



February 12, 2013

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## HOUSE BILL No. 1004

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DIGEST OF HB 1004 (Updated February 7, 2013 5:42 pm - DI 116)

**Citations Affected:** IC 12-7; IC 12-17.2; IC 20-51.

**Synopsis:** Early education scholarship pilot program. Establishes the early education scholarship pilot program to provide supplemental funding for eligible children receiving eligible services from certain early education providers. Establishes the early learning advisory committee. Provides that a child who receives an early education scholarship and meets certain other criteria is eligible for purposes of the school scholarship program.

**Effective:** Upon passage; July 1, 2013.

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### Behning, Crouch, VanDenburgh

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January 15, 2013, read first time and referred to Committee on Education.  
February 11, 2013, amended, reported — Do Pass.

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HB 1004—LS 7057/DI 97+



February 12, 2013

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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## HOUSE BILL No. 1004

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

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

- 1 SECTION 1. IC 12-7-2-75.3 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE  
3 UPON PASSAGE]: **Sec. 75.3. "Eligible child", for purposes of**  
4 **IC 12-17.2-3.7, has the meaning set forth in IC 12-17.2-3.7-1.**  
5 SECTION 2. IC 12-7-2-76.2 IS ADDED TO THE INDIANA CODE  
6 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE  
7 UPON PASSAGE]: **Sec. 76.2. "Eligible provider", for purposes of**  
8 **IC 12-17.2-3.7, has the meaning set forth in IC 12-17.2-3.7-2.**  
9 SECTION 3. IC 12-7-2-76.3 IS ADDED TO THE INDIANA CODE  
10 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE  
11 UPON PASSAGE]: **Sec. 76.3. "Eligible services", for purposes of**  
12 **IC 12-17.2-3.7, has the meaning set forth in IC 12-17.2-3.7-3.**  
13 SECTION 4. IC 12-7-2-135.8 IS ADDED TO THE INDIANA  
14 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
15 [EFFECTIVE UPON PASSAGE]: **Sec. 135.8. "Paths to QUALITY**  
16 **program", for purposes of IC 12-17.2-3.7, has the meaning set**  
17 **forth in IC 12-17.2-3.7-4.**

HB 1004—LS 7057/DI 97+



1 SECTION 5. IC 12-7-2-146, AS AMENDED BY P.L.110-2010,  
 2 SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 3 UPON PASSAGE]: Sec. 146. "Program" refers to the following:

4 (1) For purposes of IC 12-8-12.5, the meaning set forth in  
 5 IC 12-8-12.5-1.

6 (2) For purposes of IC 12-10-7, the adult guardianship services  
 7 program established by IC 12-10-7-5.

8 (3) For purposes of IC 12-10-10, the meaning set forth in  
 9 IC 12-10-10-5.

10 **(4) For purposes of IC 12-17.2-3.7, the meaning set forth in**  
 11 **IC 12-17.2-3.7-5.**

12 ~~(4)~~ **(5)** For purposes of IC 12-17.6, the meaning set forth in  
 13 IC 12-17.6-1-5.

14 SECTION 6. IC 12-7-2-169.7 IS ADDED TO THE INDIANA  
 15 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 16 [EFFECTIVE UPON PASSAGE]: **Sec. 169.7. "Scholarship", for**  
 17 **purposes of IC 12-17.2-3.7, has the meaning set forth in**  
 18 **IC 12-17.2-3.7-6.**

19 SECTION 7. IC 12-17.2-3.7 IS ADDED TO THE INDIANA CODE  
 20 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
 21 UPON PASSAGE]:

22 **Chapter 3.7. Early Education Scholarship Pilot Program**

23 **Sec. 1. As used in this chapter, "eligible child" refers to an**  
 24 **individual who:**

25 (1) is at least three (3) years of age and less than five (5) years  
 26 of age on August 1 of the state fiscal year for which a  
 27 scholarship is sought;

28 (2) is a resident of Indiana or otherwise has legal settlement  
 29 in Indiana, as determined under IC 20-26-11;

30 (3) is a member of a household with an annual income that  
 31 does not exceed one hundred eighty-five percent (185%) of the  
 32 federal poverty level; and

33 (4) receives at least one hundred eighty (180) days of eligible  
 34 services per year from an eligible provider.

35 **Sec. 2. As used in this chapter, "eligible provider" refers to a**  
 36 **person that:**

37 (1) provides eligible services;

38 (2) is located in a county in which the program is  
 39 implemented; and

40 (3) administers the kindergarten readiness assessment  
 41 adopted by the department of education.

42 **Sec. 3. As used in this chapter, "eligible services" refers to a**

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1 program of early education services that:

- 2 (1) meets the standards of quality recognized by a Level 3 or  
 3 Level 4 Paths to QUALITY program rating;  
 4 (2) is nationally accredited by an accrediting body recognized  
 5 by the division or the state board of education;  
 6 (3) is accredited by the state board of education;  
 7 (4) is provided, before July 1, 2014, by an eligible school (as  
 8 defined in IC 20-51-1-4.7); or  
 9 (5) is provided, before July 1, 2014, by a participating school  
 10 (as defined in IC 20-51-1-6).

11 Sec. 4. As used in this chapter, "Paths to QUALITY program"  
 12 refers to a voluntary quality rating and improvement system for  
 13 child care administered:

- 14 (1) statewide by the division; and  
 15 (2) under the trademark "Paths to QUALITY".

16 Sec. 5. As used in this chapter, "program" refers to the early  
 17 education scholarship pilot program established by section 7 of this  
 18 chapter.

19 Sec. 6. As used in this chapter, "scholarship" refers to an early  
 20 education scholarship awarded under this chapter.

21 Sec. 7. (a) The early education scholarship pilot program is  
 22 established to reduce the out-of-pocket fees that an eligible child or  
 23 an eligible child's parent, guardian, or custodian would otherwise  
 24 be required to pay to an eligible provider for the eligible child to  
 25 receive eligible services after the application of the maximum  
 26 amount of all other state and federal grants and distributions  
 27 available for reimbursement for the eligible services.

28 (b) The division shall administer the program, which must begin  
 29 on July 1, 2013, in not more than five (5) counties in Indiana,  
 30 chosen by the division.

31 Sec. 8. (a) An eligible child may receive a scholarship through  
 32 the program in accordance with this chapter.

33 (b) A scholarship that has been awarded for an eligible child  
 34 may be terminated at any time that the eligible child fails to  
 35 comply with the requirements for eligibility established by or  
 36 under this chapter.

37 (c) A scholarship is not a grant to or contract with a provider  
 38 but must be considered assistance to the eligible child and the  
 39 parent, guardian, or custodian of the eligible child.

40 (d) The amount of a scholarship provided for an eligible child  
 41 may not be treated as income or a resource for purposes of  
 42 qualifying for any other federal or state grant or program

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1 administered by the state or a political subdivision.

2 (e) To qualify for a scholarship, a parent, guardian, or custodian  
3 must apply for the scholarship in the manner prescribed by the  
4 division.

5 Sec. 9. The maximum amount that may be awarded under this  
6 chapter for all eligible services provided to an eligible child in a  
7 state fiscal year is six thousand eight hundred dollars (\$6,800).

8 Sec. 10. The total amount of all scholarships awarded for  
9 eligible services provided in a state fiscal year may not exceed the  
10 amount appropriated for scholarships for that state fiscal year (less  
11 any amount appropriated to administer the scholarship program).

12 Sec. 11. (a) Scholarships shall be awarded for eligible services  
13 at the rates, in the manner, and in the amounts determined by the  
14 division.

15 (b) The division shall distribute scholarship amounts on a  
16 periodic basis determined by the division.

17 (c) The amount distributed under subsection (b) must be based  
18 on the number and length of days of eligible services received by an  
19 eligible child during the period for which the amount is distributed.

20 (d) The division may distribute any part of a scholarship to the  
21 parent, guardian, or custodian of the eligible child. For a  
22 distribution described in this subsection to be valid, the  
23 distribution must be endorsed by both the parent, guardian, or  
24 custodian of the eligible child and the eligible provider that  
25 provides the eligible services.

26 Sec. 12. (a) To be eligible to receive scholarship payments, an  
27 eligible provider:

28 (1) may be required by the division to register with the  
29 division on a form prescribed by the division;

30 (2) may not discriminate on the basis of race, color, or  
31 national origin; and

32 (3) must otherwise comply with all applicable law and rules  
33 governing the provider.

34 (b) The division may suspend or terminate an eligible provider's  
35 participation in the program if the eligible provider fails to comply  
36 with subsection (a).

37 Sec. 13. (a) The division may adopt rules under IC 4-22-2 to  
38 implement this chapter.

39 (b) The division may adopt emergency rules in the manner  
40 provided under IC 4-22-2-37.1 to implement this chapter.

41 Sec. 14. (a) The early learning advisory committee is established  
42 to do the following:

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- 1 (1) Create accountability measures for the program and  
 2 perform longitudinal review of the results of the measures.  
 3 (2) Conduct periodic statewide needs assessments concerning  
 4 the quality and availability of early education programs for  
 5 children from birth to the age of school entry, including the  
 6 availability of high quality prekindergarten education for low  
 7 income children in Indiana.  
 8 (3) Identify opportunities for, and barriers to, collaboration  
 9 and coordination among federally and state funded child  
 10 development, child care, and early childhood education  
 11 programs and services, including governmental agencies that  
 12 administer the programs and services.  
 13 (4) Assess the capacity and effectiveness of two (2) and four  
 14 (4) year public and private higher education institutions in  
 15 Indiana for the support of development of early educators,  
 16 including:  
 17 (A) professional development and career advancement  
 18 plans; and  
 19 (B) practice or internships with Head Start or  
 20 prekindergarten programs.  
 21 (5) Other duties as determined necessary by the chairperson  
 22 of the committee.  
 23 (6) Not later than June 30 of each year, develop and make  
 24 recommendations to the governor and, in an electronic format  
 25 under IC 5-14-6, to the legislative council concerning the  
 26 following:  
 27 (A) The results of the committee's work under subdivisions  
 28 (1) through (5).  
 29 (B) The results of the program.  
 30 (b) The committee consists of five (5) members appointed by the  
 31 governor as follows:  
 32 (1) A representative of the department of education.  
 33 (2) A representative of the division.  
 34 (3) A representative of a Head Start program under 42 U.S.C.  
 35 9831 et seq.  
 36 (4) A representative of a family advocacy group that has an  
 37 interest in early childhood education.  
 38 (5) An early childhood education provider.  
 39 (c) The governor shall appoint the chairperson of the committee.  
 40 (d) The division shall staff the committee.  
 41 (e) The expenses of the committee shall be paid from the funds  
 42 of the division.



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1 (f) Each member of the committee who is not a state employee  
 2 is entitled to the minimum salary per diem provided by  
 3 IC 4-10-11-2.1(b). The member is also entitled to reimbursement  
 4 for traveling expenses as provided under IC 4-13-1-4 and other  
 5 expenses actually incurred in connection with the member's duties  
 6 as provided in the state policies and procedures established by the  
 7 Indiana department of administration and approved by the budget  
 8 agency.

9 (g) Each member of the committee who is a state employee but  
 10 who is not a member of the general assembly is entitled to  
 11 reimbursement for traveling expenses as provided under  
 12 IC 4-13-1-4 and other expenses actually incurred in connection  
 13 with the member's duties as provided in the state policies and  
 14 procedures established by the Indiana department of  
 15 administration and approved by the budget agency.

16 (h) Each member of the committee who is a member of the  
 17 general assembly is entitled to receive the same per diem, mileage,  
 18 and travel allowances paid to legislative members of interim study  
 19 committees established by the legislative council. Per diem,  
 20 mileage, and travel allowances paid under this section shall be paid  
 21 from appropriations made to the legislative council or the  
 22 legislative services agency.

23 (i) The affirmative votes of a majority of the voting members  
 24 appointed to the committee are required for the committee to take  
 25 action on any measure, including final reports.

26 **Sec. 15. This chapter expires July 1, 2016.**

27 SECTION 8. IC 20-51-1-4.5, AS ADDED BY P.L.92-2011,  
 28 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 29 JULY 1, 2013]: Sec. 4.5. "Eligible individual" refers to an individual:  
 30 **who:**

- 31 (1) **who** has legal settlement in Indiana;  
 32 (2) **who** is at least five (5) years of age and less than twenty-two  
 33 (22) years of age on the date in the school year specified in  
 34 IC 20-33-2-7;  
 35 (3) **who** either has been or is currently enrolled in an accredited  
 36 school;  
 37 (4) **who** is a member of a household with an annual income of not  
 38 more than one hundred fifty percent (150%) of the amount  
 39 required for the individual to qualify for the federal free or  
 40 reduced price lunch program; and  
 41 (5) **to which either of the following applies:**

42 (A) **The individual** either:

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1            ~~(A)~~ (i) was enrolled in grade 1 through 12 in a school  
 2 corporation that did not charge the individual transfer tuition  
 3 for at least two (2) semesters immediately preceding the first  
 4 semester for which the individual receives a choice  
 5 scholarship under IC 20-51-4; or  
 6 ~~(B)~~ (ii) received a scholarship from a scholarship granting  
 7 organization under IC 20-51-3 or a choice scholarship under  
 8 IC 20-51-4 in a preceding school year, including a school  
 9 year that does not immediately precede a school year in  
 10 which the individual receives a scholarship from a  
 11 scholarship granting organization under IC 20-51-3 or a  
 12 choice scholarship under IC 20-51-4.

13            **(B) The individual received an early education scholarship**  
 14            **under IC 12-17.2-3.7.**

15            **SECTION 9. 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 1004, 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 3, delete lines 1 through 5 and insert "**program of early education services that:**

- (1) meets the standards of quality recognized by a Level 3 or Level 4 Paths to QUALITY program rating;**
- (2) is nationally accredited by an accrediting body recognized by the division or the state board of education;**
- (3) is accredited by the state board of education;**
- (4) is provided, before July 1, 2014, by an eligible school (as defined in IC 20-51-1-4.7); or**
- (5) is provided, before July 1, 2014, by a participating school (as defined in IC 20-51-1-6)."**

and when so amended that said bill do pass.

(Reference is to HB 1004 as introduced.)

BEHNING, Chair

Committee Vote: yeas 10, nays 2.

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