INDIANA CHARTERS KNOWLEDGE SERIES

# Indiana Charter Funding After SEA 1

How operations property-tax sharing, the 2028 phase-in, and the $1,400 grant fit together

**The two funding streams are separate. The $1,400 state grant is in current law; local operations sharing begins in 2028 only when a corporation-level enrollment threshold is met. Neither stream should be assumed to offset changes in the other.**

## Purpose

This guide translates current Indiana law into planning guidance for charter leaders, boards, and advisers. It is educational, not legal advice. Amounts and eligibility should be confirmed against official estimates and current law before a budget is adopted.

**Important disclaimer:** This publication is provided for educational and planning purposes only. It reflects Indiana Charters' interpretation of Indiana law and publicly available guidance as of October 9, 2026, and has not been reviewed by legal counsel. It is not legal, tax, election-law, or accounting advice and does not create an attorney-client relationship. Statutes, appropriations, agency guidance, student data, and local calculations may change. Schools should verify requirements with the appropriate state or local agency and consult qualified professional counsel when making legal, referendum, advocacy, compliance, or budget decisions.

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## The short answer

Beginning with revenue collected after December 31, 2027, an eligible brick-and-mortar charter may receive a proportional share of a school corporation's operations levy. The sharing percentage is based on students' legal settlement and ADM, and the charter share phases in over four years. Separately, IC 20-24-13 currently sets the Charter and Innovation Network School Grant at $1,400 per eligible pupil.



*Qualifying charter enrollment is tested within each school corporation before a school's proportional share and statutory phase-in are applied.*

## What begins in 2028

| Distribution year | Share of calculated charter amount |
|---|---|
| 2028 | 25% |
| 2029 | 50% |
| 2030 | 75% |
| 2031 and later | 100% |

The phase-in percentage is applied after the charter's proportional share is calculated. A school should not budget 25% of the local corporation's levy. It should budget 25% of its own calculated share.

## How the percentage is calculated

- Count, for each eligible charter, students who have legal settlement in the corporation, are in the charter's fall ADM, and receive no more than 50% virtual instruction.

- Add those charter students to the corporation's qualifying fall ADM.
- Divide each charter's qualifying count by that combined total. That is the charter's percentage before the statutory phase-in.
- The county auditor applies the percentage to operations levy collections from the most recent installment period.

> **Revenue cannot be known from enrollment alone. The final amount also depends on whether the corporation clears the threshold, the corporation's certified levy and collections, ADM used in the formula, other eligible charter enrollment, and the phase-in year.**

## The threshold that comes first

IC 20-46-8-12 applies only if the total number of qualifying students with legal settlement in the corporation who attend eligible charter schools is at least the **greater of** 100 students or 2% of the corporation's spring ADM. This is an aggregate corporation-level test across eligible charters, not a 100-student test for each individual charter. Virtual charter schools and students receiving more than 50% virtual instruction are excluded. If the threshold is met, the allocation formula uses qualifying fall-ADM counts.

## The $1,400 grant

IC 20-24-13-6 currently states that the annual grant equals $1,400 multiplied by eligible pupils in the school's current ADM. IC 20-24-13-1 limits the program to qualifying schools that do not receive a pro rata share of local property-tax revenue. This creates a policy and implementation question as property-tax sharing expands: whether, when, and how eligibility for the grant changes once a school receives local revenue.

### What is known - and not known

| Known now | Not safely predictable now |
|---|---|
| $1,400 is in current statute; the current biennial budget supports the program through FY 2027. | The appropriation and program design after FY 2027. |
| Operations sharing starts in 2028 for corporations that meet the threshold. | A school's actual 2028 dollars before IDOE/DLGF estimates and county collections. |
| IDOE must provide estimates by August 15, 2027, and annually thereafter. | Whether future legislation preserves the grant as additive, reduces it, or treats local sharing as a replacement. |

## Budgeting method

- For FY 2026 and FY 2027, budget the grant using eligible ADM times $1,400, then reconcile to the award.
- For periods after FY 2027, maintain three scenarios: grant preserved; grant reduced; grant eliminated or offset.
- Until the official August estimate is available, put operations-sharing revenue in a planning schedule rather than the adopted base budget unless eligibility and levy data are sufficiently reliable.
- For 2028, multiply the estimated full charter share by 25%; use 50%, 75%, and 100% for the next three years.

- Do not net the state grant and local revenue together. Track them as separate revenue lines with separate assumptions.

## Questions legislators should answer

- Is the $1,400 grant intended to remain additive during and after the property-tax phase-in?
- Will a hold-harmless protect schools that fail the 100-or-2% threshold or serve students from many small corporations?
- How will 'does not receive a pro rata share' be applied when a school receives a share from one corporation but none from others?
- Will official projections show both gross local sharing and any state-grant effect?

## Continue the series

- How Indiana Charter Schools Can Participate in Local Referenda
- The Rural Charter Funding Gap: When 100 Students Still Is Not Enough

# Primary sources

**Indiana Code 20-46-8-12**
https://iga.in.gov/laws/2026/ic/titles/20#20-46-8-12

**Indiana Code 20-24-13-1 and 20-24-13-6**
https://iga.in.gov/laws/2026/ic/titles/20#20-24-13-1

**DLGF: Legislative Changes to Property Tax Referenda and Controlled Projects**
https://www.in.gov/dlgf/files/2025-memos/250610-Cockerill-Memo-Legislative-Changes-to-Property-Tax-Referenda-and-Controlled-Projects.pdf

**State Board grant program**
https://www.in.gov/sboe/charter-schools/charter-and-innovation-network-school-grant-program/

This publication has not been reviewed by legal counsel and is not legal, tax, election-law, or accounting advice. It reflects the 2026 Indiana Code and publicly available materials reviewed through October 9, 2026. Future legislation, agency guidance, ADM corrections, and county calculations may change the result.