
HOUSE BILL No. 1176

AM117609 has been incorporated into January 8, 2026 printing.

Synopsis: Education matters.

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January 8, 2026

Second Regular Session of the 124th General Assembly (2026)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2025 Regular Session of the General Assembly.

HOUSE BILL No. 1176

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

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

1 SECTION 1. IC 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

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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.

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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

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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

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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;

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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.

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.

(d) Upon receipt of the notification under subsection (c), for 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:

(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)

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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, 2022.

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:

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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



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



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**

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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:

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:

(A) targeted;
(B) differentiated; and

30 (C) supplemental to Tier I instruction.

31 (4) The intervention:

(A) is aligned with evidence based instructional strategies to promote conceptual understanding, procedural fluency, 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.

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

- 19 **(1) 2025; or**
- 20 **(2) the first year of operation of the school corporation.**

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

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

28 STEP ONE: Determine:

- 29 **(A) the school corporation's enrollment; minus**
- 30 **(B) the enrollment of students described in**
 31 **IC 20-25.7-5-2(b)(2) of each participating innovation**
 32 **network charter school.**

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

40 STEP THREE: Divide the result of STEP TWO by the result of
 41 STEP ONE.

42 STEP FOUR: Determine the enrollment of students described



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

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

9 (A) 2025; or
10 (B) the first year of operation of the participating innovation
11 network charter school.

12 STEP SIX: Divide the result of STEP FIVE by the result of
13 STEP FOUR.

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

16 (A) the result of STEP THREE; or
17 (B) the result of STEP SIX.

18 STEP EIGHT: For each participating innovation network charter
19 school, multiply the result of STEP SEVEN by the result of
20 STEP FOUR.

21 STEP NINE: Determine the sum of:

22 (A) the result of STEP TWO; plus
23 (B) the results of STEP EIGHT, for each participating
24 innovation network charter school.

25 STEP TEN: Determine the sum of:

26 (A) the result of STEP ONE; plus
27 (B) the results of STEP FOUR for each participating
28 innovation network charter school.

29 STEP ELEVEN: Divide the STEP NINE result by the STEP
30 TEN result.

31 (d) If the complexity index of a participating innovation network
32 charter school that was established before January 1, 2016, is, for the
33 current school year, greater than the complexity index for the school
34 corporation with which the innovation network charter school has
35 contracted, the complexity index of the participating innovation
36 network charter school is determined as described in IC 20-25.7-5-2(e).

37 SECTION 12. IC 20-51-1-4.3, AS AMENDED BY P.L.21-2025,
38 SECTION 199, IS REPEALED [EFFECTIVE JUNE 29, 2026]. Sec.
39 4.3. "Eligible choice scholarship student" refers to an individual who:

40 (1) has legal settlement in Indiana; and
41 (2) is at least five (5) years of age and less than twenty-two (22)
42 years of age on October 1 of the applicable school year.

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1 SECTION 13. IC 20-51.4-4-1, AS AMENDED BY P.L.213-2025,
 2 SECTION 211, IS AMENDED TO READ AS FOLLOWS
 3 [EFFECTIVE JULY 1, 2026]: Sec. 1. (a) After June 30, 2022, a parent
 4 of an eligible student or an emancipated eligible student may establish
 5 an Indiana education scholarship account for the eligible student by
 6 entering into a written agreement with the department on a form
 7 prepared by the department. The department shall establish a date by
 8 which an application to establish an ESA account for the upcoming
 9 school year must be submitted. However, for a school year beginning
 10 after July 1, 2022, applications must be submitted for an eligible
 11 student not later than September 1 for the immediately following
 12 school year. The ESA account of an eligible student shall be made in
 13 the name of the eligible student. The department shall make the
 14 agreement available on the website of the department. To be eligible,
 15 a parent of an eligible student or an emancipated eligible student
 16 wishing to participate in the ESA program must agree that:

17 (1) subject to subsection (i), a grant deposited in the eligible
 18 student's ESA account under section 2 of this chapter and any
 19 interest that may accrue in the ESA account will be used only for
 20 the eligible student's ESA qualified expenses;
 21 (2) if the eligible student participates in the CSA program, a
 22 grant deposited in the eligible student's ESA account under
 23 IC 20-51.4-4.5-3 and any interest that may accrue in the ESA
 24 account will be used only for the eligible student's ESA qualified
 25 expenses;
 26 (3) money in the ESA account when the ESA account is
 27 terminated ~~reverts~~ **does not revert** to the state general fund **and**
 28 **remains available to provide grants to eligible students under**
 29 **this chapter;**
 30 (4) the parent of the eligible student or the emancipated eligible
 31 student will use part of the money in the ESA account:
 32 (A) for the eligible student's study in the subject of reading,
 33 grammar, mathematics, social studies, or science; or
 34 (B) for use in accordance with the eligible student's:
 35 (i) individualized education program;
 36 (ii) service plan developed under 511 IAC 7-34;
 37 (iii) choice special education plan developed under 511
 38 IAC 7-49; or
 39 (iv) plan developed under Section 504 of the federal
 40 Rehabilitation Act of 1973, 29 U.S.C. 794;
 41 (5) the eligible student will not be enrolled in a school that
 42 receives tuition support under IC 20-43; and

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- 5 (A) individualized education program developed under
6 IC 20-35;
- 7 (B) service plan developed under 511 IAC 7-34;
- 8 (C) choice special education plan developed under 511
9 IAC 7-49; or
- 10 (D) plan developed under Section 504 of the federal
11 Rehabilitation Act of 1973, 29 U.S.C. 794.

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

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

41 If an ESA account is terminated under this section, money in the
42 eligible student's ESA account, including any interest accrued, reverts

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1 **does not revert to the state general fund and remains available to**
 2 **provide grants to eligible students under this chapter.**

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

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

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

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

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

32 (b) Except as provided in subsection (c), at the end of the year in
 33 which an ESA account is established, the parent of an eligible student
 34 or the emancipated eligible student may roll over for use in a
 35 subsequent year a maximum of one thousand dollars (\$1,000).
 36 However, for each year thereafter, the parent of the eligible student or
 37 the emancipated eligible student may roll over one thousand dollars
 38 (\$1,000) plus any amount rolled over in a previous year.

39 (c) An eligible student's ESA account shall terminate the later of:
 40 (1) the date the student graduates high school; or
 41 (2) July 1 of the year in the year which the student graduates
 42 high school.

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

5 SECTION 15. IC 20-51.4-4-3, AS AMENDED BY P.L.213-2025,
 6 SECTION 213, IS AMENDED TO READ AS FOLLOWS
 7 [EFFECTIVE JULY 1, 2026]: Sec. 3. (a) The Indiana education
 8 scholarship account program fund is established for the purpose of
 9 providing grants to eligible students under the ESA program. Money
 10 appropriated to the fund may be used to provide grants under this
 11 chapter in the manner prescribed in section 2 of this chapter.

12 (b) The department shall administer the ESA program fund.
 13 (c) The ESA program fund consists of the following:
 14 (1) Appropriations by the general assembly.
 15 (2) Interest deposited in the ESA program fund under subsection
 16 (d).
 17 (d) The treasurer of state shall invest money in the ESA program
 18 fund not currently needed to meet the obligations of the ESA program
 19 fund in the same manner as other public money may be invested.
 20 Interest that accrues from these investments shall be deposited in the
 21 ESA program fund.

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

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

31 (b) The department shall administer the fund.
 32 (c) The fund consists of the following:
 33 (1) Appropriations by the general assembly.
 34 (2) Interest deposited in the fund under subsection (d).
 35 (d) The treasurer of state shall invest money in the fund not
 36 currently needed to meet the obligations of the fund in the same
 37 manner as other public money may be invested. Interest that accrues
 38 from these investments shall be deposited in the fund.

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

42 SECTION 17. IC 20-51.4-4.5-1, AS AMENDED BY

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1 P.L.213-2025, SECTION 220, IS AMENDED TO READ AS
 2 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. (a) After June 30,
 3 2023, a parent of a career scholarship student or an emancipated career
 4 scholarship student may establish a career scholarship account for the
 5 career scholarship student by entering into a written agreement with the
 6 department on a form prepared by the department. An application to
 7 establish a CSA account, or an application to participate in the CSA
 8 program with an ESA account, must be submitted not later than
 9 October 1 for the school year. Subject to subsection (f), the CSA
 10 account of a career scholarship student must be made in the name of
 11 the career scholarship student. The department shall make the
 12 agreement available on the website of the department.

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

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

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

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

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

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

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

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6 (f) If:
7 (1) a parent of a career scholarship student or an emancipated
8 career scholarship student enters into a written agreement with
9 the department on a form under subsection (a); and
10 (2) the career scholarship student participates in the ESA
11 program under this article;

12 the parent or emancipated career scholarship student must participate
13 in the CSA program using the student's ESA account instead of
14 establishing a CSA account. However, if the student ceases to
15 participate in the ESA program, the parent of the student or the
16 emancipated student must establish a CSA account to participate in the
17 CSA program.

18 SECTION 18. IC 20-51.4-4.5-2, AS AMENDED BY
19 P.L.213-2025, SECTION 221, IS AMENDED TO READ AS
20 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. (a) An agreement
21 entered into under section 1 of this chapter terminates automatically for
22 a career scholarship student if:

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

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

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

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

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

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

20 (1) graduates; or
21 (2) obtains:
22 (A) a certificate of completion under the student's
23 individualized education program; or
24 (B) an Indiana high school equivalency diploma under
25 IC 22-4.1-18.

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

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

42 (d) A career scholarship student's CSA account shall terminate the

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1 later of:

2 (1) the date the student graduates high school or obtains an

3 Indiana high school equivalency diploma; or

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

5 or obtains an Indiana high school equivalency diploma.

6 Any money, including interest that remains in the career scholarship

7 student's CSA account when it terminates under this subsection, ~~reverts~~

8 **does not revert** to the state general fund **and remains available to**

9 **provide grants to career scholarship students under this chapter.**

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

11 P.L.213-2025, SECTION 223, IS AMENDED TO READ AS

12 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 4. (a) The career

13 scholarship account program fund is established for the purpose of

14 providing grants to career scholarship students under the CSA program.

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

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

17 (1) Appropriations by the general assembly.

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

19 (d).

20 (d) The treasurer of state shall invest money in the CSA program

21 fund not currently needed to meet the obligations of the CSA program

22 fund in the same manner as other public money may be invested.

23 Interest that accrues from these investments shall be deposited in the

24 CSA program fund.

25 (e) Money in the CSA program fund at the end of a state fiscal

26 year ~~reverts~~ **does not revert** to the state general fund **and remains in**

27 **the fund for the purposes of the fund.**

28 SECTION 21. [EFFECTIVE UPON PASSAGE] (a) **This act**

29 **repeals the version of IC 20-51-1-4.3 amended by P.L.213-2025,**

30 **SECTION 199. The version of IC 20-51-1-4.3 amended by**

31 **P.L.201-2023, SECTION 215 continues in effect.**

32 (b) **This SECTION expires June 30, 2027.**

33 SECTION 22. **An emergency is declared for this act.**

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