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[SF 2406](#) – Charter Schools (LSB5319SV)  
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Fiscal Note Version – New

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**Description**

[Senate File 2406](#) makes numerous changes regarding charter schools as detailed by division below.

Division I consolidates current charter school Iowa Code chapters and eliminates Iowa Code language related to innovation zone schools.

Division II requires the teacher salary supplement (TSS) State cost per pupil to be paid to the charter school where the pupil is enrolled; requires area education agencies (AEAs) to provide educational services and media services to students enrolled in charter schools; authorizes the Department of Management (DOM) to deduct media services and educational services amounts from the school district of residence for the number of students enrolled in charter schools and in turn pay those amounts to the AEA providing those services to the student. These changes apply to FY 2027.

Division III requires school districts to allow certain charter school students to participate in extracurricular athletic contests when the following criteria is met:

- The student must be a resident of the district or a contiguous district.
- The athletic contest may not be offered by the charter school in either of the two most recent years.
- The student is ineligible if the charter school has entered into a sharing interscholastic activities agreement with another school.
- If the school district has established a fee for the cost of a student's participation, that same fee would apply to the charter school student.
- The student must meet the school district's code of conduct.

Division IV requires a charter school to offer or make available to all students an approved course in driver education. The Division also requires the resident district of a charter school student to offer or make available an approved course in driver education. The charter school is responsible for paying all the school district's costs associated with providing the approved driver education course.

Division V adds charter schools to the list of schools or programs for which a teacher can attain licensure beyond a temporary initial license if the teacher completes at least three years of successful teaching experience at a charter school. The Bill also changes the language related to the purpose of a charter school. Division V also makes the following changes:

- Requires an initial charter school contract to be granted for five school budget years starting with the school budget year in which the charter school opens.
- Provides for school opening periods for an approved charter school.
- Allows for charter school students to participate in district-to-community college sharing as established in Iowa Code section [261E.8](#) (District-to-community college sharing or concurrent enrollment program).

The section related to charter school contracts applies to charter school contracts that are executed on or after the effective date of Division V which is July 1, 2026 (FY 2027).

### **Background**

As reported in the December 2025 Department of Education (DE) [Iowa Charter School Legislative Report](#), 16 charter schools are currently authorized to operate in Iowa under Iowa Code chapters [256E](#) and [256F](#). Out of these 16 charters, 10 are operational in the 2025-2026 school year.

Based on the fall 2025 charter school enrollment, there are 1,382 students attending charter schools, and those students attending are from 107 resident districts. School districts with the highest number of resident students attending a charter school rather than their resident district are detailed below:

- Des Moines — 564 students
- Cedar Rapids — 394 students
- Davenport — 77 students
- Saydel — 20 students
- Ankeny — 18 students

The Iowa Department of Transportation (DOT) provides oversight for driver education, including the different [options](#) available to students.

The [Board of Educational Examiners \(BOEE\)](#) provides oversight and issues licenses, authorizations, and endorsements for teachers in the State.

### **Assumptions**

- There is no additional administrative burden to the DOM or BOEE for changes made in the Bill.
- The AEAs are on a pay-for-service model, and there will be no fiscal impact on operations.
- School districts will have additional costs for charter school student participation, which will be covered by student activity fees.
- School districts will have additional costs for charter school student participation in driver education courses, which will be covered by the charter school.
- The FY 2026 cost per pupil for the teacher salary supplement is \$684.47. This supplement is for a full-time student. If a student were to attend less than full-time, this amount would be prorated based on the seat time of the student at the charter school.
- Provided by the Iowa Coalition for Charter Schools, the projected enrollment for charter schools using the Founding Group Model is 1,382 pupils for FY 2026 and 1,945 pupils for FY 2027. Any pupil attending a charter school using the School District Model will continue to be counted as a pupil of the public school district, and school aid funding will not be affected.
- For FY 2027, the TSS will be paid to the charter schools for FY 2027 enrollment and to the public school districts for FY 2026 enrollment due to the current mechanics of payment of school aid.

### **Fiscal Impact**

Division III is expected to increase the TSS payment to charter schools for FY 2027 by \$1.3 million. This payment could vary based on the actual enrollment of charter school students and whether students attend the charter school on a full-time basis. School districts will be reimbursed for additional costs related to offering driver education courses to charter school students. The other four Divisions are expected to have no fiscal impact.

**Sources**

Department of Education  
Department of Management  
Iowa Coalition for Public Charter Schools

/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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