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# SENATE BILL No. 420

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 20-20-11-3; IC 20-24-1-2; IC 20-26-11-13; IC 20-31-8.5; IC 20-33-8.5-5; IC 20-39-1-4; IC 20-40-8; IC 20-42.5; IC 20-43; IC 20-49-1-3.

**Synopsis:** Weighted student school funding formula. Requires school corporations to establish academic growth goals for each student. Establishes a method of internal accounting for school corporations requiring school corporations to allocate 95% of the funds received by the school corporation (exclusive of money used for debt service and capital construction) to each elementary school and secondary school operated by the school corporation. Specifies that the principal of an elementary school or a secondary school is primarily responsible for determining how money allocated to the school will be spent. Establishes a school funding formula. Provides standards for distributing categorical grants. Provides a method for making state tuition support and certain other money available to each elementary school and secondary school based on a weighted student formula developed by the school corporation with the assistance of a school funding task force.

**Effective:** July 1, 2011; January 1, 2012.

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January 12, 2011, read first time and referred to Committee on Appropriations.

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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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## SENATE BILL No. 420



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

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

- 1 SECTION 1. IC 20-20-11-3, AS AMENDED BY P.L.2-2006,
- 2 SECTION 80, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 3 JULY 1, 2011]: Sec. 3. (a) The types of initiatives for which money
- 4 appropriated to the program may be used include the following:
- 5 (1) Conducting feasibility studies concerning the following:
- 6 (A) Mandating full-day or half-day kindergarten programs.
- 7 (B) Choice of enrollment programs.
- 8 (C) Establishing magnet schools.
- 9 (2) An evaluation of P.L.390-1987(ss).
- 10 (3) Exploring different or expanded testing methods.
- 11 (4) An evaluation of the primetime program (as defined in
- 12 IC 20-43-1-22, **before its repeal on January 1, 2012**).
- 13 (5) Administering pilot programs concerning school academic
- 14 readiness factors of students in kindergarten and grades 1 and 2.
- 15 (6) Studying the implications of offering preschool programs for
- 16 special education students.
- 17 (7) Conducting the student services programs under IC 20-20-27.



1 (8) The Indiana writing project.  
 2 (b) The evaluation of P.L.390-1987(ss) and the primetime program  
 3 described in subsection (a)(2) and (a)(4) shall be conducted by an  
 4 entity other than the department under a contract entered into by the  
 5 department.

6 (c) The student services programs under subsection (a)(7) shall be  
 7 funded under the program based upon criteria approved by the  
 8 department. The programs must include a study of:

- 9 (1) the role of the public school guidance counselor; and
- 10 (2) the guidance counselor proficiency statements developed
- 11 under P.L.342-1989(ss), SECTION 39, as approved by the
- 12 department.

13 SECTION 2. IC 20-24-1-2, AS AMENDED BY P.L.2-2006,  
 14 SECTION 103, IS AMENDED TO READ AS FOLLOWS  
 15 [EFFECTIVE JULY 1, 2011]: Sec. 2. "ADM of the previous year" ~~has~~  
 16 ~~the meaning set forth in IC 20-43-1-7.~~ **means the initial computed**  
 17 **ADM for the school year ending in the preceding calendar year.**

18 SECTION 3. IC 20-26-11-13, AS AMENDED BY P.L.146-2008,  
 19 SECTION 471, IS AMENDED TO READ AS FOLLOWS  
 20 [EFFECTIVE JULY 1, 2011]: Sec. 13. (a) As used in this section, the  
 21 following terms have the following meanings:

22 (1) "Class of school" refers to a classification of each school or  
 23 program in the transferee corporation by the grades or special  
 24 programs taught at the school. Generally, these classifications are  
 25 denominated as kindergarten, elementary school, middle school  
 26 or junior high school, high school, and special schools or classes,  
 27 such as schools or classes for special education, career and  
 28 technical education, or career education.

29 (2) "Special equipment" means equipment that during a school  
 30 year:

- 31 (A) is used only when a child with disabilities is attending
- 32 school;
- 33 (B) is not used to transport a child to or from a place where the
- 34 child is attending school;
- 35 (C) is necessary for the education of each child with
- 36 disabilities that uses the equipment, as determined under the
- 37 individualized education program for the child; and
- 38 (D) is not used for or by any child who is not a child with
- 39 disabilities.

40 (3) "Student enrollment" means the following:

- 41 (A) The total number of students in kindergarten through
- 42 grade 12 who are enrolled in a transferee school corporation

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1 on a date determined by the state board.  
 2 (B) The total number of students enrolled in a class of school  
 3 in a transferee school corporation on a date determined by the  
 4 state board.  
 5 However, a kindergarten student shall be counted under clauses  
 6 (A) and (B) as one-half (1/2) student. The state board may select  
 7 a different date for counts under this subdivision. However, the  
 8 same date shall be used for all school corporations making a count  
 9 for the same class of school.  
 10 (b) Each transferee corporation is entitled to receive for each school  
 11 year on account of each transferred student, except a student  
 12 transferred under section 6 of this chapter, transfer tuition from the  
 13 transferor corporation or the state as provided in this chapter. Transfer  
 14 tuition equals the amount determined under STEP THREE of the  
 15 following formula:  
 16 STEP ONE: Allocate to each transfer student the capital  
 17 expenditures for any special equipment used by the transfer  
 18 student and a proportionate share of the operating costs incurred  
 19 by the transferee school for the class of school where the transfer  
 20 student is enrolled.  
 21 STEP TWO: If the transferee school included the transfer student  
 22 in the transferee school's ADM for a school year, allocate to the  
 23 transfer student a proportionate share of the following general  
 24 fund revenues of the transferee school for, except as provided in  
 25 clause (C), the calendar year in which the school year ends:  
 26 (A) State tuition support distributions.  
 27 (B) Property tax levies under IC 20-45-7 and IC 20-45-8.  
 28 (C) Excise tax revenue ~~(as defined in IC 20-43-1-12)~~ **as**  
 29 **determined under IC 20-43-3-2 and** received for deposit in  
 30 the calendar year in which the school year begins.  
 31 (D) Allocations to the transferee school under IC 6-3.5.  
 32 STEP THREE: Determine the greater of:  
 33 (A) zero (0); or  
 34 (B) the result of subtracting the STEP TWO amount from the  
 35 STEP ONE amount.  
 36 If a child is placed in an institution or facility in Indiana by or with the  
 37 approval of the department of child services, the institution or facility  
 38 shall charge the department of child services for the use of the space  
 39 within the institution or facility (commonly called capital costs) that is  
 40 used to provide educational services to the child based upon a prorated  
 41 per student cost.  
 42 (c) Operating costs shall be determined for each class of school

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1 where a transfer student is enrolled. The operating cost for each class  
 2 of school is based on the total expenditures of the transferee  
 3 corporation for the class of school from its general fund expenditures  
 4 as specified in the classified budget forms prescribed by the state board  
 5 of accounts. This calculation excludes:

- 6 (1) capital outlay;
- 7 (2) debt service;
- 8 (3) costs of transportation;
- 9 (4) salaries of board members;
- 10 (5) contracted service for legal expenses; and
- 11 (6) any expenditure that is made from extracurricular account  
 12 receipts;

13 for the school year.

14 (d) The capital cost of special equipment for a school year is equal  
 15 to:

- 16 (1) the cost of the special equipment; divided by
- 17 (2) the product of:
  - 18 (A) the useful life of the special equipment, as determined
  - 19 under the rules adopted by the state board; multiplied by
  - 20 (B) the number of students using the special equipment during
  - 21 at least part of the school year.

22 (e) When an item of expense or cost described in subsection (c)  
 23 cannot be allocated to a class of school, it shall be prorated to all  
 24 classes of schools on the basis of the student enrollment of each class  
 25 in the transferee corporation compared with the total student  
 26 enrollment in the school corporation.

27 (f) Operating costs shall be allocated to a transfer student for each  
 28 school year by dividing:

- 29 (1) the transferee school corporation's operating costs for the class  
 30 of school in which the transfer student is enrolled; by
- 31 (2) the student enrollment of the class of school in which the  
 32 transfer student is enrolled.

33 When a transferred student is enrolled in a transferee corporation for  
 34 less than the full school year of student attendance, the transfer tuition  
 35 shall be calculated by the part of the school year for which the  
 36 transferred student is enrolled. A school year of student attendance  
 37 consists of the number of days school is in session for student  
 38 attendance. A student, regardless of the student's attendance, is enrolled  
 39 in a transferee school unless the student is no longer entitled to be  
 40 transferred because of a change of residence, the student has been  
 41 excluded or expelled from school for the balance of the school year or  
 42 for an indefinite period, or the student has been confirmed to have

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1 withdrawn from school. The transferor and the transferee corporation  
2 may enter into written agreements concerning the amount of transfer  
3 tuition due in any school year. If an agreement cannot be reached, the  
4 amount shall be determined by the state board, and costs may be  
5 established, when in dispute, by the state board of accounts.

6 (g) A transferee school shall allocate revenues described in  
7 subsection (b) STEP TWO to a transfer student by dividing:

- 8 (1) the total amount of revenues received; by
- 9 (2) the ADM of the transferee school for the school year that ends  
10 in the calendar year in which the revenues are received.

11 However, for state tuition support distributions or any other state  
12 distribution computed using less than the total ADM of the transferee  
13 school, the transferee school shall allocate the revenues to the transfer  
14 student by dividing the revenues that the transferee school is eligible  
15 to receive in a calendar year by the student count used to compute the  
16 state distribution.

17 (h) Instead of the payments provided in subsection (b), the  
18 transferor corporation or state owing transfer tuition may enter into a  
19 long term contract with the transferee corporation governing the  
20 transfer of students. The contract may:

- 21 (1) be entered into for a period of not more than five (5) years  
22 with an option to renew;
- 23 (2) specify a maximum number of students to be transferred; and
- 24 (3) fix a method for determining the amount of transfer tuition  
25 and the time of payment, which may be different from that  
26 provided in section 14 of this chapter.

27 (i) A school corporation may negotiate transfer tuition agreements  
28 with a neighboring school corporation that can accommodate additional  
29 students. Agreements under this section may:

- 30 (1) be for one (1) year or longer; and
- 31 (2) fix a method for determining the amount of transfer tuition or  
32 time of payment that is different from the method, amount, or  
33 time of payment that is provided in this section or section 14 of  
34 this chapter.

35 A school corporation may not transfer a student under this section  
36 without the prior approval of the child's parent.

37 SECTION 4. IC 20-31-8.5 IS ADDED TO THE INDIANA CODE  
38 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
39 JULY 1, 2011]:

40 **Chapter 8.5. Academic Growth Goals**

41 **Sec. 1. This chapter applies to a school corporation for school**  
42 **years beginning after June 30, 2012.**

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1           **Sec. 2. Each teacher of a public school, in consultation with**  
2 **students' parents or legal guardians and with students where age**  
3 **appropriate, shall establish academic growth goals for each student**  
4 **at the outset of each school year and shall regularly measure**  
5 **students' academic growth throughout the school year. In**  
6 **measuring each student's progress toward achieving those goals**  
7 **throughout the school year, the teacher shall use the following**  
8 **assessment tools:**

- 9           **(1) The performance of the student on the ISTEP program**  
10 **test.**
- 11           **(2) Other assessments recommended by the education**  
12 **roundtable established by IC 20-19-4-2 and approved by the**  
13 **state board.**
- 14           **(3) Assessment tools selected by the principal and faculty of**  
15 **the public school.**

16 **Sec. 3. The principal of each public school shall do the following:**

- 17           **(1) Ensure that each teacher at the school is held accountable**  
18 **for student achievement through an employee evaluation**  
19 **process. At a minimum, the principal shall annually evaluate**  
20 **the degree to which the teacher meets the requirements**  
21 **specified in section 2 of this chapter.**
- 22           **(2) Ensure that the school operates in an environment that**  
23 **empowers parents to be involved in their children's education.**  
24 **At a minimum, the principal shall ensure that the procedures**  
25 **at the school require a teacher to communicate in person with**  
26 **a student's parent or legal guardian if the student is not**  
27 **meeting the student's academic achievement goals.**

28           **Sec. 4. At least annually, the superintendent of a school**  
29 **corporation shall evaluate the performance of each principal of**  
30 **each public school maintained by the school corporation to ensure**  
31 **that the principal is held accountable for the overall level of**  
32 **academic achievement at the public school. At a minimum, the**  
33 **evaluation of the principal must assess the principal's performance**  
34 **as stipulated in the budget submitted for the public school under**  
35 **IC 20-42.5-5.**

36           **SECTION 5. IC 20-33-8.5-5, AS AMENDED BY P.L.182-2009(ss),**  
37 **SECTION 321, IS AMENDED TO READ AS FOLLOWS**  
38 **[EFFECTIVE JULY 1, 2011]: Sec. 5. The agreement must provide how**  
39 **the expenses of supervising a student who has been suspended or**  
40 **expelled are funded. A school corporation may not be required to**  
41 **expend more than the transition to foundation amount (as determined**  
42 **under IC 20-43-5-6, before its repeal on January 1, 2012) for each**

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1 student referred under the agreement.

2 SECTION 6. IC 20-39-1-4 IS ADDED TO THE INDIANA CODE  
3 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
4 1, 2011]: **Sec. 4. For budget years beginning after December 31,  
5 2011, the unified public accounting system required under section  
6 1 of this chapter must include a cost accounting component that  
7 supports management decision making by a public school's  
8 principal in the delivery of educational services. At a minimum the  
9 cost accounting component must:**

10 (1) apply to expenditures from all sources of revenue,  
11 including federal funds, state distributions, property taxes,  
12 excise taxes, and gifts;

13 (2) permit available revenues and expenditures to be  
14 budgeted, allocated, tracked, and reported on a per public  
15 school basis;

16 (3) permit expenditures under the control of the principal of  
17 the public school to be budgeted, allocated, tracked, and  
18 reported on a per public school basis;

19 (4) permit a public school's budget and available revenues to  
20 be adjusted in response to changes during a school year in the  
21 number and education needs of students served by each public  
22 school;

23 (5) provide a separate account for each public school;

24 (6) identify the academic achievement and growth results to  
25 be achieved by students enrolled in each public school,  
26 identify the extent to which the results are achieved, and  
27 identify the expenditures made to achieve the targeted results;  
28 and

29 (7) facilitate compliance with IC 20-42.5.

30 SECTION 7. IC 20-40-8-1, AS AMENDED BY P.L.146-2008,  
31 SECTION 477, IS AMENDED TO READ AS FOLLOWS  
32 [EFFECTIVE JULY 1, 2011]: Sec. 1. As used in this chapter, "calendar  
33 year distribution" means the sum of the following:

34 (1) A school corporation's:

35 (A) state tuition support; and

36 (B) maximum permissible tuition support levy (as defined in  
37 IC 20-45-1-15 before its repeal);

38 for the calendar year.

39 (2) The school corporation's excise tax revenue (~~as defined in~~  
40 ~~IC 20-43-1-12~~) **as determined under IC 20-43-3-2** for the  
41 immediately preceding calendar year.

42 SECTION 8. IC 20-40-8-19, AS AMENDED BY P.L.182-2009(ss),

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1 SECTION 322, IS AMENDED TO READ AS FOLLOWS  
2 [EFFECTIVE JULY 1, 2011]: Sec. 19. Money in the fund may be used  
3 to pay for up to one hundred percent (100%) of the following costs of  
4 a school corporation:

- 5 (1) Utility services.
- 6 (2) Property or casualty insurance.
- 7 (3) Both utility services and property or casualty insurance.

8 A school corporation's expenditures under this section may not exceed  
9 in 2010, ~~and~~ in 2011, **and in a calendar year beginning after**  
10 **December 31, 2011**, three and five-tenths percent (3.5%) of the school  
11 corporation's 2005 calendar year distribution.

12 SECTION 9. IC 20-42.5-5 IS ADDED TO THE INDIANA CODE  
13 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
14 JULY 1, 2011]:

15 **Chapter 5. Public School Budgets and Cost Accounting**

16 **Sec. 1. For budget years that begin after December 31, 2011,**  
17 **each school corporation shall adopt a budgeting and cost**  
18 **accounting system that treats each public school in the school**  
19 **corporation as a separate cost center. Except as provided in**  
20 **sections 2 and 3 of this chapter, funds received by the school**  
21 **corporation and expenditures of the school corporation shall be**  
22 **accounted for and budgeted on a per school basis.**

23 **Sec. 2. Section 1 of this chapter does not apply to the following:**

- 24 (1) An amount received and used by the school corporation  
25 for the repayment of bonds.
- 26 (2) An amount received and used by the school corporation  
27 for capital construction.
- 28 (3) An amount that:  
29 (A) is budgeted by the school corporation to pay costs  
30 incurred to provide centralized services; and  
31 (B) does not exceed five percent (5%) of the funds of the  
32 school corporation remaining after deducting the amounts  
33 covered by subdivisions (1) and (2).

34 **Sec. 3. A school corporation may phase in compliance with**  
35 **section 1 of this chapter. However:**

- 36 (1) after June 30, 2014, a school corporation may not retain  
37 more than the amount specified in section 2(3) of this chapter  
38 for centralized services; and
- 39 (2) after June 30, 2018, all school corporations must  
40 cross-charge each public school for the actual salary and  
41 benefits of the employees at individual schools.

42 **Sec. 4. The principal of a public school has exclusive control of:**

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(1) funds allocated to the public school; and  
 (2) the financial matters of the public school.

Sec. 5. Except as provided in sections 2 and 3 of this chapter, after June 30, 2012, a school corporation may not make an expenditure of funds received by the school corporation that has not been included in a budget of a public school created by the principal of the public school in accordance with this chapter.

Sec. 6. The principal of a public school shall annually create a budget for the public school and submit the budget to the superintendent of the school corporation operating the public school. The principal may revise the budget at any time during the school year by submitting the revised budget to the superintendent. In developing the annual budget or a revised budget, the principal shall use a process that involves:

(1) school employees; and  
 (2) parents of children enrolled at the public school.

Sec. 7. The budget for a public school must:

(1) reflect the primary purpose of each public school in Indiana, which is to facilitate the academic achievement and growth of enrolled students; and  
 (2) identify:

(A) the academic achievement and growth results to be achieved by the public school; and  
 (B) the expenditures to be made to achieve the targeted results.

Sec. 8. In applying this chapter, a principal of a public school, the school's employees, and parents of children enrolled at the public school shall comply with:

(1) budgeting and accounting practices and standards as set forth in state law as they apply to an individual public school; and  
 (2) the terms applicable to any categorical aid under the control of the public school.

Sec. 9. Any funds remaining in a public school's account at the end of a budget year remain in the public school's account and do not revert to the school corporation.

Sec. 10. Funds remaining in a public school's account at the end of a budget year belong to the individual public school and may be used at the discretion of the principal of the public school. Individual public schools shall adopt policies concerning the role that the public school's employees, parents of children enrolled in the public school, and others will play in advising the principal

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about the use of the funds.

**Sec. 11. Any deficit remaining in a public school's budget at the end of a budget year is the responsibility of the school. Individual public schools shall adopt policies concerning the role that the school's employees, parents of children enrolled in the public school, and others will play in advising the principal about resolving deficits.**

**Sec. 12. Each school corporation shall maintain the budget record of each public school in the school corporation, as part of the centralized services provided to each school. The school corporation shall pay the costs of maintaining and publicizing a public school's financial records from the amount retained for centralized services under section 2(3) of this chapter.**

SECTION 10. IC 20-42.5-6 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]:

**Chapter 6. Allocation of Categorical Aid to School Corporations and Charter Schools**

**Sec. 1. This chapter applies to all:**

- (1) categorical state aid; and**
- (2) categorical federal aid;**

**to schools that is distributed or administered by the department or another state agency after June 30, 2011.**

**Sec. 2. This chapter does not apply to state tuition support.**

**Sec. 3. A proportionate share of funding from federal and state categorical aid programs shall be distributed to school corporations and charter schools under this section. The share of funding from a categorical aid program that is distributed to a school corporation or charter school shall be based on the number of students enrolled in the school corporation or charter school who are eligible to receive services through the categorical aid program. Eligibility shall be determined on the basis of verifiable student need.**

**Sec. 4. Funding from federal and state categorical aid programs that is not distributed under section 3 of this chapter and that relates to specific uses of funds, such as class size reduction, shall be distributed in a block grant form, contingent upon regular evaluations of effectiveness in improving student achievement.**

SECTION 11. IC 20-42.5-7 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]:

**Chapter 7. Weighted Student Formula for Allocation of**

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**Foundation Funds Among Public Schools**

**Sec. 1. This chapter applies to the allocation of the following funds for budget years beginning after December 31, 2011:**

- (1) State tuition support.**
- (2) Supplemental Lake County tax levies imposed under IC 20-45-7.**
- (3) Supplemental Dearborn County tax levies imposed under IC 20-45-8.**
- (4) School referendum fund levies imposed under IC 20-46-1.**
- (5) The part of a capital projects fund levy used for qualified utility and insurance costs described in IC 20-40-8-19.**
- (6) Excise taxes and local income taxes received by a school corporation based on the levies described in subdivisions (2) through (5).**

**Sec. 2. As used in this chapter, "foundation funds" refers to funds described in section 1 of this chapter.**

**Sec. 3. Except as provided in IC 20-42.5-5-2 and IC 20-42.5-5-3, the total amount of all foundation funds received by a school corporation shall be distributed among the school corporation's public schools in conformity with a weighted student formula developed under this chapter. The amount distributed to a public school is available for expenditure by the public school in accordance with the budget developed for the public school under IC 20-42.5-5.**

**Sec. 4. (a) The governing body of each school corporation shall adopt and each school corporation shall implement a weighted student formula to distribute foundation funds received by the school corporation among the school corporation's public schools.**

**(b) The weighted student formula must take into account the recommendations of the school funding task force established under section 5 of this chapter.**

**(c) The weighted student formula must provide funding for a public school based on the following formula:**

**STEP ONE: Determine the foundation amount available for allocation among the public schools of the school corporation.**

**STEP TWO: Divide the STEP ONE amount by the number of students enrolled in the school corporation to establish a foundation amount for each student.**

**STEP THREE: Multiply the foundation amount for each student by student and school factors or weights that recognize the additional costs incurred in educating identified categories of students and the varying costs in providing that**

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1           education by identified categories of schools.

2           **Sec. 5.** Not later than August 1, 2011, the governing body of each

3 school corporation shall establish and appoint the initial members

4 of a school funding task force.

5           **Sec. 6.** A school funding task force shall have the number of

6 members established by the governing body. However, the school

7 funding task force, at a minimum, must include:

8           (1) members who are principals and teachers employed by the

9 school corporation;

10          (2) members who are administrators and teachers who work

11 in the area of special education of students; and

12          (3) members who are parents of children enrolled in the

13 school corporation.

14           **Sec. 7.** The school funding task force shall recommend to the

15 governing body a formula for allocating the total amount of

16 funding received by the school corporation from all federal, state,

17 and local sources among the public schools in the school

18 corporation, including any cooperatives in which the school

19 corporation is a member.

20           **Sec. 8.** The school funding task force shall do the following:

21          (1) Identify the factors that should be used to allocate

22 educational funding among the public schools operated by the

23 school corporation (such as student grade level, poverty,

24 language, disability status, and academic achievement level)

25 and the other relevant demographics of each public school

26 (such as size and location, and urban or rural character).

27          (2) Specify the relative unit weights that should be given each

28 factor described in subdivision (1).

29          (3) Based on the factors and demographics determined under

30 subdivision (1), recommend a weighted student formula to the

31 governing body that will permit funding to:

32           (A) follow each child, on a per student basis; and

33           (B) arrive at each public school as real dollars (not as

34 teaching positions, ratios, or staffing norms) that can be

35 spent flexibly, with accountability systems focused on

36 results rather than inputs, programs, or activities.

37          (4) Recommend procedures to ensure that funding systems

38 and budgets (including all line item revenues and

39 expenditures) will be made transparent to administrators,

40 teachers, parents, and citizens.

41          (5) Perform any other function that may facilitate the

42 implementation of the weighted student formula

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1 recommended by the school funding task force or adopted by  
2 the governing body.

3 **Sec. 9. The initial recommendations of the school funding task**  
4 **force shall be submitted to the governing body before the**  
5 **governing body adopts a budget for the first budget year for the**  
6 **school corporation that begins after July 1, 2011. The initial**  
7 **recommendation must include details concerning the phase-in of**  
8 **the recommendations as well as a recommended schedule for**  
9 **implementing a policy of charging public schools for actual teacher**  
10 **salaries and benefits.**

11 **Sec. 10. The governing body shall annually reconsider and, if**  
12 **necessary, adjust the weighted student formula for the school**  
13 **corporation to ensure the appropriate distribution of funding to**  
14 **each public school. In reviewing the formula, the governing body**  
15 **shall consult with and take into account the recommendations of**  
16 **the school funding task force.**

17 SECTION 12. IC 20-43-1-1, AS AMENDED BY P.L.182-2009(ss),  
18 SECTION 323, IS AMENDED TO READ AS FOLLOWS  
19 [EFFECTIVE JULY 1, 2011]: Sec. 1. This article expires January 1,  
20 ~~2012~~ **2014.**

21 SECTION 13. IC 20-43-1-10.7 IS ADDED TO THE INDIANA  
22 CODE AS A NEW SECTION TO READ AS FOLLOWS  
23 [EFFECTIVE JULY 1, 2011]: **Sec. 10.7. "Economically**  
24 **disadvantaged learner grant" refers to a grant under IC 20-43-13.**

25 SECTION 14. IC 20-43-1-13, AS ADDED BY P.L.2-2006,  
26 SECTION 166, IS AMENDED TO READ AS FOLLOWS  
27 [EFFECTIVE JULY 1, 2011]: Sec. 13. "Foundation amount" refers to  
28 the amount determined under IC 20-43-5-4, **before its repeal on**  
29 **January 1, 2012.**

30 SECTION 15. IC 20-43-1-28, AS ADDED BY P.L.2-2006,  
31 SECTION 166, IS AMENDED TO READ AS FOLLOWS  
32 [EFFECTIVE JULY 1, 2011]: Sec. 28. "Transition to foundation  
33 amount" refers to the amount determined under IC 20-43-5-6, **before**  
34 **its repeal on January 1, 2012.**

35 SECTION 16. IC 20-43-2-2, AS AMENDED BY P.L.182-2009(ss),  
36 SECTION 329, IS AMENDED TO READ AS FOLLOWS  
37 [EFFECTIVE JULY 1, 2011]: Sec. 2. The maximum state distribution  
38 for a calendar year for all school corporations for the purposes  
39 described in section 3 of this chapter is:

- 40 (1) five billion eight hundred twenty-nine million nine hundred  
41 thousand dollars (\$5,829,900,000) in 2009;
- 42 (2) six billion five hundred forty-eight million nine hundred

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1 thousand dollars (\$6,548,900,000) in 2010; and  
 2 ~~(3)~~ (1) six billion five hundred sixty-eight million five hundred  
 3 thousand dollars (\$6,568,500,000) in 2011;  
 4 **(2) six billion six hundred twenty-nine million three hundred**  
 5 **fifty-six thousand six hundred sixty-five dollars**  
 6 **(\$6,629,356,665) in 2012; and**  
 7 **(3) six billion six hundred thirty-four million five hundred**  
 8 **seventy-seven thousand six hundred ninety-seven dollars**  
 9 **(\$6,634,577,697) in 2013.**

10 SECTION 17. IC 20-43-2-3, AS AMENDED BY P.L.182-2009(ss),  
 11 SECTION 330, IS AMENDED TO READ AS FOLLOWS  
 12 [EFFECTIVE JULY 1, 2011]: Sec. 3. If the total amount to be  
 13 distributed:

- 14 (1) as basic tuition support;
- 15 (2) for academic honors diploma awards;
- 16 (3) **before January 1, 2012**, for primetime distributions;
- 17 (4) for special education grants;
- 18 (5) for career and technical education grants;
- 19 (6) **before January 1, 2012**, for restoration grants; ~~and~~
- 20 (7) **before January 1, 2012**, for small school grants; **and**
- 21 (8) **after December 31, 2011, for economically disadvantaged**  
 22 **learner grants;**

23 for a particular year exceeds the maximum state distribution for a  
 24 calendar year, the amount to be distributed for state tuition support  
 25 under this article to each school corporation during each of the last six  
 26 (6) months of the year shall be proportionately reduced so that the total  
 27 reductions equal the amount of the excess.

28 SECTION 18. IC 20-43-4-5, AS ADDED BY P.L.2-2006,  
 29 SECTION 166, IS AMENDED TO READ AS FOLLOWS  
 30 [EFFECTIVE JULY 1, 2011]: Sec. 5. **(a) This subsection applies to**  
 31 **student counts for distributions and distributions under this article**  
 32 **before January 1, 2012.** In determining ADM, each kindergarten pupil  
 33 shall be counted as one-half (1/2) pupil. If a school corporation  
 34 commences kindergarten in a school year, the ADM of the current and  
 35 prior calendar years shall be adjusted to reflect the enrollment of the  
 36 kindergarten pupils.

37 **(b) This subsection applies to student counts for distributions**  
 38 **and distributions under this article after December 31, 2011. In**  
 39 **determining ADM, each kindergarten pupil shall be counted on a**  
 40 **full-time equivalency basis. For purposes of this section, full-time**  
 41 **equivalency is calculated as follows:**

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

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- 1 (A) the number of days instructional services will be
- 2 provided to the pupil, not to exceed one hundred eighty
- 3 (180); divided by
- 4 (B) one hundred eighty (180).
- 5 **STEP TWO: Determine the result of:**
- 6 (A) the pupil's public school instructional time (as defined
- 7 in IC 20-30-2-1); divided by
- 8 (B) the actual public school regular instructional day (as
- 9 defined in IC 20-30-2-2).
- 10 **STEP THREE: Determine the result of:**
- 11 (A) the STEP ONE result; multiplied by
- 12 (B) the STEP TWO result.
- 13 **STEP FOUR: Determine the lesser of one (1) or the result of:**
- 14 (A) the STEP THREE result; multiplied by
- 15 (B) one and five hundredths (1.05).

16 SECTION 19. IC 20-43-5-4, AS AMENDED BY P.L.182-2009(ss),  
 17 SECTION 334, IS AMENDED TO READ AS FOLLOWS  
 18 [EFFECTIVE JULY 1, 2011]: Sec. 4. (a) **This subsection applies to**  
 19 **a calendar year ending before January 1, 2012.** A school  
 20 corporation's foundation amount for a calendar year is the result  
 21 determined under STEP TWO of the following formula:

- 22 STEP ONE: The STEP ONE amount is:
- 23 (A) in 2009, four thousand eight hundred twenty-five dollars
- 24 (\$4,825);
- 25 (B) in 2010, four thousand five hundred fifty dollars (\$4,550);
- 26 and
- 27 (C) in 2011, four thousand five hundred five dollars (\$4,505);

28 STEP TWO: Multiply the STEP ONE amount by the school  
 29 corporation's complexity index.

30 (b) **This subsection applies to a calendar year beginning after**  
 31 **December 31, 2011. A school corporation's foundation amount for**  
 32 **a calendar year is four thousand eight hundred fifty-six dollars**  
 33 **(\$4,856).**

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

39 (b) **This subsection applies to a calendar year ending before**  
 40 **January 1, 2012.** This subsection applies to a school corporation that  
 41 has transition to foundation revenue per adjusted ADM for a year that  
 42 is not equal to the foundation amount for the year. The school

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1 corporation's basic tuition support for a year is equal to the school  
2 corporation's transition to foundation revenue for the year.

3 (c) **This subsection applies to a calendar year ending before**  
4 **January 1, 2012.** This subsection applies to a school corporation that  
5 has transition to foundation revenue per adjusted ADM for a year that  
6 is equal to the foundation amount for the year. The school corporation's  
7 basic tuition support for a year is the sum of the following:

- 8 (1) the foundation amount for the year multiplied by the school  
9 corporation's adjusted ADM.
- 10 (2) The amount of the annual decrease in federal aid to impacted  
11 areas from the year preceding the ensuing calendar year by three  
12 (3) years to the year preceding the ensuing calendar year by two  
13 (2) years.

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

18 (e) **This subsection applies to a school corporation other than a**  
19 **virtual charter school for a calendar year beginning after**  
20 **December 31, 2011. A school corporation's basic tuition support**  
21 **for a year is equal to the foundation amount for the year multiplied**  
22 **by the school corporation's current ADM.**

23 SECTION 21. IC 20-43-13 IS ADDED TO THE INDIANA CODE  
24 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
25 JULY 1, 2011]:

26 **Chapter 13. Economically Disadvantaged Learner Grant**

27 **Sec. 1. In addition to a basic tuition support distribution, after**  
28 **December 31, 2011, a school corporation is eligible for an**  
29 **economically disadvantaged learner grant provided under this**  
30 **chapter.**

31 **Sec. 2. A school corporation's economically disadvantaged**  
32 **learner grant for a year is equal to:**

- 33 (1) **two thousand four hundred twenty-eight dollars (\$2,428);**  
34 **multiplied by**
- 35 (2) **the number of eligible pupils included in the school**  
36 **corporation's ADM who, on the count date, were eligible for**  
37 **free or reduced price lunches.**

38 SECTION 22. IC 20-49-1-3, AS AMENDED BY P.L.182-2009(ss),  
39 SECTION 359, IS AMENDED TO READ AS FOLLOWS  
40 [EFFECTIVE JULY 1, 2011]: Sec. 3. "Transition to foundation  
41 amount" refers to the amount determined under IC 20-43-5-6, **before**  
42 **its repeal on January 1, 2012.**

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1 SECTION 23. THE FOLLOWING ARE REPEALED [EFFECTIVE  
2 JANUARY 1, 2012]: IC 20-43-1-4; IC 20-43-1-7; IC 20-43-1-9;  
3 IC 20-43-1-12; IC 20-43-1-17; IC 20-43-1-19; IC 20-43-1-20;  
4 IC 20-43-1-21; IC 20-43-1-21.5; IC 20-43-1-22; IC 20-43-1-29;  
5 IC 20-43-1-29.3; IC 20-43-3-4; IC 20-43-4-7; IC 20-43-5 ; IC 20-43-9;  
6 IC 20-43-12; IC 20-43-12.2.

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