



# ASSOCIATED GENERAL CONTRACTORS OF NEW YORK STATE



**AGC**  
THE CONSTRUCTION  
ASSOCIATION

The New York State Chapter  
of the Associated General  
Contractors of America

## New York State Joint Legislative Budget Hearing on Transportation

February 3, 2026

### TESTIMONY OF WALTER PACHOLCZAK VICE PRESIDENT OF GOVERNMENT AFFAIRS ASSOCIATED GENERAL CONTRACTORS OF NEW YORK STATE

Senator Krueger, Assemblymember Pretlow and members of the Legislature, on behalf of the Associated General Contractors of New York State (AGC NYS), I thank you for holding this important public hearing to discuss the proposed fiscal year 2027 (FY 2027) Executive Budget and transportation proposals.

My name is Walter Pacholczak, Vice President of Government Affairs for the Associated General Contractors of New York State (AGC NYS). In 2026, AGC NYS celebrates one hundred years as New York's leading statewide construction industry association of union and open shop contractors, who build New York's transportation, heavy highway, civil, environmental, public, and private building infrastructure. We represent more than six hundred contractors, subcontractors, and related firms and as an association have more than eighty years of experience working with public agencies and private developers to deliver quality projects that are the lifeblood of our communities. More than just builders, our members are proud stewards of New York's public and privately built infrastructure.

Today's testimony will focus on the capital funding impacts of the Executive Budget proposal on the New York State Department of Transportation (NYSDOT), Metropolitan Transportation Authority (MTA), construction materials prices, vehicle repair costs, a twenty-year DOT capital needs assessment report, federal government actions, and related Article VII legislative proposals.

#### Table of Contents

1. FY 2027 Executive Budget Capital Program
2. FY 2027 Article VII Legislation

## **Capital Programs**

### **New York State Department of Transportation**

The FY 2027 Executive Budget includes \$6 billion in funding for the fifth and final year of a record \$34.4 billion, five-year DOT Capital Plan. Major projects include phases of the Hunts Point Interstate Access Improvement and the replacement of I-81 in Syracuse. The DOT Capital Plan also advances priorities across the State including modernizing the Livingston Avenue Bridge in Albany, reconnecting neighborhoods across the Kensington Expressway in Buffalo, converting Route 17 to I-86 in Orange and Sullivan Counties, and assessing ways to improve road capacity at the Oakdale Merge in Suffolk County.

The Executive Budget includes funding for local highways and bridges including the Consolidated Highway Improvement Program (CHIPs) and the Marchiselli program is maintained at the FY 2026 level of \$688 million. The budget provides \$100 million for the local Pave Our Potholes program, \$150 million in highway aid through the PAVE NY program, and \$200 million to fund local projects from the BRIDGE NY program. The \$100 million Extreme Winter Recovery and \$140 million State Touring Route programs are further improving conditions on State and local roads and bridges.

### **AGC NYS Comments - DOT Capital Plan**

In the FY 2027 Executive Budget, AGC NYS strongly supports investing an additional \$950 million in the DOT Core Capital Plan and \$250 million for local roads and bridges.

AGC NYS commends the leadership of Governor Hochul and the Legislature to add an additional \$800 million to the DOT Core Capital Plan in the FY 2026 New York State Budget to help offset the rapid cost escalation of construction materials. It is also important to note that the \$800 million included a list of projects in legislators' districts to demonstrate progress at fixing roads and bridges in poor condition. The \$800 million slowed the deterioration of pavement conditions but in 2024 thirty-nine percent of DOT roads were rated as fair or poor. Bridge conditions continue to decline with ten of the eleven DOT regions reporting deficient bridges. In this final year of the DOT Capital Plan, lawmakers must also assess the entirety of what projects were promised, what projects were delivered or not delivered, what does this mean for FY 2027, and what does this mean for the next DOT Capital Plan.

Since the onset of the COVID pandemic in 2020, nonresidential construction materials costs based on the producer price index have outpaced the consumer price index by sixteen percent. Percentage increases for steel (55%), aluminum (67%), copper (77%), brass (77%), and construction equipment (36%) have eroded the buying power of the current DOT Capital Plan.

Another rising cost tied to the DOT Capital Plan is vehicle repairs caused by poor road and bridge conditions. A new study from TRIP, a national transportation research nonprofit found that roads and bridges that are deteriorated, congested or lack some desirable safety features cost New York motorists a total of \$40.3 billion statewide annually – up to \$3,755 per driver in some urban areas - due to higher vehicle operating costs, traffic crashes and congestion-related delays. The statewide cost to drivers has increased 44 percent since 2022, when it totaled \$28 billion. A lack of adequate investment in transportation and increasing inflation in construction costs could hamper New York's ability to make needed improvements to its transportation network. The chart below illustrates the escalating estimated costs to motorists.

Location	VOC	Safety	Congestion	TOTAL
Albany-Schenectady-Troy	\$575	\$583	\$940	\$2,098
Binghamton	\$558	\$618	\$594	\$1,770
Buffalo-Niagara Falls	\$498	\$512	\$1,193	\$2,203
New York-Newark-Jersey City	\$728	\$365	\$2,662	\$3,755
Poughkeepsie-Newburgh-Middletown	\$612	\$726	\$818	\$2,156
Rochester	\$438	\$641	\$1,119	\$2,198
Syracuse	\$537	\$619	\$535	\$1,691
Utica	\$413	\$697	\$515	\$1,625
<b>New York Statewide</b>	<b>\$8.8 Billion</b>	<b>\$11.5 Billion</b>	<b>\$20 Billion</b>	<b>\$40.3 Billion</b>

As for the next DOT Capital Plan, AGC NYS supports legislation from Senate Transportation Committee Chairman Jeremy Cooney requiring the commissioner of transportation to submit a biennial twenty-year capital needs assessment report on the physical conditions, operational performance and investment needs of the state's transportation infrastructure to the governor and the legislature. AGC NYS concurs with the sponsor that New York's transportation infrastructure is fundamental to economic growth, public safety, and quality of life. However, maintaining and modernizing these assets requires long-term planning and a clear understanding of investment needs. This legislation establishes a structured, data-driven approach to infrastructure planning by requiring the DOT to conduct a thorough, forward-looking assessment. The inclusion of performance benchmarks, funding forecasts, and resilience evaluations will enable policymakers to make informed decisions regarding infrastructure investments.

We must not overlook the likely federal government policy impacts on construction costs including but not limited to:

- Higher tariffs will raise costs, invite retaliation, and may disrupt supply chains.
- Harsh immigration/deportation actions will worsen construction labor shortages.
- Expectation of larger deficits may push interest rates higher.
- Less support for renewables may slow solar, wind, and EV-related projects.
- However, lessened federal regulatory hurdles may help projects start sooner.
- OBBBA adds certainty about corporate taxes; may lead to speedup of some investments.

Governor Hochul and legislators must capitalize on the \$800 million added in the FY 2026 State Budget and keep the momentum going in FY 2027 by investing an additional \$950 million in the DOT Core Capital Plan and \$250 million for local roads and bridges.

### **Metropolitan Transportation Authority**

The MTA will receive \$8.6 billion in State operating aid in FY 2027, including resources collected by the State and sent directly to the MTA without appropriation. Traditional on-budget MTA assistance will increase 5.8 percent, from \$4.2 billion to \$4.5 billion.

### **AGC NYS Comments - MTA Capital Plan**

AGC NYS supports a fully funded 2025-2029 MTA Capital Program and the transformative projects advanced by Governor Hochul.

### **Article VII - Transportation, Economic Development and Environmental Conservation**

**Highway Worker Assault - Part F.** This bill would amend the Penal Law and Vehicle and Traffic Law to expand the categories of transportation workers that qualify for enhanced assault protections, establish new penalties for menacing a highway worker and intrusions into active work zones, and require license suspension for certain crimes against highway workers. **AGC NYS commends Governor Hochul for her leadership on this issue and urges the Legislature to approve this proposal.**

**Automated Work Zone Speed Enforcement - Part G.** This bill would amend section 1180-e of the Vehicle and Traffic Law (VTL) to expand the Automated Work Zone Speed Enforcement program to include all New York highways under the jurisdiction of the NYS Department of Transportation, NYS Thruway Authority, NYS Bridge Authority or the Triborough Bridge and Tunnel Authority.

Under current law, the program is limited to “controlled access” highways. **AGC NYS supports expansion of the successful Automated Work Zone Speed Enforcement program.**

**State Environmental Quality Review Act Reform - Part R.** This bill implements common sense and balanced reforms to the State Environmental Quality Review Act (SEQRA), allowing for housing, infrastructure, and other projects that meet specific criteria to be built more efficiently throughout the State. **AGC NYS commends Governor Hochul’s balanced approach to cut overly restrictive and often duplicative environmental laws that stifle critical infrastructure projects.**

**Conclusion:**

AGC NYS strongly supports investing an additional \$950 million in the DOT Core Capital Plan, \$250 million for local roads and bridges, increased penalties for highway worker assault, automated work zone speed enforcement, and reforming the State Environmental Quality Review Act. We urge you to prioritize the necessary investments to ensure a sustainable, safe transportation network for the future.