

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

LS 6953
BILL NUMBER: HB 1266

NOTE PREPARED: Mar 2, 2026
BILL AMENDED: Feb 27, 2026

SUBJECT: Department of Education and Education Matters.

FIRST AUTHOR: Rep. Behning
FIRST SPONSOR: Sen. Raatz

BILL STATUS: Enrolled

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) Creating a teaching and learning framework for the implementation of mathematics academic standards.
- (2) Development of a data science math pathway.
- (3) Submission of a report to the General Assembly concerning recommendations on strategies to support academically and fiscally underperforming schools, and interventions as necessary.
- (4) Evaluating, approving, and publishing high quality curricular materials time lines.
- (5) Local board membership for a local centralized school facilities board and local student transportation board.
- (6) Salary differentiation regarding teachers who possess a literacy endorsement.
- (7) Amounts expended in participating in an interlocal agreement included in determining amounts school corporations expend on full-time teacher salaries for purposes of teacher salary minimum funding requirements.
- (8) Summer School Program and reimbursement administration.
- (9) Criteria required for eligibility of a waiver for conducting four day school weeks.
- (10) Oversight of Career and Technical Education Program designation.
- (11) Uses of Teacher Appreciation Grants.
- (12) The calculation of operating referendum distributions and school safety referendum distributions to charter schools with regard to virtual instruction.
- (13) Petitions regarding reconsidering payments of Choice Scholarships.
- (14) Membership of the Board for Proprietary Education.
- (15) The effective date regarding the changes to the definition of "eligible Choice Scholarship student".
- (16) Career specialist permit eligibility.

The bill also provides that an emergency permit may be renewed 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.

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 certain provisions concerning postsecondary career and technical education.

The bill also requires each state educational institution that offers a two year graduate degree program in mental or behavioral health to evaluate the graduate degree program to determine the feasibility of providing the program in a specifically structured manner to allow full-time students to complete the program within: (1) one year; or (2) five years if the program is combined with a baccalaureate degree program.

This bill requires the Indiana Department of Education to elect to participate as a covered state in the federal tax credit scholarship program for elementary and secondary education under Section 25F of the Internal Revenue Code (enacted in Public Law 119-21, commonly known as the One Big Beautiful Bill Act of 2025). It makes conforming changes to the school scholarship tax credit in current law.

The bill requires the Governor and the Department of Workforce Development, in consultation with the Commission for Higher Education, to:

- (1) establish a process to identify eligible workforce training programs;
- (2) establish a process for institutions and programs to apply for recognition as an eligible workforce training program;
- (3) coordinate certain workforce training matters; and
- (4) require eligible workforce training programs to provide certain datasets to the department.

The bill also provides that the Department of Workforce Development must maintain alignment with federal rules governing workforce Pell grants.

It also repeals certain provisions concerning postsecondary career and technical education.

Effective Date: Upon passage; July 1, 2026; January 1, 2027.

Explanation of State Expenditures: *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).

State Tuition Support: Under the bill, Indiana taxpayers would be eligible to receive the federal qualified elementary and secondary education scholarships tax credit for donations made to scholarship granting organizations (SGOs). If all of the following occur, state tuition support expenditures could decrease beginning in FY 2028.

1. Donations to SGOs increase,
2. SGOs provide more scholarships to nonpublic schools,

3. The net cost of some nonpublic schools decreases, and
4. Students currently attending a public school switch to a nonpublic school.

Any impact is dependent upon actions taken by taxpayers, SGOs, and students' families

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

Workload: The bill's requirements represent minor workload changes that would not impact staffing or resource needs for the following:

1. Commission for Higher Education;
2. DOE;
3. Department of State Revenue;
4. Department of Workforce Development;
5. Governor;
6. Certain state educational institutions; and
7. State Board of Education.

Additional Information -

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 to 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.

State Tuition Support: In FY 2025, public schools received an average of about \$8,500 in tuition support revenue per ADM. The average Choice Scholarship was \$6,497. Students attending a nonpublic school without a Choice Scholarship or who are homeschooled do not receive any tuition support.

Federal Tax Credit: The federal tax credit is:

- A. 100% of the amount donated to an SGO,
- B. Reduced by any state tax credit received for a donation to an SGO, and
- C. Capped at \$1,700 annually.

Explanation of State Revenues: *Tax Credit:* Under current law, donations made to SGOs are eligible for a state tax credit. If the federal tax credit increases donations to SGOs, state tax credit claims could increase. However, any revenue decrease would be limited by the statewide cap on annual credit awards. The cap is set at \$18.5 M, and the Department of State Revenue awarded \$17.7 M in FY 2025.

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.

Teacher Licensing: 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.

Additional Information -The state tax credit equals 50% of the total amount contributed by an eligible taxpayer to a qualified, nonprofit SGO. The tax credit may be claimed against liability for the following taxes: Individual income tax, Corporate income tax, Financial institutions tax, Insurance premium tax, and Nonprofit agricultural organization health coverage tax. The credit is nonrefundable and may not be carried back.

Explanation of Local Expenditures: *Teacher Licensing:* If the number of teachers issued licenses increases as a result of the bill's provisions, schools may also be able to fill vacant positions.

Teacher Appreciation Grants (TAG): Under the bill, schools can choose to use part of their Teacher Appreciation Grants (TAG) to pay for the Federal Insurance Contributions Act and the Indiana Teachers' Retirement Fund costs associated with awarding TAG stipends.

Explanation of Local Revenues: *State Tuition Support:* State tuition support revenue to public schools could decrease if students who would have attended a public school switch to a nonpublic school. See *Explanation of State Expenditures*.

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; State educational institutions; Department of State Revenue; Department of Workforce Development; Governor.

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>.

Legislative Services Agency: *Indiana Handbook of Taxes, Revenues, and Appropriations*, FY 2025;

LSA education database; Department of State Revenue;

<https://www.congress.gov/119/plaws/publ21/PLAW-119publ21.pdf>;

<https://www.in.gov/sba/files/TheWholeBudgetReport.pdf>.

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