STATE OF NEW YORK

9900

IN ASSEMBLY

February 21, 2018

Introduced by M. of A. FITZPATRICK, FINCH, BRABENEC -- Multi-Sponsored by -- M. of A. BUTLER, HAWLEY, JOHNS, LAWRENCE -- read once and referred to the Committee on Education

AN ACT to amend the real property tax law, in relation to limitations upon school district tax levies (Part A); to amend the general municipal law and the education law, in relation to requiring the state to fund certain programs mandated for municipal corporations and school districts; to amend the legislative law, in relation to requiring the estimated cost of mandated expenditures and appropriations within the body of the bill; to amend the education law, in relation to the streamlining of planning and reporting requirements for school districts and boards of cooperative educational services; to amend the education law, in relation to the effectiveness of additional costs to school districts; and to amend the education law, in relation to aid for fourth and eighth grade student testing (Part B); to amend the social services law, in relation to state payment of all optional medical assistance services and to the state reimbursement of county payments for medical assistance fraud, waste and abuse detection software (Part C); to amend the education law, the executive law, the general municipal law, the labor law, the penal law and the retirement and social security law, in relation to the oversight of school district contracts and spending; and to amend the general municipal law, in relation to establishing a municipal cooperation program (Part D); and authorizing a county to enter into a cooperative agreement with school districts, towns and villages within such county to provide for health care benefits for their employees (Part E)

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

Section 1. This act enacts into law major components of legislation which are necessary to enact the New York state property taxpayers' protection act. Each component is wholly contained within a Part identified as Parts A through E. The effective date for each particular provision contained within such Part is set forth in the last section of such Part. Any provision in any section contained within a Part, includ-

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

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ing the effective date of the Part, which makes reference to a section "of this act", when used in connection with that particular component, shall be deemed to mean and refer to the corresponding section of the Part in which it is found. Section four of this act sets forth the general effective date of this act.

§ 2. This act shall be known and may be cited as the "New York state property taxpayers' protection act".

PART A

Section 1. Legislative intent. It is the intent of the legislature to control property tax increases. This act controls property tax increases by preventing school districts from increasing tax levies by more than two percent each year or at the rate of inflation, whichever is less.

§ 2. The real property tax law is amended by adding a new section 1307 to read as follows:

§ 1307. Limitations upon school district tax levies. 1. Generally. Notwithstanding any provision of law to the contrary, beginning with the two thousand eighteen--two thousand nineteen school year, the amount of taxes levied for school district purposes for any school year may not exceed the amount of taxes levied for the prior school year by two percent, or by the inflation factor, whichever is lower. For the purposes of this section, the inflation factor shall be a percentage that represents the average of the national consumer price indexes determined by the United States department of labor for the twelve months of the prior calendar year. On or before April first of each year, the commissioner of education shall determine the applicable limitation upon school district tax levies for the ensuing school year, and shall notify each school district accordingly.

2. Exceptions. (a) Voter approval. The inhabitants of a school district may, by a two-thirds majority vote, suspend the limitations imposed by this section in the same manner as is provided by law for the approval of school district expenditures. No such vote shall apply to more than one school year. The question of whether to suspend the limitations for a particular school year may be submitted to the voters no more than once. When such a question is submitted to the voters, it shall be presented as a separate proposition in substantially the following form: "Shall the _____ school district be allowed to increase its tax levy by _____ percent, despite the fact that the maximum increase otherwise allowed by law at this time is _____ percent?"

(b) Enrollment increases. If the resident public school district enrollment, as defined by paragraph n of subdivision one of section thirty-six hundred two of the education law, has increased, the tax limit may be increased in proportion to the net percentage increase in such enrollment. For this purpose, enrollment increases shall be determined by comparing the enrollment as of the second school year preceding the school year to which the limitations are to apply, to the enrollment as of the school year immediately preceding the school year to which the limitations are to apply.

(c) Quantity increases. If the quantity of real property within the school district has increased due to new construction, improvements, or other physical changes, the tax limit may be increased in proportion to the net percentage quantity increase. For this purpose, quantity increases shall be determined by comparing the quantities as of the second final assessment roll preceding the final assessment roll upon which taxes are to be levied, to the quantities as of the final assess-

ment roll immediately preceding the final assessment roll upon which taxes are to be levied. Assessors shall calculate quantity increases for this purpose at the written request of the school authorities, in the manner prescribed by the commissioner.

3. Erroneous levies. In the event a school district's actual tax levy for a given school year exceeds the maximum allowable levy under this section due to clerical or technical errors, the school district shall place the excess amount of the levy in reserve in accordance with such requirements as the state comptroller may prescribe, and shall use such funds and any interest earned thereon to offset the tax levy for the following school year.

4. Applicability. The provisions of this section shall apply to all school districts other than city school districts which are subject to article fifty-two of the education law.

§ 3. This act shall take effect immediately.

PART B

Section 1. The general municipal law is amended by adding a new section 25 to read as follows:

§ 25. Funding of mandates. 1. Definitions. As used in this section, the following terms shall have the following meanings unless the context shall otherwise require:

(a) "Mandate" means:

(i) any state law, rule, or regulation which creates a new program or requires a higher level of service for an existing program which a municipal corporation is required to provide; or

(ii) any general law which grants a new property tax exemption or increases an existing property tax exemption which the municipal corporation is required to provide.

(b) "Unfunded mandate" shall mean:

(i) any state law, rule, or regulation which creates a new program or requires a higher level of service for an existing program which a municipal corporation is required to provide and which results in a net additional cost to the municipal corporation;

(ii) any alteration in funding provided to a municipal corporation for the purpose of defraying the costs of a program which it is required to provide, thereby resulting in a net additional cost to the municipal corporation; or

(iii) any general law which grants a new property tax exemption or increases an existing property tax exemption which the municipal corporation is required to provide, thereby resulting in a net additional cost to the municipal corporation.

(c) "Net additional cost" means the cost or costs incurred or anticipated to be incurred within a one year period by a local government in performing or administering a mandate after subtracting therefrom any revenues received or receivable by the local government on account of the mandated program or service, including but not limited to:

(i) fees charged to the recipients of the mandated program or service;

(ii) state or federal aid paid specifically or categorically in connection with the program or service; and

(iii) an offsetting savings resulting from the diminution or elimination of any other program or service directly attributable to the performance or administration of the mandated program.

2. Funding of municipal corporation mandates. Notwithstanding any other provision of law, no unfunded mandate shall be enacted which

creates an annual net additional cost to any municipal corporation in excess of ten thousand dollars or an aggregate annual net additional cost to all municipal corporations in excess of one million dollars.

3. Exemptions to the funding of municipal corporation mandates requirement. (a) The state shall not be required to fund any new or expanded programs if:

(i) The mandate is required by a court order or judgment;

(ii) The mandate is provided at the option of the local government under a law, regulation, rule, or order that is permissive rather than mandatory;

(iii) The mandate results from the passage of a home rule message whereby a local government requests authority to implement the program or service specified in the statute, and the statute imposes costs only upon that local government which requests the authority to impose the program or service;

(iv) The mandate is required by, or arises from, an executive order of the governor exercising his or her emergency powers; or

(v) The mandate is required by statute or executive order that implements a federal law or regulation and results from costs mandated by the federal government to be borne at the local level, unless the statute or executive order results in costs which exceed the costs mandated by the federal government.

(b) Each act establishing a mandate shall provide that the effective date of any such mandate imposed on municipal corporations shall be consistent with the needs of the state and municipal corporations to plan implementation thereof and consistent with the availability of required funds.

§ 2. The education law is amended by adding a new section 1527-a to read as follows:

§ 1527-a. Funding of mandates imposed on school districts. 1. Definitions. As used in this section, the following terms shall have the following meanings unless the context shall otherwise require:

(a) "Mandate" means:

(i) any state law, rule, or regulation which creates a new program or requires a higher level of service for an existing program which a school district organized either by special laws or pursuant to the provisions of a general law, is required to provide; or

(ii) any general law which grants a new property tax exemption or increases an existing property tax exemption which any such school district is required to provide.

(b) "Unfunded mandate" shall mean:

(i) any state law, rule, or regulation which creates a new program or requires a higher level of service for an existing program which any such school district is required to provide and which results in a net additional cost to such school district;

(ii) any alteration in funding provided to any such school district for the purpose of defraying the costs of a program which it is required to provide, thereby resulting in a net additional cost to such school district; or

(iii) any general law which grants a new property tax exemption or increases an existing property tax exemption which any such school district is required to provide, thereby resulting in a net additional cost to such school district.

(c) "Net additional cost" means the cost or costs incurred or anticipated to be incurred within a one year period by a school district in performing or administering a mandate after subtracting therefrom any

revenues received or receivable by the school district on account of the mandated program or service, including but not limited to:

(i) fees charged to the recipients of the mandated program or service;

(ii) state or federal aid paid specifically or categorically in connection with the program or service; and

(iii) an offsetting savings resulting from the diminution or elimination of any other program or service directly attributable to the performance or administration of the mandated program.

2. Funding of school district mandates. Notwithstanding any other provision of law, no unfunded mandate shall be enacted which creates an annual net additional cost to any school district in excess of ten thousand dollars or an aggregate annual net additional cost to all school districts in excess of one million dollars.

3. Exemptions to the funding of school district mandates requirement. (a) The state shall not be required to fund any new or expanded programs for school districts if:

(i) The mandate is required by a court order or judgment;

(ii) The mandate is provided at the option of the school district under a law, regulation, rule, or order that is permissive rather than mandatory;

(iii) The mandate results from the passage of a home rule message whereby a school district requests authority to implement the program or service specified in the statute, and the statute imposes costs only upon that school district which requests the authority to impose the program or service;

(iv) The mandate is required by, or arises from, an executive order of the governor exercising his or her emergency powers; or

(v) The mandate is required by statute or executive order that implements a federal law or regulation and results from costs mandated by the federal government to be borne at the local level, unless the statute or executive order results in costs which exceed the costs mandated by the federal government.

(b) Each act establishing a mandate shall provide that the effective date of any such mandate imposed on school districts shall be consistent with the needs of the state and school districts to plan implementation thereof, and also consistent with the availability of required funds.

§ 3. The legislative law is amended by adding a new section 52-a to read as follows:

§ 52-a. Requirements with respect to bills mandating expenditures or appropriations. A bill that enacts or amends any expenditures or appropriations shall state the estimated cost of such expenditure or appropriation in the body of the bill.

§ 4. Section 215-b of the education law, as amended by chapter 301 of the laws of 1996, is amended to read as follows:

§ 215-b. Annual report by commissioner to governor and legislature. The commissioner shall prepare and submit to the governor, the president pro tem of the senate and the speaker of the assembly not later than January first, nineteen hundred ninety-six and by the first day of January in each year thereafter, a report detailing the financial and statistical outcomes of boards of cooperative educational services which shall[~~, at minimum,~~] set forth with respect to the preceding school year[~~: tuition costs for selected programs; standard per pupil cost information for selected services as determined by the commissioner; and aggregate expenditure data for the following categories: administration, instructional services, career education, special education, rent and facilities and other services; and such other information as deemed~~

~~appropriate~~] information necessary to assure the accountability of boards of cooperative educational services for its fiscal and programmatic resources, as set forth in regulations to be prescribed by the commissioner. The format for such report shall be developed in consultation with school district officials and the director of the budget. Such report will include changes from the year prior to the report year for each such item for all boards of cooperative educational services. Where applicable, such report shall be submitted electronically to the department over the internet through a secure webpage as set forth in regulations to be prescribed by the commissioner. This electronic report shall take the place of filing paper copies of such report except in circumstances where an original signature is required, then original paper copies must be filed. The commissioner shall promulgate all rules and regulations necessary to implement the electronic filing of such report. Such report shall be distributed to all school districts and boards of cooperative educational services and shall be made available to all other interested parties upon request.

§ 5. Section 305 of the education law is amended by adding two new subdivisions 32 and 32-a to read as follows:

32. a. The commissioner shall, to the extent practicable and consistent with federal and state law, eliminate or streamline programmatic reporting, planning and application requirements imposed on school districts and boards of cooperative educational services, in order to eliminate or minimize the production of reports, applications and plans that contain duplicative information. Where applicable, the commissioner shall require that all such reports, applications and plans shall be submitted electronically to the department over the internet through a secure webpage. These electronic reports, applications and plans shall take the place of filing paper copies of such reports, applications and plans except in circumstances where an original signature is required, then original paper copies must be filed. The commissioner shall promulgate all rules and regulations necessary to implement the electronic filing of such reports, applications and plans. The commissioner shall require all school districts and boards of cooperative educational services to compress all districtwide planning requirements into a single districtwide comprehensive plan, which at a minimum shall include the components prescribed by the commissioner, including but not limited to the districtwide long-range capital facilities plan, and applicable current federal requirements. In the case of the city school district of the city of New York, a districtwide comprehensive plan shall be developed for the city school district, each community school district, and the districts or other administrative divisions responsible for operation of New York city public schools. The commissioner shall also require all school districts and boards of cooperative educational services to compress all building level planning requirements into a single building level comprehensive plan, which at a minimum, shall include the components prescribed by the commissioner and applicable current federal requirements. It shall be the duty of the trustees or board of education of every school district and of the chancellor and each community district educational council in the city school district of the city of New York and of every board of cooperative educational services to assure that all components of the districtwide comprehensive plan and each building level comprehensive plan are as fully integrated and consistent as practicable, and that such plans are continuously reviewed, reflect ongoing analyses of current teaching and learning data and are updated on at least an annual basis. Notwithstanding any other

provision of law, rule or regulation to the contrary, any separate plan requirements imposed under this chapter or any rule or regulation shall be deemed to be fulfilled by inclusion of such plan in the comprehensive districtwide or building level plan, provided that all required information is included in the applicable comprehensive plan.

b. The commissioner shall require the trustees or board of education of every school district and the chancellor and each community district-educational council in the city school district of the city of New York and every board of cooperative educational services to make its districtwide comprehensive plan and each building level comprehensive plan available to the public, except where such plans contain information that is confidential and not subject to disclosure under state or federal law. Notwithstanding any other provision of law, rule or regulation to the contrary, any school district or board of cooperative educational services that makes its comprehensive districtwide and/or building level plans publicly available electronically through posting on its website shall be deemed to have filed such plans with the department as of the date of posting and shall not be required to separately report the information contained in such plans to the department, provided that such district or board of cooperative educational services reports such posting to the department, with the web address at which such plans are available, in the manner prescribed by the department, and provided further that nothing in this subdivision shall preclude the department from requiring amendment of a plan or the submission of additional information where it determines that the information in the comprehensive plans is not current or complete or otherwise sufficient to meet statutory or regulatory requirements.

32-a. Notwithstanding any other law, rule or regulation to the contrary, the commissioner shall be authorized and directed to grant waivers pursuant to this subdivision from any annual reporting requirements imposed on school districts under this chapter, in whole or in part, provided such waivers apply to all school districts and do not conflict with federal requirements. Such waivers may be granted upon findings by the commissioner that:

a. the purposes of the report can be substantially met through submission of a report on a two-year, three-year or five-year basis, as specified by the commissioner, taking into account other annual data reporting requirements and information made publicly available by the school district on an annual basis; and

b. the report or portion of the report being waived does not contain fiscal or other data or information needed for purposes of computing state or federal aid or for purposes of school or school district accountability or for audit purposes.

§ 6. Paragraph c of subdivision 4 of section 1950 of the education law, as amended by chapter 378 of the laws of 2010, is amended to read as follows:

c. Make or cause to be made surveys to determine the need for cooperative educational services in the supervisory district and present the findings of their surveys to local school authorities. Each board of cooperative educational services shall prepare long range program plans, including special education and career education program plans, to meet the projected need for such cooperative educational services in the supervisory district for the next five years as may be specified by the commissioner, and shall keep on file and make available for public inspection and review by the commissioner such plans and thereafter annual revisions of such plans on or before the first day of December of

each year, provided that such plans [~~may~~] **shall** be incorporated into a board of cooperative educational services district-wide comprehensive plan. **Further, where applicable, the commissioner shall require that all such plans shall be submitted electronically to the department over the internet through a secure webpage. This electronic plan shall take the place of filing paper copies of such plan except in circumstances where an original signature is required, then original paper copies must be filed. The commissioner shall promulgate all rules and regulations necessary to implement the electronic filing of such plan.**

§ 7. Paragraph b of subdivision 8 of section 3602 of the education law, as amended by chapter 378 of the laws of 2010, is amended to read as follows:

b. District plans of service. Any school district receiving an additional apportionment pursuant to subdivision ten of this section for pupils in career education programs or a payment in lieu of such apportionment or having a public excess cost aid setaside pursuant to subdivision four of this section shall keep on file and make available for public inspection and review by the commissioner **and incorporate into its districtwide comprehensive plan** an acceptable plan of service describing the student outcomes expected from implementation of the proposed plan, provided that such plan may be incorporated into a school district's district-wide comprehensive plan. The plan of service of a school district receiving an additional apportionment pursuant to this section for pupils with disabilities shall also describe how such district intends to ensure that all instructional materials to be used in the schools of such district will be made available in a usable alternative format for each student with a disability and for each student who is a qualified individual with a disability, at the same time as such instructional materials are available to non-disabled students, provided that such plan may incorporate by reference the alternative format plans developed pursuant to subdivision twenty-nine-a of section sixteen hundred four, subdivision four-a of section seventeen hundred nine, subdivision seven-a of section twenty-five hundred three or subdivision seven-a of section twenty-five hundred fifty-four of this chapter. Such plans shall be in a form prescribed by the commissioner, and except as heretofore provided, shall have the content prescribed by the commissioner. **Where applicable, the commissioner shall require that all such plans shall be submitted electronically to the department over the internet through a secure webpage. This electronic plan shall take the place of filing paper copies of such plan except in circumstances where an original signature is required, then original paper copies must be filed. The commissioner shall promulgate all rules and regulations necessary to implement the electronic filing of such plan.** The commissioner may, from time to time, require amendments of such plans as deemed to be necessary and appropriate to further the educational welfare of the pupils involved.

§ 8. Within one year of the effective date of this act, the commissioner of education shall issue a report to the governor and the legislature detailing the reporting requirements that have been eliminated under this act. Such report shall include specific statutory requirements, reports, and regulatory requirements that have been eliminated or rendered null and void as a result of the provisions of this act. Where applicable, the commissioner of education shall require that such report shall be submitted electronically to the state education department over the internet through a secure webpage. This electronic report shall take the place of filing paper copies of such report except in circumstances

where an original signature is required, then original paper copies must be filed. The commissioner of education shall promulgate all rules and regulations necessary to implement the electronic filing of such report.

§ 9. The education law is amended by adding a new section 207-b to read as follows:

§ 207-b. Effectiveness of additional costs to school districts. Notwithstanding any other provision of law to the contrary, any policy, rule or regulation adopted by the board of regents that creates an annual net additional cost to any school district in excess of ten thousand dollars or an aggregate annual net additional cost to all school districts in excess of one million dollars to be approved by the state legislature and signed into law by the governor shall not take effect until the next school year after it has become a law.

§ 10. Section 3602 of the education law is amended by adding a new subdivision 27 to read as follows:

27. Aid for fourth and eighth grade student testing. In addition to any other apportionment under this section, for the two thousand nineteen--two thousand twenty school year and thereafter, a school district shall be eligible for reimbursement under the provisions of this subdivision equal to one hundred percent of all costs incurred by such school district associated with fourth and eighth grade student testing. Such reimbursement shall be provided in the same manner as other reimbursable aid categories.

§ 11. This act shall take effect on the one hundred eightieth day after it shall have become a law; provided, however, that:

1. sections one and two of this act shall take effect April 1, 2018 and shall apply to any general or special law imposing mandates on municipal corporations or school districts enacted on or after such effective date;

2. section three of this act shall take effect on the first of January next succeeding the date on which it shall have become a law; and

3. section four of this act, subdivision 32 of section 305 of the education law, as added by section five of this act, and sections six and seven of this act shall take effect on the first of July next succeeding the date on which it shall have become a law. The commissioner of education is authorized and directed to promulgate, amend and/or repeal any rule or regulation necessary for the implementation of this act on its effective date on or before such effective date.

PART C

Section 1. Legislative intent. The legislature finds that Medicaid waste, fraud and abuse increase for New York taxpayers statewide each year. This act will continue to make Medicaid reform a top priority in the hopes of saving each property taxpayer in New York state. The legislature believes that all savings recouped from the Medicaid reforms in this act should be returned to the taxpayers in the form of property tax relief.

§ 2. Section 365-a of the social services law is amended by adding a new subdivision 10 to read as follows:

10. (a) Notwithstanding any inconsistent provision of this section or of any other provision of law, the state is hereby authorized to alleviate the county cost of medical assistance payments and to provide fiscal relief to each local social services district by assuming expenditures for all optional services offered by the medical assistance program in the state. The state shall phase-in such fiscal relief over a five-year

period and any savings a local social services district realizes at the end of such five-year period shall be reimbursed to the local social services district and/or county to offset the cost of real property taxes. Such optional services that the state shall assume the expenditures for are those optional services provided by applicable state law. Any federally mandated medical assistance services are exempt from the provisions of this subdivision.

(b) The commissioner of health is authorized to apply for any and all federal waivers required to implement the provisions of this subdivision.

§ 3. Subdivision 1 of section 368-a of the social services law is amended by adding a new paragraph (aa) to read as follows:

(aa) (i) Notwithstanding any other provision of law, the full amount expended by the local social services district for medical assistance fraud, waste and abuse investigations via the use of data mining software shall be reimbursed by the state if the county has previously purchased or intends to purchase such software. For the purposes of this paragraph, "data mining software" shall mean a database application that utilizes advanced data searching capabilities and statistical analyses to discover patterns and correlations in the use and abuse of medical assistance practices. Any county that has previously purchased such software must supply adequate documentation, including any receipts, that details such purchase. The state shall disperse grants, when applicable, from the general fund for this purpose.

(ii) The commissioner of health may develop rules and regulations as necessary to carry out the provisions of this paragraph.

§ 4. This act shall take effect immediately.

PART D

Section 1. Legislative findings and intent. Public school districts in New York state have recently experienced numerous instances of financial scandals. These scandals have been unprecedented in both the number and diversity of financial malfeasance. Furthermore, such scandals result in the diversion of hard-earned property taxpayers' money from their proper use in school instruction to improper and illegal purposes that do not further the school districts' essential mission of educating New York children. Therefore, the legislature finds that it is necessary to establish a new, independent state agency charged with the function of investigating allegations of corruption, financial improprieties, unethical conduct, misconduct or other criminal conduct within public school districts outside of New York city. In addition, the legislature further finds that the current laws must be amended to incorporate school district financial safeguards and establish sanctions for violations of school district finance laws.

§ 2. The education law is amended by adding a new section 2116-d to read as follows:

§ 2116-d. Persons and officials required to report cases of suspected corruption, other criminal activity or conflict of interest occurring within the operations of a school district. 1. The following persons and officials are required to report or cause a report to be made in accordance with this section when they discover information concerning conduct which is known or should reasonably be known to involve corruption or other criminal activity or conflict of interest by either a public school district employee that relates to their employment or by a person, persons or entities doing business with a public school district

with respect to their transactions with the school district, any school district officer, and any school district employee.

2. Any person or official mandated to report cases of suspected corruption, other criminal activity or conflict of interest pursuant to subdivision one of this section shall immediately report the information they have to the New York state inspector general for education, as established in article four-B of the executive law.

3. Any school district which employs persons mandated to report suspected incidents of corruption, other criminal activity or conflict of interest pursuant to subdivision one of this section shall provide such current and new employees with written information explaining the reporting requirements set out in subdivision one of this section.

4. Any person or official required by this section to report certain information as specified in this section who willfully fails to do so shall be guilty of a class A misdemeanor.

5. Any person or official required by this section to report certain information as specified in this section who knowingly and willfully fails to do so shall be civilly liable for the damages proximately caused by such failure.

6. Any person or official participating in good faith in the making of a report under this section shall have immunity from any liability, civil or criminal, that might otherwise result by reason of such actions. For the purpose of any proceeding, civil or criminal, the good faith of any such person or official required to report under this section shall be presumed, provided such person or official was acting in discharge of their duties and within the scope of their employment, and that such liability did not result from the willful misconduct or gross negligence of such person or official.

§ 3. Subdivision 6 of section 2122 of the education law is amended to read as follows:

6. Such treasurer shall[~~, whenever required by such trustees,~~] report to [~~them~~] such trustees a detailed [~~statement~~] annual report of the moneys received by him and of his disbursements, and at the annual meeting of such district he shall render a full account of all moneys received by him and from what source, and when received, and all disbursements made by him and to whom and the dates of such disbursements respectively, and the balance of moneys remaining in his hands. The treasurer shall certify in such annual report that he has: reviewed the annual report; that based on the treasurer's knowledge, the report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading; and based on such treasurer's knowledge, the financial statements, and other financial information included in the report, fairly present in all material respects the financial condition and results of operations of the school district as of, and for, the periods presented in the report.

§ 4. Section 1720 of the education law is amended by adding a new subdivision 3 to read as follows:

3. The treasurer of the district shall issue an annual report with a full and detailed account of all moneys received by the board or such treasurer, for its account and use, and of all the moneys expended therefor, giving the items of expenditure in full. The treasurer shall certify in such annual report that he or she has: reviewed the annual report; that based on the treasurer's knowledge, the report does not contain any untrue statement of a material fact or omit to state a mate-

rial fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading; and based on such treasurer's knowledge, the financial statements, and other financial information included in the report, fairly present in all material respects the financial condition and results of operations of the school district as of, and for, the periods presented in the report.

§ 5. Section 2215 of the education law is amended by adding a new subdivision 18 to read as follows:

18. To certify in the annual report issued pursuant to either section seventeen hundred twenty of this title or section twenty-one hundred twenty-two of this title that he has: reviewed the annual report; that based on the superintendent's knowledge, the report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading; and based on such superintendent's knowledge, the financial statements, and other financial information included in the report, fairly present in all material respects the financial condition and results of operations of the school district as of, and for, the periods presented in the report.

§ 6. The education law is amended by adding a new section 2116-e to read as follows:

§ 2116-e. Compensation committees. 1. Every school district, except those employing fewer than eight teachers, shall establish by a resolution of the trustees or board of education a local school district compensation committee to oversee and report to the trustees or board on the proposed contracts of all school district bargaining units, administrators and superintendents.

2. The compensation committee shall be established no later than January first, two thousand nineteen as a committee of the trustees or board, as an advisory committee, or as a committee of the whole.

3. The compensation committee shall consist of at least three members, at least two of whom shall not be a trustee or board member. The compensation committee members shall serve without compensation. Employees of the school district are prohibited from serving on the compensation committee. A member of a compensation committee shall be deemed a school district officer for the purposes of sections thirty-eight hundred eleven, thirty-eight hundred twelve and thirty-eight hundred thirteen of this chapter, but shall not be required to be a resident of the school district.

4. The role of a compensation committee shall be advisory and any recommendations it provides to the trustees or board under subdivision five of this section shall not substitute for any required review and action by the trustees or board of education.

5. It shall be the responsibility of the compensation committee to:

(a) review every contract between the district and any bargaining units, employees, administrators and superintendents negotiated after January first, two thousand nineteen;

(b) receive and review proposed contracts between the district and any bargaining units, employees, administrators and superintendents prior to such contracts' approval; and

(c) provide recommendations to the trustees or board regarding the salary, fringe benefits and other forms of compensation given and proposed to be given to all school district employees, administrators and superintendents.

6. Notwithstanding any provision of article seven of the public officers law or any other law to the contrary, a school district compensation committee may conduct an executive session pursuant to section one hundred five of the public officers law pertaining to any matter set forth in paragraphs (a) and (b) of subdivision five of this section.

7. The commissioner is authorized to promulgate regulations with respect to compensation committees as are necessary for the proper performance of their duties.

8. As long as the chancellor of a school district in a city having a population of one million or more inhabitants shall annually certify to the commissioner that such district has a process for review by a compensation committee of the district's contracts with any bargaining units, employees, administrators and superintendents, the provisions of this section shall not apply to such school district.

§ 7. The education law is amended by adding a new section 2009-a to read as follows:

§ 2009-a. Additional requirements of notice prior to authorization of school district employment contracts. Where any collective bargaining agreement, employment contract or amendments to such agreement or contract is to be submitted to a district meeting for a vote, the school district board or trustees shall give notice, at least five weeks prior to such meeting, through a districtwide mailing of the availability of the agreement, contract or amendment at public libraries within the district, at the school district offices and on the school district's internet website, if one exists.

§ 8. Subdivision 4 of section 1608 of the education law, as amended by chapter 640 of the laws of 2008, is amended to read as follows:

4. Commencing with the proposed budget for the nineteen hundred ninety-eight--ninety-nine school year, such proposed budget shall be presented in three components: a program component, a capital component and an administrative component which shall be separately delineated in accordance with regulations of the commissioner after consultation with local school district officials. The administrative component shall include, but need not be limited to, office and central administrative expenses, traveling expenses and all compensation, salaries and benefits of all school administrators and supervisors, including business administrators, superintendents of schools and deputy, assistant, associate or other superintendents under all existing employment contracts or collective bargaining agreements and teachers under existing employment contracts, any and all expenditures associated with the operation of the office of trustee or board of trustees, the office of the superintendent of schools, general administration, the school business office, consulting costs not directly related to direct student services and programs, planning and all other administrative activities. The program component shall include, but need not be limited to, all program expenditures of the school district, including the salaries and benefits of teachers and any school administrators or supervisors who spend a majority of their time performing teaching duties, and all transportation operating expenses. The capital component shall include, but need not be limited to, all transportation capital, debt service, and lease expenditures; costs resulting from judgments in tax certiorari proceedings or the payment of awards from court judgments, administrative orders or settled or compromised claims; and all facilities costs of the school district, including facilities lease expenditures, the annual debt service and total debt for all facilities financed by bonds and notes of the school district, and the costs of construction, acquisition, reconstruction,

rehabilitation or improvement of school buildings, provided that such budget shall include a rental, operations and maintenance section that includes base rent costs, total rent costs, operation and maintenance charges, cost per square foot for each facility leased by the school district, and any and all expenditures associated with custodial salaries and benefits, service contracts, supplies, utilities, and maintenance and repairs of school facilities. For the purposes of the development of a budget for the nineteen hundred ninety-eight--ninety-nine school year, the trustee or board of trustees shall separate the district's program, capital and administrative costs for the nineteen hundred ninety-seven--ninety-eight school year in the manner as if the budget for such year had been presented in three components.

§ 9. Subdivision 4 of section 1716 of the education law, as amended by chapter 640 of the laws of 2008, is amended to read as follows:

4. Commencing with the proposed budget for the nineteen hundred ninety-eight--ninety-nine school year, such proposed budget shall be presented in three components: a program component, a capital component and an administrative component which shall be separately delineated in accordance with regulations of the commissioner after consultation with local school district officials. The administrative component shall include, but need not be limited to, office and central administrative expenses, traveling expenses and all compensation, salaries and benefits of all school administrators and supervisors, including business administrators, superintendents of schools and deputy, assistant, associate or other superintendents under all existing employment contracts or collective bargaining agreements, **and teachers under existing employment contracts** any and all expenditures associated with the operation of the board of education, the office of the superintendent of schools, general administration, the school business office, consulting costs not directly related to direct student services and programs, planning and all other administrative activities. The program component shall include, but need not be limited to, all program expenditures of the school district, including the salaries and benefits of teachers and any school administrators or supervisors who spend a majority of their time performing teaching duties, and all transportation operating expenses. The capital component shall include, but need not be limited to, all transportation capital, debt service, and lease expenditures; costs resulting from judgments in tax certiorari proceedings or the payment of awards from court judgments, administrative orders or settled or compromised claims; and all facilities costs of the school district, including facilities lease expenditures, the annual debt service and total debt for all facilities financed by bonds and notes of the school district, and the costs of construction, acquisition, reconstruction, rehabilitation or improvement of school buildings, provided that such budget shall include a rental, operations and maintenance section that includes base rent costs, total rent costs, operation and maintenance charges, cost per square foot for each facility leased by the school district, and any and all expenditures associated with custodial salaries and benefits, service contracts, supplies, utilities, and maintenance and repairs of school facilities. For the purposes of the development of a budget for the nineteen hundred ninety-eight--ninety-nine school year, the board of education shall separate the district's program, capital and administrative costs for the nineteen hundred ninety-seven--ninety-eight school year in the manner as if the budget for such year had been presented in three components.

§ 10. Subdivision 2 of section 1608 of the education law, as amended by chapter 640 of the laws of 2008, is amended to read as follows:

2. Such statement shall be completed at least seven days before the budget hearing at which it is to be presented and copies thereof shall be prepared and made available, [~~upon request and~~] at the school district offices, at any public library or free association library within the district and on the school district's internet website, if one exists, to residents within the district during the period of [~~fourteen~~] **thirty** days immediately preceding the annual meeting and election or special district meeting at which the budget vote will occur and at such meeting or hearing. The board shall also as a part of the notice required by section two thousand three of this chapter give notice of the date, time and place of the budget hearing and that a copy of such statement may be obtained by any resident in the district at each schoolhouse in the district in which school is maintained during certain designated hours on each day other than a Saturday, Sunday or holiday during the [~~fourteen~~] **thirty** days immediately preceding such meeting. The board shall include notice of the availability of such statement at least once during the school year in any district-wide mailing distributed.

§ 11. Subdivision 2 of section 1716 of the education law, as amended by chapter 640 of the laws of 2008, is amended to read as follows:

2. Such statement shall be completed at least seven days before the budget hearing at which it is to be presented and copies thereof shall be prepared and made available, [~~upon request and~~] at the school district offices, at any public library or free association library within the district and on the school district's internet website, if one exists, to residents within the district during the period of [~~fourteen~~] **thirty** days immediately preceding the annual meeting and election or special district meeting at which the budget vote will occur and at such meeting or hearing. The board shall also as a part of the notice required by section two thousand four of this chapter give notice of the date, time and place of the budget hearing and that a copy of such statement may be obtained by any resident in the district at each schoolhouse in the district in which school is maintained during certain designated hours on each day other than a Saturday, Sunday or holiday during the [~~fourteen~~] **thirty** days immediately preceding such meeting. The board shall include notice of the availability of such statement at least once during the school year in any district-wide mailing distributed.

§ 12. Paragraph (c) of subdivision 3 of section 2116-a of the education law, as added by chapter 263 of the laws of 2005, is amended to read as follows:

(c) Notwithstanding the provisions of subparagraph one of paragraph (b) of subdivision four of section thirty-five of the general municipal law, each school district shall (i) prepare a corrective action plan in response to any findings contained in the annual external audit report or management letter, or any final audit report issued by the state comptroller, within ninety days of receipt of such report or letter, and (ii) to the extent practicable, begin implementation of such corrective action plan no later than the end of the next fiscal year. **Each school district shall notify the district residents of the availability of the corrective action plan at public libraries within the district, at the school district offices and on the school district's internet website, if one exists. Any school district which fails to comply with the required notification of availability of the corrective action plan**

shall be subject to a civil penalty not to exceed five thousand dollars upon an administrative determination by the commissioner.

§ 13. The executive law is amended by adding a new article 4-C to read as follows:

ARTICLE 4-C
OFFICE OF THE STATE INSPECTOR GENERAL FOR EDUCATION

Section 59. Establishment and organization.
59-a. Functions and duties.
59-b. Powers.

§ 59. Establishment and organization. 1. There is hereby established the office of the state inspector general for education. The head of the office shall be the education inspector general, who shall be appointed by the board of the office of the state inspector general for education. Such office shall be independent of the department of education and of any other office, agency, board or commission of the state or any of its political subdivisions.

2. The education inspector general may employ and at their pleasure remove such personnel as they deem necessary for the performance of the office, and may fix their compensation with amounts available therefor.

3. There is hereby established the board of the office of the state inspector general for education which shall consist of eleven members, and shall have and exercise the powers and duties of the office of the state inspector general for education.

4. The board members shall be appointed as follows:

(a) three members shall be appointed by the governor, one of whom shall be designated by the governor as the chair of the board;

(b) three members shall be appointed by the temporary president of the senate;

(c) three members shall be appointed by the speaker of the assembly;

(d) one member shall be appointed by the minority leader of the assembly; and

(e) one member shall be appointed by the minority leader of the senate.

5. The board members shall serve for terms of five years.

6. The chair of the board or any five members thereof may call a meeting of the board.

7. Any vacancy occurring on the board shall be filled within sixty days of its occurrence, in the same manner as the member whose vacancy is being filled was appointed. A person appointed to fill a vacancy occurring other than by expiration of a term of office shall be appointed for the unexpired term of the member he or she succeeds.

8. Six members of the board shall constitute a quorum and the board shall have the power to act by majority vote of the total number of members of the board without vacancy.

9. The board members shall not receive compensation but shall be reimbursed for reasonable expenses incurred in the performance of their official duties.

10. The board shall appoint an education inspector general who shall perform the powers and duties set forth in sections fifty-nine-a and fifty-nine-b of this article, and who shall serve for a term of five years and may only be dismissed for cause or by a three-quarters vote of the board. The board may fix the compensation of the education inspector general.

11. No board member, nor the education inspector general, shall hold any elected public office or office in any political party, nor shall

any member be an employee of or under the supervision of any person who holds such elected public office or office of a political party. No member of the board shall serve in any public or political office within five years of the member's period of service.

12. The education inspector general shall, prior to their appointment, have had at least ten years experience in auditing or law enforcement or investigation, or in prosecuting or aiding in the prosecution of fraud.

13. Members of the board shall, prior to their appointment, have had at least three years experience in auditing or investigation of governmental or school district operations, or in the practice of law, law enforcement or in services related to development and management of information technology or database creation and maintenance.

§ 59-a. Functions and duties. The education inspector general shall have the following duties and responsibilities:

1. to receive and investigate complaints from any source, or upon his or her own initiative, concerning allegations of corruption, financial improprieties, unethical conduct, misconduct or other criminal conduct within public school districts outside of a city with a population of one million or more;

2. to investigate and report on corruption and other criminal activity, school board election fraud, bidding irregularities and conflicts of interest by public school district employees whose actions relate to their employment, persons or entities doing business with a public school district concerning their transactions with the school district, and school board members whose actions relate to their office;

3. to determine with respect to such allegations whether disciplinary action, civil or criminal prosecution, or further investigation by an appropriate federal, state or local agency is warranted, and to assist in such investigations;

4. to review and examine periodically the policies and procedures of public school districts with regard to the prevention and detection of corruption, financial improprieties, unethical conduct, misconduct, other criminal conduct, school board election fraud, bidding irregularities and conflicts of interest or abuse;

5. to recommend remedial action to prevent or eliminate corruption, financial improprieties, unethical conduct, misconduct, other criminal conduct, school board election fraud, bidding irregularities, conflicts of interest or abuse by public school district officials and employees;

6. to establish programs for training public school officials and employees regarding the prevention and elimination of corruption, financial improprieties, unethical conduct, misconduct, other criminal conduct, school board election fraud, bidding irregularities and conflicts of interest or abuse;

7. to prepare an annual report that provides the results of the education inspector general's findings with respect to all investigations and detailed analysis of the current financial status of those school districts that have been reviewed;

8. to include in such report any findings regarding the financial practices of the school district that the education inspector general believes violated, or could potentially violate, existing state rules or regulations or may be of concern in that incompetence or lack of training may result in financial practices that violate state rules and regulations;

9. to issue the report to the legislature, the comptroller and the department of education with each annual report posted on a public internet website for at least five years from the date of issuance.

§ 59-b. Powers. The education inspector general shall have the power to:

1. subpoena and enforce the attendance of witnesses, including the power to subpoena documents and records necessary to any investigation from any public school district outside of a city with a population of one million or more and from vendors who do business with such public school districts;

2. administer oaths or affirmations and examine witnesses under oath;

3. require the production of any books and papers deemed relevant or material to any investigation, examination or review;

4. notwithstanding any law to the contrary, examine and copy or remove documents or records of any kind prepared, maintained or held by any public school district covered by this article;

5. require any public school district employee to answer questions concerning any matter related to the performance of his or her official duties. No statement or other evidence derived therefrom may be used against such officer or employee in any subsequent criminal prosecution other than for perjury or contempt arising from such testimony. The refusal of any officer or employee to answer questions shall be cause for removal from office or employment or other appropriate penalty;

6. monitor the implementation by public school districts of any recommendations made by the education inspector general;

7. perform any other functions that are necessary or appropriate to fulfill the duties and responsibilities of the office.

§ 14. Subparagraphs 2 and 3 of paragraph b of subdivision 2 of section 33 of the general municipal law, as amended by section 24 of subpart F of part C of chapter 97 of the laws of 2011, are amended and a new subparagraph 4 is added to read as follows:

(2) assessing the current financial practices of school districts, BOCES and charter schools to ensure that they are consistent with established standards, including whether any school district that uses a risk-based or sampling methodology to determine which claims are to be audited in lieu of auditing all claims has adopted a methodology that provides reasonable assurance that all the claims represented in the sample are proper charges against the school district; [~~and~~]

(3) determining that school districts, BOCES, and charter schools provide for adequate protections against any fraud, theft, or professional misconduct[~~.~~]; and

(4) auditing federal and state grant program expenditures in all school districts, BOCES and charter schools.

§ 15. Paragraph d of subdivision 2 of section 33 of the general municipal law, as added by chapter 267 of the laws of 2005, is amended to read as follows:

d. The office of the state comptroller shall upon making a finding of misconduct refer any findings of fraud, abuse or other conduct constituting a crime that are uncovered during the course of an audit, as appropriate, to the commissioner of education, the New York state inspector general for education, the charter entity, the attorney general, United States attorney or district attorney having jurisdiction for appropriate action, together with any documents supporting the auditors' findings.

§ 16. The labor law is amended by adding a new section 742 to read as follows:

§ 742. Prohibition; public school district employer who penalizes employees because of complaints of employer malfeasance. 1. Defi-

nitions. As used in this section, the following terms shall have the following meanings:

(a) "Employee" means any person who performs services for and under the control and direction of any public school district outside of a city with a population of one million or more for wages or other remuneration.

(b) "Employer" means any public school district outside of a city with a population of one million or more.

(c) "Agent" means any individual, partnership, association, corporation, or group of persons acting on behalf of an employer.

(d) "Public body" means:

(1) the United States Congress, any state legislature, or any elected local governmental body, or any member or employee thereof;

(2) the New York state inspector general for education;

(3) the state comptroller;

(4) the attorney general;

(5) any federal, state or local regulatory, administrative or public agency or authority, or instrumentality thereof;

(6) any federal, state or local law enforcement agency, prosecutorial office, or police or peace officer;

(7) any federal, state or local department of an executive branch of government; or

(8) any division, board, bureau, office, committee or commission of any of the public bodies described in subparagraph one, two, three, four, five, six or seven of this paragraph.

(e) "Retaliatory action" means the discharge, suspension, demotion, penalization or discrimination against an employee, or other adverse employment action taken against an employee in the terms and conditions of employment.

(f) "Supervisor" means any person within an employer's organization who has the authority to direct and control the work performance of an employee, or who has the authority to take corrective action regarding fraud, criminal activity or other malfeasance to which an employee submits a complaint.

2. Retaliatory action prohibited. Notwithstanding any other provision of law, no employer shall take retaliatory action against any employee because the employee does any of the following:

(a) discloses or threatens to disclose to a supervisor, or to a public body an activity, policy or practice of the employer or agent that the employee, in good faith, reasonably believes constitutes fraud, criminal activity or other malfeasance; or

(b) objects to, or refuses to participate in any activity, policy or practice of the employer or agent that the employee, in good faith, reasonably believes constitutes fraud, criminal activity or other malfeasance.

3. Enforcement. An employee may seek enforcement of this section pursuant to paragraph (e) of subdivision four of section seven hundred forty of this article.

4. Relief. In any court action brought pursuant to this section it shall be a defense that the personnel action was predicated upon grounds other than the employee's exercise of any rights protected by this section.

§ 17. Subdivision 4 of section 740 of the labor law is amended by adding a new paragraph (e) to read as follows:

(e) Notwithstanding the provisions of paragraphs (a) and (c) of this subdivision, an employee who has been the subject of a retaliatory

action by an employer in violation of section seven hundred forty-two of this article may institute a civil action in a court of competent jurisdiction for relief as set forth in subdivision five of this section within two years after the alleged retaliatory personnel action was taken. In addition to the relief set forth in such subdivision five, the court, in its discretion, based upon a finding that the employer acted in bad faith in the retaliatory action, may order the employer to terminate the supervisor who retaliated against the employee.

§ 18. The penal law is amended by adding a new section 190.73 to read as follows:

§ 190.73 Defrauding a public pension plan.

A person is guilty of defrauding a public pension plan when he or she engages in a scheme constituting a systematic ongoing course of conduct with intent to obtain a benefit or asset, or assist a third party to obtain a benefit or asset, from a public pension plan to which he or she or the third party is not otherwise entitled to pursuant to the restriction of section two hundred eleven of the retirement and social security law.

Defrauding a public pension plan is a class E felony.

§ 19. Section 211 of the retirement and social security law is amended by adding a new subdivision 9 to read as follows:

9. A retired person receiving a retirement allowance who is employed and earning compensation in a public service position or positions with the total compensation exceeding the limitations set forth in section two hundred twelve of this article and such person has not obtained the requisite waiver set forth in this section, as well as any person who knowingly assists another person in receiving a retirement allowance while receiving total compensation in a public service position or positions exceeding the limits of section two hundred twelve of this article and not having obtained the requisite waiver, is guilty of larceny and punishable as provided in the penal law.

§ 20. Section 217 of the retirement and social security law, as added by chapter 640 of the laws of 2008, is amended to read as follows:

§ 217. Reporting requirements; school salary transparency and disclosure. 1. A school district [~~and~~], a board of cooperative educational services and a college as defined in section two of the education law shall report all money earned by a retired person in their employ that is in excess of the earnings limitation outlined in section two hundred twelve of this article to the retirement system administered by the state or any of its political subdivisions from whom such retired person is collecting their retirement allowance.

2. A school district or a board of cooperative educational services employing a retired person who is eligible to collect or is already collecting a retirement allowance from a retirement system administered by the state or any of its political subdivisions shall report on [~~an annual~~] a monthly basis to the retirement system paying such retirement allowance to such retired person [~~and~~], to the state comptroller and to the New York state inspector general. This report shall consist of the re-employed retiree's name, date of birth, place of employment, current position and all earnings.

§ 21. The general municipal law is amended by adding a new article 2-A to read as follows:

ARTICLE 2-A

MUNICIPAL COOPERATION PROGRAM

Section 26. Municipal cooperation program.

§ 26. Municipal cooperation program. 1. Establishment. There are hereby established a state conference on municipal cooperation and eight regional commissions on municipal cooperation. The regional commissions shall be as follows and shall consist of the following counties:

(a) Long Island - New York: Bronx, Kings, Nassau, New York, Queens, Richmond and Suffolk.

(b) Hudson Valley: Dutchess, Orange, Putnam, Rockland, Sullivan, Ulster and Westchester.

(c) Capital: Columbia, Greene, Albany, Schoharie, Rensselaer, Schenectady, Montgomery, Fulton, Saratoga and Washington.

(d) North Country: Warren, Essex, Clinton, Franklin, Hamilton, Saint Lawrence, Lewis, Oswego and Jefferson.

(e) Central - Mohawk Valley: Otsego, Herkimer, Oneida, Madison, Cortland, Onondaga and Cayuga.

(f) Southern Tier: Delaware, Broome, Chenango, Tioga, Tompkins, Schuyler, Chemung, Allegany and Steuben.

(g) Finger Lakes: Wayne, Seneca, Yates, Ontario, Livingston and Monroe.

(h) Western: Cattaraugus, Chautauqua, Erie, Wyoming, Genesee, Orleans and Niagara.

2. State conference on municipal cooperation membership. (a) The state conference on municipal cooperation shall consist of nine members. The secretary of state shall be a member of the conference and shall serve as its chair. The vice chair of each regional commission shall serve as a member of the state conference on municipal cooperation.

(b) The state conference shall allocate funds pursuant to this section to each regional commission. The state conference shall promulgate any rules and regulations necessary to implement the provisions of this section; however such rules and regulations, and any changes thereto shall not take effect until approved by a majority vote of the governor, temporary president of the senate, speaker of the assembly, minority leader of the senate and minority leader of the assembly.

3. Regional commissions membership. (a) Each regional commission shall consist of nine members, appointed as follows:

(i) two members shall be appointed by the governor, one of whom shall be the chair of the regional commission and the other shall serve as vice chair;

(ii) two members shall be appointed by the temporary president of the senate;

(iii) two members shall be appointed by the speaker of the assembly;

(iv) one member shall be appointed by the minority leader of the senate;

(v) one member shall be appointed by the minority leader of the assembly; and

(vi) one member shall be appointed by the state comptroller.

(b) Each regional commission may conduct business with a quorum of members in office at the time.

(c) Each member of a regional commission shall serve at the pleasure of his or her appointing authority.

(d) Members of regional commissions shall receive no compensation for their service but shall be allowed their actual and necessary expenses incurred in the performance of their duties.

(e) Every member of a regional commission shall reside within the region regulated by the regional commission upon which he or she serves.

(f) Every member of a regional commission who is an elected official shall recuse himself or herself from any meeting of the commission deal-

ing directly with an issue impacting upon the municipality which elected such member.

(g) A two-thirds majority of each regional commission shall appoint an executive director, who shall conduct the business of such regional commission under the supervision of the regional commission. The executive director shall also be authorized to hire such additional staff as necessary to execute the work of the regional commission. The executive director may be removed only by a three-quarters vote of the members of the regional commission.

(h) The purpose of the regional commissions shall be to:

(i) increase communication between local governments to discuss shared services, consolidation, and the merger of local governments;

(ii) provide technical and financial assistance and training to local governments; and

(iii) identify state and local laws which must be changed to achieve budgetary and property tax savings through sharing arrangements.

(i) The regional commissions may award grants to local governments which seek to work together to achieve savings. Each regional commission shall provide grants in the following manner: twenty percent of all funds available for the provision of grants shall be used for research grants, ten percent for implementation grants, and seventy percent for cooperation reward grants. A regional commission may alter this allocation with the approval of at least two-thirds of its members.

4. Research grants. Each regional commission shall seek to provide the assistance necessary to research the efficacy of cooperative efforts between localities. If such research is beyond the scope of the commission, then the localities may seek a fifty percent matching grant from the regional commission to hire a public, private or academic entity to conduct such research. The provision of any research grant, and the entity which shall conduct the research, shall be subject to approval by the regional commission.

5. Implementation grants. Municipalities which have chosen to execute the cooperative effort, shall identify costs of implementing the effort and request a grant from the regional commission. Costs eligible for grants may include, but shall not be limited to: early retirement or resignation incentives; purchases of buildings or equipment; or hiring of temporary employees to assist in consolidation. Such grants shall be subject to approval by the regional commission. Implementation grants shall be awarded in the following manner:

(a) grants to fund the consolidation of services between municipalities or the provision of services from one municipality to another. Such grants shall equal fifty percent of the costs associated with such merger or consolidation; and

(b) grants to fund mergers between municipalities. Such grants shall not exceed one hundred percent of the costs associated with such merger.

6. Cooperation reward grants. (a) The regional commission may award grants to municipalities which have elected to execute a cooperative effort. Municipalities which have elected to execute a cooperative effort shall identify one of the participating municipalities, which shall act as a lead agent, which shall identify the savings which are expected to accrue to the municipalities and request a grant in the amount determined pursuant to this subdivision, and submit a report to their regional commission, which shall be reviewed and adjusted accordingly by the regional commission. At that time, the regional commission may approve or reject the grant application according to applicable provisions of this section and any applicable rules or regulations which

may be promulgated by the state conference and approved by majority vote of the governor and legislative leaders.

(b) If approved, after the end of the first year of the consolidation, the lead agent shall produce a report which shall state the savings which the municipalities have experienced during the year. That report shall be submitted to their regional commission, which shall validate the savings which have accrued to the localities. Such savings will be calculated by comparing the total amount spent for services which have been consolidated with the projected cost of the services which have been consolidated if the consolidation had not occurred, in the case of functional consolidations; or the combined budgets of the merged municipality, with the combined budgets of the municipalities which have been merged if the merger had not occurred, in the case of mergers.

(c) The regional commission shall certify the validity of the savings identified by the lead agent. Regional commissions may request the assistance of the state comptroller to validate the savings. After such savings are validated, the grant may be rewarded to the municipalities in an amount determined pursuant to this subdivision.

(d) Such process shall be repeated each year, for a period of five years in the case of functional consolidations and seven years in the case of mergers.

(e) Cooperation reward grants shall be determined on the following basis:

(i) grants to reward functional consolidation, i.e., consolidation of services between municipalities. Such grants shall equal fifty percent of the identified and validated savings associated with such consolidation; and

(ii) grants to reward mergers between municipalities. Such grants shall not exceed one hundred percent of the identified and validated savings associated with such merger.

7. Cooperation efforts. No provision of this section shall preclude a school district or special tax district from participating in consolidation or merger efforts or activities.

§ 22. This act shall take effect on the first of January next succeeding the date on which it shall have become a law; provided, however, that any costs to any school district pursuant to sections two through twenty of this act shall be paid by the state.

PART E

Section 1. Notwithstanding the provisions of article 47 of the insurance law, or any other provision of law to the contrary, a county shall be authorized to enter into a municipal cooperative agreement authorized by article 5-G of the general municipal law, with one or more school districts, towns, or villages, in order to provide health care benefits or establish a health care plan for their respective employees. Such county shall be authorized to charge an administrative fee to such school districts, towns, or villages for participation in such agreement.

§ 2. This act shall take effect immediately.

§ 3. Severability clause. If any clause, sentence, paragraph, subdivision, section or part of this act shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, subdivision, section or part thereof directly involved in the controversy in which such judg-

ment shall have been rendered. It is hereby declared to be the intent of the legislature that this act would have been enacted even if such invalid provisions had not been included herein.

§ 4. This act shall take effect immediately provided, however, that the applicable effective date of Parts A through E of this act shall be as specifically set forth in the last section of such Parts.