Citations Affected: IC 20-29; IC 20-40.

Synopsis: School corporation expenditure targets. Requires the education employment relations board to annually prepare, publish, and submit a report to the budget committee and the legislative council that covers various employment information for school employees. Provides that school corporation shall make every reasonable effort to budget and spend for its education fund so that no more than 15% of the revenue deposited in its education fund is transferred to its operations fund. Requires the department of education to identify and the office of management and budget (OMB) to notify those school corporations that transfer more than the 15% amount for the previous school year. Requires the department of education and the OMB to publish on their Internet web sites a list of those school corporations exceeding the 15% transfer amount. Requires a school corporation's governing body to publicly acknowledge receipt of a notice that the school corporation is on the list and publish on the school corporation's Internet web site that it is on the list along with related items. Requires the OMB and the division of finance of the department of education to be available to provide assistance to each school corporation that is included on the list. Requires a school corporation that is not on the list to publish this fact on the school corporation's Internet web site. Provides that, if a school corporation is over the transfer target for two consecutive years, the state board of education (state board) may require the school corporation to explain its expenditures to the state board at a public meeting. Permits the state board to issue a recommendation to the school corporation, and requires posting of the recommendation on the school corporation's Internet web site.

Effective: January 1, 2019 (retroactive); July 1, 2019.
HOUSE BILL No. 1003

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

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

SECTION 1. IC 20-29-3-15 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2019]:

Sec. 15. (a) The board shall prepare an annual report covering the previous state fiscal year that includes at least the information described in subsection (b). Before October 1 each year, the board shall:

(1) submit the report to the budget committee, department of education, state board, and legislative council in an electronic format under IC 5-14-6; and

(2) publish the report on the state's interactive and searchable Internet web site containing local government information (the Indiana gateway for governmental units).

(b) The report must cover at least the following information:

(1) The total number of full-time public school teachers and the number of nonteaching full-time public school administrators.

(2) The average tenure of all full-time public school teachers.
(3) The number of first-year, full-time teachers hired during the previous school year.
(4) The number of full-time teachers who retired during the interval between the immediately preceding collective bargaining period and the previous school year's collective bargaining period.
(5) The overall average salary of nonteaching full-time public school administrators.
(6) The overall average salary of full-time public school teachers.
(7) The statewide average total compensation of full-time public school teachers.
(8) The statewide average total compensation of full-time public school administrators.
(9) The average salary and total compensation of full-time public school teachers for each school corporation.
(10) The average salary and total compensation of nonteaching, full-time public school administrators for each school corporation.
(11) The minimum full-time public school teacher salary.
(12) The maximum full-time public school teacher salary.
(13) The minimum nonteaching full-time public school administrative salary.
(14) The maximum nonteaching full-time public school administrative salary.
(15) The number of full-time public school teachers earning a salary under the statewide average.
(16) The number of full-time public school teachers earning a salary in excess of the statewide average.
(17) For each school corporation, the average salary paid to full-time public school teachers in each of the following tenure benchmarks:
   (A) First year.
   (B) Fifth year.
   (C) Tenth year.
   (D) Fifteenth year.
   (E) Twentieth year.
   (F) Twenty-fifth year.
   (G) Thirty (30) or more years of service.
(18) For each school corporation, the nominal dollar figures for subdivisions (5), (6), (11), (12), (13), (14) and (17) in Indiana-specific, Consumer Price Index-adjusted dollars to
compare to the figures described in subdivision (19).

(19) Comparative data on overall full-time public school
teacher salary averages and by each of the tenure benchmarks
listed in subdivision (17) in both nominal dollars and
state-specific, Consumer Price Index-adjusted dollars for each
of the following states:

(A) Illinois.
(B) Kentucky.
(C) Michigan.
(D) Ohio.
(E) Wisconsin.

(c) The board may require schools to submit any school
corporation specific information needed to complete the report.
Parties to a collective bargaining agreement shall comply with the
board's requests for information necessary to complete the report.

SECTION 2. IC 20-40-2-0.3 IS ADDED TO THE INDIANA CODE
AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
1, 2019]: Sec. 0.3. As used in this chapter, "education fund transfer
target percentage" refers to the threshold maximum education
fund transfer percentage set forth in section 6 of this chapter.

SECTION 3. IC 20-40-2-0.5 IS ADDED TO THE INDIANA CODE
AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
1, 2019]: Sec. 0.5. As used in this chapter, "excessive education
fund transfer list" refers to the list required by section 6 of this
chapter.

SECTION 4. IC 20-40-2-1.4 IS ADDED TO THE INDIANA CODE
AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
1, 2019]: Sec. 1.4. As used in this chapter, "school year" refers to
the twelve (12) month period beginning July 1 and ending June 30.

SECTION 5. IC 20-40-2-6, AS ADDED BY P.L.244-2017,
SECTION 71, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
JANUARY 1, 2019 (RETROACTIVE)]: Sec. 6. (a) Each school
corporation shall make every reasonable effort to transfer no more
than fifteen percent (15%) of the total revenue deposited in the
school corporation's education fund from the school corporation's
education fund to the school corporation's operations fund during
a school year.

(b) Only after the transfer is authorized by the governing body
in a public meeting with public notice, money in the education fund
may be transferred to the operations fund to cover expenditures that are
not allocated to student instruction and learning under IC 20-42.5. The
amount transferred from the education fund to the operations fund shall
be reported by the school corporation to the department. The transfers made during the:

(1) first six (6) months of each state fiscal year shall be reported before January 31 of the following year; and
(2) last six (6) months of each state fiscal year shall be reported before July 31 of that year.

(b) (c) The report must include information as required by the department and in the form required by the department.
(c) (d) The department must post the report submitted under subsection (a) (b) on the department's Internet web site.
(e) Before August 15 of each year, the department shall provide to the office of management and budget an excessive education fund transfer list comprised of all school corporations that transferred more than fifteen percent (15%) of the total revenue deposited in the school corporation's education fund from the school corporation's education fund to the school corporation's operations fund during the immediately preceding school year. A school corporation that is not included on the excessive education fund transfer list is considered to have met the education fund transfer target percentage for the immediately preceding school year.

SECTION 6. IC 20-40-2-8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2019]:
Sec. 8. The office of management and budget and the division of finance of the department shall be available to consult with and provide technical assistance to each school corporation that is included on the excessive education fund transfer list required under section 6 of this chapter.

SECTION 7. IC 20-40-2-9 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2019]:
Sec. 9. (a) For each school corporation included on the excessive education fund transfer list required under section 6 of this chapter, the office of management and budget shall, not later than thirty (30) days after receiving the excessive education fund transfer list from the department, submit in both a written and an electronic format a notice to the school corporation's superintendent, school business officer, and governing body that the school corporation did not meet its education fund transfer target percentage for the previous school year.
(b) If a school corporation's governing body receives a notice from the office of management and budget under subsection (a), the school corporation shall do all of the following:

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(1) Publicly acknowledge receipt of the excessive education fund transfer list notice from the office at the governing body's next public meeting.

(2) Enter into the governing body's official minutes for that meeting acknowledgment of the notice.

(3) Publish on the school corporation's Internet web site the office's notice and any relevant individual reports prepared by the office within thirty (30) days after the public meeting.

SECTION 8. IC 20-40-2-10 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 10. (a) After the office of management and budget completes the school corporation notice requirement under section 9 of this chapter, the office shall notify the state board, department, and Indiana education employment relations board as soon as possible of all school corporations that received a notice stating they were on the excessive education fund transfer list for the immediately preceding school year.

(b) Upon receipt of the office of management and budget notice to a school corporation under section 9 of this chapter, the school corporation's superintendent and financial personnel, including the school's business officer, shall prepare and submit explanatory documentation within ninety (90) days, explaining the following:

(1) How and why the school corporation's leadership believes the school corporation failed to meet the education fund transfer target percentage.

(2) The steps the school corporation's leadership is planning or actively taking to budget and spend during the next school year to meet the education fund transfer target percentage for the next school year.

(c) The school corporation's superintendent shall submit the explanatory documentation to the department and the state board.

(d) Upon submission of the explanatory documentation under subsection (b), the school corporation's superintendent shall present the explanatory documentation to the school corporation's governing body at its next public meeting. The governing body shall enter both the actual documentation and corresponding discussion into its official minutes for that meeting.

(e) Upon the completion of the duties under subsection (d), the school corporation shall publish the explanatory documentation alongside any further notices and related reports from the office of management and budget on its Internet web site within thirty (30) days.

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(f) Upon receipt of a school corporation's explanatory documentation, the state board shall officially acknowledge receipt of the documentation at its next public meeting and enter the receipt into its official minutes for that meeting.

(g) Upon receipt of the explanatory documentation, the department, in collaboration with the state board, shall review the documentation within sixty (60) days to make a preliminary determination of whether the documentation satisfactorily demonstrates that the school corporation's leadership has outlined and begun a corrective action plan to make progress in meeting the education fund transfer target percentage for the next school year.

(h) If the department determines the explanatory documentation is not satisfactory, the department may contact the superintendent and financial personnel, including the school business officer, of the school corporation to schedule as soon as possible an appearance before the state board at a public meeting to provide an opportunity to explain the details within the explanatory documentation, and to explain to the state board the school corporation's budgeting and collective bargaining in relation to the following for the school corporation:

1. How and why the education fund transfer target percentage was not met during the previous school year.
2. Total combined expenditures.
3. Student instructional expenditures.
5. Full-time teacher compensation expenditures.
7. Nonteaching staff personnel compensation expenditures.
8. Any prior or planned attempts to seek the assistance available under this chapter from the office of management and budget and the department's division of finance.
9. Any prior or planned pooling of resources, combined purchases, usage of shared administrative services, or collaboration with contiguous school corporations in reducing noninstructional expenditures as described under IC 20-42.5-2-1.
10. Any prior or planned participation in a county school safety commission under IC 5-2-10.1-10 to assist and reduce school safety expenditures.
11. Any prior or planned consideration of meeting the requirements of and applying for school corporation
efficiency incentive grants under IC 36-1.5-6.

(i) The state board may contact the superintendent and financial personnel, including the school's business officer, of a school corporation that has been included on the office's excessive education fund transfer list for at least two (2) immediately preceding school years to provide the school corporation an opportunity to explain to the state board in a public meeting the school corporation's budgeting and collective bargaining in relation to the items listed in subsection (h).

(j) After the state board receives the school corporation's explanation under this section, the state board may issue an official recommendation to the school corporation to perform a review and improve its budgeting procedures in consultation with any state agencies the state board considers appropriate. The state agencies specified by the state board shall assist the school corporation before and during its next collective bargaining period with the goal of meeting or making progress toward the education fund transfer target percentage. If the state board issues an official recommendation to a school corporation, the school corporation's governing body shall officially acknowledge receipt of the recommendation at its next public meeting and enter into the school corporation governing body's minutes for that meeting acknowledgment of receipt of the recommendation. In addition, the school corporation shall publish the official recommendation on the school corporation's Internet web site.

(k) The school corporation shall publish the most recent notices from the office of management and budget, relevant individual reports prepared by the office of management and budget, explanatory documentation by the school corporation, and official recommendations by the state board on the school corporation's Internet web site.

(l) The school corporation may remove the notice, its explanatory documentation, and the state board's official recommendation from its Internet web site if the office of management and budget determines that the school corporation met its education fund transfer target percentage and is no longer on the excessive education fund transfer list.

SECTION 9. An emergency is declared for this act.
COMMITTEE REPORT

Mr. Speaker: Your Committee on Education, to which was referred House Bill 1003, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

(Reference is to HB 1003 as introduced.)

BEHNING

Committee Vote: Yeas 9, Nays 3