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**Charter Schools Annual Authorizer Fee, Rule 0520-14-01-.05**

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**The Background:**

In 2017, the Tennessee General Assembly passed Public Chapter 307, known as the Tennessee High Quality Charter Schools Act, which included a provision that local education agencies (LEAs) which authorize a charter school shall be entitled to receive an authorizer fee.

Pursuant to this piece of legislation, this item seeks to provide clarity and consistency to the charter school authorizer fee process by establishing the Annual Authorizer Fee Rule.

The State Board held a rulemaking hearing on June 26, 2018, and accepted both written and oral feedback as a part of the rulemaking hearing process. Based on this feedback, the following changes have been made since first reading:

- Clarifies that the authorizer fee shall be paid by the charter school to its authorizing LEA in accordance with the payment process issued by the Department of Education;
- Specifies that the annual authorizer fee collected by the LEA is subject to all audit and reporting requirements;
- Provides greater specificity to the permitted uses of the authorizer fee by LEAs;
- Adds a requirement that an authorizing LEA shall provide the projected charter school office budget for the upcoming school year to the Department of Education by August 1 and the Department of Education shall post the budget on its website by August 15;
- Clarifies the Department of Education's process for handling excess and misallocated funds by LEAs;
- Adds a requirement that if the authorizer fee is not paid in a timely manner, LEAs shall be entitled to any past due amount in a manner established by the Department of Education's payment process; and
- Clarifies that each charter school shall receive a proportionate share of any excess or misallocated funds collected by the LEA based on the actual amount of authorizer fee funds paid to the LEA by each charter school.

**The Fiscal Analysis Impact:**

T.C.A. § 49-1-212 requires that the Department prepare a fiscal analysis of any policy, rule, or regulation proposed to the State Board of Education. This item has a financial impact on an LEA. (Chapter 307 of the Public Acts of 2017 impacts LEAs by the amount of funds the LEA collects from the annual authorizer fees. The proposed rules do not result in any additional impact.)

**The Recommendation:**

The Department of Education recommends adoption of this item on final reading. The State Board staff concurs with this recommendation.