

257.35 Area education agency payments.

1. a. (1) For fiscal years beginning before July 1, 2024, the department of management shall deduct the amounts calculated for special education support services, media services, area education agency teacher salary supplement district cost, area education agency professional development supplement district cost, and educational services for each school district from the state aid due to the district pursuant to [this chapter](#) and shall pay the amounts to the respective area education agencies on a monthly basis from September 15 through June 15 during each school year.

(2) For the fiscal year beginning July 1, 2024, the department of management shall deduct the following amounts from the state aid due to each school district pursuant to [this chapter](#) and shall pay the amounts to the respective area education agencies on a monthly basis from September 15 through June 15 during each school year:

(a) The amount calculated for special education support services for the school district.

(b) Forty percent of the amount calculated for media services for the school district.

(c) The area education agency teacher salary supplement district cost.

(d) Forty percent of the amount calculated in [section 257.37](#) for educational services for the school district.

(e) The amount due to the area education agency as the result of supplementary weighting for shared operational functions under [section 257.11, subsection 5](#), paragraph “e”.

(3) For the fiscal year beginning July 1, 2025, and each fiscal year thereafter, the department of management shall deduct the following from the state aid due to each school district pursuant to [this chapter](#) and shall pay the amounts to the respective area education agencies on a monthly basis from September 15 through June 15 during each school year:

(a) The area education agency teacher salary supplement district cost.

(b) The amount due to the area education agency as the result of supplementary weighting for shared operational functions under [section 257.11, subsection 5](#), paragraph “e”.

b. The department of management shall notify each school district of the amount of state aid deducted for these purposes and the balance of state aid shall be paid to the district. If a district does not qualify for state aid under [this chapter](#) in an amount sufficient to cover its amount due to the area education agency as calculated by the department of management, the school district shall pay the deficiency to the area education agency from other moneys received by the district, on a quarterly basis during each school year.

2. The amounts specified for school districts in [section 257.10, subsection 7](#), for the fiscal year beginning July 1, 2025, and each succeeding fiscal year, shall be reduced by the department of management by seven million five hundred thousand dollars. The department of management shall calculate a state aid reduction such that such amounts shall be reduced proportionally to the amount that the district would otherwise have received under [section 257.10, subsection 7](#).

3. Notwithstanding [subsection 1](#), and in addition to the reduction applicable pursuant to [subsection 2](#), the state aid for area education agencies and the portion of the combined district cost calculated for these agencies for the fiscal year beginning July 1, 2003, and ending June 30, 2004, shall be reduced by the department of management by ten million dollars. The department shall calculate a reduction such that each area education agency shall receive a reduction proportionate to the amount that it would otherwise have received under [this section](#) if the reduction imposed pursuant to [this subsection](#) did not apply.

4. Notwithstanding [subsection 1](#), and in addition to the reduction applicable pursuant to [subsection 2](#), the state aid for area education agencies and the portion of the combined district cost calculated for these agencies for the fiscal year beginning July 1, 2007, shall be reduced by the department of management by five million two hundred fifty thousand dollars. The reduction for each area education agency shall be prorated based on the reduction that the agency received in the fiscal year beginning July 1, 2003.

5. Notwithstanding [subsection 1](#), and in addition to the reduction applicable pursuant to [subsection 2](#), the state aid for area education agencies and the portion of the combined district cost calculated for these agencies for each fiscal year of the fiscal period beginning July 1, 2008, and ending June 30, 2011, shall be reduced by the department of management by two

million five hundred thousand dollars. The reduction for each area education agency for each fiscal year of the fiscal period beginning July 1, 2008, and ending June 30, 2011, shall be prorated based on the reduction that the agency received in the fiscal year beginning July 1, 2003.

6. Notwithstanding [subsection 1](#), and in addition to the reduction applicable pursuant to [subsection 2](#), the state aid for area education agencies and the portion of the combined district cost calculated for these agencies for the fiscal year beginning July 1, 2011, and ending June 30, 2012, shall be reduced by the department of management by twenty million dollars. The reduction for each area education agency shall be prorated based on the reduction that the agency received in the fiscal year beginning July 1, 2003.

7. Notwithstanding [subsection 1](#), and in addition to the reduction applicable pursuant to [subsection 2](#), the state aid for area education agencies and the portion of the combined district cost calculated for these agencies for the fiscal year beginning July 1, 2012, and ending June 30, 2013, shall be reduced by the department of management by twenty million dollars. The reduction for each area education agency shall be prorated based on the reduction that the agency received in the fiscal year beginning July 1, 2003.

8. Notwithstanding [subsection 1](#), and in addition to the reduction applicable pursuant to [subsection 2](#), the state aid for area education agencies and the portion of the combined district cost calculated for these agencies for the fiscal year beginning July 1, 2013, and ending June 30, 2014, shall be reduced by the department of management by fifteen million dollars. The reduction for each area education agency shall be prorated based on the reduction that the agency received in the fiscal year beginning July 1, 2003.

9. Notwithstanding [subsection 1](#), and in addition to the reduction applicable pursuant to [subsection 2](#), the state aid for area education agencies and the portion of the combined district cost calculated for these agencies for the fiscal year beginning July 1, 2014, and ending June 30, 2015, shall be reduced by the department of management by fifteen million dollars. The reduction for each area education agency shall be prorated based on the reduction that the agency received in the fiscal year beginning July 1, 2003.

10. Notwithstanding [subsection 1](#), and in addition to the reduction applicable pursuant to [subsection 2](#), the state aid for area education agencies and the portion of the combined district cost calculated for these agencies for the fiscal year beginning July 1, 2015, and ending June 30, 2016, shall be reduced by the department of management by fifteen million dollars. The reduction for each area education agency shall be prorated based on the reduction that the agency received in the fiscal year beginning July 1, 2003.

11. Notwithstanding [subsection 1](#), and in addition to the reduction applicable pursuant to [subsection 2](#), the state aid for area education agencies and the portion of the combined district cost calculated for these agencies for the fiscal year beginning July 1, 2016, and ending June 30, 2017, shall be reduced by the department of management by eighteen million seven hundred fifty thousand dollars. The reduction for each area education agency shall be prorated based on the reduction that the agency received in the fiscal year beginning July 1, 2003.

12. Notwithstanding [subsection 1](#), and in addition to the reduction applicable pursuant to [subsection 2](#), the state aid for area education agencies and the portion of the combined district cost calculated for these agencies for the fiscal year beginning July 1, 2017, and ending June 30, 2018, shall be reduced by the department of management by fifteen million dollars. The reduction for each area education agency shall be prorated based on the reduction that the agency received in the fiscal year beginning July 1, 2003.

13. Notwithstanding [subsection 1](#), and in addition to the reduction applicable pursuant to [subsection 2](#), the state aid for area education agencies and the portion of the combined district cost calculated for these agencies for the fiscal year beginning July 1, 2018, and ending June 30, 2019, shall be reduced by the department of management by fifteen million dollars. The reduction for each area education agency shall be prorated based on the reduction that the agency received in the fiscal year beginning July 1, 2003.

14. Notwithstanding [subsection 1](#), and in addition to the reduction applicable pursuant to [subsection 2](#), the state aid for area education agencies and the portion of the combined district cost calculated for these agencies for the fiscal year beginning July 1, 2019, and ending June

30, 2020, shall be reduced by the department of management by fifteen million dollars. The reduction for each area education agency shall be prorated based on the reduction that the agency received in the fiscal year beginning July 1, 2003.

15. Notwithstanding [subsection 1](#), and in addition to the reduction applicable pursuant to [subsection 2](#), the state aid for area education agencies and the portion of the combined district cost calculated for these agencies for the fiscal year beginning July 1, 2020, and ending June 30, 2021, shall be reduced by the department of management by fifteen million dollars. The reduction for each area education agency shall be prorated based on the reduction that the agency received in the fiscal year beginning July 1, 2003.

16. Notwithstanding [subsection 1](#), and in addition to the reduction applicable pursuant to [subsection 2](#), the state aid for area education agencies and the portion of the combined district cost calculated for these agencies for the fiscal year beginning July 1, 2021, and ending June 30, 2022, shall be reduced by the department of management by fifteen million dollars. The reduction for each area education agency shall be prorated based on the reduction that the agency received in the fiscal year beginning July 1, 2003.

17. *a.* Notwithstanding [subsection 1](#), and in addition to the reductions applicable pursuant to [subsection 2](#) and paragraph “*b*” of [this subsection](#), the state aid for area education agencies and the portion of the combined district cost calculated for these agencies related to expenditures other than expenditures for professional development for the fiscal year beginning July 1, 2022, and ending June 30, 2023, shall be reduced by the department of management by fifteen million dollars. The reduction for each area education agency shall be prorated based on the reduction that the agency received in the fiscal year beginning July 1, 2003.

b. Notwithstanding [subsection 1](#), and in addition to the reductions applicable pursuant to [subsection 2](#) and paragraph “*a*” of [this subsection](#), the state aid for area education agencies and the portion of the combined district cost calculated for these agencies related to professional development expenditures for the fiscal year beginning July 1, 2022, and ending June 30, 2023, shall be reduced by the department of management by an amount equal to the sum of the area education agency professional development supplement district cost for all area education agencies determined under [section 257.37A](#), [subsection 2](#), [Code 2022](#), for the budget year beginning July 1, 2022. The reduction for each area education agency shall be equal to the area education agency’s professional development district cost determined under [section 257.37A](#), [subsection 2](#), [Code 2022](#), for the budget year beginning July 1, 2022. The amounts reduced under this paragraph shall be considered funds paid to school districts and area education agencies under [chapter 284](#) for purposes of requirements for providing professional development opportunities.

18. Notwithstanding [subsection 1](#), and in addition to the reduction applicable pursuant to [subsection 2](#), the state aid for area education agencies and the portion of the combined district cost calculated for these agencies for the fiscal year beginning July 1, 2023, and ending June 30, 2024, shall be reduced by the department of management by twenty-two million fifty-seven thousand one hundred thirty-one dollars. The reduction for each area education agency shall be prorated based on the reduction that the agency received in the fiscal year beginning July 1, 2003.

19. Notwithstanding [subsection 1](#), and in addition to the reduction applicable pursuant to [subsection 2](#), the amounts specified for school districts and area education agencies in [subsection 1](#), paragraph “*a*”, for the fiscal year beginning July 1, 2024, and ending June 30, 2025, shall be reduced by the department of management by fifteen million dollars and, in addition, as a result of appropriations made pursuant to [2024 Iowa Acts, ch. 1152](#), shall be reduced by the department of management by ten million dollars. The reductions for each district or agency shall be prorated based on the proportional reduction that the district or agency receives under [subsection 2](#).

20. In addition to the state aid reduction applicable pursuant to [subsection 2](#), the state aid portion of the amounts specified for school districts in [section 257.10](#), [subsection 7](#), for the fiscal year beginning July 1, 2025, and ending June 30, 2026, shall be reduced by the department of management by twenty-five million dollars. The reductions for each

district shall be prorated based on the proportional reduction that the district receives under [subsection 2](#).

21. The director of the department of management may deduct the following from the state aid due to each school district pursuant to [this chapter](#) and shall pay the amounts to the respective area education agencies on a monthly basis from September 15 through June 15 during each school year for purposes of providing services to students enrolled in nonpublic schools within the boundaries of the area education agency:

a. The amount calculated for media services for the school district that is attributable to the number of students enrolled in nonpublic schools within the school district who are provided with media services by an area education agency.

b. The amount calculated for educational services for the school district that is attributable to the number of students enrolled in nonpublic schools within the school district who are provided with educational services by an area education agency.

22. Notwithstanding [section 257.37](#), an area education agency may use the funds determined to be available under [this section](#) in a manner which the area education agency determines is appropriate to best maintain the level of required area education agency special education services. An area education agency may also use unreserved fund balances for media services or education services in a manner which the area education agency determines is appropriate to best maintain the level of required area education agency special education services.

89 Acts, ch 135, §35; 2002 Acts, ch 1167, §2, 6; 2003 Acts, ch 178, §40, 41, 43; 2004 Acts, ch 1175, §236, 287; 2005 Acts, ch 179, §6; 2006 Acts, ch 1185, §6; 2007 Acts, ch 215, §9; 2008 Acts, ch 1181, §100; 2008 Acts, ch 1191, §8; 2009 Acts, ch 183, §69, 74; 2010 Acts, ch 1193, §13; 2011 Acts, ch 131, §5, 44, 158; 2012 Acts, ch 1138, §24; 2013 Acts, ch 140, §8; 2014 Acts, ch 1141, §4; 2015 Acts, ch 138, §7, 161, 162; 2016 Acts, ch 1138, §3; 2017 Acts, ch 170, §11; 2018 Acts, ch 1172, §4; 2019 Acts, ch 89, §3; 2020 Acts, ch 1019, §6; 2021 Acts, ch 174, §3; 2022 Acts, ch 1153, §4; 2023 Acts, ch 119, §5; 2024 Acts, ch 1002, §30, 37, 38; 2024 Acts, ch 1154, §8 – 11; 2025 Acts, ch 159, §5, 6

Referred to in [§257.37](#), [273.3](#)

2024 amendments to subsections 1, 2, and 17 apply July 1, 2024, for school budget years beginning on or after that date; 2024 Acts, ch 1002, §38; 2024 Acts, ch 1154, §11

Subsection 2 amended

NEW subsections 20 and 21 and former subsection 20 renumbered as 22