

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2010 Regular Session of the General Assembly.

HOUSE ENROLLED ACT No. 1002

AN ACT to amend the Indiana Code concerning education.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 5-10-8-1, AS AMENDED BY P.L.194-2007, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. The following definitions apply in this chapter:

(1) "Employee" means:

- (A) an elected or appointed officer or official, or a full-time employee;
- (B) if the individual is employed by a school corporation, a full-time or part-time employee;
- (C) for a local unit public employer, a full-time or part-time employee or a person who provides personal services to the unit under contract during the contract period; or
- (D) a senior judge appointed under IC 33-24-3-7;

whose services have continued without interruption at least thirty (30) days.

(2) "Group insurance" means any of the kinds of insurance fulfilling the definitions and requirements of group insurance contained in IC 27-1.

(3) "Insurance" means insurance upon or in relation to human life in all its forms, including life insurance, health insurance, disability insurance, accident insurance, hospitalization insurance, surgery insurance, medical insurance, and supplemental medical insurance.

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(4) "Local unit" includes a city, town, county, township, public library, municipal corporation (as defined in IC 5-10-9-1), or school corporation, **or charter school.**

(5) "New traditional plan" means a self-insurance program established under section 7(b) of this chapter to provide health care coverage.

(6) "Public employer" means the state or a local unit, including any board, commission, department, division, authority, institution, establishment, facility, or governmental unit under the supervision of either, having a payroll in relation to persons it immediately employs, even if it is not a separate taxing unit. With respect to the legislative branch of government, "public employer" or "employer" refers to the following:

(A) The president pro tempore of the senate, with respect to former members or employees of the senate.

(B) The speaker of the house, with respect to former members or employees of the house of representatives.

(C) The legislative council, with respect to former employees of the legislative services agency.

(7) "Public employer" does not include a state educational institution.

(8) "Retired employee" means:

(A) in the case of a public employer that participates in the public employees' retirement fund, a former employee who qualifies for a benefit under IC 5-10.3-8 or IC 5-10.2-4;

(B) in the case of a public employer that participates in the teachers' retirement fund under IC 5-10.4, a former employee who qualifies for a benefit under IC 5-10.4-5; and

(C) in the case of any other public employer, a former employee who meets the requirements established by the public employer for participation in a group insurance plan for retired employees.

(9) "Retirement date" means the date that the employee has chosen to receive retirement benefits from the employees' retirement fund.

SECTION 2. IC 5-10-8-6.7, AS AMENDED BY P.L.109-2010, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 6.7. (a) As used in this section, "state employee health plan" means a:

(1) self-insurance program established under section 7(b) of this chapter; or

(2) contract with a prepaid health care delivery plan entered into

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under section 7(c) of this chapter;
to provide group health coverage for state employees.

(b) The state personnel department shall allow a school corporation **or charter school** to elect to provide coverage of health care services for active and retired employees of the school corporation under any state employee health plan. If a school corporation **or charter school** elects to provide coverage of health care services for active and retired employees of the school corporation **or charter school** under a state employee health plan, it must provide coverage for all active and retired employees of the school corporation **or charter school** under the state employee health plan (other than any employees covered by an Indiana comprehensive health insurance association policy or individuals who retire from the school corporation before July 1, 2010, **or charter school before July 1, 2011**) if coverage was provided for these employees under the prior policies.

(c) The following apply if a school corporation **or charter school** elects to provide coverage for active and retired employees of the school corporation **or charter school** under subsection (b):

- (1) The state shall not pay any part of the cost of the coverage.
- (2) The coverage provided to an active or retired school corporation **or charter school** employee under this section must be the same as the coverage provided to an active or retired state employee under the state employee health plan.
- (3) Notwithstanding sections 2.2 and 2.6 of this chapter:
 - (A) the school corporation **or charter school** shall pay for the coverage provided to an active or retired school corporation **or charter school** employee under this section an amount not more than the amount paid by the state for coverage provided to an active or retired state employee under the state employee health plan; and
 - (B) an active or retired school corporation **or charter school** employee shall pay for the coverage provided to the active or retired school corporation **or charter** employee under this section an amount that is at least equal to the amount paid by an active or retired state employee for coverage provided to the active or retired state employee under the state employee health plan.

However, this subdivision does not apply to contractual commitments made by a school corporation to individuals who retire before July 1, 2010, **or a charter school to individuals who retire before July 1, 2011.**

- (4) The school corporation **or charter school** shall pay any

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administrative costs of the school corporation's **or charter school's** participation in the state employee health plan.

(5) The school corporation **or charter school** shall provide the coverage elected under subsection (b) for a period of at least three (3) years beginning on the date the coverage of the school corporation **or charter school** employees under the state employee health plan begins.

(d) The state personnel department shall provide an enrollment period at least every thirty (30) days for a school corporation **or charter school** that elects to provide coverage under subsection (b).

(e) The state personnel department may adopt rules under IC 4-22-2 to implement this section.

(f) Neither this section nor a school corporation's **or charter school's** election to participate in a state employee health plan as provided in this section impairs the rights of an exclusive representative of the certificated or noncertificated employees of the school corporation **or charter school** to collectively bargain all matters related to school employee health insurance programs and benefits.

SECTION 3. IC 20-24-1-3.5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 3.5. "Charter board" refers to the Indiana charter school board established under IC 20-24-2.1.**

SECTION 4. IC 20-24-1-6.2 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 6.2. "Fund", for purposes of IC 20-24-12, refers to the charter school facilities assistance fund.**

SECTION 5. IC 20-24-1-7.5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 7.5. "Program", for purposes of IC 20-24-12, refers to the charter school facilities assistance program under IC 20-24-12.**

SECTION 6. IC 20-24-1-9, AS AMENDED BY P.L.2-2007, SECTION 208, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 9. "Sponsor" means, for a charter school, one (1) of the following:

- (1) A governing body.
- (2) A state educational institution that offers a four (4) year baccalaureate degree.
- (3) The executive (as defined in IC 36-1-2-5) of a consolidated city.
- (4) The charter board.**
- (5) A nonprofit college or university that provides a four (4)**

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year educational program for which it awards a baccalaureate or more advanced degree, including the following:

Anderson University
 Bethel College
 Butler University
 Calumet College of St. Joseph
 DePauw University
 Earlham College
 Franklin College
 Goshen College
 Grace College
 Hanover College
 Holy Cross College
 Huntington University
 Indiana Tech
 Indiana Wesleyan University
 Manchester College
 Marian University
 Martin University
 Oakland City University
 Rose-Hulman Institute of Technology
 Saint Joseph's College
 Saint Mary-of-the-Woods College
 Saint Mary's College
 Taylor University
 Trine University
 University of Evansville
 University of Indianapolis
 University of Notre Dame
 University of Saint Francis
 Valparaiso University
 Wabash College.

SECTION 7. IC 20-24-2.1 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]:

Chapter 2.1. Indiana Charter School Board

Sec. 1. (a) The Indiana charter school board is established for the purpose of sponsoring charter schools throughout Indiana.

(b) The charter board is a statewide charter school sponsor composed of the following seven (7) members appointed to four (4) year terms:

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(1) Two (2) members, who may not be members of the same political party, appointed by the governor.

(2) One member who has previous experience with or on behalf of charter schools appointed by the state superintendent.

(3) Four (4) members, who may not be legislators, appointed as follows:

(A) One (1) member appointed by the president pro tempore of the senate.

(B) One (1) member appointed by the minority leader of the senate.

(C) One (1) member appointed by the speaker of the house of representatives.

(D) One (1) member appointed by the minority leader of the house of representatives.

(c) The governor shall appoint the chairperson of the charter board.

(d) A majority of the members appointed to the charter board constitutes a quorum. The affirmative votes of a majority of the voting members appointed to the charter board are required for the charter board to take action.

(e) Each member of the charter board who is not a state employee is entitled to the minimum salary per diem provided by IC 4-10-11-2.1(b). The member is also entitled to reimbursement for traveling expenses as provided under IC 4-13-1-4 and other expenses actually incurred in connection with the member's duties as provided in the state policies and procedures established by the Indiana department of administration and approved by the budget agency.

Sec. 2. The charter board, with assistance from the department, shall:

(1) establish a process to:

(A) review a proposal to establish a charter school under IC 20-24-3-4;

(B) make a decision on the proposal as required under IC 20-24-3-9; and

(C) monitor charter schools sponsored by the charter board; and

(2) publish guidelines concerning the review process described in subdivision (1);

not later than December 31, 2011.

Sec. 3. The department shall provide staff to carry out the duties

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of the charter board under this chapter until the time when the charter board begins receiving administrative fees pursuant to IC 20-24-7-4(e). At that time, the charter board may hire staff to carry out the duties of the charter board under this chapter.

Sec. 4. Funding for the charter board consists of administrative fees collected under IC 20-24-7-4.

SECTION 8. IC 20-24-2.2 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]:

Chapter 2.2. Monitoring and Accountability of Sponsors

Sec. 1. The department shall establish a charter school page on the department's Internet web site that includes information on the following:

- (1) All approved sponsors, including the sponsors' processes for the following:
 - (A) Monitoring approved schools at regular intervals.
 - (B) Establishing minimum standards for renewing a charter or not renewing a charter.
 - (C) Processes and standards for school closure, including the transfer of academic records to other schools and postsecondary educational institutions.
- (2) All pending applications for a charter.
- (3) All approved applications for a charter.
- (4) All rejected applications for a charter.
- (5) Annual performance data that includes the same demographic and performance data required from school corporations.

Sec. 2. The minimum standards for renewal and the standards to avoid closure imposed by sponsors on the charter school in the charter school agreement must include a requirement that the charter school not fall within the application of IC 20-31-9-4, notwithstanding IC 20-31-9-1.

Sec. 3. (a) After giving at least thirty (30) days notice, the state board may require a sponsor to appear at a hearing conducted by the state board if the sponsor has renewed a charter or failed to close a charter school that does not meet the minimum standards in the charter agreement, as posed on the department's Internet web site.

(b) After the hearing, the state board may implement one (1) or more of the following actions unless the state board finds sufficient justification for the charter school's performance under the state school accountability system:

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- (1) Transfer the sponsorship of the charter school identified in subsection (a) to the charter board.
- (2) Order the closure of the charter school identified in subsection (a) on the date set by the state board.
- (3) Order the reduction of any administrative fee collected under IC 20-24-7-4 that is applicable to the charter school identified in subsection (a) to an amount not greater than fifty percent (50%) of the amount allowed under IC 20-24-7-4.

(c) In determining whether to impose consequences under subsection (b), the state board must consider the following:

- (1) Enrollment of students with special challenges such as drug or alcohol addiction, prior withdrawal from school, prior incarceration, or other special circumstances.
- (2) High mobility of the student population resulting from the specific purpose of the charter school.
- (3) Annual improvement in the performance of students enrolled in the charter school, as measured by IC 20-31-8-1, compared with the performance of students enrolled in the charter school in the immediately preceding school year.

Sec. 4. If the state board has closed or transferred sponsorship of at least twenty-five percent (25%) of the charter schools chartered by one (1) sponsor under section 3 of this chapter, the sponsor's authority to sponsor new charter schools may be suspended by the state board until the state board approves the sponsor to sponsor new charter schools. A determination under this section to suspend a sponsor's authority to sponsor new charter schools must identify the deficiencies that, if corrected, will result in the approval of the sponsor to sponsor new charter schools.

SECTION 9. IC 20-24-3-4, AS ADDED BY P.L.1-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 4. (a) An organizer may submit to the sponsor a proposal to establish a charter school.

- (b) A proposal must contain at least the following information:
 - (1) Identification of the organizer.
 - (2) A description of the organizer's organizational structure and governance plan.
 - (3) The following information for the proposed charter school:
 - (A) Name.
 - (B) Purposes.
 - (C) Governance structure.
 - (D) Management structure.

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- (E) Educational mission goals.
 - (F) Curriculum and instructional methods.
 - (G) Methods of pupil assessment.
 - (H) Admission policy and criteria, subject to IC 20-24-5.
 - (I) School calendar.
 - (J) Age or grade range of students to be enrolled.
 - (K) A description of staff responsibilities.
 - (L) A description ~~and the address~~ of the physical plant.
 - (M) Budget and financial plans.
 - (N) Personnel plan, including methods for selection, retention, and compensation of employees.
 - (O) Transportation plan.
 - (P) Discipline program.
 - (Q) Plan for compliance with any applicable desegregation order.
 - (R) The date when the charter school is expected to:
 - (i) begin school operations; and
 - (ii) have students attending the charter school.
 - (S) The arrangement for providing teachers and other staff with health insurance, retirement benefits, liability insurance, and other benefits.
 - (T) Any other applications submitted to a sponsor in the previous five (5) years.**
- (4) The manner in which the sponsor must conduct an annual audit of the program operations of the charter school.
- (c) This section does not waive, limit, or modify the provisions of:
- (1) IC 20-29 in a charter school where the teachers have chosen to organize under IC 20-29; or
 - (2) an existing collective bargaining agreement for noncertificated employees (as defined in IC 20-29-2-11).

SECTION 10. IC 20-24-3-5.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 5.5. (a) This section applies to a sponsor that is not the executive of a consolidated city.**

(b) Before issuing a charter, the sponsor must conduct a public hearing concerning the establishment of the proposed charter school. At the public hearing, the governing body of the school corporation in which the proposed charter school will be located must be given an opportunity to comment on the effect of the proposed charter school on the school corporation, including any foreseen negative impacts on the school corporation.

SECTION 11. IC 20-24-3-10, AS ADDED BY P.L.1-2005,



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SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 10. (a) A sponsor must notify the department of the following:

- (1) Receipt of a proposal.
- (2) Acceptance of a proposal.
- (3) Rejection of a proposal, including the reasons for the rejection.
- (4) The length of time for which a charter is granted.**
- (5) School goals, educational program design, and an education management organization operating a school, if applicable.**
- (6) The name and address of the education management organization, and the name of the chief operating officer of the education management organization, if applicable.**

(b) The department shall annually do the following:

- (1) Compile the information received under subsection (a) into a report.
- (2) Submit the report in an electronic format under IC 5-14-6 to the legislative council.

SECTION 12. IC 20-24-4-1, AS ADDED BY P.L.1-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 1. (a) A charter must meet the following requirements:

- (1) Be a written instrument.
- (2) Be executed by a sponsor and an organizer.
- (3) Confer certain rights, franchises, privileges, and obligations on a charter school.
- (4) Confirm the status of a charter school as a public school.
- (5) Be granted for:
 - (A) not less than three (3) years; and
 - (B) a fixed number of years agreed to by the sponsor and the organizer.
- (6) Provide for **the following**:
 - (A) A review by the sponsor of the charter school's performance, including the progress of the charter school in achieving the academic goals set forth in the charter, at least one (1) time in each five (5) year period while the charter is in effect. ~~and~~
 - (B) Renewal, if the sponsor and the organizer agree to renew the charter.
- (7) Specify the grounds for the sponsor to:
 - (A) revoke the charter before the end of the term for which the

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charter is granted; or

(B) not renew a charter.

(8) Set forth the methods by which the charter school will be held accountable for achieving the educational mission and goals of the charter school, including the following:

(A) Evidence of improvement in:

(i) assessment measures, including the ISTEP program and the graduation examination; **and end of course assessments;**

(ii) attendance rates;

(iii) graduation rates (if appropriate);

(iv) increased numbers of Core 40 diplomas **and other college and career ready indicators including advanced placement participation and passage, dual credit participation and passage, and International Baccalaureate participation and passage** (if appropriate); **and**

(v) increased numbers of academic honors **and technical honors** diplomas (if appropriate);

(vi) **student academic growth;**

(vii) **financial performance and stability; and**

(viii) **governing board performance and stewardship, including compliance with applicable laws, rules and regulations, and charter terms.**

(B) Evidence of progress toward reaching the educational goals set by the organizer.

(9) Describe the method to be used to monitor the charter school's:

(A) compliance with applicable law; and

(B) performance in meeting targeted educational performance.

(10) Specify that the sponsor and the organizer may amend the charter during the term of the charter by mutual consent and describe the process for amending the charter.

(11) Describe specific operating requirements, including all the matters set forth in the application for the charter.

(12) Specify a date when the charter school will:

(A) begin school operations; and

(B) have students attending the charter school.

(13) Specify that records of a charter school relating to the school's operation and charter are subject to inspection and copying to the same extent that records of a public school are subject to inspection and copying under IC 5-14-3.

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(14) Specify that records provided by the charter school to the department or sponsor that relate to compliance by the organizer with the terms of the charter or applicable state or federal laws are subject to inspection and copying in accordance with IC 5-14-3.

(15) Specify that the charter school is subject to the requirements of IC 5-14-1.5.

(b) A charter school shall set annual performance targets in conjunction with the charter school's sponsor. The annual performance targets shall be designed to help each school meet applicable federal, state, and sponsor expectations.

SECTION 13. IC 20-24-5-1, AS ADDED BY P.L.1-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. ~~Except as provided in this chapter,~~ A charter school, ~~that is not a conversion charter school~~ **including a conversion charter school**, must be open to any student who resides in Indiana.

SECTION 14. IC 20-24-5-4, AS ADDED BY P.L.1-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 4. **(a)** Except as provided in this chapter, a charter school may not establish admission policies or limit student admissions in any manner in which a public school is not permitted to establish admission policies or limit student admissions.

(b) Notwithstanding subsection (a), a charter school may operate as a single gender school if approved to do so by the sponsor. A single gender charter school must be open to any student of the gender the school serves who resides in Indiana.

SECTION 15. IC 20-24-5-5, AS ADDED BY P.L.1-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 5. (a) Except as provided in subsections (b), (c), and (d), a charter school must enroll any eligible student who submits a timely application for enrollment.

(b) This subsection applies if the number of applications for a program, class, grade level, or building exceeds the capacity of the program, class, grade level, or building. If a charter school receives a greater number of applications than there are spaces for students, each timely applicant must be given an equal chance of admission. **The organizer must determine which of the applicants will be admitted to the charter school or the program, class, grade level, or building by random drawing in a public meeting.**

(c) A charter school may limit new admissions to the charter school to:

- (1) ensure that a student who attends the charter school during a school year may continue to attend the charter school in

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subsequent years; and

(2) allow the siblings of a student who attends a charter school to attend the charter school.

(d) This subsection applies to an existing school that converts to a charter school under IC 20-24-11. During the school year in which the existing school converts to a charter school, the charter school may limit admission to:

(1) those students who were enrolled in the charter school on the date of the conversion; and

(2) siblings of students described in subdivision (1).

SECTION 16. IC 20-24-6-1, AS ADDED BY P.L.1-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. (a) ~~Except as provided in subsection (b);~~ Individuals who work at a charter school are employees of the charter school or of an entity with which the charter school has contracted to provide services.

(b) Teachers in a conversion charter school ~~are~~ **may be** employees **of the charter school or** of both the charter school and the school corporation that sponsored the charter school, **as determined by the provisions of the charter.** ~~For purposes of the collective bargaining agreement, conversion charter school teachers are considered employees of the school corporation that sponsored the charter school.~~

(c) All benefits accrued by teachers as employees of the conversion charter school are the financial responsibility of the conversion charter school. ~~The conversion charter school shall pay those benefits directly or reimburse the school corporation for the cost of the benefits.~~

(d) All benefits accrued by a teacher during the time the teacher was an employee only of the school corporation that sponsored the charter school are the financial responsibility of the school corporation. The school corporation shall pay those benefits directly or reimburse the conversion charter school for the cost of the benefits.

~~(e) For any other purpose not otherwise stated in this section, a teacher is an employee of the charter school.~~

SECTION 17. IC 20-24-6-5, AS ADDED BY P.L.1-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 5. (a) ~~An individual~~ **At least ninety percent (90%) of the individuals** who ~~teaches~~ **teach full time** in a charter school must either:

(1) hold a license to teach in a public school in Indiana under IC 20-28-5; or

(2) be in the process of obtaining a license to teach in a public school in Indiana under the transition to teaching program

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established by IC 20-28-4-2;
unless the charter school requests and the state board approves a waiver for a lower percentage.

(b) An individual who does not qualify under subsection (a) may teach full time in a charter school if the individual meets one of the following criteria:

- (1) The individual is in the process of obtaining a license to teach in a charter school in Indiana under IC 20-28-5-16.**
- (2) The individual holds at least a bachelor's degree with a grade point average of at least three (3.0) on a four (4.0) point scale from an accredited postsecondary educational institution in the content or related area in which the individual teaches.**

Individuals qualifying under subsection (b) may not exceed ten percent (10%) of the full time teaching staff unless the charter school requests and the state board approves a waiver for a higher percentage.

(c) An individual described in subsection (a)(2) must complete the transition to teaching program not later than three (3) years after beginning to teach at a charter school.

(d) An individual who holds a part-time teaching position in a charter school must hold at least a bachelor's degree with a grade point average of at least three (3.0) on a four (4.0) point scale from an accredited postsecondary educational institution in the content or related area in which the individual teaches.

(e) An individual who provides to students in a charter school a service:

- (1) that is not teaching; and**
- (2) for which a license is required under Indiana law;**

must have the appropriate license to provide the service in Indiana.

SECTION 18. IC 20-24-7-4, AS AMENDED BY P.L.146-2008, SECTION 462, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 4. (a) Services that a school corporation provides to a charter school, including transportation, may be provided at not more than one hundred three percent (103%) of the actual cost of the services.

(b) This subsection applies to a sponsor that is a state educational institution described in IC 20-24-1-7(2). In a calendar year, a state educational institution may receive from the organizer of a charter school sponsored by the state educational institution an administrative fee equal to not more than three percent (3%) of the total amount the organizer receives during the calendar year from basic tuition support

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(as defined in IC 20-43-1-8).

(c) This subsection applies to the executive of a consolidated city that sponsors a charter school. In a calendar year, the executive may collect from the organizer of a charter school sponsored by the executive an administrative fee equal to not more than three percent (3%) of the total amount the organizer receives during the calendar year for basic tuition support.

(d) This subsection applies to a sponsor that is a nonprofit college or university that is approved by the state board of education. In a calendar year, a private college or university may collect from the organizer of a charter school sponsored by the private college or university an administrative fee equal to not more than three percent (3%) of the total amount the organizer receives during the calendar year for basic tuition support.

(e) This subsection applies to the charter board. In a calendar year, the charter school board may collect from the organizer of a charter school sponsored by the charter board an administrative fee equal to not more than three percent (3%) of the total amount the organizer receives during the calendar year for basic tuition support.

(f) A sponsor's administrative fee may not include any costs incurred in delivering services that a charter school may purchase at its discretion from the sponsor. The sponsor shall use its funding provided under this section exclusively for the purpose of fulfilling sponsoring obligations.

(g) Except for oversight services, a charter school may not be required to purchase services from its sponsor as a condition of charter approval or of executing a charter contract, nor may any such condition be implied.

(h) A charter school may choose to purchase services from its sponsor. In that event, the charter school and sponsor shall execute an annual service contract, separate from the charter contract, stating the parties' mutual agreement concerning the services to be provided by the sponsor and any service fees to be charged to the charter school. A sponsor may not charge more than market rates for services provided to a charter school.

(i) Not later than ninety (90) days after the end of each fiscal year, each sponsor shall provide to each charter school it sponsors an itemized accounting of the actual costs of services purchased by the charter school from the sponsor. Any difference between the amount initially charged to the charter school and the actual cost shall be reconciled and paid to the owed party. If either party

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disputes the itemized accounting, any charges included in the accounting, or charges to either party, either party may request a review by the department. The requesting party shall pay the costs of the review.

SECTION 19. IC 20-24-7-11, AS AMENDED BY P.L.182-2009(ss), SECTION 314, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 11. (a) If the United States Department of Education approves a new competition for states to receive matching funds for charter school facilities, the department shall pursue this federal funding.

~~(b) The department shall use the common school fund interest balance to provide state matching funds for the federal funding described in subsection (a) for the benefit of charter schools.~~

~~(c)~~ **(b)** To increase the state's opportunity to receive matching funds from the United States Department of Education, the department shall develop a facilities incentive grants program before January 1, 2010.

~~(d)~~ **(c)** The department shall use the priority criteria set forth in 21 U.S.C. 7221d(b) and 34 CFR 226.12 through 34 CFR 226.14 to develop the facilities incentive grants program.

SECTION 20. IC 20-24-7-13, AS AMENDED BY P.L.1-2010, SECTION 78, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 13. (a) As used in this section, "virtual charter school" means any charter school, including a conversion charter school, that provides for the delivery of more than fifty percent (50%) of instruction to students through:

- (1) virtual distance learning;
- (2) online technologies; or
- (3) computer based instruction.

~~(b) The department shall establish a pilot program to provide funding for a statewide total of up to two hundred (200) students who attend virtual charter schools in the school year ending in 2010 and five hundred (500) students who attend virtual charter schools in the school year ending in 2011. The department shall choose an entity or entities to operate the virtual charter school. The pilot program must focus on children who have medical disabilities or circumstances that prevent them from attending school or for whom a virtual charter school is a better alternative than a traditional school. At least seventy-five percent (75%) of the students enrolled in virtual charter schools under this section must have been included in the ADM count for the previous school year.~~

(b) Beginning with the 2011-2012 school year, a virtual charter school may apply for sponsorship with any statewide sponsor in

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accordance with the sponsor's guidelines.

(c) A virtual charter school is entitled to receive funding from the state in an amount equal to the **sum of:**

(1) the product of:

~~(1) (A)~~ **(B)** the number of students included in the virtual charter school's ADM; ~~who are participating in the pilot program;~~ multiplied by

~~(2) eighty~~ **(B) eighty-five** percent ~~(80%)~~ **(85%)** of the statewide average basic tuition support; ~~school's foundation amount determined under IC 20-43-5-4;~~ plus

(2) the total of any special education grants under IC 20-43-7 to which the virtual charter school is entitled.

A virtual charter school is entitled to receive special education grants under IC 20-43-7 calculated in the same manner as special education grants are calculated for other school corporations.

(d) The department shall adopt rules under IC 4-22-2 to govern the operation of virtual charter schools.

(e) Beginning in 2009, the department shall before December 1 of each year submit an annual report to the budget committee concerning the program under this section.

(f) This subsection does not apply to students who were enrolled in a virtual charter school during the 2010-2011 school year. Each school year, at least sixty percent (60%) of the students who are enrolled in virtual charter schools under this section for the first time must have been included in the state's ADM count for the previous school year.

SECTION 21. IC 20-24-9-1, AS ADDED BY P.L.1-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. ~~An organizer~~ **A sponsor** that has established a charter school shall submit an annual report to the department for informational and research purposes.

SECTION 22. IC 20-24-9-2, AS ADDED BY P.L.1-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 2. An annual report under this chapter must contain the following information: ~~for a charter school:~~

(1) Results of all standardized testing, including ISTEP program testing, ~~and the graduation examination: end of course assessments, and any other assessments used for each sponsored school.~~

(2) A description of the educational methods and teaching methods employed **for each sponsored school.**

(3) ~~Daily Attendance records:~~ **rates for each sponsored school.**

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(4) Graduation ~~statistics~~ **rates** (if appropriate), including attainment of Core 40 and academic honors diplomas **for each sponsored school.**

(5) Student enrollment data **for each sponsored school**, including the following:

(A) The number of students enrolled.

(B) The number of students expelled.

~~(C) The number of students who discontinued attendance at the charter school and the reasons for the discontinuation.~~

(6) Schools that closed or for which the charter was not renewed, and the reasons for the closure or nonrenewal.

SECTION 23. IC 20-24-10-1, AS ADDED BY P.L.1-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. **(a)** A public noncharter school that receives a transfer student from a charter school may not discriminate against the student in any way, including by placing the student:

(1) in an inappropriate age group according to the student's ability;

(2) below the student's abilities; or

(3) in a class where the student has already mastered the subject matter.

(b) If a student who previously was enrolled in a charter school enrolls in another public school, the public noncharter school shall accept all credits earned by the student in courses or instructional programs at the charter school in a uniform and consistent manner, according to the same criteria that are used to accept academic credits from other public schools.

SECTION 24. IC 20-24-11-1, AS ADDED BY P.L.1-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. **(a) This section does not apply to an existing public elementary or secondary school that the governing body of the school corporation in which the school is located has scheduled for closure.**

(b) An existing public elementary or secondary school may be converted into a charter school if **all of** the following conditions apply:

(1) At least ~~sixty percent (60%)~~ **fifty-one percent (51%) of the parents of students who attend the school** have signed a petition requesting the conversion, **which must be completed not later than ninety (90) days after the date of the first signature.**

(2) The school has been placed in either of the two (2) lowest categories or designations under IC 20-31-8-3 for two (2)

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consecutive years.

(3) The governing body votes to convert an existing school within the school corporation.

(2) At least fifty-one percent (51%) of the parents of students at the school have signed a petition requesting the conversion.

(c) Notwithstanding subsection (b), if a governing body operates a school that has been placed in either of the two (2) lowest categories or designations under IC 20-31-8-3 for four (4) consecutive years, the governing body may not serve as that charter school's sponsor.

(d) A conversion charter school shall continue to comply with all legal requirements concerning student diversity and treatment of children with special needs and accept all students who attended the school before its conversion and who wish to attend the conversion charter school. If any space remains, any student in Indiana may attend the conversion charter school.

SECTION 25. IC 20-24-12 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 12. Charter School Facilities Assistance Program

Sec. 1. The charter school facilities assistance program is established.

Sec. 2. The purpose of the program is to make grants and loans to charter schools for the purpose of:

- (1) constructing;
- (2) purchasing;
- (3) renovating;
- (4) maintaining;
- (5) paying first semester costs for new; and
- (6) reducing common school fund debt for;

charter schools.

Sec. 3. The department shall administer the program.

Sec. 4. (a) The charter school facilities assistance fund is established. The department shall administer the fund.

(b) The fund consists of the following:

- (1) Money appropriated or authorized by the general assembly.
- (2) The repayment proceeds of loans made to charter schools from the fund.
- (3) Any gifts and grants made to the fund or other money required by law to be deposited in the fund.
- (4) Any federal grants that are received to capitalize or

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supplement the fund.

(5) Any earnings on money in the fund.

(c) The expenses of administering the fund shall be paid from money in the fund.

(d) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

(e) The fund may be used by the department as a revolving fund for the purposes described in section 2 of this chapter.

(f) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

Sec. 5. The department may apply to the United States Department of Education for a state charter school facilities incentive program grant authorized under 34 U.S.C. 7221d(b). The department shall use the proceeds of any state charter school facilities incentive program grant awarded to the state for purposes of the program. To the extent permitted by federal law, the proceeds may be used to pay the administrative expenses of the program.

Sec. 6. The department may authorize money in the fund to be used for any of the following purposes:

- (1) To pay first semester costs for charter schools first opening after June 30, 2011.
- (2) To repay advances and loans to charter schools made before June 30, 2011.
- (3) To match federal grants described in IC 20-24-7-11(a).
- (4) To loan or grant money from the fund to a charter school to carry out the purposes described in section 2 of this chapter.

Sec. 7. (a) The department shall establish written procedures for providing grants or loans from the fund to charter schools. The written procedures must include at least the following:

- (1) An application procedure.
- (2) A procedure to identify projects that may qualify for a grant or loan.
- (3) Criteria for establishing the priority of projects for which grants or loans will be made.
- (4) Procedures for selecting projects for which grants or loans will be made.

(b) To apply for a grant or loan from the fund, a charter school must submit an application that contains the information required by the department.

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Sec. 8. In making its determination to approve or disapprove a grant or loan application, the department may consider the following:

- (1) The soundness of the financial business plans of the applicant charter school.**
- (2) The availability to the charter school of other sources of funding.**
- (3) The geographic distribution of grants or loans made from the fund.**
- (4) The impact that grants or loans received under this chapter will have on the charter school's receipt of other private and public financing.**
- (5) Plans for innovatively enhancing or leveraging funds received under this chapter, such as loan guarantees or other types of credit enhancements.**
- (6) The financial needs of the charter school.**

Sec. 9. The department may make grants or loans under this chapter on a per student basis.

Sec. 10. The following apply to a loan from the fund to a charter school under this chapter:

- (1) A loan may not exceed the maximum amount set by the department.**
- (2) The term of the loan may not exceed fifteen (15) years after the date of the loan.**
- (3) A charter school may receive multiple loans from the fund as long as the total amount outstanding on all loans granted to the charter school from the fund do not exceed the maximum amount set by the department.**
- (4) The department shall determine the interest rate and other terms for the loan, subject to the approval of the state board of finance.**
- (5) A charter school must enter into a loan agreement with the department before receiving a loan from the fund.**

Sec. 11. A charter school receiving a loan under this chapter shall repay the loan from:

- (1) the amount of state tuition support that the charter school is eligible to receive; and**
- (2) to the extent that state tuition support is insufficient to meet the debt service obligations of the charter school, other resources available to the charter school.**

Sec. 12. The department shall withhold the amount of the balance of the loan due in a year on a loan made under this chapter

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from state tuition support distributions that would otherwise be made in the year to the charter school. To the extent possible, the department shall withhold an equal amount from each installment of state tuition support distributed to the charter school. Withheld amounts reduce the balance of the loan of the charter school. The auditor of state shall transfer withheld amounts to the fund.

SECTION 26. IC 20-26-5-32.2, AS ADDED BY P.L.41-2009, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 32.2. (a) Notwithstanding IC 22-2-5-1, a school corporation **or charter school** and:

- (1) an employee if there is no representative described under subdivision (2) or (3) for that employee;
- (2) the exclusive representative of its certificated employees with respect to those employees; or
- (3) a labor organization representing its noncertificated employees with respect to those employees;

may agree in writing to a wage payment arrangement.

(b) A wage payment arrangement under subsection (a) may provide that compensation earned during a school year may be paid:

- (1) using equal installments or any other method; and
- (2) over:

- (A) all or part of that school year; or
- (B) any other period that begins not earlier than the first day of that school year and ends not later than thirteen (13) months after the wage payment arrangement period begins.

Such an arrangement may provide that compensation earned in a calendar year is paid in the next calendar year, so long as all the compensation is paid within the thirteen (13) month period beginning with the first day of the school year.

(c) A wage payment arrangement under subsection (a) must be structured in such a manner so that it is not considered:

- (1) a nonqualified deferred compensation plan for purposes of Section 409A of the Internal Revenue Code; or
- (2) deferred compensation for purposes of Section 457(f) of the Internal Revenue Code.

(d) Absent an agreement under subsection (a), a school corporation **or charter school** remains subject to IC 22-2-5-1.

(e) Wage payments required under a wage payment arrangement entered into under subsection (a) are enforceable under IC 22-2-5-2.

(f) If an employee leaves employment for any reason, either permanently or temporarily, the amount due the employee under IC 22-2-5-1 and IC 22-2-9-2 is the total amount of wages earned and

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unpaid. **If the employment relationship ends at the conclusion of a school year, the school corporation or charter school may pay the employee the remaining wages owed as provided in the written wage payment arrangement.**

(g) Employment with a school corporation **or charter school** may not be conditioned upon the acceptance of a wage payment arrangement under subsection (a).

(h) An employee may revoke a wage payment arrangement under subsection (a) at the beginning of each school year.

SECTION 27. IC 20-26-7-1, AS AMENDED BY P.L.234-2007, SECTION 227, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. (a) If a governing body of a school corporation determines that any real or personal property:

- (1) is no longer needed for school purposes; or
- (2) should, in the interests of the school corporation, be exchanged for other property;

the governing body may sell or exchange the property in accordance with IC 36-1-11.

(b) Money derived from the sale or exchange of property under this section shall be placed in any school fund:

- (1) established under applicable law; and
- (2) that the governing body considers appropriate.

(c) A governing body may not make a covenant that prohibits the sale of real property to another educational institution.

(d) This subsection does not apply to a school building that on July 1, 2011, is leased or loaned by the school corporation that owns the school building to another entity. A governing body shall make available for lease or purchase to any charter school (as defined in IC 20-24-1-4) any school building owned by the school corporation that:

- (1) either:
 - (A) is not used in whole or in part for classroom instruction at the time the charter school seeks to lease the building; or
 - (B) appears on the list compiled by the department under subsection (e); and
- (2) was previously used for classroom instruction;

in order for the charter school to conduct classroom instruction.

(e) Each governing body shall inform the department whenever a school building that was previously used for classroom instruction is closed, unused, or unoccupied. The department shall maintain a list of closed, unused, or unoccupied school buildings

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and make the list available on the department's Internet web site. Each school corporation shall provide a list of closed, unused, or unoccupied buildings to the department by the date set by the department. The department must update the list each year before August 31.

(f) A school building that appears for the first time on the department's list under subsection (e) shall be designated as "Unavailable until (a date two (2) years after the school building first appears on the list)" if the governing body of the school corporation that owns the school building indicates the school building may be reclaimed during that period for classroom instruction, which must begin not later than one (1) year after the school building is reclaimed. If the school building remains unused for classroom instruction one (1) year after being reclaimed, the governing body shall place the school building on the department's list. A governing body may reclaim a school building only one (1) time under this subsection.

(g) If a charter school wishes to use a school building on the list created under subsection (e), the charter school shall send a letter of intent to the department. The department shall notify the school corporation of the charter school's intent, and the school corporation that owns the school building shall lease the school building to the charter school for one dollar (\$1) per year for as long as the charter school uses the school building for classroom instruction or for a term at the charter school's discretion, or sell the school building to the charter school for one dollar (\$1). The charter school must begin to use the school building for classroom instruction not later than two (2) years after acquiring the school building. If the school building is not used for classroom instruction within two (2) years after acquiring the school building, the school building shall be placed on the department's list under subsection (e). If during the term of the lease the charter school closes or ceases using the school building for classroom instruction, the school building shall be placed on the department's list under subsection (e).

(h) During the term of a lease under subsection (g), the charter school is responsible for the direct expenses related to the school building leased, including utilities, insurance, maintenance, repairs, and remodeling. The school corporation is responsible for any debt incurred for or liens that attached to the school building before the charter school leased the school building.

(i) If a school building appears on the department's list under

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subsection (e) for at least forty-eight (48) months, the school corporation may sell or otherwise dispose of the school building in any manner the governing body considers appropriate.

SECTION 28. IC 20-28-5-16 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 16. The department shall establish a program under which an individual who:**

- (1) wishes to teach in a charter school in Indiana; and**
- (2) holds at least a bachelor's degree with a grade point average of at least 3.0 on a 4.0 point scale from an accredited postsecondary institution in the content or a related area in which the individual wishes to teach;**

may obtain a license that allows the individual to teach in a charter school. The program must allow the individual to teach in a charter school while the individual is in the process of obtaining the license.

SECTION 29. IC 20-43-6-3, AS AMENDED BY P.L.182-2009(ss), SECTION 339, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 3. (a) A school corporation's basic tuition support for a year is the amount determined under the applicable provision of this section.**

(b) This subsection applies to a school corporation that has transition to foundation revenue per adjusted ADM for a year that is not equal to the foundation amount for the year. The school corporation's basic tuition support for a year is equal to the school corporation's transition to foundation revenue for the year.

(c) This subsection applies to a school corporation that has transition to foundation revenue per adjusted ADM for a year that is equal to the foundation amount for the year. The school corporation's basic tuition support for a year is the sum of the following:

- (1) The foundation amount for the year multiplied by the school corporation's adjusted ADM.**
- (2) The amount of the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three**
- (3) years to the year preceding the ensuing calendar year by two**
- (2) years.**

(d) This subsection applies to students of a virtual charter school who are participating in ~~the pilot~~ a program under IC 20-24-7-13. A virtual charter school's basic tuition support for a year for those students is the amount determined under IC 20-24-7-13.

SECTION 30. IC 20-49-7-21, AS ADDED BY P.L.182-2009(ss), SECTION 363, IS AMENDED TO READ AS FOLLOWS

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[EFFECTIVE JULY 1, 2011]: Sec. 21. (a) A charter school, including a conversion charter school, that has received an advance for operational costs from the common school fund under this chapter does not have to make principal or interest payments during the state fiscal years beginning:

(1) July 1, ~~2009~~; **2011**; and

(2) July 1, ~~2010~~; **2012**;

notwithstanding contrary terms in the charter school and state board advance agreement.

(b) The repayment term of the advance shall be extended by two (2) years to provide for the waiver described in subsection (a) even though it may make the repayment term for the advance longer than twenty (20) years.

SECTION 31. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2011]: IC 20-24-3-13; IC 20-24-3-15; IC 20-24-5-2; IC 20-24-5-3; IC 20-24-6-4; IC 20-24-6-9; IC 20-24-11-2; IC 20-24-11-3; IC 20-24-11-4.

SECTION 32. [EFFECTIVE JULY 1, 2011] **(a) Not later than January 1, 2012, an entity that operated under the virtual charter school pilot program under IC 20-24-7-13 before July 1, 2011, shall transfer its operating authority to the charter school board established by IC 20-24-2.1-1, as added by this act, unless the virtual charter school obtains another sponsor.**

(b) Notwithstanding IC 20-24-7-13, as amended by this act, a virtual charter school chosen by the department of education to operate during the 2010-2011 school year shall continue to operate until the virtual charter school transfers its operating authority to the Indiana charter school board or another sponsor.

(c) This SECTION expires January 1, 2013.

SECTION 33. An emergency is declared for this act.

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Speaker of the House of Representatives

President of the Senate

President Pro Tempore

Governor of the State of Indiana

Date: _____ Time: _____

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