



February 26, 2018

ENGROSSED SENATE BILL No. 189

DIGEST OF SB 189 (Updated February 26, 2018 2:03 pm - DI 58)

Citations Affected: IC 20-19; IC 20-43.

Synopsis: K-12 funding. Requires the budget agency to transfer from the K-12 state tuition reserve account to the state general fund the amount necessary to cover the K-12 state tuition distribution amount if it exceeds the appropriated amount. Limits the transfer to \$25,000,000 in state fiscal year 2017-2018 and \$75,000,000 for state fiscal year 2018-2019. Requires school corporations to report information about virtual education programs to the department of education.

Effective: Upon passage.

**Mishler, Holdman, Alting,
Charbonneau, Bassler, Ford, Merritt,
Tallian, Melton, Zakas, Brown L,
Crane, Raatz, Randolph Lonnie M**
(HOUSE SPONSORS — SIEGRIST, JORDAN, PRESSEL, OLTHOFF)

January 3, 2018, read first time and referred to Committee on Appropriations.
January 16, 2018, amended, reported favorably — Do Pass.
January 18, 2018, read second time, ordered engrossed. Engrossed.
January 22, 2018, read third time, passed. Yeas 49, nays 0.

HOUSE ACTION

February 6, 2018, read first time and referred to Committee on Ways and Means.
February 26, 2018, amended, reported — Do Pass.

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February 26, 2018

Second Regular Session 120th General Assembly (2018)

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

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

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2017 Regular Session of the General Assembly.

ENGROSSED SENATE BILL No. 189

A BILL FOR AN ACT to amend the Indiana Code concerning education and to make an appropriation.

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

1 SECTION 1. IC 20-19-3.6 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]:

4 **Chapter 3.6. Virtual Education Program Report**

5 **Sec. 1. As used in this chapter, "virtual education program"**
6 **means a program provided by a school corporation in which a**
7 **student in the program is provided instruction in an interactive**
8 **learning environment created through technology in which the**
9 **student is separated from a teacher by time or space, or both.**

10 **Sec. 2. (a) Before October 1, 2018, each school corporation**
11 **operating a virtual education program shall submit a report to the**
12 **department covering the program.**

13 **(b) The report must include the following:**

- 14 **(1) The virtual education program enrollment policy,**
15 **including the grade levels the program serves.**
16 **(2) The ADM count for the school corporation.**
17 **(3) The ADM count of students participating in a virtual**

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1 education program, including the composition of the legal
 2 settlement of the students and the amount and percentage of
 3 total instructional time spent by students participating in the
 4 program, for each of the following school years:

5 (A) The 2016-2017 school year.

6 (B) The 2017-2018 school year.

7 (C) The 2018-2019 school year.

8 (4) An estimate of the expected ADM count of students, the
 9 expected ADM count of students participating in a virtual
 10 education program, and the amount and percentage of total
 11 instructional time expected to be spent by students,
 12 participating in a virtual education program for the
 13 2019-2020 school year.

14 (c) The department shall provide to the budget committee
 15 before January 1, 2019, a report covering the information reported
 16 by school corporations on virtual education programs for the
 17 2016-2017 school year through the 2018-2019 school year and the
 18 2019-2020 school year estimates.

19 (d) This chapter expires June 30, 2019.

20 SECTION 2. IC 20-43-2-2, AS AMENDED BY P.L.205-2013,
 21 SECTION 269, IS AMENDED TO READ AS FOLLOWS
 22 [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) The maximum state
 23 distribution for a state fiscal year for all school corporations for the
 24 purposes described in section 3 of this chapter is the amount
 25 appropriated by the general assembly for those purposes for that state
 26 fiscal year.

27 (b) If the budget director, after review by the budget committee,
 28 makes a determination that the amount of the distribution for a
 29 state fiscal year for all school corporations for the purposes
 30 described in section 3 of this chapter exceeds the amount
 31 appropriated for these purposes for the state fiscal year, the budget
 32 agency shall transfer money from the state tuition reserve account
 33 to the state general fund to cover the difference. However, the
 34 maximum amount that may be transferred to the state general
 35 fund for the state fiscal year may not exceed:

36 (1) twenty-five million dollars (\$25,000,000) for the state fiscal
 37 year beginning July 1, 2017; and

38 (2) seventy-five million dollars (\$75,000,000) for the state
 39 fiscal year beginning July 1, 2018.

40 (c) Any amounts transferred under this section shall be used to
 41 augment the appropriation for state tuition support for the state
 42 fiscal year and shall be distributed to school corporations to



1 restore the distributions for the purposes described in section 3 of
2 this chapter.

3 (d) Transfers under this section are in addition to any transfers
4 made from the state tuition reserve account under IC 4-12-1-15.7
5 or any other law.

6 (e) To the extent that the amount transferred is less than the
7 amount that would be distributed under this article, the total
8 amount to be distributed for the purposes described in section 3 of
9 this chapter to each recipient during the remaining months of the
10 state fiscal year shall be proportionately reduced so that the total
11 reductions equal the amount of the excess for the purposes
12 described in section 3 of this chapter.

13 SECTION 3. IC 20-43-2-3, AS AMENDED BY P.L.213-2015,
14 SECTION 208, IS AMENDED TO READ AS FOLLOWS
15 [EFFECTIVE UPON PASSAGE]: Sec. 3. ~~If the total amount to be~~
16 ~~distributed:~~ **In determining the total amount to be distributed for**
17 **purposes of section 2 of this chapter, distributions:**

- 18 (1) as basic tuition support;
- 19 (2) for honors diploma awards;
- 20 (3) for complexity grants;
- 21 (4) for special education grants;
- 22 (5) for career and technical education grants;
- 23 (6) for choice scholarships; and
- 24 (7) for Mitch Daniels early graduation scholarships;

25 **are to be considered** for a particular state fiscal year. ~~exceeds the~~
26 ~~amounts appropriated by the general assembly for those purposes for~~
27 ~~the state fiscal year, the total amount to be distributed for those~~
28 ~~purposes to each recipient during the remaining months of the state~~
29 ~~fiscal year shall be proportionately reduced so that the total reductions~~
30 ~~equal the amount of the excess.~~

31 SECTION 4. IC 20-43-2-4, AS ADDED BY P.L.2-2006, SECTION
32 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON
33 PASSAGE]: Sec. 4. The amount of the reduction for a particular school
34 corporation under section 3 2 of this chapter is equal to the total
35 amount of the excess determined under section 3 2 of this chapter
36 multiplied by a fraction. The numerator of the fraction is the amount of
37 the distribution for state tuition support that the school corporation
38 would have received if a reduction were not made under this section.
39 The denominator of the fraction is the total amount that would be
40 distributed for state tuition support to all school corporations if a
41 reduction were not made under this section.

42 SECTION 5. IC 20-43-2-7.5 IS REPEALED [EFFECTIVE UPON



1 PASSAGE]. Sec. 7-5: (a) Before July 1 of each year, the budget agency;
 2 with the assistance of the department, shall estimate the amount of the
 3 distributions that will be made for choice scholarships for the following
 4 state fiscal year:

5 (b) In a state fiscal year beginning after June 30, 2016, the budget
 6 agency may transfer money from the state tuition reserve account to the
 7 state general fund if the budget director, after review by the budget
 8 committee, makes a determination that the amount of the distribution
 9 for that state fiscal year for basic tuition support has been reduced
 10 under section 3 of this chapter because the amount of the distributions
 11 for choice scholarships for the state fiscal year exceeds the latest
 12 estimate prepared by the legislative services agency and provided to
 13 members of the general assembly before May 1 of the most recent
 14 odd-numbered year concerning the amount of the distributions for
 15 choice scholarships for the state fiscal year beginning July 1 of the
 16 particular state fiscal year. The maximum amount that may be
 17 transferred to the state general fund under this subsection for the state
 18 fiscal year may not exceed the lesser of:

19 (1) the amount of the reduction in basic tuition support
 20 distributions described in this subsection; or

21 (2) twenty-five million dollars (\$25,000,000):

22 Any amounts transferred under this subsection shall be used to
 23 augment the appropriation for state tuition support for the state fiscal
 24 year and shall be distributed to school corporations to restore the
 25 distributions for basic tuition support that are reduced under section 3
 26 of this chapter:

27 (c) Transfers under this section are in addition to any transfers made
 28 from the state tuition reserve account under IC 4-12-1-15.7 or any other
 29 law:

30 (d) This section expires June 30, 2019:

31 **SECTION 6. An emergency is declared for this act.**



COMMITTEE REPORT

Madam President: The Senate Committee on Appropriations, to which was referred Senate Bill No. 189, 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 1, line 8, strike "may" and insert "**shall**".

Page 1, line 15, delete "support, special education grants, or career" and insert "**support**".

Page 1, line 16, delete "and technical education grants".

Page 2, line 8, strike "maximum amount that may" and insert "**amount that shall**".

Page 2, line 9, delete "(b)(1)" and insert "**(b)**".

Page 2, line 9, strike "may".

Page 2, line 10, strike "not exceed" and insert "**is equal to**".

Page 2, line 11, strike "basic" and insert "**state**".

Page 2, line 12, strike "described in".

Page 2, line 12, delete "subsection (b)(1);" and insert "**under section 3 of this chapter;**".

Page 2, delete lines 14 through 20.

Page 2, line 21, delete "(e)" and insert "**(d)**".

Page 2, line 24, strike "for basic tuition support,".

Page 2, line 24, delete "special education grants,".

Page 2, delete line 25.

Page 2, line 26, delete "distributions".

Page 2, line 27, delete "(f)" and insert "**(e)**".

Page 2, line 30, delete "(g)" and insert "**(f)**".

and when so amended that said bill do pass.

(Reference is to SB 189 as introduced.)

MISHLER, Chairperson

Committee Vote: Yeas 12, Nays 0.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 189, 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:

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Page 1, delete lines 1 through 17, begin a new paragraph and insert:
 "SECTION 1. IC 20-19-3.6 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 3.6. Virtual Education Program Report

Sec. 1. As used in this chapter, "virtual education program" means a program provided by a school corporation in which a student in the program is provided instruction in an interactive learning environment created through technology in which the student is separated from a teacher by time or space, or both.

Sec. 2. (a) Before October 1, 2018, each school corporation operating a virtual education program shall submit a report to the department covering the program.

(b) The report must include the following:

- (1)** The virtual education program enrollment policy, including the grade levels the program serves.
- (2)** The ADM count for the school corporation.
- (3)** The ADM count of students participating in a virtual education program, including the composition of the legal settlement of the students and the amount and percentage of total instructional time spent by students participating in the program, for each of the following school years:
 - (A)** The 2016-2017 school year.
 - (B)** The 2017-2018 school year.
 - (C)** The 2018-2019 school year.
- (4)** An estimate of the expected ADM count of students, the expected ADM count of students participating in a virtual education program, and the amount and percentage of total instructional time expected to be spent by students, participating in a virtual education program for the 2019-2020 school year.

(c) The department shall provide to the budget committee before January 1, 2019, a report covering the information reported by school corporations on virtual education programs for the 2016-2017 school year through the 2018-2019 school year and the 2019-2020 school year estimates.

(d) This chapter expires June 30, 2019.

SECTION 2. IC 20-43-2-2, AS AMENDED BY P.L.205-2013, SECTION 269, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. **(a)** The maximum state distribution for a state fiscal year for all school corporations for the purposes described in section 3 of this chapter is the amount



appropriated by the general assembly for those purposes for that state fiscal year.

(b) If the budget director, after review by the budget committee, makes a determination that the amount of the distribution for a state fiscal year for all school corporations for the purposes described in section 3 of this chapter exceeds the amount appropriated for these purposes for the state fiscal year, the budget agency shall transfer money from the state tuition reserve account to the state general fund to cover the difference. However, the maximum amount that may be transferred to the state general fund for the state fiscal year may not exceed:

- (1) twenty-five million dollars (\$25,000,000) for the state fiscal year beginning July 1, 2017; and**
- (2) seventy-five million dollars (\$75,000,000) for the state fiscal year beginning July 1, 2018.**

(c) Any amounts transferred under this section shall be used to augment the appropriation for state tuition support for the state fiscal year and shall be distributed to school corporations to restore the distributions for the purposes described in section 3 of this chapter.

(d) Transfers under this section are in addition to any transfers made from the state tuition reserve account under IC 4-12-1-15.7 or any other law.

(e) To the extent that the amount transferred is less than the amount that would be distributed under this article, the total amount to be distributed for the purposes described in section 3 of this chapter to each recipient during the remaining months of the state fiscal year shall be proportionately reduced so that the total reductions equal the amount of the excess for the purposes described in section 3 of this chapter.

SECTION 3. IC 20-43-2-3, AS AMENDED BY P.L.213-2015, SECTION 208, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. ~~If the total amount to be distributed:~~ In determining the total amount to be distributed for purposes of section 2 of this chapter, distributions:

- (1) as basic tuition support;**
- (2) for honors diploma awards;**
- (3) for complexity grants;**
- (4) for special education grants;**
- (5) for career and technical education grants;**
- (6) for choice scholarships; and**
- (7) for Mitch Daniels early graduation scholarships;**



are to be considered for a particular state fiscal year. exceeds the amounts appropriated by the general assembly for those purposes for the state fiscal year; the total amount to be distributed for those purposes to each recipient during the remaining months of the state fiscal year shall be proportionately reduced so that the total reductions equal the amount of the excess.

SECTION 4. IC 20-43-2-4, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. The amount of the reduction for a particular school corporation under section 3 2 of this chapter is equal to the total amount of the excess determined under section 3 2 of this chapter multiplied by a fraction. The numerator of the fraction is the amount of the distribution for state tuition support that the school corporation would have received if a reduction were not made under this section. The denominator of the fraction is the total amount that would be distributed for state tuition support to all school corporations if a reduction were not made under this section.

SECTION 5. IC 20-43-2-7.5 IS REPEALED [EFFECTIVE UPON PASSAGE]. Sec. 7.5: (a) Before July 1 of each year, the budget agency; with the assistance of the department, shall estimate the amount of the distributions that will be made for choice scholarships for the following state fiscal year:

(b) In a state fiscal year beginning after June 30, 2016; the budget agency may transfer money from the state tuition reserve account to the state general fund if the budget director, after review by the budget committee, makes a determination that the amount of the distribution for that state fiscal year for basic tuition support has been reduced under section 3 of this chapter because the amount of the distributions for choice scholarships for the state fiscal year exceeds the latest estimate prepared by the legislative services agency and provided to members of the general assembly before May 1 of the most recent odd-numbered year concerning the amount of the distributions for choice scholarships for the state fiscal year beginning July 1 of the particular state fiscal year. The maximum amount that may be transferred to the state general fund under this subsection for the state fiscal year may not exceed the lesser of:

- (1) the amount of the reduction in basic tuition support distributions described in this subsection; or
- (2) twenty-five million dollars (\$25,000,000).

Any amounts transferred under this subsection shall be used to augment the appropriation for state tuition support for the state fiscal year and shall be distributed to school corporations to restore the



distributions for basic tuition support that are reduced under section 3 of this chapter.

(c) Transfers under this section are in addition to any transfers made from the state tuition reserve account under IC 4-12-1-15.7 or any other law.

(d) This section expires June 30, 2019."

Page 2, delete lines 1 through 22.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 189 as printed January 17, 2018.)

BROWN T

Committee Vote: yeas 22, nays 0.

