STATE OF NEW YORK

2148--B

2023-2024 Regular Sessions

IN SENATE

January 18, 2023

Introduced by Sens. ADDABBO, CHU, MATTERA, PERSAUD -- 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 -- recommitted to the Committee on Civil Service and Pensions in accordance with Senate Rule 6, sec. 8 -- 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.

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

LBD04845-06-4

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 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: This proposed legislation, as it relates to the New York City Police Pension Fund (POLICE), would increase the salary used for determining pension benefits for first grade NYPD officers who have served in such rank for 25 or 30 years, to salaries equivalent to detective 3rd grade or sergeant, respectively.

EXPECTED INCREASE (DECREASE) IN EMPLOYER CONTRIBUTIONS
by Fiscal Year for the first 25 years ($ in Millions)

Year	POLICE
2025	0.0
2026	1.0
2027	2.0
2028	3.0
2029	4.0
2030	5.1
2031	6.2
2032	7.4
2033	8.6
2034	9.7
2035	10.9
2036	12.0
2037	13.1
2038	14.1
2039	15.1
2040	14.9
2041	14.7
2042	14.4
2043	14.0
2044	13.5
2045	13.1
2046	12.6
2047	12.1
2048	11.6
2049	11.1

Projected contributions are based on historical experience for Tier 2 members. Future retirement patterns may differ due to a larger Tier 3 population (e.g., Tier 2 is expected to retire at 20 years of service, and Tier 3 is expected to retire at 25 years of service).

The entire increase in employer contributions will be allocated to New York City.

EXPECTED INCREASE (DECREASE) IN ACTUARIAL LIABILITIES

The enactment of this proposed legislation is expected to increase the Present Value of Future Benefits (PVFB) by approximately $8.2 million in the first year and every year thereafter. Each year's PVFB increase will

depend on the actual experience of benefiting retirees and will be recognized in the year benefits are first payable.

AMORTIZATION OF UNFUNDED ACCRUED LIABILITY

Recognized as Ongoing Gain/Loss	POLICE
Number of Payments:	14
Fiscal Year of Last Payment:	N/A
First-year Amortization Payment:	$ 1.0 M

CENSUS DATA: The estimates presented herein are based on preliminary census data collected as of June 30, 2023. The census data for POLICE active members is summarized below.

	POLICE
Active Members	
- Number Count:	33,800
- Average Age:	37.6
- Average Service:	11.3
- Average Salary:	128,600

The salaries used in this analysis were provided by the Police Benevolent Association of the City of New York and reflect the latest contract negotiations. Below is a summary of the salary data provided:

* Police Officer 1st Grade - $105,146
* Detective 3rd Grade - $111,999
* Sergeant - $125,852

Data from prior actuarial valuations was used to estimate the number of retirees who could potentially benefit from this proposed legislation and is summarized below.

* Police Officer 1st Grade who retired with 25-29 years in rank - 930 retired over the past 10 years.
* Police Officer 1st Grade who retired with 30+ years in rank - 218 retired over the past 10 years.

IMPACT ON MEMBER BENEFITS: The proposed legislation would permit first grade police officers, who have met certain service requirements, to have their pension calculations based on a higher assumed salary.

For example, under this proposed legislation a Tier 2 Police Officer 1st Grade who holds such position for at least 25, or 30, years would receive an increase in their annual pension benefit of approximately $4,300 or $12,200 per year, respectively, due to the higher assumed pensionable salary.

Based on an estimate of the number of POLICE members who are expected to be impacted by the increased pensionable salary, it is estimated that if this proposed legislation is enacted, the annual increase in POLICE pension benefits paid will be approximately $0.7 million in the first year and increase in every year thereafter.

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.

ASSUMPTIONS AND METHODS: The estimates presented herein have been calculated based on the actuarial assumptions and methods to be used for the Preliminary Fiscal Year 2025 employer contributions of the impacted retirement systems. In addition:

* New entrants were assumed to replace exiting members so that total payroll increases by 3% each year for impacted groups. New entrant demo-

graphics were developed based on data for recent new hires and actuarial judgement.

* Future contribution impacts have been developed assuming a homogeneous population and consistent retirement pattern.

RISK AND UNCERTAINTY: The costs presented in this Fiscal Note depend highly on the actuarial assumptions, methods, and models 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. Quantifying these risks is beyond the scope of this Fiscal Note.

This Fiscal Note is intended to measure pension-related impacts and does not include other potential costs (e.g., administrative and Other Postemployment Benefits).

STATEMENT OF ACTUARIAL OPINION: Marek Tyszkiewicz and Gregory Zelikovsky are members of the Society of Actuaries and the American Academy of Actuaries. We are members of NYCERS but do not believe it impairs our objectivity and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. To the best of our 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 2024-02 dated January 16, 2024 was prepared by the Chief Actuary for the New York City Retirement Systems and Pension Funds. This estimate is intended for use only during the 2024 Legislative Session.