

ISTA Legislative Update

March 3, 2025

IMPORTANT NOTES

Virtual Legislative Briefings

Stay ahead of key legislative developments and register for our legislative briefings that are held virtually every other Monday. These virtual sessions will be held from 5 – 6 p.m. ET / 4 - 5 p.m. CT on Zoom.

Register: <https://www.mobilize.us/ista-in/event/745885>

ISTA Days of Action

Days of Action are your opportunity to meet directly with your state legislators and advocate for policies that support our students, educators, and public schools. All events are scheduled from 10 a.m. to 1 p.m. ET / 9 a.m. to 12 p.m. CT on the following dates:

- Tues., March 4
- Mon., April 14

Register: <https://www.mobilize.us/ista-in/event/744835>

Calls to Action

HB 1001: State Budget – [Take Action: Help Strengthen Indiana’s Public Schools](#)

Monitor the [ISTA Action Center](#) for future calls to action.

2nd HALF PRIORITIES

HB 1001: State Budget and Education Funding

Passed the House 66-28.

Overview:

This is the House Republican version of the state budget and education funding. The Senate will be taking up HB 1001 soon.

Here are some points to consider for this version:

1. The current inflation rate is 3%.
2. The December revenue forecast indicated that revenue growth would be 3.3% in year one and 0.3% in year two.
3. The \$160M appropriation to schools to help offset curricular material costs is rolled into the school funding formula in year 1, artificially inflating increases for schools. The \$160M from the curricular materials line essentially covers all of traditional public school’s tuition distribution for year one.
4. Including the curricular materials transfer, traditional public schools would receive an average of 2.1% and 0.9% increase in the next two years.



Our kids. Our schools. Our future.

5. With a few exceptions, most line items in the budget have been straight-lined.
6. Notable Changes in Categorical Program Funding:
 - a. Creation of the Freedom & Opportunity in Education Grant funded with \$86M each year that is essentially a block grant to the IDOE for “initiatives to improve academic performance and increase freedom and opportunity in education.” (For context, this amount equals about 1% on the funding formula.)
 - i. The IDOE determines how money in this fund will be expended. The bill lists some specific programs that *may* be funded under this block grant (but are not *required* to be funded at all), such as expanding the current ILEARN checkpoint pilot initiatives to statewide application, funding an interactive tool to support the new diploma requirements, addressing real-time educator supply and demand marketplace, recruiting teachers in high needs areas and guidance counselors, drop-out prevention, expanding computer science, Science of Reading, reading intervention, literacy achievement and student learning recovery grants.
 - ii. In this current biennium, there has been an Academic Improvement Grant (AIG) of \$50M each year that specifically funded particular programs. The AIG is not included in this budget. It is likely the Freedom grant is replacing the AIG, but with a \$36M increase and no definitive indication on how IDOE can expend it.
 - b. TAG funding is maintained at existing levels (HB 1500 changes to TAG).
 - c. Indiana Secured Schools Grants are increased by 10% in year one and straight-lined in year two.
 - d. Dual Immersion pilot is eliminated.
7. Privatization
 - a. Removes all income eligibility guidelines to receive private school vouchers, ESAs and CSAs. LSA estimates that the fiscal impact to the state is \$88.6M in year one and \$94.6M in year two.
 - b. Per student funding for virtual education is increased to 100% of the student foundation amount for students who attend bricks and mortar public schools. Currently, those operated by traditional public schools receive 85% of the foundation amount and those operated as charter schools receive 90% of the foundation amount.

Ask Your Legislator:

- Ask your legislators to:
 - Prioritize our public schools, where 90% of students attend.
 - Ensure school funding increases at least match inflation and reject any budget that shifts resources away from traditional public schools.
 - Raise teacher salaries to align with inflation-adjusted benchmarks and close the 22.8% pay gap with other professions.



HB 1500: Teacher Appreciation Grants (Rep. Bob Behning; R-Indianapolis)

Passed the House 66-28.

Overview:

HB 1500 changes the existing Teacher Appreciation Grants (TAG) into a more selective award as determined by the administration under IDOE guidance. The bill also removes all references to the current teacher evaluation rating system (highly effective, effective and ineffective) and empowers school districts to create their own evaluation system (with no mandated input by teachers).

Aside from a new teacher evaluation system, the proposed new TAG uses a different set of labels for a teacher to qualify for an award, while also enabling awards to be given to someone teaching in a high need or geographic shortage area determined by IDOE.

1. The amounts of a TAG grant would be:
 - a. Recognized: at least \$3k but not more than \$5k.
 - b. Exemplary: at least \$5k but not more than \$7.5k.
 - c. Master: at least \$7.5k but not more than \$10k.
 - d. High Needs/Geographic Shortage Area: at least \$5k but not more than \$10k.
2. The definitions of the new labels are as follows:
 - a. Recognized: Whether the teacher demonstrates high performance in teaching based on student outcomes together with any other criteria the IDOE designates.
 - b. Exemplary: Whether the teacher qualifies under recognized and also mentors or coaches another teacher to improve student outcomes.
 - c. Master: Whether the teacher qualifies under recognized, whether the teacher mentors and manages teachers across multiple classrooms, whether the teacher provides instructional leadership to improve student outcomes across multiple classrooms, and any other criteria the IDOE designates.

Under the bill, when a teacher receives a new TAG, the stipend flows for two consecutive years. In the third year, the stipend becomes a permanent part of the teacher's base salary; funded by the same pool of money used for all teacher salaries.

HB 1001 straight-lines the total amount of TAG funds at \$37.5m each year. While not necessarily a reflection of the amount of money each school district would receive under the new TAG, allocation received in December 2024 can be found [here](#).

Ask Your Legislator:

- Support a TAG program that rewards educators without shifting costs onto school districts, impacting overall teacher salaries. Every teacher contributes to a student's success. Funding selected stipends shouldn't come at the expense of base salaries for all educators.
- To oppose a TAG program that becomes an unfunded mandate for schools to continue paying the TAG award after TAG funding ends.



SB 1: Property Tax Relief (Sen. Holdman; R-Markle)

Passed the Senate 37-10.

Overview:

As introduced, the bill was one of several property tax reduction bills this session and generally was reflective of Gov. Braun's property tax reforms. The bill also restricts school referenda to general elections in the fall. Under LSA's fiscal note, school property tax losses would total around \$2 billion over the next three years.

Property taxes pay for supportive services and programs that complement the education programs, such as transportation, building maintenance and repair, construction, administration and technology.

As amended, the negative fiscal impact to school districts was dramatically reduced from the introduced version by removing certain property tax reforms from the bill and focusing on some targeted taxpayer reductions. However, there remain projected losses for school districts totaling \$370M over the next three years. Further, a restriction on referenda to the General Elections remains in the bill.

Ask Your Legislator:

- Oppose property tax cuts that reduce school funding without a replacement revenue source—Indiana's public schools can't afford another budget shortfall.

SB 518: Sharing Property Taxes w/ Charters (Sen. Rogers, R – Granger)

Passed the Senate 28-21.

Overview:

Going forward, SB 518 would require traditional public schools to share their respective operations fund property tax revenue and debt service levies with nearly all charter schools located in their districts on a multi-year phase-in schedule. The debt service levy sharing would begin in CY 2026. The sharing on the operations fund levy would begin in 2028.

Districts would also be required to share certain debt service levy revenue with charter schools. The amount shared with charters is dependent on the number of students who reside in the school district but who attend a charter in the district. Charter schools with fewer than 100 students in the district would not qualify for the sharing scheme. The amended bill would also stipulate that any charter school that is in line to receive shared property tax revenue, that charter school must include on its governing body at least one member appointed by either the mayor (in the case of IPS) or by the county board of commissioners in other cases.



Charter schools have long received a state-funded grant that was created to replace whatever local property taxes they did not receive for the purposes of what property taxes pay for in traditional public schools. The current appropriation for the Charter School Innovation Network School Grant is \$52.6m each year. Under the bill, the amount of grant a charter school qualifies for would be reduced by the amount of property taxes it would receive in the sharing arrangement. In this way, the bill shifts the burden of funding charter schools from the state onto local property taxpayers.

Ask Your Legislator:

- Support policies that fully fund traditional public schools and that maintain charter school needs as has been the case their creation through direct state investments—without shifting that burden to local property taxpayers.
- Oppose SB 518 and voice concerns over sharing property tax revenue at the same time there is a significant financial impact due to property tax cuts in other bills.
- At the very least, the timing of this shift from the state to local property taxpayers is harmful. Public schools are already facing potential property tax reductions—don't mandate that they share even more of their limited property tax revenue with charter schools, especially when the state currently subsidizes these expenses for charter schools.

RETIREE/PENSION BILLS

- **HB 1221** – Various Pension Matters
- **SB 250** – Pension Matters

HB 1221 Pensions (Rep. Mike Karickhoff; R-Kokomo)

Passed the House 89-0.

The bill requires certain supplemental allowance reserve accounts to pay an annual cost of living adjustment or thirteenth check beginning in 2027. Provides for a thirteenth check in certain years for certain members, participants, or beneficiaries of the: (1) Indiana state teachers' retirement fund; (2) Indiana public employees' retirement fund; (3) state excise police, gaming agent, gaming control officer, and conservation enforcement officers' retirement plan; (4) state police pre-1987 benefit system; and (5) state police 1987 benefit system.



SB 250: Pension Matters (Sen. Brian Buchanan; R-Lebanon)

Passed the Senate 49-0.

This bill originated from the Pension Management and Oversight Committee. It modifies the definition of "average of the annual compensation" for a member of the public employees' retirement fund (PERF) who retires after December 31, 2026. The bill specifies that compensation received in contemplation of retirement is excluded from the average of the annual compensation for particular members of PERF and TRF.

It repeals a provision requiring the board of trustees of the INPRS (board) to maintain separate accounts for each unit of local government. Provides that the amounts forfeited under the public employees defined contribution plan must be used as determined by the board. (Current law requires these amounts to be used to reduce the unfunded accrued liability of PERF.) Specifies a process by which a fully vested member of the public employees' defined contribution plan or the teachers' defined contribution plan may irrevocably elect to participate in PERF or TRF, as applicable. Modifies the information that must be included in a delinquency notice to a delinquent political subdivision.

COMMITTEE BILLS THIS WEEK

House Education Committee, Wed. at 8:30 a.m.

SB 358: Various Education Matters (Sen. Jeff Raatz; R-Richmond)

Passed the Senate 39-10.

The bill, among other things:

1. Requires the IDOE to compile a report regarding results for the IREAD and the determinant evaluation of reading skills;
2. Requires the IDOE to evaluate and approve a list of high-quality curricular materials for use in English/language arts;

SB 365 Education Matters (Sen. Jeff Raatz; R-Richmond)

Passed the Senate 49-0.

The bill requires the IDOE to collaborate with Management Performance Hub (MPH) and the Commission for Higher Education (CHE) to collect and maintain data on CTE programs. It requires IDOE to collaborate with the Governor's Workforce Cabinet, Department of Workforce Development (DWD) and CHE to conduct a return on investment analysis for adult education programs. It requires the CHE, IDOE, DWD and Governor's Workforce Cabinet to conduct a return on investment analysis for postsecondary CTE, 21st Scholars Program and various grant programs. Finally, the bill was amended to change certain authorities from CHE to IDOE; places parameters on career coaching aptitude for certain grade levels.



House Elections and Apportionment, Wed. at 10:30 a.m.

SB 287: Partisan School Board Elections (Sen. Gary Byrne; Byrneville)

Passed the Senate 34-13.

This bill would require school board candidates to be nominated in party primaries. Also modifies the school board member annual pay from \$2,000 to an amount not to exceed 10% of the lowest starting teacher salary in the district.

Senate Education and Career Development Committee, Wed. at 1:30 pm

HB 1002: Various Education Matters/Deregulation (Rep. Bob Behning, R-Indianapolis)

Passed the House 75-16.

This is a huge bill that covers a lot of statutory territory. Its intent is to remove obsolete laws or those perceived as hindering the core mission of public education. As with many omnibus bills, the value of deregulation is subjective.

HB 1016: School Safety Commission (Rep. Matt Commons; R-Williamsport)

Passed the House 91-0.

- Appoints a fire chief or designee to the School Safety Commission.

HB 1102: Contracting for Preschool (Commons; R-Williamsport)

Passed the House 91-0.

- Removes language restricting school corporations from entering into a contract with a religiously affiliated nonprofit preschool program.



HB 1515: Education and Higher Education Matters (Rep. Bob Behning; R-Indianapolis)

Passed the House 57-28.

This omnibus bill contains multiple separate provisions:

- The bill allows accredited nonpublic schools to establish a school police department.
- Allows accredited nonpublic schools to participate in STEM Teacher Grants.
- Allows a school choice parent to petition the IDOE for reconsideration of choice eligibility if there is reason to believe that the student was determined ineligible due to enrollment data error (technical change).
- Provides that a student must be withdrawn from enrollment in a school's virtual program if the student accumulates 10 consecutive or 18 cumulative unexcused absences (instead of the number of unexcused absences sufficient to result in the student's classification as a habitual truant).
- Restricts a county, city, or town (unit) in using the unit's planning and zoning authority to regulate a school corporation's or charter school's use of school property.
 - Provides the following regarding a charter school: (1) A charter school is a permitted use in all zoning districts. (2) A charter school's land use application must be processed by a unit on a first priority basis.

House Ways and Means Committee, Wed. at 1:30 p.m.

- **SB 1:** Property Taxes (See priority funding bills above)
- **SB 518:** Charter Referenda Sharing with Charter Schools (See priority funding bills above)

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