



2026-2027 Final State Budget Agreement

Tier 6 Pension Improvements

The New York State Budget lowers the retirement age for members of the New York State Teachers' Retirement System (NYS TRS) and the New York City Teachers' Retirement System (NYC TRS) from age 63 to age 58 with 30 years of service.

For members of the New York State Employees' Retirement System (NYS ERS), the New York State Police and Fire Retirement System (PFRS), the New York City Employees' Retirement System (NYC ERS) and the New York City Board of Education Retirement System (NYC BERS), effective October 1, 2026, employee contributions will be reduced for newly established salary bands as follows:

Salary Range	New Contributions	Old Contributions	
\$0-\$75,000	3.00%	\$0-\$45k	3%
		\$45k-\$55k	3.5%
		\$55k-\$75k	4.5%
\$75,001-\$100,000	4.00%	5.75%	
\$100,001-\$125,000	5.25%	6%	
\$125,001	5.75%	6%	

Effective January 1, 2027, the amount of pensionable overtime for members in all systems will increase. For the PFRS, the cap will increase from the current 15% of salary to 25%. For members of the NYS ERS, NYS TRS, NYC ERS, NYC TRS, and NYC BERS, the cap will increase from the current \$22,500 to \$30,000 and be indexed annually at 3%.

The overtime exclusion which ensures member contributions will not increase if overtime pushes a member's income into a higher contribution rate was extended for two years.

Effective October 1, 2027, required contributions for members of the Optional Retirement Program will be reduced to reflect the new salary bands, and the state will increase its contribution for those members by 1%.

Public Pension System Self-Reporting

The budget also requires self-reporting by each system to the Department of Financial Services within one year. The report will include the assumed rate of return on investments by each system, an analysis of the stability and solvency of the funds, the required level and burden of employer and employee contributions and whether the systems are adequately funded to provide required benefits to retirees and current members. The reports will also include recommendations for legislative and administrative corrections the systems deem necessary.

Revenue/Taxes

No broad based tax increases were enacted as part of the budget proposal.

Pied a Terre Tax (New York City)

A new tax on non-primary homes that are valued at \$1 million or more in New York City was passed and is expected to raise \$500 million annually.

Elimination of Income Tax on Tipped Wages

The budget included provisions to eliminate state income taxes on the first \$25,000 of income from tips, to the extent allowed by federal law. This will apply starting in the taxable year 2026.

Education/Higher Education

School District Aid

The budget agreement includes a \$1 billion increase in school aid for a total of \$39 billion for the 2026-2027 school year. This includes a minimum 2% increase in Foundation Aid.

State Aid for SUNY/CUNY/Community Colleges

\$15.1 billion in total state aid for State University of New York (SUNY) and \$6.7 billion for City University of New York (CUNY). Also included is \$20 million for Community College Base Aid.

ZEV School Bus Mandate Date Changes

The deadlines for school districts to transition to zero-emission school buses were pushed back 5 years. All new school buses purchased on or after July 1, 2032 must be zero-emission, and all fleets must fully transition to zero-emission by July 1, 2040.

Mayoral Control

Mayoral Control of New York City schools was extended for two years.

Transportation/Road Worker Safety

Autonomous Vehicles – Removed in 30-day Amendments

The original budget proposal included authorization for autonomous vehicles to operate outside of New York City for rideshare services. This proposal was removed from the budget in the 30-day amendments. The current pilot project that allows for limited autonomous vehicle testing was extended for two years.

Intelligent Speed Assistance Device Pilot Program (New York City)

The agreement authorizes New York City to establish an Intelligent Speed Assistance Device pilot program. Under this proposal, drivers who receive multiple speed violations in school speed zone areas may be required to install such devices for specific periods, the duration of which will vary according to the number of violations.

Automated Work Zone Speed Enforcement Program

This proposal expands the use of photo monitoring cameras for speed violations in active work zones on any state highway, rather than the current limit to controlled-access highways.

Health Care

- \$750 million in new targeted healthcare investments, including a \$353 million rate increase, a \$47 million capital rate increase, and \$240 million of state share increases for nursing.
- \$500 million in operating funding for financially distressed hospitals, providing a \$2.1 billion total state share.

Improved Health Care Temporary Staffing Regulation

The budget includes language to authorize the Department of Health to develop regulations to establish, monitor, and enforce a limit on the profits of temporary health care service agencies.

Scope of Practice Changes – Rejected

The Executive budget proposed changes that would have impacted various titles in the delivery of immunizations, medicine and medication related tasks. This was rejected by the Legislature.

Hospital-at-Home – Rejected

The Executive budget proposal expanded and eliminated regulatory/procedural requirements for the hospital-at-home program. This was rejected by the Legislature.

Transfer Oversight of Professionals – Rejected

The Executive budget proposal transferred discipline and oversight of health-related professionals including nursing from the State Education Department to the Department of Health. This was rejected by the Legislature.

Public Sector Issues

Retiree Health Insurance Cost Increase – Rejected

The Legislature rejected the Executive Budget proposal to eliminate the Income-Related Medicare Adjustment Amount (IRMAA) reimbursement currently provided by NYSHIP-participating employers to impacted retirees.

Critical Incident Leave for State Police

The budget directs the Superintendent of State Police to develop a critical incident leave policy to provide up to 20 days of paid leave to officers involved with on-duty actions that may involve the death, or serious injury to themselves or another person.

Aid for Localities

The budget includes:

- \$135 million in assistance for distressed cities; and
- \$150 million in Temporary Municipal Assistance.

Workers' Compensation

Expansion of Access to Medical Treatment

The adopted budget eliminates 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 will be permitted to treat injured workers. The Board will establish and maintain an exclusion list for providers disqualified from participating in the system.

Important protections to prevent practitioners inexperienced in navigating the workers' compensation adjudicatory process from prejudicing injured workers' claims were included. These protections include: comprehensive training for providers; consideration of medical reports when a provider misses a deadline; permitting providers to communicate with injured workers' attorneys; and a directive that the Workers' Compensation Board promulgate regulations to reduce unnecessary friction in the adjudicatory process.

The law also increases the threshold for application of the medical treatment guidelines from \$1,000 to \$1,500 and, finally, the law requires the Workers' Compensation Board to report annually to the legislature on various aspects of its operations, including the implementation of these changes.

Combatting Workers' Compensation Fraud

This initiative creates an assessment on all covered employers to fund the establishment and maintenance of dedicated workers' compensation fraud units in district attorney offices and requires enhanced reporting to the legislature on the use of the funds to support fraud prosecutions. The budget includes an appropriation of \$7 million for this program.

SEQRA Reform

The enacted budget includes 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 limiting application of SEQRA on certain housing, parks, bicycle and pedestrian trail, water and wastewater infrastructure, education, and green infrastructure projects.

Energy/Climate Change/Environment

CLCPA & Sustainable Future Fund

The implementation date for cap and invest, which is the centerpiece of CLCPA implementation and will establish a tax on fossil fuels to fund renewable energy development and utility bill assistance for lower incomes, was moved from January 2, 2025 to December 31, 2028. In promulgating these regulations, the Department of Public Service must now also consider feasibility, affordability, and the creation and maintenance of well-paying, family-sustaining jobs.

The enacted budget also changes how the state evaluates progress in meeting emission reduction standards by adopting a 100-year timeline for measuring emissions; similar to the vast majority of jurisdictions and the Paris Accord. Additionally, the budget eliminates double counting of certain emissions, including biogas. These changes will make it easier for the state to meet its goal of a 40% reduction by 2030 and an 85% reduction by 2050 (compared to 1990 levels).

New funding of \$1 billion for the Sustainable Future Fund was included. This funds various programs including thermal energy networks, solar development, and green schools.

Utility Affordability/(POWER) Utility Rebates/Blue Ribbon Commission

The "Protecting our Wallets Energy Rebates" will allow income eligible taxpayers who filed state returns in 2024 to claim a tax rebate of \$100, \$150 or \$200 (depending on their income and filing status in 2024) on their 2027 filings. Those married filing jointly with incomes under \$300,000 and all other filers with incomes of \$150,00 or less will be eligible.

The enacted budget includes initiatives intended to address utility affordability for residential ratepayers. 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; and requiring utilities to refund excess returns and revenues to ratepayers.

The budget also creates a Blue Ribbon Commission to examine the causes of rising utility costs, the regulatory and statutory role of the Public Service Commission, the ratemaking process, energy generation and transmission, capital investment, and various other factors that affect utility rates.

Municipal ZEV Rebates

This budget increases limits on rebates paid to municipalities by the Department of Environmental Conservation to offset the cost of zero-emissions vehicles from \$7,500 to \$30,000.

Infrastructure/Housing

Atlantic Yards Project

\$575 million was appropriated for this affordable housing project. This funding is intended for the horizontal platform build.

Westchester Galleria Project

\$175 million was included for this mixed-use project on a brownfield site. All work is subject to a Project Labor Agreement.

Arts and Entertainment Employees

COBRA Assistance Extension

The enacted budget extends the expiration date of the Assistance Demonstration Project, which provides COBRA subsidies to displaced entertainment industry workers, from July 1, 2026 to July 1, 2027.

New York State Music Grant Fund

The budget renames the Musical Instrument Revolving Fund and eliminates the requirement that funding be used to procure instruments, and instead allows for general use. The budget expands eligible recipients to include school districts and BOCES in addition to not-for-profit orchestras and musical entities.

- A \$150 million increase in the New York City Musical and Theatrical Tax Credit was enacted.
- \$2 million in operating assistance for the Metropolitan Opera was approved.

Universal Child Care Expansion

The final budget includes \$1.7 billion in increased funding for child care, bringing the total investment to \$4.5 billion.

Expansion of Universal Pre-Kindergarten

School districts across the state will be required to offer full-day, pre-k for four-year-olds with State funding by the start of the 2028-2029 school year.

Launch of the “First 3 Program”

This pilot program in Dutchess, Monroe, and Broome counties will expand child care access with a focus on serving children up to 3 years of age, regardless of family income.

Expansion of New York City Child Care Programs

A new “2-Care” program will provide child care for two-year-olds, and an increase in funding was allocated to expand New York City’s pre-kindergarten program for three-year-olds.

Childcare Assistance Funding

Funding for the Child Care Assistance Program was increased to help low and middle income families afford childcare.

Other Childcare Programs

Child and Dependent Care Credit

This will provide a refundable child and dependent care tax credit based on income and qualifying care expenses.

Childcare Facilitated Enrollment Scholarship Program

Funding of \$5 million was appropriated for the Workforce Development Institute to administer the statewide childcare facilitated enrollment scholarship program and \$5 million for the Consortium for Worker Education to administer the program for New York City, with additional administrative funding for each entity.

Funding for Labor Supported Programs

Occupational Safety and Health (OSH) Clinics Increase

The budget included a \$5 million increase in the appropriation for the OSH clinics for a total of \$14.5 million.

District Attorney Wage Theft Enforcement

The agreement includes \$5 million to incentivize county district attorneys to investigate and prosecute wage theft.

Workforce Development Institute

The budget includes \$2.5 million for manufacturing institute/initiatives and \$4 million for operations.

Cornell School of Industrial Relations

Union Leadership Program: \$300,000

Worker Institute: \$300,000

The Workplace Sexual Harassment/Gender-based Violence Awareness Program: \$300,000

K. Lisa Yang-Tan Institute on Employment & Disability: \$300,000

ILR Buffalo Co-Lab: \$350,000

Criminal Justice Employment Initiative: \$125,000

Future of Work Initiative: \$150,000

Climate Jobs Institute: \$3.1 million

Miscellaneous

Human Services Inflationary Adjustments

The budget agreement included a 2.7% inflationary increase for various human service employers in not-for-profit sectors, including health, mental health, developmental disabilities, and others.

Immigrant Protections and Restrictions on Immigration Enforcement by Public Sector

The enacted budget prohibits state and local law enforcement, correctional and related facilities from entering into agreements with the federal government to engage and assist federal immigration enforcement activities or detain/house individuals charged with federal immigration violations.

It prohibits all public sector workers from complying with federal immigration and other law enforcement personnel on immigration enforcement efforts unless presented with a valid judicial warrant or court order. The law provides training for state workers. Municipalities will be required to develop a process for identifying valid warrants or court orders.

The budget also prohibits denial of a free public education for all children by school districts, public schools, charter schools, and universal pre-k based on immigration status. All employees of those entities are also prohibited from assisting in immigration enforcement with federal agencies unless required to do so by a court order or judicial warrant. The New York State Department of Education will post model procedures for employers to comply with these requirements.

The bill also prohibits police officers, peace officers and federal law enforcement from wearing face coverings while interacting with the public and performing their duties.

Criminal Interference with Access to a Place of Worship

A policy was enacted prohibiting demonstrators from obstructing access to a place of worship, or from intentionally engaging in conduct causing individuals to fear for their safety within 50 feet of a place of worship. This will be a Class B misdemeanor if convicted.