# STATE OF NEW YORK

5866--A

2017-2018 Regular Sessions

# IN SENATE

May 3, 2017

Introduced by Sen. GOLDEN -- 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 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

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

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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 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~~].

§ 2. This act shall take effect immediately.

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

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 the costs associated with this group, census data of approximately 4,200 paraprofessionals who are not currently members of TRS was reviewed. Based on this data and the population of paraprofessionals who have already joined TRS, it was estimated that approximately 2,450 paraprofessionals, who would not have otherwise joined TRS, would be mandated into TRS membership if this proposed legislation is enacted. The remaining 1,750 paraprofessionals were assumed to have become members of TRS at some point in their careers even absent the proposed legislation.

Based on these assumptions and other actuarial assumptions and methods in effect for the June 30, 2017 (Lag) actuarial valuation used to determine the Preliminary Fiscal Year 2019 employer contributions for TRS, we have estimated the annual cost of this legislation to be $7.7 million for the 2,450 paraprofessionals. However, the total increase in employer contributions for Fiscal Year 2018 would be approximately $12.8 million for the entire group of approximately 4,200 paraprofessionals who would be mandated into the plan if the proposed legislation is enacted. This amount includes the estimated cost of approximately $5.1 million for the 1,750 paraprofessionals whose membership is being accelerated into TRS. These employer contribution amounts are representative of the annual employer contribution amounts for each future year if paraprofessional member participation numbers and demographic characteristics do not significantly change.

CONTRIBUTION TIMING: If enacted on or before June 30, 2018, these additional paraprofessionals would likely be included in the census data as of June 30, 2018. In accordance with the One-Year Lag Methodology used to determine employer contributions, the increase in employer contributions for TRS would first be reflected in Fiscal Year 2020.

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

The additional administrative costs to TRS and its participating employers to implement the proposed legislation.

The impact of this proposed legislation on Other Postemployment Benefit (OPEB) costs. In order to be eligible for OPEB, a retiree must be receiving a pension from one of the New York City Retirement Systems. Therefore, there is potential for additional OPEB costs if this proposed legislation is enacted.

ACTUARIAL ASSUMPTIONS AND METHODS: The additional employer contributions presented herein have been calculated based on the same actuarial assumptions and methods in effect for the June 30, 2016 (Lag) actuarial valuation used to determine the Preliminary Fiscal Year 2018 employer contributions of TRS. Please note these assumptions and methods are subject to change as this valuation is not considered final until the end of the Fiscal Year 2018.

STATEMENT OF ACTUARIAL OPINION: I, Sherry S. Chan, am the Chief Actuary for, and independent of, the New York City Retirement Systems and Pension Funds. I am a Fellow of the Society of Actuaries, and Enrolled Actuary under the Employee Retirement Income and Security Act of 1974 (ERISA), a Member of the American Academy of Actuaries, and a Fellow of the Conference of Consulting Actuaries. I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. To the best of my 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 2018-10 dated March 23, 2018, was prepared by the Chief Actuary for the New York City Teachers' Retirement System. This estimate is intended for use only during the 2018 Legislative Session.