



Indiana Department of Education

Dr. Katie Jenner, Secretary of Education

To: Members of the Indiana State Board of Education

From: Brenda Erbse, Director, Office of School Finance

Date: April 25, 2024

Subject: Common School Fund Applications for Charter Schools

During the 2023 legislative session, Senate Enrolled Act (SEA) 391 was passed granting charter schools access to advances from the common school fund. In order to implement this statutory change, the Indiana Department of Education (IDOE) is recommending that the Indiana State Board of Education update the common construction loan policies to reflect the statutory changes enacted in 2023. The following pages include the recommended administrative policies for the common school fund.

Furthermore, the IDOE requests approval to accept applications for construction and technology loans from 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.

IDOE requests that the State Board of Education designate \$50,000,000 of the balance for construction and technology loans. We respectfully request permission to offer \$25,000,000 for construction loans and \$25,000,000 for technology loans and accept applications for both loan types from Thursday, May 8, through Friday, May 31.



ADMINISTRATIVE POLICIES FOR THE COMMON SCHOOL FUND

1. During any one award period, a school corporation or charter school 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.
2. The State Board of Education will not approve a construction advance to a school corporation or charter school that has unused school facilities that are in excess of the facility needs of the school corporation or charter school. An applicant school corporation or charter school must provide a list of all facilities owned or leased by the school corporation or charter school, or any other entity that is related in any way to, or created by, the school corporation, its governing body, the charter school, or its governing body and a statement of the current use of each facility. If a facility is not currently being used, the school corporation or charter school must explain the status of that facility and provide a rationale for not disposing of the facility.
3. A school corporation that submits an application for an advance for a school building construction program or an 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 prepay an educational technology advance from its Operations Fund.
4. A charter school that submits an application for an advance for a school building construction program or educational technology program must certify that the charter school is not a virtual charter school or an adult high school as outlined in I.C. 20-49-4-3.5.
5. A charter school that submits an application for an advance for a school building construction program or educational technology program must provide, along with the application, a letter of good standing from the charter school's authorizer and a copy of the notice the charter school provided to the authorizer that an application for an advance for a loan will be submitted.
6. A charter school may not be approved for an advance if the advance's annual repayment amount is greater than 35% of the charter's school's annual tuition support amount. If a charter school's annual repayment amount for an approved advance exceeds 50% of the school's annual tuition support amount for one year, then upon the written request from the department, the charter school shall



Indiana Department of Education

- (A) immediately commence all actions necessary to secure alternative financing to repay the advancement from the Common School Fund;
- (B) pursue securing such alternative financing in good faith and with due diligence; and
- (C) provide the department with a specific plan setting forth steps designed to secure such alternative financing.

7. A school corporation or charter school must submit its request for an advance electronically to the state board on the form approved by the Department of Education.
 8. Any school corporation that requests an advance for a school construction program must 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, and written guidance provided by the Department of Local Government and Finance.
 9. The maximum amount awarded under the provisions governing educational technology program advances will be based on the school corporation's or charter school's 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.
 10. Funds for the two categories of advances shall be allocated as follows:
 - School Building Construction Program 50%
 - Educational Technology Program 50%
- If the needs of one program outweigh the other, and the fund remains available for allocation, the department may modify the percentages in the period.
11. Construction advances may not be used for projects in process or already completed.
 12. Education Technology program advances must be used within one (1) year after the State Board of Education approves the advance.
 13. School Building Construction advances must be used within two (2) years after the State Board of Education approves the advance, with at least fifty percent (50%) of the advance used within one (1) year after the State Board of Education approves the advance.
 14. Upon request by a school corporation or charter school, the State Board of Education may permit prepayment of construction advances.



Indiana Department of Education

15. Education Technology program advances may be prepaid at any time by a school corporation or charter school.
16. 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.
17. Educational technology is for hardware and operational software intended for use by teachers and students only.

State Board of Education

Adopted: _____