

Department of Planning and Budget 2014 Fiscal Impact Statement

1. Bill Number: SB457

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Obenshain, M.D.

3. Committee: Finance

4. Title: Charter schools; personnel.

5. Summary: Allows public charter schools to designate in their applications whether their employees will participate in the Virginia Retirement System. The bill directs the Board of Trustees of the Virginia Retirement System to develop procedures allowing school boards that approve such applications to exempt the charter school employees from participation. The bill also (i) requires at least 75 percent of public charter elementary school teachers to be licensed and at least 50 percent of public charter middle and high school teachers to be licensed and (ii) specifies that all teachers otherwise be "highly qualified," as defined by the federal Elementary and Secondary Education Act.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: No state fiscal impact. See Item 8.

8. Fiscal Implications: None. The bill allows public charter schools to choose whether professional, licensed personnel shall participate in the Virginia Retirement System (VRS) and sets requirements for charter school teacher licensure rates. These provisions are not expected to have a fiscal impact on the Commonwealth, as charter schools' choice to participate in VRS is not expected to affect the workload or expenditures of VRS or the Department of Education (DOE) and the licensure requirements are not anticipated to result in a deviation from current practices and requirements.

According to the Department of Education, charter schools are public schools and are therefore part of the local public school division, making teachers employees of the public school division. As such, teachers at charter schools are currently members of the Virginia Retirement System in school divisions that participate in VRS. State funding for school divisions with charter schools will not change as a result of a charter's VRS participation.

The choice to exempt charter employees from VRS participation may have other indirect impacts on charter schools and their employees. DOE states that since the bill does not appear to grant individual employees the choice of participating in VRS, but rather the distinction made in the charter application would decide whether all affected charter

employees will participate, charters choosing not to participate in VRS may be less attractive employers to experienced teachers that have been VRS members. Long term employees of school divisions that have been members of VRS for a period of time may not be willing to end their participation in VRS to accept a job at a charter not participating in VRS, as it would affect their retirement benefits.

The bill's provision to require at least 75 percent of elementary and at least 50 percent of public charter middle and high school teachers be licensed and all teachers otherwise be "highly qualified," as defined by the federal Elementary and Secondary Education Act is not expected to have an impact on current charter practices or expenses. According to the Department of Education, it is not possible to be unlicensed and otherwise highly qualified as defined by the Elementary and Secondary Education Act as amended, which is reauthorized as the No Child Left Behind Act, P.L. 107-110. The Act defines a highly qualified teacher as a teacher who is fully licensed by the state, has at least a bachelor's degree, and has demonstrated competency in each subject taught. Therefore, all charter teachers will continue to be required to be licensed. The Virginia Board of Education's Licensure Regulations for School Personnel, 8VAC20-22-90, currently permits those with bachelor's degrees that have not completed a teacher education program to become licensed teachers.

9. Specific Agency or Political Subdivisions Affected: Virginia Retirement System; Department of Education; localities.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 2/3/2014

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