



# Tennessee Comptroller of the Treasury

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## **New Report Examines Funding for Charter Schools and Authorizers**

The Tennessee Comptroller's Offices of Research and Education Accountability (OREA) has released a new report examining charter school authorizing practices, authorizer funding, and charter school funding in Tennessee.

The informational report was requested by the Chairs of the Tennessee House and Senate Education Committees and may be used as a resource for continued legislative discussions on the issues surrounding charter school authorizer fees.

As of the 2014-15 school year, four local school districts and the Achievement School District have authorized charter schools in Tennessee. The Tennessee State Board of Education may also authorize charter schools.

Tasks related to authorizing include charter school application review, contract negotiation, academic and financial oversight, and renewal or closure. Authorizers also perform tasks associated with school operations and management. The costs associated with these tasks are difficult to quantify and vary by authorizer practices. The report provides information on tasks each authorizer currently performs related to charter schools but does not analyze the cost to execute these functions.

Tennessee law currently prohibits authorizers from withholding any funds from a charter school to cover costs related to administrative or other duties unless specified in the charter agreement between the authorizer and charter school. A 2010 Attorney General Opinion found there is no distinction between approving a charter school application and signing a charter school application or agreement. As a result, a charter school may refuse to sign a contract that includes a fee and may operate under the approved application.

National best practices encourage adequate authorizer funding which may be accomplished through the use of an authorizer fee. An authorizer fee is typically a percentage of funds an authorizer may collect from charter schools. Currently, 22 states and the District of Columbia permit authorizers to assess such a fee, with fees generally ranging from 0.5 to 5 percent of per-pupil funding. Best practices also encourage public accountability for the use of these funds by authorizers.

Charter schools in Tennessee are funded on a per-pupil basis. This funding is distributed to charter schools by the authorizing district. The state does not currently have a formal process in place to ensure that charter schools have received the funds they are legally due. Charter schools with concerns regarding the receipt of funds may contact the Tennessee Department of Education or their authorizing district.

OREA is an agency within the Comptroller's Office that is charged with providing accurate and objective policy research and analysis for the Tennessee General Assembly and the public.

To view the full report online, go to: <http://www.comptroller.tn.gov/OREA/>

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