STATE OF NEW YORK

5903

2019-2020 Regular Sessions

IN SENATE

May 16, 2019

Introduced by Sen. GOUNARDES -- read twice and ordered printed, and when printed to be committed to the Committee on Civil Service and Pensions

AN ACT to amend the administrative code of the city of New York, in relation to allowing certain members of the New York city police pension fund to receive service credit for their service in the New York city police department cadet program

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

Section 1. Subdivision h of section 13-218 of the administrative code of the city of New York, as added by chapter 594 of the laws of 2000, is relettered subdivision i and a new subdivision j is added to read as follows:

j. (1) Notwithstanding any provision of law to the contrary, upon election, any member of the police pension fund, subchapter two of this chapter who is subject to article fourteen of the retirement and social security law, and served in the New York city police department cadet program shall receive credit in such police pension fund, subchapter two of this chapter, for the period of service in the New York city police department cadet program. Any member who was not a member of the retirement system shall receive such credit by paying into the police pension fund additional member contributions plus interest, at a rate of five percent, which would have been paid or credited had such member been a member of the police pension fund, subchapter two of this chapter, from his or her date of appointment as a New York city police department cadet, provided such payment is made within five years after the effective date of this subdivision, or within five years after commencement of membership in the New York city police pension fund, whichever is later. Any such member who was a member of the New York city employees' retirement system while serving in the New York city police department cadet program shall receive such credit in the police pension fund by requesting a transfer of credit within five years after this subdivision

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

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shall take effect, or within five years after commencement of membership in the New York city police pension fund, whichever is later. Upon such request, the reserve on the benefits allowable to such member as the result of employer contributions, including the reserve-for-increased-take-home-pay, if any, and the accumulated deductions of such member, shall thereupon be transferred from the New York city employees' retirement system to the police pension fund within one year from the date of such request.

(2) The period of such service transferred or purchased pursuant to paragraph one of this subdivision shall be deemed to be service in the police force for purposes of eligibility for benefits and to determine the amounts of benefits under the police pension fund.

(3) Any member of the police pension fund, subchapter two of this chapter, who acquires service credit by reason of the provisions of this subdivision shall be entitled to all rights benefits and privileges to which he or she would have been entitled had his or her current membership begun upon appointment as a New York city police department cadet, as well as any other right, benefit or entitlement of a similarly situated member of such pension fund with equal total service credit consisting only of service in the uniformed force of the police department.

§ 2. This act shall take effect immediately.

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

We have estimated the impact of the Cadet Bill, a copy of which is attached, on the projected employer contributions. The table below summarizes the resulting contributions by year.

(in millions)

Year	Annual Cost
2020	7.0
2021	7.3
2022	7.6
2023	7.9
2024	8.2

These estimates are based on headcounts, as summarized below:

Year	Open Competitive	Promotional
2009	5	180
2010	3	164
2011	1	68
2012	1	52
2013	0	35
2014	2	14
2015	5	73
2016 (partial year)	2	22

For the sake of projection, we assumed that from 2018 to 2022 (the time period that impacts costs from 2020 to 2024), we would continue to see cadets enter the plan with past service. We assumed for each year that 2 cadets would enter as Open Competitive hires and 50 cadets would enter through Promotional hire channels.

We also assumed that Promotional hires would enter with 1.25 years of past service on average and Open Competitive hires would have 0.83 years of service, which is 2/3 of the amount of the Promotional hires. In addition, we had to make assumptions about the Tier Reinstatement Rates, as summarized in the table on the following page:

Year	Tier Reinstatement Percentage	Resulting Tier

2009	100%	All Tier Reinstate to Tier 2
2010	100%	All Tier Reinstate to Tier 2
2011	50%	50% Tier Reinstate to Tier 2 (7/1/2009 change date)
2012	100%	All Tier Reinstate to Tier 3 Original
2013	100%	All Tier Reinstate to Tier 3 Original
2014	25%	25% Tier Reinstate to Tier 3 Original (4/1/2012 change date)
2015+	0%	Tier 3 Enhanced

Regarding Tier Reinstatement, we assumed that all Tier 3 Original and Tier 3 Revised elected the Enhanced Benefits when the disability legislation was put into place in 2017. Therefore, when reinstatement occurs, they will retain the election of the Enhanced benefits.

The assumptions used in this analysis were those released by the New York City Office of the Actuary on January 2, 2019 in the "Proposed Changes in Actuarial Assumptions and Methods Used in Determining Employer Contributions for Fiscal Years Beginning on and After July 1, 2018 for the New York City Police Pension Fund" document, and subsequently approved by the Police Pension Fund's Board on March 6, 2019. The data used to determine the cost was provided by the Police Pension Fund and was a snapshot of the active plan participants as of July 1, 2018.

This fiscal note, dated April 4, 2019, is intended only for use in the 2019 Legislative Session.

The source of this fiscal note is Heidi E. Andorfer, FSA, EA, MAAA, Foster & Foster, Actuaries and Consultants, who is familiar with the immediate and long-term aspects of pension calculations and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein.