

Report from the Committee on Implementation of the 2015 Agency Participation Act (Session Law 2015-168)

The first Committee Meeting was convened on November 17, 2015. Committee Chairman Mike Mebane, LouAnn Phillips, and Jack Brooks met with Alexis Schauss (Director, School Business Division of the Department of Public Instruction) and Sam Watts to discuss Session Law 2015-168. The law requires changes to the process by which charter schools are admitted into the retirement system and requires that the TSERS Board of Trustees vote to grant (or deny) new or existing charter schools “full affiliation” with the retirement systems based on a financial and actuarial review. This meeting was held to evaluate the information that is available from DPI and the Retirement Systems Division (RSD) to aid the BOT in carrying out its new responsibilities related to the charter school admission process into the retirement system. Ms. Schauss is extremely familiar with charter school operations in North Carolina as well as with the information that would be necessary and available for the review process. She is a great resource and we truly appreciate her time and professionalism in our discussion.

Combined, DPI and the Retirement Systems Division have extensive operational and financial information available to the BOT that would be sufficient to conduct a comprehensive financial review and make an informed board decision regarding entry. Such information includes the following:

1. Retirement employer contributions payment performance and history
2. Audited financial statements (for schools over one year)
3. Business plan
4. Monthly operating budget data (budget to actual for the first year)
5. Student head count (growth rate, budget to actual)
6. Year one cash burn rate
7. Board composition and turnover

The committee will continue its work and will report back to the Board at least one more time.