

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

LS 7049
BILL NUMBER: SB 239

NOTE PREPARED: Jan 15, 2026
BILL AMENDED: Jan 15, 2026

SUBJECT: Various Education Matters.

FIRST AUTHOR: Sen. Rogers
FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *Department of Education*: This bill requires the Department of Education (DOE) to:

- (1) Compile a list of business and industry partners that provide guaranteed incentives to high school students who earn the honors employment plus seal; and
- (2) Publish the list on DOE's website.

Charter Conversion: The bill provides that, in addition to conditions established in current law to convert an existing public elementary or secondary school, an existing public elementary or secondary school may be converted into a charter school if certain other conditions apply. The bill also allows, if the conditions are met, the governing body of a school corporation to:

- (1) Convert more than one existing public elementary or secondary school within the school corporation; and
- (2) Operate two or more conversion charter schools under a single charter.

Innovation Network: This bill amends provisions regarding participating innovation network charter schools to allow an organizer to enter into an agreement with more than one school corporation. It amends requirements regarding the location of a participating innovation network charter school and terms of an agreement. It also amends the duties of DOE with regard to participating innovation network charter schools. The bill makes conforming changes, including changes to the complexity index.

Sale or Lease of School Buildings: The bill provides that a school corporation that fails to report certain information to DOE will receive reduced state tuition support. It provides that if a school corporation files an appeal of DOE's determination as to whether a covered school building must be made available to a charter school or state educational institution and the school corporation is determined to be the nonprevailing party, the school corporation is responsible for reasonable attorney's fees incurred by the prevailing party. It also provides that an appeal of final determination issued by the State Board of Education as to whether a covered school building must be made available to a charter school or state educational institution must go directly to the Court of Appeals. The bill requires a school corporation to transfer a

covered school building within 10 days of a final unappealable order and provides that a charter school or state educational institution may file a civil action to enforce transfer and seek liquidated damages in the amount of \$10,000 for each day the transfer exceeds the 10 day time frame. It provides that a lease or sale of a covered school building to a charter school or state educational institution includes certain assets.

Math Proficiency: This bill requires parental notification if a school determines a student is at risk of not achieving grade level proficiency in mathematics.

Scholarship Granting Organization: The bill removes the income limits of an eligible student with respect to a Scholarship Granting Organization.

Teacher Residency Grant Pilot Program: The bill allows state accredited nonpublic schools to apply for the Teacher Residency Grant Pilot Program.

Effective Date: July 1, 2026.

Explanation of State Expenditures: Tuition Support: Beginning in FY 2027, the bill reduces tuition support distributions made to school corporations by 25% if the school corporation does not report certain school building inventory information to the Department of Education (DOE). The impact to state expenditures is dependent on local action.

Other provisions in the bill change how the complexity index is calculated for entities involved in an innovation network charter school (INCS) agreement. These changes will have a small but indeterminable impact on state expenditures beginning in FY 2027.

Charter Conversion: Current law allows school corporations to convert a school into a charter school under specific circumstances. Beginning in FY 2027, the bill establishes an alternative method to convert schools into charter schools. If this increases the number of conversion charter schools, distributions through the Charter and Innovation Network School Grant Program may also increase. The impact to state expenditures is dependent on the appropriation made to the program.

Court of Appeals: Under current law, the State Board of Accounts issues a final determination on whether a school building must be made available for sale or lease to a charter school or state educational institution (SEI) for \$1. Interested parties wishing to appeal this decision must file an appeal with the state Court of Appeals. Dependent on the extent this occurs, Court of Appeals workload would increase.

DOE: Beginning in FY 2028, the bill requires DOE to annually update and publish a list of businesses and industry partners who provide incentives to students who graduate with an employment honors plus readiness seal. This is within DOE's routine administrative functions and should be able to be implemented with no additional appropriations.

Sale or Lease of School Buildings: Provisions in the bill require the inclusion of certain assets when a school building is sold or leased to a charter school or SEI for \$1. If the provisions result in a decrease in the cost to make the building operational, SEI expenditures would decrease. [SEIs receive state funding through General Fund appropriations.]

Scholarship Granting Organizations (SGO): The bill eliminates the income requirement to be eligible for a scholarship from an SGO. SGOs use donations to provide eligible students attending eligible nonpublic

schools a scholarship to help offset the tuition and fees the school charges. While more students would likely take advantage of the SGO scholarship under the bill, state expenditures would not be impacted. [SGOs received about \$31 M in donations and provided a total of \$23 M in scholarships to 12,517 students in FY 2024.]

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.

Additional Information - Charter Conversion: Eligible charter schools receive \$1,400 per ADM through the Charter and Innovation Network School Grant Program. The program received an appropriation of \$52.6 M in FY 2027 but an estimated \$55.3 M will be needed to fully fund distributions under current law. If an augmentation is not able to fund the difference, distributions received by charter schools would be proportionally reduced.

Explanation of State Revenues: Civil Action: If additional civil cases occur and court fees are collected, revenue to the state General Fund will increase. The total revenue per case would range between \$100 and \$122. The amount deposited will vary depending on whether the case is filed in a court of record or a municipal court. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in civil, probate, and small claims cases](#).

State Court of Appeals: The General Fund will experience a revenue increase of \$250 for each additional appeal directly filed with the Court of Appeals as a result of the bill's provisions.

Explanation of Local Expenditures: Fees: Under current law, school corporations can collect a fee of up to 1% of the state tuition support funding each INCS generates. Under the bill, the school corporations would only be able to collect the fee based on the state tuition support generated by INCS students that live within that school corporation's boundaries. This would be an expenditure decrease for any INCS that has students who reside outside of the school corporation's boundaries.

Legal Costs: Public school legal expenditures will increase if they choose to file an appeal with the Court of Appeals or are subject to civil action. [See *Explanation of State Revenue*.] Legal costs would increase further for school corporations determined to be the nonprevailing party and responsible for the attorney's fees incurred by the prevailing party.

Sale or Lease of School Buildings: Under current law, a school corporation may, under certain conditions, petition to regain ownership of a building it was previously required to sell or lease for \$1. Upon regaining ownership of the building, provisions in the bill require school corporations to reimburse charter schools for any improvements made to the building. This represents an unknown expenditure increase for school corporations dependent on local action.

Other provisions in the bill also require certain assets to be included when selling or leasing the school building for \$1. If the furniture and equipment would have otherwise been used by the school corporation to fill needs at other buildings, school corporation expenses to purchase new items would increase. This impact is offset dependent on the extent the provision removes the need for a charter school to purchase new furniture or equipment.

Charter Conversion: School corporation expenditure decreases as a result of this bill are offset by an increase in expenditures for the conversion charter school. The impact to statewide public school expenditures depends on local action.

Math Proficiency: The bill requires public schools to notify parents of students who are found to be at risk of not achieving grade-level proficiency in mathematics. This is a minor workload increase that would be completed with existing staff and resources.

Explanation of Local Revenues: *Civil Action:* If additional cases occur, revenue will be collected by certain local units. If the case is filed in a court of record, the county will receive \$32 and qualifying municipalities will receive a share of \$3. If the case is filed in a municipal court, the county receives \$20, and the municipality will receive \$37. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in civil, probate, and small claims cases](#).

Tuition Support: The bill's provisions could result in a minor reduction of total public school tuition support revenue dependent on:

- 1) The number of schools who do not adhere to certain reporting requirements;
- 2) The number of public school students who become newly eligible and choose to utilize an SGO scholarship; and
- 3) The impact to Complexity Grant revenue for individual charter schools involved in an INCS agreement.

Fees: School corporations would lose revenue to the extent that INCS are required to pay less in fees to the school corporation. See [*Explanation of Local Expenditures*.]

Charter Conversion: Charter and Innovation Network School Grant Program revenue could increase if more schools are converted into charter schools under the bill. [See *Explanation of State Expenditures*.]

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

Sale or Lease of School Buildings: Charter schools required to transfer a building back to a school corporation will be reimbursed for any upgrades made to the building by the charter school. The bill also requires certain assets to be included when a school building is sold or leased for \$1. Dependent on the extent these items would have otherwise been sold, school corporation revenue would decrease.

State Agencies Affected: Department of Education; Indiana Court of Appeals, state educational institutions.

Local Agencies Affected: Trial courts, city and town courts, public schools.

Information Sources: Indiana Supreme Court, Indiana Trial Court Fee Manual; LSA education database; Treasurer of State; Department of Education; Department of State Revenue;

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

Commission for Higher Education,
https://www.in.gov/che/files/250627_RELEASE_Teacher-Residency-Grant_Final.pdf

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