

IC 20-49

**ARTICLE 49. STATE MANAGEMENT OF COMMON
SCHOOL FUNDS; STATE ADVANCES AND LOANS**

IC 20-49-1

Chapter 1. General Provisions

IC 20-49-1-1

Application

Sec. 1. The definitions in this chapter apply throughout this article.
As added by P.L.2-2006, SEC.172.

IC 20-49-1-2

"Current ADM"

Sec. 2. "Current ADM" has the meaning set forth in
IC 20-43-1-10.

As added by P.L.2-2006, SEC.172.

IC 20-49-1-3

"Transition to foundation amount"

Sec. 3. "Transition to foundation amount" refers to the amount
determined under IC 20-43-5-6.

*As added by P.L.2-2006, SEC.172. Amended by P.L.234-2007,
SEC.265; P.L.182-2009(ss), SEC.359.*

IC 20-49-2

Chapter 2. Administration of Veterans Memorial School Construction Fund; School Disaster Loan Fund

IC 20-49-2-1

"Advancement"

Sec. 1. As used in this chapter, "advancement" refers to an advance payment to a school corporation under this chapter.

As added by P.L.2-2006, SEC.172.

IC 20-49-2-2

Establishment of fund

Sec. 2. The veterans memorial school construction fund is established. The state board shall administer the fund.

As added by P.L.2-2006, SEC.172.

IC 20-49-2-3

Duties; state board

Sec. 3. (a) The state board shall carry out this chapter.

(b) The state superintendent shall, from funds appropriated for administering this chapter, provide office space and employees to enable the state board to perform the duties required under this chapter.

(c) The state board may adopt rules under IC 4-22-2 necessary for the proper administration of the veterans memorial school construction fund and for carrying out this chapter.

As added by P.L.2-2006, SEC.172.

IC 20-49-2-4

Powers; advancements to school corporations; purposes

Sec. 4. Subject to this chapter, the state board may order the auditor of state to periodically make an advancement from the state general fund for the construction, remodeling, or repair of school buildings to any school corporation.

As added by P.L.2-2006, SEC.172.

IC 20-49-2-5

Limitation; total loans from fund

Sec. 5. The state board may not order advancements under this chapter during any fiscal year that in total exceed the sum of:

- (1) the balance remaining in the veterans memorial school construction fund at the end of the preceding fiscal year; and
- (2) all accruals and transfers to the veterans memorial school construction fund.

As added by P.L.2-2006, SEC.172.

IC 20-49-2-6

Limitations on eligibility for advancement

Sec. 6. A school corporation is not entitled to an advancement under this chapter under the following circumstances:

(1) An advancement may not be made to any organized joint school district or to any school corporation within any organized joint school district when the advancement is to be used in connection with the enlargement or construction of a joint school.

(2) An advancement may not be made to a school corporation whose average resident enrollment in:

- (A) grades 1 through 8 is less than thirty (30) per grade; or
- (B) grades 9 through 12 is less than two hundred seventy (270);

in the proposed school building to be built.

(3) A school corporation is not entitled to an advancement if:

- (A) the school corporation has used the maximum amount allowable under the Constitution of the State of Indiana and Indiana law for the construction of school facilities; and
- (B) more than thirty-five percent (35%) of the total cost of the facilities has been to build or enlarge a gymnasium, an auditorium, or an athletic facility.

As added by P.L.2-2006, SEC.172.

IC 20-49-2-7

Required compliance with chapter

Sec. 7. All advancements made by the state board must comply with this chapter.

As added by P.L.2-2006, SEC.172.

IC 20-49-2-8

Limitations on purposes of advancements

Sec. 8. An advancement may not be made for:

- (1) any purpose other than the construction, remodeling, or repairing of school buildings and classrooms; or
- (2) gymnasiums, auditoriums, or any athletic facilities.

As added by P.L.2-2006, SEC.172.

IC 20-49-2-9

Maximum advancement; nonemergency

Sec. 9. A nondisaster advancement to any school corporation under section 10 of this chapter may not exceed two hundred fifty thousand dollars (\$250,000). However, this dollar limitation is waived if:

- (1) the school corporation has an assessed valuation per ADA of less than eight thousand four hundred dollars (\$8,400); and
- (2) the school corporation's debt service fund tax rate would exceed one dollar (\$1) for each one hundred dollars (\$100) of assessed valuation without a waiver of the dollar limitation.

As added by P.L.2-2006, SEC.172. Amended by P.L.182-2009(ss), SEC.360.

IC 20-49-2-10

Restrictions on nonemergency advancements

Sec. 10. The state board shall make nondisaster advancements to school corporations under this chapter only when the following conditions exist:

(1) The school buildings and classrooms of any school corporation are not adequate for the proper education of the students in that public school or school corporation, and the school corporation is unable to finance the construction, remodeling, or repair of the necessary classrooms under existing debt and tax limitations without undue financial hardship.

(2) The school corporation has issued its bonds to construct, remodel, or repair schools and school buildings in ninety percent (90%) of the maximum amount allowable under the Constitution of the State of Indiana and Indiana law.

(3) The school corporation does not have funds available for the construction, remodeling, or repair of school buildings and classrooms sufficient to meet the requirements for the proper education of the school corporation's students.

(4) The school corporation has established and maintained a property tax levy in the amount of at least sixteen and sixty-seven hundredths cents (\$0.1667) on each one hundred dollars (\$100) of taxable property within the school corporation for school building purposes continuously for three (3) years before the time when the school corporation makes an application to the state board for an advancement.

As added by P.L.2-2006, SEC.172.

IC 20-49-2-11

Disaster loans; maximum advancement

Sec. 11. (a) The state board may make a disaster loan to a school corporation that has suffered loss by fire, flood, windstorm, or other disaster that makes all or part of the school building or buildings unfit for school purposes as described in IC 20-26-7-29 through IC 20-26-7-34.

(b) A loan made under this section may not exceed three million dollars (\$3,000,000). The school corporation shall repay the loan within twenty (20) years at an annual interest rate of one percent (1%) of the unpaid balance.

(c) The amounts repaid by school corporations under subsection (b) shall be deposited in a fund to be known as the school disaster loan fund. The money remaining in the school disaster loan fund at the end of a state fiscal year does not revert to the state general fund. The state board may use the money in the school disaster loan fund only to make disaster loans to school corporations under this section.

(d) Sections 13, 14, and 15 of this chapter do not apply to loans made under this section.

As added by P.L.2-2006, SEC.172.

IC 20-49-2-12

Application procedures

Sec. 12. Any school corporation desiring to obtain an

advancement under this chapter shall submit to the state board a verified application stating:

- (1) the existing condition concerning the need for money to be used to construct, remodel, or repair a school building in the school corporation;
- (2) the amount of money needed; and
- (3) any other information requested by the state board.

As added by P.L.2-2006, SEC.172.

IC 20-49-2-13

Calculations; school building index; tax ability

Sec. 13. (a) The state board shall compute and assign to the applicant school corporation a school building index that is the ratio of the school building need, in terms of money, to the school corporation's tax ability, in terms of money.

(b) For purposes of this section, the school building need, in terms of money, of a school corporation is the amount determined under STEP FOUR of the following formula:

STEP ONE: Add the ADA of students in grades 1 through 12 of the school corporation during the current school year in which application for an advancement is made and twice the ADA increase of the school corporation for the preceding three (3) years. However, the state board may make adjustments to reflect the effect of changes of boundary lines, loss of transfer students, or loss of resident students to private, parochial, or cooperative program schools within the three (3) year period.

STEP TWO: Divide the STEP ONE amount by twenty-five (25) to determine the number of classrooms needed to house the estimated enrollment increase.

STEP THREE: Subtract from the STEP TWO amount the number of classrooms that:

- (A) are owned, under a lease-rental arrangement, or under construction in the school corporation; and
- (B) were constructed for and normally used for classroom purposes at the time of making application for an advancement.

However, there shall not be subtracted classrooms in a building or buildings found to be inadequate for the proper education of students under standards and procedures prescribed by the state board or that have been condemned under IC 20-26-7-29 through IC 20-26-7-34 and that are to be replaced by funds applied for.

STEP FOUR: Multiply the STEP THREE amount by twenty thousand dollars (\$20,000).

(c) For purposes of this section, the school corporation's tax ability, in terms of money, is the amount determined under STEP TWO of the following formula:

STEP ONE: Determine six and one-half percent (6 1/2%) of the adjusted value of taxable property in a school corporation as determined under IC 36-1-15-4 for state and county taxes

immediately preceding the date of application.

STEP TWO: Subtract from the STEP ONE amount the sum of the following:

- (A) The principal amount of any outstanding general obligation bonds of the school corporation.
- (B) The principal amount of outstanding obligations of any corporation or holding company that has entered into a lease-rental agreement with the applicant school corporation.
- (C) The principal amount of outstanding civil township, town, or city school building bonds.

If the school corporation's tax ability is less than one hundred dollars (\$100), the school corporation's tax ability is considered for purposes of this section as being one hundred dollars (\$100).

As added by P.L.2-2006, SEC.172.

IC 20-49-2-14

Prioritizing nonemergency loans

Sec. 14. School corporations having the highest school building index must be considered first for advancements. The advancements must be made in descending order of need as shown by the school building index. The state board, after giving consideration to the:

- (1) relative order of the various applicant school corporations with regard to the school building index;
- (2) matters and facts that are required to be considered under this chapter; and
- (3) intent and purposes of this chapter;

shall make an advancement to the various school corporations for the purpose of construction, remodeling, or repairing in the amounts that are found by the state board to be necessary to enable the school corporations to provide for the classrooms and school buildings necessary and required to place the educational facilities of the school corporations on as nearly a uniform and relatively adequate basis as possible.

As added by P.L.2-2006, SEC.172.

IC 20-49-2-15

Repayment of advancement; state tuition support

Sec. 15. (a) An advancement under this chapter is not an obligation of the school corporation within the meaning of the limitation against indebtedness under the Constitution of the State of Indiana. This chapter does not relieve the governing body of a school corporation of any obligation under Indiana law to qualify the school corporation for state tuition support. The school corporation must perform all the acts necessary to obtain state tuition support payments.

(b) A school corporation receiving an advancement under this chapter shall agree to have the total amount of the money advanced plus one percent (1%) of the outstanding balance deducted from the distribution of state tuition support:

- (1) for a period not to exceed twenty (20) years; or

(2) until all the money advanced plus one percent (1%) has been deducted.

(c) The state board shall reduce the amount of each distribution of state tuition support to any school corporation that has received an advancement under this chapter in an amount to be agreed upon between the state board and the school corporation. The amount must include one percent (1%) on the balance of the advancement. However, if a school corporation:

(1) has received an advancement or advancements to replace a building or buildings under this chapter; and

(2) has not abandoned the building or buildings for classroom purposes upon completion of the classrooms for which the application for funds has been made;

the state board may amend the amount of the deductions. The amended deduction may include all state tuition support payable to the school corporation.

(d) If an advancement:

(1) has been previously made under this chapter; and

(2) was to be repaid within a period of less than twenty (20) years;

the receiving school corporation and the state board may renegotiate the agreement for repayment. The new agreement may provide any period of repayment by the receiving school corporation as long as the period does not exceed twenty (20) years from the date of the original advancement.

As added by P.L.2-2006, SEC.172.

IC 20-49-2-16

Power; levy to replace amount deducted from state tuition support

Sec. 16. A school corporation receiving an advancement under this chapter may annually levy a tax in the debt service fund to replace the amount deducted in the current year from the distribution of state tuition support under this chapter. The amount received from the tax shall be transferred from the debt service fund to the general fund.

As added by P.L.2-2006, SEC.172.

IC 20-49-2-17

Transfer between funds; amount of advancements

Sec. 17. (a) The auditor of state shall on December 31 and June 30 of each year transfer from the veterans memorial school construction fund to the state general fund the total amount of money advanced by the state board from the state general fund to school corporations under this chapter.

(b) The auditor of state shall at the time of a distribution of state tuition support transfer to the veterans memorial school construction fund an amount equal to the amount withheld from the distribution to school corporations that have received advancements under this chapter.

As added by P.L.2-2006, SEC.172.

IC 20-49-2-18

Duty; erection of plaque

Sec. 18. Each school corporation that receives funds under this chapter shall provide a suitable plaque of a permanent nature commemorating the veterans who served in the armed forces of the United States. The plaque must be in a form recommended by the state board.

As added by P.L.2-2006, SEC.172.

IC 20-49-3

Chapter 3. State Administration of Common School Fund

IC 20-49-3-1

Application

Sec. 1. This chapter applies only to money in the fund that is not being held in trust by the several counties under IC 20-42.

As added by P.L.2-2006, SEC.172.

IC 20-49-3-2

Purpose

Sec. 2. This chapter is in furtherance of the duties that are imposed exclusively upon the general assembly by the Constitution of the State of Indiana in connection with the:

(1) maintenance of a general and uniform system of common schools; and

(2) investment and reinvestment of the common school fund.

This chapter shall be liberally construed to carry out the purposes of the Constitution of the State of Indiana.

As added by P.L.2-2006, SEC.172.

IC 20-49-3-3

"Fund"

Sec. 3. As used in this chapter, "fund" refers to the common school fund in the custody of the treasurer of state.

As added by P.L.2-2006, SEC.172.

IC 20-49-3-4

Treasurer; fund custodian

Sec. 4. (a) The treasurer of state is the exclusive custodian of the fund not held in trust by the several counties under IC 20-42-1.

(b) The state board of finance has full and complete management and control of the fund. The state board of finance shall invest the fund as provided in this title.

As added by P.L.2-2006, SEC.172.

IC 20-49-3-5

State board; administration of fund

Sec. 5. The state board shall administer the fund and this chapter.

As added by P.L.2-2006, SEC.172.

IC 20-49-3-6

Rules; state board of education

Sec. 6. The state board may adopt rules under IC 4-22-2 necessary to administer the fund to carry out this chapter and IC 20-49-4.

As added by P.L.2-2006, SEC.172.

IC 20-49-3-7

Appropriation; interest balance

Sec. 7. The fund interest balance is annually appropriated for the

support of the common schools.
As added by P.L.2-2006, SEC.172.

IC 20-49-3-8

Advances; eligible projects

Sec. 8. The fund may be used to make advances:

- (1) to school corporations, including school townships and school corporation career and technical education schools described in IC 20-37-1-1, under IC 20-49-4 and IC 20-49-5; and
- (2) under IC 20-49-6.

Unless the context clearly requires otherwise, a reference to a school corporation in this chapter includes a school corporation career and technical education school described in IC 20-37-1-1. However, an advance to a school corporation career and technical education school described in IC 20-37-1-1 is not considered an advance to a school corporation for purposes of determining if the school corporation career and technical education school described in IC 20-37-1-1 qualifies for an advance.

As added by P.L.2-2006, SEC.172. Amended by P.L.146-2008, SEC.529; P.L.205-2013, SEC.307; P.L.40-2014, SEC.7.

IC 20-49-3-9

State board; powers; applications

Sec. 9. The state board shall consider and accept or reject, in its discretion, applications of school building corporations created under IC 21-5-11 (before its repeal) or IC 20-47-2 for the purchase of first mortgage bonds issued by the corporation under IC 21-5-11 (before its repeal) or IC 20-47-2.

As added by P.L.2-2006, SEC.172.

IC 20-49-3-10

Investments

Sec. 10. Except as provided in this chapter, the fund shall be invested in:

- (1) bonds, notes, certificates, and other valid obligations of the United States;
- (2) bonds, notes, debentures, and other securities issued by any federal instrumentality and fully guaranteed by the United States;
- (3) bonds, notes, certificates, and other valid obligations of any state of the United States or any county, township, city, town, or other political subdivision in Indiana that are issued under law, the issuers of which, for five (5) years before the date of the investment, have promptly paid the principal and interest on the bonds and other legal obligations in lawful money of the United States; or
- (4) bonds, notes, or other securities issued by the Indiana bond bank and described in IC 5-13-10.5-11(3).

As added by P.L.2-2006, SEC.172.

IC 20-49-3-11

Advances permitted; counties managing a county common school fund

Sec. 11. (a) This section applies to a county that:

- (1) has not elected to surrender custody of any part of the fund to the state; and
- (2) has an insufficient amount of unloaned money in the fund when added to the amount of unloaned money in the congressional township school fund, as shown by a report of the county auditor and county treasurer, to make all loans for which the county auditor has applications.

(b) Upon petition of the board of commissioners of the county, the state board of finance may allocate to the county making the application the amount that the state board of finance determines is necessary.

As added by P.L.2-2006, SEC.172.

IC 20-49-3-12

Management of funds; state board of finance

Sec. 12. (a) The state board of finance shall direct all disbursement from the fund. The auditor of state shall draw the auditor of state's warrant on the treasurer of state, on a properly itemized voucher officially approved by:

- (1) the president of the state board of finance; or
- (2) in the absence of the president, any member of the state board of finance.

(b) Except as otherwise provided by this chapter, all securities purchased for the fund shall be deposited with and remain in the custody of the state board of finance. The state board of finance shall collect all interest or other income accruing on the securities, when due, together with the principal of the securities when the principal matures and is due. Except as provided by subsection (c), all money collected under this subsection shall be:

- (1) credited to the proper fund account on the records of the auditor of state;
- (2) deposited with the treasurer of state; and
- (3) reported to the state board of finance.

(c) All money collected under an agreement that is sold, transferred, or liquidated under IC 20-49-4-23 shall be immediately transferred to the purchaser, transferee, or assignee of the agreement.

As added by P.L.2-2006, SEC.172.

IC 20-49-3-13

Rules; state board of finance

Sec. 13. (a) The state board of finance may:

- (1) make all rules;
- (2) employ all help;
- (3) purchase all supplies and equipment; and
- (4) incur all expense;

necessary to properly carry out this chapter.

(b) The expense incident to the administration of this chapter shall be paid from any money in the state treasury not otherwise appropriated upon the warrant of the auditor of state issued on a properly itemized voucher approved by the president of the state board of finance.

As added by P.L.2-2006, SEC.172.

IC 20-49-3-14

Audits

Sec. 14. A field examiner assigned by the state examiner shall annually examine the status of the fund. Upon completion of the examination, the examiner performing the duty shall prepare a report of the examination. The report must show:

- (1) all necessary pertinent information;
- (2) the balance of the fund's principal at the close of the previous examination;
- (3) the amount of interest and principal paid by each county to the state board of finance since the close of the previous examination;
- (4) the balance of principal due at the date of the closing of the report;
- (5) a statement of receipts and disbursements by the state board of finance;
- (6) a list of the securities found to be in the possession of the state board of finance;
- (7) the amount of each security; and
- (8) the total amount of all the securities held in custody.

The appropriate officer of the state board of finance shall sign the list described in subdivision (6) in duplicate. The original signed list shall be deposited with the state board of accounts, and the duplicate of the signed list shall be kept in the files of the treasurer of state.

As added by P.L.2-2006, SEC.172.

IC 20-49-3-15

Statutory construction; liability of county officer

Sec. 15. This chapter may not be construed to relieve the county auditor of any county or any other county officer of any liability fixed by law not specifically changed by this chapter.

As added by P.L.2-2006, SEC.172.

IC 20-49-3-16

Deposit of revenue in fund

Sec. 16. (a) All fines, forfeitures, and other revenue that, by law, accrue to the fund shall be collected as provided by law. The money shall be paid into the state treasury and becomes a part of the fund in the custody of the treasurer of state. The county auditor shall keep a record of all fines and forfeitures and all other revenue that, by law, accrues to the fund. Semiannually on May 1 and November 1, the county auditor shall issue the county auditor's warrant payable to the treasurer of state in an amount equal to the total collections in the six

(6) months preceding of fines and forfeitures and all other revenue that, by law, accrues to the fund or to the permanent endowment fund.

(b) At the time of payment of principal, interest, or accretions to the treasurer of state, the county auditor shall file a report with the auditor of state. The report must set forth the amount of the following:

- (1) The county's common school fund.
- (2) Interest on the county's common school fund.
- (3) Fines and forfeitures from the county.
- (4) All other accretions included in a payment from the county to the treasurer of state.

Forms for making the report shall be furnished by the auditor of state.

(c) All money collected as interest on the fund shall be paid into the state treasury and shall be distributed for the uses and purposes provided by law.

As added by P.L.2-2006, SEC.172.

IC 20-49-4

Chapter 4. Advancement From Common School Fund; Buildings; Technology Programs

IC 20-49-4-0.3

Legalization of certain agreements executed before February 28, 1992, for advances from common school fund

Sec. 0.3. All agreements that are:

- (1) executed by or on behalf of school corporations or school townships before February 28, 1992; and
- (2) for advances from the Indiana common school fund under IC 21-1-5 (before its repeal, now codified in this chapter);

are validated and legalized.

As added by P.L.220-2011, SEC.342.

IC 20-49-4-0.4

Legalization of certain agreements executed before March 10, 1996, for advances from common school fund

Sec. 0.4. All agreements that are:

- (1) executed by or on behalf of school corporations or school townships before March 10, 1996; and
- (2) for advances from the common school fund under IC 21-1-5 (before its repeal, now codified in this chapter);

are validated and legalized.

As added by P.L.220-2011, SEC.343.

IC 20-49-4-1

Application; reorganized schools

Sec. 1. This chapter applies to school corporations organized and formed through reorganization under IC 20-23-4, IC 20-23-6, or IC 20-23-7, school townships under IC 20-23-3, and school corporation career and technical education schools described in IC 20-37-1-1. Unless the context clearly requires otherwise, a reference to a school corporation in this chapter includes a school corporation career and technical education school described in IC 20-37-1-1.

As added by P.L.2-2006, SEC.172. Amended by P.L.40-2014, SEC.8.

IC 20-49-4-2

Exemption for procedures; loss from disaster

Sec. 2. Sections 9, 12, and 13 of this chapter do not apply if a school corporation sustains loss from a disaster.

As added by P.L.2-2006, SEC.172.

IC 20-49-4-3

"Advance"

Sec. 3. As used in this chapter, "advance" means an advance under this chapter from the fund.

As added by P.L.2-2006, SEC.172.

IC 20-49-4-4**"Disaster"**

Sec. 4. As used in this chapter, "disaster" refers to loss by:

- (1) fire;
- (2) wind;
- (3) cyclone; or
- (4) other disaster;

of all or a major part of a school building or school buildings.

As added by P.L.2-2006, SEC.172.

IC 20-49-4-5**"Educational technology program"**

Sec. 5. As used in this chapter, "educational technology program" means the:

- (1) purchase, lease, or financing of educational technology equipment;
- (2) operation of the educational technology equipment; and
- (3) training of teachers in the use of the educational technology equipment.

As added by P.L.2-2006, SEC.172.

IC 20-49-4-6**"Fund"**

Sec. 6. As used in this chapter, "fund" refers to the common school fund in the custody of the treasurer of state.

As added by P.L.2-2006, SEC.172.

IC 20-49-4-7**"School building construction program"**

Sec. 7. As used in this chapter, "school building construction program" means the purchase, lease, or financing of land, the construction and equipping of school buildings, and the remodeling, repairing, or improving of school buildings by a school corporation:

- (1) that sustained a loss from a disaster;
- (2) whose adjusted assessed valuation (as determined under IC 6-1.1-34-8) per current ADM is within the lowest forty percent (40%) of the assessed valuation per current ADM when compared with all school corporation adjusted assessed valuation (as adjusted (if applicable) under IC 6-1.1-34-8) per current ADM; or
- (3) with an advance under this chapter outstanding on July 1, 1993, that bears interest of at least seven and one-half percent (7.5%).

The term does not include facilities used or to be used primarily for interscholastic or extracurricular activities. If a program involves a school corporation career and technical education school described in IC 20-37-1-1, the adjusted assessed valuation and current ADM of all those school corporations that are members of the career and technical education school are to be used for making determinations under this section.

As added by P.L.2-2006, SEC.172. Amended by P.L.113-2010, SEC.99; P.L.205-2013, SEC.308; P.L.40-2014, SEC.9.

IC 20-49-4-8

Power; state board; advance; eligibility

Sec. 8. The state board may advance money to school corporations to be used for:

- (1) school building construction programs; and
- (2) educational technology programs;

as provided in this chapter.

As added by P.L.2-2006, SEC.172.

IC 20-49-4-9

Priority of advances; school building construction programs

Sec. 9. Priority of advances for school building construction programs shall be made to school corporations that have the least amount of adjusted assessed valuation (as determined under IC 6-1.1-34-8) per student in ADM. If a program involves a school corporation career and technical education school described in IC 20-37-1-1, the adjusted assessed valuation and current ADM of all those school corporations that are members of the career and technical education school are to be used for making determinations under this section.

As added by P.L.2-2006, SEC.172. Amended by P.L.40-2014, SEC.10.

IC 20-49-4-10

Priority of advances; educational technology programs

Sec. 10. Priority of advances for educational technology programs shall be on whatever basis the state board, after consulting with the department and the budget agency, periodically determines.

As added by P.L.2-2006, SEC.172.

IC 20-49-4-11

Application

Sec. 11. A school corporation desiring to obtain an advance must submit an application to the state board in the form established by the state board, after consulting with the department and the budget agency.

As added by P.L.2-2006, SEC.172.

IC 20-49-4-12

Condition of advance; capital projects fund

Sec. 12. To qualify for an advance under this chapter, a school corporation must establish a capital projects fund under IC 20-40-8. The state board, after consulting with the department and the budget agency, may waive or modify this requirement upon a showing of good cause by the school corporation.

As added by P.L.2-2006, SEC.172.

IC 20-49-4-13**Maximum advance; school building construction program**

Sec. 13. An advance to a school corporation for any school building construction program may not exceed the greater of the following:

- (1) Fifteen million dollars (\$15,000,000).
- (2) The product of fifteen thousand dollars (\$15,000) multiplied by the number of students accommodated as a result of the school building construction program.

However, if a school corporation has sustained loss by disaster, this limitation may be waived by the state board after consulting with the department and the budget agency.

As added by P.L.2-2006, SEC.172.

IC 20-49-4-14**Maximum advance; educational technology programs**

Sec. 14. An advance for an educational technology program is without limitation in amount other than the availability of funds in the fund for this purpose and the ability of the school corporation desiring an advance to pay the advance according to the terms of the advance.

As added by P.L.2-2006, SEC.172.

IC 20-49-4-15**Maximum term of advance; school building construction program; prepayment; interest rate**

Sec. 15. (a) Money advanced to a school corporation for a school building construction program may be advanced for a period not exceeding twenty-five (25) years. The school corporation to which money is advanced must pay interest on the advance. For advances made before July 1, 1993, the state board may provide, either before an advance is made or before an advance is fully paid, that the payment of the advance may not be prepaid by more than six (6) months. For advances made after June 30, 1993, for school building construction programs, the state board may provide that the advances are prepayable at any time.

(b) The state board of finance shall periodically establish the rate or rates of interest payable on advances for school building construction programs as long as:

- (1) the established interest rate or rates do not exceed seven and one-half percent (7.5%); and
- (2) the interest rate or rates on advances made to school corporations with advances outstanding on July 1, 1993, bearing interest at seven and one-half percent (7.5%) or more shall not exceed four percent (4%).

As added by P.L.2-2006, SEC.172.

IC 20-49-4-16**Maximum term of advance; educational technology program; prepayment; interest rate**

Sec. 16. (a) Money advanced to a school corporation for an educational technology program may be for a period not exceeding five (5) years. The school corporation to which an advance is made shall pay interest on the advance. Advances for educational technology programs may be prepaid at any time.

(b) The state board of finance shall periodically establish the rate or rates of interest payable on advances for educational technology programs as long as the established interest rate or rates:

(1) are not less than one percent (1%); and

(2) do not exceed four percent (4%).

As added by P.L.2-2006, SEC.172.

IC 20-49-4-17

Statutory construction; advance not treated as debt of school corporation

Sec. 17. An advance is not an obligation of the school corporation within the meaning of the limitation on or prohibition against indebtedness under the Constitution of the State of Indiana. Nothing in this chapter relieves the governing body of a school corporation receiving an advance of any obligation under Indiana law to qualify the school corporation for state tuition support. The school corporation shall continue to perform all acts necessary to obtain these funds.

As added by P.L.2-2006, SEC.172.

IC 20-49-4-18

Repayment of advance; terms; state tuition support

Sec. 18. To ensure timely payment of advances according to the terms, the state may in its sole discretion withhold from funds due to school corporations to which advances are made amounts necessary to pay the advances and the interest on the advances in accordance with their respective terms. The terms of the advances shall be established by the state board after consulting with the department and upon the approval of the budget agency in advance of the time the respective advances are made. However, in the case of school corporations with advances outstanding on July 1, 1993, the withholding may be adjusted to conform with this chapter. To the extent available, funds shall first be withheld from the distribution of state tuition support. However, if this distribution is not available or is inadequate, funds may be withheld from the distribution of other state funds to the school corporation to which the advance is made. If an advance is made to a school corporation career and technical education school described in IC 20-37-1-1, a part of the advance and the payment obligation for that part of the advance shall be determined by allocating the advance and payment amounts among the members of the career and technical education school using the number of students from each member school corporation that are enrolled in the career and technical education school in the school year the advance is made.

As added by P.L.2-2006, SEC.172. Amended by P.L.40-2014,

SEC.11.

IC 20-49-4-19

Terms of agreement; right to offset advance against state tuition support

Sec. 19. A school corporation receiving an advance shall agree to have the money advanced, together with the interest on the advance, deducted from the distribution of state tuition support until all the money advanced, together with the interest on the advance, has been paid. The state board and the state board of finance shall reduce each distribution of state tuition support to each school corporation to which an advance is made in an amount to be agreed upon by the state and the school corporation. If an advance is made to a school corporation career and technical education school described in IC 20-37-1-1, the reduction for a payment obligation for the advance shall be allocated as provided in section 18 of this chapter.

As added by P.L.2-2006, SEC.172. Amended by P.L.40-2014, SEC.12.

IC 20-49-4-20

Statutory construction; advance not treated as debt of state

Sec. 20. An agreement with the state board or state board of finance under section 23 of this chapter to collect and pay over amounts deducted from state tuition support for the benefit of another party is not a debt of the state within the meaning of the limitation on or prohibition against state indebtedness under the Constitution of the State of Indiana.

As added by P.L.2-2006, SEC.172.

IC 20-49-4-21

Power; levy; school building construction program; replacement of amount deducted from state tuition support

Sec. 21. A school corporation to which an advance is made for a school building construction program may annually levy a property tax in the debt service fund to replace the amount deducted under this chapter in the current year from the distribution of state tuition support. The amount received from the tax must be transferred from the debt service fund to the general fund.

As added by P.L.2-2006, SEC.172.

IC 20-49-4-22

Power; levy; educational technology program; replacement of amount deducted from state tuition support

Sec. 22. A school corporation to which an advance is made for an educational technology program may annually levy a property tax in the capital projects fund or the debt service fund to replace the amount deducted under this chapter in the current year from the distribution of state tuition support. The amount received from the tax must be transferred from the capital projects fund or the debt service fund, as applicable, to the general fund.

As added by P.L.2-2006, SEC.172.

IC 20-49-4-23

Power; state board; sell, transfer, or liquidate agreements; conditions

Sec. 23. (a) Upon request of the state board, acting upon the advice of the department, the state board of finance may periodically sell, transfer, or liquidate agreements, in whole or in part, including without limitation the sale, transfer, or liquidation of all or any part of the principal or interest to be received at any time under one (1) or more agreements that evidence the right of the state to make deductions from state tuition support to pay advances under this chapter under the terms and conditions that the state board of finance considers necessary and appropriate.

(b) Each sale, transfer, or liquidation under this section is subject to the following conditions:

(1) Each sale, transfer, or liquidation may be made only to a department, an agency, a commission, an instrumentality, or a public body of the state, including the Indiana bond bank.

(2) Each sale, transfer, or liquidation of agreements may be made only for cash.

(3) Payments under the sale, transfer, or liquidation must be made to the treasurer of state for the fund and reported to the state board of finance.

(4) The total amount of cash received by the fund from the sale may not be less than the outstanding principal amount of all or a part of the agreements sold plus accrued interest owed.

(5) If necessary to facilitate a sale, transfer, or liquidation, the state board or the state board of finance may agree to act on behalf of an entity described in subdivision (1) by collecting payment on advances that are:

(A) received directly from a school corporation, if any direct payments are received; or

(B) deducted from amounts appropriated and made available for state tuition support.

An agreement by the state board or the state board of finance under this subdivision is a valid and enforceable contractual obligation but is not a debt of the state within the meaning of the limitation against indebtedness under the Constitution of the State of Indiana.

(6) Each proposed sale, transfer, or liquidation must be reviewed by the budget committee and approved by the budget agency.

As added by P.L.2-2006, SEC.172.

IC 20-49-5

Chapter 5. Advancement From the Common School Fund for Transfer Tuition Costs

IC 20-49-5-1

"Advance"

Sec. 1. As used in this chapter, "advance" refers to an advance from the fund under this chapter.

As added by P.L.2-2006, SEC.172.

IC 20-49-5-2

"Fund"

Sec. 2. As used in this chapter, "fund" refers to the common school fund in the custody of the treasurer of state.

As added by P.L.2-2006, SEC.172.

IC 20-49-5-3

State board; advance; purposes; maximum advance

Sec. 3. To assist a school corporation in providing the school corporation's educational program to a student placed in a facility or home as described in IC 20-26-11-8(a) or IC 20-26-11-8(b) and not later than October 1 of each school year, the state board may advance money to a school corporation in anticipation of the school corporation's receipt of transfer tuition for students described in IC 20-26-11-8(a) or IC 20-26-11-8(b). The amount of the advance may not exceed the amount determined under STEP TWO of the following formula:

STEP ONE: Estimate for the current school year the number of students described in IC 20-26-11-8(a) or IC 20-26-11-8(b) that are transferred to the school corporation.

STEP TWO: Multiply the STEP ONE amount by the school corporation's prior year per student transfer tuition amount.

As added by P.L.2-2006, SEC.172. Amended by P.L.65-2012, SEC.4; P.L.160-2012, SEC.54.

IC 20-49-5-4

Conditions of advance; certification; repayment agreement

Sec. 4. (a) To qualify for an advance, a school corporation shall do the following:

(1) Certify to the state board the information described in section 3 of this chapter.

(2) Request from the state board the anticipated amount of transfer tuition not to exceed the amount described in section 3 of this chapter.

(3) Guarantee full repayment of the advance by agreeing to have:

(A) one-half (1/2) of the amount of the advance deducted from the monthly distribution of state tuition support received by the school corporation six (6) months after the advancement is made, with interest at the rate of four percent

(4%); and

(B) the balance of the amount of the advancement deducted from the monthly distribution of state tuition support received by the school corporation twelve (12) months after the advancement is made, with interest at the rate of four percent (4%).

(b) The deducted amounts shall be transferred by the state board to the fund.

As added by P.L.2-2006, SEC.172.

IC 20-49-5-5

Reimbursement of interest; notice between school corporations

Sec. 5. A school corporation receiving an advance shall notify the school corporation or auditor of state from which the school corporation receives transfer tuition under IC 20-26-11 for students described in IC 20-26-11-8(a) or IC 20-26-11-8(b) of the amount of interest withheld under section 4 of this chapter. The school corporation or auditor of state shall reimburse the school corporation for the interest expense at the same time the transfer tuition is paid.

As added by P.L.2-2006, SEC.172. Amended by P.L.65-2012, SEC.5; P.L.160-2012, SEC.55.

IC 20-49-5-6

Obligation to repay advance; effect of failure to receive transfer tuition reimbursement; obligation not treated as debt

Sec. 6. (a) A school corporation's obligation to repay the advancement may not be construed to be diminished or otherwise affected if the school corporation in which the student has legal settlement fails to pay the transfer tuition as required under IC 20-26-11 to the transferee school corporation in a timely manner.

(b) An advance may not be construed to be an obligation of the school corporation within the meaning of the limitation against indebtedness under the Constitution of the State of Indiana.

As added by P.L.2-2006, SEC.172.

IC 20-49-6

Chapter 6. School Technology Advancement Account

IC 20-49-6-1

"Advance"

Sec. 1. As used in this chapter, "advance" refers to an advance from the advancement account under this chapter.

As added by P.L.2-2006, SEC.172.

IC 20-49-6-2

"Advancement account"

Sec. 2. As used in this chapter, "advancement account" refers to the school technology advancement account established by section 3 of this chapter.

As added by P.L.2-2006, SEC.172.

IC 20-49-6-3

Establishment of advancement account

Sec. 3. The school technology advancement account is established within the common school fund.

As added by P.L.2-2006, SEC.172.

IC 20-49-6-4

Appropriation

Sec. 4. On July 1 of each year, there is appropriated to the advancement account:

- (1) five million dollars (\$5,000,000); minus
- (2) the amount of money in the account on June 30 of the same year.

As added by P.L.2-2006, SEC.172.

IC 20-49-6-5

Eligibility for advancement

Sec. 5. Advancements of money from the advancement account may be made to a school corporation to:

- (1) purchase computer hardware and software used primarily for student instruction; and
- (2) develop and implement innovative technology projects.

As added by P.L.2-2006, SEC.172.

IC 20-49-6-6

Application of other laws

Sec. 6. Money must be advanced under this chapter in accordance with IC 20-49-4-15 through IC 20-49-4-21.

As added by P.L.2-2006, SEC.172.

IC 20-49-6-7

Rules

Sec. 7. The state board shall adopt rules under IC 4-22-2 concerning:

- (1) the criteria and priorities for awarding grants and advancements under this chapter;
- (2) the terms and conditions of advancements made under this chapter; and
- (3) any additional matters necessary for the implementation of this chapter.

As added by P.L.2-2006, SEC.172.

IC 20-49-7

Repealed

(Repealed by P.L.205-2013, SEC.309.)

IC 20-49-8.2

Chapter 8.2. Expired

(Expired 12-31-2010 by P.L.211-2007, SEC.46.)