

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

LS 7049

BILL NUMBER: SB 239

NOTE PREPARED: Jan 28, 2026

BILL AMENDED: Jan 26, 2026

SUBJECT: Various Education Matters.

FIRST AUTHOR: Sen. Rogers

FIRST SPONSOR: Rep. Teshka

BILL STATUS: As Passed Senate

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: *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.

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 amends certain provisions and procedures that apply to the transfer of a covered school. It also 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.

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). Tuition support withheld in this manner will be redistributed to the school corporation within 15 days of submitting the necessary information to DOE. The impact to state expenditures is dependent on local action.

The bill also allows innovation network charter schools (INCS) to enter into an agreement with multiple school corporations. It is not known how the complexity grant will be calculated for these schools and the bill will have an indeterminable impact on state complexity grant expenditures beginning in FY 2027. Any impact is expected to be minor.

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.

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.

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 the number of schools who do not adhere to certain reporting requirements and on 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*.]

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.

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; Department of Education

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

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