

Charter School Authorizer Fee Guidance

Pursuant to [T.C.A. § 49-13-128](#) and [SBE Rule 0520-14-01-.05](#), public charter schools must pay their authorizing LEA (local education agency) an annual authorizer fee. This document provides guidance related to annual authorizer fee payment requirements.

Authorizer Fee Determinations

- Pursuant to [T.C.A. 49-13-128](#), the annual authorizer fee shall be the lesser of 3% of the charter school's per student state and local allocations or \$35,000 per school.
- The annual authorizer fee amount shall initially be based on the authorizing local board of education's budget submitted to the Tennessee Department of Education (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.
- If a charter school experiences a change in student enrollment such that the authorizer fee calculation is impacted, the annual authorizer fee shall be adjusted in alignment with the timeframe for interim and final allocations for charter schools pursuant to [SBE Rule 0520-14-01-.03](#).
- Pursuant to [SBE Rule 0520-14-01-.05](#), the Achievement School District and the Tennessee Public Charter School Commission receive an annual authorizer fee up to three percent (3%) of the public charter school's per pupil state and local funding as allocated under [T.C.A. § 49-13-112\(a\)](#).

Authorizer Fee Payments

Authorizers and public charter schools should set a schedule and process for collecting the annual authorizer fee. The fee amount, collection schedule, and process must comply with state laws and board of education rules. Consider the following when defining the process:

- Charter agreements should specify the schedule and process for fulfilling the annual authorizer fee requirements.
- Authorizers may withhold the annual authorizer fee from state and local funds allocated to each public charter school based on prior year ADM and student counts (as required by the Tennessee Investment in Student Achievement Act) before such time as current year data and revenues are available.
- Authorizers may accept installment payments for the annual authorizer fee.
- Authorizers and public charter schools may adopt a payment schedule.
- Authorizers may permit Charter Management Organizations (CMOs) to combine payment for all authorized charter schools managed by the CMO within the LEA.
- Authorizing LEAs should provide notice to charter schools prior to withholding funds related to the annual authorizer fee. Prior to withholding funds, authorizing LEAs must communicate with their charter schools the methodology used to determine the fee amount, including the count of students and the total amount of the fee.

- If an authorizing LEA does not receive timely payment from an authorized charter school in accordance with [SBE Rule 0520-14-01-.05](#), the LEA may withhold the past due amount from state and local funds to be allocated to the charter school that is delinquent in payment.
- Reconciliations including any amount owed to or due from the charter school should be addressed during the completion of the authorizer's final expenditure report.

LEA Revenue Code

Pursuant to [SBE Rule 0520-14-01-.05](#), all authorizer fee funds received by an LEA must be coded in the LEA's budget using the revenue code 43548 and will be subject to all audit and reporting requirements.

Allowable Use of Authorizer Fee Funds

Authorizers must use the annual authorizer fee exclusively to fulfill authorizing obligations as framed by [Tennessee State Board of Education Rule 0520-14-01-.05](#). Authorizers can view the most current SBE Rules by visiting the Tennessee Secretary of State's website: [0520 - Education, State Board of Education \(tnsosfiles.com\)](#).

Authorizer Fee Report

Pursuant to [SBE Rule 0520-14-01-.05\(4\)](#), by December 1 of each year, each LEA that collects an annual authorizer fee shall report to the Department 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 and posted to the Charter Schools website. Each completed authorizer fee report will be posted on the department of Education's website.

Excess or Misallocated Funds

- Authorizers should identify and report any unspent or misallocated authorizer fee funds in the authorizer fee report that is due annually on December 1.
- Pursuant to [SBE Rule 0520-14-01-.05](#), authorizers must distribute any unused, misallocated, or excess authorizer fee funds to its authorized public charter schools in the fiscal year immediately following the fiscal year in which the fees were collected. These fees must be distributed back to charter schools proportionally based on the actual amount of authorizer fee funds paid to the LEA by each charter school.
- Any amount owed in unspent funds shall be adjusted in alignment with the timeframe for interim and final allocations for charter schools pursuant to [SBE Rule 0520-14-01-.03](#).
- If the Department of Education determines funds were used by the LEA for activities other than the authorizing obligations outlined in [SBE Rule 0520-14-01-.05](#), the Department of Education shall withhold an amount equal to the misallocated funds in the following school year from the LEA and shall distribute the misallocated funds directly to the LEA's charter schools.

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