



## **NYS AFL-CIO 2025-2026 Executive Budget Proposal**

This budget breakdown highlights the labor-related issues in Governor Hochul's Executive Budget proposal released on 1/21/25. The Governor has proposed a \$252 billion spending plan that includes increases in school aid and Medicaid and includes many funding, tax, and policy proposals centering around affordability issues for working families in New York. Many of those issues are outlined below, and updates will be made to this document periodically as we get more information and input from our affiliates.

### **Revenue**

The Governor proposed a middle-class tax cut for married couples filing jointly with incomes up to \$323,200, heads of households with incomes up to \$269,300, and for single filers up to \$215,400. The cuts would be reduced in two phases, beginning in 2025 and with a second rate cut in 2026.

The Governor proposed an inflation rebate applicable to 2023 income tax returns. Married couples filing jointly, whose 2023 New York adjusted gross income (AGI) was \$300,000 or less, would receive a \$500 credit in 2025, while single filers, married couples filing separately, or head of household filers whose state AGI was \$150,000 or less, would receive a \$300 credit.

The Governor also proposed increasing the child tax credit and loosening income eligibility restrictions. The current amount of \$330 per child would be increased to \$1,000 for children up to the age of 4 and to \$500 for children between the ages of 4 and 16.

The Governor also proposed extending personal income tax surcharges on high-income earners, which were enacted in 2020 but set to expire next year. The new, increased brackets applied to incomes of over \$5 million and \$25 million would be extended through 2032.

### **Education/Higher Education**

The budget proposes free community college for students aged 25 to 55 pursuing associate degrees in high-demand industries, including advanced manufacturing, technology, cybersecurity, engineering, artificial intelligence, nursing, and green and renewable energy.

The budget proposes \$125 million in additional State support for SUNY State-operated campuses.

#### **School District Aid**

The state budget proposes a 4.7% increase in school district funding over last year and some programmatic changes to the foundation aid formula.

The Governor has proposed requiring school districts, charter schools, and private schools to provide universal free meals including breakfast and lunch for all students regardless of income. The Governor also proposed a ban on cellphones and "internet-enabled devices" during the school day.

## **SUNY Medical Centers**

The Governor proposes \$450 million in capital aid for SUNY Downstate and \$200 million for a new SUNY Upstate emergency room. The Governor also proposes \$100 million in operating assistance for the Downstate Medical Center.

## **Health Care/Medicaid**

The Governor proposed \$1 billion in new funding to the Health Care Facility Transformation Program for capital projects at safety net hospitals and an increase in funding for the Safety Net Transformation Program by \$300 million.

### **Medicaid**

The budget proposes a nearly 14% increase in Medicaid spending for a total of \$35.4 billion. The budget includes \$1.3 billion for the Safety Net Transformation Fund, which supports hospitals serving the uninsured or underinsured. The budget also includes funds from last year's enacted managed care organization (MCO) tax which is earmarked for increased rates for hospitals, nursing homes, physician fees, and health clinics. However, it transfers \$1 billion of the MCO tax to the general fund.

### **Scope of Practice and Interstate Compact**

These proposals would allow various titles, including certified medication aides, medical assistants, pharmacy technicians, and pharmacists, to issue vaccinations and medications beyond what they are currently authorized to do and transfer oversight and licensing of certain health-related positions from the Department of Health to the Department of Education.

The budget also authorizes the state to join the Nurse Licensure Compact, which recognizes nurse licenses from different states and will enable nurses from other states to practice in New York.

### **Human Service Inflationary Adjustments**

The budget proposes a 2.1% inflationary increase for various human service employers in not-for-profit sectors, including health, mental health, developmental disabilities, and others.

## **Energy/Climate Change/Environment**

The Governor proposes \$1 billion for decarbonization and clean energy transition, including thermal energy networks on SUNY campuses, retrofitting homes, and supporting business decarbonization.

The Governor proposes \$300 million for the Promote Opportunity with Electric Readiness for Underdeveloped Properties Fund (POWER UP) to create power-ready sites for advanced manufacturing and other development.

The budget includes \$500 million for clean water projects.

The proposal includes \$1 billion for the Sustainable Future Program to fund various clean energy projects, including decarbonizing buildings, thermal energy networks, and transportation initiatives in accordance with the construction, Buy American, and maintenance/operations standards supported by the NYS AFL-CIO.

The budget includes \$25 million in funding from NYPA for renewable energy workforce training by the Department of Labor's Office of Just Transition.

## **Entertainment Employees**

The Governor proposed a one-year extension of the COBRA premium assistance program for displaced entertainment employees.

### **Empire Film Tax Credit**

The budget would extend the Empire Film Tax Credit through 2036, propose a new “production-plus” credit to attract recurring productions and proposes several other programmatic changes that are under review.

### **Broadway & Live Entertainment Credit**

The Governor proposes a 2-year extension of the NYC Musical and Theatrical Production Tax Credit increasing that amount by \$100 million. The proposal extends the statewide credit for theatres outside of NYC for four years.

## **Economic Development/Infrastructure**

The Governor proposes the following initiatives:

- \$100 million to continue investing in shovel-ready sites to attract high-tech manufacturing to New York through the Focused Attraction of Shovel-Ready Tracts (FAST-NY);
- \$400 million for economic and community development projects in the City of Albany; and
- \$90 million to supplement the Empire AI Consortium.

## **Childcare**

The Governor has proposed \$100 million in capital funding for the construction of childcare centers and facilities. The Governor has also proposed creating a childcare substitute pool to ensure reliability and continuity of service for parents when providers are sick or otherwise unable to attend work.

## **Transportation**

The Governor proposed \$3 billion in state funding for the MTA, and the longer term 5-year capital plan will be negotiated through the budget process. The Governor proposed \$8 billion in total operating aid for the MTA.

The budget proposal provides \$6.9 billion for the fourth year of a \$34.1 billion five-year DOT Capital Plan for highways, bridges, rail, aviation, and DOT infrastructure.

Funding of \$344 million is proposed for upstate mass transit operating aid, and \$588 million is proposed for downstate, non-MTA mass transit.

The budget extends compulsory arbitration applicable to the MTA and associated bargaining units.

### **Transit Worker Safety**

The Governor has proposed making the Thruway Authority and NYS DOT programs for photo monitoring of speed violations in work zones permanent and expanding their use to the Triborough Bridge and Tunnel Authority and NYS Bridge Authority.

The Governor also proposes to increase penalties for assaults on an expanded number of transportation workers and proposes giving judges the ability to ban individuals accused of assaulting MTA passengers, employees, or contractors from entering or using the system.

## **Public Sector Issues**

The budget proposes an increase in Aid and Incentives to Municipalities by \$50 million, totaling \$765.2 million.

The budget proposal includes provisions to increase recruitment and retention of law enforcement officers by abolishing the maximum age of 35 hiring restrictions and increasing the mandatory retirement age from 60 to 63 for the state police. It also removes the mandatory maximum age limits for county, city, town, village, housing authority, and police districts.

### **State Worker Recruitment Payment**

The Governor proposed an optional payment for employees hired by the state after July 1, 2026, to offset lag pay reductions in the law that currently deters many applicants from accepting positions. The payment and amounts would be subject to collective bargaining for state employees in bargaining units and subject to the director of employee relations for non-bargain unit employees.

### **Retiree Health Insurance Cost Increase**

The executive budget proposes eliminating the Income Related Medicare Adjustment Amount (IRMAA). Reimbursement is currently provided by NYSHIP-participating employers to impacted retirees. Part of the savings would be used to partially reimburse longer-term and lower-income retirees IRMAA payments.

### **Firefighter PPE Safety**

The budget would ban the sale of firefighter safety and PPE equipment manufactured with PFAS chemicals (“forever chemicals”).

## **General Labor Issues**

The Governor proposes for the state to make a \$165 million payment of interest due on Federal unemployment insurance that is normally payable by employers.

### **Workers’ Compensation**

The budget includes several workers’ compensation proposals in several parts. We are reviewing these and will provide updates soon. The first would authorize medical residents and fellows in academic training programs to treat injured workers.

A second proposal would eliminate the Worker’s Compensation Board authorization process for individual doctors and other healthcare providers to treat injured workers. Instead, any acupuncturist, chiropractor, nurse practitioner, occupational therapist, physical therapist, physician, physician assistant, podiatrist, psychologist, or social worker licensed to practice in New York would be permitted to treat injured workers. The Board would establish and maintain an exclusion list for providers disqualified from participating in the system.

Another proposal would add paying medical bills to the current statute that allows carriers to pay indemnity benefits for up to one year without accepting liability.

The last proposal would require healthcare plans to pay for an injured worker's medical care during the pendency of a controverted workers' compensation claim. It would also require workers' compensation carriers to reimburse healthcare plans if the claim is successful.

### **Expanded Design-Build**

The budget proposes allowing the Dormitory Authority (DASNY) to manage and assist counties and local governments with the planning, design, and management of construction projects. This would extend the current authorization of DASNY's design-build or other alternative delivery mechanisms to allow for use on those entities' behalf.

The budget also proposes to add "Construction Manager as Constructor" as an authorized alternative delivery mechanism in addition to design-build, which several specific state agencies are already authorized to use. It would add SUNY and CUNY to that list. The legislation also creates a prequalification process for contractors that authorized entities may utilize generally or on a project-by-project basis.

A final proposal would authorize DASNY to provide finance and construction management services for public and not-for-profit libraries.

### **Wage Theft Enforcement**

This proposal authorizes the Department of Labor to issue orders to county sheriffs to seize property and/or place a lien on the property of employers who have been found guilty of wage theft violations to satisfy employer debts to their workers for wage violations.

### **Frequency of Pay**

This proposal would limit the damages manual workers may recover if they were not paid weekly pursuant to the Labor Law. This addresses a court decision that allowed liquidated damages for violations of the frequency of pay statute. The proposal would instead establish minimal penalties for first and second violations for employers who violated the provisions and liquidated damages upon a third or subsequent violations.

### **Child Labor Law Changes**

This proposal would increase penalties for employers who violated child labor laws but give authority to the Department of Labor to reduce those penalties upon the employer meeting certain remedial conditions. The bill also includes a proposal to require DOL and the State Education Department to maintain a database of minors issued working permits by educational institutions and employers seeking to hire minors to better track employment of youths.

### **CUNY – School of Labor & Urban Studies**

The Governor included funding of \$3.6832 million for this labor-supported program at CUNY.