

Office of School Finance

Charter School Facilities Funding



Legal References

Texas Education Code (TEC), §§12.106(d); 12.106(e); 12.106(f); 12.106(g); 46.032(a)

TEC, Subchapter C, Chapter 39

19 Texas Administrative Code (TAC) §105.1011



Background Information

Effective with the 2018-2019 school year, House Bill (HB) 21 (85th Legislature, 1st Called Session) created a per average daily attendance (ADA) allotment for charter school facilities funding (TEC, Section 12.106(d)). Eligible charter schools may use the facilities funding to lease an instructional facility, pay property taxes imposed on an instructional facility, pay debt service on bonds issued to finance an instructional facility, or pay for any other purpose related to the purchase, lease, sale, acquisition, or maintenance of an instructional facility (TEC, Section 12.106 (f)).

HB 21 allocates \$60 million annually to fund payments to eligible charter schools. Total available funding is limited by TEC, Section 12.106(d) to \$60 million per year. Eligible charter schools are entitled to receive funding per ADA in an amount equal to the guaranteed level of state and local funds per student per cent of tax effort under TEC, Section 46.032(a), multiplied by the lesser of the state average interest and sinking (I&S) fund tax rate imposed by school districts for the current year or a rate that results in the \$60 million funding limitation.

Charter schools do not apply to the Texas Education Agency (TEA) to receive the charter schools facilities funding. Rather, TEA incorporates the allotment into the charter school's [Summary of Finances](#) (SOF) report in the Other Programs Detail Report once eligibility has been determined. The Other Programs Detail Report includes a link to the Charter School Facilities Funding Detail Report, which lists the data elements (state average I&S fund tax rate, guaranteed yield, and ADA) and displays the calculations used in determining a charter school's facilities entitlement.



Eligibility

A charter holder is entitled to receive funding for facilities if the most recent overall performance rating assigned to the open-enrollment charter school under TEC, Subchapter C, Chapter 39, reflects at least acceptable performance. However, any charter holder that operates a school program located at a day treatment facility, residential treatment facility, psychiatric hospital, or medical hospital will be eligible regardless of the assigned performance rating (TEC, Section 12.106(e)).

For purposes of eligibility, a charter holder must be assigned an overall performance rating of "A", "B", "C", or "D" (or an overall score between 60 to 100). Overall final performance ratings are released through the annual [A-F Accountability Rating system](#) in August.

Commissioner's Rule 19 TAC §105.1011, Additional State Aid for Open-Enrollment Charter School Facilities, outlines the following eligibility determination provisions:

- Initial eligibility to receive funding is based on the most recent overall performance rating assigned for the school year preceding the school year for which funding would be provided.
- If a preliminary rating is changed on appeal to a rating of at least acceptable, then the full amount of the funds will be provided.
- If an Accountability rating was not assigned because charter school was in a county declared a natural disaster, the most recent overall performance rating assigned is the most recent final overall performance rating issued.

Please note that charter schools without any students enrolled in the grades 3–12 for which State of Texas Assessments of Academic Readiness (STAAR) program are administered are not eligible because they are not rated and are assigned a “Not Rated” label. Also, new open-enrollment charter schools in their first year of operation are not eligible for this funding.

For questions about the charter holder's accountability rating, please visit the [Performance Reporting](#) website or email Performance.Reporting@tea.texas.gov.



Payments

Once eligibility has been determined, funding for eligible charter schools is distributed (along with all other state aid) in accordance with the charter school's regular Foundation School Fund (FSF) or accelerated FSF payment schedule. A revised funding calculation occurs in September following the preceding school year and is based on actual attendance data reported in the PEIMS summer submission and the actual state average district I&S tax rate for the corresponding tax year. Any differences in funding between the estimated and near final amounts is incorporated as part of the annual settle-up process.

The Charter School Estimate of State Aid template incorporates the calculation of the facilities funding allotment and reflects the charter school's current accountability rating. This template should be used for budget and planning purposes only, and it does not guarantee eligibility for the allotment. The most current estimate of state aid template is posted on the [Charter School Finance](#) website.



Contact for More Information

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