

# STATE OF NEW YORK

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5884

2021-2022 Regular Sessions

## IN ASSEMBLY

March 1, 2021

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Introduced by M. of A. BUTTENSCHON, RAMOS, McDONOUGH -- read once and referred to the Committee on Governmental Employees

AN ACT in relation to enabling public employers to offer certain temporary retirement incentives for certain public employees

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

1 Section 1. Legislative findings. The legislature finds and declares  
2 that the state is experiencing economic difficulties and in order to  
3 avoid layoffs of public employees, a retirement incentive is necessary.  
4 However, nothing in this act shall be construed to create an expectation  
5 of a future or continuing retirement benefit for any public employee who  
6 is not eligible to receive and qualify for the retirement benefits in  
7 this act during the applicable time periods.

8 § 2. Definitions. For purposes of this act, the following terms shall  
9 have the following meanings:

10 (a) "Retirement system" means the New York state and local employees'  
11 retirement system, the New York state teachers' retirement system, the  
12 New York city teachers' retirement system, the New York city board of  
13 education retirement system or the New York city employees' retirement  
14 system, exclusive of the retirement plans established pursuant to  
15 sections 13-156 and 13-157 of the administrative code of the city of New  
16 York.

17 (b) "State employer" means:

18 (1) the executive branch of the state;

19 (2) the state-operated institutions of the state university of New  
20 York;

21 (3) the statutory and contract colleges operated pursuant to section  
22 357 of the education law;

23 (4) the state university construction fund (hereinafter referred to in  
24 this act as the "fund");

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

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1 (5) a cooperative extension association (hereinafter referred to in  
2 this act as the "association");

3 (6) the city university of New York as defined in subdivision 2 of  
4 section 6202 of the education law;

5 (7) the unified court system;

6 (8) the senate;

7 (9) the assembly; and

8 (10) joint legislative employers.

9 (c) "Participating employer" means an employer, other than a state  
10 employer, which participates in a retirement system. Such term shall  
11 include a community college operating under the program of state univer-  
12 sity of New York.

13 (d) "Educational employer" means a participating employer which is a  
14 school district, a board of cooperative educational services, a voca-  
15 tional education and extension board, an institution for the instruction  
16 of the deaf and of the blind pursuant to section 4201 of the education  
17 law, or a school district pursuant to section 1 of chapter 566 of the  
18 laws of 1967, as amended.

19 (e) (1) "Eligible employee" means a person who is a member of a  
20 retirement system who is an employee in the executive branch of a state  
21 employer or an employee of a state employer or a participating employer  
22 who has attained fifty years of age and has at least twenty-five years  
23 of creditable service or has attained fifty-five years of age and has at  
24 least ten years of creditable service in a retirement system, but such  
25 term shall not include the following persons:

26 (i) elected officials, judges or justices appointed to or serving in a  
27 court of record and acting village justices;

28 (ii) chief administrative officers of participating employers which  
29 participate in a teachers' retirement system;

30 (iii) officers described in sections 4, 41-a, 46, 61, 70, 70-a, 169  
31 (including those officers whose salary is established pursuant to salary  
32 plans described in subdivision 3 of section 169), 180 and subdivision 1  
33 of section 41 of the executive law and any agency or department head  
34 appointed by the governor, comptroller or attorney general;

35 (iv) appointed members of boards or commissions, any of whose members  
36 are appointed by the governor or by another state officer or body;

37 (v) nonjudicial officers and employees of the unified court system,  
38 unless the chief administrator of the courts elects as provided herein,  
39 which election shall cover only nonjudicial officers and employees hold-  
40 ing positions in any title in the classified service of the unified  
41 court system;

42 (vi) officers or employees of the senate unless the senate adopts a  
43 resolution authorizing the temporary president to file the election as  
44 provided in this subdivision;

45 (vii) officers or employees of the assembly unless the assembly adopts  
46 a resolution authorizing the speaker of the assembly to file the  
47 election as provided in this subdivision; and

48 (viii) officers or employees of joint legislative employers unless:

49 a. with respect to officers or employees of the legislative library,  
50 legislative messenger service, legislative health service, legislative  
51 ethics committee, the legislative bill drafting commission, and the  
52 joint line of the legislative task force on demographic research and  
53 reapportionment, the senate and assembly adopt a concurrent resolution  
54 authorizing the temporary president of the senate and the speaker of the  
55 assembly to jointly file an election as provided in this subdivision;

b. with respect to officers or employees of components of the senate as identified pursuant to section 90 of the legislative law, the senate adopts a resolution authorizing the temporary president to file an election for officers or employees of those components designated in such resolution; and

c. with respect to officers or employees of components of the assembly as identified pursuant to section 90 of the legislative law, the assembly adopts a resolution authorizing the speaker of the assembly to file an election for officers or employees of those components designated in such resolution.

(2) Any election under subparagraphs (v) through (viii) of paragraph one of this subdivision to make available the retirement incentive provided by this act shall be in writing and filed with the state comptroller not later than ninety days after the effective date of this act. Notwithstanding any other provision of this act, each such filing shall specify the commencement date of the open period.

(3) For the purposes of paragraph (vi), (vii) or (viii) of paragraph one of this subdivision, an employee of the legislature shall be as such term is defined in section 7-a, 7-b or 7-d of the legislative law or by any other provision of law which classifies employees of an entity to be legislative employees for all purposes, but shall not include senators or members of the assembly. The term "joint legislative employer" shall mean legislative commissions, committees, task forces, councils or similar bodies whose membership is comprised of both senators and assembly members, or which consist of commissioners, or the majority of whose membership is appointed by one or more of the following: the temporary president of the senate, the speaker of the assembly, the minority leader of the senate, and/or the minority leader of the assembly. The temporary president of the senate and the speaker of the assembly shall be the joint legislative employer of the employees of the legislature referred to in sections 7-a and 7-b of the legislative law.

(f) "College faculty" means an employee, not in the classified service, of a state employer described in paragraphs 2, 3, 4, 5 and 6 of subdivision (b) of this section or of a community college who is a member of a teachers' retirement system, or the New York state and local employees' retirement system.

(g) "Active service" means service while being paid on the payroll, provided that:

(1) a leave of absence with pay shall be deemed active service;

(2) other approved leave without pay not to exceed twelve weeks from February 1, 2021 and the commencement of the designated open period; and

(3) the period of time subsequent to the June 2021 school term and on or before August 31, 2021 for a teacher (or other employee employed on a school-year basis) who is otherwise in active service on the effective date of this act shall be deemed active service.

(h) "Open period" means the period beginning with the commencement date as defined in subdivision (i) of this section and shall be ninety days in length, provided however that there shall be only one such open period and any such period shall not extend beyond September 30, 2021 for a state employer and December 31, 2021 for a participating employer. For educational employers who make election after July 15, 2021, the open period shall begin immediately after such election, and shall not extend beyond October 15, 2021. For the purposes of retirement pursuant to this act, a service retirement application shall be filed with the appropriate retirement system not less than fourteen days prior to the

1 effective date of retirement to become effective, unless a shorter peri-  
2 od of time is permitted under law.

3 (i) "Commencement date" means the first day the retirement benefit  
4 mandated by this act shall be made available, which shall mean a date or  
5 dates on or after the effective date of this act to be determined by the  
6 director of state operations for the executive branch of the state, or  
7 for any other state employer or any participating employer which elects  
8 to participate pursuant to section four of this act, a date on or after  
9 the effective date of this act, provided, however, that for an educa-  
10 tional employer which elects to participate pursuant to subdivision (d)  
11 of this section, the commencement date shall be July 15, 2021 or imme-  
12 diately after election of the retirement incentive for educational  
13 employers who elect after July 15, 2021 and provided, further that for  
14 participating employers which elect to participate pursuant to section  
15 four of this act, except the city of New York and participating employ-  
16 ers which are not empowered to act by local law, the commencement date  
17 shall be November 1, 2021. The director of state operations shall notify  
18 the head of the appropriate retirement system of the date of the open  
19 period applicable to employees of the executive branch or of a state  
20 employer prior to the commencement date.

21 § 3. (a) A state employer which elects to participate pursuant to  
22 section four of this act, a participating employer which is not  
23 empowered to act by local law which elects to participate pursuant to  
24 section four of this act, or the city of New York, if it elects to  
25 participate pursuant to section four of this act shall establish a  
26 commencement date for the retirement benefit established under section  
27 six of this act in the following manner:

28 (1) for the executive branch, the director of state operations shall  
29 establish the commencement date in writing to the appropriate retirement  
30 system;

31 (2) for state employers described in paragraphs 2, 3, 4, 5 and 6 of  
32 subdivision (b) of section two of this act and participating employers  
33 that are not empowered to act by local law, its governing body shall  
34 adopt a resolution establishing a commencement date;

35 (3) for state employers described in paragraphs 7, 8, 9 and 10 of  
36 subdivision (b) of section two of this act, the person or persons who  
37 make the election to offer the retirement incentive shall establish a  
38 commencement date in writing to the appropriate retirement system; and

39 (4) for the city of New York, the chief executive officer shall issue  
40 an executive order establishing the commencement date, provided, howev-  
41 er, no executive order, in the case of the city of New York issued  
42 pursuant to this section, shall in any manner supersede any local char-  
43 ter. A copy of any such resolution or executive order in the case of  
44 the city of New York establishing a commencement date shall be filed  
45 with the appropriate retirement system or systems, and, if applicable,  
46 on forms provided by such system. The resolution or executive order in  
47 the case of the city of New York shall be accompanied by the affidavit  
48 of the chief executive officer or other comparable official certifying  
49 the commencement date.

50 (b) A state employer, participating employer which is not empowered to  
51 act by local law which elects to participate pursuant to section four of  
52 this act, or the city of New York if it elects to participate pursuant  
53 to section four of this act shall be required to establish a commence-  
54 ment date under subdivision (a) of this section for the retirement bene-  
55 fit established under section six of this act. In the event that a state  
56 employer, a participating employer which is not empowered to act by

1 local law which elects to participate pursuant to section four of this  
2 act, or the city of New York if it elects to participate pursuant to  
3 section four of this act fails to establish a commencement date for the  
4 retirement benefit established under section six of this act, the  
5 commencement date for the eligible employees of a state employer shall  
6 be July 15, 2021. The commencement date for the eligible employees of  
7 all other employers referenced in this subdivision shall be September 1,  
8 2021.

9 § 4. On or before September 1, 2021, a participating employer or a  
10 state employer described in paragraphs 2, 3, 4, 5 and 6 of subdivision  
11 (b) of section two of this act may elect to provide its employees the  
12 retirement incentive authorized by this act by:

13 (a) the enactment of a local law; or

14 (b) in the case of a participating employer which is not so empowered  
15 to act by local law or a state employer described in paragraphs 2, 3, 4,  
16 5 and 6 of subdivision (b) of section two of this act, by the adoption  
17 of a resolution of its governing body, provided however, no local law or  
18 resolution enacted pursuant to this section shall in any manner super-  
19 sede any local charter, provided further, that for an educational  
20 employer such election shall be made thirty days after the effective  
21 date of this act. For a community college operating under the program  
22 of state university of New York, such election shall be made by the  
23 board of trustees of such community college subject to the approval of  
24 its sponsor. A copy of such law or resolution shall be filed with the  
25 appropriate retirement system or systems, and, if applicable, on forms  
26 provided by such system. The local law or resolution shall be accompa-  
27 nied by the affidavit of the chief executive officer or other comparable  
28 official certifying the validity of such local law or resolution. The  
29 executive branch of the state shall be deemed to have made an election  
30 under this section upon its enactment.

31 § 5. Notwithstanding any other provision of law, any eligible employee  
32 who has been continuously in the active service of a state employer or  
33 of a participating employer from February 1, 2021 to the date immediate-  
34 ly prior to the commencement date of the applicable open period, files  
35 an application for service retirement that is effective during the open  
36 period, and is eligible for a service retirement pursuant to this act  
37 because he or she has attained the age of fifty and has at least twenty-  
38 five years of creditable service or has attained the age of fifty-  
39 five and has at least ten years of creditable service, as of the effec-  
40 tive date of the application for retirement shall be entitled to the  
41 retirement benefit provided in section six of this act.

42 § 6. (a) Notwithstanding any other provision of law, an eligible  
43 employee who is a member of a retirement system and who is entitled to a  
44 retirement benefit pursuant to section five of this act may retire  
45 during the open period without the reduction of his or her retirement  
46 benefit that would otherwise be imposed by article 11 or 15 of the  
47 retirement and social security law if he or she has attained the age of  
48 fifty and has completed at least twenty-five years of creditable service  
49 or has attained the age of fifty-five and has completed at least ten  
50 years of creditable service. An eligible employee who is covered by the  
51 provisions of articles 11 and 15 of the retirement and social security  
52 law shall retire under the provisions of articles 11 and 15 of the  
53 retirement and social security law.

54 (b) The director of state operations, the chief executive officer of  
55 the city of New York, or chief executive officer or governing board, as  
56 appropriate, of the participating employer may deny participation in the

1 retirement benefit provided by subdivision (a) of this section if the  
2 director of state operations, the chief executive officer of New York  
3 city or the chief executive officer or governing board of the partic-  
4 ipating employer makes a determination that the employee holds a posi-  
5 tion that is deemed critical to the maintenance of public health and  
6 safety.

7 (c) The action of the director of state operations, the chief execu-  
8 tive officer of the city of New York, or chief executive officer or  
9 governing board, as appropriate, of the participating employer in deny-  
10 ing the retirement benefit provided for in subdivision (a) of this  
11 section to any individual shall be subject to review in the manner  
12 provided for in article 78 of the civil practice law and rules. Such  
13 action for review pursuant to article 78 of the civil practice law and  
14 rules shall only be commenced by the individual that was denied the  
15 retirement benefit provided by subdivision (a) of this section.

16 (d) After making any such determination under subdivision (b) of this  
17 section, the director of state operations, the chief executive officer  
18 of the city of New York and the chief executive officer or governing  
19 board, as appropriate, of the participating employer shall notify the  
20 appropriate retirement system or teachers' retirement system of its  
21 determination.

22 § 7. The pension benefit costs of section six of this act shall be  
23 paid by employers as provided by applicable law for each retirement  
24 system covered by this act over a period not to exceed five years  
25 commencing in the state fiscal year ending March 31, 2023.

26 § 8. Severability clause. If any clause, sentence, paragraph, subdivi-  
27 sion, section or part of this act shall be adjudged by any court of  
28 competent jurisdiction to be invalid, such judgment shall not affect,  
29 impair, or invalidate the remainder thereof, but shall be confined in  
30 its operation to the clause, sentence, paragraph, subdivision, section  
31 or part thereof directly involved in the controversy in which such judg-  
32 ment shall have been rendered. It is hereby declared to be the intent of  
33 the legislature that this act would have been enacted even if such  
34 invalid provisions had not been included herein.

35 § 9. This act shall take effect immediately.

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

This bill would allow retirement at age 50 for certain members of the New York State and Local Employees' Retirement System, New York State Teachers Retirement System, New York City Teachers Retirement System, New York City Board of Education and the New York City Employees' Retirement System who have accrued at least 25 years of creditable service. It would also eliminate the early retirement reductions for members who have attained age 55 and have accrued at least 10 years of creditable service.

The exact number of members who would be affected by this cannot be readily determined.

If this bill is enacted during the 2021 legislative session, the additional cost for each member who receives these benefits will vary depending on the member's age, years of service, plans and final average salary. Eliminating the early age reductions for members retiring after attaining age 55 with at least 10 years of service credit is estimated to cost (on average for the group) 160% of the member's final average salary. Extending retirement eligibility to members who have attained age 50 with at least 25 years of service credit is estimated to cost (on average for the group) 160% of the member's final average salary. The

estimated costs are identical. The final costs will be borne by each employer electing the incentive.

Summary of relevant resources:

Membership data as of March 31, 2020 was used in measuring the impact of the proposed change, the same data used in the April 1, 2020 actuarial valuation. Distributions and other statistics can be found in the 2020 Report of the Actuary and the 2020 Comprehensive Annual Financial Report.

The actuarial assumptions and methods used are described in the 2020 Annual Report to the Comptroller on Actuarial Assumptions, and the Codes, Rules and Regulations of the State of New York: Audit and Control.

The Market Assets and GASB Disclosures are found in the March 31, 2020 New York State and Local Retirement System Financial Statements and Supplementary Information.

I am a member of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

This fiscal note does not constitute a legal opinion on the viability of the proposed change nor is it intended to serve as a substitute for the professional judgment of an attorney.

This estimate, dated February 9, 2021, and intended for use only during the 2021 Legislative Session, is Fiscal Note No. 2021-32, prepared by the Actuary for the New York State and Local Retirement System.