Minnesota Department of Education

2014 Guidance on Charter School Authorizer Fees

How is a charter school authorizer fee determined?

Minnesota Statutes, section 124D.10, Subdivision 15 **Review and comment**. (b) An authorizer shall monitor and evaluate the academic, financial, operational, and student performance of the school, and may for this purpose annually assess a charter school a fee according to paragraph (c). The agreed-upon fee structure must be stated in the charter school contract.

(c) The fee an authorizer may annually assess is the greater of:

(1) the basic formula allowance for that year **($5,302**); or

(2) the lesser of:

(i) the maximum fee factor times the basic formula allowance for that year (**4 x $5,302=$21,208**); or

(ii) the fee factor (**0.015**) times the basic formula allowance for that year (**0.015 x $5,302=$79.53**) times the charter school's adjusted marginal cost pupil units (**AMCPU**) for that year (**see definition of AMCPU below**). The fee factor equals 0.015. The maximum fee factor equals 4.0.

What are adjusted marginal cost pupil units (AMCPU)?

Adjusted means adjusted for students open-enrolling in or out of a school/district.

Marginal cost means the greater of current year pupil units or 23 percent of the prior year plus 77 percent of the current year.

Pupil units are average daily membership (ADM) weighted by grade level:

- for a kindergarten pupil (with a disability – sometimes referred to as handicapped);
- 0.612 for a kindergarten pupil (with no disability);
- 1.115 for a first through third grade pupil;
- 1.06 for a fourth through sixth grade pupil; and
- 1.3 for a seventh through twelfth grade pupil.

Note: Weighting will be adjusted in FY2015 based upon approved changes during the 2013 Legislative Session (Minn. Stat. § 126C.05, Subd. 1).

School districts and charter schools report ADM to the Minnesota Department of Education (MDE), either as estimates or actuals. MDE then manages systems that weight ADM for the current year, while also

calculating 23 percent of prior year + 77 percent of current year. The two results are then compared and aid calculation systems using AMCPUs access the greater of the two.

District/School ADM Reports for FY14 are posted to the Minnesota Funding Reports (MFR) on MDE's website. These reports are typically updated monthly based on the school's submission of Minnesota Automated Reporting Student System (MARSS) data.

Where does an authorizer access AMCPU information for schools?

- To determine AMCPU, visit MDE's Data Reports and Analytics webpage. Under School Finance Reports, choose Minnesota Funding Reports (MFR). Under District, select the school name. Under View Reports, select "All Reports". Under Category, choose "Student". Under Year, choose the school year for which you are billing. Then, go to Student Marginal Pupil Unit Calculation and click on the file that appears.
- A second way to find this information is to visit MDE's Data Reports and Analytics webpage, go to School Finance Reports, then Minnesota Funding Reports (MFR), and then choose the General Education report, which has the calculation of AMCPU on the first page.

How should an authorizer bill schools?

- Since AMCPU is based on current enrollment at the school, pulling data on January 15 would give authorizers fairly accurate counts. Fall numbers are estimates.
- Authorizers need to communicate with schools when they will be billing for the annual authorizer fee. For example, authorizers may choose to request initial payment based on October 1 data and final payment for the remainder of the annual fee based on January data.
- Authorizers will also need to communicate with schools whether they will be charging a set fee (within the allowable rate), for actual expenses (within the allowable rate), or the maximum allowable fee, which may or may not cover all of the authorizer's costs. This agreed-upon fee structure must be stated in the charter school contract.

FY 2014 Authorizer Fee Quick Reference Guide

- If a charter school is approved and in development, the authorizer fee will be $5,302.00.
- If a charter school's AMCPU is less than 67, the basic formula allowance for the year applies, which is $5,302.00.
- If a charter school's AMCPU is between 67 and 266, the fee factor (.015) x the basic formula allowance ($5,302) x AMCPU applies = amounts will vary.
- If a charter school's AMCPU is equal to or more than 267, the maximum fee factor (4) x the basic formula allowance ($5,302) applies, which equals $21.208.00.