



February 25, 2014

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**ENGROSSED  
SENATE BILL No. 159**

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DIGEST OF SB 159 (Updated February 25, 2014 10:55 am - DI 116)

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

**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 an adult high school may only be authorized by the Indiana charter school board or the Indianapolis charter school  
(Continued next page)

**Effective:** Upon passage; July 1, 2014.

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**Kenley, Kruse, Rogers, Buck,  
Taylor, Randolph**

(HOUSE SPONSORS — BROWN T, HUSTON, GOODIN)

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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.

January 28, 2014, engrossed. Read third time, passed. Yeas 49, nays 0.

HOUSE ACTION

February 10, 2014, read first time and referred to Committee on Education.

February 25, 2014, amended, reported — Do Pass.

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## Digest Continued

board. 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 approved 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) Requires the office of management and budget to study adult high schools and educational alternatives for students who: (1) are at least eighteen (18) years of age; and (2) have dropped out of high school before receiving a diploma.



February 25, 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.

## ENGROSSED 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 approved by  
7 the budget committee.**

8 **(b) Upon receiving a request from an organizer to establish an  
9 adult high school under subsection (a), the budget committee shall  
10 either approve or deny the request. If the request is denied by the  
11 budget committee, the budget committee shall provide the reasons  
12 for the denial. If the request is denied by the budget committee, an  
13 authorizer may not issue a charter for the adult high school.**

14 **(c) The budget committee may only review the proposal based  
15 on the proposal's fiscal impact and may not make determinations  
16 based on other factors.**

17 SECTION 4. IC 20-24-3-19 IS ADDED TO THE INDIANA CODE  
18 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
19 1, 2014]: **Sec. 19. Notwithstanding IC 20-24-1-2.5, an adult high  
20 school as defined in IC 20-24-1-2.3 may only be authorized by the  
21 charter board or the Indianapolis charter school board.**

22 SECTION 5. IC 20-24-4-1, AS AMENDED BY P.L.280-2013,  
23 SECTION 36, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
24 JULY 1, 2014]: **Sec. 1. (a) A charter must meet the following  
25 requirements:**

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



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



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

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

SECTION 6. IC 20-24-4-4 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: **Sec. 4. (a) This section applies to the renewal of a charter for an adult high school after June 30, 2014. Before a charter for an adult high school may be renewed, the organizer must have the student enrollment projections for the next fiscal year reviewed and approved by the budget committee.**

**(b) Upon receiving a request from an organizer to establish an adult high school under subsection (a), the budget committee shall either approve or deny the request. If the request is denied by the budget committee, the budget committee shall provide the reasons for the denial. If the request is denied by the budget committee, an authorizer may not issue or renew a charter for the adult high school.**

**(c) The budget committee may only review the proposal based on the proposal's fiscal impact and may not make determinations based on other factors.**

SECTION 7. 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**



1 (as defined in IC 20-43-1-8).

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

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

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

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

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

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

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

42 ~~(i)~~ (j) Not later than ninety (90) days after the end of each fiscal





1 year, each authorizer shall provide to each charter school it authorizes  
 2 an itemized accounting of the actual costs of services purchased by the  
 3 charter school from the authorizer. Any difference between the amount  
 4 initially charged to the charter school and the actual cost shall be  
 5 reconciled and paid to the owed party. If either party disputes the  
 6 itemized accounting, any charges included in the accounting, or  
 7 charges to either party, either party may request a review by the  
 8 department. The requesting party shall pay the costs of the review.

9 SECTION 8. IC 20-24-7-13.5, AS ADDED BY P.L.205-2013,  
 10 SECTION 235, IS AMENDED TO READ AS FOLLOWS  
 11 [EFFECTIVE JULY 1, 2014]: Sec. 13.5. (a) This section applies to the  
 12 following charter schools:

13 (1) The Excel Centers for Adult Learners that is located in  
 14 Indianapolis, is sponsored or authorized by the mayor of  
 15 Indianapolis, and that is operating as of May 1, 2013.

16 (2) The Anderson Excel Center that is sponsored or authorized by  
 17 the charter board and that is operating as of May 1, 2013.

18 (3) The Christel House Academy DOR center that is located in  
 19 Indianapolis, is sponsored or authorized by the mayor of  
 20 Indianapolis, and that is operating as of May 1, 2013.

21 (4) The Excel Centers for Adult Learners located in Kokomo,  
 22 Lafayette, and Richmond that are sponsored or authorized by the  
 23 charter board and that are scheduled to begin operating not later  
 24 than fall 2013, and the Excel Center for Adult Learners located in  
 25 Indianapolis (Lafayette Square) that is sponsored or authorized by  
 26 the mayor of Indianapolis and that is scheduled to begin operating  
 27 not later than fall 2013.

28 (5) The Gary Middle College charter school that is sponsored or  
 29 authorized by Ball State University, that includes students who  
 30 are twenty-two (22) years of age and older, and that is operating  
 31 as of May 1, 2013.

32 (b) Notwithstanding any other law, for state fiscal years beginning  
 33 after June 30, 2013, a charter school described in subsection (a) is  
 34 entitled to receive funding from the state in an amount equal to the  
 35 product of:

36 (1) the charter school's number of students (expressed as full-time  
 37 equivalents); multiplied by

38 (2) six thousand six hundred dollars (\$6,600).

39 However, in the case of the charter school described in subsection  
 40 (a)(5), the funding under this section applies only for those students  
 41 who are twenty-two (22) years of age and older.

42 (c) A charter school described in subsection (a) is entitled to receive



1 federal special education funding.

2 (d) ~~A charter school that is granted a charter as described in~~  
 3 ~~IC 20-24-2.1-5(b)~~ **is A Christel House Academy that, before July 1,**  
 4 **2013, was granted a charter by the mayor of Indianapolis to**  
 5 **establish an adult high school is not entitled to state funding if the**  
 6 **adult high school was not in operation on May 1, 2013. The**  
 7 **restrictions in this subsection shall continue through June 30, 2015.**  
 8 **For a fiscal year beginning after June 30, 2015, an adult high**  
 9 **school described in this subsection shall be subject to the same**  
 10 **restrictions on funding from the state, including tuition support, as**  
 11 **other adult high schools as set forth in IC 20-24-7-14.**

12 (e) The state funding under this section shall be paid each state  
 13 fiscal year under a schedule set by the budget agency and approved by  
 14 the governor. However, the schedule shall provide for at least twelve  
 15 (12) payments, that one (1) payment shall be made at least every forty  
 16 (40) days, and the aggregate of the payments in each state fiscal year  
 17 shall equal the amount required under this section. However, if the  
 18 appropriations for this purpose are insufficient, the distributions to each  
 19 recipient shall be reduced proportionately.

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

21 SECTION 9. IC 20-24-7-14 IS ADDED TO THE INDIANA CODE  
 22 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 23 1, 2014]: **Sec. 14. Except as provided in section 13.5 of this chapter,**  
 24 **notwithstanding any other law, for state fiscal years beginning**  
 25 **after June 30, 2014, an adult high school is not entitled to receive**  
 26 **funding from the state, including any tuition support, unless the**  
 27 **general assembly enacts an appropriation for the adult high school.**

28 SECTION 10. IC 20-31-8-5.2, AS ADDED BY SEA 24-2014,  
 29 SECTION 87, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 30 JULY 1, 2014]: Sec. 5.2. **(a)** The state board shall establish an  
 31 alternative accountability system to assess the performance of **an adult**  
 32 **high school.** ~~a charter school that is sponsored by the Indiana charter~~  
 33 ~~school board established by IC 20-24-2.1-1 and designated as a~~  
 34 ~~recovery school or an accelerated learning center.~~ **The system shall:**

- 35 **(1) establish rigorous academic outcomes criteria;**  
 36 **(2) measure college and career readiness outcomes for each**  
 37 **graduate;**  
 38 **(3) measure student accomplishments and success after**  
 39 **graduation for a period of time as determined by the state**  
 40 **board; and**  
 41 **(4) require that a substantial majority of graduates who**  
 42 **receive waiver diplomas must also be on track to receive or**



- 1           **have already received an industry certification that aligns**  
 2           **with career pathways as recommended by the Indiana career**  
 3           **council established by IC 22-4.5-9-3.**
- 4           **(b) An adult high school is subject to the alternative**  
 5           **accountability system developed by the state board under**  
 6           **subsection (a).**
- 7           **SECTION 11. [EFFECTIVE UPON PASSAGE] (a) As used in this**  
 8           **SECTION, "adult high school" means a charter school that will**  
 9           **serve students who:**
- 10           **(1) are at least eighteen (18) years of age; and**  
 11           **(2) have dropped out of high school before receiving a**  
 12           **diploma.**
- 13           **(b) As used in this SECTION, "charter school" has the meaning**  
 14           **set forth in IC 20-24-1-4.**
- 15           **(c) As used in this SECTION, "commission" refers to the**  
 16           **commission on education established by IC 2-5-38.1-2.**
- 17           **(d) As used in this SECTION, "office" refers to the office of**  
 18           **management and budget established by IC 4-3-22-3.**
- 19           **(e) The office shall study the following topics:**
- 20           **(1) The number of adult high schools operating in Indiana.**  
 21           **(2) The location of each adult high school operating in**  
 22           **Indiana.**
- 23           **(3) The effectiveness of adult high schools in preparing**  
 24           **students for joining the workforce.**
- 25           **(4) Educational alternatives for students who:**
- 26           **(A) are at least eighteen (18) years of age; and**  
 27           **(B) have dropped out of high school before receiving a**  
 28           **diploma.**
- 29           **(5) The potential impact upon the state budget of expanding**  
 30           **the availability of adult high schools and other educational**  
 31           **alternatives studied under subdivision (4).**
- 32           **(6) Other adult education topics that the office determines**  
 33           **should be studied for the purpose of making**  
 34           **recommendations to the commission.**
- 35           **(f) The office shall submit its findings and recommendations, if**  
 36           **any, to the commission in an electronic format under IC 5-14-6**  
 37           **before November 1, 2014.**
- 38           **(g) The commission shall:**
- 39           **(1) consider the report submitted by the office; and**  
 40           **(2) submit its findings and recommendations, if any, to the**  
 41           **legislative council in an electronic format under IC 5-14-6**  
 42           **before December 1, 2014.**



1       **(h) This SECTION expires January 1, 2015.**  
2       **SECTION 12. An emergency is declared for this act.**



## 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.

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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

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#### COMMITTEE REPORT

Mr. Speaker: Your Committee on Education, to which was referred Senate Bill 159, 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 2, delete lines 2 through 13, begin a new paragraph and insert:

"SECTION 3. IC 20-24-3-18 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: **Sec. 18. (a) After June 30, 2014, before an authorizer may grant a charter to establish an adult high school, the organizer must have the proposal to establish the charter school approved by the budget committee.**

**(b) Upon receiving a request from an organizer to establish an adult high school under subsection (a), the budget committee shall either approve or deny the request. If the request is denied by the budget committee, the budget committee shall provide the reasons for the denial. If the request is denied by the budget committee, an authorizer may not issue a charter for the adult high school.**

**(c) The budget committee may only review the proposal based on the proposal's fiscal impact and may not make determinations based on other factors.**

SECTION 4. IC 20-24-3-19 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: **Sec. 19. Notwithstanding IC 20-24-1-2.5, an adult high school as defined in IC 20-24-1-2.3 may only be authorized by the charter board or the Indianapolis charter school board."**

Page 5, delete lines 5 through 17, begin a new paragraph and insert:

"SECTION 6. IC 20-24-4-4 IS ADDED TO THE INDIANA CODE





AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: **Sec. 4. (a) This section applies to the renewal of a charter for an adult high school after June 30, 2014. Before a charter for an adult high school may be renewed, the organizer must have the student enrollment projections for the next fiscal year reviewed and approved by the budget committee.**

**(b) Upon receiving a request from an organizer to establish an adult high school under subsection (a), the budget committee shall either approve or deny the request. If the request is denied by the budget committee, the budget committee shall provide the reasons for the denial. If the request is denied by the budget committee, an authorizer may not issue or renew a charter for the adult high school.**

**(c) The budget committee may only review the proposal based on the proposal's fiscal impact and may not make determinations based on other factors."**

Page 7, line 36, after "May 1, 2013." insert **"The restrictions in this subsection shall continue through June 30, 2015. For a fiscal year beginning after June 30, 2015, an adult high school described in this subsection shall be subject to the same restrictions on funding from the state, including tuition support, as other adult high schools as set forth in IC 20-24-7-14."**

Page 8, after line 31, begin a new paragraph and insert:

**"SECTION 11. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "adult high school" means a charter school that will serve students who:**

- (1) are at least eighteen (18) years of age; and**
- (2) have dropped out of high school before receiving a diploma.**

**(b) As used in this SECTION, "charter school" has the meaning set forth in IC 20-24-1-4.**

**(c) As used in this SECTION, "commission" refers to the commission on education established by IC 2-5-38.1-2.**

**(d) As used in this SECTION, "office" refers to the office of management and budget established by IC 4-3-22-3.**

**(e) The office shall study the following topics:**

- (1) The number of adult high schools operating in Indiana.**
- (2) The location of each adult high school operating in Indiana.**
- (3) The effectiveness of adult high schools in preparing students for joining the workforce.**
- (4) Educational alternatives for students who:**



- (A) are at least eighteen (18) years of age; and**
- (B) have dropped out of high school before receiving a diploma.**

**(5) The potential impact upon the state budget of expanding the availability of adult high schools and other educational alternatives studied under subdivision (4).**

**(6) Other adult education topics that the office determines should be studied for the purpose of making recommendations to the commission.**

**(f) The office shall submit its findings and recommendations, if any, to the commission in an electronic format under IC 5-14-6 before November 1, 2014.**

**(g) The commission shall:**

- (1) consider the report submitted by the office; and**
- (2) submit its findings and recommendations, if any, to the legislative council in an electronic format under IC 5-14-6 before December 1, 2014.**

**(h) This SECTION expires January 1, 2015.**

**SECTION 12. An emergency is declared for this act."**

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 159 as reprinted January 28, 2014.)

BEHNING, Chair

Committee Vote: yeas 12, nays 0.

