NEW YORK CITY COMPTROLLER
**BRAD LANDER**

# New York by the Numbers

## Monthly Economic and Fiscal Outlook


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**No. 88 – April 9th, 2024**


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# Contents

# A Message from the Comptroller

Dear New Yorkers,

If April showers bring May flowers, we should have a gorgeous spring after all of last week's rain. Our staff marked April Fool's Day with an audit designed to improve my style, but don't hold your breath watching our Audit Recommendations Tracker.

Kidding aside, the economic outlook for April is largely positive. The U.S. economy continues to grow fairly briskly, and inflation continues to abate.

Job creation in NYC has continued at a moderate pace, concentrated largely in health care. Unemployment remains low, suggesting that job growth may be constrained more by supply (available workers) than demand. Tourism is back up to pre-pandemic levels by most measures.

Our Budget, Policy, and Audit teams have been busy over the past month, with reports on the City's Debt Capacity, Rent Stabilized Vacancies, Infrastructure Assessment, and more.

After three months of housing-focused Spotlights (rental market, housing supply challenges, and homeownership), we're keeping a close eye on Albany. I'm keeping my fingers tightly crossed that the Governor and Legislature reach an agreement that will increase housing supply with a strong focus on affordability, strengthen tenant protections with good-cause eviction legislation, invest in housing preservation, and fund new rental vouchers to help homeless New Yorkers get off the street and out of shelter.

This month's Spotlight focuses on CUNY. Since the Free Academy in Manhattan received its state charter 177 years ago this month, CUNY has been a beacon of accessible higher education and an engine of economic opportunity. CUNY schools are consistently ranked among the best in the country for upward mobility for working class and low-income students. CUNY graduates half of NYC's nurses, a third of our teachers, and many tech workers, entrepreneurs, scientists, artists, and accountants. Unfortunately, pandemic enrollment declines and Adams administration budget cuts present new challenges. But if the students, faculty, and staff that I've been meeting on recent visits are any sign, I have no doubt CUNY will rise to meet them.

With gratitude for the many CUNY alumni in our office helping watch the numbers,

Brad

# Spotlight

## CUNY and the New York City Economy

The City University of New York (CUNY) system is among the best higher educational institutions in the country at providing opportunity for working-class and low-income households to lift themselves out of poverty. CUNY's faculty, staff, students, and graduates play a critical role in New York City's broader economy. In recent years, CUNY has been struggling with budget cuts and pandemic enrollment declines. This month's Spotlight explores the CUNY system and its important role in New York City's economic and social vitality.

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

# In Case You Missed It

Over the past month, the Office of Comptroller released the following announcements on the state of NYC's economy and finances:

- Rent-Stabilized Vacancies Plummeted Over Last 2 Years, Including for Units in Need of Repairs, New NYC Comptroller Report Finds
- NYC Comptroller Report Finds $12 Billion Increase in City's Debt Capacity, Proposed in State Budget, is Both Reasonable & Sufficient to Meet City's Capital Needs
- AUDIT: New York City Is Failing to Accurately Identify Its Infrastructure Repair Needs
- Providing Legal Services to Immigrants and New Arrivals in NY Could Yield Billions in Economic Benefits, New Report Finds
- NYC Comptroller Lander & Pension Fund Trustees Announce Agreements with Retail and Consumer Product Giants to Disclose Annual Workforce Diversity Data
- NYC Comptroller Audit Exposes 47th St BID's Fiscal Mismanagement; Calls for City to Withhold Funds to Compel Changes in Leadership & By-Laws
- NYC Comptroller Lander and NYC Public Pension Boards Reach Agreement on Climate Finance Disclosures with JPMorgan Chase, Citi, and Royal Bank of Canada
- UPDATE to Comptroller's "Accounting for Asylum Seeker Services" Online Hub

# The U.S. Economy

- Revised data show that **real GDP** grew at a 3.4% annual rate in the final quarter of 2023, slightly above the prior estimate of 3.2%. Growth estimates for the first quarter of 2024 have converged at around 2.0%, based on the New York and Atlanta Feds' nowcasts.
- **Housing starts** rebounded strongly in February, following a drop in January. Single-family starts climbed to a 22-month high, and multi-family starts, though still somewhat subdued, also rebounded. Building permits also rose in February; and the March survey of homebuilders showed sentiment rising for the 4th straight month, reaching its highest level since last July; and sentiment remained highest in the Northeast.
- The **U.S. job market** grew strongly in March, posting establishment-level payroll growth of 303,000, the largest increase since January 2023. The household survey also showed a large gain of 498,000 employed in March, a recovery of most of the 582,000 jobs lost from September 2023 to February 2024. The unemployment rate fell slightly to 3.8% (from 3.9% in February), although it remains 0.3% above its rate one year ago.
- **Weekly jobless claims** have remained within a fairly narrow and favorable range. The four-week moving average has remained near 210K through the end of March, near the average weekly level of the past six months but well below March 2023 (230K-240K).
- The **Consumer Price Index (CPI)** rose 0.4% in February—slightly exceeding both expectations and January's rise (0.3%)—and were up 3.2% from a year earlier. Energy prices rose sharply, while food prices were flat. The core CPI (excluding food & energy) also rose 0.4% in February, led by air fares and an uptick in apparel costs, and was up 3.8% over the past 12 months, the same as in January.
- The **Core Personal Consumption Expenditure (PCE) deflator** rose 0.3% in February—both total and core (excluding food & energy). The overall deflator was up 2.5% from a year earlier, and the core deflator was up 2.8%, which is the smallest increase in three years.
- **Consumer surveys** point to mixed but somewhat improved sentiment, on balance, in March. The Conference Board's index held steady near the middle of its recent range, after declining moderately in February; however, the University of Michigan's index climbed to its highest level in more than 2½ years.
- **Business surveys** also pointed to some pickup in March: the Purchasing Managers' surveys signaled a modest upturn in manufacturing activity and continued modest service-sector growth.
- Consumer surveys showed little change in **inflation expectations** in March, but business surveys pointed to a modest increase in price pressures.

# New York City Economy

## Payroll Employment & Industry Trends

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

| (1,000s) | Seasonally Adjusted NYC Employment | | | | | February 2024 Change from | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Industry:** | **Feb. '20** | **Feb. '23** | **Aug. '23** | **Jan. '24** | **Feb. '24** | **Feb. '20** | **Feb. '23** | **Aug. '23** | **Jan. '24** |
| **Total non-farm** | 4,702.5 | 4,657.6 | 4,678.5 | 4,700.0 | 4,702.2 | (0.3) | 44.6 | 23.7 | 2.2 |
| **Total Private** | 4,108.0 | 4,094.1 | 4,103.5 | 4,119.4 | 4,127.4 | 19.4 | 33.2 | 23.9 | 7.9 |
| **Government** | 594.5 | 563.4 | 575.1 | 580.6 | 574.8 | (19.6) | 11.4 | (0.2) | (5.8) |
| **Financial Activities** | 487.1 | 497.0 | 505.6 | 502.9 | 502.7 | 15.5 | 5.7 | (3.0) | (0.2) |
| **Securities** | 182.6 | 196.6 | 200.9 | 196.3 | 196.5 | 13.9 | (0.0) | (4.4) | 0.2 |
| **Information** | 229.2 | 236.4 | 214.4 | 222.2 | 222.3 | (6.8) | (14.1) | 7.9 | 0.1 |
| **Prof. and Bus. Serv.** | 781.2 | 800.7 | 794.4 | 787.3 | 786.3 | 5.2 | (14.3) | (8.0) | (1.0) |
| **Educational Services** | 256.4 | 256.5 | 258.6 | 253.7 | 252.4 | (4.0) | (4.2) | (6.2) | (1.3) |
| **Health Care & Soc. Assist.** | 823.5 | 898.4 | 923.5 | 959.1 | 968.6 | 145.1 | 70.3 | 45.1 | 9.6 |
| **Arts, Ent., and Rec.** | 95.7 | 82.8 | 87.4 | 86.7 | 88.2 | (7.5) | 5.4 | 0.8 | 1.5 |
| **Accom. & Food Svc.** | 374.4 | 344.4 | 350.7 | 350.1 | 348.5 | (25.9) | 4.1 | (2.2) | (1.7) |
| **Retail Trade** | 346.1 | 312.1 | 305.5 | 303.2 | 303.3 | (42.7) | (8.8) | (2.2) | 0.1 |
| **Wholesale Trade** | 139.8 | 131.7 | 131.0 | 129.8 | 129.9 | (9.9) | (1.8) | (1.1) | 0.1 |
| **Trans. & Warehousing** | 134.9 | 133.9 | 134.9 | 133.7 | 134.6 | (0.3) | 0.7 | (0.2) | 0.9 |
| **Construction** | 162.6 | 145.7 | 141.8 | 137.6 | 136.8 | (25.8) | (8.9) | (4.9) | (0.7) |
| **Manufacturing** | 66.0 | 58.2 | 57.7 | 56.1 | 56.3 | (9.6) | (1.8) | (1.3) | 0.3 |

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

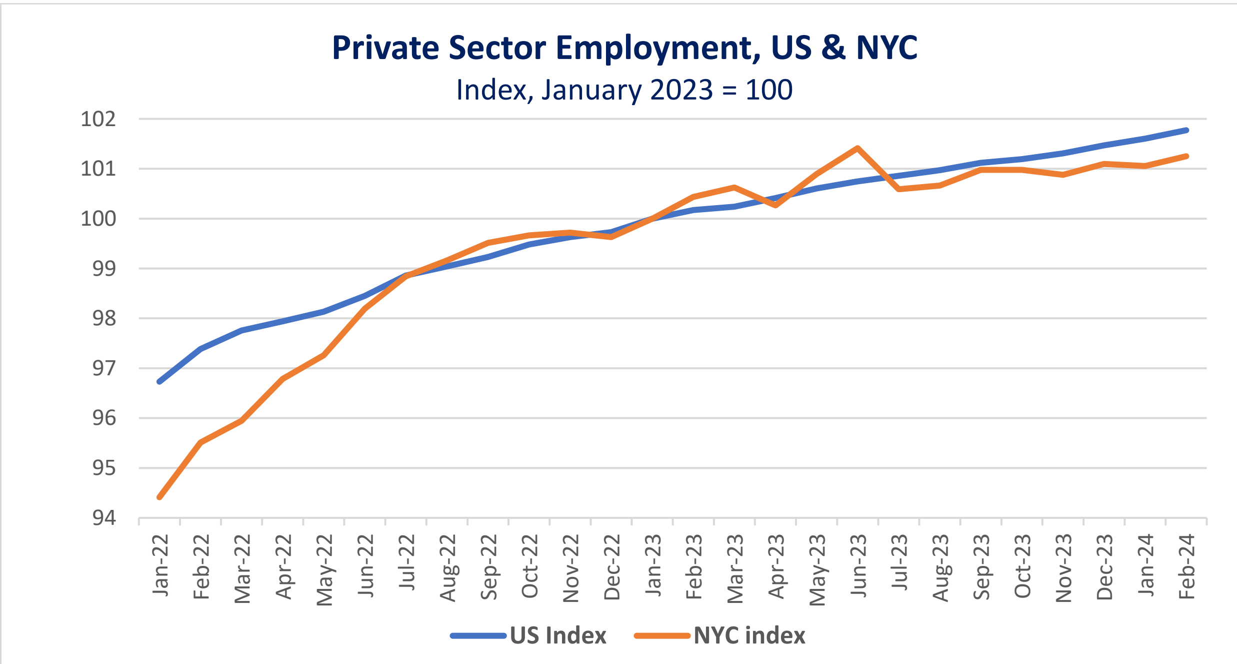
Note: Due to revisions to earlier months made by NY DOL through December 2023, numbers may not match to previous monthly newsletters.

- City-wide private-sector employment rose 7,900 in February, but January's level was revised down significantly—from a previously-estimated 25,000 gain to a 2,000 decline.

The downward revisions were distributed across almost all major industry sectors, with the exception of retail and transportation which were essentially unrevised.

- As shown in Chart 1, private sector employment has been growing slightly more slowly in NYC than nationally, since last June. As of February, private-sector employment was up 33K from a year earlier, which is roughly in line with our most recent forecast, as noted in our early March report. Private sector employment remains just above its pre-pandemic level.

## Chart 1



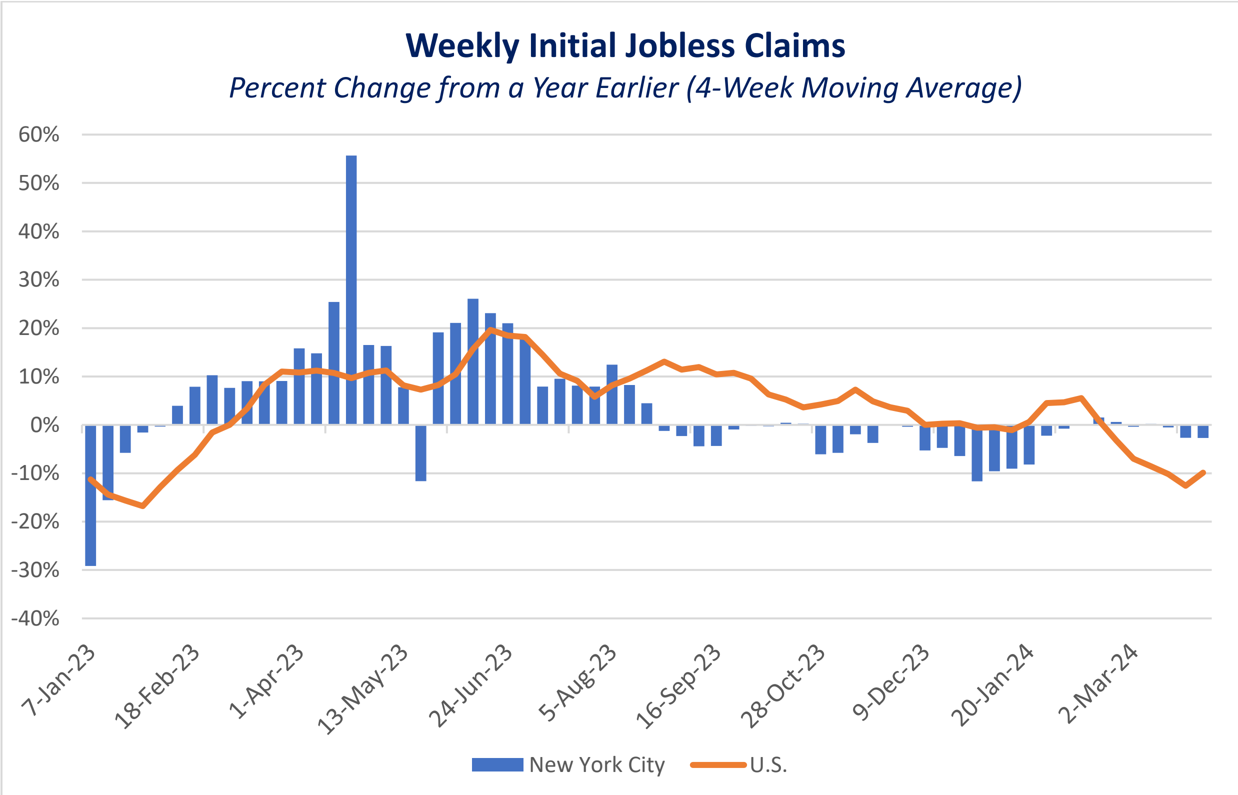

Sources: NY Department of Labor, US Bureau of Labor Statistics, Moody's economy.com, NYC Office of Management & Budget

- February's job gain was mostly concentrated in Health Care & Social Assistance, as has been the trend for more than a year now. Employment also rose modestly in Arts, Entertainment & Recreation and Transportation & Warehousing.

- The sluggish job growth over the past year can be attributed to outright job losses in Professional & Business Services and Information—likely attributable to tech layoffs and residual effects of the actors' and writers' strikes—as well as Retail Trade and Construction.

- More current information about industry trends can be gleaned from the weekly data on initial jobless claims, which indicate that layoffs remain subdued, and the job market remains fairly tight. Over the past two months, claims have been running roughly on par with the relatively low 2023 levels, as shown in Chart 2 below.

## Chart 2

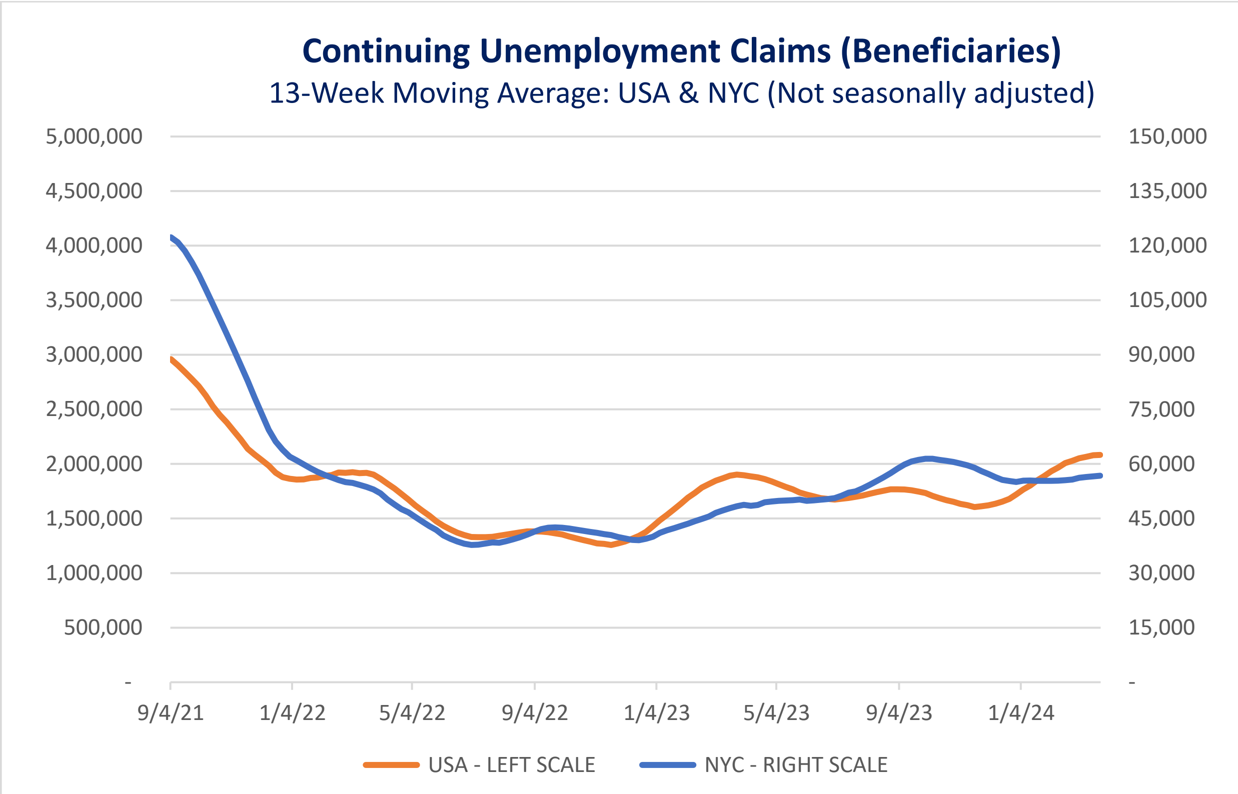



Sources: NY Department of Labor; U.S. Department of Labor; and Office of the New York City Comptroller

- While initial claims represent the flow of people into unemployment, it is also useful to monitor the number of ongoing unemployment claimants (i.e. people who remain on the rolls each week). The level can give a sense of how many New Yorkers are unemployed from week to week, and trends in the level can give a sense of how many people are coming off the rolls (i.e. finding jobs) each week.

- Chart 3 below shows trends in claimants in New York City and the nation over the past 2½ years. Aside from a modest rise during last summer and fall, reflecting the actors' and writers' strikes, this series has been quite steady over the past year at subdued levels.

## Chart 3



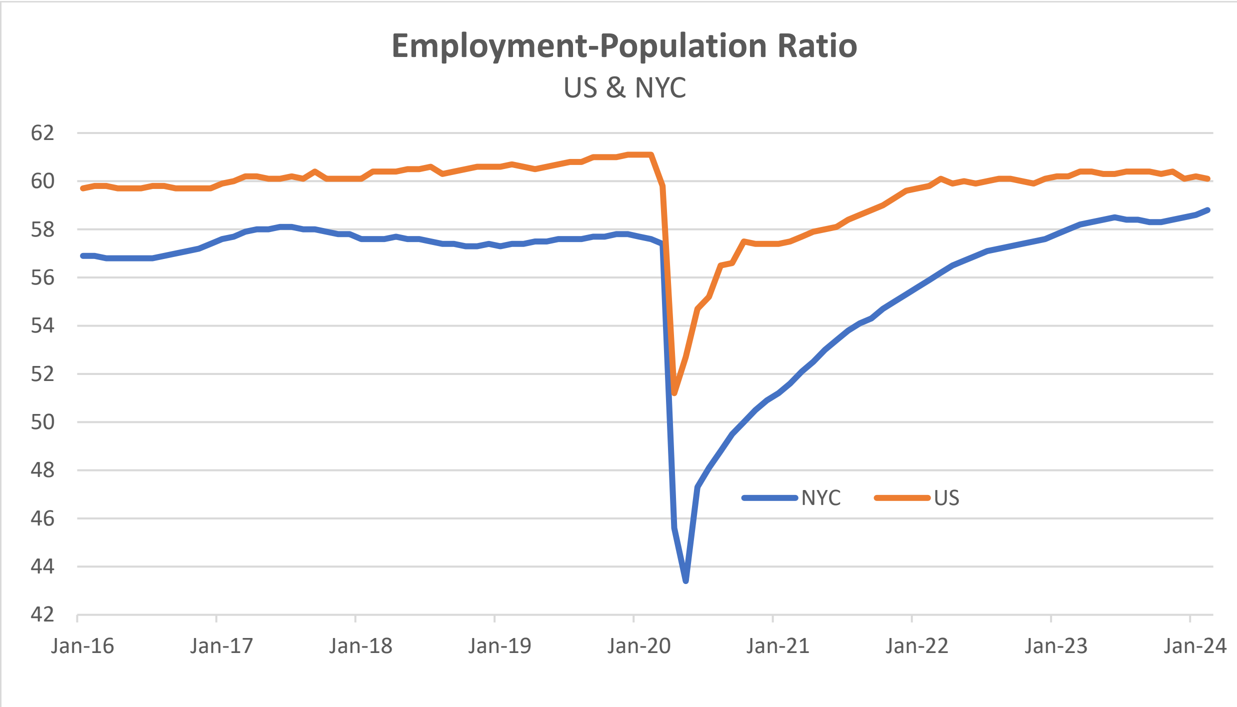

Sources: NY Department of Labor; U.S. Department of Labor; and Office of the New York City Comptroller
Data are not seasonally adjusted

# Labor Force Trends

- While New York City has lagged the nation in payroll job growth over the past 12 months, it has been catching up to the nation in the employment-population ratio—the share of adult residents who are employed (based on the household survey).

- Nationwide, the employment-population ratio has remained close to 60% for most of the past two years. In contrast, as shown in Chart 4 below, this ratio in New York City has been trending up; not only is it now higher than pre-pandemic, but its level of 58.8% in February is its highest level on record.

## Chart 4

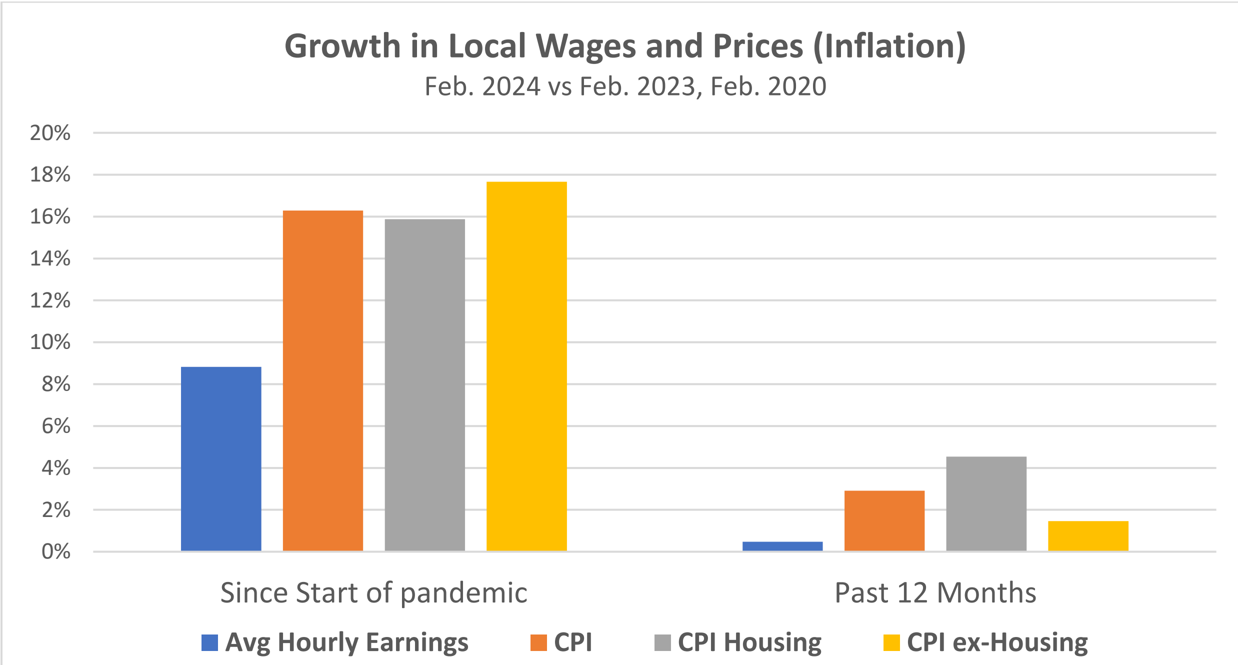



Sources: NY Department of Labor, U.S. Bureau of Labor Statistics, Moody's economy.com

# Inflation & Wages

- Consumer price inflation in the metro area remained fairly tame through February, averaging 3.0% over the past 3 months and 2.9% in the past 12 months, led by housing.
- However, as shown in Chart 5 below, wage growth has also slowed dramatically, with citywide average hourly earnings rising by just 0.5% over the 12 months ending in February—well below inflation.
- The relative weakness in recent wage growth can be attributed partly to industry mix; that is, the relatively low-wage Health & Social Assistance sector has accounted for the vast majority of the net job creation citywide, thus holding down the overall average. Still, even *within* most industries, wage growth has not kept pace with inflation.
- Moreover, this trend of wages not keeping pace with inflation did not just develop over the past year. As shown in Chart 5 below, since February 2020—just before the pandemic struck—wages are up 9%, while prices are up 16% (driven by more than just housing costs).

## Chart 5

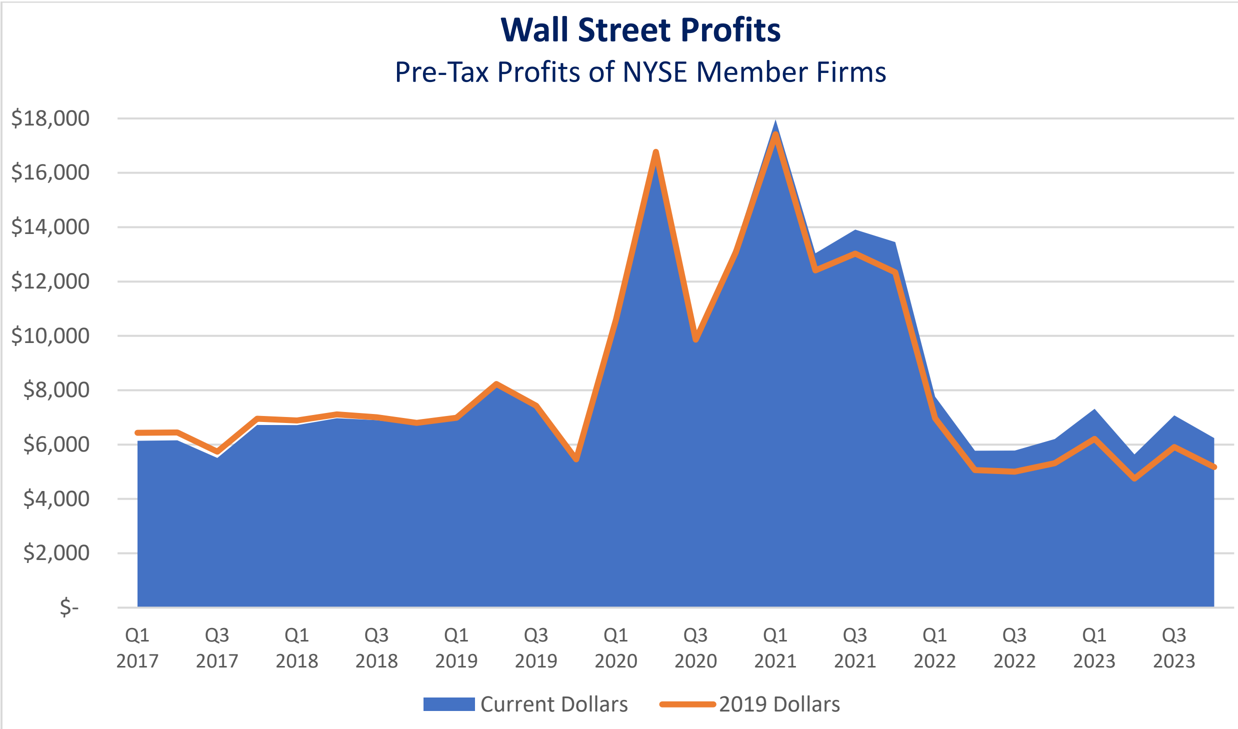



Sources: NY Department of Labor, U.S. Bureau of Labor Statistics

## Wall Street Profits

- In the last quarter of 2023, New York Stock Exchange member firms generated profits of $6.2 billion, similar to the same period in 2022, as shown in Chart 6 below. The full-year profits increased slightly compared to 2022, reaching $26.3 billion, up from $25.5 billion in 2022. However, compared to 2019 (pre-pandemic), 2023 profits were down roughly 6.5% and down 22% when adjusted for inflation.

## Chart 6

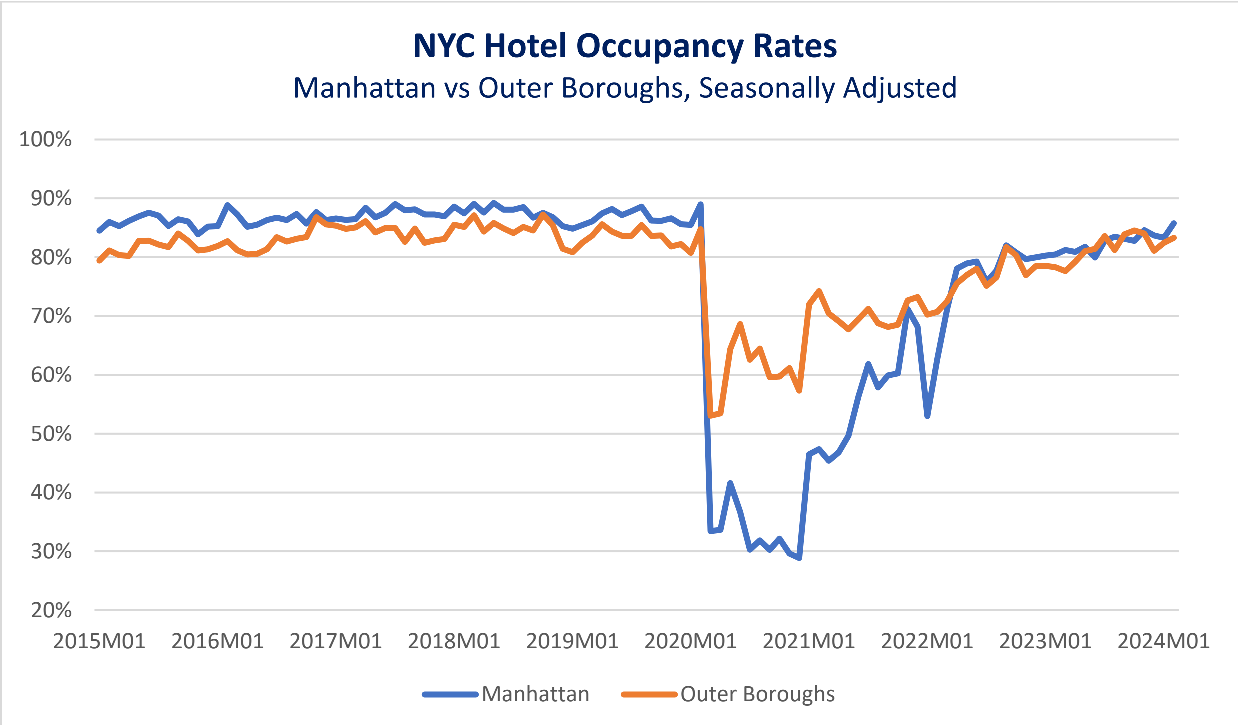



Sources: Intercontinental Exchange, U.S. Bureau of Labor Statistics, Office of the New York City Comptroller

# Tourism

- The city's seasonally adjusted hotel occupancy rate stood at roughly 85% in February (76% unadjusted)—roughly on par with pre-pandemic levels. As shown in Chart 7 below, occupancy was slightly higher in Manhattan than in the outer boroughs, with both rates continuing their gradual upward trend and ending February on par with 2019 levels.
- Average room rates have been mixed. In Manhattan they have leveled off since last spring at about 20% above comparable pre-pandemic levels. In the outer boroughs however, they are up 13% over the past year and are almost 30% above pre-pandemic levels.

## Chart 7

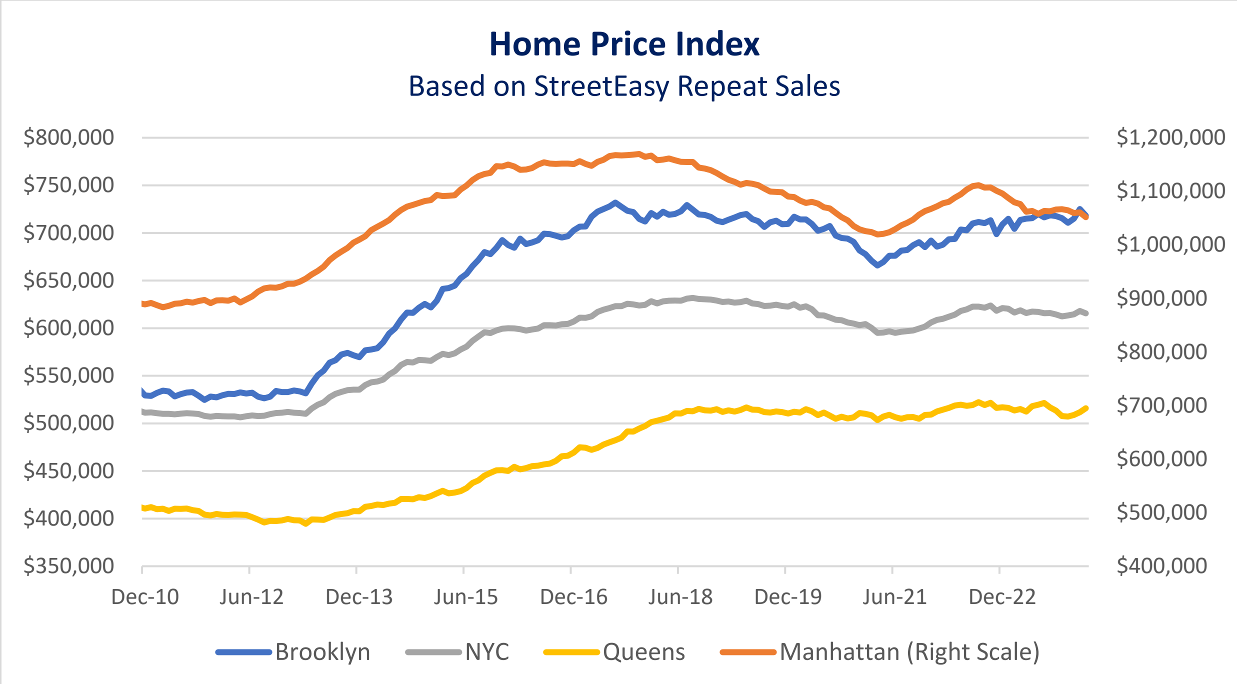



Source: Costar

# Residential Real Estate Market

- The housing market has tightened a bit thus far in 2024, based on data from StreetEasy, with both rents and prices edging up, though prices are still down slightly from their historic peaks a year ago.
- The inventory of available rental units is little changed from a year earlier, though it is quite low by historical standards and lower than in the year leading up to the pandemic. Rents are up roughly nearly 20% from pre-pandemic levels.
- In the purchase market, the inventory of available homes for sale, though still quite low, was up moderately from a year earlier. Meanwhile, selling prices have edged up recently and were roughly on par with a year earlier as of February—up slightly in Brooklyn and Queens, down slightly in Manhattan.
- Chart 8 below shows trends in home prices city-wide and across the three boroughs for which adequate data are available. The data are based on repeat sales and thus not distorted by changes in the mix of units. Prices had actually declined a good deal before the pandemic and then fell further during the first few months before rebounding.

## Chart 8

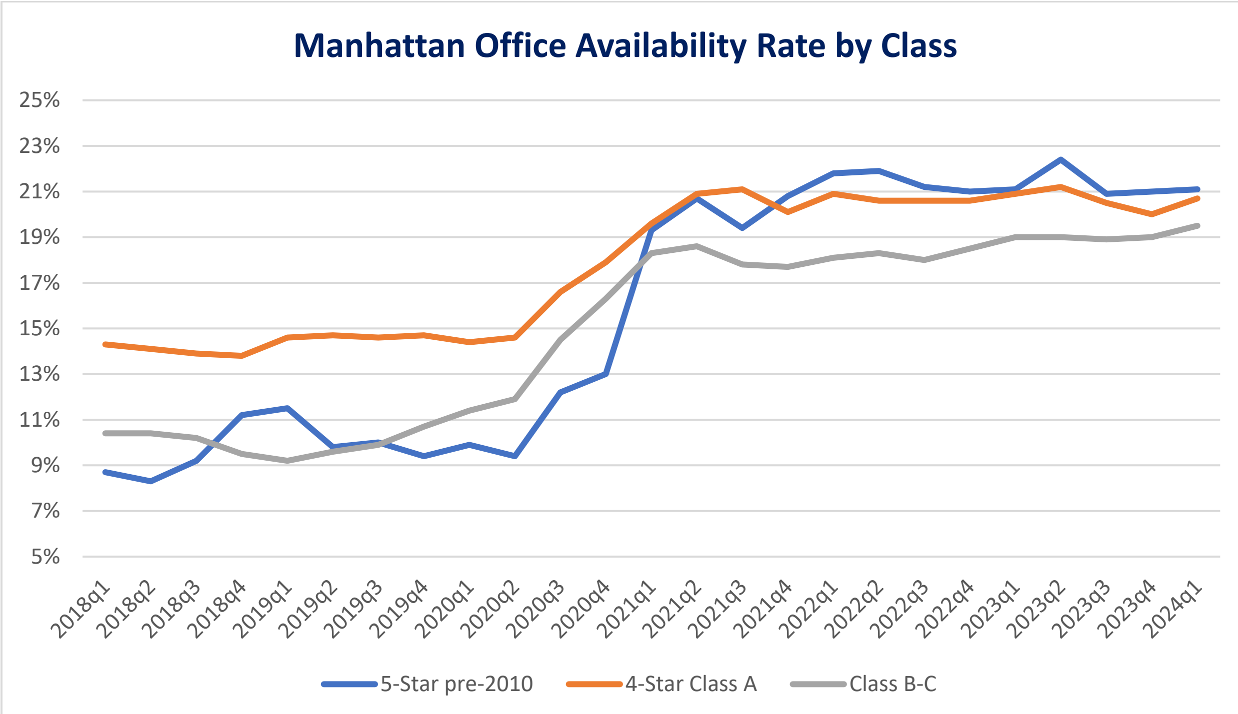



Source: StreetEasy

# Office Market

- Space available for lease remained at elevated levels for most office buildings in Manhattan. Chart 9 shows the availability rate for three categories of properties in Manhattan's business districts (i.e. south of 65th Street): CoStar's 5-star rated buildings built before 2010, 4-star rated class A buildings, and class B and C buildings. These categories represent 91.5% of the market.
- Regardless of class and rating, the availability rate is around 20% and shows no sign of improvement. The increase in availability rate was the steepest among 5-star pre-2010 buildings, possibly because tenants signed leases in newer top-tier buildings which represented 6.3% of the inventory as of the first quarter of 2024.

## Chart 9

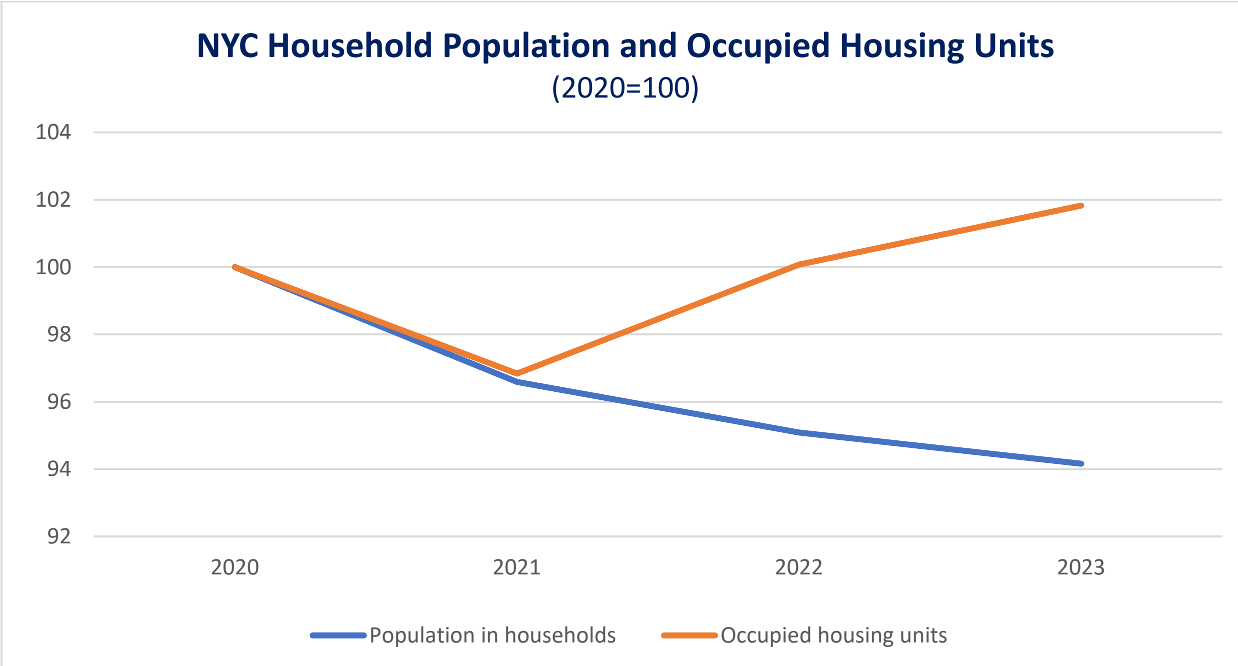



Source: CoStar. Notes: CoStar building ratings definitions are here and a full glossary is here. Available space (space that is being marketed, regardless of whether it is occupied) is as of the last day of the quarter. For 2024Q1, the availability rate is as of 3/20. The sample includes existing office buildings in Midtown, Midtown South, and Downtown Manhattan (generally, the geography up to 65th Street, in CoStar's demarcation of submarkets) that are larger than 50,000 square feet, not owner-occupied, with the exclusion of class "F" buildings. As of 3/20, the total inventory totaled ~480 million square feet. The chart excludes 5-star buildings built since 2010 (6.3% of the inventory) who face different economics than the rest of the market and a small residual category of lower-rated class A buildings.

# Population & Demographics Update

- The annual Census population estimates released in March showed New York City lost 78,000 residents between 2022 and 2023. One aspect of recent Census estimates is that while population in households (excluding group quarters such as shelters, dorms, jails, and others) has been declining, the estimates of occupied housing units have increased in 2022 and 2023, as shown in Chart 10. This means that estimated average household size has decreased and is one of the contributing factors for the tightness of the housing market (as we discussed in our February spotlight on housing supply).

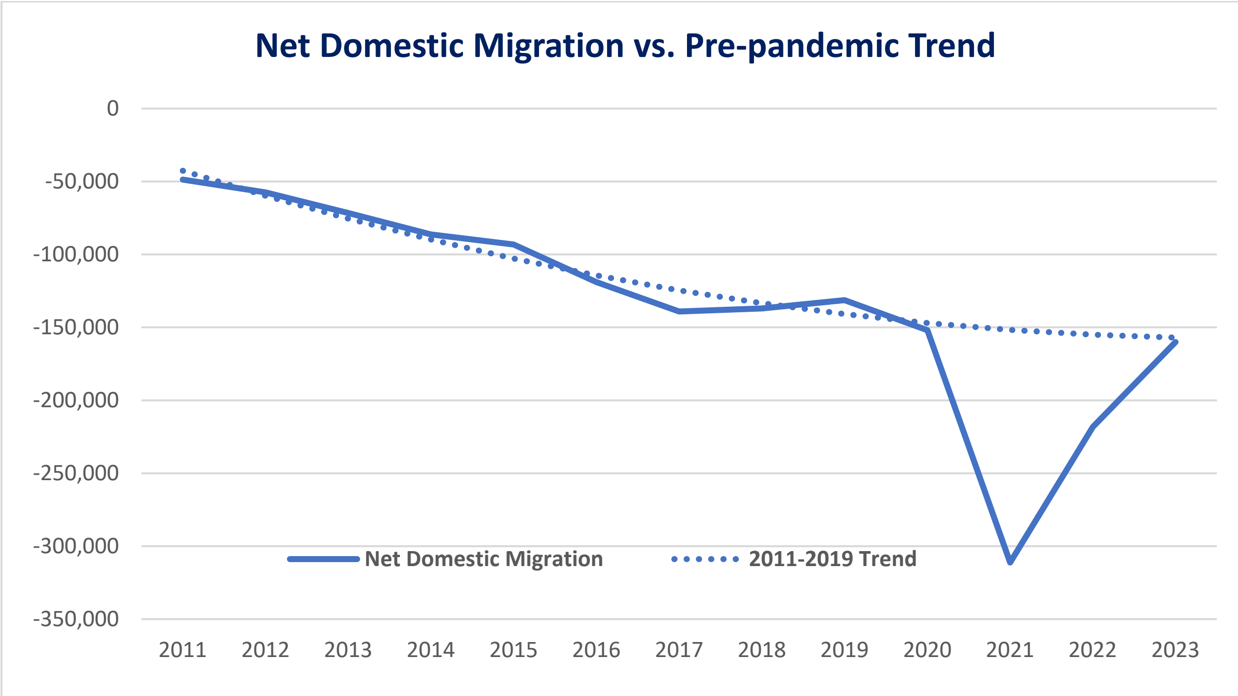
## Chart 10




Source: Census Bureau 2020 Census, Census Population Estimates 2023 Vintage, 2021 and 2022 American Community Survey, 2023 Housing and Vacancy Survey, NYC Department of City Planning (Table 3), Office of the Comptroller

- Chart 11 shows the annual balance of domestic migration starting in 2011. While the balance has been negative throughout this period, it spiked downward during the pandemic, as is well known. Between 2022 and 2023, net domestic out-migration remained elevated but returned close to the pre-pandemic trend.

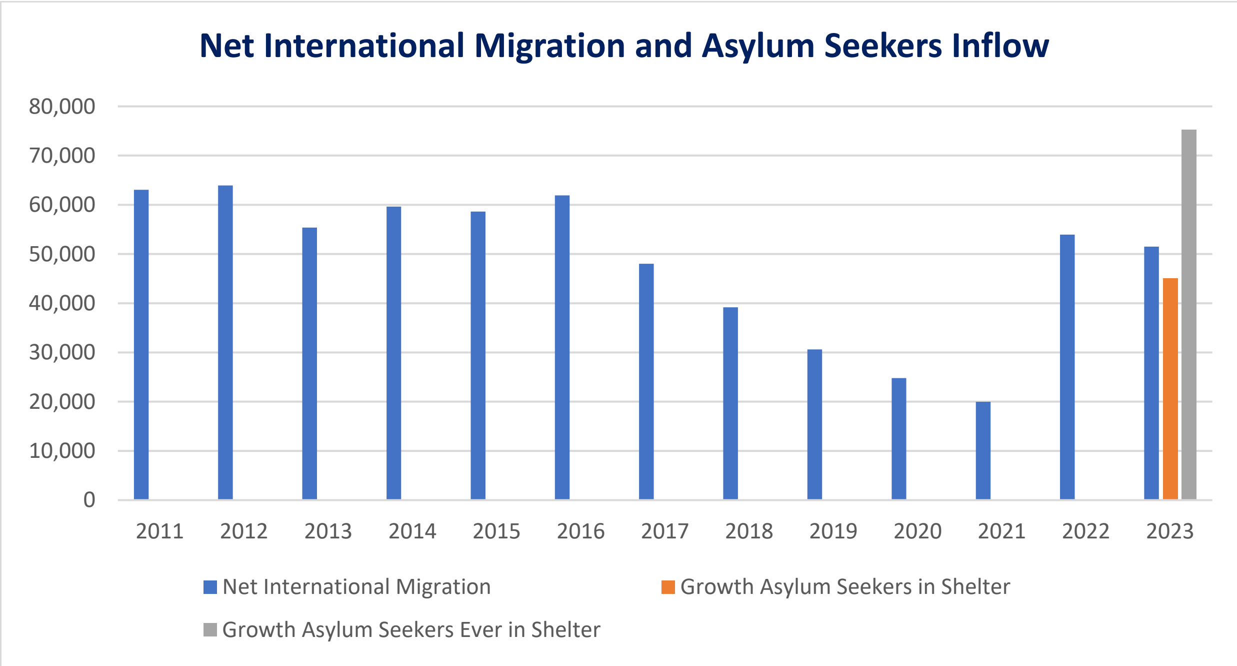
## Chart 11




Source: Census Population Estimates 2020 and 2023 Vintage, Office of the Comptroller

- Chart 12 reports the annual balance of international migration. The balance has historically been positive but declining since 2016 due to federal immigration policies and then the pandemic. The Census data for 2023 shows net international migration of 51,500, little changed from 2022. However, this is likely an underestimate that does not yet fully take into account the arrival of asylum seekers into the city, as also remarked by the Department of City Planning. To reflect this, Chart 12 includes the change in the number of asylum seekers in shelter between 2022 and 2023 (45,100) as well as the total number of asylum seekers receiving shelter at some point over the same period (75,300), although not all of these individuals have remained in NYC.
- For a sense of magnitude: even if the Census data does not include any asylum seekers, and even if every asylum seeker ever in shelter remained in New York City, the total net international migration of approximately 126,000 in 2023 would still be below the roughly 155,000 person domestic out-migration.

## Chart 12




Source: Census Population Estimates 2020 and 2023 Vintage, Mayor's Office, Office of the Comptroller. The growth in asylum seekers is the change between the week of 8/31/2022 (earliest available to this office) and the week of 7/2/2023 to keep with the Census convention of population estimates as of July 1st.

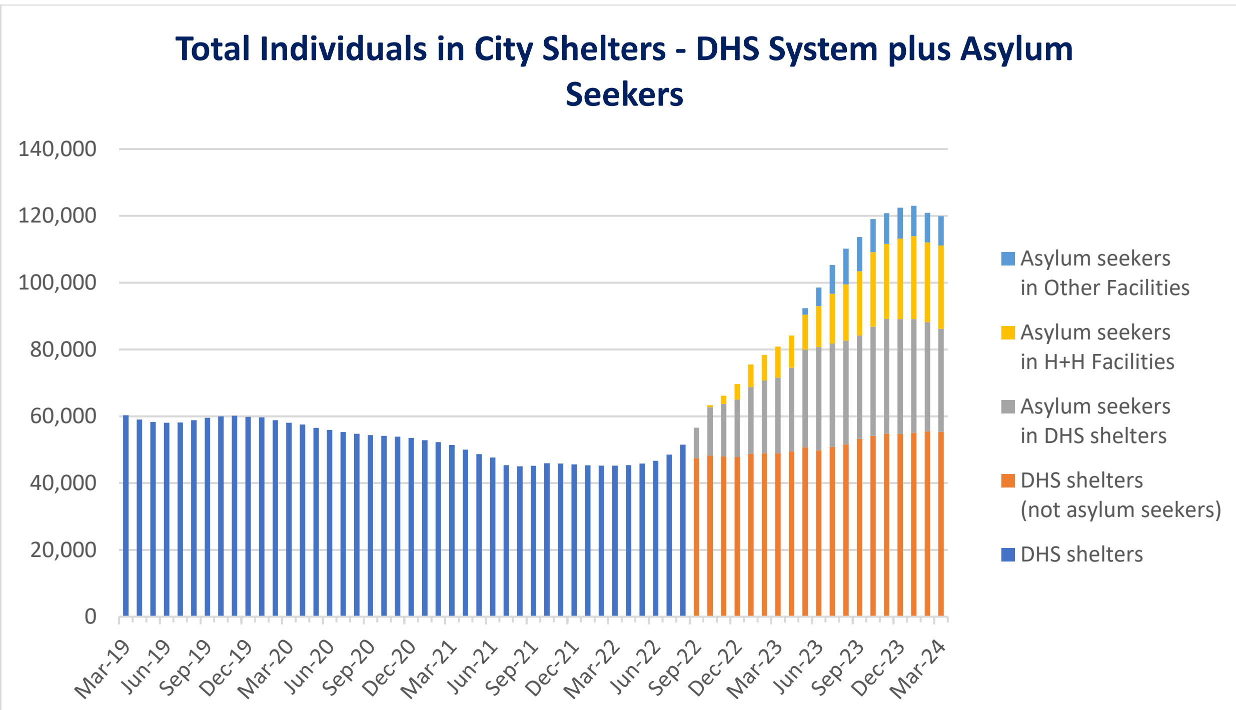
# Homelessness & Asylum Seekers

- Chart 13 shows the population (as a monthly average) in City shelters and other City-provided facilities through March 31, 2024.
- The average number of asylum seekers in City-funded shelter in March decreased by approximately 900 individuals compared to February 2024. This is the second consecutive month of decline since the beginning of increased asylum seeker entries to New York City in July 2022. This is likely due in part to the impact of the 30- and 60-day notices, which were described in more detail in January's newsletter.
- Recently arrived people seeking asylum represented approximately 54% of the total population in shelter. The number of people in shelter who are not asylum-seekers decreased by approximately 200 individuals; this population has increased by more than 4,400 since July.

- On March 15, 2024, the Adams Administration entered into a stipulation of settlement agreement with the Legal Aid Society and Coalition for the Homeless regarding the City's Right to Shelter law, as it applies to single adults. Under the stipulation, newly arrived single adults 23 and older will be granted a shelter stay for 30 days, and newly arrived single adults between 18 and 23 will be granted a shelter stay for 60 days. Those seeking an extension of their stay must prove they have a disability or extenuating circumstances.

- As of March 17, a total of 8,882 families with children in emergency shelters have been given 60-day notices. These households include a total of 33,647 individuals, 17,341 adults, and 16,306 children. Not all of these have yet reached their 60-day limit.
- Of the 9,337 adults from families with children in households whose 60-day notices had expired as of March 17, 17% remain in the shelter where their 60-day notice was given, 34% have been transferred to other shelters, and 49% do not remain in shelter.
- More detailed information can be found on the Comptroller's recently updated resource hub [Accounting for Asylum Seekers.

## Chart 13




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

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

# City Finances

## City Worker Headcount

- The January 2024 Financial Plan, released on January 16th, provides funding for total full-time authorized headcount of 300,839 for FY 2024, an increase of 323 positions (0.1

percent higher than the November Plan). The actual and planned paths of the City's headcount are summarized in Chart 14 below.

- The net increase is mostly a result of new positions, which include authorized headcount for:

    1) The Department of Education to implement special education hearing orders more expeditiously, as related to a court settlement

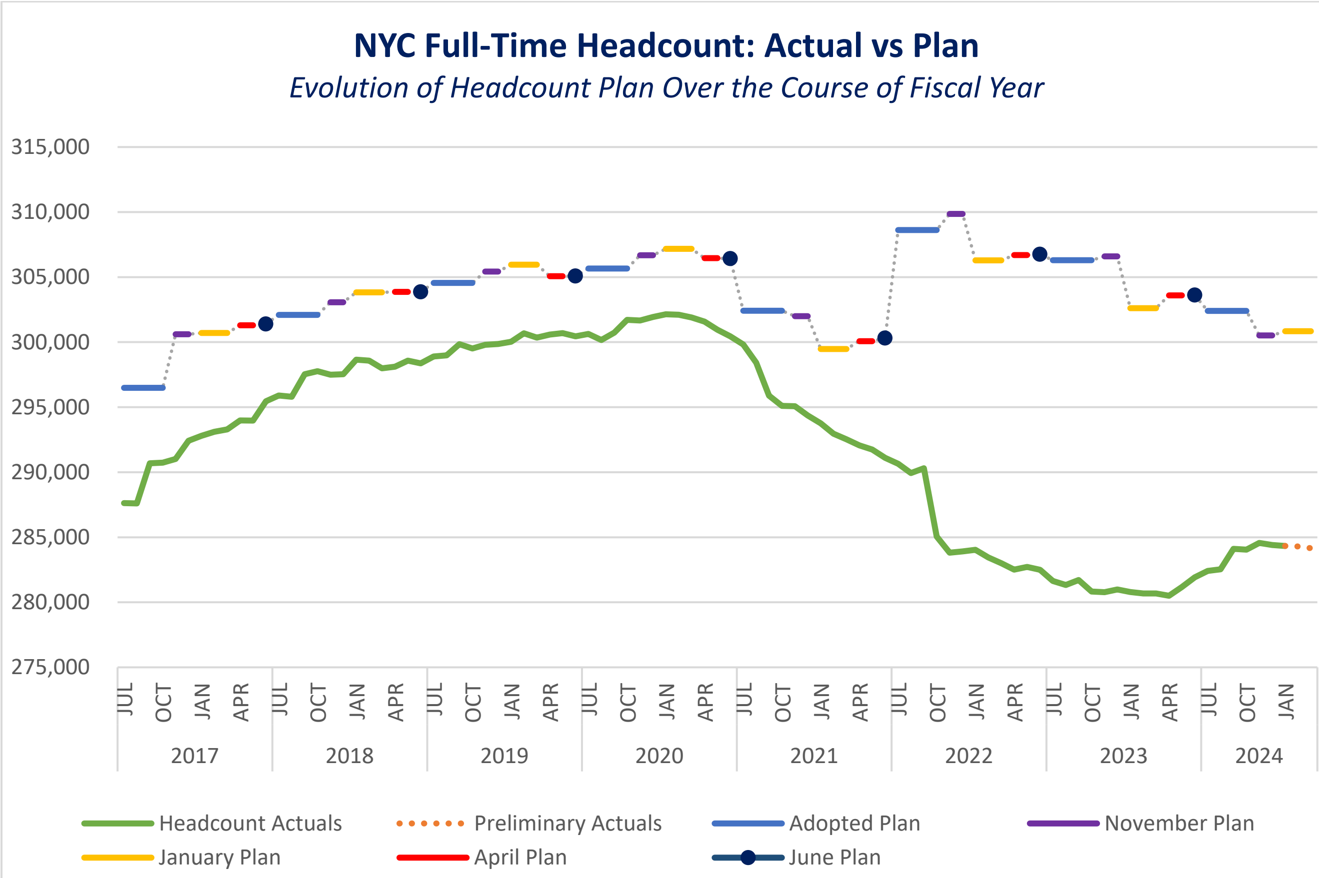
    2) FDNY for additional ambulance tours, and

    3) The Taxi & Limousine Commission for additional inspectors.

- In late February 2024, the Administration announced the cancellation of the next round of spending cuts and a relaxation of the near full hiring freeze that had been in place since October 2023.

- Actual full-time headcount rose by just under 5,000 from April 2023 through November 2023 to 284,569. Since then, headcount is essentially flat as of March 2024 (currently at 284,158 positions).

## Chart 14




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

# First Look at Personal Income Tax Return Data for Tax Year 2022

- Recent data on Personal Income Tax (PIT) returns filed for Tax Year 2022 liabilities show a $31.5 billion (7.6%) decline in income for NYC tax filers, as compared to Tax Year 2021 (Table 2). Two categories of income primarily explain the drop:

    1) Capital gains realizations, which fell by $51.0 billion (52.9%) as the strong bull market for equity values in 2021 was followed by a bear market in 2022; and

    2) Taxable unemployment insurance (UI) benefits, which fell by $14.6 billion (95.2%) as federally funded pandemic UI extensions and enhancements expired in late 2021.

- Despite the significant decline in capital gains realizations, the number of NYC filers with incomes above $1 million decreased only slightly, by 32 filers (0.1%). However, within this group of income millionaires there was a fall in the number of filers above $5 million in income (-609 filers), mostly offset by an increase in the $1 million to $5 million category (+577 filers). The shifts between income bands are a combination of in- and out-migration and changes in liability. The data does not distinguish between these components.

## Table 2: New York City Personal Income Tax Filers, Tax Year 2022

| | Tax Filers | | Adjusted Gross Income (AGI) | | Change in AGI versus 2021 | |
|---|---|---|---|---|---|---|
| | Number in 2022 | Change from 2021 | $ Billions | Share of Total | $ Billions | Growth Rate |
| Under $0 | 55,183 | 8,540 | -3.8 | -0.9% | 0.2 | -6.0% |
| $0 to $50k | 2,135,769 | -162,292 | 44.6 | 10.8% | -6.8 | -15.3% |
| $50 to $75k | 544,317 | -5,264 | 33.5 | 8.1% | -0.2 | -0.5% |
| $75 to $100k | 627,859 | 25,082 | 48.5 | 11.7% | 2.0 | 4.2% |
| $100 to $200k | 817,263 | 59,052 | 95.6 | 23.1% | 7.6 | 8.0% |
| $200 to $500k | 219,384 | 26,437 | 64.8 | 15.7% | 7.5 | 11.6% |
| $500k to $1m | 50,280 | 3,499 | 34.3 | 8.3% | 2.3 | 6.7% |
| $1m to $5m | 28,564 | 577 | 55.0 | 13.3% | 0.5 | 0.9% |
| $5m to $10m | 2,937 | -79 | 20.1 | 4.9% | -0.6 | -2.9% |
| Above $10m | 1,969 | -530 | 69.2 | 16.8% | -42.1 | -60.8% |
| All Filers | 3,855,666 | -70,060 | 413.3 | 100.0% | -31.5 | -7.6% |

Source: 2021-2022 Article 22 Personal Income Tax (PIT) Population Study Files (New York State Department of Taxation and Finance) and Office of NYC Comptroller. Note that 2022 data are preliminary and subject to revision. Part-year residents and dependent return are excluded. Income growth is calculated versus 2021 preliminary tax population study file.

- Tax Year 2022 was the first year for the new Pass-Through Entity Tax (PTET) in NYC. The NYC PTET is an optional tax paid by Partnerships and certain S-Corporations which is fully refunded through credits on PIT tax returns. This revenue-neutral scheme is meant to circumvent federal limitations on the deductibility of local income tax payments made by individuals (i.e. the “SALT cap”). The existence of the PTET did not have any direct effect on total adjusted gross income (AGI), as the value of the credits are added back into AGI within the tax return. The PTET credit itself totaled $1.5 billion for tax year 2022, with more than two-thirds of its total value credited to taxpayers with $10 million or more in AGI, and fully 96.3% to taxpayers with incomes above $1 million.

- 2022 was also the first year of an expanded Earned Income Tax Credit (EITC) for NYC. The EITC goes almost entirely to individuals and families with incomes below $50,000 and is "refundable," which means that the balance of the credit is paid out to the filer if it exceeds tax liability. The NYC credit previously was set at 5% of the federal EITC, and in 2022 this was increased to 30% for the lowest income levels (declining gradually to 10% before phasing out at higher incomes). Based on the 2022 tax return data, the NYC EITC increased by $256 million because of the change, in line with the estimate of $250 million made at the time the expansion was enacted.

# Personal Income Tax – Final Data on the Bonus Season

- Based on PIT withholding collections from the start of December 2023 through the end of March 2024, we estimate that the total amount of winter bonus incentive payments paid to NYC taxpayers remained close to their level in the prior winter, declining by 0.7 percent year-over-year (Table 3). This level of bonuses is 19% below the record high levels estimated for the season beginning at the end of 2021. Estimated NYC tax paid on bonuses was $1.37 billion this winter, with an estimated underlying bonus pool of about $35 billion.

- In a related calculation, the Office of the NY State Comptroller estimated the size of the total bonus pool paid by the Securities industry in NYC for 2023 activities was unchanged from 2022 at $33.8 billion. This bonus pool measure, which has significant overlap with our winter bonus pool estimate above, excludes incentive pay made during the period by other industries and includes Securities industry employees that are not NYC residents.

## Table 3: NYC Winter Bonuses Though March 29, 2024

| | Growth FY 2024 from prior year |
|---|---|
| Adjusted* **non-bonus withholding tax collections (April to November)** | 6.3% |
| Adjusted* withholding tax **collections (December thru March 29)** | 4.2% |
| Estimated bonus pool **disbursement** | -0.7% |

Source: New York State Department of Taxation and Finance; Office of the NYC Comptroller calculations
*Collections are adjusted to account for irregular variability of payments across weeks and months.

# New York City's Debt Limit

- The City is allowed to incur debt to pay for capital projects such as infrastructure, buildings, and equipment. The Capital Commitment Plan outlines the projected capital expenditures that are, over time, financed with the issuance of bonds. The debt service, which pays the interest and principal of the bonds, is part of the City's expense budget.

- How much debt the City can incur is determined by the State Constitution and is set at 10 percent of the five-year average of the full value of taxable real property in the city.
- As of June 30, 2023, the City's debt limit was $127.4 billion, and total indebtedness counted against it was $96.9 billion, leaving remaining debt-incurring power of $30.5 billion. However, the remaining debt-incurring power is narrowing due to the growth in current and planned capital projects and to the effects of the COVID-19 pandemic on tax assessments.
- The Comptroller's office released three reports last month which look at the following related issues:
    1) Is there enough room under the City's current debt limit to fund the projects the City needs?
        - The Adams administration has suggested that a range of capital projects, which are not yet reflected in the commitment plan, could not be accommodated under the current debt limit: borough-based jails, capital spending on schools, and funding for the Brooklyn-Queens Expressway triple cantilever.
        - In their budget proposals, the Governor, the Senate, and the Assembly responded by providing the City with additional debt capacity of $12 billion.
        - Our report found that the increase is reasonably sized and would enable the City to meet the additional capital needs.
    2) An analysis of debt affordability concluded that, after the increase in debt capacity, debt service payments would remain below the threshold of 15% of tax revenues in the City's debt management policy. It is important to maintain this threshold so as not to displace spending on other critical needs. The Comptroller's office proposed a mechanism that would allow the City to maintain debt affordability in the future.
    3) Finally, the office looked under the hood at the formula that drives the debt limit— specifically how the State calculates the full value of taxable real property in New York City.
        - The full valuation is based on "special equalization ratios". These ratios are the ratio of assessed to market values of real estate and act to

normalize the assessed market value across all NY State localities (because each locality sets their own rules).

  - The analysis found that the (convoluted) formulas for the equalization ratios yield an underestimate of real estate values and, therefore, of the debt limit. As it turns out, the limit is neither a good indicator of how much debt the City can afford nor of its fiscal health.

- A broader breakdown is available in the Comptroller's Annual Report on Capital Debt and Obligations, which was released in December 2023.

# New York City's Cash Balances

- As of March 26th, the cash balance stood at $9.3 billion, compared to $12.2 billion at the same time last year. Last year, cash balances reached unusually high numbers due to two anomalous occurrences: 1) the City received $1.7 billion in pass-through entity taxes (PTET) and 2) the City received $3.3 billion in COVID-related stimulus funds, primarily American Rescue Plan Act (ARPA) and Coronavirus Response and Relief Supplemental Appropriations (CRRSA) education grants and ARPA State and Local Fiscal Recovery Funds (SLFRF).

- The Comptroller's Office's review of the City's cash position during the second quarter of FY 2024 and projections for cash balances through June 28, 2024, are available here.

## Contributors

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