



January 26, 2018

HOUSE BILL No. 1315

DIGEST OF HB 1315 (Updated January 24, 2018 6:32 pm - DI 58)

Citations Affected: IC 4-3; IC 5-14; IC 6-1.1; IC 20-19; IC 20-23; IC 20-28; IC 34-30.

Synopsis: School corporation financial management. Allows the distressed unit appeal board (DUAB) to delegate board authority, duties, and responsibilities to the executive director by resolution of the board. Permits only the emergency manager to petition the DUAB to terminate a political subdivision's distressed status. Allows the DUAB to adopt rules. Requires the attorney general to represent a member of the fiscal management board, an emergency manager, a chief financial officer, or a chief academic officer if the individual requests the representation. Specifies restrictions on school corporations that are designated distressed. Allows a limited reduction in employees for distressed school corporation after September 30 of a year. Specifies that waivers regarding the allocation of protected taxes apply only to distressed school corporations and not other distressed units. Makes changes concerning the Gary Community school corporation and its operation. Converts the Gary Community school corporation's governing board to an advisory committee. Provides that the Gary Community school corporation advisory committee may not hold a public meeting more often than once every three months and provides that any other meetings are authorized executive sessions under the open door law. Removes the laws concerning the Muncie Community School Corporation being a fiscally impaired school corporation. Permits the Ball State University board of trustees to adopt a resolution to govern the Muncie Community school corporation using a newly appointed seven member governing board. Requires the governing
(Continued next page)

Effective: Upon passage; July 1, 2018; January 1, 2019.

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January 11, 2018, read first time and referred to Committee on Ways and Means.
January 25, 2018, amended, reported — Do Pass.

HB 1315—LS 7147/DI 58



body to engage academically innovative strategies. Specifies that only certain laws in IC 20 will apply to the Muncie Community school corporation. Specifies other conditions. Permits the DUAB to recommend to the state board of finance that the state board of finance make an interest free loan to the Muncie Community Schools. Establishes a fiscal and qualitative indicators committee to make initial determinations about the fiscal and qualitative factors to be used in analyzing the financial condition of school corporations. Specifies certain factors that may be used. Requires the fiscal and qualitative indicators committee to make initial determinations about the presentation of the factors and the financial condition of school corporations to the public and the frequency of updates. Requires the fiscal and qualitative indicators committee to report its findings, recommendations, and procedures to the state budget committee before being made final. Requires the DUAB to present school financial condition information on its Internet web site or the management performance hub (MPH)'s Internet web site. Sets minimum standards for presenting the information. Requires the DUAB to determine the financial condition of each school corporation and whether a school corporation should be placed on a watch list. Requires the DUAB to report to the state budget committee the process that will be used between contacting a school corporation about its financial condition and being placed on the watch list, including a report on what factors will cause a school corporation to be put on the watch list, any particular funding issues that may cause a school corporation to be on the watch list, and when the list will be made public. Provides that if a school corporation remains on the watch list for four consecutive years, the Indiana Association of Public School Superintendents shall decide if it is appropriate to recommend to the Indiana department of education whether disciplinary action should be taken by the department regarding the superintendent. Permits the DUAB to enter into an agreement with a school corporation showing fiscal distress to establish a corrective action plan. Requires various reports.



January 26, 2018

Second Regular Session of the 120th General Assembly (2018)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in *this style type*, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2017 Regular Session of the General Assembly.

HOUSE BILL No. 1315

A BILL FOR AN ACT to amend the Indiana Code concerning education.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 4-3-26-9, AS ADDED BY P.L.269-2017,
2 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2018]: Sec. 9. (a) The governor shall appoint a chief data
4 officer, who serves at the pleasure of the governor.
5 (b) The chief data officer shall do the following:
6 (1) Serve as the executive head of the MPH.
7 (2) Advise executive state agencies and political subdivisions
8 regarding state best practices concerning the creation and
9 maintenance of data.
10 (3) Coordinate data analytics and transparency master planning
11 for the executive state agencies and provide leadership regarding
12 state data analytics and transparency.
13 (4) **Provide financial data concerning the financial condition**
14 **of school corporations.**
15 SECTION 2. IC 4-3-26-10, AS ADDED BY P.L.269-2017,

HB 1315—LS 7147/DI 58



1 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
2 JULY 1, 2018]: Sec. 10. The MPH shall do the following:

3 (1) Establish and maintain a program to collect, analyze, and
4 exchange government information in carrying out the powers and
5 duties of the OMB and the powers and duties of the executive
6 state agency sharing the data. In carrying out this program, the
7 MPH may, in accordance with IC 4-1-6, obtain government
8 information from each executive state agency.

9 (2) In accordance with IC 4-1-6 and IC 5-14-3, establish and
10 maintain a program to make government information available to
11 executive state agencies, political subdivisions, educational
12 institutions, researchers, nongovernmental organizations, and the
13 general public, subject to the following:

14 (A) A request for data subject to IC 4-1-6-8.6 shall be made in
15 conformance with that section.

16 (B) A program established and maintained under this chapter
17 must include policies governing access to government
18 information held by the MPH under this chapter. Government
19 information may be made available only in accordance with
20 applicable confidentiality and disclosure laws.

21 (3) Establish privacy and quality policies for government
22 information that comply with all applicable Indiana and federal
23 laws, rules, and policies.

24 (4) In accordance with standards developed by the office of
25 technology established by IC 4-13.1-2-1, establish and maintain
26 a program to ensure the security of government information under
27 this chapter.

28 (5) Conduct operational and procedural audits of executive state
29 agencies.

30 (6) Perform financial planning and design and implement
31 efficiency projects for executive state agencies.

32 (7) Advise and assist each executive state agency to identify and
33 implement continuous process improvement in state government.

34 (8) Carry out such other responsibilities as may be designated by
35 the director of the OMB or the chief data officer to carry out the
36 responsibilities of the OMB or the chief data officer.

37 **(9) Publish on the MPH's Internet web site the information on**
38 **the fiscal and qualitative indicators for school corporations in**
39 **the format required by IC 20-19-7.**

40 SECTION 3. IC 5-14-3.7-3, AS AMENDED BY P.L.208-2016,
41 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
42 JANUARY 1, 2019]: Sec. 3. (a) The department, working with the



1 office of technology established by IC 4-13.1-2-1 or another
 2 organization that is part of a state educational institution, the state
 3 board of accounts established by IC 5-11-1-1, the department of local
 4 government finance established under IC 6-1.1-30-1.1, and the office
 5 of management and budget established by IC 4-3-22-3, shall post on
 6 the Indiana transparency Internet web site a data base that lists
 7 expenditures and fund balances, including expenditures for contracts,
 8 grants, and leases, for public schools. The web site must be
 9 electronically searchable by the public.

10 (b) The data base must include for public schools:

- 11 (1) the amount, date, payer, and payee of expenditures;
 12 (2) a listing of expenditures specifically identifying those for:
 13 (A) personal services;
 14 (B) other operating expenses or total operating expenses; and
 15 (C) debt service, including lease payments, related to debt;
 16 (3) a listing of fund balances, specifically identifying balances in
 17 funds that are being used for accumulation of money for future
 18 capital needs;
 19 (4) a listing of real and personal property owned by the public
 20 school; **and**
 21 (5) the report required under IC 6-1.1-33.5-7. **and**
 22 ~~(6) information for evaluating the fiscal health of each school~~
 23 ~~corporation in the format required by section 16(b) of this chapter.~~

24 SECTION 4. IC 5-14-3.7-16 IS REPEALED [EFFECTIVE
 25 JANUARY 1, 2019]. Sec. 16. (a) The department of local government
 26 finance shall develop indicators of fiscal health for evaluating the fiscal
 27 health of a school corporation. The department of local government
 28 finance may consider including any of the following in the indicators
 29 developed under this subsection:

- 30 (1) The cash balance of a school corporation.
 31 (2) The debt to revenue ratio of a school corporation.
 32 (3) The condition of a school corporation's property tax base as
 33 measured by both the assessed value of the school corporation
 34 and the amount of per capita revenue generated from the school
 35 corporation's tax base.
 36 (4) The per capita amount of a school corporation's education
 37 fund and its operations fund.
 38 (5) Any trends in the amount of a school corporation's tax
 39 revenue.
 40 (6) Whether a school corporation maintains a structural deficit or
 41 a structural surplus.
 42 (7) The extent that the school corporation is affected by tax



- 1 increment financing districts.
 2 (8) The extent that the school corporation's property tax base is
 3 affected by exempt properties.
 4 (9) The school corporation's bond rating.
 5 (10) The amount of retiree benefits paid by the school
 6 corporation.
 7 (11) The amount of pension contributions paid on behalf of the
 8 school corporation's employees.
 9 (12) Any other factor that the department of local government
 10 finance considers relevant to evaluating the fiscal health of a
 11 school corporation.
- 12 (b) The department of local government finance shall use the
 13 indicators developed under subsection (a) and the associated fiscal data
 14 to present the information for evaluating the fiscal health of each
 15 school corporation on the Indiana transparency Internet web site. The
 16 information must be presented in a manner that:
- 17 (1) can be conveniently and easily accessed from a single web
 18 page; and
 19 (2) is commonly known as an Internet dashboard.
- 20 The information must be available on the Indiana transparency Internet
 21 web site in the format required by this subsection before July 1, 2015.
- 22 (c) Neither the department of local government finance nor any
 23 other state agency may use the fiscal health indicators developed under
 24 this section to assign a school corporation a summative grade.
- 25 SECTION 5. IC 6-1.1-20.3-2, AS AMENDED BY P.L.241-2017,
 26 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 27 JULY 1, 2018]: Sec. 2. As used in this chapter, "distressed political
 28 subdivision" means a political subdivision designated as a distressed
 29 political subdivision by the board under section 6.5, 6.7, or 7.1 of this
 30 chapter. or a school corporation designated as a distressed political
 31 subdivision by section 6.8 of this chapter.
- 32 SECTION 6. IC 6-1.1-20.3-5, AS AMENDED BY P.L.217-2017,
 33 SECTION 63, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 34 JULY 1, 2018]: Sec. 5. (a) The board may employ an executive director
 35 who shall serve at the pleasure of the board and carry out the
 36 administrative responsibilities assigned by the board. **The board may**
 37 **delegate a specific duty, authority, or responsibility assigned to the**
 38 **board under this chapter to the executive director.**
- 39 (b) The department of local government finance shall provide the
 40 board with the staff and assistance that the board reasonably requires.
- 41 (c) The department of local government finance shall provide from
 42 the department's budget funding to support the board's duties under this



1 chapter.

2 (d) The board may contract with accountants, financial experts, and
3 other advisors and consultants as necessary to carry out the board's
4 duties under this chapter.

5 **(e) The board may adopt rules to implement this chapter.**

6 SECTION 7. IC 6-1.1-20.3-6.8, AS ADDED BY P.L.241-2017,
7 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
8 JULY 1, 2018]: Sec. 6.8. (a) This section applies only to the Gary
9 Community School Corporation.

10 (b) The general assembly finds that the provisions of this section:

11 (1) are necessary to address the unique issues faced by the Gary
12 Community School Corporation; and

13 (2) are not precedent for and may not be appropriate for
14 addressing issues faced by other school corporations.

15 (c) As used in this section, the following definitions apply:

16 (1) "Chief academic officer" means the chief academic officer
17 appointed under subsection (j).

18 (2) "Chief financial officer" means the chief financial officer
19 appointed under subsection (i).

20 (3) "~~Governing body~~" refers to the governing body of the Gary
21 Community School Corporation.

22 ~~(4)~~ (3) "School corporation" refers to the Gary Community School
23 Corporation.

24 (d) The Gary Community School Corporation is designated as a
25 distressed political subdivision for purposes of this chapter until the
26 school corporation's designation as a distressed political subdivision is
27 terminated as provided in section 13(b) of this chapter. This
28 designation as a distressed political subdivision is effective regardless
29 of whether the school corporation has submitted a petition requesting
30 to be designated as a distressed political subdivision. Until the school
31 corporation's designation as a distressed political subdivision is
32 terminated as provided in section 13(b) of this chapter, the ~~governing~~
33 ~~body of the school corporation~~ **Gary Community Schools advisory**
34 **committee** may not ~~meet~~ **hold a public meeting** more often than once
35 ~~each month.~~ **every three (3) months. The emergency manager shall**
36 **hold a monthly forum to provide an update on the Gary**
37 **Community school corporation within the school district that is**
38 **open to the general public. In addition to any other powers of the**
39 **financial specialist appointed under section 6.9 of this chapter, during**
40 **the period after the effective date of this section and before an**
41 **emergency manager is appointed for the school corporation, the**
42 **financial specialist may identify and implement labor force reductions;**



1 including contract cancellations as provided in IC 20-28-7.5 due to a
2 reduction in force.

3 (e) Until the school corporation's designation as a distressed
4 political subdivision is terminated as provided in section 13(b) of this
5 chapter, the following apply to the emergency manager appointed
6 under section 7.5 of this chapter for the school corporation:

7 (1) The emergency manager has the powers and duties specified
8 in this chapter.

9 (2) The emergency manager shall consult with and consider
10 recommendations from the fiscal management board, ~~and the~~
11 ~~governing body~~, but the emergency manager has full
12 responsibility and authority related to financial and academic
13 matters of the school corporation, and the emergency manager
14 may act, as specified in this chapter, on these financial and
15 academic matters without the approval of the fiscal management
16 board. ~~or the governing body. The school corporation's~~
17 ~~superintendent, or the superintendent's designee, shall work with~~
18 ~~the emergency manager and serve as a resource in an~~
19 ~~administrative capacity.~~

20 (3) Notwithstanding section 7.5(d) of this chapter, the distressed
21 unit appeal board shall:

22 (A) determine the compensation of the emergency manager,
23 chief financial officer, and chief academic officer; and

24 (B) subject to subsections (i) and (j), pay the emergency
25 manager's, chief financial officer's, and chief academic
26 officer's compensation and reimburse the emergency manager,
27 chief financial officer, and chief academic officer for actual
28 and necessary expenses from funds appropriated to the
29 distressed unit appeal board.

30 (4) Before appointing the emergency manager, the distressed unit
31 appeal board shall interview at least one (1) resident of the city of
32 Gary as a candidate for the position. If the distressed unit appeal
33 board is not able to interview a resident of the city of Gary as a
34 candidate for the position, the distressed unit appeal board shall
35 interview at least one (1) individual who is a resident of Lake
36 County or northwest Indiana as a candidate for the position.

37 The appointment of the emergency manager for the school corporation
38 is terminated on the date the school corporation's designation as a
39 distressed political subdivision is terminated as provided in section
40 13(b) of this chapter.

41 (f) In addition to any other actions that the distressed unit appeal
42 board may take under this chapter concerning a distressed political



1 subdivision, for a distressed school corporation, the distressed unit
2 appeal board may also do any of the following:

3 (1) The distressed unit appeal board may delay or suspend, for a
4 period determined by the board, any payments of principal or
5 interest, or both, that would otherwise be due from the school
6 corporation on loans or advances from the common school fund.

7 (2) The distressed unit appeal board may recommend to the state
8 board of finance that the state board of finance make an interest
9 free loan to the school corporation from the common school fund.

10 The distressed unit appeal board shall determine the payment
11 schedule and the commencement date for the loan. If the
12 distressed unit appeal board makes a recommendation that such
13 a loan be made, the state board of finance may, notwithstanding
14 IC 20-49, make such a loan for a term of not more than ten (10)
15 years.

16 (3) The distressed unit appeal board may establish benchmarks of
17 financial improvement for the school corporation.

18 (4) The distressed unit appeal board may provide a grant or grants
19 to the school corporation from funds appropriated to the
20 distressed unit appeal board, in amounts determined by the
21 distressed unit appeal board, to assist the school corporation in
22 overcoming short term financial problems.

23 (5) The distressed unit appeal board may make a recommendation
24 to the general assembly concerning the possible restructuring of
25 advances made to the school corporation from the common school
26 fund, including forgiveness of principal and interest on those
27 advances.

28 (g) The fiscal management board is established. The fiscal
29 management board consists of the following members:

30 ~~(1) One (1) member appointed by the governing body.~~

31 ~~(2) (1) One (1) member appointed by the mayor of the city of~~
32 Gary.

33 ~~(3) (2) One (1) member, who must have experience working with~~
34 or for an urban school corporation, appointed by the
35 superintendent of public instruction.

36 ~~(4) (3) One (1) member, who must have experience working with~~
37 or for an urban school corporation, appointed by the state board
38 of education.

39 (h) The following apply to the fiscal management board and to the
40 members of the fiscal management board:

41 (1) The term of office of a member of the fiscal management
42 board is four (4) years, beginning on the date of appointment. A



1 member of the fiscal management board may be reappointed to
 2 the fiscal management board. A member of the fiscal
 3 management board may be removed for cause by the appointing
 4 authority.

5 (2) A member of the fiscal management board must have the
 6 following:

7 (A) At least three (3) years experience in financial
 8 management.

9 (B) A meaningful background and work experience in finance
 10 and business.

11 (C) An understanding of government contracts.

12 (D) Knowledge and experience in organizational effectiveness,
 13 operations management, and implementing best practices.

14 (E) Experience in budget development and oversight.

15 (F) A demonstrated commitment to high professional and
 16 ethical standards and a diverse workplace.

17 (G) An understanding of tax and other compliance
 18 implications.

19 (3) A member of the ~~governing body~~ **advisory committee** may
 20 not serve as a member of the fiscal management board.

21 (4) The fiscal management board:

22 (A) shall make recommendations to the emergency manager;
 23 and

24 (B) shall advise the emergency manager as requested by the
 25 emergency manager.

26 (5) The members of the fiscal management board are not entitled
 27 to any compensation for their service on the fiscal management
 28 board.

29 (6) The fiscal management board is abolished, and the terms of
 30 the members of the fiscal management board are terminated, on
 31 the date the school corporation's designation as a distressed
 32 political subdivision is terminated as provided in section 13(b) of
 33 this chapter.

34 (7) Under the supervision of the emergency manager, the fiscal
 35 management board shall serve as a liaison to and shall work
 36 jointly with the distressed unit appeal board, the mayor of the city
 37 of Gary, and the department of education to develop a transition
 38 plan to address issues or questions related to:

39 (A) the designation of the school corporation as a distressed
 40 political subdivision and the transfer of powers and duties to
 41 the emergency manager under this chapter; and

42 (B) the potential impact of the transition on the community



- 1 and the school corporation.
- 2 (8) Under the supervision of the emergency manager, the fiscal
3 management board shall work jointly with the distressed unit
4 appeal board, the mayor of the city of Gary, and the department
5 of education to provide information on a regular basis to parents,
6 students, employees of the school corporation, and the public on
7 the status of the transition.
- 8 (i) The emergency manager shall employ a chief financial officer for
9 the school corporation. The chief financial officer is an employee of the
10 school corporation. The chief financial officer shall report to the
11 emergency manager and shall assist the emergency manager appointed
12 for the school corporation and the fiscal management board in carrying
13 out the day to day financial operations of the school corporation. ~~Before~~
14 ~~July 1, 2019;~~ **Before July 1, 2019**, the compensation of the chief
15 financial officer shall be determined by the distressed unit appeal
16 board. Before July 1, 2019, the compensation of the chief financial
17 officer shall be paid from the funds appropriated to the distressed unit
18 appeal board. After June 30, 2019, the compensation of the chief
19 financial officer shall be determined by and paid by the school
20 corporation. The chief financial officer:
- 21 (1) must possess, through both education and experience, a
22 understanding of finance and financial management; and
23 (2) must possess any other experience and must meet any other
24 requirements as required by the distressed unit appeal board to
25 ensure that the chief financial officer is qualified to carry out the
26 financial restructuring of the school corporation.
- 27 Before employing a chief financial officer under this subsection, the
28 emergency manager shall interview at least one (1) resident of the city
29 of Gary as a candidate for the position. If the emergency manager is not
30 able to interview a resident of the city of Gary as a candidate for the
31 position, the emergency manager shall interview at least one (1)
32 individual who is a resident of Lake County or northwest Indiana as a
33 candidate for the position.
- 34 (j) The emergency manager shall employ a chief academic officer
35 for the school corporation, after consultation with the department of
36 education, who must have experience working with or for an urban
37 school corporation. The chief academic officer is an employee of the
38 school corporation. The chief academic officer shall report to the
39 emergency manager and shall assist the emergency manager appointed
40 for the school corporation and the fiscal management board in carrying
41 out the academic matters of the school corporation. ~~Before July 1,~~
42 ~~2019;~~ **Before July 1, 2019**, the compensation of the chief academic



1 officer shall be determined by the distressed unit appeal board. Before
 2 July 1, 2019, the compensation of the chief academic officer shall be
 3 paid from the funds appropriated to the distressed unit appeal board.
 4 After June 30, 2019, the compensation of the chief academic officer
 5 shall be determined by and paid by the school corporation. The chief
 6 academic officer must:

7 (1) hold a valid license to teach in a public school under
 8 IC 20-28-5;

9 (2) possess, through both education and experience, an
 10 understanding of curriculum and academics; and

11 (3) possess any other experience and meet any other requirements
 12 as required by the distressed unit appeal board to ensure that the
 13 chief academic officer is qualified to carry out the academic goals
 14 of the school corporation.

15 Before employing a chief academic officer under this subsection, the
 16 emergency manager shall interview at least one (1) resident of the city
 17 of Gary as a candidate for the position. If the emergency manager is not
 18 able to interview a resident of the city of Gary as a candidate for the
 19 position, the emergency manager shall interview at least one (1)
 20 individual who is a resident of Lake County or northwest Indiana as a
 21 candidate for the position.

22 (k) The chief financial officer and chief academic officer shall assist
 23 the emergency manager in carrying out the emergency manager's duties
 24 under this chapter.

25 (l) The annual budget adopted by the emergency manager for the
 26 school corporation must dedicate a significant part of the school
 27 corporation's budget to eliminating the school corporation's outstanding
 28 financial obligations. The emergency manager shall attempt to
 29 negotiate with the creditors of the school corporation to establish a plan
 30 specifying the schedule for paying each creditor. The emergency
 31 manager shall submit the plan to the distressed unit appeal board for
 32 approval. The distressed unit appeal board must:

33 (1) review the plan submitted by the emergency manager; and

34 (2) not later than sixty (60) days after the plan is submitted,
 35 either:

36 (A) approve the plan as submitted by the emergency manager;

37 or

38 (B) modify the plan as submitted by the emergency manager
 39 and then approve the modified plan.

40 (m) The emergency manager shall consult with ~~the governing body,~~
 41 the fiscal management board and the mayor of the city of Gary in
 42 developing the school corporation's annual budget. The distressed unit



1 appeal board must review and approve the school corporation's annual
2 budget that is proposed by the emergency manager.

3 (n) In consultation with the fiscal management board ~~the governing~~
4 ~~body~~, and the mayor of the city of Gary, the emergency manager shall
5 do the following:

6 (1) Conduct a financial and compliance audit of the operations of
7 the school corporation.

8 (2) Develop a written financial plan for the school corporation.
9 The object of the plan must be to achieve financial stability for
10 the school corporation, and the plan must include provisions for
11 paying all of the school corporation's outstanding obligations and
12 for paying all future obligations of the school corporation
13 (including any federal, state, or local taxes or assessments) in a
14 timely manner.

15 (o) In addition to the report required by section 8.5(c)(5) of this
16 chapter, the emergency manager, the chief financial officer, and the
17 chief academic officer shall report quarterly to the distressed unit
18 appeal board in a format specified by the distressed unit appeal board.

19 The report must include:

20 (1) information concerning the actions that the school corporation
21 is taking to improve the financial condition of the school
22 corporation; and

23 (2) any other information required by the distressed unit appeal
24 board.

25 The emergency manager shall report more frequently than quarterly if
26 requested by the distressed unit appeal board. The emergency manager
27 shall provide copies of the report to ~~the governing body~~, the fiscal
28 management board and the mayor of the city of Gary. The emergency
29 manager shall present each report at a public meeting of the fiscal
30 management board.

31 (p) The school corporation shall do the following:

32 (1) Publish a copy of each report under subsection (o) on the
33 school corporation's Internet web site, along with a link to the
34 main page of the Indiana transparency Internet web site
35 established under IC 5-14-3.7 to provide access to financial data
36 for local schools.

37 (2) Make copies of each report available free of charge to the
38 public upon request.

39 (3) Provide copies of each report to the mayor of the city of Gary.
40 The mayor shall make copies of the reports available free of
41 charge to the public upon request.

42 (q) The chief academic officer shall develop an education plan to



1 provide academic services to students in the school corporation and to
 2 achieve academic progress. The education plan must include at least
 3 the following components:

4 (1) An academic program designed to meet Indiana's academic
 5 standards and to assist students in meeting those academic
 6 standards.

7 (2) A plan to improve the academic performance of all students,
 8 including improvement in the performance of students on
 9 standardized tests.

10 (3) A plan to engage parents in school performance and school
 11 activities, including regular meetings at each school involving
 12 administrators, teachers, parents, and interested members of the
 13 community.

14 (4) A plan to implement performance standards that will attract
 15 students and families to the school corporation.

16 (5) A plan specifying how the school corporation will work
 17 directly with the city of Gary:

18 (A) to make the schools a successful component of life within
 19 the city; and

20 (B) to develop a sense of pride and progress in the operations
 21 and accomplishments of the school corporation.

22 ~~The chief financial officer and the chief academic officer shall confer~~
 23 ~~with the governing body at least once each month.~~ The chief financial
 24 officer and chief academic officer shall meet at least quarterly with the
 25 executive committee of the bargaining unit to inform the executive
 26 committee of the academic progress of the school corporation.

27 ~~(r) During the period after the effective date of this section and~~
 28 ~~before an emergency manager is appointed for the school corporation;~~
 29 ~~the governing body may not enter into or renew any contract unless that~~
 30 ~~contract or contract renewal is first approved by the distressed unit~~
 31 ~~appeal board.~~

32 SECTION 8. IC 6-1.1-20.3-6.9 IS REPEALED [EFFECTIVE JULY
 33 1, 2018]. Sec. 6.9: (a) The board may do the following:

34 (1) Hold a public hearing to review the budget, tax levies,
 35 assessed value, debt service requirements, and other financial
 36 information for the Gary Community School Corporation.

37 (2) After reviewing the information described in subdivision (1)
 38 and subject to subdivision (3), the board may, with the consent of
 39 the governing body of the Gary Community School Corporation,
 40 select a financial specialist to take financial control of the Gary
 41 Community School Corporation, who shall act in consultation
 42 with the governing body of the Gary Community School



- 1 Corporation and the city of Gary.
- 2 (3) In selecting a financial specialist to take financial control of
- 3 the Gary Community School Corporation under subdivision (2):
- 4 (A) the board shall recommend three (3) persons as potential
- 5 candidates for the financial specialist position to take financial
- 6 control of the Gary Community School Corporation; and
- 7 (B) the governing body of the Gary Community School
- 8 Corporation may, within twenty-one (21) days after the board
- 9 makes the recommendations under clause (A), choose one (1)
- 10 of the persons recommended by the board under clause (A)
- 11 that the board may then select as a financial specialist to take
- 12 financial control of the Gary Community School Corporation
- 13 as provided in subdivision (2).
- 14 If the governing body of the Gary Community School Corporation
- 15 does not choose a financial specialist as provided in clause (B)
- 16 from the persons recommended by the board within twenty-one
- 17 (21) days, the board's authority under this section is terminated.
- 18 (4) A financial specialist selected under this section:
- 19 (A) shall be paid out of the funds appropriated to the board;
- 20 (B) may perform the duties authorized under this section for
- 21 not more than twenty-four (24) consecutive months; and
- 22 (C) may request the Indiana Association of School Business
- 23 Officials to provide technical consulting services to the
- 24 financial specialist and the Gary Community School
- 25 Corporation on the following issues:
- 26 (i) Debt management.
- 27 (ii) Cash management.
- 28 (iii) Facility management.
- 29 (iv) Other school business management issues.
- 30 The Indiana Association of School Business Officials will
- 31 determine the appropriate individuals to consult with the
- 32 financial specialist and the Gary Community School
- 33 Corporation. Any consulting expenses will be paid out of the
- 34 funds appropriated to the board.
- 35 (b) The board may do any of the following if the board selects a
- 36 financial specialist to take financial control of the Gary Community
- 37 School Corporation under subsection (a):
- 38 (1) The board may work jointly with the city of Gary and the
- 39 financial specialist to develop a financial plan for the Gary
- 40 Community School Corporation.
- 41 (2) The board may delay or suspend, for a period determined by
- 42 the board, any payments of principal or interest, or both; that



1 would otherwise be due from the Gary Community School
 2 Corporation on loans or advances from the common school fund:
 3 (3) The board may recommend to the state board of finance that
 4 the state board of finance make an interest free loan to the Gary
 5 Community School Corporation from the common school fund:
 6 If the board makes a recommendation that such a loan be made,
 7 the state board of finance may, notwithstanding IC 20-49, make
 8 such a loan for a term of not more than six (6) years:

9 SECTION 9. IC 6-1.1-20.3-7.1, AS ADDED BY P.L.241-2017,
 10 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 11 JULY 1, 2018]: Sec. 7.1. (a) This section applies only to the Muncie
 12 Community Schools.

13 (b) The general assembly finds that the provisions of this section:

- 14 (1) are necessary to address the unique issues faced by the
 15 Muncie Community Schools; and
 16 (2) are not precedent for and may not be appropriate for
 17 addressing issues faced by other school corporations; and
 18 **(3) are consistent with the board designating the Muncie**
 19 **Community school corporation as a distressed political**
 20 **subdivision effective January 1, 2018.**

21 (c) As used in this section, the following definitions apply:

- 22 (1) "Emergency manager" includes a temporary emergency
 23 manager appointed under this section.
 24 (2) "Governing body" refers to the governing body of the Muncie
 25 Community Schools.
 26 (3) "School corporation" refers to the Muncie Community
 27 Schools.

28 (d) Muncie Community Schools is designated as a fiscally impaired
 29 school corporation. The school corporation's designation as a fiscally
 30 impaired school corporation terminates on January 1, 2018. The school
 31 corporation's designation as a fiscally impaired school corporation is
 32 not a designation of the school corporation as a distressed political
 33 subdivision for purposes of this chapter. The school corporation's
 34 designation as a fiscally impaired school corporation is effective
 35 regardless of whether the school corporation has submitted a petition
 36 under this section requesting to be designated as a fiscally impaired
 37 school corporation. The board shall appoint an emergency manager for
 38 the school corporation:

39 (c) Notwithstanding section 7.5(d) of this chapter, the board shall
 40 determine the compensation of the emergency manager, pay the
 41 emergency manager's compensation, and reimburse the emergency
 42 manager for actual and necessary expenses from funds appropriated to



1 the board. Upon the effective date of this section, the board may
 2 immediately appoint the superintendent of the Muncie Community
 3 Schools as the emergency manager for the school corporation on a
 4 temporary basis. The appointment of the superintendent as the
 5 emergency manager may continue for not more than six (6) months.
 6 However, the superintendent may be considered for the permanent
 7 emergency manager position.

8 (e) Notwithstanding the powers, authority, and responsibilities
 9 otherwise granted to an emergency manager under this chapter, before
 10 January 1, 2018, the emergency manager appointed for the school
 11 corporation has only the following powers, authority, and
 12 responsibilities:

13 (1) The emergency manager shall:

14 (A) take actions necessary to implement the deficit reduction
 15 plan that was presented at a public meeting of the governing
 16 body on April 17, 2017; and

17 (B) work with the governing body and the superintendent to:

18 (i) achieve financial stability for the school corporation;

19 (ii) provide for the payment of the school corporation's
 20 outstanding debt obligations and anticipated future debt
 21 obligations; and

22 (iii) align the school corporation's personnel and facilities
 23 with the anticipated revenues and enrollment of the school
 24 corporation.

25 (2) The emergency manager may on behalf of the school
 26 corporation negotiate and enter into labor contracts and collective
 27 bargaining agreements. The emergency manager shall also review
 28 existing labor contracts and collective bargaining agreements; and
 29 if the emergency manager considers it appropriate, the emergency
 30 manager may on behalf of the school corporation attempt to
 31 renegotiate such a labor contract or collective bargaining
 32 agreement.

33 (3) Subject to labor contracts and collective bargaining
 34 agreements applicable to the school corporation and any
 35 obligations to inform the governing body or the superintendent,
 36 the emergency manager may do any of the following:

37 (A) Set the salaries and other compensation of the school
 38 corporation's employees.

39 (B) Identify and implement labor force reductions.

40 (C) Outsource services performed by employees of the school
 41 corporation.

42 (4) The emergency manager may do any of the following:



- 1 (A) Close facilities of the school corporation.
- 2 (B) Sell, transfer, or lease property of the school corporation:
- 3 If the emergency manager sells real property, any political
- 4 subdivision that has territory where the real property is located
- 5 and institutions of higher education with real property located
- 6 in Indiana shall be given a thirty (30) day first right to make an
- 7 offer to purchase the real property. Ball State University shall
- 8 have the right of first refusal for any property sold, transferred,
- 9 or leased under this subsection. The emergency manager shall
- 10 determine whether it is appropriate to accept one (1) of these
- 11 offers and shall negotiate the terms and conditions of the sale
- 12 of the real property to the offeror.
- 13 (5) The emergency manager must approve any of the following
- 14 actions by the school corporation before the school corporation
- 15 may take the action:
 - 16 (A) Acquiring real property.
 - 17 (B) Constructing new buildings or remodeling or renovating
 - 18 existing buildings.
 - 19 (C) Incurring a contractual obligation that requires an
 - 20 expenditure of more than thirty thousand dollars (\$30,000).
 - 21 (D) Purchasing or entering into an agreement to purchase
 - 22 personal property at a cost of more than thirty thousand dollars
 - 23 (\$30,000).
 - 24 (E) Making, approving, or disapproving the following:
 - 25 (i) A loan.
 - 26 (ii) The creation of any new position.
 - 27 (iii) The filling of any vacant position.
- 28 (6) The emergency manager shall submit a written report to the
- 29 board and the governing body each month concerning the
- 30 following:
 - 31 (A) Actions taken by the emergency manager and the school
 - 32 corporation.
 - 33 (B) Expenditures made by the school corporation.
 - 34 (C) The progress that has been made toward achieving
 - 35 financial stability for the school corporation.
- 36 The emergency manager, rather than the governing body or the
- 37 superintendent of the school corporation, has and shall exercise the
- 38 powers, authority, and responsibilities described in subdivisions (1)
- 39 through (6), including the authority to negotiate and enter into labor
- 40 contracts and collective bargaining agreements on behalf of the school
- 41 corporation. This subsection expires January 1, 2018.
- 42 (f) The school corporation's designation as a fiscally impaired



1 school corporation terminates on January 1, 2018. The board shall, not
 2 later than December 1, 2017, hold a public hearing to determine if the
 3 school corporation should be designated as a distressed political
 4 subdivision for purposes of this chapter effective January 1, 2018.
 5 After holding the public hearing, the board shall do one (1) of the
 6 following:

7 (1) If the board finds that:

8 (A) the school corporation has developed and is implementing
 9 a deficit reduction plan described in subsection (e)(1);

10 (B) the actions taken by the school corporation to implement
 11 the deficit reduction plan have resulted in progress toward
 12 achieving financial stability for the school corporation; and

13 (C) it is in the best interest of the students, the community, and
 14 the school corporation and its employees to not designate the
 15 school corporation as a distressed political subdivision;

16 the board shall adopt a resolution providing that the school
 17 corporation will not be designated as a distressed political
 18 subdivision under this chapter. If the board adopts such a
 19 resolution, the school corporation is not subject to this chapter
 20 after December 31, 2017.

21 (2) If the board does not adopt a resolution under subdivision (1);
 22 the board shall adopt a resolution designating the school
 23 corporation as a distressed political subdivision effective January
 24 1, 2018.

25 (g) If the board adopts a resolution under subsection (f)(1) providing
 26 that the school corporation will not be designated as a distressed
 27 political subdivision, the position of the emergency manager is
 28 terminated on January 1, 2018.

29 (h) (d) If the board adopts a resolution under subsection (f)(2)
 30 providing that **In addition to any other actions that the board may**
 31 **take under this chapter concerning a distressed political**
 32 **subdivision, the board may recommend, before July 1, 2020, to the**
 33 **state board of finance that the state board of finance make an**
 34 **interest free loan to the school corporation is designated as a**
 35 **distressed political subdivision effective January 1, 2018, from the**
 36 **common school fund. The distressed unit appeal board shall**
 37 **determine the payment schedule and the commencement date for**
 38 **the loan. If the board makes a recommendation that such a loan be**
 39 **made, the state board of finance may, notwithstanding IC 20-49,**
 40 **make the loan for a term of not more than ten (10) years.**

41 (1) the emergency manager shall, effective January 1, 2018,
 42 assume and exercise all of the powers, authority, and



1 responsibilities granted to emergency managers of school
2 corporations under this chapter; and

3 (2) the school corporation's designation as a distressed political
4 subdivision continues until that designation is terminated as
5 provided in section 13(b) of this chapter.

6 (i) The following apply while the school corporation is designated
7 as a fiscally impaired school corporation and, if the board adopts a
8 resolution under subsection (f)(2), while the school corporation is
9 designated as a distressed political subdivision:

10 (1) The school corporation may approve a controlled project
11 under IC 6-1.1-20 that requires a petition and remonstrance
12 process or a local public question only if the controlled project is
13 first approved by the emergency manager.

14 (2) The governing body may adopt a resolution to place a
15 referendum on the ballot for a referendum tax levy under
16 IC 20-46-1 only if the resolution is first approved by the
17 emergency manager.

18 SECTION 10. IC 6-1.1-20.3-7.5, AS AMENDED BY P.L.241-2017,
19 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
20 JULY 1, 2018]: Sec. 7.5. (a) This section does not apply to a school
21 corporation designated before July 1, 2013, as a distressed political
22 subdivision.

23 (b) If the board designates a political subdivision **is designated** as
24 a distressed political subdivision under section 6.5, 6.7, or 7.1 of this
25 chapter, or if a political subdivision is designated as a distressed
26 political subdivision by section 6.8 of this chapter, the board shall
27 appoint an emergency manager for the distressed political subdivision.
28 The board shall appoint an emergency manager for a school
29 corporation designated by section 7.1 of this chapter as a fiscally
30 impaired school corporation. An emergency manager serves at the
31 pleasure of the board. For purposes of IC 34-13, an emergency manager
32 appointed under this section is acting on behalf of the distressed
33 political subdivision and not the state.

34 (c) The chairperson of the board shall oversee the activities of an
35 emergency manager.

36 (d) Except as provided in this chapter, the distressed political
37 subdivision shall pay the emergency manager's compensation and
38 reimburse the emergency manager for actual and necessary expenses.

39 (e) A member of a fiscal management board, an emergency
40 manager, a chief financial officer, or a chief academic officer is
41 immune from civil liability for an act or omission within the scope and
42 arising out of the performance of duties prescribed by the board under



1 this chapter. This subsection does not apply to an act or omission that
2 constitutes gross negligence or willful misconduct.

3 (f) The attorney general ~~may~~ **shall** represent a member of a fiscal
4 management board, an emergency manager, a chief financial officer,
5 or a chief academic officer in a legal action arising out of the exercise
6 of powers granted under this chapter, if the member of a fiscal
7 management board, emergency manager, chief financial officer, or
8 chief academic officer makes a written request to the attorney general
9 requesting representation. The attorney general may not represent a
10 member of a fiscal management board, an emergency manager, a chief
11 financial officer, or a chief academic officer under this subsection if the
12 legal action is initiated or the claim is asserted by the member of the
13 fiscal management board, emergency manager, or the distressed
14 political subdivision. If the attorney general represents a member of a
15 fiscal management board, an emergency manager, a chief financial
16 officer, or a chief academic officer under this subsection, the member
17 of a fiscal management board, emergency manager, chief financial
18 officer, or chief academic officer is entitled to recover attorney's fees
19 from the losing party to the extent the member of the fiscal
20 management board, emergency manager, chief financial officer, or
21 chief academic officer prevails. Any attorney's fees recovered shall be
22 deposited in the state general fund.

23 SECTION 11. IC 6-1.1-20.3-8.5, AS AMENDED BY P.L.241-2017,
24 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
25 JULY 1, 2018]: Sec. 8.5. (a) This section does not apply to a school
26 corporation designated before July 1, 2013, as a distressed political
27 subdivision. ~~This section applies to the Muncie Community Schools~~
28 ~~designation under section 7.1 of this chapter only if the board adopts~~
29 ~~a resolution under section 7.1(f)(2) of this chapter designating the~~
30 ~~school corporation as a distressed political subdivision.~~

31 (b) Notwithstanding any other law, an emergency manager of a
32 distressed political subdivision appointed under ~~section 7.5 of~~ this
33 chapter shall assume and exercise all of the power, authority, and
34 responsibilities of both the executive and the fiscal body of the political
35 subdivision during the time the political subdivision is a distressed
36 political subdivision. An emergency manager's power, authority, and
37 responsibilities include the following:

38 (1) Adopting, amending, and enforcing ordinances and
39 resolutions relating to or affecting the fiscal stability of the
40 political subdivision. However, the emergency manager may
41 impose only those taxes or fees that the political subdivision is
42 authorized by law to impose.



- 1 (2) Subject to existing labor contracts, setting the salaries and
- 2 other compensation of the political subdivision's employees.
- 3 (3) Reviewing existing labor contracts and collective bargaining
- 4 agreements, and negotiating and entering into labor contracts and
- 5 collective bargaining agreements.
- 6 (4) Adopting a budget for the political subdivision for each
- 7 calendar or fiscal year, as applicable, that the political subdivision
- 8 remains a distressed political subdivision.
- 9 (5) Approving payrolls and other claims against the political
- 10 subdivision before payment.
- 11 (6) Making, approving, or disapproving the following:
- 12 (A) A contract.
- 13 (B) An expenditure.
- 14 (C) A loan.
- 15 (D) The creation of any new position.
- 16 (E) The filling of any vacant position.
- 17 (7) Identifying and implementing labor force reductions.
- 18 (8) Outsourcing services performed by employees of the
- 19 distressed political subdivision.
- 20 (9) Renegotiating existing labor contracts and acting as an agent
- 21 of the political subdivision in collective bargaining.
- 22 (10) Reducing or suspending salaries of the political subdivision's
- 23 employees.
- 24 (11) Entering into agreements with other political subdivisions for
- 25 the provision of services.
- 26 (12) Selling assets, including real property, of the distressed
- 27 political subdivision. If real property is being sold, any political
- 28 subdivision that has territory where the real property is located
- 29 and institutions of higher education with real property located in
- 30 Indiana shall be given a thirty (30) day first right to make an offer
- 31 to purchase the real property. The emergency manager shall
- 32 determine whether it is appropriate to accept one (1) of these
- 33 offers and shall negotiate the terms and conditions of the sale of
- 34 the real property to the offeror. In the case of an emergency
- 35 manager appointed for the Gary Community School Corporation,
- 36 the emergency manager shall provide written notice to the mayor
- 37 of the city of Gary at least thirty (30) days before selling assets
- 38 under this subdivision. If the mayor of the city of Gary notifies the
- 39 emergency manager of any concerns or objections regarding the
- 40 proposed sale of the asset, the emergency manager must confer
- 41 with the mayor regarding those concerns or objections.
- 42 (13) Closing facilities of the distressed political subdivision.



- 1 (14) Requesting technical assistance from the board and state
 2 agencies to assist in carrying out the powers and duties outlined
 3 in this subsection, including assistance from the Indiana
 4 department of administration in evaluating and assessing
 5 facilities.
- 6 (15) Reviewing each contract that is in effect and not covered by
 7 subdivision (3) and, if prudent, renegotiating or canceling the
 8 contract to the extent permitted by the contract.
- 9 (16) Transferring property not needed by the distressed political
 10 subdivision. In the case of an emergency manager appointed for
 11 the Gary Community School Corporation, the emergency manager
 12 shall provide written notice to the mayor of the city of Gary at
 13 least thirty (30) days before transferring property under this
 14 subdivision. If the mayor of the city of Gary notifies the
 15 emergency manager of any concerns or objections regarding the
 16 proposed transfer of the property, the emergency manager must
 17 confer with the mayor regarding those concerns or objections.
- 18 (17) Acquiring real property that is necessary to achieve the goals
 19 expressed in the financial plan.
- 20 (18) **For a school corporation designated as a distressed**
 21 **political subdivision**, requesting a waiver from the application of
 22 IC 6-1.1-20.6-9.8 in order to use IC 6-1.1-20.6-13 regarding the
 23 allocation of protected taxes. To request a waiver, the emergency
 24 manager must submit, before May 1 of the year for which a
 25 waiver is sought, a written request to the board. The board shall
 26 make a determination concerning the request, and if the waiver is
 27 granted the board shall provide, before June 1 of that year, a
 28 written certification of the determination to the department of
 29 local government finance.
- 30 (19) If the distressed political subdivision is a school corporation,
 31 requesting a loan from the counter-cyclical revenue and economic
 32 stabilization fund under IC 6-1.1-21.4-3(b) as provided in section
 33 8.3 of this chapter.
- 34 (20) Petitioning the board to terminate a political subdivision's
 35 status as a distressed political subdivision when the conditions
 36 found in section 6.5 of this chapter are no longer applicable to the
 37 political subdivision and the conditions set forth in section 13(b)
 38 of this chapter are met.
- 39 (c) An emergency manager of a distressed political subdivision
 40 appointed under section 7.5 of this chapter shall do the following:
- 41 (1) Review the political subdivision's budget.
- 42 (2) Conduct a financial and compliance audit of the internal



1 operations of the political subdivision.

2 (3) Report and make recommendations to the board regarding the
3 following:

4 (A) A written comprehensive financial plan in consultation
5 with the officials of the political subdivision not later than six
6 (6) months after appointment.

7 (B) A comprehensive long term plan for paying all the
8 political subdivision's outstanding obligations.

9 (4) If the distressed political subdivision is a school corporation,
10 report and make recommendations to the board regarding the
11 following:

12 (A) The geographic boundaries of the school corporation and
13 alternative boundaries.

14 (B) A long term plan for meeting transportation needs.

15 (C) A long term plan for providing educational services.

16 (D) A long term plan for providing noneducational services.

17 (E) A long term plan for providing adequate personnel and a
18 plan for compensation.

19 (F) The capital plant of the school corporation and a long term
20 plan for meeting the long term capital plant needs of the
21 school corporation.

22 (G) A new governance structure for the distressed political
23 subdivision.

24 (5) Submit a written report to the board each month concerning
25 the following:

26 (A) Actions taken by the emergency manager.

27 (B) Expenditures made by the distressed political subdivision.

28 (C) The progress that has been made toward removing the
29 distressed political subdivision from distressed status.

30 (d) Except as provided in section 13(d) of this chapter, an
31 emergency manager of a distressed political subdivision retains the
32 powers and duties described in subsections (b) and (c) until:

33 (1) the emergency manager resigns or dies;

34 (2) the board removes the emergency manager; or

35 (3) the political subdivision's status as a distressed political
36 subdivision is terminated under section 13(b) or 13(c) of this
37 chapter.

38 SECTION 12. IC 6-1.1-20.3-8.7, AS AMENDED BY P.L.241-2017,
39 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
40 JULY 1, 2018]: Sec. 8.7. (a) ~~This section applies to the Muncie
41 Community Schools designation under section 7.1 of this chapter only
42 if the board adopts a resolution under section 7.1(f)(2) of this chapter~~



1 designating the school corporation as a distressed political subdivision:

2 ~~(b)~~ (a) A school corporation that is designated a distressed political
3 subdivision may not do any of the following without the approval of the
4 board during the period before the board terminates the school
5 corporation's status as a distressed political subdivision:

6 (1) Acquire real property for school building purposes.

7 (2) Construct new school buildings or remodel or renovate
8 existing school buildings.

9 (3) Incur a contractual obligation (except for a maintenance
10 contract or an employment contract for a new employee whose
11 employment replaces the employment of a former employee) that
12 requires an expenditure of more than thirty thousand dollars
13 (\$30,000).

14 (4) Purchase or enter into an agreement to purchase personal
15 property at a cost of more than thirty thousand dollars (\$30,000).

16 (5) Adopt or advertise a budget, tax levy, or tax rate for an
17 ensuing budget year.

18 SECTION 13. IC 6-1.1-20.3-9.9, AS ADDED BY P.L.241-2017,
19 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
20 JULY 1, 2018]: Sec. 9.9. ~~(a)~~ This section applies to the Muncie
21 Community Schools designation under section 7.1 of this chapter only
22 if the board adopts a resolution under section 7.1(f)(2) of this chapter
23 designating the school corporation as a distressed political subdivision.
24 This section does not apply to the Muncie Community Schools while
25 the school corporation is designated as a fiscally impaired school
26 corporation.

27 ~~(b)~~ (a) A petition may be filed with the board to appeal a decision
28 by the emergency manager.

29 ~~(c)~~ (b) Two hundred fifty (250) or more individuals residing within
30 the distressed political subdivision who are of the opinion that the
31 decision by the emergency manager is not fair or reasonable may file
32 a petition in the office of the county auditor within thirty (30) days after
33 the decision is made. The petition must set forth the petitioners' names,
34 addresses, and objections to the decision and the facts showing that the
35 decision is not fair and reasonable.

36 ~~(d)~~ (c) Upon the filing of a petition under subsection ~~(b)~~; (a), the
37 county auditor shall immediately certify a copy of the petition, together
38 with any other data necessary to present the questions involved, to the
39 board.

40 ~~(e)~~ (d) The board shall schedule a public meeting as soon as
41 practicable to consider the petition.

42 SECTION 14. IC 6-1.1-20.3-13, AS AMENDED BY P.L.241-2017,



1 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
2 JULY 1, 2018]: Sec. 13. (a) If:

3 ~~(1) an emergency manager of a distressed political subdivision~~
4 ~~(2) the fiscal body and executive of the political subdivision~~
5 ~~jointly; or~~

6 ~~(3) the governing body of a school corporation that:~~

7 ~~(A) employs a new superintendent; or~~

8 ~~(B) has a new member elected or appointed to its governing~~
9 ~~body;~~

10 ~~during the time the school corporation is a distressed political~~
11 ~~subdivision;~~

12 files a petition with the board for termination of the political
13 subdivision's status as a distressed political subdivision, the board shall
14 conduct a public hearing on the question of whether to terminate the
15 political subdivision's status as a distressed political subdivision.

16 (b) In the case of a political subdivision designated as distressed
17 under ~~section 6.5; 6.8; or 7.1~~ of this chapter, the board shall terminate
18 the political subdivision's status as a distressed political subdivision if
19 the board finds that the conditions found in section 6.5 of this chapter
20 are no longer applicable to the political subdivision and all the
21 following conditions are met:

22 (1) The political subdivision has achieved and maintained
23 financial solvency for a period of at least two (2) years, including
24 the following:

25 (A) Maintaining a structurally balanced budget for at least two
26 (2) years.

27 (B) Having no unpaid or past due critical contractual financial
28 obligations or vendor payments.

29 (2) The political subdivision has a fiscal plan that maintains
30 financial solvency for a period of at least five (5) years after the
31 termination of its distressed status.

32 (3) The political subdivision meets all other conditions identified
33 by the board.

34 (4) The board determines that the political subdivision is
35 financially stable.

36 (c) **Notwithstanding subsection (b)**, in the case of a township
37 designated as distressed under section 6.7 of this chapter, the board
38 shall terminate the township's status as a distressed political
39 subdivision if the board finds that the township's township assistance
40 property tax rate (as defined in section 6.7(a) of this chapter) for the
41 current calendar year is not more than the result of:

42 (1) the statewide average township assistance property tax rate (as



1 determined by the department of local government finance) for
 2 property taxes first due and payable in the preceding year;
 3 multiplied by
 4 (2) twelve (12).

5 (d) Notwithstanding any other section of this chapter, not later than
 6 ninety (90) days after taking office, a new executive of a distressed
 7 political subdivision may petition the board for suspension of the
 8 political subdivision's distressed status. In the case of a political
 9 subdivision designated as distressed under section 6.5 of this chapter,
 10 the executive must include in its petition a written plan to resolve the
 11 applicable issues described in section 6.5 of this chapter. In the case of
 12 a township designated as distressed under section 6.7 of this chapter,
 13 the executive must include in its petition a written plan to lower the
 14 township's township assistance property tax rate (as defined in section
 15 6.7(a) of this chapter). If the board approves the executive's written
 16 plan, the board may suspend the political subdivision's distressed status
 17 for one hundred eighty (180) days. Suspension under this chapter
 18 terminates automatically upon expiration of the one hundred eighty
 19 (180) day period. The board may consider a petition to terminate the
 20 political subdivision's distressed status during a period of suspension.

21 SECTION 15. IC 6-1.1-20.3-15, AS AMENDED BY P.L.255-2017,
 22 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 23 JANUARY 1, 2019]: Sec. 15. (a) The executive of a political
 24 subdivision or a majority of the members of the fiscal body of a
 25 political subdivision may request technical assistance from the board
 26 in helping prevent the political subdivision from becoming a distressed
 27 political subdivision. The board, by using the health fiscal indicators
 28 developed under ~~IC 5-14-3.7-16~~ **IC 20-19-7** or IC 5-14-3.8-8, shall
 29 determine whether to provide assistance to the political subdivision.

30 (b) The board may do any of the following for a political subdivision
 31 that receives assistance under subsection (a):

32 (1) Provide information and technical assistance with respect to
 33 the data management, accounting, or other aspects of the fiscal
 34 management of the political subdivision.

35 (2) Assist the political subdivision in obtaining assistance from
 36 state agencies and other resources.

37 SECTION 16. IC 6-1.1-20.3-16 IS ADDED TO THE INDIANA
 38 CODE AS A NEW SECTION TO READ AS FOLLOWS
 39 [EFFECTIVE JULY 1, 2018]: **Sec. 16. (a) This section applies to a
 40 school corporation during the time the school corporation is a
 41 distressed political subdivision.**

42 (b) **The governing body of the distressed political subdivision**



1 may not meet more often than once every six (6) months.

2 (c) A per diem may not be paid to a member of the governing
3 body of the distressed political subdivision.

4 (d) The emergency manager is the school employer for purposes
5 of IC 20-29-5.

6 (e) The emergency manager may cancel a teacher's contract as
7 part of a reduction in force. Unless a provision in a teacher's
8 contract or a collective bargaining agreement entered into or
9 renewed before July 1, 2018, provides otherwise, notification due
10 to a reduction in force may be delivered after September 30 of the
11 contract year. However, the maximum reduction in force under
12 this subsection may not exceed five percent (5%) of the full-time
13 equivalency for all certificated employees in the certificated
14 employee bargaining unit for the school corporation. The
15 emergency manager shall provide any employee whose contract is
16 being canceled with at least ninety (90) days prior notice.

17 SECTION 17. IC 20-19-7 IS ADDED TO THE INDIANA CODE
18 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
19 JULY 1, 2018]:

20 **Chapter 7. School Corporation Financial Condition Analysis**

21 **Sec. 1. (a) The fiscal and qualitative indicators committee shall**
22 **determine the fiscal and qualitative indicators to be used for**
23 **evaluating the financial condition of each school corporation.**

24 **(b) The fiscal indicators under subsection (a) may include the**
25 **following factors:**

26 **Annual capital expenses compared to total capital assets**

27 **Average daily membership (ADM)**

28 **Common school fund loans**

29 **Controlled project fund referendum revenue**

30 **Debt to assessed value and debt to ADM ratios**

31 **Education fund referendum revenue**

32 **Federal revenues**

33 **Fund cash balances by fund and overall**

34 **Fund deficits and surpluses by fund and overall**

35 **Fund deficits and surpluses combining the education and**
36 **operations fund and debt**

37 **Gross expenditures per ADM**

38 **Interfund transfers**

39 **Operating deficit or surplus**

40 **Outstanding debt and annual debt service obligations**

41 **Qualitative indicators as set forth in subsection (c)**

42 **Salaries and benefits**



- 1 **Seven (7) year trend lines using state fiscal years**
 2 **State tuition support.**
 3 **(c) The qualitative indicators under subsection (a) may include**
 4 **the following factors:**
 5 **Failure to make required contributions or transfers**
 6 **Issuance of judgment bonds**
 7 **Missed debt payments**
 8 **Missed payroll**
 9 **Past due vendor payments**
 10 **Any findings related to the financial condition of the school**
 11 **corporation by the Indiana education employment relations**
 12 **board.**
 13 **Sec. 2. (a) The management performance hub shall prescribe the**
 14 **presentation of the information of the fiscal and qualitative**
 15 **indicators used under this chapter and the financial condition of**
 16 **each school corporation.**
 17 **(b) The information under subsection (a) must be presented in**
 18 **a manner that accomplishes the following:**
 19 **(1) The information must be conveniently and easily accessed**
 20 **from a single Internet web page.**
 21 **(2) The information must be viewable in a format commonly**
 22 **known as an Internet dashboard.**
 23 **(3) The information must be viewable in graphical form.**
 24 **(4) The information must be easily searchable.**
 25 **(5) The underlying data must be downloadable in a format**
 26 **that can be imported into standard spreadsheet computer**
 27 **software.**
 28 **(c) The distressed unit appeal board shall periodically publish**
 29 **the information under subsection (a) on its Internet web site or the**
 30 **management performance hub's Internet web site. The**
 31 **management performance hub shall assist the distressed unit**
 32 **appeal board in the development of the dashboard for publication.**
 33 **The initial publication must be on or before January 1, 2019.**
 34 **Sec. 3. The executive director of the distressed unit appeal board**
 35 **may initiate contact with the chairperson of the governing body**
 36 **and the superintendent of a school corporation to assess the school**
 37 **corporation's financial condition. The school corporation shall**
 38 **cooperate with the executive director and provide any information**
 39 **requested. The executive director shall report to the state budget**
 40 **committee the process and procedures that will be used during the**
 41 **time period between:**
 42 **(1) initiating contact with the chairperson of the governing**



1 body of the school corporation that may become either fiscally
2 impaired or a distressed political subdivision under
3 IC 6-1.1-20.3; and

4 (2) being placed on the watch list.

5 The report must include what factors are considered in causing a
6 school corporation to be placed on the watch list under section 6 of
7 this chapter, if there are critical fund issues that cause school
8 corporations to be on the watch list, and when the watch list will
9 become a public record.

10 Sec. 4. (a) The executive director of the distressed unit appeal
11 board shall prepare a report identifying each school corporation
12 whose financial condition indicates the potential to become a
13 distressed political subdivision under IC 6-1.1-20.3, based on the
14 thresholds for financial impairment or distress identified by the
15 fiscal and qualitative indicators committee.

16 (b) Before June 1 of each year, the executive director of the
17 distressed unit appeal board shall present the report under
18 subsection (a) to the distressed unit appeal board and make
19 recommendations concerning what actions could be taken to
20 improve the financial condition of each school corporation covered
21 by the report.

22 Sec. 5. The distressed unit appeal board may enter into an
23 agreement with a school corporation to develop a corrective action
24 plan if the distressed unit appeal board determines that a
25 corporation shows signs of becoming either:

26 (1) fiscally impaired; or

27 (2) a distressed political subdivision under IC 6-1.1-20.3.

28 Sec. 6. (a) Before July 1, 2019, and July 1 of each year
29 thereafter, the distressed unit appeal board shall make a
30 determination of which schools are being placed on a watch list.

31 (b) If a school corporation is on a watch list for four (4)
32 consecutive years, the Indiana Association of Public School
33 Superintendents shall decide if it is appropriate to recommend to
34 the Indiana department of education whether disciplinary action
35 should be taken by the department regarding the superintendent.

36 Sec. 7. Before August 1, 2019, and August 1 of each year
37 thereafter, the distressed unit appeal board shall provide the
38 report and watch list to the legislative council in an electronic
39 format under IC 5-14-6.

40 Sec. 8. (a) Notwithstanding sections 1 and 2 of this chapter, the
41 fiscal and qualitative indicators committee is established to make
42 the following determinations:



- 1 **(1) The initial determination of the fiscal and qualitative**
- 2 **indicators to be used for evaluating the financial condition of**
- 3 **each school corporation.**
- 4 **(2) The initial determination of the information that is to be**
- 5 **presented on the management performance hub's Internet**
- 6 **web site.**
- 7 **(3) The initial determination of how frequently to update:**
- 8 **(A) the fiscal and qualitative indicators being used to**
- 9 **evaluate the financial condition of school corporations; and**
- 10 **(B) the presentation of information on the management**
- 11 **performance hub's Internet web site.**
- 12 **Before making the initial determinations, the committee shall**
- 13 **report its findings, recommendations, and procedures to the state**
- 14 **budget committee.**
- 15 **(b) The members of the committee must be employees of, and**
- 16 **appointed by, each of the following:**
- 17 **(1) The distressed unit appeal board.**
- 18 **(2) The department of education.**
- 19 **(3) The budget agency.**
- 20 **(4) The state board of accounts.**
- 21 **(5) The department of local government finance.**
- 22 **(6) The management performance hub.**
- 23 **In addition, a member of the Indiana Association of School**
- 24 **Business Officials appointed by the Association's board of directors**
- 25 **is a member of the committee.**
- 26 **(c) The member appointed by the distressed unit appeal board**
- 27 **is the chairperson of the committee.**
- 28 **(d) Members serve at the pleasure of the appointing authority.**
- 29 **(e) This section expires June 30, 2019.**
- 30 **SECTION 18. IC 20-23-12-3, AS AMENDED BY P.L.179-2011,**
- 31 **SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE**
- 32 **JULY 1, 2018]: Sec. 3. (a) The governing body of the school**
- 33 **corporation is the emergency manager appointed by the distressed**
- 34 **unit appeal board under IC 6-1.1-20.3. The school corporation**
- 35 **shall also have an advisory committee that consists of seven (7)**
- 36 **members elected as follows:**
- 37 **(1) On a nonpartisan basis.**
- 38 **(2) In a general election in the county.**
- 39 **The advisory committee is created to provide nonbinding**
- 40 **recommendations to the emergency manager.**
- 41 **(b) Six (6) of the members shall be elected from the school districts**
- 42 **drawn under section 4 of this chapter. Each member:**



- 1 (1) is elected from the school district in which the member
- 2 resides; and
- 3 (2) upon election and in conducting the business of the governing
- 4 body, represents the interests of the entire school corporation.
- 5 (c) One (1) of the members elected:
- 6 (1) is the at-large member of the governing body;
- 7 (2) may reside in any of the districts drawn under section 4 of this
- 8 chapter; and
- 9 (3) upon election and in conducting the business of the governing
- 10 body, represents the interests of the entire school corporation.

11 **(d) A per diem may not paid to a member.**

12 **(e) The advisory committee may hold a public meeting subject**
 13 **to the limits on the number of meetings set forth in**
 14 **IC 6-1.1-20.3-6.8(d). The advisory committee is subject to**
 15 **IC 5-14-1.5 (the open door law) for these meetings. The advisory**
 16 **committee may hold additional meetings that are authorized as**
 17 **executive sessions under IC 5-14-1.5 (the open door law) as**
 18 **provided in IC 5-14-1.5-6.1. The advisory committee is subject to**
 19 **the public notice requirements of IC 5-14-1.5 (the open door law)**
 20 **for these additional meetings. The records of the advisory**
 21 **committee are subject to IC 5-14-3 (access to public records).**

22 SECTION 19. IC 20-23-12-5, AS AMENDED BY P.L.1-2006,
 23 SECTION 318, IS AMENDED TO READ AS FOLLOWS
 24 [EFFECTIVE JULY 1, 2018]: Sec. 5. (a) The six (6) members who are
 25 elected for a position on the ~~governing body~~ **advisory committee**
 26 described under section 3(b) of this chapter are determined as follows:

- 27 (1) Each prospective candidate must file a nomination petition
- 28 with the board of elections and registration not earlier than one
- 29 hundred four (104) days and not later than noon seventy-four (74)
- 30 days before the election at which the members are to be elected
- 31 that includes the following information:
- 32 (A) The name of the prospective candidate.
- 33 (B) The district in which the prospective candidate resides.
- 34 (C) The signatures of at least one hundred (100) registered
- 35 voters residing in the school corporation.
- 36 (D) The fact that the prospective candidate is running for a
- 37 district position.
- 38 (E) A certification that the prospective candidate meets the
- 39 qualifications for candidacy imposed by this chapter.
- 40 (2) Only eligible voters residing in the district may vote for a
- 41 candidate.
- 42 (3) The candidate within each district who receives the greatest



- 1 number of votes in the district is elected.
- 2 (b) The at-large member elected under section 3(c) of this chapter
- 3 is determined as follows:
- 4 (1) Each prospective candidate must file a nomination petition
- 5 with the clerk of the circuit court at least seventy-four (74) days
- 6 before the election at which the at-large member is to be elected.
- 7 The petition must include the following information:
- 8 (A) The name of the prospective candidate.
- 9 (B) The signatures of at least one hundred (100) registered
- 10 voters residing within the school corporation.
- 11 (C) The fact that the prospective candidate is running for the
- 12 at-large position on the ~~governing body~~; **advisory committee**.
- 13 (D) A certification that the prospective candidate meets the
- 14 qualifications for candidacy imposed by this chapter.
- 15 (2) Only eligible voters residing in the school corporation may
- 16 vote for a candidate.
- 17 (3) The candidate who:
- 18 (A) runs for the at-large position on the ~~governing body~~;
- 19 **advisory committee**; and
- 20 (B) receives the greatest number of votes in the school
- 21 corporation;
- 22 is elected to the at-large position.
- 23 SECTION 20. IC 20-23-12-6, AS ADDED BY P.L.1-2005,
- 24 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 25 JULY 1, 2018]: Sec. 6. (a) A candidate who runs for a position on the
- 26 ~~governing body~~ **advisory committee** described under section 3(b) of
- 27 this chapter must reside in the school corporation district for which the
- 28 candidate filed.
- 29 (b) A candidate who runs for the at-large position on the ~~governing~~
- 30 **body advisory committee** described in section 3(c) of this chapter
- 31 must reside in the school corporation.
- 32 SECTION 21. IC 20-23-12-8, AS AMENDED BY P.L.219-2013,
- 33 SECTION 82, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 34 JULY 1, 2018]: Sec. 8. (a) The term of each person elected to serve on
- 35 the ~~governing body~~ **advisory committee** is four (4) years.
- 36 (b) The term of each person elected to serve on the ~~governing body~~
- 37 **advisory committee** begins on the date set in the school corporation's
- 38 organization plan. The date set in the organization plan for an elected
- 39 member of the ~~governing body~~ **advisory committee** to take office may
- 40 not be more than fourteen (14) months after the date of the member's
- 41 election. If the school corporation's organization plan does not set a
- 42 date for an elected member of the ~~governing body~~ **advisory committee**



1 to take office, the member takes office January 1 that immediately
2 follows the person's election.

3 SECTION 22. IC 20-23-12-10, AS ADDED BY P.L.1-2005,
4 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
5 JULY 1, 2018]: Sec. 10. (a) A vacancy on the ~~governing body~~ **advisory**
6 **committee** is created when:

7 (1) a member:

8 (A) dies;

9 (B) resigns from the ~~governing body~~ **advisory committee**;

10 (C) ceases to be a resident of the school corporation;

11 (D) fails to attend, except for reason of chronic illness, six (6)
12 regularly scheduled meetings of the ~~governing body~~ **advisory**
13 **committee** in any twelve (12) month period; or

14 (E) ceases to be a resident of the school district in which the
15 member was elected; or

16 (2) a vacancy is created under any other law.

17 (b) The ~~governing body~~ **advisory committee** shall temporarily fill
18 a vacancy on the ~~governing body~~ **advisory committee** as soon as
19 practicable after the vacancy occurs.

20 SECTION 23. IC 20-23-12-11, AS ADDED BY P.L.1-2005,
21 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
22 JULY 1, 2018]: Sec. 11. Before August 1 of each year, the school
23 corporation shall file with the state superintendent a list of the:

24 (1) names and addresses of members of the school corporation's
25 ~~governing body~~ **advisory committee**;

26 (2) names and addresses of the school corporation's officers; and

27 (3) expiration dates of the terms of the school corporation's
28 members and officers.

29 The school corporation shall file any change in the list not later than
30 thirty (30) days after the change occurs.

31 SECTION 24. IC 20-23-18 IS ADDED TO THE INDIANA CODE
32 AS A **NEW CHAPTER** TO READ AS FOLLOWS [EFFECTIVE
33 UPON PASSAGE]:

34 **Chapter 18. Muncie Community School Corporation**

35 **Sec. 1. This chapter applies only to the Muncie Community**
36 **school corporation and only if the Ball State University board of**
37 **trustees adopts a resolution to take advantage of the relationship**
38 **between Ball State University and the Muncie Community school**
39 **corporation and to be governed by this chapter. The resolution**
40 **must be adopted before June 1, 2018.**

41 **Sec. 2. The general assembly finds that provisions of this**
42 **chapter:**



1 (1) are necessary to address unique issues faced by the Muncie
2 Community school corporation;

3 (2) are necessary to take advantage of the relationship
4 between Ball State University and the Muncie Community
5 school corporation; and

6 (3) are not precedent for and may not be appropriate for
7 issues faced by other school corporations.

8 Sec. 3. (a) Except as provided in subsection (c), the Muncie
9 Community school corporation is subject to all applicable federal
10 and state laws.

11 (b) If a provision of this chapter conflicts with any other law,
12 including IC 20-23-4, the provision in this chapter controls.

13 (c) Notwithstanding subsection (a), to provide all administrative
14 and academic flexibility to implement innovative strategies, the
15 Muncie Community school corporation is subject only to the
16 following IC 20 provisions:

17 (1) IC 20-28-5-8 (conviction of certain felonies; notice and
18 hearing; permanent revocation of license; data base of school
19 employees who have been reported).

20 (2) IC 20-30-3-2 and IC 20-30-3-4 (patriotic commemorative
21 observances).

22 (3) IC 20-32-4, concerning graduation requirements.

23 (4) IC 20-32-5.1, concerning the Indiana's Learning
24 Evaluation Assessment Readiness Network (ILEARN)
25 program.

26 (5) IC 20-35, concerning special education.

27 (6) IC 20-39 (accounting and financial reporting procedures).

28 (7) IC 20-40 (government funds and accounts).

29 (8) IC 20-41 (extracurricular funds and accounts).

30 (9) IC 20-42 (fiduciary funds and accounts).

31 (10) IC 20-42.5 (allocation of expenditures to student
32 instruction and learning).

33 (11) IC 20-43 (state tuition support).

34 (12) IC 20-44 (property tax levies).

35 (13) IC 20-46 (levies other than general fund levies).

36 (14) IC 20-47 (related entities; holding companies; lease
37 agreements).

38 (15) IC 20-48 (borrowing and bonds).

39 (16) IC 20-49 (state management of common school funds;
40 state advances and loans).

41 (17) IC 20-50 (concerning homeless children and foster care
42 children).



1 **Sec. 4. If the Ball State University board of trustees adopts a**
 2 **resolution to take advantage of the relationship between Ball State**
 3 **University and the Muncie Community school corporation and be**
 4 **governed by this chapter, the distressed unit appeal board shall**
 5 **terminate Muncie Community school corporation’s designation as**
 6 **a distressed political subdivision by July 1, 2018.**

7 **Sec. 5. (a) Consistent with IC 20-23-4-26, the Muncie**
 8 **Community school corporation retains all of the characteristics of**
 9 **a community school corporation.**

10 **(b) The governing body of the Muncie Community school**
 11 **corporation has all the powers, rights, duties, and obligations of a**
 12 **community school corporation.**

13 **(c) For the purposes of annual budgeting, IC 6-1.1-17-20 does**
 14 **not apply to the governing body. The governing body is considered**
 15 **a governing body with the majority of members elected for the**
 16 **purposes of annual budgeting.**

17 **Sec. 6. (a) If the Ball State University board of trustees adopts**
 18 **a resolution to take advantage of the relationship between Ball**
 19 **State University and the Muncie Community school corporation**
 20 **and be governed by this chapter, the following apply:**

21 **(1) Beginning July 1, 2018, the governing body of the Muncie**
 22 **Community school corporation consists of seven (7) members.**

23 **(2) The members of the governing body shall be appointed as**
 24 **follows:**

25 **(A) Five (5) members shall be appointed by the Ball State**
 26 **University board of trustees from individuals nominated**
 27 **by the president of Ball State University.**

28 **(B) One (1) member shall be appointed by the President of**
 29 **Ball State University from a list of three (3) individuals**
 30 **nominated by the Muncie city council.**

31 **(C) One (1) member shall be appointed by the President of**
 32 **Ball State University from a list of three (3) individuals**
 33 **nominated by the mayor of Muncie.**

34 **(3) The terms for the initial members of the governing body**
 35 **are as follows:**

36 **(A) One (1) member appointed under subdivision (2)(A)**
 37 **shall serve an initial term of one (1) year.**

38 **(B) One (1) member appointed under subdivision (2)(A)**
 39 **shall serve an initial term of two (2) years.**

40 **(C) One (1) member appointed under subdivision (2)(A)**
 41 **shall serve an initial term of three (3) years.**

42 **(D) Two (2) members appointed under subdivision (2)(A)**



1 and each member appointed under subdivision (2)(B) and
2 (2)(C) shall serve an initial term of four (4) years.

3 After these initial terms, each member's term is four (4) years.

4 A member's term expires June 30 in the applicable year.

5 (b) A member of the governing body serves at the pleasure of
6 the appointing authority.

7 Sec. 7. The Muncie Community school corporation shall engage
8 academically innovative strategies for:

9 (1) developing, testing, and evaluating new methods of
10 instruction and materials;

11 (2) comparing new methods with conventional methods in use;
12 and

13 (3) training teachers in new methods of instruction and
14 materials, as is found acceptable.

15 Sec. 8. Notwithstanding any other law, the Muncie Community
16 school corporation may not receive a decrease in state funding
17 based upon the Muncie Community school corporation's status as
18 a distressed school corporation under IC 6-1.1-20.3 or because of
19 the implementation of a waiver of a statute or rule that is allowed
20 to be waived by the Muncie Community school corporation.

21 Sec. 9. Not later than June 30, 2020, the governing body of the
22 Muncie Community school corporation shall provide to the
23 distressed unit appeal board, the state superintendent of public
24 instruction, and the Indiana commissioner for higher education a
25 report on the plan for the long term fiscal viability and academic
26 innovation of the Muncie Community school corporation. The plan
27 must include goals, metrics, and benchmarks for evaluating the
28 effectiveness of the plan.

29 Sec. 10. (a) Not later than October 31, 2021, and by October 31
30 in each subsequent year, the governing body of the Muncie
31 Community school corporation shall provide a report to the
32 chairperson of the distressed unit appeal board, the superintendent
33 of public instruction, and the Indiana commissioner for higher
34 education.

35 (b) The report required in subsection (a) must outline the
36 following:

37 (1) Progress toward goals, metrics, and benchmarks
38 concerning fiscal viability and academic innovation.

39 (2) Innovative methods of instruction being used in the
40 Muncie Community school corporation.

41 (3) A comparison of the results obtained by the innovative
42 methods of instruction with conventional methods of



1 instruction.

2 (4) Any recommendations concerning the innovative methods
3 of instruction and their general applicability for public
4 schools.

5 Sec. 11. If Ball State University enters into a contract with the
6 Muncie Community school corporation in an amount that exceeds
7 twenty-five thousand dollars (\$25,000), the contract must be
8 reviewed and approved by the distressed unit appeal board.

9 Sec. 12. (a) The president of Ball State University, the members
10 of the Ball State University board of trustees, and any other officer
11 or employee of Ball State University are immune from civil liability
12 for actions taken by the governing body of the Muncie Community
13 school corporation or any action taken under the authority of this
14 chapter. This subsection does not apply to any officers or
15 employees of the university insofar as they are acting as a member
16 of the governing body of the school corporation.

17 (b) The governing body of the Muncie Community school
18 corporation may provide:

19 (1) for the defense of persons described in subsection (a) in
20 any suit arising out of the performance of the person's duties
21 for, or employment with, the state educational institution, if
22 the governing body, by resolution, determines that the action
23 was taken in good faith; and

24 (2) for protecting any person described in subsection (a) from
25 any liability, cost, or damage in connection with the
26 performance of the person's duties for, or employment with,
27 the governing body, including the payment of any legal fees,
28 except when the liability, cost, or damage is:

29 (A) predicated on, or arises out of, the bad faith of the
30 person; or

31 (B) based on the person's malfeasance in office or
32 employment.

33 Sec. 13. (a) During the period beginning July 1, 2018, and
34 ending June 30, 2022, the distressed unit appeal board shall
35 provide financial support to the Muncie Community school
36 corporation in an amount at least equivalent to the amount of
37 compensation that would have been provided to an emergency
38 manager of the Muncie Community school corporation if the
39 school corporation had retained the designation of a distressed
40 political subdivision.

41 (b) Financial assistance granted under subsection (a) shall be
42 provided directly to the school corporation.



1 SECTION 25. IC 20-28-7.5-2, AS AMENDED BY P.L.208-2017,
 2 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 3 JULY 1, 2018]: Sec. 2. (a) Before a teacher's contract is canceled, the
 4 teacher has the following rights:

5 (1) The principal or superintendent shall notify the teacher of the
 6 principal's or superintendent's preliminary decision. The
 7 notification must be:

8 (A) in writing; and

9 (B) delivered in person or mailed by registered or certified
 10 mail to the teacher at the teacher's last known address.

11 (2) The notice in subdivision (1) must include a written statement,
 12 subject to IC 5-14-3-4, giving the reasons for the preliminary
 13 decision.

14 (3) Notification due to a reduction in force must be delivered
 15 between May 1 and July 1.

16 **However, in the case of a school corporation that is a distressed**
 17 **political subdivision under IC 6-1.1-20.3, IC 6-1.1-20.3-16 applies**
 18 **to the cancellation of a teacher's contract instead of this section.**

19 (b) For a cancellation of a teacher's contract for a reason other than
 20 a reduction in force, the notice required under subsection (a)(1) must
 21 inform the teacher that, not later than five (5) days after the teacher's
 22 receipt of the notice, the teacher may request a private conference with
 23 the superintendent or the assistant superintendent. The superintendent
 24 or the assistant superintendent, as applicable, must set the requested
 25 meeting not later than ten (10) days after the request.

26 (c) At the conference between the superintendent or the assistant
 27 superintendent, as applicable, and the teacher, the teacher may be
 28 accompanied by a representative.

29 (d) After the conference between the superintendent or the assistant
 30 superintendent, as applicable, and the teacher, the superintendent or the
 31 assistant superintendent, whoever attended the conference, shall make
 32 a written recommendation to the governing body of the school
 33 corporation regarding the cancellation of the teacher's contract.

34 (e) If the teacher does not request a conference under subsection (b),
 35 the principal's or superintendent's preliminary decision is considered
 36 final.

37 (f) If a probationary, professional, or established teacher files a
 38 request with the governing body for an additional private conference
 39 not later than five (5) days after the initial private conference with the
 40 superintendent or the assistant superintendent, as applicable, the
 41 teacher is entitled to an additional private conference with the
 42 governing body before the governing body makes a final decision. The



1 final decision must be in writing and must be made not more than thirty
2 (30) days after the governing body receives the teacher's request for the
3 additional private conference. At the private conference the governing
4 body shall do the following:

5 (1) Allow the teacher to present evidence to refute the reason or
6 reasons for contract cancellation and supporting evidence
7 provided by the school corporation. Any evidence presented at the
8 private conference must have been exchanged by the parties at
9 least seven (7) days before the private conference.

10 (2) Consider whether a preponderance of the evidence supports
11 the cancellation of the teacher's contract.

12 SECTION 26. IC 34-30-2-84.8 IS ADDED TO THE INDIANA
13 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
14 [EFFECTIVE JULY 1, 2018]: **Sec. 84.8. IC 20-23-18-12 (Concerning**
15 **Ball State University and the Muncie Community school**
16 **corporation).**

17 SECTION 27. **An emergency is declared for this act.**



COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1315, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

- Page 4, line 37, delete "adopt a resolution to".
- Page 4, line 37, delete "authority" and insert "**duty, authority**".
- Page 5, line 34, strike "meet" and insert "**hold a public meeting**".
- Page 5, line 34, delete "six" and insert "**three (3)**".
- Page 5, line 35, delete "(6)".
- Page 5, line 35, delete "meeting" and insert "**forum to provide an update on the Gary Community school corporation**".
- Page 7, line 28, strike "(1) One (1) member appointed by the".
- Page 7, line 28, delete "distressed".
- Page 7, delete line 29.
- Page 7, line 30, strike "(2)" and insert "**(1)**".
- Page 7, line 31, strike "(3)" and insert "**(2)**".
- Page 7, line 34, strike "(4)" and insert "**(3)**".
- Page 8, delete lines 17 through 18, begin a new line block indented and insert:
 - "(3) A member of the ~~governing body~~ **advisory committee** may not serve as a member of the fiscal management board."
- Page 8, line 19, reset in roman "(4)".
- Page 8, line 19, delete "(3)".
- Page 8, line 24, reset in roman "(5)".
- Page 8, line 24, delete "(4)".
- Page 8, line 27, reset in roman "(6)".
- Page 8, line 27, delete "(5)".
- Page 8, line 32, reset in roman "(7)".
- Page 8, line 32, delete "(6)".
- Page 8, line 42, reset in roman "(8)".
- Page 8, line 42, delete "(7)".
- Page 9, line 12, delete "The" and insert "**Before July 1, 2019**, the".
- Page 9, line 16, reset in roman "determined by".
- Page 9, line 17, reset in roman "and".
- Page 9, line 39, delete "The" and insert "**Before July 1, 2019**, the".
- Page 10, line 1, reset in roman "determined by".
- Page 10, line 2, reset in roman "and".
- Page 14, line 11, strike "and".
- Page 14, line 13, delete "." and insert "; **and**".
- Page 14, between lines 13 and 14, begin a new line block indented



and insert:

"(3) are consistent with the board designating the Muncie Community school corporation as a distressed political subdivision effective January 1, 2018."

Page 14, line 31, after "corporation." begin a new paragraph and insert:

"(c)".

Page 14, line 31, reset in roman "Notwithstanding section 7.5(d) of this chapter,".

Page 14, reset in roman lines 32 through 34.

Page 14, line 35, reset in roman "appropriated to the board.".

Page 17, line 21, delete "(c)" and insert **"(d)"**.

Page 17, line 24, delete "recommend" and insert **"recommend, before July 1, 2020,"**.

Page 19, line 24, strike "section 7.5 of".

Page 26, delete lines 9 through 35.

Page 26, line 40, delete "management performance hub" and insert **"fiscal and qualitative indicators committee"**.

Page 27, line 28, delete "payments." and insert **"payments"**.

Page 27, between lines 28 and 29, begin a new line block indented and insert:

"Any findings related to the financial condition of the school corporation by the Indiana education employment relations board."

Page 28, line 2, delete "management performance hub" and insert **"distressed unit appeal board"**.

Page 28, line 3, delete "site." and insert **"site or the management performance hub's Internet web site. The management performance hub shall assist the distressed unit appeal board in the development of the dashboard for publication."**

Page 28, line 8, after "condition." insert **"The school corporation shall cooperate with the executive director and provide any information requested. The executive director shall report to the state budget committee the process and procedures that will be used during the time period between:**

(1) initiating contact with the chairperson of the governing body of the school corporation that may become either fiscally impaired or a distressed political subdivision under IC 6-1.1-20.3; and

(2) being placed on the watch list.

The report must include what factors are considered in causing a school corporation to be placed on the watch list under section 6 of



this chapter, if there are critical fund issues that cause school corporations to be on the watch list, and when the watch list will become a public record."

Page 28, line 11, delete "either:" and insert "**a distressed political subdivision under IC 6-1.1-20.3, based on the thresholds for financial impairment or distress identified by the fiscal and qualitative indicators committee.**".

Page 28, delete lines 12 through 13.

Page 28, line 14, delete "September" and insert "**June**".

Page 28, line 26, delete "October 1 of each year," and insert "**July 1, 2019, and July 1 of each year thereafter,**".

Page 28, line 30, delete "the school corporation's superintendent's license" and insert "**the Indiana Association of Public School Superintendents shall decide if it is appropriate to recommend to the Indiana department of education whether disciplinary action should be taken by the department regarding the superintendent.**".

Page 28, delete line 31.

Page 28, line 32, delete "November 1 of each year," and insert "**August 1, 2019, and August 1 of each year thereafter,**".

Page 29, between lines 6 and 7, begin a new line blocked left and insert:

"Before making the initial determinations, the committee shall report its findings, recommendations, and procedures to the state budget committee."

Page 29, between lines 17 and 18, begin a new paragraph and insert:

"(c) The member appointed by the distressed unit appeal board is the chairperson of the committee."

Page 29, line 18, delete "(c)" and insert "(d)".

Page 29, line 19, delete "(d)" and insert "(e)".

Page 29, between lines 28 and 29, begin a new line blocked left and insert:

"The advisory committee is created to provide nonbinding recommendations to the emergency manager."

Page 29, between lines 41 and 42, begin a new paragraph and insert:

"(e) The advisory committee may hold a public meeting subject to the limits on the number of meetings set forth in IC 6-1.1-20.3-6.8(d). The advisory committee is subject to IC 5-14-1.5 (the open door law) for these meetings. The advisory committee may hold additional meetings that are authorized as executive sessions under IC 5-14-1.5 (the open door law) as provided in IC 5-14-1.5-6.1. The advisory committee is subject to the public notice requirements of IC 5-14-1.5 (the open door law)



for these additional meetings. The records of the advisory committee are subject to IC 5-14-3 (access to public records)."

Page 32, delete lines 9 through 42.

Page 33, delete lines 1 through 6, begin a new paragraph and insert:
"SECTION 25. IC 20-23-18 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 18. Muncie Community School Corporation

Sec. 1. This chapter applies only to the Muncie Community school corporation and only if the Ball State University board of trustees adopts a resolution to take advantage of the relationship between Ball State University and the Muncie Community school corporation and to be governed by this chapter. The resolution must be adopted before June 1, 2018.

Sec. 2. The general assembly finds that provisions of this chapter:

- (1) are necessary to address unique issues faced by the Muncie Community school corporation;
- (2) are necessary to take advantage of the relationship between Ball State University and the Muncie Community school corporation; and
- (3) are not precedent for and may not be appropriate for issues faced by other school corporations.

Sec. 3. (a) Except as provided in subsection (c), the Muncie Community school corporation is subject to all applicable federal and state laws.

(b) If a provision of this chapter conflicts with any other law, including IC 20-23-4, the provision in this chapter controls.

(c) Notwithstanding subsection (a), to provide all administrative and academic flexibility to implement innovative strategies, the Muncie Community school corporation is subject only to the following IC 20 provisions:

- (1) IC 20-28-5-8 (conviction of certain felonies; notice and hearing; permanent revocation of license; data base of school employees who have been reported).
- (2) IC 20-30-3-2 and IC 20-30-3-4 (patriotic commemorative observances).
- (3) IC 20-32-4, concerning graduation requirements.
- (4) IC 20-32-5.1, concerning the Indiana's Learning Evaluation Assessment Readiness Network (ILEARN) program.
- (5) IC 20-35, concerning special education.



- (6) IC 20-39 (accounting and financial reporting procedures).
- (7) IC 20-40 (government funds and accounts).
- (8) IC 20-41 (extracurricular funds and accounts).
- (9) IC 20-42 (fiduciary funds and accounts).
- (10) IC 20-42.5 (allocation of expenditures to student instruction and learning).
- (11) IC 20-43 (state tuition support).
- (12) IC 20-44 (property tax levies).
- (13) IC 20-46 (levies other than general fund levies).
- (14) IC 20-47 (related entities; holding companies; lease agreements).
- (15) IC 20-48 (borrowing and bonds).
- (16) IC 20-49 (state management of common school funds; state advances and loans).
- (17) IC 20-50 (concerning homeless children and foster care children).

Sec. 4. If the Ball State University board of trustees adopts a resolution to take advantage of the relationship between Ball State University and the Muncie Community school corporation and be governed by this chapter, the distressed unit appeal board shall terminate Muncie Community school corporation's designation as a distressed political subdivision by July 1, 2018.

Sec. 5. (a) Consistent with IC 20-23-4-26, the Muncie Community school corporation retains all of the characteristics of a community school corporation.

(b) The governing body of the Muncie Community school corporation has all the powers, rights, duties, and obligations of a community school corporation.

(c) For the purposes of annual budgeting, IC 6-1.1-17-20 does not apply to the governing body. The governing body is considered a governing body with the majority of members elected for the purposes of annual budgeting.

Sec. 6. (a) If the Ball State University board of trustees adopts a resolution to take advantage of the relationship between Ball State University and the Muncie Community school corporation and be governed by this chapter, the following apply:

- (1) Beginning July 1, 2018, the governing body of the Muncie Community school corporation consists of seven (7) members.
- (2) The members of the governing body shall be appointed as follows:
 - (A) Five (5) members shall be appointed by the Ball State University board of trustees from individuals nominated



by the president of Ball State University.

(B) One (1) member shall be appointed by the President of Ball State University from a list of three (3) individuals nominated by the Muncie city council.

(C) One (1) member shall be appointed by the President of Ball State University from a list of three (3) individuals nominated by the mayor of Muncie.

(3) The terms for the initial members of the governing body are as follows:

(A) One (1) member appointed under subdivision (2)(A) shall serve an initial term of one (1) year.

(B) One (1) member appointed under subdivision (2)(A) shall serve an initial term of two (2) years.

(C) One (1) member appointed under subdivision (2)(A) shall serve an initial term of three (3) years.

(D) Two (2) members appointed under subdivision (2)(A) and each member appointed under subdivision (2)(B) and (2)(C) shall serve an initial term of four (4) years.

After these initial terms, each member's term is four (4) years.

A member's term expires June 30 in the applicable year.

(b) A member of the governing body serves at the pleasure of the appointing authority.

Sec. 7. The Muncie Community school corporation shall engage academically innovative strategies for:

(1) developing, testing, and evaluating new methods of instruction and materials;

(2) comparing new methods with conventional methods in use; and

(3) training teachers in new methods of instruction and materials, as is found acceptable.

Sec. 8. Notwithstanding any other law, the Muncie Community school corporation may not receive a decrease in state funding based upon the Muncie Community school corporation's status as a distressed school corporation under IC 6-1.1-20.3 or because of the implementation of a waiver of a statute or rule that is allowed to be waived by the Muncie Community school corporation.

Sec. 9. Not later than June 30, 2020, the governing body of the Muncie Community school corporation shall provide to the distressed unit appeal board, the state superintendent of public instruction, and the Indiana commissioner for higher education a report on the plan for the long term fiscal viability and academic innovation of the Muncie Community school corporation. The plan



must include goals, metrics, and benchmarks for evaluating the effectiveness of the plan.

Sec. 10. (a) Not later than October 31, 2021, and by October 31 in each subsequent year, the governing body of the Muncie Community school corporation shall provide a report to the chairperson of the distressed unit appeal board, the superintendent of public instruction, and the Indiana commissioner for higher education.

(b) The report required in subsection (a) must outline the following:

- (1)** Progress toward goals, metrics, and benchmarks concerning fiscal viability and academic innovation.
- (2)** Innovative methods of instruction being used in the Muncie Community school corporation.
- (3)** A comparison of the results obtained by the innovative methods of instruction with conventional methods of instruction.
- (4)** Any recommendations concerning the innovative methods of instruction and their general applicability for public schools.

Sec. 11. If Ball State University enters into a contract with the Muncie Community school corporation in an amount that exceeds twenty-five thousand dollars (\$25,000), the contract must be reviewed and approved by the distressed unit appeal board.

Sec. 12. (a) The president of Ball State University, the members of the Ball State University board of trustees, and any other officer or employee of Ball State University are immune from civil liability for actions taken by the governing body of the Muncie Community school corporation or any action taken under the authority of this chapter. This subsection does not apply to any officers or employees of the university insofar as they are acting as a member of the governing body of the school corporation.

(b) The governing body of the Muncie Community school corporation may provide:

- (1)** for the defense of persons described in subsection (a) in any suit arising out of the performance of the person's duties for, or employment with, the state educational institution, if the governing body, by resolution, determines that the action was taken in good faith; and
- (2)** for protecting any person described in subsection (a) from any liability, cost, or damage in connection with the performance of the person's duties for, or employment with,



the governing body, including the payment of any legal fees, except when the liability, cost, or damage is:

(A) predicated on, or arises out of, the bad faith of the person; or

(B) based on the person's malfeasance in office or employment.

Sec. 13. (a) During the period beginning July 1, 2018, and ending June 30, 2022, the distressed unit appeal board shall provide financial support to the Muncie Community school corporation in an amount at least equivalent to the amount of compensation that would have been provided to an emergency manager of the Muncie Community school corporation if the school corporation had retained the designation of a distressed political subdivision.

(b) Financial assistance granted under subsection (a) shall be provided directly to the school corporation."

Page 33, line 24, delete "subsection." and insert "section."

Page 34, after line 17, begin a new paragraph and insert:

"SECTION 27. IC 34-30-2-84.8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: **Sec. 84.8. IC 20-23-18-12 (Concerning Ball State University and the Muncie Community school corporation).**

SECTION 28. **An emergency is declared for this act.**"

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1315 as introduced.)

BROWN T

Committee Vote: yeas 16, nays 7.

