

Office of  
School Finance

# Charter School Funding



## Legal References

Texas Education Code, §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 total FSP state aid and is based primarily on a measure of the number and type of students attending the charter school district. Effective with the implementation of House Bill 3 (HB 3), 86<sup>th</sup> 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 (ADA) multiplied by the 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 funding weight established in the TEC (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 programs allotments have specific funding weights based on the students served 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 Program Allotment        |
| 48.101 | Small and Mid-Size Allotment     |
| 48.102 | Special Education Allotment      |

| TEC    | Tier One Allotments for Charters                                     |
|--------|--|
| 48.103 | Dyslexia Allotment   |
| 48.104 | Compensatory Education Allotment                                     |
| 48.105 | Bilingual Education Allotment  |
| 48.106 | Career and Technology Allotment                                      |
| 48.108 | Early Education Allotment  |
| 48.109 | Gifted & Talented Student Allotment                                  |
| 48.110 | College, Career, or Military Readiness Outcomes Bonus                |
| 48.112 | Teacher Incentive Allotment  |
| 48.114 | Mentor Program Allotment   |
| 48.115 | School Safety 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                              |

## Tier Two

Tier Two funding is a supplemental tier 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, their Tier Two funding is calculated using the state-wide average DTR. Also, because charter schools do not have taxable property values and cannot raise the local share of tax collections, the state share of Tier Two is equal to the total Tier Two entitlement.

## Other Programs

FSP funding not provided in Tier One or Tier Two is grouped in the Other Programs section of the summary of finances report. Other Programs funding includes Charter School Facilities Funding (TEC, §12.106(d)), which is based on refined ADA. This funding was established by House Bill 21, 85th Texas Legislature, 1st Called Session, 2017, and uses the state average interest and sinking fund (I&S) tax rate imposed by school districts to determine the funding amount per ADA. Eligibility for the allotment is based on whether the charter school has an overall acceptable academic performance rating. More information regarding academic performance (accountability) ratings is available on the TEA's [Performance Reporting website](#).

The table below shows the Other Programs, including funding established by the \*88th Texas Legislature, 2023.

| TEC        | Other Programs  |
|------------|---|
| 12.106 (d) | Charter School Facilities Funding   |
| 48.305     | *Allotment for Non-enrolled Students Participating in University Interscholastic League |
| 48.307     | *Additional State Aid for State-Approved Instructional Materials                        |
| 48.308     | *Additional State Aid for Open Education Resource Instructional Materials               |

## Allotment Ineligibility

Charter schools are not entitled to the Instructional Facilities Allotment (IFA), Existing Debt Allotment (EDA), Tuition Allotment, Public Education Grant Allotment, Fast Growth Allotment, or Rural Pathway Excellence Partnership (R-PEP) Allotment and Outcomes Bonus.



## Contact for More Information

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