



Indiana Department of Education

Dr. Katie Jenner, Secretary of Education

To: Members of the Indiana State Board of Education

From: Brenda Erbse, Senior Director, Office of School Finance

Date: October 15, 2025

Subject: Common School Fund Applications

The Indiana Department of Education (IDOE) requests approval of the following policies:

- Administrative Policies for the Indiana Common School Fund: School Corporations
- Administrative Policies for the Indiana Common School Fund: Charter Schools

In 2023, the Legislature passed Senate Enrolled Act (SEA) 391 which enabled charter schools to access the Common School Loan fund. In 2024, the State Board of Education (SBOE) adopted policies that implemented the Legislature's policy change. Since the original policy, we have received feedback from various stakeholders on improvements that could be made that would improve access for charter schools while maintaining critical financial protections for public dollars. The updates to the school corporation policies remove references to charter schools, making it easier to understand the policy and which stipulations apply to which school types. It is the intent that career and technical education schools will follow the school corporation policy.

In addition, IDOE seeks approval to accept applications for construction and technology loans from school corporations, school corporation career and technical education schools, and charter schools. Based on information provided by the State Treasurer's Office, there are currently unreserved funds available for advancements from the Common School Fund (CSF).

After setting aside funding for other common school programs, IDOE requests that the State Board of Education designate \$50 million of the unreserved balance for construction and technology loans. We respectfully request permission to offer \$25 million for construction loans and \$25 million for technology loans and accept applications for both loan types from Friday, October 17, through Friday, November 21.



Indiana Department of Education

Dr. Katie Jenner, Secretary of Education

Administrative Policies for the Indiana Common School Fund School Corporations

1. A school corporation must submit its request for an advance electronically to the SBOE on the form approved by the Indiana Department of Education (IDOE).
2. During any one award period, a school corporation may cite more than one school building construction program (remodeling, renovation, or new structure) as the subject of an advance from the Common School Fund.
3. The State Board of Education (SBOE) will not approve a construction advance to a school corporation that has unused school facilities that are in excess of the facility needs of the school corporation. An applicant school corporation must provide a list of all facilities owned or leased by the school corporation, or any other entity that is related in any way to, or created by, the school corporation, its governing body, and a statement of the current use of each facility. If a facility is not currently being used, the school corporation must explain the status of that facility and provide a rationale for not disposing of the facility.
4. A school corporation that submits an application for an advance for a school building construction program or an education technology program must certify either:
 - a. That the corporation has completed the preliminary determination and petition-remonstrance procedure in IC 6-1.1-20 with favorable results; Or
 - b. That IC 6-1.1-20 does not apply; or
 - c. The school corporation intends to prepay an educational technology advance from its Operations fund.
5. Any school corporation that requests an advance for a school construction program must comply with all local building codes.
6. The maximum amount awarded under the provisions governing education technology program advances will be based on the school corporation most recently certified ADM times \$100. School corporations requesting advances for technology will be ranked from lowest to highest according to their assessed valuation per current K-12 ADM.
7. Funds for the two categories of advances shall be allocated as follows:
 - a. School Building Construction Program - 50%
 - b. Educational Technology Program - 50%If the needs of one program outweigh the other, and the fund remains available for allocation, IDOE may modify the percentages in the period.
8. Construction advances for projects not yet started will be prioritized over projects in process or already completed.
9. Construction advances for already completed projects must:



Indiana Department of Education

Dr. Katie Jenner, Secretary of Education

- a. Be for projects that were completed less than 6 months prior to the loan application; and
 - b. Proceeds must pay off an existing loan with a financial institution
10. Education Technology program advances must be used within one (1) year after the SBOE approves the advance.
11. School Building Construction advances must be used within two (2) years after the SBOE approves the advance , with at least fifty percent (50%) of the advance used within one (1) year after the SBOE approves the advance.
12. Education Technology program advances may be prepaid at any time by a school corporation or charter school.
13. Advancements for technology loans exclude salaries and fringe benefits of school personnel or items with a useful life of less than one (1) year. Examples include technology instructors, software subscriptions, or supplies.
14. Educational technology is for hardware and operational software intended for use by teachers and students only.



Indiana Department of Education

Dr. Katie Jenner, Secretary of Education

Administrative Policies for the Indiana Common School Fund Charter Schools

A. Technology Loans.

1. Can only be used for hardware and operational software intended for use by teachers and students.
2. Cannot be used for hardware or operational software with less than one year's useful life or for salaries and benefits.
3. Can be prepaid at any time with 30 days written notice.
4. The amount requested cannot exceed \$100 multiplied by the most recently certified ADM for the school.
5. Technology loans can be applied for as needed for an existing school or in addition to a building loan.

B. School Building Loans.

1. Within the application and annually thereafter, the Borrower's authorizer and additional authorizers, if applicable, for other schools within the Borrower's Network must declare if there are concerns or evidence the Borrower or any school within the Borrower's Network may not be in good standing with the National Association of Charter Authorizers Performance Framework.
2. The loan application must include a detailed five-year financial proforma for the Borrower and the Borrower's Network including projected enrollment, income and expenses, as well as projected balance sheets and cash flow statements.
3. Qualifying projects are:
 - i. Remodeling of an existing school.
 - ii. Enlargement of an existing school.
 - iii. Purchase and or renovation of an existing building.
 - iv. Construction of a new school requiring a new school ID from the department if the new school is part of a Network with a minimum enrollment of 1,000 students.
4. CSF loans will not be dispersed until construction has been completed and a certificate of occupancy has been issued. Borrowers will receive a commitment for long-term financing to pay off construction loans. CSF loans may not be used to refinance loans currently being amortized.
5. The loan amount for a Borrower which is not part of a Network cannot be greater than the amount for which the annual loan service (principal and interest) is greater than 35% of the Borrower's projected annual tuition support and projected local tax support.



Indiana Department of Education

Dr. Katie Jenner, Secretary of Education

6. Required payments of interest and principal must be included in the Five-Year Financial Projections.
7. Loan payments will be deducted from the Borrower's ADM tuition support. If all other methods of repayment have been exhausted for a Borrower which is part of a Network, loan payments may be deducted from ADM tuition support for any operational Network school(s) within the Network at the time the loan was generated.
8. Virtual schools are not eligible for school building loans.

C. Loan Guarantors.

1. All CSF loans used for qualifying projects will require a loan guarantor if any of the following requirements are not met:
 - i. The Network the school is a part of has been in operation for at least three school years;
 - ii. The Network submits to the department in writing all of the schools the Network is operating;
 - iii. The Network has not had a decline in enrollment exceeding 2.5% during each of the three immediately preceding school years;
 - iv. The Network has a debt service coverage ratio of at least 1.1 using the formula in the authorizer's performance framework; and
 - v. There are no material weaknesses in the most recent audit conducted by the State Board of Accounts or a contracted party of the State Board of Accounts.
2. Guarantors shall have an audited net worth, as demonstrated by an audited financial statement as of a date not more than one year prior to the loan closing, of at least twice the amount of the requested loan after subtracting the amount of any other loan guarantees it may have outstanding. As part of the loan application and annually during each year the loan is outstanding, the guarantor(s) shall submit, together with its audited financial statement, a letter from the guarantor's auditor confirming the guarantor meets such requirements. A Borrower may utilize multiple guarantors or financial instruments if the necessity arises.
3. The guarantor shall remain obligated until the debt is paid off or the school has sufficient excess cash equating to 100 days of operation.
4. If the required loan payments exceed 50% of the available ADM tuition support of the Borrower's Network or the Borrower's authorizer fails to declare the information as described in B1, IDOE may require that the guarantor immediately bring all loan payments up to date and continue making all required loan



Indiana Department of Education

Dr. Katie Jenner, Secretary of Education

payments until the loan is repaid.

D. Other.

1. IDOE will accept loan applications twice per calendar year.
2. During either application period, a charter school or Network may submit more than one technology or building loan request.
3. Any applicant or guarantor must complete any forms and submit information electronically as required by IDOE.
4. IDOE may retain a nongovernmental attorney to prepare any documentation and complete any action required to close the loan. The Borrower shall be responsible for all such legal costs.