IC 20-42.5
ARTICLE 42.5. ALLOCATION OF EXPENDITURES TO STUDENT INSTRUCTION

IC 20-42.5-1
Chapter 1. Purposes and General Provisions

IC 20-42.5-1-1
Purposes of article
Sec. 1. This article has the following purposes:
(1) To maximize the allocation and use of taxpayer provided resources by school corporations and schools for student instruction and learning.
(2) To confirm the authority of school corporations to use a variety of methods to reduce the costs of acquisition of products and services.
(3) To instruct the state board to oversee the consideration of statewide means to acquire products and services.
(4) To provide a means for school corporations to access technical assistance and other support in the consideration of means to increase the allocation of resources to student instruction and learning.
(5) To recognize school corporations that achieve effective allocation of resources to student instruction and learning.

As added by P.L.2-2007, SEC.240.

IC 20-42.5-1-2
Supplemental nature of article
Sec. 2. This article is supplemental to and does not abrogate the powers given to school corporations under the home rule provisions of IC 20-26-3, and those powers remain in full effect.

As added by P.L.2-2007, SEC.240.
IC 20-42.5-2  
Chapter 2. Authority to Allocate Expenditures to Student Instruction and Learning

IC 20-42.5-2-1  
Actions to reduce noninstructional expenditures

Sec. 1. A school corporation individually, in collaboration with other school corporations, and through the educational services centers may undertake action to reduce noninstructional expenditures and allocate the resulting savings to student instruction and learning. Actions taken under this section include the following:

(1) Pooling of resources with other school corporations for liability insurance, property and casualty insurance, worker's compensation insurance, employee health insurance, vision insurance, dental insurance, or other insurance, whether by pooling risks for coverage or for the purchase of coverage, or by the creation of or participation in insurance trusts, subject to the following:

(A) School corporations that elect to pool assets for coverage must create a trust under Indiana law for the assets. The trust is subject to regulation by the department of insurance as follows:

(i) The trust must be registered with the department of insurance.
(ii) The trust shall obtain stop loss insurance issued by an insurer authorized to do business in Indiana with an aggregate retention of not more than one hundred twenty-five percent (125%) of the amount of expected claims for the following year.
(iii) Contributions by the school corporations must be set at one hundred percent (100%) of the aggregate retention plus all other costs of the trust.
(iv) The trust shall maintain a fidelity bond in an amount approved by the department of insurance. The fidelity bond must cover each person responsible for the trust for acts of fraud or dishonesty in servicing the trust.
(v) The trust is subject to IC 27-4-1-4.5 regarding claims settlement practices.
(vi) The trust shall file an annual financial statement in the form required by IC 27-1-3-13 not later than March 1 of each year.
(vii) The trust is not covered by the Indiana insurance guaranty association created under IC 27-6-8. The liability of each school corporation is joint and several.
(viii) The trust is subject to examination by the department of insurance. All costs associated with an examination shall be borne by the trust.
(ix) The department of insurance may deny, suspend, or revoke the registration of a trust if the commissioner finds that the trust is in a hazardous financial condition, the trust
refuses to be examined or produce records for examination, or the trust has failed to pay a final judgment rendered against the trust by a court within thirty (30) days.

(B) The department of insurance may adopt rules under IC 4-22-2 to implement this subdivision.

(2) Electing, as an individual school corporation or as more than one (1) school corporation acting jointly, to aggregate purchases of natural gas commodity supply from any available natural gas commodity seller for all schools included in the aggregated purchases. A rate schedule that is:

(A) filed by a natural gas utility; and

(B) approved by the Indiana utility regulatory commission;

must include provisions that allow a school corporation or school corporations acting jointly to elect to make aggregated purchases of natural gas commodity supplies. Upon request from a school corporation, a natural gas utility shall summarize the rates and charges for providing services to each school in the school corporation on one (1) summary bill for remitting payment to the utility.

(3) Consolidating purchases with other school corporations or units of government of the following:

(A) School buses and other vehicles and vehicle fleets.

(B) Fuel, maintenance, or other services for vehicles or vehicle fleets.

(C) Food services.

(D) Facilities management services.

(E) Transportation management services.

(F) Curricular materials, technology, and other school materials and supplies.

(G) Any other purchases a school corporation may require.

Purchases may be made by contiguous school corporations, as part of regional consolidated purchasing arrangements, or from consolidated sources under multistate cooperative bidding arrangements.


IC 20-42.5-2-2

Shared services arrangements

Sec. 2. A school corporation may use shared services arrangements with other school corporations and units of government, including:

(1) the use of shared administrative services overseeing transportation, food service, facilities, or other operations;

(2) the use of shared administrative services to manage finance, payroll, human resources, information technology, purchasing, or other administrative services; and

(3) the use of shared resources to provide instruction, supplemental services, extracurricular activities, or other student
services. School corporations are not required to merge schools, consolidate, or otherwise relinquish control of curriculum, instruction, or student activities to use shared services arrangements.
As added by P.L.2-2007, SEC.240.

IC 20-42.5-2-3
Collaboration with contiguous school corporations
Sec. 3. A school corporation may collaborate with contiguous school corporations to explore the use of cooperatives among school corporations, commonly managed school corporations, or the consolidation of school corporations to provide effective and efficient management of the school corporations or functions of the school corporations.
As added by P.L.2-2007, SEC.240.

IC 20-42.5-2-4
Support by educational service centers; reporting of efforts to state board
Sec. 4. (a) Educational service centers established under IC 20-20-1 shall support and facilitate actions by school corporations under this article, including by the use of an educational service center's existing cooperative agreements.
(b) School corporations and educational service centers may use the division of finance of the department and the office of management and budget to provide technical assistance under this article.
(c) Not later than August 31 of each year, the educational service centers shall report to the state board the results of the efforts of the educational service centers under this article during the preceding school year.
As added by P.L.2-2007, SEC.240.
IC 20-42.5-3
Chapter 3. State Board Action

IC 20-42.5-3-1
Exploration of methods to reduce expenses

Sec. 1. The state board shall explore methods, including statewide purchases, to reduce the expense to school corporations for the purchase of the following:
   (1) Curricular materials.
   (2) Technology.
   (3) School buses and other vehicles.
   (4) Other areas of expenses as determined by the state board.


IC 20-42.5-3-2
State board; annual survey and regarding actions taken by school corporations; format

Sec. 2. The state board, assisted by the educational service centers, the division of finance of the department, and the office of management and budget, shall survey annually the school corporations to determine actions taken by the school corporations to allocate resources to student instruction and learning. The state board shall issue an annual report of actions taken to:
   (1) each school corporation;
   (2) the public; and
   (3) the general assembly.

The report to the general assembly must be submitted to the executive director of the legislative services agency in an electronic format under IC 5-14-6.

As added by P.L.2-2007, SEC.240.

IC 20-42.5-3-3
Submission of report to state superintendent; content; format

Sec. 3. Not later than November 1 of each year, the state board, assisted by the office of management and budget and school corporation officials, shall submit a report to the state superintendent, the governor, and the general assembly concerning the following:
   (1) Consolidated purchasing arrangements used by multiple school corporations, through educational service centers, and throughout Indiana.
   (2) Shared services arrangements used by multiple school corporations, through educational service centers, and in Indiana as a whole.
   (3) The efforts of school corporations to explore cooperatives, common management, or consolidations.

The report to the general assembly must be submitted to the executive director of the legislative services agency in an electronic format under IC 5-14-6.

As added by P.L.2-2007, SEC.240.
IC 20-42.5-3-4
Analysis of school corporation's expenses by state board; trend line data; reporting results of analysis; format

Sec. 4. (a) The state board, assisted by the office of management and budget, the division of finance of the department, and school corporation officials, shall analyze each school corporation's expenses for the 2004-2005 and 2005-2006 school years to determine how much each school corporation spent, from whatever source, directly or indirectly, on the following categories of expenditures:

1. Student academic achievement expenditures.
2. Student instructional support expenditures.
3. Overhead and operational expenditures.

The state board shall determine the types of expenses that are included in each category set forth in subdivisions (1) through (4). The sum of all expenditures under subdivisions (1) through (4) by a school corporation must equal the total amount of expenditures by the school corporation for the year being analyzed.

(b) The state board's analysis under subsection (a) may include relevant trend line data for school years before the 2004-2005 school year.

(c) Not later than June 30, 2007, the state board shall report the results of the analysis under subsection (a) to the state superintendent, the governor, and the general assembly. The report to the general assembly must be submitted to the executive director of the legislative services agency in an electronic format under IC 5-14-6. As added by P.L.2-2007, SEC.240.

IC 20-42.5-3-5
Progress analysis; recognition of improvement; consultation assistance for school corporations; school corporation's annual performance report; contents; format

Sec. 5. (a) For each school year using the 2005-2006 school year as a baseline:

1. the office of management and budget shall analyze and report to the state board, the governor, and the general assembly concerning the progress or lack of progress of each school corporation, of all school corporations in each educational service center's area, and in Indiana as a whole in improving the ratio of student instructional expenditures to all other expenditures for the previous school year;
2. the state board shall recognize publicly each school corporation and educational service center that has an improved ratio of student instructional expenditures to all other expenditures during the previous school year;
3. 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 did not have an improved ratio of student instructional expenditures to all other expenditures during the previous school year; and
(4) each school corporation shall report to the public in the school corporation's annual performance report and to the members of the general assembly whose districts include the school corporation:

(A) the percentage of resources spent by the school corporation during the previous school year on each category of expenditures set forth in section 4 of this chapter and whether the school corporation met the goals established for the previous school year under section 6 of this chapter;
(B) the trend line for each category of expenditures set forth in section 4 of this chapter for the school corporation during the previous school year;
(C) whether the school corporation did or did not make progress in improving the ratio of student instructional expenditures to all other expenditures during the previous school year; and
(D) the goals established under section 6 of this chapter for the current school year.

(b) The reports to the general assembly under subsection (a)(1) and to individual members of the general assembly under subsection (a)(4) must be submitted to the executive director of the legislative services agency in an electronic format under IC 5-14-6.

As added by P.L.2-2007, SEC.240.

IC 20-42.5-3-6
Categories of expenditures; goals; school corporation recognition

Sec. 6. (a) Beginning with the 2007-2008 school year, each governing body shall establish goals for each category of expenditures set forth in section 4 of this chapter that will increase the school corporation's allocation of taxpayer resources directly to student instruction and learning, in light of the unique circumstances present in the school corporation.

(b) The state board shall recognize and reward the school corporations that meet the goals described in subsection (a).

As added by P.L.2-2007, SEC.240.
IC 20-42.5-4
Chapter 4. Emergency Measures to Maintain Instruction and Learning Programs

IC 20-42.5-4-1
Duty to preserve instructional programs
Sec. 1. A school corporation shall take the actions necessary and desirable to preserve and protect instructional programs, including class sizes, curriculum, or program offerings. 

As added by P.L.109-2010, SEC.5.