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- (c) In lieu of an independent accounting firm or law firm, charter schools may request that the Department of Education review and approve the lottery process prior to the lottery.
- (9) A charter school shall give enrollment preferences in the following order:
- (a) Students enrolled in a pre-K program operated by the charter school sponsor;
  - (b) Students enrolled in a charter school that has an articulation agreement with the enrolling charter school; provided, that the articulation agreement has been approved by the chartering authority;
  - (c) Siblings of students already enrolled in the charter school;
  - (d) Students from a group or groups set forth in T.C.A. § 49-13-106(b)(1)(C) if the charter school has been approved with the focus of serving such students;
  - (e) Students residing within the LEA in which the charter school is located who were enrolled in another public school during the previous school year; and
  - (f) Students residing outside the LEA in which the charter school is located who were enrolled in another public school during the previous school year; if permitted through the chartering authority's out-of-district enrollment policy.
- (10) If enrollment within a group of preference set out in paragraph (9) exceeds the planned capacity of the school, enrollment within that group shall be determined on the basis of a lottery.
- (11) A non-charter public school converting partially or entirely to a charter school under T.C.A. § 49-13-106 shall give enrollment preference to students who reside within the former attendance area of that public school. Parents whose children are enrolled in the existing public school to be converted shall have the option to enroll their children in another public school operated by the LEA without penalty. The enrollment preference for students who reside within the former attendance area excludes those students from entering into a lottery.
- (12) 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, then 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.
- (13) 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.

**Authority:** T.C.A. §§ 49-13-113 and 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.

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

- (1) Pursuant to T.C.A. § 49-13-128, local education agencies (LEAs) that serve as the chartering authority of a charter school shall collect 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.

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- (2) The annual authorizer fee shall be the lesser of three percent (3%) of the annual per-student state and local allocations or \$35,000 per school.
- (3) The authorizer fee shall be paid by a charter school to its authorizing LEA in accordance with the payment process issued by the Department of Education.
- (4) The annual authorizer fee collected by an LEA 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.
- (5) The LEA shall use the annual authorizer fee exclusively for fulfilling the following authorizing obligations:
  - (a) Charter school application approval process, including:
    1. Implementation of State Board approved quality authorizing standards; and
    2. Stipends or travel for external reviewers.
  - (b) Interim review process required by T.C.A. § 49-13-121(d), 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.
  - (c) Charter school renewal process required by T.C.A. § 49-13-121, including:
    1. Review of the renewal application;
    2. Stipends or travel for external reviewers; and
    3. Development of the renewal evaluation required to be submitted to each charter school.
  - (d) Monitoring and oversight activities, including:
    1. Development of a performance framework;
    2. Annual monitoring visits;
    3. Data meetings;
    4. Any software or data management tools required by the LEA exclusively for charter schools;
    5. Monitoring of all legal requirements; and
    6. School closure responsibilities outlined in T.C.A. § 49-13-130.
  - (e) Personnel costs for LEA staff supporting charter schools, including:
    1. Salaries and benefits for full-time or part-time personnel with exclusive charter school responsibilities;
    2. Salaries for LEA 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 LEA personnel may only be paid for with authorizer fee funds if the activities and

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- duties of the LEA personnel are beyond the scope and capacity of the LEA charter school office or personnel;
3. External consultants or other consultancy or legal fees to support LEA charter authorizing obligations; or
  4. Reasonable costs associated with recruiting or hiring charter support or authorizing staff.
- (f) Annual reporting, including:
1. Review of annual charter school performance reports required under T.C.A. § 49-13-120;
  2. Creation of the authorizer fee report required by T.C.A. § 49-13-128(c);
  3. Reporting of vacant and underutilized properties owned or operated by the LEA pursuant to T.C.A. § 49-13-136; and
  4. Reporting of student directory information required by T.C.A. § 49-13-132.
- (g) Ongoing charter school support services, including:
1. Interventions or authorizer-led supports;
  2. Maintenance of facilities or other capital outlay obligations that are not otherwise outlined in a lease agreement between the authorizer and charter school;
  3. Professional development, orientation, or onboarding of charter school employees; or
  4. Contract services for specialized or targeted charter supports.
- (6) By December 1 of each year, each LEA that collects an annual authorizer fee shall report to the Department of Education 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 Department of Education.
- (7) Each authorizer fee report shall be posted on the Department of Education's website.
- (8) If, for any school year, the total amount of authorizer fees collected by the LEA exceeds the amount used by the LEA to perform its authorizing obligations and responsibilities, the LEA shall distribute the amount remaining to its authorized public charter schools.
- (9) Each authorizing LEA shall provide a projected charter school office budget for the upcoming school year to the Department of Education by August 1. The Department of Education shall post each projected budget to its website by August 15.
- (10) Any excess funds collected by an LEA shall be distributed to its authorized public charter schools in the fiscal year immediately following the fiscal year in which the excess fees were collected by the LEA and in accordance with the process established by the Department of Education.
- (11) If the Department of Education determines funds were used by the LEA for activities other than the authorizing obligations outlined in this Rule, the Department of Education shall

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withhold an amount equal to the misallocated funds in the following fiscal year from the LEA and shall distribute the misallocated funds directly to the public charter schools.

- (12) If an LEA does not receive timely payment from an authorized charter school in accordance with Paragraph (3) of this rule, the LEA 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.
- (13) 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.

**Authority:** T.C.A. §§ 49-1-302, 49-13-106, 49-13-107, 49-13-108, 49-13-126, and 49-13-128.

**Administrative History:** Original rule filed January 11, 2019; effective April 11, 2019.