

Indiana

Funding Basics

Formula Type

Indiana has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students both through program-specific allocations and by adding supplemental, flat dollar amounts to the base amount for certain students.

The categories of students generating supplemental funding in Indiana are students with disabilities and low-income students. Services for English-language learners, students identified as gifted, and students enrolled in career and technical education programs are funded through program-specific allocations.

Base Amount

Indiana has a fixed base funding amount per student. For FY2021, the per-student base amount was $5,703. This amount is reduced for students receiving instruction virtually.

This means that an average student with no special needs or disadvantages would generally be funded at that level. The base amount is reduced by 15% for students receiving instruction virtually, yielding a base amount of $4,847.55 for virtual students in FY2021.

Local Revenue

Expected Local Share

Indiana does not expect school districts to contribute revenue to their public schools.

However, school districts are permitted to impose taxes to generate supplemental revenue for specific purposes such as capital improvement, transportation, and debt service, as well as for operating costs if the taxes are approved by voters (see “Property Tax Floors and Ceilings” for more information on supplemental taxes).

Actual state education aid disbursements are limited to the amount appropriated for that purpose and will be prorated as necessary so that each district receives state aid in proportion to the amount calculated by the state to be necessary to educate students within that district.

Property Tax Floors and Ceilings

Indiana sets a level above which property tax rates require voter approval. Without voter approval, local property taxes are limited in two main ways: one that is adjusted based on statewide income growth, and one that varies depending on the type of property.

Indiana does not require school districts to impose a minimum property tax rate. School districts may impose supplemental levies for specific purposes such as instruction, non-classroom expenses broadly, school safety, and rainy-day funds. Additionally, school districts are required to impose taxes at rates sufficient to pay their debt service obligations. Any property tax imposed by a school district is limited to the levy from the previous year times a statewide six-year income growth average. Regardless of the tax rate imposed, taxpayers are liable to pay only 1% of assessed property value for homesteads, 2% for non-homestead residential property and agricultural land, and 3% for nonresidential properties. However, with voter approval, school districts may impose property taxes that are exempt from these controls.

Other Local Taxes for Education

School districts in Indiana may receive local revenue from school district property taxes, county income taxes, financial institution taxes, and motor vehicle license excise taxes.

Though school districts cannot directly impose local income taxes, motor vehicle license excise taxes, commercial vehicle excise taxes, and financial institutions taxes, counties may collect the revenue and dedicate it to public education. Special laws permit Dearborn and Lake counties to levy uniform taxes on a countywide basis and redistribute the funds to school districts within the county.

Student Characteristics

Grade Level

Indiana does not differentiate funding based on students' grade levels.

English-Language Learner

Indiana provides increased funding for English-language learners. It does so through a flat allocation for each English-language learner, which in FY2021 was $300 to $487, depending on the student's level of English-language proficiency.

This funding is provided through the Non-English Speaking Program, for which there is an appropriation separate from the state's regular education funding formula. All districts receive an allocation of $487 per English-language learner who received a Level 1 or 2 on the WIDA ACCESS assessment or participated in the alternate ACCESS for English-language learners with disabilities. Districts receive $300 per English-language learner who received a Level 3 or 4 or received a Level 5 on the assessment.

A district's percentage of English-language learners is also relevant for a grant that provides additional funding through a multistep formula that takes into account the concentration of students in a district (see "Concentrated Poverty" for a description of this allocation).

Poverty

Indiana provides increased funding for some students from low-income households and for districts with high concentrations of low-income students. It does so through one grant program that provides greater funding for students from low-income backgrounds than students from higher income backgrounds and another based on the concentration of low-income students in a district.

Indiana provides $1,100 to school districts for each student who receives an academic or technical honors diploma, and this is increased to $1,500 for students receiving benefits from Supplemental Nutrition Assistance Program (SNAP) or Temporary Assistance for Needy Families (TANF) and for students receiving foster care services. In addition, districts must waive required fees for students who qualify for free or reduced-price lunch under the National School Lunch Program and may apply for reimbursement from the state. Districts also receive funding through a multistep formula that takes into account the concentration of students from low-income households (for more information on this program, see "Concentrated Poverty").

Special Education

Indiana funds special education using a multiple student weights system, providing different levels of funding for different categories of students. Students are assigned to four different categories based mostly on their specific disabilities.

Specifically, K-12 students are assigned to one of three weighted categories based on the severity of their disabilities, or to a fourth category for students in homebound programs, each of which provides a set amount of funding in addition to the per-student base amount. These additional allocations range from $500 to $9,156 per student.

The remainder of state special education funding is distributed through specific program-based allocations, including funding for the field services provided by the Indiana Division of Special Education; for the Best Buddies Program; for people with intellectual and developmental disabilities; and for students in, transitioning from, or needing support to remain out of residential treatment.

Gifted

Indiana provides increased funding for gifted and talented students. It does so in the form of a competitive grant.

School districts may apply for grants to support High Ability Education. In FY2021, the total amount appropriated for this purpose was $12.9 million.

Career and Technical Education

Indiana provides increased funding for career and technical education (CTE) programs. It does so by providing districts with funding for every CTE course, in accordance with the type and number of credit hours for the course and in proportion to the number of students enrolled in the course.

In FY2021, introductory CTE courses were funded at $300 per enrolled student; apprenticeship programs or work-based learning programs were funded at $500 per student; planning for college and career courses and courses taught at regional CTE centers were funded at $150 per student; and all other CTE courses were funded in accordance with a schedule considering the market wage and demand for the career being taught, ranging from $200 to $1,020 per student credit hour.

District Characteristics

Concentrated Poverty

Indiana provides increased funding for districts based on the concentrations of students from low-income households that they serve. It does so through a grant program based on the concentration of low-income students in a district.

Districts receive an amount that is calculated through a multistep formula that takes into account the concentration of students in a district who, as of the previous fall, were receiving benefits from the Supplemental Nutrition Assistance Program (SNAP), the Temporary Assistance for Needy Families Program (TANF), or foster care services. A district's percentage of eligible students is multiplied by a dollar amount ($3,675 in FY2021), which is then multiplied by the district's student count to calculate their grant amount. The grant amount may also be affected by the district's share of English-language learners (if greater than 18%) and a recent change in the district's percentage of eligible students.

Sparsity and/or Small Size

Indiana does not provide increased funding for sparse districts or for small schools or districts.

Charter Funding

Funding for charter schools in Indiana is calculated based on a formula similar to the one used to calculate funding for traditional public schools.

Like traditional public schools, charter schools are funded through a student-based formula that considers the characteristics of students they educate. Their funding reflects any additional funding generated by students in most special programs and need categories. Virtual charter schools are funded similarly but receive 85% of the base amount. In particular, charter schools that were converted from a traditional public school receive a proportionate share of state funding for students with disabilities and other program-specific allocations.

Charter schools in Indiana do not receive a share of local tax revenue.

For a complete list of primary sources, please see the appropriate state page at funded.edbuild.org