



[HF 2612](#) – Area Education Agencies (LSB6302HV)
Staff Contact: Ron Robinson (515.281.6256) ron.robinson@legis.iowa.gov
Fiscal Note Version – New

Description

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

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

The Bill requires the Division of Special Education (DSE) of the DE, beginning July 1, 2025 (FY 2026), 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 required to assign 5.0 FTE positions within the main office of each AEA (a total of 45.0 FTE positions) 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.

Division II — Area Education Agencies — General Provisions

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 their boundaries.

The Bill requires an administrator employed by an AEA to possess either a teaching license with a special education endorsement or a special education support personnel authorization

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 the average salary of all superintendents of the school districts that are located within the boundaries of the AEA. The Bill provides that this provision applies to employment agreements entered into 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.

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, instead, require the Director of the DE to take one of these actions. The Bill requires the DE to 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, and 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 Majority Leader of the Senate, the Minority Leader of the Senate, the Speaker of the House of Representatives, and the Minority Leader of the House of Representatives to convene an AEA Task Force. The Bill establishes the Task Force's required areas of study and recommendations. 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.

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.

Division IV — Shared Operational Functions

Current law allows school districts to share operational functions with several types of political subdivisions, including AEAs, to provide additional funding to increase student opportunities and redirect more resources to student programming for such school districts. The Bill provides that AEAs are no longer considered political subdivisions for purposes of shared operational functions.

Current law provides that supplementary weighting under Iowa Code section [257.11\(5\)](#) (Shared Operational Functions) must be available to an AEA through the budget year beginning July 1, 2034 (FY 2035). The minimum amount of additional funding for which an AEA must be eligible in a budget year pursuant to this provision is \$30,000, and the maximum amount is \$200,000. The Bill eliminates AEA eligibility for this supplementary weighting after FY 2024.

The Bill provides that Division IV applies July 1, 2024, for school budget years beginning with FY 2025.

Division V — 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.

Division VI — State Mandate

The Bill may include a State mandate as defined in Iowa Code section [25B.3](#). 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.

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 that specifies that AEAs 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 \$634,000. The provision related to the AEA Task Force would 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 AEAs, school districts, and the DE. The AEA funding allocation is displayed below.

Figure 1					
AEA Funding Allocation					
(in Millions)					
	FY 2024	FY 2026 Allocation			
		AEA	School		
	Funding	AEA	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	0.0	-0.2	0.0	-0.2
AEA Teacher Salary Supplement	18.2	18.2	0.0	0.0	18.2
AEA Professional Development Supplemer	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
Total	\$ 244.9	\$ 10.7	\$ 253.8	\$ 2.1	\$266.6

Division IV relates to shared operational functions and will reduce AEA funding beginning in FY 2025 by \$180,000 annually and annual funding to school districts by \$180,000. Approximately 91.0% of the funding will be from the General Fund and 9.0% from property tax.

Division V relating to the DE requirements will not have a significant fiscal impact and can be implemented with available resources.

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

Sources

Department of Education, Certified Enrollment and Enrollment Projections File
Department of Management, School Aid File
LSA analysis and calculations

/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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