STATE OF NEW YORK

7783--A

2025-2026 Regular Sessions

IN SENATE

May 6, 2025

Introduced by Sens. JACKSON, HARCKHAM -- read twice and ordered printed, and when printed to be committed to the Committee on Civil Service and Pensions -- recommitted to the Committee on Civil Service and Pensions in accordance with Senate Rule 6, sec. 8 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

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:

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

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

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

d. The percentage referred to in this section shall be determined annually by reference to the consumer price index (all urban consumers,

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

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CPI-U, U.S. city average, all items, 1982-84=100), published by the United States bureau of labor statistics, for each applicable calendar year. Said percentage shall equal fifty percent of the annual inflation, as determined from the increase in the consumer price index in the one year period ending on the March thirty-first prior to the cost-of-living adjustment effective on the ensuing September first. Said percentage shall then be rounded up to the next higher one-tenth of one percent and shall not exceed three percent nor be less than one percent **and effective the first day of September, two thousand twenty-eight, shall not exceed five percent nor be less than one percent**.

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

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

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

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

§ 5. This act shall take effect immediately.

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

This bill would increase the maximum cost-of-living adjustment (COLA) for retirees of the New York State and Local Retirement System. The annual COLA would be capped at five percent. Currently, the cap is three percent.

Insofar as this bill affects the New York State and Local Employees' Retirement System (NYSLERS), the present value of benefits would increase approximately $840 million.

In NYSLERS, this benefit improvement will be funded by (1) billing a one-time charge to cover retrospective benefit increases and (2) increasing the billing rates charged annually to cover prospective benefit increases, as follows:

(1) To fund retrospective costs, the state of New York will be required to pay $806 million as of March 1, 2027.

(2) To fund prospective costs, the annual contribution required of all participating employers in NYSLERS would increase 0.04% of billable

salary, or approximately $5.5 million to the state of New York and approximately $8.2 million to local participating employers. This permanent annual cost will vary in future billing cycles with changes in the billing rate and salary of the affected members.

Insofar as this bill affects the New York State and Local Police and Fire Retirement System (NYSLPFRS), the present value of benefits would increase approximately $94 million.

This proposal primarily benefits current and former members of Tiers 1 - 5. The cost of this benefit improvement will primarily be borne by current and future members of Tier 6.

NYSLPFRS	Increase in present value of benefits	Increase in required contributions
Pensioners	$ 63 mn	$ 0 mn
Actives Tiers 1-5 (Closed)	$ 17 mn	$ 32 mn
Actives Tier 6 (Open)	$ 14 mn	$ 62 mn
Total	$ 94 mn	$ 94 mn

In NYSLPFRS, this benefit improvement will be funded by increasing the billing rates charged annually. The annual contribution required of all participating employers in NYSLPFRS would increase by 0.2% of billable salary, or approximately $1.8 million to the state of New York and $7.6 million to local participating employers. This permanent annual cost will vary in future billing cycles with changes in the billing rate and salary of the affected members.

The current corridor of 1% and 3% provides an average COLA percentage that is approximately equal to half the rate of inflation over a retiree's lifetime. By maintaining the 1% floor but increasing the maximum to 5%, this bill provides a larger retiree COLA percentage in high inflationary environments but results in more volatile employer contribution rates. Prefunding COLA benefits cannot eliminate or mitigate the increased volatility in the billing rates caused by this benefit improvement.

To develop the costs above, our models included a Monte Carlo method of 5,000 simulations, each consisting of 30-year CPI-U projections.

In approximately 3,800 of the 5,000 simulations, inflation exceeded 6% at least once. In these simulations, high inflationary environments persisted for a four-year period on average. Employer billing rates increased approximately 2.5% under this proposal, instead of 1.4% under current law.

In approximately 1,400 of the 5,000 simulations, inflation exceeded 10% at least once. In these simulations, high inflationary environments persisted for a six-year period on average. Employer billing rates increased approximately 4.2% under this proposal, instead of 2.1% under current law.

Summary of relevant resources:

Membership data as of March 31, 2025 was used to measure the impact of the bill, the same data used in the Actuarial Valuations dated April 1, 2025. Distributions and other statistics can be found in the 2025 Report of the Actuary and the 2025 Annual Comprehensive Financial Report. The actuarial assumptions and methods used are described in the 2025 Annual Report to the Comptroller on Actuarial Assumptions, and the Codes, Rules and Regulations of the State of New York: Audit and Control. The fair value of assets and GASB disclosures can be found in the 2025 Financial Statements and Supplementary Information.

Assumptions, demographics, and other considerations may have been modified to better reflect specific provisions of any proposed benefit change(s).

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

This estimate, dated January 9, 2026, and intended for use only during the 2026 Legislative Session, is Fiscal Note Number 2026-24. As Chief Actuary of the New York State and Local Retirement System (NYSLRS), I, Aaron Schottin Young, hereby certify that this analysis complies with applicable Actuarial Standards of Practice as well as the Code of Professional Conduct and Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion of the American Academy of Actuaries, of which I am a member. I am a member of NYSLRS but do not believe it impairs my objectivity.

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

Bill Description: This fiscal note is prepared for legislative bill draft #08218-04-5. This bill would amend subdivision d of Section 532-a of the Education Law to increase the maximum allowable upper limit on the percentage used to compute the cost-of-living adjustment (COLA) for eligible retired members. The upper-limit cap on the annual COLA percentage would be increased from its current three percent to five percent. The minimum COLA percentage remains one percent. The annual COLA percentage remains equal to fifty percent of the increase in the annual March-to-March Consumer Price Index (CPI). This benefit improvement would be effective September 1, 2028.

Cost:

This bill would generate a cost in future years if the increase in the annual March-to-March CPI exceeded 6.0% in any given year. The annual CPI last exceeded 6.0% in 2022 and before then in 1974 through 1982. This bill would result in increases to the employer contribution rate if a period of high inflation returns and the COLA rate increases beyond the current maximum. For each 1.0% increase over 6.0% in the annual CPI, the annual cost to the participating employers of the New York State Teachers' Retirement System is estimated to be $14.3 million or 0.07% of payroll.

For example:

Hypothetical Annual CPI	Estimated Cost
7.0% annual CPI	$14.3 million or 0.07% of payroll
8.0% annual CPI	$28.6 million or 0.14% of payroll
9.0% annual CPI	$42.9 million or 0.21% of payroll

Data:

Member data as of June 30, 2025, prepared for the most recent actuarial valuation was used in determining this cost. The most recent data distributions and statistics can be found in the System's Annual Report for the fiscal year ended June 30, 2025. System assets are as reported in the System's financial statements which can be found in the System's Annual Report. This data will also be provided in the SystemÆs Actuarial Valuation Report as of June 30, 2025.

Methods and Assumptions:

A summary of actuarial assumptions and methods will be provided in the System's Actuarial Valuation Report as of June 30, 2025. Further details can be found in the most recent Recommended Actuarial Assumptions 2025 Report.

Actuarial Certification:

We, the undersigned actuaries for the New York State Teachers' Retirement System, certify the following:

1. The actuarial assumptions, methods, and data used are reasonable for the purposes of this fiscal note, internally consistent and are in accordance with standards of practice prescribed by the Actuarial Standards Board and generally accepted actuarial principles and procedures.

2. We relied on member data supplied by the participating employers of the New York State Teachers' Retirement System and assets as supplied in the annual Financial Statements by NYSTRS' Finance Department.

3. Results were prepared based on our current understanding of the proposal as of the date of this fiscal note. If the language or our understanding of the proposal changes, the results could change and require the issuance of a new fiscal note. The next annual update of the actuarial valuation could also produce different results. Results should not be relied upon for any other purpose.

4. This fiscal note was prepared in accordance with New York State Retirement and Social Security Law, New York State Education Law, applicable Internal Revenue Code, and accepted actuarial standards of practice as of the date of this fiscal note. This fiscal note does not constitute a legal opinion on the viability of this legislative proposal.

5. We are members of the American Academy of Actuaries and the Society of Actuaries, and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. We are currently compliant with the Continuing Professional Development Requirement of the Society of Actuaries.

Fiscal Note Identification:

This Fiscal Note, 2026-19, dated January 30, 2026, was prepared by the Office of the Actuary of the New York State Teachers' Retirement System and is intended for use only during the 2026 Legislative Session.

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

SUMMARY: This proposed legislation, as it relates to the New York City Retirement Systems and Pension Funds (NYCRS), would increase the maximum COLA percentage from 3% to 5% of the first $18,000 of the maximum retirement allowance.

ILLUSTRATION - EXPECTED INCREASE (DECREASE) IN EMPLOYER CONTRIBUTIONS
BASED ON ONE YEAR OF 8% INFLATION
by Fiscal Year for the first 25 years ($ in Millions)

Year	NYCERS	TRS	BERS	POLICE	FIRE	TOTAL
2027	20.2	12.5	1.7	7.8	2.6	44.8
2028	20.2	12.5	1.7	7.8	2.6	44.8
2029	20.2	12.5	1.7	7.8	2.6	44.8
2030	20.2	12.5	1.7	7.8	2.6	44.8
2031	20.2	12.5	1.7	7.8	2.6	44.8
2032	20.2	12.5	1.7	7.8	2.6	44.8
2033	20.2	12.5	1.7	7.8	2.6	44.8
2034	20.2	12.5	1.7	7.8	2.6	44.8
2035	20.2	12.5	1.7	7.8	2.6	44.8
2036	20.2	12.5	1.7	7.8	2.6	44.8
2037	20.2	12.5	1.7	7.8	2.6	44.8
2038	20.2	12.5	1.7	7.8	2.6	44.8
2039	20.2	12.5	1.7	7.8	2.6	44.8
2040	20.2	12.5	1.7	7.8	2.6	44.8
2041	0.0	0.0	0.0	0.0	0.0	0.0
2042	0.0	0.0	0.0	0.0	0.0	0.0

2043	0.0	0.0	0.0	0.0	0.0	0.0
2044	0.0	0.0	0.0	0.0	0.0	0.0
2045	0.0	0.0	0.0	0.0	0.0	0.0
2046	0.0	0.0	0.0	0.0	0.0	0.0
2047	0.0	0.0	0.0	0.0	0.0	0.0
2048	0.0	0.0	0.0	0.0	0.0	0.0
2049	0.0	0.0	0.0	0.0	0.0	0.0
2050	0.0	0.0	0.0	0.0	0.0	0.0
2051	0.0	0.0	0.0	0.0	0.0	0.0

The increase in employer contributions of $44.8 million is estimated to be $34.9 million for New York City and $9.9 million for the other obligors of NYCRS.

PRESENT VALUE OF BENEFITS: The Present Value of Benefits is the discounted expected value of benefits paid to current members if all assumptions are met, including future service accrual and pay increases. Future new hires are not included in this present value.

INITIAL INCREASE (DECREASE) IN ACTUARIAL PRESENT VALUES
as of June 30, 2025 ($ in Millions)

Present Value (PV)	NYCERS	TRS	BERS	POLICE	FIRE
(1) PV of Employer Contributions:	170.9	105.5	14.3	66.1	22.1
(2) PV of Employee Contributions:	0.0	0.0	0.0	0.0	0.0
Total PV of Benefits (1) + (2):	170.9	105.5	14.3	66.1	22.1

UNFUNDED ACCRUED LIABILITY (UAL): Actuarial Accrued Liabilities are the portion of the Present Value of Benefits allocated to past service. For purposes of this fiscal note, the illustrated changes in UAL were recognized as experience losses.

AMORTIZATION OF UNFUNDED ACCRUED LIABILITY

	NYCERS	TRS	BERS	POLICE	FIRE
Increase (Decrease) in UAL:	170.9 M	105.5 M	14.3 M	66.1 M	22.1 M
Number of Payments:	14	14	14	14	14
Amortization Payment:	20.2 M	12.5 M	1.7 M	7.8 M	2.6 M

CENSUS DATA: The estimates presented herein are based on preliminary census data collected as of June 30, 2025. The census data for the impacted population is summarized below.

	NYCERS	TRS	BERS	POLICE	FIRE
Receiving Members					
- Number Count:	175,815	95,699	21,602	56,371	17,043
- Average Age:	72.2	75.3	74.3	63.5	67.7

IMPACT ON MEMBER BENEFITS: Currently, the annual COLA percentage applied to benefits of up to $18,000 is equal to the annual increase in the Consumer Price Index - Urban (CPI-U) as of the previous March divided by two, rounded to the nearest tenth of a percent, and limited to not less than 1% and not greater than 3%.

Under the proposed bill, the upper limit of the maximum COLA percentage would be changed to not greater than 5%.

The following table provides examples of the impact of the proposed bill on the annual COLA percentage applied to benefits of up to $18,000:

Annual Increase in the CPI-U as of March	Annual COLA Percentage applied to benefits of up to $18,000	
	Current Law	Proposed Bill
1.8%	1.0%	1.0%
3.2%	1.6%	1.6%
8.0%	3.0%	4.0%
12.0%	3.0%	5.0%

ASSUMPTIONS AND METHODS: The estimates presented herein have been calculated based on the Revised 2021 Actuarial Assumptions and Methods of the impacted retirement systems.

Based on the current economic assumptions future COLA is assumed to be 1.5%, which is below the current 3% maximum COLA. To illustrate the potential cost of this proposed legislation, the costs shown in this fiscal note are based on a hypothetical one-year increase in the CPI-U as of March 2026 equal to 8.00%.

RISK AND UNCERTAINTY: The costs presented in this Fiscal Note depend highly on the actuarial assumptions, methods, and models used, demographics of the impacted population, and other factors such as investment, contribution, and other risks. If actual experience deviates from actuarial assumptions, the actual costs could differ from those presented herein. Quantifying these risks is beyond the scope of this Fiscal Note.

This Fiscal Note is intended to measure pension-related impacts and does not include other potential costs (e.g., administrative and Other Postemployment Benefits). This Fiscal Note does not reflect any chapter laws that may have been enacted during the current legislative session.

STATEMENT OF ACTUARIAL OPINION: Marek Tyszkiewicz and Gregory Zelikovsky are members of the Society of Actuaries and the American Academy of Actuaries. We are members of NYCERS, but do not believe it impairs our objectivity, and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. To the best of our knowledge, the results contained herein have been prepared in accordance with generally accepted actuarial principles and procedures and with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

FISCAL NOTE IDENTIFICATION: This Fiscal Note 2026-85 dated May 12, 2026 was prepared by the Chief Actuary for the New York City Retirement Systems and Pension Funds and is intended for use only during the 2026 Legislative Session.