

# SENATE MOTION

**MADAM PRESIDENT:**

**I move** that Engrossed House Bill 1234 be amended to read as follows:

- 1 Delete the title and insert the following:  
2 A BILL FOR AN ACT to amend the Indiana Code concerning  
3 education.  
4 Page 1, between the enacting clause and line 1, begin a new  
5 paragraph and insert:  
6 "SECTION 1. IC 21-1-31 IS ADDED TO THE INDIANA CODE AS  
7 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1,  
8 2004]:  
9 **Chapter 31. Early Learning Program**  
10 **Sec. 1. As used in this chapter, "department" refers to the**  
11 **department of education.**  
12 **Sec. 2. As used in this chapter, "eligible school" refers to an**  
13 **eligible school determined under section 9 of this chapter.**  
14 **Sec. 3. As used in this chapter, "eligible student" refers to an**  
15 **eligible student determined under section 8 of this chapter.**  
16 **Sec. 4. As used in this chapter, "school" means any school**  
17 **maintained by a school corporation.**  
18 **Sec. 5. As used in this chapter, "school corporation" has the**  
19 **meaning set forth in IC 21-3-1.6-1.1.**  
20 **Sec. 6. The department shall establish a program to make**  
21 **grants beginning after June 30, 2005, to any school corporation**  
22 **that applies for a grant in the manner prescribed by the**  
23 **department to establish, continue, or expand voluntary**  
24 **kindergarten programs in one (1) or more eligible schools in the**  
25 **school corporation.**  
26 **Sec. 7. Subject to section 10 of this chapter, the amount of a**  
27 **grant is equal to one thousand five hundred dollars (\$1,500) for**  
28 **each eligible student, as determined under section 8 of this**  
29 **chapter, in an eligible school, as determined under section 9 of**

1 this chapter.

2 Sec. 8. The number of eligible students in a school corporation  
3 is equal to the number of students in the school corporation who  
4 are:

- 5 (1) enrolled in full day kindergarten in the current school
- 6 year, as determined in one (1) or more counts of students
- 7 made under the rules adopted the department; and
- 8 (2) attending an eligible school.

9 Sec. 9. A school is an eligible school if:

- 10 (1) the school has not received a grant under any
- 11 combination of P.L.224-2003 and this chapter in more than
- 12 two (2) consecutive school years immediately preceding the
- 13 current school year; and
- 14 (2) the students enrolled in full day kindergarten in the
- 15 school are not counted as one (1) pupil under
- 16 IC 21-3-1.6-1.1(d)(2).

17 Sec. 10. If in any school year, insufficient money is  
18 appropriated for full day kindergarten grants to make grants for  
19 all eligible students enrolled in all applicant school corporations,  
20 money shall be awarded in the following order until the amount  
21 appropriated for grants is exhausted:

- 22 (1) The amounts determined under subsection (b).
- 23 (2) The amounts determined under subsection (c).
- 24 (3) The amounts determined under subsection (d).

25 (b) The department shall first award grants from appropriations  
26 made for full day kindergarten grants in the amount determined  
27 under STEP FIVE of the following formula:

28 STEP ONE: For each school that received state funding for  
29 full day kindergarten in the immediately previous school  
30 year, determine the number of eligible students enrolled in  
31 the current school year in the school.

32 STEP TWO: For each school described in STEP ONE, multiply  
33 the number determined under STEP ONE by the amount of  
34 the grant determined under section 7 of this chapter.

35 STEP THREE: Rank each school described in STEP ONE by  
36 the percentage of the eligible students who are eligible for a  
37 free or reduced school lunch program, with the school with  
38 the highest percentage ranked first and the school with the  
39 lowest percentage ranked last.

40 STEP FOUR: Beginning with the school ranked first under  
41 STEP THREE and proceeding through the school ranked last  
42 under STEP THREE, allocate the lesser of the following to  
43 each school:

- 44 (A) The amount determined for the school under STEP

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**TWO.**

**(B) The amount remaining from the amounts appropriated for full day kindergarten grants after allocating money to each school with a higher ranking under STEP THREE.**

**STEP FIVE: Distribute to each school corporation the sum of the amounts allocated under STEP FOUR for each school in the school corporation.**

**(c) If the amount appropriated for full day kindergarten grants has a balance after making all of the distributions required under subsection (b), grants shall be distributed in the amount determined under STEP FIVE of the following formula:**

**STEP ONE: For each Title I school that did not receive state funding for full day kindergarten in the immediately previous school year, determine the number of eligible students enrolled in the current school year.**

**STEP TWO: For each school described in STEP ONE, multiply the number determined under STEP ONE by the amount of the grant determined under section 7 of this chapter.**

**STEP THREE: Rank each school described in STEP ONE by the percentage of the eligible students who are eligible for a free or reduced school lunch program, with the school with the highest percentage ranked first and the school with the lowest percentage ranked last.**

**STEP FOUR: Beginning with the school ranked first under STEP THREE and proceeding through the school ranked last under STEP THREE, allocate the lesser of the following to each school:**

**(A) The amount determined for the school under STEP TWO.**

**(B) The amount remaining from amounts appropriated for full day kindergarten grants after allocating money to each school with a higher ranking under STEP THREE.**

**STEP FIVE: Distribute to each school corporation the sum of the amounts allocated under STEP FOUR for each school in the school corporation.**

**(d) If the amount appropriated for full day kindergarten grants has a balance after making all of the distributions required under subsections (b) and (c), grants shall be distributed in the amount determined under STEP FIVE of the following formula:**

**STEP ONE: For each school that is not described in subsection (b) or (c), determine the number of eligible students enrolled in the current school year in the school.**

**STEP TWO: For each school described in STEP ONE, multiply the number determined under STEP ONE by the amount of**

1           **the grant determined under section 7 of this chapter.**

2           **STEP THREE: Rank each school described in STEP ONE by**  
 3           **the percentage of the eligible students who are eligible for a**  
 4           **free or reduced school lunch program, with the school with**  
 5           **the highest percentage ranked first and the school with the**  
 6           **lowest percentage ranked last.**

7           **STEP FOUR: Beginning with the school ranked first under**  
 8           **STEP THREE and proceeding through the school ranked last**  
 9           **under STEP THREE, allocate the lesser of the following to**  
 10          **each school:**

11           **(A) The amount determined for the school under STEP**  
 12           **TWO.**

13           **(B) The amount remaining from amounts appropriated for**  
 14           **full day kindergarten grants after allocating money to**  
 15           **each school with a higher ranking under STEP THREE.**

16          **STEP FIVE: Distribute to each school corporation the sum of**  
 17          **the amounts allocated under STEP FOUR for each school in**  
 18          **the school corporation.**

19          **Sec. 11. Distributions of grant amounts under this chapter shall**  
 20          **be made at the time and in the manner prescribed by the**  
 21          **department.**

22          **Sec. 12. Money distributed to a school corporation under this**  
 23          **chapter may be used only for the purposes described in the grant**  
 24          **application approved by the department.**

25          **Sec. 13. As a condition of receiving a grant under this chapter,**  
 26          **a school corporation may not charge a fee for any eligible student**  
 27          **who is eligible for a free or reduced lunch program.**

28          SECTION 2. IC 21-3-1.6-1.1, AS AMENDED BY P.L.276-2003,  
 29          SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 30          JANUARY 1, 2006]: Sec. 1.1. As used in this chapter:

31           (a) "School corporation" means any local public school corporation  
 32           established under Indiana law. Except as otherwise indicated, the term  
 33           includes a charter school.

34           (b) "School year" means a year beginning July 1 and ending the next  
 35           succeeding June 30.

36           (c) "State distribution" due a school corporation means the amount  
 37           of state funds to be distributed to a school corporation in any calendar  
 38           year under this chapter.

39           (d) "Average daily membership" or "ADM" of a school corporation  
 40           means the number of eligible pupils enrolled in the school corporation  
 41           or in a transferee corporation on a day to be fixed annually by the  
 42           Indiana state board of education and, beginning in the school year that  
 43           ends in the 2005 calendar year, as subsequently adjusted not later than  
 44           January 30 under the rules adopted by the state board of education. The  
 45           initial day of the count shall fall within the first thirty (30) days of the

1 school term. If, however, extreme patterns of student in-migration,  
 2 illness, natural disaster, or other unusual conditions in a particular  
 3 school corporation's enrollment on either the day fixed by the Indiana  
 4 state board of education or on the subsequent adjustment date, cause  
 5 the enrollment to be unrepresentative of the school corporation's  
 6 enrollment throughout a school year, the Indiana state board of  
 7 education may designate another day for determining the school  
 8 corporation's enrollment. The Indiana state board of education shall  
 9 monitor changes that occur after the fall count, in the number of  
 10 students enrolled in programs for children with disabilities and shall,  
 11 before December 2 of that same year and, beginning in the 2004  
 12 calendar year, before April 2 of the following calendar year, make an  
 13 adjusted count of students enrolled in programs for children with  
 14 disabilities. The superintendent of public instruction shall certify the  
 15 December adjusted count to the budget committee before February 5  
 16 of the following year and the April adjusted count not later than May 31  
 17 immediately after the date of the April adjusted count. In determining  
 18 the ADM:

19 (1) each kindergarten pupil **who is not:**

20 (A) **enrolled in a full day kindergarten program class at a**  
 21 **school in a school corporation that received a state grant**  
 22 **under any combination of P.L.224-2003 and IC 21-1-31 for**  
 23 **full day kindergarten for part or all of at least two (2)**  
 24 **consecutive school years ending immediately before the**  
 25 **date that the ADM count is made for the current school**  
 26 **year; or**

27 (B) **enrolled in a full day kindergarten program class in**  
 28 **which pupils were counted as one (1) pupil under**  
 29 **subdivision (2) in the immediately preceding school year;**  
 30 shall be counted as one-half (1/2) pupil; and

31 (2) each kindergarten pupil **who is:**

32 (A) **enrolled in a full day kindergarten program class at a**  
 33 **school in a school corporation that received a state grant**  
 34 **under any combination of P.L.224-2003 and IC 21-1-31 for**  
 35 **full day kindergarten for part or all of at least two (2)**  
 36 **consecutive school years ending immediately before the**  
 37 **date that the ADM count is made for the current school**  
 38 **year; or**

39 (B) **enrolled in a full day kindergarten program class in**  
 40 **which pupils were counted as one (1) pupil under this**  
 41 **subdivision in the immediately preceding school year;**

42 **shall be counted as one (1) pupil.**

43 Where a school corporation commences kindergarten in a school year,  
 44 the ADM of the current and prior calendar years shall be adjusted to  
 45 reflect the enrollment of the kindergarten pupils. In determining the

1 ADM, each pupil enrolled in a public school and a nonpublic school is  
 2 to be counted on a full-time equivalency basis as provided in section 1.2  
 3 of this chapter.

4 (e) "Additional count" of a school corporation, or comparable  
 5 language, means the aggregate of the additional counts of the school  
 6 corporation for certain pupils as set out in section 3 of this chapter  
 7 (repealed) and as determined at the times for calculating ADM. "Current  
 8 additional count" means the initial computed additional count of the  
 9 school corporation for the school year ending in the calendar year.  
 10 "Prior year additional count" of a school corporation used in computing  
 11 its state distribution in a calendar year means the initial computed  
 12 additional count of the school corporation for the school year ending in  
 13 the preceding calendar year.

14 (f) For purposes of this subsection, "school corporation" does not  
 15 include a charter school. "Adjusted assessed valuation" of any school  
 16 corporation used in computing state distribution for a calendar year  
 17 means the assessed valuation in the school corporation, adjusted as  
 18 provided in IC 6-1.1-34. The amount of the valuation shall also be  
 19 adjusted downward by the department of local government finance to  
 20 the extent it consists of real or personal property owned by a railroad  
 21 or other corporation under the jurisdiction of a federal court under the  
 22 federal bankruptcy laws (11 U.S.C. 101 et seq.) if as a result of the  
 23 corporation being involved in a bankruptcy proceeding the corporation  
 24 is delinquent in payment of its Indiana real and personal property taxes  
 25 for the year to which the valuation applies. If the railroad or other  
 26 corporation in some subsequent calendar year makes payment of the  
 27 delinquent taxes, then the state superintendent of public instruction shall  
 28 prescribe adjustments in the distributions of state funds pursuant to this  
 29 chapter as are thereafter to become due to a school corporation affected  
 30 by the delinquency as will ensure that the school corporation will not  
 31 have been unjustly enriched under the provisions of P.L.382-1987(ss).  
 32 The amount of the valuation shall also be adjusted downward by the  
 33 department of local government finance to the extent it consists of real  
 34 or personal property described in IC 6-1.1-17-0.5(b).

35 (g) "General fund" means a fund established under IC 21-2-11-2.

36 (h) "Teacher" means every person who is required as a condition of  
 37 employment by a school corporation to hold a teacher's license issued  
 38 or recognized by the state, except substitutes and any person paid  
 39 entirely from federal funds.

40 (i) For purposes of this subsection, "school corporation" does not  
 41 include a charter school. "Teacher ratio" of a school corporation used  
 42 in computing state distribution in any calendar year means the ratio  
 43 assigned to the school corporation pursuant to section 2 of this chapter.

44 (j) "Eligible pupil" means a pupil enrolled in a school corporation if:

- 45 (1) the school corporation has the responsibility to educate the  
 46 pupil in its public schools without the payment of tuition;
- 47 (2) subject to subdivision (5), the school corporation has the

- 1 responsibility to pay transfer tuition under IC 20-8.1-6.1, because  
 2 the pupil is transferred for education to another school corporation  
 3 (the "transferee corporation");  
 4 (3) the pupil is enrolled in a school corporation as a transfer  
 5 student under IC 20-8.1-6.1-3 or entitled to be counted for ADM  
 6 or additional count purposes as a resident of the school  
 7 corporation when attending its schools under any other applicable  
 8 law or regulation;  
 9 (4) the state is responsible for the payment of transfer tuition to  
 10 the school corporation for the pupil under IC 20-8.1-6.1; or  
 11 (5) all of the following apply:  
 12 (A) The school corporation is a transferee corporation.  
 13 (B) The pupil does not qualify as a qualified pupil in the  
 14 transferee corporation under subdivision (3) or (4).  
 15 (C) The transferee corporation's attendance area includes a  
 16 state licensed private or public health care facility, child care  
 17 facility, or foster family home where the pupil was placed:  
 18 (i) by or with the consent of the division of family and  
 19 children;  
 20 (ii) by a court order;  
 21 (iii) by a child placing agency licensed by the division of  
 22 family and children; or  
 23 (iv) by a parent or guardian under IC 20-8.1-6.1-5.
- 24 For purposes of IC 21-3-12, the term includes a student enrolled in a  
 25 charter school.
- 26 (k) "General fund budget" of a school corporation means the amount  
 27 of the budget approved for a given year by the department of local  
 28 government finance and used by the department of local government  
 29 finance in certifying a school corporation's general fund tax levy and tax  
 30 rate for the school corporation's general fund as provided for in  
 31 IC 21-2-11. The term does not apply to a charter school.
- 32 (l) "At risk index" means the following:  
 33 (1) For a school corporation that is a not a charter school, the  
 34 sum of:  
 35 (A) the product of sixteen-hundredths (0.16) multiplied by the  
 36 percentage of families in the school corporation with children  
 37 who are less than eighteen (18) years of age and who have a  
 38 family income below the federal income poverty level (as  
 39 defined in IC 12-15-2-1);  
 40 (B) the product of four-tenths (0.4) multiplied by the  
 41 percentage of families in the school corporation with a single  
 42 parent; and  
 43 (C) the product of forty-four hundredths (0.44) multiplied by  
 44 the percentage of the population in the school corporation who  
 45 are at least twenty (20) years of age with less than a twelfth  
 46 grade education.  
 47 The data to be used in making the calculations under this

1 subdivision must be the data from the 2000 federal decennial  
2 census.

3 (2) For a charter school, the index determined under subdivision  
4 (1) for the school corporation in which the charter school is  
5 located.

6 (m) "ADM of the previous year" or "ADM of the prior year" used in  
7 computing a state distribution in a calendar year means the initial  
8 computed ADM for the school year ending in the preceding calendar  
9 year.

10 (n) "Current ADM" used in computing a state distribution in a  
11 calendar year means the initial computed ADM for the school year  
12 ending in the calendar year.

13 SECTION 3. IC 21-3-1.7-3.1, AS AMENDED BY P.L.276-2003,  
14 SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
15 JANUARY 1, 2006]: Sec. 3.1. (a) As used in this chapter, "previous  
16 year revenue" for calculations with respect to a school corporation  
17 equals:

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

- 20 (A) special education grants;
- 21 (B) vocational education grants;
- 22 (C) at-risk programs;
- 23 (D) the enrollment adjustment grant;
- 24 (E) the academic honors diploma award;
- 25 (F) the primetime distribution; and
- 26 (G) for 2005 and thereafter, the supplemental remediation  
27 grant;

28 for the year that precedes the current year; plus

29 (2) the school corporation's tuition support levy for the year that  
30 precedes the current year before the reductions required under  
31 section 5(1) and 5(2) of this chapter; plus

32 (3) distributions received by the school corporation under  
33 IC 6-1.1-21.6 for the year that precedes the current year; plus

34 (4) the school corporation's excise tax revenue for the year that  
35 precedes the current year by two (2) years; minus

36 (5) an amount equal to the reduction in the school corporation's  
37 tuition support under subsection (b) or IC 20-10.1-2-1, or both;  
38 plus

39 (6) in calendar year 2003, the amount determined for calendar  
40 year 2002 under section 8.2 of this chapter, STEP TWO (C); plus

41 (7) in calendar year 2004, the amount determined for calendar  
42 year 2002 under section 8.2 of this chapter, STEP TWO (D); plus

43 (8) notwithstanding subdivision (1), in calendar year 2004, the  
44 school corporation's distribution under section 9.7 of this chapter  
45 for calendar year 2003; plus

46 **(9) for the year immediately preceding the first year in which**



1           **a pupil in full day kindergarten is counted as one (1) pupil**  
 2           **under IC 21-3-1.6-1.1(d)(2), the product of:**

3                   **(A) the number of pupils counted as one (1) pupil under**  
 4                   **IC 21-3-1.6-1.1(d)(2); multiplied by**

5                   **(B) one thousand five hundred dollars (\$1,500).**

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

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

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

15           The amount of the reduction equals the amount the school corporation  
 16           would have received in tuition support for special and vocational  
 17           education because of the overstatement.

18           (c) A school corporation's previous year revenue shall be reduced if  
 19           an existing elementary or secondary school located in the school  
 20           corporation converts to a charter school under IC 20-5.5-11. The  
 21           amount of the reduction equals the product of:

22                   (1) the sum of the amounts distributed to the conversion charter  
 23                   school under IC 20-5.5-7-3.5(c) and IC 20-5.5-7-3.5(d);  
 24                   multiplied by

25                   (2) two (2).

26           **SECTION 4. [EFFECTIVE JULY 1, 2004] (a) Grants may not be**  
 27           **distributed under IC 21-1-31, as added by this act, before June 30,**  
 28           **2005.**

29           **(b) IC 21-3-1.6-1.1, as amended by this act, applies only to**  
 30           **ADM counts made after June 30, 2005."**

31           Renumber all SECTIONS consecutively.

(Reference is to EHB 1234 as printed February 13, 2004.)

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Senator SIMPSON

