

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7322**

**BILL NUMBER: HB 1338**

**NOTE PREPARED: Jan 13, 2013**

**BILL AMENDED:**

**SUBJECT:** Charter School Administration.

**FIRST AUTHOR:** Rep. Behning

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Pending

**Summary of Legislation:** The bill does the following:

1. This bill changes references to "sponsor" with "authorizer" in the charter school law.
2. The bill provides that a public audit of a charter school or organizer of a charter school is limited to the use of the public money received by the organizer of a charter school or the charter school.
3. The bill provides for the release to a charter school authorizer of certain covered records that are in the possession of the Department of Education, State Board of Education, or state Charter School Board and concern a charter school.
4. The bill repeals a provision that requires the City-county Council of Indianapolis to approve a charter school authorized by the Mayor of Indianapolis.
5. The bill repeals a provision that provides a governing body must obtain approval from the Department of Education (Department) before granting a charter in which more than 50% of the students in the school corporation will attend the charter school.
6. The bill removes a requirement for a teacher who does not possess a teacher's license to teach in the content area of the individual's bachelor's degree.
7. The bill provides that a charter school's state tuition support shall be distributed by the Budget Agency

rather than the Department.

8. The bill requires the Budget Agency to carry out a program to identify all federal funds that are available for charter schools. It requires the Budget Agency to pursue any matching federal funding for charter schools.
9. The bill requires the Department, with the approval of the State Board of Education (State Board), to submit an annual report to the Budget Committee pertaining to virtual charter schools.
10. The bill requires the Budget Agency to administer New Charter School Startup Grants.
11. The bill repeals a requirement that a charter school sponsor must submit an annual report to the Department.
12. The bill provides that if an organizer of a charter school maintains an Internet web site for a charter school, the organizer shall publish the names of the charter school's governing body on the Internet web site. (Current law requires an organizer to publish the names of the governing body on the charter school's Internet web site.)
13. The bill requires charter school organizers to adopt and accurately implement a single, unified accounting system for charter school organizers as prescribed by the State Board and the State Board of Accounts.
14. The bill repeals a provision pertaining to accounting and financial reporting of charter schools.
15. The bill provides that for purposes of administering state tuition support, a charter school organizer is considered a school corporation.
16. The bill requires the Budget Agency to administer the Charter School Facilities Assistance Program.
17. The bill provides that a member of the State Charter Board may not be removed before the end of the member's full term by the member's appointing authority without cause.
18. The bill provides that the State Charter Board must collectively possess strong experience and expertise in certain areas.
19. The bill provides that the Department's Internet web site must include a Charter School Annual Report.
20. The bill requires an authorizer to adopt national industry standards of quality charter school authorizing. It provides that the State Board may review an authorizer to determine whether an authorizer is in compliance with the national industry standards.
21. The bill provides that a charter school agreement must include a requirement that a charter school not remain in the lowest category or designation of school improvement in the third year after initial placement in the lowest category or designation.

22. The bill requires the State Board to provide an authorizer a hearing if the authorizer fails to close a charter school that does not meet the minimum standards in the charter agreement. It provides that the State Board, after providing a hearing, may close the charter school at the end of the school year. (Current law provides that the charter school may be closed on a date set by the State Board.) The bill also provides that the State Board, after providing a hearing, may reduce the administrative fees that an authorizer may receive. (Current law provides that the administrative fees may be reduced by up to 50% of the amount of the administrative fees.) It provides that if an authorizer does not correct deficiencies that prohibit an authorizer from opening new charter schools, the State Board may, with a 2/3 vote, decommission the authorizer. It provides that the decommissioned authorizer's charter schools have 150 days to apply for approval from the State Charter Board.
23. The bill provides for the voluntary relinquishment of authorizer status.
24. The bill provides that a virtual charter school receives state tuition support in the same manner as a charter school.
25. The bill removes a requirement that 60% of the students of a virtual charter school must have been included in the state's ADM count for the previous school year.
26. The bill provides that a virtual charter school is eligible to receive New Charter School Startup Grants.
27. The bill provides that a virtual charter school is eligible to receive career and technical education grants. The bill also provides that a virtual charter school is eligible to receive honors diploma awards.

The bill makes conforming amendments.

**Effective Date:** Upon passage; June 30, 2013; July 1, 2013; January 1, 2014.

**Explanation of State Expenditures:** *As of the above date, the fiscal analysis of this bill has not been completed. Please contact the Office of Fiscal and Management Analysis for an update of this fiscal impact statement.*

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:**

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Chuck Mayfield, 317-232-4825.