

IC 20-49-9

Chapter 9. Charter and Innovation School Advance Program

IC 20-49-9-1

Applicability

Sec. 1. This chapter applies to the following:

- (1) A charter school that does not receive a pro rata share of local property tax revenue.
- (2) An innovation network school located in a school city, as defined in IC 20-25-2-12, that existed on January 1, 2015, that does not receive a pro rata share of local property tax revenue (referred to as an innovation network school in this chapter).

As added by P.L.213-2015, SEC.232. Amended by P.L.118-2016, SEC.21.

IC 20-49-9-2

"Advance"

Sec. 2. As used in this chapter, "advance" refers to an advance under this chapter.

As added by P.L.213-2015, SEC.232.

IC 20-49-9-3

"Charter school"

Sec. 3. As used in this chapter, "charter school" refers to a school established under IC 20-24. However, the term does not include a virtual charter school or an adult high school (as defined in IC 20-24-1-2.3).

As added by P.L.213-2015, SEC.232.

IC 20-49-9-4

"School"

Sec. 4. As used in this chapter, "school" refers to a charter school or an innovation network school described in section 1(a)(2) of this chapter.

As added by P.L.213-2015, SEC.232.

IC 20-49-9-5

Advance program established

Sec. 5. (a) The charter and innovation network school advance program is established. The purpose of the program is to make advances to schools.

(b) The state board shall administer the program.

(c) The total amount of advances that the state board may make under this chapter during the state biennium beginning July 1, 2015, and ending June 30, 2017, may not exceed fifty million dollars (\$50,000,000).

As added by P.L.213-2015, SEC.232.

IC 20-49-9-6**Application procedure**

Sec. 6. (a) The state board shall establish a written application procedure for providing advances to schools.

(b) To apply for an advance, a school must submit an application that contains the information required by the state board.

As added by P.L.213-2015, SEC.232.

IC 20-49-9-7**State board approval**

Sec. 7. If a school files an application for an advance as required by the state board, and the state board finds that the school:

- (1) qualifies for an advance under section 8 of this chapter; and
- (2) will use the advance proceeds for educational purposes;

the state board shall make the advance to the school.

As added by P.L.213-2015, SEC.232.

IC 20-49-9-8**Qualification criteria**

Sec. 8. (a) A school qualifies for an advance under this chapter if the school is one (1) of the following:

- (1) A charter school in its first or second year of operation.
- (2) A charter school that was placed in the "A", "B", or "C" category or designation of performance established under IC 20-31-8-3 for the most recently completed school year.
- (3) A charter school that does not receive a category or designation of performance established under IC 20-31-8-3 for the most recently completed school year.
- (4) A school that has a majority of students with developmental, intellectual, or behavioral challenges.
- (5) An innovation network school described in section 1(2) of this chapter.

(b) If a charter school does not qualify for an advance under subsection (a), the state board shall determine if the charter school is placed in the same or a better category or designation of performance established under IC 20-31-8-3 for the most recently completed school year than the nearest noncharter public school that is configured to teach the same grades of students as the charter school teaches. Except as provided in subsection (c), if the charter school has been placed in the same or a better category or designation of performance, the state board shall make the advance to the charter school.

(c) If a charter school:

- (1) does not qualify for an advance under subsection (a); and
- (2) for two (2) consecutive years has not been placed in the same or a better category or designation of performance established under IC 20-31-8-3 for the most recently completed school year than the nearest noncharter public school that is

configured to teach the same grades of students as the charter school teaches;
the charter school is not eligible for an advance, unless the charter school is placed in the "C" category or designation of performance or better established under IC 20-31-8-3 for the most recently completed school year.
As added by P.L.213-2015, SEC.232. Amended by P.L.118-2016, SEC.22.

IC 20-49-9-9

Advance on per student basis

Sec. 9. The state board may make advances under this chapter on a per student basis.
As added by P.L.213-2015, SEC.232.

IC 20-49-9-10

Terms; limitations

- Sec. 10. The following apply to an advance under this chapter:
- (1) Interest shall be charged at the rate of one percent (1%) per annum.
 - (2) The outstanding advance amount at any one (1) time for a particular school may not exceed five million dollars (\$5,000,000).
 - (3) The term of the advance may not exceed ten (10) years after the date of the advance.
 - (4) A school must enter into an advance agreement with the state board before receiving an advance from the fund. The terms of the agreement must include a provision allowing the state board to withhold funds due to a school to which an advance is made until the advance is paid.
 - (5) A school may receive multiple advances from the fund as long as the total amount outstanding on all advances to the school from the fund does not exceed the maximum amount set forth in subdivision (2).
 - (6) If advance proceeds are to be used by a school to construct or purchase a school facility, the school shall provide the state board with an adequate security interest for the repayment of the advance, in the form and amount determined by the Indiana department of administration. If the school operator sells its equity interest in the school facility, the state board shall redetermine the adequacy of its security interest and may hold a public hearing to determine whether any tax dollar equity funded with the advance should be paid to the state.

As added by P.L.213-2015, SEC.232.

IC 20-49-9-11

Withholding power

Sec. 11. To ensure timely payment of an advance according to the

terms of the advance, the state board may withhold from funds due to the charter school to which the advance is made in the amount necessary to pay the advance.

As added by P.L.213-2015, SEC.232.

IC 20-49-9-12

Withholding; eligibility determination

Sec. 12. If the state board withholds funds under this chapter, the state board first shall withhold funds from the distribution of state tuition support to the school to which the advance is made. If the state tuition support distribution is unavailable or inadequate, the state board may withhold funds from any other distribution of state funds to the charter school.

As added by P.L.213-2015, SEC.232.

IC 20-49-9-13

Advance not a constitutional debt

Sec. 13. An advance under this chapter to a school is not an obligation of the school within the meaning of a constitutional limitation on or prohibition against indebtedness. This chapter does not relieve the organizer of the charter school of the duty to qualify the charter school for state tuition support.

As added by P.L.213-2015, SEC.232.