

# FundEd: Indiana Report

## A Detailed Look at Indiana's Funding Policies



## 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 FY2017, the per-student base amount was \$5,088.

This means that an average student with no special needs or disadvantages would generally be funded at that level.

### Local Revenue

#### Expected Local Share

Indiana does not expect 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, and 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 the approval of two thirds of voters. Any property tax imposed by a local government unit, including by a school district, is limited to a percentage of the property's value that varies depending on the type of property. Property taxes that are approved by voters in a referendum are not subject to these limits.

Indiana does not require school districts to impose a minimum tax rate. School districts may impose supplemental levies for specific purposes such as transportation, debt service, and capital projects. Additionally, they are required to impose taxes at rates sufficient to pay their debt service obligations. Property taxes, including those levied by school districts, are capped at 1% of property value for homesteads, 2% for residential property and agricultural land, and 3% for nonresidential properties. However, school districts may impose property taxes that exceed these caps with voter approval.

School districts may impose several supplemental levies without voter approval: districts may impose a tax of up to \$4.17 for every \$1,000 in assessed local property wealth for capital projects and may impose a tax rate sufficient to pay transportation costs and to replace buses. Districts in Allen County that have been the target of constitutional challenges regarding racial segregation may petition their local government to raise taxes to fund a racial balance initiative.

## Other Local Taxes for Education

School districts in Indiana may receive local revenue only from property taxes.

## District Characteristics

### Grade Level

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

### English-Language Learner

Indiana provides increased funding for English-language learners (ELLs). It does so through an allocation for each ELL that is provided on a sliding scale based on the concentration of ELLs in the district.

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 \$250 per ELL; districts with an ELL population between 5% and 18% receive an additional \$131.50 per ELL; and districts with an ELL population greater than 18% receive a further \$165.16 per ELL.

The district's percentage of ELLs is also relevant for the calculation of its Complexity Grant; see "Poverty" for a description of this allocation.

## Poverty

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

Districts receive an amount that is calculated through a multi-step formula that takes into account the concentration of students in the district who were receiving benefits from the Supplemental Nutrition Assistance Program (SNAP), from the Temporary Assistance for Needy Families Program (TANF), or from foster care services as of the previous fall; the previous year's grant calculation; the district's entire enrollment count; and the district's percentage of English-language learners (if greater than 25%).

The Honors Grant, which distributes \$1,000 to school districts for each student who receives an academic or technical honors diploma, is increased to \$1,400 for students receiving benefits from SNAP or 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.

## 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 \$8,800 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 state Division of Special Education; for the Best Buddies Program, for people with intellectual and developmental disabilities; and to provide 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 FY2017, the total amount appropriated for this purpose was \$12.5 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 of course and in proportion to the number of students enrolled.

In FY2017, foundational CTE courses were funded at a rate of \$150 per enrolled student; introductory CTE courses and work-based learning courses were funded at \$300 per enrolled 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 \$150 to \$500 per student's credit hour.

## Sparsity and/or Small Size

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

For a complete list of primary sources, please see the appropriate state page at [funded.edbuild.org](http://funded.edbuild.org)

