
HOUSE BILL No. 1404

DIGEST OF INTRODUCED BILL

Citations Affected: IC 20-2-9; IC 20-3.1-15-1; IC 20-5; IC 20-8.1; IC 20-10.1; IC 21-2; IC 21-3.

Synopsis: Textbooks for public school students. Provides an annual state textbook grant to school corporations equal to \$85 per average daily membership (ADM) for providing textbooks to students. Abolishes the textbook rental program and the school textbook library program. Redefines "textbook" to include the various kinds of instructional materials currently eligible for state reimbursement under the textbook assistance program for students from low income families. Continues the textbook reimbursement program for nonpublic school students from low income families. Requires a school corporation to establish a textbook fund and to appropriate money from the fund to acquire textbooks to loan to all students without charge. Makes conforming changes and includes transitional provisions.

Effective: Upon passage; July 1, 2001.

Cochran, Denbo

January 11, 2001, read first time and referred to Committee on Ways and Means.

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First Regular Session 112th General Assembly (2001)

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 2000 General Assembly.

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HOUSE BILL No. 1404



A BILL FOR AN ACT to amend the Indiana Code concerning education finance.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 20-2-9-6 IS AMENDED TO READ AS FOLLOWS
2 [EFFECTIVE JULY 1, 2001]: Sec. 6. (a) Where a school lunch fund ~~or~~
3 ~~a textbook rental fund~~ is created under section 4 ~~or section 5~~ of this
4 chapter, the receipts and expenditures for ~~each~~ **the** program shall be
5 made to and from the ~~proper~~ **school lunch** fund without appropriation
6 or the application of other laws relating to the budgets of local
7 government units.

8 (b) Where ~~either or both programs~~ **the program** under section 4 ~~and~~
9 ~~section 5~~ of this chapter ~~are~~ **is** handled through the extracurricular
10 account, the township trustee shall approve the amount of the bond of
11 the treasurer of the extracurricular account in an amount he considers
12 protects the account for all funds coming into the hands of that
13 treasurer.

14 SECTION 2. IC 20-3.1-15-1 IS AMENDED TO READ AS
15 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 1. To provide the board
16 with the necessary flexibility and resources to carry out this article, the
17 following apply:



- 1 (1) The board may eliminate or modify existing policies and
 2 create new policies, and alter policies from time to time, subject
 3 to this article and the plan developed under IC 20-3.1-7.
 4 (2) IC 20-7.5 does not apply to matters set forth in this article.
 5 The matters set forth in this article may not be the subject of
 6 collective bargaining or discussion under IC 20-7.5.
 7 (3) An exclusive representative certified under IC 20-7.5 to
 8 represent certified employees of the school city, or any other
 9 entity voluntarily recognized by the board as a representative of
 10 employees providing educational services in the schools, may
 11 bargain collectively only concerning salary, wages, and salary and
 12 wage related fringe benefits. The exclusive representative may not
 13 bargain collectively or discuss performance awards under
 14 IC 20-3.1-12.
 15 (4) The board of school commissioners may waive the following
 16 statutes and rules for any school in the school city without the
 17 need for administrative, regulatory, or legislative approval:
 18 (A) The following rules concerning curriculum and
 19 instructional time:
 20 511 IAC 6.1-3-4
 21 511 IAC 6.1-5-0.5
 22 511 IAC 6.1-5-1
 23 511 IAC 6.1-5-2.5
 24 511 IAC 6.1-5-3.5
 25 511 IAC 6.1-5-4
 26 (B) The following rules concerning pupil/teacher ratios:
 27 511 IAC 6-2-1(b)(2)
 28 511 IAC 6.1-4-1
 29 (C) The following statutes and rules concerning textbooks, and
 30 rules adopted under the statutes:
 31 IC 20-10.1-9-1
 32 IC 20-10.1-9-18
 33 IC 20-10.1-9-21
 34 ~~IC 20-10.1-9-23~~
 35 IC 20-10.1-9-27
 36 IC 20-10.1-10-1
 37 IC 20-10.1-10-2
 38 511 IAC 6.1-5-5
 39 (D) The following rules concerning school principals:
 40 511 IAC 6-2-1(c)(4)
 41 511 IAC 6.1-4-2
 42 (E) 511 IAC 2-2, concerning school construction and

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remodeling.

(5) Notwithstanding any other law, a school city may do the following:

- (A) Lease school transportation equipment to others for nonschool use when the equipment is not in use for a school city purpose.
- (B) Establish a professional development and technology fund to be used for:
 - (i) professional development; or
 - (ii) technology, including video distance learning.
- (C) Transfer funds obtained from sources other than state or local government taxation among any account of the school corporation, including a professional development and technology fund established under clause (B).

(6) Transfer funds obtained from property taxation among the general fund (established under IC 21-2-11) and the school transportation fund (established under IC 21-2-11.5), subject to the following:

- (A) The sum of the property tax rates for the general fund and the school transportation fund after a transfer occurs under this subdivision may not exceed the sum of the property tax rates for the general fund and the school transportation fund before a transfer occurs under this clause.
- (B) This clause does not allow a school corporation to transfer to any other fund money from the debt service fund (established under IC 21-2-4).

SECTION 3. IC 20-5-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 2. In carrying out the school purposes of each school corporation, its governing body acting on its behalf shall have the following specific powers:

- (1) In the name of the school corporation, to sue and be sued and to enter into contracts in matters permitted by applicable law.
- (2) To take charge of, manage, and conduct the educational affairs of the school corporation and to establish, locate, and provide the necessary schools, school libraries, other libraries where permitted by law, other buildings, facilities, property, and equipment therefor.
- (2.5) To appropriate from the general fund an amount, not to exceed the greater of three thousand dollars (\$3,000) per budget year or one dollar (\$1) per pupil, not to exceed twelve thousand five hundred dollars (\$12,500), based upon the school corporation's previous year's average daily membership (as

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1 defined in IC 21-3-1.6-1.1) for the purpose of promoting the best
2 interests of the school corporation by:

3 (A) the purchase of meals, decorations, memorabilia, or
4 awards;

5 (B) provision for expenses incurred in interviewing job
6 applicants; or

7 (C) developing relations with other governmental units.

8 (3) To acquire, construct, erect, maintain, hold, and to contract for
9 such construction, erection, or maintenance of such real estate,
10 real estate improvements, or any interest in either, as the
11 governing body deems necessary for school purposes, including
12 but not limited to buildings, parts of buildings, additions to
13 buildings, rooms, gymnasiums, auditoriums, playgrounds, playing
14 and athletic fields, facilities for physical training, buildings for
15 administrative, office, warehouse, repair activities, or housing of
16 school owned buses, landscaping, walks, drives, parking areas,
17 roadways, easements and facilities for power, sewer, water,
18 roadway, access, storm and surface water, drinking water, gas,
19 electricity, other utilities and similar purposes, by purchase, either
20 outright for cash (or under conditional sales or purchases money
21 contracts providing for a retention of a security interest by seller
22 until payment is made or by notes where such contract, security
23 retention, or note is permitted by applicable law), by exchange, by
24 gift, by devise, by eminent domain, by lease with or without
25 option to purchase, or by lease under IC 21-5-10, IC 21-5-11, or
26 IC 21-5-12. To repair, remodel, remove, or demolish any such real
27 estate, real estate improvements, or interest in either, as the
28 governing body deems necessary for school purposes, and to
29 contract therefor. To provide for energy conservation measures
30 through utility energy efficiency programs or under a guaranteed
31 energy savings contract as described in IC 36-1-12.5.

32 (4) To acquire such personal property or any interest therein as
33 the governing body deems necessary for school purposes,
34 including but not limited to buses, motor vehicles, equipment,
35 apparatus, appliances, books, furniture, and supplies, either by
36 outright purchase for cash, or under conditional sales or purchase
37 money contracts providing for a security interest by the seller
38 until payment is made or by notes where such contract, security,
39 retention, or note is permitted by applicable law, by gift, by
40 devise, by loan, or by lease with or without option to purchase and
41 to repair, remodel, remove, relocate, and demolish such personal
42 property. All purchases and contracts delineated under the powers

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1 given under subdivision (3) and this subdivision shall be subject
 2 solely to applicable law relating to purchases and contracting by
 3 municipal corporations in general and to the supervisory control
 4 of agencies of the state as provided in section 3 of this chapter.

5 (5) To sell or exchange any of such real or personal property or
 6 interest therein, which in the opinion of the governing body is not
 7 necessary for school purposes, in accordance with IC 20-5-5, to
 8 demolish or otherwise dispose of such property if, in the opinion
 9 of the governing body, it is not necessary for school purposes and
 10 is worthless, and to pay the expenses for such demolition or
 11 disposition.

12 (6) To lease any school property for a rental which the governing
 13 body deems reasonable or to permit the free use of school
 14 property for:

15 (A) civic or public purposes; or

16 (B) the operation of a school age child care program for
 17 children aged five (5) through fourteen (14) years that operates
 18 before or after the school day, or both, and during periods
 19 when school is not in session;

20 if the property is not needed for school purposes. Under this
 21 subdivision, the governing body may enter into a long term lease
 22 with a nonprofit corporation, community service organization, or
 23 other governmental entity, if the corporation, organization, or
 24 other governmental entity will use the property to be leased for
 25 civic or public purposes or for a school age child care program.
 26 However, if the property subject to a long term lease is being paid
 27 for from money in the school corporation's debt service fund, then
 28 all proceeds from the long term lease shall be deposited in that
 29 school corporation's debt service fund so long as the property has
 30 not been paid for. The governing body may, at its option, use the
 31 procedure specified in IC 36-1-11-10 in leasing property under
 32 this subdivision.

33 (7) To employ, contract for, and discharge superintendents,
 34 supervisors, principals, teachers, librarians, athletic coaches
 35 (whether or not they are otherwise employed by the school
 36 corporation and whether or not they are licensed under
 37 IC 20-6.1-3), business managers, superintendents of buildings
 38 and grounds, janitors, engineers, architects, physicians, dentists,
 39 nurses, accountants, teacher aides performing noninstructional
 40 duties, educational and other professional consultants, data
 41 processing and computer service for school purposes, including
 42 but not limited to the making of schedules, the keeping and

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1 analyzing of grades and other student data, the keeping and
2 preparing of warrants, payroll, and similar data where approved
3 by the state board of accounts as provided below, and such other
4 personnel or services, all as the governing body considers
5 necessary for school purposes. To fix and pay the salaries and
6 compensation of such persons and such services. To classify such
7 persons or services and to adopt schedules of salaries or
8 compensation. To determine the number of such persons or the
9 amount of services thus employed or contracted for. To determine
10 the nature and extent of their duties. The compensation, terms of
11 employment, and discharge of teachers shall, however, be subject
12 to and governed by the laws relating to employment, contracting,
13 compensation, and discharge of teachers. The compensation,
14 terms of employment, and discharge of bus drivers shall be
15 subject to and shall be governed by any laws relating to
16 employment, contracting, compensation, and discharge of bus
17 drivers. The forms and procedures relating to the use of computer
18 and data processing equipment in handling the financial affairs of
19 such school corporation shall be submitted to the state board of
20 accounts for approval to the end that such services shall be used
21 by the school corporation when the governing body determines
22 that it is in the best interests of the school corporation while at the
23 same time providing reasonable accountability for the funds
24 expended.

25 (8) Notwithstanding the appropriation limitation in subdivision
26 (2.5), when the governing body by resolution deems a trip by an
27 employee of the school corporation or by a member of the
28 governing body to be in the interest of the school corporation,
29 including but not limited to attending meetings, conferences, or
30 examining equipment, buildings, and installation in other areas,
31 to permit such employee to be absent in connection with such trip
32 without any loss in pay and to refund to such employee or to such
33 member his reasonable hotel and board bills and necessary
34 transportation expenses. To pay teaching personnel for time spent
35 in sponsoring and working with school related trips or activities.

36 (9) To transport children to and from school, when in the opinion
37 of the governing body such transportation is necessary, including
38 but not limited to considerations for the safety of such children
39 and without regard to the distance they live from the school, such
40 transportation to be otherwise in accordance with the laws
41 applicable thereto.

42 (10) To provide a lunch program for a part or all of the students

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- 1 attending the schools of the school corporation, including but not
2 limited to the establishment of kitchens, kitchen facilities, kitchen
3 equipment, lunch rooms, the hiring of the necessary personnel to
4 operate such program, and the purchase of any material and
5 supplies therefor, charging students for the operational costs of
6 such lunch program, fixing the price per meal or per food item. To
7 operate such lunch program as an extracurricular activity, subject
8 to the supervision of the governing body. To participate in any
9 surplus commodity or lunch aid program.
- 10 (11) To purchase textbooks ~~to~~ **and** furnish ~~them~~ **textbooks**
11 without cost ~~or to rent them~~ to students ~~to participate in any~~
12 ~~textbook aid program;~~ **all** in accordance with applicable law.
- 13 (12) To accept students transferred from other school corporations
14 and to transfer students to other school corporations in accordance
15 with applicable law.
- 16 (13) To levy taxes, to make budgets, to appropriate funds, and to
17 disburse the money of the school corporation in accordance with
18 the laws applicable thereto. To borrow money against current tax
19 collections and otherwise to borrow money, in accordance with
20 IC 20-5-4.
- 21 (14) To purchase insurance or to establish and maintain a
22 program of self-insurance relating to the liability of the school
23 corporation or its employees in connection with motor vehicles or
24 property and for any additional coverage to the extent permitted
25 and in accordance with IC 34-13-3-20. To purchase additional
26 insurance or to establish and maintain a program of self-insurance
27 protecting the school corporation and members of the governing
28 body, employees, contractors, or agents of the school corporation
29 from any liability, risk, accident, or loss related to any school
30 property, school contract, school or school related activity,
31 including but not limited to the purchase of insurance or the
32 establishment and maintenance of a self-insurance program
33 protecting such persons against false imprisonment, false arrest,
34 libel, or slander for acts committed in the course of their
35 employment, protecting the school corporation for fire and
36 extended coverage and other casualty risks to the extent of
37 replacement cost, loss of use, and other insurable risks relating to
38 any property owned, leased, or held by the school corporation. To
39 purchase insurance or to establish and maintain a program of
40 self-insurance to benefit school corporation employees, which
41 may include accident, sickness, health, or dental coverage,
42 provided that any plan of self-insurance shall include an

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aggregate stop-loss provision.
(15) To make all applications, to enter into all contracts, and to sign all documents necessary for the receipt of aid, money, or property from the state government, the federal government, or from any other source.
(16) To defend any member of the governing body or any employee of the school corporation in any suit arising out of the performance of his duties for or employment with, the school corporation, provided the governing body by resolution determined that such action was taken in good faith. To save any such member or employee harmless from any liability, cost, or damage in connection therewith, including but not limited to the payment of any legal fees, except where such liability, cost, or damage is predicated on or arises out of the bad faith of such member or employee, or is a claim or judgment based on his malfeasance in office or employment.
(17) To prepare, make, enforce, amend, or repeal rules, regulations, and procedures for the government and management of the schools, property, facilities, and activities of the school corporation, its agents, employees, and pupils and for the operation of its governing body, which rules, regulations, and procedures may be designated by any appropriate title such as "policy handbook", "bylaws", or "rules and regulations".
(18) To ratify and approve any action taken by any member of the governing body, any officer of the governing body, or by any employee of the school corporation after such action is taken, if such action could have been approved in advance, and in connection therewith to pay any expense or compensation permitted under IC 20-5-1 through IC 20-5-6 or any other law.
(19) To exercise any other power and make any expenditure in carrying out its general powers and purposes provided in this chapter or in carrying out the powers delineated in this section which is reasonable from a business or educational standpoint in carrying out school purposes of the school corporation, including but not limited to the acquisition of property or the employment or contracting for services, even though such power or expenditure shall not be specifically set out herein. The specific powers set out in this section shall not be construed to limit the general grant of powers provided in this chapter except where a limitation is set out in IC 20-5-1 through IC 20-5-6 by specific language or by reference to other law.

SECTION 4. IC 20-5-6-6 IS AMENDED TO READ AS FOLLOWS

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1 [EFFECTIVE JULY 1, 2001]: Sec. 6. ~~(1)~~ (a) Where a school lunch
 2 fund ~~and a textbook rental fund are~~ is created in accordance with
 3 section 4 ~~or 5~~ of this chapter, the receipts and expenditures therefrom
 4 for the program to which each relates shall be made to and from such
 5 fund without appropriation or the application of other statutes and rules
 6 relating to the budgets of municipal corporations.

7 ~~(2)~~ (b) Where either the lunch program or textbook rental program
 8 are is handled through the extracurricular account, the governing body
 9 of the school corporation shall approve the amount of the bond of the
 10 treasurer of the extracurricular account in an amount deemed by it
 11 sufficient to protect the account for all funds coming into the hands of
 12 the treasurer of such account.

13 SECTION 5. IC 20-5-62-5 IS AMENDED TO READ AS
 14 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 5. Notwithstanding any
 15 other law, the operation of the following is suspended for a freeway
 16 school corporation or a freeway school if the governing body of the
 17 school corporation elects to have the specific statute or rule suspended
 18 in the contract:

19 (1) The following statutes and rules concerning curriculum and
 20 instructional time:

21 IC 20-10.1-2-2

22 IC 20-10.1-4-6

23 IC 20-10.1-4-7

24 IC 20-10.1-4-9.1

25 511 IAC 6-7-6

26 511 IAC 6.1-3-4

27 511 IAC 6.1-5-0.5

28 511 IAC 6.1-5-1

29 511 IAC 6.1-5-2.5

30 511 IAC 6.1-5-3.5

31 511 IAC 6.1-5-4

32 (2) The following rules concerning pupil/teacher ratios:

33 511 IAC 6-2-1(b)(2)

34 511 IAC 6.1-4-1

35 (3) The following statutes and rules concerning textbooks:

36 IC 20-10.1-9-1

37 IC 20-10.1-9-18

38 IC 20-10.1-9-21

39 ~~IC 20-10.1-9-23~~

40 IC 20-10.1-9-27

41 IC 20-10.1-10-1

42 IC 20-10.1-10-2

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1 511 IAC 6.1-5-5

2 (4) 511 IAC 6-7, concerning graduation requirements.

3 (5) 511 IAC 6-2-1(c)(4), concerning pupil/principal ratios.

4 (6) 511 IAC 2-2, concerning school construction and remodeling.

5 (7) IC 20-1-1.2, concerning the performance-based accreditation
6 system.

7 (8) IC 20-10.1-16, concerning the ISTEP program established
8 under IC 20-10.1-16-8, if an alternative locally adopted norm and
9 criterion referenced assessment program is adopted under section
10 6(7) of this chapter.

11 SECTION 6. IC 20-8.1-1-19 IS ADDED TO THE INDIANA CODE
12 AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JULY
13 1, 2001]: **Sec. 19. As used in this article, "textbook" has the**
14 **meaning set forth in IC 20-10.1-1-12.5.**

15 SECTION 7. IC 20-8.1-9-9.5 IS AMENDED TO READ AS
16 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 9.5. (a) If a parent of a
17 child or an emancipated minor who is enrolled in an accredited
18 nonpublic school meets the financial eligibility standard under section
19 2 of this chapter, the parent or the emancipated minor may receive a
20 reimbursement from the department **as provided in this chapter** for the
21 costs or some of the costs incurred by the parent or emancipated minor
22 in fees that are **reimbursable under section 9 of this chapter**. **The extent**
23 **to which the fees are reimbursable under this section may not exceed**
24 **the percentage rates of reimbursement under section 9 of this chapter.**
25 **described in subsection (g).** In addition, if a child enrolls in an
26 accredited nonpublic school after the initial request for reimbursement
27 is filed under subsection ~~(b)~~, **(f)**, the parent of the child or the
28 emancipated minor who meets the financial eligibility standard **under**
29 **section 2 of this chapter** may receive a reimbursement from the
30 department for the costs or some of the costs incurred **in fees that are**
31 **reimbursable under section 9 of this chapter for items described in**
32 **subsection (g)(2)** by applying to the accredited nonpublic school for
33 assistance. In this case, the provisions of this section apply, except that
34 section 9.6 of this chapter applies to the making of the supplemental
35 request for reimbursement by the principal or other designee of the
36 accredited nonpublic school.

37 (b) The department shall provide each accredited nonpublic school
38 with sufficient application forms for assistance, prescribed by the state
39 board of accounts.

40 (c) Each accredited nonpublic school shall provide the parents or
41 emancipated minors who wish to apply for assistance with:

42 (1) the appropriate application forms; and

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- 1 (2) any assistance needed in completing the application form.
- 2 (d) The parent or emancipated minor shall submit the application to
- 3 the accredited nonpublic school. The accredited nonpublic school shall
- 4 make a determination of financial eligibility subject to appeal by the
- 5 parent or emancipated minor.
- 6 (e) If a determination is made that the applicant is eligible for
- 7 assistance, subsection (a) applies.
- 8 (f) In order to be guaranteed some level of reimbursement from the
- 9 department, the principal or other designee shall submit the
- 10 reimbursement request before November 1 of a school year.
- 11 (g) In its request, the principal or other designee shall certify to the
- 12 department:
- 13 (1) the number of students who are enrolled in that accredited
- 14 nonpublic school and who are eligible for assistance under this
- 15 chapter;
- 16 (2) the costs incurred in providing:
- 17 (A) textbooks (including textbooks used in special education
- 18 and gifted and talented classes); and
- 19 (B) workbooks and consumable textbooks (including
- 20 workbooks, consumable textbooks, and other consumable
- 21 teaching materials that are used in special education and gifted
- 22 and talented classes) that are used by students for no more
- 23 than one (1) school year;
- 24 (3) that each textbook described in subdivision (2)(A) and
- 25 included in the reimbursement request (except those textbooks
- 26 used in special education classes and gifted and talented classes)
- 27 has been adopted by the **Indiana** state board of education under
- 28 IC 20-10.1-9-1 or has been waived by the **Indiana** state board of
- 29 education under IC 20-10.1-9-27;
- 30 (4) that the amount of reimbursement requested for each textbook
- 31 under subdivision (3) does not exceed twenty percent (20%) of
- 32 the costs incurred for the textbook, as provided in the textbook
- 33 adoption list in each year of the adoption cycle;
- 34 (5) that the amount of reimbursement requested for each
- 35 workbook or consumable textbook (or other consumable teaching
- 36 material used in special education and gifted and talented classes)
- 37 under subdivision (2)(B), if applicable, does not exceed one
- 38 hundred percent (100%) of the costs incurred for the workbook or
- 39 consumable textbook (or other consumable teaching material used
- 40 in special education and gifted and talented classes);
- 41 (6) that the amount of reimbursement requested for each textbook
- 42 used in special education and gifted and talented classes is

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1 amortized for the number of years in which the textbook is used;
 2 and
 3 (7) any other information required by the department, including
 4 copies of purchase orders used to acquire consumable teaching
 5 materials used in special education and gifted and talented
 6 classes.

7 (h) If the amount of reimbursement requested before November 1
 8 of a particular school year exceeds the amount of money appropriated
 9 to the department for this purpose, the department shall proportionately
 10 reduce the amount of reimbursement to each accredited nonpublic
 11 school. An accredited nonpublic school may submit a supplemental
 12 reimbursement request under section 9.6 of this chapter. The parent or
 13 emancipated minor is entitled to receive a supplemental reimbursement
 14 only if there are funds available. The department shall proportionately
 15 reduce the amount of supplemental reimbursement to the accredited
 16 nonpublic schools if the amount requested exceeds the amount of
 17 money available to the department for this purpose.

18 (i) The accredited nonpublic school shall distribute the money
 19 received under this chapter to the appropriate eligible parents or
 20 emancipated minors.

21 (j) ~~IC 20-8.1-9-9(h) applies to parents or emancipated minors as~~
 22 ~~described in this section. A parent receiving other governmental~~
 23 **assistance or aid that considers educational needs in computing the**
 24 **entire amount of assistance granted may not be denied assistance**
 25 **if the applicant's total family income does not exceed the standards**
 26 **established by this chapter.**

27 (k) The accredited nonpublic school and the department shall
 28 maintain complete and accurate information concerning the number of
 29 applicants determined to be eligible for assistance under this section.

30 (l) The state board of education shall adopt rules under IC 4-22-2 to
 31 implement this section.

32 SECTION 8. IC 20-8.1-9-9.6 IS AMENDED TO READ AS
 33 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 9.6. (a) The principal
 34 or other designee of an accredited nonpublic school may make a
 35 supplemental request for reimbursement from the department after
 36 April 1 but before May 1 of a school year for some or all of the
 37 additional costs incurred in fees that are ~~reimbursable under section 9~~
 38 **described in section 9.5(g)** of this chapter by the parent of a child or
 39 emancipated minor who ~~enroll~~ **enrolls** in the accredited nonpublic
 40 school after the initial request for reimbursement is filed under section
 41 9.5(f) of this chapter.

42 (b) In its supplemental request, the principal or other designee must

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certify to the department the following:

- (1) The number of additional students who enrolled in the accredited nonpublic school as described in subsection (a).
- (2) The costs incurred in providing the materials described in section 9.5(g)(2) of this chapter pertaining to the number of additional students.
- (3) The same information as described in section 9.5(g)(3) through 9.5(g)(7) of this chapter as pertaining to the number of additional students.

(c) This section applies only if there are funds available. These supplemental distributions shall be made by the department in accordance with section 9.5(h) of this chapter.

SECTION 9. IC 20-8.1-9-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 11. Under extraordinary circumstances, the township trustee may pay ~~for the fees enumerated in section 3 of this chapter for school supplies and required class fees other than fees for textbooks furnished under IC 20-10.1-11.5~~ for individuals who ~~do not otherwise qualify under the financial eligibility standard established in this chapter.~~ **are enrolled in a school corporation.** Assistance in such cases may be provided by the township trustee under IC 12-20.

SECTION 10. IC 20-8.1-9-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 14. (a) The school textbook reimbursement contingency fund is established for the purpose of reimbursing ~~school corporations (or certain eligible parents of children who attend accredited nonpublic schools or emancipated minors who attend accredited nonpublic schools as provided in section 9.5 of this chapter)~~ for assistance ~~provided~~ under this chapter. The fund consists of money appropriated to the fund by the general assembly. The state superintendent of public instruction shall administer the fund.

(b) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

SECTION 11. IC 20-10.1-1-12.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 12.5. As used in this article, the term "textbook" means systematically organized material, designed to provide a specific level of instruction in a subject matter category. **The term includes the following:**

- (1) Instructional material that is used by students for more than one (1) year, including material used in special education and gifted and talented classes.**
- (2) Workbooks and consumable instructional material that**

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1 are used by students for not more than one (1) school year,
 2 including workbooks, consumable textbooks, and other
 3 consumable instructional materials that are used in special
 4 education and gifted and talented classes.

5 **(3) Developmentally appropriate material used:**

6 **(A) for instruction in kindergarten through grade 3,**
 7 **laboratories, and children's literature programs; and**

8 **(B) instead of items described in subdivisions (1) and (2).**

9 SECTION 12. IC 20-10.1-9-19 IS AMENDED TO READ AS
 10 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 19. ~~Time Basis~~
 11 ~~Purchase.~~ When a school corporation purchases textbooks on a time
 12 basis, the schedule for payments shall ~~coincide with pupil payments to~~
 13 ~~the school corporation for textbook rental and the schedule shall not~~
 14 require the school corporation to assume a greater burden than payment
 15 of twenty-five percent (25%) within thirty (30) days after the beginning
 16 of the school year immediately following delivery by the contracting
 17 publisher with the school corporation's promissory note evidencing the
 18 unpaid balance.

19 SECTION 13. IC 20-10.1-9-20 IS AMENDED TO READ AS
 20 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 20. Each school
 21 corporation may borrow money to buy textbooks and may issue notes,
 22 maturing serially in not more than six (6) years and payable from its
 23 ~~general textbook~~ fund, to secure the loan. However, when an adoption
 24 is made by the state board of education for less than six (6) years, the
 25 period of time for which the notes may be issued is limited to the
 26 period of time for which that adoption is effective. Notwithstanding
 27 other provisions of this section, a school township may not borrow
 28 money to purchase textbooks unless a petition requesting such an
 29 action and bearing the signatures of twenty-five percent (25%) of the
 30 resident taxpayers of the school township has been presented to and
 31 approved by the township trustee and township board.

32 SECTION 14. IC 20-10.1-10-1 IS AMENDED TO READ AS
 33 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 1. (a) Except as
 34 provided in ~~subsections (b) and (c)~~ **subsection (b)** and all laws to the
 35 contrary notwithstanding, each governing body shall purchase from a
 36 contracting publisher, at the net contract price or at any subsequent
 37 lower price, the textbooks adopted by the Indiana state board of
 38 education and selected by the proper local officials ~~and shall rent these~~
 39 ~~textbooks to each student enrolled in any public school which is in~~
 40 ~~compliance with the minimum certification standards of the Indiana~~
 41 ~~state board of education and is located within the attendance unit~~
 42 ~~served by the governing body.~~



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1 (b) This section does not prohibit the purchase of these textbooks at
2 the option of any student or the providing of free textbooks by the
3 governing body under IC 20-10.1-11.

4 (c) **to carry out IC 20-10.1-11.5.**

5 (b) This section does not prohibit a governing body from suspending
6 the operation of this section under a contract entered into under
7 IC 20-5-62.

8 SECTION 15. IC 20-10.1-10-2 IS AMENDED TO READ AS
9 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 2. (a) Each governing
10 body may purchase from a contracting publisher, at the net contract
11 price or at any subsequent lower price, any textbook adopted by the
12 state board of education and selected by the proper local officials ~~and~~
13 **may rent these to carry out IC 20-10.1-11.5.**

14 **(b) In addition to the purchases described in subsection (a), the**
15 **school corporation may purchase sufficient textbooks to rent**
16 textbooks to students enrolled in any ~~public or~~ nonpublic school which
17 is in compliance with the minimum certification standards of the
18 **Indiana** state board of education and is located within the attendance
19 unit served by the governing body. ~~at an~~ **The annual rental not to may**
20 **not** exceed twenty-five percent (25%) of the retail price of the
21 textbooks.

22 (b) However, the governing body may not assess a rental fee of
23 more than fifteen percent (15%) of the retail price of a textbook that
24 has been:

25 (1) adopted for usage by students under IC 20-10.1-9;

26 (2) extended for usage by students under IC 20-10.1-9-1(b); and

27 (3) paid for through rental fees previously collected.

28 (c) This section does not limit any other laws but is supplementary.

29 SECTION 16. IC 20-10.1-11.5 IS ADDED TO THE INDIANA
30 CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS
31 [EFFECTIVE JULY 1, 2001]:

32 **Chapter 11.5. Textbooks**

33 **Sec. 1. As used in this chapter, "student" means a student**
34 **enrolled in a school corporation, including transfer students.**

35 **Sec. 2. As used in this chapter, "textbook fund" refers to the**
36 **fund established under IC 21-2-19-3.**

37 **Sec. 3. A governing body shall do the following:**

38 **(1) Acquire and maintain a sufficient number of textbooks to**
39 **meet the needs of each student.**

40 **(2) Appropriate from the textbook fund the money necessary**
41 **to acquire textbooks.**

42 **(3) Loan free of charge to each student all textbooks**

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- 1 prescribed for the student's grade or classes.
- 2 **(4) Prescribe guidelines for the following:**
- 3 **(A) The availability of textbooks to students.**
- 4 **(B) The care and custody of textbooks by students.**
- 5 **(C) The return of nonconsumable textbooks by students.**
- 6 **(5) Provide facilities for the safekeeping of textbooks.**
- 7 **(6) Fumigate or destroy textbooks at the times and under**
- 8 **rules and regulations prescribed by local and state health**
- 9 **authorities or determined by the governing body.**

10 **Sec. 4. The parent of a student who is loaned a textbook under**
 11 **this chapter is financially responsible for the following according**
 12 **to the guidelines adopted by the school corporation under this**
 13 **chapter:**

- 14 **(1) Wear, except for reasonable wear, on a textbook.**
- 15 **(2) Loss, mutilation, or defacement of a textbook.**
- 16 **(3) Failure to return a textbook to the school corporation**
- 17 **upon request.**
- 18 **(4) Other matters concerning the use and care of textbooks.**

19 **Sec. 5. If a student is transferred to a school corporation other**
 20 **than the one in which the student is a resident under IC 20-8.1-6.1,**
 21 **the governing body of the school corporation to which the student**
 22 **is transferred shall provide textbooks to the transferred student.**
 23 **The annual settlement between school corporations for tuition of**
 24 **transferred students must include amounts for furnishing**
 25 **textbooks to transferred students at a rate determined by the**
 26 **board.**

27 **Sec. 6. A governing body may sell textbooks to students who**
 28 **wish to purchase textbooks at the price stipulated in the contracts**
 29 **under which the books are purchased by the school corporation.**
 30 **Money from sales to students must be paid into the textbook fund.**

31 **Sec. 7. A school corporation may not conduct a textbook rental**
 32 **program for students of the school corporation for a school year**
 33 **beginning after June 30, 2001.**

34 **SECTION 17. IC 21-2-1-3 IS AMENDED TO READ AS**
 35 **FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 3. (a) The trustee, with**
 36 **the advice and consent of the township board, shall use such "seminary**
 37 **lands school account" for the following educational purposes:**

- 38 **(1) Each year the trustee shall pay to the parent or legal guardian**
- 39 **of any child, whose residence is within said township, initial cost**
- 40 **for the rental of textbooks used in any **nonpublic** elementary or**
- 41 **secondary school which has been duly accredited by the state of**
- 42 **Indiana. Such reimbursement for the rental of school books shall**

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1 be for the initial yearly rental charge only, and books
2 subsequently lost or destroyed shall not be paid for from this
3 account.

4 (2) Students who are residents of ~~said the~~ township for the last
5 two (2) years of their secondary education and who still reside
6 within ~~said the~~ township shall receive financial assistance in an
7 amount not to exceed an amount determined by the trustee and
8 the township board during an annual review of higher education
9 fees and tuition costs of post-high school education at any
10 accredited college, university, junior college, or vocational or
11 trade school. Amounts to be paid to each eligible student shall be
12 set annually following this review. The amount so paid each year
13 shall be equitable for every eligible student without regard to race,
14 religion, creed, sex, disability, or national origin and must be
15 based on the number of students and the amount of funds
16 available each year.

17 (3) A person who has been a permanent resident of the township
18 continuously for at least two (2) years and who needs educational
19 assistance for job training or retraining may apply to the trustee
20 of the township for financial assistance. The trustee and the
21 township board shall review each application and make assistance
22 available according to the need of each applicant and the
23 availability of funds.

24 (4) If all the available funds are not used in any one (1) year, said
25 unused funds shall be retained in ~~said the~~ account by the trustee
26 for use in succeeding years.

27 (b) The bond required by law for the trustee shall be increased by an
28 amount equal to the sum of the seminary township school fund and the
29 average annual rental income from ~~said~~ seminary lands.

30 (c) All funds and accounts provided in this chapter and the
31 accumulation thereof shall be periodically audited and examined in the
32 same manner provided by law for public money.

33 (d) All expenditures and payments made under this chapter shall be
34 made only after necessary expenditures for the protection and
35 maintenance of the seminary land in good and safe condition are first
36 made from the annual rental income.

37 SECTION 18. IC 21-2-11-2 IS AMENDED TO READ AS
38 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 2. The governing body
39 of each school corporation ~~in the state of Indiana~~ shall establish a
40 general fund for the operation and maintenance of local schools and
41 levy a tax therefor. All receipts and disbursements ~~heretofore~~
42 authorized by law for school funds and tax levies for the tuition fund,

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1 special school fund, special fund, vocational fund, recreation fund,
 2 compulsory education fund, ~~school library fund~~, ~~high school library~~
 3 ~~fund~~, public employee's retirement fund, operating fund, transportation
 4 tax, and county wide school tax shall ~~on and after January 1, 1968~~, be
 5 received in and disbursed from the general fund. **The tax levy and rate**
 6 **for the general fund shall be established by the governing body of each**
 7 **school corporation for the 1968 calendar year and all succeeding each**
 8 **calendar years. Any balances of all the aforesaid funds on January 1,**
 9 **1968 shall be transferred to the general fund: year.**

10 SECTION 19. IC 21-2-11-5 IS AMENDED TO READ AS
 11 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 5. Any self-supporting
 12 programs maintained by any school corporation, including but not
 13 limited to school lunch, ~~and rental or sale of textbooks~~, may be
 14 established as separate funds, separate and apart from the general fund,
 15 if no local tax rate is established ~~therefor~~: **for the program.**

16 SECTION 20. IC 21-2-19 IS ADDED TO THE INDIANA CODE
 17 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 18 JULY 1, 2001]:

19 **Chapter 19. Textbook Fund**

20 **Sec. 1. As used in this chapter, "fund" refers to the textbook**
 21 **fund established under section 3 of this chapter.**

22 **Sec. 2. As used in this chapter, "textbook" has the meaning set**
 23 **forth in IC 20-10.1-1-12.5.**

24 **Sec. 3. A school corporation shall establish a textbook fund.**

25 **Sec. 4. Money in the fund may be used only for the following**
 26 **purposes:**

27 **(1) Payment of principal and interest on loans obtained by the**
 28 **school corporation to purchase textbooks.**

29 **(2) Implementation of IC 20-10.1-11.5.**

30 **Sec. 5. A school corporation shall deposit in the fund the**
 31 **following:**

32 **(1) State textbook grant distributions.**

33 **(2) Receipts from rental fees under IC 20-10.1-10-2.**

34 **(3) Revenue designated by statute for the fund.**

35 **(4) Revenue of the school corporation that the governing body**
 36 **designates for the fund.**

37 **Sec. 6. Money in the fund at the end of a school year or fiscal**
 38 **year does not revert to the general fund of the school corporation.**

39 SECTION 21. IC 21-3-1.7-3.1, AS AMENDED BY P.L.3-2000,
 40 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 41 JULY 1, 2001]: Sec. 3.1. (a) As used in this chapter, "previous year
 42 revenue" for calculations with respect to a school corporation equals:

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1 (1) the school corporation's tuition support for regular programs,
2 including basic tuition support, and excluding:

3 (A) special education grants;

4 (B) vocational education grants;

5 (C) at-risk programs;

6 (D) the enrollment adjustment grant;

7 (E) for 1999 and thereafter, the academic honors diploma
8 award; ~~and~~

9 (F) for 2001 and thereafter, the primetime distribution; **and**

10 **(G) the textbook grant (IC 21-3-13);**

11 for the year that precedes the current year; plus

12 (2) the school corporation's tuition support levy for the year that
13 precedes the current year before the reductions required under
14 section 5(1), 5(2), and 5(3) of this chapter; plus

15 (3) the school corporation's excise tax revenue for the year that
16 precedes the current year by two (2) years; minus

17 (4) an amount equal to the reduction in the school corporation's
18 tuition support under subsection (b) or IC 20-10.1-2-1, or both.

19 (b) A school corporation's previous year revenue shall be reduced
20 if:

21 (1) the school corporation's state tuition support for special or
22 vocational education was reduced as a result of a complaint being
23 filed with the department of education after December 31, 1988,
24 because the school program overstated the number of children
25 enrolled in special or vocational education programs; and

26 (2) the school corporation's previous year revenue has not been
27 reduced under this subsection more than one (1) time because of
28 a given overstatement.

29 The amount of the reduction equals the amount the school corporation
30 would have received in tuition support for special and vocational
31 education because of the overstatement.

32 SECTION 22. IC 21-3-13 IS ADDED TO THE INDIANA CODE
33 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
34 JULY 1, 2001]:

35 **Chapter 13. Textbook Grant**

36 **Sec. 1. As used in this chapter, "textbook fund" refers to the**
37 **textbook fund established under IC 21-2-19-3.**

38 **Sec. 2. A school corporation is eligible for an annual textbook**
39 **grant from the state general fund in an amount equal to the school**
40 **corporation's current ADM multiplied by eighty-five dollars (\$85).**

41 **Sec. 3. The textbook grant shall be distributed monthly in twelve**
42 **(12) equal installments.**



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1 **Sec. 4. A school corporation shall deposit the money received**
2 **from the textbook grant in the school corporation's textbook fund**
3 **for use only for the purposes specified in IC 21-2-19-4.**

4 SECTION 23. THE FOLLOWING ARE REPEALED [EFFECTIVE
5 JULY 1, 2001]: IC 20-2-9-5; IC 20-5-6-5; IC 20-8.1-9-3; IC 20-8.1-9-4;
6 IC 20-8.1-9-5; IC 20-8.1-9-6; IC 20-8.1-9-9; IC 20-8.1-9-9.1;
7 IC 20-10.1-1-12; IC 20-10.1-9-23; IC 20-10.1-11.

8 SECTION 24. [EFFECTIVE UPON PASSAGE] (a) **On June 30,**
9 **2001, a school corporation shall transfer any unencumbered money**
10 **in any fund or account used for textbook rental fees to the textbook**
11 **fund established under IC 21-2-19, as added by this act. The money**
12 **transferred under this SECTION may be used for any purpose for**
13 **which other money in the textbook fund may be used.**

14 **(b) This SECTION expires July 1, 2002.**

15 SECTION 25. [EFFECTIVE JULY 1, 2001] (a) **The state board of**
16 **tax commissioners shall make any necessary adjustments to the:**

17 **(1) maximum permissible ad valorem property tax levy**
18 **imposed by IC 6-1.1-18.5; and**

19 **(2) poor relief levy;**

20 **of each township to reflect the effect of the repeal of IC 20-8.1-9-3**
21 **by this act on the obligation of township trustees to pay school fees**
22 **for textbooks under IC 20-8.1-9-11, as amended by this act.**

23 **(b) The state board of tax commissioners shall make any**
24 **necessary adjustments to the general fund property tax levy of**
25 **each school corporation that operated an elementary school library**
26 **or a high school library under IC 20-10.1-11 (as effective on June**
27 **30, 2001) to provide free textbooks to resident students before July**
28 **1, 2001, to reflect the transfer of textbook funding to the school**
29 **corporation's textbook fund established under IC 21-2-19, as added**
30 **by this act.**

31 **(c) Any loan:**

32 **(1) obtained to purchase textbooks (as defined in**
33 **IC 20-10.1-1-12.5, as amended by this act); and**

34 **(2) payable from a school general fund before July 1, 2001;**
35 **shall be paid from the school textbook fund after June 30, 2001.**

36 **(d) This SECTION expires January 1, 2004.**

37 SECTION 26. [EFFECTIVE JULY 1, 2001] (a) **Notwithstanding**
38 **IC 21-3-13, as added by this act, a school corporation is entitled in**
39 **2001 to only fifty percent (50%) of the amount of the textbook**
40 **grant specified in IC 21-3-13-2, as added by this act, to be**
41 **distributed in six (6) monthly installments.**

42 **(b) This section expires July 1, 2002.**

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1 SECTION 27. **An emergency is declared for this act.**

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