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NYS AFL-CIO 2023-2024 Executive Budget Proposal Breakdown

The Governor proposed a \$227 billion spending plan that did not include any broad-based revenue raisers although a corporate surcharge that was set to expire and raises over \$800 million per year is proposed to be extended for three years. The Governor also proposes an increase in the MTA payroll tax on employers in the MTA region and a \$1 per pack increase on cigarette taxes.

Minimum Wage Indexation

The minimum wage proposal would annually index the current minimum wage which is \$15.00 an hour for New York City and the counties of Nassau, Suffolk, and Westchester and \$14.20 for the rest of the state.

The increases would begin on December 31, 2023, and be calculated each year thereafter. The increase would be the lesser of 3% or the increase in the CPI-U northeast for NYC; or the lesser of 3% or the increase in CPI-W for the rest of the state. Therefore, the regions of NYC, the suburbs (Nassau, Suffolk, and Westchester) and the rest of the state would continue to have different minimum wages moving forward.

The Governor also proposed a “backstop” which would prevent the minimum wage increase in the event of 1) a negative CPI-W rate; 2) an increase of .5% of the unemployment rate over the previous 12 months; or, 3) a decrease in overall non-farm employment in the state.

The bill would proportionally increase the minimum wages for tipped workers and those established by wage orders. The bill would build the scheduled increases for home care workers on top of the increased minimum wage rates included in the law but cap that rate at \$18.00 per hour until the overall rate for that geographic region reaches \$18.00 per hour.

Climate Issues

The Governor proposes the creation of a new Office of Just Energy Transition and appropriates \$1 million with the expectation that funding will grow as revenue from the cap and invest proposal develops.

Cap and Invest

The Governor proposes a cap and invest program to meet the emission reduction goals in the CLCPA while generating revenue for programmatic investments to achieve emissions reductions, create jobs, assist disadvantaged communities, businesses, and other goals. The program will establish annual, declining emission limits for various greenhouse gases, cap all regulated entities’ emissions and assign costs for employer emissions that exceed the cap.

The bill stipulates that allowances must be made for trade-exposed industries at no cost. The bill creates various accounts to utilize the funds generated by cap and invest for the administration of the program and various other dedicated purposes. Much of the details of the cap and invest program will be left up to rules and regulations so many details are not yet available. Labor standards for the construction, operation, and supply chain were not included in this initial proposal.

Public Renewables

The Governor proposes broad authority for the New York Power Authority to take action for the development and operation of renewable energy systems including green hydrogen and to sell or facilitate the generation, transmission, and sale of renewable energy to utilities, government entities, or other sources to help meet the state's emission reduction goals.

The bill requires NYPA to submit within two years a phase-out plan for its natural gas power plants if NYPA determines that such plants are not needed for emergency power or overall system reliability.

The bill included \$25 million for training programs to help workers transition to the renewable energy field. Labor standards for the construction, operation, and supply chain were not included in this initial proposal.

Building Decarbonization on New Construction

The Governor proposes to prohibit the installation of fossil fuel equipment and building systems statewide for buildings under 3 stories by 12/31/25 and for those over 3 stories by 12/31/28. The Governor proposes to prohibit the installation of fossil fuel heating systems in buildings statewide under 3 stories by 1/1/30 and for buildings over 3 stories by 1/1/35. New York City has already enacted building decarbonization plans with alternate dates that would be left intact by this bill.

Affordable Housing Development and Incentives

The Governor proposes multiple tax incentives as well as zoning and siting flexibility for local governments to facilitate the construction of affordable housing on a statewide basis. This includes local and property tax abatements as well as an abatement specifically for New York City for the conversion of property into housing. That proposal includes prevailing rate for building service workers. Labor standards on the construction of these facilities will remain a priority for the NYS AFL-CIO.

Transportation

The Governor proposes to increase the metropolitan commuter transportation mobility tax (MCTMT) which includes most employers in New York City, and the counties of Rockland, Nassau, Suffolk, Orange, Putnam, Dutchess, and Westchester. This will raise \$800 million for MTA.

The Governor also proposes increased state aid of \$300 million for the MTA and \$500 million in New York City's MTA obligation.

Education / Higher Education

The Governor proposes to alter the state's charter school cap to allow up to 85 new charter schools to open in New York City as well as allowing charters in New York City that have closed to re-open, allowing for a potential of more than 100 new charter schools in New York City.

The Governor's proposal increases foundation aid for school districts by \$2.7 billion.

The Governor proposes a one-year extension of a waiver that allows retired school employees to work for a school district without a cap on their salary or wages.

The proposal allows tuition for SUNY colleges to increase their tuition by 3% annually for in-state residents, and 10% for non-state residents and allows SUNY Albany, Buffalo, Stony Brook, and Binghamton to increase their tuition annually by 6%.

The proposal includes a \$72 million increase in Disproportionate Share Hospital Payments for the SUNY-operated teaching hospitals.

Health Care

The budget's 5% increase in Medicaid funding for hospitals is offset by a \$674 million cut to safety net providers including hospitals, clinics and various providers that help the chronically ill access health care, housing, and other support services.

Also, hospital reimbursements are \$110 million less than last year and the Executive budget cuts the \$700 million in assistance for safety net hospitals approved in last year's budget.

State Operations

The budget restores 850 inpatient mental health beds and adds 150 new beds for a total increased capacity of 1,000 state-operated beds.

The proposal establishes a continuous recruitment civil services testing process rather than testing only when there is an inadequate supply of qualified candidates for positions.

Child Care

There are a number of childcare proposals in the budget that are under review including a proposal to streamline the application process, the establishment of a business navigator program, and employer incentives for establishing childcare services or support programs.

The Governor proposes to increase eligibility for childcare subsidies for working families that earn up to 85% of the State Median Income which is approximately \$93,000 for a family of four. The current eligibility is up to 300% of the federal poverty level or nearly \$90,000 annually for a family of four. The proposal also caps co-pays at 1% of the family's income.

Local Governments

The proposal maintains Aid and Incentives to Municipalities at current levels.

General Labor Issues

The Governor proposes a new system to allow local governments to pay volunteer firefighters.

The Governor proposes a 2.5% COLA for workers employed by not-for-profit human service providers.

New York City Community Hiring

The Governor includes a community hiring proposal for New York City to require that employers who contract with NYC or provide services for the city, including building service and construction make the best efforts to hire workers from disadvantaged communities and regions.

New York City Alternative Contracting

This proposal would expand the types of alternative contracting methods that the city of New York is authorized to utilize when contracting for public infrastructure. Appropriate labor standards including PLAs on construction and public employee protections and oversight of projects all apply.

Film Tax Credit

The annual allotment for the New York Film Tax Credit is proposed to be increased from \$420 million to \$700 million and proposes to extend the NYS Musical and Theatrical Tax Credit for one year.