



February 17, 2017

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## SENATE BILL No. 504

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DIGEST OF SB 504 (Updated February 15, 2017 5:08 pm - DI 110)

**Citations Affected:** IC 20-20; IC 20-42.5.

**Synopsis:** Programs and services for charter schools. Requires that educational service centers provide services to a participating charter school upon the request of the charter school. (This is in addition to current law that requires educational service centers to provide services to a participating school corporation upon request of the school corporation.) Allows charter schools individually, in collaboration with other school corporations, charter schools, or both school corporations and charter schools, and through the educational services centers, to undertake action to reduce noninstructional expenditures and allocate the resulting savings to student instruction and learning. Makes conforming changes to include charter schools in the actions that may be undertaken.

**Effective:** July 1, 2017.

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### Leising, Kruse

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January 17, 2017, read first time and referred to Committee on Education and Career Development.  
February 16, 2017, amended, reported favorably — Do Pass.

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SB 504—LS 6881/DI 110





February 17, 2017

First Regular Session 120th General Assembly (2017)

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 2016 Regular Session of the General Assembly.

## SENATE BILL No. 504

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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 20-20-1-2, AS AMENDED BY P.L.286-2013,  
2 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2017]: Sec. 2. (a) As used in this chapter, "educational service  
4 center" means an extended agency of school corporations **and charter**  
5 **schools** that:  
6 (1) operates under rules established by the state board;  
7 (2) is the administrative and operational unit that serves a  
8 definitive geographical boundary, which, to the extent possible,  
9 must be aligned with the boundary of a regional works council's  
10 region established under IC 20-19-6; and  
11 (3) allows school corporations **and charter schools** to voluntarily  
12 cooperate and share programs and services that the school  
13 corporations **and charter schools** cannot individually provide but  
14 collectively may implement.  
15 (b) Programs and services collectively implemented through an  
16 educational service center may include, but are not limited to, the  
17 following:

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- 1 (1) Curriculum development.
- 2 (2) Pupil personnel and special education services.
- 3 (3) In-service education.
- 4 (4) State-federal liaison services.
- 5 (5) Instructional materials and multimedia services.
- 6 (6) Career and technical education.
- 7 (7) Purchasing and financial management.
- 8 (8) Needs assessment.
- 9 (9) Computer use.
- 10 (10) Research and development.

11 SECTION 2. IC 20-20-1-5, AS ADDED BY P.L.1-2005, SECTION  
 12 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,  
 13 2017]: Sec. 5. An educational service center must be established under  
 14 rules adopted by the state board to develop, provide, and make  
 15 available to participating schools, **including participating charter**  
 16 **schools**, those services requested by the participating school  
 17 corporations **and participating charter schools** and approved by the  
 18 state board.

19 SECTION 3. IC 20-20-1-6, AS ADDED BY P.L.1-2005, SECTION  
 20 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,  
 21 2017]: Sec. 6. Educational service centers shall be located throughout  
 22 Indiana to allow each school corporation **and charter school** to have  
 23 an opportunity to:

- 24 (1) be served by; and
- 25 (2) participate in;

26 an approved center on a voluntary basis by resolution of the governing  
 27 body **of the school corporation or by the approval of an organizer**  
 28 **of a charter school.**

29 SECTION 4. IC 20-20-1-7, AS ADDED BY P.L.1-2005, SECTION  
 30 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,  
 31 2017]: Sec. 7. An educational service center shall be governed in its  
 32 local administration by a board selected by an assembly comprised of  
 33 the:

- 34 (1) superintendent or the superintendent's designee from each  
 35 participating school corporation; **and**
- 36 (2) **organizer of a charter school or the organizer's designee**  
 37 **from each participating charter school.**

38 SECTION 5. IC 20-42.5-2-1, AS AMENDED BY P.L.286-2013,  
 39 SECTION 125, IS AMENDED TO READ AS FOLLOWS  
 40 [EFFECTIVE JULY 1, 2017]: Sec. 1. A school corporation **and**  
 41 **charter school** individually, in collaboration with other school  
 42 corporations, **charter schools, or both school corporations and**



1 **charter schools**, and through the educational services centers may  
2 undertake action to reduce noninstructional expenditures and allocate  
3 the resulting savings to student instruction and learning. Actions taken  
4 under this section include the following:

5 (1) Pooling of resources with other school corporations, **charter**  
6 **schools, or both school corporations and charter schools** for  
7 liability insurance, property and casualty insurance, worker's  
8 compensation insurance, employee health insurance, vision  
9 insurance, dental insurance, or other insurance, whether by  
10 pooling risks for coverage or for the purchase of coverage, or by  
11 the creation of or participation in insurance trusts, subject to the  
12 following:

13 (A) School corporations **and charter schools** that elect to pool  
14 assets for coverage must create a trust under Indiana law for  
15 the assets. The trust is subject to regulation by the department  
16 of insurance as follows:

17 (i) The trust must be registered with the department of  
18 insurance.

19 (ii) The trust shall obtain stop loss insurance issued by an  
20 insurer authorized to do business in Indiana with an  
21 aggregate retention of not more than one hundred  
22 twenty-five percent (125%) of the amount of expected  
23 claims for the following year.

24 (iii) Contributions by the school corporations **and charter**  
25 **schools** must be set at one hundred percent (100%) of the  
26 aggregate retention plus all other costs of the trust.

27 (iv) The trust shall maintain a fidelity bond in an amount  
28 approved by the department of insurance. The fidelity bond  
29 must cover each person responsible for the trust for acts of  
30 fraud or dishonesty in servicing the trust.

31 (v) The trust is subject to IC 27-4-1-4.5 regarding claims  
32 settlement practices.

33 (vi) The trust shall file an annual financial statement in the  
34 form required by IC 27-1-3-13 not later than March 1 of  
35 each year.

36 (vii) The trust is not covered by the Indiana insurance  
37 guaranty association created under IC 27-6-8. The liability  
38 of each school corporation **and charter school** is joint and  
39 several.

40 (viii) The trust is subject to examination by the department  
41 of insurance. All costs associated with an examination shall  
42 be borne by the trust.



- 1 (ix) The department of insurance may deny, suspend, or  
 2 revoke the registration of a trust if the commissioner finds  
 3 that the trust is in a hazardous financial condition, the trust  
 4 refuses to be examined or produce records for examination,  
 5 or the trust has failed to pay a final judgment rendered  
 6 against the trust by a court within thirty (30) days.
- 7 (B) The department of insurance may adopt rules under  
 8 IC 4-22-2 to implement this subdivision.
- 9 (2) Electing, as an individual school corporation **or charter**  
 10 **school** or as more than one (1) school corporation, **charter**  
 11 **school, or school corporation and charter school** acting jointly,  
 12 to aggregate purchases of natural gas commodity supply from any  
 13 available natural gas commodity seller for all schools included in  
 14 the aggregated purchases. A rate schedule that is:
- 15 (A) filed by a natural gas utility; and  
 16 (B) approved by the Indiana utility regulatory commission;  
 17 must include provisions that allow a school corporation **or**  
 18 **charter school** or school corporations, **charter schools, or**  
 19 **school corporations and charter schools** acting jointly to elect  
 20 to make aggregated purchases of natural gas commodity supplies.  
 21 Upon request from a school corporation **or charter school**, a  
 22 natural gas utility shall summarize the rates and charges for  
 23 providing services to each school in the school corporation, **each**  
 24 **charter school, or each school in the school corporation and**  
 25 **each charter school if the school corporation and charter**  
 26 **school are acting jointly**, on one (1) summary bill for remitting  
 27 payment to the utility.
- 28 (3) Consolidating purchases with other school corporations,  
 29 **charter schools**, or units of government of the following:
- 30 (A) School buses and other vehicles and vehicle fleets.  
 31 (B) Fuel, maintenance, or other services for vehicles or vehicle  
 32 fleets.  
 33 (C) Food services.  
 34 (D) Facilities management services.  
 35 (E) Transportation management services.  
 36 (F) Curricular materials, technology, and other school  
 37 materials and supplies.  
 38 (G) Any other purchases a school corporation **or charter**  
 39 **school** may require.
- 40 Purchases may be made by contiguous school corporations,  
 41 **including charter schools in the contiguous school**  
 42 **corporations**, as part of regional consolidated purchasing



1 arrangements, or from consolidated sources under multistate  
2 cooperative bidding arrangements.

3 SECTION 6. IC 20-42.5-2-2, AS ADDED BY P.L.2-2007,  
4 SECTION 240, IS AMENDED TO READ AS FOLLOWS  
5 [EFFECTIVE JULY 1, 2017]: Sec. 2. A school corporation **or charter**  
6 **school** may use shared services arrangements with other school  
7 corporations, **charter schools**, and units of government, including:

- 8 (1) the use of shared administrative services overseeing  
9 transportation, food service, facilities, or other operations;  
10 (2) the use of shared administrative services to manage finance,  
11 payroll, human resources, information technology, purchasing, or  
12 other administrative services; and  
13 (3) the use of shared resources to provide instruction,  
14 supplemental services, extracurricular activities, or other student  
15 services.

16 School corporations **and charter schools** are not required to merge  
17 schools, consolidate, or otherwise relinquish control of curriculum,  
18 instruction, or student activities to use shared services arrangements.

19 SECTION 7. IC 20-42.5-2-4, AS ADDED BY P.L.2-2007,  
20 SECTION 240, IS AMENDED TO READ AS FOLLOWS  
21 [EFFECTIVE JULY 1, 2017]: Sec. 4. (a) Educational service centers  
22 established under IC 20-20-1 shall support and facilitate actions by  
23 school corporations **and charter schools** under this article, including  
24 by the use of an educational service center's existing cooperative  
25 agreements.

26 (b) School corporations, **charter schools**, and educational service  
27 centers may use the division of finance of the department and the office  
28 of management and budget to provide technical assistance under this  
29 article.

30 (c) Not later than August 31 of each year, the educational service  
31 centers shall report to the state board the results of the efforts of the  
32 educational service centers under this article during the preceding  
33 school year.



## COMMITTEE REPORT

Madam President: The Senate Committee on Education and Career Development, to which was referred Senate Bill No. 504, 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, line 23, delete "school, including each charter" and insert "school".

Page 4, line 24, delete "school,".

Page 4, line 24, delete "corporation" and insert "**corporation, each charter school, or each school in the school corporation and each charter school if the school corporation and charter school are acting jointly,**".

and when so amended that said bill do pass.

(Reference is to SB 504 as introduced.)

KRUSE, Chairperson

Committee Vote: Yeas 9, Nays 1.

