
HOUSE BILL No. 1176

AM117605 has been incorporated into introduced printing.

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;

2026

IN 1176—LS 6675/DI 110



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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.

18 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.

20 if necessary, to comply with this limitation.
21 (e) The department of education shall provide to the department
22 of local government finance each school corporation's applicable ADM
23 counts as needed to make the determinations under this section.

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:



(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

charter schools under this article.

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

(1) be an authorizer of a charter school; and

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

the charter school.

SECTION 4. 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



1 a location:

2 (A) selected by the board; ~~within the boundary of the school~~
 3 ~~corporation, or~~

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

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

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

11 (1) A statement that the organizer authorizes the department to
 12 include the charter school's performance assessment results
 13 under IC 20-31-8 **for students who reside within the**
 14 **geographic boundaries of the school corporation** when
 15 calculating the school corporation's performance assessment
 16 under rules adopted by the state board.

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

22 (A) **reside within the geographic boundaries of the**
 23 **school corporation; and**

24 (B) **are enrolled** in the participating innovation network
 25 charter school;

26 in accordance with the school funding formula to the
 27 participating innovation network charter school (if the
 28 participating innovation network charter school is, **with regard**
 29 **to students described in this subsection**, treated in the same
 30 manner as a school operated by the school corporation under
 31 subsection (d)(2)).

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

37 (4) For an agreement entered into or renewed after June 30,
 38 2023, the process the board is required to follow in determining
 39 whether to renew the agreement.

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



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

14 (1) the department shall include the participating innovation
15 network charter school's performance assessment results under
16 **IC 20-31-8 for students who reside within the geographic**
17 **boundaries of the school corporation** when calculating the
18 school corporation's performance assessment under rules
19 adopted by the state board;

20 (2) the department shall:

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

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

(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. This subdivision expires July 1, 2023.

2026

IN 1176—LS 6675/DI 110



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

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

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

35 SECTION 5. IC 20-25.7-5-2.5 IS ADDED TO THE INDIANA
36 CODE AS A NEW SECTION TO READ AS FOLLOWS
37 [EFFECTIVE JULY 1, 2026]: **Sec. 2.5. In addition to any state**
38 **tuition support dollars a participating innovation network charter**
39 **school receives from a school corporation under this chapter, the**
40 **department shall treat the participating innovation network**
41 **charter school as a charter school when calculating the tuition**
42 **support to be distributed to the innovation network charter school**

2026

IN 1176—LS 6675/DI 110



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1 **for students of the innovation network charter school who do not**
 2 **reside within the geographic boundaries of a school corporation**
 3 **with which the innovation network charter school has an**
 4 **agreement under this chapter.**

5 SECTION 6. IC 20-25.7-5-5, AS AMENDED BY P.L.220-2021,
 6 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 7 JULY 1, 2026]: Sec. 5. (a) IC 20-24-5-5 (with the exception of
 8 IC 20-24-5-5(g)) does not apply to a participating innovation network
 9 charter school that enters into an agreement with the board to
 10 reconstitute or establish an eligible school.

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

14 (c) A participating innovation network charter school that
 15 reconstitutes or establishes an eligible school may limit new
 16 admissions to the participating innovation network charter school to:

17 (1) ensure that any student with legal settlement in the
 18 attendance area, or in the school corporation **any school**
 19 **corporation with which the participating innovation network**
 20 **charter school has entered into an agreement under this**
 21 **chapter** if the school does not have a defined attendance area,
 22 may attend the charter school;

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

26 (3) allow the siblings of a student alumnus or a current student
 27 who attends the participating innovation network charter school
 28 to attend the charter school;

29 (4) allow preschool students who attend a Level 3 or Level 4
 30 Paths to QUALITY program preschool to attend kindergarten at
 31 the participating innovation network charter school if the
 32 participating innovation network charter school and the school
 33 corporation or preschool provider have entered into an
 34 agreement to share services or facilities;

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

40 (6) allow each student who attended a turnaround academy or
 41 attends a school that is located in the same school building as the
 42 participating innovation network charter school to receive



1 preference for admission to the participating innovation network
2 charter school if the preference is specifically provided for in the
3 participating innovation network charter school's charter and is
4 approved by the authorizer of the participating innovation
5 network charter school.

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

9 (1) the student:

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

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

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

18 enrichment for:
19 (A) ten (10) or more school days;
20 (B) a violation under IC 20-33-8-16;
21 (C) causing physical injury to a student, a school employee,
22 or a visitor to the school; or
23 (D) a violation of a school corporation's drug or alcohol
24 rules.

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

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

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



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

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

31 in accordance with the school funding formula to the participating
32 innovation network charter school.

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

38 SECTION 8. IC 20-32-6.5-3, AS ADDED BY P.L.180-2025,
39 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
40 JULY 1, 2026]: Sec. 3. (a) Beginning with the 2026-2027 school year,
41 if a school determines that a student in kindergarten through grade 8 is

2026

IN 1176—LS 6675/DI 110



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1 at risk of not achieving grade level proficiency in mathematics as
 2 determined by an analysis of the student's data from:
 3 (1) a grade level screener approved by the department; or
 4 (2) a through-year statewide assessment;
 5 the school must provide intervention that meets the requirements under
 6 subsection (b).

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

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

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

14 (3) The intervention is:
 15 (A) targeted;
 16 (B) differentiated; and
 17 (C) supplemental to Tier I instruction.

18 (4) The intervention:
 19 (A) is aligned with evidence based instructional strategies
 20 to promote conceptual understanding, procedural fluency,
 21 and real world problem solving; and
 22 (B) allows a student opportunities to interact, show
 23 progress, and demonstrate understanding through rigorous
 24 grade level content.

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

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

32 (1) **Specific information about how the student is performing.**
 33 (2) **Information about the intervention the student will**
 34 **receive from the school.**
 35 (3) **A list or description of any recommended resources**
 36 **available for use at home to support the student's academic**
 37 **growth in mathematics.**

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

40 SECTION 9. IC 20-43-13-4, AS AMENDED BY P.L.213-2025,
 41 SECTION 197, IS AMENDED TO READ AS FOLLOWS
 42 [EFFECTIVE JULY 1, 2026]: Sec. 4. (a) Except as provided in



1 subsections (c) and (d), the complexity index is the percentage of the
2 school corporation's students who were receiving Supplemental
3 Nutrition Assistance Program (SNAP) benefits, Temporary Assistance
4 for Needy Families (TANF) benefits, or foster care services as of
5 October 1 in the school year ending in the later of:

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

15 STEP ONE: Determine:

16 (A) the school corporation's enrollment; minus
17 (B) the enrollment of students described in
18 IC 20-25.7-5-2(b)(2) of each participating innovation
19 network charter school.

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

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

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

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

38 (A) 2025; or
39 (B) the first year of operation of the participating innovation
40 network charter school.

41 STEP SIX: Divide the result of STEP FIVE by the result of

2026

IN 1176—LS 6675/DI 110



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1 STEP FOUR.

2 STEP SEVEN: For each participating innovation network charter

3 school, determine the greater of:

4 (A) the result of STEP THREE; or

5 (B) the result of STEP SIX.

6 STEP EIGHT: For each participating innovation network charter

7 school, multiply the result of STEP SEVEN by the result of

8 STEP FOUR.

9 STEP NINE: Determine the sum of:

10 (A) the result of STEP TWO; plus

11 (B) the results of STEP EIGHT, for each participating

12 innovation network charter school.

13 STEP TEN: Determine the sum of:

14 (A) the result of STEP ONE; plus

15 (B) the results of STEP FOUR for each participating

16 innovation network charter school.

17 STEP ELEVEN: Divide the STEP NINE result by the STEP

18 TEN result.

19 (d) If the complexity index of a participating innovation network

20 charter school that was established before January 1, 2016, is, for the

21 current school year, greater than the complexity index for the school

22 corporation with which the innovation network charter school has

23 contracted, the complexity index of the participating innovation

24 network charter school is determined as described in IC 20-25.7-5-2(e).

25 SECTION 10. IC 20-51.4-4-1, AS AMENDED BY P.L.213-2025,

26 SECTION 211, IS AMENDED TO READ AS FOLLOWS

27 [EFFECTIVE JULY 1, 2026]: Sec. 1. (a) After June 30, 2022, a parent

28 of an eligible student or an emancipated eligible student may establish

29 an Indiana education scholarship account for the eligible student by

30 entering into a written agreement with the department on a form

31 prepared by the department. The department shall establish a date by

32 which an application to establish an ESA account for the upcoming

33 school year must be submitted. However, for a school year beginning

34 after July 1, 2022, applications must be submitted for an eligible

35 student not later than September 1 for the immediately following

36 school year. The ESA account of an eligible student shall be made in

37 the name of the eligible student. The department shall make the

38 agreement available on the website of the department. To be eligible,

39 a parent of an eligible student or an emancipated eligible student

40 wishing to participate in the ESA program must agree that:

41 (1) subject to subsection (i), a grant deposited in the eligible

2026

IN 1176—LS 6675/DI 110



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1 student's ESA account under section 2 of this chapter and any
 2 interest that may accrue in the ESA account will be used only for
 3 the eligible student's ESA qualified expenses;

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

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

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

15 (A) for the eligible student's study in the subject of reading,
 16 grammar, mathematics, social studies, or science; or
 17 (B) for use in accordance with the eligible student's:
 18 (i) individualized education program;
 19 (ii) service plan developed under 511 IAC 7-34;
 20 (iii) choice special education plan developed under 511
 21 IAC 7-49; or
 22 (iv) plan developed under Section 504 of the federal
 23 Rehabilitation Act of 1973, 29 U.S.C. 794;

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

26 (6) the eligible student will take the statewide summative
 27 assessment, as applicable based on the eligible student's grade
 28 level, as provided under IC 20-32-5.1, or the assessment
 29 specified in the eligible student's:
 30 (A) individualized education program developed under
 31 IC 20-35;
 32 (B) service plan developed under 511 IAC 7-34;
 33 (C) choice special education plan developed under 511
 34 IAC 7-49; or
 35 (D) plan developed under Section 504 of the federal
 36 Rehabilitation Act of 1973, 29 U.S.C. 794.

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

41 (c) The ESA account must be established under subsection (a) by

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

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

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

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

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

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

34 (g) A distribution made to an ESA account under section 2 of this
 35 chapter is considered tax exempt as long as the distribution is used for
 36 an ESA qualified expense. The amount is subtracted from the
 37 definition of adjusted federal gross income under IC 6-3-1-3.5 to the
 38 extent the distribution used for the ESA qualified expense is included
 39 in the taxpayer's adjusted federal gross income under the Internal
 40 Revenue Code.

41 (h) The department shall establish a student test number as



1 described in IC 20-19-3-9.4 for each eligible student.

2 (i) A student described in IC 20-51.4-2-4(3)(B) may not use the
3 money deposited into the eligible student's ESA account for ESA
4 qualified expenses described in IC 20-51.4-2-9(a)(3),
5 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).

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

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

24 (c) An eligible student's ESA account shall terminate the later of:
25 (1) the date the student graduates high school; or
26 (2) July 1 of the year in the year which the student graduates
27 high school.

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

32 SECTION 12. IC 20-51.4-4-3, AS AMENDED BY P.L.213-2025,
33 SECTION 213, IS AMENDED TO READ AS FOLLOWS
34 [EFFECTIVE JULY 1, 2026]: Sec. 3. (a) The Indiana education
35 scholarship account program fund is established for the purpose of
36 providing grants to eligible students under the ESA program. Money
37 appropriated to the fund may be used to provide grants under this
38 chapter in the manner prescribed in section 2 of this chapter.

39 (b) The department shall administer the ESA program fund.
40 (c) The ESA program fund consists of the following:
41 (1) Appropriations by the general assembly.



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

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

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

17 (b) The department shall administer the fund.

18 (c) The fund consists of the following:

19 (1) Appropriations by the general assembly.

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

SECTION 14. IC 20-51.4-4.5-1, AS AMENDED BY P.L.213-2025, SECTION 220, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. (a) After June 30, 2023, a parent of a career scholarship student or an emancipated career scholarship student may establish a career scholarship account for the career scholarship student by entering into a written agreement with the department on a form prepared by the department. An application to establish a CSA account, or an application to participate in the CSA program with an ESA account, must be submitted not later than October 1 for the school year. Subject to subsection (f), the CSA account of a career scholarship student must be made in the name of the career scholarship student. The department shall make the agreement available on the website of the department.

41 (b) To be eligible to participate in the CSA program, a parent of

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1 a career scholarship student or an emancipated career scholarship
 2 student must agree that:

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

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

11 (3) the parent of the career scholarship student or the
 12 emancipated career scholarship student will use the money in the
 13 CSA account for the career scholarship student to attend one (1)
 14 or more of the sequences, courses, apprenticeships, or programs
 15 of study designated and approved under section 6(a) of this
 16 chapter.

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

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

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

30 (1) a certificate of completion under the career scholarship
 31 student's individualized education program; or

32 (2) an Indiana high school equivalency diploma under
 33 IC 22-4.1-18;

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

35 (f) If:

36 (1) a parent of a career scholarship student or an emancipated
 37 career scholarship student enters into a written agreement with
 38 the department on a form under subsection (a); and

39 (2) the career scholarship student participates in the ESA
 40 program under this article;

41 the parent or emancipated career scholarship student must participate



1 in the CSA program using the student's ESA account instead of
 2 establishing a CSA account. However, if the student ceases to
 3 participate in the ESA program, the parent of the student or the
 4 emancipated student must establish a CSA account to participate in the
 5 CSA program.

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

11 (1) the career scholarship student no longer resides in Indiana
 12 while the career scholarship student is eligible to receive grants
 13 under section 3 of this chapter; or

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

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

22 (b) An agreement made under section 1 of this chapter for a career
 23 scholarship student while the career scholarship student is in grades 10
 24 through 12 may be terminated before the end of the school year if the
 25 parent of the career scholarship student or the emancipated career
 26 scholarship student notifies the department in a manner specified by
 27 the department.

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

31 (1) a CSA qualified expense; or

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

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

39 (d) If a career scholarship student does not have a student test
 40 number, the department shall establish a student test number as
 41 described in IC 20-19-3-9.4 for the career scholarship student. The



1 department shall provide the department information necessary for the
 2 department to comply with this subsection.

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

9 (1) graduates; or
 10 (2) obtains:

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

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

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

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

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

33 (1) the date the student graduates high school or obtains an
 34 Indiana high school equivalency diploma; or
 35 (2) July 1 of the year in which the student graduates high school
 36 or obtains an Indiana high school equivalency diploma.

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

41 SECTION 17. IC 20-51.4-4.5-4, AS AMENDED BY



1 P.L.213-2025, SECTION 223, IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 4. (a) The career
3 scholarship account program fund is established for the purpose of
4 providing grants to career scholarship students under the CSA program.
5 (b) The department shall administer the CSA program fund.
6 (c) The CSA program fund consists of the following:
7 (1) Appropriations by the general assembly.
8 (2) Interest deposited in the CSA program fund under subsection
9 (d).
10 (d) The treasurer of state shall invest money in the CSA program
11 fund not currently needed to meet the obligations of the CSA program
12 fund in the same manner as other public money may be invested.
13 Interest that accrues from these investments shall be deposited in the
14 CSA program fund.
15 (e) Money in the CSA program fund at the end of a state fiscal
16 year ~~reverts~~ **does not revert** to the state general fund **and remains in**
17 **the fund for the purposes of the fund.**

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