



Reprinted
January 28, 2014

SENATE BILL No. 159

DIGEST OF SB 159 (Updated January 27, 2014 2:57 pm - DI 116)

Citations Affected: IC 20-24; IC 20-31.

Synopsis: Charter schools. Adds a definition of an "adult high school". Repeals a provision that prohibits the establishment of new adult high schools. Provides that, after June 30, 2014, before an authorizer may grant a charter to establish or renew a charter for an adult high school, the organizer must have the proposal to establish the charter school: (1) approved by the state board of education; and (2) reviewed by the budget committee. Requires a charter for an adult high school to contain certain requirements. Provides that, with certain exceptions, for state fiscal years beginning after June 30, 2014, an adult high school is not entitled to receive funding from the state unless the general assembly enacts an appropriation for the adult high school. Provides that an adult high school is subject to alternative accountability system established by the state board. Provides that certain authorizers may collect a 3% administrative fee from the amount appropriated to an adult high school (Current law provides that an authorizer may collect the administrative fee from the charter schools basic tuition support)

Effective: July 1, 2014.

Kenley, Kruse, Rogers, Buck, Taylor

January 8, 2014, read first time and referred to Committee on Education and Career Development.

January 23, 2014, amended, reported favorably — Do Pass.

January 27, 2014, read second time, amended, ordered engrossed.

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Reprinted
January 28, 2014

Second Regular Session 118th General Assembly (2014)

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 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

SENATE BILL No. 159

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

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

- 1 SECTION 1. IC 20-24-1-2.3 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2014]: **Sec. 2.3. "Adult high school" means a charter school that**
4 **will serve students who:**
5 (1) **are at least eighteen (18) years of age; and**
6 (2) **have dropped out of high school before receiving a**
7 **diploma.**
8 SECTION 2. IC 20-24-2.1-5 IS REPEALED [EFFECTIVE JULY
9 1, 2014]. **Sec. 5: (a) Except as provided in subsection (b), a charter may**
10 **not be granted after the effective date of this section by the charter**
11 **board or any other sponsor or authorizer for a charter school that will**
12 **serve students who:**
13 (1) **are at least twenty (20) years of age; and**
14 (2) **have dropped out of high school before receiving a diploma.**
15 (b) **Charters may be granted by the mayor of Indianapolis before**
16 **July 1, 2013; for not more than three (3) Christel House Academies that**

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- 1 will serve students described in subsection (a):
 2 SECTION 3. IC 20-24-3-18 IS ADDED TO THE INDIANA CODE
 3 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 4 1, 2014]: **Sec. 18. (a) After June 30, 2014, before an authorizer may**
 5 **grant a charter to establish an adult high school, the organizer**
 6 **must have the proposal to establish the charter school:**
 7 (1) approved by the state board; and
 8 (2) reviewed by the budget committee.
 9 (b) Upon receiving a request from an organizer to establish an
 10 adult high school under subsection (a), the state board shall either
 11 approve or deny the request. If the request is denied by the state
 12 board, an authorizer may not issue a charter for the adult high
 13 school.
 14 SECTION 4. IC 20-24-4-1, AS AMENDED BY P.L.280-2013,
 15 SECTION 36, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 16 JULY 1, 2014]: Sec. 1. (a) A charter must meet the following
 17 requirements:
 18 (1) Be a written instrument.
 19 (2) Be executed by an authorizer and an organizer.
 20 (3) Confer certain rights, franchises, privileges, and obligations
 21 on a charter school.
 22 (4) Confirm the status of a charter school as a public school.
 23 (5) Be granted for:
 24 (A) not less than three (3) years; and
 25 (B) a fixed number of years agreed to by the authorizer and the
 26 organizer.
 27 (6) Provide for the following:
 28 (A) A review by the authorizer of the charter school's
 29 performance, including the progress of the charter school in
 30 achieving the academic goals set forth in the charter, at least
 31 one (1) time in each five (5) year period while the charter is in
 32 effect.
 33 (B) Renewal, if the authorizer and the organizer agree to renew
 34 the charter.
 35 (C) The renewal application must include guidance from the
 36 authorizer, and the guidance must include the performance
 37 criteria that will guide the authorizer's renewal decisions.
 38 (D) The renewal application process must, at a minimum,
 39 provide an opportunity for the charter school to:
 40 (i) present additional evidence, beyond the data contained in
 41 the performance report, supporting its case for charter
 42 renewal;



- 1 (ii) describe improvements undertaken or planned for the
 2 charter school; and
 3 (iii) detail the charter school's plans for the next charter
 4 term.
- 5 (E) Not later than October 1 in the year in which the charter
 6 school seeks renewal of a charter, the governing board of a
 7 charter school seeking renewal shall submit a renewal
 8 application to the charter authorizer under the renewal
 9 application guidance issued by the authorizer. The authorizer
 10 shall make a final ruling on the renewal application not later
 11 than March 1 after the filing of the renewal application. The
 12 March 1 deadline does not apply to any review or appeal of a
 13 final ruling. After the final ruling is issued, the charter school
 14 may obtain further review by the authorizer of the authorizer's
 15 final ruling in accordance with the terms of the charter school's
 16 charter and the protocols of the authorizer.
- 17 (7) Specify the grounds for the authorizer to:
 18 (A) revoke the charter before the end of the term for which the
 19 charter is granted; or
 20 (B) not renew a charter.
- 21 (8) Set forth the methods by which the charter school will be held
 22 accountable for achieving the educational mission and goals of
 23 the charter school, including the following:
 24 (A) Evidence of improvement in:
 25 (i) assessment measures, including the ISTEP and end of
 26 course assessments;
 27 (ii) attendance rates;
 28 (iii) graduation rates (if appropriate);
 29 (iv) increased numbers of Core 40 diplomas and other
 30 college and career ready indicators including advanced
 31 placement participation and passage, dual credit
 32 participation and passage, and International Baccalaureate
 33 participation and passage (if appropriate);
 34 (v) increased numbers of academic honors and technical
 35 honors diplomas (if appropriate);
 36 (vi) student academic growth;
 37 (vii) financial performance and stability; and
 38 (viii) governing board performance and stewardship,
 39 including compliance with applicable laws, rules and
 40 regulations, and charter terms.
- 41 (B) Evidence of progress toward reaching the educational
 42 goals set by the organizer.



- 1 (9) Describe the method to be used to monitor the charter
 2 school's:
 3 (A) compliance with applicable law; and
 4 (B) performance in meeting targeted educational performance.
 5 (10) Specify that the authorizer and the organizer may amend the
 6 charter during the term of the charter by mutual consent and
 7 describe the process for amending the charter.
 8 (11) Describe specific operating requirements, including all the
 9 matters set forth in the application for the charter.
 10 (12) Specify a date when the charter school will:
 11 (A) begin school operations; and
 12 (B) have students attending the charter school.
 13 (13) Specify that records of a charter school relating to the
 14 school's operation and charter are subject to inspection and
 15 copying to the same extent that records of a public school are
 16 subject to inspection and copying under IC 5-14-3.
 17 (14) Specify that records provided by the charter school to the
 18 department or authorizer that relate to compliance by the
 19 organizer with the terms of the charter or applicable state or
 20 federal laws are subject to inspection and copying in accordance
 21 with IC 5-14-3.
 22 (15) Specify that the charter school is subject to the requirements
 23 of IC 5-14-1.5.
 24 **(16) This subdivision applies to a charter established or**
 25 **renewed for an adult high school after June 30, 2014. The**
 26 **charter must require:**
 27 **(A) that the school will offer flexible scheduling;**
 28 **(B) that students will not complete the majority of**
 29 **instruction of the school's curriculum online or through an**
 30 **electronic medium;**
 31 **(C) that the school will offer dual credit or industry**
 32 **certification course work that aligns with career pathways**
 33 **as recommended by the Indiana career council established**
 34 **by IC 22-4.5-9-3; and**
 35 **(D) a plan:**
 36 **(1) to support successful program completion and to**
 37 **assist transition of graduates to the workforce or to a**
 38 **postsecondary education upon receiving a diploma from**
 39 **the adult high school; and**
 40 **(2) to review individual student accomplishments and**
 41 **success after a student receives a diploma from the adult**
 42 **high school.**



1 (b) A charter school shall set annual performance targets in
 2 conjunction with the charter school's authorizer. The annual
 3 performance targets shall be designed to help each school meet
 4 applicable federal, state, and authorizer expectations.

5 SECTION 5. IC 20-24-4-4 IS ADDED TO THE INDIANA CODE
 6 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 7 1, 2014]: **Sec. 4. (a) This section applies to the renewal of a charter
 8 for an adult high school after June 30, 2014. Before a charter for
 9 an adult high school may be renewed, the organizer must have the
 10 proposed charter:**

11 (1) approved by the state board; and

12 (2) reviewed by the budget committee.

13 (b) Upon receiving a request from an organizer to renew an
 14 adult high school charter under subsection (a), the state board shall
 15 either approve or deny the request. If the request is denied by the
 16 state board, an authorizer may not issue or renew a charter for the
 17 adult high school.

18 SECTION 6. IC 20-24-7-4, AS AMENDED BY P.L.205-2013,
 19 SECTION 231, IS AMENDED TO READ AS FOLLOWS
 20 [EFFECTIVE JULY 1, 2014]: **Sec. 4. (a) Services that a school
 21 corporation provides to a charter school, including transportation, may
 22 be provided at not more than one hundred three percent (103%) of the
 23 actual cost of the services.**

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

32 (c) This subsection applies to the executive of a consolidated city
 33 that authorizes a charter school. **Except as provided in subsection (f)**,
 34 in a state fiscal year, the executive may collect from the organizer of a
 35 charter school authorized by the executive an administrative fee equal
 36 to not more than three percent (3%) of the total amount the organizer
 37 receives during the state fiscal year for basic tuition support.

38 (d) This subsection applies to an authorizer that is a nonprofit
 39 college or university that is approved by the state board of education.
 40 **Except as provided in subsection (f)**, in a state fiscal year, a private
 41 college or university may collect from the organizer of a charter school
 42 authorized by the private college or university an administrative fee



1 equal to not more than three percent (3%) of the total amount the
 2 organizer receives during the state fiscal year for basic tuition support.

3 (e) This subsection applies to the charter board. **Except as provided**
 4 **in subsection (f)**, in a state fiscal year, the charter school board may
 5 collect from the organizer of a charter school authorized by the charter
 6 board an administrative fee equal to not more than three percent (3%)
 7 of the total amount the organizer receives during the state fiscal year
 8 for basic tuition support.

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

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

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

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

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

39 SECTION 7. IC 20-24-7-13.5, AS ADDED BY P.L.205-2013,
 40 SECTION 235, IS AMENDED TO READ AS FOLLOWS
 41 [EFFECTIVE JULY 1, 2014]: Sec. 13.5. (a) This section applies to the
 42 following charter schools:

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- 1 (1) The Excel Centers for Adult Learners that is located in
 2 Indianapolis, is sponsored or authorized by the mayor of
 3 Indianapolis, and that is operating as of May 1, 2013.
- 4 (2) The Anderson Excel Center that is sponsored or authorized by
 5 the charter board and that is operating as of May 1, 2013.
- 6 (3) The Christel House Academy DOR center that is located in
 7 Indianapolis, is sponsored or authorized by the mayor of
 8 Indianapolis, and that is operating as of May 1, 2013.
- 9 (4) The Excel Centers for Adult Learners located in Kokomo,
 10 Lafayette, and Richmond that are sponsored or authorized by the
 11 charter board and that are scheduled to begin operating not later
 12 than fall 2013, and the Excel Center for Adult Learners located in
 13 Indianapolis (Lafayette Square) that is sponsored or authorized by
 14 the mayor of Indianapolis and that is scheduled to begin operating
 15 not later than fall 2013.
- 16 (5) The Gary Middle College charter school that is sponsored or
 17 authorized by Ball State University, that includes students who
 18 are twenty-two (22) years of age and older, and that is operating
 19 as of May 1, 2013.
- 20 (b) Notwithstanding any other law, for state fiscal years beginning
 21 after June 30, 2013, a charter school described in subsection (a) is
 22 entitled to receive funding from the state in an amount equal to the
 23 product of:
- 24 (1) the charter school's number of students (expressed as full-time
 25 equivalents); multiplied by
 26 (2) six thousand six hundred dollars (\$6,600).
- 27 However, in the case of the charter school described in subsection
 28 (a)(5), the funding under this section applies only for those students
 29 who are twenty-two (22) years of age and older.
- 30 (c) A charter school described in subsection (a) is entitled to receive
 31 federal special education funding.
- 32 (d) ~~A charter school that is granted a charter as described in~~
 33 ~~IC 20-24-2.1-5(b)~~ **is A Christel House Academy that, before July 1,**
 34 **2013, was granted a charter by the mayor of Indianapolis to**
 35 **establish an adult high school is not entitled to state funding if the**
 36 **adult high school was not in operation on May 1, 2013.**
- 37 (e) The state funding under this section shall be paid each state
 38 fiscal year under a schedule set by the budget agency and approved by
 39 the governor. However, the schedule shall provide for at least twelve
 40 (12) payments, that one (1) payment shall be made at least every forty
 41 (40) days, and the aggregate of the payments in each state fiscal year
 42 shall equal the amount required under this section. However, if the



1 appropriations for this purpose are insufficient, the distributions to each
2 recipient shall be reduced proportionately.

3 **(f) This section expires July 1, 2015.**

4 SECTION 8. IC 20-24-7-14 IS ADDED TO THE INDIANA CODE
5 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
6 1, 2014]: **Sec. 14. Except as provided in section 13.5 of this chapter,**
7 **notwithstanding any other law, for state fiscal years beginning**
8 **after June 30, 2014, an adult high school is not entitled to receive**
9 **funding from the state, including any tuition support, unless the**
10 **general assembly enacts an appropriation for the adult high school.**

11 SECTION 9. IC 20-31-8-5.2, AS ADDED BY SEA 24-2014,
12 SECTION 87, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
13 JULY 1, 2014]: Sec. 5.2. **(a)** The state board shall establish an
14 alternative accountability system to assess the performance of **an adult**
15 **high school. a charter school that is sponsored by the Indiana charter**
16 **school board established by IC 20-24-2.1-1 and designated as a**
17 **recovery school or an accelerated learning center. The system shall:**

18 **(1) establish rigorous academic outcomes criteria;**

19 **(2) measure college and career readiness outcomes for each**
20 **graduate;**

21 **(3) measure student accomplishments and success after**
22 **graduation for a period of time as determined by the state**
23 **board; and**

24 **(4) require that a substantial majority of graduates who**
25 **receive waiver diplomas must also be on track to receive or**
26 **have already received an industry certification that aligns**
27 **with career pathways as recommended by the Indiana career**
28 **council established by IC 22-4.5-9-3.**

29 **(b) An adult high school is subject to the alternative**
30 **accountability system developed by the state board under**
31 **subsection (a).**



COMMITTEE REPORT

Madam President: The Senate Committee on Education and Career Development, to which was referred Senate Bill No. 159, 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 4, delete lines 28 through 39, begin a new line double block indented and insert:

"(B) that students will not complete the majority of instruction of the school's curriculum online or through an electronic medium;

(C) that the school will offer dual credit or industry certification course work that aligns with career pathways as recommended by the Indiana career council established by IC 22-4.5-9-3; and

(D) a plan:

(1) to support successful program completion and to assist transition of graduates to the workforce or to a postsecondary education upon receiving a diploma from the adult high school; and

(2) to review individual student accomplishments and success after a student receives a diploma from the adult high school."

Page 5, line 4, delete "apples" and insert "applies".

Page 6, line 9, delete "The Christel House Academies that have been".

Page 6, delete line 10.

Page 6, line 11, delete "high schools before July 1, 2013, are" and insert **"A Christel House Academy that, before July 1, 2013, was granted a charter by the mayor of Indianapolis to establish an adult high school is"**.

Page 6, line 11, delete "." and insert **"if the adult high school was not in operation on May 1, 2013."**

Page 6, after line 27, begin a new paragraph and insert:

"SECTION 8. IC 20-31-8-5.2, AS ADDED BY SEA 24-2014, SECTION 87, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 5.2. (a) The state board shall establish an alternative accountability system to assess the performance of an adult high school. a charter school that is sponsored by the Indiana charter school board established by IC 20-24-2.1-1 and designated as a recovery school or an accelerated learning center. The system shall:



- (1) establish rigorous academic outcomes criteria;
- (2) measure college and career readiness outcomes for each graduate;
- (3) measure student accomplishments and success after graduation for a period of time as determined by the state board; and
- (4) require that a substantial majority of graduates who receive waiver diplomas must also be on track to receive or have already received an industry certification that aligns with career pathways as recommended by the Indiana career council established by IC 22-4.5-9-3.

(b) An adult high school is subject to the alternative accountability system developed by the state board under subsection (a)."

and when so amended that said bill do pass.

(Reference is to SB 159 as introduced.)

KRUSE, Chairperson

Committee Vote: Yeas 10, Nays 0.

SENATE MOTION

Madam President: I move that Senate Bill 159 be amended to read as follows:

Page 5, between lines 17 and 18, begin a new paragraph and insert:

"SECTION 1. IC 20-24-7-4, AS AMENDED BY P.L.205-2013, SECTION 231, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 4. (a) Services that a school corporation provides to a charter school, including transportation, may be provided at not more than one hundred three percent (103%) of the actual cost of the services.

(b) This subsection applies to an authorizer that is a state educational institution described in IC 20-24-1-2.5(2). **Except as provided in subsection (f)**, in a state fiscal year, a state educational institution may receive from the organizer of a charter school authorized by the state educational institution an administrative fee equal to not more than three percent (3%) of the total amount the organizer receives during the state fiscal year from basic tuition support (as defined in IC 20-43-1-8).

(c) This subsection applies to the executive of a consolidated city

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that authorizes a charter school. **Except as provided in subsection (f)**, in a state fiscal year, the executive may collect from the organizer of a charter school authorized by the executive an administrative fee equal to not more than three percent (3%) of the total amount the organizer receives during the state fiscal year for basic tuition support.

(d) This subsection applies to an authorizer that is a nonprofit college or university that is approved by the state board of education. **Except as provided in subsection (f)**, in a state fiscal year, a private college or university may collect from the organizer of a charter school authorized by the private college or university an administrative fee equal to not more than three percent (3%) of the total amount the organizer receives during the state fiscal year for basic tuition support.

(e) This subsection applies to the charter board. **Except as provided in subsection (f)**, in a state fiscal year, the charter school board may collect from the organizer of a charter school authorized by the charter board an administrative fee equal to not more than three percent (3%) of the total amount the organizer receives during the state fiscal year for basic tuition support.

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

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

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

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

~~(i)~~ (j) Not later than ninety (90) days after the end of each fiscal year, each authorizer shall provide to each charter school it authorizes an itemized accounting of the actual costs of services purchased by the



charter school from the authorizer. Any difference between the amount initially charged to the charter school and the actual cost shall be reconciled and paid to the owed party. If either party disputes the itemized accounting, any charges included in the accounting, or charges to either party, either party may request a review by the department. The requesting party shall pay the costs of the review."

Renumber all SECTIONS consecutively.

(Reference is to SB 159 as printed January 24, 2014.)

KENLEY

