MARK LEVINE
NEW YORK CITY COMPTROLLER

NEW YORK BY THE NUMBERS

# Monthly Economic and Fiscal Outlook

By New York City Comptroller Mark Levine
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

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

# Contents

**A Message from the Comptroller** .......... **4**

**The U.S. Economy** .......... **6**

**New York City Economy** .......... **7**

Payroll Employment Trends .......... 7

Labor Market Indicators .......... 8

Inflation .......... 9

Consumer & Business Surveys .......... 10

Office Market & Attendance .......... 11

Housing .......... 13

Tourism .......... 15

Homelessness & Asylum Seekers .......... 16

**City Finances** .......... **17**

School Enrollment .......... 17

Calendar 2024 Personal Income Tax Returns .......... 19

New York City Health Benefits Dependent Eligibility Verification Audit (DEVA) .......... 20

Federal Funding Update .......... 21

New York City's Cash Balances .......... 22

# A Message from the Comptroller

Dear New Yorkers,

Fall is here and the economy is showing some signs of momentum.

In this month's New York by the Numbers, we look at a national economy that appears to be picking up steam. After growing at a modest 1.5% annual rate in the second quarter, GDP growth is expected to have accelerated in Q3, driven largely by business investment. The labor market also delivered some welcome news: private-sector job growth, though still sluggish, picked up in August, and July's gains were revised upward.

Here in New York City the picture is mixed, but even brighter on balance. Employment slumped in August but was still up modestly from a year earlier. Other indicators are sending stronger signals. The city's unemployment rate fell to an 18-month low, the employment-population ratio remains near a record high, and consumer confidence in NY State remained elevated in August, diverging further from the nationwide level, which sunk to a seven-month low.

NYC's office market also continued to improve and has been a standout among major U.S. cities, reflecting both solid demand and a gradual reduction in the supply of lower-end properties. And while the housing supply still has a long way to go to catch up to the strong demand we've seen, residential development and construction have picked up this past year: new housing completions remain at a high level with new residential filings and permits indicating a strong pipeline of new housing supply for the future as well.

But encouraging topline numbers don't tell the whole story. The benefits of a stronger economy are not being felt equally across our city—reflecting the widely-cited K-shaped economy. Too many New Yorkers continue to face high costs, unequal access to economic opportunities, and persistent disparities in employment and income. As we track the city's economic progress, we also need to ask who is benefiting from that progress, and who is being left behind.

Sincerely,

Mark D. Levine
New York City Comptroller

# Highlights

- After growing at a modest 1.5% annual rate in Q2, GDP is expected to accelerate in Q3, driven largely by business investment: the NY Fed's Nowcast estimates 2.3% growth, while the Atlanta Fed's GDPNow looks for 5.1% growth.
- The U.S. unemployment rate held steady at 4.1% in August, though both the labor force participation rate and employment-population ratio rose by 0.2 points, after sinking to multi-year lows in July. Private-sector payroll employment rose by 127K in August, and July's gain was revised up by 41K. Moreover, job gains were somewhat more broad-based than in recent months.
- In NYC, employment slumped in August but was still up modestly from a year earlier; jobs data over the summer can be noisy due to seasonal volatility. In contrast, the city's unemployment rate fell 0.2 points to 4.8%, an 18-month low, though the drop was due to fewer job-seekers rather than more people working; still, the employment-population ratio was steady just shy of its record high.
- Inflation slowed in August, with the 12-month change slipping from 4.6% to 4.3% locally but holding steady at 3.4% nationwide.
- Consumer confidence in NY State remained elevated in August, diverging further from the nationwide level, which sunk to a 7-month low. The 3-month moving average has exceeded the U.S. average throughout the past year.
- NYC's office market continues to improve, reflecting both solid demand and a gradual reduction in the supply of lower-end properties. Weekday office attendance slipped in August but remains well above the nationwide average.
- Housing completions retreated in the first half of 2026, after climbing to a multi-decade high in 2025, but remain at a high level. Moreover, new residential filings and permits remain high, indicating a strong pipeline of new housing supply.
- Tourism in NYC had tapered off in the 2nd half of August but picked up again in early September.
- The NYC Department of Education recently released finalized NYC public school enrollment for the last school year. Overall enrollment declined to 979,803 in school year 2026, down 1.9% from the year prior, and 10.1% from a decade ago.
- As of September 9, 2026, the City's central treasury balance stood at $13.73 billion, compared to $11.0 billion at the same time in FY 2026. The higher balance compared to last year primarily reflects the delayed disbursement of $3.7 billion to the Retiree Health Benefits Trust (RHBT) for FY 2026 pay-as-you-go retiree health benefits. See our most recent cash letter for more details.

# The U.S. Economy

- GDP growth, which had clocked in at a modest 1.5% annual rate in Q2, is projected to pick up in Q3, driven largely by business investment: the NY Fed's Nowcast estimates 2.3% growth, while the Atlanta Fed's GDPNow looks for 5.1% growth.
- Private-sector payroll employment rose by 127K in August, and July's gain was revised up by 41K. Moreover, excluding Health & Social Assistance, employment rose nearly 100K in August—the second strongest monthly gain since 2024.
- Based on the household survey, the U.S. unemployment rate held steady at 4.1% in August. However, in a sign of improvement in the labor market, both the labor force participation rate and employment-population ratio rose by 0.2 points, after sinking to multi-year lows in July.
- The Conference Board's Consumer Confidence Index continued to edge down in August, and University of Michigan's Index of Consumer Sentiment declined in early September. Both these measures are down from 2025 levels and well below their pre-pandemic levels.
- The Purchasing Managers' Index (PMI) surveys through August point to continued moderate growth in both the service and manufacturing sectors.
- Inflation remained elevated in August. The CPI (Consumer Price Index) rose 0.4% from July, driven largely by an upturn in energy prices. Over the 12 months ending in August, the U.S. CPI is up 3.4%, the same as in July. Core inflation (excluding food & energy) has remained fairly tame, up 2.4 % over the past 12 months, but still slightly above the Fed's target of 2%.
- Persistent price pressures led the Fed to raise the federal funds rate by a quarter point to 3.75-4 % at the September 16th meeting. The move came as long-term rates had climbed considerably — the 10-year Treasury yield reached a 19-year high of 5.04% before the FOMC meeting, reflecting rising inflation expectations.

# New York City Economy

## Payroll Employment Trends

- As shown in Table 1, Private-Sector employment fell 12,900 in August but was still up 18,000 over the past 12 months. The recent apparent weakness in employment likely reflects, at least in part, residual seasonal volatility. Still, it is clear that there has not been significant job creation overall so far this year.
- Employment has declined in the city's three key sectors—Finance, Professional & Business Services, and Information—over the past three months, though only Information employment is down from a year earlier. The only sector showing a significant decline in employment over the past year has been Leisure & Hospitality, and this sector also accounts for much of the decline over the past three months.

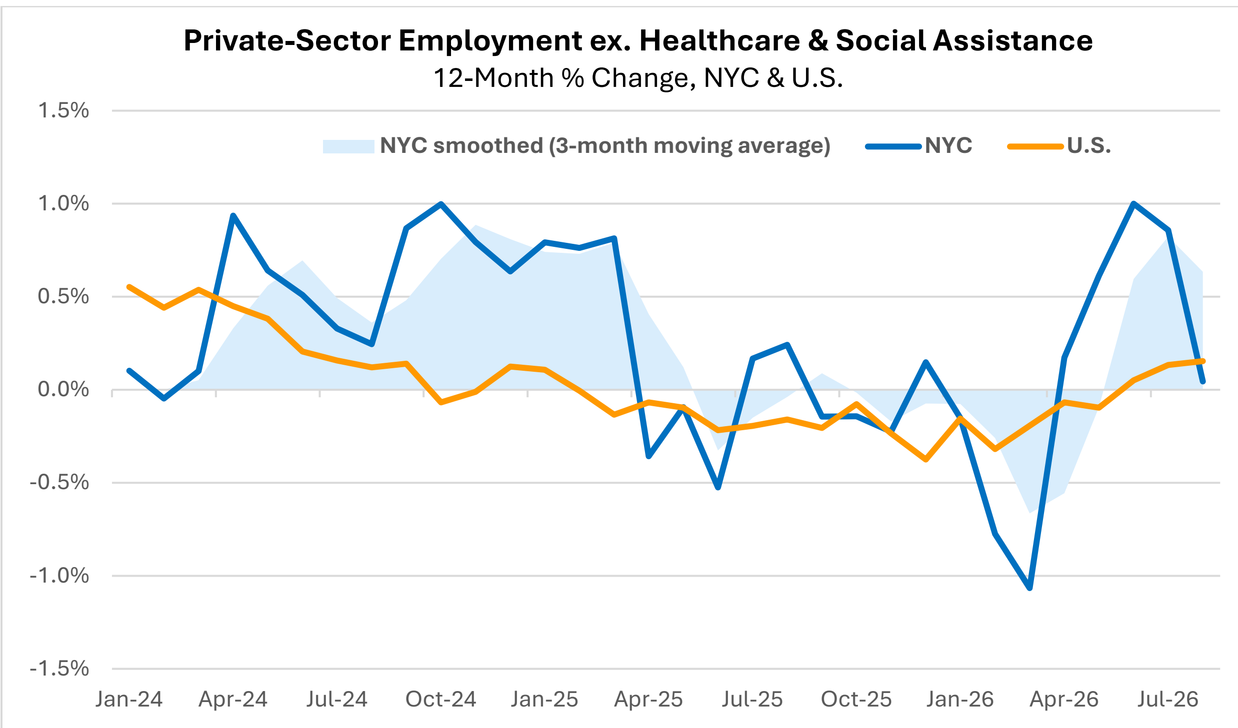
### Table 1. Seasonally Adjusted NYC Employment, by Industry

| (1,000s) | Seasonally Adjusted NYC Employment | | | | | Aug. 2026 Change over | | |
|---|---|---|---|---|---|---|---|---|
| Industry: | Aug. '25 | May '26 | June '26 | July '26 | Aug. '26 | 12 Months | 3 Months | 1 Month |
| Total Non-farm | 4,814.21 | 4,851.77 | 4,856.56 | 4,863.05 | 4,851.74 | 37.53 | (0.03) | (11.31) |
| Total Private | 4,194.64 | 4,227.06 | 4,228.35 | 4,225.56 | 4,212.66 | 18.02 | (14.40) | (12.90) |
| Government | 619.57 | 624.71 | 628.21 | 637.49 | 639.08 | 19.51 | 14.37 | 1.59 |
| Financial Activities | 516.25 | 522.51 | 522.17 | 520.81 | 520.00 | 3.75 | (2.51) | (0.81) |
| Securities | 208.22 | 214.00 | 213.63 | 213.44 | 213.21 | 4.99 | (0.79) | (0.23) |
| Information | 220.21 | 220.48 | 220.18 | 221.20 | 217.76 | (2.45) | (2.72) | (3.44) |
| Prof. and Bus. Services | 792.54 | 807.78 | 804.46 | 803.00 | 796.98 | 4.44 | (10.80) | (6.02) |
| Educational Services | 262.95 | 264.05 | 268.66 | 272.25 | 271.99 | 9.04 | 7.94 | (0.26) |
| Health & Social Assist. | 998.30 | 1,021.86 | 1,024.83 | 1,025.54 | 1,023.79 | 25.49 | 1.93 | (1.75) |
| Leisure and Hospitality | 454.32 | 447.80 | 445.86 | 436.81 | 436.36 | (17.96) | (11.44) | (0.45) |
| Arts, Ent., and Rec. | 91.49 | 88.40 | 88.19 | 89.64 | 84.22 | (7.27) | (4.18) | (5.42) |
| Accomm. & Food Svc. | 362.83 | 359.40 | 357.68 | 347.17 | 352.14 | (10.69) | (7.26) | 4.97 |
| Retail Trade | 300.48 | 298.81 | 298.59 | 298.41 | 297.28 | (3.20) | (1.53) | (1.13) |
| Wholesale Trade | 132.06 | 132.77 | 131.80 | 133.11 | 133.69 | 1.63 | 0.92 | 0.58 |
| Trans. & Warehousing | 135.60 | 130.02 | 131.90 | 131.99 | 132.17 | (3.43) | 2.15 | 0.18 |
| Construction | 135.79 | 136.57 | 135.43 | 136.36 | 137.28 | 1.49 | 0.71 | 0.92 |
| Manufacturing | 52.51 | 50.75 | 50.36 | 50.51 | 50.17 | (2.34) | (0.58) | (0.34) |

Sources: NYC Office of Management & Budget; U.S. Bureau of Labor Statistics; NY State Department of Labor

- The Health & Social Assistance sector has continued to be one of the few persistent sources of job creation over the past year. Because the sector, along with government, tends to be driven more by demographics and policy intervention than by market forces, we continue to focus on Private-Sector employment excluding Health & Social Assistance as a preferred barometer of the job market.
- Because monthly changes and seasonal adjustments have been particularly noisy this summer, Chart 1 below focuses on the 12-month percent change in this preferred measure of employment, both locally and nationwide. While this measure of NYC job growth has fallen back below its national counterpart, the smoothed version (a 3-month moving average) is showing growth of 0.6%, which exceeds the comparable nationwide pace of just 0.1%.

### Chart 1



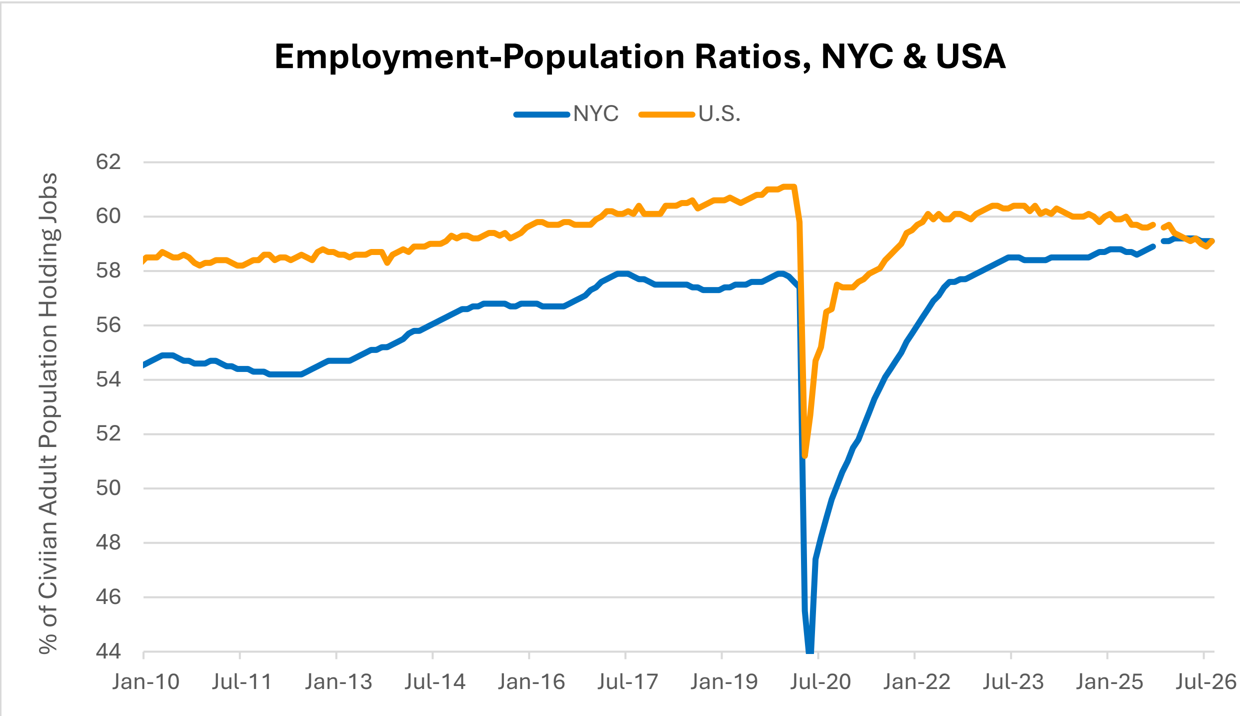

Sources: U.S. Bureau of Labor Statistics; NY Department of Labor; Moody's economy.com

# Labor Market Indicators

- Based on the monthly household survey, which is based on place of residence, NYC's unemployment rate declined from 5.0% to 4.8% in August—its lowest level in a year and a half. However, all of the improvement came from a dip in the labor force (fewer people looking for jobs) rather than an increase in employment.

- Still, NYC's employment-population ratio remains near an all-time high. This indicator, which had been steady at a record high of 59.2% throughout the first five months of 2026, edged down to 59.1% in July and remained at that level in August. This contrasts starkly from the nationwide rate, which has trended down for the past 3 years, as shown in Chart 2 below. The U.S. ratio edged up in August but remains near its 5-year low set in July.

**Chart 2**



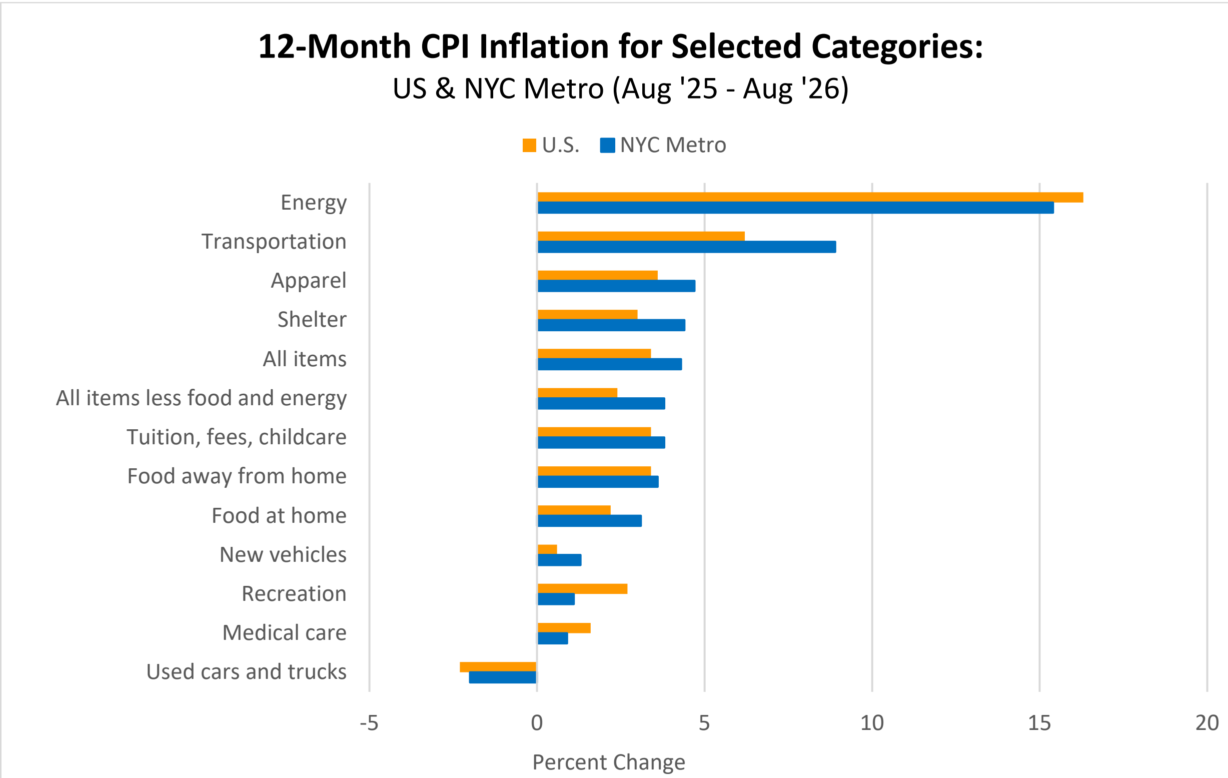

Sources: U.S. Bureau of Labor Statistics; NY Department of Labor; Moody's economy.com

- Weekly initial claims for unemployment insurance have remained quite subdued, both nationally and locally. The persistently low level of jobless claims during a period of lethargic net job creation is illustrative of the "low-hire, low-fire" economy.

# Inflation

- Consumer prices in the New York metro area leveled off in August, driven largely by a pullback in energy prices. Still, over the past 12 months, overall prices are up 4.3% (versus 3.4% nationally), and energy prices are up 15.4% locally—a bit less than in July and also a bit less than nationally (+16.3%).
- Metro area transportation costs also retreated in August but were still up 8.9% over the past year, well above the U.S. rise of 6.2%. Public transit fare hikes in parts of the tri-state area (NJ & CT) took effect on July 1, driving much of the 12-month rise.

## Chart 3



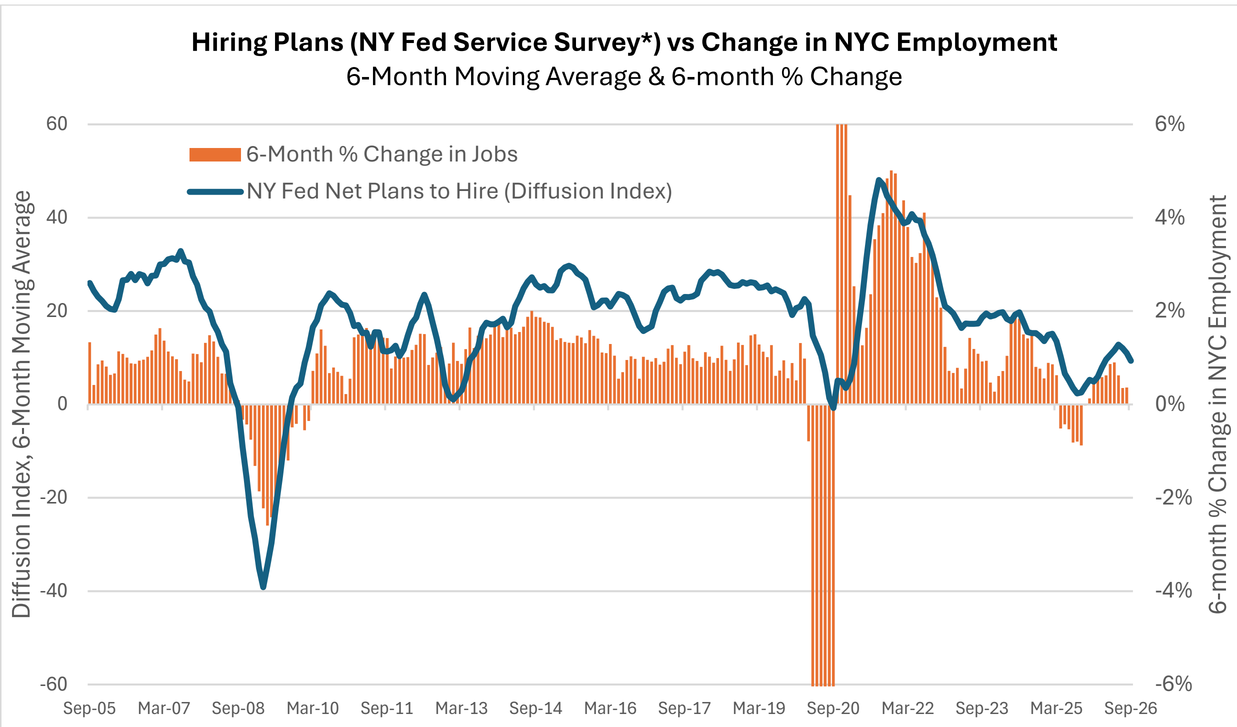

Source: U.S. Bureau of Labor Statistics

# Consumer & Business Surveys

- Consumer confidence in NY State remained elevated in August, even as the nationwide level continued its gradual downward trend, sinking to a 7-month low. The statewide 3-month moving average has exceeded the U.S. average throughout the past year—a stark contrast with the periods both before and during the pandemic, when NY State had consistently lagged the U.S.
- The NY Fed's September business surveys point to some incipient weakening in the regional economy. The service-sector survey, which covers all of NY State as well as northern NJ and Fairfield County, indicates a moderate decline in business activity, as well as deterioration in the general business climate and hiring activity. The NY Fed's statewide manufacturing survey (less relevant for NYC's economy) signaled a deceleration in business activity but optimism about the near-term outlook.
- These Fed surveys also point to broadening price pressures, as roughly 70% of respondents in both sectors said they expected the prices they pay for inputs to increase in the next six months.

- These surveys also ask about anticipated changes in the respondent firms' headcounts—i.e. net hiring plans. Chart 4 below shows a 6-month rolling average of the Business Leaders (service-sector) Survey question's diffusion index—the % of firms expecting to increase vs reduce their workforce in six months—alongside 6-month % change in employment in NYC. While the survey covers a much broader geographic area, it serves as somewhat of a leading indicator of overall job growth in NYC, as illustrated in Chart 4. This suggests a modestly positive outlook for jobs.

### Chart 4




Source: Federal Reserve Bank of NY Business Leaders Survey
https://www.newyorkfed.org/survey/business_leaders/bls_overview
*Based on survey diffusion index for **expected change in employment** at respondent firm over the next six months.

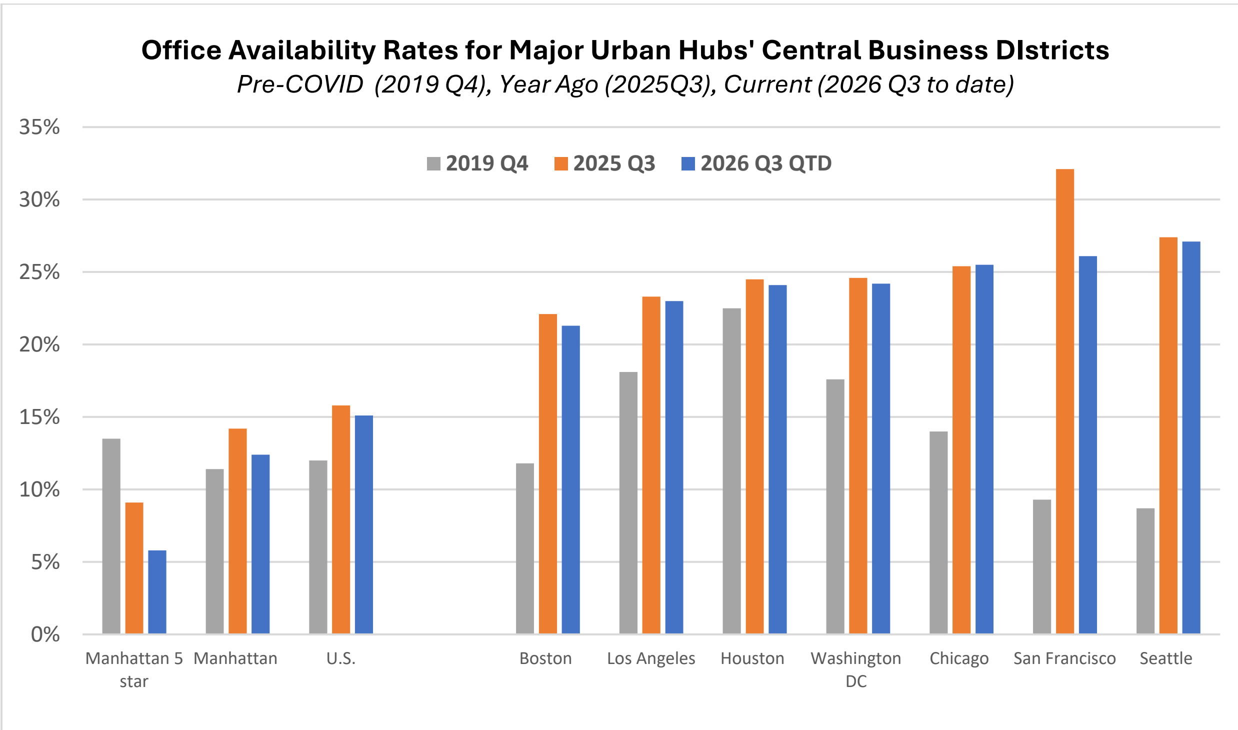
# Office Market & Attendance

- New York City's office market continued to strengthen in August and the first half of September, as the citywide availability rate fell nearly half a point to 12.2%—its lowest level since mid-2020. Moreover, while leasing activity has been particularly strong for space in high-end (5-star) office buildings, office availability rates are at 6-year lows across all class segments of the market.

- Chart 5 below compares office availability rates in Manhattan's CBD (central business district—south of 59th Street) with rates in a handful of other major cities'

CBDs, as well as the nationwide rate. For all classes of office space in Manhattan's CBD, the office availability rate has fallen by almost 2 percentage points, to 12.4% and is now just a point above its pre-COVID level at the end of 2019. It is also nearly 3 points below the nationwide rate and substantially below those in other cities. Moreover, the market for 5-star (top-tier) space in Manhattan is extremely tight, as shown in the first set of bars.

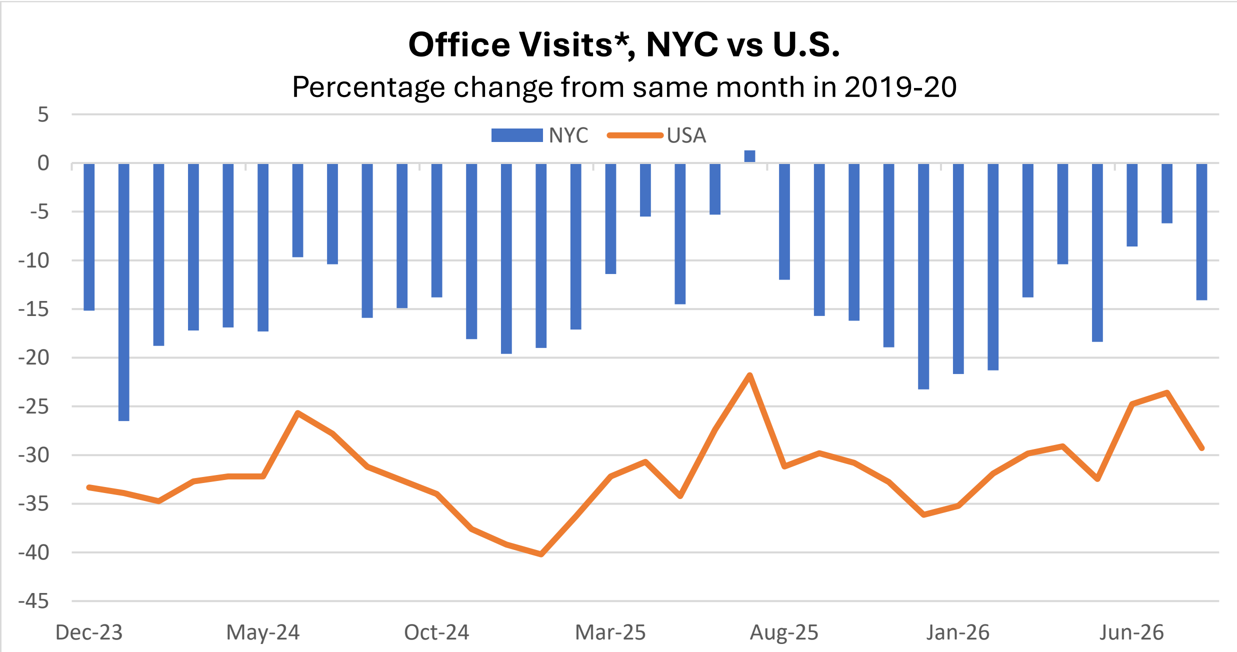
## Chart 5




Source: Costar

- NYC office attendance dipped in August but continued to outperform the nationwide average, based on Placer AI's data. Office visits (adjusted for working days) were 14% below pre-pandemic levels, as seen in Chart 6 below. Nationwide attendance also weakened modestly, running 29% below its pre-pandemic level—still a sizable shortfall and around the middle of the range that has prevailed over the past year.

## Chart 6

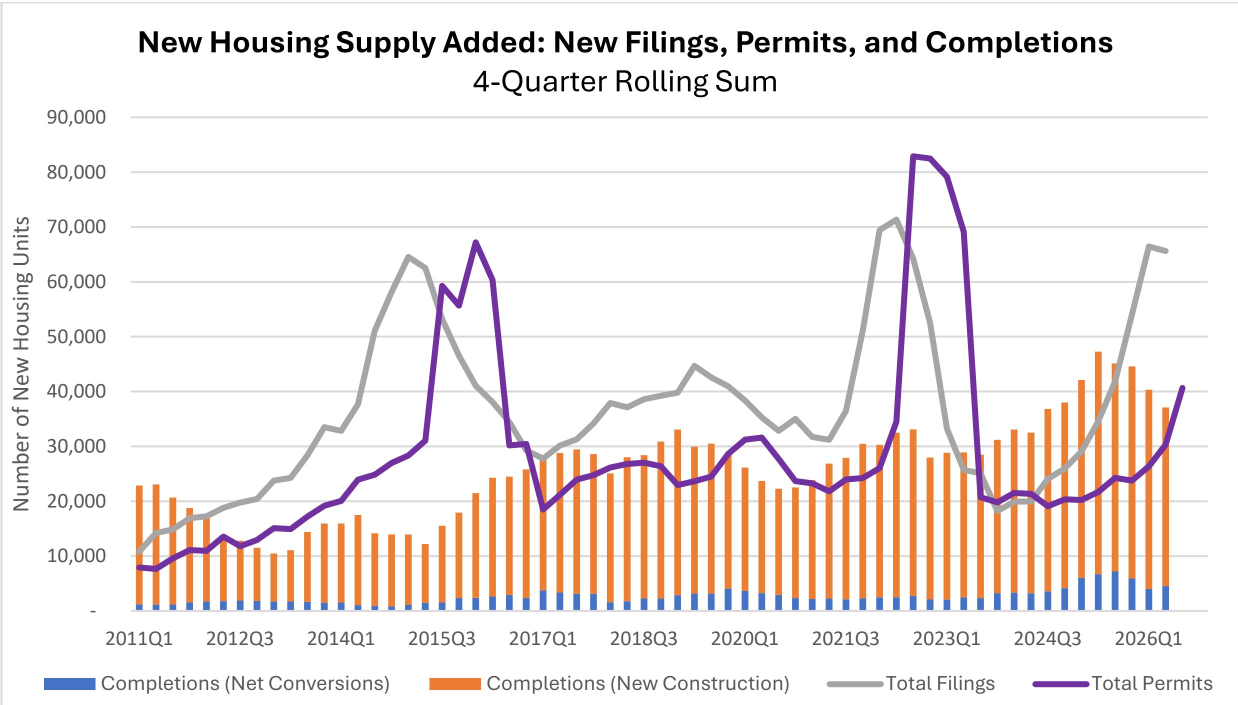



Sources: placer.ai; Office of the NYC Comptroller
*Adjusted for the number of working days (as opposed to weekends and holidays)

# Housing

- Recently-released data on residential permits and completions covering the first half of 2026 point to continued strength in home construction.
- While new housing unit completions (i.e. units coming on the market) slowed a bit from their breakneck pace of 2025, 2026 is still on pace to be the second strongest year in well over a decade.
- Moreover, the pipeline for future completions looks strong, as reflected in the recent surge in the number of housing units applied for (new filings) and the number authorized (new permits). It should be noted that the two previous surges in permits (in 2015-16 and 2022-23) coincided with the expiration of tax benefit programs, whereas the recent surge appears more based on fundamentals.

## Chart 7



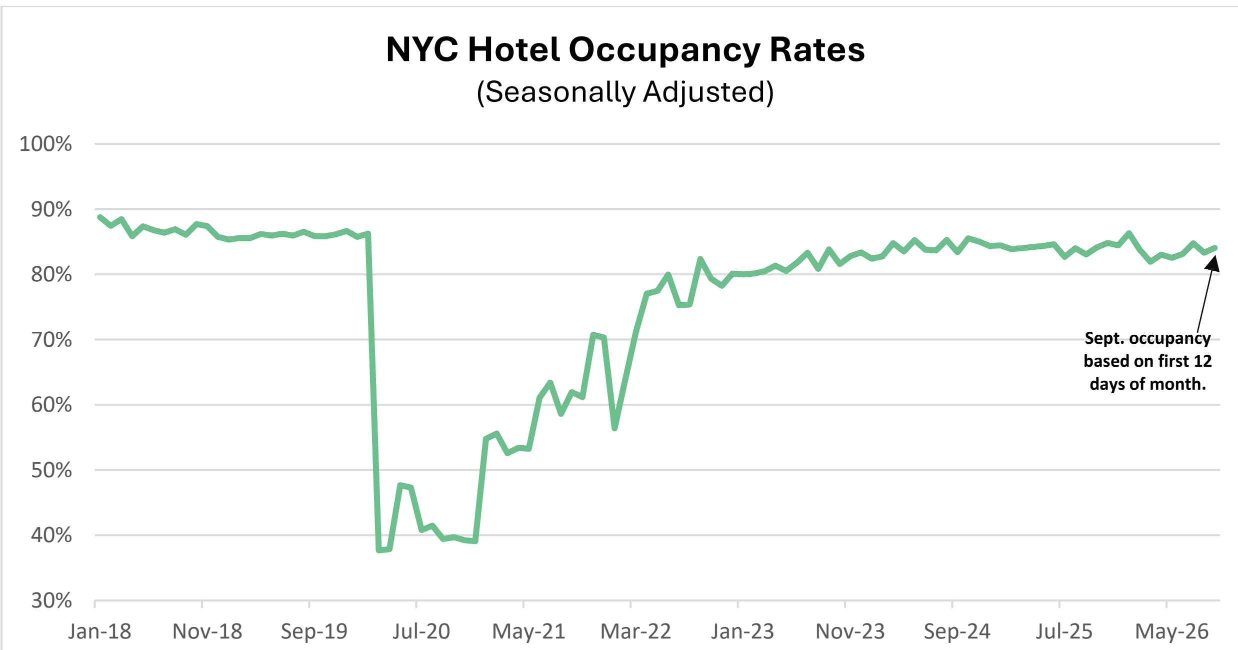

Sources: NYC Dept. of City Planning; Office of the NYC Comptroller

- StreetEasy estimates that sales prices have hardly risen for homes in the city (only up 0.7% since last August). Manhattan lagged with prices down 0.8% from a year earlier in August, while Brooklyn and Queens led with a 2.3% and 4.3% increase, respectively.
- City-wide home sales prices have been essentially flat compared to 2019 (-1.5%), with modest gains in Queens (4.7%) and Brooklyn (2.9%) offset by a moderate decline in Manhattan (-4.6%).
- In contrast, the rental market remains tight as citywide rents increased by 5.6% compared to last August, while inventory remains low, down by nearly 7% from last year. Manhattan leads in rent increases, with its rental index up by 6.6% since last year and up over 37% since August 2019.

# Tourism

- Tourism activity, which had slumped a bit in the 2nd half of August, has picked up somewhat in September. Hotel occupancy was slightly lower in August, and room rates were 3-4% below last year's rates — the first time since 2021 that room rates and occupancy have been below their previous year's mark in August.
- September so far has been a stronger month compared to 2025, with hotel occupancy and the average daily room rate both up by about 7%. Much of the Labor Day weekend strength that fell in late August last year landed in September this time.

## Chart 8



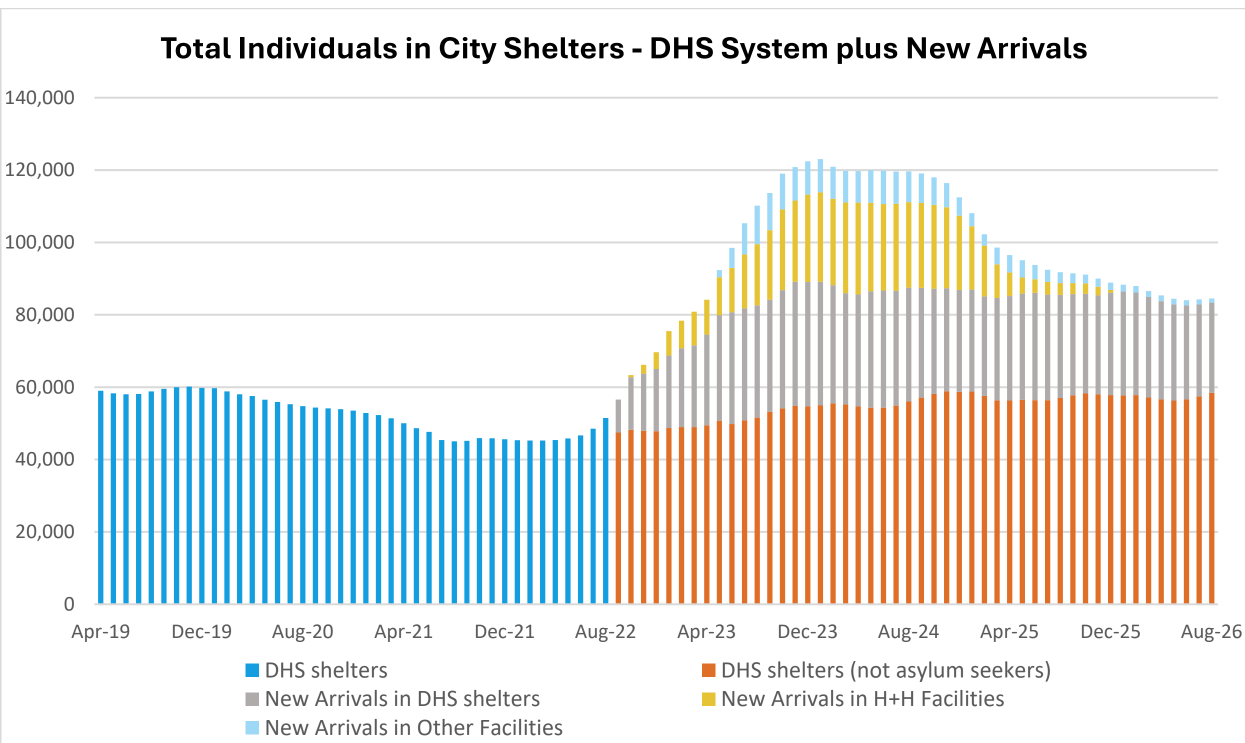

Sources: Costar; Office of the NYC Comptroller

- After a late-summer uptick, Broadway revenue and attendance both declined in mid-August and early September. Over the past three weeks, attendance has been roughly 5% below last year's benchmark, while revenue has been around 8-10% below.

# Homelessness & Asylum Seekers

- Chart 9 shows the monthly average number of people in City shelters through August 2026. The shelter census rose sharply following the influx of asylum seekers, reached a peak in early 2024, and has since declined. Even so, the census remains 49% higher than in September 2022 (83,360 individuals compared to roughly 57,470). Asylum seekers now account for 31% of the total shelter population, down from a peak of 55% in January 2024.
- In August, the average number of asylum seekers in City shelters was approximately 26,110, marking a decrease of 660 individuals from July 2026. However, there was an increase in non-asylum seekers of approximately 960 people, marking the first time in nearly two years with two consecutive months of a net shelter increase.
- Over the past 12 months, from August 2025 through August 2026, the average asylum seeker shelter census decreased by more than 8,680 individuals, or 25 percent. The non-asylum-seeking population has increased by approximately 1,420 individuals or more than two percent over the same period.

## Chart 9



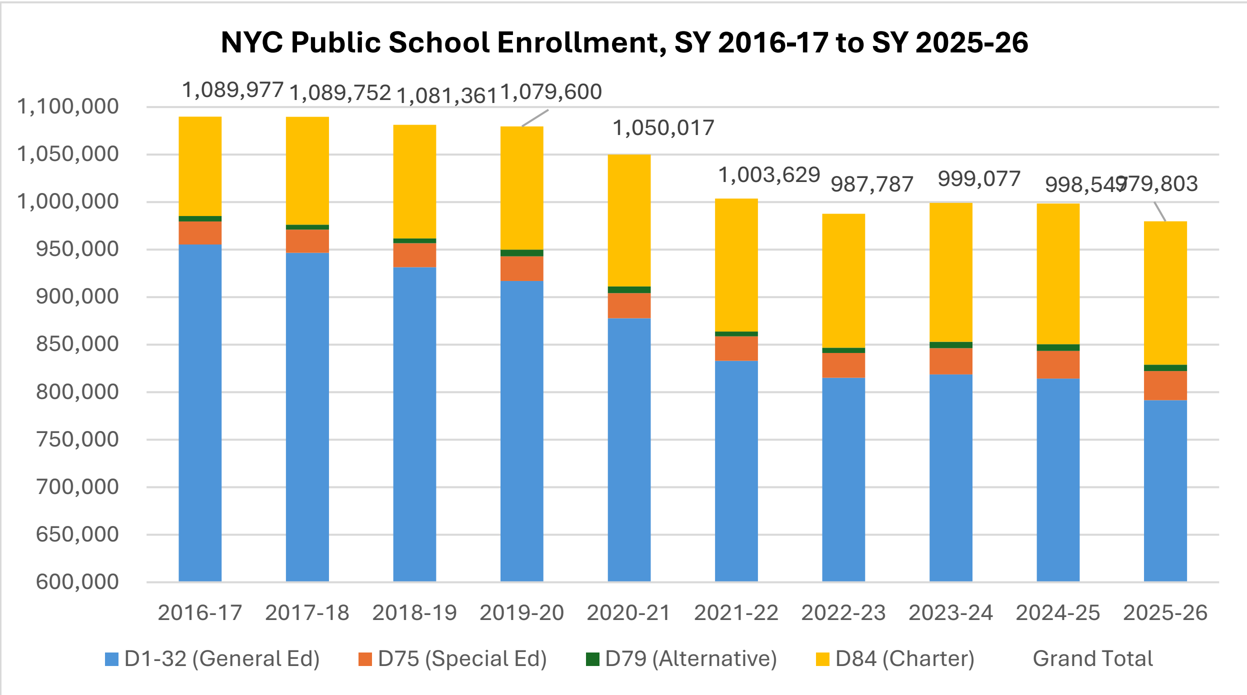

Sources: NYC DHS Daily Report; NYC Mayor's Office; NYC Council
Note: Figures shown are monthly averages. Data on the asylum seeker population within DHS shelters are not available prior to August 31, 2022. Other Facilities include spaces operated by NYCEM, HPD, and DYCD, and those outside of NYC.

# City Finances

## School Enrollment

- The NYC Department of Education recently released finalized NYC public school enrollment for school year 2025-2026. Overall enrollment declined to 979,803 in School Year (SY) 2026, down from 998,547 pupils in SY 2025 (-1.9%), and from 1.09 million students a decade ago (-10.1%), as shown in Chart 10 below.
- The enrollment decline has all been in general education (non-charter schools), which have declined by 17.1%, from 955,364 to 791,564 over the 10 years. The steepest decline occurred during the pandemic years. The increase between school years 2023 and 2024 was largely due to the increase in asylum seekers (see the Chart 9 above).

### Chart 10




Source: NYC Department of Education

- Over the past decade, more than 1,000 general education schools have seen decreases of 5% or more in student population. 40% of all general education schools (596 schools) have seen decreases in enrollment of at least 25% over that time, as shown in Table 2 below.
- Elementary schools show larger enrollment losses over the 10-year period, with over half (332 schools) losing 25% or more of their enrollment.

## Table 2. General Education Schools Enrollment Change, SY 2016-17 to 2025-26

| All General Education Schools | | |
|---|---|---|
| **10-Year Enrollment Change** | **Number of Schools** | **% of Total Schools** |
| **Large Increase (25% or more)** | 113 | 8% |
| **Small Increase (5-24%)** | 147 | 10% |
| **Stable (-5% to 5%)** | 174 | 12% |
| **Small Decrease (-5% to -24%)** | 462 | 31% |
| **Large Decrease (-25% or more)** | 596 | 40% |
| **Total** | 1,492 | |

Source: NYC Department of Education

Note: Only schools active all 10 years from SY 2016-17 to SY 2025-26 are included.

- For small schools (fewer than 200 students in SY 2025-26), declines are even more pronounced, as nearly three-quarters (73%) lost 25% or more of their students over the past decade, as shown in Table 3. Overall, 174 of these schools (90%) have seen enrollment decline over the past decade.

## Table 3. Small Schools Enrollment Change, SY 2016-17 to 2025-26

| Breakout: General Education Schools with Fewer than 200 Students in SY 2025-26 | | |
|---|---|---|
| **10-Year Enrollment Change** | **Number of Schools** | **% of Total Schools** |
| **Large Increase (25% +)** | 5 | 3% |
| **Small Increase (5-24%)** | 8 | 4% |
| **Stable (-5% to 5%)** | 6 | 3% |
| **Small Decrease (-5% to -24%)** | 34 | 18% |
| **Large Decrease (-25% or more)** | 140 | 73% |
| **Total** | **193** | |

Source: NYC Department of Education

Note: Only schools active all 10 years from SY 2016-17 to SY 2025-26 are included.

# Calendar 2024 Personal Income Tax Returns

- Table 4 shows a summary of the Tax Year 2024 distribution of NYC Personal Income Tax filers and their adjusted gross income (AGI). Strong overall income growth of 15.5% obscures the extent to which that growth was concentrated in upper-income echelons – with 23.6% growth in income for tax filers above $200,000 in AGI and only 3.5% growth for taxpayers between zero and $200,000.
- A recently published analysis from this Office uses tax data from 2024 and 2019 to highlight trends in income concentration and growth since before the pandemic. Income in NYC is far more concentrated than nationally: the top 1 percent received 37% of all income (versus 22% nationally) and the top 0.1 percent received 22%, double the U.S. share. Between 2019 and 2024, nearly two-thirds of the city's real income growth accrued to the top 1 percent, while real median income fell 3.2% and the bottom 90 percent saw essentially no real gain. The divergence was driven mainly by non-wage income—capital gains, dividends, business income, and rents.

## Table 4. New York City Personal Income Tax Filers, Tax Year 2024

| Income Bracket (AGI): | Tax Filers | | | NYS Adjusted Gross Income (AGI) | | | |
|---|---|---|---|---|---|---|---|
| | Number in 2024 | Change from 2023 | Percent of Total | $ Billions in 2024 | Change from 2023 | % Change from 2023 | Percent of Total |
| Under $0 | 50,272 | -1,964 | 1.3% | -3.25 | 0.70 | -17.6% | -0.7% |
| $0 to $50k | 2,099,144 | 22,273 | 52.2% | 44.47 | 0.63 | 1.4% | 8.9% |
| $50 to $75k | 571,692 | 4,833 | 14.2% | 35.29 | 0.34 | 1.0% | 7.1% |
| $75 to $100k | 359,388 | 10,700 | 8.9% | 31.07 | 0.92 | 3.0% | 6.2% |
| $100 to $200k | 564,187 | 30,959 | 14.0% | 77.85 | 4.44 | 6.1% | 15.6% |
| $200 to $500k | 270,440 | 24,983 | 6.7% | 80.31 | 7.83 | 10.8% | 16.1% |
| $500k to $1m | 63,780 | 9,394 | 1.6% | 43.38 | 6.37 | 17.2% | 8.7% |
| $1m to $5m | 34,786 | 5,229 | 0.9% | 66.27 | 9.71 | 17.2% | 13.3% |
| $5m to $10m | 3,523 | 710 | 0.09% | 24.21 | 4.78 | 24.6% | 4.9% |
| Above $10m | 2,570 | 634 | 0.06% | 98.38 | 30.93 | 45.9% | 19.8% |
| **All Filers** | **4,019,782** | **107,751** | **100%** | **497.99** | **66.64** | **15.5%** | **100%** |

Source: 2023-2024 Article 22 Personal Income Tax (PIT) Population Study Files (New York State Department of Taxation and Finance) and Office of NYC Comptroller analysis.

- As can be seen in Table 5, increased capital gains, dividends, and interest made up most of overall income growth in 2024, accounting for $42 billion (63%) of the $67 billion in total income gains from 2023 to 2024.

### Table 5. New York City Adjusted Gross Income (AGI) by Source, Tax Year 2024

| in $ Billions | Tax Year 2024 | Change from 2023 | % Change from 2023 |
|---|---|---|---|
| **NYS Adjusted Gross Income (AGI)** | **497,994** | **66,645** | **15.5%** |
| **Wage Income** | 319,671 | 22,524 | 7.6% |
| **Dividends & Interest** | 55,137 | 16,451 | 42.5% |
| **Capital Gains** | 62,972 | 25,654 | 68.7% |
| **Partnership, S-Corp, Rent & Royalty Income** | 17,028 | -5,803 | -25.4% |
| **Sole Proprietorship Income** | 14,899 | 204 | 1.4% |
| **Other Income** | 28,288 | 7,616 | 36.8% |

Source: 2023-2024 Article 22 Personal Income Tax (PIT) Population Study Files (New York State Department of Taxation and Finance) and Office of NYC Comptroller analysis.

# New York City Health Benefits Dependent Eligibility Verification Audit (DEVA)

- The Mayor's Office of Labor Relations will begin in October an audit of the City's health benefits program for municipal employees. The audit will examine municipal employees' dependents who are enrolled in the health benefits program to ensure they meet the City's eligibility guidelines.
- Projected savings resulting from the audit, referred to as DEVA, were included in the FY 2026 Preliminary Budget as part of the Citywide Savings Plan. According to the financial plan, the audit is budgeted to reduce City costs by $100 million annually beginning in FY 2027. New York City periodically performs a DEVA to confirm the eligibility of health benefits members' dependents. However, according to the Mayor's Office of Management and Budget this will be the first comprehensive DEVA process since 2014, encompassing the entire active employee and retiree population.
- The audit will be conducted on a rolling basis—in batches of employees by agency, followed by retirees.  In the coming weeks and months, employees enrolled in the

health benefits program will receive official communication detailing the verification process and outlining the steps required.

# Federal Funding Update

## Healthcare Updates

- NY State is notifying all potentially impacted Medicaid recipients this month of the new work requirements included in the H.R. 1 (aka the One Big Beautiful Bill Act). Requirements go into effect for new enrollees January 1, 2027, or at the subsequent renewal date for current enrollees.
- Adults (19-64) receiving Medicaid benefits must complete at least 80 hours per month of work, school, job training or community volunteering (or a combination). Some exemptions exist for certain caregivers, individuals with disabilities or specific medical conditions or women who are pregnant or recently pregnant.
- In addition, most non-exempt adults under 65 must renew their Medicaid eligibility every six months instead of annually.

## Federal FY 2027 Budget Process

- On September 1, the House approved the Senate's bipartisan Continuing Resolution (CR) to fund the federal government through December 11. President Trump signed the bill into law on September 2. This stopgap measure avoids a potential government shutdown until after the midterm elections. In addition, the approved CR includes language temporarily blocking implementation of the Federal OMB's proposed revisions to federal grant rules that could politicize federal funding, as described in more detail in prior newsletters.

## Legal Challenge to "Public Charge" Rule

- Both New York City and New York State are leading concurrent lawsuits with coalitions of other municipalities and states, respectively, against the Trump administration's "public charge" immigration rule.
- The federal rule change gives individual immigration agents more freedom to deny green cards or visas to certain lawful immigrants based on their use of public safety net programs, such as Medicaid or food assistance. The change took effect Friday, September 18.

- In 2022, the federal government issued a rule limiting public charge determinations to cash assistance or long-term institutionalization. The new rule would let immigration officers count nearly any public benefit, used for any amount of time, against an application. The rule also includes benefits used by family members who are U.S. citizens. For example, a U.S. citizen child's public health insurance enrollment or use of school's free lunch program could be used against a noncitizen parent's green card application.
- Previous efforts to target the use of these programs has led to a decline in enrollment and use of services, even by immigrant groups such as asylum seekers, who are not directly impacted by the new rule. This "chilling effect" leads to both a reduction in the use of critical services, and a reduction of federal reimbursement to cities, states and service providers; and the use of non-federally-funded services may increase. The Mayor cited estimates that up to 4 million people from across the country could drop health care coverage to avoid being labeled a public charge, a number that could affect 1.8 million children.

### Trump Drops Legal Challenge to Funding the Gateway Tunnel

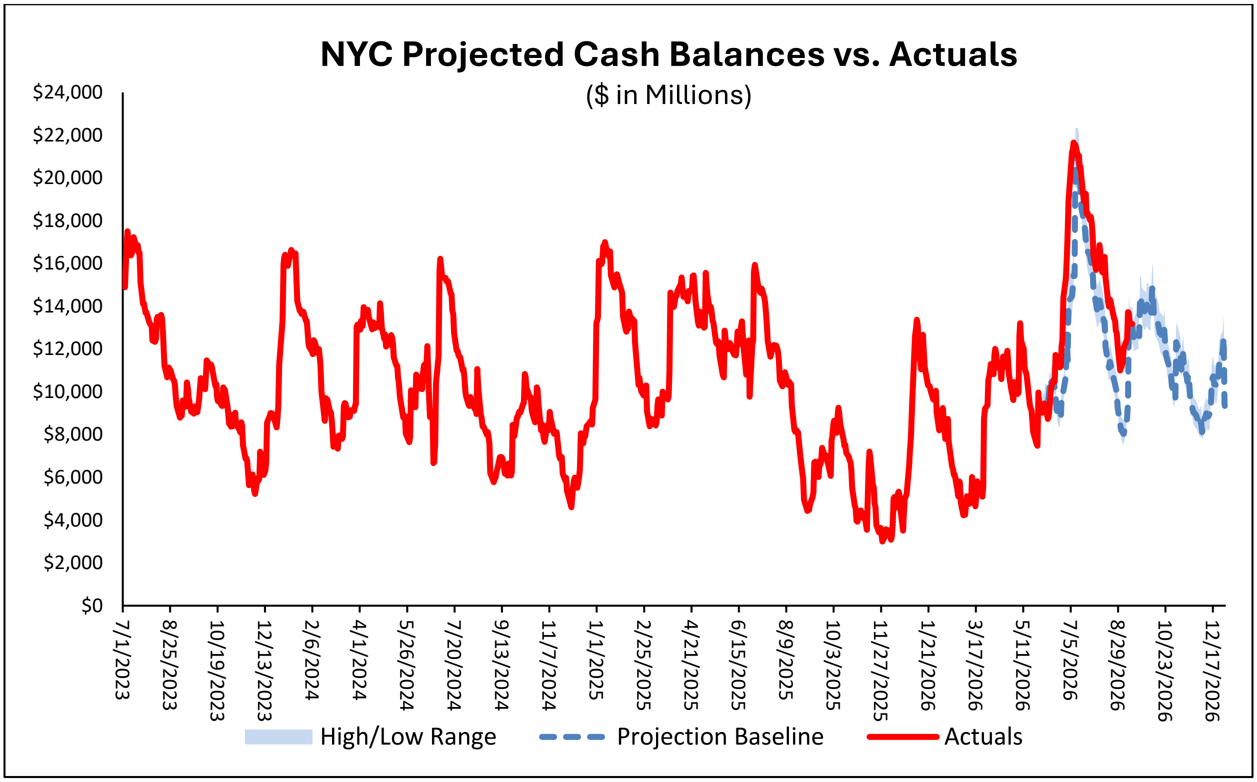
- On September 18th the Trump administration withdrew its intention to appeal a decision by a U.S. District Court judge that had ordered the administration to resume funding the Gateway Tunnel project connecting New York and New Jersey.
- The lawsuit, brought by both states, followed the Trump administration withholding funding for the project beginning in September 2025. The judge in the case ruled in February that the federal government's action freezing the funding "flagrantly" ignored the law—a ruling that re-started the flow of funds.
- The $16 billion project will add a new tunnel beneath the Hudson River and rehabilitate the existing North River Tunnel. It is scheduled to open in 2035.

## New York City's Cash Balances

- As of September 9, 2026, the City's central treasury balance stood at $13.73 billion, compared to $5.31 billion at the same time in FY 2026. The higher balance continues to reflect the delayed disbursement of $3.71 billion to the Retiree Health Benefits Trust (RHBT) for FY 2026 pay-as-you-go retiree health and welfare benefits, typically paid at the end of June. This amount was accrued to FY 2026 as owed by the City to the RHBT and will be disbursed later in FY 2027.

- In addition, as outlined in the cash letter accompanying our most recent projection, the September 9th cash balance was approximately $4 billion higher than what this office projected in its prior update. The main factors explaining that variance are:
  - **Tax revenues.** Preliminary July and August collections, which remain subject to revision, indicate that combined revenues from the Real Property Tax, Personal Income Tax (including the Pass-Through Entity Tax), General Corporation Tax, and Sales Tax exceeded projections by more than $450 million.
  - **Capital spending and reimbursements.** Reimbursements from bond sale proceeds for capital spending were higher than previously anticipated by approximately $1.6 billion. However, most of this variance is due to timing, and the variance is expected to drop to approximately $400 million by December. City-funded capital expenditures were approximately $350 million below budgeted levels, also contributing to the higher cash balance.
  - **State aid.** On August 13, the City received $500 million in one-time, unrestricted State Aid that had been assumed in the Interim Update to be received in October. On September 4, the City received approximately $634 million in New York State aid for asylum seekers.
  - **Contractual advances to nonprofit organizations.** In late June, the City announced that it would make 50 percent advance payments to all human services providers at the beginning of July. The Interim Update assumed that most of these advance payments would be disbursed in July and August but actual payments have lagged, primarily due to late contract registrations for early childhood education and other providers.
- The cash balance typically declines after the beginning of the fiscal year, and our projection shows that, as in previous years, the annual cash balance low will occur in early December and could measure between $7.42 billion and $8.82 billion, higher than recent seasonal lows of $3.00 billion in FY 2026 and $4.60 billion in FY 2025. With the disbursement of the RHBT payment assumed to take place in December, the forecast period ends with a balance projected between $8.15 billion and $9.68 billion.
- For additional details, the Comptroller's Office's review of the City's cash position through the fourth quarter of FY 2026 and its projection of the cash balance through December 31, 2026, are available here.

## Chart 11




Source: Office of the NYC Comptroller

Note: Projection from June 1 – July 9th is based on the Comptroller's June forecast; from July 10th to September 9th on its interim July update; and from September 10th to December 31st on its September forecast.

### Contributors

Comptroller Levine 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; Aliyah Sahqani, Economic Research Analyst; Yaw Owusu-Ansah, Director of Tax Policy and Revenue Analysis; Irina Livshits, Senior Director of Cash Management and Analysis; Aida Farmand, Senior Tax Policy Analyst; Amber Born, Economic Development Research Analyst; Jack Kern, Principal Budget & Policy Analyst; Claire Hernandez, Senior Education Budget Analyst; Sophia Campbell, Cash 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; Danbin Weng, Multimedia Designer; Angela Chen, Senior Website Developer; and Martina Carrington, Web Developer, for design and layout.

NEW YORK CITY COMPTROLLER
MARK LEVINE

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