



California State Teachers'
Retirement System
Executive Office
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September 19, 2011

TO: All County Superintendents of Schools
District Superintendents of Schools
Charter School Administrators and
Other Employing Agencies

FROM: Jack Ehnes
Chief Executive Officer

SUBJECT: Employer Directive 2011-03
Supersedes Employer Directive 96-01
Charter School Reporting

PURPOSE:

The purpose of this directive is to inform charter school employers of documentation that may be required for any charter school electing the California State Teachers' Retirement System (CalSTRS).

SCOPE:

CalSTRS requires a copy of the Charter School Petition as approved by the chartering authority and numbered by the California Department of Education for all charter schools electing CalSTRS.

Education Code section 22903¹ provides that school employers may pick up for the purpose of deferring taxes contributions to the Defined Benefit Program. If an employer elects to collect pre-tax contributions on behalf of employees, the Internal Revenue Code Section 414(h) (2) provides that the employer must take action evidenced by a written document to do so. Such evidence is required by CalSTRS prior to the charter school submitting pre-tax contributions. CalSTRS provides an Employer Paid Member Contribution Resolution form for such use.

Employers may also elect to submit pre-tax payroll deductions for employees who purchase service credit or redeposit previously withdrawn contributions and interest. If so, CalSTRS requires a Pre-Tax Receivable Resolution prior to the submission of the pre-tax deductions.

¹Unless stated otherwise, all statutory references are to the Education Code

DISCUSSION:

In 1992, California enacted the Charter Schools Act (beginning with section 47600), which permits a charter school to participate either in CalSTRS or another retirement system. Section 47605 requires a charter petition to state which retirement system the school chooses.

If a charter school chooses to participate in CalSTRS, all employees of that charter school who qualify for CalSTRS membership must be covered under the System, following all provisions of Parts 13 and 14. These laws apply in the same manner as if that charter school were a non-charter public school.

Depending on the agreement between the charter school and chartering authority, the charter school may submit data to CalSTRS via the County Office of Education or the local school district. As of July 1, 2010, CalSTRS requires charter schools that report directly through the County Office of Education to be assigned a unique report unit code. The County Office of Education assigns the Report Unit ID for use in CalSTRS database.

Please refer to Employer Directive 2010-03 for additional information.

ACTION:

For new charter schools choosing to participate in CalSTRS, please submit the following:

- A complete copy of the Charter Petition approved by the chartering authority and numbered by the California Department of Education.

If electing to submit contributions on a tax deferred basis:

- Evidence the school's governing body has taken action authorizing such contributions. You may use CalSTRS Employer Paid Member Contribution Resolution.

If electing to submit tax deferred payroll deductions for the purchase of service credit:

- Submit a Pre-Tax Receivable Resolution prior to the submission of any tax deferred payroll deductions.

If submitting contributions and data directly through the County Office of Education:

- Contact the County Office of Education for the assignment of a unique report unit number.

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If additional information or clarification is required, please contact your County Office of Education. County Office of Education staff should contact your CalSTRS Member Account Services representative for assistance.