Federal aid increases in other areas totaling about $680 million stemming mostly from rollover of unspent grants from prior years and timing of certain Federal receipts, a technical procedure that typically occurs in the first-quarter budget modification of each fiscal year. The bulk of this total is in the form of Community Development Block Grant and Homeland Security grants.

[18] FY 2020 revenues are net of $673 million of revenues from restricted fund activities and $31 million in housing revenues to provide a compatible base for comparison with Plan revenues.

As of the November Plan, the City expects to receive $14.9 billion in State aid in FY 2021, a reduction of $483 million since the Adopted Budget. As mentioned above, the reduction mainly reflects a $721 million adjustment to State Foundation Aid to account for the State's use of Federal CARES Act funds to temporarily replace state aid. Other revisions to State aid included increases to certain expense-based education aid, such as charter school lease aid and charter school supplemental tuition.

Over the outyears, the November Plan reflects only modest changes to Federal and State aid assumptions. As expected, these projections show a decline of about $2.6 billion to $23.3 billion in FY 2022, mainly due to the discontinuation of Federal COVID-19 assistance beyond the current year. Thereafter, Federal and State grants are expected to increase moderately to $23.7 billion annually in FY 2023 and FY 2024, mainly reflecting the City's assumption of State education aid growth in the outyears of the Plan.

State Budget

Last March, the pandemic took hold in New York just as the State was in the final stages of adopting a budget for its fiscal year 2020 -- 2021. To present a balanced financial plan in April, the State relied on to-be-determined budget reductions and broad authority to issue temporary and long-term debt. More than eight months into the State's fiscal year, however, the State has yet to outline how an assumed $8 billion in recurring local aid cuts will be allocated. The Governor has indicated that additional Federal relief could obviate the need to implement some or all of these reductions.

In the first seven months of the State's fiscal year, April through October, State tax collections have fallen $3.0 billion, or 6.4 percent, below last year. While collections have improved since the spring, over the fiscal year to date, total State consumption and use taxes are down 14.6 percent, while personal income taxes are down by 3.8 percent. Since February, the State Division of Budget (DOB) has reduced the State's receipts forecast by $14.9 billion in the current fiscal year and $16.3 billion next year.

The State has benefited from past Federal COVID-19 relief bills, including $5.1 billion from the Coronavirus Relief Fund, $3.0 billion from the 6.2 percentage point increase in Medicaid FMAP, and $1.1 billion from CARES Act education funds. Early in the fiscal year, the State also issued $4.5 billion in short-term borrowing to meet liquidity needs presented by the filing date extension for income tax returns from April to July. The State expects to repay these notes within the fiscal year but has the contingency option of converting the notes to long-term debt.

As of October, DOB forecasts a budget gap of $8.7 billion in state fiscal year 2021 – 2022, exclusive of the to-be-determined $8 billion in recurring local aid cuts. In January, the Governor will present his plan to balance next year's budget.

Expenditures Analysis

Total-funds FY 2021 expenditures in the November Financial Plan are projected to drop by $3.01 billion, or 3.2 percent, from FY 2020. However, both FY 2020 and FY 2021 expenditures include prepayments which lower debt service expenditures in these fiscal years, and the use of Retiree Health Benefits Trust (RHBT) funds to defray part of retiree health insurance cost. In addition, expenditures in FY 2020 are further reduced by the take-down of the general reserve and the re-estimates of prior-year accruals. After adjusting for prepayments, and excluding re-estimates of prior-year accruals and reserves, expenditures are projected to drop by less than one percent, from $97.02 billion in FY 2020 to $96.71 billion in FY 2021.

Over the Plan period, adjusted expenditures before reserves are projected to grow by 3.5 percent, as shown in Table 12. This growth is driven primarily by increases in expenditures for debt service, health insurance, other fringe benefits and Medicaid, which together are estimated to grow by

$4.73 billion, or 20.6 percent. However, the growth in Medicaid is due to a one-time decrease in FY 2021 from eFMAP savings. Medicaid expenditures are flat at $5.92 billion over the remainder of the Plan period.

Table 12. FY 2021 – FY 2024 Expenditure Growth Adjusted for Prepayments and Prior-Year Actions

($ in millions)	FY 2021	FY 2022	FY 2023	FY 2024	Growth FYs 21 – 24	Annual Growth
Debt Service	$6,672	$7,684	$8,469	$8,826	32.3%	9.8%
Health Insurance	6,940	6,928	7,618	8,292	19.5%	6.1%
Other Fringe Benefits	4,087	4,529	4,504	4,634	13.4%	4.3%
Medicaid	5,238	5,915	5,915	5,915	12.9%	4.1%
Subtotal	**$22,936**	**$25,057**	**$26,506**	**$27,667**	**20.6%**	**6.4%**
Salaries and Wages	$28,971	$29,904	$30,083	$30,362	4.8%	1.6%
Pension Contributions	9,820	10,454	10,426	10,198	3.8%	1.3%
Public Assistance	1,626	1,651	1,650	1,650	1.5%	0.5%
Judgments & Claims	727	742	758	775	6.5%	2.1%
Contractual Services	18,301	16,890	16,926	16,880	(7.8%)	(2.7%)
Other OTPS	14,326	12,105	12,319	12,594	(12.1%)	(4.2%)
Subtotal	**$73,773**	**$71,746**	**$72,162**	**$72,459**	**(1.8%)**	**(0.6%)**
Expenditures Before Reserve	**$96,709**	**$96,803**	**$98,668**	**$100,126**	**3.5%**	**1.2%**
Retiree Health Benefits Trust	**($1,600)**	**$0**	**$0**	**$0**		
General Reserve	**$100**	**$1,000**	**$1,000**	**$1,000**		
Capital Stabilization Reserve	**$0**	**$250**	**$250**	**$250**		
Total	**$95,209**	**$98,053**	**$99,918**	**$101,376**	**6.5%**	**2.1%**

NOTE: Numbers may not add due to rounding.

COVID-19 Expenditures

FY 2021 COVID-19 related expenditures total $2.75 billion in the November Plan, an increase of $2.63 billion from the June Financial Plan. About half of the increase is due to the roll-in of FY 2020 expenditures. COVID-19 related spending in FY 2020 was $2.62 billion, $1.39 billion below the June Plan estimate. Table 13 shows the allocation of COVID-19 spending by purpose. As shown in the table, more than 60 percent of the spending is allocated for medical, surgical and lab supplies; testing and tracing; and food and forage supplies. Almost 87 percent of the expenditures are expected to be funded with Federal categorical grants. Approximately 12 percent, or $342 million, will be funded with City tax levy.

Table 13. FY 2021 COVID-19 Budget Allocation by Purpose

($ in millions)	Amount	Percent
Medical, Surgical and Lab Supplies	$659	24.0%
Testing and Tracing	566	20.6%
Food and Forage	521	18.9%
Emergency Response	259	9.4%
Disease Prevention and Treatment (DOHMH)	176	6.4%
Shelter Intake (DHS)	176	6.4%
Remote Learning	55	2.0%
311 Surge Staffing	13	0.5%
Other	325	11.8%
Total	**$2,750**	**100.0%**

Headcount

The November 2021 Headcount Plan shows net headcount reductions from the June 2020 Plan of 414 in FY 2021, 1,234 in FY 2022, 743 in FY 2023 and 748 in FY 2024. The reductions in headcount reflect an expansion of the hiring freeze in the June 2020 Plan. The additional hiring freeze is estimated to reduce headcount by 549 in each of FY 2021 and FY 2022 and 548 in each of FY 2023 and FY 2024. FY 2022 headcount is further reduced by the suspensions of the organics collection program and the fly car pilot program and its planned expansion in FY 2022. These suspensions, part of the Mayor's Citywide Savings Program, are estimated to reduce 198 uniformed headcount in the Department of Sanitation and 285 civilian positions in the Fire Department.

Despite the hiring freeze, full-time headcount, as shown in Table 14, is projected to increase from 302,002 in FY 2021 to 304,759 in FY 2022 and more than 305,000 in FY 2023 and FY 2024.

Table 14. Total Funded Full-Time Year-End Headcount Projections November 2020 Financial Plan

	FY 2021	FY 2022	FY 2023	FY 2024
Pedagogical				
Dept. of Education	123,968	126,710	126,710	126,710
City University	4,441	4,441	4,441	4,441
Subtotal	**128,409**	**131,151**	**131,151**	**131,151**
Uniformed				
Police	35,007	35,030	35,030	35,030
Fire	10,945	10,945	10,952	10,952
Correction	7,219	7,060	7,060	7,060
Sanitation	7,425	7,422	7,620	7,620
Subtotal	**60,596**	**60,457**	**60,662**	**60,662**
Civilian				
Dept. of Education	12,790	13,066	13,066	13,066
City University	1,947	1,946	1,946	1,946
Police	15,240	15,430	15,430	15,430
Fire	6,308	6,310	6,595	6,595
Correction	1,730	1,827	1,827	1,827
Sanitation	2,124	2,122	2,122	2,122
Admin. for Children's Services	7,249	7,249	7,249	7,249
Social Services	13,504	13,592	13,592	13,592
Homeless Services	2,203	2,104	2,104	2,104
Health and Mental Hygiene	5,848	5,771	5,764	5,759
Finance	2,102	2,102	2,102	2,102
Transportation	5,373	5,408	5,410	5,412
Parks and Recreation	4,340	4,260	4,260	4,260
All Other Civilians	32,239	31,964	31,881	31,881
Subtotal	**112,997**	**113,151**	**113,348**	**113,345**
Total	**302,002**	**304,759**	**305,161**	**305,158**

Table 15 compares planned FY 2021 year-end headcount with the actual headcount on September 30, 2020 — three months through the fiscal year. The Administration has projected an increase of 1,556 full-time positions during FY 2021, consisting of an increase of 2,122 civilian positions and 2,787 pedagogical positions, and a decrease of 3,353 positions in the uniformed services.

As of September 30th, however, total headcount has declined by 4,563 positions, with a decrease of 1,600 pedagogical positions, 1,642 uniformed positions, and 1,321 civilian positions. To achieve the planned year-end headcount, the City would need a net increase of 6,119 in headcount by the end of the year — nearly four times the planned increase for FY 2021. It is unlikely that the City will be able to make up for the shortfall in hiring. As such, it is likely that the City will be able to recognize additional accrual savings from a shortfall in hiring for the current fiscal year.

Table 15. September 30, 2020 Headcount vs. Planned June 30, 2021 Headcount

	6/30/2020 Actuals	9/30/2020 Actuals	6/30/2021 Nov. 2020 Plan	Change 6/30/2020 Actuals to 9/30/2020 Actuals	Planned Change 6/30/2020 to 6/30/2021	Percent of Planned Change Achieved
Pedagogical						
Dept. of Education	121,077	119,559	123,968	(1,518)	2,891	(52.5%)
City University	4,545	4,463	4,441	(82)	(104)	78.8%
Subtotal	**125,622**	**124,022**	**128,409**	**(1,600)**	**2,787**	**(57.4%)**
Uniformed						
Police	35,910	34,694	35,007	(1,216)	(903)	134.7%
Fire	11,047	10,970	10,945	(77)	(102)	75.5%
Correction	9,237	9,046	7,219	(191)	(2,018)	9.5%
Sanitation	7,755	7,597	7,425	(158)	(330)	47.9%
Subtotal	**63,949**	**62,307**	**60,596**	**(1,642)**	**(3,353)**	**49.0%**
Civilian						
Dept. of Education	13,607	13,498	12,790	(109)	(817)	13.3%
City University	1,743	1,728	1,947	(15)	204	(7.4%)
Police	15,519	15,219	15,240	(300)	(279)	107.5%
Fire	6,366	6,294	6,308	(72)	(58)	124.1%
Correction	1,741	1,699	1,730	(42)	(11)	381.8%
Sanitation	2,107	2,086	2,124	(21)	17	(123.5%)
Admin. for Children's	7,039	6,959	7,249	(80)	210	(38.1%)
Social Services	12,330	12,195	13,504	(135)	1,174	(11.5%)
Homeless Services	2,119	2,091	2,203	(28)	84	(33.3%)
Health and Mental Hygiene	5,530	5,473	5,848	(57)	318	(17.9%)
Finance	1,996	1,972	2,102	(24)	106	(22.6%)
Transportation	5,120	5,094	5,373	(26)	253	(10.3%)
Parks and Recreation	4,236	4,171	4,340	(65)	104	(62.5%)
All Other Civilians	31,422	31,075	32,239	(347)	817	(42.5%)
Subtotal	**110,875**	**109,554**	**112,997**	**(1,321)**	**2,122**	**(62.3%)**
Total	**300,446**	**295,883**	**302,002**	**(4,563)**	**1,556**	**(293.3%)**

Overtime

The November Plan includes $991 million for FY 2021 overtime expenditures, an increase of $64 million when compared to the Adopted Budget. Due to the COVID-19 pandemic, spending for overtime is lower than normal with the scale-back on everyday operations and non-essential City employees working from home. Despite the lower year-to-date spending, the Comptroller's Office estimates that overtime spending will exceed the Plan projections by $272 million in FY 2021 and $130 million in each of the outyears of the Plan.

Risk to the uniformed police overtime budget accounts for almost two-thirds of the overall overtime risk in FY 2021, as shown in Table 16. The Adopted FY 2021 Budget reduced budgeted uniformed police overtime spending to $227 million. While the suspension of planned events such as parades and street fairs will lower overtime costs, the Comptroller's Office estimates that uniformed police overtime cost could exceed the City's estimate by $173 million. Through October of FY 2021, the

City has spent $112 million for uniformed police overtime and is on pace to spend about $400 million for FY 2021.

Citywide civilian overtime spending is expected to be much lower in FY 2021 than the FY 2020 cost of $601 million. Based on the year-to-date spending, the Comptroller's Office expects civilian overtime cost to be at least $420 million. This is $99 million more than the City's projection of $322 million.

Table 16. Projected FY 2021 Overtime Spending

($ in millions)	City Planned Overtime FY 2021	Comptroller's Projected Overtime FY 2021	FY 2021 Risk
Uniformed			
Police	$227	$400	($173)
Fire	224	224	0
Correction	84	84	0
Sanitation	135	135	0
Total Uniformed	**$670**	**$843**	**($173)**
Civilians			
Police-Civilian	$42	$42	$0
Admin for Children's Services	5	20	(15)
Transportation	53	60	(7)
All Other Agencies	221	298	(77)
Total Civilians	**$321**	**$420**	**($99)**
Total City	**$992**	**$1,263**	**($272)**

Health Insurance

The November Plan projects that the City's spending on health insurance for active employees and retirees will increase from $5.34 billion in FY 2021 to $8.29 billion in FY 2024. The FY 2021 estimate is $685 million more than estimated in the Adopted Budget. The increase reflects primarily the substitution of health insurance savings assumed in the Adopted Budget with spending reductions due to negotiated deferrals of lump sum payments and savings from managerial and non-represented employee furloughs.

In the June 2020 Financial Plan, health insurance projections were lowered by $1 billion in each of FY 2021 – FY 2024 as a placeholder for savings to be negotiated with the City's labor unions. Since then, the City has negotiated with the unions to defer $722 million of FY 2021 lump sum and welfare fund payments to FY 2022, of which $639 million are recognized as budget reductions as discussed in "Labor" beginning on page 29. In addition, the City implemented a five-day furlough of managerial and non-represented employees which is estimated to produce $19 million in savings. The City has credited the combined $658 million spending reductions as part of the $1 billion labor savings, leaving $342 million of the remaining savings as a reduction in health insurance expenditures.

As shown in Table 17, the FY 2021 health insurance projection is further adjusted to defray $1.6 billion of retiree pay-as-you-go health insurance cost in FY 2021. Annual retiree health insurance cost is paid out of the RHBT. In normal circumstances, the City would remit the cost of retiree health insurance to the RHBT. However, faced with the fiscal challenges in the wake of the COVID-19 pandemic, the City is reducing its remittance to the RHBT by $1.6 billion for FY 2021 and drawing on the RHBT surplus to make up the shortfall in remittance.

Health insurance expenditures in the outyears remain relatively unchanged from the June 2020 Plan, with reductions of $24 million in FY 2022 and $16 million in FY 2023 and FY 2024. The expenditure projections are based on premium rate increases of 3.0 percent in FY 2021, 6.5 percent in FY 2022, 6.25 percent in FY 2023 and 6.0 percent in FY 2024. The rate increase for FY 2021 was capped as part of the 2018 Health Savings Agreement. Premium rate increases for retiree health insurance are projected to be 4.9 percent for FY 2021 and FY 2022, and 4.8 percent in FY 2023 and FY 2024.

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

($ in millions)	FY 2021	FY 2022	FY 2023	FY 2024
Department of Education	$2,824	$3,066	$3,365	$3,655
CUNY	116	140	143	147
All Other	4,000	3,722	4,109	4,489
Sub-total	$6,940	$6,928	$7,618	$8,292
RHBT	(1,600)	0	0	0
PAYGO Health Insurance Cost	**$5,340**	**$6,928**	**$7,618**	**$8,292**

Pensions

Pension contributions in the November Plan are projected to grow from $9.82 billion in FY 2021 to $10.2 billion in FY 2024, an increase of 3.8 percent. As shown in Table 18, pension contributions in the current Plan include the phase-in of the recognition of the shortfall in FY 2020 pension investment earnings relative to the actuarial interest rate assumption (AIRA) of 7 percent. The pension funds earned a combined return of 4.44 percent on market value for FY 2020, below the 7 percent AIRA. This shortfall in returns will be phased in beginning in FY 2022 and will increase pension contributions by $85 million in FY 2022, $165 million in FY 2023, and $242 million in FY 2024.

Table 18. Changes to City Pension Contributions

($ in millions)	FY 2021	FY 2022	FY 2023	FY 2024
Five Actuarial Systems	$9,808	$10,132	$9,970	$9,635
Other Systems & Reserves	124	350	405	435
Less: Intra City-Expense	(112)	(112)	(112)	(112)
Net Pension Expense Adopted Budget	**$9,820**	**$10,370**	**$10,263**	**$9,958**
FY 2020 Investment Losses below AIRA	0	84	165	242
Other	0	0	1	2
Net Pension Expense November Plan	**$9,820**	**$10,454**	**$10,426**	**$10,198**

Labor

The current balance in the labor reserve is $893 million in FY 2021, $1.29 billion in FY 2022, $955 million in FY 2023, and $1.14 billion in FY 2024. When compared to the June 2020 Financial Plan, the labor reserve was lowered by $812 million in FY 2021, increased by $450 million in FY 2022, and remains relatively unchanged in FY 2023 and FY 2024. With the exception of a $536,000 reduction in FY 2021 from furlough savings, all other changes to the labor reserve reflects the transfer of collective bargaining funds out the labor reserve to individual agencies or shifting of funds from one year to the next because of deferrals of payments of lump sums, and retro wages.

Recently, the City reached agreements with several unions to defer a total of $722 million of FY 2021 lump sum, retro wage, welfare fund and annuity payments to FY 2022.[19] Of this only $639 million are recognized as savings in the budget. The lump sum deferrals include deferrals for

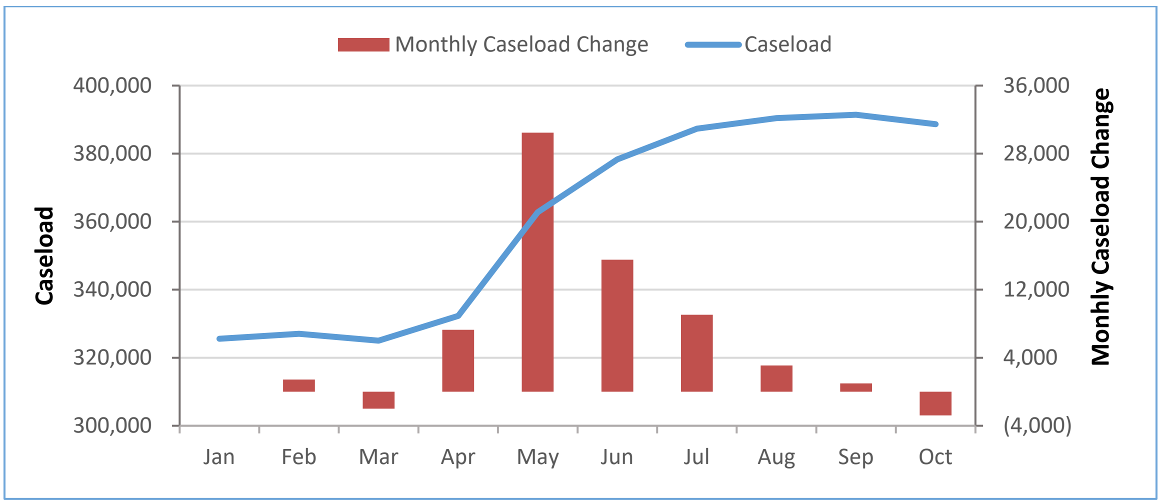
[19] The agreements deferred half the lump sum payments due in FY 2021 to FY 2022.

both active employees and retirees. However, the City had booked retiree lump sum payments as an FY 2014 expense. Thus, the deferral of retiree lump sum payments, which account for $83 million of the lump sum deferrals, do not yield budget savings.[20] The lump sum deferrals reduce the FY 2021 labor reserve by $451 million with a concomitant increase in the FY 2022 labor reserve. The transfer of $359 million out of the labor reserve to pay for half of the FY 2021 lump sum payments account for most of the remaining decrease in FY 2021 labor reserve.

Public Assistance

Through October, the City's public assistance caseload has averaged 389,471 recipients per month thus far in FY 2021. Average monthly caseload has jumped 17 percent, or nearly 57,000 recipients compared to the same period in FY 2020. As shown in Chart 7, the City's public assistance caseload has risen rapidly during the COVID-19 pandemic, spiking from 325,016 in March 2020 to 387,355 in July 2020. Though, since July, the pace of growth has tapered off significantly and declined slightly in October.

Chart 7. 2020 Public Assistance Caseload and Monthly Changes



The caseload increase is attributable to a significant number of new applications that came in during the early months of the COVID-19 pandemic, in some cases reaching 50 percent above the normal rate. Moreover, the City suspended eligibility certifications during the months of March – August, leading to declines in the number of case closings by as much as 75 percent in certain months during this span. Despite the significant rise in caseload, monthly baseline grants spending in FY 2021 has averaged about $122 million to date, reflecting a much smaller increase of about 5 percent over the same period in FY 2020.

While the City has not released new caseload projections, the November Plan maintains baseline grants expenditure estimates at approximately $1.45 billion in the current year and $1.48 billion in each of FY 2022 – FY 2024. Barring a significant rise in monthly spending, the City's public assistance expenditures remain adequately budgeted.

[20] While retiree lump sums do not provide any budgetary reductions, they provide the City with $83 million of cash relief in FY 2021, bringing total cash relief from deferrals in FY 2021 to $722 million.

Department of Education

The November Modification projects a $28.48 billion budget for the DOE in the current year (net of intra-City funds), reflecting a net increase of $927 million since Adoption. The current FY 2021 budget projection represents an increase of 1.6 percent or $462 million compared to FY 2020 actual expenditures of $28.02 billion.

Key changes in the FY 2021 DOE budget include new needs of $402 million and collective bargaining transfers of $358 million. Among the new needs reflected in the November Plan, the City has provided $157 million to address school reopening costs in the midst of the COVID-19 pandemic, including $80 million for per diem/substitute teacher staffing and overtime costs and $71 million for COVID-19 protection supplies and equipment. Other new needs recognized in the Plan are $200 million for pupil transportation costs for special education buses and $45 million for the Learning Bridges program providing child care services on remote learning days. The largest component of collective bargaining transfers from the Labor Reserve is a $348 million retroactive lump sum payment for salary increases negotiated in the prior UFT contract. The payment represents only half of the final installment originally scheduled for completion in FY 2021. The residual portion of the payment has been deferred until FY 2022 under an agreement between the UFT and the City to provide budget relief in the current year.

The remainder of the FY 2021 changes include $131 million in additional State revenue mainly for charter schools and school technology initiatives and $31 million in savings restorations. In addition, the City has recategorized $721 million to reflect the Federal Cares Act funding the State used to offset State education aid. The funding swap accounts for the State's use of Federal funds to offset school aid reductions assigned to the City with no net impact on the DOE or City budget.

In the outyears, the DOE budget is expected to rise to $28.69 billion in FY 2022, reflecting an increase of about $214 million from the FY 2021 projection. Over the remainder of the Plan, funding for the Department is projected to rise to $29.48 billion in FY 2023 and $29.88 billion in FY 2024, reflecting annual increases of $792 million and $397 million, respectively. The assumed increase in State education aid is a significant driver of the outyear growth in the DOE budget. However, given the State's budget difficulties, it is unclear if these assumptions are sustainable.

Moreover, the DOE budget has not yet reflected potential costs from increased charter school tuition rates expected to be approved by the State in the outyears. Unless the State provides additional reimbursement in future years, the City estimates potential shortfalls of $154 million in FY 2022, $282 million in FY 2023 and $433 million in FY 2024. Further, the budget for special education Carter Cases remains significantly underfunded and will likely require additional funding of $150 million in each year of the Plan. In addition, the November Plan has provided additional funding for pupil transportation in FY 2021 without addressing needs in the outyears, which could result in risks of $75 million annually in FY 2022 – FY 2024. Rounding out the assessment are Medicaid revenue risks of $20 million and special education pre-K underspending of $50 million in each year of the Plan.

Homeless Services

Spending on adult and family shelter in the Department of Homeless Services (DHS) is the primary driver of the City's homelessness expenses. However, funding for homeless assistance is also, and increasingly, drawn from the budgets of other agencies, including the Department of Social Services, the Department of Youth and Community Development, the Department of Health and Mental Hygiene and the Department of Veterans Services. Table 19 details changes in total funding for seven major categories of homeless services across these agencies in the November modification.

Table 19. Citywide Homeless Services Expenditures

($ in millions)	Modified FY 2021	Adopted FY 2021	Change
Adult Shelter Operations	$659	$656	$3
Family Shelter Operations	1,125	1,124	1
Rental Assistance	509	493	17
Prevention, Diversion, Anti-Eviction & Aftercare	486	484	2
Domestic Violence, Youth & Emergency Shelters	113	111	2
Homeless Administration & Support	446	268	178
Total Citywide Homeless Spending	**$3,338**	**$3,137**	**$202**

The November modification raises citywide homeless services spending for FY 2021 by $202 million, an increase of 6.4 percent. The bulk of that increase is attributable to $176 million in emergency funding from the FEMA COVID-19 Emergency Program which has been appropriated for shelter intake programming in the general administration budget at DHS.

Since the Mayor first declared a state of emergency on March 12, 2020, substantial shifts in population and composition of the City's shelter system have taken place. The overall shelter census has dropped by more than 6,100 individuals since last November; more than two-thirds of that group exited shelter after March 12th. The decline in the City's shelter census during the pandemic period has been driven by the exit of more than 4,300 individuals in families with children from the shelter system. However, the entry of more than 1,000 single adults during this same time period partially offsets these recent overall census reductions. Single adults have been a consistently growing demographic group in the City's shelter system, having increased by approximately 9 percent in the last year and 64 percent since this time in FY 2014.

Even though budgeted shelter operations expenses for families and adults will modestly increase in the November modification, sufficient funding for adult shelter operations is a persistent concern. Actual DHS spending for Adult Shelter Operations was $826 million in FY 2020 yet the November modification budgets only $659 million for Adult Shelter Operations in FY 2021. Given steady increases in the single adult shelter population and the uncertainty of the COVID-19 outbreak, the Comptroller's Office does not anticipate that adult shelter operations expenses in FY 2021 will drop from FY 2020 levels. Taking $127 million in Federal CARES ACT funding for adult shelter operations into account, the Comptroller's Office projects a risk of $67.7 million in City-funds for adult shelter operations in FY 2021.

Citywide spending on rental assistance will rise by more than 3 percent in the November modification, driven by $16.4 million in increased citywide supportive housing expenditures, including programming for people living with HIV/AIDS and for homeless mentally ill individuals. Other noteworthy changes to expenses in the November Modification include a doubling of funding for runaway and homeless youth programming at Department of Youth and Community Development and a more than $1 million increase in overall spending for anti-eviction programs and services at the Department of Social Services.

IV. Capital Budget and Financing Program

The FY 2021 – FY 2024 Adopted Capital Plan, released with the November Financial Plan, totals $69.88 billion in all-funds authorized commitments, a $2.67 billion increase compared to the April 2020 Capital Plan. City-funds authorized commitments make up $64.20 billion of the total authorized commitments. After adjusting for the reserve for unattained commitments, all-funds planned commitments drop to $61.03 billion, as shown in Table 20. The City-funds commitments after adjusting for the reserve for unattained commitments drop to $55.35 billion. The Plan is less front-loaded than in the past, with 25 percent, or $17.45 billion, of the all-funds authorized commitments scheduled for FY 2021. In the outyears of the Plan, commitments decrease to $17.05 billion in FY 2022 and $16.95 billion in FY 2022, but then increase to $18.45 billion in FY 2024, resulting in a more balanced average of $17.47 billion per year over the period.

Table 20. FY 2021 Adopted Capital Commitment Plan All-Funds FY 2021 – FY 2024

($ in millions)	FY 2021 - FY 2024 Adopted Plan	Percent of Total	Change from April 2020
Education & CUNY	$16,301	23.3%	$1,276
Environmental Protection	8,275	11.8%	(366)
Dept. of Transportation & Mass Transit	9,904	14.2%	289
Housing and Economic Development	10,258	14.7%	1,309
Administration of Justice	6,624	9.5%	(1,444)
Resiliency, Technology and Citywide Equipment	5,164	7.4%	401
Dept. of Parks and Recreation	3,667	5.2%	149
Hospitals	2,369	3.4%	808
Other City Operations and Facilities	7,316	10.5%	252
Total	**$69,877**	**100.0%**	$2,674
Reserve for Unattained Commitments	(8,846)		(4,969)
Adjusted Total	**$61,031**	**N/A**	**($2,295)**

SOURCE: Office of Management and Budget, FY 2021 Adopted Capital Commitment Plan, November, 2020. Numbers may not tie due to rounding.

The City's report on actual FY 2020 capital commitments shows all-funds commitments totaling $8.06 billion, $7.94 billion below the FY 2020 authorized commitment level of $16.01 billion in the April 2020 Plan, or an achievement rate of 50.4 percent. The almost $8 billion shortfall in commitments against plan suggests that most of the combined $2.67 billion increase in the Commitment Plan is due to a shifting forward of unmet FY 2020 commitments.

Estimated commitments for capital projects in DOE and the City University of New York (CUNY), account for $16.3 billion or 23.3 percent of planned all-funds commitments ($15.84 billion for DOE projects). Other major components of the Plan are capital projects in the Department of Environmental Protection (DEP) which comprise 11.8 percent of the planned all-funds commitments, DOT and Mass Transit projects which account for 14.2 percent, and Housing and Economic Development projects which account for 14.7 percent of the Plan.[21] These four major

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

program areas constitute a majority of the Commitment Plan, accounting for $44.74 billion, or 64 percent of the Plan.

The all-funds increase of $2.67 billion is made up of an increase in FY 2021 of $712 million, followed by a decrease in FY 2022 of $1.12 billion, a modest increase of $19 million in FY 2023, and an increase of $3.06 billion in FY 2024. The largest increases in FY 2021 are $1.23 billion for NYCHA and $551 million for Transit related projects. These increases are largely the result of rollovers from FY 2020.

The November 2020 Capital Plan includes 549 new project IDs with combined commitments of $5.70 billion over FY 2021 – FY 2024. Of these, 14 project ID's account for $4.48 billion, or 79 percent of the combined commitments. These projects include $3.68 billion for borough-based jails in Brooklyn, the Bronx, Manhattan, and Queens transferred from the generic "New Jail Facilities" project ID. In addition, there are $320 million of resiliency projects and $86 million for DOITT's next generation 911 calling system. In contrast, the largest deferral to the outyears is the Gowanus Canal superfund project with a decrease of $363 million over the FY 2021 – FY 2024 Plan period.

The City's November 2020 Capital Commitment Plan includes an update of the Ten-Year Capital Strategy (TYCS) by broad programmatic categories (Project Types) over the FY 2021 – FY 2029 period. The updated TYCS over FY 2021 – FY 2029 sums to $119.24 billion, an increase of $9.11 billion versus the updated TYCS in April 2020 over the same period. The revised commitments in the November 2020 TYCS update reflect the $2.67 billion increase the FY 2021 – FY 2024 Capital Plan discussed above, along with project deferrals to the outyears, netting to an increase of $6.44 billion over FY 2025 – FY 2029.

Among the new project IDs are 23 projects to support the City's response to the pandemic. These include $13 million for ventilator purchases, $5.2 million for X-Ray, CAT Scan, and ultrasound equipment, together with $140 million for Centers of Excellence in Health + Hospitals (H+H) in vulnerable communities. Prior COVID related capital spending includes $160 million for tablets and iPads to support remote learning.

FY 2020 Capital Commitments

FY 2020 all-funds actual commitments totaled $8.06 billion. This represents an achievement rate of 50.4 percent against the authorized plan of $16.01 billion contained in the April 2020 Executive Plan, as shown in Table 21. This is a decrease of 26.7 percentage points from FY 2019, when the achievement rate was 77.1 percent, and an 8.5 percentage point decrease from the average achievement rate (58.9 percent) over the past decade.

The drop in achievement reflects the drop in construction activities due to the pandemic. Twenty of the 25 program agencies saw their achievement rates drop from the previous fiscal year. The five agencies with the largest percentage point drops in achievement rates are New York City Transit, the Department of Homeless Services, the Brooklyn Public Library, the New York Public Library, and the Department of Environmental Protection.[22] The drops in rates of achievement range from (45.3) percentage points to (73.2) percentage points.

Only five of 25 agencies improved their achievement rates over FY 2019. The greatest improvement in achievement rates were seen in the Department for the Aging, the Fire Department, the Department of Sanitation, Department of Citywide Administrative Services, and Administration

[22] Although the New York City Transit Authority is not a City agency, it is a distinct category within the Capital Commitment Plan with a measurable Plan and recorded actuals against which to measure performance. Data contained herein are from City support to NYCT from GO and TFA financing, not that of the Metropolitan Transportation Authority.

of Children's Services. The gains in achievement rates in these agencies ranged from 1.9 percentage points to 50.6 percentage points.

Table 21. Actual and Plan Commitments

($ in millions)	FY 2020 Executive Plan	FY 2020 Actuals	FY 2020 Achievement Rates	FY 2019 Actuals	FY 2020 vs. FY 2019
Dept. of Sanitation	$264.3	$266.8	101.0%	$285.5	($18.7)
Fire Department	133.2	114.6	86.1%	102.7	12.0
NYPL Research Libraries	0.4	0.3	80.6%	31.3	(31.0)
Dept. of Educ./SCA	3,873.4	2,802.4	72.3%	3,993.5	(1,191.1)
Citywide Admin., Svcs.	720.7	467.7	64.9%	388.8	78.8
Dept. for the Aging	13.1	7.2	55.1%	0.4	6.8
NY Health + Hospitals	1,003.9	531.9	53.0%	459.4	72.5
Dept. info Tech & Telecomms.	102.0	52.8	51.7%	70.3	(17.5)
Admin. For Children's Services	63.2	30.8	48.7%	33.4	(2.6)
Parks & Recreation	688.1	332.9	48.4%	537.1	(204.3)
Police Department	264.6	127.7	48.3%	194.4	(66.7)
Dept. of Transportation	1,529.4	702.1	45.9%	1,209.7	(507.6)
Dept. of Environ. Protection	2,270.8	1,029.4	45.3%	2,031.5	(1,002.1)
Health & Mental Hygiene	110.8	50.1	45.3%	67.1	(16.9)
CUNY	93.7	42.3	45.1%	77.3	(35.0)
Cultural Affairs	292.2	126.5	43.3%	216.9	(90.4)
Business Services	703.4	276.4	39.3%	397.4	(121.0)
Housing Pres. & Dvlpmt.	2,255.0	875.5	38.8%	1,810.9	(935.4)
Human Resources Admin.	77.1	23.0	29.8%	44.5	(21.5)
Queens Public Library	34.2	9.8	28.7%	21.0	(11.2)
Homeless Services	59.2	11.0	18.6%	47.0	(36.0)
New York Public Library	119.3	19.6	16.5%	48.0	(28.3)
NYC Transit	722.9	116.7	16.1%	432.9	(316.1)
Brooklyn Public Library	26.5	3.8	14.3%	46.2	(42.4)
Dept. of Correction	586.1	42.2	7.2%	57.9	(15.7)
TOTAL	**$16,007.6**	**$8,063.6**	**50.4%**	**$12,605.1**	**($4,541.5)**

Financing Program

The November 2020 Financial Plan contains $41.26 billion of planned borrowing in FY 2021 – FY 2024, as shown in Table 22. The borrowing is comprised of $16.29 billion of General Obligation (GO) bonds, $18.53 billion of Transitional Finance Authority – Future Tax Secured (TFA FTS) bonds, $5.65 billion of New York Water Finance Authority (NYW) bonds, and $788 million of TFA Building Aid Revenue Bonds (BARBs) that are supported by State building aid revenues.

Table 22. November 2020 Plan Financing Program

($ in millions)	Estimated Borrowing and Funding Sources FY 2021 – FY 2024	Percent of Total
General Obligation Bonds	$16,293	39.5%
TFA – FTS Bonds	18,533	44.9
NYC Water Finance Authority	5,646	13.7
TFA – BARBs	788	1.9
Total	**$41,260**	**100.0%**

SOURCE: NYC Office of Management and Budget, November 2020 Financial Plan.

Total projected borrowing in the November Plan for FY 2021 through FY 2024 is $5.57 billion less than the June 2020 Financial Plan. This is a result of decreases of $3.29 billion in GO borrowing, $1.05 billion in TFA FTS borrowing, and a $1.1 billion decrease in NYW estimated borrowing. In addition, projected TFA BARBs borrowing decreased by $140 million. The reduction in borrowing, despite the increase of $2.67 billion in capital commitments, stems largely from the $7.94 billion commitment shortfall in 2020 combined with other project deferrals, which result in a lower capital cash flow need over FY 2021- FY 2024. Estimated total borrowing ranges from $7.95 billion in FY 2021 to $12.02 billion in FY 2024, with an annual average of $10.32 billion over the period, down from $11.71 billion per year in the June 2020 Financial Plan.

Debt Service

As shown in Table 23, debt service, net of prepayments, in the November Plan totals $6.75 billion in FY 2021, $7.76 billion in FY 2022, $8.55 billion in FY 2023, and $8.90 billion in FY 2024.[23] These amounts represent decreases from the June 2020 Financial Plan of $698 million in FY 2021, $321 million in FY 2022, $242 million in FY 2023, and $319 million in FY 2024. Between FY 2021 and FY 2024, total debt service is expected to increase by $2.15 billion, or 31.8 percent. These projections exclude debt service of the NYW, which is backed by water and sewer user fees, and that of the TFA BARBs.

Excluding prepayments, FY 2020 debt service totaled $6.84 billion.[24] FY 2021 debt service of $6.75 billion in the November Plan, adjusted to exclude prepayments, is projected to be $84 million or 1.2 percent lower than FY 2020. The decrease is due primarily to GO refunding savings of $246 million in FY 2021 offset by other projected baseline debt service increases of $162 million in FY 2021.

Table 23. November Financial Plan Debt Service Estimates

($ in millions)	FY 2021	FY 2022	FY 2023	FY 2024	Change FY 2021 – FY 2024	% Change FY 2021 – FY 2024
GO	$3,655	$4,178	$4,458	$4,741	$1,086	29.7%
TFA[a]	2,892	3,381	3,864	3,967	1,075	37.2%
Lease-Purchase Debt	125	125	148	118	(7)	(6.1%)
TSASC, Inc.	82	76	76	76	(6)	(7.3%)
Total	**$6,754**	**$7,760**	**$8,545**	**$8,902**	**$2,148**	**31.8%**

SOURCE: November 2020 Financial Plan.
NOTE: Debt service is adjusted for prepayments.
[a] Amounts do not include TFA BARBs.

The $698 million decrease in FY 2021 is due to GO and TFA FTS savings of $355 million and $343 million, respectively. The GO savings stem primarily from a refunding action which produced savings of $246 million, along with a $71 million reduction in estimated VRDB interest costs and $55 million of net savings from lower GO debt issuance in the first half of FY 2021. The decrease in TFA debt service results primarily from $69 million of estimated VRDB cost savings along with about $230 million of savings from the first-quarter refunding transaction.

In FY 2022 the reduction of $321 million is comprised of estimated GO savings of $135 million, largely from the continued impact of lowered borrowing in the first-half of FY 2020 and estimated VRDB interest cost savings. The remaining $186 million of savings is from TFA, comprised of $141 million of refunding savings from the first-quarter transaction, $34 million of lower estimated

[23] Includes GO, conduit debt, TFA PIT bonds, and TSASC.
[24] Includes TSASC debt service of $82 million in FY 2020.

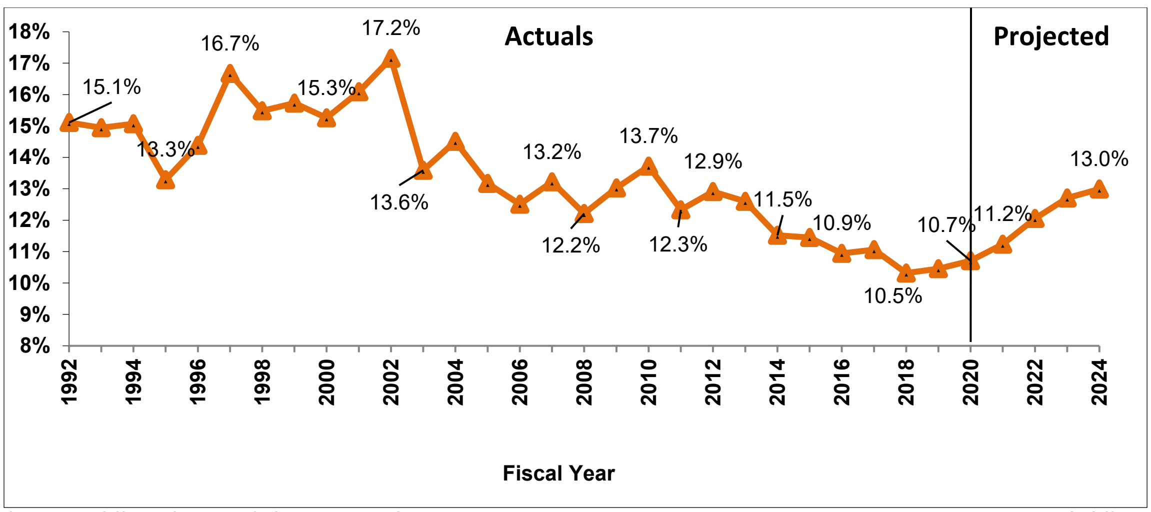
VRDB interest costs, and $16 million from building aid revenues available to reduce TFA FTS debt service.

Estimated savings in FY 2023 and FY 2024 of $242 million and $319 million, respectively, stem from GO debt service savings of $184 million from the continued impact of lowered borrowing assumptions in FY 2021 through FY 2023 and lower estimated VRDB interest costs, along with TFA's estimated savings of $58 million from lower FY 2022 and FY 2023 projected borrowing amounts, coupled with decreases in estimated VRDB interest costs. FY 2024 follows a similar pattern as FY 2023 with estimated GO savings of $227 million and TFA savings of $92 million.

Debt Affordability

Debt service as a percent of local tax revenues and as a percent of total-funds revenues are widely-used measures of debt affordability.[25] In FY 2020, the City's debt service was 10.7 percent of local tax revenues. The November Plan projects debt service will consume 11.2 percent of local tax revenues in FY 2021, 12.1 percent in FY 2022, 12.7 percent in FY 2023, and 13.0 percent in FY 2024, 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 9.8 percent from FY 2021 to FY 2024 while tax revenue during this period is projected to grow 4.6 percent annually.[26]

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



SOURCE: Office of the NYC Comptroller, Comprehensive Annual Financial Reports, FY 1992 – FY 2020, and NYC Office of Management and Budget, November 2020 Financial Plan.

Debt service is also projected to grow at a faster rate than total revenue, which includes tax and non-tax revenues, and Federal, State and other categorical aid, over the Plan period. As such, debt service is projected to consume an increasing share of the budget. As shown in Chart 9, the City's debt service as a percent of all-funds revenues is estimated to be 7.3 percent in FY 2021, 8.3 percent in FY 2022, 8.8 percent in FY 2023, and 9.1 percent in FY 2024. The rate of debt

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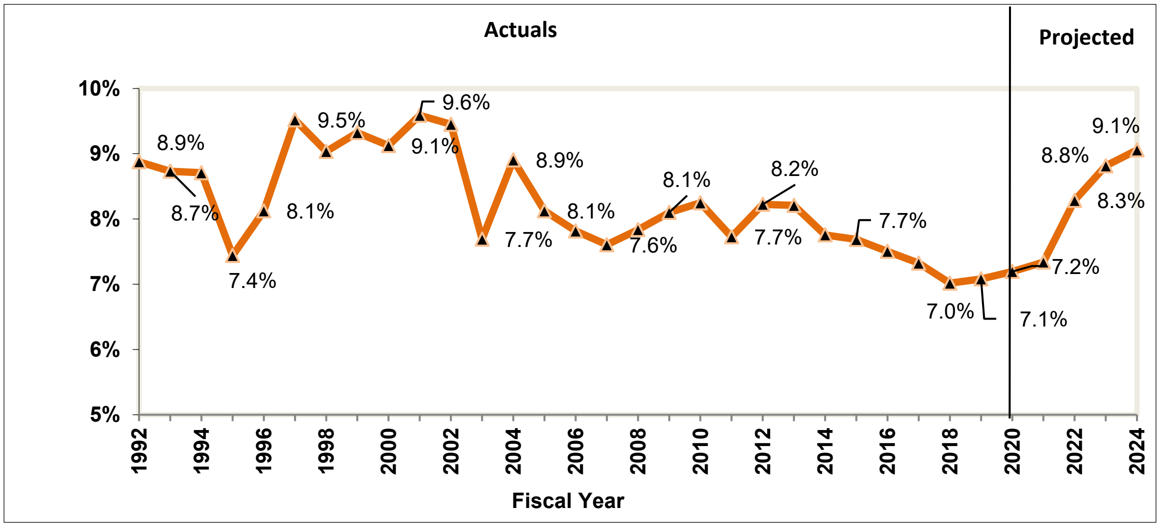
[25] Debt service in this discussion is adjusted to exclude prepayments. For additional analysis of the affordability of the City's debt, see Office of the New York City Comptroller, *Annual Report on Capital Debt and Obligations for FY 2021.* https://comptroller.nyc.gov/reports/annual-report-on-capital-debt-and-obligations/

[26] Excludes TSASC debt service.

service growth, including TSASC, over the Financial Plan period is projected to be 9.6 percent, far outpacing the estimated total revenue growth of 2.2 percent by over 7 percentage points.

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



SOURCE: Office of the NYC Comptroller, Comprehensive Annual Financial Reports, FY 1992 – FY 2020, and NYC Office of Management and Budget, November 2020 Financial Plan.

V. Appendix

Table A1. November 2020 Financial Plan Revenue Detail

($ in millions)	FY 2021	FY 2022	FY 2023	FY 2024	Change FYs 2021 – 2024 Dollars	Percent	Annual Percent Change
Taxes:							
Real Property	$30,852	$32,001	$32,863	$33,226	$2,374	7.7%	2.5%
Personal Income Tax	11,922	12,975	13,729	14,270	2,348	19.7%	6.2%
General Corporation Tax	3,444	3,850	4,069	3,960	516	15.0%	4.8%
Unincorporated Business Tax	1,765	1,753	1,889	1,980	215	12.2%	3.9%
Sale and Use Tax	6,766	8,089	8,667	8,916	2,150	31.8%	9.6%
Real Property Transfer	854	1,000	1,150	1,200	346	40.5%	12.0%
Mortgage Recording Tax	579	690	791	828	249	43.0%	12.7%
Commercial Rent	801	851	879	910	109	13.6%	4.3%
Utility	365	400	401	416	51	14.0%	4.5%
Hotel	255	560	647	659	404	158.4%	37.2%
Cigarette	27	25	24	23	(4)	(14.8%)	(5.2%)
All Other	839	833	833	833	(6)	(0.7%)	(0.2%)
Tax Audit Revenue	921	721	721	721	(200)	(21.7%)	(7.8%)
Total Taxes	**$59,390**	**$63,748**	**$66,663**	**$67,942**	**$8,552**	**14.4%**	**4.6%**
Miscellaneous Revenue:							
Licenses, Franchises, Etc.	$680	$696	$696	$698	$18	2.6%	0.9%
Interest Income	12	10	10	12	0	0.0%	0.0%
Charges for Services	975	1,049	1,050	1,050	75	7.7%	2.5%
Water and Sewer Charges	1,720	1,561	1,558	1,557	(163)	(9.5%)	(3.3%)
Rental Income	245	243	243	243	(2)	(0.8%)	(0.3%)
Fines and Forfeitures	952	1,103	1,098	1,098	146	15.3%	4.9%
Miscellaneous	403	343	342	341	(62)	(15.4%)	(5.4%)
Intra-City Revenue	2,038	1,816	1,812	1,811	(227)	(11.1%)	(3.9%)
Total Miscellaneous Revenue	**$7,025**	**$6,821**	**$6,809**	**$6,810**	**($215)**	**(3.1%)**	**(1.0%)**
Reserve for Disallowance of Categorical Grants	**($15)**	**($15)**	**($15)**	**($15)**	**$0**	**0.0%**	**0.0%**
Less: Intra-City Revenue	**($2,038)**	**($1,816)**	**($1,812)**	**($1,811)**	**$227**	**(11.1%)**	**(3.9%)**
TOTAL CITY-FUNDS	**$64,362**	**$68,738**	**$71,645**	**$72,926**	**$8,564**	**13.3%**	**4.3%**

NOTE: Numbers may not add due to rounding.

Table A1 (Con't). November 2020 Financial Plan Revenue Detail

($ in millions)	FY 2021	FY 2022	FY 2023	FY 2024	Change FYs 2021 – 2024 Dollars	Change FYs 2021 – 2024 Percent	Annual Percent Change
Other Categorical Grants	**$1,065**	**$998**	**$988**	**$986**	**($79)**	**(7.4%)**	**(2.5%)**
Inter-Fund Agreements	**$696**	**$654**	**$656**	**$656**	**($40)**	**(5.7%)**	**(2.0%)**
Federal Categorical Grants:							
Community Development	$741	$290	$261	$261	($480)	(64.8%)	(29.4%)
Welfare	3,607	3,437	3,437	3,437	(170)	(4.7%)	(1.6%)
Education	2,720	1,962	1,962	1,962	(758)	(27.9%)	(10.3%)
Other	3,889	1,305	1,271	1,265	(2,624)	(67.5%)	(31.2%)
Total Federal Grants	**$10,957**	**$6,994**	**$6,931**	**$6,925**	**($4,032)**	**(36.8%)**	**(14.2%)**
State Categorical Grants							
Social Services	$1,843	$1,816	$1,816	$1,816	($27)	(1.5%)	(0.5%)
Education	10,848	12,252	12,705	12,705	1,857	17.1%	5.4%
Higher Education	283	283	282	282	(1)	(0.4%)	(0.1%)
Department of Health and Mental Hygiene	526	517	514	514	(12)	(2.3%)	(0.8%)
Other	1,442	1,417	1,415	1,464	22	1.5%	0.5%
Total State Grants	**$14,942**	**$16,285**	**$16,732**	**$16,781**	**$1,839**	**12.3%**	**3.9%**
TOTAL REVENUES	**$92,022**	**$93,669**	**$96,952**	**$98,274**	**$6,252**	**6.8%**	**2.2%**

NOTE: Numbers may not add due to rounding.

Table A2. November 2020 Financial Plan Expenditure Detail

($ in millions)	FY 2021	FY 2022	FY 2023	FY 2024	Change FYs 2021 – 2024 Dollars	Change FYs 2021 – 2024 Percent	Annual Percent Change
Mayoralty	$149	$154	$150	$150	$1	0.7%	0.2%
Board of Elections	160	136	135	135	(25)	(15.4%)	(5.4%)
Campaign Finance Board	60	15	15	15	(45)	(75.3%)	(37.3%)
Office of the Actuary	7	7	7	7	0	2.6%	0.8%
President, Borough of Manhattan	5	5	5	5	(1)	(10.2%)	(3.5%)
President, Borough of Bronx	6	6	6	6	(1)	(11.3%)	(3.9%)
President, Borough of Brooklyn	8	6	6	6	(1)	(15.2%)	(5.3%)
President, Borough of Queens	6	5	5	5	(1)	(20.1%)	(7.2%)
President, Borough of Staten Island	5	4	4	4	(0)	(8.2%)	(2.8%)
Office of the Comptroller	110	110	110	110	0	0.0%	0.0%
Dept. of Emergency Management	315	29	29	29	(286)	(90.9%)	(54.9%)
Office of Administrative Tax Appeals	6	6	6	6	0	0.7%	0.2%
Law Dept.	240	237	241	241	1	0.3%	0.1%
Dept. of City Planning	45	42	42	42	(4)	(8.6%)	(3.0%)
Dept. of Investigation	51	46	46	45	(5)	(10.6%)	(3.7%)
NY Public Library — Research	31	30	30	30	(1)	(2.8%)	(0.9%)
New York Public Library	156	151	151	151	(5)	(2.9%)	(1.0%)
Brooklyn Public Library	117	114	114	114	(4)	(3.0%)	(1.0%)
Queens Borough Public Library	122	119	119	119	(3)	(2.8%)	(1.0%)
Dept. of Education	28,477	28,691	29,483	29,880	1,403	4.9%	1.6%
City University	1,235	1,206	1,268	1,288	53	4.3%	1.4%
Civilian Complaint Review Board	20	21	20	20	1	2.9%	1.0%
Police Dept.	5,043	5,240	5,280	5,280	238	4.7%	1.5%
Fire Dept.	2,147	2,079	2,093	2,093	(54)	(2.5%)	(0.9%)
Dept. of Veterans' Services	6	6	6	6	(0)	(1.8%)	(0.6%)
Admin. for Children Services	2,684	2,642	2,643	2,643	(42)	(1.5%)	(0.5%)
Dept. of Social Services	9,493	10,040	10,040	10,040	547	5.8%	1.9%
Dept. of Homeless Services	2,241	2,052	2,053	2,053	(188)	(8.4%)	(2.9%)
Dept. of Correction	1,150	1,197	1,220	1,220	70	6.1%	2.0%
Board of Correction	3	3	3	3	0	3.9%	1.3%
Citywide Pension Contribution	9,820	10,454	10,426	10,198	378	3.8%	1.3%
Miscellaneous	9,348	11,707	11,779	12,552	3,204	34.3%	10.3%
Debt Service	4,059	4,303	4,605	4,859	799	19.7%	6.2%
T.F.A. Debt Service	2,612	3,381	3,864	3,967	1,354	51.8%	14.9%
FY 2020 BSA	(3,819)	0	0	0	3,819	(100.0%)	(100.0%)
FY 2021 BSA	632	(632)	0	0	(632)	(100.0%)	(100.0%)
Public Advocate	5	4	4	4	(0)	(0.9%)	(0.3%)
City Council	83	56	56	56	(27)	(32.3%)	(12.2%)
City Clerk	6	6	6	6	0	8.7%	2.8%
Dept. for the Aging	419	382	382	382	(37)	(8.7%)	(3.0%)
Dept. of Cultural Affairs	189	149	149	149	(41)	(21.4%)	(7.7%)
Financial Info. Serv. Agency	110	111	111	111	1	1.0%	0.3%
Office of Payroll Admin.	15	15	15	15	0	2.0%	0.7%
Independent Budget Office	6	6	6	6	(0)	(0.4%)	(0.1%)
Equal Employment Practices	1	1	1	1	0	4.4%	1.5%

NOTE: Numbers may not add due to rounding.

Table A2 (Con't). November 2020 Financial Plan Expenditure Detail

($ in millions)	FY 2021	FY 2022	FY 2023	FY 2024	Change FYs 2021 – 2024 Dollars	Percent	Annual Percent Change
Civil Service Commission	1	1	1	1	0	4.7%	1.5%
Landmarks Preservation Commission	7	7	7	7	0	0.1%	0.0%
Taxi & Limousine Commission	54	56	57	56	2	3.4%	1.1%
Commission on Human Rights	13	13	13	13	0	1.6%	0.5%
Youth & Community Development	687	610	610	610	(77)	(11.2%)	(3.9%)
Conflicts of Interest Board	3	3	3	3	0	7.1%	2.3%
Office of Collective Bargaining	2	2	2	2	0	1.7%	0.6%
Community Boards (All)	19	19	19	19	(0)	(0.8%)	(0.3%)
Dept. of Probation	116	114	115	115	(1)	(0.6%)	(0.2%)
Dept. Small Business Services	276	147	138	137	(139)	(50.3%)	(20.8%)
Housing Preservation & Development	1,264	1,031	1,012	1,012	(253)	(20.0%)	(7.2%)
Dept. of Buildings	192	187	189	189	(3)	(1.4%)	(0.5%)
Dept. of Health & Mental Hygiene	2,140	1,726	1,706	1,704	(435)	(20.3%)	(7.3%)
NYC Health + Hospitals	1,307	1,192	1,175	1,184	(123)	(9.4%)	(3.2%)
Office of Administrative Trials & Hearings	49	51	51	51	3	5.1%	1.7%
Dept. of Environmental Protection	1,495	1,384	1,378	1,377	(118)	(7.9%)	(2.7%)
Dept. of Sanitation	2,071	1,744	1,750	1,749	(322)	(15.5%)	(5.5%)
Business Integrity Commission	9	9	9	9	0	3.4%	1.1%
Dept. of Finance	319	316	316	316	(3)	(0.8%)	(0.3%)
Dept. of Transportation	1,127	1,118	1,128	1,129	2	0.2%	0.1%
Dept. of Parks and Recreation	499	476	485	485	(13)	(2.7%)	(0.9%)
Dept. of Design & Construction	293	151	151	151	(142)	(48.5%)	(19.8%)
Dept. of Citywide Admin. Services	1,219	530	529	529	(691)	(56.6%)	(24.3%)
D.O.I.T.T.	646	549	553	553	(94)	(14.5%)	(5.1%)
Dept. of Record & Info. Services	12	16	16	16	5	40.8%	12.1%
Dept. of Consumer Affairs	41	41	41	41	0	0.2%	0.1%
District Attorney - N.Y.	134	125	125	125	(9)	(6.6%)	(2.2%)
District Attorney – Bronx	93	91	91	91	(2)	(1.8%)	(0.6%)
District Attorney – Kings	122	119	119	119	(3)	(2.3%)	(0.8%)
District Attorney –Queens	78	77	77	77	(1)	(1.3%)	(0.4%)
District Attorney - Richmond	18	19	18	18	0	1.2%	0.4%
Office of Prosec. & Special Narc.	26	25	25	25	(0)	(1.3%)	(0.4%)
Public Administrator - N.Y.	1	1	1	1	0	1.1%	0.4%
Public Administrator - Bronx	1	1	1	1	0	0.0%	0.0%
Public Administrator - Brooklyn	1	1	1	1	0	0.0%	0.0%
Public Administrator - Queens	1	1	1	1	0	0.0%	0.0%
Public Administrator - Richmond	1	1	1	1	(0)	(0.9%)	(0.3%)
General Reserve	100	1,000	1,000	1,000	900	900.0%	115.4%
Citywide Savings Initiatives	0	(22)	(24)	(24)	(24)	NA	NA
Energy Adjustment	0	57	105	142	142	NA	NA
Lease Adjustment	0	39	80	121	121	NA	NA
OTPS Inflation Adjustment	0	51	106	162	162	NA	NA
TOTAL EXPENDITURES	**$92,022**	**$97,421**	**$99,918**	**$101,376**	**$9,354**	**10.2%**	**3.3%**

NOTE: Numbers may not add due to rounding.

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