



NEW YORK STATE SENATOR

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## Cracking Down on Pension Abuse, Increasing Transparency of School District Expenses

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The New York State Senate passed comprehensive legislation (S8699), introduced at the request of Attorney General Andrew Cuomo following discussions involving the Senate and Attorney General's office, that cracks down on school pension abuses that have forced taxpayers to pick up the rising costs, and increases transparency of school district expenses.

"School districts must be accountable for every penny of the taxpayers' money they spend. This new law ensures that lawyers who aren't entitled cannot access the public pension system, makes administrative costs more transparent and establishes new safeguards to end 'double dipping' practices that have cost property taxpayers millions of dollars. This agreement reflects a comprehensive approach that will prevent improper expenditures of our school taxes and provide stringent penalties for those who seek to abuse the system," Senate Majority Leader Dean Skelos (R-Rockville Centre), the Senate sponsor of the legislation, said.

The Attorney General's program bill accomplishes the following:

- Strengthens the Attorney General's civil authority by providing his office with an additional new mechanism to recoup funds and impose penalties on attorneys who are

not employees of school districts or BOCES, but who improperly receive compensation or benefits.

>Attorney General can bring action to recover treble damages (penalties of up to three times the person's salary or other benefits fraudulently obtained).

- Enhances the penalty for pension fraud from a misdemeanor to a felony and creates a new criminal penalty for lawyers who improperly receive compensation or benefits.
- Prohibits lawyers from simultaneously being an employee and an independent contractor for a school district or BOCES for the purpose of providing legal service to the same school or BOCES.
- Closes "double dipping" loopholes statewide by tightening the 211 waiver process for hiring retirees and prohibits retirees from returning to the same or a similar position for one year following retirement.

>Waivers will be only granted when there is an urgent need for the retiree's services in a particular position because of an unplanned, unpredictable and unexpected vacancy where sufficient time is not available to recruit a qualified individual, and such hiring shall be deemed as non-permanent, or,

>If the employer has undertaken extensive recruitment efforts to fill a vacancy and has determined that there are no available qualified non-retired candidates, and the employer must prepare a detailed recruitment plan to fill the vacancy on a permanent basis.

- Requires schools to publicly list all compensation, including salary and benefits, for all administrators. The list will be posted on the school's web site and at public libraries within the school district.
- Adds new levels of transparency for schools and BOCES which must now submit an annual list reporting the position and compensation of all employees granted 211 waivers, and a list of all lawyers providing services and whether they are employees or

independent contractors to the State Education Department, Comptroller and the Attorney General.

The AG's legislation builds on recent Senate passage of the Taxpayer Empowerment and Accountability (TEA) plan to rein in runaway school spending and pension benefits, and to protect taxpayers. In conjunction with the TEA plan, the Attorney General's bill will eliminate waste, increase transparency of school district expenses, and reduce costs so historic State education aid is driven into the classroom where it can help students the most.

As part of the TEA plan, the Senate approved the following bills last week:

- S1094A (Saland) -- Restricts "Golden Parachutes" for school superintendents.
- S8530 (Skelos) -- Increases penalties for pension fraud.
- S6996A (Skelos) -- Prohibits lawyers from double-dipping as school employees.
- S8307A (Trunzo) -- Requires schools to post electronic version of checking accounts.
- S8000A (Flanagan) -- Restricts the hiring of retirees to public service positions
- S607A (Marcellino) -- Requires schools to post percentage spent on instruction.
- S8519 (Saland) -- Prohibits unfunded mandates on school districts.
- S8531 (Saland) -- Encourages school consolidation and superintendent sharing