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# HOUSE BILL No. 1176

AM117604 has been incorporated into introduced printing.

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**Synopsis:** Education matters.

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2026

IN 1176—LS 6675/DI 110



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Introduced

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 6-1.1-17-3.1, AS AMENDED BY P.L.136-2024,  
2 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2026]: Sec. 3.1. (a) This section:  
4 (1) applies only to an operating referendum tax levy under  
5 IC 20-46-1 approved by the voters before January 1, 2023, that  
6 is imposed by a school corporation for taxes first due and  
7 payable in 2024 and 2025;  
8 (2) does not apply to an operating referendum tax levy under  
9 IC 20-46-1:  
10 (A) approved by the voters during a time that the school  
11 corporation imposing the levy was designated as a  
12 distressed political subdivision; or  
13 (B) approved by the voters after December 31, 2022, and  
14 before January 1, 2025, that is imposed by a school  
15 corporation for taxes first due and payable in 2024 or 2025;

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1 and

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

3 (b) As used in this section, "ADM" refers to the school  
4 corporation's average daily membership used to determine the state  
5 tuition support distribution under IC 20-43. In the case of a school  
6 corporation that has entered into an agreement with one (1) or more  
7 charter schools to participate as an innovation network charter school  
8 under IC 20-25.7-5, the term includes the average daily membership of  
9 **students described in IC 20-25.7-5-2(b)(2)** of any innovation network  
10 charter school that is treated as a school operated by the school  
11 corporation **with regard to students described in**  
12 **IC 20-25.7-5-2(b)(2)** when calculating the total amount of state tuition  
13 support to be distributed to the school corporation.

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

18 (1) the maximum operating referendum tax that could have been  
19 levied by the school corporation if the maximum referendum rate  
20 was imposed for taxes first due and payable in 2023 multiplied  
21 by one and three-hundredths (1.03); or  
22 (2) the maximum operating referendum tax that could otherwise  
23 be levied by the school corporation for taxes first due and  
24 payable in 2024.

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

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

31 (1) The maximum operating referendum tax that could have  
32 been levied by the school corporation if the maximum  
33 referendum rate was imposed for taxes first due and payable in  
34 the immediately preceding calendar year, as adjusted by this  
35 section, multiplied by the result determined under STEP SEVEN  
36 of the following formula:

### STEP ONE: Subtract:

38 (i) the school corporation's spring count of ADM made  
39 in the calendar year preceding by five (5) years the  
40 calendar year in which the property taxes are first due  
41 and payable; from



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

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

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

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

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

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

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

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

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

24 SECTION 2. IC 20-24-11-5 IS ADDED TO THE INDIANA  
25 CODE AS A NEW SECTION TO READ AS FOLLOWS  
26 [EFFECTIVE JULY 1, 2026]: Sec. 5. (a) An existing public  
27 elementary or secondary school may be converted into a charter  
28 school if the governing body of the school corporation:

39 (1) the school corporation; or

40 (2) a nonprofit corporation that:

41 (A) is established by the school corporation;

42 (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 charter schools under this article.**

SECTION 3. IC 20-25.7-5-2, AS AMENDED BY P.L.213-2025, SECTION 169, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. (a) The A board may enter into an agreement with an organizer to:

(1) reconstitute an eligible school as a participating innovation network charter school; or to

**(2)** establish a participating innovation network charter school at a location:

(A) selected by the board; within the boundary of the school corporation; or

**(B) within the geographic boundaries of any school corporation with which the organizer enters into an agreement under this chapter.**

Notwithstanding IC 20-26-7.1, a participating innovation network

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1 charter school may be established within a vacant school building.

2 (b) The terms of the agreement entered into between ~~the~~ a board

3 **of a school corporation** and an organizer must specify the following:

4 (1) A statement that the organizer authorizes the department to

5 include the charter school's performance assessment results

6 under IC 20-31-8 **for students who reside within the**

7 **geographic boundaries of the school corporation** when

8 calculating the school corporation's performance assessment

9 under rules adopted by the state board.

10 (2) Subject to an administrative fee as described in subsection

11 (g), a statement that the school corporation will distribute at least

12 one hundred percent (100%) of state tuition support dollars that

13 the school corporation receives ~~from student enrollment for~~

14 **students who:**

15 (A) **reside within the geographic boundaries of the**

16 **school corporation; and**

17 (B) **are enrolled** in the participating innovation network

18 charter school;

19 in accordance with the school funding formula to the

20 participating innovation network charter school (if the

21 participating innovation network charter school is, **with regard**

22 **to students described in this subsection**, treated in the same

23 manner as a school operated by the school corporation under

24 subsection (d)(2)).

25 (3) The performance goals and accountability metrics agreed

26 upon for the charter school in the charter agreement between the

27 organizer and the authorizer and a statement that the school

28 corporation is prohibited from setting additional performance

29 goals or accountability metrics.

30 (4) For an agreement entered into or renewed after June 30,

31 2023, the process the board is required to follow in determining

32 whether to renew the agreement.

33 (5) The amount of money levied as property taxes that will be

34 distributed by the school corporation to the organizer.

35 (6) Subject to section 5 of this chapter, the participating

36 innovation network charter school's enrollment and discipline

37 policies, including defined attendance areas and enrollment

38 zones.

39 (7) A statement that the innovation agreement shall not create an

40 obligation that would cause the organizer to be in violation of its

41 charter agreement (as described in IC 20-24-1-3).

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

13 (2) the department shall:

14 (A) treat the participating innovation network charter school  
15 in the same manner as a school operated by the school  
16 corporation **with regard to students residing within the**  
17 **geographic boundaries of the school corporation** when  
18 calculating the total amount of state funding to be  
19 distributed to the school corporation unless subsection (e)  
20 applies; and

(3) if requested by a participating innovation network charter school that reconstitutes an eligible school, the department may use student growth as the state board's exclusive means to determine the innovation network charter school's category or designation of school improvement under 511 IAC 6.2-10-10 for a period of three (3) years. Beginning with the 2019-2020 school year, the department may not use student growth as the state board's exclusive means to determine an innovation network charter school's category or designation of school improvement.

34 This subdivision expires July 1, 2023.



11 (g) If an administrative fee is included in an agreement entered  
12 into or renewed **under this chapter** after June 30, 2023, 2026, under  
13 this section, the fee may not exceed one percent (1%) of the total  
14 amount of state tuition support that is distributed to the school  
15 corporation based on the participating innovation network charter  
16 school's student enrollment. each school corporation with which an  
17 organizer of a participating innovation network charter school has  
18 entered into an agreement may assess an administrative fee of not  
19 more than one percent (1%) of the tuition support dollars that the  
20 school corporation receives for students who:

1 (1) reside within the geographic boundaries of the school  
2 corporation; and  
3 (2) are enrolled in the participating innovation network  
4 charter school.

25 (h) An agreement entered into between the board and an organizer  
26 under this section may not be altered without written approval from the  
27 organizer.

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

40 SECTION 5. IC 20-25.7-5-5, AS AMENDED BY P.L.220-2021,  
41 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
42 JULY 1, 2026]: Sec. 5. (a) IC 20-24-5-5 (with the exception of

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1       IC 20-24-5-5(g)) does not apply to a participating innovation network  
2       charter school that enters into an agreement with the board to  
3       reconstitute or establish an eligible school.

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

7       (c) A participating innovation network charter school that  
8       reconstitutes or establishes an eligible school may limit new  
9       admissions to the participating innovation network charter school to:

10       (1) ensure that any student with legal settlement in the  
11       attendance area, or in ~~the school corporation~~ **any school**  
12       **corporation with which the participating innovation network**  
13       **charter school has entered into an agreement under this**  
14       **chapter** if the school does not have a defined attendance area,  
15       may attend the charter school;

16       (2) ensure that a student who attends the participating innovation  
17       network charter school during a school year may continue to  
18       attend the charter school in subsequent years;

19       (3) allow the siblings of a student alumnus or a current student  
20       who attends the participating innovation network charter school  
21       to attend the charter school;

22       (4) allow preschool students who attend a Level 3 or Level 4  
23       Paths to QUALITY program preschool to attend kindergarten at  
24       the participating innovation network charter school if the  
25       participating innovation network charter school and the school  
26       corporation or preschool provider have entered into an  
27       agreement to share services or facilities;

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

33       (6) allow each student who attended a turnaround academy or  
34       attends a school that is located in the same school building as the  
35       participating innovation network charter school to receive  
36       preference for admission to the participating innovation network  
37       charter school if the preference is specifically provided for in the  
38       participating innovation network charter school's charter and is  
39       approved by the authorizer of the participating innovation  
40       network charter school.

41       (d) A participating innovation network charter school with a

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1 curriculum that includes study in a foreign country may deny admission  
2 to a student if:

3 (1) the student:

4 (A) has completed fewer than twenty-two (22) academic  
5 credits required for graduation; and

6 (B) will be in the grade 11 cohort during the school year in  
7 which the student seeks to enroll in the participating  
8 innovation network charter school; or

9 (2) the student has been suspended (as defined in IC 20-33-8-7)  
10 or expelled (as defined in IC 20-33-8-3) during the twelve (12)  
11 months immediately preceding the student's application for  
12 enrollment for:

13 (A) ten (10) or more school days;

14 (B) a violation under IC 20-33-8-16;

15 (C) causing physical injury to a student, a school employee,  
16 or a visitor to the school; or

17 (D) a violation of a school corporation's drug or alcohol  
18 rules.

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

23 (e) A participating innovation network charter school may give  
24 enrollment preferences to children of the participating innovation  
25 network charter school's founders, governing board members, and  
26 participating innovation network charter school employees, as long as  
27 the enrollment preference under this subsection is not given to more  
28 than ten percent (10%) of the participating innovation charter school's  
29 total population and there is sufficient capacity for a program, class,  
30 grade level, or building to ensure that any student with legal settlement  
31 in the attendance area may attend the school.

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

36 (1) those students who were enrolled in the charter school on the  
37 date it entered into the innovation network agreement; and

38 (2) siblings of students described in subdivision (1).

39 (g) This subsection applies if the number of applications for a  
40 program, class, grade level, or building exceeds the capacity of the  
41 program, class, grade level, or building. If a participating innovation



1 network charter school receives a greater number of applications than  
 2 there are spaces for students, each timely applicant must be given an  
 3 equal chance of admission. The participating innovation network  
 4 charter school that is not in a county containing a consolidated city  
 5 must determine which of the applicants will be admitted to the  
 6 participating innovation network charter school or the program, class,  
 7 grade level, or building by random drawing in a public meeting with  
 8 each timely applicant limited to one (1) entry in the drawing. However,  
 9 the participating innovation network charter school located in a county  
 10 with a consolidated city shall determine which of the applicants will be  
 11 admitted to the participating innovation network charter school or the  
 12 program, class, grade level, or building by using a publicly verifiable  
 13 random selection process.

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

- 21       **(1) reside in the geographic boundaries of the school**  
**corporation; and**
- 22       **(2) are enrolled in the participating innovation network charter**  
**school;**

25       in accordance with the school funding formula to the participating  
 26 innovation network charter school.

27       (b) Unless an agreement entered into before July 1, 2024, between  
 28 a board and an organizer provides otherwise, all participating  
 29 innovation network charter schools operating under existing  
 30 agreements with boards as of July 1, 2024, will receive funds as  
 31 required under subsection (a).

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

- 38       **(1) a grade level screener approved by the department; or**
- 39       **(2) a through-year statewide assessment;**

40       the school must provide intervention that meets the requirements under  
 41 subsection (b).



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

8 (3) The intervention is:

9 (A) targeted;  
10 (B) differentiated; and  
11 (C) supplemental to Tier I instruction

#### 12 (4) The intervention:

13 (A) is aligned with evidence based instructional strategies  
14 to promote conceptual understanding, procedural fluency,  
15 and real world problem solving; and

16 (B) allows a student opportunities to interact, show  
17 progress, and demonstrate understanding through rigorous  
18 grade level content.

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

26 (1) Specific information about how the student is performing.  
27 (2) Information about the intervention the student will  
28 receive from the school.

28 receive from the school.  
29 (3) A list or description of any recommended resources  
30 available for use at home to support the student's academic  
31 growth in mathematics.

system that a school is required to provide under subsection (b).

SECTION 8. 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:

42 (1) 2025; or

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

(A) 2025; or

(B) the first year of operation of the participating innovation network charter school

**STEP SIX: Divide the result of STEP FIVE by the result of STEP FOUR.**

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

(A) the result of STEP THREE; or

(A) the result of STEP THREE  
(B) the result of STEP SIX

**STEP EIGHT:** For each participating innovation network charter



1 school, multiply the result of STEP SEVEN by the result of  
2 STEP FOUR.

3 STEP NINE: Determine the sum of:

4 (A) the result of STEP TWO; plus

5 (B) the results of STEP EIGHT, for each participating  
6 innovation network charter school.

7 STEP TEN: Determine the sum of:

8 (A) the result of STEP ONE; plus

9 (B) the results of STEP FOUR for each participating  
10 innovation network charter school.

11 STEP ELEVEN: Divide the STEP NINE result by the STEP  
12 TEN result.

13 (d) If the complexity index of a participating innovation network  
14 charter school that was established before January 1, 2016, is, for the  
15 current school year, greater than the complexity index for the school  
16 corporation with which the innovation network charter school has  
17 contracted, the complexity index of the participating innovation  
18 network charter school is determined as described in IC 20-25.7-5-2(e).

19 SECTION 9. IC 20-51-1-5, AS AMENDED BY P.L.162-2024,  
20 SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
21 JULY 1, 2026]: Sec. 5. "Eligible student" refers to an individual who:

22 (1) has legal settlement in Indiana;

23 (2) is at least four (4) years of age and less than twenty-two (22)  
24 years of age on October 1 of the applicable school year; **and**

25 (3) either has been or is currently enrolled in a participating  
26 school. **and**

27 (4) is a member of a household with an annual income of not  
28 more than four hundred percent (400%) of the amount required  
29 for the individual to qualify for the federal free or reduced price  
30 lunch program.

31 SECTION 10. IC 20-51.4-4-1, AS AMENDED BY P.L.213-2025,  
32 SECTION 211, IS AMENDED TO READ AS FOLLOWS

33 [EFFECTIVE JULY 1, 2026]: Sec. 1. (a) After June 30, 2022, a parent  
34 of an eligible student or an emancipated eligible student may establish  
35 an Indiana education scholarship account for the eligible student by  
36 entering into a written agreement with the department on a form  
37 prepared by the department. The department shall establish a date by  
38 which an application to establish an ESA account for the upcoming  
39 school year must be submitted. However, for a school year beginning  
40 after July 1, 2022, applications must be submitted for an eligible  
41 student not later than September 1 for the immediately following



1 school year. The ESA account of an eligible student shall be made in  
2 the name of the eligible student. The department shall make the  
3 agreement available on the website of the department. To be eligible,  
4 a parent of an eligible student or an emancipated eligible student  
5 wishing to participate in the ESA program must agree that:

6 (1) subject to subsection (i), a grant deposited in the eligible  
7 student's ESA account under section 2 of this chapter and any  
8 interest that may accrue in the ESA account will be used only for  
9 the eligible student's ESA qualified expenses;

10 (2) if the eligible student participates in the CSA program, a  
11 grant deposited in the eligible student's ESA account under  
12 IC 20-51.4-4.5-3 and any interest that may accrue in the ESA  
13 account will be used only for the eligible student's ESA qualified  
14 expenses;

15 (3) money in the ESA account when the ESA account is  
16 terminated ~~reverts~~ **does not revert** to the state general fund **and**  
17 **remains available to provide grants to eligible students under**  
18 **this chapter;**

19 (4) the parent of the eligible student or the emancipated eligible  
20 student will use part of the money in the ESA account:  
21 (A) for the eligible student's study in the subject of reading,  
22 grammar, mathematics, social studies, or science; or  
23 (B) for use in accordance with the eligible student's:  
24 (i) individualized education program;  
25 (ii) service plan developed under 511 IAC 7-34;  
26 (iii) choice special education plan developed under 511  
27 IAC 7-49; or  
28 (iv) plan developed under Section 504 of the federal  
29 Rehabilitation Act of 1973, 29 U.S.C. 794;

30 (5) the eligible student will not be enrolled in a school that  
31 receives tuition support under IC 20-43; and

32 (6) the eligible student will take the statewide summative  
33 assessment, as applicable based on the eligible student's grade  
34 level, as provided under IC 20-32-5.1, or the assessment  
35 specified in the eligible student's:  
36 (A) individualized education program developed under  
37 IC 20-35;  
38 (B) service plan developed under 511 IAC 7-34;  
39 (C) choice special education plan developed under 511  
40 IAC 7-49; or  
41 (D) plan developed under Section 504 of the federal

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### Rehabilitation Act of 1973, 29 U.S.C. 794.

(b) A parent of an eligible student may enter into a separate agreement under subsection (a) for each child of the parent. However, not more than one (1) ESA account may be established for each eligible student.

(c) The ESA account must be established under subsection (a) by a parent of an eligible student or an emancipated eligible student for a school year on or before a date established by the department which must be at least thirty (30) days before the fall count day of ADM established under IC 20-43-4-3. A parent of an eligible student or an emancipated eligible student may not enter into an agreement under this section or maintain an ESA account under this chapter if the eligible student receives a choice scholarship under IC 20-51-4 for the same school year. An eligible student may not receive a grant under section 2 of this chapter if the eligible student is currently included in a school corporation's ADM count under IC 20-43-4.

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

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

(1) the eligible student no longer resides in Indiana while the eligible student is eligible to receive grants under section 2 of this chapter; or

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

If an ESA account is terminated under this section, money in the eligible student's ESA account, including any interest accrued, **reverts does not revert** to the state general fund **and remains available to provide grants to eligible students under this chapter.**

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

(g) A distribution made to an ESA account under section 2 of this chapter is considered tax exempt as long as the distribution is used for

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

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

8       (i) A student described in IC 20-51.4-2-4(3)(B) may not use the  
 9       money deposited into the eligible student's ESA account for ESA  
 10      qualified expenses described in IC 20-51.4-2-9(a)(3),  
 11      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).

12      SECTION 11. IC 20-51.4-4-2, AS AMENDED BY P.L.213-2025,  
 13      SECTION 212, IS AMENDED TO READ AS FOLLOWS  
 14      [EFFECTIVE JULY 1, 2026]: Sec. 2. (a) An eligible student who  
 15      currently maintains an ESA account is entitled to an ESA annual grant  
 16      amount for each school year until the student graduates or obtains a  
 17      certificate of completion under the student's individualized education  
 18      program. An eligible student may not receive a grant under this section  
 19      after graduating or obtaining a certificate of completion. The ESA  
 20      annual grant amount shall be paid from the ESA program fund. The  
 21      department shall deposit the ESA annual grant amount under this  
 22      section, in quarterly deposits, into an eligible student's ESA account.

23      (b) Except as provided in subsection (c), at the end of the year in  
 24      which an ESA account is established, the parent of an eligible student  
 25      or the emancipated eligible student may roll over for use in a  
 26      subsequent year a maximum of one thousand dollars (\$1,000).  
 27      However, for each year thereafter, the parent of the eligible student or  
 28      the emancipated eligible student may roll over one thousand dollars  
 29      (\$1,000) plus any amount rolled over in a previous year.

30      (c) An eligible student's ESA account shall terminate the later of:  
 31       (1) the date the student graduates high school; or  
 32       (2) July 1 of the year in the year which the student graduates  
 33       high school.

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

38      SECTION 12. IC 20-51.4-4-3, AS AMENDED BY P.L.213-2025,  
 39      SECTION 213, IS AMENDED TO READ AS FOLLOWS  
 40      [EFFECTIVE JULY 1, 2026]: Sec. 3. (a) The Indiana education  
 41      scholarship account program fund is established for the purpose of



1 providing grants to eligible students under the ESA program. Money  
 2 appropriated to the fund may be used to provide grants under this  
 3 chapter in the manner prescribed in section 2 of this chapter.

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

17      SECTION 13. IC 20-51.4-4-3.5, AS AMENDED BY  
 18      P.L.213-2025, SECTION 214, IS AMENDED TO READ AS  
 19      FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 3.5. (a) The Indiana  
 20      education scholarship account administration fund is established for the  
 21      purpose of accepting money for the Indiana education scholarship  
 22      account program to support administration of the ESA program.

23       (b) The department shall administer the fund.  
 24       (c) The fund consists of the following:  
 25           (1) Appropriations by the general assembly.  
 26           (2) Interest deposited in the fund under subsection (d).  
 27       (d) The treasurer of state shall invest money in the fund not  
 28      currently needed to meet the obligations of the fund in the same  
 29      manner as other public money may be invested. Interest that accrues  
 30      from these investments shall be deposited in the fund.  
 31       (e) Money in the fund at the end of a state fiscal year **reverts does**  
 32      **not revert** to the state general fund **and remains in the fund for the**  
 33      **purposes of the fund.**

34      SECTION 14. IC 20-51.4-4.5-1, AS AMENDED BY  
 35      P.L.213-2025, SECTION 220, IS AMENDED TO READ AS  
 36      FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. (a) After June 30,  
 37      2023, a parent of a career scholarship student or an emancipated career  
 38      scholarship student may establish a career scholarship account for the  
 39      career scholarship student by entering into a written agreement with the  
 40      department on a form prepared by the department. An application to  
 41      establish a CSA account, or an application to participate in the CSA



1 program with an ESA account, must be submitted not later than  
 2 October 1 for the school year. Subject to subsection (f), the CSA  
 3 account of a career scholarship student must be made in the name of  
 4 the career scholarship student. The department shall make the  
 5 agreement available on the website of the department.

6 (b) To be eligible to participate in the CSA program, a parent of  
 7 a career scholarship student or an emancipated career scholarship  
 8 student must agree that:

- 9       (1) a grant deposited in the career scholarship student's CSA  
 10      account under section 3 of this chapter and any interest that may  
 11      accrue in the CSA account will be used only for the CSA  
 12      qualified expenses;
- 13       (2) money in the CSA account when the CSA account is  
 14      terminated ~~reverts~~ **does not revert** to the state general fund **and**  
 15      **remains available to provide grants to career scholarship**  
 16      **students under this chapter;** and
- 17       (3) the parent of the career scholarship student or the  
 18      emancipated career scholarship student will use the money in the  
 19      CSA account for the career scholarship student to attend one (1)  
 20      or more of the sequences, courses, apprenticeships, or programs  
 21      of study designated and approved under section 6(a) of this  
 22      chapter.

23 (c) A parent of a career scholarship student may enter into a  
 24 separate agreement under subsection (a) for each child of the parent.  
 25 However, not more than one (1) CSA account may be established for  
 26 each career scholarship student.

27 (d) Except as provided under subsection (f), a CSA account must  
 28 be established under subsection (a) by a parent of a career scholarship  
 29 student or an emancipated career scholarship student for a school year  
 30 not later than thirty (30) days after the date that the department  
 31 approves an application submitted under subsection (a).

32 (e) Except as provided in section 2 of this chapter, an agreement  
 33 made under this section is valid for one (1) school year while the career  
 34 scholarship student is in grades 10 through 12 and may be renewed  
 35 annually. Upon graduation, or receipt of:

- 36       (1) a certificate of completion under the career scholarship  
 37      student's individualized education program; or
- 38       (2) an Indiana high school equivalency diploma under  
 39      IC 22-4.1-18;
- 40      the career scholarship student's CSA account is terminated.

41 (f) If:



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

6 the parent or emancipated career scholarship student must participate  
7 in the CSA program using the student's ESA account instead of  
8 establishing a CSA account. However, if the student ceases to  
9 participate in the ESA program, the parent of the student or the  
10 emancipated student must establish a CSA account to participate in the  
11 CSA program.

12 SECTION 15. IC 20-51.4-4.5-2, AS AMENDED BY  
13 P.L.213-2025, SECTION 221, IS AMENDED TO READ AS  
14 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. (a) An agreement  
15 entered into under section 1 of this chapter terminates automatically for  
16 a career scholarship student if:

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

23 If a CSA account is terminated under this section, money in the career  
24 scholarship student's CSA account, including any interest accrued,  
25 **reverts does not revert** to the state general fund **and remains**  
26 **available to provide grants to career scholarship students under**  
27 **this chapter.**

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

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

37 (1) a CSA qualified expense; or  
38 (2) an ESA qualified expense if the career scholarship student is  
39 participating in the ESA program.

40 The amount is subtracted from the definition of "adjusted gross  
41 income" under IC 6-3-1-3.5 to the extent the distribution used for the

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1       CSA qualified expense or ESA qualified expense, as applicable, is  
 2       included in the taxpayer's adjusted federal gross income under the  
 3       Internal Revenue Code.

4       (d) If a career scholarship student does not have a student test  
 5       number, the department shall establish a student test number as  
 6       described in IC 20-19-3-9.4 for the career scholarship student. The  
 7       department shall provide the department information necessary for the  
 8       department to comply with this subsection.

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

15       (1) graduates; or  
 16       (2) obtains:

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

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

27           (1) CSA account; or  
 28           (2) ESA account if the student participates in the ESA program;  
 29      in a manner established by the department.

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

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

39           (1) the date the student graduates high school or obtains an  
 40           Indiana high school equivalency diploma; or  
 41           (2) July 1 of the year in which the student graduates high school



1                   or obtains an Indiana high school equivalency diploma.  
2       Any money, including interest that remains in the career scholarship  
3       student's CSA account when it terminates under this subsection, ~~reverts~~  
4       **does not revert** to the state general fund **and remains available to**  
5       **provide grants to career scholarship students under this chapter.**

6                   SECTION 17. IC 20-51.4-4.5-4, AS AMENDED BY  
7       P.L.213-2025, SECTION 223, IS AMENDED TO READ AS  
8       FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 4. (a) The career  
9       scholarship account program fund is established for the purpose of  
10      providing grants to career scholarship students under the CSA program.

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

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