

SENATE BILL No. 320

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-11-1; IC 20-51.

Synopsis: Choice scholarships. Specifies certain conditions applying to the state board of accounts audit of a choice scholarship school. Requires a school that enrolls choice scholarship students to hold at least one public meeting each semester concerning the receipt and expenditure of choice scholarship funds. Provides that public comment must be allowed at the meeting. Specifies annual reporting requirements for schools that enroll choice scholarship students.

Effective: July 1, 2025.

Yoder

January 13, 2025, read first time and referred to Committee on Education and Career Development.



First Regular Session of the 124th General Assembly (2025)

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 2024 Regular Session of the General Assembly.

SENATE BILL No. 320



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.170-2023,
2 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2025]: 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 audited entity.
6 However, an examination of an entity under this subsection shall be
7 limited to matters relevant to the use of the public money received by
8 the entity.
9 (b) If an examination of an audited entity is unable to be performed
10 because the audited entity's accounts, records, files, or reports are not
11 properly maintained or reconciled, the audited entity may be declared
12 to be unauditabile. An audited entity that is declared unauditabile shall
13 bring its accounts, records, files, or reports into an auditabile condition
14 within ninety (90) days. The state board of accounts shall publish a list
15 of audited entities declared unauditabile on the state board of accounts'
16 website.
17 (c) An examination of an entity that is organized as a not-for-profit



1 corporation deriving:

2 (1) less than fifty percent (50%); or

3 (2) subject to subsection (j), at least fifty percent (50%) but less
4 than seven hundred fifty thousand dollars (\$750,000);

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

9 (d) The examination of an entity may be waived by the state
10 examiner if the state examiner determines that, based on available
11 information, there are no compelling reasons to conclude that
12 disbursements of public money during the period subject to
13 examination were inconsistent with the purposes for which the money
14 was received. However, the state examiner may revoke a waiver
15 granted under this subsection if the state examiner determines that
16 revocation of the waiver is appropriate in accordance with the risk
17 based examination criteria set forth in section 25 of this chapter. The
18 state examiner shall communicate the determination to grant or revoke
19 a waiver under this subsection to the entity in writing.

20 (e) Notwithstanding any other law, the:

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

25 (2) department of financial institutions established by
26 IC 28-11-1-1 and the department's funds, accounts, and financial
27 affairs shall be examined by the state board of accounts; and

28 (3) Indiana destination development corporation established by
29 IC 5-33-3-1 and the corporation's funds, accounts, and financial
30 affairs shall be examined by the state board of accounts unless the
31 examination is waived under subsection (m).

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

34 (1) The financial condition and resources of each audited entity.

35 (2) Whether the laws of the state and the uniform compliance
36 guidelines of the state board of accounts established under section
37 24 of this chapter have been complied with.

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

40 The examinations may be made without notice.

41 (g) If during an examination of a state office or a body corporate and
42 politic under this chapter the examiner encounters an inefficiency in



1 the operation of the state office or the body corporate and politic, the
 2 examiner may comment on the inefficiency in the examiner's report.

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

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

11 (2) Have access, in the presence of the custodian or the
 12 custodian's deputy, to the cash drawers and cash in the custody of
 13 the officer.

14 (3) During business hours, examine the public accounts in any
 15 depository that has public funds in its custody pursuant to the
 16 laws of this state.

17 (i) The state examiner, deputy examiner, or any field examiner,
 18 when engaged in making any examination authorized by law, may issue
 19 subpoenas for witnesses to appear before the examiner in person or to
 20 produce books, papers, or other records (including records stored in
 21 electronic data processing systems) for inspection and examination.
 22 The state examiner, deputy examiner, or any field examiner may issue
 23 a subpoena to enforce the filing of the annual financial report. The state
 24 examiner, deputy examiner, and any field examiner may administer
 25 oaths and examine witnesses under oath orally or by interrogatories
 26 concerning the matters under investigation and examination. Under the
 27 authority of the state examiner, the oral examinations may be
 28 transcribed with the reasonable expense paid by the examined person
 29 in the same manner as the compensation of the field examiner is paid.
 30 The subpoenas shall be served by any person authorized to serve civil
 31 process from any court in this state. If a witness or officer duly
 32 subpoenaed refuses to attend, refuses to produce information required
 33 in the subpoena, or attends and refuses to be sworn or affirmed, or to
 34 testify when called upon to do so, the examiner may apply to the circuit
 35 court having jurisdiction of the witness or officer for the enforcement
 36 of attendance and answers to questions as provided by the law
 37 governing the taking of depositions or to enforce the filing of any report
 38 referred to in this subsection.

39 (j) The definitions in IC 20-24-1 apply throughout this subsection.
 40 Appropriations, public funds, taxes, and other sources of public money
 41 received by a nonprofit corporation as a **choice scholarship school**, a
 42 charter school, or **an** organizer of a charter school for the purposes of



1 a charter school may not be counted for the purpose of applying
 2 subsection (c)(2). Unless the nonprofit corporation receives other
 3 public money that would qualify the nonprofit corporation for a full
 4 examination of all accounts and financial affairs of the entity under
 5 subsection (c)(2), an examination of **a choice scholarship school**, a
 6 charter school, or **an** organizer of a charter school must be limited to
 7 matters relevant to the use of the public money received for the **choice**
 8 **scholarship school or** charter school. This subsection does not prohibit
 9 the state examiner, personally or through the deputy examiners, field
 10 examiners, or private examiners, from examining the accounts in which
 11 appropriations, public funds, taxes, or other sources of public money
 12 are applied that are received by a nonprofit corporation as **a choice**
 13 **scholarship school**, a charter school, or **an** organizer of a charter
 14 school relating to the operation of the **choice scholarship school or**
 15 charter school.

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

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

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

24 (B) the nonprofit subsidiary corporation;
 25 for the year;

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

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

32 (l) Notwithstanding the waiver of an examination of the Indiana
 33 economic development corporation and its nonprofit subsidiary
 34 corporation by the state examiner, the state board of accounts may
 35 examine the Indiana economic development corporation and its
 36 nonprofit subsidiary corporation at any time.

37 (m) The state examiner may waive the examination of the Indiana
 38 destination development corporation and a nonprofit subsidiary
 39 corporation established under IC 5-33-5-14 if:

40 (1) an independent certified public accounting firm conducts an
 41 examination under IC 5-33-3-2(c) of:

42 (A) the Indiana destination development corporation and the



- 1 Indiana destination development corporation's funds, accounts,
2 and financial affairs; and
3 (B) the nonprofit subsidiary corporation;
4 for the year;
5 (2) the Indiana destination 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 SECTION 2. IC 5-11-1-16, AS AMENDED BY P.L.157-2020,
12 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
13 JULY 1, 2025]: Sec. 16. (a) As used in this article, "municipality"
14 means any county, township, city, town, school corporation, special
15 taxing district, or other political subdivision of Indiana.
- 16 (b) As used in this article, "state" means any board, commission,
17 department, division, bureau, committee, agency, governmental
18 subdivision, military body, authority, or other instrumentality of the
19 state, but does not include a municipality.
- 20 (c) As used in this article, "public office" means the office of any
21 and every individual who for or on behalf of the state or any
22 municipality or any public hospital holds, receives, disburses, or keeps
23 the accounts of the receipts and disbursements of any public funds.
- 24 (d) As used in this article, "public officer" means any individual
25 who holds, receives, disburses, or is required by law to keep any
26 account of public funds or other funds for which the individual is
27 accountable by virtue of the individual's public office.
- 28 (e) As used in this article, "entity" means any provider of goods,
29 services, or other benefits that is:
30 (1) maintained in whole or in part at public expense; or
31 (2) supported in whole or in part by appropriations or public funds
32 or by taxation.
- 33 The term does not include the state or a municipality (as defined in this
34 section).
- 35 (f) As used in this article, a "public hospital" means either of the
36 following:
37 (1) An institution licensed under IC 16-21 and which is owned by
38 the state or an agency of the state or one which is a municipal
39 corporation. A hospital is a municipal corporation if its governing
40 board members are appointed by elected officials of a
41 municipality.
42 (2) A state institution (as defined in IC 12-7-2-184).



1 (g) As used in this article, "audit committee" refers to the audit and
2 financial reporting subcommittee of the legislative council established
3 by IC 2-5-1.1-6.3.

4 (h) As used in this article, "audited entity" has the meaning set forth
5 in IC 2-5-1.1-6.3.

6 (i) As used in this article, "development authority" has the meaning
7 set forth in the following:

8 (1) IC 36-7.5-1-8.

9 (2) IC 36-7.6-1-8.

10 (j) As used in this article, "responsible officer of an audited entity"
11 refers to the chief executive officer or another individual who has
12 executive decision making authority for the audited entity with respect
13 to a compliance obligation prescribed by or established under this
14 article or another law.

15 **(k) As used in this article, "choice scholarship school" refers to**
16 **a participating school (as defined by IC 20-51-1-6).**

17 SECTION 3. IC 20-51-1-4.7, AS AMENDED BY P.L.242-2017,
18 SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
19 JULY 1, 2025]: Sec. 4.7. "Eligible school" refers to a public or
20 nonpublic elementary school or high school that:

21 (1) is located in Indiana;

22 (2) requires an eligible choice scholarship student to pay tuition
23 or transfer tuition to attend;

24 (3) voluntarily agrees to enroll an eligible choice scholarship
25 student;

26 (4) is accredited by either the state board or a national or regional
27 accreditation agency that is recognized by the state board;

28 (5) administers the statewide assessment program; **and**

29 (6) is not a charter school or the school corporation in which an
30 eligible choice scholarship student has legal settlement under
31 IC 20-26-11. ~~and~~

32 ~~(7) submits to the department only the student performance data~~
33 ~~required for a category designation under IC 20-31-8-3.~~

34 SECTION 4. IC 20-51-5 IS ADDED TO THE INDIANA CODE AS
35 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
36 1, 2025]:

37 **Chapter 5. Participating School Meeting and Reporting**
38 **Requirements**

39 **Sec. 1. A participating school shall do the following:**

40 **(1) Hold at least one (1) public meeting per academic semester**
41 **to inform the public of the amount of funds received from the**
42 **choice scholarship program and how those funds will be**



1 expended by the choice scholarship school.

2 (2) Provide notice of a public meeting held under this section
3 in the same manner as prescribed by IC 5-14-1.5.

4 (3) Allow public comment at a public meeting held under this
5 section.

6 Sec. 2. (a) A participating school shall submit an annual report
7 containing the information required by section 3 of this chapter to
8 the department and the state board for informational and research
9 purposes. A participating school shall post an annual report
10 submitted under this subsection on the participating school's
11 website.

12 (b) The:

13 (1) department; and

14 (2) state board;

15 shall post each annual report received under subsection (a) on their
16 respective websites.

17 Sec. 3. The annual report submitted by a participating school
18 under section 2 of this chapter must contain the following
19 information:

20 (1) Results of statewide assessment program measures.

21 (2) Student growth and improvement data for the
22 participating school.

23 (3) Attendance rates for each school building operated by the
24 participating school.

25 (4) Graduation rates, if appropriate, including attainment of:

26 (A) Indiana diplomas with a Core 40 designation and
27 Indiana diplomas with a Core 40 with academic honors
28 designation for graduates from each school building
29 operated by the participating school before October 1,
30 2028; and

31 (B) Indiana diploma designations established under
32 IC 20-19-2-21.

33 (5) Student enrollment data for each school building operated
34 by the participating school, including the following:

35 (A) The number of students enrolled.

36 (B) The number of students expelled.

37 (C) The reason for each expulsion.

38 (6) A summary of the total amount of choice scholarship
39 program funds received by the participating school and how
40 the funds were expended.

41 (7) The two (2) most recent audits of the participating school
42 conducted under IC 5-11-1-9.

