
HOUSE BILL No. 1002

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-10-8; IC 20-24; IC 20-43-6-3; IC 20-46; IC 20-49-7.

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 the executive of a city as an eligible charter school sponsor. Requires the charter school board to establish procedures to monitor all charter school sponsors in Indiana. 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. Sets out the conditions, accounting process, and reporting procedures for a charter school sponsor concerning the collection of fees from its sponsored charter schools. Allows charter schools to lease or purchase unused or underutilized school buildings owned by school corporations. By January 1, 2012, requires all virtual charter schools to be sponsored by the charter school board or Ball State University. Provides for part of a school corporation's transportation fund levy to be distributed to charter schools. Changes the method for calculating advances made to charter schools from the common school fund. Cancels interest payments on advances made to charter schools from the common school fund. Provides for the use of the income earned on the principal of the common school fund to be used to retire advances made to charter schools from the common school fund. Makes conforming changes. Changes the procedure for converting a public
(Continued next page)

C
o
p
y

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

Bosma, Behning

January 13, 2011, read first time and referred to Committee on Education.



Digest Continued

school into a charter school. Repeals provisions concerning: (1) the number of charter schools an executive of a consolidated city may sponsor; (2) charter school admissions for students outside the student's school district; and (3) collective bargaining for employees of conversion charter schools.

**C
o
p
y**



Introduced

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.

C
O
P
Y

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 5-10-8-1, AS AMENDED BY P.L.194-2007,
 2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 3 JULY 1, 2011]: Sec. 1. The following definitions apply in this chapter:
 4 (1) "Employee" means:
 5 (A) an elected or appointed officer or official, or a full-time
 6 employee;
 7 (B) if the individual is employed by a school corporation, a
 8 full-time or part-time employee;
 9 (C) for a local unit public employer, a full-time or part-time
 10 employee or a person who provides personal services to the
 11 unit under contract during the contract period; or
 12 (D) a senior judge appointed under IC 33-24-3-7;
 13 whose services have continued without interruption at least thirty
 14 (30) days.
 15 (2) "Group insurance" means any of the kinds of insurance



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42

fulfilling the definitions and requirements of group insurance contained in IC 27-1.

(3) "Insurance" means insurance upon or in relation to human life in all its forms, including life insurance, health insurance, disability insurance, accident insurance, hospitalization insurance, surgery insurance, medical insurance, and supplemental medical insurance.

(4) "Local unit" includes a city, town, county, township, public library, municipal corporation (as defined in IC 5-10-9-1), or school corporation, or charter school.

(5) "New traditional plan" means a self-insurance program established under section 7(b) of this chapter to provide health care coverage.

(6) "Public employer" means the state or a local unit, including any board, commission, department, division, authority, institution, establishment, facility, or governmental unit under the supervision of either, having a payroll in relation to persons it immediately employs, even if it is not a separate taxing unit. With respect to the legislative branch of government, "public employer" or "employer" refers to the following:

(A) The president pro tempore of the senate, with respect to former members or employees of the senate.

(B) The speaker of the house, with respect to former members or employees of the house of representatives.

(C) The legislative council, with respect to former employees of the legislative services agency.

(7) "Public employer" does not include a state educational institution.

(8) "Retired employee" means:

(A) in the case of a public employer that participates in the public employees' retirement fund, a former employee who qualifies for a benefit under IC 5-10.3-8 or IC 5-10.2-4;

(B) in the case of a public employer that participates in the teachers' retirement fund under IC 5-10.4, a former employee who qualifies for a benefit under IC 5-10.4-5; and

(C) in the case of any other public employer, a former employee who meets the requirements established by the public employer for participation in a group insurance plan for retired employees.

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

C
o
p
y



1 SECTION 2. IC 5-10-8-6.7, AS AMENDED BY P.L.109-2010,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2011]: Sec. 6.7. (a) As used in this section, "state employee
4 health plan" means a:

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

7 (2) contract with a prepaid health care delivery plan entered into
8 under section 7(c) of this chapter;

9 to provide group health coverage for state employees.

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

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

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

26 (2) The coverage provided to an active or retired school
27 corporation **or charter school** employee under this section must
28 be the same as the coverage provided to an active or retired state
29 employee under the state employee health plan.

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

31 (A) the school corporation **or charter school** shall pay for the
32 coverage provided to an active or retired school corporation **or**
33 **charter school** employee under this section an amount not
34 more than the amount paid by the state for coverage provided
35 to an active or retired state employee under the state employee
36 health plan; and

37 (B) an active or retired school corporation **or charter school**
38 employee shall pay for the coverage provided to the active or
39 retired school corporation **or charter** employee under this
40 section an amount that is at least equal to the amount paid by
41 an active or retired state employee for coverage provided to
42 the active or retired state employee under the state employee

C
o
p
y



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42

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

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

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

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

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

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

SECTION 3. IC 20-24-1-3.5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 3.5. "Charter board" refers to the Indiana charter school board established under IC 20-24-2.1.**

SECTION 4. IC 20-24-1-9, AS AMENDED BY P.L.2-2007, SECTION 208, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 9. "Sponsor" means, for a charter school, one (1) of the following:

- (1) A governing body **that used its sponsorship authority under this chapter before July 1, 2011.**
- (2) A state educational institution that offers a four (4) year **associate or baccalaureate degree.**
- (3) The executive (as defined in ~~IC 36-1-2-5~~ **IC 36-1-2-5(2) or IC 36-1-2-5(3)**) of a:
 - (A) consolidated city; **or**
 - (B) **second class city;****that is approved by the state board to be a sponsor.**
- (4) **The charter board.**

C
o
p
y



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42

(5) A private college or university approved by the charter board to be a sponsor.

SECTION 5. IC 20-24-1-11 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 11. "Underutilized" means a school building in which less than fifty percent (50%) of the square footage of the school building is used throughout the school year for student instruction.**

SECTION 6. IC 20-24-2.1 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]:

Chapter 2.1. Indiana Charter School Board

Sec. 1. (a) The Indiana charter school board is established for the purpose of sponsoring charter schools throughout Indiana.

(b) The charter board is a statewide charter school sponsor composed of the following seven (7) members appointed to four (4) year terms:

(1) Two (2) members, who may not be members of the same political party, appointed by the governor.

(2) One member appointed by the state superintendent.

(3) Four (4) advisory members appointed as follows:

(A) One (1) member appointed by the president pro tem 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.

**C
O
P
Y**



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

- 3 **(1) establish a process to:**
 - 4 **(A) review a proposal to establish a charter school under**
 - 5 **IC 20-24-3-4; and**
 - 6 **(B) make a decision on the proposal as required under**
 - 7 **IC 20-24-3-9;**
- 8 **(2) publish guidelines concerning the review process described**
- 9 **in subdivision (1); and**
- 10 **(3) monitor charter schools sponsored by the charter school**
- 11 **board;**
- 12 **not later than December 31, 2011.**

13 **Sec. 3. The department shall hire staff to carry out the duties of**
14 **the charter board under this chapter.**

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

17 SECTION 7. IC 20-24-2.2 IS ADDED TO THE INDIANA CODE
18 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
19 JULY 1, 2011]:

20 **Chapter 2.2. Approval, Monitoring, and Accountability of**
21 **Sponsors**

22 **Sec. 1. The charter board shall establish a process by which to**
23 **approve:**

- 24 **(1) private colleges and universities; and**
- 25 **(2) executives of municipalities;**
- 26 **to act as sponsors of charter schools.**

27 **Sec. 2. A potential sponsor listed in section 1 of this chapter**
28 **must submit to the charter board for evaluation a sponsor**
29 **application that contains the following:**

- 30 **(1) Full details of the proposed sponsoring process, including**
- 31 **elements required by IC 20-24-3-4 and IC 20-24-4-1.**
- 32 **(2) The proposed geographical area in which the sponsor**
- 33 **plans to sponsor charter schools.**
- 34 **(3) The proposed organization of the sponsoring office.**
- 35 **(4) A proposed budget and funding for the sponsoring**
- 36 **operations.**
- 37 **(5) A description of the manner in which oversight will be**
- 38 **provided to sponsored schools.**
- 39 **(6) Accountability measures to be applied to sponsored**
- 40 **schools.**
- 41 **(7) A process for revoking or renewing charters, which must**
- 42 **include academic performance as the primary measure.**

C
O
P
Y



1 **Sec. 3. (a) The charter board shall establish procedures to**
 2 **monitor all sponsors in Indiana. Procedures established by the**
 3 **charter board under this section must include the following:**

4 **(1) A system for monitoring approved schools at regular**
 5 **intervals.**

6 **(2) Minimum standards for renewing a charter or not**
 7 **renewing a charter.**

8 **(3) Standards and processes for school closure, including the**
 9 **transfer of academic records to other schools and**
 10 **postsecondary educational institutions.**

11 **(b) Each sponsor shall submit an annual report to the charter**
 12 **board containing information requested by the charter board.**

13 **Sec. 4. (a) After giving at least ten (10) days notice, the charter**
 14 **board may require a sponsor to appear at a hearing conducted by**
 15 **the charter board if the sponsor has a school that has been graded**
 16 **as a "D" or an "F" school under the state school accountability**
 17 **system (511 IAC 6.2-6-5) for at least three (3) consecutive years, if**
 18 **the school has been in operation for more than five (5) years.**

19 **(b) After the hearing, the charter board may:**

20 **(1) temporarily suspend the authority of the sponsor to**
 21 **sponsor new schools unless the sponsor presents a plan to the**
 22 **charter board for addressing a school identified in subsection**
 23 **(a) and the plan is approved by the charter board;**

24 **(2) transfer the sponsorship of a school identified in**
 25 **subsection (a) to another sponsor that agrees to accept the**
 26 **sponsorship of the charter school; or**

27 **(3) take other actions the charter board considers necessary**
 28 **to remedy the sponsor's problems.**

29 SECTION 8. IC 20-24-3-4, AS ADDED BY P.L.1-2005, SECTION
 30 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,
 31 2011]: Sec. 4. (a) An organizer may submit to the sponsor a proposal
 32 to establish a charter school.

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

34 **(1) Identification of the organizer.**

35 **(2) A description of the organizer's organizational structure and**
 36 **governance plan.**

37 **(3) The following information for the proposed charter school:**

38 **(A) Name.**

39 **(B) Purposes.**

40 **(C) Governance structure.**

41 **(D) Management structure.**

42 **(E) Educational mission goals.**

C
O
P
Y



- 1 (F) Curriculum and instructional methods.
- 2 (G) Methods of pupil assessment.
- 3 (H) Admission policy and criteria, subject to IC 20-24-5.
- 4 (I) School calendar.
- 5 (J) Age or grade range of students to be enrolled.
- 6 (K) A description of staff responsibilities.
- 7 (L) A description ~~and the address~~ of the physical plant.
- 8 (M) Budget and financial plans.
- 9 (N) Personnel plan, including methods for selection, retention,
- 10 and compensation of employees.
- 11 (O) Transportation plan.
- 12 (P) Discipline program.
- 13 (Q) Plan for compliance with any applicable desegregation
- 14 order.
- 15 (R) The date when the charter school is expected to:
- 16 (i) begin school operations; and
- 17 (ii) have students attending the charter school.
- 18 (S) The arrangement for providing teachers and other staff
- 19 with health insurance, retirement benefits, liability insurance,
- 20 and other benefits.
- 21 (4) The manner in which the sponsor must conduct an annual
- 22 audit of the program operations of the charter school.
- 23 (c) This section does not waive, limit, or modify the provisions of:
- 24 (1) IC 20-29 in a charter school where the teachers have chosen
- 25 to organize under IC 20-29; or
- 26 (2) an existing collective bargaining agreement for noncertificated
- 27 employees (as defined in IC 20-29-2-11).
- 28 SECTION 9. IC 20-24-3-10, AS ADDED BY P.L.1-2005,
- 29 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 30 JULY 1, 2011]: Sec. 10. (a) A sponsor must notify the department of
- 31 the following:
- 32 (1) Receipt of a proposal.
- 33 (2) Acceptance of a proposal.
- 34 (3) Rejection of a proposal, including the reasons for the
- 35 rejection.
- 36 **(4) The length of time for which a charter is granted.**
- 37 **(5) School goals, educational program design, and an**
- 38 **education management organization operating a school, if**
- 39 **applicable.**
- 40 (b) The department shall annually do the following:
- 41 (1) Compile the information received under subsection (a) into a
- 42 report.

COPY



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

C
 o
 p
 y



- 1 **Baccalaureate participation and passage** (if appropriate);
- 2 **and**
- 3 (v) increased numbers of academic honors **and technical**
- 4 **honors** diplomas (if appropriate);
- 5 **(vi) student academic growth;**
- 6 **(vii) financial performance and stability; and**
- 7 **(viii) governing body performance and stewardship,**
- 8 **including compliance with applicable laws, rules and**
- 9 **regulations, and charter terms.**
- 10 (B) Evidence of progress toward reaching the educational
- 11 goals set by the organizer.
- 12 (9) Describe the method to be used to monitor the charter
- 13 school's:
- 14 (A) compliance with applicable law; and
- 15 (B) performance in meeting targeted educational performance.
- 16 (10) Specify that the sponsor and the organizer may amend the
- 17 charter during the term of the charter by mutual consent and
- 18 describe the process for amending the charter.
- 19 (11) Describe specific operating requirements, including all the
- 20 matters set forth in the application for the charter.
- 21 (12) Specify a date when the charter school will:
- 22 (A) begin school operations; and
- 23 (B) have students attending the charter school.
- 24 (13) Specify that records of a charter school relating to the
- 25 school's operation and charter are subject to inspection and
- 26 copying to the same extent that records of a public school are
- 27 subject to inspection and copying under IC 5-14-3.
- 28 (14) Specify that records provided by the charter school to the
- 29 department or sponsor that relate to compliance by the organizer
- 30 with the terms of the charter or applicable state or federal laws are
- 31 subject to inspection and copying in accordance with IC 5-14-3.
- 32 (15) Specify that the charter school is subject to the requirements
- 33 of IC 5-14-1.5.
- 34 **(b) A charter school shall set annual performance targets in**
- 35 **conjunction with the charter school's sponsor. The annual**
- 36 **performance targets shall be designed to help each school meet**
- 37 **applicable federal, state, and sponsor expectations.**
- 38 **(c) Multiple schools operating under a single charter contract or**
- 39 **overseen by a single sponsor shall report their performance as**
- 40 **separate, individual schools, and each school shall be held**
- 41 **individually accountable by the sponsor.**
- 42 SECTION 11. IC 20-24-5-2, AS ADDED BY P.L.1-2005,

C
O
P
Y



1 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
2 JULY 1, 2011]: Sec. 2. (a) A student may attend a charter school
3 outside the district in which the student resides. if the student's parent
4 determines that an academic program at the charter school would
5 enhance the student's academic opportunities:

6 (b) If the governing body of the school corporation in which the
7 student resides determines that a transfer would not improve the
8 student's academic opportunities, the governing body may appeal to the
9 state board. Not later than forty-five (45) days after receiving the
10 appeal, the state board shall conduct a hearing and decide whether to
11 uphold or reverse the parent's decision to enroll the student in the
12 charter school.

13 (c) During the state board's consideration, the parents of the student
14 may testify, but the governing body has the burden of proof for
15 demonstrating that the charter school does not provide additional or
16 unique academic opportunities that exceed those available at the school
17 corporation:

18 SECTION 12. IC 20-24-6-1, AS ADDED BY P.L.1-2005,
19 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
20 JULY 1, 2011]: Sec. 1. (a) Except as provided in subsection (b);
21 Individuals who work at a charter school are employees of the charter
22 school or of an entity with which the charter school has contracted to
23 provide services.

24 (b) Teachers in a conversion charter school ~~are~~ **may be** employees
25 of both the charter school and the school corporation that sponsored the
26 charter school, **as determined by the provisions of the charter.** For
27 purposes of the collective bargaining agreement, conversion charter
28 school teachers are considered employees of the school corporation that
29 sponsored the charter school:

30 (c) All benefits accrued by teachers as employees of the conversion
31 charter school are the financial responsibility of the conversion charter
32 school. ~~The conversion charter school shall pay those benefits directly~~
33 ~~or reimburse the school corporation for the cost of the benefits.~~

34 (d) All benefits accrued by a teacher during the time the teacher was
35 an employee only of the school corporation that sponsored the charter
36 school are the financial responsibility of the school corporation. The
37 school corporation shall pay those benefits directly or reimburse the
38 conversion charter school for the cost of the benefits.

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

41 SECTION 13. IC 20-24-7-2, AS AMENDED BY P.L.146-2008,
42 SECTION 460, IS AMENDED TO READ AS FOLLOWS

C
o
p
y



1 [EFFECTIVE JULY 1, 2011]: Sec. 2. (a) Not later than the date
2 established by the department for determining ADM, and after May 31
3 each year, the organizer shall submit to the department the following
4 information on a form prescribed by the department:

- 5 (1) The number of students enrolled in the charter school.
- 6 (2) The name and address of each student.
- 7 (3) The name of the school corporation in which the student has
8 legal settlement.
- 9 (4) The name of the school corporation, if any, that the student
10 attended during the immediately preceding school year.
- 11 (5) The grade level in which the student will enroll in the charter
12 school.

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

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

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

- 25 (1) **The number of students who are:**
 - 26 (A) **from the county;**
 - 27 (B) **have legal settlement in the school corporation; and**
 - 28 (C) **are included in the current ADM of a particular**
29 **charter school, separately totaled by school corporation**
30 **and charter school.**
- 31 (2) **The sum of the totals determined under subdivision (1) for**
32 **a school corporation.**
- 33 (3) **The current ADM of the school corporation.**
- 34 (4) **The sum of the amounts determined under subdivisions (2)**
35 **and (3).**

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

42 (b) This subsection applies to a sponsor that is a state educational

C
o
p
y



1 institution described in IC 20-24-1-7(2). In a calendar year, a state
2 educational institution may receive from the organizer of a charter
3 school sponsored by the state educational institution an administrative
4 fee equal to not more than three percent (3%) of the total amount the
5 organizer receives during the calendar year from basic tuition support
6 (as defined in IC 20-43-1-8).

7 **(c) This subsection applies to the executive of a consolidated city
8 or city that sponsors a charter school. In a calendar year, the
9 executive may collect from the organizer of a charter school an
10 administrative fee equal to not more than three percent (3%) of the
11 total amount the organizer receives during the calendar year for
12 basic tuition support.**

13 **(d) This subsection applies to a sponsor that is a private college
14 or university that is approved by the state board of education. In
15 a calendar year, a private college or university may collect from
16 the organizer of a charter school an administrative fee equal to not
17 more than three percent (3%) of the total amount the organizer
18 receives during the calendar year for basic tuition support.**

19 **(e) This subsection applies to the charter board. In a calendar
20 year, the charter school board may collect from the organizer of a
21 charter school an administrative fee equal to not more than three
22 percent (3%) of the total amount the organizer receives during the
23 calendar year for basic tuition support.**

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

29 **(g) Except for oversight services, a charter school may not be
30 required to purchase services from its sponsor as a condition of
31 charter approval or of executing a charter contract, nor may any
32 such condition be implied.**

33 **(h) A charter school may choose to purchase services from its
34 sponsor. In that event, the charter school and sponsor shall execute
35 an annual service contract, separate from the charter contract,
36 stating the parties' mutual agreement concerning the services to be
37 provided by the sponsor and any service fees to be charged to the
38 charter school. A sponsor may not charge more than market rates
39 for services provided to a charter school.**

40 **(i) Not later than ninety (90) days after the end of each fiscal
41 year, each sponsor shall provide to each charter school it sponsors
42 an itemized accounting of the actual costs of services purchased by**

**C
O
P
Y**



1 the charter school from the sponsor. Any difference between the
2 amount initially charged to the charter school and the actual cost
3 shall be reconciled and paid to the owed party. If either party
4 disputes the itemized accounting, any charges included in the
5 accounting, or charges to either party, either party may request a
6 review by the department. The requesting party shall pay the costs
7 of the review.

8 SECTION 15. IC 20-24-7-6, AS ADDED BY P.L.1-2005,
9 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
10 JANUARY 1, 2012]: Sec. 6. ~~With the approval of a majority of the~~
11 ~~members of the governing body, a school corporation may (a) For~~
12 ~~purposes of this section, "charter school" does not include a virtual~~
13 ~~charter school.~~

14 (b) ~~At the same time that a county auditor makes a distribution~~
15 ~~of property taxes to a school corporation located in full or in part~~
16 ~~in a county, the county auditor shall, without appropriation,~~
17 ~~distribute a proportionate share of the school corporation's capital~~
18 ~~project fund transportation fund levy imposed under IC 20-46-4-6~~
19 ~~and IC 20-46-4-10 and the motor vehicle and other excise taxes~~
20 ~~allocated to the school corporation as a result of imposing the levy~~
21 ~~to a charter school.~~

22 (c) ~~The amount to be distributed to a charter school under~~
23 ~~subsection (b) is equal to the total amount to be distributed from~~
24 ~~the levies described in subsection (a) multiplied by a fraction. The~~
25 ~~numerator of the fraction is the number of students determined for~~
26 ~~the charter school and school corporation under section 2(c)(1) of~~
27 ~~this chapter. The denominator is the total number of students~~
28 ~~determined for the school corporation under section 2(c)(4) of this~~
29 ~~chapter.~~

30 SECTION 16. IC 20-24-7-13, AS AMENDED BY P.L.1-2010,
31 SECTION 78, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
32 JULY 1, 2011]: Sec. 13. (a) As used in this section, "virtual charter
33 school" means any charter school, including a conversion charter
34 school, that provides for the delivery of more than fifty percent (50%)
35 of instruction to students through:

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

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

C
o
p
y



1 year ending in 2011. The department shall choose an entity or entities
 2 to operate the virtual charter school. The pilot program must focus on
 3 children who have medical disabilities or circumstances that prevent
 4 them from attending school or for whom a virtual charter school is a
 5 better alternative than a traditional school. At least seventy-five percent
 6 (75%) of the students enrolled in virtual charter schools under this
 7 section must have been included in the ADM count for the previous
 8 school year.

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

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

- 14 (1) the number of students included in the virtual charter school's
 15 ADM; ~~who are participating in the pilot program;~~ multiplied by
 16 (2) ~~eighty ninety percent (80%)~~ **(90%)** of the statewide average
 17 basic tuition support.

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

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

23 SECTION 17. IC 20-24-7-14 IS ADDED TO THE INDIANA
 24 CODE AS A NEW SECTION TO READ AS FOLLOWS
 25 [EFFECTIVE JULY 1, 2011]: **Sec. 14. (a) Charter schools shall have**
 26 **access to unused or underutilized school facilities owned by school**
 27 **corporations.**

28 **(b) The department shall create a list of unused and**
 29 **underutilized facilities owned by each school corporation and make**
 30 **the list available on the department's Internet web site.**

31 **(c) Each school corporation shall make unused and**
 32 **underutilized school facilities available to charter schools if the**
 33 **facilities have been unused or underutilized for two (2) consecutive**
 34 **school years.**

35 **(d) If a charter school wants to use a facility or a part of a**
 36 **facility on the list created under subsection (b), the school**
 37 **corporation that owns the facility shall lease the facility or the**
 38 **unused part of the facility to a charter school for one dollar (\$1)**
 39 **per year. The right of a charter school to lease an unused or**
 40 **underutilized facility takes priority over any other proposed use or**
 41 **disposition of the facility. The lease must include ingress to and**
 42 **egress from the facility, and in the case of a charter school leasing**

C
O
P
Y



1 a part of an underutilized facility, the right to access and use of the
 2 common area shared by all tenants and users of the facility. The
 3 school corporation shall enter into a lease with the charter school
 4 for a term of at least twenty (20) years, and the lease may be
 5 extended for an additional term of twenty (20) years at the
 6 discretion of the charter school, if the charter school is not in
 7 default under the lease. If a charter school leases an entire facility
 8 under this section, the charter school may encumber the facility
 9 with mortgages for debt to make improvements to the facility, and
 10 the school corporation entering into the lease shall subordinate its
 11 interest in the lease to the debt encumbering the facility. If a
 12 charter school leases part of a facility, the school corporation shall
 13 continue to maintain and repair all parts of the facility, including
 14 parts occupied or used by the charter school, to the same quality
 15 and on the same schedule as the rest of the facility.

16 (e) During the term of a lease under subsection (d), the charter
 17 school is responsible for the direct expenses related to the facility
 18 or part of the facility leased, including utilities, insurance, and
 19 property taxes attributable to the facility or part of the facility
 20 leased by the charter school.

21 (f) A school corporation shall make all unused facilities
 22 available for transfer to a charter school, and a charter school has
 23 the first right to receive or refuse the facilities. A school
 24 corporation shall publicly identify the amount of debt owed on any
 25 facility about which a potential buyer has inquired within seven (7)
 26 days of the inquiry. A school corporation may not refuse an offer
 27 by a charter school to transfer an unused facility for an amount
 28 that would eliminate the school corporation's debt on the facility.
 29 The charter school has one (1) year after the date of making an
 30 offer in writing to complete the transfer of the facility. If a facility
 31 has no debt, a charter school may acquire the facility for the school
 32 corporation for one dollar (\$1). If a charter school acquires a
 33 school facility for an amount that is less than the appraised value
 34 of the facility, the charter school may not resell the facility at a
 35 price that exceeds the original purchase price, plus any debt
 36 encumbering the facility, real estate commissions, and closing
 37 costs.

38 (g) A charter school may sell to, and lease back from, a
 39 nonprofit organization or legal entity in which a charter school is
 40 an owner or a member any unused facility the charter school has
 41 acquired under subsection (f).

42 SECTION 18. IC 20-24-9-1, AS ADDED BY P.L.1-2005,

**C
O
P
Y**



1 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
2 JULY 1, 2011]: Sec. 1. ~~An organizer~~ **A sponsor** that has established a
3 charter school shall submit an annual report to the department for
4 informational and research purposes.

5 SECTION 19. IC 20-24-9-2, AS ADDED BY P.L.1-2005,
6 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
7 JULY 1, 2011]: Sec. 2. An annual report under this chapter must
8 contain the following information: ~~for a charter school:~~

9 (1) Results of all standardized testing, including ISTEP program
10 testing, ~~and the graduation examination.~~ **end of course**
11 **assessments, and any other assessments used.**

12 (2) A description of the educational methods and teaching
13 methods employed.

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

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

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

20 (A) The number of students enrolled.

21 (B) The number of students expelled.

22 ~~(C) The number of students who discontinued attendance at~~
23 ~~the charter school and the reasons for the discontinuation.~~

24 **(6) Schools that closed or for which the charter was not**
25 **renewed, and the reasons for the closure or nonrenewal.**

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

31 (1) in an inappropriate age group according to the student's
32 ability;

33 (2) below the student's abilities; or

34 (3) in a class where the student has already mastered the subject
35 matter.

36 **(b) If a student who previously was enrolled in a charter school**
37 **enrolls in another public school, the public noncharter school shall**
38 **accept all credits earned by the student in courses or instructional**
39 **programs at the charter school in a uniform and consistent**
40 **manner, according to the same criteria that are used to accept**
41 **academic credits from other public schools.**

42 SECTION 21. IC 20-24-11-1, AS ADDED BY P.L.1-2005,

C
o
p
y



1 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
2 JULY 1, 2011]: Sec. 1. (a) An existing public elementary or secondary
3 school may be converted into a charter school if **either of** the following
4 conditions ~~apply~~: **applies**:

5 (1) ~~At least sixty percent (60%) of the teachers at the school have~~
6 ~~signed a petition requesting the conversion.~~

7 **(1) The governing body votes to convert a school to a charter**
8 **school.**

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

11 **(2) A petition requesting the conversion is signed by the**
12 **parents of at least fifty-one percent (51%) of the students at**
13 **the school.**

14 **(b) If subsection (a)(1) applies, the governing body must form a**
15 **nonprofit entity to become the organizer of the conversion charter**
16 **school. The organizer must submit a charter proposal to an**
17 **appropriate sponsor. If the sponsor approves the proposal, the**
18 **performance of the school will be attributed to the conversion**
19 **charter school and the organizer.**

20 (c) If subsection (a)(2) applies, the parents must submit a
21 charter proposal to an appropriate sponsor. If the proposal is
22 approved, the conversion charter school has the right to use the
23 building under IC 20-24-7-14 before any other school or entity.

24 (d) A conversion charter school shall accept all students who
25 attended the school before its conversion and who wish to attend
26 the conversion charter school. If any space remains, any student in
27 Indiana may attend the conversion charter school.

28 SECTION 22. IC 20-43-6-3, AS AMENDED BY P.L.182-2009(ss),
29 SECTION 339, IS AMENDED TO READ AS FOLLOWS
30 [EFFECTIVE JULY 1, 2011]: Sec. 3. (a) A school corporation's basic
31 tuition support for a year is the amount determined under the applicable
32 provision of this section.

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

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

42 (1) The foundation amount for the year multiplied by the school

C
o
p
y



1 corporation's adjusted ADM.
 2 (2) The amount of the annual decrease in federal aid to impacted
 3 areas from the year preceding the ensuing calendar year by three
 4 (3) years to the year preceding the ensuing calendar year by two
 5 (2) years.

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

10 SECTION 23. IC 20-46-4-5, AS ADDED BY P.L.2-2006,
 11 SECTION 169, IS AMENDED TO READ AS FOLLOWS
 12 [EFFECTIVE JANUARY 1, 2012]: Sec. 5. Each school corporation
 13 may levy for the calendar year a property tax for the fund sufficient to:

- 14 (1) pay all operating costs attributable to transportation; **and**
- 15 (2) **make distributions required under IC 20-24-7-6(b).**

16 SECTION 24. IC 20-46-6-5, AS ADDED BY P.L.154-2006,
 17 SECTION 69, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 18 JANUARY 1, 2012]: Sec. 5. Subject to IC 6-1.1-18-12 and
 19 IC 6-1.1-18.5-9.9, to:

- 20 (1) provide for the fund; **and**
- 21 (2) **make distributions required under IC 20-24-7-6(b);**
 22 the governing body may, for each year in which a plan is in effect,
 23 impose a property tax rate that does not exceed forty-one and
 24 sixty-seven hundredths cents (\$0.4167) on each one hundred dollars
 25 (\$100) of assessed valuation of the school corporation. The actual rate
 26 imposed by the governing body must be advertised in the same manner
 27 as other property tax rates.

28 SECTION 25. IC 20-49-7-8, AS ADDED BY P.L.2-2006,
 29 SECTION 172, IS AMENDED TO READ AS FOLLOWS
 30 [EFFECTIVE JANUARY 1, 2012]: Sec. 8. Priority of advances ~~for~~
 31 ~~operational costs under this chapter~~ must be on a basis determined by
 32 the state board after consulting with the department and the budget
 33 agency.

34 SECTION 26. IC 20-49-7-10, AS AMENDED BY
 35 P.L.182-2009(ss), SECTION 361, IS AMENDED TO READ AS
 36 FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 10. The amount
 37 of an advance ~~for operational costs under this chapter~~ may not exceed
 38 the amount determined under STEP THREE of the following formula:

- 39 STEP ONE: Determine the product of:
- 40 (A) the charter school's enrollment reported under
 41 IC 20-24-7-2(a); multiplied by
- 42 (B) the **sum of the** charter school's transition to foundation

C
o
p
y



1 amount **and allowable distributions under IC 20-24-7-6.**
 2 STEP TWO: Determine the quotient of:
 3 (A) the STEP ONE amount; divided by
 4 (B) two (2).
 5 STEP THREE: Determine the product of:
 6 (A) the STEP TWO amount; multiplied by
 7 (B) one and fifteen-hundredths (1.15).
 8 SECTION 27. IC 20-49-7-11, AS AMENDED BY
 9 P.L.182-2009(ss), SECTION 362, IS AMENDED TO READ AS
 10 FOLLOWS [EFFECTIVE JANUARY 1, 2012]: Sec. 11. The **part of**
 11 **the amount of an advance for operational costs attributable to the**
 12 **charter school's transition to foundation amount** may not exceed the
 13 amount determined under STEP FOUR of the following formula:
 14 STEP ONE: Determine the quotient of:
 15 (A) the charter school's transition to foundation amount;
 16 divided by
 17 (B) two (2).
 18 STEP TWO: Determine the difference between:
 19 (A) the charter school's current ADM; minus
 20 (B) the charter school's ADM of the previous year.
 21 STEP THREE: Determine the product of:
 22 (A) the STEP ONE amount; multiplied by
 23 (B) the STEP TWO amount.
 24 STEP FOUR: Determine the product of:
 25 (A) the STEP THREE amount; multiplied by
 26 (B) one and fifteen-hundredths (1.15).
 27 SECTION 28. IC 20-49-7-13, AS ADDED BY P.L.2-2006,
 28 SECTION 172, IS AMENDED TO READ AS FOLLOWS
 29 [EFFECTIVE JANUARY 1, 2012]: Sec. 13. **(a) A charter school to**
 30 **which money is advanced under this chapter ~~must~~ or IC 21-1-32**
 31 **(before its repeal) is not required to pay interest on the advance. at**
 32 **the rate determined under section 14 of this chapter. Interest imposed**
 33 **as a condition of an advance made under this chapter or IC 21-1-32**
 34 **(before its repeal) before July 1, 2011, is cancelled.**
 35 **(b) The state board shall provide that the advances are prepayable**
 36 **by the:**
 37 (1) charter school; or
 38 (2) general assembly;
 39 at any time.
 40 **(c) An amount equal to:**
 41 **(1) the balance of the common school fund that is attributable**
 42 **to income accruing to the common school fund before July 1,**

C
o
p
y



1 **2011; and**
 2 **(2) income accruing to the common school fund after June 30,**
 3 **2011;**
 4 **shall be first applied, when available, to repay advances made**
 5 **under this chapter or IC 21-1-32 (before its repeal) before using**
 6 **the money for any other purpose permitted by law. Income**
 7 **allocated to the repayment of advances shall be allocated among**
 8 **outstanding advances under the formula determined by the state**
 9 **board, with priority being given to retire the outstanding balances**
 10 **of advances made before July 1, 2011.**
 11 SECTION 29. IC 20-49-7-14 IS REPEALED [EFFECTIVE UPON
 12 PASSAGE].
 13 SECTION 30. THE FOLLOWING ARE REPEALED [EFFECTIVE
 14 JULY 1, 2011]: IC 20-24-3-13; IC 20-24-3-15; IC 20-24-6-3;
 15 IC 20-24-6-4; IC 20-24-6-9; IC 20-24-11-2; IC 20-24-11-3;
 16 IC 20-24-11-4.
 17 SECTION 31. [EFFECTIVE JULY 1, 2011] (a) **Not later than**
 18 **January 1, 2012, an entity that operated under the virtual charter**
 19 **school pilot program under IC 20-24-7-13 before July 1, 2011, shall**
 20 **transfer its operating authority to the charter school board**
 21 **established by IC 20-24-2.1-1, as added by this act, if the charter**
 22 **school board agrees to sponsor the virtual charter school, unless**
 23 **the virtual charter school and Ball State University agree to**
 24 **continue the sponsorship relationship.**
 25 (b) **Notwithstanding IC 20-24-7-13, as amended by this act, a**
 26 **virtual charter school chosen by the department of education to**
 27 **operate during the 2010-2011 school year shall continue to operate**
 28 **until the virtual charter school transfers its operating authority to**
 29 **the Indiana charter school board or Ball State University.**
 30 (c) **This SECTION expires January 1, 2013.**
 31 SECTION 32. **An emergency is declared for this act.**

C
O
P
Y

