

# STATE OF NEW YORK

7353--A

2017-2018 Regular Sessions

## IN ASSEMBLY

April 24, 2017

Introduced by M. of A. BUCHWALD, NOLAN -- (at request of the New York State Teachers' Retirement System) -- read once and referred to the Committee on Education -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the general municipal law, in relation to allowing certain school districts and boards of cooperative educational services to establish a retirement contribution reserve fund for the purposes of the New York state teachers' retirement system

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Paragraphs b and c of subdivision 1 of section 6-r of the  
2 general municipal law, as added by chapter 260 of the laws of 2004, are  
3 amended to read as follows:

4 b. "Participating employer" means: (i) a participating employer as  
5 defined in subdivision twenty of section two of the retirement and  
6 social security law or in subdivision twenty of section three hundred  
7 two of such law; or (ii) a participating employer as defined in subdivi-  
8 sion three of section five hundred one of the education law.

9 c. "Retirement contribution" shall mean all or any portion of the  
10 amount payable by a municipal corporation to: (i) either the New York  
11 state and local employees' retirement system or the New York state and  
12 local police and fire retirement system pursuant to section seventeen or  
13 three hundred seventeen of the retirement and social security law; or  
14 (ii) the New York state teachers' retirement system pursuant to section  
15 five hundred twenty-one of the education law.

16 § 2. Subdivision 2 of section 6-r of the general municipal law, as  
17 added by chapter 260 of the laws of 2004, is amended to read as follows:

18 2. The governing board of any municipal corporation which is also a  
19 participating employer by resolution may establish a retirement contrib-  
20 ution reserve fund for the purpose of (a) financing retirement contrib-  
21 utions, and/or (b) in the case of a municipal corporation which is a

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

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1 participating employer as defined in subdivision three of section five  
2 hundred one of the education law, financing appropriations authorized by  
3 law in order to offset all or a portion of the amount deducted from the  
4 moneys apportioned to the municipal corporation from the state for the  
5 support of common schools pursuant to section five hundred twenty-one of  
6 the education law.

7 § 3. Section 6-r of the general municipal law is amended by adding a  
8 new subdivision 2-a to read as follows:

9 2-a. With respect to a municipal corporation which is a participating  
10 employer as defined in subdivision three of section five hundred one of  
11 the education law, which elects to utilize a retirement contribution  
12 reserve fund (a) to finance retirement contributions to the New York  
13 state teachers' retirement system pursuant to section five hundred twen-  
14 ty-one of the education law and/or (b) to offset all or a portion of the  
15 amount deducted from the moneys apportioned to the municipal corporation  
16 from the state for the support of common schools pursuant to section  
17 five hundred twenty-one of the education law, such municipal corporation  
18 shall establish a sub-fund within the retirement contribution reserve  
19 fund, which shall be separately administered consistent with the  
20 provisions of this section. Such municipal corporation may pay into such  
21 sub-fund during any particular fiscal year an amount not to exceed two  
22 per centum of the total compensation or salaries of all teachers in the  
23 employ of said municipal corporation who are members of the New York  
24 state teachers' retirement system paid during the immediately preceding  
25 fiscal year. The balance of such sub-fund may not exceed ten per centum  
26 of the total compensation or salaries of all teachers in the employ of  
27 the municipal corporation who are members of the New York state teach-  
28 ers' retirement system paid during the immediately preceding fiscal  
29 year. For the purposes of this subdivision, the term "teacher" shall  
30 have the same meaning as such term is defined under subdivision four of  
31 section five hundred one of the education law.

32 § 4. Subdivision 5 of section 6-r of the general municipal law, as  
33 added by chapter 260 of the laws of 2004, is amended to read as follows:

34 5. The governing board of such municipal corporation by resolution may  
35 authorize expenditures from a retirement contribution reserve fund.  
36 Except as otherwise provided by law, moneys in a retirement contribution  
37 reserve fund may only be expended (a) to finance retirement contribu-  
38 tions, and/or (b) in the case of a municipal corporation which is a  
39 participating employer, as defined in subdivision three of section five  
40 hundred one of the education law, for appropriations authorized by law  
41 in order to offset all or a portion of the amount deducted from the  
42 moneys apportioned to the participating employer from the state for the  
43 support of common schools pursuant to section five hundred twenty-one of  
44 the education law. With respect to a municipal corporation which is a  
45 participating employer as defined in subdivision three of section five  
46 hundred one of the education law, expenditures from the retirement  
47 contribution reserve fund to finance retirement contributions to the New  
48 York State teachers' retirement system pursuant to section five hundred  
49 twenty-one of the education law and/or to offset all or a portion of the  
50 amount deducted from the moneys apportioned to the municipal corporation  
51 from the state for the support of common schools pursuant to section  
52 five hundred twenty-one of the education law may only be made from the  
53 sub-fund established pursuant to subdivision two-a of this section.

54 § 5. Section 6-r of the general municipal law is amended by adding a  
55 new subdivision 11 to read as follows:

11. The governing board of a municipal corporation which is a participating employer as defined in subdivision three of section five hundred one of the education law by resolution may (a) authorize the transfer of all or a portion of the monies in the separately administered sub-fund as established under subdivision two-a of this section to the retirement contribution reserve fund, and/or (b) authorize the transfer of all or a portion of the monies in the retirement contribution reserve fund to the separately administered sub-fund as provided in subdivision two-a of this section, subject to the limits on annual payments into the sub-fund and the balance of the sub-fund specified by the subdivision two-a of this section.

§ 6. This act shall take effect immediately.

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

This bill would amend Section 6-r of the General Municipal Law to allow eligible participating employers of the New York State Teachers' Retirement System (NYSTRS) to establish a reserve sub-fund within the retirement contribution reserve fund for the purpose of reserving money to offset future required contributions to NYSTRS. An employer may pay into such sub-fund during any particular fiscal year an amount not to exceed two percent of the total compensation or salaries of all teachers employed by the employer who are members of NYSTRS paid during the immediately preceding fiscal year. Additionally, the total balance in the sub-fund shall not exceed ten percent of the total compensation or salaries of all teachers employed by the employer who are members of NYSTRS paid during the immediately preceding fiscal year.

The governing board of the employer may by resolution authorize expenditures from the retirement contribution reserve fund. The governing board of the employer may also by resolution authorize the transfer of money between the separately administered sub-fund and the retirement contribution reserve fund subject to the limits on annual payments into the sub-fund and the balance of the sub-fund as provided in this bill.

It is estimated that there will be no annual cost to the employers of members of the New York State Teachers' Retirement System if this bill is enacted.

Employee data is from the System's most recent actuarial valuation files, consisting of data provided by the employers to the Retirement System. Data distributions and statistics can be found in the System's Comprehensive Annual Financial Report (CAFR). System assets are as reported in the System's financial statements, and can also be found in the CAFR. Actuarial assumptions and methods are provided in the System's Actuarial Valuation Report.

The source of this estimate is Fiscal Note 2017-2 dated January 17, 2017 prepared by the Actuary of the New York State Teachers' Retirement System and is intended for use only during the 2017 Legislative Session. I, Richard A. Young, am the Actuary for the New York State Teachers' Retirement System. I am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.