

**Tighter Parameters for Charter and Choice Schools - Legislative Brief    October 2020**

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To sustain a robust charter school and choice school model, Indiana lawmakers must hold these institutions equally accountable by mirroring processes followed by traditional public schools. Doing so will increase transparency for parents and teachers regarding the quality of both a charter school and its authorizer as well as choice schools while promoting sound fiscal responsibility.

Before thinking about areas of improvement, state leaders must first change the way they think about charter schools. Responsible use of tax dollars to fund charter schools must shift from the premise of “choice for choice’s sake” to “quality choice for student’s sake.” It is only when state leaders think about quality choice for the student’s sake that they can begin to see the vast fiscal and transparency woes that exist in Indiana’s current charter and choice system.

**Areas of improvement and proposed remedies to address Choice and Charter accountability and transparency:*****1. Overpayment, Outstanding Balances, and Order of Debt Obligations***

Authorizers of closed charter schools must be responsible for any overpayment due for tuition support and be responsible for unpaid common school loans. When a charter school closes and the organizing board resigns, there is frequently no staff remaining and no funding available to cover any overpayment of tuition support, nor to cover outstanding common school loan balances.

Additionally, upon closure, a charter school is not responsible for outstanding balances from the common school loans, a deficit that has to be covered by tuition support funds and ultimately Indiana taxpayers. As of October 2020, there is \$8,095,438.62 in unpaid dollars for nine closed charter schools. As a result, these unpaid outstanding common school loans have reduced and will continue to reduce the amount of common school funds available for advancements to other school corporations or charter schools.

Finally, when a charter school closes and the organizing board resigns, there is frequently no staff remaining and no funding available to support the orderly closure of the school and transfer of student records. Closed charter schools often have outstanding debts to vendors that are unable to be recovered. Additionally, there are often outstanding public dollars owed, including tuition support and common school loan repayments.

A proposed remedy includes adding *IC 20-24-7-9.5* and modifying *IC 20-24-3-3*:

*IC 20-24-7-9.5*

**(a) This subsection applies if:**

**(1) a charter school:**

**(A) revokes a charter before the end of the term for which the charter is granted; or**

**(B) does not renew a charter; or**

**(2) a charter school otherwise terminates its charter before the end of the term for which the charter is granted or after the end of the term for which the charter is granted if there are outstanding balances owed to the state.**

**(b) Any overpayments of state funds distributed to the charter school under this subsection shall be the responsibility of the charter school and charter school authorizer.**

*IC 20-24-3-3*

The organizer's constitution, charter, articles, or bylaws must contain a clause providing that upon the cessation of operation of the charter school:

(1) the remaining assets of the charter school shall be distributed first to satisfy outstanding payroll obligations for employees of the charter school, then to **any outstanding debt to the common school fund**, then to creditors of the charter school, ~~then to any outstanding debt to the common school fund~~; and

(2) the remaining funds received from the department shall be returned to the department not more than thirty (30) days after the charter school ceases operation due to:

(A) closure of the charter school;

(B) nonrenewal of the charter school's charter; or

(C) revocation of the charter school's charter.

**(3) after exhausting distribution options outlined under subsections (1) and (2), any remaining balances attributed to unpaid common school loans and any remaining funds to be received by the department shall be assumed by the authorizer.**

## *2. Common School Loan Approval and Co-Signing Requirement*

The state must require charter school governing bodies to seek approval from the authorizer before entering into a Common School Loan agreement with the authorizer required to co-sign the Common School Loan. When a charter school closes and the organizing board resigns, there is frequently neither recourse or accountability for outstanding loan balances.

Currently, there is little legal recourse for those who are creditors to charter schools to recoup loans upon closure of a charter school. This practice must be addressed if Indiana is serious about promoting fiscal responsibility and accountability. Having the authorizer co-sign ensures there will be a responsible party for financial recourse upon closure of a charter school.

A proposed remedy includes modifying *IC 20-24-4-1* by adding a new section:

**(18) This subdivision applies to a charter between an authorizer and an organizer of a charter school granted or renewed after June 30, 2021.**

**(A) The charter school must require that a charter school seek written approval from the authorizer before entering a common school loan agreement.**

**(B) The authorizer approving a common school loan agreement shall co-sign the agreement in the event the charter school defaults after following the procedures outlined in IC 20-24-3-3.**

### *3. School Safety Equality*

Every Hoosier student deserves an equal opportunity to feel safe and protected at school. Threats to student safety do not discern whether a student attends a traditional public school, charter school, or Choice scholarship receiving non-public school. The Indiana Department of Education supports legislation that mandates charter and Choice scholarship schools to follow the same school safety guidelines expected of traditional public schools.

Currently, 45 percent of Indiana charter schools have a school safety specialist. These schools are not required by law to certify school safety plans with IDOE. Certified school safety specialists must undergo five days of basic training and two days of advanced training provided, at no charge, by IDOE.

A proposed remedy includes modifying *IC 5-2-10.1-9*, adding a new section, and deleting both *IC 5-2-10.1-13* and *IC 20-34-3-23*:

#### *IC 5-2-10.1-9*

**(a) Each school corporation, charter school, and eligible school (as defined in IC 20-51-1-4.7) shall designate an individual to serve as the school safety specialist for the school corporation. In the case of a charter school or eligible school, shall designate an individual to serve as the school safety specialist for each school.**

*Add new section to the Indiana Code*

**(a) Each school corporation, charter school, and accredited non-public school shall, in consultation with local public safety agencies, develop a written emergency**

preparedness plan for the school corporation and each school in the corporation. An emergency preparedness plan shall, at a minimum, contain the following:

- (1) Appropriate warning systems.
- (2) Procedures for notifying other agencies and organizations.
- (3) Posting of evacuation routes.
- (4) Emergency preparedness instruction for staff and students.
- (5) Public information procedures.
- (6) Steps that will be taken prior to a decision to evacuate buildings or dismiss classes.
- (7) Provisions to protect the safety and well-being of staff, students, and the public in case of:
  - (A) fire;
  - (B) natural disaster, such as tornado, flood, or earthquake;
  - (C) adverse weather conditions, such as winter storms or extreme heat;
  - (D) nuclear contamination, such as power plant or transport vehicle spills;
  - (E) exposure to chemicals, such as pesticides, industrial spills and contaminants, laboratory chemicals, and cleaning agents; and
  - (F) manmade occurrences, such as student disturbance, weapon, weapon of mass destruction, contamination of water supply or air supply, hostage, and kidnaping incidents.

(b) Within sixty (60) days after the beginning date of each school year, the superintendent, charter school leader, and accredited non-public school leader shall certify to the department that the emergency preparedness plans for the school corporation and each school in the school corporation have been reviewed and revised, if necessary. Within sixty (60) days of opening a new or significantly remodeled school, the superintendent, charter school head, and accredited non-public school head shall certify to the department that a new plan has been developed or that the existing plan has been reviewed and revised, if necessary.

(c) Emergency preparedness plans shall be available for inspection by the department.

*Delete IC 5-2-10.1-13 and IC 20-34-3-23*

~~Sec. 13. A charter school (as defined in IC 20-24-1-4) or an accredited nonpublic school may do one (1) or more of the following:~~

- ~~(1) Designate an individual to serve as the school safety specialist for the school and comply with section of this chapter.~~
- ~~(2) Establish a school safety plan in accordance with this chapter.~~
- ~~(3) Establish a safe school committee as described under section 12 of this chapter.~~

~~Sec. 23. (a) Each charter school and accredited nonpublic school shall adopt a local school safety and emergency plan that includes:~~

~~(1) safety and emergency training and educational opportunities for school employees; and~~

~~(2) periodic safety and emergency preparedness and evacuation drills.~~

~~(b) Each charter school and accredited nonpublic school shall provide a copy of the floor plans for each building located on the school's property that clearly indicates each exit, the interior rooms and hallways, and the location of any hazardous materials located in the building to the law enforcement agency and the fire department that have jurisdiction over the school.~~

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