

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7661
BILL NUMBER: HB 1860

DATE PREPARED: Mar 2, 1999
BILL AMENDED: Mar 1, 1999

SUBJECT: Education.

FISCAL ANALYST: Mark Goodpaster
PHONE NUMBER: 232-9852

FUNDS AFFECTED: **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill has the following provisions:

- (A) It provides that the governing body of a school corporation may establish an Indiana school quality and academic progress innovation program for one or more schools in the school corporation.
- (B) It establishes three grant programs for school corporations: (1) school improvement grants; (2) Baldrige Program pilot project grants; and (3) professional development match grants.
- (C) It provides for the establishment of public charter schools.
- (D) It sets forth the description, general powers, student and teacher matters, application requirements, application procedures, budgets and funding, operation and oversight, and charter revocation procedures for public charter schools.
- (E) It limits the number of charter schools that may be established. It establishes the Indiana school quality and best practices resource center as a public private partnership to provide expertise and training in school quality matters.
- (F) It repeals the Indiana school academic improvement law and the freeway schools law and makes conforming amendments.

Effective Date: July 1, 1999; June 30, 2000.

Explanation of State Expenditures: (Revised) As amended, this bill includes the following new programs. No appropriations for any of these programs are included in this bill.

School Improvement Grants - These grants would be given to school corporations which apply to the Department of Education with a school improvement plan that identifies each specific area of student or school performance that the school corporation targets for improvement; identifies each state educational goal, objective, or expectation in which the school corporations intends to improve; set defined benchmarks related to each state education goal objective or expectation and establish an evaluation method to assess improvement.

Baldrige Program Pilot Project Grant - The Baldrige Program criteria are designed to help schools improve their educational services through focus on the following dual, results oriented goals: delivery of constantly improving educational value to students, contributing to their overall development and well being and improvement of overall school effectiveness, use of resources and capabilities. These grants would be given to school corporations which submit to the State Board of Education a pilot project grant proposal that is approved in the same manner that a plan is approved under the School Improvement Grants program (see above). If more school corporations submit pilot project grant proposal than funds are available for pilot project grants, the board shall select grant recipients in a manner that results in pilot projects being conducted throughout the state by school corporations having a variety of enrollment sizes.

Professional Development Match Grant - This grant program is established to provide money to school corporations or accredited colleges or universities in Indiana to use as matching funds for participation in federal professional development grant programs. The State Board of Education, the Commission for Higher Education, the Professional Standards Board the Superintendent of Public Instruction and the Governor shall jointly review the proposals and recommend a number of school corporations or accredited colleges or universities in Indiana to receive grants, subject to the approval of the Budget Agency after review by the budget committee.

Indiana School Quality and Best Practices Resource Center - This corporation would provide information, research and training to public school faculties and school constituents throughout the state regarding standards, assessments, curriculum, instruction, parent and family involvement, community partnerships, and quality assurance models. The center may receive money from any source including state appropriations. The governor with the advice of the superintendent of public instruction shall designate a private nonprofit corporation as the Indiana school quality and best practices center. As amended, eleven members would be jointly appointed to the board of directors by the governor and the superintendent of public instruction.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) Provision C -- Charter Schools: This bill makes the following provisions for organizing and funding charter schools.

Establishing a Charter School: To initiate the process, the school board, the school employee association, and a qualified third party must enter into a joint application. An application for establishing a charter school must be in the form of a proposed agreement and include a mission statement, goals objectives and student performance standards to be achieved, a description of the school's educational plan. The governing body shall receive and review all applications, hold community meetings and vote on the acceptance of the charter at a public meeting. If the governing body votes against the proposal, the applicant may appeal the decision to the state board of education.

Fiscal Matters: Funding for a charter school consist of the allocation of federal state and local funds in the same proportion and under the same criteria that the federal state and local funding is provided for other public schools within the school corporation in which the charter school is located including the distribution of all categorical program funds. **Consequently, passage of this bill will not change the overall amount of funding generated by the current school funding formula.**

Limitations on Charter Schools: Not more than 10 charters may granted before January 1, 2001 and not more than 10 additional charters can be granted before January 1, 2002. Overall, not more than 60 charters may be granted in Indiana and at least 16 of these charters must be reserved for applications for charters that are

designed to increase the educational opportunities of at risk students.

Other Restrictions: As amended, charter schools may not duplicate either vocational cooperative programs with employers or any apprenticeship program if these programs are already established in a school corporation. In addition, a charter school is subject to the bidding and wage determination laws and all other statutes and rules that apply to the construction of a public school.

Renewal and Revocation: A charter may not be approved for more than a five year period. A charter seeking renewal must submit a progress report to the governing body. The governing body may either revoke or renew the charter depending upon its findings. If a charter is revoked, the holder of the charter may appeal the decision to the State Board of Education.

If charter schools are established and a significant shift in students to charter schools occurs, the school corporation may need to shift staff and operations from the noncharter schools to the charter schools.

Explanation of Local Revenues: Passage of this bill would not affect property tax levies or rates because the students enrolled in a charter school would still be included in the school corporation's ADM.

Charter schools and programs would be allowed to charge tuition only for pre-school or Latch Key programs (if the charter school or program provides these programs). In terms of local school property tax levies, there would be no fiscal impact.

State Agencies Affected: Department of Education, Professional Standards Board

Local Agencies Affected: School corporations

Information Sources: