

**RULES  
OF  
THE STATE BOARD OF EDUCATION**

**CHAPTER 0520-14-01  
CHARTER SCHOOLS**

**0520-14-01-.01 APPROVAL OF A CHARTER SCHOOL.**

- (1) Charter school application requirements applicable to all authorizers as defined by T.C.A. § 49-13-104(4):
  - (a) The Tennessee State Board of Education (State Board) shall provide an application for charter school sponsors (sponsors) to use in applying to open a public charter school and shall provide scoring criteria addressing the elements of the charter school application. The State Board shall develop the application in consultation with the Tennessee Public Charter School Commission (Commission).
  - (b) Prospective sponsors who intend to submit an initial charter school application (initial application) for consideration shall submit a letter of intent to the Commission and to the appropriate authorizer at least sixty (60) calendar days prior to the February 1 initial application deadline. If the letter of intent's deadline falls on a Saturday, Sunday, or state-observed holiday, the letter of intent shall be due on the next business day. The letter of intent shall be completed on the form provided by the State Board. The authorizer shall confirm receipt within five (5) business days and provide the sponsor with the current federal, state, and local per-pupil funding estimates.
  - (c) Failure to submit a letter of intent to the Commission and to the appropriate authorizer by the stated deadline shall exclude a sponsor from submitting an initial application for that application cycle.
  - (d) On or before 11:59 p.m. Central Time on February 1 of the year preceding the year in which the proposed public charter school plans to begin operation, the sponsor shall prepare and file an electronic copy of the initial application with the authorizer. If February 1 falls on a Saturday, Sunday, or state-observed holiday, the initial application materials shall be due on the next business day. The authorizer shall report each completed initial application received to the Commission no later than ten (10) calendar days from the authorizer's receipt of the initial application.
  - (e) Authorizers may charge an application fee of up to \$2,500 for each initial application the sponsor files and may request up to five (5) paper copies of the initial application. Application fees and paper copies shall be received no later than February 1 by a time on that date during regular business hours, as set by the authorizer. Authorizers shall post to their websites the initial application fee amount, paper copy requests, if any, and the deadline by which these must be submitted.
  - (f) Authorizers are only required to review complete initial applications. An initial application shall be considered complete if the following are received by the deadlines specified in subparagraphs (1)(d) and (1)(e):

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1. An electronic copy of the written application, including any required attachments, using the State Board's charter application form for the current application cycle;
  2. Up to five (5) paper copies of the written application, if requested by the authorizer; and
  3. The application fee, if required by the authorizer.
- (g) The authorizer shall rule by resolution, at a regular or specially called meeting, on the approval or denial of an initial application no later than ninety (90) calendar days after the authorizer's receipt of the completed initial application.
- (h) Should the authorizer fail to approve or deny an initial application within the ninety (90) calendar days, the initial application shall be deemed approved.
- (i) If the initial application is denied, the grounds upon which the authorizer based the decision to deny the initial application shall be stated in writing and provided to the sponsor within ten (10) calendar days of the date of the decision to deny, specifying objective reasons for the denial and the deadline by which the sponsor may submit an amended charter school application (amended application).
- (j) Within thirty (30) calendar days of the receipt of the grounds for denial, a sponsor may submit to the authorizer an amended application to correct the deficiencies identified by the authorizer.
1. The amended application shall be submitted by the sponsor using the same application form as the initial application.
  2. The authorizer shall evaluate the amended application using the same scoring criteria as the initial application review.
- (k) The authorizer shall approve or deny the amended application within sixty (60) calendar days of its receipt.
- (l) Should the authorizer fail to approve or deny the amended application within sixty (60) calendar days, it shall be deemed approved.
- (m) If the authorizer denies the amended application, it shall provide to the sponsor the grounds upon which it based the decision to deny in writing within five (5) calendar days of the date of the decision to deny, specifying objective reasons for the denial and the sponsor's right to an appeal.
1. A sponsor may appeal a denial by the local board of education of an amended application to the Commission no later than ten (10) calendar days after the date of the final decision to deny.
  2. A denial of an amended application by the Commission is final and not subject to appeal.
- (n) Authorizers shall report to the Tennessee Department of Education (Department) and Commission whether the authorizer has approved or denied the sponsor's complete application and the reasons for denial, if applicable, no later than ten (10) calendar days after approval or denial of the initial and amended application.

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- (o) Authorizers shall review all complete applications, as defined in subparagraph (1)(f) of this Rule, in accordance with T.C.A. § 49-13-108 and quality charter authorizing standards approved by the State Board in Policy 6.111.
- (p) All authorizer policies regarding the submission and review of charter school applications shall be consistent with applicable State Board policies and with state and federal law, rules, and regulations.

**Authority:** T.C.A. §§ 49-1-302, 49-13-106, 49-13-107, 49-13-108, and 49-13-126. **Administrative History:** Original rules filed March 31, 2003; effective July 29, 2003. Amendments filed January 11, 2019; effective April 11, 2019. Amendments filed September 29, 2020; effective December 28, 2020. Amendments filed November 30, 2020; effective February 28, 2021. Amendments filed August 19, 2022; effective November 17, 2022. Amendments filed March 12, 2024; effective June 10, 2024.

### **0520-14-01-.03 ALLOCATION OF STATE AND LOCAL FUNDS.**

- (1) Public charter school funding shall be governed by the following:
  - (a) For the purpose of implementing this Rule in calculating, allocating, and disbursing public charter school funding pursuant to T.C.A. § 49-13-112(a):
    1. The Department shall be responsible for calculating required funding and reporting the calculations to both authorizers and public charter schools.
    2. The local board of education shall be responsible for allocating the required funding to public charter schools in the local budget. Each authorizer shall include, as part of its budget submitted pursuant to T.C.A. § 49-2-203, the per student amount of local funds it will pass through to public charter schools during the upcoming school year, including all calculations listed in this Rule. The local board of education shall provide all calculations to its authorized charter schools upon request. Allocations to the public charter schools during the budgeted school year shall be based on that figure until such time as updated interim and final allocations are run pursuant to subparagraph (1)(e) below. The authorizer shall distribute local funding in no fewer than nine (9) equal installments to public charter schools in the same manner as state funds are distributed.
    3. The local education agency's (LEA) fiscal agent shall be responsible for the disbursement of required funding to public charter schools.
    4. The LEA shall be responsible for the timely and accurate submission of data and other reporting requirements to the Department.
    5. The public charter school shall be responsible for the timely and accurate submission of data and other reporting requirements to the authorizer.
    6. The authorizer and public charter school shall be responsible for collaborating to resolve any data or reporting discrepancies prior to Department reporting deadlines.
  - (b) Allocations are based on one hundred percent (100%) of state and local funds received by the LEA, including current funds allocated for capital outlay purposes

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and funds generated under the fast-growth stipends detailed in T.C.A. § 49-3-107, excluding the proceeds of debt obligations and associated debt services.

- (c) A local board of education shall allocate to each public charter school an amount equal to the state and local funds as calculated in subparagraphs (1)(d) and (1)(e) below for each student member enrolled in a public charter school and all appropriate allocations under federal laws or regulations, including, but not limited to, IDEA and ESEA funds.
1. Pursuant to T.C.A. § 49-13-112(a), federal funds received by the LEA must be disbursed to public charter schools authorized by the LEA by either a joint agreement on shared services by individual public charter schools or sub-grants to public charter schools for the charter's equitable share of the federal grant based on eligible students. The allocation must be made in accordance with the policies and procedures developed by the Department.
- (d) Initial Allocations.
1. The initial allocation shall be set forth in the local board of education's budget submitted to the Department pursuant to T.C.A. § 49-3-316 for the upcoming school year and represent the state and local funds to be allocated to each public charter school based on prior year average daily membership (ADM) and student counts, as required by the Tennessee Investment in Student Achievement Act (TISA), before such time as current year data and revenues are available. The Department shall pull this information from state-approved LEA budgets as entered into the state's system of record and include these funds in initial funding estimates shared with authorizing LEAs and public charter schools. If the LEA does not have a fully approved budget in the state's system of record, the Department will use the LEA's budgeted prior year additional local revenues or the district's prior year expenditure report, whichever is more recent, to inform the initial allocations until an LEA budget is fully approved.
  2. Pursuant to T.C.A. § 49-13-112(a)(1)(A), the initial allocation from the local board of education to a public charter school shall be based on the total of the state and local student-generated funds for member students in a public charter school during the prior school year for the base funding amount, weighted allocation, and direct funding allocations in accordance with TISA, and any rules promulgated by the Department pursuant to the TISA, including Chapter 0520-12-05.
  3. Pursuant to T.C.A. § 49-13-112(a)(1)(B), if the local funds received by the LEA are greater than the local contribution required by TISA as set forth in T.C.A. § 49-3-109, the local board of education shall also allocate the average per pupil local funds received by the LEA in the budgeted school year, in accordance with T.C.A. § 49-3-316, above those required by the TISA for each member student in the public charter school in the prior year. The initial average per pupil local funding amount shall be determined by dividing the budgeted additional local funds by the LEA's prior year ADM, including all member students of public charter schools geographically located within the LEA. The Department shall pull this information from state-approved LEA budgets as entered into the state's system of record and include these funds in initial funding estimates

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shared with authorizing LEAs and public charter schools. If the LEA does not have a fully approved budget in the state's system of record, the Department will use the LEA's budgeted prior year additional local revenues or the district's prior year expenditure report, whichever is more recent, to inform the initial allocations until an LEA budget is fully approved.

4. Pursuant to T.C.A. § 49-3-105(d)(1)(B), the state share of TISA funding generated by public charter school students shall be allocated to the LEA in which the public charter school is geographically located, but shall be disbursed directly to the public charter school by the Department. If the public charter school is authorized by the Commission or by the Achievement School District (ASD), the funds shall be disbursed by the Department directly to the authorizer.

- (i) A public charter school's total of TISA-generated funds shall be divided between state and local funding responsibilities based on the state and local share percentages of the LEA in which the public charter school is geographically located. The state share for base and weighted funding is determined separately using the LEA's applicable percentages, which are then applied to the public charter school's calculated base and weighted amounts. The state fully funds direct allocations. As with LEA allocations, funding for postsecondary assessment is withheld at the state level. The local share of base and weighted funding is the responsibility of the LEA in which the public charter school is geographically located and will be disbursed by the LEA to the public charter schools.

- (ii) All federal, state, and local funds generated by or received by an LEA shall be properly accounted for in the LEA's official financial records. Payment of funds to a public charter school by the state on behalf of an LEA shall be recorded in the LEA's financial records in the appropriate revenue and expenditure categories.

(e) Interim Funding Adjustments and Final Allocations.

1. After the initial allocation is made as set forth in subparagraph (1)(d), an authorizer shall adjust payments to its public charter schools on an interim basis during the school year, at a minimum, in October, December, February, April, and June, with final allocations occurring with the completion of the authorizer's final expenditure reports as submitted and approved by the Department. Pursuant to T.C.A. § 49-13-112(a)(1) and § 49-13-112(a)(3), these adjustments shall update allocations to reflect current year data, including changes in revenue, student enrollment, or student services.

2. To calculate interim and final allocations, the Department shall calculate current year ADM on the timeline in part (1)(e)1. above for all LEAs with public charter schools geographically located within the LEA's boundaries. The Department shall publish or otherwise make available to each authorizer and each public charter school the outputs and, if requested, the underlying data from each instance in which the Department runs the ADM calculations for purposes of calculating initial, interim, and final

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allocations. Authorizers may opt to run the adjustments more frequently in alignment with respective charter agreements.

3. Interim and final allocations to each public charter school shall include:
  - (i) Pursuant to T.C.A. § 49-13-112(a)(1)(A), the interim and final allocations from the local board of education to a public charter school shall be based on the total of the state and local student-generated funds for member students in a public charter school during the prior school year for the base funding amount, weighted allocation, and direct funding allocations in accordance with the TISA, and any rules promulgated by the Department pursuant to the TISA, including Chapter 0520-12-05.
  - (ii) Pursuant to T.C.A. § 49-13-112(a)(1)(B), if the local funds received by the LEA are greater than the local contribution required by TISA as set forth in T.C.A. § 49-3-109, the local board of education shall also allocate the average per pupil local funds received by the LEA in the budgeted school year above those required by the TISA for each member student in the public charter school in the prior year. The interim and final average per pupil local funding amount shall be determined by dividing the additional local funds by the LEA's current year ADM (inclusive of all member students of public charter schools geographically located within the LEA). The final average per pupil local funding amount is to be determined using the LEA's final expenditure report as submitted to and approved by the Department.
  - (iii) Pursuant to T.C.A. § 49-13-112(a)(1)(C) and § 49-13-112(a)(3), a local board of education shall allocate to the public charter school an amount equal to the per student state and local funds received by the LEA for member students in the public charter school in the current school year beyond the prior year's membership. For each required interim and final allocation adjustment, the Department shall calculate the ADMs for each public charter school and the difference from the prior year ADM as used in the base funding calculation in the TISA formula. For any difference in overall ADM counts, the local board of education shall adjust the public charter school's allocation and disbursement by an amount equal to multiplying the average per student state and local funds received by the LEA in the current year by the difference in ADM for each public charter school, which may result in an increase or decrease to the overall allocation and disbursement. The final average per pupil state and local funds shall be determined using the LEA's final expenditure report as submitted to and approved by the Department. In calculating the average per student state and local funds, the total funding will exclude grants awarded on behalf of specific schools and the charter direct funding component of the TISA.
  - (iv) In determining final amounts to be paid pursuant to subparts (1)(e)3.(ii) and (1)(e)3.(iii) above, the Department shall report to each authorizer and public charter school the results of LEAs

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state-approved final expenditure reports within five (5) business days of state approval. LEAs and each public charter school shall process final payments within thirty (30) calendar days of the Department's report on final amounts.

(f) Special Considerations.

1. **New and Expanding Public Charter Schools:** Notwithstanding part (1)(d)2., for the purpose of initial allocations, new public charter schools or public charter schools adding a new grade(s) shall be funded based on the anticipated enrollment in the charter agreement unless the authorizer and public charter school mutually agree on a projection of enrollment not to exceed any enrollment maximums or caps set forth in the charter agreement. The initial funding allocation for the new grade(s) shall be based on a per-student average of all state and local funds received by the LEA and disbursed to the public charter school by the LEA. Allocations shall be subsequently adjusted in accordance with subparagraph (1)(e).
2. **Public Charter School Direct Funding:** In accordance with T.C.A. § 49-3-105, the charter school direct funding amount each year is subject to an annual appropriation by the Tennessee General Assembly and is calculated by dividing the amount of the appropriation by the statewide public charter school ADM of the prior year. This direct funding amount shall be fully state funded and not require additional local contribution funds. The public charter school direct funding amount is calculated the same as all other direct funding components of TISA as set forth in T.C.A. § 49-3-105.
3. **Fast-Growth Stipends:** Subject to annual appropriations by the Tennessee General Assembly and in accordance with T.C.A. § 49-3-107, if an LEA receives a fast-growth stipend or infrastructure stipend, the LEA shall disburse to charter schools geographically located within that LEA a proportional share of funds received. The proportional share shall be equal to the percentage calculated by dividing a public charter school's TISA funding for base funding, weighted allocations, and direct allocations by the TISA funding for these same components of the LEA as a whole.
4. **Educator Salary Increases:** Pursuant to T.C.A. § 49-3-105(e), if the Tennessee General Assembly restricts an amount of an annual increase to the TISA base funding amount for the purpose of providing salary increases to existing educators, the Department shall determine the proportional share of funds received by each public charter school driven by the restricted funds and report that amount to each authorizer and to each public charter school. Public charter schools shall use these funds to provide salary increases to existing educators pursuant to T.C.A. § 49-3-105(e).
5. **Cost Differential Factor Grants:** Subject to annual appropriations by the Tennessee General Assembly and in accordance with T.C.A. § 49-3-108(d), if an LEA receives a Cost Differential Factor (CDF) grant, the LEA shall disburse to public charter schools geographically located within that LEA a proportional share of the CDF grant. The proportional share shall be equal to the percentage calculated by dividing a public charter school's

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TISA funding for base funding, weighted allocations, and direct allocations by the TISA funding for these same components of the LEA as a whole.

6. Outcomes Funding: If a public charter school generates outcome bonus funding as a result of students enrolled in the public charter school in the prior year, the public charter school shall receive the earned amount of outcome bonus funds from the authorizer when such funds are awarded by the Department. The Department shall report the amount of outcome bonus funds due to each public charter school to the authorizer and to each public charter school.
- (g) ASD and Commission: Pursuant to T.C.A. § 49-1-614 and T.C.A. § 49-13-112, the ASD and Commission shall receive funding in alignment with this rule for each public charter school within their respective LEAs from the LEAs in which each public charter school is geographically located.
  - (h) Opportunity Public Charter Schools (OPCS): Pursuant to T.C.A. § 49-13-106(k)(1)(C), TISA state and local funds generated by an at-risk student who transfers to an OPCS located in an LEA other than the LEA in which the at-risk student resides shall follow the at-risk student to the LEA in which the OPCS is located, but only for the first school year in which the at-risk student is enrolled in an OPCS located in an LEA other than the LEA in which the at-risk student resides. For purposes of this Chapter, “at-risk student” is defined by T.C.A. § 49-13-104(3). The LEA in which the OPCS is located shall not charge tuition to such students.
  - (i) Allocations to a public charter school shall not be reduced by the authorizer except for the annual authorizer fee. If the charter agreement includes a provision whereby the authorizer will provide for employee benefits or retirement, the authorizer may withhold funds to cover the costs of those services. Any services the public charter school chooses to purchase from the authorizer may also exist in a separate services contract between the public charter school and the authorizer. However, approval of a separate services contract shall not be a condition of approval of the charter agreement. If a services contract is executed with the authorizer, the authorizer may withhold funds to cover the costs of those services.
  - (j) Pursuant to T.C.A. § 49-13-124, the authorizer may endorse the submission of the qualified zone academy bond application to the local taxing authority. The authorizer may endorse such a bond application submitted by the public charter school governing body, or the authorizer may include the public charter school’s project as part of the authorizer’s bond application.
  - (k) If public charter schools provide school nutrition programs, they may provide their own programs in compliance with United States Department of Agriculture regulations and State law or they may contract with the authorizer for the provision of school nutrition programs.

**Authority:** T.C.A. §§ 49-1-302, 49-2-203, 49-6-2101, et seq., 49-13-112, 49-13-114, 49-13-124, 49-13-126, 49-3-101 et seq., 49-3-316, 49-3-105. **Administrative History:** Original rule filed March 25, 2010; effective August 29, 2010. Repeal and new rule filed March 21, 2012; effective August 29, 2012. Amendments filed September 22, 2017; effective December 21, 2017. Amendments filed September 29, 2020; effective December 28, 2020. Amendments filed November 30, 2020; effective February 28, 2021. Amendments filed March 8, 2023; effective June 6, 2023. Amendments filed March 12, 2024; effective June 10, 2024.

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**0520-14-01-.04 ENROLLMENT.**

- (1) Charter schools shall conduct an initial student application period of at least thirty (30) calendar days during which all students may apply.
- (2) A charter school shall not exclude students from enrollment based on race, color, ethnicity, national origin, religion, income level, disability, English language proficiency, or academic ability.
- (3) A charter school may submit a charter school application that seeks to limit enrollment to a single-sex, as defined in T.C.A. § 49-2-802, if the enrollment proposal complies with state and federal law.
- (4) A charter school that is an OPCS, as defined in T.C.A. § 49-13-104, with a residential model shall ensure its facilities:
  - (a) Comply with all applicable health and safety laws, regulations, and codes of the city, county, and state;
  - (b) Meet all fire safety regulations and procedures promulgated by the Tennessee Fire Marshal's Office; and
  - (c) Are constructed, remodeled, renovated, expanded, or modified in accordance with any state and federal requirements applicable to the school regarding building accessibility, including, but not limited to, the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973.
- (5) A charter school shall enroll an eligible student who submits an application by the charter school's deadline unless the number of applications exceeds the capacity of a program, class, grade level, or building.
- (6) If, at the end of the initial student application period, the number of eligible students seeking to be enrolled does not exceed the school's capacity or the capacity of a program, class, grade level, or building, the enrollment of eligible students may proceed on a first-come, first-served basis.
- (7) If, at the end of the initial student application period, the number of eligible students seeking to be enrolled exceeds the school's capacity or the capacity of a program, class, grade level, or building, eligible students shall be enrolled using a lottery.
  - (a) Any such lottery shall be conducted within thirty (30) calendar days of the close of the initial student application period.
  - (b) Students who attended the charter school during the previous school year shall be given first enrollment preference and excluded from entering into a lottery. Students who attended the charter school during the previous school year shall not be required to reapply.
  - (c) Students enrolling in a charter school from another charter school, even if both schools share a governing body, shall be subject to the lottery preferences outlined in paragraph (8) of this Rule.
  - (d) A charter school may give an enrollment preference to children of an employee of the charter school or member of the governing body of the charter school, not to

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exceed ten percent (10%) of total enrollment or twenty-five (25) students, whichever is less, in which case such students shall also be given first enrollment preference and excluded from entering into a lottery.

- (e) In accordance with T.C.A. § 49-13-108(i)(2), a charter school sponsored by a public institution of higher education may give an enrollment preference to children of the public institution of higher education's employees or members of the institution's governing body, not to exceed twenty-five percent (25%) of the charter school's total enrollment.
- (8) If an enrollment lottery is conducted, a charter school shall give enrollment preferences in the following order:
- (a) For an OPCS:
    - 1. Students identified as at-risk, as defined in T.C.A. § 49-13-104(3); and
    - 2. If an OPCS has additional capacity after the number of eligible at-risk students seeking to be enrolled have been accepted, the OPCS shall give enrollment preferences in the order listed under paragraph (8)(b), as applicable.
  - (b) For all other charter schools:
    - 1. Students enrolled in a pre-K program operated by the charter school;
    - 2. Students who are economically disadvantaged as defined in T.C.A. § 49-3-104, if the charter school has elected to use such an enrollment preference. A charter school may give an enrollment preference to students who are economically disadvantaged pursuant to T.C.A. § 49-13-113. A charter school may request, but shall not require, information on an initial student application to verify that a student is legally qualified as economically disadvantaged, as defined in § 49-3-104. This information shall be utilized for the purposes of an enrollment lottery and shall not exclude students from enrollment;
    - 3. Students applying to enroll in the charter school that has an authorizer-approved articulation agreement with the students' current charter school, which allows students to matriculate from one school to the other;
    - 4. Siblings of students already enrolled in the charter school;
    - 5. Students residing within the geographic boundaries of the LEA in which the charter school is located who were enrolled in another public school during the previous school year. If the public charter school is authorized in a county LEA, this preference includes students who reside in the county and who were enrolled in the previous school year in another LEA located in the same county; and
    - 6. Students residing outside the geographic boundaries of the LEA in which the charter school is located, if permitted through the authorizer's out-of-district enrollment policy.

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- (9) If enrollment within a group of preferences set out in paragraph (8) exceeds the planned capacity of the school, enrollment within that group shall be determined on the basis of a lottery.
- (10) A non-charter public school converting to a charter school under T.C.A. § 49-13-106 (conversion charter school) shall give enrollment preference to students who reside within the former school zone of the conversion charter school, subject to the exception at subparagraph (10)(a). Students enrolled in the existing non-charter public school to be converted shall have the option to enroll in another public school operated by the LEA in which the charter school is located without penalty. The enrollment preference for students who reside within the former school zone of the conversion charter school excludes those students from entering into a lottery.
  - (a) A non-charter public school converting to an OPCS shall not give an enrollment preference to students who reside within the former school zone of the conversion charter school unless the student is an at-risk student as defined in T.C.A. § 49-13-104(3).
- (11) Students living in other school zones may enroll in a conversion charter school after those living in the school zone have the opportunity to enroll, but only if there is program, class, grade level, and building capacity to serve the out-of-zone students. If applications by out-of-zone students exceed the charter school's capacity, enrollment of out-of-zone students shall be determined on the basis of a lottery. Out-of-zone students who attended the school the previous school year, and such students' siblings, may be given preference in enrollment.
- (12) A charter school may refuse to admit any student who is expelled from another public school or district or who is in the process of being expelled from another public school or district.
- (13) Additional verification requirements for enrollment in an OPCS:
  - (a) To qualify as at-risk, a student shall only be required to meet the income requirement and one (1) at-risk eligibility criterion listed in T.C.A. § 49-13-104(3)(a)-(h).
  - (b) As part of the enrollment process, the parent or guardian of an enrolling student or an enrolling student who has reached the age of eighteen (18) shall provide verification of meeting the at-risk criteria, as defined in T.C.A. § 49-13-104(3).
  - (c) Verification for at-risk criteria shall be established through the completion of the appropriate documentation as required in State Board Opportunity Public Charter School Policy 6.114.
  - (d) Whether a student qualifies as at-risk shall be determined by the OPCS only at the time of enrollment. If a student has withdrawn from the OPCS and subsequently re-enrolls, the OPCS shall verify at-risk eligibility at the time of re-enrollment.
- (14) Reporting requirements:
  - (a) A charter school shall provide to the Department certification by an independent accounting firm or by a law firm that each lottery conducted for enrollment purposes complied with the requirements of T.C.A. § 49-13-113. Charter schools

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that choose to participate in the enrollment process of their authorizer may use certification from the authorizer to satisfy this requirement.

- (b) In lieu of an independent accounting firm or law firm, charter schools may request that the Department review and approve the lottery process prior to conducting the lottery.
- (c) By June 30th of each year, an OPCS shall submit to its authorizer a signed, written verification from an independent accounting firm or law firm stating whether the school met or exceeded an overall average of seventy-five percent (75%) at-risk student enrollment in the immediately preceding school year.
  - 1. The authorizer shall include the results of this annual verification in its authorizer report.
  - 2. If an OPCS fails to meet the seventy-five percent (75%) at-risk student enrollment requirement for three (3) consecutive school years, the school shall petition the authorizer to amend its charter agreement to convert to a public charter school and forgo its OPCS status, or voluntarily close.
    - (i) If an OPCS seeks to amend its charter agreement, it shall petition its authorizer by the fall amendment petition deadline immediately following the third (3<sup>rd</sup>) consecutive year in which the school failed to meet the at-risk enrollment requirement and shall follow the amendment petition process outlined in the Commission's rules, including the right to an appeal.
    - (ii) If an OPCS chooses to voluntarily close, the school shall notify its authorizer of its decision by October 1 immediately following the third (3<sup>rd</sup>) consecutive year in which the school failed to meet the seventy-five (75%) enrollment requirement, and the school shall close by the end of that school year.
  - 3. An OPCS shall retain documentation evidencing that at-risk students met the at-risk eligibility criteria at the time of the student's enrollment, or any re-enrollment, in the OPCS.

**Authority:** T.C.A. §§ 49-13-104, 49-13-108, 49-13-113, 49-13-126. **Administrative History:** Original rule filed March 25, 2010; effective August 29, 2010. Repeal and new rule filed March 21, 2012; effective August 29, 2012. Amendments filed January 10, 2018; effective April 10, 2018. Amendments filed August 29, 2018; effective November 27, 2018. Amendments filed September 29, 2020; effective December 28, 2020. Amendments filed November 30, 2020; effective February 28, 2021. Amendments filed March 12, 2024; effective June 10, 2024.

#### **0520-14-01-.05 ANNUAL AUTHORIZER FEE AND ANNUAL REPORTING.**

- (1) Requirements applicable to local boards of education that serve as an authorizer of a charter school(s) (i.e., district authorizers):
  - (a) Pursuant to T.C.A. § 49-13-128, district authorizers 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

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shall be the lesser of three percent (3%) of the annual per-student state and local allocations or \$35,000 per school.

- (b) District authorizers 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;
    - (iii) Data meetings;
    - (iv) Any software or data management tools required by the district authorizer 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 staff supporting charter schools, including:
    - (i) Salaries and benefits for full-time or part-time personnel with exclusive charter school responsibilities;
    - (ii) Salaries for personnel who spend a portion of their time on direct charter school responsibilities. Any funds spent on salaries must be pro-rated to reflect the amount of time spent only on charter support work. Salaries for personnel may only be paid for with authorizer fee funds if the activities and duties of the personnel are beyond the scope and capacity of the LEA charter school office or personnel;

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- (iii) External consultants or other consultancy or legal fees to support charter authorizing obligations; and
    - (iv) Reasonable costs associated with recruiting or hiring charter support or authorizing staff.
  - 6. Operational expenses for 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) Reporting of vacant and underutilized properties owned or operated by the LEA pursuant to T.C.A § 49-13-136 and paragraph (1)(c) of this Rule;
    - (iii) Creation of the authorizer fee report required by T.C.A § 49-13-128(f); 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;
    - (iii) Professional development, orientation, or onboarding of charter school employees or staff supporting charter schools; and
    - (iv) Contract services for specialized or targeted charter school supports.
- (2) Requirements applicable only to state-level authorizers:
- (a) In accordance with T.C.A. § 49-13-128:
    - 1. If the ASD authorizes a public charter school, 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 subparagraph (1)(b) of this Rule.
    - 2. If the Tennessee public charter school commission (Commission) authorizes a public charter school, the Commission shall receive an

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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 subparagraph (1)(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.

(3) Requirements applicable to all authorizers:

- (a) The authorizer fee shall be paid by a charter school to its authorizer in accordance with the payment process issued by the Department of Education.
- (b) The annual authorizer fee collected by an authorizer 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 authorizer that collects an annual authorizer fee shall report to the State Board 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 State Board.
- (d) Each authorizer fee report shall be posted on the authorizer's website and the State Board's website.
- (e) If, for any school year, the total amount of authorizer fees collected by the authorizer exceeds the amount used by the authorizer to perform its authorizing obligations and responsibilities, the authorizer shall distribute the amount remaining to its authorized public charter schools.
- (f) Any excess funds collected by an authorizer 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 authorizer and in accordance with the process established by the Department of Education.
- (g) If the State Board determines funds were used by the authorizer for activities other than the authorizing obligations outlined in this Rule, the State Board shall direct the Department of Education to withhold an amount equal to the misallocated funds in the following school year from the authorizer and shall distribute the misallocated funds directly to the authorizer's charter schools.
- (h) If an authorizer does not receive timely payment from an authorized charter school in accordance with this Rule, the authorizer 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.

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- (i) Each charter school shall receive a proportionate share of any excess or misallocated funds collected by the authorizer based on the actual amount of authorizer fee funds paid to the authorizer by each charter school.
  - (j) Authorizers shall annually provide a projected charter school office budget for the upcoming school year to the State Board by August 1. The State Board shall annually post each projected budget to its website by August 15.
- (4) Requirements applicable to LEAs in which one (1) or more public charter schools operate:
- (a) Annually by May 1, the LEA shall publish the information required in T.C.A. § 49-13-136(c)(1) on the LEA's website and submit a comprehensive listing of all vacant or underutilized property to the Department and the Comptroller of the Treasury.
    - 1. Vacant property, as defined in T.C.A. § 49-13-104, means a building, with or without improvements, which is closed or no longer used for direct academic instruction for students in pre-kindergarten through grade twelve (pre-K-12), or any combination thereof, including, but not limited to, spaces suitable for classroom use that are currently being used for storage of any kind and does not include real property on which a building or permanent structure has not been erected.
    - 2. Underutilized property, as defined in T.C.A. § 49-13-104, means a building or portion thereof, with or without improvements, which is not used or is used irregularly or intermittently for K-12 instructional or program purposes, including, but not limited to, spaces suitable for classroom use that are currently being used for storage of any kind. K-12 instructional purposes include spaces used for providing direct instruction to students. K-12 program purposes include spaces used in support of K-12 instructional programming, such as faculty professional development, employee offices, and other similar uses, but do not include spaces suitable for classroom use that are currently being used for storage of any kind. For public school facilities that, by their nature, are characterized by irregular or intermittent use, such as auditoriums, gymnasiums, cafeterias, and athletic facilities, irregular or intermittent use means the facility is used for K-12 instructional or programming purposes less than ten (10) times per school year. For all other public school facilities, irregular or intermittent use means the facility is used for K-12 instructional or programming purposes fewer than ninety (90) days per school year or the facility is used at less than 55% capacity, to be calculated in accordance with the Department's guidance and reporting template.

**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. Amendments filed May 27, 2021; effective August 25, 2021. Amendments filed January 31, 2025; effective May 1, 2025.