RMS End of Week Update 7/17/2026

Governor Hochul Updates New Yorkers as Air Quality Advisory Expanded to Entire State

Governor Kathy Hochul provided an update on the poor air quality caused by smoke from Canadian wildfires and high temperatures creating unhealthy air for New Yorkers. The Governor urged New Yorkers, particularly sensitive groups, to continue to take precautions to protect their health.

“With smoke from Canadian wildfires again impacting air quality throughout our state, we’re urging New Yorkers to be air quality aware to stay safe this week,” Governor Hochul said. “We continue to coordinate with local counties to monitor conditions and distribute masks to help protect vulnerable populations. I encourage all New Yorkers to stay informed about the latest updates and take the necessary precautions to protect yourselves, your neighbors, and your loved ones.”

At the Governor's direction, over 100,000 high-quality N95-style masks are being made available to counties in need to address air quality impacts. In New York City, the Metropolitan Transportation Authority will distribute masks to commuters at Penn Station and Grand Central. The New York State Division of Homeland Security & Emergency Services’ Office of Emergency Management (OEM) is in contact with their local counterparts and is prepared to facilitate requests for assistance.

The Governor reminded New Yorkers to sign up for real-time weather and emergency alerts that will be texted to their phones by texting their county or borough name to 333111. New Yorkers should also continue to monitor the Air Quality Index (AQI) at airnow.gov and take action when levels exceed safe thresholds. Additional steps to stay safe include:

First Statewide Moratorium on New Hyperscale Data Centers Launched by Governor Kathy Hochul

Governor Kathy Hochul has signed an Executive Order to create the nation’s first moratorium on new hyperscale data centers, establishing the strongest standards for data center development and creating a blueprint to support localities. The Governor is temporarily pausing State environmental permits for up to one year in order to build a nation-leading regulatory framework that protects ratepayers, the environment, the energy grid and communities across the state.

“New York has always been at the forefront of innovation and change but we’ve also always guaranteed that New Yorkers benefit. As data center development threatens to hike up utility bills, deplete our natural resources, and create uncertainty for New Yorkers, it’s my responsibility to take action and lead,” Governor Hochul said. “New York will lead the way in creating the strongest standards in the nation for data center development, ensuring that when companies succeed because of New York, New Yorkers succeed too.”

New York State is experiencing unprecedented growth in demand for data center development driven by artificial intelligence and other computing operations. The increase in demand has led to proposals across the state for the construction and operation of data centers that could require massive amounts of energy and water to run and cool thousands of computer servers.

Earlier this year, the Governor directed the Department of Public Service (DPS) to begin the Energize NY proceeding, which will require data centers to either pay more for their energy or supply their own, allowing the state to keep energy more affordable for New Yorkers. As part of that proceeding, the Governor is now also directing DPS to develop a Generic Environmental Impact Statement (GEIS) for data centers to ensure new data centers coming online are being held to consistent standards. During the development of this GEIS, which will take up to a year, a moratorium will be in place and the Department of Environmental Conservation (DEC) will not issue any discretionary permits not already deemed complete. The state will use the GEIS to assess the potential environmental impacts of the construction and operation of data centers in the state, including their effect on energy demand, water use and quality, and air quality. Once the State finalizes these standards, the moratorium will be lifted, allowing new data center projects to proceed as long as they follow state, zoning code and other local approvals.

The Governor also directed Empire State Development (ESD) to issue a Community Investment Framework (CIF) within 60 days, which will provide clear guidance to local entities to help them negotiate community benefits as part of any large-scale data center deal, including local infrastructure improvements, child care investments, and direct financial support for their community. The CIF will also establish frameworks that provide organized labor a seat at the table and prioritize prevailing wage standards and project labor agreements for data center construction, local hiring, apprenticeships and workforce development to maximize economic benefits. This framework will additionally include a formula to help communities assess where to begin investment negotiations. An outline of the CIF is currently available on ESD’s website, and the public is encouraged to submit feedback.

Dinapoli Releases Report on SFY 2027 Enacted State Budget & Financial Plan

The estimated $277 billion Enacted Budget for State Fiscal Year (SFY) 2027 is an increase of 7% from SFY 2026 with the state Division of the Budget (DOB) projecting that disbursements will exceed receipts in each year of the Financial Plan, raising questions about long-term fiscal sustainability, according to a report released on July 15 by State Comptroller Thomas P. DiNapoli.

The Financial Plan reveals the impact of current pressures on state finances, with DOB projecting that cumulative out-year budget gaps have increased since January and now total $31.8 billion. Despite this growth, no increases were made to the state's total reserves. In addition, the state is anticipating drawing down on $1.3 billion in General Fund balance by the end of SFY 2027 to help balance the budget.

"The state's finances remain highly exposed to federal actions and potential economic downturns," DiNapoli said. "While state spending has increased to fund critical programs, most notably healthcare, education and childcare, total reserves have remained flat, which could put these investments at risk in the future. Major national and international developments risk affecting New York's economy, with downstream impacts on tax revenues and fiscal stability."

In recent years, the largest increases in spending have been in Medicaid and School Aid. In SFY 2026, all agency Medicaid spending totaled approximately $39.4 billion (26.5% of State Operating Funds (SOF) spending), whereas spending on School Aid – even after Foundation Aid had been fully funded – was a little over $37 billion (24.9%). DOB's projections through SFY 2030 show all agency Medicaid spending increasing to $53.3 billion (29% of projected SFY 2030 SOF spending), while School Aid grows to $43.7 billion (representing 23.8% of projected SFY 2030 SOF spending). If projections hold, the combined share of School Aid and all agency Medicaid will have grown from 46.9% of SOF spending in SFY 2019 to 52.8% by SFY 2030.

The state budget responded to three distinct pressures: the retrenchment of federal support for the social safety net; the persistent and stubborn increase in the cost-of-living for New Yorkers; and increasing local government fiscal needs. In the aggregate, the response led to spending increases that include a $5 billion projected increase in state-share Medicaid spending; $1 billion in tax refund checks intended to aid with high utility prices; $944 million more for childcare; and increasing assistance to local governments, particularly for multiple localities facing imminent fiscal cliffs.

Major concerns highlighted in DiNapoli's report include:

- Federal Funding Risks - The Financial Plan reflects changes to federal funding for healthcare and food security programs resulting from P.L. 119-21, the 2025 federal budget bill. The state took action to preserve healthcare coverage for over a million New Yorkers, but that still resulted in 450,000 New Yorkers losing eligibility. The future of the Essential Plan is uncertain, with details sparse as to whether it will continue beyond SFY 2028. In addition, the Financial Plan identifies increased state spending related to federal changes to the Supplemental Nutritional Assistance Program. Federal funding uncertainty extends beyond these federal law changes, as other actions may further shift the federal-state fiscal dynamic. For example, a recent proposal to make regulatory changes to the oversight, allocation and requirements relating to federal grants would significantly alter the existing framework, potentially allowing for the politicization of federal grants and providing more flexibility for the federal Office of Management and Budget (OMB) or other federal agencies to terminate grants. Adoption of this rule would introduce a significant new structural risk to the state's finances and upend long-term budget and capital planning, potentially subjecting the state to stranded costs and fiscal hardship.

- Structural Budget Imbalance - Increased spending pressure continues to strain the state's ability to find structural budget balance and puts into question the state's future ability to make important investments. State spending is increasing at a time when the federal government is shifting costs onto the state or threatening to pull back, freeze or limit federal support. To prevent budget gaps from growing, new recurring spending should be matched with recurring revenues. Apart from decoupling from recently enacted federal tax provisions related to business expenses, no major recurring revenue changes were included in the budget and the extension of corporate franchise tax rates are scheduled to sunset at the end of 2029.
- Reserves - Over the past several years, the state has significantly increased its reserve levels – both statutory and informal reserves. These record reserve levels are a fiscal achievement that has long been advocated by DiNapoli and for which policymakers deserve credit. However, the Financial Plan indicates that reserves will remain flat – at approximately $15 billion – meaning that their effectiveness is being diluted as the budget grows, potentially limiting the state's ability to weather fiscal challenges in the years ahead.
- Contract Review and Oversight - The Enacted Budget continues the inclusion of troubling provisions that erode the State Comptroller's independent oversight of state contracts and expenditures. Changes include increases to various Office of the State Comptroller (OSC) contract and expenditure approval thresholds, notably: Increases certain discretionary purchasing thresholds to $150,000 for most state agencies, the State University of New York (SUNY), SUNY Construction Fund, and the City University of New York (CUNY).
    - Increases thresholds for advertising procurements to $150,000 for most state agencies, SUNY, SUNY Construction Fund, CUNY and CUNY Construction Fund.
    - Increases certain thresholds for OSC contract approval to $150,000 for the Office of General Services (OGS), OGS customer agencies serviced by the Business Services Center, CUNY and the CUNY Construction Fund.

o Exempts approximately $1.5 billion from OSC oversight and a competitive bidding process. An additional $3 billion can be disbursed without competitive bidding.

Enacted Budget Report: State Fiscal Year 2027

DOH Posts Public Notice in 7/15/26 State Register" Medicaid State Plan Amendment Clarifications for SFY 2026-27 Budget Investments

The Department of Health has published clarifications to its previously noticed Medicaid State Plan Amendment implementing the SFY 2026-27 Enacted Budget. You may view the Public Notice here. Key changes include:

- Clarification that the statewide Targeted Inflationary Increase for specified OMH, OASAS, and OPWDD State Plan services will be **2.7%** (previously noticed as **1.7%**).
- Clarification that the State will invest **up to $80 million annually** in diagnostic and treatment centers designated as Federally Qualified Health Centers or Rural Health Clinics (previously noticed as **up to $60 million**).
- Clarification that the State will invest **up to $706 million annually** in **hospital outpatient services**, when combined with investments in hospital inpatient services.
- Clarification that the State will invest **up to $706 million annually** in **hospital inpatient services**, when combined with investments in hospital outpatient services.
- Clarification that the State will invest **up to $480 million annually** in **residential health care facility services**, when combined with investments in Adult Day Health Care, AIDS Adult Day Health Care, and Hospice programs.

Governor Hochul Announces Over $1.7 Billion in Workers' Compensation Insurance Savings for Employers and Policyholders Statewide

Governor Kathy Hochul announced this week that insured employers statewide will see, on average, a 22 percent reduction in workers' compensation insurance premium rates, an estimated savings of more than $1 billion for businesses or an average of $1,779 per policyholder in New York State. Additionally, the New York State Insurance Fund has distributed more than $700 million to its policyholders over the past year through dividends and discount programs that lowered the cost of workers' compensation and disability benefits for New York businesses. Today's announcement builds on the Governor's ongoing efforts to support small businesses and make New York State more affordable.

“One of the key pillars of my administration has been to reduce costs for New York’s businesses and with over $1.7 billion in savings for employers and policyholders, we are making life more affordable for everyone,” **Governor Hochul said.** “This reduction is going to be monumental in helping New York’s employers operate and grow their businesses while ensuring their workers have access to the benefits they need.”

The rate reduction was approved today by the New York State Department of Financial Services (DFS) and will take effect on October 1, 2026. In New York State, workers’ compensation premium rates have steadily declined since 2020, with approved rate decreases averaging 10.3 percent annually over the six-year period.
Since the Governor took office, there has been significant decreases in the frequency of workers’ compensation lost time claims which has resulted in reduced premium rates over the past three years. Enhanced workplace safety efforts such as the Warehouse Worker Protections Act, have contributed to the decline in the frequency of workers’ compensation claims.

Additionally, New York State Insurance Fund, New York State’s largest workers’ compensation insurer, distributed more than $700 million to its policyholders over the past year through dividends and discount programs that lowered the cost of workers’ compensation and disability benefits for New York businesses. The total included $698 million in dividends and discounts for more than 100,000 employers in workers’ compensation safety groups and $2.9 million in dividends for more than 27,000 policyholders with disability benefits coverage through NYSIF. Under Governor Hochul’s leadership, NYSIF has allocated more than $2.8 billion back to policyholders.
New York State Department of Financial Services Acting Superintendent Kaitlin Asrow said, “Delivering meaningful cost savings for the people of New York is a priority for DFS. The Department’s commitment to insurance affordability includes the businesses who are critical to New York’s economy.”

New York State Workers’ Compensation Board Chair Freida D. Foster said, “For the last decade, New York State has been making it easier and more affordable to build and maintain a business in our great state. Today’s news on this significant reduction in loss cost, combined with already low employer assessment rates, means workers’ compensation is more affordable than ever for New York State employers. This should translate into more jobs and job stability for workers, which benefits all New Yorkers.”
New York State Insurance Fund Executive Director & CEO Gaurav Vasisht said, “Safe workplaces and lower costs are a win for employees and businesses across New York State. Thanks to Governor Hochul's leadership, New York is prioritizing workplace safety. NYSIF’s dividend and discount programs reward employers that invest in workplace safety and help keep coverage affordable for businesses across New York.”

Assemblymember Harry B. Bronson said, “Measures to enhance workplace safety and more flexible working conditions have been successful in reducing costs to businesses and have especially benefitted our small businesses. This will help our businesses, but there is more work to do to bring balance to our Workers Compensation system for workers, and I look forward to continuing steps that will further reduce costs while increasing safety and bringing timely benefits for injured workers."

The new reduction in insurance costs for employers is in addition to a significantly reduced employer assessment rate, which has declined by 37.5 percent since 2021 when the Governor took office. The employer assessment rates are determined by the NYS Workers' Compensation Board's need and budgeted statewide premium. The rate is calculated by dividing the Board's total estimated annual expenses by a base of total estimated statewide premium. Insurers are required to apply the assessment rate to their premium or premium equivalent.

Alongside the cost savings for employers, the workers' compensation system has been steadily improving in other big ways, too. The Board has embarked on an historic modernization effort, replacing paper submissions with online processes to streamline the system and be much more efficient. The result is that claims are moving through the system much more quickly and hearings are being held faster than ever before. The Board has also initiated measures to improve access to medical care for injured workers by making it easier and better for providers to participate. In recent years, the Board has replaced 12 custom forms with one universal medical billing form (*CMS-1500*), implemented permanent telehealth regulations, streamlined the medical dispute resolution process to eliminate all backlogs and implemented the electronic submission of medical bills so providers can be paid much more quickly. These actions are removing barriers and delays by expediting the delivery of benefits, which result in further savings to the system and its participants.

This announcement builds on Governor Hochul's ongoing efforts to bring down insurance costs, including by delivering reforms in the recently enacted New York State Budget to address key factors driving up auto insurance premiums, such as insurance fraud and excessive litigation costs. Earlier this month, DFS issued guidance to implement these reforms.

To review the approved workers' compensation rates, visit the New York Compensation Insurance Rating Board website.

Helpful Links and Resources
2026 RMS HMH End of Session Update
RMS Revenue and Tax Final Budget Table
RMS Health/Mental Hygiene Final Budget Table
FY 2027 Enacted Budget Financial Plan
Empire State Development Tariff Resource Guide

NYS COVID-19 Monitoring Dashboard
NYS COVID-19 Fatalities Tracker
Eliminating Distractions In Schools Resource
Center for Disease Control and Prevention
Department of Financial Services information and resources
New York COVID-19 Vaccine Information Page
Department of Health
https://coronavirus.health.ny.gov/home
COVID-19 Guidance for Medicaid Providers
Office of Mental Health
https://omh.ny.gov/omhweb/covid-19-resources.html
OPWDD
https://opwdd.ny.gov/coronavirus-guidance
State Education Department
http://www.op.nysed.gov/COVID-19.html
NYS Department of Labor
https://dol.ny.gov/