

SENATE BILL No. 431

DIGEST OF INTRODUCED BILL

Citations Affected: IC 20-24.

Synopsis: Charter schools. Prohibits an authorizer from: (1) authorizing a charter to an organizer if a charter school of the organizer has been closed within the past five years; or (2) accepting a proposal from an organizer that operates a charter school that does not meet certain school accountability grade thresholds. Requires certain authorizers that are not currently required to be approved for chartering authority to be approved for chartering authority before granting a new charter or renewing a charter. Prohibits a charter school from enrolling new students who are not currently enrolled in the charter school under certain circumstances. Provides that an administrative fee for certain authorizers is dependent upon the category or designation that the charter school receives regarding its school accountability grade. Requires the department of education to provide staff to carry out the duties of the Indiana charter school board (charter board). Requires authorizers to be responsible for certain amounts owed by a charter school and to cosign for a loan from the common school fund. Requires each organizer and authorizer of a charter school to submit to the state board of education a surety bond or other form of financial guarantee and establishes consequences for an organizer or authorizer that fails to submit the bond or guarantee. Repeals a provision that provides that funding for the charter board consists of administrative fees.

Effective: July 1, 2020.

Stoops

January 15, 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. 431

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 20-24-2.1-3, AS ADDED BY P.L.91-2011,
2 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2020]: Sec. 3. The department shall provide staff to carry out
4 the duties of the charter board under this chapter. ~~until the time when~~
5 ~~the charter board begins receiving administrative fees pursuant to~~
6 ~~IC 20-24-7-4(c). At that time, the charter board may hire staff to carry~~
7 ~~out the duties of the charter board under this chapter.~~

8 SECTION 2. IC 20-24-2.1-4 IS REPEALED [EFFECTIVE JULY
9 1, 2020]. Sec. 4. ~~Funding for the charter board consists of~~
10 ~~administrative fees collected under IC 20-24-7-4.~~

11 SECTION 3. IC 20-24-2.2-1.2, AS ADDED BY P.L.221-2015,
12 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
13 JULY 1, 2020]: Sec. 1.2. (a) This section applies to an authorizer
14 described in IC 20-24-1-2.5(1), IC 20-24-1-2.5(2), and
15 IC 20-24-1-2.5(5). ~~if the authorizer has not previously issued a charter~~
16 ~~for any charter school prior to July 1, 2015.~~

17 **(b) An authorizer described in subsection (a) that has not issued**



1 a charter for a charter school before July 1, 2015, must comply
 2 with this section. In addition, if an authorizer described in
 3 subsection (a) issued a charter before July 1, 2015, the authorizer
 4 must comply with this section before it may renew an existing
 5 charter or authorize a new charter for a charter school. If an
 6 authorizer described in subsection (a):

- 7 (1) issued a charter before July 1, 2015;
 8 (2) authorizes more than one (1) charter school; and
 9 (3) is denied charter authority by the state board when the
 10 authorizer applies to register for charter authority under this
 11 section;

12 the authorizer may complete the term of each current charter but
 13 may not subsequently renew the charter for any charter school or
 14 grant any new charters.

15 ~~(b)~~ (c) A governing body of a school corporation may register with
 16 the state board for charter authority within the attendance area of the
 17 school corporation. The state board shall post on the state board's
 18 Internet web site an application received from an authorizer to register
 19 with the state board under this section within ten (10) days after receipt
 20 of the application. The state board may not charge an authorizer a fee
 21 to register with the state board under this section.

22 ~~(c)~~ (d) A governing board of a nonprofit college or university
 23 described in IC 20-24-1-2.5(5) may apply to the state board for
 24 statewide, regional, or local chartering authority.

25 ~~(d)~~ (e) The state board shall publicize to all governing bodies the
 26 opportunity to register with the state board for chartering authority
 27 within their school corporation. Not later than May 1 of each year, the
 28 state board shall provide information about the opportunity, including
 29 a registration deadline, to all governing bodies. To register as an
 30 authorizer, each interested governing body must submit the following
 31 information in a format prescribed by the state board:

- 32 (1) A written notification of intent to serve as a charter authorizer
 33 in accordance with this article.
 34 (2) An explanation of the governing body's strategic vision for
 35 chartering.
 36 (3) An explanation of the governing body's budget and personnel
 37 capacity and commitment to execute the duties of quality charter
 38 authorizing in accordance with this article.
 39 (4) An explanation of how the governing body will solicit charter
 40 school applicants in accordance with IC 20-24-3.
 41 (5) A description or outline of the performance framework the
 42 governing body will use to guide the establishment of a charter



- 1 contract and for the oversight and evaluation of charter schools,
 2 consistent with this article.
- 3 (6) A draft of the governing body's renewal, revocation, and
 4 nonrenewal processes, consistent with this article.
- 5 (7) A statement of assurance that the governing body commits to
 6 serving as a charter authorizer in fulfillment of the expectations,
 7 spirit, and intent of this article, and that the governing body will
 8 fully adopt standards of quality charter school authorizing in
 9 accordance with section 1.5 of this chapter.
- 10 ~~(e)~~ (f) Within sixty (60) days of receipt of the information described
 11 in subsection ~~(d)~~, (e), the state board shall register the governing body
 12 as a charter authorizer within the attendance area of the school
 13 corporation and shall provide the governing body a letter confirming
 14 the governing body's registration as a charter authorizer. A governing
 15 body may not engage in any charter authorizing functions without a
 16 current registration as a charter authorizer with the state board.
- 17 ~~(f)~~ (g) The state board shall establish an annual application and
 18 approval process, including cycles and deadlines during the state fiscal
 19 year, for registering an entity described in IC 20-24-1-2.5(5) for
 20 authorizer authority. Not later than May 1 of each year, the state board
 21 shall make available information and guidelines for an applicant
 22 described in IC 20-24-1-2.5(5) concerning the opportunity to apply for
 23 chartering authority under this article. The application process must
 24 require each applicant to submit an application that clearly explains or
 25 presents the following elements:
- 26 (1) A written notification of intent to serve as a charter authorizer
 27 in accordance with this article.
- 28 (2) The applicant's strategic vision for chartering.
- 29 (3) A plan to support the applicant's strategic vision described in
 30 subdivision (2), including an explanation and evidence of the
 31 applicant's budget and personnel capacity and commitment to
 32 execute the duties of quality charter authorizing in accordance
 33 with this article.
- 34 (4) A draft or preliminary outline of the request for proposals that
 35 the applicant would, if approved by the state board under this
 36 section, issue to solicit charter school applicants under
 37 IC 20-24-3.
- 38 (5) A draft of the performance framework that the applicant
 39 would, if approved by the state board under this section, use to
 40 guide the establishment of a charter contract and for ongoing
 41 oversight and evaluation of charter schools consistent with this
 42 article.



- 1 (6) A draft of the applicant's renewal, revocation, and nonrenewal
 2 processes.
- 3 (7) A statement of assurance that the applicant commits to serving
 4 as a charter authorizer in fulfillment of the expectations, spirit,
 5 and intent of this article, and that the applicant will fully adopt
 6 standards of quality charter school authorizing in accordance with
 7 section 1.5 of this chapter.
- 8 ~~(g)~~ **(h)** Not later than July 1 of each year, the state board shall grant
 9 or deny chartering authority to an applicant under subsection ~~(f)~~ **(g)**.
 10 The state board shall make its decision on the merits of each applicant's
 11 proposal and plans submitted under subsection ~~(f)~~ **(g)**.
- 12 ~~(h)~~ **(i)** Within thirty (30) days of the state board's decision under
 13 subsection ~~(g)~~ **(h)**, the state board shall execute a renewable
 14 authorizing contract with an applicant that the state board has approved
 15 for chartering authority. The initial term of each authorizing contract
 16 is six (6) years. The authorizing contract must specify each approved
 17 applicant's agreement to serve as a charter authorizer in accordance
 18 with this article and shall specify additional performance terms based
 19 on the applicant's proposal and plan for chartering. An approved
 20 applicant may not commence charter authorizing without an
 21 authorizing contract in effect.
- 22 ~~(i)~~ **(j)** The state board shall maintain on the state board's Internet
 23 web site the names of each authorizer approved by the state board
 24 under this section.
- 25 SECTION 4. IC 20-24-2.2-2.5, AS AMENDED BY P.L.211-2019,
 26 SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 27 JULY 1, 2020]: Sec. 2.5. (a) If the state board grants a petition request
 28 under section 2 of this chapter, the state board shall:
- 29 (1) hold a hearing; and
 30 (2) implement one (1) or more of the following actions:
- 31 (A) Require the implementation of a charter school
 32 improvement plan.
- 33 (B) Order the reduction of any administrative fee collected
 34 under IC 20-24-7-4 that is applicable to the charter school. The
 35 reduction must become effective at the beginning of the month
 36 following the month of the authorizer's hearing before the state
 37 board.
- 38 (C) Prohibit or limit the enrollment of new students in the
 39 charter school.
- 40 (D) Cancel the charter between the authorizer and organizer.
- 41 (E) Order the closure of the charter school at the end of the
 42 current school year.



1 ~~A charter school that is closed by the state board under this section may~~
 2 ~~not be granted a charter by any authorizer.~~

3 (b) In determining which action to implement under subsection
 4 (a)(2), the state board shall consider the following:

5 (1) Enrollment of students with special challenges, such as drug
 6 or alcohol addiction, prior withdrawal from school, prior
 7 incarceration, or other special circumstances.

8 (2) High mobility of the student population resulting from the
 9 specific purpose of the charter school.

10 (3) Annual improvement in the performance of students enrolled
 11 in the charter school, as measured by IC 20-31-8-1, compared
 12 with the performance of students enrolled in the charter school in
 13 the immediately preceding school year.

14 **(c) A charter school that is closed by the state board under this**
 15 **section may not be granted a charter by any authorizer.**

16 **(d) An organizer of a charter school that is closed by the state**
 17 **board under this section may not be granted a charter by any**
 18 **authorizer for five (5) years after the date that the charter school**
 19 **is closed.**

20 **(e) Unless an agreement entered into or renewed before July 1,**
 21 **2020, provides otherwise, an authorizer of a charter school that is**
 22 **closed by the state board under this section is responsible for any**
 23 **amounts owed for the following:**

24 **(1) Tuition support distributed to the charter school in excess**
 25 **of the amount that the charter school was entitled to under**
 26 **law.**

27 **(2) Any loans to the charter school from the common school**
 28 **fund under IC 20-49 that are outstanding.**

29 SECTION 5. IC 20-24-2.2-4, AS AMENDED BY P.L.159-2019,
 30 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 31 JULY 1, 2020]: Sec. 4. If any authorizer:

32 **(1) renews the charter of, fails to close, or grants a new charter to**
 33 **a charter school that the state board has ordered closed under**
 34 **section 2.5 of this chapter; or**

35 **(2) grants a charter in violation of section 2.5(d) of this**
 36 **chapter;**

37 the authorizer's authority to authorize new charter schools may be
 38 suspended by the state board until such a time as the state board
 39 formally approves the authorizer to authorize new charter schools. A
 40 determination under this section to suspend an authorizer's authority to
 41 authorize new charter schools must identify the deficiencies that, if
 42 corrected, will result in the approval of the authorizer to authorize new



1 charter schools.

2 SECTION 6. IC 20-24-2.2-4.5 IS ADDED TO THE INDIANA
3 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
4 [EFFECTIVE JULY 1, 2020]: **Sec. 4.5. If an authorizer fails to**
5 **submit a surety bond or other form of financial guarantee as**
6 **required under IC 20-24-7-16, the authorizer's authority to**
7 **authorize new charter schools may be suspended by the state board**
8 **until such time that the authorizer submits the surety bond or**
9 **other form of financial guarantee.**

10 SECTION 7. IC 20-24-3-2.3 IS ADDED TO THE INDIANA CODE
11 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
12 1, 2020]: **Sec. 2.3. After June 30, 2020, an authorizer may not grant**
13 **a charter to an organizer under this article unless the organizer**
14 **and the authorizer submit the surety bond or other form of**
15 **financial guarantee required under IC 20-24-7-16.**

16 SECTION 8. IC 20-24-3-10.5 IS ADDED TO THE INDIANA
17 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
18 [EFFECTIVE JULY 1, 2020]: **Sec. 10.5. An authorizer may not**
19 **accept a proposal to establish a charter school from an organizer**
20 **that already operates a charter school in Indiana if a charter**
21 **school that the organizer operates has been placed in either of the**
22 **lowest two (2) categories or designations under IC 20-31-8-4 for the**
23 **immediately preceding two (2) consecutive years.**

24 SECTION 9. IC 20-24-4-1, AS AMENDED BY P.L.211-2019,
25 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
26 JULY 1, 2020]: **Sec. 1. (a) A charter must meet the following**
27 **requirements:**

- 28 (1) Be a written instrument.
29 (2) Be executed by an authorizer and an organizer.
30 (3) Confer certain rights, franchises, privileges, and obligations
31 on a charter school.
32 (4) Confirm the status of a charter school as a public school.
33 (5) Subject to subdivisions (6)(E) and (17), be granted for:
34 (A) not less than three (3) years or more than seven (7) years;
35 and
36 (B) a fixed number of years agreed to by the authorizer and the
37 organizer.
38 (6) Provide for the following:
39 (A) A review by the authorizer of the charter school's
40 performance, including the progress of the charter school in
41 achieving the academic goals set forth in the charter, at least
42 one (1) time in each five (5) year period while the charter is in



- 1 effect.
- 2 (B) Renewal, if the authorizer and the organizer agree to renew
- 3 the charter.
- 4 (C) The renewal application must include guidance from the
- 5 authorizer, and the guidance must include the performance
- 6 criteria that will guide the authorizer's renewal decisions.
- 7 (D) The renewal application process must, at a minimum,
- 8 provide an opportunity for the charter school to:
- 9 (i) present additional evidence, beyond the data contained in
- 10 the performance report, supporting its case for charter
- 11 renewal;
- 12 (ii) describe improvements undertaken or planned for the
- 13 charter school; and
- 14 (iii) detail the charter school's plans for the next charter
- 15 term.
- 16 (E) Not later than the end of the calendar year in which the
- 17 charter school seeks renewal of a charter, the governing board
- 18 of a charter school seeking renewal shall submit a renewal
- 19 application to the charter authorizer under the renewal
- 20 application guidance issued by the authorizer. The authorizer
- 21 shall make a final ruling on the renewal application not later
- 22 than April 1 after the filing of the renewal application. A
- 23 renewal granted under this clause is not subject to the three (3)
- 24 year minimum described in subdivision (5). The April 1
- 25 deadline does not apply to any review or appeal of a final
- 26 ruling. After the final ruling is issued, the charter school may
- 27 obtain further review by the authorizer of the authorizer's final
- 28 ruling in accordance with the terms of the charter school's
- 29 charter and the protocols of the authorizer.
- 30 (7) Specify the grounds for the authorizer to:
- 31 (A) revoke the charter before the end of the term for which the
- 32 charter is granted; or
- 33 (B) not renew a charter.
- 34 (8) Set forth the methods by which the charter school will be held
- 35 accountable for achieving the educational mission and goals of
- 36 the charter school, including the following:
- 37 (A) Evidence of improvement in:
- 38 (i) assessment measures, including the statewide assessment
- 39 program measures;
- 40 (ii) attendance rates;
- 41 (iii) graduation rates (if appropriate);
- 42 (iv) increased numbers of Indiana diplomas with a Core 40



- 1 designation and other college and career ready indicators
 2 including advanced placement participation and passage,
 3 dual credit participation and passage, and International
 4 Baccalaureate participation and passage (if appropriate);
 5 (v) increased numbers of Indiana diplomas with Core 40
 6 with academic honors and technical honors designations (if
 7 appropriate);
 8 (vi) student academic growth;
 9 (vii) financial performance and stability; and
 10 (viii) governing board performance and stewardship,
 11 including compliance with applicable laws, rules and
 12 regulations, and charter terms.
- 13 (B) Evidence of progress toward reaching the educational
 14 goals set by the organizer.
- 15 (9) Describe the method to be used to monitor the charter
 16 school's:
 17 (A) compliance with applicable law; and
 18 (B) performance in meeting targeted educational performance.
- 19 (10) Specify that the authorizer and the organizer may amend the
 20 charter during the term of the charter by mutual consent and
 21 describe the process for amending the charter.
- 22 (11) Describe specific operating requirements, including all the
 23 matters set forth in the application for the charter.
- 24 (12) Specify a date when the charter school will:
 25 (A) begin school operations; and
 26 (B) have students attending the charter school.
- 27 (13) Specify that records of a charter school relating to the
 28 school's operation and charter are subject to inspection and
 29 copying to the same extent that records of a public school are
 30 subject to inspection and copying under IC 5-14-3.
- 31 (14) Specify that records provided by the charter school to the
 32 department or authorizer that relate to compliance by the
 33 organizer with the terms of the charter or applicable state or
 34 federal laws are subject to inspection and copying in accordance
 35 with IC 5-14-3.
- 36 (15) Specify that the charter school is subject to the requirements
 37 of IC 5-14-1.5.
- 38 (16) This subdivision applies to a charter established or renewed
 39 for an adult high school after June 30, 2014. The charter must
 40 require:
 41 (A) that the school will offer flexible scheduling;
 42 (B) that students will not complete the majority of instruction



- 1 of the school's curriculum online or through remote
 2 instruction;
- 3 (C) that the school will offer dual credit or industry
 4 certification course work that aligns with career pathways as
 5 recommended by the Indiana career council established by
 6 IC 22-4.5-9-3; and
- 7 (D) a plan:
- 8 (i) to support successful program completion and to assist
 9 transition of graduates to the workforce or to a
 10 postsecondary education upon receiving a diploma from the
 11 adult high school; and
- 12 (ii) to review individual student accomplishments and
 13 success after a student receives a diploma from the adult
 14 high school.
- 15 (17) This subdivision applies to a charter between an authorizer
 16 and an organizer of a charter school granted or renewed after June
 17 30, 2019. The charter must require that:
- 18 (A) a charter school comply with actions implemented by the
 19 state board under IC 20-24-2.2-2.5; and
- 20 (B) if the state board implements closure of the charter school
 21 under IC 20-24-2.2-2.5, the charter is revoked at the time the
 22 charter school closes.
- 23 **(18) This subdivision applies to a charter between an**
 24 **authorizer and an organizer granted or renewed after June**
 25 **30, 2020. The charter must require the following:**
- 26 **(A) If the charter school is placed in either of the lowest**
 27 **two (2) categories or designations under IC 20-31-8-4 for**
 28 **two (2) consecutive years, the charter school may not**
 29 **accept new students who are not currently enrolled at the**
 30 **charter school for one (1) year.**
- 31 **(B) If the charter school is placed in either of the lowest**
 32 **two (2) categories or designations under IC 20-31-8-4 for**
 33 **three (3) consecutive years, the charter school may not**
 34 **accept new students who are not currently enrolled at the**
 35 **charter school until the charter school is placed in the**
 36 **middle category or designation, or higher, for two (2)**
 37 **consecutive years.**
- 38 **(C) If the charter school is placed in the lowest category or**
 39 **designation under IC 20-31-8-4 for three (3) consecutive**
 40 **years, the charter school may not accept new students who**
 41 **are not currently enrolled at the charter school until the**
 42 **school is placed in the middle category or designation, or**



- 1 **higher, for three (3) consecutive years.**
 2 **This subdivision may not be construed to prevent a student**
 3 **currently enrolled at the charter school from continuing to**
 4 **attend the charter school.**
 5 **(19) This subdivision applies to a charter between an**
 6 **authorizer and an organizer granted or renewed after June**
 7 **30, 2020. The charter must require that the organizer seek**
 8 **approval from the authorizer before the organizer requests an**
 9 **advance from the common school fund under IC 20-49.**
 10 (b) A charter school shall set annual performance targets in
 11 conjunction with the charter school's authorizer. The annual
 12 performance targets shall be designed to help each school meet
 13 applicable federal, state, and authorizer expectations.
 14 SECTION 10. IC 20-24-4-4 IS ADDED TO THE INDIANA CODE
 15 AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY**
 16 **1, 2020]: Sec. 4. An authorizer may not renew the charter of a**
 17 **charter school unless the organizer of the charter school provides**
 18 **evidence to the authorizer that the organizer has submitted the**
 19 **surety bond or other form of financial guarantee as required under**
 20 **IC 20-24-7-16.**
 21 SECTION 11. IC 20-24-7-1, AS AMENDED BY P.L.218-2015,
 22 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 23 JULY 1, 2020]: Sec. 1. (a) The organizer is the fiscal agent for the
 24 charter school.
 25 (b) **Except as provided under section 5.5 of this chapter, the**
 26 organizer has exclusive control of:
 27 (1) funds received by the charter school; and
 28 (2) financial matters of the charter school.
 29 (c) The organizer shall maintain accounts of all funds received and
 30 disbursed by the organizer. The organizer shall maintain separate
 31 accountings of all funds received and disbursed by each charter school
 32 it holds.
 33 (d) Notwithstanding IC 20-43, an organizer that operates more than
 34 one (1) charter school may file, before July 1 of each year, a notice with
 35 the department that the organizer desires to receive the tuition support
 36 distributions, and in the case of an adult high school (as defined in
 37 IC 20-24-1-2.3), funding provided in the state biennial budget for adult
 38 high schools, for all the charter schools the organizer operates. After
 39 the organizer's authorizer or authorizers verify to the department that
 40 the organizer operates the charter schools, the department shall
 41 distribute the tuition support, and in the case of an adult high school (as
 42 defined in IC 20-24-1-2.3), funding provided in the state biennial



1 budget for adult high schools, for the verified charter schools to the
 2 organizer. The organizer may distribute the tuition support distribution
 3 it receives to each charter school it operates in the amounts determined
 4 by the organizer. However, an organizer that receives money from the
 5 state under this subsection may not use any of the money received for
 6 expenses incurred outside Indiana that are not directly related to the
 7 charter school the organizer operates in Indiana.

8 (e) Organizers receiving tuition support under this section may
 9 submit a consolidated audit in accordance with guidelines established
 10 by the state examiner and submit any required financial reporting to the
 11 department in a manner prescribed by the state examiner. The state
 12 examiner shall establish guidelines and prescribe reporting
 13 requirements for organizers under this section that are consistent with
 14 generally accepted accounting principles (GAAP) and the needs of the
 15 department.

16 SECTION 12. IC 20-24-7-4, AS AMENDED BY P.L.221-2015,
 17 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 18 JULY 1, 2020]: Sec. 4. (a) Services that a school corporation provides
 19 to a charter school, including transportation, may be provided at not
 20 more than one hundred three percent (103%) of the actual cost of the
 21 services.

22 (b) This subsection applies to an authorizer that is a state
 23 educational institution described in IC 20-24-1-2.5(2). Except as
 24 provided in subsection (f), in a state fiscal year, a state educational
 25 institution may receive from the organizer of a charter school **that is**
 26 **placed in the highest or second highest category or designation**
 27 **under IC 20-31-8-4 and** authorized by the state educational institution
 28 an administrative fee equal to not more than three percent (3%) of the
 29 total amount the organizer receives during the state fiscal year from
 30 basic tuition support (as defined in IC 20-43-1-8). **The authorizer of**
 31 **a charter school described in this subsection that is placed:**

32 **(1) in the third highest category or designation under**
 33 **IC 20-31-8-4 may receive an administrative fee equal to not**
 34 **more than two percent (2%); and**

35 **(2) in the fourth highest category or designation under**
 36 **IC 20-31-8-4 may receive an administrative fee equal to not**
 37 **more than one percent (1%);**

38 **of the total amount the organizer receives during the state fiscal**
 39 **year from basic tuition support. The authorizer of a charter school**
 40 **described in this subsection that is placed in the lowest category or**
 41 **designation of school improvement under IC 20-31-8-4 is not**
 42 **entitled to receive an administrative fee during the state fiscal year**



1 from basic tuition support, and the organizer must reallocate the
 2 amount of the fees that would have been paid if the charter school
 3 had been placed in the highest category or designation under
 4 IC 20-31-8-4 toward classroom expenditures. The organizer must
 5 demonstrate compliance with this subsection to the department. If
 6 the organizer does not demonstrate compliance, the department
 7 shall withhold from the organizer the state tuition support and
 8 federal funds that would otherwise be distributed to the organizer
 9 for the charter school during the next state fiscal year.

10 (c) This subsection applies to the executive of a consolidated city
 11 that authorizes a charter school. Except as provided in subsection (f),
 12 in a state fiscal year, the executive may collect from the organizer of a
 13 charter school that is placed in the highest or second highest
 14 category or designation under IC 20-31-8 and authorized by the
 15 executive an administrative fee equal to not more than three percent
 16 (3%) of the total amount the organizer receives during the state fiscal
 17 year for basic tuition support. **The authorizer of a charter school**
 18 **described in this subsection that is placed:**

19 (1) in the third highest category or designation under
 20 IC 20-31-8-4 may receive an administrative fee equal to not
 21 more than two percent (2%); and

22 (2) in the fourth highest category or designation under
 23 IC 20-31-8-4 may receive an administrative fee equal to not
 24 more than one percent (1%);

25 of the total amount the organizer receives during the state fiscal
 26 year from basic tuition support. The authorizer of a charter school
 27 described in this subsection that is placed in the lowest category or
 28 designation of school improvement under IC 20-31-8-4 is not
 29 entitled to receive an administrative fee during the state fiscal year
 30 from basic tuition support, and the organizer must reallocate the
 31 amount of the fees that would have been paid if the charter school
 32 had been placed in the highest category or designation under
 33 IC 20-31-8-4 toward classroom expenditures. The organizer must
 34 demonstrate compliance with this subsection to the department. If
 35 the organizer does not demonstrate compliance, the department
 36 shall withhold from the organizer the state tuition support and
 37 federal funds that would otherwise be distributed to the organizer
 38 for the charter school during the next state fiscal year.

39 (d) This subsection applies to an authorizer that is a nonprofit
 40 college or university that is approved by the state board of education.
 41 Except as provided in IC 20-24-2.2-1.5 and subsection (f), in a state
 42 fiscal year, a private college or university may collect from the



1 organizer of a charter school **that is placed in the highest or second**
 2 **highest category or designation under IC 20-31-8 and** authorized by
 3 the private college or university an administrative fee equal to not more
 4 than three percent (3%) of the total amount the organizer receives
 5 during the state fiscal year for basic tuition support. **The authorizer of**
 6 **a charter school described in this subsection that is placed:**

7 (1) **in the third highest category or designation under**
 8 **IC 20-31-8-4 may receive an administrative fee equal to not**
 9 **more than two percent (2%); and**

10 (2) **in the fourth highest category or designation under**
 11 **IC 20-31-8-4 may receive an administrative fee equal to not**
 12 **more than one percent (1%);**

13 **of the total amount the organizer receives during the state fiscal**
 14 **year from basic tuition support. The authorizer of a charter school**
 15 **described in this subsection that is placed in the lowest category or**
 16 **designation of school improvement under IC 20-31-8-4 is not**
 17 **entitled to receive an administrative fee during the state fiscal year**
 18 **from basic tuition support, and the organizer must reallocate the**
 19 **amount of the fees that would have been paid if the charter school**
 20 **had been placed in the highest category or designation under**
 21 **IC 20-31-8-4 toward classroom expenditures. The organizer must**
 22 **demonstrate compliance with this subsection to the department. If**
 23 **the organizer does not demonstrate compliance, the department**
 24 **shall withhold from the organizer the state tuition support and**
 25 **federal funds that would otherwise be distributed to the organizer**
 26 **for the charter school during the next state fiscal year.**

27 (e) This subsection applies to the charter board. Except as provided
 28 in subsection (f), in a state fiscal year, the charter school board may
 29 collect from the organizer of a charter school **that is placed in the**
 30 **highest or second highest category or designation under IC 20-31-8**
 31 **and** authorized by the charter board an administrative fee equal to not
 32 more than three percent (3%) of the total amount the organizer receives
 33 during the state fiscal year for basic tuition support. **The authorizer of**
 34 **a charter school described in this subsection that is placed:**

35 (1) **in the third highest category or designation under**
 36 **IC 20-31-8-4 may receive an administrative fee equal to not**
 37 **more than two percent (2%); and**

38 (2) **in the fourth highest category or designation under**
 39 **IC 20-31-8-4 may receive an administrative fee equal to not**
 40 **more than one percent (1%);**

41 **of the total amount the organizer receives during the state fiscal**
 42 **year from basic tuition support. The authorizer of a charter school**



1 described in this subsection that is placed in the lowest category or
2 designation of school improvement under IC 20-31-8-4 is not
3 entitled to receive an administrative fee during the state fiscal year
4 from basic tuition support, and the organizer must reallocate the
5 amount of the fees that would have been paid if the charter school
6 had been placed in the highest category or designation under
7 IC 20-31-8-4 toward classroom expenditures. The organizer must
8 demonstrate compliance with this subsection to the department. If
9 the organizer does not demonstrate compliance, the department
10 shall withhold from the organizer the state tuition support and
11 federal funds that would otherwise be distributed to the organizer
12 for the charter school during the next state fiscal year.

13 (f) This subsection applies to an adult high school. An authorizer
14 described in subsections (b) through (e) may collect an administrative
15 fee equal to not more than three percent (3%) of the total state
16 appropriation to the adult high school for a state fiscal year under
17 section 13.5 of this chapter.

18 (g) An authorizer's administrative fee may not include any costs
19 incurred in delivering services that a charter school may purchase at its
20 discretion from the authorizer. The authorizer shall use its funding
21 provided under this section exclusively for the purpose of fulfilling
22 authorizing obligations.

23 (h) Except for oversight services, a charter school may not be
24 required to purchase services from its authorizer as a condition of
25 charter approval or of executing a charter contract, nor may any such
26 condition be implied.

27 (i) A charter school may choose to purchase services from its
28 authorizer. In that event, the charter school and authorizer shall execute
29 an annual service contract, separate from the charter contract, stating
30 the parties' mutual agreement concerning the services to be provided
31 by the authorizer and any service fees to be charged to the charter
32 school. An authorizer may not charge more than market rates for
33 services provided to a charter school.

34 (j) Not later than ninety (90) days after the end of each fiscal year,
35 each authorizer shall provide to each charter school it authorizes an
36 itemized accounting of the actual costs of services purchased by the
37 charter school from the authorizer. Any difference between the amount
38 initially charged to the charter school and the actual cost shall be
39 reconciled and paid to the owed party. If either party disputes the
40 itemized accounting, any charges included in the accounting, or
41 charges to either party, either party may request a review by the
42 department. The requesting party shall pay the costs of the review.



1 SECTION 13. IC 20-24-7-5, AS ADDED BY P.L.1-2005,
 2 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 3 JULY 1, 2020]: Sec. 5. (a) **Except as provided under section 5.5 of**
 4 **this chapter**, an organizer may apply for and accept for a charter
 5 school:

- 6 (1) independent financial grants; and
 7 (2) funds from public or private sources other than the
 8 department.

9 (b) An organizer shall make all applications, enter into all contracts,
 10 and sign all documents necessary for the receipt by a charter school of
 11 aid, money, or property from the federal government.

12 SECTION 14. IC 20-24-7-5.5 IS ADDED TO THE INDIANA
 13 CODE AS A NEW SECTION TO READ AS FOLLOWS
 14 [EFFECTIVE JULY 1, 2020]: **Sec. 5.5. An organizer of a charter**
 15 **school may not obtain an advance from the common school fund**
 16 **under IC 20-49 for a charter school unless the authorizer of the**
 17 **charter school cosigns on the advance.**

18 SECTION 15. IC 20-24-7-16 IS ADDED TO THE INDIANA
 19 CODE AS A NEW SECTION TO READ AS FOLLOWS
 20 [EFFECTIVE JULY 1, 2020]: **Sec. 16. (a) Not later than October 1,**
 21 **2020, each organizer operating a charter school in Indiana on July**
 22 **1, 2020, shall submit to the state board a surety bond or other form**
 23 **of financial guarantee, as approved by the state board, in an**
 24 **amount determined under subsection (d) for each charter school**
 25 **which the organizer is operating in Indiana on July 1, 2020.**

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

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

42 (d) **The amount of a surety bond or other form of financial**



1 **guarantee for an organizer and an authorizer of a charter school**
 2 **described in subsections (a) and (b) must be an amount that equals**
 3 **the amount of tuition support that the virtual charter school**
 4 **received for the immediately preceding school year multiplied by**
 5 **ten percent (10%).**

6 **(e) The amount of a surety bond or other form of financial**
 7 **guarantee for an organizer and for an authorizer of a charter**
 8 **school described in subsection (c) must be an amount that equals**
 9 **the estimated tuition support that the charter school will receive in**
 10 **its first year of operation multiplied by ten percent (10%).**

11 **(f) This subsection applies to organizers and authorizers of**
 12 **charter schools described in subsections (a), (b), and (c). The**
 13 **amount of a surety bond or other form of financial guarantee must**
 14 **be adjusted, as needed, every three (3) years that a charter school**
 15 **is in operation to equal the amount determined under subsection**
 16 **(d) for the charter school. An organizer or authorizer may be**
 17 **required to increase the amount of the surety bond or other**
 18 **financial guarantee, as determined by the state board, if the state**
 19 **board determines that the surety bond or other financial guarantee**
 20 **should be increased under this subsection.**

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

34 **(b) Each organizer and authorizer of a charter school shall**
 35 **annually file information with the state board that evidences the**
 36 **continuation of the organizer's and the authorizer's surety bond or**
 37 **other financial guarantee for each charter school operated by the**
 38 **organizer or authorized by the authorizer in Indiana.**

39 **(c) If:**

- 40 **(1) an organizer or authorizer submits a surety bond; and**
 41 **(2) the total claims filed against a surety bond exceed the**
 42 **amount of the surety bond;**



1 **the surety shall pay the amount of the surety bond to the**
2 **department to recoup any amounts owed to the state.**

