



TENNESSEE
STATE BOARD OF EDUCATION

AUTHORIZER FEE RULE

JULY 26, 2018

RULEMAKING HEARING PROCESS

- Rulemaking hearing was held on June 26, 2018 in Nashville
- The staff collected written and oral feedback as a part of the rulemaking process
- One district, one stakeholder group, and one charter operator provided written feedback
- Representatives of five charter schools provided oral feedback

CHANGES TO THE RULE

- In Section (1), replaced the word “receive” to “collect” to align with the statutory language
- In Section (3), stated that the authorizer fee will be paid by the charter school to its authorizing LEA in accordance with the payment process established by the department
- In Section (5)(e), added legal fees to support LEA charter school authorizing obligations as an allowable expense
- In Section (5)(f), added the reporting of student directory information as an allowable expense

CHANGES TO THE RULE

- In Section (9), specified that the LEA budget for the authorizer fee shall be made available upon request
- In Sections (10) and (11), clarified that the department will establish the process for the distribution of excess or misallocated funds
- In Section (12), added that the department will develop a process for LEAs to receive any past due amount from authorized charter schools

DEPARTMENT GUIDANCE

- T.C.A § 49-13-112 and § 49-13-128 provide the department the authority to develop guidance and processes for charter school funding and authorizer fee payments.
- The authorizer fee payment guidance was developed to provide clear expectations for the following:
 - Timelines;
 - Invoicing and payments;
 - Adjustments between LEAs and charter schools;
 - Further guidance on allowable expenses; and
 - Redistribution of excess unspent and misallocated funds

AUTHORIZER FEE GUIDANCE

- Authorizer fee determinations: The annual authorizer fee amount shall initially be based on the charter school's current year adjusted average daily membership (ADM) count in October.
- Charter School Payments: Each charter schools shall pay the annual authorizer fee in two (2) installments to its authorizing LEA.
- LEA Invoicing: The LEA shall annually invoice each of its authorized charter schools in October and February.
- Unspent funds: Any excess unspent authorizer fee funds shall be identified in the annual authorizer fee report due December 1 annually. Unspent funds shall be distributed in proportionate share to all the LEA's charter schools. The amount owed in unspent funds shall be adjusted in the February invoice for each charter school.
- Misallocated funds: If the Department determines an LEA misallocated authorizer fees were misallocated, the department shall withhold an amount equal to the misallocated funds in the following fiscal year and shall distribute the funds in a proportionate share to each charter school in the LEA.

QUESTIONS?
