



Charter School Financing 2023 IGA Session

The Indiana General Assembly (IGA) passed several pieces of financial legislation in the 2023 Session that would impact Indiana charter schools. This document provides a brief summary of three new charter school financing options:

1. Charter School Capital Grants Fund (Charter School Facility Grant Program)
2. Common School Fund
3. Indiana Bond Bank

Charter School Capital Grants Fund

Effective July 1, 2023, IGA established the Charter School Capital Grants Fund (Charter School Facility Grant Program) with a \$25 million appropriation. Indiana Code (“IC”) 20-24-14.

The amount of the grant is determined by dividing the total amount appropriated for the program divided by the total ADM for all charter schools and then multiplying it by the applying charter school’s ADM.

For example, \$25,000,000 was appropriated for the program in the 2023 Indiana budget. Assume that there are 50,000 total statewide nonvirtual charter school students, the per grant amount would be: \$500. An applicant school with 1,000 students would be entitled to a \$500,000 grant.

Allowable expenses are those expenses for which a school corporation would be permitted use money in the school corporation's debt service fund (IC 20-40-9-6) or in the school corporation’s operation’s fund (IC 20-40-18-7).

The former (debt service expenses) includes:

- (1) All debt and other obligations arising out of funds borrowed or advanced for school buildings when purchased from the proceeds of a bond issue for capital construction.
- (2) A lease to provide capital construction.
- (3) Interest on emergency and temporary loans.
- (4) All debt and other obligations arising out of funds borrowed or advanced for the purchase or lease of school buses when purchased or leased from the proceeds of a bond issue, or from money obtained from a loan made under [IC 20-27-4-5](#), for that purpose.
- (5) All debt and other obligations arising out of funds borrowed to pay judgments against the school corporation.

- (6) All debt and other obligations arising out of funds borrowed to purchase equipment.

The latter (operation's expenses) includes:

- (1) Site acquisition.
- (2) Site development.
- (3) Building acquisition, construction, replacement, renovation, remodeling, improvement, and maintenance, including building materials and employment services described in subsection (c).
- (4) Rental of real estate, buildings, facilities, and equipment. However, the fund may not be used for payments authorized under IC 20-47-2 and IC 20-47-3.
- (5) To repair and replace buildings and to repair and replace building fixtures that are:
 - owned or leased by the school corporation; and
 - of a type constituting loss capable of being covered by casualty insurance.
- (6) Purchase, lease, repair, or maintenance of equipment, including maintenance vehicles to be used by the school corporation. However, the fund may not be used to pay for the following:
 - The purchase, lease, repair, or maintenance of vehicles that are not maintenance vehicles.
 - Except as provided in subdivision (7), equipment to be used primarily for interscholastic or extracurricular activities.
- (7) Service contracts for janitorial and custodial services, maintenance services, snow and ice removal services, trash removal services, mowing and lawn care services, pest control services, and any other routine services normally required in the maintenance or upkeep of school facilities.
- (8) Repair, replacement, or site acquisition that is necessitated by an emergency.
- (9) Construction, repair, replacement, remodeling, or maintenance of a school sports facility. However, the maximum expenditures under this subdivision in a calendar year may not exceed two and seven-tenths percent (2.7%) of the property tax revenues levied for the fund in the calendar year.
- (10) Utilities.
- (11) Property and casualty insurance.
- (12) Purchase, lease, upgrade, maintain, or repair technology that will not be allocated to student instruction and learning under IC 20-42.5, including the following:
 - Computer hardware, computer software, wiring and computer networks, and communication access systems used to connect with computer networks or electronic gateways.
 - Services of full-time or part-time computer maintenance employees.
 - Conducting nonrecurring in-service technology training of school employees.
 - Implementing the technology preparation curriculum under IC 20-30-12.
 - Participating in a program to provide educational technologies, including:

- i. computers in the homes of students (commonly referred to as "the buddy system project") under IC 20-20-13-6;
 - ii. the 4R's technology program; or
 - iii. any other program under the educational technology program described in IC 20-20-13.
- Obtaining any combination of equipment or services described in clauses (D) and (E).
- (13) To pay advances, together with interest on the advances, from the common school fund for educational technology programs under IC 20-49-4.
- (14) To pay for energy saving contracts entered into by a school corporation under IC 36-1-12.5.
- (15) To maintain a joint school established with a school corporation in an adjacent state under IC 20-23-11 as is otherwise provided by law for maintaining the public schools in Indiana.
- (16) To pay a judgment rendered against the school corporation, or rendered against an officer or employee of the school corporation for which the school corporation is liable under IC 34-13-2, IC 34-13-3, or IC 34-13-4 (or IC 34-4-16.5, IC 34-4-16.6, or IC 34-4-16.7 before their repeal).
- (17) To pay a claim or settlement for which the school corporation is liable under IC 34-13-2, IC 34-13-3, or IC 34-13-4 (or IC 34-4-16.5, IC 34-4-16.6, or IC 34-4-16.7 before their repeal).
- (18) To pay a premium, management fee, claim, or settlement for which the school corporation is liable under a federal or state statute, including IC 22-3 and IC 22-4.
- (19) To pay a settlement or claim for which insurance coverage is permitted under IC 20-26-5-4(a)(15).
- (20) All other lawful expenses that are not expenses described in IC 20-40-2-4.
- (21) To pay for expenses incurred as a result of unusual circumstances.

The fund may be used to pay for services of charter school employees who perform services considered to be a skilled trade by the United States Department of Labor, Employment and Training Administration and only if the employees perform services related to:

- (1) construction of;
- (2) renovation of;
- (3) remodeling of;
- (4) repair of; or
- (5) maintenance on;

the facilities and equipment of the school corporation. It may not be used to pay for janitorial or comparable routine services normally provided in the daily operation of school facilities or equipment.



The grant is administered by the State Board of Education (SBOE), with the support the Indiana Department of Education (IDOE) Office of School Finance. Charter schools will apply through a form established by SBOE that will must include a facilities master plan and budget plan.

Common School Fund

Effective July 1, 2023, charter schools (not including virtual charter schools or adult high schools) are now permitted to access loans through the state Common School Fund from the school building construction program (IC 20-49-4-7) and the educational technology program (IC 20-49-4-5).

Advances to charter schools for a school building construction program may not exceed the greater of: Fifteen million dollars (\$15,000,000) and fifteen thousand dollars (\$15,000) multiplied by the number of students accommodated as a result of the school building construction program. This limitation may be waived by SBOE in the event the charter school has sustained loss by disaster.

Building construction funds may be used for:

- (1) The purchase, lease, or financing of land, the construction and equipping of school buildings, and the remodeling, repairing, or improving of school buildings by a school corporation or charter school:
 - a. that sustained a loss from a disaster; or
 - b. whose assessed valuation per current ADM is within the lowest forty percent (40%) of assessed valuation per current ADM when compared with all school corporation assessed valuation per current ADM.

- (2) The purchase, lease, or financing of land, the construction and equipping of school buildings, and the remodeling, repairing, or improving of school buildings by a charter school.

The term “school building” does not include facilities used or to be used primarily for interscholastic or extracurricular activities.

An advance for an educational technology program is without limitation other than the ability of the charter school to pay the advance but would typically be in the low six figures or less for a charter school.

Technology program advances may be used for the:

- (1) purchase, lease, or financing of educational technology equipment;
- (2) operation of the educational technology equipment; and
- (3) training of teachers in the use of the educational technology equipment.



SBOE administers the Common School Fund and approves the loans based on a review of the application/form by IDOE’s Office of School Finance. Applications/forms are generally accepted in the fall starting in October and in the spring starting in March. More information including previous applications/forms can be found on Moodle in the School Finance > Public School Finance Community. Questions can be directed to CommonSchoolFund@doe.in.gov.

If a charter school has not already established an operations fund, then they will need to establish one to qualify for an advance for either Construction or Technology programs.

Indiana Bond Bank

Pursuant to IC 5-1.5-1-8, charter schools are now qualified entities (“QE”) that can finance through the Indiana Bond Bank (IBB). The Indiana Bond Bank has five main offerings:

Hoosier Equipment Lease Purchase Program (HELP)	Financing for buses, computer equipment and other essential equipment.
Community Funding Resource Program (CFR)	A direct lending program with terms up to twenty-five years and fixed interest rates determined by the Municipal Market Data index. This program is used for a variety of project financing needs
Advance Funding Program	Offers cash flow stability to units of government through pooled tax anticipation warrants at competitive rates. This program provides quantitative easing cash flow financing for entities that have a cash flow deficit.
Fuel Budgeting Program	A tool designed to protect fuel budgets against volatile prices.
Interim Loan Program	Offers short-term design study and construction cost financing for USDA-Rural Development projects.

More information can be found here: <https://inbondbank.com/>. Questions can be directed to Jacob Blasdel jblasdel@INBondBank.com or Ron Mangus at rmangus@inbondbank.com.