

HOUSE BILL No. 1315

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-3-26; IC 5-14-3.7; IC 6-1.1-20.3; IC 20-19-7; IC 20-23-12; IC 20-24.5-2; IC 20-28-7.5-2.

Synopsis: School financial management. Allows the distressed unit appeal board (DUAB) to delegate board authority and responsibilities to the executive director by resolution of the board. Permits only the emergency manager to petition the DUAB to terminate a political subdivision's distressed status. Allows the DUAB to adopt rules. Requires the attorney general to represent a member of the fiscal management board, an emergency manager, a chief financial officer, or a chief academic officer if the individual requests the representation. Specifies restrictions on school corporations that are designated distressed. Specifies that waivers regarding the allocation of protected taxes apply only to distressed school corporations. Makes changes concerning the Gary Community School Corporation and its operation. Removes the laws concerning the Muncie Community Schools being a fiscally impaired school corporation. Permits the DUAB to recommend to the state board of finance that the state board of finance make an interest free loan to the Muncie Community Schools. Requires the DUAB to make a request for information on whether a state educational institution, educational organization, or other community group has an interest in partnering with the Muncie Community Schools. Allows state educational institutions to establish one or more laboratory schools within a school district or establish a laboratory school district by agreement with a school corporation. Allows the state educational institution to use property of the school corporation for a laboratory school. Requires the management performance hub (MPH) to determine the fiscal and qualitative indicators to be used in analyzing the financial condition of school corporations. Specifies
(Continued next page)

Effective: July 1, 2018; January 1, 2019.

Brown T

January 11, 2018, read first time and referred to Committee on Ways and Means.



Digest Continued

certain factors that must be used. Requires the MPH to determine the financial condition of each school corporation. Requires the MPH to present the information on its Internet web site. Sets minimum standards for presenting the information. Permits the DUAB to enter into an agreement with a school corporation showing fiscal distress to establish a corrective action plan. Requires the DUAB to create a watch list of school corporations that show fiscal distress. Allows the DUAB to revoke or suspend a superintendent's license if a school corporation remains on the watch list for four consecutive years. Establishes the fiscal and qualitative indicators committee (committee) to make the initial determination of factors to be used for evaluating the financial condition of each school, the initial determination of the information to be presented by the MPH, and the initial determination of the frequency for updating the indicators, information, and presentation. Expires the committee on June 30, 2019. Requires various reports.



Introduced

Second Regular Session of the 120th General Assembly (2018)

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 2017 Regular Session of the General Assembly.

HOUSE BILL No. 1315

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

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

- 1 SECTION 1. IC 4-3-26-9, AS ADDED BY P.L.269-2017,
2 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2018]: Sec. 9. (a) The governor shall appoint a chief data
4 officer, who serves at the pleasure of the governor.
5 (b) The chief data officer shall do the following:
6 (1) Serve as the executive head of the MPH.
7 (2) Advise executive state agencies and political subdivisions
8 regarding state best practices concerning the creation and
9 maintenance of data.
10 (3) Coordinate data analytics and transparency master planning
11 for the executive state agencies and provide leadership regarding
12 state data analytics and transparency.
13 **(4) Provide financial data concerning the financial condition**
14 **of school corporations.**
15 SECTION 2. IC 4-3-26-10, AS ADDED BY P.L.269-2017,



1 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
2 JULY 1, 2018]: Sec. 10. The MPH shall do the following:

3 (1) Establish and maintain a program to collect, analyze, and
4 exchange government information in carrying out the powers and
5 duties of the OMB and the powers and duties of the executive
6 state agency sharing the data. In carrying out this program, the
7 MPH may, in accordance with IC 4-1-6, obtain government
8 information from each executive state agency.

9 (2) In accordance with IC 4-1-6 and IC 5-14-3, establish and
10 maintain a program to make government information available to
11 executive state agencies, political subdivisions, educational
12 institutions, researchers, nongovernmental organizations, and the
13 general public, subject to the following:

14 (A) A request for data subject to IC 4-1-6-8.6 shall be made in
15 conformance with that section.

16 (B) A program established and maintained under this chapter
17 must include policies governing access to government
18 information held by the MPH under this chapter. Government
19 information may be made available only in accordance with
20 applicable confidentiality and disclosure laws.

21 (3) Establish privacy and quality policies for government
22 information that comply with all applicable Indiana and federal
23 laws, rules, and policies.

24 (4) In accordance with standards developed by the office of
25 technology established by IC 4-13.1-2-1, establish and maintain
26 a program to ensure the security of government information under
27 this chapter.

28 (5) Conduct operational and procedural audits of executive state
29 agencies.

30 (6) Perform financial planning and design and implement
31 efficiency projects for executive state agencies.

32 (7) Advise and assist each executive state agency to identify and
33 implement continuous process improvement in state government.

34 (8) Carry out such other responsibilities as may be designated by
35 the director of the OMB or the chief data officer to carry out the
36 responsibilities of the OMB or the chief data officer.

37 **(9) Publish on the MPH's Internet web site the information on**
38 **the fiscal and qualitative indicators for school corporations in**
39 **the format required by IC 20-19-7.**

40 SECTION 3. IC 5-14-3.7-3, AS AMENDED BY P.L.208-2016,
41 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
42 JANUARY 1, 2019]: Sec. 3. (a) The department, working with the



1 office of technology established by IC 4-13.1-2-1 or another
 2 organization that is part of a state educational institution, the state
 3 board of accounts established by IC 5-11-1-1, the department of local
 4 government finance established under IC 6-1.1-30-1.1, and the office
 5 of management and budget established by IC 4-3-22-3, shall post on
 6 the Indiana transparency Internet web site a data base that lists
 7 expenditures and fund balances, including expenditures for contracts,
 8 grants, and leases, for public schools. The web site must be
 9 electronically searchable by the public.

10 (b) The data base must include for public schools:

- 11 (1) the amount, date, payer, and payee of expenditures;
 12 (2) a listing of expenditures specifically identifying those for:
 13 (A) personal services;
 14 (B) other operating expenses or total operating expenses; and
 15 (C) debt service, including lease payments, related to debt;
 16 (3) a listing of fund balances, specifically identifying balances in
 17 funds that are being used for accumulation of money for future
 18 capital needs;
 19 (4) a listing of real and personal property owned by the public
 20 school; **and**
 21 (5) the report required under IC 6-1.1-33.5-7. **and**
 22 ~~(6) information for evaluating the fiscal health of each school~~
 23 ~~corporation in the format required by section 16(b) of this chapter.~~

24 SECTION 4. IC 5-14-3.7-16 IS REPEALED [EFFECTIVE
 25 JANUARY 1, 2019]. Sec. 16. (a) The department of local government
 26 finance shall develop indicators of fiscal health for evaluating the fiscal
 27 health of a school corporation. The department of local government
 28 finance may consider including any of the following in the indicators
 29 developed under this subsection:

- 30 (1) The cash balance of a school corporation.
 31 (2) The debt to revenue ratio of a school corporation.
 32 (3) The condition of a school corporation's property tax base as
 33 measured by both the assessed value of the school corporation
 34 and the amount of per capita revenue generated from the school
 35 corporation's tax base.
 36 (4) The per capita amount of a school corporation's education
 37 fund and its operations fund.
 38 (5) Any trends in the amount of a school corporation's tax
 39 revenue.
 40 (6) Whether a school corporation maintains a structural deficit or
 41 a structural surplus.
 42 (7) The extent that the school corporation is affected by tax



1 increment financing districts.

2 (8) The extent that the school corporation's property tax base is
3 affected by exempt properties:

4 (9) The school corporation's bond rating:

5 (10) The amount of retiree benefits paid by the school
6 corporation:

7 (11) The amount of pension contributions paid on behalf of the
8 school corporation's employees:

9 (12) Any other factor that the department of local government
10 finance considers relevant to evaluating the fiscal health of a
11 school corporation:

12 (b) The department of local government finance shall use the
13 indicators developed under subsection (a) and the associated fiscal data
14 to present the information for evaluating the fiscal health of each
15 school corporation on the Indiana transparency Internet web site. The
16 information must be presented in a manner that:

17 (1) can be conveniently and easily accessed from a single web
18 page; and

19 (2) is commonly known as an Internet dashboard:

20 The information must be available on the Indiana transparency Internet
21 web site in the format required by this subsection before July 1, 2015:

22 (c) Neither the department of local government finance nor any
23 other state agency may use the fiscal health indicators developed under
24 this section to assign a school corporation a summative grade:

25 SECTION 5. IC 6-1.1-20.3-2, AS AMENDED BY P.L.241-2017,
26 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
27 JULY 1, 2018]: Sec. 2. As used in this chapter, "distressed political
28 subdivision" means a political subdivision designated as a distressed
29 political subdivision by the board under section 6.5, 6.7, or 7.1 of this
30 chapter. or a school corporation designated as a distressed political
31 subdivision by section 6.8 of this chapter.

32 SECTION 6. IC 6-1.1-20.3-5, AS AMENDED BY P.L.217-2017,
33 SECTION 63, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
34 JULY 1, 2018]: Sec. 5. (a) The board may employ an executive director
35 who shall serve at the pleasure of the board and carry out the
36 administrative responsibilities assigned by the board. **The board may**
37 **adopt a resolution to delegate a specific authority or responsibility**
38 **assigned to the board under this chapter to the executive director.**

39 (b) The department of local government finance shall provide the
40 board with the staff and assistance that the board reasonably requires.

41 (c) The department of local government finance shall provide from
42 the department's budget funding to support the board's duties under this



1 chapter.

2 (d) The board may contract with accountants, financial experts, and
3 other advisors and consultants as necessary to carry out the board's
4 duties under this chapter.

5 **(e) The board may adopt rules to implement this chapter.**

6 SECTION 7. IC 6-1.1-20.3-6.8, AS ADDED BY P.L.241-2017,
7 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
8 JULY 1, 2018]: Sec. 6.8. (a) This section applies only to the Gary
9 Community School Corporation.

10 (b) The general assembly finds that the provisions of this section:

11 (1) are necessary to address the unique issues faced by the Gary
12 Community School Corporation; and

13 (2) are not precedent for and may not be appropriate for
14 addressing issues faced by other school corporations.

15 (c) As used in this section, the following definitions apply:

16 (1) "Chief academic officer" means the chief academic officer
17 appointed under subsection (j).

18 (2) "Chief financial officer" means the chief financial officer
19 appointed under subsection (i).

20 (3) "~~Governing body~~" refers to the governing body of the Gary
21 Community School Corporation.

22 (4) (3) "School corporation" refers to the Gary Community School
23 Corporation.

24 (d) The Gary Community School Corporation is designated as a
25 distressed political subdivision for purposes of this chapter until the
26 school corporation's designation as a distressed political subdivision is
27 terminated as provided in section 13(b) of this chapter. This
28 designation as a distressed political subdivision is effective regardless
29 of whether the school corporation has submitted a petition requesting
30 to be designated as a distressed political subdivision. Until the school
31 corporation's designation as a distressed political subdivision is
32 terminated as provided in section 13(b) of this chapter, the ~~governing~~
33 ~~body of the school corporation~~ **Gary Community Schools advisory**
34 **committee** may not meet more often than once ~~each month~~ **every six**
35 **(6) months. The emergency manager shall hold a monthly meeting**
36 **within the school district that is open to the general public. In**
37 ~~addition to any other powers of the financial specialist appointed under~~
38 ~~section 6.9 of this chapter, during the period after the effective date of~~
39 ~~this section and before an emergency manager is appointed for the~~
40 ~~school corporation, the financial specialist may identify and implement~~
41 ~~labor force reductions, including contract cancellations as provided in~~
42 ~~IC 20-28-7.5 due to a reduction in force.~~



1 (e) Until the school corporation's designation as a distressed
 2 political subdivision is terminated as provided in section 13(b) of this
 3 chapter, the following apply to the emergency manager appointed
 4 under section 7.5 of this chapter for the school corporation:

5 (1) The emergency manager has the powers and duties specified
 6 in this chapter.

7 (2) The emergency manager shall consult with and consider
 8 recommendations from the fiscal management board, ~~and the~~
 9 ~~governing body~~, but the emergency manager has full
 10 responsibility and authority related to financial and academic
 11 matters of the school corporation, and the emergency manager
 12 may act, as specified in this chapter, on these financial and
 13 academic matters without the approval of the fiscal management
 14 board. ~~or the governing body. The school corporation's~~
 15 ~~superintendent, or the superintendent's designee, shall work with~~
 16 ~~the emergency manager and serve as a resource in an~~
 17 ~~administrative capacity.~~

18 (3) Notwithstanding section 7.5(d) of this chapter, the distressed
 19 unit appeal board shall:

20 (A) determine the compensation of the emergency manager,
 21 chief financial officer, and chief academic officer; and

22 (B) subject to subsections (i) and (j), pay the emergency
 23 manager's, chief financial officer's, and chief academic
 24 officer's compensation and reimburse the emergency manager,
 25 chief financial officer, and chief academic officer for actual
 26 and necessary expenses from funds appropriated to the
 27 distressed unit appeal board.

28 (4) Before appointing the emergency manager, the distressed unit
 29 appeal board shall interview at least one (1) resident of the city of
 30 Gary as a candidate for the position. If the distressed unit appeal
 31 board is not able to interview a resident of the city of Gary as a
 32 candidate for the position, the distressed unit appeal board shall
 33 interview at least one (1) individual who is a resident of Lake
 34 County or northwest Indiana as a candidate for the position.

35 The appointment of the emergency manager for the school corporation
 36 is terminated on the date the school corporation's designation as a
 37 distressed political subdivision is terminated as provided in section
 38 13(b) of this chapter.

39 (f) In addition to any other actions that the distressed unit appeal
 40 board may take under this chapter concerning a distressed political
 41 subdivision, for a distressed school corporation, the distressed unit
 42 appeal board may also do any of the following:



- 1 (1) The distressed unit appeal board may delay or suspend, for a
 2 period determined by the board, any payments of principal or
 3 interest, or both, that would otherwise be due from the school
 4 corporation on loans or advances from the common school fund.
- 5 (2) The distressed unit appeal board may recommend to the state
 6 board of finance that the state board of finance make an interest
 7 free loan to the school corporation from the common school fund.
 8 The distressed unit appeal board shall determine the payment
 9 schedule and the commencement date for the loan. If the
 10 distressed unit appeal board makes a recommendation that such
 11 a loan be made, the state board of finance may, notwithstanding
 12 IC 20-49, make such a loan for a term of not more than ten (10)
 13 years.
- 14 (3) The distressed unit appeal board may establish benchmarks of
 15 financial improvement for the school corporation.
- 16 (4) The distressed unit appeal board may provide a grant or grants
 17 to the school corporation from funds appropriated to the
 18 distressed unit appeal board, in amounts determined by the
 19 distressed unit appeal board, to assist the school corporation in
 20 overcoming short term financial problems.
- 21 (5) The distressed unit appeal board may make a recommendation
 22 to the general assembly concerning the possible restructuring of
 23 advances made to the school corporation from the common school
 24 fund, including forgiveness of principal and interest on those
 25 advances.
- 26 (g) The fiscal management board is established. The fiscal
 27 management board consists of the following members:
- 28 (1) One (1) member appointed by the ~~governing body~~: **distressed**
 29 **unit appeal board**.
- 30 (2) One (1) member appointed by the mayor of the city of Gary.
- 31 (3) One (1) member, who must have experience working with or
 32 for an urban school corporation, appointed by the superintendent
 33 of public instruction.
- 34 (4) One (1) member, who must have experience working with or
 35 for an urban school corporation, appointed by the state board of
 36 education.
- 37 (h) The following apply to the fiscal management board and to the
 38 members of the fiscal management board:
- 39 (1) The term of office of a member of the fiscal management
 40 board is four (4) years, beginning on the date of appointment. A
 41 member of the fiscal management board may be reappointed to
 42 the fiscal management board. A member of the fiscal



- 1 management board may be removed for cause by the appointing
 2 authority.
- 3 (2) A member of the fiscal management board must have the
 4 following:
- 5 (A) At least three (3) years experience in financial
 6 management.
- 7 (B) A meaningful background and work experience in finance
 8 and business.
- 9 (C) An understanding of government contracts.
- 10 (D) Knowledge and experience in organizational effectiveness,
 11 operations management, and implementing best practices.
- 12 (E) Experience in budget development and oversight.
- 13 (F) A demonstrated commitment to high professional and
 14 ethical standards and a diverse workplace.
- 15 (G) An understanding of tax and other compliance
 16 implications.
- 17 ~~(3) A member of the governing body may not serve as a member~~
 18 ~~of the fiscal management board.~~
- 19 ~~(4) (3) The fiscal management board:~~
- 20 (A) shall make recommendations to the emergency manager;
 21 and
- 22 (B) shall advise the emergency manager as requested by the
 23 emergency manager.
- 24 ~~(5) (4) The members of the fiscal management board are not~~
 25 ~~entitled to any compensation for their service on the fiscal~~
 26 ~~management board.~~
- 27 ~~(6) (5) The fiscal management board is abolished, and the terms~~
 28 ~~of the members of the fiscal management board are terminated, on~~
 29 ~~the date the school corporation's designation as a distressed~~
 30 ~~political subdivision is terminated as provided in section 13(b) of~~
 31 ~~this chapter.~~
- 32 ~~(7) (6) Under the supervision of the emergency manager, the~~
 33 ~~fiscal management board shall serve as a liaison to and shall work~~
 34 ~~jointly with the distressed unit appeal board, the mayor of the city~~
 35 ~~of Gary, and the department of education to develop a transition~~
 36 ~~plan to address issues or questions related to:~~
- 37 (A) the designation of the school corporation as a distressed
 38 political subdivision and the transfer of powers and duties to
 39 the emergency manager under this chapter; and
- 40 (B) the potential impact of the transition on the community
 41 and the school corporation.
- 42 ~~(8) (7) Under the supervision of the emergency manager, the~~



1 fiscal management board shall work jointly with the distressed
 2 unit appeal board, the mayor of the city of Gary, and the
 3 department of education to provide information on a regular basis
 4 to parents, students, employees of the school corporation, and the
 5 public on the status of the transition.

6 (i) The emergency manager shall employ a chief financial officer for
 7 the school corporation. The chief financial officer is an employee of the
 8 school corporation. The chief financial officer shall report to the
 9 emergency manager and shall assist the emergency manager appointed
 10 for the school corporation and the fiscal management board in carrying
 11 out the day to day financial operations of the school corporation. ~~Before~~
 12 ~~July 1, 2019;~~ The compensation of the chief financial officer shall be
 13 determined by the distressed unit appeal board. Before July 1, 2019, the
 14 compensation of the chief financial officer shall be paid from the funds
 15 appropriated to the distressed unit appeal board. After June 30, 2019,
 16 the compensation of the chief financial officer shall be ~~determined by~~
 17 ~~and~~ paid by the school corporation. The chief financial officer:

- 18 (1) must possess, through both education and experience, a
 19 understanding of finance and financial management; and
- 20 (2) must possess any other experience and must meet any other
 21 requirements as required by the distressed unit appeal board to
 22 ensure that the chief financial officer is qualified to carry out the
 23 financial restructuring of the school corporation.

24 Before employing a chief financial officer under this subsection, the
 25 emergency manager shall interview at least one (1) resident of the city
 26 of Gary as a candidate for the position. If the emergency manager is not
 27 able to interview a resident of the city of Gary as a candidate for the
 28 position, the emergency manager shall interview at least one (1)
 29 individual who is a resident of Lake County or northwest Indiana as a
 30 candidate for the position.

31 (j) The emergency manager shall employ a chief academic officer
 32 for the school corporation, after consultation with the department of
 33 education, who must have experience working with or for an urban
 34 school corporation. The chief academic officer is an employee of the
 35 school corporation. The chief academic officer shall report to the
 36 emergency manager and shall assist the emergency manager appointed
 37 for the school corporation and the fiscal management board in carrying
 38 out the academic matters of the school corporation. ~~Before July 1,~~
 39 ~~2019;~~ The compensation of the chief academic officer shall be
 40 determined by the distressed unit appeal board. Before July 1, 2019, the
 41 compensation of the chief academic officer shall be paid from the funds
 42 appropriated to the distressed unit appeal board. After June 30, 2019,



1 the compensation of the chief academic officer shall be ~~determined by~~
 2 ~~and~~ paid by the school corporation. The chief academic officer must:

- 3 (1) hold a valid license to teach in a public school under
 4 IC 20-28-5;
 5 (2) possess, through both education and experience, an
 6 understanding of curriculum and academics; and
 7 (3) possess any other experience and meet any other requirements
 8 as required by the distressed unit appeal board to ensure that the
 9 chief academic officer is qualified to carry out the academic goals
 10 of the school corporation.

11 Before employing a chief academic officer under this subsection, the
 12 emergency manager shall interview at least one (1) resident of the city
 13 of Gary as a candidate for the position. If the emergency manager is not
 14 able to interview a resident of the city of Gary as a candidate for the
 15 position, the emergency manager shall interview at least one (1)
 16 individual who is a resident of Lake County or northwest Indiana as a
 17 candidate for the position.

18 (k) The chief financial officer and chief academic officer shall assist
 19 the emergency manager in carrying out the emergency manager's duties
 20 under this chapter.

21 (l) The annual budget adopted by the emergency manager for the
 22 school corporation must dedicate a significant part of the school
 23 corporation's budget to eliminating the school corporation's outstanding
 24 financial obligations. The emergency manager shall attempt to
 25 negotiate with the creditors of the school corporation to establish a plan
 26 specifying the schedule for paying each creditor. The emergency
 27 manager shall submit the plan to the distressed unit appeal board for
 28 approval. The distressed unit appeal board must:

- 29 (1) review the plan submitted by the emergency manager; and
 30 (2) not later than sixty (60) days after the plan is submitted,
 31 either:
 32 (A) approve the plan as submitted by the emergency manager;
 33 or
 34 (B) modify the plan as submitted by the emergency manager
 35 and then approve the modified plan.

36 (m) The emergency manager shall consult with ~~the governing body,~~
 37 the fiscal management board and the mayor of the city of Gary in
 38 developing the school corporation's annual budget. The distressed unit
 39 appeal board must review and approve the school corporation's annual
 40 budget that is proposed by the emergency manager.

41 (n) In consultation with the fiscal management board ~~the governing~~
 42 ~~body,~~ and the mayor of the city of Gary, the emergency manager shall



- 1 do the following:
- 2 (1) Conduct a financial and compliance audit of the operations of
- 3 the school corporation.
- 4 (2) Develop a written financial plan for the school corporation.
- 5 The object of the plan must be to achieve financial stability for
- 6 the school corporation, and the plan must include provisions for
- 7 paying all of the school corporation's outstanding obligations and
- 8 for paying all future obligations of the school corporation
- 9 (including any federal, state, or local taxes or assessments) in a
- 10 timely manner.
- 11 (o) In addition to the report required by section 8.5(c)(5) of this
- 12 chapter, the emergency manager, the chief financial officer, and the
- 13 chief academic officer shall report quarterly to the distressed unit
- 14 appeal board in a format specified by the distressed unit appeal board.
- 15 The report must include:
- 16 (1) information concerning the actions that the school corporation
- 17 is taking to improve the financial condition of the school
- 18 corporation; and
- 19 (2) any other information required by the distressed unit appeal
- 20 board.
- 21 The emergency manager shall report more frequently than quarterly if
- 22 requested by the distressed unit appeal board. The emergency manager
- 23 shall provide copies of the report to ~~the governing body~~, the fiscal
- 24 management board and the mayor of the city of Gary. The emergency
- 25 manager shall present each report at a public meeting of the fiscal
- 26 management board.
- 27 (p) The school corporation shall do the following:
- 28 (1) Publish a copy of each report under subsection (o) on the
- 29 school corporation's Internet web site, along with a link to the
- 30 main page of the Indiana transparency Internet web site
- 31 established under IC 5-14-3.7 to provide access to financial data
- 32 for local schools.
- 33 (2) Make copies of each report available free of charge to the
- 34 public upon request.
- 35 (3) Provide copies of each report to the mayor of the city of Gary.
- 36 The mayor shall make copies of the reports available free of
- 37 charge to the public upon request.
- 38 (q) The chief academic officer shall develop an education plan to
- 39 provide academic services to students in the school corporation and to
- 40 achieve academic progress. The education plan must include at least
- 41 the following components:
- 42 (1) An academic program designed to meet Indiana's academic



- 1 standards and to assist students in meeting those academic
 2 standards.
- 3 (2) A plan to improve the academic performance of all students,
 4 including improvement in the performance of students on
 5 standardized tests.
- 6 (3) A plan to engage parents in school performance and school
 7 activities, including regular meetings at each school involving
 8 administrators, teachers, parents, and interested members of the
 9 community.
- 10 (4) A plan to implement performance standards that will attract
 11 students and families to the school corporation.
- 12 (5) A plan specifying how the school corporation will work
 13 directly with the city of Gary:
- 14 (A) to make the schools a successful component of life within
 15 the city; and
- 16 (B) to develop a sense of pride and progress in the operations
 17 and accomplishments of the school corporation.
- 18 ~~The chief financial officer and the chief academic officer shall confer~~
 19 ~~with the governing body at least once each month.~~ The chief financial
 20 officer and chief academic officer shall meet at least quarterly with the
 21 executive committee of the bargaining unit to inform the executive
 22 committee of the academic progress of the school corporation.
- 23 (r) ~~During the period after the effective date of this section and~~
 24 ~~before an emergency manager is appointed for the school corporation;~~
 25 ~~the governing body may not enter into or renew any contract unless that~~
 26 ~~contract or contract renewal is first approved by the distressed unit~~
 27 ~~appeal board.~~
- 28 SECTION 8. IC 6-1.1-20.3-6.9 IS REPEALED [EFFECTIVE JULY
 29 1, 2018]. Sec. 6.9: (a) The board may do the following:
- 30 (1) Hold a public hearing to review the budget, tax levies,
 31 assessed value, debt service requirements, and other financial
 32 information for the Gary Community School Corporation.
- 33 (2) After reviewing the information described in subdivision (1)
 34 and subject to subdivision (3), the board may, with the consent of
 35 the governing body of the Gary Community School Corporation,
 36 select a financial specialist to take financial control of the Gary
 37 Community School Corporation, who shall act in consultation
 38 with the governing body of the Gary Community School
 39 Corporation and the city of Gary.
- 40 (3) In selecting a financial specialist to take financial control of
 41 the Gary Community School Corporation under subdivision (2):
 42 (A) the board shall recommend three (3) persons as potential



1 candidates for the financial specialist position to take financial
 2 control of the Gary Community School Corporation; and
 3 (B) the governing body of the Gary Community School
 4 Corporation may, within twenty-one (21) days after the board
 5 makes the recommendations under clause (A); choose one (1)
 6 of the persons recommended by the board under clause (A)
 7 that the board may then select as a financial specialist to take
 8 financial control of the Gary Community School Corporation
 9 as provided in subdivision (2).

10 If the governing body of the Gary Community School Corporation
 11 does not choose a financial specialist as provided in clause (B)
 12 from the persons recommended by the board within twenty-one
 13 (21) days; the board's authority under this section is terminated.

14 (4) A financial specialist selected under this section:

15 (A) shall be paid out of the funds appropriated to the board;
 16 (B) may perform the duties authorized under this section for
 17 not more than twenty-four (24) consecutive months; and
 18 (C) may request the Indiana Association of School Business
 19 Officials to provide technical consulting services to the
 20 financial specialist and the Gary Community School
 21 Corporation on the following issues:

22 (i) Debt management.

23 (ii) Cash management.

24 (iii) Facility management.

25 (iv) Other school business management issues.

26 The Indiana Association of School Business Officials will
 27 determine the appropriate individuals to consult with the
 28 financial specialist and the Gary Community School
 29 Corporation. Any consulting expenses will be paid out of the
 30 funds appropriated to the board.

31 (b) The board may do any of the following if the board selects a
 32 financial specialist to take financial control of the Gary Community
 33 School Corporation under subsection (a):

34 (1) The board may work jointly with the city of Gary and the
 35 financial specialist to develop a financial plan for the Gary
 36 Community School Corporation.

37 (2) The board may delay or suspend, for a period determined by
 38 the board; any payments of principal or interest, or both; that
 39 would otherwise be due from the Gary Community School
 40 Corporation on loans or advances from the common school fund.

41 (3) The board may recommend to the state board of finance that
 42 the state board of finance make an interest free loan to the Gary



1 Community School Corporation from the common school fund:
 2 If the board makes a recommendation that such a loan be made;
 3 the state board of finance may, notwithstanding IC 20-49, make
 4 such a loan for a term of not more than six (6) years:

5 SECTION 9. IC 6-1.1-20.3-7.1, AS ADDED BY P.L.241-2017,
 6 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 7 JULY 1, 2018]: Sec. 7.1. (a) This section applies only to the Muncie
 8 Community Schools.

9 (b) The general assembly finds that the provisions of this section:

- 10 (1) are necessary to address the unique issues faced by the
 11 Muncie Community Schools; and
 12 (2) are not precedent for and may not be appropriate for
 13 addressing issues faced by other school corporations.

14 (c) As used in this section, the following definitions apply:

- 15 (1) "Emergency manager" includes a temporary emergency
 16 manager appointed under this section.
 17 (2) "Governing body" refers to the governing body of the Muncie
 18 Community Schools.
 19 (3) "School corporation" refers to the Muncie Community
 20 Schools.

21 (d) Muncie Community Schools is designated as a fiscally impaired
 22 school corporation. The school corporation's designation as a fiscally
 23 impaired school corporation terminates on January 1, 2018. The school
 24 corporation's designation as a fiscally impaired school corporation is
 25 not a designation of the school corporation as a distressed political
 26 subdivision for purposes of this chapter. The school corporation's
 27 designation as a fiscally impaired school corporation is effective
 28 regardless of whether the school corporation has submitted a petition
 29 under this section requesting to be designated as a fiscally impaired
 30 school corporation. The board shall appoint an emergency manager for
 31 the school corporation. Notwithstanding section 7.5(d) of this chapter,
 32 the board shall determine the compensation of the emergency manager,
 33 pay the emergency manager's compensation, and reimburse the
 34 emergency manager for actual and necessary expenses from funds
 35 appropriated to the board. Upon the effective date of this section, the
 36 board may immediately appoint the superintendent of the Muncie
 37 Community Schools as the emergency manager for the school
 38 corporation on a temporary basis. The appointment of the
 39 superintendent as the emergency manager may continue for not more
 40 than six (6) months. However, the superintendent may be considered
 41 for the permanent emergency manager position.

42 (e) Notwithstanding the powers, authority, and responsibilities



1 otherwise granted to an emergency manager under this chapter, before
 2 January 1, 2018; the emergency manager appointed for the school
 3 corporation has only the following powers, authority, and
 4 responsibilities:

5 (1) The emergency manager shall:

6 (A) take actions necessary to implement the deficit reduction
 7 plan that was presented at a public meeting of the governing
 8 body on April 17, 2017; and

9 (B) work with the governing body and the superintendent to:

10 (i) achieve financial stability for the school corporation;

11 (ii) provide for the payment of the school corporation's
 12 outstanding debt obligations and anticipated future debt
 13 obligations; and

14 (iii) align the school corporation's personnel and facilities
 15 with the anticipated revenues and enrollment of the school
 16 corporation.

17 (2) The emergency manager may on behalf of the school
 18 corporation negotiate and enter into labor contracts and collective
 19 bargaining agreements. The emergency manager shall also review
 20 existing labor contracts and collective bargaining agreements; and
 21 if the emergency manager considers it appropriate, the emergency
 22 manager may on behalf of the school corporation attempt to
 23 renegotiate such a labor contract or collective bargaining
 24 agreement.

25 (3) Subject to labor contracts and collective bargaining
 26 agreements applicable to the school corporation and any
 27 obligations to inform the governing body or the superintendent,
 28 the emergency manager may do any of the following:

29 (A) Set the salaries and other compensation of the school
 30 corporation's employees.

31 (B) Identify and implement labor force reductions.

32 (C) Outsource services performed by employees of the school
 33 corporation.

34 (4) The emergency manager may do any of the following:

35 (A) Close facilities of the school corporation.

36 (B) Sell, transfer, or lease property of the school corporation.

37 If the emergency manager sells real property, any political
 38 subdivision that has territory where the real property is located
 39 and institutions of higher education with real property located
 40 in Indiana shall be given a thirty (30) day first right to make an
 41 offer to purchase the real property. Ball State University shall
 42 have the right of first refusal for any property sold, transferred;



- 1 or leased under this subsection. The emergency manager shall
 2 determine whether it is appropriate to accept one (1) of these
 3 offers and shall negotiate the terms and conditions of the sale
 4 of the real property to the offeror.
- 5 (5) The emergency manager must approve any of the following
 6 actions by the school corporation before the school corporation
 7 may take the action:
- 8 (A) Acquiring real property.
 - 9 (B) Constructing new buildings or remodeling or renovating
 10 existing buildings.
 - 11 (C) Incurring a contractual obligation that requires an
 12 expenditure of more than thirty thousand dollars (\$30,000).
 - 13 (D) Purchasing or entering into an agreement to purchase
 14 personal property at a cost of more than thirty thousand dollars
 15 (\$30,000).
 - 16 (E) Making, approving, or disapproving the following:
 - 17 (i) A loan.
 - 18 (ii) The creation of any new position.
 - 19 (iii) The filling of any vacant position.
- 20 (6) The emergency manager shall submit a written report to the
 21 board and the governing body each month concerning the
 22 following:
- 23 (A) Actions taken by the emergency manager and the school
 24 corporation.
 - 25 (B) Expenditures made by the school corporation.
 - 26 (C) The progress that has been made toward achieving
 27 financial stability for the school corporation.
- 28 The emergency manager, rather than the governing body or the
 29 superintendent of the school corporation, has and shall exercise the
 30 powers, authority, and responsibilities described in subdivisions (1)
 31 through (6); including the authority to negotiate and enter into labor
 32 contracts and collective bargaining agreements on behalf of the school
 33 corporation. This subsection expires January 1, 2018.
- 34 (f) The school corporation's designation as a fiscally impaired
 35 school corporation terminates on January 1, 2018. The board shall, not
 36 later than December 1, 2017, hold a public hearing to determine if the
 37 school corporation should be designated as a distressed political
 38 subdivision for purposes of this chapter effective January 1, 2018.
 39 After holding the public hearing, the board shall do one (1) of the
 40 following:
- 41 (1) If the board finds that:
 - 42 (A) the school corporation has developed and is implementing



- 1 a deficit reduction plan described in subsection (e)(1);
 2 (B) the actions taken by the school corporation to implement
 3 the deficit reduction plan have resulted in progress toward
 4 achieving financial stability for the school corporation; and
 5 (C) it is in the best interest of the students; the community; and
 6 the school corporation and its employees to not designate the
 7 school corporation as a distressed political subdivision;
 8 the board shall adopt a resolution providing that the school
 9 corporation will not be designated as a distressed political
 10 subdivision under this chapter. If the board adopts such a
 11 resolution; the school corporation is not subject to this chapter
 12 after December 31, 2017.
- 13 (2) If the board does not adopt a resolution under subdivision (1);
 14 the board shall adopt a resolution designating the school
 15 corporation as a distressed political subdivision effective January
 16 1, 2018.
- 17 (g) If the board adopts a resolution under subsection (f)(1) providing
 18 that the school corporation will not be designated as a distressed
 19 political subdivision; the position of the emergency manager is
 20 terminated on January 1, 2018.
- 21 (h) (c) If the board adopts a resolution under subsection (f)(2)
 22 providing that **In addition to any other actions that the board may**
 23 **take under this chapter concerning a distressed political**
 24 **subdivision, the board may recommend to the state board of**
 25 **finance that the state board of finance make an interest free loan**
 26 **to the school corporation is designated as a distressed political**
 27 **subdivision effective January 1, 2018, from the common school fund.**
 28 **The distressed unit appeal board shall determine the payment**
 29 **schedule and the commencement date for the loan. If the board**
 30 **makes a recommendation that such a loan be made, the state board**
 31 **of finance may, notwithstanding IC 20-49, make the loan for a term**
 32 **of not more than ten (10) years.**
- 33 (1) the emergency manager shall; effective January 1, 2018;
 34 assume and exercise all of the powers; authority; and
 35 responsibilities granted to emergency managers of school
 36 corporations under this chapter; and
- 37 (2) the school corporation's designation as a distressed political
 38 subdivision continues until that designation is terminated as
 39 provided in section 13(b) of this chapter.
- 40 (i) The following apply while the school corporation is designated
 41 as a fiscally impaired school corporation and; if the board adopts a
 42 resolution under subsection (f)(2); while the school corporation is



1 designated as a distressed political subdivision:

2 (1) The school corporation may approve a controlled project
3 under IC 6-1.1-20 that requires a petition and remonstrance
4 process or a local public question only if the controlled project is
5 first approved by the emergency manager.

6 (2) The governing body may adopt a resolution to place a
7 referendum on the ballot for a referendum tax levy under
8 IC 20-46-1 only if the resolution is first approved by the
9 emergency manager.

10 SECTION 10. IC 6-1.1-20.3-7.5, AS AMENDED BY P.L.241-2017,
11 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
12 JULY 1, 2018]: Sec. 7.5. (a) This section does not apply to a school
13 corporation designated before July 1, 2013, as a distressed political
14 subdivision.

15 (b) ~~If the board designates a political subdivision is designated~~ as
16 a distressed political subdivision under ~~section 6.5, 6.7, or 7.1~~ of this
17 chapter, ~~or if a political subdivision is designated as a distressed~~
18 ~~political subdivision by section 6.8 of this chapter~~, the board shall
19 appoint an emergency manager for the distressed political subdivision.
20 The board shall appoint an emergency manager for a school
21 corporation designated by section 7.1 of this chapter as a fiscally
22 impaired school corporation. An emergency manager serves at the
23 pleasure of the board. For purposes of IC 34-13, an emergency manager
24 appointed under this section is acting on behalf of the distressed
25 political subdivision and not the state.

26 (c) The chairperson of the board shall oversee the activities of an
27 emergency manager.

28 (d) Except as provided in this chapter, the distressed political
29 subdivision shall pay the emergency manager's compensation and
30 reimburse the emergency manager for actual and necessary expenses.

31 (e) A member of a fiscal management board, an emergency
32 manager, a chief financial officer, or a chief academic officer is
33 immune from civil liability for an act or omission within the scope and
34 arising out of the performance of duties prescribed by the board under
35 this chapter. This subsection does not apply to an act or omission that
36 constitutes gross negligence or willful misconduct.

37 (f) The attorney general ~~may~~ **shall** represent a member of a fiscal
38 management board, an emergency manager, a chief financial officer,
39 or a chief academic officer in a legal action arising out of the exercise
40 of powers granted under this chapter, if the member of a fiscal
41 management board, emergency manager, chief financial officer, or
42 chief academic officer makes a written request to the attorney general



1 requesting representation. The attorney general may not represent a
 2 member of a fiscal management board, an emergency manager, a chief
 3 financial officer, or a chief academic officer under this subsection if the
 4 legal action is initiated or the claim is asserted by the member of the
 5 fiscal management board, emergency manager, or the distressed
 6 political subdivision. If the attorney general represents a member of a
 7 fiscal management board, an emergency manager, a chief financial
 8 officer, or a chief academic officer under this subsection, the member
 9 of a fiscal management board, emergency manager, chief financial
 10 officer, or chief academic officer is entitled to recover attorney's fees
 11 from the losing party to the extent the member of the fiscal
 12 management board, emergency manager, chief financial officer, or
 13 chief academic officer prevails. Any attorney's fees recovered shall be
 14 deposited in the state general fund.

15 SECTION 11. IC 6-1.1-20.3-8.5, AS AMENDED BY P.L.241-2017,
 16 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 17 JULY 1, 2018]: Sec. 8.5. (a) This section does not apply to a school
 18 corporation designated before July 1, 2013, as a distressed political
 19 subdivision. ~~This section applies to the Muncie Community Schools~~
 20 ~~designation under section 7.1 of this chapter only if the board adopts~~
 21 ~~a resolution under section 7.1(f)(2) of this chapter designating the~~
 22 ~~school corporation as a distressed political subdivision.~~

23 (b) Notwithstanding any other law, an emergency manager of a
 24 distressed political subdivision appointed under section 7.5 of this
 25 chapter shall assume and exercise all of the power, authority, and
 26 responsibilities of both the executive and the fiscal body of the political
 27 subdivision during the time the political subdivision is a distressed
 28 political subdivision. An emergency manager's power, authority, and
 29 responsibilities include the following:

- 30 (1) Adopting, amending, and enforcing ordinances and
 31 resolutions relating to or affecting the fiscal stability of the
 32 political subdivision. However, the emergency manager may
 33 impose only those taxes or fees that the political subdivision is
 34 authorized by law to impose.
- 35 (2) Subject to existing labor contracts, setting the salaries and
 36 other compensation of the political subdivision's employees.
- 37 (3) Reviewing existing labor contracts and collective bargaining
 38 agreements, and negotiating and entering into labor contracts and
 39 collective bargaining agreements.
- 40 (4) Adopting a budget for the political subdivision for each
 41 calendar or fiscal year, as applicable, that the political subdivision
 42 remains a distressed political subdivision.



- 1 (5) Approving payrolls and other claims against the political
 2 subdivision before payment.
- 3 (6) Making, approving, or disapproving the following:
 4 (A) A contract.
 5 (B) An expenditure.
 6 (C) A loan.
 7 (D) The creation of any new position.
 8 (E) The filling of any vacant position.
- 9 (7) Identifying and implementing labor force reductions.
- 10 (8) Outsourcing services performed by employees of the
 11 distressed political subdivision.
- 12 (9) Renegotiating existing labor contracts and acting as an agent
 13 of the political subdivision in collective bargaining.
- 14 (10) Reducing or suspending salaries of the political subdivision's
 15 employees.
- 16 (11) Entering into agreements with other political subdivisions for
 17 the provision of services.
- 18 (12) Selling assets, including real property, of the distressed
 19 political subdivision. If real property is being sold, any political
 20 subdivision that has territory where the real property is located
 21 and institutions of higher education with real property located in
 22 Indiana shall be given a thirty (30) day first right to make an offer
 23 to purchase the real property. The emergency manager shall
 24 determine whether it is appropriate to accept one (1) of these
 25 offers and shall negotiate the terms and conditions of the sale of
 26 the real property to the offeror. In the case of an emergency
 27 manager appointed for the Gary Community School Corporation,
 28 the emergency manager shall provide written notice to the mayor
 29 of the city of Gary at least thirty (30) days before selling assets
 30 under this subdivision. If the mayor of the city of Gary notifies the
 31 emergency manager of any concerns or objections regarding the
 32 proposed sale of the asset, the emergency manager must confer
 33 with the mayor regarding those concerns or objections.
- 34 (13) Closing facilities of the distressed political subdivision.
- 35 (14) Requesting technical assistance from the board and state
 36 agencies to assist in carrying out the powers and duties outlined
 37 in this subsection, including assistance from the Indiana
 38 department of administration in evaluating and assessing
 39 facilities.
- 40 (15) Reviewing each contract that is in effect and not covered by
 41 subdivision (3) and, if prudent, renegotiating or canceling the
 42 contract to the extent permitted by the contract.



- 1 (16) Transferring property not needed by the distressed political
 2 subdivision. In the case of an emergency manager appointed for
 3 the Gary Community School Corporation, the emergency manager
 4 shall provide written notice to the mayor of the city of Gary at
 5 least thirty (30) days before transferring property under this
 6 subdivision. If the mayor of the city of Gary notifies the
 7 emergency manager of any concerns or objections regarding the
 8 proposed transfer of the property, the emergency manager must
 9 confer with the mayor regarding those concerns or objections.
- 10 (17) Acquiring real property that is necessary to achieve the goals
 11 expressed in the financial plan.
- 12 (18) **For a school corporation designated as a distressed**
 13 **political subdivision**, requesting a waiver from the application of
 14 IC 6-1.1-20.6-9.8 in order to use IC 6-1.1-20.6-13 regarding the
 15 allocation of protected taxes. To request a waiver, the emergency
 16 manager must submit, before May 1 of the year for which a
 17 waiver is sought, a written request to the board. The board shall
 18 make a determination concerning the request, and if the waiver is
 19 granted the board shall provide, before June 1 of that year, a
 20 written certification of the determination to the department of
 21 local government finance.
- 22 (19) If the distressed political subdivision is a school corporation,
 23 requesting a loan from the counter-cyclical revenue and economic
 24 stabilization fund under IC 6-1.1-21.4-3(b) as provided in section
 25 8.3 of this chapter.
- 26 (20) Petitioning the board to terminate a political subdivision's
 27 status as a distressed political subdivision when the conditions
 28 found in section 6.5 of this chapter are no longer applicable to the
 29 political subdivision and the conditions set forth in section 13(b)
 30 of this chapter are met.
- 31 (c) An emergency manager of a distressed political subdivision
 32 appointed under section 7.5 of this chapter shall do the following:
- 33 (1) Review the political subdivision's budget.
- 34 (2) Conduct a financial and compliance audit of the internal
 35 operations of the political subdivision.
- 36 (3) Report and make recommendations to the board regarding the
 37 following:
- 38 (A) A written comprehensive financial plan in consultation
 39 with the officials of the political subdivision not later than six
 40 (6) months after appointment.
- 41 (B) A comprehensive long term plan for paying all the
 42 political subdivision's outstanding obligations.



1 (4) If the distressed political subdivision is a school corporation,
 2 report and make recommendations to the board regarding the
 3 following:

4 (A) The geographic boundaries of the school corporation and
 5 alternative boundaries.

6 (B) A long term plan for meeting transportation needs.

7 (C) A long term plan for providing educational services.

8 (D) A long term plan for providing noneducational services.

9 (E) A long term plan for providing adequate personnel and a
 10 plan for compensation.

11 (F) The capital plant of the school corporation and a long term
 12 plan for meeting the long term capital plant needs of the
 13 school corporation.

14 (G) A new governance structure for the distressed political
 15 subdivision.

16 (5) Submit a written report to the board each month concerning
 17 the following:

18 (A) Actions taken by the emergency manager.

19 (B) Expenditures made by the distressed political subdivision.

20 (C) The progress that has been made toward removing the
 21 distressed political subdivision from distressed status.

22 (d) Except as provided in section 13(d) of this chapter, an
 23 emergency manager of a distressed political subdivision retains the
 24 powers and duties described in subsections (b) and (c) until:

25 (1) the emergency manager resigns or dies;

26 (2) the board removes the emergency manager; or

27 (3) the political subdivision's status as a distressed political
 28 subdivision is terminated under section 13(b) or 13(c) of this
 29 chapter.

30 SECTION 12. IC 6-1.1-20.3-8.7, AS AMENDED BY P.L.241-2017,
 31 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 32 JULY 1, 2018]: Sec. 8.7. ~~(a) This section applies to the Muncie
 33 Community Schools designation under section 7.1 of this chapter only
 34 if the board adopts a resolution under section 7.1(f)(2) of this chapter
 35 designating the school corporation as a distressed political subdivision.~~

36 ~~(b)~~ A school corporation that is designated a distressed political
 37 subdivision may not do any of the following without the approval of the
 38 board during the period before the board terminates the school
 39 corporation's status as a distressed political subdivision:

40 (1) Acquire real property for school building purposes.

41 (2) Construct new school buildings or remodel or renovate
 42 existing school buildings.



1 (3) Incur a contractual obligation (except for a maintenance
2 contract or an employment contract for a new employee whose
3 employment replaces the employment of a former employee) that
4 requires an expenditure of more than thirty thousand dollars
5 (\$30,000).

6 (4) Purchase or enter into an agreement to purchase personal
7 property at a cost of more than thirty thousand dollars (\$30,000).

8 (5) Adopt or advertise a budget, tax levy, or tax rate for an
9 ensuing budget year.

10 SECTION 13. IC 6-1.1-20.3-9.9, AS ADDED BY P.L.241-2017,
11 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
12 JULY 1, 2018]: Sec. 9.9. ~~(a) This section applies to the Muncie
13 Community Schools designation under section 7.1 of this chapter only
14 if the board adopts a resolution under section 7.1(f)(2) of this chapter
15 designating the school corporation as a distressed political subdivision.
16 This section does not apply to the Muncie Community Schools while
17 the school corporation is designated as a fiscally impaired school
18 corporation.~~

19 ~~(b)~~ (a) A petition may be filed with the board to appeal a decision
20 by the emergency manager.

21 ~~(c)~~ (b) Two hundred fifty (250) or more individuals residing within
22 the distressed political subdivision who are of the opinion that the
23 decision by the emergency manager is not fair or reasonable may file
24 a petition in the office of the county auditor within thirty (30) days after
25 the decision is made. The petition must set forth the petitioners' names,
26 addresses, and objections to the decision and the facts showing that the
27 decision is not fair and reasonable.

28 ~~(d)~~ (c) Upon the filing of a petition under subsection ~~(b)~~; (a), the
29 county auditor shall immediately certify a copy of the petition, together
30 with any other data necessary to present the questions involved, to the
31 board.

32 ~~(e)~~ (d) The board shall schedule a public meeting as soon as
33 practicable to consider the petition.

34 SECTION 14. IC 6-1.1-20.3-13, AS AMENDED BY P.L.241-2017,
35 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
36 JULY 1, 2018]: Sec. 13. (a) If:

- 37 (1) an emergency manager of a distressed political subdivision
38 (2) the fiscal body and executive of the political subdivision
39 jointly; or
40 (3) the governing body of a school corporation that:
41 (A) employs a new superintendent; or
42 (B) has a new member elected or appointed to its governing



- 1 ~~body;~~
 2 ~~during the time the school corporation is a distressed political~~
 3 ~~subdivision;~~
 4 files a petition with the board for termination of the political
 5 subdivision's status as a distressed political subdivision, the board shall
 6 conduct a public hearing on the question of whether to terminate the
 7 political subdivision's status as a distressed political subdivision.
- 8 (b) In the case of a political subdivision designated as distressed
 9 under ~~section 6.5, 6.8, or 7.1~~ of this chapter, the board shall terminate
 10 the political subdivision's status as a distressed political subdivision if
 11 the board finds that the conditions found in section 6.5 of this chapter
 12 are no longer applicable to the political subdivision and all the
 13 following conditions are met:
- 14 (1) The political subdivision has achieved and maintained
 15 financial solvency for a period of at least two (2) years, including
 16 the following:
- 17 (A) Maintaining a structurally balanced budget for at least two
 18 (2) years.
 19 (B) Having no unpaid or past due critical contractual financial
 20 obligations or vendor payments.
- 21 (2) The political subdivision has a fiscal plan that maintains
 22 financial solvency for a period of at least five (5) years after the
 23 termination of its distressed status.
- 24 (3) The political subdivision meets all other conditions identified
 25 by the board.
- 26 (4) The board determines that the political subdivision is
 27 financially stable.
- 28 (c) **Notwithstanding subsection (b)**, in the case of a township
 29 designated as distressed under section 6.7 of this chapter, the board
 30 shall terminate the township's status as a distressed political
 31 subdivision if the board finds that the township's township assistance
 32 property tax rate (as defined in section 6.7(a) of this chapter) for the
 33 current calendar year is not more than the result of:
- 34 (1) the statewide average township assistance property tax rate (as
 35 determined by the department of local government finance) for
 36 property taxes first due and payable in the preceding year;
 37 multiplied by
 38 (2) twelve (12).
- 39 (d) Notwithstanding any other section of this chapter, not later than
 40 ninety (90) days after taking office, a new executive of a distressed
 41 political subdivision may petition the board for suspension of the
 42 political subdivision's distressed status. In the case of a political



1 subdivision designated as distressed under section 6.5 of this chapter,
 2 the executive must include in its petition a written plan to resolve the
 3 applicable issues described in section 6.5 of this chapter. In the case of
 4 a township designated as distressed under section 6.7 of this chapter,
 5 the executive must include in its petition a written plan to lower the
 6 township's township assistance property tax rate (as defined in section
 7 6.7(a) of this chapter). If the board approves the executive's written
 8 plan, the board may suspend the political subdivision's distressed status
 9 for one hundred eighty (180) days. Suspension under this chapter
 10 terminates automatically upon expiration of the one hundred eighty
 11 (180) day period. The board may consider a petition to terminate the
 12 political subdivision's distressed status during a period of suspension.

13 SECTION 15. IC 6-1.1-20.3-15, AS AMENDED BY P.L.255-2017,
 14 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 15 JANUARY 1, 2019]: Sec. 15. (a) The executive of a political
 16 subdivision or a majority of the members of the fiscal body of a
 17 political subdivision may request technical assistance from the board
 18 in helping prevent the political subdivision from becoming a distressed
 19 political subdivision. The board, by using the health fiscal indicators
 20 developed under ~~IC 5-14-3.7-16~~ **IC 20-19-7** or IC 5-14-3.8-8, shall
 21 determine whether to provide assistance to the political subdivision.

22 (b) The board may do any of the following for a political subdivision
 23 that receives assistance under subsection (a):

24 (1) Provide information and technical assistance with respect to
 25 the data management, accounting, or other aspects of the fiscal
 26 management of the political subdivision.

27 (2) Assist the political subdivision in obtaining assistance from
 28 state agencies and other resources.

29 SECTION 16. IC 6-1.1-20.3-16 IS ADDED TO THE INDIANA
 30 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
 31 [EFFECTIVE JULY 1, 2018]: **Sec. 16. (a) This section applies to a**
 32 **school corporation during the time the school corporation is a**
 33 **distressed political subdivision.**

34 **(b) The governing body of the distressed political subdivision**
 35 **may not meet more often than once every six (6) months.**

36 **(c) A per diem may not be paid to a member of the governing**
 37 **body of the distressed political subdivision.**

38 **(d) The emergency manager is the school employer for purposes**
 39 **of IC 20-29-5.**

40 **(e) The emergency manager may cancel a teacher's contract as**
 41 **part of a reduction in force. Unless a provision in a teacher's**
 42 **contract or a collective bargaining agreement entered into or**



1 renewed before July 1, 2018, provides otherwise, notification due
 2 to a reduction in force may be delivered after September 30 of the
 3 contract year. However, the maximum reduction in force under
 4 this subsection may not exceed five percent (5%) of the full-time
 5 equivalency for all certificated employees in the certificated
 6 employee bargaining unit for the school corporation. The
 7 emergency manager shall provide any employee whose contract is
 8 being canceled with at least ninety (90) days prior notice.

9 (f) Unless a provision in a teacher's contract or a collective
 10 bargaining agreement entered into or renewed before July 1, 2018,
 11 provides otherwise, the distressed unit appeal board shall direct an
 12 election by secret ballot of a new exclusive representative of the
 13 school employer's certificated employees in the certificated
 14 employees' bargaining unit. The election must be held within
 15 ninety (90) days of the school corporation becoming a distressed
 16 political subdivision.

17 SECTION 17. IC 6-1.1-20.3-17 IS ADDED TO THE INDIANA
 18 CODE AS A NEW SECTION TO READ AS FOLLOWS
 19 [EFFECTIVE JULY 1, 2018]: Sec. 17. (a) This section applies only
 20 to the Muncie Community Schools.

21 (b) The distressed unit appeal board may issue a request for
 22 information for the following purposes:

23 (1) To consider the factors involved in, the feasibility of, or the
 24 potential consequences of the school corporation partnering
 25 with a state educational institution, educational organization,
 26 or other community group.

27 (2) To prepare a request for proposals for the school
 28 corporation to partner with a state educational institution,
 29 educational organization, or other community group.

30 (c) Notice of a request for information shall be given in
 31 accordance with IC 5-3-1.

32 (d) A response to a request for information is confidential
 33 unless, and only to the extent that, the person who submits the
 34 response waives confidentiality in writing. The identity of the
 35 person submitting the response is a public record.

36 SECTION 18. IC 20-19-7 IS ADDED TO THE INDIANA CODE
 37 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 38 JULY 1, 2018]:

39 Chapter 7. School Corporation Financial Condition Analysis

40 Sec. 1. (a) The management performance hub shall determine
 41 the fiscal and qualitative indicators to be used for evaluating the
 42 financial condition of each school corporation.



1 **(b) The fiscal indicators under subsection (a) may include the**
 2 **following factors:**

- 3 **Annual capital expenses compared to total capital assets**
 4 **Average daily membership (ADM)**
 5 **Common school fund loans**
 6 **Controlled project fund referendum revenue**
 7 **Debt to assessed value and debt to ADM ratios**
 8 **Education fund referendum revenue**
 9 **Federal revenues**
 10 **Fund cash balances by fund and overall**
 11 **Fund deficits and surpluses by fund and overall**
 12 **Fund deficits and surpluses combining the education and**
 13 **operations fund and debt**
 14 **Gross expenditures per ADM**
 15 **Interfund transfers**
 16 **Operating deficit or surplus**
 17 **Outstanding debt and annual debt service obligations**
 18 **Qualitative indicators as set forth in subsection (c)**
 19 **Salaries and benefits**
 20 **Seven (7) year trend lines using state fiscal years**
 21 **State tuition support.**

22 **(c) The qualitative indicators under subsection (a) may include**
 23 **the following factors:**

- 24 **Failure to make required contributions or transfers**
 25 **Issuance of judgment bonds**
 26 **Missed debt payments**
 27 **Missed payroll**
 28 **Past due vendor payments.**

29 **Sec. 2. (a) The management performance hub shall prescribe the**
 30 **presentation of the information of the fiscal and qualitative**
 31 **indicators used under this chapter and the financial condition of**
 32 **each school corporation.**

33 **(b) The information under subsection (a) must be presented in**
 34 **a manner that accomplishes the following:**

- 35 **(1) The information must be conveniently and easily accessed**
 36 **from a single Internet web page.**
 37 **(2) The information must be viewable in a format commonly**
 38 **known as an Internet dashboard.**
 39 **(3) The information must be viewable in graphical form.**
 40 **(4) The information must be easily searchable.**
 41 **(5) The underlying data must be downloadable in a format**
 42 **that can be imported into standard spreadsheet computer**



- 1 software.
- 2 (c) The management performance hub shall periodically publish
3 the information under subsection (a) on its Internet web site. The
4 initial publication must be on or before January 1, 2019.
- 5 Sec. 3. The executive director of the distressed unit appeal board
6 may initiate contact with the chairperson of the governing body
7 and the superintendent of a school corporation to assess the school
8 corporation's financial condition.
- 9 Sec. 4. (a) The executive director of the distressed unit appeal
10 board shall prepare a report identifying each school corporation
11 whose financial condition indicates the potential to become either:
12 (1) fiscally impaired; or
13 (2) a distressed political subdivision under IC 6-1.1-20.3.
- 14 (b) Before September 1 of each year, the executive director of
15 the distressed unit appeal board shall present the report under
16 subsection (a) to the distressed unit appeal board and make
17 recommendations concerning what actions could be taken to
18 improve the financial condition of each school corporation covered
19 by the report.
- 20 Sec. 5. The distressed unit appeal board may enter into an
21 agreement with a school corporation to develop a corrective action
22 plan if the distressed unit appeal board determines that a
23 corporation shows signs of becoming either:
24 (1) fiscally impaired; or
25 (2) a distressed political subdivision under IC 6-1.1-20.3.
- 26 Sec. 6. (a) Before October 1 of each year, the distressed unit
27 appeal board shall make a determination of which schools are
28 being placed on a watch list.
- 29 (b) If a school corporation is on a watch list for four (4)
30 consecutive years, the school corporation's superintendent's license
31 may be revoked or suspended by the distressed unit appeal board.
- 32 Sec. 7. Before November 1 of each year, the distressed unit
33 appeal board shall provide the report and watch list to the
34 legislative council in an electronic format under IC 5-14-6.
- 35 Sec. 8. (a) Notwithstanding sections 1 and 2 of this chapter, the
36 fiscal and qualitative indicators committee is established to make
37 the following determinations:
38 (1) The initial determination of the fiscal and qualitative
39 indicators to be used for evaluating the financial condition of
40 each school corporation.
41 (2) The initial determination of the information that is to be
42 presented on the management performance hub's Internet



- 1 web site.
- 2 **(3) The initial determination of how frequently to update:**
- 3 **(A) the fiscal and qualitative indicators being used to**
- 4 **evaluate the financial condition of school corporations; and**
- 5 **(B) the presentation of information on the management**
- 6 **performance hub's Internet web site.**
- 7 **(b) The members of the committee must be employees of, and**
- 8 **appointed by, each of the following:**
- 9 **(1) The distressed unit appeal board.**
- 10 **(2) The department of education.**
- 11 **(3) The budget agency.**
- 12 **(4) The state board of accounts.**
- 13 **(5) The department of local government finance.**
- 14 **(6) The management performance hub.**
- 15 **In addition, a member of the Indiana Association of School**
- 16 **Business Officials appointed by the Association's board of directors**
- 17 **is a member of the committee.**
- 18 **(c) Members serve at the pleasure of the appointing authority.**
- 19 **(d) This section expires June 30, 2019.**
- 20 SECTION 19. IC 20-23-12-3, AS AMENDED BY P.L.179-2011,
- 21 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 22 JULY 1, 2018]: Sec. 3. (a) The governing body of the school
- 23 corporation **is the emergency manager appointed by the distressed**
- 24 **unit appeal board under IC 6-1.1-20.3. The school corporation**
- 25 **shall also have an advisory committee that** consists of seven (7)
- 26 members elected as follows:
- 27 (1) On a nonpartisan basis.
- 28 (2) In a general election in the county.
- 29 (b) Six (6) of the members shall be elected from the school districts
- 30 drawn under section 4 of this chapter. Each member:
- 31 (1) is elected from the school district in which the member
- 32 resides; and
- 33 (2) upon election and in conducting the business of the governing
- 34 body, represents the interests of the entire school corporation.
- 35 (c) One (1) of the members elected:
- 36 (1) is the at-large member of the governing body;
- 37 (2) may reside in any of the districts drawn under section 4 of this
- 38 chapter; and
- 39 (3) upon election and in conducting the business of the governing
- 40 body, represents the interests of the entire school corporation.
- 41 **(d) A per diem may not paid to a member.**
- 42 SECTION 20. IC 20-23-12-5, AS AMENDED BY P.L.1-2006,



1 SECTION 318, IS AMENDED TO READ AS FOLLOWS
 2 [EFFECTIVE JULY 1, 2018]: Sec. 5. (a) The six (6) members who are
 3 elected for a position on the ~~governing body~~ **advisory committee**
 4 described under section 3(b) of this chapter are determined as follows:

5 (1) Each prospective candidate must file a nomination petition
 6 with the board of elections and registration not earlier than one
 7 hundred four (104) days and not later than noon seventy-four (74)
 8 days before the election at which the members are to be elected
 9 that includes the following information:

10 (A) The name of the prospective candidate.

11 (B) The district in which the prospective candidate resides.

12 (C) The signatures of at least one hundred (100) registered
 13 voters residing in the school corporation.

14 (D) The fact that the prospective candidate is running for a
 15 district position.

16 (E) A certification that the prospective candidate meets the
 17 qualifications for candidacy imposed by this chapter.

18 (2) Only eligible voters residing in the district may vote for a
 19 candidate.

20 (3) The candidate within each district who receives the greatest
 21 number of votes in the district is elected.

22 (b) The at-large member elected under section 3(c) of this chapter
 23 is determined as follows:

24 (1) Each prospective candidate must file a nomination petition
 25 with the clerk of the circuit court at least seventy-four (74) days
 26 before the election at which the at-large member is to be elected.

27 The petition must include the following information:

28 (A) The name of the prospective candidate.

29 (B) The signatures of at least one hundred (100) registered
 30 voters residing within the school corporation.

31 (C) The fact that the prospective candidate is running for the
 32 at-large position on the ~~governing body~~ **advisory committee**.

33 (D) A certification that the prospective candidate meets the
 34 qualifications for candidacy imposed by this chapter.

35 (2) Only eligible voters residing in the school corporation may
 36 vote for a candidate.

37 (3) The candidate who:

38 (A) runs for the at-large position on the ~~governing body~~;
 39 **advisory committee**; and

40 (B) receives the greatest number of votes in the school
 41 corporation;

42 is elected to the at-large position.



1 SECTION 21. IC 20-23-12-6, AS ADDED BY P.L.1-2005,
 2 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 3 JULY 1, 2018]: Sec. 6. (a) A candidate who runs for a position on the
 4 **governing body advisory committee** described under section 3(b) of
 5 this chapter must reside in the school corporation district for which the
 6 candidate filed.

7 (b) A candidate who runs for the at-large position on the **governing**
 8 **body advisory committee** described in section 3(c) of this chapter
 9 must reside in the school corporation.

10 SECTION 22. IC 20-23-12-8, AS AMENDED BY P.L.219-2013,
 11 SECTION 82, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 12 JULY 1, 2018]: Sec. 8. (a) The term of each person elected to serve on the
 13 **governing body advisory committee** is four (4) years.

14 (b) The term of each person elected to serve on the **governing body**
 15 **advisory committee** begins on the date set in the school corporation's
 16 organization plan. The date set in the organization plan for an elected
 17 member of the **governing body advisory committee** to take office may
 18 not be more than fourteen (14) months after the date of the member's
 19 election. If the school corporation's organization plan does not set a
 20 date for an elected member of the **governing body advisory committee**
 21 to take office, the member takes office January 1 that immediately
 22 follows the person's election.

23 SECTION 23. IC 20-23-12-10, AS ADDED BY P.L.1-2005,
 24 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 25 JULY 1, 2018]: Sec. 10. (a) A vacancy on the **governing body advisory**
 26 **committee** is created when:

27 (1) a member:

28 (A) dies;

29 (B) resigns from the **governing body; advisory committee;**

30 (C) ceases to be a resident of the school corporation;

31 (D) fails to attend, except for reason of chronic illness, six (6)

32 regularly scheduled meetings of the **governing body advisory**
 33 **committee** in any twelve (12) month period; or

34 (E) ceases to be a resident of the school district in which the
 35 member was elected; or

36 (2) a vacancy is created under any other law.

37 (b) The **governing body advisory committee** shall temporarily fill
 38 a vacancy on the **governing body advisory committee** as soon as
 39 practicable after the vacancy occurs.

40 SECTION 24. IC 20-23-12-11, AS ADDED BY P.L.1-2005,
 41 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 42 JULY 1, 2018]: Sec. 11. Before August 1 of each year, the school



1 corporation shall file with the state superintendent a list of the:

- 2 (1) names and addresses of members of the school corporation's
 3 ~~governing body~~; **advisory committee**;
 4 (2) names and addresses of the school corporation's officers; and
 5 (3) expiration dates of the terms of the school corporation's
 6 members and officers.

7 The school corporation shall file any change in the list not later than
 8 thirty (30) days after the change occurs.

9 SECTION 25. IC 20-24.5-2-4, AS ADDED BY P.L.2-2007,
 10 SECTION 209, IS AMENDED TO READ AS FOLLOWS
 11 [EFFECTIVE JULY 1, 2018]: Sec. 4. **(a)** The board of trustees of a
 12 state educational institution may, as the board of trustees finds a need
 13 exists, establish and conduct at the main campus of the state
 14 educational institution within the appropriate school or college of the
 15 state educational institution, laboratory schools for:

- 16 (1) developing, testing, and evaluating new methods of instruction
 17 and materials;
 18 (2) comparing new methods with conventional methods in use;
 19 and
 20 (3) training teachers in new methods of instruction and materials,
 21 as is found acceptable.

22 **(b) The board of trustees of a state educational institution may**
 23 **enter into an agreement with a school corporation to establish and**
 24 **conduct within the school district one (1) or more laboratory**
 25 **schools or establish and conduct a laboratory school district for:**

- 26 **(1) developing, testing, and evaluating new methods of**
 27 **instruction and materials;**
 28 **(2) comparing new methods with conventional methods in use;**
 29 **and**
 30 **(3) training teachers in new methods of instruction and**
 31 **materials, as is found acceptable.**

32 **If a laboratory school district is established, each school of the**
 33 **school corporation is considered a laboratory school. The school**
 34 **corporation and the state educational institution may agree that**
 35 **the state educational institution may use sites, buildings, and**
 36 **facilities located within the school corporation's district.**

37 SECTION 26. IC 20-24.5-2-5, AS ADDED BY P.L.2-2007,
 38 SECTION 209, IS AMENDED TO READ AS FOLLOWS
 39 [EFFECTIVE JULY 1, 2018]: Sec. 5. **(a)** The board of trustees of a
 40 state educational institution may:

- 41 (1) acquire sites for;
 42 (2) construct or acquire;



1 (3) equip; and
 2 (4) furnish;
 3 suitable buildings and appurtenances for a laboratory school.

4 **(b) A state educational institution may use sites, buildings, and**
 5 **facilities located within the school corporation's district for a**
 6 **laboratory school.**

7 SECTION 27. IC 20-28-7.5-2, AS AMENDED BY P.L.208-2017,
 8 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 9 JULY 1, 2018]: Sec. 2. (a) Before a teacher's contract is canceled, the
 10 teacher has the following rights:

11 (1) The principal or superintendent shall notify the teacher of the
 12 principal's or superintendent's preliminary decision. The
 13 notification must be:

14 (A) in writing; and

15 (B) delivered in person or mailed by registered or certified
 16 mail to the teacher at the teacher's last known address.

17 (2) The notice in subdivision (1) must include a written statement,
 18 subject to IC 5-14-3-4, giving the reasons for the preliminary
 19 decision.

20 (3) Notification due to a reduction in force must be delivered
 21 between May 1 and July 1.

22 **However, in the case of a school corporation that is a distressed**
 23 **political subdivision under IC 6-1.1-20.3, IC 6-1.1-20.3-16 applies**
 24 **to the cancellation of a teacher's contract instead of this subsection.**

25 (b) For a cancellation of a teacher's contract for a reason other than
 26 a reduction in force, the notice required under subsection (a)(1) must
 27 inform the teacher that, not later than five (5) days after the teacher's
 28 receipt of the notice, the teacher may request a private conference with
 29 the superintendent or the assistant superintendent. The superintendent
 30 or the assistant superintendent, as applicable, must set the requested
 31 meeting not later than ten (10) days after the request.

32 (c) At the conference between the superintendent or the assistant
 33 superintendent, as applicable, and the teacher, the teacher may be
 34 accompanied by a representative.

35 (d) After the conference between the superintendent or the assistant
 36 superintendent, as applicable, and the teacher, the superintendent or the
 37 assistant superintendent, whoever attended the conference, shall make
 38 a written recommendation to the governing body of the school
 39 corporation regarding the cancellation of the teacher's contract.

40 (e) If the teacher does not request a conference under subsection (b),
 41 the principal's or superintendent's preliminary decision is considered
 42 final.



- 1 (f) If a probationary, professional, or established teacher files a
2 request with the governing body for an additional private conference
3 not later than five (5) days after the initial private conference with the
4 superintendent or the assistant superintendent, as applicable, the
5 teacher is entitled to an additional private conference with the
6 governing body before the governing body makes a final decision. The
7 final decision must be in writing and must be made not more than thirty
8 (30) days after the governing body receives the teacher's request for the
9 additional private conference. At the private conference the governing
10 body shall do the following:
- 11 (1) Allow the teacher to present evidence to refute the reason or
12 reasons for contract cancellation and supporting evidence
13 provided by the school corporation. Any evidence presented at the
14 private conference must have been exchanged by the parties at
15 least seven (7) days before the private conference.
 - 16 (2) Consider whether a preponderance of the evidence supports
17 the cancellation of the teacher's contract.

