Regulatory Analysis

Notice of Intended Action to be published: 281—Chapter 41
"Process for Out-of-State Placements for Children with Disabilities"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 256B.3
State or federal law(s) implemented by the rulemaking: 2025 Iowa Acts, House File 787

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

September 9, 2025 9 to 10 a.m.	Room B-50 Grimes State Office Building Des Moines, Iowa

Public Comment

Any interested person may submit written or oral comments concerning this Regulatory Analysis, which must be received by the Department of Education no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

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Des Moines, Iowa 50319
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Purpose and Summary

This proposed rulemaking implements Division III of 2025 Iowa Acts, House File 787, which creates a new process for out-of-state placements for children with disabilities when such placements are not ordered by a court or required by federal or State special education law.

Analysis of Impact

1. **Persons affected by the proposed rulemaking:**

- **Classes of persons that will bear the costs of the proposed rulemaking:**

There are no costs of this proposed rulemaking.

- **Classes of persons that will benefit from the proposed rulemaking:**

Schools, the Department of Health and Human Services (HHS), and families will benefit from the clarity of this proposed rulemaking as well as the fiscal mechanism created by the underlying statute.

2. **Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:**

- **Quantitative description of impact:**

HHS estimates that roughly ten children per year will be assisted by this statute and proposed rulemaking.

- **Qualitative description of impact:**

Those governed by this proposed rulemaking will be qualitatively benefited by increased clarity.

3. **Costs to the State:**

- **Implementation and enforcement costs borne by the agency or any other agency:**

Costs to schools in excess of funding generated by Iowa Code chapter 256B will be paid before foundation aid under Iowa Code chapter 257 is distributed to schools.

- **Anticipated effect on State revenues:**

There is no effect noted or anticipated.

4. **Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:**

Rulemaking is required to implement this statute.

5. **Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:**

The circumstances require rulemaking.

6. **Alternative methods considered by the agency:**

- **Description of any alternative methods that were seriously considered by the agency:**

Not applicable.

- **Reasons why alternative methods were rejected in favor of the proposed rulemaking:**

The circumstances require rulemaking.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.
- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.
- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

There is no anticipated impact on small business.

Text of Proposed Rulemaking

ITEM 1. Adopt the following **new** subrule 41.116(8):

41.116(8) *Out-of-state placements pursuant to Iowa Code section 282.35.* A school district is responsible for the educational cost of an educational placement made pursuant to Iowa Code section 282.35 as enacted by 2025 Iowa Acts, House File 787. A school district's financial responsibility only arises upon compliance by the out-of-state facility or provider with this subrule. Any placement under this subrule must comply with subrule 41.116(6). Any dispute between Iowa school districts regarding financial responsibility under this subrule will be summarily resolved by the department.