STATE OF NEW YORK

5209

2023-2024 Regular Sessions

IN ASSEMBLY

March 6, 2023

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

AN ACT to amend the retirement and social security law and the education law, in relation to member contribution per centum increases

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

Section 1. Paragraphs 1, 2, 3, 4 and 5 of subdivision a of section 517 of the retirement and social security law, as added by chapter 18 of the laws of 2012, are amended to read as follows:

1. members with wages of forty-five thousand dollars per annum or less shall contribute three per centum of annual wages**. On April one, two thousand twenty-four, members with wages of fifty thousand dollars per annum or less shall contribute three per centum of annual wages, and beginning on April one, two thousand twenty-five, the wages in this subparagraph shall be increased by the annual inflation, as determined from the increase in the consumer price index in the one year period ending on December thirty-first of the year prior. Said percentage shall then be rounded up to the next higher one-tenth of one percent and shall not exceed three percent**;

2. members with wages greater than forty-five thousand per annum, but not more than fifty-five thousand per annum shall contribute three and one-half per centum of annual wages**. On April one, two thousand twenty-four, members with wages greater than fifty thousand per annum, but not more than sixty thousand per annum shall contribute three and one-half per centum of annual wages, and beginning on April one, two thousand twenty-five, the wages in this subparagraph shall be increased by the annual inflation, as determined from the increase in the consumer price index in the one year period ending on December thirty-first of the year prior. Said percentage shall then be rounded up to the next higher one-tenth of one percent and shall not exceed three percent**;

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

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3. members with wages greater than fifty-five thousand per annum, but not more than seventy-five thousand per annum shall contribute four and one-half per centum of annual wages. On April one, two thousand twenty-four, members with wages greater than sixty thousand per annum, but not more than eighty thousand per annum shall contribute four and one-half per centum of annual wages, and beginning on April one, two thousand twenty-five, the wages in this subparagraph shall be increased by the annual inflation, as determined from the increase in the consumer price index in the one year period ending on December thirty-first of the year prior. Said percentage shall then be rounded up to the next higher one-tenth of one percent and shall not exceed three percent;

4. members with wages greater than seventy-five thousand per annum but not more than one hundred thousand per annum shall contribute five and three-quarters per centum of annual wages. On April one, two thousand twenty-four, members with wages greater than eighty thousand dollars per annum but not more than one hundred five thousand dollars per annum shall contribute five and three-quarters per centum of annual wages, and beginning on April one, two thousand twenty-five, the wages in this subparagraph shall be increased by the annual inflation, as determined from the increase in the consumer price index in the one year period ending on December thirty-first of the year prior. Said percentage shall then be rounded up to the next higher one-tenth of one percent and shall not exceed three percent; and

5. members with wages greater than one hundred thousand per annum shall contribute six per centum of annual wages. On April one, two thousand twenty-four, members with wages greater than one hundred five thousand dollars per annum shall contribute six per centum of annual wages, and beginning on April one, two thousand twenty-five, the wages in this subparagraph shall be increased by the annual inflation, as determined from the increase in the consumer price index in the one year period ending on December thirty-first of the year prior. Said percentage shall then be rounded up to the next higher one-tenth of one percent and shall not exceed three percent.

§ 2. Subparagraphs (i), (ii), (iii), (iv) and (v) of paragraph 1 of subdivision a, subparagraphs (i), (ii), (iii), (iv) and (v) of paragraph 2 of subdivision a, paragraphs 1, 2, 3, 4 and 5 of subdivision f and paragraphs 1, 2, 3, 4 and 5 of subdivision g of section 613 of the retirement and social security law, subparagraphs (i), (ii), (iii), (iv) and (v) of paragraph 1 and subparagraphs (i), (ii), (iii), (iv) and (v) of paragraph 2 of subdivision a as amended by chapter 510 of the laws of 2015 and paragraphs 1, 2, 3, 4 and 5 of subdivision f and paragraphs 1, 2, 3, 4 and 5 of subdivision g as added by chapter 18 of the laws of 2012, are amended to read as follows:

(i) members with wages of forty-five thousand dollars per annum or less shall contribute three per centum of annual wages. On April one, two thousand twenty-four, members with wages of fifty thousand dollars per annum or less shall contribute three per centum of annual wages, and beginning on April one, two thousand twenty-five, the wages in this subparagraph shall be increased by the annual inflation, as determined from the increase in the consumer price index in the one year period ending on December thirty-first of the year prior. Said percentage shall then be rounded up to the next higher one-tenth of one percent and shall not exceed three percent;

(ii) members with wages greater than forty-five thousand per annum, but not more than fifty-five thousand per annum shall contribute three and one-half per centum of annual wages. On April one, two thousand

twenty-four, members with wages greater than fifty thousand per annum, but not more than of sixty thousand per annum shall contribute three and one-half per centum of annual wages, and beginning on April one, two thousand twenty-five, the wages in this subparagraph shall be increased by the annual inflation, as determined from the increase in the consumer price index in the one year period ending on December thirty-first of the year prior. Said percentage shall then be rounded up to the next higher one-tenth of one percent and shall not exceed three percent;

(iii) members with wages greater than fifty-five thousand per annum, but not more than seventy-five thousand per annum shall contribute four and one-half per centum of annual wages. On April one, two thousand twenty-four, members with wages greater than sixty thousand per annum, but not more than eighty thousand per annum shall contribute four and one-half per centum of annual wages, and beginning on April one, two thousand twenty-five, the wages in this subparagraph shall be increased by the annual inflation, as determined from the increase in the consumer price index in the one year period ending on December thirty-first of the year prior. Said percentage shall then be rounded up to the next higher one-tenth of one percent and shall not exceed three percent;

(iv) members with wages greater than seventy-five thousand per annum but not more than one hundred thousand per annum shall contribute five and three-quarters per centum of annual wages. On April one, two thousand twenty-four, members with wages greater than eighty thousand dollars per annum but not more than one hundred five thousand dollars per annum shall contribute five and three-quarters per centum of annual wages, and beginning on April one, two thousand twenty-five, the wages in this subparagraph shall be increased by the annual inflation, as determined from the increase in the consumer price index in the one year period ending on December thirty-first of the year prior. Said percentage shall then be rounded up to the next higher one-tenth of one percent and shall not exceed three percent; and

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5. members with wages greater than one hundred thousand per annum shall contribute six per centum of annual wages. On April one, two thousand twenty-four, members with wages greater than one hundred five thousand dollars per annum shall contribute six per centum of annual wages, and beginning on April one, two thousand twenty-five, the wages in this subparagraph shall be increased by the annual inflation, as determined from the increase in the consumer price index in the one year period ending on December thirty-first of the year prior. Said percentage shall then be rounded up to the next higher one-tenth of one percent and shall not exceed three percent.

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2. members with wages greater than forty-five thousand per annum, but not more than fifty-five thousand per annum shall contribute three and one-half per centum of annual wages. On April one, two thousand twenty-four, members with wages greater than fifty thousand per annum, but not more than of sixty thousand per annum shall contribute three and one-half per centum of annual wages, and beginning on April one, two thousand twenty-five, the wages in this subparagraph shall be increased by the annual inflation, as determined from the increase in the consumer price index in the one year period ending on December thirty-first of

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§ 3. Subdivisions a, b, c, d and e of section 1204 of the retirement and social security law, as added by chapter 18 of the laws of 2012, are amended to read as follows:

a. members with wages of forty-five thousand dollars per annum or less shall contribute three per centum of annual wages. On April one, two thousand twenty-four, members with wages of fifty thousand dollars per annum or less shall contribute three per centum of annual wages, and beginning on April one, two thousand twenty-five, the wages in this subparagraph shall be increased by the annual inflation, as determined from the increase in the consumer price index in the one year period ending on December thirty-first of the year prior. Said percentage shall then be rounded up to the next higher one-tenth of one percent and shall not exceed three percent;

b. members with wages greater than forty-five thousand per annum, but not more than fifty-five thousand per annum shall contribute three and one-half per centum of annual wages. On April one, two thousand twenty-four, members with wages greater than fifty thousand per annum, but not more than of sixty thousand per annum shall contribute three and one-half per centum of annual wages, and beginning on April one, two thousand twenty-five, the wages in this subparagraph shall be increased by the annual inflation, as determined from the increase in the consumer

price index in the one year period ending on December thirty-first of the year prior. Said percentage shall then be rounded up to the next higher one-tenth of one percent and shall not exceed three percent;

c. members with wages greater than fifty-five thousand per annum, but not more than seventy-five thousand per annum shall contribute four and one-half per centum of annual wages. On April one, two thousand twenty-four, members with wages greater than sixty thousand per annum, but not more than eighty thousand per annum shall contribute four and one-half per centum of annual wages, and beginning on April one, two thousand twenty-five, the wages in this subparagraph shall be increased by the annual inflation, as determined from the increase in the consumer price index in the one year period ending on December thirty-first of the year prior. Said percentage shall then be rounded up to the next higher one-tenth of one percent and shall not exceed three percent;

d. members with wages greater than seventy-five thousand per annum but not more than one hundred thousand per annum shall contribute five and three-quarters per centum of annual wages. On April one, two thousand twenty-four, members with wages greater than eighty thousand dollars per annum but not more than one hundred five thousand dollars per annum shall contribute five and three-quarters per centum of annual wages, and beginning on April one, two thousand twenty-five, the wages in this subparagraph shall be increased by the annual inflation, as determined from the increase in the consumer price index in the one year period ending on December thirty-first of the year prior. Said percentage shall then be rounded up to the next higher one-tenth of one percent and shall not exceed three percent; and

e. members with wages greater than one hundred thousand per annum shall contribute six per centum of annual wages. On April one, two thousand twenty-four, members with wages greater than one hundred five thousand dollars per annum shall contribute six per centum of annual wages, and beginning on April one, two thousand twenty-five, the wages in this subparagraph shall be increased by the annual inflation, as determined from the increase in the consumer price index in the one year period ending on December thirty-first of the year prior. Said percentage shall then be rounded up to the next higher one-tenth of one percent and shall not exceed three percent.

§ 4. Paragraphs (a), (b), (c), (d) and (e) of subdivision 2 of section 182 of the education law, as added by chapter 18 of the laws of 2012, are amended to read as follows:

(a) members with wages of forty-five thousand dollars per annum or less shall contribute three per centum of annual wages. On April one, two thousand twenty-four, members with wages of fifty thousand dollars per annum or less shall contribute three per centum of annual wages, and beginning on April one, two thousand twenty-five, the wages in this subparagraph shall be increased by the annual inflation, as determined from the increase in the consumer price index in the one year period ending on December thirty-first of the year prior. Said percentage shall then be rounded up to the next higher one-tenth of one percent and shall not exceed three percent;

(b) members with wages greater than forty-five thousand per annum, but not more than fifty-five thousand per annum shall contribute three and one-half per centum of annual wages. On April one, two thousand twenty-four, members with wages greater than fifty thousand per annum, but not more than of sixty thousand per annum shall contribute three and one-half per centum of annual wages, and beginning on April one, two thousand twenty-five, the wages in this subparagraph shall be increased by

the annual inflation, as determined from the increase in the consumer price index in the one year period ending on December thirty-first of the year prior. Said percentage shall then be rounded up to the next higher one-tenth of one percent and shall not exceed three percent;

(c) members with wages greater than fifty-five thousand per annum, but not more than seventy-five thousand per annum shall contribute four and one-half per centum of annual wages. On April one, two thousand twenty-four, members with wages greater than sixty thousand per annum, but not more than eighty thousand per annum shall contribute four and one-half per centum of annual wages, and beginning on April one, two thousand twenty-five, the wages in this subparagraph shall be increased by the annual inflation, as determined from the increase in the consumer price index in the one year period ending on December thirty-first of the year prior. Said percentage shall then be rounded up to the next higher one-tenth of one percent and shall not exceed three percent;

(d) members with wages greater than seventy-five thousand per annum but not more than one hundred thousand per annum shall contribute five and three-quarters per centum of annual wages. On April one, two thousand twenty-four, members with wages greater than eighty thousand dollars per annum but not more than one hundred five thousand dollars per annum shall contribute five and three-quarters per centum of annual wages, and beginning on April one, two thousand twenty-five, the wages in this subparagraph shall be increased by the annual inflation, as determined from the increase in the consumer price index in the one year period ending on December thirty-first of the year prior. Said percentage shall then be rounded up to the next higher one-tenth of one percent and shall not exceed three percent; and

(e) members with wages greater than one hundred thousand per annum shall contribute six per centum of annual wages. On April one, two thousand twenty-four, members with wages greater than one hundred five thousand dollars per annum shall contribute six per centum of annual wages, and beginning on April one, two thousand twenty-five, the wages in this subparagraph shall be increased by the annual inflation, as determined from the increase in the consumer price index in the one year period ending on December thirty-first of the year prior. Said percentage shall then be rounded up to the next higher one-tenth of one percent and shall not exceed three percent.

§ 5. Subparagraphs (i), (ii), (iii), (iv) and (v) of paragraph (d) of subdivision 2 of section 392 of the education law, as added by chapter 18 of the laws of 2012, are amended to read as follows:

(i) members with wages of forty-five thousand dollars per annum or less shall contribute three per centum of annual wages. On July one, two thousand twenty-three, members with wages of fifty thousand dollars per annum or less shall contribute three per centum of annual wages, and beginning on July one, two thousand twenty-four, the wages in this subparagraph shall be increased by the annual inflation, as determined from the increase in the consumer price index in the one year period ending on December thirty-first of the year prior. Said percentage shall then be rounded up to the next higher one-tenth of one percent and shall not exceed three percent;

(ii) members with wages greater than forty-five thousand per annum, but not more than fifty-five thousand per annum shall contribute three and one-half per centum of annual wages. On July one, two thousand twenty-three, members with wages greater than fifty thousand per annum, but not more than of sixty thousand per annum shall contribute three and one-half per centum of annual wages, and beginning on July one, two

thousand twenty-four, the wages in this subparagraph shall be increased by the annual inflation, as determined from the increase in the consumer price index in the one year period ending on December thirty-first of the year prior. Said percentage shall then be rounded up to the next higher one-tenth of one percent and shall not exceed three percent;

(iii) members with wages greater than fifty-five thousand per annum, but not more than seventy-five thousand per annum shall contribute four and one-half per centum of annual wages. On July one, two thousand twenty-three, members with wages greater than sixty thousand per annum, but not more than eighty thousand per annum shall contribute four and one-half per centum of annual wages, and beginning on July one, two thousand twenty-four, the wages in this subparagraph shall be increased by the annual inflation, as determined from the increase in the consumer price index in the one year period ending on December thirty-first of the year prior. Said percentage shall then be rounded up to the next higher one-tenth of one percent and shall not exceed three percent;

(iv) members with wages greater than seventy-five thousand per annum but not more than one hundred thousand per annum shall contribute five and three-quarters per centum of annual wages. On July one, two thousand twenty-three, members with wages greater than eighty thousand dollars per annum but not more than one hundred five thousand dollars per annum shall contribute five and three-quarters per centum of annual wages, and beginning on July one, two thousand twenty-four, the wages in this subparagraph shall be increased by the annual inflation, as determined from the increase in the consumer price index in the one year period ending on December thirty-first of the year prior. Said percentage shall then be rounded up to the next higher one-tenth of one percent and shall not exceed three percent; and

(v) members with wages greater than one hundred thousand per annum shall contribute six per centum of annual wages. On July one, two thousand twenty-three, members with wages greater than one hundred five thousand dollars per annum shall contribute six per centum of annual wages, and beginning on July one, two thousand twenty-four, the wages in this subparagraph shall be increased by the annual inflation, as determined from the increase in the consumer price index in the one year period ending on December thirty-first of the year prior. Said percentage shall then be rounded up to the next higher one-tenth of one percent and shall not exceed three percent.

§ 6. Subparagraphs 1, 2, 3, 4 and 5 of paragraph (d) of subdivision 2 of section 6252 of the education law, as added by chapter 18 of the laws of 2012, are amended to read as follows:

(1) members with wages of forty-five thousand dollars per annum or less shall contribute three per centum of annual wages. On July one, two thousand twenty-three, members with wages of fifty thousand dollars per annum or less shall contribute three per centum of annual wages, and beginning on July one, two thousand twenty-four, the wages in this subparagraph shall be increased by the annual inflation, as determined from the increase in the consumer price index in the one year period ending on December thirty-first of the year prior. Said percentage shall then be rounded up to the next higher one-tenth of one percent and shall not exceed three percent;

(2) members with wages greater than forty-five thousand per annum, but not more than fifty-five thousand per annum shall contribute three and one-half per centum of annual wages. On July one, two thousand twenty-three, members with wages greater than fifty thousand per annum, but not more than of sixty thousand per annum shall contribute three and one-

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(3) members with wages greater than fifty-five thousand per annum, but not more than seventy-five thousand per annum shall contribute four and one-half per centum of annual wages. On July one, two thousand twenty-three, members with wages greater than sixty thousand per annum, but not more than eighty thousand per annum shall contribute four and one-half per centum of annual wages, and beginning on July one, two thousand twenty-four, the wages in this subparagraph shall be increased by the annual inflation, as determined from the increase in the consumer price index in the one year period ending on December thirty-first of the year prior. Said percentage shall then be rounded up to the next higher one-tenth of one percent and shall not exceed three percent;

(4) members with wages greater than seventy-five thousand per annum but not more than one hundred thousand per annum shall contribute five and three-quarters per centum of annual wages. On July one, two thousand twenty-three, members with wages greater than eighty thousand dollars per annum but not more than one hundred five thousand dollars per annum shall contribute five and three-quarters per centum of annual wages, and beginning on July one, two thousand twenty-four, the wages in this subparagraph shall be increased by the annual inflation, as determined from the increase in the consumer price index in the one year period ending on December thirty-first of the year prior. Said percentage shall then be rounded up to the next higher one-tenth of one percent and shall not exceed three percent; and

(5) members with wages greater than one hundred thousand per annum shall contribute six per centum of annual wages. On July one, two thousand twenty-three, members with wages greater than one hundred five thousand dollars per annum shall contribute six per centum of annual wages, and beginning on July one, two thousand twenty-four, the wages in this subparagraph shall be increased by the annual inflation, as determined from the increase in the consumer price index in the one year period ending on December thirty-first of the year prior. Said percentage shall then be rounded up to the next higher one-tenth of one percent and shall not exceed three percent.

§ 7. Notwithstanding any other provision of law to the contrary, none of the provisions of this act shall be subject to section 25 of the retirement and social security law.

§ 8. This act shall take effect immediately.

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

This bill would increase the wage ranges to which member contribution rates are applied for Tier 6 members effective April 1, 2024 by $5,000. Beginning on April 1, 2025, the wage ranges would increase each year by the annual inflation rate rounded up to the next tenth of a percent, not to exceed 3%.

The current contribution rates and wage ranges for Tier 6 members are:

3% for wages of $45,000 or less

3.5% for wages greater than $45,000 and less than or equal to $55,000

4.5% for wages greater than $55,000 and less than or equal to $75,000

5.75% for wages greater than $75,000 and less than or equal to $100,000

6.0% for wages greater than $100,000

Insofar as this bill affects the New York State and Local Employees' Retirement System (NYSLERS), increased costs would be shared by the State of New York and all participating employers in the NYSLERS. If this bill is enacted during the 2023 legislative session, there will be an increase in the present value of future costs of approximately $588 million.

In the NYSLERS, this benefit improvement will be funded by increasing the billing rates charged annually. The annual contribution required of all participating employers in NYSLERS is approximately 0.2% of billable salary, or $26 million to the State of New York and approximately $38 million to the local participating employers. This **permanent annual cost** will vary in subsequent billing cycles with changes in the wage ranges and salary of the affected members.

Insofar as this bill affects the New York State and Local Police and Fire Retirement System (NYSLPFRS), increased costs would be shared by the State of New York and all participating employers in the NYSLPFRS. If this bill is enacted during the 2023 legislative session, there will be an increase in the present value of future costs of approximately $11.2 million.

In the NYSLPFRS, this benefit improvement will be funded by increasing the billing rates charged annually. The annual contribution required of all participating employers in NYSLERS is less than 0.1% of billable salary, or approximately $225,000 to the State of New York and approximately $890,000 to the local participating employers. This **permanent annual cost** will vary in subsequent billing cycles with changes in the wage ranges and salary of the affected members.

Summary of relevant resources:

Membership data as of March 31, 2022 was used in measuring the impact of the proposed change, the same data used in the April 1, 2022 actuarial valuation. Distributions and other statistics can be found in the 2022 Report of the Actuary and the 2022 Annual Comprehensive Financial Report.

The actuarial assumptions and methods used are described in the 2020, 2021, and 2022 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, 2022 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 January 31, 2023, and intended for use only during the 2023 Legislative Session, is Fiscal Note No. 2023-30, prepared by the Actuary for the New York State and Local Retirement System.