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**FISCAL IMPACT STATEMENT**

**LS 6994**

**BILL NUMBER: SB 384**

**NOTE PREPARED: Mar 1, 2012**

**BILL AMENDED: Feb 29, 2012**

**SUBJECT:** School Accreditation.

**FIRST AUTHOR:** Sen. Kruse

**FIRST SPONSOR:** Rep. Behning

**BILL STATUS:** As Passed House

**FUNDS AFFECTED: X GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) *Accreditation:* This bill makes various changes, beginning in 2013, to the manner in which a school may be accredited under a performance based accreditation system. It provides that a school may be accredited under a performance based accreditation system approved by the Indiana State Board of Education (State Board) or by a national or regional accreditation agency that is approved by the State Board. The bill also provides that the State Board shall establish: (1) a system for approving agencies or entities that seek to accredit schools in Indiana under this chapter; and (2) a procedure for determining whether a school is making progress toward meeting the criteria for accreditation by a national or regional accreditation agency approved by the State Board.

The bill provides that the Indiana Department of Education (Department) shall establish a schedule for verifying compliance with legal standards and shall report noncompliance to the State Board. It requires the State Board to verify compliance with legal standards and to adopt rules to establish consequences of noncompliance. The bill requires the Department to publish on its Internet web site the accreditation status and legal compliance status of each school and school corporation. It also eliminates the probationary accreditation status. It also provides that the Department shall determine when a school or a school corporation has complied with certain legal standards.

The bill provides that the Department may conduct an onsite evaluation of a school or school corporation to make a recommendation to the State Board as to the legal compliance status of the school or school corporation

*Charter School 3<sup>rd</sup> Grade Reading Remediation:* The bill provides that a reading deficiency remediation plan for a charter school is required to include and may only include a method for making determinant evaluations of reading skills by grade 3 and retention as a last resort for students reading below standard.

*Turnaround Academy:* The bill sets forth provisions for the operation of a turnaround academy.

*Staff Evaluations:* The bill makes changes to the process in which a school corporation may modify the Department's Model Staff Performance Evaluation Plan.

*Charter School Loans:* The bill provides that an organizer that operates a charter school or a successor organizer operating the charter school that is closed or not renewed by its sponsor, which then becomes sponsored by a different sponsor, may not qualify for federal or state start-up funding or loans. It provides that the organizer of the charter school or the successor organizer operating the charter school retains responsibility for paying back any loans, including start-up loans, and unused state and federal funds, secured by the organizer of a closed or nonrenewed charter school.

*Nonaccredited Nonpublic School Transfer:* The bill requires the principal of a public school to inform a student and a parent or guardian of a student transferring to a nonaccredited nonpublic school of the legal responsibilities of transferring to a nonaccredited nonpublic school. It provides that the principal shall request that the parent sign a form to acknowledge that they understand the information provided by the principal. The bill also provides that if the parent refuses to sign the form, the student is considered a dropout and shall be reported to the Bureau of Motor Vehicles to revoke the student's driver's license or learner's permit.

*Student Transfer:* The bill provides that a school corporation that accepts transfer students may not establish transfer acceptance policies or limit student transfers in any manner that differs from acceptance policies for students who have legal settlement in the school corporation.

*Non-Public School Student Transportation:* The bill provides that a school corporation that is required to provide transportation to a nonpublic school student is required to provide the transportation to or from the point on the regular route that is nearest or most easily accessible to the nonpublic school from which the student can safely walk to and from the nonpublic school.

The bill makes conforming amendments. It makes technical corrections.

**Effective Date:** Upon Passage; July 1, 2012.

**Explanation of State Expenditures:** *Accreditation:* The provision allowing schools to be accredited under a performance-based accreditation system approved by the State Board or by national or regional accreditation agencies approved by the State Board would depend on the number of systems the State Board might approve. Under current law, the State Board is to establish a performance-based accreditation system. The potential fiscal impact is probably minor.

Currently, there are two accreditation statuses: full accreditation status and probationary accreditation status. The bill would eliminate the probationary accreditation status and replace it with not fully accredited status. The provision should have no fiscal impact.

The legal requirements for accreditation are the same as current law. The provision should have no fiscal impact.

If a school has not met the legal requirements or school performance exceptions, current law requires a review

panel consisting of a member of the Department, a classroom teacher, and a representative of the field of education to conduct an onsite evaluation. The bill would change the onsite evaluation to be conducted only by the Department and to review only the legal requirements. The provision could reduce the cost of onsite evaluations.

Background: Schools would have to comply with the following legal requirements:

1. Health and safety requirements.
2. Minimum time requirements for school activity.
3. Curriculum offerings.
4. Development and implementation of a staff evaluation plan.
5. Completion of a school improvement plan.
6. Local salary scale.

*Charter School 3<sup>rd</sup> Grade Reading Remediation:* The requirement that the State Board of Education's plan for ensuring that charter school students are reading at grade level by the end of grade 3 to include only an assessment of each student's reading level in grade 3 and retention of a student as a last resort should have no fiscal impact.

(Revised) *Turnaround Academy:* The bill would codify the rules the State Board of Education has promulgated on turnaround academies.

The bill also clarifies that a student from outside of the school corporation where the turnaround academy resides would be counted in the school corporation's ADM where the academy resides. The impact would depend on the number of students that transfer into the academy and the difference tuition support funding per student between the school corporations. The impact is probably minor.

Background: After the management team takes over control of a school, the team's operating expenses are funded from the state tuition support formula by redirecting the dollars from the school corporation to the management team. For the 2012-13 school year, there are five schools that have been assigned management teams by the State Board of Education to operate the schools, and two teams as lead partners in assisting the school corporation in improving performance.

(Revised) *Charter School Loans:* A charter school that closes or does not have its charter renewed and reopens under the same or different name can not be eligible to qualify for federal or state start-up funding or loans unless prior loans have been repaid. The provision should have minor fiscal impact.

(Revised) *Nonaccredited Nonpublic School Transfer:* The Department is required to develop a document that describes the legal requirements concerning attendance in a nonaccredited nonpublic school. The Department should be able to develop the information within their current appropriation.

### **Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Accreditation:* The bill could provide schools with more accreditation options. They could either be accredited by an accreditation system approved by the State Board or by a national or regional accreditation agency approved by the State Board. Current law requires that the State Board establish a performance-based accreditation system.

*Non-Public School Student Transportation:* The impact of clarifying that public schools who transport non-public school students to the nearest or most accessible point to the nonpublic school from which the student can safety walk should have minor impact.

*Charter School 3<sup>rd</sup> Grade Reading Remediation:* The requirement that the State Board of Education's plan for ensuring that charter school students are reading at grade level by the end of grade 3 to include only an assessment of each student's reading level in grade 3 and retention of a student as a last resort should give charter schools greater flexibility in remediating 3<sup>rd</sup> grade students. This bill could reduce charter school remediation expenditures.

*Background:* Currently, Department of Education administrative rules require 3<sup>rd</sup> grade remediation to include, but is not limited to the following types of remediation:

1. Scientifically-based reading strategies that meet the student's needs.
2. Instruction by an effective teacher as measured by student performance results.
3. At least 90 minutes of reading instruction each day.
4. At least 1 of the following instructional options:
  - a. Tutoring before or after school.
  - b. Parent workshops and a parent-guided home reading program.
  - c. A mentor or tutor with specialized reading training and may include volunteers or school staff.
  - d. Extended-day programs.
  - e. Supplemental instruction services.

(Revised) *Nonaccredited Nonpublic School Transfer:* The bill requires a school principal to give a high school student who is transferring to a nonaccredited nonpublic school located in a private residence information on the legal requirements concerning the attendance at a nonaccredited nonpublic school. The principal is required request the student and parent sign a form acknowledging they understand the information. If the student and parent do not sign the form, the principal is required to report the student to the Bureau of Motor Vehicles as a dropout. The impact on local schools would probably be minor.

(Revised) *Staff Evaluations:* If a school corporation substantially modifies DOE's teacher performance model evaluation plan they must have the plan approved by 75% of teachers. Any impact is probably minor.

(Revised) *Student Transfer:* Schools that accept transfers of students from outside of their district would not be able to limit student transfers in any manner that differs from the acceptance policies for students that have legal settlement in the school corporation. The bill could increase the number of students that might transfer into a school corporation. The impact is unknown.

### **Explanation of Local Revenues:**

**State Agencies Affected:** Department of Education.

**Local Agencies Affected:** Local schools.

### **Information Sources:**

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