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

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I N S E N A T E

April 29, 2016

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

AN ACT to amend the administrative code of the city of New York, in relation to membership in the New York city teachers' retirement system

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

Section 1. Paragraph (a) of subdivision 7 of section 13-501 of the administrative code of the city of New York, as amended by chapter 650 of the laws of 1990, is amended to read as follows:

(a) "Teacher" shall mean the superintendent of schools, the associate superintendents, the assistant superintendents, the director and the assistant director of the divisions of reference and research, the director and the assistant directors of the bureau of compulsory education, school census and child welfare, attendance teachers and specially certificated attendance officers who are first employed by the New York city board of education on or after September first, nineteen hundred sixty-eight, attendance teachers and specially certificated attendance officers who were members of the New York city board of education retirement system and who, on or before December thirty-first, nineteen hundred sixty-nine, gave notice to said board of education retirement system of their intention to transfer to the New York city teachers' retirement system, the director of attendance, assistant director of attendance, chief attendance officer, division supervising attendance officers and district supervising attendance officers of the bureau of compulsory education, school census and child welfare, supervisors of school social workers who are first employed by the New York city board of education on or after September first, nineteen hundred sixty-nine or who were members of the New York city board of education retirement system and who on or before December thirty-first, nineteen hundred seventy, gave notice to the said board of education retirement system of their intention to transfer to the New York city teachers' retirement system, the members of the board of examiners, the directors and the assistant directors of special branches, the supervisor and assistant

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

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supervisors of lectures, all principals, vice-principals, assistants-to-principals, heads of departments, and all regular and special teachers of the public day schools of the city, and all employees of the board of education appointed to regular positions in the service of the public schools at annual salaries and whose appointments were made or shall be made from eligible lists prepared as the result of examinations held by the board of examiners or from hiring lists established by the chancellor of the board of education, as the case may be, and all employees employed by the board of education in the titles of teacher aide, educational assistant, educational associate, auxiliary trainer, bilingual professional assistant, family worker, family assistant, family associate[,] OR parent program assistant[, who file an application for membership in the retirement association on a form supplied by the retirement board].

S 2. This act shall take effect immediately.

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

This proposed legislation would amend paragraph (a) of subdivision 7 of Section 13-501 of the Administrative Code of the City of New York to mandate paraprofessionals into the New York City Teachers' Retirement System (TRS). Under current law, paraprofessionals have the option of joining TRS.

The effective date of the proposed legislation would be the date of enactment.

FINANCIAL IMPACT - ADDITIONAL ANNUAL EMPLOYER CONTRIBUTIONS: If enacted into law, the ultimate employer cost for this proposed legislation would be based on the number, ages, years of service and salary of those paraprofessionals that would otherwise not have elected to become members of TRS.

In order to estimate this group, we were provided with census data of approximately 5,600 paraprofessionals who are not members of TRS. Based on this data and the population of paraprofessionals who have already joined TRS, we have estimated that approximately 2,700 paraprofessionals would become members of TRS if this proposed legislation is enacted. The remaining 2,900 paraprofessionals were assumed to have become members of TRS at some point in their career even absent the proposed legislation.

Based on these assumptions and other actuarial assumptions and methods in effect for the June 30, 2015 (Lag) actuarial valuation used to determine the Preliminary Fiscal Year 2017 employer contributions for TRS, we have estimated the annual cost of this legislation to be $7.3 million. However, the total increase in employer contributions for Fiscal Year 2017 would be approximately $15 million for the entire group of 5,600 paraprofessionals who would be mandated into the plan in the proposed legislation is enacted. This amount includes the cost for the 2,900 paraprofessionals whose membership is being accelerated into TRS and would have become members of TRS even absent the enactment of the proposed legislation. The additional annual employer contributions associated with the 2,700 paraprofessionals who are assumed to become TRS members only if the proposed legislation is enacted has been estimated to be $7.3 million of the $15 million. This employer contribution amount is representative of the annual employer contribution amount for each future year if member participation does not significantly change.

Note that the total increase in employer contributions for Fiscal Year 2017 would be approximately $15 million. However, this amount includes the cost for those paraprofessionals whose membership is being accelerated into TRS and would have become members of TRS absent the enactment of the proposed legislation.

If enacted on or before June 30, 2016, these additional paraprofessionals would likely be included in the census data as of June 30, 2016 and if so the increase in employer contributions to TRS would first be reflected in Fiscal Year 2018.

OTHER COSTS: Not measured in this Fiscal Note are the following potential costs:

* The additional administrative costs to TRS to implement the proposed legislation.

* The impact of this proposed legislation on Other Postemployment Benefit (OPEB) costs.

STATEMENT OF ACTUARIAL OPINION: I, Sherry S. Chan, am the Chief Actuary for the New York City Retirement Systems. I am an Associate of the Society of Actuaries, a Fellow of the Conference of Consulting Actuaries and a Member of the American Academy of Actuaries. I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

FISCAL NOTE IDENTIFICATION: This Fiscal Note 2016-21 dated April 19, 2016, was prepared by the Chief Actuary for the New York City Teachers' Retirement System. This estimate is intended for use only during the 2016 Legislative Session.