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HOUSE BILL No. 1176

Proposed Changes to January 8, 2026 printing by AM117610

DIGEST OF PROPOSED AMENDMENT

ESA and CSA reversions. Removes changes made to certain reversion provisions regarding education scholarship accounts and career scholarship accounts.

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

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

4 (1) applies only to an operating referendum tax levy under
 5 IC 20-46-1 approved by the voters before January 1, 2023, that
 6 is imposed by a school corporation for taxes first due and
 7 payable in 2024 and 2025;
 8 (2) does not apply to an operating referendum tax levy under
 9 IC 20-46-1:

10 (A) approved by the voters during a time that the school
 11 corporation imposing the levy was designated as a
 12 distressed political subdivision; or
 13 (B) approved by the voters after December 31, 2022, and
 14 before January 1, 2025, that is imposed by a school
 15 corporation for taxes first due and payable in 2024 or 2025;
 16 and

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

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

29 (c) Notwithstanding any increase in the assessed value of property
 30 from the previous assessment date, for taxes first due and payable in
 31 2024, the total amount of operating referendum tax that may be levied
 32 by a school corporation may not exceed the lesser of:

33 (1) the maximum operating referendum tax that could have been
 34 levied by the school corporation if the maximum referendum rate
 35 was imposed for taxes first due and payable in 2023 multiplied
 36 by one and three-hundredths (1.03); or
 37 (2) the maximum operating referendum tax that could otherwise
 38 be levied by the school corporation for taxes first due and
 39 payable in 2024.

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

42 (d) Notwithstanding any increase in the assessed value of property

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1 from the previous assessment date, for taxes first due and payable in
 2 2025, the total amount of operating referendum tax that may be levied
 3 by a school corporation may not exceed the lesser of the following:

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

10 STEP ONE: Subtract:

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

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

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

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

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

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

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

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

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

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

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

38 SECTION 4. IC 20-24-11-5 IS ADDED TO THE INDIANA
 39 CODE AS A NEW SECTION TO READ AS FOLLOWS
 40 [EFFECTIVE JULY 1, 2026]: Sec. 5. (a) An existing public
 41 elementary or secondary school may be converted into a charter
 42 school if the governing body of the school corporation:

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

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

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

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

(1) the school corporation; or

(2) a nonprofit corporation that:

(A) is established by the school corporation;

(B) is incorporated or registered in Indiana;

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

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

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

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

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

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

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

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

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

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

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

5 **(1) be an authorizer of a charter school; and**
 6 **(2) enter into or have an agreement under this chapter with**
 7 **the charter school.**

8 SECTION 6. IC 20-25.7-5-2, AS AMENDED BY P.L.213-2025,
 9 SECTION 169, IS AMENDED TO READ AS FOLLOWS
 10 [EFFECTIVE JULY 1, 2026]: Sec. 2. (a) ~~The~~ A board may enter into
 11 an agreement with an organizer to:

12 **(1) reconstitute an eligible school as a participating innovation**
 13 **network charter school; or to**
 14 **(2) establish a participating innovation network charter school at**
 15 **a location:**
 16 **(A) selected by the board; ~~within the boundary of the school~~**
 17 **~~corporation; or~~**
 18 **(B) ~~within the geographic boundaries of any school~~**
 19 **~~corporation with which the organizer enters into an~~**
 20 **~~agreement under this chapter.~~**

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

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

25 **(1) A statement that the organizer authorizes the department to**
 26 **include the charter school's performance assessment results**
 27 **under IC 20-31-8 ~~for students who reside within the~~**
 28 **~~geographic boundaries of the school corporation~~ when**
 29 **calculating the school corporation's performance assessment**
 30 **under rules adopted by the state board.**

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

36 **(A) reside within the geographic boundaries of the**
 37 **~~school corporation; and~~**

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

40 in accordance with the school funding formula to the
 41 participating innovation network charter school (if the
 42 participating innovation network charter school is, **with regard**

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1 **to students described in this subsection**, treated in the same
2 manner as a school operated by the school corporation under
3 subsection (d)(2)).

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

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

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

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

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

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

(2) the department shall;

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

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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.

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

40 (1) reside within the geographic boundaries of the school
41 corporation; and
42 (2) are enrolled in the participating innovation network

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1 charter school.

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

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

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

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

26 (c) A participating innovation network charter school that
27 reconstitutes or establishes an eligible school may limit new
28 admissions to the participating innovation network charter school to:

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

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

38 (3) allow the siblings of a student alumnus or a current student
39 who attends the participating innovation network charter school
40 to attend the charter school;

(4) allow preschool students who attend a Level 3 or Level 4 Paths to QUALITY program preschool to attend kindergarten at

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1 the participating innovation network charter school if the
 2 participating innovation network charter school and the school
 3 corporation or preschool provider have entered into an
 4 agreement to share services or facilities;

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

10 (6) allow each student who attended a turnaround academy or
 11 attends a school that is located in the same school building as the
 12 participating innovation network charter school to receive
 13 preference for admission to the participating innovation network
 14 charter school if the preference is specifically provided for in the
 15 participating innovation network charter school's charter and is
 16 approved by the authorizer of the participating innovation
 17 network charter school.

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

21 (1) the student:

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

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

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

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

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

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

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

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

41 (e) A participating innovation network charter school may give
 42 enrollment preferences to children of the participating innovation

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

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

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

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

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

- 38 (1) **reside in the geographic boundaries of the school**
corporation; and
- 39 (2) **are enrolled** in the participating innovation network charter
 40 school;

41 in accordance with the school funding formula to the participating

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1 innovation network charter school.

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

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

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

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

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

19 (1) The intervention includes a multilevel system of support that
 20 progresses from less to more intensive support based on the
 21 student's individual needs.

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

24 (3) The intervention is:

25 (A) targeted;
 26 (B) differentiated; and
 27 (C) supplemental to Tier I instruction.

28 (4) The intervention:

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

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

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

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

42 (1) **Specific information about how the student is performing.**

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(2) Information about the intervention the student will receive from the school.

(3) A list or description of any recommended resources available for use at home to support the student's academic growth in mathematics.

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

SECTION 11. IC 20-43-13-4, AS AMENDED BY P.L.213-2025, SECTION 197, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 4. (a) Except as provided in subsections (c) and (d), the complexity index is the percentage of the school corporation's students who were receiving Supplemental Nutrition Assistance Program (SNAP) benefits, Temporary Assistance for Needy Families (TANF) benefits, or foster care services as of October 1 in the school year ending in the later of:

(1) 2025; or

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

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

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

STEP ONE: Determine:

(A) the school corporation's enrollment; minus

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

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

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

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

STEP FIVE: Determine the number of students described in

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

6 (A) 2025; or
 7 (B) the first year of operation of the participating innovation
 8 network charter school.

9 STEP SIX: Divide the result of STEP FIVE by the result of
 10 STEP FOUR.

11 STEP SEVEN: For each participating innovation network charter
 12 school, determine the greater of:

13 (A) the result of STEP THREE; or
 14 (B) the result of STEP SIX.

15 STEP EIGHT: For each participating innovation network charter
 16 school, multiply the result of STEP SEVEN by the result of
 17 STEP FOUR.

18 STEP NINE: Determine the sum of:

19 (A) the result of STEP TWO; plus
 20 (B) the results of STEP EIGHT, for each participating
 21 innovation network charter school.

22 STEP TEN: Determine the sum of:

23 (A) the result of STEP ONE; plus
 24 (B) the results of STEP FOUR for each participating
 25 innovation network charter school.

26 STEP ELEVEN: Divide the STEP NINE result by the STEP
 27 TEN result.

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

34 SECTION 12. IC 20-51-1-5, AS AMENDED BY P.L.162-2024,
 35 SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 36 JULY 1, 2026]: Sec. 5. "Eligible student" refers to an individual who:

37 (1) has legal settlement in Indiana;
 38 (2) is at least four (4) years of age and less than twenty-two (22)
 39 years of age on October 1 of the applicable school year; **and**
 40 (3) either has been or is currently enrolled in a participating
 41 school. **and**
 42 (4) is a member of a household with an annual income of not

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1 more than four hundred percent (400%) of the amount required
 2 for the individual to qualify for the federal free or reduced price
 3 lunch program;

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

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

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1 ~~established or last renewed.~~

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

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

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

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

20 (i) A student described in IC 20-51.4-2-4(3)(B) may not use the
21 money deposited into the eligible student's ESA account for ESA
22 qualified expenses described in IC 20-51.4-2-9(a)(3),
23 IC 20-51.4-2-9(a)(6), IC 20-51.4-2-9(a)(7), or IC 20-51.4-2-9(a)(9).

— SECTION 14.1C 20-51.4-4-2, AS AMENDED BY P.L.213-2025, SECTION 212, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: See. 2. (a) An eligible student who currently maintains an ESA account is entitled to an ESA annual grant amount for each school year until the student graduates or obtains a certificate of completion under the student's individualized education program. An eligible student may not receive a grant under this section after graduating or obtaining a certificate of completion. The ESA annual grant amount shall be paid from the ESA program fund. The department shall deposit the ESA annual grant amount under this section, in quarterly deposits, into an eligible student's ESA account.

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

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

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1 (1) the date the student graduates high school; or
 2 (2) July 1 of the year in the year which the student graduates
 3 high school.
 4 Any money, including interest that remains in the eligible student's
 5 ~~ESA account when it terminates under this subsection reverts does not~~
 6 ~~revert to the state general fund and remains available to provide~~
 7 ~~grants to eligible students under this chapter.~~
 8 ~~SECTION 15. IC 20-51.4-4-3, AS AMENDED BY P.L.213-2025,~~
 9 ~~SECTION 213, IS AMENDED TO READ AS FOLLOWS~~
 10 ~~[EFFECTIVE JULY 1, 2026]~~: See. 3. (a) The Indiana education
 11 ~~scholarship account program fund is established for the purpose of~~
 12 ~~providing grants to eligible students under the ESA program. Money~~
 13 ~~appropriated to the fund may be used to provide grants under this~~
 14 ~~chapter in the manner prescribed in section 2 of this chapter.~~
 15 (b) The department shall administer the ESA program fund.
 16 (c) The ESA program fund consists of the following:
 17 (1) Appropriations by the general assembly.
 18 (2) Interest deposited in the ESA program fund under subsection
 19 (d).
 20 (d) The treasurer of state shall invest money in the ESA program
 21 fund not currently needed to meet the obligations of the ESA 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 ESA program fund.
 25 (e) Money in the ESA program fund at the end of a state fiscal year
 26 ~~reverts does not revert to the state general fund and remains in the~~
 27 ~~fund for the purposes of the fund.~~
 28 ~~SECTION 16. IC 20-51.4-4-3.5, AS AMENDED BY~~
 29 ~~P.L.213-2025, SECTION 214, IS AMENDED TO READ AS~~
 30 ~~FOLLOWS [EFFECTIVE JULY 1, 2026]~~: See. 3.5. (a) The Indiana
 31 education scholarship account administration fund is established for the
 32 purpose of accepting money for the Indiana education scholarship
 33 account program to support administration of the ESA program.
 34 (b) The department shall administer the fund.
 35 (c) The fund consists of the following:
 36 (1) Appropriations by the general assembly.
 37 (2) Interest deposited in the fund under subsection (d).
 38 (d) The treasurer of state shall invest money in the fund not
 39 currently needed to meet the obligations of the fund in the same
 40 manner as other public money may be invested. Interest that accrues
 41 from these investments shall be deposited in the fund.
 42 (e) Money in the fund at the end of a state fiscal year reverts ~~does~~

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

3 ~~SECTION 17. IC 20-51.4-4.5-1, AS AMENDED BY~~
 4 ~~PL 213-2025, SECTION 220, IS AMENDED TO READ AS~~
 5 ~~FOLLOWS [EFFECTIVE JULY 1, 2026]: See. 1. (a) After June 30,~~
 6 ~~2023, a parent of a career scholarship student or an emancipated career~~
 7 ~~scholarship student may establish a career scholarship account for the~~
 8 ~~career scholarship student by entering into a written agreement with the~~
 9 ~~department on a form prepared by the department. An application to~~
 10 ~~establish a CSA account, or an application to participate in the CSA~~
 11 ~~program with an ESA account, must be submitted not later than~~
 12 ~~October 1 for the school year. Subject to subsection (f), the CSA~~
 13 ~~account of a career scholarship student must be made in the name of~~
 14 ~~the career scholarship student. The department shall make the~~
 15 ~~agreement available on the website of the department.~~

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

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

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

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

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

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

42 ~~(e) Except as provided in section 2 of this chapter, an agreement~~

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1 made under this section is valid for one (1) school year while the career
 2 scholarship student is in grades 10 through 12 and may be renewed
 3 annually. Upon graduation, or receipt of:

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

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

9 (f) If:

- 10 (1) a parent of a career scholarship student or an emancipated
 11 career scholarship student enters into a written agreement with
 12 the department on a form under subsection (a); and
 13 (2) the career scholarship student participates in the ESA
 14 program under this article;

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

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

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

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

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

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1 (c) A distribution made to a CSA account or ESA account, as
 2 applicable, under section 3 of this chapter is considered tax exempt as
 3 long as the distribution is used for:
 4 (1) a CSA qualified expense; or
 5 (2) an ESA qualified expense if the career scholarship student is
 6 participating in the ESA program.
 7 The amount is subtracted from the definition of "adjusted gross
 8 income" under IC 6-3-1-3.5 to the extent the distribution used for the
 9 CSA qualified expense or ESA qualified expense, as applicable, is
 10 included in the taxpayer's adjusted federal gross income under the
 11 Internal Revenue Code.
 12 (d) If a career scholarship student does not have a student test
 13 number, the department shall establish a student test number as
 14 described in IC 20-19-3-9.4 for the career scholarship student. The
 15 department shall provide the department information necessary for the
 16 department to comply with this subsection.
 17 SECTION 19. IC 20-51.4-4.5-3, AS AMENDED BY
 18 P.L.213-2025, SECTION 222, IS AMENDED TO READ AS
 19 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 3. (a) A career
 20 scholarship student who currently maintains a CSA account or an ESA
 21 account and participates in the CSA program is entitled to an annual
 22 grant amount for each school year until the student:
 23 (1) graduates; or
 24 (2) obtains:
 25 (A) a certificate of completion under the student's
 26 individualized education program; or
 27 (B) an Indiana high school equivalency diploma under
 28 IC 22-4.1-18.
 29 (b) A career scholarship student may not receive a grant under this
 30 section after graduating, receiving an Indiana high school equivalency
 31 diploma, or obtaining a certificate of completion. The CSA annual
 32 grant amount shall be paid from the CSA program fund. The
 33 department shall deposit the CSA annual grant amount under this
 34 section, in quarterly deposits, into a career scholarship student's:
 35 (1) CSA account; or
 36 (2) ESA account if the student participates in the ESA program;
 37 in a manner established by the department.
 38 (c) Except as provided in subsection (d), at the end of the year in
 39 which a CSA account is established, the parent of a career scholarship
 40 student or the emancipated career scholarship student may roll over for
 41 use in a subsequent year a maximum of one thousand dollars (\$1,000).
 42 However, for each year thereafter, the parent of the career scholarship

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