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# HOUSE BILL No. 1397

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1-21.4-0.5; IC 20-18-2; IC 20-20-40; IC 20-24; IC 20-26-5; IC 20-31; IC 20-33-8.5-5; IC 20-39; IC 20-43; IC 20-49; IC 20-51-4.

**Synopsis:** Student centered school funding. Establishes a school funding formula for the state fiscal year beginning July 1, 2014, and ending June 30, 2015. Provides that state tuition support is payable to both public and private schools based on the ADM count of each school. Establishes the school funding task force to assist the general assembly in developing funding categories and funding weights to use in allocating state tuition support among schools based on the relative educational cost of educating each student. Reduces the amount of choice scholarship payable to a student by the amount of state tuition support provided to the private school that the student attends. Provides for payment of state tuition support at the beginning of a school year based on an estimate of the number of students that are likely to be included in the fall ADM count conducted in that school year. Provides a procedure for reconciling overpayments and underpayments resulting from the use of estimates. Eliminates start up grants and loans to charter schools. Requires state and federal funds, to the extent permitted by law, to be distributed and used on a per student basis. Provides for budgeting, accounting, and management of educational expenditures from state and federal funds on a school by school basis. Provides that the state superintendent of public instruction must exercise supervision of school funds and revenues under the direction of the state board of education. Defines the terms "elementary school" and "high school" to include combined schools such as a middle school. Makes an appropriation for state tuition support distributions.

**Effective:** June 30, 2013; July 1, 2013.

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January 22, 2013, read first time and referred to Committee on Education.

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First Regular Session 118th General Assembly (2013)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2012 Regular Session of the General Assembly.

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# HOUSE BILL No. 1397



A BILL FOR AN ACT to amend the Indiana Code concerning education and to make an appropriation.

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

1 SECTION 1. IC 6-1.1-21.4-0.5, AS ADDED BY P.L.145-2012,  
2 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2013]: Sec. 0.5. As used in this chapter, "ADM" refers to a  
4 school corporation's average daily membership as determined, **before**  
5 **July 1, 2014**, under IC 20-43-4-2 **and after June 30, 2014, in the fall**  
6 **count under IC 20-43-15-4.**

7 SECTION 2. IC 20-18-2-4, AS ADDED BY P.L.1-2005, SECTION  
8 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,  
9 2013]: Sec. 4. "Elementary school" means any combination of  
10 kindergarten and grades 1, 2, 3, 4, 5, 6, 7, or 8. **The term applies to**  
11 **kindergarten and grade 1, 2, 3, 4, 5, 6, 7, or 8, regardless of**  
12 **whether some or all of the grades are combined in the same**  
13 **building or in the same administrative unit with some or all of the**  
14 **grades of a high school, such as a middle school.**

15 SECTION 3. IC 20-18-2-7, AS ADDED BY P.L.1-2005, SECTION  
16 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,  
17 2013]: Sec. 7. "High school" means any combination of grades 9, 10,



1 11, or 12. **The term applies to grade 9, 10, 11, or 12, regardless of**  
 2 **whether some or all of the grades are combined in the same**  
 3 **building or in the same administrative unit with some or all of the**  
 4 **grades of an elementary school, such as a middle school.**

5 SECTION 4. IC 20-20-40 IS ADDED AS A NEW CHAPTER TO  
 6 READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]:

7 **Chapter 40. Student Centered Grant Distributions**

8 **Sec. 1. This chapter applies to grants and other distributions of**  
 9 **state and federal funds for the education of students in elementary**  
 10 **school or high school, or both, made after June 30, 2014.**

11 **Sec. 2. In addition to any other requirement specified by law for**  
 12 **the distribution of educational funds, to the extent permitted by**  
 13 **federal and state law, the department under the direction of the**  
 14 **state board shall distribute educational funds to entities in**  
 15 **proportion to the students served by the entity and shall require**  
 16 **that the entities make expenditures of the funds for each student**  
 17 **covered by the grants and distributions in proportion to the**  
 18 **amount of funds received for that student.**

19 SECTION 5. IC 20-24-7-2, AS AMENDED BY P.L.146-2008,  
 20 SECTION 460, IS AMENDED TO READ AS FOLLOWS  
 21 [EFFECTIVE JULY 1, 2013]: Sec. 2. (a) Not later than the date  
 22 established by the department for determining ADM, and after May 31  
 23 each year, the organizer shall submit to the department the following  
 24 information on a form prescribed by the department:

- 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 shall verify the accuracy of the information reported.

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

41 (c) **After December 31, 2013, IC 20-43-14-5 and not this section**  
 42 **applies to advance funding of a charter school that begins its initial**

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1 **operation after June 30, 2014.**

2 **(d) This section expires July 1, 2014.**

3 SECTION 6. IC 20-24-7-13, AS AMENDED BY P.L.229-2011,  
4 SECTION 171, IS AMENDED TO READ AS FOLLOWS  
5 [EFFECTIVE JULY 1, 2013]: Sec. 13. (a) As used in this section,  
6 "virtual charter school" means any charter school, including a  
7 conversion charter school, that provides for the delivery of more than  
8 fifty percent (50%) of instruction to students through:

- 9 (1) virtual distance learning;  
10 (2) online technologies; or  
11 (3) computer based instruction.

12 **(b) Beginning with the 2011-2012 school year, a virtual charter**  
13 **school may apply for sponsorship with any statewide sponsor in**  
14 **accordance with the sponsor's guidelines.**

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

17 **(1) the product of:**

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

20 **(B) eighty percent (80%) of statewide average basic tuition**  
21 **support.**

22 **(d) (b) After December 31, 2011, and before July 1, 2014, a virtual**  
23 **charter school is entitled to receive funding from the state in an amount**  
24 **equal to the sum of:**

25 **(1) the product of:**

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

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

30 **(expires July 1, 2014); plus**

31 **(2) the total of any special education grants under IC 20-43-7**  
32 **(expires July 1, 2014) to which the virtual charter school is**  
33 **entitled.**

34 **After December 31, 2011, and before July 1, 2014, a virtual charter**  
35 **school is entitled to receive special education grants under IC 20-43-7**  
36 **(expires July 1, 2014) calculated in the same manner as special**  
37 **education grants are calculated for other school corporations. After**  
38 **June 30, 2014, a virtual charter school is entitled to receive state**  
39 **tuition support in the amount determined under IC 20-43-17-4.**

40 **(c) (c) The department shall adopt rules under IC 4-22-2 to govern**  
41 **the operation of virtual charter schools.**

42 **(e) Beginning in 2009; (d) The department shall before December**

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1 of each year submit an annual report to the budget committee concerning the program under this section.

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

9 SECTION 7. IC 20-24-7-10.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 10.5. (a) Each charter school shall maintain a cost accounting system approved by the state board of accounts that permits:**

14 (1) analysis of the educational expenditures from state and federal revenues that are actually expended on each eligible pupil (as defined in IC 20-43-1-11) enrolled in that charter school; and

18 (2) comparison of eligible pupil expenditures with the eligible pupil expenditures of other schools (as defined in IC 20-43-1-22.7).

21 The cost accounting system must be capable of matching the expenditures to the source of revenue for those expenditures and identifying the funding categories (as defined in IC 20-43-1-14.7) in which each student is counted for state tuition support purposes.

25 (b) A charter school shall report revenues and expenditures for students to the state board on the schedule determined by the state board.

28 SECTION 8. IC 20-24-7.5-5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 5. After December 31, 2013, IC 20-43-14-5 and not this chapter applies to advance funding of a charter school that begins its initial operation after June 30, 2014.**

33 SECTION 9. IC 20-24-7.5-6 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 6. This chapter expires July 1, 2014.**

36 SECTION 10. IC 20-26-5-34 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 34. (a) This section applies to school years beginning after June 30, 2014.**

40 (b) The governing body of a school corporation shall establish a plan to delegate final authority and administrative control over:

42 (1) budgets and expenditure decisions for a public school; and

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1           **(2) administrative activities affecting the operation of the**  
 2           **public school or the performance of students enrolled in the**  
 3           **public school;**

4           **to the principal of the public school, as necessary or appropriate,**  
 5           **to give the principal the authority to use state and federal funds**  
 6           **received for or attributable to the students enrolled in the public**  
 7           **school in the most effective manner, as determined by the**  
 8           **principal, to advance the academic achievement of the students**  
 9           **enrolled in the public school.**

10           **(c) The following are not governed by a plan under this section:**

11           **(1) Location of public schools.**

12           **(2) Capital expenditures related to public schools, other than**  
 13           **leases or purchases of equipment for a public school.**

14           **(3) Financing of any expenditure, including the repayment of**  
 15           **debt.**

16           **(4) Accounting services.**

17           **(5) Hiring, firing, demotion, assignment, reassignment,**  
 18           **evaluation, or disciplining of a public school principal.**

19           **(d) Authority for decisions related to goods and services payable**  
 20           **with property taxes or other funds not described in subsection (b)**  
 21           **may be delegated to a principal in a plan under this section if**  
 22           **control of the related funds is also delegated to the principal.**

23           **(e) The initial plan under this section must be adopted by**  
 24           **resolution before January 1, 2014. The governing board may adopt**  
 25           **revisions to the plan, as necessary or appropriate. Any delegation**  
 26           **in a plan adopted under this chapter is effective upon adoption.**

27           **(f) The governing body shall file a copy of a plan established or**  
 28           **revised under this section with the state board. When approved by**  
 29           **the state board, any law or rule that requires the governing body**  
 30           **or the superintendent of the school corporation to take an action**  
 31           **covered by the plan is waived to the extent necessary to delegate**  
 32           **the functions described in this section to the principal of a public**  
 33           **school and a school principal may exercise the delegated powers to**  
 34           **the same extent and in the same manner as the governing body.**

35           **SECTION 11. IC 20-26-5-35 IS ADDED TO THE INDIANA**  
 36           **CODE AS A NEW SECTION TO READ AS FOLLOWS**  
 37           **[EFFECTIVE JULY 1, 2013]: Sec. 35. (a) This section applies to**  
 38           **school years beginning after June 30, 2014.**

39           **(b) Subject to any restrictions established in a plan adopted by**  
 40           **the governing body of a school corporation and subject to approval**  
 41           **by the state board under section 34 of this chapter the following**  
 42           **apply to the procurement of services and goods for a public school:**

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1           **(1) A principal of a public school may procure services and**  
 2           **goods necessary for the public school managed by the**  
 3           **principal in the same manner and to the same extent as a**  
 4           **school corporation.**

5           **(2) Service contracts for the procurement of services or goods**  
 6           **from:**

7               **(A) a centralized unit maintained by a school corporation;**

8               **or**

9               **(B) an educational service center;**

10           **are exempt from bidding or other procurement requirements**  
 11           **set by law.**

12           SECTION 12. IC 20-26-5-36 IS ADDED TO THE INDIANA  
 13           CODE AS A NEW SECTION TO READ AS FOLLOWS  
 14           [EFFECTIVE JULY 1, 2013]: **Sec. 36. (a) This section applies to**  
 15           **school years beginning after June 30, 2014.**

16           **(b) A school corporation shall expend on students enrolled in a**  
 17           **public school an amount from federal funds and state funds**  
 18           **received by the school corporation (excluding the five percent (5%)**  
 19           **allowance permitted under IC 20-43-14-6) that is at least equal to**  
 20           **the amount attributable to the number of students included in the**  
 21           **public school's ADM count under IC 20-43.**

22           **(c) The school corporation shall allocate for expenditure by and**  
 23           **for a public school an amount that is at least equal to the sum of**  
 24           **the amounts required to be expended under subsection (b) for the**  
 25           **students counted in the ADM of the public school (excluding the**  
 26           **five percent (5%) allowance permitted under IC 20-43-14-6).**

27           **(d) Each calendar year, a school corporation and a public school**  
 28           **within a school corporation shall expend the state tuition support**  
 29           **received by the school corporation or public school that is**  
 30           **attributable to parentally placed nonpublic school students with**  
 31           **disabilities for the provision of special education and related**  
 32           **services to the parentally placed nonpublic school students with**  
 33           **disabilities. In determining compliance with this subsection, a**  
 34           **school corporation or public school may include state special**  
 35           **education grant expenditures on the following:**

36               **(1) Activities and services for which the school corporation**  
 37               **may expend federal grants under Part B of the federal**  
 38               **Individuals with Disabilities Education Act (20 U.S.C. 1400 et**  
 39               **seq.).**

40               **(2) Child find (as defined in IC 20-43-1-8.5) activities,**  
 41               **including the cost of initial educational evaluations and**  
 42               **reevaluations.**

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1 **A school corporation and a public school shall maintain sufficient**  
 2 **and accurate records to demonstrate compliance with this**  
 3 **subsection. The state board shall adopt rules to implement this**  
 4 **subsection, including, but not limited to, annual reporting**  
 5 **requirements, monitoring, and consequences for noncompliance.**  
 6 **The consequences may include requiring expenditure of additional**  
 7 **state funds in a subsequent year if the school fails to expend the**  
 8 **requisite amount in a prior year that occurs after June 30, 2011.**

9 SECTION 13. IC 20-31-9.5-3, AS ADDED BY P.L.229-2011,  
 10 SECTION 190, IS AMENDED TO READ AS FOLLOWS  
 11 [EFFECTIVE JULY 1, 2013]: Sec. 3. (a) Turnaround academies are  
 12 eligible to receive building and technology loans administered by the  
 13 state board from the common school fund.

14 (b) A student who attends a turnaround academy or another school  
 15 subject to intervention under this chapter remains, under ~~IC 20-43-4-1,~~  
 16 **IC 20-43-15-2**, an eligible pupil of the school corporation where the  
 17 student has legal settlement.

18 (c) The state board, based upon recommendations received from the  
 19 department, shall determine the amounts of state tuition support and  
 20 federal funds that are necessary to fund options for improvement  
 21 implemented by the state board under this chapter with respect to each  
 22 turnaround academy.

23 (d) The department shall do the following:

24 (1) Withhold from state tuition support and federal funds  
 25 otherwise to be distributed to the school corporation of the school  
 26 operated as a turnaround academy under this chapter the amount  
 27 determined under subsection (c) for the affected students. The  
 28 amount withheld under this subdivision may not exceed the total  
 29 per pupil funding for the affected students.

30 (2) Enter into any contracts necessary to implement the options  
 31 for improvement implemented for the school by the state board,  
 32 including contracts with a special management team assigned  
 33 under IC 20-31-9-4 to operate the school as a turnaround  
 34 academy.

35 (3) Make payments under the contracts entered into under  
 36 subdivision (2) with funds withheld from the school corporation  
 37 under subdivision (1).

38 SECTION 14. IC 20-31-12 IS ADDED TO THE INDIANA CODE  
 39 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
 40 JULY 1, 2013]:

41 **Chapter 12. Internal Review of School Performance**

42 **Sec. 1. This chapter applies after June 30, 2014.**

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1           **Sec. 2. As used in this chapter, "school" has the meaning set**  
 2 **forth in IC 20-43-1-22.7.**

3           **Sec. 3. The primary purpose of each school is to facilitate the**  
 4 **academic achievement and growth of enrolled students. Every**  
 5 **school must provide proof of academic growth per child and is**  
 6 **required to take the state exams required under this title.**

7           **Sec. 4. Each school must ensure that the school operates in an**  
 8 **environment that empowers parents to be involved in their**  
 9 **children's education.**

10           **Sec. 5. Each teacher, in consultation with students' parents or**  
 11 **legal guardians and students when age-appropriate, shall establish**  
 12 **academic growth goals for the student at the outset of each**  
 13 **academic year and shall regularly measure students' academic**  
 14 **growth throughout the school year. In measuring each student's**  
 15 **progress toward achieving those goals throughout the school year,**  
 16 **the teacher shall use a variety of assessment tools selected by the**  
 17 **principal and faculty of the accredited school.**

18           **Sec. 6. The principal of each school shall ensure that each school**  
 19 **teacher and other employee engaged in an educational purpose at**  
 20 **the school is held accountable for student achievement through an**  
 21 **employee evaluation process. At a minimum, the principal shall**  
 22 **annually evaluate the degree to which the employee meets the**  
 23 **requirements specified in section 5 of this chapter.**

24           **Sec. 7. At least once each school year, the:**

25           **(1) school corporation superintendent of a school corporation**  
 26 **maintaining a school; or**

27           **(2) the chief administrative officer for the entity maintaining**  
 28 **a school, if the school is not maintained by a school**  
 29 **corporation and the chief administrative officer is not the**  
 30 **principal of the school; or**

31 **the superintendent's or officer's designee shall evaluate the**  
 32 **performance of each school principal. The review must ensure that**  
 33 **the principal is held accountable for the overall level of academic**  
 34 **achievement at the school. At a minimum, the principals'**  
 35 **evaluations shall assess their performance related to the**  
 36 **requirements under section 6 of this chapter.**

37           **SECTION 15. IC 20-33-8.5-5, AS AMENDED BY**  
 38 **P.L.182-2009(ss), SECTION 321, IS AMENDED TO READ AS**  
 39 **FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 5. The agreement must**  
 40 **provide how the expenses of supervising a student who has been**  
 41 **suspended or expelled are funded. A school corporation may not be**  
 42 **required to expend:**

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1           **(1) for expenditures incurred before July 1, 2014**, more than  
 2           the transition to foundation amount (as determined under  
 3           IC 20-43-5-6) for each student referred under the agreement; **and**  
 4           **(2) for expenditures incurred after June 30, 2014, more than**  
 5           **the state tuition support received by the school corporation**  
 6           **for a student referred under the agreement.**

7           SECTION 16. IC 20-39-1-4 IS ADDED TO THE INDIANA CODE  
 8           AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 9           1, 2013]: **Sec. 4. (a) A school corporation shall maintain a cost**  
 10          **accounting system approved by the state board of accounts that**  
 11          **permits:**

12           **(1) analysis of the educational expenditures from state and**  
 13           **federal revenues that are actually expended on each eligible**  
 14           **pupil (as defined in IC 20-43-1-11) that receives services from**  
 15           **the school corporation or a joint or cooperative school**  
 16           **administered by the school corporation; and**

17           **(2) comparison of eligible pupil expenditures with the eligible**  
 18           **pupil expenditures of other schools (as defined in**  
 19           **IC 20-43-1-22.7) and programs.**

20          **The cost accounting system must be capable of matching the**  
 21          **expenditures to the source of revenue for those expenditures and**  
 22          **identifying the funding categories (as defined in IC 20-43-1-14.7)**  
 23          **in which each student is counted for state tuition support purposes.**  
 24          **In addition, the cost accounting system must permit the analysis of**  
 25          **the expenditures made on each public school managed by the**  
 26          **school corporation.**

27          **(b) A school corporation shall report revenues and expenditures**  
 28          **for students to the state board on the schedule determined by the**  
 29          **state board.**

30          SECTION 17. IC 20-39-2-1, AS ADDED BY P.L.2-2006,  
 31          SECTION 162, IS AMENDED TO READ AS FOLLOWS  
 32          [EFFECTIVE JULY 1, 2013]: **Sec. 1. (a) The state superintendent,**  
 33          **under the direction of the state board,** shall exercise the supervision  
 34          over school funds and revenues that is necessary to ascertain their  
 35          safety, secure their preservation, and secure their application to the  
 36          proper object, **including state tuition support and federal funds**  
 37          **distributed to eligible schools (as defined in IC 20-43-1-11.5) after**  
 38          **June 30, 2014.**

39          (b) The state superintendent may cause to be instituted, in the name  
 40          of the state of Indiana, for the use of the proper fund or revenue, all  
 41          suits necessary for the recovery of any part of the funds or revenues.  
 42          The prosecuting attorney shall prosecute all the suits at the insistence

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1 of the state superintendent and without charge against the funds or  
2 revenue.

3 SECTION 18. IC 20-39-5 IS ADDED TO THE INDIANA CODE  
4 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
5 JULY 1, 2013]:

6 **Chapter 5. Oversight and Administration of Public and**  
7 **Nonpublic School Budgets**

8 **Sec. 1. This chapter applies to school years beginning after June**  
9 **30, 2014.**

10 **Sec. 2. As used in this chapter, "school" has the meaning set**  
11 **forth in IC 20-43-1-22.7.**

12 **Sec. 3. Each school shall prepare a separate budget on a school**  
13 **year basis. Subject to this chapter, the budget shall be developed**  
14 **and reviewed in the manner and according to the schedule**  
15 **specified by the state board. The state board shall require that the**  
16 **budget of a public school maintained by a school corporation be**  
17 **reviewed by the governing body of the school corporation. The**  
18 **department of local government finance is not required to review**  
19 **or approve the budget.**

20 **Sec. 4. In developing a school budget, a school shall use a**  
21 **process that involves school employees and parents of children**  
22 **enrolled at the school. The principal, employees, and parents shall**  
23 **comply with budgeting and accounting practices and standards as**  
24 **set forth in state law as they apply to the individual school.**

25 **Sec. 5. Any remaining funds in a school's account at the end of**  
26 **a budget year remains in the school's account and does not revert**  
27 **to the school corporation or other administrative entity. Remaining**  
28 **funds belong to the individual school to be used at the discretion of**  
29 **the school principal. Individual schools shall adopt policies**  
30 **concerning the role the public school's board, employees, and**  
31 **parents of children enrolled in the school will play in advising the**  
32 **principal about the use of the remaining funds.**

33 **Sec. 6. Any deficit remaining in a school's budget at the end of**  
34 **a budget year is the responsibility of the school. Individual schools**  
35 **shall adopt policies concerning the role the school's principal,**  
36 **board, employees, and parents of children enrolled in the school**  
37 **will play in advising the principal about resolving these deficits.**

38 **Sec. 7. The principal of each school shall file a copy of the school**  
39 **budget with the governing body of the school corporation (if the**  
40 **school is a public school maintained by the school corporation), the**  
41 **department, and the state board of accounts. In addition, a charter**  
42 **school shall submit the budget to the charter school sponsor. The**

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1 budget shall be filed at the time and in the form specified by the  
2 department.

3 Sec. 8. (a) This section applies only to a school corporation.

4 (b) A school corporation shall maintain the budget record for  
5 each public school maintained by the school corporation as part of  
6 the centralized services provided to each public school. School  
7 budgets and related records are public records and must be posted  
8 on the Internet web site for the school or, in the case of a public  
9 school, on the Internet web site for the school corporation  
10 maintaining the public school. A school corporation shall pay the  
11 costs of maintaining and validating financial records for public  
12 schools maintained by the school corporation without a service  
13 charge to the public school that exceeds the five percent (5%) of  
14 state tuition support that the school corporation is permitted to  
15 reserve under IC 20-43-14-6.

16 SECTION 19. IC 20-43-1-1, AS AMENDED BY P.L.144-2012,  
17 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
18 JUNE 30, 2013]: Sec. 1. This article expires July 1, ~~2013~~ **2015**.

19 SECTION 20. IC 20-43-1-3, AS AMENDED BY P.L.229-2011,  
20 SECTION 200, IS AMENDED TO READ AS FOLLOWS  
21 [EFFECTIVE JULY 1, 2013]: Sec. 3. "Honors diploma award" refers  
22 to the amount determined under IC 20-43-10-2. **This section expires**  
23 **July 1, 2014.**

24 SECTION 21. IC 20-43-1-4, AS ADDED BY P.L.2-2006,  
25 SECTION 166, IS AMENDED TO READ AS FOLLOWS  
26 [EFFECTIVE JULY 1, 2013]: Sec. 4. "Adjusted ADM" refers to the  
27 amount determined under IC 20-43-4-7. **This section expires July 1,**  
28 **2014.**

29 SECTION 22. IC 20-43-1-6, AS ADDED BY P.L.2-2006,  
30 SECTION 166, IS AMENDED TO READ AS FOLLOWS  
31 [EFFECTIVE JULY 1, 2013]: Sec. 6. "ADM" refers to average daily  
32 membership determined under IC 20-43-4-2 (**expires July 1, 2014**) or  
33 **IC 20-43-15.**

34 SECTION 23. IC 20-43-1-8, AS AMENDED BY P.L.182-2009(ss),  
35 SECTION 324, IS AMENDED TO READ AS FOLLOWS  
36 [EFFECTIVE JULY 1, 2013]: Sec. 8. "Basic tuition support" means the  
37 part of a school corporation's state tuition support for basic programs  
38 determined under IC 20-43-6-3. **This section expires July 1, 2014.**

39 SECTION 24. IC 20-43-1-9, AS ADDED BY P.L.2-2006,  
40 SECTION 166, IS AMENDED TO READ AS FOLLOWS  
41 [EFFECTIVE JULY 1, 2013]: Sec. 9. "Complexity index" refers to the  
42 complexity index determined under IC 20-43-5-3. **This section expires**

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1 **July 1, 2014.**

2 SECTION 25. IC 20-43-1-11, AS ADDED BY P.L.2-2006,  
3 SECTION 166, IS AMENDED TO READ AS FOLLOWS  
4 [EFFECTIVE JULY 1, 2013]: Sec. 11. "Eligible pupil" refers to an  
5 individual who qualifies as an eligible pupil under IC 20-43-4-1  
6 **(expires July 1, 2014) or IC 20-43-15-2.**

7 SECTION 26. IC 20-43-1-11.5 IS ADDED TO THE INDIANA  
8 CODE AS A NEW SECTION TO READ AS FOLLOWS  
9 [EFFECTIVE JULY 1, 2013]: **Sec. 11.5. "Eligible school" refers to**  
10 **a nonpublic elementary school or high school, or both, that meets**  
11 **all of the following criteria:**

- 12 **(1) Is located in Indiana.**  
13 **(2) Voluntarily agrees to enroll an eligible individual.**  
14 **(3) Is accredited by either the state board or a national or**  
15 **regional accreditation agency that is recognized by the state**  
16 **board.**  
17 **(4) Administers the Indiana statewide testing for educational**  
18 **progress (ISTEP) program under IC 20-32-5.**  
19 **(5) Is not a charter school or a school corporation.**  
20 **(6) Submits to the department data required for a category**  
21 **designation under IC 20-31-8-3 and a category designation**  
22 **under IC 20-43-16.**  
23 **(7) Maintains a cost accounting system approved by the state**  
24 **board of accounts that permits:**  
25 **(A) analysis of the educational expenditures from state and**  
26 **federal revenues that are actually expended on each**  
27 **eligible pupil enrolled in that school; and**  
28 **(B) comparison of eligible pupil expenditures with the**  
29 **eligible pupil expenditures of other schools.**

30 **The cost accounting system must be capable of matching the**  
31 **expenditures to the source of revenue for those expenditures**  
32 **and identify the funding category in which each student is**  
33 **counted for state tuition support purposes. The eligible school**  
34 **must report revenues and expenditures for students to the**  
35 **state board on the schedule determined by the state board.**

- 36 **(8) Provides the department with a consent in writing to**  
37 **participate in the state tuition support distribution program**  
38 **under this article for one (1) or more state fiscal years and has**  
39 **not withdrawn the consent for a subsequent state fiscal year.**

40 SECTION 27. IC 20-43-1-12.3, AS ADDED BY P.L.144-2012,  
41 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
42 JULY 1, 2013]: Sec. 12.3. "Fall count" refers to the first count of ADM

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1 in a school year under:

2 (1) IC 20-43-4-3 (expires July 1, 2014), as finally adjusted under  
3 IC 20-43-4-2 (expires July 1, 2014); or

4 (2) IC 20-43-15-4, as subsequently adjusted under  
5 IC 20-43-15.

6 SECTION 28. IC 20-43-1-13, AS ADDED BY P.L.2-2006,  
7 SECTION 166, IS AMENDED TO READ AS FOLLOWS  
8 [EFFECTIVE JULY 1, 2013]: Sec. 13. "Foundation amount" refers to  
9 the amount determined under IC 20-43-5-4. **This section expires July  
10 1, 2014.**

11 SECTION 29. IC 20-43-1-14, AS ADDED BY P.L.2-2006,  
12 SECTION 166, IS AMENDED TO READ AS FOLLOWS  
13 [EFFECTIVE JULY 1, 2013]: Sec. 14. "Full-time equivalency" refers to  
14 the amount determined under:

15 (1) IC 20-43-4-6 (expires July 1, 2014); or

16 (2) IC 20-43-15-5 or IC 20-43-15-6.

17 SECTION 30. IC 20-43-1-14.7 IS ADDED TO THE INDIANA  
18 CODE AS A NEW SECTION TO READ AS FOLLOWS  
19 [EFFECTIVE JULY 1, 2013]: Sec. 14.7. "Funding category" refers  
20 to a funding category for the allocation of state tuition support that  
21 is given a separate funding weight under IC 20-43-16.

22 SECTION 31. IC 20-43-1-14.9 IS ADDED TO THE INDIANA  
23 CODE AS A NEW SECTION TO READ AS FOLLOWS  
24 [EFFECTIVE JULY 1, 2013]: Sec. 14.9. "Funding weight" refers to  
25 a decimal number that represents the relative cost of educating an  
26 eligible pupil in a funding category relative to the funding amount  
27 specified in IC 20-43-17-2.

28 SECTION 32. IC 20-43-1-18, AS ADDED BY P.L.2-2006,  
29 SECTION 166, IS AMENDED TO READ AS FOLLOWS  
30 [EFFECTIVE JULY 1, 2013]: Sec. 18. "Maximum state distribution"  
31 refers to the amount determined under IC 20-43-2-2. **This section  
32 expires July 1, 2014.**

33 SECTION 33. IC 20-43-1-19, AS ADDED BY P.L.2-2006,  
34 SECTION 166, IS AMENDED TO READ AS FOLLOWS  
35 [EFFECTIVE JULY 1, 2013]: Sec. 19. "Previous year revenue" refers  
36 to the amount determined under IC 20-43-3-4. **This section expires  
37 July 1, 2014.**

38 SECTION 34. IC 20-43-1-20, AS ADDED BY P.L.2-2006,  
39 SECTION 166, IS AMENDED TO READ AS FOLLOWS  
40 [EFFECTIVE JULY 1, 2013]: Sec. 20. "Previous year revenue  
41 foundation amount" refers to the amount determined under  
42 IC 20-43-5-5. **This section expires July 1, 2014.**



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1 SECTION 35. IC 20-43-1-21, AS ADDED BY P.L.2-2006,  
 2 SECTION 166, IS AMENDED TO READ AS FOLLOWS  
 3 [EFFECTIVE JULY 1, 2013]: Sec. 21. "Primetime distribution" refers  
 4 to the amount determined under IC 20-43-9-6. **This section expires**  
 5 **July 1, 2014.**

6 SECTION 36. IC 20-43-1-22, AS ADDED BY P.L.2-2006,  
 7 SECTION 166, IS AMENDED TO READ AS FOLLOWS  
 8 [EFFECTIVE JULY 1, 2013]: Sec. 22. "Primetime program" refers to  
 9 the program established under IC 20-43-9-1. **This section expires July**  
 10 **1, 2014.**

11 SECTION 37. IC 20-43-1-22.7 IS ADDED TO THE INDIANA  
 12 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
 13 [EFFECTIVE JULY 1, 2013]: **Sec. 22.7. "School", after June 30,**  
 14 **2014, refers to the following:**

- 15 (1) **An elementary school or a high school maintained by a**  
 16 **school corporation.**
- 17 (2) **A charter school.**
- 18 (3) **An elementary school or a high school maintained by a**  
 19 **state educational institution under IC 20-24.5 or another law.**
- 20 (4) **The Indiana School for the Blind and Visually Impaired.**
- 21 (5) **The Indiana School for the Deaf.**
- 22 (6) **An elementary school or a high school maintained by a**  
 23 **juvenile court or the department of correction.**
- 24 (7) **A joint or cooperative school that:**
  - 25 (A) **is established by two (2) or more school corporations;**
  - 26 (B) **serves eligible pupils; and**
  - 27 (C) **operates as a separate administrative unit from the**  
 28 **school corporation primarily responsible for the**  
 29 **administration of the joint or cooperative school.**
- 30 (8) **An eligible school.**

31 SECTION 38. IC 20-43-1-24, AS ADDED BY P.L.2-2006,  
 32 SECTION 166, IS AMENDED TO READ AS FOLLOWS  
 33 [EFFECTIVE JULY 1, 2013]: Sec. 24. "Special education grant" refers  
 34 to the amount determined under IC 20-43-7-6. **This section expires**  
 35 **July 1, 2014.**

36 SECTION 39. IC 20-43-1-24.5, AS ADDED BY P.L.144-2012,  
 37 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 38 JULY 1, 2013]: Sec. 24.5. "Spring count" refers to the second count of  
 39 ADM in a school year under:

- 40 (1) **IC 20-43-4-3 (expires July 1, 2014), as subsequently adjusted**  
 41 **under IC 20-43-4-2 (expires July 1, 2014); or**
- 42 (2) **IC 20-43-15-4, as subsequently adjusted under**

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**IC 20-43-15.**

SECTION 40. IC 20-43-1-25, AS AMENDED BY P.L.229-2011, SECTION 203, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 25. "State tuition support" means the **total** amount of state funds ~~to be~~ distributed **under this article:**

**(1) before July 1, 2014, to:**

(+) **(A)** a school corporation other than a virtual charter school in any calendar year under this article for all grants, distributions, and awards described in IC 20-43-2-3 **(expires July 1, 2014); and**

(-) **(B)** a virtual charter school in any calendar year under IC 20-43-6-3 **(expires July 1, 2014); and**

**(2) after June 30, 2014, for eligible pupils enrolled in a school, as determined under IC 20-43-17.**

SECTION 41. IC 20-43-1-26.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 26.5. "Task force" refers to the school funding task force established by IC 20-43-16-2.**

SECTION 42. IC 20-43-1-28, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 28. "Transition to foundation amount" refers to the amount determined under IC 20-43-5-6. **This section expires July 1, 2014.**

SECTION 43. IC 20-43-1-29, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 29. "Transition to foundation revenue" refers to the amount determined under IC 20-43-5-7. **This section expires July 1, 2014.**

SECTION 44. IC 20-43-1-29.3, AS ADDED BY P.L.234-2007, SECTION 234, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 29.3. "Transition to foundation revenue per adjusted ADM" refers to the amount determined under IC 20-43-5-9. **This section expires July 1, 2014.**

SECTION 45. IC 20-43-1-30, AS AMENDED BY P.L.234-2007, SECTION 133, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 30. "Career and technical education grant" refers to the amount determined under IC 20-43-8-9 as adjusted under IC 20-43-8-10. **This section expires July 1, 2014.**

SECTION 46. IC 20-43-2-8 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 8. This chapter expires July 1, 2014.**

SECTION 47. IC 20-43-3-7 IS ADDED TO THE INDIANA CODE

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1 AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JULY  
2 1, 2013]: **Sec. 7. This chapter expires July 1, 2014.**

3 SECTION 48. IC 20-43-4-9 IS ADDED TO THE INDIANA CODE  
4 AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JULY  
5 1, 2013]: **Sec. 9. Each school corporation shall provide the state  
6 board with a count of:**

7 **(1) the total number of eligible pupils who are enrolled in each  
8 school maintained in the school corporation on the count date;  
9 and**

10 **(2) the number of eligible pupils, by school, who qualify for  
11 inclusion in one (1) or more funding categories established  
12 under IC 20-43-16;**

13 **as part of the spring count in calendar year 2014. If the general  
14 assembly has not enacted funding weights and funding categories  
15 before the spring count is conducted, the funding categories  
16 recommended by the task force shall be used.**

17 SECTION 49. IC 20-43-4-10 IS ADDED TO THE INDIANA  
18 CODE AS A **NEW SECTION** TO READ AS FOLLOWS  
19 [EFFECTIVE JULY 1, 2013]: **Sec. 10. This chapter expires July 1,  
20 2014.**

21 SECTION 50. IC 20-43-5-10 IS ADDED TO THE INDIANA  
22 CODE AS A **NEW SECTION** TO READ AS FOLLOWS  
23 [EFFECTIVE JULY 1, 2013]: **Sec. 10. This chapter expires July 1,  
24 2014.**

25 SECTION 51. IC 20-43-6-7 IS ADDED TO THE INDIANA CODE  
26 AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JULY  
27 1, 2013]: **Sec. 7. This chapter expires July 1, 2014.**

28 SECTION 52. IC 20-43-7-10 IS ADDED TO THE INDIANA  
29 CODE AS A **NEW SECTION** TO READ AS FOLLOWS  
30 [EFFECTIVE JULY 1, 2013]: **Sec. 10. This chapter expires July 1,  
31 2014.**

32 SECTION 53. IC 20-43-8-11 IS ADDED TO THE INDIANA  
33 CODE AS A **NEW SECTION** TO READ AS FOLLOWS  
34 [EFFECTIVE JULY 1, 2013]: **Sec. 11. This chapter expires July 1,  
35 2014.**

36 SECTION 54. IC 20-43-9-13 IS ADDED TO THE INDIANA  
37 CODE AS A **NEW SECTION** TO READ AS FOLLOWS  
38 [EFFECTIVE JULY 1, 2013]: **Sec. 13. This chapter expires July 1,  
39 2014.**

40 SECTION 55. IC 20-43-10-3 IS ADDED TO THE INDIANA  
41 CODE AS A **NEW SECTION** TO READ AS FOLLOWS  
42 [EFFECTIVE JULY 1, 2013]: **Sec. 3. This chapter expires July 1,**



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SECTION 56. IC 20-43-13 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]:

**Chapter 13. Computations**

**Sec. 1. If a computation under this article results in a fraction and a rounding rule is not specified, the fraction shall be rounded as follows:**

- (1) All calculations related to the complexity index shall be computed by rounding to the nearest ten thousandth (0.0001).
- (2) All tuition support distributions shall be computed by rounding the levy or tuition support distribution to the nearest dollar (\$) amount.
- (3) The fraction calculated in IC 20-43-2-4 shall be computed by rounding to the nearest one millionth (0.000001).
- (4) If a calculation is not covered by subdivision (1), (2), or (3), the result of the calculation shall be rounded to the nearest one hundredth (0.01).

SECTION 57. IC 20-43-14 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]:

**Chapter 14. Distributions**

**Sec. 1. This chapter applies after June 30, 2014.**

**Sec. 2. The department shall distribute the amount appropriated by the general assembly for distribution as state tuition support in accordance with this article. If the appropriations for distribution as state tuition support are more than required under this article, any excess reverts to the state general fund. The appropriations for state tuition support shall be made each state fiscal year under a schedule set by the budget agency and approved by the governor. However, the schedule must provide:**

- (1) for at least twelve (12) payments;
- (2) that one (1) payment shall be made at least every forty (40) days; and
- (3) the total of the payments in each state fiscal year must equal the amount required under this article.

**Sec. 3. If the total amount of state tuition support to be distributed for a particular state fiscal year exceeds the amount appropriated for state tuition support distributions for the state fiscal year, the amount to be distributed for state tuition support under this article to each school and school corporation during each of the last six (6) months of the state fiscal year shall be**

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1 proportionately reduced so that the total reductions equal the  
2 amount of the excess.

3 **Sec. 4.** The amount of the reduction for a particular school  
4 under section 3 of this chapter is equal to the total amount of the  
5 excess determined under section 3 of this chapter multiplied by a  
6 fraction. The numerator of the fraction is the amount of the  
7 distribution for state tuition support that the school would have  
8 received if a reduction were not made under this section. The  
9 denominator of the fraction is the total amount that would be  
10 distributed for state tuition support to all schools if a reduction  
11 were not made under this section.

12 **Sec. 5. (a)** A school, including a charter school that initially  
13 begins operation in a state fiscal year, shall submit to the  
14 department an estimated count of eligible pupils in each funding  
15 category in the form and on the schedule specified by the state  
16 board. The count must estimate as accurately as possible the  
17 anticipated number of eligible pupils in each funding category who  
18 are likely to be included in the school's fall count of ADM for the  
19 state fiscal year beginning in the calendar year in which the  
20 estimate is provided. The report containing the estimate must be in  
21 the form and contain the information required by the state board.  
22 The state board may require that the estimate described in this  
23 subsection be provided before the beginning of a state fiscal year  
24 and be supplemented or revised by a school as determined by the  
25 state board.

26 **(b)** Using the estimates submitted by the school and any other  
27 information available to the state board, the state board shall  
28 estimate the number of eligible pupils in each funding category  
29 who are likely to be included in the fall ADM count of the school in  
30 the school year beginning in the calendar year in which the  
31 estimate is provided. The state board may adjust the estimate  
32 provided by a school as the state board determines necessary.

33 **(c)** Distributions to a school in the first six (6) months of a state  
34 fiscal year shall be based on the estimate provided under this  
35 section, as adjusted under this section and IC 20-43-15.

36 **(d)** After the fall count of ADM, the state board shall adjust the  
37 estimated count of ADM under this section to reflect the actual  
38 count of eligible pupils determined for each funding category in the  
39 fall count. If the state board adjusts the fall count under  
40 IC 20-43-15-4, the state board shall make the same adjustment to  
41 the estimated count.

42 **Sec. 6. (a)** Except as provided by this section, state tuition

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1 support attributable to an eligible pupil shall be distributed  
2 directly to the school where the eligible pupil is enrolled.

3 (b) A school corporation may adopt a resolution directing that  
4 not more than five percent (5%) of the state tuition support  
5 attributable to eligible pupils enrolled in the school corporation be  
6 distributed to the business manager of the school corporation for  
7 general administrative purposes. The school corporation must  
8 certify a copy of a resolution adopted under this subsection to the  
9 department before the department is obligated to make a  
10 distribution permitted under this subsection to the school  
11 corporation.

12 (c) If a school corporation receives a distribution under  
13 subsection (b), the principal of a school maintained by the school  
14 corporation may enter into an agreement with the school  
15 corporation to hold and disburse some or all of the funds that  
16 would otherwise be directly distributed to the school. The  
17 agreement must prohibit any additional charge to the school for  
18 the services provided under this subsection. The agreement may  
19 not permit reallocation of funds attributable to the eligible pupils  
20 in the school to any other school. The principal must certify a copy  
21 of an agreement entered into under this subsection to the  
22 department before the department is obligated to make a  
23 distribution permitted under this subsection to the school  
24 corporation. Funds received by a school corporation for a school  
25 under this subsection must be segregated and accounted for  
26 separately from other funds held by the school corporation.

27 SECTION 58. IC 20-43-15 IS ADDED TO THE INDIANA CODE  
28 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
29 JULY 1, 2013]:

30 **Chapter 15. Determination of Pupil Enrollment**

31 **Sec. 1. This chapter applies after June 30, 2014.**

32 **Sec. 2. An individual is an eligible pupil in a school if the**  
33 **individual:**

34 (1) is a pupil attending an elementary school or a high school  
35 course of study in the school; and

36 (2) would have legal settlement in an Indiana school  
37 corporation, regardless of whether the individual is attending  
38 an elementary school or a high school course of study in a  
39 public school maintained by that school corporation or in  
40 another school.

41 **Sec. 3. A school's ADM is the number of eligible pupils enrolled**  
42 **in the school on a day to be fixed annually by the state board and**

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1 as subsequently adjusted not later than January 30 under the rules  
2 adopted by the state board.

3 **Sec. 4. (a) Subject to subsection (b), the state board shall make**  
4 **an ADM count of the eligible pupils enrolled in each school two (2)**  
5 **times each school year, with one (1) count date occurring in each**  
6 **of the following periods:**

7 (1) The fall count of ADM shall be made on a day during  
8 September fixed by the state board.

9 (2) The spring count of ADM shall be made on a day during  
10 February fixed by the state board.

11 (b) However, if extreme patterns of:

12 (1) student in-migration;

13 (2) illness;

14 (3) natural disaster; or

15 (4) other unusual conditions in a particular school  
16 corporation's enrollment;

17 on either a count day fixed by the state board or the subsequent  
18 adjustment date cause the enrollment to be unrepresentative of the  
19 school's enrollment, the state board may designate another day for  
20 determining enrollment.

21 **Sec. 5. In determining ADM for a school, each eligible pupil**  
22 **enrolled in more than one (1) school is to be counted on a full-time**  
23 **equivalency basis if the pupil receives instructional services from**  
24 **each school. For purposes of this section, full-time equivalency is**  
25 **calculated as follows:**

26 **STEP ONE: Determine the result of:**

27 (A) the number of days instructional services will be  
28 provided to the pupil, not to exceed one hundred eighty  
29 (180); divided by

30 (B) one hundred eighty (180).

31 **STEP TWO: Determine the result of:**

32 (A) the pupil's school instructional time (as defined in  
33 IC 20-30-2-1); divided by

34 (B) the actual school regular instructional day (as defined  
35 in IC 20-30-2-2).

36 **STEP THREE: Determine the result of:**

37 (A) the STEP ONE result; multiplied by

38 (B) the STEP TWO result.

39 **STEP FOUR: Determine the lesser of one (1) or the result of:**

40 (A) the STEP THREE result; multiplied by

41 (B) one and five hundredths (1.05).

42 **Sec. 6. Subject to section 7 of this chapter, in determining ADM,**

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1 an eligible pupil who is enrolled in only one (1) school but attends  
2 a course of study that regularly meets for less than a full student  
3 instructional day (as determined under IC 20-30-2-2(a)) shall be  
4 counted on a full-time equivalency basis. For purposes of this  
5 section, full-time equivalency is calculated as follows:

6 STEP ONE: Determine the result of:

7 (A) the number of days instructional services will be  
8 provided to the eligible pupil, not to exceed one hundred  
9 eighty (180); divided by

10 (B) one hundred eighty (180).

11 STEP TWO: Determine the result of:

12 (A) the pupil's school instructional time (as defined in  
13 IC 20-30-2-1); divided by

14 (B) the actual school regular instructional day (as defined  
15 in IC 20-30-2-2(a)).

16 STEP THREE: Determine the result of:

17 (A) the STEP ONE result; multiplied by

18 (B) the STEP TWO result.

19 Sec. 7. For purposes of computing ADM, a student who  
20 participates in:

21 (1) a postsecondary enrollment program under IC 21-43-4 is  
22 considered an eligible pupil enrolled in the school where the  
23 student is enrolled for the purposes of earning the student's  
24 high school degree;

25 (2) a double up for college program under IC 21-43-5 is  
26 considered an eligible pupil enrolled in the school where the  
27 student is enrolled for the purposes of earning the student's  
28 high school degree;

29 (3) a high school fast track to college program under  
30 IC 21-43-6 shall be counted in the ADM of the school where  
31 the student is enrolled for the purposes of earning the  
32 student's high school degree; or

33 (4) a high school fast track to college program under  
34 IC 21-43-7 shall be counted in the ADM of the school where  
35 the student is enrolled for the purposes of earning the  
36 student's high school degree.

37 Sec. 8. An ADM count conducted under this chapter and an  
38 estimated ADM count conducted under IC 20-43-14-5 must  
39 identify the number of eligible pupils in each funding category  
40 established under IC 20-43-16.

41 SECTION 59. IC 20-43-16 IS ADDED TO THE INDIANA CODE  
42 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE

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- 1 JULY 1, 2013]:  
 2 **Chapter 16. School Funding Task Force; Funding Weights;**  
 3 **Funding Categories**  
 4 **Sec. 1. This chapter applies after June 30, 2014.**  
 5 **Sec. 2. (a) There is established the school funding task force. The**  
 6 **task force consists of the following voting members:**  
 7 (1) The superintendent of public instruction or the designee of  
 8 the superintendent of public instruction.  
 9 (2) The chairperson of the state board of education or another  
 10 member of the state board of education designated by the  
 11 chairperson of the state board of education to serve on the  
 12 task force.  
 13 (3) Five (5) members appointed by the governor.  
 14 Not more than three (3) of the members appointed by the governor  
 15 may be members of the same political party. At least one (1)  
 16 member appointed by the governor must be a parent of a student  
 17 enrolled in a school.  
 18 (b) In addition, the task force has the following nonvoting  
 19 members:  
 20 (1) Two (2) members appointed by the speaker of the house of  
 21 representatives. Not more than one (1) of the members  
 22 appointed under this subdivision may be of the same political  
 23 party.  
 24 (2) Two (2) members appointed by the president pro tempore  
 25 of the senate. Not more than one (1) of the members appointed  
 26 under this subdivision may be of the same political party.  
 27 **Sec. 3. An individual appointed as a member of the task force**  
 28 **serves at the pleasure of the appointing authority.**  
 29 **Sec. 4. The governor shall appoint a voting member of the task**  
 30 **force as the chairperson of the task force. The individual appointed**  
 31 **as chairperson of the task force serves as chairperson at the**  
 32 **pleasure of the governor.**  
 33 **Sec. 5. (a) The task force shall do the following:**  
 34 (1) In 2013, recommend to the general assembly a funding  
 35 formula for the distribution of state tuition support after June  
 36 30, 2014, that complies with this chapter. The task force may  
 37 recommend more than one (1) alternative funding formula.  
 38 (2) In 2014 and every two (2) years thereafter, review and  
 39 recommend to the general assembly any revisions to the  
 40 funding formula for state tuition support that the task force  
 41 determines necessary or appropriate to carry out this chapter.  
 42 The task force may recommend more than one (1) alternative

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**funding formula.**  
**(3) Report the recommendations of the task force and the basis for the recommendations of the task force under subdivisions (1) and (2) to the legislative council in an electronic format under IC 5-14-6 before October 1, 2013, and October 1 of each even-numbered year.**  
**(4) Monitor the extent to which the department, school corporations, and schools match revenues to actual expenditures on the eligible pupils for whom the revenues were received.**  
**(5) Perform any other function that may facilitate the implementation or operation of a weighted school funding formula.**

**(b) The task force may do the following:**  
**(1) Review and recommend to the department revisions in the methods and procedures used by the department to collect school data or the department's Statewide Longitudinal Data System to facilitate improvements in the matching of revenues to actual expenditures on the eligible pupils for whom the revenues were received.**  
**(2) Make any report to the department, the state board, or the legislative council that the task force determined appropriate. A report to the legislative council must be in an electronic format under IC 5-14-6.**

**Sec. 6. The formula recommended under section 5 of this chapter must:**

- (1) establish funding categories that identify eligible pupils with similar educational needs;**
- (2) determine the relative cost of educating each category of eligible pupils relative to the median cost of educating all eligible pupils; and**
- (3) convert the relative costs into funding weights based on percentages of a foundation funding amount.**

**Sec. 7. The task force shall consider the following factors in establishing funding categories and funding weights under this chapter:**

- (1) Grade level.**
- (2) Relative income of the households in which eligible pupils reside.**
- (3) Familiarity with the English language.**
- (4) Past achievement level.**
- (5) Status as high ability learners.**

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1           **(6) Disability status or other participation in special education**  
 2           **programs.**  
 3           **(7) Participation in career and technical education studies.**  
 4           **The task force may consider other demographics or factors,**  
 5           **including any higher or lower costs related to school size or**  
 6           **location, such as costs associated with educating an eligible pupil**  
 7           **in an urban or a rural setting.**  
 8           **Sec. 8. The task force may recommend a funding formula that**  
 9           **realigns funding patterns among school corporations and public**  
 10           **schools from funding levels received before July 1, 2014, over a**  
 11           **period not to exceed three (3) years.**  
 12           **Sec. 9. The task force may not recommend the distribution of**  
 13           **state tuition support based on the number of teaching positions,**  
 14           **teaching ratios, or staffing norms.**  
 15           **Sec. 10. The task force shall design funding weights and funding**  
 16           **categories for the distribution of state tuition support that, to the**  
 17           **extent foreseeable, in the aggregate, will not result in distributions**  
 18           **of state tuition support in a state fiscal year exceeding the**  
 19           **appropriation made for state tuition support distributions for that**  
 20           **state fiscal year.**  
 21           **Sec. 11. The department shall staff the task force. Members of**  
 22           **the task force shall have the same access to student data as**  
 23           **employees of the department. Members of the task force shall**  
 24           **maintain the confidentiality of confidential information provided**  
 25           **by the department.**  
 26           **Sec. 12. The expenses of the task force shall be paid from money**  
 27           **appropriated to the department.**  
 28           **Sec. 13. Each member of the task force who is not a state**  
 29           **employee is entitled to the minimum salary per diem provided by**  
 30           **IC 4-10-11-2.1(b). The member is also entitled to reimbursement**  
 31           **for traveling expenses as provided under IC 4-13-1-4 and other**  
 32           **expenses actually incurred in connection with the member's duties**  
 33           **as provided in the state policies and procedures established by the**  
 34           **Indiana department of administration and approved by the budget**  
 35           **agency.**  
 36           **Sec. 14. Each member of the task force who is a state employee**  
 37           **but who is not a member of the general assembly is entitled to**  
 38           **reimbursement for traveling expenses as provided under**  
 39           **IC 4-13-1-4 and other expenses actually incurred in connection**  
 40           **with the member's duties as provided in the state policies and**  
 41           **procedures established by the Indiana department of**  
 42           **administration and approved by the budget agency.**

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1           **Sec. 15.** Each member of the task force who is a member of the  
 2 general assembly is entitled to receive the same per diem, mileage,  
 3 and travel allowances paid to legislative members of interim study  
 4 committees established by the legislative council. Per diem,  
 5 mileage, and travel allowances paid under this section shall be paid  
 6 from appropriations made to the legislative council or the  
 7 legislative services agency.

8           **Sec. 16.** Each member of the task force who is a member of the  
 9 general assembly is a nonvoting member.

10           **Sec. 17.** A majority of the voting members on the task force  
 11 constitute a quorum of the task force.

12           **Sec. 18.** The affirmative votes of a majority of the voting  
 13 members on the task force are required for the task force to take  
 14 action on any measure, including final reports.

15           **Sec. 19.** The funding weights and the funding categories to be  
 16 used in the calculation of state tuition support distributions under  
 17 IC 20-43-17 and estimated state tuition support distributions under  
 18 IC 20-43-14-5 are the funding weights and funding categories  
 19 enacted by the general assembly. The legislative council shall  
 20 provide for the introduction of legislation in the 2014 session of the  
 21 general assembly of legislation establishing funding weights and  
 22 funding categories for the calculation of state tuition support  
 23 distributions for the state fiscal year beginning July 1, 2014, and  
 24 ending June 30, 2015. In establishing funding weights and funding  
 25 categories, the legislative council shall provide that the legislation  
 26 be prepared after reviewing any available recommendations of the  
 27 task force.

28           SECTION 60. IC 20-43-17 IS ADDED TO THE INDIANA CODE  
 29 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
 30 JULY 1, 2013]:

31           **Chapter 17. Calculation of State Tuition Support**

32           **Sec. 1.** This chapter applies to state tuition support distributions  
 33 after June 30, 2014.

34           **Sec. 2.** The funding amount to be used in sections 3 and 4 of this  
 35 chapter is four thousand six hundred forty-three dollars (\$4,643).

36           **Sec. 3. (a)** This section does not apply to a virtual charter school.

37           **(b)** A school's state tuition support for a state fiscal year is the  
 38 result determined under STEP SIX of the following formula:

39           **STEP ONE:** Determine the number of eligible pupils counted  
 40 in the fall ADM count of the school that is conducted in the  
 41 state fiscal year.

42           **STEP TWO:** Determine the result of:

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1 (A) the funding amount specified in section 2 of this  
 2 chapter for the state fiscal year; multiplied by  
 3 (B) the STEP ONE amount.  
 4 **STEP THREE:** Determine the number of eligible pupils  
 5 determined under STEP ONE who meet the criteria for  
 6 inclusion in each funding category given a separate funding  
 7 weight under IC 20-43-16.  
 8 **STEP FOUR:** For each funding category identified in STEP  
 9 **THREE,** determine the result of:  
 10 (A) the funding weight for that funding category;  
 11 multiplied by  
 12 (B) the number of eligible pupils in that category  
 13 determined under STEP THREE; multiplied by  
 14 (C) the funding amount specified in section 2 of this  
 15 chapter for the state fiscal year.  
 16 **STEP FIVE:** Determine the result of:  
 17 (A) the STEP TWO amount; plus  
 18 (B) the sum of the STEP FOUR amounts.  
 19 **Sec. 4. (a)** This section applies to a virtual charter school.  
 20 **(b)** A school's state tuition support for a state fiscal year is the  
 21 result determined under STEP SIX of the following formula:  
 22 **STEP ONE:** Determine the result of:  
 23 (A) the funding amount specified in section 2 of this  
 24 chapter for the state fiscal year; multiplied by  
 25 (B) eight hundred seventy-five thousandths (.875).  
 26 **STEP TWO:** Determine the number of eligible pupils counted  
 27 in the fall ADM count of the school that is conducted in the  
 28 state fiscal year.  
 29 **STEP THREE:** Determine the result of:  
 30 (A) the STEP ONE amount; multiplied by  
 31 (B) the STEP TWO amount.  
 32 **STEP FOUR:** Determine the number of eligible pupils  
 33 determined under STEP TWO who meet the criteria for  
 34 inclusion in a special education funding category given a  
 35 separate funding weight under IC 20-43-16.  
 36 **STEP FIVE:** For each special education funding category  
 37 identified in STEP FOUR, determine the result of:  
 38 (A) the funding weight for that special education funding  
 39 category; multiplied by  
 40 (B) the number of eligible pupils in that special education  
 41 category determined under STEP FOUR; multiplied by  
 42 (C) the funding amount specified in section 2 of this

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1 **chapter for the state fiscal year.**

2 **STEP SIX: Determine the result of:**

3 **(A) the STEP THREE amount; plus**

4 **(B) the sum of the STEP FIVE amounts.**

5 SECTION 61. IC 20-49-1-3, AS AMENDED BY P.L.182-2009(ss),  
6 SECTION 359, IS AMENDED TO READ AS FOLLOWS  
7 [EFFECTIVE JULY 1, 2013]: Sec. 3. "Transition to foundation  
8 amount" refers to the amount determined under IC 20-43-5-6. **This**  
9 **section expires July 1, 2014.**

10 SECTION 62. IC 20-49-7-22 IS ADDED TO THE INDIANA  
11 CODE AS A NEW SECTION TO READ AS FOLLOWS  
12 [EFFECTIVE JULY 1, 2013]: **Sec. 22. The state board shall not**  
13 **advance money under this chapter to charter schools for any**  
14 **school year beginning after June 30, 2014.**

15 SECTION 63. IC 20-51-4-4, AS ADDED BY P.L.92-2011,  
16 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
17 JULY 1, 2013]: Sec. 4. **(a) Subject to subsection (b)**, the maximum  
18 amount to which an eligible individual is entitled under this chapter for  
19 a school year is equal to the least of the following:

20 (1) The sum of the tuition, transfer tuition, and fees required for  
21 enrollment or attendance of the eligible student at the eligible  
22 school selected by the eligible individual for a school year that the  
23 eligible individual (or the parent of the eligible individual) would  
24 otherwise be obligated to pay to the eligible school;

25 (2) An amount equal to:

26 (A) ninety percent (90%) of the state tuition support amount  
27 determined under section 5 of this chapter if the eligible  
28 individual is a member of a household with an annual income  
29 of not more than the amount required for the individual to  
30 qualify for the federal free or reduced price lunch program;  
31 and

32 (B) fifty percent (50%) of the state tuition support amount  
33 determined under section 5 of this chapter if the eligible  
34 individual is a member of a household with an annual income  
35 of not more than one hundred fifty percent (150%) of the  
36 amount required for the individual to qualify for the federal  
37 free or reduced price lunch program.

38 (3) If the eligible individual is enrolled in grade 1 through 8, the  
39 maximum choice scholarship that the eligible individual may  
40 receive for a school year is four thousand five hundred dollars  
41 (\$4,500).

42 **(b) This subsection applies after June 30, 2014. If a state tuition**

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1 support distribution is made to an eligible school in a school year  
 2 as a result of counting the eligible individuals in the ADM of the  
 3 eligible school, the maximum amount to which the eligible  
 4 individual is entitled under this chapter is reduced by the amount  
 5 of the state tuition support attributable to that eligible individual.  
 6 However, the amount of the reduction may not reduce the choice  
 7 scholarship grant provided under this chapter below zero (0).

8 SECTION 64. IC 20-51-4-5, AS AMENDED BY P.L.6-2012,  
 9 SECTION 145, IS AMENDED TO READ AS FOLLOWS  
 10 [EFFECTIVE JULY 1, 2013]: Sec. 5. (a) **This subsection applies**  
 11 **before July 1, 2014.** The state tuition support amount to be used in  
 12 section 4(2) of this chapter for an eligible individual is the amount  
 13 determined under the last STEP of the following formula:

14 STEP ONE: Determine the school corporation in which the  
 15 eligible individual has legal settlement.

16 STEP TWO: Determine the amount of state tuition support that  
 17 the school corporation identified under STEP ONE is eligible to  
 18 receive under IC 20-43 for the calendar year in which the current  
 19 school year begins, excluding amounts provided for special  
 20 education grants under IC 20-43-7 and career and technical  
 21 education grants under IC 20-43-8.

22 STEP THREE: Determine the result of:

23 (A) the STEP TWO amount; divided by

24 (B) the current ADM (as defined in IC 20-43-1-10) for the  
 25 school corporation identified under STEP ONE for the  
 26 calendar year used in STEP TWO.

27 (b) **This subsection applies after June 30, 2014. The state tuition**  
 28 **support amount to be used in section 4(a)(2) of this chapter for an**  
 29 **eligible individual is equal to the dollar amount specified in**  
 30 **IC 20-43-17-2.**

31 SECTION 65. [EFFECTIVE JULY 1, 2013] (a) **There is**  
 32 **appropriated seven billion one hundred twenty-seven million six**  
 33 **hundred twenty-one thousand seven hundred dollars**  
 34 **(\$7,127,621,700) from the state general fund to the department of**  
 35 **education for the purpose of state tuition support distributions**  
 36 **under IC 20-43-13 through IC 20-43-17, as added by this act,**  
 37 **beginning July 1, 2014, and ending June 30, 2015.**

38 (b) **As required by IC 20-43-16-10, as added by this act, the**  
 39 **school funding task force shall design funding weights and funding**  
 40 **categories for the distribution of state tuition support that, to the**  
 41 **extent foreseeable, in the aggregate, will not result in distributions**  
 42 **of state tuition support in the state fiscal year beginning July 1,**

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1     **2014, and ending June 30, 2015, exceeding the appropriation made**  
2     **for state tuition support under subsection (a).**  
3     **(c) This SECTION expires July 1, 2015.**

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