

# HOUSE BILL No. 1430

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 21-10.

**Synopsis:** School choice scholarship program. Establishes the school choice scholarship program (program) for students whose household incomes do not exceed 250% of the applicable household income to participate in the national school lunch program. Requires the department of education to adopt rules to administer the program. Requires nonpublic schools that participate in the program to follow certain laws and rules that apply to public schools. Annually appropriates money from the state general fund for school choice scholarships.

**Effective:** July 1, 2005.

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**Turner, Harris T**

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January 13, 2005, read first time and referred to Committee on Education.

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First Regular Session 114th General Assembly (2005)

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 *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

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# HOUSE BILL No. 1430



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 21-10 IS ADDED TO THE INDIANA CODE AS  
 2 A **NEW** ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1,  
 3 2005]:  
 4 **ARTICLE 10. SCHOOL CHOICE PROGRAMS**  
 5 **Chapter 1. Applicability**  
 6 **Sec. 1. This article applies to school years beginning after**  
 7 **December 31, 2005.**  
 8 **Chapter 2. Definitions**  
 9 **Sec. 1. The definitions in this chapter apply throughout this**  
 10 **article.**  
 11 **Sec. 2. "Annual cost" means the total amount calculated under**  
 12 **IC 20-8.1-6.5-3 by the department for a participating school for the**  
 13 **preceding school year.**  
 14 **Sec. 3. "Department" means the department of education**  
 15 **established by IC 20-1-1.1-2.**  
 16 **Sec. 4. "Eligible student" means a student that is eligible for a**  
 17 **school choice scholarship under IC 21-10-3-2.**



1           **Sec. 5. "Legal settlement" has the meaning set forth in**  
2 **IC 20-8.1-1-7.1.**

3           **Sec. 6. "Participating school" means a public or an accredited**  
4 **nonpublic school that participates in the program.**

5           **Sec. 7. "Program" means the school choice scholarship program**  
6 **established by IC 21-10-3-1.**

7           **Sec. 8. "School corporation" has the meaning set forth in**  
8 **IC 21-3-1.6-1.1(a).**

9           **Sec. 9. "School year" has the meaning set forth in**  
10 **IC 21-3-1.6-1.1(b).**

11           **Sec. 10. "State support" means the average amount of state**  
12 **tuition support (as defined in IC 21-3-1.7-4) that a school**  
13 **corporation receives for each student who attends the school**  
14 **corporation. For a nonpublic participating school, the term means**  
15 **the state support for a student who attends the school corporation**  
16 **in which the nonpublic participating school is located.**

17           **Chapter 3. School Choice Scholarship Program**

18           **Sec. 1. The school choice scholarship program is established.**

19           **Sec. 2. A student whose household income does not exceed two**  
20 **hundred fifty percent (250%) of the applicable household income**  
21 **eligibility guidelines for receiving free or reduced lunches under**  
22 **the national school lunch program is eligible for a school choice**  
23 **scholarship to attend a participating school.**

24           **Sec. 3. The amount of a school choice scholarship under section**  
25 **2 of this chapter equals:**

26           **(1) For an eligible student who qualifies for free or reduced**  
27 **lunches under the national school lunch program, the lesser**  
28 **of:**

29                   **(A) state support; or**  
30                   **(B) the annual cost.**

31           **(2) For an eligible student who does not qualify for free or**  
32 **reduced lunches under the national school lunch program but**  
33 **whose household income is equal to or less than one hundred**  
34 **fifty percent (150%) of the applicable household income**  
35 **eligibility guidelines for receiving free or reduced lunches**  
36 **under the national school lunch program, the lesser of:**

37                   **(A) 75% of state support; or**  
38                   **(B) the annual cost.**

39           **(3) For an eligible student whose household income exceeds**  
40 **one hundred fifty percent (150%) of the applicable household**  
41 **income eligibility guidelines for receiving free or reduced**  
42 **lunches under the national school lunch program but is less**

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1 than two hundred percent (200%) of the applicable household  
2 income eligibility guidelines for receiving free or reduced  
3 lunches under the national school lunch program, the lesser  
4 of:

- 5 (A) 50% of state support; or
- 6 (B) the annual cost.
- 7 (4) For an eligible student whose household income exceeds
- 8 two hundred percent (200%) of the applicable household
- 9 income eligibility guidelines for receiving free or reduced
- 10 lunches under the national school lunch program, the lesser
- 11 of:

- 12 (A) 25% of state support; or
- 13 (B) the annual cost.

14 Sec. 4. A school choice scholarship may be used only for  
15 educational purposes.

16 Sec. 5. A participating school may not give any part of a school  
17 choice scholarship to an eligible student or the student's parent or  
18 guardian.

19 Sec. 6. (a) This section applies to an eligible student who:

- 20 (1) qualifies for free or reduced lunches under the national
- 21 school lunch program; and
- 22 (2) receives a school choice scholarship under section 2 of this
- 23 chapter.

24 (b) An eligible student may attend a participating school at no  
25 charge to the student.

26 Sec. 7. (a) This section applies to an eligible student who:

- 27 (1) does not qualify for free or reduced lunches under the
- 28 national school lunch program; and
- 29 (2) receives a school choice scholarship under section 2 of this
- 30 chapter.

31 (b) A participating school may charge an eligible student or an  
32 eligible student's parent or guardian the difference between the  
33 scholarship amount and the actual cost to educate the student,  
34 including tuition and mandatory fees.

35 Sec. 8. The department shall pay the appropriate amount for  
36 school choice scholarships to the participating school that each  
37 eligible student attends.

38 Sec. 9. If the number of eligible students seeking to attend a  
39 participating school exceeds the number of available spots at the  
40 participating school, the participating school shall select eligible  
41 students at random to attend the participating school. However,  
42 the participating school may give preference to eligible students

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who are siblings of students who:

- (1) currently attend the participating school; or
- (2) previously attended the participating school on a school choice scholarship received under section 2 of this chapter.

Sec. 10. An eligible student who is unable to attend the participating school of the eligible student's choice due to the unavailability of spots under section 9 of this chapter may transfer the eligible student's school choice scholarship to another participating school.

Sec. 11. (a) An eligible student who attends a public participating school on a school choice scholarship received under section 2 of this chapter is counted in the public participating school's ADM (as defined in IC 21-3-1.6-1.1(d)).

(b) The amount of an eligible student's school choice scholarship is deducted from the public participating school's tuition support under IC 21-3-1.7.

(c) If an eligible student's school choice scholarship is less than the state support for the student, the surplus reverts to the state general fund.

Sec. 12. A participating school shall provide reports at intervals determined by the department to the parents or guardians of eligible students detailing each eligible student's academic progress.

Sec. 13. If an eligible student attends:

- (1) a nonpublic participating school; or
- (2) a public participating school outside the school corporation in which the student has legal settlement;

the school corporation shall provide to the participating school a complete copy of the student's school records, subject to applicable federal and state laws.

Sec. 14. If a school corporation provides transportation for a student who has legal settlement in the school corporation from the student's legal settlement to a nonpublic school, the school corporation shall provide transportation for an eligible student who has legal settlement in the school corporation from the eligible student's legal settlement to the participating school that the eligible student chooses to attend.

Sec. 15. There is annually appropriated to the department from the state general fund an amount sufficient for the department to award school choice scholarships and otherwise administer this chapter.

Chapter 4. Administration and Accountability of Nonpublic

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**Participating Schools**

**Sec. 1. This chapter applies to nonpublic participating schools.**

**Sec. 2. A nonpublic participating school is subject to all federal and state laws and constitutional provisions that prohibit discrimination on the basis of the following:**

- (1) Disability.**
- (2) Race.**
- (3) Color.**
- (4) Gender.**
- (5) National origin.**
- (6) Religion.**
- (7) Ancestry.**

**Sec. 3. The following statutes and rules and guidelines adopted under the following statutes apply to a nonpublic participating school:**

- (1) IC 5-11-1-9 (required audits by the state board of accounts).**
- (2) IC 20-1-1.5-5 (unified accounting system).**
- (3) IC 20-5-2-7 and IC 20-6.1-3-7.1 (criminal history).**
- (4) IC 20-5-2-3 (subject to laws requiring regulation by state agencies).**
- (5) IC 20-6.1-4-15 (void teacher contract when two (2) contracts are signed).**
- (6) IC 20-6.1-6-11 (nondiscrimination for teacher marital status).**
- (7) IC 20-6.1-6-13 (teacher freedom of association).**
- (8) IC 20-6.1-6-15 (school counselor immunity).**
- (9) IC 20-8.1-3 (compulsory school attendance).**
- (10) IC 20-8.1-4 (limitations on employment of children).**
- (11) IC 20-8.1-5.1-13, IC 20-8.1-5.1-15, and IC 20-8.1-5.1-15.5 (student due process and judicial review).**
- (12) IC 20-8.1-5.1-10 (firearms and deadly weapons).**
- (13) IC 20-8.1-7 and IC 20-8.1-8 (health and safety measures).**
- (14) IC 20-8.1-12 (reporting of student violations of law).**
- (15) IC 20-10.1-2-4 and IC 20-10.1-2-6 (patriotic commemorative observances).**
- (16) IC 20-10.1-16, IC 20-10.1-17, or any other statute, rule, or guideline related to standardized testing (assessment programs, including remediation under the assessment programs).**
- (17) IC 20-10.1-22.4 (parental access to education records).**
- (18) IC 20-10.2 (accountability for school performance and**

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improvement).  
Sec. 4. If a nonpublic participating school receives at least fifty thousand dollars (\$50,000) in school choice scholarships for a school year, the school shall do the following to demonstrate its ability to repay state funds:

- (1) Not later than September 1 of the school year, file a surety bond with the department. The bond amount must equal or exceed the total amount of school choice scholarships to be paid to the school during the school year.
- (2) Submit to the department financial information that demonstrates the school has the ability to pay an amount equal to the total amount of school choice scholarships to be paid to the school during the school year, in addition to the amount of the surety bond under subdivision (1).

**Chapter 5. Responsibilities of the Department**

Sec. 1. The department shall publish a list of participating schools. The department shall mail the list to the last known address of each eligible student. The department shall update the list at least quarterly.

Sec. 2. The department shall prescribe an application that eligible students may use to apply to participating schools. The application must include proof of a student's eligibility. A participating school may require additional information from an applicant. An application under this section must be available at locations determined by the department, including the Internet. The department shall notify eligible students of the locations at which the applications are available.

Sec. 3. (a) The department shall exclude a school from participating in the program or revoke a school's status as a participating school if the department determines that the school:

- (1) misrepresents financial information;
- (2) routinely fails to comply with applicable accountability standards;
- (3) gives any part of a school choice scholarship to an eligible student or an eligible student's parent or guardian; or
- (4) fails to repay in a timely manner to the state general fund any school choice scholarship overpayments.

(b) If the department:

- (1) excludes a school from participating; or
- (2) revokes a school's participation;

in the program, the department shall notify eligible students who attend or have applied to attend the school of the exclusion or

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- 1        **revocation as soon as possible.**
- 2        **Sec. 4. The department shall adopt rules under IC 4-22-2 to**
- 3        **implement this article, including the following:**
- 4            **(1) Eligibility and participation of nonpublic schools.**
- 5            **(2) Calculation and distribution of school choice scholarships**
- 6            **to eligible students.**
- 7            **(3) Application and approval process for school choice**
- 8            **scholarships.**
- 9            **(4) Deadlines and schedules for the following:**
- 10            **(A) Publishing lists of participating schools.**
- 11            **(B) Distributing and accepting applications for school**
- 12            **choice scholarships.**
- 13            **(C) Awarding and distributing school choice scholarships.**

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