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# HOUSE BILL No. 1176

Proposed Changes to introduced printing by AM117604

## DIGEST OF PROPOSED AMENDMENT

School scholarships. Amends the definition of "eligible student" for purposes of eligibility for school scholarships distributed by scholarship granting organizations.

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;  
16 and  
17 (3) does not apply to any other tax year.  
18 (b) As used in this section, "ADM" refers to the school  
19 corporation's average daily membership used to determine the state  
20 tuition support distribution under IC 20-43. In the case of a school

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1 corporation that has entered into an agreement with one (1) or more  
 2 charter schools to participate as an innovation network charter school  
 3 under IC 20-25.7-5, the term includes the average daily membership of  
 4 **students described in IC 20-25.7-5-2(b)(2)** of any innovation network  
 5 charter school that is treated as a school operated by the school  
 6 corporation **with regard to students described in**  
 7 **IC 20-25.7-5-2(b)(2)** when calculating the total amount of state tuition  
 8 support to be distributed to the school corporation.

9 (c) Notwithstanding any increase in the assessed value of property  
 10 from the previous assessment date, for taxes first due and payable in  
 11 2024, the total amount of operating referendum tax that may be levied  
 12 by a school corporation may not exceed the lesser of:

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

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

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

22 (d) Notwithstanding any increase in the assessed value of property  
 23 from the previous assessment date, for taxes first due and payable in  
 24 2025, the total amount of operating referendum tax that may be levied  
 25 by a school corporation may not exceed the lesser of the following:

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

32       STEP ONE: Subtract:

33       (i) the school corporation's spring count of ADM made  
 34       in the calendar year preceding by five (5) years the  
 35       calendar year in which the property taxes are first due  
 36       and payable; from

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

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

40       STEP THREE: Divide the STEP TWO result by the school  
 41       corporation's spring count of ADM made in the calendar  
 42       year preceding by five (5) years the calendar year in which



1 the property taxes are first due and payable.  
 2 STEP FOUR: Multiply the STEP THREE amount by one  
 3 and five-tenths (1.5).  
 4 STEP FIVE: Add the STEP FOUR result and one and  
 5 six-hundredths (1.06).  
 6 STEP SIX: Determine the greater of the STEP FIVE result  
 7 or one and six-hundredths (1.06).  
 8 STEP SEVEN: Determine the lesser of the STEP SIX result  
 9 or one and twelve-hundredths (1.12).  
 10 (2) The maximum operating referendum tax that could otherwise  
 11 be levied by the school corporation for taxes first due and  
 12 payable in the current calendar year.  
 13 The tax rate for an operating referendum tax levy shall be decreased,  
 14 if necessary, to comply with this limitation.  
 15 (e) The department of education shall provide to the department  
 16 of local government finance each school corporation's applicable ADM  
 17 counts as needed to make the determinations under this section.  
 18 SECTION 2. IC 20-24-11-5 IS ADDED TO THE INDIANA  
 19 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 20 [EFFECTIVE JULY 1, 2026]: Sec. 5. (a) An existing public  
 21 elementary or secondary school may be converted into a charter  
 22 school if the governing body of the school corporation:  
 23 (1) votes to convert the school within the school corporation;  
 24 and  
 25 (2) submits to an authorizer a proposal described in  
 26 IC 20-24-3-4 to convert the school within the school  
 27 corporation to a charter school.  
 28 (b) The governing body of the school corporation described in  
 29 subsection (a) may not serve as the authorizer of the charter school  
 30 converted in accordance with this section.  
 31 (c) The organizer of a conversion charter school described in  
 32 this section may be:  
 33 (1) the school corporation; or  
 34 (2) a nonprofit corporation that:  
 35 (A) is established by the school corporation;  
 36 (B) is incorporated or registered in Indiana;  
 37 (C) has been recognized by the Internal Revenue Service  
 38 to be tax exempt and maintains such tax exempt status;  
 39 and  
 40 (D) has an independent board whose members have  
 41 been elected or selected under the organizer's  
 42 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 charter school may be established within a vacant school building.

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

(1) A statement that the organizer authorizes the department to include the charter school's performance assessment results under JC 20-31-8 for students who reside within the



1       **geographic boundaries of the school corporation** when  
2       calculating the school corporation's performance assessment  
3       under rules adopted by the state board.

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

13 in accordance with the school funding formula to the  
14 participating innovation network charter school (if the  
15 participating innovation network charter school is, **with regard**  
16 **to students described in this subsection**, treated in the same  
17 manner as a school operated by the school corporation under  
18 subsection (d)(2)).

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

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

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

28 distributed by the school corporation to the organizer.  
29 (6) Subject to section 5 of this chapter, the participating  
30 innovation network charter school's enrollment and discipline  
31 policies, including defined attendance areas and enrollment  
32 zones.

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

42 (1) the department shall include the participating innovation

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1 network charter school's performance assessment results under  
 2 IC 20-31-8 **for students who reside within the geographic**  
 3 **boundaries of the school corporation** when calculating the  
 4 school corporation's performance assessment under rules  
 5 adopted by the state board;

6 (2) the department shall:

7 (A) treat the participating innovation network charter school  
 8 in the same manner as a school operated by the school  
 9 corporation **with regard to students residing within the**  
 10 **geographic boundaries of the school corporation** when  
 11 calculating the total amount of state funding to be  
 12 distributed to the school corporation unless subsection (e)  
 13 applies; and

14 (B) **in determining the school corporation's enrollment,**  
 15 **include only eligible pupils enrolled in the participating**  
 16 **innovation network charter school who reside within the**  
 17 **geographic boundaries of the school corporation.**

18 (3) if requested by a participating innovation network charter  
 19 school that reconstitutes an eligible school, the department may  
 20 use student growth as the state board's exclusive means to  
 21 determine the innovation network charter school's category or  
 22 designation of school improvement under 511 IAC 6.2-10-10 for  
 23 a period of three (3) years. Beginning with the 2019-2020 school  
 24 year, the department may not use student growth as the state  
 25 board's exclusive means to determine an innovation network  
 26 charter school's category or designation of school improvement.  
 27 This subdivision expires July 1, 2023.

28 (e) If a participating innovation network school was established  
 29 before January 1, 2016, and for the current school year has a  
 30 complexity index that is greater than the complexity index for the  
 31 school corporation that the innovation network school has contracted  
 32 with, the innovation network school shall be treated as a charter school  
 33 for purposes of determining tuition support. This subsection expires  
 34 June 30, 2027.

35 (f) If the board or organizer fails to follow the process described  
 36 in subsection (b)(4), the board or organizer may appeal to the state  
 37 board. The state board shall hear the appeal in a public meeting and  
 38 ensure that the board or organizer follows the renewal process specified  
 39 in the agreement. The board may not terminate an agreement until the  
 40 board has provided evidence to the state board that the board has  
 41 complied with the renewal process specified in the agreement. The  
 42 state board shall issue a decision on an appeal under this subsection not



1 later than sixty (60) days after the date the board or organizer submitted  
 2 the appeal to the state board.

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

13 (1) **reside within the geographic boundaries of the school**  
 14 **corporation; and**  
 15 (2) **are enrolled in the participating innovation network**  
 16 **charter school.**

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

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

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

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

41 (c) A participating innovation network charter school that  
 42 reconstitutes or establishes an eligible school may limit new

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admissions to the participating innovation network charter school to:

- (1) ensure that any student with legal settlement in the attendance area, or in the school corporation any school corporation with which the participating innovation network charter school has entered into an agreement under this chapter if the school does not have a defined attendance area, may attend the charter school;
- (2) ensure that a student who attends the participating innovation network charter school during a school year may continue to attend the charter school in subsequent years;
- (3) allow the siblings of a student alumnus or a current student who attends the participating innovation network charter school to attend the charter school;
- (4) allow preschool students who attend a Level 3 or Level 4 Paths to QUALITY program preschool to attend kindergarten at the participating innovation network charter school if the participating innovation network charter school and the school corporation or preschool provider have entered into an agreement to share services or facilities;
- (5) allow each student who qualifies for free or reduced price lunch under the national school lunch program to receive preference for admission to the participating innovation network charter school if the preference is specifically provided for in the charter and is approved by the authorizer; and
- (6) allow each student who attended a turnaround academy or attends a school that is located in the same school building as the participating innovation network charter school to receive preference for admission to the participating innovation network charter school if the preference is specifically provided for in the participating innovation network charter school's charter and is approved by the authorizer of the participating innovation network charter school.

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

- (1) the student:
  - (A) has completed fewer than twenty-two (22) academic credits required for graduation; and
  - (B) will be in the grade 11 cohort during the school year in which the student seeks to enroll in the participating innovation network charter school; or
- (2) the student has been suspended (as defined in IC 20-33-8-7)



1 or expelled (as defined in IC 20-33-8-3) during the twelve (12)  
 2 months immediately preceding the student's application for  
 3 enrollment for:

4 (A) ten (10) or more school days;  
 5 (B) a violation under IC 20-33-8-16;  
 6 (C) causing physical injury to a student, a school employee,  
 7 or a visitor to the school; or  
 8 (D) a violation of a school corporation's drug or alcohol  
 9 rules.

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

14 (e) A participating innovation network charter school may give  
 15 enrollment preferences to children of the participating innovation  
 16 network charter school's founders, governing board members, and  
 17 participating innovation network charter school employees, as long as  
 18 the enrollment preference under this subsection is not given to more  
 19 than ten percent (10%) of the participating innovation charter school's  
 20 total population and there is sufficient capacity for a program, class,  
 21 grade level, or building to ensure that any student with legal settlement  
 22 in the attendance area may attend the school.

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

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

30 (g) This subsection applies if the number of applications for a  
 31 program, class, grade level, or building exceeds the capacity of the  
 32 program, class, grade level, or building. If a participating innovation  
 33 network charter school receives a greater number of applications than  
 34 there are spaces for students, each timely applicant must be given an  
 35 equal chance of admission. The participating innovation network  
 36 charter school that is not in a county containing a consolidated city  
 37 must determine which of the applicants will be admitted to the  
 38 participating innovation network charter school or the program, class,  
 39 grade level, or building by random drawing in a public meeting with  
 40 each timely applicant limited to one (1) entry in the drawing. However,  
 41 the participating innovation network charter school located in a county  
 42 with a consolidated city shall determine which of the applicants will be



1 admitted to the participating innovation network charter school or the  
 2 program, class, grade level, or building by using a publicly verifiable  
 3 random selection process.

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

- 11                   **(1) reside in the geographic boundaries of the school**  
 12                   **corporation; and**
- 13                   **(2) are enrolled in the participating innovation network charter**  
 14                   **school;**

15                   in accordance with the school funding formula to the participating  
 16                   innovation network charter school.

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

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

- 28                   (1) a grade level screener approved by the department; or
- 29                   (2) a through-year statewide assessment;

30                   the school must provide intervention that meets the requirements under  
 31                   subsection (b).

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

- 34                   (1) The intervention includes a multtiered system of support that  
 35                   progresses from less to more intensive support based on the  
 36                   student's individual needs.
- 37                   (2) The intervention is aligned to daily Tier I instruction and  
 38                   standard level learning progressions.
- 39                   (3) The intervention is:
  - 40                   (A) targeted;
  - 41                   (B) differentiated; and
  - 42                   (C) supplemental to Tier I instruction.



#### (4) The intervention:

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

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

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

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

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

(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 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:

(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

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1                   **IC 20-25.7-5-2(b)(2)** of each participating innovation  
2                   network charter school.

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

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

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

15                  STEP FIVE: Determine the number of students **described in**  
16                  **IC 20-25.7-5-2(b)(2)** in each participating innovation network  
17                  charter school who were receiving Supplemental Nutrition  
18                  Assistance Program (SNAP) benefits, Temporary Assistance for  
19                  Needy Families (TANF) benefits, or foster care services as of  
20                  October 1 in the school year ending in the later of:

21                  (A) 2025; or

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

24                  STEP SIX: Divide the result of STEP FIVE by the result of  
25                  STEP FOUR.

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

28                  (A) the result of STEP THREE; or

29                  (B) the result of STEP SIX.

30                  STEP EIGHT: For each participating innovation network charter  
31                  school, multiply the result of STEP SEVEN by the result of  
32                  STEP FOUR.

33                  STEP NINE: Determine the sum of:

34                  (A) the result of STEP TWO; plus

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

37                  STEP TEN: Determine the sum of:

38                  (A) the result of STEP ONE; plus

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

41                  STEP ELEVEN: Divide the STEP NINE result by the STEP  
42                  TEN result.



[ SECTION 9. 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 SECTION ~~9~~[10]. IC 20-51.4-4-1, AS AMENDED BY  
2 P.L.213-2025, SECTION 211, IS AMENDED TO READ AS  
3 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. (a) After June 30,  
4 2022, a parent of an eligible student or an emancipated eligible student  
5 may establish an Indiana education scholarship account for the eligible  
6 student by entering into a written agreement with the department on a  
7 form prepared by the department. The department shall establish a date  
8 by 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:

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

39 (2) if the eligible student participates in the CSA program, a  
40 grant deposited in the eligible student's ESA account under  
41 IC 20-51.4-4.5-3 and any interest that may accrue in the ESA  
42 account will be used only for the eligible student's ESA qualified



1 expenses;

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

6 (4) the parent of the eligible student or the emancipated eligible  
7 student will use part of the money in the ESA account:

(A) for the eligible student's study in the subject of reading, grammar, mathematics, social studies, or science; or

(B) for use in accordance with the eligible student's:

(i) individualized education program;

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

(iii) choice special education plan developed under 511

IAC 7-49; or

(iv) plan developed under Section 504 of

Rehabilitation Act of 1973, 29 U.S.C. 794; eligible student will not be enrolled in a school that

18 receives tuition support under IC 20-43; and  
19 (6) the eligible student will take the statewide summative

(c) the eligible student will take the statewide summative assessment, as applicable based on the eligible student's grade level, as provided under IC 20-32-5.1, or the assessment specified in the eligible student's:

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

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

(C) choice special education plan developed under 511

IAC 7-49; or

(D) plan developed under Section 504

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1       section 2 of this chapter if the eligible student is currently included in  
 2       a school corporation's ADM count under IC 20-43-4.

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

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

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

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

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

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

26       (g) A distribution made to an ESA account under section 2 of this  
 27       chapter is considered tax exempt as long as the distribution is used for  
 28       an ESA qualified expense. The amount is subtracted from the  
 29       definition of adjusted federal gross income under IC 6-3-1-3.5 to the  
 30       extent the distribution used for the ESA qualified expense is included  
 31       in the taxpayer's adjusted federal gross income under the Internal  
 32       Revenue Code.

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

35       (i) A student described in IC 20-51.4-2-4(3)(B) may not use the  
 36       money deposited into the eligible student's ESA account for ESA  
 37       qualified expenses described in IC 20-51.4-2-9(a)(3),  
 38       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).

39       SECTION 1 ~~⑩~~<sup>⑪</sup> IC 20-51.4-4-2, AS AMENDED BY  
 40       P.L.213-2025, SECTION 212, IS AMENDED TO READ AS  
 41       FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. (a) An eligible  
 42       student who currently maintains an ESA account is entitled to an ESA



1 annual grant amount for each school year until the student graduates or  
 2 obtains a certificate of completion under the student's individualized  
 3 education program. An eligible student may not receive a grant under  
 4 this section after graduating or obtaining a certificate of completion.  
 5 The ESA annual grant amount shall be paid from the ESA program  
 6 fund. The department shall deposit the ESA annual grant amount under  
 7 this section, in quarterly deposits, into an eligible student's ESA  
 8 account.

9 (b) Except as provided in subsection (c), at the end of the year in  
 10 which an ESA account is established, the parent of an eligible student  
 11 or the emancipated eligible student may roll over for use in a  
 12 subsequent year a maximum of one thousand dollars (\$1,000).  
 13 However, for each year thereafter, the parent of the eligible student or  
 14 the emancipated eligible student may roll over one thousand dollars  
 15 (\$1,000) plus any amount rolled over in a previous year.

16 (c) An eligible student's ESA account shall terminate the later of:  
 17 (1) the date the student graduates high school; or  
 18 (2) July 1 of the year in the year which the student graduates  
 19 high school.

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

24 SECTION 1~~↔[2]~~. IC 20-51.4-4-3, AS AMENDED BY  
 25 P.L.213-2025, SECTION 213, IS AMENDED TO READ AS  
 26 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 3. (a) The Indiana  
 27 education scholarship account program fund is established for the  
 28 purpose of providing grants to eligible students under the ESA  
 29 program. Money appropriated to the fund may be used to provide  
 30 grants under this chapter in the manner prescribed in section 2 of this  
 31 chapter.

32 (b) The department shall administer the ESA program fund.  
 33 (c) The ESA program fund consists of the following:  
 34 (1) Appropriations by the general assembly.  
 35 (2) Interest deposited in the ESA program fund under subsection  
 36 (d).

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

42 (e) Money in the ESA program fund at the end of a state fiscal



1 year ~~reverts~~ **does not revert** to the state general fund **and remains in**  
 2 **the fund for the purposes of the fund.**

3 SECTION 1~~2~~<sup>3</sup> [3]. IC 20-51.4-4-3.5, AS AMENDED BY  
 4 P.L.213-2025, SECTION 214, IS AMENDED TO READ AS  
 5 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 3.5. (a) The Indiana  
 6 education scholarship account administration fund is established for the  
 7 purpose of accepting money for the Indiana education scholarship  
 8 account program to support administration of the ESA program.

9 (b) The department shall administer the fund.

10 (c) The fund consists of the following:

11 (1) Appropriations by the general assembly.

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

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

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

20 SECTION 1~~2~~<sup>4</sup> [4]. IC 20-51.4-4.5-1, AS AMENDED BY  
 21 P.L.213-2025, SECTION 220, IS AMENDED TO READ AS  
 22 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. (a) After June 30,  
 23 2023, a parent of a career scholarship student or an emancipated career  
 24 scholarship student may establish a career scholarship account for the  
 25 career scholarship student by entering into a written agreement with the  
 26 department on a form prepared by the department. An application to  
 27 establish a CSA account, or an application to participate in the CSA  
 28 program with an ESA account, must be submitted not later than  
 29 October 1 for the school year. Subject to subsection (f), the CSA  
 30 account of a career scholarship student must be made in the name of  
 31 the career scholarship student. The department shall make the  
 32 agreement available on the website of the department.

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

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

40 (2) money in the CSA account when the CSA account is  
 41 terminated ~~reverts~~ **does not revert** to the state general fund **and**  
 42 **remains available to provide grants to career scholarship**



1                   **students under this chapter; and**

2                   (3) the parent of the career scholarship student or the  
 3                   emancipated career scholarship student will use the money in the  
 4                   CSA account for the career scholarship student to attend one (1)  
 5                   or more of the sequences, courses, apprenticeships, or programs  
 6                   of study designated and approved under section 6(a) of this  
 7                   chapter.

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

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

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

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

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

26                  (f) If:

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

32                  the parent or emancipated career scholarship student must participate  
 33                  in the CSA program using the student's ESA account instead of  
 34                  establishing a CSA account. However, if the student ceases to  
 35                  participate in the ESA program, the parent of the student or the  
 36                  emancipated student must establish a CSA account to participate in the  
 37                  CSA program.

38                  SECTION 1~~44~~5. IC 20-51.4-4.5-2, AS AMENDED BY  
 39                  P.L.213-2025, SECTION 221, IS AMENDED TO READ AS  
 40                  FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. (a) An agreement  
 41                  entered into under section 1 of this chapter terminates automatically for  
 42                  a career scholarship student if:

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

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

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

21 (1) a CSA qualified expense; or  
22 (2) an ESA qualified expense if the career scholarship student is  
23 participating in the ESA program.

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

29 (d) If a career scholarship student does not have a student test  
30 number, the department shall establish a student test number as  
31 described in IC 20-19-3-9.4 for the career scholarship student. The  
32 department shall provide the department information necessary for the  
33 department to comply with this subsection.

34 SECTION 1~~5~~[6]. IC 20-51.4-4.5-3, AS AMENDED BY  
35 P.L.213-2025, SECTION 222, IS AMENDED TO READ AS  
36 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 3. (a) A career  
37 scholarship student who currently maintains a CSA account or an ESA  
38 account and participates in the CSA program is entitled to an annual  
39 grant amount for each school year until the student:



individualized education program; or  
(B) an Indiana high school equivalency diploma under  
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:

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

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

(d) A career scholarship student's CSA account shall terminate the 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 1~~6~~[7]. 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 prog

1 not currently needed to meet the obligations of the CSA program  
1 in the same manner as other public money may be invested.



1      Interest that accrues from these investments shall be deposited in the  
2      CSA program fund.

3            (e) Money in the CSA program fund at the end of a state fiscal  
4      year~~[,]~~ reverts does not revert to the state general fund and remains in  
5      the fund for the purposes of the fund.~~]~~  
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