



February 7, 2003

SENATE BILL No. 501

DIGEST OF SB 501 (Updated February 6, 2003 9:24 AM - DI 103)

Citations Affected: IC 20-5.5; IC 21-3; noncode.

Synopsis: Charter school funding. Provides that the department of education (department) shall distribute tuition support and other state and federal funding to a charter school at the same time and in the same manner as it distributes funding to school corporations. Provides that the governing body of a school corporation shall distribute to a charter school a proportionate share of local support upon receipt by the school corporation of the semiannual distributions of property tax revenue. Provides that the department shall distribute tuition support and other state and federal funding for the first six months of operation of a charter school that increases in enrollment by 15%. Provides that a school corporation whose students attend a charter school is eligible for a reimbursement grant for the first calendar year after the year in which the charter school begins its initial operation. Includes the reimbursement grant amount in the tuition support cap. Limits the: (1) total distributions of state funding to a charter school; and (2) reimbursement grants to a school corporation whose students attend a charter school; to four million dollars for both fiscal year 2004 and fiscal year 2005.

Effective: January 1, 2002 (retroactive); upon passage.

Lubbers

January 23, 2003, read first time and referred to Committee on Education and Career Development.
February 6, 2003, amended, reported favorably — Do Pass; reassigned to Committee on Finance.

SB 501—LS 7894/DI 103+



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February 7, 2003

First Regular Session 113th General Assembly (2003)

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 2002 Regular or Special Session of the General Assembly.

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SENATE BILL No. 501

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

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

- 1 SECTION 1. IC 20-5.5-7-3, AS ADDED BY P.L.100-2001,
2 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2002 (RETROACTIVE)]: Sec. 3. (a) **As used in this
4 section, "enrollment" means the number of students enrolled in a
5 charter school and reported to the department under subsection
6 (c).**
7 **(b) As used in this section, "proportionate share" means the
8 amount determined under STEP THREE of the following formula:**
9 **STEP ONE: Determine the number of students enrolled in a
10 charter school who have legal settlement in a particular
11 school corporation.**
12 **STEP TWO: Determine the total number of students who are
13 enrolled in the school corporation, including students enrolled
14 in any charter school.**
15 **STEP THREE: Divide the STEP ONE amount by the STEP
16 TWO amount.**
17 **(c) Upon request of the department or not later than the date**

SB 501—LS 7894/DI 103+



1 established by the department for determining average daily
 2 membership under IC 21-3-1.6-1.1(d) **and after May 31**, the organizer
 3 shall submit to the department the following information **on a form**
 4 **prescribed by the department:**

- 5 (1) The number of students enrolled in the charter school.
 6 (2) The name **and address** of each student. ~~and~~
 7 (3) **The name of** the school corporation in which the student
 8 resides.

9 (b) ~~After verifying the accuracy of the information reported under~~
 10 ~~subsection (a);~~

- 11 (4) **The name of the school corporation, if any, that the**
 12 **student attended during the immediately preceding school**
 13 **year.**

- 14 (5) **The grade level in which the student will enroll in the**
 15 **charter school.**

16 **The department shall verify the accuracy of the information**
 17 **reported.**

18 (d) **This subsection applies to the second six (6) months of the**
 19 **calendar year in which a charter school begins its initial operation.**
 20 **Beginning not more than sixty (60) days after the department**
 21 **receives the information reported under subsection (c), the**
 22 **department shall distribute a proportionate share of the following to**
 23 **the organizer:**

- 24 (1) Tuition support and other state funding for any purpose for
 25 students in the charter school.
 26 (2) ~~A proportionate share of~~ State and federal funds received for
 27 students with disabilities or staff services for students with
 28 disabilities for the students with disabilities enrolled in the charter
 29 school.
 30 (3) ~~A proportionate share of~~ Funds received under federal or state
 31 categorical aid programs for students who are eligible for the
 32 federal or state aid enrolled in the charter school.

33 (e) **The department shall make a distribution under this subsection**
 34 **at the same time and in the same manner as the department makes**
 35 **a distribution to the school corporation in which a student enrolled**
 36 **in the charter school resides. A distribution under this subsection**
 37 **is in addition to a distribution to a school corporation under**
 38 **IC 21-3-1.7 for a student who has legal settlement in the school**
 39 **corporation and is enrolled in the charter school.**

40 (e) Not later than the date established by the department for
 41 determining average daily membership under IC 21-3-1.6-1.1(d) **and**
 42 **after July 2**, the organizer shall submit to each governing body a **report**

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1 of the total number and names of students from the governing body's
 2 school corporation enrolled in the charter school. Upon verifying on a
 3 form prescribed by the department the information reported under
 4 subsection (c). The governing body shall verify the accuracy of the
 5 information reported.

6 (f) This subsection applies beginning with the first property tax
 7 distribution described in IC 6-1.1-27-1 to a governing body after
 8 the governing body receives the information reported under
 9 subsection (e). Not more than ten (10) days after the date on which
 10 the governing body receives a property tax distribution described
 11 in IC 6-1.1-27-1, the governing body shall distribute to the organizer
 12 a proportionate share of local support the following revenues for the
 13 students enrolled in the charter school: in an amount determined under
 14 STEP THREE of the following formula:

15 STEP ONE: Add the

16 (1) Revenues obtained by the school corporation's:

17 (A) general fund property tax levy; and

18 (B) general fund auto excise and financial institutions tax.

19 STEP TWO: Divide the sum determined under STEP ONE by the
 20 total number of students enrolled in the school corporation:

21 STEP THREE: Multiply the quotient determined under STEP
 22 TWO by the number of students enrolled in the charter school:

23 (d) The distribution under subsection (b) shall be made on the same
 24 schedule as the schedule on which the school corporation receives the
 25 funds:

26 (B) excise tax revenue (as defined in IC 21-3-1.7-2).

27 (2) The school corporation's certified distribution of county
 28 adjusted gross income tax revenue under IC 6-3.5-1.1 that is
 29 to be used as property tax replacement credits.

30 (g) This subsection applies after December 31 of the calendar
 31 year in which a charter school begins its initial operation. Based on
 32 the information reported under subsection (c), and in addition to
 33 a distribution under subsection (i), the department shall distribute
 34 to the organizer a proportionate share of the following:

35 (1) Tuition support and other state funding for any purpose
 36 for all students enrolled in the charter school.

37 (2) State and federal funds received for students with
 38 disabilities or for staff services for students with disabilities
 39 for students with disabilities enrolled in the charter school.

40 (3) Funds received under federal or state categorical aid
 41 programs for students who are eligible for the federal or state
 42 aid and enrolled in the charter school.



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1 The department shall make a distribution under this subsection at
 2 the same time and in the same manner as the department makes a
 3 distribution to a school corporation in which students enrolled in
 4 the charter school reside. A distribution under this subsection is in
 5 place of a distribution to a school corporation under IC 21-3-1.7
 6 for a student who has legal settlement in the school corporation
 7 and is enrolled in the charter school.

8 (h) Subsection (i) does not apply to the second six (6) months of
 9 the calendar year in which a charter school begins its initial
 10 operation. However, subsection (i) applies during the second six (6)
 11 months of a calendar year in which a charter school's most recent
 12 enrollment divided by the charter school's enrollment for the
 13 immediately preceding school year is at least one and
 14 fifteen-hundredths (1.15).

15 (i) Beginning not more than sixty (60) days after the department
 16 receives the information reported under subsection (c), the
 17 department shall distribute to the organizer:

18 (1) the sum of:

19 (A) tuition support and other state funding for any purpose
 20 for all students enrolled in the charter school;

21 (B) state and federal funds received for students with
 22 disabilities or for staff services for students with
 23 disabilities for students with disabilities enrolled in the
 24 charter school; and

25 (C) funds received under federal or state categorical aid
 26 programs for students who are eligible for the federal or
 27 state aid and enrolled in the charter school; multiplied by

28 (2) the result of the last of the following STEPS:

29 STEP ONE: Determine the result of:

30 (A) the charter school's most recent enrollment; minus

31 (B) the charter school's enrollment for the immediately
 32 preceding school year.

33 STEP TWO: Determine the quotient of:

34 (A) the STEP ONE amount; divided by

35 (B) the charter school's enrollment for the immediately
 36 preceding school year.

37 STEP THREE: Determine the quotient of:

38 (A) the STEP TWO amount; divided by

39 (B) two (2).

40 The department shall make a distribution under this subsection at
 41 the same time and in the same manner as the department makes a
 42 distribution to a school corporation in which students enrolled in

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1 **the charter school reside.**

2 SECTION 2. IC 21-3-1.7-9, AS AMENDED BY P.L.178-2002,
3 SECTION 96, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 JANUARY 1, 2002 (RETROACTIVE)]: Sec. 9. (a) Subject to the
5 amount appropriated by the general assembly for tuition support, the
6 amount that a school corporation is entitled to receive in tuition support
7 for a year is the amount determined in section 8 of this chapter.

8 (b) If the total amount to be distributed as tuition support under this
9 chapter, for enrollment adjustment grants under section 9.5 of this
10 chapter, for at-risk programs under section 9.7 of this chapter, for
11 academic honors diploma awards under section 9.8 of this chapter, **for**
12 **reimbursement grants under section 9.9 of this chapter**, for
13 primetime distributions under IC 21-1-30, for special education grants
14 under IC 21-3-2.1, and for vocational education grants under
15 IC 21-3-12 for a particular year, exceeds:

16 (1) three billion three hundred sixty-three million four hundred
17 thousand dollars (\$3,363,400,000) in 2001;

18 (2) three billion four hundred thirty-seven million one hundred
19 thousand dollars (\$3,437,100,000) in 2002; and

20 (3) three billion five hundred thirty-six million five hundred
21 thousand dollars (\$3,536,500,000) in 2003;

22 the amount to be distributed for tuition support under this chapter to
23 each school corporation during each of the last six (6) months of the
24 year shall be reduced by the same dollar amount per ADM (as adjusted
25 by IC 21-3-1.6-1.1) so that the total reductions equal the amount of the
26 excess.

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

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

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

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

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

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

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

3 (c) Notwithstanding any other provision, for purposes of computing
4 the amount of a grant under this section, "ADM" does not include an
5 eligible pupil who:

- 6 (1) is described in IC 21-3-1.6-1.2(a); or
7 (2) attends a charter school and is counted in the charter
8 school's enrollment (as defined in IC 20-5.5-7-3(a)) for
9 purposes of calculating a distribution under IC 20-5.5-7-3(i).

10 SECTION 4. IC 21-3-1.7-9.7, AS AMENDED BY P.L.291-2001,
11 SECTION 97, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
12 JANUARY 1, 2002 (RETROACTIVE)]: Sec. 9.7. In addition to the
13 distributions under sections 8, 9.5, and 9.8, and 9.9 of this chapter for
14 1997 and thereafter, a school corporation is eligible for an amount for
15 at-risk programs in the amount determined in STEP SIX of the
16 following formula:

17 STEP ONE: Determine the greater of the following:
18 (A) The result determined under item (ii) of the following
19 formula:
20 (i) Determine the result of the school corporation's at-risk
21 index minus two-tenths (0.2).
22 (ii) Multiply the item (i) result by seven-hundredths (0.07).
23 (B) Zero (0).

24 STEP TWO: Determine the greater of the following:
25 (A) The result determined under item (ii) of the following
26 formula:
27 (i) Determine the result of the school corporation's at-risk
28 index minus fifteen-hundredths (0.15).
29 (ii) Multiply the item (i) result by eighteen-hundredths
30 (0.18).
31 (B) Zero (0).

32 STEP THREE: Determine the result under clause (B) of the
33 following formula:

34 (A) Determine the lesser of:
35 (i) the school corporation's at-risk index; or
36 (ii) fifteen-hundredths (0.15).
37 (B) Multiply the clause (A) result by one hundredth (0.01).

38 STEP FOUR: Add the STEP ONE result, the STEP TWO result,
39 and the STEP THREE result.

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

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1 STEP SIX: Multiply the STEP FIVE product by three thousand
 2 five hundred ninety-two dollars (\$3,592) in 2002 and three
 3 thousand six hundred sixty-four dollars (\$3,664) in 2003.

4 SECTION 5. IC 21-3-1.7-9.8, AS AMENDED BY P.L.291-2001,
 5 SECTION 98, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 6 JANUARY 1, 2002 (RETROACTIVE)]: Sec. 9.8. (a) In addition to the
 7 distributions under sections 8, 9.5, ~~and 9.7~~, **and 9.9** of this chapter, a
 8 school corporation is eligible for an honors diploma award in the
 9 amount determined under STEP TWO of the following formula:

10 STEP ONE: Determine the number of the school corporation's
 11 eligible pupils who successfully completed an academic honors
 12 diploma program in the school year ending in the previous
 13 calendar year.

14 STEP TWO: Multiply the STEP ONE amount by:

- 15 (1) nine hundred forty-four dollars (\$944) in 2002; and
 16 (2) nine hundred sixty-three dollars (\$963) in 2003.

17 (b) Each year the governing body of a school corporation may use
 18 the money that the school corporation receives for an honors diploma
 19 award under this section to give nine hundred forty-four dollars (\$944)
 20 in 2002 and nine hundred sixty-three dollars (\$963) in 2003 to each
 21 eligible pupil in the school corporation who successfully completes an
 22 academic honors diploma program in the school year ending in the
 23 previous calendar year.

24 SECTION 6. IC 21-3-1.7-9.9 IS ADDED TO THE INDIANA
 25 CODE AS A NEW SECTION TO READ AS FOLLOWS
 26 [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: **Sec. 9.9. (a) In**
 27 **addition to the distributions under sections 8, 9.5, 9.7, and 9.8 of**
 28 **this chapter, a school corporation whose students attend a charter**
 29 **school is eligible for a reimbursement grant in the calendar year**
 30 **immediately following the calendar year in which the charter**
 31 **school begins its initial operation.**

32 (b) **Not earlier than January 1 of the calendar year immediately**
 33 **following the calendar year in which the charter school begins its**
 34 **initial operation, and not more than sixty (60) days after the**
 35 **governing body makes a distribution under IC 20-5.5-7-3(f), the**
 36 **department shall distribute in three (3) equal installments to the**
 37 **school corporation the sum of the proportionate shares of:**

- 38 (1) **revenues obtained by the school corporation's:**
 39 (A) **general fund property tax levy; and**
 40 (B) **excise tax revenue; and**
 41 (2) **the school corporation's certified distribution of county**
 42 **adjusted gross income tax revenue under IC 6-3.5-1-1 that is**

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1 to be used as property tax replacement credits;
 2 to which the school corporation is entitled during the second six (6)
 3 months of the calendar year in which the charter school begins its
 4 initial operation to each charter school attended by the school
 5 corporation's students. The department shall distribute the third
 6 installment under this subsection not later than December 31 of the
 7 calendar year immediately following the calendar year in which
 8 the charter school begins its initial operation.

9 SECTION 7. [EFFECTIVE UPON PASSAGE] (a) The definitions
 10 in IC 20-5.5-1 apply throughout this SECTION.

11 (b) This subsection applies to the state fiscal year beginning July
 12 1, 2003, and ending June 30, 2004. The total of the distributions,
 13 excluding distributions of federal funds, by the department under:

14 (1) IC 20-5.5-7-3(d), as amended by this act, to the organizer
 15 of a charter school other than a conversion charter school;

16 (2) IC 20-5.5-7-3(i), as amended by this act; and

17 (3) IC 21-3-1.7-9.9, as added by this act, to a school
 18 corporation for the school corporation's students who attend
 19 a charter school other than a conversion charter school;

20 may not exceed four million dollars (\$4,000,000) for the state fiscal
 21 year. The total of the distributions, excluding distributions of
 22 federal funds, includes any amount set aside by the department
 23 under subsection (d) for the state fiscal year.

24 (c) This subsection applies to the state fiscal year beginning July
 25 1, 2004, and ending June 30, 2005. The total of the distributions,
 26 excluding distributions of federal funds, by the department under:

27 (1) IC 20-5.5-7-3(d), as amended by this act, to the organizer
 28 of a charter school other than a conversion charter school;

29 (2) IC 20-5.5-7-3(i), as amended by this act; and

30 (3) IC 21-3-1.7-9.9, as added by this act, to a school
 31 corporation for the school corporation's students who attend
 32 a charter school other than a conversion charter school;

33 may not exceed four million dollars (\$4,000,000) for the state fiscal
 34 year. The total of the distributions, excluding distributions of
 35 federal funds, includes any amount set aside by the department
 36 under subsection (d) for the state fiscal year.

37 (d) This subsection applies after June 30, 2003, and before July
 38 1, 2005. When the department receives the information reported
 39 under IC 20-5.5-7-3(c), as amended by this act, the department
 40 shall set aside an amount that is sufficient to fund the distributions,
 41 excluding distributions of federal funds, under IC 20-5.5-7-3(d), as
 42 amended by this act, and IC 21-3-1.7-9.9, as added by this act,

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during the state fiscal year.

(e) The department may adopt temporary rules in the manner provided for the adoption of emergency rules under IC 4-22-2-37.1 to implement this SECTION. A temporary rule adopted under this SECTION expires on the earliest of the following:

(1) The date another temporary rule is adopted under this SECTION to supersede the previously adopted temporary rule.

(2) The date that a permanent rule is adopted under IC 4-22-2 to supersede a temporary rule adopted under this SECTION.

(3) July 1, 2005.

(f) This SECTION expires July 1, 2005.

SECTION 8. An emergency is declared for this act.

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COMMITTEE REPORT

Mr. President: The Senate Committee on Education and Career Development, to which was referred Senate Bill No. 501, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Replace the effective date in SECTION 1 with "[EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]".

Page 2, line 41, delete "May 31," and insert "**July 2,**".

Page 3, line 31, delete "except as" and insert "**in addition to a distribution under**".

Page 3, line 32, delete "provided in".

Page 4, line 10, delete "which:" and insert "**which**".

Page 4, line 11, delete "(1)".

Page 4, run in lines 10 through 11.

Page 4, line 13, delete "one-tenth (1.1); or" and insert "**fifteen-hundredths (1.15).**".

Page 4, delete lines 14 through 15.

Page 4, line 19, delete "a proportionate share" and insert "**the sum**".

Page 4, delete lines 38 through 40, begin a new line double block indented and insert:

"STEP THREE: Determine the quotient of:

(A) the STEP TWO amount; divided by

(B) two (2)."

Page 7, delete lines 38 through 39 and insert "**school corporation the sum of the proportionate shares of:**

(1) revenues obtained by the school corporation's:

(A) general fund property tax levy; and

(B) excise tax revenue; and

(2) the school corporation's certified distribution of county adjusted gross income tax revenue under IC 6-3.5-1-1 that is to be used as property tax replacement credits;

to which the school corporation is entitled during the second six (6)".

Page 8, line 1, delete "June 30" and insert "**December 31**".

Page 8, delete lines 4 through 29, begin a new paragraph and insert:

"SECTION 7. [EFFECTIVE UPON PASSAGE] (a) The definitions in IC 20-5.5-1 apply throughout this SECTION.

(b) This subsection applies to the state fiscal year beginning July 1, 2003, and ending June 30, 2004. The total of the distributions, excluding distributions of federal funds, by the department under:

(1) IC 20-5.5-7-3(d), as amended by this act, to the organizer

SB 501—LS 7894/DI 103+



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of a charter school other than a conversion charter school;
 (2) IC 20-5.5-7-3(i), as amended by this act; and
 (3) IC 21-3-1.7-9.9, as added by this act, to a school corporation for the school corporation's students who attend a charter school other than a conversion charter school;
 may not exceed four million dollars (\$4,000,000) for the state fiscal year. The total of the distributions, excluding distributions of federal funds, includes any amount set aside by the department under subsection (d) for the state fiscal year.

(c) This subsection applies to the state fiscal year beginning July 1, 2004, and ending June 30, 2005. The total of the distributions, excluding distributions of federal funds, by the department under:

(1) IC 20-5.5-7-3(d), as amended by this act, to the organizer of a charter school other than a conversion charter school;
 (2) IC 20-5.5-7-3(i), as amended by this act; and
 (3) IC 21-3-1.7-9.9, as added by this act, to a school corporation for the school corporation's students who attend a charter school other than a conversion charter school;
 may not exceed four million dollars (\$4,000,000) for the state fiscal year. The total of the distributions, excluding distributions of federal funds, includes any amount set aside by the department under subsection (d) for the state fiscal year.

(d) This subsection applies after June 30, 2003, and before July 1, 2005. When the department receives the information reported under IC 20-5.5-7-3(c), as amended by this act, the department shall set aside an amount that is sufficient to fund the distributions, excluding distributions of federal funds, under IC 20-5.5-7-3(d), as amended by this act, and IC 21-3-1.7-9.9, as added by this act, during the state fiscal year.

(e) The department may adopt temporary rules in the manner provided for the adoption of emergency rules under IC 4-22-2-37.1 to implement this SECTION. A temporary rule adopted under this SECTION expires on the earliest of the following:

- (1) The date another temporary rule is adopted under this SECTION to supersede the previously adopted temporary rule.
- (2) The date that a permanent rule is adopted under IC 4-22-2 to supersede a temporary rule adopted under this SECTION.
- (3) July 1, 2005.

(f) This SECTION expires July 1, 2005."

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Renumber all SECTIONS consecutively.

and when so amended that said bill do pass and be reassigned to the Senate Committee on Finance.

(Reference is to SB 501 as introduced.)

KENLEY, Chairperson

Committee Vote: Yeas 8, Nays 2.

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