



February 18, 2013

HOUSE BILL No. 1338

DIGEST OF HB 1338 (Updated February 17, 2013 8:31 pm - DI 113)

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. 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. 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 charter school is eligible to receive a school safety grant. 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 that a charter school will be able to use certain electronic meeting procedures. Provides for the release to a charter school authorizer of certain covered records that are in the possession of the department of education or the state board of education 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. Repeals a provision that provides a governing body must obtain approval from the department of education (department) before granting a charter in which more than 50% of the students in the school corporation will attend the charter school. Removes a requirement for
(Continued next page)

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

Behning

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.

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a teacher who does not possess a teacher's license to teach in the content area of the individual's bachelor's degree. Requires the department, with the approval of the state board of education (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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February 18, 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. 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:

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

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

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

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

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

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

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

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

12 (B) Reduce violent behavior.

13 (C) Promote educational progress.

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

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

23 (b) An examination of an entity deriving:

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

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

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

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

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

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



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1 shall be examined biennially by the state board of accounts.
 2 (d) On every examination under this section, inquiry shall be made
 3 as to the following:
 4 (1) The financial condition and resources of each municipality,
 5 office, institution, or entity.
 6 (2) Whether the laws of the state and the uniform compliance
 7 guidelines of the state board of accounts established under section
 8 24 of this chapter have been complied with.
 9 (3) The methods and accuracy of the accounts and reports of the
 10 person examined.
 11 The examinations shall be made without notice.
 12 (e) If during an examination of a state office under this chapter the
 13 examiner encounters an inefficiency in the operation of the state office,
 14 the examiner may comment on the inefficiency in the examiner's report.
 15 (f) The state examiner, deputy examiners, any field examiner, or any
 16 private examiner, when engaged in making any examination or when
 17 engaged in any official duty devolved upon them by the state examiner,
 18 is entitled to do the following:
 19 (1) Enter into any state, county, city, township, or other public
 20 office in this state, or any entity, agency, or instrumentality, and
 21 examine any books, papers, documents, or electronically stored
 22 information for the purpose of making an examination.
 23 (2) Have access, in the presence of the custodian or the
 24 custodian's deputy, to the cash drawers and cash in the custody of
 25 the officer.
 26 (3) During business hours, examine the public accounts in any
 27 depository that has public funds in its custody pursuant to the
 28 laws of this state.
 29 (g) The state examiner, deputy examiner, or any field examiner,
 30 when engaged in making any examination authorized by law, may issue
 31 subpoenas for witnesses to appear before the examiner in person or to
 32 produce books, papers, or other records (including records stored in
 33 electronic data processing systems) for inspection and examination.
 34 The state examiner, deputy examiner, and any field examiner may
 35 administer oaths and examine witnesses under oath orally or by
 36 interrogatories concerning the matters under investigation and
 37 examination. Under the authority of the state examiner, the oral
 38 examinations may be transcribed with the reasonable expense paid by
 39 the examined person in the same manner as the compensation of the
 40 field examiner is paid. The subpoenas shall be served by any person
 41 authorized to serve civil process from any court in this state. If a
 42 witness duly subpoenaed refuses to attend, refuses to produce

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

6 **(h) This subsection applies to audited years beginning after June**
 7 **30, 2009. The definitions in IC 20-24-1 apply throughout this**
 8 **subsection. Appropriations, public funds, taxes, and other sources**
 9 **of public money received by a nonprofit corporation as a charter**
 10 **school or organizer of a charter school for the purposes of a**
 11 **charter school may not be counted for the purpose of applying**
 12 **subsection (b)(2). Unless the nonprofit corporation receives other**
 13 **public money that would qualify the nonprofit corporation for a**
 14 **full examination of all accounts and financial affairs of the entity**
 15 **under subsection (b)(2), an examination of a charter school or**
 16 **organizer of a charter school must be limited to matters relevant**
 17 **to the use of the public money received for the charter school.**

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

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

- 29 (1) the member;
- 30 (2) all other members participating in the meeting;
- 31 (3) all members of the public physically present at the place
 32 where the meeting is conducted; and
- 33 (4) if the meeting is conducted under a policy adopted under
 34 subsection (g)(7), all members of the public physically present at
 35 a public location at which a member participates by means of
 36 electronic communication;

37 to simultaneously communicate with each other during the meeting.

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

- 41 (1) This subdivision does not apply to committees appointed by
 42 a board of trustees of a state educational institution. The

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- 1 minimum number of members who must be physically present at
 2 the place where the meeting is conducted must be the greater of:
 3 (A) two (2) of the members; or
 4 (B) one-third (1/3) of the members.
 5 (2) All votes of the governing body during the electronic meeting
 6 must be taken by roll call vote.
 7 Nothing in this section affects the public's right under this chapter to
 8 attend a meeting of the governing body at the place where the meeting
 9 is conducted and the minimum number of members is physically
 10 present as provided for in subdivision (1).
 11 (d) Each member of the governing body is required to physically
 12 attend at least one (1) meeting of the governing body annually.
 13 (e) Unless a policy adopted by a governing body under subsection
 14 (g) provides otherwise, a member who participates in a meeting by
 15 electronic communication:
 16 (1) is considered to be present at the meeting;
 17 (2) shall be counted for purposes of establishing a quorum; and
 18 (3) may vote at the meeting.
 19 (f) A governing body may not conduct meetings using a means of
 20 electronic communication until the governing body:
 21 (1) meets all requirements of this chapter; and
 22 (2) by a favorable vote of a majority of the members of the
 23 governing body, adopts a policy under subsection (g) governing
 24 participation in meetings of the governing body by electronic
 25 communication.
 26 (g) A policy adopted by a governing body to govern participation in
 27 the governing body's meetings by electronic communication may do
 28 any of the following:
 29 (1) Require a member to request authorization to participate in a
 30 meeting of the governing body by electronic communication
 31 within a certain number of days before the meeting to allow for
 32 arrangements to be made for the member's participation by
 33 electronic communication.
 34 (2) Subject to subsection (e), limit the number of members who
 35 may participate in any one (1) meeting by electronic
 36 communication.
 37 (3) Limit the total number of meetings that the governing body
 38 may conduct in a calendar year by electronic communication.
 39 (4) Limit the number of meetings in a calendar year in which any
 40 one (1) member of the governing body may participate by
 41 electronic communication.
 42 (5) Provide that a member who participates in a meeting by

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1 electronic communication may not cast the deciding vote on any
2 official action.

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

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

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

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

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

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

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

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

30 (B) concur in the official action.

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

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

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

41 SECTION 5. IC 20-24-1-2.5 IS ADDED TO THE INDIANA CODE
42 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY

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1 1, 2013]: **Sec. 2.5. "Authorizer" means, for a charter school, one (1)**
 2 **of the following:**
 3 **(1) A governing body.**
 4 **(2) A state educational institution that offers a four (4) year**
 5 **baccalaureate degree.**
 6 **(3) The executive (as defined in IC 36-1-2-5) of a consolidated**
 7 **city.**
 8 **(4) The charter board.**
 9 **(5) A nonprofit college or university that provides a four (4)**
 10 **year educational program for which it awards a**
 11 **baccalaureate or more advanced degree, including the**
 12 **following:**
 13 **Anderson University**
 14 **Bethel College**
 15 **Butler University**
 16 **Calumet College of St. Joseph**
 17 **DePauw University**
 18 **Earlham College**
 19 **Franklin College**
 20 **Goshen College**
 21 **Grace College**
 22 **Hanover College**
 23 **Holy Cross College**
 24 **Huntington University**
 25 **Indiana Tech**
 26 **Indiana Wesleyan University**
 27 **Manchester College**
 28 **Marian University**
 29 **Martin University**
 30 **Oakland City University**
 31 **Rose-Hulman Institute of Technology**
 32 **Saint Joseph's College**
 33 **Saint Mary-of-the-Woods College**
 34 **Saint Mary's College**
 35 **Taylor University**
 36 **Trine University**
 37 **University of Evansville**
 38 **University of Indianapolis**
 39 **University of Notre Dame**
 40 **University of Saint Francis**
 41 **Valparaiso University**
 42 **Wabash College.**

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1 SECTION 6. IC 20-24-1-3, AS ADDED BY P.L.1-2005, SECTION
 2 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,
 3 2013]: Sec. 3. "Charter" means a contract between an organizer and a
 4 **sponsor an authorizer** for the establishment of a charter school.

5 SECTION 7. IC 20-24-1-9 IS REPEALED [EFFECTIVE JULY 1,
 6 2013]. Sec. 9. "Sponsor" means, for a charter school, one (1) of the
 7 following:

8 (1) A governing body:

9 (2) A state educational institution that offers a four (4) year
 10 baccalaureate degree:

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

13 (4) The charter board:

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

17 Anderson University

18 Bethel College

19 Butler University

20 Calumet College of St. Joseph

21 DePauw University

22 Earlham College

23 Franklin College

24 Goshen College

25 Grace College

26 Hanover College

27 Holy Cross College

28 Huntington University

29 Indiana Tech

30 Indiana Wesleyan University

31 Manchester College

32 Marian University

33 Martin University

34 Oakland City University

35 Rose-Hulman Institute of Technology

36 Saint Joseph's College

37 Saint Mary-of-the-Woods College

38 Saint Mary's College

39 Taylor University

40 Trine University

41 University of Evansville

42 University of Indianapolis

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1 University of Notre Dame
 2 University of Saint Francis
 3 Valparaiso University
 4 Wabash College.

5 SECTION 8. IC 20-24-1-6.1 IS ADDED TO THE INDIANA CODE
 6 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 7 1, 2013]: **Sec. 6.1. "Education service provider" means a for profit
 8 education management organization, nonprofit charter
 9 management organization, school design provider, or any other
 10 partner entity with which a public charter school intends to
 11 contract for educational design, implementation, or comprehensive
 12 management.**

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

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

- 21 (1) Two (2) members, who may not be members of the same
 22 political party, appointed by the governor.
 23 (2) One member who has previous experience with or on behalf
 24 of charter schools appointed by the state superintendent.
 25 (3) Four (4) members, who may not be legislators, appointed as
 26 follows:
 27 (A) One (1) member appointed by the president pro tempore
 28 of the senate.
 29 (B) One (1) member appointed by the minority leader of the
 30 senate.
 31 (C) One (1) member appointed by the speaker of the house of
 32 representatives.
 33 (D) One (1) member appointed by the minority leader of the
 34 house of representatives.

35 **A member appointed under this subsection may not be removed by
 36 the member's appointing authority without cause before the end of
 37 the full four (4) year term.**

38 (c) The governor shall appoint the chairperson of the charter board.

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



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1 (e) Each member of the charter board 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 for
 4 traveling expenses as provided under IC 4-13-1-4 and other expenses
 5 actually incurred in connection with the member's duties as provided
 6 in the state policies and procedures established by the Indiana
 7 department of administration and approved by the budget agency.

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

- 10 (1) **public and nonprofit governance;**
 11 (2) **management;**
 12 (3) **finance;**
 13 (4) **public school leadership;**
 14 (5) **higher education;**
 15 (6) **school assessments, curriculum, and instruction; and**
 16 (7) **public education law.**

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

- 21 (1) establish a process to:
 22 (A) review a proposal to establish a charter school under
 23 IC 20-24-3-4;
 24 (B) make a decision on the proposal as required under
 25 IC 20-24-3-9; and
 26 (C) monitor charter schools ~~sponsored~~ **authorized** by the
 27 charter board; and
 28 (2) publish guidelines concerning the review process described in
 29 subdivision (1);

30 not later than December 31, 2011.

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

- 36 (1) All approved ~~sponsors;~~ **authorizers**, including the ~~sponsors'~~
 37 **authorizers'** processes for the following:
 38 (A) Monitoring approved schools at regular intervals.
 39 (B) Establishing minimum standards for renewing a charter or
 40 not renewing a charter.
 41 (C) Processes and standards for school closure, including the
 42 transfer of academic records to other schools and

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- 1 postsecondary educational institutions.
- 2 (2) All pending applications for a charter.
- 3 (3) All approved applications for a charter.
- 4 (4) All rejected applications for a charter.
- 5 (5) ~~Annual performance data that includes the same demographic~~
- 6 ~~and performance data required from school corporations.~~
- 7 **(5) The organizer's annual report as required under**
- 8 **IC 20-24-9.**

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

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

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

34 (b) After the hearing, the state board may implement one (1) or
 35 more of the following actions unless the state board finds sufficient
 36 justification for the charter school's performance under the state school
 37 accountability system:

- 38 (1) Transfer the ~~sponsorship~~ **authorization** of the charter school
- 39 identified in subsection (a) to ~~the charter board.~~ **another**
- 40 **authorizer.**
- 41 (2) Order the closure of the charter school identified in subsection
- 42 (a) ~~on the date set by the state board.~~ **at the end of the current**

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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.**

(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 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**

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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 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

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1 identification of students and their parents by persons other than
2 officials of the authorizer who are directly involved in the
3 authorization program or involved with studies related to charter
4 schools authorized by the authorizer. An authorizer shall destroy
5 personally identifiable data when the information is no longer
6 needed for purposes of audit, evaluation, and enforcement of state
7 and federal requirements related to the charter schools authorized
8 by the authorizer.

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

22 (b) Charter schools authorized by an authorizer that has been
23 decommissioned under subsection (a) must apply to be approved
24 by another authorizer within one hundred fifty (150) days after the
25 date the charter school's authorizer is decommissioned. A charter
26 school that is not approved under this subsection must close at the
27 end of the charter school's current school year.

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

42 SECTION 19. IC 20-24-3-1, AS ADDED BY P.L.1-2005,



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1 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
2 JULY 1, 2013]: Sec. 1. ~~A sponsor~~ **An authorizer** may grant a charter
3 to an organizer to operate a charter school under this article.

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

8 SECTION 21. IC 20-24-3-2.5 IS ADDED TO THE INDIANA
9 CODE AS A NEW SECTION TO READ AS FOLLOWS
10 [EFFECTIVE JULY 1, 2013]: **Sec. 2.5. If a proposed charter school**
11 **intends to contract with an education service provider for**
12 **substantial educational services, management services, or both**
13 **educational services and management services, the request for**
14 **proposals shall require the applicants to provide the following:**

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

20 (2) A term sheet setting forth the:
21 (A) proposed duration of the service contract;
22 (B) roles and responsibilities of the governing board, the
23 school staff, and the education service provider;
24 (C) performance evaluation measures and timelines;
25 (D) compensation structure, including clear identification
26 of all fees to be paid to the education service provider;
27 (E) methods of contract oversight and enforcement;
28 (F) investment disclosure; and
29 (G) conditions for renewal and termination of the contract.

30 (3) A disclosure statement to explain any existing or potential
31 conflicts of interest between the charter school governing
32 body and the proposed education service provider or any
33 affiliated business entities.

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

42 SECTION 22. IC 20-24-3-3, AS ADDED BY P.L.1-2005,

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1 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
2 JULY 1, 2013]: Sec. 3. The organizer's constitution, charter, articles,
3 or bylaws must contain a clause providing that upon dissolution:

- 4 (1) ~~all remaining assets, except funds specified in subdivision (2),~~
5 ~~shall be used for nonprofit educational purposes; the remaining~~
6 **assets of the charter school shall be distributed first to satisfy**
7 **outstanding payroll obligations for employees of the charter**
8 **school, then to creditors of the charter school, then to any**
9 **outstanding debt to the common school fund; and**
- 10 (2) remaining funds received from the department shall be
11 returned to the department not more than thirty (30) days after
12 dissolution.

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

17 SECTION 23. IC 20-24-3-4, AS AMENDED BY P.L.91-2011,
18 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
19 JULY 1, 2013]: Sec. 4. (a) An organizer may submit to the **sponsor**
20 **authorizer** a proposal to establish a charter school.

- 21 (b) A proposal must contain at least the following information:
- 22 (1) Identification of the organizer.
- 23 (2) A description of the organizer's organizational structure and
24 governance plan.
- 25 (3) The following information for the proposed charter school:
- 26 (A) Name.
- 27 (B) Purposes.
- 28 (C) Governance structure.
- 29 (D) Management structure.
- 30 (E) Educational mission goals.
- 31 (F) Curriculum and instructional methods.
- 32 (G) Methods of pupil assessment.
- 33 (H) Admission policy and criteria, subject to IC 20-24-5.
- 34 (I) School calendar.
- 35 (J) Age or grade range of students to be enrolled.
- 36 (K) A description of staff responsibilities.
- 37 (L) A description of the physical plant.
- 38 (M) Budget and financial plans.
- 39 (N) Personnel plan, including methods for selection, retention,
40 and compensation of employees.
- 41 (O) Transportation plan.
- 42 (P) Discipline program.

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- 1 (Q) Plan for compliance with any applicable desegregation
- 2 order.
- 3 (R) The date when the charter school is expected to:
- 4 (i) begin school operations; and
- 5 (ii) have students attending the charter school.
- 6 (S) The arrangement for providing teachers and other staff
- 7 with health insurance, retirement benefits, liability insurance,
- 8 and other benefits.
- 9 (T) Any other applications submitted to a **sponsor an**
- 10 **authorizer** in the previous five (5) years.
- 11 (4) The manner in which the **sponsor authorizer** must conduct an
- 12 annual audit of the program operations of the charter school.
- 13 (c) This section does not waive, limit, or modify the provisions of:
- 14 (1) IC 20-29 in a charter school where the teachers have chosen
- 15 to organize under IC 20-29; or
- 16 (2) an existing collective bargaining agreement for noncertificated
- 17 employees (as defined in IC 20-29-2-11).
- 18 SECTION 24. IC 20-24-3-5 IS REPEALED [EFFECTIVE JULY 1,
- 19 2013]. Sec. 5: (a) ~~This section applies only to a sponsor that is the~~
- 20 ~~executive of a consolidated city.~~
- 21 (b) ~~Before issuing a charter, the sponsor must receive the approval~~
- 22 ~~of a majority of the members of the legislative body (as defined in~~
- 23 ~~IC 36-1-2-9) of the consolidated city for the establishment of a charter~~
- 24 ~~school. The sponsor may issue charters for charter schools located in~~
- 25 ~~the consolidated city.~~
- 26 SECTION 25. IC 20-24-3-5.5, AS ADDED BY P.L.91-2011,
- 27 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 28 JULY 1, 2013]: Sec. 5.5. (a) This section applies to a **sponsor an**
- 29 **authorizer** that is not the executive of a consolidated city.
- 30 (b) Before issuing a charter, the **sponsor authorizer** must conduct
- 31 a public hearing concerning the establishment of the proposed charter
- 32 school. At the public hearing, the governing body of the school
- 33 corporation in which the proposed charter school will be located must
- 34 be given an opportunity to comment on the effect of the proposed
- 35 charter school on the school corporation, including any foreseen
- 36 negative impacts on the school corporation.
- 37 SECTION 26. IC 20-24-3-7, AS ADDED BY P.L.1-2005,
- 38 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 39 JULY 1, 2013]: Sec. 7. The **sponsor authorizer** may revoke the charter
- 40 of a charter school that does not, by the date specified in the charter:
- 41 (1) begin school operations; and
- 42 (2) have students attending the charter school.

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1 SECTION 27. IC 20-24-3-8 IS REPEALED [EFFECTIVE JULY 1,
2 2013]. ~~Sec. 8: Before granting a charter under which more than fifty~~
3 ~~percent (50%) of the students in a school corporation will attend a~~
4 ~~charter school; the governing body of the school corporation must~~
5 ~~receive the approval of the department.~~

6 SECTION 28. IC 20-24-3-9, AS ADDED BY P.L.169-2005,
7 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
8 JULY 1, 2013]: Sec. 9. ~~A sponsor~~ **An authorizer** must notify an
9 organizer that submits a proposal under section 4 of this chapter of the:

10 (1) acceptance of the proposal; or

11 (2) rejection of the proposal;

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

14 SECTION 29. IC 20-24-3-10, AS AMENDED BY P.L.91-2011,
15 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
16 JULY 1, 2013]: Sec. 10. (a) ~~A sponsor~~ **An authorizer** must notify the
17 department of the following:

18 (1) Receipt of a proposal.

19 (2) Acceptance of a proposal.

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

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

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

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

28 (b) The department shall annually do the following:

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

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

33 SECTION 30. IC 20-24-3-11, AS ADDED BY P.L.1-2005,
34 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
35 JULY 1, 2013]: Sec. 11. If a ~~sponsor~~ **an authorizer** rejects a charter
36 school proposal, the organizer may:

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

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

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

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1 SECTION 31. IC 20-24-3-12, AS ADDED BY P.L.1-2005,
2 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2013]: Sec. 12. (a) This section applies if the ~~sponsor~~
4 **authorizer** rejects a proposal.

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

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

- 10 (1) The governor or the governor's designee.
- 11 (2) The state superintendent, who shall chair the panel.
- 12 (3) A member of the state board appointed by the state
13 superintendent.
- 14 (4) A person with financial management experience appointed by
15 the governor.
- 16 (5) A community leader with knowledge of charter school issues
17 appointed jointly by the governor and the state superintendent.

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

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

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

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

- 29 (1) A finding that supports the ~~sponsor's authorizer's~~ rejection of
30 the proposal.
- 31 (2) A finding that:
 - 32 (A) recommends that the organizer amend the proposal; and
 - 33 (B) specifies the changes to be made in the proposal if the
34 organizer elects to amend the proposal.
- 35 (3) A finding that approves the proposal.

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

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

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

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

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

10 SECTION 32. IC 20-24-3-14, AS ADDED BY P.L.1-2005,
 11 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 12 JULY 1, 2013]: Sec. 14. (a) This section applies to university ~~sponsors:~~
 13 ~~authorizers~~.

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

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

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

27 SECTION 33. IC 20-24-3-16, AS ADDED BY P.L.1-2005,
 28 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 29 JULY 1, 2013]: Sec. 16. An entity or multiple divisions of the same
 30 entity may not serve simultaneously as both the organizer and the
 31 ~~sponsor authorizer~~ of the same charter school.

32 SECTION 34. IC 20-24-3-17 IS ADDED TO THE INDIANA
 33 CODE AS A NEW SECTION TO READ AS FOLLOWS
 34 [EFFECTIVE JULY 1, 2013]: Sec. 17. (a) **The department shall**
 35 **assign a school corporation identification number for each charter**
 36 **school established under this chapter.**

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



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1 SECTION 35. IC 20-24-4-1, AS AMENDED BY P.L.91-2011,
 2 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 3 JULY 1, 2013]: Sec. 1. (a) A charter must meet the following
 4 requirements:

- 5 (1) Be a written instrument.
 6 (2) Be executed by a **sponsor an authorizer** and an organizer.
 7 (3) Confer certain rights, franchises, privileges, and obligations
 8 on a charter school.
 9 (4) Confirm the status of a charter school as a public school.
 10 (5) Be granted for:
 11 (A) not less than three (3) years; and
 12 (B) a fixed number of years agreed to by the **sponsor**
 13 **authorizer** and the organizer.
 14 (6) Provide for the following:
 15 (A) A review by the **sponsor authorizer** of the charter school's
 16 performance, including the progress of the charter school in
 17 achieving the academic goals set forth in the charter, at least
 18 one (1) time in each five (5) year period while the charter is in
 19 effect.
 20 (B) Renewal, if the **sponsor authorizer** and the organizer
 21 agree to renew the charter.
 22 **(C) The renewal application process must, at a minimum,**
 23 **provide an opportunity for the charter school to:**
 24 **(i) present additional evidence, beyond the data**
 25 **contained in the performance report, supporting its case**
 26 **for charter renewal;**
 27 **(ii) describe improvements undertaken or planned for**
 28 **the charter school; and**
 29 **(iii) detail the charter school's plans for the next charter**
 30 **term.**
 31 **(D) Not later than October 1, in the year in which the**
 32 **charter school seeks renewal of a charter, the governing**
 33 **board of a charter school seeking renewal shall submit a**
 34 **renewal application to the charter authorizer under the**
 35 **renewal application guidance issued by the authorizer. The**
 36 **authorizer shall make a final ruling on the renewal**
 37 **application not later than March 1 after the filing of the**
 38 **renewal application.**
 39 (7) Specify the grounds for the **sponsor authorizer** to:
 40 (A) revoke the charter before the end of the term for which the
 41 charter is granted; or
 42 (B) not renew a charter.

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- 1 (8) Set forth the methods by which the charter school will be held
 2 accountable for achieving the educational mission and goals of
 3 the charter school, including the following:
 4 (A) Evidence of improvement in:
 5 (i) assessment measures, including the ISTEP and end of
 6 course assessments;
 7 (ii) attendance rates;
 8 (iii) graduation rates (if appropriate);
 9 (iv) increased numbers of Core 40 diplomas and other
 10 college and career ready indicators including advanced
 11 placement participation and passage, dual credit
 12 participation and passage, and International Baccalaureate
 13 participation and passage (if appropriate);
 14 (v) increased numbers of academic honors and technical
 15 honors diplomas (if appropriate);
 16 (vi) student academic growth;
 17 (vii) financial performance and stability; and
 18 (viii) governing board performance and stewardship,
 19 including compliance with applicable laws, rules and
 20 regulations, and charter terms.
 21 (B) Evidence of progress toward reaching the educational
 22 goals set by the organizer.
 23 (9) Describe the method to be used to monitor the charter
 24 school's:
 25 (A) compliance with applicable law; and
 26 (B) performance in meeting targeted educational performance.
 27 (10) Specify that the ~~sponsor~~ **authorizer** and the organizer may
 28 amend the charter during the term of the charter by mutual
 29 consent and describe the process for amending the charter.
 30 (11) Describe specific operating requirements, including all the
 31 matters set forth in the application for the charter.
 32 (12) Specify a date when the charter school will:
 33 (A) begin school operations; and
 34 (B) have students attending the charter school.
 35 (13) Specify that records of a charter school relating to the
 36 school's operation and charter are subject to inspection and
 37 copying to the same extent that records of a public school are
 38 subject to inspection and copying under IC 5-14-3.
 39 (14) Specify that records provided by the charter school to the
 40 department or ~~sponsor~~ **authorizer** that relate to compliance by the
 41 organizer with the terms of the charter or applicable state or
 42 federal laws are subject to inspection and copying in accordance

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1 with IC 5-14-3.

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

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

8 SECTION 36. IC 20-24-4-2 IS ADDED TO THE INDIANA CODE
9 AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY
10 1, 2013]: **Sec. 2. (a) A charter contract may consist of one (1) or
11 more charter schools, to the extent approved by the authorizer and
12 consistent with applicable law. Each charter school that is part of
13 a charter contract must be separate and distinct from any other
14 charter school.**

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

18 SECTION 37. IC 20-24-4-3 IS ADDED TO THE INDIANA CODE
19 AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY
20 1, 2013]: **Sec. 3. (a) In making charter renewal decisions, an
21 authorizer shall:**

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

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

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

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

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

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

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

42 (4) after a reasonable period for deliberation, require that a

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1 **final determination be made and conveyed in writing to the**
2 **organizer.**

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

6 SECTION 38. IC 20-24-5-4, AS AMENDED BY P.L.91-2011,
7 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
8 JULY 1, 2013]: Sec. 4. (a) Except as provided in this chapter, a charter
9 school may not establish admission policies or limit student admissions
10 in any manner in which a public school is not permitted to establish
11 admission policies or limit student admissions.

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

16 SECTION 39. IC 20-24-6-1, AS AMENDED BY P.L.91-2011,
17 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
18 JULY 1, 2013]: Sec. 1. (a) Individuals who work at a charter school are
19 employees of the charter school or of an entity with which the charter
20 school has contracted to provide services.

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

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

28 (d) All benefits accrued by a teacher during the time the teacher was
29 an employee only of the school corporation that ~~sponsored~~ **authorized**
30 the charter school are the financial responsibility of the school
31 corporation. The school corporation shall pay those benefits directly or
32 reimburse the conversion charter school for the cost of the benefits.

33 SECTION 40. IC 20-24-6-5, AS AMENDED BY P.L.6-2012,
34 SECTION 129, IS AMENDED TO READ AS FOLLOWS
35 [EFFECTIVE JULY 1, 2013]: Sec. 5. (a) At least ninety percent (90%)
36 of the individuals who teach full time in a charter school must either:

37 (1) hold a license to teach in a public school in Indiana under
38 IC 20-28-5; or

39 (2) be in the process of obtaining a license to teach in a public
40 school in Indiana under the transition to teaching program
41 established by IC 20-28-4-2;

42 unless the charter school requests and the state board approves a

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1 waiver for a lower percentage.

2 (b) An individual who does not qualify under subsection (a) may
3 teach full time in a charter school if the individual meets one (1) of the
4 following criteria:

5 (1) The individual is in the process of obtaining a license to teach
6 in a charter school in Indiana under IC 20-28-5-16.

7 (2) The individual holds at least a bachelor's degree with a grade
8 point average of at least three (3.0) on a four (4.0) point scale
9 from an accredited postsecondary educational institution. ~~in the~~
10 ~~content or related area in which the individual teaches.~~

11 Individuals qualifying under this subsection may not exceed ten percent
12 (10%) of the full time teaching staff unless the charter school requests
13 and the state board approves a waiver for a higher percentage.

14 (c) An individual described in subsection (a)(2) must complete the
15 transition to teaching program not later than three (3) years after
16 beginning to teach at a charter school.

17 (d) An individual who holds a part-time teaching position in a
18 charter school must hold at least a bachelor's degree with a grade point
19 average of at least three (3.0) on a four (4.0) point scale from an
20 accredited postsecondary educational institution. ~~in the content or~~
21 ~~related area in which the individual teaches.~~

22 (e) An individual who provides to students in a charter school a
23 service:

24 (1) that is not teaching; and

25 (2) for which a license is required under Indiana law;

26 must have the appropriate license to provide the service in Indiana.

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

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

38 (b) This subsection applies to a ~~sponsor an authorizer~~ that is a state
39 educational institution described in IC 20-24-1-7(2). In a calendar year,
40 a state educational institution may receive from the organizer of a
41 charter school ~~sponsored authorized~~ by the state educational
42 institution an administrative fee equal to not more than three percent

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1 (3%) of the total amount the organizer receives during the calendar
 2 year from basic tuition support (as defined in IC 20-43-1-8).
 3 (c) This subsection applies to the executive of a consolidated city
 4 that ~~sponsors~~ **authorizes** a charter school. In a calendar year, the
 5 executive may collect from the organizer of a charter school ~~sponsored~~
 6 **authorized** by the executive an administrative fee equal to not more
 7 than three percent (3%) of the total amount the organizer receives
 8 during the calendar year for basic tuition support.
 9 (d) This subsection applies to a ~~sponsor~~ **an authorizer** that is a
 10 nonprofit college or university that is approved by the state board of
 11 education. In a calendar year, a private college or university may
 12 collect from the organizer of a charter school ~~sponsored~~ **authorized** by
 13 the private college or university an administrative fee equal to not more
 14 than three percent (3%) of the total amount the organizer receives
 15 during the calendar year for basic tuition support.
 16 (e) This subsection applies to the charter board. In a calendar year,
 17 the charter school board may collect from the organizer of a charter
 18 school ~~sponsored~~ **authorized** by the charter board an administrative fee
 19 equal to not more than three percent (3%) of the total amount the
 20 organizer receives during the calendar year for basic tuition support.
 21 (f) ~~A sponsor's~~ **An authorizer's** administrative fee may not include
 22 any costs incurred in delivering services that a charter school may
 23 purchase at its discretion from the ~~sponsor~~: **authorizer**. The ~~sponsor~~
 24 **authorizer** shall use its funding provided under this section exclusively
 25 for the purpose of fulfilling ~~sponsoring~~ **authorizing** obligations.
 26 (g) Except for oversight services, a charter school may not be
 27 required to purchase services from its ~~sponsor~~ **authorizer** as a
 28 condition of charter approval or of executing a charter contract, nor
 29 may any such condition be implied.
 30 (h) A charter school may choose to purchase services from its
 31 ~~sponsor~~: **authorizer**. In that event, the charter school and ~~sponsor~~
 32 **authorizer** shall execute an annual service contract, separate from the
 33 charter contract, stating the parties' mutual agreement concerning the
 34 services to be provided by the ~~sponsor~~ **authorizer** and any service fees
 35 to be charged to the charter school. ~~A sponsor~~ **An authorizer** may not
 36 charge more than market rates for services provided to a charter school.
 37 (i) Not later than ninety (90) days after the end of each fiscal year,
 38 each ~~sponsor~~ **authorizer** shall provide to each charter school it
 39 ~~sponsors~~ **authorizes** an itemized accounting of the actual costs of
 40 services purchased by the charter school from the ~~sponsor~~: **authorizer**.
 41 Any difference between the amount initially charged to the charter
 42 school and the actual cost shall be reconciled and paid to the owed

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1 party. If either party disputes the itemized accounting, any charges
 2 included in the accounting, or charges to either party, either party may
 3 request a review by the department. The requesting party shall pay the
 4 costs of the review.

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

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

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

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

21 STEP ONE: Determine the result of:

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

25 (B) the current ADM of the school corporation for the calendar
 26 year.

27 STEP TWO: Determine the result of:

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

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

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

34 (A) the STEP ONE amount; minus

35 (B) the STEP TWO amount.

36 STEP FOUR: Determine the result of:

37 (A) the STEP THREE amount; multiplied by

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

40 SECTION 44. IC 20-24-7-8, AS ADDED BY P.L.1-2005,
 41 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 42 JULY 1, 2013]: Sec. 8. ~~A sponsor~~ **An authorizer** may request and

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1 receive financial reports concerning a charter school from the organizer
2 at any time.

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

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

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

9 (B) does not renew a charter; or

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

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

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

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

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

25 SECTION 46. IC 20-24-7-10, AS ADDED BY P.L.169-2005,
26 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
27 JULY 1, 2013]: Sec. 10. (a) The department shall carry out a program
28 to identify all federal funds for which a charter school is eligible.

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

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

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

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



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- 1 (1) Beginning and end dates for each grant cycle.
- 2 (2) The dates on which:
 - 3 (A) grant applications and requests for renewal were received;
 - 4 and
 - 5 (B) grants were awarded.
- 6 (3) The amount of each grant awarded.

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

- 13 (1) virtual distance learning;
- 14 (2) online technologies; or
- 15 (3) computer based instruction.

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

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

- 22 (1) the product of:
 - 23 (A) the number of students included in the virtual charter
 - 24 school's ADM; multiplied by
 - 25 (B) eighty percent (80%) of statewide average basic tuition
 - 26 support.

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

- 30 (1) the product of:
 - 31 (A) the number of students included in the virtual charter
 - 32 school's **current** ADM; multiplied by
 - 33 (B) **the result of:**
 - 34 (i) ~~eighty-seven and five-tenths ninety~~ percent (87.5%)
 - 35 **(90%)** of the school's foundation amount determined under
 - 36 IC 20-43-5-4; **divided by**
 - 37 **(ii) twelve (12)**; plus

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

40 ~~After December 31, 2011~~; **For state fiscal years beginning after June**
 41 **30, 2013**, a virtual charter school is entitled to receive special
 42 education grants under IC 20-43-7 calculated in the same manner as

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1 special education grants are calculated for other school corporations.

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

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

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

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

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

- 21 (1) applicable federal and state laws;
- 22 (2) the charter; and
- 23 (3) the Constitution of the State of Indiana.

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

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

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

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

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

36 (4) Graduation rates (if appropriate), including attainment of Core
37 40 and academic honors diplomas for each ~~sponsored~~ **authorized**
38 school.

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

- 41 (A) The number of students enrolled.
- 42 (B) The number of students expelled.

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- 1 (6) Schools that closed or for which the charter was not renewed,
- 2 and the reasons for the closure or nonrenewal.
- 3 **(7) Names of the authorizer's board members or ultimate**
- 4 **decision making body.**
- 5 **(8) Evidence that the authorizer is in compliance with**
- 6 **IC 20-24-2.2-1.5.**
- 7 **(9) A report summarizing the total amount of administrative**
- 8 **fees collected by the authorizer and how the fees were**
- 9 **expended, if applicable.**

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

- 14 (1) the charter; and
- 15 (2) all applicable laws.

16 SECTION 52. IC 20-24-9-4, AS ADDED BY P.L.1-2005,
 17 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 18 JULY 1, 2013]: Sec. 4. Notwithstanding the provisions of the charter,
 19 **a sponsor an authorizer** that grants a charter may revoke the charter
 20 at any time before the expiration of the term of the charter if the
 21 **sponsor authorizer** determines that at least one (1) of the following
 22 occurs:

- 23 (1) The organizer fails to comply with the conditions established
- 24 in the charter.
- 25 (2) The charter school established by the organizer fails to meet
- 26 the educational goals set forth in the charter.
- 27 (3) The organizer fails to comply with all applicable laws.
- 28 (4) The organizer fails to meet generally accepted government
- 29 accounting principles.
- 30 (5) One (1) or more grounds for revocation exist as specified in
- 31 the charter.

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

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

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1 SECTION 54. IC 20-24-9-5, AS ADDED BY P.L.1-2005,
 2 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 3 JULY 1, 2013]: Sec. 5. A charter school shall report the following to
 4 the ~~sponsor~~: **authorizer**:

- 5 (1) Attendance records.
- 6 (2) Student performance data.
- 7 (3) Financial information.
- 8 (4) Any information necessary to comply with state and federal
 9 government requirements.
- 10 (5) Any other information specified in the charter.

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

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

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

- 25 (1) At least fifty-one percent (51%) of the parents of students who
 26 attend the school have signed a petition requesting the
 27 conversion, which must be completed not later than ninety (90)
 28 days after the date of the first signature.
- 29 (2) The school has been placed in either of the two (2) lowest
 30 categories or designations under IC 20-31-8-3 for two (2)
 31 consecutive years.
- 32 (3) The governing body votes to convert an existing school within
 33 the school corporation.

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

39 (d) A conversion charter school shall continue to comply with all
 40 legal requirements concerning student diversity and treatment of
 41 children with special needs and accept all students who attended the
 42 school before its conversion and who wish to attend the conversion



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1 charter school. If any space remains, any student in Indiana may attend
2 the conversion charter school.

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

9 SECTION 58. IC 20-39-1-2 IS REPEALED [EFFECTIVE JULY 1,
10 2013]. ~~Sec. 2: Section 1 of this chapter and rules and guidelines~~
11 ~~adopted under section 1 of this chapter apply to a charter school.~~

12 SECTION 59. IC 20-39-1-4 IS ADDED TO THE INDIANA CODE
13 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
14 1, 2013]: **Sec. 4. Charter school organizers shall adopt and**
15 **accurately implement a single, unified accounting system for**
16 **charter school organizers as prescribed by the state board and the**
17 **state board of accounts. The system, including a chart of accounts**
18 **and all prescribed forms, must enable charter school organizers to**
19 **adopt the accrual basis method of accounting.**

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

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

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

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

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

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

38 (2) a virtual charter school in any calendar year ~~under~~
39 ~~IC 20-43-6-3~~: **under this article beginning after December 31,**
40 **2013, for all grants, distributions, and awards described in**
41 **IC 20-43-2-3, except IC 20-43-2-3(3).**

42 SECTION 63. IC 20-43-6-3, AS AMENDED BY P.L.229-2011,

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1 SECTION 212, IS AMENDED TO READ AS FOLLOWS
 2 [EFFECTIVE JANUARY 1, 2014]: Sec. 3. (a) A school corporation's
 3 basic tuition support for a year is the amount determined under the
 4 applicable provision of this section.

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

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

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

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

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

- 20 (1) has closed or has had its charter revoked;
 21 (2) has received an advance under this chapter; and
 22 (3) at the time the charter school closes or has its charter
 23 revoked, has not fully paid back the advance received under
 24 this chapter.

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

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

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

38 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.

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