

# INDIANA

Overall Market Rating: Growth Ready

Indiana has steadily improved policy and funding conditions, to where 98% of households are eligible for the largest of its programs. Choice Scholarships are worth 90% of the state share of per-pupil spending in a student's resident district. There is strong political support for private school choice. Advocates have succeeded in making eligibility and funding improvements that enable new schools to enroll in the programs and be financially viable.

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## Market Overview

Indiana has one of the nation's strongest sets of private school choice laws. There are four school choice programs, including a statewide voucher program, a statewide tax-credit scholarship program, a statewide private and homeschool tax deduction, and an education savings account program for special education students.

The voucher program, called the Choice Scholarship program, is statewide, and eligibility is nearly universal. 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) is around \$7,000.

Of note:

1. Schools can be accredited/approved before they open with children in seats and then accept public money immediately.
2. Changes have been made to eligibility across the Choice Scholarship and Scholarship Tax Credit to make student eligibility requirements more straightforward and cohesive. In addition, it has become easier for a student to stay enrolled or re-enroll once accepted into either of those programs.
3. Indiana eliminated the sliding scale funding in the Choice Scholarship Program. All eligible students are now funded at 90% of state funding.
4. Finally, there is now a special needs ESA that offers additional funding to any child with an IEP or special services plan whose family earns no more than 400% of the income threshold for the federal free or reduced-lunch program (FRL).

Private schools must adhere to accreditation and accountability requirements once they agree to accept choice or scholarship students, which include participation in the statewide A-F rating system and the state's annual academic assessments. 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 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.

## Enrollment

INDIANA 2023-24			
Total PK-12	Public District	Public Charter	Private
1,125,336	979,671 (87%)	53,053 (5%)	92,612* (8%)

\*Accredited private schools

## Choice Programs

Program	Eligibility	Participants (2022-23)	Amount
Choice Scholarship Program	Students must be between ages 5-22 and have a family income of up to 400% of the federal free/reduced lunch threshold (\$222,000 for a family of four in 2023-24)	69,270 students 343 schools	\$5,854 avg. in 2021-22
Education Savings Account	Same as above and must have an IEP or equivalent special-education plan	412 students (2023-24)	\$6,203 avg. in 2023-24
School Scholarship Tax Credit	Students must be between ages 4-22 and have a family income of up to 400% of the FRL threshold	11,405 students 381 schools	\$2,054 avg. in 2022-23
Private School/Homeschool Deduction	HHS with one or more students attending homeschool or a private school (approx. 12% of students statewide)	57,878 participating taxpayers (2021)	\$1,000 per student \$1,835 avg. deduction per family

## Funding

Assessment: Adequate in high-need areas (e.g., Gary and Indianapolis)

Scholarship amounts are tied to general school aid, so they rise over time at the same rate as traditional public-school funding. The statewide average amounts are on the low side compared to other states, but because the scholarship values are pegged to per-pupil funding in receiving students' home districts, they are significant in districts that receive higher levels of state funding.

There are caps on the tax-credit and special-education ESA programs—but not on the Choice Scholarship program or the private/homeschool tax deduction. Individuals and corporations can receive tax credits up to any amount for donations to scholarship organizations in the state—but the credit value is relatively low at 50% of the donation.

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## Policy & Regulatory Environment

Assessment: Favorable

Indiana lawmakers have pursued continuous improvement in the state's choice programs and have made the state fairly welcoming to new private schools as a result.

Considerations:

- Schools must be accredited by the Indiana Department of Education (IDOE), or another statutorily prescribed accreditor, prior to participation in choice programs.
- Freeway accreditation is available to new schools and no longer requires a 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 and participate in the statewide school performance system, and can be sanctioned for low performance after two years.
- 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.

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## Human Capital:

Assessment: Insufficient but improving

Assets:

- Indianapolis is an active market for talent development and recruitment.
- Teach for America, TNTP and others are active and expanding in the market.
- The charter and philanthropic sectors are working to develop new pipelines and opportunities to develop teachers and leaders.

Considerations:

- Other than a leadership fellowship program run by The Oaks Academy, private schools are generally not included in the Indianapolis talent development initiatives.
- Accreditation requires schools to hire fully licensed instructional staff, in many cases, with few alternative options.

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## Local Champions & Climate:

Assessment: Strong and consistent

Assets:

- There is coordinated advocacy, including civic, political, and grassroots leadership.

- Multiple organizations (Institute for Quality Education, EdChoice, American Federation for Children) are focused on shared objectives.
- There is a pattern of stable political support and leadership from elected officials.

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## Facilities:

Assessment: Inadequate to meet the needs of new entrants to the market

### Assets:

- Real estate is relatively affordable.
- The lending and philanthropic communities are accustomed to supporting school facility needs.

### Considerations:

- Surplus public facilities are not available to private schools.
- There are 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 has remained fairly limited. 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 necessary to determine what specific facility challenges and opportunities need to be addressed.