



January 25, 2010

HOUSE BILL No. 1367

DIGEST OF HB 1367 (Updated January 25, 2010 12:52 pm - DI 109)

Citations Affected: IC 6-3.1; IC 20-24; IC 20-26; IC 20-40; IC 20-42.5; IC 20-43; IC 20-51; noncode.

Synopsis:

Education matters. Delays the implementation of the school scholarship tax credit and virtual charter school pilot program. Requires an educational management organization used by a charter school to be a nonprofit organization. Prohibits a member of the governing body of a school corporation from serving on the board of directors of a charter school and prohibits a member of a board of directors of a charter school from serving on the board of directors of more than one charter school. Requires charter schools to report certain information about the retention of special education students to the state department of education. Prohibits the use of a private educational management organization to manage, operate, or provide instructional services or staff for a school corporation. Permits up to 5% of the balance of the capital projects fund to be used to pay the costs of utility services and property or casualty insurance. Requires actions by school corporations to establish and carry out a plan to preserve and protect instructional programs. Establishes the instructional services restoration grant program to provide additional funds to school corporations to preserve and protect instructional programs. Makes an appropriation. Repeals a noncode provision indicating that the school scholarship tax credit program applies to taxable years beginning after December 31, 2009.

Effective: January 1, 2010 (retroactive); upon passage.

Porter, Cheatham

January 13, 2010, read first time and referred to Committee on Rules and Legislative Procedures.
January 14, 2010, reassigned to Committee on Education.
January 25, 2010, amended, reported — Do Pass.

HB 1367—LS 6373/DI 44+



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January 25, 2010

Second Regular Session 116th General Assembly (2010)

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 2009 Regular and Special Sessions of the General Assembly.

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HOUSE BILL No. 1367

A BILL FOR AN ACT to amend the Indiana Code concerning education and to make an appropriation.

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

1 SECTION 1. IC 6-3.1-30.5-0.5 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: **Sec. 0.5. This**
4 **chapter applies only to taxable years beginning after December 31,**
5 **2011.**

6 SECTION 2. IC 20-24-1-2.5 IS ADDED TO THE INDIANA CODE
7 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
8 UPON PASSAGE]: **Sec. 2.5. "Board of directors" means the person**
9 **or group of persons vested with overall management of the affairs**
10 **of an organizer. The term includes a person or group of persons to**
11 **whom powers are delegated under IC 23-17-12-1.**

12 SECTION 3. IC 20-24-1-6.3 IS ADDED TO THE INDIANA CODE
13 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
14 UPON PASSAGE]: **Sec. 6.3. "Director" means an individual**
15 **designated in articles of incorporation or bylaws, elected by the**
16 **incorporators or otherwise elected or appointed, to act as a**
17 **member of a board of directors.**

HB 1367—LS 6373/DI 44+



1 SECTION 4. IC 20-24-1-6.4 IS ADDED TO THE INDIANA CODE
 2 AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE
 3 UPON PASSAGE]: **Sec. 6.4. "Educational management
 4 organization" means a service provider that manages or operates
 5 a charter school or provides administrative, managerial, or
 6 instructional staff or services to an organizer for a charter school.**
 7 SECTION 5. IC 20-24-3-4, AS ADDED BY P.L.1-2005, SECTION
 8 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON
 9 PASSAGE]: Sec. 4. (a) An organizer may submit to the sponsor a
 10 proposal to establish a charter school.
 11 (b) A proposal must contain at least the following information:
 12 (1) Identification of the organizer.
 13 (2) A description of the organizer's organizational structure and
 14 governance plan.
 15 (3) The following information for the proposed charter school:
 16 (A) Name.
 17 (B) Purposes.
 18 (C) Governance structure.
 19 (D) Management structure.
 20 (E) Educational mission goals.
 21 (F) Curriculum and instructional methods.
 22 (G) Methods of pupil assessment.
 23 (H) Admission policy and criteria, subject to IC 20-24-5.
 24 (I) School calendar.
 25 (J) Age or grade range of students to be enrolled.
 26 (K) A description of staff responsibilities.
 27 (L) A description and the address of the physical plant.
 28 (M) Budget and financial plans.
 29 (N) Personnel plan, including methods for selection, retention,
 30 and compensation of employees.
 31 (O) Transportation plan.
 32 (P) Discipline program.
 33 (Q) Plan for compliance with any applicable desegregation
 34 order.
 35 (R) The date when the charter school is expected to:
 36 (i) begin school operations; and
 37 (ii) have students attending the charter school.
 38 (S) The arrangement for providing teachers and other staff
 39 with health insurance, retirement benefits, liability insurance,
 40 and other benefits.
 41 (4) The manner in which the sponsor must conduct an annual
 42 audit of the program operations of the charter school.

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1 **(5) Information demonstrating that at least fifty-one percent**
 2 **(51%) of the parents of students enrolled in the school**
 3 **corporation where the charter school will be located have**
 4 **signed a petition or voted in an election conducted by the**
 5 **school corporation requesting the establishment of the charter**
 6 **school. The department shall establish standards for the**
 7 **conduct of petition drives and elections under this subdivision.**
 8 **The organizer shall pay for the costs incurred by the school**
 9 **corporation under this subdivision.**

10 (c) This section does not waive, limit, or modify the provisions of:
 11 (1) IC 20-29 in a charter school where the teachers have chosen
 12 to organize under IC 20-29; or
 13 (2) an existing collective bargaining agreement for noncertificated
 14 employees (as defined in IC 20-29-2-11).

15 SECTION 6. IC 20-24-4.5 IS ADDED TO THE INDIANA CODE
 16 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 17 UPON PASSAGE]:

18 **Chapter 4.5. Governance**
 19 **Sec. 1. An organizer must have a board of directors.**
 20 **Sec. 2. Except as otherwise provided in this article:**
 21 **(1) organizer powers shall be exercised by or under the**
 22 **authority of; and**
 23 **(2) the business and affairs of the organizer managed under**
 24 **the direction of;**
 25 **the organizer's board of directors.**

26 **Sec. 3. A person may not be a director of a charter school if the**
 27 **person is:**
 28 **(1) a director of another charter school; or**
 29 **(2) a member of a governing body.**

30 **Sec. 4. If the organizer is a corporation, a person or persons to**
 31 **which powers are delegated in the manner provided by**
 32 **IC 23-17-12-1 shall be considered directors for the purpose of**
 33 **section 3 of this chapter.**

34 **Sec. 5. A director shall disclose to a board of directors on which**
 35 **the director serves whether the person is a person described in**
 36 **section 3(1) or 3(2) of this chapter.**

37 **Sec. 6. A board of directors shall remove from the board of**
 38 **directors a person who is a person described in section 3(1) or 3(2)**
 39 **of this chapter.**

40 SECTION 7. IC 20-24-7-13, AS ADDED BY P.L.182-2009(ss),
 41 SECTION 315, IS AMENDED TO READ AS FOLLOWS
 42 [EFFECTIVE UPON PASSAGE]: Sec. 13. (a) As used in this section,

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1 **"current ADM" has the meaning set forth in IC 20-43-1-10 and**
 2 **"virtual charter school" means any charter school, including a**
 3 **conversion charter school, that provides for the delivery of more than**
 4 **fifty percent (50%) of instruction to students through:**

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

8 (b) The department shall establish a pilot program to provide
 9 funding for a statewide total of up to two hundred (200) students who
 10 attend virtual charter schools in the school year ending in ~~2010~~ **2013**
 11 and five hundred (500) students who attend virtual charter schools in
 12 the school year ending in ~~2011~~ **2014**. The department shall choose an
 13 entity or entities to operate the virtual charter school. The pilot program
 14 must focus on children who have medical disabilities or circumstances
 15 that prevent them from attending school or for whom a virtual charter
 16 school is a better alternative than a traditional school. At least
 17 seventy-five percent (75%) of the students enrolled in virtual charter
 18 schools under this section must have been included in the ADM count
 19 for the previous school year.

20 (c) **After June 30, 2012**, a virtual charter school is entitled to
 21 receive funding from the state in an amount equal to the product of:

- 22 (1) the number of students included in the virtual charter school's
 23 **current** ADM who are participating in the pilot program;
 24 multiplied by
 25 (2) eighty percent (80%) of the statewide average basic tuition
 26 support.

27 **A virtual charter school is not entitled to receive funding under this**
 28 **section, IC 20-43, or another law in the last six (6) months of 2010,**
 29 **in any month in 2011, or in the first six (6) months of 2012. The**
 30 **amount to which a virtual charter school is entitled in 2010 is equal**
 31 **to fifty percent (50%) of the amount determined under**
 32 **subdivisions (1) and (2) for 2010. One hundred percent (100%) of**
 33 **this amount shall be distributed to virtual charter schools before**
 34 **June 30, 2010. A virtual charter school is entitled to receive**
 35 **funding under this section in 2012 only for the last six (6) months**
 36 **of the calendar year if the virtual charter school participates in the**
 37 **pilot program established under this section for the last six (6)**
 38 **months of 2012 and the current ADM of the virtual charter school**
 39 **in 2012 is greater than zero (0). The amount to which a virtual**
 40 **charter school is entitled in 2012 is equal to fifty percent (50%) of**
 41 **the amount determined under subdivisions (1) and (2) for 2012.**
 42 **One hundred percent (100%) of this amount shall be distributed to**

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1 **virtual charter schools after June 30, 2012, and before January 1,**
2 **2013.**

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

5 (e) ~~Beginning~~ **In 2009 and in 2011 and each year thereafter,** the
6 department shall before December 1 of ~~each~~ **the** year submit an annual
7 report to the state budget committee concerning the program under this
8 section.

9 **(f) Notwithstanding this section, a pilot program established**
10 **under this section for a school year beginning after June 30, 2010,**
11 **and ending before July 1, 2012, is suspended. However, the**
12 **department shall conduct a fall count of the number of students**
13 **enrolled in a virtual charter school in the school year ending on**
14 **June 30, 2012, to determine the current ADM of the virtual charter**
15 **school for 2012.**

16 SECTION 8. IC 20-24-8-2, AS ADDED BY P.L.169-2005,
17 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
18 UPON PASSAGE]: Sec. 2. (a) A charter school may not do the
19 following:

20 (1) Operate at a site or for grades other than as specified in the
21 charter.

22 (2) Charge tuition to any student residing within the school
23 corporation's geographic boundaries. However, a charter school
24 may charge tuition for:

25 (A) a preschool program, unless charging tuition for the
26 preschool program is barred under federal law; or

27 (B) a latch key program;
28 if the charter school provides those programs.

29 (3) Except for a foreign exchange student who is not a United
30 States citizen, enroll a student who is not a resident of Indiana.

31 (4) Be located in a private residence.

32 (5) Provide solely home based instruction.

33 **(6) After April 1, 2010, enter into, renew, or extend a contract**
34 **with an educational management organization that is not an**
35 **organization exempt from federal adjusted gross income taxes**
36 **under Section 501(c)(3) of the Internal Revenue Code.**

37 (b) A charter school is not prohibited from delivering instructional
38 services:

39 (1) through the Internet or another online arrangement; or
40 (2) in any manner by computer;

41 if the instructional services are provided to students enrolled in the
42 charter school in a manner that complies with any procedures adopted

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1 by the department concerning online and computer instruction in public
2 schools.

3 SECTION 9. IC 20-24-9-2, AS ADDED BY P.L.1-2005, SECTION
4 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON
5 PASSAGE]: Sec. 2. An annual report under this chapter must contain
6 the following information for a charter school:

7 (1) Results of all standardized testing, including ISTEP program
8 testing and the graduation examination.

9 (2) A description of the educational methods and teaching
10 methods employed.

11 (3) Daily attendance records.

12 (4) Graduation statistics (if appropriate), including attainment of
13 Core 40 and academic honors diplomas.

14 (5) Student enrollment data, including the following:

15 (A) The number of students enrolled.

16 (B) The number of students expelled.

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

19 **(6) Information concerning the number of students enrolled
20 in any of the charter school's:**

21 **(A) programs for severe disabilities listed in IC 20-43-7-2;**

22 **(B) programs for mild and moderate disabilities listed in
23 IC 20-43-7-3; or**

24 **(C) programs for communication disorder to which
25 IC 20-43-7-4 applies;**

26 **in the immediately preceding school year or the current
27 school year who, in the current school year, were expelled,
28 suspended, or stopped attending classes offered by the charter
29 school before graduation and the reasons, to the extent known
30 by the charter school, for which each student terminated
31 enrollment.**

32 SECTION 10. IC 20-26-17 IS ADDED TO THE INDIANA CODE
33 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
34 UPON PASSAGE]:

35 **Chapter 17. Educational Management Organizations**

36 **Sec. 1. Neither the:**

37 **(1) general management and operation of a school
38 corporation or a public school; or**

39 **(2) function of managing instructional staff or services for a
40 school corporation or public school; or**

41 **(3) function of providing instructional staff or services to a
42 school corporation or public school;**

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1 may be delegated to an individual or entity that is not a governing
2 body or an employee of a school corporation.

3 **Sec. 2.** Section 1 of this chapter does not prohibit a school
4 corporation from participating in a joint or cooperative program
5 under IC 20-35-5, IC 20-26-10, IC 36-1-7, or IC 36-1.5 or a college
6 credit program under an articulation agreement or a dual credit
7 provision under IC 20-32-3-9 or IC 21-43-2.

8 **Sec. 3.** IC 20-24-8-2(6) and not section 1 of this chapter applies
9 to a conversion charter school.

10 **Sec. 4.** Neither the state board nor the department, including the
11 superintendent of public instruction, may require an action,
12 approve a plan providing for an action, or contract for a service
13 provider to carry out duties that would violate section 1 of this
14 chapter.

15 SECTION 11. IC 20-40-8-22 IS ADDED TO THE INDIANA
16 CODE AS A NEW SECTION TO READ AS FOLLOWS
17 [EFFECTIVE UPON PASSAGE]: **Sec. 22.** (a) Money in the fund may
18 be used for any expenditure payable from the school corporation's
19 general fund, including utility services and property or casualty
20 insurance costs not paid from a levy imposed under IC 20-46-6-6.

21 (b) A school corporation's expenditures under this section may
22 not exceed in any calendar year five percent (5%) of the sum of:

23 (1) the unencumbered balance in the fund on January 1 of the
24 calendar year; and

25 (2) the deposits in the fund in the calendar year;

26 derived from the capital projects fund property tax levy imposed
27 under IC 20-46-6-5.

28 (c) This section expires January 1, 2012.

29 SECTION 12. IC 20-42.5-4 IS ADDED TO THE INDIANA CODE
30 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
31 UPON PASSAGE]:

32 **Chapter 4. Emergency Measures to Maintain Instruction and**
33 **Learning Programs**

34 **Sec. 1.** As used in this section, "filing date" refers to the later of
35 March 31, 2010, or the date that is thirty (30) days after the act in
36 which this chapter is initially added becomes law under Section 14
37 of Article 5 of the Constitution of the State of Indiana after
38 enactment in the 2010 session of the general assembly.

39 **Sec. 2.** As used in this chapter, "fund" refers to the instructional
40 services restoration fund established by section 8 of this chapter.

41 **Sec. 3.** A school corporation shall take the actions necessary and
42 desirable to preserve and protect instructional programs, including

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1 class sizes, curriculum or program offerings, and certificated
2 employee positions and teaching assistants.

3 Sec. 4. (a) A school corporation shall carry out section 3 of this
4 chapter according to a plan adopted by the governing body of the
5 school corporation. The plan must be adopted by resolution.

6 (b) The plan must establish the steps that the school corporation
7 will take and the schedule on which the actions will be taken to
8 carry out section 3 of this chapter. The plan, including an amended
9 plan, must include at least the following determinations:

10 (1) An evaluation of the cash balances that the school
11 corporation must maintain in 2010 and 2011 to carry out its
12 governmental functions.

13 (2) An estimate of the additional resources needed to carry
14 out section 3 of this chapter.

15 (3) A determination of whether the school corporation has
16 maintained or will maintain on the last day of any month in
17 2010 or 2011:

18 (A) an unexpended and unencumbered general fund cash
19 balance exceeding eight percent (8%) of the amount
20 appropriated from the school corporation's general fund
21 for the 2010 calendar year; or

22 (B) an unexpended and unencumbered rainy day fund
23 balance exceeding fifty percent (50%) of the school
24 corporation's rainy day fund balance on January 1, 2010;

25 (4) A record showing that if the governing body determines
26 that either of the balances described in subdivision (3)(A) or
27 (3)(B) exist or will exist, the governing body has conducted a
28 public hearing and vote on each of the balances to determine
29 whether any part of those balances should be used to carry
30 out section 3 of this chapter.

31 (5) If the governing body votes against using any part of any
32 balance described in subdivision (3), the governing body must
33 include findings that demonstrate the circumstances that
34 require an excessive balance to be maintained for that month.

35 (6) A description of steps that will be taken under
36 IC 20-40-8-22 to transfer money from the capital projects
37 fund for the purposes of section 3 of this chapter.

38 (7) A detailed listing of all expenditure reductions required
39 under section 5 of this chapter and the amount that will be
40 devoted to the purposes of section 3 of this chapter.

41 (8) A detailed listing of all expenditure reductions required
42 under section 6 of this chapter and the amount that will be

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devoted to the purposes of section 3 of this chapter.
(9) A description of all other steps that will be taken to carry out section 3 of this chapter and the amount that will be devoted to the purposes of section 3 of this chapter.

(c) The governing body shall submit a copy of the initial plan to the state board not later than the filing date. The governing body shall amend the plan, by resolution, as necessary, to carry out section 3 of this chapter. The governing body shall submit to the state board any amendment to the plan as soon as practicable after the amendment is adopted.

(d) The governing body shall submit reports to the state board on the efforts taken to implement the plan in the form and on the schedule specified by the state board.

Sec. 5. (a) To the extent needed to carry out section 3 of this chapter, a school corporation shall reduce nonessential testing expenditures and expenditures classified in each category set forth in IC 20-42.5-3-4(a)(3) and IC 20-42.5-3-4(a)(4) by at least:

- (1) five percent (5%) for the school year beginning July 1, 2010, and ending June 30, 2011; and
- (2) ten percent (10%) for the school year beginning July 1, 2011, and ending June 30, 2012.

(b) Not later than the filing date, the state board shall adopt a plan specifying the minimal actions that must be taken by a school corporation to comply with subsection (a)(1) and provide the school corporation with a copy of the plan.

(c) Not later than July 1, 2010, the state board shall adopt a plan specifying the minimal actions that must be taken by a school corporation to comply with subsection (a)(2) of this chapter and provide the school corporation with a copy of the plan.

(d) A school corporation shall comply with a plan adopted under subsection (b) or (c).

Sec. 6. To the extent needed to carry out section 3 of this chapter, a school corporation shall reduce its expenditures for nonessential testing programs that are not required by federal law or an agency of the federal government during the period beginning July 1, 2010, and ending June 30, 2012, and use the money saved from the reduction in testing expenditures. The tests that may be suspended under this section include the following:

- (1) Kindergarten through grade 2 diagnostics.
- (2) Grade 3 through 8 acuity tests.
- (3) CORE 40 end of course assessments.
- (4) NWEA testing.

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1 (5) PSAT testing, to the extent that the school corporation's
2 expenditures for PSAT testing are not otherwise paid from
3 PSAT program grants distributed by the state.

4 (6) ISTEP social studies testing.
5 The state board and the department shall amend its rules and
6 policies as necessary to permit a school corporation to carry out
7 this section and to give guidance on the identification of
8 nonessential testing expenditures that are not listed in subdivisions
9 (1) through (6).

10 Sec. 7. (a) Not later than the filing date, the department, after
11 consultation with the department of state revenue and the budget
12 agency, shall submit a report to the executive director of the
13 legislative services agency in an electronic format under IC 5-14-6,
14 the budget agency, and the auditor of state specifying the
15 following:

16 (1) The:
17 (A) amount of administrative expenditures that otherwise
18 would have been incurred by the department or another
19 agency of the state in each state fiscal year; and

20 (B) amount of state tuition support that would have been
21 distributed to virtual charter schools in each state fiscal
22 year;

23 during the period beginning July 1, 2010, and ending
24 December 31, 2011, if the virtual school pilot program were
25 not suspended under IC 20-24-7-13. The maximum state
26 distribution under IC 20-43-2-2 for calendar years 2010 and
27 2011 is reduced by the amount attributable to distributions
28 described in clause (B) for that calendar year.

29 (2) The:
30 (A) amount of administrative expenditures that otherwise
31 would have been incurred by the department or another
32 agency of the state in the administration of IC 6-3.1-30.5 or
33 IC 20-51 in the period beginning April 1, 2010, and ending
34 December 31, 2011; and

35 (B) amount of tax revenue that otherwise would have been
36 lost to the state from the granting of school scholarship tax
37 credits granted under 6-3.1-30.5 against adjusted gross
38 income imposed in taxable years ending not later than
39 December 31, 2011, including amounts that the department
40 of state revenue estimates would have lost from tax returns
41 filed or amended after December 31, 2011;

42 if the school scholarship tax credit program were not

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suspended under IC 6-3.1-30.5-0.5 and the school scholarship program were not suspended under IC 20-51-3-2.

(b) The department shall make the estimates required under subsection (a) based on the best information available to the department at the time the estimates are made.

Sec. 8. (a) The instructional services restoration fund is established. The budget agency shall administer the fund.

(b) Not later than the first regular business day after June 30, 2010, the auditor of state shall transfer from the state general fund to the fund an amount equal to the sum of the following:

- (1) The amounts determined under section 7 of this chapter.
- (2) The five hundred thousand dollars (\$500,000) that P.L.182-2009(ss), SECTION 9 directed the department to use for ACT/SAT test preparation in the state fiscal year beginning July 1, 2010, and ending June 30, 2011. The appropriation in P.L.182-2009(ss), SECTION 9 for the state fiscal year beginning July 1, 2010, and ending June 30, 2011, for testing and remediation is reduced by the amount transferred under this subdivision. The requirement that the department use money from this appropriation in the state fiscal year beginning July 1, 2010, and ending June 30, 2011, for ACT/SAT test preparation is terminated.
- (3) The seven hundred seventeen thousand four hundred forty-nine dollars (\$717,449) that P.L.182-2009(ss), SECTION 9 appropriated for other operating expenses of the PSAT Program for the state fiscal year beginning July 1, 2010, and ending June 30, 2011. The appropriation for the PSAT Program for the state fiscal year beginning July 1, 2010, and ending June 30, 2011, is terminated.

(c) Money in the fund shall be used for the purposes of instructional services restoration grants under section 9 of this chapter.

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

(e) Money in the fund at the end of a state fiscal year does not revert to the state general fund but remains in the fund to be used exclusively for purposes of this chapter.

(f) The amount required to be transferred under subsection (b) is appropriated to the auditor of state from the state general fund for the state fiscal year beginning July 1, 2010, and ending June 30, 2011. Money in the fund is appropriated from the fund to the

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1 department for the purposes of instructional services restoration
 2 grants under section 9 of this chapter, beginning July 1, 2010, and
 3 ending June 30, 2011.

4 **Sec. 9. The department shall establish an instructional services**
 5 **restoration grant program. The purpose of the program is to**
 6 **provide grants in the state fiscal year beginning July 1, 2010, and**
 7 **ending June 30, 2011, to school corporations to carry out section 3**
 8 **of this chapter. In awarding grants, the department shall give**
 9 **priority to school corporations that demonstrate from a plan or**
 10 **amended plan submitted under section 4 of this chapter that, after**
 11 **taking the actions described in section 4(b) of this chapter, the**
 12 **school corporation will have insufficient funds to carry out section**
 13 **3 of this chapter. The department shall determine the amount to be**
 14 **awarded to each school corporation.**

15 **Sec. 10. This chapter expires July 1, 2011.**

16 SECTION 13. IC 20-43-6-3, AS AMENDED BY P.L.182-2009(ss),
 17 SECTION 339, IS AMENDED TO READ AS FOLLOWS
 18 [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) A school corporation's
 19 basic tuition support for a year is the amount determined under the
 20 applicable provision of this section.

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

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

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

36 (d) This subsection applies to students of a virtual charter school
 37 who are participating in the pilot program under IC 20-24-7-13. A
 38 virtual charter school's basic tuition support for a year for those
 39 students is the amount determined under IC 20-24-7-13. **A virtual**
 40 **charter school is not entitled to any other funding under this**
 41 **article.**

42 SECTION 14. IC 20-51-3-2, AS ADDED BY P.L.182-2009(ss),

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1 SECTION 364, IS AMENDED TO READ AS FOLLOWS
2 [EFFECTIVE UPON PASSAGE]: Sec. 2. The department shall certify
3 all programs that meet the qualifications under section 1 of this chapter
4 as school scholarship programs. **The certification program under this**
5 **article is suspended until July 1, 2011. After June 30, 2011, the**
6 **department may certify programs for the purpose of permitting**
7 **taxpayers to receive school scholarship tax credits under**
8 **IC 6-3.1-30.5 in a taxable year beginning after December 31, 2011.**
9 SECTION 15. P.L.182-2009(ss), SECTION 488 IS REPEALED
10 [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)].
11 SECTION 16. **An emergency is declared for this act.**

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Education, to which was referred House Bill 1367, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning education and to make an appropriation.

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill do pass.

(Reference is to HB 1367 as introduced.)

CHEATHAM, Chair

Committee Vote: yeas 6, nays 5.

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