

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

LS 6945
BILL NUMBER: SB 199

NOTE PREPARED: Jan 28, 2026
BILL AMENDED: Jan 28, 2026

SUBJECT: Various Education Matters.

FIRST AUTHOR: Sen. Raatz
FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: X GENERAL
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *Indiana High School Athletics Association*: This bill makes changes to the composition of the case review panel established by the interscholastic athletic association.

Reports: This bill requires the Secretary of Education, not later than December 1, 2026, to identify key metrics and activities concerning civic literacy and to submit the information to the General Assembly. It requires the Secretary of Education, not later than December 1, 2026, to identify and make certain recommendations concerning paid leave for employees following certain events and to submit the findings to the General Assembly. It also requires the Commission for Higher Education, not later than December 1, 2026, to evaluate accrediting agencies of state educational institutions and to report the commission's findings and recommendations to the General Assembly.

IREAD: The bill provides that a school in which fewer than an average of 75% of the students over the course of three consecutive years achieved a valid passing score on the determinant evaluation of reading skills approved by the state board of education must comply with certain requirements.

Effective Date: Upon passage; July 1, 2026.

Explanation of State Expenditures: *IREAD:* Under current law, any school that achieves an IREAD-3 pass rate below 70% must follow certain requirements, including hiring an instructional coach with a literacy endorsement. Under the bill, those requirements would apply to any school with a three-year average IREAD-3 pass rate below 75%. The cost of instructional coaches for most of these schools is currently partially funded by the state. This could significantly increase state expenditures in the future. The impact is ultimately dependent on a number of factors, including the:

1. Availability of funding;
2. Number of schools that would have had an instructional coach partially paid for by the state under current law; and
3. Future IREAD-3 scores.

Reports: The bill requires the DOE and the Commission for Higher Education (CHE) to complete certain

reports. This would be a minor workload increases for both agencies in FY 2026 and/or FY 2027 that would be completed with existing staff and resources.

Low Earning Outcome Programs: State educational institutions with low-earning outcome programs (as defined in federal law) that wish to continue operating those programs will need to request approval from CHE. This is a minor workload increase for both state educational institutions and CHE that would be completed with existing staff and resources.

Teacher Preparation Program Accreditation: If DOE chooses to accredit teach preparation programs, as allowed under the bill, its workload would increase.

Additional Information - For each school participating in the literacy cadre (a two-year partnership that is required for schools with an IREAD-3 pass rate below 70%), the state pays one-third of the salary and benefits of the instructional coach in the first year and two-thirds of the salary and benefits in the second year. After the two-year period, schools can reenter the program, and schools with an IREAD-3 pass rate below 70% must continue to participate.

In FY 2025, there were a total of 112 schools that had an IREAD-3 pass rate below 70% and 165 that had a pass rate below 75%. However, if scores continue to improve as they did from FY 2024 to FY 2025, the number of schools required to hire instructional coaches could be lower. LSA estimates that the combined salary and benefits of an instructional coach would be around \$86,000 in FY 2027.

Explanation of State Revenues:

Explanation of Local Expenditures: *IREAD:* The bill's provisions regarding schools with IREAD-3 pass rates below 70% could increase public school expenditures. See *Explanation of State Expenditures*.

Explanation of Local Revenues:

State Agencies Affected: Commission for Higher Education; Department of Education; state educational institutions.

Local Agencies Affected: Public schools.

Information Sources: <https://www.in.gov/doe/it/data-center-and-reports/>

Fiscal Analyst: Austin Spears, 317-234-9454.