



Reprinted
March 6, 2018

ENGROSSED HOUSE BILL No. 1315

DIGEST OF HB 1315 (Updated March 5, 2018 4:50 pm - DI 73)

Citations Affected: IC 5-11; IC 5-14; IC 6-1.1; IC 20-19; IC 20-23; IC 20-26; IC 20-28; IC 20-29; IC 34-30; noncode.

Synopsis: School corporation financial management. Allows the distressed unit appeal board (DUAB) to delegate board authority, duties, and responsibilities to the executive director by resolution of the board. Allows the DUAB to adopt rules. Requires the attorney general to represent a member of the fiscal management board, an emergency manager, a chief financial officer, or a chief academic officer if the individual requests the representation. Specifies restrictions on school corporations that are designated distressed. Specifies that waivers regarding the allocation of protected taxes apply only to distressed school corporations and not other distressed units. Provides that, for a period of two years following the termination of a political subdivision's distressed status, the political subdivision may not do any of the following without the prior approval of the DUAB: (1) Adopt a budget, tax levy, or tax rate. (2) Issue bonds. (3) Enter into a lease. Requires a political subdivision to submit certain reports to the DUAB for a period of four years following the termination of the political
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Effective: Upon passage; July 1, 2018; January 1, 2019.

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(SENATE SPONSORS — MISHLER, BASSLER)

January 11, 2018, read first time and referred to Committee on Ways and Means.
January 25, 2018, amended, reported — Do Pass.
January 31, 2018, read second time, amended, ordered engrossed.
February 1, 2018, engrossed. Read third time, passed. Yeas 65, nays 26.

SENATE ACTION

February 6, 2018, read first time and referred to Committee on Appropriations.
March 1, 2018, amended, reported favorably — Do Pass.
March 5, 2018, read second time, amended, ordered engrossed.

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subdivision's distressed status. Authorizes the emergency manager of a distressed school corporation to cancel any employee's contract or terminate an employee's employment as part of a reduction in force. Provides that notification for a reduction in force of: (1) certificated employees may be delivered after September 30 and before November 1 of the contract year; and (2) noncertificated employees may be delivered at any time. Specifies that the maximum reduction in force of certificated employees under this provision may not exceed 5% of the full-time equivalency for all certificated employees in the certificated employee bargaining unit for the school corporation. Requires the emergency manager to provide any employee whose contract is being canceled with notice at least 90 days before the effective date of the cancellation. Provides that the governing body of a distressed school corporation (or the advisory board, in the case of Gary schools) may file a petition with the DUAB for termination of distressed status only if the school corporation's ongoing revenues exceed the school corporation's ongoing expenses. Specifies that the governing body or advisory board may file such a petition with the DUAB not more than one time in a 12 month period. Makes changes concerning the Gary Community school corporation and its operation. Converts the Gary Community school corporation's governing board to an advisory board. Provides that the advisory board may not hold a public meeting more often than once every three months. Provides that the advisory board may hold additional meetings that are authorized as executive sessions under the open door law. Specifies that the advisory board may vote to fill vacancies and select officers of the advisory board. Deletes from current law the requirements: (1) that the emergency manager for the Gary Community school corporation must consult with the fiscal management board and the governing body; and (2) that the emergency manager for the Gary Community school corporation must consult with the mayor, the fiscal management board, and the governing body when developing the school corporation's annual budget and developing a financial plan, and provides that the emergency manager shall consider any recommendations from these entities. Requires the chief financial officer and chief academic officer to submit a quarterly report the advisory board. Removes the laws concerning the Muncie Community school corporation being a fiscally impaired school corporation. Permits the Ball State University board of trustees to adopt a resolution to govern the Muncie Community school corporation using a newly appointed seven member governing board. Requires certain members of the governing body to reside in the Muncie Community school corporation district. Provides that in making the appointments to the governing body of the Muncie Community school corporation, the Ball State University board of trustees and the President of Ball State University shall strive to ensure that the members appointed to the governing body reflect the geographical and socioeconomic composition of the school district. Provides that the terms of office of the two members appointed by the President of Ball State University expire on June 30, 2022, and beginning July 1, 2022, two members of the board shall be individuals elected at-large. Requires the first elected members to be elected at the 2022 primary election. Specifies that the governing body serving on June 30, 2018, shall become on July 1, 2018, an advisory board to the governing body appointed by the President and board of trustees of Ball State University. Requires the governing body to engage academically innovative strategies. Specifies that only certain laws in IC 20 will apply to the Muncie Community school corporation. Specifies other conditions. Provides that during the period beginning July 1, 2018, and ending June 30, 2022, the DUAB shall provide financial support to the Muncie Community school corporation in an amount that does not exceed the amount of compensation that would have been provided to an emergency manager of the school corporation if the school

(Continued next page)



corporation had retained the designation of a distressed political subdivision. Permits the DUAB to recommend to the state board of finance that the state board of finance make an interest free loan to the Muncie Community school corporation. Establishes a fiscal and qualitative indicators committee (committee) to make determinations about the fiscal and qualitative factors to be used in analyzing the financial condition of school corporations. Specifies certain factors that may be used. Requires the committee to make determinations about the presentation of the factors and the financial condition of school corporations to the public and the frequency of updates. Requires the DUAB to present school financial condition information on its Internet web site or the management performance hub Internet web site. Sets minimum standards for presenting the information. Requires the DUAB to determine the financial condition of each school corporation and whether a school corporation should be placed on a watch list. Requires the executive director of the DUAB to do the following: (1) Report to the state budget committee the process and procedures that will be used before a school corporation is placed on the watch list. (2) Prepare a report identifying each school corporation whose financial condition indicates the potential to be placed on the watch list. Provides that the DUAB may enter into an agreement with a school corporation to develop a corrective action plan. Requires the DUAB to meet in executive session for discussions and determinations related to placing a school corporation on the watch list. Specifies that the DUAB may make a determination to place a school corporation on the watch list only if the DUAB has, at least six months before making the determination, provided notice to the school corporation stating that the DUAB is considering making such a determination. Provides that before a school corporation is placed on a watch list, the school corporation shall be given an opportunity to meet with the DUAB and the DUAB executive director in executive session. Specifies that after the DUAB makes a determination to place the school corporation on the watch list, the school corporation may file an appeal with the DUAB and request removal from the watch list. Provides that until the DUAB has ruled on the appeal, the school corporation may not be placed on the watch list. Specifies that all correspondence and other records related to discussions and determinations concerning whether a school corporation should be placed on the watch list are confidential and not subject to public disclosure unless and until the school corporation is subsequently placed on the watch list. Specifies that if the DUAB finds that: (1) a determination has been provided by the state board of accounts specifying that a corrective action plan is appropriate for a school corporation; or (2) the fiscal and qualitative indicators indicate that a corrective action plan is appropriate for a school corporation; the DUAB shall initiate contact with the chairperson of the governing body and the superintendent of the school corporation and offer to provide technical assistance to the school corporation. Provides that the DUAB may form a technical assistance team. Provides that the governing body of the Indianapolis Public Schools may sell a closed, unused, or unoccupied school building without making the vacant school building available to a charter school if certain conditions are satisfied. Amends the definition of "deficit financing" for a budget year to mean, in the case of any distressed school corporation, the Gary Community school corporation, or the Muncie Community school corporation: (1) actual expenditures; plus (2) additional payments against any outstanding debt obligations; exceeding the employer's current year actual education fund revenue. Provides that until June 30, 2018, the governing body of Gary schools, rather than the emergency manager, shall exercise the power to fill a vacancy on the governing body. Resolves conflicts. Makes technical corrections.



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March 6, 2018

Second Regular Session of the 120th General Assembly (2018)

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

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

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

ENGROSSED HOUSE BILL No. 1315

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

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

1 SECTION 1. IC 5-11-1-9, AS AMENDED BY P.L.237-2017,
2 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2018]: Sec. 9. (a) The state examiner, personally or through
4 the deputy examiners, field examiners, or private examiners, shall
5 examine all accounts and all financial affairs of every public office and
6 officer, state office, state institution, and entity.
7 (b) An examination of an entity deriving:
8 (1) less than fifty percent (50%); or
9 (2) subject to subsection (h), at least fifty percent (50%) but less
10 than two hundred thousand dollars (\$200,000) if the entity is
11 organized as a not-for-profit corporation;
12 of its disbursements during the period subject to an examination from
13 appropriations, public funds, taxes, and other sources of public expense
14 shall be limited to matters relevant to the use of the public money
15 received by the entity.
16 (c) The examination of an entity described in subsection (b) may be
17 waived by the state examiner if the state examiner determines in
18 writing that all disbursements of public money during the period

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1 subject to examination were made for the purposes for which the
2 money was received. However, the:

3 (1) Indiana economic development corporation created by
4 IC 5-28-3 and the corporation's funds, accounts, and financial
5 affairs shall be examined by the state board of accounts unless the
6 examination is waived under subsection (i); and

7 (2) department of financial institutions established by
8 IC 28-11-1-1 and the department's funds, accounts, and financial
9 affairs shall be examined by the state board of accounts.

10 (d) On every examination under this section, inquiry shall be made
11 as to the following:

12 (1) The financial condition and resources of each municipality,
13 office, institution, or entity.

14 (2) Whether the laws of the state and the uniform compliance
15 guidelines of the state board of accounts established under section
16 24 of this chapter have been complied with.

17 (3) The methods and accuracy of the accounts and reports of the
18 person examined.

19 The examinations may be made without notice.

20 (e) If during an examination of a state office under this chapter the
21 examiner encounters an inefficiency in the operation of the state office,
22 the examiner may comment on the inefficiency in the examiner's report.

23 **If during an examination of a school corporation under this**
24 **chapter the examiner determines that the financial condition of the**
25 **school corporation makes it appropriate for a corrective action**
26 **plan to be established for the school corporation under IC 20-19-7,**
27 **the examiner shall include that determination in the examiner's**
28 **report and provide the determination to the distressed unit appeal**
29 **board.**

30 (f) The state examiner, deputy examiners, any field examiner, or any
31 private examiner, when engaged in making any examination or when
32 engaged in any official duty devolved upon them by the state examiner,
33 is entitled to do the following:

34 (1) Enter into any state, county, city, township, or other public
35 office in this state, or any entity, agency, or instrumentality, and
36 examine any books, papers, documents, or electronically stored
37 information for the purpose of making an examination.

38 (2) Have access, in the presence of the custodian or the
39 custodian's deputy, to the cash drawers and cash in the custody of
40 the officer.

41 (3) During business hours, examine the public accounts in any
42 depository that has public funds in its custody pursuant to the



- 1 laws of this state.
- 2 (g) The state examiner, deputy examiner, or any field examiner,
3 when engaged in making any examination authorized by law, may issue
4 subpoenas for witnesses to appear before the examiner in person or to
5 produce books, papers, or other records (including records stored in
6 electronic data processing systems) for inspection and examination.
7 The state examiner, deputy examiner, and any field examiner may
8 administer oaths and examine witnesses under oath orally or by
9 interrogatories concerning the matters under investigation and
10 examination. Under the authority of the state examiner, the oral
11 examinations may be transcribed with the reasonable expense paid by
12 the examined person in the same manner as the compensation of the
13 field examiner is paid. The subpoenas shall be served by any person
14 authorized to serve civil process from any court in this state. If a
15 witness duly subpoenaed refuses to attend, refuses to produce
16 information required in the subpoena, or attends and refuses to be
17 sworn or affirmed, or to testify when called upon to do so, the examiner
18 may apply to the circuit court having jurisdiction of the witness for the
19 enforcement of attendance and answers to questions as provided by the
20 law governing the taking of depositions.
- 21 (h) The definitions in IC 20-24-1 apply throughout this subsection.
22 Appropriations, public funds, taxes, and other sources of public money
23 received by a nonprofit corporation as a charter school or organizer of
24 a charter school for the purposes of a charter school may not be
25 counted for the purpose of applying subsection (b)(2). Unless the
26 nonprofit corporation receives other public money that would qualify
27 the nonprofit corporation for a full examination of all accounts and
28 financial affairs of the entity under subsection (b)(2), an examination
29 of a charter school or organizer of a charter school must be limited to
30 matters relevant to the use of the public money received for the charter
31 school. This subsection does not prohibit the state examiner, personally
32 or through the deputy examiners, field examiners, or private examiners,
33 from examining the accounts in which appropriations, public funds,
34 taxes, or other sources of public money are applied that are received by
35 a nonprofit corporation as a charter school or organizer of a charter
36 school relating to the operation of the charter school.
- 37 (i) The state examiner may waive the examination of the Indiana
38 economic development corporation and a nonprofit subsidiary
39 corporation established under IC 5-28-5-13 if:
- 40 (1) an independent certified public accounting firm conducts an
41 examination under IC 5-28-3-2(c) of:
- 42 (A) the Indiana economic development corporation and the



- 1 Indiana economic development corporation's funds, accounts,
 2 and financial affairs; and
 3 (B) the nonprofit subsidiary corporation;
 4 for the year;
 5 (2) the Indiana economic development corporation submits the
 6 examination report to the state board of accounts; and
 7 (3) the state board of accounts reviews the examination report and
 8 determines that the examination and examination report comply
 9 with the uniform compliance guidelines, directives, and standards
 10 established by the state board of accounts.
- 11 (j) Notwithstanding the waiver of an examination of the Indiana
 12 economic development corporation and its nonprofit subsidiary
 13 corporation by the state examiner, the state board of accounts may
 14 examine the Indiana economic development corporation and its
 15 nonprofit subsidiary corporation at any time.
- 16 SECTION 2. IC 5-14-3.7-3, AS AMENDED BY P.L.208-2016,
 17 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 18 JANUARY 1, 2019]: Sec. 3. (a) The department, working with the
 19 office of technology established by IC 4-13.1-2-1 or another
 20 organization that is part of a state educational institution, the state
 21 board of accounts established by IC 5-11-1-1, the department of local
 22 government finance established under IC 6-1.1-30-1.1, and the office
 23 of management and budget established by IC 4-3-22-3, shall post on
 24 the Indiana transparency Internet web site a data base that lists
 25 expenditures and fund balances, including expenditures for contracts,
 26 grants, and leases, for public schools. The web site must be
 27 electronically searchable by the public.
- 28 (b) The data base must include for public schools:
 29 (1) the amount, date, payer, and payee of expenditures;
 30 (2) a listing of expenditures specifically identifying those for:
 31 (A) personal services;
 32 (B) other operating expenses or total operating expenses; and
 33 (C) debt service, including lease payments, related to debt;
 34 (3) a listing of fund balances, specifically identifying balances in
 35 funds that are being used for accumulation of money for future
 36 capital needs;
 37 (4) a listing of real and personal property owned by the public
 38 school; **and**
 39 (5) the report required under IC 6-1.1-33.5-7. **and**
 40 ~~(6) information for evaluating the fiscal health of each school~~
 41 ~~corporation in the format required by section 16(b) of this chapter.~~
 42 SECTION 3. IC 5-14-3.7-16 IS REPEALED [EFFECTIVE



1 JANUARY 1, 2019]. Sec. 16. (a) The department of local government
 2 finance shall develop indicators of fiscal health for evaluating the fiscal
 3 health of a school corporation. The department of local government
 4 finance may consider including any of the following in the indicators
 5 developed under this subsection:

- 6 (1) The cash balance of a school corporation.
 7 (2) The debt to revenue ratio of a school corporation.
 8 (3) The condition of a school corporation's property tax base as
 9 measured by both the assessed value of the school corporation
 10 and the amount of per capita revenue generated from the school
 11 corporation's tax base.
 12 (4) The per capita amount of a school corporation's education
 13 fund and its operations fund.
 14 (5) Any trends in the amount of a school corporation's tax
 15 revenue.
 16 (6) Whether a school corporation maintains a structural deficit or
 17 a structural surplus.
 18 (7) The extent that the school corporation is affected by tax
 19 increment financing districts.
 20 (8) The extent that the school corporation's property tax base is
 21 affected by exempt properties.
 22 (9) The school corporation's bond rating.
 23 (10) The amount of retiree benefits paid by the school
 24 corporation.
 25 (11) The amount of pension contributions paid on behalf of the
 26 school corporation's employees.
 27 (12) Any other factor that the department of local government
 28 finance considers relevant to evaluating the fiscal health of a
 29 school corporation.

30 (b) The department of local government finance shall use the
 31 indicators developed under subsection (a) and the associated fiscal data
 32 to present the information for evaluating the fiscal health of each
 33 school corporation on the Indiana transparency Internet web site. The
 34 information must be presented in a manner that:

- 35 (1) can be conveniently and easily accessed from a single web
 36 page; and
 37 (2) is commonly known as an Internet dashboard.

38 The information must be available on the Indiana transparency Internet
 39 web site in the format required by this subsection before July 1, 2015.

40 (c) Neither the department of local government finance nor any
 41 other state agency may use the fiscal health indicators developed under
 42 this section to assign a school corporation a summative grade.



1 SECTION 4. IC 6-1.1-20.3-2, AS AMENDED BY P.L.241-2017,
 2 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 3 JULY 1, 2018]: Sec. 2. As used in this chapter, "distressed political
 4 subdivision" means a political subdivision designated as a distressed
 5 political subdivision ~~by the board under section 6.5; 6.7; or 7.1 of this~~
 6 ~~chapter. or a school corporation designated as a distressed political~~
 7 ~~subdivision by section 6.8 of this chapter.~~

8 SECTION 5. IC 6-1.1-20.3-5, AS AMENDED BY P.L.217-2017,
 9 SECTION 63, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 10 JULY 1, 2018]: Sec. 5. (a) The board may employ an executive director
 11 who shall serve at the pleasure of the board and carry out the
 12 administrative responsibilities assigned by the board. **The board may**
 13 **delegate a specific duty, authority, or responsibility assigned to the**
 14 **board under this chapter to the executive director.**

15 (b) The department of local government finance shall provide the
 16 board with the staff and assistance that the board reasonably requires.

17 (c) The department of local government finance shall provide from
 18 the department's budget funding to support the board's duties under this
 19 chapter.

20 (d) The board may contract with accountants, financial experts, and
 21 other advisors and consultants as necessary to carry out the board's
 22 duties under this chapter.

23 **(e) The board may adopt rules to implement the board's duties,**
 24 **authorities, or responsibilities, including those in this chapter and**
 25 **those in IC 20-19-7.**

26 SECTION 6. IC 6-1.1-20.3-6.8, AS ADDED BY P.L.241-2017,
 27 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 28 JULY 1, 2018]: Sec. 6.8. (a) This section applies only to the Gary
 29 Community School Corporation.

30 (b) The general assembly finds that the provisions of this section:

31 (1) are necessary to address the unique issues faced by the Gary
 32 Community School Corporation; and

33 (2) are not precedent for and may not be appropriate for
 34 addressing issues faced by other school corporations.

35 (c) As used in this section, the following definitions apply:

36 (1) "Chief academic officer" means the chief academic officer
 37 appointed under subsection (j).

38 (2) "Chief financial officer" means the chief financial officer
 39 appointed under subsection (i).

40 (3) "Governing body" refers to the governing body of the Gary
 41 Community School Corporation.

42 (4) (3) "School corporation" refers to the Gary Community School



- 1 Corporation.
- 2 (d) The Gary Community School Corporation is designated as a
 3 distressed political subdivision for purposes of this chapter until the
 4 school corporation's designation as a distressed political subdivision is
 5 terminated as provided in section 13(b) of this chapter. This
 6 designation as a distressed political subdivision is effective regardless
 7 of whether the school corporation has submitted a petition requesting
 8 to be designated as a distressed political subdivision. Until the school
 9 corporation's designation as a distressed political subdivision is
 10 terminated as provided in section 13(b) of this chapter, the ~~governing~~
 11 ~~body of the school corporation~~ **Gary Community Schools advisory**
 12 **board** may not ~~meet~~ **hold a public meeting** more often than once ~~each~~
 13 ~~month~~ **every three (3) months. The emergency manager shall hold**
 14 **a monthly forum to provide an update on the Gary Community**
 15 **school corporation within the school district that is open to the**
 16 **general public. During the period that the Gary Community School**
 17 **Corporation is designated as a distressed political subdivision, the**
 18 **advisory board may vote to:**
- 19 (1) fill vacancies; or
- 20 (2) select officers;
- 21 **of the advisory board, and to present awards, recognition, and**
 22 **certificates to employees or supporters of the school corporation.**
 23 ~~In addition to any other powers of the financial specialist appointed~~
 24 ~~under section 6.9 of this chapter; during the period after the effective~~
 25 ~~date of this section and before an emergency manager is appointed for~~
 26 ~~the school corporation; the financial specialist may identify and~~
 27 ~~implement labor force reductions; including contract cancellations as~~
 28 ~~provided in IC 20-28-7.5 due to a reduction in force.~~
- 29 (e) Until the school corporation's designation as a distressed
 30 political subdivision is terminated as provided in section 13(b) of this
 31 chapter, the following apply to the emergency manager appointed
 32 under section 7.5 of this chapter for the school corporation:
- 33 (1) The emergency manager has the powers and duties specified
 34 in this chapter.
- 35 (2) The emergency manager shall ~~consult with and~~ consider
 36 recommendations from the fiscal management board and the
 37 ~~governing body;~~ **advisory board**, but the emergency manager has
 38 full responsibility and authority related to financial and academic
 39 matters of the school corporation, and the emergency manager
 40 may act, as specified in this chapter, on these financial and
 41 academic matters without the approval of the fiscal management
 42 board or the ~~governing body~~. ~~The school corporation's~~



1 superintendent, or the superintendent's designee, shall work with
 2 the emergency manager and serve as a resource in an
 3 administrative capacity. **advisory board.**

4 (3) Notwithstanding section 7.5(d) of this chapter, the distressed
 5 unit appeal board shall:

6 (A) determine the compensation of the emergency manager,
 7 chief financial officer, and chief academic officer; and

8 (B) subject to subsections (i) and (j), pay the emergency
 9 manager's, chief financial officer's, and chief academic
 10 officer's compensation and reimburse the emergency manager,
 11 chief financial officer, and chief academic officer for actual
 12 and necessary expenses from funds appropriated to the
 13 distressed unit appeal board.

14 (4) Before appointing the emergency manager, the distressed unit
 15 appeal board shall interview at least one (1) resident of the city of
 16 Gary as a candidate for the position. If the distressed unit appeal
 17 board is not able to interview a resident of the city of Gary as a
 18 candidate for the position, the distressed unit appeal board shall
 19 interview at least one (1) individual who is a resident of Lake
 20 County or northwest Indiana as a candidate for the position.

21 The appointment of the emergency manager for the school corporation
 22 is terminated on the date the school corporation's designation as a
 23 distressed political subdivision is terminated as provided in section
 24 13(b) of this chapter.

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

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

33 (2) The distressed unit appeal board may recommend to the state
 34 board of finance that the state board of finance make an interest
 35 free loan to the school corporation from the common school fund.
 36 The distressed unit appeal board shall determine the payment
 37 schedule and the commencement date for the loan. If the
 38 distressed unit appeal board makes a recommendation that such
 39 a loan be made, the state board of finance may, notwithstanding
 40 IC 20-49, make such a loan for a term of not more than ten (10)
 41 years.

42 (3) The distressed unit appeal board may establish benchmarks of



1 financial improvement for the school corporation.

2 (4) The distressed unit appeal board may provide a grant or grants
3 to the school corporation from funds appropriated to the
4 distressed unit appeal board, in amounts determined by the
5 distressed unit appeal board, to assist the school corporation in
6 overcoming short term financial problems.

7 (5) The distressed unit appeal board may make a recommendation
8 to the general assembly concerning the possible restructuring of
9 advances made to the school corporation from the common school
10 fund, including forgiveness of principal and interest on those
11 advances.

12 (g) The fiscal management board is established. The fiscal
13 management board consists of the following members:

14 (1) One (1) member appointed by the ~~governing body~~ **advisory**
15 **board**.

16 (2) One (1) member appointed by the mayor of the city of Gary.

17 (3) One (1) member, who must have experience working with or
18 for an urban school corporation, appointed by the superintendent
19 of public instruction.

20 (4) One (1) member, who must have experience working with or
21 for an urban school corporation, appointed by the state board of
22 education.

23 (h) The following apply to the fiscal management board and to the
24 members of the fiscal management board:

25 (1) The term of office of a member of the fiscal management
26 board is four (4) years, beginning on the date of appointment. A
27 member of the fiscal management board may be reappointed to
28 the fiscal management board. A member of the fiscal
29 management board may be removed for cause by the appointing
30 authority.

31 (2) A member of the fiscal management board must have the
32 following:

33 (A) At least three (3) years experience in financial
34 management.

35 (B) A meaningful background and work experience in finance
36 and business.

37 (C) An understanding of government contracts.

38 (D) Knowledge and experience in organizational effectiveness,
39 operations management, and implementing best practices.

40 (E) Experience in budget development and oversight.

41 (F) A demonstrated commitment to high professional and
42 ethical standards and a diverse workplace.



- 1 (G) An understanding of tax and other compliance
 2 implications.
- 3 (3) A member of the ~~governing body~~ **advisory board** may not
 4 serve as a member of the fiscal management board.
- 5 (4) The fiscal management board:
 6 (A) shall make recommendations to the emergency manager;
 7 and
 8 (B) shall advise the emergency manager as requested by the
 9 emergency manager.
- 10 (5) The members of the fiscal management board are not entitled
 11 to any compensation for their service on the fiscal management
 12 board.
- 13 (6) The fiscal management board is abolished, and the terms of
 14 the members of the fiscal management board are terminated, on
 15 the date the school corporation's designation as a distressed
 16 political subdivision is terminated as provided in section 13(b) of
 17 this chapter.
- 18 (7) Under the supervision of the emergency manager, the fiscal
 19 management board shall serve as a liaison to and shall work
 20 jointly with the distressed unit appeal board, the mayor of the city
 21 of Gary, and the department of education to develop a transition
 22 plan to address issues or questions related to:
 23 (A) the designation of the school corporation as a distressed
 24 political subdivision and the transfer of powers and duties to
 25 the emergency manager under this chapter; and
 26 (B) the potential impact of the transition on the community
 27 and the school corporation.
- 28 (8) Under the supervision of the emergency manager, the fiscal
 29 management board shall work jointly with the distressed unit
 30 appeal board, the mayor of the city of Gary, and the department
 31 of education to provide information on a regular basis to parents,
 32 students, employees of the school corporation, and the public on
 33 the status of the transition.
- 34 (i) The emergency manager shall employ a chief financial officer for
 35 the school corporation. The chief financial officer is an employee of the
 36 school corporation. The chief financial officer shall report to the
 37 emergency manager and shall assist the emergency manager appointed
 38 for the school corporation and the fiscal management board in carrying
 39 out the day to day financial operations of the school corporation. Before
 40 July 1, 2019, the compensation of the chief financial officer shall be
 41 determined by the distressed unit appeal board. Before July 1, 2019, the
 42 compensation of the chief financial officer shall be paid from the funds



1 appropriated to the distressed unit appeal board. After June 30, 2019,
2 the compensation of the chief financial officer shall be determined by
3 and paid by the school corporation. The chief financial officer:

- 4 (1) must possess, through both education and experience, an
- 5 understanding of finance and financial management; and
- 6 (2) must possess any other experience and must meet any other
- 7 requirements as required by the distressed unit appeal board to
- 8 ensure that the chief financial officer is qualified to carry out the
- 9 financial restructuring of the school corporation.

10 Before employing a chief financial officer under this subsection, the
11 emergency manager shall interview at least one (1) resident of the city
12 of Gary as a candidate for the position. If the emergency manager is not
13 able to interview a resident of the city of Gary as a candidate for the
14 position, the emergency manager shall interview at least one (1)
15 individual who is a resident of Lake County or northwest Indiana as a
16 candidate for the position.

17 (j) The emergency manager shall employ a chief academic officer
18 for the school corporation, after consultation with the department of
19 education, who must have experience working with or for an urban
20 school corporation. The chief academic officer is an employee of the
21 school corporation. The chief academic officer shall report to the
22 emergency manager and shall assist the emergency manager appointed
23 for the school corporation and the fiscal management board in carrying
24 out the academic matters of the school corporation. Before July 1,
25 2019, the compensation of the chief academic officer shall be
26 determined by the distressed unit appeal board. Before July 1, 2019, the
27 compensation of the chief academic officer shall be paid from the funds
28 appropriated to the distressed unit appeal board. After June 30, 2019,
29 the compensation of the chief academic officer shall be determined by
30 and paid by the school corporation. The chief academic officer must:

- 31 (1) hold a valid license to teach in a public school under
- 32 IC 20-28-5;
- 33 (2) possess, through both education and experience, an
- 34 understanding of curriculum and academics; and
- 35 (3) possess any other experience and meet any other requirements
- 36 as required by the distressed unit appeal board to ensure that the
- 37 chief academic officer is qualified to carry out the academic goals
- 38 of the school corporation.

39 Before employing a chief academic officer under this subsection, the
40 emergency manager shall interview at least one (1) resident of the city
41 of Gary as a candidate for the position. If the emergency manager is not
42 able to interview a resident of the city of Gary as a candidate for the



1 position, the emergency manager shall interview at least one (1)
 2 individual who is a resident of Lake County or northwest Indiana as a
 3 candidate for the position.

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

7 (l) The annual budget adopted by the emergency manager for the
 8 school corporation must dedicate a significant part of the school
 9 corporation's budget to eliminating the school corporation's outstanding
 10 financial obligations. The emergency manager shall attempt to
 11 negotiate with the creditors of the school corporation to establish a plan
 12 specifying the schedule for paying each creditor. The emergency
 13 manager shall submit the plan to the distressed unit appeal board for
 14 approval. The distressed unit appeal board must:

- 15 (1) review the plan submitted by the emergency manager; and
- 16 (2) not later than sixty (60) days after the plan is submitted,
 17 either:
 - 18 (A) approve the plan as submitted by the emergency manager;
 - 19 or
 - 20 (B) modify the plan as submitted by the emergency manager
 21 and then approve the modified plan.

22 (m) The emergency manager shall ~~consult with the governing body,~~
 23 **consider any recommendations from** the fiscal management board,
 24 **the advisory board,** and the mayor of the city of Gary in developing
 25 the school corporation's annual budget. The distressed unit appeal
 26 board must review and approve the school corporation's annual budget
 27 that is proposed by the emergency manager.

28 (n) ~~In consultation with~~ **After considering any recommendations**
 29 **from** the fiscal management board, ~~the governing body, the advisory~~
 30 **board,** and the mayor of the city of Gary, the emergency manager shall
 31 do the following:

- 32 (1) Conduct a financial and compliance audit of the operations of
 33 the school corporation.
- 34 (2) Develop a written financial plan for the school corporation.
 35 The object of the plan must be to achieve financial stability for
 36 the school corporation, and the plan must include provisions for
 37 paying all of the school corporation's outstanding obligations and
 38 for paying all future obligations of the school corporation
 39 (including any federal, state, or local taxes or assessments) in a
 40 timely manner.

41 (o) In addition to the report required by section 8.5(c)(5) of this
 42 chapter, the emergency manager, the chief financial officer, and the



1 chief academic officer shall report quarterly to the distressed unit
2 appeal board in a format specified by the distressed unit appeal board.

3 The report must include:

4 (1) information concerning the actions that the school corporation
5 is taking to improve the financial condition of the school
6 corporation; and

7 (2) any other information required by the distressed unit appeal
8 board.

9 The emergency manager shall report more frequently than quarterly if
10 requested by the distressed unit appeal board. The emergency manager
11 shall provide copies of the report to ~~the governing body~~, the fiscal
12 management board, **the advisory board**, and the mayor of the city of
13 Gary. The emergency manager shall present each report at a public
14 meeting of the fiscal management board.

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

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

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

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

26 (q) The chief academic officer shall develop an education plan to
27 provide academic services to students in the school corporation and to
28 achieve academic progress. The education plan must include at least
29 the following components:

30 (1) An academic program designed to meet Indiana's academic
31 standards and to assist students in meeting those academic
32 standards.

33 (2) A plan to improve the academic performance of all students,
34 including improvement in the performance of students on
35 standardized tests.

36 (3) A plan to engage parents in school performance and school
37 activities, including regular meetings at each school involving
38 administrators, teachers, parents, and interested members of the
39 community.

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

42 (5) A plan specifying how the school corporation will work



1 directly with the city of Gary:
 2 (A) to make the schools a successful component of life within
 3 the city; and
 4 (B) to develop a sense of pride and progress in the operations
 5 and accomplishments of the school corporation.
 6 The chief financial officer and the chief academic officer shall ~~confer~~
 7 ~~with the governing body at least once each month.~~ **submit a report to**
 8 **the advisory board each quarter.** The chief financial officer and chief
 9 academic officer shall meet at least quarterly with the executive
 10 committee of the bargaining unit to inform the executive committee of
 11 the academic progress of the school corporation.
 12 ~~(r) During the period after the effective date of this section and~~
 13 ~~before an emergency manager is appointed for the school corporation;~~
 14 ~~the governing body may not enter into or renew any contract unless that~~
 15 ~~contract or contract renewal is first approved by the distressed unit~~
 16 ~~appeal board.~~
 17 SECTION 7. IC 6-1.1-20.3-6.9 IS REPEALED [EFFECTIVE JULY
 18 1, 2018]. Sec. 6-9: (a) The board may do the following:
 19 (1) Hold a public hearing to review the budget, tax levies,
 20 assessed value, debt service requirements, and other financial
 21 information for the Gary Community School Corporation.
 22 (2) After reviewing the information described in subdivision (1)
 23 and subject to subdivision (3); the board may, with the consent of
 24 the governing body of the Gary Community School Corporation;
 25 select a financial specialist to take financial control of the Gary
 26 Community School Corporation, who shall act in consultation
 27 with the governing body of the Gary Community School
 28 Corporation and the city of Gary.
 29 (3) In selecting a financial specialist to take financial control of
 30 the Gary Community School Corporation under subdivision (2):
 31 (A) the board shall recommend three (3) persons as potential
 32 candidates for the financial specialist position to take financial
 33 control of the Gary Community School Corporation; and
 34 (B) the governing body of the Gary Community School
 35 Corporation may, within twenty-one (21) days after the board
 36 makes the recommendations under clause (A); choose one (1)
 37 of the persons recommended by the board under clause (A)
 38 that the board may then select as a financial specialist to take
 39 financial control of the Gary Community School Corporation
 40 as provided in subdivision (2).
 41 If the governing body of the Gary Community School Corporation
 42 does not choose a financial specialist as provided in clause (B)



1 from the persons recommended by the board within twenty-one
 2 (21) days; the board's authority under this section is terminated:

3 (4) A financial specialist selected under this section:

- 4 (A) shall be paid out of the funds appropriated to the board;
 5 (B) may perform the duties authorized under this section for
 6 not more than twenty-four (24) consecutive months; and
 7 (C) may request the Indiana Association of School Business
 8 Officials to provide technical consulting services to the
 9 financial specialist and the Gary Community School
 10 Corporation on the following issues:

- 11 (i) Debt management.
 12 (ii) Cash management.
 13 (iii) Facility management.
 14 (iv) Other school business management issues.

15 The Indiana Association of School Business Officials will
 16 determine the appropriate individuals to consult with the
 17 financial specialist and the Gary Community School
 18 Corporation. Any consulting expenses will be paid out of the
 19 funds appropriated to the board.

20 (b) The board may do any of the following if the board selects a
 21 financial specialist to take financial control of the Gary Community
 22 School Corporation under subsection (a):

- 23 (1) The board may work jointly with the city of Gary and the
 24 financial specialist to develop a financial plan for the Gary
 25 Community School Corporation.
 26 (2) The board may delay or suspend, for a period determined by
 27 the board, any payments of principal or interest, or both, that
 28 would otherwise be due from the Gary Community School
 29 Corporation on loans or advances from the common school fund.
 30 (3) The board may recommend to the state board of finance that
 31 the state board of finance make an interest free loan to the Gary
 32 Community School Corporation from the common school fund.
 33 If the board makes a recommendation that such a loan be made,
 34 the state board of finance may, notwithstanding IC 20-49, make
 35 such a loan for a term of not more than six (6) years.

36 SECTION 8. IC 6-1.1-20.3-7.1, AS ADDED BY P.L.241-2017,
 37 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 38 JULY 1, 2018]: Sec. 7.1. (a) This section applies only to the Muncie
 39 Community Schools.

40 (b) The general assembly finds that the provisions of this section:

- 41 (1) are necessary to address the unique issues faced by the
 42 Muncie Community Schools; and



1 (2) are not precedent for and may not be appropriate for
 2 addressing issues faced by other school corporations; **and**
 3 **(3) are consistent with the board designating the Muncie**
 4 **Community school corporation as a distressed political**
 5 **subdivision effective January 1, 2018.**

6 (c) As used in this section, the following definitions apply:

7 (1) "Emergency manager" includes a temporary emergency
 8 manager appointed under this section.

9 (2) "Governing body" refers to the governing body of the Muncie
 10 Community Schools.

11 (3) "School corporation" refers to the Muncie Community
 12 Schools.

13 (d) Muncie Community Schools is designated as a fiscally impaired
 14 school corporation. The school corporation's designation as a fiscally
 15 impaired school corporation terminates on January 1, 2018. The school
 16 corporation's designation as a fiscally impaired school corporation is
 17 not a designation of the school corporation as a distressed political
 18 subdivision for purposes of this chapter. The school corporation's
 19 designation as a fiscally impaired school corporation is effective
 20 regardless of whether the school corporation has submitted a petition
 21 under this section requesting to be designated as a fiscally impaired
 22 school corporation. The board shall appoint an emergency manager for
 23 the school corporation.

24 (c) Notwithstanding section 7.5(d) of this chapter, the board shall
 25 determine the compensation of the emergency manager, pay the
 26 emergency manager's compensation, and reimburse the emergency
 27 manager for actual and necessary expenses from funds appropriated to
 28 the board. Upon the effective date of this section, the board may
 29 immediately appoint the superintendent of the Muncie Community
 30 Schools as the emergency manager for the school corporation on a
 31 temporary basis. The appointment of the superintendent as the
 32 emergency manager may continue for not more than six (6) months.
 33 However, the superintendent may be considered for the permanent
 34 emergency manager position.

35 (e) Notwithstanding the powers, authority, and responsibilities
 36 otherwise granted to an emergency manager under this chapter, before
 37 January 1, 2018, the emergency manager appointed for the school
 38 corporation has only the following powers, authority, and
 39 responsibilities:

40 (1) The emergency manager shall:

41 (A) take actions necessary to implement the deficit reduction
 42 plan that was presented at a public meeting of the governing



- 1 body on April 17, 2017; and
- 2 (B) work with the governing body and the superintendent to:
- 3 (i) achieve financial stability for the school corporation;
- 4 (ii) provide for the payment of the school corporation's
- 5 outstanding debt obligations and anticipated future debt
- 6 obligations; and
- 7 (iii) align the school corporation's personnel and facilities
- 8 with the anticipated revenues and enrollment of the school
- 9 corporation.
- 10 (2) The emergency manager may on behalf of the school
- 11 corporation negotiate and enter into labor contracts and collective
- 12 bargaining agreements. The emergency manager shall also review
- 13 existing labor contracts and collective bargaining agreements; and
- 14 if the emergency manager considers it appropriate, the emergency
- 15 manager may on behalf of the school corporation attempt to
- 16 renegotiate such a labor contract or collective bargaining
- 17 agreement.
- 18 (3) Subject to labor contracts and collective bargaining
- 19 agreements applicable to the school corporation and any
- 20 obligations to inform the governing body or the superintendent,
- 21 the emergency manager may do any of the following:
- 22 (A) Set the salaries and other compensation of the school
- 23 corporation's employees.
- 24 (B) Identify and implement labor force reductions.
- 25 (C) Outsource services performed by employees of the school
- 26 corporation.
- 27 (4) The emergency manager may do any of the following:
- 28 (A) Close facilities of the school corporation.
- 29 (B) Sell, transfer, or lease property of the school corporation.
- 30 If the emergency manager sells real property, any political
- 31 subdivision that has territory where the real property is located
- 32 and institutions of higher education with real property located
- 33 in Indiana shall be given a thirty (30) day first right to make an
- 34 offer to purchase the real property. Ball State University shall
- 35 have the right of first refusal for any property sold, transferred,
- 36 or leased under this subsection. The emergency manager shall
- 37 determine whether it is appropriate to accept one (1) of these
- 38 offers and shall negotiate the terms and conditions of the sale
- 39 of the real property to the offeror.
- 40 (5) The emergency manager must approve any of the following
- 41 actions by the school corporation before the school corporation
- 42 may take the action:



- 1 (A) Acquiring real property.
 2 (B) Constructing new buildings or remodeling or renovating
 3 existing buildings.
 4 (C) Incurring a contractual obligation that requires an
 5 expenditure of more than thirty thousand dollars (\$30,000).
 6 (D) Purchasing or entering into an agreement to purchase
 7 personal property at a cost of more than thirty thousand dollars
 8 (\$30,000).
 9 (E) Making, approving, or disapproving the following:
 10 (i) A loan.
 11 (ii) The creation of any new position.
 12 (iii) The filling of any vacant position.
 13 (6) The emergency manager shall submit a written report to the
 14 board and the governing body each month concerning the
 15 following:
 16 (A) Actions taken by the emergency manager and the school
 17 corporation.
 18 (B) Expenditures made by the school corporation.
 19 (C) The progress that has been made toward achieving
 20 financial stability for the school corporation.
 21 The emergency manager, rather than the governing body or the
 22 superintendent of the school corporation, has and shall exercise the
 23 powers, authority, and responsibilities described in subdivisions (1)
 24 through (6); including the authority to negotiate and enter into labor
 25 contracts and collective bargaining agreements on behalf of the school
 26 corporation. This subsection expires January 1, 2018.
 27 (f) The school corporation's designation as a fiscally impaired
 28 school corporation terminates on January 1, 2018. The board shall, not
 29 later than December 1, 2017, hold a public hearing to determine if the
 30 school corporation should be designated as a distressed political
 31 subdivision for purposes of this chapter effective January 1, 2018.
 32 After holding the public hearing, the board shall do one (1) of the
 33 following:
 34 (1) If the board finds that:
 35 (A) the school corporation has developed and is implementing
 36 a deficit reduction plan described in subsection (e)(1);
 37 (B) the actions taken by the school corporation to implement
 38 the deficit reduction plan have resulted in progress toward
 39 achieving financial stability for the school corporation; and
 40 (C) it is in the best interest of the students, the community, and
 41 the school corporation and its employees to not designate the
 42 school corporation as a distressed political subdivision;



1 the board shall adopt a resolution providing that the school
 2 corporation will not be designated as a distressed political
 3 subdivision under this chapter. If the board adopts such a
 4 resolution, the school corporation is not subject to this chapter
 5 after December 31, 2017.

6 (2) If the board does not adopt a resolution under subdivision (1);
 7 the board shall adopt a resolution designating the school
 8 corporation as a distressed political subdivision effective January
 9 1, 2018.

10 (g) If the board adopts a resolution under subsection (f)(1) providing
 11 that the school corporation will not be designated as a distressed
 12 political subdivision, the position of the emergency manager is
 13 terminated on January 1, 2018.

14 (h) (d) If the board adopts a resolution under subsection (f)(2)
 15 providing that **In addition to any other actions that the board may**
 16 **take under this chapter concerning a distressed political**
 17 **subdivision, the board may recommend, before July 1, 2020, to the**
 18 **state board of finance that the state board of finance make an**
 19 **interest free loan to the school corporation is designated as a**
 20 **distressed political subdivision effective January 1, 2018; from the**
 21 **common school fund. The distressed unit appeal board shall**
 22 **determine the payment schedule and the commencement date for**
 23 **the loan. If the board makes a recommendation that such a loan be**
 24 **made, the state board of finance may, notwithstanding IC 20-49,**
 25 **make the loan for a term of not more than ten (10) years.**

26 (1) the emergency manager shall, effective January 1, 2018;
 27 assume and exercise all of the powers, authority, and
 28 responsibilities granted to emergency managers of school
 29 corporations under this chapter; and

30 (2) the school corporation's designation as a distressed political
 31 subdivision continues until that designation is terminated as
 32 provided in section 13(b) of this chapter.

33 (i) The following apply while the school corporation is designated
 34 as a fiscally impaired school corporation and; if the board adopts a
 35 resolution under subsection (f)(2); while the school corporation is
 36 designated as a distressed political subdivision:

37 (1) The school corporation may approve a controlled project
 38 under IC 6-1.1-20 that requires a petition and remonstrance
 39 process or a local public question only if the controlled project is
 40 first approved by the emergency manager.

41 (2) The governing body may adopt a resolution to place a
 42 referendum on the ballot for a referendum tax levy under



- 1 ~~IC 20-46-1~~ only if the resolution is first approved by the
 2 emergency manager.
- 3 SECTION 9. IC 6-1.1-20.3-7.5, AS AMENDED BY P.L.241-2017,
 4 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 5 JULY 1, 2018]: Sec. 7.5. (a) This section does not apply to a school
 6 corporation designated before July 1, 2013, as a distressed political
 7 subdivision.
- 8 (b) ~~If the board designates~~ a political subdivision **is designated** as
 9 a distressed political subdivision under ~~section 6.5; 6.7; or 7.1~~ of this
 10 chapter, ~~or if a political subdivision is designated as a distressed~~
 11 political subdivision ~~by section 6.8 of this chapter;~~ the board shall
 12 appoint an emergency manager for the distressed political subdivision.
 13 ~~The board shall appoint an emergency manager for a school~~
 14 corporation ~~designated by section 7.1 of this chapter as a fiscally~~
 15 impaired school corporation. An emergency manager serves at the
 16 pleasure of the board. For purposes of IC 34-13, an emergency manager
 17 appointed under this section is acting on behalf of the distressed
 18 political subdivision and not the state.
- 19 (c) The chairperson of the board shall oversee the activities of an
 20 emergency manager.
- 21 (d) Except as provided in this chapter, the distressed political
 22 subdivision shall pay the emergency manager's compensation and
 23 reimburse the emergency manager for actual and necessary expenses.
- 24 (e) A member of a fiscal management board, an emergency
 25 manager, a chief financial officer, or a chief academic officer is
 26 immune from civil liability for an act or omission within the scope and
 27 arising out of the performance of duties prescribed by the board under
 28 this chapter. This subsection does not apply to an act or omission that
 29 constitutes gross negligence or willful misconduct.
- 30 (f) The attorney general ~~may~~ **shall** represent a member of a fiscal
 31 management board, an emergency manager, a chief financial officer,
 32 or a chief academic officer in a legal action arising out of the exercise
 33 of powers granted under this chapter, if the member of a fiscal
 34 management board, emergency manager, chief financial officer, or
 35 chief academic officer makes a written request to the attorney general
 36 requesting representation. The attorney general may not represent a
 37 member of a fiscal management board, an emergency manager, a chief
 38 financial officer, or a chief academic officer under this subsection if the
 39 legal action is initiated or the claim is asserted by the member of the
 40 fiscal management board, emergency manager, or the distressed
 41 political subdivision. If the attorney general represents a member of a
 42 fiscal management board, an emergency manager, a chief financial



1 officer, or a chief academic officer under this subsection, the member
 2 of a fiscal management board, emergency manager, chief financial
 3 officer, or chief academic officer is entitled to recover attorney's fees
 4 from the losing party to the extent the member of the fiscal
 5 management board, emergency manager, chief financial officer, or
 6 chief academic officer prevails. Any attorney's fees recovered shall be
 7 deposited in the state general fund.

8 SECTION 10. IC 6-1.1-20.3-8.5, AS AMENDED BY P.L.241-2017,
 9 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 10 JULY 1, 2018]: Sec. 8.5. (a) This section does not apply to a school
 11 corporation designated before July 1, 2013, as a distressed political
 12 subdivision. ~~This section applies to the Muncie Community Schools~~
 13 ~~designation under section 7.1 of this chapter only if the board adopts~~
 14 ~~a resolution under section 7.1(f)(2) of this chapter designating the~~
 15 ~~school corporation as a distressed political subdivision.~~

16 (b) Notwithstanding any other law, an emergency manager of a
 17 distressed political subdivision appointed under ~~section 7.5~~ of this
 18 chapter shall assume and exercise all of the power, authority, and
 19 responsibilities of both the executive and the fiscal body of the political
 20 subdivision during the time the political subdivision is a distressed
 21 political subdivision. An emergency manager's power, authority, and
 22 responsibilities include the following:

- 23 (1) Adopting, amending, and enforcing ordinances and
 24 resolutions relating to or affecting the fiscal stability of the
 25 political subdivision. However, the emergency manager may
 26 impose only those taxes or fees that the political subdivision is
 27 authorized by law to impose.
- 28 (2) Subject to existing labor contracts, setting the salaries and
 29 other compensation of the political subdivision's employees.
- 30 (3) Reviewing existing labor contracts and collective bargaining
 31 agreements, and negotiating and entering into labor contracts and
 32 collective bargaining agreements.
- 33 (4) Adopting a budget for the political subdivision for each
 34 calendar or fiscal year, as applicable, that the political subdivision
 35 remains a distressed political subdivision.
- 36 (5) Approving payrolls and other claims against the political
 37 subdivision before payment.
- 38 (6) Making, approving, or disapproving the following:
 - 39 (A) A contract.
 - 40 (B) An expenditure.
 - 41 (C) A loan.
 - 42 (D) The creation of any new position.



- 1 (E) The filling of any vacant position.
- 2 (7) Identifying and implementing labor force reductions.
- 3 (8) Outsourcing services performed by employees of the
- 4 distressed political subdivision.
- 5 (9) Renegotiating existing labor contracts and acting as an agent
- 6 of the political subdivision in collective bargaining.
- 7 (10) Reducing or suspending salaries of the political subdivision's
- 8 employees.
- 9 (11) Entering into agreements with other political subdivisions for
- 10 the provision of services.
- 11 (12) Selling assets, including real property, of the distressed
- 12 political subdivision. If real property is being sold, any political
- 13 subdivision that has territory where the real property is located
- 14 and institutions of higher education with real property located in
- 15 Indiana shall be given a thirty (30) day first right to make an offer
- 16 to purchase the real property. The emergency manager shall
- 17 determine whether it is appropriate to accept one (1) of these
- 18 offers and shall negotiate the terms and conditions of the sale of
- 19 the real property to the offeror. In the case of an emergency
- 20 manager appointed for the Gary Community School Corporation,
- 21 the emergency manager shall provide written notice to the mayor
- 22 of the city of Gary at least thirty (30) days before selling assets
- 23 under this subdivision. If the mayor of the city of Gary notifies the
- 24 emergency manager of any concerns or objections regarding the
- 25 proposed sale of the asset, the emergency manager must confer
- 26 with the mayor regarding those concerns or objections.
- 27 (13) Closing facilities of the distressed political subdivision.
- 28 (14) Requesting technical assistance from the board and state
- 29 agencies to assist in carrying out the powers and duties outlined
- 30 in this subsection, including assistance from the Indiana
- 31 department of administration in evaluating and assessing
- 32 facilities.
- 33 (15) Reviewing each contract that is in effect and not covered by
- 34 subdivision (3) and, if prudent, renegotiating or canceling the
- 35 contract to the extent permitted by the contract.
- 36 (16) Transferring property not needed by the distressed political
- 37 subdivision. In the case of an emergency manager appointed for
- 38 the Gary Community School Corporation, the emergency manager
- 39 shall provide written notice to the mayor of the city of Gary at
- 40 least thirty (30) days before transferring property under this
- 41 subdivision. If the mayor of the city of Gary notifies the
- 42 emergency manager of any concerns or objections regarding the



1 proposed transfer of the property, the emergency manager must
2 confer with the mayor regarding those concerns or objections.

3 (17) Acquiring real property that is necessary to achieve the goals
4 expressed in the financial plan.

5 (18) **For a school corporation designated as a distressed**
6 **political subdivision**, requesting a waiver from the application of
7 IC 6-1.1-20.6-9.8 in order to use IC 6-1.1-20.6-13 regarding the
8 allocation of protected taxes. To request a waiver, the emergency
9 manager must submit, before May 1 of the year for which a
10 waiver is sought, a written request to the board. The board shall
11 make a determination concerning the request, and if the waiver is
12 granted the board shall provide, before June 1 of that year, a
13 written certification of the determination to the department of
14 local government finance.

15 (19) If the distressed political subdivision is a school corporation,
16 requesting a loan from the counter-cyclical revenue and economic
17 stabilization fund under IC 6-1.1-21.4-3(b) as provided in section
18 8.3 of this chapter.

19 (20) Petitioning the board to terminate a political subdivision's
20 status as a distressed political subdivision when the conditions
21 found in section 6.5 of this chapter are no longer applicable to the
22 political subdivision and the conditions set forth in section 13(b)
23 of this chapter are met.

24 (c) An emergency manager of a distressed political subdivision
25 appointed under section 7.5 of this chapter shall do the following:

26 (1) Review the political subdivision's budget.

27 (2) Conduct a financial and compliance audit of the internal
28 operations of the political subdivision.

29 (3) Report and make recommendations to the board regarding the
30 following:

31 (A) A written comprehensive financial plan in consultation
32 with the officials of the political subdivision not later than six
33 (6) months after appointment.

34 (B) A comprehensive long term plan for paying all the
35 political subdivision's outstanding obligations.

36 (4) If the distressed political subdivision is a school corporation,
37 report and make recommendations to the board regarding the
38 following:

39 (A) The geographic boundaries of the school corporation and
40 alternative boundaries.

41 (B) A long term plan for meeting transportation needs.

42 (C) A long term plan for providing educational services.



- 1 (D) A long term plan for providing noneducational services.
- 2 (E) A long term plan for providing adequate personnel and a
- 3 plan for compensation.
- 4 (F) The capital plant of the school corporation and a long term
- 5 plan for meeting the long term capital plant needs of the
- 6 school corporation.
- 7 (G) A new governance structure for the distressed political
- 8 subdivision.
- 9 (5) Submit a written report to the board each month concerning
- 10 the following:
 - 11 (A) Actions taken by the emergency manager.
 - 12 (B) Expenditures made by the distressed political subdivision.
 - 13 (C) The progress that has been made toward removing the
 - 14 distressed political subdivision from distressed status.
 - 15 (d) Except as provided in section 13(d) of this chapter, an
 - 16 emergency manager of a distressed political subdivision retains the
 - 17 powers and duties described in subsections (b) and (c) until:
 - 18 (1) the emergency manager resigns or dies;
 - 19 (2) the board removes the emergency manager; or
 - 20 (3) the political subdivision's status as a distressed political
 - 21 subdivision is terminated under section 13(b) or 13(c) of this
 - 22 chapter.
 - 23 SECTION 11. IC 6-1.1-20.3-8.7, AS AMENDED BY P.L.241-2017,
 - 24 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 - 25 JULY 1, 2018]: Sec. 8.7. (a) ~~This section applies to the Muncie~~
 - 26 ~~Community Schools designation under section 7.1 of this chapter only~~
 - 27 ~~if the board adopts a resolution under section 7.1(f)(2) of this chapter~~
 - 28 ~~designating the school corporation as a distressed political subdivision:~~
 - 29 (b) A school corporation that is designated a distressed political
 - 30 subdivision may not do any of the following without the approval of the
 - 31 board during the period before the board terminates the school
 - 32 corporation's status as a distressed political subdivision:
 - 33 (1) Acquire real property for school building purposes.
 - 34 (2) Construct new school buildings or remodel or renovate
 - 35 existing school buildings.
 - 36 (3) Incur a contractual obligation (except for a maintenance
 - 37 contract or an employment contract for a new employee whose
 - 38 employment replaces the employment of a former employee) that
 - 39 requires an expenditure of more than thirty thousand dollars
 - 40 (\$30,000).
 - 41 (4) Purchase or enter into an agreement to purchase personal
 - 42 property at a cost of more than thirty thousand dollars (\$30,000).



- 1 (5) Adopt or advertise a budget, tax levy, or tax rate for an
 2 ensuing budget year.
- 3 SECTION 12. IC 6-1.1-20.3-9.9, AS ADDED BY P.L.241-2017,
 4 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 5 JULY 1, 2018]: Sec. 9.9. ~~(a) This section applies to the Muncie~~
 6 ~~Community Schools designation under section 7.1 of this chapter only~~
 7 ~~if the board adopts a resolution under section 7.1(f)(2) of this chapter~~
 8 ~~designating the school corporation as a distressed political subdivision.~~
 9 ~~This section does not apply to the Muncie Community Schools while~~
 10 ~~the school corporation is designated as a fiscally impaired school~~
 11 ~~corporation.~~
- 12 ~~(b)~~ (a) A petition may be filed with the board to appeal a decision
 13 by the emergency manager.
- 14 ~~(c)~~ (b) Two hundred fifty (250) or more individuals residing within
 15 the distressed political subdivision who are of the opinion that the
 16 decision by the emergency manager is not fair or reasonable may file
 17 a petition in the office of the county auditor within thirty (30) days after
 18 the decision is made. The petition must set forth the petitioners' names,
 19 addresses, and objections to the decision and the facts showing that the
 20 decision is not fair and reasonable.
- 21 ~~(d)~~ (c) Upon the filing of a petition under subsection ~~(b)~~; (a), the
 22 county auditor shall immediately certify a copy of the petition, together
 23 with any other data necessary to present the questions involved, to the
 24 board.
- 25 ~~(e)~~ (d) The board shall schedule a public meeting as soon as
 26 practicable to consider the petition.
- 27 SECTION 13. IC 6-1.1-20.3-13, AS AMENDED BY P.L.241-2017,
 28 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 29 JULY 1, 2018]: Sec. 13. (a) If:
- 30 (1) an emergency manager of a distressed political subdivision;
 31 (2) the fiscal body and executive of the political subdivision
 32 jointly; or
 33 (3) the governing body of a school corporation **or advisory board**
 34 **for a school corporation designated as distressed under**
 35 **section 6.8 of this chapter** that:
- 36 (A) employs a new superintendent; or
 37 (B) has a new member elected or appointed to its governing
 38 body **or advisory board for a school corporation designated**
 39 **as distressed under section 6.8 of this chapter;**
 40 during the time the school corporation is a distressed political
 41 subdivision;
 42 files a petition with the board for termination of the political



1 subdivision's status as a distressed political subdivision, the board shall
 2 conduct a public hearing on the question of whether to terminate the
 3 political subdivision's status as a distressed political subdivision.
 4 **However, the governing body of a school corporation or the**
 5 **advisory board for a school corporation designated as distressed**
 6 **under section 6.8 of this chapter may file a petition with the board**
 7 **under this subsection only if the school corporation's ongoing**
 8 **revenues exceed the school corporation's ongoing expenses**
 9 **(including debt service payments). The governing body of a school**
 10 **corporation or the advisory board for a school corporation**
 11 **designated as distressed under section 6.8 of this chapter may file**
 12 **a petition with the board under this subsection not more than one**
 13 **(1) time in a twelve (12) month period. The governing body of a**
 14 **school corporation or the advisory board for a school corporation**
 15 **designated as distressed under section 6.8 of this chapter retains**
 16 **this power and authority notwithstanding section 8.5(b) of this**
 17 **chapter.**

18 (b) In the case of a political subdivision designated as distressed
 19 under ~~section 6.5, 6.8, or 7.1~~ of this chapter, the board shall terminate
 20 the political subdivision's status as a distressed political subdivision if
 21 the board finds that the conditions found in section 6.5 of this chapter
 22 are no longer applicable to the political subdivision and all the
 23 following conditions are met:

24 (1) The political subdivision has achieved and maintained
 25 financial solvency for a period of at least two (2) years, including
 26 the following:

27 (A) Maintaining a structurally balanced budget for at least two
 28 (2) years.

29 (B) Having no unpaid or past due critical contractual financial
 30 obligations or vendor payments.

31 (2) The political subdivision has a fiscal plan that maintains
 32 financial solvency for a period of at least five (5) years after the
 33 termination of its distressed status.

34 (3) The political subdivision meets all other conditions identified
 35 by the board.

36 (4) The board determines that the political subdivision is
 37 financially stable.

38 (c) **Notwithstanding subsection (b)**, in the case of a township
 39 designated as distressed under section 6.7 of this chapter, the board
 40 shall terminate the township's status as a distressed political
 41 subdivision if the board finds that the township's township assistance
 42 property tax rate (as defined in section 6.7(a) of this chapter) for the



1 current calendar year is not more than the result of:

- 2 (1) the statewide average township assistance property tax rate (as
3 determined by the department of local government finance) for
4 property taxes first due and payable in the preceding year;
5 multiplied by
6 (2) twelve (12).

7 (d) Notwithstanding any other section of this chapter, not later than
8 ninety (90) days after taking office, a new executive of a distressed
9 political subdivision may petition the board for suspension of the
10 political subdivision's distressed status. In the case of a political
11 subdivision designated as distressed under section 6.5 of this chapter,
12 the executive must include in its petition a written plan to resolve the
13 applicable issues described in section 6.5 of this chapter. In the case of
14 a township designated as distressed under section 6.7 of this chapter,
15 the executive must include in its petition a written plan to lower the
16 township's township assistance property tax rate (as defined in section
17 6.7(a) of this chapter). If the board approves the executive's written
18 plan, the board may suspend the political subdivision's distressed status
19 for one hundred eighty (180) days. Suspension under this chapter
20 terminates automatically upon expiration of the one hundred eighty
21 (180) day period. The board may consider a petition to terminate the
22 political subdivision's distressed status during a period of suspension.

23 SECTION 14. IC 6-1.1-20.3-13.1 IS ADDED TO THE INDIANA
24 CODE AS A NEW SECTION TO READ AS FOLLOWS
25 [EFFECTIVE JULY 1, 2018]: **Sec. 13.1. (a) For a period of two (2)**
26 **years after the termination of distressed status under section 13 of**
27 **this chapter, the political subdivision that was previously distressed**
28 **may not do any of the following without prior approval of the**
29 **board:**

- 30 (1) Adopt a:
31 (A) budget;
32 (B) tax levy; or
33 (C) tax rate;

34 for an ensuing budget year.

35 (2) Issue bonds (as defined in IC 5-1-18-1).

36 (3) Enter into a lease (as defined in IC 5-1-18-3).

37 (b) For a period of four (4) years after termination of distressed
38 status under section 13 of this chapter, the political subdivision that
39 was previously distressed shall submit to the board copies of the
40 following reports not later than thirty (30) days after the
41 submission or receipt of the report by the political subdivision:

- 42 (1) The annual financial report required under IC 5-11-1-4.



1 **(2) The personnel report required under IC 5-11-13-1.**

2 **(3) Examinations or audits of the political subdivision**
 3 **prepared by the state board of accounts or a certified public**
 4 **accountant.**

5 **In addition, the political subdivision shall submit to the board**
 6 **annual updates to the fiscal plan required under section 13(b)(2) of**
 7 **this chapter.**

8 SECTION 15. IC 6-1.1-20.3-15, AS AMENDED BY P.L.255-2017,
 9 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 10 JANUARY 1, 2019]: Sec. 15. (a) The executive of a political
 11 subdivision or a majority of the members of the fiscal body of a
 12 political subdivision may request technical assistance from the board
 13 in helping prevent the political subdivision from becoming a distressed
 14 political subdivision. The board, by using the health fiscal indicators
 15 developed under ~~IC 5-14-3.7-16~~ **IC 20-19-7** or IC 5-14-3.8-8, shall
 16 determine whether to provide assistance to the political subdivision.

17 (b) The board may do any of the following for a political subdivision
 18 that receives assistance under subsection (a):

19 (1) Provide information and technical assistance with respect to
 20 the data management, accounting, or other aspects of the fiscal
 21 management of the political subdivision.

22 (2) Assist the political subdivision in obtaining assistance from
 23 state agencies and other resources.

24 SECTION 16. IC 6-1.1-20.3-16 IS ADDED TO THE INDIANA
 25 CODE AS A NEW SECTION TO READ AS FOLLOWS
 26 [EFFECTIVE JULY 1, 2018]: **Sec. 16. (a) This section applies to a**
 27 **school corporation during the time the school corporation is a**
 28 **distressed political subdivision.**

29 **(b) The governing body of the distressed political subdivision**
 30 **may not meet more often than once every six (6) months.**

31 **(c) A per diem may not be paid to a member of the governing**
 32 **body of the distressed political subdivision.**

33 **(d) The emergency manager is the school employer for purposes**
 34 **of IC 20-29.**

35 **(e) In addition to any reduction in force under IC 20-28, the**
 36 **emergency manager may cancel any employee's contract or**
 37 **terminate an employee's employment as part of a reduction in**
 38 **force as provided in this subsection. Notification for a reduction in**
 39 **force of certificated employees under this subsection may be**
 40 **delivered after September 30 and before November 1 of the**
 41 **contract year. Notification for a reduction in force of**
 42 **noncertificated employees under this subsection may be delivered**



1 at any time. The maximum reduction in force of certificated
 2 employees under this subsection may not exceed five percent (5%)
 3 of the full-time equivalency for all certificated employees in the
 4 certificated employee bargaining unit for the school corporation.
 5 The emergency manager shall provide any employee whose
 6 contract is being canceled under this subsection with notice at least
 7 ninety (90) days before the effective date of the cancellation of the
 8 contract.

9 SECTION 17. IC 20-19-7 IS ADDED TO THE INDIANA CODE
 10 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 11 JULY 1, 2018]:

12 **Chapter 7. School Corporation Financial Condition Analysis**

13 **Sec. 1. (a) The fiscal and qualitative indicators committee shall**
 14 **determine the fiscal and qualitative indicators to be used for**
 15 **evaluating the financial condition of each school corporation.**

16 **(b) The fiscal indicators under subsection (a) may include the**
 17 **following factors:**

- 18 Annual capital expenses compared to total capital assets
- 19 Average daily membership (ADM)
- 20 Common school fund loans
- 21 Controlled project fund referendum revenue
- 22 Debt to assessed value and debt to ADM ratios
- 23 Education fund referendum revenue
- 24 Federal revenues
- 25 Fund cash balances by fund and overall
- 26 Fund deficits and surpluses by fund and overall
- 27 Fund deficits and surpluses combining the education and
- 28 operations fund and debt
- 29 Gross expenditures per ADM
- 30 Interfund transfers
- 31 Operating deficit or surplus
- 32 Outstanding debt and annual debt service obligations
- 33 Qualitative indicators as set forth in subsection (c)
- 34 Salaries and benefits
- 35 Seven (7) year trend lines using state fiscal years
- 36 State tuition support
- 37 Any other fiscal indicator determined by the fiscal and
- 38 qualitative indicators committee.

39 **(c) The qualitative indicators under subsection (a) may include**
 40 **the following factors:**

- 41 Failure to make required contributions or transfers
- 42 Issuance of judgment bonds



1 Missed debt payments

2 Missed payroll

3 Past due vendor payments

4 Any findings related to the financial condition of the school
5 corporation by the Indiana education employment relations
6 board

7 Any other qualitative indicator determined by the fiscal and
8 qualitative indicators committee.

9 Sec. 2. (a) The fiscal and qualitative indicators committee shall
10 prescribe the presentation of the information of the fiscal and
11 qualitative indicators used under this chapter and the financial
12 condition of each school corporation.

13 (b) The information under subsection (a) must be presented in
14 a manner that accomplishes the following:

15 (1) The information must be conveniently and easily accessed
16 from a single Internet web page.

17 (2) The information must be viewable in a format commonly
18 known as an Internet dashboard.

19 (3) The information must be viewable in graphical form.

20 (4) The information must be easily searchable.

21 (5) The underlying data must be downloadable in a format
22 that can be imported into standard spreadsheet computer
23 software.

24 (c) The distressed unit appeal board shall periodically publish
25 the information under subsection (a) on its Internet web site or the
26 management performance hub's Internet web site. The
27 management performance hub shall assist the distressed unit
28 appeal board in the development of the dashboard for publication.
29 The initial publication must be on or before January 1, 2019.

30 Sec. 3. (a) The executive director of the distressed unit appeal
31 board may initiate contact with the chairperson of the governing
32 body and the superintendent of a school corporation to assess the
33 school corporation's financial condition. The school corporation
34 shall cooperate with the executive director and provide any
35 information requested. The executive director shall report to the
36 state budget committee for its review the process and procedures
37 that will be used before a school corporation is placed on the watch
38 list. The report must include what factors are considered in causing
39 a school corporation to be placed on the watch list under section 6
40 of this chapter, if there are critical fund issues that cause school
41 corporations to be on the watch list, and when the watch list will
42 become a public record.



1 (b) If the distressed unit appeal board finds that:

2 (1) a determination has been provided to the distressed unit
3 appeal board under IC 5-11-1-9(e) specifying that a corrective
4 action plan is appropriate for a school corporation; or

5 (2) the fiscal and qualitative indicators indicate that a
6 corrective action plan is appropriate for a school corporation;
7 the distressed unit appeal board shall initiate contact with the
8 chairperson of the governing body and the superintendent of the
9 school corporation and offer to provide technical assistance to the
10 school corporation.

11 (c) If the school corporation agrees to accept the technical
12 assistance, the distressed unit appeal board may form a technical
13 assistance team comprised of at least one (1) employee from each
14 of the following:

15 (1) The department of education.

16 (2) The state board of accounts.

17 (3) The department of local government finance.

18 (4) The distressed unit appeal board.

19 The distressed unit appeal board may also include on the team an
20 individual employed by the Indiana Association of School Business
21 Officials. If a technical assistance team is established, the distressed
22 unit appeal board shall name a team leader.

23 (d) A school corporation that accepts technical assistance shall
24 prepare a corrective action plan and submit the corrective action
25 plan to the technical assistance team within sixty (60) days of
26 accepting technical assistance.

27 (e) The technical assistance team shall review the school
28 corporation's corrective action plan and any other financial
29 information necessary to obtain a thorough understanding of the
30 school corporation's financial condition.

31 (f) The technical assistance team shall work with the school
32 corporation and provide a detailed report to the chairperson of the
33 governing body and the superintendent of the school corporation
34 of the team's findings on the school corporation's corrective action
35 plan and financial condition and recommended actions, including
36 whether additional or redirected resources are needed to carry out
37 the recommended actions. The corrective action plan shall be
38 included in the report. The team leader shall sign and verify the
39 report and the chairperson of the governing body and the
40 superintendent of the school corporation shall acknowledge receipt
41 of the report. The team leader shall provide the final report to the
42 distressed unit appeal board.



1 **(g) The technical assistance under this section may include the**
 2 **following:**

3 **(1) The creation of a technical assistance team.**

4 **(2) A thorough review of the financial condition of the school**
 5 **corporation by the team.**

6 **(3) Recommended actions that could be taken to improve the**
 7 **financial condition of the school corporation, including**
 8 **whether additional or redirected resources are needed to**
 9 **carry out the recommended actions.**

10 **(h) The technical assistance team is not responsible for**
 11 **implementing the corrective action plan or any findings in the**
 12 **report.**

13 **(i) All correspondence and other records related to the technical**
 14 **assistance team including its report and the school corporation's**
 15 **corrective action plan are confidential and not subject to public**
 16 **disclosure under IC 5-14-3 unless and until the school corporation**
 17 **is subsequently placed on the watch list under section 6 of this**
 18 **chapter. This subsection applies to correspondence and other**
 19 **records of both state agencies and the school corporation.**

20 **(j) The school corporation's governing body may meet in**
 21 **executive session to consider the offer for technical assistance,**
 22 **develop the corrective action plan, work with the technical**
 23 **assistance team, and receive the technical assistance team's report**
 24 **under this section.**

25 **Sec. 4. (a) The executive director of the distressed unit appeal**
 26 **board shall prepare a report identifying each school corporation**
 27 **whose financial condition indicates the potential to be placed on the**
 28 **watch list under section 6 of this chapter, based on the thresholds**
 29 **for financial impairment or distress identified by the fiscal and**
 30 **qualitative indicators committee. The distressed unit appeal board**
 31 **shall meet in executive session for discussions and determinations**
 32 **under this section.**

33 **(b) Before June 1 of each year, the executive director of the**
 34 **distressed unit appeal board shall present the report under**
 35 **subsection (a) to the distressed unit appeal board. The report or**
 36 **parts of the report prepared under this section for a school**
 37 **corporation and all correspondence and other records related to**
 38 **the report are confidential and not subject to public disclosure**
 39 **under IC 5-14-3 unless and until the school corporation is**
 40 **subsequently placed on the watch list under section 6 of this**
 41 **chapter.**

42 **Sec. 5. The distressed unit appeal board may enter into an**



1 agreement with a school corporation to develop a corrective action
2 plan if the distressed unit appeal board determines that the school
3 corporation shows signs of becoming fiscally impaired. An
4 agreement under this section is confidential and not subject to
5 public disclosure under IC 5-14-3 unless and until the school
6 corporation is subsequently placed on the watch list under section
7 6 of this chapter.

8 Sec. 6. (a) Before July 1, 2019, and July 1 of each year
9 thereafter, the distressed unit appeal board shall make a
10 determination of which schools are being placed on a watch list.
11 The distressed unit appeal board shall meet in executive session for
12 discussions and determinations under this section.

13 (b) The distressed unit appeal board may make a determination
14 to place a school corporation on the watch list only if the distressed
15 unit appeal board has, at least six (6) months before making the
16 determination, provided notice to the school corporation stating
17 that the distressed unit appeal board is considering making such a
18 determination. Before a school corporation is placed on a watch
19 list, the school corporation shall be given an opportunity to meet
20 with the executive director and the board in executive session to
21 share the individual circumstances of the school corporation. After
22 the board makes a determination to place the school corporation
23 on the watch list, the school corporation may file with the board an
24 appeal of the determination and request removal from the watch
25 list. Such an appeal must be filed not more than thirty (30) days
26 after the board makes the determination. The board must consider
27 and take action on any appeal not more than thirty (30) days after
28 the appeal is filed. Until the board has ruled on the appeal, the
29 school corporation may not be placed on the watch list.

30 (c) All correspondence and other records related to discussions
31 and determinations concerning whether a school corporation
32 should be placed on a watch list under this chapter are confidential
33 and not subject to public disclosure under IC 5-14-3 unless and
34 until the school corporation is subsequently placed on the watch
35 list under this section.

36 Sec. 7. Before August 1, 2019, and August 1 of each year
37 thereafter, the distressed unit appeal board shall provide the
38 report and watch list to the legislative council in an electronic
39 format under IC 5-14-6.

40 Sec. 8. (a) Notwithstanding sections 1 and 2 of this chapter, the
41 fiscal and qualitative indicators committee is established to make
42 the following determinations:



1 **(1) The determination of the fiscal and qualitative indicators**
 2 **to be used for evaluating the financial condition of each school**
 3 **corporation.**

4 **(2) The determination of the information that is to be**
 5 **presented on the management performance hub's Internet**
 6 **web site.**

7 **(3) The determination of how frequently to update:**

8 **(A) the fiscal and qualitative indicators being used to**
 9 **evaluate the financial condition of school corporations; and**

10 **(B) the presentation of information on the management**
 11 **performance hub's Internet web site.**

12 **Before making the determinations, the committee shall report its**
 13 **findings, recommendations, and procedures to the state budget**
 14 **committee.**

15 **(b) The members of the committee must be employees of, and**
 16 **appointed by, each of the following:**

17 **(1) The distressed unit appeal board.**

18 **(2) The department of education.**

19 **(3) The budget agency.**

20 **(4) The state board of accounts.**

21 **(5) The department of local government finance.**

22 **(6) The management performance hub.**

23 **In addition, a member of the Indiana Association of School**
 24 **Business Officials appointed by the Association's board of directors**
 25 **is a member of the committee.**

26 **(c) The member appointed by the distressed unit appeal board**
 27 **is the chairperson of the committee.**

28 **(d) Members serve at the pleasure of the appointing authority.**

29 **SECTION 18. IC 20-23-12-3, AS AMENDED BY P.L.179-2011,**
 30 **SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE**
 31 **JULY 1, 2018]: Sec. 3. (a) The emergency manager appointed by the**
 32 **distressed unit appeal board under IC 6-1.1-20.3 shall act as the**
 33 **governing body of the school corporation and has the powers and**
 34 **duties of the governing body of the school corporation. The school**
 35 **corporation shall also have an advisory board that consists of seven**
 36 **(7) members elected as follows:**

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

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

39 **The advisory board is created to provide nonbinding**
 40 **recommendations to the emergency manager.**

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



- 1 (1) is elected from the school district in which the member
 2 resides; and
 3 (2) upon election and in conducting the business of the governing
 4 body, represents the interests of the entire school corporation.
 5 (c) One (1) of the members elected:
 6 (1) is the at-large member of the governing body;
 7 (2) may reside in any of the districts drawn under section 4 of this
 8 chapter; and
 9 (3) upon election and in conducting the business of the governing
 10 body, represents the interests of the entire school corporation.
 11 **(d) A per diem may not be paid to a member.**
 12 **(e) The advisory board may hold a public meeting subject to the**
 13 **limits on the number of meetings set forth in IC 6-1.1-20.3-6.8(d).**
 14 **The advisory board is subject to IC 5-14-1.5 (the open door law)**
 15 **for these meetings. The advisory board may hold additional**
 16 **meetings that are authorized as executive sessions under**
 17 **IC 5-14-1.5 (the open door law) as provided in IC 5-14-1.5-6.1. The**
 18 **advisory board is subject to the public notice requirements of**
 19 **IC 5-14-1.5 (the open door law) for these additional meetings. The**
 20 **records of the advisory board are subject to IC 5-14-3 (access to**
 21 **public records).**
 22 SECTION 19. IC 20-23-12-5, AS AMENDED BY P.L.1-2006,
 23 SECTION 318, IS AMENDED TO READ AS FOLLOWS
 24 [EFFECTIVE JULY 1, 2018]: Sec. 5. (a) The six (6) members who are
 25 elected for a position on the ~~governing body~~ **advisory board** described
 26 under section 3(b) of this chapter are determined as follows:
 27 (1) Each prospective candidate must file a nomination petition
 28 with the board of elections and registration not earlier than one
 29 hundred four (104) days and not later than noon seventy-four (74)
 30 days before the election at which the members are to be elected
 31 that includes the following information:
 32 (A) The name of the prospective candidate.
 33 (B) The district in which the prospective candidate resides.
 34 (C) The signatures of at least one hundred (100) registered
 35 voters residing in the school corporation.
 36 (D) The fact that the prospective candidate is running for a
 37 district position.
 38 (E) A certification that the prospective candidate meets the
 39 qualifications for candidacy imposed by this chapter.
 40 (2) Only eligible voters residing in the district may vote for a
 41 candidate.
 42 (3) The candidate within each district who receives the greatest



- 1 number of votes in the district is elected.
- 2 (b) The at-large member elected under section 3(c) of this chapter
- 3 is determined as follows:
- 4 (1) Each prospective candidate must file a nomination petition
- 5 with the clerk of the circuit court at least seventy-four (74) days
- 6 before the election at which the at-large member is to be elected.
- 7 The petition must include the following information:
- 8 (A) The name of the prospective candidate.
- 9 (B) The signatures of at least one hundred (100) registered
- 10 voters residing within the school corporation.
- 11 (C) The fact that the prospective candidate is running for the
- 12 at-large position on the ~~governing body~~ **advisory board**.
- 13 (D) A certification that the prospective candidate meets the
- 14 qualifications for candidacy imposed by this chapter.
- 15 (2) Only eligible voters residing in the school corporation may
- 16 vote for a candidate.
- 17 (3) The candidate who:
- 18 (A) runs for the at-large position on the ~~governing body~~;
- 19 **advisory board**; and
- 20 (B) receives the greatest number of votes in the school
- 21 corporation;
- 22 is elected to the at-large position.
- 23 SECTION 20. IC 20-23-12-6, AS ADDED BY P.L.1-2005,
- 24 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 25 JULY 1, 2018]: Sec. 6. (a) A candidate who runs for a position on the
- 26 ~~governing body~~ **advisory board** described under section 3(b) of this
- 27 chapter must reside in the school corporation district for which the
- 28 candidate filed.
- 29 (b) A candidate who runs for the at-large position on the ~~governing~~
- 30 **body advisory board** described in section 3(c) of this chapter must
- 31 reside in the school corporation.
- 32 SECTION 21. IC 20-23-12-8, AS AMENDED BY P.L.219-2013,
- 33 SECTION 82, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 34 JULY 1, 2018]: Sec. 8. (a) The term of each person elected to serve on
- 35 the ~~governing body~~ **advisory board** is four (4) years.
- 36 (b) The term of each person elected to serve on the ~~governing body~~
- 37 **advisory board** begins on the date set in the school corporation's
- 38 organization plan. The date set in the organization plan for an elected
- 39 member of the ~~governing body~~ **advisory board** to take office may not
- 40 be more than fourteen (14) months after the date of the member's
- 41 election. If the school corporation's organization plan does not set a
- 42 date for an elected member of the ~~governing body~~ **advisory board** to



1 take office, the member takes office January 1 that immediately follows
2 the person's election.

3 SECTION 22. IC 20-23-12-10, AS ADDED BY P.L.1-2005,
4 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
5 JULY 1, 2018]: Sec. 10. (a) A vacancy on the ~~governing body~~ **advisory**
6 **board** is created when:

7 (1) a member:

8 (A) dies;

9 (B) resigns from the ~~governing body~~ **advisory board**;

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

11 (D) fails to attend, except for reason of chronic illness, six (6)
12 regularly scheduled meetings of the ~~governing body~~ **advisory**
13 **board** in any twelve (12) month period; or

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

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

17 (b) The ~~governing body~~ **advisory board** shall temporarily fill a
18 vacancy on the ~~governing body~~ **advisory board** as soon as practicable
19 after the vacancy occurs.

20 SECTION 23. IC 20-23-12-11, AS ADDED BY P.L.1-2005,
21 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
22 JULY 1, 2018]: Sec. 11. Before August 1 of each year, the school
23 corporation shall file with the state superintendent a list of the:

24 (1) names and addresses of members of the school corporation's
25 ~~governing body~~ **advisory board**;

26 (2) names and addresses of the school corporation's officers; and

27 (3) expiration dates of the terms of the school corporation's
28 members and officers.

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

31 SECTION 24. IC 20-23-18 IS ADDED TO THE INDIANA CODE
32 AS A **NEW CHAPTER** TO READ AS FOLLOWS [EFFECTIVE
33 UPON PASSAGE]:

34 **Chapter 18. Muncie Community School Corporation**

35 **Sec. 1. This chapter applies only to the Muncie Community**
36 **school corporation and only if the Ball State University board of**
37 **trustees adopts a resolution to take advantage of the relationship**
38 **between Ball State University and the Muncie Community school**
39 **corporation and to be governed by this chapter. The resolution**
40 **must be adopted before June 1, 2018.**

41 **Sec. 2. The general assembly finds that provisions of this**
42 **chapter:**



1 (1) are necessary to address unique issues faced by the Muncie
2 Community school corporation;

3 (2) are necessary to take advantage of the relationship
4 between Ball State University and the Muncie Community
5 school corporation; and

6 (3) are not precedent for and may not be appropriate for
7 issues faced by other school corporations.

8 Sec. 3. (a) Except as provided in subsection (c), the Muncie
9 Community school corporation is subject to all applicable federal
10 and state laws.

11 (b) If a provision of this chapter conflicts with any other law,
12 including IC 20-23-4, the provision in this chapter controls.

13 (c) Notwithstanding subsection (a), to provide all administrative
14 and academic flexibility to implement innovative strategies, the
15 Muncie Community school corporation is subject only to the
16 following IC 20 provisions:

17 (1) 20-26-5-10 (criminal history).

18 (2) IC 20-28-5-8 (conviction of certain felonies; notice and
19 hearing; permanent revocation of license; data base of school
20 employees who have been reported).

21 (3) IC 20-28-10-17 (school counselor immunity).

22 (4) IC 20-29 (collective bargaining) to the extent required by
23 subsection (e).

24 (5) IC 20-30-3-2 and IC 20-30-3-4 (patriotic commemorative
25 observances).

26 (6) The following:

27 (A) IC 20-30-5-0.5 (display of the United States flag;
28 Pledge of Allegiance).

29 (B) IC 20-30-5-1, IC 20-30-5-2, and IC 20-30-5-3 (the
30 constitutions of Indiana and the United States; writings,
31 documents, and records of American history or heritage).

32 (C) IC 20-30-5-4 (system of government; American
33 history).

34 (D) IC 20-30-5-6 (good citizenship instruction).

35 (7) IC 20-32-4, concerning graduation requirements.

36 (8) IC 20-32-5.1, concerning the Indiana's Learning
37 Evaluation Assessment Readiness Network (ILEARN)
38 program.

39 (9) IC 20-32-8.5 (IRead3).

40 (10) IC 20-33-2 (compulsory school attendance).

41 (11) IC 20-33-3 (limitations on employment of students).

42 (12) IC 20-33-8-16 (firearms and deadly weapons).



- 1 (13) IC 20-33-8-19, IC 20-33-8-21, and IC 20-33-8-22 (student
 2 due process and judicial review).
 3 (14) IC 20-33-7 (parental access to education records).
 4 (15) IC 20-33-9 (reporting of student violations of law).
 5 (16) IC 20-34-3 (health and safety measures).
 6 (17) IC 20-35, concerning special education.
 7 (18) IC 20-39 (accounting and financial reporting
 8 procedures).
 9 (19) IC 20-40 (government funds and accounts).
 10 (20) IC 20-41 (extracurricular funds and accounts).
 11 (21) IC 20-42 (fiduciary funds and accounts).
 12 (22) IC 20-42.5 (allocation of expenditures to student
 13 instruction and learning).
 14 (23) IC 20-43 (state tuition support).
 15 (24) IC 20-44 (property tax levies).
 16 (25) IC 20-46 (levies other than general fund levies).
 17 (26) IC 20-47 (related entities; holding companies; lease
 18 agreements).
 19 (27) IC 20-48 (borrowing and bonds).
 20 (28) IC 20-49 (state management of common school funds;
 21 state advances and loans).
 22 (29) IC 20-50 (concerning homeless children and foster care
 23 children).

24 (d) The Muncie Community school corporation is subject to
 25 required audits by the state board of accounts under IC 5-11-1-9.

26 (e) Except to the extent required under a collective bargaining
 27 agreement entered into before July 1, 2018, the Muncie
 28 Community school corporation is not subject to IC 20-29 unless the
 29 school corporation voluntarily recognizes an exclusive
 30 representative under IC 20-29-5-2. If the school corporation
 31 voluntarily recognizes an exclusive representative under
 32 IC 20-29-5-2, the school corporation may authorize a school within
 33 the corporation to opt out of bargaining allowable subjects or
 34 discussing discussion items by specifying the excluded items on the
 35 notice required under IC 20-29-5-2(b). The notice must be
 36 provided to the education employment relations board at the time
 37 the notice is posted.

38 Sec. 4. If the Ball State University board of trustees adopts a
 39 resolution to take advantage of the relationship between Ball State
 40 University and the Muncie Community school corporation and be
 41 governed by this chapter, the distressed unit appeal board shall
 42 terminate Muncie Community school corporation's designation as



1 a distressed political subdivision by July 1, 2018.

2 Sec. 5. (a) Consistent with IC 20-23-4-26, the Muncie
3 Community school corporation retains all of the characteristics of
4 a community school corporation.

5 (b) The governing body of the Muncie Community school
6 corporation has all the powers, rights, duties, and obligations of a
7 community school corporation.

8 (c) For the purposes of annual budgeting, IC 6-1.1-17-20 does
9 not apply to the governing body. The governing body is considered
10 a governing body with the majority of members elected for the
11 purposes of annual budgeting.

12 Sec. 6. (a) If the Ball State University board of trustees adopts
13 a resolution to take advantage of the relationship between Ball
14 State University and the Muncie Community school corporation
15 and be governed by this chapter, the following apply:

16 (1) Beginning July 1, 2018, the governing body of the Muncie
17 Community school corporation consists of seven (7) members.

18 (2) The members of the governing body consist of the
19 following:

20 (A) Five (5) members shall be appointed by the Ball State
21 University board of trustees from individuals nominated
22 by the President of Ball State University. At least two (2)
23 of the individuals appointed under this clause must reside
24 within the boundaries of the Muncie Community school
25 corporation district.

26 (B) One (1) member shall be appointed by the President of
27 Ball State University from a list of three (3) individuals
28 nominated by the Muncie city council. These individuals
29 must reside within the boundaries of the Muncie
30 Community school corporation district. This clause expires
31 June 30, 2022.

32 (C) One (1) member shall be appointed by the President of
33 Ball State University from a list of three (3) individuals
34 nominated by the mayor of Muncie. These individuals
35 must reside within the boundaries of the Muncie
36 Community school corporation district. This clause expires
37 June 30, 2022.

38 (D) Beginning July 1, 2022, two (2) members who:

39 (i) may reside anywhere within the boundaries of the
40 Muncie Community school corporation; and

41 (ii) shall be elected at-large by all registered voters living
42 within the Muncie Community school corporation voting



- 1 at the governing body member election, as provided in
 2 subdivision (3).
 3 **In making the appointments under this subdivision, the Ball
 4 State University board of trustees and the President of Ball
 5 State University shall strive to ensure that the members
 6 appointed to the governing body reflect the geographical and
 7 socioeconomic composition of the Muncie Community school
 8 corporation district.**
 9 **(3) The following apply to the members elected under
 10 subdivision (2)(D):**
 11 **(A) The members are elected at the primary election to be
 12 held in 2022 and every four (4) years thereafter.**
 13 **(B) The two (2) candidates who receive the greatest
 14 number of votes of all at-large candidates are elected.**
 15 **(C) Each member's term is four (4) years, beginning July
 16 1 of the year in which the member is elected and expiring
 17 June 30 of the fourth year thereafter.**
 18 **(4) The terms of office of the members appointed under
 19 subdivisions (2)(B) and (2)(C) expire on June 30, 2022.**
 20 **(5) The governing body serving on June 30, 2018, shall
 21 become on July 1, 2018, an advisory board to the governing
 22 body described in subdivision (2). The members of the
 23 governing body serving on June 30, 2018, shall on July 1,
 24 2018, become the members of the advisory board. Each
 25 member shall serve on the advisory board until the term for
 26 which the member was elected before July 1, 2018, expires.
 27 When the terms of all members of the advisory board have
 28 expired, the advisory board is abolished. The advisory board
 29 does not possess any of the powers and duties of the governing
 30 body. A member of the advisory board is not entitled to any
 31 compensation for serving on the advisory board.**
 32 **(6) The terms for the initial members of the governing body
 33 are as follows:**
 34 **(A) One (1) member appointed under subdivision (2)(A)
 35 shall serve an initial term of one (1) year.**
 36 **(B) One (1) member appointed under subdivision (2)(A)
 37 shall serve an initial term of two (2) years.**
 38 **(C) One (1) member appointed under subdivision (2)(A)
 39 shall serve an initial term of three (3) years.**
 40 **(D) Two (2) members appointed under subdivision (2)(A)
 41 and each member appointed under subdivision (2)(B) and
 42 (2)(C) shall serve an initial term of four (4) years.**



- 1 **Except as provided in subdivision (4), after these initial terms,**
2 **each member's term is four (4) years. A member's term**
3 **expires June 30 in the applicable year.**
- 4 **(b) A member of the governing body serves at the pleasure of**
5 **the appointing authority.**
- 6 **(c) Before making appointments to the governing body under**
7 **this section, the Ball State University board of trustees shall adopt**
8 **a policy prohibiting nepotism and a policy prohibiting conflicts of**
9 **interest with regard to the appointment of members of the**
10 **governing body by the Ball State University board of trustees and**
11 **the President of Ball State University.**
- 12 **Sec. 7. The Muncie Community school corporation shall engage**
13 **academically innovative strategies for:**
- 14 **(1) developing, testing, and evaluating new methods of**
15 **instruction and materials;**
- 16 **(2) comparing new methods with conventional methods in use;**
17 **and**
- 18 **(3) training teachers in new methods of instruction and**
19 **materials, as is found acceptable.**
- 20 **Sec. 8. The Muncie Community school corporation may not**
21 **receive a decrease in state funding based solely upon the Muncie**
22 **Community school corporation's status as a distressed school**
23 **corporation under IC 6-1.1-20.3 or solely because of the**
24 **implementation of a waiver of a statute or rule that is allowed to be**
25 **waived by the Muncie Community school corporation.**
- 26 **Sec. 9. Not later than June 30, 2020, the governing body of the**
27 **Muncie Community school corporation shall provide to the**
28 **distressed unit appeal board, the state superintendent of public**
29 **instruction, and the Indiana commissioner for higher education a**
30 **report on the plan for the long term fiscal viability and academic**
31 **innovation of the Muncie Community school corporation. The plan**
32 **must include goals, metrics, and benchmarks for evaluating the**
33 **effectiveness of the plan.**
- 34 **Sec. 10. (a) Not later than October 31, 2021, and by October 31**
35 **in each subsequent year, the governing body of the Muncie**
36 **Community school corporation shall provide a report to the**
37 **chairperson of the distressed unit appeal board, the superintendent**
38 **of public instruction, and the Indiana commissioner for higher**
39 **education.**
- 40 **(b) The report required in subsection (a) must outline the**
41 **following:**
- 42 **(1) Progress toward goals, metrics, and benchmarks**



1 concerning fiscal viability and academic innovation.

2 (2) Innovative methods of instruction being used in the
3 Muncie Community school corporation.

4 (3) A comparison of the results obtained by the innovative
5 methods of instruction with conventional methods of
6 instruction.

7 (4) Any recommendations concerning the innovative methods
8 of instruction and their general applicability for public
9 schools.

10 Sec. 11. If Ball State University enters into a contract with the
11 Muncie Community school corporation in an amount that exceeds
12 twenty-five thousand dollars (\$25,000), the contract must be
13 reviewed and approved by the distressed unit appeal board.

14 Sec. 12. (a) The president of Ball State University, the members
15 of the Ball State University board of trustees, and any other officer
16 or employee of Ball State University are immune from civil liability
17 for actions taken by the governing body of the Muncie Community
18 school corporation or any action taken under the authority of this
19 chapter. This subsection does not apply to any officers or
20 employees of the university insofar as they are acting as a member
21 of the governing body of the school corporation.

22 (b) The governing body of the Muncie Community school
23 corporation may provide:

24 (1) for the defense of persons described in subsection (a) in
25 any suit arising out of the performance of the person's duties
26 for, or employment with, the state educational institution, if
27 the governing body, by resolution, determines that the action
28 was taken in good faith; and

29 (2) for protecting any person described in subsection (a) from
30 any liability, cost, or damage in connection with the
31 performance of the person's duties for, or employment with,
32 the governing body, including the payment of any legal fees,
33 except when the liability, cost, or damage is:

34 (A) predicated on, or arises out of, the bad faith of the
35 person; or

36 (B) based on the person's malfeasance in office or
37 employment.

38 Sec. 13. (a) During the period beginning July 1, 2018, and
39 ending June 30, 2022, the distressed unit appeal board shall
40 provide financial support to the Muncie Community school
41 corporation in an amount that does not exceed the amount of
42 compensation that would have been provided to an emergency



1 **manager of the Muncie Community school corporation if the**
 2 **school corporation had retained the designation of a distressed**
 3 **political subdivision.**

4 **(b) Any financial assistance provided under subsection (a) shall**
 5 **be provided directly to the school corporation.**

6 SECTION 25. IC 20-26-7-1, AS AMENDED BY P.L.217-2017,
 7 SECTION 100, AND AS AMENDED BY P.L.241-2017, SECTION
 8 17, IS CORRECTED AND AMENDED TO READ AS FOLLOWS
 9 [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) As used in this section,
 10 "charter school" has the meaning set forth in IC 20-24-1-4 and includes
 11 a group or entity seeking approval from an authorizer to operate a
 12 charter school under IC 20-24-3.

13 (b) Except as otherwise provided in this section, if a governing body
 14 of a school corporation determines that any real or personal property:

15 (1) is no longer needed for school purposes; or

16 (2) should, in the interests of the school corporation, be
 17 exchanged for other property;

18 the governing body may sell or exchange the property in accordance
 19 with IC 36-1-11.

20 (c) Money derived from the sale or exchange of property under this
 21 section shall be placed in any school fund:

22 (1) established under applicable law; and

23 (2) that the governing body considers appropriate.

24 (d) A governing body may not make a covenant that prohibits the
 25 sale of real property to another educational institution.

26 (e) This subsection does not apply to a school building that on July
 27 1, 2011, is leased or loaned by the school corporation that owns the
 28 school building to another entity, if the entity is not a building
 29 corporation or other entity that is related in any way to, or created by,
 30 the school corporation or the governing body. Except as provided in
 31 subsections (k) through ~~(o)~~; **(q)**, a governing body shall make available
 32 for lease or purchase to any charter school any school building owned
 33 by the school corporation or any other entity that is related in any way
 34 to, or created by, the school corporation or the governing body,
 35 including but not limited to a building corporation, that:

36 (1) either:

37 (A) is not used in whole or in part for classroom instruction at
 38 the time the charter school seeks to lease the building; or

39 (B) appears on the list compiled by the department under
 40 subsection (f); and

41 (2) was previously used for classroom instruction;

42 in order for the charter school to conduct classroom instruction.



1 (f) Not later than August 1 each calendar year, each governing body
2 shall inform the department if a school building that was previously
3 used for classroom instruction is closed, unused, or unoccupied. The
4 department shall maintain a list of closed, unused, or unoccupied
5 school buildings and make the list available on the department's
6 Internet web site. Each school corporation shall provide a list of closed,
7 unused, or unoccupied buildings to the department by the date set by
8 the department. The department must update the list not later than
9 fifteen (15) days after being notified of a closed, unused, or unoccupied
10 building.

11 (g) A school building that appears for the first time on the
12 department's list under subsection (f) shall be designated as
13 "Unavailable until (a date two (2) years after the school building first
14 appears on the list)" **if the school corporation meets the criteria set**
15 **forth in subsection (q) or** if the governing body of the school
16 corporation that owns the school building indicates to the department,
17 on a form prescribed by the department, that the school building may
18 be reclaimed during that period for classroom instruction. If a
19 governing body does not indicate that a school building may be
20 reclaimed, the governing body shall designate the school building as
21 "Available" on the department's list. The governing body may change
22 the designation of a building from unavailable to available at any time.
23 *If the designation of a school building is "Available" on the*
24 *department's list, the governing body of the school corporation that*
25 *owns the school building may reclaim the school building for*
26 *classroom instruction at any time before the submission of a letter of*
27 *intent by a charter school under subsection (h) by indicating to the*
28 *department, on a form prescribed by the department, that the school*
29 *desires to reclaim the building for classroom instruction. The*
30 *department shall remove the school building from the department's list*
31 *under subsection (f). If a school building ~~that is designated as~~*
32 *~~unavailable on the department's list~~ remains unused for classroom*
33 *instruction one (1) year after being reclaimed under this subsection, the*
34 *governing body shall designate the school building as "Available" on*
35 *the department's list. A governing body may reclaim a school building*
36 *only one (1) time under this subsection.*

37 (h) If a charter school wishes to use a school building on the list
38 created under subsection (f), the charter school shall send a letter of
39 intent to the department. Within thirty (30) days after receiving a letter
40 from a charter school, the department shall notify the school
41 corporation of the charter school's intent, and, within thirty (30) days
42 after receiving notification from the department, the school corporation



1 that owns the school building shall lease the school building to the
 2 charter school for one dollar (\$1) per year for as long as the charter
 3 school uses the school building for classroom instruction or for a term
 4 at the charter school's discretion, or sell the school building to the
 5 charter school for one dollar (\$1). The charter school must begin to use
 6 the school building for classroom instruction not later than two (2)
 7 years after acquiring the school building. If the school building is not
 8 used for classroom instruction within two (2) years after acquiring the
 9 school building, the school building shall be placed on the department's
 10 list under subsection (f). If during the term of the lease the charter
 11 school closes or ceases using the school building for classroom
 12 instruction, the school building shall be placed on the department's list
 13 under subsection (f). If a school building is sold to a charter school
 14 under this subsection and the charter school or any entity related to the
 15 charter school subsequently sells or transfers the school building to a
 16 third party, the charter school or related entity must transfer an amount
 17 equal to the gain in the property minus the adjusted basis (including
 18 costs of improvements to the school building) to the school corporation
 19 that initially sold the vacant school building to the charter school. Gain
 20 and adjusted basis shall be determined in the manner prescribed by the
 21 Internal Revenue Code and the applicable Internal Revenue Service
 22 regulations and guidelines.

23 (i) During the term of a lease under subsection (h), the charter
 24 school is responsible for the direct expenses related to the school
 25 building leased, including utilities, insurance, maintenance, repairs,
 26 and remodeling. The school corporation is responsible for any debt
 27 incurred for or liens that attached to the school building before the
 28 charter school leased the school building.

29 (j) *Notwithstanding anything to the contrary in this section, and*
 30 *With the sole exception of a waiver provided in subsection (n), this*
 31 *section, when a school building is designated as "Available" under*
 32 *subsection (g), the school building must remain designated as*
 33 *"Available", unless it is reclaimed under subsection (g), and may not*
 34 *be sold or otherwise disposed of for at least two (2) years. When the*
 35 *two (2) year period has elapsed, the school corporation may sell or*
 36 *otherwise dispose of the school building in accordance with*
 37 *IC 36-1-11.*

38 (k) Notwithstanding subsection (e), a governing body may request
 39 a waiver from the department from the requirements of subsection (e).
 40 In order for a governing body to receive a waiver under subsection (n),
 41 the governing body must apply to the department, on a form prescribed
 42 by the department, for the waiver. The application must include a



1 statement that the governing body believes that a charter school would
 2 not be interested in leasing or purchasing the vacant or unused school
 3 building.

4 (l) If the department receives a waiver request under subsection (k),
 5 the department, within five (5) days after receiving the waiver request
 6 under subsection (k), shall notify each charter school authorizer and
 7 statewide organization representing charter schools in Indiana by
 8 certified mail of the waiver request received under subsection (k). The
 9 notice must include a copy of the governing body's waiver request.

10 (m) Not later than thirty (30) days after a charter school authorizer
 11 or statewide organization representing charter schools in Indiana
 12 receives a notice described in subsection (l), the charter school
 13 authorizer or a statewide organization representing charter schools may
 14 submit a qualified objection to the governing body's request for a
 15 waiver under subsection (k). The qualified objection must be submitted
 16 to the department in writing. In order for an objection to be considered
 17 a qualified objection by the department, the objection must include:

18 (1) the name of the charter school that is interested in leasing or
 19 purchasing the vacant or unused school building; and

20 (2) a time frame, which may not exceed one (1) year from the date
 21 of the objection, in which the charter school intends to begin
 22 providing classroom instruction in the vacant or unused school
 23 building.

24 (n) If the department receives a qualified objection under subsection
 25 (m), the vacant or unused school building shall remain on the
 26 department's list under subsection (f) with the designation with which
 27 the building is listed under subsection (g) at the time the department
 28 receives the waiver request. If the department does not receive a
 29 qualified objection, the department shall grant the governing body's
 30 request for a waiver. A governing body that receives a waiver under
 31 this subsection may sell or otherwise dispose of the unused or vacant
 32 school building in accordance with IC 36-1-11.

33 *(o) The governing body of the School City of East Chicago school*
 34 *corporation may request a waiver from the department from the*
 35 *requirements of subsection (e) for the Carrie Gosch Elementary School*
 36 *building. If requested, the department shall grant the waiver. To*
 37 *receive the waiver, the governing body must apply to the department*
 38 *on a form prescribed by the department.*

39 ~~(o)~~ **(p)** *An emergency manager of a distressed school corporation*
 40 *under IC 6-1.1-20.3 or a fiscally impaired school corporation under*
 41 *IC 6-1.1-20.3 may sell an existing school building without complying*
 42 *with the requirements of subsection (e).*



1 **(q) The governing body of a school corporation under IC 20-25**
 2 **in which ten percent (10%) or more of the school buildings are**
 3 **occupied in whole or part by:**

4 **(1) one (1) or more innovation network schools under**
 5 **IC 20-25.7-4;**

6 **(2) one (1) or more innovation network charter schools under**
 7 **IC 20-25.7-5; or**

8 **(3) any combination of innovation network schools under**
 9 **IC 20-25.7-4 and innovation network charter schools under**
 10 **IC 20-25.7-5;**

11 **may sell a closed, unused, or unoccupied school building under**
 12 **IC 36-1-11 during the two (2) year period that the school building**
 13 **is designated as "Unavailable" under subsection (g).**

14 SECTION 26. IC 20-26-7-1, AS AMENDED BY P.L.217-2017,
 15 SECTION 100, AS AMENDED BY P.L.241-2017, SECTION 17,
 16 AND AS AMENDED BY P.L.244-2017, SECTION 46, IS
 17 CORRECTED AND AMENDED TO READ AS FOLLOWS
 18 [EFFECTIVE JANUARY 1, 2019]: Sec. 1. (a) As used in this section,
 19 "charter school" has the meaning set forth in IC 20-24-1-4 and includes
 20 a group or entity seeking approval from an authorizer to operate a
 21 charter school under IC 20-24-3.

22 (b) Except as otherwise provided in this section, if a governing body
 23 of a school corporation determines that any real or personal property:

24 (1) is no longer needed for school purposes; or

25 (2) should, in the interests of the school corporation, be
 26 exchanged for other property;

27 the governing body may sell or exchange the property in accordance
 28 with IC 36-1-11.

29 (c) Money derived from the sale or exchange of property under this
 30 section shall be placed in ~~any~~ the school corporation's operations fund.

31 ~~(1) established under applicable law; and~~

32 ~~(2) that the governing body considers appropriate.~~

33 (d) A governing body may not make a covenant that prohibits the
 34 sale of real property to another educational institution.

35 (e) This subsection does not apply to a school building that on July
 36 1, 2011, is leased or loaned by the school corporation that owns the
 37 school building to another entity, if the entity is not a building
 38 corporation or other entity that is related in any way to, or created by,
 39 the school corporation or the governing body. Except as provided in
 40 subsections (k) through ~~(n)~~; ~~(o)~~; ~~(p)~~; **(q)**, a governing body shall make
 41 available for lease or purchase to any charter school any school
 42 building owned by the school corporation or any other entity that is



1 related in any way to, or created by, the school corporation or the
 2 governing body, including but not limited to a building corporation,
 3 that:

4 (1) either:

5 (A) is not used in whole or in part for classroom instruction at
 6 the time the charter school seeks to lease the building; or

7 (B) appears on the list compiled by the department under
 8 subsection (f); and

9 (2) was previously used for classroom instruction;

10 in order for the charter school to conduct classroom instruction.

11 (f) Not later than August 1 each calendar year, each governing body
 12 shall inform the department if a school building that was previously
 13 used for classroom instruction is closed, unused, or unoccupied. The
 14 department shall maintain a list of closed, unused, or unoccupied
 15 school buildings and make the list available on the department's
 16 Internet web site. Each school corporation shall provide a list of closed,
 17 unused, or unoccupied buildings to the department by the date set by
 18 the department. The department must update the list not later than
 19 fifteen (15) days after being notified of a closed, unused, or unoccupied
 20 building.

21 (g) A school building that appears for the first time on the
 22 department's list under subsection (f) shall be designated as
 23 "Unavailable until (a date two (2) years after the school building first
 24 appears on the list)" **if the school corporation meets the criteria set**
 25 **forth in subsection (q) or** if the governing body of the school
 26 corporation that owns the school building indicates to the department,
 27 on a form prescribed by the department, that the school building may
 28 be reclaimed during that period for classroom instruction. If a
 29 governing body does not indicate that a school building may be
 30 reclaimed, the governing body shall designate the school building as
 31 "Available" on the department's list. The governing body may change
 32 the designation of a building from unavailable to available at any time.
 33 *If the designation of a school building is "Available" on the*
 34 *department's list, the governing body of the school corporation that*
 35 *owns the school building may reclaim the school building for*
 36 *classroom instruction at any time before the submission of a letter of*
 37 *intent by a charter school under subsection (h) by indicating to the*
 38 *department, on a form prescribed by the department, that the school*
 39 *desires to reclaim the building for classroom instruction. The*
 40 *department shall remove the school building from the department's list*
 41 *under subsection (f). If a school building ~~that is designated as~~*
 42 *unavailable on the department's list* remains unused for classroom



1 instruction one (1) year after being reclaimed under this subsection, the
 2 governing body shall designate the school building as "Available" on
 3 the department's list. A governing body may reclaim a school building
 4 only one (1) time under this subsection.

5 (h) If a charter school wishes to use a school building on the list
 6 created under subsection (f), the charter school shall send a letter of
 7 intent to the department. Within thirty (30) days after receiving a letter
 8 from a charter school, the department shall notify the school
 9 corporation of the charter school's intent, and, within thirty (30) days
 10 after receiving notification from the department, the school corporation
 11 that owns the school building shall lease the school building to the
 12 charter school for one dollar (\$1) per year for as long as the charter
 13 school uses the school building for classroom instruction or for a term
 14 at the charter school's discretion, or sell the school building to the
 15 charter school for one dollar (\$1). The charter school must begin to use
 16 the school building for classroom instruction not later than two (2)
 17 years after acquiring the school building. If the school building is not
 18 used for classroom instruction within two (2) years after acquiring the
 19 school building, the school building shall be placed on the department's
 20 list under subsection (f). If during the term of the lease the charter
 21 school closes or ceases using the school building for classroom
 22 instruction, the school building shall be placed on the department's list
 23 under subsection (f). If a school building is sold to a charter school
 24 under this subsection and the charter school or any entity related to the
 25 charter school subsequently sells or transfers the school building to a
 26 third party, the charter school or related entity must transfer an amount
 27 equal to the gain in the property minus the adjusted basis (including
 28 costs of improvements to the school building) to the school corporation
 29 that initially sold the vacant school building to the charter school. Gain
 30 and adjusted basis shall be determined in the manner prescribed by the
 31 Internal Revenue Code and the applicable Internal Revenue Service
 32 regulations and guidelines.

33 (i) During the term of a lease under subsection (h), the charter
 34 school is responsible for the direct expenses related to the school
 35 building leased, including utilities, insurance, maintenance, repairs,
 36 and remodeling. The school corporation is responsible for any debt
 37 incurred for or liens that attached to the school building before the
 38 charter school leased the school building.

39 (j) *Notwithstanding anything to the contrary in this section, and*
 40 *With the sole exception of a waiver provided in subsection (n), this*
 41 *section, when a school building is designated as "Available" under*
 42 *subsection (g), the school building must remain designated as*



1 "Available", *unless it is reclaimed under subsection (g)*, and may not
2 be sold or otherwise disposed of for at least two (2) years. When the
3 two (2) year period has elapsed, the school corporation may sell or
4 otherwise dispose of the school building in accordance with
5 IC 36-1-11.

6 (k) Notwithstanding subsection (e), a governing body may request
7 a waiver from the department from the requirements of subsection (e).
8 In order for a governing body to receive a waiver under subsection (n),
9 the governing body must apply to the department, on a form prescribed
10 by the department, for the waiver. The application must include a
11 statement that the governing body believes that a charter school would
12 not be interested in leasing or purchasing the vacant or unused school
13 building.

14 (l) If the department receives a waiver request under subsection (k),
15 the department, within five (5) days after receiving the waiver request
16 under subsection (k), shall notify each charter school authorizer and
17 statewide organization representing charter schools in Indiana by
18 certified mail of the waiver request received under subsection (k). The
19 notice must include a copy of the governing body's waiver request.

20 (m) Not later than thirty (30) days after a charter school authorizer
21 or statewide organization representing charter schools in Indiana
22 receives a notice described in subsection (l), the charter school
23 authorizer or a statewide organization representing charter schools may
24 submit a qualified objection to the governing body's request for a
25 waiver under subsection (k). The qualified objection must be submitted
26 to the department in writing. In order for an objection to be considered
27 a qualified objection by the department, the objection must include:

28 (1) the name of the charter school that is interested in leasing or
29 purchasing the vacant or unused school building; and

30 (2) a time frame, which may not exceed one (1) year from the date
31 of the objection, in which the charter school intends to begin
32 providing classroom instruction in the vacant or unused school
33 building.

34 (n) If the department receives a qualified objection under subsection
35 (m), the vacant or unused school building shall remain on the
36 department's list under subsection (f) with the designation with which
37 the building is listed under subsection (g) at the time the department
38 receives the waiver request. If the department does not receive a
39 qualified objection, the department shall grant the governing body's
40 request for a waiver. A governing body that receives a waiver under
41 this subsection may sell or otherwise dispose of the unused or vacant
42 school building in accordance with IC 36-1-11.



1 (o) *The governing body of the School City of East Chicago school*
 2 *corporation may request a waiver from the department from the*
 3 *requirements of subsection (e) for the Carrie Gosch Elementary School*
 4 *building. If requested, the department shall grant the waiver. To*
 5 *receive the waiver, the governing body must apply to the department*
 6 *on a form prescribed by the department.*

7 ~~(p)~~ (p) *An emergency manager of a distressed school corporation*
 8 *under IC 6-1.1-20.3 or a fiscally impaired school corporation under*
 9 *IC 6-1.1-20.3 may sell an existing school building without complying*
 10 *with the requirements of subsection (e).*

11 **(q) The governing body of a school corporation under IC 20-25**
 12 **in which ten percent (10%) or more of the school buildings are**
 13 **occupied in whole or part by:**

14 **(1) one (1) or more innovation network schools under**
 15 **IC 20-25.7-4;**

16 **(2) one (1) or more innovation network charter schools under**
 17 **IC 20-25.7-5; or**

18 **(3) any combination of innovation network schools under**
 19 **IC 20-25.7-4 and innovation network charter schools under**
 20 **IC 20-25.7-5;**

21 **may sell a closed, unused, or unoccupied school building under**
 22 **IC 36-1-11 during the two (2) year period that the school building**
 23 **is designated as "Unavailable" under subsection (g).**

24 SECTION 27. IC 20-28-7.5-2, AS AMENDED BY P.L.208-2017,
 25 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 26 JULY 1, 2018]: Sec. 2. (a) Before a teacher's contract is canceled, the
 27 teacher has the following rights:

28 (1) The principal or superintendent shall notify the teacher of the
 29 principal's or superintendent's preliminary decision. The
 30 notification must be:

31 (A) in writing; and

32 (B) delivered in person or mailed by registered or certified
 33 mail to the teacher at the teacher's last known address.

34 (2) The notice in subdivision (1) must include a written statement,
 35 subject to IC 5-14-3-4, giving the reasons for the preliminary
 36 decision.

37 (3) Notification due to a reduction in force must be delivered
 38 between May 1 and July 1.

39 **However, in the case of a school corporation that is a distressed**
 40 **political subdivision under IC 6-1.1-20.3, IC 6-1.1-20.3-16 applies**
 41 **to the cancellation of a teacher's contract instead of this section.**

42 (b) For a cancellation of a teacher's contract for a reason other than



1 a reduction in force, the notice required under subsection (a)(1) must
 2 inform the teacher that, not later than five (5) days after the teacher's
 3 receipt of the notice, the teacher may request a private conference with
 4 the superintendent or the assistant superintendent. The superintendent
 5 or the assistant superintendent, as applicable, must set the requested
 6 meeting not later than ten (10) days after the request.

7 (c) At the conference between the superintendent or the assistant
 8 superintendent, as applicable, and the teacher, the teacher may be
 9 accompanied by a representative.

10 (d) After the conference between the superintendent or the assistant
 11 superintendent, as applicable, and the teacher, the superintendent or the
 12 assistant superintendent, whoever attended the conference, shall make
 13 a written recommendation to the governing body of the school
 14 corporation regarding the cancellation of the teacher's contract.

15 (e) If the teacher does not request a conference under subsection (b),
 16 the principal's or superintendent's preliminary decision is considered
 17 final.

18 (f) If a probationary, professional, or established teacher files a
 19 request with the governing body for an additional private conference
 20 not later than five (5) days after the initial private conference with the
 21 superintendent or the assistant superintendent, as applicable, the
 22 teacher is entitled to an additional private conference with the
 23 governing body before the governing body makes a final decision. The
 24 final decision must be in writing and must be made not more than thirty
 25 (30) days after the governing body receives the teacher's request for the
 26 additional private conference. At the private conference the governing
 27 body shall do the following:

28 (1) Allow the teacher to present evidence to refute the reason or
 29 reasons for contract cancellation and supporting evidence
 30 provided by the school corporation. Any evidence presented at the
 31 private conference must have been exchanged by the parties at
 32 least seven (7) days before the private conference.

33 (2) Consider whether a preponderance of the evidence supports
 34 the cancellation of the teacher's contract.

35 SECTION 28. IC 20-29-2-6, AS AMENDED BY P.L.48-2011,
 36 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 37 JULY 1, 2018]: Sec. 6. "Deficit financing" for a budget year:

38 (1) means, **except as provided in subdivision (2)**, actual
 39 expenditures exceeding the employer's current year actual general
 40 fund revenue; **or**

41 (2) means, **in the case of any distressed school corporation, the**
 42 **Gary Community school corporation, or the Muncie**



1 **Community school corporation:**

2 **(A) actual expenditures; plus**

3 **(B) additional payments against any outstanding debt**
 4 **obligations;**

5 **exceeding the employer's current year actual general fund**
 6 **revenue.**

7 SECTION 29. IC 20-29-2-6, AS AMENDED BY P.L.48-2011,
 8 SECTION 7, AND P.L.244-2017, SECTION 55, IS AMENDED TO
 9 READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2019]: Sec. 6.
 10 "Deficit financing" for a budget year:

11 **(1) means, except as provided in subdivision (2), actual**
 12 **expenditures exceeding the employer's current year actual**
 13 **education fund revenue and, for a school employer for which the**
 14 **voters have passed an operating referendum tax levy under**
 15 **IC 20-46-1, the amount of revenue certified by the department of**
 16 **local government finance; or**

17 **(2) means, in the case of any distressed school corporation, the**
 18 **Gary Community school corporation, or the Muncie**
 19 **Community school corporation, actual expenditures plus**
 20 **additional payments against any outstanding debt obligations**
 21 **exceeding the employer's current year actual education fund**
 22 **revenue, and, for a school employer for which the voters have**
 23 **passed an operating referendum tax levy under IC 20-46-1,**
 24 **the amount of revenue certified by the department of local**
 25 **government finance.**

26 Revenue does not include money estimated to be or actually transferred
 27 from the school corporation's operations fund to its education fund.

28 SECTION 30. IC 34-30-2-84.8 IS ADDED TO THE INDIANA
 29 CODE AS A NEW SECTION TO READ AS FOLLOWS
 30 [EFFECTIVE JULY 1, 2018]: **Sec. 84.8. IC 20-23-18-12 (Concerning**
 31 **Ball State University and the Muncie Community school**
 32 **corporation).**

33 SECTION 31. [EFFECTIVE UPON PASSAGE] **(a)**
 34 **Notwithstanding:**

35 **(1) the designation of the Gary Community School**
 36 **Corporation as a distressed political subdivision under**
 37 **IC 6-1.1-20.3; and**

38 **(2) the appointment of an emergency manager to assume the**
 39 **power, authority, and responsibilities of the executive and**
 40 **fiscal body of the Gary Community School Corporation;**
 41 **the governing body, rather than the emergency manager, shall**
 42 **exercise the power to fill a vacancy on the governing body.**



1 **(b) This SECTION expires June 30, 2018.**
2 **SECTION 32. An emergency is declared for this act.**



COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1315, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 4, line 37, delete "adopt a resolution to".

Page 4, line 37, delete "authority" and insert "**duty, authority**".

Page 5, line 34, strike "meet" and insert "**hold a public meeting**".

Page 5, line 34, delete "six" and insert "**three (3)**".

Page 5, line 35, delete "(6)".

Page 5, line 35, delete "meeting" and insert "**forum to provide an update on the Gary Community school corporation**".

Page 7, line 28, strike "(1) One (1) member appointed by the".

Page 7, line 28, delete "distressed".

Page 7, delete line 29.

Page 7, line 30, strike "(2)" and insert "**(1)**".

Page 7, line 31, strike "(3)" and insert "**(2)**".

Page 7, line 34, strike "(4)" and insert "**(3)**".

Page 8, delete lines 17 through 18, begin a new line block indented and insert:

"(3) A member of the ~~governing body~~ **advisory committee** may not serve as a member of the fiscal management board."

Page 8, line 19, reset in roman "(4)".

Page 8, line 19, delete "(3)".

Page 8, line 24, reset in roman "(5)".

Page 8, line 24, delete "(4)".

Page 8, line 27, reset in roman "(6)".

Page 8, line 27, delete "(5)".

Page 8, line 32, reset in roman "(7)".

Page 8, line 32, delete "(6)".

Page 8, line 42, reset in roman "(8)".

Page 8, line 42, delete "(7)".

Page 9, line 12, delete "The" and insert "**Before July 1, 2019**, the".

Page 9, line 16, reset in roman "determined by".

Page 9, line 17, reset in roman "and".

Page 9, line 39, delete "The" and insert "**Before July 1, 2019**, the".

Page 10, line 1, reset in roman "determined by".

Page 10, line 2, reset in roman "and".

Page 14, line 11, strike "and".

Page 14, line 13, delete "." and insert "; **and**".

Page 14, between lines 13 and 14, begin a new line block indented



and insert:

"(3) are consistent with the board designating the Muncie Community school corporation as a distressed political subdivision effective January 1, 2018."

Page 14, line 31, after "corporation." begin a new paragraph and insert:

"(c)".

Page 14, line 31, reset in roman "Notwithstanding section 7.5(d) of this chapter,".

Page 14, reset in roman lines 32 through 34.

Page 14, line 35, reset in roman "appropriated to the board.".

Page 17, line 21, delete "(c)" and insert **"(d)"**.

Page 17, line 24, delete "recommend" and insert **"recommend, before July 1, 2020,"**.

Page 19, line 24, strike "section 7.5 of".

Page 26, delete lines 9 through 35.

Page 26, line 40, delete "management performance hub" and insert **"fiscal and qualitative indicators committee"**.

Page 27, line 28, delete "payments." and insert **"payments"**.

Page 27, between lines 28 and 29, begin a new line block indented and insert:

"Any findings related to the financial condition of the school corporation by the Indiana education employment relations board."

Page 28, line 2, delete "management performance hub" and insert **"distressed unit appeal board"**.

Page 28, line 3, delete "site." and insert **"site or the management performance hub's Internet web site. The management performance hub shall assist the distressed unit appeal board in the development of the dashboard for publication."**

Page 28, line 8, after "condition." insert **"The school corporation shall cooperate with the executive director and provide any information requested. The executive director shall report to the state budget committee the process and procedures that will be used during the time period between:**

(1) initiating contact with the chairperson of the governing body of the school corporation that may become either fiscally impaired or a distressed political subdivision under IC 6-1.1-20.3; and

(2) being placed on the watch list.

The report must include what factors are considered in causing a school corporation to be placed on the watch list under section 6 of



this chapter, if there are critical fund issues that cause school corporations to be on the watch list, and when the watch list will become a public record."

Page 28, line 11, delete "either:" and insert "**a distressed political subdivision under IC 6-1.1-20.3, based on the thresholds for financial impairment or distress identified by the fiscal and qualitative indicators committee.**".

Page 28, delete lines 12 through 13.

Page 28, line 14, delete "September" and insert "**June**".

Page 28, line 26, delete "October 1 of each year," and insert "**July 1, 2019, and July 1 of each year thereafter,**".

Page 28, line 30, delete "the school corporation's superintendent's license" and insert "**the Indiana Association of Public School Superintendents shall decide if it is appropriate to recommend to the Indiana department of education whether disciplinary action should be taken by the department regarding the superintendent.**".

Page 28, delete line 31.

Page 28, line 32, delete "November 1 of each year," and insert "**August 1, 2019, and August 1 of each year thereafter,**".

Page 29, between lines 6 and 7, begin a new line blocked left and insert:

"Before making the initial determinations, the committee shall report its findings, recommendations, and procedures to the state budget committee."

Page 29, between lines 17 and 18, begin a new paragraph and insert:

"(c) The member appointed by the distressed unit appeal board is the chairperson of the committee."

Page 29, line 18, delete "(c)" and insert "(d)".

Page 29, line 19, delete "(d)" and insert "(e)".

Page 29, between lines 28 and 29, begin a new line blocked left and insert:

"The advisory committee is created to provide nonbinding recommendations to the emergency manager."

Page 29, between lines 41 and 42, begin a new paragraph and insert:

"(e) The advisory committee may hold a public meeting subject to the limits on the number of meetings set forth in IC 6-1.1-20.3-6.8(d). The advisory committee is subject to IC 5-14-1.5 (the open door law) for these meetings. The advisory committee may hold additional meetings that are authorized as executive sessions under IC 5-14-1.5 (the open door law) as provided in IC 5-14-1.5-6.1. The advisory committee is subject to the public notice requirements of IC 5-14-1.5 (the open door law)



for these additional meetings. The records of the advisory committee are subject to IC 5-14-3 (access to public records)."

Page 32, delete lines 9 through 42.

Page 33, delete lines 1 through 6, begin a new paragraph and insert:
"SECTION 25. IC 20-23-18 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 18. Muncie Community School Corporation

Sec. 1. This chapter applies only to the Muncie Community school corporation and only if the Ball State University board of trustees adopts a resolution to take advantage of the relationship between Ball State University and the Muncie Community school corporation and to be governed by this chapter. The resolution must be adopted before June 1, 2018.

Sec. 2. The general assembly finds that provisions of this chapter:

- (1) are necessary to address unique issues faced by the Muncie Community school corporation;
- (2) are necessary to take advantage of the relationship between Ball State University and the Muncie Community school corporation; and
- (3) are not precedent for and may not be appropriate for issues faced by other school corporations.

Sec. 3. (a) Except as provided in subsection (c), the Muncie Community school corporation is subject to all applicable federal and state laws.

(b) If a provision of this chapter conflicts with any other law, including IC 20-23-4, the provision in this chapter controls.

(c) Notwithstanding subsection (a), to provide all administrative and academic flexibility to implement innovative strategies, the Muncie Community school corporation is subject only to the following IC 20 provisions:

- (1) IC 20-28-5-8 (conviction of certain felonies; notice and hearing; permanent revocation of license; data base of school employees who have been reported).
- (2) IC 20-30-3-2 and IC 20-30-3-4 (patriotic commemorative observances).
- (3) IC 20-32-4, concerning graduation requirements.
- (4) IC 20-32-5.1, concerning the Indiana's Learning Evaluation Assessment Readiness Network (ILEARN) program.
- (5) IC 20-35, concerning special education.



- (6) IC 20-39 (accounting and financial reporting procedures).
- (7) IC 20-40 (government funds and accounts).
- (8) IC 20-41 (extracurricular funds and accounts).
- (9) IC 20-42 (fiduciary funds and accounts).
- (10) IC 20-42.5 (allocation of expenditures to student instruction and learning).
- (11) IC 20-43 (state tuition support).
- (12) IC 20-44 (property tax levies).
- (13) IC 20-46 (levies other than general fund levies).
- (14) IC 20-47 (related entities; holding companies; lease agreements).
- (15) IC 20-48 (borrowing and bonds).
- (16) IC 20-49 (state management of common school funds; state advances and loans).
- (17) IC 20-50 (concerning homeless children and foster care children).

Sec. 4. If the Ball State University board of trustees adopts a resolution to take advantage of the relationship between Ball State University and the Muncie Community school corporation and be governed by this chapter, the distressed unit appeal board shall terminate Muncie Community school corporation's designation as a distressed political subdivision by July 1, 2018.

Sec. 5. (a) Consistent with IC 20-23-4-26, the Muncie Community school corporation retains all of the characteristics of a community school corporation.

(b) The governing body of the Muncie Community school corporation has all the powers, rights, duties, and obligations of a community school corporation.

(c) For the purposes of annual budgeting, IC 6-1.1-17-20 does not apply to the governing body. The governing body is considered a governing body with the majority of members elected for the purposes of annual budgeting.

Sec. 6. (a) If the Ball State University board of trustees adopts a resolution to take advantage of the relationship between Ball State University and the Muncie Community school corporation and be governed by this chapter, the following apply:

- (1) Beginning July 1, 2018, the governing body of the Muncie Community school corporation consists of seven (7) members.
- (2) The members of the governing body shall be appointed as follows:
 - (A) Five (5) members shall be appointed by the Ball State University board of trustees from individuals nominated



by the president of Ball State University.

(B) One (1) member shall be appointed by the President of Ball State University from a list of three (3) individuals nominated by the Muncie city council.

(C) One (1) member shall be appointed by the President of Ball State University from a list of three (3) individuals nominated by the mayor of Muncie.

(3) The terms for the initial members of the governing body are as follows:

(A) One (1) member appointed under subdivision (2)(A) shall serve an initial term of one (1) year.

(B) One (1) member appointed under subdivision (2)(A) shall serve an initial term of two (2) years.

(C) One (1) member appointed under subdivision (2)(A) shall serve an initial term of three (3) years.

(D) Two (2) members appointed under subdivision (2)(A) and each member appointed under subdivision (2)(B) and (2)(C) shall serve an initial term of four (4) years.

After these initial terms, each member's term is four (4) years.

A member's term expires June 30 in the applicable year.

(b) A member of the governing body serves at the pleasure of the appointing authority.

Sec. 7. The Muncie Community school corporation shall engage academically innovative strategies for:

(1) developing, testing, and evaluating new methods of instruction and materials;

(2) comparing new methods with conventional methods in use; and

(3) training teachers in new methods of instruction and materials, as is found acceptable.

Sec. 8. Notwithstanding any other law, the Muncie Community school corporation may not receive a decrease in state funding based upon the Muncie Community school corporation's status as a distressed school corporation under IC 6-1.1-20.3 or because of the implementation of a waiver of a statute or rule that is allowed to be waived by the Muncie Community school corporation.

Sec. 9. Not later than June 30, 2020, the governing body of the Muncie Community school corporation shall provide to the distressed unit appeal board, the state superintendent of public instruction, and the Indiana commissioner for higher education a report on the plan for the long term fiscal viability and academic innovation of the Muncie Community school corporation. The plan



must include goals, metrics, and benchmarks for evaluating the effectiveness of the plan.

Sec. 10. (a) Not later than October 31, 2021, and by October 31 in each subsequent year, the governing body of the Muncie Community school corporation shall provide a report to the chairperson of the distressed unit appeal board, the superintendent of public instruction, and the Indiana commissioner for higher education.

(b) The report required in subsection (a) must outline the following:

- (1)** Progress toward goals, metrics, and benchmarks concerning fiscal viability and academic innovation.
- (2)** Innovative methods of instruction being used in the Muncie Community school corporation.
- (3)** A comparison of the results obtained by the innovative methods of instruction with conventional methods of instruction.
- (4)** Any recommendations concerning the innovative methods of instruction and their general applicability for public schools.

Sec. 11. If Ball State University enters into a contract with the Muncie Community school corporation in an amount that exceeds twenty-five thousand dollars (\$25,000), the contract must be reviewed and approved by the distressed unit appeal board.

Sec. 12. (a) The president of Ball State University, the members of the Ball State University board of trustees, and any other officer or employee of Ball State University are immune from civil liability for actions taken by the governing body of the Muncie Community school corporation or any action taken under the authority of this chapter. This subsection does not apply to any officers or employees of the university insofar as they are acting as a member of the governing body of the school corporation.

(b) The governing body of the Muncie Community school corporation may provide:

- (1)** for the defense of persons described in subsection (a) in any suit arising out of the performance of the person's duties for, or employment with, the state educational institution, if the governing body, by resolution, determines that the action was taken in good faith; and
- (2)** for protecting any person described in subsection (a) from any liability, cost, or damage in connection with the performance of the person's duties for, or employment with,



the governing body, including the payment of any legal fees, except when the liability, cost, or damage is:

(A) predicated on, or arises out of, the bad faith of the person; or

(B) based on the person's malfeasance in office or employment.

Sec. 13. (a) During the period beginning July 1, 2018, and ending June 30, 2022, the distressed unit appeal board shall provide financial support to the Muncie Community school corporation in an amount at least equivalent to the amount of compensation that would have been provided to an emergency manager of the Muncie Community school corporation if the school corporation had retained the designation of a distressed political subdivision.

(b) Financial assistance granted under subsection (a) shall be provided directly to the school corporation."

Page 33, line 24, delete "subsection." and insert "section."

Page 34, after line 17, begin a new paragraph and insert:

"SECTION 27. IC 34-30-2-84.8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: **Sec. 84.8. IC 20-23-18-12 (Concerning Ball State University and the Muncie Community school corporation).**

SECTION 28. **An emergency is declared for this act.**"

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1315 as introduced.)

BROWN T

Committee Vote: yeas 16, nays 7.



HOUSE MOTION

Mr. Speaker: I move that House Bill 1315 be amended to read as follows:

Page 34, line 30, after "council." insert "**These individuals must reside within the boundaries of the Muncie Community school corporation district.**".

Page 34, line 33, after "Muncie." insert "**These individuals must reside within the boundaries of the Muncie Community school corporation district.**".

Page 35, between lines 6 and 7, begin new paragraph and insert:

"(c) Before making appointments to the governing body under this section, the Ball State University board of trustees shall adopt a policy prohibiting nepotism and a policy prohibiting conflicts of interest with regard to the appointment of members of the governing body by the Ball State University board of trustees and the President of Ball State University."

(Reference is to HB 1315 as printed January 26, 2018.)

BROWN T

HOUSE MOTION

Mr. Speaker: I move that House Bill 1315 be amended to read as follows:

Page 5, line 38, after "public." insert "**During the period that the Gary Community School Corporation is designated as a distressed political subdivision, the advisory committee may vote to:**

- (1) fill vacancies; or**
 - (2) select officers;**
- of the advisory committee."**

(Reference is to HB 1315 as printed January 26, 2018.)

BROWN T



COMMITTEE REPORT

Madam President: The Senate Committee on Appropriations, to which was referred House Bill No. 1315, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, delete lines 1 through 15.

Page 2, delete lines 1 through 39, begin a new paragraph and insert:

"SECTION 1. IC 5-11-1-9, AS AMENDED BY P.L.237-2017, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 9. (a) The state examiner, personally or through the deputy examiners, field examiners, or private examiners, shall examine all accounts and all financial affairs of every public office and officer, state office, state institution, and entity.

(b) An examination of an entity deriving:

- (1) less than fifty percent (50%); or
- (2) subject to subsection (h), at least fifty percent (50%) but less than two hundred thousand dollars (\$200,000) if the entity is organized as a not-for-profit corporation;

of its disbursements during the period subject to an examination from appropriations, public funds, taxes, and other sources of public expense shall be limited to matters relevant to the use of the public money received by the entity.

(c) The examination of an entity described in subsection (b) may be waived by the state examiner if the state examiner determines in writing that all disbursements of public money during the period subject to examination were made for the purposes for which the money was received. However, the:

- (1) Indiana economic development corporation created by IC 5-28-3 and the corporation's funds, accounts, and financial affairs shall be examined by the state board of accounts unless the examination is waived under subsection (i); and
- (2) department of financial institutions established by IC 28-11-1-1 and the department's funds, accounts, and financial affairs shall be examined by the state board of accounts.

(d) On every examination under this section, inquiry shall be made as to the following:

- (1) The financial condition and resources of each municipality, office, institution, or entity.
- (2) Whether the laws of the state and the uniform compliance guidelines of the state board of accounts established under section 24 of this chapter have been complied with.



(3) The methods and accuracy of the accounts and reports of the person examined.

The examinations may be made without notice.

(e) If during an examination of a state office under this chapter the examiner encounters an inefficiency in the operation of the state office, the examiner may comment on the inefficiency in the examiner's report.

If during an examination of a school corporation under this chapter the examiner determines that the financial condition of the school corporation makes it appropriate for a corrective action plan to be established for the school corporation under IC 20-19-7, the examiner shall include that determination in the examiner's report and provide the determination to the distressed unit appeal board.

(f) The state examiner, deputy examiners, any field examiner, or any private examiner, when engaged in making any examination or when engaged in any official duty devolved upon them by the state examiner, is entitled to do the following:

- (1) Enter into any state, county, city, township, or other public office in this state, or any entity, agency, or instrumentality, and examine any books, papers, documents, or electronically stored information for the purpose of making an examination.
- (2) Have access, in the presence of the custodian or the custodian's deputy, to the cash drawers and cash in the custody of the officer.
- (3) During business hours, examine the public accounts in any depository that has public funds in its custody pursuant to the laws of this state.

(g) The state examiner, deputy examiner, or any field examiner, when engaged in making any examination authorized by law, may issue subpoenas for witnesses to appear before the examiner in person or to produce books, papers, or other records (including records stored in electronic data processing systems) for inspection and examination. The state examiner, deputy examiner, and any field examiner may administer oaths and examine witnesses under oath orally or by interrogatories concerning the matters under investigation and examination. Under the authority of the state examiner, the oral examinations may be transcribed with the reasonable expense paid by the examined person in the same manner as the compensation of the field examiner is paid. The subpoenas shall be served by any person authorized to serve civil process from any court in this state. If a witness duly subpoenaed refuses to attend, refuses to produce information required in the subpoena, or attends and refuses to be



sworn or affirmed, or to testify when called upon to do so, the examiner may apply to the circuit court having jurisdiction of the witness for the enforcement of attendance and answers to questions as provided by the law governing the taking of depositions.

(h) The definitions in IC 20-24-1 apply throughout this subsection. Appropriations, public funds, taxes, and other sources of public money received by a nonprofit corporation as a charter school or organizer of a charter school for the purposes of a charter school may not be counted for the purpose of applying subsection (b)(2). Unless the nonprofit corporation receives other public money that would qualify the nonprofit corporation for a full examination of all accounts and financial affairs of the entity under subsection (b)(2), an examination of a charter school or organizer of a charter school must be limited to matters relevant to the use of the public money received for the charter school. This subsection does not prohibit the state examiner, personally or through the deputy examiners, field examiners, or private examiners, from examining the accounts in which appropriations, public funds, taxes, or other sources of public money are applied that are received by a nonprofit corporation as a charter school or organizer of a charter school relating to the operation of the charter school.

(i) The state examiner may waive the examination of the Indiana economic development corporation and a nonprofit subsidiary corporation established under IC 5-28-5-13 if:

(1) an independent certified public accounting firm conducts an examination under IC 5-28-3-2(c) of:

(A) the Indiana economic development corporation and the Indiana economic development corporation's funds, accounts, and financial affairs; and

(B) the nonprofit subsidiary corporation;

for the year;

(2) the Indiana economic development corporation submits the examination report to the state board of accounts; and

(3) the state board of accounts reviews the examination report and determines that the examination and examination report comply with the uniform compliance guidelines, directives, and standards established by the state board of accounts.

(j) Notwithstanding the waiver of an examination of the Indiana economic development corporation and its nonprofit subsidiary corporation by the state examiner, the state board of accounts may examine the Indiana economic development corporation and its nonprofit subsidiary corporation at any time."

Page 5, line 5, delete "this chapter." and insert "**the board's duties,**



authorities, or responsibilities, including those in this chapter and those in IC 20-19-7."

Page 5, line 34, delete "committee" and insert "**board**".

Page 5, line 40, delete "committee" and insert "**board**".

Page 6, line 1, delete "committee." and insert "**board, and to present awards, recognition, and certificates to employees or supporters of the school corporation."**

Page 6, line 14, strike "consult with and".

Page 6, line 15, delete "board," and insert "board".

Page 6, line 15, reset in roman "and the".

Page 6, line 16, after "body," insert "**advisory board,**".

Page 6, line 21, delete "board." and insert "board".

Page 6, line 21, reset in roman "or the".

Page 6, line 24, after "capacity." insert "**advisory board."**

Page 7, line 35, reset in roman "(1) One (1) member appointed by the".

Page 7, line 35, after "body." insert "**advisory board."**

Page 7, line 36, reset in roman "(2)".

Page 7, line 36, after "(2)" delete "(1)".

Page 7, line 38, reset in roman "(3)".

Page 7, line 38, delete "(2)".

Page 7, line 41, reset in roman "(4)".

Page 7, line 41, delete "(3)".

Page 8, line 24, delete "committee" and insert "**board**".

Page 9, line 18, reset in roman "Before".

Page 9, line 19, before "Before" reset in roman "July 1, 2019,".

Page 9, line 19, delete "Before July 1, 2019,".

Page 10, line 4, reset in roman "Before July 1,".

Page 10, line 5, before "Before" reset in roman "2019,".

Page 10, line 5, delete "Before July 1, 2019,".

Page 11, line 3, strike "consult with".

Page 11, line 3, after "body," insert "**consider any recommendations from**".

Page 11, line 4, delete "board" and insert "board, **the advisory board,**".

Page 11, line 8, strike "In consultation with" and insert "**After considering any recommendations from**".

Page 11, line 8, delete "board" and insert "board,".

Page 11, line 9, after "body," insert "**the advisory board,**".

Page 11, line 33, delete "board" and insert "board, **the advisory board,**".

Page 12, line 27, reset in roman "The chief financial officer and the



chief academic officer shall".

Page 12, line 28, after "month." insert "**submit a report to the advisory board each quarter.**".

Page 24, line 8, reset in roman "(1)".

Page 24, line 8, delete "subdivision" and insert "subdivision;".

Page 24, reset in roman lines 9 through 10.

Page 24, line 11, reset in roman "(3) the governing body of a school corporation".

Page 24, line 11, after "corporation" insert "**or advisory board for a school corporation designated as distressed under section 6.8 of this chapter**".

Page 24, line 11, reset in roman "that:".

Page 24, reset in roman lines 12 through 13.

Page 24, line 14, delete "body;" and insert "**body or advisory board for a school corporation designated as distressed under section 6.8 of this chapter;**".

Page 24, reset in roman lines 15 through 16.

Page 24, line 20, after "subdivision." insert "**However, the governing body of a school corporation or the advisory board for a school corporation designated as distressed under section 6.8 of this chapter may file a petition with the board under this subsection only if the school corporation's ongoing revenues exceed the school corporation's ongoing expenses (including debt service payments). The governing body of a school corporation or the advisory board for a school corporation designated as distressed under section 6.8 of this chapter may file a petition with the board under this subsection not more than one (1) time in a twelve (12) month period. The governing body of a school corporation or the advisory board for a school corporation designated as distressed under section 6.8 of this chapter retains this power and authority notwithstanding section 8.5(b) of this chapter.**".

Page 25, between lines 25 and 26, begin a new paragraph and insert:

"SECTION 15. IC 6-1.1-20.3-13.1 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: **Sec. 13.1. (a) For a period of two (2) years after the termination of distressed status under section 13 of this chapter, the political subdivision that was previously distressed may not do any of the following without prior approval of the board:**

(1) Adopt a:

(A) budget;

(B) tax levy; or



- (C) tax rate;
for an ensuing budget year.
(2) Issue bonds (as defined in IC 5-1-18-1).
(3) Enter into a lease (as defined in IC 5-1-18-3).

(b) For a period of four (4) years after termination of distressed status under section 13 of this chapter, the political subdivision that was previously distressed shall submit to the board copies of the following reports not later than thirty (30) days after the submission or receipt of the report by the political subdivision:

- (1) The annual financial report required under IC 5-11-1-4.
(2) The personnel report required under IC 5-11-13-1.
(3) Examinations or audits of the political subdivision prepared by the state board of accounts or a certified public accountant.

In addition, the political subdivision shall submit to the board annual updates to the fiscal plan required under section 13(b)(2) of this chapter."

Page 26, line 10, delete "IC 20-29-5." and insert "**IC 20-29.**".

Page 26, delete lines 11 through 21, begin a new paragraph and insert:

"(e) In addition to any reduction in force under IC 20-28, the emergency manager may cancel any employee's contract or terminate an employee's employment as part of a reduction in force as provided in this subsection. Notification for a reduction in force of certificated employees under this subsection may be delivered after September 30 and before November 1 of the contract year. Notification for a reduction in force of noncertificated employees under this subsection may be delivered at any time. The maximum reduction in force of certificated employees under this subsection may not exceed five percent (5%) of the full-time equivalency for all certificated employees in the certificated employee bargaining unit for the school corporation. The emergency manager shall provide any employee whose contract is being canceled under this subsection with notice at least ninety (90) days before the effective date of the cancellation of the contract."

Page 27, line 7, delete "support." and insert "**support**".

Page 27, between lines 7 and 8, begin a new line block indented and insert:

"Any other fiscal indicator determined by the fiscal and qualitative indicators committee."

Page 27, line 17, delete "board." and insert "**board**".



Page 27, between lines 17 and 18, begin a new line block indented and insert:

"Any other qualitative indicator determined by the fiscal and qualitative indicators committee."

Page 27, line 18, delete "management performance hub" and insert **"fiscal and qualitative indicators committee"**.

Page 27, line 39, after "Sec. 3." insert **"(a)"**.

Page 28, line 3, after "committee" insert **"for its review"**.

Page 28, line 3, delete "during the" and insert **"before a school corporation is placed on the watch list."**

Page 28, delete lines 4 through 9.

Page 28, between lines 14 and 15, begin a new paragraph and insert:

"(b) If the distressed unit appeal board finds that:

(1) a determination has been provided to the distressed unit appeal board under IC 5-11-1-9(e) specifying that a corrective action plan is appropriate for a school corporation; or

(2) the fiscal and qualitative indicators indicate that a corrective action plan is appropriate for a school corporation;

the distressed unit appeal board shall initiate contact with the chairperson of the governing body and the superintendent of the school corporation and offer to provide technical assistance to the school corporation.

(c) If the school corporation agrees to accept the technical assistance, the distressed unit appeal board may form a technical assistance team comprised of at least one (1) employee from each of the following:

(1) The department of education.

(2) The state board of accounts.

(3) The department of local government finance.

(4) The distressed unit appeal board.

The distressed unit appeal board may also include on the team an individual employed by the Indiana Association of School Business Officials. If a technical assistance team is established, the distressed unit appeal board shall name a team leader.

(d) A school corporation that accepts technical assistance shall prepare a corrective action plan and submit the corrective action plan to the technical assistance team within sixty (60) days of accepting technical assistance.

(e) The technical assistance team shall review the school corporation's corrective action plan and any other financial information necessary to obtain a thorough understanding of the school corporation's financial condition.



(f) The technical assistance team shall work with the school corporation and provide a detailed report to the chairperson of the governing body and the superintendent of the school corporation of the team's findings on the school corporation's corrective action plan and financial condition and recommended actions, including whether additional or redirected resources are needed to carry out the recommended actions. The corrective action plan shall be included in the report. The team leader shall sign and verify the report and the chairperson of the governing body and the superintendent of the school corporation shall acknowledge receipt of the report. The team leader shall provide the final report to the distressed unit appeal board.

(g) The technical assistance under this section may include the following:

- (1) The creation of a technical assistance team.
- (2) A thorough review of the financial condition of the school corporation by the team.
- (3) Recommended actions that could be taken to improve the financial condition of the school corporation, including whether additional or redirected resources are needed to carry out the recommended actions.

(h) The technical assistance team is not responsible for implementing the corrective action plan or any findings in the report.

(i) All correspondence and other records related to the technical assistance team including its report and the school corporation's corrective action plan are confidential and not subject to public disclosure under IC 5-14-3 unless and until the school corporation is subsequently placed on the watch list under section 6 of this chapter. This subsection applies to correspondence and other records of both state agencies and the school corporation.

(j) The school corporation's governing body may meet in executive session to consider the offer for technical assistance, develop the corrective action plan, work with the technical assistance team, and receive the technical assistance team's report under this section."

Page 28, line 17, delete "become a" and insert "**be placed on the watch list under section 6 of this chapter,**".

Page 28, line 18, delete "distressed political subdivision under IC 6-1.1-20.3,".

Page 28, line 20, after "committee." insert "**The distressed unit appeal board shall meet in executive session for discussions and**



determinations under this section."

Page 28, line 23, delete "board and make" and insert "**board.**".

Page 28, delete lines 24 through 25.

Page 28, line 26, delete "by the report." and insert "**The report or parts of the report prepared under this section for a school corporation and all correspondence and other records related to the report are confidential and not subject to public disclosure under IC 5-14-3 unless and until the school corporation is subsequently placed on the watch list under section 6 of this chapter.**".

Page 28, line 29, delete "a" and insert "**the school**".

Page 28, line 30, delete "either:" and insert "**fiscally impaired. An agreement under this section is confidential and not subject to public disclosure under IC 5-14-3 unless and until the school corporation is subsequently placed on the watch list under section 6 of this chapter.**".

Page 28, delete lines 31 through 32.

Page 28, line 35, after "list." insert "**The distressed unit appeal board shall meet in executive session for discussions and determinations under this section.**".

Page 28, delete lines 36 through 40, begin a new paragraph and insert:

"(b) The distressed unit appeal board may make a determination to place a school corporation on the watch list only if the distressed unit appeal board has, at least six (6) months before making the determination, provided notice to the school corporation stating that the distressed unit appeal board is considering making such a determination. Before a school corporation is placed on a watch list, the school corporation shall be given an opportunity to meet with the executive director and the board in executive session to share the individual circumstances of the school corporation. After the board makes a determination to place the school corporation on the watch list, the school corporation may file with the board an appeal of the determination and request removal from the watch list. Such an appeal must be filed not more than thirty (30) days after the board makes the determination. The board must consider and take action on any appeal not more than thirty (30) days after the appeal is filed. Until the board has ruled on the appeal, the school corporation may not be placed on the watch list.

(c) All correspondence and other records related to discussions and determinations concerning whether a school corporation



should be placed on a watch list under this chapter are confidential and not subject to public disclosure under IC 5-14-3 unless and until the school corporation is subsequently placed on the watch list under this section."

Page 29, line 6, delete "initial".

Page 29, line 9, delete "initial".

Page 29, line 12, delete "initial".

Page 29, line 17, delete "initial".

Page 29, delete line 34.

Page 29, line 37, after "(a) The" insert **"emergency manager appointed by the distressed unit appeal board under IC 6-1.1-20.3 shall act as the governing body of the school corporation and has the powers and duties of the"**.

Page 29, line 38, delete "corporation is the emergency manager appointed by the distressed" and insert "corporation."

Page 29, line 39, delete "unit appeal board under IC 6-1.1-20.3".

Page 29, line 40, delete "committee" and insert **"board"**.

Page 30, line 2, delete "committee" and insert **"board"**.

Page 30, line 16, after "not" insert **"be"**.

Page 30, line 17, delete "committee" and insert **"board"**.

Page 30, line 19, delete "committee" and insert **"board"**.

Page 30, line 21, delete "committee" and insert **"board"**.

Page 30, line 23, delete "committee" and insert **"board"**.

Page 30, line 26, delete "committee" and insert **"board"**.

Page 30, line 30, delete "committee" and insert **"board"**.

Page 31, line 17, delete "committee." and insert **"board."**.

Page 31, line 24, delete "committee;" and insert **"board;"**.

Page 31, line 31, delete "committee" and insert **"board"**.

Page 31, line 35, delete "committee" and insert **"board"**.

Page 31, line 40, delete "committee" and insert **"board"**.

Page 31, line 42, delete "committee" and insert **"board"**.

Page 32, line 2, delete "committee" and insert **"board"**.

Page 32, line 5, delete "committee" and insert **"board"**.

Page 32, line 11, delete "committee" and insert **"board"**.

Page 32, line 14, delete "committee;" and insert **"board;"**.

Page 32, line 18, delete "committee" and insert **"board"**.

Page 32, line 22, delete "committee" and insert **"board"**.

Page 32, line 23, delete "committee" and insert **"board"**.

Page 32, line 30, delete "committee;" and insert **"board;"**.

Page 33, between lines 21 and 22, begin a new line block indented and insert:

"(1) 20-26-5-10 (criminal history)."



Page 33, line 22, delete "(1)" and insert "(2)".

Page 33, between lines 24 and 25, begin a new line block indented and insert:

"(3) IC 20-28-10-17 (school counselor immunity).

(4) IC 20-29 (collective bargaining) to the extent required by subsection (e)."

Page 33, line 25, delete "(2)" and insert "(5)".

Page 33, line 27, delete "(3)" and insert "(6)".

Page 33, line 28, delete "(4)" and insert "(7)".

Page 33, between lines 30 and 31, begin a new line block indented and insert:

"(8) IC 20-32-8.5 (IRead3).

(9) IC 20-33-2 (compulsory school attendance).

(10) IC 20-33-3 (limitations on employment of students).

(11) IC 20-33-8-16 (firearms and deadly weapons).

(12) IC 20-33-8-19, IC 20-33-8-21, and IC 20-33-8-22 (student due process and judicial review).

(13) IC 20-33-7 (parental access to education records).

(14) IC 20-33-9 (reporting of student violations of law).

(15) IC 20-34-3 (health and safety measures)."

Page 33, line 31, delete "(5)" and insert "(16)".

Page 33, line 32, delete "(6)" and insert "(17)".

Page 33, line 33, delete "(7)" and insert "(18)".

Page 33, line 34, delete "(8)" and insert "(19)".

Page 33, line 35, delete "(9)" and insert "(20)".

Page 33, line 36, delete "(10)" and insert "(21)".

Page 33, line 38, delete "(11)" and insert "(22)".

Page 33, line 39, delete "(12)" and insert "(23)".

Page 33, line 40, delete "(13)" and insert "(24)".

Page 33, line 41, delete "(14)" and insert "(25)".

Page 34, line 1, delete "(15)" and insert "(26)".

Page 34, line 2, delete "(16)" and insert "(27)".

Page 34, line 4, delete "(17)" and insert "(28)".

Page 34, between lines 5 and 6, begin a new paragraph and insert:

"(d) The Muncie Community school corporation is subject to required audits by the state board of accounts under IC 5-11-1-9.

(e) Except to the extent required under a collective bargaining agreement entered into before July 1, 2018, the Muncie Community school corporation is not subject to IC 20-29 unless the school corporation voluntarily recognizes an exclusive representative under IC 20-29-5-2. If the school corporation voluntarily recognizes an exclusive representative under



IC 20-29-5-2, the school corporation may authorize a school within the corporation to opt out of bargaining allowable subjects or discussing discussion items by specifying the excluded items on the notice required under IC 20-29-5-2(b). The notice must be provided to the education employment relations board at the time the notice is posted."

Page 34, line 28, delete "shall be appointed as" and insert "**consist of the following:**".

Page 34, delete line 29.

Page 34, line 32, delete "president" and insert "**President**".

Page 34, line 32, after "University." insert "**At least two (2) of the individuals appointed under this clause must reside within the boundaries of the Muncie Community school corporation district.**".

Page 34, line 37, after "district." insert "**This clause expires June 30, 2022.**".

Page 34, line 42, after "district." insert "**This clause expires June 30, 2022.**".

Page 34, after line 42, begin a new line double block indented and insert:

"(D) Beginning July 1, 2022, two (2) members who:

- (i) may reside anywhere within the boundaries of the Muncie Community school corporation; and**
- (ii) shall be elected at-large by all registered voters living within the Muncie Community school corporation voting at the governing body member election, as provided in subdivision (3).**

(3) The following apply to the members elected under subdivision (2)(D):

(A) The members are elected at the primary election to be held in 2022 and every four (4) years thereafter.

(B) The two (2) candidates who receive the greatest number of votes of all at-large candidates are elected.

(C) Each member's term is four (4) years, beginning July 1 of the year after the year in which the member is elected and expiring June 30 of the fourth year thereafter.

(4) The terms of office of the members appointed under subdivisions (2)(B) and (2)(C) expire on June 30, 2022.

(5) The governing body serving on June 30, 2018, shall become on July 1, 2018, an advisory board to the governing body described in subdivision (2). The members of the governing body serving on June 30, 2018, shall on July 1, 2018, become the members of the advisory board. Each



member shall serve on the advisory board until the term for which the member was elected before July 1, 2018, expires. When the terms of all members of the advisory board have expired, the advisory board is abolished. The advisory board does not possess any of the powers and duties of the governing body. A member of the advisory board is not entitled to any compensation for serving on the advisory board."

Page 35, line 1, delete "(3)" and insert "(6)".

Page 35, line 12, delete "After" and insert **"Except as provided in subdivision (4), after"**.

Page 35, line 30, delete "Notwithstanding any other law, the" and insert **"The"**.

Page 35, line 32, after "based" insert **"solely"**.

Page 35, line 33, after "or" insert **"solely"**.

Page 37, delete lines 6 through 15, begin a new paragraph and insert:

"Sec. 13. (a) During the period beginning July 1, 2018, and ending June 30, 2022, the distressed unit appeal board may provide financial support to the Muncie Community school corporation.

(b) Any financial assistance provided under subsection (a) shall be provided directly to the school corporation.

SECTION 27. IC 20-26-7-1, AS AMENDED BY P.L.217-2017, SECTION 100, AND AS AMENDED BY P.L.241-2017, SECTION 17, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) As used in this section, "charter school" has the meaning set forth in IC 20-24-1-4 and includes a group or entity seeking approval from an authorizer to operate a charter school under IC 20-24-3.

(b) Except as otherwise provided in this section, if a governing body of a school corporation determines that any real or personal property:

- (1) is no longer needed for school purposes; or
- (2) should, in the interests of the school corporation, be exchanged for other property;

the governing body may sell or exchange the property in accordance with IC 36-1-11.

(c) Money derived from the sale or exchange of property under this section shall be placed in any school fund:

- (1) established under applicable law; and
- (2) that the governing body considers appropriate.

(d) A governing body may not make a covenant that prohibits the sale of real property to another educational institution.

(e) This subsection does not apply to a school building that on July



1, 2011, is leased or loaned by the school corporation that owns the school building to another entity, if the entity is not a building corporation or other entity that is related in any way to, or created by, the school corporation or the governing body. Except as provided in subsections (k) through ~~(o)~~, **(q)**, a governing body shall make available for lease or purchase to any charter school any school building owned by the school corporation or any other entity that is related in any way to, or created by, the school corporation or the governing body, including but not limited to a building corporation, that:

(1) either:

(A) is not used in whole or in part for classroom instruction at the time the charter school seeks to lease the building; or

(B) appears on the list compiled by the department under subsection (f); and

(2) was previously used for classroom instruction; in order for the charter school to conduct classroom instruction.

(f) Not later than August 1 each calendar year, each governing body shall inform the department if a school building that was previously used for classroom instruction is closed, unused, or unoccupied. The department shall maintain a list of closed, unused, or unoccupied school buildings and make the list available on the department's Internet web site. Each school corporation shall provide a list of closed, unused, or unoccupied buildings to the department by the date set by the department. The department must update the list not later than fifteen (15) days after being notified of a closed, unused, or unoccupied building.

(g) A school building that appears for the first time on the department's list under subsection (f) shall be designated as "Unavailable until (a date two (2) years after the school building first appears on the list)" **if the school corporation meets the criteria set forth in subsection (q) or** if the governing body of the school corporation that owns the school building indicates to the department, on a form prescribed by the department, that the school building may be reclaimed during that period for classroom instruction. If a governing body does not indicate that a school building may be reclaimed, the governing body shall designate the school building as "Available" on the department's list. The governing body may change the designation of a building from unavailable to available at any time. *If the designation of a school building is "Available" on the department's list, the governing body of the school corporation that owns the school building may reclaim the school building for classroom instruction at any time before the submission of a letter of*



intent by a charter school under subsection (h) by indicating to the department, on a form prescribed by the department, that the school desires to reclaim the building for classroom instruction. The department shall remove the school building from the department's list under subsection (f). If a school building that is designated as unavailable on the department's list remains unused for classroom instruction one (1) year after being reclaimed under this subsection, the governing body shall designate the school building as "Available" on the department's list. A governing body may reclaim a school building only one (1) time under this subsection.

(h) If a charter school wishes to use a school building on the list created under subsection (f), the charter school shall send a letter of intent to the department. Within thirty (30) days after receiving a letter from a charter school, the department shall notify the school corporation of the charter school's intent, and, within thirty (30) days after receiving notification from the department, the school corporation that owns the school building shall lease the school building to the charter school for one dollar (\$1) per year for as long as the charter school uses the school building for classroom instruction or for a term at the charter school's discretion, or sell the school building to the charter school for one dollar (\$1). The charter school must begin to use the school building for classroom instruction not later than two (2) years after acquiring the school building. If the school building is not used for classroom instruction within two (2) years after acquiring the school building, the school building shall be placed on the department's list under subsection (f). If during the term of the lease the charter school closes or ceases using the school building for classroom instruction, the school building shall be placed on the department's list under subsection (f). If a school building is sold to a charter school under this subsection and the charter school or any entity related to the charter school subsequently sells or transfers the school building to a third party, the charter school or related entity must transfer an amount equal to the gain in the property minus the adjusted basis (including costs of improvements to the school building) to the school corporation that initially sold the vacant school building to the charter school. Gain and adjusted basis shall be determined in the manner prescribed by the Internal Revenue Code and the applicable Internal Revenue Service regulations and guidelines.

(i) During the term of a lease under subsection (h), the charter school is responsible for the direct expenses related to the school building leased, including utilities, insurance, maintenance, repairs, and remodeling. The school corporation is responsible for any debt



incurred for or liens that attached to the school building before the charter school leased the school building.

(j) *Notwithstanding anything to the contrary in this section, and* With the ~~sole~~ exception of a waiver provided in ~~subsection (n)~~, *this section*, when a school building is designated as "Available" under subsection (g), the school building must remain designated as "Available", *unless it is reclaimed under subsection (g)*, and may not be sold or otherwise disposed of for at least two (2) years. When the two (2) year period has elapsed, the school corporation may sell or otherwise dispose of the school building in accordance with IC 36-1-11.

(k) Notwithstanding subsection (e), a governing body may request a waiver from the department from the requirements of subsection (e). In order for a governing body to receive a waiver under subsection (n), the governing body must apply to the department, on a form prescribed by the department, for the waiver. The application must include a statement that the governing body believes that a charter school would not be interested in leasing or purchasing the vacant or unused school building.

(l) If the department receives a waiver request under subsection (k), the department, within five (5) days after receiving the waiver request under subsection (k), shall notify each charter school authorizer and statewide organization representing charter schools in Indiana by certified mail of the waiver request received under subsection (k). The notice must include a copy of the governing body's waiver request.

(m) Not later than thirty (30) days after a charter school authorizer or statewide organization representing charter schools in Indiana receives a notice described in subsection (l), the charter school authorizer or a statewide organization representing charter schools may submit a qualified objection to the governing body's request for a waiver under subsection (k). The qualified objection must be submitted to the department in writing. In order for an objection to be considered a qualified objection by the department, the objection must include:

- (1) the name of the charter school that is interested in leasing or purchasing the vacant or unused school building; and
- (2) a time frame, which may not exceed one (1) year from the date of the objection, in which the charter school intends to begin providing classroom instruction in the vacant or unused school building.

(n) If the department receives a qualified objection under subsection (m), the vacant or unused school building shall remain on the department's list under subsection (f) with the designation with which



the building is listed under subsection (g) at the time the department receives the waiver request. If the department does not receive a qualified objection, the department shall grant the governing body's request for a waiver. A governing body that receives a waiver under this subsection may sell or otherwise dispose of the unused or vacant school building in accordance with IC 36-1-11.

(o) The governing body of the School City of East Chicago school corporation may request a waiver from the department from the requirements of subsection (e) for the Carrie Gosch Elementary School building. If requested, the department shall grant the waiver. To receive the waiver, the governing body must apply to the department on a form prescribed by the department.

(p) An emergency manager of a distressed school corporation under IC 6-1.1-20.3 or a fiscally impaired school corporation under IC 6-1.1-20.3 may sell an existing school building without complying with the requirements of subsection (e).

(q) The governing body of a school corporation in which ten percent (10%) or more of the school buildings are occupied in whole or part by:

- (1) one (1) or more innovation network schools under IC 20-25.7-4;**
- (2) one (1) or more innovation network charter schools under IC 20-25.7-5; or**
- (3) any combination of innovation network schools under IC 20-25.7-4 and innovation network charter schools under IC 20-25.7-5;**

may sell a closed, unused, or unoccupied school building under IC 36-1-11 during the two (2) year period that the school building is designated as "Unavailable" under subsection (g).

SECTION 28. IC 20-26-7-1, AS AMENDED BY P.L.217-2017, SECTION 100, AS AMENDED BY P.L.241-2017, SECTION 17, AND AS AMENDED BY P.L.244-2017, SECTION 46, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2019]: Sec. 1. (a) As used in this section, "charter school" has the meaning set forth in IC 20-24-1-4 and includes a group or entity seeking approval from an authorizer to operate a charter school under IC 20-24-3.

(b) Except as otherwise provided in this section, if a governing body of a school corporation determines that any real or personal property:

- (1) is no longer needed for school purposes; or
- (2) should, in the interests of the school corporation, be exchanged for other property;



the governing body may sell or exchange the property in accordance with IC 36-1-11.

(c) Money derived from the sale or exchange of property under this section shall be placed in ~~any~~ the school corporation's operations fund.

~~(1) established under applicable law; and~~

~~(2) that the governing body considers appropriate.~~

(d) A governing body may not make a covenant that prohibits the sale of real property to another educational institution.

(e) This subsection does not apply to a school building that on July 1, 2011, is leased or loaned by the school corporation that owns the school building to another entity, if the entity is not a building corporation or other entity that is related in any way to, or created by, the school corporation or the governing body. Except as provided in subsections (k) through ~~(n); (o); (p);~~ **(q)**, a governing body shall make available for lease or purchase to any charter school any school building owned by the school corporation or any other entity that is related in any way to, or created by, the school corporation or the governing body, including but not limited to a building corporation, that:

(1) either:

(A) is not used in whole or in part for classroom instruction at the time the charter school seeks to lease the building; or

(B) appears on the list compiled by the department under subsection (f); and

(2) was previously used for classroom instruction;

in order for the charter school to conduct classroom instruction.

(f) Not later than August 1 each calendar year, each governing body shall inform the department if a school building that was previously used for classroom instruction is closed, unused, or unoccupied. The department shall maintain a list of closed, unused, or unoccupied school buildings and make the list available on the department's Internet web site. Each school corporation shall provide a list of closed, unused, or unoccupied buildings to the department by the date set by the department. The department must update the list not later than fifteen (15) days after being notified of a closed, unused, or unoccupied building.

(g) A school building that appears for the first time on the department's list under subsection (f) shall be designated as "Unavailable until (a date two (2) years after the school building first appears on the list)" **if the school corporation meets the criteria set forth in subsection (q) or** if the governing body of the school corporation that owns the school building indicates to the department,



on a form prescribed by the department, that the school building may be reclaimed during that period for classroom instruction. If a governing body does not indicate that a school building may be reclaimed, the governing body shall designate the school building as "Available" on the department's list. The governing body may change the designation of a building from unavailable to available at any time. *If the designation of a school building is "Available" on the department's list, the governing body of the school corporation that owns the school building may reclaim the school building for classroom instruction at any time before the submission of a letter of intent by a charter school under subsection (h) by indicating to the department, on a form prescribed by the department, that the school desires to reclaim the building for classroom instruction. The department shall remove the school building from the department's list under subsection (f).* If a school building *that is designated as unavailable on the department's list* remains unused for classroom instruction one (1) year after being reclaimed under this subsection, the governing body shall designate the school building as "Available" on the department's list. A governing body may reclaim a school building only one (1) time under this subsection.

(h) If a charter school wishes to use a school building on the list created under subsection (f), the charter school shall send a letter of intent to the department. Within thirty (30) days after receiving a letter from a charter school, the department shall notify the school corporation of the charter school's intent, and, within thirty (30) days after receiving notification from the department, the school corporation that owns the school building shall lease the school building to the charter school for one dollar (\$1) per year for as long as the charter school uses the school building for classroom instruction or for a term at the charter school's discretion, or sell the school building to the charter school for one dollar (\$1). The charter school must begin to use the school building for classroom instruction not later than two (2) years after acquiring the school building. If the school building is not used for classroom instruction within two (2) years after acquiring the school building, the school building shall be placed on the department's list under subsection (f). If during the term of the lease the charter school closes or ceases using the school building for classroom instruction, the school building shall be placed on the department's list under subsection (f). If a school building is sold to a charter school under this subsection and the charter school or any entity related to the charter school subsequently sells or transfers the school building to a third party, the charter school or related entity must transfer an amount



equal to the gain in the property minus the adjusted basis (including costs of improvements to the school building) to the school corporation that initially sold the vacant school building to the charter school. Gain and adjusted basis shall be determined in the manner prescribed by the Internal Revenue Code and the applicable Internal Revenue Service regulations and guidelines.

(i) During the term of a lease under subsection (h), the charter school is responsible for the direct expenses related to the school building leased, including utilities, insurance, maintenance, repairs, and remodeling. The school corporation is responsible for any debt incurred for or liens that attached to the school building before the charter school leased the school building.

(j) ~~Notwithstanding anything to the contrary in this section, and~~ With the ~~sole~~ exception of a waiver provided in ~~subsection (n), this~~ section, when a school building is designated as "Available" under subsection (g), the school building must remain designated as "Available", ~~unless it is reclaimed under subsection (g),~~ and may not be sold or otherwise disposed of for at least two (2) years. When the two (2) year period has elapsed, the school corporation may sell or otherwise dispose of the school building in accordance with IC 36-1-11.

(k) Notwithstanding subsection (e), a governing body may request a waiver from the department from the requirements of subsection (e). In order for a governing body to receive a waiver under subsection (n), the governing body must apply to the department, on a form prescribed by the department, for the waiver. The application must include a statement that the governing body believes that a charter school would not be interested in leasing or purchasing the vacant or unused school building.

(l) If the department receives a waiver request under subsection (k), the department, within five (5) days after receiving the waiver request under subsection (k), shall notify each charter school authorizer and statewide organization representing charter schools in Indiana by certified mail of the waiver request received under subsection (k). The notice must include a copy of the governing body's waiver request.

(m) Not later than thirty (30) days after a charter school authorizer or statewide organization representing charter schools in Indiana receives a notice described in subsection (l), the charter school authorizer or a statewide organization representing charter schools may submit a qualified objection to the governing body's request for a waiver under subsection (k). The qualified objection must be submitted to the department in writing. In order for an objection to be considered



a qualified objection by the department, the objection must include:

- (1) the name of the charter school that is interested in leasing or purchasing the vacant or unused school building; and
- (2) a time frame, which may not exceed one (1) year from the date of the objection, in which the charter school intends to begin providing classroom instruction in the vacant or unused school building.

(n) If the department receives a qualified objection under subsection (m), the vacant or unused school building shall remain on the department's list under subsection (f) with the designation with which the building is listed under subsection (g) at the time the department receives the waiver request. If the department does not receive a qualified objection, the department shall grant the governing body's request for a waiver. A governing body that receives a waiver under this subsection may sell or otherwise dispose of the unused or vacant school building in accordance with IC 36-1-11.

(o) The governing body of the School City of East Chicago school corporation may request a waiver from the department from the requirements of subsection (e) for the Carrie Gosch Elementary School building. If requested, the department shall grant the waiver. To receive the waiver, the governing body must apply to the department on a form prescribed by the department.

~~(o)~~ *(p) An emergency manager of a distressed school corporation under IC 6-1.1-20.3 or a fiscally impaired school corporation under IC 6-1.1-20.3 may sell an existing school building without complying with the requirements of subsection (e).*

(q) The governing body of a school corporation in which ten percent (10%) or more of the school buildings are occupied in whole or part by:

- (1) one (1) or more innovation network schools under IC 20-25.7-4;**
- (2) one (1) or more innovation network charter schools under IC 20-25.7-5; or**
- (3) any combination of innovation network schools under IC 20-25.7-4 and innovation network charter schools under IC 20-25.7-5;**

may sell a closed, unused, or unoccupied school building under IC 36-1-11 during the two (2) year period that the school building is designated as "Unavailable" under subsection (g)."

Page 38, between lines 26 and 27, begin a new paragraph and insert:

"SECTION 30. IC 20-29-2-6, AS AMENDED BY P.L.48-2011, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



JULY 1, 2018]: Sec. 6. "Deficit financing" for a budget year:

(1) means, except as provided in subdivision (2), actual expenditures exceeding the employer's current year actual general fund revenue; or

(2) means, in the case of any distressed school corporation, the Gary Community school corporation, or the Muncie Community school corporation:

(A) actual expenditures; plus

(B) additional payments against any outstanding debt obligations;

exceeding the employer's current year actual general fund revenue.

SECTION 31. IC 20-29-2-6, AS AMENDED BY P.L.48-2011, SECTION 7, AND P.L.244-2017, SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2019]: Sec. 6. "Deficit financing" for a budget year:

(1) means, except as provided in subdivision (2), actual expenditures exceeding the employer's current year actual education fund revenue and, for a school employer for which the voters have passed an operating referendum tax levy under IC 20-46-1, the amount of revenue certified by the department of local government finance; or

(2) means, in the case of any distressed school corporation, the Gary Community school corporation, or the Muncie Community school corporation, actual expenditures plus additional payments against any outstanding debt obligations exceeding the employer's current year actual education fund revenue, and, for a school employer for which the voters have passed an operating referendum tax levy under IC 20-46-1, the amount of revenue certified by the department of local government finance.

Revenue does not include money estimated to be or actually transferred from the school corporation's operations fund to its education fund."

Page 38, between lines 31 and 32, begin a new paragraph and insert:

SECTION 33. [EFFECTIVE UPON PASSAGE] **(a)**

Notwithstanding:

(1) the designation of the Gary Community School Corporation as a distressed political subdivision under IC 6-1.1-20.3; and

(2) the appointment of an emergency manager to assume the power, authority, and responsibilities of the executive and fiscal body of the Gary Community School Corporation;



the governing body, rather than the emergency manager, shall exercise the power to fill a vacancy on the governing body.

(b) This SECTION expires June 30, 2018."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1315 as reprinted February 1, 2018.)

MISHLER, Chairperson

Committee Vote: Yeas 9, Nays 4.

SENATE MOTION

Madam President: I move that Engrossed House Bill 1315 be amended to read as follows:

Page 41, line 4, delete "after the year".

(Reference is to EHB 1315 as printed March 2, 2018.)

MISHLER

SENATE MOTION

Madam President: I move that Engrossed House Bill 1315 be amended to read as follows:

Page 38, between lines 28 and 29, begin a new line block indented and insert:

"(6) The following:

(A) IC 20-30-5-0.5 (display of the United States flag; Pledge of Allegiance).

(B) IC 20-30-5-1, IC 20-30-5-2, and IC 20-30-5-3 (the constitutions of Indiana and the United States; writings, documents, and records of American history or heritage).

(C) IC 20-30-5-4 (system of government; American history).

(D) IC 20-30-5-6 (good citizenship instruction)."

Page 38, line 29, delete "(6)" and insert "(7)".

Page 38, line 30, delete "(7)" and insert "(8)".

Page 38, line 33, delete "(8)" and insert "(9)".



Page 38, line 34, delete "(9)" and insert "(10)".
 Page 38, line 35, delete "(10)" and insert "(11)".
 Page 38, line 36, delete "(11)" and insert "(12)".
 Page 38, line 37, delete "(12)" and insert "(13)".
 Page 38, line 39, delete "(13)" and insert "(14)".
 Page 38, line 40, delete "(14)" and insert "(15)".
 Page 38, line 41, delete "(15)" and insert "(16)".
 Page 38, line 42, delete "(16)" and insert "(17)".
 Page 39, line 1, delete "(17)" and insert "(18)".
 Page 39, line 3, delete "(18)" and insert "(19)".
 Page 39, line 4, delete "(19)" and insert "(20)".
 Page 39, line 5, delete "(20)" and insert "(21)".
 Page 39, line 6, delete "(21)" and insert "(22)".
 Page 39, line 8, delete "(22)" and insert "(23)".
 Page 39, line 9, delete "(23)" and insert "(24)".
 Page 39, line 10, delete "(24)" and insert "(25)".
 Page 39, line 11, delete "(25)" and insert "(26)".
 Page 39, line 13, delete "(26)" and insert "(27)".
 Page 39, line 14, delete "(27)" and insert "(28)".
 Page 39, line 16, delete "(28)" and insert "(29)".

(Reference is to EHB 1315 as printed March 2, 2018.)

HEAD

SENATE MOTION

Madam President: I move that Engrossed House Bill 1315 be amended to read as follows:

Page 40, between lines 38 and 39, begin a new line block indented and insert:

"In making the appointments under this subdivision, the Ball State University board of trustees and the President of Ball State University shall strive to ensure that the members appointed to the governing body reflect the geographical and



socioeconomic composition of the Muncie Community school corporation district."

(Reference is to EHB 1315 as printed March 2, 2018.)

LANANE

SENATE MOTION

Madam President: I move that Engrossed House Bill 1315 be amended to read as follows:

Page 43, delete lines 26 through 28, begin a new paragraph and insert:

"Sec. 13. (a) During the period beginning July 1, 2018, and ending June 30, 2022, the distressed unit appeal board shall provide financial support to the Muncie Community school corporation in an amount that does not exceed the amount of compensation that would have been provided to an emergency manager of the Muncie Community school corporation if the school corporation had retained the designation of a distressed political subdivision."

(Reference is to EHB 1315 as printed March 2, 2018.)

BREAUX

SENATE MOTION

Madam President: I move that Engrossed House Bill 1315 be amended to read as follows:

Page 47, line 26, after "school corporation" insert "**under IC 20-25**".

Page 51, line 36, after "school corporation" insert "**under IC 20-25**".

(Reference is to EHB 1315 as printed March 2, 2018.)

BREAUX

