

The State Legislature has not devised a specific funding mechanism for open-enrollment charter schools. The Legislature funds charter schools by applying the school district funding mechanism to charter schools. Like school districts, charter school funding is computed in two tiers, Tier I and Tier II.

Tier I Funding

For school districts, the state-assigned Basic Allotment (\$5,140.00 in 2017–18) is adjusted to account for each school district's tax rate, size, sparsity and cost of education. Tex. Educ. Code §42.101.

Not for Charters: Adjustments are not made for each charter school based on the charter schools' individual characteristics. Instead, the State-wide Average Adjusted Allotment, the average of all school district Adjusted Allotments, is applied to every charter school, regardless of a particular charter school's size, sparsity or cost of education.

Tier II Funding

Tier II funding provides guaranteed levels of enrichment to school districts and charter schools. Tier II funding is dependent upon Tier I funding. Thus, for charter schools, both Tier I and Tier II funding is negatively impacted by the use of the Statewide Average Adjusted Allotment.

Not for Charters: The gap in Tier I also adversely impacts Tier II.

Facilities Funding

School districts can levy local property taxes to pay for facilities. Additionally, the state subsidizes facilities for low-wealth districts by guaranteeing a yield on interest and sinking fund taxes from the state through the Instructional Facilities Allotment (IFA) or the Existing Debt Allotment (EDA). Tex. Educ. Code §42.007.

Not for Charters: Charter advocates were successful in passing limited charter school facilities funding during the 85th Legislative Session. Though this was a major win for the charter community, the resulting funds to be distributed in 2019 are dependent upon academic performance and are capped at \$60 million per year, which is estimated to provide less than \$200 per student, doing little to close the large gap between ISD and charter school funding.

Charter School Students are Not Worth Less. On average, charter school students receive \$1,400 less than their school district counterparts. The result of the marked differences in funding between school districts and charter school funding is a significant and continual disparity between the amount of combined state and local funding that school districts and charter schools receive from the State of Texas.