

# SENATE BILL No. 199

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 20-25.7-5-2; IC 20-43.

**Synopsis:** Complexity index within the school funding formula. Requires, for state fiscal years beginning after June 30, 2023, the state board of education to determine each school corporation's complexity index two times each year. Provides that the complexity index count dates coincide with the average daily membership count days. Allows a school corporation to request an adjustment to the school corporation's complexity index. Provides a maximum amount of money attributable to complexity index calculations that may be distributed for all school corporations in a particular state fiscal year.

**Effective:** June 29, 2023; July 1, 2023.

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**Ford J.D.**

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January 10, 2023, read first time and referred to Committee on Education and Career Development.

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First Regular Session of the 123rd General Assembly (2023)

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 2022 Regular Session of the General Assembly.

## SENATE BILL No. 199

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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 20-25.7-5-2, AS AMENDED BY P.L.165-2021,  
2 SECTION 153, IS AMENDED TO READ AS FOLLOWS  
3 [EFFECTIVE JULY 1, 2023]: Sec. 2. (a) The board may enter into an  
4 agreement with an organizer to reconstitute an eligible school as a  
5 participating innovation network charter school or to establish a  
6 participating innovation network charter school at a location selected  
7 by the board within the boundary of the school corporation.  
8 Notwithstanding IC 20-26-7.1, a participating innovation network  
9 charter school may be established within a vacant school building.  
10 (b) The terms of the agreement entered into between the board and  
11 an organizer must specify the following:  
12 (1) A statement that the organizer authorizes the department to  
13 include the charter school's performance assessment results under  
14 IC 20-31-8 when calculating the school corporation's performance  
15 assessment under rules adopted by the state board.  
16 (2) The amount of state funding, including tuition support (if the  
17 participating innovation network charter school is treated in the



1 same manner as a school operated by the school corporation  
2 under subsection (d)(2)), and money levied as property taxes that  
3 will be distributed by the school corporation to the organizer.

4 (3) The performance goals and accountability metrics agreed  
5 upon for the charter school in the charter agreement between the  
6 organizer and the authorizer.

7 (c) If an organizer and the board enter into an agreement under  
8 subsection (a), the organizer and the board shall notify the department  
9 that the agreement has been made under this section within thirty (30)  
10 days after the agreement is entered into.

11 (d) Upon receipt of the notification under subsection (c), for school  
12 years starting after the date of the agreement:

13 (1) the department shall include the participating innovation  
14 network charter school's performance assessment results under  
15 IC 20-31-8 when calculating the school corporation's performance  
16 assessment under rules adopted by the state board;

17 (2) the department shall treat the participating innovation network  
18 charter school in the same manner as a school operated by the  
19 school corporation when calculating the total amount of state  
20 funding to be distributed to the school corporation unless  
21 subsection (e) applies; and

22 (3) if requested by a participating innovation network charter  
23 school that reconstitutes an eligible school, the department may  
24 use student growth as the state board's exclusive means to  
25 determine the innovation network charter school's category or  
26 designation of school improvement under 511 IAC 6.2-10-10 for  
27 a period of three (3) years. Beginning with the 2019-2020 school  
28 year, the department may not use student growth as the state  
29 board's exclusive means to determine an innovation network  
30 charter school's category or designation of school improvement.

31 This subdivision expires July 1, 2023.

32 (e) If a participating innovation network school was established  
33 before January 1, 2016, and for the current school year has a  
34 complexity index that is greater than the complexity index for the  
35 school corporation that the innovation network school has contracted  
36 with, the innovation network school shall be treated as a charter school  
37 for purposes of determining tuition support. This subsection expires  
38 June 30, 2023.

39 **(f) This subsection applies for state fiscal years beginning after**  
40 **June 30, 2023. If a determination of the complexity index of a**  
41 **participating innovation network charter school that was**  
42 **established before January 1, 2016, is, for either of the**



1 **determinations made in the current school year, greater than the**  
 2 **determination of the complexity index for the school corporation**  
 3 **with which the innovation network charter school has contracted,**  
 4 **the innovation network school shall be treated as a charter school**  
 5 **for purposes of determining tuition support.**

6 SECTION 2. IC 20-43-1-9, AS AMENDED BY P.L.213-2015,  
 7 SECTION 205, IS AMENDED TO READ AS FOLLOWS  
 8 [EFFECTIVE JULY 1, 2023]: Sec. 9. "Complexity index" refers to the  
 9 complexity index determined under ~~IC 20-43-13-4~~. **IC 20-43-13-5.**

10 SECTION 3. IC 20-43-2-2, AS AMENDED BY P.L.108-2019,  
 11 SECTION 218, IS AMENDED TO READ AS FOLLOWS  
 12 [EFFECTIVE JULY 1, 2023]: Sec. 2. (a) **Subject to subsection (f)**, the  
 13 maximum state distribution for a state fiscal year for all school  
 14 corporations for the purposes described in section 3 of this chapter is  
 15 the amount appropriated by the general assembly for those purposes for  
 16 that state fiscal year.

17 (b) If the budget director, after review by the budget committee,  
 18 makes a determination that the amount of the distribution for a state  
 19 fiscal year for all school corporations for the purposes described in  
 20 section 3 of this chapter exceeds the amount appropriated for these  
 21 purposes for the state fiscal year, the budget agency shall transfer  
 22 money from the state tuition reserve account to the state general fund  
 23 to cover the difference. However, the maximum amount that may be  
 24 transferred to the state general fund for the state fiscal year may not  
 25 exceed:

- 26 (1) seventy-five million dollars (\$75,000,000) for the state fiscal  
 27 year beginning July 1, 2018; and  
 28 (2) twenty-five million dollars (\$25,000,000) for a state fiscal year  
 29 beginning July 1, 2019, or thereafter.

30 (c) Any amounts transferred under this section shall be used to  
 31 augment the appropriation for state tuition support for the state fiscal  
 32 year and shall be distributed to school corporations to make or restore  
 33 the distributions for the purposes described in section 3 of this chapter.

34 (d) Transfers under this section are in addition to any transfers made  
 35 from the state tuition reserve account under IC 4-12-1-15.7 or any other  
 36 law.

37 (e) To the extent that the amount appropriated plus the amount  
 38 transferred is less than the amount that would be distributed under this  
 39 article, the total amount to be distributed for the purposes described in  
 40 section 3 of this chapter to each recipient during the remaining months  
 41 of the state fiscal year shall be proportionately reduced so that the total  
 42 reductions equal the amount of the excess for the purposes described



1 in section 3 of this chapter.

2 (f) For state fiscal years beginning after June 30, 2023, of the  
3 maximum state distribution described in subsection (a), the  
4 maximum amount of money attributable to complexity index  
5 calculations under:

6 (1) IC 20-43-6-3(b) STEP TWO; and

7 (2) IC 20-43-6-3(c) STEP FIVE;

8 that may be distributed for all school corporations in a particular  
9 state fiscal year may not exceed seven hundred million one  
10 hundred one thousand dollars (\$700,101,000). To the extent that  
11 the total amount calculated for a particular state fiscal year  
12 exceeds the maximum amount provided in this subsection, the total  
13 amount attributable to complexity index calculations that may be  
14 distributed to each recipient during the remaining months of the  
15 state fiscal year shall be proportionately reduced so that the total  
16 payments attributable to complexity index calculations equal the  
17 maximum amount provided under this subsection.

18 SECTION 4. IC 20-43-3-7, AS AMENDED BY P.L.130-2022,  
19 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
20 JULY 1, 2023]: Sec. 7. (a) This section applies to distributions under  
21 this article that are computed in any part based on a count of students  
22 under IC 20-43-4-2.

23 (b) If the state board subsequently adjusts under IC 20-43-4-3.5 a  
24 count, or, for a state fiscal year beginning after June 30, 2023, a  
25 determination under IC 20-43-13-5, used for a distribution under this  
26 article, the department shall adjust subsequent distributions to the  
27 school corporation that are affected by the adjusted count or adjusted  
28 determination, on the schedule determined by the department, to  
29 reflect the differences between the distribution that the school  
30 corporation received and the distribution that the school corporation  
31 would have received if the adjusted count or adjusted determination  
32 had been used.

33 SECTION 5. IC 20-43-4-9, AS AMENDED BY P.L.130-2022,  
34 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
35 JULY 1, 2023]: Sec. 9. (a) Subject to subsections (b) and (c), this  
36 subsection applies to the calculation of state tuition support  
37 distributions that are based on the current ADM, and, for a state fiscal  
38 year beginning after June 30, 2023, the complexity index, of a  
39 school corporation. The fall count of ADM, as adjusted by the state  
40 board under section 3.5 of this chapter, and, for a state fiscal year  
41 beginning after June 30, 2023, the fall determination of the  
42 complexity index, as adjusted under IC 20-43-13-5, shall be used to



1 compute state tuition support distributions made in the first six (6)  
 2 months of the current state fiscal year. ~~and~~ The spring count of ADM,  
 3 as adjusted by the state board under section 3.5 of this chapter, **and, for**  
 4 **a state fiscal year beginning after June 30, 2023, the spring**  
 5 **determination of the complexity index, as adjusted under**  
 6 **IC 20-43-13-5**, shall be used to compute state tuition support  
 7 distributions made in the second six (6) months of the state fiscal year.

8 (b) This subsection applies to a school corporation that does not  
 9 provide the estimates required by section 2(c) of this chapter before the  
 10 deadline. For monthly state tuition support distributions made before  
 11 the count of ADM is finalized, the department shall determine the  
 12 distribution amount for such a school corporation for a state fiscal year  
 13 of the biennium, using data that were used by the general assembly in  
 14 determining the state tuition support appropriation for the budget act  
 15 for that state fiscal year. The department may adjust the data used  
 16 under this subsection for errors.

17 (c) If the state board adjusts a count of ADM, **or, for a state fiscal**  
 18 **year beginning after June 30, 2023, adjusts a determination of the**  
 19 **complexity index for a school corporation**, after a distribution is  
 20 made under this article, the adjusted count **or adjusted complexity**  
 21 **index determination** retroactively applies to the amount of state  
 22 tuition support distributed to a school corporation affected by the  
 23 adjusted count **or adjusted complexity index determination**. The  
 24 department shall settle any overpayment or underpayment of state  
 25 tuition support resulting from an adjusted count of ADM, **or, for a**  
 26 **state fiscal year beginning after June 30, 2023, an adjusted**  
 27 **complexity index determination**, on the schedule determined by the  
 28 department and approved by the budget agency.

29 SECTION 6. IC 20-43-13-4 IS REPEALED [EFFECTIVE JUNE 29,  
 30 2023]. Sec. 4: (a) Except as provided in subsections (c) and (d), the  
 31 complexity index is the percentage of the school corporation's students  
 32 who were receiving Supplemental Nutrition Assistance Program  
 33 (SNAP) benefits, Temporary Assistance for Needy Families (TANF)  
 34 benefits, or foster care services as of October † in the school year  
 35 ending in the later of:

36 (1) 2021; or

37 (2) the first year of operation of the school corporation.

38 (b) For a conversion charter school, the percentage determined  
 39 under this section is the percentage of the sponsor school corporation.

40 (c) Except as provided in subsection (d), the complexity index for  
 41 a school corporation that has entered into an agreement with one (1) or  
 42 more charter schools to participate as an innovation network charter



1 school under IC 20-25.7-5 for a state fiscal year is equal to the result  
2 using the following formula:

3 STEP ONE: Determine:

4 (A) the school corporation's enrollment; minus

5 (B) the enrollment of each participating innovation network  
6 charter school:

7 STEP TWO: Determine the number of students in the school  
8 corporation who were receiving Supplemental Nutrition  
9 Assistance Program (SNAP) benefits; Temporary Assistance for  
10 Needy Families (TANF) benefits; or foster care services as of  
11 October 1 in the school year ending in 2021; not including  
12 students enrolled in each participating innovation network charter  
13 school:

14 STEP THREE: Divide the result of STEP TWO by the result of  
15 STEP ONE:

16 STEP FOUR: Determine the enrollment of each participating  
17 innovation network charter school:

18 STEP FIVE: Determine the number of students in each  
19 participating innovation network charter school who were  
20 receiving Supplemental Nutrition Assistance Program (SNAP)  
21 benefits; Temporary Assistance for Needy Families (TANF)  
22 benefits; or foster care services as of October 1 in the school year  
23 ending in the later of:

24 (A) 2021; or

25 (B) the first year of operation of the participating innovation  
26 network charter school:

27 STEP SIX: Divide the result of STEP FIVE by the result of STEP  
28 FOUR:

29 STEP SEVEN: For each participating innovation network charter  
30 school; determine the greater of:

31 (A) the result of STEP THREE; or

32 (B) the result of STEP SIX:

33 STEP EIGHT: For each participating innovation network charter  
34 school; multiply the result of STEP SEVEN by the result of STEP  
35 FOUR:

36 STEP NINE: Determine the sum of:

37 (A) the result of STEP TWO; plus

38 (B) the results of STEP EIGHT; for each participating  
39 innovation network charter school:

40 STEP TEN: Determine the sum of:

41 (A) the result of STEP ONE; plus

42 (B) the results of STEP FOUR for each participating



1 innovation network charter school:

2 STEP ELEVEN: Divide the STEP NINE result by the STEP TEN  
3 result:

4 (d) If the complexity index of a participating innovation network  
5 charter school that was established before January 1, 2016, is, for the  
6 current school year, greater than the complexity index for the school  
7 corporation with which the innovation network charter school has  
8 contracted, the complexity index of the participating innovation  
9 network charter school is determined as described in IC 20-25.7-5-2(e).

10 SECTION 7. IC 20-43-13-5 IS ADDED TO THE INDIANA CODE  
11 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
12 1, 2023]: **Sec. 5. (a) Except as provided in subsections (e) and (f),  
13 and subject to subsection (b), the state board shall determine the  
14 number of students in each school corporation receiving  
15 Supplemental Nutrition Assistance Program (SNAP) benefits,  
16 Temporary Assistance for Needy Families (TANF) benefits, or  
17 foster care services two (2) times each school year, with one (1)  
18 determination date occurring in each of the following periods:**

19 (1) The date of the fall count of ADM determined under  
20 IC 20-43-4-3(1).

21 (2) The date of the spring count of ADM determined under  
22 IC 20-43-4-3(2).

23 (b) However, if extreme patterns of:

24 (1) student in-migration;

25 (2) illness;

26 (3) natural disaster; or

27 (4) other unusual conditions in a particular school  
28 corporation's enrollment;

29 on either a day described in subsection (a)(1) or (a)(2), or the  
30 subsequent adjustment date cause the determination under  
31 subsection (a) to be unrepresentative of the number of students in  
32 each school corporation receiving Supplemental Nutrition  
33 Assistance Program (SNAP) benefits, Temporary Assistance for  
34 Needy Families (TANF) benefits, or foster care services, the state  
35 board may designate another day for making the determination  
36 under this section.

37 (c) For purposes of determining basic tuition support for a  
38 school corporation under IC 20-43-6-3, the complexity index is the  
39 percentage of each school corporation's students receiving  
40 Supplemental Nutrition Assistance Program (SNAP) benefits,  
41 Temporary Assistance for Needy Families (TANF) benefits, or  
42 foster care services on the applicable determination date described





1 in subsection (a).

2 (d) After an initial determination is completed under this  
 3 section, a school corporation may submit any information  
 4 necessary to the department with a request that the department  
 5 make an adjusted determination of students receiving  
 6 Supplemental Nutrition Assistance Program (SNAP) benefits,  
 7 Temporary Assistance for Needy Families (TANF) benefits, or  
 8 foster care services, if the school corporation has reason to believe  
 9 that the determination is unrepresentative of the number of the  
 10 school corporation's students receiving the services. After verifying  
 11 the accuracy of submitted information, the department may adjust  
 12 the school corporation's determination of students receiving  
 13 Supplemental Nutrition Assistance Program (SNAP) benefits,  
 14 Temporary Assistance for Needy Families (TANF) benefits, or  
 15 foster care services.

16 (e) For a conversion charter school, the percentage determined  
 17 under this section is the percentage of the sponsor school  
 18 corporation.

19 (f) Except as provided in subsection (g), the complexity index for  
 20 a school corporation that has entered into an agreement with one  
 21 (1) or more charter schools to participate as an innovation network  
 22 charter school under IC 20-25.7-5 for a state fiscal year is equal to  
 23 the result using the following formula:

24 **STEP ONE: Determine:**

25 (A) the school corporation's enrollment; minus

26 (B) the enrollment of each participating innovation  
 27 network charter school.

28 **STEP TWO: Determine the number of students in the school**  
 29 **corporation who were receiving Supplemental Nutrition**  
 30 **Assistance Program (SNAP) benefits, Temporary Assistance**  
 31 **for Needy Families (TANF) benefits, or foster care services as**  
 32 **of the applicable date described in subsection (a), not**  
 33 **including students enrolled in each participating innovation**  
 34 **network charter school.**

35 **STEP THREE: Divide the result of STEP TWO by the result**  
 36 **of STEP ONE.**

37 **STEP FOUR: Determine the enrollment of each participating**  
 38 **innovation network charter school.**

39 **STEP FIVE: Determine the number of students in each**  
 40 **participating innovation network charter school who were**  
 41 **receiving Supplemental Nutrition Assistance Program (SNAP)**  
 42 **benefits, Temporary Assistance for Needy Families (TANF)**



- 1           **benefits, or foster care services on the later of:**  
 2           **(A) the most recent determination described in subsection**  
 3           **(a); or**  
 4           **(B) the first year of operation of the participating**  
 5           **innovation network charter school.**  
 6           **STEP SIX: Divide the result of STEP FIVE by the result of**  
 7           **STEP FOUR.**  
 8           **STEP SEVEN: For each participating innovation network**  
 9           **charter school, determine the greater of:**  
 10           **(A) the result of STEP THREE; or**  
 11           **(B) the result of STEP SIX.**  
 12           **STEP EIGHT: For each participating innovation network**  
 13           **charter school, multiply the result of STEP SEVEN by the**  
 14           **result of STEP FOUR.**  
 15           **STEP NINE: Determine the sum of:**  
 16           **(A) the result of STEP TWO; plus**  
 17           **(B) the results of STEP EIGHT, for each participating**  
 18           **innovation network charter school.**  
 19           **STEP TEN: Determine the sum of:**  
 20           **(A) the result of STEP ONE; plus**  
 21           **(B) the results of STEP FOUR for each participating**  
 22           **innovation network charter school.**  
 23           **STEP ELEVEN: Divide the STEP NINE result by the STEP**  
 24           **TEN result.**  
 25           **(g) If a determination of the complexity index of a participating**  
 26           **innovation network charter school that was established before**  
 27           **January 1, 2016, is, for either of the determinations made in the**  
 28           **current school year, greater than the determination of the**  
 29           **complexity index for the school corporation with which the**  
 30           **innovation network charter school has contracted, the complexity**  
 31           **index of the participating innovation network charter school is**  
 32           **determined as described in IC 20-25.7-5-2(f).**  
 33           **SECTION 8. An emergency is declared for this act.**

