



March 18, 2011

**ENGROSSED
HOUSE BILL No. 1002**

DIGEST OF HB 1002 (Updated March 16, 2011 6:10 pm - DI 71)

Citations Affected: IC 4-4; IC 5-10; IC 20-24; IC 20-26; IC 20-31; IC 20-43; IC 20-49; noncode.

Synopsis: Charter schools. Allows charter schools to opt in to the state health insurance plans. Establishes the charter school board as a statewide sponsor of charter schools. Adds nonprofit private colleges and universities as eligible charter school sponsors. Establishes certain accountability criteria for charter school sponsors, and places charter schools under accountability standards for public schools. Adds: (1) student academic growth; (2) financial performance and stability; and (3) board performance and stewardship; to the list of items to be included in a charter school's charter. Requires uniform and consistent transfer of credits for students who transfer from a charter school to another public school. Stipulates that a teacher in a conversion charter school may be an employee of the charter school or the school corporation as determined in a charter school's charter. Ends the virtual
(Continued next page)

Effective: Upon passage; July 1, 2011; January 1, 2012.

Bosma, Behning, Sullivan, Noe
(SENATE SPONSOR — KRUSE)

January 13, 2011, read first time and referred to Committee on Education.
January 25, 2011, amended, reported — Do Pass.
February 7, 2011, read second time, amended, ordered engrossed.
February 8, 2011, engrossed. Read third time, passed. Yeas 59, nays 37.

SENATE ACTION

February 17, 2011, read first time and referred to Committee on Education and Career Development.
March 17, 2011, amended, reported favorably — Do Pass; reassigned to Committee on Appropriations.

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Digest Continued

charter school pilot program, and allows existing virtual charter schools to seek sponsors. Sets out the conditions, accounting process, and reporting procedures for a charter school sponsor concerning the collection of fees from its sponsored charter schools. Requires the department of education to establish a charter school page on the department's Internet web site. Establishes the charter school facilities aid program and the charter school facilities revolving loan program. Changes the procedure for converting a public school into a charter school. Establishes a process by which charter schools may lease unused, closed, or unoccupied school buildings that are maintained by school corporations and are not being used for classroom instruction. Cancels interest payments on advances made to charter schools from the common school fund. Makes conforming changes. Repeals provisions concerning the number of charter schools an executive of a consolidated city may sponsor and that include teachers in a conversion charter school in the school corporation's bargaining unit.

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March 18, 2011

First Regular Session 117th General Assembly (2011)

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 2010 Regular Session of the General Assembly.

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ENGROSSED HOUSE BILL No. 1002

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 4-4-10.9-6.2, AS AMENDED BY P.L.2-2007,
2 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 6.2. (a) "Educational facility project"
4 includes:
5 (1) the acquisition of land, site improvements, infrastructure
6 improvements, buildings, or structures, the rehabilitation,
7 renovation, and enlargement of buildings and structures,
8 machinery, equipment, furnishings, or facilities (or any
9 combination of these):
10 (A) comprising or being functionally related and subordinate
11 to any aquaria, botanical societies, historical societies,
12 libraries, museums, performing arts associations or societies,
13 scientific societies, zoological societies, and independent
14 elementary, secondary, or postsecondary educational
15 institution (or any combination of these) that engages in the

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1 cultural, intellectual, scientific, educational, or artistic
 2 enrichment of the people of the state the development or
 3 expansion of which serves the purposes set forth in
 4 IC 4-4-11-2;
 5 (B) is not used or to be used primarily for sectarian instruction
 6 or study or as a place for devotional activities; and
 7 (C) is not used or to be used primarily in connection with any
 8 part of the program of a school or department of divinity for
 9 any religious denomination; or
 10 (2) funding (including reimbursement or refinancing) by a
 11 nonprofit organization described in subsection (b) of:
 12 (A) real property and improvements;
 13 (B) personal property; or
 14 (C) noncapital costs to fund a judgment, a settlement, or other
 15 cost or liability, other than an ordinary and recurring operating
 16 cost or expenditure; or
 17 **(3) funding (including reimbursement or refinancing) by the**
 18 **department of education of:**
 19 **(A) real property and improvements;**
 20 **(B) personal property; or**
 21 **(C) noncapital costs other than an ordinary and recurring**
 22 **operating cost or expenditure;**
 23 **of a charter school (as defined in IC 20-24-1-4) through the**
 24 **charter school facilities aid fund established by IC 20-24-12-4**
 25 **or the charter school facilities revolving loan fund established**
 26 **by IC 20-24-13-4.**
 27 (b) For purposes of subsection (a)(2), a nonprofit organization must
 28 be:
 29 (1) qualified as tax exempt under Section 501(c)(3) of the Internal
 30 Revenue Code; and
 31 (2) have headquarters or a primary educational or exhibit facility
 32 located on property owned by or titled in the name of the state of
 33 Indiana or an agency, a commission, or an instrumentality of the
 34 state of Indiana that serves the purposes set forth in IC 4-4-11-2.
 35 SECTION 2. IC 4-4-11-15, AS AMENDED BY P.L.98-2008,
 36 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 37 UPON PASSAGE]: Sec. 15. (a) The authority is granted all powers
 38 necessary or appropriate to carry out and effectuate its public and
 39 corporate purposes under the affected statutes, including but not
 40 limited to the following:
 41 (1) Have perpetual succession as a body politic and corporate and
 42 an independent instrumentality exercising essential public

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- 1 functions.
- 2 (2) Without complying with IC 4-22-2, adopt, amend, and repeal
- 3 bylaws, rules, guidelines, and policies not inconsistent with the
- 4 affected statutes, and necessary or convenient to regulate its
- 5 affairs and to carry into effect the powers, duties, and purposes of
- 6 the authority and conduct its business under the affected statutes.
- 7 These bylaws, rules, guidelines, and policies must be made by a
- 8 resolution of the authority introduced at one (1) meeting and
- 9 approved at a subsequent meeting of the authority.
- 10 (3) Sue and be sued in its own name.
- 11 (4) Have an official seal and alter it at will.
- 12 (5) Maintain an office or offices at a place or places within the
- 13 state as it may designate.
- 14 (6) Make, execute, and enforce contracts and all other instruments
- 15 necessary, convenient, or desirable for the purposes of the
- 16 authority or pertaining to:
 - 17 (A) a purchase, acquisition, or sale of securities or other
 - 18 investments; or
 - 19 (B) the performance of the authority's duties and execution of
 - 20 any of the authority's powers under the affected statutes.
- 21 (7) Employ architects, engineers, attorneys, inspectors,
- 22 accountants, agriculture experts, silviculture experts, aquaculture
- 23 experts, and financial experts, and such other advisors,
- 24 consultants, and agents as may be necessary in its judgment and
- 25 to fix their compensation.
- 26 (8) Procure insurance against any loss in connection with its
- 27 property and other assets, including loans and loan notes in
- 28 amounts and from insurers as it may consider advisable.
- 29 (9) Borrow money, make guaranties, issue bonds, and otherwise
- 30 incur indebtedness for any of the authority's purposes, and issue
- 31 debentures, notes, or other evidences of indebtedness, whether
- 32 secured or unsecured, to any person, as provided by the affected
- 33 statutes. Notwithstanding any other law, the:
 - 34 (A) issuance by the authority of any indebtedness that
 - 35 establishes a procedure for the authority or a person acting on
 - 36 behalf of the authority to certify to the general assembly the
 - 37 amount needed to restore a debt service reserve fund or
 - 38 another fund to required levels; or
 - 39 (B) execution by the authority of any other agreement that
 - 40 creates a moral obligation of the state to pay all or part of any
 - 41 indebtedness issued by the authority;
 - 42 is subject to review by the budget committee and approval by the

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1 budget director.

2 (10) Procure insurance or guaranties from any public or private

3 entities, including any department, agency, or instrumentality of

4 the United States, for payment of any bonds issued by the

5 authority, including the power to pay premiums on any insurance

6 or reinsurance.

7 (11) Purchase, receive, take by grant, gift, devise, bequest, or

8 otherwise, and accept, from any source, aid or contributions of

9 money, property, labor, or other things of value to be held, used,

10 and applied to carry out the purposes of the affected statutes,

11 subject to the conditions upon which the grants or contributions

12 are made, including but not limited to gifts or grants from any

13 department, agency, or instrumentality of the United States, and

14 lease or otherwise acquire, own, hold, improve, employ, use, and

15 otherwise deal in and with real or personal property or any

16 interest in real or personal property, wherever situated, for any

17 purpose consistent with the affected statutes.

18 (12) Enter into agreements with any department, agency, or

19 instrumentality of the United States or this state and with lenders

20 and enter into loan agreements, sales contracts, and leases with

21 contracting parties, including participants (as defined in

22 IC 13-11-2-151.1) for any purpose permitted under IC 13-18-13

23 or IC 13-18-21, borrowers, lenders, developers, or users, for the

24 purpose of planning, regulating, and providing for the financing

25 and refinancing of any agricultural enterprise (as defined in

26 IC 5-28-31-1), rural development project (as defined in

27 IC 5-28-31-20), industrial development project, purpose permitted

28 under IC 13-18-13 and IC 13-18-21, or international exports, and

29 distribute data and information concerning the encouragement

30 and improvement of agricultural enterprises and agricultural

31 employment, rural development projects, industrial development

32 projects, international exports, and other types of employment in

33 the state undertaken with the assistance of the authority under this

34 chapter.

35 (13) Enter into contracts or agreements with lenders and lessors

36 for the servicing and processing of loans and leases pursuant to

37 the affected statutes.

38 (14) Provide technical assistance to local public bodies and to

39 profit and nonprofit entities in the development or operation of

40 agricultural enterprises, rural development projects, and industrial

41 development projects.

42 (15) To the extent permitted under its contract with the holders of

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1 the bonds of the authority, consent to any modification with
 2 respect to the rate of interest, time, and payment of any
 3 installment of principal or interest, or any other term of any
 4 contract, loan, loan note, loan note commitment, contract, lease,
 5 or agreement of any kind to which the authority is a party.
 6 (16) To the extent permitted under its contract with the holders of
 7 bonds of the authority, enter into contracts with any lender
 8 containing provisions enabling it to reduce the rental or carrying
 9 charges to persons unable to pay the regular schedule of charges
 10 when, by reason of other income or payment by any department,
 11 agency, or instrumentality of the United States of America or of
 12 this state, the reduction can be made without jeopardizing the
 13 economic stability of the agricultural enterprise, rural
 14 development project, or industrial development project being
 15 financed.
 16 (17) Notwithstanding IC 5-13, but subject to the requirements of
 17 any trust agreement entered into by the authority, invest:
 18 (A) the authority's money, funds, and accounts;
 19 (B) any money, funds, and accounts in the authority's custody;
 20 and
 21 (C) proceeds of bonds or notes;
 22 in the manner provided by an investment policy established by
 23 resolution of the authority.
 24 (18) Fix and revise periodically, and charge and collect, fees and
 25 charges as the authority determines to be reasonable in connection
 26 with:
 27 (A) the authority's loans, guarantees, advances, insurance,
 28 commitments, and servicing; and
 29 (B) the use of the authority's services or facilities.
 30 (19) Cooperate and exchange services, personnel, and information
 31 with any federal, state, or local government agency, or
 32 instrumentality of the United States or this state.
 33 (20) Sell, at public or private sale, with or without public bidding,
 34 any loan or other obligation held by the authority.
 35 (21) Enter into agreements concerning, and acquire, hold, and
 36 dispose by any lawful means, land or interests in land, building
 37 improvements, structures, personal property, franchises, patents,
 38 accounts receivable, loans, assignments, guarantees, and
 39 insurance needed for the purposes of the affected statutes.
 40 (22) Take assignments of accounts receivable, loans, guarantees,
 41 insurance, notes, mortgages, security agreements securing notes,
 42 and other forms of security, attach, seize, or take title by

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1 foreclosure or conveyance to any industrial development project
 2 when a guaranteed loan thereon is clearly in default and when in
 3 the opinion of the authority such acquisition is necessary to
 4 safeguard the industrial development project guaranty fund, and
 5 sell, or on a temporary basis, lease or rent such industrial
 6 development project for any use.

7 (23) Expend money provided to the authority by the Indiana
 8 economic development corporation from the industrial
 9 development project guaranty fund created by IC 5-28-30, subject
 10 to the terms of any agreement with the Indiana economic
 11 development corporation governing the expenditure of that
 12 money.

13 (24) Purchase, lease as lessee, construct, remodel, rebuild,
 14 enlarge, or substantially improve industrial development projects,
 15 including land, machinery, equipment, or any combination
 16 thereof.

17 (25) Lease industrial development projects to users or developers,
 18 with or without an option to purchase.

19 (26) Sell industrial development projects to users or developers,
 20 for consideration to be paid in installments or otherwise.

21 (27) Make:

22 (A) direct loans from the proceeds of the bonds to users or
 23 developers for:

24 ~~(A)~~ (i) the cost of acquisition, construction, or installation of
 25 industrial development projects, including land, machinery,
 26 equipment, or any combination thereof; or

27 ~~(B)~~ (ii) eligible expenditures for an educational facility
 28 project described in IC 4-4-10.9-6.2(a)(2);

29 with the loans to be secured by the pledge of one (1) or more
 30 bonds, notes, warrants, or other secured or unsecured debt
 31 obligations of the users or developers;

32 **(B) loans from the proceeds of grant anticipation revenue**
 33 **bonds to the charter school facilities aid fund established**
 34 **by IC 20-24-12-4, with the loans to be secured by the**
 35 **pledge of grant revenues awarded to the department of**
 36 **education for the purposes of educational facility projects**
 37 **described in IC 4-4-10.9-6.2(a)(3) that the authority**
 38 **determines is proper under the circumstances; or**

39 **(C) loans from the proceeds of the bonds to the charter**
 40 **school facilities revolving loan fund established by**
 41 **IC 20-24-13-4, with the loans to be secured by the credit**
 42 **enhancements, guaranties, or pledge of one (1) or more**

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bonds, notes, warrants, or other secured or unsecured debt obligations of users or developers of an educational facility project described in IC 4-4-10.9-6.2(a)(3) that the authority determines are proper under the circumstances.

(28) Lend or deposit the proceeds of bonds to or with a lender for the purpose of furnishing funds to such lender to be used for making a loan to a developer or user for the financing of industrial development projects under this chapter.

(29) Enter into agreements with users or developers to allow the users or developers, directly or as agents for the authority, to wholly or partially construct industrial development projects to be leased from or to be acquired by the authority.

(30) Establish reserves from the proceeds of the sale of bonds, other funds, or both, in the amount determined to be necessary by the authority to secure the payment of the principal and interest on the bonds.

(31) Adopt rules and guidelines governing its activities authorized under the affected statutes.

(32) Use the proceeds of bonds to make guaranteed participating loans.

(33) Purchase, discount, sell, and negotiate, with or without guaranty, notes and other evidences of indebtedness.

(34) Sell and guarantee securities.

(35) Make guaranteed participating loans under IC 4-4-21-26.

(36) Procure insurance to guarantee, insure, coinsure, and reinsure against political and commercial risk of loss, and any other insurance the authority considers necessary, including insurance to secure the payment of principal and interest on notes or other obligations of the authority.

(37) Provide performance bond guarantees to support eligible export loan transactions, subject to the terms of the affected statutes.

(38) Provide financial counseling services to Indiana exporters.

(39) Accept gifts, grants, or loans from, and enter into contracts or other transactions with, any federal or state agency, municipality, private organization, or other source.

(40) Sell, convey, lease, exchange, transfer, or otherwise dispose of property or any interest in property, wherever the property is located.

(41) Cooperate with other public and private organizations to promote export trade activities in Indiana.

(42) Cooperate with the Indiana economic development

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corporation in taking any actions necessary for the administration of the agricultural loan and rural development project guarantee fund established by IC 5-28-31.

(43) In cooperation with the Indiana economic development corporation, take assignments of notes and mortgages and security agreements securing notes and other forms of security, and attach, seize, or take title by foreclosure or conveyance to any agricultural enterprise or rural development project when a guaranteed loan to the enterprise or rural development project is clearly in default and when in the opinion of the Indiana economic development corporation the acquisition is necessary to safeguard the agricultural loan and rural development project guarantee fund, and sell, or on a temporary basis, lease or rent the agricultural enterprise or rural development project for any use.

(44) Expend money provided to the authority by the Indiana economic development corporation from the agricultural loan and rural development project guarantee fund created by IC 5-28-31, subject to the terms of any agreement with the Indiana economic development corporation governing the expenditure of that money.

(45) Reimburse from bond proceeds expenditures for industrial development projects under this chapter.

(46) Acquire, hold, use, and dispose of the authority's income, revenues, funds, and money.

(47) Purchase, acquire, or hold debt securities or other investments for the authority's own account at prices and in a manner the authority considers advisable, and sell or otherwise dispose of those securities or investments at prices without relation to cost and in a manner the authority considers advisable.

(48) Fix and establish terms and provisions with respect to:
(A) a purchase of securities by the authority, including dates and maturities of the securities;
(B) redemption or payment before maturity; and
(C) any other matters that in connection with the purchase are necessary, desirable, or advisable in the judgment of the authority.

(49) To the extent permitted under the authority's contracts with the holders of bonds or notes, amend, modify, and supplement any provision or term of:
(A) a bond, a note, or any other obligation of the authority; or
(B) any agreement or contract of any kind to which the authority is a party.

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1 (50) Subject to the authority's investment policy, do any act and
 2 enter into any agreement pertaining to a swap agreement (as
 3 defined in IC 8-9.5-9-4) related to the purposes of the affected
 4 statutes in accordance with IC 8-9.5-9-5 and IC 8-9.5-9-7,
 5 whether the action is incidental to the issuance, carrying, or
 6 securing of bonds or otherwise.

7 (51) Do any act necessary or convenient to the exercise of the
 8 powers granted by the affected statutes, or reasonably implied
 9 from those statutes, including but not limited to compliance with
 10 requirements of federal law imposed from time to time for the
 11 issuance of bonds.

12 (b) The authority's powers under this chapter shall be interpreted
 13 broadly to effectuate the purposes of this chapter and may not be
 14 construed as a limitation of powers. The omission of a power from the
 15 list in subsection (a) does not imply that the authority lacks that power.
 16 The authority may exercise any power that is not listed in subsection
 17 (a) but is consistent with the powers listed in subsection (a) to the
 18 extent that the power is not expressly denied by the Constitution of the
 19 State of Indiana or by another statute.

20 (c) This chapter does not authorize the financing of industrial
 21 development projects for a developer unless any written agreement that
 22 may exist between the developer and the user at the time of the bond
 23 resolution is fully disclosed to and approved by the authority.

24 (d) The authority shall work with and assist the Indiana housing and
 25 community development authority established by IC 5-20-1-3, the ports
 26 of Indiana established under IC 8-10-1-3, and the state fair commission
 27 established by IC 15-13-2-1 in the issuance of bonds, notes, or other
 28 indebtedness. The Indiana housing and community development
 29 authority, the ports of Indiana, and the state fair commission shall work
 30 with and cooperate with the authority in connection with the issuance
 31 of bonds, notes, or other indebtedness.

32 SECTION 3. IC 5-10-8-1, AS AMENDED BY P.L.194-2007,
 33 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 34 JULY 1, 2011]: Sec. 1. The following definitions apply in this chapter:

35 (1) "Employee" means:

36 (A) an elected or appointed officer or official, or a full-time
 37 employee;

38 (B) if the individual is employed by a school corporation, a
 39 full-time or part-time employee;

40 (C) for a local unit public employer, a full-time or part-time
 41 employee or a person who provides personal services to the
 42 unit under contract during the contract period; or

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- 1 (D) a senior judge appointed under IC 33-24-3-7;
- 2 whose services have continued without interruption at least thirty
- 3 (30) days.
- 4 (2) "Group insurance" means any of the kinds of insurance
- 5 fulfilling the definitions and requirements of group insurance
- 6 contained in IC 27-1.
- 7 (3) "Insurance" means insurance upon or in relation to human life
- 8 in all its forms, including life insurance, health insurance,
- 9 disability insurance, accident insurance, hospitalization insurance,
- 10 surgery insurance, medical insurance, and supplemental medical
- 11 insurance.
- 12 (4) "Local unit" includes a city, town, county, township, public
- 13 library, municipal corporation (as defined in IC 5-10-9-1), or
- 14 school corporation, **or charter school.**
- 15 (5) "New traditional plan" means a self-insurance program
- 16 established under section 7(b) of this chapter to provide health
- 17 care coverage.
- 18 (6) "Public employer" means the state or a local unit, including
- 19 any board, commission, department, division, authority,
- 20 institution, establishment, facility, or governmental unit under the
- 21 supervision of either, having a payroll in relation to persons it
- 22 immediately employs, even if it is not a separate taxing unit. With
- 23 respect to the legislative branch of government, "public employer"
- 24 or "employer" refers to the following:
- 25 (A) The president pro tempore of the senate, with respect to
- 26 former members or employees of the senate.
- 27 (B) The speaker of the house, with respect to former members
- 28 or employees of the house of representatives.
- 29 (C) The legislative council, with respect to former employees
- 30 of the legislative services agency.
- 31 (7) "Public employer" does not include a state educational
- 32 institution.
- 33 (8) "Retired employee" means:
- 34 (A) in the case of a public employer that participates in the
- 35 public employees' retirement fund, a former employee who
- 36 qualifies for a benefit under IC 5-10.3-8 or IC 5-10.2-4;
- 37 (B) in the case of a public employer that participates in the
- 38 teachers' retirement fund under IC 5-10.4, a former employee
- 39 who qualifies for a benefit under IC 5-10.4-5; and
- 40 (C) in the case of any other public employer, a former
- 41 employee who meets the requirements established by the
- 42 public employer for participation in a group insurance plan for

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1 retired employees.
2 (9) "Retirement date" means the date that the employee has
3 chosen to receive retirement benefits from the employees'
4 retirement fund.

5 SECTION 4. IC 5-10-8-6.7, AS AMENDED BY P.L.109-2010,
6 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
7 JULY 1, 2011]: Sec. 6.7. (a) As used in this section, "state employee
8 health plan" means a:

9 (1) self-insurance program established under section 7(b) of this
10 chapter; or

11 (2) contract with a prepaid health care delivery plan entered into
12 under section 7(c) of this chapter;
13 to provide group health coverage for state employees.

14 (b) The state personnel department shall allow a school corporation
15 **or charter school** to elect to provide coverage of health care services
16 for active and retired employees of the school corporation under any
17 state employee health plan. If a school corporation **or charter school**
18 elects to provide coverage of health care services for active and retired
19 employees of the school corporation **or charter school** under a state
20 employee health plan, it must provide coverage for all active and
21 retired employees of the school corporation under the state employee
22 health plan (other than any employees covered by an Indiana
23 comprehensive health insurance association policy or individuals who
24 retire from the school corporation before July 1, 2010, **or charter**
25 **school before July 1, 2011**) if coverage was provided for these
26 employees under the prior policies.

27 (c) The following apply if a school corporation **or charter school**
28 elects to provide coverage for active and retired employees of the
29 school corporation **or charter school** under subsection (b):

30 (1) The state shall not pay any part of the cost of the coverage.

31 (2) The coverage provided to an active or retired school
32 corporation **or charter school** employee under this section must
33 be the same as the coverage provided to an active or retired state
34 employee under the state employee health plan.

35 (3) Notwithstanding sections 2.2 and 2.6 of this chapter:

36 (A) the school corporation **or charter school** shall pay for the
37 coverage provided to an active or retired school corporation **or**
38 **charter school** employee under this section an amount not
39 more than the amount paid by the state for coverage provided
40 to an active or retired state employee under the state employee
41 health plan; and

42 (B) an active or retired school corporation **or charter school**

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1 employee shall pay for the coverage provided to the active or
2 retired school corporation **or charter** employee under this
3 section an amount that is at least equal to the amount paid by
4 an active or retired state employee for coverage provided to
5 the active or retired state employee under the state employee
6 health plan.

7 However, this subdivision does not apply to contractual
8 commitments made by a school corporation to individuals who
9 retire before July 1, 2010, **or a charter school to individuals**
10 **who retire before July 1, 2011.**

11 (4) The school corporation **or charter school** shall pay any
12 administrative costs of the school corporation's **or charter**
13 **school's** participation in the state employee health plan.

14 (5) The school corporation **or charter school** shall provide the
15 coverage elected under subsection (b) for a period of at least three
16 (3) years beginning on the date the coverage of the school
17 corporation **or charter school** employees under the state
18 employee health plan begins.

19 (d) The state personnel department shall provide an enrollment
20 period at least every thirty (30) days for a school corporation **or**
21 **charter school** that elects to provide coverage under subsection (b).

22 (e) The state personnel department may adopt rules under IC 4-22-2
23 to implement this section.

24 (f) Neither this section nor a school corporation's **or charter**
25 **school's** election to participate in a state employee health plan as
26 provided in this section impairs the rights of an exclusive
27 representative of the certificated or noncertificated employees of the
28 school corporation **or charter school** to collectively bargain all matters
29 related to school employee health insurance programs and benefits.

30 SECTION 5. IC 20-24-1-3.5 IS ADDED TO THE INDIANA CODE
31 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
32 1, 2011]: **Sec. 3.5. "Charter board" refers to the Indiana charter**
33 **school board established under IC 20-24-2.1.**

34 SECTION 6. IC 20-24-1-6.2 IS ADDED TO THE INDIANA CODE
35 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
36 UPON PASSAGE]: **Sec. 6.2. "Fund", for purposes of:**

37 (1) **IC 20-24-12, refers to the charter school facilities aid fund;**
38 **and**

39 (2) **IC 20-24-13, refers to the charter school facilities revolving**
40 **loan fund.**

41 SECTION 7. IC 20-24-1-6.3 IS ADDED TO THE INDIANA CODE
42 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE

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1 UPON PASSAGE]: **Sec. 6.3. "Grant", for purposes of IC 20-24-12,**
 2 **refers to a grant awarded under IC 20-24-12.**
 3 SECTION 8. IC 20-24-1-6.4 IS ADDED TO THE INDIANA CODE
 4 AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE**
 5 **UPON PASSAGE]: Sec. 6.4. "Loan", for purposes of IC 20-24-13,**
 6 **refers to a loan made under IC 20-24-13.**
 7 SECTION 9. IC 20-24-1-7.5 IS ADDED TO THE INDIANA CODE
 8 AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE**
 9 **UPON PASSAGE]: Sec. 7.5. "Program", for purposes of:**
 10 **(1) IC 20-24-12, refers to a charter school per pupil facilities**
 11 **aid program under IC 20-24-12; and**
 12 **(2) IC 20-24-13, refers to the charter school per pupil facilities**
 13 **revolving loan program.**
 14 SECTION 10. IC 20-24-1-9, AS AMENDED BY P.L.2-2007,
 15 SECTION 208, IS AMENDED TO READ AS FOLLOWS
 16 [EFFECTIVE JULY 1, 2011]: Sec. 9. "Sponsor" means, for a charter
 17 school, one (1) of the following:
 18 (1) A governing body.
 19 (2) A state educational institution that offers a four (4) year
 20 baccalaureate degree.
 21 (3) The executive (as defined in IC 36-1-2-5) of a consolidated
 22 city.
 23 **(4) The charter board.**
 24 **(5) A nonprofit college or university (as defined in**
 25 **IC 21-7-13-23(a)).**
 26 SECTION 11. IC 20-24-2.1 IS ADDED TO THE INDIANA CODE
 27 AS A **NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE**
 28 **JULY 1, 2011]:**
 29 **Chapter 2.1. Indiana Charter School Board**
 30 **Sec. 1. (a) The Indiana charter school board is established for**
 31 **the purpose of sponsoring charter schools throughout Indiana.**
 32 **(b) The charter board is a statewide charter school sponsor**
 33 **composed of the following seven (7) members appointed to four (4)**
 34 **year terms:**
 35 **(1) Two (2) members, who may not be members of the same**
 36 **political party, appointed by the governor.**
 37 **(2) One member who has previous experience with or on**
 38 **behalf of charter schools appointed by the state**
 39 **superintendent.**
 40 **(3) Four (4) members, who may not be legislators, appointed**
 41 **as follows:**
 42 **(A) One (1) member appointed by the president pro**

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- tempore of the senate.
- (B) One (1) member appointed by the minority leader of the senate.
- (C) One (1) member appointed by the speaker of the house of representatives.
- (D) One (1) member appointed by the minority leader of the house of representatives.

(c) The governor shall appoint the chairperson of the charter board.

(d) A majority of the members appointed to the charter board constitutes a quorum. The affirmative votes of a majority of the voting members appointed to the charter board are required for the charter board to take action.

(e) Each member of the charter board who is not a state employee is entitled to the minimum salary per diem provided by IC 4-10-11-2.1(b). The member is also entitled to reimbursement for traveling expenses as provided under IC 4-13-1-4 and other expenses actually incurred in connection with the member's duties as provided in the state policies and procedures established by the Indiana department of administration and approved by the budget agency.

Sec. 2. The charter board, with assistance from the department, shall:

- (1) establish a process to:
 - (A) review a proposal to establish a charter school under IC 20-24-3-4;
 - (B) make a decision on the proposal as required under IC 20-24-3-9; and
 - (C) monitor charter schools sponsored by the charter board; and
- (2) publish guidelines concerning the review process described in subdivision (1);

not later than December 31, 2011.

Sec. 3. The charter board may hire staff to carry out the duties of the charter board under this chapter.

Sec. 4. Funding for the charter board consists of administrative fees collected under IC 20-24-7-4.

SECTION 12. IC 20-24-2.2 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]:

Chapter 2.2. Monitoring and Accountability of Sponsors

Sec. 1. The department shall establish a charter school page on

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the department's Internet web site that includes information on the following:

- (1) All approved sponsors, including the sponsors' processes for the following:**
 - (A) Monitoring approved schools at regular intervals.**
 - (B) Establishing minimum standards for renewing a charter or not renewing a charter.**
 - (C) Procedures for school closure, including the transfer of academic records to other schools and postsecondary educational institutions.**
- (2) All pending applications for a charter.**
- (3) All approved applications for a charter.**
- (4) All rejected applications for a charter.**
- (5) Annual performance data that includes the same demographic and performance data required from school corporations.**

SECTION 13. IC 20-24-3-4, AS ADDED BY P.L.1-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 4. (a) An organizer may submit to the sponsor a proposal to establish a charter school.

- (b) A proposal must contain at least the following information:
 - (1) Identification of the organizer.
 - (2) A description of the organizer's organizational structure and governance plan.
 - (3) The following information for the proposed charter school:
 - (A) Name.
 - (B) Purposes.
 - (C) Governance structure.
 - (D) Management structure.
 - (E) Educational mission goals.
 - (F) Curriculum and instructional methods.
 - (G) Methods of pupil assessment.
 - (H) Admission policy and criteria, subject to IC 20-24-5.
 - (I) School calendar.
 - (J) Age or grade range of students to be enrolled.
 - (K) A description of staff responsibilities.
 - (L) A description ~~and the address~~ of the physical plant.
 - (M) Budget and financial plans.
 - (N) Personnel plan, including methods for selection, retention, and compensation of employees.
 - (O) Transportation plan.
 - (P) Discipline program.

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- 1 (Q) Plan for compliance with any applicable desegregation
- 2 order.
- 3 (R) The date when the charter school is expected to:
- 4 (i) begin school operations; and
- 5 (ii) have students attending the charter school.
- 6 (S) The arrangement for providing teachers and other staff
- 7 with health insurance, retirement benefits, liability insurance,
- 8 and other benefits.
- 9 **(T) Any other applications submitted to a sponsor in the**
- 10 **previous five (5) years.**
- 11 (4) The manner in which the sponsor must conduct an annual
- 12 audit of the program operations of the charter school.
- 13 (c) This section does not waive, limit, or modify the provisions of:
- 14 (1) IC 20-29 in a charter school where the teachers have chosen
- 15 to organize under IC 20-29; or
- 16 (2) an existing collective bargaining agreement for noncertificated
- 17 employees (as defined in IC 20-29-2-11).
- 18 SECTION 14. IC 20-24-3-5.5 IS ADDED TO THE INDIANA
- 19 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
- 20 [EFFECTIVE JULY 1, 2011]: **Sec. 5.5. This section applies to a**
- 21 **sponsor that is not the executive of a consolidated city.**
- 22 **(b) Before issuing a charter, the sponsor must conduct a public**
- 23 **hearing concerning the establishment of the proposed charter**
- 24 **school. At the public hearing, the governing body of the school**
- 25 **corporation in which the proposed charter school will be located**
- 26 **must be given an opportunity to comment on the effect of the**
- 27 **proposed charter school on the school corporation, including any**
- 28 **foreseen negative impacts on the school corporation.**
- 29 SECTION 15. IC 20-24-3-10, AS ADDED BY P.L.1-2005,
- 30 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 31 JULY 1, 2011]: Sec. 10. (a) A sponsor must notify the department of
- 32 the following:
- 33 (1) Receipt of a proposal.
- 34 (2) Acceptance of a proposal.
- 35 (3) Rejection of a proposal, including the reasons for the
- 36 rejection.
- 37 **(4) The length of time for which a charter is granted.**
- 38 **(5) School goals, educational program design, and an**
- 39 **education management organization operating a school, if**
- 40 **applicable.**
- 41 (b) The department shall annually do the following:
- 42 (1) Compile the information received under subsection (a) into a

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- 1 report.
- 2 (2) Submit the report in an electronic format under IC 5-14-6 to
- 3 the legislative council.
- 4 SECTION 16. IC 20-24-4-1, AS ADDED BY P.L.1-2005,
- 5 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 6 JANUARY 1, 2012]: Sec. 1. (a) A charter must meet the following
- 7 requirements:
- 8 (1) Be a written instrument.
- 9 (2) Be executed by a sponsor and an organizer.
- 10 (3) Confer certain rights, franchises, privileges, and obligations
- 11 on a charter school.
- 12 (4) Confirm the status of a charter school as a public school.
- 13 (5) Be granted for:
- 14 (A) not less than three (3) years; and
- 15 (B) a fixed number of years agreed to by the sponsor and the
- 16 organizer.
- 17 (6) Provide for **the following**:
- 18 (A) A review by the sponsor of the charter school's
- 19 performance, including the progress of the charter school in
- 20 achieving the academic goals set forth in the charter, at least
- 21 one (1) time in each five (5) year period while the charter is in
- 22 effect. ~~and~~
- 23 (B) Renewal, if the sponsor and the organizer agree to renew
- 24 the charter.
- 25 (7) Specify the grounds for the sponsor to:
- 26 (A) revoke the charter before the end of the term for which the
- 27 charter is granted; or
- 28 (B) not renew a charter.
- 29 (8) Set forth the methods by which the charter school will be held
- 30 accountable for achieving the educational mission and goals of
- 31 the charter school, including the following:
- 32 (A) Evidence of improvement in:
- 33 (i) assessment measures, including the ISTEP ~~program and~~
- 34 ~~the graduation examination; and end of course~~
- 35 **assessments;**
- 36 (ii) attendance rates;
- 37 (iii) graduation rates (if appropriate);
- 38 (iv) increased numbers of Core 40 diplomas **and other**
- 39 **college and career ready indicators including advanced**
- 40 **placement participation and passage, dual credit**
- 41 **participation and passage, and International**
- 42 **Baccalaureate participation and passage** (if appropriate);

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- 1 ~~and~~
- 2 (v) increased numbers of academic honors **and technical**
- 3 **honors** diplomas (if appropriate);
- 4 **(vi) student academic growth;**
- 5 **(vii) financial performance and stability; and**
- 6 **(viii) governing board performance and stewardship,**
- 7 **including compliance with applicable laws, rules and**
- 8 **regulations, and charter terms.**
- 9 (B) Evidence of progress toward reaching the educational
- 10 goals set by the organizer.
- 11 (9) Describe the method to be used to monitor the charter
- 12 school's:
- 13 (A) compliance with applicable law; and
- 14 (B) performance in meeting targeted educational performance.
- 15 (10) Specify that the sponsor and the organizer may amend the
- 16 charter during the term of the charter by mutual consent and
- 17 describe the process for amending the charter.
- 18 (11) Describe specific operating requirements, including all the
- 19 matters set forth in the application for the charter.
- 20 (12) Specify a date when the charter school will:
- 21 (A) begin school operations; and
- 22 (B) have students attending the charter school.
- 23 (13) Specify that records of a charter school relating to the
- 24 school's operation and charter are subject to inspection and
- 25 copying to the same extent that records of a public school are
- 26 subject to inspection and copying under IC 5-14-3.
- 27 (14) Specify that records provided by the charter school to the
- 28 department or sponsor that relate to compliance by the organizer
- 29 with the terms of the charter or applicable state or federal laws are
- 30 subject to inspection and copying in accordance with IC 5-14-3.
- 31 (15) Specify that the charter school is subject to the requirements
- 32 of IC 5-14-1.5.

33 **(b) A charter school shall set annual performance targets in**
 34 **conjunction with the charter school's sponsor. The annual**
 35 **performance targets shall be designed to help each school meet**
 36 **applicable federal, state, and sponsor expectations.**

37 SECTION 17. IC 20-24-5-1, AS ADDED BY P.L.1-2005,
 38 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 39 JULY 1, 2011]: Sec. 1. ~~Except as provided in this chapter;~~ A charter
 40 school, ~~that is not a conversion charter school~~ **including a conversion**
 41 **charter school**, must be open to any student who resides in Indiana.

42 SECTION 18. IC 20-24-5-4, AS ADDED BY P.L.1-2005,

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1 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
2 JULY 1, 2011]: Sec. 4. (a) Except as provided in this chapter, a charter
3 school may not establish admission policies or limit student admissions
4 in any manner in which a public school is not permitted to establish
5 admission policies or limit student admissions.

6 (b) **Notwithstanding subsection (a), a charter school may**
7 **operate as a single gender school if approved to do so by the**
8 **sponsor. A single gender charter school must be open to any**
9 **student of the gender the school serves who resides in Indiana.**

10 SECTION 19. IC 20-24-5-5, AS ADDED BY P.L.1-2005,
11 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
12 JULY 1, 2011]: Sec. 5. (a) Except as provided in subsections (b), (c),
13 and (d), a charter school must enroll any eligible student who submits
14 a timely application for enrollment.

15 (b) This subsection applies if the number of applications for a
16 program, class, grade level, or building exceeds the capacity of the
17 program, class, grade level, or building. If a charter school receives a
18 greater number of applications than there are spaces for students, each
19 timely applicant must be given an equal chance of admission. **The**
20 **organizer must determine which of the applicants will be admitted**
21 **to the charter school or the program, class, grade level, or building**
22 **by random drawing in a public meeting.**

23 (c) A charter school may limit new admissions to the charter school
24 to:

- 25 (1) ensure that a student who attends the charter school during a
26 school year may continue to attend the charter school in
27 subsequent years; and
- 28 (2) allow the siblings of a student who attends a charter school to
29 attend the charter school.

30 (d) This subsection applies to an existing school that converts to a
31 charter school under IC 20-24-11. During the school year in which the
32 existing school converts to a charter school, the charter school may
33 limit admission to:

- 34 (1) those students who were enrolled in the charter school on the
35 date of the conversion; and
- 36 (2) siblings of students described in subdivision (1).

37 (e) **Not later than ten (10) days after a charter school expels a**
38 **student from active enrollment, the charter school shall conduct a**
39 **conference concerning the reasons for the expulsion or separation**
40 **with the student's parents, appropriate personnel from the school**
41 **corporation in which the student enrolls following the expulsion or**
42 **separation, and the appropriate education personnel from the**

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1 **charter school.**

2 SECTION 20. IC 20-24-6-1, AS ADDED BY P.L.1-2005,
3 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 JULY 1, 2011]: Sec. 1. (a) ~~Except as provided in subsection (b);~~
5 Individuals who work at a charter school are employees of the charter
6 school or of an entity with which the charter school has contracted to
7 provide services.

8 (b) Teachers in a conversion charter school ~~are~~ **may be** employees
9 **of the charter school or** of both the charter school and the school
10 corporation that sponsored the charter school, **as determined by the**
11 **provisions of the charter.** ~~For purposes of the collective bargaining~~
12 ~~agreement, conversion charter school teachers are considered~~
13 ~~employees of the school corporation that sponsored the charter school.~~

14 (c) All benefits accrued by teachers as employees of the conversion
15 charter school are the financial responsibility of the conversion charter
16 school. ~~The conversion charter school shall pay those benefits directly~~
17 ~~or reimburse the school corporation for the cost of the benefits.~~

18 (d) All benefits accrued by a teacher during the time the teacher was
19 an employee only of the school corporation that sponsored the charter
20 school are the financial responsibility of the school corporation. The
21 school corporation shall pay those benefits directly or reimburse the
22 conversion charter school for the cost of the benefits.

23 ~~(e) For any other purpose not otherwise stated in this section, a~~
24 ~~teacher is an employee of the charter school.~~

25 SECTION 21. IC 20-24-6-5, AS ADDED BY P.L.1-2005,
26 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
27 JULY 1, 2011]: Sec. 5. (a) An individual who teaches **full time** in a
28 charter school must: ~~either:~~

29 (1) hold a license to teach in a public school in Indiana under
30 IC 20-28-5; ~~or~~

31 (2) be in the process of obtaining a license to teach in a public
32 school in Indiana under the transition to teaching program
33 established by IC 20-28-4-2; ~~or~~

34 **(3) hold at least a bachelor's degree with a grade point**
35 **average of at least three (3.0) on a four (4.0) point scale from**
36 **an accredited postsecondary educational institution in the**
37 **content or related area in which the individual teaches.**

38 **At least seventy-five percent (75%) of a charter school's teachers**
39 **must hold a license under subdivision (1) or be in the process of**
40 **obtaining a license under subdivision (2), unless the charter school**
41 **requests and the state board approves a waiver for a lower**
42 **percentage.**



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1 (b) An individual described in subsection (a)(2) must complete the
2 transition to teaching program not later than three (3) years after
3 beginning to teach at a charter school.

4 **(c) An individual who holds a part-time teaching position in a**
5 **charter school must hold at least a bachelor's degree with a grade**
6 **point average of at least three (3.0) on a four (4.0) point scale from**
7 **an accredited postsecondary educational institution in the content**
8 **or related area in which the individual teaches.**

9 ~~(c)~~ **(d)** An individual who provides to students in a charter school
10 a service:

- 11 (1) that is not teaching; and
 - 12 (2) for which a license is required under Indiana law;
- 13 must have the appropriate license to provide the service in Indiana.

14 SECTION 22. IC 20-24-7-2, AS AMENDED BY P.L.146-2008,
15 SECTION 460, IS AMENDED TO READ AS FOLLOWS
16 [EFFECTIVE JULY 1, 2011]: Sec. 2. (a) Not later than the date
17 established by the department for determining ADM, and after May 31
18 each year, the organizer shall submit to the department the following
19 information on a form prescribed by the department:

- 20 (1) The number of students enrolled in the charter school.
- 21 (2) The name and address of each student.
- 22 (3) The name of the school corporation in which the student has
- 23 legal settlement.
- 24 (4) The name of the school corporation, if any, that the student
- 25 attended during the immediately preceding school year.
- 26 (5) The grade level in which the student will enroll in the charter
- 27 school.

28 The department shall verify the accuracy of the information reported.

29 (b) This subsection applies after December 31 of the calendar year
30 in which a charter school begins its initial operation. The department
31 shall distribute to the organizer the state tuition support distribution.
32 The department shall make a distribution under this subsection at the
33 same time and in the same manner as the department makes a
34 distribution of state tuition support under IC 20-43-2 to other school
35 corporations.

36 **(c) For purposes of this subsection, "charter school" does not**
37 **include a virtual charter school. Not later than May 1 of each year,**
38 **the department shall certify to a county auditor the following**
39 **information for each school corporation in the county:**

- 40 **(1) The number of students who are:**
 - 41 **(A) from the county;**
 - 42 **(B) have legal settlement in the school corporation; and**

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- 1 **(C) are included in the current ADM of a particular**
- 2 **charter school and either:**
- 3 **(i) are enrolled in kindergarten or grade 1 through 8; or**
- 4 **(ii) qualify as a child with a disability (as defined in**
- 5 **IC 20-35-1-2) and are enrolled in grade 9 through 12;**
- 6 **separately totaled by school corporation and charter**
- 7 **school.**
- 8 **(2) The sum of the totals determined under subdivision (1) for**
- 9 **a school corporation.**
- 10 **(3) The current ADM of the school corporation.**
- 11 **(4) The sum of the amounts determined under subdivisions (2)**
- 12 **and (3).**

13 SECTION 23. IC 20-24-7-4, AS AMENDED BY P.L.146-2008,
 14 SECTION 462, IS AMENDED TO READ AS FOLLOWS
 15 [EFFECTIVE JULY 1, 2011]: Sec. 4. (a) Services that a school
 16 corporation provides to a charter school, including transportation, may
 17 be provided at not more than one hundred three percent (103%) of the
 18 actual cost of the services.

19 (b) This subsection applies to a sponsor that is a state educational
 20 institution described in IC 20-24-1-7(2). In a calendar year, a state
 21 educational institution may receive from the organizer of a charter
 22 school sponsored by the state educational institution an administrative
 23 fee equal to not more than three percent (3%) of the total amount the
 24 organizer receives during the calendar year from basic tuition support
 25 (as defined in IC 20-43-1-8).

26 **(c) This subsection applies to the executive of a consolidated city**
 27 **that sponsors a charter school. In a calendar year, the executive**
 28 **may collect from the organizer of a charter school sponsored by**
 29 **the executive an administrative fee equal to not more than three**
 30 **percent (3%) of the total amount the organizer receives during the**
 31 **calendar year for basic tuition support.**

32 **(d) This subsection applies to a sponsor that is a nonprofit**
 33 **college or university that is approved by the state board of**
 34 **education. In a calendar year, a private college or university may**
 35 **collect from the organizer of a charter school sponsored by the**
 36 **private college or university an administrative fee equal to not**
 37 **more than three percent (3%) of the total amount the organizer**
 38 **receives during the calendar year for basic tuition support.**

39 **(e) This subsection applies to the charter board. In a calendar**
 40 **year, the charter school board may collect from the organizer of a**
 41 **charter school sponsored by the charter board an administrative**
 42 **fee equal to not more than three percent (3%) of the total amount**

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1 the organizer receives during the calendar year for basic tuition
2 support.

3 (f) A sponsor's administrative fee may not include any costs
4 incurred in delivering services that a charter school may purchase
5 at its discretion from the sponsor. The sponsor shall use its funding
6 provided under this section exclusively for the purpose of fulfilling
7 sponsoring obligations.

8 (g) Except for oversight services, a charter school may not be
9 required to purchase services from its sponsor as a condition of
10 charter approval or of executing a charter contract, nor may any
11 such condition be implied.

12 (h) A charter school may choose to purchase services from its
13 sponsor. In that event, the charter school and sponsor shall execute
14 an annual service contract, separate from the charter contract,
15 stating the parties' mutual agreement concerning the services to be
16 provided by the sponsor and any service fees to be charged to the
17 charter school. A sponsor may not charge more than market rates
18 for services provided to a charter school.

19 (i) Not later than ninety (90) days after the end of each fiscal
20 year, each sponsor shall provide to each charter school it sponsors
21 an itemized accounting of the actual costs of services purchased by
22 the charter school from the sponsor. Any difference between the
23 amount initially charged to the charter school and the actual cost
24 shall be reconciled and paid to the owed party. If either party
25 disputes the itemized accounting, any charges included in the
26 accounting, or charges to either party, either party may request a
27 review by the department. The requesting party shall pay the costs
28 of the review.

29 SECTION 24. IC 20-24-7-13, AS AMENDED BY P.L.1-2010,
30 SECTION 78, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
31 JULY 1, 2011]: Sec. 13. (a) As used in this section, "virtual charter
32 school" means any charter school, including a conversion charter
33 school, that provides for the delivery of more than fifty percent (50%)
34 of instruction to students through:

- 35 (1) virtual distance learning;
- 36 (2) online technologies; or
- 37 (3) computer based instruction.

38 (b) The department shall establish a pilot program to provide
39 funding for a statewide total of up to two hundred (200) students who
40 attend virtual charter schools in the school year ending in 2010 and five
41 hundred (500) students who attend virtual charter schools in the school
42 year ending in 2011. The department shall choose an entity or entities

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1 to operate the virtual charter school. The pilot program must focus on
 2 children who have medical disabilities or circumstances that prevent
 3 them from attending school or for whom a virtual charter school is a
 4 better alternative than a traditional school. At least seventy-five percent
 5 (75%) of the students enrolled in virtual charter schools under this
 6 section must have been included in the ADM count for the previous
 7 school year.

8 **(b) Beginning with the 2011-2012 school year, a virtual charter**
 9 **school may apply for sponsorship with any statewide sponsor in**
 10 **accordance with the sponsor's guidelines.**

11 (c) A virtual charter school is entitled to receive funding from the
 12 state in an amount equal to the product of:

13 (1) the number of students included in the virtual charter school's
 14 ADM; ~~who are participating in the pilot program;~~ multiplied by

15 (2) ~~eighty ninety~~ percent (80%) **(90%)** of the statewide average
 16 basic tuition support.

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

19 (e) Beginning in 2009, the department shall before December 1 of
 20 each year submit an annual report to the budget committee concerning
 21 the program under this section.

22 SECTION 25. IC 20-24-9-1, AS ADDED BY P.L.1-2005,
 23 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 24 JULY 1, 2011]: Sec. 1. ~~An organizer~~ **A sponsor** that has established a
 25 charter school shall submit an annual report to the department for
 26 informational and research purposes.

27 SECTION 26. IC 20-24-9-2, AS ADDED BY P.L.1-2005,
 28 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 29 JULY 1, 2011]: Sec. 2. An annual report under this chapter must
 30 contain the following information: ~~for a charter school:~~

31 (1) Results of all standardized testing, including ISTEP program
 32 testing, ~~and the graduation examination: end of course~~
 33 ~~assessments, and any other assessments used for each~~
 34 **sponsored school.**

35 (2) A description of the educational methods and teaching
 36 methods employed **for each sponsored school.**

37 (3) ~~Daily Attendance records:~~ **rates for each sponsored school.**

38 (4) Graduation ~~statistics~~ **rates** (if appropriate), including
 39 attainment of Core 40 and academic honors diplomas **for each**
 40 **sponsored school.**

41 (5) Student enrollment data **for each sponsored school**, including
 42 the following:

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- 1 (A) The number of students enrolled.
 2 (B) The number of students expelled.
 3 (C) The number of students who discontinued attendance at
 4 the charter school and the reasons for the discontinuation.
 5 **(6) Schools that closed or for which the charter was not**
 6 **renewed, and the reasons for the closure or nonrenewal.**

7 SECTION 27. IC 20-24-10-1, AS ADDED BY P.L.1-2005,
 8 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 9 JULY 1, 2011]: Sec. 1. **(a)** A public noncharter school that receives a
 10 transfer student from a charter school may not discriminate against the
 11 student in any way, including by placing the student:

- 12 (1) in an inappropriate age group according to the student's
 13 ability;
 14 (2) below the student's abilities; or
 15 (3) in a class where the student has already mastered the subject
 16 matter.

17 **(b) If a student who previously was enrolled in a charter school**
 18 **enrolls in another public school, the public noncharter school shall**
 19 **accept all credits earned by the student in courses or instructional**
 20 **programs at the charter school in a uniform and consistent**
 21 **manner, according to the same criteria that are used to accept**
 22 **academic credits from other public schools.**

23 SECTION 28. IC 20-24-11-1, AS ADDED BY P.L.1-2005,
 24 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 25 JULY 1, 2011]: Sec. 1. **(a)** An existing public elementary or secondary
 26 school may be converted into a charter school if **either of** the following
 27 conditions apply:

28 (1) At least ~~sixty percent (60%)~~ **fifty-one percent (51%)** of the
 29 teachers at the school **and fifty-one percent (51%) of the**
 30 **parents of students who attend the school** have signed a
 31 petition requesting the conversion **and the school has been**
 32 **placed in either of the two (2) highest categories or**
 33 **designations under IC 20-31-8-3 for two (2) consecutive years.**
 34 **The petition must be completed not later than ninety (90) days**
 35 **after the date of the first signature.**

36 **(2) The governing body votes to convert a school to a charter**
 37 **school.**

38 ~~(2) At least fifty-one percent (51%) of the parents of students at~~
 39 ~~the school have signed a petition requesting the conversion.~~

40 **(b) Notwithstanding subsection (a)(2), if a governing body**
 41 **operates a school that receives either of the two (2) lowest**
 42 **designations under IC 20-31-8-3 for four (4) consecutive years, the**

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1 governing body may not serve as a charter school's sponsor.

2 (c) If subsection (a)(1) applies, the parents must submit the
3 petition to the governing body and the state board. If the petition
4 is approved by the state board, the conversion charter school has
5 the right to use the building under IC 20-24-7-14 before any other
6 school or entity.

7 (d) After a governing body receives a petition under subsection
8 (c), the governing body may not change the enrollment boundaries
9 for the school that is the subject of the petition for at least one (1)
10 year, unless the petition is rejected by the state board.

11 (e) A conversion charter school shall continue to comply with all
12 legal requirements concerning student diversity and treatment of
13 children with special needs and accept all students who attended
14 the school before its conversion and who wish to attend the
15 conversion charter school. If any space remains, any student in
16 Indiana may attend the conversion charter school.

17 (f) After a conversion charter school has been in operation for
18 at least five (5) years, the school may be returned to traditional
19 school status if either of the following conditions apply:

20 (1) At least fifty-one percent (51%) of the teachers at the
21 school and fifty-one percent (51%) of the parents of students
22 who attend the school have signed a petition requesting the
23 change in status and the school has been placed in either of
24 the two (2) highest categories or designations under
25 IC 20-31-8-3 for two (2) consecutive years. The petition must
26 be completed not later than ninety (90) days after the date of
27 the first signature.

28 (2) The governing body votes to change the status, if the
29 governing body serves as the school's sponsor.

30 A petition under subdivision (1) must be submitted to the
31 governing body and the state board. The petition must be approved
32 by the state board for the change in status to become effective.

33 SECTION 29. IC 20-24-12 IS ADDED TO THE INDIANA CODE
34 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
35 UPON PASSAGE]:

36 **Chapter 12. Charter School Facilities Aid Program**

37 **Sec. 1. The charter school facilities aid program is established.**

38 **Sec. 2. The purpose of the program is to award grants to charter**
39 **schools to assist charter schools in financing:**

- 40 (1) charter school building projects;
41 (2) general improvements to charter school buildings;
42 (3) repayment of debt for charter school building projects;

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and

(4) leasehold improvements, rents, or leases.

Sec. 3. The department shall administer the program.

Sec. 4. (a) The charter school facilities aid fund is established. The department shall administer the fund.

(b) The fund consists of the following:

(1) Money appropriated by the general assembly.

(2) Any gifts and grants made to the fund or other money required by law to be deposited in the fund.

(3) Any federal grants that are received to capitalize or supplement the fund.

(4) The proceeds of grant anticipation revenue bonds issued by the Indiana finance authority under IC 4-4.

(5) Any earnings on money in the fund.

(c) The expenses of administering the fund shall be paid from money in the fund.

(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) The fund shall be used by the department to make grants under this chapter for the purposes described in section 2 of this chapter.

(f) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

Sec. 5. The department may apply to the United States Department of Education for a state charter school facilities incentive program grant authorized under 34 U.S.C. 7221d(b). The department shall use the proceeds of any state charter school facilities incentive program grant awarded to the state for purposes of the program. To the extent permitted by federal law, the proceeds may be used to pay the administrative expenses of the program.

Sec. 6. The department may authorize money in the fund to be used to repay grant anticipation revenue bonds or other bonds issued by the Indiana finance authority under IC 4-4 for purposes of the program.

Sec. 7. (a) The department shall establish written procedures for providing grants to charter schools for the purposes described in section 2 of this chapter. The written procedures must include at least the following:

(1) An application procedure.

(2) An explanation of the grant process.

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(3) Allowable grant expenditures.

(b) To apply for a grant from the fund, a charter school must submit an application that contains at least the following information:

- (1) A description of the proposed building project, general improvement, or debt.**
- (2) An estimate of the cost of the proposed building project, general improvement, or debt.**
- (3) Any other information required by the department in accordance with the written procedures established under this section.**

Sec. 8. The department may award grants on the terms and conditions specified in an agreement between the department and the recipient charter school.

Sec. 9. The department may award grants under this chapter on a per student basis.

SECTION 30. IC 20-24-13 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 13. Charter School Facilities Revolving Loan Program

Sec. 1. The charter school facilities revolving loan program is established.

Sec. 2. The purpose of the program is to make loans to charter schools for the purpose of:

- (1) constructing;**
- (2) purchasing;**
- (3) renovating; and**
- (4) maintaining;**

charter school facilities.

Sec. 3. The department shall administer the program.

Sec. 4. (a) The charter school facilities revolving loan fund is established. The department shall administer the fund.

(b) The fund consists of the following:

- (1) Money appropriated by the general assembly.**
- (2) The repayment proceeds of loans made to charter schools from the fund.**
- (3) Any gifts and grants made to the fund or other money required by law to be deposited in the fund.**
- (4) Any federal grants that are received to capitalize or supplement the fund.**
- (5) The proceeds of grant anticipation revenue bonds or other bonds issued by the Indiana finance authority under IC 4-4.**

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- (6) Any earnings on money in the fund.**
- (c) The expenses of administering the fund shall be paid from money in the fund.**
- (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) The fund shall be used by the department as a revolving fund for the purposes described in section 2 of this chapter.**
- (f) Money in the fund at the end of a state fiscal year does not revert to the state general fund.**
- Sec. 5. The department may authorize money in the fund to be used to repay grant anticipation revenue bonds or other bonds issued by the Indiana finance authority under IC 4-4 for purposes of the program.**
- Sec. 6. Subject to the requirements of this chapter, the department may loan money from the fund to a charter school to carry out the purposes described in section 2 of this chapter.**
- Sec. 7. (a) The department shall establish written procedures for providing loans from the fund to charter schools. The written procedures must include at least the following:**
 - (1) An application procedure.**
 - (2) A procedure to identify projects that may qualify for a loan.**
 - (3) Criteria for establishing the priority of projects for which loans will be made.**
 - (4) Procedures for selecting projects for which loans will be made.**
- (b) To apply for a loan from the fund, a charter school must submit an application that contains at least the following information:**
 - (1) A description of the proposed construction, purchase, renovation, or maintenance.**
 - (2) An estimate of the cost of the proposed construction, purchase, renovation, or maintenance.**
 - (3) Any other information required by the department in accordance with the written procedures established under this section.**
- Sec. 8. In making its determination to approve or disapprove a loan application, the department may consider the following:**
 - (1) The soundness of the financial business plans of the applicant charter school.**
 - (2) The availability to the charter school of other sources of**

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funding.

(3) The geographic distribution of loans made from the fund.

(4) The impact that loans received under this chapter will have on the charter school's receipt of other private and public financing.

(5) Plans for innovatively enhancing or leveraging funds received under this chapter, such as loan guarantees or other types of credit enhancements.

(6) The financial needs of the charter school.

Sec. 9. The department may make loans under this chapter on a per student basis.

Sec. 10. The following apply to a loan from the fund to a charter school under this chapter:

(1) A loan may not exceed the maximum amount set by the department.

(2) The term of the loan may not exceed fifteen (15) years after the date of the loan.

(3) A charter school may receive multiple loans from the fund as long as the total amount outstanding on all loans granted to the charter school from the fund do not exceed the maximum amount set by the department.

(4) The department shall determine the interest rate and other terms for the loan.

(5) A charter school must enter into a loan agreement with the department before receiving a loan from the fund. The loan agreement is a valid, binding, and enforceable agreement between the charter school and the department. The loan agreement must contain the following terms:

(A) A requirement that the loan proceeds be used to pay for the proposed construction, purchase, renovation, or maintenance of charter school facilities.

(B) The term of the loan.

(C) The repayment schedule.

(D) The interest rate of the loan.

(E) Any other terms and provisions that the department requires.

(F) That the loan is to be secured by the credit enhancements, guaranties, or pledge of one (1) or more bonds, notes, warrants, or other secured or unsecured debt obligations of the charter school.

Sec. 11. A charter school receiving a loan under this chapter shall repay the loan from:

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- 1 **(1) the amount of state tuition support that the charter school**
- 2 **is eligible to receive; and**
- 3 **(2) to the extent that state tuition support is insufficient to**
- 4 **meet the debt service obligations of the charter school, other**
- 5 **resources available to the charter school.**

6 **Sec. 12. The department shall withhold the amount of the debt**
 7 **service obligations due in a year on a loan made under this chapter**
 8 **from state tuition support distributions that would otherwise be**
 9 **made in the year to the charter school. To the extent possible, the**
 10 **department shall withhold an equal amount from each installment**
 11 **of state tuition support distributed to the charter school. Withheld**
 12 **amounts reduce the debt service obligation of the charter school.**
 13 **The auditor of state shall transfer withheld amounts to the fund.**

14 SECTION 31. IC 20-26-5-32.2, AS ADDED BY P.L.41-2009,
 15 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 16 JULY 1, 2011]: Sec. 32.2. (a) Notwithstanding IC 22-2-5-1, a school
 17 corporation **or charter school** and:

- 18 (1) an employee if there is no representative described under
- 19 subdivision (2) or (3) for that employee;
- 20 (2) the exclusive representative of its certificated employees with
- 21 respect to those employees; or
- 22 (3) a labor organization representing its noncertificated
- 23 employees with respect to those employees;
- 24 may agree in writing to a wage payment arrangement.

25 (b) A wage payment arrangement under subsection (a) may provide
 26 that compensation earned during a school year may be paid:

- 27 (1) using equal installments or any other method; and
- 28 (2) over:
 - 29 (A) all or part of that school year; or
 - 30 (B) any other period that begins not earlier than the first day of
 - 31 that school year and ends not later than thirteen (13) months
 - 32 after the wage payment arrangement period begins.

33 Such an arrangement may provide that compensation earned in a
 34 calendar year is paid in the next calendar year, so long as all the
 35 compensation is paid within the thirteen (13) month period beginning
 36 with the first day of the school year.

37 (c) A wage payment arrangement under subsection (a) must be
 38 structured in such a manner so that it is not considered:

- 39 (1) a nonqualified deferred compensation plan for purposes of
- 40 Section 409A of the Internal Revenue Code; or
- 41 (2) deferred compensation for purposes of Section 457(f) of the
- 42 Internal Revenue Code.

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1 (d) Absent an agreement under subsection (a), a school corporation
2 **or charter school** remains subject to IC 22-2-5-1.

3 (e) Wage payments required under a wage payment arrangement
4 entered into under subsection (a) are enforceable under IC 22-2-5-2.

5 (f) If an employee leaves employment for any reason, either
6 permanently or temporarily, the amount due the employee under
7 IC 22-2-5-1 and IC 22-2-9-2 is the total amount of wages earned and
8 unpaid. **If the employment relationship ends at the conclusion of a
9 school year, the school corporation may pay the employee the
10 remaining wages owed as provided in the written wage payment
11 arrangement.**

12 (g) Employment with a school corporation **or charter school** may
13 not be conditioned upon the acceptance of a wage payment
14 arrangement under subsection (a).

15 (h) An employee may revoke a wage payment arrangement under
16 subsection (a) at the beginning of each school year.

17 SECTION 32. IC 20-26-7-1, AS AMENDED BY P.L.234-2007,
18 SECTION 227, IS AMENDED TO READ AS FOLLOWS
19 [EFFECTIVE JULY 1, 2011]: Sec. 1. (a) If a governing body of a
20 school corporation determines that any real or personal property:

- 21 (1) is no longer needed for school purposes; or
 - 22 (2) should, in the interests of the school corporation, be
23 exchanged for other property;
- 24 the governing body may sell or exchange the property in accordance
25 with IC 36-1-11.

26 (b) Money derived from the sale or exchange of property under this
27 section shall be placed in any school fund:

- 28 (1) established under applicable law; and
- 29 (2) that the governing body considers appropriate.

30 (c) A governing body may not make a covenant that prohibits the
31 sale of real property to another educational institution.

32 **(d) This subsection does not apply to a school building that on
33 July 1, 2011, is leased or loaned by the school corporation that
34 owns the school building to another entity. A governing body shall
35 make available for lease or purchase to any charter school (as
36 defined in IC 20-24-1-4) any school building owned by the school
37 corporation that:**

- 38 **(1) either:**
- 39 **(A) is not used in whole or in part for classroom**
- 40 **instruction at the time the charter school seeks to lease the**
- 41 **building; or**
- 42 **(B) appears on the list compiled by the department under**

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subsection (e); and
(2) was previously used for classroom instruction;
in order for the charter school to conduct classroom instruction.

(e) Each governing body shall inform the department whenever a school building that was previously used for classroom instruction is closed, unused, or unoccupied. The department shall maintain a list of closed, unused, or unoccupied school buildings and make the list available on the department's Internet web site. Each school corporation shall provide a list of closed, unused, or unoccupied buildings to the department by the date set by the department. The department must update the list each year before August 31.

(f) A school building that appears for the first time on the department's list under subsection (e) shall be designated as "Unavailable until (a date two (2) years after the school building first appears on the list)" if the governing body of the school corporation that owns the school building indicates the school building may be reclaimed during that period for classroom instruction, which must begin not later than one (1) year after the school building is reclaimed. If the school building remains unused for classroom instruction one (1) year after being reclaimed, the governing body shall place the school building on the department's list. A governing body may reclaim a school building only one (1) time under this subsection.

(g) If a charter school wishes to use a school building on the list created under subsection (e), the charter school shall send a letter of intent to the department. The department shall notify the school corporation of the charter school's intent, and the school corporation that owns the school building shall lease the school building to the charter school for one dollar (\$1) per year for as long as the charter school uses the school building for classroom instruction or for a term at the charter school's discretion, or sell the school building to the charter school for one dollar (\$1). The charter school must begin to use the school building for classroom instruction not later than two (2) years after acquiring the school building. If the school building is not used for classroom instruction within two (2) years after acquiring the school building, the school building shall be placed on the department's list under subsection (e). If during the term of the lease the charter school closes or ceases using the school building for classroom instruction, the school building shall be placed on the department's list under subsection (e).

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1 **(h) During the term of a lease under subsection (g), the charter**
 2 **school is responsible for the direct expenses related to the school**
 3 **building leased, including utilities, insurance, maintenance, repairs,**
 4 **and remodeling. The school corporation is responsible for any debt**
 5 **incurred for or liens that attached to the school building before the**
 6 **charter school leased the school building.**

7 **(i) If a school building appears on the department's list under**
 8 **subsection (e) for at least forty-eight (48) months, the school**
 9 **corporation may sell or otherwise dispose of the school building in**
 10 **any manner the governing body considers appropriate.**

11 SECTION 33. IC 20-31-9-1, AS ADDED BY P.L.1-2005,
 12 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 13 JULY 1, 2011]: Sec. 1. This chapter does not apply to the following:

14 (1) A nonpublic school.

15 (2) **Except as provided in section 4(c) of this chapter,** a charter
 16 school.

17 SECTION 34. IC 20-31-9-4, AS ADDED BY P.L.1-2005,
 18 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 19 JULY 1, 2011]: Sec. 4. (a) This section applies if, in the fifth year after
 20 initial placement in the lowest category or designation, a school still
 21 remains in the lowest category or designation.

22 (b) The state board shall do the following:

23 (1) Hold at least one (1) public hearing in the school corporation
 24 where the school is located to consider and hear testimony
 25 concerning the following options for school improvement:

26 (A) Merging the school with a nearby school that is in a higher
 27 category.

28 (B) Assigning a special management team to operate all or
 29 part of the school.

30 (C) The department's recommendations for improving the
 31 school.

32 (D) Other options for school improvement expressed at the
 33 public hearing, including closing the school.

34 (E) Revising the school's plan in any of the following areas:

35 (i) Changes in school procedures or operations.

36 (ii) Professional development.

37 (iii) Intervention for individual teachers or administrators.

38 (2) If the state board determines that intervention will improve the
 39 school, implement at least one (1) of the options listed in
 40 subdivision (1).

41 **(c) This subsection applies to charter schools. If a charter school**
 42 **remains in the lowest category or designation in the fifth year after**

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1 **it was initially placed in the lowest category or designation, the**
 2 **state board shall order the sponsor to close the charter school,**
 3 **unless the sponsor successfully petitions the state board to continue**
 4 **the charter school's operation.**

5 SECTION 35. IC 20-43-6-3, AS AMENDED BY P.L.182-2009(ss),
 6 SECTION 339, IS AMENDED TO READ AS FOLLOWS
 7 [EFFECTIVE JULY 1, 2011]: Sec. 3. (a) A school corporation's basic
 8 tuition support for a year is the amount determined under the applicable
 9 provision of this section.

10 (b) This subsection applies to a school corporation that has
 11 transition to foundation revenue per adjusted ADM for a year that is
 12 not equal to the foundation amount for the year. The school
 13 corporation's basic tuition support for a year is equal to the school
 14 corporation's transition to foundation revenue for the year.

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

- 19 (1) The foundation amount for the year multiplied by the school
 20 corporation's adjusted ADM.
 21 (2) The amount of the annual decrease in federal aid to impacted
 22 areas from the year preceding the ensuing calendar year by three
 23 (3) years to the year preceding the ensuing calendar year by two
 24 (2) years.

25 (d) This subsection applies to students of a virtual charter school
 26 who are participating in ~~the pilot a~~ program under IC 20-24-7-13. A
 27 virtual charter school's basic tuition support for a year for those
 28 students is the amount determined under IC 20-24-7-13.

29 SECTION 36. IC 20-49-7-13, AS ADDED BY P.L.2-2006,
 30 SECTION 172, IS AMENDED TO READ AS FOLLOWS
 31 [EFFECTIVE JANUARY 1, 2012]: Sec. 13. A charter school to which
 32 money is advanced under this chapter ~~must~~ **or IC 21-1-32 (before its**
 33 **repeal) is not required to** pay interest on the advance. ~~at the rate~~
 34 ~~determined under section 14 of this chapter.~~ **Interest imposed as a**
 35 **condition of an advance made under this chapter or IC 21-1-32**
 36 **(before its repeal) before July 1, 2011, is cancelled.** The state board
 37 shall provide that the advances are prepayable by the:

- 38 (1) charter school; or
 39 (2) general assembly;
 40 at any time.

41 SECTION 37. IC 20-49-7-15, AS ADDED BY P.L.2-2006,
 42 SECTION 172, IS AMENDED TO READ AS FOLLOWS

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1 [EFFECTIVE JULY 1, 2011]: Sec. 15. To ensure timely payment of an
 2 advance according to the terms of the advance, the state may withhold
 3 from funds due to the charter school to which the advance is made an
 4 amount necessary to pay the advance. ~~and the interest on the advance.~~
 5 SECTION 38. IC 20-49-7-21, AS ADDED BY P.L.182-2009(ss),
 6 SECTION 363, IS AMENDED TO READ AS FOLLOWS
 7 [EFFECTIVE JULY 1, 2011]: Sec. 21. (a) A charter school, including
 8 a conversion charter school, that has received an advance for
 9 operational costs from the common school fund under this chapter does
 10 not have to make principal or interest payments during the state fiscal
 11 years beginning:
 12 (1) July 1, ~~2009~~; **2011**; and
 13 (2) July 1, ~~2010~~; **2012**;
 14 notwithstanding contrary terms in the charter school and state board
 15 advance agreement.
 16 (b) The repayment term of the advance shall be extended by two (2)
 17 years to provide for the waiver described in subsection (a) even though
 18 it may make the repayment term for the advance longer than twenty
 19 (20) years.
 20 SECTION 39. IC 20-49-7-14 IS REPEALED [EFFECTIVE UPON
 21 PASSAGE].
 22 SECTION 40. THE FOLLOWING ARE REPEALED [EFFECTIVE
 23 JULY 1, 2011]: IC 20-24-3-13; IC 20-24-3-15; IC 20-24-5-2;
 24 IC 20-24-5-3; IC 20-24-6-4; IC 20-24-6-9; IC 20-24-11-2;
 25 IC 20-24-11-3; IC 20-24-11-4.
 26 SECTION 41. [EFFECTIVE JULY 1, 2011] **(a) Not later than**
 27 **January 1, 2012, an entity that operated under the virtual charter**
 28 **school pilot program under IC 20-24-7-13 before July 1, 2011, shall**
 29 **transfer its operating authority to the charter school board**
 30 **established by IC 20-24-2.1-1, as added by this act, unless the**
 31 **virtual charter school obtains another sponsor.**
 32 **(b) Notwithstanding IC 20-24-7-13, as amended by this act, a**
 33 **virtual charter school chosen by the department of education to**
 34 **operate during the 2010-2011 school year shall continue to operate**
 35 **until the virtual charter school transfers its operating authority to**
 36 **the Indiana charter school board or another sponsor.**
 37 **(c) This SECTION expires January 1, 2013.**
 38 SECTION 42. 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 1002, 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 AM100201 adopted by the Committee on Education on January 19, 2011.

Delete AM100204 adopted by the Committee on Education on January 19, 2011.

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 4-4-10.9-6.2, AS AMENDED BY P.L.2-2007, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6.2. (a) "Educational facility project" includes:

(1) the acquisition of land, site improvements, infrastructure improvements, buildings, or structures, the rehabilitation, renovation, and enlargement of buildings and structures, machinery, equipment, furnishings, or facilities (or any combination of these):

(A) comprising or being functionally related and subordinate to any aquaria, botanical societies, historical societies, libraries, museums, performing arts associations or societies, scientific societies, zoological societies, and independent elementary, secondary, or postsecondary educational institution (or any combination of these) that engages in the cultural, intellectual, scientific, educational, or artistic enrichment of the people of the state the development or expansion of which serves the purposes set forth in IC 4-4-11-2;

(B) is not used or to be used primarily for sectarian instruction or study or as a place for devotional activities; and

(C) is not used or to be used primarily in connection with any part of the program of a school or department of divinity for any religious denomination; **or**

(2) funding (including reimbursement or refinancing) by a nonprofit organization described in subsection (b) of:

(A) real property and improvements;

(B) personal property; or

(C) noncapital costs to fund a judgment, a settlement, or other cost or liability, other than an ordinary and recurring operating cost or expenditure; **or**

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(3) funding (including reimbursement or refinancing) by the department of education of:

(A) real property and improvements;

(B) personal property; or

(C) noncapital costs to fund a judgment, a settlement, or other cost or liability, other than an ordinary and recurring operating cost or expenditure;

of a charter school (as defined in IC 20-24-1-4) through the charter school facilities aid fund established by IC 20-24-12-4 or the charter school facilities revolving loan fund established by IC 20-24-13-4.

(b) For purposes of subsection (a)(2), a nonprofit organization must be:

(1) qualified as tax exempt under Section 501(c)(3) of the Internal Revenue Code; and

(2) have headquarters or a primary educational or exhibit facility located on property owned by or titled in the name of the state of Indiana or an agency, a commission, or an instrumentality of the state of Indiana that serves the purposes set forth in IC 4-4-11-2.

SECTION 2. IC 4-4-11-15, AS AMENDED BY P.L.98-2008, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 15. (a) The authority is granted all powers necessary or appropriate to carry out and effectuate its public and corporate purposes under the affected statutes, including but not limited to the following:

(1) Have perpetual succession as a body politic and corporate and an independent instrumentality exercising essential public functions.

(2) Without complying with IC 4-22-2, adopt, amend, and repeal bylaws, rules, guidelines, and policies not inconsistent with the affected statutes, and necessary or convenient to regulate its affairs and to carry into effect the powers, duties, and purposes of the authority and conduct its business under the affected statutes. These bylaws, rules, guidelines, and policies must be made by a resolution of the authority introduced at one (1) meeting and approved at a subsequent meeting of the authority.

(3) Sue and be sued in its own name.

(4) Have an official seal and alter it at will.

(5) Maintain an office or offices at a place or places within the state as it may designate.

(6) Make, execute, and enforce contracts and all other instruments necessary, convenient, or desirable for the purposes of the

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authority or pertaining to:

(A) a purchase, acquisition, or sale of securities or other investments; or

(B) the performance of the authority's duties and execution of any of the authority's powers under the affected statutes.

(7) Employ architects, engineers, attorneys, inspectors, accountants, agriculture experts, silviculture experts, aquaculture experts, and financial experts, and such other advisors, consultants, and agents as may be necessary in its judgment and to fix their compensation.

(8) Procure insurance against any loss in connection with its property and other assets, including loans and loan notes in amounts and from insurers as it may consider advisable.

(9) Borrow money, make guaranties, issue bonds, and otherwise incur indebtedness for any of the authority's purposes, and issue debentures, notes, or other evidences of indebtedness, whether secured or unsecured, to any person, as provided by the affected statutes. Notwithstanding any other law, the:

(A) issuance by the authority of any indebtedness that establishes a procedure for the authority or a person acting on behalf of the authority to certify to the general assembly the amount needed to restore a debt service reserve fund or another fund to required levels; or

(B) execution by the authority of any other agreement that creates a moral obligation of the state to pay all or part of any indebtedness issued by the authority;

is subject to review by the budget committee and approval by the budget director.

(10) Procure insurance or guaranties from any public or private entities, including any department, agency, or instrumentality of the United States, for payment of any bonds issued by the authority, including the power to pay premiums on any insurance or reinsurance.

(11) Purchase, receive, take by grant, gift, devise, bequest, or otherwise, and accept, from any source, aid or contributions of money, property, labor, or other things of value to be held, used, and applied to carry out the purposes of the affected statutes, subject to the conditions upon which the grants or contributions are made, including but not limited to gifts or grants from any department, agency, or instrumentality of the United States, and lease or otherwise acquire, own, hold, improve, employ, use, and otherwise deal in and with real or personal property or any

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interest in real or personal property, wherever situated, for any purpose consistent with the affected statutes.

(12) Enter into agreements with any department, agency, or instrumentality of the United States or this state and with lenders and enter into loan agreements, sales contracts, and leases with contracting parties, including participants (as defined in IC 13-11-2-151.1) for any purpose permitted under IC 13-18-13 or IC 13-18-21, borrowers, lenders, developers, or users, for the purpose of planning, regulating, and providing for the financing and refinancing of any agricultural enterprise (as defined in IC 5-28-31-1), rural development project (as defined in IC 5-28-31-20), industrial development project, purpose permitted under IC 13-18-13 and IC 13-18-21, or international exports, and distribute data and information concerning the encouragement and improvement of agricultural enterprises and agricultural employment, rural development projects, industrial development projects, international exports, and other types of employment in the state undertaken with the assistance of the authority under this chapter.

(13) Enter into contracts or agreements with lenders and lessors for the servicing and processing of loans and leases pursuant to the affected statutes.

(14) Provide technical assistance to local public bodies and to profit and nonprofit entities in the development or operation of agricultural enterprises, rural development projects, and industrial development projects.

(15) To the extent permitted under its contract with the holders of the bonds of the authority, consent to any modification with respect to the rate of interest, time, and payment of any installment of principal or interest, or any other term of any contract, loan, loan note, loan note commitment, contract, lease, or agreement of any kind to which the authority is a party.

(16) To the extent permitted under its contract with the holders of bonds of the authority, enter into contracts with any lender containing provisions enabling it to reduce the rental or carrying charges to persons unable to pay the regular schedule of charges when, by reason of other income or payment by any department, agency, or instrumentality of the United States of America or of this state, the reduction can be made without jeopardizing the economic stability of the agricultural enterprise, rural development project, or industrial development project being financed.

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(17) Notwithstanding IC 5-13, but subject to the requirements of any trust agreement entered into by the authority, invest:

- (A) the authority's money, funds, and accounts;
- (B) any money, funds, and accounts in the authority's custody; and
- (C) proceeds of bonds or notes;

in the manner provided by an investment policy established by resolution of the authority.

(18) Fix and revise periodically, and charge and collect, fees and charges as the authority determines to be reasonable in connection with:

- (A) the authority's loans, guarantees, advances, insurance, commitments, and servicing; and
- (B) the use of the authority's services or facilities.

(19) Cooperate and exchange services, personnel, and information with any federal, state, or local government agency, or instrumentality of the United States or this state.

(20) Sell, at public or private sale, with or without public bidding, any loan or other obligation held by the authority.

(21) Enter into agreements concerning, and acquire, hold, and dispose by any lawful means, land or interests in land, building improvements, structures, personal property, franchises, patents, accounts receivable, loans, assignments, guarantees, and insurance needed for the purposes of the affected statutes.

(22) Take assignments of accounts receivable, loans, guarantees, insurance, notes, mortgages, security agreements securing notes, and other forms of security, attach, seize, or take title by foreclosure or conveyance to any industrial development project when a guaranteed loan thereon is clearly in default and when in the opinion of the authority such acquisition is necessary to safeguard the industrial development project guaranty fund, and sell, or on a temporary basis, lease or rent such industrial development project for any use.

(23) Expend money provided to the authority by the Indiana economic development corporation from the industrial development project guaranty fund created by IC 5-28-30, subject to the terms of any agreement with the Indiana economic development corporation governing the expenditure of that money.

(24) Purchase, lease as lessee, construct, remodel, rebuild, enlarge, or substantially improve industrial development projects, including land, machinery, equipment, or any combination

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thereof.

(25) Lease industrial development projects to users or developers, with or without an option to purchase.

(26) Sell industrial development projects to users or developers, for consideration to be paid in installments or otherwise.

(27) Make:

(A) direct loans from the proceeds of the bonds to users or developers for:

~~(A)~~ (i) the cost of acquisition, construction, or installation of industrial development projects, including land, machinery, equipment, or any combination thereof; or

~~(B)~~ (ii) eligible expenditures for an educational facility project described in IC 4-4-10.9-6.2(a)(2);

with the loans to be secured by the pledge of one (1) or more bonds, notes, warrants, or other secured or unsecured debt obligations of the users or developers;

(B) loans from the proceeds of grant anticipation revenue bonds to the charter school facilities aid fund established by IC 20-24-12-4, with the loans to be secured by the pledge of grant revenues awarded to the department of education for the purposes of educational facility projects described in IC 4-4-10.9-6.2(a)(3) that the authority determines is proper under the circumstances; or

(C) loans from the proceeds of the bonds to the charter school facilities revolving loan fund established by IC 20-24-13-4, with the loans to be secured by the credit enhancements, guaranties, or pledge of one (1) or more bonds, notes, warrants, or other secured or unsecured debt obligations of users or developers of an educational facility project described in IC 4-4-10.9-6.2(a)(3) that the authority determines are proper under the circumstances.

(28) Lend or deposit the proceeds of bonds to or with a lender for the purpose of furnishing funds to such lender to be used for making a loan to a developer or user for the financing of industrial development projects under this chapter.

(29) Enter into agreements with users or developers to allow the users or developers, directly or as agents for the authority, to wholly or partially construct industrial development projects to be leased from or to be acquired by the authority.

(30) Establish reserves from the proceeds of the sale of bonds, other funds, or both, in the amount determined to be necessary by the authority to secure the payment of the principal and interest on

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the bonds.

(31) Adopt rules and guidelines governing its activities authorized under the affected statutes.

(32) Use the proceeds of bonds to make guaranteed participating loans.

(33) Purchase, discount, sell, and negotiate, with or without guaranty, notes and other evidences of indebtedness.

(34) Sell and guarantee securities.

(35) Make guaranteed participating loans under IC 4-4-21-26.

(36) Procure insurance to guarantee, insure, coinsure, and reinsure against political and commercial risk of loss, and any other insurance the authority considers necessary, including insurance to secure the payment of principal and interest on notes or other obligations of the authority.

(37) Provide performance bond guarantees to support eligible export loan transactions, subject to the terms of the affected statutes.

(38) Provide financial counseling services to Indiana exporters.

(39) Accept gifts, grants, or loans from, and enter into contracts or other transactions with, any federal or state agency, municipality, private organization, or other source.

(40) Sell, convey, lease, exchange, transfer, or otherwise dispose of property or any interest in property, wherever the property is located.

(41) Cooperate with other public and private organizations to promote export trade activities in Indiana.

(42) Cooperate with the Indiana economic development corporation in taking any actions necessary for the administration of the agricultural loan and rural development project guarantee fund established by IC 5-28-31.

(43) In cooperation with the Indiana economic development corporation, take assignments of notes and mortgages and security agreements securing notes and other forms of security, and attach, seize, or take title by foreclosure or conveyance to any agricultural enterprise or rural development project when a guaranteed loan to the enterprise or rural development project is clearly in default and when in the opinion of the Indiana economic development corporation the acquisition is necessary to safeguard the agricultural loan and rural development project guarantee fund, and sell, or on a temporary basis, lease or rent the agricultural enterprise or rural development project for any use.

(44) Expend money provided to the authority by the Indiana

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economic development corporation from the agricultural loan and rural development project guarantee fund created by IC 5-28-31, subject to the terms of any agreement with the Indiana economic development corporation governing the expenditure of that money.

(45) Reimburse from bond proceeds expenditures for industrial development projects under this chapter.

(46) Acquire, hold, use, and dispose of the authority's income, revenues, funds, and money.

(47) Purchase, acquire, or hold debt securities or other investments for the authority's own account at prices and in a manner the authority considers advisable, and sell or otherwise dispose of those securities or investments at prices without relation to cost and in a manner the authority considers advisable.

(48) Fix and establish terms and provisions with respect to:

(A) a purchase of securities by the authority, including dates and maturities of the securities;

(B) redemption or payment before maturity; and

(C) any other matters that in connection with the purchase are necessary, desirable, or advisable in the judgment of the authority.

(49) To the extent permitted under the authority's contracts with the holders of bonds or notes, amend, modify, and supplement any provision or term of:

(A) a bond, a note, or any other obligation of the authority; or

(B) any agreement or contract of any kind to which the authority is a party.

(50) Subject to the authority's investment policy, do any act and enter into any agreement pertaining to a swap agreement (as defined in IC 8-9.5-9-4) related to the purposes of the affected statutes in accordance with IC 8-9.5-9-5 and IC 8-9.5-9-7, whether the action is incidental to the issuance, carrying, or securing of bonds or otherwise.

(51) Do any act necessary or convenient to the exercise of the powers granted by the affected statutes, or reasonably implied from those statutes, including but not limited to compliance with requirements of federal law imposed from time to time for the issuance of bonds.

(b) The authority's powers under this chapter shall be interpreted broadly to effectuate the purposes of this chapter and may not be construed as a limitation of powers. The omission of a power from the list in subsection (a) does not imply that the authority lacks that power.

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The authority may exercise any power that is not listed in subsection (a) but is consistent with the powers listed in subsection (a) to the extent that the power is not expressly denied by the Constitution of the State of Indiana or by another statute.

(c) This chapter does not authorize the financing of industrial development projects for a developer unless any written agreement that may exist between the developer and the user at the time of the bond resolution is fully disclosed to and approved by the authority.

(d) The authority shall work with and assist the Indiana housing and community development authority established by IC 5-20-1-3, the ports of Indiana established under IC 8-10-1-3, and the state fair commission established by IC 15-13-2-1 in the issuance of bonds, notes, or other indebtedness. The Indiana housing and community development authority, the ports of Indiana, and the state fair commission shall work with and cooperate with the authority in connection with the issuance of bonds, notes, or other indebtedness."

Page 4, between lines 28 and 29, begin a new paragraph and insert:

"SECTION 4. IC 20-24-1-6.2 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6.2. "Fund", for purposes of:**

- (1) IC 20-24-12, refers to the charter school facilities aid fund; and**
- (2) IC 20-24-13, refers to the charter school facilities revolving loan fund.**

SECTION 5. IC 20-24-1-6.3 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6.3. "Grant", for purposes of IC 20-24-12, refers to a grant awarded under IC 20-24-12.**

SECTION 6. IC 20-24-1-6.4 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6.4. "Loan", for purposes of IC 20-24-13, refers to a loan made under IC 20-24-13.**

SECTION 7. IC 20-24-1-7.5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7.5. "Program", for purposes of:**

- (1) IC 20-24-12, refers to a charter school per pupil facilities aid program under IC 20-24-12; and**
- (2) IC 20-24-13, refers to the charter school per pupil facilities revolving loan program."**

Page 4, line 33, after "body" insert ".".

Page 4, line 33, delete "that used its sponsorship authority under".

Page 4, delete line 34.

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- Page 4, line 36, delete "associate or".
- Page 4, line 40, delete ";" and insert ".".
- Page 4, delete line 41.
- Page 5, line 1, after "A" insert "**nonproprietary**".
- Page 5, line 1, delete "charter" and insert "**state**".
- Page 5, line 5, delete ""Underutilized"" and insert ""**Unused**"".
- Page 5, line 6, delete "fifty percent (50%)" and insert "**twenty-five percent (25%)**".
- Page 5, line 7, delete "." and insert "**and for which no offer to purchase has been executed.**".
- Page 5, line 20, delete "advisory".
- Page 6, line 5, delete "and".
- Page 6, line 7, after "IC 20-24-3-9;" insert "**and (C) monitor charter schools sponsored by the charter board; and**".
- Page 6, line 9, delete "and".
- Page 6, delete lines 10 through 11.
- Page 6, line 20, delete "Approval,".
- Page 6, line 20, after "Monitoring" delete ",".
- Page 6, delete lines 22 through 42.
- Page 7, line 1, delete "3. (a)" and insert "**1.**".
- Page 7, line 1, delete "charter" and insert "**state**".
- Page 7, line 3, delete "charter" and insert "**state**".
- Page 7, delete lines 11 through 12.
- Page 7, line 13, delete "4." and insert "**2.**".
- Page 7, line 13, delete "ten (10)" and insert "**thirty (30)**".
- Page 7, line 13, delete "charter" and insert "**state**".
- Page 7, line 15, delete "charter" and insert "**state**".
- Page 7, line 15, delete "graded" and insert "**placed in either of the two (2) lowest categories or designations**".
- Page 7, line 16, delete "as a "D" or an "F" school".
- Page 7, line 17, delete ", if" and insert "**and**".
- Page 7, line 19, delete "charter" and insert "**state**".
- Page 7, line 19, delete "may:" and insert "**shall:**".
- Page 7, line 20, delete "temporarily suspend the authority of the sponsor to" and insert "**require the submission, approval, and implementation of a school turnaround plan for the school identified in subsection (a);**".
- Page 7, delete lines 21 through 23.
- Page 7, line 25, delete "another sponsor that agrees to accept the" and insert "**the charter board;**".
- Page 7, delete lines 26 through 28, begin a new line block indented

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and insert:

"(3) order the closure of the school identified in subsection (a) on the date set by the state board; or

(4) order the reduction of any administrative fee collected under IC 20-24-7-4 that is applicable to the school identified in subsection (a) to an amount not greater than fifty percent (50%) of the amount allowed under IC 20-24-7-4;

unless the state board finds sufficient justification for the school's performance under the state school accountability system."

Page 9, delete lines 24 through 26.

Page 9, line 36, after "examination" strike ";".

Page 9, line 36, after "examination;" insert "**and**".

Page 10, delete line 42.

Page 11, delete lines 1 through 17, begin a new paragraph and insert:

"SECTION 11. IC 20-24-5-1, AS ADDED BY P.L.1-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. ~~Except as provided in this chapter, A charter school, that is not a conversion charter school including a conversion charter school,~~ must be open to any student who resides in Indiana.

SECTION 12. IC 20-24-5-5, AS ADDED BY P.L.1-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 5. (a) Except as provided in subsections (b), (c), and (d), a charter school must enroll any eligible student who submits a timely application for enrollment.

(b) This subsection applies if the number of applications for a program, class, grade level, or building exceeds the capacity of the program, class, grade level, or building. If a charter school receives a greater number of applications than there are spaces for students, each timely applicant must be given an equal chance of admission.

(c) A charter school may limit new admissions to the charter school to:

(1) ensure that a student who attends the charter school during a school year may continue to attend the charter school in subsequent years; ~~and~~

(2) allow the siblings of a student who attends a charter school to attend the charter school; **and**

(3) allow students who have been displaced due to the closing of another charter school to attend the charter school.

(d) This subsection applies to an existing school that converts to a charter school under IC 20-24-11. During the school year in which the existing school converts to a charter school, the charter school may

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limit admission to:

- (1) those students who were enrolled in the charter school on the date of the conversion; and
- (2) siblings of students described in subdivision (1).

SECTION 13. IC 20-24-5-4, AS ADDED BY P.L.1-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 4. **(a)** Except as provided in this chapter, a charter school may not establish admission policies or limit student admissions in any manner in which a public school is not permitted to establish admission policies or limit student admissions.

(b) Notwithstanding subsection (a), a charter school may operate as a single gender school if approved to do so by the sponsor. A single gender charter school must be open to any student of the gender the school serves who resides in Indiana."

Page 12, line 29, delete ", separately totaled by school corporation" and insert "**and either:**

- (i) are enrolled in kindergarten or grade 1 through 8; or**
- (ii) qualify as a child with a disability (as defined in IC 20-35-1-2) and are enrolled in grade 9 through 12; separately totaled by school corporation and charter school."**

Page 12, delete line 30.

Page 14, line 11, after "(a)" insert "**This section applies to a distribution to a charter school from the transportation fund levy of a school corporation that does not elect to provide transportation to the students who:**

- (1) have legal settlement in the school corporation; and**
- (2) are enrolled in the charter school.**

(b)".

Page 14, line 14, delete "(b) At the same time that a county auditor makes a distribution" and insert "**(c) The county auditor shall"**.

Page 14, delete lines 15 through 16.

Page 14, line 18, after "IC 20-46-4-6" insert "**, including any part of the levy imposed under IC 20-46-4-10,"**.

Page 14, delete lines 19 through 20.

Page 14, line 21, delete "." and insert "**for the purposes of the charter school in the same manner and at the same time as other property taxes are distributed.**

(d) The amount to be distributed to a charter school under subsection (c) is equal to the total amount to be distributed from the levies described in subsection (c) multiplied by a fraction. The numerator of the fraction is the number of students with legal

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settlement in the school corporation imposing the levy that are included in the current ADM of the charter school, as determined under section 2(c)(1) of this chapter. The denominator is the total number of students determined for the school corporation under section 2(c)(4) of this chapter."

Page 14, delete lines 22 through 29.

Page 15, line 26, delete "or underutilized".

Page 15, line 28, delete "and".

Page 15, line 29, delete "underutilized".

Page 15, line 31, delete "and".

Page 15, line 32, delete "underutilized".

Page 15, line 33, delete "or underutilized".

Page 15, line 39, delete "or".

Page 15, line 40, delete "underutilized".

Page 16, line 1, delete "underutilized" and insert "unused".

Page 16, line 2, delete "The".

Page 16, delete lines 3 through 6.

Page 16, line 7, delete "default under the lease."

Page 16, line 11, delete "If a".

Page 16, delete lines 12 through 15.

Page 16, line 18, delete "and" and insert **"maintenance, and repairs"**.

Page 16, line 19, delete "property taxes".

Page 16, line 20, after "school." insert **"If the charter school fails to apply for a property tax exemption, a lien does not attach to the property."**

Page 16, between lines 41 and 42, begin a new paragraph and insert:

"(h) If a charter school discontinues the charter school's use of a school facility, the charter school shall offer to sell the school facility back to the school corporation from which the school facility was purchased at the original purchase price."

Page 17, line 11, delete "." and insert **"for each sponsored school."**

Page 17, line 13, delete "." and insert **"for each sponsored school."**

Page 18, line 3, delete "either" and insert **"any"**.

Page 18, line 4, reset in roman "apply:".

Page 18, line 4, delete "applies:".

Page 18, line 5, reset in roman "(1) At least".

Page 18, line 5, after "(60%)" insert **"fifty-one percent (51%)"**.

Page 18, line 5, reset in roman "of the teachers at the school have".

Page 18, reset in roman line 6.

Page 18, line 6, delete "." and insert **"and the school has been placed in either of the two (2) highest categories or designations"**

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under IC 20-31-8-3 for two (2) consecutive years."

Page 18, line 7, delete "(1)" and insert "(2)".

Page 18, line 11, delete "(2)" and insert "(3)".

Page 18, line 13, after "school." insert **"The petition must be completed not later than ninety (90) days after the date of the first signature."**

Page 18, line 14, delete "If" and insert **"Notwithstanding"**.

Page 18, line 14, delete "(a)(1) applies, the" and insert **"(a)(2), if a"**.

Page 18, line 14, delete "must form a" and insert **"operates a school that receives either of the two (2) lowest designations under IC 20-31-8-3 for four (4) consecutive years, the governing body may not serve as a charter school's sponsor."**

Page 18, delete lines 15 through 19.

Page 18, line 20, delete "(a)(2)" and insert **"(a)(3)"**.

Page 18, line 20, after "submit" delete "a" and insert **"the petition to the governing body and the state board. If the petition has been approved by the state board,"**

Page 18, delete line 21.

Page 18, line 22, delete "approved,".

Page 18, between lines 23 and 24, begin a new paragraph and insert:

"(d) After a governing body receives a petition under subsection (c), the governing body may not change the enrollment boundaries for the school that is the subject of the petition for at least one (1) year, unless the petition is rejected by the state board."

Page 18, line 24, delete "(d)" and insert **"(e)"**.

Page 18, between lines 27 and 28, begin a new paragraph and insert:

"(f) After a conversion charter school has been in operation for at least five (5) years, the school may be returned to traditional school status if any of the following conditions apply:

(1) At least fifty-one percent (51%) of the teachers at the school have signed a petition requesting the change in status.

(2) The governing body votes to change the status.

(3) A petition requesting the change in status is signed by the parents of at least fifty-one percent (51%) of the students at the school. The petition must be completed not later than ninety (90) days after the date of the first signature.

A petition under subdivision (1) or (3) must be submitted to the governing body and the state board.

SECTION 26. IC 20-24-12 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 12. Charter School Facilities Aid Program



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Sec. 1. The charter school facilities aid program is established.

Sec. 2. The purpose of the program is to award grants to charter schools to assist charter schools in financing:

- (1) charter school building projects;**
- (2) general improvements to charter school buildings; and**
- (3) repayment of debt for charter school building projects.**

Sec. 3. The department shall administer the program.

Sec. 4. (a) The charter school facilities aid fund is established. The department shall administer the fund.

(b) The fund consists of the following:

- (1) Money appropriated by the general assembly.**
- (2) Any gifts and grants made to the fund or other money required by law to be deposited in the fund.**
- (3) Any federal grants that are received to capitalize or supplement the fund.**
- (4) The proceeds of grant anticipation revenue bonds issued by the Indiana finance authority under IC 4-4.**
- (5) Any earnings on money in the fund.**

(c) The expenses of administering the fund shall be paid from money in the fund.

(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) The fund shall be used by the department to make grants under this chapter for the purposes described in section 2 of this chapter.

(f) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

Sec. 5. The department may apply to the United States Department of Education for a state charter school facilities incentive program grant authorized under 34 U.S.C. 7221d(b). The department shall use the proceeds of any state charter school facilities incentive program grant awarded to the state for purposes of the program. To the extent permitted by federal law, the proceeds may be used to pay the administrative expenses of the program.

Sec. 6. The department may authorize money in the fund to be used to repay grant anticipation revenue bonds or other bonds issued by the Indiana bond bank under IC 5-1.5 for purposes of the program.

Sec. 7. (a) The department shall establish written procedures for providing grants to charter schools for the purposes described in

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section 2 of this chapter. The written procedures must include at least the following:

- (1) An application procedure.
- (2) A procedure to identify projects that may qualify for a grant.
- (3) Criteria for establishing the priority of projects for which grants will be made.
- (4) Procedures for selecting projects for which grants will be made.

(b) To apply for a grant from the fund, a school corporation must submit an application that contains at least the following information:

- (1) A description of the proposed building project, general improvement, or debt.
- (2) An estimate of the cost of the proposed building project, general improvement, or debt.
- (3) Any other information required by the department in accordance with the written procedures established under this section.

Sec. 8. The department may award grants on the terms and conditions specified in an agreement between the department and the recipient charter school.

Sec. 9. The department may award grants under this chapter on a per student basis.

SECTION 27. IC 20-24-13 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 13. Charter School Facilities Revolving Loan Program

Sec. 1. The charter school facilities revolving loan program is established.

Sec. 2. The purpose of the program is to make loans to charter schools for the purpose of:

- (1) constructing;
- (2) purchasing;
- (3) renovating; and
- (4) maintaining;

charter school facilities.

Sec. 3. The department shall administer the program.

Sec. 4. (a) The charter school facilities revolving loan fund is established. The department shall administer the fund.

(b) The fund consists of the following:

- (1) Money appropriated by the general assembly.

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(2) The repayment proceeds of loans made to charter schools from the fund.

(3) Any gifts and grants made to the fund or other money required by law to be deposited in the fund.

(4) Any federal grants that are received to capitalize or supplement the fund.

(5) The proceeds of grant anticipation revenue bonds or other bonds issued by the Indiana finance authority under IC 4-4.

(6) Any earnings on money in the fund.

(c) The expenses of administering the fund shall be paid from money in the fund.

(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) The fund shall be used by the department as a revolving fund for the purposes described in section 2 of this chapter.

(f) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

Sec. 5. The department may authorize money in the fund to be used to repay grant anticipation revenue bonds or other bonds issued by the Indiana bond bank under IC 5-1.5 for purposes of the program.

Sec. 6. Subject to the requirements of this chapter, the department may loan money from the fund to a charter school to carry out the purposes described in section 2 of this chapter.

Sec. 7. (a) The department shall establish written procedures for providing loans from the fund to charter schools. The written procedures must include at least the following:

- (1) An application procedure.
- (2) A procedure to identify projects that may qualify for a loan.
- (3) Criteria for establishing the priority of projects for which loans will be made.
- (4) Procedures for selecting projects for which loans will be made.

(b) To apply for a loan from the fund, a school corporation must submit an application that contains at least the following information:

- (1) A description of the proposed construction, purchase, renovation, or maintenance.
- (2) An estimate of the cost of the proposed construction, purchase, renovation, or maintenance.

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(3) Any other information required by the department in accordance with the written procedures established under this section.

Sec. 8. In making its determination to approve or disapprove a loan application, the department may consider the following:

- (1) The soundness of the financial business plans of the applicant charter school.
- (2) The availability to the charter school of other sources of funding.
- (3) The geographic distribution of loans made from the fund.
- (4) The impact that loans received under this chapter will have on the charter school's receipt of other private and public financing.
- (5) Plans for innovatively enhancing or leveraging funds received under this chapter, such as loan guarantees or other types of credit enhancements.
- (6) The financial needs of the charter school.

Sec. 9. The department may make loans under this chapter on a per student basis.

Sec. 10. The following apply to a loan from the fund to a charter school under this chapter:

- (1) A loan may not exceed the maximum amount set by the department.
- (2) The term of the loan may not exceed fifteen (15) years after the date of the loan.
- (3) A charter school may receive multiple loans from the fund as long as the total amount outstanding on all loans granted to the charter school from the fund do not exceed the maximum amount set by the department.
- (4) The department shall determine the interest rate and other terms for the loan.
- (5) A charter school must enter into a loan agreement with the department before receiving a loan from the fund. The loan agreement is a valid, binding, and enforceable agreement between the charter school and the department. The loan agreement must contain the following terms:
 - (A) A requirement that the loan proceeds be used to pay for the proposed construction, purchase, renovation, or maintenance of charter school facilities.
 - (B) The term of the loan.
 - (C) The repayment schedule.
 - (D) The interest rate of the loan.

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(E) Any other terms and provisions that the department requires.

Sec. 11. A charter school receiving a loan under this chapter shall repay the loan from:

- (1) the amount of state tuition support that the charter school is eligible to receive; and
- (2) to the extent that state tuition support is insufficient to meet the debt service obligations of the charter school, other resources available to the charter school.

Sec. 12. The department shall withhold the amount of the debt service obligations due in a year on a loan made under this chapter from state tuition support distributions that would otherwise be made in the year to the charter school. To the extent possible, the department shall withhold an equal amount from each installment of state tuition support distributed to the charter school. Withheld amounts reduce the debt service obligation of the charter school. The auditor of state shall transfer withheld amounts to the fund.

SECTION 28. IC 20-27-9-18 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 18. The governing body of a school corporation may allow a school bus to be used to provide transportation without charge for a charter school student who has legal settlement in the school corporation. The service must provide transportation from the student's residence to the charter school in which the student is enrolled and from the charter school to the student's residence. The limitations in IC 20-27-11-1 do not apply to this section."

Page 19, line 12, delete "Each" and insert "(a) Subject to the levy limit imposed by section 4 of this chapter, each".

Page 19, line 15, after "(2)" insert "subject to subsection (f),".

Page 19, line 15, delete "IC 20-24-7-6(b)." and insert "IC 20-24-7-6."

Page 19, delete lines 16 through 42, begin a new line blocked left and insert:

"The levy imposed under this section is subject to the levy limitations imposed under section 6 of this chapter. The levy may not exceed the levy limit under section 6 of this chapter in order to make the distributions required under IC 20-24-7-6(b).

(b) The governing body of a school corporation may adopt a resolution to elect to provide transportation without charge to all of the students who:

- (1) have legal settlement in the school corporation; and

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(2) are enrolled in a charter school; instead of providing a distribution of the school corporation's transportation fund levy to the charter school. The resolution must identify the charter schools to which the school corporation will provide transportation. An election adopted under this section remains in effect until a resolution rescinding the election becomes effective.

(c) IC 20-27-9-18 applies to transportation services provided under this section.

(d) The governing body may rescind an election to provide transportation to a charter school by resolution. The resolution must identify the charter schools to which the school corporation will no longer provide transportation.

(e) A copy of a resolution adopted under this section must be certified to the named charter schools, the department, and the county auditor of each county in which the school corporation is located. A resolution adopted under this section initially applies to the school year beginning at least ninety (90) days after the resolution is certified under this subsection.

(f) A charter school is not entitled to a distribution under IC 20-24-7-6 for property taxes first due and payable in a calendar year that begins in a school year in which a school corporation provides transportation to all of the charter school students who have legal settlement in the school corporation.

SECTION 30. IC 20-46-4-10, AS ADDED BY P.L.2-2006, SECTION 169, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 10. (a) A school corporation may appeal to the department of local government finance under IC 6-1.1-19 to increase the maximum levy permitted for the school corporation's fund. To be granted an increase by the department of local government finance, the school corporation must establish that the increase is necessary because of a transportation operating cost increase of at least ten percent (10%) over the preceding year as a result of at least one (1) of the following:

- (1) A fuel expense increase.
- (2) A significant increase in the number of students enrolled in the school corporation that need transportation or a significant increase in the mileage traveled by the school corporation's buses compared with the previous year.
- (3) A significant increase in the number of students enrolled in special education who need transportation or a significant increase in the mileage traveled by the school corporation's buses

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due to students enrolled in special education as compared with the previous year.

(4) Increased transportation operating costs due to compliance with a court ordered desegregation plan.

(5) The closure of a school building within the school corporation that results in a significant increase in the distances that students must be transported to attend another school building.

In addition, before the department of local government finance may grant a maximum levy increase, the school corporation must establish that the school corporation will be unable to provide transportation services without an increase. The department of local government finance may grant a maximum operating costs levy increase that is less than the increase requested by the school corporation. **The amount of the levy distributed under IC 20-24-7-6(b) may not be considered in determining the amount of the maximum levy increase allowed under this section.**

(b) If the department of local government finance determines that a permanent increase in the maximum permissible levy is necessary, the maximum levy after the increase granted under this section becomes the school corporation's maximum permissible levy under this chapter."

Page 20, delete lines 1 through 26.

Page 20, line 29, delete "(a)".

Page 20, line 35, delete "(b)".

Page 20, run in lines 34 through 35.

Page 20, delete lines 40 through 42.

Page 21, delete lines 1 through 10, begin a new paragraph and insert:

"SECTION 28. IC 20-49-7-15, AS ADDED BY P.L.2-2006, SECTION 172, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 15. To ensure timely payment of an advance according to the terms of the advance, the state may withhold from funds due to the charter school to which the advance is made an amount necessary to pay the advance ~~and the interest~~ on the advance.

SECTION 29. IC 20-49-7-21, AS ADDED BY P.L.182-2009(ss), SECTION 363, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 21. (a) A charter school, including a conversion charter school, that has received an advance for operational costs from the common school fund under this chapter does not have to make principal or interest payments during the state fiscal years beginning:

(1) July 1, 2009; and

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(2) July 1, 2010;
notwithstanding contrary terms in the charter school and state board advance agreement.

(b) The repayment term of the advance shall be extended by two (2) years to provide for the waiver described in subsection (a) even though it may make the repayment term for the advance longer than twenty (20) years.

(c) The repayment term of the advance shall be extended by an additional two (2) years to provide for the waiver described in subsection (a) of the principal even though it may make the repayment term for the advance longer than twenty (20) years."

Page 21, line 14, delete "IC 20-24-6-3;" and insert "IC 20-24-5-2; IC 20-24-5-3; IC 20-24-5-4; IC 20-24-5-5;"

Page 21, line 15, delete "IC 20-24-6-4;"

Page 21, line 21, delete "if the charter".

Page 21, line 22, delete "school board agrees to sponsor the virtual charter school,"

Page 21, line 22, after "unless" insert "**the virtual charter school obtains another sponsor.**"

Page 21, delete lines 23 through 24.

Page 21, line 29, delete "Ball State University." and insert "**another sponsor.**"

Re-number all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1002 as introduced and as amended by AM100201 and AM100204 as adopted by the Committee on Education on January 19, 2011.)

BEHNING, Chair

Committee Vote: yeas 8, nays 5.

HOUSE MOTION

Mr. Speaker: I move that House Bill 1002 be amended to read as follows:

Page 13, line 31, delete "twenty-five percent (25%)" and insert "**ten percent (10%)**".

Page 13, line 33, before "student" insert "**direct**".

Page 14, line 4, after "member" insert "**who has previous experience with or on behalf of charter schools**".

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Page 14, line 40, delete "hire" and insert **"provide"**.

Page 15, line 17, delete "may" and insert **"shall"**.

Page 15, line 23, delete "shall:" and insert **"shall implement one (1) or more of the actions listed in subdivisions (1) through (4):"**.

Page 16, between lines 28 and 29, begin a new line double block indented and insert:

"(T) Any other applications submitted to a sponsor in the previous five (5) years."

Page 18, line 13, delete "body" and insert **"board"**.

Page 19, delete lines 2 through 5.

Page 19, delete lines 11 through 36.

Page 20, line 11, after "employees" insert **"of the charter school or"**.

Page 21, line 42, after "school" insert **"sponsored by the executive"**.

Page 22, line 7, after "school" insert **"sponsored by the private college or university"**.

Page 22, line 12, after "school" insert **"sponsored by the charter board"**.

Page 23, line 7, delete "school." and insert **"school that is located in the same county in which the school corporation is located."**

Page 24, line 24, after "site." insert **"A school corporation shall annually report to the department each unused facility owned by the school corporation. If, at the time a facility first becomes unused, the school corporation has a plan to reuse the facility within a twelve (12) month period, the school corporation is not required to include the facility in the annual report to the department. However, a school corporation may exclude an unused facility from the school corporation's annual report only one (1) time."**

Page 24, line 32, delete "year." and insert **"year for a term of ten (10) years. The charter school may renew the lease for one (1) additional ten (10) year term."**

Page 25, line 4, after "maintenance," insert **"property taxes,"**.

Page 25, line 13, delete "A school corporation may not refuse an offer".

Page 25, delete lines 14 through 15.

Page 25, line 17, delete "facility. If a facility" and insert **"facility for a price negotiated with the school corporation."**

Page 25, delete line 18.

Page 25, line 19, delete "corporation for one dollar (\$1)."

Page 25, delete lines 25 through 32.

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Page 27, line 16, delete "has been" and insert "is".

Page 27, line 31, delete "status." and insert "**status and the school has been placed in either of the two (2) highest categories or designations under IC 20-31-8-3 for two (2) consecutive years.**".

Page 27, line 32, delete "status." and insert "**status, if the governing body serves as the school's sponsor.**".

Page 27, line 38, after "board." insert "**The petition must be approved by the state board for the change in status to become effective.**".

Page 28, line 5, delete "and".

Page 28, line 6, delete "projects." and insert "**projects; and (4) leasehold improvements, rents, or leases.**".

Page 28, line 39, delete "bond bank under IC 5-1.5" and insert "**finance authority under IC 4-4**".

Page 29, line 4, delete "A procedure to identify projects that may qualify for a" and insert "**An explanation of the grant process.**".

Page 29, delete line 5.

Page 29, line 6, delete "Criteria for establishing the priority of projects for which" and insert "**Allowable grant expenditures.**".

Page 29, delete lines 7 through 9.

Page 29, line 10, after "fund, a" insert "**charter**".

Page 29, line 10, delete "corporation".

Page 30, line 21, delete "bond bank under IC 5-1.5" and insert "**finance authority under IC 4-4**".

Page 30, line 36, after "fund, a" insert "**charter**".

Page 30, line 36, delete "corporation".

Page 32, between lines 2 and 3, begin a new line double block indented and insert:

"(F) That the loan is to be secured by the credit enhancements, guaranties, or pledge of one (1) or more bonds, notes, warrants, or other secured or unsecured debt obligations of the charter school."

Page 32, line 20, delete "The governing body of a" and insert "**Instead of a distribution under IC 20-24-7-6, a school corporation and a charter school may enter into a school transportation plan to provide transportation without charge for a charter school student who has legal settlement in the school corporation and attends a charter school located in the same county in which the school corporation is located.**".

Page 32, delete lines 21 through 27.

Page 33, line 22, delete "The governing body of a school corporation may adopt a" and insert "**Instead of a distribution under**

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IC 20-24-7-6, a school corporation and a charter school may enter into a school transportation plan to provide transportation without charge for a charter school student who has legal settlement in the school corporation and attends a charter school located in the same county in which the school corporation is located."

Page 33, delete lines 23 through 32.

Page 36, line 4, delete "IC 20-24-5-4; IC 20-24-5-5;" and insert "IC 20-24-6-4;"

Renumber all SECTIONS consecutively.

(Reference is to HB 1002 as printed January 26, 2011.)

BOSMA

HOUSE MOTION

Mr. Speaker: I move that House Bill 1002 be amended to read as follows:

Page 19, line 20, after "admission." insert "**The organizer must determine which of the applicants will be admitted to the charter school or the program, class, grade level, or building by random drawing in a public meeting.**"

(Reference is to HB 1002 as printed January 26, 2011.)

PORTER

HOUSE MOTION

Mr. Speaker: I move that House Bill 1002 be amended to read as follows:

Page 18, line 12, delete "stability;" and insert "**stability, including a certification that the charter school has directed to the classroom not less than sixty percent (60%) of state revenues received by the charter school;**"

(Reference is to HB 1002 as printed January 26, 2011.)

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HOUSE MOTION

Mr. Speaker: I move that House Bill 1002 be amended to read as follows:

Page 27, line 23, after "shall" insert "**continue to comply with all legal requirements concerning student diversity and treatment of children with special needs and**".

(Reference is to HB 1002 as printed January 26, 2011.)

DELANEY

HOUSE MOTION

Mr. Speaker: I move that House Bill 1002 be amended to read as follows:

Page 2, line 21, delete "to fund a judgment, a settlement, or".
Page 2, line 22, delete "other cost or liability,".

(Reference is to HB 1002 as printed January 26, 2011.)

DELANEY

HOUSE MOTION

Mr. Speaker: I move that House Bill 1002 be amended to read as follows:

Page 32, between lines 27 and 28, begin a new paragraph and insert:
"SECTION 33. IC 20-28-8-13 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 13. Whenever a governing body determines that a severance payment is appropriate for an individual to whom this chapter applies, the amount of state funding used in the severance payment may not exceed an amount equal to one (1) year's salary for the individual.**"

Re-number all SECTIONS consecutively.

(Reference is to HB 1002 as printed January 26, 2011.)

DELANEY

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HOUSE MOTION

Mr. Speaker: I move that House Bill 1002 be amended to read as follows:

Page 19, between lines 36 and 37, begin a new paragraph and insert:

"(e) Not later than ten (10) days after a charter school expels or otherwise separates a student from active enrollment, the charter school shall conduct a conference concerning the reasons for the expulsion or separation with the student's parents, appropriate personnel from the school corporation in which the student enrolls following the expulsion or separation, and the appropriate education personnel from the charter school."

(Reference is to HB 1002 as printed January 26, 2011.)

AUSTIN

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HOUSE MOTION

Mr. Speaker: I move that House Bill 1002 be amended to read as follows:

Page 23, between lines 24 and 25, begin a new paragraph and insert:

"(e) Money received by a charter school under this section may be used only to pay the costs attributable to transportation (as defined in IC 20-40-6-1) of students who:

- (1) are enrolled in the charter school; and**
- (2) have legal settlement in the school corporation that levied the amount distributed to the charter school."**

(Reference is to HB 1002 as printed January 26, 2011.)

VANDENBURGH

HOUSE MOTION

Mr. Speaker: I move that House Bill 1002 be amended to read as follows:

Page 15, between lines 36 and 37, begin a new paragraph and insert:

"Sec. 3. The department shall establish a charter school page on the department's web site that includes information on the following:

- (1) All approved sponsors.**



- (2) All pending applications for a charter.
- (3) All approved applications for a charter.
- (4) All rejected applications for a charter.
- (5) Annual performance data that includes the same demographic and performance data required from school corporations."

(Reference is to HB 1002 as printed January 26, 2011.)

AUSTIN

HOUSE MOTION

Mr. Speaker: I move that House Bill 1002 be amended to read as follows:

Page 17, between lines 5 and 6, begin a new line block indented and insert:

"(6) The name, address, and chief operating officer of the education management organization, if applicable."

(Reference is to HB 1002 as printed January 26, 2011.)

AUSTIN

COMMITTEE REPORT

Madam President: The Senate Committee on Education and Career Development, to which was referred House Bill No. 1002, 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:

- Page 11, line 14, after "corporation" insert "**or charter school**".
- Page 13, line 20, reset in roman "IC 36-1-2-5".
- Page 13, line 20, after "IC 36-1-2-5" insert ")".
- Page 13, line 20, delete "IC 36-1-2-5(2) or".
- Page 13, line 21, delete "IC 36-1-2-5(3)".
- Page 13, line 21, delete ":".
- Page 13, line 22, delete "(A)".
- Page 13, line 22, delete "; or" and insert ".".
- Page 13, run in lines 21 through 22.
- Page 13, delete line 23.

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Page 13, line 25, delete "nonproprietary private" and insert **"nonprofit"**.

Page 13, line 25, after "university" insert **"(as defined in IC 21-7-13-23(a))"**.

Page 13, line 25, delete "approved".

Page 13, delete lines 26 through 33.

Page 14, line 6, delete "members" and insert **"members, who may not be legislators,"**.

Page 14, line 7, delete "tem" and insert **"tempore"**.

Page 14, line 41, delete "department shall provide" and insert **"charter board may hire"**.

Page 15, delete lines 7 through 38.

Page 15, line 39, delete "3." and insert **"1."**

Page 15, line 40, after "department's" insert **"Internet"**.

Page 15, line 42, delete "sponsors." and insert **"sponsors, including the sponsors' processes for the following:"**

(A) Monitoring approved schools at regular intervals.

(B) Establishing minimum standards for renewing a charter or not renewing a charter.

(C) Procedures for school closure, including the transfer of academic records to other schools and postsecondary educational institutions."

Page 17, between lines 7 and 8, begin a new paragraph and insert:
"SECTION 15. IC 20-24-3-5.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 5.5. This section applies to a sponsor that is not the executive of a consolidated city.

(b) Before issuing a charter, the sponsor must conduct a public hearing concerning the establishment of the proposed charter school. At the public hearing, the governing body of the school corporation in which the proposed charter school will be located must be given an opportunity to comment on the effect of the proposed charter school on the school corporation, including any foreseen negative impacts on the school corporation."

Page 17, delete lines 20 through 21.

Page 18, line 28, delete "stability, including a" and insert **"stability; and"**.

Page 18, delete lines 29 through 31.

Page 20, line 21, delete "or".

Page 20, line 22, delete "otherwise separates".

Page 21, between lines 8 and 9, begin a new paragraph and insert:
"SECTION 21. IC 20-24-6-5, AS ADDED BY P.L.1-2005,

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SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 5. (a) An individual who teaches **full time** in a charter school must: ~~either:~~

(1) hold a license to teach in a public school in Indiana under IC 20-28-5; ~~or~~

(2) be in the process of obtaining a license to teach in a public school in Indiana under the transition to teaching program established by IC 20-28-4-2; ~~or~~

(3) hold at least a bachelor's degree with a grade point average of at least three (3.0) on a four (4.0) point scale from an accredited postsecondary educational institution in the content or related area in which the individual teaches.

At least seventy-five percent (75%) of a charter school's teachers must hold a license under subdivision (1) or be in the process of obtaining a license under subdivision (2), unless the charter school requests and the state board approves a waiver for a lower percentage.

(b) An individual described in subsection (a)(2) must complete the transition to teaching program not later than three (3) years after beginning to teach at a charter school.

(c) An individual who holds a part-time teaching position in a charter school must hold at least a bachelor's degree with a grade point average of at least three (3.0) on a four (4.0) point scale from an accredited postsecondary educational institution in the content or related area in which the individual teaches.

~~(c)~~ (d) An individual who provides to students in a charter school a service:

(1) that is not teaching; and

(2) for which a license is required under Indiana law;

must have the appropriate license to provide the service in Indiana."

Page 22, line 22, delete "or city".

Page 22, line 27, delete "private" and insert "**nonprofit**".

Page 23, delete lines 24 through 42.

Page 24, delete lines 1 through 14.

Page 25, delete lines 8 through 42.

Page 26, delete lines 1 through 18.

Page 27, line 23, delete "any" and insert "**either**".

Page 27, line 26, after "school" insert "**and fifty-one percent (51%) of the parents of students who attend the school**".

Page 27, line 29, after "years." insert "**The petition must be completed not later than ninety (90) days after the date of the first signature**".

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Page 27, delete lines 34 through 37.

Page 27, line 42, delete "(a)(3)" and insert "(a)(1)".

Page 28, line 17, delete "any" and insert "either".

Page 28, line 19, after "school" insert "**and fifty-one percent (51%) of the parents of students who attend the school**".

Page 28, line 22, after "years." insert "**The petition must be completed not later than ninety (90) days after the date of the first signature.**".

Page 28, delete lines 25 through 28.

Page 28, line 29, delete "or (3)".

Page 33, delete lines 13 through 28, begin a new paragraph and insert:

"SECTION 32. IC 20-26-5-32.2, AS ADDED BY P.L.41-2009, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 32.2. (a) Notwithstanding IC 22-2-5-1, a school corporation **or charter school** and:

- (1) an employee if there is no representative described under subdivision (2) or (3) for that employee;
- (2) the exclusive representative of its certificated employees with respect to those employees; or
- (3) a labor organization representing its noncertificated employees with respect to those employees;

may agree in writing to a wage payment arrangement.

(b) A wage payment arrangement under subsection (a) may provide that compensation earned during a school year may be paid:

- (1) using equal installments or any other method; and
- (2) over:
 - (A) all or part of that school year; or
 - (B) any other period that begins not earlier than the first day of that school year and ends not later than thirteen (13) months after the wage payment arrangement period begins.

Such an arrangement may provide that compensation earned in a calendar year is paid in the next calendar year, so long as all the compensation is paid within the thirteen (13) month period beginning with the first day of the school year.

(c) A wage payment arrangement under subsection (a) must be structured in such a manner so that it is not considered:

- (1) a nonqualified deferred compensation plan for purposes of Section 409A of the Internal Revenue Code; or
- (2) deferred compensation for purposes of Section 457(f) of the Internal Revenue Code.

(d) Absent an agreement under subsection (a), a school corporation

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or charter school remains subject to IC 22-2-5-1.

(e) Wage payments required under a wage payment arrangement entered into under subsection (a) are enforceable under IC 22-2-5-2.

(f) If an employee leaves employment for any reason, either permanently or temporarily, the amount due the employee under IC 22-2-5-1 and IC 22-2-9-2 is the total amount of wages earned and unpaid. **If the employment relationship ends at the conclusion of a school year, the school corporation may pay the employee the remaining wages owed as provided in the written wage payment arrangement.**

(g) Employment with a school corporation **or charter school** may not be conditioned upon the acceptance of a wage payment arrangement under subsection (a).

(h) An employee may revoke a wage payment arrangement under subsection (a) at the beginning of each school year.

SECTION 33. IC 20-26-7-1, AS AMENDED BY P.L.234-2007, SECTION 227, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. (a) If a governing body of a school corporation determines that any real or personal property:

- (1) is no longer needed for school purposes; or
- (2) should, in the interests of the school corporation, be exchanged for other property;

the governing body may sell or exchange the property in accordance with IC 36-1-11.

(b) Money derived from the sale or exchange of property under this section shall be placed in any school fund:

- (1) established under applicable law; and
- (2) that the governing body considers appropriate.

(c) A governing body may not make a covenant that prohibits the sale of real property to another educational institution.

(d) This subsection does not apply to a school building that on July 1, 2011, is leased or loaned by the school corporation that owns the school building to another entity. A governing body shall make available for lease or purchase to any charter school (as defined in IC 20-24-1-4) any school building owned by the school corporation that:

- (1) either:
 - (A) is not used in whole or in part for classroom instruction at the time the charter school seeks to lease the building; or
 - (B) appears on the list compiled by the department under subsection (e); and

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(2) was previously used for classroom instruction;
in order for the charter school to conduct classroom instruction.

(e) Each governing body shall inform the department whenever a school building that was previously used for classroom instruction is closed, unused, or unoccupied. The department shall maintain a list of closed, unused, or unoccupied school buildings and make the list available on the department's Internet web site. Each school corporation shall provide a list of closed, unused, or unoccupied buildings to the department by the date set by the department. The department must update the list each year before August 31.

(f) A school building that appears for the first time on the department's list under subsection (e) shall be designated as "Unavailable until (a date two (2) years after the school building first appears on the list)" if the governing body of the school corporation that owns the school building indicates the school building may be reclaimed during that period for classroom instruction, which must begin not later than one (1) year after the school building is reclaimed. If the school building remains unused for classroom instruction one (1) year after being reclaimed, the governing body shall place the school building on the department's list. A governing body may reclaim a school building only one (1) time under this subsection.

(g) If a charter school wishes to use a school building on the list created under subsection (e), the charter school shall send a letter of intent to the department. The department shall notify the school corporation of the charter school's intent, and the school corporation that owns the school building shall lease the school building to the charter school for one dollar (\$1) per year for as long as the charter school uses the school building for classroom instruction or for a term at the charter school's discretion, or sell the school building to the charter school for one dollar (\$1). The charter school must begin to use the school building for classroom instruction not later than two (2) years after acquiring the school building. If the school building is not used for classroom instruction within two (2) years after acquiring the school building, the school building shall be placed on the department's list under subsection (e). If during the term of the lease the charter school closes or ceases using the school building for classroom instruction, the school building shall be placed on the department's list under subsection (e).

(h) During the term of a lease under subsection (g), the charter

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school is responsible for the direct expenses related to the school building leased, including utilities, insurance, maintenance, repairs, and remodeling. The school corporation is responsible for any debt incurred for or liens that attached to the school building before the charter school leased the school building.

(i) If a school building appears on the department's list under subsection (e) for at least forty-eight (48) months, the school corporation may sell or otherwise dispose of the school building in any manner the governing body considers appropriate.

SECTION 34. IC 20-31-9-1, AS ADDED BY P.L.1-2005, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 1. This chapter does not apply to the following:

- (1) A nonpublic school.
- (2) **Except as provided in section 4(c) of this chapter**, a charter school.

SECTION 35. IC 20-31-9-4, AS ADDED BY P.L.1-2005, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 4. (a) This section applies if, in the fifth year after initial placement in the lowest category or designation, a school still remains in the lowest category or designation.

(b) The state board shall do the following:

- (1) Hold at least one (1) public hearing in the school corporation where the school is located to consider and hear testimony concerning the following options for school improvement:
 - (A) Merging the school with a nearby school that is in a higher category.
 - (B) Assigning a special management team to operate all or part of the school.
 - (C) The department's recommendations for improving the school.
 - (D) Other options for school improvement expressed at the public hearing, including closing the school.
 - (E) Revising the school's plan in any of the following areas:
 - (i) Changes in school procedures or operations.
 - (ii) Professional development.
 - (iii) Intervention for individual teachers or administrators.

(2) If the state board determines that intervention will improve the school, implement at least one (1) of the options listed in subdivision (1).

(c) This subsection applies to charter schools. If a charter school remains in the lowest category or designation in the fifth year after it was initially placed in the lowest category or designation, the

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state board shall order the sponsor to close the charter school, unless the sponsor successfully petitions the state board to continue the charter school's operation."

Page 34, delete lines 11 through 42.

Delete page 35.

Page 36, line 18, after "pay the advance" insert ".".

Page 36, line 18, strike "on the advance."

Page 36, line 26, strike "2009;" and insert "**2011;**".

Page 36, line 27, strike "2010;" and insert "**2012;**".

Page 36, delete lines 34 through 37.

Renumber all SECTIONS consecutively.

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

(Reference is to HB 1002 as reprinted February 8, 2011.)

KRUSE, Chairperson

Committee Vote: Yeas 8, Nays 2.

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