STATE OF NEW YORK

7040--A

2021-2022 Regular Sessions

IN ASSEMBLY

April 21, 2021

Introduced by M. of A. ABBATE -- read once and referred to the Committee on Governmental Employees -- recommitted to the Committee on Governmental Employees in accordance with Assembly Rule 3, sec. 2 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the retirement and social security law, in relation to a child care leave credit for New York city uniformed correction officers who are members of the New York city uniformed correction/sanitation revised plan

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

Section 1. Subdivision h of section 513 of the retirement and social security law, as amended by chapter 18 of the laws of 2012, is amended to read as follows:

h. Notwithstanding any other provision of this section, any general member in the uniformed correction force of the New York city department of correction **and any member of the uniformed force of the New York city department of correction who is a New York city uniformed correction/sanitation revised plan member,** who is absent without pay for a child care leave of absence pursuant to regulations of the New York city department of correction shall be eligible for credit for such period of child care leave provided such member files a claim for such service credit with the retirement system by December thirty-first, two thousand five or within ninety days of the termination of the child care leave, whichever is later, and contributes to the retirement system an amount which such member would have contributed during the period of such child care leave, together with interest thereon. Service credit provided pursuant to this subdivision shall not exceed one year of credit for each period of authorized child care leave. In the event there is a conflict between the provisions of this subdivision and the provisions of any other law or code to the contrary, the provisions of this subdi-

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

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vision shall govern[~~, provided, however, that the provisions of this subdivision shall not apply to a member of the uniformed force of the New York city department of correction who is a New York city uniformed correction/sanitation revised plan member~~].

§ 2. This act shall take effect immediately.

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

SUMMARY OF BILL: This proposed legislation would amend Section 513 of the Retirement and Social Security Law (RSSL) to permit Correction members in the Tier 3 Revised or Enhanced plans of the New York City Employees' Retirement System (NYCERS) to apply for and purchase up to one year of service credit for each period of authorized unpaid child care leave.

Effective Date: Upon enactment.

BACKGROUND: Currently, provisions permitting Correction members to purchase service credit for the time spent while on authorized unpaid child care leave do not apply to Correction members in the Tier 3 Revised or Enhanced plans of NYCERS.

Under the proposed legislation, if enacted, Correction members in the Tier 3 Revised or Enhanced plans of NYCERS who take authorized unpaid child care leave would be eligible to apply for the purchase of service credit for the period of leave within 90 days of the termination of such leave. To purchase such leave, members must contribute to NYCERS the amount which would have been contributed during the period of such child care leave, including interest. The maximum service credit that can be purchased for each period of authorized child care leave is one year.

FINANCIAL IMPACT - PRESENT VALUES: Based on the anticipated number of members purchasing service and the assumed amount of service they purchase each year, as well as the actuarial assumptions and methods described herein, the enactment of this proposed legislation would increase the Present Value of Future Benefits by approximately $92,000 each year, and increase the Present Value of member contributions by approximately $5,200 each year after taking into account the member cost of the buyback. The net result is an increase in the Present Value of future employer contributions of approximately $86,800 each year.

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

Since employer contributions to NYCERS generally do not anticipate future purchases of service by members, 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 Present Value of future employer contributions will be financed over the same time period used for actuarial losses in accordance with Section 13-638.2(k-2) of the Administrative Code of the City of New York. Using this approach, the additional Present Value of future employer contributions would be amortized over a closed 15-year period (14 payments under the One-Year Lag Methodology) using level dollar payments.

The enactment of this proposed legislation is estimated to increase annual employer contributions by approximately $10,300 each year. With respect to the timing, increases in employer contributions would depend upon when members apply for and purchase the service. Generally, increased employer contributions will first occur the second fiscal year following processing and payment of the buyback application.

CONTRIBUTION TIMING: For the purposes of this Fiscal Note, it is assumed that the changes in the Present Value of future employer contributions and annual employer contributions would be reflected for the first time in the June 30, 2023 actuarial valuation of NYCERS. In accordance with the OYLM used to determine employer contributions, the increase in employer contributions would first be reflected in Fiscal Year 2025.

CENSUS DATA: The estimates presented herein are based on the census data for Corrections used in the Preliminary June 30, 2021 (Lag) actuarial valuation of NYCERS to determine the Preliminary Fiscal Year 2023 employer contributions.

There are currently 3,720 Correction members in Tier 3 revised or enhanced plans who could immediately benefit from the proposed legislation. To better reflect the future impact of the proposed legislation, it was assumed that the population of the Correction workforce would eventually consist entirely of Tier 3 enhanced members with the same characteristics as the current population of Correction members who would benefit from the proposed legislation. These characteristics include a total of 7,850 (out of 8,054) who have less than 25 years of service and therefore could potentially benefit from the proposed legislation, with an average age of approximately 40.7 years, an average service of approximately 10.2 years, and an average salary of approximately $108,100.

ACTUARIAL ASSUMPTIONS AND METHODS: The changes in the Present Value of future employer contributions and annual employer contributions presented herein have been calculated based on the actuarial assumptions and methods in effect for the Preliminary June 30, 2021 (Lag) actuarial valuations used to determine the Preliminary Fiscal Year 2023 employer contributions of NYCERS.

Supplemental data for child care leave service purchased by Correction Tiers 1, 2, and original Tier 3 members was provided by NYCERS. Based on this data, an average frequency of four purchases per year was assumed and an average of nine months of credited service was assumed for each purchase.

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 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:

o The initial, additional administrative costs of NYCERS and other New York City agencies to implement the proposed legislation.

o The impact of this proposed legislation on Other Postemployment Benefit costs.

STATEMENT OF ACTUARIAL OPINION: I, Michael J. Samet, am the Interim Chief Actuary for, and independent of, the New York City Retirement Systems and Pension Funds. I am a Fellow of the Society of Actuaries and a Member of the American Academy of 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 2022-43 dated May 5, 2022 was prepared by the Interim Chief Actuary for the New York City EmployeesÆ Retirement System. This estimate is intended for use only during the 2022 Legislative Session.