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# HOUSE BILL No. 1338

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 5-11-1-9; IC 20-24; IC 20-39-1; IC 20-43.

**Synopsis:** Charter school administration. Changes references to "sponsor" with "authorizer" in the charter school law. Provides that a public audit of a charter school or organizer of a charter school is limited to the use of the public money received by the organizer of a charter school or the charter school. Provides for the release to a charter school authorizer of certain covered records that are in the possession of the department of education, state board of education, or state charter school board and concern a charter school. Repeals a provision that requires the city-county council of Indianapolis to approve a charter school authorized by the mayor of Indianapolis. 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 a teacher who does not possess a teacher's license to teach in the content area of the individual's bachelor's degree. Provides that a charter school's state tuition support shall be distributed by the budget agency rather than the department. Requires the budget agency to carry out a program to identify all federal funds that are available for charter schools. Requires the budget agency to pursue any matching federal funding for charter schools. 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. Requires the budget agency to administer new charter school startup grants.  
(Continued next page)

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

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## Behning

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January 17, 2013, read first time and referred to Committee on Education.

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Repeals a requirement that a charter school sponsor must submit an annual report to the department. 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. Requires the budget agency to administer the charter school facilities assistance program. 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 the state board may review an authorizer to determine whether an authorizer is in compliance with the national industry standards. 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 a virtual charter school receives state tuition support in the same manner as a charter school. 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. Makes conforming amendments.

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Introduced

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 5-11-1-9, AS AMENDED BY P.L.172-2011,  
 2 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 3 UPON PASSAGE]: Sec. 9. (a) The state examiner, personally or  
 4 through the deputy examiners, field examiners, or private examiners,  
 5 shall examine all accounts and all financial affairs of every public  
 6 office and officer, state office, state institution, and entity.  
 7 (b) An examination of an entity deriving:  
 8 (1) less than fifty percent (50%); or  
 9 (2) **subject to subsection (h)**, at least fifty percent (50%) but less  
 10 than two hundred thousand dollars (\$200,000) if the entity is  
 11 organized as a not-for-profit corporation;  
 12 of its disbursements during the period of time subject to an  
 13 examination from appropriations, public funds, taxes, and other sources  
 14 of public expense shall be limited to matters relevant to the use of the  
 15 public money received by the entity.



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

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

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

12 shall be examined biennially by the state board of accounts.

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

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

17 (2) Whether the laws of the state and the uniform compliance  
 18 guidelines of the state board of accounts established under section  
 19 24 of this chapter have been complied with.

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

22 The examinations shall be made without notice.

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

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

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

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

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

40 (g) The state examiner, deputy examiner, or any field examiner,  
 41 when engaged in making any examination authorized by law, may issue  
 42 subpoenas for witnesses to appear before the examiner in person or to

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1 produce books, papers, or other records (including records stored in  
 2 electronic data processing systems) for inspection and examination.  
 3 The state examiner, deputy examiner, and any field examiner may  
 4 administer oaths and examine witnesses under oath orally or by  
 5 interrogatories concerning the matters under investigation and  
 6 examination. Under the authority of the state examiner, the oral  
 7 examinations may be transcribed with the reasonable expense paid by  
 8 the examined person in the same manner as the compensation of the  
 9 field examiner is paid. The subpoenas shall be served by any person  
 10 authorized to serve civil process from any court in this state. If a  
 11 witness duly subpoenaed refuses to attend, refuses to produce  
 12 information required in the subpoena, or attends and refuses to be  
 13 sworn or affirmed, or to testify when called upon to do so, the examiner  
 14 may apply to the circuit court having jurisdiction of the witness for the  
 15 enforcement of attendance and answers to questions as provided by the  
 16 law governing the taking of depositions.

17 **(h) This subsection applies to audited years beginning after June**  
 18 **30, 2009. The definitions in IC 20-24-1 apply throughout this**  
 19 **subsection. Appropriations, public funds, taxes, and other sources**  
 20 **of public money received by a nonprofit corporation as a charter**  
 21 **school or organizer of a charter school for the purposes of a**  
 22 **charter school may not be counted for the purpose of applying**  
 23 **subsection (b)(2). Unless the nonprofit corporation receives other**  
 24 **public money that would qualify the nonprofit corporation for a**  
 25 **full examination of all accounts and financial affairs of the entity**  
 26 **under subsection (b)(2), an examination of a charter school or**  
 27 **organizer of a charter school must be limited to matters relevant**  
 28 **to the use of the public money received for the charter school.**

29 SECTION 2. IC 20-24-1-2.5 IS ADDED TO THE INDIANA CODE  
 30 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 31 1, 2013]: **Sec. 2.5. "Authorizer" means, for a charter school, one (1)**  
 32 **of the following:**

- 33 (1) A governing body.
- 34 (2) A state educational institution that offers a four (4) year  
 35 baccalaureate degree.
- 36 (3) The executive (as defined in IC 36-1-2-5) of a consolidated  
 37 city.
- 38 (4) The charter board.
- 39 (5) A nonprofit college or university that provides a four (4)  
 40 year educational program for which it awards a  
 41 baccalaureate or more advanced degree, including the  
 42 following:



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1           **Anderson University**  
 2           **Bethel College**  
 3           **Butler University**  
 4           **Calumet College of St. Joseph**  
 5           **DePauw University**  
 6           **Earlham College**  
 7           **Franklin College**  
 8           **Goshen College**  
 9           **Grace College**  
 10          **Hanover College**  
 11          **Holy Cross College**  
 12          **Huntington University**  
 13          **Indiana Tech**  
 14          **Indiana Wesleyan University**  
 15          **Manchester College**  
 16          **Marian University**  
 17          **Martin University**  
 18          **Oakland City University**  
 19          **Rose-Hulman Institute of Technology**  
 20          **Saint Joseph's College**  
 21          **Saint Mary-of-the-Woods College**  
 22          **Saint Mary's College**  
 23          **Taylor University**  
 24          **Trine University**  
 25          **University of Evansville**  
 26          **University of Indianapolis**  
 27          **University of Notre Dame**  
 28          **University of Saint Francis**  
 29          **Valparaiso University**  
 30          **Wabash College.**

31           SECTION 3. IC 20-24-1-3, AS ADDED BY P.L.1-2005, SECTION  
 32           8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,  
 33           2013]: Sec. 3. "Charter" means a contract between an organizer and a  
 34           **sponsor an authorizer** for the establishment of a charter school.

35           SECTION 4. IC 20-24-1-9 IS REPEALED [EFFECTIVE JULY 1,  
 36           2013]. Sec. 9. "Sponsor" means, for a charter school, one (1) of the  
 37           following:

38           (1) A governing body.

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

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

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- 1 (4) The charter board:
- 2 (5) A nonprofit college or university that provides a four (4) year
- 3 educational program for which it awards a baccalaureate or more
- 4 advanced degree, including the following:
- 5 Anderson University
- 6 Bethel College
- 7 Butler University
- 8 Calumet College of St. Joseph
- 9 DePauw University
- 10 Earlham College
- 11 Franklin College
- 12 Goshen College
- 13 Grace College
- 14 Hanover College
- 15 Holy Cross College
- 16 Huntington University
- 17 Indiana Tech
- 18 Indiana Wesleyan University
- 19 Manchester College
- 20 Marian University
- 21 Martin University
- 22 Oakland City University
- 23 Rose-Hulman Institute of Technology
- 24 Saint Joseph's College
- 25 Saint Mary-of-the-Woods College
- 26 Saint Mary's College
- 27 Taylor University
- 28 Trine University
- 29 University of Evansville
- 30 University of Indianapolis
- 31 University of Notre Dame
- 32 University of Saint Francis
- 33 Valparaiso University
- 34 Wabash College:

35 SECTION 5. IC 20-24-2.1-1, AS ADDED BY P.L.91-2011,  
 36 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 37 JULY 1, 2013]: Sec. 1. (a) The Indiana charter school board is  
 38 established for the purpose of **sponsoring authorizing** charter schools  
 39 throughout Indiana.

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

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

3 (2) One member who has previous experience with or on behalf  
4 of charter schools appointed by the state superintendent.

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

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

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

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

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

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

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

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

23 (e) Each member of the charter board who is not a state employee  
24 is entitled to the minimum salary per diem provided by  
25 IC 4-10-11-2.1(b). The member is also entitled to reimbursement for  
26 traveling expenses as provided under IC 4-13-1-4 and other expenses  
27 actually incurred in connection with the member's duties as provided  
28 in the state policies and procedures established by the Indiana  
29 department of administration and approved by the budget agency.

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

32 **(1) public and nonprofit governance;**

33 **(2) management;**

34 **(3) finance;**

35 **(4) public school leadership;**

36 **(5) higher education;**

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

38 **(7) public education law.**

39 SECTION 6. IC 20-24-2.1-2, AS ADDED BY P.L.91-2011,  
40 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
41 JULY 1, 2013]: Sec. 2. The charter board, with assistance from the  
42 department, shall:



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1 (1) establish a process to:

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

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

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

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

10 not later than December 31, 2011.

11 SECTION 7. IC 20-24-2.2-1, AS ADDED BY P.L.91-2011,  
12 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
13 JULY 1, 2013]: Sec. 1. The department shall establish a charter school  
14 page on the department's Internet web site that includes information on  
15 the following:

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

18 (A) Monitoring approved schools at regular intervals.

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

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

24 (2) All pending applications for a charter.

25 (3) All approved applications for a charter.

26 (4) All rejected applications for a charter.

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

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

31 SECTION 8. IC 20-24-2.2-1.5 IS ADDED TO THE INDIANA  
32 CODE AS A NEW SECTION TO READ AS FOLLOWS  
33 [EFFECTIVE JULY 1, 2013]: **Sec. 1.5. (a) All approved authorizers**  
34 **shall adopt standards of quality charter school authorizing.**

35 **(b) The state board may conduct a review of an approved**  
36 **authorizer to determine whether the authorizer is in compliance**  
37 **with the standards adopted under subsection (a).**

38 SECTION 9. IC 20-24-2.2-2, AS ADDED BY P.L.91-2011,  
39 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
40 JULY 1, 2013]: Sec. 2. The minimum standards for renewal and the  
41 standards to avoid closure imposed by ~~sponsors~~ **authorizers** on the  
42 charter school in the charter school agreement must include a

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1 requirement that the charter school not fall within the application of  
 2 ~~IC 20-31-9-4, notwithstanding IC 20-31-9-1.~~ **remain in the lowest**  
 3 **category or designation of school improvement in the third year**  
 4 **after initial placement in the lowest category or designation**  
 5 **established under IC 20-31-8-4.**

6 SECTION 10. IC 20-24-2.2-3, AS AMENDED BY P.L.6-2012,  
 7 SECTION 128, IS AMENDED TO READ AS FOLLOWS  
 8 [EFFECTIVE JULY 1, 2013]: Sec. 3. (a) After giving at least thirty  
 9 (30) days notice, the state board ~~may~~ **shall** require ~~a sponsor an~~  
 10 **authorizer** to appear at a hearing conducted by the state board if the  
 11 ~~sponsor authorizer~~ has renewed the charter of or failed to close a  
 12 charter school that does not meet the minimum standards in the charter  
 13 agreement **as provided in section 2 of this chapter**, as posted on the  
 14 department's Internet web site.

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

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

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

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

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

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

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

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

41 SECTION 11. IC 20-24-2.2-4, AS ADDED BY P.L.91-2011,  
 42 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

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1 JULY 1, 2013]: Sec. 4. If the state board has closed or transferred  
 2 ~~sponsorship authorization~~ of at least twenty-five percent (25%) of the  
 3 charter schools chartered by one (1) ~~sponsor authorizer~~ under section  
 4 3 of this chapter, the ~~sponsor's authorizer's~~ authority to ~~sponsor~~  
 5 ~~authorize~~ new charter schools may be suspended by the state board  
 6 until the state board approves the ~~sponsor authorizer~~ to ~~sponsor~~  
 7 ~~authorize~~ new charter schools. A determination under this section to  
 8 suspend a ~~sponsor's an authorizer's~~ authority to ~~sponsor authorize~~  
 9 new charter schools must identify the deficiencies that, if corrected,  
 10 will result in the approval of the ~~sponsor authorizer~~ to ~~sponsor~~  
 11 ~~authorize~~ new charter schools.

12 SECTION 12. IC 20-24-2.2-5 IS ADDED TO THE INDIANA  
 13 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 14 [EFFECTIVE JULY 1, 2013]: Sec. 5. (a) **The purpose of this section**  
 15 **is to establish a cooperative relationship:**

- 16 (1) **between the department and an authorizer; and**  
 17 (2) **that fosters improved decision making related to charter**  
 18 **schools authorized by the authorizer.**

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

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

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

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

35 (4) **Records in the possession of the department, the charter**  
 36 **board, or the state board related to the evaluation of the**  
 37 **performance of an authorizer.**

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

- 40 (1) **electronic access to; or**  
 41 (2) **written copies of;**

42 **covered records, as requested by the authorizer, that relate to a**

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1 charter school authorized by the authorizer or to the students or  
 2 certified employees of the charter school. The department shall  
 3 provide the covered records on a schedule determined by the  
 4 authorizer.

5 (d) The department shall provide, without charge, an authorizer  
 6 with a summary of the covered records that relate to a charter  
 7 school authorized by the authorizer or to the students or certified  
 8 employees of the charter school. The department shall provide the  
 9 summary described in this subsection to the authorizer at least  
 10 once each month. The authorizer may receive either paper copies  
 11 of the summary or copies of the summary transmitted  
 12 electronically, at the option of the authorizer. The summary must  
 13 be sufficiently detailed to identify each category or collection of  
 14 covered records. The department and the authorizer shall consult  
 15 one another as necessary to carry out this section.

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

- 18 (1) administer a charter authorization program;
- 19 (2) monitor and evaluate compliance with state standards;
- 20 (3) identify educational weaknesses in charter school  
 21 programs; or
- 22 (4) improve charter school performance.

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

33 SECTION 13. IC 20-24-2.2-6 IS ADDED TO THE INDIANA  
 34 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 35 [EFFECTIVE JULY 1, 2013]: **Sec. 6. (a) If the deficiencies identified**  
 36 **under section 4 of this chapter are not corrected within two (2)**  
 37 **years after the date the deficiencies are identified under section 4**  
 38 **of this chapter, the state board, following an affirmative vote of**  
 39 **two-thirds (2/3) of the members, may revoke the authorizer's**  
 40 **authority to function as an authorizer. The state board shall take**  
 41 **all necessary steps to decommission the authorizer, including**  
 42 **reassigning the authorizer's charter schools to the charter board,**

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as well as any related funds or other resources in the authorizer's custody.

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

SECTION 14. IC 20-24-2.2-7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 7. An entity may relinquish its authorizer status by providing the state board a written statement describing the authorizer's intention not to be considered an authorizer and the reasons why the authorizer wishes to relinquish its authorizer status. The written statement must reflect the intention of the authorizer's governing body. The state board shall review and act on the authorizer's written statement and shall take all steps necessary to decommission the authorizer, including reassigning the authorizer's charter schools, as well as any related funds or resources in the authorizer's custody.**

SECTION 15. IC 20-24-3-1, AS ADDED BY P.L.1-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 1. A sponsor An authorizer** may grant a charter to an organizer to operate a charter school under this article.

SECTION 16. IC 20-24-3-2, AS ADDED BY P.L.1-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 2. A sponsor An authorizer** may not grant a charter to a for-profit organizer.

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

- (b) A proposal must contain at least the following information:
  - (1) Identification of the organizer.
  - (2) A description of the organizer's organizational structure and governance plan.
  - (3) The following information for the proposed charter school:
    - (A) Name.
    - (B) Purposes.
    - (C) Governance structure.
    - (D) Management structure.
    - (E) Educational mission goals.

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- 1 (F) Curriculum and instructional methods.
- 2 (G) Methods of pupil assessment.
- 3 (H) Admission policy and criteria, subject to IC 20-24-5.
- 4 (I) School calendar.
- 5 (J) Age or grade range of students to be enrolled.
- 6 (K) A description of staff responsibilities.
- 7 (L) A description of the physical plant.
- 8 (M) Budget and financial plans.
- 9 (N) Personnel plan, including methods for selection, retention,
- 10 and compensation of employees.
- 11 (O) Transportation plan.
- 12 (P) Discipline program.
- 13 (Q) Plan for compliance with any applicable desegregation
- 14 order.
- 15 (R) The date when the charter school is expected to:
- 16 (i) begin school operations; and
- 17 (ii) have students attending the charter school.
- 18 (S) The arrangement for providing teachers and other staff
- 19 with health insurance, retirement benefits, liability insurance,
- 20 and other benefits.
- 21 (T) Any other applications submitted to a **sponsor an**
- 22 **authorizer** in the previous five (5) years.
- 23 (4) The manner in which the **sponsor authorizer** must conduct an
- 24 annual audit of the program operations of the charter school.
- 25 (c) This section does not waive, limit, or modify the provisions of:
- 26 (1) IC 20-29 in a charter school where the teachers have chosen
- 27 to organize under IC 20-29; or
- 28 (2) an existing collective bargaining agreement for noncertificated
- 29 employees (as defined in IC 20-29-2-11).
- 30 SECTION 18. IC 20-24-3-5 IS REPEALED [EFFECTIVE JULY 1,
- 31 2013]. Sec. 5. (a) This section applies only to a sponsor that is the
- 32 executive of a consolidated city.
- 33 (b) Before issuing a charter, the sponsor must receive the approval
- 34 of a majority of the members of the legislative body (as defined in
- 35 IC 36-1-2-9) of the consolidated city for the establishment of a charter
- 36 school. The sponsor may issue charters for charter schools located in
- 37 the consolidated city.
- 38 SECTION 19. IC 20-24-3-5.5, AS ADDED BY P.L.91-2011,
- 39 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 40 JULY 1, 2013]: Sec. 5.5. (a) This section applies to a **sponsor an**
- 41 **authorizer** that is not the executive of a consolidated city.
- 42 (b) Before issuing a charter, the **sponsor authorizer** must conduct

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1 a public hearing concerning the establishment of the proposed charter  
2 school. At the public hearing, the governing body of the school  
3 corporation in which the proposed charter school will be located must  
4 be given an opportunity to comment on the effect of the proposed  
5 charter school on the school corporation, including any foreseen  
6 negative impacts on the school corporation.

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

- 11 (1) begin school operations; and
- 12 (2) have students attending the charter school.

13 SECTION 21. IC 20-24-3-8 IS REPEALED [EFFECTIVE JULY 1,  
14 2013]. ~~Sec. 8: Before granting a charter under which more than fifty~~  
15 ~~percent (50%) of the students in a school corporation will attend a~~  
16 ~~charter school; the governing body of the school corporation must~~  
17 ~~receive the approval of the department.~~

18 SECTION 22. IC 20-24-3-9, AS ADDED BY P.L.169-2005,  
19 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
20 JULY 1, 2013]: Sec. 9. ~~A sponsor~~ **An authorizer** must notify an  
21 organizer that submits a proposal under section 4 of this chapter of the:

- 22 (1) acceptance of the proposal; or
  - 23 (2) rejection of the proposal;
- 24 not later than seventy-five (75) days after the organizer submits the  
25 proposal.

26 SECTION 23. IC 20-24-3-10, AS AMENDED BY P.L.91-2011,  
27 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
28 JULY 1, 2013]: Sec. 10. (a) ~~A sponsor~~ **An authorizer** must notify the  
29 department of the following:

- 30 (1) Receipt of a proposal.
  - 31 (2) Acceptance of a proposal.
  - 32 (3) Rejection of a proposal, including the reasons for the  
33 rejection.
  - 34 (4) The length of time for which a charter is granted.
  - 35 (5) School goals, educational program design, and an education  
36 management organization operating a school, if applicable.
  - 37 (6) The name and address of the education management  
38 organization, and the name of the chief operating officer of the  
39 education management organization, if applicable.
- 40 (b) The department shall annually do the following:  
41 (1) Compile the information received under subsection (a) into a  
42 report.

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1 (2) Submit the report in an electronic format under IC 5-14-6 to  
 2 the legislative council.  
 3 SECTION 24. IC 20-24-3-11, AS ADDED BY P.L.1-2005,  
 4 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 5 JULY 1, 2013]: Sec. 11. If a ~~sponsor~~ **an authorizer** rejects a charter  
 6 school proposal, the organizer may:  
 7 (1) amend the charter school proposal and resubmit the proposal  
 8 to the same ~~sponsor; authorizer;~~  
 9 (2) submit a charter school proposal to another ~~sponsor;~~  
 10 **authorizer;** or  
 11 (3) appeal the decision to the charter school review panel  
 12 established by section 12 of this chapter.  
 13 SECTION 25. IC 20-24-3-12, AS ADDED BY P.L.1-2005,  
 14 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 15 JULY 1, 2013]: Sec. 12. (a) This section applies if the ~~sponsor~~  
 16 **authorizer** rejects a proposal.  
 17 (b) The organizer may appeal the decision of the ~~sponsor~~  
 18 **authorizer** to the charter school review panel established by subsection  
 19 (c).  
 20 (c) The charter school review panel is established. The members of  
 21 the panel are as follows:  
 22 (1) The governor or the governor's designee.  
 23 (2) The state superintendent, who shall chair the panel.  
 24 (3) A member of the state board appointed by the state  
 25 superintendent.  
 26 (4) A person with financial management experience appointed by  
 27 the governor.  
 28 (5) A community leader with knowledge of charter school issues  
 29 appointed jointly by the governor and the state superintendent.  
 30 A member shall serve a two (2) year term and may be reappointed to  
 31 the panel upon expiration of the member's term.  
 32 (d) All decisions of the panel shall be determined by a majority vote  
 33 of the panel's members.  
 34 (e) Upon the request of an organizer, the panel shall meet to  
 35 consider the organizer's proposal and the ~~sponsor's~~ **authorizer's**  
 36 reasons for rejecting the proposal. The panel must allow the organizer  
 37 and ~~sponsor~~ **authorizer** to participate in the meeting.  
 38 (f) After the panel meets under subsection (e), the panel shall make  
 39 one (1) of the following findings and issue the finding to the organizer  
 40 and the ~~sponsor;~~ **authorizer:**  
 41 (1) A finding that supports the ~~sponsor's~~ **authorizer's** rejection of  
 42 the proposal.

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1 (2) A finding that:  
 2 (A) recommends that the organizer amend the proposal; and  
 3 (B) specifies the changes to be made in the proposal if the  
 4 organizer elects to amend the proposal.  
 5 (3) A finding that approves the proposal.  
 6 The panel shall issue the finding not later than forty-five (45) days after  
 7 the panel receives the request for review.  
 8 (g) If the panel makes a finding described in subsection (f)(1), the  
 9 finding is final.  
 10 (h) If the panel makes a finding described in subsection (f)(2), the  
 11 organizer may amend the proposal according to the panel's  
 12 recommendations and resubmit the proposal directly to the panel.  
 13 (i) If the panel makes a finding described in subsection (f)(3), the  
 14 proposal is considered conditionally approved. The approval shall be  
 15 considered final upon delivery to the panel of written notice from the  
 16 organizer and an eligible ~~sponsor~~ **authorizer** that the ~~sponsor~~  
 17 **authorizer** has agreed to serve as a ~~sponsor~~ **an authorizer** for the  
 18 proposal approved by the panel.  
 19 (j) Proposals approved under this section shall not be counted under  
 20 any numerical limits placed upon a ~~sponsor~~ **an authorizer** or set of  
 21 ~~sponsors~~ **authorizers**.  
 22 SECTION 26. IC 20-24-3-14, AS ADDED BY P.L.1-2005,  
 23 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 24 JULY 1, 2013]: Sec. 14. (a) This section applies to university ~~sponsors~~  
 25 **authorizers**.  
 26 (b) Except as provided in subsection (c), the ultimate responsibility  
 27 for choosing to ~~sponsor~~ **authorize** a charter school and responsibilities  
 28 for maintaining ~~sponsorship~~ **authorization** rest with the university's  
 29 board of trustees.  
 30 (c) The university's board of trustees may vote to assign ~~sponsorship~~  
 31 **authorization** authority and ~~sponsorship~~ **authorization** responsibilities  
 32 to another person or entity that functions under the direction of the  
 33 university's board. A decision made under this subsection shall be  
 34 communicated in writing to the department and the charter school  
 35 review panel.  
 36 (d) Before a university may ~~sponsor~~ **authorize** a charter school, the  
 37 university must conduct a public meeting with public notice in the  
 38 county where the charter school will be located.  
 39 SECTION 27. IC 20-24-3-16, AS ADDED BY P.L.1-2005,  
 40 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 41 JULY 1, 2013]: Sec. 16. An entity or multiple divisions of the same  
 42 entity may not serve simultaneously as both the organizer and the

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1 **sponsor authorizer** of the same charter school.

2 SECTION 28. IC 20-24-4-1, AS AMENDED BY P.L.91-2011,  
3 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
4 JULY 1, 2013]: Sec. 1. (a) A charter must meet the following  
5 requirements:

- 6 (1) Be a written instrument.  
7 (2) Be executed by a **sponsor an authorizer** and an organizer.  
8 (3) Confer certain rights, franchises, privileges, and obligations  
9 on a charter school.  
10 (4) Confirm the status of a charter school as a public school.  
11 (5) Be granted for:  
12 (A) not less than three (3) years; and  
13 (B) a fixed number of years agreed to by the **sponsor**  
14 **authorizer** and the organizer.  
15 (6) Provide for the following:  
16 (A) A review by the **sponsor authorizer** of the charter school's  
17 performance, including the progress of the charter school in  
18 achieving the academic goals set forth in the charter, at least  
19 one (1) time in each five (5) year period while the charter is in  
20 effect.  
21 (B) Renewal, if the **sponsor authorizer** and the organizer  
22 agree to renew the charter.  
23 (7) Specify the grounds for the **sponsor authorizer** to:  
24 (A) revoke the charter before the end of the term for which the  
25 charter is granted; or  
26 (B) not renew a charter.  
27 (8) Set forth the methods by which the charter school will be held  
28 accountable for achieving the educational mission and goals of  
29 the charter school, including the following:  
30 (A) Evidence of improvement in:  
31 (i) assessment measures, including the ISTEP and end of  
32 course assessments;  
33 (ii) attendance rates;  
34 (iii) graduation rates (if appropriate);  
35 (iv) increased numbers of Core 40 diplomas and other  
36 college and career ready indicators including advanced  
37 placement participation and passage, dual credit  
38 participation and passage, and International Baccalaureate  
39 participation and passage (if appropriate);  
40 (v) increased numbers of academic honors and technical  
41 honors diplomas (if appropriate);  
42 (vi) student academic growth;

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- 1 (vii) financial performance and stability; and
- 2 (viii) governing board performance and stewardship,
- 3 including compliance with applicable laws, rules and
- 4 regulations, and charter terms.
- 5 (B) Evidence of progress toward reaching the educational
- 6 goals set by the organizer.
- 7 (9) Describe the method to be used to monitor the charter
- 8 school's:
- 9 (A) compliance with applicable law; and
- 10 (B) performance in meeting targeted educational performance.
- 11 (10) Specify that the ~~sponsor~~ **authorizer** and the organizer may
- 12 amend the charter during the term of the charter by mutual
- 13 consent and describe the process for amending the charter.
- 14 (11) Describe specific operating requirements, including all the
- 15 matters set forth in the application for the charter.
- 16 (12) Specify a date when the charter school will:
- 17 (A) begin school operations; and
- 18 (B) have students attending the charter school.
- 19 (13) Specify that records of a charter school relating to the
- 20 school's operation and charter are subject to inspection and
- 21 copying to the same extent that records of a public school are
- 22 subject to inspection and copying under IC 5-14-3.
- 23 (14) Specify that records provided by the charter school to the
- 24 department or ~~sponsor~~ **authorizer** that relate to compliance by the
- 25 organizer with the terms of the charter or applicable state or
- 26 federal laws are subject to inspection and copying in accordance
- 27 with IC 5-14-3.
- 28 (15) Specify that the charter school is subject to the requirements
- 29 of IC 5-14-1.5.
- 30 (b) A charter school shall set annual performance targets in
- 31 conjunction with the charter school's ~~sponsor~~ **authorizer**. The annual
- 32 performance targets shall be designed to help each school meet
- 33 applicable federal, state, and ~~sponsor~~ **authorizer** expectations.
- 34 SECTION 29. IC 20-24-5-4, AS AMENDED BY P.L.91-2011,
- 35 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 36 JULY 1, 2013]: Sec. 4. (a) Except as provided in this chapter, a charter
- 37 school may not establish admission policies or limit student admissions
- 38 in any manner in which a public school is not permitted to establish
- 39 admission policies or limit student admissions.
- 40 (b) Notwithstanding subsection (a), a charter school may operate as
- 41 a single gender school if approved to do so by the ~~sponsor~~ **authorizer**.
- 42 A single gender charter school must be open to any student of the

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1 gender the school serves who resides in Indiana.

2 SECTION 30. IC 20-24-6-1, AS AMENDED BY P.L.91-2011,  
3 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
4 JULY 1, 2013]: Sec. 1. (a) Individuals who work at a charter school are  
5 employees of the charter school or of an entity with which the charter  
6 school has contracted to provide services.

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

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

14 (d) All benefits accrued by a teacher during the time the teacher was  
15 an employee only of the school corporation that ~~sponsored~~ **authorized**  
16 the charter school are the financial responsibility of the school  
17 corporation. The school corporation shall pay those benefits directly or  
18 reimburse the conversion charter school for the cost of the benefits.

19 SECTION 31. IC 20-24-6-5, AS AMENDED BY P.L.6-2012,  
20 SECTION 129, IS AMENDED TO READ AS FOLLOWS  
21 [EFFECTIVE JULY 1, 2013]: Sec. 5. (a) At least ninety percent (90%)  
22 of the individuals who teach full time in a charter school must either:

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

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

28 unless the charter school requests and the state board approves a  
29 waiver for a lower percentage.

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

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

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

39 Individuals qualifying under this subsection may not exceed ten percent  
40 (10%) of the full time teaching staff unless the charter school requests  
41 and the state board approves a waiver for a higher percentage.

42 (c) An individual described in subsection (a)(2) must complete the

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1 transition to teaching program not later than three (3) years after  
2 beginning to teach at a charter school.

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

8 (e) An individual who provides to students in a charter school a  
9 service:

- 10 (1) that is not teaching; and
  - 11 (2) for which a license is required under Indiana law;
- 12 must have the appropriate license to provide the service in Indiana.

13 SECTION 32. IC 20-24-6-8, AS ADDED BY P.L.1-2005,  
14 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
15 JULY 1, 2013]: Sec. 8. The decision by a ~~sponsor~~ **an authorizer**  
16 whether to grant a charter is not subject to restraint by a collective  
17 bargaining agreement.

18 SECTION 33. IC 20-24-7-2, AS AMENDED BY P.L.146-2008,  
19 SECTION 460, IS AMENDED TO READ AS FOLLOWS  
20 [EFFECTIVE JULY 1, 2013]: Sec. 2. (a) Not later than the date  
21 established by the department for determining ADM, and after May 31  
22 each year, the organizer shall submit to the ~~department~~ **budget agency**  
23 the following information on a form prescribed by the ~~department~~:  
24 **budget agency:**

- 25 (1) The number of students enrolled in the charter school.
- 26 (2) The name and address of each student.
- 27 (3) The name of the school corporation in which the student has  
28 legal settlement.
- 29 (4) The name of the school corporation, if any, that the student  
30 attended during the immediately preceding school year.
- 31 (5) The grade level in which the student will enroll in the charter  
32 school.

33 The ~~department~~ **budget agency** shall verify the accuracy of the  
34 information reported.

35 (b) This subsection applies after December 31 of the calendar year  
36 in which a charter school begins its initial operation. The ~~department~~  
37 **budget agency** shall distribute to the organizer the state tuition support  
38 distribution. The ~~department~~ **budget agency** shall make a distribution  
39 under this subsection at the same time and in the same manner as the  
40 department makes a distribution of state tuition support under  
41 IC 20-43-2 to other school corporations.

42 SECTION 34. IC 20-24-7-3, AS AMENDED BY P.L.146-2008,

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1 SECTION 461, IS AMENDED TO READ AS FOLLOWS  
 2 [EFFECTIVE JULY 1, 2013]: Sec. 3. (a) This section applies to a  
 3 conversion charter school.

4 (b) Beginning not more than sixty (60) days after the ~~department~~  
 5 **budget agency** receives the information reported under section 2(a) of  
 6 this chapter, the ~~department~~ **budget agency** shall distribute to the  
 7 organizer:

8 (1) tuition support and other state funding for any purpose for  
 9 students enrolled in the conversion charter school;

10 (2) a proportionate share of state and federal funds received:

11 (A) for students with disabilities; or

12 (B) for staff services for students with disabilities;

13 enrolled in the conversion charter school; and

14 (3) a proportionate share of funds received under federal or state  
 15 categorical aid programs for students who are eligible for the  
 16 federal or state categorical aid and are enrolled in the conversion  
 17 charter school;

18 for the second six (6) months of the calendar year in which the  
 19 conversion charter school is established. The ~~department~~ **budget**  
 20 **agency** shall make a distribution under this subsection at the same time  
 21 and in the same manner as the department makes a distribution to the  
 22 governing body of the school corporation in which the conversion  
 23 charter school is located. A distribution to the governing body of the  
 24 school corporation in which the conversion charter school is located is  
 25 reduced by the amount distributed to the conversion charter school.  
 26 This subsection does not apply to a conversion charter school after  
 27 December 31 of the calendar year in which the conversion charter  
 28 school is established.

29 (c) This subsection applies during the second six (6) months of the  
 30 calendar year in which a conversion charter school is established. A  
 31 conversion charter school may apply for an advance from the charter  
 32 school advancement account under IC 20-49-7 in the amount  
 33 determined under STEP FOUR of the following formula:

34 STEP ONE: Determine the result under subsection (d) STEP  
 35 ONE (A).

36 STEP TWO: Determine the difference between:

37 (A) the conversion charter school's current ADM; minus

38 (B) the STEP ONE amount.

39 STEP THREE: Determine the quotient of:

40 (A) the STEP TWO amount; divided by

41 (B) the conversion charter school's current ADM.

42 STEP FOUR: Determine the product of:

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- 1 (A) the STEP THREE amount; multiplied by  
 2 (B) the quotient of:  
 3 (i) the subsection (d) STEP TWO amount; divided by  
 4 (ii) two (2).

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

11 (b) This subsection applies to a ~~sponsor~~ **an authorizer** that is a state  
 12 educational institution described in IC 20-24-1-7(2). In a calendar year,  
 13 a state educational institution may receive from the organizer of a  
 14 charter school ~~sponsored~~ **authorized** by the state educational  
 15 institution an administrative fee equal to not more than three percent  
 16 (3%) of the total amount the organizer receives during the calendar  
 17 year from basic tuition support (as defined in IC 20-43-1-8).

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

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

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

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

41 (g) Except for oversight services, a charter school may not be  
 42 required to purchase services from its ~~sponsor~~ **authorizer** as a

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1 condition of charter approval or of executing a charter contract, nor  
2 may any such condition be implied.

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

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

20 SECTION 36. IC 20-24-7-5, AS ADDED BY P.L.1-2005,  
21 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
22 JULY 1, 2013]: Sec. 5. (a) An organizer may apply for and accept for  
23 a charter school:

- 24 (1) independent financial grants; and  
25 (2) funds from public or private sources other than the department  
26 **or budget agency.**

27 (b) An organizer shall make all applications, enter into all contracts,  
28 and sign all documents necessary for the receipt by a charter school of  
29 aid, money, or property from the federal government.

30 SECTION 37. IC 20-24-7-6.5, AS ADDED BY P.L.229-2011,  
31 SECTION 170, IS AMENDED TO READ AS FOLLOWS  
32 [EFFECTIVE JULY 1, 2013]: Sec. 6.5. (a) Subject to subsection (b)  
33 and with the approval of a majority of the members of the governing  
34 body, a school corporation may distribute any part of the following to  
35 a conversion school ~~sponsored~~ **authorized** by the school corporation  
36 in the amount and under the terms and conditions adopted by a  
37 majority of the members of the governing body:

- 38 (1) State tuition support and other state distributions to the school  
39 corporation.  
40 (2) Any other amount deposited in the school corporation's  
41 general fund.

42 (b) The total amount that may be transferred under subsection (a) in

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1 a calendar year to a particular conversion charter school may not  
 2 exceed the result determined under STEP FOUR of the following  
 3 formula:

4 STEP ONE: Determine the result of:

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

8 (B) the current ADM of the school corporation for the calendar  
 9 year.

10 STEP TWO: Determine the result of:

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

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

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

17 (A) the STEP ONE amount; minus

18 (B) the STEP TWO amount.

19 STEP FOUR: Determine the result of:

20 (A) the STEP THREE amount; multiplied by

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

23 SECTION 38. IC 20-24-7-8, AS ADDED BY P.L.1-2005,  
 24 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 25 JULY 1, 2013]: Sec. 8. ~~A sponsor~~ **An authorizer** may request and  
 26 receive financial reports concerning a charter school from the organizer  
 27 at any time.

28 SECTION 39. IC 20-24-7-9, AS AMENDED BY P.L.146-2008,  
 29 SECTION 463, IS AMENDED TO READ AS FOLLOWS  
 30 [EFFECTIVE JULY 1, 2013]: Sec. 9. (a) This section applies if:

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

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

34 (B) does not renew a charter; or

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

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

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

42 (2) Second, to the entities that distributed the funds to the charter

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1 school. A distribution under this subdivision shall be on a pro rata  
2 basis.

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

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

13 (b) The ~~department~~ **budget agency** shall apply for all federal funds  
14 that are available for charter schools and for which Indiana is eligible.

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

20 (d) The ~~department~~ **budget agency** shall distribute federal charter  
21 school start-up grants to eligible organizers in a timely manner  
22 according to the ~~department's~~ **budget agency's** published guidelines  
23 for distributing the grants.

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

- 29 (1) Beginning and end dates for each grant cycle.  
30 (2) The dates on which:  
31 (A) grant applications and requests for renewal were received;  
32 and  
33 (B) grants were awarded.

34 (3) The amount of each grant awarded.  
35 SECTION 41. IC 20-24-7-11, AS AMENDED BY P.L.91-2011,  
36 SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
37 JULY 1, 2013]: Sec. 11. (a) If the United States Department of  
38 Education approves a new competition for states to receive matching  
39 funds for charter school facilities, the ~~department~~ **budget agency** shall  
40 pursue this federal funding.

41 (b) To increase the state's opportunity to receive matching funds  
42 from the United States Department of Education, the department shall

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1 develop a facilities incentive grants program before January 1, 2010.  
 2 **After June 30, 2013, the facilities incentive grants program shall be**  
 3 **administered by the budget agency.**

4 (c) The ~~department~~ **budget agency** shall use the priority criteria set  
 5 forth in 21 U.S.C. 7221d(b) and 34 CFR 226.12 through 34 CFR  
 6 226.14 to develop **and maintain** the facilities incentive grants  
 7 program.

8 SECTION 42. IC 20-24-7-13, AS AMENDED BY P.L.229-2011,  
 9 SECTION 171, IS AMENDED TO READ AS FOLLOWS  
 10 [EFFECTIVE JULY 1, 2013]: Sec. 13. (a) As used in this section,  
 11 "virtual charter school" means any charter school, including a  
 12 conversion charter school, that provides for the delivery of more than  
 13 fifty percent (50%) of instruction to students through:

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

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

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

- 24 ~~(A)~~ **(1)** the number of students included in the virtual charter  
 25 school's ADM; multiplied by
- 26 ~~(B)~~ **(2)** eighty percent (80%) of statewide average basic tuition  
 27 support.

28 (d) After December 31, 2011, **and before January 1, 2014**, a  
 29 virtual charter school is entitled to receive funding from the state in an  
 30 amount equal to the sum of:

- 31 (1) the product of:
  - 32 (A) the number of students included in the virtual charter  
 33 school's ADM; multiplied by
  - 34 (B) eighty-seven and five-tenths percent (87.5%) of the  
 35 school's foundation amount determined under IC 20-43-5-4;  
 36 plus
- 37 (2) the total of any special education grants under IC 20-43-7 to  
 38 which the virtual charter school is entitled.

39 **(e) After December 31, 2013, a virtual charter school is entitled**  
 40 **to receive funding from the state in the manner prescribed under**  
 41 **IC 20-43.**

42 (f) After December 31, 2011, a virtual charter school is entitled to

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1 receive special education grants under IC 20-43-7 calculated in the  
2 same manner as special education grants are calculated for other school  
3 corporations.

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

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

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

15 SECTION 43. IC 20-24-7.5-2 IS REPEALED [EFFECTIVE  
16 JANUARY 1, 2014]. ~~Sec. 2: This chapter does not apply to a virtual~~  
17 ~~charter school.~~

18 SECTION 44. IC 20-24-7.5-2.5 IS ADDED TO THE INDIANA  
19 CODE AS A NEW SECTION TO READ AS FOLLOWS  
20 [EFFECTIVE JULY 1, 2013]: **Sec. 2.5. The budget agency shall**  
21 **administer this chapter.**

22 SECTION 45. IC 20-24-8-3, AS ADDED BY P.L.1-2005,  
23 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
24 JULY 1, 2013]: Sec. 3. For each charter school established under this  
25 article, the charter school and the organizer are accountable to the  
26 **sponsor authorizer** for ensuring compliance with:

- 27 (1) applicable federal and state laws;
- 28 (2) the charter; and
- 29 (3) the Constitution of the State of Indiana.

30 SECTION 46. IC 20-24-9-1 IS REPEALED [EFFECTIVE JULY 1,  
31 2013]. ~~Sec. 1: A sponsor that has established a charter school shall~~  
32 ~~submit an annual report to the department for informational and~~  
33 ~~research purposes.~~

34 SECTION 47. IC 20-24-9-2 IS REPEALED [EFFECTIVE JULY 1,  
35 2013]. ~~Sec. 2: An annual report under this chapter must contain the~~  
36 ~~following information:~~

- 37 (1) Results of all standardized testing, including ISTEP program  
38 testing, end of course assessments, and any other assessments  
39 used for each sponsored school.
- 40 (2) A description of the educational methods and teaching  
41 methods employed for each sponsored school.
- 42 (3) Attendance rates for each sponsored school.

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1 (4) Graduation rates (if appropriate); including attainment of Core  
2 40 and academic honors diplomas for each sponsored school.

3 (5) Student enrollment data for each sponsored school; including  
4 the following:

5 (A) The number of students enrolled:

6 (B) The number of students expelled:

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

9 SECTION 48. IC 20-24-9-3, AS ADDED BY P.L.1-2005,  
10 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
11 JULY 1, 2013]: Sec. 3. The **sponsor authorizer** shall oversee a charter  
12 school's compliance with:

13 (1) the charter; and

14 (2) all applicable laws.

15 SECTION 49. IC 20-24-9-4, AS ADDED BY P.L.1-2005,  
16 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
17 JULY 1, 2013]: Sec. 4. Notwithstanding the provisions of the charter,  
18 a **sponsor an authorizer** that grants a charter may revoke the charter  
19 at any time before the expiration of the term of the charter if the  
20 **sponsor authorizer** determines that at least one (1) of the following  
21 occurs:

22 (1) The organizer fails to comply with the conditions established  
23 in the charter.

24 (2) The charter school established by the organizer fails to meet  
25 the educational goals set forth in the charter.

26 (3) The organizer fails to comply with all applicable laws.

27 (4) The organizer fails to meet generally accepted government  
28 accounting principles.

29 (5) One (1) or more grounds for revocation exist as specified in  
30 the charter.

31 SECTION 50. IC 20-24-9-5, AS ADDED BY P.L.1-2005,  
32 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
33 JULY 1, 2013]: Sec. 5. A charter school shall report the following to  
34 the **sponsor: authorizer:**

35 (1) Attendance records.

36 (2) Student performance data.

37 (3) Financial information.

38 (4) Any information necessary to comply with state and federal  
39 government requirements.

40 (5) Any other information specified in the charter.

41 SECTION 51. IC 20-24-9-7, AS ADDED BY P.L.148-2012,  
42 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

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1 JULY 1, 2013]: Sec. 7. **If an organizer of a charter school maintains**  
 2 **an Internet web site for a charter school**, the organizer of ~~a~~ **the**  
 3 charter school shall publish the names of the charter school's governing  
 4 body on the **charter** school's Internet web site.

5 SECTION 52. IC 20-24-11-1, AS AMENDED BY P.L.91-2011,  
 6 SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 7 JULY 1, 2013]: Sec. 1. (a) This section does not apply to an existing  
 8 public elementary or secondary school that the governing body of the  
 9 school corporation in which the school is located has scheduled for  
 10 closure.

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

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

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

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

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

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

33 SECTION 53. IC 20-24-12-3, AS ADDED BY P.L.91-2011,  
 34 SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 35 JULY 1, 2013]: Sec. 3. The ~~department~~ **budget agency** shall  
 36 administer the program.

37 SECTION 54. IC 20-24-12-4, AS ADDED BY P.L.91-2011,  
 38 SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 39 JULY 1, 2013]: Sec. 4. (a) The charter school facilities assistance fund  
 40 is established. The ~~department~~ **budget agency** shall administer the  
 41 fund.

42 (b) The fund consists of the following:

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- 1 (1) Money appropriated or authorized by the general assembly.
- 2 (2) The repayment proceeds of loans made to charter schools from
- 3 the fund.
- 4 (3) Any gifts and grants made to the fund or other money required
- 5 by law to be deposited in the fund.
- 6 (4) Any federal grants that are received to capitalize or
- 7 supplement the fund.
- 8 (5) Any earnings on money in the fund.
- 9 (c) The expenses of administering the fund shall be paid from
- 10 money in the fund.
- 11 (d) The treasurer of state shall invest the money in the fund not
- 12 currently needed to meet the obligations of the fund in the same
- 13 manner as other public funds may be invested.
- 14 (e) The fund may be used by the **department budget agency** as a
- 15 revolving fund for the purposes described in section 2 of this chapter.
- 16 (f) Money in the fund at the end of a state fiscal year does not revert
- 17 to the state general fund.

18 SECTION 55. IC 20-24-12-5, AS ADDED BY P.L.91-2011,  
 19 SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 20 JULY 1, 2013]: Sec. 5. The **department budget agency** may apply to  
 21 the United States Department of Education for a state charter school  
 22 facilities incentive program grant authorized under 34 U.S.C. 7221d(b).  
 23 The **department budget agency** shall use the proceeds of any state  
 24 charter school facilities incentive program grant awarded to the state  
 25 for purposes of the program. To the extent permitted by federal law, the  
 26 proceeds may be used to pay the administrative expenses of the  
 27 program.

28 SECTION 56. IC 20-24-12-6, AS ADDED BY P.L.91-2011,  
 29 SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 30 JULY 1, 2013]: Sec. 6. The **department budget agency** may authorize  
 31 money in the fund to be used for any of the following purposes:

- 32 (1) To pay first semester costs for charter schools first opening
- 33 after June 30, 2011.
- 34 (2) To repay advances and loans to charter schools made before
- 35 June 30, 2011.
- 36 (3) To match federal grants described in IC 20-24-7-11(a).
- 37 (4) To loan or grant money from the fund to a charter school to
- 38 carry out the purposes described in section 2 of this chapter.

39 SECTION 57. IC 20-24-12-7, AS ADDED BY P.L.91-2011,  
 40 SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 41 JULY 1, 2013]: Sec. 7. (a) The **department budget agency** shall  
 42 establish written procedures for providing grants or loans from the fund

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1 to charter schools. The written procedures must include at least the  
2 following:

- 3 (1) An application procedure.
- 4 (2) A procedure to identify projects that may qualify for a grant or  
5 loan.
- 6 (3) Criteria for establishing the priority of projects for which  
7 grants or loans will be made.
- 8 (4) Procedures for selecting projects for which grants or loans will  
9 be made.

10 (b) To apply for a grant or loan from the fund, a charter school must  
11 submit an application that contains the information required by the  
12 ~~department.~~ **budget agency.**

13 SECTION 58. IC 20-24-12-8, AS ADDED BY P.L.91-2011,  
14 SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
15 JULY 1, 2013]: Sec. 8. In making its determination to approve or  
16 disapprove a grant or loan application, the ~~department~~ **budget agency**  
17 may consider the following:

- 18 (1) The soundness of the financial business plans of the applicant  
19 charter school.
- 20 (2) The availability to the charter school of other sources of  
21 funding.
- 22 (3) The geographic distribution of grants or loans made from the  
23 fund.
- 24 (4) The impact that grants or loans received under this chapter  
25 will have on the charter school's receipt of other private and  
26 public financing.
- 27 (5) Plans for innovatively enhancing or leveraging funds received  
28 under this chapter, such as loan guarantees or other types of credit  
29 enhancements.
- 30 (6) The financial needs of the charter school.

31 SECTION 59. IC 20-24-12-9, AS ADDED BY P.L.91-2011,  
32 SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
33 JULY 1, 2013]: Sec. 9. The ~~department~~ **budget agency** may make  
34 grants or loans under this chapter on a per student basis.

35 SECTION 60. IC 20-24-12-10, AS AMENDED BY P.L.6-2012,  
36 SECTION 130, IS AMENDED TO READ AS FOLLOWS  
37 [EFFECTIVE JULY 1, 2013]: Sec. 10. The following apply to a loan  
38 from the fund to a charter school under this chapter:

- 39 (1) A loan may not exceed the maximum amount set by the  
40 ~~department.~~ **budget agency.**
- 41 (2) The term of the loan may not exceed fifteen (15) years after  
42 the date of the loan.

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1 (3) A charter school may receive multiple loans from the fund as  
2 long as the total amount outstanding on all loans granted to the  
3 charter school from the fund does not exceed the maximum  
4 amount set by the ~~department~~ **budget agency**.

5 (4) The ~~department~~ **budget agency** shall determine the interest  
6 rate and other terms for the loan, subject to the approval of the  
7 state board of finance.

8 (5) A charter school must enter into a loan agreement with the  
9 ~~department~~ **budget agency** before receiving a loan from the fund.

10 SECTION 61. IC 20-24-12-12, AS ADDED BY P.L.91-2011,  
11 SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
12 JULY 1, 2013]: Sec. 12. The ~~department~~ **budget agency** shall withhold  
13 the amount of the balance of the loan due in a year on a loan made  
14 under this chapter from state tuition support distributions that would  
15 otherwise be made in the year to the charter school. To the extent  
16 possible, the ~~department~~ **budget agency** shall withhold an equal  
17 amount from each installment of state tuition support distributed to the  
18 charter school. Withheld amounts reduce the balance of the loan of the  
19 charter school. The auditor of state shall transfer withheld amounts to  
20 the fund.

21 SECTION 62. IC 20-39-1-1, AS ADDED BY P.L.2-2006,  
22 SECTION 162, IS AMENDED TO READ AS FOLLOWS  
23 [EFFECTIVE JULY 1, 2013]: Sec. 1. All public school governing  
24 bodies, **except a charter school organizer**, shall adopt and fully and  
25 accurately implement a single, unified accounting system as prescribed  
26 by the state board and the state board of accounts.

27 SECTION 63. IC 20-39-1-2 IS REPEALED [EFFECTIVE JULY 1,  
28 2013]. ~~Sec. 2: Section 1 of this chapter and rules and guidelines~~  
29 ~~adopted under section 1 of this chapter apply to a charter school.~~

30 SECTION 64. IC 20-39-1-4 IS ADDED TO THE INDIANA CODE  
31 AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JULY  
32 1, 2013]: **Sec. 4. Charter school organizers shall adopt and**  
33 **accurately implement a single, unified accounting system for**  
34 **charter school organizers as prescribed by the state board and the**  
35 **state board of accounts. The system, including a chart of accounts**  
36 **and all prescribed forms, must enable charter school organizers to**  
37 **adopt the accrual basis method of accounting.**

38 SECTION 65. IC 20-43-1-1, AS AMENDED BY P.L.144-2012,  
39 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
40 JUNE 30, 2013]: Sec. 1. This article expires ~~July 1, 2013~~: **July 1, 2015**.

41 SECTION 66. IC 20-43-1-23, AS ADDED BY P.L.2-2006,  
42 SECTION 166, IS AMENDED TO READ AS FOLLOWS

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1 [EFFECTIVE JULY 1, 2013]: Sec. 23. "School corporation" means the  
2 following:

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

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

7 SECTION 67. IC 20-43-1-25, AS AMENDED BY P.L.229-2011,  
8 SECTION 203, IS AMENDED TO READ AS FOLLOWS  
9 [EFFECTIVE JANUARY 1, 2014]: Sec. 25. "State tuition support"  
10 means the amount of state funds to be distributed to:

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

14 (2) a virtual charter school in any calendar year ~~under~~  
15 ~~IC 20-43-6-3~~ **under this article beginning after December 31,**  
16 **2013, for all grants, distributions, and awards described in**  
17 **IC 20-43-2-3, except IC 20-43-2-3(3).**

18 SECTION 68. IC 20-43-2-1, AS AMENDED BY P.L.146-2008,  
19 SECTION 481, IS AMENDED TO READ AS FOLLOWS  
20 [EFFECTIVE JULY 1, 2013]: Sec. 1. **Except as provided in**  
21 **IC 20-24-7-2**, the department shall distribute the amount appropriated  
22 by the general assembly for distribution as state tuition support in  
23 accordance with this article. If the appropriations for distribution as  
24 state tuition support are more than required under this article, any  
25 excess shall revert to the state general fund. The appropriations for  
26 state tuition support shall be made each calendar year under a schedule  
27 set by the budget agency and approved by the governor. However, the  
28 schedule must provide:

29 (1) for at least twelve (12) payments;

30 (2) that one (1) payment shall be made at least every forty (40)  
31 days; and

32 (3) the total of the payments in each calendar year must equal the  
33 amount required under this article.

34 SECTION 69. IC 20-43-2-2, AS AMENDED BY P.L.229-2011,  
35 SECTION 204, IS AMENDED TO READ AS FOLLOWS  
36 [EFFECTIVE JANUARY 1, 2014]: Sec. 2. The maximum state  
37 distribution for a calendar year for all school corporations for the  
38 purposes described in section 3 of this chapter is:

39 (1) six billion two hundred forty-seven million eight hundred  
40 thousand dollars (\$6,247,800,000) in 2011;

41 (2) six billion two hundred seventy-seven million eight hundred  
42 thousand dollars (\$6,277,800,000) in 2012; and

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- 1 (3) six billion three hundred thirty-nine million six hundred  
 2 thousand dollars (\$6,339,600,000) in 2013 **and each year**  
 3 **thereafter.**
- 4 SECTION 70. IC 20-43-5-3, AS AMENDED BY P.L.229-2011,  
 5 SECTION 208, IS AMENDED TO READ AS FOLLOWS  
 6 [EFFECTIVE JULY 1, 2013]: Sec. 3. A school corporation's  
 7 complexity index is determined under the following formula:
- 8 STEP ONE: Determine the greater of zero (0) or the result of the  
 9 following:
- 10 (1) Determine the percentage of the school corporation's  
 11 students who were eligible for free or reduced price lunches in  
 12 the school year ending in the later of:
- 13 (A) 2011 for the purposes of determining the complexity  
 14 index in 2012 and 2013; or  
 15 (B) the first year of operation of the school corporation.
- 16 (2) Determine the quotient of:
- 17 (A) in 2012:  
 18 (i) two thousand one hundred twenty-nine dollars (\$2,129);  
 19 divided by  
 20 (ii) four thousand two hundred eighty dollars (\$4,280); and  
 21 (B) in 2013, **and each year thereafter:**  
 22 (i) two thousand one hundred ninety dollars (\$2,190);  
 23 divided by  
 24 (ii) four thousand four hundred five dollars (\$4,405).
- 25 (3) Determine the product of:
- 26 (A) the subdivision (1) amount; multiplied by  
 27 (B) the subdivision (2) amount.
- 28 STEP TWO: Determine the result of one (1) plus the STEP ONE  
 29 result.
- 30 STEP THREE: This STEP applies if the STEP TWO result in  
 31 2012 is equal to or greater than at least one and twenty-eight  
 32 hundredths (1.28) and applies if the STEP TWO result in 2013,  
 33 **and each year thereafter**, is at least one and thirty-one  
 34 hundredths (1.31). Determine the result of the following:
- 35 (1) In 2012, subtract one and twenty-eight hundredths (1.28)  
 36 and in 2013, **and each year thereafter**, subtract one and  
 37 thirty-one hundredths (1.31) from the STEP TWO result.
- 38 (2) Determine the result of:
- 39 (A) the STEP TWO result; plus  
 40 (B) the subdivision (1) result.
- 41 The data to be used in making the calculations under STEP ONE must  
 42 be the data collected in the annual pupil enrollment count by the

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1 department, **or in the case of a charter school, the budget agency.**  
 2 SECTION 71. IC 20-43-5-4, AS AMENDED BY P.L.229-2011,  
 3 SECTION 209, IS AMENDED TO READ AS FOLLOWS  
 4 [EFFECTIVE JANUARY 1, 2014]: Sec. 4. A school corporation's  
 5 foundation amount for a calendar year is the result determined under  
 6 STEP THREE of the following formula:  
 7 STEP ONE: The STEP ONE amount is:  
 8 (A) in 2012, four thousand two hundred eighty dollars  
 9 (\$4,280); and  
 10 (B) in 2013 **and each year thereafter**, four thousand four  
 11 hundred five dollars (\$4,405).  
 12 STEP TWO: Multiply the STEP ONE amount by the school  
 13 corporation's complexity index.  
 14 STEP THREE: Determine the sum of the STEP TWO amount and  
 15 the following:  
 16 (A) Zero dollars (\$0), if the school corporation's current ADM  
 17 is less than five hundred (500).  
 18 (B) One hundred fifty dollars (\$150), if the school  
 19 corporation's current ADM is at least five hundred (500) and  
 20 is not more than one thousand (1,000).  
 21 (C) The result of one hundred fifty thousand dollars  
 22 (\$150,000) divided by the school corporation's current ADM,  
 23 if the school corporation's current ADM is more than one  
 24 thousand (1,000).  
 25 SECTION 72. IC 20-43-5-6, AS AMENDED BY P.L.229-2011,  
 26 SECTION 210, IS AMENDED TO READ AS FOLLOWS  
 27 [EFFECTIVE JANUARY 1, 2014]: Sec. 6. (a) A school corporation's  
 28 transition to foundation amount for a calendar year is equal to the result  
 29 determined under STEP TWO of the following formula:  
 30 STEP ONE: Determine the difference of:  
 31 (A) the school corporation's foundation amount; minus  
 32 (B) the lesser of:  
 33 (i) the school corporation's previous year revenue foundation  
 34 amount; or  
 35 (ii) the result of the school corporation's foundation amount  
 36 multiplied by one and two-tenths (1.2).  
 37 STEP TWO: A school corporation's STEP TWO amount is the  
 38 following:  
 39 (A) For a charter school located outside Marion County that  
 40 has previous year revenue that is not greater than zero (0), the  
 41 charter school's STEP TWO amount is the quotient of:  
 42 (i) the school corporation's transition to foundation revenue

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- 1 for the calendar year where the charter school is located;  
 2 divided by  
 3 (ii) the school corporation's current ADM.
- 4 (B) For a charter school located in Marion County that has  
 5 previous year revenue that is not greater than zero (0), the  
 6 charter school's STEP TWO amount is the weighted average  
 7 of the transition to foundation revenue for the school  
 8 corporations where the students counted in the current ADM  
 9 of the charter school have legal settlement, as determined  
 10 under item (iv) of the following formula:
- 11 (i) Determine the transition to foundation revenue for each  
 12 school corporation where a student counted in the current  
 13 ADM of the charter school has legal settlement.
- 14 (ii) For each school corporation identified in item (i), divide  
 15 the item (i) amount by the school corporation's current  
 16 ADM.
- 17 (iii) For each school corporation identified in item (i),  
 18 multiply the item (ii) amount by the number of students  
 19 counted in the current ADM of the charter school that have  
 20 legal settlement in the particular school corporation.
- 21 (iv) Determine the sum of the item (iii) amounts for the  
 22 charter school.
- 23 (C) The STEP TWO amount for a school corporation that is  
 24 not a charter school described in clause (A) or (B) is the  
 25 following:
- 26 (i) The school corporation's foundation amount for the  
 27 calendar year if the STEP ONE amount is zero (0) or  
 28 greater.
- 29 (ii) The amount determined under subsection (b), if the  
 30 school corporation's STEP ONE amount is less than zero (0).
- 31 (b) For the purposes of STEP TWO (C)(ii) in subsection (a),  
 32 determine the result of:
- 33 (1) the result determined for the school corporation under STEP  
 34 ONE (B) of subsection (a); minus
- 35 (2) the result of:
- 36 (A) the absolute value of the STEP ONE amount; divided by  
 37 (B) seven (7) in 2012 and six (6) in 2013 **and each year**  
 38 **thereafter.**
- 39 SECTION 73. IC 20-43-6-3, AS AMENDED BY P.L.229-2011,  
 40 SECTION 212, IS AMENDED TO READ AS FOLLOWS  
 41 [EFFECTIVE JANUARY 1, 2014]: Sec. 3. (a) A school corporation's  
 42 basic tuition support for a year is the amount determined under the

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1 applicable provision of this section.

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

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

7 SECTION 74. IC 20-43-8-0.5 IS REPEALED [EFFECTIVE  
8 JANUARY 1, 2014]. ~~Sec. 0.5: This chapter does not apply to a virtual  
9 charter school.~~

10 SECTION 75. IC 20-43-8-2, AS AMENDED BY P.L.234-2007,  
11 SECTION 137, IS AMENDED TO READ AS FOLLOWS  
12 [EFFECTIVE JULY 1, 2013]: Sec. 2. (a) Before December 1 of each  
13 year, the department of workforce development shall provide the  
14 department **and the budget agency** with a report, to be used to  
15 determine career and technical education grant amounts in the second  
16 calendar year after the year in which the report is provided, listing  
17 whether the labor market demand for each generally recognized labor  
18 category is more than moderate, moderate, or less than moderate. In the  
19 report, the department of workforce development shall categorize each  
20 of the career and technical education programs using the following four

21 (4) categories:

22 (1) Programs that address employment demand for individuals in  
23 labor market categories that are projected to need more than a  
24 moderate number of individuals.

25 (2) Programs that address employment demand for individuals in  
26 labor market categories that are projected to need a moderate  
27 number of individuals.

28 (3) Programs that address employment demand for individuals in  
29 labor market categories that are projected to need less than a  
30 moderate number of individuals.

31 (4) All programs not covered by the employment demand  
32 categories of subdivisions (1) through (3).

33 (b) Before December 1 of each year, the department of workforce  
34 development shall provide the department **and budget agency** with a  
35 report, to be used to determine grant amounts that will be distributed  
36 under this chapter in the second calendar year after the year in which  
37 the report is provided, listing whether the average wage level for each  
38 generally recognized labor category for which career and technical  
39 education programs are offered is a high wage, a moderate wage, or a  
40 less than moderate wage.

41 (c) In preparing the labor market demand report under subsection  
42 (a) and the average wage level report under subsection (b), the

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1 department of workforce development shall, if possible, list the labor  
 2 market demand and the average wage level for specific regions,  
 3 counties, and municipalities.

4 (d) If a new career and technical education program is created by  
 5 rule of the state board, the department of workforce development shall  
 6 determine the category in which the program should be included.

7 SECTION 76. IC 20-43-9-6, AS AMENDED BY P.L.229-2011,  
 8 SECTION 217, IS AMENDED TO READ AS FOLLOWS  
 9 [EFFECTIVE JANUARY 1, 2014]: Sec. 6. A school corporation's  
 10 primetime distribution for a calendar year under this chapter is the  
 11 amount determined by the following formula:

12 STEP ONE: Determine the applicable target pupil/teacher ratio  
 13 for the school corporation as follows:

14 (A) If the school corporation's complexity index is less than  
 15 one and one-tenth (1.1), the school corporation's target  
 16 pupil/teacher ratio is eighteen to one (18:1).

17 (B) If the school corporation's complexity index is at least one  
 18 and one-tenth (1.1) but less than one and three-tenths (1.3), the  
 19 school corporation's target pupil/teacher ratio is fifteen (15)  
 20 plus the result determined in item (iii) to one (1):

21 (i) Determine the result of one and three-tenths (1.3) minus  
 22 the school corporation's complexity index.

23 (ii) Determine the item (i) result divided by two-tenths (0.2).

24 (iii) Determine the item (ii) result multiplied by three (3).

25 (C) If the school corporation's complexity index is at least one  
 26 and three-tenths (1.3), the school corporation's target  
 27 pupil/teacher ratio is fifteen to one (15:1).

28 STEP TWO: Determine the result of:

29 (A) the ADM of the school corporation in kindergarten  
 30 through grade 3 for the current school year; divided by

31 (B) the school corporation's applicable target pupil/teacher  
 32 ratio, as determined in STEP ONE.

33 STEP THREE: Determine the result of:

34 (A) the basic tuition support for the year multiplied by  
 35 seventy-five hundredths (0.75); divided by

36 (B) the school corporation's ADM.

37 STEP FOUR: Determine the result of:

38 (A) the STEP THREE result; multiplied by

39 (B) the ADM of the school corporation in kindergarten  
 40 through grade 3 for the current school year.

41 STEP FIVE: Determine the result of:

42 (A) the STEP FOUR result; divided by

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- 1 (B) the staff cost amount.  
 2 STEP SIX: Determine the greater of zero (0) or the result of:  
 3 (A) the STEP TWO amount; minus  
 4 (B) the STEP FIVE amount.  
 5 STEP SEVEN: Determine the result of:  
 6 (A) the STEP SIX amount; multiplied by  
 7 (B) the staff cost amount.  
 8 STEP EIGHT: Determine the greater of the STEP SEVEN amount  
 9 or:  
 10 (A) for 2012, fifty percent (50%) of the school corporation's  
 11 guaranteed primetime amount; or  
 12 (B) for 2013 **and each year thereafter**, zero (0).  
 13 STEP NINE: A school corporation's amount under this STEP is  
 14 the following:  
 15 (A) If the amount the school corporation received under this  
 16 chapter in the previous calendar year is greater than zero (0),  
 17 the amount under this STEP is the lesser of:  
 18 (i) the STEP EIGHT amount; or  
 19 (ii) the amount the school corporation received under this  
 20 chapter for the previous calendar year multiplied by one  
 21 hundred seven and one-half percent (107.5%).  
 22 (B) If the amount the school corporation received under this  
 23 chapter in the previous calendar year is not greater than zero  
 24 (0), the amount under this STEP is the STEP EIGHT amount.  
 25 SECTION 77. IC 20-43-9-7, AS ADDED BY P.L.2-2006,  
 26 SECTION 166, IS AMENDED TO READ AS FOLLOWS  
 27 [EFFECTIVE JULY 1, 2013]: Sec. 7. A school corporation shall  
 28 compile class size data for kindergarten through grade 3 and report the  
 29 data to the department, **or in the case of a charter school, the budget**  
 30 **agency**, for purposes of maintaining compliance with this chapter.  
 31 SECTION 78. IC 20-43-9-12, AS ADDED BY P.L.220-2011,  
 32 SECTION 339, IS AMENDED TO READ AS FOLLOWS  
 33 [EFFECTIVE JULY 1, 2013]: Sec. 12. (a) The department, **or in the**  
 34 **case of a charter school, the budget agency**, shall adjust distributions  
 35 made to a school corporation, including a charter school, after May 13,  
 36 2005, to eliminate the difference between the state primetime  
 37 distribution that the school corporation, including a charter school,  
 38 received as a result of IC 21-1-30-3 (as amended by P.L.224-2003,  
 39 before its repeal, now codified in this chapter), and the state primetime  
 40 distribution to which the school corporation, including a charter school,  
 41 is entitled to receive under IC 21-1-30-3 (as amended by P.L.246-2005,  
 42 before its repeal, now codified in this chapter).



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1 (b) The adjustments required under this section shall be made on the  
 2 schedule determined by the department, ~~of education~~, **or in the case of**  
 3 **a charter school, the budget agency.**

4 SECTION 79. IC 20-43-10-0.5 IS REPEALED [EFFECTIVE  
 5 JANUARY 1, 2014]. ~~Sec. 0.5: This chapter does not apply to a virtual~~  
 6 ~~charter school.~~

7 SECTION 80. [EFFECTIVE JULY 1, 2013] (a) **The definitions in**  
 8 **IC 20-18-2 apply throughout this SECTION.**

9 (b) **The department shall provide any information, as well as**  
 10 **assistance, necessary for the budget agency to administer:**

11 (1) **IC 20-24-7, IC 20-24-7.5, and IC 20-24-12, all as amended**  
 12 **by this act; and**

13 (2) **provisions in IC 20-43 concerning charter schools, as**  
 14 **amended by this act.**

15 (c) **All powers, duties, and responsibilities of the department**  
 16 **pertaining to the administration of IC 20-24-7, IC 20-24-7.5, and**  
 17 **IC 20-24-12, and pertaining to the administration of IC 20-43**  
 18 **concerning charter schools, transfer to the budget agency on July**  
 19 **1, 2013. The transfer of powers, duties, and responsibilities from**  
 20 **the department to the budget agency under IC 20-24-7,**  
 21 **IC 20-24-7.5, and IC 20-24-12, and IC 20-43 concerning charter**  
 22 **schools, all amended by this act, does not affect:**

23 (1) **rights or liabilities accrued; or**

24 (2) **rules that were adopted by the department.**

25 (d) **This SECTION expires July 1, 2014.**

26 SECTION 81. **An emergency is declared for this act.**

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