



New York State Teachers' Retirement System

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**ADMINISTRATIVE
BULLETIN NO.**

2004-6

SUBJECT:

*Reporting of
Earnings By
School Districts*

TO: Chief School Administrators
College and University Presidents
School Principals

DATE: June 2004

The substantial increase in the employer contribution rate in 2003 has given rise to inquiries regarding the proper reporting of earnings by school districts. The purpose of this bulletin is to define and clarify the classifications of earnings, and to provide guidelines as to how such earnings should be reported to the System.

Proper reporting by school districts is imperative to the actuarial soundness of the System, and has a direct impact upon the employer contribution rate and the System's ability to accurately calculate retirement benefits.

In accordance with its authority under the Education Law, the System classifies payments teachers and administrators receive from school districts into four categories: (1) regular salary, (2) termination payments, (3) non-regular compensation, and (4) non-reportable salary.

(1) **Regular Salary**

Regular salary includes only payments made by the school district to a teacher or administrator for service that is reasonably incidental to the duties of a full-time teacher or administrator. Payment of earnings must be contingent upon the performance of such service, and the terms of the payment are generally set forth in a collective bargaining agreement or a long-standing employment agreement.

In addition to salary earned for full-time teaching services, regular salary may also include payment for other teaching and supervision-related services, including, but not limited to: (1) coaching, (2) tutoring, (3) summer school, (4) chaperoning, (5) workshops, (6) driver education, (7) supervision of traditional after-school clubs, and (8) teaching or administration of educational after-school programs.

Regular salary does not include compensation for duties or services assigned on a preferential basis to teachers or administrators at, or on the eve of, retirement, or for services that are performed outside or unrelated to the regular, fundamental components of the school district's educational program.

Regular salary is reportable for members of all tiers.

(2) **Termination Payments**

Termination payments are payments made at retirement, such as retirement incentives, longevity payments, and payments for unused leave. Such payments are provided for in a collective bargaining agreement or a long-standing employment agreement. Unlike regular salary, the receipt of these payments is not contingent upon the performance of a service.

Termination payments are reportable only for members with a date of membership prior to June 17, 1971.

(3) **Non-Regular Compensation**

Non-regular compensation includes, but is not limited to, payments such as:

- Taxable fringe benefits
- Bonuses
- Payments in lieu of health insurance
- Compensation for services other than services as defined in (1) above or (4) below

Non-regular compensation is reportable only for members with a date of membership prior to July 1, 1973.

(4) **Non-Reportable Salary**

Salary and payments that are not reportable to the System include, but are not limited to:

- Payments made outside the terms of a collective bargaining agreement or long-standing employment agreement
- Payments made on the eve of retirement, either in exchange for resignation or which result in the inflation of final average salary
- Buyouts
- Payments for services ordinarily performed by persons in the classified service, by consultants, or by independent contractors
- Any additional payments to a member to purchase health insurance through the district

Furthermore, earnings from the following are not reportable to the System: (1) bus driver, (2) computer maintenance work, (3) district clerk, (4) clerk of the board, (5) school attorney or legal services provided by an attorney, (6) master teacher presenter and similar positions.

Please be advised any reported salary will be subject to System review and approval. Any earnings determined to be reportable will impact the employer contribution rate. Proper and accurate reporting of earnings by school districts will not only ensure that retirement benefits are calculated accurately and in accordance with the laws governing the System, but will ensure an accurate basis upon which the System sets the employer contribution rate each year.