

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?

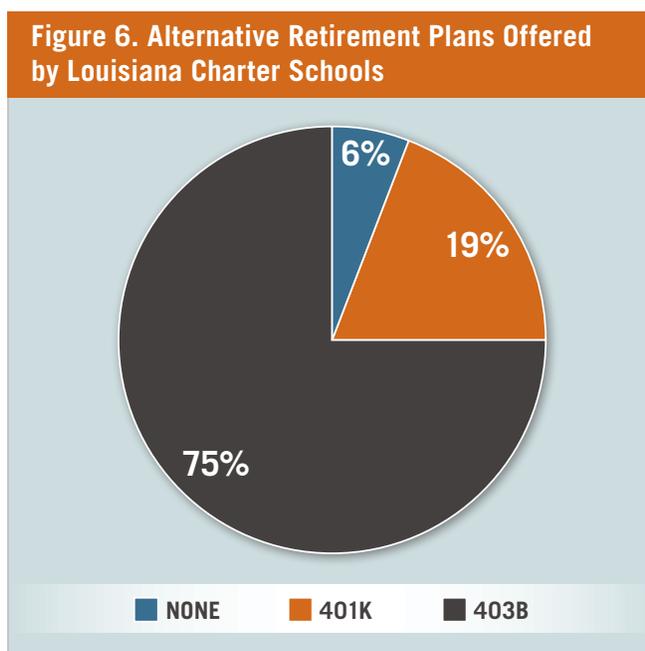
Of the six states in this study, Louisiana has the second-highest percentage of charter schools participating in the state retirement system. One of the primary factors influencing this high participation rate is that Louisiana state law does not require charter schools to participate in Social Security 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.