



April 15, 2011

**ENGROSSED  
HOUSE BILL No. 1003**

DIGEST OF HB 1003 (Updated April 14, 2011 9:56 am - DI 71)

**Citations Affected:** IC 6-3.1; IC 20-51.

**Synopsis:** School scholarships. Increases the school scholarship tax credits that may be awarded for donations to a scholarship granting organization. Prohibits a scholarship granting organization from limiting the availability of scholarships to students of only one participating school. Provides choice scholarships to students in families with income that is not more than 150% percent of the amount required for the individual to qualify for the federal free or reduced lunch program to pay the costs of tuition and fees at a public or private elementary school or high school that charges tuition. Requires fair admissions policies for schools eligible for choice scholarships. Limits the number of choice scholarships awarded per school year before June 30, 2013. Limits the choice scholarship granted to a student in grade 1 through 8 to \$4,500 per school year. Provides consequences for nonpublic schools who receive: (1) consecutive low category designations for school performance and improvement; and (2) a distribution of choice scholarships. Provides for any savings from the choice scholarships to be used for tuition support for schools. Makes conforming changes.

**Effective:** July 1, 2011.

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**Behning, Bosma**

(SENATE SPONSORS — KRUSE, YODER, BANKS, BUCK, SMITH J,  
WALKER)

January 20, 2011, read first time and referred to Committee on Education.  
February 17, 2011, amended, reported — Do Pass.  
March 29, 2011, read second time, ordered engrossed.  
March 30, 2011, engrossed. Read third time, passed. Yeas 56, nays 42.

SENATE ACTION

March 31, 2011, read first time and referred to Committee on Education and Career Development.  
April 14, 2011, amended, reported favorably — Do Pass.

**EH 1003—LS 7552/DI 51+**



April 15, 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.

# ENGROSSED HOUSE BILL No. 1003



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 6-3.1-30.5-3, AS ADDED BY P.L.182-2009(ss),
- 2 SECTION 205, IS AMENDED TO READ AS FOLLOWS
- 3 [EFFECTIVE JULY 1, 2011]: Sec. 3. As used in this chapter,
- 4 "scholarship granting organization" refers to an organization that:
- 5 (1) is exempt from federal income taxation under Section
- 6 501(c)(3) of the Internal Revenue Code; and
- 7 (2) conducts a school scholarship program **without limiting the**
- 8 **availability of scholarships to students of only one (1)**
- 9 **participating school (as defined in IC 20-51-1-6).**
- 10 SECTION 2. IC 6-3.1-30.5-12, AS ADDED BY P.L.182-2009(ss),
- 11 SECTION 205, IS AMENDED TO READ AS FOLLOWS
- 12 [EFFECTIVE JULY 1, 2011]: Sec. 12. A contribution to a **scholarship**
- 13 **granting organization** shall be treated as having been made for use in
- 14 a school scholarship program if:
- 15 (1) the contribution is made directly to a scholarship granting
- 16 organization; and
- 17 (2) either:

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- 1 (A) not later than the date of the contribution, the taxpayer
- 2 designates in writing to the scholarship granting organization
- 3 that the contribution is to be used only for a school scholarship
- 4 program; or
- 5 (B) the scholarship granting organization provides the
- 6 taxpayer with written confirmation that the contribution will
- 7 be dedicated solely for use in a school scholarship program.

8 SECTION 3. IC 6-3.1-30.5-13, AS ADDED BY P.L.182-2009(ss),  
 9 SECTION 205, IS AMENDED TO READ AS FOLLOWS  
 10 [EFFECTIVE JULY 1, 2011]: Sec. 13. The total amount of tax credits  
 11 awarded under this chapter may not exceed ~~two million five hundred~~  
 12 ~~thousand dollars (\$2,500,000)~~ **five million dollars (\$5,000,000)** in any  
 13 a state fiscal year.

14 SECTION 4. IC 20-51-1-4.5 IS ADDED TO THE INDIANA CODE  
 15 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 16 1, 2011]: Sec. 4.5. "Eligible individual" refers to an individual who:

- 17 (1) has legal settlement in Indiana;
- 18 (2) is at least five (5) years of age and less than twenty-two
- 19 (22) years of age on the date in the school year specified in
- 20 IC 20-33-2-7;
- 21 (3) either has been or is currently enrolled in an accredited
- 22 school;
- 23 (4) is a member of a household with an annual income of not
- 24 more than one hundred fifty percent (150%) of the amount
- 25 required for the individual to qualify for the federal free or
- 26 reduced price lunch program; and
- 27 (5) either:
  - 28 (A) was enrolled in grade 1 through 12 in a school
  - 29 corporation that did not charge the individual transfer
  - 30 tuition for at least two (2) semesters immediately preceding
  - 31 the first semester for which the individual receives a choice
  - 32 scholarship under IC 20-51-4; or
  - 33 (B) received a scholarship from a scholarship granting
  - 34 organization under IC 20-51-3 or a choice scholarship
  - 35 under IC 20-51-4 in a preceding school year, including a
  - 36 school year that does not immediately precede a school
  - 37 year in which the individual receives a scholarship from a
  - 38 scholarship granting organization under IC 20-51-3 or a
  - 39 choice scholarship under IC 20-51-4.

40 SECTION 5. IC 20-51-1-4.7 IS ADDED TO THE INDIANA CODE  
 41 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 42 1, 2011]: Sec. 4.7. "Eligible school" refers to a public or nonpublic

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- 1 elementary school or high school that:
- 2 (1) is located in Indiana;
- 3 (2) requires an eligible individual to pay tuition or transfer
- 4 tuition to attend;
- 5 (3) voluntarily agrees to enroll an eligible individual;
- 6 (4) is accredited by either the state board or a national or
- 7 regional accreditation agency that is recognized by the state
- 8 board;
- 9 (5) administers the Indiana statewide testing for educational
- 10 progress (ISTEP) program under IC 20-32-5;
- 11 (6) is not a charter school or the school corporation in which
- 12 an eligible individual has legal settlement under IC 20-26-11;
- 13 and
- 14 (7) submits to the department data required for a category
- 15 designation under IC 20-31-8-3.

16 SECTION 6. IC 20-51-1-7, AS ADDED BY P.L.182-2009(ss),  
 17 SECTION 364, IS AMENDED TO READ AS FOLLOWS  
 18 [EFFECTIVE JULY 1, 2011]: Sec. 7. "Scholarship granting  
 19 organization" refers to an organization that:

- 20 (1) is exempt from federal income taxation under Section
- 21 501(c)(3) of the Internal Revenue Code; and
- 22 (2) is organized at least in part to grant school scholarships
- 23 **without limiting the availability of scholarships to students of**
- 24 **only one (1) participating school.**

25 SECTION 7. IC 20-51-3-5, AS ADDED BY P.L.182-2009(ss),  
 26 SECTION 364, IS AMENDED TO READ AS FOLLOWS  
 27 [EFFECTIVE JULY 1, 2011]: Sec. 5. (a) An agreement entered into  
 28 under section 1 of this chapter must prohibit a scholarship granting  
 29 organization from distributing school scholarships for use by an  
 30 eligible student to:

- 31 (1) enroll in a school that has:
- 32 (A) paid staff or board members; or
- 33 (B) relatives of paid staff or board members;
- 34 in common with the scholarship granting support organization;
- 35 (2) enroll in a school that the scholarship granting organization
- 36 knows does not qualify as a participating school; or
- 37 (3) pay for the cost of education for a public school where the
- 38 eligible student is entitled to enroll without the payment of tuition.

39 **(b) An agreement entered into under section 1 of this chapter**  
 40 **must prohibit a scholarship granting organization from limiting**  
 41 **the availability of scholarships to students of only one (1)**  
 42 **participating school. An agreement entered into under section 1 of**

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1 this chapter before July 1, 2011, must be amended to include the  
2 requirement specified in this subsection.

3 SECTION 8. IC 20-51-4 IS ADDED TO THE INDIANA CODE AS  
4 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY  
5 1, 2011]:

6 Chapter 4. Choice Scholarship

7 Sec. 1. It is the intent of the general assembly to honor the  
8 autonomy of nonpublic schools that choose to become eligible  
9 schools under this chapter. A nonpublic eligible school is not an  
10 agent of the state or federal government, and therefore:

11 (1) the department or any other state agency may not in any  
12 way regulate the educational program of a nonpublic eligible  
13 school that accepts a choice scholarship under this chapter,  
14 including the regulation of curriculum content, religious  
15 instruction or activities, classroom teaching, teacher and staff  
16 hiring requirements, and other activities carried out by the  
17 eligible school;

18 (2) the creation of the choice scholarship program does not  
19 expand the regulatory authority of the state, the state's  
20 officers, or a school corporation to impose additional  
21 regulation of nonpublic schools beyond those necessary to  
22 enforce the requirements of the choice scholarship program  
23 in place on July 1, 2011; and

24 (3) a nonpublic eligible school shall be given the freedom to  
25 provide for the educational needs of students without  
26 governmental control.

27 Sec. 2. (a) Subject to subsection (b), an eligible individual is  
28 entitled to a choice scholarship under this chapter for each school  
29 year beginning after June 30, 2011, that the eligible student enrolls  
30 in an eligible school.

31 (b) The department may not award more than:

32 (1) seven thousand five hundred (7,500) choice scholarships  
33 for the school year beginning July 1, 2011, and ending June  
34 30, 2012; and

35 (2) fifteen thousand (15,000) choice scholarships for the school  
36 year beginning July 1, 2012, and ending June 30, 2013.

37 The department shall establish the standards used to allocate  
38 choice scholarships among eligible students.

39 Sec. 3. (a) An eligible school may not discriminate on the basis  
40 of race, color, or national origin.

41 (b) An eligible school shall abide by the school's written  
42 admission policy fairly and without discrimination with regard to

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students who:

- (1) apply for; or
- (2) are awarded;

scholarships under this chapter.

(c) If the number of applicants for enrollment in an eligible school under a choice scholarship exceeds the number of choice scholarships available to the eligible school, the eligible school must draw at random in a public meeting the applications of applicants who are entitled to a choice scholarship from among the applicants who meet the requirements for admission to the eligible school.

Sec. 4. The maximum amount to which an eligible individual is entitled under this chapter for a school year is equal to the least of the following:

(1) The sum of the tuition, transfer tuition, and fees required for enrollment or attendance of the eligible student at the eligible school selected by the eligible individual for a school year that the eligible individual (or the parent of the eligible individual) would otherwise be obligated to pay to the eligible school.

(2) An amount equal to:

(A) ninety percent (90%) of the state tuition support amount determined under section 5 of this chapter if the eligible individual is a member of a household with an annual income of not more than the amount required for the individual to qualify for the federal free or reduced price lunch program; and

(B) fifty percent (50%) of the state tuition support amount determined under section 5 of this chapter if the eligible individual is a member of a household with an annual income of not more than one hundred fifty percent (150%) of the amount required for the individual to qualify for the federal free or reduced price lunch program.

(3) If the eligible individual is enrolled in grade 1 through 8, the maximum choice scholarship that the eligible individual may receive for a school year is four thousand five hundred dollars (\$4,500).

Sec. 5. The state tuition support amount to be used in section 3(2) of this chapter for an eligible individual is the amount determined under the last STEP of the following formula:

STEP ONE: Determine the school corporation in which the eligible individual has legal settlement.

STEP TWO: Determine the amount of state tuition support

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1 that the school corporation identified under STEP ONE is  
2 eligible to receive under IC 20-43 for the calendar year in  
3 which the current school year begins, excluding amounts  
4 provided for special education grants under IC 20-43-7 and  
5 career and technical education grants under IC 20-43-8.

6 STEP THREE: Determine the result of:

- 7 (A) the STEP TWO amount; divided by
- 8 (B) the current ADM (as defined in IC 20-43-1-10) for the
- 9 school corporation identified under STEP ONE for the
- 10 calendar year used in STEP TWO.

11 Sec. 6. (a) If an eligible individual enrolls in an eligible school  
12 for less than an entire school year, the choice scholarship provided  
13 under this chapter for that school year shall be reduced on a  
14 prorated basis to reflect the shorter school term.

15 (b) An eligible individual is entitled to only one (1) choice  
16 scholarship for each school year. If the eligible individual leaves  
17 the eligible school for which the eligible individual was awarded a  
18 choice scholarship and enrolls in another eligible school, the  
19 eligible individual is responsible for the payment of any tuition  
20 required for the remainder of that school year.

21 Sec. 7. (a) The department shall administer this chapter.

22 (b) The department shall adopt rules under IC 4-22-2 to  
23 implement this chapter.

24 (c) The department may adopt emergency rules under  
25 IC 4-22-2-37.1 to implement this chapter.

26 Sec. 8. The department may prescribe forms and methods for  
27 demonstrating eligibility for a choice scholarship under this  
28 chapter.

29 Sec. 9. (a) The department shall enforce the following  
30 consequences for an eligible school that is nonpublic:

- 31 (1) If the school is placed in either of the lowest two (2)
- 32 categories or designations under IC 20-31-8-3 for two (2)
- 33 consecutive years, the department shall suspend choice
- 34 scholarship payments for one (1) year for new students who
- 35 would otherwise use a choice scholarship to attend the school.
- 36 (2) If the school is placed in either of the lowest two (2)
- 37 categories or designations under IC 20-31-8-3 for three (3)
- 38 consecutive years, the department shall suspend choice
- 39 scholarship payments for new students who would otherwise
- 40 use a choice scholarship to attend the school until the school
- 41 is placed in the middle category or higher category or
- 42 designation, for two (2) consecutive years.

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1 (3) If the school is placed in the lowest category or designation  
2 under IC 20-31-8-3 for three (3) consecutive years, the  
3 department shall suspend choice scholarship payments for  
4 new students who would otherwise use a choice scholarship to  
5 attend the school until the school is placed in the middle  
6 category or higher category or designation, for three (3)  
7 consecutive years.

8 (4) Students who:  
9 (A) are currently enrolled at a school described in  
10 subdivision (1), (2), or (3); and  
11 (B) qualify for a choice scholarship for the upcoming  
12 school year;

13 may continue to receive a choice scholarship at the school.  
14 (b) This section may not be construed to prevent a student  
15 enrolled in a school subject to this section from applying for a  
16 choice scholarship in the future at another participating school.

17 Sec. 10. The department may distribute any part of a choice  
18 scholarship to the eligible individual (or the parent of the eligible  
19 individual) for the purpose of paying the educational costs  
20 described in section 4(1) of this chapter. For the distribution to be  
21 valid, the distribution must be endorsed by both the eligible  
22 individual (or the parent of the eligible individual) and the eligible  
23 school providing educational services to the eligible individual.

24 Sec. 11. The amount of a choice scholarship provided to an  
25 eligible individual shall not be treated as income or a resource for  
26 the purposes of qualifying for any other federal or state grant or  
27 program administered by the state or a political subdivision.

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## COMMITTEE REPORT

Mr. Speaker: Your Committee on Education, to which was referred House Bill 1003, 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:

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

"SECTION 1. IC 6-3.1-30.5-3, AS ADDED BY P.L.182-2009(ss), SECTION 205, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 3. As used in this chapter, "scholarship granting organization" refers to an organization that:

- (1) is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code; and
- (2) conducts a school scholarship program **without limiting the availability of scholarships to students of only one (1) participating school (as defined in IC 20-51-1-6).**"

Page 3, line 8, delete "tests under the Indiana statewide testing" and insert "**Indiana statewide testing for educational progress (ISTEP) program under IC 20-32-5; and**".

Page 3, delete lines 9 through 11.

Page 3, line 13, delete "." and insert "**; and**".

Page 3, between lines 13 and 14, begin a new line block indented and insert:

**"(7) submits to the department data required for a category designation under IC 20-31-8-3."**

Page 4, between lines 4 and 5, begin a new paragraph and insert:

"SECTION 7. IC 20-51-1-7, AS ADDED BY P.L.182-2009(ss), SECTION 364, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 7. "Scholarship granting organization" refers to an organization that:

- (1) is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code; and
- (2) is organized at least in part to grant school scholarships **without limiting the availability of scholarships to students of only one (1) participating school.**

SECTION 8. IC 20-51-3-5, AS ADDED BY P.L.182-2009(ss), SECTION 364, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 5. (a) An agreement entered into under section 1 of this chapter must prohibit a scholarship granting organization from distributing school scholarships for use by an eligible student to:

- (1) enroll in a school that has:

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- (A) paid staff or board members; or
  - (B) relatives of paid staff or board members;
- in common with the scholarship granting support organization;
- (2) enroll in a school that the scholarship granting organization knows does not qualify as a participating school; or
  - (3) pay for the cost of education for a public school where the eligible student is entitled to enroll without the payment of tuition.

**(b) An agreement entered into under section 1 of this chapter must prohibit a scholarship granting organization from limiting the availability of scholarships to students of only one (1) participating school. An agreement entered into under section 1 of this chapter before July 1, 2011, must be amended to include the requirement specified in this subsection."**

Page 4, line 11, delete "2012," and insert "2011,".

Page 4, between lines 11 and 12, begin a new paragraph and insert:

**"Sec. 2. An eligible school shall abide by the school's written admission policy fairly and without discrimination with regard to students who:**

- (1) apply for; or**
- (2) are awarded;**

**scholarships under this chapter."**

Page 4, line 12, delete "2." and insert "3.".

Page 4, line 13, delete "lesser" and insert "least".

Page 4, line 23, delete "3" and insert "4".

Page 4, line 27, after "program;" insert "and".

Page 4, line 29, delete "3" and insert "4".

Page 4, line 33, delete "; and" and insert ".".

Page 4, delete lines 34 through 40, begin a new line block indented and insert:

**"(3) If the eligible individual is enrolled in grade 1 through 8, the maximum choice scholarship that the eligible individual may receive for a school year is four thousand five hundred dollars (\$4,500)."**

Page 4, line 41, delete "3." and insert "4.".

Page 4, line 42, delete "2(2)" and insert "3(2)".

Page 5, line 7, delete "begins." and insert **"begins, excluding amounts provided for special education grants under IC 20-43-7 and career and technical education grants under IC 20-43-8."**

Page 5, line 13, delete "4." and insert "5. (a)".

Page 5, line 16, delete "per diem".

Page 5, between lines 16 and 17, begin a new paragraph and insert:

**"(b) The amount by which a choice scholarship is reduced under**

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**this section shall be distributed to public schools using the same formula applicable to the distribution of basic tuition support (as defined in IC 20-43-1-8)."**

Page 5, line 17, delete "5." and insert "**6. (a)**".

Page 5, between lines 17 and 18, begin a new paragraph and insert:

**"(b) The department shall adopt rules under IC 4-22-2 to implement this chapter.**

**(c) The department may adopt emergency rules under IC 4-22-2-37.1 to implement this chapter."**

Page 5, line 18, delete "6." and insert "**7.**".

Page 5, between lines 20 and 21, begin a new paragraph and insert:

**"Sec. 8. (a) The department shall enforce the following consequences for an eligible school that is nonpublic:**

**(1) If the school is placed in either of the lowest two (2) categories or designations under IC 20-31-8-3 for two (2) consecutive years, the department shall suspend choice scholarship payments for one (1) year for new students who would otherwise use a choice scholarship to attend the school.**

**(2) If the school is placed in either of the lowest two (2) categories or designations under IC 20-31-8-3 for three (3) consecutive years, the department shall suspend choice scholarship payments for new students who would otherwise use a choice scholarship to attend the school until the school is placed in the middle category or higher category or designation, for two (2) consecutive years.**

**(3) If the school is placed in the lowest category or designation under IC 20-31-8-3 for three (3) consecutive years, the department shall suspend choice scholarship payments for new students who would otherwise use a choice scholarship to attend the school until the school is placed in the middle category or higher category or designation, for three (3) consecutive years.**

**(4) Students who:**

**(A) are currently enrolled at a school described in subdivision (1), (2), or (3); and**

**(B) qualify for a choice scholarship for the upcoming school year;**

**may continue to receive a choice scholarship at the school.**

**(b) This section may not be construed to prevent a student enrolled in a school subject to this section from applying for a choice scholarship in the future at another participating school."**

Page 5, line 21, delete "7." and insert "**9.**".

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Page 5, line 24, delete "2(1)" and insert "3(1)".

Page 5, line 27, delete "8." and insert "10."

Page 5, after line 30, begin a new paragraph and insert:

**"Sec. 11. (a) Each school year, the department shall make a supplemental distribution to school corporations and charter schools (other than virtual charter schools) in the amount determined under this section.**

**(b) The amount of the distribution is equal to the result determined under STEP TWO of the following formula:**

**STEP ONE: Determine the result of:**

- (A) the state tuition support amount that applies to the school year under section 4 of this chapter; multiplied by**
- (B) the total number of eligible individuals receiving a choice scholarship in the school year, including eligible individuals that received a prorated choice scholarship under section 5 of this chapter.**

**STEP TWO: Determine the result of:**

- (A) the STEP ONE amount; minus**
- (B) the amount distributed as choice scholarships for the school year.**

**(c) The department shall distribute the amount determined under subsection (b) to school corporations and charter schools (other than virtual charter schools) under the same formula used in that year to distribute basic tuition support (as defined in IC 20-43-1-8)."**

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1003 as introduced.)

BEHNING, Chair

Committee Vote: yeas 8, nays 5.

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HOUSE MOTION

Mr. Speaker: I move that House Bill 1003 be amended to read as follows:

Page 6, line 20, delete "this section" and insert "**subsection (a)**".

Page 6, between lines 22 and 23, begin a new paragraph and insert:

**"(c) An eligible individual is entitled to only one (1) choice scholarship for each school year. If the eligible individual leaves**

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the eligible school for which the eligible individual was awarded a choice scholarship and enrolls in another eligible school, the eligible individual is responsible for the payment of any tuition required for the remainder of that school year."

(Reference is to HB 1003 as printed February 18, 2011.)

DERMODY

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HOUSE MOTION

Mr. Speaker: I move that House Bill 1003 be amended to read as follows:

Page 5, line 6, delete "An" and insert "(a) Subject to subsection (b), an".

Page 5, between lines 8 and 9, begin a new paragraph and insert:

**"(b) The department may not award more than:**

**(1) seven thousand five hundred (7,500) choice scholarships for the school year beginning July 1, 2011, and ending June 30, 2012; and**

**(2) fifteen thousand (15,000) choice scholarships for the school year beginning July 1, 2012, and ending June 30, 2013.**

**The department shall establish the standards used to allocate choice scholarships among eligible students."**

(Reference is to HB 1003 as printed February 18, 2011.)

DERMODY

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HOUSE MOTION

Mr. Speaker: I move that House Bill 1003 be amended to read as follows:

Page 5, line 9, after "2." insert "(a)".

Page 5, between lines 14 and 15, begin a new paragraph and insert:

**"(b) If the number of applicants for enrollment in an eligible school under a choice scholarship exceeds the number of choice scholarships available to the eligible school, the eligible school must draw at random in a public meeting the applications of applicants**

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**who are entitled to a choice scholarship from among the applicants who meet the requirements for admission to the eligible school."**

(Reference is to HB 1003 as printed February 18, 2011.)

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HOUSE MOTION

Mr. Speaker: I move that House Bill 1003 be amended to read as follows:

- Page 2, line 35, delete "two" and insert "**one**".
- Page 2, line 35, delete "(250%)" and insert "**(150%)**".
- Page 2, line 39, after "enrolled" insert "**in grade 1 through 12**".
- Page 5, line 34, delete "two" and insert "**one**".
- Page 5, line 34, after "hundred" insert "**fifty**".
- Page 5, line 34, delete "(200%)" and insert "**(150%)**".

(Reference is to HB 1003 as printed February 18, 2011.)

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HOUSE MOTION

Mr. Speaker: I move that House Bill 1003 be amended to read as follows:

- Page 3, line 2, after "received" insert "**a scholarship from a scholarship granting organization under IC 20-51-3 or**".
- Page 3, line 5, after "receives" insert "**a scholarship from a scholarship granting organization under IC 20-51-3 or**".
- Page 7, line 22, delete "chapter or make a direct" and insert "**chapter. For the distribution to be valid, the distribution must be endorsed by both the eligible individual (or the parent of the eligible individual) and the eligible school providing educational services to the eligible individual.**".
- Page 7, delete lines 23 through 24.

(Reference is to HB 1003 as printed February 18, 2011.)

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HOUSE MOTION

Mr. Speaker: I move that House Bill 1003 be amended to read as follows:

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

"SECTION 1. IC 6-3.1-30.5-2.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 2.5. As used in this chapter, "public school foundation" refers to a foundation established under IC 20-26-5-22.5.**"

Page 1, between lines 9 and 10, begin a new paragraph and insert:

"SECTION 3. IC 6-3.1-30.5-7, AS ADDED BY P.L.182-2009(ss), SECTION 205, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 7. A taxpayer that makes a contribution to:**

- (1) a scholarship granting organization for use by the scholarship granting organization in a school scholarship program; **or**
- (2) **a public school foundation in a taxable year beginning after December 31, 2011;**

is entitled to a credit against the taxpayer's state tax liability in the taxable year in which the taxpayer makes the contribution."

Page 1, line 15, delete ":" and insert "**or to a public school foundation:**".

Page 2, between lines 6 and 7, begin a new paragraph and insert:

"SECTION 5. IC 6-3.1-30.5-12, AS ADDED BY P.L.182-2009(ss), SECTION 205, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 12. A contribution to a scholarship granting organization shall be treated as having been made for use in a school scholarship program if:**

- (1) the contribution is made directly to a scholarship granting organization; and
- (2) either:
  - (A) not later than the date of the contribution, the taxpayer designates in writing to the scholarship granting organization that the contribution is to be used only for a school scholarship program; or
  - (B) the scholarship granting organization provides the taxpayer with written confirmation that the contribution will be dedicated solely for use in a school scholarship program."

Page 2, between lines 24 and 25, begin a new line blocked left and insert:

**"Not more than twenty-five percent (25%) of the credits awarded**

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**in a state fiscal year may be awarded for contributions to public school foundations."**

Renumber all SECTIONS consecutively.

(Reference is to HB 1003 as printed February 18, 2011.)

BEHNING

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HOUSE MOTION

Mr. Speaker: I move that House Bill 1003 be amended to read as follows:

Page 3, line 18, delete "; and" and insert ";".

Page 3, line 20, after "IC 20-26-11;" begin a new line block indented and insert:

**"(7) submits to the department verification of compliance with all:**

**(A) requirements of the Americans with Disabilities Act (42 U.S.C. 12101 et seq.) and any amendments and regulations related to the Act;**

**(B) fire safety requirements; and**

**(C) health standards under federal and state law; and".**

Page 3, delete line 21.

Page 3, line 22, delete "(7)" and insert "(8)".

(Reference is to HB 1003 as printed February 18, 2011.)

DELANEY

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HOUSE MOTION

Mr. Speaker: I move that House Bill 1003 be amended to read as follows:

Page 3, delete line 21, begin a new line block indented and insert:

**"(7) adheres to the state teacher evaluation requirements as specified by state law and administrative rule; and".**

Page 3, line 22, delete "(7)" and insert "(8)".

(Reference is to HB 1003 as printed February 18, 2011.)

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## HOUSE MOTION

Mr. Speaker: I move that House Bill 1003 be amended to read as follows:

Page 3, line 2, after "received" insert "**a scholarship from a scholarship granting organization under IC 20-51-3 or**".

Page 3, line 5, after "receives" insert "**a scholarship from a scholarship granting organization under IC 20-51-3 or**".

(Reference is to HB1003 as printed February 18, 2011.)

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 COMMITTEE REPORT

Madam President: The Senate Committee on Education and Career Development, to which was referred House Bill No. 1003, 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 1, delete lines 1 through 5.

Page 1, delete lines 15 through 17.

Page 2, delete lines 1 through 21.

Page 2, line 40, strike "two million five hundred".

Page 2, line 41, strike "thousand dollars (\$2,500,000)" and insert "**five million dollars (\$5,000,000)**".

Page 2, line 41, delete "year that begins" and insert "year."

Page 2, delete line 42.

Page 3, delete lines 1 through 15.

Page 4, line 14, after "IC 20-26-11;" insert "**and**".

Page 4, delete lines 15 through 23.

Page 4, line 24, delete "(9)" and insert "**(7)**".

Page 4, delete lines 26 through 42.

Page 5, delete lines 1 through 16.

Page 6, between lines 7 and 8, begin a new paragraph and insert:

**"Sec. 1. It is the intent of the general assembly to honor the autonomy of nonpublic schools that choose to become eligible schools under this chapter. A nonpublic eligible school is not an agent of the state or federal government, and therefore:**

**(1) the department or any other state agency may not in any way regulate the educational program of a nonpublic eligible school that accepts a choice scholarship under this chapter,**



**including the regulation of curriculum content, religious instruction or activities, classroom teaching, teacher and staff hiring requirements, and other activities carried out by the eligible school;**

**(2) the creation of the choice scholarship program does not expand the regulatory authority of the state, the state's officers, or a school corporation to impose additional regulation of nonpublic schools beyond those necessary to enforce the requirements of the choice scholarship program in place on July 1, 2011; and**

**(3) a nonpublic eligible school shall be given the freedom to provide for the educational needs of students without governmental control."**

Page 6, line 8, delete "1." and insert "2."

Page 6, line 20, delete "2." and insert "3."

Page 6, line 20, after "(a)" insert **"An eligible school may not discriminate on the basis of race, color, or national origin.**

**(b)"**.

Page 6, line 26, delete "(b)" and insert **"(c)"**.

Page 6, line 32, delete "3." and insert **"4."**

Page 7, line 1, delete "4" and insert **"5"**.

Page 7, line 7, delete "4" and insert **"5"**.

Page 7, line 16, delete "4." and insert **"5."**

Page 7, line 32, delete "5." and insert **"6."**

Page 7, delete lines 36 through 39.

Page 7, line 40, delete "(c)" and insert **"(b)"**.

Page 8, line 4, delete "6." and insert **"7."**

Page 8, line 9, delete "7." and insert **"8."**

Page 8, line 12, delete "8." and insert **"9."**

Page 8, line 42, delete "9." and insert **"10."**

Page 9, line 3, delete "3(1)" and insert **"4(1)"**.

Page 9, line 7, delete "10." and insert **"11."**

Page 9, delete lines 11 through 32.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1003 as reprinted March 30, 2011.)

KRUSE, Chairperson

Committee Vote: Yeas 7, Nays 3.

**EH 1003—LS 7552/DI 51+**



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