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## **New York State AFL-CIO 2026-2027 Executive Budget Proposal**

This budget breakdown highlights the labor-related issues in Governor Hochul's Executive Budget proposal released on January 20, 2026. The Governor has proposed a \$260 billion spending plan that includes increases in school aid and Medicaid, and a variety of funding and policy proposals focused on affordability. 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**

There are no broad-based tax increases or revenue proposals. The Governor indicated that higher than projected revenue has offset \$10.3 billion in federal cuts impacting this state budget and the winding down of pandemic assistance for states.

### **Elimination of Income Tax on Tipped Wages**

This proposal would eliminate state income taxes on up to \$25,000 of tips for single filers earning up to \$150,000 annually and joint filers earning up to \$300,000 annually, mirroring the federal deduction.

### **Education/Higher Education**

#### **School District Aid**

The Governor proposes a 4.3% increase in overall school district funding totaling \$39.3 billion, which includes a 3% increase in foundation aid totaling \$27.1 billion.

The budget includes \$174 million in additional State support for SUNY State-operated campuses and \$1.1 billion in new aid for capital projects at SUNY and CUNY campuses.

The budget proposes expanding the New York Opportunity Scholarship program. Currently the program is open to students aged 25 to 55 without a postsecondary degree who are pursuing associate degrees in high-demand fields. The Governor's proposal would allow those with degrees to participate in the program if they study nursing.

### **Health Care**

#### **Medicaid**

The budget proposes Medicaid spending of \$48.5 billion. It extends the global Medicaid cap on spending. An additional \$1.3 billion is proposed for the Safety Net Transformation Fund, which supports hospitals serving uninsured or underinsured patients.

#### **Health Care Reform Act**

The Governor's proposal includes a three-year extension of HCRA until March 31, 2029.

### **Temporary Health Care Staffing Regulation**

The budget includes a proposal to permit the Department of Health to establish caps on staffing agency profits. It would also limit agencies' ability to charge fees to workers and extend limitations and protections to subcontractors.

### **Scope of Practice Expansion/Transfer Oversight of Professionals**

#### **The NYS AFL-CIO opposes this proposal.**

The proposed budget includes a measure that would expand the scope of practice of several medical assistants, certified medication aides, nurse practitioners, and physician assistants, in different specific ways. It would also transfer physician, physician assistant and specialist assistant professional misconduct administration from SED to DOH.

## **Technology**

### **Autonomous Vehicles - The NYS AFL-CIO opposes this proposal.**

The Governor proposes extending and expand the autonomous vehicle demonstration program. In addition to extending the program statutory sunset to April 1, 2028, this proposal would permit for the first time the testing of commercial for-hire autonomous vehicles outside New York City.

### **Misleading or Deceptive AI Political Content**

The budget proposal would prohibit deceptive AI-generated political content from being published or distributed within 90 days of an election and expand required disclosure of AI-generated political content to include information about when and how the political content was generated and how it has been edited.

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

The proposed budget does not include additional revenue for the Sustainable Future Program, which was established last year to fund various clean energy projects.

### **Utility Affordability**

The budget proposal includes measures intended to tackle utility costs. These include disclosure of executive compensation as part of rate case proposals, linking executive compensation to ratepayer affordability metrics, requiring utilities to compile and disclose residential ratepayer energy affordability indices, allowing for imposition of independent energy affordability monitors, extending the time for the PSC to decide on rate applications from eleven to fifteen months, and permitting the PSC to set rates for terms of longer than one year. An additional utility proposal would prevent utilities from discontinuing service to tenants of multiple family dwellings based on a landlord's failure to pay.

### **Municipal ZEV Rebates**

The Governor proposes to eliminate limits on rebates paid to municipalities by the DEC to offset the cost of zero emissions vehicles and charging infrastructure.

## **Arts and Entertainment Employees**

### **New York City Musical and Theatrical Tax Credit Expansion**

The proposed budget would increase the New York City Musical and Theatrical Tax Credit by \$150 million.

**COBRA Assistance Extension - The NYS AFL-CIO supports this proposal.**

The Governor proposes extending the statutory expiration date of the Assistance Demonstration Project, which provides COBRA subsidies to displaced entertainment industry workers, until July 1, 2027.

**New York State Music Grant Fund**

The proposal eliminates the requirement that funding be used to procure instruments and instead allows for general use (excluding administrative costs) by not-for-profit orchestras and musical entities.

**Economic Development/Infrastructure**

The Governor proposes the following initiatives:

- \$3.75 billion clean water infrastructure investment (\$750 million per year over five years)
- \$50 million to support modernization of Jamaica Station
- \$25 million for preliminary engineering of the Second Avenue Subway extension
- A concurrent resolution to amend the State Constitution to permit the sale, for public benefit, of three former correctional facilities located within the Adirondack State Park

**Universal Child Care Expansion**

The Governor has proposed \$1.7 billion in new investments for child care expansion. The NYS AFL-CIO supports universal child care.

Universal Pre-Kindergarten: By 2029, all four-year-old children statewide would have the option to attend a full day pre-kindergarten program.

New York City Programs: \$73 million to launch a child care program for two-year-olds (2-Care) and \$205 million to expand access to pre-kindergarten programs for three-year-olds (3-k).

\$60 million to develop and administer pilot child care programs in Dutchess, Monroe, and Broome counties.

\$1.23 billion in subsidy expansion for the Child Care Assistance Program for families earning below 85% of the State Median Income.

\$35 million to aid OCFS's agency operations and \$1.5 million to create the Office of Child Care and Early Education to implement universal child care.

Additionally, the Governor proposed extending license and registration periods from four years to six years for child day care centers caring for seven or more children and group family day care programs. The proposal would also remove certain training hour requirements for child care staff, and allow OCFS to set new training requirements by regulation.

## **Transportation**

The Governor proposed \$4.5 billion in state funding for the MTA. The Governor proposed \$8.6 billion in total operating aid for the MTA.

The budget proposal provides \$6 billion for the final year of a five-year, \$34.1 billion DOT Capital Plan for highways, bridges, rail, aviation, and DOT infrastructure.

Funding of \$370 million is proposed for upstate mass transit operating aid, and \$640 million is proposed for downstate, non-MTA mass transit.

### **Transportation/Road Worker Safety**

#### **Transportation Worker Safety - The NYS AFL-CIO supports this proposal.**

This proposal strengthens protections for transit, highway, sanitation, public safety, and health workers by expanding protected worker categories to cover intentional physical injury committed against them while performing their job-related duties. Also included in the proposal are new criminal penalties for entering an active work zone and for menacing a highway worker, including motor vehicle inspectors.

#### **Automated Work Zone Speed Enforcement Program - The NYS AFL-CIO supports this proposal.**

The Governor proposes expanding the use of speed violation photo monitoring cameras in active work zones outside of controlled-access highways.

#### **Intelligent Speed Assistance**

The Governor proposes a new pilot program in New York City that will require the installation of intelligent speed assistance devices in the vehicles of drivers convicted of multiple speeding or reckless driving violations. These devices will limit a vehicle's speed based on posted speed limits.

## **Public Sector Issues**

The budget proposes to increase total aid to counties, cities, towns, and villages by \$886.9 million, for a total of \$10.6 billion.

#### **Retiree Health Insurance Cost Increase - The NYS AFL-CIO opposes this proposal.**

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.

#### **Procurement Reform - The NYS AFL-CIO opposes this proposal.**

The Governor proposes increasing the discretionary purchase thresholds, at which competitive bidding requirements apply, to \$300,000. Currently thresholds are between \$85,000 and \$125,000 depending on the agency and type of procurement. The proposal would also eliminate the requirement for the Comptroller to review and approve procurements over \$200,000 if they are covered by centralized contracts.

### **Critical Incident Leave - The NYS AFL-CIO supports this proposal.**

The executive budget proposal includes a measure that would provide up to 20 days leave to members of the State Police involved in justified uses of force that result in death or serious injury.

## **General Labor Issues**

### **Workers' Compensation-Needs Amendments**

The budget includes two workers' compensation proposals. The first would require the Workers' Compensation Board to create an assessment on all covered employers to fund the establishment and maintenance of dedicated workers' compensation fraud units in district attorney offices. The proposal does not include a limit on the amount of the assessment or any additional guidelines for the expenditure of funds generated by the assessment.

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. This proposal does not include legal protections for injured workers whose claims may be prejudiced by practitioners inexperienced in navigating the workers' compensation adjudicatory process.

### **SEQRA Reform-Needs Amendments**

The Governor proposes reforms to the State Environmental Quality Review Act (SEQRA) intended to accelerate certain building projects. These reforms include establishing a one-year time limit for initial determinations; imposing a two-year deadline for publishing environmental impact statements; and eliminating application of SEQRA to certain housing, parks, bike and pedestrian trail, water and wastewater infrastructure, childcare facility, and green infrastructure projects.

### **Sensitive Locations Protection Act-Needs Amendments**

The executive budget proposal would amend the Civil Rights Law to regulate immigration enforcement by denying federal officers access without a judicial warrant to publicly-owned schools, daycares, hospitals, and places of worship; and permit privately-owned schools, daycares, hospitals, and places of worship to adopt similar prohibitions. This proposal does not include protections or training for workers tasked with executing and upholding such prohibitions.

## **Miscellaneous**

### **New York State Bivins Act**

This proposal would establish individuals' right to sue federal agents for constitutional violations.

### **Insurance Affordability**

The proposed budget includes several initiatives intended to lower auto and homeowners insurance premiums.