

# SENATE BILL No. 416

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1-20.3-6.8; IC 20-23-12; IC 20-29-2-6; IC 20-49-11.

**Synopsis:** Gary Community School Corporation. Provides that the designation of the Gary Community School Corporation (school corporation) as a distressed political subdivision terminates on December 31, 2022. Establishes a new governing body of the school corporation that consists of five members. Provides that, not later than July 15, 2020, the school corporation shall receive forgiveness for the total amount of any principal and interest of all loans or advances made, before July 1, 2020, to the school corporation from the common school fund. Establishes the Gary Community School Corporation school improvement fund (fund) to provide, upon approval by the state board of finance (state board), funds to the school corporation for certain purposes, including making payment on bonds issued by the school corporation for certain purposes. Provides that the state board shall continue to reduce each distribution of state tuition support to the school corporation and deposit the amount of money by which the state tuition support is reduced into the fund until the total amount of money that the state board withholds from the distribution of tuition support equals the amount of any principal and interest of all loans or advances made, before July 1, 2020, to the school corporation from the common school fund. Provides that, if the school corporation sells real property, a building, or other structure owned by the school corporation, the proceeds from the sale must be submitted to the state board for deposit into the fund.

**Effective:** July 1, 2020.

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## Melton

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January 14, 2020, read first time and referred to Committee on Appropriations.

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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. 416

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 6-1.1-20.3-6.8, AS AMENDED BY P.L.10-2019,
- 2 SECTION 37, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 3 JULY 1, 2020]: Sec. 6.8. (a) This section applies only to the Gary
- 4 Community School Corporation.
- 5 (b) The general assembly finds that the provisions of this section:
- 6 (1) are necessary to address the unique issues faced by the Gary
- 7 Community School Corporation; and
- 8 (2) are not precedent for and may not be appropriate for
- 9 addressing issues faced by other school corporations.
- 10 (c) As used in this section, the following definitions apply:
- 11 (1) "Chief academic officer" means the chief academic officer
- 12 appointed under subsection (j).
- 13 (2) "Chief financial officer" means the chief financial officer
- 14 appointed under subsection (i).
- 15 (3) "School corporation" refers to the Gary Community School
- 16 Corporation.
- 17 (d) The Gary Community School Corporation is designated as a



1 distressed political subdivision for purposes of this chapter until the  
 2 school corporation's designation as a distressed political subdivision is  
 3 terminated as provided in section 13(b) of this chapter: **on December**  
 4 **31, 2022.** This designation as a distressed political subdivision is  
 5 effective regardless of whether the school corporation has submitted a  
 6 petition requesting to be designated as a distressed political  
 7 subdivision. Until the school corporation's designation as a distressed  
 8 political subdivision is terminated as provided in section 13(b) of this  
 9 chapter, **on December 31, 2022,** the Gary Community School  
 10 Corporation advisory board may not hold a public meeting more often  
 11 than once every three (3) months. This limit on the number of meetings  
 12 of the advisory board does not apply to the emergency manager. The  
 13 emergency manager shall hold a monthly forum to provide an update  
 14 on the Gary Community School Corporation within the school district  
 15 that is open to the general public. During the period that the Gary  
 16 Community School Corporation is designated as a distressed political  
 17 subdivision, the advisory board may vote to:

- 18 (1) fill vacancies;
- 19 (2) select officers; or
- 20 (3) make appointments;

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

23 (e) Until the school corporation's designation as a distressed  
 24 political subdivision is terminated as provided in section 13(b) of this  
 25 chapter, **on December 31, 2022,** the following apply to the emergency  
 26 manager appointed under section 7.5 of this chapter for the school  
 27 corporation:

- 28 (1) The emergency manager has the powers and duties specified  
 29 in this chapter.
- 30 (2) The emergency manager shall consider recommendations  
 31 from the fiscal management board and the advisory board, but the  
 32 emergency manager has full responsibility and authority related  
 33 to financial and academic matters of the school corporation, and  
 34 the emergency manager may act, as specified in this chapter, on  
 35 these financial and academic matters without the approval of the  
 36 fiscal management board or the advisory board.
- 37 (3) Notwithstanding section 7.5(d) of this chapter, the distressed  
 38 unit appeal board shall:
  - 39 (A) determine the compensation of the emergency manager,  
 40 chief financial officer, and chief academic officer; and
  - 41 (B) subject to subsections (i) and (j), pay the emergency  
 42 manager's, chief financial officer's, and chief academic



1 officer's compensation and reimburse the emergency manager,  
 2 chief financial officer, and chief academic officer for actual  
 3 and necessary expenses from funds appropriated to the  
 4 distressed unit appeal board.

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

12 The appointment of the emergency manager for the school corporation  
 13 is terminated on the date the school corporation's designation as a  
 14 distressed political subdivision is terminated as **provided in section**  
 15 **~~13(b)~~ of this chapter: on December 31, 2022.**

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

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

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

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

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

40 (5) The distressed unit appeal board may make a recommendation  
 41 to the general assembly concerning the possible restructuring of  
 42 advances made to the school corporation from the common school



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



- 1 to any compensation for their service on the fiscal management  
2 board.
- 3 (6) The fiscal management board is abolished, and the terms of  
4 the members of the fiscal management board are terminated, on  
5 the date the school corporation's designation as a distressed  
6 political subdivision is terminated as provided in section 13(b) of  
7 this chapter.
- 8 (7) Under the supervision of the emergency manager, the fiscal  
9 management board shall serve as a liaison to and shall work  
10 jointly with the distressed unit appeal board, the mayor of the city  
11 of Gary, and the department of education to develop a transition  
12 plan to address issues or questions related to:
- 13 (A) the designation of the school corporation as a distressed  
14 political subdivision and the transfer of powers and duties to  
15 the emergency manager under this chapter; and
- 16 (B) the potential impact of the transition on the community  
17 and the school corporation.
- 18 (8) Under the supervision of the emergency manager, the fiscal  
19 management board shall work jointly with the distressed unit  
20 appeal board, the mayor of the city of Gary, and the department  
21 of education to provide information on a regular basis to parents,  
22 students, employees of the school corporation, and the public on  
23 the status of the transition.
- 24 (i) The emergency manager shall employ a chief financial officer for  
25 the school corporation. The chief financial officer is an employee of the  
26 school corporation. The chief financial officer shall report to the  
27 emergency manager and shall assist the emergency manager appointed  
28 for the school corporation and the fiscal management board in carrying  
29 out the day to day financial operations of the school corporation. Before  
30 July 1, 2019, the compensation of the chief financial officer shall be  
31 determined by the distressed unit appeal board. Before July 1, 2019, the  
32 compensation of the chief financial officer shall be paid from the funds  
33 appropriated to the distressed unit appeal board. After June 30, 2019,  
34 the compensation of the chief financial officer shall be determined by  
35 and paid by the school corporation. The chief financial officer:
- 36 (1) must possess, through both education and experience, an  
37 understanding of finance and financial management; and
- 38 (2) must possess any other experience and must meet any other  
39 requirements as required by the distressed unit appeal board to  
40 ensure that the chief financial officer is qualified to carry out the  
41 financial restructuring of the school corporation.
- 42 Before employing a chief financial officer under this subsection, the



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

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

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

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

36 (k) The chief financial officer and chief academic officer shall assist  
37 the emergency manager in carrying out the emergency manager's duties  
38 under this chapter.

39 (l) The annual budget adopted by the emergency manager for the  
40 school corporation must dedicate a significant part of the school  
41 corporation's budget to eliminating the school corporation's outstanding  
42 financial obligations. The emergency manager shall attempt to



1 negotiate with the creditors of the school corporation to establish a plan  
2 specifying the schedule for paying each creditor. The emergency  
3 manager shall submit the plan to the distressed unit appeal board for  
4 approval. The distressed unit appeal board must:

- 5 (1) review the plan submitted by the emergency manager; and  
6 (2) not later than sixty (60) days after the plan is submitted,  
7 either:

8 (A) approve the plan as submitted by the emergency manager;

9 or

10 (B) modify the plan as submitted by the emergency manager  
11 and then approve the modified plan.

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

21 (n) After considering any recommendations from the fiscal  
22 management board, the advisory board, and the mayor of the city of  
23 Gary, the emergency manager shall do the following:

24 (1) Conduct a financial and compliance audit of the operations of  
25 the school corporation.

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

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

38 (1) information concerning the actions that the school corporation  
39 is taking to improve the financial condition of the school  
40 corporation; and

41 (2) any other information required by the distressed unit appeal  
42 board.





1 The emergency manager shall report more frequently than quarterly if  
 2 requested by the distressed unit appeal board. The emergency manager  
 3 shall provide copies of the report to the fiscal management board, the  
 4 advisory board, and the mayor of the city of Gary. The emergency  
 5 manager shall present each report at a public meeting of the fiscal  
 6 management board.

7 (p) The school corporation shall do the following:

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

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

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

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

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

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

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

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

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

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

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

40 The chief financial officer and the chief academic officer shall submit  
 41 a report to the advisory board each quarter. The chief financial officer  
 42 and chief academic officer shall meet at least quarterly with the



1 executive committee of the bargaining unit to inform the executive  
2 committee of the academic progress of the school corporation.

3 **(r) The section expires January 1, 2023.**

4 SECTION 2. IC 20-23-12-3, AS AMENDED BY P.L.213-2018(ss),  
5 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
6 JULY 1, 2020]: Sec. 3. (a) The emergency manager appointed by the  
7 distressed unit appeal board under IC 6-1.1-20.3 shall act as the  
8 governing body of the school corporation and has the powers set forth  
9 in IC 6-1.1-20.3-8.5, including the powers and duties of the governing  
10 body of the school corporation. The school corporation shall also have  
11 an advisory board that consists of seven (7) members elected as  
12 follows:

13 (1) On a nonpartisan basis.

14 (2) In a general election in the county.

15 The advisory board is created to provide nonbinding recommendations  
16 to the emergency manager.

17 (b) Six (6) of the members shall be elected from the school districts  
18 drawn under section 4 of this chapter. Each member:

19 (1) is elected from the school district in which the member  
20 resides; and

21 (2) upon election and in conducting the business of the advisory  
22 board, represents the interests of the entire school corporation.

23 (c) One (1) of the members elected:

24 (1) is the at-large member of the advisory board;

25 (2) may reside in any of the districts drawn under section 4 of this  
26 chapter; and

27 (3) upon election and in conducting the business of the advisory  
28 board, represents the interests of the entire school corporation.

29 (d) A per diem may not be paid to a member.

30 (e) The advisory board may hold a public meeting subject to the  
31 limits on the number of meetings set forth in IC 6-1.1-20.3-6.8(d). The  
32 advisory board is subject to IC 5-14-1.5 (the open door law) for these  
33 meetings. The advisory board may hold additional meetings that are  
34 authorized as executive sessions under IC 5-14-1.5 (the open door law)  
35 as provided in IC 5-14-1.5-6.1. The advisory board is subject to the  
36 public notice requirements of IC 5-14-1.5 (the open door law) for these  
37 additional meetings. The records of the advisory board are subject to  
38 IC 5-14-3 (access to public records).

39 **(f) This section expires January 1, 2023.**

40 SECTION 3. IC 20-23-12-4.5 IS ADDED TO THE INDIANA  
41 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
42 [EFFECTIVE JULY 1, 2020]: **Sec. 4.5. (a) Beginning January 1,**



1 **2023, the governing body of the school corporation consists of five**  
 2 **(5) members chosen as follows:**

3 **(1) Three (3) members shall be elected by the voters of the**  
 4 **school corporation at a general election to be held in 2022 in**  
 5 **the county and every four (4) years thereafter.**

6 **(2) One (1) member shall be appointed by the city executive.**

7 **(3) One (1) member shall be appointed by the city legislative**  
 8 **body.**

9 **(b) The members elected under subsection (a)(1):**

10 **(1) are at-large members of the governing body;**

11 **(2) may reside in any of the districts drawn under section 4 of**  
 12 **this chapter; and**

13 **(3) upon election and in conducting the business of the**  
 14 **governing body, represent the interests of the entire school**  
 15 **corporation.**

16 **(c) The members elected under subsection (a)(1) shall be elected**  
 17 **as follows:**

18 **(1) On a nonpartisan basis.**

19 **(2) In a general election held in the county.**

20 **(3) By the registered voters of the entire school corporation.**

21 **(d) The following apply to an election of members of the**  
 22 **governing body of the school corporation under subsection (a)(1):**

23 **(1) Each candidate must file a petition of nomination with the**  
 24 **circuit court clerk not earlier than one hundred four (104)**  
 25 **days and not later than seventy-four (74) days before the**  
 26 **election at which members are to be elected. The petition of**  
 27 **nomination must include the following information:**

28 **(A) The name of the prospective candidate.**

29 **(B) The signatures of at least one hundred (100) registered**  
 30 **voters residing within the school corporation.**

31 **(C) The fact that the prospective candidate is running for**  
 32 **the at-large position on the governing body.**

33 **(D) A certification that the prospective candidate meets the**  
 34 **qualifications for candidacy imposed by this chapter.**

35 **(2) Only eligible voters residing in the school corporation may**  
 36 **vote for a candidate seeking election.**

37 SECTION 4. IC 20-23-12-5, AS AMENDED BY P.L.213-2018(ss),  
 38 SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 39 JULY 1, 2020]: Sec. 5. (a) The six (6) members who are elected for a  
 40 position on the advisory board described under section 3(b) of this  
 41 chapter are determined as follows:

42 **(1) Each prospective candidate must file a nomination petition**



1 with the board of elections and registration not earlier than one  
 2 hundred four (104) days and not later than noon seventy-four (74)  
 3 days before the election at which the members are to be elected  
 4 that includes the following information:

5 (A) The name of the prospective candidate.

6 (B) The district in which the prospective candidate resides.

7 (C) The signatures of at least one hundred (100) registered  
 8 voters residing in the school corporation.

9 (D) The fact that the prospective candidate is running for a  
 10 district position.

11 (E) A certification that the prospective candidate meets the  
 12 qualifications for candidacy imposed by this chapter.

13 (2) Only eligible voters residing in the district may vote for a  
 14 candidate.

15 (3) The candidate within each district who receives the greatest  
 16 number of votes in the district is elected.

17 (b) The at-large member elected under section 3(c) of this chapter  
 18 is determined as follows:

19 (1) Each prospective candidate must file a nomination petition  
 20 with the clerk of the circuit court at least seventy-four (74) days  
 21 before the election at which the at-large member is to be elected.

22 The petition must include the following information:

23 (A) The name of the prospective candidate.

24 (B) The signatures of at least one hundred (100) registered  
 25 voters residing within the school corporation.

26 (C) The fact that the prospective candidate is running for the  
 27 at-large position on the advisory board.

28 (D) A certification that the prospective candidate meets the  
 29 qualifications for candidacy imposed by this chapter.

30 (2) Only eligible voters residing in the school corporation may  
 31 vote for a candidate.

32 (3) The candidate who:

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

34 (B) receives the greatest number of votes in the school  
 35 corporation;

36 is elected to the at-large position.

37 **(c) This section expires January 1, 2023.**

38 SECTION 5. IC 20-23-12-6, AS AMENDED BY P.L.213-2018(ss),  
 39 SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 40 JULY 1, 2020]: Sec. 6. (a) A candidate who runs for a position on the  
 41 advisory board described under section 3(b) of this chapter must reside  
 42 in the school corporation district for which the candidate filed.



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

4 **(c) This section expires January 1, 2023.**

5 SECTION 6. IC 20-23-12-6.5 IS ADDED TO THE INDIANA  
6 CODE AS A NEW SECTION TO READ AS FOLLOWS  
7 [EFFECTIVE JULY 1, 2020]: **Sec. 6.5. (a) The members of the**  
8 **governing body appointed under section 4.5(a)(2) and 4.5(a)(3) of**  
9 **this chapter shall serve an initial term of two (2) years and a term**  
10 **of four (4) years thereafter.**

11 **(b) The term of each person elected to serve on the governing**  
12 **body under section 4.5(a)(1) of this chapter is four (4) years.**

13 **(c) Subject to subsection (d), the term of each person elected to**  
14 **serve on the governing body begins on the date set in the school**  
15 **corporation's organization plan. The date set in the organization**  
16 **plan for an elected member of the governing body to take office**  
17 **may not be more than fourteen (14) months after the date of the**  
18 **member's election. If the school corporation's organization plan**  
19 **does not set a date for an elected member of the governing body to**  
20 **take office, the member takes office January 1 that immediately**  
21 **follows the person's election.**

22 **(d) The term of each person elected in 2022 or initially**  
23 **appointed to serve on the governing body under section 4.5(a) of**  
24 **this chapter begins not later than January 1, 2023.**

25 SECTION 7. IC 20-23-12-8, AS AMENDED BY P.L.213-2018(ss),  
26 SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
27 JULY 1, 2020]: **Sec. 8. (a) The term of each person elected to serve on**  
28 **the advisory board is four (4) years.**

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

37 **(c) This section expires January 1, 2023.**

38 SECTION 8. IC 20-23-12-9, AS AMENDED BY P.L.278-2019,  
39 SECTION 171, IS AMENDED TO READ AS FOLLOWS  
40 [EFFECTIVE JULY 1, 2020]: **Sec. 9. (a) The members are elected as**  
41 **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) (2) The at-large member elected under section 3(c) of this  
 7 chapter is elected at the general election to be held in 2020. ~~and~~  
 8 ~~every four (4) years thereafter:~~

9 **(b) This section expires January 1, 2023.**

10 SECTION 9. IC 20-23-12-10, AS AMENDED BY  
 11 P.L.213-2018(ss), SECTION 20, IS AMENDED TO READ AS  
 12 FOLLOWS [EFFECTIVE JULY 1, 2020]: Sec. 10. (a) A vacancy on  
 13 the advisory board is created when:

14 (1) a member:

15 (A) dies;

16 (B) resigns from the advisory board;

17 (C) ceases to be a resident of the school corporation;

18 (D) fails to attend, except for reason of chronic illness, six (6)  
 19 regularly scheduled meetings of the advisory board in any  
 20 twelve (12) month period; or

21 (E) ceases to be a resident of the school district in which the  
 22 member was elected; or

23 (2) a vacancy is created under any other law.

24 (b) The advisory board shall temporarily fill a vacancy on the  
 25 advisory board as soon as practicable after the vacancy occurs.

26 **(c) This section expires January 1, 2023.**

27 SECTION 10. IC 20-23-12-10.5 IS ADDED TO THE INDIANA  
 28 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 29 [EFFECTIVE JULY 1, 2020]: **Sec. 10.5. (a) Beginning January 1,**  
 30 **2023, a vacancy on the governing body is created when:**

31 (1) a member:

32 (A) dies;

33 (B) resigns from the governing body;

34 (C) ceases to be a resident of the school corporation;

35 (D) fails to attend, except for reason of chronic illness, six  
 36 (6) regularly scheduled meetings of the governing body in  
 37 any twelve (12) month period; or

38 (E) ceases to be a resident of the school district in which  
 39 the member was elected; or

40 (2) a vacancy is created under any other law.

41 (b) The governing body shall temporarily fill a vacancy on the  
 42 governing body as soon as practicable after the vacancy occurs.



1 SECTION 11. IC 20-23-12-11, AS AMENDED BY  
 2 P.L.213-2018(ss), SECTION 21, IS AMENDED TO READ AS  
 3 FOLLOWS [EFFECTIVE JULY 1, 2020]: Sec. 11. **(a)** Before August  
 4 1 of each year, the school corporation shall file with the state  
 5 superintendent a list of the:

- 6 (1) names and addresses of members of the school corporation's  
 7 advisory board;  
 8 (2) names and addresses of the school corporation's officers; and  
 9 (3) expiration dates of the terms of the school corporation's  
 10 members and officers.

11 The school corporation shall file any change in the list not later than  
 12 thirty (30) days after the change occurs. **This subsection expires**  
 13 **January 1, 2023.**

14 **(b) Before August 1, 2023, and before August 1 each year**  
 15 **thereafter, the school corporation shall file with the state**  
 16 **superintendent a list of the:**

- 17 **(1) names and addresses of members of the school**  
 18 **corporation's governing body;**  
 19 **(2) names and addresses of the school corporation's officers;**  
 20 **and**  
 21 **(3) expiration dates of the terms of the school corporation's**  
 22 **members and officers.**

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

25 SECTION 12. IC 20-29-2-6, AS AMENDED BY P.L.272-2019,  
 26 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 27 JULY 1, 2020]: Sec. 6. "Deficit financing" for a budget year:

- 28 (1) means, except as provided in subdivision (2), actual  
 29 expenditures exceeding the employer's current year actual  
 30 education fund revenue and, for a school employer for which the  
 31 voters have passed an operating referendum tax levy under  
 32 IC 20-46-1 or a school safety referendum tax levy under  
 33 IC 20-46-9, the amount of revenue certified by the department of  
 34 local government finance; or  
 35 (2) means, in the case of any distressed school corporation, the  
 36 Gary Community School Corporation **(before January 1, 2023),**  
 37 or the Muncie Community school corporation, actual  
 38 expenditures plus additional payments against any outstanding  
 39 debt obligations exceeding the employer's current year actual  
 40 education fund revenue, and, for a school employer for which the  
 41 voters have passed an operating referendum tax levy under  
 42 IC 20-46-1 or a school safety referendum tax levy under



1 IC 20-46-9, the amount of revenue certified by the department of  
2 local government finance.

3 Except as provided in IC 20-29-6-3(c), revenue does not include money  
4 estimated to be or actually transferred from the school corporation's  
5 operations fund to its education fund.

6 SECTION 13. IC 20-49-11 IS ADDED TO THE INDIANA CODE  
7 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
8 JULY 1, 2020]:

9 **Chapter 11. Gary Community School Corporation Loan**  
10 **Forgiveness and School Improvement Fund**

11 **Sec. 1. (a) This chapter applies only to the Gary Community**  
12 **School Corporation.**

13 **(b) The general assembly finds that the provisions of this**  
14 **chapter:**

15 **(1) are necessary to address the unique issues faced by the**  
16 **Gary Community School Corporation; and**

17 **(2) are not precedent for and may not be appropriate for**  
18 **addressing issues faced by other school corporations.**

19 **Sec. 2. As used in this chapter, "common school fund" refers to**  
20 **the common school fund in the custody of the treasurer of state.**

21 **Sec. 3. As used in this chapter, "reverted funds" means**  
22 **appropriated funds that revert to the state general fund in a state**  
23 **fiscal year.**

24 **Sec. 4. As used in this chapter, "school building construction"**  
25 **means the purchase, lease, or financing of land, the construction**  
26 **and equipping of school buildings, and the remodeling, repairing,**  
27 **or improving of school buildings by the Gary Community School**  
28 **Corporation.**

29 **Sec. 5. As used in this chapter, "school corporation" refers to**  
30 **the Gary Community School Corporation.**

31 **Sec. 6. As used in this chapter, "school improvement fund"**  
32 **means the Gary Community School Corporation school**  
33 **improvement fund established by section 8 of this chapter.**

34 **Sec. 7. (a) Not later than July 15, 2020, the Gary Community**  
35 **School Corporation shall receive forgiveness for the total amount**  
36 **of any principal and interest of all loans or advances made before**  
37 **July 1, 2020, to the school corporation from the common school**  
38 **fund.**

39 **(b) The budget agency shall, as necessary, approve deposit of**  
40 **reverted funds into the fund to offset loans or advances forgiven**  
41 **under this section.**

42 **(c) The amount approved under subsection (b) shall be**





1 deposited into the fund.

2 (d) This section expires July 1, 2021.

3 Sec. 8. (a) Subject to section 10 of this chapter, the Gary  
4 Community School Corporation school improvement fund is  
5 established to provide, upon approval by the state board of finance,  
6 funds to the school corporation for any of the following purposes:

7 (1) The demolition of existing school buildings or other  
8 structures on school property.

9 (2) School building construction, including the preservation of  
10 historical buildings.

11 (3) Any other capital improvements to property owned by the  
12 school corporation.

13 (4) To make payments on bonds issued in accordance with  
14 section 10 or 12 of this chapter by the school corporation for  
15 the purpose of procuring funds to pay for the costs of  
16 demolition, construction, or other improvements described in  
17 subdivisions (1) through (3), as applicable.

18 (b) The school improvement fund consists of the amount  
19 deducted from the school corporation's state tuition support by the  
20 state board of finance as provided under section 9 of this chapter.

21 (c) The treasurer of state is the exclusive custodian of the school  
22 improvement fund.

23 (d) The state board of finance has full and complete  
24 management and control of the school improvement fund. The  
25 state board of finance shall invest the school improvement fund in  
26 the same manner as the common school fund is invested.

27 (e) The state board of finance shall administer the school  
28 improvement fund.

29 (f) The expenses of administering the school improvement fund  
30 shall be paid from money in the school improvement fund.

31 (g) Money in the school improvement fund is continuously  
32 appropriated to carry out the purposes of the school improvement  
33 fund.

34 (h) Money in the school improvement fund at the end of a state  
35 fiscal year does not revert to the state general fund but remains  
36 available to be used for the purposes of this chapter.

37 Sec. 9. (a) Notwithstanding section 7 of this chapter and  
38 beginning July 1, 2020, the state board of finance shall continue to  
39 reduce each distribution of state tuition support to the school  
40 corporation in the amount:

41 (1) that was agreed upon by the state and the school  
42 corporation; and



1           (2) based on the number or amount of loans from the common  
2           school fund that were outstanding before forgiveness of the  
3           advances or loans described in section 7 of this chapter;  
4           until the total amount of money that the state board of finance  
5           withholds from the distribution of tuition support equals the  
6           amount of any principal and interest of all loans or advances made,  
7           before July 1, 2020, to the school corporation from the common  
8           school fund.

9           (b) The money that the state board of finance withholds from  
10          the distribution of state tuition support under this section must be  
11          deposited in the school improvement fund.

12          Sec. 10. (a) This section applies beginning July 1, 2020, and  
13          ending December 31, 2022.

14          (b) The school corporation may not submit to the state board of  
15          finance a request for money from the school improvement fund  
16          unless the:

17           (1) redevelopment commission of the city of Gary established  
18           under IC 36-7-14 has, in conjunction with the emergency  
19           manager described in IC 6-1.1-20.3-6.8(e), developed and  
20           recommended a plan for:

21           (A) demolition;

22           (B) building construction;

23           (C) capital improvement;

24           (D) issuance of bonds; or

25           (E) any combination of actions under clauses (A) through

26           (D);

27           as described in section 8(a)(1) through 8(a)(4) of this chapter;  
28           and

29           (2) legislative body of the city of Gary has approved the plan  
30           recommended under subdivision (1).

31          (c) To receive funds from the school improvement fund for the  
32          purposes listed in section 8(a)(1) through 8(a)(4) of this chapter,  
33          the school corporation shall submit to the state board of finance a  
34          request for:

35           (1) money from the school improvement fund on a form  
36           prescribed by the state board of finance; or

37           (2) approval to issue bonds on a form prescribed by the state  
38           board of finance as provided under section 12 of this chapter.

39          (d) The request under subsection (c)(1) must include the  
40          following:

41           (1) The amount of money the school corporation is requesting.

42           (2) The purpose for which the school corporation intends to



- 1           use the money.
- 2           (3) A copy of the applicable plan recommended and approved
- 3           under subsection (b).
- 4           (4) Any other information required by the state board of
- 5           finance.
- 6           (e) The request under subsection (c)(2) must include the
- 7           following:
- 8           (1) The information required under section 12(e) of this
- 9           chapter.
- 10          (2) A copy of the applicable plan recommended and approved
- 11          under subsection (b).
- 12          (f) The state board of finance may only approve a request under
- 13          this section if the purpose for which the school corporation intends
- 14          to use the money is included in the applicable plan recommended
- 15          and approved under subsection (b). The state board of finance may
- 16          deny a request under this section.
- 17          (g) Section 12(f) through 12(j) of this chapter governs any
- 18          approval and issuance of bonds under this section.
- 19          (h) This section expires January 1, 2023.
- 20          Sec. 11. (a) This section applies beginning January 1, 2023.
- 21          (b) The governing body of the school corporation may submit to
- 22          the state board of finance a request for money from the school
- 23          improvement fund.
- 24          (c) To receive funds from the school improvement fund for any
- 25          of the purposes listed in section 8(a)(1) through 8(a)(3) of this
- 26          chapter, the school corporation shall submit to the state board of
- 27          finance a request for money from the school improvement fund on
- 28          a form prescribed by the state board of finance.
- 29          (d) The request under subsection (c) must include the following:
- 30               (1) The amount of money the school corporation is requesting.
- 31               (2) The purpose for which the school corporation intends to
- 32               use the money.
- 33               (3) Any other information required by the state board of
- 34               finance.
- 35          (e) The state board of finance may approve or deny a request
- 36          under this section.
- 37          Sec. 12. (a) This section applies beginning January 1, 2023.
- 38          (b) The governing body of the school corporation may submit to
- 39          the state board of finance a request for approval to issue bonds and
- 40          make payments on the bonds from money in the school
- 41          improvement fund.
- 42          (c) The school corporation may issue bonds under this chapter



1 for the purpose of financing demolition, building construction, or  
 2 capital improvement as described in section 8(a)(1) through 8(a)(3)  
 3 of this chapter if the state board of finance approves:

- 4 (1) the issuance of the bonds; and  
 5 (2) making payments on the bonds from money in the school  
 6 improvement fund.

7 (d) Before a school corporation may issue bonds as described in  
 8 subsection (c), the school corporation shall submit to the state  
 9 board of finance a request for approval to issue the bonds on a  
 10 form prescribed by the state board of finance.

11 (e) A request for approval under subsection (d) must include the  
 12 following information:

- 13 (1) The number of bonds that the school corporation intends  
 14 to issue.  
 15 (2) The denomination of the bonds.  
 16 (3) The interest rate or rates if fixed rates are used, or the  
 17 manner in which the interest rate will be determined if  
 18 variable or adjustable rates are used.  
 19 (4) The final maturity date of the bonds, which may not  
 20 exceed twenty (20) years after the date of the issuance of the  
 21 bonds.  
 22 (5) The purpose under section 8(a)(1) through 8(a)(3) of this  
 23 chapter for which the school corporation intends to use the  
 24 money from the issuance of the bonds.  
 25 (6) Any other information required by the state board of  
 26 finance.

27 (f) All money received from any bonds issued under this chapter  
 28 shall be applied solely to the payment for demolition, building  
 29 construction, or capital improvement described in section 8(a)(1)  
 30 through 8(a)(3) of this chapter.

31 (g) If the state board of finance approves the issuance of bonds  
 32 by the school corporation, the total amount of the outstanding  
 33 bonds, including any principal and interest, that the school  
 34 corporation issues may not exceed eighty percent (80%) of the total  
 35 amount of money that the state board of finance will withhold from  
 36 the distribution of tuition support under section 9 of this chapter.

37 (h) The bonds are payable solely from money in the school  
 38 improvement fund.

39 (i) The school corporation is not required to request or obtain  
 40 approval from the department of local government finance or any  
 41 other agency other than the state board of finance to issue a bond  
 42 under this chapter.



1           **(j) Bonds issued under this chapter with approval from the state**  
 2 **board of finance create a moral obligation of the state to pay any**  
 3 **debt remaining on the bonds if the amount of money that the state**  
 4 **board of finance withholds from the distribution of tuition support**  
 5 **under section 9 of this chapter is insufficient to pay the whole**  
 6 **amount of the bonds.**

7           **Sec. 13. If the state board of finance approves a request under**  
 8 **section 10, 11, or 12 of this chapter, the state board of finance shall**  
 9 **make payments from the school improvement fund for the**  
 10 **purposes under section 8(a) of this chapter, as approved by the**  
 11 **state board of finance.**

12           **Sec. 14. If the school corporation sells real property, a building,**  
 13 **or other structure owned by the school corporation, the proceeds**  
 14 **from the sale must be submitted to the state board of finance for**  
 15 **deposit into the school improvement fund.**

16           **SECTION 14. [EFFECTIVE JULY 1, 2020] (a) On January 1,**  
 17 **2023, any applicable records and property under control of the**  
 18 **emergency manager appointed by the distressed unit appeal board**  
 19 **under IC 6-1.1-20.3-6.8, as amended by this act, and the Gary**  
 20 **Community School Corporation advisory board established by**  
 21 **IC 20-23-12-3, as amended by this act, are transferred to the**  
 22 **governing body established by IC 20-23-12-4.5, as added by this**  
 23 **act.**

24           **(b) This SECTION expires July 1, 2023.**

