



February 10, 2015

HOUSE BILL No. 1636

DIGEST OF HB 1636 (Updated February 10, 2015 11:19 am - DI 116)

Citations Affected: IC 20-24.

Synopsis: Charter schools. Provides that a governing body of a school corporation and a nonprofit college or university must register with the state board of education (state board) before it may authorize an initial charter for a charter school after June 30, 2015. Makes changes to the definition of an "organizer". Requires the state board to provide a formal evaluation of the overall state of charter school outcomes in Indiana every five years. Provides that a charter school may give enrollment preference to children of the charter school's founders, governing body members, and charter school employees, as long as preference is not given to more that 10% of the charter school's total population. Provides that if a proposal to establish a charter school concerns an existing charter school overseen by a different authorizer than the authorizer to which the organizer is submitting the proposal, the proposal must include written acknowledgement of the proposal from the current authorizer. Provides that a charter school may limit admissions to allow preschool students who attend a Level 3 or Level 4 Paths to QUALITY program preschool provider to attend kindergarten at a charter school if the charter school and the preschool provider have entered into an agreement to share services or facilities. Provides that conversion charter schools are not subject to teacher contract and condition of employment requirements.

Effective: July 1, 2015.

Behning, Moed

January 22, 2015, read first time and referred to Committee on Education.
February 10, 2015, amended, reported — Do Pass.

HB 1636—LS 6786/DI 116



February 10, 2015

First Regular Session of the 119th General Assembly (2015)

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 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

HOUSE BILL No. 1636

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

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

- 1 SECTION 1. IC 20-24-1-2.5, AS ADDED BY P.L.280-2013,
2 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2015]: Sec. 2.5. "Authorizer" means, for a charter school, one
4 (1) of the following:
5 (1) **Subject to IC 20-24-2.2-1.2**, a governing body.
6 (2) A state educational institution that offers a four (4) year
7 baccalaureate degree.
8 (3) The executive (as defined in IC 36-1-2-5) of a consolidated
9 city.
10 (4) The charter board.
11 (5) **Subject to IC 20-24-2.2-1.2**, a **governing board of a**
12 **nonprofit college or university** that provides a four (4) year
13 educational program for which it awards a baccalaureate or more
14 advanced degree, including the following:
15 Anderson University

HB 1636—LS 6786/DI 116



1 Bethel College
 2 Butler University
 3 Calumet College of St. Joseph
 4 DePauw University
 5 Earlham College
 6 Franklin College
 7 Goshen College
 8 Grace College
 9 Hanover College
 10 Holy Cross College
 11 Huntington University
 12 Indiana Tech
 13 Indiana Wesleyan University
 14 Manchester College
 15 Marian University
 16 Martin University
 17 Oakland City University
 18 Rose-Hulman Institute of Technology
 19 Saint Joseph's College
 20 Saint Mary-of-the-Woods College
 21 Saint Mary's College
 22 Taylor University
 23 Trine University
 24 University of Evansville
 25 University of Indianapolis
 26 University of Notre Dame
 27 University of Saint Francis
 28 Valparaiso University
 29 Wabash College.

30 SECTION 2. IC 20-24-1-7, AS ADDED BY P.L.1-2005, SECTION
 31 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,
 32 2015]: Sec. 7. "Organizer" means a group or an entity that:

33 (1) has been determined by the Internal Revenue Service to be
 34 operating under nonprofit status or has applied for such
 35 determination; **and**

36 (2) enters into a contract under this article to operate a charter
 37 school; **and**

38 **(3) is an independent board of a charter school that is a party**
 39 **to the charter contract with the authorizer, whose members**
 40 **have been elected or selected under the school's application.**

41 SECTION 3. IC 20-24-2.2-1.2 IS ADDED TO THE INDIANA
 42 CODE AS A NEW SECTION TO READ AS FOLLOWS



1 [EFFECTIVE JULY 1, 2015]: Sec. 1.2. (a) This section:

2 (1) applies to an authorizer described in IC 20-24-1-2.5(1) and
3 IC 20-24-1-2.5(5) if the authorizer plans to grant an initial
4 charter to a charter school after June 30, 2015; and

5 (2) does not apply to charters granted by an authorizer
6 described in IC 20-24-1-2.5(1) and IC 20-24-1-2.5(5) before
7 July 1, 2015.

8 (b) A governing body of a school corporation may register with
9 the state board for charter authority within the attendance area of
10 the school corporation.

11 (c) A governing board of a nonprofit college or university
12 described in IC 20-24-1-2.5(5) may apply to the state board for
13 statewide, regional, or local chartering authority.

14 (d) The state board shall publicize to all governing bodies the
15 opportunity to register with the state board for chartering
16 authority within their school corporation. Not later than May 1 of
17 each year, the state board shall provide information about the
18 opportunity, including a registration deadline, to all governing
19 bodies. To register as an authorizer, each interested governing
20 body must submit the following information in a format prescribed
21 by the state board:

22 (1) A written notification of intent to serve as a charter
23 authorizer in accordance with this article.

24 (2) An explanation of the governing body's strategic vision for
25 chartering.

26 (3) An explanation of the governing body's budget and
27 personnel capacity and commitment to execute the duties of
28 quality charter authorizing in accordance with this article.

29 (4) An explanation of how the governing body will solicit
30 charter school applicants in accordance with IC 20-24-3.

31 (5) A description or outline of the performance framework the
32 governing body will use to guide the establishment of a
33 charter contract and for the oversight and evaluation of
34 charter schools, consistent with this article.

35 (6) A draft of the governing body's renewal, revocation, and
36 nonrenewal processes, consistent with this article.

37 (7) A statement of assurance that the governing body commits
38 to serving as a charter authorizer in fulfillment of the
39 expectations, spirit, and intent of this article, and that the
40 governing body will fully adopt standards of quality charter
41 school authorizing in accordance with section 1.5 of this
42 chapter.



1 (e) Within sixty (60) days of receipt of the information described
 2 in subsection (d), the state board shall register the governing body
 3 as a charter authorizer within the attendance area of the school
 4 corporation and shall provide the governing body a letter
 5 confirming the governing body's registration as a charter
 6 authorizer. A governing body may not engage in any charter
 7 authorizing functions without a current registration as a charter
 8 authorizer with the state board.

9 (f) The state board shall establish an annual application and
 10 approval process, including cycles and deadlines during the state
 11 fiscal year, for registering an entity described in IC 20-24-1-2.5(5)
 12 for authorizer authority. Not later than May 1 of each year, the
 13 state board shall make available information and guidelines for an
 14 applicant described in IC 20-24-1-2.5(5) concerning the
 15 opportunity to apply for chartering authority under this article.
 16 The application process must require each applicant to submit an
 17 application that clearly explains or presents the following elements:

18 (1) A written notification of intent to serve as a charter
 19 authorizer in accordance with this article.

20 (2) The applicant's strategic vision for chartering.

21 (3) A plan to support the applicant's strategic vision described
 22 in subdivision (2), including an explanation and evidence of
 23 the applicant's budget and personnel capacity and
 24 commitment to execute the duties of quality charter
 25 authorizing in accordance with this article.

26 (4) A draft or preliminary outline of the request for proposals
 27 that the applicant would, if approved by the state board under
 28 this section, issue to solicit charter school applicants under
 29 IC 20-24-3.

30 (5) A draft of the performance framework that the applicant
 31 would, if approved by the state board under this section, use
 32 to guide the establishment of a charter contract and for
 33 ongoing oversight and evaluation of charter schools consistent
 34 with this article.

35 (6) A draft of the applicant's renewal, revocation, and
 36 nonrenewal processes.

37 (7) A statement of assurance that the applicant commits to
 38 serving as a charter authorizer in fulfillment of the
 39 expectations, spirit, and intent of this article, and that the
 40 applicant will fully adopt standards of quality charter school
 41 authorizing in accordance with section 1.5 of this chapter.

42 (g) Not later than July 1 of each year, the state board shall grant



1 or deny chartering authority to an applicant under subsection (f).
 2 The state board shall make its decision on the merits of each
 3 applicant's proposal and plans submitted under subsection (f).

4 (h) Within thirty (30) days of the state board's decision under
 5 subsection (g), the state board shall execute a renewable
 6 authorizing contract with an applicant that the state board has
 7 approved for chartering authority. The initial term of each
 8 authorizing contract is six (6) years. The authorizing contract must
 9 specify each approved applicant's agreement to serve as a charter
 10 authorized in accordance with this article and shall specify
 11 additional performance terms based on the applicant's proposal
 12 and plan for chartering. An approved applicant may not
 13 commence charter authorizing without an authorizing contract in
 14 effect.

15 SECTION 4. IC 20-24-2.2-1.5, AS ADDED BY P.L.280-2013,
 16 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 17 JULY 1, 2015]: Sec. 1.5. All ~~approved~~ authorizers shall adopt
 18 standards of quality charter school authorizing, as defined by a
 19 nationally recognized organization with expertise in charter school
 20 authorizing.

21 SECTION 5. IC 20-24-2.2-8 IS ADDED TO THE INDIANA CODE
 22 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 23 1, 2015]: **Sec. 8. Beginning in 2016, the state board shall provide a
 24 formal evaluation of the overall state of charter school outcomes in
 25 Indiana every five (5) years. The evaluation shall be posted on the
 26 state board's Internet web site.**

27 SECTION 6. IC 20-24-3-4, AS AMENDED BY P.L.280-2013,
 28 SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 29 JULY 1, 2015]: Sec. 4. (a) An organizer may submit to the authorizer
 30 a proposal to establish a charter school.

31 (b) A proposal must contain at least the following information:

- 32 (1) Identification of the organizer.
 33 (2) A description of the organizer's organizational structure and
 34 governance plan.
 35 (3) The following information for the proposed charter school:
 36 (A) Name.
 37 (B) Purposes.
 38 (C) Governance structure.
 39 (D) Management structure.
 40 (E) Educational mission goals.
 41 (F) Curriculum and instructional methods.
 42 (G) Methods of pupil assessment.



- 1 (H) Admission policy and criteria, subject to IC 20-24-5.
 2 (I) School calendar.
 3 (J) Age or grade range of students to be enrolled.
 4 (K) A description of staff responsibilities.
 5 (L) A description of the physical plant.
 6 (M) Budget and financial plans.
 7 (N) Personnel plan, including methods for selection, retention,
 8 and compensation of employees.
 9 (O) Transportation plan.
 10 (P) Discipline program.
 11 (Q) Plan for compliance with any applicable desegregation
 12 order.
 13 (R) The date when the charter school is expected to:
 14 (i) begin school operations; and
 15 (ii) have students attending the charter school.
 16 (S) The arrangement for providing teachers and other staff
 17 with health insurance, retirement benefits, liability insurance,
 18 and other benefits.
 19 (T) Any other applications submitted to an authorizer in the
 20 previous five (5) years.
 21 (4) The manner in which the authorizer must conduct an annual
 22 audit of the program operations of the charter school.
 23 **(c) In the case of a charter school proposal from an applicant**
 24 **that currently operates one (1) or more charter schools in any state**
 25 **or nation, the request for proposals shall additionally require the**
 26 **applicant to provide evidence of past performance and current**
 27 **capacity for growth.**
 28 **(d) If the proposal described in subsection (a) concerns an**
 29 **existing charter school overseen by a different authorizer than the**
 30 **authorizer to which the organizer is submitting the proposal, the**
 31 **proposal must include written acknowledgement of the proposal**
 32 **from the current authorizer. Additionally, the authorizer receiving**
 33 **the proposal shall consult with the current authorizer before**
 34 **granting approval of the proposal.**
 35 **(e) This section does not waive, limit, or modify the provisions**
 36 **of:**
 37 (1) IC 20-29 in a charter school where the teachers have chosen
 38 to organize under IC 20-29; or
 39 (2) an existing collective bargaining agreement for noncertificated
 40 employees (as defined in IC 20-29-2-11).
 41 SECTION 7. IC 20-24-3-4.5 IS ADDED TO THE INDIANA CODE
 42 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY



1 1, 2015]: **Sec. 4.5. In reviewing and evaluating charter applications,**
 2 **an authorizer shall employ procedures, practices, and criteria**
 3 **consistent with nationally recognized principles and standards for**
 4 **quality charter authorizing. The application review process must**
 5 **include thorough evaluation of each written charter application**
 6 **and an in-person interview with the applicant group.**

7 SECTION 8. IC 20-24-3-5.5, AS AMENDED BY P.L.280-2013,
 8 SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 9 JULY 1, 2015]: Sec. 5.5. (a) This section applies to an authorizer that
 10 is not the executive of a consolidated city.

11 (b) Before issuing a charter, the authorizer must conduct a public
 12 hearing concerning the establishment of the proposed charter school.
 13 **The public hearing must be held within either the county or the**
 14 **school corporation where the proposed charter school would be**
 15 **located.** At the public hearing, the governing body of the school
 16 corporation in which the proposed charter school will be located must
 17 be given an opportunity to comment on the effect of the proposed
 18 charter school on the school corporation, including any foreseen
 19 negative impacts on the school corporation.

20 SECTION 9. IC 20-24-5-5, AS AMENDED BY P.L.35-2014,
 21 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 22 JULY 1, 2015]: Sec. 5. (a) Except as provided in subsections (b), (c),
 23 ~~and~~ (d), **and (e)**, a charter school must enroll any eligible student who
 24 submits a timely application for enrollment.

25 (b) This subsection applies if the number of applications for a
 26 program, class, grade level, or building exceeds the capacity of the
 27 program, class, grade level, or building. If a charter school receives a
 28 greater number of applications than there are spaces for students, each
 29 timely applicant must be given an equal chance of admission. The
 30 organizer must determine which of the applicants will be admitted to
 31 the charter school or the program, class, grade level, or building by
 32 random drawing in a public meeting.

33 (c) A charter school may limit new admissions to the charter school
 34 to:

- 35 (1) ensure that a student who attends the charter school during a
 36 school year may continue to attend the charter school in
 37 subsequent years;
- 38 (2) ensure that a student who attends a charter school during a
 39 school year may continue to attend a different charter school held
 40 by the same organizer in subsequent years; ~~and~~
- 41 (3) allow the siblings of a student who attends a charter school or
 42 a charter school held by the same organizer to attend the same



1 charter school the student is attending; **and**
 2 **(4) allow preschool students who attend a Level 3 or Level 4**
 3 **Paths to QUALITY program (as defined in IC 12-17.2-3.8-1)**
 4 **preschool provider to attend kindergarten at a charter school**
 5 **if the charter school and the preschool provider have entered**
 6 **into an agreement to share services or facilities.**

7 (d) This subsection applies to an existing school that converts to a
 8 charter school under IC 20-24-11. During the school year in which the
 9 existing school converts to a charter school, the charter school may
 10 limit admission to:

11 (1) those students who were enrolled in the charter school on the
 12 date of the conversion; and

13 (2) siblings of students described in subdivision (1).

14 **(e) A charter school may give enrollment preference to children**
 15 **of the charter school's founders, governing body members, and**
 16 **charter school employees, as long as the enrollment preference**
 17 **under this subsection is not given to more than ten percent (10%)**
 18 **of the charter school's total population.**

19 SECTION 10. IC 20-24-7-4, AS AMENDED BY P.L.47-2014,
 20 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 21 JULY 1, 2015]: Sec. 4. (a) Services that a school corporation provides
 22 to a charter school, including transportation, may be provided at not
 23 more than one hundred three percent (103%) of the actual cost of the
 24 services.

25 (b) This subsection applies to an authorizer that is a state
 26 educational institution described in IC 20-24-1-2.5(2). Except as
 27 provided in subsection (f), in a state fiscal year, a state educational
 28 institution may receive from the organizer of a charter school
 29 authorized by the state educational institution an administrative fee
 30 equal to not more than three percent (3%) of the total amount the
 31 organizer receives during the state fiscal year from basic tuition support
 32 (as defined in IC 20-43-1-8).

33 (c) This subsection applies to the executive of a consolidated city
 34 that authorizes a charter school. Except as provided in subsection (f),
 35 in a state fiscal year, the executive may collect from the organizer of a
 36 charter school authorized by the executive an administrative fee equal
 37 to not more than three percent (3%) of the total amount the organizer
 38 receives during the state fiscal year for basic tuition support.

39 (d) This subsection applies to an authorizer that is a nonprofit
 40 college or university that is approved by the state board of education.
 41 Except as provided in **IC 20-24-2.2-1.5 and** subsection (f), in a state
 42 fiscal year, a private college or university may collect from the



1 organizer of a charter school authorized by the private college or
 2 university an administrative fee equal to not more than three percent
 3 (3%) of the total amount the organizer receives during the state fiscal
 4 year for basic tuition support.

5 (e) This subsection applies to the charter board. Except as provided
 6 in subsection (f), in a state fiscal year, the charter school board may
 7 collect from the organizer of a charter school authorized by the charter
 8 board an administrative fee equal to not more than three percent (3%)
 9 of the total amount the organizer receives during the state fiscal year
 10 for basic tuition support.

11 (f) This subsection applies to an adult high school. An authorizer
 12 described in subsections (b) through (e) may collect an administrative
 13 fee equal to not more than three percent (3%) of the total state
 14 appropriation to the adult high school for a state fiscal year under
 15 section 13.5 of this chapter.

16 (g) An authorizer's administrative fee may not include any costs
 17 incurred in delivering services that a charter school may purchase at its
 18 discretion from the authorizer. The authorizer shall use its funding
 19 provided under this section exclusively for the purpose of fulfilling
 20 authorizing obligations.

21 (h) Except for oversight services, a charter school may not be
 22 required to purchase services from its authorizer as a condition of
 23 charter approval or of executing a charter contract, nor may any such
 24 condition be implied.

25 (i) A charter school may choose to purchase services from its
 26 authorizer. In that event, the charter school and authorizer shall execute
 27 an annual service contract, separate from the charter contract, stating
 28 the parties' mutual agreement concerning the services to be provided
 29 by the authorizer and any service fees to be charged to the charter
 30 school. An authorizer may not charge more than market rates for
 31 services provided to a charter school.

32 (j) Not later than ninety (90) days after the end of each fiscal year,
 33 each authorizer shall provide to each charter school it authorizes an
 34 itemized accounting of the actual costs of services purchased by the
 35 charter school from the authorizer. Any difference between the amount
 36 initially charged to the charter school and the actual cost shall be
 37 reconciled and paid to the owed party. If either party disputes the
 38 itemized accounting, any charges included in the accounting, or
 39 charges to either party, either party may request a review by the
 40 department. The requesting party shall pay the costs of the review.

41 SECTION 11. IC 20-24-8-5, AS AMENDED BY P.L.160-2012,
 42 SECTION 47, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



- 1 JULY 1, 2015]; Sec. 5. The following statutes and rules and guidelines
 2 adopted under the following statutes apply to a charter school:
 3 (1) IC 5-11-1-9 (required audits by the state board of accounts).
 4 (2) IC 20-39-1-1 (unified accounting system).
 5 (3) IC 20-35 (special education).
 6 (4) IC 20-26-5-10 (criminal history).
 7 (5) IC 20-26-5-6 (subject to laws requiring regulation by state
 8 agencies).
 9 (6) IC 20-28-10-12 (nondiscrimination for teacher marital status).
 10 (7) IC 20-28-10-14 (teacher freedom of association).
 11 (8) IC 20-28-10-17 (school counselor immunity).
 12 ~~(9) For conversion charter schools only, IC 20-28-6, IC 20-28-7.5,~~
 13 ~~IC 20-28-8, IC 20-28-9, and IC 20-28-10.~~
 14 ~~(+0) (9)~~ (9) IC 20-33-2 (compulsory school attendance).
 15 ~~(+1) (10)~~ (10) IC 20-33-3 (limitations on employment of children).
 16 ~~(+2) (11)~~ (11) IC 20-33-8-19, IC 20-33-8-21, and IC 20-33-8-22
 17 (student due process and judicial review).
 18 ~~(+3) (12)~~ (12) IC 20-33-8-16 (firearms and deadly weapons).
 19 ~~(+4) (13)~~ (13) IC 20-34-3 (health and safety measures).
 20 ~~(+5) (14)~~ (14) IC 20-33-9 (reporting of student violations of law).
 21 ~~(+6) (15)~~ (15) IC 20-30-3-2 and IC 20-30-3-4 (patriotic
 22 commemorative observances).
 23 ~~(+7) (16)~~ (16) IC 20-31-3, IC 20-32-4, IC 20-32-5, IC 20-32-8, and
 24 IC 20-32-8.5, as provided in IC 20-32-8.5-2(b) (academic
 25 standards, accreditation, assessment, and remediation).
 26 ~~(+8) (17)~~ (17) IC 20-33-7 (parental access to education records).
 27 ~~(+9) (18)~~ (18) IC 20-31 (accountability for school performance and
 28 improvement).
 29 ~~(+20) (19)~~ (19) IC 20-30-5-19 (personal financial responsibility
 30 instruction).



COMMITTEE REPORT

Mr. Speaker: Your Committee on Education, to which was referred House Bill 1636, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 6, delete lines 23 through 36.

Page 6, line 37, delete "(d)" and insert "(c)".

Page 6, between lines 41 and 42, begin a new paragraph and insert:

"(d) If the proposal described in subsection (a) concerns an existing charter school overseen by a different authorizer than the authorizer to which the organizer is submitting the proposal, the proposal must include written acknowledgement of the proposal from the current authorizer. Additionally, the authorizer receiving the proposal shall consult with the current authorizer before granting approval of the proposal."

Page 8, line 5, strike "and".

Page 8, line 8, delete "." and insert "; and".

Page 8, between lines 8 and 9, begin a new line block indented and insert:

"(4) allow preschool students who attend a Level 3 or Level 4 Paths to QUALITY program (as defined in IC 12-17.2-3.8-1) preschool provider to attend kindergarten at a charter school if the charter school and the preschool provider have entered into an agreement to share services or facilities."

and when so amended that said bill do pass.

(Reference is to HB 1636 as introduced.)

BEHNING

Committee Vote: yeas 11, nays 0.

