

Special Session 120th General Assembly (2018)(ss)

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 2018 Regular Session of the General Assembly.

HOUSE ENROLLED ACT No. 1315(ss)

AN ACT to amend the Indiana Code concerning education.

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

SECTION 1. IC 5-14-3.7-3, AS AMENDED BY P.L.208-2016, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2019]: Sec. 3. (a) The department, working with the office of technology established by IC 4-13.1-2-1 or another organization that is part of a state educational institution, the state board of accounts established by IC 5-11-1-1, the department of local government finance established under IC 6-1.1-30-1.1, and the office of management and budget established by IC 4-3-22-3, shall post on the Indiana transparency Internet web site a data base that lists expenditures and fund balances, including expenditures for contracts, grants, and leases, for public schools. The web site must be electronically searchable by the public.

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

- (1) the amount, date, payer, and payee of expenditures;
- (2) a listing of expenditures specifically identifying those for:
 - (A) personal services;
 - (B) other operating expenses or total operating expenses; and
 - (C) debt service, including lease payments, related to debt;
- (3) a listing of fund balances, specifically identifying balances in funds that are being used for accumulation of money for future capital needs;
- (4) a listing of real and personal property owned by the public

HEA 1315(ss)



school; **and**

(5) the report required under IC 6-1.1-33.5-7. **and**

(6) information for evaluating the fiscal health of each school corporation in the format required by section 16(b) of this chapter.

SECTION 2. IC 5-14-3.7-16 IS REPEALED [EFFECTIVE JANUARY 1, 2019]. Sec. 16. (a) The department of local government finance shall develop indicators of fiscal health for evaluating the fiscal health of a school corporation. The department of local government finance may consider including any of the following in the indicators developed under this subsection:

(1) The cash balance of a school corporation.

(2) The debt to revenue ratio of a school corporation.

(3) The condition of a school corporation's property tax base as measured by both the assessed value of the school corporation and the amount of per capita revenue generated from the school corporation's tax base.

(4) The per capita amount of a school corporation's education fund and its operations fund.

(5) Any trends in the amount of a school corporation's tax revenue.

(6) Whether a school corporation maintains a structural deficit or a structural surplus.

(7) The extent that the school corporation is affected by tax increment financing districts.

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

(9) The school corporation's bond rating.

(10) The amount of retiree benefits paid by the school corporation.

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

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

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

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

(2) is commonly known as an Internet dashboard.

HEA 1315(ss)



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

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

SECTION 3. IC 6-1.1-20.3-2, AS AMENDED BY P.L.241-2017, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 2. As used in this chapter, "distressed political subdivision" means a political subdivision designated as a distressed political subdivision by the board under section 6.5; 6.7; or 7.1 of this chapter. or a school corporation designated as a distressed political subdivision by section 6.8 of this chapter.

SECTION 4. IC 6-1.1-20.3-5, AS AMENDED BY P.L.217-2017, SECTION 63, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 5. (a) The board may employ an executive director who shall serve at the pleasure of the board and carry out the administrative responsibilities assigned by the board. **The board may delegate a specific duty, authority, or responsibility assigned to the board under this chapter to the executive director.**

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

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

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

(e) The board may adopt rules to implement the board's duties, authorities, or responsibilities, including those in this chapter and those in IC 20-19-7.

SECTION 5. IC 6-1.1-20.3-6.8, AS ADDED BY P.L.241-2017, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 6.8. (a) This section applies only to the Gary Community School Corporation.

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

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

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

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

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

HEA 1315(ss)



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

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

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

(d) The Gary Community School Corporation is designated as a distressed political subdivision for purposes of this chapter until the school corporation's designation as a distressed political subdivision is terminated as provided in section 13(b) of this chapter. This designation as a distressed political subdivision is effective regardless of whether the school corporation has submitted a petition requesting to be designated as a distressed political subdivision. Until the school corporation's designation as a distressed political subdivision is terminated as provided in section 13(b) of this chapter, the ~~governing body of the school corporation~~ **Gary Community Schools advisory board** may not ~~meet~~ **hold a public meeting** more often than once ~~each month.~~ **every three (3) months. This limit on the number of meetings of the advisory board does not apply to the emergency manager. The emergency manager shall hold a monthly forum to provide an update on the Gary Community School Corporation within the school district that is open to the general public. During the period that the Gary Community School Corporation is designated as a distressed political subdivision, the advisory board may vote to:**

- (1) fill vacancies;**
- (2) select officers; or**
- (3) make appointments;**

of the advisory board, and to present awards, recognition, and certificates to employees or supporters of the school corporation. In addition to any other powers of the financial specialist appointed under section 6.9 of this chapter, during the period after the effective date of this section and before an emergency manager is appointed for the school corporation, the financial specialist may identify and implement labor force reductions, including contract cancellations as provided in IC 20-28-7.5 due to a reduction in force.

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

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

HEA 1315(ss)



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

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

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

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

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

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

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

(1) The distressed unit appeal board may delay or suspend, for a period determined by the board, any payments of principal or interest, or both, that would otherwise be due from the school corporation on loans or advances from the common school fund.

(2) The distressed unit appeal board may recommend to the state board of finance that the state board of finance make an interest

HEA 1315(ss)



free loan to the school corporation from the common school fund. The distressed unit appeal board shall determine the payment schedule and the commencement date for the loan. If the distressed unit appeal board makes a recommendation that such a loan be made, the state board of finance may, notwithstanding IC 20-49, make such a loan for a term of not more than ten (10) years.

(3) The distressed unit appeal board may establish benchmarks of financial improvement for the school corporation.

(4) The distressed unit appeal board may provide a grant or grants to the school corporation from funds appropriated to the distressed unit appeal board, in amounts determined by the distressed unit appeal board, to assist the school corporation in overcoming short term financial problems.

(5) The distressed unit appeal board may make a recommendation to the general assembly concerning the possible restructuring of advances made to the school corporation from the common school fund, including forgiveness of principal and interest on those advances.

(g) The fiscal management board is established. The fiscal management board consists of the following members:

(1) One (1) member appointed by the ~~governing body~~ **advisory board**.

(2) One (1) member appointed by the mayor of the city of Gary.

(3) One (1) member, who must have experience working with or for an urban school corporation, appointed by the superintendent of public instruction.

(4) One (1) member, who must have experience working with or for an urban school corporation, appointed by the state board of education.

(h) The following apply to the fiscal management board and to the members of the fiscal management board:

(1) The term of office of a member of the fiscal management board is four (4) years, beginning on the date of appointment. A member of the fiscal management board may be reappointed to the fiscal management board. A member of the fiscal management board may be removed for cause by the appointing authority.

(2) A member of the fiscal management board must have the following:

(A) At least three (3) years experience in financial management.

HEA 1315(ss)



- (B) A meaningful background and work experience in finance and business.
 - (C) An understanding of government contracts.
 - (D) Knowledge and experience in organizational effectiveness, operations management, and implementing best practices.
 - (E) Experience in budget development and oversight.
 - (F) A demonstrated commitment to high professional and ethical standards and a diverse workplace.
 - (G) An understanding of tax and other compliance implications.
- (3) A member of the ~~governing body~~ **advisory board** may not serve as a member of the fiscal management board.
- (4) The fiscal management board:
- (A) shall make recommendations to the emergency manager; and
 - (B) shall advise the emergency manager as requested by the emergency manager.
- (5) The members of the fiscal management board are not entitled to any compensation for their service on the fiscal management board.
- (6) The fiscal management board is abolished, and the terms of the members of the fiscal management board are terminated, on the date the school corporation's designation as a distressed political subdivision is terminated as provided in section 13(b) of this chapter.
- (7) Under the supervision of the emergency manager, the fiscal management board shall serve as a liaison to and shall work jointly with the distressed unit appeal board, the mayor of the city of Gary, and the department of education to develop a transition plan to address issues or questions related to:
- (A) the designation of the school corporation as a distressed political subdivision and the transfer of powers and duties to the emergency manager under this chapter; and
 - (B) the potential impact of the transition on the community and the school corporation.
- (8) Under the supervision of the emergency manager, the fiscal management board shall work jointly with the distressed unit appeal board, the mayor of the city of Gary, and the department of education to provide information on a regular basis to parents, students, employees of the school corporation, and the public on the status of the transition.
- (i) The emergency manager shall employ a chief financial officer for

HEA 1315(ss)



the school corporation. The chief financial officer is an employee of the school corporation. The chief financial officer shall report to the emergency manager and shall assist the emergency manager appointed for the school corporation and the fiscal management board in carrying out the day to day financial operations of the school corporation. Before July 1, 2019, the compensation of the chief financial officer shall be determined by the distressed unit appeal board. Before July 1, 2019, the compensation of the chief financial officer shall be paid from the funds appropriated to the distressed unit appeal board. After June 30, 2019, the compensation of the chief financial officer shall be determined by and paid by the school corporation. The chief financial officer:

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

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

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

- (1) hold a valid license to teach in a public school under IC 20-28-5;
- (2) possess, through both education and experience, an understanding of curriculum and academics; and

HEA 1315(ss)



(3) possess any other experience and meet any other requirements as required by the distressed unit appeal board to ensure that the chief academic officer is qualified to carry out the academic goals of the school corporation.

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

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

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

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

(m) The emergency manager shall ~~consult with the governing body,~~ **consider any recommendations from** the fiscal management board, **the advisory board,** and the mayor of the city of Gary in developing the school corporation's annual budget. The distressed unit appeal board must review and approve the school corporation's annual budget that is proposed by the emergency manager. **When the emergency manager submits the school corporation's proposed annual budget to the distressed unit appeal board, the emergency manager shall provide copies of the proposed annual budget to the fiscal management board and the advisory board.**

(n) ~~In consultation with~~ **After considering any recommendations from** the fiscal management board, ~~the governing body,~~ **the advisory board,** and the mayor of the city of Gary, the emergency manager shall

HEA 1315(ss)



do the following:

(1) Conduct a financial and compliance audit of the operations of the school corporation.

(2) Develop a written financial plan for the school corporation. The object of the plan must be to achieve financial stability for the school corporation, and the plan must include provisions for paying all of the school corporation's outstanding obligations and for paying all future obligations of the school corporation (including any federal, state, or local taxes or assessments) in a timely manner.

(o) In addition to the report required by section 8.5(c)(5) of this chapter, the emergency manager, the chief financial officer, and the chief academic officer shall report quarterly to the distressed unit appeal board in a format specified by the distressed unit appeal board.

The report must include:

(1) information concerning the actions that the school corporation is taking to improve the financial condition of the school corporation; and

(2) any other information required by the distressed unit appeal board.

The emergency manager shall report more frequently than quarterly if requested by the distressed unit appeal board. The emergency manager shall provide copies of the report to ~~the governing body~~, the fiscal management board, **the advisory board**, and the mayor of the city of Gary. The emergency manager shall present each report at a public meeting of the fiscal management board.

(p) The school corporation shall do the following:

(1) Publish a copy of each report under subsection (o) on the school corporation's Internet web site, along with a link to the main page of the Indiana transparency Internet web site established under IC 5-14-3.7 to provide access to financial data for local schools.

(2) Make copies of each report available free of charge to the public upon request.

(3) Provide copies of each report to the mayor of the city of Gary. The mayor shall make copies of the reports available free of charge to the public upon request.

(q) The chief academic officer shall develop an education plan to provide academic services to students in the school corporation and to achieve academic progress. The education plan must include at least the following components:

(1) An academic program designed to meet Indiana's academic

HEA 1315(ss)



standards and to assist students in meeting those academic standards.

(2) A plan to improve the academic performance of all students, including improvement in the performance of students on standardized tests.

(3) A plan to engage parents in school performance and school activities, including regular meetings at each school involving administrators, teachers, parents, and interested members of the community.

(4) A plan to implement performance standards that will attract students and families to the school corporation.

(5) A plan specifying how the school corporation will work directly with the city of Gary:

(A) to make the schools a successful component of life within the city; and

(B) to develop a sense of pride and progress in the operations and accomplishments of the school corporation.

The chief financial officer and the chief academic officer shall ~~confer with the governing body at least once each month.~~ **submit a report to the advisory board each quarter.** The chief financial officer and chief academic officer shall meet at least quarterly with the executive committee of the bargaining unit to inform the executive committee of the academic progress of the school corporation.

(r) During the period after the effective date of this section and before an emergency manager is appointed for the school corporation; the governing body may not enter into or renew any contract unless that contract or contract renewal is first approved by the distressed unit appeal board:

SECTION 6. IC 6-1.1-20.3-6.9 IS REPEALED [EFFECTIVE JULY 1, 2018]. Sec. 6-9: (a) The board may do the following:

(1) Hold a public hearing to review the budget, tax levies, assessed value, debt service requirements, and other financial information for the Gary Community School Corporation:

(2) After reviewing the information described in subdivision (1) and subject to subdivision (3), the board may, with the consent of the governing body of the Gary Community School Corporation, select a financial specialist to take financial control of the Gary Community School Corporation, who shall act in consultation with the governing body of the Gary Community School Corporation and the city of Gary:

(3) In selecting a financial specialist to take financial control of the Gary Community School Corporation under subdivision (2):

HEA 1315(ss)



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

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

(4) A financial specialist selected under this section:

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

- (i) Debt management.
- (ii) Cash management.
- (iii) Facility management.
- (iv) Other school business management issues.

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

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

- (1) The board may work jointly with the city of Gary and the financial specialist to develop a financial plan for the Gary Community School Corporation.
- (2) The board may delay or suspend, for a period determined by the board, any payments of principal or interest, or both, that would otherwise be due from the Gary Community School Corporation on loans or advances from the common school fund.
- (3) The board may recommend to the state board of finance that

HEA 1315(ss)



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

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

- (b) The general assembly finds that the provisions of this section:
- (1) are necessary to address the unique issues faced by the Muncie Community Schools; **and**
 - (2) are not precedent for and may not be appropriate for addressing issues faced by other school corporations; **and**
 - (3) are consistent with the board designating the Muncie Community school corporation as a distressed political subdivision effective January 1, 2018.**

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

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

(d) Muncie Community Schools is designated as a fiscally impaired school corporation. The school corporation's designation as a fiscally impaired school corporation terminates on January 1, 2018. The school corporation's designation as a fiscally impaired school corporation is not a designation of the school corporation as a distressed political subdivision for purposes of this chapter. The school corporation's designation as a fiscally impaired school corporation is effective regardless of whether the school corporation has submitted a petition under this section requesting to be designated as a fiscally impaired school corporation. The board shall appoint an emergency manager for the school corporation.

(c) Notwithstanding section 7.5(d) of this chapter, the board shall determine the compensation of the emergency manager, pay the emergency manager's compensation, and reimburse the emergency manager for actual and necessary expenses from funds appropriated to the board. Upon the effective date of this section, the board may immediately appoint the superintendent of the Muncie Community Schools as the emergency manager for the school corporation on a

HEA 1315(ss)



temporary basis. The appointment of the superintendent as the emergency manager may continue for not more than six (6) months. However, the superintendent may be considered for the permanent emergency manager position.

(e) Notwithstanding the powers, authority, and responsibilities otherwise granted to an emergency manager under this chapter, before January 1, 2018, the emergency manager appointed for the school corporation has only the following powers, authority, and responsibilities:

(1) The emergency manager shall:

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

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

(i) achieve financial stability for the school corporation;

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

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

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

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

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

(B) Identify and implement labor force reductions.

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

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

(A) Close facilities of the school corporation.

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

If the emergency manager sells real property, any political



subdivision that has territory where the real property is located and institutions of higher education with real property located in Indiana shall be given a thirty (30) day first right to make an offer to purchase the real property. Ball State University shall have the right of first refusal for any property sold, transferred, or leased under this subsection. The emergency manager shall determine whether it is appropriate to accept one (1) of these offers and shall negotiate the terms and conditions of the sale of the real property to the offeror.

(5) The emergency manager must approve any of the following actions by the school corporation before the school corporation may take the action:

- (A) Acquiring real property.
- (B) Constructing new buildings or remodeling or renovating existing buildings.
- (C) Incurring a contractual obligation that requires an expenditure of more than thirty thousand dollars (\$30,000).
- (D) Purchasing or entering into an agreement to purchase personal property at a cost of more than thirty thousand dollars (\$30,000).
- (E) Making, approving, or disapproving the following:
 - (i) A loan.
 - (ii) The creation of any new position.
 - (iii) The filling of any vacant position.

(6) The emergency manager shall submit a written report to the board and the governing body each month concerning the following:

- (A) Actions taken by the emergency manager and the school corporation.
- (B) Expenditures made by the school corporation.
- (C) The progress that has been made toward achieving financial stability for the school corporation.

The emergency manager, rather than the governing body or the superintendent of the school corporation, has and shall exercise the powers, authority, and responsibilities described in subdivisions (1) through (6), including the authority to negotiate and enter into labor contracts and collective bargaining agreements on behalf of the school corporation. This subsection expires January 1, 2018.

(f) The school corporation's designation as a fiscally impaired school corporation terminates on January 1, 2018. The board shall, not later than December 1, 2017, hold a public hearing to determine if the school corporation should be designated as a distressed political

HEA 1315(ss)



subdivision for purposes of this chapter effective January 1, 2018. After holding the public hearing, the board shall do one (1) of the following:

(1) If the board finds that:

(A) the school corporation has developed and is implementing a deficit reduction plan described in subsection (c)(1);

(B) the actions taken by the school corporation to implement the deficit reduction plan have resulted in progress toward achieving financial stability for the school corporation; and

(C) it is in the best interest of the students, the community, and the school corporation and its employees to not designate the school corporation as a distressed political subdivision;

the board shall adopt a resolution providing that the school corporation will not be designated as a distressed political subdivision under this chapter. If the board adopts such a resolution, the school corporation is not subject to this chapter after December 31, 2017.

(2) If the board does not adopt a resolution under subdivision (1), the board shall adopt a resolution designating the school corporation as a distressed political subdivision effective January 1, 2018.

(g) If the board adopts a resolution under subsection (f)(1) providing that the school corporation will not be designated as a distressed political subdivision, the position of the emergency manager is terminated on January 1, 2018.

(h) **(d) If the board adopts a resolution under subsection (f)(2) providing that In addition to any other actions that the board may take under this chapter concerning a distressed political subdivision, the board may recommend, before July 1, 2020, to the state board of finance that the state board of finance make an interest free loan to the school corporation is designated as a distressed political subdivision effective January 1, 2018, from the common school fund. The distressed unit appeal board shall determine the payment schedule and the commencement date for the loan. If the board makes a recommendation that such a loan be made, the state board of finance may, notwithstanding IC 20-49, make the loan for a term of not more than ten (10) years.**

(1) the emergency manager shall, effective January 1, 2018, assume and exercise all of the powers, authority, and responsibilities granted to emergency managers of school corporations under this chapter; and

(2) the school corporation's designation as a distressed political

HEA 1315(ss)



subdivision continues until that designation is terminated as provided in section 13(b) of this chapter.

(i) The following apply while the school corporation is designated as a fiscally impaired school corporation and, if the board adopts a resolution under subsection (f)(2); while the school corporation is designated as a distressed political subdivision:

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

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

SECTION 8. IC 6-1.1-20.3-7.5, AS AMENDED BY P.L.241-2017, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 7.5. (a) This section does not apply to a school corporation designated before July 1, 2013, as a distressed political subdivision.

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

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

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

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

(f) The attorney general ~~may~~ **shall** represent **a member of the**

HEA 1315(ss)



distressed unit appeal board, a member of a fiscal management board, an emergency manager, a chief financial officer, or a chief academic officer in a legal action arising out of the exercise of powers granted under this chapter, if **the member of the distressed unit appeal board**, the member of a fiscal management board, emergency manager, chief financial officer, or chief academic officer makes a written request to the attorney general requesting representation. The attorney general may not represent **a member of the distressed unit appeal board**, a member of a fiscal management board, an emergency manager, a chief financial officer, or a chief academic officer under this subsection if the legal action is initiated or the claim is asserted by **the member of the distressed unit appeal board**, the member of the fiscal management board, emergency manager, or the distressed political subdivision. If the attorney general represents **a member of the distressed unit appeal board**, a member of a fiscal management board, an emergency manager, a chief financial officer, or a chief academic officer under this subsection, **the member of the distressed unit appeal board**, the member of a fiscal management board, emergency manager, chief financial officer, or chief academic officer is entitled to recover attorney's fees from the losing party to the extent **the member of the distressed unit appeal board**, the member of the fiscal management board, emergency manager, chief financial officer, or chief academic officer prevails. Any attorney's fees recovered shall be deposited in the state general fund.

SECTION 9. IC 6-1.1-20.3-8.5, AS AMENDED BY P.L.241-2017, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 8.5. (a) This section does not apply to a school corporation designated before July 1, 2013, as a distressed political subdivision. ~~This section applies to the Muncie Community Schools designation under section 7.1 of this chapter only if the board adopts a resolution under section 7.1(f)(2) of this chapter designating the school corporation as a distressed political subdivision.~~

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

- (1) Adopting, amending, and enforcing ordinances and resolutions relating to or affecting the fiscal stability of the political subdivision. However, the emergency manager may

HEA 1315(ss)



impose only those taxes or fees that the political subdivision is authorized by law to impose.

(2) Subject to existing labor contracts, setting the salaries and other compensation of the political subdivision's employees.

(3) Reviewing existing labor contracts and collective bargaining agreements, and negotiating and entering into labor contracts and collective bargaining agreements.

(4) Adopting a budget for the political subdivision for each calendar or fiscal year, as applicable, that the political subdivision remains a distressed political subdivision.

(5) Approving payrolls and other claims against the political subdivision before payment.

(6) Making, approving, or disapproving the following:

(A) A contract.

(B) An expenditure.

(C) A loan.

(D) The creation of any new position.

(E) The filling of any vacant position.

(7) Identifying and implementing labor force reductions.

(8) Outsourcing services performed by employees of the distressed political subdivision.

(9) Renegotiating existing labor contracts and acting as an agent of the political subdivision in collective bargaining.

(10) Reducing or suspending salaries of the political subdivision's employees.

(11) Entering into agreements with other political subdivisions for the provision of services.

(12) Selling assets, including real property, of the distressed political subdivision. If real property is being sold, any political subdivision that has territory where the real property is located and institutions of higher education with real property located in Indiana shall be given a thirty (30) day first right to make an offer to purchase the real property. The emergency manager shall determine whether it is appropriate to accept one (1) of these offers and shall negotiate the terms and conditions of the sale of the real property to the offeror. In the case of an emergency manager appointed for the Gary Community School Corporation, the emergency manager shall provide written notice to the mayor of the city of Gary at least thirty (30) days before selling assets under this subdivision. If the mayor of the city of Gary notifies the emergency manager of any concerns or objections regarding the proposed sale of the asset, the emergency manager must confer

HEA 1315(ss)



with the mayor regarding those concerns or objections.

(13) Closing facilities of the distressed political subdivision.

(14) Requesting technical assistance from the board and state agencies to assist in carrying out the powers and duties outlined in this subsection, including assistance from the Indiana department of administration in evaluating and assessing facilities.

(15) Reviewing each contract that is in effect and not covered by subdivision (3) and, if prudent, renegotiating or canceling the contract to the extent permitted by the contract.

(16) Transferring property not needed by the distressed political subdivision. In the case of an emergency manager appointed for the Gary Community School Corporation, the emergency manager shall provide written notice to the mayor of the city of Gary at least thirty (30) days before transferring property under this subdivision. If the mayor of the city of Gary notifies the emergency manager of any concerns or objections regarding the proposed transfer of the property, the emergency manager must confer with the mayor regarding those concerns or objections.

(17) Acquiring real property that is necessary to achieve the goals expressed in the financial plan.

(18) **For a school corporation designated as a distressed political subdivision,** requesting a waiver from the application of IC 6-1.1-20.6-9.8 in order to use IC 6-1.1-20.6-13 regarding the allocation of protected taxes. To request a waiver, the emergency manager must submit, before May 1 of the year for which a waiver is sought, a written request to the board. The board shall make a determination concerning the request, and if the waiver is granted the board shall provide, before June 1 of that year, a written certification of the determination to the department of local government finance.

(19) If the distressed political subdivision is a school corporation, requesting a loan from the counter-cyclical revenue and economic stabilization fund under IC 6-1.1-21.4-3(b) as provided in section 8.3 of this chapter.

(20) Petitioning the board to terminate a political subdivision's status as a distressed political subdivision when the conditions found in section 6.5 of this chapter are no longer applicable to the political subdivision and the conditions set forth in section 13(b) of this chapter are met.

(c) An emergency manager of a distressed political subdivision appointed under section 7.5 of this chapter shall do the following:

HEA 1315(ss)



- (1) Review the political subdivision's budget.
- (2) Conduct a financial and compliance audit of the internal operations of the political subdivision.
- (3) Report and make recommendations to the board regarding the following:
 - (A) A written comprehensive financial plan in consultation with the officials of the political subdivision not later than six (6) months after appointment.
 - (B) A comprehensive long term plan for paying all the political subdivision's outstanding obligations.
- (4) If the distressed political subdivision is a school corporation, report and make recommendations to the board regarding the following:
 - (A) The geographic boundaries of the school corporation and alternative boundaries.
 - (B) A long term plan for meeting transportation needs.
 - (C) A long term plan for providing educational services.
 - (D) A long term plan for providing noneducational services.
 - (E) A long term plan for providing adequate personnel and a plan for compensation.
 - (F) The capital plant of the school corporation and a long term plan for meeting the long term capital plant needs of the school corporation.
 - (G) A new governance structure for the distressed political subdivision.
- (5) Submit a written report to the board each month concerning the following:
 - (A) Actions taken by the emergency manager.
 - (B) Expenditures made by the distressed political subdivision.
 - (C) The progress that has been made toward removing the distressed political subdivision from distressed status.
- (d) Except as provided in section 13(d) of this chapter, an emergency manager of a distressed political subdivision retains the powers and duties described in subsections (b) and (c) until:
 - (1) the emergency manager resigns or dies;
 - (2) the board removes the emergency manager; or
 - (3) the political subdivision's status as a distressed political subdivision is terminated under section 13(b) or 13(c) of this chapter.

SECTION 10. IC 6-1.1-20.3-8.7, AS AMENDED BY P.L.241-2017, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 8.7. (a) ~~This section applies to the Muncie~~

HEA 1315(ss)



~~Community Schools designation under section 7.1 of this chapter only if the board adopts a resolution under section 7.1(f)(2) of this chapter designating the school corporation as a distressed political subdivision.~~

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

- (1) Acquire real property for school building purposes.
- (2) Construct new school buildings or remodel or renovate existing school buildings.
- (3) Incur a contractual obligation (except for a maintenance contract or an employment contract for a new employee whose employment replaces the employment of a former employee) that requires an expenditure of more than thirty thousand dollars (\$30,000).
- (4) Purchase or enter into an agreement to purchase personal property at a cost of more than thirty thousand dollars (\$30,000).
- (5) Adopt or advertise a budget, tax levy, or tax rate for an ensuing budget year.

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

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

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

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

~~(e)~~ (d) The board shall schedule a public meeting as soon as

HEA 1315(ss)



practicable to consider the petition.

SECTION 12. IC 6-1.1-20.3-13, AS AMENDED BY P.L.241-2017, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 13. (a) If

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

files a petition with the board for termination of the political subdivision's status as a distressed political subdivision, the board shall conduct a public hearing on the question of whether to terminate the political subdivision's status as a distressed political subdivision.

(b) In the case of a political subdivision designated as distressed under ~~section 6.5; 6.8; or 7.1~~ of this chapter, the board shall terminate the political subdivision's status as a distressed political subdivision if the board finds that the conditions found in section 6.5 of this chapter are no longer applicable to the political subdivision and all the following conditions are met:

- (1) The political subdivision has achieved and maintained financial solvency for a period of at least two (2) years, including the following:
 - (A) Maintaining a structurally balanced budget for at least two (2) years.
 - (B) Having no unpaid or past due critical contractual financial obligations or vendor payments.
- (2) The political subdivision has a fiscal plan that maintains financial solvency for a period of at least five (5) years after the termination of its distressed status.
- (3) The political subdivision meets all other conditions identified by the board.
- (4) The board determines that the political subdivision is financially stable.

(c) **Notwithstanding subsection (b)**, in the case of a township designated as distressed under section 6.7 of this chapter, the board shall terminate the township's status as a distressed political subdivision if the board finds that the township's township assistance property tax rate (as defined in section 6.7(a) of this chapter) for the

HEA 1315(ss)



current calendar year is not more than the result of:

- (1) the statewide average township assistance property tax rate (as determined by the department of local government finance) for property taxes first due and payable in the preceding year; multiplied by
- (2) twelve (12).

(d) Notwithstanding any other section of this chapter, not later than ninety (90) days after taking office, a new executive of a distressed political subdivision may petition the board for suspension of the political subdivision's distressed status. In the case of a political subdivision designated as distressed under section 6.5 of this chapter, the executive must include in its petition a written plan to resolve the applicable issues described in section 6.5 of this chapter. In the case of a township designated as distressed under section 6.7 of this chapter, the executive must include in its petition a written plan to lower the township's township assistance property tax rate (as defined in section 6.7(a) of this chapter). If the board approves the executive's written plan, the board may suspend the political subdivision's distressed status for one hundred eighty (180) days. Suspension under this chapter terminates automatically upon expiration of the one hundred eighty (180) day period. The board may consider a petition to terminate the political subdivision's distressed status during a period of suspension.

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

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

- (1) Provide information and technical assistance with respect to the data management, accounting, or other aspects of the fiscal management of the political subdivision.
- (2) Assist the political subdivision in obtaining assistance from state agencies and other resources.

SECTION 14. IC 6-1.1-20.3-16 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: **Sec. 16. (a) This section applies to a school corporation during the time the school corporation is a**

HEA 1315(ss)



distressed political subdivision.

(b) The governing body of the distressed political subdivision may not meet more often than once every six (6) months. This limit on the number of meetings of the governing body does not apply to the emergency manager.

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

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

(e) In addition to any reduction in force under IC 20-28, the emergency manager may cancel any employee's contract or terminate an employee's employment as part of a reduction in force as provided in this subsection. Notification for a reduction in force of certificated employees under this subsection may be delivered after September 30 and before November 1 of the contract year. Notification for a reduction in force of noncertificated employees under this subsection may be delivered at any time. The maximum reduction in force of certificated employees under this subsection may not exceed five percent (5%) of the full-time equivalency for all employees for the school corporation as of September 1. The emergency manager shall provide any certificated employee whose contract is being canceled under this subsection with notice at least ninety (90) days before the effective date of the cancellation of the contract.

SECTION 15. IC 20-19-7 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]:

Chapter 7. School Corporation Financial Condition Analysis

Sec. 1. As used in this chapter, "DUAB" means the distressed unit appeal board.

Sec. 2. As used in this chapter, "executive director" means the executive director of the DUAB.

Sec. 3. (a) The fiscal and qualitative indicators committee is established to make the following determinations:

(1) The determination of the fiscal and qualitative indicators to be used for evaluating the financial condition of each school corporation.

(2) The determination of the information that is to be presented on the DUAB's Internet website or the management performance hub's Internet web site in accordance with section 5(c) of this chapter.

(3) The determination of how frequently to update:

HEA 1315(ss)



(A) the fiscal and qualitative indicators being used to evaluate the financial condition of school corporations; and
 (B) the presentation of information on the DUAB's Internet web site or the management performance hub's Internet web site in accordance with section 5(c) of this chapter.

(b) The members of the committee must be employees of, and appointed by, each of the following:

- (1) The DUAB.
- (2) The department of education.
- (3) The budget agency.
- (4) The state board of accounts.
- (5) The department of local government finance.
- (6) The management performance hub.

In addition, a member of the Indiana Association of School Business Officials appointed by the Association's board of directors is a member of the committee.

(c) The member appointed by the DUAB is the chairperson of the committee.

(d) Members serve at the pleasure of the appointing authority.

Sec. 4. (a) Subject to review by the state budget committee under section 6 of this chapter, the fiscal and qualitative indicators committee shall determine the fiscal and qualitative indicators to be used for evaluating the financial condition of each school corporation.

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

- Annual capital expenses compared to total capital assets
- Average daily membership (ADM)
- Common school fund loans
- Controlled project fund referendum revenue
- Debt to assessed value and debt to ADM ratios
- Education fund referendum revenue
- Federal revenues
- Fund cash balances by fund and overall
- Fund deficits and surpluses by fund and overall
- Fund deficits and surpluses combining the education and operations fund and debt
- Gross expenditures per ADM
- Interfund transfers
- Operating deficit or surplus
- Outstanding debt and annual debt service obligations



Qualitative indicators as set forth in subsection (c)

Salaries and benefits

Seven (7) year trend lines using state fiscal years

State tuition support

Any other fiscal indicator determined by the fiscal and qualitative indicators committee.

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

Failure to make required contributions or transfers

Issuance of judgment bonds

Missed debt payments

Missed payroll

Past due vendor payments

Any findings related to the financial condition of the school corporation by the Indiana education employment relations board

Any other qualitative indicator determined by the fiscal and qualitative indicators committee.

Sec. 5. (a) Subject to review by the state budget committee under section 6 of this chapter, the fiscal and qualitative indicators committee shall prescribe the presentation of the information of the fiscal and qualitative indicators used under this chapter.

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

(1) The information must be conveniently and easily accessed from a single Internet web page.

(2) The information must be viewable in a format commonly known as an Internet dashboard.

(3) The information must be viewable in graphical form.

(4) The information must be easily searchable.

(5) The underlying data must be downloadable in a format that can be imported into standard spreadsheet computer software.

(c) The DUAB shall periodically publish the information under subsection (a) on its Internet web site or the management performance hub's Internet web site. The management performance hub shall assist the DUAB in the development of the dashboard for publication.

Sec. 6. (a) Before making a final determination under section 4 of this chapter concerning the fiscal and qualitative indicators that will be used for evaluating the financial condition of school corporations, the fiscal and qualitative indicators committee must

HEA 1315(ss)



present a draft of the proposed fiscal and qualitative indicators to the state budget committee for review by the state budget committee.

(b) Before prescribing the requirements under section 5 of this chapter for the presentation of the fiscal and qualitative indicators used under this chapter, the fiscal and qualitative indicators committee must present a draft of the proposed requirements to the state budget committee for review by the state budget committee.

Sec. 7. The fiscal and qualitative indicators committee shall before January 1, 2019, publish the fiscal and qualitative indicators for each school corporation on the DUAB's Internet web site or the management performance hub's Internet web site.

Sec. 8. The DUAB shall adopt policies and procedures that will be used by the DUAB to implement this chapter.

Sec. 9. The executive director shall present to the state budget committee a report concerning the processes that will be used by DUAB and the executive director to do the following:

- (1) Identify school corporations that demonstrate signs of financial distress.
- (2) Determine when a corrective action plan is necessary for a school corporation.
- (3) Determine the conditions that must be satisfied before a school corporation:
 - (A) will no longer be subject to a corrective action plan; and
 - (B) will be considered as financially healthy.

Sec. 10. Before June 1, 2019, the executive director shall prepare and submit to the DUAB an initial report identifying those school corporations for which a corrective action plan may be appropriate, based on the fiscal and qualitative indicators. The executive director shall on a schedule determined by the DUAB submit subsequent reports identifying those school corporations for which a corrective action plan may be appropriate, based on the fiscal and qualitative indicators. The DUAB shall make a determination concerning which school corporations the executive director shall contact for purposes of conducting an assessment under section 11 of this chapter.

Sec. 11. (a) The executive director shall do the following:

- (1) Contact the governing body and the superintendent of each school corporation for which the distressed unit appeal board makes a determination under section 10 of this chapter.



(2) Carry out an assessment of the financial condition of each school corporation for which the DUAB makes a determination under section 10 of this chapter.

(b) A school corporation for which an assessment of financial condition is carried out under this section shall:

(1) cooperate with the executive director as the executive director carries out the assessment of the school corporation's financial condition; and

(2) provide any information and documents requested by the executive director.

Sec. 12. (a) After reviewing:

(1) the assessment of a school corporation's financial condition made by the executive director under section 11 of this chapter; and

(2) the school corporation's fiscal and qualitative indicators; the DUAB shall make a determination of whether a corrective action plan is necessary for the school corporation.

(b) If the DUAB makes a determination that a corrective action plan is necessary for the school corporation, the DUAB shall notify the governing body and the superintendent of the school corporation that the school corporation must develop and submit to the DUAB a corrective action plan for the school corporation within ninety (90) days after the notice is provided.

(c) If a school corporation does not prepare and submit a corrective action plan to the DUAB within ninety (90) days after the notice is provided under subsection (b), the DUAB shall place the school corporation on the watch list under section 17 of this chapter.

Sec. 13. (a) Upon the request of a school corporation that is required to submit a corrective action plan, the executive director and other appropriate state departments and agencies shall:

(1) assist the school corporation in developing the corrective action plan; and

(2) provide technical assistance to the school corporation.

(b) The DUAB and any other state departments or agencies that provide assistance to a school corporation under this section are not responsible for implementing the corrective action plan.

Sec. 14. The superintendent of a school corporation that is required to submit a corrective action plan shall update the governing body of the school corporation, as requested by the governing body, concerning the implementation of the corrective action plan submitted to the DUAB. The governing body may meet



in executive session to receive the updates of the superintendent.

Sec. 15. The executive director shall meet at least once every ninety (90) days with the school corporation's superintendent, the president of the school corporation's governing body, and (as necessary) other administrators of the school corporation to discuss the corrective action plan and the school corporation's progress in implementing the corrective action plan.

Sec. 16. The following apply after a corrective action plan is submitted to the DUAB:

(1) The DUAB may modify the corrective action plan at any time if the DUAB determines that the modification is necessary.

(2) The superintendent or the governing body of the school corporation may request the DUAB to modify the corrective action plan, and the DUAB may make the requested modification. If the superintendent of the school corporation makes the request, the superintendent must notify the governing body of the school corporation of the requested modification.

Sec. 17. (a) The DUAB shall place the school corporation on a watch list if:

(1) the executive director determines that the school corporation is not in compliance with the school corporation's corrective action plan;

(2) the executive director notifies the superintendent and governing body of the school corporation that:

(A) the school corporation is not in compliance with the school corporation's corrective action plan; and

(B) the school corporation must achieve compliance with the school corporation's corrective action plan within a period specified by the executive director; and

(3) the executive director determines that the school corporation has not achieved compliance with the school corporation's corrective action plan within the period specified in subdivision (2).

(b) The DUAB shall place a school corporation on the watch list if required by section 12(c) of this chapter.

(c) If the DUAB places a school corporation on the watch list under this section, the executive director shall notify:

(1) the superintendent and governing body of the school corporation; and

(2) the budget director.



(d) The state budget committee shall review the school corporation's placement on the watch list.

Sec. 18. (a) Notwithstanding any other law, all reports, correspondence, and other records related to a school corporation's corrective action plan, including the initial report prepared by the executive director under section 10 of this chapter and an assessment prepared under section 11 of this chapter, and the placement of a school corporation on the watch list are excepted from public disclosure under IC 5-14-3 or any other law at the discretion of the DUAB or the school corporation unless and until the school corporation is placed on the watch list and the state budget committee has reviewed the school corporation's placement on the watch list. If the DUAB or a school corporation discloses any reports, correspondence, and other records related to a school corporation's corrective action plan, including the initial report prepared by the executive director under section 10 of this chapter and an assessment prepared under section 11 of this chapter, to other state agencies or officials prior to a school corporation's placement on the watch list and review by the state budget committee, these agencies may not disclose the reports, correspondence, and other records, or the information contained in those reports, correspondence, and other records without the permission of the DUAB.

(b) The DUAB shall hold executive sessions to consider reports related to a school corporation's corrective action plan, including the initial report prepared by the executive director under section 10 of this chapter and an assessment prepared under section 11 of this chapter, and to make determinations required under sections 10, 12, 16, and 17 of this chapter.

Sec. 19. (a) The fiscal and qualitative indicators committee shall do the following each year:

- (1) Review the fiscal and qualitative indicators used under this chapter to evaluate the financial condition of school corporations.
- (2) Determine if it is appropriate to change one (1) or more of the fiscal and qualitative indicators.

(b) Before the fiscal and qualitative indicators committee may change a fiscal or qualitative indicator, the fiscal and qualitative indicators committee must first submit a report in an electronic format to the state budget committee specifying the proposed change in the fiscal or qualitative indicator.

Sec. 20. (a) The DUAB shall do the following each year:

HEA 1315(ss)



(1) Review policies and procedures adopted under section 8 of this chapter by the DUAB.

(2) Determine if it is appropriate to change one (1) or more of those policies and procedures.

(b) Before the DUAB may change a policy or procedure adopted under section 8 of this chapter, the DUAB must first submit a report in an electronic format to the state budget committee specifying the proposed change in the policy or procedure.

SECTION 16. IC 20-23-12-3, AS AMENDED BY P.L.179-2011, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 3. (a) **The emergency manager appointed by the distressed unit appeal board under IC 6-1.1-20.3 shall act as the governing body of the school corporation and has the powers set forth in IC 6-1.1-20.3-8.5, including the powers and duties of the governing body of the school corporation. The school corporation shall also have an advisory board that consists of seven (7) members elected as follows:**

(1) On a nonpartisan basis.

(2) In a general election in the county.

The advisory board is created to provide nonbinding recommendations to the emergency manager.

(b) Six (6) of the members shall be elected from the school districts drawn under section 4 of this chapter. Each member:

(1) is elected from the school district in which the member resides; and

(2) upon election and in conducting the business of the ~~governing body~~, **advisory board**, represents the interests of the entire school corporation.

(c) One (1) of the members elected:

(1) is the at-large member of the ~~governing body~~, **advisory board**;

(2) may reside in any of the districts drawn under section 4 of this chapter; and

(3) upon election and in conducting the business of the ~~governing body~~, **advisory board**, represents the interests of the entire school corporation.

(d) A per diem may not be paid to a member.

(e) The advisory board may hold a public meeting subject to the limits on the number of meetings set forth in IC 6-1.1-20.3-6.8(d). The advisory board is subject to IC 5-14-1.5 (the open door law) for these meetings. The advisory board may hold additional meetings that are authorized as executive sessions under

HEA 1315(ss)



IC 5-14-1.5 (the open door law) as provided in IC 5-14-1.5-6.1. The advisory board is subject to the public notice requirements of IC 5-14-1.5 (the open door law) for these additional meetings. The records of the advisory board are subject to IC 5-14-3 (access to public records).

SECTION 17. IC 20-23-12-5, AS AMENDED BY P.L.1-2006, SECTION 318, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 5. (a) The six (6) members who are elected for a position on the ~~governing body~~ **advisory board** described under section 3(b) of this chapter are determined as follows:

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

- (A) The name of the prospective candidate.
- (B) The district in which the prospective candidate resides.
- (C) The signatures of at least one hundred (100) registered voters residing in the school corporation.
- (D) The fact that the prospective candidate is running for a district position.
- (E) A certification that the prospective candidate meets the qualifications for candidacy imposed by this chapter.

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

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

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

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

The petition must include the following information:

- (A) The name of the prospective candidate.
- (B) The signatures of at least one hundred (100) registered voters residing within the school corporation.
- (C) The fact that the prospective candidate is running for the at-large position on the ~~governing body~~ **advisory board**.
- (D) A certification that the prospective candidate meets the qualifications for candidacy imposed by this chapter.

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

HEA 1315(ss)



(3) The candidate who:

(A) runs for the at-large position on the ~~governing body;~~
advisory board; and

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

is elected to the at-large position.

SECTION 18. IC 20-23-12-6, AS ADDED BY P.L.1-2005, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 6. (a) A candidate who runs for a position on the ~~governing body~~ **advisory board** described under section 3(b) of this chapter must reside in the school corporation district for which the candidate filed.

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

SECTION 19. IC 20-23-12-8, AS AMENDED BY P.L.219-2013, SECTION 82, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 8. (a) The term of each person elected to serve on the ~~governing body~~ **advisory board** is four (4) years.

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

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

(1) a member:

(A) dies;

(B) resigns from the ~~governing body;~~ **advisory board;**

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

(D) fails to attend, except for reason of chronic illness, six (6) regularly scheduled meetings of the ~~governing body~~ **advisory board** in any twelve (12) month period; or

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

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

HEA 1315(ss)



(b) The ~~governing body~~ **advisory board** shall temporarily fill a vacancy on the ~~governing body~~ **advisory board** as soon as practicable after the vacancy occurs.

SECTION 21. IC 20-23-12-11, AS ADDED BY P.L.1-2005, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 11. Before August 1 of each year, the school corporation shall file with the state superintendent a list of the:

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

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

SECTION 22. IC 20-23-18 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 18. Muncie Community School Corporation

Sec. 1. This chapter applies only to the Muncie Community school corporation and only if the Ball State University board of trustees adopts a resolution to take advantage of the relationship between Ball State University and the Muncie Community school corporation and to be governed by this chapter. The resolution must be adopted before June 1, 2018.

Sec. 2. The general assembly finds that provisions of this chapter:

- (1) are necessary to address unique issues faced by the Muncie Community school corporation;
- (2) are necessary to take advantage of the relationship between Ball State University and the Muncie Community school corporation; and
- (3) are not precedent for and may not be appropriate for issues faced by other school corporations.

Sec. 3. (a) Except as provided in subsection (c), the Muncie Community school corporation is subject to all applicable federal and state laws.

(b) If a provision of this chapter conflicts with any other law, including IC 20-23-4, the provision in this chapter controls.

(c) Notwithstanding subsection (a), to provide all administrative and academic flexibility to implement innovative strategies, the Muncie Community school corporation is subject only to the following IC 20 provisions:

HEA 1315(ss)



- (1) IC 20-26-5-10 (criminal history).
- (2) IC 20-28-5-8 (conviction of certain felonies; notice and hearing; permanent revocation of license; data base of school employees who have been reported).
- (3) IC 20-28-10-17 (school counselor immunity).
- (4) IC 20-29 (collective bargaining) to the extent required by subsection (e).
- (5) IC 20-30-3-2 and IC 20-30-3-4 (patriotic commemorative observances).
- (6) The following:
 - (A) IC 20-30-5-0.5 (display of the United States flag; Pledge of Allegiance).
 - (B) IC 20-30-5-1, IC 20-30-5-2, and IC 20-30-5-3 (the constitutions of Indiana and the United States; writings, documents, and records of American history or heritage).
 - (C) IC 20-30-5-4 (system of government; American history).
 - (D) IC 20-30-5-5 (morals instruction).
 - (E) IC 20-30-5-6 (good citizenship instruction).
- (7) IC 20-32-4, concerning graduation requirements.
- (8) IC 20-32-5.1, concerning the Indiana's Learning Evaluation Assessment Readiness Network (ILEARN) program.
- (9) IC 20-32-8.5 (IRead3).
- (10) IC 20-33-2 (compulsory school attendance).
- (11) IC 20-33-3 (limitations on employment of students).
- (12) IC 20-33-8-16 (firearms and deadly weapons).
- (13) IC 20-33-8-19, IC 20-33-8-21, and IC 20-33-8-22 (student due process and judicial review).
- (14) IC 20-33-7 (parental access to education records).
- (15) IC 20-33-9 (reporting of student violations of law).
- (16) IC 20-34-3 (health and safety measures).
- (17) IC 20-35, concerning special education.
- (18) IC 20-39 (accounting and financial reporting procedures).
- (19) IC 20-40 (government funds and accounts).
- (20) IC 20-41 (extracurricular funds and accounts).
- (21) IC 20-42 (fiduciary funds and accounts).
- (22) IC 20-42.5 (allocation of expenditures to student instruction and learning).
- (23) IC 20-43 (state tuition support).
- (24) IC 20-44 (property tax levies).



- (25) IC 20-46 (levies other than general fund levies).
- (26) IC 20-47 (related entities; holding companies; lease agreements).
- (27) IC 20-48 (borrowing and bonds).
- (28) IC 20-49 (state management of common school funds; state advances and loans).
- (29) IC 20-50 (concerning homeless children and foster care children).

(d) The Muncie Community school corporation is subject to required audits by the state board of accounts under IC 5-11-1-9.

(e) Except to the extent required under a collective bargaining agreement entered into before July 1, 2018, the Muncie Community school corporation is not subject to IC 20-29 unless the school corporation voluntarily recognizes an exclusive representative under IC 20-29-5-2. If the school corporation voluntarily recognizes an exclusive representative under IC 20-29-5-2, the school corporation may authorize a school within the corporation to opt out of bargaining allowable subjects or discussing discussion items by specifying the excluded items on the notice required under IC 20-29-5-2(b). The notice must be provided to the education employment relations board at the time the notice is posted.

Sec. 4. If the Ball State University board of trustees adopts a resolution to take advantage of the relationship between Ball State University and the Muncie Community school corporation and be governed by this chapter, the distressed unit appeal board shall terminate Muncie Community school corporation's designation as a distressed political subdivision by July 1, 2018.

Sec. 5. (a) Consistent with IC 20-23-4-26, the Muncie Community school corporation retains all of the characteristics of a community school corporation.

(b) The governing body of the Muncie Community school corporation has all the powers, rights, duties, and obligations of a community school corporation.

(c) For the purposes of annual budgeting, IC 6-1.1-17-20 does not apply to the governing body. The governing body is considered a governing body with the majority of members elected for the purposes of annual budgeting.

Sec. 6. (a) If the Ball State University board of trustees adopts a resolution to take advantage of the relationship between Ball State University and the Muncie Community school corporation and be governed by this chapter, the following apply:

HEA 1315(ss)



(1) Beginning July 1, 2018, the governing body of the Muncie Community school corporation consists of seven (7) members.

(2) The members of the governing body consist of the following:

(A) Five (5) members shall be appointed by the Ball State University board of trustees from individuals nominated by the President of Ball State University. At least two (2) of the individuals appointed under this clause must reside within the boundaries of the Muncie Community school corporation district.

(B) One (1) member shall be appointed by the President of Ball State University from a list of three (3) individuals nominated by the Muncie city council. These individuals must reside within the boundaries of the Muncie Community school corporation district.

(C) One (1) member shall be appointed by the President of Ball State University from a list of three (3) individuals nominated by the mayor of Muncie. These individuals must reside within the boundaries of the Muncie Community school corporation district.

(3) The governing body serving on June 30, 2018, shall become on July 1, 2018, an advisory board to the governing body described in subdivision (2). The members of the governing body serving on June 30, 2018, shall on July 1, 2018, become the members of the advisory board. Each member shall serve on the advisory board until the term for which the member was elected before July 1, 2018, expires. When the terms of all members of the advisory board have expired, the advisory board is abolished. The advisory board does not possess any of the powers and duties of the governing body. A member of the advisory board is not entitled to any compensation for serving on the advisory board.

(4) The terms for the initial members of the governing body are as follows:

(A) One (1) member appointed under subdivision (2)(A) shall serve an initial term of one (1) year.

(B) One (1) member appointed under subdivision (2)(A) shall serve an initial term of two (2) years.

(C) One (1) member appointed under subdivision (2)(A) shall serve an initial term of three (3) years.

(D) Two (2) members appointed under subdivision (2)(A) and each member appointed under subdivision (2)(B) and



(2)(C) shall serve an initial term of four (4) years.

After these initial terms, each member's term is four (4) years.

A member's term expires June 30 in the applicable year.

(b) A member of the governing body serves at the pleasure of the appointing authority.

(c) Before making appointments to the governing body under this section, the Ball State University board of trustees shall adopt a policy prohibiting nepotism and a policy prohibiting conflicts of interest with regard to the appointment of members of the governing body by the Ball State University board of trustees and the President of Ball State University.

Sec. 7. The Muncie Community school corporation shall engage academically innovative strategies for:

(1) developing, testing, and evaluating new methods of instruction and materials;

(2) comparing new methods with conventional methods in use; and

(3) training teachers in new methods of instruction and materials, as is found acceptable.

Sec. 8. The Muncie Community school corporation may not receive a decrease in state funding based solely upon the Muncie Community school corporation's status as a distressed school corporation under IC 6-1.1-20.3 or solely because of the implementation of a waiver of a statute or rule that is allowed to be waived by the Muncie Community school corporation.

Sec. 9. Not later than June 30, 2020, the governing body of the Muncie Community school corporation shall provide to the distressed unit appeal board, the state superintendent of public instruction, and the Indiana commissioner for higher education a report on the plan for the long term fiscal viability and academic innovation of the Muncie Community school corporation. The plan must include goals, metrics, and benchmarks for evaluating the effectiveness of the plan.

Sec. 10. (a) Not later than October 31, 2021, and by October 31 in each subsequent year, the governing body of the Muncie Community school corporation shall provide a report to the chairperson of the distressed unit appeal board, the superintendent of public instruction, and the Indiana commissioner for higher education.

(b) The report required in subsection (a) must outline the following:

(1) Progress toward goals, metrics, and benchmarks



concerning fiscal viability and academic innovation.

(2) Innovative methods of instruction being used in the Muncie Community school corporation.

(3) A comparison of the results obtained by the innovative methods of instruction with conventional methods of instruction.

(4) Any recommendations concerning the innovative methods of instruction and their general applicability for public schools.

Sec. 11. If Ball State University enters into a contract with the Muncie Community school corporation in an amount that exceeds twenty-five thousand dollars (\$25,000), the contract must be reviewed and approved by the distressed unit appeal board.

Sec. 12. (a) The President of Ball State University, the members of the Ball State University board of trustees, and any other officer or employee of Ball State University are immune from civil liability for actions taken by the governing body of the Muncie Community school corporation or any action taken under the authority of this chapter. This subsection does not apply to any officers or employees of the university insofar as they are acting as a member of the governing body of the school corporation.

(b) The governing body of the Muncie Community school corporation may provide:

(1) for the defense of persons described in subsection (a) in any suit arising out of the performance of the person's duties for, or employment with, the state educational institution, if the governing body, by resolution, determines that the action was taken in good faith; and

(2) for protecting any person described in subsection (a) from any liability, cost, or damage in connection with the performance of the person's duties for, or employment with, the governing body, including the payment of any legal fees, except when the liability, cost, or damage is:

(A) predicated on, or arises out of, the bad faith of the person; or

(B) based on the person's malfeasance in office or employment.

Sec. 13. (a) Subject to subsection (b), during the period beginning July 1, 2018, and ending June 30, 2020, the distressed unit appeal board may provide financial support to the Muncie Community school corporation in an amount that does not exceed the amount of compensation that would have been provided to an



emergency manager of the Muncie Community school corporation if the school corporation had retained the designation of a distressed political subdivision.

(b) The total amount of the financial support provided under this section may not exceed one million dollars (\$1,000,000).

(c) Any financial assistance provided under subsection (a) shall be provided directly to the school corporation.

SECTION 23. IC 20-28-7.5-2, AS AMENDED BY P.L.208-2017, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 2. (a) Before a teacher's contract is canceled, the teacher has the following rights:

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

(A) in writing; and

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

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

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

However, in the case of a school corporation that is a distressed political subdivision under IC 6-1.1-20.3, IC 6-1.1-20.3-16 applies to the cancellation of a teacher's contract in addition to this section.

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

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

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

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

HEA 1315(ss)



final.

(f) If a probationary, professional, or established teacher files a request with the governing body for an additional private conference not later than five (5) days after the initial private conference with the superintendent or the assistant superintendent, as applicable, the teacher is entitled to an additional private conference with the governing body before the governing body makes a final decision. The final decision must be in writing and must be made not more than thirty (30) days after the governing body receives the teacher's request for the additional private conference. At the private conference the governing body shall do the following:

- (1) Allow the teacher to present evidence to refute the reason or reasons for contract cancellation and supporting evidence provided by the school corporation. Any evidence presented at the private conference must have been exchanged by the parties at least seven (7) days before the private conference.
- (2) Consider whether a preponderance of the evidence supports the cancellation of the teacher's contract.

SECTION 24. IC 20-29-2-6, AS AMENDED BY P.L.48-2011, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 6. "Deficit financing" for a budget year:

(1) means, except as provided in subdivision (2), actual expenditures exceeding the employer's current year actual general fund revenue; or

(2) means, in the case of any distressed school corporation, the Gary Community School Corporation, or the Muncie Community school corporation:

(A) actual expenditures; plus

(B) additional payments against any outstanding debt obligations;

exceeding the employer's current year actual general fund revenue.

SECTION 25. IC 20-29-2-6, AS AMENDED BY P.L.48-2011, SECTION 7, AND AS AMENDED BY P.L.244-2017, SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2019]: Sec. 6. "Deficit financing" for a budget year:

(1) means, except as provided in subdivision (2), actual expenditures exceeding the employer's current year actual education fund revenue and, for a school employer for which the voters have passed an operating referendum tax levy under IC 20-46-1, the amount of revenue certified by the department of local government finance; or

HEA 1315(ss)



(2) means, in the case of any distressed school corporation, the Gary Community School Corporation, or the Muncie Community school corporation, actual expenditures plus additional payments against any outstanding debt obligations exceeding the employer's current year actual education fund revenue, and, for a school employer for which the voters have passed an operating referendum tax levy under IC 20-46-1, the amount of revenue certified by the department of local government finance.

Revenue does not include money estimated to be or actually transferred from the school corporation's operations fund to its education fund.

SECTION 26. IC 34-30-2-84.8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: **Sec. 84.8. IC 20-23-18-12 (Concerning Ball State University and the Muncie Community school corporation).**

SECTION 27. [EFFECTIVE UPON PASSAGE] **(a) Notwithstanding:**

(1) the designation of the Gary Community School Corporation as a distressed political subdivision under IC 6-1.1-20.3; and

(2) the appointment of an emergency manager to assume the power, authority, and responsibilities of the executive and fiscal body of the Gary Community School Corporation;

the governing body, rather than the emergency manager, shall exercise the power to fill a vacancy on the governing body and make appointments on behalf of the governing body.

(b) This SECTION expires June 30, 2018.

SECTION 28. An emergency is declared for this act.



Speaker of the House of Representatives

President of the Senate

President Pro Tempore

Governor of the State of Indiana

Date: _____ Time: _____

HEA 1315(ss)

