

PRINTING CODE. Deletions appear in ~~this style type~~. Insertions appear in this style type. Typeface changes are shown in ~~this~~ ~~style~~ ~~type~~ or in [this] [style] [type].

HOUSE BILL No. 1176

Proposed Changes to January 8, 2026 printing by AM117608

DIGEST OF PROPOSED AMENDMENT

State tuition support reversions. Provides that any amount appropriated by the general assembly for state tuition support that is in excess of the amount required for the 2026 state fiscal year or remains unexpended and unencumbered at the end of the 2026 state fiscal year does not revert to the state general fund. Requires the department of education to distribute the excess among each school corporation to be used for utility costs.

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

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

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

HB 1176—LS 6675/DI 110



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M
a
r
k
u
p

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

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

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

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

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

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

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

(b) As used in this section, "ADM" refers to the school corporation's average daily membership used to determine the state tuition support distribution under IC 20-43. In the case of 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, the term includes the average daily membership of **students described in IC 20-25.7-5-2(b)(2)** of any innovation network charter school that is treated as a school operated by the school corporation **with regard to students described in IC 20-25.7-5-2(b)(2)** when calculating the total amount of state tuition 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:

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

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

HB 1176—LS 6675/DI 110



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M
a
r
k
u
p

The tax rate for an operating referendum tax levy shall be decreased, 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:

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

STEP ONE: Subtract:

(i) 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; 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).

(2) 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.

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

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

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

HB 1176—LS 6675/DI 110



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M
a
r
k
u
p

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

(1) votes to convert the school within the school corporation; and

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

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

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

(1) the school corporation; or

(2) a nonprofit corporation that:

(A) is established by the school corporation;

(B) is incorporated or registered in Indiana;

(C) has been recognized by the Internal Revenue Service to be tax exempt and maintains such tax exempt status; and

(D) has an independent board whose members have been elected or selected under the organizer's application and that has entered into a contract under this article to operate a charter school.

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

(1) submit a separate proposal for each school to an authorizer; or

(2) with the approval of the authorizer, operate two (2) or more schools under a single charter, provided that each school site:

(A) is identified in the charter application and charter; and

(B) is subject to the performance conditions, accountability measures, and renewal determinations established in the charter.

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

(1) All legal requirements described in section 1(d) of this



HB 1176—LS 6675/DI 110

DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M
a
r
k
u
p

chapter.

(2) Except as provided in this section, all requirements for charter schools under this article.

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

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

(2) enter into or have an agreement under this chapter with the charter school.

SECTION 6. 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 IC 20-31-8 for students who reside within the geographic boundaries of the school corporation when calculating the school corporation's performance assessment 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:

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

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

HB 1176—LS 6675/DI 110



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M
a
r
k
u
p

in accordance with the school funding formula to the participating innovation network charter school (if the participating innovation network charter school is, **with regard to students described in this subsection**, treated in the same manner as a school operated by the school corporation under 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.

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

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

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

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

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

(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)

HB 1176—LS 6675/DI 110



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M
a
r
k
u
p

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.~~

(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.

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

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

HB 1176—LS 6675/DI 110



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M
a
r
k
u
p

(1) reside within the geographic boundaries of the school corporation; and

(2) are enrolled in the participating innovation network charter school.

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

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

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

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

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

HB 1176—LS 6675/DI 110



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M
a
r
k
u
p

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

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

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

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

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

For purposes of subdivision (2)(A), student discipline received under IC 20-33-8-25(b)(7) for a violation described in subdivision (2)(B) through (2)(D) must be included in the calculation of the number of

HB 1176—LS 6675/DI 110



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M
a
r
k
u
p

1 school days that a student has been suspended.

2 (e) A participating innovation network charter school may give
3 enrollment preferences to children of the participating innovation
4 network charter school's founders, governing board members, and
5 participating innovation network charter school employees, as long as
6 the enrollment preference under this subsection is not given to more
7 than ten percent (10%) of the participating innovation charter school's
8 total population and there is sufficient capacity for a program, class,
9 grade level, or building to ensure that any student with legal settlement
10 in the attendance area may attend the school.

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

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

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

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

- 41 **(1) reside in the geographic boundaries of the school**
42 **corporation; and**

HB 1176—LS 6675/DI 110



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M
a
r
k
u
p

(2) are enrolled in the participating innovation network charter school;
in accordance with the school funding formula to the participating innovation network charter school.

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

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

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

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

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

- (1) The intervention includes a multitiered system of support that progresses from less to more intensive support based on the student's individual needs.
- (2) The intervention is aligned to daily Tier I instruction and standard level learning progressions.
- (3) The intervention is:
 - (A) targeted;
 - (B) differentiated; and
 - (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

HB 1176—LS 6675/DI 110



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M
a
r
k
u
p

1 school shall provide notice to a parent of the student regarding the
2 determination. The notification may contain the following:

- 3 (1) Specific information about how the student is performing.
- 4 (2) Information about the intervention the student will
- 5 receive from the school.
- 6 (3) A list or description of any recommended resources
- 7 available for use at home to support the student's academic
- 8 growth in mathematics.

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

11 [SECTION 11. IC 20-43-2-1, AS AMENDED BY P.L.205-2013,
12 SECTION 268, IS AMENDED TO READ AS FOLLOWS
13 [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) The department shall
14 distribute the amount appropriated by the general assembly for
15 distribution as state tuition support in accordance with this article.
16 Except as provided in subsection (b), if the appropriations for
17 distribution as state tuition support are more than required under this
18 article, any excess shall revert to the state general fund. The
19 appropriations for state tuition support shall be made each state fiscal
20 year under a schedule set by the budget agency and approved by the
21 governor. However, the schedule must provide:

- 22 (1) for at least twelve (12) payments;
- 23 (2) that one (1) payment shall be made at least every forty (40)
- 24 days; and
- 25 (3) the total of the payments in each state fiscal year must equal
- 26 the amount required under this article.

27 (b) This subsection applies for the state fiscal year beginning
28 July 1, 2025, and ending June 30, 2026. Notwithstanding
29 IC 4-13-2-19, any provision to the contrary in HEA 1001-2025
30 (P.L.213-2025), or any other law, any amount appropriated by the
31 general assembly in HEA 1001-2025 (P.L.213-2025) for
32 distribution as state tuition support in the state fiscal year ending
33 June 30, 2026, that:

- 34 (1) is in excess of the amount required under this article; or
- 35 (2) remains unexpended and unencumbered at the end of the
- 36 state fiscal year;

37 shall not revert to the state general fund. Instead the department
38 shall distribute the amounts described in this subsection among
39 each school corporation to be used for utility bill costs according
40 to subsection (c).

41 (c) The department shall, not later than November 1, 2026,
42 distribute amounts described in subsection (b)(1) and (b)(2) to each

HB 1176—LS 6675/DI 110



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M
a
r
k
u
p

school corporation (not including charter schools) according to the following formula:

STEP ONE: Determine the total amount of money described in subsection (b)(1) and (b)(2) that is available for distribution under this section.

STEP TWO: For each school corporation, determine the most current ADM, not including students who receive more than fifty percent (50%) virtual instruction.

STEP THREE: Determine the sum of all STEP TWO results.

STEP FOUR: Divide the STEP TWO result for each school corporation by the STEP THREE result.

STEP FOUR: Multiply the STEP ONE result by the STEP FOUR result for each school corporation.

SECTION 1 ~~1~~ [2]. IC 20-43-13-4, AS AMENDED BY P.L.213-2025, SECTION 197, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 4. (a) Except as provided in subsections (c) and (d), the complexity index is the percentage of the school corporation's students who were receiving Supplemental Nutrition Assistance Program (SNAP) benefits, Temporary Assistance for Needy Families (TANF) benefits, or foster care services as of October 1 in the school year ending in the later of:

(1) 2025; or

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

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

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

STEP ONE: Determine:

(A) the school corporation's enrollment; minus

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

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

HB 1176—LS 6675/DI 110



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M
a
r
k
u
p

1 STEP THREE: Divide the result of STEP TWO by the result of
 2 STEP ONE.
 3 STEP FOUR: Determine the enrollment **of students described**
 4 **in IC 20-25.7-5-2(b)(2)** of each participating innovation network
 5 charter school.
 6 STEP FIVE: Determine the number of students **described in**
 7 **IC 20-25.7-5-2(b)(2)** in each participating innovation network
 8 charter school who were receiving Supplemental Nutrition
 9 Assistance Program (SNAP) benefits, Temporary Assistance for
 10 Needy Families (TANF) benefits, or foster care services as of
 11 October 1 in the school year ending in the later of:
 12 (A) 2025; or
 13 (B) the first year of operation of the participating innovation
 14 network charter school.
 15 STEP SIX: Divide the result of STEP FIVE by the result of
 16 STEP FOUR.
 17 STEP SEVEN: For each participating innovation network charter
 18 school, determine the greater of:
 19 (A) the result of STEP THREE; or
 20 (B) the result of STEP SIX.
 21 STEP EIGHT: For each participating innovation network charter
 22 school, multiply the result of STEP SEVEN by the result of
 23 STEP FOUR.
 24 STEP NINE: Determine the sum of:
 25 (A) the result of STEP TWO; plus
 26 (B) the results of STEP EIGHT, for each participating
 27 innovation network charter school.
 28 STEP TEN: Determine the sum of:
 29 (A) the result of STEP ONE; plus
 30 (B) the results of STEP FOUR for each participating
 31 innovation network charter school.
 32 STEP ELEVEN: Divide the STEP NINE result by the STEP
 33 TEN result.
 34 (d) If the complexity index of a participating innovation network
 35 charter school that was established before January 1, 2016, is, for the
 36 current school year, greater than the complexity index for the school
 37 corporation with which the innovation network charter school has
 38 contracted, the complexity index of the participating innovation
 39 network charter school is determined as described in IC 20-25.7-5-2(e).
 40 SECTION 1 ~~↔~~ [3]. IC 20-51-1-5, AS AMENDED BY
 41 P.L.162-2024, SECTION 27, IS AMENDED TO READ AS
 42 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 5. "Eligible student"

HB 1176—LS 6675/DI 110



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M
a
r
k
u
p

refers to an individual who:

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

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

- (1) subject to subsection (i), a grant deposited in the eligible student's ESA account under section 2 of this chapter and any interest that may accrue in the ESA account will be used only for the eligible student's ESA qualified expenses;
- (2) if the eligible student participates in the CSA program, a grant deposited in the eligible student's ESA account under IC 20-51.4-4.5-3 and any interest that may accrue in the ESA account will be used only for the eligible student's ESA qualified 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;**
- (4) the parent of the eligible student or the emancipated eligible student will use part of the money in the ESA account:
 - (A) for the eligible student's study in the subject of reading,

HB 1176—LS 6675/DI 110



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M
a
r
k
u
p

- 1 grammar, mathematics, social studies, or science; or
 2 (B) for use in accordance with the eligible student's:
 3 (i) individualized education program;
 4 (ii) service plan developed under 511 IAC 7-34;
 5 (iii) choice special education plan developed under 511
 6 IAC 7-49; or
 7 (iv) plan developed under Section 504 of the federal
 8 Rehabilitation Act of 1973, 29 U.S.C. 794;
 9 (5) the eligible student will not be enrolled in a school that
 10 receives tuition support under IC 20-43; and
 11 (6) the eligible student will take the statewide summative
 12 assessment, as applicable based on the eligible student's grade
 13 level, as provided under IC 20-32-5.1, or the assessment
 14 specified in the eligible student's:
 15 (A) individualized education program developed under
 16 IC 20-35;
 17 (B) service plan developed under 511 IAC 7-34;
 18 (C) choice special education plan developed under 511
 19 IAC 7-49; or
 20 (D) plan developed under Section 504 of the federal
 21 Rehabilitation Act of 1973, 29 U.S.C. 794.
 22 (b) A parent of an eligible student may enter into a separate
 23 agreement under subsection (a) for each child of the parent. However,
 24 not more than one (1) ESA account may be established for each
 25 eligible student.
 26 (c) The ESA account must be established under subsection (a) by
 27 a parent of an eligible student or an emancipated eligible student for a
 28 school year on or before a date established by the department which
 29 must be at least thirty (30) days before the fall count day of ADM
 30 established under IC 20-43-4-3. A parent of an eligible student or an
 31 emancipated eligible student may not enter into an agreement under
 32 this section or maintain an ESA account under this chapter if the
 33 eligible student receives a choice scholarship under IC 20-51-4 for the
 34 same school year. An eligible student may not receive a grant under
 35 section 2 of this chapter if the eligible student is currently included in
 36 a school corporation's ADM count under IC 20-43-4.
 37 (d) Except as provided in subsections (e) and (f), an agreement
 38 made under this section is valid for one (1) school year while the
 39 eligible student is in kindergarten through grade 12 and may be
 40 renewed annually. Upon graduation, or receipt of a certificate of
 41 completion under the eligible student's individualized education
 42 program, the eligible student's ESA account is terminated.

HB 1176—LS 6675/DI 110



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M
a
r
k
u
p

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

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

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

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

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

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

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

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

SECTION 1 ~~4~~ 5. IC 20-51.4-4-2, AS AMENDED BY P.L.213-2025, SECTION 212, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. (a) An eligible student who currently maintains an ESA account is entitled to an ESA annual grant amount for each school year until the student graduates or obtains a certificate of completion under the student's individualized education program. An eligible student may not receive a grant under this section after graduating or obtaining a certificate of completion. The ESA annual grant amount shall be paid from the ESA program fund. The department shall deposit the ESA annual grant amount under this section, in quarterly deposits, into an eligible student's ESA account.

HB 1176—LS 6675/DI 110



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M
a
r
k
u
p

(b) Except as provided in subsection (c), at the end of the year in which an ESA account is established, the parent of an eligible student or the emancipated eligible 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 eligible student or the emancipated eligible student may roll over one thousand dollars (\$1,000) plus any amount rolled over in a previous year.

(c) An eligible student's ESA account shall terminate the later of:

(1) the date the student graduates high school; or

(2) July 1 of the year in the year which the student graduates high school.

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

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

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

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

(1) Appropriations by the general assembly.

(2) Interest deposited in the ESA program fund under subsection

(d).

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

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

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

HB 1176—LS 6675/DI 110



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M
a
r
k
u
p

(b) The department shall administer the fund.

(c) The fund consists of the following:

(1) Appropriations by the general assembly.

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

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

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

SECTION 1 ~~1~~ **[8]**. 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.

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

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

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

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

(c) A parent of a career scholarship student may enter into a

HB 1176—LS 6675/DI 110



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M
a
r
k
u
p

1 separate agreement under subsection (a) for each child of the parent.
 2 However, not more than one (1) CSA account may be established for
 3 each career scholarship student.

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

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

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

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

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

18 (f) If:

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

22 (2) the career scholarship student participates in the ESA
 23 program under this article;

24 the parent or emancipated career scholarship student must participate
 25 in the CSA program using the student's ESA account instead of
 26 establishing a CSA account. However, if the student ceases to
 27 participate in the ESA program, the parent of the student or the
 28 emancipated student must establish a CSA account to participate in the
 29 CSA program.

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

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

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

41 If a CSA account is terminated under this section, money in the career
 42 scholarship student's CSA account, including any interest accrued, [



HB 1176—LS 6675/DI 110

DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M
a
r
k
u
p

~~reverts~~ **does not revert** to the state general fund **and remains available to provide grants to career scholarship students under this chapter.**

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

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

(1) a CSA qualified expense; or

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

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

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

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

(1) graduates; or

(2) obtains:

(A) a certificate of completion under the student's 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

HB 1176—LS 6675/DI 110



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M
a
r
k
u
p

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 2 ~~20-51.4-4.5-4~~ [1]. IC 20-51.4-4.5-4, AS AMENDED BY P.L.213-2025, SECTION 223, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 4. (a) The career scholarship account program fund is established for the purpose of providing grants to career scholarship students under the CSA program.

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

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

(1) Appropriations by the general assembly.

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

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

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

SECTION 22. An emergency is declared for this act.

1

HB 1176—LS 6675/DI 110



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M
a
r
k
u
p