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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



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

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

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

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

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

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

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

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

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

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

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

HB 1176—LS 6675/DI 110



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

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

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

13 STEP ONE: Subtract:

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

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

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

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

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

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

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

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

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

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

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

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

HB 1176—LS 6675/DI 110



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

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

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

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

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

14 (1) the school corporation; or

15 (2) a nonprofit corporation that:

16 (A) is established by the school corporation;

17 (B) is incorporated or registered in Indiana;

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

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

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

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

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

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

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

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

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

HB 1176—LS 6675/DI 110



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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/DJ 110



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1 in accordance with the school funding formula to the
 2 participating innovation network charter school (if the
 3 participating innovation network charter school is, **with regard**
 4 **to students described in this subsection**, treated in the same
 5 manner as a school operated by the school corporation under
 6 subsection (d)(2)).

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

12 (4) For an agreement entered into or renewed after June 30,
 13 2023, the process the board is required to follow in determining
 14 whether to renew the agreement.

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

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

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

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

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

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

36 (2) the department shall:

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

HB 1176—LS 6675/DI 110



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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/DJ 110



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

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

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

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

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

29 (c) A participating innovation network charter school that
 30 reconstitutes or establishes an eligible school may limit new
 31 admissions to the participating innovation network charter school to:

32 (1) ensure that any student with legal settlement in the
 33 attendance area, or in the school corporation **any school**
 34 **corporation with which the participating innovation network**
 35 **charter school has entered into an agreement under this**
 36 **chapter** if the school does not have a defined attendance area,
 37 may attend the charter school;

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

41 (3) allow the siblings of a student alumnus or a current student
 42 who attends the participating innovation network charter school

HB 1176—LS 6675/DI 110



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1 to attend the charter school;

2 (4) allow preschool students who attend a Level 3 or Level 4

3 Paths to QUALITY program preschool to attend kindergarten at

4 the participating innovation network charter school if the

5 participating innovation network charter school and the school

6 corporation or preschool provider have entered into an

7 agreement to share services or facilities;

8 (5) allow each student who qualifies for free or reduced price

9 lunch under the national school lunch program to receive

10 preference for admission to the participating innovation network

11 charter school if the preference is specifically provided for in the

12 charter and is approved by the authorizer; and

13 (6) allow each student who attended a turnaround academy or

14 attends a school that is located in the same school building as the

15 participating innovation network charter school to receive

16 preference for admission to the participating innovation network

17 charter school if the preference is specifically provided for in the

18 participating innovation network charter school's charter and is

19 approved by the authorizer of the participating innovation

20 network charter school.

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

22 curriculum that includes study in a foreign country may deny admission

23 to a student if:

24 (1) the student:

25 (A) has completed fewer than twenty-two (22) academic

26 credits required for graduation; and

27 (B) will be in the grade 11 cohort during the school year in

28 which the student seeks to enroll in the participating

29 innovation network charter school; or

30 (2) the student has been suspended (as defined in IC 20-33-8-7)

31 or expelled (as defined in IC 20-33-8-3) during the twelve (12)

32 months immediately preceding the student's application for

33 enrollment for:

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

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

36 (C) causing physical injury to a student, a school employee,

37 or a visitor to the school; or

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

39 rules.

40 For purposes of subdivision (2)(A), student discipline received under

41 IC 20-33-8-25(b)(7) for a violation described in subdivision (2)(B)

42 through (2)(D) must be included in the calculation of the number of

HB 1176—LS 6675/DI 110



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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



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1 **(2) are enrolled** in the participating innovation network charter
2 school;

3 in accordance with the school funding formula to the participating
4 innovation network charter school.

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

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

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

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

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

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

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

27 (3) The intervention is:

28 (A) targeted;
29 (B) differentiated; and

30 (C) supplemental to Tier I instruction.

31 (4) The intervention:

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

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

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

HB 1176—LS 6675/DI 110



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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



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

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

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

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

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

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

14 1 SECTION 1~~↔~~[2]. IC 20-43-13-4, AS AMENDED BY
 15 P.L.213-2025, SECTION 197, IS AMENDED TO READ AS
 16 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 4. (a) Except as
 17 provided in subsections (c) and (d), the complexity index is the
 18 percentage of the school corporation's students who were receiving
 19 Supplemental Nutrition Assistance Program (SNAP) benefits,
 20 Temporary Assistance for Needy Families (TANF) benefits, or foster
 21 care services as of October 1 in the school year ending in the later of:

22 (1) 2025; or

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

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

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

31 STEP ONE: Determine:

32 (A) the school corporation's enrollment; minus

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

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

HB 1176—LS 6675/DI 110



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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~~2~~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



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1 refers to an individual who:

2 (1) has legal settlement in Indiana;

3 (2) is at least four (4) years of age and less than twenty-two (22)

4 years of age on October 1 of the applicable school year; **and**

5 (3) either has been or is currently enrolled in a participating

6 school. **and**

7 **(4) is a member of a household with an annual income of not**

8 **more than four hundred percent (400%) of the amount required**

9 **for the individual to qualify for the federal free or reduced price**

10 **lunch program.**

11 SECTION 1~~3~~4. IC 20-51.4-4-1, AS AMENDED BY

12 P.L.213-2025, SECTION 211, IS AMENDED TO READ AS

13 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. (a) After June 30,

14 2022, a parent of an eligible student or an emancipated eligible student

15 may establish an Indiana education scholarship account for the eligible

16 student by entering into a written agreement with the department on a

17 form prepared by the department. The department shall establish a date

18 by which an application to establish an ESA account for the upcoming

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

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

21 student not later than September 1 for the immediately following

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

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

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

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

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

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

28 student's ESA account under section 2 of this chapter and any

29 interest that may accrue in the ESA account will be used only for

30 the eligible student's ESA qualified expenses;

31 (2) if the eligible student participates in the CSA program, a

32 grant deposited in the eligible student's ESA account under

33 IC 20-51.4-4.5-3 and any interest that may accrue in the ESA

34 account will be used only for the eligible student's ESA qualified

35 expenses;

36 (3) money in the ESA account when the ESA account is

37 terminated **reverts does not revert** to the state general fund **and**

38 **remains available to provide grants to eligible students under**

39 **this chapter;**

40 (4) the parent of the eligible student or the emancipated eligible

41 student will use part of the money in the ESA account:

42 (A) for the eligible student's study in the subject of reading,

HB 1176—LS 6675/DI 110



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HB 1176—LS 6675/DJ 110



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

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

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

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

31 SECTION 1~~44~~5. IC 20-51.4-4-2, AS AMENDED BY
32 P.L.213-2025, SECTION 212, IS AMENDED TO READ AS
33 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. (a) An eligible
34 student who currently maintains an ESA account is entitled to an ESA
35 annual grant amount for each school year until the student graduates or
36 obtains a certificate of completion under the student's individualized
37 education program. An eligible student may not receive a grant under
38 this section after graduating or obtaining a certificate of completion.
39 The ESA annual grant amount shall be paid from the ESA program
40 fund. The department shall deposit the ESA annual grant amount under
41 this section, in quarterly deposits, into an eligible student's ESA
42 account.

HB 1176—LS 6675/DJ 110



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(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.

the fund for the purposes of the fund.

SECTION 1 ~~(7)~~ [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



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(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~~8~~[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;

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/DJ 110



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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,I

HB 1176—LS 6675/DI 110



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

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

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

13 (1) a CSA qualified expense; or

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

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

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

26 SECTION ~~49~~20. IC 20-51.4-4.5-3, AS AMENDED BY
 27 P.L.213-2025, SECTION 222, IS AMENDED TO READ AS
 28 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 3. (a) A career
 29 scholarship student who currently maintains a CSA account or an ESA
 30 account and participates in the CSA program is entitled to an annual
 31 grant amount for each school year until the student:

32 (1) graduates; or

33 (2) obtains:

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

38 (b) A career scholarship student may not receive a grant under this
 39 section after graduating, receiving an Indiana high school equivalency
 40 diploma, or obtaining a certificate of completion. The CSA annual
 41 grant amount shall be paid from the CSA program fund. The
 42 department shall deposit the CSA annual grant amount under this

HB 1176—LS 6675/DI 110



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1 section, in quarterly deposits, into a career scholarship student's:
 2 (1) CSA account; or
 3 (2) ESA account if the student participates in the ESA program;
 4 in a manner established by the department.
 5 (c) Except as provided in subsection (d), at the end of the year in
 6 which a CSA account is established, the parent of a career scholarship
 7 student or the emancipated career scholarship student may roll over for
 8 use in a subsequent year a maximum of one thousand dollars (\$1,000).
 9 However, for each year thereafter, the parent of the career scholarship
 10 student or emancipated eligible student may roll over one thousand
 11 dollars (\$1,000) plus any amount rolled over in a previous year.
 12 (d) A career scholarship student's CSA account shall terminate the
 13 later of:
 14 (1) the date the student graduates high school or obtains an
 15 Indiana high school equivalency diploma; or
 16 (2) July 1 of the year in which the student graduates high school
 17 or obtains an Indiana high school equivalency diploma.
 18 Any money, including interest that remains in the career scholarship
 19 student's CSA account when it terminates under this subsection, ~~reverts~~
 20 **does not revert** to the state general fund **and remains available to**
 21 **provide grants to career scholarship students under this chapter.**
 22 SECTION 2~~↔~~11. IC 20-51.4-4.5-4, AS AMENDED BY
 23 P.L.213-2025, SECTION 223, IS AMENDED TO READ AS
 24 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 4. (a) The career
 25 scholarship account program fund is established for the purpose of
 26 providing grants to career scholarship students under the CSA program.
 27 (b) The department shall administer the CSA program fund.
 28 (c) The CSA program fund consists of the following:
 29 (1) Appropriations by the general assembly.
 30 (2) Interest deposited in the CSA program fund under subsection
 31 (d).
 32 (d) The treasurer of state shall invest money in the CSA program
 33 fund not currently needed to meet the obligations of the CSA program
 34 fund in the same manner as other public money may be invested.
 35 Interest that accrues from these investments shall be deposited in the
 36 CSA program fund.
 37 (e) Money in the CSA program fund at the end of a state fiscal
 38 year~~1~~**reverts does not revert** to the state general fund **and remains in**
 39 **the fund for the purposes of the fund.**
 40 I **SECTION 22. An emergency is declared for this act.**
 41 I

HB 1176—LS 6675/DI 110



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