



Reprinted
March 22, 2017

ENGROSSED SENATE BILL No. 504

DIGEST OF SB 504 (Updated March 21, 2017 2:38 pm - DI 116)

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 or certain nonpublic schools 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 or certain nonpublic school individually, in collaboration with other school corporations, charter schools, nonpublic schools or school corporations and charter schools or nonpublic schools acting jointly, 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 and certain nonpublic schools in the actions that may be undertaken.

Effective: July 1, 2017.

Leising, Kruse

(HOUSE SPONSORS — BEHNING, SAUNDERS)

January 17, 2017, read first time and referred to Committee on Education and Career Development.

February 16, 2017, amended, reported favorably — Do Pass.

February 20, 2017, read second time, ordered engrossed. Engrossed.

February 21, 2017, read third time, passed. Yeas 47, nays 1.

HOUSE ACTION

February 28, 2017, read first time and referred to Committee on Education.

March 16, 2017, reported — Do Pass.

March 21, 2017, read second time, amended, ordered engrossed.

ES 504—LS 6881/DI 110



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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.

ENGROSSED SENATE BILL No. 504

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 20-20-1-0.5 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2017]: **Sec. 0.5. As used in this chapter, "applicable nonpublic**
4 **school" refers to a nonpublic school that has one (1) or more**
5 **employees.**
- 6 SECTION 2. IC 20-20-1-2, AS AMENDED BY P.L.286-2013,
7 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
8 JULY 1, 2017]: Sec. 2. (a) As used in this chapter, "educational service
9 center" means an extended agency of school corporations, **charter**
10 **schools, and applicable nonpublic schools** that:
- 11 (1) operates under rules established by the state board;
 - 12 (2) is the administrative and operational unit that serves a
13 definitive geographical boundary, which, to the extent possible,
14 must be aligned with the boundary of a regional works council's
15 region established under IC 20-19-6; and
 - 16 (3) allows school corporations, **charter schools, and applicable**
17 **nonpublic schools** to voluntarily cooperate and share programs

ES 504—LS 6881/DI 110



1 and services that the school corporations, **charter schools, and**
 2 **applicable nonpublic schools** cannot individually provide but
 3 collectively may implement.

4 (b) Programs and services collectively implemented through an
 5 educational service center may include, but are not limited to, the
 6 following:

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

17 SECTION 3. IC 20-20-1-5, AS ADDED BY P.L.1-2005, SECTION
 18 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,
 19 2017]: Sec. 5. An educational service center must be established under
 20 rules adopted by the state board to develop, provide, and make
 21 available to participating schools, **including participating charter**
 22 **schools and applicable nonpublic schools**, those services requested
 23 by the participating school corporations, **participating charter**
 24 **schools, and applicable nonpublic schools** and approved by the state
 25 board.

26 SECTION 4. IC 20-20-1-6, AS ADDED BY P.L.1-2005, SECTION
 27 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,
 28 2017]: Sec. 6. Educational service centers shall be located throughout
 29 Indiana to allow each school corporation, **charter school, and**
 30 **applicable nonpublic school** to have an opportunity to:

- 31 (1) be served by; and
- 32 (2) participate in;

33 an approved center on a voluntary basis by resolution of the governing
 34 body **of the school corporation, by the approval of an organizer of**
 35 **a charter school, or by the approval of the governing board or**
 36 **entity of an applicable nonpublic school.**

37 SECTION 5. IC 20-20-1-7, AS ADDED BY P.L.1-2005, SECTION
 38 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,
 39 2017]: Sec. 7. An educational service center shall be governed in its
 40 local administration by a board selected by an assembly comprised of
 41 the:

- 42 (1) superintendent or the superintendent's designee from each



1 participating school corporation;

2 **(2) organizer of a charter school or the organizer's designee**
3 **from each participating charter school; and**

4 **(3) chief administrative officer of an applicable nonpublic**
5 **school or the chief administrative officer's designee.**

6 SECTION 6. IC 20-42.5-2-0.5 IS ADDED TO THE INDIANA
7 CODE AS A NEW SECTION TO READ AS FOLLOWS
8 [EFFECTIVE JULY 1, 2017]: **Sec. 0.5. As used in this chapter,**
9 **"applicable nonpublic school" has the meaning set forth in**
10 **IC 20-20-1-0.5.**

11 SECTION 7. IC 20-42.5-2-1, AS AMENDED BY P.L.286-2013,
12 SECTION 125, IS AMENDED TO READ AS FOLLOWS
13 [EFFECTIVE JULY 1, 2017]: Sec. 1. A school corporation, **charter**
14 **school, or applicable nonpublic school** individually, in collaboration
15 with other school corporations, **charter schools, or applicable**
16 **nonpublic schools acting jointly**, and through the educational services
17 centers may undertake action to reduce noninstructional expenditures
18 and allocate the resulting savings to student instruction and learning.
19 Actions taken under this section include the following:

20 (1) Pooling of resources with other school corporations, **charter**
21 **schools, or applicable nonpublic schools** for liability insurance,
22 property and casualty insurance, worker's compensation
23 insurance, employee health insurance, vision insurance, dental
24 insurance, or other insurance, whether by pooling risks for
25 coverage or for the purchase of coverage, or by the creation of or
26 participation in insurance trusts, subject to the following:

27 (A) School corporations, **charter schools, and applicable**
28 **nonpublic schools** that elect to pool assets for coverage must
29 create a trust under Indiana law for the assets. The trust is
30 subject to regulation by the department of insurance as
31 follows:

32 (i) The trust must be registered with the department of
33 insurance.

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

39 (iii) Contributions by the school corporations, **charter**
40 **schools, and applicable nonpublic schools, acting jointly,**
41 must be set at one hundred percent (100%) of the aggregate
42 retention plus all other costs of the trust.



- 1 (iv) The trust shall maintain a fidelity bond in an amount
 2 approved by the department of insurance. The fidelity bond
 3 must cover each person responsible for the trust for acts of
 4 fraud or dishonesty in servicing the trust.
- 5 (v) The trust is subject to IC 27-4-1-4.5 regarding claims
 6 settlement practices.
- 7 (vi) The trust shall file an annual financial statement in the
 8 form required by IC 27-1-3-13 not later than March 1 of
 9 each year.
- 10 (vii) The trust is not covered by the Indiana insurance
 11 guaranty association created under IC 27-6-8. The liability
 12 of each school corporation, **charter school, and applicable**
 13 **nonpublic school** is joint and several.
- 14 (viii) The trust is subject to examination by the department
 15 of insurance. All costs associated with an examination shall
 16 be borne by the trust.
- 17 (ix) The department of insurance may deny, suspend, or
 18 revoke the registration of a trust if the commissioner finds
 19 that the trust is in a hazardous financial condition, the trust
 20 refuses to be examined or produce records for examination,
 21 or the trust has failed to pay a final judgment rendered
 22 against the trust by a court within thirty (30) days.
- 23 (B) The department of insurance may adopt rules under
 24 IC 4-22-2 to implement this subdivision.
- 25 (2) Electing, as an individual school corporation, **charter school**
 26 or **applicable nonpublic school, or** as more than one (1) school
 27 corporation, **charter school, or applicable nonpublic school**
 28 acting jointly, to aggregate purchases of natural gas commodity
 29 supply from any available natural gas commodity seller for all
 30 schools included in the aggregated purchases. A rate schedule that
 31 is:
- 32 (A) filed by a natural gas utility; and
- 33 (B) approved by the Indiana utility regulatory commission;
 34 must include provisions that allow a school corporation, ~~or school~~
 35 ~~corporations,~~ **charter school, or applicable nonpublic school, or**
 36 **more than one (1) school corporation, charter school, or**
 37 **applicable nonpublic school** acting jointly, to elect to make
 38 aggregated purchases of natural gas commodity supplies. Upon
 39 request from a school corporation, **charter school, or applicable**
 40 **nonpublic school,** a natural gas utility shall summarize the rates
 41 and charges for providing services to each school in the school
 42 corporation, **to the charter school, or to the applicable**



1 **nonpublic school, or to each school in a school corporation,**
 2 **charter school, and applicable nonpublic school that are**
 3 **acting jointly,** on one (1) summary bill for remitting payment to
 4 the utility.

5 (3) Consolidating purchases with other school corporations,
 6 **charter schools, applicable nonpublic schools,** or units of
 7 government of the following:

8 (A) School buses and other vehicles and vehicle fleets.

9 (B) Fuel, maintenance, or other services for vehicles or vehicle
 10 fleets.

11 (C) Food services.

12 (D) Facilities management services.

13 (E) Transportation management services.

14 (F) Curricular materials, technology, and other school
 15 materials and supplies.

16 (G) Any other purchases a school corporation, **charter school**
 17 **or applicable nonpublic school** may require.

18 Purchases may be made by contiguous school corporations,
 19 **including charter schools or applicable nonpublic schools in**
 20 **the contiguous school corporations,** as part of regional
 21 consolidated purchasing arrangements, or from consolidated
 22 sources under multistate cooperative bidding arrangements.

23 SECTION 8. IC 20-42.5-2-2, AS ADDED BY P.L.2-2007,
 24 SECTION 240, IS AMENDED TO READ AS FOLLOWS
 25 [EFFECTIVE JULY 1, 2017]: Sec. 2. A school corporation, **charter**
 26 **school, or applicable nonpublic school** may use shared services
 27 arrangements with other school corporations, **charter schools,**
 28 **applicable nonpublic schools,** and units of government, including:

29 (1) the use of shared administrative services overseeing
 30 transportation, food service, facilities, or other operations;

31 (2) the use of shared administrative services to manage finance,
 32 payroll, human resources, information technology, purchasing, or
 33 other administrative services; and

34 (3) the use of shared resources to provide instruction,
 35 supplemental services, extracurricular activities, or other student
 36 services.

37 School corporations, **charter schools, and applicable nonpublic**
 38 **schools** are not required to merge schools, consolidate, or otherwise
 39 relinquish control of curriculum, instruction, or student activities to use
 40 shared services arrangements.

41 SECTION 9. IC 20-42.5-2-4, AS ADDED BY P.L.2-2007,
 42 SECTION 240, IS AMENDED TO READ AS FOLLOWS



1 [EFFECTIVE JULY 1, 2017]: Sec. 4. (a) Educational service centers
2 established under IC 20-20-1 shall support and facilitate actions by
3 school corporations **and charter schools** under this article, including
4 by the use of an educational service center's existing cooperative
5 agreements.
6 (b) School corporations, **charter schools**, and educational service
7 centers may use the division of finance of the department and the office
8 of management and budget to provide technical assistance under this
9 article.
10 (c) Not later than August 31 of each year, the educational service
11 centers shall report to the state board the results of the efforts of the
12 educational service centers under this article during the preceding
13 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.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Education, to which was referred Senate Bill 504, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

(Reference is to SB 504 as printed February 17, 2017.)

BEHNING

Committee Vote: Yeas 10, Nays 0

HOUSE MOTION

Mr. Speaker: I move that Engrossed Senate Bill 504 be amended to read as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 20-20-1-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS

ES 504—LS 6881/DI 110



[EFFECTIVE JULY 1, 2017]: **Sec. 0.5. As used in this chapter, "applicable nonpublic school" refers to a nonpublic school that has one (1) or more employees.**"

Page 1, line 4, delete "and" and insert ",".

Page 1, line 5, after "schools" insert ", **and applicable nonpublic schools**".

Page 1, line 11, delete "and" and insert ",".

Page 1, line 11, after "schools" insert ", **and applicable nonpublic schools**".

Page 1, line 13, delete "and" and insert ",".

Page 1, line 13, after "schools" insert ", **and applicable nonpublic schools**".

Page 2, line 16, delete "," and insert "**and applicable nonpublic schools,**".

Page 2, line 17, delete "and" and insert ",".

Page 2, line 17, after "schools" insert ", **and applicable nonpublic schools**".

Page 2, line 22, delete "and" and insert ",".

Page 2, line 22, after "charter school" insert ", **and applicable nonpublic school**".

Page 2, line 27, delete "or" and insert ",".

Page 2, line 28, delete "." and insert ", **or by the approval of the governing board or entity of an applicable nonpublic school.**".

Page 2, line 35, delete "and".

Page 2, line 37, delete "." and insert "; **and**".

Page 2, between lines 37 and 38, begin a new line block indented and insert:

"(3) chief administrative officer of an applicable nonpublic school or the chief administrative officer's designee.

SECTION 6. IC 20-42.5-2-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: **Sec. 0.5. As used in this chapter, "applicable nonpublic school" has the meaning set forth in IC 20-20-1-0.5.**"

Page 2, line 40, delete "and" and insert ",".

Page 2, line 41, after "charter school" insert ", **or applicable nonpublic school**".

Page 2, line 42, delete "both school corporations and" and insert "**applicable nonpublic schools acting jointly,**".

Page 3, line 1, delete "charter schools,".

Page 3, line 6, delete "both school corporations and charter schools" and insert "**applicable nonpublic schools**".



Page 3, line 13, delete "and" and insert ",".

Page 3, line 13, after "schools" insert ", **and applicable nonpublic schools**".

Page 3, line 24, delete "and" and insert ",".

Page 3, line 25, after "schools" insert ", **and applicable nonpublic schools, acting jointly**".

Page 3, line 38, delete "and" and insert ",".

Page 3, line 38, after "charter school" insert ", **and applicable nonpublic school**".

Page 4, line 9, delete "or" and insert ",".

Page 4, line 10, after "or" insert "**applicable nonpublic school, or**".

Page 4, line 11, delete "school corporation and charter school" and insert "**and applicable nonpublic school**".

Page 4, line 17, delete "or" and insert ",".

Page 4, line 18, delete "charter school".

Page 4, line 18, strike "or school corporations,".

Page 4, line 18, delete "charter schools, or" and insert "**charter school, or applicable nonpublic school, or more than one (1) school corporation, charter school, or applicable nonpublic school**".

Page 4, line 19, delete "school corporations and charter schools".

Page 4, line 19, after "jointly" insert ",".

Page 4, line 21, delete "or" and insert ",".

Page 4, line 21, after "charter school" insert ", **or applicable nonpublic school**."

Page 4, line 23, after "corporation," delete "each" and insert "**to the**".

Page 4, line 24, after "or" insert "**to the applicable nonpublic school, or to**".

Page 4, line 24, after "in" delete "the" and insert "**a**".

Page 4, line 24, delete "and" and insert ",".

Page 4, line 25, delete "each".

Page 4, line 25, delete "if the school corporation and charter" and insert ", **and applicable nonpublic school that**".

Page 4, line 26, delete "school".

Page 4, line 29, after "schools," insert "**applicable nonpublic schools**".

Page 4, line 38, delete "or" and insert ",".

Page 4, line 39, after "school" insert "**or applicable nonpublic school**".

Page 4, line 41, after "schools" insert "**or applicable nonpublic schools**".

Page 5, line 5, delete "or" and insert ",".



Page 5, line 6, before "may" delete "school" and insert "**school, or applicable nonpublic school**".

Page 5, line 7, after "schools," insert "**applicable nonpublic schools,**".

Page 5, line 16, delete "and" and insert ",".

Page 5, line 16, after "schools" insert "**, and applicable nonpublic schools**".

Renumber all SECTIONS consecutively.

(Reference is to ESB 504 as printed March 17, 2017).

BEHNING

