STATE OF NEW YORK

5759

2019-2020 Regular Sessions

IN ASSEMBLY

February 15, 2019

Introduced by M. of A. BUCHWALD, BENEDETTO -- (at request of the New York State Teachers' Retirement System) -- read once and referred to the Committee on Education

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:

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

b. "Participating employer" means**: (i)** a participating employer as defined in subdivision twenty of section two of the retirement and social security law or in subdivision twenty of section three hundred two of such law**; or (ii) a participating employer as defined in subdivision three of section five hundred one of the education law**.

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

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

2. The governing board of any municipal corporation which is also a participating employer by resolution may establish a retirement contribution reserve fund for the purpose of **(a)** financing retirement contributions**, and/or (b) in the case of a municipal corporation which is a participating employer as defined in subdivision three of section five**

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

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hundred one of the education law, financing appropriations authorized by law in order to offset all or a portion of the amount deducted from the moneys apportioned to the municipal corporation from the state for the support of common schools pursuant to section five hundred twenty-one of the education law.

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

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

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

5. The governing board of such municipal corporation by resolution may authorize expenditures from a retirement contribution reserve fund. Except as otherwise provided by law, moneys in a retirement contribution reserve fund may only be expended (a) to finance retirement contributions, and/or (b) in the case of a municipal corporation which is a participating employer, as defined in subdivision three of section five hundred one of the education law, for appropriations authorized by law in order to offset all or a portion of the amount deducted from the moneys apportioned to the participating employer from the state for the support of common schools pursuant to section five hundred twenty-one of the education law. With respect to a municipal corporation which is a participating employer as defined in subdivision three of section five hundred one of the education law, expenditures from the retirement contribution reserve fund to finance retirement contributions to the New York State teachers' retirement system pursuant to section five hundred twenty-one of the education law and/or to offset all or a portion of the amount deducted from the moneys apportioned to the municipal corporation from the state for the support of common schools pursuant to section five hundred twenty-one of the education law may only be made from the sub-fund established pursuant to subdivision two-a of this section.

§ 5. Section 6-r of the general municipal law is amended by adding a 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 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.

Member 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 2019-2 dated October 5, 2018 prepared by the Actuary of the New York State Teachers' Retirement System and is intended for use only during the 2019 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.