



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

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RENEW CHARTER SCHOOL MANAGEMENT ORGANIZATION

An organization that manages six New Orleans-area charter schools allowed 21 ineligible employees to participate in the Teachers Retirement System of Louisiana and failed to enroll 41 eligible employees in the retirement program between January 2012 and September 2013, according to a report released Monday by Legislative Auditor Daryl Purpera.

The report said the ReNew Charter Management Organization provided inaccurate information to the retirement system to allow the 21 ineligible employees at five of its six schools to enroll in the plan and failed to enroll 41 employees at the sixth, the former Reed Elementary, now known as Delores T. Aaron Elementary.

ReNew operates a total of six charter schools in the Recovery School District, but only Reed's state-issued charter allows personnel to belong to the teachers' retirement system.

According to the state auditor, between January 2012 and September 2013, ReNew "provided inaccurate information" to the retirement system in order to allow 21 non-Reed employees at the five other schools to belong to the retirement program when their charters prevented them from joining it. ReNew falsely reported the non-Reed employees as Reed faculty and staff to qualify them for the retirement benefits.

As a result of enrolling 21 ineligible employees, ReNew made "improper contributions totaling \$347,363 to TRSL" -- \$261,688 in employer contributions and \$85,675 in employee contributions, according to the investigative audit.

At the same time, ReNew failed to enroll 41 eligible employees from Reed Elementary in the retirement system. "Had these 41 employees been properly enrolled in TRSL, ReNew would have been required to remit retirement contributions totaling \$376,643." Of that total, ReNew's share of the retirement contributions was calculated to be \$285,334, and the employees' share was figured at \$91,309.

The report said by providing the inaccurate information allowing the non-Reed employees to participate in the system and failing to enroll the Reed employees, ReNew may have violated state law and its charter agreements with the state.

State law requires charter school personnel to be treated the same as state public school employees and become members of state retirement systems, unless the schools' charters allow them to opt out of the systems. In the case of the 21 ineligible employees, ReNew improperly



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reported them to the TRSL as Reed faculty, allowing them to participate in the state retirement program.

The report quoted ReNew officials as saying the non-profit organization has the flexibility to offer membership in the teachers' retirement program to all employees regardless of where they worked, but the auditor replied that ReNew "did not have the authority to allow employees to choose whether or not they would participate in TRSL."

To "exclude a teacher at an opt-in school or include a teacher from an opt-out school would appear to violate the requirement that TRSL provide definitely determinable benefits not subject to the discretion of the employer and possibly jeopardize TRSL's status as a qualified government pension plan," the report said.

The state auditor's report has been referred to the Orleans Parish District Attorney's Office.

For more information, contact:

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On Twitter: Charter school organization enrolled ineligible employees in TRSL, left some eligible employees out.