



Department of Education

Finance and Resource Management

Charter Operator Toolkit | June 2026



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Solid Financial Foundation

Building a solid financial foundation early helps prevent issues that can quickly derail progress. Strong finances start with a few key decisions and systems established before the first student enrolls. New school leaders should prioritize the following items as they plan.

Areas of Focus and Items to Consider	
Financial Leadership	<ul style="list-style-type: none"> • Understand the “big picture” of financial management. • Develop a financial plan early but update quickly as information becomes available. • Establish processes to manage resources and risks. • Set up systems for compliance from day one. • Clarify roles among the governing board, school leader, internal finance staff, and vendors.
Charter Funding	<ul style="list-style-type: none"> • State and local funding will be the largest and most consistent funding source. • Learn how charter funding is calculated, when payments are made, and what reporting is required to plan cash flow and spending realistically. • Collaborate with the authorizer on federal entitlement funding. • Investigate charter grant funding opportunities.
Accounting Systems & Controls	<ul style="list-style-type: none"> • Decide who will handle day-to-day financial management—an internal team or a back-office vendor. • Put accounting systems in place to track all revenue and expenses, meet state reporting requirements, and prepare for audits. • Early setup prevents compliance issues later.
Budgeting & Audit Compliance	<ul style="list-style-type: none"> • Build an initial budget that reflects enrollment and staffing assumptions. • Create routines for monthly reviews and updates as funding and expenses shift during startup.
Procurement & Effective Purchasing	<ul style="list-style-type: none"> • Check with authorizer on procurement requirements. • Establish simple, compliant purchasing processes.

Areas of Focus and Items to Consider

Vendor Management	<ul style="list-style-type: none"> Track contracts, monitor vendor performance, and ensure spending aligns with approved budgets.
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Financial Leadership

Charter school leaders should focus on the following items during pre-opening and first year of operation. Answers to these questions will help leaders translate their planning into practice and plan, monitor, and adjust to proactively administer the school during pre-opening and during the first year of operation.

Building and Updating the Financial Plan

Build/update the financial plan quickly	Get clear on the financial plan for the pre-opening year and Year 1 as soon as possible. The application budget is a starting point, not the financial operating plan. Assume assumptions have shifted since approval and treat revising the plan as urgent work.
Do not use “hope” as a strategy for philanthropy	Avoid building a financial plan that depends heavily on uncommitted donations. Treat philanthropy as upside, not a gap-filler, until funding is confirmed.
Know the cost context	Spend time early understanding where the model or location will drive higher costs than a typical charter. Identify vendors, services, or roles that are likely to be more expensive or hard to staff and plan accordingly.
Stay close to authorizer and board	Keep both the authorizer and the board in the loop on financial assumptions, especially enrollment, staffing, facilities, and cash flow.
Link the financial plan to the program plan	Make sure the budget reflects the actual instructional model and staffing structure. If the program shifts, update the plan so financial decisions align with student and staffing needs.
Establish a cadence for revisiting the plan	Establish a standing schedule for reviewing actuals versus plan and making small updates. A financial plan is only useful if it stays current.
Do not enter long-term facilities commitments without a clear financial view	Before signing anything significant for facilities, ensure the updated financial plan shows feasibility based on enrollment, funding, and full operating costs.

Managing Resources and Risk

Anchor the financial plan in enrollment and charter funding	For the Year 1 budget, get very clear about enrollment and how it ties to charter school funding. Look at both total funding and timing. Use real enrollment trends, not targets, when projecting revenue. This is the most challenging in the first year as a true understanding of the school enrollment trends is developing; plan with this risk in mind and create multiple financial scenarios to pivot to if needed.
Budget month by month for cash	Build a month-by-month cash plan in the pre-opening year and Year 1. Only budgeting annually will almost certainly cause unexpected cash dips. Model when funds are received and when major expenses happen to plan the spending with precision.
Maintain visibility on key drivers	Monitor enrollment and staffing costs closely. Even small changes in these areas can significantly affect cash and margins.
Remember who is in the driver's seat	If contracting with a financial services provider, remember that they are not in charge of the financial plan. If they develop the plan, do not assume the plan automatically reflects the program or priorities. Review it carefully, ask questions, and build skills to be an effective partner.
Plan for risk from the start.	Build financial plans that account for risk. At a minimum, consider: <ul style="list-style-type: none"> • Enrollment shortfalls • Unexpected shifts in payment timing • Unexpected facility or staffing costs • Increases in student needs or services
Establish contingency thresholds	Create clear triggers for action. For example, what happens if enrollment is 10% below target or if grant payment is delayed? These pre-decisions make it easier to act quickly and avoid panic.
Be intentional with staffing	Develop a staffing model that shows how roles change as enrollment changes. Set clear greenlighting points for hiring based on enrollment trends to not lock in costs that cannot be sustained.
Understand the statements, especially the cash position and projections	Spend time learning to read the financial statements. Know the difference between cash and change in net assets; they are not the same thing. Use both to understand current health and long-term stability.
Keep the board informed	Be sure to update the board regularly and let them know when there are issues or concerns that need to be addressed.

Planning for Compliance	
Think about the audit early	Decisions made in the pre-opening year shape how hard or easy the first audit will be. Build systems and documentation now with the audit in mind. It is much easier to prevent errors than fix them later.
Engage the auditor early	Reach out to the auditor months before year-end. They can flag best practices, help understand testing areas, and confirm what documentation they will need.
Document everything clearly	Create systems for storing contracts, receipts, grant documentation, and board approvals in one place. Label files by fiscal year and fund.
Track federal funds with extra care	Federal revenue and expenses are often the most heavily tested parts of the audit. Keep detailed records for every reimbursement and make sure costs align with approved budgets and program guidelines. Each federal funding source may have its own requirements such as time and attendance, supplement not supplant, and maintenance of effort.

Charter School Funding

Pursuant to Tennessee law [T.C.A. § 49-13-112\(a\)](#) and [State Board of Education rule 0520-14-01-.03](#), funding for public charter schools is generated in the **geographic local education agency (LEA)** where the school operates. Both the department and the authorizing LEA distribute funding to charter schools. In most cases, the geographical LEA also serves as the charter authorizer, but for the schools authorized by the Tennessee Public Charter School Commission (TPCSC), the local portion of funding is determined by the geographic LEA.

Tennessee Investment in Student Achievement (TISA)

TISA is Tennessee’s public school funding formula which empowers schools and districts to ensure each student can read proficiently by third grade, is prepared for postsecondary success, and is provided with the resources needed to help achieve their potential. The goal of TISA funding is to ensure every student’s funding reflects their individual needs and outcomes, while giving districts and charters more flexibility in how dollars are used.

The department releases a new [TISA Guide](#) each year which provides information for each component of the TISA formula. School leaders should use the guide as an authoritative source for each TISA funding component.

Base Funding

- Amount provided for every public-school student.
- Supports the core costs associated with K-12 education (instruction, leadership, operations, facilities, etc.)

Direct Funding

- Provides flat dollar amounts for specific state priorities that go beyond daily instruction. It is intended to support students in key priority areas such as:
 - K-3 literacy supports and reading interventions
 - Career & Technical Education (CTE) courses
 - Charter facility support funds
 - ACT testing and readiness initiatives

Weighted Funding

- Adds additional percentages of the base for schools to address individual student needs
- Common weights include:
 - Economically disadvantaged students
 - Students with disabilities or unique learning needs
 - English Learners (ELs)
 - Students in small or sparse districts
 - Students in schools with concentrated poverty

Outcomes Funding

- Incentive bonuses for student performance on specific academic targets based on student achievement
- Distributed to LEAs to pass on to charter schools
- One-time payment distributed by the 5th payment period following the academic year for which the performance indicators are measured

New and Expanding Charter School Funding

New charter schools or charter schools adding new grade(s) are funded based on the anticipated enrollment in the charter agreement unless the authorizer and charter school mutually agree on a projection of enrollment, not to exceed any enrollment maximums or caps set forth in the charter agreement. **The funding allocation for the new grade(s) and schools shall be based on the per-student average of all state and local funds received by the LEA.**

All funds for new and expanding charter schools are disbursed by the geographic LEA. As with all charter schools, new and expanding charter school funding will be adjusted based on changes in current-year ADM throughout the school year.

Understanding Charter School Funding

Frequently Asked Questions on Charter Funding	
How is charter school funding provided for new schools?	<ul style="list-style-type: none"> For new charter schools opening in their first year, funding is not generated through TISA. All TISA funding is based on prior year data which new schools do not have. New charter schools receive funding based on the anticipated enrollment stated in the charter agreement and the geographic district average per pupil amount. Actual funding is adjusted (true-up) five times per year once real student data is reported in the Student Information System. For new charter schools, both the state and local funding comes from the authorizer.
When are payments made and how are they received?	<ul style="list-style-type: none"> Funds are sent in nine installments (August through April), with two payments in June based upon true-up data (10A and 10B). In year two and beyond, the state share of TISA is paid directly to the charter school by the department, except for schools authorized by the Tennessee Public Charter School Commission (TPCSC). TPCSC authorized schools have their state and local share payments routed through the authorizer. The geographic LEA is responsible for providing payments to charter schools for the required local contribution of the school's generated TISA funds, the additional local per pupil funds, and current year enrollment adjustments. This includes average per-pupil state and local funds for new and added grade levels in expanding charter schools. New schools should set up both their Edison Supplier ID and direct deposit with the state before the first payment to ensure funds are transferred electronically rather than by paper check.
When do adjustments happen?	<ul style="list-style-type: none"> The department provides updated revenue and ADM data in October, December, February, April, and June to adjust payments, along with a letter outlining the updates.

Frequently Asked Questions on Charter Funding

	<ul style="list-style-type: none"> • Final payment amounts are shared after the district’s final expenditure report (FER) is completed. • Any amounts owed by the charter school or to the charter school are settled between the geographic LEA and the charter school.
What is the role of the authorizer in funding?	<ul style="list-style-type: none"> • In year one, the geographic LEA disburses all state and local funds. • In years two and beyond, the geographic LEA provides payments to charter schools in no fewer than nine installments for the required local contribution of the school’s generated TISA funds, the additional local per pupil funds, and current year enrollment and revenue adjustments. • Payment adjustments are required at least five times per year (October, December, February, April, and June) based on department-provided interim calculations due to changes in revenues or student membership. • Other funding that charter schools are entitled to, including but not limited to, a proportional share of any fast-growth funding received by the district or outcomes funding generated by the school, are distributed by the authorizer. • The authorizer must process final payments within 30 calendar days after the department shares final amounts.
How are disputes or errors in funding addressed?	<ul style="list-style-type: none"> • If a potential funding or data error is identified, a formal dispute process, outlined in the TISA guide, is available. • To initiate a dispute, the charter school must submit a written request to its authorizing LEA within five (5) business days of receiving final TISA allocation information from the department.

Charter School Funding Overview

For years two and beyond, charter school funding is outlined using three steps. The first step is the TISA calculation based on **prior year data**. The second step is the additional local funding per pupil beyond the local funds from TISA. The third step is a true-up to current year student membership. A [Charter School Funding Example](#) is provided to demonstrate the three steps.

Step 1: TISA Calculation

- The department calculates TISA funding (base, weights, and direct funding) based on prior year ADM.

- Charter school student ADM from the prior school year is reflected to determine funding for the current fiscal year.
- The department determines the full amount of **required state and local funds**.

Step 2: Additional Local Per Pupil

- If the LEA invests **more local funds** than required, charter school funding includes a **proportional share** of the additional funds **from their geographic LEA**.
- These funds are calculated using the charter school's **ADM**, calculated from Step 1.
 - Calculation Steps:
 - Subtract geographic LEA's required local match from their total local revenues in the current year.
 - Divide the excess funds by geographic LEA's **current year ADM, inclusive of charter school ADM**, to get per pupil additional local funds.
 - Multiply by charter school's **prior year** ADM to determine allocation.

Final revenues used to calculate additional local per pupil are pulled from the geographic LEA's Final Expenditure Report (FER). Interim calculations are based on the LEA's current approved budget. If a budget is not yet approved for the current year, the prior year approved FER or budget is used per state board rule.

Step 3: Current Year Membership and Revenue Adjustments

- If charter school ADM **increases or decreases** during the current school year, funding is adjusted accordingly by using current year charter school ADM and their geographic LEA's overall per-pupil funding.
- The average per-pupil funding includes **all state and local funds** and is calculated by summing Geographic LEA TISA Total (excluding ACT and Charter direct funding) and LEA actual revenue to district and dividing by geographic LEA current year ADM.

Charters receive (or return) funds equal to the **average per-pupil funds** multiplied by the change in school-level ADM.

- This may result in either an increase or decrease to the public charter school's funding in alignment with the change in ADM.

Federal Funding

Federal funding is distributed to LEAs, and charter school leaders should contact the authorizer to determine how this funding is provided to the school. LEAs may choose to allocate funds directly to charter schools or provide services to which charter schools have access.

Section 10306 of the Elementary and Secondary Education Act (ESEA) sets requirements to ensure that charter schools opening for the first time or significantly expanding their enrollment will receive the funds or services for which they are eligible under all U.S. Department of Education programs in which funds are allocated to states on a formula basis. The U.S. Department of Education's [Non-Regulatory Guidance](#) provides a summary of the final regulations and addresses general implementation requirements. This applies to the following federal programs.

- Title I Part A of ESEA
- Part B of IDEA
- Titles I and II of the Carl D. Perkins Vocational and Technical Education Act of 1998

[Federal Funding for Significantly Expanding Charter Schools](#) provides eligibility and procedures for significantly expanding charter schools. LEAs may adjust the federal funding directly allocated to charter schools or may increase the services provided. For example, if the LEA provides IDEA Part B funding to its public schools for personnel, then the same level of funding must be provided to its authorized charters, and the LEA must adjust funding if a charter school significantly expands.

Accounting Systems and Controls

Charter school leaders should set up the school's accounting system early during the school planning phase. The system connects the school's financial operations to state-required accounting standards and provides a means to monitor the school's financial health and maintain compliance with all Tennessee reporting requirements. All public schools in Tennessee, including public charter schools, must follow the same accounting system, structure, and principles. The departments [Standardized System of Accounting and Reporting](#) establish a uniform accounting structure as required by [T.C.A. § 49-3-316](#) and [T.C.A. § 49-13-111\(m\)](#).

Accounting System Key Functions

- Classifies all revenue and expenditures in a uniform structure
- Organizes financial activity into required fund categories.
- Presents financial statements in a uniform format.
- Tracks restricted accounts separately from unrestricted activity.
- Creates standardized records and reports that allow auditors to verify compliance with state laws.

- Provides a uniform chart of accounts with account titles and descriptions to support consistent reporting.

Accounting System Selection

Selecting an accounting system requires careful evaluation and planning. The system provides the structure to record revenue, expenditures, assets, and liabilities and must meet all Tennessee compliance and reporting standards. The accounting system anchors the school's financial operations and ensures access to accurate data for financial reports, audits, and oversight. The system must support current operational needs and allow capacity for future growth. Consider the following when selecting a system.

- Choose a system that follows the department's [Standardized System of Accounting and Reporting](#).
- Require the system to output reports that meet state audit, budget, and financial statement standards.
- Confirm that the system can capture full details for receipts and disbursements and maintain fund-level separation (e.g., general, and school nutrition funds).
- Collaborate with the authorizer to identify any requirements or preferences before posting a request for purchase or adopting a system.
- Consider hiring an experienced accountant during system setup if finances are managed internally.
- Ensure outsourced providers understand the departments [Standardized System of Accounting and Reporting](#).

Best Practices in Accounting and Controls

Focus Areas and Best Practices	
Account Structure and Alignment	Standardize account titles and descriptions with the authorizer. This standardization reduces classification errors and strengthens audit review and reporting accuracy.
Code Consistency	Apply consistent account codes across all funds and transactions. Consistent codes produce accurate totals, prevent miscoding, and give auditors a clear view of financial movement.
Change Control	Keep account codes stable and document each approved change. Documented changes protect the audit trail, strengthen internal controls, and allow leaders to trace each adjustment.

Focus Areas and Best Practices	
Fund Separation	Record revenue and expenditures in separate funds with equal detail. Clear separation prevents misstated balances, protects restricted funds, and supports accurate financial reporting.
Transaction-Level Accuracy	Assign each transaction a valid chart code. Valid codes anchor each transaction to the correct account and prevent errors that disrupt reconciliation or audit work.
Routine Reconciliation	Reconcile chart-of-accounts activity each month. Routine reconciliation detects issues early and ensures accurate records at the start of each audit cycle.

Budgeting and Audit Compliance

Tennessee law establishes budgeting and audit requirements for public charter schools. Each school operates on a July 1 to June 30 fiscal year and adopts an annual budget that uses the same format required for LEAs under [T.C.A. § 49-13-111\(i\)](#). The budget establishes the financial plan for the year and aligns spending with state requirements. [T.C.A. § 49-13-127](#) requires the governing board to ensure a full audit of the school's financial records each year. The requirements create a consistent fiscal structure and provide transparency for oversight and public accountability.

Budgeting Requirements

- The governing board must adopt the annual budget before the July 1 start of the fiscal year under T.C.A. § 49-13-111(i).
- The annual budget must use the same format required for LEAs under T.C.A. § 49-13-111(i), with revenue and expenditures presented by fund, function, and object code in alignment with the Uniform Chart of Accounts.
- Board approval must appear in meeting minutes for any budget amendment, as required for official board actions under Tennessee open-meeting and governance requirements.
- Year-end balances must reconcile with the annual financial report submitted to the Comptroller.

Leadership teams should maintain budget-to-actual tracking across the fiscal year to support clear oversight and accurate financial adjustments. Budget-to-actual activity should reconcile with the accounting system to ensure accurate year-end financial reporting.

Procurement and Effective Purchasing

Charter leaders should design and follow a clear procurement system that guides how the school selects vendors, manages contracts, and uses public funds. A strong system strengthens financial discipline, supports audit readiness, and ensures reliable daily operations as spending increases. Charter leaders should also show that all major purchases and contracts follow a competitive, transparent process that aligns each expenditure to student needs.

The following chart provides information on how to implement procurement requirements as outlined in [T.C.A. § 12-3-1201 through 1214](#) and [T.C.A. § 49-2-203](#).

Implementing Procurement Requirements	
Follow all Tennessee purchasing laws	<ul style="list-style-type: none"> • Use competitive purchasing methods that match LEA requirements. • Maintain documentation that supports each procurement decision and audit review. • Evaluate purchases based on educational value and long-term benefit rather than lowest price.
Align to required competitive bidding processes for major purchases	<ul style="list-style-type: none"> • Confirm the correct state or authorizer thresholds for written quotations and competitive bids before soliciting vendors. • Publicly advertise solicitations and use sealed bids, RFQs, or RFPs for purchases above the threshold. • Present proposed contracts to the governing board for approval before execution.
Secure board approval of contracts	<ul style="list-style-type: none"> • Secure governing board approval for all contracts above the competitive-bid threshold. • Ensure contracts are signed and stored before any vendor begins work or delivers goods.
Develop or adopt procurement procedures	<ul style="list-style-type: none"> • Adopt written procedures that cover purchasing methods, vendor evaluation, contract execution, documentation, and conflict-of-interest rules. • Apply the written procedures consistently across all purchases.
Retain documentation and align to record retention policies	<ul style="list-style-type: none"> • Collaborate with Authorizer to determine which records retentions rules and policies the school must follow. • Retain all bids, quotes, RFPs, evaluations, and purchasing justifications. • Store signed contracts and governing board approvals in an organized, accessible format. • Maintain clear audit trails that link each purchase to supporting documentation.

Implementing Procurement Requirements

Follow all federal procurement rules	<ul style="list-style-type: none"> Follow Uniform Guidance (2 CFR 200) requirements when using federal funds. Apply micro-purchase and small-purchase limits correctly. Complete price or cost analysis when required. Verify vendor eligibility through suspension and debarment checks.
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Best Practices in Procurement and Purchasing

Procurement Action Steps and Best Practices

Set the foundation	Adopt a procurement policy aligned with Tennessee law.	Use examples from the authorizer and proven charter policies.
	Confirm the authorizer’s thresholds for written quotations and competitive bidding.	Verify thresholds with authorizer. Post them internally so staff never guess.
	Set up simple, disciplined purchasing procedures.	Keep it tight: who approves what, how quotes are collected, and where documentation lives.
Build the systems	Onboard vendors with correct documentation.	Request W-9s early, verify vendor status, and categorize vendors correctly to avoid audit issues.
	Train anyone who will spend or approve money.	Give clear do and don’t examples: no splitting purchases, no verbal agreements, always document quotes.
Plan major spending	Plan large or time-sensitive purchases well in advance.	Build backward from delivery dates and align with board approval cycles.
	Build a habit of comparing vendors.	Aim for 2-3 quotes even below the bid threshold to show value and avoid audit questions.
Maintain controls	Document every step of the process.	Use a shared folder for bids, approvals, contracts, W-9s, and award rationales.
	Stay aligned with the authorizer.	Ask early about any expectations or review steps for large purchases.

Procurement Action Steps and Best Practices

Do not let work begin without an approved contract.

Never sign after services begin and never skip board approval when required.

Vendor Management

Charter leaders should set up vendor relationships with clear expectations and direct oversight. Vendor management affects operations and compliance, which makes early planning essential in the pre-opening year. Early planning reduces costs and prevents errors and supports consistent service delivery. A structured approach protects public funds and ensures that contracted services meet school needs.

Key Points

- **Know the local context early:** Vendors are highly regional. Start early in the pre-opening year by mapping what options exist in the region, especially for critical services like transportation, food, special education, facilities, and technology. Understanding local capacity will shape realistic timelines and expectations.
- **Treat vendors as an extension of the school:** The school's values and expectations should carry through every vendor interaction. Be explicit about professionalism, communication norms, and the standard of care expected, particularly for anyone interacting with students or families.
- **Outsourcing does not transfer responsibility:** Hiring a vendor does not shift accountability. Ownership cannot be outsourced. Leaders must stay close to finance, facilities, and special education vendors, understand their work, and monitor the quality and compliance of deliverables.
- **Prioritize student services and special education compliance:** Vendor choices in special education, therapy, transportation, discipline supports, or related services carry high stakes. Ensure partnerships are built with compliance, documentation, timelines, and clear service levels from the start.
- **Fit and context matter:** Assess each vendor's understanding of Tennessee requirements, the school's model, the community context, and the school's values to ensure a strong fit and improve service quality.

Leaders should use the following table to guide each stage of the vendor's lifecycle and ensure that all contracted services remain organized, consistent, and aligned to school needs.

Best Practices in Each Stage of the Vendor Lifecycle

Sourcing and Selection	<ul style="list-style-type: none"> • Start early in the pre-opening year and map out vendors in the region to avoid delays that affect school operations. • Confirm which vendors can meet transportation, food, special education, facilities, or technology needs to ensure the school can open and function without service gaps. • Select vendors who understand Tennessee requirements and the school's model.
Setting Expectations	<ul style="list-style-type: none"> • State expectations in writing to create enforceable requirements. • Set standards for conduct, communication, and service quality to establish the minimum level of performance the school accepts. • Apply clear expectations to anyone who interacts with students or families to protect students' safety and the school's legal obligations.
Roles and Responsibilities	<ul style="list-style-type: none"> • Define the school and vendor roles to prevent duplicated work or missed tasks. • Define who monitors performance and establish defined outcomes for accountability. • Work closely with finance, facilities, and special education vendors to catch errors that affect compliance, funding, or student services.
Day-to-Day Management	<ul style="list-style-type: none"> • Communicate on a predictable schedule to keep work on track and prevent small issues from turning into larger problems. • Document key decisions to create a record the school can rely on during audits, contract disputes, or leadership transitions. • Treat vendors as partners and hold them to expectations to maintain productive relationships without reducing standards. • Ensure special education and student-service vendors meet all documentation and timeline requirements to protect student rights under state and federal law.
Exiting or Replacing	<ul style="list-style-type: none"> • Act quickly when performance declines to prevent service disruptions that affect students. • Follow contract terms and document issues to protect the school in case of a legal challenge. • Maintain a backup plan for critical services to ensure continuity if a vendor fails or withdraws.

Appendices

A. Charter School Funding Example (Year 2 and beyond)

STEP 1: TISA Calculation (TISA funding is calculated using prior year ADM data)			
Element	Amount	Students/Services	Funding
Base	\$ 7,295.00	375.00	\$ 2,572,500.00
WEIGHTS	Weight	Students/Services	Funding
Economically Disadvantaged	25%	200.00	\$ 364,750.00
Concentrated Poverty	5%	375.00	\$ 136,781.25
Small	5%	-	\$ -
Sparse	5%	-	\$ -
ULN 1	15%	15.00	\$ 16,413.75
ULN 2	20%	70.00	\$ 102,130.00
ULN 3	40%	15.00	\$ 43,770.00
ULN 4	60%	40.00	\$ 175,080.00
ULN 5	70%	5.00	\$ 25,532.50
ULN 6	75%	20.00	\$ 109,425.00
ULN 7	80%	1.00	\$ 5,836.00
ULN 8	100%	2.00	\$ 14,590.00
ULN 9	125%	1.00	\$ 9,118.75
ULN 10	150%	-	\$ -
DIRECT			
K-3 Literacy	\$ 500.00	-	\$ -
4 th Grade Support	\$ 500.00	-	\$ -
CTE*	Varies	-	\$ -
ACT (per test)	\$ 43.00	-	\$ -
Charter (estimated)	\$ 500.47	375.00	\$ 187,676.25
OUTCOMES			
TBD			
TOTAL			\$ 3,926,728.50

State and Local Breakout	State %	State Amount	Local %	Local Amount	Total
Base	34.12%	\$ 933,395.25	65.88%	\$ 1,802,229.75	\$ 2,274,540.47
Weights	52.26%	\$ 524,391.08	47.74%	\$ 479,036.17	\$ 1,072,719.11

Direct	100.00%	\$ 187,676.25	0.00%	\$ -	\$ 279,111.01
TOTAL (Excluding ACT)		\$ 1,645,462.58		\$ 2,281,265.92	\$ 3,926,728.50

STEP 2: Additional Local Per Pupil (Per-pupil additional local funding is determined and applied to the charter school's base ADM)

Geographic LEA Actual Revenues to District		\$ 200,000,000.00
Local Required Match	-	\$ 150,000,000.00
Projected Additional Local Funds	=	\$ 50,000,000.00
Projected Additional Local Funds		\$ 50,000,000.00
Projected ADM (all schools within bounds)	/	45,000.00
Projected Additional Local Per Student	=	\$ 1,111.11
Projected Additional Local Per Student		\$ 1,111.11
Charter School ADM	x	375.00
Additional Local Funds for Prior Year Enrollment	=	\$ 416,666.25

STEP 3: Current Year Enrollment Adjustments (Average per-pupil funding is determined and applied to the charter school's change in ADM. In this example, the charter school has lost 20 ADM since the prior school year.)

Geographic LEA Actual Revenues to District		\$ 200,000,000.00
Geographic LEA State Funds	+	\$ 200,000,000.00
Total Funding	=	\$ 400,000,000.00

Total Funding to District		\$ 400,000,000.00
Projected ADM (all schools within bounds)	/	\$ 50,000.00
Average Per Pupil Local and State Funds	=	\$ 8,000.00
Estimated Change (Positive/Negative) in ADM		\$ (20.00)
Average Per Pupil Local and State Funds	x	\$ 8,000.00
Current Year Change in Enrollment Funding	=	\$ (160,000.00)

Total Projected Funding	
Step 1	\$ 3,926,728.50
Step 2	\$ 416,666.25
Step 3	\$ (160,000.00)
Total	\$ 4,183,394.75

* The direct funding for each CTE level and progression year is subject to annual appropriations by the Tennessee General Assembly. For the 2025-26 CTE allocations, refer to the [2025-26 TISA Guide](#).

B. Federal Funding for Significantly Expanding Charter Schools

Definition and Eligibility

Federal regulations define significant expansion of enrollment as a "substantial increase in the number of students attending a charter school due to a significant event that is unlikely to occur on a regular basis, such as the addition of one or more grades or educational programs in major curriculum areas." Minor increases in enrollment caused by normal turnover are not considered significant expansion.

In Tennessee, a significant expansion in enrollment is defined as a substantial increase in total enrollment, for any academic year, due to a significant event that is unlikely to occur on a regular basis that results in the following:

- 1. The charter school's total enrollment is at least 15% greater than the preceding school year; and**
- 2. The charter school's total enrollment is at least 25 students greater than the preceding school year.**

Any charter school that meets the Tennessee definition of significant expansion must submit written notice to the authorizing LEA and, if determined eligible once the significant expansion has occurred, will receive federal funds and services for which they are eligible.

Procedures

- Charter school operators must notify the LEA, in writing, at least 120 days in advance of the date the charter school will open or expand. The notice should include the date of notification, name of the charter school, charter contact information, date of school opening or expanding, previous and anticipated total student enrollment numbers and percentages, and reason(s) for increase in enrollment. A charter school that has not yet opened or expanded must provide the LEA with any available data or information that the LEA reasonably requests to assist it in estimating the charter school's projected enrollment.
- Upon receiving notice, the LEA must provide the charter school with timely and meaningful information about any covered program for which the charter school may be eligible.
- Once a charter school has opened or significantly expanded its enrollment, the charter school must provide actual enrollment and eligibility data to the LEA at a time the LEA may reasonably require. An LEA is not required to provide funds to a charter school until the charter school provides the LEA with the required actual enrollment and eligibility data.
- If timely notice is received, LEAs must ensure that each charter school opening for the

first time significantly expanding its enrollment **on or before November 1** of an academic year receives the full proportionate amount of funds and services for which it is eligible within five months of the date the charter school opens or significantly expands its enrollment.

- If timely notice is received, LEAs must ensure that each charter school opening for the first time or significantly expanding its enrollment **after November 1 but before February 1** of an academic year receives a pro-rated portion of the proportionate amount of funds and services for which it is eligible on or before the date the LEA allocates funds to other public schools for the succeeding year.
- If written notice is received less than 120 days in advance of opening or expanding, the charter school may still be entitled to receive a proportionate amount of funds (dependent on the date of the significant expansion occurrence). In such a case, however, the LEA is relieved of any obligation it may have had to provide funds to the charter school within five months. Instead, the LEA may wait until the succeeding academic year to provide the new or expanded charter school with its share of funds for the preceding academic year.
- Charter schools that expand **on or after February 1** of the school year will not receive additional federal funding until the next fiscal year.
- Charter schools expanding outside of what is in their current charter agreement must file a “Letter of Intent for Petitioning to Amend the Charter Agreement” and a “Charter School Amendment Petition.” These documents are available on the [State Board of Education’s website](#).

Sample Timeline

- **120 days prior to the significant expansion:** Charter operator notifies the LEA in writing.
- *For example, if the school’s start date is August 1 and the significant expansion is anticipated to begin on the first day of school, the school should send notification no later than April 1 prior to the school year opening.*
- **Upon receiving significant expansion notice:** the LEA provides the charter school with timely and meaningful information about any covered program for which the charter school may be eligible.
- **On the date of opening or significant expansion:** Charter operator provides actual enrollment data to the LEA.
- **Within five months of significant expansion start date:** the LEA ensures the charter school receives the full proportionate amount of funds and services for which it is eligible.

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