STATE OF NEW YORK

2148--A

2023-2024 Regular Sessions

IN SENATE

January 18, 2023

Introduced by Sen. ADDABBO -- read twice and ordered printed, and when printed to be committed to the Committee on Civil Service and Pensions -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the administrative code of the city of New York, in relation to the pensionable earnings of first grade police officers

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

Section 1. Legislative findings and declaration. The legislature hereby finds and declares that an adjustment to pensionable earnings of first grade police officers is necessary to enhance public safety and prevent the loss of vital public services in this state. The legislature hereby finds and declares that such adjustment is necessary to address, inter alia, the historic police officer recruitment and retention crisis, the increase in police overtime, and the rise in crime impacting New Yorkers. Therefore, the legislature declares the necessity for the enactment of this act to enhance public safety and protect against disruption of vital public services in this state.

§ 2. Section 14-111 of the administrative code of the city of New York is amended by adding two new subdivisions c and d to read as follows:

c. When a first grade police officer of the New York city police department shall have served in the rank of police officer for a period of twenty-five years, he or she shall have the same rights in respect to the New York state and local police and fire retirement system or the New York city police pension fund as a police officer designated to act as detective of the third grade who shall have served as such for a period of time aggregating two years at the highest salary rate for a detective of the third grade.

d. When a first grade police officer of the New York city police department shall have served in the rank of police officer for a period of thirty years, he or she shall have the same rights in respect to the

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

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New York state and local police and fire retirement system or the New York city police pension fund as a sergeant who shall have served as such for a period of time aggregating two years at the highest salary rate for a sergeant.

§ 3. This act shall take effect immediately.

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

SUMMARY OF BILL: This proposed legislation would amend Section 14-111 of the Administrative Code of the City of New York (ACCNY) to allow for a Police Officer 1st Grade of the New York City Police Department (NYPD), who has been a Police Officer for at least 25 years, to have the same rights in respect to the New York City Police Pension Fund (POLICE) as a Police Officer designated to act as a Detective 3rd Grade by including, for pension purposes, the highest salary for such Detective aggregating for two years. This proposed legislation will also allow for a Police Officer 1st Grade of the NYPD, who has been a Police Officer for at least 30 years, to have the same rights in respect to POLICE as a Sergeant by including, for pension purposes, the highest salary for such Sergeants aggregating for two years.

Effective Date: Upon enactment.

IMPACT ON BENEFITS: The proposed legislation would permit a Police Officer 1st Grade, who have met certain service requirements, to have their pension calculations based on a higher salary.

A Police Officer 1st Grade with at least 25 years of service would, under this proposed legislation, if enacted, receive an increase in their annual pension benefit of approximately $5,400 per year. A Police Officer 1st Grade with at least 30 years of service would, under this proposed legislation, if enacted, receive an increase in their annual pension benefit of approximately $15,700 per year. This is due to the assumed higher salary and overtime and assumes a service retirement benefit with 25 years and 30 years of service, respectively.

Based on this increase and an estimate of the number of POLICE members that are expected to be impacted by this change, it is estimated that if this proposed legislation is enacted, the annual increase in POLICE pension benefits paid will be approximately $0.8 million per year.

With respect to an individual member, the impact on benefits due to this proposed legislation could vary greatly depending on the member's age, years of service, retirement cause, and Tier.

FINANCIAL IMPACT - PRESENT VALUES: Based on the actuarial assumptions and methods described herein, the enactment of this proposed legislation would increase the Present Value of Future Benefits (PVFB) by approximately $10.0 million every year.

FINANCIAL IMPACT - ANNUAL EMPLOYER CONTRIBUTIONS: Enactment of this proposed legislation would increase employer contributions, where such amount would depend on the number of members affected as well as other characteristics including the age, years of service, and salary history of the member. Future years' costs would depend on the number of retirees who benefit under the legislation amongst other factors.

The estimate of the increase in annual employer contributions for Fiscal Years 2025 through 2029, assuming a homogeneous population and consistent retirement pattern, is shown in the table below.

Fiscal Year	Increase in Employer Contributions ($ Millions)
2025	$ 1.2
2026	$ 2.4

2027	$ 3.6
2028	$ 4.8
2029	$ 6.0

Since the number of Police Officers impacted by the proposed legislation cannot be known in advance with credibility, the increase in PVFB due to this legislation has been treated as an actuarial loss and was amortized over a closed 15-year period (14 payments under the One-Year Lag Methodology) using level dollar payments.

CENSUS DATA: The estimates presented herein are based on the census data used in the June 30, 2022 actuarial valuation of POLICE to determine the Preliminary Fiscal Year 2024 employer contribution. To estimate the number of retirees who could potentially benefit from this proposed legislation, data from the prior actuarial valuations for POLICE was used. Below is a summary of the data from the prior valuations:

* Police Officer 1st Grade who retired with 25-29 years in rank - 908 retired over the past 10 years.

* Police Officer 1st Grade who retired with 30+ years in rank - 202 retired over the past 10 years.

ACTUARIAL ASSUMPTIONS AND METHODS: The estimates presented herein have been calculated based on the actuarial assumptions and methods used for the Preliminary Fiscal Year 2024 employer contributions of POLICE.

For the purposes of this Fiscal Note, it is assumed that the changes would be reflected for the first time in the June 30, 2023 actuarial valuation of POLICE used to determine employer contributions for Fiscal Year 2025.

The salaries used in this analysis have been adjusted consistent with the salary adjustments used in the June 30, 2022 actuarial valuation.

RISK AND UNCERTAINTY: The costs presented in this Fiscal Note depend highly on the realization of the actuarial assumptions used, demographics of the impacted population and other 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:

* The initial additional administrative costs to implement the proposed legislation.

STATEMENT OF ACTUARIAL OPINION: I, Marek Tyszkiewicz, am the Chief Actuary for, and independent of, the New York City Retirement Systems and Pension Funds. I am an Associate of the Society of Actuaries and a Member of the American Academy of Actuaries. I am a member of NYCERS but do not believe it impairs my objectivity and 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 2023-19 dated March 31, 2023 was prepared by the Chief Actuary for the New York City Police Pension Fund. This estimate is intended for use only during the 2023 Legislative Session.