



AMENDMENT TO SENATE BILL 93-183

Concerning Retirement Plan Coverage at Charter Schools

PERA urges the Senate Education Committee to adopt the amendment numbered .027, which would require PERA or DPS retirement plan membership for all teachers at charter schools. This is important to help assure that career teachers will be covered under a single plan for all their teaching service if they go to work at a charter school. If teachers are given the option to participate in PERA, those who expect to work until vested for future benefits or until eligible for retirement probably will choose PERA membership. However, other teachers may not. This would cause "adverse selection" against PERA, and increase the cost of providing benefits to members retiring in the future.

HB 93-1235 by Rep. Kerns and Sen. Owens would require PERA and DPS to study a mechanism for better transferability of benefits for employees who work under both systems at some point in their careers. PERA supports that bill but whatever model is developed is not likely to be useful for promoting portability between these two systems and a retirement plan for charter schools. Neither PERA nor DPS members are covered by social security on their public employment, and the two benefit structures are roughly similar (though far from identical).

The amendment .027 would require charter schools outside Denver to make the regular 11.6 percent of salary contribution to PERA on behalf of all their teachers. Without the employer contribution teachers would not earn service credit under PERA.

The 11.6 percent rate is significantly lower than the average contribution made by school districts around the country (averaging 15.04 percent) and in neighboring states. Pursuant to federal law, teachers and other public employees must be covered by a retirement plan, and PERA provides a solid package of disability, survivor, and retirement benefits.

PERA doesn't believe the amendment conflicts with the purpose of SB 93-183. PERA membership may be an attractive feature for most charter school teachers. PERA has no position on SB 93-183 as a whole.