

**House File 2736 - Introduced**

HOUSE FILE 2736

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**A BILL FOR**

1 An Act modifying provisions related to area education agency  
2 funding, and including effective date and applicability  
3 provisions.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 257.1, subsection 2, paragraph b, Code  
2 2026, is amended to read as follows:

3 b. For the budget year commencing July 1, 1999, and for  
4 each succeeding budget year beginning before July 1, 2022, the  
5 regular program foundation base per pupil is eighty-seven and  
6 five-tenths percent of the regular program state cost per pupil.  
7 For the budget year commencing July 1, 2022, and for each  
8 succeeding budget year, the regular program foundation base per  
9 pupil is eighty-eight and four-tenths percent of the regular  
10 program state cost per pupil. For the budget year commencing  
11 July 1, 1991, and for each succeeding budget year the special  
12 education support services foundation base is seventy-nine  
13 percent of the special education support services state cost per  
14 pupil. The combined foundation base is the sum of the regular  
15 program foundation base, the special education support services  
16 foundation base, the total teacher salary supplement district  
17 cost, the total professional development supplement district  
18 cost, the total early intervention supplement district cost, the  
19 total teacher leadership supplement district cost, ~~and the total~~  
20 area education agency teacher salary supplement district cost,  
21 and the total area education agency professional development  
22 supplement district cost.

23 Sec. 2. Section 257.1, subsection 3, Code 2026, is amended to  
24 read as follows:

25 3. *Computations rounded.* In making computations and payments  
26 under this chapter, except in the case of computations relating  
27 to funding of special education support services, media services,  
28 and educational services ~~under section 257.37~~  
29 provided through the area education agencies, and the teacher  
30 salary supplement, the professional development supplement,  
31 the early intervention supplement, and the teacher leadership  
32 supplement, the department of management shall round amounts to  
33 the nearest whole dollar.

34 Sec. 3. Section 257.1, Code 2026, is amended by adding the  
35 following new subsection:

1     NEW SUBSECTION. 5. *Legislative intent.* The general assembly  
2 finds that the general welfare of this state and well-being of  
3 its citizens is directly related to the quality of education  
4 provided to students enrolled in Iowa's schools, and the quality  
5 of education provided to students enrolled in Iowa's schools  
6 is directly related to the funding available to those schools.  
7 Therefore, the general assembly intends that Iowa's schools and  
8 area education agencies should be fully funded to maximize the  
9 quality of the education provided to students.

10     Sec. 4. Section 257.4, subsection 1, paragraph a, Code 2026,  
11 is amended by adding the following new subparagraph:

12     NEW SUBPARAGRAPH. (07) The total area education agency  
13 professional development supplement district cost.

14     Sec. 5. Section 257.9, Code 2026, is amended by adding the  
15 following new subsection:

16     NEW SUBSECTION. 9A. *Area education agency professional*  
17 *development supplement state cost per pupil.* For the budget  
18 year beginning July 1, 2026, for the area education agency  
19 professional development supplement state cost per pupil, the  
20 department of management shall add together the professional  
21 development allocation made to each area education agency for the  
22 fiscal year beginning July 1, 2023, pursuant to section 257.37A,  
23 subsection 2, Code 2024, and divide that sum by the statewide  
24 special education support services weighted enrollment for the  
25 fiscal year beginning July 1, 2026. The area education agency  
26 professional development supplement state cost per pupil for the  
27 budget year beginning July 1, 2027, and succeeding budget years,  
28 shall be the amount calculated by the department of management  
29 under this subsection for the base year plus a supplemental  
30 state aid amount that is equal to the professional development  
31 supplement categorical state percent of growth, pursuant to  
32 section 257.8, subsection 2, for the budget year, multiplied by  
33 the amount calculated by the department of management under this  
34 subsection for the base year.

35     Sec. 6. Section 257.10, subsection 7, Code 2026, is amended

1 to read as follows:

2 7. *Special education support services district cost.* Special  
3 education support services district cost for a school district  
4 for a budget year is equal to the special education support  
5 services district cost per pupil for the budget year multiplied  
6 by the special education support services weighted enrollment  
7 for the district for the budget year. If the special education  
8 support services district cost for a school district for a budget  
9 year is less than the special education support services district  
10 cost for that district for the base year, the department of  
11 management shall adjust the special education support services  
12 district cost for that district for the budget year to equal the  
13 special education support services district cost for the base  
14 year. ~~Funds calculated under this subsection and received by~~  
15 ~~a school district shall be used for special education support~~  
16 ~~services. For budget years beginning on or after July 1,~~  
17 ~~2025, not less than ninety percent of funds calculated under~~  
18 ~~this subsection and received by a school district shall be used~~  
19 ~~by the school district for special education support services~~  
20 ~~contracted from an area education agency. The contract between~~  
21 ~~the school district and the area education agency shall not~~  
22 ~~require the school district to describe the specific special~~  
23 ~~education support services the school district will receive~~  
24 ~~from the area education agency. The special education services~~  
25 ~~provided by the area education agency to the school district~~  
26 ~~pursuant to the contract shall not be limited by the amount~~  
27 ~~of funding the school district provided to the area education~~  
28 ~~agency.~~

29 Sec. 7. Section 257.10, subsection 8, paragraph a, Code 2026,  
30 is amended to read as follows:

31 a. Combined district cost is the sum of the regular  
32 program district cost per pupil multiplied by the weighted  
33 enrollment, the special education support services district  
34 cost, the total teacher salary supplement district cost, the  
35 total professional development supplement district cost, the

1 total early intervention supplement district cost, and the total  
2 teacher leadership supplement district cost, plus the sum of the  
3 additional district cost allocated to the district to fund media  
4 services and educational services ~~under section 257.37~~ provided  
5 through the area education agency, and the area education  
6 agency total teacher salary supplement district cost, and the  
7 area education agency total professional development supplement  
8 district cost.

9 Sec. 8. Section 257.16, subsection 4, Code 2026, is amended  
10 to read as follows:

11 4. Notwithstanding any provision to the contrary, if  
12 the governor orders budget reductions in accordance with  
13 section 8.31, the teacher salary supplement district cost, the  
14 professional development supplement district cost, the early  
15 intervention supplement district cost, and the teacher leadership  
16 supplement district cost as calculated under section 257.10,  
17 subsections 9, 10, 11, and 12, and the area education agency  
18 teacher salary supplement district cost and the area education  
19 agency professional development supplement district cost as  
20 calculated under section 257.37A, subsections 1 and 2, shall  
21 be paid in full as calculated and the reductions in the  
22 appropriations provided in accordance with this section shall  
23 be reduced from the remaining moneys appropriated pursuant to  
24 this section and shall be distributed on a per pupil basis  
25 calculated with the weighted enrollment determined in accordance  
26 with section 257.6, subsection 5.

27 Sec. 9. Section 257.35, subsection 1, paragraph a,  
28 subparagraph (3), unnumbered paragraph 1, Code 2026, is amended  
29 to read as follows:

30 For the fiscal year beginning July 1, 2025, ~~and each fiscal~~  
31 ~~year thereafter,~~ the department of management shall deduct the  
32 following from the state aid due to each school district pursuant  
33 to this chapter and shall pay the amounts to the respective area  
34 education agencies on a monthly basis from September 15 through  
35 June 15 during each school year:

1 Sec. 10. Section 257.35, subsection 1, paragraph a, Code  
2 2026, is amended by adding the following new subparagraph:

3 NEW SUBPARAGRAPH. (4) For the fiscal year beginning July  
4 1, 2026, and each fiscal year thereafter, the department of  
5 management shall deduct the amounts calculated for special  
6 education support services, media services, area education  
7 agency teacher salary supplement district cost, area education  
8 agency professional development supplement district cost, and  
9 educational services for each school district from the state aid  
10 due to the district pursuant to this chapter and shall pay the  
11 amounts to the respective area education agencies on a monthly  
12 basis from September 15 through June 15 during each school year.  
13 The department of management shall notify each school district  
14 of the amount of state aid deducted for these purposes and the  
15 balance of state aid shall be paid to the district. If a  
16 district does not qualify for state aid under this chapter in an  
17 amount sufficient to cover its amount due to the area education  
18 agency as calculated by the department of management, the school  
19 district shall pay the deficiency to the area education agency  
20 from other moneys received by the district, on a quarterly basis  
21 during each school year.

22 Sec. 11. Section 257.35, subsection 2, Code 2026, is amended  
23 to read as follows:

24 2. The amounts specified for school districts in section  
25 257.10, subsection 7, for the fiscal year beginning July 1,  
26 2025, ~~and each succeeding fiscal year,~~ shall be reduced by  
27 the department of management by seven million five hundred  
28 thousand dollars. The department of management shall calculate  
29 a state aid reduction such that such amounts shall be reduced  
30 proportionally to the amount that the district would otherwise  
31 have received under section 257.10, subsection 7.

32 Sec. 12. Section 257.36, subsection 1, Code 2026, is amended  
33 to read as follows:

34 1. Notwithstanding chapters 256B and 273 and sections of this  
35 chapter relating to the moneys available to ~~school districts and~~

1 area education agencies for special education support services,  
 2 for each school year, the department of education may direct  
 3 the department of management to deduct amounts from the portions  
 4 of school district budgets that fund special education support  
 5 services in an area education agency. The total amount  
 6 deducted ~~for a school district~~ in an area shall be based  
 7 upon excess special education support services unreserved and  
 8 undesignated fund balances in that ~~school district or paid by~~  
 9 ~~the school district to an~~ area education agency for a school  
 10 year ~~that remain unreserved and undesignated~~ as determined by  
 11 the department of education. The department of management shall  
 12 determine the amount deducted from each school district in an  
 13 area education agency on a proportional basis. The department  
 14 of management shall determine from the amounts deducted from  
 15 the portions of school district budgets that fund area education  
 16 agency special education support services the amount that would  
 17 have been local property taxes and the amount that would have  
 18 been state aid and for the next following budget year shall  
 19 increase the district's total state school aid available under  
 20 this chapter for area education agency special education support  
 21 services and reduce the district's property tax levy for area  
 22 education agency special education support services by the amount  
 23 necessary for the property tax portion of the deductions made  
 24 under this section during the budget year.

25 Sec. 13. Section 257.37, Code 2026, is amended to read as  
 26 follows:

27 **257.37 Funding media and educational services.**

28 Media services and educational services provided ~~by a school~~  
 29 ~~district or~~ through the area education agency agencies shall be  
 30 funded, to the extent provided, by an addition to the combined  
 31 district cost of each school district, determined as follows:

32 1. For the budget year beginning July 1, 1991, and succeeding  
 33 budget years, the total amount funded in each area for media  
 34 services shall be computed as provided in this subsection. For  
 35 the budget year beginning July 1, 1991, the total amount funded

1 in each area for media services in the base year shall be  
2 divided by the enrollment served in the base year to provide an  
3 area media services cost per pupil in the base year, and the  
4 department of management shall compute the state media services  
5 cost per pupil in the base year which is equal to the average  
6 of the area media services costs per pupil in the base year.  
7 For the budget year beginning July 1, 1991, and succeeding  
8 budget years, the department of management shall compute the  
9 supplemental state aid for media services in the budget year by  
10 multiplying the state media services cost per pupil in the base  
11 year times the state percent of growth for the budget year, and  
12 the total amount funded in each area for media services cost in  
13 the budget year equals the area media services cost per pupil in  
14 the base year plus the supplemental state aid for media services  
15 in the budget year times the enrollment served in the budget  
16 year. ~~For fiscal years beginning before July 1, 2025, funds~~  
17 Funds shall be paid to area education agencies as provided in  
18 section 257.35. ~~For fiscal years beginning on or after July~~  
19 ~~1, 2024, funds not required to be paid to an area education~~  
20 ~~agency may be used by the school district for any school district~~  
21 ~~general fund purpose.~~

22 2. Up to thirty percent of the budget of an area for media  
23 services may be expended for media resource material including  
24 the purchase or replacement of material required in section  
25 273.6, subsection 1. Funds shall be paid to area education  
26 agencies as provided in section 257.35.

27 3. For the budget year beginning July 1, 1991, and succeeding  
28 budget years, the total amount funded in each area for  
29 educational services shall be computed as provided in this  
30 subsection. For the budget year beginning July 1, 1991, the  
31 total amount funded in each area for educational services in the  
32 base year shall be divided by the enrollment served in the area  
33 in the base year to provide an area educational services cost per  
34 pupil in the base year, and the department of management shall  
35 compute the state educational services cost per pupil in the

1 base year, which is equal to the average of the area educational  
2 services costs per pupil in the base year. For the budget  
3 year beginning July 1, 1991, and succeeding budget years, the  
4 department of management shall compute the supplemental state  
5 aid for educational services by multiplying the state educational  
6 services cost per pupil in the base year times the state percent  
7 of growth for the budget year, and the total amount funded in  
8 each area for educational services for the budget year equals the  
9 area educational services cost per pupil for the base year plus  
10 the supplemental state aid for educational services in the budget  
11 year times the enrollment served in the area in the budget year.  
12 ~~For fiscal years beginning before July 1, 2025, funds~~ Funds shall  
13 be paid to area education agencies as provided in section 257.35.  
14 ~~For fiscal years beginning on or after July 1, 2024, funds not~~  
15 ~~required to be paid to an area education agency may be used by~~  
16 ~~the school district for any school district general fund purpose.~~

17 4. "Enrollment served" means the basic enrollment of all  
18 ~~school districts within the boundaries of the area education~~  
19 ~~agency plus the number of nonpublic school pupils served by~~  
20 ~~the area education agency with media services or educational~~  
21 ~~services, as applicable, except that if a nonpublic school pupil~~  
22 ~~or a pupil attending another district under a whole grade sharing~~  
23 ~~agreement or open enrollment receives services through an area~~  
24 ~~other than the area of the pupil's residence, the pupil shall be~~  
25 ~~deemed to be served by the area of the pupil's residence, which~~  
26 ~~shall by contractual arrangement reimburse the area through which~~  
27 ~~the pupil actually receives services. Each school district shall~~  
28 ~~include in the enrollment report submitted pursuant to section~~  
29 ~~257.6, subsection 1, the number of nonpublic school pupils within~~  
30 ~~each school district for media and educational services served~~  
31 ~~by the area. However, the school district shall not include in~~  
32 ~~the enrollment report nonpublic school pupils receiving classes~~  
33 ~~or services funded entirely by federal grants or allocations.~~

34 5. a. If an area education agency does not serve nonpublic  
35 school pupils in a manner comparable to services provided public

1 school pupils for media and educational services, as determined  
 2 by the state board of education, the state board shall instruct  
 3 the department of management to reduce the funds for media  
 4 services and educational services ~~within the area~~ one time by  
 5 an amount to compensate for such reduced services. The media  
 6 services budget shall be reduced by an amount equal to the  
 7 product of the cost per pupil in basic enrollment for the  
 8 budget year for media services times the difference between the  
 9 enrollment served and the basic enrollment recorded for the area.  
 10 The educational services budget shall be reduced by an amount  
 11 equal to the product of the cost per pupil in basic enrollment  
 12 for the budget year for educational services times the difference  
 13 between the enrollment served and the basic enrollment recorded  
 14 for the area.

15 b. This subsection applies only to media and educational  
 16 services which cannot be diverted for religious purposes.

17 c. Notwithstanding this subsection, an area education agency  
 18 shall distribute to nonpublic schools media materials purchased  
 19 wholly or partially with federal funds in a manner comparable  
 20 to the distribution of such media materials to public schools as  
 21 determined by the director of the department of education.

22 6. For the budget year beginning July 1, 2002, and each  
 23 succeeding budget year, notwithstanding the requirements of this  
 24 section for determining the budgets and funding of media services  
 25 and education services, an area education agency ~~or school~~  
 26 ~~district~~ may, within the limits of the total of the funds  
 27 provided for the budget years pursuant to section 257.35, expend  
 28 for special education support services an amount that exceeds  
 29 the payment for special education support services pursuant to  
 30 section 257.35 in order to maintain the level of required special  
 31 education support services in the area education agency ~~or the~~  
 32 ~~school district,~~ as applicable.

33 Sec. 14. Section 257.37A, Code 2026, is amended to read as  
 34 follows:

35 **257.37A Area education agency salary supplement funding.**

1     1. Area education agency teacher salary supplement cost per  
2 pupil and district cost.

3     ~~1.~~ a. For the budget year beginning July 1, 2009,  
4 the department of management shall add together the teacher  
5 compensation allocation made to each area education agency for  
6 the fiscal year beginning July 1, 2008, pursuant to section  
7 284.13, subsection 1, paragraph "i", Code 2009, and the phase II  
8 allocation made to each area education agency for the fiscal year  
9 beginning July 1, 2008, pursuant to section 294A.9, Code 2009,  
10 and divide that sum by the special education support services  
11 weighted enrollment in the fiscal year beginning July 1, 2009,  
12 to determine the area education agency teacher salary supplement  
13 cost per pupil. For the budget year beginning July 1, 2010,  
14 and succeeding budget years, the area education agency teacher  
15 salary supplement district cost per pupil for each area education  
16 agency for a budget year is the area education agency teacher  
17 salary supplement district cost per pupil for the base year plus  
18 the area education agency teacher salary supplement supplemental  
19 state aid amount for the budget year.

20     ~~2.~~ b. For the budget year beginning July 1, 2010,  
21 and succeeding budget years, if the department of management  
22 determines that the unadjusted area education agency teacher  
23 salary supplement district cost of an area education agency for  
24 a budget year is less than one hundred percent of the unadjusted  
25 area education agency teacher salary supplement district cost for  
26 the base year for the area education agency, the area education  
27 agency shall receive a budget adjustment for that budget year  
28 equal to the difference.

29     ~~3.—a.~~ c. (1) The unadjusted area education agency teacher  
30 salary supplement district cost is the area education agency  
31 teacher salary supplement district cost per pupil for each area  
32 education agency for a budget year multiplied by the special  
33 education support services weighted enrollment for that area  
34 education agency.

35     ~~b.~~ (2) The total area education agency teacher salary

1 supplement district cost is the sum of the unadjusted area  
2 education agency teacher salary supplement district cost plus the  
3 budget adjustment for that budget year.

4 ~~4.~~ d. For the budget year beginning July 1, 2009, the  
5 use of the funds calculated under this ~~section~~ subsection shall  
6 comply with requirements of chapter 284 and shall be distributed  
7 to teachers pursuant to section 284.3A. For the budget year  
8 beginning July 1, 2010, and succeeding budget years, the use of  
9 the funds calculated under this ~~section~~ subsection shall comply  
10 with the requirements of chapter 284 and shall be distributed to  
11 teachers pursuant to section 284.3A.

12 2. Area education agency professional development supplement  
13 cost per pupil and district cost.

14 a. For the budget year beginning July 1, 2026, the department  
15 of management shall divide the area education agency professional  
16 development supplement made to each area education agency for the  
17 fiscal year beginning July 1, 2023, pursuant to section 257.37A,  
18 subsection 2, Code 2024, by the special education support  
19 services weighted enrollment in the fiscal year beginning July 1,  
20 2026, to determine the professional development supplement cost  
21 per pupil. For the budget year beginning July 1, 2027, and  
22 succeeding budget years, the area education agency professional  
23 development supplement district cost per pupil for each area  
24 education agency for a budget year is the area education agency  
25 professional development supplement district cost per pupil for  
26 the base year plus the area education agency professional amount  
27 for the budget year.

28 b. For the budget year beginning July 1, 2027, and succeeding  
29 budget years, if the department of management determines that  
30 the unadjusted area education agency professional development  
31 supplement district cost of an area education agency for a budget  
32 year is less than one hundred percent of the unadjusted area  
33 education agency professional development supplement district  
34 cost for the base year for the area education agency, the area  
35 education agency shall receive a budget adjustment for that

1 budget year equal to the difference.

2 c. (1) The unadjusted area education agency professional  
3 development supplement district cost is the area education agency  
4 professional development supplement district cost per pupil for  
5 each area education agency for a budget year multiplied by the  
6 special education support services weighted enrollment for that  
7 area education agency.

8 (2) The total area education agency professional development  
9 supplement district cost is the sum of the unadjusted area  
10 education agency professional development supplement district  
11 cost plus the budget adjustment for that budget year.

12 d. The use of the funds calculated under this subsection  
13 shall comply with the requirements of chapter 284.

14 Sec. 15. Section 284.3A, subsection 4, Code 2026, is amended  
15 to read as follows:

16 4. The teacher salary supplement district cost as calculated  
17 under section 257.10, subsection 9, and the area education agency  
18 teacher salary supplement district cost as calculated under  
19 section 257.37A, subsection 1, are not subject to a uniform  
20 reduction in accordance with section 8.31.

21 Sec. 16. Section 284.4, subsection 1, paragraph b,  
22 subparagraph (3), Code 2026, is amended to read as follows:

23 (3) Determine, following the adoption of the Iowa  
24 professional development model by the state board of education,  
25 the use and distribution of the professional development funds  
26 calculated and paid to the school district or agency as provided  
27 in section 257.9, subsection 9A, or section 257.10, subsection  
28 10, based upon school district or agency, attendance center, and  
29 individual teacher and professional development plans.

30 Sec. 17. Section 284.6, subsections 8, 9, and 10, Code 2026,  
31 are amended to read as follows:

32 8. For each year in which a school district receives  
33 funds calculated and paid to school districts for professional  
34 development pursuant to section 257.10, subsection 10, or section  
35 257.37A, subsection 2, the school district shall create quality

1 professional development opportunities. Not less than thirty-six  
2 hours in the school calendar, held outside of the minimum  
3 school day, shall be set aside during nonpreparation time or  
4 designated professional development time to allow practitioners  
5 to collaborate with each other to deliver educational programs  
6 and assess student learning, or to engage in peer review  
7 pursuant to section 284.8, subsection 1. The funds may be  
8 used to implement the professional development provisions of the  
9 teacher career paths and leadership roles specified in section  
10 284.15, including but not limited to providing professional  
11 development to teachers, including additional salaries for time  
12 beyond the normal negotiated agreement; activities and pay to  
13 support a beginning teacher mentoring and induction program that  
14 meets the requirements of section 284.5; pay for substitute  
15 teachers, professional development materials, speakers, and  
16 professional development content; textbooks and curriculum  
17 materials used for classroom purposes if such textbooks  
18 and curriculum materials include professional development;  
19 administering assessments pursuant to section 256.7, subsection  
20 21, paragraph "b", subparagraphs (1) and (2), if such assessments  
21 include professional development; and costs associated with  
22 implementing the individual professional development plans. The  
23 use of the funds shall be balanced between school district,  
24 attendance center, and individual professional development plans,  
25 making every reasonable effort to provide equal access to all  
26 teachers.

27 9. Moneys received pursuant to section 257.10, subsection  
28 10, or section 257.37A, subsection 2, shall be maintained as a  
29 separate listing within a school district's or area education  
30 agency's budget for funds received and expenditures made pursuant  
31 to this subsection. The department shall not require a school  
32 district or area education agency to allocate a specific amount  
33 or percentage of moneys received pursuant to section 257.10,  
34 subsection 10, or section 257.37A, subsection 2, for professional  
35 development related to implementation of the core curriculum

1 under section 256.7, subsection 26. A school district shall  
2 certify to the department how the school district allocated  
3 the funds and that moneys received under this subsection were  
4 used to supplement, not supplant, the professional development  
5 opportunities the school district would otherwise make available.  
6 For budget years beginning on or after July 1, 2017, all or  
7 a portion of the moneys received pursuant to section 257.10,  
8 subsection 10, that remain unexpended and unobligated at the end  
9 of a fiscal year may, pursuant to section 257.10, subsection  
10 10, paragraph "d", be transferred for deposit in the school  
11 district's flexibility account established under section 298A.2,  
12 subsection 2.

13 10. If funds are allocated for purposes of professional  
14 development pursuant to section 284.13, subsection 1, paragraph  
15 "c", the department shall, in collaboration with the area  
16 education agencies, establish teacher development academies  
17 for public and nonpublic school-based teams of teachers and  
18 instructional leaders. Each academy shall include an institute  
19 and shall provide follow-up training and coaching.

20 Sec. 18. EFFECTIVE DATE. This Act, being deemed of immediate  
21 importance, takes effect upon enactment.

22 Sec. 19. APPLICABILITY. This Act applies July 1, 2026, for  
23 school budget years beginning on or after that date.

24 EXPLANATION

25 The inclusion of this explanation does not constitute agreement with  
26 the explanation's substance by the members of the general assembly.

27 This bill modifies provisions related to area education agency  
28 funding.

29 The bill modifies provisions related to the calculation of the  
30 combined foundation base, the area education agency professional  
31 development supplement state cost per pupil, and the combined  
32 district cost. The bill also modifies provisions related to  
33 the computation of the additional property tax levied by school  
34 districts to include the total area education agency professional  
35 development supplement district cost.

1 Current law provides that funds calculated under Code section  
2 257.10(7) (special education support services district cost) and  
3 received by a school district are required to be used for special  
4 education support services. Current law also provides that for  
5 budget years beginning on or after July 1, 2025, not less than  
6 90 percent of funds calculated under Code section 257.10(7) and  
7 received by a school district are required to be used by the  
8 school district for special education support services contracted  
9 from an area education agency. The contract between the school  
10 district and the area education agency shall not require the  
11 school district to describe the specific special education  
12 support services the school district will receive from the area  
13 education agency. The special education services provided by  
14 the area education agency to the school district pursuant to the  
15 contract shall not be limited by the amount of funding the school  
16 district provided to the area education agency. The bill strikes  
17 these provisions.

18 The bill provides that for the fiscal year beginning July  
19 1, 2026, and each fiscal year thereafter, the department  
20 of management is required to deduct the amounts calculated  
21 for special education support services, media services, area  
22 education agency teacher salary supplement district cost, area  
23 education agency professional development supplement district  
24 costs, and educational services for each school district from  
25 the state aid due to the district pursuant to Code chapter 257  
26 and pay the amounts to the respective area education agencies on  
27 a monthly basis from September 15 through June 15 during each  
28 school year. The bill requires the department of management to  
29 notify each school district of the amount of state aid deducted  
30 for these purposes and the balance of state aid is required to  
31 be paid to the district. If a district does not qualify for  
32 state aid under Code chapter 257 in an amount sufficient to cover  
33 its amount due to the area education agency as calculated by the  
34 department of management, the school district is required to pay  
35 the deficiency to the area education agency from other moneys

1 received by the district, on a quarterly basis during each school  
2 year.

3 Current law provides that, notwithstanding the deduction and  
4 payment called for under Code section 257.35(1), the amounts  
5 specified for school districts and area education agencies in  
6 Code section 257.35(1)(a) for the fiscal year beginning July 1,  
7 2025, and each succeeding fiscal year, shall be reduced by the  
8 department of management by \$7.5 million. The bill provides that  
9 this reduction does not apply to fiscal years after the fiscal  
10 year beginning July 1, 2025.

11 The bill modifies provisions related to moneys available  
12 to school districts and area education agencies for special  
13 education support services and the funding and provisions  
14 related to the media and educational services provided by  
15 school districts or through area education agencies, including  
16 by modifying Code section 257.37 (funding media and educational  
17 services) to strike a provision that state funds that are not  
18 required to be paid to an area education agency may be used by  
19 the school district for any school district general fund purpose  
20 and by modifying the definition of "enrollment served" in Code  
21 section 257.37.

22 The bill modifies Code section 257.37A (area education agency  
23 salary supplement funding), including by providing that, if the  
24 department of management determines that the unadjusted area  
25 education agency professional development supplement district  
26 cost of an area education agency for a budget year is less than  
27 100 percent of the unadjusted area education agency professional  
28 development supplement district cost for the base year for the  
29 area education agency, the area education agency shall receive a  
30 budget adjustment for that budget year equal to the difference.

31 The bill takes effect upon enactment and applies July 1, 2026,  
32 for school budget years beginning on or after that date.