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[HF 2612](#) – Area Education Agencies (LSB6302HV.1)  
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Fiscal Note Version – As amended and passed by the House

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**Description and Background**

[House File 2612](#) relates to Area Education Agencies (AEAs), including modifying provisions related to the duties and powers of AEAs, the membership of AEA board of directors, oversight by the Department of Education (DE), funding, shared operational functions, and establishing a task force related to property and operations of AEAs.

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**Division I — Division of Special Education of the Department of Education**

The Bill requires the Division of Special Education (DSE) of the DE to oversee the operation of each AEA to ensure the AEA complies with all applicable federal and State laws related to special education.

The Bill provides that in FY 2025, the DSE is required to assign 13.0 full-time equivalent (FTE) positions to oversight of the AEAs and is allowed to assign not more than 40.0 FTE positions within the main office of each AEA to ensure the AEA complies with all applicable federal and State laws related to special education and to review the services provided by the AEA.

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**Division II — Area Education Agencies — General Provisions**

The Bill requires the Director of the DE to develop and distribute a list of evidence-based professional development services that AEAs can provide.

The Bill provides that beginning in FY 2026, the AEAs will be under the general supervision of the Director of the DE and the boards of directors of the AEAs will serve in an advisory capacity.

Current law requires the AEA boards of directors to determine the policies of the AEA for providing programs and services. The Bill provides that beginning in FY 2026, the AEA boards of directors are required to advise and consult with the AEA on policies and procedures for providing programs and services.

Current law requires AEAs to furnish educational services and programs, including special education services and programs, to the pupils enrolled in public or nonpublic schools located within the AEA's boundaries. The Bill modifies this provision to provide that AEAs are required to furnish educational services and programs to pupils enrolled in public or nonpublic schools, regardless of location within the State, that request to receive such services.

The Bill authorizes AEAs to furnish evidence-based professional development services to public or nonpublic schools located within the AEA's boundaries if the requirements specified in the Bill are satisfied.

The Bill permits the AEAs to provide educational services, special education services, media services, and other programs to specified schools within the boundaries of the AEA, within the boundaries of a contiguous AEA, or if the public school district being served by the AEA shares a superintendent with a school district that receives services from the AEA. A school district may only receive services from one AEA.

The Bill requires an administrator employed by an AEA to possess specified authorizations issued by the Board of Educational Examiners (BOEE) beginning in FY 2026.

Current law requires the board of directors of an AEA to establish the AEA's administrator's salary based upon the previous experience and education of the administrator. The Bill limits the salary for an AEA administrator to not more than 125.0% of the average salary of all superintendents of the school districts that are located within the boundaries of the AEA at the time the employment agreement is entered or renewed, excluding superintendents responsible for supplementary weighting being available to a school district. The Bill provides that this provision applies to employment agreements entered or renewed between an AEA and an AEA administrator beginning in FY 2025.

Current law requires the board of directors of an AEA to conduct a public hearing related to the AEA's proposed annual budget. The Bill removes this provision and instead requires the AEA to submit the proposed annual budget to the Director of the DE for approval no later than March 1 of each year and requires the Director to either approve or reject the budget for changes within 10 days after submission.

The Bill requires AEAs to prepare and submit to each school district that receives services from the AEA a quarterly report containing information related to an accounting of payments and a description of services provided.

The Bill amends the makeup of the AEA boards of directors and the process for filling positions.

Current law provides that, if during the accreditation process deficiencies in an AEA program have not been corrected, the board of directors of the AEA is required to either merge the deficient program with a program from another accredited AEA or contract with another AEA or other public educational institution for purposes of program delivery. The Bill modifies this provision to require the Director of the DE, rather than the board of directors, to take one of these actions. The Bill requires that the DE be notified if the accreditation of an AEA is removed.

The Bill modifies the standards that are used for the accreditation of AEAs to include several new standards, including but not limited to:

- Support for schools and school districts to ensure compliance with rules adopted by the State Board of Education related to special education.
- Support necessary to implement effective instruction for all students with disabilities through school technology services.
- Support for students using educational programs and services in a manner that is consistent with the educational standards.
- Support for staff development and adult learners utilizing professional development in a manner that meets the professional needs of staff and adult learners consistent with standards adopted by the State Board of Education.

The Bill requires the Legislative Council to convene an AEA Task Force. The Bill establishes the Task Force's required areas of study and recommendations. The Bill establishes the makeup of the Task Force. The Bill requires the Task Force to submit its findings and recommendations to the General Assembly on or before December 31, 2024. Any expenses incurred by a member of the AEA Task Force are the responsibility of the member or the respective entity represented by the member.

The Bill provides for the transition of the AEA boards of directors.

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### **Division III — Area Education Agencies — Funding**

The Bill modifies funding methodologies for AEAs and certain educational services provided by AEAs under current law.

Iowa Code section [257.35](#) generally requires the Department of Management (DOM) to deduct the amounts calculated for special education support services, media services, AEA teacher salary supplement district cost, AEA professional development supplement district cost, and educational services for each school district from the State aid due to the district pursuant to Iowa Code chapter [257](#) and, instead, pay the amounts to the respective AEA monthly. Beginning with FY 2026, the Bill eliminates the required payment transfer to the AEAs, except for the amount of the AEA teacher salary supplement, and directs the DOM to pay the amount of the AEA professional development supplement to the DE to be used for professional development opportunities as required by the Bill. Consequently, the amounts that were formerly paid to the AEA will remain part of the State aid paid to school districts. The Bill allows districts to use unreserved fund balances for media services or educational services for special education support services.

**Division III** of the Bill takes effect January 1, 2025, and applies July 1, 2025 (FY 2026), for school budget years beginning on or after that date.

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### **Division IV — Department of Education Requirements**

The Bill requires the Director of the DE to develop and distribute to school districts and accredited nonpublic schools a process to facilitate the development of individualized education programs, certain professional learning materials, and an implementation plan related to identifying, evaluating, and promoting strategies and models for providing special education and related services with accredited nonpublic schools. The Bill also requires the Director of the DE to provide professional learning and other support materials and tools for individualized education program teams and establish sustainable accountability and data collection systems related to special education.

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### **Division V — State Mandate**

The Bill makes inapplicable Iowa Code section [25B.2\(3\)](#), which would relieve a political subdivision from complying with a State mandate if funding for the cost of the State mandate is not provided or specified. Therefore, political subdivisions are required to comply with any State mandate included in the Bill.

### **Assumptions**

- The DSE's required FTE positions will be funded with current AEA staffing funding.
- The pupil count and attached funding will follow the pupil to the AEA that provides the services even if that pupil is not located within the current geographic boundaries of the AEA.
- Any expenses incurred by a member of the AEA Task Force are the responsibility of the member or the respective entity represented by the member and will be minimal.
- All AEA shared operational functions are with school districts.
- The State percent of growth will be 0.00% each year.
- There will not be an additional reduction for the AEA's beyond the \$7.5 million reduction specified in Iowa Code section [257.35\(2\)](#).

### **Fiscal Impact**

The estimated fiscal impact of HF 2612, by division, is as follows:

**Division I** relates to DSE FTE position staffing requirements and will not have a fiscal impact since the FTE positions will be funded with current AEA staffing funding.

**Division II** relates to general AEA provisions.

The provision requiring the Director of the DE to develop and distribute a list of evidence-based professional development services that AEA's can provide may have little to no fiscal impact and can be done within available resources.

The provision that specifies that AEA's must furnish educational services and programs to pupils enrolled in public or nonpublic schools, regardless of location within the State, that request to receive such services will not have an overall fiscal impact since the assumption is that the funding will follow the pupil.

The provision relating to AEA administrator salaries will reduce overall AEA expenditures from all sources by an estimated \$251,000.

The reporting requirements placed on the AEA's may have little to no fiscal impact and can be met within available resources.

Changes to the makeup of the AEA's boards of directors and the process for filling positions will not have a fiscal impact.

The provision related to the AEA Task Force will have a minimal cost to the member or the respective entity represented by the member.

**Division III** relates to AEA funding and will reallocate current AEA funding between AEA, school districts, and the DE. The AEA funding allocation is displayed below.

**Figure 1**  
**AEA Funding Allocation**  
(in Millions)

	FY 2024 AEA Funding	FY 2026 Allocation			
		AEA	School Districts	DE	Total
AEA Special Ed Support District Cost	\$ 185.3	\$ 0.0	\$ 185.3	\$ 0.0	\$185.3
AEA Special Ed Support Adjustment	0.6	0.0	0.6	0.0	0.6
AEA Media Services	32.3	0.0	32.3	0.0	32.3
AEA Ed Services	35.7	0.0	35.7	0.0	35.7
AEA Sharing	0.2	0.2	0.0	0.0	0.2
AEA Teacher Salary Supplement	18.2	18.2	0.0	0.0	18.2
AEA Professional Development Supplement	2.1	0.0	0.0	2.1	2.1
AEA Statewide State Aid Reduction	-29.6	-7.5	0.0	0.0	-7.5
<b>Total</b>	<b>\$ 244.9</b>	<b>\$ 10.8</b>	<b>\$ 253.9</b>	<b>\$ 2.1</b>	<b>\$266.9</b>

\*Numbers may not equal totals due to rounding.

**Division IV** relating to DE requirements may have little to no fiscal impact and can be implemented with available resources.

**Division V** relates to the inapplicability of a possible State mandate and will not have a fiscal impact.

**Sources**

Department of Education, Certified Enrollment and Enrollment Projections File  
 Department of Management, School Aid File  
 Legislative Services Agency analysis and calculations

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/s/ Jennifer Acton

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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