



CHARTING A NEW COURSE TO RETIREMENT

How Charter Schools Handle Teacher Pensions

By Amanda Olberg and Michael J. Podgursky

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About the Authors

Amanda Olberg is a research assistant at the Thomas B. Fordham Institute. She graduated from Cornell University in May 2009 with a degree in Applied Economics and Management. She joined the Fordham Institute in 2010 after a year of service as an AmeriCorps VISTA at the Ithaca Youth Bureau, a local government agency in upstate New York.

Michael J. Podgursky is professor of economics at the University of Missouri at Columbia. Dr. Podgursky serves on the board of editors of both *Education Finance and Policy* and *Peabody Journal of Education*, as well as on a number of research institute advisory boards. He also serves as a fellow in education policy at the George W. Bush Institute. He is a co-investigator at the National Center on Performance Incentives at Vanderbilt University and the Center for Analysis of Longitudinal Data in Education Research (CALDER) at the Urban Institute. Dr. Podgursky has published many articles and reports on teacher compensation, teacher quality, and teacher labor markets, and co-authored a book, *Teacher Pay and Teacher Quality*. Dr. Podgursky earned his bachelor's degree in economics from the University of Missouri at Columbia and a doctorate in economics from the University of Wisconsin at Madison.

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EXECUTIVE SUMMARY

In the wake of the economic downturn that began in 2008, public schools face serious and seemingly long-term fiscal challenges. Rising pension costs are a particular concern for school districts, whose dollars help prop up state retirement plans that often have substantial unfunded liabilities. Yet public school districts have no alternatives; almost all of them are joined by statute to state pension systems (or, sometimes, to their own local pension systems).

It's different in some states for public charter schools, which are often allowed to develop their own policies and offer pension or retirement plans for their staffs.

In this EdShort, we examine two questions:

- When given the option, how many charter schools choose to participate in their regular state (or local) teacher pension plans, and how many do not?
- In the case of charter schools that do not participate in state plans, what—if anything—do they offer instead?

To answer these questions, we analyzed data for six charter-heavy states that permit their charter schools to choose whether or not to participate in the state pension plan. We found that charter participation rates are low in jurisdictions where teachers in the state plan also participate in Social Security (New York, Florida, Michigan, Arizona). However, in states where teachers in the state retirement plan are not also included in Social Security (California, Louisiana), charter participation rates are high. In the latter states, opting *out* of the state system means opting *in* to Social Security, which evidently creates an incentive for charters to favor their state retirement systems.

When charter schools do not participate in state retirement plans, they most often provide their teachers with defined-contribution plans—401(k) or 403(b)—with employer matches that resemble those for private-sector professionals. A continuing study of the alternatives employed by such schools could instruct the reform of traditional pension systems, while also informing issues of teacher recruitment, retention, and quality.

INTRODUCTION

Yesterday's financial promises often prove difficult to keep today. Nowhere in America is that clearer than in public-sector pensions. In the education realm, public schools in many states are under the double-barreled gun of rising costs and budget cuts. Nationally, teacher compensation comprises 55 percent of total current expenditures in education (and that number rises to 81 percent when all school staff are included).¹ A large and growing share of these costs goes to help fund retirement benefits. Between 2004 and 2010, district pension costs (not counting retiree health insurance) increased from 12 percent to over 15 percent of salaries.² A recent report from the Pew Center on the States estimated that unfunded public employee pension liabilities in the United States grew to \$1.26 trillion during the 2009 fiscal year; other studies estimate that the true liability is even higher.³ As states attempt to pay down this liability, pension costs for all public employees, including teachers, will likely keep rising.⁴

But what about teachers employed by public charter schools that are not required to participate in state teacher pension plans? Do their retirement plans face the same challenges? What types of retirement plans do they use?

Forty states currently have charter schools. In twenty-four of those states, teachers in charter schools must participate in the state plan. But in the other sixteen states, charters have the option of participating in the state's pension plan for teachers, meaning the law offers *access* to the state retirement system but does not *require* membership.⁵

How often do charters avail themselves of alternative options? And what do they do instead? Until now, we've had little evidence on the matter.⁶

This paper examines data regarding the pension arrangements of "opt-out" charter schools in six states. Not only is this information interesting in its own right, but it could also point to ways that other states and districts might redesign their own teacher pension plans going forward.

1. Organisation for Economic Co-operation and Development, *Education at a Glance 2010: OECD Indicators* (Paris, France: OECD, 2010), <http://dx.doi.org/10.1787/888932310377>.

2. Robert Costrell and Michael Podgursky, "Teacher Retirement Benefits," *Education Next* 9, no. 2 (Spring 2009), <http://educationnext.org/teacher-retirement-benefits/>. Updated chart available at http://www.uark.edu/ua/der/People/Costrell/Employer_Contributions_December_2010.pdf.

3. Pew Center On the States, *The Widening Gap: The Great Recession's Impact on State Pension and Retiree Health Care Costs* (Washington, D.C.: Pew Charitable Trusts, 2011), http://www.pewcenteronthestates.org/uploadedFiles/Pew_pensions_retiree_benefits.pdf. For additional studies, see Robert Novy-Marx and Joshua Rauh, "State Pension Systems and Their Impact on Plan Liabilities," *Journal of Pension Economics and Finance* 10, no. 2 (2011): 173-194.

4. Robert Costrell and Michael Podgursky, *Reforming K-12 Educator Pensions: A Labor Market Perspective* (New York, NY: TIAA-CREF Institute, 2011), http://www.tiaa-crefinstitute.org/pdf/research/dvds_books/pb_reformingpension0211a.pdf.

5. Generally, charter schools in states where the option exists must submit an application to the state retirement system to participate in it—meaning that they are not automatically enrolled in the system. In the District of Columbia, charters are excluded altogether since the federal government funds teacher pension plans.

6. One exception that we are aware of is the following report: F. Howard Nelson, Edward Muir, and Rachel Drown, *Venturesome Capital: State Charter School Finance Systems* (Washington, D.C.: U.S. Department of Education, Office of Educational Research and Improvement, 2000), <http://www2.ed.gov/rschstat/eval/choice/charterfin.pdf>. A table in the study indicates which states required their charter schools to participate in the state retirement system at the time of the study. Another table presents the charter school participation rates for all states in which the option existed at the time.

In these pages, we address two main questions:

- When given the option, how many charters choose to participate in their regular state (or local) teacher pension plans, and how many do not?
- In the case of charter schools that do not participate in state plans, what—if anything—do they offer instead?

We view this study as the first step in a quest to obtain reliable data about pensions in the charter sector. We hope these provocative initial findings may encourage discussion regarding how to restructure traditional pension systems, with an eye to reforming policies regarding teacher recruitment, retention, and quality, as well as retirement.

METHODOLOGY

Out of the sixteen states that allow charter schools the option of participating in state retirement systems, we selected six states: Arizona, California, Florida, Louisiana, Michigan, and New York. We chose these six because they contain large numbers of charter schools and comprise over 75 percent of all of the charter schools that qualified for inclusion in this study based on state laws.

For each of the six states, we obtained a list of charter schools for the 2008-09 school year, along with relevant demographic and geographic data, from the National Center for Education Statistics' (NCES) Common Core of Data (CCD).⁷ The National Alliance for Public Charter Schools (NAPCS) also shared data on charter management and education management organizations (CMOs and EMOs) for the 2008-09 school year.⁸

We obtained lists of participating employers for the six state retirement systems from annual reports and direct requests.⁹ The data on participating employers were matched as closely as possible to the 2008-09 school year. We merged these data with the NCES CCD school records for each state and then organized the databases by school name, with a dummy variable indicating participation in the state system. The combined databases allowed us to calculate an overall participation rate for each state.¹⁰

7. Participating employer data for California was only available for the 2010 fiscal year, so we used a list of charter schools for the 2009-10 school year from the California Department of Education instead of 2008-09 CCD data.

8. National Alliance for Public Charter Schools, "Public Charter Schools Dashboard" (Washington, D.C., 2010), <http://dashboard.publiccharters.org/dashboard/home>.

9. The participating employer data for each state were gleaned from the following sources: Arizona (Arizona State Retirement System upon request, January 2009); California (California State Teachers' Retirement System upon request, June 30, 2010); Florida (Florida Retirement System annual report, June 30, 2009); Louisiana (Teachers' Retirement System of Louisiana upon request, fall 2009); Michigan (Michigan Public School Employees' Retirement System comprehensive annual financial report, September 30, 2009); and New York (New York State Teachers' Retirement System upon request, 2008-09 school year).

10. In some cases, a school would appear once in the state system's participating employer data but multiple times in the CCD data, disaggregated by campus or grade range. As such, we marked all entries in the CCD database as participating employers in the state system.

METHODOLOGY (continued)

Within each state, we examined the alternatives employed by a random 20 percent sample of schools that chose *not* to opt in to their state retirement systems.¹¹ We surveyed each sampled school to identify its alternative retirement plan, if any. If it offered a plan, we also inquired about employer contributions, vesting periods, and eligibility requirements. For California and Louisiana, we also asked whether the school employees were enrolled in Social Security in addition to the school's plan. Any school that had been closed as of the 2008-09 school year was removed from the sample and replaced by another school from the randomization. We attempted to secure a high response rate via repeated follow-up calls and emails. Sample sizes and response rates for the random samples are presented in Table 1.

STATE	SAMPLE SIZE ¹²	RESPONSE RATE
Arizona	62	81%
California	20	80%
Florida	74	70%
Louisiana	18	89%
Michigan	41	80%
New York	17	74%

11. Due to the relatively small number of charter schools in Louisiana, we included in our phone survey all of the charter schools that opted out of the state retirement system.
12. These sample sizes were adjusted once we discovered that five schools in California, six schools in Florida, and one school in Arizona were participating employers in their state retirement systems, even though they had not been listed as such by the state—raising some fresh doubts about state data. Many of the schools participated under the umbrella of their local school districts or colleges without the state's knowledge. In addition, two New York schools told us they were participating employers in the Teachers' Retirement System of the City of New York. These schools in Arizona, California, Florida, and New York were removed from the samples and not replaced, and the participation rates were adjusted accordingly (see Table 3 on page 8 for participation rates). Results are based on the adjusted sample size, and response rates on the original sample.

FINDINGS

Participation Rates

For the forty states with charter laws, Table 2 indicates which require charter schools to participate in the state retirement system and which make this optional. Observe (in the “Notes” column) that the various ways by which charters may avoid participation can be complicated.¹³

Table 2. State Charter Laws Governing Participation in Retirement Systems

STATE	PARTICIPATION IN STATE RETIREMENT SYSTEM		NOTES
	REQUIREMENT	OPTION	
Alaska	x		
Arizona		x	
Arkansas	x		
California		x	
Colorado	x		
Connecticut	x		Required participation is new as of July 1, 2010; schools retain the option for teachers hired before that date
Delaware		x	
Florida		x	As long as schools operate as public employers, they have the option to participate; schools operating as private employers may not participate
Georgia	x		
Hawaii	x		
Idaho	x		
Illinois	x		Certified teachers in Chicago must participate in the Chicago Teachers Pension Fund, but non-certified teachers may not participate
Indiana		x	
Iowa	x		
Kansas	x		
Louisiana		x	Louisiana has five types of charters; while Type 4 charters are required to participate, the other types retain the option
Maryland	x		

13. We obtained a table from the National Alliance for Public Charter Schools (NAPCS) summarizing these laws as of December 2007. We updated the information in January 2011 with the assistance of state charter school associations and state departments of education.

Table 2. State Charter Laws Governing Participation in Retirement Systems (continued)

STATE	PARTICIPATION IN STATE RETIREMENT SYSTEM		NOTES
	REQUIREMENT	OPTION	
Massachusetts	x		
Michigan		x	Charter schools have an option to participate by virtue of how they hire their employees (see state profile for details)
Minnesota	x		
Mississippi	x		There are no charter schools currently operating in Mississippi
Missouri	x		Charter schools are required to participate in local retirement systems
Nevada	x		
New Hampshire		x	
New Jersey	x		
New Mexico	x		
New York		x	Charter schools in New York City have the option of participating in the Teachers' Retirement System of the City of New York (see state profile for details)
North Carolina		x	
Ohio	x		
Oklahoma		x	
Oregon	x		
Pennsylvania		x	In order to avoid opting in to the system, a school must demonstrate that it has an alternative retirement option in place
Rhode Island		x	Only "mayoral academy" charters have the option; all others are required to participate
South Carolina		x	
Tennessee	x		
Texas	x		
Utah		x	
Virginia	x		
Wisconsin		x	District-authorized instrumentality charter schools have the option of participating; all other types of charters are not permitted to participate
Wyoming	x		

This study examines six states in which charter schools have the choice of participating in the state teacher pension plan: Arizona, California, Florida, Louisiana, Michigan, and New York. These states had 2270 charter schools in operation during the 2008-09 school year, comprising 46 percent of all charter schools in the United States and more than 75 percent of the schools that qualified for inclusion in this study based on state laws. As a group, charter schools accounted for 5.5 percent of public school enrollment in these six states in 2010.¹⁴

Table 3 summarizes the rates at which charter schools in the six states participate in their respective state retirement systems.

STATE	PARTICIPATION RATE
Arizona	41%
California	91%-93%
Florida	23%
Louisiana	71%
Michigan	28%
New York	28%

Note: Participation rates were adjusted for Arizona, California, and Florida based on phone calls with school personnel. Staff at some schools indicated that their schools were participating employers in the state retirement system, despite not being listed as such by the state agency. The percentage for New York was also adjusted based on estimates of the number of charter schools in New York City that opt in to the Teachers' Retirement System of the City of New York.

Participation rates vary greatly among the six states—from over 90 percent in California to less than one out of every four charters in Florida. While many factors influence this range, one critical element is whether or not teachers in the state participate in Social Security.¹⁵ In California and Louisiana, charter schools that participate in the state retirement system need not participate in Social Security. This seems to create an incentive for charter schools in those states to opt in to their respective state retirement systems—because opting *out* of the state retirement system means opting *in* to Social Security, and thus trading the pension contribution for the Social Security contribution (which, while lower than the pension contribution in both California and Louisiana, significantly decreases the cost savings because most charters then layer on their own alternative plan). Because charter schools in California and Louisiana

14. Calculation based on numbers from “National Charter School and Enrollment Statistics” (Washington, D.C.: Center for Education Reform, 2010), http://www.edreform.com/_upload/CER_charter_numbers.pdf; and the *Digest of Education Statistics 2010* (Washington, D.C.: National Center for Education Statistics, 2010), http://nces.ed.gov/programs/digest/d10/tables/dt10_036.asp.

15. The original Social Security Act passed in 1935 excluded state and local workers. Amendments to the act in the 1950s permitted state and local workers to elect to participate (as units, not individuals). The majority of teachers did, and the Bureau of Labor Statistics estimates that 73 percent of teachers today participate in Social Security. See *National Compensation Survey: Retirement Benefits in State and Local Governments in the United States, 2007* (Washington, D.C.: Bureau of Labor Statistics, 2008), <http://stats.bls.gov/ncs/ebs/sp/ebsm0008.pdf>. Currently, the Social Security (FICA) contribution rates are 6.2 percent for the employee and 6.2 percent for the employer, for a combined total of 12.4 percent.

opt in to their state retirement systems at the highest rates among the six states in the study, this appears to be an important factor influencing whether the charter schools in these states participate in their state systems—a finding supported by conversations with charter operators and sponsors.¹⁶ Other nuances of the laws governing Social Security law (e.g., the Windfall Elimination Provision) may play a role as well. At present we do not fully understand why (or even if) Social Security has such a deterrent effect. This is clearly a topic for further research.

Restrictions and idiosyncrasies in state law also seem to affect charter participation rates. In Florida, for example, charter schools are required to identify themselves as either private or public employers; while the former are excluded entirely from the state retirement system, the latter have the option of participating. However, many charter operators are unaware of this distinction and may inadvertently opt out of the Florida Retirement System by choosing to operate as private employers. This renders them ineligible to participate by virtue of their employer status (or perhaps, by operating as private employers, they are trading off the option to participate in the state pension plan in exchange for less binding private-sector collective bargaining laws). Other nuances unique to each state are common; for one such example, see *Louisiana Limbo*.

Charter operators cite additional influences on schools' decisions to opt in or not. One consideration is whether participation in the state retirement system will serve as a positive or negative teacher-recruitment tool. The nature of this correlation depends on a school's pool of prospective teachers: If the pool is generally older and most of its members are already vested in the state system, opting in may aid recruitment. However, if a charter school primarily recruits new teachers, particularly young teachers unlikely to or unsure of whether they want to make a career of public school teaching, participation has less allure.

LOUISIANA LIMBO

After the devastation caused by Hurricane Katrina in 2005, Louisiana passed a temporary law to allow teachers employed by hurricane-impacted districts to take a leave of absence from their respective districts (enabling them to teach at public charter schools) while maintaining their enrollment in the Teachers' Retirement System of Louisiana (TRSL). When the leave of absence law expired in 2010, the legislature passed Act 999, permanently extending the TRSL opt-in for charter school teachers, provided that a teacher had been enrolled in TRSL prior to his or her employment with a charter school. However, under the language of the bill, the law required approval by the IRS. TRSL requested a ruling from the IRS in March 2010; as of June 2011, fifteen months later, this request was still pending. Since the bill's provisions are on hold until the IRS renders its decision, Louisiana charters remain in pension limbo.

16. In March 2011, the Thomas B. Fordham Institute convened a day-long meeting of charter school operators and other charter school organizations to discuss this research. Throughout this report, we draw on comments from those participants, as well as from numerous phone conversations with charter school operators and organizations.

Participation Patterns

In addition to state-level variation, charter school participation rates vary according to school location (urban, rural, etc.), as shown in Table 4 (California, Louisiana, and New York are excluded from this analysis).¹⁷ In Arizona, Florida, and Michigan, participation rates are generally higher for charter schools in rural and town locales than for schools in suburban and city locales.

LOCALE	ARIZONA	FLORIDA	MICHIGAN
Rural	47% (88)	14% (76)	37% (41)
Town	44% (59)	19% (16)	36% (11)
Suburb	33% (85)	14% (214)	28% (94)
City	39% (294)	12% (159)	24% (137)

It is possible that charter schools in rural areas or smaller communities have less access to nontraditional teacher hires. Thus they compete directly with traditional public schools in attracting teachers already vested in the state system. Charter schools in metropolitan areas are more likely to have a larger and more diverse teacher-recruitment base.

Participation rates also differ depending on whether a school is freestanding (“mom and pop”) or is run by a management organization (either a nonprofit charter management organization, or CMO, or a for-profit education management organization, or EMO). Four states had sufficient data to analyze this trend: Arizona, Florida, Louisiana, and Michigan.¹⁸ In all four of these states, the participation rates were lower for charter schools operated by management organizations. Charter watchers suggest that CMOs and EMOs are more likely to have an established alternative to the state retirement system, such as a 401(k) or 403(b) plan, while freestanding schools must devise their own. Thus schools operated by management organizations are more inclined to choose not to opt in to the state system.

17. Participating employer data from the California State Teachers’ Retirement System were not available for 2008–09. Since the Teachers’ Retirement System of the City of New York refused to share its participating employer data with us, we were not able to evaluate specific participation patterns for New York. The small number of charter schools in Louisiana also prohibited inclusion, as there was only one charter school with a “town” classification, one charter school with a “suburb” classification, and five charter schools with “rural” classifications, compared to fifty-eight with “city” classifications. We did, however, calculate the participation rate for New Orleans as compared to the rest of the state. It was 62 percent—lower than the rest of the state, with New Orleans excluded (94 percent).

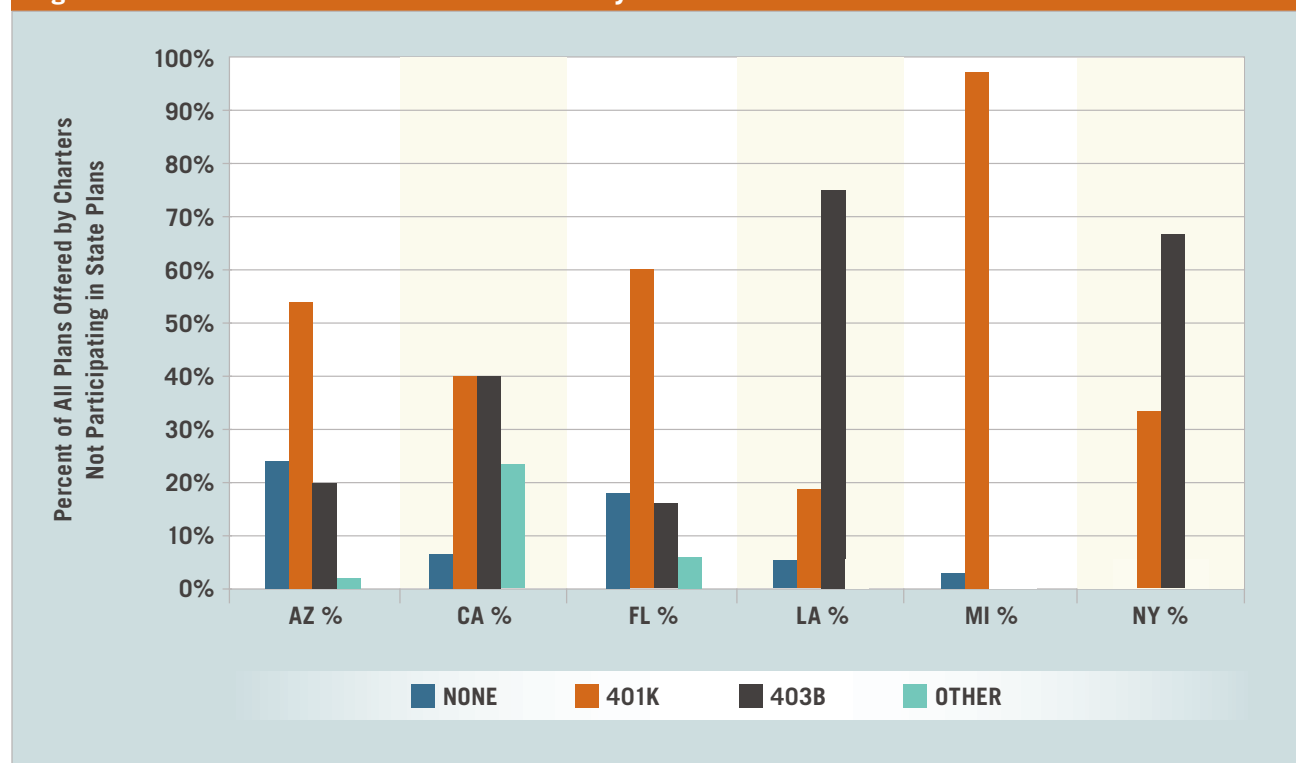
18. California and New York were excluded for the same reasons delineated in footnote 18.

Alternative Retirement Plans

What do charter schools that do not opt in to state pension plans offer their teachers instead? This analysis surveyed a random sample of such schools and found that the most common alternative retirements are 401(k) and 403(b) plans.¹⁹ Figure 1 presents the full results of the survey (see Appendix A for detailed state-level profiles).

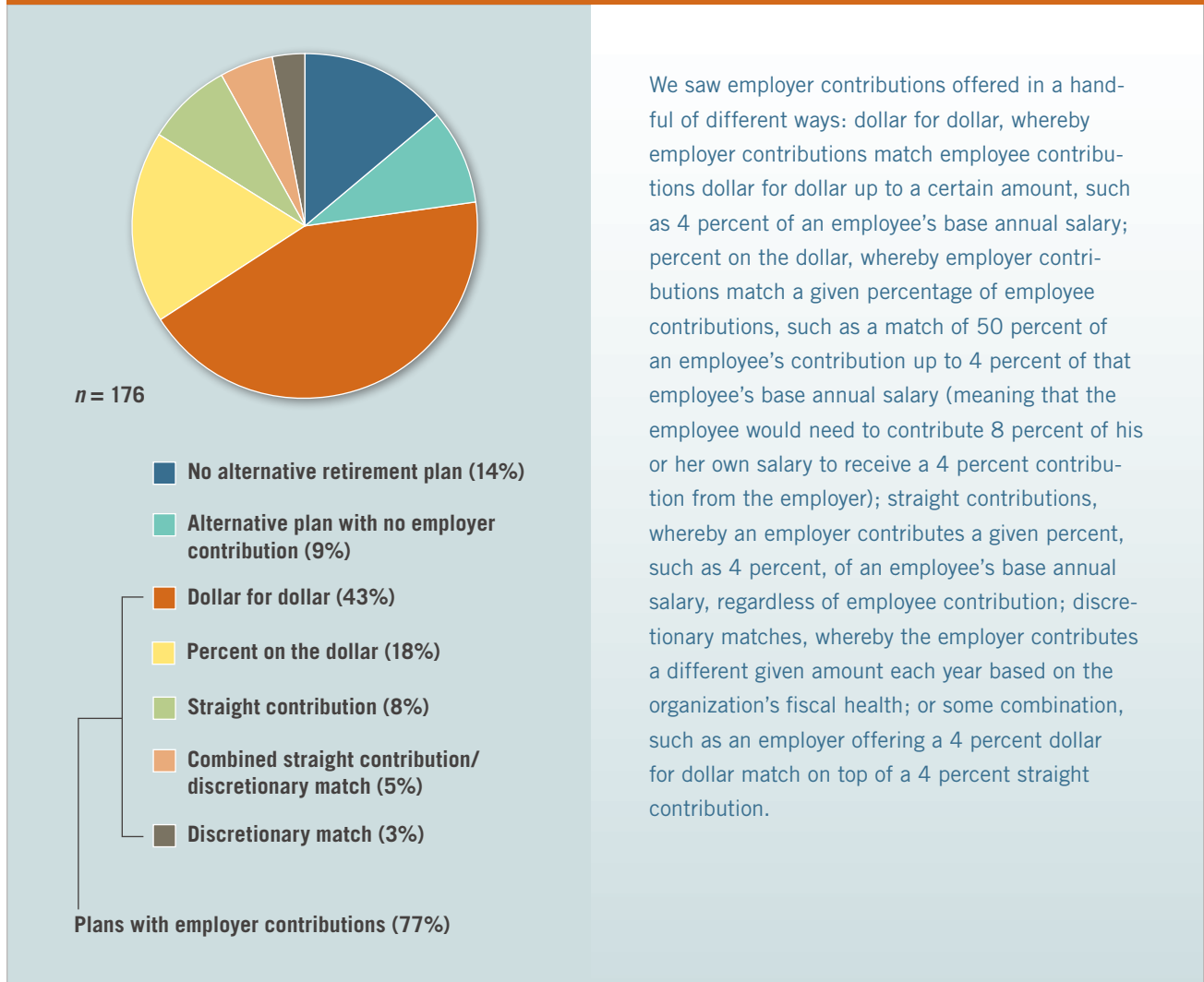
A significant number of charter schools not participating in their state retirement plans offer *no* alternative retirement plans at all for their teachers. This, too, differs by state. For instance, while only one non-participating charter school in Michigan offers no alternative, 18 percent of those in Florida and 24 percent of those in Arizona have none. In Michigan, 401(k) retirement plans are overwhelmingly the preferred alternative; a majority of charter schools in Florida and Arizona also choose those plans. Most charter schools in Louisiana and New York instead opt for 403(b) retirement plans. In California, the majority of charters is split evenly between 401(k) and 403(b) retirement plans.

Figure 1. Alternative Retirement Plans Offered by Charter Schools



19. 401(k) and 403(b) are sections of the U.S. tax code pertaining to employer defined-contribution pension plans. 401(k) plans are available to for-profit employers, whereas 403(b) plans are an option for not-for-profit employers. The IRS rules for these two types of plans are broadly similar, although there are some differences besides the primary distinction of the tax status of the employer.

Figure 2. Types of Employer Contributions for Charter Schools Not Participating in State Plans



Note: The total $n=176$ does not include one school in Arizona, five schools in California, six schools in Florida, and two schools in New York that we discovered were participating employers in their respective state/local retirement systems, despite not being listed as such by the state agencies.

Types of employer and employee contributions vary widely for the alternative retirement plans, as shown in Figure 2 above.

The straight contributions range from 4 percent up to 10 percent of an employee’s base annual salary. The matches start at 2 percent, and range up to a graduated 15 percent match for employees who work fifteen years or more at one school. Overall, the most common employer contribution rate for plans offering such a contribution is a dollar for dollar match in the 4 to 6 percent range.

Of the alternative retirement plans with employer contributions, 49 percent allow new hires to be vested immediately (within three months of hiring), while 11 percent have vesting periods of six years or more. The rest have vesting periods that fall somewhere in between.

Charter schools in Arizona, Florida, Michigan, and New York appear to incur lower retirement benefit costs when they offer alternative retirement plans instead of participating in their state pension systems. Except for two schools in Michigan, all of the surveyed schools with alternative retirement plans in these four states offer employer contributions that are lower than those that they would have been required to make if they had instead opted in to their state retirement plans (state retirement system employer contribution rates for the 2008-09 fiscal year are shown in the sidebar). Further, the majority of these plans offer matches rather than straight contributions—meaning that when a teacher does not contribute to his or her plan, the employer does not contribute anything, either.

The scenario is more complicated for schools in California and Louisiana, as charters in those states are required to opt in to Social Security when they do not choose the state retirement system. The financial savings realized by avoiding employer contributions to the state retirement system are somewhat offset by the financial burden of paying into Social Security. This factor is especially worth noting in California, where the employer contribution rate to the state pension plan (8.25 percent) is not much higher than the employer contribution rate to Social Security (6.2 percent). A California charter school that opts out of the state pension plan avoids the 8.25 percent state retirement system contribution, but must instead pay the 6.2 percent Social Security contribution, often in addition to a contribution to some kind of an alternative retirement plan—which we discovered could range all the way up to a match of 10 percent in California. Even taking this into account, however, it is still likely (especially in Louisiana) that charter schools offering alternative plans—while also paying into Social Security—often realize lower total retirement benefit costs. This is in part because the majority of employer contributions to these alternative plans are in the form of matches rather than straight contributions, and teachers do not always take advantage of a match.

Furthermore, charter schools with alternative retirement plans steer clear of the unpredictability that often accompanies employer contributions to state retirement systems. State retirement systems often change their employer contribution rates from year to year. In many states, these rates are projected to rise swiftly in the near future. By comparison, charter schools with alternative plans have control over their employer contribution rates. This allows them to budget accordingly and, when necessary, modify the rates to maintain their fiscal health.

STATE RETIREMENT SYSTEM EMPLOYER CONTRIBUTION RATES 2008-09 Fiscal Year

Arizona:	9.45%
California:	8.25%
Florida:	8.74%
Louisiana:	15.5%
Michigan:	9.73%
New York State:	6.19%
New York City:	30.8%

Next Steps

As is often the case when collecting new data, they potentially raise more questions than they answer. For example, it would be worthwhile to collect further data on whether charter school participation rates vary depending on characteristics such as authorizer type or grade span. It would also be useful to expand this research to the other ten states that offer charters the option of participating in state retirement systems.

The surveys themselves could be expanded to include additional questions for teachers and administrators, such as the following:

- To what extent do teachers value different retirement benefits, and to what extent do employees avail themselves of the alternative retirement plans that charter schools offer?
- To the extent that employees do participate in alternative retirement plans, how much do they typically contribute? What is the range of contributions, and what teacher characteristics affect contribution levels?
- If charter retirement benefit costs for teachers are lower, are other benefits or salaries higher?

Another important question not addressed here is the effect of charter pension policies on teacher recruitment, retention, and quality. Learning more about the extent to which teachers participating in those alternative plans are satisfied—not just vis-a-vis their current schools and jobs, but also in relation to their overall career trajectory—is an important next step in this line of inquiry. Clearly, there is considerable variation in retirement plans in the charter sector. But what are the consequences of this variation on the instructional workforce? Is there a relationship between teacher effectiveness and the type of retirement options that teachers seek out? Our data suggest that charter retirement benefit costs are lower. Has this had an effect on staff retention and quality?

And finally, what important lessons can be gleaned from charter school experimentation with alternative retirement systems? How can these lessons inform ongoing reform efforts in traditional public schools?

CONCLUSION

Charter schools were created in part to serve as laboratories for innovative practices and alternative approaches within the broad framework of public education. In certain areas, such as personnel policy, they've diverged considerably from traditional public school practices. Most, for example, forego formal collective bargaining and conventional teacher tenure. Many use various forms of differentiated and performance-related pay.²⁰ This study, the first of its kind, makes clear that some charter schools are *also* innovating in the teacher-pension arena.

There is no single pattern in the retirement alternatives offered by charter schools, but it is clear that traditional defined-benefit plans are not the only way to organize teacher pensions. Mobile teachers are apt to spend parts of their careers in different places and even different lines of work. Perhaps these teachers will prefer portable 401(k)-style retirement plans, whereas those interested in job security and planning a long career at the same school might be less satisfied with these types of plans. Perhaps it is possible to restructure retirement options in a way that enhances the growth of human capital at all our schools. But at the very least, from a financial perspective, it is time to rethink teacher pensions—and charter schools may point the way forward.

20. Dale Ballou and Michael Podgursky, *Personnel Policy in Charter Schools* (Washington, D.C.: Fordham Foundation, 2001), <http://www.edexcellence.net/publications-issues/publications/personnelpolicy.html>; Michael Podgursky, "Teams versus Bureaucracies: Personnel Policy, Wage-Setting, and Teacher Quality in Traditional Public, Charter, and Private Schools," in *Charter School Outcomes*, eds. Mark Berends, Matthew Springer, and Herbert Walberg (Mahwah, NJ: Lawrence Erlbaum Associates, Inc., 2007).

APPENDIX A - State Profiles

ARIZONA

Policy

All charter schools in Arizona have the option to participate in the Arizona State Retirement System (ASRS) under Arizona state charter law, which was passed in 1994. Charter school operators indicate that once a charter school opts in to ASRS, it is impossible for it to exit the system.

Participation Rate

The National Center for Education Statistics' (NCES) Common Core of Data (CCD) reports that there were 526 charter schools operating in Arizona during the 2008-09 school year. Of these 526 schools, 151 were listed as ASRS participating employers, indicating that 29 percent of charter schools in Arizona opt in to the state retirement system. However, an additional fifty-eight schools were not themselves listed as participating employers, but included under the umbrella of a participating local education agency (LEA). ASRS claims that charter schools in Arizona are required to opt in to the system on their own, and are not able to enroll in ASRS through an LEA. Yet when surveyed by phone, these additional fifty-eight schools claimed to be in ASRS. If these schools in question are counted as participating employers in ASRS, the total number of charter schools participating in ASRS would be 209, or 40 percent of all Arizona charters. Finally, we discovered one additional school in the randomization was participating in ASRS despite not being listed as such. Hence, the final participation rate is 41 percent (see Table 5).²¹

Total number of charter schools	526
Number of opt-in schools	151
Number of opt-in "agency" schools	58
Participation Rate	40%
Number of schools in random sample discovered to be in ASRS	1
Adjusted Participation Rate	41%

21. The participation rate was adjusted according to the following formula: $Adjusted\ Opt-In\ Rate = (TOT - (1-c)(OUT))/TOT$, where TOT = the total number of charter schools in the state, c = the proportion of charter schools in the random sample that were in ASRS despite not being listed as such, and OUT = the total number of charter schools that were originally counted as being out of ASRS.

Why Opt Out?

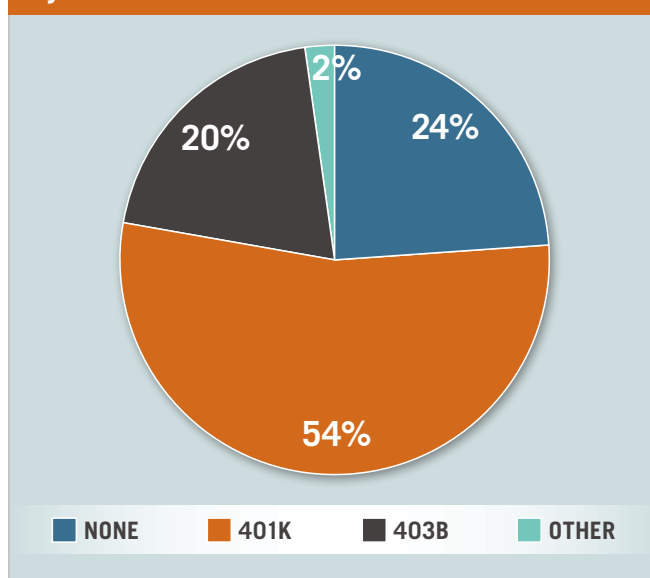
Charter schools that choose not to participate in ASRS cite the cost of employer contributions. In 2009, the annual employer contribution rate to ASRS had increased to 9.45 percent of an employee's annual salary, up from just 2.66 percent in 2001—and it is projected to continue increasing for the next ten years.²² Arizona state law requires charter schools to pay in to Social Security regardless of whether or not they participate in ASRS. If a charter school refrains from opting in to ASRS, it can reduce payroll costs by offering a 401(k) or 403(b) retirement plan with a contribution rate lower than the ASRS contribution rate. Charter school leaders report that many charters that participate in ASRS opened in the early years of the charter school movement and likely opted in before considering—or knowing—the alternatives.

Alternative Retirement Plans

A random 20 percent sample of charter schools in Arizona that were not listed as participating employers in ASRS in 2008-09 yielded sixty-three schools. Fifty-one ultimately responded to our survey, for an 81 percent response rate. Out of those, twenty-seven offer 401(k) plans, ten offer 403(b) plans, twelve offer no retirement plan, and one offers a SIMPLE IRA plan (see Figure 3).²³

Most of the schools extending retirement plans offer employer matches on employee contributions, either dollar for dollar or a percentage on the dollar, ranging up to 6 percent. One charter management organization (CMO) and two individual schools offer straight contributions of roughly 5 percent, meaning the employees are not required to make contributions of their own to receive it. One 401(k) retirement plan and one 403(b) retirement plan offer no employer contribution, and one CMO offers a discretionary match that it adjusts each year, depending on the organization's financial health. The vesting periods on these retirement plans vary from immediate vesting to ten years, although the majority of the plans offer either immediate or one-year vesting periods.

Figure 3. Alternative Retirement Plans Offered by Arizona Charter Schools



22. Arizona State Retirement System, *Comprehensive Annual Financial Report, Fiscal Year Ended June 30* (Phoenix, AZ: ASRS, 2010), https://www.azasrs.gov/content/pdf/financials/2010_CAFR.pdf.

23. We discovered that one school was a participating employer in ASRS despite not being listed as such. This school was removed from the sample and was not replaced.

A Savings Incentive Match Plan for Employees (SIMPLE IRA plan) allows employees and employers to contribute to traditional IRAs set up for employees. It is ideally suited as a start-up retirement savings plan for small employers not currently sponsoring a retirement plan.

CALIFORNIA

Policy

All charter schools in California have the option to participate in the California State Teachers’ Retirement System (CalSTRS) under California state charter law, which was passed in 1992. Charter school operators report that it is difficult for a charter school to exit CalSTRS once it has opted in.

Participation Rate

We obtained a list of charter schools in California during the 2009-10 school year from the California Department of Education (CDE). It reported 815 total charter schools. Of those, 715 were listed as participating employers in CalSTRS, meaning 88 percent of charter schools in California opted in to the state retirement system. However, CalSTRS had its own list of charter schools for the 2009-10 school year, which was not entirely consistent with CDE’s list for the same year. The CalSTRS list included a total of 810 charters for 2009-10. Of those, 732 schools were listed as participating employers, meaning 90 percent of charters opted in to the state retirement system. Both figures are reported in Table 6. Finally, we discovered that five schools in the randomized sample were actually participating in CalSTRS despite not being listed as such; the final participation rate is therefore in the 91 to 93 percent range.²⁴

Table 6. California Participation Rate		
	Data provided by CDE	Data provided by CalSTRS
Total number of charter schools	815	810
Number of opt-in schools	715	732
Participation Rate	88%	90%
Number of schools in random sample discovered to be in CalSTRS	5	5
Adjusted Participation Rate	91%	93%

24. The participation rate was adjusted according to the following formula: $Adjusted\ Opt-In\ Rate = (TOT - (1-c)(OUT))/TOT$, where TOT = the total number of charter schools in the state, c = the proportion of charter schools in the randomization that were found to be in CalSTRS despite not being listed as such, and OUT = the total number of charter schools that were originally counted as being out of CalSTRS.

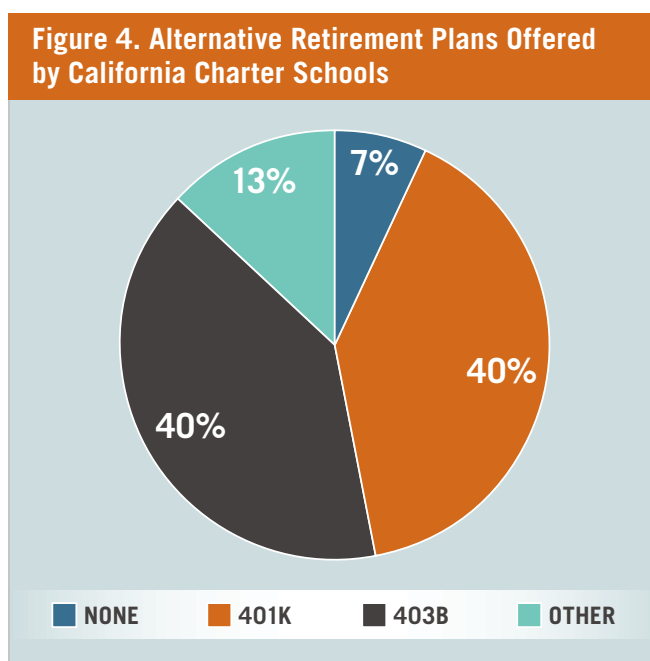
Why Opt Out?

Of the six states included in this study, California has the highest percentage of charter schools participating in its state retirement system. One of the primary factors influencing this high participation is California state law, which does not require charter schools to enroll in Social Security if they are participating employers in CalSTRS. If charter schools choose *not* to opt in to CalSTRS, they are theoretically required to opt in to Social Security, although we found a school in our randomization that had not done so, and the law governing this requirement is somewhat vague. CalSTRS also has a relatively low employer contribution rate, at 8.25 percent, which is augmented by a 2 percent contribution paid by the state.²⁵ When a charter school chooses not to opt in to CalSTRS, it loses its 2 percent state contribution, and generally must opt in to Social Security. Thus, choosing not to opt in to the state plan generally does not result in large financial savings for a charter school, since most charters that do not opt in to CalSTRS also offer their own retirement plan on top of Social Security.

Alternative Retirement Plans

A random 20 percent sample of charter schools in California not listed as participating employers in CalSTRS in 2009-10 yielded twenty-five schools.²⁶ Twenty of those responded to the survey, for an 80 percent response rate. Of the twenty, six offer 401(k) plans, six offer 403(b) plans, one offers no retirement plan, one offers a cash-balance plan,²⁷ and one offers a SIMPLE IRA retirement plan (see Figure 4).²⁸

Employer contribution rates vary widely among the 401(k) and 403(b) plans. Most are in the form of employer matches to employee contributions, either dollar for dollar or a percentage on the dollar, which ranges up to 10 percent of the employee's salary. Two plans offer contributions of 4 percent and 8 percent, each with a requirement that the employee also contribute 8 percent. One plan offers no match or contribution. The vesting periods range from immediate vesting up to six-year vesting schedules.



25. California State Teachers' State Retirement System, *Comprehensive Annual Financial Report: A Component of the State of California for the Fiscal Year Ended June 30, 2010* (Sacramento, CA: CalSTRS, 2010), http://www.calstrs.com/help/forms_publications/printed/CurrentCAFR/cafr_2010.pdf.

26. The 20 percent sample was drawn from an original list of 789 charter schools collected from the National Center for Education Statistics' (NCES) Common Core of Data (CCD). Of those schools, 124 did not participate in CalSTRS, yielding a 20 percent sample of twenty-five schools.

27. A cash balance plan is a type of defined-benefit plan that provides for smooth accrual of pension wealth (like a defined-contribution plan), but keeps the investment risk and fund management with the employer.

28. We discovered that five schools were participating employers in CalSTRS despite not being listed as such (they enrolled under the umbrella of their LEA). These schools were removed from the sample and were not replaced.

FLORIDA

Policy

Florida law is unique in that it allows charter schools to participate in the Florida Retirement System (FRS) depending on their employer status. Since the enactment of the Florida charter school law in 1996, charters have had the option of identifying themselves as either private or public employers. At the beginning of the charter school movement in Florida, there was significant confusion in the charter sector regarding the implications of that decision—confusion that continues today. Charter schools that choose to operate as public employers are able to decide whether or not to participate in FRS; charter schools that choose to operate as private employers cannot participate in FRS. No readily available, centralized data exist that list the employer status of all charter schools in Florida. Most charter school operators in Florida, however, indicate that a majority of charters operate as private employers. Once a charter school opts in to FRS, it is difficult to exit the system.

Participation Rate

The National Center for Education Statistics' (NCES) Common Core of Data (CCD) lists 465 charter schools operating in Florida during the 2008-09 school year. Of these, sixty-four were listed as participating employers in the FRS Annual Report, meaning that 14 percent of Florida charter schools opt in to the state retirement system. Through the randomized survey, we discovered that six schools were participating employers in FRS despite not being listed as such, so the participation rate was adjusted to 23 percent (see Table 7).²⁹

Table 7. Florida Participation Rate	
Total number of charter schools	465
Number of opt-in schools	64
Participation Rate	14%
Number of schools in random sample discovered to be in FRS	6
Adjusted Participation Rate	23%

29. The participation rate was adjusted according to the following formula: $Adjusted\ Opt-In\ Rate = (TOT - (1-c)(OUT)) / TOT$, where TOT = the total number of charter schools in the state, c = the proportion of charter schools in the randomization that were found to be in FRS despite not being listed as such, and OUT = the total number of charter schools that were originally counted as being out of FRS.

Why Opt Out?

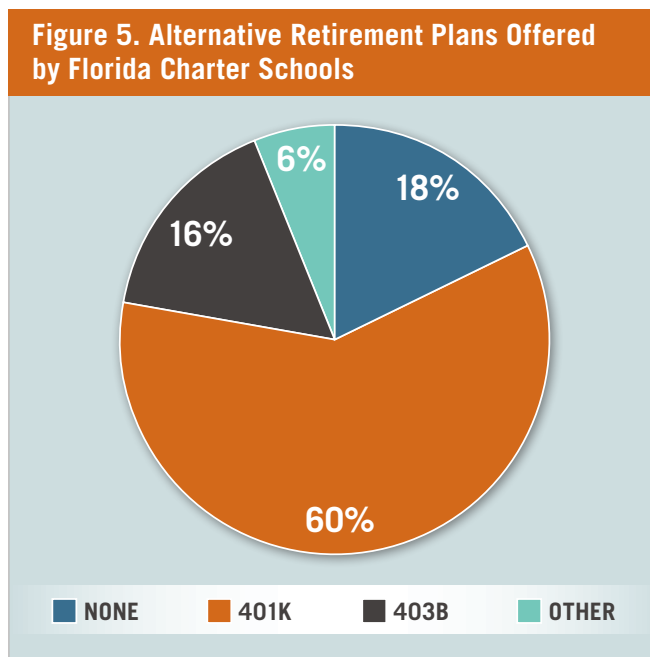
Of the six states included in this study, Florida has the lowest percentage of charter schools participating in the state's retirement system. Since charter schools in Florida are required to identify themselves as public or private employers before opening—and there's little guidance about how to decide—the participation rate may be unintentionally low. Some charter schools organized as private employers may have preferred to opt in to FRS but did not realize the ramifications of their employer status until they had already selected it. Charter schools may change their employer status, but charter school operators indicate that it is very difficult to do so.

Charter schools that choose not to opt in to FRS also cite the cost of employer contributions as a deterrent. In 2009, the annual employer contribution rate to FRS for a teacher was 8.74 percent of that teacher's annual salary.³⁰ In 2011, the legislature introduced an employee contribution of 3 percent to FRS for the first time, and adjusted the employer contribution downward. Florida state law requires charter schools to pay in to Social Security regardless of whether or not they participate in FRS, which is an additional expenditure for the employer. If a charter school refrains from opting in to FRS, it can reduce payroll costs by offering a 401(k) or 403(b) plan with a contribution rate lower than the FRS contribution rate.

Alternative Retirement Plans

A random 20 percent sample of charter schools in Florida that were not listed as participating employers in FRS in 2008-09 yielded eighty schools. Fifty-six responded to our survey, for a 70 percent response rate. Of those, thirty offer 401(k) plans, eight offer 403(b) plans, nine offer no retirement plan, one offers a profit-sharing retirement plan, one offers a SEP retirement plan, and one offers retirement payments to employees for individual investing (see Figure 5).³¹

Employer contribution rates vary widely among the 401(k) and 403(b) plans. Most employer contributions are employer matches on employee contributions, either dollar for dollar or a percentage on the dollar, which range up to 7 percent of an employee's salary; we also found a handful of plans that include straight contributions. Vesting periods range from immediate vesting up to five-year vesting schedules.



30. Florida Retirement System, *The Florida Retirement System Annual Report July 1, 2008 – June 30, 2009* (Tallahassee, FL: Florida Department of Management Services, 2010), http://www.rol.frs.state.fl.us/forms/2008-09_Annual_Report.pdf.

31. We discovered that six schools were participating employers in FRS despite not being listed as such. They were removed from the sample and were not replaced.

A Simplified Employee Pension (SEP) plan provides a source of income for retirement by allowing employers to set aside money in retirement accounts for their employees. A SEP does not have the start-up and operating costs of a conventional retirement plan.

LOUISIANA

Policy

The Louisiana charter school law, originally passed in 1995, accommodates five types of charter schools.³² It is mandatory for Type 4 charter schools to participate in the Teachers' Retirement System of Louisiana (TRSL). (These schools are authorized by the state Board of Elementary and Secondary Education and have employees who, despite their employment at the charter schools, remain employees of the district.) Type 1 and Type 3 charter schools are not technically required to participate in TRSL, but since they are authorized by local school boards, they often experience heightened pressure from their local districts and teacher bases to enroll in TRSL (and, in fact, all of the Type 1 and Type 3 charter schools in operation during the 2008-09 school year had chosen to opt in to the system). Type 2 and Type 5 charter schools also retain the option of participating in TRSL and are more likely to exercise that option. However, there has been legislation proposed (and defeated) in each of the last few legislative sessions seeking mandatory participation in TRSL for all charter schools.

Charter school operators report that it is difficult for a charter school to exit TRSL once it has opted in (although there is no agreement regarding whether the difficulty arises out of pressure coming from TRSL, the teacher base, or other political forces). The Louisiana legislature passed a law in 2010 to enable public school teachers enrolled in TRSL and working in district schools to transfer to charter schools and remain in the state-sponsored retirement system without their new schools having to participate in TRSL.³³ (The charter schools into which they transfer would still be required to make TRSL contributions for those teachers choosing to remain in TRSL.) Teachers who never enrolled in TRSL or who chose to leave TRSL would be provided retirement benefits through a non-TRSL plan, such as a 403(b) plan. Advocates of the legislation say that it would afford greater flexibility to charter school teachers to choose the retirement plans that best suit their needs, while also giving charter schools the autonomy to offer the most competitive benefits packages possible to their employees. However, under the language of the bill, the law could not take effect until it was approved by the IRS. TRSL requested a private letter ruling from the IRS in March 2010; as of June 2011, fifteen months later, this request was still pending (see *Louisiana Limbo* on page 9).

Participation Rate

The National Center for Education Statistics' (NCES) Common Core of Data (CCD) lists sixty-five charter schools operating in Louisiana during the 2008-09 school year. Of these, forty-six were listed as participating employers by TRSL, meaning 71 percent of charter schools in Louisiana opt in to the state retirement system (see Table 8).

32. The Louisiana Department of Education defines the types as follows: Type 1 is a new start up authorized by the local school board; Type 2 is new start up or charter conversion authorized by the Board of Elementary and Secondary Education; Type 3 is a charter conversion authorized by the local school board; Type 4 is a new start up or conversion charter authorized by the Board of Elementary and Secondary Education; Type 5 is a pre-existing public school under the jurisdiction of the Recovery School District and authorized by the Board of Elementary and Secondary Education. For more information, see http://doe.louisiana.gov/bese/charter_schools.html.

33. This would be the permanent extension of a temporary law that was originally passed after Hurricane Katrina in 2005, with the intent of allowing teachers employed by hurricane-impacted districts to take a leave of absence from their respective districts (enabling them to teach at public charter schools) while maintaining their enrollment in the Teachers' Retirement System of Louisiana (TRSL).

Total number of charter schools	65
Number of opt-in schools	46
Participation Rate	71%

Why Opt Out?

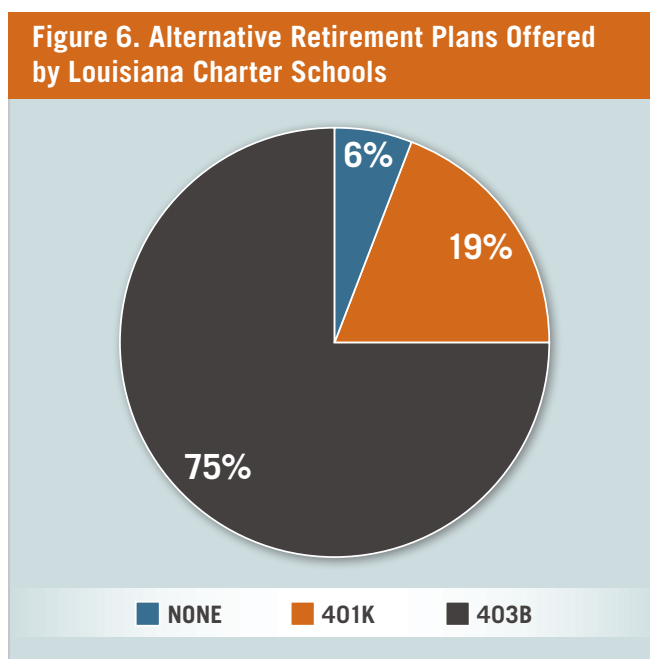
Of the six states in this study, Louisiana has the second-highest percentage of charter schools participating in the state retirement system. One of the primary factors influencing this high participation rate is that Louisiana state law does not require charter schools to participate in Social Security if they participate in TRSL. However, if charter schools choose *not* to opt in to TRSL, they are required to opt in to Social Security. This is an additional expense for the employer that it would otherwise not incur if it were to opt in to the state system. Still, TRSL's employer contribution rate, at 15.5 percent for the 2008-09 school year, is quite high, and that contribution rate has risen to 23.7 percent for 2011-12.³⁴ The rate is expected to continue increasing, and charter operators indicate that a growing number of charter schools want to opt out.

Another factor driving up the participation rate in Louisiana is the state requirement imposed on certain types of charters. The four Type 2 charter schools in operation in Louisiana during the 2008-09 school year were all required to participate in TRSL.

Alternative Retirement Plans

As only eighteen charter schools in Louisiana chose *not* to opt in to TRSL in 2008-09, all were included in our survey. (One school listed by CCD had closed by the end of 2008-09 and was not included.) Sixteen responded, for an 89 percent response rate. Of these, three offer 401(k) plans, twelve offer 403(b) plans, and one offers no retirement plan but plans to introduce a 403(b) plan in the near future (see Figure 6).

Employer contribution rates vary widely among the 401(k) and 403(b) plans. Most plans offer employer matches on employee contributions, either dollar for dollar or a percentage on the dollar, which vary up to 6 percent. A few schools offer straight contributions of 6 percent. Most of the plans offer immediate vesting and a handful offer full vesting after six years.



34. Teachers' Retirement System of Louisiana, *The Art of Retirement: 2009 Comprehensive Annual Financial Report* (Baton Rouge, LA: TSRS, 2009), <http://trsl.org/uploads/File/Investments/09CAFR.pdf>; and Teachers' Retirement System of Louisiana, *Historical TRSL Contribution Rates* (Baton Rouge, LA: TSRS, 2011), http://trsl.org/uploads/File/Employers/Contribution%20Rates_historical.pdf.

MICHIGAN

Policy

The 1993 Michigan charter school law governing charter school participation in the Michigan Public School Employees' Retirement System (MPERS) is unusual because it affords charter schools the option to participate in MPERS by virtue of how they hire their employees. If a charter school's board hires its employees directly, they are compulsory members of MPERS. If the board contracts with a third party to hire its employees, or hires them through a management company, then those employees are excluded from MPERS. Charter schools can alter whether or not their employees can participate in MPERS by changing their hiring practices. Charter school operators indicate that it is relatively simple to do so.

Participation Rate

The National Center for Education Statistics' (NCES) Common Core of Data (CCD) lists 283 charter schools operating in Michigan during the 2008-09 school year. Of these, seventy-eight were listed as participating employers in the MPERS, meaning 28 percent of charter schools in Michigan opt in to the state retirement system (see Table 9).

Table 9. Michigan Participation Rate	
Total number of charter schools	283
Number of opt-in schools	78
Participation Rate	28%

Why Opt Out?

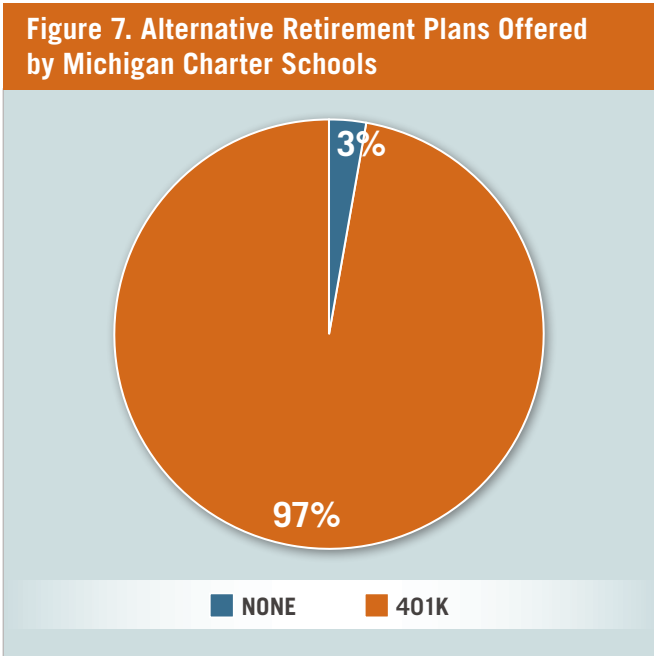
Charter schools that do *not* opt in to MPERS cite the high cost of employer contributions. In 2009, the annual employer contribution rate to MPERS was 9.73 percent of the employee's annual salary.³⁵ Michigan state law requires charter schools to pay in to Social Security regardless of whether or not they participate in MPERS. If a charter school refrains from opting in to MPERS, it can reduce payroll costs by offering a 401(k) or 403(b) retirement plan with a contribution rate lower than MPERS. Michigan also has a relatively high percentage of charter schools operated by CMOs that are typically less inclined to participate in retirement systems than are freestanding charters.

35. Michigan Association of School Administrators, *MPERS Employer Contribution Rate Changes in Cost Per Pupil, FY 1994-1995 to FY 2011-2012* (Lansing, MI: MASA, 2010).

Alternative Retirement Plans

A random 20 percent sample of charter schools in Michigan that were not listed as participating employers in MPSEERS in 2008-09 yielded forty-one schools. Thirty-three responded to the survey, for an 80 percent response rate. Of those, thirty-two offer 401(k) retirement plans with a variety of employer contribution rates and vesting periods, and one school offers no retirement options (see Figure 7).

Most of the schools offering 401(k) plans offer matches, either dollar for dollar or a percentage on the dollar, ranging up to 6 percent. A handful of plans offer straight contributions, ranging from 3 to 10 percent. Another handful offer 401(k) plans with a straight contribution as well as a match (around 4 percent for each). The vesting periods vary from immediate vesting to seven-year vesting periods.



NEW YORK

Policy

The New York State Charter Schools Act of 1998 allows charter schools to participate in state and/or local retirement systems. The law itself does not specifically identify the systems (there are two) in which charter schools can elect to participate, but charter schools in New York City exercise the option to participate only in the Teachers' Retirement System of the City of New York (TRS NYC), while charter schools outside of the city exercise the option to participate only in the New York State Teachers' Retirement System (NYSTRS). New York State Department of Education regulations state that once a charter school has been accepted as a participating employer by a retirement system, it cannot revoke its participation.³⁶

Participation Rate

The National Center for Education Statistics' (NCES) Common Core of Data (CCD) lists 119 charter schools operating in New York during the 2008-09 school year. Of these, eighty-two were located in New York City and thirty-seven outside of the city. Of those outside, twenty-two were listed as NYSTRS participating employers. Unfortunately, TRS NYC was unwilling to share its participating employer data with us even after repeated requests.³⁷ Thus, we calculated a lower-bound participation rate of 18 percent (twenty-two out of 119) for the state as a whole (see Table 10). Undaunted by TRS NYC's rebuff, we proceeded to call each of the eighty-two charter schools in New York City in operation during 2008-09. Out of the sixty-three schools that responded to our inquiry, nine reported opting in to TRS NYC. We used these data to calculate an adjusted participation rate of 14 percent for the city and 28 percent for the state.³⁸

Total number of charter schools	119
Number of NYSTRS opt-in schools	22
Lower Bound Participation Rate	18%
Estimated NYSTRS participation rate for NYC charters, based on survey	14%
Adjusted Participation Rate	28%

36. 8 Official Compilation of Codes, Rules, and Regulations of the State of New York §119.2, <http://www.p12.nysed.gov/psc/csreg119.2.html>.

37. We attempted to obtain the TRS NYC participating employer data by contacting the agency without success; we also reached out to individuals at charter school associations in the state and city who, despite their best efforts, were also unable to help us obtain the necessary data. As a last resort, we submitted a FOIA request (Freedom of Information Act) to the agency, which also went unanswered.

38. The participation rate was adjusted according to the following formula: $Adjusted\ Opt-In\ Rate = (NYSTRS + c)(NYC) / TOT$, where NYSTRS = the total number of charter schools listed as participating employers in NYSTRS, c = the proportion of New York City charter schools that we discovered were TRS NYC participating employers, NYC = the total number of charter schools in New York City, and TOT = the total number of charter schools in the state.

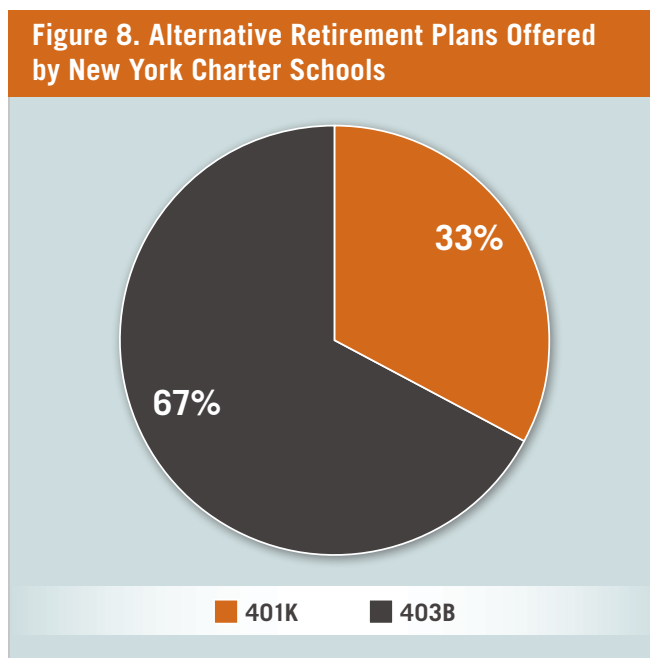
Why Opt Out?

Charter schools that choose *not* to opt in to NYSTRS or TRSNYC cite the high cost of employer contributions. In 2009, the annual employer contribution rate to NYSTRS was 6.19 percent of an employee's annual salary, and the annual employer contribution rate to TRSNYC was astonishingly higher, at 30.8 percent.³⁹ New York state law requires charter schools to pay in to Social Security regardless of whether or not they participate in the state or New York City retirement system. If a charter school refrains from opting in, it can reduce payroll costs by offering a 401(k) or 403(b) retirement plan with a contribution rate lower than NYSTRS or TRSNYC (which shouldn't be too hard in the latter case).

Alternative Retirement Plans

A random 20 percent sample of charter schools in New York that were not listed as participating employers in NYSTRS in 2008-09 yielded nineteen schools. Fourteen responded to our survey, for a 74 percent response rate. Of those, eight offer 403(b) retirement plans and four offer 401(k) plans (see Figure 8).⁴⁰

Employer contribution rates vary among the 401(k) and 403(b) plans. Most employer contributions are matches offered on employee contributions; they generally range up to 6 percent of the employee's salary, although we found one school offering a graduated match that increased all the way up to 15 percent for employees who had worked fifteen years or more at the school. The vesting periods range from immediate vesting to five-year vesting schedules.



39. New York State Teachers' Retirement System, *Comprehensive Annual Financial Report 2009* (Albany, NY: NYSTRS, 2009), <http://www.nystrs.org/main/library/AnnualReport/2009CAFR.pdf>; and Teachers' Retirement System of the City of New York, *92nd Annual Report: Fiscal Year ended June 30, 2009* (New York, NY: TRSNYC, 2009), <https://www.trsnyc.org/WebContent/tools/brochure/annualReport.pdf>.

40. Two schools reported operating as participating employers in TRSNYC and were removed from the sample without being replaced.

