SENATE BILL No. 51

DIGEST OF INTRODUCED BILL

Citations Affected: IC 20-2; IC 20-3.1-15-1; IC 20-5; IC 20-8.1; IC 20-10.1; IC 21-2; IC 21-3-1.7.

Synopsis: Subsidy of textbook cost. Abolishes the textbook rental program for public school students. Expands the definition of textbook to include a variety of materials used in the instruction of students. Requires school corporations to establish a textbook fund and to appropriate money from the fund to purchase all needed textbooks for loan without charge to students of the corporation. Provides an annual state textbook grant in the amount of $85 multiplied by the average daily membership (ADM) of a school corporation and requires the deposit of grant funds in the textbook account. Makes transitional provisions.

Effective: July 1, 2002.

Blade, Smith, Young R, Lanane

January 8, 2001, read first time and referred to Committee on Education.

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Introduced

First Regular Session 112th General Assembly (2001)

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 2000 General Assembly.

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SENATE BILL No. 51

A BILL FOR AN ACT to amend the Indiana Code concerning education finance.

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

SECTION 1. IC 20-2-9-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 6. (a) Where a school lunch fund ~~or a textbook rental fund~~ is created under section 4 ~~or section 5~~ of this chapter, the receipts and expenditures for ~~each~~ **the** program shall be made to and from the ~~proper~~ **school lunch** fund without appropriation or the application of other laws relating to the budgets of local government units.

(b) Where ~~either or both programs~~ **the program** under section 4 ~~and section 5~~ of this chapter ~~are~~ **is** handled through the extracurricular account, the township trustee shall approve the amount of the bond of the treasurer of the extracurricular account in an amount ~~he~~ **the township trustee** considers protects the account for all funds coming into the hands of that treasurer.

SECTION 2. IC 20-3.1-15-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. To provide the board with the necessary flexibility and resources to carry out this article, the following apply:

(1) The board may eliminate or modify existing policies and create new policies, and alter policies from time to time, subject to this article and the plan developed under IC 20-3.1-7.

(2) IC 20-7.5 does not apply to matters set forth in this article. The matters set forth in this article may not be the subject of collective bargaining or discussion under IC 20-7.5.

(3) An exclusive representative certified under IC 20-7.5 to represent certified employees of the school city, or any other entity voluntarily recognized by the board as a representative of employees providing educational services in the schools, may bargain collectively only concerning salary, wages, and salary and wage related fringe benefits. The exclusive representative may not bargain collectively or discuss performance awards under IC 20-3.1-12.

(4) The board of school commissioners may waive the following statutes and rules for any school in the school city without the need for administrative, regulatory, or legislative approval:

(A) The following rules concerning curriculum and instructional time:

511 IAC 6.1-3-4
511 IAC 6.1-5-0.5
511 IAC 6.1-5-1
511 IAC 6.1-5-2.5
511 IAC 6.1-5-3.5
511 IAC 6.1-5-4

(B) The following rules concerning pupil/teacher ratios:

511 IAC 6-2-1(b)(2)
511 IAC 6.1-4-1

(C) The following statutes and rules concerning textbooks, and rules adopted under the statutes:

IC 20-10.1-9-1
IC 20-10.1-9-18
IC 20-10.1-9-21
~~IC 20-10.1-9-23~~
IC 20-10.1-9-27
IC 20-10.1-10-1
IC 20-10.1-10-2
511 IAC 6.1-5-5

(D) The following rules concerning school principals:

511 IAC 6-2-1(c)(4)
511 IAC 6.1-4-2

(E) 511 IAC 2-2, concerning school construction and

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remodeling.

(5) Notwithstanding any other law, a school city may do the following:

(A) Lease school transportation equipment to others for nonschool use when the equipment is not in use for a school city purpose.

(B) Establish a professional development and technology fund to be used for:

(i) professional development; or

(ii) technology, including video distance learning.

(C) Transfer funds obtained from sources other than state or local government taxation among any account of the school corporation, including a professional development and technology fund established under clause (B).

(6) Transfer funds obtained from property taxation among the general fund (established under IC 21-2-11) and the school transportation fund (established under IC 21-2-11.5), subject to the following:

(A) The sum of the property tax rates for the general fund and the school transportation fund after a transfer occurs under this subdivision may not exceed the sum of the property tax rates for the general fund and the school transportation fund before a transfer occurs under this clause.

(B) This clause does not allow a school corporation to transfer to any other fund money from the debt service fund (established under IC 21-2-4).

SECTION 3. IC 20-5-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. In carrying out the school purposes of each school corporation, its governing body acting on its behalf shall have the following specific powers:

(1) In the name of the school corporation, to sue and be sued and to enter into contracts in matters permitted by applicable law.

(2) To take charge of, manage, and conduct the educational affairs of the school corporation and to establish, locate, and provide the necessary schools, school libraries, other libraries where permitted by law, other buildings, facilities, property, and equipment therefor.

(2.5) To appropriate from the general fund an amount, not to exceed the greater of three thousand dollars ($3,000) per budget year or one dollar ($1) per pupil, not to exceed twelve thousand five hundred dollars ($12,500), based upon the school corporation's previous year's average daily membership (as

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defined in IC 21-3-1.6-1.1) for the purpose of promoting the best interests of the school corporation by:

(A) the purchase of meals, decorations, memorabilia, or awards;

(B) provision for expenses incurred in interviewing job applicants; or

(C) developing relations with other governmental units.

(3) To acquire, construct, erect, maintain, hold, and to contract for such construction, erection, or maintenance of such real estate, real estate improvements, or any interest in either, as the governing body deems necessary for school purposes, including but not limited to buildings, parts of buildings, additions to buildings, rooms, gymnasiums, auditoriums, playgrounds, playing and athletic fields, facilities for physical training, buildings for administrative, office, warehouse, repair activities, or housing of school owned buses, landscaping, walks, drives, parking areas, roadways, easements and facilities for power, sewer, water, roadway, access, storm and surface water, drinking water, gas, electricity, other utilities and similar purposes, by purchase, either outright for cash (or under conditional sales or purchases money contracts providing for a retention of a security interest by seller until payment is made or by notes where such contract, security retention, or note is permitted by applicable law), by exchange, by gift, by devise, by eminent domain, by lease with or without option to purchase, or by lease under IC 21-5-10, IC 21-5-11, or IC 21-5-12. To repair, remodel, remove, or demolish any such real estate, real estate improvements, or interest in either, as the governing body deems necessary for school purposes, and to contract therefor. To provide for energy conservation measures through utility energy efficiency programs or under a guaranteed energy savings contract as described in IC 36-1-12.5.

(4) To acquire such personal property or any interest therein as the governing body deems necessary for school purposes, including but not limited to buses, motor vehicles, equipment, apparatus, appliances, books, furniture, and supplies, either by outright purchase for cash, or under conditional sales or purchase money contracts providing for a security interest by the seller until payment is made or by notes where such contract, security, retention, or note is permitted by applicable law, by gift, by devise, by loan, or by lease with or without option to purchase and to repair, remodel, remove, relocate, and demolish such personal property. All purchases and contracts delineated under the powers

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given under subdivision (3) and this subdivision shall be subject solely to applicable law relating to purchases and contracting by municipal corporations in general and to the supervisory control of agencies of the state as provided in section 3 of this chapter.

(5) To sell or exchange any of such real or personal property or interest therein, which in the opinion of the governing body is not necessary for school purposes, in accordance with IC 20-5-5, to demolish or otherwise dispose of such property if, in the opinion of the governing body, it is not necessary for school purposes and is worthless, and to pay the expenses for such demolition or disposition.

(6) To lease any school property for a rental which the governing body deems reasonable or to permit the free use of school property for:

(A) civic or public purposes; or

(B) the operation of a school age child care program for children aged five (5) through fourteen (14) years that operates before or after the school day, or both, and during periods when school is not in session;

if the property is not needed for school purposes. Under this subdivision, the governing body may enter into a long term lease with a nonprofit corporation, community service organization, or other governmental entity, if the corporation, organization, or other governmental entity will use the property to be leased for civic or public purposes or for a school age child care program. However, if the property subject to a long term lease is being paid for from money in the school corporation's debt service fund, then all proceeds from the long term lease shall be deposited in that school corporation's debt service fund so long as the property has not been paid for. The governing body may, at its option, use the procedure specified in IC 36-1-11-10 in leasing property under this subdivision.

(7) To employ, contract for, and discharge superintendents, supervisors, principals, teachers, librarians, athletic coaches (whether or not they are otherwise employed by the school corporation and whether or not they are licensed under IC 20-6.1-3), business managers, superintendents of buildings and grounds, janitors, engineers, architects, physicians, dentists, nurses, accountants, teacher aides performing noninstructional duties, educational and other professional consultants, data processing and computer service for school purposes, including but not limited to the making of schedules, the keeping and

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analyzing of grades and other student data, the keeping and preparing of warrants, payroll, and similar data where approved by the state board of accounts as provided below, and such other personnel or services, all as the governing body considers necessary for school purposes. To fix and pay the salaries and compensation of such persons and such services. To classify such persons or services and to adopt schedules of salaries or compensation. To determine the number of such persons or the amount of services thus employed or contracted for. To determine the nature and extent of their duties. The compensation, terms of employment, and discharge of teachers shall, however, be subject to and governed by the laws relating to employment, contracting, compensation, and discharge of teachers. The compensation, terms of employment, and discharge of bus drivers shall be subject to and shall be governed by any laws relating to employment, contracting, compensation, and discharge of bus drivers. The forms and procedures relating to the use of computer and data processing equipment in handling the financial affairs of such school corporation shall be submitted to the state board of accounts for approval to the end that such services shall be used by the school corporation when the governing body determines that it is in the best interests of the school corporation while at the same time providing reasonable accountability for the funds expended.

(8) Notwithstanding the appropriation limitation in subdivision (2.5), when the governing body by resolution deems a trip by an employee of the school corporation or by a member of the governing body to be in the interest of the school corporation, including but not limited to attending meetings, conferences, or examining equipment, buildings, and installation in other areas, to permit such employee to be absent in connection with such trip without any loss in pay and to refund to such employee or to such member ~~his~~ **the** reasonable hotel and board bills and necessary transportation expenses. To pay teaching personnel for time spent in sponsoring and working with school related trips or activities.

(9) To transport children to and from school, when in the opinion of the governing body such transportation is necessary, including but not limited to considerations for the safety of such children and without regard to the distance they live from the school, such transportation to be otherwise in accordance with the laws applicable thereto.

(10) To provide a lunch program for a part or all of the students

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attending the schools of the school corporation, including but not limited to the establishment of kitchens, kitchen facilities, kitchen equipment, lunch rooms, the hiring of the necessary personnel to operate such program, and the purchase of any material and supplies therefor, charging students for the operational costs of such lunch program, fixing the price per meal or per food item. To operate such lunch program as an extracurricular activity, subject to the supervision of the governing body. To participate in any surplus commodity or lunch aid program.

(11) To purchase textbooks ~~to~~ **and** furnish them without cost ~~or to rent them~~ to students ~~to participate in any textbook aid program, all in accordance with applicable law.~~ **under IC 20-10.1-11-11.**

(12) To accept students transferred from other school corporations and to transfer students to other school corporations in accordance with applicable law.

(13) To levy taxes, to make budgets, to appropriate funds, and to disburse the money of the school corporation in accordance with the laws applicable thereto. To borrow money against current tax collections and otherwise to borrow money, in accordance with IC 20-5-4.

(14) To purchase insurance or to establish and maintain a program of self-insurance relating to the liability of the school corporation or its employees in connection with motor vehicles or property and for any additional coverage to the extent permitted and in accordance with IC 34-13-3-20. To purchase additional insurance or to establish and maintain a program of self-insurance protecting the school corporation and members of the governing body, employees, contractors, or agents of the school corporation from any liability, risk, accident, or loss related to any school property, school contract, school or school related activity, including but not limited to the purchase of insurance or the establishment and maintenance of a self-insurance program protecting such persons against false imprisonment, false arrest, libel, or slander for acts committed in the course of their employment, protecting the school corporation for fire and extended coverage and other casualty risks to the extent of replacement cost, loss of use, and other insurable risks relating to any property owned, leased, or held by the school corporation. To purchase insurance or to establish and maintain a program of self-insurance to benefit school corporation employees, which may include accident, sickness, health, or dental coverage,

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provided that any plan of self-insurance shall include an aggregate stop-loss provision.

(15) To make all applications, to enter into all contracts, and to sign all documents necessary for the receipt of aid, money, or property from the state government, the federal government, or from any other source.

(16) To defend any member of the governing body or any employee of the school corporation in any suit arising out of the performance of ~~his~~ **the individual's** duties for or employment with, the school corporation, provided the governing body by resolution determined that such action was taken in good faith. To save any such member or employee harmless from any liability, cost, or damage in connection therewith, including but not limited to the payment of any legal fees, except where such liability, cost, or damage is predicated on or arises out of the bad faith of such member or employee, or is a claim or judgment based on his malfeasance in office or employment.

(17) To prepare, make, enforce, amend, or repeal rules, regulations, and procedures for the government and management of the schools, property, facilities, and activities of the school corporation, its agents, employees, and pupils and for the operation of its governing body, which rules, regulations, and procedures may be designated by any appropriate title such as "policy handbook", "bylaws", or "rules and regulations".

(18) To ratify and approve any action taken by any member of the governing body, any officer of the governing body, or by any employee of the school corporation after such action is taken, if such action could have been approved in advance, and in connection therewith to pay any expense or compensation permitted under IC 20-5-1 through IC 20-5-6 or any other law.

(19) To exercise any other power and make any expenditure in carrying out its general powers and purposes provided in this chapter or in carrying out the powers delineated in this section which is reasonable from a business or educational standpoint in carrying out school purposes of the school corporation, including but not limited to the acquisition of property or the employment or contracting for services, even though such power or expenditure shall not be specifically set out herein. The specific powers set out in this section shall not be construed to limit the general grant of powers provided in this chapter except where a limitation is set out in IC 20-5-1 through IC 20-5-6 by specific language or by reference to other law.

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SECTION 4. IC 20-5-6-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 6. ~~(1)~~ **(a)** Where a school lunch fund ~~and a textbook rental fund are~~ **is** created in accordance with section 4 ~~or 5~~ of this chapter, the receipts and expenditures therefrom for the program ~~to which each relates~~ shall be made to and from such fund without appropriation or the application of other statutes and rules relating to the budgets of municipal corporations.

~~(2)~~ **(b)** Where ~~either~~ the lunch program ~~or textbook rental program are~~ **is** handled through the extracurricular account, the governing body of the school corporation shall approve the amount of the bond of the treasurer of the extracurricular account in an amount deemed by it sufficient to protect the account for all funds coming into the hands of the treasurer of such account.

SECTION 5. IC 20-5-62-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 5. Notwithstanding any other law, the operation of the following is suspended for a freeway school corporation or a freeway school if the governing body of the school corporation elects to have the specific statute or rule suspended in the contract:

(1) The following statutes and rules concerning curriculum and instructional time:

IC 20-10.1-2-2
IC 20-10.1-4-6
IC 20-10.1-4-7
IC 20-10.1-4-9.1
511 IAC 6-7-6
511 IAC 6.1-3-4
511 IAC 6.1-5-0.5
511 IAC 6.1-5-1
511 IAC 6.1-5-2.5
511 IAC 6.1-5-3.5
511 IAC 6.1-5-4

(2) The following rules concerning pupil/teacher ratios:

511 IAC 6-2-1(b)(2)
511 IAC 6.1-4-1

(3) The following statutes and rules concerning textbooks:

IC 20-10.1-9-1
IC 20-10.1-9-18
IC 20-10.1-9-21
~~IC 20-10.1-9-23~~
IC 20-10.1-9-27
IC 20-10.1-10-1

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IC 20-10.1-10-2
511 IAC 6.1-5-5

(4) 511 IAC 6-7, concerning graduation requirements.

(5) 511 IAC 6-2-1(c)(4), concerning pupil/principal ratios.

(6) 511 IAC 2-2, concerning school construction and remodeling.

(7) IC 20-1-1.2, concerning the performance-based accreditation system.

(8) IC 20-10.1-16, concerning the ISTEP program established under IC 20-10.1-16-8, if an alternative locally adopted norm and criterion referenced assessment program is adopted under section 6(7) of this chapter.

SECTION 6. IC 20-8.1-1-19 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 19. As used in this article, "textbook" has the meaning set forth in IC 20-10.1-1-12.5.**

SECTION 7. IC 20-8.1-9-9.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 9.5. (a) If a parent of a child or an emancipated minor who is enrolled in an accredited nonpublic school meets the financial eligibility standard under section 2 of this chapter, the parent or the emancipated minor may receive a reimbursement from the department ~~as provided in this chapter~~ for the costs or some of the costs incurred by the parent or emancipated minor in fees that are ~~reimbursable under section 9 of this chapter. The extent to which the fees are reimbursable under this section may not exceed the percentage rates of reimbursement under section 9 of this chapter.~~ **described in subsection (g).** In addition, if a child enrolls in an accredited nonpublic school after the initial request for reimbursement is filed under subsection ~~(b),~~ **(f),** the parent of the child or the emancipated minor who meets the financial eligibility standard **under section 2 of this chapter** may receive a reimbursement from the department for the costs or some of the costs incurred in fees that are ~~reimbursable under section 9 of this chapter~~ **described in subsection (g)** by applying to the accredited nonpublic school for assistance. In this case, the provisions of this section apply, except that section 9.6 of this chapter applies to the making of the supplemental request for reimbursement by the principal or other designee of the accredited nonpublic school.

(b) The department shall provide each accredited nonpublic school with sufficient application forms for assistance, prescribed by the state board of accounts.

(c) Each accredited nonpublic school shall provide the parents or emancipated minors who wish to apply for assistance with:

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(1) the appropriate application forms; and

(2) any assistance needed in completing the application form.

(d) The parent or emancipated minor shall submit the application to the accredited nonpublic school. The accredited nonpublic school shall make a determination of financial eligibility subject to appeal by the parent or emancipated minor.

(e) If a determination is made that the applicant is eligible for assistance, subsection (a) applies.

(f) In order to be guaranteed some level of reimbursement from the department, the principal or other designee shall submit the reimbursement request before November 1 of a school year.

(g) In its request, the principal or other designee shall certify to the department:

(1) the number of students who are enrolled in that accredited nonpublic school and who are eligible for assistance under this chapter;

(2) the costs incurred in providing:

(A) textbooks (including textbooks used in special education and gifted and talented classes); and

(B) workbooks and consumable textbooks (including workbooks, consumable textbooks, and other consumable teaching materials that are used in special education and gifted and talented classes) that are used by students for ~~no~~ **not** more than one (1) school year;

(3) that each textbook described in subdivision (2)(A) and included in the reimbursement request (except those textbooks used in special education classes and gifted and talented classes) has been adopted by the **Indiana** state board of education under IC 20-10.1-9-1 or has been waived by the **Indiana** state board of education under IC 20-10.1-9-27;

(4) that the amount of reimbursement requested for each textbook under subdivision (3) does not exceed twenty percent (20%) of the costs incurred for the textbook, as provided in the textbook adoption list in each year of the adoption cycle;

(5) that the amount of reimbursement requested for each workbook or consumable textbook (or other consumable teaching material used in special education and gifted and talented classes) under subdivision (2)(B), if applicable, does not exceed one hundred percent (100%) of the costs incurred for the workbook or consumable textbook (or other consumable teaching material used in special education and gifted and talented classes);

(6) that the amount of reimbursement requested for each textbook

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used in special education and gifted and talented classes is amortized for the number of years in which the textbook is used; and

(7) any other information required by the department, including copies of purchase orders used to acquire consumable teaching materials used in special education and gifted and talented classes.

(h) If the amount of reimbursement requested before November 1 of a particular school year exceeds the amount of money appropriated to the department for this purpose, the department shall proportionately reduce the amount of reimbursement to each accredited nonpublic school. An accredited nonpublic school may submit a supplemental reimbursement request under section 9.6 of this chapter. The parent or emancipated minor is entitled to receive a supplemental reimbursement only if there are funds available. The department shall proportionately reduce the amount of supplemental reimbursement to the accredited nonpublic schools if the amount requested exceeds the amount of money available to the department for this purpose.

(i) The accredited nonpublic school shall distribute the money received under this chapter to the appropriate eligible parents or emancipated minors.

(j) ~~IC 20-8.1-9-9(h) applies to parents or emancipated minors as described in this section.~~ **Parents receiving other governmental assistance or aid that considers educational needs in computing the entire amount of assistance granted may not be denied assistance if the applicant's total family income does not exceed the standards established by this chapter.**

(k) The accredited nonpublic school and the department shall maintain complete and accurate information concerning the number of applicants determined to be eligible for assistance under this section.

(l) The state board of education shall adopt rules under IC 4-22-2 to implement this section.

SECTION 8. IC 20-8.1-9-9.6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 9.6. (a) The principal or other designee of an accredited nonpublic school may make a supplemental request for reimbursement from the department after April 1 but before May 1 of a school year for some or all of the additional costs incurred in fees that are ~~reimbursable under section 9~~ **described in section 9.5(g)** of this chapter by the parent of a child or emancipated minor who ~~enroll~~ **enrolls** in the accredited nonpublic school after the initial request for reimbursement is filed under section 9.5(f) of this chapter.

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(b) In its supplemental request, the principal or other designee must certify to the department the following:

(1) The number of additional students who enrolled in the accredited nonpublic school as described in subsection (a).

(2) The costs incurred in providing the materials described in section 9.5(g)(2) of this chapter pertaining to the number of additional students.

(3) The same information as described in section 9.5(g)(3) through 9.5(g)(7) of this chapter as pertaining to the number of additional students.

(c) This section applies only if there are funds available. These supplemental distributions shall be made by the department in accordance with section 9.5(h) of this chapter.

SECTION 9. IC 20-8.1-9-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 11. Under extraordinary circumstances, the township trustee may pay ~~for~~ the **fees for supplies or other required class** fees ~~enumerated in section 3 of this chapter~~ for individuals who ~~do not otherwise qualify under the financial eligibility standard established in this chapter.~~ **are enrolled in a school corporation.** Assistance in such cases may be provided by the township trustee under IC 12-20.

SECTION 10. IC 20-8.1-9-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 14. (a) The school textbook reimbursement contingency fund is established for the purpose of reimbursing ~~school corporations (or certain~~ eligible parents of children who attend accredited nonpublic schools or emancipated minors who attend accredited nonpublic schools ~~as provided in section 9.5 of this chapter)~~ for assistance ~~provided~~ under this chapter. The fund consists of money appropriated to the fund by the general assembly. The state superintendent of public instruction shall administer the fund.

(b) 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.

SECTION 11. IC 20-10.1-1-12.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 12.5. As used in this article, the term "textbook" means systematically organized material, designed to provide a specific level of instruction in a subject matter category. **The term includes the following:**

(1) Instructional materials that are used by students for more than one (1) year, including materials used in special education and gifted and talented classes.

(2) Workbooks and consumable instructional materials that

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are used by students for not more than one (1) school year, including workbooks, consumable textbooks, and other consumable instructional materials that are used in special education and gifted and talented classes.

(3) Developmentally appropriate materials used:

(A) for instruction in kindergarten through grade 3, laboratories, and children's literature programs; and

(B) instead of items described in subdivisions (1) through (2).

SECTION 12. IC 20-10.1-9-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 19. ~~Time Basis Purchase.~~ When a school corporation purchases textbooks on a time basis, the schedule for payments shall coincide with ~~pupil payments~~ **reimbursement under IC 21-3-1.7-9.9** to the school corporation for ~~textbook rental~~ **textbooks** and the schedule shall not require the school corporation to assume a greater burden than payment of twenty-five percent (25%) within thirty (30) days after the beginning of the school year immediately following delivery by the contracting publisher with the school corporation's promissory note evidencing the unpaid balance.

SECTION 13. IC 20-10.1-9-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 20. Each school corporation may borrow money to buy textbooks and may issue notes, maturing serially in not more than six (6) years and payable from its ~~general~~ **textbook** fund, to secure the loan. However, when an adoption is made by the state board of education for less than six (6) years, the period of time for which the notes may be issued is limited to the period of time for which that adoption is effective. Notwithstanding other provisions of this section, a school township may not borrow money to purchase textbooks unless a petition requesting such an action and bearing the signatures of twenty-five percent (25%) of the resident taxpayers of the school township has been presented to and approved by the township trustee and township board.

SECTION 14. IC 20-10.1-10-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. (a) Except as provided in ~~subsections~~ **subsection** (b) ~~and (c)~~ and all laws to the contrary notwithstanding, each governing body shall purchase from a contracting publisher, at the net contract price or at any subsequent lower price, the textbooks adopted by the Indiana state board of education and selected by the proper local officials ~~and shall rent these textbooks to each student enrolled in any public school which is in compliance with the minimum certification standards of the Indiana~~

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~~state board of education and is located within the attendance unit served by the governing body.~~

~~(b) This section does not prohibit the purchase of these textbooks at the option of any student. or the providing of free textbooks by the governing body under IC 20-10.1-11.~~

~~(c)~~ **to carry out IC 20-10.1-11.**

(b) This section does not prohibit a governing body from suspending the operation of this section under a contract entered into under IC 20-5-62.

SECTION 15. IC 20-10.1-10-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) Each governing body may purchase from a contracting publisher, at the net contract price or at any subsequent lower price, any textbook adopted by the state board of education and selected by the proper local officials ~~and may rent these~~ **to carry out IC 20-10.1-11.**

(b) In addition to the purchases described in subsection (a), the school corporation may purchase sufficient textbooks to rent textbooks to students enrolled in any ~~public or~~ nonpublic school ~~which~~ **that** is in compliance with the minimum certification standards of the **Indiana** state board of education and is located within the attendance unit served by the governing body. ~~at an~~ **The** annual rental ~~not to~~ **may not** exceed twenty-five percent (25%) of the retail price of the textbooks.

~~(b)~~ **(c)** However, the governing body may not assess a rental fee **to a nonpublic school** of more than fifteen percent (15%) of the retail price of a textbook that has been:

(1) adopted for usage by students under IC 20-10.1-9;

(2) extended for usage by students under IC 20-10.1-9-1(b); and

(3) paid for through ~~rental fees~~ previously collected **textbook grants under IC 21-3-1.7-9.9.**

~~(c)~~ **(d)** This section does not limit any other laws but is supplementary.

SECTION 16. IC 20-10.1-11-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. ~~Each section of this chapter applies to both elementary school libraries and high school libraries that contain free textbooks. These textbooks must be adopted by the state board of education and selected by the proper local officials. For the purposes of~~ **As used in** this chapter, "resident student" means a student enrolled in any of the grades in any school located in the school corporation, whether actually resident there or transferred there for school purposes, as provided by law.

SECTION 17. IC 20-10.1-11-8 IS AMENDED TO READ AS

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FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 8. ~~Duty of School Corporation. If a petition is filed under IC 1971, 20-10.1-11-6 and is sufficient,~~ The governing body ~~shall make an entry on the records~~ of ~~the~~ **a** school corporation ~~noting that by the filing of the petition the school corporation~~ shall ~~obligate itself to~~ maintain:

(1) an elementary school library containing textbooks in sufficient numbers to meet the needs of every resident student in each of the first eight (8) grades of each elementary school located within the school corporation; ~~or, if appropriate, to maintain~~ **and**

(2) a high school library containing textbooks in sufficient numbers to meet the needs of every resident student in each of the four (4) grades of each high school located within the school corporation.

SECTION 18. IC 20-10.1-11-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 10. (a) Each governing body shall ~~make requisition for the necessary textbooks for the students from the contracting publishers approved by the state board of education. The contracting publisher shall ship the books, within ninety (90) days, directly to these officials. On receipt of the books, each school corporation shall have charge and custody of all books consigned to it, receipting to the contracting publisher for them, and each governing body shall reimburse the contracting publisher the amount owed by the school corporation for these books~~ **appropriate the money necessary to purchase textbooks for an elementary school library or a high school library** from its ~~general~~ **textbook** fund.

(b) Each governing body shall purchase with its ~~general~~ **textbook** fund ~~money~~ any current textbooks, from a resident student who presents them for sale on or before the beginning of the school term in which the books are to be used, at a price based on the original price to the corporation less a reasonable reduction for damage from usage.

~~(c) The proper school authorities shall likewise purchase any stock of books which are to be used during any school year from any dealer whose business is located in the county in which the school corporation is located, and who was authorized by law to sell these books before March 1, 1935, at not to exceed the price paid by the dealer to the contracting publisher from whom these books were purchased.~~

SECTION 19. IC 20-10.1-11-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 11. ~~Availability of Free Textbooks. Upon receipt of the books,~~ Each governing body shall loan ~~them,~~ **all textbooks used by the school corporation,** free of charge, to each resident student. These library textbooks are available to each

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resident student under regulations as provided in this chapter and as may be prescribed by each superintendent and governing body.

SECTION 20. IC 20-10.1-11-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 13. ~~Sale of Books.~~ Each governing body may provide a sufficient number of ~~these books~~ **textbooks** for sale to resident students who may purchase them at the price stipulated in the contracts under which the books are supplied to each school corporation. These funds **from sales to students** must be paid into the ~~general~~ **textbook** fund.

SECTION 21. IC 21-2-1-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3. (a) The trustee, with the advice and consent of the township board, shall use such "seminary lands school account" for the following educational purposes:

(1) Each year the trustee shall pay to the ~~parent or legal guardian of~~ **school corporation where** any child, whose residence is within said township, ~~initial~~ **is enrolled an amount equal to twenty-five percent (25%) of the** cost for the ~~rental of~~ textbooks ~~used in any elementary or secondary school which~~ **distributed under IC 20-10.1-11 to the student in the school year beginning in the calendar year of the distribution under this section if the school corporation** has been ~~duly~~ accredited by the state of Indiana. ~~Such reimbursement for the rental of school books shall be for the initial yearly rental charge only; and~~ Books subsequently lost or destroyed shall not be paid for from this account.

(2) Students who are residents of said township for the last two (2) years of their secondary education and who still reside within said township shall receive financial assistance in an amount not to exceed an amount determined by the trustee and the township board during an annual review of higher education fees and tuition costs of post-high school education at any accredited college, university, junior college, or vocational or trade school. Amounts to be paid to each eligible student shall be set annually following this review. The amount so paid each year shall be equitable for every eligible student without regard to race, religion, creed, sex, disability, or national origin and must be based on the number of students and the amount of funds available each year.

(3) A person who has been a permanent resident of the township continuously for at least two (2) years and who needs educational assistance for job training or retraining may apply to the trustee of the township for financial assistance. The trustee and the

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township board shall review each application and make assistance available according to the need of each applicant and the availability of funds.

(4) If all the available funds are not used in any one (1) year, said unused funds shall be retained in said account by the trustee for use in succeeding years.

(b) The bond required by law for the trustee shall be increased by an amount equal to the sum of the seminary township school fund and the average annual rental income from said seminary lands.

(c) All funds and accounts provided in this chapter and the accumulation thereof shall be periodically audited and examined in the same manner provided by law for public money.

(d) All expenditures and payments made under this chapter shall be made only after necessary expenditures for the protection and maintenance of the seminary land in good and safe condition are first made from the annual rental income.

SECTION 22. IC 21-2-11-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 5. Any self-supporting programs maintained by any school corporation, including but not limited to school lunch, ~~and rental or sale of textbooks,~~ may be established as separate funds, separate and apart from the general fund, if no local tax rate is established therefor.

SECTION 23. IC 21-2-19 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]:

Chapter 19. Textbook Fund

Sec. 1. As used in this chapter, "textbook" has the meaning set forth in IC 20-10.1-1-12.5.

Sec. 2. A school corporation shall establish a textbook fund.

Sec. 3. Money in the fund may be used only for the following purposes:

(1) Repaying interest and principal on loans obtained under IC 20-10.1-9-20 to purchase textbooks.

(2) Purchasing, repairing, or storing textbooks distributed to students under IC 20-10.1-11.

Sec. 4. A school corporation shall deposit distributions under IC 21-3-1.7-9.9 in the textbook fund.

Sec. 5. Money in the fund at the end of a school year does not revert to the school general fund.

SECTION 24. IC 21-3-1.7-3.1, AS AMENDED BY P.L.3-2000, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3.1. (a) As used in this chapter, "previous year

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revenue" for calculations with respect to a school corporation equals:

(1) the school corporation's tuition support for regular programs, including basic tuition support, and excluding:

(A) special education grants;

(B) vocational education grants;

(C) at-risk programs;

(D) the enrollment adjustment grant;

(E) for 1999 and thereafter, the academic honors diploma award; ~~and~~

(F) for 2001 and thereafter, the primetime distribution; **and**

(G) for 2002 and thereafter, the textbook grant;

for the year that precedes the current year; plus

(2) the school corporation's tuition support levy for the year that precedes the current year before the reductions required under section 5(1), 5(2), and 5(3) of this chapter; plus

(3) the school corporation's excise tax revenue for the year that precedes the current year by two (2) years; minus

(4) an amount equal to the reduction in the school corporation's tuition support under subsection (b) or IC 20-10.1-2-1, or both.

(b) A school corporation's previous year revenue shall be reduced if:

(1) the school corporation's state tuition support for special or vocational education was reduced as a result of a complaint being filed with the department of education after December 31, 1988, because the school program overstated the number of children enrolled in special or vocational education programs; and

(2) the school corporation's previous year revenue has not been reduced under this subsection more than one (1) time because of a given overstatement.

The amount of the reduction equals the amount the school corporation would have received in tuition support for special and vocational education because of the overstatement.

SECTION 25. IC 21-3-1.7-9.5, AS AMENDED BY P.L.93-2000, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 9.5. (a) In addition to the ~~distribution~~ **distributions** under sections 8, 9.7, ~~and~~ 9.8, **and 9.9** of this chapter, a school corporation is eligible for an enrollment adjustment grant if the school corporation's:

(1) current ADM minus the school corporation's previous year ADM is at least two hundred fifty (250); or

(2) current ADM divided by the school corporation's previous year ADM is at least one and five-hundredths (1.05).

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(b) The amount of the enrollment adjustment grant is the amount determined in STEP THREE of the following formula:

STEP ONE: Determine the school corporation's target revenue per ADM divided by three (3).

STEP TWO: Determine the result of the school corporation's current ADM minus the school corporation's previous year ADM.

STEP THREE: Multiply the STEP ONE result by the STEP TWO result.

(c) Notwithstanding any other provision, for purposes of computing the amount of a grant under this section, "ADM" does not include an eligible pupil who is described in IC 21-3-1.6-1.2(a).

SECTION 26. IC 21-3-1.7-9.7, AS AMENDED BY P.L.273-1999, SECTION 140, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 9.7. In addition to the distributions under sections 8, 9.5, ~~and~~ 9.8, **and 9.9** of this chapter for 1997 and thereafter, a school corporation is eligible for an amount for at-risk programs in the amount determined in STEP ~~SIX~~ **FIVE** of the following formula:

STEP ONE: Determine the greater of the following:

(A) The result determined under item (ii) of the following formula:

~~(I)~~ **(i)** Determine the result of the school corporation's at-risk index minus two-tenths (0.2).

(ii) Multiply the item ~~(I)~~ **(i)** result by seven-hundredths (0.07).

(B) Zero (0).

STEP TWO: Determine the greater of the following:

(A) The result determined under item (ii) of the following formula:

~~(I)~~ **(i)** Determine the result of the school corporation's at-risk index minus fifteen-hundredths (0.15).

(ii) Multiply the item ~~(I)~~ **(i)** result by eighteen-hundredths (0.18).

(B) Zero (0).

STEP THREE: Add the STEP ONE result and the STEP TWO result.

STEP FOUR: Multiply the STEP THREE sum by the school corporation's current ADM. Round the result to the nearest one-hundredth (0.01).

STEP FIVE: Multiply the STEP FOUR product by three thousand three hundred fifty-four dollars ($3,354) in 2000 and three thousand five hundred twenty-two dollars ($3,522) in 2001.

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SECTION 27. IC 21-3-1.7-9.9 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 9.9. (a) In addition to the distributions under sections 8, 9.5, 9.7, and 9.8 of this chapter for 2002, a school corporation is eligible for an amount for textbooks that is equal to the school corporation's current ADM multiplied by eighty-five dollars ($85).**

(b) The distribution received under this section shall be deposited in the school corporation's textbook fund and used only for the purposes specified in IC 21-2-19-3.

SECTION 28. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2002]: IC 20-2-9-5; IC 20-5-6-5; IC 20-8.1-9-3; IC 20-8.1-9-5; IC 20-8.1-9-9; IC 20-8.1-9-9.1; IC 20-10.1-9-23; IC 20-10.1-11-2; IC 20-10.1-11-3; IC 20-10.1-11-4; IC 20-10.1-11-5; IC 20-10.1-11-6; IC 20-10.1-11-7; IC 20-10.1-11-9.

SECTION 29. [EFFECTIVE JULY 1, 2002] **(a) A school corporation may not conduct a textbook rental program for a school year beginning after June 30, 2002.**

(b) On July 1, 2002, a school corporation shall transfer any unencumbered money in any fund or account used for textbook rental fees to the textbook fund established under IC 21-2-19, as added by this act. The money transferred under this SECTION may be used for any purpose for which other money in the textbook fund may be used.

(c) Notwithstanding IC 21-3-1.7-9.9, as added by this act, a school corporation is entitled in 2002 to only fifty percent (50%) of the amount of the textbook grant specified in IC 21-3-1.7-9.9, as added by this act, to be distributed in six (6) monthly installments.

(d) This SECTION expires January 1, 2005.

SECTION 30. [EFFECTIVE JULY 1, 2002] **(a) The state board of tax commissioners shall reduce the:**

(1) maximum permissible ad valorem property tax levy imposed by IC 6-1.1-18.5-3; and

(2) poor relief levy;

of each township to reflect the effect of the repeal of IC 20-8.1-9-3 by this act on the obligation of township trustees to pay school fees under IC 20-8.1-9-11, as amended by this act.

(b) The state board of tax commissioners shall reduce the:

(1) maximum permissible ad valorem property tax levy imposed by IC 6-1.1-19-1.5; and

(2) general fund property tax levy;

of each school corporation that operated an elementary school

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library or a high school library under IC 20-10.1-11 (as effective on June 30, 2002) to provide free textbooks to resident students before July 1, 2002, to reflect the transfer of textbook funding to the textbook fund established under IC 21-2-19, as added by this act.

(c) Any loan:

(1) obtained to purchase textbooks (as defined in IC 20-10.1-1-12.5, as amended by this act); and

(2) payable from a school general fund before July 1, 2002;

shall be paid from the school textbook fund after June 30, 2002.

(d) This SECTION expires January 1, 2005.

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