

Adopted Rejected

COMMITTEE REPORT

YES: 6
NO: 5

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:*

- 1 Delete the title and insert the following:
- 2 A BILL FOR AN ACT to amend the Indiana Code concerning
- 3 education and to make an appropriation.
- 4 Delete everything after the enacting clause and insert the following:
- 5 SECTION 1. IC 6-3.1-30.5-0.5 IS ADDED TO THE INDIANA
- 6 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
- 7 [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: **Sec. 0.5. This**
- 8 **chapter applies only to taxable years beginning after December 31,**
- 9 **2011.**
- 10 SECTION 2. IC 20-24-1-2.5 IS ADDED TO THE INDIANA CODE
- 11 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
- 12 UPON PASSAGE]: **Sec. 2.5. "Board of directors" means the person**
- 13 **or group of persons vested with overall management of the affairs**
- 14 **of an organizer. The term includes a person or group of persons to**

1 **whom powers are delegated under IC 23-17-12-1.**

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

8 SECTION 4. IC 20-24-1-6.4 IS ADDED TO THE INDIANA CODE
9 AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE
10 UPON PASSAGE]: **Sec. 6.4. "Educational management**
11 **organization" means a service provider that manages or operates**
12 **a charter school or provides administrative, managerial, or**
13 **instructional staff or services to an organizer for a charter school.**

14 SECTION 5. IC 20-24-3-4, AS ADDED BY P.L.1-2005, SECTION
15 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON
16 PASSAGE]: Sec. 4. (a) An organizer may submit to the sponsor a
17 proposal to establish a charter school.

18 (b) A proposal must contain at least the following information:

- 19 (1) Identification of the organizer.
20 (2) A description of the organizer's organizational structure and
21 governance plan.
22 (3) The following information for the proposed charter school:
23 (A) Name.
24 (B) Purposes.
25 (C) Governance structure.
26 (D) Management structure.
27 (E) Educational mission goals.
28 (F) Curriculum and instructional methods.
29 (G) Methods of pupil assessment.
30 (H) Admission policy and criteria, subject to IC 20-24-5.
31 (I) School calendar.
32 (J) Age or grade range of students to be enrolled.
33 (K) A description of staff responsibilities.
34 (L) A description and the address of the physical plant.
35 (M) Budget and financial plans.
36 (N) Personnel plan, including methods for selection, retention,
37 and compensation of employees.
38 (O) Transportation plan.

- 1 (P) Discipline program.
- 2 (Q) Plan for compliance with any applicable desegregation
- 3 order.
- 4 (R) The date when the charter school is expected to:
- 5 (i) begin school operations; and
- 6 (ii) have students attending the charter school.
- 7 (S) The arrangement for providing teachers and other staff
- 8 with health insurance, retirement benefits, liability insurance,
- 9 and other benefits.
- 10 (4) The manner in which the sponsor must conduct an annual
- 11 audit of the program operations of the charter school.
- 12 **(5) Information demonstrating that at least fifty-one percent**
- 13 **(51%) of the parents of students enrolled in the school**
- 14 **corporation where the charter school will be located have**
- 15 **signed a petition or voted in an election conducted by the**
- 16 **school corporation requesting the establishment of the charter**
- 17 **school. The department shall establish standards for the**
- 18 **conduct of petition drives and elections under this subdivision.**
- 19 **The organizer shall pay for the costs incurred by the school**
- 20 **corporation under this subdivision.**
- 21 (c) This section does not waive, limit, or modify the provisions of:
- 22 (1) IC 20-29 in a charter school where the teachers have chosen
- 23 to organize under IC 20-29; or
- 24 (2) an existing collective bargaining agreement for noncertificated
- 25 employees (as defined in IC 20-29-2-11).
- 26 SECTION 6. IC 20-24-4.5 IS ADDED TO THE INDIANA CODE
- 27 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
- 28 UPON PASSAGE]:
- 29 **Chapter 4.5. Governance**
- 30 **Sec. 1. An organizer must have a board of directors.**
- 31 **Sec. 2. Except as otherwise provided in this article:**
- 32 **(1) organizer powers shall be exercised by or under the**
- 33 **authority of; and**
- 34 **(2) the business and affairs of the organizer managed under**
- 35 **the direction of;**
- 36 **the organizer's board of directors.**
- 37 **Sec. 3. A person may not be a director of a charter school if the**
- 38 **person is:**

- 1 **(1) a director of another charter school; or**
 2 **(2) a member of a governing body.**

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

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

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

13 SECTION 7. IC 20-24-7-13, AS ADDED BY P.L.182-2009(ss),
 14 SECTION 315, IS AMENDED TO READ AS FOLLOWS
 15 [EFFECTIVE UPON PASSAGE]: Sec. 13. (a) As used in this section,
 16 **"current ADM" has the meaning set forth in IC 20-43-1-10 and**
 17 **"virtual charter school" means any charter school, including a**
 18 **conversion charter school, that provides for the delivery of more than**
 19 **fifty percent (50%) of instruction to students through:**

- 20 (1) virtual distance learning;
 21 (2) online technologies; or
 22 (3) computer based instruction.

23 (b) The department shall establish a pilot program to provide
 24 funding for a statewide total of up to two hundred (200) students who
 25 attend virtual charter schools in the school year ending in ~~2010~~ **2013**
 26 and five hundred (500) students who attend virtual charter schools in
 27 the school year ending in ~~2011~~ **2014**. The department shall choose an
 28 entity or entities to operate the virtual charter school. The pilot program
 29 must focus on children who have medical disabilities or circumstances
 30 that prevent them from attending school or for whom a virtual charter
 31 school is a better alternative than a traditional school. At least
 32 seventy-five percent (75%) of the students enrolled in virtual charter
 33 schools under this section must have been included in the ADM count
 34 for the previous school year.

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

- 37 (1) the number of students included in the virtual charter school's
 38 **current** ADM who are participating in the pilot program;

1 multiplied by
 2 (2) eighty percent (80%) of the statewide average basic tuition
 3 support.

4 **A virtual charter school is not entitled to receive funding under this**
 5 **section, IC 20-43, or another law in the last six (6) months of 2010,**
 6 **in any month in 2011, or in the first six (6) months of 2012. The**
 7 **amount to which a virtual charter school is entitled in 2010 is equal**
 8 **to fifty percent (50%) of the amount determined under**
 9 **subdivisions (1) and (2) for 2010. One hundred percent (100%) of**
 10 **this amount shall be distributed to virtual charter schools before**
 11 **June 30, 2010. A virtual charter school is entitled to receive**
 12 **funding under this section in 2012 only for the last six (6) months**
 13 **of the calendar year if the virtual charter school participates in the**
 14 **pilot program established under this section for the last six (6)**
 15 **months of 2012 and the current ADM of the virtual charter school**
 16 **in 2012 is greater than zero (0). The amount to which a virtual**
 17 **charter school is entitled in 2012 is equal to fifty percent (50%) of**
 18 **the amount determined under subdivisions (1) and (2) for 2012.**
 19 **One hundred percent (100%) of this amount shall be distributed to**
 20 **virtual charter schools after June 30, 2012, and before January 1,**
 21 **2013.**

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

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

28 (f) **Notwithstanding this section, a pilot program established**
 29 **under this section for a school year beginning after June 30, 2010,**
 30 **and ending before July 1, 2012, is suspended. However, the**
 31 **department shall conduct a fall count of the number of students**
 32 **enrolled in a virtual charter school in the school year ending on**
 33 **June 30, 2012, to determine the current ADM of the virtual charter**
 34 **school for 2012.**

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

- 1 (1) Operate at a site or for grades other than as specified in the
2 charter.
- 3 (2) Charge tuition to any student residing within the school
4 corporation's geographic boundaries. However, a charter school
5 may charge tuition for:
- 6 (A) a preschool program, unless charging tuition for the
7 preschool program is barred under federal law; or
8 (B) a latch key program;
9 if the charter school provides those programs.
- 10 (3) Except for a foreign exchange student who is not a United
11 States citizen, enroll a student who is not a resident of Indiana.
- 12 (4) Be located in a private residence.
- 13 (5) Provide solely home based instruction.
- 14 **(6) After April 1, 2010, enter into, renew, or extend a contract**
15 **with an educational management organization that is not an**
16 **organization exempt from federal adjusted gross income taxes**
17 **under Section 501(c)(3) of the Internal Revenue Code.**
- 18 (b) A charter school is not prohibited from delivering instructional
19 services:
- 20 (1) through the Internet or another online arrangement; or
21 (2) in any manner by computer;
22 if the instructional services are provided to students enrolled in the
23 charter school in a manner that complies with any procedures adopted
24 by the department concerning online and computer instruction in public
25 schools.
- 26 SECTION 9. IC 20-24-9-2, AS ADDED BY P.L.1-2005, SECTION
27 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON
28 PASSAGE]: Sec. 2. An annual report under this chapter must contain
29 the following information for a charter school:
- 30 (1) Results of all standardized testing, including ISTEP program
31 testing and the graduation examination.
- 32 (2) A description of the educational methods and teaching
33 methods employed.
- 34 (3) Daily attendance records.
- 35 (4) Graduation statistics (if appropriate), including attainment of
36 Core 40 and academic honors diplomas.
- 37 (5) Student enrollment data, including the following:
38 (A) The number of students enrolled.

- 1 (B) The number of students expelled.
- 2 (C) The number of students who discontinued attendance at
- 3 the charter school and the reasons for the discontinuation.
- 4 **(6) Information concerning the number of students enrolled**
- 5 **in any of the charter school's:**
- 6 **(A) programs for severe disabilities listed in IC 20-43-7-2;**
- 7 **(B) programs for mild and moderate disabilities listed in**
- 8 **IC 20-43-7-3; or**
- 9 **(C) programs for communication disorder to which**
- 10 **IC 20-43-7-4 applies;**
- 11 **in the immediately preceding school year or the current**
- 12 **school year who, in the current school year, were expelled,**
- 13 **suspended, or stopped attending classes offered by the charter**
- 14 **school before graduation and the reasons, to the extent known**
- 15 **by the charter school, for which each student terminated**
- 16 **enrollment.**

17 SECTION 10. IC 20-26-17 IS ADDED TO THE INDIANA CODE

18 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE

19 UPON PASSAGE]:

20 **Chapter 17. Educational Management Organizations**

21 **Sec. 1. Neither the:**

- 22 **(1) general management and operation of a school**
- 23 **corporation or a public school; or**
- 24 **(2) function of managing instructional staff or services for a**
- 25 **school corporation or public school; or**
- 26 **(3) function of providing instructional staff or services to a**
- 27 **school corporation or public school;**

28 **may be delegated to an individual or entity that is not a governing**

29 **body or an employee of a school corporation.**

30 **Sec. 2. Section 1 of this chapter does not prohibit a school**

31 **corporation from participating in a joint or cooperative program**

32 **under IC 20-35-5, IC 20-26-10, IC 36-1-7, or IC 36-1.5 or a college**

33 **credit program under an articulation agreement or a dual credit**

34 **provision under IC 20-32-3-9 or IC 21-43-2.**

35 **Sec. 3. IC 20-24-8-2(6) and not section 1 of this chapter applies**

36 **to a conversion charter school.**

37 **Sec. 4. Neither the state board nor the department, including the**

38 **superintendent of public instruction, may require an action,**

1 **approve a plan providing for an action, or contract for a service**
 2 **provider to carry out duties that would violate section 1 of this**
 3 **chapter.**

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

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

12 **(1) the unencumbered balance in the fund on January 1 of the**
 13 **calendar year; and**

14 **(2) the deposits in the fund in the calendar year;**
 15 **derived from the capital projects fund property tax levy imposed**
 16 **under IC 20-46-6-5.**

17 **(c) This section expires January 1, 2012.**

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

21 **Chapter 4. Emergency Measures to Maintain Instruction and**
 22 **Learning Programs**

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

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

30 **Sec. 3. A school corporation shall take the actions necessary and**
 31 **desirable to preserve and protect instructional programs, including**
 32 **class sizes, curriculum or program offerings, and certificated**
 33 **employee positions and teaching assistants.**

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

37 **(b) The plan must establish the steps that the school corporation**
 38 **will take and the schedule on which the actions will be taken to**

1 carry out section 3 of this chapter. The plan, including an amended
2 plan, must include at least the following determinations:

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

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

8 (3) A determination of whether the school corporation has
9 maintained or will maintain on the last day of any month in
10 2010 or 2011:

11 (A) an unexpended and unencumbered general fund cash
12 balance exceeding eight percent (8%) of the amount
13 appropriated from the school corporation's general fund
14 for the 2010 calendar year; or

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

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

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

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

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

34 (8) A detailed listing of all expenditure reductions required
35 under section 6 of this chapter and the amount that will be
36 devoted to the purposes of section 3 of this chapter.

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

1 devoted to the purposes of section 3 of this chapter.

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

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

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

15 (1) five percent (5%) for the school year beginning July 1,
16 2010, and ending June 30, 2011; and

17 (2) ten percent (10%) for the school year beginning July 1,
18 2011, and ending June 30, 2012.

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

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

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

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

36 (1) Kindergarten through grade 2 diagnostics.

37 (2) Grade 3 through 8 acuity tests.

38 (3) CORE 40 end of course assessments.

- 1 **(4) NWEA testing.**
- 2 **(5) PSAT testing, to the extent that the school corporation's**
- 3 **expenditures for PSAT testing are not otherwise paid from**
- 4 **PSAT program grants distributed by the state.**
- 5 **(6) ISTEP social studies testing.**

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

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

- 17 **(1) The:**
 - 18 **(A) amount of administrative expenditures that otherwise**
 - 19 **would have been incurred by the department or another**
 - 20 **agency of the state in each state fiscal year; and**
 - 21 **(B) amount of state tuition support that would have been**
 - 22 **distributed to virtual charter schools in each state fiscal**
 - 23 **year;**
- 24 **during the period beginning July 1, 2010, and ending**
 25 **December 31, 2011, if the virtual school pilot program were**
 26 **not suspended under IC 20-24-7-13. The maximum state**
 27 **distribution under IC 20-43-2-2 for calendar years 2010 and**
 28 **2011 is reduced by the amount attributable to distributions**
 29 **described in clause (B) for that calendar year.**

- 30 **(2) The:**
 - 31 **(A) amount of administrative expenditures that otherwise**
 - 32 **would have been incurred by the department or another**
 - 33 **agency of the state in the administration of IC 6-3.1-30.5 or**
 - 34 **IC 20-51 in the period beginning April 1, 2010, and ending**
 - 35 **December 31, 2011; and**
 - 36 **(B) amount of tax revenue that otherwise would have been**
 - 37 **lost to the state from the granting of school scholarship tax**
 - 38 **credits granted under 6-3.1-30.5 against adjusted gross**

1 **income imposed in taxable years ending not later than**
2 **December 31, 2011, including amounts that the department**
3 **of state revenue estimates would have lost from tax returns**
4 **filed or amended after December 31, 2011;**
5 **if the school scholarship tax credit program were not**
6 **suspended under IC 6-3.1-30.5-0.5 and the school scholarship**
7 **program were not suspended under IC 20-51-3-2.**

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

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

13 **(b) Not later than the first regular business day after June 30,**
14 **2010, the auditor of state shall transfer from the state general fund**
15 **to the fund an amount equal to the sum of the following:**

16 **(1) The amounts determined under section 7 of this chapter.**
17 **(2) The five hundred thousand dollars (\$500,000) that**
18 **P.L.182-2009(ss), SECTION 9 directed the department to use**
19 **for ACT/SAT test preparation in the state fiscal year**
20 **beginning July 1, 2010, and ending June 30, 2011. The**
21 **appropriation in P.L.182-2009(ss), SECTION 9 for the state**
22 **fiscal year beginning July 1, 2010, and ending June 30, 2011,**
23 **for testing and remediation is reduced by the amount**
24 **transferred under this subdivision. The requirement that the**
25 **department use money from this appropriation in the state**
26 **fiscal year beginning July 1, 2010, and ending June 30, 2011,**
27 **for ACT/SAT test preparation is terminated.**

28 **(3) The seven hundred seventeen thousand four hundred**
29 **forty-nine dollars (\$717,449) that P.L.182-2009(ss), SECTION**
30 **9 appropriated for other operating expenses of the PSAT**
31 **Program for the state fiscal year beginning July 1, 2010, and**
32 **ending June 30, 2011. The appropriation for the PSAT**
33 **Program for the state fiscal year beginning July 1, 2010, and**
34 **ending June 30, 2011, is terminated.**

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

38 **(d) The treasurer of state shall invest the money in the fund not**

1 **currently needed to meet the obligations of the fund in the same**
 2 **manner as other public funds may be invested.**

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

6 **(f) The amount required to be transferred under subsection (b)**
 7 **is appropriated to the auditor of state from the state general fund**
 8 **for the state fiscal year beginning July 1, 2010, and ending June 30,**
 9 **2011. Money in the fund is appropriated from the fund to the**
 10 **department for the purposes of instructional services restoration**
 11 **grants under section 9 of this chapter, beginning July 1, 2010, and**
 12 **ending June 30, 2011.**

13 **Sec. 9. The department shall establish an instructional services**
 14 **restoration grant program. The purpose of the program is to**
 15 **provide grants in the state fiscal year beginning July 1, 2010, and**
 16 **ending June 30, 2011, to school corporations to carry out section 3**
 17 **of this chapter. In awarding grants, the department shall give**
 18 **priority to school corporations that demonstrate from a plan or**
 19 **amended plan submitted under section 4 of this chapter that, after**
 20 **taking the actions described in section 4(b) of this chapter, the**
 21 **school corporation will have insufficient funds to carry out section**
 22 **3 of this chapter. The department shall determine the amount to be**
 23 **awarded to each school corporation.**

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

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

30 (b) This subsection applies to a school corporation that has
 31 transition to foundation revenue per adjusted ADM for a year that is
 32 not equal to the foundation amount for the year. The school
 33 corporation's basic tuition support for a year is equal to the school
 34 corporation's transition to foundation revenue for the year.

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

1 (1) The foundation amount for the year multiplied by the school
2 corporation's adjusted ADM.

3 (2) The amount of the annual decrease in federal aid to impacted
4 areas from the year preceding the ensuing calendar year by three

5 (3) years to the year preceding the ensuing calendar year by two
6 (2) years.

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

13 SECTION 14. IC 20-51-3-2, AS ADDED BY P.L.182-2009(ss),
14 SECTION 364, IS AMENDED TO READ AS FOLLOWS
15 [EFFECTIVE UPON PASSAGE]: Sec. 2. The department shall certify
16 all programs that meet the qualifications under section 1 of this chapter
17 as school scholarship programs. **The certification program under this
18 article is suspended until July 1, 2011. After June 30, 2011, the
19 department may certify programs for the purpose of permitting
20 taxpayers to receive school scholarship tax credits under
21 IC 6-3.1-30.5 in a taxable year beginning after December 31, 2011.**

22 SECTION 15. P.L.182-2009(ss), SECTION 488 IS REPEALED
23 [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)].

24 SECTION 16. **An emergency is declared for this act.**

(Reference is to HB 1367 as introduced.)

and when so amended that said bill do pass.

Representative Cheatham