

Updated January 29, 2020 (8:45pm)

SENATE BILL No. 416

AM041603 has been incorporated into introduced printing.

Synopsis: Gary Community School Corporation.

M
e
r
g
e
d

2020

IN 416—LS 7061/DI 110



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

Introduced

Second Regular Session of the 121st General Assembly (2020)

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 2019 Regular Session of the General Assembly.

SENATE BILL No. 416

A BILL FOR AN ACT to amend the Indiana Code concerning education and to make an appropriation.

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

- 1 SECTION 1. IC 6-1.1-20.3-6.8, AS AMENDED BY P.L.10-2019,
2 SECTION 37, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2020]: Sec. 6.8. (a) This section applies only to the Gary
4 Community School Corporation.
5 (b) The general assembly finds that the provisions of this section:
6 (1) are necessary to address the unique issues faced by the Gary
7 Community School Corporation; and
8 (2) are not precedent for and may not be appropriate for
9 addressing issues faced by other school corporations.
10 (c) As used in this section, the following definitions apply:
11 (1) "Chief academic officer" means the chief academic officer
12 appointed under subsection (j).
13 (2) "Chief financial officer" means the chief financial officer
14 appointed under subsection (i).
15 (3) "School corporation" refers to the Gary Community School
16 Corporation.

2020

IN 416—LS 7061/DI 110



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M
e
r
g
e
d

(d) The Gary Community School Corporation is designated as a distressed political subdivision for purposes of this chapter until the school corporation's designation as a distressed political subdivision is terminated as provided in section 13(b) of this chapter. This designation as a distressed political subdivision is effective regardless of whether the school corporation has submitted a petition requesting to be designated as a distressed political subdivision. Until the school corporation's designation as a distressed political subdivision is terminated as provided in section 13(b) of this chapter, the Gary Community School Corporation advisory board may not hold a public meeting more often than once every three (3) months. This limit on the number of meetings of the advisory board does not apply to the emergency manager. The emergency manager shall hold a monthly forum to provide an update on the Gary Community School Corporation within the school district that is open to the general public. During the period that the Gary Community School Corporation is designated as a distressed political subdivision, the advisory board may vote to:

- (1) fill vacancies;
- (2) select officers; or
- (3) make appointments;

of the advisory board, and to present awards, recognition, and certificates to employees or supporters of the school corporation.

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

- (1) The emergency manager has the powers and duties specified in this chapter.
- (2) The emergency manager shall consider recommendations from the fiscal management board and the advisory board, but the emergency manager has full responsibility and authority related to financial and academic matters of the school corporation, and the emergency manager may act, as specified in this chapter, on these financial and academic matters without the approval of the fiscal management board or the advisory board.
- (3) Notwithstanding section 7.5(d) of this chapter, the distressed unit appeal board shall:
 - (A) determine the compensation of the emergency manager, chief financial officer, and chief academic officer; and
 - (B) subject to subsections (i) and (j), pay the emergency manager's, chief financial officer's, and chief academic



officer's compensation and reimburse the emergency manager, chief financial officer, and chief academic officer for actual and necessary expenses from funds appropriated to the distressed unit appeal board.

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

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

(f) In addition to any other actions that the distressed unit appeal board may take under this chapter concerning a distressed political subdivision, for a distressed school corporation, the distressed unit appeal board may also do any of the following:

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

(2) The distressed unit appeal board may recommend to the state board of finance that the state board of finance make an interest free loan to the school corporation from the common school fund. The distressed unit appeal board shall determine the payment schedule and the commencement date for the loan. If the distressed unit appeal board makes a recommendation that such a loan be made, the state board of finance may, notwithstanding IC 20-49, make such a loan for a term of not more than ten (10) years. **However, the state board of finance shall extend the term of a loan made under this subdivision to account for amounts of the school corporation's withheld state tuition support that are deposited in the school improvement fund under IC 20-49-11-5(b)(1) for the school corporation.**

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

(4) The distressed unit appeal board may provide a grant or grants to the school corporation from funds appropriated to the



M
e
r
g
e
d

distressed unit appeal board, in amounts determined by the distressed unit appeal board, to assist the school corporation in overcoming short term financial problems.

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

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

(1) One (1) member appointed by the advisory board.

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

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

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

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

(1) The term of office of a member of the fiscal management board is four (4) years, beginning on the date of appointment. A member of the fiscal management board may be reappointed to the fiscal management board. A member of the fiscal management board may be removed for cause by the appointing authority.

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

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

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

(C) An understanding of government contracts.

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

(E) Experience in budget development and oversight.

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

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

(3) A member of the advisory board may not serve as a member



M
e
r
g
e
d

of the fiscal management board.

(4) The fiscal management board:

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

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

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

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

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

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

(B) the potential impact of the transition on the community and the school corporation.

(8) Under the supervision of the emergency manager, the fiscal management board shall work jointly with the distressed unit appeal board, the mayor of the city of Gary, and the department of education to provide information on a regular basis to parents, students, employees of the school corporation, and the public on the status of the transition.

(i) The emergency manager shall employ a chief financial officer for the school corporation. The chief financial officer is an employee of the school corporation. The chief financial officer shall report to the emergency manager and shall assist the emergency manager appointed for the school corporation and the fiscal management board in carrying out the day to day financial operations of the school corporation. Before July 1, 2019, the compensation of the chief financial officer shall be determined by the distressed unit appeal board. Before July 1, 2019, the compensation of the chief financial officer shall be paid from the funds appropriated to the distressed unit appeal board. After June 30, 2019, the compensation of the chief financial officer shall be determined by and paid by the school corporation. The chief financial officer:

M
e
r
g
e
d



(1) must possess, through both education and experience, an understanding of finance and financial management; and

(2) must possess any other experience and must meet any other requirements as required by the distressed unit appeal board to ensure that the chief financial officer is qualified to carry out the financial restructuring of the school corporation.

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

(j) The emergency manager shall employ a chief academic officer for the school corporation, after consultation with the department of education, who must have experience working with or for an urban school corporation. The chief academic officer is an employee of the school corporation. The chief academic officer shall report to the emergency manager and shall assist the emergency manager appointed for the school corporation and the fiscal management board in carrying out the academic matters of the school corporation. Before July 1, 2019, the compensation of the chief academic officer shall be determined by the distressed unit appeal board. Before July 1, 2019, the compensation of the chief academic officer shall be paid from the funds appropriated to the distressed unit appeal board. After June 30, 2019, the compensation of the chief academic officer shall be determined by and paid by the school corporation. The chief academic officer must:

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

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

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

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



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

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

- (1) review the plan submitted by the emergency manager; and
- (2) not later than sixty (60) days after the plan is submitted, either:
 - (A) approve the plan as submitted by the emergency manager; or
 - (B) modify the plan as submitted by the emergency manager and then approve the modified plan.

(m) The emergency manager shall consider any recommendations from the fiscal management board, the advisory board, and the mayor of the city of Gary in developing the school corporation's annual budget. The distressed unit appeal board must review and approve the school corporation's annual budget that is proposed by the emergency manager. When the emergency manager submits the school corporation's proposed annual budget to the distressed unit appeal board, the emergency manager shall provide copies of the proposed annual budget to the fiscal management board and the advisory board.

(n) After considering any recommendations from the fiscal management board, the advisory board, and the mayor of the city of Gary, the emergency manager shall do the following:

- (1) Conduct a financial and compliance audit of the operations of the school corporation.
- (2) Develop a written financial plan for the school corporation. The object of the plan must be to achieve financial stability for the school corporation, and the plan must include provisions for paying all of the school corporation's outstanding obligations and for paying all future obligations of the school corporation (including any federal, state, or local taxes or assessments) in a timely manner.

(o) In addition to the report required by section 8.5(c)(5) of this chapter, the emergency manager, the chief financial officer, and the chief academic officer shall report quarterly to the distressed unit

M
e
r
g
e
d



1 appeal board in a format specified by the distressed unit appeal board.

2 The report must include:

- 3 (1) information concerning the actions that the school
4 corporation is taking to improve the financial condition of the
5 school corporation; and
6 (2) any other information required by the distressed unit appeal
7 board.

8 The emergency manager shall report more frequently than quarterly if
9 requested by the distressed unit appeal board. The emergency manager
10 shall provide copies of the report to the fiscal management board, the
11 advisory board, and the mayor of the city of Gary. The emergency
12 manager shall present each report at a public meeting of the fiscal
13 management board.

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

- 15 (1) Publish a copy of each report under subsection (o) on the
16 school corporation's Internet web site, along with a link to the
17 main page of the Indiana transparency Internet web site
18 established under IC 5-14-3.7 to provide access to financial data
19 for local schools.
20 (2) Make copies of each report available free of charge to the
21 public upon request.
22 (3) Provide copies of each report to the mayor of the city of
23 Gary. The mayor shall make copies of the reports available free
24 of charge to the public upon request.

25 (q) The chief academic officer shall develop an education plan to
26 provide academic services to students in the school corporation and to
27 achieve academic progress. The education plan must include at least
28 the following components:

- 29 (1) An academic program designed to meet Indiana's academic
30 standards and to assist students in meeting those academic
31 standards.
32 (2) A plan to improve the academic performance of all students,
33 including improvement in the performance of students on
34 standardized tests.
35 (3) A plan to engage parents in school performance and school
36 activities, including regular meetings at each school involving
37 administrators, teachers, parents, and interested members of the
38 community.
39 (4) A plan to implement performance standards that will attract
40 students and families to the school corporation.
41 (5) A plan specifying how the school corporation will work
42 directly with the city of Gary:



M
e
r
g
e
d

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

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

The chief financial officer and the chief academic officer shall submit a report to the advisory board each quarter. The chief financial officer and chief academic officer shall meet at least quarterly with the executive committee of the bargaining unit to inform the executive committee of the academic progress of the school corporation.

SECTION 2. IC 6-1.1-20.3-13, AS AMENDED BY P.L.213-2018(ss), SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2020]: Sec. 13. (a) If an emergency manager of a distressed political subdivision files a petition with the board for termination of the political subdivision's status as a distressed political subdivision, the board shall conduct a public hearing on the question of whether to terminate the political subdivision's status as a distressed political subdivision.

(b) In the case of a political subdivision designated as distressed under this chapter, the board shall terminate the political subdivision's status as a distressed political subdivision if the board finds that the conditions found in section 6.5 of this chapter are no longer applicable to the political subdivision and all the following conditions are met:

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

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

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

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

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

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

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

M
e
r
g
e
d



- (1) the statewide average township assistance property tax rate
 (as determined by the department of local government finance)
 for property taxes first due and payable in the preceding year;
 multiplied by
 (2) twelve (12).

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

(e) The board shall conduct a public hearing on the current status of the Gary Community School Corporation's status as a distressed unit before December 31, 2022. The board shall seek community input at the public hearing. The public hearing shall be conducted at a location that is within the boundaries of the Gary Community School Corporation.

SECTION 3. IC 20-26-5-40 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2020]: **Sec. 40. (a) Subject to subsection (b), the governing body of a school corporation may enter into a public-private agreement for the construction of new school buildings.**

(b) Before the governing body of a school corporation may enter into a public-private agreement under this section, the project plan, including the:

- (1) terms of the agreement;
 (2) total and annual cost to the school corporation; and
 (3) source of funding for the agreement, which may include revenue from a controlled projects referendum under IC 6-1.1-20-3.6;

must be reviewed by the budget committee.



SECTION 4. IC 20-49-11 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2020]:

Chapter 11. Distressed Political Subdivision School Improvement Fund

Sec. 1. (a) This chapter applies only to a school corporation that has been designated as a distressed political subdivision under IC 6-1.1-20.3. **Sec. 2.** As used in this chapter, "common school fund" refers to the common school fund in the custody of the treasurer of state.

Sec. 3. As used in this chapter, "school corporation" refers to a school corporation that has been designated as a distressed political subdivision under IC 6-1.1-20.3.

Sec. 4. As used in this chapter, "school improvement fund" means the distressed political subdivision school improvement fund established by section 5 of this chapter.

Sec. 5. (a) The distressed political subdivision school improvement fund is established to provide, upon approval by the distressed unit appeal board, funds to a school corporation for any of the following purposes:

(1) The demolition of school buildings or other structures on school property that exist as of July 1, 2020.

(2) The remodeling, repairing, or rehabilitation of school buildings that exist as of July 1, 2020.

(b) The school improvement fund consists of the following:

(1) Amounts deducted from a school corporation's state tuition support by the state board of finance as provided under section 6 of this chapter.

(2) Amounts submitted from the sale of any real property, a building, or other structure owned by the Gary Community School Corporation as provided under section 9 of this chapter.

(c) The distressed unit appeal board shall establish a separate account within the fund for each school corporation and deposit in each school corporation's account the school corporation's amounts described in subsection (b).

(d) The treasurer of state shall invest the money in the school improvement fund not currently needed to meet the obligations of the school improvement fund in the same manner as other public funds may be invested.

(e) The distressed unit appeal board shall administer the school improvement fund and each account within the fund.



M
e
r
g
e
d

(f) Money in the school improvement fund and each account within the fund is continuously appropriated to carry out the purposes of the school improvement fund.

(g) Money in the school improvement fund at the end of a state fiscal year does not revert to the state general fund but remains available to be used for the purposes of this chapter.

Sec. 6. (a) Beginning July 1, 2020, the state board of finance shall continue to reduce each distribution of state tuition support to a school corporation that has its distribution of state tuition support reduced due to outstanding advances or loans from the common school fund under IC 20-49-4 and IC 6-1.1-20.3 in the amount:

(1) that was agreed upon by the state and the school corporation; and

(2) based on the number or amount of loans from the common school fund that are outstanding.

(b) The following amount of the money that the state board of finance withholds from the distribution of state tuition support under this section must be deposited in the school improvement fund:

(1) For each state fiscal year beginning after June 30, 2020, and ending before July 1, 2023, an amount equal to one hundred percent (100%) of the money that the state board of finance withholds from the distribution of state tuition support under this section for the state fiscal year.

(2) For each state fiscal year beginning after June 30, 2023, and ending before July 1, 2026, an amount equal to seventy-five percent (75%) of the money that the state board of finance withholds from the distribution of state tuition support under this section for the state fiscal year.

(3) For each state fiscal year beginning after June 30, 2026, and ending before July 1, 2030, an amount equal to fifty percent (50%) of the money that the state board of finance withholds from the distribution of state tuition support under this section for the state fiscal year.

(c) This section expires July 1, 2030.

Sec. 7. (a) A school corporation may not submit to the distressed unit appeal board a request for money from the school improvement fund unless:

(1) the mayor of the city in which the school corporation is located has made recommendations concerning:

(A) the demolition of a school building or structure



M
e
r
g
e
d

- 1 described in section 5(a)(1) of this chapter;
 2 (B) the remodel, repair, or other improvement of a
 3 school building described in section 5(a)(2) of this
 4 chapter; or
 5 (C) a combination of actions under clauses (A) through
 6 (B); and
 7 (2) the mayor of the city in which the school corporation is
 8 located submits the recommendations under subdivision (1)
 9 concerning a project plan to the distressed unit appeal board.
 10 (b) If the distressed unit appeal board receives
 11 recommendations for a project plan submitted under subsection (a)
 12 and approves a project plan, the school corporation may submit to
 13 the distressed unit appeal board a request for money from the
 14 school improvement fund on a form prescribed by the distressed
 15 unit appeal board.
 16 (c) The request under subsection (b) must include the
 17 following:
 18 (1) A copy of the applicable plan approved under subsection
 19 (b).
 20 (2) The amount of money the school corporation is
 21 requesting.
 22 (3) The specific project for which the school corporation
 23 intends to use the money.
 24 (4) A description of how the requested project aligns with the
 25 project plan approved by the distressed unit appeal board
 26 under subsection (b).
 27 (5) Any other information required by the distressed unit
 28 appeal board.
 29 (d) The distressed unit appeal board may approve a request
 30 under this section only if the purpose for which the school
 31 corporation intends to use the money is included in the applicable
 32 project plan approved under subsection (b). The distressed unit
 33 appeal board may deny a request under this section.
 34 Sec. 8. If the distressed unit appeal board approves a request
 35 under section 7 of this chapter, the distressed unit appeal board
 36 shall make payments from the school improvement fund for the
 37 purposes under section 5(a) of this chapter, as approved by the
 38 distressed unit appeal board.
 39 Sec. 9. If the Gary Community School Corporation sells real
 40 property, a building, or other structure owned by the Gary
 41 Community School Corporation, the net proceeds from the sale
 42 must be submitted to the distressed unit appeal board for deposit



1 into the school improvement fund.
2 **Sec. 10. The withholding and deposit of state tuition support**
3 **amounts of a school corporation in the school improvement fund**
4 **under this chapter shall not prohibit or otherwise limit the**
5 **authority of a school corporation to levy a property tax under**
6 **IC 20-49-4-21.**

M
e
r
g
e
d

