§ 23-a. Statement of intent. a. This legislation is intended, by means of a comprehensive reform program, to strengthen the long-term fiscal health of the retirement system, to reduce the volatility of contribution rates and to provide budget certainty for participating employers by addressing current structural problems with respect to the calculation and payment of employer contributions. There is a need to address structural problems in the current billing cycles for the state and local governments with respect to their annual contributions to the retirement system. The state currently pays its contributions on the basis of estimates, which are subject to adjustment at a later date (with interest, if applicable) on the basis of subsequent calculations of the required contributions. Local governments must currently adopt budgets based on estimates of the required contributions, but then make payment of the full amount of the actual contributions that are finally billed on the basis of subsequent calculations of the required contributions. In addition, dramatic fluctuations in the performance of the investment markets have produced unprecedented volatility in employer contribution rates. These rate fluctuations have been exacerbated by the lack of a reasonable minimum payment by employers in years where investment performance was strong and employer rates were low. In order to enhance the continuing ability of the retirement system to provide services and benefits for the more than nine hundred forty thousand members and retirees and for their beneficiaries, this section provides for measures to (1) enhance the long-term fiscal health of the retirement system, (2) facilitate the planning and budgeting of state and participating employer contributions, and (3) ease the volatility of retirement system employer contribution rates in the future.

b. Notwithstanding the provisions of this chapter or any other provision of law to the contrary, the comptroller shall have the authority, in his or her discretion, to implement a comprehensive structural reform program, which shall consist of all of the following measures:

1. revision of the schedule pertaining to the valuation, billing and payment of contributions by the state and participating employers under which the valuation of the assets and liabilities of the retirement

system undertaken on the first day of a fiscal year shall be used to determine the contribution rates to be applied to the pensionable salaries of the state and participating employers earned during such fiscal year for the payment of contributions due for the next succeeding fiscal year; and

2. requiring a minimum annual contribution from the state and every participating employer (exclusive of payments for group term life insurance, deficiency payments, adjustments relating to prior fiscal years' obligations and obligations pertaining to retirement incentives or any other obligations that the state or participating employer is permitted to pay on an amortized basis) equal to four and one-half percent of pensionable salaries. Effective immediately upon implementation by the comptroller of the comprehensive structural reform program set forth in this section, and in all subsequent years, participating employers shall pay either the required annual contribution determined under the revised schedule pertaining to the valuation, billing and payment of contributions pursuant to paragraph one of this subdivision, or the required minimum annual contribution of four and one-half percent of pensionable salaries, whichever is greater; and

3. notwithstanding any provision of subdivision a of section sixteen of this article to the contrary, upon the comptroller's implementation of the measures set forth in this subdivision, all contributions payable by the state and participating employers under the valuation, billing and payment schedule implemented under paragraph one of this subdivision, including the minimum contribution required by paragraph two of this subdivision, must be paid in full by the state on or before March first of the then current fiscal year and by participating employers on the date set forth in subdivision c of section seventeen of this article.