

S. 1781

A. 1328

2013-2014 Regular Sessions

S E N A T E - A S S E M B L Y

(PREFILED)

January 9, 2013

IN SENATE -- Introduced by Sen. LAVALLE -- read twice and ordered printed, and when printed to be committed to the Committee on Education

IN ASSEMBLY -- Introduced by M. of A. THIELE -- read once and referred to the Committee on Education

AN ACT to amend the education law, the executive law, the general municipal law, the labor law, the penal law and the retirement and social security law, in relation to enacting the "New York state school taxpayers' protection act"

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. Short title. This act shall be known and may be cited as
2 the "New York state school taxpayers' protection act".
3 S 2. Legislative findings and intent. Public school districts in New
4 York state have recently experienced numerous instances of financial
5 scandals. These scandals have been unprecedented in both the number and
6 diversity of financial malfeasance. Furthermore, such scandals result in
7 the diversion of hard-earned property taxpayers' money from their proper
8 use in school instruction to improper and illegal purposes that do not
9 further the school districts' essential mission of educating New York
10 children. Therefore, the legislature finds that it is necessary to
11 establish a new, independent state agency charged with the function of
12 investigating allegations of corruption, financial improprieties, uneth-
13 ical conduct, misconduct or other criminal conduct within public school
14 districts outside of New York city. In addition, the legislature further
15 finds that the current laws must be amended to incorporate school
16 district financial safeguards and establish sanctions for violations of
17 school district finance laws.
18 S 3. The education law is amended by adding a new section 2116-d to
19 read as follows:

EXPLANATION--Matter in *ITALICS* (underscored) is new; matter in brackets
[] is old law to be omitted.

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1 S 2116-D. PERSONS AND OFFICIALS REQUIRED TO REPORT CASES OF SUSPECTED
2 CORRUPTION, OTHER CRIMINAL ACTIVITY OR CONFLICT OF INTEREST OCCURRING
3 WITHIN THE OPERATIONS OF A SCHOOL DISTRICT. 1. THE FOLLOWING PERSONS AND
4 OFFICIALS ARE REQUIRED TO REPORT OR CAUSE A REPORT TO BE MADE IN ACCORD-
5 ANCE WITH THIS SECTION WHEN THEY DISCOVER INFORMATION CONCERNING CONDUCT
6 WHICH IS KNOWN OR SHOULD REASONABLY BE KNOWN TO INVOLVE CORRUPTION OR
7 OTHER CRIMINAL ACTIVITY OR CONFLICT OF INTEREST BY EITHER A PUBLIC
8 SCHOOL DISTRICT EMPLOYEE THAT RELATES TO THEIR EMPLOYMENT OR BY A
9 PERSON, PERSONS OR ENTITIES DOING BUSINESS WITH A PUBLIC SCHOOL DISTRICT
10 WITH RESPECT TO THEIR TRANSACTIONS WITH THE SCHOOL DISTRICT, ANY SCHOOL
11 DISTRICT OFFICER, AND ANY SCHOOL DISTRICT EMPLOYEE.

12 2. ANY PERSON OR OFFICIAL MANDATED TO REPORT CASES OF SUSPECTED
13 CORRUPTION, OTHER CRIMINAL ACTIVITY OR CONFLICT OF INTEREST PURSUANT TO
14 SUBDIVISION ONE OF THIS SECTION SHALL IMMEDIATELY REPORT THE INFORMATION
15 THEY HAVE TO THE NEW YORK STATE INSPECTOR GENERAL FOR EDUCATION, AS
16 ESTABLISHED IN ARTICLE FOUR-B OF THE EXECUTIVE LAW.

17 3. ANY SCHOOL DISTRICT WHICH EMPLOYS PERSONS MANDATED TO REPORT
18 SUSPECTED INCIDENTS OF CORRUPTION, OTHER CRIMINAL ACTIVITY OR CONFLICT
19 OF INTEREST PURSUANT TO SUBDIVISION ONE OF THIS SECTION SHALL PROVIDE
20 SUCH CURRENT AND NEW EMPLOYEES WITH WRITTEN INFORMATION EXPLAINING THE
21 REPORTING REQUIREMENTS SET OUT IN SUBDIVISION ONE OF THIS SECTION.

22 4. ANY PERSON OR OFFICIAL REQUIRED BY THIS SECTION TO REPORT CERTAIN
23 INFORMATION AS SPECIFIED IN THIS SECTION WHO WILLFULLY FAILS TO DO SO
24 SHALL BE GUILTY OF A CLASS A MISDEMEANOR.

25 5. ANY PERSON OR OFFICIAL REQUIRED BY THIS SECTION TO REPORT CERTAIN
26 INFORMATION AS SPECIFIED IN THIS SECTION WHO KNOWINGLY AND WILLFULLY
27 FAILS TO DO SO SHALL BE CIVILLY LIABLE FOR THE DAMAGES PROXIMATELY
28 CAUSED BY SUCH FAILURE.

29 6. ANY PERSON OR OFFICIAL PARTICIPATING IN GOOD FAITH IN THE MAKING OF
30 A REPORT UNDER THIS SECTION SHALL HAVE IMMUNITY FROM ANY LIABILITY,
31 CIVIL OR CRIMINAL, THAT MIGHT OTHERWISE RESULT BY REASON OF SUCH
32 ACTIONS. FOR THE PURPOSE OF ANY PROCEEDING, CIVIL OR CRIMINAL, THE GOOD
33 FAITH OF ANY SUCH PERSON OR OFFICIAL REQUIRED TO REPORT UNDER THIS
34 SECTION SHALL BE PRESUMED, PROVIDED SUCH PERSON OR OFFICIAL WAS ACTING
35 IN DISCHARGE OF THEIR DUTIES AND WITHIN THE SCOPE OF THEIR EMPLOYMENT,
36 AND THAT SUCH LIABILITY DID NOT RESULT FROM THE WILLFUL MISCONDUCT OR
37 GROSS NEGLIGENCE OF SUCH PERSON OR OFFICIAL.

38 S 4. Subdivision 6 of section 2122 of the education law is amended to
39 read as follows:

40 6. Such treasurer shall[, whenever required by such trustees,] report
41 to [them] SUCH TRUSTEES a detailed [statement] ANNUAL REPORT of the
42 moneys received by him OR HER and of his OR HER disbursements, and at
43 the annual meeting of such district he OR SHE shall render a full
44 account of all moneys received by him OR HER and from what source, and
45 when received, and all disbursements made by him OR HER and to whom and
46 the dates of such disbursements respectively, and the balance of moneys
47 remaining in his OR HER hands. THE TREASURER SHALL CERTIFY IN SUCH
48 ANNUAL REPORT THAT HE OR SHE HAS: REVIEWED THE ANNUAL REPORT; THAT
49 BASED ON THE TREASURER'S KNOWLEDGE, THE REPORT DOES NOT CONTAIN ANY
50 UNTRUE STATEMENT OF A MATERIAL FACT OR OMIT TO STATE A MATERIAL FACT
51 NECESSARY IN ORDER TO MAKE THE STATEMENTS MADE, IN LIGHT OF THE CIRCUM-
52 STANCES UNDER WHICH SUCH STATEMENTS WERE MADE, NOT MISLEADING; AND BASED
53 ON SUCH TREASURER'S KNOWLEDGE, THE FINANCIAL STATEMENTS, AND OTHER
54 FINANCIAL INFORMATION INCLUDED IN THE REPORT, FAIRLY PRESENT IN ALL
55 MATERIAL RESPECTS THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF
56 THE SCHOOL DISTRICT AS OF, AND FOR, THE PERIODS PRESENTED IN THE REPORT.

1 S 5. Section 1720 of the education law is amended by adding a new
2 subdivision 3 to read as follows:

3 3. THE TREASURER OF THE DISTRICT SHALL ISSUE AN ANNUAL REPORT WITH A
4 FULL AND DETAILED ACCOUNT OF ALL MONEYS RECEIVED BY THE BOARD OR SUCH
5 TREASURER, FOR ITS ACCOUNT AND USE, AND OF ALL THE MONEYS EXPENDED
6 THEREFOR, GIVING THE ITEMS OF EXPENDITURE IN FULL. THE TREASURER SHALL
7 CERTIFY IN SUCH ANNUAL REPORT THAT HE OR SHE HAS: REVIEWED THE ANNUAL
8 REPORT; THAT BASED ON THE TREASURER'S KNOWLEDGE, THE REPORT DOES NOT
9 CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT OR OMIT TO STATE A MATE-
10 RIAL FACT NECESSARY IN ORDER TO MAKE THE STATEMENTS MADE, IN LIGHT OF
11 THE CIRCUMSTANCES UNDER WHICH SUCH STATEMENTS WERE MADE, NOT MISLEADING;
12 AND BASED ON SUCH TREASURER'S KNOWLEDGE, THE FINANCIAL STATEMENTS, AND
13 OTHER FINANCIAL INFORMATION INCLUDED IN THE REPORT, FAIRLY PRESENT IN
14 ALL MATERIAL RESPECTS THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS
15 OF THE SCHOOL DISTRICT AS OF, AND FOR, THE PERIODS PRESENTED IN THE
16 REPORT.

17 S 6. Section 2215 of the education law is amended by adding a new
18 subdivision 17 to read as follows:

19 17. TO CERTIFY IN THE ANNUAL REPORT ISSUED PURSUANT TO EITHER SECTION
20 SEVENTEEN HUNDRED TWENTY OF THIS CHAPTER OR SECTION TWENTY-ONE HUNDRED
21 TWENTY-TWO OF THIS CHAPTER THAT HE OR SHE HAS: REVIEWED THE ANNUAL
22 REPORT; THAT BASED ON THE SUPERINTENDENT'S KNOWLEDGE, THE REPORT DOES
23 NOT CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT OR OMIT TO STATE A
24 MATERIAL FACT NECESSARY IN ORDER TO MAKE THE STATEMENTS MADE, IN LIGHT
25 OF THE CIRCUMSTANCES UNDER WHICH SUCH STATEMENTS WERE MADE, NOT MISLEAD-
26 ING; AND BASED ON SUCH SUPERINTENDENT'S KNOWLEDGE, THE FINANCIAL STATE-
27 MENTS, AND OTHER FINANCIAL INFORMATION INCLUDED IN THE REPORT, FAIRLY
28 PRESENT IN ALL MATERIAL RESPECTS THE FINANCIAL CONDITION AND RESULTS OF
29 OPERATIONS OF THE SCHOOL DISTRICT AS OF, AND FOR, THE PERIODS PRESENTED
30 IN THE REPORT.

31 S 7. The education law is amended by adding a new section 2116-e to
32 read as follows:

33 S 2116-E. COMPENSATION COMMITTEES. 1. EVERY SCHOOL DISTRICT, EXCEPT
34 THOSE EMPLOYING FEWER THAN EIGHT TEACHERS, SHALL ESTABLISH BY A RESOL-
35 UTION OF THE TRUSTEES OR BOARD OF EDUCATION A LOCAL SCHOOL DISTRICT
36 COMPENSATION COMMITTEE TO OVERSEE AND REPORT TO THE TRUSTEES OR BOARD ON
37 THE PROPOSED CONTRACTS OF ALL SCHOOL DISTRICT BARGAINING UNITS, ADMINIS-
38 TRATORS AND SUPERINTENDENTS.

39 2. THE COMPENSATION COMMITTEE SHALL BE ESTABLISHED NO LATER THAN JANU-
40 ARY FIRST, TWO THOUSAND FOURTEEN AS A COMMITTEE OF THE TRUSTEES OR
41 BOARD, AS AN ADVISORY COMMITTEE, OR AS A COMMITTEE OF THE WHOLE.

42 3. THE COMPENSATION COMMITTEE SHALL CONSIST OF AT LEAST THREE MEMBERS,
43 AT LEAST TWO OF WHOM SHALL NOT BE A TRUSTEE OR BOARD MEMBER. THE COMPEN-
44 SATION COMMITTEE MEMBERS SHALL SERVE WITHOUT COMPENSATION. EMPLOYEES OF
45 THE SCHOOL DISTRICT ARE PROHIBITED FROM SERVING ON THE COMPENSATION
46 COMMITTEE. A MEMBER OF A COMPENSATION COMMITTEE SHALL BE DEEMED A SCHOOL
47 DISTRICT OFFICER FOR THE PURPOSES OF SECTIONS THIRTY-EIGHT HUNDRED ELEV-
48 EN THROUGH THIRTY-EIGHT HUNDRED THIRTEEN OF THIS CHAPTER, BUT SHALL NOT
49 BE REQUIRED TO BE A RESIDENT OF THE SCHOOL DISTRICT.

50 4. THE ROLE OF A COMPENSATION COMMITTEE SHALL BE ADVISORY AND ANY
51 RECOMMENDATIONS IT PROVIDES TO THE TRUSTEES OR BOARD UNDER SUBDIVISION
52 FIVE OF THIS SECTION SHALL NOT SUBSTITUTE FOR ANY REQUIRED REVIEW AND
53 ACTION BY THE TRUSTEES OR BOARD OF EDUCATION.

54 5. IT SHALL BE THE RESPONSIBILITY OF THE COMPENSATION COMMITTEE TO:

1 (A) REVIEW EVERY CONTRACT BETWEEN THE DISTRICT AND ANY BARGAINING
2 UNITS, EMPLOYEES, ADMINISTRATORS AND SUPERINTENDENTS NEGOTIATED AFTER
3 JANUARY FIRST, TWO THOUSAND FOURTEEN;

4 (B) RECEIVE AND REVIEW PROPOSED CONTRACTS BETWEEN THE DISTRICT AND ANY
5 BARGAINING UNITS, EMPLOYEES, ADMINISTRATORS AND SUPERINTENDENTS PRIOR TO
6 SUCH CONTRACTS' APPROVAL; AND

7 (C) PROVIDE RECOMMENDATIONS TO THE TRUSTEES OR BOARD REGARDING THE
8 SALARY, FRINGE BENEFITS AND OTHER FORMS OF COMPENSATION GIVEN AND
9 PROPOSED TO BE GIVEN TO ALL SCHOOL DISTRICT EMPLOYEES, ADMINISTRATORS
10 AND SUPERINTENDENTS.

11 6. NOTWITHSTANDING ANY PROVISION OF ARTICLE SEVEN OF THE PUBLIC OFFI-
12 CERS LAW OR ANY OTHER LAW TO THE CONTRARY, A SCHOOL DISTRICT COMPEN-
13 SATION COMMITTEE MAY CONDUCT AN EXECUTIVE SESSION PURSUANT TO SECTION
14 ONE HUNDRED FIVE OF THE PUBLIC OFFICERS LAW PERTAINING TO ANY MATTER SET
15 FORTH IN PARAGRAPHS (A) AND (B) OF SUBDIVISION FIVE OF THIS SECTION.

16 7. THE COMMISSIONER IS AUTHORIZED TO PROMULGATE REGULATIONS WITH
17 RESPECT TO COMPENSATION COMMITTEES AS ARE NECESSARY FOR THE PROPER
18 PERFORMANCE OF THEIR DUTIES.

19 8. AS LONG AS THE CHANCELLOR OF A SCHOOL DISTRICT IN A CITY HAVING A
20 POPULATION OF ONE MILLION OR MORE INHABITANTS SHALL ANNUALLY CERTIFY TO
21 THE COMMISSIONER THAT SUCH DISTRICT HAS A PROCESS FOR REVIEW BY A
22 COMPENSATION COMMITTEE OF THE DISTRICT'S CONTRACTS WITH ANY BARGAINING
23 UNITS, EMPLOYEES, ADMINISTRATORS AND SUPERINTENDENTS, THE PROVISIONS OF
24 THIS SECTION SHALL NOT APPLY TO SUCH SCHOOL DISTRICT.

25 S 8. The education law is amended by adding a new section 2009-a to
26 read as follows:

27 S 2009-A. ADDITIONAL REQUIREMENTS OF NOTICE PRIOR TO AUTHORIZATION OF
28 SCHOOL DISTRICT EMPLOYMENT CONTRACTS. WHERE ANY COLLECTIVE BARGAINING
29 AGREEMENT, EMPLOYMENT CONTRACT OR AMENDMENTS TO SUCH AGREEMENT OR
30 CONTRACT IS TO BE SUBMITTED TO A DISTRICT MEETING FOR A VOTE, THE SCHOOL
31 DISTRICT BOARD OR TRUSTEES SHALL GIVE NOTICE, AT LEAST FIVE WEEKS PRIOR
32 TO SUCH MEETING, THROUGH A DISTRICT-WIDE MAILING OF THE AVAILABILITY OF
33 THE AGREEMENT, CONTRACT OR AMENDMENT AT PUBLIC LIBRARIES WITHIN THE
34 DISTRICT, AT THE SCHOOL DISTRICT OFFICES AND ON THE SCHOOL DISTRICT'S
35 INTERNET WEBSITE, IF ONE EXISTS.

36 S 9. Subdivision 4 of section 1608 of the education law, as amended by
37 chapter 640 of the laws of 2008, is amended to read as follows:

38 4. Commencing with the proposed budget for the nineteen hundred nine-
39 ty-eight--ninety-nine school year, such proposed budget shall be
40 presented in three components: a program component, a capital component
41 and an administrative component which shall be separately delineated in
42 accordance with regulations of the commissioner after consultation with
43 local school district officials. The administrative component shall
44 include, but need not be limited to, office and central administrative
45 expenses, traveling expenses and all compensation, salaries and benefits
46 of all school administrators and supervisors, including business admin-
47 istrators, superintendents of schools and deputy, assistant, associate
48 or other superintendents under all existing employment contracts or
49 collective bargaining agreements, AND TEACHERS UNDER EXISTING EMPLOYMENT
50 CONTRACTS, any and all expenditures associated with the operation of the
51 office of trustee or board of trustees, the office of the superintendent
52 of schools, general administration, the school business office, consult-
53 ing costs not directly related to direct student services and programs,
54 planning and all other administrative activities. The program component
55 shall include, but need not be limited to, all program expenditures of
56 the school district, including the salaries and benefits of teachers and

1 any school administrators or supervisors who spend a majority of their
2 time performing teaching duties, and all transportation operating
3 expenses. The capital component shall include, but need not be limited
4 to, all transportation capital, debt service, and lease expenditures;
5 costs resulting from judgments in tax certiorari proceedings or the
6 payment of awards from court judgments, administrative orders or settled
7 or compromised claims; and all facilities costs of the school district,
8 including facilities lease expenditures, the annual debt service and
9 total debt for all facilities financed by bonds and notes of the school
10 district, and the costs of construction, acquisition, reconstruction,
11 rehabilitation or improvement of school buildings, provided that such
12 budget shall include a rental, operations and maintenance section that
13 includes base rent costs, total rent costs, operation and maintenance
14 charges, cost per square foot for each facility leased by the school
15 district, and any and all expenditures associated with custodial sala-
16 ries and benefits, service contracts, supplies, utilities, and mainte-
17 nance and repairs of school facilities. For the purposes of the develop-
18 ment of a budget for the nineteen hundred ninety-eight--ninety-nine
19 school year, the trustee or board of trustees shall separate the
20 district's program, capital and administrative costs for the nineteen
21 hundred ninety-seven--ninety-eight school year in the manner as if the
22 budget for such year had been presented in three components.

23 S 10. Subdivision 4 of section 1716 of the education law, as amended
24 by chapter 640 of the laws of 2008, is amended to read as follows:

25 4. Commencing with the proposed budget for the nineteen hundred nine-
26 ty-eight--ninety-nine school year, such proposed budget shall be
27 presented in three components: a program component, a capital component
28 and an administrative component which shall be separately delineated in
29 accordance with regulations of the commissioner after consultation with
30 local school district officials. The administrative component shall
31 include, but need not be limited to, office and central administrative
32 expenses, traveling expenses and all compensation, salaries and benefits
33 of all school administrators and supervisors, including business admin-
34 istrators, superintendents of schools and deputy, assistant, associate
35 or other superintendents under all existing employment contracts or
36 collective bargaining agreements, AND TEACHERS UNDER EXISTING EMPLOYMENT
37 CONTRACTS, any and all expenditures associated with the operation of the
38 board of education, the office of the superintendent of schools, general
39 administration, the school business office, consulting costs not direct-
40 ly related to direct student services and programs, planning and all
41 other administrative activities. The program component shall include,
42 but need not be limited to, all program expenditures of the school
43 district, including the salaries and benefits of teachers and any school
44 administrators or supervisors who spend a majority of their time
45 performing teaching duties, and all transportation operating expenses.
46 The capital component shall include, but need not be limited to, all
47 transportation capital, debt service, and lease expenditures; costs
48 resulting from judgments in tax certiorari proceedings or the payment of
49 awards from court judgments, administrative orders or settled or compro-
50 mised claims; and all facilities costs of the school district, including
51 facilities lease expenditures, the annual debt service and total debt
52 for all facilities financed by bonds and notes of the school district,
53 and the costs of construction, acquisition, reconstruction, rehabili-
54 tation or improvement of school buildings, provided that such budget
55 shall include a rental, operations and maintenance section that includes
56 base rent costs, total rent costs, operation and maintenance charges,

1 cost per square foot for each facility leased by the school district,
2 and any and all expenditures associated with custodial salaries and
3 benefits, service contracts, supplies, utilities, and maintenance and
4 repairs of school facilities. For the purposes of the development of a
5 budget for the nineteen hundred ninety-eight--ninety-nine school year,
6 the board of education shall separate the district's program, capital
7 and administrative costs for the nineteen hundred ninety-seven--ninety-
8 eight school year in the manner as if the budget for such year had been
9 presented in three components.

10 S 11. Subdivision 2 of section 1608 of the education law, as amended
11 by chapter 640 of the laws of 2008, is amended to read as follows:

12 2. Such statement shall be completed at least seven days before the
13 budget hearing at which it is to be presented and copies thereof shall
14 be prepared and made available[, upon request and] at the school
15 district offices, at any public library or free association library
16 within the district and on the school district's internet website, if
17 one exists, to residents within the district during the period of [four-
18 teen] THIRTY days immediately preceding the annual meeting and election
19 or special district meeting at which the budget vote will occur and at
20 such meeting or hearing. The board shall also as a part of the notice
21 required by section two thousand three of this chapter give notice of
22 the date, time and place of the budget hearing and that a copy of such
23 statement may be obtained by any resident in the district at each
24 schoolhouse in the district in which school is maintained during certain
25 designated hours on each day other than a Saturday, Sunday or holiday
26 during the [fourteen] THIRTY days immediately preceding such meeting.
27 The board shall include notice of the availability of such statement at
28 least once during the school year in any district-wide mailing distrib-
29 uted.

30 S 12. Subdivision 2 of section 1716 of the education law, as amended
31 by chapter 640 of the laws of 2008, is amended to read as follows:

32 2. Such statement shall be completed at least seven days before the
33 budget hearing at which it is to be presented and copies thereof shall
34 be prepared and made available[, upon request and] at the school
35 district offices, at any public library or free association library
36 within the district and on the school district's internet website, if
37 one exists, to residents within the district during the period of [four-
38 teen] THIRTY days immediately preceding the annual meeting and election
39 or special district meeting at which the budget vote will occur and at
40 such meeting or hearing. The board shall also as a part of the notice
41 required by section two thousand four of this chapter give notice of the
42 date, time and place of the budget hearing and that a copy of such
43 statement may be obtained by any resident in the district at each
44 schoolhouse in the district in which school is maintained during certain
45 designated hours on each day other than a Saturday, Sunday or holiday
46 during the [fourteen] THIRTY days immediately preceding such meeting.
47 The board shall include notice of the availability of such statement at
48 least once during the school year in any district-wide mailing distrib-
49 uted.

50 S 13. Paragraph (c) of subdivision 3 of section 2116-a of the educa-
51 tion law, as added by chapter 263 of the laws of 2005, is amended to
52 read as follows:

53 (c) Notwithstanding the provisions of subparagraph one of paragraph
54 (b) of subdivision four of section thirty-five of the general municipal
55 law, each school district shall (i) prepare a corrective action plan in
56 response to any findings contained in the annual external audit report

1 or management letter, or any final audit report issued by the state
2 comptroller, within ninety days of receipt of such report or letter, and
3 (ii) to the extent practicable, begin implementation of such corrective
4 action plan no later than the end of the next fiscal year. EACH SCHOOL
5 DISTRICT SHALL NOTIFY THE DISTRICT RESIDENTS OF THE AVAILABILITY OF THE
6 CORRECTIVE ACTION PLAN AT PUBLIC LIBRARIES WITHIN THE DISTRICT, AT THE
7 SCHOOL DISTRICT OFFICES AND ON THE SCHOOL DISTRICT'S INTERNET WEBSITE,
8 IF ONE EXISTS. ANY SCHOOL DISTRICT WHICH FAILS TO COMPLY WITH THE
9 REQUIRED NOTIFICATION OF AVAILABILITY OF THE CORRECTIVE ACTION PLAN
10 SHALL BE SUBJECT TO A CIVIL PENALTY NOT TO EXCEED FIVE THOUSAND DOLLARS
11 UPON AN ADMINISTRATIVE DETERMINATION BY THE COMMISSIONER.

12 S 14. The education law is amended by adding a new section 1527-a to
13 read as follows:

14 S 1527-A. FUNDING OF MANDATES IMPOSED ON SCHOOL DISTRICTS. 1. DEFINI-
15 TIONS. AS USED IN THIS SECTION, THE FOLLOWING TERMS SHALL HAVE THE
16 FOLLOWING MEANINGS UNLESS THE CONTEXT SHALL OTHERWISE REQUIRE:

17 (A) "MANDATE" SHALL MEAN:

18 (I) ANY STATE LAW, RULE OR REGULATION WHICH CREATES A NEW PROGRAM OR
19 REQUIRES A HIGHER LEVEL OF SERVICE FOR AN EXISTING PROGRAM WHICH A
20 SCHOOL DISTRICT ORGANIZED EITHER BY SPECIAL LAWS OR PURSUANT TO THE
21 PROVISIONS OF A GENERAL LAW, IS REQUIRED TO PROVIDE; OR

22 (II) ANY GENERAL LAW WHICH GRANTS A NEW PROPERTY TAX EXEMPTION OR
23 INCREASES AN EXISTING PROPERTY TAX EXEMPTION WHICH ANY SUCH SCHOOL
24 DISTRICT IS REQUIRED TO PROVIDE.

25 (B) "UNFUNDED MANDATE" SHALL MEAN:

26 (I) ANY STATE LAW, RULE OR REGULATION WHICH CREATES A NEW PROGRAM OR
27 REQUIRES A HIGHER LEVEL OF SERVICE FOR AN EXISTING PROGRAM WHICH ANY
28 SUCH SCHOOL DISTRICT IS REQUIRED TO PROVIDE AND WHICH RESULTS IN A NET
29 ADDITIONAL COST TO SUCH SCHOOL DISTRICT;

30 (II) ANY ALTERATION IN FUNDING PROVIDED TO ANY SUCH SCHOOL DISTRICT
31 FOR THE PURPOSE OF DEFRAYING THE COSTS OF A PROGRAM WHICH IT IS REQUIRED
32 TO PROVIDE, THEREBY RESULTING IN A NET ADDITIONAL COST TO SUCH SCHOOL
33 DISTRICT; OR

34 (III) ANY GENERAL LAW WHICH GRANTS A NEW PROPERTY TAX EXEMPTION OR
35 INCREASES AN EXISTING PROPERTY TAX EXEMPTION WHICH ANY SUCH SCHOOL
36 DISTRICT IS REQUIRED TO PROVIDE, THEREBY RESULTING IN A NET ADDITIONAL
37 COST TO SUCH SCHOOL DISTRICT.

38 (C) "NET ADDITIONAL COST" MEANS THE COST OR COSTS INCURRED OR ANTIC-
39 IPATED TO BE INCURRED WITHIN A ONE YEAR PERIOD BY A SCHOOL DISTRICT IN
40 PERFORMING OR ADMINISTERING A MANDATE AFTER SUBTRACTING THEREFROM ANY
41 REVENUES RECEIVED OR RECEIVABLE BY THE SCHOOL DISTRICT ON ACCOUNT OF THE
42 MANDATED PROGRAM OR SERVICE, INCLUDING BUT NOT LIMITED TO:

43 (I) FEES CHARGED TO THE RECIPIENTS OF THE MANDATED PROGRAM OR SERVICE;

44 (II) STATE OR FEDERAL AID PAID SPECIFICALLY OR CATEGORICALLY IN
45 CONNECTION WITH THE PROGRAM OR SERVICE; AND

46 (III) AN OFFSETTING SAVINGS RESULTING FROM THE DIMINUTION OR ELIMI-
47 NATION OF ANY OTHER PROGRAM OR SERVICE DIRECTLY ATTRIBUTABLE TO THE
48 PERFORMANCE OR ADMINISTRATION OF THE MANDATED PROGRAM.

49 2. FUNDING OF SCHOOL DISTRICT MANDATES. NOTWITHSTANDING ANY OTHER
50 PROVISION OF LAW, NO UNFUNDED MANDATE SHALL BE ENACTED WHICH CREATES AN
51 ANNUAL NET ADDITIONAL COST TO ANY SCHOOL DISTRICT IN EXCESS OF FIVE
52 THOUSAND DOLLARS OR AN AGGREGATE ANNUAL NET ADDITIONAL COST TO ALL
53 SCHOOL DISTRICTS IN EXCESS OF FIVE HUNDRED THOUSAND DOLLARS.

54 3. EXEMPTIONS TO THE FUNDING OF SCHOOL DISTRICT MANDATES REQUIREMENT.

55 (A) THE STATE SHALL NOT BE REQUIRED TO FUND ANY NEW OR EXPANDED PROGRAMS
56 FOR SCHOOL DISTRICTS IF: (I) THE MANDATE IS REQUIRED BY A COURT ORDER

OR JUDGMENT; (II) THE MANDATE IS PROVIDED AT THE OPTION OF THE SCHOOL DISTRICT UNDER A LAW, REGULATION, RULE, OR ORDER THAT IS PERMISSIVE RATHER THAN MANDATORY; (III) THE MANDATE RESULTS FROM THE PASSAGE OF A HOME RULE MESSAGE WHEREBY A SCHOOL DISTRICT REQUESTS AUTHORITY TO IMPLEMENT THE PROGRAM OR SERVICE SPECIFIED IN THE STATUTE, AND THE STATUTE IMPOSES COSTS ONLY UPON THAT SCHOOL DISTRICT WHICH REQUESTS THE AUTHORITY TO IMPOSE THE PROGRAM OR SERVICE; (IV) THE MANDATE IS REQUIRED BY, OR ARISES FROM, AN EXECUTIVE ORDER OF THE GOVERNOR EXERCISING HIS OR HER EMERGENCY POWERS; OR (V) THE MANDATE IS REQUIRED BY STATUTE OR EXECUTIVE ORDER THAT IMPLEMENTS A FEDERAL LAW OR REGULATION AND RESULTS FROM COSTS MANDATED BY THE FEDERAL GOVERNMENT TO BE BORNE AT THE LOCAL LEVEL, UNLESS THE STATUTE OR EXECUTIVE ORDER RESULTS IN COSTS WHICH EXCEED THE COSTS MANDATED BY THE FEDERAL GOVERNMENT.

(B) EACH ACT ESTABLISHING A MANDATE SHALL PROVIDE THAT THE EFFECTIVE DATE OF ANY SUCH MANDATE IMPOSED ON SCHOOL DISTRICTS SHALL BE CONSISTENT WITH THE NEEDS OF THE STATE AND SCHOOL DISTRICTS TO PLAN IMPLEMENTATION THEREOF, AND ALSO CONSISTENT WITH THE AVAILABILITY OF REQUIRED FUNDS.

S 15. The executive law is amended by adding a new article 4-B to read as follows:

ARTICLE 4-B

OFFICE OF THE STATE INSPECTOR GENERAL FOR EDUCATION

SECTION 57. ESTABLISHMENT AND ORGANIZATION.

58. FUNCTIONS AND DUTIES.

59. POWERS.

S 57. ESTABLISHMENT AND ORGANIZATION. 1. THERE IS HEREBY ESTABLISHED THE OFFICE OF THE STATE INSPECTOR GENERAL FOR EDUCATION. THE HEAD OF THE OFFICE SHALL BE THE EDUCATION INSPECTOR GENERAL, WHO SHALL BE APPOINTED BY THE BOARD OF THE OFFICE OF THE STATE INSPECTOR GENERAL FOR EDUCATION. SUCH OFFICE SHALL BE INDEPENDENT OF THE DEPARTMENT OF EDUCATION AND OF ANY OTHER OFFICE, AGENCY, BOARD OR COMMISSION OF THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS.

2. THE EDUCATION INSPECTOR GENERAL MAY EMPLOY AND AT THEIR PLEASURE REMOVE SUCH PERSONNEL AS THEY DEEM NECESSARY FOR THE PERFORMANCE OF THE OFFICE, AND MAY FIX THEIR COMPENSATION WITH AMOUNTS AVAILABLE THEREFOR.

3. THERE IS HEREBY ESTABLISHED THE BOARD OF THE OFFICE OF THE STATE INSPECTOR GENERAL FOR EDUCATION WHICH SHALL CONSIST OF ELEVEN MEMBERS, AND SHALL HAVE AND EXERCISE THE POWERS AND DUTIES OF THE OFFICE OF THE STATE INSPECTOR GENERAL FOR EDUCATION.

4. THE BOARD MEMBERS SHALL BE APPOINTED AS FOLLOWS:

(A) THREE MEMBERS SHALL BE APPOINTED BY THE GOVERNOR, ONE OF WHOM SHALL BE DESIGNATED BY THE GOVERNOR AS THE CHAIR OF THE BOARD;

(B) THREE MEMBERS SHALL BE APPOINTED BY THE TEMPORARY PRESIDENT OF THE SENATE;

(C) THREE MEMBERS SHALL BE APPOINTED BY THE SPEAKER OF THE ASSEMBLY;

(D) ONE MEMBER SHALL BE APPOINTED BY THE MINORITY LEADER OF THE ASSEMBLY; AND

(E) ONE MEMBER SHALL BE APPOINTED BY THE MINORITY LEADER OF THE SENATE.

5. THE BOARD MEMBERS SHALL SERVE FOR TERMS OF FIVE YEARS.

6. THE CHAIR OF THE BOARD OR ANY FIVE MEMBERS THEREOF MAY CALL A MEETING OF THE BOARD.

7. ANY VACANCY OCCURRING ON THE BOARD SHALL BE FILLED WITHIN SIXTY DAYS OF ITS OCCURRENCE, IN THE SAME MANNER AS THE MEMBER WHOSE VACANCY IS BEING FILLED WAS APPOINTED. A PERSON APPOINTED TO FILL A VACANCY

1 OCCURRING OTHER THAN BY EXPIRATION OF A TERM OF OFFICE SHALL BE
2 APPOINTED FOR THE UNEXPIRED TERM OF THE MEMBER HE OR SHE SUCCEEDS.

3 8. SIX MEMBERS OF THE BOARD SHALL CONSTITUTE A QUORUM AND THE BOARD
4 SHALL HAVE THE POWER TO ACT BY MAJORITY VOTE OF THE TOTAL NUMBER OF
5 MEMBERS OF THE BOARD WITHOUT VACANCY.

6 9. THE BOARD MEMBERS SHALL NOT RECEIVE COMPENSATION BUT SHALL BE REIM-
7 BURED FOR REASONABLE EXPENSES INCURRED IN THE PERFORMANCE OF THEIR
8 OFFICIAL DUTIES.

9 10. THE BOARD SHALL APPOINT AN EDUCATION INSPECTOR GENERAL WHO SHALL
10 PERFORM THE POWERS AND DUTIES SET FORTH IN SECTIONS FIFTY-EIGHT AND
11 FIFTY-NINE OF THIS ARTICLE, AND WHO SHALL SERVE FOR A TERM OF FIVE
12 YEARS AND MAY ONLY BE DISMISSED FOR CAUSE OR BY A THREE-QUARTERS VOTE OF
13 THE BOARD. THE BOARD MAY FIX THE COMPENSATION OF THE EDUCATION INSPEC-
14 TOR GENERAL.

15 11. NO BOARD MEMBER, NOR THE EDUCATION INSPECTOR GENERAL, SHALL HOLD
16 ANY ELECTED PUBLIC OFFICE OR OFFICE IN ANY POLITICAL PARTY, NOR SHALL
17 ANY MEMBER BE AN EMPLOYEE OF OR UNDER THE SUPERVISION OF ANY PERSON WHO
18 HOLDS SUCH ELECTED PUBLIC OFFICE OR OFFICE OF A POLITICAL PARTY. NO
19 MEMBER OF THE BOARD SHALL SERVE IN ANY PUBLIC OR POLITICAL OFFICE WITH-
20 IN FIVE YEARS OF THE MEMBER'S PERIOD OF SERVICE.

21 12. THE EDUCATION INSPECTOR GENERAL SHALL, PRIOR TO THEIR APPOINTMENT,
22 HAVE HAD AT LEAST TEN YEARS EXPERIENCE IN AUDITING OR LAW ENFORCEMENT OR
23 INVESTIGATION, OR IN PROSECUTING OR AIDING IN THE PROSECUTION OF FRAUD.

24 13. MEMBERS OF THE BOARD SHALL, PRIOR TO THEIR APPOINTMENT, HAVE HAD
25 AT LEAST THREE YEARS EXPERIENCE IN AUDITING OR INVESTIGATION OF GOVERN-
26 MENTAL OR SCHOOL DISTRICT OPERATIONS, OR IN THE PRACTICE OF LAW, LAW
27 ENFORCEMENT OR IN SERVICES RELATED TO DEVELOPMENT AND MANAGEMENT OF
28 INFORMATION TECHNOLOGY OR DATABASE CREATION AND MAINTENANCE.

29 S 58. FUNCTIONS AND DUTIES. THE EDUCATION INSPECTOR GENERAL SHALL
30 HAVE THE FOLLOWING DUTIES AND RESPONSIBILITIES:

31 1. TO RECEIVE AND INVESTIGATE COMPLAINTS FROM ANY SOURCE, OR UPON HIS
32 OR HER OWN INITIATIVE, CONCERNING ALLEGATIONS OF CORRUPTION, FINANCIAL
33 IMPROPRIETIES, UNETHICAL CONDUCT, MISCONDUCT OR OTHER CRIMINAL CONDUCT
34 WITHIN PUBLIC SCHOOL DISTRICTS OUTSIDE OF A CITY WITH A POPULATION OF
35 ONE MILLION OR MORE;

36 2. TO INVESTIGATE AND REPORT ON CORRUPTION AND OTHER CRIMINAL ACTIV-
37 ITY, SCHOOL BOARD ELECTION FRAUD, BIDDING IRREGULARITIES AND CONFLICTS
38 OF INTEREST BY PUBLIC SCHOOL DISTRICT EMPLOYEES WHOSE ACTIONS RELATE TO
39 THEIR EMPLOYMENT, PERSONS OR ENTITIES DOING BUSINESS WITH A PUBLIC
40 SCHOOL DISTRICT CONCERNING THEIR TRANSACTIONS WITH THE SCHOOL DISTRICT,
41 AND SCHOOL BOARD MEMBERS WHOSE ACTIONS RELATE TO THEIR OFFICE;

42 3. TO DETERMINE WITH RESPECT TO SUCH ALLEGATIONS WHETHER DISCIPLINARY
43 ACTION, CIVIL OR CRIMINAL PROSECUTION, OR FURTHER INVESTIGATION BY AN
44 APPROPRIATE FEDERAL, STATE OR LOCAL AGENCY IS WARRANTED, AND TO ASSIST
45 IN SUCH INVESTIGATIONS;

46 4. TO REVIEW AND EXAMINE PERIODICALLY THE POLICIES AND PROCEDURES OF
47 PUBLIC SCHOOL DISTRICTS WITH REGARD TO THE PREVENTION AND DETECTION OF
48 CORRUPTION, FINANCIAL IMPROPRIETIES, UNETHICAL CONDUCT, MISCONDUCT,
49 OTHER CRIMINAL CONDUCT, SCHOOL BOARD ELECTION FRAUD, BIDDING IRREGULARI-
50 TIES AND CONFLICTS OF INTEREST OR ABUSE;

51 5. TO RECOMMEND REMEDIAL ACTION TO PREVENT OR ELIMINATE CORRUPTION,
52 FINANCIAL IMPROPRIETIES, UNETHICAL CONDUCT, MISCONDUCT, OTHER CRIMINAL
53 CONDUCT, SCHOOL BOARD ELECTION FRAUD, BIDDING IRREGULARITIES, CONFLICTS
54 OF INTEREST OR ABUSE BY PUBLIC SCHOOL DISTRICT OFFICIALS AND EMPLOYEES;

55 6. TO ESTABLISH PROGRAMS FOR TRAINING PUBLIC SCHOOL OFFICIALS AND
56 EMPLOYEES REGARDING THE PREVENTION AND ELIMINATION OF CORRUPTION, FINAN-

1 CIAL IMPROPRIETIES, UNETHICAL CONDUCT, MISCONDUCT, OTHER CRIMINAL
2 CONDUCT, SCHOOL BOARD ELECTION FRAUD, BIDDING IRREGULARITIES AND
3 CONFLICTS OF INTEREST OR ABUSE;

4 7. TO PREPARE AN ANNUAL REPORT THAT PROVIDES THE RESULTS OF THE EDUCA-
5 TION INSPECTOR GENERAL'S FINDINGS WITH RESPECT TO ALL INVESTIGATIONS
6 AND DETAILED ANALYSIS OF THE CURRENT FINANCIAL STATUS OF THOSE SCHOOL
7 DISTRICTS THAT HAVE BEEN REVIEWED;

8 8. TO INCLUDE IN SUCH REPORT ANY FINDINGS REGARDING THE FINANCIAL
9 PRACTICES OF THE SCHOOL DISTRICT THAT THE EDUCATION INSPECTOR GENERAL
10 BELIEVES VIOLATED, OR COULD POTENTIALLY VIOLATE, EXISTING STATE RULES
11 OR REGULATIONS OR MAY BE OF CONCERN IN THAT INCOMPETENCE OR LACK OF
12 TRAINING MAY RESULT IN FINANCIAL PRACTICES THAT VIOLATE STATE RULES AND
13 REGULATIONS;

14 9. TO ISSUE THE REPORT TO THE LEGISLATURE, THE COMPTROLLER AND THE
15 DEPARTMENT OF EDUCATION WITH EACH ANNUAL REPORT POSTED ON A PUBLIC
16 INTERNET WEBSITE FOR AT LEAST FIVE YEARS FROM THE DATE OF ISSUANCE.

17 S 59. POWERS. THE EDUCATION INSPECTOR GENERAL SHALL HAVE THE POWER
18 TO:

19 1. SUBPOENA AND ENFORCE THE ATTENDANCE OF WITNESSES, INCLUDING THE
20 POWER TO SUBPOENA DOCUMENTS AND RECORDS NECESSARY TO ANY INVESTIGATION
21 FROM ANY PUBLIC SCHOOL DISTRICT OUTSIDE OF A CITY WITH A POPULATION OF
22 ONE MILLION OR MORE AND FROM VENDORS WHO DO BUSINESS WITH SUCH PUBLIC
23 SCHOOL DISTRICTS;

24 2. ADMINISTER OATHS OR AFFIRMATIONS AND EXAMINE WITNESSES UNDER OATH;

25 3. REQUIRE THE PRODUCTION OF ANY BOOKS AND PAPERS DEEMED RELEVANT OR
26 MATERIAL TO ANY INVESTIGATION, EXAMINATION OR REVIEW;

27 4. NOTWITHSTANDING ANY LAW TO THE CONTRARY, EXAMINE AND COPY OR REMOVE
28 DOCUMENTS OR RECORDS OF ANY KIND PREPARED, MAINTAINED OR HELD BY ANY
29 PUBLIC SCHOOL DISTRICT COVERED BY THIS ARTICLE;

30 5. REQUIRE ANY PUBLIC SCHOOL DISTRICT EMPLOYEE TO ANSWER QUESTIONS
31 CONCERNING ANY MATTER RELATED TO THE PERFORMANCE OF HIS OR HER OFFICIAL
32 DUTIES. NO STATEMENT OR OTHER EVIDENCE DERIVED THEREFROM MAY BE USED
33 AGAINST SUCH OFFICER OR EMPLOYEE IN ANY SUBSEQUENT CRIMINAL PROSECUTION
34 OTHER THAN FOR PERJURY OR CONTEMPT ARISING FROM SUCH TESTIMONY. THE
35 REFUSAL OF ANY OFFICER OR EMPLOYEE TO ANSWER QUESTIONS SHALL BE CAUSE
36 FOR REMOVAL FROM OFFICE OR EMPLOYMENT OR OTHER APPROPRIATE PENALTY;

37 6. MONITOR THE IMPLEMENTATION BY PUBLIC SCHOOL DISTRICTS OF ANY RECOM-
38 MENDATIONS MADE BY THE EDUCATION INSPECTOR GENERAL;

39 7. PERFORM ANY OTHER FUNCTIONS THAT ARE NECESSARY OR APPROPRIATE TO
40 FULFILL THE DUTIES AND RESPONSIBILITIES OF THE OFFICE.

41 S 16. Subparagraphs 2 and 3 of paragraph b of subdivision 2 of section
42 33 of the general municipal law, as amended by section 24 of subpart F
43 of part C of chapter 97 of the laws of 2011, are amended and a new
44 subparagraph 4 is added to read as follows:

45 (2) assessing the current financial practices of school districts,
46 BOCES and charter schools to ensure that they are consistent with estab-
47 lished standards, including whether any school district that uses a
48 risk-based or sampling methodology to determine which claims are to be
49 audited in lieu of auditing all claims has adopted a methodology that
50 provides reasonable assurance that all the claims represented in the
51 sample are proper charges against the school district; [and]

52 (3) determining that school districts, BOCES, and charter schools
53 provide for adequate protections against any fraud, theft, or profes-
54 sional misconduct[.]; AND

55 (4) AUDITING FEDERAL AND STATE GRANT PROGRAM EXPENDITURES IN ALL
56 SCHOOL DISTRICTS, BOCES AND CHARTER SCHOOLS.

1 S 17. Paragraph d of subdivision 2 of section 33 of the general munic-
2 ipal law, as added by chapter 267 of the laws of 2005, is amended to
3 read as follows:

4 d. The office of the state comptroller shall upon making a finding of
5 misconduct refer any findings of fraud, abuse or other conduct consti-
6 tuting a crime that are uncovered during the course of an audit, as
7 appropriate, to the commissioner of education, THE NEW YORK STATE
8 INSPECTOR GENERAL FOR EDUCATION, the charter entity, the attorney gener-
9 al, United States attorney or district attorney having jurisdiction for
10 appropriate action, together with any documents supporting the auditors'
11 findings.

12 S 18. The labor law is amended by adding a new section 742 to read as
13 follows:

14 S 742. PROHIBITION; PUBLIC SCHOOL DISTRICT EMPLOYER WHO PENALIZES
15 EMPLOYEES BECAUSE OF COMPLAINTS OF EMPLOYER MALFEASANCE. 1. DEFI-
16 NITIONS. AS USED IN THIS SECTION, THE FOLLOWING TERMS SHALL HAVE THE
17 FOLLOWING MEANINGS:

18 (A) "EMPLOYEE" MEANS ANY PERSON WHO PERFORMS SERVICES FOR AND UNDER
19 THE CONTROL AND DIRECTION OF ANY PUBLIC SCHOOL DISTRICT OUTSIDE OF A
20 CITY WITH A POPULATION OF ONE MILLION OR MORE FOR WAGES OR OTHER REMUN-
21 ERATION.

22 (B) "EMPLOYER" MEANS ANY PUBLIC SCHOOL DISTRICT OUTSIDE OF A CITY WITH
23 A POPULATION OF ONE MILLION OR MORE.

24 (C) "AGENT" MEANS ANY INDIVIDUAL, PARTNERSHIP, ASSOCIATION, CORPO-
25 RATION, OR GROUP OF PERSONS ACTING ON BEHALF OF AN EMPLOYER.

26 (D) "PUBLIC BODY" MEANS:

27 (1) THE UNITED STATES CONGRESS, ANY STATE LEGISLATURE, OR ANY ELECTED
28 LOCAL GOVERNMENTAL BODY, OR ANY MEMBER OR EMPLOYEE THEREOF;

29 (2) THE NEW YORK STATE INSPECTOR GENERAL FOR EDUCATION;

30 (3) THE STATE COMPTROLLER;

31 (4) THE ATTORNEY GENERAL;

32 (5) ANY FEDERAL, STATE OR LOCAL REGULATORY, ADMINISTRATIVE OR PUBLIC
33 AGENCY OR AUTHORITY, OR INSTRUMENTALITY THEREOF;

34 (6) ANY FEDERAL, STATE OR LOCAL LAW ENFORCEMENT AGENCY, PROSECUTORIAL
35 OFFICE, OR POLICE OR PEACE OFFICER;

36 (7) ANY FEDERAL, STATE OR LOCAL DEPARTMENT OF AN EXECUTIVE BRANCH OF
37 GOVERNMENT; OR

38 (8) ANY DIVISION, BOARD, BUREAU, OFFICE, COMMITTEE OR COMMISSION OF
39 ANY OF THE PUBLIC BODIES DESCRIBED IN SUBPARAGRAPH ONE, TWO, THREE,
40 FOUR, FIVE, SIX OR SEVEN OF THIS PARAGRAPH.

41 (E) "RETALIATORY ACTION" MEANS THE DISCHARGE, SUSPENSION, DEMOTION,
42 PENALIZATION OR DISCRIMINATION AGAINST AN EMPLOYEE, OR OTHER ADVERSE
43 EMPLOYMENT ACTION TAKEN AGAINST AN EMPLOYEE IN THE TERMS AND CONDITIONS
44 OF EMPLOYMENT.

45 (F) "SUPERVISOR" MEANS ANY PERSON WITHIN AN EMPLOYER'S ORGANIZATION
46 WHO HAS THE AUTHORITY TO DIRECT AND CONTROL THE WORK PERFORMANCE OF AN
47 EMPLOYEE, OR WHO HAS THE AUTHORITY TO TAKE CORRECTIVE ACTION REGARDING
48 FRAUD, CRIMINAL ACTIVITY OR OTHER MALFEASANCE TO WHICH AN EMPLOYEE
49 SUBMITS A COMPLAINT.

50 2. RETALIATORY ACTION PROHIBITED. NOTWITHSTANDING ANY OTHER PROVISION
51 OF LAW, NO EMPLOYER SHALL TAKE RETALIATORY ACTION AGAINST ANY EMPLOYEE
52 BECAUSE THE EMPLOYEE DOES ANY OF THE FOLLOWING:

53 (A) DISCLOSES OR THREATENS TO DISCLOSE TO A SUPERVISOR, OR TO A PUBLIC
54 BODY AN ACTIVITY, POLICY OR PRACTICE OF THE EMPLOYER OR AGENT THAT THE
55 EMPLOYEE, IN GOOD FAITH, REASONABLY BELIEVES CONSTITUTES FRAUD, CRIMI-
56 NAL ACTIVITY OR OTHER MALFEASANCE; OR

(B) OBJECTS TO, OR REFUSES TO PARTICIPATE IN ANY ACTIVITY, POLICY OR PRACTICE OF THE EMPLOYER OR AGENT THAT THE EMPLOYEE, IN GOOD FAITH, REASONABLY BELIEVES CONSTITUTES FRAUD, CRIMINAL ACTIVITY OR OTHER MALFEASANCE.

3. ENFORCEMENT. AN EMPLOYEE MAY SEEK ENFORCEMENT OF THIS SECTION PURSUANT TO PARAGRAPH (E) OF SUBDIVISION FOUR OF SECTION SEVEN HUNDRED FORTY OF THIS ARTICLE.

4. RELIEF. IN ANY COURT ACTION BROUGHT PURSUANT TO THIS SECTION IT SHALL BE A DEFENSE THAT THE PERSONNEL ACTION WAS PREDICATED UPON GROUNDS OTHER THAN THE EMPLOYEE'S EXERCISE OF ANY RIGHTS PROTECTED BY THIS SECTION.

S 19. Subdivision 4 of section 740 of the labor law is amended by adding a new paragraph (e) to read as follows:

(E) NOTWITHSTANDING THE PROVISIONS OF PARAGRAPHS (A) AND (C) OF THIS SUBDIVISION, AN EMPLOYEE WHO HAS BEEN THE SUBJECT OF A RETALIATORY ACTION BY AN EMPLOYER IN VIOLATION OF SECTION SEVEN HUNDRED FORTY-TWO OF THIS ARTICLE MAY INSTITUTE A CIVIL ACTION IN A COURT OF COMPETENT JURISDICTION FOR RELIEF AS SET FORTH IN SUBDIVISION FIVE OF THIS SECTION WITHIN TWO YEARS AFTER THE ALLEGED RETALIATORY PERSONNEL ACTION WAS TAKEN. IN ADDITION TO THE RELIEF SET FORTH IN SUCH SUBDIVISION FIVE, THE COURT, IN ITS DISCRETION, BASED UPON A FINDING THAT THE EMPLOYER ACTED IN BAD FAITH IN THE RETALIATORY ACTION, MAY ORDER THE EMPLOYER TO TERMINATE THE SUPERVISOR WHO RETALIATED AGAINST THE EMPLOYEE.

S 20. The penal law is amended by adding a new section 190.73 to read as follows:

S 190.73 DEFRAUDING A PUBLIC PENSION PLAN.

A PERSON IS GUILTY OF DEFRAUDING A PUBLIC PENSION PLAN WHEN HE OR SHE ENGAGES IN A SCHEME CONSTITUTING A SYSTEMATIC ONGOING COURSE OF CONDUCT WITH INTENT TO OBTAIN A BENEFIT OR ASSET, OR ASSIST A THIRD PARTY TO OBTAIN A BENEFIT OR ASSET, FROM A PUBLIC PENSION PLAN TO WHICH HE OR SHE OR THE THIRD PARTY IS NOT OTHERWISE ENTITLED TO PURSUANT TO THE RESTRICTION OF SECTION TWO HUNDRED ELEVEN OF THE RETIREMENT AND SOCIAL SECURITY LAW.

DEFRAUDING A PUBLIC PENSION PLAN IS A CLASS E FELONY.

S 21. Section 211 of the retirement and social security law is amended by adding a new subdivision 9 to read as follows:

9. A RETIRED PERSON RECEIVING A RETIREMENT ALLOWANCE WHO IS EMPLOYED AND EARNING COMPENSATION IN A PUBLIC SERVICE POSITION OR POSITIONS WITH THE TOTAL COMPENSATION EXCEEDING THE LIMITATIONS SET FORTH IN SECTION TWO HUNDRED TWELVE OF THIS ARTICLE AND SUCH PERSON HAS NOT OBTAINED THE REQUISITE WAIVER SET FORTH IN THIS SECTION, AS WELL AS ANY PERSON WHO KNOWINGLY ASSISTS ANOTHER PERSON IN RECEIVING A RETIREMENT ALLOWANCE WHILE RECEIVING TOTAL COMPENSATION IN A PUBLIC SERVICE POSITION OR POSITIONS EXCEEDING THE LIMITS OF SECTION TWO HUNDRED TWELVE OF THIS ARTICLE AND NOT HAVING OBTAINED THE REQUISITE WAIVER, IS GUILTY OF LARCENY AND PUNISHABLE AS PROVIDED IN THE PENAL LAW.

S 22. This act shall take effect January 1, 2014.