



February 5, 2019

---

---

## HOUSE BILL No. 1003

---

DIGEST OF HB 1003 (Updated January 31, 2019 3:28 pm - DI 58)

**Citations Affected:** IC 6-1.1; IC 20-29; IC 20-40.

**Synopsis:** School corporation expenditure targets. Provides that a school must specify in its proposed budget the anticipated amount it will transfer from its education fund to its operations fund during the budget year and requires an acknowledgment at its budget hearing of whether it will transfer more than 15% from its education fund to its operations fund. Requires the education employment relations board to annually prepare, publish, and submit a report to the budget committee and the legislative council that covers various employment information for school employees. Provides that a school corporation shall make every reasonable effort to budget and spend for its education fund so that no more than 15% of the revenue deposited in its education fund is transferred to its operations fund. Requires the department of education to identify and the office of management and budget (OMB) to notify those school corporations that transfer more than the 15% amount for the previous calendar year beginning in 2020. Requires the department of education and the OMB to publish on their Internet web sites a list of those school corporations exceeding the 15% transfer amount. Requires a school corporation's governing body to publically acknowledge receipt of a notice that the school corporation is on the list and publish on the school corporation's Internet web site that it is on the list along with related items. Requires the OMB and the division  
(Continued next page)

**Effective:** January 1, 2019 (retroactive); July 1, 2019; January 1, 2020.

---

---

### DeVon, Huston

---

---

January 7, 2019, read first time and referred to Committee on Education.  
January 10, 2019, reported — Do Pass. Referred to Committee on Ways and Means pursuant to Rule 127.  
February 4, 2019, amended, reported — Do Pass.

---

---

HB 1003—LS 7475/DI 58



## Digest Continued

of finance of the department of education to be available to provide assistance to each school corporation that is included on the list. Requires a school corporation that is not on the list to publish this fact on the school corporation's Internet web site. Provides that, if a school corporation is over the transfer target, the school corporation is required to explain its expenditures to department of education and the fiscal and qualitative indicators committee. Provides that the department of education may require the school corporation to present its explanation to fiscal and qualitative indicators committee at a public meeting. Permits the fiscal and qualitative indicators committee to issue a recommendation to the school corporation, and requires posting of the recommendation on the school corporation's Internet web site.

**HB 1003—LS 7475/DI 58**



February 5, 2019

First Regular Session of the 121st General Assembly (2019)

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

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

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2018 Regular and Special Session of the General Assembly.

## HOUSE BILL No. 1003

---

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 6-1.1-17-5.3 IS ADDED TO THE INDIANA  
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
3 [EFFECTIVE JULY 1, 2019]: **Sec. 5.3. A school corporation shall**  
4 **specify in its proposed budget the anticipated amount that will be**  
5 **transferred from the total revenue deposited in the school**  
6 **corporation's education fund to its operations fund during the next**  
7 **calendar year. At its public hearing to adopt a budget under this**  
8 **chapter, the school corporation shall acknowledge whether the**  
9 **school corporation's anticipated transfer amount will be more than**  
10 **fifteen percent (15%) of the total revenue deposited in the school**  
11 **corporation's education fund to its operations fund during the next**  
12 **calendar year.**

13 SECTION 2. IC 20-29-3-15 IS ADDED TO THE INDIANA CODE  
14 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
15 1, 2019]: **Sec. 15. (a) The board shall prepare an annual report**  
16 **covering the previous school year or collective bargaining period**  
17 **that includes at least the information described in subsection (b).**

HB 1003—LS 7475/DI 58



- 1       **Before November 15 each year, the board shall:**  
2           (1) submit the report to the budget committee, department of  
3           education, state board, and legislative council in an electronic  
4           format under IC 5-14-6; and  
5           (2) publish the report on the state's interactive and searchable  
6           Internet web site containing local government information  
7           (the Indiana gateway for governmental units).  
8       **(b) The report must cover at least the following information:**  
9           (1) The total number of full-time public school teachers and  
10          the number of nonteaching full-time district level  
11          administrators.  
12          (2) The average tenure of all full-time public school teachers.  
13          (3) The number of first-year, full-time teachers hired during  
14          the previous calendar year.  
15          (4) The number of full-time teachers who retired during the  
16          interval between the immediately preceding collective  
17          bargaining period and the previous calendar year's collective  
18          bargaining period.  
19          (5) The overall average salary of nonteaching full-time district  
20          level administrators.  
21          (6) The overall average salary of full-time public school  
22          teachers.  
23          (7) The statewide average total compensation of full-time  
24          public school teachers, the statewide average daily teacher  
25          salary rate, and the statewide average annual teacher contract  
26          days.  
27          (8) The statewide average total compensation of full-time  
28          public school administrators, the statewide average daily  
29          nonteaching, full-time, district level administrator salary rate,  
30          and the statewide average annual administrator contract  
31          days.  
32          (9) The average salary and total compensation of full-time  
33          public school teachers for each school corporation.  
34          (10) The average salary and total compensation of  
35          nonteaching, full-time district level administrators, including  
36          separately the superintendent, for each school corporation.  
37          (11) The minimum full-time public school teacher salary.  
38          (12) The maximum full-time public school teacher salary.  
39          (13) The minimum nonteaching full-time district level  
40          administrative salary.  
41          (14) The maximum nonteaching full-time district level  
42          administrative salary.



- 1           **(15) The number of full-time public school teachers earning**  
 2           **a salary under the statewide average.**  
 3           **(16) The number of full-time public school teachers earning**  
 4           **a salary in excess of the statewide average.**  
 5           **(17) For each school corporation, the average salary paid to**  
 6           **full-time public school teachers in each of the following tenure**  
 7           **benchmarks:**  
 8               **(A) First year.**  
 9               **(B) Fifth year.**  
 10              **(C) Tenth year.**  
 11              **(D) Fifteenth year.**  
 12              **(E) Twentieth year.**  
 13              **(F) Twenty-fifth year.**  
 14              **(G) Thirty (30) or more years of service.**  
 15           **(18) For each school corporation, the nominal dollar figures**  
 16           **for subdivisions (5), (6), (11), (12), (13), (14), and (17) in**  
 17           **nationally recognized, open-source, state-specific cost of living**  
 18           **index-adjusted dollars to compare to the figures described in**  
 19           **subdivision (19).**  
 20           **(19) Comparative data on overall full-time public school**  
 21           **teacher salary averages and by each of the tenure benchmarks**  
 22           **listed in subdivision (17) in both nominal dollars and**  
 23           **nationally recognized, open-source, state-specific cost of living**  
 24           **index-adjusted dollars for each of the following states:**  
 25               **(A) Illinois.**  
 26               **(B) Kentucky.**  
 27               **(C) Michigan.**  
 28               **(D) Ohio.**  
 29               **(E) Wisconsin.**

30           **As used in this subsection, total compensation includes the**  
 31           **monetary value of salary, wages, bonuses, stipends, supplemental**  
 32           **payments, commissions, employment benefits, and any other form**  
 33           **of remuneration paid for personal services.**

34           **(c) The board may require schools to submit any school**  
 35           **corporation specific information needed to complete the report.**  
 36           **Parties to a collective bargaining agreement shall comply with the**  
 37           **board's requests for information necessary to complete the report.**

38           **SECTION 3. IC 20-40-2-0.3 IS ADDED TO THE INDIANA CODE**  
 39           **AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE**  
 40           **JANUARY 1, 2020]: Sec. 0.3. As used in this chapter, "education**  
 41           **fund transfer target percentage" refers to the threshold maximum**  
 42           **education fund transfer percentage set forth in section 6 of this**



1 **chapter.**

2 SECTION 4. IC 20-40-2-0.5 IS ADDED TO THE INDIANA CODE  
3 AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE  
4 JANUARY 1, 2020]: **Sec. 0.5. As used in this chapter, "excessive  
5 education fund transfer list" refers to the list required by section  
6 of this chapter.**

7 SECTION 5. IC 20-40-2-6, AS ADDED BY P.L.244-2017,  
8 SECTION 71, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
9 JANUARY 1, 2020]: **Sec. 6. (a) Each school corporation shall make  
10 every reasonable effort to transfer no more than fifteen percent  
11 (15%) of the total revenue deposited in the school corporation's  
12 education fund from the school corporation's education fund to the  
13 school corporation's operations fund during a calendar year.**

14 ~~(a)~~ **(b)** Only after the transfer is authorized by the governing body  
15 in a public meeting with public notice, money in the education fund  
16 may be transferred to the operations fund to cover expenditures that are  
17 not allocated to student instruction and learning under IC 20-42.5. The  
18 amount transferred from the education fund to the operations fund shall  
19 be reported by the school corporation to the department. The transfers  
20 made during the:

21 (1) first six (6) months of each state fiscal year shall be reported  
22 before January 31 of the following year; and

23 (2) last six (6) months of each state fiscal year shall be reported  
24 before July 31 of that year.

25 ~~(b)~~ **(c)** The report must include information as required by the  
26 department and in the form required by the department.

27 ~~(c)~~ **(d)** The department must post the report submitted under  
28 subsection ~~(a)~~ **(b)** on the department's Internet web site.

29 **(e) Beginning in 2020, the department shall track for each school  
30 corporation transfers from the school corporation's education fund  
31 to its operations fund for the preceding six (6) month period.  
32 Beginning in 2021, before February 1 of each year, the department  
33 shall provide to the office of management and budget an excessive  
34 education fund transfer list comprised of all school corporations  
35 that transferred more than fifteen percent (15%) of the total  
36 revenue deposited in the school corporation's education fund from  
37 the school corporation's education fund to the school corporation's  
38 operations fund during the immediately preceding calendar year.  
39 A school corporation that is not included on the excessive  
40 education fund transfer list is considered to have met the education  
41 fund transfer target percentage for the immediately preceding  
42 calendar year.**



1 SECTION 6. IC 20-40-2-8 IS ADDED TO THE INDIANA CODE  
 2 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE  
 3 JANUARY 1, 2020]: **Sec. 8. The office of management and budget  
 4 and the division of finance of the department shall be available to  
 5 consult with and provide technical assistance to each school  
 6 corporation that is included on the excessive education fund  
 7 transfer list required under section 6 of this chapter.**

8 SECTION 7. IC 20-40-2-9 IS ADDED TO THE INDIANA CODE  
 9 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE  
 10 JANUARY 1, 2020]: **Sec. 9. (a) For each school corporation  
 11 included on the excessive education fund transfer list required  
 12 under section 6 of this chapter, the office of management and  
 13 budget shall, not later than thirty (30) days after receiving the  
 14 excessive education fund transfer list from the department, submit  
 15 in both a written and an electronic format a notice to the school  
 16 corporation's superintendent, school business officer, and  
 17 governing body that the school corporation did not meet its  
 18 education fund transfer target percentage for the previous  
 19 calendar year.**

20 **(b) If a school corporation's governing body receives a notice  
 21 from the office of management and budget under subsection (a),  
 22 the school corporation shall do all of the following:**

23 **(1) Publicly acknowledge receipt of the excessive education  
 24 fund transfer list notice from the office at the governing  
 25 body's next public meeting.**

26 **(2) Enter into the governing body's official minutes for that  
 27 meeting acknowledgment of the notice.**

28 **(3) Publish on the school corporation's Internet web site the  
 29 office's notice and any relevant individual reports prepared  
 30 by the office within thirty (30) days after the public meeting.**

31 SECTION 8. IC 20-40-2-10 IS ADDED TO THE INDIANA CODE  
 32 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE  
 33 JANUARY 1, 2020]: **Sec. 10. (a) After the office of management and  
 34 budget completes the school corporation notice requirement under  
 35 section 9 of this chapter, the office shall notify the state board,  
 36 fiscal and qualitative indicators committee, department, and  
 37 Indiana education employment relations board as soon as possible  
 38 of all school corporations that received a notice stating they were  
 39 on the excessive education fund transfer list for the immediately  
 40 preceding calendar year.**

41 **(b) Upon receipt of the office of management and budget notice  
 42 to a school corporation under section 9 of this chapter, the school**



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

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

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

11 (c) The school corporation's superintendent shall submit the  
12 explanatory documentation to the department and the fiscal and  
13 qualitative indicators committee.

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

20 (e) Upon the completion of the duties under subsection (d), the  
21 school corporation shall publish the explanatory documentation  
22 alongside any further notices and related reports from the office of  
23 management and budget on its Internet web site within thirty (30)  
24 days.

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

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

38 (h) If the department determines the explanatory  
39 documentation is not satisfactory, the department may contact the  
40 superintendent and financial personnel, including the school  
41 business officer, of the school corporation to schedule as soon as  
42 possible an appearance before the fiscal and qualitative indicators





1 committee at a public meeting to provide an opportunity to explain  
2 the details within the explanatory documentation, and to explain to  
3 the fiscal and qualitative indicators committee the school  
4 corporation's budgeting and compensation levels in relation to the  
5 following for the school corporation:

6 (1) How and why the education fund transfer target  
7 percentage was not met during the previous calendar year.

8 (2) Total combined expenditures.

9 (3) Student instructional expenditures.

10 (4) Noninstructional expenditures.

11 (5) Full-time teacher compensation expenditures.

12 (6) Nonteaching, full-time administrative personnel  
13 compensation expenditures.

14 (7) Nonteaching staff personnel compensation expenditures.

15 (8) Any prior or planned attempts to seek the assistance  
16 available under this chapter from the office of management  
17 and budget and the department's division of finance.

18 (9) Any prior or planned pooling of resources, combined  
19 purchases, usage of shared administrative services, or  
20 collaboration with contiguous school corporations in reducing  
21 noninstructional expenditures as described under  
22 IC 20-42.5-2-1.

23 (10) Any prior or planned participation in a county school  
24 safety commission under IC 5-2-10.1-10 to assist and reduce  
25 school safety expenditures.

26 (11) Any prior or planned consideration of meeting the  
27 requirements of and applying for school corporation  
28 efficiency incentive grants under IC 36-1.5-6.

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

38 (j) After the fiscal and qualitative indicators committee receives  
39 the school corporation's explanation under this section, the fiscal  
40 and qualitative indicators committee may issue an official  
41 recommendation to the school corporation to perform a review and  
42 improve its budgeting procedures in consultation with any state



1 agencies the fiscal and qualitative indicators committee considers  
2 appropriate. The state agencies specified by the fiscal and  
3 qualitative indicators committee shall assist the school corporation  
4 before and during its next collective bargaining period with the  
5 goal of meeting or making progress toward the education fund  
6 transfer target percentage. If the fiscal and qualitative indicators  
7 committee issues an official recommendation to a school  
8 corporation, the school corporation's governing body shall  
9 officially acknowledge receipt of the recommendation at its next  
10 public meeting and enter into the school corporation governing  
11 body's minutes for that meeting acknowledgment of receipt of the  
12 recommendation. In addition, the school corporation shall publish  
13 the official recommendation on the school corporation's Internet  
14 web site.

15 (k) The school corporation shall publish the most recent notices  
16 from the office of management and budget, relevant individual  
17 reports prepared by the office of management and budget,  
18 explanatory documentation by the school corporation, and official  
19 recommendations by the fiscal and qualitative indicators  
20 committee on the school corporation's Internet web site.

21 (l) The school corporation may remove the notice, its  
22 explanatory documentation, and the fiscal and qualitative  
23 indicators committee's official recommendation from its Internet  
24 web site if the office of management and budget determines that  
25 the school corporation met its education fund transfer target  
26 percentage and is no longer on the excessive education fund  
27 transfer list.



## COMMITTEE REPORT

Mr. Speaker: Your Committee on Education, to which was referred House Bill 1003, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

(Reference is to HB 1003 as introduced.)

BEHNING

Committee Vote: Yeas 9, Nays 3

## COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1003, 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:

Replace the effective dates in SECTIONS 2 through 8 with "[EFFECTIVE JANUARY 1, 2020]".

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 6-1.1-17-5.3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2019]: **Sec. 5.3. A school corporation shall specify in its proposed budget the anticipated amount that will be transferred from the total revenue deposited in the school corporation's education fund to its operations fund during the next calendar year. At its public hearing to adopt a budget under this chapter, the school corporation shall acknowledge whether the school corporation's anticipated transfer amount will be more than fifteen percent (15%) of the total revenue deposited in the school corporation's education fund to its operations fund during the next calendar year.**"

Page 1, line 4, delete "state fiscal year" and insert "**school year or collective bargaining period**".

Page 1, line 5, delete "October 1" and insert "**November 15**".

Page 1, line 15, delete "public school" and insert "**district level**".

Page 2, line 2, delete "school" and insert "**calendar**".

Page 2, line 5, delete "school" and insert "**calendar**".

Page 2, line 7, delete "public" and insert "**district level**".

Page 2, line 8, delete "school".

HB 1003—LS 7475/DI 58



Page 2, line 12, delete "teachers." and insert **"teachers, the statewide average daily teacher salary rate, and the statewide average annual teacher contract days."**

Page 2, line 14, delete "administrators." and insert **"administrators, the statewide average daily nonteaching, full-time, district level administrator salary rate, and the statewide average annual administrator contract days."**

Page 2, line 18, delete "public school administrators" and insert **"district level administrators, including separately the superintendent,"**

Page 2, line 22, delete "public school" and insert **"district level"**.

Page 2, line 24, delete "public school" and insert **"district level"**.

Page 2, line 41, after "(14)" insert **","**.

Page 2, line 42, delete "Indiana-specific, Consumer Price Index-adjusted" and insert **"nationally recognized, open-source, state-specific cost of living index-adjusted"**.

Page 3, line 5, delete "state-specific, Consumer Price Index-adjusted" and insert **"nationally recognized, open-source, state-specific cost of living index-adjusted"**.

Page 3, between lines 11 and 12, begin a new line blocked left and insert:

**"As used in this subsection, total compensation includes the monetary value of salary, wages, bonuses, stipends, supplemental payments, commissions, employment benefits, and any other form of remuneration paid for personal services."**

Page 3, delete lines 26 through 29.

Page 3, line 37, delete "school" and insert **"calendar"**.

Page 4, line 11, delete "Before August 15" and insert **"Beginning in 2020, the department shall track for each school corporation transfers from the school corporation's education fund to its operations fund for the preceding six (6) month period. Beginning in 2021, before February 1"**.

Page 4, line 17, delete "school" and insert **"calendar"**.

Page 4, line 20, delete "school" and insert **"calendar"**.

Page 4, line 39, delete "school" and insert **"calendar"**.

Page 5, line 13, after "board," insert **"fiscal and qualitative indicators committee,"**

Page 5, line 17, delete "school" and insert **"calendar"**.

Page 5, line 27, delete "school" and insert **"calendar"**.

Page 5, line 29, delete "school" and insert **"calendar"**.

Page 5, line 31, delete "state board." and insert **"fiscal and qualitative indicators committee."**



Page 6, line 2, delete "state board" and insert "**fiscal and qualitative indicators committee**".

Page 6, line 6, delete "state board," and insert "**fiscal and qualitative indicators committee,**".

Page 6, line 11, delete "school" and insert "**calendar**".

Page 6, line 16, delete "state board" and insert "**fiscal and qualitative indicators committee**".

Page 6, line 18, delete "state board" and insert "**fiscal and qualitative indicators committee**".

Page 6, line 19, delete "collective bargaining" and insert "**compensation levels**".

Page 6, line 22, delete "school" and insert "**calendar**".

Page 7, line 2, delete "state board" and insert "**fiscal and qualitative indicators committee**".

Page 7, line 6, delete "school years" and insert "**calendar years**".

Page 7, line 7, delete "state board" and insert "**fiscal and qualitative indicators committee**".

Page 7, line 8, delete "collective bargaining" and insert "**compensation levels**".

Page 7, line 10, delete "state board" and insert "**fiscal and qualitative indicators committee**".

Page 7, line 11, delete "state board" and insert "**fiscal and qualitative indicators committee**".

Page 7, line 14, delete "state board" and insert "**fiscal and qualitative indicators committee**".

Page 7, line 15, delete "state board" and insert "**fiscal and qualitative indicators committee**".

Page 7, line 18, delete "state board" and insert "**fiscal and qualitative indicators committee**".

Page 7, line 30, delete "state board" and insert "**fiscal and qualitative indicators committee**".

Page 7, line 33, delete "state board's" and insert "**fiscal and**



**qualitative indicators committee's".**

Page 7, delete line 38.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1003 as printed January 11, 2019.)

HUSTON

Committee Vote: yeas 15, nays 8.

