NEW YORK CITY COMPTROLLER
BRAD LANDER

New York by the Numbers

Monthly Economic and Fiscal Outlook

By NYC Comptroller Brad Lander
Francesco Brindisi, Executive Deputy Comptroller for Budget and Finance
Krista Olson, Deputy Comptroller for Budget
Jonathan Siegel, Chief Economist
Jason Bram, Director of Economic Research

No. 108– December 18th, 2025

1 Centre Street, New York, NY 10007
(212) 669-3916 | www.comptroller.nyc.gov

SIGILLUM · CIVITATIS · NOVI · EBORACI

· 1625 ·

Contents

A Message from the Comptroller

Dear New Yorkers,

When I penned my first cover note for the “New York By the Numbers” Monthly Economic Newsletter four years ago, we were in the midst of the Omicron surge of Covid-19. Office attendance had plunged to just 18%. Private employment, tourism, and Broadway revenues were still far below pre-pandemic levels.

Over the past 48 newsletters, we’ve tracked all of those numbers, and many more. We’ve reported to you monthly on labor market indicators, consumer confidence, public transit ridership, homeless shelter entrances and exits, as well as detailed information on the City’s revenues, bond ratings, and cash position.

The “Spotlights” have been some of my favorite content put out by our office. We’ve taken deep dives on the impact of AI, tariffs, student loan debt, arts & culture, unbanked New Yorkers, disability & employment, Federal funding, the City’s capital budget, and many aspects of the City’s housing market.

For the final Spotlight of my tenure, we summarize the findings of our “Annual Report of the City’s Economy and Finances.” The numbers look a lot better than they did four years ago: more private sector jobs than pre-pandemic. A strong rebound in the office market. And there are many great Broadway shows to see.

Big challenges remain, of course. Growth has slowed in the face of Trump’s tariffs. There are sizable budget gaps to fill. Most of the job growth has been in sectors that don’t pay enough to afford this expensive city. And housing affordability is not just a strain for millions of families, it’s a strain on the city’s economy as well.

We’ve got one more report coming out next week, highlighting our accomplishments over this term – so I’ll save my final reflections for then.

For now, I’ll just say it’s been a profound honor watching the numbers for you,

Brad

Highlights

- U.S. private-sector employment expanded at a subdued pace in October and November, while the unemployment rate climbed to a more than 4-year high.
- NYC's employment and unemployment data—thus far available only through September—point to continued moderate growth in the Health & Social Assistance sector but almost no job creation elsewhere.
- Data on both initial weekly jobless claims and continuing claims, which are available through November, suggest that layoffs remain subdued. However, there was a pickup in advance layoff notices in October.
- Regional business sentiment has languished, as indicated by the New York Fed's just-released surveys of both manufacturers and service firms.
- In November, consumer confidence fell nationwide for the fourth straight month, but in New York State it climbed to its highest level this year.
- Similarly, while the nationwide office market has continued to struggle, New York City's market has continued its steady rebound.
- Tourism in New York City has shown continued resilience in recent weeks, even as it has sputtered across other parts of the U.S.
- The Adams Administration released its final Financial Plan on November 17th. Our Office projects a current year budget gap of $2.18 billion and over $10 billion for the coming fiscal year, both high for this stage of the fiscal planning cycle.
- On Friday, November 28, the cash balance stood at $3.001 billion. It was likely the lowest cash balance of the fiscal year. Over the past three years, seasonal lows have been trending steadily downward. The seasonal lows measured $4.602 billion in FY 2025 and $5.523 billion in FY 2024.

Spotlight

Economic Overview & Outlook for NYC

This month's Spotlight focuses on the city's recent performance, as well as the outlook, gauging local trends relative to nationwide trends.

Read more at:
comptroller.nyc.gov/december-spotlight

In Case You Missed It

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

- Annual Report on Capital Debt and Obligations, Fiscal Year 2026
- Annual State of the City's Economy and Finances 2025
- Fiscal Note - Neglecting the Basics: The Critical Need to Modernize the City's Financial IT
- Fiscal Note - Flying Blind on Billions: How Weak Capital Data Undermines New York City's Infrastructure Investments
- Policy Report - Classrooms, Counselors, Clinics
- Audit Report of the New York City Department of Education's Oversight of Its Contracted Bus Services
- Economic Benefits of the Earned Time Act
- New York City Cash Balance Projection December 1, 2025
- New York City Quarterly Cash Report
- Accounting for the Term

The U.S. Economy

- U.S. jobs data for October and November show private-sector employment rising by 52K and 69K, respectively, with the gains almost entirely limited to the HealthCare & Social Assistance sector. The unemployment rate over the 2-month period climbed 0.2 points to 4.6%, a more than 4-year high; labor force participation edged up 0.1 point but was unchanged from a year earlier, as the employment-population ratio has continued to edge down.
- Weekly jobless claims nationwide have remained at a subdued level, but continuing claims—people remaining on the unemployment rolls—are close to a 4-year high.
- Business surveys continue to point to little or no economic growth. The Institute for Supply Management (ISM) November survey of manufacturers points to a continued, modest decline in economic activity, while its service-sector survey shows a slight increase. Surveys from the various Federal Reserve Banks also signaled flat to slightly declining activity in November.
- Consumers have remained discouraged about of the U.S. economy. Both the Conference Board's and University of Michigan's monthly consumer surveys show confidence slipping for the 4th straight month in November to levels typically associated with recession, though Michigan's preliminary reading for December edged up.
- After climbing fairly steadily for a number of months, equity markets have been somewhat volatile during November and into early December.
- The Trump administration recently marked a key step in its financial deregulation push. The Federal Deposit Insurance Corporation (FDIC) and the Office of the Comptroller of the Currency (OCC) rescinded the 2013 Interagency Guidance on Leveraged Lending, which sets limits on banks' ability to underwrite highly leveraged loans. The guidance was adopted in the aftermath of the 2008 financial crisis and contributed to the expansion of private credit as an alternative to bank lending and bond issuance in the leveraged finance market. The Board of Governors of the Federal Reserve System has yet to ratify the rescission.

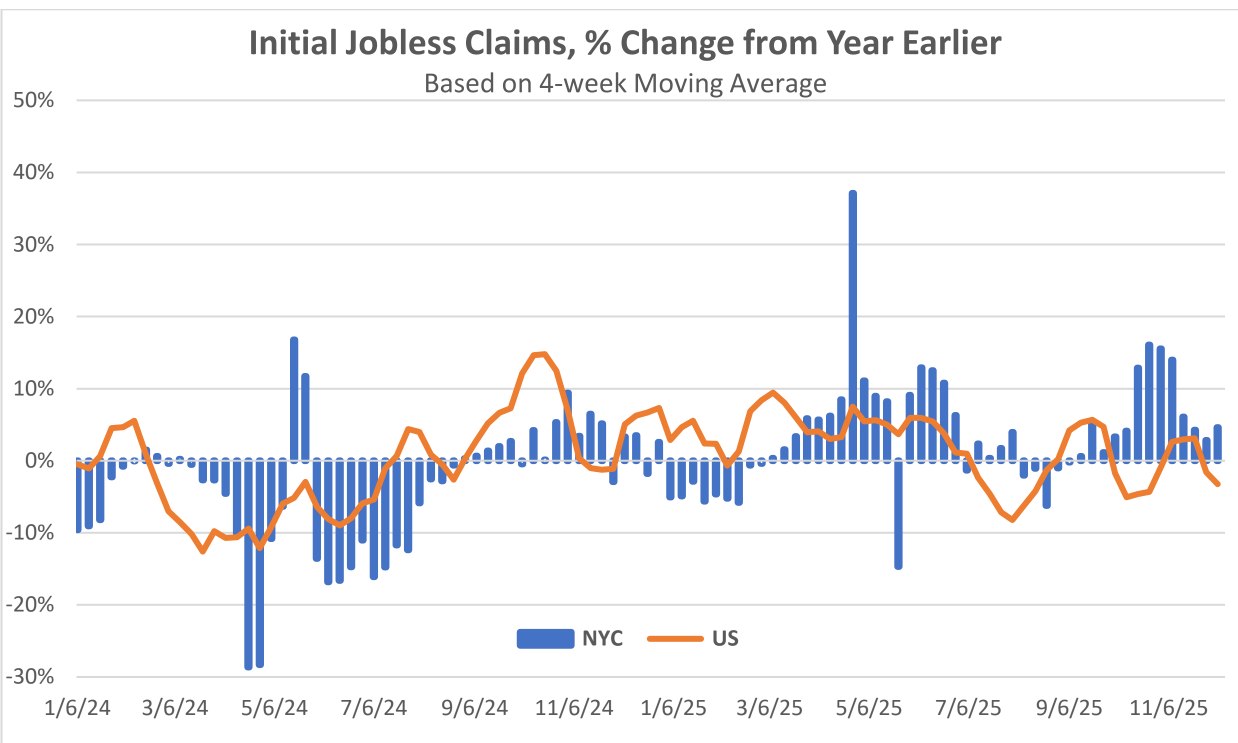
New York City Economy

[No new data on NYC employment due to last month's federal shutdown]

Labor Market Indicators

- The federal government shutdown has delayed the release of local employment data beyond September, at which point private-sector employment was down marginally, with continued job gains in Health & Social Assistance offset by job losses in Information, Retail Trade and Construction.
- ADP data, which are available only at a broad regional level through November, show the Mid-Atlantic region (encompassing New York City) having a decrease of 49,000 jobs last month, on top of a 22,000 decline in October.
- Weekly initial jobless claims in New York City have been running moderately higher than a year earlier but still at a fairly subdued level, as shown in Chart 1 below. Similarly, the level of continuing claims has drifted up but also remains subdued.
- Initial claims in New York City are mainly from the Administrative and Support Services, and the Health & Social Assistance sectors in recent weeks.

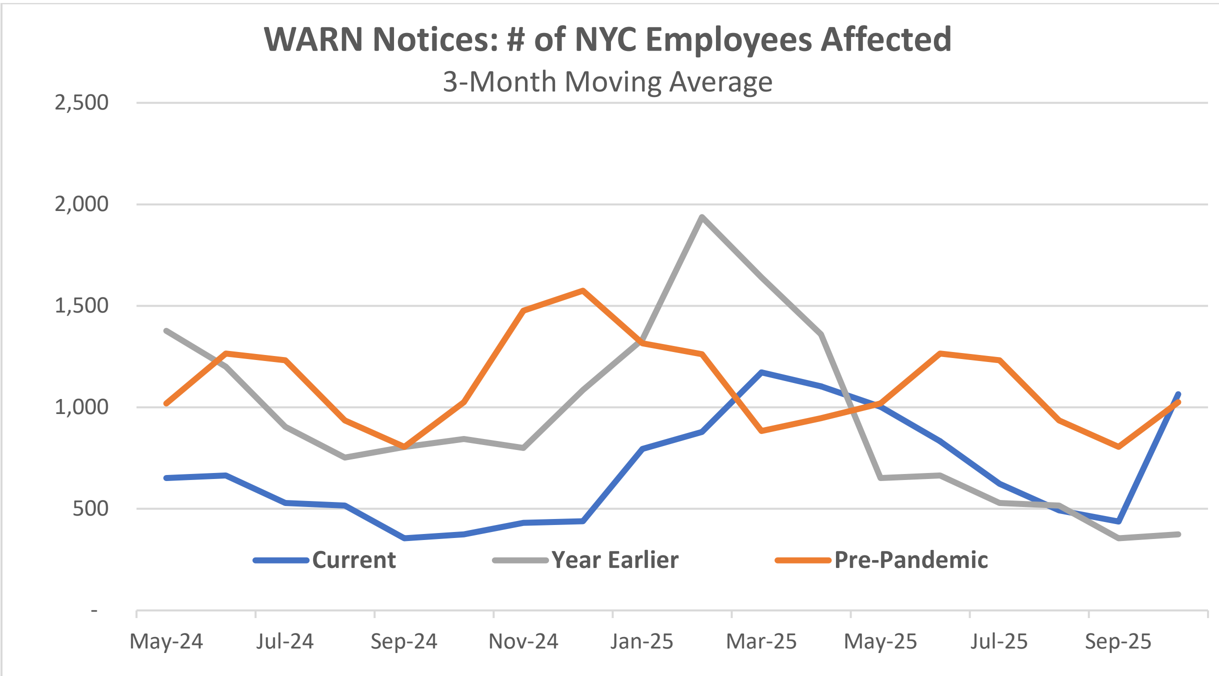
Chart 1



Source: NY State Department of Labor, U.S. Department of Labor

- The most recent WARN (Worker Adjustment & Retraining Notices) data show a jump in layoffs for the month of October, as shown in Chart 2. This is driven by layoffs and closures at companies related to retail trade, and arts and entertainment.

Chart 2



Source: NY State Department of Labor

Inflation

- Official inflation data for October were not released, as the government shutdown prevented data collection for that month. However, just-released data for November show overall inflation, over the past 12 months, running slightly higher locally (+3.0%) than nationally (+2.7%).

- Much of the upward pressure on prices locally has come from energy (mainly electricity) costs—a category for which 12-month inflation has been 8.3% locally versus 4.2% nationally. In fact, core inflation (excluding food & energy) has been running slightly lower over the past 12 months—2.5% locally versus 2.6% nationally.

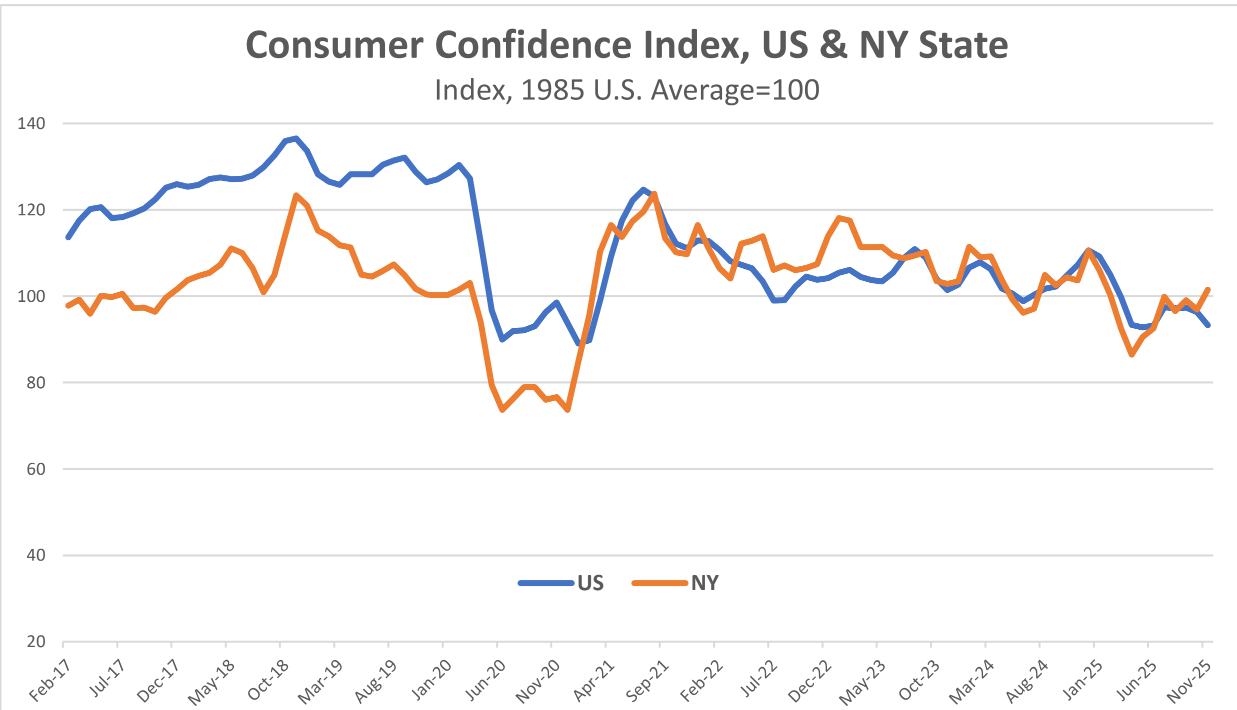
- Various surveys suggest that consumers' inflation expectations, though still elevated, have eased somewhat in recent months.

- Business surveys conducted in November show that roughly 45% of regional businesses plan to hike prices over the next six months, which is little changed from recent months.

Consumer Confidence

- Consumer confidence across New York State picked up noticeably in November, reaching its highest level this year, even as it fell to a 7-month low nationwide, based on the Conference Board's monthly survey. The 3-month moving average, shown in Chart 3, rose to a 10-month high statewide but declined nationwide.
- Consumer sentiment data from the University of Michigan's survey also pointed to further deterioration at the national level in November, though there was a slight pickup in early December.

Chart 3



Sources: The Conference Board; Moody's economy.com

Transit Ridership

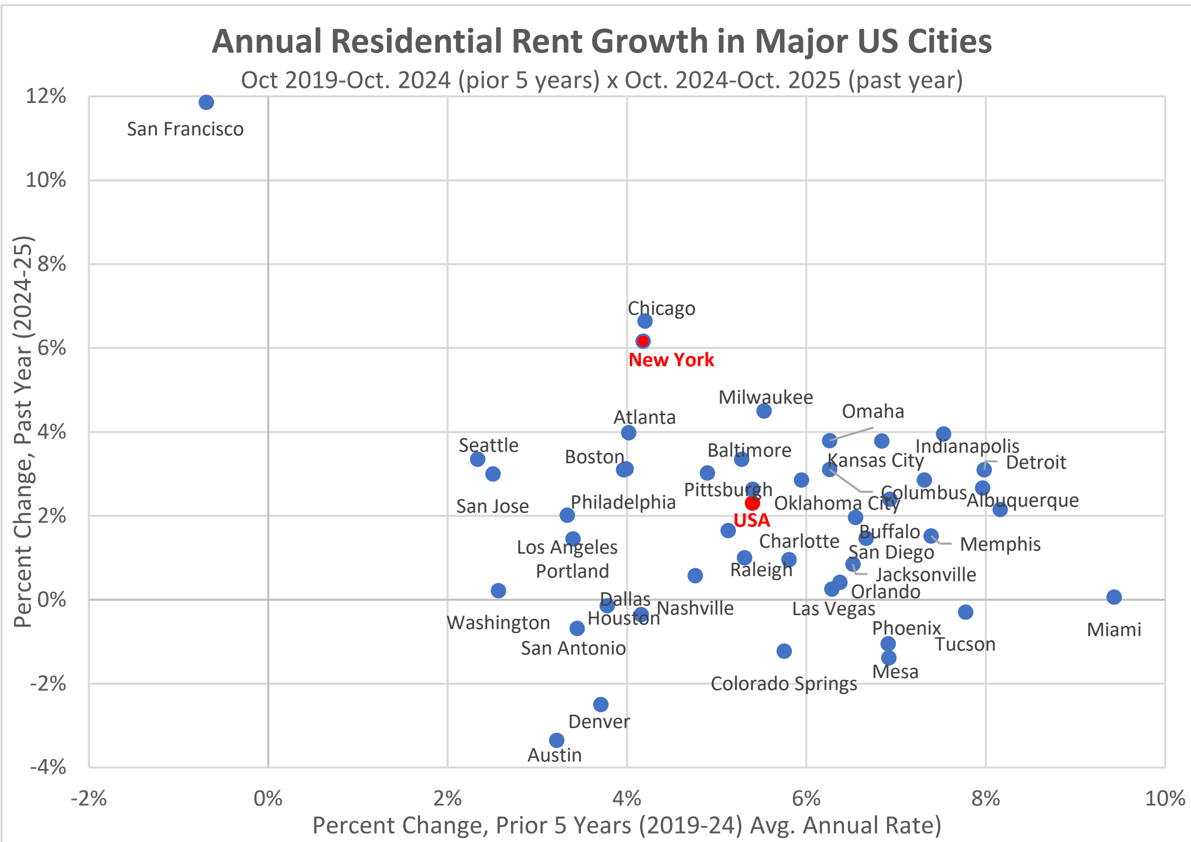
- Transit ridership, which had climbed to a post-pandemic high in September, relative to pre-pandemic seasonal patterns, has since retreated slightly.
- Subway ridership has been running around 25% below comparable pre-pandemic levels, while commuter rail ridership is down more modestly. Bus ridership continued to lag more significantly, running nearly 30% below pre-pandemic levels.

Residential & Commercial Real Estate

- The city's housing rental market has remained tight, in contrast with many markets across the nation. Based on Costar data, local rents are up 2.2% over the past 12 months, in contrast with the nation overall where rents have retreated in recent months and are virtually unchanged from a year earlier.

- In October, compared to a year earlier, average rents were up by 2.3% across the country but by 6.2% in New York City based on Zillow estimates. San Francisco and Chicago lead NYC in rent increases as shown in Chart 4.

Chart 4



Source: Zillow

- The Manhattan office market is going from strength to strength. A wave of new construction appears to be in the offing as rents in top-tier buildings reach an [unprecedented $300 per square foot](#).

- The tightness at the top of the market is also a tailwind for weaker submarkets, such as the [Financial District](#). The lower Manhattan market will also be supported by the Battery Park City Authority's extension of the lease of [Brookfield Place](#) (with the [approval of the Governor, Mayor and Comptroller](#))

- Below is a list of new and potential office developments:

    - 270 Park Avenue. This is the recently completed JP Morgan headquarters (2.5 million square feet - msf).
    - 175 Park Avenue. The rezoning was approved in December 2021 and, based on the environmental impact statement, this mixed-use project is expected to contain 2.1 msf of office space.
    - 343 Madison Avenue. BPX recently broke ground at the former MTA headquarters site and is close to securing an anchor tenant.
    - 3 Hudson Boulevard. This project in the Hudson Yards area is also looking for an anchor tenant. 343 Madison Avenue and 3 Hudson Boulevard could add to 2.9 msf according to an 2024Q4 investor presentation by the developer.
    - 70 Hudson Yards. The 1.1 msf tower in Hudson Yards has signed an anchor tenant for 800,000 square feet and has broken ground.
    - Western Rail Yard. The office component of this development is a 2.8 msf tower. Development is dependent on public financing of a platform on the MTA rail yard.
    - 350 Park Avenue. This project is anchored by Citadel and started the City's Uniform Land Use Review Procedure for a 2.1 msf tower (1.6 msf of which dedicated to office uses).
    - 570 Fifth Avenue. Construction is underway for a 1.1msf tower.
    - 2 World Trade Center. This site could add 2.2 msf of office space, conditional on signing an anchor tenant.
    - 346 Madison Avenue. SL Green recently acquired this development site, which could yield 0.8 msf of office space.
    - The Roosevelt Hotel is also rumored as a potential development site.

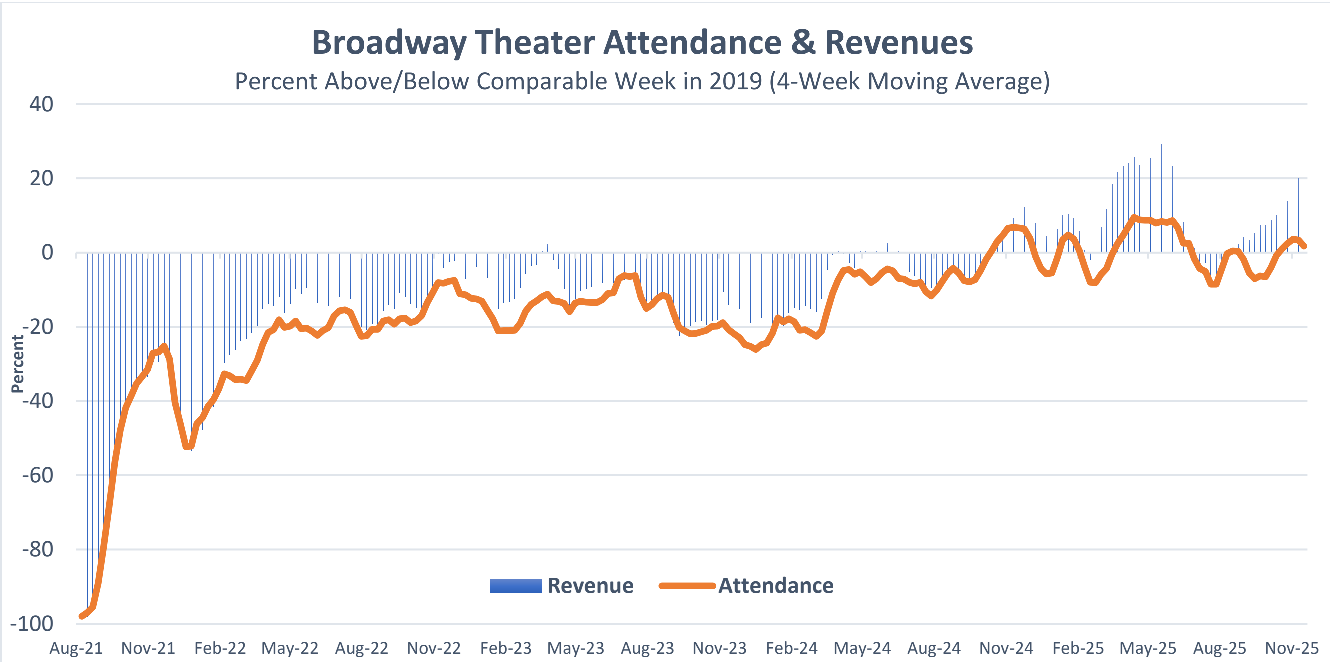
Tourism

- Hotel occupancy and revenue data for New York City suggest that tourism has remained resilient through November, even as it has weakened nationwide.

- The local hotel occupancy rate averaged 88% in both October and November—up slightly from a year earlier—while revenues (per available room) were up 5%, slightly exceeding overall inflation. Nationally, both hotel occupancy and revenues were down modestly, with sizable drops in Miami, Las Vegas, Houston, Atlanta, and (not surprisingly) Washington DC.

- Broadway theatre attendance has been steady and roughly on par with its pre-pandemic mark for the past 6 weeks, while revenues have risen moderately over the same time period, as shown in Chart 5 below. Relative to last autumn, theatre attendance and revenues are both up substantially.

Chart 5



Source: Broadway League

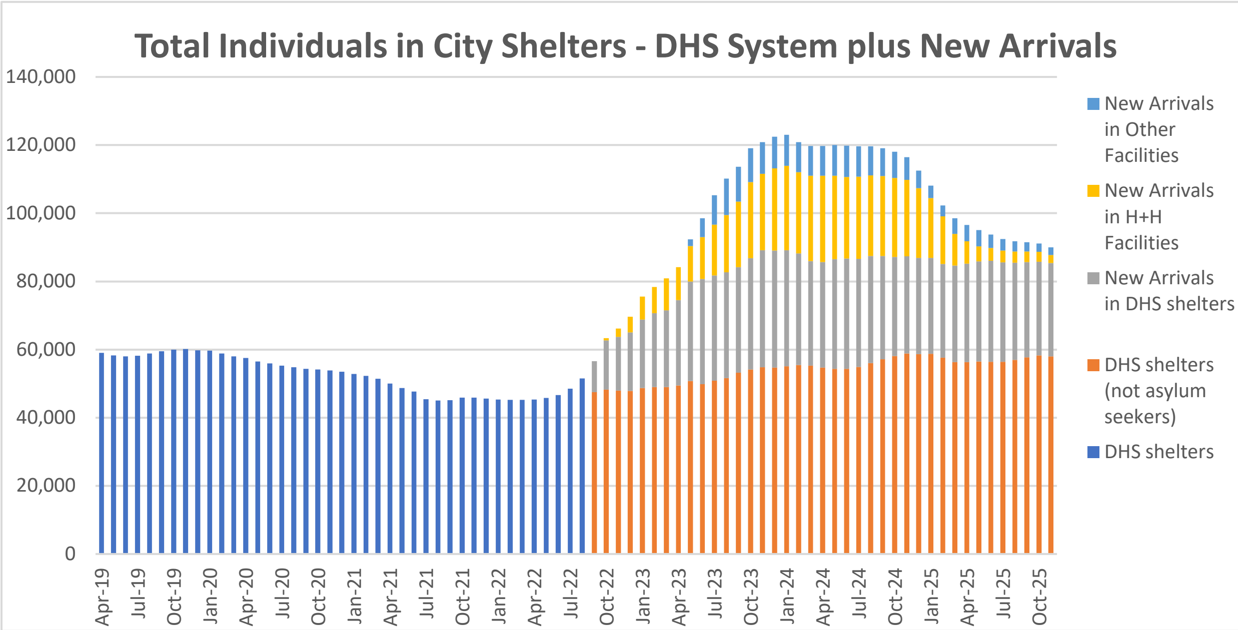
Homelessness & Asylum Seekers

- Chart 6 shows the monthly average number of people in City shelters through November 2025. From November 2022 through November 2025 the Citywide census (asylum seekers and DHS shelter) has increased by 36%, rising from roughly 66,180 to 90,000 individuals. Much of this growth is attributable to asylum seekers, who represent roughly 36% of the total individuals in shelter citywide, down from 55% in January 2024.

- In November, the average number of asylum seekers in City shelters was approximately 31,960, marking a decrease of 900 individuals from October 2025. Over the past 12 months, from December 2024 through November 2025, the average shelter census has decreased by 25,570 individuals.

- The asylum-seeking shelter census declined in 2025, but the decline has slowed. The most recent five months of 2025 (July through November) saw a decline of 14 percent, while the prior five months (February through June) had a decline of 24 percent.

Chart 6



Sources: 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 are not available prior to August 31, 2022. Other Facilities include spaces operated by NYCEM, HPD, and DYCD, and those outside of NYC.

City Finances

November 2025 Financial Plan

- On November 17th, OMB released its first quarter update to the FY 2026 Adopted Budget and June FY 2027 – FY 2029 Financial Plan, known as the November Plan.

- For FY 2026, OMB increased its projected revenues by $2.33 billion (2.0 percent) to $118.23 billion. The overwhelming majority of this revenue increase comes from revisions to estimates of Federal and State categorical aid. Federal categorical aid increased by $1.12 billion. Funding from State categorical grants increased by $606 million, spread over a variety of costs. City-funded revenues projected for FY 2026 in the November Plan are $512 million more than projected in the Adopted Budget, for a total of $88.04 billion.

- On the spending side, OMB added some funding for chronically underbudgeted costs, including $400 million for the City's rental assistance programs, $150 million for shelter costs, and $50 million for foster care reimbursement costs (all for FY 2026 only). The City also added funding for health insurance costs for City employees ($118 million in FY 2026 growing to $138 million in FY 2029.) However, we estimate that these and other costs, remain significantly underestimated in FY 2026 and the outyears.

- Spending increases for FY 2026 are somewhat offset by reductions in other previously budgeted costs. The November Plan does not include a Program to Eliminate the Gap (PEG), although it does include $212 million in unallocated "projected PS and OTPS savings." Debt service costs were reduced by $116 million. OMB also reduced funds held in the labor reserve by $200 million in FY 2026.

- The outyears of the November Financial Plan project total expenditures of $121.62 billion in FY 2027, $126.04 billion in FY 2028, and $129.14 billion in FY 2029.

- By law, in the November update only the current fiscal year (FY 2026) budget must be balanced. The outyear budget gaps, as presented by OMB, are $4.69 billion in FY 2027, $6.27 billion in FY 2028, and 6.30 billion in FY 2029. The FY 2027 budget will need to be balanced when the Mandami Administration presents the Preliminary Budget by February 1st.

- However, as detailed in the *Annual State of the City's Economy and Finances* report *released* on December 15th, the Comptroller's Office projects a budget gap of $2.18 billion for FY 2026, growing to $10.41 billion in FY 2027, $13.24 billion in FY 2028, and $12.36 billion in FY 2029.
    - We estimate that City-funded expenditures are understated by a total of $3.16 billion in FY 2026 and $7.04 in FY 2027, growing to $8.58 billion in FY 2029. While we project additional City revenues of $984 million in FY2026, $1.33 in FY 2027, growing to $2.52 billion in FY 2029, the additional revenues are not sufficient to cover these additional expenses. See the report for details.
- The projected current year budget gap of $2.18 billion is unusual at this time in the fiscal year when this Office's projection typically calls for a modest surplus that can be used to prepay the following year's surplus.
- Over the past years, this Office has observed a recurring pattern of decisions that defer difficult budget choices. For three consecutive years, expenses have outpaced revenues, demonstrated by lower prepayments of future years' expenses each year. In addition, the City has made one-time cost adjustments and made no real efforts to achieve efficiency planning.

Recent Trends in Business Income Taxes and Flow-Through of Public Law 119-21 ("One Big Beautiful Bill Act") to NYC's Tax Base

- After years of steep increases, the City's Business Income Taxes (BITs) are showing weakness in 2025. This is particularly true for the Business Corporation Tax (BCT) on C-corporations, which represents nearly half of all payments. For a streamlined overview of the City's business income taxes, see Fiscal Note 2-2025.

- Table 1 shows that BCT payments declined by 11% year over year in the second quarter of 2025 and by 20% in the third. The second and third quarter payments are more strictly aligned with businesses' estimates of liability for tax year 2025.

Table 1. Business Income Taxes Jan-Sep 2025 Payments

Tax	% of 2025 Jan-Sep Payments	2025 vs. 2024 % Change		
		Q1	Q2	Q3
Business Corporation Tax	47%	11%	-11%	-20%
UBT Partnerships	35%	33%	20%	17%
General Corporation Tax*	17%	9%	-5%	9%
UBT Proprietors	2%	1%	-2%	8%

Source: Office of the NYC Comptroller analysis of NYC DOF data. * Includes the Banking Corporation Tax.

- Within BCT, the Finance sector represents half of all payments and has seen year-over-year declines in the second and third quarter, despite very strong Wall Street profits. Nearly all other sectors showed double-digit declines in the third quarter of 2025.
- It is possible that some of the weakness is due to the tariffs implemented by the Trump administration. However, a cross-sector decline of this magnitude could also be due to the business income tax provisions enacted on July 4 as part of Public Law 119-21 (colloquially referred to as the One Big Beautiful Bill Act or OBBBA).

Table 2. Business Corporation Tax Jan-Sep 2025 Payments by Sector

Sector	% of 2025 Jan-Sep Payments	2025 vs. 2024 % Change		
		Q1	Q2	Q3
Finance	49%	17%	-26%	-7%
Non-Finance	51%	5%	5%	-31%
Services	*15%*	*-11%*	*7%*	*-10%*
Information	*14%*	*24%*	*17%*	*-38%*
Trade	*10%*	*6%*	*-22%*	*-17%*

Sector	% of 2025 Jan-Sep Payments	2025 vs. 2024 % Change		
Manufacturing	*7%*	*20%*	*32%*	*-71%*
Real Estate	*3%*	*-6%*	*-2%*	*24%*
Other	*3%*	*-18%*	*0%*	*-24%*

Source: Office of the NYC Comptroller analysis of NYC DOF data.

- OBBBA introduced several Internal Revenue Code (IRC) changes for federal business income taxes. Some of the provisions flow through to the City's (and State's) BITs and are summarized below, in general terms. With one exception, these OBBBA provisions modify the tax treatment introduced by the Tax Cuts and Jobs Act (TCJA) of 2017.

- Except where noted, the OBBBA provisions listed below are generally in effect in tax year 2025 and could therefore contribute to the weakness of tax collections shown above. A quick guide to the expensing provisions can be found here.

- **Full expensing of domestic research and experimental expenditures (IRC §174A – reduces NYC BITs).** TCJA provided that expenses for domestic research were to be amortized over five years starting in 2022. OBBBA reverted to the immediate expensing treatment and made it permanent. This provision applies to for expenses incurred in tax years beginning after December 31, 2024. A summary is available here.

- **Full expensing of qualified production property (IRC §168(n) – reduces NYC BITs).** This is a new provision that allows immediate expensing for certain nonresidential real property used in manufacturing/production (or "factory-type" space). Qualifying properties need to start construction after January 19, 2025, and before January 1, 2029. Properties need to be placed in service before January 1, 2031.

- **Increase of the expensing limit deduction and phase-out threshold for equipment spending and certain real property improvements (IRC §179 – reduces NYC BITs).** The maximum deduction was increased from $1m to $2.5m, and the phaseout threshold for the spending cap was increased from $2.5m to $4m (the deduction fully phases out at $6.5m). The OBBBA changes went into effect for tax years starting after December 31, 2025 or property placed in service on or after January 1, 2025.

- **Increase of the limitation on the interest paid deduction (IRC §163(j) – reduces NYC BITs).** TCJA limited the amount of interest paid that could be deducted by businesses with more than $25 million (indexed for inflation) in gross receipts on average in the previous three years. Starting in 2022 the limitation was calculated, in part, after the addition of depreciation and amortization expenses to taxable income. OBBA reverted to the pre-2022 calculation by allowing to add back depreciation and amortization and therefore making the limitation less stringent (that is, increasing the deduction amount limit).

- **Global Intangible Low-Tax Income (GILTI) became Net CFC Tested Income (NCTI) (IRC §951A and §250 – increases NYC BCT for tax years beginning after December 31, 2025).** TCJA created GILTI to tax "excess profits" earned abroad by US corporations owning Controlled Foreign Corporations (CFCs). GILTI applied to Net CFC Tested Income (NCTI) that exceeded 10% on Qualified Business Asset Investments (QBAI), which was a proxy for the return on tangible assets. OBBBA's NCTI taxes all net tested income instead. OBBBA set a deduction on NCTI to 40% (down from GILTI's 50%). The end result of the new provisions is to increase the amount of foreign income taxed under the City's BCT.

The Capital Projects Fund Deficit and Moody's Ratings Credit Opinion on GO Bonds

- Between FY 2020 and FY 2024, the deficit of the City's Capital Projects Fund—representing capital expenditures paid by the General Fund to be reimbursed by bond proceeds or capital grants—increased from $2.52 billion to $7.49 billion, reflecting the City's recent surge in capital commitments and the associated rapid growth in capital expenditures, as detailed in the Comptroller's Office's Annual Report on Capital Debt and Obligations for FY 2026.

- To curb the growth of this deficit and bolster the City's cash balances, the City increased the size of its bond sales over the last fiscal year, reducing the Capital Projects Fund deficit to $4.70 billion by the end of FY 2025, as shown in the 2025 Annual State of the City's Economy and Finances and in the FY 2025 ACFR (p.44).

- The reduced Capital Projects Fund deficit improved Moody's "available fund balance ratio" metric in the GO bond scorecard, shifting it from negative in FY 2024 to (barely) positive in FY 2025; in the scorecard this ratio carries a 20% weight when positive but a 50% weight when negative.

- Had the ratio remained negative, it could have led to a larger gap between Moody's scorecard-indicated outcome and the assigned rating, which is currently four notches for GO bonds (from A3 to Aa2).

- Moody's has repeatedly warned that further declines in the available fund balance ratio is a factor that could lead to a downgrade of GO bonds. This would reverberate to Moody's rating of Transitional Finance Authority bonds, which are anchored one notch above the GO rating (Aa1).

Of Holograms and Office Renovations: Senseless Tax Subsidies

- We have previously written about the M-CORE program which was launched by NYC IDA in 2023 and is intended to spur the renovation of office space in Manhattan.

- To date, only three projects have been authorized for M-CORE benefits and two more fell off after being noticed for public hearing but immediately before a Board vote. Despite being fully vetted by IDA, these projects were either not viable, or tax incentives were not needed. In fact, 522 5th Avenue was sold in May to Amazon, who will occupy it. (The other project at 695 6th Avenue has been in planning stages since at least 2019.)
- Of the three authorized projects, the WSA Building at 175 Water Street stirred some controversy. The Office of the Comptroller voted against awarding tax benefits on the premise that the building was purchased and slated for renovation before M-CORE was launched. At the November 18 Board Meeting (starting approx. at the 45:30 mark), IDA staff disclosed that the 175 Water Street deal had fallen through, but the renovation would nonetheless take place. (While this validates our Office's vote, the project may not be fully taxable as it will likely qualify for as-of-right property tax benefits through the Industrial and Commercial Abatement Program).
- Given the dearth of viable projects even after full diligence (two out of five), the lack (to our knowledge) of a meaningful pipeline, and the recovery of the office market spreading to "second- and third-tier buildings", it is time to rethink or altogether shelf M-CORE.

- At the same November 18 meeting, NYC IDA brought to a vote an exceptionally rare, and possibly without precedent, project: **a retail development in Midtown Manhattan** ("Clinton PB Associates LLC", discussed starting at minute 7:00 of the meeting). The project required the Board to authorize two deviations from IDA's Uniform Tax Exemption Policy because of its nature (retail) and location (Midtown).
  - The project is a new theatre on 11th Avenue developed by Extell and leased by ABBA Voyage, an ABBA-themed hologram show that has proven successful in London.
  - Awarding tax benefits to this project appears to defy logic and first principles. Of the approximately 900,000 projected annual ticket sales, only one third is expected to be bought by people that would visit NYC primarily to attend the show. This means that two thirds of the spending would have taken place in NYC anyway. And if the show attracts domestic and international visitors to NYC (a market without shortage of attractions) primarily to watch ABBA Voyage, it stands to reason that demand is not too elastic and could support the property taxes waived by IDA.
  - The project was approved despite our Office's vote in opposition, and taxpayer-subsidized ABBA holograms appear to be on their way to NYC.

Annual Debt & Obligations Report

- On December 1st, this office published its annual City Charter mandated report on Capital Debt and Obligations. The report can be found here.
- Among the required elements of the report is advising on the maximum amount of debt the City may incur during each of the succeeding four fiscal years. Recently, the increased need for new capital and sustained commitment rates above targets has put pressure on the debt limit and has threatened to be a binding constraint on the City's capital program. State legislative action has provided relief; $17 billion of additional financing capacity has kept the City comfortably under the debt limit. Nonetheless, continued vigilance in managing and monitoring the capital program is warranted.
- **Debt Limit:** Using assumptions from the September 2025 capital plan, the report indicates the City will close out fiscal year 2026 with approximately $30 billion of remaining debt-incurring power. Remaining debt-incurring capacity is projected to continue to decline to $14 billion in fiscal year 2029 – the end of the current financial plan period – before reaching a low point of $7 billion at the end of fiscal year 2032. The commitment achievement rate has been above 110% each fiscal year since 2023 and was 114% in fiscal year 2025. If the City continues the trend of reaching commitments above target levels and achieves a capital commitment rate of 110% of current targets annually, the debt limit could be breached shortly beyond the financial plan period.
- **Debt Service Affordability:** Using the same assumptions from the capital plan released in September, the report indicates the City's debt services as a percentage of tax revenues remains below the 15% policy threshold throughout the capital plan years and beyond. However, a 110% capital commitment achievement rate could exceed the policy threshold by fiscal year 2035. A capital commitment achievement rate of 115% or a sustained tax revenue slowdown could cause the ratio of debt service to tax revenue to exceed 15% as early as fiscal year 2033.

Fiscal Note. Flying Blind on Billions: How Weak Capital Data Undermines New York City's Infrastructure Investments

- The Comptroller's Office published a fiscal note highlighting the poor state of the City's capital data, discussed the consequences of running a capital plan with limited data, and offered some suggestions on how the data can be improved
- **The fiscal note found that:**

- **The City's centralized Financial Management System (FMS) is of limited use for capital project tracking.** FMS does not contain information on project schedules or reasons for project delays and cost overruns. Further, the unique identifier used by FMS is used inconsistently. Sometimes FMS IDs represent a discrete project, while at other times a single ID is used to reflect an entire agency's capital plan. In other instances, the IDs represent "holding codes" that "store" planned capital commitments for larger Citywide initiatives and are later drawn down in other, more specific FMS IDs
- **The new City-run Capital Projects Dashboard has limited financial data.** Just 46.8 percent of FMS IDs (or Project IDs) and 58.1 percent of planned commitments in each CCP are contained in the latest Capital Projects Dashboard
- **The City's project management and financial systems are not linked.** The City has tried numerous times to build a holistic capital project database by linking the two, with the most recent being the Capital Projects Dashboard. The resulting data products are not useful for project management, financial management, or transparency
- **The fiscal note had the following recommendations:** the City should fully build out agency-level capital data; include all capital projects in the Capital Projects Dashboard; standardize FMS ID naming and other data rules in FMS; add variables to FMS data to improve monitoring; and integrate capital, contract, and asset planning and management systems.

Fiscal Note. Neglecting the Basics: The Critical Need to Modernize the City's Financial IT

- The Comptroller's Office published a fiscal note underscoring the critical need to modernize the City's financial IT infrastructure, which is managed by the Financial Information System Agency and the Office of Payroll Administration (FISA-OPA)

- **Role and governance of FISA-OPA**. FISA-OPA are critical operational agencies for financial, HR, and payroll systems, created via Executive Orders and codified in the Charter. They are jointly governed by the Mayor and Comptroller but in practice strongly controlled by the Mayor/OMB through budget and headcount decisions. Staffing is tight, authorized headcount was reduced significantly while the agency has not been allowed to hire for its vacancies, and roughly 40% of staff are already retirement-eligible, creating a serious continuity risk.

- **Core payroll systems**. FISA-OPA runs the Payroll Management System (PMS), Pension PMS (PPMS), DOE-PMS interfaces (DOE has a separate payroll system), and various HR-related systems anchored by PMS. PMS and PPMS are custom COBOL/legacy systems that process pay for hundreds of thousands of employees and retirees, manage thousands of pay, leave, and deduction types, and integrate with multiple agencies and pension funds.

- **Financial management systems (FMS)**. FMS/2 (budget, COBOL, 1999, unsupported) and FMS/3 (accounting, CGI Advantage 3.x, 2009, nearing end-of-support) form the backbone of a $118 billion operating budget and $100+ billion capital plan but rely on manual workarounds and aging technology.

- **Risk profile and constraints**. The combination of obsolete platforms, fragmented architectures, procurement efforts stymied by OMB, and an aging, hard-to-replace workforce creates a "single point of failure" risk for payroll and financial operations. In 2024, the Department of Citywide Administrative Services and OMB started planning FISA-OPA's relocation. The City should sequence any relocation decisions around a clear modernization plan: ensuring core systems are upgraded first, data center risks are mitigated, and the specialized expertise required for a safe transition is secured before proceeding.

- **Recommendations.** The fiscal note calls for a unified, cloud-ready modernization of PMS, DOE payroll systems, and PPMS, and an integrated upgrade of FMS/2 and FMS/3 (ideally including DOE), emphasizing interoperability, real-time data integration, vendor-supported platforms, and reduced reliance on manual extracts and legacy code. Modernization is not a discretionary IT investment, but, rather, essential to maintaining payroll accuracy, financial control, cyber security, and transparency.

Federal Update

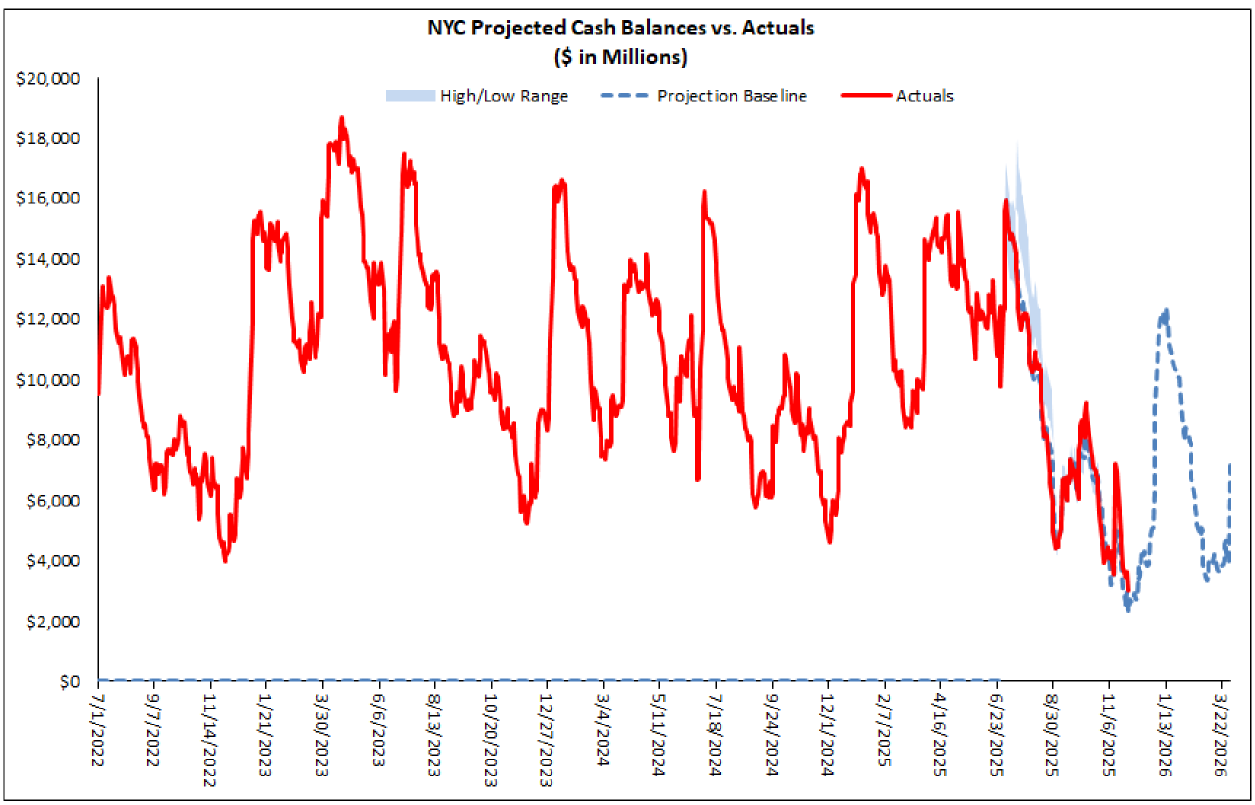
- As of this release, Congress had still not reached agreement extending the Biden-era enhanced tax credits that lower Affordable Care Act (ACA) premium costs, which are set to expire at the end of the year. Without an extension, individual health insurance premiums through the ACA Marketplace will rise substantially beginning in January.
  - This will be especially difficult for some New Yorkers later in the year, with Governor Hochul's proposal to undo the State's most recent Essential Plan expansion as a response to new healthcare eligibility restrictions included in the One Big Beautiful Bill Act (OBBBA) passed in July. Enrollees between 200-250% will lose access to their current no-cost coverage (an estimated 450,000 individuals statewide and 230,000 individuals in NYC), who will either lose coverage entirely or need to pay for insurance through the ACA Marketplace.
- As reported here last month, the Trump Administration announced major changes to the Continuum of Care (CoC) program, limiting funding for permanent housing to 30% of the $3.9 billion FFY 2025 allocation, down from approximately 90% in prior years. On November 25, New York State and a coalition of other states sued the Administration to stop the change.
  - Last year, NYC CoC received $174 million, supporting more than 8000 permanent housing units, including approximately $50 million in the City's budget for HPD's Project-Based Rental Assistance with Supportive Services program. Local providers could face funding gaps as early as the first quarter of CY 2026, as current contracts begin to expire.
- Ongoing litigation around the implementation of Supplemental Nutrition Assistance Program (SNAP) benefits has temporarily paused the roll-out of the work requirements until March 1.

- NY State is also leading a lawsuit to stop the Trump Administration from cutting off SNAP benefits for some lawfully present immigrants, including refugees and those granted asylum.

New York City's Cash Balances

- Each quarter, the Comptroller's Office issues projections for the next four months. As shown below, October actuals fell short of the forecast, primarily due to higher-than anticipated expenditures. In mid-November, however, cash balances rose sharply above expectations due to $3.157 billion in capital transfers. November transfers exceeded the forecast by $604 million.
- On Friday, November 28, the cash balance stood at $3.001 billion. It was likely the lowest cash balance of the fiscal year. Over the past three years, seasonal lows have been trending steadily downward. The seasonal lows measured $4.602 billion in FY 2025 and $5.523 billion in FY 2024.
- As of December 5th, the cash balance stood at $3.536 billion, compared to $5.855 billion at the same time last year. This month's receipts have been boosted by $585.8 million in New York State aid for asylum seekers.
- The Comptroller's Office's review of the City's cash position during the first quarter of FY 2026 and projections for cash balances through March 31,2026, are available here.

Chart 7



Contributors

Comptroller Lander thanks the following members of the Bureau of Budget for their contributions to this newsletter: Jonathan Siegel, Chief Economist; Jason Bram, Director of Economic Research; Yaw Owusu-Ansah, Director of Tax Policy and Revenue Analysis; Irina Livshits, Chief, Fiscal Analysis Division; Aida Farmand, Senior Tax Policy Analyst; Marcia Murphy, Principal Revenue Economist; Stephen Corson, Senior Research Analyst; Aliyah Sahqani, Economic Research Analyst; Amber Born, Economic Development Research Analyst; Jack Kern, Principal Budget & Policy Analyst; Bailey Schweitzer, Sr. Capital Budget Analyst; Elizabeth Brown, Senior Director of Budget Oversight; Krista Olson, Deputy Comptroller; and Francesco Brindisi, Executive Deputy Comptroller. The Comptroller also thanks Archer Hutchinson, Creative Director; Addison Magrath, Graphic Designer; Angela Chen, Senior Website Developer; Martina Carrington, Web Developer; and Cindy Zhao, College Aide-Web Developer, for design and layout.

NEW YORK CITY COMPTROLLER
BRAD LANDER

1 Centre Street, New York, NY 10007
www.comptroller.nyc.gov
(212) 669-3916