

TEACHERS' RETIREMENT BOARD

BENEFITS AND SERVICES COMMITTEE

Item Number: 8

SUBJECT: Trends in Charter School Membership in CalSTRS

CONSENT: X

ATTACHMENT(S):

ACTION:

DATE OF MEETING: April 1, 2015

INFORMATION: X

PURPOSE

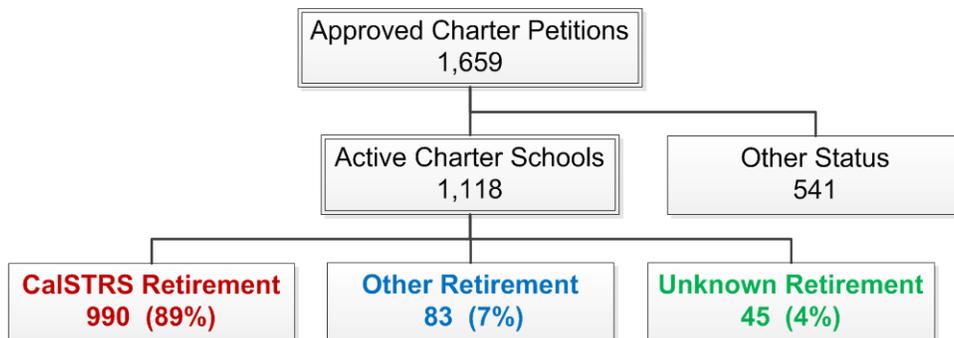
The purpose of this item is to report on the trends in charter school membership in the CalSTRS Defined Benefit Program, including the number of schools and educators over time.

BACKGROUND

A report on the demographic characteristics of CalSTRS members was presented to the board at its [November 2014 meeting](#), at which time the board requested further information about charter schools, particularly those charter schools that do not offer CalSTRS retirement benefits.

The Education Code requires the State Board of Education to assign a number to each charter school petition after it has been approved by the local school district, county office of education or the State Board of Education. As of June 30, 2014, there are 1,118 active charter schools in California, out of 1,659 charter school petitions approved in California since the enactment of the Charter School Act of 1992.

California Charter Schools as of June 30, 2014



RETIREMENT SYSTEMS AT CHARTER SCHOOLS

During the initial writing of a charter petition, a school may elect to participate in CalSTRS to provide retirement benefits for certificated employees. Of the 1,118 active charter schools in California as of June 30, 2014, CalSTRS provides retirement benefits for 990 schools (89 percent), while 83 schools (7 percent) offer a different retirement system, such as Social Security. The retirement system at the remaining 45 schools (4 percent) is unknown.

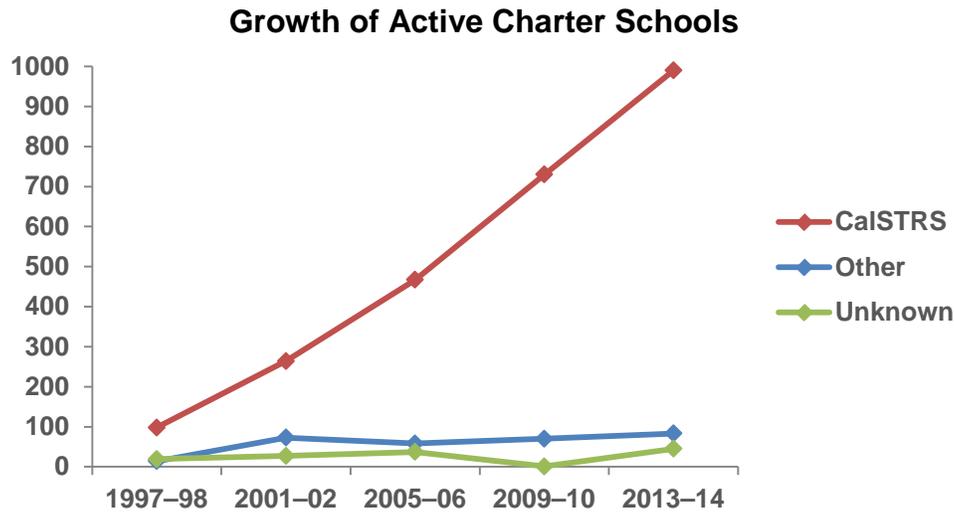
According to organizations that represent charter schools, the high rate of adoption of CalSTRS reflects the fact that CalSTRS benefits are a good tool to recruit and retain educators, and that many charter schools are founded by current CalSTRS members, who wish to continue to participate in the retirement program.

Number of Active Charter Schools by Fiscal Year

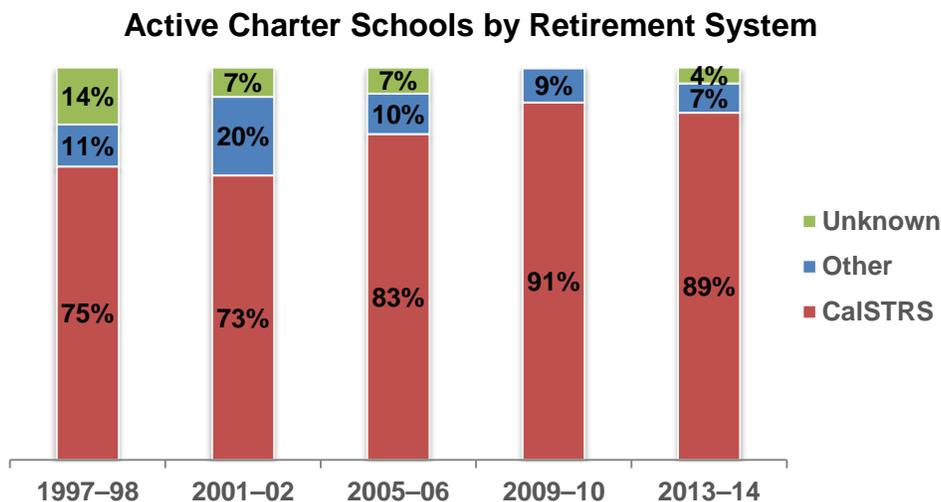
	1997–98	2001–02	2005–06	2009–10	2013–14
Unknown	19	27	37	1	45
Other	14	73	58	70	83
CalSTRS	98	264	467	730	990
TOTAL	131	364	562	801	1,118

The number of active charter schools in California has continued to grow each year. In particular, the number of charter schools with CalSTRS retirement benefits has grown rapidly—from 86 schools in fiscal year 1997–98 to 990 schools in fiscal year 2013–14, an average increase of 223 schools every four years.

The number of charter schools with a retirement system other than CalSTRS has also grown, but not to the same extent—from 14 schools in fiscal year 1997–98 to 83 schools in fiscal year 2013–14, an average increase of 17 schools every four years, and about half the percentage rate of increase of schools electing CalSTRS as their retirement administrator.



CalSTRS has consistently provided retirement benefits to the vast majority of California charter schools, and that majority has increased over time. In fiscal year 1997-98, CalSTRS provided retirement benefits to 75 percent of active charter schools, compared to 89 percent in fiscal year 2013-14.



EDUCATORS AT CHARTER SCHOOLS

Given the rate at which the number of charter schools in California has grown, it is unsurprising that the number of educators employed at charter schools has also increased rapidly. The number of educators at charter schools with CalSTRS retirement benefits increased from 1,602 educators in fiscal year 1997-98 to 24,048 educators in fiscal year 2013-14. Meanwhile, the number of educators at charter schools with a retirement system other than CalSTRS increased from 82 educators in fiscal year 1997-98 to 1,976 educators in fiscal year 2013-14, according to the National Center for Education Statistics.

The number of active members who were employed by charter schools represented only about 5 percent of all active members in fiscal year 2013–14. By the same token, if all certificated charter school employees were required to participate in CalSTRS, the number of active members would increase by less than half of one percent, which would have an immaterial impact on the system.

Number of Educators at Active Charter Schools

