

Office of School Finance

Charter School Funding



Legal References

Texas Education Code (TEC), §§12.106 and 48.001; 19 Texas Administrative Code, §100.1041

Background Information

Open-enrollment charter schools are entitled to Foundation School Program (FSP) state aid. The FSP includes Tier One, Tier Two, and “Other Programs” funding.

Program Description

Tier One

Tier One is the basic tier of state aid funding which constitutes the bulk of the charter school’s overall total FSP state aid and is based primarily on a measure of the number of students attending the charter school district and their instructional setting.

Effective with the implementation of House Bill 3 (HB 3), 86th Texas Legislature, Regular Session, 2019, Tier One uses the state-wide average basic allotment (BA) to calculate the regular basic program allotment and several other Tier One allotments.

The charter school’s regular program average daily attendance multiplied by the state average BA provides the regular basic program allotment.

For students in specific student-based instructional settings, charter school districts receive additional funding to the regular program funding based on the statutory funding weight (e.g., bilingual/ESL education, special education mainstream, state compensatory education). However, students in career and technology or special education (other than mainstream) are not included in the regular program count. These program allotments have specific funding weights based on the student in the instructional setting and are funded in place of the regular basic program allotment.

The table below shows the Tier One allotments.

| TEC | Tier One Allotments for Charters |
|--------|--|
| 48.051 | Regular Basic Allotment |
| 48.101 | Small and Mid-Sized District Allotment |
| 48.102 | Special Education |

| TEC | Tier One Allotments for Charters |
|--------|--|
| 48.103 | Allotment for Student with Dyslexia or Related Disorder |
| 48.104 | Compensatory Education Allotment |
| 48.105 | Bilingual Education Allotment |
| 48.106 | Career and Technology Allotment |
| 48.108 | Early Education Allotment |
| 48.109 | Gifted and Talented Student Allotment |
| 48.110 | College, Career, or Military Readiness Outcomes Bonus |
| 48.112 | Teacher Incentive Allotment |
| 48.114 | Mentor Program Allotment |
| 48.151 | Transportation Allotment |
| 48.152 | New Instructional Facility Allotment |
| 48.153 | Dropout Recovery School and Residential Placement Facility Allotment |
| 48.155 | College Preparation Assessment Reimbursement |
| 48.156 | Certification Examination Reimbursement |
| 48.115 | School Safety Allotment |

Tier Two

Tier Two funding is a supplemental tier and is calculated using weighted average daily attendance (WADA) and district tax rates (DTR) for golden and copper pennies. Just like a school district, an open-enrollment charter school is entitled to Tier Two funds. However, Tier Two funding is calculated slightly differently for a charter school than for a school district. Because charter schools do not have tax rate, a charter school's Tier Two funding is calculated using a state-wide average DTR. Also, because charter schools do not have taxable property values and cannot raise the local share, the state share of Tier Two is equal to the total Tier Two entitlement.

Other Programs

For “Other Programs,” charter schools may be eligible for Charter School Facilities Funding (TEC, §12.106(d)). The funding is based on refined average daily attendance (ADA). This funding was created under House Bill 21, 85th Legislature, 1st Called Session, 2017, and uses the state average interest and sinking (I&S) tax rate imposed by school districts to arrive at the amount per ADA. Eligibility for the allotment is based on whether the charter school has an overall acceptable academic performance rating.

Additionally, in “Other Programs,” HB 3 created a Formula Transition Grant in Section 48.277, Education Code, for districts that would receive less than 103 percent of their total maintenance and operations tax revenue per student in ADA than the 2019–2020 school year (for even numbered years) or the greater of the 2019–2020 or 2020–2021 school years (for odd numbered years). The Formula Transition Grant expires September 1, 2025.

Allotment Ineligibility

Charter schools are not entitled to the Instructional Facilities Allotment (IFA), the Existing Debt Allotment (EDA), the Tuition Allotment, or the Fast Growth Allotment.



Contact for More Information

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