



Indiana Department of Education

Dr. Katie Jenner, Secretary of Education

Digest of Public School Finance in Indiana

2021-2023 Biennium

Indiana Department of Education
Indiana Government Center North, 9th Floor
100 N. Senate Avenue
Indianapolis, Indiana 46204
www.in.gov/doe

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Dr. Katie Jenner, Secretary of Education**

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Inquiries regarding compliance by the Indiana Department of Education with Title IX and other civil rights laws may be directed to:

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Indiana Department of Education
Indiana Government Center North, 9th Floor
100 N. Senate Avenue
Indianapolis, IN 46204-2798,
o: 317-232-6610

OR

Director of the Office for Civil Rights
U.S. Department of Education
111 N. Canal Street Suite 1053
Chicago, IL 60606-7204.

PREFACE

This overview is designed to serve as a reference for persons interested in public school finance in Indiana. Included are descriptions, appropriations, and participation requirements for the various state grants and distributions available to public schools, and in some instances accredited nonpublic schools, authorized by the Indiana General Assembly. These grants and distributions are in effect for the 2021-2023 biennium. Along with state funding, Indiana public schools are supported by certain local revenues. A description of property tax administration, as related to public school finance, is also presented.

Many of the programs presented in this publication may be found on the Indiana Department of Education (Department) website at www.in.gov/doe. Additionally, information pertaining to property taxes and school budgets may be found on the Department of Local Government Finance website at www.in.gov/dlgef. Information pertaining to school accounting may be found on the State Board of Accounts website at www.in.gov/sboa. To find Indiana Code cites referenced throughout the document, please visit www.iga.in.gov.

Additional inquiries should be directed to:

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SOURCES OF LOCAL PUBLIC SCHOOL CORPORATION SUPPORT

Important note: The guidance below is intended to serve as an informative digest for school corporations. It is not a substitute for the law. If questions arise, we recommend consulting with local legal counsel.

Practically all Indiana public school revenues are derived directly or indirectly from some taxing vehicle. State support to local public school corporations is appropriated by the Indiana General Assembly from the Education Fund or dedicated state funds. Revenues to the state's General Fund include monies generated by sales and use taxes, the individual income tax, and corporate income taxes. Dedicated state funds include monies from the Hoosier Lottery.

Locally, various forms of taxation are used to generate monies for schools and for civil units of government. The local taxes are charged, collected, and provided to the governmental units in a more direct way than state revenues. Examples of local taxes charged include the property tax, local income tax, license excise tax, commercial vehicle excise tax, financial institutions tax, and special county equalizing school taxes in Dearborn and Lake counties. Other sources of income are non-tax items including receipts from transfer tuition, property sales, gifts, contributions, and earnings from investments.

The Property Tax: The property tax represents the largest local revenue generator for local units of government, and a source of funds for public schools. In 2021, \$3.7 billion, or 43% of all property taxes collected, went to public schools. The tax is charged against real property (land and improvements), utilities, and personal property. Inherent in the property tax structure is the need to value property. To determine a value for assessment purposes, a particular parcel must first be located and listed. Currently, locally elected assessors determine property valuations using appraisal guides prescribed by the Indiana Department of Local Government Finance (DLGF). As the agency responsible for ensuring fair and equitable assessments statewide, DLGF oversees the mass assessment work of the assessing officials.

Property assessments are performed on a cyclical basis, with 25% of parcels in a county being reassessed each year. The first cyclical reassessment began July 1, 2014, and was completed on January 1, 2018, with annual adjustment of non-reassessed properties occurring each year. All real property is assessed based on its market value-in-use. Beginning in calendar year 2009, the state began funding 100% of costs for the school General Fund, which is now the Education Fund. Property tax dollars are no longer used to support education-related operating purposes of Indiana's school corporations, except for a referendum tax levy approved by voters, but continue to support other expenses such as for transportation, capital projects, and bus replacement, covered under the Operations Fund, and for debt service.



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License Excise Tax: Automobiles, light trucks, and airplanes are taxed locally, in the county of the owner's legal residence, at the time of annual license plate registration. The amount of the tax varies from \$12 to \$532 in 17 classifications according to the age and original price of the vehicle (I.C. 6-6-5-3). Indiana also has a boat excise tax (I.C. 6-6-11) and the aircraft license excise tax (I.C. 6-6-6.5). Proceeds from these taxes are distributed to each taxing unit in the county.

Commercial Vehicle Excise Tax: Effective calendar year 2000, an excise tax was chargeable to:

- All trucks and tractors having a gross vehicle weight greater than 11,000 pounds, not used with a semi-trailer, traction engine, or other similar vehicle used for hauling purposes.
- A tractor used with a semi-trailer.
- A semi-trailer having a gross vehicle weight greater than 3,000 pounds, including a semi-trailer converted to a full trailer through the use of a converted dolly.

Previously, the value of these vehicles was included in the assessed valuation of the taxing unit. Beginning on January 1, 2000, each taxing unit's assessed valuation was adjusted downward to account for the commercial vehicle value portion of the total assessed valuation being replaced by the commercial vehicle excise tax. The State Board of Tax Commissioners, now DLGF, made this calculation for calendar year 2001.

In 2021, a total of \$28,651,063 was distributed to schools. The county auditor makes the distribution of the commercial vehicle excise tax after May 1 and December 1 of each calendar year. Specific language concerning the Commercial Vehicle Excise Tax may be found in I.C. 6-6-5.5.

Financial Institutions Taxes (FIT): I.C. 6-5.5-8 allows for a tax on the personal property of financial institutions. FIT represents the dollar amounts the state guaranteed when the FIT was converted from a fee to a tax. If the personal property of the financial institution does not raise sufficient property tax to cover the guarantee, the state sends the difference to the county auditor to distribute as FIT. The county auditor allocates this tax in the same manner as the license excise tax, on the basis of tax rate, and makes two distributions per year to governmental units. A total of \$37,205,174 was distributed to schools from FIT in 2021.

Special County Taxes: Special laws applicable only in the counties of Dearborn and Lake provide for uniform tax levies on a countywide basis. The yield of the levies is collected at the county level and is redistributed to the public school corporations within the county. Details of the distribution plan for Dearborn County are found in I.C. 20-45-8-1, and the Lake County distribution plan is found in I.C. 20-45-7-1.



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Local Income Tax: I.C. 6-3.6 permits the county council in former Countywide Adjusted Gross Income Tax (CAGIT) counties or the local income tax council in former County Option Income Tax (COIT) counties to impose a local income tax (LIT). In former CAGIT counties, the first 0.25% of an expenditure rate is allocated to school corporations and civil taxing units within the county. There are fifty-six former CAGIT counties, and in 2021, \$51,923,297 in LIT was collected and distributed among 160 school corporations.

Other Sources of Revenue: School corporations may receive other forms of non-tax income. These include, but are not limited to, receipts from transfer tuitions, property sales, gifts, and contributions.

PROPERTY TAX LEVY LIMITATIONS

The information below pertains to a school corporation's fund structure beginning January 1, 2019.

House Enrolled Act 1009-2017 created a significant series of changes to the fund structure for school corporations. Beginning January 1, 2019, all school corporations have two primary funds:

Education Fund: The Education Fund is the primary fund through which school corporations pay for classroom expenditures. It is analogous to the General Fund.

School corporations do not impose a levy for the Education Fund; instead, funding for the Education Fund is derived from state and federal revenues. The main revenue source for the Education Fund is the revenue received from the state in the form of State Tuition Support. Using the State Tuition Support Formula, which utilizes student data, each school corporation and/or charter school's amount of State Tuition Support and other grant amounts are determined for a given calendar year. Specifically, IC 20-40-2-2 states that the governing body of each school corporation shall establish an Education Fund for the payment of expenses that are allocated to student instruction and learning. As statute is currently written, the Education Fund is the exclusive fund to pay for expenses allocated to student instruction and learning.

Operations Fund: The Operations Fund is broadly used to pay for a school corporation's non-classroom expenditures. It is a combination of the former Transportation, Bus Replacement, Capital Projects, Art Association, Historical Society, and Public Playground funds.

An initial maximum levy was set for the Operations Fund levy components beginning in 2019. The maximum levy for each component of the Operations Fund is as follows:

- Transportation: 2018 transportation maximum levy * Assessed Value Growth Quotient (AVGQ)
- Bus Replacement: 2018 bus replacement maximum levy * AVGQ



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- Art Association: 2018 art association maximum levy * AVGQ
- Historical Society: 2018 historical society maximum levy * AVGQ
- Public Playground: 2018 public playground maximum levy * AVGQ
- Capital Projects: (2018 maximum Capital Projects Fund rate after temporary adjustments + 2018 Utility and Insurance Rate) * 2018 Certified Net Assessed Value / 100 * AVGQ

The Referendum Tax Levy Fund was established by the Indiana General Assembly in 2002 as a separate fund. The governing body of each school corporation for which a referendum tax levy is approved under I.C. 6-1.1-19-4.5 (before its repeal) establishes this fund and receipt proceeds from a referendum tax levy into this fund. Specific statutory language pertaining to the establishment of the referendum tax levy is in I.C. 20-46-1. The referendum tax levy fund law, I.C. 20-40-3, provides that money in this fund may be used for any lawful school expense.

Reasons for a referendum tax levy include 1) the governing body determines that it cannot, in a calendar year, carry out its public educational duty unless it imposes a referendum tax levy; or 2) the governing body determines that a referendum tax levy should be imposed to replace property tax revenues that the school corporation will not receive because of the application of the circuit breaker credit under I.C. 6-1.1-20.6. In 2020, the General Assembly enacted legislation that, should the governing body determine a referendum tax levy is needed on either ground stated above, the governing body can then also determine whether to share a portion of the referendum tax levy proceeds with a charter school (but not a virtual charter school).

A referendum tax levy can be put into effect only if a majority of the individuals, who vote in a referendum, approve the school corporation's referendum question for the following calendar year. Approved referendum levies are outside the circuit breaker credit calculations. In other words, schools should receive all the taxes generated by the referendum tax levy. Only the over 65 circuit breaker credit in I.C. 6-1.1-20.6-8.5 would impact the referendum fund tax levy.

Likewise, taxpayer liability may exceed the circuit breaker threshold due to approved referendums.

Pursuant to I.C. 20-46-1, a school corporation may impose a referendum tax levy in an amount needed to support the school corporation. Property tax collections from the referendum fund tax levy are deposited in the Referendum Fund and used for any lawful school expenses consistent with the wording of the referendum question. Legislation enacted in 2021 requires a school corporation to develop a revenue spending plan that identifies the revenue expected to be received from the referendum tax levy and the specific expenses for which this revenue will be used. The Referendum Fund is not eligible for property tax relief credits. Additionally, schools may pursue a Referendum Capital Projects Debt Levy.



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I.C. 36-1-8-5.1 permits a political subdivision, including public school corporations, to establish a Rainy Day Fund to receive transfers of unused and unencumbered funds. The Rainy Day Fund is subject to the same appropriation process as other funds that receive tax money. Prior to making an appropriation from the Rainy Day Fund, the board of school trustees must make a finding that the proposed use of the Rainy Day Fund is consistent with the intent of the fund. Excluding debt service funds, and assuming the transfer is authorized by ordinance or resolution, in any year, the school corporation may transfer not more than 10% of the school corporation's total annual budget for that fiscal year to the Rainy Day Fund. DLGF may not reduce the actual or maximum permissible levy of a school corporation as a result of a balance in the school corporation's Rainy Day Fund.

Circuit Breaker Credits: The Indiana General Assembly made significant changes to school finance in 2008, affecting property tax collections in 2008 and beyond. I.C. 6-1.1-20.6-7.5 allows a person a credit against the person's property tax liability for property taxes first due and payable after 2009. The amount of the credit is the amount by which the person's property tax liability attributable to the person's homestead exceeds one percent (1%); residential, agricultural, and long term care property exceeds two percent (2%); and nonresidential real and personal property exceeds three percent (3%) of the gross assessed value of the property that is the basis for taxes for that calendar year. The exception to this limit is when the limits to property tax liability were expected to reduce in 2010 the aggregate property tax revenue that would otherwise be collected by all units of local government and school corporations in the county by at least 20% or property taxes imposed in an eligible county to pay debt service or make lease payments for bonds or leases issued or entered into before July 1, 2008 are not considered for purposes of calculating the credit. The counties that meet the 20% threshold are Lake and St. Joseph. As of taxes first due and payable in 2020, there are no counties that are eligible for this exception. If a school corporation pursues a referendum for operating and/or debt service, the tax rate is outside the circuit breaker calculation.

A circuit breaker credit reduces the amount of property taxes a person has to pay. Circuit breaker credits may not be recovered through a shortfall appeal. Property taxes are allocated to all units based on the unit's proportionate share of the district wide non-exempt tax rate. Debt service funds are "protected funds" for circuit breaker purposes, meaning non-debt funds receive the impact of circuit breaker credits prior to debt service funds. Units are required to fully fund debt service obligations in an amount sufficient to pay any debt service or lease rentals on outstanding obligations, regardless of any reduction in property taxes due to circuit breaker credits.

A public school corporation is authorized a Debt Service Fund levy to meet annual debt service obligations. These obligations may include both principal and interest payments for lease rentals, general obligation bonds, Veterans Memorial and Common School Fund repayments to the school corporation's General Fund, and interest payments for tax anticipation warrant issues.



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Debt service obligations are used to determine the levy allowed in the Debt Service Fund. DLGF is required by I.C. 20-48-1-11 to determine the Debt Service Fund levy and budget to satisfy annual debt payments either in the form of school construction bonds or lease rental payments if the levy and budget proposed by the school corporation is not sufficient.

House Enrolled Act 1001-2008 changed the way school large scale construction projects are approved. Beginning July 1, 2008, voters in the local community determine whether or not to approve school construction projects through the petition and remonstrance or referendum process. If community members do not object to the proposed project or if they do not file enough signatures on a petition to initiate the petition and remonstrance process, the school district can move forward with a capital project.

Additionally, I.C. 20-40-9 authorizes school corporations to use money in the Debt Service Fund to pay for all unreimbursed costs of textbooks for the school corporation's students who were eligible for free or reduced lunches in the previous school year.

The General Assembly created the School Safety Referendum Tax Levy Fund and School Safety Referendum Debt Service Fund in 2019. Specific statutory language for the fund can be found in I.C. 20-40-20. A school corporation for which the voters approved a school safety referendum tax levy under I.C. 20-46-9 shall establish both funds. Money in the School Safety Referendum Tax Levy Fund shall be used for school safety purposes, but may be transferred to the Education, Operations, or School Safety Referendum Debt Service funds to pay for school safety expenditures. The School Safety Referendum Debt Service Fund shall only be used to pay for bonds or leases related to the school safety purposes for which the referendum was held.

DEBT REPORTING

Debt Reporting: Pursuant to I.C. 5-1-18-6, a political subdivision that issues bonds or enters into a lease after December 31, 2005, must supply DLGF with a debt issuance report not later than one month after the date on which the bonds are issued or the lease is executed. However, when a bond is issued or lease is executed after September 30, the debt issuance report must be submitted within five (5) business days.

I.C. 5-1-18-7 provides that the debt issuance report must be submitted electronically in a manner prescribed by DLGF that the report must be submitted through the Gateway Debt Management online system. The report must include:

1. The par value of the bond issue;
2. A schedule of maturities and interest;
3. The purposes of the bond issue;
4. The itemized costs of issuance information, including fees for bond counsel, other legal counsel, underwriters, and financial advisors;
5. The type of bonds that are issued; and



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6. Other information as required by DLGF.

A copy of the official statement and bond covenants, if any, must also be supplied with this information. Furthermore, DLGF may not approve an appropriation or a property tax levy for a debt that is not reported in Gateway Debt Management.

Leases must be reported through the same electronic system and the report must include:

1. The term of the lease;
2. The annual and the total amount of the lease rental payments;
3. The purpose of the lease;
4. The itemized costs incurred by the political subdivision with respect to the preparation and execution of the lease; including legal fees and other professional fees;
5. If all or part of the lease rental payments are used for debt service payments for bonds issued for the acquisition, construction, renovation, improvement, expansion, or use of a building, structure, or other public improvement for the political subdivision;
 - a. The name of the lessor;
 - b. Par value of the bond issue;
 - c. The purposes of the bond issue; and
6. Other information as required by DLGF.

DLGF requires each political subdivision to verify that the list of indebtedness and related details in Gateway Debt Management are current and accurate on an annual basis, due each March 1.

THE SCHOOL BUDGET

Process: In the case of all school funds for which property taxes may be levied, the budget process is essentially the same. The total budget is planned and is expressed as dollars to be expended during the budget year. All miscellaneous revenues, including, but not limited to, license excise tax, financial institutions tax, and commercial vehicle excise tax are subtracted from the planned expenditures of a school's various funds. The result is the dollar amount that is anticipated to be charged against local property, or the tax levy. If the needed levy exceeds the legal amount which may be taxed for a particular fund, the budget must be balanced. There are two options that may be exercised to balance the budget. One possibility is to determine if all revenues have been previously accounted for, and if not, which additional revenues exist. The other option is to review the expenditures planned and reduce the total dollars to be expended. In addition, the levy may not exceed the maximum allowable levy, calculated annually under I.C. 20-46-8-1. However, a school corporation may be eligible for a temporary or permanent increase to the Operations Fund levy because of an increase to transportation expenses or replacing buses (I.C. 20-46-8-3).



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The School Budget: The school budget represents the educational program of a school community translated into dollar need (expenditures). For most school corporations, the budget covers a calendar year, January 1 through December 31. For selected public school corporations, the budget year is a fiscal year, July 1 through June 30. Governing boards are responsible for budget preparation, although this task is typically delegated to the chief administrator or their designee.

Budget Forms: School budget forms are prescribed by DLGF and approved by the State Board of Accounts. Budget forms are completed and submitted to DLGF through the Indiana Gateway for Government Units website (<https://gateway.ifionline.org/>) (“Gateway”). User guides on completion of these forms on Gateway can be found at <https://gateway.ifionline.org/help.aspx>.

Local Approval: Generally, final action on school budgets by local school boards must be taken on or before November 1 of each year for the ensuing year’s budgets. The exception to this applies to those corporations budgeting on a fiscal year basis. Corporations operating on a fiscal year basis must meet before February 1 to adopt budgets. In either case, a public hearing on the budgets must be held at least 10 days before final action, in the form of formal adoption, by the local school board or an elected fiscal body of a county, city, or town for school corporations with appointed boards according to requirements in I.C. 6-1.1-17-20. The notice of the estimated budget and levy, and public hearing information on the Budget Form 3 must be completed and submitted online via the DLGF’s Gateway at least 10 days before the public hearing. The date, time and address of the hearing must be announced as a part of the notice. The local school board or a representative for the elected fiscal body for schools with appointed boards should submit all budget forms through Gateway within five business days after the budget adoption. Submission through Gateway serves as submission of the budget forms to DLGF.

Objecting Petitions: Ten or more taxpayers within the taxing district(s) of the taxing unit may file an objecting petition to a proposed budget, rate, or tax levy. Such petition must be filed with the local school board or elected fiscal body within seven days of the public hearing. Petitioners may object to a budget, tax rate, or tax levy. The local school board or elected fiscal body must file their findings concerning the objecting petition as a part of their adopted budget.

State Review and Approval: As provided in I.C. 6-1.1-17-16, DLGF shall review all taxing unit budgets and may review, revise, reduce, or increase the taxing unit’s respective budget by funds, tax rates, and/or tax levies. Fund budgets, tax rates, and tax levies established by DLGF are effective without change during the budget year to which they apply, either calendar or fiscal year.

Additional Appropriations: Sometimes a public school corporation finds it necessary to have spending authority beyond the level appropriated in the approved budget. Whenever additional or emergency appropriations become necessary, the local school board first must determine that



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an additional or emergency appropriation is needed and that there is unobligated cash available to support the additional spending need. Notice to taxpayers must be provided by advertisement.

The notice must include a time and date of a hearing conducted by the school board or the elected fiscal body, if the school corporation has an appointed board, to explain the need for the additional spending as well as to receive public input. Following the hearing, the school board or the elected fiscal body must adopt a resolution enumerating the amount of additional spending authority that is needed. The resolution may be for less than the amount advertised but cannot be for a greater amount than advertised in the notice to taxpayers. After the resolution is adopted, a certified copy must be filed with DLGF via the Gateway Additional Appropriations Application. The application can be accessed at

<https://gateway.ifionline.org/AdditionalAppropriations/SelectUnit.aspx>. If the additional spending authority is being sought from a fund certified by DLGF, the process is complete. However, if the additional appropriation is being sought from a DLGF-certified fund, formal action by the DLGF is required. DLGF is required to make a determination as to the disposition of the additional appropriation request within 15 days after the request is received. Additional appropriation statutory provisions are found in I.C. 6-1.1-18-5.

School Audits: School audits are conducted by the State Board of Accounts. Audits are performed to conform to the Federal Single Audit Act. Audits are conducted on a two-year cycle and include all school corporation funds and extra-curricular funds. Audits are conducted on a fiscal year basis, July 1 through June 30, and as such, may involve more than two calendar years. A portion of the audit is charged to the local school corporation. Audit reports are kept on file by the State Board of Accounts and by the local unit.



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SOURCES OF STATE SCHOOL SUPPORT

ADULT LEARNERS FUND

Pursuant to Public Law 165-2021, I.C. 20-24-7-13.5

2021-2022	2022-2023
\$40,331,250	\$40,331,250

The Adult Learners Fund is for a charter school that serves students, who are at least 22 years of age and who have dropped out of high school before receiving a diploma. State law provides a listing of charter schools eligible to receive Adult Learner funds.

The appropriation funds a full-time equivalency count of students at \$6,750 per student for each fiscal year. The charter schools specified are removed from the state tuition support formula and funded through this appropriation. IDOE distributes funds according to a schedule set by the State Budget Agency and approved by the governor. The schedule provides for payments to be made at least 12 times per fiscal year, with one payment each 40 days. The aggregate amount of payments may not exceed the fiscal year appropriation. If the appropriations are insufficient, IDOE will reduce each charter school's distribution by a proportionate share.

The following charter schools are being paid through the Adult Learners fund for FY 2022:

Corp	Excel Center Name
8655	Excel Center Bloomington
9050	Excel Center Clarksville
9055	Excel Center Hammond
9160	Excel Center Muncie
9190	Excel Center Gary
9305	Excel Center in Richmond
9335	Excel Center Lafayette Square Mall
9345	Excel Center Lafayette
9355	Excel Center Kokomo
9385	Christel House DORS
9750	Anderson Excel Center
9840	Excel Center University Heights
9855	Excel Center Noblesville
9885	Gary Middle College, Gary
9900	Excel Center South Bend
9910	Excel Learners for Adults
9995	Excel Center Shelbyville
9539	Excel Center Elkhart



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In FY 2021, IDOE distributed \$38,140,875 in Adult Learner funds.



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ALTERNATIVE EDUCATION GRANT

Pursuant to Public Law 165-2021, I.C. 20-30-8, and 511 I.A.C. 1-9

	2021-2022	2022-2023
Total Appropriation	\$5,306,394	\$5,306,394

Funding is made available to approved alternative education program organizers for eligible students enrolled in qualifying programs. Of the appropriation, \$10,000 is to be made available for each child in recovery from alcohol or drug abuse who attends a charter school accredited by the National Association of Recovery Schools. This funding is in addition to state tuition support for the charter school.

Requirements for Participation. An alternative education program is defined as an educational program for eligible students designed to provide an instructional manner that is different from what is offered in a traditional school setting. All programs must be approved by IDOE and received during the school year prior to the desired opening of the new program. All existing programs are reviewed annually through the funding application for eligible students.

State Share. Eligible programs may apply to receive state funding in the maximum amount of \$750 (IC 20-20-33-5) for each eligible full-time equivalent student (IC 20-20-33-4) reported to IDOE in the Full-Time Equivalent Student Report (IC 20-30-8-15).

- The following formula is used to determine the number of full-time equivalent students:
 - **STEP ONE:** Determine the number of alternative education program sessions that were conducted in a reporting period for a qualifying school corporation as follows:
 - (A) Determine the number of days on which an alternative education program was conducted for an entire morning, as determined under the rules adopted by the State Board of Education (SBOE).
 - (B) Determine the number of days on which an alternative education program was conducted for an entire afternoon, as determined under the rules adopted by the SBOE.
 - (C) Determine the number of days on which an alternative education program was conducted for an entire evening, as determined under the rules adopted by the SBOE.
 - (D) Determine the sum of the clause (A), (B), and (C) amounts.
 - **STEP TWO:** For each morning, afternoon, and evening session of an alternative education program that is used to determine the STEP ONE result, determine the number of eligible students enrolled in the sessions.
 - **STEP THREE:** Determine the sum of the STEP TWO amounts.
 - **STEP FOUR:** Divide the STEP THREE result by the STEP ONE result.
 - **STEP FIVE:** Divide the STEP ONE result by 360.
 - **STEP SIX:** Multiply the STEP FOUR result by the STEP FIVE result.



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Local Share. Local educational agencies (LEAs) must use local funds to match one-third of the expenditures for each eligible student receiving funds (IC 20-20-33-6).

Extent of Participation. Approximately 99 school corporations and charter schools received alternative education grant funds for 2020-2021, totaling \$5,176,827.82.

Distribution. Reimbursements for expenditures made during the preceding school year are processed by request and distributed by September 1.



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CHOICE SCHOLARSHIP PROGRAM

Pursuant to Public Law 165-2021, I.C. 20-51, and 512 I.A.C. 4-1

The Choice Scholarship Program was passed as part of House Enrolled Act 1003-2011 (Public Law 92-2011) and provides Choice Scholarships to students in households that meet eligibility and income requirements. The program provides funds to assist with the payment of tuition and fees at a participating Choice school.

For the 2011-2012 school year, Choice Scholarships were limited to 7,500 students. For the 2012-2013 school year, Choice Scholarships were limited to 15,000 students. Beginning with the 2013-2014 school year, the student cap was removed, and Choice Scholarships were available to any student who met eligibility and income requirements. During the 2013 session of the Indiana General Assembly, the program was further expanded to include eligibility components related to special education, siblings, and failing schools. During the 2017 legislative session, the Pre-K Track was added. During the 2019 session, an additional income threshold and award amount were added, and a second application window was established. During the 2021 session, the income eligibility for all tracks were expanded and a track was added for foster children.

Student Eligibility Criteria:

All students must satisfy the following three requirements:

1. Have legal settlement in Indiana;
2. Be between the ages of five and 22 no later than August 1 of the school year; and
3. Be accepted for enrollment into a participating Choice Scholarship school.

After satisfying the three requirements listed above, a student must satisfy the requirements for one of the eligibility tracks.

For the 2011-2012 school year, there were two eligibility tracks.

1. Two Semesters in Public School Track

- The student was enrolled in grades one through 12 in a public school, including a charter school, in Indiana for at least two semesters immediately preceding the first semester for which the individual receives a Choice Scholarship.
- Beginning with the 2013-2014 school year, kindergarten attendance could satisfy the two semesters in public school requirement.
- The student is a member of a household with an annual income equal to or below 150% of the amount to qualify for the Federal Free or Reduced Lunch Program.

2. Previous Scholarship Granting Organization (SGO) Award Track



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- The student received an SGO Scholarship in a previous school year, including a school year that does not immediately precede the school year for which the student is applying for a Choice Scholarship.
- The eight approved Scholarship Granting Organizations (SGOs) are:
 - Elkhart County Community Foundation
 - Institute for Quality Education, Inc. (Formerly Educational Choice Charitable Trust)
 - School Scholarship Granting Organization of Northeast Indiana
 - Tuition Assistance Fund of Southwestern Indiana (Closed February 2013)
 - Sagamore Institute Scholarships for Education Choice
 - The Lutheran Scholarship Granting Organization of Indiana
 - LaGrange County Community Foundation, Inc.
 - Professional Athletes of Indiana
- The student is a member of a household with an annual income equal to or below 150% of the amount to qualify for the Federal Free or Reduced Lunch Program.

For the 2012-2013 school year, a third track, the Previous Choice Scholarship Student Track, became applicable. The Previous Choice Scholarship Student Track was written into the original statute. However, because the 2011-2012 school year was the first year of the Choice Scholarship Program, no student could have met the criteria for this track prior to the 2012-2013 school year.

3. Previous Choice Scholarship Student Track

- 2012-2013 School Year**
 - The student received a Choice Scholarship in the previous school year.
- 2013-2014 School Year**
 - The student received a Choice Scholarship in a school year that does not immediately precede the school year for which the student is applying for a Choice Scholarship; or
 - The student received a Choice Scholarship in the immediately preceding school year, but the student exited the Choice school prior to the end of the school year.
- The student is a member of a household with an annual income equal to or below 150% of the amount to qualify for the Federal Free or Reduced Lunch Program.

For the 2013-2014 school year, legislative changes increased the number of eligibility tracks to seven.

4. Continuing Choice Scholarship Student Track



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- The student received a Choice Scholarship in the school year that immediately precedes the school year for which the student is applying for a Choice Scholarship.
- The student is required to have remained enrolled at the Choice school for the entirety of the immediately preceding school year.
- The student is a member of a household with an annual income equal to or below 200% of the amount to qualify for the Federal Free or Reduced Lunch Program.

5. Special Education Track

- The student has a disability that requires special education services.
- An Individualized Education Program (IEP) pursuant to IC 20-35 or a service plan pursuant to 511 IAC 7-34 has been developed for the student.
- The student is a member of a household with an annual income equal to or below 200% of the amount to qualify for the Federal Free or Reduced Lunch Program.

6. “F” Public School Track

- The student would be required to attend a specific public school based on his/her residence that has been assigned an “F” grade.
- This track does not require prior attendance at the school.
- The student is a member of a household with an annual income equal to or below 150% of the amount to qualify for the Federal Free or Reduced Lunch Program.

7. Sibling Track

- The sibling of the newly applying student received either a Choice Scholarship or an SGO scholarship in a preceding school year, including a school year that does not immediately precede the school year for which the student is applying for a Choice Scholarship.
- For purposes of the Choice Scholarship Program, the term “sibling” shall mean one of two or more individuals having one **or** both parents, guardians, or custodians in common. The term does not require a consanguineous (blood) relationship between the individuals.
- The student is a member of a household with an annual income equal to or below 150% of the amount to qualify for the Federal Free or Reduced Lunch Program.

For the 2017-2018 school year, legislative changes increased the number of eligibility tracks to eight.

8. Pre-K Track



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The student received and used an Early Education Grant under IC 12-17.2-7.2 to attend Pre-K at an eligible Choice school.

The student is applying for a Choice Scholarship at the same Choice school they attend Pre-K with an Early Education Grant.

The student is a member of a household with annual income equal to or below 69% of Federal Free or Reduced Lunch Eligibility (127% of the Federal poverty level).

For the 2021-2022 school year, legislative changes added the Foster Track and consolidated the Previous Choice and Continuing Choice Tracks to keep the number of eligibility tracks at eight.

8. Foster Track

The students is in foster care, as defined in IC 31-9-2-46.7

Supporting documentation is provided by an Indiana Department of Child Services Case Worker

Foster children are automatically income eligible for the Choice Scholarship Program. Household size and income requirements do not apply.

Income Eligibility Criteria:

The income criteria to participate in the Choice Scholarship Program are linked to the Federal Free or Reduced Lunch Program income guidelines.

To qualify for the 90% Choice Scholarship award, a student must be a member of a household with an annual income equal to or less than 100% of the amount to qualify for the Federal Free or Reduced Lunch Program. Beginning in the 2019-2020 school year, to qualify for the 70% Choice Scholarship award, a student must be a member of a household with an annual income equal to or less than 125% of the amount to qualify for the Federal Free or Reduced Lunch Program. To qualify for the 50% award, the student must be a member of a household with an annual income equal to or less than 150% of the amount to qualify for the Federal Free or Reduced Lunch Program.

Beginning with the 2013-2014 school year, income eligibility for the 50% award was expanded to 200% of the amount to qualify for the Federal Free or Reduced Lunch Program for students qualifying under the Continuing Choice and Special Education Tracks.

Beginning with the 2021-2022 school year, income eligibility was changed so that all student awards are 90% awards, and 70% and 50% awards were repealed. Additionally, all eligibility track income limits were increased to 300% of the amount to qualify for the Federal Free or Reduced Lunch Program.



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Student Participation			
Year	Student Count	Change from Previous Year	Percent Change from Previous Year
2015-2016	32,686	3,538	12.14%
2016-2017	34,299	1,613	4.93%
2017-2018	35,458	1,159	3.38%
2018-2019	36,290	832	2.35%
2019-2020 (Per 1/Per 2/Total)	36,248/459/36,707	-42/N/A/417	-0.12%/N/A/1.15%
2020-2021 (Per 1/Per 2/Total)	35,112/127/35,698	-1,136/127/-1,009	-3.13%/27.67%/-2.75%

School Participation			
Year	School Count	Change from Previous Year	Percent Change from Previous Year
2015-2016	316	2	0.64%
2016-2017	313	-3	-0.95%
2017-2018	318	5	1.60%
2018-2019	329	11	3.46%
2019-2020	326	-3	-0.91%
2020-2021	324	-2	-0.61%

Choice Scholarship Program Payments			
	2017-2018	2018-2019	2019-2020
Fall Payment	\$ 76,721,438.04	\$ 80,506,700.24	\$ 84,242,780.27
Spring Payment	\$ 75,152,553.99	\$ 78,827,169.31	\$ 85,452,207.64
Total Payments	\$ 151,873,992.03	\$ 159,333,869.55	\$ 169,694,987.91
Refunds	\$ 496,637.85	\$ 495,980.02	\$ 355,652.90
Net Payment	\$ 151,377,354.18	\$ 158,837,889.53	\$ 169,339,335.01

Note: The 2020-2021 information is not available at this time.

New requirements for reporting students:

Senate Enrolled Act 30, passed during the 2017 legislative session, required IDOE to publish the number of Choice Scholarship Program students living in each public school corporation and the Choice school they are attending. IDOE released a report in fall 2020 that identified the count of



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students as specified in law. The report can be found under Public Corporation Transfer Report at the following link: <https://www.in.gov/doe/it/data-center-and-reports/>.



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COMMON SCHOOL FUND

Pursuant to I.C. 20-49-4

Advancements from the Common School Fund may be used for school building construction purposes and educational technology programs. I.C. 20-49-3-8 allows school corporation career and technical education schools described in I.C. 20-37-1-1 to apply for both common school construction and technology loans. School corporation career and technical education schools must provide IDOE with the information it needs to determine each participating school's proportionate share of the loan. To date, only one school corporation career and technical education center has requested a construction or technology loan.

School Technology Advancement Account:

Pursuant to Public Law 213-2015, I.C. 20-49-4-5, I.C. 20-49-6, and 511 I.A.C. 1-2.5

2021-2022	2022-2023
\$5,000,000	\$5,000,000

The purpose of the account is to make loans to school corporations to:

1. Purchase computer hardware and software to be used primarily for student instruction.
2. To develop and implement innovative technology projects.

State Share. The state share is 100% of the approved qualifying amount. The minimum loan per school corporation is \$20,000. The maximum loan per school corporation is an amount determined by dividing the corporation's total pupil enrollment (as reported on the most recent DOE-PE) by 25, multiplying the result by \$500, and rounding that figure to the next highest whole number.

If the aggregate amount of the petitions for loans does not reach \$5,000,000, the remaining dollars are distributed on an enrollment per capita basis among those petitioning school corporations indicating a desire to be considered for additional funding.

If the aggregate amount of the petitions for loans exceeds \$5,000,000, all petitioning school corporations are ranked in ascending order according to adjusted assessed valuation (AAV) per Average Daily Membership (ADM). Petitioners with the lowest AAV/ADM receive first consideration when the loans are granted. Petitions for loans are filled until the appropriation is expended.



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The State Board of Finance periodically establishes the rate of interest payable, which is not less than 1% and not greater than 4%. The Treasurer of the State has established a repayment schedule of two to five years depending upon the amount of the loan. Any school corporation receiving a loan from the account may annually levy a tax in the Debt Service Fund sufficient to produce an amount equal to the amount deducted that year from the Basic Grant.

Local Share. The local share is all computer hardware and software costs not covered by the loan. Additionally, the recipient school corporation is responsible for interest and the repayment of principal on schedule.

Requirements for Participation. Any school corporation authorized by law to establish public schools and levy taxes for their maintenance may petition for a loan from the School Technology Advancement Account.

To receive a loan, a school corporation must develop a three-year technology plan. The plan must include at least the following information.

1. A description of the corporation's intent to integrate technology into the curriculum.
2. A plan for providing in-service training.
3. A schedule for maintaining and replacing educational technology equipment.
4. A description of the criteria used to select the appropriate educational technology equipment for the appropriate use.
5. Other information requested by the Department of Education after consulting with the State Budget Agency.

Extent of Participation. Loans totaling \$2,016,680 were granted to seven school corporations in the summer of 2021.

Distribution. Funds are available each year immediately following approval of petitions by the State Board of Education.

School Building Construction Program:

Qualifications. Under the provisions of I.C. 20-49-4-7, to qualify for the School Building Construction Program and receive an advance from the Common School Fund, the school corporation or school township must have:

1. Sustained loss by fire, wind, cyclone, or other disaster of all or a major portion of a school building or school buildings.
2. An adjusted assessed valuation per pupil ADM within the lowest 40% of the assessed valuation per pupil ADM when compared with all school corporations or school townships assessed valuation per pupil ADM.



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3. An advance under this chapter outstanding on July 1, 1993, that bears interest at seven and one-half percent.

The School Building Construction Program does not include facilities used or to be used primarily for interscholastic or extracurricular activities.

Maximum Amount Available. No advance to a school corporation or a school township for any school building construction program may exceed the greater of:

1. \$15,000,000; or
2. the product of \$15,000 multiplied by the number of pupils accommodated by the school building program.

The State Board of Education may waive this provision if the school corporation or school township sustains loss by fire, wind, cyclone, or other disaster.

Interest Rate. The State Board of Finance will periodically establish interest rates as long as:

1. The established rate or rates do not exceed seven and one-half percent.
2. The interest rate or rates on advances made to school corporations or school townships with advances outstanding on July 1, 1993, bearing interest at seven and one-half percent or more shall not exceed four percent.

Repayment Period. Money advanced to school corporations or school townships for school building construction programs may be advanced for periods not to exceed 20 years.

Extent of Participation. In spring 2021, there were no construction loans awarded to school corporations due to a lack of requests.

Educational Technology Program:

Qualifications: In order to receive funds under I.C. 20-49-4-16 through I.C. 20-49-4-22, the school corporation must develop a three-year technology plan (I.C. 20-20-13-7). The plan must include at least the following information:

1. A description of the school corporation's or school township's intent to integrate technology into the school corporation's curriculum.
2. A plan for providing in-service training.
3. A schedule for maintaining and replacing educational technology equipment.
4. A description of the criteria used to select the appropriate educational technology equipment for the appropriate use.



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5. Other information requested by the IDOE after consulting with the State Budget Agency.

IDOE is required to develop guidelines concerning the development of technology plans. Guidelines are subject to the approval of the governor.

Maximum Amount Available. Advances for educational technology programs are without limitation in amount other than the availability of funds in the Common School Fund for this purpose, and the ability of the school corporation desiring an advance to repay it in accordance with the terms of the advance.

Interest Rates. The State Board of Finance periodically establishes the rates of interest payable, which are not less than one percent or more than four percent.

Repayment Period. Money advanced for school technology may be for periods not to exceed five years.

Use of Funds. The State Board of Education will advance money to school corporations or school townships for the:

1. Acquisition of educational technology equipment.
2. Operation of educational technology equipment.
3. The training of teachers in the use of educational technology equipment.

Extent of Participation. Loans totaling \$13,564,120 were granted to 28 school corporations in spring 2021.

State Board of Education Administrative Policies for the Common School Fund. Technology advances must be used within one (1) year after the State Board of Education approves the advance.

The State Board of Education adopted the following administrative policies at its June 7, 2017, meeting.



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Administrative Policies for the Common School Fund (adopted June 7, 2017):

1. During any one award period, a school corporation may cite more than one building (remodeling, renovation, or new structure) as the subject of an advance from the Common School Fund.
2. The State Board of Education will not approve a construction advance to a school corporation that has unused school facilities that are more than the corporation's facility needs. An applicant school corporation will provide a list of all facilities owned or leased by the school corporation and a statement of the current use of each facility. If a facility is not currently being used, the corporation must explain the status of that facility and provide a rationale for not disposing of the facility.
3. A school corporation that applies for an advance from the school construction program or the educational technology program must certify either: 1) that the corporation has completed the preliminary determination and petition-remonstrance procedure in I.C. 6-1.1-20 with favorable results; or 2) that the procedure does not apply. This requirement does not apply if a school corporation intends to repay an educational technology advance from its Capital Projects Fund.
4. A corporation must submit its request for an advance electronically on the form approved by IDOE.
5. Any school corporation that requests an advance from the school construction program should comply with the school facility guidelines adopted by the Indiana State Board of Education on September 7, 1995, guidelines subsequently adopted pursuant to I.C. 20-19-2-12, or written guidance provided by DLGF
6. The maximum amount awarded under the provisions governing educational technology advances will be based on the corporation's ADM times \$100. Corporations requesting advances for technology will be ranked from lowest to highest according to their adjusted assessed valuation per K-12 ADM.
7. Funds for the two categories of advances shall be allocated as follows:
 - School Construction Program 50%
 - Educational Technology Program 50%

If the needs of one program outweigh the other and allocations remain, IDOE may modify the percentages in the period.



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8. Technology advances must be used within one year after the State Board of Education approves the advance.
9. Construction advances must be used within two years after the State Board of Education approves the advance, with at least 50% of the advance used within one year after the State Board of Education approves the advance.
10. The State Board of Education will not permit prepayment of construction advances.
11. Advances for technology loans exclude salaries and fringe benefits of school personnel or items with a useful life of less than one year. Examples include technology instructors, software subscriptions, or supplies.
12. Educational technology is for hardware and operational software intended for use by teachers and students only.



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CURRICULAR MATERIAL REIMBURSEMENT

Pursuant to Public Law 165-2021, I.C. 20-26-12, and I.C. 20-33-5

2021-2022	2022-2023
\$39,000,000	\$39,000,000

The purpose of Curricular Material Reimbursement funding is to provide reimbursement to school corporations, charter schools, and accredited nonpublic schools for some or all costs incurred during a school year in providing classroom instruction to children who qualify for the Federal Free or Reduced Lunch Program.

State Share. School corporations, charter schools, and accredited nonpublic schools can receive reimbursement for curricular materials based on the number of eligible students claimed divided by the available appropriation.

I.C. 20-18-2-2.7 defines curricular material as “systematically organized material designed to provide a specific level of instruction in a subject matter category, including:

- (1) books;
- (2) hardware that will be consumed, accessed, or used by a single student during a semester or school year;
- (3) computer software; and
- (4) digital content.”

School corporations, charter schools, and accredited nonpublic schools are required to file student level information and curricular material information that reflects actual costs for both curricular materials and consumable workbooks that accompany adopted curricular materials. For FY 2022 and FY 2023, reimbursement from the fund will be based on a per student amount determined by dividing the statewide appropriation by the number of students eligible for free or reduced-price lunch benefiting from curricular materials. School officials must file curricular claim information that provides information on the cost of consumables, workbooks, and curricular materials. The cost of curricular materials used in gifted and talented education and special education must also be provided. Lastly, developmentally appropriate instruction material for kindergarten through grade three, laboratories, and children’s literature programs must be included in the costs filed.

Local Share. School corporations and charter schools shall pay the balance after state reimbursement for curricular materials. Students who qualify under the federal free or reduced-price lunch provisions may not be required to pay fees for curricular materials, supplies, or other required class fees. The fees shall be paid by the school corporation or charter schools.



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Requirements for Participation. Before November 1 of the current school year, school corporations, charter schools, or accredited nonpublic schools must file a claim with IDOE. The claim must include the number of eligible students and the associated costs for curricular materials, consumable curricular materials, and workbooks. Beginning in FY 2022, schools were required to submit student level data and curricular material costs through Data Exchange and a JotForm. The approved applications must include data required by the Indiana Family and Social Services Administration (FSSA) regarding Temporary Assistance to Needy Families (TANF) to be considered by IDOE for reimbursement under this program.

Extent of Participation. In 2019-2020, this fund provided curricular material assistance to local school corporations for 477,032 students and provided assistance to 4,230 nonpublic school students at a total cost of \$39,000,000. In 2020-2021, IDOE provided curricular material assistance to local school corporations for 456,032 students and to 4,822 nonpublic school students at a total cost of \$39,000,000.

Distribution. IDOE distributes the funds in February of each school year.



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EARLY INTERVENTION PROGRAM AND READING DIAGNOSTIC ASSESSMENT

Pursuant to Public Law 165-2021

2021-2022	2022-2023
\$3,255,130	\$3,255,130

The Early Intervention Program focuses on early grade level intervention (kindergarten through second grade) to improve foundational literacy for students, a key driver for later academic success.

The Early Literacy Intervention Grant.

- Assists schools in acquiring materials, resources, and expertise needed to enhance literacy. Key to the programs funded is an enhancement of professional development so that teachers are better equipped to meet needs of students, to enhance student engagement, and to increase student literacy achievement.
- Provides funding for training specific to the school's core reading program, intervention and literacy or dyslexia assessment. This training will directly impact the teachers' and/or interventionists' ability to administer their core, intervention, or assessment program with fidelity which translates into more comprehensive and effective literacy instruction.
- Provides funding to support the identification of and specific interventions for students at risk for learning characteristics related to dyslexia. These learning characteristics significantly hinder students from achieving literacy and must be identified and addressed early in the student's
- Provides funding for one year so that schools will have time to fully implement their programs, sustain progress of the intervention over time, and gather data showing results from their assessments.

State Share. The total amount of the approved allocation to a school corporation.

Local Share. Any costs of the program not met by the grant allocation.

Requirements for Participation. All Indiana public, accredited non-public, and charter elementary schools serving students in kindergarten, grade one and/or two are eligible for the Early Intervention Grant.

Extent of Participation. For the 2018-2019 school year, 305 schools received the Early Intervention Grant. Please note, this grant opened two times for schools to participate hence the larger number of participating schools than in previous years. For the 2019-2020 school year, 278 schools participated in the Early Intervention Grant.



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GIFTED AND TALENTED EDUCATION PROGRAM

Pursuant to Public Law 165-2021

2021-2022	2022-2023
\$13,053,399	\$13,053,399

The purpose of this program is to support school corporation high ability programs. The High Ability Education program includes:

1. Funding to assist local schools in the development and implementation of their programs and services for high ability students in kindergarten through grade 12.
2. Organizing and developing a state infrastructure of resources and communication for high ability programs.

State Share. The total amount of the approved allocation to a school corporation.

Local Share. Any costs of the program not met by the grant allocation.

Requirement for Participation. A school corporation may submit an electronic grant proposal for planning or continuation of services. Proposals are reviewed to verify compliance with I.C. 20-36 and 511 I.A.C. 6-9.1, the High Ability Program Rule.

Extent of Participation. Grants were awarded to 359 LEAs for the 2021-2022 school year.

Number of Grants Awarded	Individual Amounts Available	Total
359	\$10,000 - \$161,643	\$12,700,000

Distribution. Grants are paid by cash request to the school corporation upon proposal approval.



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MITCH DANIELS EARLY GRADUATION SCHOLARSHIP PROGRAM

Pursuant to Public Law 165-2021 and I.C. 21-12-10

State law allows eligible students to receive a \$4,000 Mitch Daniels Early Graduation Scholarship upon meeting all graduation requirements by the end of grade 11. The Indiana Commission for Higher Education (ICHE) administers the program. An individual is eligible for a Mitch Daniels Early Graduation Scholarship if the individual:

- (1) is a resident of Indiana, as defined by the commission;
- (2) attended a publicly supported school on a full-time equivalency basis for at least the last two semesters before the individual graduated from high school;
- (3) had legal settlement (as defined in [IC 20-18-2-11](#)) in Indiana for at least the last two semesters before the individual graduated from high school;
- (4) received an Indiana diploma with a Core 40 designation by the end of grade 11 (including any summer school courses completed before July 1 of a year) after December 31, 2010, from the publicly supported school that the individual last attended for course credits;
- (5) was not enrolled in a publicly supported school for any part of grade 12;
- (6) applies to ICHE for a Mitch Daniels early graduation scholarship in the manner specified by ICHE; and
- (7) enrolls as a full-time student at an eligible institution not later than the fall semester (or its equivalent, as determined by ICHE in the academic year immediately following the year in which the student graduates from high school).

For FY 2020 scholarships totaling \$1,360,000 were distributed to 340 students. For FY 2021, scholarships totaling \$1,044,000 were distributed for 261 students.



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NATIONAL SCHOOL LUNCH PROGRAM

Pursuant to Public Law 165-2021 and I.C. 20-26-9-1 thru I.C. 20-26-9-17

2021-2022	2022-2023
\$5,033,086	\$5,108,582

Each school district's grant is a pro-rata share of the appropriated amount based on that district's percentage of the total paid lunches served in the state during the previous school year. For the 2020-2021 school year, the distributions were based on the schools' percentage of total lunches served. Due to the pandemic, there were minimal paid lunches served, therefore the distribution method was changed for the 2020-2021 school year to distribute the required matching funds more equitably. The amount appropriated is the required state match for participation in the National School Lunch Program. For further information concerning this multifaceted program, please contact the Division of School and Community Nutrition Programs.

Requirements for Participation. The school corporation must be a participant in the National School Lunch Program and meet the nutritional standards set forth therein.

Extent of Participation. All public school corporations and over 200 nonpublic schools and other organizations.

State Share. This is the state match on federal National School Lunch Program Funds.

Local Share. There is no local share required for participation in this program. Costs not covered by the grant are borne locally and normally passed on to the student through meal charges.

Distribution. Funds are distributed annually, usually in the month of October, for the previous school year. The October 2021 distribution was \$4,911,376 for the 2020-2021 school year.



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NON-ENGLISH SPEAKING PROGRAM

Pursuant to Public Law 165-2021

2021-2022	2022-2023
\$27,500,000	\$27,500,000

The Non-English Speaking Program (NESP) was enacted by the Indiana General Assembly in 1999. This program provides funds to local public school corporations having a concentration of students who have a primary language other than English and have limited English proficiency, as determined by the WIDA assessments.

Local Share. The Indiana General Assembly increased funding for the NESP during the 2021 legislative session and revised the structure of the NESP funding formula, with tiered funding amounts by proficiency level. The revised structure allots \$524 per each English learner (EL) in the LEA who received a Level 1 or 2 on the WIDA ACCESS or participated in the Alternate ACCESS for ELs with significant disabilities and allots \$366 per each EL who received a Level 3 or 4 or who received a Level 5 on the Tier A form of the WIDA ACCESS assessment only. Initial allocations for the 2021-2022 grant are based on the 2020-2021 EL student count collected through the Language Minority (LM) data collection. All available program funds are allocated to school corporations each year..

Extent of Participation. A total of 271 LEAs applied for and received a distribution for the 2020-2021 school year serving over 67,000 English learners. Distributions totaled over \$22 million.

Distribution. The funds are distributed annually as applications for funds are received and approved.



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STATE TUITION SUPPORT

Pursuant to Public Law 165-2021, I.C. 20-43-1, and I.C. 20-24-7

	2021-2022	2022-2023
General Fund	\$7,860,000,000	\$8,200,000,000

The fiscal year appropriation provides funding for State Tuition Support, the Choice Scholarship, and the Mitch Daniels Early Graduation Scholarship programs.

State tuition support is the sum of four different calculations for basic tuition support, honors, special education, and career and technical education grants. IDOE calculates funding for each school corporation and charter school based on variables described below. Accordingly, it is not possible to provide examples of these calculations applicable to school corporations or charter schools. Further, input variables are subject to change due to modifications in student count variables or adjustments made by IDOE as required by statute to preclude overspending in the fiscal year appropriation. In its simplest form, the state tuition support formula determines a gross amount of state revenue for each school corporation and charter school. Indiana law provides that a charter school is a public school corporation.

Definitions and Formula Components:

Average Daily Membership (ADM). Average daily membership is a count of students enrolled and expected to be in attendance for kindergarten through grade 12 in Indiana public school corporations and all charter schools on a particular day. For school corporations and charter schools that do not offer a full-day kindergarten program, kindergarten students are counted as one-half for membership. For school corporations and charter schools that offer a full-day kindergarten program, kindergarten students count as one for membership. This change occurred as part of the FY 2016 state tuition support formula.

Under current law, ADM counts are taken twice per year, in September and February. For funding purposes, the first ADM count occurs the second Friday after Labor Day, as established in a rule adopted by the State Board of Education. This is referred to as the “fall” count and provides Basic Grant funding for the first six months of the fiscal year. A second ADM count is taken on a date established by the State Board of Education in February. This is referred to as the “spring” count, and IDOE uses it to calculate Basic Grant funding for the second six-month period of the fiscal year.

For the FY 2022 state tuition support funding formula, IDOE will use the fall (September) count for July through December 2021 distributions and the spring (February) count for January to June 2022 distributions. In March 2021, school corporations, virtual charter schools, and charter



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schools submitted an ADM estimate of the September count that IDOE considered for funding for the period of July through October until the actual September ADM count was final.

ADM is the sum of the following:

Resident Enrollment. Resident enrollment for a school corporation includes those students with legal settlement in, and who are enrolled and attending school in the school corporation. For a charter school, resident enrollment includes Indiana students who are enrolled and attending an individual charter school, regardless of legal settlement. It also includes foreign exchange students, who are residing in, and attending the school corporation.

Transfers Out. Transfers out for a school corporation are resident students who, for various reasons, are transferred out to another school corporation or out of state. This term does not apply to charter schools. Reasons include:

- An agreement between the corporation of legal settlement and the servicing school corporation.
- A “better accommodation” student transfer agreement under I.C. 20-26-11-5 between the corporation of legal settlement and the student’s parent(s).
- A “better accommodation” order by the State Board of Education.
- The student is served by a public or private school under a contract for residential or alternative services through the Secretary of Education.

Cash Transfers. Cash transfers for a school corporation include students with legal settlement in another school corporation who are enrolled and attending another school corporation based on an agreement between the parent(s) and the school corporation the student attends. Cash transfers may or may not include students whose parent(s) pay tuition to the school corporation the student attends. This term does not apply to charter schools.

State Obligations. State obligations for a school corporation include students placed into the school corporation because of state action and include:

- State placement into an institution located within the corporation that is operated by the Division of Disability, Aging, and Rehabilitative Services, or the Division of Mental Health.
- State placement by either of the above agencies into an institution, public or private facility, a home, group home, or alternative family setting within the school corporation.
- Students enrolled and attending the school corporation who are children of state employees living on state property.
- State obligations for a charter school include students enrolled and attending the charter school who are children of state employees living on state property.

Placements In. For a school corporation, this includes students enrolled and attending the school corporation because of placement by Indiana county welfare, Indiana courts, Indiana



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licensed child-placing agencies, or by a parent or guardian in a state licensed private or public health care facility, childcare facility, or foster home located in the school corporation. This placement into the school corporation is for non-educational reasons. This term does not apply to charter schools.

Dual Enrollment. For a school corporation, this includes students who are enrolled in a public school and a nonpublic or home school, who has legal settlement in the school corporation, and receives instructional services from the school corporation. These students are counted on a full-time equivalency basis, based on the number of periods served in the day by the public school and must receive 180 days of instruction. This term does not apply to charter schools.

Basic Grant:

The Basic Grant provides funding to all school corporations and charter schools for both virtual and non-virtual students based on calculations using a foundation amount and a per-student complexity amount. IDOE provides a comparison between previous year grant funding and current year grant funding that reflects the percentage increase/decrease in total funding from the prior fiscal year. Previous year revenue is the total distribution of state tuition support funding from the four grants (Basic Tuition Support, Honors, Special Education, Complexity and Career and Technical Education grants).

Unless otherwise noted, the following formula calculations apply to both school corporations and charter schools.

Foundation. For FY 2021, foundation for non-virtual students is \$5,703, and foundation for virtual students is \$4,847.55 per student. Foundation revenue generates the most funding from the appropriation. In FY 2022, foundation increased to \$5,995 for non-virtual students and \$5,095.75 for virtual students.

Complexity. The FY 2022 complexity component in the Basic Grant uses the October 1, 2020, Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance to Needy Families (TANF), and Foster Care data, as well as pupil enrollment, to arrive at a percentage of students who were recipients of SNAP, TANF or Foster Care assistance. That amount is multiplied by \$3,775 to determine the amount of funding per student. This amount is multiplied by the applicable membership count (September or February) and divided by two to arrive at a total funding amount. The same formula is used for FY 2023 using a complexity multiplier of \$3,775.

The Basic Grant total is the sum of the amounts for foundation and complexity.

Reconciliation Process - September Count. During the 2021-2022 school year, IDOE will use the September 17, 2021 ADM count to determine Basic Grant funding for the period of July 1,



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2021 through December 31, 2021. Because the September count was not available on July 1, IDOE used an estimated ADM count for July through October payments.

When the September 2021 was finalized, IDOE reconciled the first six-months of funding as part of the November and December payments to reflect any over or under payment of the Basic Grant. An overpayment of

Reconciliation Process - February Count. IDOE will use the September actual ADM count to continue funding the Basic Grant for the months of January 2022 through March 2022 until the February ADM count is final. When final, the February ADM count is used to calculate funding for the period of January 1, 2022, through June 30, 2022. In April, IDOE will recalculate and adjust the April through June Basic Grant payments to reflect any changes in funding for the first six-months of the fiscal year.

When the February 2022 count is final, IDOE will reconcile the first six-months of funding as part of the April through June payments to reflect any over or under payment of the Basic Grant. An overpayment of the grant results when the January through March payments were made using an ADM estimate that was higher than the February 2022 actual ADM count. In this scenario, reconciliation of the February 2022 ADM count will result in a negative adjustment for the Basic Grant payments in April through June. For example, if a lower actual ADM results in a school corporation or charter school having been overpaid by \$60,000 during the period of January through March, the last three payments of the six-month period will be reduced by \$20,000 each month to reconcile the overpayment.

An underpayment results when the January through March payments were made using an ADM estimate that was lower than the actual February 2022 count. In this scenario, reconciliation of the February 2022 count will positively impact the Basic Grant payments for April through June. For example, if the recalculation results in a school corporation or charter school having been underpaid by \$60,000, the last three payments of the six-month period will increase by \$20,000 each month to reconcile the underpayment.

IDOE plans to use the same process in FY 2023.

Virtual Students. The formula calculation uses a count of virtual students at school corporations and charter schools to determine foundation funding. In FY 2022, the foundation amount for a virtual student is \$5,095.75, which is 85% of the foundation amount (\$5,995). In FY 2023, the foundation amount for a virtual student will be \$5,299.75, which is 85% of the foundation amount (\$6,235).

Additionally, school corporations or charter schools with virtual charter students are eligible for funding for Special Education, Career and Technical Education, and Honor grants.



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Attendance. For purposes of determining the FY 2022 and FY 2023 Basic Grant for a school corporation, IDOE will review the daily attendance of each student to determine whether, of the instructional services that the student receives from a school corporation, at least 50% is virtual instruction. For the fall (September) count of ADM, IDOE will review the attendance for each student on each school day from the school corporation's first day of school until the September count date. For the spring (February) count of ADM, IDOE will review the attendance for each student on each school day from the first day after the September count date until the February count date.

As part of reviewing daily attendance, IDOE will take into consideration whether a student transferred to the school corporation during either of the count dates (*See IC 20-43-6-3*).

Honors Designation Grant

Each school corporation, traditional charter school, and virtual charter school is eligible to receive \$1,100 for each student who received an academic honors diploma or a diploma with technical honors in school year 2020-2021 for FY 2022 and in school year 2021-2022 for FY 2023 funding.

Additionally, since FY 2019 and continuing through FY 2023, the formula generates \$1,500 for a student who received an academic honors diploma or a technical honors diploma and who also received SNAP, TANF or Foster Care assistance.

Reconciliation Process. When final honors counts are known, IDOE reconciles honors funding by increasing/decreasing the December payment to adjust July through December distributions. Additionally, IDOE allocates the remaining amount evenly over the six-month period of January to June. The reconciliation process is the same for FY 2022 and FY 2023.

Special Education Grant

School corporations, traditional charter schools, and virtual charter schools are entitled to receive a grant for special education programs. The Special Education Grant is based on the count of students who are enrolled in special education programs on December 1 of a fiscal year. In addition to the December 1 special education count, a second special education count is taken on April 1 but is not used to determine special education funding. Both the December 1 and April 1 special education counts are provided to the State Budget Committee.

Special education funding amount

- \$9,614 multiplied by the unduplicated count of students with severe disabilities in FY 2022 and increasing to \$10,575 for FY 2023.
- \$2,415 multiplied by the unduplicated count of students with mild and moderate disabilities in FY 2022 and increasing to \$2,657 for FY 2023.



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- \$500 multiplied by the duplicated count of students with communication disorders in both FY 2022 and FY 2023.
- \$500 multiplied by the duplicated count of pupils in homebound programs in FY 2022 and FY 2023.
- \$3,150 multiplied by the special preschool education program pupil count in FY 2022 and increasing to \$3,465 for FY 2023.

Reconciliation Process. State law is specific as to how reconciliation works for the Special Education Grant. If an overpayment of special education funding occurs for the period of July through January, IDOE allocates the reduction over a four-month period from February through May to reflect the change. If an underpayment of special education funding occurs for the period of July through January, IDOE increases the February payment and allocates the remaining funds over the period of March through June.

Career and Technical Education Grant

School corporations, traditional charter schools, and virtual charter schools are eligible to receive funds for students participating in career and technical education programs. The distribution of career and technical education funds is based on labor market demand and wage data calculated according to the formula below. School corporations and charter schools are also eligible to receive a vocational education grant. Students enrolled in these categories must be enrolled and attending the school corporation and be counted in the school corporation's ADM. For FY 2022, the formula uses fall 2021 career and technical education counts to calculate the grant. For FY 2023, IDOE will use fall 2022 career and technical education counts to calculate the grant. IDOE collected career and technical education data through the INTERS system at the Department of Workforce Development (DWD). All calculations are rounded to the nearest dollar.

For FY 2022 and FY 2023, the grant is based on:

- (A) the number of credit hours of the program (one , two , or three credits); multiplied by
- (B) the number of pupils enrolled in the program; multiplied by
- (C) the following applicable amount:
 - (1) \$680 for a high value level 1 program
 - (2) \$1,020 for a high value level 2 program
 - (3) \$400 for a moderate value level 1 program
 - (4) \$600 for a moderate value level 2 program
 - (5) \$200 for a less than moderate value level 1 program
 - (6) \$300 for a less than moderate value level 2 program
 - (7) \$500 for an apprenticeship program or a work-based learning program
 - (8) \$300 for an introductory program
 - (9) \$150 for a planning for college and career course
 - (10) \$150 for area participation count



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The total Career and Technical Education Grant is the sum of the dollar amounts calculated under the formula above. DWD defines the areas of job demand annually. If a school corporation feels the determined job demand categorization is not representative of their area, that school corporation may petition DWD for re-categorization.

Reconciliation Process. When the final career and technical education counts are known, IDOE reconciles fiscal year Career and Technical Education funding for the first six-months in December and allocates the remaining funds over the period of January through June to distribute 50% of the grant in each six-month period.

Total State Tuition Support:

Total State Tuition Support for FY 2022 and FY 2023 is the sum of the grants below for each school corporation, virtual charter school, and charter school as they apply:

- Basic Grant
- Honors Designation Grant
- Special Education Grant
- Career and Technical Education Grant

In fiscal years 2022 and 2023, IDOE will continue to use two membership counts to calculate Basic Grant funds. During the same fiscal years, one count will be used to calculate funding for Honors, Special Education, and Career and Technical Education grants.

IDOE's reconciliation process for State Tuition Support grants has been the same since FY 2014.

State Share. The FY 2022 or FY 2023 total calculated State Tuition Support Grant amounts.

Local Share. None.

Requirements for Participation. Operate a public school corporation for at least 180 student days.

Extent of Participation. All school corporations and charter schools participate in this program and receive one or more of the State Tuition Support Grants. In FY 2022, IDOE anticipates distributing tuition support to 371 school corporations and charter schools.

Distribution. Based on a schedule set by the Budget Agency and approved by the governor. The schedule must provide for at least 12 payments that cannot be more than 40 days apart, and the aggregate of the payments in each calendar year must equal the amount required under the statute.



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Note: Should the amount to be distributed in either FY 2022 or FY 2023 exceed the statewide amount statutorily established for either year (referred to as the fiscal year cap), state law requires that the distribution to each school corporation shall be proportionately reduced so that the total reductions equal the amount that the total distribution exceeds the statutory authority. (See I.C. 20-43-2-3)

The amount of the reduction in either year for a particular school corporation, including charter schools, is the result of multiplying the total excess (amount by which the statewide calculated formula exceeds the statutory statewide cap for either FY 2022 or FY 2023) by a fraction. The numerator is the amount the school corporation and charter school would have received if a reduction were not made; and the denominator is the total amount that would be distributed for tuition support to all school corporations if a reduction were not made.



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SUMMER SCHOOL

Pursuant to Public Law 165-2021, 511 IAC 12-2-1-7, 511 IAC 6.1-5-2.6, 511 IAC 6.1-5-3.6, 511 IAC 6-7.1-2-8, and 511 IAC 6-8-2

2021-2022	2022-2023
\$18,360,000	\$18,360,000

Reimbursement. The maximum reimbursement is 105% of eligible costs, reduced proportionately if the appropriation is not sufficient to fund all approved programs. IDOE reimburses eligible school corporations for approved summer school program classes by taking 1.05 multiplied by the amount expended for instructional costs of approved programs and reduced proportionately if the appropriation is insufficient to fund all programs at 100%. Instructional costs, for purposes of the program, include only teacher salaries and teacher aide wages.

Eligible programs include all classes approved by the State Board of Education on or before January 15 of each year.

Reimbursable Programs for 2021 Summer School included all courses detailed in the “Indiana State Approved Course Titles and Descriptions for the 2020-2021 School Year” at the high school level and in the “2020-2021 Indiana Elementary and Middle Level Subjects and Descriptions” at the elementary and middle school levels.

State Share. The state share is the total amount of costs submitted for reimbursement, not to exceed \$18,360,000.

Local Share. The local share is all summer school costs not covered by state reimbursement.

Requirements for Participation. All school corporations must submit estimated costs and a list of classes to be offered in summer school for which the school corporation will seek reimbursement on or before April 1. Each school corporation must submit a claim for reimbursement on or before September 15 following the summer school program.

Extent of Participation. In summer 2021, 314 schools received a payment for reimbursement of summer school costs. The final costs submitted by school corporations totaled \$30,686,775.64.

Distribution. Reimbursement is made after all summer school reports are received and approved, which is typically in November of each year. The reimbursement rate for 2021 summer school was approximately 56.98% and totaled \$18,360,000.



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TEACHER APPRECIATION GRANT

Pursuant to Public Law 165-2021 and I.C. 20-43-10-3.5

2021-2022	2022-2023
\$37,500,000	\$37,500,000

Teacher Appreciation Grant

The Teacher Appreciation Grant (TAG), formerly known as the Annual Performance Grant, was appropriated by House Enrolled Act 1001 during the 2021 legislative session of the General Assembly. It awards stipends to highly effective and effective teachers in their annual evaluations. School corporations, charter schools, and virtual charter schools are eligible for the grant. These stipends are based on a formula described in I.C. 20-43-10-3.5.

Teacher Appreciation Grant Overview

- LEA must adopt an annual policy for distribution of TAG
- Policies may differentiate award amounts between school buildings
- A stipend awarded to a highly effective teacher must be at least 25% higher than the stipend awarded to an effective teacher
- TAG policies are submitted to IDOE annually.
- Grants may be given as cash stipends; and/or
 - Grants (up to 50% of award amount) may be given as increases to the base salary
 - Additions to the base salary do not have to be bargained but must be discussed with the exclusive representative of the teachers
 - Distribution must occur within 20 business days of receipt from IDOE

TAG Eligibility

For purposes of the TAG, teacher means a professional person whose position is with a:

- School corporation
- Special education cooperative established under IC 20-35-5
- Cooperative career and technical education program
- Special education program established by an inter-local agreement under IC 36-1-7
- Joint program agreement established under IC 20-26-10
- Charter school, or
- Requires a license (as defined in IC 20-28-1-7) and whose primary responsibility is the instruction of students in the classroom or virtual classroom
- Rated effective or highly effective
- Must be employed in the LEA as of December 1.

Distribution Formula:

$\$37.5 \times \text{current Average Daily Membership (ADM)}$



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TEACHER'S SOCIAL SECURITY AND RETIREMENT

Pursuant to Public Law 165-2021

2020-2022	2022-2023
\$2,157,521	\$2,157,521

The state's reimbursement consists of a monthly distribution to 20 non-school corporation entities (special and vocational education independent cooperatives, county auditors, and educational service centers) based on their 1992-1993 obligation for social security for certified staff. Beginning in 1996, it also includes a reimbursement of eight and a half percent of the salaries of employees in the 1996 Fund of the Teacher Retirement Fund.

State Share. The state share is 100% of the obligation, not to exceed the appropriation available.

Local Share. The local share is all costs not covered by state reimbursement.

Requirements for Participation. Non-school corporation entities must file for this reimbursement, have been in operation and incurred social security obligations in 1992-1993, and been responsible for contributions to the 1996 Fund of the Teacher Retirement Fund.

Extent of Participation. Independent special and vocational education cooperatives, two county auditors, and two education service centers receive reimbursement.

Distribution. Reimbursement is made on the first day of each month.



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VETERANS MEMORIAL SCHOOL CONSTRUCTION FUND- REGULAR

Regular loans pursuant to I.C. 20-49-2

Loans are determined based on the School Building Index, a ratio between classroom need, expressed in dollars, and school corporation current debt.

State Share. Advancement to any school corporation under the provisions of I.C. 20-49-2-9 shall not be more than \$250,000. However, the maximum dollar amount may be waived if:

1. The school corporation has an adjusted assessed valuation per pupil ADA of less than \$8,400.
2. The school corporation's Debt Service Fund tax rate would exceed \$1 per \$100 of assessed valuation without a waiver of the dollar limitation.

Local Share. A prerequisite for obtaining the proceeds from a loan is that the school corporation must have issued bonds for the purpose of constructing, remodeling, or repairing school buildings of at least 90% of the maximum amount allowable under the Constitution and laws of the state. The amount of the repayment on the principal, plus one percent interest on the declining balance, is withheld by the state from the corporation's basic grant distribution and transferred to the Veterans Memorial School Construction Fund.

Extent of Participation. Since 1969, 78 school corporations have obtained loans from this fund. Currently, there are no outstanding regular loans.

Distribution. During 2021, no loans were distributed from the fund.



VETERANS MEMORIAL SCHOOL CONSTRUCTION FUND- DISASTER

Disaster provisions pursuant to I.C. 20-49-2-11

State Share. The amount of the loan will be determined by multiplying the state's average cost of construction per pupil (as determined by PublicLaw 81-815) by the number of pupils displaced by the disaster. School corporations may apply for only the difference between the insurance coverage and the replacement cost of the facility.

Local Share. Repayment is made in annual installments over a maximum of 20 years. The amount of repayment on the principal, plus one percent interest on the declining balance, is withheld by the state from the school corporation's basic grant distribution and transferred to the School Disaster Loan Fund.

Requirements for Participation. The school corporation must have suffered loss by fire, flood, tornado, wind, or other disaster that makes all or part of the school building unfit for school purposes as defined in I.C. 20-26-7-29 thru I.C. 20-26-7-34. The maximum amount of the loan may not exceed \$3,000,000.

Extent of Participation. Currently four school corporations have outstanding loans.

Distribution. Loans are distributed in accordance with the guidelines established by the State Board of Education.