

Senate Study Bill 1101

SENATE/HOUSE FILE _____
BY (PROPOSED DEPARTMENT OF
EDUCATION BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the accreditation of school districts and
2 nonpublic schools and the reorganization of school districts.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 1368XD 83
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1 1 Section 1. Section 256.11, subsection 10, paragraph b,
1 2 subparagraph (5), Code 2009, is amended to read as follows:
1 3 (5) After visiting the school district or nonpublic
1 4 school, the accreditation committee shall determine whether
1 5 the accreditation standards have been met and shall make a
1 6 report to the director, together with a recommendation whether
1 7 the school district or nonpublic school shall remain
1 8 accredited. ~~The accreditation committee shall report~~
~~1 9 strengths and weaknesses, if any, for each standard and shall~~
~~1 10 advise the school or school district of available resources~~
~~1 11 and technical assistance to further enhance strengths and~~
~~1 12 improve areas of weakness. A school district or nonpublic~~
~~1 13 school shall be provided with the opportunity to respond to~~
~~1 14 the accreditation committee's report. If the recommendation~~
~~1 15 is that a school district or nonpublic school not remain~~
~~1 16 accredited, the accreditation committee shall provide the~~
~~1 17 school district or nonpublic school with a report that~~
~~1 18 includes a list of all of the deficiencies, a plan prescribing~~
~~1 19 the actions that must be taken to correct the deficiencies,~~
~~1 20 and a deadline date for completion of the prescribed actions.~~
~~1 21 The accreditation committee shall advise the school district~~
~~1 22 or nonpublic school of available resources and technical~~
~~1 23 assistance to improve areas of weakness. The school district~~
~~1 24 or nonpublic school shall be provided with the opportunity to~~
~~1 25 respond to the accreditation committee's report. The director~~
~~1 26 shall review the accreditation committee's report and the~~
~~1 27 response of the school district or nonpublic school and shall~~
~~1 28 provide a report to the state board along with copies of the~~
~~1 29 accreditation committee's report, the response to the~~
~~1 30 accreditation committee's report, and other pertinent~~
~~1 31 information. At the request of the school district or~~
~~1 32 nonpublic school, the school district or nonpublic school may~~
~~1 33 appear before the state board and address the state board~~
~~1 34 directly regarding any part of the plan specified in the~~
~~1 35 report. The state board may modify the plan. During the~~
2 1 period of time specified in the plan for its implementation by
2 2 a school district or nonpublic school, the school district or
2 3 school shall remain accredited.

2 4 Sec. 2. Section 256.11, subsections 11 and 12, Code 2009,
2 5 are amended by striking the subsections and inserting in lieu
2 6 thereof the following:
2 7 11. The accreditation committee shall revisit the school
2 8 district or nonpublic school and shall determine whether the
2 9 deficiencies in the standards have been corrected.
2 10 a. The accreditation team shall make a report and
2 11 recommendation to the director and the state board. The
2 12 committee recommendation shall specify whether the school
2 13 district or nonpublic school shall remain accredited or under
2 14 what conditions the district or nonpublic school may remain
2 15 accredited. The conditions may include but are not limited to
2 16 providing temporary oversight authority, operational
2 17 authority, or both oversight and operational authority to the
2 18 director and the state board for some or all aspects of the
2 19 school district or nonpublic school operation in order to

2 20 bring the school district or nonpublic school into compliance
2 21 with minimum standards.

2 22 b. The state board shall review the report and
2 23 recommendation, may request additional information, and shall
2 24 determine whether the deficiencies have been corrected.

2 25 c. If the deficiencies have not been corrected, and the
2 26 conditional accreditation alternatives contained in the report
2 27 are not mutually acceptable to the state board and the local
2 28 board or the administrators of the nonpublic school, the
2 29 following shall apply:

2 30 (1) In the case of a school district, the state board
2 31 shall merge the territory of the school district with one or
2 32 more contiguous school districts at the end of the school
2 33 year. The state board may place a district under receivership
2 34 for the remainder of the school year. The receivership shall
2 35 be under the direct supervision and authority of the area
3 1 education agency in which the district is located. The
3 2 decision of whether to merge the school district and require
3 3 payment of tuition for the district's students or to place the
3 4 district under receivership shall be based upon a
3 5 determination by the state board of the best interests of the
3 6 students, parents, residents of the community, teachers,
3 7 administrators, and school district board members and upon the
3 8 recommendations of the accreditation committee and the
3 9 director.

3 10 (2) In the case of a nonpublic school, the state board may
3 11 declare a nonpublic school to be nonaccredited. The removal
3 12 of accreditation shall take effect on the date established by
3 13 the resolution of the state board, which shall be no later
3 14 than the end of the school year in which the nonpublic school
3 15 is declared to be nonaccredited.

3 16 12. If the state board removes accreditation from a school
3 17 district and merges the territory of the school district with
3 18 one or more contiguous school districts, the district whose
3 19 accreditation is removed ceases to exist as a school
3 20 corporation on the effective date set by the state board for
3 21 removal of accreditation. Notwithstanding any other provision
3 22 of law, the contiguous school districts receiving territory of
3 23 the former school district whose accreditation was removed are
3 24 not considered successor school corporations of the former
3 25 district.

3 26 a. Division of assets and liabilities of the school
3 27 district whose accreditation was removed shall be as provided
3 28 in sections 275.29 through 275.31.

3 29 (1) If one or more of the contiguous school districts
3 30 receiving assets and liabilities of the school district whose
3 31 accreditation was removed utilizes the equalization levy, only
3 32 that territory in the school district imposing the
3 33 equalization levy that comprises territory of the former
3 34 school district shall be taxed.

3 35 (2) Income surtax revenue and revenues generated by
4 1 property taxes shall be distributed proportionately based on
4 2 taxable value of the territory received by one or more school
4 3 districts contiguous to the former school district whose
4 4 accreditation was removed.

4 5 (3) Revenues that are based on student enrollment shall be
4 6 distributed based on percentages of students of the school
4 7 district whose accreditation was removed who now reside in
4 8 territory received by one or more school districts contiguous
4 9 to the school district whose accreditation was removed.

4 10 b. Prior to the effective date set by the state board for
4 11 removal of accreditation, the school district whose
4 12 accreditation is to be removed shall remain responsible for,
4 13 and may retain such authority as is necessary to complete, all
4 14 of the following:

4 15 (1) Execution of one or more quitclaim deeds, in
4 16 fulfillment of the merger of territory received by one or more
4 17 contiguous school districts from the former school district
4 18 whose accreditation was removed.

4 19 (2) Preparation of and payment for a final audit of all
4 20 the district's financial accounts.

4 21 (3) Preparation and certification of a final certified
4 22 annual report to the department.

4 23 c. The provisions of section 275.57 apply when removal of
4 24 accreditation from a school district and merger of its
4 25 territory with a contiguous school district that is currently
4 26 divided into director districts leads to the formation of new
4 27 director districts.

4 28 Sec. 3. Section 275.31, Code 2009, is amended to read as
4 29 follows:

4 30 275.31 TAXES AND APPROPRIATION TO EFFECT EQUALIZATION.

4 31 1. If necessary to equalize the division and distribution,
4 32 the board or boards may provide for the levy of additional
4 33 taxes, which shall be sufficient to satisfy the mandatory levy
4 34 required in section 76.2 or other liabilities of the
4 35 districts, upon the property of a corporation or part of a
5 1 corporation and for the distribution of the tax revenues so as
5 2 to effect equalization. When the board or boards are
5 3 considering the equalization levy, the division and
5 4 distribution shall not impair the security for outstanding
5 5 obligations of each affected corporation. ~~Any owner of bonds~~
~~5 6 of an affected corporation may bring suit in equity for~~
~~5 7 adjustment of the division and distribution in compliance with~~
~~5 8 this section. If the property tax levy for the amount~~
~~5 9 estimated and certified to apply on principal and interest on~~
~~5 10 lawful bonded indebtedness for a newly formed community school~~
~~5 11 district is greater than the property tax levy for the amount~~
~~5 12 estimated and certified to apply on principal and interest in~~
~~5 13 the year preceding the reorganization or dissolution for a~~
~~5 14 school district that is a party to the reorganization or~~
~~5 15 dissolution, that had a certified enrollment of less than six~~
~~5 16 hundred for the year prior to the reorganization or~~
~~5 17 dissolution, and that approved the reorganization or~~
~~5 18 dissolution prior to July 1, 1989, the board of the newly~~
~~5 19 formed district shall inform the department of management.~~
~~5 20 The department of management shall pay debt service aid to the~~
~~5 21 newly formed district in an amount that reduces the rate of~~
~~5 22 the property tax levy for lawful bonded indebtedness in the~~
~~5 23 portion of the newly formed district where the new rate is~~
~~5 24 higher, to the rate that was levied in that portion of the~~
~~5 25 district during the year preceding the reorganization or~~
~~5 26 dissolution.~~

5 27 For the school year beginning July 1, 1987, and succeeding
~~5 28 school years, there is appropriated from the general fund of~~
~~5 29 the state to the department of management an amount sufficient~~
~~5 30 to pay the debt service aid under this section. Debt service~~
~~5 31 aid shall be paid in the manner provided in section 257.16.~~

5 32 2. Not later than May 1 of each year, the department of
~~5 33 management shall inform the board of the newly formed school~~
~~5 34 district the amount of debt service aid that the district will~~
~~5 35 receive and the rate of the property tax levy for the amount~~
~~6 1 estimated and certified to apply on principal and interest on~~
~~6 2 lawful bonded indebtedness in the portion of the newly formed~~
~~6 3 district where the new rate would have been higher, and for~~
~~6 4 the remainder of the newly formed district. The department of~~
~~6 5 management newly formed school district shall notify the~~
6 6 county auditor of each applicable county of the amount, in
6 7 dollars and cents per thousand dollars of assessed valuation,
6 8 of the property tax levy in each portion of ~~each applicable~~
6 9 the newly formed school district in the county for the amount
6 10 estimated and certified to apply on principal and interest on
6 11 lawful bonded indebtedness, and the boundaries of the portions
6 12 within the newly formed district for which the levies shall be
6 13 made. The county auditor shall spread the applicable property
6 14 tax levy for each portion of a school district over all
6 15 taxable property in that portion of the district.

6 16 Sec. 4. Section 275.53, Code 2009, is amended to read as
6 17 follows:

6 18 275.53 DISSOLUTION PROPOSAL.

6 19 1. The commission shall send a copy of its dissolution
6 20 proposal or shall inform the board that it cannot agree upon a
6 21 dissolution proposal not later than one year following the
6 22 date of the organizational meeting of the commission. The
6 23 commission shall also send a copy of the dissolution proposal
6 24 ~~by registered mail~~ to the boards of directors of all school
6 25 districts to which area of the affected school district will
6 26 be attached. If the board of a district to which area of the
6 27 affected school district will be attached objects to the
6 28 attachment, within ten days following receipt of the
6 29 dissolution proposal the board shall send its objections in
6 30 writing to the commission. The commission may consider the
6 31 objections and may modify the dissolution proposal. If the
6 32 dissolution proposal is modified, the commission shall notify
6 33 ~~by registered mail~~ the boards of directors of all school
6 34 districts to which area of the affected school district will
6 35 be attached.

7 1 2. Notifications required under subsection 1 shall be
7 2 delivered using one of the following methods:

- 7 3 a. Mail bearing a United States postal service postmark.
- 7 4 b. Hand delivery.
- 7 5 c. Facsimile transmission.
- 7 6 d. Electronic delivery.

7 7 3. If the commission cannot agree upon a dissolution
7 8 proposal prior to the expiration of its term, the board may
7 9 appoint a new commission.

7 10 Sec. 5. Section 275.54, Code 2009, is amended to read as
7 11 follows:

7 12 275.54 HEARING.

7 13 1. Within ten days following the filing of the dissolution
7 14 proposal with the board, the board shall fix a date for a
7 15 hearing on the proposal which shall not be more than sixty
7 16 days after the dissolution petition was filed with the board.
7 17 The board shall publish notice of the date, time, and location
7 18 of the hearing at least ten days prior to the date of the
7 19 hearing by one publication in a newspaper in general
7 20 circulation in the district. The notice shall include the
7 21 content of the dissolution proposal. A person residing or
7 22 owning land in the school district may present evidence and
7 23 arguments at the hearing. The president of the board shall
7 24 preside at the hearing. The board shall review testimony from
7 25 the hearing and shall adopt or amend and adopt the dissolution
7 26 proposal.

7 27 2. The board shall notify ~~by registered mail~~ the boards of
7 28 directors of all school districts to which area of the
7 29 affected school district will be attached and the director of
7 30 the department of education of the contents of the dissolution
7 31 proposal adopted by the board. The notification shall be
7 32 delivered using one of the following methods:

7 33 a. Mail bearing a United States postal service postmark.

7 34 b. Hand delivery.

7 35 c. Facsimile transmission.

8 1 d. Electronic delivery.

8 2 3. If the board of a district to which area of the
8 3 affected school district will be attached objects to the
8 4 attachment, that portion of the dissolution proposal will not
8 5 be included in the proposal voted upon under section 275.55
8 6 and the director of the department of education shall attach
8 7 the area to a contiguous school district.

8 8 4. If the board of a district to which area of the
8 9 affected school district will be attached objects to the
8 10 division of assets and liabilities contained in the
8 11 dissolution proposal, ~~section 275.30 applies for the division~~
~~of assets and liabilities to that district~~ the matter shall be
8 13 decided by a panel of disinterested arbitrators. The panel
8 14 shall consist of one arbitrator selected by each affected
8 15 district objecting to the provisions of the dissolution
8 16 proposal, one selected by each affected district in favor of
8 17 the provisions of the dissolution proposal, and one selected
8 18 by each dissolving district. If the number of arbitrators
8 19 selected is even, a disinterested arbitrator shall be selected
8 20 by the administrator of the area education agency to which the
8 21 dissolving district or districts belong. The decision of the
8 22 arbitrators shall be made in writing and filed with the
8 23 secretary of the new corporation. A party to the proceedings
8 24 may appeal the decision to the district court by serving
8 25 notice on the secretary of the new school corporation within
8 26 twenty days after the decision is filed. The appeal shall be
8 27 tried in equity and a decree entered determining the entire
8 28 matter, including the levy, collection, and distribution of
8 29 any necessary taxes.

8 30 5. If a dissolution proposal adopted by a board contains
8 31 provisions that ninety-five percent or more of the taxable
8 32 valuation of the dissolving district would be assumed and
8 33 attached to a single school district, the dissolving school
8 34 district shall cease further proceedings to dissolve and shall
8 35 comply with reorganization procedures specified in this
9 1 chapter.

9 2 Sec. 6. Section 275.55, subsections 1 and 2, Code 2009,
9 3 are amended to read as follows:

9 4 1. After the final hearing on the dissolution proposal,
9 5 the board of the school district shall submit the proposition
9 6 to the voters at ~~on~~ the next election held on a date specified
9 7 in section 39.2, subsection 4, paragraph "c". However, the
9 8 date of the final hearing on the dissolution proposal must be
9 9 not less than thirty nor more than sixty days before the
9 10 election. The proposition submitted to the voters residing in
9 11 the school district shall describe each separate area to be
9 12 attached to a contiguous school district and shall name the
9 13 school district to which it will be attached. In addition to
9 14 the description, a map may be included in the summary of the
9 15 question on the ballot.

9 16 2. The board shall give written notice of the ~~proposed~~
~~date of the~~ election to the county commissioner of elections.

9 18 The county commissioner of elections shall give notice of the
9 19 election by one publication in the same newspaper in which the
9 20 previous notice was published about the hearing, which
9 21 publication shall not be less than four nor more than twenty
9 22 days prior to the election.

9 23 EXPLANATION

9 24 This bill makes a number of changes relating to the
9 25 accreditation of school districts and nonpublic schools and
9 26 the reorganization of school districts.

9 27 The bill retains but moves specific language under the
9 28 educational standards provision of the Code to new subsections
9 29 and strikes language which requires a school district that has
9 30 lost its accreditation to pay tuition for its resident
9 31 students to an accredited school district.

9 32 The bill adds language to the educational standards
9 33 provision relating to the utilization of the equalization levy
9 34 by a school district receiving the assets and liabilities of a
9 35 school district whose accreditation was removed, an
10 1 arbitration process when the affected school districts cannot
10 2 agree to the division of assets and liabilities, income surtax
10 3 revenue and other revenues generated by property taxes in the
10 4 taxable land received by school districts contiguous to the
10 5 former school district, and the distribution of revenues based
10 6 on percentages of students in the former school district who
10 7 now reside in the territory received by other accredited
10 8 school districts. The bill also charges the former school
10 9 district with the responsibility and authority to complete
10 10 execution of quitclaim deeds in fulfillment of the merger of
10 11 territory, preparation of and payment for a final audit of the
10 12 former district's financial accounts, and preparation and
10 13 certification of a final certified annual report to the
10 14 department.

10 15 The bill strikes language which provided an appropriation
10 16 from the general fund of the state to pay the debt service aid
10 17 for school districts that merged after July 1, 1987.
10 18 Correspondingly, the bill requires a newly formed school
10 19 district, rather than the department of management, to notify
10 20 the county auditor of a district in which school districts
10 21 reorganized of the amount of the property tax levy in each
10 22 portion of the newly formed school district for the amount
10 23 estimated and certified to apply on principal and interest on
10 24 bonded indebtedness.

10 25 Finally, the bill makes the provisions of Code section
10 26 275.57, relating to changing director district boundaries
10 27 following dissolution, applicable when removal of
10 28 accreditation from a school district and merger of its
10 29 territory to one or more contiguous school districts leads to
10 30 the formation of new director districts.

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