March 29, 2013

ENGROSSED
HOUSE BILL No. 1338

DIGEST OF HB 1338 (Updated March 27, 2013 6:05 pm - DI 71)

Citations Affected: IC 5-2; IC 5-11; IC 5-14; IC 20-24; IC 20-39; IC 20-43; IC 20-49.

Synopsis: Charter school administration. Provides that a charter school is eligible to receive a school safety grant. Provides that a charter school will be able to use certain electronic meeting procedures. Changes references to "sponsor" with "authorizer" in the charter school law. Adds definition of "education service provider". Adds certain requirements to be contained in a proposal to establish a charter school pertaining to education service providers. Provides that a charter school is considered a local educational agency. Adds various charter renewal requirements. Provides that a charter contract may consist of more than one charter school. Requires an authorizer to develop a charter school closure protocol. Provides that a public audit of a charter school or organizer of a charter school is limited to the use of the public money received by the organizer of a charter school or the charter school. Provides for the release to a charter school authorizer of certain covered records that are in the possession of the department of

(Continued next page)

Effective: Upon passage; June 30, 2013; July 1, 2013; January 1, 2014.

Behning

(SENATE SPONSOR — KRUSE)

January 17, 2013, read first time and referred to Committee on Education.
February 7, 2013, amended, reported — Do Pass. Referred to Committee on Ways and Means pursuant to Rule 127.
February 18, 2013, amended, reported — Do Pass.
February 20, 2013, read second time, amended, ordered engrossed.
February 21, 2013, engrossed.
February 25, 2013, read third time, passed. Yeas 66, nays 30.

SENATE ACTION

February 27, 2013, read first time and referred to Committee on Education and Career Development.
March 28, 2013, amended, reported favorably — Do Pass; reassigned to Committee on Appropriations.

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education (department) or the state board of education (state board) and concern a charter school. Repeals a provision that requires the city-county council of Indianapolis to approve a charter school authorized by the mayor of Indianapolis. Establishes the Indianapolis charter school board. Repeals a provision that provides a governing body must obtain approval from the department before granting a charter in which more than 50% of the students in the school corporation will attend the charter school. Requires the department, with the approval of the state board, to submit an annual report to the budget committee pertaining to virtual charter schools. Provides that if an organizer of a charter school maintains an Internet web site for a charter school, the organizer shall publish the names of the charter school's governing body on the Internet web site. (Current law requires an organizer to publish the names of the governing body on the charter school's Internet web site.) Requires charter school organizers to adopt and accurately implement a single, unified accounting system for charter school organizers as prescribed by the state board and the state board of accounts. Repeals a provision pertaining to accounting and financial reporting of charter schools. Provides that for purposes of administering state tuition support, a charter school organizer is considered a school corporation. Provides that a member of the state charter board may not be removed before the end of the member's full term by the member's appointing authority without cause. Provides that the state charter board must collectively possess strong experience and expertise in certain areas. Provides that the department's Internet web site must include a charter school annual report. Requires an authorizer to adopt national industry standards of quality charter school authorizing. Provides that a charter school agreement must include a requirement that a charter school not remain in the lowest category or designation of school improvement in the third year after initial placement in the lowest category or designation. Requires the state board to provide an authorizer a hearing if the authorizer fails to close a charter school that does not meet the minimum standards in the charter agreement. Provides that the state board, after providing a hearing, may close the charter school at the end of the school year. (Current law provides that the charter school may be closed on a date set by the state board.) Provides that the state board, after providing a hearing, may reduce the administrative fees that an authorizer may receive. (Current law provides that the administrative fees may be reduced by up to 50% of the amount of the administrative fees.) Provides that if an authorizer does not correct deficiencies that prohibit an authorizer from opening new charter schools, the state board may, with a 2/3 vote, decommission the authorizer. Provides that the decommissioned authorizer's charter schools have 150 days to apply for approval from the state charter board. Provides for the voluntary relinquishment of authorizer status. Provides that 90% of a virtual charter school's foundation amount is used to calculate the school's state funding distribution. (Current law provides that the percentage used in the calculation is 87.5%.) Removes a requirement that 60% of the students of a virtual charter school must have been included in the state's ADM count for the previous school year. Provides that a virtual charter school is eligible to receive new charter school startup grants. Provides that a virtual charter school is eligible to receive career and technical education grants. Provides that a virtual charter school is eligible to receive honors diploma awards. Provides that a charter school shall pay back an outstanding advance if the charter school closes or has its charter revoked. Provides that the attorney general shall use any means under the attorney general's authority to collect the principal of any unpaid advance. Provides that a charter school or successor of interest to the charter school must pay back any unpaid advance before it may receive a charter school startup grant or grants or loans from the charter school facilities assistance program. Makes conforming amendments.

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First Regular Session 118th General Assembly (2013)

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 2012 Regular Session of the General Assembly.

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ENGROSSED
HOUSE BILL No. 1338

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

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

SECTION 1. IC 5-2-10.1-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 6. (a) A school corporation **or charter school (as defined in IC 20-24-1-4)** may receive a grant from the fund for programs, equipment, services, or activities included in a safety plan submitted with the application for funds to the institute.

(b) A safety plan submitted under this section must include provisions for zero (0) tolerance for alcohol, tobacco, drugs, and weapons on school property. If the institute approves the safety plan and application, the treasurer of state shall disburse from the fund to the applicant the amount of the grant certified to the treasurer of state by the institute.

SECTION 2. IC 5-2-10.1-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 7. (a) As used in this section, "program" refers to a school safe haven program.

(b) A school corporation **or charter school (as defined in IC 20-24-1-4)** may apply to the institute for a grant for matching funds under this chapter to establish and operate a school safe haven program.

(c) A program must include at least the following components:

(1) The school must be open to students of the school before and after normal operating hours, preferably from 7 a.m. to 9 p.m., on days determined by the school corporation.

(2) The program must operate according to a plan to do the following in the school:

(A) Reduce alcohol, tobacco, and drug abuse.

(B) Reduce violent behavior.

(C) Promote educational progress.

(d) The institute shall adopt rules to administer the program, including rules concerning evaluations by school corporations on the use and impact of grant money received through the program.

SECTION 3. IC 5-11-1-9, AS AMENDED BY P.L.172-2011, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) The state examiner, personally or through the deputy examiners, field examiners, or private examiners, shall examine all accounts and all financial affairs of every public office and officer, state office, state institution, and entity.

(b) An examination of an entity deriving:

(1) less than fifty percent (50%); or

(2) **subject to subsection (h),** at least fifty percent (50%) but less than two hundred thousand dollars ($200,000) if the entity is organized as a not-for-profit corporation;

of its disbursements during the period of time subject to an examination from appropriations, public funds, taxes, and other sources of public expense shall be limited to matters relevant to the use of the public money received by the entity.

(c) The examination of an entity described in subsection (b) may be waived or deferred by the state examiner if the state examiner determines in writing that all disbursements of public money during the period subject to examination were made for the purposes for which the money was received. However, the:

(1) Indiana economic development corporation created by IC 5-28-3 and the corporation's funds, accounts, and financial affairs; and

(2) department of financial institutions established by IC 28-11-1-1 and the department's funds, accounts, and financial affairs;

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shall be examined biennially by the state board of accounts.

(d) On every examination under this section, inquiry shall be made as to the following:

(1) The financial condition and resources of each municipality, office, institution, or entity.

(2) Whether the laws of the state and the uniform compliance guidelines of the state board of accounts established under section 24 of this chapter have been complied with.

(3) The methods and accuracy of the accounts and reports of the person examined.

The examinations shall be made without notice.

(e) If during an examination of a state office under this chapter the examiner encounters an inefficiency in the operation of the state office, the examiner may comment on the inefficiency in the examiner's report.

(f) The state examiner, deputy examiners, any field examiner, or any private examiner, when engaged in making any examination or when engaged in any official duty devolved upon them by the state examiner, is entitled to do the following:

(1) Enter into any state, county, city, township, or other public office in this state, or any entity, agency, or instrumentality, and examine any books, papers, documents, or electronically stored information for the purpose of making an examination.

(2) Have access, in the presence of the custodian or the custodian's deputy, to the cash drawers and cash in the custody of the officer.

(3) During business hours, examine the public accounts in any depository that has public funds in its custody pursuant to the laws of this state.

(g) The state examiner, deputy examiner, or any field examiner, when engaged in making any examination authorized by law, may issue subpoenas for witnesses to appear before the examiner in person or to produce books, papers, or other records (including records stored in electronic data processing systems) for inspection and examination. The state examiner, deputy examiner, and any field examiner may administer oaths and examine witnesses under oath orally or by interrogatories concerning the matters under investigation and examination. Under the authority of the state examiner, the oral examinations may be transcribed with the reasonable expense paid by the examined person in the same manner as the compensation of the field examiner is paid. The subpoenas shall be served by any person authorized to serve civil process from any court in this state. If a witness duly subpoenaed refuses to attend, refuses to produce

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information required in the subpoena, or attends and refuses to be sworn or affirmed, or to testify when called upon to do so, the examiner may apply to the circuit court having jurisdiction of the witness for the enforcement of attendance and answers to questions as provided by the law governing the taking of depositions.

(h) This subsection applies to audited years beginning after June 30, 2009. The definitions in IC 20-24-1 apply throughout this subsection. Appropriations, public funds, taxes, and other sources of public money received by a nonprofit corporation as a charter school or organizer of a charter school for the purposes of a charter school may not be counted for the purpose of applying subsection (b)(2). Unless the nonprofit corporation receives other public money that would qualify the nonprofit corporation for a full examination of all accounts and financial affairs of the entity under subsection (b)(2), an examination of a charter school or organizer of a charter school must be limited to matters relevant to the use of the public money received for the charter school. This subsection does not prohibit the state examiner, personally or through the deputy examiners, field examiners, or private examiners, from examining the accounts in which appropriations, public funds, taxes, or other sources of public money are applied that are received by a nonprofit corporation as a charter school or organizer of a charter school relating to the operation of the charter school.

SECTION 4. IC 5-14-1.5-3.6, AS ADDED BY P.L.134-2012, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 3.6. (a) This section applies only to a governing body of **a charter school (as defined in IC 20-24-1-4) and** a public agency of the state, including a body corporate and politic established as an instrumentality of the state.

(b) A member of the governing body of a **charter school or** public agency who is not physically present at a meeting of the governing body may participate in a meeting of the governing body by electronic communication only if the member uses a means of communication that permits:

(1) the member;

(2) all other members participating in the meeting;

(3) all members of the public physically present at the place where the meeting is conducted; and

(4) if the meeting is conducted under a policy adopted under subsection (g)(7), all members of the public physically present at a public location at which a member participates by means of

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electronic communication;

to simultaneously communicate with each other during the meeting.

(c) The governing body must fulfill both of the following requirements for a member of the governing body to participate in a meeting by electronic communication:

(1) This subdivision does not apply to committees appointed by a board of trustees of a state educational institution. The minimum number of members who must be physically present at the place where the meeting is conducted must be the greater of:

(A) two (2) of the members; or

(B) one-third (1/3) of the members.

(2) All votes of the governing body during the electronic meeting must be taken by roll call vote.

Nothing in this section affects the public's right under this chapter to attend a meeting of the governing body at the place where the meeting is conducted and the minimum number of members is physically present as provided for in subdivision (1).

(d) Each member of the governing body is required to physically attend at least one (1) meeting of the governing body annually.

(e) Unless a policy adopted by a governing body under subsection (g) provides otherwise, a member who participates in a meeting by electronic communication:

(1) is considered to be present at the meeting;

(2) shall be counted for purposes of establishing a quorum; and

(3) may vote at the meeting.

(f) A governing body may not conduct meetings using a means of electronic communication until the governing body:

(1) meets all requirements of this chapter; and

(2) by a favorable vote of a majority of the members of the governing body, adopts a policy under subsection (g) governing participation in meetings of the governing body by electronic communication.

(g) A policy adopted by a governing body to govern participation in the governing body's meetings by electronic communication may do any of the following:

(1) Require a member to request authorization to participate in a meeting of the governing body by electronic communication within a certain number of days before the meeting to allow for arrangements to be made for the member's participation by electronic communication.

(2) Subject to subsection (e), limit the number of members who may participate in any one (1) meeting by electronic

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communication.

(3) Limit the total number of meetings that the governing body may conduct in a calendar year by electronic communication.

(4) Limit the number of meetings in a calendar year in which any one (1) member of the governing body may participate by electronic communication.

(5) Provide that a member who participates in a meeting by electronic communication may not cast the deciding vote on any official action.

(6) Require a member participating in a meeting by electronic communication to confirm in writing the votes cast by the member during the meeting within a certain number of days after the date of the meeting.

(7) Provide that in addition to the location where a meeting is conducted, the public may also attend some or all meetings of the governing body, excluding executive sessions, at a public place or public places at which a member is physically present and participates by electronic communication. If the governing body's policy includes this provision, a meeting notice must provide the following information:

(A) The identity of each member who will be physically present at a public place and participate in the meeting by electronic communication.

(B) The address and telephone number of each public place where a member will be physically present and participate by electronic communication.

(C) Unless the meeting is an executive session, a statement that a location described in clause (B) will be open and accessible to the public.

(8) Require at least a quorum of members to be physically present at the location where the meeting is conducted.

(9) Provide that a member participating by electronic communication may vote on official action only if, subject to subsection (e), a specified number of members:

(A) are physically present at the location where the meeting is conducted; and

(B) concur in the official action.

(10) Establish any other procedures, limitations, or conditions that govern participation in meetings of the governing body by electronic communication and are not in conflict with this chapter.

(h) The policy adopted by the governing body must be posted on the

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Internet web site of the governing body, **the charter school,** or the public agency.

(i) Nothing in this section affects a public agency's **or charter school's** right to exclude the public from an executive session in which a member participates by electronic communication.

SECTION 5. IC 20-24-1-2.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 2.5. "Authorizer" means, for a charter school, one (1) of the following:**

(1) A governing body.

(2) A state educational institution that offers a four (4) year baccalaureate degree.

(3) The executive (as defined in IC 36-1-2-5) of a consolidated city.

(4) The charter board.

(5) A nonprofit college or university that provides a four (4) year educational program for which it awards a baccalaureate or more advanced degree, including the following:

Anderson University
Bethel College
Butler University
Calumet College of St. Joseph
DePauw University
Earlham College
Franklin College
Goshen College
Grace College
Hanover College
Holy Cross College
Huntington University
Indiana Tech
Indiana Wesleyan University
Manchester College
Marian University
Martin University
Oakland City University
Rose-Hulman Institute of Technology
Saint Joseph's College
Saint Mary-of-the-Woods College
Saint Mary's College
Taylor University

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Trine University
University of Evansville
University of Indianapolis
University of Notre Dame
University of Saint Francis
Valparaiso University
Wabash College.

SECTION 6. IC 20-24-1-3, AS ADDED BY P.L.1-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 3. "Charter" means a contract between an organizer and ~~a sponsor~~ **an authorizer** for the establishment of a charter school.

SECTION 7. IC 20-24-1-9 IS REPEALED [EFFECTIVE JULY 1, 2013]. ~~Sec. 9. "Sponsor" means, for a charter school, one (1) of the following:~~

~~(1) A governing body.~~

~~(2) A state educational institution that offers a four (4) year baccalaureate degree.~~

~~(3) The executive (as defined in IC 36-1-2-5) of a consolidated city.~~

~~(4) The charter board.~~

~~(5) A nonprofit college or university that provides a four (4) year educational program for which it awards a baccalaureate or more advanced degree, including the following:~~

~~Anderson University~~
~~Bethel College~~
~~Butler University~~
~~Calumet College of St. Joseph~~
~~DePauw University~~
~~Earlham College~~
~~Franklin College~~
~~Goshen College~~
~~Grace College~~
~~Hanover College~~
~~Holy Cross College~~
~~Huntington University~~
~~Indiana Tech~~
~~Indiana Wesleyan University~~
~~Manchester College~~
~~Marian University~~
~~Martin University~~
~~Oakland City University~~
~~Rose-Hulman Institute of Technology~~

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~~Saint Joseph's College~~
~~Saint Mary-of-the-Woods College~~
~~Saint Mary's College~~
~~Taylor University~~
~~Trine University~~
~~University of Evansville~~
~~University of Indianapolis~~
~~University of Notre Dame~~
~~University of Saint Francis~~
~~Valparaiso University~~
~~Wabash College.~~

SECTION 8. IC 20-24-1-6.1 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 6.1. "Education service provider" means a for profit education management organization, nonprofit charter management organization, school design provider, or any other partner entity with which a charter school intends to contract for educational design, implementation, or comprehensive management.**

SECTION 9. IC 20-24-2.1-1, AS ADDED BY P.L.91-2011, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 1. (a) The Indiana charter school board is established for the purpose of ~~sponsoring~~ **authorizing** charter schools throughout Indiana.

(b) The charter board is a statewide charter school ~~sponsor~~ **authorizer** 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 who has previous experience with or on behalf of charter schools appointed by the state superintendent.

(3) Four (4) members, who may not be legislators, appointed as follows:

(A) One (1) member appointed by the president pro tempore of the senate.

(B) One (1) member appointed by the minority leader of the senate.

(C) One (1) member appointed by the speaker of the house of representatives.

(D) One (1) member appointed by the minority leader of the house of representatives.

A member appointed under this subsection may not be removed by

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the member's appointing authority without cause before the end of the full four (4) year term.

(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.

(f) Members appointed to the charter board must collectively possess strong experience and expertise in:

(1) public and nonprofit governance;

(2) management;

(3) finance;

(4) public school leadership;

(5) higher education;

(6) school assessments, curriculum, and instruction; and

(7) public education law.

SECTION 10. IC 20-24-2.1-2, AS ADDED BY P.L.91-2011, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 2. The charter board, with assistance from the department, shall:

(1) establish a process to:

(A) review a proposal to establish a charter school under IC 20-24-3-4;

(B) make a decision on the proposal as required under IC 20-24-3-9; and

(C) monitor charter schools ~~sponsored~~ **authorized** by the charter board; and

(2) publish guidelines concerning the review process described in subdivision (1);

not later than December 31, 2011.

SECTION 11. IC 20-24-2.2-1, AS ADDED BY P.L.91-2011, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 1. The department shall establish a charter school page on the department's Internet web site that includes information on the following:

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(1) All approved ~~sponsors,~~ **authorizers,** including the ~~sponsors'~~ **authorizers'** processes for the following:

(A) Monitoring approved schools at regular intervals.

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

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

(2) All pending applications for a charter.

(3) All approved applications for a charter.

(4) All rejected applications for a charter.

~~(5) Annual performance data that includes the same demographic and performance data required from school corporations.~~

(5) The organizer's annual report as required under IC 20-24-9.

SECTION 12. IC 20-24-2.2-1.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 1.5. All approved authorizers shall adopt standards of quality charter school authorizing, as defined by a nationally recognized organization with expertise in charter school authorizing.**

SECTION 13. IC 20-24-2.2-2, AS ADDED BY P.L.91-2011, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 2. The minimum standards for renewal and the standards to avoid closure imposed by ~~sponsors~~ **authorizers** on the charter school in the charter school agreement must include a requirement that the charter school not ~~fall within the application of IC 20-31-9-4, notwithstanding IC 20-31-9-1.~~ **remain in the lowest category or designation of school improvement, including any alternative accountability category or designation, in the third year after initial placement in the lowest category or designation established under IC 20-31-8-4.**

SECTION 14. IC 20-24-2.2-3, AS AMENDED BY P.L.6-2012, SECTION 128, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 3. (a) After giving at least thirty (30) days notice, the state board may require ~~a sponsor~~ **an authorizer** to appear at a hearing conducted by the state board if the ~~sponsor~~ **authorizer** has renewed the charter of or failed to close a charter school that does not meet the minimum standards in the charter agreement **as provided in section 2 of this chapter,** as posted on the department's Internet web site.

(b) After the hearing, the state board may implement one (1) or

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more of the following actions unless the state board finds sufficient justification for the charter school's performance under the state school accountability system:

(1) Transfer the ~~sponsorship~~ **authorization** of the charter school identified in subsection (a) to ~~the charter board.~~ **another authorizer.**

(2) Order the closure of the charter school identified in subsection (a) ~~on the date set by the state board.~~ **at the end of the current school year.**

(3) Order the reduction of any administrative fee collected under IC 20-24-7-4 that is applicable to the charter school identified in subsection (a). ~~to an amount not greater than fifty percent (50%) of the amount allowed under IC 20-24-7-4.~~ **The reduction must become effective at the beginning of the month following the month of the authorizer's hearing before the state board.**

A charter school that is closed by the state board under this section may not be granted a charter by any other authorizer.

(c) In determining whether to impose consequences under subsection (b), the state board must consider the following:

(1) Enrollment of students with special challenges such as drug or alcohol addiction, prior withdrawal from school, prior incarceration, or other special circumstances.

(2) High mobility of the student population resulting from the specific purpose of the charter school.

(3) Annual improvement in the performance of students enrolled in the charter school, as measured by IC 20-31-8-1, compared with the performance of students enrolled in the charter school in the immediately preceding school year.

SECTION 15. IC 20-24-2.2-4, AS ADDED BY P.L.91-2011, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 4. If the state board has closed or transferred ~~sponsorship~~ **authorization** of at least twenty-five percent (25%) of the charter schools chartered by one (1) ~~sponsor~~ **authorizer** under section 3 of this chapter, the ~~sponsor's~~ **authorizer's** authority to ~~sponsor~~ **authorize** new charter schools may be suspended by the state board until the state board approves the ~~sponsor~~ **authorizer** to ~~sponsor~~ **authorize** new charter schools. A determination under this section to suspend ~~a sponsor's~~ **an authorizer's** authority to ~~sponsor~~ **authorize** new charter schools must identify the deficiencies that, if corrected, will result in the approval of the ~~sponsor~~ **authorizer** to ~~sponsor~~ **authorize** new charter schools.

SECTION 16. IC 20-24-2.2-5 IS ADDED TO THE INDIANA

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CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 5. (a) The purpose of this section is to establish a cooperative relationship:**

(1) between the department and an authorizer; and

(2) that fosters improved decision making related to charter schools authorized by the authorizer.

(b) As used in this section, "covered records" refers to the following:

(1) Education records (as defined in 20 U.S.C. 1232g(a)(4), as in effect January 1, 2013) of students who enrolled in a charter school authorized by an authorizer that are in the possession of the department or the state board.

(2) Records in the possession of the department or the state board that relate to the evaluation of the performance of a charter school authorized by an authorizer or students who are enrolled in a charter school authorized by an authorizer.

(3) Records in the possession of the department or the state board that relate to the evaluation of the performance of certified employees employed by a charter school authorized by an authorizer.

(4) Records in the possession of the department or the state board related to the evaluation of the performance of an authorizer.

(c) Notwithstanding IC 5-14-3 or any other law, the department shall provide, without charge, an authorizer with either:

(1) electronic access to; or

(2) written copies of;

covered records, as requested by the authorizer, that relate to a charter school authorized by the authorizer or to the students or certified employees of the charter school. The department shall provide the covered records on a schedule determined by the authorizer.

(d) The department shall provide, without charge, an authorizer with a summary of the covered records that relate to a charter school authorized by the authorizer or to the students or certified employees of the charter school. The department shall provide the summary described in this subsection to the authorizer at least once each month. The authorizer may receive either paper copies of the summary or copies of the summary transmitted electronically, at the option of the authorizer. The summary must be sufficiently detailed to identify each category or collection of covered records. The department and the authorizer shall consult

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one another as necessary to carry out this section.

(e) An authorizer may use covered records received under this section only to:

(1) administer a charter authorization program;

(2) monitor and evaluate compliance with state standards;

(3) identify educational weaknesses in charter school programs; or

(4) improve charter school performance.

(f) An authorizer shall protect covered records received by the authorizer in a manner that will not permit the personal identification of students and their parents by persons other than officials of the authorizer who are directly involved in the authorization program or involved with studies related to charter schools authorized by the authorizer. An authorizer shall destroy personally identifiable data when the information is no longer needed for purposes of audit, evaluation, and enforcement of state and federal requirements related to the charter schools authorized by the authorizer.

SECTION 17. IC 20-24-2.2-6 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 6. (a) If the deficiencies identified under section 3 of this chapter are not corrected within two (2) years after the date the state board suspends the authorizer's authority to authorize new charter schools in a final order under section 4 of this chapter, the state board, following an affirmative vote of two-thirds (2/3) of the members, may revoke the authorizer's authority to function as an authorizer. The state board shall take all necessary steps to decommission the authorizer, including overseeing the orderly winding up of authorization activities or responsibilities, and ensuring the transfer of any charter school records or administrative fees due under IC 20-24-7-4 in the authorizer's custody.**

(b) Charter schools authorized by an authorizer that has been decommissioned under subsection (a) must apply to be approved by another authorizer within one hundred fifty (150) days after the date the state board revokes the authorizer's authority to function as an authorizer, regardless of whether the state board has begun the process of winding up authorization activities of the authorizer. A charter school that is not approved under this subsection must close at the end of the charter school's current school year containing the date in which the charter school's application under this subsection is disapproved. A charter school that is closed by

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the state board under section 3 of this chapter may not be approved by another authorizer under this subsection.

SECTION 18. IC 20-24-2.2-7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 7. An entity may relinquish its authorizer status by providing the state board a written statement describing the authorizer's intention not to be considered an authorizer and the reasons why the authorizer wishes to relinquish its authorizer status. The written statement must reflect the intention of the authorizer's governing body. The state board shall review and act on the authorizer's written statement and shall take all steps necessary to decommission the authorizer, including overseeing the orderly winding up of authorization activities, and ensuring the transfer of any charter school records or administrative fee balances due under IC 20-24-7-4 in the authorizer's custody.**

SECTION 19. IC 20-24-2.3 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]:

Chapter 2.3. Indianapolis Charter School Board

Sec. 1. This chapter applies only to an authorizer that is the executive of a consolidated city.

Sec. 2. As used in this chapter, "executive" has the meaning set forth in IC 36-1-2-5(2).

Sec. 3. (a) The Indianapolis charter school board is established.

(b) The Indianapolis charter school board is composed of the following nine (9) members appointed to four (4) year terms:

(1) Six (6) members are appointed by the executive.

(2) Three (3) members are appointed by the president of the city-county council for the consolidated city.

(c) The executive shall appoint the chairperson of the Indianapolis charter school board.

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

Sec. 4. The Indianapolis charter school board, with assistance from the executive's office, shall establish a process to:

(1) review a proposal to establish a charter school under IC 20-24-3-4; and

(2) make a decision on the proposal and communicate the

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Indianapolis charter school board's decision to the executive's office with respect to the Indianapolis charter school board's decision to accept or reject the proposal;

and the executive shall notify an organizer of the Indianapolis charter school board's decision as required under IC 20-24-3-9.

Sec. 5. The executive's office shall provide staff to carry out the duties of the Indianapolis charter school board under this chapter.

SECTION 20. IC 20-24-3-1, AS ADDED BY P.L.1-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 1. ~~A sponsor~~ **An authorizer** may grant a charter to an organizer to operate a charter school under this article.

SECTION 21. IC 20-24-3-2, AS ADDED BY P.L.1-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 2. ~~A sponsor~~ **An authorizer** may not grant a charter to a for-profit organizer.

SECTION 22. IC 20-24-3-2.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 2.5. If a proposed charter school intends to contract with an education service provider for substantial educational services, management services, or both educational services and management services, the request for proposals shall require the applicants to provide the following:**

(1) Evidence of the education service provider's success in serving student populations similar to the targeted populations, including demonstrated academic achievement as well as successful management of nonacademic school functions, if applicable.

(2) A term sheet setting forth the:

(A) proposed duration of the service contract;

(B) roles and responsibilities of the organizer, the school staff, and the education service provider;

(C) performance evaluation measures and timelines;

(D) compensation structure, including clear identification of all fees to be paid to the education service provider;

(E) methods of contract oversight and enforcement;

(F) investment disclosure; and

(G) conditions for renewal and termination of the contract.

(3) A disclosure statement to explain any existing or potential conflicts of interest between the organizer and the proposed education service provider or any affiliated business entities.

(4) Assurance that the organizer will be structurally independent of the education service provider and shall set

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and approve school policies. The assurance must also provide that the terms of the service contract must be reached by the organizer and the education service provider through arms length negotiations in which the organizer must be represented by legal counsel. The legal counsel may not also represent the education service provider.

SECTION 23. IC 20-24-3-3, AS ADDED BY P.L.1-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 3. The organizer's constitution, charter, articles, or bylaws must contain a clause providing that upon dissolution:

(1) ~~all remaining assets, except funds specified in subdivision (2), shall be used for nonprofit educational purposes;~~ **the remaining assets of the charter school shall be distributed first to satisfy outstanding payroll obligations for employees of the charter school, then to creditors of the charter school, then to any outstanding debt to the common school fund;** and

(2) remaining funds received from the department shall be returned to the department not more than thirty (30) days after dissolution.

If the assets of the charter school are insufficient to pay all parties to whom the charter school owes compensation under subdivision (1), the priority of the distribution of assets may be determined by a court.

SECTION 24. IC 20-24-3-4, AS AMENDED BY P.L.91-2011, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 4. (a) An organizer may submit to the ~~sponsor~~ **authorizer** a proposal to establish a charter school.

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

(1) Identification of the organizer.

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

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

(A) Name.

(B) Purposes.

(C) Governance structure.

(D) Management structure.

(E) Educational mission goals.

(F) Curriculum and instructional methods.

(G) Methods of pupil assessment.

(H) Admission policy and criteria, subject to IC 20-24-5.

(I) School calendar.

(J) Age or grade range of students to be enrolled.

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(K) A description of staff responsibilities.
(L) A description of the physical plant.
(M) Budget and financial plans.
(N) Personnel plan, including methods for selection, retention, and compensation of employees.
(O) Transportation plan.
(P) Discipline program.
(Q) Plan for compliance with any applicable desegregation order.
(R) The date when the charter school is expected to:
(i) begin school operations; and
(ii) have students attending the charter school.
(S) The arrangement for providing teachers and other staff with health insurance, retirement benefits, liability insurance, and other benefits.
(T) Any other applications submitted to ~~a sponsor~~ **an authorizer** in the previous five (5) years.
(4) The manner in which the ~~sponsor~~ **authorizer** must conduct an annual audit of the program operations of the charter school.
(c) This section does not waive, limit, or modify the provisions of:
(1) IC 20-29 in a charter school where the teachers have chosen to organize under IC 20-29; or
(2) an existing collective bargaining agreement for noncertificated employees (as defined in IC 20-29-2-11).

SECTION 25. IC 20-24-3-5 IS REPEALED [EFFECTIVE JULY 1, 2013]. ~~Sec. 5. (a) This section applies only to a sponsor that is the executive of a consolidated city.~~

~~(b) Before issuing a charter, the sponsor must receive the approval of a majority of the members of the legislative body (as defined in IC 36-1-2-9) of the consolidated city for the establishment of a charter school. The sponsor may issue charters for charter schools located in the consolidated city.~~

SECTION 26. IC 20-24-3-5.5, AS ADDED BY P.L.91-2011, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 5.5. (a) This section applies to ~~a sponsor~~ **an authorizer** that is not the executive of a consolidated city.

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

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negative impacts on the school corporation.

SECTION 27. IC 20-24-3-7, AS ADDED BY P.L.1-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 7. The ~~sponsor~~ **authorizer** may revoke the charter of a charter school that does not, by the date specified in the charter:

(1) begin school operations; and

(2) have students attending the charter school.

SECTION 28. IC 20-24-3-8 IS REPEALED [EFFECTIVE JULY 1, 2013]. ~~Sec. 8. Before granting a charter under which more than fifty percent (50%) of the students in a school corporation will attend a charter school, the governing body of the school corporation must receive the approval of the department.~~

SECTION 29. IC 20-24-3-9, AS ADDED BY P.L.169-2005, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 9. ~~A sponsor~~ **An authorizer** must notify an organizer that submits a proposal under section 4 of this chapter of the:

(1) acceptance of the proposal; or

(2) rejection of the proposal;

not later than seventy-five (75) days after the organizer submits the proposal.

SECTION 30. IC 20-24-3-10, AS AMENDED BY P.L.91-2011, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 10. (a) ~~A sponsor~~ **An authorizer** must notify the department of the following:

(1) Receipt of a proposal.

(2) Acceptance of a proposal.

(3) Rejection of a proposal, including the reasons for the rejection.

(4) The length of time for which a charter is granted.

(5) School goals, educational program design, and an education management organization operating a school, if applicable.

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

(b) The department shall annually do the following:

(1) Compile the information received under subsection (a) into a report.

(2) Submit the report in an electronic format under IC 5-14-6 to the legislative council.

SECTION 31. IC 20-24-3-11, AS ADDED BY P.L.1-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 11. If ~~a sponsor~~ **an authorizer** rejects a charter

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school proposal, the organizer may:

(1) amend the charter school proposal and resubmit the proposal to the same ~~sponsor;~~ **authorizer;**

(2) submit a charter school proposal to another ~~sponsor;~~ **authorizer;** or

(3) appeal the decision to the charter school review panel established by section 12 of this chapter.

SECTION 32. IC 20-24-3-12, AS ADDED BY P.L.1-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 12. (a) This section applies if the ~~sponsor~~ **authorizer** rejects a proposal.

(b) The organizer may appeal the decision of the ~~sponsor~~ **authorizer** to the charter school review panel established by subsection (c).

(c) The charter school review panel is established. The members of the panel are as follows:

(1) The governor or the governor's designee.

(2) The state superintendent, who shall chair the panel.

(3) A member of the state board appointed by the state superintendent.

(4) A person with financial management experience appointed by the governor.

(5) A community leader with knowledge of charter school issues appointed jointly by the governor and the state superintendent.

A member shall serve a two (2) year term and may be reappointed to the panel upon expiration of the member's term.

(d) All decisions of the panel shall be determined by a majority vote of the panel's members.

(e) Upon the request of an organizer, the panel shall meet to consider the organizer's proposal and the ~~sponsor's~~ **authorizer's** reasons for rejecting the proposal. The panel must allow the organizer and ~~sponsor~~ **authorizer** to participate in the meeting.

(f) After the panel meets under subsection (e), the panel shall make one (1) of the following findings and issue the finding to the organizer and the ~~sponsor.~~ **authorizer:**

(1) A finding that supports the ~~sponsor's~~ **authorizer's** rejection of the proposal.

(2) A finding that:

(A) recommends that the organizer amend the proposal; and

(B) specifies the changes to be made in the proposal if the organizer elects to amend the proposal.

(3) A finding that approves the proposal.

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The panel shall issue the finding not later than forty-five (45) days after the panel receives the request for review.

(g) If the panel makes a finding described in subsection (f)(1), the finding is final.

(h) If the panel makes a finding described in subsection (f)(2), the organizer may amend the proposal according to the panel's recommendations and resubmit the proposal directly to the panel.

(i) If the panel makes a finding described in subsection (f)(3), the proposal is considered conditionally approved. The approval shall be considered final upon delivery to the panel of written notice from the organizer and an eligible ~~sponsor~~ **authorizer** that the ~~sponsor~~ **authorizer** has agreed to serve as ~~a sponsor~~ **an authorizer** for the proposal approved by the panel.

(j) Proposals approved under this section shall not be counted under any numerical limits placed upon ~~a sponsor~~ **an authorizer** or set of ~~sponsors.~~ **authorizers.**

SECTION 33. IC 20-24-3-14, AS ADDED BY P.L.1-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 14. (a) This section applies to university ~~sponsors.~~ **authorizers.**

(b) Except as provided in subsection (c), the ultimate responsibility for choosing to ~~sponsor~~ **authorize** a charter school and responsibilities for maintaining ~~sponsorship~~ **authorization** rest with the university's board of trustees.

(c) The university's board of trustees may vote to assign ~~sponsorship~~ **authorization** authority and ~~sponsorship~~ **authorization** responsibilities to another person or entity that functions under the direction of the university's board. A decision made under this subsection shall be communicated in writing to the department and the charter school review panel.

(d) Before a university may ~~sponsor~~ **authorize** a charter school, the university must conduct a public meeting with public notice in the county where the charter school will be located.

SECTION 34. IC 20-24-3-16, AS ADDED BY P.L.1-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 16. An entity or multiple divisions of the same entity may not serve simultaneously as both the organizer and the ~~sponsor~~ **authorizer** of the same charter school.

SECTION 35. IC 20-24-3-17 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 17. (a) The department shall assign a school corporation identification number for each charter**

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school established under this chapter.

(b) If a charter school assigned a school corporation identification number under subsection (a) consists of more than one (1) campus, the department shall assign each charter school campus, in addition to the school corporation identification number under subsection (a), a separate school identification number.

SECTION 36. IC 20-24-4-1, AS AMENDED BY P.L.91-2011, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 1. (a) A charter must meet the following requirements:

(1) Be a written instrument.

(2) Be executed by ~~a sponsor~~ **an authorizer** and an organizer.

(3) Confer certain rights, franchises, privileges, and obligations on a charter school.

(4) Confirm the status of a charter school as a public school.

(5) Be granted for:

(A) not less than three (3) years; and

(B) a fixed number of years agreed to by the ~~sponsor~~ **authorizer** and the organizer.

(6) Provide for the following:

(A) A review by the ~~sponsor~~ **authorizer** of the charter school's performance, including the progress of the charter school in achieving the academic goals set forth in the charter, at least one (1) time in each five (5) year period while the charter is in effect.

(B) Renewal, if the ~~sponsor~~ **authorizer** and the organizer agree to renew the charter.

(C) The renewal application must include guidance from the authorizer, and the guidance must include the performance criteria that will guide the authorizer's renewal decisions.

(D) The renewal application process must, at a minimum, provide an opportunity for the charter school to:

(i) present additional evidence, beyond the data contained in the performance report, supporting its case for charter renewal;

(ii) describe improvements undertaken or planned for the charter school; and

(iii) detail the charter school's plans for the next charter term.

(E) Not later than October 1, in the year in which the

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charter school seeks renewal of a charter, the governing board of a charter school seeking renewal shall submit a renewal application to the charter authorizer under the renewal application guidance issued by the authorizer. The authorizer shall make a final ruling on the renewal application not later than March 1 after the filing of the renewal application. The March 1 deadline does not apply to any review or appeal of a final ruling. After the final ruling is issued, the charter school may obtain further review by the authorizer of the authorizer's final ruling in accordance with the terms of the charter school's charter and the protocols of the authorizer.

(7) Specify the grounds for the ~~sponsor~~ **authorizer** to:

(A) revoke the charter before the end of the term for which the charter is granted; or

(B) not renew a charter.

(8) Set forth the methods by which the charter school will be held accountable for achieving the educational mission and goals of the charter school, including the following:

(A) Evidence of improvement in:

(i) assessment measures, including the ISTEP and end of course assessments;

(ii) attendance rates;

(iii) graduation rates (if appropriate);

(iv) increased numbers of Core 40 diplomas and other college and career ready indicators including advanced placement participation and passage, dual credit participation and passage, and International Baccalaureate participation and passage (if appropriate);

(v) increased numbers of academic honors and technical honors diplomas (if appropriate);

(vi) student academic growth;

(vii) financial performance and stability; and

(viii) governing board performance and stewardship, including compliance with applicable laws, rules and regulations, and charter terms.

(B) Evidence of progress toward reaching the educational goals set by the organizer.

(9) Describe the method to be used to monitor the charter school's:

(A) compliance with applicable law; and

(B) performance in meeting targeted educational performance.

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(10) Specify that the ~~sponsor~~ **authorizer** and the organizer may amend the charter during the term of the charter by mutual consent and describe the process for amending the charter.

(11) Describe specific operating requirements, including all the matters set forth in the application for the charter.

(12) Specify a date when the charter school will:

(A) begin school operations; and

(B) have students attending the charter school.

(13) Specify that records of a charter school relating to the school's operation and charter are subject to inspection and copying to the same extent that records of a public school are subject to inspection and copying under IC 5-14-3.

(14) Specify that records provided by the charter school to the department or ~~sponsor~~ **authorizer** that relate to compliance by the organizer with the terms of the charter or applicable state or federal laws are subject to inspection and copying in accordance with IC 5-14-3.

(15) Specify that the charter school is subject to the requirements of IC 5-14-1.5.

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

SECTION 37. IC 20-24-4-2 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 2. An organizer may hold one (1) or more charter contracts. Each charter school that is part of a charter contract must be separate and distinct from any other charter school.**

SECTION 38. IC 20-24-4-3 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 3. (a) In making charter renewal decisions, an authorizer shall:**

(1) make decisions based upon evidence of the school's performance over the term of the charter contract in accordance with the performance framework set forth in the charter contract;

(2) ensure the data used in making renewal decisions are available to the school and the public; and

(3) provide a public report summarizing the evidence basis for each decision.

(b) An authorizer must develop revocation and nonrenewal processes that:

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(1) provide the organizer with a timely notification of revocation or nonrenewal and the reasons for the possible revocation or nonrenewal;

(2) allow the organizer a reasonable amount of time in which to prepare a response;

(3) provide the organizer with an opportunity to submit documents and give testimony in support of the continuation of the charter school at a proceeding held for that purpose;

(4) allow the organizer access to representation by counsel; and

(5) after a reasonable period for deliberation, require that a final determination be made and conveyed in writing to the organizer.

(c) If an authorizer revokes or does not renew a charter, the authorizer shall clearly state, in writing, the reasons for the revocation or nonrenewal.

SECTION 39. IC 20-24-5-4, AS AMENDED BY P.L.91-2011, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 4. (a) Except as provided in this chapter, a charter school may not establish admission policies or limit student admissions in any manner in which a public school is not permitted to establish admission policies or limit student admissions.

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

SECTION 40. IC 20-24-6-1, AS AMENDED BY P.L.91-2011, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 1. (a) Individuals who work at a charter school are employees of the charter school or of an entity with which the charter school has contracted to provide services.

(b) Teachers in a conversion charter school may be employees of the charter school or of both the charter school and the school corporation that ~~sponsored~~ **authorized** the charter school, as determined by the provisions of the charter.

(c) All benefits accrued by teachers as employees of the conversion charter school are the financial responsibility of the conversion charter school.

(d) All benefits accrued by a teacher during the time the teacher was an employee only of the school corporation that ~~sponsored~~ **authorized** the charter school are the financial responsibility of the school corporation. The school corporation shall pay those benefits directly or

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reimburse the conversion charter school for the cost of the benefits.

SECTION 41. IC 20-24-6-8, AS ADDED BY P.L.1-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 8. The decision by ~~a sponsor~~ **an authorizer** whether to grant a charter is not subject to restraint by a collective bargaining agreement.

SECTION 42. IC 20-24-7-4, AS AMENDED BY P.L.91-2011, SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 4. (a) Services that a school corporation provides to a charter school, including transportation, may be provided at not more than one hundred three percent (103%) of the actual cost of the services.

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

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

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

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

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

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

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

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

SECTION 43. IC 20-24-7-6.5, AS ADDED BY P.L.229-2011, SECTION 170, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 6.5. (a) Subject to subsection (b) and with the approval of a majority of the members of the governing body, a school corporation may distribute any part of the following to a conversion school ~~sponsored~~ **authorized** by the school corporation in the amount and under the terms and conditions adopted by a majority of the members of the governing body:

(1) State tuition support and other state distributions to the school corporation.

(2) Any other amount deposited in the school corporation's general fund.

(b) The total amount that may be transferred under subsection (a) in a calendar year to a particular conversion charter school may not exceed the result determined under STEP FOUR of the following formula:

STEP ONE: Determine the result of:

(A) the amount of state tuition support that the school corporation is eligible to receive in the calendar year; divided by

(B) the current ADM of the school corporation for the calendar

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year.

STEP TWO: Determine the result of:

(A) the amount of state tuition support that the conversion charter school is eligible to receive in the calendar year; divided by

(B) the current ADM of the conversion charter school for the calendar year.

STEP THREE: Determine the greater of zero (0) or the result of:

(A) the STEP ONE amount; minus

(B) the STEP TWO amount.

STEP FOUR: Determine the result of:

(A) the STEP THREE amount; multiplied by

(B) the current ADM of the conversion charter school for the calendar year.

SECTION 44. IC 20-24-7-8, AS ADDED BY P.L.1-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 8. ~~A sponsor~~ **An authorizer** may request and receive financial reports concerning a charter school from the organizer at any time.

SECTION 45. IC 20-24-7-9, AS AMENDED BY P.L.146-2008, SECTION 463, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 9. (a) This section applies if:

(1) ~~a sponsor:~~ **an authorizer:**

(A) revokes a charter before the end of the term for which the charter is granted; or

(B) does not renew a charter; or

(2) a charter school otherwise terminates its charter before the end of the term for which the charter is granted.

(b) Any state funds that remain to be distributed to the charter school in the calendar year in which an event described in subsection (a) occurs shall be distributed as follows:

(1) First, to the common school loan fund to repay any existing obligations of the charter school under IC 20-49-7.

(2) Second, to the entities that distributed the funds to the charter school. A distribution under this subdivision shall be on a pro rata basis.

(c) If the funds described in subsection (b) are insufficient to repay all existing obligations of the charter school under IC 20-49-7, the state shall repay any remaining obligations of the charter school under IC 20-49-7 from the amount appropriated for state tuition support distributions.

SECTION 46. IC 20-24-7-10, AS ADDED BY P.L.169-2005,

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SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 10. (a) The department shall carry out a program to identify all federal funds for which a charter school is eligible.

(b) The department shall apply for all federal funds that are available for charter schools and for which Indiana is eligible.

(c) Upon receiving notice under ~~IC 20-5.5-3-9~~ **IC 20-24-3-10** from ~~a sponsor~~ **an authorizer** that a charter has been approved, the department shall immediately inform the organizer of the organizer's potential eligibility for federal charter school start-up grants.

(d) The department shall distribute federal charter school start-up grants to eligible organizers in a timely manner according to the department's published guidelines for distributing the grants.

(e) The department shall compile a biannual report and submit the report to the state office of federal grants and procurement and to charter school organizers and ~~sponsors.~~ **authorizers.** The report submitted under this subsection must contain the following information for grants distributed under this section:

(1) Beginning and end dates for each grant cycle.

(2) The dates on which:

(A) grant applications and requests for renewal were received; and

(B) grants were awarded.

(3) The amount of each grant awarded.

SECTION 47. IC 20-24-7-13, AS AMENDED BY P.L.229-2011, SECTION 171, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 13. (a) As used in this section, "virtual charter school" means any charter school, including a conversion charter school, that provides for the delivery of more than fifty percent (50%) of instruction to students through:

(1) virtual distance learning;

(2) online technologies; or

(3) computer based instruction.

(b) ~~Beginning with the 2011-2012 school year,~~ A virtual charter school may apply for ~~sponsorship~~ **authorization** with any statewide ~~sponsor~~ **authorizer** in accordance with the ~~sponsor's~~ **authorizer's** guidelines.

~~(c) Before January 1, 2012, a virtual charter school is entitled to receive funding from the state in an amount equal to the sum of:~~

~~(1) the product of:~~

~~(A) the number of students included in the virtual charter school's ADM; multiplied by~~

~~(B) eighty percent (80%) of statewide average basic tuition~~

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~~support.~~

~~(d)~~ **(c)** ~~After December 31, 2011,~~ **Before July 1, 2013,** a virtual charter school is entitled to receive funding from the state in an amount equal to the sum of:

(1) the product of:

(A) the number of students included in the virtual charter school's ADM; multiplied by

(B) eighty-seven and five-tenths percent (87.5%) of the school's foundation amount determined under IC 20-43-5-4; plus

(2) the total of any special education grants under IC 20-43-7 to which the virtual charter school is entitled.

(d) For a state fiscal year beginning after June 30, 2013, a virtual charter school is entitled to receive funding from the state in the manner prescribed under IC 20-43.

(e) ~~After December 31, 2011,~~ **For state fiscal years beginning after June 30, 2013,** a virtual charter school is entitled to receive special education grants under IC 20-43-7 calculated in the same manner as special education grants are calculated for other school corporations.

~~(d)~~ **(f)** The ~~department~~ **state board** shall adopt rules under IC 4-22-2 to govern the operation of virtual charter schools.

~~(e)~~ **(g)** ~~Beginning in 2009,~~ The department, **with the approval of the state board,** shall before December 1 of each year submit an annual report to the budget committee concerning the program under this section.

~~(f) This subsection does not apply to students who were enrolled in a virtual charter school during the 2010-2011 school year. Each school year, at least sixty percent (60%) of the students who are enrolled in virtual charter schools under this section for the first time must have been included in the state's ADM count for the previous school year.~~

SECTION 48. IC 20-24-7.5-2 IS REPEALED [EFFECTIVE JANUARY 1, 2014]. ~~Sec. 2. This chapter does not apply to a virtual charter school.~~

SECTION 49. IC 20-24-8-3, AS ADDED BY P.L.1-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 3. For each charter school established under this article, the charter school and the organizer are accountable to the ~~sponsor~~ **authorizer** for ensuring compliance with:

(1) applicable federal and state laws;

(2) the charter; and

(3) the Constitution of the State of Indiana.

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SECTION 50. IC 20-24-9-2, AS AMENDED BY P.L.91-2011, SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 2. An annual report under this chapter must contain the following information:

(1) Results of all standardized testing, including ISTEP program testing, end of course assessments, and any other assessments used for each ~~sponsored~~ **authorized** school.

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

(2) Student growth and improvement data for each authorized school.

(3) Attendance rates for each ~~sponsored~~ **authorized** school.

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

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

(A) The number of students enrolled.

(B) The number of students expelled.

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

(7) Names of the authorizer's board members or ultimate decision making body.

(8) Evidence that the authorizer is in compliance with IC 20-24-2.2-1.5.

(9) A report summarizing the total amount of administrative fees collected by the authorizer and how the fees were expended, if applicable.

SECTION 51. IC 20-24-9-3, AS ADDED BY P.L.1-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 3. The ~~sponsor~~ **authorizer** shall oversee a charter school's compliance with:

(1) the charter; and

(2) all applicable laws.

SECTION 52. IC 20-24-9-4, AS ADDED BY P.L.1-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 4. Notwithstanding the provisions of the charter, ~~a sponsor~~ **an authorizer** that grants a charter may revoke the charter at any time before the expiration of the term of the charter if, **after the authorizer has notified the school and given reasonable time to correct the issue,** the ~~sponsor~~ **authorizer** determines that at least one (1) of the following occurs:

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(1) The organizer fails to comply with the conditions **or procedures** established in the charter.
(2) The charter school established by the organizer fails to meet the educational goals set forth in the charter.
(3) The organizer fails to comply with all applicable laws.
(4) The organizer fails to meet generally accepted **fiscal management and** government accounting principles.
(5) One (1) or more grounds for revocation exist as specified in the charter.

SECTION 53. IC 20-24-9-4.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 4.5. (a) Before any charter school closure decision, an authorizer shall develop a charter school closure protocol to ensure timely notification to parents, orderly transition of students and student records to new schools, and proper disposition of school funds, property, and assets.**

(b) If a charter school closes for any reason, the authorizer shall oversee and work with the closing charter school to ensure a smooth and orderly closure and transition for students and parents, as guided by the closure protocol.

SECTION 54. IC 20-24-9-5, AS ADDED BY P.L.1-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 5. A charter school shall report the following to the ~~sponsor.~~ **authorizer:**
(1) Attendance records.
(2) Student performance data.
(3) Financial information.
(4) Any information necessary to comply with state and federal government requirements.
(5) Any other information specified in the charter.

SECTION 55. IC 20-24-9-7, AS ADDED BY P.L.148-2012, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 7. **If an organizer of a charter school maintains an Internet web site for a charter school,** the organizer of ~~a~~ **the** charter school shall publish the names of the charter school's governing body on the **charter** school's Internet web site.

SECTION 56. IC 20-24-11-1, AS AMENDED BY P.L.91-2011, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 1. (a) This section does not apply to an existing public elementary or secondary school that the governing body of the school corporation in which the school is located has scheduled for closure.

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(b) An existing public elementary or secondary school may be converted into a charter school if all of the following conditions apply:

(1) At least fifty-one percent (51%) of the parents of students who attend the school have signed a petition requesting the conversion, which must be completed not later than ninety (90) days after the date of the first signature.

(2) The school has been placed in either of the two (2) lowest categories or designations under IC 20-31-8-3 for two (2) consecutive years.

(3) The governing body votes to convert an existing school within the school corporation.

(c) Notwithstanding subsection (b), if a governing body operates a school that has been placed in either of the two (2) lowest categories or designations under IC 20-31-8-3 for four (4) consecutive years, the governing body may not serve as that charter school's ~~sponsor.~~ **authorizer.**

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

SECTION 57. IC 20-39-1-1, AS ADDED BY P.L.2-2006, SECTION 162, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 1. All public school governing bodies, **except a charter school organizer,** shall adopt and fully and accurately implement a single, unified accounting system as prescribed by the state board and the state board of accounts.

SECTION 58. IC 20-39-1-2 IS REPEALED [EFFECTIVE JULY 1, 2013]. ~~Sec. 2. Section 1 of this chapter and rules and guidelines adopted under section 1 of this chapter apply to a charter school.~~

SECTION 59. IC 20-39-1-4 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 4. Charter school organizers shall adopt and accurately implement a single, unified accounting system for charter school organizers as prescribed by the state board and the state board of accounts. The system, including a chart of accounts and all prescribed forms, must enable charter school organizers to adopt the accrual basis method of accounting.**

SECTION 60. IC 20-43-1-1, AS AMENDED BY P.L.144-2012, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JUNE 30, 2013]: Sec. 1. This article expires ~~July 1, 2013.~~ **July 1, 2015.**

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SECTION 61. IC 20-43-1-23, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 23. "School corporation" means the following:

(1) Any local public school corporation established under Indiana law.

(2) Except as otherwise indicated in this article, a charter school **organizer, including a virtual charter school organizer.**

SECTION 62. IC 20-43-1-25, AS AMENDED BY P.L.229-2011, SECTION 203, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2014]: Sec. 25. "State tuition support" means the amount of state funds to be distributed to:

(1) a school corporation other than a virtual charter school in any calendar year under this article for all grants, distributions, and awards described in IC 20-43-2-3; and

(2) a virtual charter school in any ~~calendar~~ **state fiscal** year ~~under IC 20-43-6-3.~~ **under this article beginning in a state fiscal year beginning after June 30, 2013, for all grants, distributions, and awards described in IC 20-43-2-3, except IC 20-43-2-3(3).**

SECTION 63. IC 20-43-6-3, AS AMENDED BY P.L.229-2011, SECTION 212, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2014]: Sec. 3. (a) A school corporation's basic tuition support for a year is the amount determined under the applicable provision of this section.

(b) The school corporation's basic tuition support for a year is equal to the school corporation's transition to foundation revenue for the year.

~~(c) This subsection applies to students of a virtual charter school. A virtual charter school's basic tuition support for a year for those students is the amount determined under IC 20-24-7-13.~~

SECTION 64. IC 20-43-8-0.5 IS REPEALED [EFFECTIVE JANUARY 1, 2014]. ~~Sec. 0.5. This chapter does not apply to a virtual charter school.~~

SECTION 65. IC 20-43-10-0.5 IS REPEALED [EFFECTIVE JANUARY 1, 2014]. ~~Sec. 0.5. This chapter does not apply to a virtual charter school.~~

SECTION 66. IC 20-49-7-22 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 22. (a) This section applies to a charter school that:**

(1) has closed or has had its charter revoked;

(2) has received an advance under this chapter; and

(3) at the time the charter school closes or has its charter

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revoked, has not fully paid back the advance received under this chapter.

(b) If a charter school closes or has its charter revoked, the charter school shall pay back any outstanding advance made under this chapter.

(c) The state board shall notify the attorney general if a charter school has closed or has its charter revoked and has an outstanding advance under this chapter. The attorney general shall use any means under the attorney general's authority to collect the principal on any unpaid advance.

(d) Any charter school or successor of interest to the charter school must pay back any unpaid advance under this chapter before it may receive a new charter school startup grant under IC 20-24-7.5 or grants or loans from the charter school facilities assistance program under IC 20-24-12-2.

SECTION 67. **An emergency is declared for this act.**

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Education, to which was referred House Bill 1338, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

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

"SECTION 1. IC 5-2-10.1-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 6. (a) A school corporation **or charter school (as defined in IC 20-24-1-4)** may receive a grant from the fund for programs, equipment, services, or activities included in a safety plan submitted with the application for funds to the institute.

(b) A safety plan submitted under this section must include provisions for zero (0) tolerance for alcohol, tobacco, drugs, and weapons on school property. If the institute approves the safety plan and application, the treasurer of state shall disburse from the fund to the applicant the amount of the grant certified to the treasurer of state by the institute.

SECTION 2. IC 5-2-10.1-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 7. (a) As used in this section, "program" refers to a school safe haven program.

(b) A school corporation **or charter school (as defined in IC 20-24-1-4)** may apply to the institute for a grant for matching funds under this chapter to establish and operate a school safe haven program.

(c) A program must include at least the following components:

(1) The school must be open to students of the school before and after normal operating hours, preferably from 7 a.m. to 9 p.m., on days determined by the school corporation.

(2) The program must operate according to a plan to do the following in the school:

(A) Reduce alcohol, tobacco, and drug abuse.

(B) Reduce violent behavior.

(C) Promote educational progress.

(d) The institute shall adopt rules to administer the program, including rules concerning evaluations by school corporations on the use and impact of grant money received through the program.".

Page 3, between lines 28 and 29, begin a new paragraph and insert:

"SECTION 2. IC 5-14-1.5-3.6, AS ADDED BY P.L.134-2012, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

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JULY 1, 2013]: Sec. 3.6. (a) This section applies only to a governing body of **a charter school (as defined in IC 20-24-1-4) and** a public agency of the state, including a body corporate and politic established as an instrumentality of the state.

(b) A member of the governing body of a **charter school or** public agency who is not physically present at a meeting of the governing body may participate in a meeting of the governing body by electronic communication only if the member uses a means of communication that permits:

(1) the member;

(2) all other members participating in the meeting;

(3) all members of the public physically present at the place where the meeting is conducted; and

(4) if the meeting is conducted under a policy adopted under subsection (g)(7), all members of the public physically present at a public location at which a member participates by means of electronic communication;

to simultaneously communicate with each other during the meeting.

(c) The governing body must fulfill both of the following requirements for a member of the governing body to participate in a meeting by electronic communication:

(1) This subdivision does not apply to committees appointed by a board of trustees of a state educational institution. The minimum number of members who must be physically present at the place where the meeting is conducted must be the greater of:

(A) two (2) of the members; or

(B) one-third (1/3) of the members.

(2) All votes of the governing body during the electronic meeting must be taken by roll call vote.

Nothing in this section affects the public's right under this chapter to attend a meeting of the governing body at the place where the meeting is conducted and the minimum number of members is physically present as provided for in subdivision (1).

(d) Each member of the governing body is required to physically attend at least one (1) meeting of the governing body annually.

(e) Unless a policy adopted by a governing body under subsection (g) provides otherwise, a member who participates in a meeting by electronic communication:

(1) is considered to be present at the meeting;

(2) shall be counted for purposes of establishing a quorum; and

(3) may vote at the meeting.

(f) A governing body may not conduct meetings using a means of

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electronic communication until the governing body:

(1) meets all requirements of this chapter; and

(2) by a favorable vote of a majority of the members of the governing body, adopts a policy under subsection (g) governing participation in meetings of the governing body by electronic communication.

(g) A policy adopted by a governing body to govern participation in the governing body's meetings by electronic communication may do any of the following:

(1) Require a member to request authorization to participate in a meeting of the governing body by electronic communication within a certain number of days before the meeting to allow for arrangements to be made for the member's participation by electronic communication.

(2) Subject to subsection (e), limit the number of members who may participate in any one (1) meeting by electronic communication.

(3) Limit the total number of meetings that the governing body may conduct in a calendar year by electronic communication.

(4) Limit the number of meetings in a calendar year in which any one (1) member of the governing body may participate by electronic communication.

(5) Provide that a member who participates in a meeting by electronic communication may not cast the deciding vote on any official action.

(6) Require a member participating in a meeting by electronic communication to confirm in writing the votes cast by the member during the meeting within a certain number of days after the date of the meeting.

(7) Provide that in addition to the location where a meeting is conducted, the public may also attend some or all meetings of the governing body, excluding executive sessions, at a public place or public places at which a member is physically present and participates by electronic communication. If the governing body's policy includes this provision, a meeting notice must provide the following information:

(A) The identity of each member who will be physically present at a public place and participate in the meeting by electronic communication.

(B) The address and telephone number of each public place where a member will be physically present and participate by electronic communication.

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(C) Unless the meeting is an executive session, a statement that a location described in clause (B) will be open and accessible to the public.

(8) Require at least a quorum of members to be physically present at the location where the meeting is conducted.

(9) Provide that a member participating by electronic communication may vote on official action only if, subject to subsection (e), a specified number of members:

(A) are physically present at the location where the meeting is conducted; and

(B) concur in the official action.

(10) Establish any other procedures, limitations, or conditions that govern participation in meetings of the governing body by electronic communication and are not in conflict with this chapter.

(h) The policy adopted by the governing body must be posted on the Internet web site of the governing body, **the charter school,** or the public agency.

(i) Nothing in this section affects a public agency's **or charter school's** right to exclude the public from an executive session in which a member participates by electronic communication.".

Page 5, between lines 34 and 35, begin a new paragraph and insert:

"SECTION 5. IC 20-24-1-6.1 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 6.1. "Education service provider" means a for profit education management organization, nonprofit charter management organization, school design provider, or any other partner entity with which a public charter school intends to contract for educational design, implementation, or comprehensive management.**".

Page 7, line 33, delete "(a)".

Page 7, line 34, after "authorizing" delete "." and insert "**, as defined by a nationally recognized organization with expertise in charter school authorizing.**".

Page 7, delete lines 35 through 37.

Page 8, line 20, strike "the charter board." and insert "**another authorizer.**".

Page 9, line 24, delete ", the charter board,".

Page 9, line 26, delete ", the charter".

Page 9, line 27, delete "board,".

Page 9, line 31, delete ", the charter".

Page 9, line 32, delete "board,".

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Page 9, line 35, delete ", the charter".

Page 9, line 36, delete "board,".

Page 10, line 41, after "including" insert "**overseeing the orderly winding up of authorization activities or responsibilities, and ensuring the transfer of any charter school records or administrative fees due under IC 20-24-7-4 in the authorizer's custody.**".

Page 10, delete line 42.

Page 11, delete lines 1 through 2.

Page 11, line 3, delete "who" and insert "**that**".

Page 11, line 5, delete "the charter board" and insert "**another authorizer**".

Page 11, line 18, after "including" insert "**overseeing the orderly winding up of authorization activities, and ensuring the transfer of any charter school records or administrative fee balances due under IC 20-24-7-4 in the authorizer's custody.**".

Page 11, delete lines 19 through 20.

Page 11, between lines 28 and 29, begin a new paragraph and insert:

"SECTION 18. IC 20-24-3-2.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 2.5. If a proposed charter school intends to contract with an education service provider for substantial educational services, management services, or both educational services and management services, the request for proposals shall require the applicants to provide the following:**

(1) Evidence of the education service provider's success in serving student populations similar to the targeted populations, including demonstrated academic achievement as well as successful management of nonacademic school functions, if applicable.

(2) A term sheet setting forth the:

(A) proposed duration of the service contract;

(B) roles and responsibilities of the governing board, the school staff, and the education service provider;

(C) performance evaluation measures and timelines;

(D) compensation structure, including clear identification of all fees to be paid to the education service provider;

(E) methods of contract oversight and enforcement;

(F) investment disclosure; and

(G) conditions for renewal and termination of the contract.

(3) A disclosure statement to explain any existing or potential conflicts of interest between the charter school governing

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body and the proposed education service provider or any affiliated business entities.

(4) Assurance that the organizer's board of directors will be structurally independent of the education service provider and shall set and approve school policies. The assurance must also provide that the terms of the service contract must be reached by the organizer and the education service provider through arms length negotiations in which the organizer must be represented by legal counsel. The legal counsel may not also represent the education service provider.

SECTION 19. IC 20-24-3-3, AS ADDED BY P.L.1-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 3. The organizer's constitution, charter, articles, or bylaws must contain a clause providing that upon dissolution:

(1) ~~all remaining assets, except funds specified in subdivision (2), shall be used for nonprofit educational purposes;~~ **the remaining assets of the charter school shall be distributed first to satisfy outstanding payroll obligations for employees of the charter school, then to creditors of the charter school, then to any outstanding debt to the common school fund;** and

(2) remaining funds received from the department shall be returned to the department not more than thirty (30) days after dissolution.

If the assets of the charter school are insufficient to pay all parties to whom the charter school owes compensation under subdivision (1), the priority of the distribution of assets may be determined by a court.".

Page 16, between lines 1 and 2, begin a new paragraph and insert:

"SECTION 30. IC 20-24-3-17 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 17. (a) The department shall assign a school corporation identification number for each charter school established under this chapter.**

(b) If a charter school assigned a school corporation identification number under subsection (a) consists of more than one (1) campus, the department shall assign each charter school campus, in addition to the school corporation identification number under subsection (a), a separate school identification number.".

Page 16, between lines 22 and 23, begin a new line double block indented and insert:

"**(C) The renewal application process must, at a minimum,**

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provide an opportunity for the charter school to:

(i) present additional evidence, beyond the data contained in the performance report, supporting its case for charter renewal;

(ii) describe improvements undertaken or planned for the charter school; and

(iii) detail the charter school's plans for the next charter term.

(D) The renewal application guidance must include or refer explicitly to the criteria that will guide the authorizer's renewal decisions, which must be based on the performance framework set forth in the charter contract and consistent with this article.

(E) Not later than October 1, in the year in which the charter school seeks renewal of a charter, the governing board of a charter school seeking renewal shall submit a renewal application to the charter authorizer under the renewal application guidance issued by the authorizer. The authorizer shall make a final ruling on the renewal application not later than March 1 after the filing of the renewal application.".

Page 17, between lines 33 and 34, begin a new paragraph and insert:

"SECTION 30. IC 20-24-4-2 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 2. (a) A charter contract may consist of one (1) or more charter schools, to the extent approved by the authorizer and consistent with applicable law. Each charter school that is part of a charter contract must be separate and distinct from any other charter school.**

(b) A governing body may hold one (1) or more charter contracts. Each charter school that is part of a charter contract must be separate and distinct from any other charter school.

SECTION 31. IC 20-24-4-3 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 3. (a) In making charter renewal decisions, an authorizer shall:**

(1) ground its decisions in evidence of the school's performance over the term of the charter contract in accordance with the performance framework set forth in the charter contract;

(2) ensure the data used in making renewal decisions are available to the school and the public; and

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(3) provide a public report summarizing the evidence basis for each decision.

(b) An authorizer must develop revocation and nonrenewal processes that:

(1) provide the organizer with a timely notification of revocation or nonrenewal and the reasons for the possible revocation or nonrenewal;

(2) allow the organizer a reasonable amount of time in which to prepare a response;

(3) provide the organizer with an opportunity to submit documents and give testimony challenging the rationale for revocation or nonrenewal and in support of the continuation of the charter school at an orderly proceeding held for that purpose;

(4) allow the organizer access to representation by counsel and to call witnesses on the organizer's behalf;

(5) permit the recording of the proceedings; and

(6) after a reasonable period for deliberation, require that a final determination be made and conveyed in writing to the organizer.

(c) If an authorizer revokes or does not renew a charter, the authorizer shall clearly state, in writing, the reasons for the revocation or nonrenewal.".

Page 19, delete lines 18 through 42.

Delete page 20.

Page 21, delete lines 1 through 4.

Page 22, line 18, reset in roman "department.".

Page 22, line 18, delete "budget agency.".

Page 22, delete lines 20 through 29.

Page 24, delete lines 8 through 42, begin a new paragraph and insert:

"SECTION 40. IC 20-24-7-10, AS ADDED BY P.L.169-2005, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 10. (a) The department shall carry out a program to identify all federal funds for which a charter school is eligible.

(b) The department shall apply for all federal funds that are available for charter schools and for which Indiana is eligible.

(c) Upon receiving notice under ~~IC 20-5.5-3-9~~ **IC 20-24-3-10** from ~~a sponsor~~ **an authorizer** that a charter has been approved, the department shall immediately inform the organizer of the organizer's potential eligibility for federal charter school start-up grants.

(d) The department shall distribute federal charter school start-up

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grants to eligible organizers in a timely manner according to the department's published guidelines for distributing the grants.

(e) The department shall compile a biannual report and submit the report to the state office of federal grants and procurement and to charter school organizers and ~~sponsors.~~ **authorizers.** The report submitted under this subsection must contain the following information for grants distributed under this section:

(1) Beginning and end dates for each grant cycle.

(2) The dates on which:

(A) grant applications and requests for renewal were received; and

(B) grants were awarded.

(3) The amount of each grant awarded.".

Page 25, delete lines 1 through 7.

Page 26, delete lines 18 through 21.

Page 26, delete lines 30 through 42, begin a new paragraph and insert:

"SECTION 47. IC 20-24-9-2, AS AMENDED BY P.L.91-2011, SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 2. An annual report under this chapter must contain the following information:

(1) Results of all standardized testing, including ISTEP program testing, end of course assessments, and any other assessments used for each ~~sponsored~~ **authorized** school.

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

(2) Student growth and improvement data for each authorized school.

(3) Attendance rates for each ~~sponsored~~ **authorized** school.

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

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

(A) The number of students enrolled.

(B) The number of students expelled.

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

(7) Names of the authorizer's board members or ultimate decision making body.

(8) Evidence that the authorizer is in compliance with IC 20-24-2.2-1.5.

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(9) A report summarizing the total amount of administrative fees collected by the authorizer and how the fees were expended, if applicable.".

Page 27, delete lines 1 through 8.

Page 27, between lines 30 and 31, begin a new paragraph and insert:

"SECTION 53. IC 20-24-9-4.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 4.5. (a) Before any charter school closure decision, an authorizer shall develop a charter school closure protocol to ensure timely notification to parents, orderly transition of students and student records to new schools, and proper disposition of school funds, property, and assets.**

(b) If a charter school closes for any reason, the authorizer shall oversee and work with the closing charter school to ensure a smooth and orderly closure and transition for students and parents, as guided by the closure protocol.".

Page 28, delete lines 33 through 42.

Delete pages 29 through 30.

Page 31, delete lines 1 through 20.

Page 32, line 6, after "organizer" delete "." and insert "**, including a virtual charter school organizer.**".

Page 32, delete lines 18 through 42.

Delete pages 33 through 34.

Page 35, delete lines 1 through 38.

Page 36, delete lines 10 through 42.

Delete pages 37 through 38.

Page 39, delete lines 1 through 3.

Page 39, between lines 6 and 7, begin a new paragraph and insert:

"SECTION 80. IC 20-49-7-9, AS ADDED BY P.L.2-2006, SECTION 172, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 9. **(a)** The state board, after consulting with the department and upon approval of the budget agency, shall establish the terms of an advance before the date on which the advance is made.

(b) After June 30, 2013, the terms of any advance or modification of the terms of an existing advance must include a requirement that a lien be placed on the property of a charter school to secure an advance to the charter school under this chapter if the charter school's charter is revoked or the charter school closes.

SECTION 81. IC 20-49-7-22 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS

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[EFFECTIVE UPON PASSAGE]: **Sec. 22. (a) This section applies to a charter school that:**

(1) has closed or has had its charter revoked;

(2) has received an advance under this chapter; and

(3) at the time the charter school closes or has its charter revoked, has not fully paid back the advance received under this chapter.

(b) If a charter school closes or has its charter revoked, the charter school shall pay back any outstanding advance made under this chapter.

(c) The state board shall notify the attorney general if a charter school has closed or has its charter revoked and has an outstanding advance under this chapter. The attorney general shall use any means under the attorney general's authority to collect the principal on any unpaid advance.

(d) Any charter school or successor of interest to the charter school must pay back any unpaid advance under this chapter before it may receive a new charter school startup grant under IC 20-24-7.5 or grants or loans from the charter school facilities assistance program under IC 20-24-12-2.".

Page 39, delete lines 7 through 25.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1338 as introduced.)

BEHNING, Chair

Committee Vote: yeas 9, nays 3.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1338, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 21, delete lines 31 through 35.

Page 21, line 36, delete "(E)" and insert "**(D)**".

Page 23, line 27, delete "ground its" and insert "**make**".

Page 23, line 27, delete "in" and insert "**based upon**".

Page 24, line 3, delete "an orderly" and insert "**a**".

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Page 24, line 4, after ";" insert "**and**".

Page 24, delete lines 5 through 7.

Page 24, line 8, delete "(6)" and insert "**(4)**".

Page 29, delete lines 15 through 42, begin a new paragraph and insert:

"SECTION 47. IC 20-24-7-13, AS AMENDED BY P.L.229-2011, SECTION 171, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 13. (a) As used in this section, "virtual charter school" means any charter school, including a conversion charter school, that provides for the delivery of more than fifty percent (50%) of instruction to students through:

(1) virtual distance learning;

(2) online technologies; or

(3) computer based instruction.

(b) ~~Beginning with the 2011-2012 school year,~~ A virtual charter school may apply for ~~sponsorship~~ **authorization** with any statewide ~~sponsor~~ **authorizer** in accordance with the ~~sponsor's~~ **authorizer's** guidelines.

~~(c) Before January 1, 2012, a virtual charter school is entitled to receive funding from the state in an amount equal to the sum of:~~

~~(1) the product of:~~

~~(A) the number of students included in the virtual charter school's ADM; multiplied by~~

~~(B) eighty percent (80%) of statewide average basic tuition support.~~

~~(d)~~ **(c)** ~~After December 31, 2011,~~ **For state fiscal years beginning after June 30, 2013,** a virtual charter school is entitled to receive funding **in a month** from the state in an amount equal to the sum of:

(1) the product of:

(A) the number of students included in the virtual charter school's **current** ADM; multiplied by

(B) **the result of:**

(i) ~~eighty-seven and five-tenths~~ **ninety** percent ~~(87.5%)~~ **(90%)** of the school's foundation amount determined under IC 20-43-5-4; **divided by**

(ii) twelve (12); plus

(2) the total of any special education grants under IC 20-43-7 to which the virtual charter school is entitled **for the month.**

~~After December 31, 2011,~~ **For state fiscal years beginning after June 30, 2013,** a virtual charter school is entitled to receive special education grants under IC 20-43-7 calculated in the same manner as special education grants are calculated for other school corporations.

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

(e) ~~Beginning in 2009,~~ The department, **with the approval of the state board,** shall before December 1 of each year submit an annual report to the budget committee concerning the program under this section.

~~(f) This subsection does not apply to students who were enrolled in a virtual charter school during the 2010-2011 school year. Each school year, at least sixty percent (60%) of the students who are enrolled in virtual charter schools under this section for the first time must have been included in the state's ADM count for the previous school year.~~".

Page 30, delete lines 1 through 21.

Page 34, delete lines 25 through 36.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1338 as printed February 8, 2013.)

BROWN T, Chair

Committee Vote: yeas 17, nays 5.

HOUSE MOTION

Mr. Speaker: I move that House Bill 1338 be amended to read as follows:

Page 30, between lines 23 and 24, begin a new paragraph and insert:

"SECTION 50. IC 20-24-8-8 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 8. (a) A charter school is considered a local educational agency. A charter school shall be responsible for meeting the requirements of local educational agencies under applicable federal, state, and local laws, including those relating to special education. The local educational agency status of a charter school may not preclude a charter school from developing partnerships with other school corporations or schools for services, resources, and programs by mutual agreement or a formal contract.**

(b) A charter school shall have primary responsibility for special education at the school, including identification and service provision. The charter school shall be responsible for meeting the needs of enrolled students with disabilities.

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(c) The state shall pay directly to the charter school any federal or state aid attributable to a student with a disability attending the charter school.".

Renumber all SECTIONS consecutively.

(Reference is to HB 1338 as printed February 18, 2013.)

BEHNING

HOUSE MOTION

Mr. Speaker: I move that House Bill 1338 be amended to read as follows:

Page 4, line 17, after "school." insert "T**his subsection does not prohibit the state examiner, personally or through the deputy examiners, field examiners, or private examiners, from examining the accounts in which appropriations, public funds, taxes, or other sources of public money are applied that are received by a nonprofit corporation as a charter school or organizer of a charter school relating to the operation of the charter school.**".

(Reference is to HB 1338 as printed February 18, 2013.)

SMITH V

HOUSE MOTION

Mr. Speaker: I move that House Bill 1338 be amended to read as follows:

Page 24, delete lines 33 through 42.

Page 25, delete lines 1 through 26.

Renumber all SECTIONS consecutively.

(Reference is to HB 1338 as printed February 18, 2013.)

SMITH V

C o p y

COMMITTEE REPORT

Madam President: The Senate Committee on Education and Career Development, to which was referred House Bill No. 1338, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 9, line 17, after "a" delete "public".

Page 11, line 29, after "improvement" insert "**, including any alternative accountability category or designation,**".

Page 11, line 35, reset in roman "may".

Page 11, line 35, delete "shall".

Page 12, between lines 14 and 15, begin a new line blocked left and insert:

"**A charter school that is closed by the state board under this section may not be granted a charter by any other authorizer.**".

Page 14, line 19, delete "4" and insert "**3**".

Page 14, line 20, delete "deficiencies are identified" and insert "**state board suspends the authorizer's authority to authorize new charter schools in a final order**".

Page 14, line 32, delete "the charter school's authorizer is decommissioned." and insert "**the state board revokes the authorizer's authority to function as an authorizer, regardless of whether the state board has begun the process of winding up authorization activities of the authorizer.**".

Page 14, line 34, delete "year." and insert "**year containing the date in which the charter school's application under this subsection is disapproved. A charter school that is closed by the state board under section 3 of this chapter may not be approved by another authorizer under this subsection.**".

Page 15, between lines 6 and 7, begin a new paragraph and insert:

"SECTION 19. IC 20-24-2.3 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]:

Chapter 2.3. Indianapolis Charter School Board

Sec. 1. This chapter applies only to an authorizer that is the executive of a consolidated city.

Sec. 2. As used in this chapter, "executive" has the meaning set forth in IC 36-1-2-5(2).

Sec. 3. (a) The Indianapolis charter school board is established.

(b) The Indianapolis charter school board is composed of the following nine (9) members appointed to four (4) year terms:

(1) Six (6) members are appointed by the executive.

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(2) Three (3) members are appointed by the president of the city-county council for the consolidated city.

(c) The executive shall appoint the chairperson of the Indianapolis charter school board.

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

Sec. 4. The Indianapolis charter school board, with assistance from the executive's office, shall establish a process to:

(1) review a proposal to establish a charter school under IC 20-24-3-4; and

(2) make a decision on the proposal and communicate the Indianapolis charter school board's decision to the executive's office with respect to the Indianapolis charter school board's decision to accept or reject the proposal;

and the executive shall notify an organizer of the Indianapolis charter school board's decision as required under IC 20-24-3-9.

Sec. 5. The executive's office shall provide staff to carry out the duties of the Indianapolis charter school board under this chapter.".

Page 15, line 29, delete "governing board," and insert "**organizer,**".

Page 15, line 38, delete "charter school governing" and insert "**organizer**".

Page 15, line 39, delete "body".

Page 15, line 41, delete "organizer's board of directors" and insert "**organizer**".

Page 21, between lines 28 and 29, begin a new line double block indented and insert:

"**(C) The renewal application must include guidance from the authorizer, and the guidance must include the performance criteria that will guide the authorizer's renewal decisions.**".

Page 21, line 29, delete "(C)" and insert "**(D)**".

Page 21, line 38, delete "(D)" and insert "**(E)**".

Page 22, line 3, after "application." insert "**The March 1 deadline does not apply to any review or appeal of a final ruling. After the final ruling is issued, the charter school may obtain further review by the authorizer of the authorizer's final ruling in accordance with the terms of the charter school's charter and the protocols of the authorizer.**".

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Page 23, delete lines 15 through 24, begin a new paragraph and insert:

"SECTION 36. IC 20-24-4-2 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 2. An organizer may hold one (1) or more charter contracts. Each charter school that is part of a charter contract must be separate and distinct from any other charter school.**".

Page 24, line 3, delete "challenging the rationale for".

Page 24, line 4, delete "revocation or nonrenewal and".

Page 24, delete line 6, begin a new line block indented and insert:

"**(4) allow the organizer access to representation by counsel; and**".

Page 24, line 7, delete "(4)" and insert "**(5)**".

Page 28, delete lines 20 through 42, begin a new paragraph and insert:

"SECTION 46. IC 20-24-7-13, AS AMENDED BY P.L.229-2011, SECTION 171, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 13. (a) As used in this section, "virtual charter school" means any charter school, including a conversion charter school, that provides for the delivery of more than fifty percent (50%) of instruction to students through:

(1) virtual distance learning;

(2) online technologies; or

(3) computer based instruction.

(b) ~~Beginning with the 2011-2012 school year,~~ A virtual charter school may apply for ~~sponsorship~~ **authorization** with any statewide ~~sponsor~~ **authorizer** in accordance with the ~~sponsor's~~ **authorizer's** guidelines.

~~(c) Before January 1, 2012, a virtual charter school is entitled to receive funding from the state in an amount equal to the sum of:~~

~~(1) the product of:~~

~~(A) the number of students included in the virtual charter school's ADM; multiplied by~~

~~(B) eighty percent (80%) of statewide average basic tuition support.~~

~~(d)~~ **(c)** ~~After December 31, 2011,~~ **Before July 1, 2013,** a virtual charter school is entitled to receive funding from the state in an amount equal to the sum of:

(1) the product of:

(A) the number of students included in the virtual charter school's ADM; multiplied by

(B) eighty-seven and five-tenths percent (87.5%) of the

C o p y

school's foundation amount determined under IC 20-43-5-4; plus

(2) the total of any special education grants under IC 20-43-7 to which the virtual charter school is entitled.

(d) For a state fiscal year beginning after June 30, 2013, a virtual charter school is entitled to receive funding from the state in the manner prescribed under IC 20-43.

(e) ~~After December 31, 2011,~~ **For state fiscal years beginning after June 30, 2013,** a virtual charter school is entitled to receive special education grants under IC 20-43-7 calculated in the same manner as special education grants are calculated for other school corporations.

~~(d)~~ **(f)** The ~~department~~ **state board** shall adopt rules under IC 4-22-2 to govern the operation of virtual charter schools.

~~(e)~~ **(g)** ~~Beginning in 2009,~~ The department, **with the approval of the state board,** shall before December 1 of each year submit an annual report to the budget committee concerning the program under this section.

~~(f) This subsection does not apply to students who were enrolled in a virtual charter school during the 2010-2011 school year. Each school year, at least sixty percent (60%) of the students who are enrolled in virtual charter schools under this section for the first time must have been included in the state's ADM count for the previous school year.~~".

Page 29, delete lines 1 through 25.

Page 29, delete lines 37 through 42.

Page 30, delete lines 1 through 12.

Page 31, line 9, after "if" insert ", **after the authorizer has notified the school and given reasonable time to correct the issue,**".

Page 31, line 12, after "conditions" insert "**or procedures**".

Page 31, line 17, after "accepted" insert "**fiscal management and**".

Page 33, line 27, strike "calendar" and insert "**state fiscal**".

Page 33, line 28, delete "after December 31," and insert "**in a state fiscal year beginning after June 30,**".

Renumber all SECTIONS consecutively.

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

(Reference is to HB 1338 as reprinted February 21, 2013.)

KRUSE, Chairperson

Committee Vote: Yeas 7, Nays 4.

C o p y