
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: School Corporations

FROM: Anna Culy, Budget Director

RE: Bus Replacement Plans

DATE: July 21, 2026

Pursuant to Ind. Code § 20-40-18, the Department of Local Government Finance (“Department”) releases this memorandum and template for the bus replacement plan.

The governing body of a school corporation shall submit the proposed plan or amended plan to Gateway at least ten (10) days before the hearing on the adoption of the resolution via the File Transfer application. The Department shall make the proposed plan available to taxpayers through Gateway. If an amendment to a plan is being proposed, the governing body must declare the nature of and the need for the amendment in the resolution to adopt the amendment to the plan.

Ind. Code § 20-40-18-9 provides that before a school corporation may use money in the operations fund for replacing school buses, a resolution approving the school bus replacement plan or amended plan must be submitted to the Department. Ind. Code § 20-40-18-9(b) states that the resolution and plan must be in the format prescribed by the Department.

Under Ind. Code § 20-40-18-9(b), all plans must apply to at least the five (5) budget years immediately following the year the plan is adopted and include at least the following:

- (1) An estimate for each year to which it applies of the nature and the amount of proposed expenditures from the fund.
- (2) If the school corporation is seeking to acquire or contract for transportation services for additional school buses or school buses with a larger seating capacity as compared with the number and type of school buses from the prior school year, provide evidence of a demand for increased transportation services within the school corporation.
- (3) If the school corporation is seeking to require a contractor to replace a school bus, evidence that the need exists for the replacement of the school bus. This only applies if the contracted services are to be paid from the operations fund.
- (4) Evidence that the school corporation seeking to acquire additional school buses under this section is acquiring or contracting for the school buses only for the purposes specified in subdivision (2) or for replacement purposes.

As required by Ind. Code § 20-40-18-9(c), the school corporation shall post the proposed plan or proposed amended plan on the school corporation's website before the hearing scheduled in accordance with Ind. Code § 20-40-18-9(c). Other than school corporations that operate on a fiscal calendar pursuant to Ind. Code § 6-1.1-17-5.6, a school corporation must hold a hearing on the adoption of the resolution after January 1 and not later than November 1 of the immediately preceding year. The governing body may hold the hearing as part of a regular governing body meeting or part of the same hearing for a capital projects expenditure plan.

If an amendment is being proposed, the governing body must declare the nature of and the need for the amendment in the resolution. The amended plan must comply with the requirements for a plan under Ind. Code § 20-40-18-9. Under Ind. Code § 20-40-18-9(d), the school corporation must then (1) submit the resolution to the Department; and (2) no later than thirty (30) days after adoption, upload the adopted or amended plan onto Gateway. Under Ind. Code § 20-40-18-9(g), the amount that may be paid from the fund under Ind. Code § 20-40-18-9 in a school year is equal to the fair market lease value in the school year of each school bus, school bus chassis, or school bus body used under the contract, as substantiated by invoices, depreciation schedules, and other documented information available to the school corporation. Under Ind. Code § 20-40-18-9(h), the allocation of costs to the fund must comply with the accounting standards prescribed by the state board of accounts.

Questions may be directed to your [Budget Field Representative](#).