

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
FISCAL IMPACT STATEMENT**

LS 6953
BILL NUMBER: HB 1266

NOTE PREPARED: Jan 4, 2026
BILL AMENDED:

SUBJECT: Department of Education and Education Matters.

FIRST AUTHOR: Rep. Behning
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill makes various changes to education provisions concerning the following:

- (1) Schools eligible for grants from the Indiana Secured School Fund, Teacher Appreciation Grants, grants under the Robotics Competition Program, and funding for certain Advanced Placement examinations.
- (2) Creating and updating a list of employers that have agreed to provide career support for or interview Indiana residents who graduate with an Indiana diploma with an employment honors plus seal.
- (3) Creating a teaching and learning framework for the implementation of mathematics academic standards.
- (4) Development of a data science math pathway.
- (5) Establishing a process and strategies to support academic and fiscally underperforming schools, development of a plan to intervene, and submission of the process and plan to the General Assembly.
- (6) Evaluating, approving, and publishing high quality curricular materials time lines.
- (7) Local board membership for a local centralized school facilities board and local student transportation board.
- (8) Salary differentiation regarding teachers who possess a literacy endorsement.
- (9) Amounts expended in participating in an interlocal cooperative included in determining amounts school corporations expend on full-time teacher salaries for purposes of teacher salary minimum funding requirements.
- (10) Summer School Program and reimbursement administration.
- (11) Criteria required for eligibility of a waiver for conducting four day school weeks.
- (12) Oversight of Career and Technical Education Program designation.
- (13) Uses of Teacher Appreciation Grants.
- (14) The calculation of school safety referendum distributions to charter schools with regard to virtual instruction.
- (15) Petitions regarding reconsidering payments of Choice Scholarships.
- (16) Eligibility for Teacher Appreciation Grants by the Department of Correction.
- (17) Membership of the Board for Proprietary Education.
- (18) The effective date regarding the changes to the definition of "eligible Choice Scholarship

student".

The bill also provides that an emergency permit may be granted up to two times to an individual enrolled in an alternative teacher certification program if the program provides documentation verifying the individual's good standing in the program to the Department of Education.

The bill creates a new qualification option for a Transition to Teaching Program participant who seeks to obtain a license to teach in grades 5 through 12.

It also joins the Interstate Teacher Mobility Compact.

It provides that:

(1) state accredited nonpublic schools; and
(2) nonpublic schools that are accredited by a national or regional accreditation agency that is recognized by the State Board of Education;
are eligible to participate in the Teacher Residency Grant Pilot Program.

The bill removes a provision that provides that the department may not release less than 10 items per subject matter level per grade level regarding the statewide summative assessment.

It also removes a requirement that for a parent or student to use a Career Scholarship Account (CSA) annual grant amount for costs related to transportation a CSA participating entity must pay a matching amount for the transportation costs.

The bill repeals the chapter concerning the Commission for Higher Education and postsecondary career and technical education.

Effective Date: Upon passage; July 1, 2026.

Explanation of State Expenditures: *Interstate Teacher Mobility Compact:* Joining the Interstate Teacher Mobility Compact, a multi-state agreement to facilitate the mobility of teachers across the member states by removing potential barriers to employment and licensure, would require additional workload and resources for the Department of Education (DOE) and the State Board of Education. Costs may include an interstate compact member fee or annual assessment charged on behalf of the Interstate Teacher Mobility Compact Commission. Compact member state responsibilities include defining eligible licenses and career and technical education licenses that the member state is willing to consider for equivalency under this new compact. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend on legislative and administrative actions.

Transition to Teaching: The bill expands the eligibility criteria under which an individual may qualify for a Transition to Teaching permit. This could increase the amount awarded through the Transition to Teaching Scholarship, dependent on available funding in the Next Generation Hoosier Educators Scholarship (Next Gen).

Funding Eligibility: The bill specifies that the Indiana School for the Blind and Visually Impaired and the Indiana School for the Deaf are eligible for funding from the following:

1. The Secured School Fund;
2. Robotics competition funding through the STEM program alignment appropriation;

3. Advanced Placement (AP) exam funding; and
- 4 The Teacher Appreciation Grant.

Additionally, the bill specifies that Department of Corrections can receive AP exam funding. Any increase in state expenditures from these provisions is expected to be minimal.

Teacher Residency Grant Pilot Program: The bill allows accredited nonpublic schools to participate in the program beginning in FY 2027. This could shift some of the program funding from public schools to nonpublic schools, but total state expenditures would likely remain the same. The program was appropriated \$950,000 in FY 2026 and FY 2027.

Summer School: The bill transfers certain responsibilities regarding summer school from the State Board of Education to DOE. Total state expenditures would not be impacted.

Workload Impacts: The bill has various provisions that would result in a minor workload increase for DOE and minor workload decreases for the Commission for Higher Education and the State Board of Education. Agency staffing and resource needs would not be impacted.

Additional Information -

Interstate Teacher Mobility Compact: Current interstate reciprocity agreements are in place to allow for out-of-state teachers to seek licensure based on testing and course equivalency standards as determined by a receiving state. Indiana has reciprocal agreements in place that may still require additional testing related to content areas or coursework after a provincial license has been granted to an out-of-state teacher. The compact aims to establish more uniform licensure requirements to minimize the need for teachers to seek additional course work and testing when seeking employment across state lines. Any changes to current requirements in Indiana may reduce participation in teacher preparation course work and/or minimize additional testing.

Transition to Teaching: The Transition to Teaching scholarship awards recipients up to \$10,000 to pay for their tuition at a Transition to Teaching program. Existing statute allows no more than \$1 M of the Next Gen fund may be used to provide Transition to Teaching scholarships unless excess money remains in the Next Gen fund once scholarships have been awarded. In FY 2025, the Commission for Higher Education allocated \$2.67 M towards funding 267 Transition to Teaching scholarships. However, the maximum amount of Transition to Teaching scholarships fluctuates from year to year, dependent upon legislative and administrative actions.

Explanation of State Revenues: *Career Scholarship Accounts (CSA):* Current law requires that a CSA participating entity provide a matching amount for transportation costs in order for a CSA student to use CSA funds to pay for transportation. The bill's removal of that requirement could increase the utilization of money in student accounts. Upon termination of a student's CSA, money remaining in the account is reverted to the General Fund. If the bill increases utilization of CSA funds, it could reduce reversions to the General Fund beginning in FY 2027.

In FY 2025, transportation expenditures from CSAs totaled about \$360,000. Around 33% of account holders utilized CSA funds to pay for transportation costs. CSA reversions were about \$0.8 M in FY 2025, according to the Treasurer of State.

Interstate Teacher Mobility Compact: DOE collects a \$36.72 Indiana Teacher Licensing fee for initial

certification and renewal, duplications, evaluations of licenses or out-of-state transcripts, addition or deletion of license areas, conversion to professional licenses, permits, and degree changes. Out-of-state teachers applying for a license are charged an additional \$36.72 evaluation fee. All fees from teacher licenses are deposited into the Professional Standards Fund. To the extent any newly established uniform requirements allow for more initial licenses to be granted rather than provincial (one-year temporary reciprocal permits), licensing fees may be reduced. DOE reported 219 reciprocal licenses during the 2022-2023 school year.[See *Explanation of State Expenditures*].

Transition to Teaching: The Professional Standards Fund will experience a revenue increase of \$36.72 for each additional license and permit reviewed by DOE as a result of the bill's provisions.

Funding Eligibility: The Indiana School for the Blind and Visually Impaired, the Indiana School for the Deaf, and the Department of Correction may receive a small funding increase for their schools under the bill. See *Explanation of State Expenditures*.

Explanation of Local Expenditures: *Interstate Teacher Mobility Compact:* If the number of teachers with valid licenses increases as a result of the bill's provisions, public schools may be able to fill vacant positions. [See *Explanation of State Expenditures*]

Transition to Teaching: If the number of teachers issued licenses increases as a result of the bill's provisions, school corporations may also be able to fill vacant positions.

Explanation of Local Revenues: *Teacher Residency Grant Pilot Program:* Making nonpublic schools eligible for the program could potentially reduce funds available to public schools.

School Safety Referendum: The bill's removal of virtual ADM in the calculation used to determine how certain school safety referendum revenue is distributed would not impact any current school safety referendums. Revenue distributions for a school safety referendum would only be impacted if both of the following conditions were met:

1. The school safety referendum is brought by a school corporation located within Lake, Marion, St. Joseph, or Vanderburgh counties.
2. The referendum passes in 2026 with taxes first due and payable in 2027.

State Agencies Affected: Department of Education; Commission for Higher Education; State Board of Education; Indiana School for the Blind and Visually Impaired; Indiana School for the Deaf; Department of Correction.

Local Agencies Affected: Public schools.

Information Sources: Department of Education; Commission for Higher Education; Treasurer of State. Department of Education: 2022-2023 Annual Licensing Report, <https://www.in.gov/doe/files/2022-2023-IDOE-Annual-Licensing-Report.pdf>. National Center for Interstate Compacts: <https://teachercompact.org>; Legislative Services Agency: *Indiana Handbook of Taxes, Revenues, and Appropriations*, FY 2025;

Fiscal Analyst: Austin Spears, 317-234-9454; Kelan Fong, 317-232-9592.