S T A T E O F N E W Y O R K

4929

2009-2010 Regular Sessions

I N A S S E M B L Y

February 10, 2009

Introduced by M. of A. BRODSKY -- read once and referred to the Committee on Governmental Employees

AN ACT to amend the education law, the retirement and social security law and the New York city charter, in relation to transferring the obligation for employer pension contributions for teachers and school district employees from school districts to the state; and to repeal certain provisions of the education law relating thereto

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

Section 1. Statement of intent. The legislature intends to provide local tax relief by assuming the employer share of school district pension costs throughout the state, including the city of New York. School districts paying employee retirement benefits have little control over the fluctuating markets which determine the amount of their contributions. While the legislature recognizes that retirement pensions provide attractive recruitment and retention benefits to a valued component of the workforce, the legislature is aware that such expenses comprise a significant portion of a school district's budget. The state accordingly shall pay the employer share of retirement pension costs, and require school districts to reduce on a proportionate basis the local tax levy.

S 2. Paragraphs a and d of subdivision 2 of section 517 of the education law are amended to read as follows:

a. On account of each teacher who is a member of the retirement system there shall be paid annually into the pension accumulation fund [by employers], a certain percentage of the earnable compensation of each of such members of the retirement system to be known as the "normal contribution" and a further percentage known as the "deficiency contribution." The rates per centum of such contributions shall be fixed on the basis of the liabilities of the retirement system as shown by actuarial valuations. FOR PAYMENTS DUE FOR THE TWO THOUSAND TEN--TWO THOUSAND

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

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ELEVEN FISCAL YEAR AND THEREAFTER, ONE HUNDRED PERCENT OF SUCH AMOUNT SHALL BE PAID ANNUALLY BY THE STATE COMPTROLLER INTO THE PENSION ACCUMULATION FUND ON BEHALF OF SCHOOL DISTRICT EMPLOYERS. THE CONTRIBUTIONS REQUIRED TO BE PAID BY THE STATE, ON BEHALF OF ALL SUCH EMPLOYER SCHOOL DISTRICTS PURSUANT TO THIS SECTION, SHALL BE FROM AN ANNUAL APPROPRIATION.

d. The total amount payable annually [by all employers] into the pension accumulation fund shall be certified by the retirement board to the commissioner [of education] and such amount shall equal the sum of the rates per centum known as the normal contribution rate and the deficiency contribution rate of the total compensation earnable by all contributors during the preceding school year, provided that the amount of each annual deficiency contribution shall be at least three per centum greater than the preceding annual payment. The aggregate of all such payments [by employers] shall be sufficient, when combined with the amounts in the pension accumulation fund, to provide the pensions payable out of the fund during the year then current, and if not, the additional amount so required shall be collected by means of an increased contribution which shall continue in force for the period of one year, anything to the contrary notwithstanding.

S 3. Section 519 of the education law, as amended by chapter 639 of the laws of 1980, is amended to read as follows:

S 519. Expense fund. The expense fund shall be the fund from which the expense of the administration of the retirement system shall be paid exclusive of amounts payable as retirement allowances and as other benefits provided herein. Contributions shall be made to the expense fund as follows:

1. The retirement board shall determine the amount required to defray the expenses allocated to those functions which directly or indirectly affect the system's investment operations. This amount so determined shall be collected from net investment income which shall include but not be limited to interest, dividends, and realized gains and losses.

2. The retirement board shall determine annually the amount required to defray the remaining estimated expenses in the ensuing fiscal year and shall certify such amount to the DIRECTOR OF THE BUDGET AND THE commissioner [of education] who shall [apportion to] NOTIFY each employer [a proportionate part thereof as provided under subdivision two of section five hundred twenty-one. Each employer shall make payment for the amount so apportioned to him in the same way as he shall make other payments provided for by this article] OF THE PROPORTIONATE AMOUNT ATTRIBUTED TO SUCH EMPLOYER. SUCH AMOUNT SHALL BE PAYABLE IN THE SAME MANNER AS OTHERWISE SET FORTH IN THIS ARTICLE. ON AND AFTER THE TWO THOUSAND TEN--TWO THOUSAND ELEVEN FISCAL YEAR SUCH AMOUNT SHALL BE PAID BY THE STATE COMPTROLLER.

S 4. The opening paragraph and paragraphs a, b and c of subdivision 2 of section 521 of the education law, paragraph a as amended by chapter 553 of the laws of 1997, paragraph b as amended by chapter 871 of the laws of 1963, are amended to read as follows:

The collection of [employers'] contributions shall be made as follows:

a. Upon the basis of each actuarial determination and appraisal provided herein, the retirement board shall annually prepare and certify TO THE DIRECTOR OF THE BUDGET AND to the commissioner [of education] a statement of the total amount necessary to be paid [by all employers] for the ensuing fiscal year AS THE EMPLOYER CONTRIBUTION to the pension accumulation and expense funds as provided under subdivision two of section five hundred seventeen and under section five hundred nineteen

of this article. Upon the basis of the rate of contribution for supplemental retirement allowances, determined in accordance with section five hundred thirty-two of this article, the retirement board shall certify to the DIRECTOR OF THE BUDGET AND TO THE commissioner [of education] a statement of the total amount necessary to be paid [by all employers] AS THE EMPLOYER CONTRIBUTION for the ensuing fiscal year to the supplemental retirement allowance fund. Said certification shall include interest on amounts necessary to repay advances made to the supplemental retirement allowance fund pursuant to subdivision f of section five hundred thirty-two of this article computed from the date of such advances at the rate determined in accordance with paragraph f of this subdivision.

b. The commissioner [of education] AND THE DIRECTOR OF THE BUDGET shall AS APPLICABLE include in the certificate which he OR SHE files with the state comptroller showing the amount of state funds apportioned to the school districts within each county for the support of common schools, a statement showing the amount to be contributed by AND/OR ON BEHALF OF each employer in each of such counties as required under this article.

The amount to be contributed by AND/OR ON BEHALF OF each employer except those who operate local district pension systems, shall be such percentage of the total compensation or salaries of all teachers [in his employ] EMPLOYED BY SUCH DISTRICT who are members of the retirement system as the aggregate amount of the normal and deficiency contributions for the year shall bear to the total compensation or salaries paid by all employers, except those who operate local district pension systems, to all teachers who are members of the retirement system.

c. The comptroller shall issue his warrant to the custodian of such fund directing such custodian to credit to the pension accumulation fund and expense fund respectively, from the appropriation for the support of common schools the amounts required to be made as contributions to such funds by the employers as shown by the certificate of the commissioner [of education] AND THE DIRECTOR OF THE BUDGET filed with him OR HER as directed in paragraph b of this subdivision. THE COMPTROLLER SHALL NOTIFY EACH SCHOOL BOARD OF THE AMOUNT TO BE PAID BY IT AND/OR ON ITS BEHALF. THE COMPTROLLER AND THE COMMISSIONER SHALL DETERMINE THE MEANS OF NOTIFICATION.

S 5. Paragraphs d, e, f, g, h and m of subdivision 2 of section 521 of the education law are REPEALED.

S 6. Paragraph c of subdivision 2 of section 521 of the education law, as amended by section four of this act, is amended to read as follows:

c. The comptroller shall [issue his warrant to the custodian of such fund directing such custodian to credit to the pension accumulation fund and expense fund respectively, from the appropriation for the support of common schools the amounts required to be made as contributions to such funds by the employers as shown by the certificate of the commissioner and the director of the budget filed with him or her as directed in paragraph b of this subdivision. The comptroller shall] notify each school board of the amount to be paid [by it and/or] on its behalf TO THE PENSION ACCUMULATION FUND AND EXPENSE FUND RESPECTIVELY. The comptroller and the commissioner shall determine the means of notification.

S 7. Section 1604 of the education law is amended by adding a new subdivision 43 to read as follows:

43. COMMENCING WITH THE PROPOSED BUDGET FOR THE TWO THOUSAND TEN--TWO THOUSAND ELEVEN SCHOOL YEAR, THE BOARD OF TRUSTEES SHALL DECREASE THE SCHOOL PROPERTY TAX LEVY BY THE PERCENTAGE THAT THE AMOUNT OF EMPLOYER

CONTRIBUTIONS MADE ON BEHALF OF THE SCHOOL DISTRICT BY THE STATE IS TO THE PORTION OF THE SCHOOL DISTRICT BUDGET WHICH MUST BE RAISED BY LOCAL TAXES.

S 8. Paragraph a of subdivision 7 of section 1608 of the education law, as amended by chapter 238 of the laws of 2007, is amended and a new subdivision 5-a is added to read as follows:

5-A. THE TRUSTEE OR BOARD OF TRUSTEES SHALL APPEND TO THE STATEMENT OF ESTIMATED EXPENDITURES A STATEMENT DETAILING THE TOTAL AMOUNT OF CONTRIBUTIONS TO THE TEACHERS' RETIREMENT SYSTEM AND TO THE STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM PAID BY THE STATE COMPTROLLER ON BEHALF OF ELIGIBLE SCHOOL DISTRICT EMPLOYEES IN THE ENSUING SCHOOL YEAR; AND THE PERCENTAGE OF THE PORTION OF THE SCHOOL DISTRICT BUDGET WHICH MUST BE RAISED BY LOCAL TAXES AND WHICH SUCH AMOUNT REPRESENTS. THE TRUSTEES SHALL SUBMIT A COPY OF SUCH STATEMENT, IN A FORM PRESCRIBED BY THE COMMISSIONER, TO THE COMMISSIONER WITHIN FIVE DAYS AFTER ITS PREPARATION. THE COMMISSIONER SHALL COMPILE SUCH DATA, TOGETHER WITH THE DATA SUBMITTED PURSUANT TO SUBDIVISION THREE OF SECTION SEVENTEEN HUNDRED SIXTEEN OF THIS CHAPTER, INTO A SINGLE STATEWIDE COMPILATION, WHICH SHALL BE MADE AVAILABLE TO THE GOVERNOR, THE LEGISLATURE, AND OTHER INTERESTED PARTIES UPON REQUEST.

a. Each year, commencing with the proposed budget for the two thousand--two thousand one school year, the trustee or board of trustees shall prepare a property tax report card, pursuant to regulations of the commissioner, and shall make it publicly available by transmitting it to local newspapers of general circulation, appending it to copies of the proposed budget made publicly available as required by law, making it available for distribution at the annual meeting, and otherwise disseminating it as required by the commissioner. Such report card shall include: (i) the amount of total spending and total estimated school tax levy that would result from adoption of the proposed budget and the percentage increase or decrease in total spending and total school tax levy from the school district budget for the preceding school year; and (ii) the projected enrollment growth for the school year for which the budget is prepared, and the percentage change in enrollment from the previous year; and (iii) the percentage increase in the consumer price index, as defined in paragraph c of this subdivision; and (iv) the projected amount of the unappropriated unreserved fund balance that will be retained if the proposed budget is adopted, the projected amount of the reserved fund balance, the projected amount of the appropriated fund balance, the percentage of the proposed budget that the unappropriated unreserved fund balance represents, the actual unappropriated unreserved fund balance retained in the school district budget for the preceding school year, and the percentage of the school district budget for the preceding school year that the actual unappropriated unreserved fund balance represents. COMMENCING WITH THE PROPOSED BUDGET FOR THE TWO THOUSAND TEN--TWO THOUSAND ELEVEN SCHOOL YEAR, THE PROPERTY TAX REPORT CARD SHALL STATE THE TOTAL AMOUNT OF CONTRIBUTIONS TO THE TEACHERS' RETIREMENT SYSTEM AND TO THE STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM PAID BY THE STATE COMPTROLLER ON BEHALF OF THE SCHOOL DISTRICT BOARD OF TRUSTEES AS THE EMPLOYER SHARE OF EMPLOYEE RETIREMENT BENEFITS, AND SHALL INDICATE THE PERCENTAGE DECREASE IN THE SCHOOL TAX LEVY SUCH AMOUNT IS TO THE PORTION OF THE SCHOOL DISTRICT BUDGET WHICH MUST BE RAISED BY LOCAL TAXES.

S 9. Section 1709 of the education law is amended by adding a new subdivision 43 to read as follows:

43. COMMENCING WITH THE PROPOSED BUDGET FOR THE TWO THOUSAND TEN--TWO THOUSAND ELEVEN SCHOOL YEAR, THE BOARD OF EDUCATION SHALL DECREASE THE SCHOOL PROPERTY TAX LEVY BY THE PERCENTAGE THAT THE AMOUNT OF EMPLOYER CONTRIBUTIONS MADE ON BEHALF OF THE SCHOOL DISTRICT BY THE STATE IS TO THE PORTION OF THE SCHOOL DISTRICT BUDGET WHICH MUST BE RAISED BY LOCAL TAXES.

S 10. Paragraph a of subdivision 7 of section 1716 of the education law, as amended by chapter 238 of the laws of 2007, is amended and a new subdivision 5-a is added to read as follows:

5-A. THE BOARD OF EDUCATION SHALL APPEND TO THE STATEMENT OF ESTIMATED EXPENDITURES A STATEMENT DETAILING THE TOTAL AMOUNT OF CONTRIBUTIONS TO THE TEACHERS' RETIREMENT SYSTEM AND TO THE STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM PAID BY THE STATE COMPTROLLER ON BEHALF OF ELIGIBLE SCHOOL DISTRICT EMPLOYEES IN THE ENSUING SCHOOL YEAR; AND THE PERCENTAGE OF THAT PORTION OF THE SCHOOL DISTRICT BUDGET WHICH MUST BE RAISED BY LOCAL TAXES WHICH SUCH AMOUNT REPRESENTS. THE BOARD SHALL SUBMIT A COPY OF SUCH STATEMENT, IN A FORM PRESCRIBED BY THE COMMISSIONER, TO THE COMMISSIONER WITHIN FIVE DAYS AFTER ITS PREPARATION. THE COMMISSIONER SHALL COMPILE SUCH DATA, TOGETHER WITH THE DATA SUBMITTED PURSUANT TO SUBDIVISION THREE OF THIS SECTION, INTO A SINGLE STATEWIDE COMPILATION, WHICH SHALL BE MADE AVAILABLE TO THE GOVERNOR, THE LEGISLATURE, AND OTHER INTERESTED PARTIES UPON REQUEST.

a. Each year, commencing with the proposed budget for the two thousand--two thousand one school year, the board of education shall prepare a property tax report card, pursuant to regulations of the commissioner, and shall make it publicly available by transmitting it to local newspapers of general circulation, appending it to copies of the proposed budget made publicly available as required by law, making it available for distribution at the annual meeting, and otherwise disseminating it as required by the commissioner. Such report card shall include: (i) the amount of total spending and total estimated school tax levy that would result from adoption of the proposed budget and the percentage increase or decrease in total spending and total school tax levy from the school district budget for the preceding school year; and (ii) the projected enrollment growth for the school year for which the budget is prepared, and the percentage change in enrollment from the previous year; and (iii) the percentage increase in the consumer price index, as defined in paragraph c of this subdivision; and (iv) the projected amount of the unappropriated unreserved fund balance that will be retained if the proposed budget is adopted, the projected amount of the reserved fund balance, the projected amount of the appropriated fund balance, the percentage of the proposed budget that the unappropriated unreserved fund balance represents, the actual unappropriated unreserved fund balance retained in the school district budget for the preceding school year, and the percentage of the school district budget for the preceding school year that the actual unappropriated unreserved fund balance represents. COMMENCING WITH THE PROPOSED BUDGET FOR THE TWO THOUSAND TEN--TWO THOUSAND ELEVEN SCHOOL YEAR, THE PROPERTY TAX REPORT CARD SHALL STATE THE TOTAL AMOUNT OF CONTRIBUTIONS TO THE TEACHERS' RETIREMENT SYSTEM AND TO THE STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM PAID BY THE STATE COMPTROLLER ON BEHALF OF THE SCHOOL DISTRICT BOARD OF EDUCATION AS THE EMPLOYER SHARE OF EMPLOYEE RETIREMENT BENEFITS, AND SHALL INDICATE THE PERCENTAGE DECREASE IN THE SCHOOL TAX LEVY THAT SUCH AMOUNT IS TO THE PORTION OF THE SCHOOL DISTRICT BUDGET WHICH MUST BE RAISED BY LOCAL TAXES.

S 11. The education law is amended by adding a new section 520-a to read as follows:

S 520-A. SCHOOL DISTRICT RETIREMENT INCENTIVES. NOTWITHSTANDING ANY OTHER PROVISION OF LAW TO THE CONTRARY, WHERE A SCHOOL DISTRICT, THROUGH ITS BOARD OF TRUSTEES OR BOARD OF EDUCATION, OFFERS AN EARLY RETIREMENT INCENTIVE OPTION TO ITS EMPLOYEES, ANY ADDITIONAL EMPLOYER CONTRIBUTIONS TO THE APPLICABLE RETIREMENT SYSTEM ON BEHALF OF SUCH EMPLOYEES SHALL BE PAID BY THE SCHOOL DISTRICT. THE COMMISSIONER SHALL DETERMINE A SCHEDULE FOR THE PAYMENT OF CONTRIBUTIONS TO THE TEACHERS' RETIREMENT SYSTEM WHICH ARE REQUIRED TO BE MADE BY EMPLOYER SCHOOL DISTRICTS PURSUANT TO THIS SECTION.

S 12. Subparagraph 1 of paragraph a of subdivision 1 of section 3609-a of the education law, as amended by chapter 474 of the laws of 1996, is amended to read as follows:

(1) [District payments] PAYMENTS to the teachers' retirement system. [Of] FOR FISCAL YEARS BEGINNING BEFORE TWO THOUSAND ELEVEN, OF the moneys apportioned by the commissioner to school districts for the current year, after the payment of lottery aid in accordance with subparagraph two of this paragraph, an amount not to exceed one-third of the amount owed by such school district to the New York state teachers' retirement system for salaries paid in the base year or for other obligations pursuant to section five hundred twenty-one of this chapter shall be payable to such teachers' retirement system on behalf of the school district on or before the fifteenth day of each of the months of September, October and November, except that special payments due such teachers' retirement system shall be payable on or before the fifteenth day of October. Any underpayment resulting from data changes shall be payable from spring payments. Any portion of the payments due such teachers' retirement system that exceed the remainder of the moneys to be apportioned to the school district shall be made directly by the school district to the system. THE CONTRIBUTIONS REQUIRED TO BE PAID PURSUANT TO THIS SECTION SHALL BE MADE BY THE STATE, ON BEHALF OF ALL SUCH EMPLOYER SCHOOL DISTRICTS, AS AN ANNUAL APPROPRIATION. FOR PAYMENTS DUE FOR THE TWO THOUSAND TEN--TWO THOUSAND ELEVEN SCHOOL FISCAL YEAR AND THEREAFTER ONE HUNDRED PERCENT OF SUCH AMOUNT SHALL BE PAID ANNUALLY BY THE STATE COMPTROLLER INTO THE PENSION ACCUMULATION FUND ON BEHALF OF SCHOOL DISTRICT EMPLOYERS. THERE SHALL BE NO DEDUCTION IN STATE AID TO SCHOOL DISTRICTS BASED UPON PAYMENTS MADE BY THE STATE TO THE RETIREMENT SYSTEM AS THE EMPLOYER CONTRIBUTION SHARE. THE STATE COMPTROLLER AND THE DIRECTOR OF THE BUDGET SHALL DETERMINE A SCHEDULE FOR THE PAYMENT OF CONTRIBUTIONS TO THE TEACHERS' RETIREMENT SYSTEM WHICH ARE TO BE MADE BY THE STATE COMPTROLLER ON BEHALF OF EMPLOYER SCHOOL DISTRICTS.

S 13. Section 17 of the retirement and social security law, as amended by chapter 33 of the laws of 1986, subdivision a as amended by chapter 62 of the laws of 1989 and subdivision c as amended by chapter 260 of the laws of 2004, is amended to read as follows:

S 17. Annual appropriation by participating employers. a. On or before the fifteenth day of November, nineteen hundred eighty-nine and of each succeeding calendar year, the comptroller shall determine the amount which each participating employer, OR IN THE CASE OF SCHOOL DISTRICT EMPLOYERS, THE STATE COMPTROLLER PURSUANT TO SUBDIVISION F OF THIS SECTION, is required to pay to the retirement system to discharge its obligations thereto for the fiscal year of the retirement system which ends on March thirty-first of nineteen hundred ninety and of each succeeding calendar year on account of its employees who are members of

this system. The comptroller shall submit to the fiscal officer of each such employer a statement of the amount so payable.

This amount shall consist of the amount deemed necessary to provide for payment in full of (i) all estimated obligations of each participating employer for the current fiscal year of the retirement systems and (ii) any additional obligation, plus interest on such amount, for fiscal years preceding the current fiscal year. If as a result of the amount determined to be paid for any fiscal year, a participating employer overpaid its actual obligation to the retirement system for that year, the amount to be determined by the comptroller for the next succeeding November fifteenth shall reflect the amount of the overpayment, plus interest as defined in section sixteen of this article on such amount, as a reduction in the amount otherwise required to be paid by such participating employer.

b. [Each] EXCEPT AS OTHERWISE PROVIDED IN SUBDIVISION F OF THIS SECTION, EACH participating employer annually shall appropriate a sum sufficient to pay such amount. In the event the comptroller's statement is not received before annual appropriations are made by such employer, a sum estimated by the comptroller to be sufficient for such purpose shall be included with such annual appropriations.

c. Payment of the amount specified in the comptroller's statement shall be made by a participating employer within seventy-eight days after the receipt of such statement; provided, however, that in no case shall any participating employer be required to make this payment before February first of the calendar year next succeeding the calendar year in which such statement is received. The comptroller is authorized to provide for and accept pre-payment.

d. If payment of the full amount of such obligations is not made by the date required by subdivision c of this section, interest at a rate determined in accordance with the provisions of section sixteen of this article shall commence to run against the unpaid balance thereof on the first day after the date required by said subdivision c.

e. The comptroller shall have full power and authority to bring suit in the supreme court against any participating employer to recover any sum, payment of which is not made as herein required. While any such sum shall remain due and unpaid he OR SHE may refuse to audit any claim for funds due to such employer from the state.

F. WHERE THE PARTICIPATING EMPLOYER IS A SCHOOL DISTRICT OR SCHOOL DISTRICT BOARD OF TRUSTEES, THE CONTRIBUTIONS REQUIRED TO BE PAID PURSUANT TO THIS SECTION SHALL BE MADE BY THE STATE, ON BEHALF OF ALL SUCH EMPLOYER SCHOOL DISTRICTS, AS AN ANNUAL APPROPRIATION. FOR PAYMENTS DUE FOR THE TWO THOUSAND TEN--TWO THOUSAND ELEVEN SCHOOL FISCAL YEAR AND THEREAFTER, ONE HUNDRED PERCENT OF SUCH AMOUNT SHALL BE PAID BY THE STATE COMPTROLLER ON BEHALF OF SCHOOL DISTRICT EMPLOYERS.

THERE SHALL BE NO DEDUCTION IN STATE AID TO SCHOOL DISTRICTS BASED UPON PAYMENTS MADE BY THE STATE TO THE RETIREMENT SYSTEM AS THE EMPLOYER CONTRIBUTION SHARE.

S 14. Subdivision a and the opening paragraph of subdivision b of section 323 of the retirement and social security law, subdivision a as added by chapter 1000 of the laws of 1966 and the opening paragraph of subdivision b as amended by chapter 210 of the laws of 1990, are amended to read as follows:

a. Except as otherwise provided pursuant to this article, the pension accumulation fund shall be the fund in which shall be accumulated:

1. All contributions made by employers, OR IN THE CASE OF A SCHOOL DISTRICT BY THE SCHOOL DISTRICT AND/OR THE STATE ON BEHALF OF SUCH SCHOOL DISTRICT, and

2. All income received from the investments of the policemen's and firemen's retirement system, and

3. All monies received from all other sources and which are not required to be credited to any other fund.

Each employer OR REQUIRED CONTRIBUTOR shall make two contributions annually. They shall be known as the normal contribution as defined in subparagraph (a) of paragraph one of this subdivision and the deficiency contribution as defined in paragraph two of this subdivision. The rates thereof shall be computed by the actuary.

S 15. Section 2590-h of the education law is amended by adding a new subdivision 48 to read as follows:

48. THE CITY CHANCELLOR SHALL REPORT TO THE MAYOR AND TO THE COMPTROLLER OF THE CITY OF NEW YORK THE AMOUNT THAT THE STATE COMPTROLLER WILL PAY ON BEHALF OF THE BOARD OF EDUCATION RETIREMENT SYSTEM OF THE CITY OF NEW YORK AND THE TEACHERS' RETIREMENT SYSTEM OF THE CITY OF NEW YORK FOR THE EMPLOYER SHARE OF CONTRIBUTIONS TO SUCH SYSTEMS, AND THE PERCENTAGE THAT SUCH AMOUNT REPRESENTS TO THE NEW YORK CITY SCHOOL BUDGET. THE CONTRIBUTIONS REQUIRED TO BE PAID PURSUANT TO THIS SECTION SHALL BE MADE BY THE STATE, ON BEHALF OF SUCH EMPLOYER, FROM AN ANNUAL APPROPRIATION.

S 16. Section 2576 of the education law is amended by adding a new subdivision 11 to read as follows:

11. THE BOARD OF EDUCATION IN EACH CITY HAVING A POPULATION IN EXCESS OF ONE HUNDRED TWENTY-FIVE THOUSAND INHABITANTS SHALL REPORT TO THE MAYOR AND TO THE CITY COUNCIL THE AMOUNT OF THE EMPLOYERS' SHARE OF CONTRIBUTIONS THAT THE STATE COMPTROLLER WILL PAY TO THE RETIREMENT SYSTEMS ON BEHALF OF SUCH SCHOOL DISTRICT EMPLOYEES, AND THE PERCENTAGE THAT SUCH AMOUNT REPRESENTS TO THE PORTION OF THE CITY SCHOOL BUDGET THAT MUST BE RAISED BY THE TAX LEVY AS DEFINED BY PARAGRAPH A OF SUBDIVISION ONE OF SECTION THIRTY-SIX HUNDRED NINE-E OF THIS CHAPTER. THE CITY SHALL REDUCE THE CITY REAL PROPERTY TAX LEVY IN PROPORTION TO THE PERCENTAGE THAT SUCH STATE PAYMENTS TO THE RETIREMENT SYSTEMS REPRESENTS TO THE CITY SCHOOL BUDGET.

S 17. The New York city charter is amended by adding a new section 258-a to read as follows:

S 258-A. REDUCTION OF TAX LEVY. THE CITY SHALL REDUCE THE CITY REAL PROPERTY TAX LEVY AND THE CITY PERSONAL INCOME TAX LEVY IN PROPORTION TO THE PERCENTAGE THAT STATE PAYMENTS TO THE NEW YORK CITY TEACHERS' RETIREMENT SYSTEM AND THE BOARD OF EDUCATION RETIREMENT SYSTEM OF THE CITY OF NEW YORK ON BEHALF OF THE EMPLOYER SCHOOL DISTRICT, REPRESENT TO THE PORTION OF THE NEW YORK CITY SCHOOL BUDGET THAT MUST BE RAISED BY THE TAX LEVY AS DEFINED BY PARAGRAPH A OF SUBDIVISION ONE OF SECTION THIRTY-SIX HUNDRED NINE-E OF THE EDUCATION LAW. SUCH TAX LEVY REDUCTIONS SHALL RESULT IN REDUCTIONS IN THE CITY REAL PROPERTY TAX AND CITY PERSONAL INCOME TAX IN RELATIVE PROPORTION TO THE PERCENT OF RECEIPTS THAT THE CITY PROPERTY TAX AND CITY PERSONAL INCOME TAX CONTRIBUTE TO THE NEW YORK CITY BUDGET FOR EACH CITY FISCAL YEAR, EXCLUSIVE OF ALL OTHER REVENUE SOURCES.

S 18. The comptroller of the city of New York shall certify to the state director of the budget, the state comptroller and the commissioner of education the total amount necessary to be paid for the state assumption of the employer contribution to the board of education retirement system of the city of New York (BERS) and New York city teachers'

retirement system for the ensuing fiscal year. The state director of the budget and the state comptroller shall determine the amount of an appropriation required to be paid specifically for such purpose. The comptroller of the city of New York, the state comptroller and the state director of the budget shall determine the method and procedure for the implementation of the state assumption of the employer share of contributions to the board of education retirement system of the city of New York (BERS) and New York city teachers' retirement system.

S 19. Nothing in this act shall impair or negate any obligation of any school district employer which was incurred or due prior to the effective date of this act, nor require the state to assume any financial obligation of any school district employer incurred or due and owing prior to the effective date of this act.

S 20. Severability. If any clause, sentence, paragraph, section or part of this act shall be adjudged by any court of competent jurisdiction to be invalid and after exhaustion of all further judicial review, the judgment shall not affect, impair or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, section or part of this act directly involved in the controversy in which the judgment shall have been rendered.

S 21. This act shall take effect July 1, 2010 provided, however, that sections five and six of this act shall take effect July 1, 2013.