

PREVAILED	Roll Call No. _____
FAILED	Ayes _____
WITHDRAWN	Noes _____
RULED OUT OF ORDER	

# HOUSE MOTION \_\_\_\_\_

MR. SPEAKER:

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

- 1 Page 2, line 24, delete "IC 12-17.3-1-9." and insert "**IC 20-52-1-9**".
- 2 Page 2, line 26, delete "division" and insert "**department**".
- 3 Page 2, line 27, delete "family resources" and insert "**education**".
- 4 Page 2, line 27, delete IC "12-17.3." and insert "**IC 20-52**".
- 5 Page 4, delete lines 9 through 42.
- 6 Delete pages 5 through 9.
- 7 Page 10, delete lines 1 through 38.
- 8 Page 18, between lines 18 and 19, begin a new paragraph and insert:
- 9 "SECTION 28. IC 20-52 IS ADDED TO THE INDIANA CODE
- 10 AS A **NEW ARTICLE TO READ AS FOLLOWS** [EFFECTIVE
- 11 JULY 1, 2013]:
- 12 **ARTICLE 52. PRESCHOOL EDUCATION SCHOLARSHIPS**
- 13 **Chapter 1. Definitions**
- 14 **Sec. 1. The definitions in this chapter apply throughout this**
- 15 **article.**
- 16 **Sec. 2. "Agreement" refers to an agreement between the**
- 17 **department and an applicant that applies for certification of a**
- 18 **preschool scholarship program.**
- 19 **Sec. 3. "Contribution" refers to a contribution to a preschool**
- 20 **scholarship granting organization for use in a preschool**
- 21 **scholarship program.**
- 22 **Sec. 4. "Eligible preschool" refers to a preschool, including a**
- 23 **preschool operated or administered by a school corporation, a**
- 24 **charter school, or an accredited nonpublic school, that:**
- 25 **(1) is located in Indiana;**

- 1           **(2) is a program of early education services that:**  
 2           **(A) meets the standards of quality recognized by a Level 3**  
 3           **or Level 4 Paths to QUALITY program rating;**  
 4           **(B) is nationally accredited by an accrediting body**  
 5           **recognized by the department;**  
 6           **(C) is provided, before July 1, 2014, by an eligible school**  
 7           **(as defined in IC 20-51-1-4.7); or**  
 8           **(D) is provided, before July 1, 2014, by a participating**  
 9           **school (as defined in IC 20-51-1-6);**  
 10          **(3) requires an eligible individual to pay tuition or fees to**  
 11          **attend;**  
 12          **(4) voluntarily agrees to enroll an eligible individual;**  
 13          **(5) administers a test that measures each eligible preschool**  
 14          **student's progress toward kindergarten readiness; and**  
 15          **(6) submits to the department data required by the**  
 16          **department.**

17          **Sec. 5. "Eligible preschool student" refers to an individual who:**

- 18          **(1) is a legal resident of Indiana;**  
 19          **(2) is at least three (3) years of age and less than five (5) years**  
 20          **of age on the date in the school year specified in IC 20-33-2-7;**  
 21          **(3) is a member of a household with an annual income of not**  
 22          **more than two hundred percent (200%) of the household**  
 23          **income limit for the individual to qualify for a free or reduced**  
 24          **price lunch under the household income guidelines established**  
 25          **under 42 U.S.C. 1758(b) for a child who is school age; and**  
 26          **(4) meets at least one (1) of the following conditions:**  
 27                  **(A) The individual is enrolling in an eligible preschool for**  
 28                  **the first time.**  
 29                  **(B) The individual received a preschool education**  
 30                  **scholarship in the previous year from a nonprofit**  
 31                  **preschool scholarship granting organization that qualifies**  
 32                  **for certification as a preschool scholarship program.**

33          **Sec. 6. "Participating preschool" refers to an eligible preschool**  
 34          **that:**

- 35                  **(1) an eligible preschool student is required to pay tuition or**  
 36                  **fees to attend; and**  
 37                  **(2) voluntarily agrees to enroll an eligible preschool student.**

38          **Sec. 7. "Paths to QUALITY program" refers to a voluntary**  
 39          **quality rating and improvement system for child care**  
 40          **administered:**

- 41                  **(1) statewide by the division of family resources; and**  
 42                  **(2) under the trademark "Paths to QUALITY".**

43          **Sec. 8. "Preschool education scholarship" refers to a grant to**  
 44          **pay only the cost of preschool education for an eligible preschool**  
 45          **student as determined for the school year for which the preschool**  
 46          **education scholarship will be granted.**

1           **Sec. 9. "Preschool scholarship granting organization" refers to**  
2 **an organization that:**

3           **(1) is exempt from federal income taxation under Section**  
4 **501(c)(3) of the Internal Revenue Code; and**

5           **(2) is organized at least in part to grant preschool education**  
6 **scholarships without limiting the availability of preschool**  
7 **education scholarships to students of only one (1)**  
8 **participating preschool.**

9           **Chapter 2. Administrative Provisions**

10          **Sec. 1. The department shall maintain a publicly available list of**  
11 **the preschool scholarship programs certified by the department.**  
12 **The list must contain names, addresses, and any other information**  
13 **that the department determines is necessary for the public to**  
14 **determine which preschool scholarship granting organizations**  
15 **conduct preschool scholarship programs. A current list must be**  
16 **posted on an Internet web site used by the department to provide**  
17 **information to the public.**

18          **Sec. 2. The department shall adopt rules under IC 4-22-2 to**  
19 **implement this article.**

20          **Chapter 3. Preschool Scholarship Granting Organizations;**  
21 **Certification; Administration of Contributions**

22          **Sec. 1. A program qualifies for certification as a preschool**  
23 **scholarship program:**

24           **(1) if:**

25           **(A) the program:**

26           **(i) is administered by a preschool scholarship granting**  
27 **organization; and**

28           **(ii) has the primary purpose of providing preschool**  
29 **education scholarships to eligible preschool students; and**

30           **(B) the preschool scholarship granting organization**  
31 **administering the program:**

32           **(i) applies to the department on the form and in the**  
33 **manner prescribed by the department; and**

34           **(ii) enters into an agreement with the department to**  
35 **comply with this article; or**

36           **(2) if the program is certified by the department under**  
37 **IC 20-51-3-2 on July 1, 2013.**

38          **Sec. 2. The department shall certify all programs that meet the**  
39 **qualifications under section 1 of this chapter as preschool**  
40 **scholarship programs.**

41          **Sec. 3. An agreement entered into under section 1 of this chapter**  
42 **between the department and a preschool scholarship granting**  
43 **organization must require the preschool scholarship granting**  
44 **organization to do the following:**

45           **(1) Provide a receipt to taxpayers for contributions made to**  
46 **the preschool scholarship granting organization that will be**

1 used in a preschool scholarship program. The department of  
 2 state revenue shall prescribe a standardized form for the  
 3 receipt issued under this subdivision. The receipt must  
 4 indicate the value of the contribution and the part of the  
 5 contribution being designated for use in a preschool  
 6 scholarship program.

7 (2) Allow a taxpayer to designate a participating preschool for  
 8 which the taxpayer's contribution must be used as  
 9 scholarships.

10 (3) Use not more than ten percent (10%) of the total amount  
 11 of contributions for administrative costs.

12 (4) Conduct criminal background checks on all the preschool  
 13 scholarship granting organization's employees and board  
 14 members and exclude from employment or governance any  
 15 individual who might reasonably pose a risk to the  
 16 appropriate use of contributed funds.

17 (5) Make the reports required by this chapter.

18 **Sec. 4.** An agreement entered into under section 1 of this chapter  
 19 may not prohibit a preschool scholarship granting organization  
 20 from receiving contributions other than contributions used in a  
 21 preschool scholarship program.

22 **Sec. 5. (a)** An agreement entered into under section 1 of this  
 23 chapter must prohibit a preschool scholarship granting  
 24 organization from distributing preschool education scholarships for  
 25 use by an eligible preschool student to:

26 (1) enroll in a preschool that has:

27 (A) paid staff or board members; or

28 (B) relatives of paid staff or board members;

29 in common with the preschool scholarship granting  
 30 organization; or

31 (2) enroll in a preschool that the preschool scholarship  
 32 granting organization knows does not qualify as a  
 33 participating preschool.

34 (b) An agreement entered into under section 1 of this chapter  
 35 must prohibit a preschool scholarship granting organization from  
 36 limiting the availability of preschool education scholarships to  
 37 students of only one (1) participating preschool.

38 **Sec. 6. (a)** A preschool scholarship granting organization  
 39 certified under this chapter must report publicly to the department  
 40 by August 1 of each year the following information regarding the  
 41 organization's preschool education scholarships that were awarded  
 42 in the previous school year:

43 (1) The name and address of the preschool scholarship  
 44 granting organization.

45 (2) The total number and total dollar amount of contributions  
 46 received during the previous school year.

1           **(3) The total number and total dollar amount of preschool**  
2           **education scholarships awarded during the previous school**  
3           **year.**  
4           **The report must be certified under penalties of perjury by the chief**  
5           **executive officer of the preschool scholarship granting**  
6           **organization.**  
7           **(b) A preschool scholarship granting organization certified**  
8           **under this chapter shall contract with an independent certified**  
9           **public accountant for an annual financial audit of the preschool**  
10           **scholarship granting organization. The preschool scholarship**  
11           **granting organization shall provide a copy of the annual financial**  
12           **audit to the department and shall make the annual financial audit**  
13           **available to a member of the public upon request.**  
14           **Sec. 7. The department shall prescribe a standardized form for**  
15           **preschool scholarship granting organizations to report information**  
16           **required under this chapter.**  
17           **Sec. 8. The department may, in a proceeding under IC 4-21.5,**  
18           **suspend or terminate the certification of an organization as a**  
19           **preschool scholarship granting organization if the department**  
20           **establishes that the preschool scholarship granting organization has**  
21           **intentionally and substantially failed to comply with the**  
22           **requirements of this article or an agreement entered into under this**  
23           **article.**  
24           **Sec. 9. If the department suspends or terminates the certification**  
25           **of an organization as a preschool scholarship granting**  
26           **organization, the department shall notify affected eligible preschool**  
27           **students and their parents of the decision as quickly as possible. An**  
28           **eligible preschool student affected by a suspension or termination**  
29           **of a preschool scholarship granting organization's certification**  
30           **remains an eligible preschool student under this article until the**  
31           **end of the school year in which the preschool scholarship granting**  
32           **organization's certification is suspended or terminated, regardless**  
33           **of whether the preschool scholarship student meets the definition**  
34           **of an eligible preschool student at the time the preschool**  
35           **scholarship granting organization's certification was suspended or**  
36           **terminated.**

1           **Sec. 10. The department may conduct either a financial review**  
2           **or an audit of a preschool scholarship granting organization**  
3           **certified under this chapter if the department of state revenue has**  
4           **evidence of fraud."**

5           Renumber all SECTIONS consecutively.  
            (Reference is to HB 1003 as printed February 18, 2013.)

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Representative Smith V