



January 8, 2026

HOUSE BILL No. 1176

DIGEST OF HB 1176 (Updated January 7, 2026 12:30 pm - DI 110)

Citations Affected: IC 4-29.5; IC 6-1.1; IC 20-24; IC 20-25.7; IC 20-32; IC 20-43; IC 20-51; IC 20-51.4.

Synopsis: Education matters. Provides that, beginning July 1, 2027, the Pokagon Indiana education fund must be used to make payment to certain Indiana public or private (instead of only public) institutions of higher learning or workforce development and training programs. Provides that, in addition to conditions established in current law to convert an existing public elementary or secondary school, an existing public elementary or secondary school may be converted into a charter school if certain other conditions apply. Allows, if the conditions are met, the governing body of a school corporation to: (1) convert more than one existing public elementary or secondary school within the school corporation; and (2) operate two or more conversion charter schools under a single charter. Prohibits the governing body of a school corporation from being the authorizer of a charter school and entering into or having a participating innovation network charter school agreement with the charter school at the same time. Amends provisions regarding participating innovation network charter schools to allow an organizer to enter into an agreement with more than one school corporation. Amends requirements regarding the location of a

(Continued next page)

Effective: July 1, 2026; July 1, 2027.

Teshka

January 5, 2026, read first time and referred to Committee on Education.
January 8, 2026, amended, reported — Do Pass. Referred to Committee on Ways and Means pursuant to Rule 126.3.

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Digest Continued

participating innovation network charter school and terms of an agreement. Amends the duties of the department of education with regard to participating innovation network charter schools. Makes conforming changes, including changes to the complexity index. Requires parental notification if a school determines a student is at risk of not achieving grade level proficiency in mathematics. Amends the definition of "eligible student" for purposes of eligibility for school scholarships distributed by scholarship granting organizations. Provides that money in terminated education scholarship accounts and career scholarship accounts does not revert to the state general fund. Provides that money in the Indiana education scholarship account program fund, Indiana education scholarship account administration fund, and career scholarship account program fund at the end of a state fiscal year does not revert to the state general fund.

HB 1176—LS 6675/DI 110



January 8, 2026

Second Regular Session of the 124th General Assembly (2026)

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 2025 Regular Session of the General Assembly.

HOUSE BILL No. 1176

A BILL FOR AN ACT to amend the Indiana Code concerning education.

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

1 SECTION 1. IC 4-29.5-18-1, AS ADDED BY P.L.171-2021,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2027]: Sec. 1. For so long as the Band makes payments in
4 accordance with IC 4-29.5-17, the Band shall allocate a portion of the
5 annual payment to provide funding for public **or private** postsecondary
6 and vocational education for Band citizens (the "Pokagon Indiana
7 Education Fund").

8 SECTION 2. IC 4-29.5-18-2, AS ADDED BY P.L.171-2021,
9 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
10 JULY 1, 2027]: Sec. 2. The Pokagon Indiana Education Fund shall be
11 used solely to make payments directly to Indiana public **or private**
12 institutions of higher learning or workforce development and training
13 programs approved by the Indiana Department of Workforce
14 Development for eligible Band citizens for direct costs and expenses,
15 such as tuition, on-campus room and board, and other direct education
16 expenses. To be eligible, a Band citizen must (i) be enrolled in the
17 Band prior to benefitting from any payment, and (ii) meet the education

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1 or workforce provider admission requirements. Priority shall be given
2 to Band citizens who are legal residents of the State of Indiana as of the
3 date of their application for benefits.

4 SECTION 3. IC 6-1.1-17-3.1, AS AMENDED BY P.L.136-2024,
5 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
6 JULY 1, 2026]: Sec. 3.1. (a) This section:

7 (1) applies only to an operating referendum tax levy under
8 IC 20-46-1 approved by the voters before January 1, 2023, that is
9 imposed by a school corporation for taxes first due and payable in
10 2024 and 2025;

11 (2) does not apply to an operating referendum tax levy under
12 IC 20-46-1:

13 (A) approved by the voters during a time that the school
14 corporation imposing the levy was designated as a distressed
15 political subdivision; or

16 (B) approved by the voters after December 31, 2022, and
17 before January 1, 2025, that is imposed by a school
18 corporation for taxes first due and payable in 2024 or 2025;
19 and

20 (3) does not apply to any other tax year.

21 (b) As used in this section, "ADM" refers to the school corporation's
22 average daily membership used to determine the state tuition support
23 distribution under IC 20-43. In the case of a school corporation that has
24 entered into an agreement with one (1) or more charter schools to
25 participate as an innovation network charter school under IC 20-25.7-5,
26 the term includes the average daily membership of **students described**
27 **in IC 20-25.7-5-2(b)(2)** of any innovation network charter school that
28 is treated as a school operated by the school corporation **with regard**
29 **to students described in IC 20-25.7-5-2(b)(2)** when calculating the
30 total amount of state tuition support to be distributed to the school
31 corporation.

32 (c) Notwithstanding any increase in the assessed value of property
33 from the previous assessment date, for taxes first due and payable in
34 2024, the total amount of operating referendum tax that may be levied
35 by a school corporation may not exceed the lesser of:

36 (1) the maximum operating referendum tax that could have been
37 levied by the school corporation if the maximum referendum rate
38 was imposed for taxes first due and payable in 2023 multiplied by
39 one and three-hundredths (1.03); or

40 (2) the maximum operating referendum tax that could otherwise
41 be levied by the school corporation for taxes first due and payable
42 in 2024.



1 The tax rate for an operating referendum tax levy shall be decreased,
2 if necessary, to comply with this limitation.

3 (d) Notwithstanding any increase in the assessed value of property
4 from the previous assessment date, for taxes first due and payable in
5 2025, the total amount of operating referendum tax that may be levied
6 by a school corporation may not exceed the lesser of the following:

7 (1) The maximum operating referendum tax that could have been
8 levied by the school corporation if the maximum referendum rate
9 was imposed for taxes first due and payable in the immediately
10 preceding calendar year, as adjusted by this section, multiplied by
11 the result determined under STEP SEVEN of the following
12 formula:

13 STEP ONE: Subtract:

14 (i) the school corporation's spring count of ADM made in
15 the calendar year preceding by five (5) years the calendar
16 year in which the property taxes are first due and payable;
17 from

18 (ii) the school corporation's spring count of ADM made in
19 the immediately preceding calendar year.

20 STEP TWO: Divide the STEP ONE result by four (4).

21 STEP THREE: Divide the STEP TWO result by the school
22 corporation's spring count of ADM made in the calendar year
23 preceding by five (5) years the calendar year in which the
24 property taxes are first due and payable.

25 STEP FOUR: Multiply the STEP THREE amount by one and
26 five-tenths (1.5).

27 STEP FIVE: Add the STEP FOUR result and one and
28 six-hundredths (1.06).

29 STEP SIX: Determine the greater of the STEP FIVE result or
30 one and six-hundredths (1.06).

31 STEP SEVEN: Determine the lesser of the STEP SIX result or
32 one and twelve-hundredths (1.12).

33 (2) The maximum operating referendum tax that could otherwise
34 be levied by the school corporation for taxes first due and payable
35 in the current calendar year.

36 The tax rate for an operating referendum tax levy shall be decreased,
37 if necessary, to comply with this limitation.

38 (e) The department of education shall provide to the department of
39 local government finance each school corporation's applicable ADM
40 counts as needed to make the determinations under this section.

41 SECTION 4. IC 20-24-11-5 IS ADDED TO THE INDIANA CODE
42 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY



1, 2026]: **Sec. 5.** (a) An existing public elementary or secondary school may be converted into a charter school if the governing body of the school corporation:

- 4 (1) votes to convert the school within the school corporation; and
- 6 (2) submits to an authorizer a proposal described in IC 20-24-3-4 to convert the school within the school corporation to a charter school.

(b) The governing body of the school corporation described in subsection (a) may not serve as the authorizer of the charter school converted in accordance with this section.

(c) The organizer of a conversion charter school described in this section may be:

- (1) the school corporation; or
- (2) a nonprofit corporation that:
 - (A) is established by the school corporation;
 - (B) is incorporated or registered in Indiana;
 - (C) has been recognized by the Internal Revenue Service to be tax exempt and maintains such tax exempt status; and
 - (D) has an independent board whose members have been elected or selected under the organizer's application and that has entered into a contract under this article to operate a charter school.

(d) The governing body of a school corporation may convert more than one (1) existing public elementary or secondary school within the school corporation under this section. The school corporation or an organizer that is a nonprofit corporation established by the school corporation under subsection (c)(2) may:

- (1) submit a separate proposal for each school to an authorizer; or
- (2) with the approval of the authorizer, operate two (2) or more schools under a single charter, provided that each school site:
 - (A) is identified in the charter application and charter; and
 - (B) is subject to the performance conditions, accountability measures, and renewal determinations established in the charter.

(e) A conversion charter school described in this section shall comply with the following:

- (1) All legal requirements described in section 1(d) of this chapter.
- (2) Except as provided in this section, all requirements for



1 **charter schools under this article.**

2 SECTION 5. IC 20-25.7-5-1.5 IS ADDED TO THE INDIANA
3 CODE AS A NEW SECTION TO READ AS FOLLOWS
4 [EFFECTIVE JULY 1, 2026]: **Sec. 1.5. A board may not at the same**
5 **time both:**

6 (1) **be an authorizer of a charter school; and**
7 (2) **enter into or have an agreement under this chapter with**
8 **the charter school.**

9 SECTION 6. IC 20-25.7-5-2, AS AMENDED BY P.L.213-2025,
10 SECTION 169, IS AMENDED TO READ AS FOLLOWS
11 [EFFECTIVE JULY 1, 2026]: Sec. 2. (a) **The** A board may enter into
12 an agreement with an organizer to:

13 (1) reconstitute an eligible school as a participating innovation
14 network charter school; or to
15 (2) establish a participating innovation network charter school at
16 a location:
17 (A) selected by the board; ~~within the boundary of the school~~
18 ~~corporation; or~~
19 (B) **within the geographic boundaries of any school**
20 **corporation with which the organizer enters into an**
21 **agreement under this chapter.**

22 Notwithstanding IC 20-26-7.1, a participating innovation network
23 charter school may be established within a vacant school building.

24 (b) The terms of the agreement entered into between ~~the~~ a board of
25 a school corporation and an organizer must specify the following:

26 (1) A statement that the organizer authorizes the department to
27 include the charter school's performance assessment results under
28 IC 20-31-8 **for students who reside within the geographic**
29 **boundaries of the school corporation** when calculating the
30 school corporation's performance assessment under rules adopted
31 by the state board.

32 (2) Subject to an administrative fee as described in subsection (g),
33 a statement that the school corporation will distribute at least one
34 hundred percent (100%) of state tuition support dollars that the
35 school corporation receives ~~from student enrollment~~ **for students**
36 **who:**

37 (A) **reside within the geographic boundaries of the school**
38 **corporation; and**

39 (B) **are enrolled** in the participating innovation network
40 charter school;

41 in accordance with the school funding formula to the participating
42 innovation network charter school (if the participating innovation



1 network charter school is, **with regard to students described in**
2 **this subsection**, treated in the same manner as a school operated
3 by the school corporation under subsection (d)(2)).

4 (3) The performance goals and accountability metrics agreed
5 upon for the charter school in the charter agreement between the
6 organizer and the authorizer and a statement that the school
7 corporation is prohibited from setting additional performance
8 goals or accountability metrics.

9 (4) For an agreement entered into or renewed after June 30, 2023,
10 the process the board is required to follow in determining whether
11 to renew the agreement.

12 (5) The amount of money levied as property taxes that will be
13 distributed by the school corporation to the organizer.

14 (6) Subject to section 5 of this chapter, the participating
15 innovation network charter school's enrollment and discipline
16 policies, including defined attendance areas and enrollment
17 zones.

18 (7) A statement that the innovation agreement shall not create an
19 obligation that would cause the organizer to be in violation of its
20 charter agreement (as described in IC 20-24-1-3).

21 (c) If an organizer and ~~the~~ a board enter into an agreement under
22 subsection (a), the organizer and the board shall notify the department
23 that the agreement has been made under this section within thirty (30)
24 days after the agreement is entered into.

25 (d) Upon receipt of the notification under subsection (c), for school
26 years starting after the date of the agreement:

27 (1) the department shall include the participating innovation
28 network charter school's performance assessment results under
29 IC 20-31-8 **for students who reside within the geographic**
30 **boundaries of the school corporation** when calculating the
31 school corporation's performance assessment under rules adopted
32 by the state board;

33 (2) the department shall:

34 (A) treat the participating innovation network charter school
35 in the same manner as a school operated by the school
36 corporation **with regard to students residing within the**
37 **geographic boundaries of the school corporation** when
38 calculating the total amount of state funding to be distributed
39 to the school corporation unless subsection (e) applies; and
40 (B) **in determining the school corporation's enrollment,**
41 **include only eligible pupils enrolled in the participating**
42 **innovation network charter school who reside within the**



1 **geographic boundaries of the school corporation.**

2 (3) if requested by a participating innovation network charter
3 school that reconstitutes an eligible school, the department may
4 use student growth as the state board's exclusive means to
5 determine the innovation network charter school's category or
6 designation of school improvement under 511 IAC 6.2-10-10 for
7 a period of three (3) years. Beginning with the 2019-2020 school
8 year, the department may not use student growth as the state
9 board's exclusive means to determine an innovation network
10 charter school's category or designation of school improvement.
11 This subdivision expires July 1, 2023.

12 (e) If a participating innovation network school was established
13 before January 1, 2016, and for the current school year has a
14 complexity index that is greater than the complexity index for the
15 school corporation that the innovation network school has contracted
16 with, the innovation network school shall be treated as a charter school
17 for purposes of determining tuition support. This subsection expires
18 June 30, 2027.

19 (f) If the board or organizer fails to follow the process described in
20 subsection (b)(4), the board or organizer may appeal to the state board.
21 The state board shall hear the appeal in a public meeting and ensure
22 that the board or organizer follows the renewal process specified in the
23 agreement. The board may not terminate an agreement until the board
24 has provided evidence to the state board that the board has complied
25 with the renewal process specified in the agreement. The state board
26 shall issue a decision on an appeal under this subsection not later than
27 sixty (60) days after the date the board or organizer submitted the
28 appeal to the state board.

29 (g) If an administrative fee is included in an agreement entered into
30 or renewed **under this chapter** after June 30, 2023; 2026, under this
31 section, the fee may not exceed one percent (1%) of the total amount
32 of state tuition support that is distributed to the school corporation
33 based on the participating innovation network charter school's student
34 enrollment. **each school corporation with which an organizer of a**
35 **participating innovation network charter school has entered into**
36 **an agreement may assess an administrative fee of not more than**
37 **one percent (1%) of the tuition support dollars that the school**
38 **corporation receives for students who:**

39 (1) **reside within the geographic boundaries of the school**
40 **corporation; and**
41 (2) **are enrolled in the participating innovation network**
42 **charter school.**



4 SECTION 7. IC 20-25.7-5-2.5 IS ADDED TO THE INDIANA
5 CODE AS A NEW SECTION TO READ AS FOLLOWS
6 [EFFECTIVE JULY 1, 2026]: **Sec. 2.5. In addition to any state**
7 **tuition support dollars a participating innovation network charter**
8 **school receives from a school corporation under this chapter, the**
9 **department shall treat the participating innovation network**
10 **charter school as a charter school when calculating the tuition**
11 **support to be distributed to the innovation network charter school**
12 **for students of the innovation network charter school who do not**
13 **reside within the geographic boundaries of a school corporation**
14 **with which the innovation network charter school has an**
15 **agreement under this chapter.**

16 SECTION 8. IC 20-25.7-5-5, AS AMENDED BY P.L.220-2021,
17 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
18 JULY 1, 2026]: Sec. 5. (a) IC 20-24-5-5 (with the exception of
19 IC 20-24-5-5(g)) does not apply to a participating innovation network
20 charter school that enters into an agreement with the board to
21 reconstitute or establish an eligible school.

22 (b) Except as provided in subsections (c) and (d), a participating
23 innovation network charter school must enroll any eligible student who
24 submits a timely application for enrollment.

25 (c) A participating innovation network charter school that
26 reconstitutes or establishes an eligible school may limit new
27 admissions to the participating innovation network charter school to:

28 (1) ensure that any student with legal settlement in the attendance
29 area, or in the school corporation **any school corporation with**
30 **which the participating innovation network charter school has**
31 **entered into an agreement under this chapter** if the school does
32 not have a defined attendance area, may attend the charter school;
33 (2) ensure that a student who attends the participating innovation
34 network charter school during a school year may continue to
35 attend the charter school in subsequent years;
36 (3) allow the siblings of a student alumnus or a current student
37 who attends the participating innovation network charter school
38 to attend the charter school;
39 (4) allow preschool students who attend a Level 3 or Level 4
40 Paths to QUALITY program preschool to attend kindergarten at
41 the participating innovation network charter school if the
42 participating innovation network charter school and the school



1 corporation or preschool provider have entered into an agreement
2 to share services or facilities;

3 (5) allow each student who qualifies for free or reduced price
4 lunch under the national school lunch program to receive
5 preference for admission to the participating innovation network
6 charter school if the preference is specifically provided for in the
7 charter and is approved by the authorizer; and

8 (6) allow each student who attended a turnaround academy or
9 attends a school that is located in the same school building as the
10 participating innovation network charter school to receive
11 preference for admission to the participating innovation network
12 charter school if the preference is specifically provided for in the
13 participating innovation network charter school's charter and is
14 approved by the authorizer of the participating innovation
15 network charter school.

16 (d) A participating innovation network charter school with a
17 curriculum that includes study in a foreign country may deny admission
18 to a student if:

19 (1) the student:
20 (A) has completed fewer than twenty-two (22) academic
21 credits required for graduation; and
22 (B) will be in the grade 11 cohort during the school year in
23 which the student seeks to enroll in the participating
24 innovation network charter school; or

25 (2) the student has been suspended (as defined in IC 20-33-8-7)
26 or expelled (as defined in IC 20-33-8-3) during the twelve (12)
27 months immediately preceding the student's application for
28 enrollment for:
29 (A) ten (10) or more school days;
30 (B) a violation under IC 20-33-8-16;
31 (C) causing physical injury to a student, a school employee, or
32 a visitor to the school; or
33 (D) a violation of a school corporation's drug or alcohol rules.

34 For purposes of subdivision (2)(A), student discipline received under
35 IC 20-33-8-25(b)(7) for a violation described in subdivision (2)(B)
36 through (2)(D) must be included in the calculation of the number of
37 school days that a student has been suspended.

38 (e) A participating innovation network charter school may give
39 enrollment preferences to children of the participating innovation
40 network charter school's founders, governing board members, and
41 participating innovation network charter school employees, as long as
42 the enrollment preference under this subsection is not given to more



1 than ten percent (10%) of the participating innovation charter school's
 2 total population and there is sufficient capacity for a program, class,
 3 grade level, or building to ensure that any student with legal settlement
 4 in the attendance area may attend the school.

5 (f) This subsection applies to an existing charter school that enters
 6 into an innovation network agreement with ~~the~~ a board. During the
 7 charter school's first year of operation as a participating innovation
 8 network charter school, the charter school may limit admission to:

9 (1) those students who were enrolled in the charter school on the
 10 date it entered into the innovation network agreement; and
 11 (2) siblings of students described in subdivision (1).

12 (g) This subsection applies if the number of applications for a
 13 program, class, grade level, or building exceeds the capacity of the
 14 program, class, grade level, or building. If a participating innovation
 15 network charter school receives a greater number of applications than
 16 there are spaces for students, each timely applicant must be given an
 17 equal chance of admission. The participating innovation network
 18 charter school that is not in a county containing a consolidated city
 19 must determine which of the applicants will be admitted to the
 20 participating innovation network charter school or the program, class,
 21 grade level, or building by random drawing in a public meeting with
 22 each timely applicant limited to one (1) entry in the drawing. However,
 23 the participating innovation network charter school located in a county
 24 with a consolidated city shall determine which of the applicants will be
 25 admitted to the participating innovation network charter school or the
 26 program, class, grade level, or building by using a publicly verifiable
 27 random selection process.

28 SECTION 9. IC 20-25.7-5-6, AS ADDED BY P.L.162-2024,
 29 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 30 JULY 1, 2026]: Sec. 6. (a) Subject to an administrative fee as described
 31 in section 2(g) of this chapter, a school corporation that enters into an
 32 agreement with an organizer under this chapter shall distribute at least
 33 one hundred percent (100%) of state tuition support dollars that the
 34 school corporation receives from ~~student enrollment~~ **students who:**

35 **(1) reside in the geographic boundaries of the school**
 36 **corporation; and**
 37 **(2) are enrolled** in the participating innovation network charter
 38 school;

39 in accordance with the school funding formula to the participating
 40 innovation network charter school.

41 (b) Unless an agreement entered into before July 1, 2024, between
 42 a board and an organizer provides otherwise, all participating



1 innovation network charter schools operating under existing
2 agreements with boards as of July 1, 2024, will receive funds as
3 required under subsection (a).

4 SECTION 10. IC 20-32-6.5-3, AS ADDED BY P.L.180-2025,
5 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
6 JULY 1, 2026]: Sec. 3. (a) Beginning with the 2026-2027 school year,
7 if a school determines that a student in kindergarten through grade 8 is
8 at risk of not achieving grade level proficiency in mathematics as
9 determined by an analysis of the student's data from:

10 (1) a grade level screener approved by the department; or
11 (2) a through-year statewide assessment;
12 the school must provide intervention that meets the requirements under
13 subsection (b).

14 (b) A school shall provide intervention to a student described in
15 subsection (a) that meets the following conditions:

16 (1) The intervention includes a multitiered system of support that
17 progresses from less to more intensive support based on the
18 student's individual needs.

19 (2) The intervention is aligned to daily Tier I instruction and
20 standard level learning progressions.

21 (3) The intervention is:

22 (A) targeted;
23 (B) differentiated; and
24 (C) supplemental to Tier I instruction.

25 (4) The intervention:

26 (A) is aligned with evidence based instructional strategies to
27 promote conceptual understanding, procedural fluency, and
28 real world problem solving; and

29 (B) allows a student opportunities to interact, show progress,
30 and demonstrate understanding through rigorous grade level
31 content.

32 (5) The intervention includes continual assessment and in depth
33 analysis of each student's data to inform the flexible movement in
34 and out of Tiers II and III.

35 (c) **Not later than fifteen (15) days after a school makes a**
36 **determination under subsection (a) that a student is at risk, the**
37 **school shall provide notice to a parent of the student regarding the**
38 **determination. The notification may contain the following:**

39 (1) **Specific information about how the student is performing.**
40 (2) **Information about the intervention the student will receive**
41 **from the school.**

42 (3) **A list or description of any recommended resources**



available for use at home to support the student's academic growth in mathematics.

(c) (d) The department shall provide guidance on the multitiered system that a school is required to provide under subsection (b).

SECTION 11. IC 20-43-13-4, AS AMENDED BY P.L.213-2025, SECTION 197, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 4. (a) Except as provided in subsections (c) and (d), the complexity index is the percentage of the school corporation's students who were receiving Supplemental Nutrition Assistance Program (SNAP) benefits, Temporary Assistance for Needy Families (TANF) benefits, or foster care services as of October 1 in the school year ending in the later of:

(1) 2025; or

(2) the first year of operation of the school corporation.

(b) For a conversion charter school, the percentage determined under this section is the percentage of the sponsor school corporation.

(c) Except as provided in subsection (d), the complexity index for a school corporation that has entered into an agreement with one (1) or more charter schools to participate as an innovation network charter school under IC 20-25.7-5 for a state fiscal year is equal to the result using the following formula:

STEP ONE: Determine:

(A) the school corporation's enrollment; minus

(B) the enrollment of students described in **IC 20-25.7-5-2(b)(2)** of each participating innovation network charter school.

STEP TWO: Determine the number of students in the school corporation who were receiving Supplemental Nutrition Assistance Program (SNAP) benefits, Temporary Assistance for Needy Families (TANF) benefits, or foster care services as of October 1 in the school year ending in 2025, not including students enrolled in each participating innovation network charter school.

STEP THREE: Divide the result of STEP TWO by the result of STEP ONE.

STEP FOUR: Determine the enrollment of **students described in IC 20-25.7-5-2(b)(2)** of each participating innovation network charter school

STEP FIVE: Determine the number of students **described in IC 20-25.7-5-2(b)(2)** in each participating innovation network charter school who were receiving Supplemental Nutrition Assistance Program (SNAP) benefits, Temporary Assistance for



1 Needy Families (TANF) benefits, or foster care services as of
2 October 1 in the school year ending in the later of:

3 (A) 2025; or
4 (B) the first year of operation of the participating innovation
5 network charter school.

6 STEP SIX: Divide the result of STEP FIVE by the result of STEP
7 FOUR.

8 STEP SEVEN: For each participating innovation network charter
9 school, determine the greater of:

10 (A) the result of STEP THREE; or
11 (B) the result of STEP SIX.

12 STEP EIGHT: For each participating innovation network charter
13 school, multiply the result of STEP SEVEN by the result of STEP
14 FOUR.

15 STEP NINE: Determine the sum of:

16 (A) the result of STEP TWO; plus
17 (B) the results of STEP EIGHT, for each participating
18 innovation network charter school.

19 STEP TEN: Determine the sum of:

20 (A) the result of STEP ONE; plus
21 (B) the results of STEP FOUR for each participating
22 innovation network charter school.

23 STEP ELEVEN: Divide the STEP NINE result by the STEP TEN
24 result.

25 (d) If the complexity index of a participating innovation network
26 charter school that was established before January 1, 2016, is, for the
27 current school year, greater than the complexity index for the school
28 corporation with which the innovation network charter school has
29 contracted, the complexity index of the participating innovation
30 network charter school is determined as described in IC 20-25.7-5-2(e).

31 SECTION 12. IC 20-51-1-5, AS AMENDED BY P.L.162-2024,
32 SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
33 JULY 1, 2026]: Sec. 5. "Eligible student" refers to an individual who:

34 (1) has legal settlement in Indiana;
35 (2) is at least four (4) years of age and less than twenty-two (22)
36 years of age on October 1 of the applicable school year; **and**
37 (3) either has been or is currently enrolled in a participating
38 school. **and**
39 **(4) is a member of a household with an annual income of not**
40 **more than four hundred percent (400%) of the amount required**
41 **for the individual to qualify for the federal free or reduced price**
42 **lunch program.**



1 SECTION 13. IC 20-51.4-4-1, AS AMENDED BY P.L.213-2025,
2 SECTION 211, IS AMENDED TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2026]: Sec. 1. (a) After June 30, 2022, a parent
4 of an eligible student or an emancipated eligible student may establish
5 an Indiana education scholarship account for the eligible student by
6 entering into a written agreement with the department on a form
7 prepared by the department. The department shall establish a date by
8 which an application to establish an ESA account for the upcoming
9 school year must be submitted. However, for a school year beginning
10 after July 1, 2022, applications must be submitted for an eligible
11 student not later than September 1 for the immediately following
12 school year. The ESA account of an eligible student shall be made in
13 the name of the eligible student. The department shall make the
14 agreement available on the website of the department. To be eligible,
15 a parent of an eligible student or an emancipated eligible student
16 wishing to participate in the ESA program must agree that:

17 (1) subject to subsection (i), a grant deposited in the eligible
18 student's ESA account under section 2 of this chapter and any
19 interest that may accrue in the ESA account will be used only for
20 the eligible student's ESA qualified expenses;
21 (2) if the eligible student participates in the CSA program, a grant
22 deposited in the eligible student's ESA account under
23 IC 20-51.4-4.5-3 and any interest that may accrue in the ESA
24 account will be used only for the eligible student's ESA qualified
25 expenses;
26 (3) money in the ESA account when the ESA account is
27 terminated ~~reverts~~ **does not revert** to the state general fund **and**
28 **remains available to provide grants to eligible students under**
29 **this chapter;**
30 (4) the parent of the eligible student or the emancipated eligible
31 student will use part of the money in the ESA account:
32 (A) for the eligible student's study in the subject of reading,
33 grammar, mathematics, social studies, or science; or
34 (B) for use in accordance with the eligible student's:
35 (i) individualized education program;
36 (ii) service plan developed under 511 IAC 7-34;
37 (iii) choice special education plan developed under 511
38 IAC 7-49; or
39 (iv) plan developed under Section 504 of the federal
40 Rehabilitation Act of 1973, 29 U.S.C. 794;
41 (5) the eligible student will not be enrolled in a school that
42 receives tuition support under IC 20-43; and



5 (A) individualized education program developed under
6 IC 20-35;

7 (B) service plan developed under 511 IAC 7-34;

(C) choice special education plan developed under 511 IAC 7-49; or

10 (D) plan developed under Section 504 of the federal
11 Rehabilitation Act of 1973, 29 U.S.C. 794.

27 (d) Except as provided in subsections (e) and (f), an agreement
28 made under this section is valid for one (1) school year while the
29 eligible student is in kindergarten through grade 12 and may be
30 renewed annually. Upon graduation, or receipt of a certificate of
31 completion under the eligible student's individualized education
32 program, the eligible student's ESA account is terminated.

33 (e) An agreement entered into under this section terminates
34 automatically for an eligible student if:

38 (2) the ESA account is not renewed within three hundred
39 ninety-five (395) days after the date the ESA account was either
40 established or last renewed.

41 If an ESA account is terminated under this section, money in the
42 eligible student's ESA account, including any interest accrued, ~~reverts~~



1 **does not revert to the state general fund and remains available to**
2 **provide grants to eligible students under this chapter.**

3 (f) An agreement made under this section for an eligible student
4 while the eligible student is in kindergarten through grade 12 may be
5 terminated before the end of the school year if the parent of the eligible
6 student or the emancipated eligible student notifies the department in
7 a manner specified by the department.

8 (g) A distribution made to an ESA account under section 2 of this
9 chapter is considered tax exempt as long as the distribution is used for
10 an ESA qualified expense. The amount is subtracted from the
11 definition of adjusted federal gross income under IC 6-3-1-3.5 to the
12 extent the distribution used for the ESA qualified expense is included
13 in the taxpayer's adjusted federal gross income under the Internal
14 Revenue Code.

15 (h) The department shall establish a student test number as
16 described in IC 20-19-3-9.4 for each eligible student.

17 (i) A student described in IC 20-51.4-2-4(3)(B) may not use the
18 money deposited into the eligible student's ESA account for ESA
19 qualified expenses described in IC 20-51.4-2-9(a)(3),
20 IC 20-51.4-2-9(a)(6), IC 20-51.4-2-9(a)(7), or IC 20-51.4-2-9(a)(9).

21 SECTION 14. IC 20-51.4-4-2, AS AMENDED BY P.L.213-2025,
22 SECTION 212, IS AMENDED TO READ AS FOLLOWS
23 [EFFECTIVE JULY 1, 2026]: Sec. 2. (a) An eligible student who
24 currently maintains an ESA account is entitled to an ESA annual grant
25 amount for each school year until the student graduates or obtains a
26 certificate of completion under the student's individualized education
27 program. An eligible student may not receive a grant under this section
28 after graduating or obtaining a certificate of completion. The ESA
29 annual grant amount shall be paid from the ESA program fund. The
30 department shall deposit the ESA annual grant amount under this
31 section, in quarterly deposits, into an eligible student's ESA account.

32 (b) Except as provided in subsection (c), at the end of the year in
33 which an ESA account is established, the parent of an eligible student
34 or the emancipated eligible student may roll over for use in a
35 subsequent year a maximum of one thousand dollars (\$1,000).
36 However, for each year thereafter, the parent of the eligible student or
37 the emancipated eligible student may roll over one thousand dollars
38 (\$1,000) plus any amount rolled over in a previous year.

39 (c) An eligible student's ESA account shall terminate the later of:
40 (1) the date the student graduates high school; or
41 (2) July 1 of the year in the year which the student graduates high
42 school.



1 Any money, including interest that remains in the eligible student's
 2 ESA account when it terminates under this subsection ~~reverts~~ **does not**
 3 **revert** to the state general fund **and remains available to provide**
 4 **grants to eligible students under this chapter.**

5 SECTION 15. IC 20-51.4-4-3, AS AMENDED BY P.L.213-2025,
 6 SECTION 213, IS AMENDED TO READ AS FOLLOWS
 7 [EFFECTIVE JULY 1, 2026]: Sec. 3. (a) The Indiana education
 8 scholarship account program fund is established for the purpose of
 9 providing grants to eligible students under the ESA program. Money
 10 appropriated to the fund may be used to provide grants under this
 11 chapter in the manner prescribed in section 2 of this chapter.

12 (b) The department shall administer the ESA program fund.
 13 (c) The ESA program fund consists of the following:
 14 (1) Appropriations by the general assembly.
 15 (2) Interest deposited in the ESA program fund under subsection
 16 (d).
 17 (d) The treasurer of state shall invest money in the ESA program
 18 fund not currently needed to meet the obligations of the ESA program
 19 fund in the same manner as other public money may be invested.
 20 Interest that accrues from these investments shall be deposited in the
 21 ESA program fund.
 22 (e) Money in the ESA program fund at the end of a state fiscal year
 23 ~~reverts~~ **does not revert** to the state general fund **and remains in the**
 24 **fund for the purposes of the fund.**

25 SECTION 16. IC 20-51.4-4-3.5, AS AMENDED BY P.L.213-2025,
 26 SECTION 214, IS AMENDED TO READ AS FOLLOWS
 27 [EFFECTIVE JULY 1, 2026]: Sec. 3.5. (a) The Indiana education
 28 scholarship account administration fund is established for the purpose
 29 of accepting money for the Indiana education scholarship account
 30 program to support administration of the ESA program.

31 (b) The department shall administer the fund.
 32 (c) The fund consists of the following:
 33 (1) Appropriations by the general assembly.
 34 (2) Interest deposited in the fund under subsection (d).
 35 (d) The treasurer of state shall invest money in the fund not
 36 currently needed to meet the obligations of the fund in the same
 37 manner as other public money may be invested. Interest that accrues
 38 from these investments shall be deposited in the fund.

39 (e) Money in the fund at the end of a state fiscal year ~~reverts~~ **does**
 40 **not revert** to the state general fund **and remains in the fund for the**
 41 **purposes of the fund.**

42 SECTION 17. IC 20-51.4-4.5-1, AS AMENDED BY P.L.213-2025,



1 SECTION 220, IS AMENDED TO READ AS FOLLOWS
2 [EFFECTIVE JULY 1, 2026]: Sec. 1. (a) After June 30, 2023, a parent
3 of a career scholarship student or an emancipated career scholarship
4 student may establish a career scholarship account for the career
5 scholarship student by entering into a written agreement with the
6 department on a form prepared by the department. An application to
7 establish a CSA account, or an application to participate in the CSA
8 program with an ESA account, must be submitted not later than
9 October 1 for the school year. Subject to subsection (f), the CSA
10 account of a career scholarship student must be made in the name of
11 the career scholarship student. The department shall make the
12 agreement available on the website of the department.

16 (1) a grant deposited in the career scholarship student's CSA
17 account under section 3 of this chapter and any interest that may
18 accrue in the CSA account will be used only for the CSA
19 qualified expenses;

(2) money in the CSA account when the CSA account is terminated ~~reverts does not revert~~ to the state general fund and remains available to provide grants to career scholarship students under this chapter; and

24 (3) the parent of the career scholarship student or the emancipated
25 career scholarship student will use the money in the CSA account
26 for the career scholarship student to attend one (1) or more of the

27 sequences, courses, apprenticeships, or programs of study
28 designated and approved under section 6(a) of this chapter.
29 (c) A parent of a career scholarship student may enter into a
30 separate agreement under subsection (a) for each child of the parent.
31 However, not more than one (1) CSA account may be established for
32 each career scholarship student.

32 each career scholarship student.
33 (d) Except as provided under subsection (f), a CSA account must be
34 established under subsection (a) by a parent of a career scholarship
35 student or an emancipated career scholarship student for a school year
36 not later than thirty (30) days after the date that the department
37 approves an application submitted under subsection (a).

42 (1) a certificate of completion under the career scholarship



1 student's individualized education program; or
2 (2) an Indiana high school equivalency diploma under
3 IC 22-4.1-18;

4 the career scholarship student's CSA account is terminated.

5 (f) If:

6 (1) a parent of a career scholarship student or an emancipated
7 career scholarship student enters into a written agreement with the
8 department on a form under subsection (a); and
9 (2) the career scholarship student participates in the ESA program
10 under this article;

11 the parent or emancipated career scholarship student must participate
12 in the CSA program using the student's ESA account instead of
13 establishing a CSA account. However, if the student ceases to
14 participate in the ESA program, the parent of the student or the
15 emancipated student must establish a CSA account to participate in the
16 CSA program.

17 SECTION 18. IC 20-51.4-4.5-2, AS AMENDED BY P.L.213-2025,
18 SECTION 221, IS AMENDED TO READ AS FOLLOWS
19 [EFFECTIVE JULY 1, 2026]: Sec. 2. (a) An agreement entered into
20 under section 1 of this chapter terminates automatically for a career
21 scholarship student if:

22 (1) the career scholarship student no longer resides in Indiana
23 while the career scholarship student is eligible to receive grants
24 under section 3 of this chapter; or
25 (2) the CSA account is not renewed within three hundred
26 ninety-five (395) days after the date the CSA account was either
27 established or last renewed.

28 If a CSA account is terminated under this section, money in the career
29 scholarship student's CSA account, including any interest accrued,
30 **reverts does not revert to the state general fund and remains**
31 **available to provide grants to career scholarship students under**
32 **this chapter.**

33 (b) An agreement made under section 1 of this chapter for a career
34 scholarship student while the career scholarship student is in grades 10
35 through 12 may be terminated before the end of the school year if the
36 parent of the career scholarship student or the emancipated career
37 scholarship student notifies the department in a manner specified by
38 the department.

39 (c) A distribution made to a CSA account or ESA account, as
40 applicable, under section 3 of this chapter is considered tax exempt as
41 long as the distribution is used for:

42 (1) a CSA qualified expense; or



(2) an ESA qualified expense if the career scholarship student is participating in the ESA program.

3 The amount is subtracted from the definition of "adjusted gross
4 income" under IC 6-3-1-3.5 to the extent the distribution used for the
5 CSA qualified expense or ESA qualified expense, as applicable, is
6 included in the taxpayer's adjusted federal gross income under the
7 Internal Revenue Code.

13 SECTION 19. IC 20-51.4-4.5-3, AS AMENDED BY P.L.213-2025,
14 SECTION 222, IS AMENDED TO READ AS FOLLOWS
15 [EFFECTIVE JULY 1, 2026]: Sec. 3. (a) A career scholarship student
16 who currently maintains a CSA account or an ESA account and
17 participates in the CSA program is entitled to an annual grant amount
18 for each school year until the student:

19 (1) graduates; or
20 (2) obtains:

21 (A) a certificate of completion under the student's
22 individualized education program; or
23 (B) an Indiana high school equivalency diploma under
24 IC 22-4.1-18.

(b) A career scholarship student may not receive a grant under this section after graduating, receiving an Indiana high school equivalency diploma, or obtaining a certificate of completion. The CSA annual grant amount shall be paid from the CSA program fund. The department shall deposit the CSA annual grant amount under this section, in quarterly deposits, into a career scholarship student's:

34 (c) Except as provided in subsection (d), at the end of the year in
35 which a CSA account is established, the parent of a career scholarship
36 student or the emancipated career scholarship student may roll over for
37 use in a subsequent year a maximum of one thousand dollars (\$1,000).
38 However, for each year thereafter, the parent of the career scholarship
39 student or emancipated eligible student may roll over one thousand
40 dollars (\$1,000) plus any amount rolled over in a previous year.

41 (d) A career scholarship student's CSA account shall terminate the
42 later of:



(1) the date the student graduates high school or obtains an Indiana high school equivalency diploma; or

(2) July 1 of the year in which the student graduates high school or obtains an Indiana high school equivalency diploma.

Any money, including interest that remains in the career scholarship student's CSA account when it terminates under this subsection, **reverts does not revert** to the state general fund **and remains available to provide grants to career scholarship students under this chapter.**

SECTION 20. IC 20-51.4-4.5-4, AS AMENDED BY P.L.213-2025, SECTION 223, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 4. (a) The career scholarship account program fund is established for the purpose of providing grants to career scholarship students under the CSA program.

(b) The department shall administer the CSA program fund.

(c) The CSA program fund consists of the following:

(1) Appropriations by the general assembly.

(2) Interest deposited in the CSA program fund under subsection (d).

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

(e) Money in the CSA program fund at the end of a state fiscal year **reverts does not revert** to the state general fund **and remains in the fund for the purposes of the fund.**



COMMITTEE REPORT

Mr. Speaker: Your Committee on Education, to which was referred House Bill 1176, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 4-29.5-18-1, AS ADDED BY P.L.171-2021, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2027]: Sec. 1. For so long as the Band makes payments in accordance with IC 4-29.5-17, the Band shall allocate a portion of the annual payment to provide funding for public **or private** postsecondary and vocational education for Band citizens (the "Pokagon Indiana Education Fund").

SECTION 2. IC 4-29.5-18-2, AS ADDED BY P.L.171-2021, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2027]: Sec. 2. The Pokagon Indiana Education Fund shall be used solely to make payments directly to Indiana public **or private** institutions of higher learning or workforce development and training programs approved by the Indiana Department of Workforce Development for eligible Band citizens for direct costs and expenses, such as tuition, on-campus room and board, and other direct education expenses. To be eligible, a Band citizen must (i) be enrolled in the Band prior to benefitting from any payment, and (ii) meet the education or workforce provider admission requirements. Priority shall be given to Band citizens who are legal residents of the State of Indiana as of the date of their application for benefits.>".

Page 4, between lines 23 and 24, begin a new paragraph and insert:

"SECTION 5. IC 20-25.7-5-1.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 1.5. A board may not at the same time both:**

- (1) be an authorizer of a charter school; and**
- (2) enter into or have an agreement under this chapter with the charter school.>".**

Page 13, between lines 3 and 4, begin a new paragraph and insert:

"SECTION 11. IC 20-51-1-5, AS AMENDED BY P.L.162-2024, SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 5. "Eligible student" refers to an individual who:

- (1) has legal settlement in Indiana;**
- (2) is at least four (4) years of age and less than twenty-two (22)**



years of age on October 1 of the applicable school year; **and**
(3) either has been or is currently enrolled in a participating
school. **and**
(4) is a member of a household with an annual income of not
more than four hundred percent (400%) of the amount required
for the individual to qualify for the federal free or reduced price
lunch program.".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1176 as introduced.)

BEHNING

Committee Vote: yeas 9, nays 2.

HB 1176—LS 6675/DI 110

