

SUPPORT

Increase Earning Limitation for Retirees S.3576-B (Tedisco)/A.3327-C (McDonald)

The Council SUPPORTS increasing the earning limitation for school employees that are currently receiving a state pension

Under current law, a school can employ an individual who is receiving a pension from the state of New York without limiting that employee's salary and without reduction or loss to the employee's pension if the employee receives a waiver or is 65. Waivers for school districts are difficult to obtain under current law. However, no waiver is necessary provided that the employee earns \$30,000 or less in annual compensation.

The Legislature had increased the earning limitation from 1996 until 2007, but has been frozen since 2007. This bill provides a modest increase, which is below inflation over the last decade, of only \$35,000.

If enacted, schools and other governmental entities may be able to realize savings by employing current retirees who may be unwilling to work under the current law \$30,000 cap. Schools may also be better able to retain those retirees working under the current cap.

Schools in many areas of the state are also in the midst a teacher shortage. This shortage has been fostered by a projected surge in retirees, drop in enrollment in teacher preparation programs, and issues of recruitment and retainment due to salary limitation and geographic location. This bill may help address some of those issues by drawing retirees back into the labor force.

In the end, hiring retirees currently earning a pension can save schools money, particularly on health insurance and other fringe benefits. Additionally, since these employees are already drawing down a pension, the school will not need to pay pension costs on the employee's salary, further increasing savings.

Schools are constantly looking for efficiencies and ways to reduce costs to deliver better and more advanced educational programming and other opportunities. Enacting this bill will be a step in the right direction of helping schools accomplish this goal.

The Council supports this legislation and urges its approval.