

TO: Business Operations Committee, Tennessee Public Charter School Commission

FROM: Tess Stovall, Executive Director, Tennessee Public Charter School Commission

DATE: October 14, 2020

SUBJECT: 2021 Tennessee Public Charter School Commission Meetings

Background

Pursuant to Tennessee Code Annotated § 49-13-105(g), the Tennessee Public Charter School Commission (Charter Commission) shall meet at least quarterly. In accordance with Charter Commission policy 1.200 – Commission Meetings, the four required meetings shall be set by the Charter Commission by October 15th of the preceding year. However, at the August 26, 2020 Charter Commission meeting, the Charter Commission voted to suspend policy 1.200 as it relates to setting the quarterly meetings with the intention of setting the 2021 meetings at the October 28, 2020 Charter Commission meeting.

2021 Meeting Dates

For the 2021 meetings, I propose a two-day meeting approach for the quarterly meetings. The first day will be for committee meetings and other workshops, and the second day will be the Charter Commission's business meeting. The following dates were shared with Commissioners prior to the presentation today.

Quarter 1

- February 4 and 5, 2021 (Nashville)

Quarter 2

- April 8 and 9, 2021 (Nashville)

Quarter 3

- July 12 and 13, 2021 (Out of Nashville)

Quarter 4

- October 11 and 12, 2021 (Out of Nashville)

Motion for Consideration

I move to approve the proposed 2021 quarterly meeting dates for the Tennessee Public Charter School Commission.

TO: Business Operations Committee, Tennessee Public Charter School Commission

FROM: Tess Stovall, Executive Director, Tennessee Public Charter School Commission

DATE: October 14, 2020

SUBJECT: Recommendation for Office Space

Background

As a new entity authorized under Public Chapter 219 of the 111th General Assembly, the Tennessee Public Charter School Commission (Charter Commission) needs to secure office space within a state building. Prior to my assuming the role of Executive Director, possible space had been identified on the 5th Floor of the Davy Crockett Tower at 500 James Robertson Parkway, Nashville, TN 37243.

On September 14, 2020, Judy Spencer, Director of Charter Schools for the Tennessee Department of Education, and I had a meeting with representatives of the State of Tennessee Real Estate Asset Management division (STREAM) to discuss the proposed Charter Commission space and to answer questions raised at the August 18, 2020 Business Operations Committee meeting.

Due to the COVID-19 pandemic, State office real estate and agency demand for real estate has dramatically changed. This situation puts the Charter Commission at an advantage in terms of office space and budget. STREAM stated that the Charter Commission should acquire only the space it needs immediately, and then, as it grows, the Charter Commission can assume additional space. STREAM also noted that the Governor will be considering by calendar year's end a long-term strategic plan for the allocation of space to State agencies. This plan may require tenants, including the Charter Commission, to move space within the next three years.

Based on this discussion, the attached office space proposal is recommended for approval by the Committee. This proposal will allow the Charter Commission to initially establish itself with two offices, a cubicle, and a file/copy room. The Charter Commission will also have access to all conference rooms and shared spaces in the building. As the Charter Commission adds staff, I can work with STREAM to acquire additional space, as needed, as there is currently no demand by any other agency for space on the 5th floor. (The other agency that was contemplating a move to the 5th Floor has now declined to make such a move.) In fact, the only other tenant currently occupying the 5th Floor is the State Board of Education. STREAM stated that we will receive a right of first refusal on space on the 5th Floor.

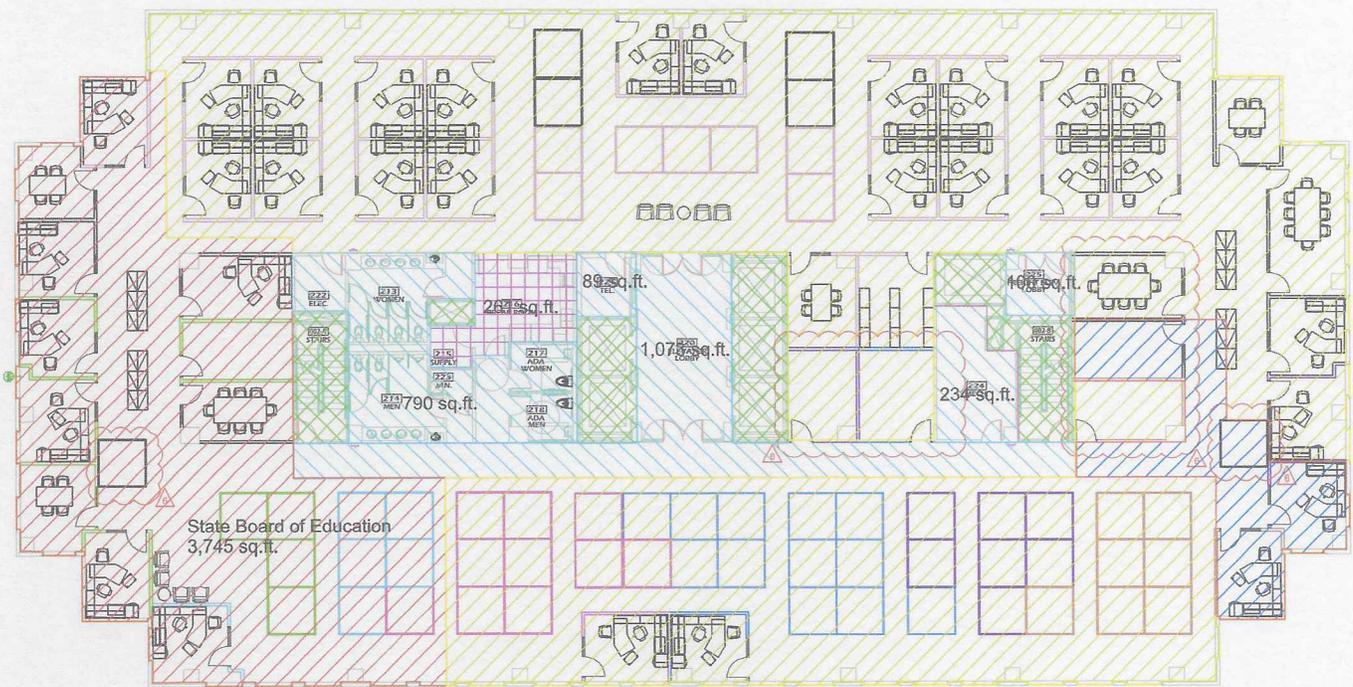
Although the policy remains that an agency occupy and pay the rent on a space until it finds its replacement, the State is currently undertaking a review of this policy, as well as taking a more holistic review of the State's real estate assets given the changing office space demands.

Details of the Proposal

- 981 square feet at \$22.50/sq. ft. = \$22,072.50/year for rent; 8 months (starting Nov. 1) = \$14,715
- The budget approved for FY21 allocated \$55,000 for rent. The previous version of the FY22 budget allocated \$50,000 for rent.
- See attachment for a layout of the space

Motion for Consideration

I move to approve the recommendation of the Executive Director to acquire 981 sq. ft. of space in the Davy Crockett Tower to house the Tennessee Public Charter School Commission at \$22.50 per square foot. I further delegate authority to the Executive Director to acquire additional space, as needed, to house up to ten employees of the Charter Commission. The Executive Director shall report the acquisition of additional space to the Business Operations Committee.



DAVY CROCKETT - 5TH FLOOR

- Vacant Rentable Area
- Education Rentable Area
- Charter Commission Rentable Area

Total Rentable Area = 19,400 sq.ft.

TO: Business Operations Committee, Tennessee Public Charter School Commission

FROM: Tess Stovall, Executive Director, Tennessee Public Charter School Commission

DATE: October 14, 2020

SUBJECT: Fiscal Year 2022 Tennessee Public Charter School Commission Proposed Budget

Background

The adoption of the Tennessee Public Charter School Commission (Charter Commission)'s proposed Fiscal Year 2022 budget is a critical operational step for the agency as it assumes the appellate and authorization functions from the State Board of Education. Moreover, it is the first year that the Charter Commission will begin collecting authorizer fees from its authorized charter schools, and therefore, it is important to begin to conservatively recognize those fees until this funding stream is more known and stable.

Fiscal Year 2022 Budget Overview

Projected Revenue

- State Revenue
 - The additional state non-recurring revenue of \$250,000 will be discontinued after Fiscal Year 2021, and the state recurring revenue of \$707,300 will remain for Fiscal Year 2022.
- Authorizer Fee
 - Beginning in Fiscal Year 2022, the Charter Commission will begin collecting an authorizer fee of up to 3% of its authorized schools' per pupil state and local funding (e.g. BEP amount). The projected revenue of \$591,522 is a conservative projection of the Charter Commission's Fiscal Year 2022 authorizer fee revenue.
 - For more detailed information regarding the authorizer fee projections, see the attachment entitled "Tennessee Public Charter School Commission - Authorizer Fee Projection."
- Other Revenue
 - Beginning in Fiscal Year 2020, the Charter Commission will become the pass-through entity for the authorized charter schools' BEP funding and federal grant funding. The projections are estimates based on Fiscal Year 2021 revenues, and the Charter Commission staff will have a better sense of these revenue estimates for Fiscal Year 2022 beginning in March 2021.
 - For more detailed information regarding the school funding cycle, see the attachment entitled "Overview of the School Funding Cycle."

Projected Expenses

- Salaries and Benefits
 - The expenditures for total compensation are projected at \$845,900 for ten positions which is the maximum the Charter Commission is authorized by the Department of Finance and Administration to spend in salaries and benefits.
 - As a part of the Fiscal Year 2022 state budget request, I have asked to move approximately \$280,000 into the salaries and benefits category, also known as above the line, to ensure that the Charter Commission can competitively hire the remainder of the positions it is

authorized to fill. The addition of these funds is not included in this budget for committee approval since it has not gone through the state budget approval process. The additional funds are currently categorized in the “Unclassified and Other” expenditure line item.

- Professional Services
 - The expenditures for professional services are projected at \$50,000 which would cover third-party services such as the student information system, translation of policies, back-office contracted services, and external reviewers for charter school appeals.
- Commission Meetings
 - The expenditures for Commission meetings are projected at \$42,000 which would cover the meeting set-up costs and the travel reimbursement costs for four (4) quarterly meetings.
- Staff Travel
 - The expenditures for staff travel are projected at \$15,000 which would cover staff travel to schools, conferences, and other meetings.
- Facilities Rent
 - The expenditures for facilities are projected at \$55,000 which would cover a fully acquired space in the Davy Crockett Tower for ten staff members.
- Computers, Equipment, Supplies and Materials
 - The expenditures for computers, equipment, supplies, and materials are projected at \$10,000 which would cover any ongoing costs for the Charter Commission.
- Unclassified/Other
 - As noted above, the \$280,922 is proposed to move above the line into salaries and benefits if approved through the state budget request process.

Contingency Budget with 12% Reduction

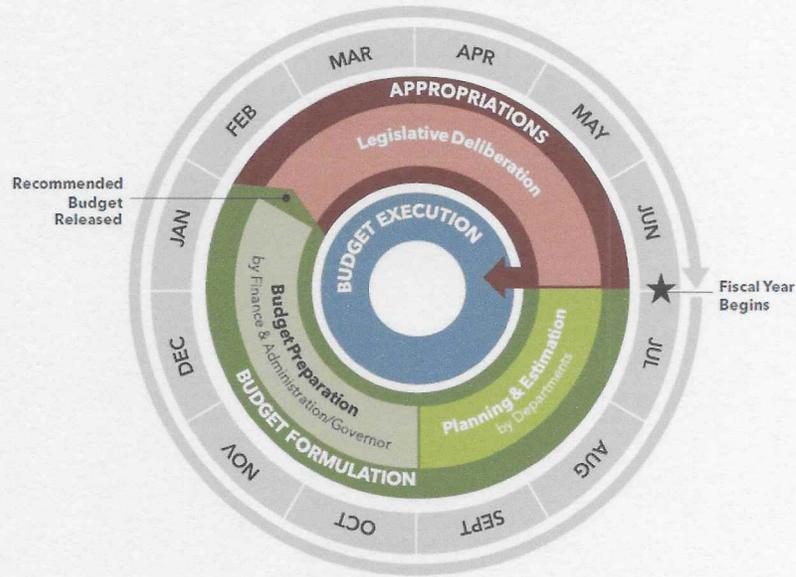
- If necessary, a Fiscal Year 2022 budget with a 12% reduction in the recurring state funds is also proposed. The proposed reduction in expenditures is reflected in the Unclassified/Other line item, however, the Charter Commission could look at other reductions line items in the future, if necessary.

Next Steps

- The Department of Finance and Administration is currently working with the Governor’s office to prepare the Fiscal Year 2022 budget proposal. The Governor’s recommended budget will be released by the Governor’s office in January 2021.
- At that point, the General Assembly will begin its legislative deliberations on an appropriations bill. The Charter Commission may be asked to testify in front of committees in both chambers on the proposed Fiscal Year 2022 budget.
- Staff will update the Charter Commission when the appropriations bill is passed by the General Assembly and prepare any changes that need to be reflected in the Fiscal Year 2022 budget.
- Staff will present a revised Fiscal Year 2022 budget to the Charter Commission in July 2022 that will reflect actual BEP, authorizer fee, and grant revenue projections for Fiscal Year 2022 as well as any other necessary revisions to the budget.

- For an overview of each step of the state budget process, please see The Sycamore Institute’s [Tennessee State Budget Primer](#), and below is a graphic from the report demonstrating the state budget cycle.

TENNESSEE’S BUDGET CYCLE



Motion for Consideration

I move to accept the Fiscal Year 2022 Tennessee Public Charter School Commission budget and the Fiscal Year 2022 contingency budget reflecting a 12% reduction in revenues and expenditures.

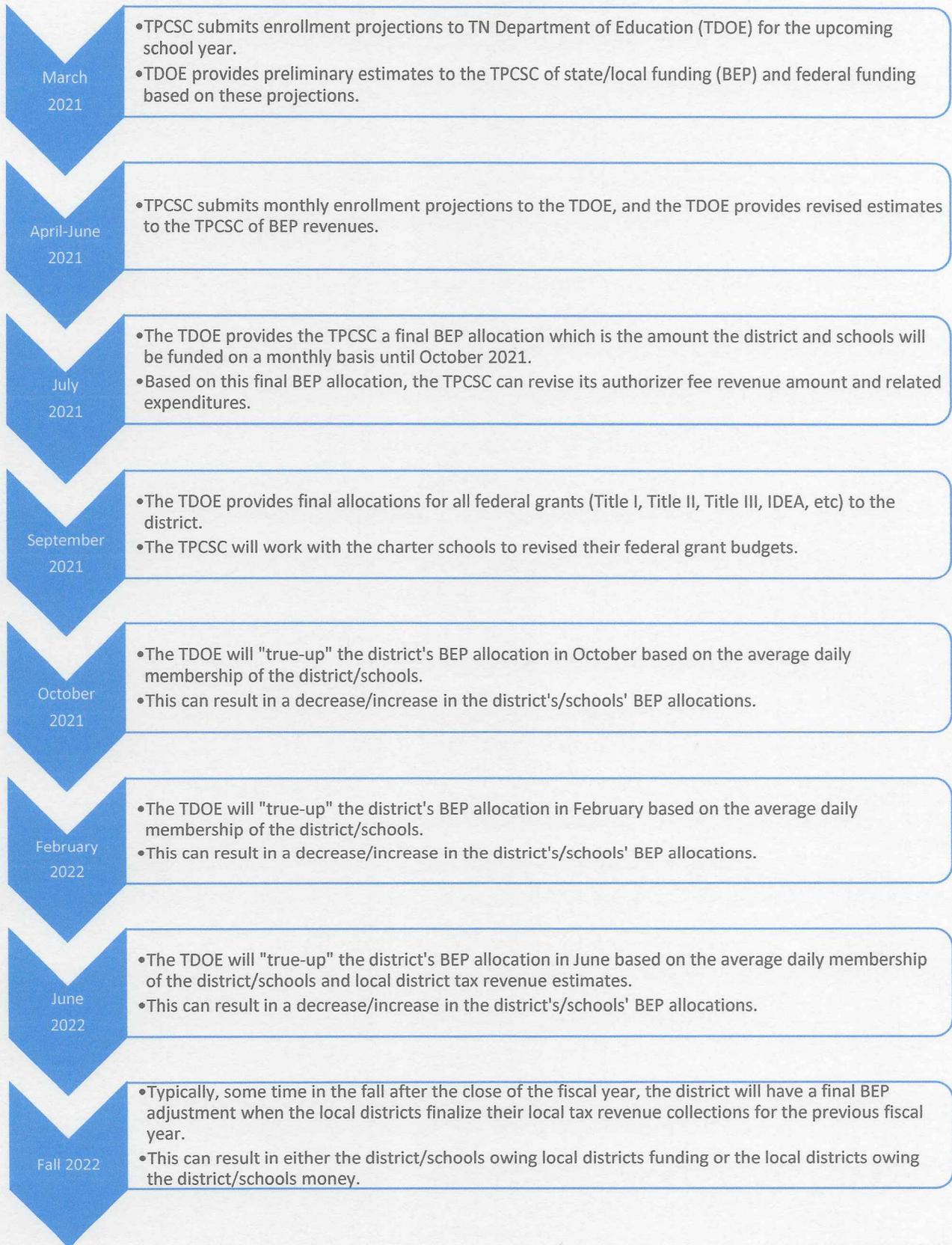
Tennessee Public Charter School Commission
FY22 Budget (w 12% reduction version)
Amounts are rounded

	FY21 Budget Amended	FY22 FOR APPROVAL Budget	FY22 FOR APPROVAL Less 12%
Authorized Schools		5	5
Total Enrollment		-	-
REVENUES			
State Funding (recurring)	617,000	707,300	622,424
Additional State Funding (previously allocated)	250,000	-	-
Authorizer Fees		591,522	591,522
Other Revenue (BEP Pass through)		19,125,882	19,125,882
Other Revenue (Federal Grant Pass through)		880,094	880,094
Total Revenue	867,000	21,304,798	21,219,922
Total Revenue Excluding Passthroughs	867,000	1,298,822	1,213,946
EXPENSES			
Salaries	441,000	664,300	664,300
Benefits	146,000	181,600	181,600
Total Compensation	587,000	845,900	845,900
Professional Services	111,400	50,000	50,000
Commission Meeting Costs (Travel, Lodging, Meals, et	13,570	42,000	42,000
Staff travel (schools, site visits, etc.)	12,000	15,000	15,000
Facilities Rent	55,000	55,000	55,000
Computers, Equipment, Supplies, and Materials	15,000	10,000	10,000
Unclassified and Other	73,030	280,922	196,046
Total Non Personnel Costs	280,000	452,922	368,046
Other Expenses (BEP Pass through)		19,125,882	19,125,882
Other Expenses (Federal Grant Pass through)		880,094	880,094
Total Pass Throughs	-	20,005,976	20,005,976
Total Expenses	867,000	21,304,798	21,219,922
Total Expenses Excluding Passthroughs	867,000	1,298,822	1,213,946
Net Surplus/(Deficit)	0	0	0

**Tennessee Public Charter School Commission
 Authorizer Fee Projection**

		FY22
Auth. Fee %		3%
BEP Rate (MNPS) (July 2020 BEP)		\$10,547
BEP Rate (Shelby) (July 2020 BEP)		\$9,571
Enrollment	District	
KIPP Antioch College Prep Elem	MNPS	426
KIPP Antioch College Prep Middle	MNPS	272
Rocketship Nashville #3	MNPS	
Nashville Collegiate Prep	MNPS	470
Subtotal		1,168
Bluff City High School	SCS	623
Cornerstone Prep	SCS	150
Subtotal		773
Total Enrollment		1,941
Authorizer Fees		
KIPP Antioch College Prep Elem	MNPS	\$ 134,792
KIPP Antioch College Prep Middle	MNPS	\$ 86,064
Bluff City High School	SCS	\$ 178,882
Rocketship Nashville #3	MNPS	\$ -
Nashville Collegiate Prep	MNPS	\$ 148,714
Cornerstone Prep	SCS	\$ 43,069
School 7		
School 8		
School 9		
School 20		
Total Authorizer Fees		\$ 591,522
Metrics:		
Auth Fee/Student		\$ 305

Overview of the School Funding Cycle



TO: Business Operations Committee, Tennessee Public Charter School Commission

FROM: Tess Stovall, Executive Director, Tennessee Public Charter School Commission

DATE: October 14, 2020

SUBJECT: Executive Director's Update

Background

As a way to ensure transparency regarding the staff's operations and to provide regular updates to the Business Operations Committee, I will provide an update to the Business Operations Committee at each committee meeting noting any major financial transactions, signed contracts, staffing updates, and other significant operational updates.

General Updates

Staffing

- I am currently conducting the hiring process for two roles: General Counsel and Director of External Affairs. My goal is to have these individuals hired by mid to late November.
- I am developing a job description for a special assistant position to support in the set up and execution of both the operations and the authorizing functions.

Finance/Budget

- The Fiscal Year 2022 budget of the Charter Commission will be presented under the K-12 budget in the administration's budget, but it will be clearly identified as a separate entity like the State Board of Education.
- The Charter Commission became a member of the National Association of Charter School Authorizers (NACSA) at \$2,000/year. Benefits include access to ongoing professional development for staff, resources and templates for authorizing, and attendance at the annual conference.
- Charter Commission created into a purchase order for \$7,500 for a vendor to set up the Charter Commission's website. The set-up work is projected to be done by early November.

Upcoming Policies

- At an upcoming rules and policy committee, we will be proposing a personnel policy that will further define the delegation of authority to staff/executive director and what items will need to come to the Business Operations Committee/Charter Commission for approval.