



Reprinted
January 27, 2004

HOUSE BILL No. 1234

DIGEST OF HB 1234 (Updated January 26, 2004 6:02 pm - DI 51)

Citations Affected: IC 20-10.1; IC 21-1; noncode.

Synopsis: Early learning trust fund. Authorizes grants and advances from the common school fund to enable school corporations to provide voluntary full day kindergarten programs and other early learning programs. Establishes an early learning trust fund and makes certain transfers and appropriations to that fund. Prohibits, after June 30, 2004, advances from the common school fund for school building construction (other than construction related to a disaster loss), anticipated transfer tuition costs, and educational technology.

Effective: Upon passage; July 1, 2004.

Bauer, Porter

January 15, 2004, read first time and referred to Committee on Education.
January 20, 2004, reported — Do Pass; reassigned to Committee on Ways and Means pursuant to Rule 127.
January 22, 2004, reported — Do Pass.
January 26, 2004, read second time, amended, ordered engrossed.

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Second Regular Session 113th General Assembly (2004)

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 2003 Regular Session of the General Assembly.

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HOUSE BILL No. 1234

A BILL FOR AN ACT to amend the Indiana Code concerning education finance and to make an appropriation.

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

- 1 SECTION 1. IC 20-10.1-6.5-4 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 4. (a) The school
3 technology advancement account is established within the common
4 school fund. ~~On July 1 of each year, there is appropriated to the~~
5 ~~account an amount of money equal to:~~
6 (1) ~~five million dollars (\$5,000,000); minus~~
7 (2) ~~the amount of money in the account on June 30 of the same~~
8 ~~year.~~
9 (b) Advancements of money from the school technology
10 advancement account may be made **before July 1, 2004**, to a school
11 corporation to:
12 (1) purchase computer hardware and software used primarily for
13 student instruction; and
14 (2) develop and implement innovative technology projects.
15 **Advancements may not be made under this section after June 30,**
16 **2004.**
17 (c) Money shall be advanced under this section in accordance with



1 IC 21-1-5-5, IC 21-1-5-7, and IC 21-1-5-8.

2 SECTION 2. IC 21-1-4-1, AS AMENDED BY P.L.276-2003,
3 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 JULY 1, 2004]: Sec. 1. (a) It is the duty of the general assembly under
5 the Constitution of the State of Indiana to encourage by all suitable
6 means moral, intellectual, scientific, and agricultural improvement and
7 to provide, by law, for a general and uniform system of common
8 schools, wherein tuition shall be without charge, and equally open to
9 all.

10 (b) It is the intent of the general assembly that:

11 (1) the common school fund should be used to:

12 (A) assist school corporations and school townships in
13 financing their school building construction ~~and educational~~
14 ~~technology programs (as defined in IC 21-1-5-3) under~~
15 **IC 21-1-5 and voluntary full day kindergarten programs**
16 **and other early learning programs under IC 21-1-31;** and

17 (B) assist charter schools in financing their operations;
18 as authorized by law and under circumstances such that the
19 principal of the fund remains inviolate;

20 (2) to the end described in subdivision (1), the common school
21 fund may be used to make advances to:

22 (A) school corporations and school townships under IC 21-1-5
23 **and IC 21-1-31;** and

24 (B) charter schools under IC 20-5.5-7-3.5(f) and IC 20-5.5-7.5;
25 and

26 (3) this chapter is in furtherance of the duties which are imposed
27 exclusively upon the general assembly by the Constitution of the
28 State of Indiana in connection with the maintenance of a general
29 and uniform system of common schools and the investment and
30 reinvestment of the common school fund and shall be liberally
31 construed to carry out the purposes of the Constitution of the State
32 of Indiana.

33 ~~(c) In addition, the common school fund may be used to make~~
34 ~~advances under IC 21-1-5-1.~~

35 SECTION 3. IC 21-1-5-1 IS AMENDED TO READ AS FOLLOWS
36 [EFFECTIVE JULY 1, 2004]: Sec. 1. This chapter applies to school
37 corporations ~~organized and formed through reorganization under~~
38 ~~IC 20-4-1, IC 20-4-5, or IC 20-4-8 (as defined in IC 20-5-1-3) and~~
39 school townships under IC 20-2-8. However, if a school corporation or
40 school township sustains loss by fire, wind, cyclone, or other disaster,
41 of all or a major portion of its school building or school buildings,
42 ~~sections 4 and section 9 of this chapter do~~ **does** not apply.

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1 SECTION 4. IC 21-1-5-3 IS AMENDED TO READ AS FOLLOWS
2 [EFFECTIVE JULY 1, 2004]: Sec. 3. (a) The Indiana state board of
3 education is authorized to advance money to school corporations and
4 school townships from the common school fund **before July 1, 2004**,
5 to be used for school building construction and educational technology
6 programs as provided in this chapter. **The maximum aggregate**
7 **amount of advances that:**

- 8 (1) **are made under this chapter after June 30, 2004, for school**
- 9 **building construction programs; and**
- 10 (2) **are outstanding at any time;**
- 11 **may not exceed thirty million dollars (\$30,000,000).**

12 (b) **The Indiana state board of education may not make**
13 **advances from the common school fund under this chapter for**
14 **educational technology programs after June 30, 2004.**

15 ~~(b)~~ (c) As used in this chapter, "school building construction
16 program" means the purchase, lease, or financing of land, the
17 construction and equipping of school buildings, and the remodeling,
18 repairing, or improving of school buildings by a school corporation or
19 school township:

- 20 (1) that sustained loss by fire, wind, cyclone, or other disaster of
- 21 all or a major portion of a school building or school buildings;
- 22 (2) whose assessed valuation per pupil ADA is within the lowest
- 23 forty percent (40%) of the assessed valuation per pupil ADA
- 24 when compared to all school corporation or school township
- 25 assessed valuation per pupil ADA; or
- 26 (3) with an advance under this chapter outstanding on July 1,
- 27 1993, that bears interest at least seven and one-half percent
- 28 (7.5%).

29 However, as used in this chapter, the term does not include facilities
30 used or to be used primarily for interscholastic or extracurricular
31 activities. **After June 30, 2004, the term does not include a school**
32 **corporation or school township that is described in subdivision (2)**
33 **or (3).**

34 ~~(c)~~ (d) As used in this chapter, "educational technology program"
35 means the purchase, lease, or financing of educational technology
36 equipment, the operation of the educational technology equipment, and
37 the training of teachers in the use of the educational technology
38 equipment.

39 SECTION 5. IC 21-1-5-4 IS AMENDED TO READ AS FOLLOWS
40 [EFFECTIVE JULY 1, 2004]: Sec. 4. (a) To qualify for an advance
41 under this chapter, the school corporation or school township is
42 required to establish a capital projects fund under IC 21-2-15.

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1 However, the Indiana state board of education, after consulting with the
2 department of education and the budget agency, may waive or modify
3 this requirement upon a showing of good cause by the school
4 corporation or school township.

5 (b) No advance to a school corporation or a school township for any
6 school building construction program may exceed the greater of:

7 (1) fifteen million dollars (\$15,000,000); or

8 (2) the product of fifteen thousand dollars (\$15,000) multiplied by
9 the number of pupils accommodated as a result of the school
10 construction building program. However, if a school corporation
11 or school township has sustained loss by fire, wind, cyclone, or
12 other disaster, this limitation may be waived by the Indiana state
13 board of education after consulting with the department of
14 education and the budget agency.

15 (c) Advances **made before July 1, 2004**, for educational technology
16 programs are without limitation in amount other than the availability
17 of funds in the common school fund for this purpose and the ability of
18 the school corporation or school township desiring an advance to pay
19 the advance in accordance with the terms of the advance. **This**
20 **subsection expires July 1, 2004.**

21 SECTION 6. IC 21-1-5-5 IS AMENDED TO READ AS FOLLOWS
22 [EFFECTIVE JULY 1, 2004]: Sec. 5. (a) Money advanced to school
23 corporations or school townships for school building construction
24 programs may be advanced for periods not exceeding twenty-five (25)
25 years, and the school corporations or school townships to which money
26 is advanced shall be required to pay interest on the advance. For
27 advances made before July 1, 1993, the Indiana state board of
28 education may provide, either before an advance is made or before an
29 advance is fully paid, that no payment of the advance may be prepaid
30 by more than six (6) months. For advances made beginning July 1,
31 1993, for school building construction programs, the Indiana state
32 board of education may provide that the advances are prepayable at any
33 time. The state board of finance created by IC 4-9.1-1 shall periodically
34 establish the rate or rates of interest payable on advances for school
35 building construction programs as long as:

36 (1) the established interest rate or rates do not exceed seven and
37 one-half percent (7.5%); and

38 (2) the interest rate or rates on advances made to school
39 corporations or school townships with advances outstanding on
40 July 1, 1993, bearing interest at seven and one-half percent
41 (7.5%) or more shall not exceed four percent (4%).

42 (b) Money advanced **made before July 1, 2004**, to school

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1 corporations or school townships for educational technology programs
 2 may be for periods not exceeding five (5) years and the school
 3 corporations or school townships to which advances are made shall be
 4 required to pay interest on the advances. Advances **made before July**
 5 **1, 2004**, for educational technology programs may be prepaid at any
 6 time. The state board of finance shall establish periodically the rate or
 7 rates of interest payable on advances for educational technology
 8 programs as long as the established interest rate or rates:

- 9 (1) are not less than one percent (1%); and
 10 (2) do not exceed four percent (4%).

11 **This subsection expires July 1, 2009.**

12 (c) To assure timely payment of advances in accordance with their
 13 terms, the state is authorized in its sole discretion to withhold from
 14 funds due to school corporations and school townships to which
 15 advances are made amounts necessary to pay the advances and the
 16 interest on the advances in accordance with their respective terms. The
 17 terms of the advances shall be established by the Indiana state board of
 18 education after consulting with the department of education and upon
 19 the approval of the budget agency in advance of the time the respective
 20 advances are made. However, in the case of school corporations or
 21 school townships with advances outstanding on July 1, 1993, the
 22 withholding may be adjusted to conform with this chapter. To the
 23 extent available, funds shall first be withheld from the distribution of
 24 state school tuition support. However, if this distribution is not
 25 available or is inadequate, funds may be withheld from the distribution
 26 of other state funds to the school corporation or school township to
 27 which the advance is made.

28 SECTION 7. IC 21-1-5-9 IS AMENDED TO READ AS FOLLOWS
 29 [EFFECTIVE JULY 1, 2004]: Sec. 9. (a) Priority of advances for
 30 school building construction programs shall be made to school
 31 corporations and school townships which have the least amount of
 32 adjusted assessed valuation per pupil in average daily attendance.

33 (b) Priority of advances **made before July 1, 2004**, for educational
 34 technology programs shall be on whatever basis the Indiana state board
 35 of education, after consulting with the department of education and the
 36 budget agency, periodically determines. **This subsection expires July**
 37 **1, 2004.**

38 SECTION 8. IC 21-1-5-10 IS AMENDED TO READ AS
 39 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 10. A school
 40 corporation or school township to which an advance is made for an
 41 educational technology program **before July 1, 2004**, may annually
 42 levy a tax in the capital projects fund or the debt service fund to

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1 produce an amount equal to the amount deducted in the current year
2 from the distribution of state school tuition support to pay the advance,
3 together with the interest on the advance. The amount received from
4 the tax shall be transferred from the capital projects fund or the debt
5 service fund, as applicable, to the general fund.

6 SECTION 9. IC 21-1-5.1-2 IS AMENDED TO READ AS
7 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2. To assist a school
8 corporation in providing the school corporation's educational program
9 to a student placed in a facility or home as described in
10 IC 20-8.1-6.1-5(a) or IC 20-8.1-6.1-5(b) and not later than October 1
11 of each school year **ending before July 1, 2004**, the Indiana state board
12 of education may advance money from the common school fund to a
13 school corporation in anticipation of the school corporation's receipt of
14 transfer tuition for students described in IC 20-8.1-6.1-5(a) or
15 IC 20-8.1-6.1-5(b) in an amount not to exceed the STEP TWO amount
16 of the following formula:

17 STEP ONE: Estimate for the current school year the number of
18 students described in IC 20-8.1-6.1-5(a) or IC 20-8.1-6.1-5(b) that
19 are transferred to the school corporation.

20 STEP TWO: Multiply the STEP ONE amount by the school
21 corporation's prior year per student transfer tuition amount.

22 **The Indiana state board of education may not make an advance**
23 **under this chapter after June 30, 2004.**

24 SECTION 10. IC 21-1-31 IS ADDED TO THE INDIANA CODE
25 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
26 UPON PASSAGE]:

27 **Chapter 31. Early Learning Trust Fund**

28 **Sec. 1. As used in this chapter, "advance" refers to an advance**
29 **from the common school fund under section 25 of this chapter.**

30 **Sec. 2. As used in this chapter, "commission" refers to the early**
31 **learning and school readiness commission established by section 9**
32 **of this chapter.**

33 **Sec. 3. As used in this chapter, "department" refers to the**
34 **department of education.**

35 **Sec. 4. As used in this chapter, "parental education program"**
36 **refers to a parental education program that qualifies as a parental**
37 **education program under the rules adopted by the commission.**

38 **Sec. 5. As used in this chapter, "preschool program" refers to**
39 **a preschool program that qualifies as a preschool program under**
40 **the rules adopted by the commission.**

41 **Sec. 6. As used in this chapter, "school" means any school**
42 **maintained by a school corporation.**

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1 **Sec. 7.** As used in this chapter, "reading and family literacy
2 program" refers to a reading and family literacy program that
3 qualifies as a reading and family literacy program under the rules
4 adopted by the commission.

5 **Sec. 8.** As used in this chapter, "school corporation" has the
6 meaning set forth in IC 21-3-1.6-1.1.

7 **Sec. 9.** The early learning and school readiness commission is
8 established to carry out the purposes of this chapter.

9 **Sec. 10. (a)** The governor shall:

10 (1) determine the number and terms of office of; and

11 (2) appoint;

12 the members of the commission.

13 (b) The term of a member may not exceed four (4) years.

14 **Sec. 11. (a)** The governor shall designate a member of the
15 commission to serve as chairperson.

16 (b) The commission may elect the other officers the commission
17 considers necessary.

18 **Sec. 12.** A quorum of the commission must be present to conduct
19 business. A quorum consists of a majority of the voting members
20 appointed to the commission. The commission may not take an
21 official action unless the official action has been approved by at
22 least a majority of the voting members appointed to serve on the
23 commission.

24 **Sec. 13. (a)** Each member of the commission who is not a state
25 employee is entitled to the minimum salary per diem provided by
26 IC 4-10-11-2.1(b). The member is also entitled to reimbursement
27 for traveling expenses as provided under IC 4-13-1-4 and other
28 expenses actually incurred in connection with the member's duties
29 as provided in the state policies and procedures established by the
30 Indiana department of administration and approved by the budget
31 agency.

32 (b) Each member of the commission who is a state employee but
33 who is not a member of the general assembly is entitled to
34 reimbursement for traveling expenses as provided under
35 IC 4-13-1-4 and other expenses actually incurred in connection
36 with the member's duties as provided in the state policies and
37 procedures established by the Indiana department of
38 administration and approved by the budget agency.

39 (c) Each member of the commission who is a member of the
40 general assembly is entitled to receive the same per diem, mileage,
41 and travel allowances paid to legislative members of interim study
42 committees established by the legislative council. Per diem,

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1 mileage, and travel allowances paid under this subsection shall be
2 paid from appropriations made to the legislative council or the
3 legislative services agency.

4 Sec. 14. The department shall provide staff support to the
5 commission.

6 Sec. 15. The commission, in consultation with the department,
7 shall establish a program to make:

8 (1) advances from the common school fund to school
9 corporations for full day kindergarten programs under
10 section 25 of this chapter;

11 (2) grants from the early education trust fund to school
12 corporations for full day kindergarten programs under
13 section 30 of this chapter; and

14 (3) grants from the early learning trust fund to school
15 corporations and other entities to establish one (1) or more
16 pilot projects for any combination of:

- 17 (A) preschool programs;
 - 18 (B) reading and family literacy programs; and
 - 19 (C) parental education programs;
- 20 under section 32 of this chapter.

21 Sec. 16. The program must provide for an application
22 procedure. An application for an advance or grant must:

- 23 (1) be on a form prescribed by the department;
- 24 (2) be signed by:

25 (A) the superintendent of the school corporation applying
26 for the advance or grant; or

27 (B) if, for an application under section 32 of this chapter,
28 the applicant is not a school corporation, the chief
29 executive officer of the applicant; and

30 (3) include the following information:

31 (A) A detailed description of the proposed program or
32 programs.

33 (B) Evidence supporting the applicant's need for the
34 program or programs.

35 (C) Other pertinent information required by the
36 commission, including evidence guaranteeing the applicant
37 has developed a plan to evaluate the effect and results of
38 the applicant's program or programs.

39 Sec. 17. The department shall present all applications for an
40 advance or grant under this chapter to the commission for review
41 and approval.

42 Sec. 18. The commission may approve an application only if the

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commission determines that the application complies with:

- (1) the requirements set forth in this chapter; and
- (2) the standards established in the rules adopted by the commission.

Sec. 19. The program must provide that the recipient of the advance or grant is required to enter into a written agreement with the department to:

- (1) use the advance or grant only for the purposes specified in the agreement or an amendment to the agreement; and
- (2) comply with the other terms established by the commission as a condition of receiving the advance or grant.

Sec. 20. The commission shall provide the budget agency with:

- (1) a list of all approved applicants that includes the amount approved for distribution; and
- (2) a copy of each approved application.

Sec. 21. An agreement for an advance must include a provision allowing the state to withhold funds due to a school corporation to reimburse the common school fund for an advance, including interest accrued on the advance, if repayment is not made in conformity with the terms of the agreement.

Sec. 22. An agreement for an advance or a grant for a voluntary full day kindergarten program must prohibit the imposition of a fee for students who participate in the program and qualify for a free or reduced lunch program.

Sec. 23. The department shall:

- (1) provide for the distribution of the approved amount of an advance or a grant; and
- (2) administer and enforce the agreement made with the recipient.

Sec. 24. (a) If the number of eligible students exceeds the amount of money available under this chapter for distribution in a state fiscal year, the commission shall provide for distributions to school corporations based on a ranking of schools. For purposes of subsections (b) and (c), schools shall be ranked in the following order:

- (1) Schools for which a state full day kindergarten program grant or advance was received:
 - (A) under this chapter; or
 - (B) another law;

in the immediately preceding school year or calendar year, ranked from highest to lowest percentage of students eligible for free or reduced lunch enrolled in the school relative to all

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other qualified schools for which an application is made under this chapter.

(2) Schools that are not described in subdivision (1) and qualify as Title I schools under federal law, ranked from highest to lowest percentage of students eligible for free or reduced lunch enrolled in the school relative to other qualified schools for which an application is made under this chapter.

(3) Schools that are not described in subdivision (1) or (2), ranked from highest to lowest percentage of students eligible for free or reduced lunch enrolled in the school relative to other qualified schools for which an application is made under this chapter.

(b) Subject to the funding limitations in this subsection, the commission shall give first priority to making distributions for schools that received a state full day kindergarten grant or advance in the immediately preceding year. The amount that a school is eligible to receive under this subsection is equal to the amount determined under STEP THREE of the following formula:

STEP ONE: For each school, determine the lesser of the following:

(A) the number of students in the school who are enrolled in full day kindergarten in the current school year, as determined under the rules of the commission; or

(B) the number equal to the number of students in the school who were counted in the immediately preceding year for the purposes of distributing state grants or advances to the school corporation for full day kindergarten.

STEP TWO: Multiply the number determined under STEP ONE by one thousand five hundred dollars (\$1,500).

STEP THREE: Determine the lesser of:

(A) the amount determined under STEP TWO; or

(B) the amount remaining under sections 26 and 31 of this chapter after making distributions for students in all qualified schools that have a higher priority ranking as determined under subsection (a).

(c) After making distributions under subsection (b), the commission shall make distributions for schools under this subsection. The amount that a school is eligible to receive under this subsection is equal to the amount determined under STEP THREE of the following formula:

STEP ONE: Determine the number of students enrolled in the

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1 school's full-time kindergarten program in the current school
2 year who were not counted in making a distribution under
3 subsection (b), as determined under the rules adopted by the
4 commission.

5 **STEP TWO: Multiply the STEP ONE number by one**
6 **thousand five hundred dollars (\$1,500).**

7 **STEP THREE: Determine the lesser of:**

- 8 (A) the amount determined under STEP TWO: or
- 9 (B) the amount remaining under sections 26 and 31 of this
10 chapter after making distributions for students in all
11 qualified schools that have a higher priority ranking as
12 determined under subsection (a).

13 (d) For a state fiscal year beginning after June 30, 2004, and
14 ending before July 1, 2007, the commission shall make
15 distributions as grants until the amount available for grants in that
16 year under section 31 of this chapter is exhausted. After the
17 amount under section 31 of this chapter is exhausted, the
18 commission shall make distributions as advances under section 25
19 of this chapter.

20 **Sec. 25.** The commission may, after June 30, 2004, and before
21 July 1, 2007, make an advance to a school corporation from the
22 common school fund for the purpose of establishing, continuing, or
23 expanding voluntary kindergarten programs.

24 **Sec. 26.** The total of all advances made under section 25 of this
25 chapter may not exceed the following:

- 26 (1) Thirty-one million five hundred thousand dollars
27 (\$31,500,000) during the state fiscal year beginning July 1,
28 2004, and ending June 30, 2005.
- 29 (2) Fourteen million five hundred thousand dollars
30 (\$14,500,000) during the state fiscal year beginning July 1,
31 2005, and ending June 30, 2006.
- 32 (3) Eighteen million five hundred thousand dollars
33 (\$18,500,000) during the state fiscal year beginning July 1,
34 2006, and ending June 30, 2007.

35 **Sec. 27.** An advance to a school corporation under this section
36 is not an obligation of the school corporation within the meaning
37 of any constitutional limitation on or prohibition against
38 indebtedness.

39 **Sec. 28. (a)** To ensure timely payment of an advance under this
40 section according to the terms of the advance, the state may
41 withhold from funds due to the school corporation to which the
42 advance is made an amount necessary to pay the advance and the

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interest on the advance.

(b) If the state withholds funds under subsection (a), the state first shall withhold funds from the distribution of state tuition support to the school corporation to which the advance is made. If the tuition support distribution is unavailable or inadequate, the state may withhold funds from any other distribution of state funds to the school corporation.

(c) An agreement with the commission to collect and pay over amounts deducted from state tuition support for the benefit of another party is not a debt of the state within the meaning of any constitutional limitation on or prohibition against state indebtedness.

Sec. 29. (a) The early learning trust fund is established. The early learning trust fund shall be administered by the department.

(b) The treasurer of state shall invest money in the early learning trust fund not currently needed to meet the obligations of the early learning trust fund in the same manner as other public money may be invested. Interest that accrues from these investments shall be deposited in the early learning trust fund.

(c) Money in the early learning trust fund is annually appropriated to the purposes of the early learning trust fund.

(d) Money in the early learning trust fund at the end of a state fiscal year does not revert to the state general fund.

Sec. 30. The commission may, after June 30, 2004, make a grant to a school corporation from the early learning trust fund for the purpose of establishing, continuing, or expanding voluntary kindergarten programs.

Sec. 31. The total of all grants made under section 30 of this chapter may not exceed the following:

- (1) Eight million five hundred thousand dollars (\$8,500,000) during the state fiscal year beginning July 1, 2004, and ending June 30, 2005.
- (2) Forty million dollars (\$40,000,000) during the state fiscal year beginning July 1, 2005, and ending June 30, 2006.
- (3) Forty million dollars (\$40,000,000) during the state fiscal year beginning July 1, 2006, and ending June 30, 2007.

Sec. 32. The commission may, after June 30, 2005, and before July 1, 2007, make a grant to a school corporation or another entity from the fund to implement pilot projects for any combination of the following:

- (1) Preschool programs.
- (2) Reading and family literacy programs.

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(3) Parental education programs.
Sec. 33. The total of all grants made under section 32 of this chapter may not exceed the following:

- (1) Eight million dollars (\$8,000,000) during the state fiscal year beginning July 1, 2005, and ending June 30, 2006.**
- (2) Twelve million dollars (\$12,000,000) during the state fiscal year beginning July 1, 2006, and ending June 30, 2007.**

Sec. 34. The applications selected for grants under section 32 of this chapter must, to the extent possible, do the following:

- (1) Represent a geographic balance throughout Indiana and include urban, suburban, and rural providers.**
- (2) Reward school corporations and other entities that propose programs that demonstrate the greatest potential for replication and implementation in Indiana.**

Sec. 35. The commission may adopt rules under IC 4-22-2 to implement this chapter, including rules establishing standards that must be met by voluntary full day kindergarten programs, preschool programs, reading and family literacy programs, and parental education programs in order to be eligible for grants or advances under this chapter.

SECTION 11. [EFFECTIVE JULY 1, 2004] (a) The appropriation of eight million five hundred thousand dollars (\$8,500,000) made to the department of education for total operating expense for full day kindergarten by P.L.224-2003, SECTION 9, for the state fiscal year beginning July 1, 2004, and ending June 30, 2005, is canceled.

(b) There is appropriated to the early learning trust fund from the state general fund eight million five hundred thousand dollars (\$8,500,000) for use in carrying out the purposes of IC 21-1-31, as added by this act, during the state fiscal year beginning July 1, 2004, and ending June 30, 2005.

(c) This SECTION expires July 1, 2006.

SECTION 12. [EFFECTIVE JULY 1, 2004] (a) Notwithstanding IC 32-34-1-34, after June 30, 2005, and before July 1, 2006, the treasurer of state shall transfer twenty-five million dollars (\$25,000,000) from the abandoned property fund to the early learning trust fund established by IC 21-1-31, as added by this act.

(b) Notwithstanding IC 32-34-1-34, after June 30, 2006, and before July 1, 2007, the treasurer of state shall transfer twenty-five million dollars (\$25,000,000) from the abandoned property fund to the early learning trust fund established by IC 21-1-31, as added by this act.

(c) Notwithstanding IC 32-34-1-34, after June 30, 2007, and

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1 before July 1, 2008, the treasurer of state shall transfer twenty-five
2 million dollars (\$25,000,000) from the abandoned property fund to
3 the early learning trust fund established by IC 21-1-31, as added by
4 this act.

5 (d) The treasurer of state shall make twenty-five hundredths
6 (0.25) of the amount of a transfer required under subsection (a),
7 (b), or (c) on a quarterly basis in the state fiscal year in which the
8 transfer is required. If insufficient money is available in the
9 abandoned property fund to make the required transfer, the
10 treasurer of state shall make the required transfer as soon as
11 practicable after money becomes available in the fund.

12 (e) This SECTION expires July 1, 2008.

13 SECTION 13. [EFFECTIVE UPON PASSAGE] (a) The early
14 learning and school readiness commission may adopt temporary
15 rules in the manner provided for the adoption of emergency rules
16 under IC 4-22-2-37.1 to implement IC 21-1-31, as added by this act.
17 A temporary rule adopted under this subsection expires on the
18 earliest of the following:

19 (1) The date that another temporary rule adopted under this
20 subsection supersedes the prior temporary rule.

21 (2) The date that permanent rules adopted under IC 4-22-2
22 supersede the temporary rule.

23 (3) January 1, 2006.

24 (b) This SECTION expires January 1, 2006.

25 SECTION 14. An emergency is declared for this act.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Education, to which was referred House Bill 1234, 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.

PORTER, Chair

Committee Vote: yeas 10, nays 4.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1234, 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.

CRAWFORD, Chair

Committee Vote: yeas 17, nays 11.

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HOUSE MOTION

Mr. Speaker: I move that House Bill 1234 be amended to read as follows:

Page 1, delete lines 1 through 17.

Delete page 2.

Page 3, delete lines 1 through 31.

Page 10, line 35, delete "the" and insert "a".

Page 10, line 35, delete "July 1, 2004," and insert "**after June 30, 2004,**".

Page 10, line 36, delete "June 30, 2005," and insert "**before July 1, 2007,**".

Page 10, line 42, delete "2005," and insert "**2007,**".

Page 11, line 4, after "exceed" insert "**the following:**".

Page 11, line 4, delete "thirty-one" begin a new line block indented and insert:

"(1) Thirty-one".

Page 11, line 5, delete "." and insert "**during the state fiscal year beginning July 1, 2004, and ending June 30, 2005.**

(2) Fourteen million five hundred thousand dollars (\$14,500,000) during the state fiscal year beginning July 1, 2005, and ending June 30, 2006.

(3) Eighteen million five hundred thousand dollars (\$18,500,000) during the state fiscal year beginning July 1, 2006, and ending June 30, 2007."

Page 13, line 5, delete "nine" and insert "**twenty-five**".

Page 13, line 5, delete "**five hundred thousand**".

Page 13, line 6, delete "(\$9,500,000)" and insert "**(\$25,000,000)**".

Page 13, line 9, delete "thirteen" and insert "**twenty-five**".

Page 13, line 10, delete "**five hundred thousand**".

Page 13, line 10, delete "(\$13,500,000)" and insert "**(\$25,000,000)**".

Page 13, line 14, delete "eleven" and insert "**twenty-five**".

Page 13, line 15, delete "**five hundred thousand**".

Page 13, line 15, delete "(\$11,500,000)" and insert "**(\$25,000,000)**".

Renumber all SECTIONS consecutively.

(Reference is to HB 1234 as printed January 23, 2004.)

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HOUSE MOTION

Mr. Speaker: I move that House Bill 1234 be amended to read as follows:

Page 4, line 19, reset in roman "their school building construction".

Page 4, line 20, after "technology" insert "**programs (as defined in IC 21-1-5-3) under IC 21-1-5 and**".

Page 4, line 28, delete "IC 21-1-5;" and insert "IC 21-1-5 **and**".

Page 4, between lines 39 and 40, begin a new paragraph and insert:

"SECTION 4. IC 21-1-5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1. This chapter applies to school corporations ~~organized and formed through reorganization under IC 20-4-1, IC 20-4-5, or IC 20-4-8~~ **(as defined in IC 20-5-1-3)** and school townships under IC 20-2-8. However, if a school corporation or school township sustains loss by fire, wind, cyclone, or other disaster, of all or a major portion of its school building or school buildings, ~~sections 4 and section 9~~ **section 9** of this chapter ~~do~~ **does** not apply."

Page 5, line 3, after "chapter." insert "**The maximum aggregate amount of advances that:**

(1) are made under this chapter after June 30, 2004, for school building construction programs; and

(2) are outstanding at any time;

may not exceed thirty million dollars (\$30,000,000)."

Page 5, line 3, beginning with "The Indiana" begin a new paragraph and insert:

"**(b)**".

Page 5, line 5, delete "section" and insert "**chapter for educational technology programs**".

Page 5, line 6, strike "(b)" and insert "(c)".

Page 5, line 22, after "activities." insert "**After June 30, 2004, the term does not include a school corporation or school township that is described in subdivision (2) or (3).**".

Page 5, line 23, strike "(c)" and insert "**(d)**".

Page 5, between lines 27 and 28, begin a new paragraph and insert:

"SECTION 6. IC 21-1-5-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 4. (a) To qualify for an advance under this chapter, the school corporation or school township is required to establish a capital projects fund under IC 21-2-15. However, the Indiana state board of education, after consulting with the department of education and the budget agency, may waive or modify this requirement upon a showing of good cause by the school corporation or school township.

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(b) No advance to a school corporation or a school township for any school building construction program may exceed the greater of:

- (1) fifteen million dollars (\$15,000,000); or
- (2) the product of fifteen thousand dollars (\$15,000) multiplied by the number of pupils accommodated as a result of the school construction building program. However, if a school corporation or school township has sustained loss by fire, wind, cyclone, or other disaster, this limitation may be waived by the Indiana state board of education after consulting with the department of education and the budget agency.

(c) Advances **made before July 1, 2004**, for educational technology programs are without limitation in amount other than the availability of funds in the common school fund for this purpose and the ability of the school corporation or school township desiring an advance to pay the advance in accordance with the terms of the advance. **This subsection expires July 1, 2004.**

SECTION 7. IC 21-1-5-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 5. (a) Money advanced to school corporations or school townships for school building construction programs may be advanced for periods not exceeding twenty-five (25) years, and the school corporations or school townships to which money is advanced shall be required to pay interest on the advance. For advances made before July 1, 1993, the Indiana state board of education may provide, either before an advance is made or before an advance is fully paid, that no payment of the advance may be prepaid by more than six (6) months. For advances made beginning July 1, 1993, for school building construction programs, the Indiana state board of education may provide that the advances are prepayable at any time. The state board of finance created by IC 4-9.1-1 shall periodically establish the rate or rates of interest payable on advances for school building construction programs as long as:

- (1) the established interest rate or rates do not exceed seven and one-half percent (7.5%); and
- (2) the interest rate or rates on advances made to school corporations or school townships with advances outstanding on July 1, 1993, bearing interest at seven and one-half percent (7.5%) or more shall not exceed four percent (4%).

(b) Money advanced **made before July 1, 2004**, to school corporations or school townships for educational technology programs may be for periods not exceeding five (5) years and the school corporations or school townships to which advances are made shall be required to pay interest on the advances. Advances **made before July**

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1, 2004, for educational technology programs may be prepaid at any time. The state board of finance shall establish periodically the rate or rates of interest payable on advances for educational technology programs as long as the established interest rate or rates:

- (1) are not less than one percent (1%); and
- (2) do not exceed four percent (4%).

This subsection expires July 1, 2009.

(c) To assure timely payment of advances in accordance with their terms, the state is authorized in its sole discretion to withhold from funds due to school corporations and school townships to which advances are made amounts necessary to pay the advances and the interest on the advances in accordance with their respective terms. The terms of the advances shall be established by the Indiana state board of education after consulting with the department of education and upon the approval of the budget agency in advance of the time the respective advances are made. However, in the case of school corporations or school townships with advances outstanding on July 1, 1993, the withholding may be adjusted to conform with this chapter. To the extent available, funds shall first be withheld from the distribution of state school tuition support. However, if this distribution is not available or is inadequate, funds may be withheld from the distribution of other state funds to the school corporation or school township to which the advance is made.

SECTION 8. IC 21-1-5-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 9. (a) Priority of advances for school building construction programs shall be made to school corporations and school townships which have the least amount of adjusted assessed valuation per pupil in average daily attendance.

(b) Priority of advances **made before July 1, 2004**, for educational technology programs shall be on whatever basis the Indiana state board of education, after consulting with the department of education and the budget agency, periodically determines. **This subsection expires July 1, 2004.**

SECTION 9. IC 21-1-5-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 10. A school corporation or school township to which an advance is made for an educational technology program **before July 1, 2004**, may annually levy a tax in the capital projects fund or the debt service fund to produce an amount equal to the amount deducted in the current year from the distribution of state school tuition support to pay the advance, together with the interest on the advance. The amount received from the tax shall be transferred from the capital projects fund or the debt

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service fund, as applicable, to the general fund."

Re-number all SECTIONS consecutively.

(Reference is to HB 1234 as printed January 23, 2004.)

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