

8053

2009-2010 Regular Sessions

I N A S S E M B L Y

May 1, 2009

Introduced by M. of A. McENENY, CANESTRARI, GOTTFRIED, ORTIZ, EDDINGTON
-- Multi-Sponsored by -- M. of A. CLARK, COLTON, COOK, DESTITO, ENGLE-
BRIGHT, HOOPER, JACOBS, MILLMAN, PHEFFER, TEDISCO, TOWNS, WEISENBERG,
WEPRIN -- read once and referred to the Committee on Governmental
Employees

AN ACT to amend the education law and the retirement and social security
law, in relation to the computation of final average salary for
certain members of the New York state teachers' retirement system

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

1 Section 1. Subdivision 11 of section 501 of the education law is
2 amended by adding a new paragraph c to read as follows:
3 C. NOTWITHSTANDING ANY OTHER PROVISION OF LAW TO THE CONTRARY,
4 COMMENCING JULY FIRST, TWO THOUSAND NINE, "FINAL AVERAGE SALARY" SHALL
5 MEAN THE GREATER OF: (1) THE AVERAGE ANNUAL COMPENSATION EARNABLE AS A
6 TEACHER DURING THE FIVE YEARS OF SERVICE IMMEDIATELY PRECEDING HIS OR
7 HER DATE OF RETIREMENT, OR (2) THE AVERAGE ANNUAL COMPENSATION EARNABLE
8 AS A TEACHER DURING ANY FIVE CONSECUTIVE YEARS OF STATE SERVICE, OR (3)
9 THE AVERAGE REGULAR COMPENSATION EARNED AS A TEACHER DURING THE THREE
10 YEARS OF ACTUAL SERVICE IMMEDIATELY PRECEDING HIS OR HER DATE OF RETIRE-
11 MENT, OR ANY OTHER THREE YEARS OF CONSECUTIVE SERVICE, WHICHEVER IS
12 GREATER, EXCLUSIVE OF ANY LUMP SUM PAYMENTS FOR SICK LEAVE, ANNUAL LEAVE
13 OR ANY OTHER FORM OF TERMINATION PAY, PROVIDED, HOWEVER, IF THE COMPEN-
14 SATION EARNED IN ANY TWELVE MONTHS EXCEEDS THAT OF THE PREVIOUS TWELVE
15 MONTHS BY MORE THAN TWENTY PER CENTUM, THE AMOUNT IN EXCESS OF TWENTY
16 PER CENTUM SHALL BE EXCLUDED IN THE COMPUTATION OF FINAL AVERAGE SALARY.
17 S 2. Section 431 of the retirement and social security law, as added
18 by chapter 503 of the laws of 1971, is amended to read as follows:
19 S 431. Salary base for computing retirement benefits. A. In any
20 retirement or pension plan to which the state or municipality thereof
21 contributes, the salary base for the computation of retirement benefits

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

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1 shall in no event include any of the following earned or received, on or
2 after April first, nineteen hundred seventy-two:

- 3 1. lump sum payments for deferred compensation, sick leave, accumu-
4 lated vacation or other credits for time not worked,
- 5 2. any form of termination pay,
- 6 3. any additional compensation paid in anticipation of retirement, or
- 7 4. that portion of compensation earned during any twelve months
8 included in such salary base period which exceeds that of the preceding
9 twelve months by more than twenty per centum.

10 B. NOTWITHSTANDING ANY OTHER PROVISION OF LAW TO THE CONTRARY, ON AND
11 AFTER JULY FIRST, TWO THOUSAND NINE, THE PROVISIONS OF SUBDIVISION A OF
12 THIS SECTION SHALL NOT BE APPLICABLE TO MEMBERS OF THE NEW YORK STATE
13 TEACHERS' RETIREMENT SYSTEM.

14 S 3. Section 443 of the retirement and social security law is amended
15 by adding a new subdivision f-2 to read as follows:

16 F-2. NOTWITHSTANDING ANY OTHER PROVISION OF LAW TO THE CONTRARY,
17 COMMENCING JULY FIRST, TWO THOUSAND NINE FOR MEMBERS OF A TEACHERS'
18 RETIREMENT SYSTEM AS DEFINED IN SECTION FIVE HUNDRED TWO OF THE EDUCA-
19 TION LAW, "FINAL AVERAGE SALARY" SHALL MEAN THE GREATER OF: (1) THE
20 AVERAGE ANNUAL COMPENSATION EARNABLE AS A TEACHER DURING THE FIVE YEARS
21 OF SERVICE IMMEDIATELY PRECEDING HIS OR HER DATE OF RETIREMENT, OR (2)
22 THE AVERAGE ANNUAL COMPENSATION EARNABLE AS A TEACHER DURING ANY FIVE
23 CONSECUTIVE YEARS OF STATE SERVICE, OR (3) THE AVERAGE REGULAR COMPEN-
24 SATION EARNED AS A TEACHER DURING THE THREE YEARS OF ACTUAL SERVICE
25 IMMEDIATELY PRECEDING HIS OR HER DATE OF RETIREMENT, OR ANY OTHER THREE
26 YEARS OF CONSECUTIVE SERVICE, WHICHEVER IS GREATER, EXCLUSIVE OF ANY
27 LUMP SUM PAYMENTS FOR SICK LEAVE, ANNUAL LEAVE OR ANY OTHER FORM OF
28 TERMINATION PAY, PROVIDED, HOWEVER, IF THE COMPENSATION EARNED IN ANY
29 TWELVE MONTHS EXCEEDS THAT OF THE PREVIOUS TWELVE MONTHS BY MORE THAN
30 TWENTY PER CENTUM, THE AMOUNT IN EXCESS OF TWENTY PER CENTUM SHALL BE
31 EXCLUDED IN THE COMPUTATION OF FINAL AVERAGE SALARY.

32 S 4. Section 608 of the retirement and social security law is amended
33 by adding a new subdivision f to read as follows:

34 F. NOTWITHSTANDING ANY OTHER PROVISION OF LAW TO THE CONTRARY,
35 COMMENCING JULY FIRST, TWO THOUSAND NINE FOR MEMBERS OF A TEACHERS'
36 RETIREMENT SYSTEM AS DEFINED IN SECTION FIVE HUNDRED TWO OF THE EDUCA-
37 TION LAW, "FINAL AVERAGE SALARY" SHALL MEAN THE GREATER OF: (1) THE
38 AVERAGE ANNUAL COMPENSATION EARNABLE AS A TEACHER DURING THE FIVE YEARS
39 OF SERVICE IMMEDIATELY PRECEDING HIS OR HER DATE OF RETIREMENT, OR (2)
40 THE AVERAGE ANNUAL COMPENSATION EARNABLE AS A TEACHER DURING ANY FIVE
41 CONSECUTIVE YEARS OF STATE SERVICE, OR (3) THE AVERAGE REGULAR COMPEN-
42 SATION EARNED AS A TEACHER DURING THE THREE YEARS OF ACTUAL SERVICE
43 IMMEDIATELY PRECEDING HIS OR HER DATE OF RETIREMENT, OR ANY OTHER THREE
44 YEARS OF CONSECUTIVE SERVICE, WHICHEVER IS GREATER, EXCLUSIVE OF ANY
45 LUMP SUM PAYMENTS FOR SICK LEAVE, ANNUAL LEAVE OR ANY OTHER FORM OF
46 TERMINATION PAY, PROVIDED, HOWEVER, IF THE COMPENSATION EARNED IN ANY
47 TWELVE MONTHS EXCEEDS THAT OF THE PREVIOUS TWELVE MONTHS BY MORE THAN
48 TWENTY PER CENTUM, THE AMOUNT IN EXCESS OF TWENTY PER CENTUM SHALL BE
49 EXCLUDED IN THE COMPUTATION OF FINAL AVERAGE SALARY.

50 S 5. This act shall take effect June 30, 2009; provided, however, if
51 this act shall become a law after such date it shall take effect imme-
52 diately and shall be deemed to have been in full force and effect on and
53 after June 30, 2009; provided, further, that the amendments to section
54 608 of the retirement and social security law made by section four of
55 this act shall expire on the same date as such section expires pursuant
56 to section 615 of such law.

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

This bill would amend section 501 of the Education Law and sections 431, 443, and 608 of the Retirement and Social Security Law to change the definition of final average salary (FAS) for all members of the New York State Teachers' Retirement System with a date of membership (DOM) on or after June 17, 1971 and a date of retirement on or after July 1, 2009. Their FAS would be calculated in the same manner as members whose DOM is prior to June 17, 1971, and would be defined as the greater of a five year or a three year average salary. Termination pay, retirement bonuses, and pay for unused sick leave or accumulated vacation may be included in the five year FAS only. Additionally, for the three year FAS, any compensation earned in a twelve month period that exceeds that of the previous twelve month period by more than 20 percent would be excluded.

The annual cost to the employers of members of the New York State Teachers' Retirement System for this benefit is estimated to be \$251.5 million or 1.71% of payroll if this bill is enacted.

The source of this estimate is Fiscal Note 2009-55 dated April 27, 2009 prepared by the Actuary of the New York State Teachers' Retirement System and is intended for use only during the 2009 Legislative Session.