

# HOUSE BILL No. 1004

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 5-10-8-2.8; IC 5-10.4; IC 20-26; IC 20-28.

**Synopsis:** School health and pension plans. Requires a school corporation to offer at least one high deductible health insurance plan as an option for its employees. Requires a school corporation to pay as additional compensation to an employee who elects a high deductible health plan the amount saved by the school corporation in providing health care coverage to the employee because of the employee's election. Establishes the teacher's defined contribution plan as an account within the Indiana state teachers' retirement fund (fund). Provides that an individual who begins employment with a school corporation in a covered position that would otherwise be eligible for membership in the fund may elect to become a member of the teacher's defined contribution plan. Provides that an individual who does not elect to become a member of the plan becomes a member of the fund. Requires the board of trustees of the Indiana public retirement system (board) to establish, subject to any approval from the Internal Revenue Service that the board considers necessary or desirable, alternative investment programs within the annuity savings account as the initial alternative investment programs for the teacher's defined contribution plan, except that the board shall maintain at least one investment option that is a stable value fund and may not offer the guaranteed program as an investment option. Provides that each member's contribution to the teacher's defined contribution plan is 3% of the member's compensation, but authorizes the employer to pay all or part of the member's contribution on behalf of the member. Allows a member to make additional contributions to the teacher's defined contribution plan up to 10% of the member's compensation. Provides that the employer's  
(Continued next page)

**Effective:** July 1, 2016.

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## Behning, McNamara, Truitt

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January 13, 2016, read first time and referred to Committee on Education.

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contribution rate for the teacher's defined contribution plan is equal to the employer's contribution rate for the fund as determined by the board, although the amount credited from the employer's contribution rate to the member's account may not be greater than the normal cost of the fund. Provides that any amount not credited to the member's account shall be applied to the unfunded accrued liability of the fund. Provides that member contributions and net earnings on the member contributions belong to the member at all times and do not belong to the employer. Provides that a member is vested in the employer contribution subaccount at 20% per year with full vesting after five years participation in the teacher's defined contribution plan. Provides that if a member separates from service with an employer before the member is fully vested in the employer contribution subaccount, the amount in the subaccount that is not vested is forfeited. Provides that a member who: (1) terminates service in a covered position; and (2) does not perform any service in a covered position for at least 30 days after the date on which the member terminates service; is entitled to withdraw amounts in the member's account to the extent the member is vested in the account. Provides that a member may elect to have withdrawals paid as: (1) a lump sum; (2) a direct rollover to another eligible retirement plan; or (3) if the member has attained 62 years of age with at least five years participation in the plan, a monthly annuity in accordance with the rules of the board. Provides a school corporation may hire an individual to teach if the individual: (1) has a bachelor's degree with at least a cumulative grade point average of 3.0 on a 4.0 scale in a content area related to the area in which the individual intends to teach; (2) has passed content area licensure assessments required by the department of education to teach in the area in which the applicant intends to teach; and (3) has a valid teaching license in another state. Provides that at least 90% of the individuals who teach full time at a school corporation must either: (1) hold a license to teach in a public school in Indiana; or (2) be in the process of obtaining a license to teach in a public school in Indiana under the transition to teaching program. Provides that a school corporation may provide a supplemental payment in excess of the salary specified in the school corporation's compensation plan to a teacher who is, or will be, employed in a position that is difficult to fill by the school corporation.



Introduced

Second Regular Session of the 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in *this style type*, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

## HOUSE BILL No. 1004

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A BILL FOR AN ACT to amend the Indiana Code concerning pensions and education.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 5-10-8-2.8 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 2016]: **Sec. 2.8. (a) This section applies to a school corporation**  
4 **after June 30, 2016.**  
5 **(b) A school corporation that provides coverage of health care**  
6 **services for its employees shall offer as an option at least one (1)**  
7 **high deductible health plan (as defined in 26 U.S.C. 223(c)(2)).**  
8 SECTION 2. IC 5-10.4-4-1, AS AMENDED BY P.L.119-2012,  
9 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
10 JULY 1, 2016]: Sec. 1. (a) The members of the fund include:  
11 (1) legally qualified and regularly employed teachers in the public  
12 schools;  
13 (2) persons employed by a governing body, who were qualified  
14 before their election or appointment;  
15 (3) legally qualified and regularly employed teachers at Ball State



- 1 University, Indiana State University, University of Southern  
 2 Indiana, and Vincennes University;
- 3 (4) legally qualified and regularly employed teachers in a state  
 4 educational institution whose teachers devote their entire time to  
 5 teaching;
- 6 (5) legally qualified and regularly employed teachers in state  
 7 benevolent, charitable, or correctional institutions;
- 8 (6) legally qualified and regularly employed teachers in an  
 9 experimental school in a state university who teach elementary or  
 10 high school students;
- 11 (7) as determined by the board, certain instructors serving in a  
 12 state educational institution extension division not covered by a  
 13 state retirement law;
- 14 (8) employees and officers of the department of education and of  
 15 the fund who were qualified before their election or appointment;
- 16 (9) a person who:
- 17 (A) is employed as a nurse appointed under IC 20-34-3-6 by  
 18 a school corporation located in a city having a population of  
 19 more than eighty thousand (80,000) but less than eighty  
 20 thousand four hundred (80,400); and
- 21 (B) participated in the fund before December 31, 1991, in the  
 22 position described in clause (A); and
- 23 (10) persons who are employed by the fund.
- 24 (b) Teachers in any state institution who accept the benefits of a  
 25 state supported retirement benefit system comparable to the fund's  
 26 benefits may not come under the fund unless permitted by law or the  
 27 rules of the board.
- 28 (c) The members of the fund do not include substitute teachers who  
 29 have not obtained an associate degree or a baccalaureate degree.
- 30 **(d) The members of the fund do not include individuals who**  
 31 **participate in the teachers' defined contribution plan under**  
 32 **IC 5-10.4-8.**
- 33 SECTION 3. IC 5-10.4-8 IS ADDED TO THE INDIANA CODE  
 34 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
 35 JULY 1, 2016]:
- 36 **Chapter 8. Teachers' Defined Contribution Plan**
- 37 **Sec. 1. (a) Except as provided in subsection (b), this chapter**  
 38 **applies after the effective date of the plan to an individual who:**
- 39 **(1) begins employment with a school corporation in a covered**  
 40 **position that would otherwise be eligible for membership in**  
 41 **the fund under IC 5-10.4-4; and**
- 42 **(2) makes the election described in section 6 of this chapter to**



- 1           **become a member of the plan.**  
 2           **(b) This chapter does not apply to the following:**  
 3           **(1) An individual who, before the effective date of the plan, is**  
 4           **or was a member (as defined in IC 5-10.4-1-9) of the fund.**  
 5           **(2) An individual who, on or after the effective date of the**  
 6           **plan:**  
 7               **(A) begins employment with a school corporation that**  
 8               **participates in the plan in a covered position that would**  
 9               **otherwise be eligible for membership in the fund under**  
 10              **IC 5-10.4-4; and**  
 11              **(B) does not make the election described in section 6 of this**  
 12              **chapter to become a member of the plan.**  
 13           **Sec. 2. The following definitions apply throughout this chapter:**  
 14           **(1) "Account" means the plan account established for a**  
 15           **member under section 7(b) of this chapter.**  
 16           **(2) "Annuity savings account" means the annuity savings**  
 17           **account of the 1996 account maintained under**  
 18           **IC 5-10.2-2-2(b)(2) and IC 5-10.2-2-2(c)(1).**  
 19           **(3) "Compensation" has the meaning set forth in**  
 20           **IC 5-10.2-3-2(a).**  
 21           **(4) "Effective date" means the first day of the month that is**  
 22           **six (6) months after the month in which the Internal Revenue**  
 23           **Service issues an approval of the plan.**  
 24           **(5) "Employer" means a school corporation.**  
 25           **(6) "Employer contribution subaccount" means the**  
 26           **subaccount in a member's plan account established under**  
 27           **section 7(b)(2) of this chapter.**  
 28           **(7) "Internal Revenue Code" has the meaning set forth in**  
 29           **IC 5-10.2-1-3.5.**  
 30           **(8) "Member" means an individual described in section 1(a)**  
 31           **of this chapter who is not otherwise excluded from**  
 32           **membership in the plan.**  
 33           **(9) "Member contribution subaccount" means the subaccount**  
 34           **in a member's plan account established under section 7(b)(1)**  
 35           **of this chapter.**  
 36           **(10) "Normal retirement age" for a member means the**  
 37           **member is at least sixty-two (62) years of age with at least five**  
 38           **(5) years of participation in the plan.**  
 39           **(11) "Plan" refers to the teachers' defined contribution plan**  
 40           **established by section 4 of this chapter.**  
 41           **(12) "Years of participation" means all periods of**  
 42           **participation in the plan in a covered position, plus any**



- 1 additional service for which this chapter provides years of  
 2 participation credit.
- 3 **Sec. 3.** Except as otherwise provided in this chapter or by  
 4 federal law, and subject to the board obtaining any approval from  
 5 the Internal Revenue Service that the board considers necessary or  
 6 desirable, the provisions of this article that apply to the annuity  
 7 savings account apply to an account established under this chapter.
- 8 **Sec. 4. (a)** The teachers' defined contribution plan is established  
 9 for the purpose of providing amounts funded by an employer and  
 10 a member for the use of the member or the member's beneficiaries  
 11 or survivors after the member's retirement.
- 12 **(b)** The board shall adopt provisions to implement the plan  
 13 established under subsection (a) as follows:
- 14 **(1)** The board shall initially offer the plan using the annuity  
 15 savings account, subject to obtaining any approval from the  
 16 Internal Revenue Service that the board considers necessary  
 17 or desirable to preserve the qualified status of the plan and  
 18 the fund. The plan as provided under this subdivision is a  
 19 component within the fund.
- 20 **(2)** If the approval of the Internal Revenue Service to offer the  
 21 plan using the annuity savings account cannot be obtained in  
 22 a manner satisfactory to the board, the board shall offer the  
 23 plan as a separate fund under Section 401(a) or another  
 24 applicable section of the Internal Revenue Code.
- 25 **(c)** The board shall administer the plan.
- 26 **(d)** The board may adopt a plan document that it considers  
 27 appropriate or necessary to administer the plan.
- 28 **Sec. 5.** The board may request from the Internal Revenue  
 29 Service any rulings or determination letters that the board  
 30 considers necessary or appropriate in order to implement or  
 31 administer the plan.
- 32 **Sec. 6. (a)** An individual who, on or after the effective date of the  
 33 plan, begins employment with a school corporation that  
 34 participates in the plan in a covered position that would otherwise  
 35 be eligible for membership in the fund under IC 5-10.4-4 may elect  
 36 to become a member of the plan.
- 37 **(b)** An election under this section:
- 38 **(1)** must be made in writing;
- 39 **(2)** must be filed with the board, on a form prescribed by the  
 40 board; and
- 41 **(3)** is irrevocable.
- 42 **(c)** An individual who does not elect to become a member of the



1 plan becomes a member (as defined in IC 5-10.4-1-9) of the fund.

2 **Sec. 7. (a) The plan consists of the following:**

3 (1) Each member's contributions to the plan under section 9  
4 of this chapter.

5 (2) Contributions made by an employer to the plan on behalf  
6 of each member under section 10 of this chapter.

7 (3) Rollovers to the plan by a member under section 15 of this  
8 chapter.

9 (4) All earnings on investments or deposits of the plan.

10 (5) All contributions or payments to the plan made in the  
11 manner provided by the general assembly.

12 (b) The plan shall establish an account for each member. A  
13 member's account consists of two (2) subaccounts credited  
14 individually as follows:

15 (1) The member contribution subaccount consists of:

16 (A) the member's contributions to the plan under section  
17 9 of this chapter; and

18 (B) the net earnings on the contributions described in  
19 clause (A) as determined under section 8 of this chapter.

20 (2) The employer contribution subaccount consists of:

21 (A) the employer's contributions made on behalf of the  
22 member to the plan under section 10 of this chapter; and

23 (B) the earnings on the contributions described in clause  
24 (A) as determined under section 8 of this chapter.

25 The board may combine the two (2) subaccounts established under  
26 this subsection into a single account, if the board determines that  
27 a single account is administratively appropriate and permissible  
28 under applicable law.

29 (c) If a member makes rollover contributions under section 15  
30 of this chapter, the plan shall establish a rollover account as a  
31 separate subaccount within the member's account.

32 **Sec. 8. (a) Subject to the board obtaining any approval from the**  
33 **Internal Revenue Service that the board considers necessary or**  
34 **desirable, the board shall establish the alternative investment**  
35 **programs (as described by IC 5-10.2-2-3 and IC 5-10.2-2-4) within**  
36 **the annuity savings account as the initial alternative investment**  
37 **programs for the plan, except that the board shall maintain at least**  
38 **one (1) alternative investment program that is a stable value fund.**  
39 **If the board considers it necessary or appropriate, the board may**  
40 **establish different or additional alternative investment programs**  
41 **for the plan. However, the guaranteed program (as defined in**  
42 **IC 5-10.2-2-3) may not be offered as an investment option under**



- 1 the plan.
- 2 (b) The requirements and rules that apply to the alternative  
3 investment programs within the annuity savings account are the  
4 initial requirements and rules that apply to the alternative  
5 investment programs within the plan, including the following:
- 6 (1) The board's investment guidelines and limits for the  
7 alternative investment programs.
- 8 (2) A member's selection of and changes to the member's  
9 investment options.
- 10 (3) The valuation of a member's account.
- 11 (4) The allocation and payment of administrative expenses for  
12 the alternative investment programs.
- 13 (c) If the board considers it necessary or appropriate, the board  
14 may establish different or additional requirements and rules that  
15 apply to the alternative investment programs within the plan.
- 16 (d) The board shall determine the appropriate administrative  
17 fees to be charged to the member accounts.
- 18 Sec. 9. (a) Each member's contribution to the plan is equal to  
19 three percent (3%) of the member's compensation.
- 20 (b) An employer may pay all or part of the member's  
21 contribution on behalf of the member.
- 22 (c) To the extent permitted by the Internal Revenue Code and  
23 applicable regulations, a member of the plan may make  
24 contributions to the plan in addition to the contribution required  
25 under subsection (a). IC 5-10.2-3-2(c) and IC 5-10.2-3-2(d) govern  
26 additional contributions made under this subsection.
- 27 (d) Member contributions must be credited to the member's  
28 account as specified in IC 5-10.2-3.
- 29 (e) Although designated as employee contributions, the  
30 contributions made under subsection (b) by an employer may be  
31 picked up and paid by the employer instead of the contributions  
32 being paid by the employee in accordance with Section 414(h)(2) of  
33 the Internal Revenue Code.
- 34 (f) A member may not receive any amounts paid by an employer  
35 under this section directly instead of having the amounts paid to  
36 the plan.
- 37 Sec. 10. (a) An employer shall make employer contributions to  
38 the plan based on the rate determined under this section.
- 39 (b) The employer's contribution rate for the plan must be equal  
40 to the employer's contribution rate for the fund as determined by  
41 the board under IC 5-10.2-2-11(b). The amount credited from the  
42 employer's contribution rate to the member's account may not be





1 greater than the normal cost of the fund. Any amount not credited  
 2 to the member's account must be applied to the unfunded accrued  
 3 liability of the fund as determined under IC 5-10.2-2-11(a)(3) and  
 4 IC 5-10.2-2-11(a)(4).

5 (c) An employer's minimum contribution under this section is  
 6 equal to three percent (3%) of the compensation of all members of  
 7 the plan.

8 (d) An employer shall submit the employer contributions  
 9 determined under this section as provided in IC 5-10.2-2-12.5.

10 Sec. 11. (a) Member contributions and net earnings on the  
 11 member contributions in the member contribution subaccount  
 12 belong to the member at all times and do not belong to the  
 13 employer.

14 (b) A member is vested in the employer contribution subaccount  
 15 in accordance with the following schedule:

16 Years of participation in the	17 Vested percentage of
18 plan	19 employer contributions
	20 and earnings
21 1	22 20%
23 2	24 40%
25 3	26 60%
27 4	28 80%
29 5	30 100%

31 For purposes of vesting in the employer contribution subaccount,  
 32 only a member's full years of participation in the plan may be  
 33 counted.

34 (c) The amount that a member may withdraw from the  
 35 member's account is limited to the vested portion of the account.

36 (d) A member who attains normal retirement age is fully vested  
 37 in all amounts in the member's account.

38 (e) If a member separates from service with an employer before  
 39 the member is fully vested in the employer contribution  
 40 subaccount, the amount in the employer contribution subaccount  
 41 that is not vested is forfeited as of the date the member separates  
 42 from service.

(f) Amounts forfeited under subsection (e) must be used to  
 reduce the employer's unfunded accrued liability of the fund as  
 determined under IC 5-10.2-2-11(a)(3) and IC 5-10.2-2-11(a)(4).

(g) A member may not earn creditable service (as defined in  
 IC 5-10.2-3-1(a)) under the plan.

Sec. 12. (a) Subject to the provisions of the Internal Revenue  
 Code applicable to qualified plan distributions, a member who:



- 1 (1) terminates service in a covered position; and  
 2 (2) does not perform any service in a position covered by the  
 3 fund for at least thirty (30) days after the date on which the  
 4 member terminates service;

5 is entitled to withdraw amounts in the member's account to the  
 6 extent the member is vested in the account. A member must make  
 7 a required withdrawal from the member's account not later than  
 8 the required beginning date under the Internal Revenue Code.

9 (b) The member may elect to have withdrawals paid as:

- 10 (1) a lump sum;  
 11 (2) a direct rollover to another eligible retirement plan; or  
 12 (3) if the member has attained normal retirement age, a  
 13 monthly annuity in accordance with the rules of the board.

14 (c) The board may establish a minimum account balance or a  
 15 minimum monthly payment amount in order for a member to  
 16 select the monthly annuity option. The board shall establish the  
 17 forms of annuity by rule, in consultation with the board's actuary.  
 18 The board shall give members information about these forms of  
 19 payment and any information required by federal law to  
 20 accompany such distributions.

21 (d) Unless otherwise required by federal or state law, the  
 22 requirements and rules that apply to the distribution of the annuity  
 23 savings account apply to distributions from a member's account.

24 Sec. 13. (a) If a member dies:

- 25 (1) while in service in a position covered by the plan but not  
 26 in the line of duty; or  
 27 (2) after terminating service in a position covered by the plan  
 28 but before withdrawing the member's account;

29 to the extent that the member is vested, the member's account shall  
 30 be paid to the beneficiary or beneficiaries designated by the  
 31 member on a form prescribed by the board. The amount paid must  
 32 be valued as provided in IC 5-10.2-2-3 and IC 5-10.2-2-4. The  
 33 board shall invest the total amount in the member's account in the  
 34 stable value fund not later than thirty (30) days after receiving  
 35 notification of a member's death.

36 (b) If there is no properly designated beneficiary, or if no  
 37 beneficiary survives the member, the member's account shall be  
 38 paid to:

- 39 (1) the surviving spouse of the member;  
 40 (2) if there is not a surviving spouse, the surviving dependent  
 41 or dependents of the member in equal shares; or  
 42 (3) if there is not a surviving spouse or dependent, the



- 1 member's estate.
- 2 (c) The beneficiary or beneficiaries designated under subsection
- 3 (a) or a survivor determined under subsection (b) may elect to have
- 4 the member's account paid as:
- 5 (1) a lump sum;
- 6 (2) a direct rollover to another eligible retirement plan; or
- 7 (3) a monthly annuity in accordance with rules of the board.
- 8 A monthly annuity is an option only on or after the date the
- 9 beneficiary or survivor becomes sixty-two (62) years of age. The
- 10 board shall establish the forms of annuity by rule, in consultation
- 11 with the board's actuary. Further, the board may establish a
- 12 minimum account balance or a minimum monthly payment
- 13 amount that is required in order for a beneficiary or survivor to
- 14 select the monthly annuity option.
- 15 Sec. 14. (a) All assets in the plan are exempt from levy, sale,
- 16 garnishment, attachment, or other legal process.
- 17 (b) A member, beneficiary, or survivor may not assign any
- 18 payment under this chapter except for the following:
- 19 (1) Premiums on a life, hospitalization, surgical, or medical
- 20 group insurance plan maintained in part by a state agency.
- 21 (2) Dues to an association that proves to the board's
- 22 satisfaction that the association has as members at least
- 23 twenty percent (20%) of the retired members in the plan.
- 24 Sec. 15. (a) To the extent permitted by the Internal Revenue
- 25 Code and the applicable regulations and guidance, the plan may
- 26 accept, on behalf of any member who is employed in a covered
- 27 position, a rollover distribution from any of the following:
- 28 (1) A qualified plan described in Section 401(a) or Section
- 29 403(a) of the Internal Revenue Code.
- 30 (2) An annuity contract or account described in Section 403(b)
- 31 of the Internal Revenue Code.
- 32 (3) An eligible plan maintained by a state, a political
- 33 subdivision of a state, or an agency or instrumentality of a
- 34 state or political subdivision of a state under Section 457(b) of
- 35 the Internal Revenue Code.
- 36 (4) An individual retirement account or annuity described in
- 37 Section 408(a) or 408(b) of the Internal Revenue Code.
- 38 (b) Any amounts rolled over under subsection (a) must be
- 39 accounted for in a rollover account that is separate from the
- 40 member's account in the plan. The member shall be fully vested in
- 41 the member's rollover account.
- 42 (c) A member may direct the investment of the member's



1 rollover account into any alternative investment option that the  
 2 board may make available to the member's rollover account under  
 3 section 8 of this chapter.

4 (d) A member may withdraw the member's rollover account  
 5 from the plan in a lump sum or direct a rollover to an eligible  
 6 retirement plan at any time. Upon attainment of normal retirement  
 7 age, in addition to these payment options, the member may  
 8 withdraw the member's rollover account as a monthly annuity as  
 9 established by the board in accordance with the annuity options  
 10 that are available for the member's account in the plan. A member  
 11 shall make a required withdrawal from the member's account in  
 12 the plan not later than the required beginning date under the  
 13 Internal Revenue Code.

14 Sec. 16. (a) If a member becomes disabled while in a covered  
 15 position, subject to any federal law limitations concerning qualified  
 16 plan distributions and the member furnishing proof of the  
 17 member's qualification for Social Security disability benefits to the  
 18 board, to the extent that the member is vested, the member may  
 19 make a withdrawal from the member's account.

20 (b) The member may elect to have the withdrawal paid as:

- 21 (1) a lump sum;
- 22 (2) a direct rollover to another eligible retirement plan; or
- 23 (3) a monthly annuity in accordance with the rules of the  
 24 board.

25 (c) The board may establish a minimum account balance or a  
 26 minimum monthly payment amount in order for a member to  
 27 select the monthly annuity option.

28 Sec. 17. (a) If a member of the plan separates from employment  
 29 with the member's employer and later returns to employment in a  
 30 position covered by the plan:

- 31 (1) the individual resumes membership in the plan; and
- 32 (2) the member is entitled to receive credit for the member's  
 33 years of participation in the plan before the member's  
 34 separation. However, any amounts forfeited by the member  
 35 under section 11(e) of this chapter may not be restored to the  
 36 member's account.

37 (b) An individual who elected under section 6 of this chapter to  
 38 become a member of the plan resumes membership in the plan  
 39 upon the individual's return to employment covered by the plan.

40 (c) An individual who did not elect to become a member of the  
 41 plan resumes membership in the fund.

42 (d) An individual who returns to employment in a position



1 covered by the plan having had an opportunity to make an election  
2 under section 6 of this chapter during an earlier period of  
3 employment is not entitled to a second opportunity to make an  
4 election under section 6 of this chapter.

5 SECTION 4. IC 5-10.4-9 IS ADDED TO THE INDIANA CODE  
6 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
7 JULY 1, 2016]:

8 **Chapter 9. Participation by School Corporations in the Defined**  
9 **Contribution Plan**

10 **Sec. 1. The following definitions apply throughout this chapter:**

- 11 (1) "Account" has the meaning set forth in IC 5-10.4-8-2(1).
- 12 (2) "Plan" has the meaning set forth in IC 5-10.4-8-2(11).

13 **Sec. 2. On the effective date of the plan, a school corporation**  
14 **becomes a participant in the plan.**

15 **Sec. 3. After a school corporation becomes a participant in the**  
16 **plan, its governing body may make appropriations, make**  
17 **payments, and do all things required under IC 5-10.4-8.**

18 **Sec. 4. The board shall maintain separate accounts for each**  
19 **contribution rate group. Credits and charges to these accounts**  
20 **shall be made as prescribed under IC 5-10.4-8.**

21 **Sec. 5. A school corporation shall make the appropriations and**  
22 **payments required under this article and IC 5-10.2 from its general**  
23 **fund.**

24 **Sec. 6. If a school corporation fails to make payments required**  
25 **by this chapter, the amount payable may be:**

- 26 (1) withheld by the auditor of state from money payable to the  
27 school corporation and transferred to the plan; or
- 28 (2) recovered in a suit in the circuit or superior court of the  
29 county in which the school corporation is located. The suit  
30 must be an action by the state on the relation of the board,  
31 prosecuted by the attorney general.

32 SECTION 5. IC 20-26-5-5.5 IS ADDED TO THE INDIANA CODE  
33 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
34 1, 2016]: **Sec. 5.5. (a) Subject to subsection (b), a school corporation**  
35 **may hire an individual to teach under section 4(a)(8) of this**  
36 **chapter if the individual:**

- 37 (1) has a bachelor's degree with at least a cumulative grade  
38 point average of 3.0 on a 4.0 scale in a content area related to  
39 the area in which the individual intends to teach;
- 40 (2) has passed content area licensure assessments required by  
41 the department to teach in the area in which the applicant  
42 intends to teach; and



1           **(3) has a valid teaching license in another state.**

2           **(b) At least ninety percent (90%) of the individuals who teach**  
3 **full time at a school corporation must either:**

4           **(1) hold a license to teach in a public school in Indiana under**  
5 **IC 20-28-5; or**

6           **(2) be in the process of obtaining a license to teach in a public**  
7 **school in Indiana under the transition to teaching program**  
8 **established by IC 20-28-4-2.**

9           SECTION 6. IC 20-26-17-10 IS ADDED TO THE INDIANA  
10 CODE AS A NEW SECTION TO READ AS FOLLOWS  
11 [EFFECTIVE JULY 1, 2016]: **Sec. 10. (a) A school corporation that,**  
12 **after June 30, 2016, provides coverage of health care services for**  
13 **its employees shall offer as an option at least one (1) high**  
14 **deductible health plan (as defined in 26 U.S.C. 223(c)(2)).**

15           **(b) A school corporation shall pay as additional compensation**  
16 **to an employee who elects a high deductible health plan the amount**  
17 **saved by the school corporation in providing health care coverage**  
18 **to the employee because of the employee's election.**

19           SECTION 7. IC 20-28-7.5-1, AS AMENDED BY P.L.239-2015,  
20 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
21 JULY 1, 2016]: **Sec. 1. (a) This chapter applies to a teacher in a school**  
22 **corporation (as defined in IC 20-18-2-16(a)).**

23           **(b) A contract with a teacher may be canceled immediately in the**  
24 **manner set forth in sections 2 through 4 of this chapter for any of the**  
25 **following reasons:**

26           (1) Immorality.

27           (2) Insubordination, which means a willful refusal to obey the  
28 state school laws or reasonable rules adopted for the governance  
29 of the school building or the school corporation.

30           (3) Incompetence, including:

31           (A) for probationary teachers, receiving an ineffective  
32 designation on a performance evaluation or receiving two (2)  
33 consecutive improvement necessary ratings on a performance  
34 evaluation under IC 20-28-11.5; or

35           (B) for any teacher, receiving an ineffective designation on  
36 two (2) consecutive performance evaluations or an ineffective  
37 designation or improvement necessary rating under  
38 IC 20-28-11.5 for three (3) years of any five (5) year period.

39           (4) Neglect of duty.

40           (5) A conviction of an offense listed in IC 20-28-5-8(c).

41           (6) Other good or just cause.

42           (c) In addition to the reasons set forth in subsection (b), a



1 probationary teacher's contract may be canceled for any reason relevant  
 2 to the school corporation's interest in the manner set forth in sections  
 3 2 through 4 of this chapter.

4 (d) After June 30, 2012, the cancellation of teacher's contracts due  
 5 to a justifiable decrease in the number of teaching positions shall be  
 6 determined on the basis of performance rather than seniority. In cases  
 7 where teachers are placed in the same performance category, any of the  
 8 items in ~~IC 20-28-9-1.5(b)~~ **IC 20-28-9-1.5(c)** may be considered.

9 (e) Only the governing body may terminate, cancel, or otherwise  
 10 refuse to renew a contract of a superintendent or assistant  
 11 superintendent. Notice of the contract cancellation or the refusal to  
 12 renew the individual's contract must be provided in the manner  
 13 provided in IC 20-28-8-3(a).

14 SECTION 8. IC 20-28-9-1.5, AS AMENDED BY P.L.213-2015,  
 15 SECTION 179, IS AMENDED TO READ AS FOLLOWS  
 16 [EFFECTIVE JULY 1, 2016]: Sec. 1.5. (a) This subsection governs  
 17 salary increases for a teacher employed by a school corporation.  
 18 Compensation attributable to additional degrees or graduate credits  
 19 earned before the effective date of a local compensation plan created  
 20 under this chapter before July 1, 2015, shall continue for school years  
 21 beginning after June 30, 2015. Compensation attributable to additional  
 22 degrees for which a teacher has started course work before July 1,  
 23 2011, and completed course work before September 2, 2014, shall also  
 24 continue for school years beginning after June 30, 2015. For school  
 25 years beginning after June 30, 2015, a school corporation may provide  
 26 a supplemental payment to a teacher in excess of the salary specified  
 27 in the school corporation's compensation plan if the teacher has earned  
 28 a master's degree from an accredited postsecondary educational  
 29 institution in a content area directly related to the subject matter of:

- 30 (1) a dual credit course; or  
 31 (2) another course;

32 taught by the teacher. In addition, a supplemental payment may be  
 33 made to an elementary school teacher who earns a master's degree in  
 34 math or reading and literacy. A supplement provided under this  
 35 subsection is not subject to collective bargaining, but a discussion of  
 36 the supplement must be held. Such a supplement is in addition to any  
 37 increase permitted under subsection ~~(b)~~: **(c)**.

38 **(b) A school corporation may provide a supplemental payment**  
 39 **in excess of the salary specified in the school corporation's**  
 40 **compensation plan to a teacher who is, or will be, employed in a**  
 41 **position that is difficult to fill by the school corporation, as**  
 42 **determined by the school corporation. A supplement provided**



1 **under this subsection is not subject to collective bargaining, but a**  
 2 **discussion of the supplement must be held. A supplement made**  
 3 **under this subsection is in addition to any increase permitted under**  
 4 **subsection (c).**

5 ~~(b)~~ **(c)** Increases or increments in a local salary range must be based  
 6 upon a combination of the following factors:

7 (1) A combination of the following factors taken together may  
 8 account for not more than thirty-three percent (33%) of the  
 9 calculation used to determine a teacher's increase or increment:

10 (A) The number of years of a teacher's experience.

11 (B) The attainment of either:

12 (i) additional content area degrees beyond the requirements  
 13 for employment; or

14 (ii) additional content area degrees and credit hours beyond  
 15 the requirements for employment, if required under an  
 16 agreement bargained under IC 20-29.

17 (2) The results of an evaluation conducted under IC 20-28-11.5.

18 (3) The assignment of instructional leadership roles, including the  
 19 responsibility for conducting evaluations under IC 20-28-11.5.

20 (4) The academic needs of students in the school corporation.

21 ~~(e)~~ **(d)** A teacher rated ineffective or improvement necessary under  
 22 IC 20-28-11.5 may not receive any raise or increment for the following  
 23 year if the teacher's employment contract is continued. The amount that  
 24 would otherwise have been allocated for the salary increase of teachers  
 25 rated ineffective or improvement necessary shall be allocated for  
 26 compensation of all teachers rated effective and highly effective based  
 27 on the criteria in subsection ~~(b)~~: **(c)**.

28 ~~(d)~~ **(e)** A teacher who does not receive a raise or increment under  
 29 subsection ~~(e)~~ **(d)** may file a request with the superintendent or  
 30 superintendent's designee not later than five (5) days after receiving  
 31 notice that the teacher received a rating of ineffective. The teacher is  
 32 entitled to a private conference with the superintendent or  
 33 superintendent's designee.

34 ~~(e)~~ **(f)** The department shall publish a model compensation plan  
 35 with a model salary range that a school corporation may adopt. Before  
 36 July 1, 2015, the department may modify the model compensation plan,  
 37 as needed, to comply with subsection ~~(f)~~: **(g)**.

38 ~~(f)~~ **(g)** Each school corporation shall submit its local compensation  
 39 plan to the department. For a school year beginning after June 30,  
 40 2015, a local compensation plan must specify the range for teacher  
 41 salaries. The department shall publish the local compensation plans on  
 42 the department's Internet web site.





- 1        ~~(g)~~ **(h)** The department shall report any noncompliance with this
- 2 section to the state board.
- 3        ~~(h)~~ **(i)** The state board shall take appropriate action to ensure
- 4 compliance with this section.
- 5        ~~(i)~~ **(j)** This chapter may not be construed to require or allow a school
- 6 corporation to decrease the salary of any teacher below the salary the
- 7 teacher was earning on or before July 1, 2015, if that decrease would
- 8 be made solely to conform to the new compensation plan.
- 9        ~~(j)~~ **(k)** After June 30, 2011, all rights, duties, or obligations
- 10 established under IC 20-28-9-1 before its repeal are considered rights,
- 11 duties, or obligations under this section.

