

# Digest of Public School Finance in Indiana

2019-2021 Biennium

**Indiana Department of Education**  
**Dr. Jennifer McCormick, State Superintendent of Public Instruction**

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## **PREFACE**

This overview is designed to serve as a reference for persons interested in public school finance in Indiana. Included are descriptions, appropriations, and participation requirements for the various State grants and distributions available to public schools and in some instances accredited nonpublic schools authorized by the Indiana General Assembly. These grants and distributions are in effect for the 2019-2021 biennium. Along with State monies, Indiana public schools are supported by certain local revenues. A description of property tax administration, as related to public school finance, is also presented.

Many of the programs presented in this publication may be found on the Indiana Department of Education Web page at [www.in.gov/doi](http://www.in.gov/doi). Additionally, information pertaining to property taxes and school budgets may be found on the Department of Local Government Finance Web page at [www.in.gov/dlzf](http://www.in.gov/dlzf). Information pertaining to school accounting may be found on the State Board of Accounts Web site at [www.in.gov/sboa](http://www.in.gov/sboa). To find Indiana Code cites referenced throughout the document, please go to [www.in.gov/iga](http://www.in.gov/iga).

Additional inquiries should be directed to the Office of School Finance, 115 W. Washington Street, South Tower, Suite 600, Indianapolis, IN 46204-2798. The telephone number is 317-232-0841.

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## SOURCES OF LOCAL PUBLIC SCHOOL SUPPORT

***Important note: The guidance below is intended to serve as an informative bulletin for school corporations. It is not a substitute for the law. In cases where this guidance and statute differ, statute controls.***

Practically all Indiana public school revenues are derived directly or indirectly from some taxing vehicle. State support to local public school corporations is appropriated by the Indiana General Assembly from the Education Fund or dedicated State funds. Revenues to the State's General Fund include monies generated by sales and use taxes, the individual income tax, and corporate income taxes. Dedicated State funds include monies from the Hoosier Lottery.

Locally, various forms of taxation are used to generate monies for schools and for civil units of government. The local taxes are charged, collected, and provided to the governmental units in a more direct way than State revenues. Examples of local taxes charged include the property tax, local income tax, license excise tax, commercial vehicle excise tax, financial institutions tax, and special county equalizing school taxes in Lake and Dearborn counties. Other sources of income are non-tax items including receipts from transfer tuition, property sales, gifts, contributions, and earnings from investments.

**The Property Tax:** The property tax represents the largest local revenue generator for local units of government, and a source of funds for public schools. In 2019, \$3.3 billion, or 43% of all property taxes collected, went to public schools. The tax is charged against real property (land and improvements), utilities, and personal property. Inherent in the property tax structure is the need to value property. To determine a value for assessment purposes, a particular parcel must first be located and listed. Currently, locally elected assessors determine property valuations using appraisal guides prescribed by the Department of Local Government Finance (DLGF). As the agency responsible for ensuring fair and equitable assessments statewide, the DLGF oversees the mass assessment work of the assessing officials.

Property assessments are performed on a cyclical basis, with 25% of parcels in a county being reassessed each year. The first cyclical reassessment began July 1, 2014, and was completed on January 1, 2018, with annual adjustment of non-reassessed properties occurring each year. All real property is assessed based on its market value-in-use. Beginning in calendar year 2009, the State began funding 100% of costs for the school general fund, which is now the Education Fund. Property tax dollars are no longer used to support education-related operating purposes of Indiana's school corporations, except for a referendum tax levy approved by voters, but continue to support other expenses such as for transportation, capital projects, and bus replacement, covered under the Operations Fund, and for debt service.

**License Excise Tax:** Automobiles, light trucks, and airplanes are taxed locally, in the county of the owner's legal residence, at the time of annual license plate registration. The amount of the tax varies from \$12 to \$532 in 17 classifications according to the age and original price of the vehicle (I.C. 6-6-5-3). Indiana also has a boat excise tax (I.C. 6-6-11) and the aircraft license excise tax (I.C. 6-6-6.5). Proceeds from these taxes are distributed to each taxing unit in the county.

**Commercial Vehicle Excise Tax:** Effective calendar year 2000, an excise tax was chargeable to:

- All trucks and tractors having a gross vehicle weight greater than 11,000 pounds not used with a semi-trailer, traction engine, or other similar vehicle used for hauling purposes.
- A tractor used with a semi-trailer.
- A semi-trailer having a gross vehicle weight greater than 3,000 pounds, including a semi-trailer converted to a full trailer through the use of a converted dolly.

Previously the value of these vehicles was included in the assessed valuation of the taxing unit. Beginning on January 1, 2000, each taxing unit's assessed valuation was adjusted downward to account for the commercial vehicle value portion of the total assessed valuation being replaced by the commercial vehicle excise tax. The State Board of Tax Commissioners, now the DLGF, made this calculation for calendar year 2001.

The County Auditor makes the distribution of the commercial vehicle excise tax after May 1 and December 1 of each calendar year. Specific language concerning the Commercial Vehicle Excise Tax may be found in I.C. 6-6-5.5.

**Financial Institutions Taxes (FIT):** I.C. 6-5.5-8 allows for a tax on the personal property of financial institutions. FIT represents the dollar amounts the State guaranteed when the FIT was converted from a fee to a tax. If the personal property of the financial institution does not raise sufficient property tax to cover the guarantee, the State sends the difference to the county auditor to distribute as FIT. The County Auditor allocates this tax in the same manner as the license excise tax, on the basis of tax rate, and makes two distributions per year to governmental units.

**Special County Taxes:** Special laws applicable only in the counties of Dearborn and Lake provide for uniform tax levies on a countywide basis. The yield of the levies is collected at the county level and is redistributed to the public school corporations within the county. Details of the distribution plan for Dearborn County are found in I.C. 20-45-8-1, and the Lake County distribution plan is found in I.C. 20-45-7-1.

**Local Income Tax:** I.C. 6-3.6 permits the county council in former Countywide Adjusted Gross Income Tax (CAGIT) counties or the local income tax council in former County Option Income Tax (COIT) counties to impose a local income tax (LIT). In former CAGIT counties, the first 0.25% of an expenditure rate is allocated to school corporations and civil taxing units within the county.

**Other Sources of Revenue:** School corporations may receive other forms of non-tax income. These include, but are not limited to, receipts from transfer tuitions, property sales, gifts, and contributions.

## PROPERTY TAX LEVY LIMITATIONS

*The information below pertains to a school corporation's fund structure beginning January 1, 2019.*

House Enrolled Act 1009-2017 created a significant series of changes to the fund structure for school corporations. Beginning January 1, 2019, all school corporations have two primary funds:

**Education Fund:** The Education Fund is the primary fund through which school corporations pay for classroom expenditures. It is analogous to the general fund.

School corporations do not impose a levy for the Education Fund; instead, funding for the education fund is derived from state and federal revenues. Specifically, IC 20-40-2-2 states that the governing body of each school corporation shall establish an education fund for the payment of expenses that are allocated to student instruction and learning. As statute is currently written, the education fund is the exclusive fund to pay for expenses allocated to student instruction and learning.

**Operations Fund:** The Operations Fund is broadly used to pay for a school corporation's non-classroom expenditures. It is a combination of the former Transportation, Bus Replacement, Capital Projects, Art Association, Historical Society, and Public Playground funds.

An initial maximum levy will be set for the Operations Fund levy components beginning in 2019. The maximum levy for each component of the operations fund is as follows:

- Transportation: 2018 transportation maximum levy \* Assessed Value Growth Quotient (AVGQ)
- Bus Replacement: 2018 bus replacement maximum levy \* AVGQ
- Art Association: 2018 art association maximum levy \* AVGQ
- Historical Society: 2018 historical society maximum levy \* AVGQ
- Public Playground: 2018 public playground maximum levy \* AVGQ
- Capital Projects: (2018 maximum Capital Projects Fund rate after temporary adjustments + 2018 Utility and Insurance Rate) \* 2018 Certified Net Assessed Value / 100 \* AVGQ

The **Referendum Tax Levy Fund** was established by the 2002 Indiana General Assembly as a separate fund. The governing body of each school corporation for which a referendum tax levy is approved under I.C. 6-1.1-19-4.5 (before its repeal) establishes this fund and receipt proceeds



from a referendum tax levy into this fund. Specific statutory language pertaining to the establishment of the referendum tax levy is in I.C. 20-46-1. The referendum tax levy fund law, I.C. 20-40-3, provides that money in this fund may be used for any lawful school expense.

Reasons for a referendum tax levy include 1) the governing body determines that it cannot, in a calendar year, carry out its public educational duty unless it imposes a referendum tax levy; 2) the governing body determines that a referendum tax levy should be imposed to replace property tax revenues that the school corporation will not receive because of the application of the circuit breaker credit under I.C. 6-1.1-20.6.

A referendum tax levy can be put into effect only if a majority of the individuals, who vote in a referendum, approve the school corporation's referendum question for the following calendar year. Approved referendum levies are outside the circuit breaker credit calculations. In other words, schools should receive all the taxes generated by the referendum tax levy. Only the over 65 circuit breaker credit in I.C. 6-1.1-20.6-8.5 would impact the referendum fund tax levy.

Likewise, taxpayer liability may exceed the circuit breaker threshold due to approved referendums.

Pursuant to I.C. 20-46-1, a school corporation may impose a referendum tax levy in an amount needed to support the school corporation. Property tax collections from the referendum fund tax levy are deposited in the referendum fund and used for any lawful school expenses consistent with the wording of the referendum question. The referendum fund is not eligible for property tax relief credits. Additionally, schools may pursue a Referendum Capital Projects Debt Levy.

I.C. 36-1-8-5.1 permits a political subdivision, including public school corporations, to establish a **Rainy Day Fund** to receive transfers of unused and unencumbered funds. The rainy day fund is subject to the same appropriation process as other funds that receive tax money. Prior to making an appropriation from the rainy day fund, the board of school trustees must make a finding that the proposed use of the rainy day fund is consistent with the intent of the fund. Excluding debt service funds, and assuming the transfer is authorized by ordinance or resolution, in any year, the school corporation may transfer not more than ten percent (10%) of the school corporation's total annual budget for that fiscal year to the rainy day fund. The DLGF may not reduce the actual or maximum permissible levy of a school corporation as a result of a balance in the school corporation's rainy day fund.

**Circuit Breaker Credits:** The Indiana General Assembly made significant changes in school finance in 2008, affecting property tax collections in 2008 and beyond. I.C. 6-1.1-20.6-7.5 allows a person a credit against the person's property tax liability for property taxes first due and payable after 2009. The amount of the credit is the amount by which the person's property tax liability attributable to the person's homestead exceeds one percent (1%); residential, agricultural, and long term care property exceeds two percent (2%); and nonresidential real and personal property exceeds three percent (3%) of the gross assessed value of the property that is the basis for taxes for that calendar year. The exception to this limit is when the limits to

property tax liability were expected to reduce in 2010 the aggregate property tax revenue that would otherwise be collected by all units of local government and school corporations in the county by at least twenty percent (20%) or property taxes imposed in an eligible county to pay debt service or make lease payments for bonds or leases issued or entered into before July 1, 2008 are not considered for purposes of calculating the credit. The counties that meet the twenty percent (20%) threshold are St. Joseph and Lake. If a school corporation pursues a referendum for operating and/or debt service, the tax rate is outside the circuit breaker calculation.

A circuit breaker credit reduces the amount of property taxes a person has to pay. Circuit breaker credits may not be recovered through a shortfall appeal. Property taxes are allocated to all units based on the unit's proportionate share of the district wide non-exempt tax rate. Debt service funds are "protected funds" for circuit breaker purposes, meaning non-debt funds receive the impact of circuit breaker credits prior to debt service funds. Units are required to fully fund debt service obligations in an amount sufficient to pay any debt service or lease rentals on outstanding obligations, regardless of any reduction in property taxes due to circuit breaker credits.

A public school corporation is authorized a **Debt Service Fund** levy to meet annual debt service obligations. These obligations may include both principal and interest payments for lease rentals, general obligation bonds, Veterans Memorial and Common School Fund repayments to the school corporation's General Fund, and interest payments for tax anticipation warrant issues.

Debt service obligations are used to determine the levy allowed in the Debt Service Fund. The DLGF has issued specific guidelines pertaining to new school construction projects that require a Debt Service Fund levy to satisfy annual debt payments either in the form of school construction bonds or lease rental payments.

House Enrolled Act 1001-2008 changed the way school large scale construction projects are approved. Beginning July 1, 2008, voters in the local community determine whether or not to approve school construction projects through the petition and remonstrance or referendum process. If community members do not object to the proposed project or if they do not file enough signatures on a petition to initiate a petition and remonstrance process, the school district can move forward with a capital project.

Additionally, I.C. 20-40-9 authorizes school corporations to use money in the debt service fund to pay for all unreimbursed costs of textbooks for the school corporation's students who were eligible for free or reduced lunches in the previous school year.

The General Assembly created the **School Safety Referendum Tax Levy Fund** and **School Safety Referendum Debt Service Fund** in 2019. Specific statutory language for the fund is in I.C. 20-40-20. A school corporation for which the voters approved a school safety referendum tax levy under I.C. 20-46-9 shall establish both funds. Money in the School Safety Referendum Tax Levy Fund shall be used for school safety purposes, but may be transferred to the Education, Operations, or School Safety Referendum Debt Service Fund to pay for school safety

expenditures. The School Safety Referendum Debt Service Fund shall only be used to pay for bonds or leases related to the school safety purposes for which the referendum was held.

*The information below pertains to a school corporation's fund structure prior to January 1, 2019.* Beginning in 2009, the funding for the school General Fund and special education pre-school was moved to the State. As such, the main revenue source for the General Fund is the revenue received from the State in the form of State Tuition Support. Using the State tuition support formula, which utilizes student data, each school corporation and/or charter school's amount of State tuition support and other grant amounts are determined for a given calendar year.

All Indiana public school corporations may levy and collect property taxes for the Debt Service (I.C. 20-46-7), Capital Projects (I.C. 20-46-6), Transportation (I.C. 20-46-4), Bus Replacement (I.C. 20-46-5), and Referendum Funds (I.C. 20-46-1 & I.C. 20-46-9). School budgets, tax rates, and tax levies for most schools are approved by the school governing body and not by any other governmental unit except the DLGF. For schools with appointed boards, the school budget adoption will be completed by an elected fiscal body of either the county, city or town as determined through I.C. 6-1.1-17-20. A property tax levy limit exists for the Transportation Fund and Bus Replacement Fund, and a tax rate limit exists for the Capital Projects Fund. The Debt Service Fund levy and rate must provide enough revenue to meet the annual debt payments of a school corporation. The Transportation Fund is used to account for day-to-day operating expenses, and the Bus Replacement Fund is used to account for school bus replacement.

The **Capital Projects Fund** requires schools to formulate a plan for the ensuing year and at least two succeeding years. The ensuing year's plan becomes a part of the annual budget. The Capital Projects Fund may be used for the following purposes:

- Land acquisition and development: Acquisition and development of sites for school purposes.
- Purchases of equipment, other than vehicles and (generally) equipment for interscholastic or extracurricular activities
- Education specifications development: Feasibility studies and educational specifications for building design for use by architects and others.
- Building acquisition, construction, and improvement:
  - Planned construction, repair, replacement, or remodeling;
  - Site acquisition;
  - Site development
  - Repair, replacement, or site acquisition that is necessitated by an emergency;
  - Sports facilities (not to exceed 5% of the property tax revenues for the fund in the calendar year;
  - Purchase, upgrade, lease, maintain, or repair one or more of the following:
    - Computer hardware
      - Computer software
      - Wiring and computer networks

- Communication access systems used to connect computer networks or electronic gateways;
- Services of full-time or part-time computer maintenance employees;
- Nonrecurring in-service technology training of school employees;
- Acquire equipment or services necessary
  - To implement technology preparation curriculum under I.C. 20-30-12;
  - To participate in a program to provide technologies as defined in I.C. 20-40-8-13; or
  - A combination of services and equipment listed.
- The purchase of building materials for vocational building and trades classes;
- The payments for qualifying portion of Guaranteed Energy Savings Contracts under I.C. 36-1-12.5 may be paid from this account;
- Under certain circumstances, the payment of salaries and benefits for skilled craft employees;
- Emergency allocation: repair, replacement, or site acquisition that is necessitated by an emergency.
- Allocation for future projects: accumulation of funds for projects that the school corporation has articulated with reasonable specificity within the plan, including size, purpose, features, estimated cost in constant dollars, and site or possible sites.
- Utilities, property and casualty insurance or both as allowed by law.

The plan may also include expenditures for funds transferred to the Repair and Replacement Fund, Self-Insurance Fund, or Advance for Educational Technology Program.

The statutory maximum rate that may be charged for Capital Projects Fund purposes is \$0.4167 per each \$100 of assessed valuation, annually adjusted by the DLGF. Further, the 2003 Indiana General Assembly added I.C. 6-1.1-18.5-9.9 (before its repeal), which specified that the maximum property tax levy for the Capital Projects Fund shall be adjusted after the application of the inventory deduction or interstate commerce exemption. I.C. 6-1.1-18-12 requires the capital project fund rate to be adjusted each year to account for the change in assessed value of real property that result from an annual adjustment or reassessment of the assessed value of real property. Due to these adjustments, the rate cap will vary among school corporations. Lastly, a school corporation may exceed the statutory rate cap for this fund in a year in which the corporation uses capital project fund money for utilities, property and casualty insurance or both.

Specific language about the Capital Projects Fund is in I.C. 20-40-8 and levy language is in I.C. 20-46-6, and 50 IAC 9.

- The **Transportation Fund** was established by the 1979 Indiana General Assembly as a separate fund with taxing authority. Except as noted below, the Transportation Fund is to bear all costs related to pupil transportation, except bus replacement. The Transportation Fund maximum levy is determined each year by adjusting the preceding year levy by assessed value growth quotient determined under I.C. 6-1.1-18.5-2. Under I.C. 20-46-4-

10, in any one year the school corporation may appeal for an increase if the transportation budget increases by because of conditions within the following two groups:

- At least one of the following:
  - Actual transportation related expenditures increase by at least 10% compared to the preceding year.
  - The school corporation is significantly restructuring its transportation service.
  - The percentage growth in the school corporation's assessed value is at least two times the AVGQ.
  - The school corporation's enrollment increased by at least 50% between the last two decennial censuses.
  - The average of the school corporation's annual percentage increase in student enrollment for the previous six years is greater than two percent (2%), but the school corporation's average maximum levy growth has been less than three percent (3%) over the same period.
- At least one of the following:
  - A fuel expense increase.
  - A significant increase in students enrolled and needing transportation or in mileage covered by school buses.
  - A significant increase in the number of students enrolled in special education who need transportation or an increase in the number of miles traveled due to students enrolled in special education.
  - Increased transportation operating costs due to compliance with a court-ordered desegregation plan.
  - The closure of a school building that results in a significant increase in distances students must be transported.
  - Restructuring or redesigning transportation services due to a need for additional, expanded, consolidated, or modified routes.
  - A labor shortage affecting the school corporation's ability to hire qualified transportation employees.

A school corporation must also show that it cannot provide transportation services without an increase.

**The Bus Replacement Fund** levy is determined on the basis of the locally adopted twelve-year bus replacement plan, which is updated each budget year. Beginning with 2011 taxes due and payable in 2012, the bus replacement fund is controlled by a maximum levy. Specific language concerning the Transportation Fund and Bus Replacement Fund is found in I.C. 20-40-6 and 7 and I.C. 20-46-4 and 5.

## **DEBT REPORTING**

**Debt Reporting:** Pursuant to Indiana Code 5-1-18-6, a political subdivision that issues bonds or enters into a lease after December 31, 2005, must supply the Department of Local Government

Finance (Department) with a debt issuance report not later than one month after the date on which the bonds are issued or the lease is executed.

Indiana Code 5-1-18-7 provides that the debt issuance report must be submitted electronically in a manner prescribed by the Department. The Department prescribes that the report must be submitted through Gateway Debt Management online system. The report must include:

1. The par value of the bond issue;
2. A schedule of maturities and interest;
3. The purposes of the bond issue;
4. The itemized costs of issuance information, including fees for bond counsel, other legal counsel, underwriters and financial advisors;
5. The type of bonds that are issued; and
6. Other information as required by the Department.

A copy of the official statement and bond covenants, if any, must be supplied with this information. Furthermore, the Department may not approve an appropriation or a property tax levy for a debt that is not reported in Gateway Debt Management.

Leases must be reported through the same electronic system and the report must include:

1. The term of the lease;
2. The annual and the total amount of the lease rental payments;
3. The purpose of the lease;
4. The itemized costs incurred by the political subdivision with respect to the preparation and execution of the lease; including legal fees and other professional fees;
5. If all or part of the lease rental payments are used for debt service payments for bonds issued for the acquisition, construction, renovation, improvement, expansion, or use of a building, structure, or other public improvement for the political subdivision:
  - a. The name of the lessor;
  - b. Par value of the bond issue; and
  - c. The purposes of the bond issue; and
6. Other information as required by the Department.

The Department requires each political subdivision to verify to the Department that the list of indebtedness and related details in the Department's Gateway Debt Management system are current and accurate on an annual basis, due each March 1.

## THE SCHOOL BUDGET

**Process:** In the case of all school funds for which property taxes may be levied, the budget process is essentially the same. The total budget is planned and is expressed as dollars to be expended during the budget year. All miscellaneous revenues, including, but not limited to, license excise tax, financial institutions tax, and commercial vehicle excise tax are subtracted from the planned expenditures of a school's various funds. The result is the dollar amount that is anticipated to be charged against local property, or the tax levy. If the needed levy exceeds the

legal amount which may be taxed for a particular fund, the budget must be balanced. There are two options that may be exercised to balance the budget. One possibility is to determine if all revenues which have been previously accounted for, and if not, which additional revenues exist. The other option is to review the expenditures planned and reduce the total dollars to be expended. In addition, the levy may not exceed the maximum allowable levy, calculated annually under I.C. 6-1.1-18.5-3. However, a school corporation may be eligible for a temporary or permanent increase to the Operations Fund levy because of an increase to transportation expenses (I.C. 20-46-8-3) or to replacing buses (I.C. 20-46-8-4).

**The School Budget:** The school budget represents the educational program of a school community translated into dollar need (expenditures). For most school corporations, the budget covers a calendar year, January 1 through December 31. For selected public school corporations, the budget year is a fiscal year, July 1 through June 30. Governing boards are responsible for budget preparation, although this task is typically delegated to the chief administrator or their designate.

**Budget Forms:** School budget forms are prescribed by the DLGF and approved by the State Board of Accounts. Budget forms are completed and submitted to the DLGF through the Indiana Gateway for Government Units website (<https://gateway.ifionline.org/>) (“Gateway”). User guides on completion of these forms on Gateway can be found at <https://gateway.ifionline.org/help.aspx>.

**Local Approval:** Generally, final action on school budgets by local school boards must be taken on or before November 1 of each year for the ensuing year’s budgets. The exception to this applies to those corporations budgeting on a fiscal year basis. Corporations operating on a fiscal year basis must meet before February 1 to adopt budgets. In either case, a public hearing on the budgets must be held at least ten days before final action, in the form of formal adoption, by the local school board or an elected fiscal body of a county, city or town for school corporations with appointed boards according to requirements in I.C. 6-1.1-17-20. The notice of the estimated budget and levy, and public hearing information on the Budget Form 3 must be completed and submitted online via the DLGF’s Gateway at least 10 days before the public hearing. The date, time and address of the hearing must be announced as a part of the notice. The local school board or a representative for the elected fiscal body for schools with appointed boards should submit all budget forms through Gateway within two (2) days after the budget adoption. Submission through Gateway serves as submission of the budget forms to the DLGF.

**Objecting Petitions:** Ten or more taxpayers within the taxing district(s) of the taxing unit may file an objecting petition to a proposed budget, rate or tax levy. Such petition must be filed with the local school board or elected fiscal body within seven days of the public hearing. Petitioners may object to a budget, tax rate, or tax levy. The local school board or elected fiscal body must file their findings concerning the objecting petition as a part of their adopted budget.

**State Review and Approval:** As provided in I.C. 6-1.1-17-16, the DLGF shall review all taxing unit budgets and may review, revise, reduce, or increase the taxing unit’s respective budget by

funds, tax rates, and/or tax levies. Fund budgets, tax rates, and tax levies established by the DLGF are effective without change during the budget year to which they apply either calendar or fiscal year.

**Additional Appropriations:** Sometimes a public school corporation finds it necessary to have spending authority beyond the level appropriated in the approved budget. Whenever additional or emergency appropriations become necessary, the local school board first must determine that an additional or emergency appropriation is needed and that there is unobligated cash available to support the additional spending need. Notice to taxpayers must be provided by advertisement.

The notice must include a time and date of a hearing conducted by the school board or the elected fiscal body if the school corporation has an appointed board to explain the need for the additional spending need as well as to receive public input. Following the hearing, the school board or the elected fiscal body must adopt a resolution enumerating the amount of additional spending authority that is needed. The resolution may be for less than the amount advertised but cannot be for a greater amount than advertised in the notice to taxpayers. After the resolution is adopted, a Certified Copy of Additional Appropriation (State Form 55819) must be filed with the DLGF. A copy of State Form 55819 can be found at the following URL:

<http://www.in.gov/dlgf/8516.htm>. If the additional spending authority is being sought from non-property tax funds other than the rainy day fund, the process is complete. However, if the additional appropriation is being sought from property tax supported funds, formal action by the DLGF is required. The DLGF is required to make a determination as to the disposition of the additional appropriation request within fifteen (15) days after the request is received. Additional appropriation statutory provisions are found in I.C. 6-1.1-18-5.

**School Audits:** School audits are conducted by the State Board of Accounts. Audits are performed to conform to the federal single audit act. Audits are conducted on a two-year cycle and include all school corporation funds and extra-curricular funds. Audits are conducted on a fiscal year, July 1 through June 30, basis and as such may involve more than two calendar years. A portion of the audit is charged to the local school corporation. Audit reports are kept on file by the State Board of Accounts and by the local unit.



## SOURCES OF STATE SCHOOL SUPPORT

### ALTERNATIVE EDUCATION GRANT

Pursuant to P.L. 108-2019, I.C. 20-30-8, and 511 I.A.C. 1-9

	2019-2020	2020-2021
Total Appropriation	\$6,242,816	\$6,242,816

A school corporation is eligible to receive a grant upon submission of a *Full-Time Equivalent Student Report* for the approved alternative education program conducted for the school corporation or an area alternative education program. The number of full-time equivalent students enrolled and attending a qualified alternative program during a reporting period is calculated according to the following formula:

**Step One:** Record the total number of alternative education program sessions; morning, afternoon, and evening; conducted during the reporting period for the approved program.

**Step Two:** Record the total number of eligible students enrolled and attending the program during these sessions.

**Step Three:** Determine the sum of the STEP TWO amounts

**Step Four:** Divide the STEP THREE result by the STEP ONE result.

**Step Five:** Divide the STEP ONE result by three hundred sixty (360).

**Step Six:** Multiply the STEP FOUR result by the STEP FIVE result.

**State Share:** The State share is the calculated amount, not to exceed seven hundred fifty dollars (\$750) per full-time equivalent student who is enrolled and attending an approved alternative education program in a school year. This reimbursement for the 2017-2018 academic year was \$656.50 per full-time equivalent student (FTE).

**Local Share:** The local share is a matching amount of at least one-third (1/3) of the amount of the State grant per full-time equivalent student, as required by IC 20-20-33-6.

**Requirements for Participation:** An alternative education program is approved through the alternative education grant application process. Renewal grants must be submitted yearly for existing programs. Renewal grants can be obtained online at <https://www.iub.edu/~intell/survey/AE2019/protected/admin.php>. The user name and password for the site are made available to alternative education program administrators identified by the school corporation or charter school.

School districts must submit a new program proposal for any program that was not approved in the school year prior to the school year in which the district plans to operate the program. New

program proposals can be obtained online at <https://www.doe.in.gov/school-improvement/alternative-education> under New Program.

Additionally, the appropriations include funding to provide \$10,000 for each child in recovery from alcohol or drug abuse who attends a charter school accredited by the National Association of Recovery Schools. This funding is in addition to state tuition support for the charter school.

**Extent of Participation:** Approximately 151 school corporations and charter schools operating 216 programs received alternative education grant funds for the 2017-2018 academic year and total grants were approximately \$6,119,549.00

**Distribution:** This reimbursement is made once a year. The distribution is made no later than September 1, for the preceding academic year.

## STATE TUITION SUPPORT

Pursuant to P.L. 108-2019, I.C. 20-43-1 and I.C. 20-24-7

	2019-2020	2020-2021
General Fund	\$7,331,500,000	\$7,514,400,000

The fiscal year appropriation provides funding for State Tuition Support, the Choice Scholarship and the Mitch Daniels Early Graduation Scholarship programs.

State tuition support is the sum of four different calculations for basic tuition support, honors, special education, and career and technical education grant. Indiana Department of Education (IDOE) calculates funding for each school corporation and charter school based on variables described below. Accordingly, it is not possible to provide examples of these calculations applicable to school corporations or charter schools. Further, input variables are subject to change due to modifications in student count variables or adjustments made by IDOE as required by statute to preclude over spending in the fiscal year appropriation.

**Tuition Support:** In its simplest form, the state tuition support formula determines a gross amount of State revenue for each school corporation and charter school.

### Definitions and Formula Components:

**Average Daily Membership (ADM):** Average daily membership is a count of students enrolled and expected to be in attendance for kindergarten through Grade 12 in Indiana public school corporations and all charter schools on a particular day. For school corporations and charter schools that do not offer a full-day kindergarten program, kindergarten students are counted as one-half (1/2) for membership. For school corporations and charter schools that offer a full-day kindergarten program, kindergarten students count as one (1) for membership. This change occurred as part of the FY 2016 state tuition support formula. The ADM is the sum of the following:

- **Resident Enrollment**
  - Resident enrollment for a school corporation includes those students with legal settlement in, and who are enrolled and attending school in the school corporation. For a charter school, resident enrollment includes Indiana students who are enrolled and attending an individual charter school, regardless of legal settlement. Foreign exchange students, who are residing in, and attending the school corporation.
- **Transfer Outs**
  - Transfers out for a school corporation are resident students who, for various reasons, are transferred out to another school corporation or out of State. This term does not apply to charter schools. Reasons include:

- An agreement between the corporation of legal settlement and the servicing corporation;
- A “better accommodation” student transfer agreement under I.C. 20-26-11-5 between the corporation of legal settlement and the student’s parent(s);
- A “better accommodation” order by the State Board of Education;

The student is served by a public or private school under a contract for residential or alternative services through the State Superintendent of Public Instruction.

- **Cash Transfers**

- Cash transfers for a school corporation include students with legal settlement in another school corporation who are enrolled and attending school another school corporation based on an agreement between the parent(s) and the school corporation the student attends. Cash transfers may or may not include students whose parent(s) pay tuition to the school corporation the student attends. This term does not apply to charter schools.

- **State Obligations**

- State obligations for a school corporation include students placed into the school corporation as a result of State action and include:
  - State placement into an institution located within the corporation that is operated by the Division of Disability, Aging, and Rehabilitative Services, or the Division of Mental Health.
  - State placement by either of the above agencies into an institution, public or private facility, a home, group home, or alternative family setting within the school corporation.
  - Students enrolled and attending the school corporation who are children of State employees living on State property.
- State obligations for a charter school include students enrolled and attending the charter school who are children of State employees living on State property.

- **Placements In**

- For a school corporation, this includes students enrolled and attending the school corporation as a result of placement by Indiana county welfare, Indiana courts, Indiana licensed child-placing agencies, or by a parent or guardian in a State licensed private or public health care facility, child care facility, or foster home located in the school corporation. This placement into the school corporation is for non-educational reasons. This term does not apply to charter schools.

- **Dual Enrollment**

- For a school corporation, this includes students who are enrolled in a public school and a nonpublic or home school, who has legal settlement in the school corporation and receive instructional services from the school corporation. These students are counted on a full-time equivalency basis, based on the number of periods served in the day by the public school and must receive 180 days of instruction. This term does not apply to charter schools.

For funding purposes, the average daily membership (ADM) count is taken annually, the second Friday after Labor Day, as established in a rule adopted by the State Board of Education. This is referred to as the “fall” count and provides Basic Grant funding for the first six months of the fiscal year. A second ADM count is taken on a date established by the State Board of Education in February. This is referred to as the “spring” count and IDOE uses it to calculate Basic Grant funding for the second six month period of the fiscal year. Indiana law provides that a charter school is a public school corporation.

**Basic Tuition Support Formula Calculations:** Unless otherwise noted, the following formula calculations apply to both school corporations and charter schools.

### **Previous Year Revenue**

Continuing with the FY 2020 state tuition support formula, there is not a section that calculates previous year revenue. However, for comparison purposes, IDOE provides a comparison between previous year grant funding and current year grant funding that reflects the percentage increase/decrease in total funding from the prior fiscal year. Previous year revenue is the total distribution of state tuition support funding from the four grants (Basic Tuition Support, Honors, Special Education, Complexity and Career and Technical Education Grant).

### **Average Daily Membership (ADM)**

Average daily membership is a count of students enrolled and expected to be in attendance for kindergarten through Grade 12 in Indiana public school corporations and all charter schools on a particular day. ADM counts are taken twice a year, in September and February. Beginning with the FY 2020 state tuition support funding formula, IDOE will use the fall (September) count for July through December 2019 distributions and the spring (February) count for January to June 2020 distributions. This is a change from the FY 2018 and FY 2019 formulas which used the fall count to calculate fiscal year distributions. In March 2019 school corporations, virtual charter schools, and charter schools submitted an ADM estimate of the September count that IDOE considered for funding for the period of July through October until the actual September ADM count was final.

## Basic Tuition Support Grant

For FY 2020 and continuing through FY 2021, the Complexity Grant was repealed. The Basic Grant calculation can be broken into three sections. A brief description of each section follows.

**Foundation:** In FY 2018, new charter schools were funded at foundation, or \$5,273, per student and at \$5,352 per student in FY 2019. There were no more calculations to arrive at a transition to foundation amount. FY 2020 Basic Grant is the foundation amount of \$5,548 multiplied by both the September and February ADM count divided by two (for each six month period). With the exception of funding for virtual students, all students reported at a school corporations and traditional charter school are at foundation in FY 2020 and will be again in FY 2021. Virtual students generate \$4,715.80 in foundation funds for FY 2020. For FY 2021, foundation is \$5,703 and virtual foundation is \$4,847.55 per student. Foundation revenue generates the most funding from the appropriation.

**Complexity:** The FY 2020 complexity component in the Basic Grant uses the October 1, 2018 SNAP, TANF and Foster Care data, as well as pupil enrollment, to arrive at a percentage of students who were recipients of SNAP, TANF and Foster Care assistance. The calculation then looks at the prior year complexity index minus .025 to arrive at a factor. The previous year adjusted factor is compared to the current year factor to determine which is greater. The result is the FY 2020 complexity factor. That amount is multiplied by \$3,650 to determine the amount of funding per student. This amount is multiplied by the applicable membership count (September or February) and divided by two to arrive at a funding amount. The same formula is used for FY 2021 and uses a complexity multiplier of \$3,675.

**English language learner (ELL):** The last section of the Basic Grant calculates an ELL component for qualifying school corporations and charter schools. The first step of the calculation determines the percentage of ELL students in the 2018-2019 school year. The second step looks at the FY 2017 complexity factor. One is subtracted from the current year complexity index and divided by the fiscal year 2017 complexity index to arrive at a number. If the resulting percentage of ELL students is at least eighteen percent and if the computed number is a decrease of at least forty-five percent, then ELL funding applies. ELL is the (September ADM multiplied by \$128) divided by two. The same calculation applies using the February ADM count.

The Basic Grant total is the sum of the amounts for foundation, complexity and ELL.

## Reconciliation: September Count

During the 2019-2020 school year, IDOE will use the September 13, 2019 ADM count to determine Basic Grant funding for the period of July 1, 2019 through December 31, 2019. Because the September count will not be available on July 1, IDOE uses an estimated ADM count for July through October payments.

When the September 2019 count is final, IDOE reconciles the first six-months of funding as part of the November and December payments to reflect any over or under payment of the Basic Grant. An overpayment of the grant results when the July to October payments were made using an ADM estimate that was higher than the September 2019 actual ADM count. In this scenario, reconciliation of the September 2019 ADM count will result in a negative adjustment for the Basic Grant payments in November and December. For example, a lower actual ADM results in a school corporation or charter school having been overpaid by \$50,000 during the first four months of the fiscal year. Therefore, the last two payments of the six-month period will be reduced by \$25,000 each month to reconcile the overpayment.

An underpayment results when the July to October payments were made using an ADM estimate that was lower than the actual September 2019 count. In this scenario, reconciliation of the September 2019 count will positively impact the Basic Grant payments for November and December. For example, if the recalculation results in a school corporation or charter school having been underpaid by \$50,000, the last two payments of the six-month period will increase by \$25,000 each month to reconcile the underpayment.

### **Reconciliation: February Count**

IDOE will use the September actual ADM count to continue funding the Basic Grant for the months of January 2020 through March 2020 until the February ADM count is final. The February ADM count is used to calculate funding for the period of January 1, 2020 through June 30, 2020. In April, IDOE will recalculate and adjust the April through June Basic Grant payments to reflect the change in funding for the first six months of the fiscal year.

**Reconciliation:** When the February 2020 count is final, IDOE will reconcile the first six-months of funding as part of the April through June payments to reflect any over or under payment of the Basic Grant. An overpayment of the grant results when the January through March payments were made using an ADM estimate that was higher than the February 2020 actual ADM count. In this scenario, reconciliation of the February 2020 ADM count will result in a negative adjustment for the Basic Grant payments in April through June. For example, a lower actual ADM results in a school corporation or charter school having been overpaid by \$60,000 during the period of January through March. Therefore, the last three payments of the six-month period will be reduced by \$20,000 each month to reconcile the overpayment.

An underpayment results when the January through March payments were made using an ADM estimate that was lower than the actual February 2020 count. In this scenario, reconciliation of the February 2020 count will positively impact the Basic Grant payments for April through June. For example, if the recalculation results in a school corporation or charter school having been underpaid by \$60,000, the last three payments of the six-month period will increase by \$20,000 each month to reconcile the underpayment.

## **Virtual Students**

In FY 2019, virtual charter schools were funded at 90.0% of the foundation amount (\$5,273) multiplied by the virtual charter school September (fall) ADM for the fiscal year. The amount of funding per student for the Basic Grant for virtual charter schools was \$4,816.80. For FY 2020, the formula takes into account virtual students at school corporations and charter schools. This is different than previous years where the formula took into account virtual charter school students. Beginning with the FY 2020 formula, the foundation amount for a virtual charter school student is 85% of the foundation amount of \$5,548 or \$4,715.80. In FY 2019, the formula used only one ADM count (September) for virtual charter schools to calculate Basic and Complexity Grant funding. Beginning in FY 2020, the formula uses two counts, September and February, to calculate Basic Grant funding for FY 2020 and FY 2021.

Additionally, school corporations or charter schools with virtual charters students are eligible for funding for special education, career and technical education, and honor grants.

**Reconciliation:** When the September and February ADM counts are final, IDOE will perform the same reconciliation process for the Basic Grant for November and December to reflect any overpayment or underpayment in the July through October distributions as well as the January through June distributions. The reconciliation process is the same for FY 2020 and FY 2021.

## **Honors Diploma Grant**

Each school corporation, traditional charter school, and virtual charter school is eligible to receive \$1,100 for each student who received an academic honors diploma or a diploma with technical honors in school year 2018-2019 for FY 2020 and in school year 2019-2020 for FY 2021 funding.

Additionally, the formula generates \$1,500 for a student who received an academic honors diploma or a technical honors diploma and who also received SNAP, TANF or Foster Care Assistance during school year 2018-2019 for FY 2020 and during school year 2019-2020 for FY 2020. The state tuition support formula uses only one honor count for fiscal year funding in both FY 2019 and FY 2020.

**Reconciliation:** When final honor counts are known, IDOE will reconcile FY 2020 and FY 2021 honors funding by increasing/decreasing the December payment to adjust July through December distributions. Additionally, the Department will allocate the remaining amount evenly over the six-month period of January to June. The reconciliation process is the same for FY 2020 and FY 2021.

## **Special Education Grant**

School corporations, traditional charter schools, and virtual charter schools are entitled to receive a grant for special education programs. The Special Education Grant is based on the count of students who are enrolled in special education programs on December 1 of the current fiscal year.



In addition to the December 1 special education count, a second special education count is taken on April 1 but not used for special education funding. Both the December 1 and April 1 special education counts are provided to the State Budget Committee.

IDOE will use the December 1, 2019 special education count in the FY 2020 funding formula. IDOE will use the December 1, 2020 special education count in the FY 2021 funding formula.

Special education funding amounts were modified for the FY 2020 and FY 2021 school funding formula. The grant is the sum of multiplying the count of enrolled students by the following:

- \$9,156 multiplied by the unduplicated count of students with severe disabilities.
- \$2,300 multiplied by the unduplicated count of students with mild and moderate disabilities.
- \$500 multiplied by the duplicated count of students with communication disorders.
- \$500 multiplied by the duplicated count of pupils in homebound programs.
- \$2,875 for FY 2020 and \$3,000 for FY 2021 multiplied by the special preschool education program pupil count.

The increase in preschool special education funding was the first time in years the funding amount increased from \$2,750 per student.

**Reconciliation:** State law is specific as to how reconciliation works for the Special Education Grant. If an overpayment of special education funding occurs for the period of July through January, IDOE spreads the reduction over a four month period from February through May to reflect the change. If an underpayment of special education funding occurs for the period of July through January, IDOE increases the February payment and allocates the remaining funds over the period of March through June.

### **Career and Technical Education Grant**

School corporations, traditional charter schools, and virtual charter schools are eligible to receive career and technical education funds. The distribution of career & technical education monies is based on labor market demand and wage data calculated according to the steps numbered 1-13 below. School corporations and charter schools are eligible to receive a vocational education grant. Students enrolled in these categories must be enrolled and attending the school corporation and be counted in the school corporation ADM. For FY 2019, the formula used fall 2018 career and technical education counts to calculate the grant. IDOE collected career and technical education data through the INTERS system at the Department of Workforce Development. All calculations are rounded to the nearest dollar.

For 2019-2020, the grant is based on the number of credit hours of the program (either one, two or three credits) multiplied by the number of students enrolled in the program multiplied by the applicable amount. For programs 1-10, the number of credit hours is multiplied by:

A school corporation's career and technical education enrollment grant for a state fiscal year is the sum of the amounts determined under the following:

- (A) the number of credit hours of the program (one (1) credit, two (2) credits, or three (3) credits); multiplied by
- (B) the number of pupils enrolled in the program; multiplied by
- (C) the following applicable amount:
  - (1) Six hundred eighty dollars for a career and technical education program designated as a high value program;
  - (2) Four hundred dollars for a career and technical education program designated as a moderate value program;
  - (3) Two hundred dollars for a career and technical education program designated as a less than moderate value program;
  - (4) \$150 for an apprenticeship program, a cooperative education program, or a work based learning course designated under section 7.5 of this chapter multiplied by one hundred fifty dollars (\$150);
  - (5) \$150 for a foundational program;
  - (6) \$300 for an introductory CTE course; and
  - (7) \$150 for area participation count.

Area Participation funding is for students participating in a vocational education program in which students from multiple schools are served in the same classroom at a common location. *This does not include students served in programs that meet for one class period a day.*

The total Career & Technical Education Grant is the sum of the dollar amounts calculated under steps one through seven. The Indiana Department of Workforce Development defines the areas of job demand annually. If a school corporation feels the determined job demand categorization is not representative of their area, that school corporation may petition the Department of Workforce Development for re-categorization.

For FY 2021, IC 20-43-8-15 was amended to add new categories of funding for the calculation of the career and technical education program grant.

<b>High Value Program 1</b> \$680	<b>High Value Program 2</b> \$1,020	<b>Moderate Value Program 1</b> \$400	<b>Moderate Value Program 2</b> \$600
<b>Less Than Moderate Value Program 1</b> \$200	<b>Less Than Moderate Value Program 2</b> \$300	<b>Apprenticeship</b> \$500	<b>Work Based Learning</b> \$500
<b>Introductory</b> \$300	<b>College and Career Course</b> \$150	<b>Area Participation</b> \$150	

**Reconciliation:** When the final career and technical education counts are known, IDOE reconciles fiscal year Career and Technical Education funding for the first six months in December and allocates the remaining funds are allocated over the period of January through June to distribute fifty percent of the grant in each six month period.

### **Complexity Grant**

For FY 2020 and FY 2021, the Complexity Grant was repealed and is now funded through a calculation as part of the Basic Grant. (See Basic Grant overview)

### **STATE TUITION SUPPORT TOTAL**

The total State Tuition Support for FY 2020 and FY 2021 is the addition of these components for each school corporation, virtual charter school and charter school as they apply:

- Basic Tuition Support
- Honors Diploma Grant
- Special Education Grant
- Career & Technical Education Grant

In FY 2020 and FY 2021, IDOE will use two membership counts to calculate Basic Grant funds. Continuing with the FY 2020 and FY 2021 school funding formula, one count will be used to calculate funding for honors, career and technical education, and special education grants.

The reconciliation process for State Tuition Support grants is the same in each fiscal year.

**State Share:** The FY 2020 or FY 2021 total calculated State Tuition Support Grant amount.

**Local Share:** None.

**Requirements for Participation:** Operate school corporations for at least 180 student days and enroll students.

**Extent of Participation:** All school corporations and charter schools participate in this program and receive one or more of the State Tuition Support Grants. Three hundred sixty four school corporations and charter schools are eligible for State Tuition Support grant funding in FY 2020.

**Distribution:** Based on a schedule set by the Budget Agency and approved by the Governor. The schedule must provide for at least 12 payments that cannot be more than 40 days apart, and the aggregate of the payments in each calendar year must equal the amount required under the statute.

**Note:** Should the amount to be distributed in either FY 2020 or FY 2021 exceed the statewide amount statutorily established for either year (referred to as the fiscal year cap), the statute (I.C. 20-43-2-3) requires that the distribution to each school corporation shall be proportionately

reduced so that the total reductions equal the amount that the total distribution exceeds the statutory authority.

The amount of the reduction in either year for a particular school corporation, including charter schools, is the result of multiplying the total excess (amount by which the statewide calculated formula exceeds the statutory statewide cap for either FY 2020 or FY 2021) multiplied by a fraction. The numerator is the amount the school corporation and charter school would have received if a reduction were not made; and the denominator is the total amount that would be distributed for tuition support to all school corporations if a reduction were not made.

## **CHOICE SCHOLARSHIP PROGRAM**

Pursuant to Public Law 108-2019, I.C. 20-51, and 512 I.A.C. 4-1

The Choice Scholarship Program was passed as part of House Enrolled Act 1003-2011 (Public Law 92-2011) and provides Choice Scholarships to students in households that meet eligibility and income requirements. The program provides funds to assist with the payment of tuition and fees at a participating Choice school.

For the 2011-2012 school year, Choice Scholarships were limited to 7,500 students. For the 2012-2013 school year, Choice Scholarships were limited to 15,000 students. Beginning with the 2013-2014 school year, the student cap was removed and Choice Scholarships were available to any student that met eligibility and income requirements. During the 2013 Session of the Indiana General Assembly, the program was further expanded to include eligibility components related to special education, siblings, and failing schools. During the 2017 legislative session, the Pre-K Track was added. During the 2019 Session, an additional income threshold and award amount was added and a second application window was established.

To participate in the Choice Scholarship Program a student must satisfy income and eligibility requirements.

### **Student Eligibility Criteria**

All students must satisfy the following three requirements:

1. Have legal settlement in Indiana;
2. Be between the ages of 5 and 22 no later than August 1 of the school year; and
3. Be accepted for enrollment into a participating Choice Scholarship school;

After satisfying the three requirements listed above, a student must satisfy the requirements for one of the eligibility tracks.

For the 2011-2012 school year, there were two eligibility tracks.

#### **1. Two Semesters in Public School Track**

- The student was enrolled in 1<sup>st</sup> through 12<sup>th</sup> grade in a public school, including a charter school, in Indiana for at least two semesters immediately preceding the first semester for which the individual receives a Choice Scholarship.
- Beginning with the 2013-2014 school year, kindergarten attendance could satisfy the two semesters in public school requirement.
- The student is a member of a household with an annual income equal to or below 150% of the amount to qualify for the Federal Free or Reduced Lunch Program.

## 2. Previous Scholarship Granting Organization (SGO) Award Track

- The student received an SGO Scholarship in a previous school year, including a school year that does not immediately precede the school year for which the student is applying for a Choice Scholarship.
- The eight approved Scholarship Granting Organizations (SGOs) are:
  - Elkhart County Community Foundation
  - Institute for Quality Education, Inc. (Formerly Educational Choice Charitable Trust)
  - School Scholarship Granting Organization of Northeast Indiana
  - Tuition Assistance Fund of Southwestern Indiana (Closed February 2013)
  - Sagamore Institute Scholarships for Education Choice
  - The Lutheran Scholarship Granting Organization of Indiana
  - LaGrange County Community Foundation, Inc.
  - Professional Athletes of Indiana
- The student is a member of a household with an annual income equal to or below 150% of the amount to qualify for the Federal Free or Reduced Lunch Program.

For the 2012-2013 school year, a third track, the Previous Choice Scholarship Student Track, became applicable. The Previous Choice Scholarship Student Track was written into the original statute. However, because the 2011-2012 school year was the first year of the Choice Scholarship Program, no student could have met the criteria for this track prior to the 2012-2013 school year.

## 3. Previous Choice Scholarship Student Track

- 2012-2013 School Year**
  - The student received a Choice Scholarship in the previous school year.
- 2013-2014 School Year**
  - The student received a Choice Scholarship in a school year that does not immediately precede the school year for which the student is applying for a Choice Scholarship; or
  - The student received a Choice Scholarship in the immediately preceding school year but the student exited the Choice school prior to the end of the school year.
- The student is a member of a household with an annual income equal to or below 150% of the amount to qualify for the Federal Free or Reduced Lunch Program.

For the 2013-2014 school year, legislative changes increased the number of eligibility tracks to seven.

**4. Continuing Choice Scholarship Student Track**

- The student received a Choice Scholarship in the school year that immediately precedes the school year for which the student is applying for a Choice Scholarship.
- The student is required to have remained enrolled at the Choice school for the entirety of the immediately preceding school year.
- The student is a member of a household with an annual income equal to or below 200% of the amount to qualify for the Federal Free or Reduced Lunch Program.

**5. Special Education Track**

- The student has a disability that requires special education services.
- An Individualized Education Program (IEP) pursuant to IC 20-35 or a service plan pursuant to 511 IAC 7-34 has been developed for the student.
- The student is a member of a household with an annual income equal to or below 200% of the amount to qualify for the Federal Free or Reduced Lunch Program.

**6. “F” Public School Track**

- The student would be required to attend a specific public school based on his/her residence that has been assigned an “F” grade.
- This track does not require prior attendance at the school.
- The student is a member of a household with an annual income equal to or below 150% of the amount to qualify for the Federal Free or Reduced Lunch Program.

**7. Sibling Track**

- The sibling of the newly applying student received either a Choice Scholarship or an SGO scholarship in a preceding school year, including a school year that does not immediately precede the school year for which the student is applying for a Choice Scholarship.
- For purposes of the Choice Scholarship Program, the term “sibling” shall mean one of two or more individuals having one or both parents, guardians, or custodians in common. The term does not require a consanguineous (blood) relationship between the individuals.
- The student is a member of a household with an annual income equal to or below 150% of the amount to qualify for the Federal Free or Reduced Lunch Program.

For the 2017-2018 school year, legislative changes increased the number of eligibility tracks to eight.

**8. Pre-K Track**

- The student received and used an Early Education Grant under IC 12-17.2-7.2 to attend Pre-K at an eligible Choice school.

- The student is applying for a Choice Scholarship at the same Choice school they attend Pre-K with an Early Education Grant.
- The student is a member of a household with annual income equal to or below 69% of Federal Free or Reduced Lunch Eligibility (127% of the Federal poverty level).

### **INCOME ELIGIBILITY CRITERIA**

The income criteria to participate in the Choice Scholarship Program are linked to the Federal Free or Reduced Lunch Program income guidelines. In order to qualify for the 90% Choice Scholarship award, a student must be a member of a household with an annual income equal to or less than 100% of the amount to qualify for the Federal Free or Reduced Lunch Program. Beginning in the 2019-2020 school year, in order to qualify for the 70% Choice Scholarship award, a student must be a member of a household with an annual income equal to or less than 125% of the amount to qualify for the Federal Free or Reduced Lunch Program. To qualify for the 50% award, the student must be a member of a household with an annual income equal to or less than 150% of the amount to qualify for the Federal Free or Reduced Lunch Program.

Beginning with the 2013-2014 school year, income eligibility for the 50% award was expanded to 200% of the amount to qualify for the Federal Free or Reduced Lunch Program for students qualifying under the Continuing Choice and Special Education Tracks.

<b>Student Participation</b>			
<b>Year</b>	<b>Student Count</b>	<b>Change from Previous Year</b>	<b>Percent Change from Previous Year</b>
<b>2015-2016</b>	32,686	3,538	12.14%
<b>2016-2017</b>	34,299	1,613	4.93%
<b>2017-2018</b>	35,458	1,159	3.38%
<b>2018-2019</b>	36,290	832	2.35%

<b>School Participation</b>			
<b>Year</b>	<b>School Count</b>	<b>Change from Previous Year</b>	<b>Percent Change from Previous Year</b>
<b>2015-2016</b>	316	2	0.64%
<b>2016-2017</b>	313	-3	-0.95%
<b>2017-2018</b>	318	5	1.60%
<b>2018-2019</b>	329	11	3.46%



<b>Choice Scholarship Program Payments</b>			
	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>
<b>Fall Payment</b>	\$ 68,081,368.18	\$ 71,500,757.38	\$ 76,721,438.04
<b>Spring Payment</b>	\$ 63,852,655.01	\$ 71,192,942.71	\$ 75,152,553.99
<b>Total Payments</b>	<b>\$ 131,934,023.19</b>	<b>\$ 142,693,700.09</b>	<b>\$ 151,873,992.03</b>
<b>Refunds</b>	\$ 419,341.51	\$ 500,129.84	\$ 496,637.85
<b>Net Payment</b>	<b>\$ 131,514,681.68</b>	<b>\$ 142,193,570.25</b>	<b>\$ 151,377,354.18</b>
Note: The 2018-2019 information is not available at this time.			

**NEW REQUIREMENTS FOR REPORTING CHOICE SCHOLARSHIP PROGRAM STUDENTS**

SEA 30, passed during the 2017 legislative session, required IDOE to publish the number of Choice students living in each public school corporation and the Choice school they are attending. IDOE released a report in the fall 2019 that identified the count of students as specified in law. The report can be found under Public Corporation Transfer Report at the following link: <https://www.doe.in.gov/accountability/find-school-and-corporation-data-reports>

**MITCH DANIELS EARLY GRADUATION SCHOLARSHIP PROGRAM****Pursuant to Public Law 108-2019, I.C. 21-12-10**

Indiana Code 21-12-10 allows eligible students to receive a \$4,000 Mitch Daniels Early Graduation Scholarship upon meeting all graduation requirements by the end of grade 11. An individual is eligible for a Mitch Daniels early graduation scholarship if:

Sec. 3. An individual is eligible for a Mitch Daniels early graduation scholarship if the individual:

- (1) is a resident of Indiana, as defined by the commission;
- (2) attended a publicly supported school on a full-time equivalency basis for at least the last two (2) semesters before the individual graduated from high school;
- (3) had legal settlement (as defined in IC 20-18-2-11) in Indiana for at least the last two (2) semesters before the individual graduated from high school;
- (4) received an Indiana diploma with a Core 40 designation by the end of grade 11 (including any summer school courses completed before July 1 of a year) after December 31, 2010, from the publicly supported school that the individual last attended for course credits;
- (5) was not enrolled in a publicly supported school for any part of grade 12;
- (6) applies to the commission for a Mitch Daniels early graduation scholarship in the manner specified by the commission; and
- (7) enrolls as a full-time student at an eligible institution not later than the fall semester (or its equivalent, as determined by the commission) in the academic year immediately following the year in which the student graduates from high school.

For FY 2019, scholarships totaling \$1,052,000.00 were distributed to 263 students.

**ADULT LEARNERS FUND**

Pursuant to Public Law 108-2019, I.C. 20-24-7-13.5

<b>2019-2020</b>	<b>2020-2021</b>
\$40,331,250	\$40,331,250

The Adult Learners fund is for a charter school that serves students, who are at least twenty-two (22) years of age and who have dropped out of high school before receiving a diploma. State law provides a listing of charter schools eligible to receive Adult Learner funds.

The appropriation funds a full-time equivalency count of students at \$6,750 per student for the fiscal year. The charter schools specified are removed from the state tuition support formula and funded through this appropriation. IDOE distributes funds according to a schedule set by the State Budget Agency and approved by the governor. The schedule provides for payments to be made at least twelve (12) times per fiscal year, with one (1) payment each forty (40) days. The aggregate amount of payments may not exceed the fiscal year appropriation. If the appropriations are insufficient, IDOE will reduce each charter schools distribution by a proportionate share.

The following charter schools are being paid through the Adult Learners fund for FY 2020:

Corp	Excel Center Name
9050	Excel Center Clarksville
9055	Excel Center Hammond
9070	Gary Middle College, West
9160	Excel Center Muncie
9190	Excel Center Gary
9305	Excel Center in Richmond
9335	Excel Center Lafayette Square Mall
9345	Excel Center Lafayette
9355	Excel Center Kokomo
9385	Christel House DORS
9750	Anderson Excel Center
9840	Excel Center University Heights
9855	Excel Center Noblesville
9885	Gary Middle College, Gary
9900	Excel Center South Bend
9910	Excel Learners for Adults
9995	Excel Center Shelbyville
8655	Excel Center Bloomington

In FY 2019, IDOE distributed \$35,876,250 in Adult Learner funds.

## EARLY INTERVENTION PROGRAM AND READING DIAGNOSTIC ASSESSMENT

Pursuant to P.L. 108-2019

2019-2020	2020-2021
\$3,255,130	\$3,255,130

### Early Intervention Program

The \$3,255,130 Early Intervention Program focuses on early grade level intervention (first and second grades) to improve the reading readiness and reading skills of students who are at risk of not learning to read.

#### The Early Literacy Intervention Grant:

- Assists schools in acquiring materials, resources, and expertise needed to enhance literacy. Key to the programs funded is an enhancement of instructions so that teachers are better equipped to meet needs of students, to enhance student engagement, and to increase student literacy achievement.
- Provides funding for training specific to the school's core reading program, intervention and assessment. This training will directly impact the teachers' and/or interventionists' ability to administer their core, intervention or assessment program with fidelity which translates into more comprehensive and effective literacy instruction.
- Provides a means to further parent/family knowledge and participation in the literacy instruction of children. This can involve parent/family education meetings and trainings that model early literacy and provide supportive materials so that parents/families can extend the reading and literacy experiences in order to maximum student achievement.
- Provides funding for one year so that schools will have to time to fully implement their programs, sustain progress of the intervention over time, and gather data showing results from their assessments.

**State Share:** The total amount of the approved allocation to a school corporation.

**Local Share:** Any costs of the program not met by the grant allocation.

**Requirements for Participation:** All Indiana public, accredited non-public, and charter elementary schools serving students in first and second grades are eligible for the Early Intervention Grant.

**Extent of Participation:** For the 2018-2019 school year, 305 schools received the Early Intervention Grant. Please note, this grant opened two times for schools to participate hence the larger number of participating schools than in previous years. For the 2019-2020 school year, 278 schools participated in the Early Intervention Grant.

**GIFTED AND TALENTED EDUCATION PROGRAM**

Pursuant to P.L. 108-2019

<b>2019-2020</b>	<b>2020-2021</b>
\$12,966,676	\$12,966,676

The purpose of this program is to support school corporation high ability programs. The High Ability Education program includes:

1. Funding to assist local schools in the development and implementation of their programs and services for high ability students, K-12.
2. Organizing and developing a State infrastructure of resources and communication for high ability programs.

**State Share:** The total amount of the approved grant to a school corporation.

**Local Share:** Any costs of the program not met by the grant allocation.

**Requirement for Participation:** A school corporation may submit an electronic grant proposal for planning or continuation of services. Proposals are reviewed to verify compliance with I.C. 20-36 and 511 I.A.C. 6-9.1, the High Ability Program Rule.

**Extent of Participation:** Grants were awarded to 349 local education agencies for the 2019-2020 school year.

Number Grants Awarded	Individual Amounts Available	Total
349	\$11,500 - \$165,000	\$12,889,958

**Distribution:** Grants are paid by cash request to the school corporation upon proposal approval.

## NATIONAL SCHOOL LUNCH PROGRAM

Pursuant to P.L. 108-2019 and I.C. 20-26-9-1 thru I.C. 20-26-9-17

2019-2020	2020-2021
\$4,874,503	\$4,874,503

Each school district's grant is a pro-rata share of the appropriated amount based on that district's percentage of the total paid meals served in the State during the previous school year. The amount appropriated is the required State match for participation in the National School Lunch Program. For further information concerning this multi-faceted program, please contact the Division of School and Community Nutrition Programs.

**Requirements for Participation:** The school corporation must be a participant in the National School Lunch Program and meet the nutritional standards set forth therein.

**Extent of Participation:** All public school corporations and over 200 nonpublic schools and other organizations.

**State Share:** This is the State Match on Federal National School Lunch Program Funds.

**Local Share:** There is no local share required for participation in this program. Costs not covered by the grant are borne locally and normally passed on to the student through meal charges.

**Distribution:** Funds are distributed annually, usually in the month of October, for the previous school year. The October 2018 distribution was \$4,943,923 for the 2018-2019 school year.

## **NON-ENGLISH SPEAKING PROGRAM**

Pursuant to P.L. 108-2019

<b>2019-2020</b>	<b>2020-2021</b>
\$22,500,000	\$22,500,000

The 1999 Indiana General Assembly enacted the Non-English Speaking Program. This program is to provide funds to local public school corporations having a concentration of students who have a primary language other than English and limited English proficiency, as determined by the WIDA ACCESS assessments.

### **Local Share:**

The Indiana General Assembly increased funding for the NESP during the 2019 Legislative Session and revised the structure of the NESP funding formula. The new legislation removes the previously-provided funding bonuses for local education agencies with an EL population above 5%. It allots \$487 per each English learner in the LEA who received a Level 1 or 2 on the WIDA ACCESS or participated in the Alternate ACCESS for ELs with significant disabilities, and allots \$300 per each EL who received a Level 3 or 4 or who received a Level 5 on the Tier A form of the WIDA ACCESS assessment only. Initial allocations for the 2019-2020 grant are based on the 2018-2019 EL student count collected through the Language Minority (LM) data collection. All program funds are allocated to school corporations with no funds remaining at the State level for administration.

### **Extent of Participation:**

A total of 240 local education agencies applied for and received a distribution for the 2018-2019 school year serving a total of 54,928 English learners. Distributions totaled \$17,284,199.

### **Distribution:**

The funds are distributed annually as applications for funds are received and approved.

## TEACHER APPRECIATION GRANT

Pursuant to P.L. 108-2019 and I.C. 20-43-10-3.5

**2019-2020**

\$37,500,000

**2020-2021**

\$37,500,000

### Teacher Appreciation Grant

The Teacher Appreciation Grant, formerly known as the Annual Performance Grant, was appropriated by HEA 1001 (the Biennial Budget) during the 2019 Legislative Session of the General Assembly. It awards stipends to highly effective and effective teachers in their annual evaluations. Both school corporations and charter schools are eligible for the grant as well as entities participating in inter-local cooperatives. These stipends are based on a formula described in I.C. 20-43-10-3.5.

### Teacher Appreciation Grant Overview:

- Local education agency (LEA) must adopt an annual policy for distribution of TAG
- Policies may differentiate award amounts between school buildings
- A stipend awarded to a Highly Effective teacher must be at least 25% higher than the award to an Effective teacher
- TAG policies were submitted to IDOE by September 13, 2019
- Grants may be given as cash stipends; and/or
  - Grants (up to 50% of award amount) may be given as in-creases to the base salary
  - Additions to the base salary do not have to be bargained but must be discussed with the exclusive representative of the teachers
  - Distribution must occur within 20 business days of receipt from the Department

### Teacher Appreciation Grant Eligibility (TAG):

For purposes of the TAG, teacher means a professional person whose position is with a:

- School corporation
- Special education cooperative established under IC 20-35-5
- Cooperative career and technical education program
- Special education program established by an inter-local agreement under IC 36-1-7
- Joint program agreement established under IC 20-26-10
- Charter school, or
- Requires a license (as defined in IC 20-28-1-7) and whose primary responsibility is the instruction of students in the classroom or virtual classroom
- Rated Effective or Highly Effective
- Must be employed in the LEA as of December 1, 2017

### Distribution Formula:

$\$37.5 \times$  current Average Daily Membership (ADM)



## CURRICULAR MATERIAL REIMBURSEMENT

Pursuant to P.L. 108-2019 and I.C. 20-33-5

2019-2020	2020-2021
\$39,000,000	\$39,000,000

The purpose of Curricular Material Reimbursement funding is to provide reimbursement to school corporations, charter schools, and accredited nonpublic schools for a portion of the costs incurred during a school year in providing classroom instruction to children who meet the federal free and reduced lunch standards. Previous to 1999-2000 the program only provided assistance on behalf of students meeting free lunch standards.

**State Share:** School corporations, charter schools, and accredited nonpublic schools can receive reimbursement for curricular materials based on the number of eligible students claimed divided by the available appropriation. I.C. 20-18-2-2.7 defines curricular material as “systematically organized material designed to provide a specific level of instruction in a subject matter category, including:

- (1) books;
- (2) hardware that will be consumed, accessed or used by a single student during a semester or school year;
- (3) computer software; and
- (4) digital content.”

School corporations, charter schools, and accredited nonpublic schools are required to file student level information and curricular material information that reflects actual costs for both curricular materials and consumable workbooks that accompany adopted curricular materials. For FY 2020 and FY 2021, reimbursement from the fund will be based on a per student amount determined by dividing the statewide appropriation by the number of free/reduced students benefiting from curricular materials. Schools must file curricular claim information that provides information on the cost of consumables, workbooks, and curricular materials. The cost of curricular materials used in gifted and talented education and special education is provided too. Lastly, developmentally appropriate instruction material for Grades K-3, laboratories, and children’s literature programs are included in the costs filed.

**Local Share:** School corporations and charter schools shall pay the balance after State reimbursement for curricular materials. Students who qualify under the federal free and reduced lunch provisions may not be required to pay fees for curricular materials, supplies, or other required class fees. The fees shall be paid by the school corporation that the child attends.

**Requirements for Participation:** School corporations, charter schools, or accredited nonpublic schools must file a claim with IDOE before November 1 of the current school year. The claim must include the number of eligible students and the associated costs for curricular materials, consumable curricular materials, and workbooks. Schools are required to submit student

information through the STN Application Center in order to populate the student count on the claim form. The approved applications must include data required by Family and Social Services Administration (FSSA) with regard to Temporary Assistance to Needy Families to be considered by the Department of Education for reimbursement under this program.

**Extent of Participation:** In 2017-2018, this fund provided curricular material assistance to local school corporations for 491,963 students and provided assistance for 4,075 nonpublic school students at a cost of \$39,000,000. In 2018-2019, this fund provided curricular material assistance to local school corporations for 485,856 students and provided assistance for 4,181 nonpublic school students at a cost of \$39,000,000.

**Distribution:** IDOE distributes the funds in February of each school year.

## TEACHER'S SOCIAL SECURITY AND RETIREMENT

Pursuant to P.L. 108-2019

2019-2020	2020-2021
\$2,157,521	\$2,157,521

The State's reimbursement consists of a monthly distribution to 20 non-school corporation entities (special and vocational education independent cooperatives, county auditors, and educational service centers) based on their 1992-93 obligation for social security for certified staff. Beginning in 1996, it also includes a reimbursement of 8.5% of the salaries of employees in the 1996 fund of the Teacher Retirement Fund.

**State Share:** The State share is 100% of the obligation, not to exceed the appropriation available.

**Local Share:** The local share is all costs not covered by State reimbursement.

**Requirements for Participation:** Non-school corporation entities must file for this reimbursement and have been in operation and incurred social security obligations in 1992-93 and been responsible for contributions to the 1996 fund of the Teacher Retirement Fund.

**Extent of Participation:** Independent special and vocational education cooperatives, two county auditors, and two education service centers receive reimbursement.

**Distribution:** Reimbursement is made on the first day of each month.

## SUMMER SCHOOL

Pursuant to PL 108-2019, 511 IAC 12-2-1-7, 511 IAC 6.1-5-2.6, 511 IAC 6.1-5-3.6, 511 IAC 6-7.1-2-8, 511 IAC 6-8-2

2019-2020	2020-2021
\$18,360,000	\$18,360,000

**Reimbursement:** The maximum reimbursement is 105 percent of eligible costs, reduced proportionately if the appropriation is not sufficient to fund all approved programs. The Department reimburses eligible school corporations for approved summer school program classes by taking 1.05 multiplied by the amount expended for instructional costs of approved programs and reduced proportionately if the appropriation is insufficient to fund all programs at one hundred percent. Instructional costs, for purposes of the program, include only teacher salaries and teacher aide wages.

Eligible programs include all classes approved by the Indiana State Board of Education on or before January 15 of each year.

Reimbursable Programs for 2019 Summer School include all courses detailed in the ‘Indiana State Approved Course Titles and Descriptions for the 2018-2019 School Year’ at the high school level and in the ‘2018-2019 Indiana Elementary and Middle Level Subjects and Descriptions’ at the elementary and middle school levels.

**State Share:** The State share is the total amount of costs submitted for reimbursement, not to exceed \$18,360,000.

**Local Share:** The local share is all summer school costs not covered by State reimbursement.

**Requirements for Participation:** All school corporations must submit estimated costs and a list of classes to be offered in summer school for which the school corporation will seek reimbursement on or before April 1. Each school corporation must submit a claim for reimbursement on or before September 15 following the summer school program.

**Extent of Participation:** In the summer of 2018, 305 schools received a payment for reimbursement of summer school costs. The final costs submitted by school corporations totaled \$22,503,429.36.

**Distribution:** Reimbursement is made after all summer school reports are received and approved and this is normally in November of each year. The reimbursement rate for 2018 summer school was approximately 77.70 percent and totaled \$18,360,000.

## COMMON SCHOOL FUND

Pursuant to I.C. 20-49-4

Advancements from the Common School Fund may be used for school building construction purposes and educational technology programs. Indiana Code 20-49-3-8 allows school corporation career and technical education schools described in I.C. 20-37-1-1 to apply for both common school construction and technology loans. School corporation career and technical education schools must provide the Office of School Finance with the information it needs to determine each participating school's proportionate share of the loan. To date, no school corporation career and technical education centers have requested a construction or technology loan.

### School Technology Advancement Account

P.L. 213-2015 Pursuant to I.C. 20-49-4-5, I.C. 20-49-6, and 511 I.A.C. 1-2.5

2019-2020	2020-2021
\$5,000,000	\$5,000,000

The purpose of the account is to make loans to school corporations in order to:

1. Purchase computer hardware and software to be used primarily for student instruction.
2. To develop and implement innovative technology projects.

**State Share:** The State share is 100% of the approved qualifying amount. The minimum loan per School Corporation is \$20,000. The maximum loan per School Corporation is an amount determined by dividing the corporation's total pupil enrollment (as reported on the most recent DOE-PE) by 25 and multiplying the result by \$500 and rounding that figure to the next highest whole number.

If the aggregate amount of the petitions for loans does not reach \$5,000,000, the remaining dollars are distributed on an enrollment per capita basis among those petitioning school corporations indicating a desire to be considered for additional funding.

If the aggregate amount of the petitions for loans exceeds \$5,000,000, all petitioning school corporations are ranked in ascending order according to adjusted assessed valuation (AAV) per ADM. Petitioners with the lowest AAV/ADM receive first consideration when the loans are granted. Petitions for loans are filled until the appropriation is expended.

The State Board of Finance shall establish periodically the rate of interest payable as not less than 1% and not greater than 4%. The Treasurer of the State of Indiana has established a repayment schedule of two to five years depending upon the amount of the loan. Any school corporation

receiving a loan from the account may annually levy a tax in the Debt Service Fund sufficient to produce an amount equal to the amount deducted that year from the Basic Grant.

**Local Share:** The local share is all computer hardware and software costs not covered by the loan. Additionally, the recipient school corporation is responsible for interest and the repayment of principal on schedule.

**Requirements for Participation:** Any school corporation authorized by law to establish public schools and levy taxes for their maintenance may petition for a loan from the School Technology Advancement Account.

In order to receive a loan, a school corporation must develop a three-year technology plan. The plan must include at least the following information.

1. A description of the corporation's intent to integrate technology into the curriculum.
2. A plan for providing in-service training.
3. A schedule for maintaining and replacing educational technology equipment.
4. A description of the criteria used to select the appropriate educational technology equipment for the appropriate use.
5. Other information requested by the Department of Education after consulting with the State Budget Agency.

**Extent of Participation:** Loans totaling \$2,245,753 were granted to eight school corporations in the summer of 2019.

**Distribution:** Funds are available each year immediately following approval of petitions by the State Board of Education.

### **School Building Construction Program**

**Qualifications:** Under the provisions of I.C. 20-49-4-7 to qualify for an advance from the Common School Fund, the school corporation or school township must have:

1. Sustained loss by fire, wind, cyclone, or other disaster of all or a major portion of a school building or school buildings.
2. An adjusted assessed valuation per pupil ADM within the lowest 40% of the assessed valuation per pupil ADM when compared with all school corporations or school townships assessed valuation per pupil ADM.
3. An advance under this chapter outstanding on July 1, 1993, that bears interest at 7½ percent.

School Building Construction Program does not include facilities used or to be used primarily for interscholastic or extracurricular activities.

**Maximum Amount Available:** No advance to a school corporation or a school township for any school building construction program may exceed the greater of:

1. \$15,000,000; or
2. the product of \$15,000 multiplied by the number of pupils accommodated as a result of the school building program.

The State Board of Education may waive this provision in the event that the school corporation or school township sustains loss by fire, wind, cyclone, or other disaster.

**Interest Rate:** The State Board of Finance will periodically establish interest rates as long as:

1. The established rate or rates do not exceed seven and one-half percent (7½%).
2. The interest rate or rates on advances made to school corporations or school townships with advances outstanding on July 1, 1993, bearing interest at seven and one-half percent (7½%) or more shall not exceed four percent (4%).

**Repayment Period:** Money advanced to school corporations or school townships for school building construction programs may be advanced for periods not to exceed 20 years.

**Extent of Participation:** In the spring of 2019, construction loans totaling \$3,895,000 were awarded to four school corporations.

### **Educational Technology Program**

**Qualifications:** In order to receive funds under I.C. 20-49-4-16 through I.C. 20-49-4-22, the school corporation must develop a three-year technology plan (I.C. 20-20-13-7). The plan must include at least the following information:

1. A description of the school corporation's or school township's intent to integrate technology into the school corporation's curriculum.
2. A plan for providing in-service training.
3. A schedule for maintaining and replacing educational technology equipment.
4. A description of the criteria used to select the appropriate educational technology equipment for the appropriate use.
5. Other information requested by the Department of Education after consulting with the State Budget Agency.

The Department of Education is required to develop guidelines concerning the development of technology plans. Guidelines are subject to the approval of the governor.

**Maximum Amount Available:** Advances for educational technology programs are without limitation in amount other than the availability of funds in the Common School Fund for this purpose, and the ability of the school corporation desiring an advance to repay it in accordance with the terms of the advance.

**Interest Rates:** The State Board of Finance shall establish periodically the rate or rates of interest payable as long as the rate or rates:

1. Are not less than 1%; and
2. Do not exceed 4%.

**Repayment Period:** Money advanced for school technology may be for periods not to exceed five years.

**Use of Funds:** The State Board of Education will advance money to school corporations or school townships for the:

1. Acquisition of educational technology equipment.
2. Operation of education technology equipment.
3. The training of teachers in the use of educational technology equipment.

**Extent of Participation:** Loans totaling \$20,884,639 were granted to 47 school corporations in the spring of 2019.

**State Board of Education Administrative Policies for the Common School Fund:** Technology advances must be used within one (1) year after the State Board of Education approves the advance.

**State Board of Education Administrative Policies:** The State Board of Education adopted the following administrative policies at its June 7, 2017, meeting.



## ADMINISTRATIVE POLICIES FOR THE COMMON SCHOOL FUND

1. During any one award period, a school corporation may cite more than one building (remodeling, renovation, or new structure) as the subject of an advance from the Common School Fund.
2. The State Board of Education will not approve a construction advance to a school corporation that has unused school facilities that are in excess of the corporation's facility needs. An applicant school corporation will provide a list of all facilities owned or leased by the school corporation and a statement of the current use of each facility. If a facility is not currently being used, the corporation must explain the status of that facility and provide a rationale for not disposing of the facility.
3. A school corporation that submits an application for an advance from the school construction program or the educational technology program must certify either: 1) that the corporation has completed the preliminary determination and petition-remonstrance procedure in I.C. 6- 1.1-20 with favorable results; or 2) that the procedure does not apply. This requirement does not apply if a school corporation intends to repay an educational technology advance from its Capital Projects Fund.
4. A corporation must submit its request for an advance electronically on the form approved by the Department of Education.
5. Any school corporation that requests an advance from the school construction program should comply with the school facility guidelines adopted by the Indiana State Board of Education on September 7, 1995, guidelines subsequently adopted pursuant to I.C. 20-19-2-12, or written guidance provided by the Department of Local Government and Finance.
6. The maximum amount awarded under the provisions governing educational technology advances will be based on the corporation's ADM times \$100. Corporations requesting advances for technology will be ranked from lowest to highest according to their adjusted assessed valuation per K-12 ADM.
7. Funds for the two categories of advances shall be allocated as follows:
  - School Construction Program 50%
  - Educational Technology Program 50%

If the needs of one program outweigh the other and allocations remain, the department may modify the percentages in the period.

8. Technology advances must be used within one (1) year after the State Board of Education approves the advance.

9. Construction advances must be used within two (2) years after the State Board of Education approves the advance, with at least fifty percent (50%) of the advance used within one (1) year after the State Board of Education approves the advance.
10. The State Board of Education will not permit prepayment of construction advances.
11. Advancements for technology loans exclude salaries and fringe benefits of school personnel or items with a useful life of less than one (1) year. Examples include technology instructors, software subscriptions, or supplies.
12. Educational technology is for hardware and operational software intended for use by teachers and students only.

Adopted: June 7, 2017

## VETERANS MEMORIAL SCHOOL CONSTRUCTION FUND

Regular loans pursuant to I.C. 20-49-2

Loans are determined on the basis of the School Building Index, a ratio between classroom need, expressed in dollars, and school corporation current debt.

**State Share:** Advancement to any school corporation under the provisions of I.C. 20-49-2-9 shall not be in excess of \$250,000. However, the maximum dollar amount may be waived if:

1. The school corporation has an adjusted assessed valuation per pupil ADA of less than \$8,400.
2. The school corporation's Debt Service Fund tax rate would exceed one dollar per \$100 of assessed valuation without a waiver of the dollar limitation.

**Local Share:** A prerequisite for obtaining the proceeds from a loan is that the school corporation must have issued bonds for the purpose of constructing, remodeling, or repairing school buildings in 90% of the maximum amount allowable under the constitution and laws of the State. The amount of the repayment on the principal, plus one percent (1%) interest on the declining balance, is withheld by the State from the corporation's basic grant distribution and transferred to the Veterans Memorial School Construction Fund.

**Extent of Participation:** Since 1969, 78 school corporations have obtained loans from this fund. Currently, one school corporation has an outstanding loan.

**Distribution:** During 2019, no funds were distributed.

## VETERANS MEMORIAL SCHOOL CONSTRUCTION FUND

Disaster Provisions pursuant to I.C. 20-49-2-11

**State Share:** The amount of the loan will be determined by multiplying the State's average cost of construction per pupil (as determined by P.L. 81-815) by the number of pupils displaced by the disaster. School corporations may apply for only the difference between the insurance coverage and the replacement cost of the facility.

**Local Share:** Repayment is made in annual installments over a maximum of 20 years. The amount of repayment on the principal, plus one percent (1%) interest on the declining balance, is withheld by the State from the school corporation's basic grant distribution and transferred to the School Disaster Loan Fund.

**Requirements for Participation:** The school corporation must have suffered loss by fire, flood, tornado, wind, or other disaster that makes all or part of the school building unfit for school purposes as defined in I.C. 20-26-7-29 thru I.C. 20-26-7-34. The maximum amount of the loan may not exceed three million dollars (\$3,000,000).

**Extent of Participation:** Currently 4 school corporations have outstanding loans.

**Distribution:** Loans are distributed in accordance with the guidelines established by the State Board of Education.