STATE OF NEW YORK

7464

2021-2022 Regular Sessions

IN ASSEMBLY

May 10, 2021

Introduced by M. of A. ABBATE -- read once and referred to the Committee on Governmental Employees

AN ACT to amend the administrative code of the city of New York, in relation to membership in the New York city teachers' retirement system

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

Section 1. Paragraph (a) of subdivision 7 of section 13-501 of the administrative code of the city of New York, as amended by chapter 650 of the laws of 1990, is amended to read as follows:

(a) "Teacher" shall mean the superintendent of schools, the associate superintendents, the assistant superintendents, the director and the assistant director of the divisions of reference and research, the director and the assistant directors of the bureau of compulsory education, school census and child welfare, attendance teachers and specially certificated attendance officers who are first employed by the New York city board of education on or after September first, nineteen hundred sixty-eight, attendance teachers and specially certificated attendance officers who were members of the New York city board of education retirement system and who, on or before December thirty-first, nineteen hundred sixty-nine, gave notice to said board of education retirement system of their intention to transfer to the New York city teachers' retirement system, the director of attendance, assistant director of attendance, chief attendance officer, division supervising attendance officers and district supervising attendance officers of the bureau of compulsory education, school census and child welfare, supervisors of school social workers who are first employed by the New York city board of education on or after September first, nineteen hundred sixty-nine or who were members of the New York city board of education retirement system and who on or before December thirty-first, nineteen hundred seventy, gave notice to the said board of education retirement system of

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

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their intention to transfer to the New York city teachers' retirement system, the members of the board of examiners, the directors and the assistant directors of special branches, the supervisor and assistant supervisors of lectures, all principals, vice-principals, assistants-to-principals, heads of departments, and all regular and special teachers of the public day schools of the city, and all employees of the board of education appointed to regular positions in the service of the public schools at annual salaries and whose appointments were made or shall be made from eligible lists prepared as the result of examinations held by the board of examiners or from hiring lists established by the chancellor of the board of education, as the case may be, and all employees employed by the board of education in the titles of teacher aide, educational assistant, educational associate, auxiliary trainer[~~,~~] **or** bilingual professional assistant[~~, family worker, family assistant, family associate, parent program assistant, who file an application for membership in the retirement association on a form supplied by the retirement board~~].

§ 2. This act shall take effect immediately.

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

SUMMARY OF BILL: This proposed legislation would amend paragraph (a) of subdivision 7 of Section 13-501 of the Administrative Code of the City of New York to eliminate the requirement that certain titles file an application to become members of the New York City Teachers' Retirement System (TRS).

Under current law, individuals in the title of teacher aide, educational assistant, educational associate, auxiliary trainer, bilingual professional assistant, family worker, family assistant, family associate, and parent program assistant (collectively, paraprofessionals) have the option of joining TRS by filing an application for membership.

The proposed legislation would make TRS membership for certain paraprofessionals (teacher aide, educational assistant, educational associate, auxiliary trainer, and bilingual professional assistant) mandatory, and would render the titles of family worker, family assistant, family associate, and parent program assistant ineligible to join TRS. For purposes of this Fiscal Note, it is assumed that the titles rendered ineligible for TRS membership would remain eligible for elective participation with the New York City Board of Education Retirement System, and therefore would not generate additional costs for the retirement systems.

Effective Date: Upon enactment.

FINANCIAL IMPACT - ANNUAL EMPLOYER CONTRIBUTIONS: If enacted into law, the ultimate employer cost for this proposed legislation would be based on the number, ages, years of service, and salary of those paraprofessionals that would otherwise not have elected to become members of TRS.

Based on these assumptions and other actuarial assumptions, data, and methods described herein, the enactment of this proposed legislation would increase annual employer contributions as follows:

	Paraprofessional Count	Estimated First Year Annual Employer Contribution ($ Millions)
Estimate of Paraprofessionals who would be mandated into		

TRS and otherwise would not have joined	1,500	$ 4.6
Estimate of Paraprofessionals whose membership is being accelerated into TRS	1,800	4.9
Total	3,300	$9.5

These employer contribution amounts are representative of the annual employer contribution amounts for each future year if paraprofessional member participation numbers and demographic characteristics do not significantly change.

CONTRIBUTION TIMING: For the purposes of this Fiscal Note, it is assumed that the changes in the annual employer contributions would be reflected for the first time in the June 30, 2021 actuarial valuation of TRS. In accordance with the One-Year Lag Methodology (OYLM) used to determine employer contributions, the increase in employer contributions would first be reflected in Fiscal Year 2023.

CENSUS DATA: The estimates presented herein are based on payroll data provided by the Office of Payroll Administration (OPA) and Financial Information Services Agency (FISA) as of June 30, 2020. The census data used in the Preliminary June 30, 2020 (Lag) actuarial valuations of the New York City Retirement Systems and Pension Funds was used to identify the paraprofessionals contained in the file provided by OPA and FISA who are not currently members and would be mandated into TRS by the proposed legislation.

The approximate 3,300 identified paraprofessionals as of June 30, 2020 had an average age of approximately 35.1 years, and an average salary of approximately $34,500.

ACTUARIAL ASSUMPTIONS AND METHODS: The additional 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 TRS.

Based on the census data above, as well as historical records, additional assumptions were developed for purposes of this Fiscal Note to estimate future participation rates for paraprofessionals who are not currently members. Of the approximate 3,300 paraprofessionals identified, it was estimated that approximately 1,500 paraprofessionals who would not have otherwise joined TRS, would be mandated into TRS membership if this proposed legislation is enacted. The remaining 1,800 paraprofessionals were assumed to have become members of TRS at some point in their careers even absent the proposed legislation.

The Actuary is proposing a set of changes for use in the June 30, 2019 (Lag) actuarial valuations of TRS to determine the Final Fiscal Year 2021 Employer Contributions (2021 A&M). If the 2021 A&M is enacted, it is estimated that it would produce increases in the annual employer contributions that are approximately 2% larger than the results shown above.

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 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 meth-

ods 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 of TRS and other New York City agencies to implement the proposed legislation.

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

* The cost of potential Tax-Deferred Annuity (TDA) plan participation and benefits.

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 2021-25 dated May 5, 2021 was prepared by the Chief Actuary for the New York City Teachers' Retirement System. This estimate is intended for use only during the 2021 Legislative Session.