



## **1025 – School Funding Allocation Procedures**

The following procedures will govern the funding of the Tennessee Public Charter School Commission's (TPCSC) authorized charter schools for the Tennessee Investment in Student Achievement (TISA) Act and federal funding allocations in Fiscal Year 2026.

For all funding sources, initial estimates are provided to the district by the Tennessee Department of Education's Office of Local Finance annually in the spring based on reasonable projected estimates of enrollment and TISA data for the prior school year. A final allocation will be provided by the Tennessee Department of Education (TDOE) to the TPCSC based on actual enrollment, which may result in an increase or decrease in a school's allocation in the fall.

### **Allocation of Funds (New and Expanding Schools)**

For new schools that are expanding grades by February 15th, the charter school will notify the TPCSC of the following information for initial federal funding allocations to be calculated by the Department of Education.

New schools:

- Total enrollment projections of new students for the upcoming school year;
- Projected number of students with disabilities;
- Projected number of at-risk students (defined as direct certification students, students in foster care, and homeless, runaway, and migrant students); and
- Projected number of active English Learners.

Expanding schools:

- Total projected enrollment;
- Projected enrollment for expanding grade level;
- Number of additional students with disabilities in the expanding grade level;
- Number of at-risk students in the expanding grade level; and
- Number of active English Learners in the expanding grade level.

By the 15th of each month from March through June, the new or expanding charter school shall notify the Commission of revised enrollment figures, including counts for students with disabilities, at-risk students, and English Learners. Estimates in enrollment projections should be reasonable. Overestimating will result in decreased or no state/local payments for portions of the school year.



Once the school has grown to full grade or size capacity, initial funding will be based on prior year enrollment as reported in the Department of Education's state information system of record.

#### State and Local Funds for New and Expanding Schools:

The district will provide final enrollment estimates to the TDOE by June 30. In accordance with State Board Rule 0520-14-01-.03, the state and local allocation for new and/or expanding charter schools will be based on the per-student average of all state and local funds received by the geographic LEA.

#### Federal Funds for New and Expanding Schools:

Initial district consolidated funding allocations will be provided by the TDOE. For new schools, these will be based on the totality of student enrollment projections. For expanding schools, the TDOE will allocate additional funds based on the projected additional enrollment for the school.

### **Allocation of State and Local Funds (Existing Schools)**

#### Initial Allocations:

The TPCSC must allocate to each charter school its appropriate share of state and local funds (T.C.A. § 49-13-112) in accordance with State Board Rule 0520-14-01-.03. Under State Board Rule 0520-14-01-.03, funding for the TPCSC and its authorized charter schools is calculated by the TDOE and provided to the TPCSC. The TPCSC then allocates each school's total funding by taking the total state and local funding generated under TISA for each school and dividing it across ten equal payments.

$$MONTHLY\ PAYMENT = ANNUAL\ SCHOOL\ ALLOCATION \times 10\%$$

$$YEAR\ TO\ DATE\ PAYMENTS = ANNUAL\ SCHOOL\ ALLOCATION \times 10\% \times NUMBER\ OF\ PAYMENTS$$

#### Monthly Payment Schedule:

In August, September, October, November, December, January, February, March, April, and June, a proportional payment of state/local funds will be made on or around the 15th of each month. However, in June, only 75% of the payment will be made on the 15th, and the remainder will be made after the school's final average daily membership (ADM) is reconciled in late June or early July.

#### Adjustments (October, February):

Twice during the year, district and school funding allocation are adjusted based on updated enrollment from the state's reporting system. Typically, these are pulled in October and February, the adjustments are made to the entire district's allocation, as well as each school's



allocation. The new allocations true up each charter school's current membership with the resident district's current per pupil amount. The payment in the month immediately following the true up will be adjusted to accommodate the new annual award. The adjusted payment will be calculated by taking the revised year-to-date payments that would have been generated under the revised enrollment and subtracting the amount already paid.

$$REVISED\ PAYMENT = YEAR\ TO\ DATE\ PAYMENTS\ (REVISED) - PAID\ TO\ DATE$$

If the overall annual school allocation increases, the revised payment in the adjustment month will be higher, and if the overall annual school allocation decreases due to a decrease in enrollment, the payment in the adjustment month will be lower. If the amount in the adjustment month is negative, no payment will be made until the revised year to date payments exceeds the amount paid.

Final Allocations (June):

The June payments are made in two portions: payment one representing 75% of the monthly amount and payment two representing 25% of the monthly amount with a final true up for current year ADM.

Final Revenue True Up:

In the fall, the host district will report their final local tax revenues for the previous fiscal year, and the TDOE will notify the TPCSC and the host district if any money is owed (either to the host district or to the TPCSC). The TPCSC will work directly with any impacted schools to determine the additional disbursement of funds or payment of funds back to the host district, if applicable.

### **Authorizer Fee**

In Fiscal Year 2026, the TPCSC charges a 3% authorizer fee as permitted under T.C.A. § 49-13-118. Like the overall school allocation, the authorizer fee is calculated first on an annual basis. The authorizer fee is then withheld from each monthly payment.

$$ANNUAL\ SCHOOL\ AUTHORIZER\ FEE = ANNUAL\ SCHOOL\ ALLOCATION \times 3\%$$

$$MONTHLY\ AUTHORIZER\ FEE = SCHOOL\ MONTHLY\ PAYMENT \times 3\%$$

Finally, the authorizer fee fluctuates with ADM in the same manner as the overall adjustments to the school allocation. As adjustments are made to the average ADM, the amount of the authorizer fee will be adjusted to match.

$$REVISED\ SCHOOL\ AUTHORIZER\ FEE = REVISED\ ANNUAL\ SCHOOL\ ALLOCATION \times 3\%$$

$$REVISED\ AUTHORIZER\ FEE\ TO\ DATE$$

$$= REVISED\ SCHOOL\ AUTHORIZER\ FEE \times NUMBER\ OF\ PAYMENTS\ MADE$$



#### *AUTHORIZER FEE CORRECTION*

$$= \text{REVISED AUTHORIZER FEE TO DATE} - \text{WITHHELD AUTHORIZER FEE TO DATE}$$

The authorizer fee and the state and local allocations are tied to the same ADM, whether it is the estimates leading into August, the counts in October and February, or the final ADM in June.

### **Title I Allocations**

Title I Spiral:

Title I requires that all schools with a higher poverty percentage receive as much or more per pupil funding than any school with a lower poverty percentage (20 U.S.C. § 6313). Each school's poverty percentage is determined as the proportion that the poverty factor bears to the overall student population.

$$\begin{aligned} & \text{SCHOOL POVERTY PERCENTAGE} \\ &= \text{SCHOOL POVERTY FACTOR COUNT} \div \text{SCHOOL TOTAL STUDENTS} \end{aligned}$$

Poverty Factor:

The Charter Commission uses direct certification as its measure of low income for Title I purposes, and direct certification multiplied by 1.6 for its poverty factor. The count used for the poverty factor is the lesser of the school's overall student enrollment count or the low-income count multiplied by 1.6.

Title I Eligibility:

To receive a Title I designation and funding, a school must meet a minimum adjusted poverty rate of 35% or more. Schools not meeting this minimum requirement will be ineligible for Title I designation in the following school year. The poverty rate used for Title I designations shall be based on the following:

- Fully built out schools: the school's adjusted poverty rate as reflected in the student information system.
- New charter schools: the projections submitted by the school to the Commission.
- Significantly expanding schools: the adjusted poverty rate for current grades in the student information system plus the project poverty rate for the expanding grade level

Per Pupil Amount:

$$\begin{aligned} & \text{TITLE I PER PUPIL} \\ &= \text{TITLE I AMOUNT FOR ALLOCATIONS TO SCHOOLS} \\ &\div \text{DISTRICT COUNT OF LOW INCOME STUDENTS} \end{aligned}$$



The per pupil amount must be rounded to two decimal places. The amount must be rounded to be entered into ePlan. After rounding, school level awards should be the Title I per pupil amount multiplied by the count of low-income students in the school.

$$SCHOOL\ TITLE\ I\ AWARD = TITLE\ I\ PER\ PUPIL \times SCHOOL\ COUNT\ OF\ LOW\ INCOME\ STUDENTS$$

Title I Parent and Family Engagement:

Since the TPCSC will receive at least \$500,000 in Title I funding, the Charter Commission is required to set aside money from the Title I grant award for parent involvement. Therefore, schools will receive set-aside Title I funds to use for parent involvement. Schools are expected to meet all Title I requirements for parent involvement regardless of the set aside amount.

Homeless Set-Aside:

The TPCSC is required to set aside a portion of Title I funds at the district level to support services for students experiencing homelessness. Charter Commission staff will determine the amount to be set aside based on the projected population of students within the district who are experiencing homelessness and will communicate this set-aside amount to all schools. Schools that have students who are experiencing homelessness may request funds from the TPCSC's homeless set-aside to support the needs of the students.

## **Title II Allocations**

Title II allocations are determined by taking the total available Title II funds for allocation to schools and dividing it by the number of appropriately qualified teachers in the district.

$$\begin{aligned} TITLE\ II\ PER\ TEACHER \\ &= TITLE\ II\ AMOUNT\ FOR\ ALLOCATIONS\ TO\ SCHOOLS \\ &\div NUMBER\ OF\ REPORTED\ LICENSED\ TEACHERS\ IN\ DISTRICT \end{aligned}$$

$$SCHOOL\ TITLE\ II\ AWARD = NUMBER\ OF\ LICENSED\ TEACHERS \times TITLE\ II\ PER\ TEACHER$$

## **Title III Allocations**

Title III allocations are generated by the TDOE based on the number of students qualifying as English Learners within the district.

$$\begin{aligned} TITLE\ III\ PER\ PUPIL \\ &= TITLE\ III\ AMOUNT\ FOR\ ALLOCATION\ TO\ SCHOOLS \\ &\div DISTRICT\ COUNT\ OF\ EL\ STUDENTS \end{aligned}$$

$$SCHOOL\ TITLE\ III\ AWARD = NUMBER\ OF\ EL\ STUDENTS\ PER\ SCHOOL \times TITLE\ III\ PER\ PUPIL$$



## **Title IV Allocations**

The Charter Commission will use the Title I methodology for distributing Title IV allocations to schools.

## **IDEA Allocations**

IDEA allocations are generated by the TDOE based off of the number of students with IEPs in the prior year. Any students who are categorized in non-federal disabilities categories are not included in this count.

The TPCSC will provide weighted IDEA funding. Allocations will be weighted by special education option code, inclusive of both primary and secondary option codes. School IDEA allocations will not be consolidated into the schoolwide pool, and the allocation will be provided to schools as a separate grant outside of the schoolwide pool. Funding will be weighted in accordance with the following weights:

<b>Weight</b>	<b>Special Education Option Code(s)</b>
5%	Option 1
10%	Option 2
30%	Option 3
75%	Option 4
80%	Option 5
100%	Option 6
200%	Option 7
250%	Option 8
275%	Option 9, Option 10

An initial allocation will be provided to each school in the spring based on the projected number of students and their needs who will be enrolled in the school for the upcoming school year. A final allocation will be provided to each school in the fall after the TPCSC receives the final grant



award from the TDOE. Each school's initial allocation will then be adjusted based on the school's September count of weighted student options and the final Charter Commission IDEA allocation.

The district's weighted total special education count, district weighted per pupil amount, and school IDEA awards will be calculated as follows:

$$\begin{aligned} & \text{WEIGHTED TOTAL SPECIAL EDUCATION COUNT} \\ &= \text{SUM (COUNT STUDENTS BY OPTION CODE * ASSIGNED WEIGHT)} \end{aligned}$$

$$\begin{aligned} & \text{DISTRICT WEIGHTED PPA} \\ &= \text{DISTRICT IDEA AWARD} \div \text{WEIGHTED TOTAL SPECIAL EDUCATION COUNT} \end{aligned}$$

$$\begin{aligned} & \text{SCHOOL IDEA AWARD} \\ &= \text{DISTRICT WEIGHTED PPA} \times \text{SCHOOL WEIGHTED TOTAL SPECIAL EDUCATION COUNT} \end{aligned}$$

### **Transferring Federal Funds**

Based on federal regulations, the TPCSC may decide to transfer certain federal allocations into other allowable Title allocations to increase the reach, impact, and use of the federal funds available for eligible schools. The Charter Commission will consult with eligible schools prior to transferring any funds, and if the agency decides to move forward, the Charter Commission will work with the TDOE to transfer any federal allocations, if applicable. The revised allocations will be communicated to the eligible schools. The allocation procedures for the transferred funds will follow the procedures outlined in this document for the applicable Title allocation.

### **Consolidated Schoolwide Pool**

The Charter Commission has elected to use a flexibility in the Every Student Succeeds Act that allows eligible schools to pool all allocated Title funding into one consolidated schoolwide budget. This provision provides schools with more flexibility to budget their "blended" funds based on the needs of the school as reflected in its school improvement plan. Each school eligible for schoolwide status will receive one single schoolwide pool that consolidates funds from their formula allocations under Titles I, II, III, and IV. The school must still meet the intent of the incorporated federal programs but with use the "blended" consolidated pool to better address the needs in their school improvement plan. Schools ineligible for Title I funding will receive separate Title II, III, and IV funding allocations in accordance with applicable federal regulations.

### **Consolidated Administration (Con Admin)**

From each ESSA grant award (Titles I, II, III, and IV), the Charter Commission may reserve a set-aside to administer the grant programs. The remaining funds will be allocated to eligible schools.



## **Indirect Costs**

Local educational agencies are permitted to budget and charge off indirect costs to reimburse the costs of administering federal grants not charged to direct administrative costs. The TPCSC has elected not to charge indirect costs off of its grant awards for FY26.