

STATE OF NEW YORK

6030

2021-2022 Regular Sessions

IN SENATE

March 30, 2021

Introduced by Sen. GOUNARDES -- read twice and ordered printed, and when printed to be committed to the Committee on Civil Service and Pensions

AN ACT to amend the retirement and social security law, the education law and the administrative code of the city of New York, in relation to providing cost-of-living adjustments

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Subdivision d of section 78-a of the retirement and social
2 security law, as added by chapter 125 of the laws of 2000, is amended to
3 read as follows:

4 d. The percentage referred to in this section shall be determined
5 annually by reference to the consumer price index (all urban consumers,
6 CPI-U, U.S. city average, all items, 1982-84=100), published by the
7 United States bureau of labor statistics, for each applicable calendar
8 year. Said percentage shall equal fifty percent of the annual inflation,
9 as determined from the increase in the consumer price index in the one
10 year period ending on the March thirty-first prior to the cost-of-living
11 adjustment effective on the ensuing September first. Said percentage
12 shall then be rounded up to the next higher one-tenth of one percent and
13 shall not exceed three percent nor be less than one percent and effec-
14 tive the first day of September, two thousand twenty-one, shall not
15 exceed five percent nor be less than one percent.

16 § 2. Subdivision d of section 378-a of the retirement and social secu-
17 rity law, as added by chapter 125 of the laws of 2000, is amended to
18 read as follows:

19 d. The percentage referred to in this section shall be determined
20 annually by reference to the consumer price index (all urban consumers,
21 CPI-U, U.S. city average, all items, 1982-84=100), published by the
22 United States bureau of labor statistics, for each applicable calendar
23 year. Said percentage shall equal fifty percent of the annual inflation,
24 as determined from the increase in the consumer price index in the one

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

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1 year period ending on the March thirty-first prior to the cost-of-living
2 adjustment effective on the ensuing September first. Said percentage
3 shall then be rounded up to the next higher one-tenth of one percent and
4 shall not exceed three percent nor be less than one percent and effec-
5 tive the first day of September, two thousand twenty-one, shall not
6 exceed five percent nor be less than one percent.

7 § 3. Subdivision d of section 532-a of the education law, as added by
8 chapter 125 of the laws of 2000, is amended to read as follows:

9 d. The percentage referred to in this section shall be determined
10 annually by reference to the consumer price index (all urban consumers,
11 CPI-U, U.S. city average, all items, 1982-84=100), published by the
12 United States bureau of labor statistics, for each applicable calendar
13 year. Said percentage shall equal fifty percent of the annual inflation,
14 as determined from the increase in the consumer price index in the one
15 year period ending on the March thirty-first prior to the cost-of-living
16 adjustment effective on the ensuing September first. Said percentage
17 shall then be rounded up to the next higher one-tenth of one percent and
18 shall not exceed three percent nor be less than one percent and effec-
19 tive the first day of September, two thousand twenty-one, shall not
20 exceed five percent nor be less than one percent.

21 § 4. Subdivision d of section 13-696 of the administrative code of the
22 city of New York, as added by chapter 125 of the laws of 2000, is
23 amended to read as follows:

24 d. The percentage referred to in this section shall be determined
25 annually by reference to the consumer price index (all urban consumers,
26 CPI-U, U.S. city average, all items, 1982-84=100), published by the
27 United States bureau of labor statistics, for each applicable calendar
28 year. Said percentage shall equal fifty percent of the annual inflation,
29 as determined from the increase in the consumer price index in the one
30 year period ending on the March thirty-first prior to the cost-of-living
31 adjustment effective on the ensuing September first. Said percentage
32 shall then be rounded up to the next higher one-tenth of one percent and
33 shall not exceed three percent nor be less than one percent and effec-
34 tive the first day of September, two thousand twenty-one, shall not
35 exceed five percent nor be less than one percent.

36 § 5. This act shall take effect immediately.

FISCAL NOTE.--Pursuant to Legislative Law, Section 50:

This bill would provide an increase in the defined benefit cost-of-living adjustment (COLA) for New York public retirement systems. Starting with a payment in September 2021 the maximum percentage calculated for the annual cost of living increase shall increase from three (3) percent to five (5) percent.

Insofar as this bill affects the New York State and Local Employees' Retirement System, if this bill is enacted, pursuant to Section 25 of the Retirement and Social Security Law, the increased costs would be borne entirely by the State of New York and would require an itemized appropriation sufficient to pay the cost of the provision. Such an appropriation would be required only when the annual inflation exceeds 6%.

Insofar as this bill affects the New York State and Local Police and Fire Retirement System (PFRS), if this bill is enacted, the increased costs would be shared by the State of New York and all of the participating employers in the PFRS. Additional employer contributions would be required only when the annual inflation exceeds 6%.

Summary of relevant resources:

Membership data as of March 31, 2020 was used in measuring the impact of the proposed change, the same data used in the April 1, 2020 actuarial valuation. Distributions and other statistics can be found in the 2020 Report of the Actuary and the 2020 Comprehensive Annual Financial Report.

The actuarial assumptions and methods used are described in the 2020 Annual Report to the Comptroller on Actuarial Assumptions, and the Codes, Rules and Regulations of the State of New York: Audit and Control.

The Market Assets and GASB Disclosures are found in the March 31, 2020 New York State and Local Retirement System Financial Statements and Supplementary Information.

I am a member of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

This fiscal note does not constitute a legal opinion on the viability of the proposed change nor is it intended to serve as a substitute for the professional judgment of an attorney.

This estimate, dated March 26, 2021, and intended for use only during the 2021 Legislative Session, is Fiscal Note No. 2021-110, prepared by the Actuary for the New York State and Local Retirement System.