



**THE COUNCIL OF THE CITY OF NEW YORK
FINANCE DIVISION**

RICHARD LEE, DIRECTOR

TANISHA EDWARDS, CFO AND DEPUTY CHIEF OF
STAFF TO THE SPEAKER

FISCAL IMPACT STATEMENT

PRECONSIDERED SLR: S.9373 (Gounardes)
A.9925 (Pheffer Amato)

COMMITTEE: Governmental Operations, State &
Federal Legislation

SPONSOR(S): Restler

TITLE: AN ACT to amend the retirement and social security law, in relation to the definition of overtime ceiling

SUMMARY OF LEGISLATION: Currently, the calculation for the Final Average Salary of Tier 6 members in the 55/25 Plan caps the amount of annual overtime at \$19,729, meaning that any annual salary may not include more than this amount of pensionable overtime when used to determine a member's pension benefit.

This bill would eliminate the overtime cap, allowing all overtime to be considered in calculating the pension benefit for this group of members. However, the calculation for their FAS would still limit wages earned during any year to 10 percent greater than the average of the previous four years.

EFFECTIVE DATE: This bill would take effect immediately.

FISCAL YEAR IN WHICH FULL FISCAL IMPACT ANTICIPATED: Fiscal 2025

FISCAL IMPACT STATEMENT:

	Effective FY24	FY Succeeding Effective FY25	Full Fiscal Impact FY25
Revenues	\$0	\$0	\$0
Expenditures	\$0	\$15.1M	\$15.1M
Net	\$0	\$15.1M	\$15.1M

IMPACT ON REVENUES: It is anticipated that there would be no impact on revenues as a result of passing this legislation.

IMPACT ON EXPENDITURES: It is estimated that passing this bill would cost the City \$15.1 million in additional pension contributions in Fiscal 2025. Of the \$15.1 million, \$7.9 million would cover the unfunded accrued liability (UAL) for services already rendered to the City, and \$7.2 million would cover the forward-looking costs associated with the bill, also referred to as the normal cost. The actuary's amortization schedule for the UAL covers a 16-year period, after which the additional pension contributions would only reflect the normal cost each year. In aggregate, the actuary determined that the present value (PV) of the total cost of the bill through 2049 would total \$166.3 million, \$71.9 million of which reflects the PV of the UAL and \$94.4 million reflecting the PV of the normal cost.

SOURCE OF FUNDS TO COVER ESTIMATED COSTS: General Fund

SOURCE OF INFORMATION: New York City Council Finance Division
Fiscal Note 2024-39, Chief Actuary New York City Retirement System and Pension Funds

ESTIMATE PREPARED BY: Andrew Wilber, Supervising Economist

ESTIMATE REVIEWED BY: Dilara Dimnaku, Chief Economist
Jonathan Rosenberg, Managing Deputy Director

LEGISLATIVE HISTORY: This bill will be considered by the Committee on Governmental Operations, State & Federal Legislation as a Preconsidered SLR on June 6, 2024. Upon successful vote by the Committee, the Preconsidered SLR will be introduced and submitted to the full Council for a vote on June 6, 2024.

DATE PREPARED: May 31, 2024