



January 10, 2014

HOUSE BILL No. 1004

DIGEST OF HB 1004 (Updated January 9, 2014 10:45 am - DI 116)

Citations Affected: IC 12-7; IC 12-17.2; IC 20-51.

Synopsis: Early education vouchers. Makes changes to the qualification requirements of an eligible child for purposes of administering the early education matching grant program. Establishes the early education scholarship pilot program (program) to provide supplemental funding for eligible children receiving eligible services from certain early education providers. Provides that, after June 30, 2015, an eligible child may receive a scholarship through the program. Provides that a child or a sibling of a child who receives an early education scholarship and meets certain other criteria is eligible for the choice scholarship program. Makes technical corrections and conforming amendments.

Effective: July 1, 2014.

Behning, Bosma

January 7, 2014, read first time and referred to Committee on Education.
January 9, 2014, amended, reported — Do Pass.

HB 1004—LS 6868/DI 116



January 10, 2014

Second Regular Session 118th General Assembly (2014)

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 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

HOUSE BILL No. 1004

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

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

1 SECTION 1. IC 12-7-2-75.7, AS ADDED BY P.L.205-2013,
2 SECTION 173, IS AMENDED TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2014]: Sec. 75.7. "Eligible child" **means the**
4 **following:**

5 (1) For purposes of ~~IC 12-17.2-3.7~~, **IC 12-17.2-3.6**, has the
6 meaning set forth in ~~IC 12-17.2-3.7-2~~. **IC 12-17.2-3.6-2.**
7 (2) **For purposes of IC 12-17.2-7, the meaning set forth in**
8 **IC 12-17.2-7-1.**

9 SECTION 2. IC 12-7-2-76.2, AS ADDED BY P.L.205-2013,
10 SECTION 174, IS AMENDED TO READ AS FOLLOWS
11 [EFFECTIVE JULY 1, 2014]: Sec. 76.2. "Eligible provider" **means the**
12 **following:**

13 (1) For purposes of ~~IC 12-17.2-3.7~~, **IC 12-17.2-3.6**, has the
14 meaning set forth in ~~IC 12-17.2-3.7-3~~. **IC 12-17.2-3.6-3.**
15 (2) **For purposes of IC 12-17.2-7, the meaning set forth in**
16 **IC 12-17.2-7-2.**

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1 SECTION 3. IC 12-7-2-76.3, AS ADDED BY P.L.205-2013,
 2 SECTION 175, IS AMENDED TO READ AS FOLLOWS
 3 [EFFECTIVE JULY 1, 2014]: Sec. 76.3. "Eligible services" **means the**
 4 **following:**

5 (1) For purposes of ~~IC 12-17.2-3.7~~, **IC 12-17.2-3.6**, has the
 6 meaning set forth in ~~IC 12-17.2-3.7-4~~. **IC 12-17.2-3.6-4.**

7 (2) **For purposes of IC 12-17.2-7, the meaning set forth in**
 8 **IC 12-17.2-7-3.**

9 SECTION 4. IC 12-7-2-135.8, AS ADDED BY P.L.205-2013,
 10 SECTION 178, AND AS ADDED BY P.L.267-2013, SECTION 1, IS
 11 CORRECTED AND AMENDED TO READ AS FOLLOWS
 12 [EFFECTIVE JULY 1, 2014]: Sec. 135.8. (a) "Paths to QUALITY
 13 program", for purposes of ~~IC 12-17.2-2-14~~, **IC 12-17.2-2-14.2**, *and*
 14 ~~IC 12-17.2-3.7~~, **IC 12-17.2-3.6**, *refers to the paths to QUALITY*
 15 *program and IC 12-17.2-7, refers to the program established in*
 16 **IC 12-17.2-2-14.2(b).**

17 (b) "Paths to QUALITY program", for purposes of ~~IC 12-17.2-3.7~~,
 18 **IC 12-17.2-3.8**, *has the meaning set forth in* ~~IC 12-17.2-3.7-4~~.
 19 **IC 12-17.2-3.8-1.**

20 SECTION 5. IC 12-7-2-146, AS AMENDED BY P.L.205-2013,
 21 SECTION 179, AND AS AMENDED BY P.L.267-2013, SECTION 2,
 22 IS CORRECTED AND AMENDED TO READ AS FOLLOWS
 23 [EFFECTIVE JULY 1, 2014]: Sec. 146. "Program" refers to the
 24 following:

25 (1) For purposes of IC 12-8-12.5, the meaning set forth in
 26 IC 12-8-12.5-1.

27 (2) For purposes of IC 12-10-7, the adult guardianship services
 28 program established by IC 12-10-7-5.

29 (3) For purposes of IC 12-10-10, the meaning set forth in
 30 IC 12-10-10-5.

31 (4) *For purposes of* ~~IC 12-17.2-2-14~~, **IC 12-17.2-2-14.2**, *the*
 32 *meaning set forth in* ~~IC 12-17.2-2-14~~. **IC 12-17.2-2-14.2(a).**

33 (5) *For purposes of* ~~IC 12-17.2-3.7~~, **IC 12-17.2-3.6**, *the meaning*
 34 *set forth in* ~~IC 12-17.2-3.7-7~~. **IC 12-17.2-3.6-7.**

35 (4) (6) *For purposes of* ~~IC 12-17.2-3.7~~, **IC 12-17.2-3.8**, *the*
 36 *meaning set forth in* ~~IC 12-17.2-3.7-5~~. **IC 12-17.2-3.8-2.**

37 (7) **For purposes of IC 12-17.2-7, the meaning set forth in**
 38 **IC 12-17.2-7-5.**

39 (5) (6) (8) For purposes of IC 12-17.6, the meaning set forth in
 40 IC 12-17.6-1-5.

41 SECTION 6. IC 12-7-2-169.7 IS ADDED TO THE INDIANA
 42 CODE AS A NEW SECTION TO READ AS FOLLOWS



1 [EFFECTIVE JULY 1, 2014]: **Sec. 169.7. "Scholarship", for**
 2 **purposes of IC 12-17.2-7, has the meaning set forth in**
 3 **IC 12-17.2-7-6.**

4 SECTION 7. IC 12-17.2-3.6-9, AS ADDED BY SEA 24-2014,
 5 SECTION 70, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 6 JULY 1, 2014]: Sec. 9. (a) The committee shall do the following:

7 (1) Conduct periodic statewide needs assessments concerning the
 8 quality and availability of early education programs for children
 9 from birth to the age of school entry, including the availability of
 10 high quality prekindergarten education for low income children
 11 in Indiana.

12 (2) Identify opportunities for, and barriers to, collaboration and
 13 coordination among federally and state funded child development,
 14 child care, and early childhood education programs and services,
 15 including governmental agencies that administer the programs
 16 and services.

17 (3) Assess the capacity and effectiveness of two (2) and four (4)
 18 year public and private higher education institutions in Indiana for
 19 the support of development of early educators, including:

20 (A) professional development and career advancement plans;
 21 and

22 (B) practice or internships with Head Start or prekindergarten
 23 programs.

24 (4) Recommend to the division procedures, policies, and
 25 eligibility criteria for the program.

26 (5) Other duties as determined necessary by the chairperson of the
 27 committee.

28 **(b) Before July 1, 2015, the committee shall review the**
 29 **kindergarten readiness assessment (ISTAR-KR) adopted by the**
 30 **department of education and other kindergarten readiness**
 31 **assessments and select a kindergarten readiness assessment to be**
 32 **administered by an eligible provider (as defined in IC 12-17.2-7-2)**
 33 **to measure whether an eligible child (as defined in IC 12-17.2-7-1)**
 34 **is ready for kindergarten under the early education scholarship**
 35 **pilot program established in IC 12-17.2-7-7.**

36 ~~(b)~~ (c) Not later than June 30 of each year, the committee shall
 37 develop and make recommendations to the governor and, in an
 38 electronic format under IC 5-14-6, to the legislative council concerning
 39 the results of the committee's work under this section.

40 SECTION 8. IC 12-17.2-3.6-15, AS ADDED BY SEA 24-2014,
 41 SECTION 70, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 42 JULY 1, 2014]: Sec. 15. To qualify:



- 1 **(1) before August 1, 2014**, as an eligible child, the child must be:
 2 (+) **(A)** a member of a household with an annual income that
 3 does not exceed one hundred percent (100%) of the federal
 4 poverty level;
 5 (±) **(B)** at least four (4) years of age and less than five (5) years
 6 of age when the child receives eligible services; and
 7 (≅) **(C)** a resident of Indiana or otherwise have legal settlement
 8 in Indiana, as determined under IC 20-26-11; **and**
 9 **(2) after July 31, 2014**, as an eligible child, the child must:
 10 **(A)** be at least four (4) years of age and less than five (5)
 11 years of age on August 1 of the state fiscal year for which
 12 the matching grant is awarded to the eligible provider;
 13 **(B)** be a resident of Indiana or otherwise have legal
 14 settlement in Indiana, as determined under IC 20-26-11;
 15 **(C)** be a member of a household with an annual income
 16 that does not exceed one hundred eighty-five percent
 17 (185%) of the federal poverty level;
 18 **(D)** receive at least one hundred eighty (180) days of
 19 eligible services per year from an eligible provider or the
 20 equivalent number of instructional hours, as determined
 21 by the division; and
 22 **(E)** have a parent or guardian who participates in a
 23 parental engagement and involvement component
 24 provided by the eligible provider.
- 25 SECTION 9. IC 12-17.2-7 IS ADDED TO THE INDIANA CODE
 26 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 27 JULY 1, 2014]:
- 28 **Chapter 7. Early Education Scholarship Pilot Program**
 29 **Sec. 1. As used in this chapter, "eligible child" refers to an**
 30 **individual who:**
 31 **(1)** is at least four (4) years of age and less than five (5) years
 32 of age on August 1 of the state fiscal year for which a
 33 scholarship is sought;
 34 **(2)** is a resident of Indiana or otherwise has legal settlement
 35 in Indiana, as determined under IC 20-26-11;
 36 **(3)** is a member of a household with an annual income that
 37 does not exceed one hundred eighty-five percent (185%) of the
 38 federal poverty level;
 39 **(4)** receives at least one hundred eighty (180) days of eligible
 40 services per year from an eligible provider or the equivalent
 41 number of instructional hours, as determined by the division;
 42 **and**



- 1 (5) has a parent, guardian, or custodian who participates in a
2 parental engagement and involvement component provided
3 by the eligible provider.
- 4 Sec. 2. As used in this chapter, "eligible provider" refers to a
5 person that:
- 6 (1) provides eligible services;
7 (2) is located in a county in which the program is
8 implemented; and
9 (3) administers the kindergarten readiness assessment
10 adopted by the department of education.
- 11 Sec. 3. As used in this chapter, "eligible services" refers to a
12 program of early education services:
- 13 (1) that:
- 14 (A) meets the standards of quality recognized by a Level 3
15 or Level 4 paths to QUALITY program rating;
16 (B) is nationally accredited by an accrediting body
17 recognized by the division or the state board of education;
18 (C) is provided by a school that is accredited by the state
19 board of education;
20 (D) is provided, before July 1, 2015, by an eligible school
21 (as defined in IC 20-51-1-4.7); or
22 (E) is provided, before July 1, 2015, by a participating
23 school (as defined in IC 20-51-1-6);
- 24 (2) that includes a parental engagement and involvement
25 component based on the guidelines established under section
26 15 of this chapter; and
- 27 (3) that administers the kindergarten readiness assessment
28 (ISTAR-KR) adopted by the department of education or
29 another kindergarten readiness assessment selected by the
30 early learning advisory committee under IC 12-17.2-3.6-9(b)
31 to children receiving eligible services as required by the
32 division.
- 33 Sec. 4. As used in this chapter, "paths to QUALITY program"
34 has the meaning set forth in IC 12-17.2-2-14.2(b).
- 35 Sec. 5. As used in this chapter, "program" refers to the early
36 education scholarship pilot program established by section 7 of this
37 chapter.
- 38 Sec. 6. As used in this chapter, "scholarship" refers to an early
39 education scholarship awarded under this chapter.
- 40 Sec. 7. (a) The early education scholarship pilot program is
41 established to reduce the out-of-pocket fees that an eligible child or
42 an eligible child's parent, guardian, or custodian would otherwise



1 be required to pay to an eligible provider for the eligible child to
2 receive eligible services after the application of the maximum
3 amount of all other state and federal grants and distributions
4 available for reimbursement for the eligible services.

5 (b) The division shall administer the program, which must begin
6 after June 30, 2015, in not more than five (5) counties in Indiana,
7 as chosen by the division.

8 **Sec. 8. (a)** After June 30, 2015, an eligible child may receive a
9 scholarship through the program in accordance with this chapter.

10 (b) A scholarship that has been awarded for an eligible child
11 may be terminated any time the eligible child fails to comply with
12 the requirements for eligibility established by or under this
13 chapter.

14 (c) A scholarship is not a grant to or contract with a provider
15 but must be considered assistance to the eligible child and the
16 parent, guardian, or custodian of the eligible child.

17 (d) The amount of a scholarship provided for an eligible child
18 may not be treated as income or a resource for purposes of
19 qualifying for any other federal or state grant or program
20 administered by the state or a political subdivision.

21 (e) To qualify for a scholarship, a parent, guardian, or custodian
22 must apply for the scholarship in the manner prescribed by the
23 division.

24 (f) An eligible child may receive a scholarship under this
25 chapter if the eligible provider receives a matching grant under
26 IC 12-17.2-3.6-13.

27 **Sec. 9.** The maximum amount that may be awarded under this
28 chapter for all eligible services provided to an eligible child in a
29 state fiscal year is:

30 (1) six thousand eight hundred dollars (\$6,800), for an eligible
31 child who attends a full-day program at an eligible provider,
32 as determined by the division; or

33 (2) three thousand four hundred dollars (\$3,400), for an
34 eligible child who attends a half-day program at an eligible
35 provider, as determined by the division.

36 **Sec. 10.** The total amount of all scholarships awarded for
37 eligible services provided in a state fiscal year may not exceed the
38 amount appropriated for scholarships for that state fiscal year (less
39 any amount appropriated to administer the scholarship program).

40 **Sec. 11. (a)** Scholarships shall be awarded for eligible services
41 at the rates, in the manner, and in the amounts determined by the
42 division.



1 (b) The division shall distribute scholarship amounts on a
2 periodic basis determined by the division.

3 (c) An amount distributed under subsection (b) must be based
4 on the number and length of days of eligible services received by an
5 eligible child during the period for which the amount is distributed.

6 (d) The division may distribute any part of a scholarship to the
7 parent, guardian, or custodian of the eligible child. For a
8 distribution described in this subsection to be valid, the
9 distribution must be endorsed by both the parent, guardian, or
10 custodian of the eligible child and the eligible provider that
11 provides the eligible services.

12 Sec. 12. (a) To be eligible to receive scholarship payments, an
13 eligible provider:

14 (1) may be required by the division to register with the
15 division on a form prescribed by the division;

16 (2) may not discriminate on the basis of race, color, or
17 national origin; and

18 (3) must otherwise comply with all applicable laws and rules
19 governing the provider.

20 (b) The division may suspend or terminate an eligible provider's
21 participation in the program if the eligible provider fails to comply
22 with subsection (a).

23 Sec. 13. (a) Each year an eligible provider shall administer to
24 children receiving eligible services by an eligible provider a
25 kindergarten readiness assessment selected by the early learning
26 advisory committee under IC 12-17.2-3.6-9(b). If, in a particular
27 year, less than seventy percent (70%) of children who attend an
28 eligible provider do not pass a kindergarten readiness assessment
29 selected by the early learning advisory committee under
30 IC 12-17.2-3.6-9, the eligible provider may continue to participate
31 in the program only on a probationary basis.

32 (b) An eligible provider may not participate in the program
33 after the second consecutive year in which less than seventy
34 percent (70%) of the children who attend the eligible provider do
35 not pass a kindergarten readiness assessment selected by the early
36 learning advisory committee under IC 12-17.2-3.6-9.

37 Sec. 14. The division may adopt rules under IC 4-22-2 to
38 implement this chapter.

39 Sec. 15. The division shall provide the department of education
40 with information necessary for the department of education to
41 assign an eligible child who receives a scholarship under this
42 chapter a student testing number. Upon receipt of the information,



1 the department of education shall assign the eligible child a student
 2 testing number to track the eligible child's educational growth and
 3 development.

4 **Sec. 16. The division shall develop and maintain guidelines for**
 5 **the inclusion in every eligible provider's eligible services under this**
 6 **chapter of a component increasing engagement and involvement of**
 7 **a child's parent, guardian, or custodian in the child's education.**

8 SECTION 10. IC 20-51-1-4.3, AS ADDED BY P.L.205-2013,
 9 SECTION 310, IS AMENDED TO READ AS FOLLOWS
 10 [EFFECTIVE JULY 1, 2014]: Sec. 4.3. "Eligible choice scholarship
 11 student" refers to an individual who:

- 12 (1) has legal settlement in Indiana;
 13 (2) is at least five (5) years of age and less than twenty-two (22)
 14 years of age on the date in the school year specified in
 15 IC 20-33-2-7; and
 16 (3) meets at least one (1) of the following conditions:

17 (A) The individual is:

- 18 (i) a child with a disability who requires special education
 19 and for whom an individualized education program has been
 20 developed under IC 20-35 or a service plan developed under
 21 511 IAC 7-34; and
 22 (ii) a member of a household with an annual income of not
 23 more than two hundred percent (200%) of the amount
 24 required for the individual to qualify for the federal free or
 25 reduced price lunch program.

26 (B) The individual is:

- 27 (i) an individual who, because of the school corporation's
 28 residency requirement, would be required to attend a
 29 specific public school within a school corporation that has
 30 been placed in the lowest category or designation of school
 31 improvement under IC 20-31-8-4 (has been assigned an "F"
 32 grade); and
 33 (ii) except as provided in IC 20-51-4-2.5, is a member of a
 34 household with an annual income of not more than one
 35 hundred fifty percent (150%) of the amount required for the
 36 individual to qualify for the federal free or reduced price
 37 lunch program.

38 An individual to whom this clause applies is not required to
 39 attend the public school before becoming eligible for a choice
 40 scholarship, and may not be required to return to the public
 41 school if the public school is placed in a higher category or
 42 designation under IC 20-31-8-4.



1 (C) Except as provided in IC 20-51-4-2.5, the individual is a
 2 member of a household with an annual income of not more
 3 than one hundred fifty percent (150%) of the amount required
 4 for the individual to qualify for the federal free or reduced
 5 price lunch program and the individual was enrolled in
 6 kindergarten through grade 12, in a public school, including a
 7 charter school, in Indiana for at least two (2) semesters
 8 immediately preceding the first semester for which the
 9 individual receives a choice scholarship under IC 20-51-4.

10 (D) The individual or a sibling of the individual who, except
 11 as provided in IC 20-51-4-2.5, is a member of a household
 12 with an annual income of not more than one hundred fifty
 13 percent (150%) of the amount required for the individual to
 14 qualify for the federal free or reduced price lunch program and
 15 satisfies ~~either~~ **any** of the following:

16 (i) The individual or a sibling of the individual received
 17 before July 1, 2013, a scholarship from a scholarship
 18 granting organization under IC 20-51-3 or a choice
 19 scholarship under IC 20-51-4 in a preceding school year,
 20 including a school year that does not immediately precede
 21 a school year in which the individual receives a scholarship
 22 from a scholarship granting organization under IC 20-51-3
 23 or a choice scholarship under IC 20-51-4.

24 (ii) The individual or a sibling of the individual receives for
 25 the first time after June 30, 2013, a scholarship of at least
 26 five hundred dollars (\$500) from a scholarship granting
 27 organization under IC 20-51-3, or a choice scholarship
 28 under IC 20-51-4 in a preceding school year, including a
 29 school year that does not immediately precede a school year
 30 in which the individual receives a scholarship from a
 31 scholarship granting organization under IC 20-51-3, or a
 32 choice scholarship under IC 20-51-4.

33 **(iii) The individual or a sibling of the individual received**
 34 **a scholarship of at least five hundred dollars (\$500) for**
 35 **an early education scholarship under IC 12-17.2-7 before**
 36 **enrolling in school.**

37 SECTION 11. IC 20-51-4-2.5, AS ADDED BY P.L.211-2013,
 38 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 39 JULY 1, 2014]: Sec. 2.5. Notwithstanding IC 20-51-1-4.3(3)(B),
 40 IC 20-51-1-4.3(3)(C), ~~or~~ IC 20-51-1-4.3(3)(D)(ii), ~~or~~
 41 **IC 20-51-1-4.3(3)(D)(iii)**, an individual who initially meets the income
 42 requirements under IC 20-51-1-4.3(3)(B), IC 20-51-1-4.3(3)(C), ~~or~~



1 IC 20-51-1-4.3(3)(D)(ii), **or IC 20-51-1-4.3(3)(D)(iii)** and is a member
2 of a household whose income subsequently increases is considered to
3 meet the income requirements for as long as the individual is enrolled
4 in a participating school and is a member of a household with an
5 annual income of not more than two hundred percent (200%) of the
6 amount required for the individual to qualify for the federal free or
7 reduced price lunch program.



COMMITTEE REPORT

Mr. Speaker: Your Committee on Education, to which was referred House Bill 1004, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 5, line 18, after "is" insert "**provided by a school that is**".

Page 8, delete line 7.

and when so amended that said bill do pass.

(Reference is to HB 1004 as introduced.)

BEHNING, Chair

Committee Vote: yeas 10, nays 3.

