

STATE OF NEW YORK

10711

IN ASSEMBLY

July 1, 2020

Introduced by COMMITTEE ON RULES -- (at request of M. of A. Abbate) --
read once and referred to the Committee on Governmental Employees

AN ACT to amend the retirement and social security law, in relation to including certain employees who were employed in public service but became members of a retirement system at a later date for eligibility for those who participated in the World Trade Center rescue, recovery or cleanup operations

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

1 Section 1. Paragraph (e) of subdivision 36 of section 2 of the retire-
2 ment and social security law, as added by chapter 489 of the laws of
3 2008, is amended to read as follows:

4 (e) "Participated in World Trade Center rescue, recovery or cleanup
5 operations" shall mean any member who: (i) participated in the rescue,
6 recovery, or cleanup operations at the World Trade Center site, as
7 defined in paragraph (f) of this subdivision; (ii) worked at the Fresh
8 Kills Land Fill in New York; (iii) worked at the New York city morgue or
9 the temporary morgue on pier locations on the west side of Manhattan;
10 (iv) manned the barges between the west side of Manhattan and the Fresh
11 Kills Land Fill in New York; (v) repaired, cleaned or rehabilitated
12 vehicles or equipment, including emergency vehicle radio equipment owned
13 by the city of New York that were contaminated by debris in the World
14 Trade Center site, as defined in paragraph (f) of this subdivision,
15 regardless of whether the work on the repair, cleaning or rehabilitation
16 of said vehicles and equipment was performed within the World Trade
17 Center site, provided such work was performed prior to decontamination
18 of such vehicles or equipment; or (vi) worked in the following depart-
19 ments, worksites and titles: (A) New York City Police Department at 11
20 Metrotec Center in Brooklyn or 1 Police Plaza in Manhattan as a Police
21 Communication Technician (PCT), Supervisor Police Communication Techni-
22 cian (SPCT), Principal Police Communication Technician I, Principal
23 Police Communication Technician II, Principal Police Communication Tech-
24 nician III, Administrative Manager - Communications, or in the Police
25 Administrative Aide title series; (B) Fire Department of the City of New

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

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1 York at 35 Empire Boulevard in Brooklyn, 79th Street Transverse in
2 Manhattan, 83-98 Woodhaven Boulevard in Queens, 1129 East 180 Street in
3 the Bronx, 65 Slosson Avenue in Staten Island, 9 Metrotec Center in
4 Brooklyn, or 25 Rockaway Avenue in Brooklyn as Fire Alarm Dispatchers
5 (FAD), Supervising Fire Alarm Dispatchers I (SFAD), Supervising Fire
6 Alarm Dispatchers II (Borough Supervisor), Deputy Director & Director
7 Fire Dispatch Operations, or Assistant Commissioner for Communications;
8 (C) for the Fire Department of the City of New York's Emergency Medical
9 Service at 1 or 9 Metrotec Centers in Brooklyn, or 55-30 58 Street in
10 Maspeth Queens as Emergency Medical Specialist-Level I (EMT), Emergency
11 Medical Specialist Level II-(Paramedic), Supervising Emergency Medical
12 Specialist Level I (LT), Supervising Emergency Medical Specialist Level
13 II (Capt), Deputy Chief EMS Communications, or Division Commander EMS
14 Communications. For purposes of this paragraph, the term "member" shall
15 include each person who during the qualifying period was in the employ-
16 ment of a public employer which then participated for such employees in
17 the New York city employees' retirement system or the New York city
18 teachers' retirement system, irrespective of whether the person was a
19 participant in such system at that time, provided that the person has
20 become a participant in such retirement system and has purchased service
21 credit for a period of time that includes some or all of the qualifying
22 period in accordance with provisions of law applicable to such purchase
23 of service credit.

24 § 2. This act shall take effect immediately.

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

SUMMARY OF BILL: This proposed legislation would amend Section 2 of the Retirement and Social Security Law (RSSL) to permit eligible members of the New York City Employees' Retirement System (NYCERS) and New York City Teachers' Retirement System (TRS) who participated in the Rescue, Recovery, or Cleanup operations related to the World Trade Center (WTC) attack on September 11, 2001 as non-members employed by a public employer within the State and subsequently purchased such service as a NYCERS or TRS member, to be eligible for the applicable WTC presumption.

Effective Date: Upon enactment.

FINANCIAL IMPACT - OVERVIEW: There is no data available to estimate the number of members who might buyback service during qualifying WTC participation periods and potentially benefit from this proposed legislation. Therefore, the estimated financial impact has been calculated on a per event basis equal to the increase in the Present Value of Future Benefits (PVFB) for an average member who is diagnosed with a qualifying WTC condition and could benefit from the enactment of the proposed legislation.

In determining the increase in the PVFB for members who could benefit from the proposed legislation, we have shown the impact due to disability and death separately. To value the impact due to disability, it has been assumed that 100% of the members who would retire with a WTC qualifying condition were those who would have retired with an Ordinary Disability Retirement benefit or Service Retirement benefit, if eligible, if the proposed legislation were not passed. To value the impact due to death, it has also been assumed that 100% of the beneficiaries of members who would die due to a WTC qualifying condition would have been entitled to receive an Ordinary Death benefit, if the proposed legislation were not passed.

With respect to an individual member, the additional cost of this proposed legislation could vary greatly depending on the member's length of service, age, and salary history. In particular, the increase in PVFB

due to the proposed legislation would be greater for a member who is not yet eligible for an Ordinary Disability Retirement benefit when a disabling WTC related event occurs.

FINANCIAL IMPACT - PRESENT VALUES: Based on the census data and the actuarial assumptions and methods described herein, the enactment of this proposed legislation would increase the PVFB by approximately \$96,400 for NYCERS and \$320,700 for TRS, on average for each occurrence of Accidental Disability Retirement due to a WTC qualifying condition and \$348,300 for NYCERS and \$274,000 for TRS, on average for each occurrence of Accidental Death due to a WTC related illness.

FINANCIAL IMPACT - ANNUAL EMPLOYER CONTRIBUTIONS: Enactment of this proposed legislation would increase employer contributions, where such amount would depend on the number of members affected as well as other characteristics including the age, years of service, and salary history of the member.

As there is no data currently available to estimate the number of members who might buyback service during qualifying WTC participation periods, the financial impact would be recognized at the time of event. Consequently, changes in employer contributions have been estimated assuming that the increase in the PVFB will be financed over a time period comparable to that used for actuarial losses in accordance with Section 13-638.2(k-2) of the ACCNY. Using this approach, the additional PVFB would be amortized over a closed 15-year period (14 payments under the One-Year Lag Methodology) using level dollar payments.

Based on the Actuary's actuarial assumptions and methods described herein, the enactment of this proposed legislation is estimated to increase annual employer contributions by approximately \$11,400 for NYCERS and \$37,900 for TRS for each Accidental Disability Retirement due to a qualifying WTC condition and by approximately \$41,200 for NYCERS and for \$32,400 for TRS for each Accidental Death due to such condition.

With respect to the timing, increases in employer contributions would depend upon when members would retire due to a WTC qualifying condition but, generally, increased employer contributions will first occur the second fiscal year following approval of the Accidental Disability Retirement or Accidental Death.

CENSUS DATA: The estimates presented herein are based on the census data used in the Preliminary June 30, 2019 (Lag) actuarial valuation of NYCERS and TRS to determine the Preliminary Fiscal Year 2021 employer contributions.

The analysis was based on members that are currently over age 40 (since this population would have been over age 21 as of September 11, 2001). There were 134,042 NYCERS members over age 40 as of June 30, 2019 with an average age of approximately 53.8 years, average service of approximately 15.3 years, and an average salary of approximately \$82,000. There were 70,855 TRS members over age 40 as of June 30, 2019 with an average age of approximately 52.2 years, average service of approximately 16.0 years, and an average salary of approximately \$94,800.

ACTUARIAL ASSUMPTIONS AND METHODS: The changes in the PVFB and annual employer contributions presented herein have been calculated based on the actuarial assumptions and methods in effect for the June 30, 2019 (Lag) actuarial valuations used to determine the Preliminary Fiscal Year 2021 employer contributions of NYCERS and TRS.

For the purposes of this Fiscal Note we have assumed that members have already purchased this service and therefore the only additional benefit

of this legislation is the qualification for WTC presumptions and benefits.

RISK AND UNCERTAINTY: The costs presented in this Fiscal Note depend highly on the realization of the actuarial assumptions used, as well as certain demographic characteristics of NYCERS and TRS and other exogenous factors such as investment, contribution, and other risks. If actual experience deviates from actuarial assumptions, the actual costs could differ from those presented herein. Costs are also dependent on the actuarial methods used, and therefore different actuarial methods could produce different results. Quantifying these risks is beyond the scope of this Fiscal Note.

Not measured in this Fiscal Note are the following:

- * The initial, additional administrative costs to implement the proposed legislation.

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

STATEMENT OF ACTUARIAL OPINION: I, Sherry S. Chan, am the Chief Actuary for, and independent of, the New York City Retirement Systems and Pension Funds. I am a Fellow of the Society of Actuaries, an Enrolled Actuary under the Employee Retirement Income and Security Act of 1974, 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 2020-50 dated June 4, 2020 was prepared by the Chief Actuary for the New York City Employees' Retirement System and the New York City Teachers' Retirement System. This estimate is intended for use only during the 2020 Legislative Session.