

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

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 7126**

**BILL NUMBER: HB 1902**

**DATE PREPARED: Mar 2, 1999**

**BILL AMENDED: Mar 1, 1999**

**SUBJECT: Transfer Tuition.**

**FISCAL ANALYST: David Hoppmann**

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**FUNDS AFFECTED: X GENERAL  
DEDICATED  
FEDERAL**

**IMPACT: State & Local**

**Summary of Legislation:** (Amended) (1) This bill would allow a student who is placed in a state licensed private or public health care or child care facility by a parent or guardian, to attend school in the school corporation in which the facility is located (if the placement is projected by a physician for no less than fourteen consecutive calendar days or an aggregate of twenty calendar days). Current law requires the placement to be for at least four weeks.

It would allow a school corporation to enter into an agreement to pay transfer tuition to a nonprofit corporation that educates children who have been placed in a health care or child care facility under certain circumstances.

It would limit the amount of transfer tuition paid by a transferee school corporation to a health care or child care facility (as well as to other nonprofit corporations) to what it would receive under normal circumstances. It would limit the amount of transfer tuition paid by a transferor school corporation to what a transferee school corporation would receive under normal circumstances.

(2) It would require that an entity in Indiana such as a hospital, care facility, or foster home (entity) that accepts an out-of-state student for placement, be responsible for paying the student's transfer tuition to the Indiana school corporation that the student attends (currently, there exists no mechanism to collect transfer tuition from such students). It would require that the State Board of Education hear all appeals regarding this provision.

**Effective Date:** July 1, 1999.

**Explanation of State Expenditures:** (Revised) (1 & 2) The Department of Education could experience a minimal increase in administrative time fulfilling the requirements of this bill. However, it would not likely incur additional cost outside of its current operating budget.

(2) The State could experience a cost savings in tuition support paid for out-of-state students (being served by an entity in Indiana) that are counted in a school corporation's Average Daily Membership (ADM) for the purposes of the School Funding Formula. Figures are currently indeterminable, however, it is estimated that an annual number of approximately 200 out-of-state transfer students attend entities in Indiana, and are educated by a school corporation in Indiana.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** (Revised) (1) Under current law, a student who is placed in a state licensed private or public health care or child care facility (by a parent or guardian) may attend school in the school corporation in which the facility is located (if the placement is for no less than four weeks). This bill would change the minimum requirement of placement from four weeks to fourteen consecutive calendar days or an aggregate of twenty calendar days, and would require that the placement be recommended by a physician (under current law, such a placement does not require a physician's recommendation).

Under current law, certain not-for-profit corporations which educate children are allowed to receive transfer tuition from school corporations in order to provide a student with an individualized education program. This bill would allow state licensed private or public health care and child care facilities to receive school corporation transfer tuition.

In accordance with the provisions of this bill, transferor and transferee school corporations would be responsible for payment of transfer tuition to state licensed private or public health care facilities providing students with individualized education programs. The amount of transfer tuition paid to a health care or child care facility by a transferee school corporation would be limited to what it would receive under normal circumstances. The amount of transfer tuition paid by a transferor school corporation would be limited to what a transferee school corporation would receive under normal circumstances.

Under current law, transferor school corporations are responsible for the following funding items when paying for a student sent to a transferee school corporation: 1) Primetime; 2) Tuition Support; 3) Enrollment Growth; 4) At-Risk; 5) Vocational Education; 6) Special Education; 7) Prior Year General Fund Auto and Bank Excise Tax; 8) General Fund Levy; and 9) Academic Honors Diploma Awards. They are also responsible for certain operating costs as well as for County Adjusted Gross Income Tax (CAGIT) used for property tax replacement.

For 1999, the statewide average cost to educate a student (including items 1-9 above) was approximately \$4,975 with a range from \$4,337 to \$6,948. Accurate school corporation transfer tuition operating cost figures are currently indeterminable.

This bill could result in additional administrative duties at the local school corporation level regarding the tracking and payment of student transfers. The amount of transfer tuition payed, as a result of this bill, could vary significantly from school corporation to school corporation, and would depend upon the number of students falling within the criteria of this bill.

(2) This bill would allow school corporations to collect a student's transfer tuition from an entity that accepts an out-of-state student for placement.

**Explanation of Local Revenues:** See Explanation of Local Expenditures.

**State Agencies Affected:** Department of Education, State Board of Education, State Budget Agency, and Commission for Higher Education.

**Local Agencies Affected:** School Corporations.

**Information Sources:** Patty Bond, Department of Education, 317/232-0840; Kevin McDowell, Department of Education, 317/232-6647.