INDIANA

Overall Market Rating: Above Average; with recent legislative/regulatory changes, this market is much more supportive of new school growth.

Market Overview:
Indiana has one of the nation’s strongest private school choice laws in the country, as it relates to meeting the needs of students and parents. The program is statewide and existing schools are able to expand their existing campuses and serve students in the current ecosystem. Per pupil funding in the choice sectors (private and charter) lags district funding, but the maximum voucher amount in the communities of highest need (Gary and Indianapolis) rises as high as $6,700.

The most significant consideration in Indiana is the law that governs school eligibility. The law originally closed the market to new private school operators as participating schools were required to be fully accredited by either the state or a prescribed accrediting organization. Last year, however, a legislative change removed the previously required one-year (minimum) observation period for accreditation, and this year a number of schools were accredited prior to their first year of operation. The state is now re-evaluating the statute governing state accreditation. The statute and the metrics used for renewal of accreditation are viewed as being out of date. The legislature is currently considering fixes, and while they do so schools that come up for renewal will be granted an automatic three-year probationary renewal.

There are broad curricular and accountability requirements that private schools must adhere to once they agree to accept choice or scholarship students, and choice schools must participate in the statewide A-F rating system. Student growth is a significant component of the rating system, but there are penalties for low performance after just two years of data. Schools are now allowed to petition the state board for relief, but they must be able to prove academic growth for the majority of students in the prior year.

There is strong interest in the Indiana school choice ecosystem however. National and local funders are re-engaging in conversations about strengthening Indiana’s school choice options. The talent development conversations are largely limited to the charter sector, but private schools can access some of those resources as well, and increasing pressure may be put on these organizations to include private schools in these ecosystem supports.

Summary Statement: There is momentum in this market. There are many eligible students, and the market is not saturated. Both private and charter school enrollment is low relative to eligible students. There are multiple communities that would benefit from quality private school options, and recent policy changes will to open the private school market up to new students and new schools.
Demographic Analysis:

Enrollment Figures

<table>
<thead>
<tr>
<th>Total Public School Enrollment (including Charter Schools)</th>
<th>1,046,452</th>
</tr>
</thead>
<tbody>
<tr>
<td>K-12 Private School Enrollment</td>
<td>83,370</td>
</tr>
<tr>
<td>Charter School Enrollment</td>
<td>39,671</td>
</tr>
</tbody>
</table>

Eligibility by Program (numbers may be duplicative)

<table>
<thead>
<tr>
<th>Program</th>
<th>% Eligible Students</th>
<th>Current Enrollment (2017-18)</th>
<th>Eligibility Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indiana Choice Scholarship Program</td>
<td>50% of students statewide</td>
<td>35,458</td>
<td>• Households at or below Free &amp; Reduced Lunch eligible for 90% of local district spending</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Households at or below 150% of FRL receive 50% of traditional district spending</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Students who attended a public school the previous two semesters, and at or below 200% of FRL</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Students on IEPs &amp; at or below 200% of FRL</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Students who would attend an “F” school, and at or below 150% of FRL</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Students/siblings who received a tax credit scholarship of $500 or more the year previous</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Students/siblings enrolled in the program the year previous with a household</td>
</tr>
</tbody>
</table>
### Funding:

**Assessment:** Adequate in high need areas for the lowest income families.

**Assets:**
- Funding level is high, in high need areas, relative to other choice markets.
- Funding is tied to general school aid, so choice per pupil increases at the same rate as traditional public schools.

**Considerations:**
- Many eligible students will only be eligible for a 50% scholarship amount.
- Communities outside Gary and Indianapolis funded at a much lower level.
- Significant gap between traditional districts and private schools, and private schools are not eligible for the additional $500 facilities allowance available to charters.

#### Indiana Choice Scholarship Program

<table>
<thead>
<tr>
<th>Maximum 2015-16</th>
<th>Average 2017-18</th>
<th>Cap</th>
<th>Disbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>90% of public school district funding for at or below FRL; 50% for up to 150% FRL</td>
<td>All Students: $4,342 90% Awards</td>
<td>No Funding Caps</td>
<td>- Payments are made a minimum of two times per year, once each semester.</td>
</tr>
<tr>
<td>Indianapolis: $6,251 (at or below FRL)</td>
<td>Kindergarten: $5,709 Grades 1-8:</td>
<td></td>
<td>- An additional payment for special education</td>
</tr>
</tbody>
</table>
below FRL); $3,472 (up to 150% FRL)
Gary: $6,721 (at or below FRL); $3,734 (up to 150% FRL)
High School: $5,723

<table>
<thead>
<tr>
<th>Maximum</th>
<th>Average 2016-17</th>
<th>Cap</th>
<th>Disbursement</th>
</tr>
</thead>
</table>
| Determined by SGO | $1,978 | None | Scholarship Funding Organizations disburse funds:  
- Payments are made a minimum of two times per year, once each semester.  
- An additional payment for special education funding is made in February. |

**Trend:** Funding is stable and will increase along with general school aids.

**Tax Credit Scholarship Program**

**Policy & Regulatory Environment:**

**Assessment:** Existing Operators: Acceptable  
New Entrants: Improving

**Assets:**
- Choice Scholarship Program: There are no geographic limits or caps on school or student participation.

**Considerations:**
- Schools must be accredited by the Indiana Department of Education (IDOE), or another statutorily prescribed accreditor, prior to participation in either program.
- The Freeway Accreditation is now available to new schools, and no longer requires the one-year observation period which allows new schools to enter the programs and immediately receive public funding.
• Choice Scholarship participating schools must administer state assessments, participate in the statewide school performance system, and can be sanctioned for low performance after two years.
• Private schools that participate in the Choice Scholarship Program must offer several prescribed curricular requirements.
• IDOE is required to perform site visits to 5% of private schools in these programs each year.
• Pathways for student eligibility are numerous and may be complex for parents and new schools to navigate.

Summary: While the Indiana statutes and regulations are well-positioned to serve parents, they are clearly designed to make existing private school options more accessible, but only recently were made more favorable to the development of new private schools. New school start up now seems possible after recent regulatory changes.

Human Capital:
Assessment: Insufficient, but improving.

Assets:
• Indianapolis is one of the most active markets for talent development and recruitment.
• TFA, TNTP and others are active and expanding in the market.
• The charter and philanthropic sector are working to develop new pipelines and opportunities to develop teachers and leaders.

Considerations:
• Private schools are not being included in the talent development work.
• Accreditation requirements will force schools to hire fully licensed instructional staff, in many cases, with few alternative options.

Summary: Indiana, Indianapolis specifically, is leading the nation in the identification and incubation of new teaching and leading talent, but by both default and design, private schools have not had the same access to these discussions and resources as charter and district schools. The accreditation requirement is likely to force schools into very traditional hiring practices, and limit the pool of talent they can pull from.

Local Champions & Climate:
Assessment: Strong and consistent.

Assets:
• Coordinated advocacy, including civic, political, and grassroots leadership.
• Multiple organizations (Institute for Quality Education, EdChoice, American Federation for Children) focused on shared objectives.
• Stable political support and leadership from elected officials.
Considerations:
- Significant advocacy efforts would be needed to make the private school choice law more hospitable to new operators.
- Advocates may be unwilling to approach the legislature again to expand the scope of the law or eliminate regulation.

Summary: State and national advocates have been very successful in Indiana. They have worked to advance charter, private school choice and district reform successfully, but attention to private school choice issues seems to have waned with the creation of the Innovation Network Schools, the passage of the charter facilities allowance, and the reform elections to the IPS board. Increased attention and awareness and a commitment to return to private school choice development is needed to improve the market for new operators.

Facilities:
Assessment: Not adequate to meet the needs of new entrants to the market, no major changes.

Assets:
- Real estate is relatively affordable.
- Lending and philanthropic community is accustomed to supporting school facility needs.

Considerations:
- Surplus public facilities are not available to private schools.
- No public source of facilities funding, and any additional mechanism to move public money into private schools would likely be challenged in court.
- There is no strategic conversation around private schools’ facilities because expansion and growth are not likely within the confines of the existing programs. IFF may offer a financing and development solution for some private schools and has surveyed the facility needs of the region.

Summary: There is no discussion of facilities solutions for private operators currently being considered in Indiana. Real estate is available and affordable, but a thorough city by city facilities assessment is likely necessary to determine what specific facility challenges and opportunities need to be addressed.