



Reprinted  
April 14, 2023

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# ENGROSSED

## SENATE BILL No. 327

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DIGEST OF SB 327 (Updated April 13, 2023 5:54 pm - DI 143)

**Citations Affected:** IC 4-6; IC 5-9; IC 5-13; IC 6-1.1; IC 20-19; IC 20-23; IC 20-40; IC 34-30; IC 36-12; noncode.

**Synopsis:** Gary Community Schools. Establishes procedures to appoint members to the governing body of the Gary Community School Corporation. Establishes procedures for transferring responsibility of financial and academic matters from the emergency manager to the  
(Continued next page)

**Effective:** Upon passage; July 1, 2023.

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## Mishler, Charbonneau, Randolph Lonnie M

(HOUSE SPONSORS — THOMPSON, HARRIS, HATCHER)

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January 12, 2023, read first time and referred to Committee on Appropriations.  
February 9, 2023, amended, reported favorably — Do Pass.  
February 13, 2023, read second time, ordered engrossed. Engrossed.  
February 14, 2023, read third time, passed. Yeas 40, nays 9.

HOUSE ACTION

February 28, 2023, read first time and referred to Committee on Ways and Means.  
April 11, 2023, amended, reported — Do Pass.  
April 13, 2023, read second time, amended, ordered engrossed.

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ES 327—LS 7331/DI 120



## Digest Continued

governing body. Removes obsolete provisions and makes conforming amendments. Provides that not later than October 31, 2025, and each October 31 thereafter, the governing body must submit a report to the distressed unit appeal board (DUAB) summarizing the financial position and operations of the school corporation for the previous state fiscal year. Requires: (1) the governing body to submit a report concerning specified topics to the DUAB and the budget committee before July 1, 2026; and (2) the DUAB to present that report to the budget committee before November 1, 2026. Repeals provisions relating to the election of advisory board members for the Gary Community School Corporation. Provides that the DUAB may employ staff (instead of an executive director). Repeals provisions requiring the DUAB to pay the Muncie Community School's emergency manager's compensation and to reimburse the Muncie Community School's emergency manager for actual and necessary expenses. Repeals the fiscal and qualitative indicators committee (committee). Replaces references to the committee with references to the DUAB.

**ES 327—LS 7331/DI 120**



Reprinted  
April 14, 2023

First Regular Session of the 123rd General Assembly (2023)

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 2022 Regular Session of the General Assembly.

## ENGROSSED SENATE BILL No. 327

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

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

1 SECTION 1. IC 4-6-2-1.5, AS AMENDED BY P.L.163-2020,  
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2023]: Sec. 1.5. (a) Whenever any state governmental official  
4 or employee, whether elected or appointed, is made a party to a suit,  
5 and the attorney general determines that said suit has arisen out of an  
6 act which such official or employee in good faith believed to be within  
7 the scope of the official's or employee's duties as prescribed by statute  
8 or duly adopted regulation, the attorney general shall defend such  
9 person throughout such action.  
10 (b) Whenever a teacher (as defined in IC 20-18-2-22) is made a  
11 party to a civil suit, and the attorney general determines that the suit  
12 has arisen out of an act that the teacher in good faith believed was  
13 within the scope of the teacher's duties in enforcing discipline policies  
14 developed under IC 20-33-8-12, the attorney general shall defend the  
15 teacher throughout the action.  
16 (c) Not later than July 30 of each year, the attorney general, in  
17 consultation with the Indiana education employment relations board

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1 established in IC 20-29-3-1, shall draft and disseminate a letter by first  
 2 class mail to the residence of teachers providing a summary of the  
 3 teacher's rights and protections under state and federal law, including  
 4 a teacher's rights and protections relating to the teacher's performance  
 5 evaluation under IC 20-28-11.5.

6 (d) The department of education, in consultation with the Indiana  
 7 education employment relations board, shall develop a method to  
 8 provide the attorney general with the names and addresses of active  
 9 teachers in Indiana in order for the attorney general to disseminate the  
 10 letter described in subsection (c). Names and addresses collected and  
 11 provided to the attorney general under this subsection are confidential  
 12 and excepted from public disclosure as provided in IC 5-14-3-4.

13 (e) Whenever a school corporation (as defined in IC 20-26-2-4) is  
 14 made a party to a civil suit and the attorney general determines that the  
 15 suit has arisen out of an act authorized under IC 20-30-5-0.5 or  
 16 IC 20-30-5-4.5, the attorney general shall defend the school corporation  
 17 throughout the action.

18 ~~(f) Whenever a member of the fiscal management board appointed~~  
 19 ~~under IC 6-1.1-20.3-6.8 is made a party to a civil suit and the attorney~~  
 20 ~~general determines that the suit has arisen out of an act by the fiscal~~  
 21 ~~management board member that is authorized or required under~~  
 22 ~~IC 6-1.1-20.3 or any other law, the attorney general shall defend the~~  
 23 ~~fiscal management board member throughout the action.~~

24 ~~(g)~~ (f) As used in this subsection, "bridge authority" refers to the  
 25 New Harmony and Wabash River bridge authority established by  
 26 IC 8-16-15.5-2. Whenever:

- 27 (1) the bridge authority;
- 28 (2) a member of the bridge authority;
- 29 (3) an officer of the bridge authority; or
- 30 (4) an employee of the bridge authority;

31 is made a party to a civil suit and the attorney general determines that  
 32 the suit has arisen out of an act or omission of any person described in  
 33 subdivision (1), (2), (3), or (4), that is authorized or required under  
 34 IC 8-16-15.5 or any other law, the attorney general shall defend that  
 35 person throughout the action.

36 ~~(h)~~ (g) A determination by the attorney general under subsection (a),  
 37 (b), (e), or (f) or ~~(g)~~ shall not be admitted as evidence in the trial of any  
 38 such civil action for damages.

39 ~~(i)~~ (h) Nothing in this chapter shall be construed to deprive any such  
 40 person of the person's right to select counsel of the person's own choice  
 41 at the person's own expense.

42 SECTION 2. IC 5-9-4-7, AS AMENDED BY P.L.2-2014,

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1 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
2 JULY 1, 2023]: Sec. 7. (a) Except as provided in subsection (b) or (c),  
3 an officeholder who elects to take the leave of absence described in  
4 section 6 of this chapter shall give written notice that the officeholder  
5 is taking a leave of absence for military service to the person or entity  
6 designated in IC 5-8-3.5-1 to receive a resignation for the office the  
7 officeholder holds.

8 (b) An officeholder who is:

9 (1) a justice of the supreme court, a judge of the court of appeals,  
10 or a judge of the tax court; or

11 (2) a judge of a circuit, city, probate, or superior court;

12 shall give the written notice required by subsection (a) to the clerk of  
13 the supreme court.

14 (c) An officeholder who holds a school board office shall give the  
15 written notice required by subsection (a) to the person or entity  
16 designated in IC 20-25-3, IC 20-25-4, IC 20-25-5, ~~IC 20-23-12,~~  
17 **IC 20-23-12.1**, IC 20-23-14, IC 20-23-15, IC 20-23-4, or IC 20-26 to  
18 receive a resignation for the office the officeholder holds.

19 (d) The written notice required by subsection (a) must state that the  
20 officeholder is taking a leave of absence because the officeholder:

21 (1) has been called for active duty in:

22 (A) the armed forces of the United States; or

23 (B) the national guard; and

24 (2) will be temporarily unable to perform the duties of the  
25 officeholder's office.

26 SECTION 3. IC 5-9-4-8, AS AMENDED BY P.L.74-2017,  
27 SECTION 69, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
28 JULY 1, 2023]: Sec. 8. (a) Except as provided in subsection (b) and  
29 IC 36-5-6-9, during the officeholder's leave of absence, the  
30 officeholder's office must be filled by a temporary appointment made  
31 under:

32 (1) IC 3-13-4;

33 (2) IC 3-13-5;

34 (3) IC 3-13-6;

35 (4) IC 3-13-7;

36 (5) IC 3-13-8;

37 (6) IC 3-13-9;

38 (7) IC 3-13-10;

39 (8) IC 3-13-11;

40 (9) IC 20-23-4;

41 (10) IC 20-26;

42 (11) ~~IC 20-23-12;~~ **IC 20-23-12.1;**

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- 1 (12) IC 20-23-14;  
 2 (13) IC 20-23-15;  
 3 (14) IC 20-23-17;  
 4 (15) IC 20-23-17.2;  
 5 (16) IC 20-25-3;  
 6 (17) IC 20-25-4; or  
 7 (18) IC 20-25-5;
- 8 in the same manner as a vacancy created by a resignation is filled. A  
 9 temporary appointment may be made in accordance with the applicable  
 10 statute after the written notice required under section 7 of this chapter  
 11 has been filed.
- 12 (b) For an officeholder who:  
 13 (1) is:  
 14 (A) a justice of the supreme court, a judge of the court of  
 15 appeals, or a judge of the tax court; or  
 16 (B) a judge of a circuit, city, probate, or superior court; and  
 17 (2) is taking a leave of absence under this chapter;  
 18 the supreme court shall appoint a judge pro tempore to fill the  
 19 officeholder's office in accordance with the court's rules and  
 20 procedures.
- 21 (c) The person selected or appointed under subsection (a) or (b)  
 22 serves until the earlier of:  
 23 (1) the date the officeholder's leave of absence ends as provided  
 24 in section 10 of this chapter; or  
 25 (2) the officeholder's term of office expires.
- 26 (d) The person selected or appointed to an office under subsection  
 27 (a) or (b):  
 28 (1) assumes all the rights and duties of; and  
 29 (2) is entitled to the compensation established for;  
 30 the office for the period of the temporary appointment.
- 31 SECTION 4. IC 5-13-7-8, AS ADDED BY P.L.101-2019,  
 32 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 33 UPON PASSAGE]: Sec. 8. (a) During the annual meeting required by  
 34 section 6 of this chapter, the superintendent of a school corporation  
 35 shall submit a written report to the local board of finance for the school  
 36 corporation. The report must assess the financial condition of the  
 37 school corporation using the fiscal and qualitative indicators  
 38 determined under IC 20-19-7-4 by the ~~fiscal and qualitative indicators~~  
 39 ~~committee.~~ **distressed unit appeal board established by**  
 40 **IC 6-1.1-20.3-4.**
- 41 (b) The local board of finance shall review the report made under  
 42 subsection (a).



1 (c) The superintendent of a school corporation may delegate the  
2 duty to submit a report under subsection (a) to an employee or  
3 representative of the school corporation.

4 SECTION 5. IC 6-1.1-20.3-5, AS AMENDED BY  
5 P.L.213-2018(ss), SECTION 4, IS AMENDED TO READ AS  
6 FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 5. (a) The board may  
7 employ ~~an executive director~~ **staff** who shall serve at the pleasure of  
8 the board and carry out the administrative responsibilities assigned by  
9 the board. The board may delegate a specific duty, authority, or  
10 responsibility assigned to the board under this chapter to the ~~executive~~  
11 ~~director.~~ **staff.**

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

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

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

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

23 SECTION 6. IC 6-1.1-20.3-6.8, AS AMENDED BY P.L.43-2021,  
24 SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
25 JULY 1, 2023]: Sec. 6.8. (a) This section applies only to the Gary  
26 Community School Corporation.

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

- 28 (1) are necessary to address the unique issues faced by the Gary  
29 Community School Corporation; and
- 30 (2) are not precedent for and may not be appropriate for  
31 addressing issues faced by other school corporations.

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

- 33 (1) "Chief academic officer" means the chief academic officer  
34 appointed under subsection ~~(j)~~: **(h)**.
- 35 (2) "Chief financial officer" means the chief financial officer  
36 appointed under subsection ~~(i)~~: **(g)**.
- 37 (3) "School corporation" refers to the Gary Community School  
38 Corporation.

39 (d) The Gary Community School Corporation is designated as a  
40 distressed political subdivision for purposes of this chapter until the  
41 school corporation's designation as a distressed political subdivision is  
42 terminated as provided in section 13(b) of this chapter. This



1 designation as a distressed political subdivision is effective regardless  
 2 of whether the school corporation has submitted a petition requesting  
 3 to be designated as a distressed political subdivision. ~~Until the school~~  
 4 ~~corporation's designation as a distressed political subdivision is~~  
 5 ~~terminated as provided in section 13(b) of this chapter, the Gary~~  
 6 ~~Community School Corporation advisory board may not hold a public~~  
 7 ~~meeting more often than once every three (3) months. This limit on the~~  
 8 ~~number of meetings of the advisory board does not apply to the~~  
 9 ~~emergency manager. The emergency manager shall hold a monthly~~  
 10 ~~forum to provide an update on the Gary Community School~~  
 11 ~~Corporation within the school district that is open to the general public.~~  
 12 ~~During the period that the Gary Community School Corporation is~~  
 13 ~~designated as a distressed political subdivision, the advisory board may~~  
 14 ~~vote to:~~

- 15 (1) fill vacancies;
- 16 (2) select officers; or
- 17 (3) make appointments;

18 of the advisory board, and to present awards, recognition, and  
 19 certificates to employees or supporters of the school corporation.

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

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

26 (2) The emergency manager shall consider recommendations  
 27 from the fiscal management board and the advisory board, but the  
 28 emergency manager has full responsibility and authority related  
 29 to financial and academic matters of the school corporation, and  
 30 the emergency manager may act, as specified in this chapter, on  
 31 these financial and academic matters without the approval of the  
 32 fiscal management board or the advisory board.

33 (3) (2) Notwithstanding section 7.5(d) of this chapter, the  
 34 distressed unit appeal board shall:

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

37 (B) subject to subsections (i) (g) and (j); (h), pay the  
 38 emergency manager's chief financial officer's, and chief  
 39 academic officer's compensation and reimburse the emergency  
 40 manager chief financial officer, and chief academic officer for  
 41 actual and necessary expenses from funds appropriated to the  
 42 distressed unit appeal board.





1           ~~(4)~~ (3) Before appointing the emergency manager, the distressed  
 2           unit appeal board shall interview at least one (1) resident of the  
 3           city of Gary as a candidate for the position. If the distressed unit  
 4           appeal board is not able to interview a resident of the city of Gary  
 5           as a candidate for the position, the distressed unit appeal board  
 6           shall interview at least one (1) individual who is a resident of  
 7           Lake County or northwest Indiana as a candidate for the position.

8           The appointment of the emergency manager for the school corporation  
 9           is terminated on the date the school corporation's designation as a  
 10          distressed political subdivision is terminated as provided in section  
 11          13(b) of this chapter.

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

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

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

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

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

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

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

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- 1 (1) One (1) member appointed by the advisory board.  
 2 (2) One (1) member appointed by the mayor of the city of Gary.  
 3 (3) One (1) member, who must have experience working with or  
 4 for an urban school corporation, appointed by the secretary of  
 5 education.  
 6 (4) One (1) member, who must have experience working with or  
 7 for an urban school corporation, appointed by the state board of  
 8 education.  
 9 (h) The following apply to the fiscal management board and to the  
 10 members of the fiscal management board:  
 11 (1) The term of office of a member of the fiscal management  
 12 board is four (4) years, beginning on the date of appointment. A  
 13 member of the fiscal management board may be reappointed to  
 14 the fiscal management board. A member of the fiscal  
 15 management board may be removed for cause by the appointing  
 16 authority.  
 17 (2) A member of the fiscal management board must have the  
 18 following:  
 19 (A) At least three (3) years experience in financial  
 20 management.  
 21 (B) A meaningful background and work experience in finance  
 22 and business.  
 23 (C) An understanding of government contracts.  
 24 (D) Knowledge and experience in organizational effectiveness,  
 25 operations management, and implementing best practices.  
 26 (E) Experience in budget development and oversight.  
 27 (F) A demonstrated commitment to high professional and  
 28 ethical standards and a diverse workplace.  
 29 (G) An understanding of tax and other compliance  
 30 implications.  
 31 (3) A member of the advisory board may not serve as a member  
 32 of the fiscal management board.  
 33 (4) The fiscal management board:  
 34 (A) shall make recommendations to the emergency manager;  
 35 and  
 36 (B) shall advise the emergency manager as requested by the  
 37 emergency manager.  
 38 (5) The members of the fiscal management board are not entitled  
 39 to any compensation for their service on the fiscal management  
 40 board.  
 41 (6) The fiscal management board is abolished, and the terms of  
 42 the members of the fiscal management board are terminated, on



1 the date the school corporation's designation as a distressed  
 2 political subdivision is terminated as provided in section 13(b) of  
 3 this chapter.

4 (7) Under the supervision of the emergency manager, the fiscal  
 5 management board shall serve as a liaison to and shall work  
 6 jointly with the distressed unit appeal board, the mayor of the city  
 7 of Gary, and the department of education to develop a transition  
 8 plan to address issues or questions related to:

9 (A) the designation of the school corporation as a distressed  
 10 political subdivision and the transfer of powers and duties to  
 11 the emergency manager under this chapter; and

12 (B) the potential impact of the transition on the community  
 13 and the school corporation.

14 (8) Under the supervision of the emergency manager, the fiscal  
 15 management board shall work jointly with the distressed unit  
 16 appeal board, the mayor of the city of Gary, and the department  
 17 of education to provide information on a regular basis to parents,  
 18 students, employees of the school corporation, and the public on  
 19 the status of the transition.

20 (i) (g) The emergency manager shall employ a chief financial officer  
 21 for the school corporation. The chief financial officer is an employee  
 22 of the school corporation. The chief financial officer shall report to the  
 23 emergency manager and shall assist the emergency manager appointed  
 24 for the school corporation and the fiscal management board in carrying  
 25 out the day to day financial operations of the school corporation. Before  
 26 July 1, 2019, the compensation of the chief financial officer shall be  
 27 determined by the distressed unit appeal board. Before July 1, 2019, the  
 28 compensation of the chief financial officer shall be paid from the funds  
 29 appropriated to the distressed unit appeal board. After June 30, 2019,  
 30 The compensation of the chief financial officer shall be determined by  
 31 and paid by the school corporation. The chief financial officer:

32 (1) must possess, through both education and experience, an  
 33 understanding of finance and financial management; and

34 (2) must possess any other experience and must meet any other  
 35 requirements as required by the distressed unit appeal board to  
 36 ensure that the chief financial officer is qualified to carry out the  
 37 financial restructuring of the school corporation.

38 Before employing a chief financial officer under this subsection, the  
 39 emergency manager shall interview at least one (1) resident of the city  
 40 of Gary as a candidate for the position. If the emergency manager is not  
 41 able to interview a resident of the city of Gary as a candidate for the  
 42 position, the emergency manager shall interview at least one (1)



1 individual who is a resident of Lake County or northwest Indiana as a  
2 candidate for the position.

3 ~~(j)~~ **(h)** The emergency manager shall employ a chief academic  
4 officer for the school corporation, after consultation with the  
5 department of education, who must have experience working with or  
6 for an urban school corporation. The chief academic officer is an  
7 employee of the school corporation. The chief academic officer shall  
8 report to the emergency manager and shall assist the emergency  
9 manager appointed for the school corporation ~~and the fiscal~~  
10 ~~management board~~ in carrying out the academic matters of the school  
11 corporation. ~~Before July 1, 2019, the compensation of the chief~~  
12 ~~academic officer shall be determined by the distressed unit appeal~~  
13 ~~board. Before July 1, 2019, the compensation of the chief academic~~  
14 ~~officer shall be paid from the funds appropriated to the distressed unit~~  
15 ~~appeal board. After June 30, 2019, the compensation of the chief~~  
16 ~~academic officer shall be determined by and paid by the school~~  
17 ~~corporation. The chief academic officer must:~~

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

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

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

36 ~~(l)~~ **(j)** The annual budget adopted by the emergency manager for the  
37 school corporation must dedicate a significant part of the school  
38 corporation's budget to eliminating the school corporation's outstanding  
39 financial obligations. The emergency manager shall attempt to  
40 negotiate with the creditors of the school corporation to establish a plan  
41 specifying the schedule for paying each creditor. The emergency  
42 manager shall submit the plan to the distressed unit appeal board for



1 approval. The distressed unit appeal board must:

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

9 ~~(m)~~ **(k)** The emergency manager shall consider any  
 10 recommendations from ~~the fiscal management board; the advisory~~  
 11 ~~board; and~~ the mayor of the city of Gary in developing the school  
 12 corporation's annual budget. The distressed unit appeal board must  
 13 review and approve the school corporation's annual budget that is  
 14 proposed by the emergency manager. ~~When the emergency manager~~  
 15 ~~submits the school corporation's proposed annual budget to the~~  
 16 ~~distressed unit appeal board; the emergency manager shall provide~~  
 17 ~~copies of the proposed annual budget to the fiscal management board~~  
 18 ~~and the advisory board.~~

19 ~~(n)~~ **(l)** After considering any recommendations from ~~the fiscal~~  
 20 ~~management board; the advisory board; and~~ the mayor of the city of  
 21 Gary, the emergency manager shall do the following:

- 22 (1) Conduct a financial and compliance audit of the operations of  
 23 the school corporation.  
 24 (2) Develop a written financial plan for the school corporation.  
 25 The object of the plan must be to achieve financial stability for  
 26 the school corporation, and the plan must include provisions for  
 27 paying all of the school corporation's outstanding obligations and  
 28 for paying all future obligations of the school corporation  
 29 (including any federal, state, or local taxes or assessments) in a  
 30 timely manner.

31 ~~(o)~~ **(m)** In addition to the report required by section 8.5(c)(5) of this  
 32 chapter, the emergency manager, the chief financial officer, and the  
 33 chief academic officer shall report quarterly to the distressed unit  
 34 appeal board in a format specified by the distressed unit appeal board.  
 35 The report must include:

- 36 (1) information concerning the actions that the school corporation  
 37 is taking to improve the financial condition of the school  
 38 corporation; and  
 39 (2) any other information required by the distressed unit appeal  
 40 board.

41 The emergency manager shall report more frequently than quarterly if  
 42 requested by the distressed unit appeal board. The emergency manager



1 shall provide copies of the report to ~~the fiscal management board, the~~  
 2 ~~advisory board, and~~ the mayor of the city of Gary. ~~The emergency~~  
 3 ~~manager shall present each report at a public meeting of the fiscal~~  
 4 ~~management board.~~

5 ~~(p)~~ **(n)** The school corporation shall do the following:

6 (1) Publish a copy of each report under subsection ~~(o)~~ **(m)** on the  
 7 school corporation's ~~internet web site, website,~~ along with a link  
 8 to the main page of the Indiana transparency ~~internet web site~~  
 9 **website** established under IC 5-14-3.7 to provide access to  
 10 financial data for local schools.

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

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

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

20 (1) An academic program designed to meet Indiana's academic  
 21 standards and to assist students in meeting those academic  
 22 standards.

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

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

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

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

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

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

38 ~~The chief financial officer and the chief academic officer shall submit~~  
 39 ~~a report to the advisory board each quarter. The chief financial officer~~  
 40 ~~and chief academic officer shall meet at least quarterly with the~~  
 41 ~~executive committee of the bargaining unit to inform the executive~~  
 42 ~~committee of the academic progress of the school corporation.~~



1 SECTION 7. IC 6-1.1-20.3-7.1 IS REPEALED [EFFECTIVE JULY  
2 1, 2023]. Sec. 7.1: (a) This section applies only to the Muncie  
3 Community Schools:

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

12 (c) Notwithstanding section 7.5(d) of this chapter, the board shall  
13 determine the compensation of the emergency manager, pay the  
14 emergency manager's compensation, and reimburse the emergency  
15 manager for actual and necessary expenses from funds appropriated to  
16 the board.

17 (d) In addition to any other actions that the board may take under  
18 this chapter concerning a distressed political subdivision, the board  
19 may recommend, before July 1, 2020, to the state board of finance that  
20 the state board of finance make an interest free loan to the school  
21 corporation from the common school fund. The distressed unit appeal  
22 board shall determine the payment schedule and the commencement  
23 date for the loan. If the board makes a recommendation that such a loan  
24 be made, the state board of finance may, notwithstanding IC 20-49,  
25 make the loan for a term of not more than ten (10) years.

26 SECTION 8. IC 6-1.1-20.3-7.5, AS AMENDED BY  
27 P.L.213-2018(ss), SECTION 8, IS AMENDED TO READ AS  
28 FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 7.5. (a) This section  
29 does not apply to a school corporation designated before July 1, 2013,  
30 as a distressed political subdivision.

31 (b) If a political subdivision is designated as a distressed political  
32 subdivision under this chapter, the board shall appoint an emergency  
33 manager for the distressed political subdivision. An emergency  
34 manager serves at the pleasure of the board. For purposes of IC 34-13,  
35 an emergency manager appointed under this section is acting on behalf  
36 of the distressed political subdivision and not the state.

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

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

42 (e) A member of a fiscal management board; An emergency



1 manager, a chief financial officer, or a chief academic officer is  
 2 immune from civil liability for an act or omission within the scope and  
 3 arising out of the performance of duties prescribed by the board under  
 4 this chapter. This subsection does not apply to an act or omission that  
 5 constitutes gross negligence or willful misconduct.

6 (f) The attorney general shall represent a member of the distressed  
 7 unit appeal board, ~~a member of a fiscal management board;~~ an  
 8 emergency manager, a chief financial officer, or a chief academic  
 9 officer in a legal action arising out of the exercise of powers granted  
 10 under this chapter, if the member of the distressed unit appeal board,  
 11 ~~the member of a fiscal management board;~~ emergency manager, chief  
 12 financial officer, or chief academic officer makes a written request to  
 13 the attorney general requesting representation. The attorney general  
 14 may not represent ~~a member of the distressed unit appeal board; a~~  
 15 ~~member of a fiscal management board;~~ an emergency manager, a chief  
 16 financial officer, or a chief academic officer under this subsection if the  
 17 legal action is initiated or the claim is asserted by ~~the member of the~~  
 18 ~~distressed unit appeal board; the member of the fiscal management~~  
 19 ~~board;~~ ~~the~~ emergency manager or the distressed political subdivision.  
 20 If the attorney general represents a member of the distressed unit  
 21 appeal board, ~~a member of a fiscal management board;~~ an emergency  
 22 manager, a chief financial officer, or a chief academic officer under this  
 23 subsection, the member of the distressed unit appeal board, ~~the member~~  
 24 ~~of a fiscal management board;~~ emergency manager, chief financial  
 25 officer, or chief academic officer is entitled to recover attorney's fees  
 26 from the losing party to the extent the member of the distressed unit  
 27 appeal board, ~~the member of the fiscal management board;~~ emergency  
 28 manager, chief financial officer, or chief academic officer prevails. Any  
 29 attorney's fees recovered shall be deposited in the state general fund.

30 SECTION 9. IC 6-1.1-20.3-15, AS AMENDED BY  
 31 P.L.213-2018(ss), SECTION 13, IS AMENDED TO READ AS  
 32 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 15. (a) The  
 33 executive of a political subdivision or a majority of the members of the  
 34 fiscal body of a political subdivision may request technical assistance  
 35 from the board in helping prevent the political subdivision from  
 36 becoming a distressed political subdivision. The board, by using the  
 37 ~~health~~ **fiscal and qualitative** indicators developed under IC 20-19-7 or  
 38 **the fiscal health indicators developed under IC 5-14-3.8-8,** shall  
 39 determine whether to provide assistance to the political subdivision.

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

42 (1) Provide information and technical assistance with respect to





1 the data management, accounting, or other aspects of the fiscal  
2 management of the political subdivision.

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

5 SECTION 10. IC 20-19-7-2 IS REPEALED [EFFECTIVE JULY 1,  
6 2023]. ~~Sec. 2: As used in this chapter, "executive director" means the  
7 executive director of the DUAB.~~

8 SECTION 11. IC 20-19-7-2.3 IS ADDED TO THE INDIANA  
9 CODE AS A NEW SECTION TO READ AS FOLLOWS  
10 [EFFECTIVE UPON PASSAGE]: **Sec. 2.3. As used in this chapter,  
11 "public agency" has the meaning set forth in IC 5-14-1.5-2(a).**

12 SECTION 12. IC 20-19-7-2.5 IS ADDED TO THE INDIANA  
13 CODE AS A NEW SECTION TO READ AS FOLLOWS  
14 [EFFECTIVE UPON PASSAGE]: **Sec. 2.5. As used in this chapter,  
15 "public official" means an elected or appointed official in the  
16 executive, legislative, or judicial branch of the state government or  
17 a political subdivision, and includes an individual acting on behalf  
18 of a public employer, whether temporarily or permanently,  
19 including, but not limited to, members of boards, committees,  
20 commissions, authorities, and other instrumentalities of the state  
21 or a political subdivision.**

22 SECTION 13. IC 20-19-7-3 IS REPEALED [EFFECTIVE UPON  
23 PASSAGE]. ~~Sec. 3: (a) The fiscal and qualitative indicators committee  
24 is established to make the following determinations:~~

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

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

32 (3) ~~The determination of how frequently to update:~~

33 (A) ~~the fiscal and qualitative indicators being used to evaluate  
34 the financial condition of school corporations; and~~

35 (B) ~~the presentation of information on the DUAB's Internet  
36 web site or the management performance hub's Internet web  
37 site in accordance with section 5(c) of this chapter.~~

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

40 (1) ~~The DUAB.~~

41 (2) ~~The department of education.~~

42 (3) ~~The budget agency.~~



- 1           (4) The state board of accounts.
- 2           (5) The department of local government finance.
- 3           (6) The management performance hub.
- 4           In addition, a member of the Indiana Association of School Business
- 5           Officials appointed by the Association's board of directors is a member
- 6           of the committee.
- 7           (e) The member appointed by the DUAB is the chairperson of the
- 8           committee.
- 9           (d) Members serve at the pleasure of the appointing authority.
- 10          SECTION 14. IC 20-19-7-4, AS ADDED BY P.L.213-2018(ss),
- 11          SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 12          UPON PASSAGE]: Sec. 4. (a) Subject to review by the state budget
- 13          committee under section 6 of this chapter, the ~~fiscal and qualitative~~
- 14          ~~indicators committee~~ **DUAB** shall determine the fiscal and qualitative
- 15          indicators to be used for evaluating the financial condition of each
- 16          school corporation.
- 17          (b) The fiscal indicators under subsection (a) may include the
- 18          following factors:
- 19                Annual capital expenses compared to total capital assets
- 20                Average daily membership (ADM)
- 21                Common school fund loans
- 22                Controlled project fund referendum revenue
- 23                Debt to assessed value and debt to ADM ratios
- 24                Education fund referendum revenue
- 25                Federal revenues
- 26                Fund cash balances by fund and overall
- 27                Fund deficits and surpluses by fund and overall
- 28                Fund deficits and surpluses combining the education and
- 29                operations fund and debt
- 30                Gross expenditures per ADM
- 31                Interfund transfers
- 32                Operating deficit or surplus
- 33                Outstanding debt and annual debt service obligations
- 34                Qualitative indicators as set forth in subsection (c)
- 35                Salaries and benefits
- 36                Seven (7) year trend lines using state fiscal years
- 37                State tuition support
- 38                Any other fiscal indicator determined by the ~~fiscal and qualitative~~
- 39                ~~indicators committee~~. **DUAB.**
- 40          (c) The qualitative indicators under subsection (a) may include the
- 41          following factors:
- 42                Failure to make required contributions or transfers



- 1 Issuance of judgment bonds  
 2 Missed debt payments  
 3 Missed payroll  
 4 Past due vendor payments  
 5 Any findings related to the financial condition of the school  
 6 corporation by the Indiana education employment relations board  
 7 Any other qualitative indicator determined by the ~~fiscal and~~  
 8 ~~qualitative indicators committee~~. **DUAB**.
- 9 SECTION 15. IC 20-19-7-5, AS ADDED BY P.L.213-2018(ss),  
 10 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 11 UPON PASSAGE]: Sec. 5. (a) Subject to review by the state budget  
 12 committee under section 6 of this chapter, the ~~fiscal and qualitative~~  
 13 ~~indicators committee~~ **DUAB** shall prescribe the presentation of the  
 14 information of the fiscal and qualitative indicators used under this  
 15 chapter.
- 16 (b) The information under subsection (a) must be presented in a  
 17 manner that accomplishes the following:
- 18 (1) The information must be conveniently and easily accessed  
 19 from a single ~~Internet~~ web page.  
 20 (2) The information must be viewable in a format commonly  
 21 known as ~~an Internet a~~ dashboard.  
 22 (3) The information must be viewable in graphical form.  
 23 (4) The information must be easily searchable.  
 24 (5) The underlying data must be downloadable in a format that  
 25 can be imported into standard spreadsheet computer software.
- 26 (c) The DUAB shall periodically publish the information under  
 27 subsection (a) on its ~~Internet web site~~ **website** or the management  
 28 performance hub's ~~Internet web site~~. **website**. The management  
 29 performance hub shall assist the DUAB in the development of the  
 30 dashboard for publication.
- 31 SECTION 16. IC 20-19-7-6, AS ADDED BY P.L.213-2018(ss),  
 32 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 33 UPON PASSAGE]: Sec. 6. (a) Before making a final determination  
 34 under section 4 of this chapter concerning the fiscal and qualitative  
 35 indicators that will be used for evaluating the financial condition of  
 36 school corporations, the ~~fiscal and qualitative indicators committee~~  
 37 **DUAB** must present a draft of the proposed fiscal and qualitative  
 38 indicators to the state budget committee for review by the state budget  
 39 committee.
- 40 (b) Before prescribing the requirements under section 5 of this  
 41 chapter for the presentation of the fiscal and qualitative indicators used  
 42 under this chapter, the ~~fiscal and qualitative indicators committee~~



1 **DUAB** must present a draft of the proposed requirements to the state  
2 budget committee for review by the state budget committee.

3 SECTION 17. IC 20-19-7-7 IS REPEALED [EFFECTIVE UPON  
4 PASSAGE]. Sec. 7. The fiscal and qualitative indicators committee  
5 shall before January 1, 2019; publish the fiscal and qualitative  
6 indicators for each school corporation on the DUAB's Internet web site  
7 or the management performance hub's Internet web site.

8 SECTION 18. IC 20-19-7-8, AS ADDED BY P.L.213-2018(ss),  
9 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
10 JULY 1, 2023]: Sec. 8. The DUAB shall **may** adopt policies and  
11 procedures that will be used by the DUAB to implement this chapter.  
12 **Policies and procedures adopted under this section may include**  
13 **processes that will be used by the DUAB to do the following:**

14 (1) **Identify school corporations that demonstrate signs of**  
15 **financial distress.**

16 (2) **Determine when a corrective action plan is necessary for**  
17 **a school corporation.**

18 (3) **Determine the conditions that must be satisfied before a**  
19 **school corporation:**

20 (A) **will no longer be subject to a corrective action plan;**  
21 **and**

22 (B) **will be considered as financially healthy.**

23 SECTION 19. IC 20-19-7-9 IS REPEALED [EFFECTIVE JULY 1,  
24 2023]. Sec. 9. The executive director shall present to the state budget  
25 committee a report concerning the processes that will be used by  
26 DUAB and the executive director to do the following:

27 (1) ~~Identify school corporations that demonstrate signs of~~  
28 ~~financial distress.~~

29 (2) ~~Determine when a corrective action plan is necessary for a~~  
30 ~~school corporation.~~

31 (3) ~~Determine the conditions that must be satisfied before a~~  
32 ~~school corporation:~~

33 (A) ~~will no longer be subject to a corrective action plan; and~~

34 (B) ~~will be considered as financially healthy.~~

35 SECTION 20. IC 20-19-7-10, AS ADDED BY P.L.213-2018(ss),  
36 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
37 JULY 1, 2023]: Sec. 10. ~~Before June 1, 2019,~~ the executive director  
38 shall prepare and submit to the DUAB an initial report identifying  
39 those school corporations for which a corrective action plan may be  
40 appropriate, based on the fiscal and qualitative indicators. The  
41 executive director ~~DUAB~~ shall on a schedule determined by the DUAB  
42 submit subsequent **periodically prepare** reports identifying those



1 school corporations for which a corrective action plan may be  
 2 appropriate, based on the fiscal and qualitative indicators. The DUAB  
 3 shall make a determination concerning which school corporations the  
 4 ~~executive director~~ **DUAB** shall contact for purposes of conducting an  
 5 assessment under section 11 of this chapter.

6 SECTION 21. IC 20-19-7-11, AS ADDED BY P.L.213-2018(ss),  
 7 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 8 JULY 1, 2023]: Sec. 11. (a) The ~~executive director~~ **DUAB** shall do the  
 9 following:

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

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

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

18 (1) cooperate with the ~~executive director~~ **DUAB** as the ~~executive~~  
 19 ~~director~~ **DUAB** carries out the assessment of the school  
 20 corporation's financial condition; and

21 (2) provide any information and documents requested by the  
 22 ~~executive director~~ **DUAB**.

23 SECTION 22. IC 20-19-7-12, AS ADDED BY P.L.213-2018(ss),  
 24 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 25 JULY 1, 2023]: Sec. 12. (a) After reviewing:

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

29 (2) the school corporation's fiscal and qualitative indicators;

30 the DUAB shall make a determination of whether a corrective action  
 31 plan is necessary for the school corporation.

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

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

42 SECTION 23. IC 20-19-7-13, AS ADDED BY P.L.213-2018(ss),



1 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
2 JULY 1, 2023]: Sec. 13. (a) Upon the request of a school corporation  
3 that is required to submit a corrective action plan, the ~~executive~~  
4 ~~director~~ **DUAB** and other appropriate state departments and agencies  
5 shall:

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

8 (2) provide technical assistance to the school corporation.

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

12 SECTION 24. IC 20-19-7-14, AS ADDED BY P.L.213-2018(ss),  
13 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
14 UPON PASSAGE]: Sec. 14. ~~The superintendent of a school~~  
15 ~~corporation that is required to submit a corrective action plan shall~~  
16 ~~update the governing body of the school corporation, as requested by~~  
17 ~~the governing body, concerning the implementation of the corrective~~  
18 ~~action plan submitted to the DUAB. The governing body of a school~~  
19 ~~corporation that is required to prepare a corrective action plan~~  
20 may meet in executive session to receive the updates of the  
21 superintendent: **discuss all aspects of the corrective action plan,**  
22 **including voting to approve a corrective action plan or**  
23 **modifications under section 16 of this chapter.**

24 SECTION 25. IC 20-19-7-15, AS ADDED BY P.L.213-2018(ss),  
25 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
26 JULY 1, 2023]: Sec. 15. The ~~executive director~~ **DUAB** shall meet at  
27 least once every ninety (90) days with the school corporation's  
28 superintendent, the president of the school corporation's governing  
29 body, and (as necessary) other administrators of the school corporation  
30 to discuss the corrective action plan and the school corporation's  
31 progress in implementing the corrective action plan.

32 SECTION 26. IC 20-19-7-16, AS ADDED BY P.L.213-2018(ss),  
33 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
34 UPON PASSAGE]: Sec. 16. The following apply after a corrective  
35 action plan is submitted to the DUAB:

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

38 (2) The ~~superintendent or the~~ governing body of the school  
39 corporation may request the DUAB to modify the corrective  
40 action plan, and the DUAB may make the requested modification.

41 ~~If the superintendent of the school corporation makes the request,~~  
42 ~~the superintendent must notify the governing body of the school~~



- 1           ~~corporation of the requested modification.~~
- 2           SECTION 27. IC 20-19-7-17, AS ADDED BY P.L.213-2018(ss),
- 3           SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 4           JULY 1, 2023]: Sec. 17. (a) The DUAB shall place the school
- 5           corporation on a watch list if:
- 6           (1) the ~~executive director~~ **DUAB** determines that the school
- 7           corporation is not in compliance with the school corporation's
- 8           corrective action plan;
- 9           (2) the ~~executive director~~ **DUAB** notifies the superintendent and
- 10          governing body of the school corporation that:
- 11          (A) the school corporation is not in compliance with the school
- 12          corporation's corrective action plan; and
- 13          (B) the school corporation must achieve compliance with the
- 14          school corporation's corrective action plan within a period
- 15          specified by the ~~executive director~~; **DUAB**; and
- 16          (3) the ~~executive director~~ **DUAB** determines that the school
- 17          corporation has not achieved compliance with the school
- 18          corporation's corrective action plan within the period specified in
- 19          subdivision (2).
- 20          (b) The DUAB shall place a school corporation on the watch list if
- 21          required by section 12(c) of this chapter.
- 22          (c) If the DUAB places a school corporation on the watch list under
- 23          this section, the ~~executive director~~ **DUAB** shall notify:
- 24          (1) the superintendent and governing body of the school
- 25          corporation; and
- 26          (2) the budget director.
- 27          (d) The state budget committee shall review the school corporation's
- 28          placement on the watch list.
- 29          SECTION 28. IC 20-19-7-18, AS ADDED BY P.L.213-2018(ss),
- 30          SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 31          UPON PASSAGE]: Sec. 18. (a) Notwithstanding any other law, all
- 32          reports, correspondence, and other records related to a school
- 33          corporation's corrective action plan, including ~~the initial report~~ **reports**
- 34          prepared by the ~~executive director~~ **DUAB** under section 10 of this
- 35          chapter and an assessment prepared under section 11 of this chapter,
- 36          and the placement of a school corporation on the watch list are
- 37          excepted from public disclosure under IC 5-14-3 or any other law at the
- 38          discretion of the DUAB or the school corporation unless and until the
- 39          school corporation is placed on the watch list and the state budget
- 40          committee has reviewed the school corporation's placement on the
- 41          watch list. If the DUAB or a school corporation discloses any reports,
- 42          correspondence, and other records related to a school corporation's



1 corrective action plan, including ~~the initial report~~ **a report** prepared by  
 2 the ~~executive director~~ **DUAB** under section 10 of this chapter and an  
 3 assessment prepared under section 11 of this chapter, to other ~~state~~  
 4 ~~agencies or officials~~ **public agencies or public officials** prior to a  
 5 school corporation's placement on the watch list and review by the state  
 6 budget committee, these **public agencies or public officials** may not  
 7 disclose the reports, correspondence, and other records, or the  
 8 information contained in those reports, correspondence, and other  
 9 records without the permission of the ~~DUAB~~ **or the school**  
 10 **corporation.**

11 **(b) If the DUAB or a school corporation discloses to public**  
 12 **agencies or public officials that the school corporation was**  
 13 **required to submit a corrective action plan, the public agencies or**  
 14 **public officials may not disclose that information without the**  
 15 **permission of the DUAB or the school corporation.**

16 ~~(b)~~ **(c)** The DUAB shall hold executive sessions to consider reports  
 17 related to a school corporation's corrective action plan, including ~~the~~  
 18 ~~initial report~~ **reports** prepared by the ~~executive director~~ **DUAB** under  
 19 section 10 of this chapter and an assessment prepared under section 11  
 20 of this chapter, and to make **final** determinations required under  
 21 sections 10, 12, 16, and 17 of this chapter. **The final determinations**  
 22 **required under sections 10, 12, 16, and 17 of this chapter shall be**  
 23 **made in executive session.**

24 SECTION 29. IC 20-19-7-19, AS ADDED BY P.L.213-2018(ss),  
 25 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 26 UPON PASSAGE]: Sec. 19. (a) The ~~fiscal and qualitative indicators~~  
 27 ~~committee shall~~ **DUAB may** do the following each year:

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

32 (b) Before the ~~fiscal and qualitative indicators committee~~ **DUAB**  
 33 may change a fiscal or qualitative indicator, the ~~fiscal and qualitative~~  
 34 ~~indicators committee~~ **DUAB** must first submit a report in an electronic  
 35 format to the state budget committee specifying the proposed change  
 36 in the fiscal or qualitative indicator.

37 SECTION 30. IC 20-19-7-20, AS ADDED BY P.L.213-2018(ss),  
 38 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 39 JULY 1, 2023]: Sec. 20. (a) The DUAB ~~shall~~ **may** do the following  
 40 each year:

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





- 1 (2) Determine if it is appropriate to change one (1) or more of  
 2 those policies and procedures.
- 3 (b) Before the DUAB may change a policy or procedure adopted  
 4 under section 8 of this chapter, the DUAB must first submit a report in  
 5 an electronic format to the state budget committee specifying the  
 6 proposed change in the policy or procedure.
- 7 SECTION 31. IC 20-23-8-5, AS AMENDED BY P.L.233-2015,  
 8 SECTION 71, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 9 JULY 1, 2023]: Sec. 5. As used in this chapter, "school corporation"  
 10 means a local public school corporation established under the laws of  
 11 Indiana. The term does not include a school corporation covered by  
 12 ~~IC 20-23-12~~, **IC 20-23-12.1**, IC 20-23-17, or IC 20-23-17.2.
- 13 SECTION 32. IC 20-23-12-2, AS AMENDED BY P.L.104-2022,  
 14 SECTION 123, IS AMENDED TO READ AS FOLLOWS  
 15 [EFFECTIVE UPON PASSAGE]: Sec. 2. As used in this chapter,  
 16 "school corporation" means a school corporation that ~~is located in a city~~  
 17 ~~having a population of more than sixty-nine thousand (69,000) and less~~  
 18 ~~than sixty-nine thousand five hundred (69,500). was designated as a~~  
 19 **distressed political subdivision in 2017 under IC 6-1.1-20.3-6.8(d).**
- 20 SECTION 33. IC 20-23-12-3, AS AMENDED BY  
 21 P.L.213-2018(ss), SECTION 16, IS AMENDED TO READ AS  
 22 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. ~~(a)~~ The  
 23 emergency manager appointed by the distressed unit appeal board  
 24 under IC 6-1.1-20.3 shall act as the governing body of the school  
 25 corporation and has the powers set forth in IC 6-1.1-20.3-8.5, including  
 26 the powers and duties of the governing body of the school corporation  
 27 **until the school corporation's status as a distressed political**  
 28 **subdivision is terminated under IC 6-1.1-20.3-13(b).** ~~The school~~  
 29 ~~corporation shall also have an advisory board that consists of seven (7)~~  
 30 ~~members elected as follows:~~
- 31 ~~(1) On a nonpartisan basis:~~  
 32 ~~(2) In a general election in the county:~~
- 33 The advisory board is created to provide nonbinding recommendations  
 34 to the emergency manager:
- 35 ~~(b) Six (6) of the members shall be elected from the school districts~~  
 36 ~~drawn under section 4 of this chapter. Each member:~~
- 37 ~~(1) is elected from the school district in which the member~~  
 38 ~~resides; and~~  
 39 ~~(2) upon election and in conducting the business of the advisory~~  
 40 ~~board; represents the interests of the entire school corporation:~~
- 41 ~~(c) One (1) of the members elected:~~  
 42 ~~(1) is the at-large member of the advisory board;~~



- 1 (2) may reside in any of the districts drawn under section 4 of this  
 2 chapter; and  
 3 (3) upon election and in conducting the business of the advisory  
 4 board; represents the interests of the entire school corporation.  
 5 (d) A per diem may not be paid to a member.  
 6 (e) The advisory board may hold a public meeting subject to the  
 7 limits on the number of meetings set forth in IC 6-1.1-20.3-6.8(d). The  
 8 advisory board is subject to IC 5-14-1.5 (the open door law) for these  
 9 meetings. The advisory board may hold additional meetings that are  
 10 authorized as executive sessions under IC 5-14-1.5 (the open door law)  
 11 as provided in IC 5-14-1.5-6.1. The advisory board is subject to the  
 12 public notice requirements of IC 5-14-1.5 (the open door law) for these  
 13 additional meetings. The records of the advisory board are subject to  
 14 IC 5-14-3 (access to public records).  
 15 SECTION 34. IC 20-23-12-4 IS REPEALED [EFFECTIVE UPON  
 16 PASSAGE]. Sec. 4: The districts are drawn on the same lines as the  
 17 common council districts referred to in IC 36-4-6-3.  
 18 SECTION 35. IC 20-23-12-5 IS REPEALED [EFFECTIVE UPON  
 19 PASSAGE]. Sec. 5: (a) The six (6) members who are elected for a  
 20 position on the advisory board described under section 3(b) of this  
 21 chapter are determined as follows:  
 22 (1) Each prospective candidate must file a nomination petition  
 23 with the board of elections and registration not earlier than one  
 24 hundred four (104) days and not later than noon seventy-four (74)  
 25 days before the election at which the members are to be elected  
 26 that includes the following information:  
 27 (A) The name of the prospective candidate.  
 28 (B) The district in which the prospective candidate resides.  
 29 (C) The signatures of at least one hundred (100) registered  
 30 voters residing in the school corporation.  
 31 (D) The fact that the prospective candidate is running for a  
 32 district position.  
 33 (E) A certification that the prospective candidate meets the  
 34 qualifications for candidacy imposed by this chapter.  
 35 (2) Only eligible voters residing in the district may vote for a  
 36 candidate.  
 37 (3) The candidate within each district who receives the greatest  
 38 number of votes in the district is elected.  
 39 (b) The at-large member elected under section 3(c) of this chapter  
 40 is determined as follows:  
 41 (1) Each prospective candidate must file a nomination petition  
 42 with the clerk of the circuit court at least seventy-four (74) days



1 before the election at which the at-large member is to be elected:

2 The petition must include the following information:

3 (A) The name of the prospective candidate:

4 (B) The signatures of at least one hundred (100) registered  
5 voters residing within the school corporation:

6 (C) The fact that the prospective candidate is running for the  
7 at-large position on the advisory board:

8 (D) A certification that the prospective candidate meets the  
9 qualifications for candidacy imposed by this chapter:

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

12 (3) The candidate who:

13 (A) runs for the at-large position on the advisory board; and

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

16 is elected to the at-large position:

17 SECTION 36. IC 20-23-12-6 IS REPEALED [EFFECTIVE UPON  
18 PASSAGE]. Sec. 6: (a) A candidate who runs for a position on the  
19 advisory board described under section 3(b) of this chapter must reside  
20 in the school corporation district for which the candidate filed:

21 (b) A candidate who runs for the at-large position on the advisory  
22 board described in section 3(c) of this chapter must reside in the school  
23 corporation:

24 SECTION 37. IC 20-23-12-7 IS REPEALED [EFFECTIVE UPON  
25 PASSAGE]. Sec. 7: The state board, with assistance from the county  
26 election board, shall establish:

27 (1) balloting procedures under IC 3 for the election; and

28 (2) all other procedures required to implement this chapter:

29 SECTION 38. IC 20-23-12-8 IS REPEALED [EFFECTIVE UPON  
30 PASSAGE]. Sec. 8: (a) The term of each person elected to serve on the  
31 advisory board is four (4) years:

32 (b) The term of each person elected to serve on the advisory board  
33 begins on the date set in the school corporation's organization plan. The  
34 date set in the organization plan for an elected member of the advisory  
35 board to take office may not be more than fourteen (14) months after  
36 the date of the member's election. If the school corporation's  
37 organization plan does not set a date for an elected member of the  
38 advisory board to take office, the member takes office January 1 that  
39 immediately follows the person's election:

40 SECTION 39. IC 20-23-12-9 IS REPEALED [EFFECTIVE UPON  
41 PASSAGE]. Sec. 9: The members are elected as follows:

42 (1) Three (3) of the members elected under section 3(b) of this



1 chapter are elected at the general election to be held in 2020 and  
 2 every four (4) years thereafter.  
 3 (2) Three (3) of the members elected under section 3(b) of this  
 4 chapter are elected at the general election to be held in 2022 and  
 5 every four (4) years thereafter.  
 6 (3) The at-large member elected under section 3(c) of this chapter  
 7 is elected at the general election to be held in 2024 and every four  
 8 (4) years thereafter.

9 SECTION 40. IC 20-23-12-10 IS REPEALED [EFFECTIVE UPON  
 10 PASSAGE]. Sec. 10: (a) A vacancy on the advisory board is created  
 11 when:

- 12 (1) a member:  
 13 (A) dies;  
 14 (B) resigns from the advisory board;  
 15 (C) ceases to be a resident of the school corporation;  
 16 (D) fails to attend, except for reason of chronic illness, six (6)  
 17 regularly scheduled meetings of the advisory board in any  
 18 twelve (12) month period; or  
 19 (E) ceases to be a resident of the school district in which the  
 20 member was elected; or  
 21 (2) a vacancy is created under any other law.  
 22 (b) The advisory board shall temporarily fill a vacancy on the  
 23 advisory board as soon as practicable after the vacancy occurs.

24 SECTION 41. IC 20-23-12-11 IS REPEALED [EFFECTIVE UPON  
 25 PASSAGE]. Sec. 11: Before August 1 of each year, the school  
 26 corporation shall file with the secretary of education a list of the:

- 27 (1) names and addresses of members of the school corporation's  
 28 advisory board;  
 29 (2) names and addresses of the school corporation's officers; and  
 30 (3) expiration dates of the terms of the school corporation's  
 31 members and officers.

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

34 SECTION 42. IC 20-23-12.1 IS ADDED TO THE INDIANA  
 35 CODE AS A NEW CHAPTER TO READ AS FOLLOWS  
 36 [EFFECTIVE JULY 1, 2023]:

37 **Chapter 12.1. Appointment of Governing Body Members for**  
 38 **Gary Community School Corporation**

39 **Sec. 0.5. The general assembly recognizes the following:**

- 40 (1) The Gary Community School Corporation has achieved  
 41 financial and operational stability.  
 42 (2) The Gary Community School Corporation is expected to



- 1 meet the conditions for termination of distressed status in the  
 2 near future.
- 3 **(3) The Gary Community School Corporation no longer**  
 4 **requires special state oversight by the distressed unit appeal**  
 5 **board.**
- 6 **(4) That it is appropriate to transition to a new governing**  
 7 **body.**
- 8 **(5) The state should continue to monitor and evaluate the**  
 9 **effectiveness of the governance structure.**
- 10 **Sec. 1. As used in this chapter, "school corporation" means the**  
 11 **Gary Community School Corporation.**
- 12 **Sec. 2. (a) The governing body of the Gary Community School**  
 13 **Corporation consists of the following five (5) members:**
- 14 **(1) One (1) member appointed by the executive of the city of**  
 15 **Gary. The member appointed under this subdivision must**  
 16 **reside within the boundaries of the Gary Community School**  
 17 **Corporation.**
- 18 **(2) One (1) member appointed by the common council of the**  
 19 **city of Gary. The member appointed under this subdivision**  
 20 **must reside within the boundaries of the Gary Community**  
 21 **School Corporation.**
- 22 **(3) Three (3) members appointed by the secretary of**  
 23 **education. Of the members appointed under this subdivision:**
- 24 **(A) at least one (1) member must reside within the**  
 25 **boundaries of the Gary Community School Corporation;**  
 26 **and**
- 27 **(B) at least one (1) member (in addition to the member**  
 28 **described in clause (A)) must reside in Lake County.**
- 29 **In appointing members under this subdivision, the secretary**  
 30 **of education may consider whether a candidate has**  
 31 **experience and expertise in kindergarten through grade 12**  
 32 **education, financial management, career development, or**  
 33 **higher education.**
- 34 **(b) The initial members appointed under subsection (a) shall**  
 35 **serve staggered terms beginning July 1, 2023, as follows:**
- 36 **(1) The initial member appointed under subsection (a)(1) must**  
 37 **be appointed for one (1) year.**
- 38 **(2) The initial member appointed under subsection (a)(2) must**  
 39 **be appointed for two (2) years.**
- 40 **(3) Two (2) of the initial members appointed under subsection**  
 41 **(a)(3) must be appointed for one (1) year.**
- 42 **(4) One (1) of the initial members appointed under subsection**



- 1           (a)(3), who is not appointed to an initial term described in  
2           subdivision (3), must be appointed for two (2) years.
- 3           (c) A member's term expires June 30 in the applicable year of  
4           expiration. Thereafter, subject to subsection (d), each member  
5           shall serve for a term of two (2) years. A member appointed under  
6           subsection (a) may be reappointed to an unlimited number of  
7           successive terms.
- 8           (d) A member of the governing body serves at the pleasure of  
9           the appointing authority of the member. Vacancies in the  
10          appointments to the governing body shall be filled by the original  
11          appointing authority in accordance with the term requirements  
12          established in this section. An appointed member serves for the  
13          remainder of an unexpired term.
- 14          (e) The chairperson of the governing body shall be appointed by  
15          the secretary of education from the members appointed under  
16          subsection (a).
- 17          Sec. 3. (a) The governing body appointed under section 2 of this  
18          chapter shall serve in an advisory capacity to the distressed unit  
19          appeal board and the emergency manager appointed by the  
20          distressed unit appeal board under IC 6-1.1-20.3, until the later of:  
21                (1) July 1, 2024; or  
22                (2) a date on which the school corporation's status as a  
23                distressed political subdivision is terminated.
- 24          (b) Notwithstanding subsection (a), the governing body  
25          appointed under section 2 of this chapter may select a  
26          superintendent or executive leader for the school corporation  
27          whose employment would begin on the later of:  
28                (1) July 1, 2024; or  
29                (2) a date on which the school corporation's status as a  
30                distressed political subdivision is terminated.
- 31          (c) Notwithstanding subsection (a), the governing body  
32          appointed under section 2 of this chapter may vote to make the  
33          appointments to the library board under IC 36-12-2-9(3).
- 34          Sec. 4. (a) On the later of:  
35                (1) July 1, 2024; or  
36                (2) the date on which the school corporation's status as a  
37                distressed political subdivision is terminated;  
38          the governing body appointed under section 2 of this chapter  
39          assumes all the powers, rights, duties, and obligations of a  
40          community school corporation as set forth in IC 20-23-4-26.
- 41          (b) For the purposes of annual budgeting, IC 6-1.1-17-20 does  
42          not apply to the governing body. The governing body is considered



1 a governing body with the majority of members elected for the  
2 purposes of annual budgeting.

3 **Sec. 5. Not later than October 31, 2025, and each October 31**  
4 **thereafter, the governing body shall submit to the distressed unit**  
5 **appeal board a report summarizing the financial position and**  
6 **operations of the school corporation for the previous state fiscal**  
7 **year. The report shall include any additional information**  
8 **requested by the distressed unit appeal board and be in the form**  
9 **specified by the distressed unit appeal board.**

10 **Sec. 6. Before July 1, 2026, the governing body shall also submit**  
11 **a report to the distressed unit appeal board and the budget**  
12 **committee. The report required by this section must address each**  
13 **of the following topics:**

14 (1) **Finances.**

15 (2) **Operations.**

16 (3) **Academics.**

17 (4) **The effectiveness of the governance structure.**

18 **The distressed unit appeal board shall present the topics addressed**  
19 **by the report to the budget committee before November 1, 2026.**

20 SECTION 43. IC 20-40-2-0.2 IS ADDED TO THE INDIANA  
21 CODE AS A NEW SECTION TO READ AS FOLLOWS  
22 [EFFECTIVE UPON PASSAGE]: **Sec. 0.2. As used in this chapter,**  
23 **"DUAB" means the distressed unit appeal board established by**  
24 **IC 6-1.1-20.3-4.**

25 SECTION 44. IC 20-40-2-10, AS ADDED BY P.L.161-2019,  
26 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
27 UPON PASSAGE]: Sec. 10. (a) After the department completes the  
28 school corporation notice requirement under section 9 of this chapter,  
29 the department shall notify the state board, ~~fiscal and qualitative~~  
30 ~~indicators committee~~, **DUAB**, and Indiana education employment  
31 relations board as soon as possible of all school corporations that  
32 received a notice stating they were on the excessive education fund  
33 transfer list for the immediately preceding calendar year.

34 (b) Upon receipt of the department notice to a school corporation  
35 under section 9 of this chapter, the school corporation's superintendent  
36 and financial personnel, including the school's business officer, shall  
37 prepare and submit explanatory documentation within ninety (90) days,  
38 explaining the following:

39 (1) How and why the school corporation's leadership believes the  
40 school corporation failed to meet the education fund transfer  
41 target percentage.

42 (2) The steps the school corporation's leadership is planning or



- 1 actively taking to budget and spend during the next calendar year  
 2 to meet the education fund transfer target percentage for the next  
 3 calendar year.
- 4 (c) The school corporation's superintendent shall submit the  
 5 explanatory documentation to the department and the ~~fiscal and~~  
 6 ~~qualitative indicators committee~~. **DUAB**.
- 7 (d) Upon submission of the explanatory documentation under  
 8 subsection (b), the school corporation's superintendent shall present the  
 9 explanatory documentation to the school corporation's governing body  
 10 at its next public meeting. The governing body shall enter both the  
 11 actual documentation and corresponding discussion into its official  
 12 minutes for that meeting.
- 13 (e) Upon the completion of the duties under subsection (d), the  
 14 school corporation shall publish the explanatory documentation  
 15 alongside any further notices and related reports from the department  
 16 on its ~~internet web site~~ **website** within thirty (30) days.
- 17 (f) Upon receipt of a school corporation's explanatory  
 18 documentation, the ~~fiscal and qualitative indicators committee~~ **DUAB**  
 19 shall officially acknowledge receipt of the documentation at its next  
 20 public meeting and enter the receipt into its official minutes for that  
 21 meeting.
- 22 (g) Upon receipt of the explanatory documentation, the department,  
 23 in collaboration with the ~~fiscal and qualitative indicators committee~~;  
 24 **DUAB**, shall review the documentation within sixty (60) days to make  
 25 a preliminary determination of whether the documentation  
 26 satisfactorily demonstrates that the school corporation's leadership has  
 27 outlined and begun a corrective action plan to make progress in  
 28 meeting the education fund transfer target percentage for the next  
 29 calendar year.
- 30 (h) If the department determines the explanatory documentation is  
 31 not satisfactory, the department may contact the superintendent and  
 32 financial personnel, including the school business officer, of the school  
 33 corporation to schedule as soon as possible an appearance before the  
 34 ~~fiscal and qualitative indicators committee~~ **DUAB** at a public meeting  
 35 to provide an opportunity to explain the details within the explanatory  
 36 documentation, and to explain to the ~~fiscal and qualitative indicators~~  
 37 ~~committee~~ **DUAB** the school corporation's budgeting and  
 38 compensation levels in relation to the following for the school  
 39 corporation:
- 40 (1) How and why the education fund transfer target percentage
  - 41 was not met during the previous calendar year.
  - 42 (2) Total combined expenditures.





- 1 (3) Student instructional expenditures.  
 2 (4) Noninstructional expenditures.  
 3 (5) Full-time teacher compensation expenditures.  
 4 (6) Nonteaching, full-time administrative personnel compensation  
 5 expenditures.  
 6 (7) Nonteaching staff personnel compensation expenditures.  
 7 (8) Any prior or planned attempts to seek the assistance available  
 8 under this chapter from the Indiana education employment  
 9 relations board and the department's division of finance.  
 10 (9) Any prior or planned pooling of resources, combined  
 11 purchases, usage of shared administrative services, or  
 12 collaboration with contiguous school corporations in reducing  
 13 noninstructional expenditures as described under IC 20-42.5-2-1.  
 14 (10) Any prior or planned participation in a county school safety  
 15 commission under IC 5-2-10.1-10 to assist and reduce school  
 16 safety expenditures.  
 17 (11) Any prior or planned consideration of meeting the  
 18 requirements of and applying for school corporation efficiency  
 19 incentive grants under IC 36-1.5-6.
- 20 (i) The ~~fiscal and qualitative indicators committee~~ **DUAB** may  
 21 contact the superintendent and financial personnel, including the  
 22 school's business officer, of a school corporation that has been included  
 23 on the department's excessive education fund transfer list for at least  
 24 two (2) immediately preceding calendar years to provide the school  
 25 corporation an opportunity to explain to the ~~fiscal and qualitative~~  
 26 ~~indicators committee~~ **DUAB** in a public meeting the school  
 27 corporation's budgeting and compensation levels in relation to the  
 28 items listed in subsection (h).
- 29 (j) After the ~~fiscal and qualitative indicators committee~~ **DUAB**  
 30 receives the school corporation's explanation under this section, the  
 31 ~~fiscal and qualitative indicators committee~~ **DUAB** may issue an official  
 32 recommendation to the school corporation to perform a review and  
 33 improve its budgeting procedures in consultation with any state  
 34 agencies the ~~fiscal and qualitative indicators committee~~ **DUAB**  
 35 considers appropriate. The state agencies specified by the ~~fiscal and~~  
 36 ~~qualitative indicators committee~~ **DUAB** shall assist the school  
 37 corporation before and during its next collective bargaining period with  
 38 the goal of meeting or making progress toward the education fund  
 39 transfer target percentage. If the ~~fiscal and qualitative indicators~~  
 40 ~~committee~~ **DUAB** issues an official recommendation to a school  
 41 corporation, the school corporation's governing body shall officially  
 42 acknowledge receipt of the recommendation at its next public meeting



1 and enter into the school corporation governing body's minutes for that  
 2 meeting acknowledgment of receipt of the recommendation. In  
 3 addition, the school corporation shall publish the official  
 4 recommendation on the school corporation's ~~Internet web site-~~ **website.**

5 (k) The school corporation shall publish the most recent notices  
 6 from the department, relevant individual reports prepared by the  
 7 department, explanatory documentation by the school corporation, and  
 8 official recommendations by the ~~fiscal and qualitative indicators~~  
 9 ~~committee~~ **DUAB** on the school corporation's ~~Internet web site-~~  
 10 **website.**

11 (l) The school corporation may remove the notice, its explanatory  
 12 documentation, and the ~~fiscal and qualitative indicators committee's~~  
 13 **DUAB's** official recommendation from its ~~Internet web site~~ **website** if  
 14 the department determines that the school corporation met its education  
 15 fund transfer target percentage and is no longer on the excessive  
 16 education fund transfer list.

17 SECTION 45. IC 34-30-2.1-55, AS ADDED BY P.L.105-2022,  
 18 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 19 UPON PASSAGE]: Sec. 55. IC 6-1.1-20.3-7.5 (Concerning an act or  
 20 omission of a ~~fiscal management board member~~; an emergency  
 21 manager, a chief financial officer, or a chief academic officer within  
 22 the scope of and arising out of the performance of prescribed duties in  
 23 a distressed political subdivision).

24 SECTION 46. IC 36-12-2-9, AS AMENDED BY P.L.114-2015,  
 25 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 26 JULY 1, 2023]: Sec. 9. Except as provided in section 15 of this chapter  
 27 and subject to **IC 20-23-12.1-3(c)** and section 16 of this chapter, seven  
 28 (7) members of a library board shall be appointed as follows:

29 (1) One (1) member appointed by the executive of the county in  
 30 which the library district is located, or if the district is located in  
 31 more than one (1) county, jointly by the executives of the  
 32 respective counties.

33 (2) One (1) member appointed by the fiscal body of the county in  
 34 which the library district is located, or if the district is located in  
 35 more than one (1) county, jointly by the fiscal bodies of the  
 36 respective counties.

37 (3) Three (3) members appointed by the school board of the  
 38 school corporation serving the library district. However, if there  
 39 is more than one (1) school corporation serving the library  
 40 district:

41 (A) two (2) members shall be appointed by the school board  
 42 of the school corporation in which the principal administrative



- 1 offices of the public library are located; and  
 2 (B) one (1) member shall be appointed by a majority vote of  
 3 the presidents of the school boards of the other school  
 4 corporations.  
 5 (4) One (1) member appointed under section 10(1), 11(b)(1),  
 6 12(1), 13(a)(1), 13(b)(1), or 14(1) of this chapter, as applicable.  
 7 (5) One (1) member appointed under section 10(2), 11(b)(2),  
 8 12(2), 13(a)(2), 13(b)(2), or 14(2) of this chapter, as applicable.  
 9 **SECTION 47. [EFFECTIVE UPON PASSAGE] (a) As used in this**  
 10 **SECTION, "emergency manager" refers to the emergency**  
 11 **manager for the Gary School Corporation appointed under**  
 12 **IC 6-1.1-20.3-7.5.**  
 13 **(b) If approved by the distressed unit appeal board, the rainy**  
 14 **day fund transfer limitations under IC 36-1-8-5.1(d)(2)(B)(ii) and**  
 15 **IC 36-1-8-5.1(d)(2)(B)(iii) do not apply to the emergency manager.**  
 16 **(c) This SECTION expires July 1, 2024.**  
 17 **SECTION 48. [EFFECTIVE UPON PASSAGE] (a) As used in this**  
 18 **SECTION, "advisory board" refers to the Gary Community**  
 19 **School Corporation advisory board established under**  
 20 **IC 20-23-12-3, before its repeal by this act.**  
 21 **(b) As used in this SECTION, "governing body" refers to the**  
 22 **governing body appointed by the secretary of education under**  
 23 **IC 20-23-12.1-2, as added by this act.**  
 24 **(c) The terms of the members of the advisory board expire upon**  
 25 **passage of this act.**  
 26 **(d) The term of the member appointed to the fiscal management**  
 27 **board under IC 6-1.1-20.3-6.8(g)(1), before its amendment by this**  
 28 **act, expires upon passage of this act.**  
 29 **(e) Before July 1, 2023, the secretary of education shall appoint**  
 30 **the initial members to the governing body in the manner**  
 31 **prescribed by IC 20-23-12.1-2, as added by this act.**  
 32 **(f) The initial terms for members of the governing body**  
 33 **appointed as described in subsection (e) begin July 1, 2023.**  
 34 **(g) This SECTION expires July 1, 2026.**  
 35 **SECTION 49. An emergency is declared for this act.**



## COMMITTEE REPORT

Madam President: The Senate Committee on Appropriations, to which was referred Senate Bill No. 327, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 17, between lines 1 and 2, begin a new paragraph and insert:

**"Sec. 0.5. The general assembly recognizes the following:**

- (1) The Gary Community School Corporation has achieved financial and operational stability.**
- (2) The Gary Community School Corporation is expected to meet the conditions for termination of distressed status in the near future.**
- (3) The Gary Community School Corporation no longer requires special state oversight by the distressed unit appeal board.**
- (4) That it is appropriate to transition to a new governing body.**
- (5) The state should continue to monitor and evaluate the effectiveness of the governance structure."**

Page 17, delete lines 24 through 25, begin a new paragraph and insert:

**"(c) The following apply to four (4) of the members appointed under subsection (a):**

- (1) At least two (2) of the members must be residents of the city of Gary.**
- (2) At least two (2) of the members must be residents of:**
  - (A) the city of Gary; or**
  - (B) Lake County."**

Page 17, line 27, delete "education." and insert **"education. The executive of the city of Gary may at any time provide the secretary of education with a new membership recommendation under subsection (a)(2), and the secretary of education may at any time replace a member appointed under subsection (a)(2)."**

Page 18, between lines 24 and 25, begin a new paragraph and insert:

**"Sec. 6. Before July 1, 2026, the governing body shall also submit a report to the distressed unit appeal board and the budget committee. The report required by this section must address each of the following topics:**

- (1) Finances.**
- (2) Operations.**
- (3) Academics.**
- (4) The effectiveness of the governance structure.**

ES 327—LS 7331/DI 120



**The distressed unit appeal board shall present the topics addressed by the report to the budget committee before November 1, 2026."**

and when so amended that said bill do pass.

(Reference is to SB 327 as introduced.)

MISHLER, Chairperson

Committee Vote: Yeas 10, Nays 4.

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#### COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 327, 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 4, between lines 30 and 31, begin a new paragraph and insert:

"SECTION 4. IC 5-13-7-8, AS ADDED BY P.L.101-2019, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) During the annual meeting required by section 6 of this chapter, the superintendent of a school corporation shall submit a written report to the local board of finance for the school corporation. The report must assess the financial condition of the school corporation using the fiscal and qualitative indicators determined under IC 20-19-7-4 by the ~~fiscal and qualitative indicators committee~~: **distressed unit appeal board established by IC 6-1.1-20.3-4.**

(b) The local board of finance shall review the report made under subsection (a).

(c) The superintendent of a school corporation may delegate the duty to submit a report under subsection (a) to an employee or representative of the school corporation.

SECTION 5. IC 6-1.1-20.3-5, AS AMENDED BY P.L.213-2018(ss), SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 5. (a) The board may employ ~~an executive director~~ **staff** 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~~: **staff.**

ES 327—LS 7331/DI 120



(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 **may** 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."

Page 12, between lines 8 and 9, begin a new paragraph and insert:  
"SECTION 7. IC 6-1.1-20.3-7.1 IS REPEALED [EFFECTIVE JULY 1, 2023]. 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;
  - (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) 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:

(d) 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 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."

Page 13, between lines 12 and 13, begin a new paragraph and insert:  
"SECTION 9. IC 6-1.1-20.3-15, AS AMENDED BY P.L.213-2018(ss), SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: 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 and qualitative** indicators developed under IC 20-19-7 or **the fiscal health indicators developed under 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 10. IC 20-19-7-2 IS REPEALED [EFFECTIVE JULY 1, 2023]. ~~Sec. 2: As used in this chapter, "executive director" means the executive director of the DUAB.~~

SECTION 11. IC 20-19-7-2.3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 2.3. As used in this chapter, "public agency" has the meaning set forth in IC 5-14-1.5-2(a).**

SECTION 12. IC 20-19-7-2.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 2.5. As used in this chapter, "public official" means an elected or appointed official in the executive, legislative, or judicial branch of the state government or a political subdivision, and includes an individual acting on behalf of a public employer, whether temporarily or permanently, including, but not limited to, members of boards, committees, commissions, authorities, and other instrumentalities of the state or a political subdivision.**

SECTION 13. IC 20-19-7-3 IS REPEALED [EFFECTIVE UPON PASSAGE]. ~~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:
 
  - ~~(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.

SECTION 14. IC 20-19-7-4, AS ADDED BY P.L.213-2018(ss), SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) Subject to review by the state budget committee under section 6 of this chapter, the ~~fiscal and qualitative indicators committee~~ **DUAB** 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~~. **DUAB.**

(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~~. **DUAB.**

SECTION 15. IC 20-19-7-5, AS ADDED BY P.L.213-2018(ss), SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Subject to review by the state budget committee under section 6 of this chapter, the ~~fiscal and qualitative indicators committee~~ **DUAB** 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 a~~ 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~~ **website** or the management performance hub's ~~Internet web site~~. **website**. The management performance hub shall assist the DUAB in the development of the dashboard for publication.

SECTION 16. IC 20-19-7-6, AS ADDED BY P.L.213-2018(ss), SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: 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~~ **DUAB** must 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~~ **DUAB** must present a draft of the proposed requirements to the state budget committee for review by the state budget committee.

SECTION 17. IC 20-19-7-7 IS REPEALED [EFFECTIVE UPON PASSAGE]. ~~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.~~

SECTION 18. IC 20-19-7-8, AS ADDED BY P.L.213-2018(ss), SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 8. The DUAB ~~shall~~ **may** adopt policies and procedures that will be used by the DUAB to implement this chapter. **Policies and procedures adopted under this section may include processes that will be used by the DUAB 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.**

SECTION 19. IC 20-19-7-9 IS REPEALED [EFFECTIVE JULY 1, 2023]. ~~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.

SECTION 20. IC 20-19-7-10, AS ADDED BY P.L.213-2018(ss), SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2023]: 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 DUAB shall on a schedule determined by the DUAB submit subsequent periodically prepare~~ 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 DUAB~~ shall contact for purposes of conducting an assessment under section 11 of this chapter.

SECTION 21. IC 20-19-7-11, AS ADDED BY P.L.213-2018(ss), SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 11. (a) ~~The executive director DUAB~~ shall do the following:

- (1) Contact the governing body and the superintendent of each school corporation for which the ~~distressed unit appeal board DUAB~~ 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 DUAB~~ as the ~~executive director DUAB~~ carries out the assessment of the school corporation's financial condition; and
- (2) provide any information and documents requested by the ~~executive director DUAB~~.

SECTION 22. IC 20-19-7-12, AS ADDED BY P.L.213-2018(ss), SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2023]: 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.

SECTION 23. IC 20-19-7-13, AS ADDED BY P.L.213-2018(ss), SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 13. (a) Upon the request of a school corporation that is required to submit a corrective action plan, the ~~executive director~~ **DUAB** 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.

SECTION 24. IC 20-19-7-14, AS ADDED BY P.L.213-2018(ss), SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: 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 of a school corporation that is required to prepare a corrective action plan may meet in executive session to receive the updates of the superintendent: discuss all aspects of the corrective action plan, including voting to approve a corrective action plan or modifications under section 16 of this chapter.**

SECTION 25. IC 20-19-7-15, AS ADDED BY P.L.213-2018(ss), SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 15. The ~~executive director~~ **DUAB** 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.

SECTION 26. IC 20-19-7-16, AS ADDED BY P.L.213-2018(ss), SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



UPON PASSAGE]: 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.~~

SECTION 27. IC 20-19-7-17, AS ADDED BY P.L.213-2018(ss), SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 17. (a) The DUAB shall place the school corporation on a watch list if:

- (1) the ~~executive director~~ **DUAB** determines that the school corporation is not in compliance with the school corporation's corrective action plan;
- (2) the ~~executive director~~ **DUAB** 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~~; **DUAB**; and
- (3) the ~~executive director~~ **DUAB** 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~~ **DUAB** 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.

SECTION 28. IC 20-19-7-18, AS ADDED BY P.L.213-2018(ss), SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: 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~~ **reports**



prepared by the ~~executive director~~ **DUAB** 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~~ **a report** prepared by the ~~executive director~~ **DUAB** under section 10 of this chapter and an assessment prepared under section 11 of this chapter, to other ~~state agencies or officials~~ **public agencies or public officials** prior to a school corporation's placement on the watch list and review by the state budget committee, these **public agencies or public officials** 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 or the school corporation~~.

**(b) If the DUAB or a school corporation discloses to public agencies or public officials that the school corporation was required to submit a corrective action plan, the public agencies or public officials may not disclose that information without the permission of the DUAB or the school corporation.**

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

SECTION 29. IC 20-19-7-19, AS ADDED BY P.L.213-2018(ss), SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 19. (a) The ~~fiscal and qualitative indicators committee shall~~ **DUAB may** 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~~ **DUAB** may change a fiscal or qualitative indicator, the ~~fiscal and qualitative~~



~~indicators committee~~ **DUAB** must first submit a report in an electronic format to the state budget committee specifying the proposed change in the fiscal or qualitative indicator.

SECTION 30. IC 20-19-7-20, AS ADDED BY P.L.213-2018(ss), SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 20. (a) The DUAB ~~shall~~ **may** do the following each year:

- (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."

Page 17, delete lines 19 through 42, begin a new line block indented and insert:

**"(1) One (1) member appointed by the executive of the city of Gary. The member appointed under this subdivision must reside within the boundaries of the Gary Community School Corporation.**

**(2) One (1) member appointed by the common council of the city of Gary. The member appointed under this subdivision must reside within the boundaries of the Gary Community School Corporation.**

**(3) Five (5) members appointed by the secretary of education. Of the members appointed under this subdivision:**

**(A) at least one (1) member must reside or be employed within the boundaries of the Gary Community School Corporation; and**

**(B) at least one (1) member (in addition to the member described in clause (A)) must reside in Lake County.**

**In appointing members under this subdivision, the secretary of education may consider whether a candidate has experience and expertise in kindergarten through grade 12 education, financial management, career development, or higher education.**

**(b) The initial members appointed under subsection (a) shall serve staggered terms beginning July 1, 2023, as follows:**

**(1) The initial member appointed under subsection (a)(1) must be appointed for one (1) year.**

**(2) The initial member appointed under subsection (a)(2) must**



be appointed for two (2) years.

**(3) Three (3) of the initial members appointed under subsection (a)(3) must be appointed for one (1) year.**

**(4) Two (2) of the initial members appointed under subsection (a)(3), who are not appointed to an initial term described in subdivision (3), must be appointed for two (2) years.**

**(c) A member's term expires June 30 in the applicable year of expiration. Thereafter, subject to subsection (d), each member shall serve for a term of two (2) years. A member appointed under subsection (a) may be reappointed to an unlimited number of successive terms."**

Page 18, delete lines 1 through 11, begin a new paragraph and insert:

**"(d) A member of the governing body serves at the pleasure of the appointing authority of the member. Vacancies in the appointments to the governing body shall be filled by the original appointing authority in accordance with the term requirements established in this section. An appointed member serves for the remainder of an unexpired term."**

Page 18, line 24, after "superintendent" insert "or executive leader".

Page 18, between lines 28 and 29, begin a new paragraph and insert:

**"(c) Notwithstanding subsection (a), the governing body appointed under section 2 of this chapter may vote to make the appointments to the library board under IC 36-12-2-9(3)."**

Page 19, between lines 14 and 15, begin a new paragraph and insert:

**"SECTION 43. IC 20-40-2-0.2 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 0.2. As used in this chapter, "DUAB" means the distressed unit appeal board established by IC 6-1.1-20.3-4.**

**SECTION 44. IC 20-40-2-10, AS ADDED BY P.L.161-2019, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) After the department completes the school corporation notice requirement under section 9 of this chapter, the department shall notify the state board, ~~fiscal and qualitative indicators committee~~, **DUAB**, and Indiana education employment relations board as soon as possible of all school corporations that received a notice stating they were on the excessive education fund transfer list for the immediately preceding calendar year.**

**(b) Upon receipt of the department notice to a school corporation under section 9 of this chapter, the school corporation's superintendent**





and financial personnel, including the school's business officer, shall prepare and submit explanatory documentation within ninety (90) days, explaining the following:

(1) How and why the school corporation's leadership believes the school corporation failed to meet the education fund transfer target percentage.

(2) The steps the school corporation's leadership is planning or actively taking to budget and spend during the next calendar year to meet the education fund transfer target percentage for the next calendar year.

(c) The school corporation's superintendent shall submit the explanatory documentation to the department and the ~~fiscal and qualitative indicators committee~~. **DUAB**.

(d) Upon submission of the explanatory documentation under subsection (b), the school corporation's superintendent shall present the explanatory documentation to the school corporation's governing body at its next public meeting. The governing body shall enter both the actual documentation and corresponding discussion into its official minutes for that meeting.

(e) Upon the completion of the duties under subsection (d), the school corporation shall publish the explanatory documentation alongside any further notices and related reports from the department on its ~~Internet web site~~ **website** within thirty (30) days.

(f) Upon receipt of a school corporation's explanatory documentation, the ~~fiscal and qualitative indicators committee~~ **DUAB** shall officially acknowledge receipt of the documentation at its next public meeting and enter the receipt into its official minutes for that meeting.

(g) Upon receipt of the explanatory documentation, the department, in collaboration with the ~~fiscal and qualitative indicators committee~~, **DUAB**, shall review the documentation within sixty (60) days to make a preliminary determination of whether the documentation satisfactorily demonstrates that the school corporation's leadership has outlined and begun a corrective action plan to make progress in meeting the education fund transfer target percentage for the next calendar year.

(h) If the department determines the explanatory documentation is not satisfactory, the department may contact the superintendent and financial personnel, including the school business officer, of the school corporation to schedule as soon as possible an appearance before the ~~fiscal and qualitative indicators committee~~ **DUAB** at a public meeting to provide an opportunity to explain the details within the explanatory



documentation, and to explain to the ~~fiscal and qualitative indicators committee~~ **DUAB** the school corporation's budgeting and compensation levels in relation to the following for the school corporation:

- (1) How and why the education fund transfer target percentage was not met during the previous calendar year.
- (2) Total combined expenditures.
- (3) Student instructional expenditures.
- (4) Noninstructional expenditures.
- (5) Full-time teacher compensation expenditures.
- (6) Nonteaching, full-time administrative personnel compensation expenditures.
- (7) Nonteaching staff personnel compensation expenditures.
- (8) Any prior or planned attempts to seek the assistance available under this chapter from the Indiana education employment relations board and the department's division of finance.
- (9) Any prior or planned pooling of resources, combined purchases, usage of shared administrative services, or collaboration with contiguous school corporations in reducing noninstructional expenditures as described under IC 20-42.5-2-1.
- (10) Any prior or planned participation in a county school safety commission under IC 5-2-10.1-10 to assist and reduce school safety expenditures.
- (11) Any prior or planned consideration of meeting the requirements of and applying for school corporation efficiency incentive grants under IC 36-1.5-6.

(i) The ~~fiscal and qualitative indicators committee~~ **DUAB** may contact the superintendent and financial personnel, including the school's business officer, of a school corporation that has been included on the department's excessive education fund transfer list for at least two (2) immediately preceding calendar years to provide the school corporation an opportunity to explain to the ~~fiscal and qualitative indicators committee~~ **DUAB** in a public meeting the school corporation's budgeting and compensation levels in relation to the items listed in subsection (h).

(j) After the ~~fiscal and qualitative indicators committee~~ **DUAB** receives the school corporation's explanation under this section, the ~~fiscal and qualitative indicators committee~~ **DUAB** may issue an official recommendation to the school corporation to perform a review and improve its budgeting procedures in consultation with any state agencies the ~~fiscal and qualitative indicators committee~~ **DUAB** considers appropriate. The state agencies specified by the ~~fiscal and~~



~~qualitative indicators committee~~ **DUAB** shall assist the school corporation before and during its next collective bargaining period with the goal of meeting or making progress toward the education fund transfer target percentage. If the ~~fiscal and qualitative indicators committee~~ **DUAB** issues an official recommendation to a school corporation, the school corporation's governing body shall officially acknowledge receipt of the recommendation at its next public meeting and enter into the school corporation governing body's minutes for that meeting acknowledgment of receipt of the recommendation. In addition, the school corporation shall publish the official recommendation on the school corporation's ~~Internet web site~~: **website**.

(k) The school corporation shall publish the most recent notices from the department, relevant individual reports prepared by the department, explanatory documentation by the school corporation, and official recommendations by the ~~fiscal and qualitative indicators committee~~ **DUAB** on the school corporation's ~~Internet web site~~: **website**.

(l) The school corporation may remove the notice, its explanatory documentation, and the ~~fiscal and qualitative indicators committee's~~ **DUAB's** official recommendation from its ~~Internet web site~~ **website** if the department determines that the school corporation met its education fund transfer target percentage and is no longer on the excessive education fund transfer list."

Page 19, between lines 21 and 22, begin a new paragraph and insert:

"SECTION 46. IC 36-12-2-9, AS AMENDED BY P.L.114-2015, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 9. Except as provided in section 15 of this chapter and subject to **IC 20-23-12.1-3(c)** and section 16 of this chapter, seven

(7) members of a library board shall be appointed as follows:

(1) One (1) member appointed by the executive of the county in which the library district is located, or if the district is located in more than one (1) county, jointly by the executives of the respective counties.

(2) One (1) member appointed by the fiscal body of the county in which the library district is located, or if the district is located in more than one (1) county, jointly by the fiscal bodies of the respective counties.

(3) Three (3) members appointed by the school board of the school corporation serving the library district. However, if there is more than one (1) school corporation serving the library district:

(A) two (2) members shall be appointed by the school board



of the school corporation in which the principal administrative offices of the public library are located; and

(B) one (1) member shall be appointed by a majority vote of the presidents of the school boards of the other school corporations.

(4) One (1) member appointed under section 10(1), 11(b)(1), 12(1), 13(a)(1), 13(b)(1), or 14(1) of this chapter, as applicable.

(5) One (1) member appointed under section 10(2), 11(b)(2), 12(2), 13(a)(2), 13(b)(2), or 14(2) of this chapter, as applicable."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 327 as printed February 10, 2023.)

THOMPSON

Committee Vote: yeas 14, nays 9.

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HOUSE MOTION

Mr. Speaker: I move that Engrossed Senate Bill 327 be amended to read as follows:

Page 27, line 13, delete "seven (7)" and insert "**five (5)**".

Page 27, line 22, delete "Five (5)" and insert "**Three (3)**".

Page 27, line 24, delete "or be employed".

Page 27, line 40, delete "Three (3)" and insert "**Two (2)**".

Page 27, line 42, delete "Two (2)" and insert "**One (1)**".

Page 28, line 1, delete "are" and insert "**is**".

(Reference is to ESB 327 as printed April 11, 2023.)

HATCHER

