

SENATE BILL No. 224

DIGEST OF INTRODUCED BILL

Citations Affected: IC 20-24.

Synopsis: Financial guarantees for charter schools. Requires each organizer and authorizer of a virtual charter school to submit to the state board of education a surety bond or other form of financial guarantee. Establishes consequences if an organizer or authorizer fails to submit the required surety bond or other form of financial guarantee.

Effective: July 1, 2020.

Taylor G

January 6, 2020, read first time and referred to Committee on Education and Career Development.



Second Regular Session of the 121st General Assembly (2020)

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 2019 Regular Session of the General Assembly.

SENATE BILL No. 224

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

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

1 SECTION 1. IC 20-24-2.2-4.5 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2020]: **Sec. 4.5. If an authorizer fails to**
4 **submit a surety bond or other form of financial guarantee as**
5 **required under IC 20-24-7-13.1, the authorizer's authority to**
6 **authorize new charter schools may be suspended by the state board**
7 **until such time that the authorizer submits the surety bond or**
8 **other form of financial guarantee.**

9 SECTION 2. IC 20-24-3-2.3 IS ADDED TO THE INDIANA CODE
10 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
11 1, 2020]: **Sec. 2.3. After June 30, 2020, an authorizer may not grant**
12 **a charter to an organizer to operate a virtual charter school under**
13 **this article unless the organizer and the authorizer submit the**
14 **surety bond or other form of financial guarantee required under**
15 **IC 20-24-7-13.1.**

16 SECTION 3. IC 20-24-4-4 IS ADDED TO THE INDIANA CODE
17 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY



1, 2020]: **Sec. 4. An authorizer may not renew the charter of a virtual charter school unless the organizer of the virtual charter school provides evidence to the authorizer that the organizer has submitted the surety bond or other form of financial guarantee as required under IC 20-24-7-13.1.**

SECTION 4. IC 20-24-7-13.1 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2020]: **Sec. 13.1. (a) Not later than October 1, 2020, each organizer operating a virtual charter school in Indiana on July 1, 2020, shall submit to the state board a surety bond or other form of financial guarantee, as approved by the state board, in an amount determined under subsection (d) for each virtual charter school that the organizer is operating in Indiana on July 1, 2020.**

(b) Not later than October 1, 2020, each authorizer that granted a charter to an organizer of a virtual charter school before July 1, 2020, shall submit to the state board a surety bond or other form of financial guarantee, as approved by the state board, in an amount determined under subsection (d) for each virtual charter school authorized by the authorizer that is operating on July 1, 2020.

(c) Each organizer and authorizer that enters into a charter for a virtual charter school after June 30, 2020, shall submit to the state board a surety bond or other form of financial guarantee, as approved by the state board, in the amount determined under subsection (e) before the organizer and authorizer enter into a charter for the virtual charter school. Both an organizer and authorizer of a virtual charter school must submit separate surety bonds or other forms of financial guarantee, with each surety bond or other form of financial guarantee being in the full amount determined under subsection (e).

(d) The amount of a surety bond or other form of financial guarantee for an organizer and an authorizer of virtual charter school described in subsections (a) and (b) must be an amount that equals the amount of state tuition support that the virtual charter school received for the immediately preceding school year multiplied by ten percent (10%).

(e) The amount of a surety bond or other form of financial guarantee for an organizer and an authorizer of the virtual charter school described in subsection (c) must be an amount that equals the estimated state tuition support that the virtual charter school will receive in its first year of operation multiplied by ten percent



1 (10%).

2 (f) This subsection applies to organizers and authorizers of
 3 virtual charter schools described in subsections (a), (b), and (c).
 4 The amount of a surety bond or other form of financial guarantee
 5 must be adjusted, as needed, every three (3) years that a virtual
 6 charter school is in operation to equal the amount determined
 7 under subsection (d) for the virtual charter school. An organizer or
 8 authorizer may be required to increase the amount of the surety
 9 bond or other financial guarantee, as determined by the state
 10 board, if the state board determines that the surety bond or other
 11 financial guarantee should be increased under this subsection.

12 SECTION 5. IC 20-24-7-13.2 IS ADDED TO THE INDIANA
 13 CODE AS A NEW SECTION TO READ AS FOLLOWS
 14 [EFFECTIVE JULY 1, 2020]: Sec. 13.2. (a) A surety bond or other
 15 financial guarantee under section 13.1 of this chapter must be
 16 conditioned upon the virtual charter school faithfully providing
 17 accurate average daily enrollment information to the department
 18 under IC 20-43-4, as determined by the department. If the state
 19 board determines that a virtual charter school has received more
 20 state tuition support than the virtual charter school is entitled to
 21 under IC 20-43 or has misrepresented or fraudulently reported
 22 average daily enrollment to the department, the department may
 23 make a claim against the surety bond or financial guarantee of
 24 both the organizer and of the authorizer.

25 (b) Each organizer and authorizer of a virtual charter school
 26 shall annually file information with the state board that evidences
 27 the continuation of the surety bond or other financial guarantee for
 28 each virtual charter school operated by the organizer or
 29 authorized by the authorizer in Indiana.

30 (c) If the total claims filed against a surety bond exceed the
 31 amount of the surety bond or the financial guarantee, the surety
 32 shall pay the amount of the surety bond to the department to
 33 recoup state tuition support paid to the organizer and
 34 administrative fees paid to the authorizer of the virtual charter
 35 school.

