

**RULES
OF
THE STATE BOARD OF EDUCATION**

CHAPTER 0520-14-01

CHARTER SCHOOLS

0520-14-01-.05 ANNUAL AUTHORIZER FEE.

- (1) For purposes of this rule, any authorizer as defined in T.C.A. § 49-13-104 is also referred to as the Local Education Agency (LEA) for its authorized charter schools.
- (2) Requirements applicable to local boards of education that serve as an authorizer of a charter school(s):
 - (a) Pursuant to T.C.A. § 49-13-128, if a local board of education is the authorizer of a charter school, then the local board of education shall receive an annual authorizer fee that is a percentage of the charter school's per student state and local funding as allocated under T.C.A. § 49-13-112. The annual authorizer fee shall be the lesser of three percent (3%) of the annual per-student state and local allocations or \$35,000 per school.
 - (b) The local board of education shall use the annual authorizer fee exclusively for fulfilling the following authorizing obligations:
 1. Charter school application approval process, including:
 - (i) Implementation of State Board approved quality authorizing standards; and
 - (ii) Stipends or travel for external reviewers.
 2. Interim review process required by T.C.A. § 49-13-121(k), including review of the progress of the school in achieving the goals, objectives, pupil performance standards, content standards, and other terms of the approved charter agreement.
 3. Charter school renewal process required by T.C.A. § 49-13-121, including:
 - (i) Review of the renewal application;
 - (ii) Stipends or travel for external reviewers; and
 - (iii) Development of the renewal evaluation required to be submitted to each charter school.
 4. Monitoring and oversight activities, including:
 - (i) Development of a performance framework;
 - (ii) Annual monitoring visits;

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- (iii) Data meetings;
 - (iv) Any software or data management tools required by the LEA exclusively for charter schools;
 - (v) Monitoring of all legal requirements; and
 - (vi) School closure responsibilities outlined in T.C.A. § 49-13-130.
5. Personnel costs for LEA staff supporting charter schools, including:
- (i) Salaries and benefits for full-time or part-time personnel with exclusive charter school responsibilities;
 - (ii) Salaries for LEA personnel who spend a portion of their time on direct charter school responsibilities. Any funds spent on salaries must be prorated to reflect the amount of time spent only on charter support work. Salaries for LEA personnel may only be paid for with authorizer fee funds if the activities and duties of the LEA personnel are beyond the scope and capacity of the LEA charter school office or personnel;
 - (iii) External consultants or other consultancy or legal fees to support LEA charter authorizing obligations; and
 - (iv) Reasonable costs associated with recruiting or hiring charter support or authorizing staff;
6. Operational expenses for LEA staff supporting charter schools.
7. Annual reporting, including:
- (i) Review of annual charter school performance reports required under T.C.A § 49-13-120;
 - (ii) Creation of the authorizer fee report required by T.C.A § 49-13-128(f);
 - (iii) Reporting of vacant and underutilized properties owned or operated by the LEA pursuant to T.C.A § 49-13-136; and
 - (iv) Reporting of student directory information required by T.C.A § 49-13-132.
8. Ongoing charter school support services, including:
- (i) Interventions or authorizer-led supports;
 - (ii) Maintenance of facilities or other capital outlay obligations that are not otherwise outlined in a lease agreement between the authorizer and charter school;

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- (iii) Professional development, orientation, or onboarding of charter school employees or LEA staff supporting charter schools; and
 - (iv) Contract services for specialized or targeted charter school supports.
 - (c) The local board of education shall annually provide a projected charter school office budget for the upcoming school year to the Department of Education by August 1. The Department of Education shall annually post each projected budget to its website by August 15.
 - (3) Requirements applicable only to state-level authorizers:
 - (a) In accordance with T.C.A. § 49-13-128:
 - 1. If the achievement school district (ASD) authorizes a public charter school, then the ASD shall receive an annual authorizer fee of up to three percent (3%) of the public charter school's per pupil state and local funding as allocated under § 49-13-112(a). By May 1 of each year, the Commissioner shall set the percentage of a public charter school's per pupil state and local funding that the ASD shall receive as the annual authorizer fee for the next school year.
 - i. The ASD shall use the annual authorizer fee exclusively for fulfilling authorizing obligations set forth in paragraph (2)(b) of this rule.
 - 2. If the Tennessee public charter school commission (Commission) authorizes a public charter school, then the Commission shall receive an annual authorizer fee of up to three percent (3%) of the public charter school's per pupil state and local funding as allocated under § 49-13-112(a). By May 1 of each year, the Commission or the Commission's designee shall set the percentage of a public charter school's per student state and local funding that the Commission shall receive as the annual authorizer fee for the next school year.
 - i. The Commission shall use the annual authorizer fee for fulfilling authorizing obligations set forth in paragraph (2)(b) of this rule. Additionally, the Commission may use the annual authorizer fee to fulfill obligations consistent with the authority of the Commission as set forth in Tennessee Code Annotated Title 49, Chapter 13.
- (4) Requirements applicable to all authorizers:
 - (a) The authorizer fee shall be paid by a charter school to its authorizing LEA in accordance with the payment process issued by the Department of Education.
 - (b) The annual authorizer fee collected by an LEA shall be recorded in the general ledger using the appropriate revenue code as determined by the Tennessee Comptroller and shall be subject to all audit and reporting requirements.
 - (c) By December 1 of each year, each LEA that collects an annual authorizer fee shall report to the Department of Education the total amount of authorizer fees collected in the previous school year and the authorizing obligations fulfilled using the fee. Reports shall be submitted on a reporting form developed by the Department of Education.

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- (d) Each authorizer fee report shall be posted on the Department of Education's website and provided to the State Board of Education.
- (e) If, for any school year, the total amount of authorizer fees collected by the LEA exceeds the amount used by the LEA to perform its authorizing obligations and responsibilities, the LEA shall distribute the amount remaining to its authorized public charter schools.
- (f) Any excess funds collected by an LEA shall be distributed to its authorized charter schools in the school year immediately following the school year in which the excess fees were collected by the LEA and in accordance with the process established by the Department of Education.
- (g) If the Department of Education determines funds were used by the LEA for activities other than the authorizing obligations outlined in this Rule, the Department of Education shall withhold an amount equal to the misallocated funds in the following school year from the LEA and shall distribute the misallocated funds directly to the LEA's charter schools.
- (h) If an LEA does not receive timely payment from an authorized charter school in accordance with this rule, the LEA shall be entitled to any past due amount from the authorized charter school in accordance with the payment process issued by the Department of Education.
- (i) Each charter school shall receive a proportionate share of any excess or misallocated funds collected by the LEA based on the actual amount of authorizer fee funds paid to the LEA by each charter school.

Authority: T.C.A. §§ 49-1-302, 49-13-112, 49-13-126, and 49-13-128. **Administrative History:** Original rule filed January 11, 2019; effective April 11, 2019.