

Senate File 2329 - Introduced

SENATE FILE 2329
BY TRONE GARRIOTT

A BILL FOR

1 An Act relating to education, including by modifying provisions
2 related to the duties and powers of area education agencies,
3 the department of education, and area education agency
4 funding, and including effective date and applicability
5 provisions.

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

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DIVISION I

AREA EDUCATION AGENCIES — PROGRAMMATIC CHANGES

Section 1. Section 256B.3, subsection 16, Code 2026, is amended by striking the subsection.

Sec. 2. Section 273.2, subsections 1 and 3, Code 2026, are amended to read as follows:

1. There are established throughout the state nine area education agencies, each of which is ~~under the general supervision of the director of the department of education, except as otherwise provided in this chapter governed by an~~ area education agency board of directors. ~~Each area education agency shall have an area education agency board of directors that shall serve in an advisory capacity.~~ The boundaries of an area education agency shall not divide a school district. The director of the department of education shall change boundaries of area education agencies to take into account mergers of local school districts and changes in boundaries of local school districts, when necessary to maintain the policy of this chapter that a local school district shall not be a part of more than one area education agency.

3. ~~a.~~ The area education agency board shall furnish educational services and programs as provided in section 273.1, this section, sections 273.3 through 273.8, and chapter 256B to pupils enrolled in public or nonpublic schools located within its boundaries which are on the list of accredited schools pursuant to section 256.11, ~~which request to receive such services~~. The programs and services provided shall be at least commensurate with programs and services existing on July 1, 1974. The programs and services provided to pupils enrolled in nonpublic schools shall be comparable to programs and services provided to pupils enrolled in public schools within constitutional guidelines.

~~b. The area education agency may furnish evidence-based professional development services to public or nonpublic schools which are on the list of accredited schools pursuant to section~~

1 ~~256.11 if any of the following requirements are satisfied:~~

2 ~~(1) The professional development service is included on the~~
3 ~~list developed by the director of the department of education~~
4 ~~pursuant to section 256.9, subsection 36.~~

5 ~~(2) The director of the department of education grants~~
6 ~~approval to the area education agency to furnish the~~
7 ~~evidence-based professional development services.~~

8 Sec. 3. Section 273.2, subsections 5 and 14, Code 2026, are
9 amended by striking the subsections.

10 Sec. 4. Section 273.3, subsections 1, 11, and 12, Code 2026,
11 are amended to read as follows:

12 1. ~~Advise and consult with~~ Determine the policies of the
13 ~~area education agency on policies and procedures for providing~~
14 ~~programs and services.~~

15 11. Employ personnel to carry out the functions of the area
16 education agency, which shall include the employment of an
17 administrator who shall possess a license issued under chapter
18 256, subchapter VII, part 3. The administrator shall be employed
19 pursuant to section 279.20 and sections 279.23, 279.24, and
20 279.25. The salary for an area education agency administrator
21 shall be established by the board based upon the previous
22 experience and education of the administrator; ~~provided, however,~~
23 ~~that the salary for an area education agency administrator shall~~
24 ~~not exceed one hundred twenty-five percent of the average salary~~
25 ~~of all superintendents of the school districts that are located~~
26 ~~within the boundaries of the area education agency at the time~~
27 ~~the employment agreement is entered into or renewed between an~~
28 ~~area education agency and an area education agency administrator.~~
29 Section 279.13 applies to the area education agency board and to
30 all teachers employed by the area education agency. Sections
31 279.23, 279.24, and 279.25 apply to the area education board
32 and to all administrators employed by the area education agency.
33 Section 279.69 applies to the area education agency board and
34 employees of the board, including part-time, substitute, or
35 contract employees, who provide services to a school or school

1 district.

2 12. ~~Area education agencies shall prepare~~ Prepare an annual
3 budget estimating income and expenditures for programs and
4 services as provided in sections 273.1, 273.2, this section,
5 sections 273.4 through 273.8, and chapter 256B within the limits
6 of funds provided under section 256B.9 and chapter 257. The
7 board shall ~~submit the proposed budget to the director of the~~
8 ~~department of education for approval not later than March 1 of~~
9 ~~each year, and the director shall either approve or reject the~~
10 ~~proposed budget for changes within ten days after submission~~
11 post notice of a public hearing on the proposed budget on the
12 area education agency's internet site and by publication in the
13 newspaper of general circulation in the territory of the area
14 education agency in which the principal place of business of a
15 school district that is part of the area education agency is
16 located. The notice shall specify the date, which shall not
17 be later than March 1 of each year, the time, and the location
18 of the public hearing. The proposed budget as approved by the
19 ~~director of the department of education board~~ shall then be
20 submitted to the state board of education, on forms provided by
21 the department, no later than March 15 preceding the next fiscal
22 year for approval. The state board shall review the proposed
23 budget of each area education agency and shall before May 1,
24 either grant approval or return the budget without approval with
25 comments of the state board included. An unapproved budget shall
26 be resubmitted to the state board for final approval not later
27 than May 15. The state board shall give final approval only to
28 budgets submitted by area education agencies accredited by the
29 state board or that have been given conditional accreditation by
30 the state board.

31 Sec. 5. Section 273.3, subsection 26, Code 2026, is amended
32 by striking the subsection.

33 Sec. 6. Section 273.5, unnumbered paragraph 1, Code 2026, is
34 amended to read as follows:

35 There shall be established a division of special education

1 of the area education agency which shall provide for special
2 education programs and services to the local school districts.
3 The division of special education shall be headed by a director
4 of special education who meets certification standards of the
5 department of education. ~~The director of special education~~
6 ~~shall be an employee of the division of special education of~~
7 ~~the department of education. The director of special education~~
8 ~~shall not be an employee of the area education agency, shall not~~
9 ~~receive compensation from the area education agency, shall not~~
10 ~~supervise or manage employees of the area education agency, and~~
11 ~~shall not directly provide special education services for the~~
12 ~~agency. The director of special education's primary job duties~~
13 ~~and responsibilities to the area education agency are to provide~~
14 ~~oversight of the area education agency's special education~~
15 ~~services.~~ The director of special education shall also have
16 the responsibility for implementation of state regulations and
17 guidelines relating to special education programs and services.
18 The director of special education shall have the following powers
19 and duties:

20 Sec. 7. Section 273.8, subsection 1, Code 2026, is amended
21 by striking the subsection and inserting in lieu thereof the
22 following:

23 1. *Board of directors.* The board of directors of an area
24 education agency shall consist of not less than five nor more
25 than nine members, each a resident of and elected in the manner
26 provided in this section from a director district that is
27 approximately equal in population to the other director districts
28 in the area education agency. Each director shall serve a
29 four-year term which commences at the organization meeting.

30 Sec. 8. Section 273.8, subsection 2, paragraphs c and d, Code
31 2026, are amended to read as follows:

32 c. The board of each separate school district that is located
33 entirely or partially inside an area education agency director
34 district shall cast a vote for director of the area education
35 agency board ~~described in subsection 1, paragraph "b", based~~

1 upon the ratio that the population of the school district, or
 2 portion of the school district, in the director district bears
 3 to the total population in the director district. The population
 4 of each school district or portion shall be determined by the
 5 department of education. The member of the area education agency
 6 board ~~described in subsection 1, paragraph "b"~~, to be elected may
 7 be a member of a local school district board of directors and
 8 shall be an elector and a resident of the director district, but
 9 shall not be a school district employee.

10 d. ~~(1) A vacancy~~ Vacancies, as defined in section 277.29,
 11 in a the membership ~~position~~ of the area education agency board
 12 ~~described in subsection 1, paragraph "b"~~, shall be filled for the
 13 unexpired portion of the term at a director district convention
 14 called and conducted in the manner provided in subsection 3.

15 ~~(2) A vacancy, as defined in section 277.29, in a membership~~
 16 ~~position of the area education agency board described in~~
 17 ~~subsection 1, paragraph "c", shall be filled for the unexpired~~
 18 ~~portion of the term by an individual who is appointed by the~~
 19 ~~majority vote of the superintendents of school districts located~~
 20 ~~within the boundaries of the area education agency.~~

21 Sec. 9. Section 273.8, subsection 3, Code 2026, is amended to
 22 read as follows:

23 3. *Director district convention.* If no candidate files with
 24 the area education agency secretary by the deadline specified in
 25 subsection 2, or a vacancy occurs, or if otherwise required as
 26 provided in section 273.23, subsection 3, a director district
 27 convention, attended by members of the boards of directors
 28 of the local school districts located within the director
 29 district, shall be called to elect a board member ~~described in~~
 30 ~~subsection 1, paragraph "b"~~, for that director district. The
 31 convention location shall be determined by the area education
 32 agency administrator. Notice of the time, date, and place of
 33 a director district convention shall be published by the area
 34 education agency administrator in at least one newspaper of
 35 general circulation in the director district at least thirty days

1 prior to the day of the convention. The cost of publication
2 shall be paid by the area education agency. A candidate
3 for election to the area education agency board shall file a
4 statement of candidacy with the area education agency secretary
5 at least ten days prior to the date of the director district
6 convention on forms prescribed by the department of education,
7 or nominations may be made at the convention by a delegate from
8 a board of directors of a school district located within the
9 director district. A statement of candidacy shall include the
10 candidate's name, address, and school district. Delegates to
11 director district conventions shall not be bound by a school
12 board or any school board member to pledge their votes to any
13 candidate prior to the date of the convention.

14 Sec. 10. Section 273.10, subsection 6, Code 2026, is amended
15 to read as follows:

16 6. a. If the deficiencies in an area education program have
17 not been corrected, the ~~director of the department of education~~
18 agency board shall take one of the following actions within sixty
19 days from removal of accreditation:

20 (1) Merge the deficient program with a program from another
21 accredited area education agency.

22 (2) Contract with another area education agency or other
23 public educational institution for purposes of program delivery.

24 b. The rules developed by the state board of education for
25 the accreditation process shall include provisions for removal
26 of accreditation, including provisions for proper notice to the
27 administrator of the area education agency, each member of the
28 board of directors of the area education agency, ~~the department~~
29 ~~of education~~, and the superintendents and administrators of the
30 schools of the districts served by the area education agency.

31 Sec. 11. APPLICABILITY. The following applies to employment
32 agreements entered into or renewed between an area education
33 agency and an area education agency administrator on or after
34 July 1, 2026:

35 The section of this division of this Act amending section

1 273.3, subsection 11.

2 Sec. 12. APPLICABILITY. The following applies to the
3 election of directors and vacancies occurring under section
4 273.8, as amended in this division of this Act, on or after July
5 1, 2026:

6 The section of this division of this Act amending section
7 273.8.

8 DIVISION II

9 AREA EDUCATION AGENCIES — FUNDING

10 Sec. 13. Section 257.1, subsection 2, paragraph b, Code 2026,
11 is amended to read as follows:

12 b. For the budget year commencing July 1, 1999, and for
13 each succeeding budget year beginning before July 1, 2022, the
14 regular program foundation base per pupil is eighty-seven and
15 five-tenths percent of the regular program state cost per pupil.
16 For the budget year commencing July 1, 2022, and for each
17 succeeding budget year, the regular program foundation base per
18 pupil is eighty-eight and four-tenths percent of the regular
19 program state cost per pupil. For the budget year commencing
20 July 1, 1991, and for each succeeding budget year the special
21 education support services foundation base is seventy-nine
22 percent of the special education support services state cost per
23 pupil. The combined foundation base is the sum of the regular
24 program foundation base, the special education support services
25 foundation base, the total teacher salary supplement district
26 cost, the total professional development supplement district
27 cost, the total early intervention supplement district cost, the
28 total teacher leadership supplement district cost, and the total
29 area education agency teacher salary supplement district cost,
30 and the total area education agency professional development
31 supplement district cost.

32 Sec. 14. Section 257.1, subsection 3, Code 2026, is amended
33 to read as follows:

34 3. *Computations rounded.* In making computations and payments
35 under this chapter, except in the case of computations relating

1 to funding of special education support services, media services,
2 and educational services ~~under section 257.37~~
3 provided through the area education agencies, and the teacher
4 salary supplement, the professional development supplement,
5 the early intervention supplement, and the teacher leadership
6 supplement, the department of management shall round amounts to
7 the nearest whole dollar.

8 Sec. 15. Section 257.1, Code 2026, is amended by adding the
9 following new subsection:

10 NEW SUBSECTION. 5. *Legislative intent.* The general assembly
11 finds that the general welfare of this state and well-being of
12 its citizens is directly related to the quality of education
13 provided to students enrolled in Iowa's schools, and the quality
14 of education provided to students enrolled in Iowa's schools
15 is directly related to the funding available to those schools.
16 Therefore, the general assembly intends that Iowa's schools and
17 area education agencies should be fully funded to maximize the
18 quality of the education provided to students.

19 Sec. 16. Section 257.4, subsection 1, paragraph a, Code 2026,
20 is amended by adding the following new subparagraph:

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

23 Sec. 17. Section 257.9, Code 2026, is amended by adding the
24 following new subsection:

25 NEW SUBSECTION. 9A. *Area education agency professional*
26 *development supplement state cost per pupil.* For the budget
27 year beginning July 1, 2026, for the area education agency
28 professional development supplement state cost per pupil, the
29 department of management shall add together the professional
30 development allocation made to each area education agency for the
31 fiscal year beginning July 1, 2023, pursuant to section 257.37A,
32 subsection 2, Code 2024, and divide that sum by the statewide
33 special education support services weighted enrollment for the
34 fiscal year beginning July 1, 2026. The area education agency
35 professional development supplement state cost per pupil for the

1 budget year beginning July 1, 2027, and succeeding budget years,
2 shall be the amount calculated by the department of management
3 under this subsection for the base year plus a supplemental
4 state aid amount that is equal to the professional development
5 supplement categorical state percent of growth, pursuant to
6 section 257.8, subsection 2, for the budget year, multiplied by
7 the amount calculated by the department of management under this
8 subsection for the base year.

9 Sec. 18. Section 257.10, subsection 7, Code 2026, is amended
10 to read as follows:

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

1 ~~of funding the school district provided to the area education~~
2 ~~agency.~~

3 Sec. 19. Section 257.10, subsection 8, paragraph a, Code
4 2026, is amended to read as follows:

5 a. Combined district cost is the sum of the regular
6 program district cost per pupil multiplied by the weighted
7 enrollment, the special education support services district
8 cost, the total teacher salary supplement district cost, the
9 total professional development supplement district cost, the
10 total early intervention supplement district cost, and the total
11 teacher leadership supplement district cost, plus the sum of the
12 additional district cost allocated to the district to fund media
13 services and educational services under section 257.37 provided
14 through the area education agency, and the area education
15 agency total teacher salary supplement district cost, and the
16 area education agency total professional development supplement
17 district cost.

18 Sec. 20. Section 257.16, subsection 4, Code 2026, is amended
19 to read as follows:

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

1 Sec. 21. Section 257.35, subsection 1, paragraph a,
2 subparagraph (3), unnumbered paragraph 1, Code 2026, is amended
3 to read as follows:

4 For the fiscal year beginning July 1, 2025, ~~and each fiscal~~
5 ~~year thereafter~~, the department of management shall deduct the
6 following from the state aid due to each school district pursuant
7 to this chapter and shall pay the amounts to the respective area
8 education agencies on a monthly basis from September 15 through
9 June 15 during each school year:

10 Sec. 22. Section 257.35, subsection 1, paragraph a, Code
11 2026, is amended by adding the following new subparagraph:

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

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

33 2. The amounts specified for school districts in section
34 257.10, subsection 7, for the fiscal year beginning July 1,
35 2025, ~~and each succeeding fiscal year~~, shall be reduced by

1 the department of management by seven million five hundred
2 thousand dollars. The department of management shall calculate
3 a state aid reduction such that such amounts shall be reduced
4 proportionally to the amount that the district would otherwise
5 have received under section 257.10, subsection 7.

6 Sec. 24. Section 257.36, subsection 1, Code 2026, is amended
7 to read as follows:

8 1. Notwithstanding chapters 256B and 273 and sections of this
9 chapter relating to the moneys available to ~~school districts and~~
10 area education agencies for special education support services,
11 for each school year, the department of education may direct
12 the department of management to deduct amounts from the portions
13 of school district budgets that fund special education support
14 services in an area education agency. The total amount
15 deducted ~~for a school district in an area~~ shall be based
16 upon excess special education support services unreserved and
17 undesignated fund balances in that ~~school district or paid by~~
18 ~~the school district to an area education agency for a school~~
19 ~~year that remain unreserved and undesignated~~ as determined by
20 the department of education. The department of management shall
21 determine the amount deducted from each school district in an
22 area education agency on a proportional basis. The department
23 of management shall determine from the amounts deducted from
24 the portions of school district budgets that fund area education
25 agency special education support services the amount that would
26 have been local property taxes and the amount that would have
27 been state aid and for the next following budget year shall
28 increase the district's total state school aid available under
29 this chapter for area education agency special education support
30 services and reduce the district's property tax levy for area
31 education agency special education support services by the amount
32 necessary for the property tax portion of the deductions made
33 under this section during the budget year.

34 Sec. 25. Section 257.37, Code 2026, is amended to read as
35 follows:

1 **257.37 Funding media and educational services.**

2 Media services and educational services provided by a school
 3 ~~district or~~ through the area education agency agencies shall be
 4 funded, to the extent provided, by an addition to the combined
 5 district cost of each school district, determined as follows:
 6 1. For the budget year beginning July 1, 1991, and succeeding
 7 budget years, the total amount funded in each area for media
 8 services shall be computed as provided in this subsection. For
 9 the budget year beginning July 1, 1991, the total amount funded
 10 in each area for media services in the base year shall be
 11 divided by the enrollment served in the base year to provide an
 12 area media services cost per pupil in the base year, and the
 13 department of management shall compute the state media services
 14 cost per pupil in the base year which is equal to the average
 15 of the area media services costs per pupil in the base year.
 16 For the budget year beginning July 1, 1991, and succeeding
 17 budget years, the department of management shall compute the
 18 supplemental state aid for media services in the budget year by
 19 multiplying the state media services cost per pupil in the base
 20 year times the state percent of growth for the budget year, and
 21 the total amount funded in each area for media services cost in
 22 the budget year equals the area media services cost per pupil in
 23 the base year plus the supplemental state aid for media services
 24 in the budget year times the enrollment served in the budget
 25 year. ~~For fiscal years beginning before July 1, 2025, funds~~
 26 Funds shall be paid to area education agencies as provided in
 27 section 257.35. ~~For fiscal years beginning on or after July~~
 28 ~~1, 2024, funds not required to be paid to an area education~~
 29 ~~agency may be used by the school district for any school district~~
 30 ~~general fund purpose.~~
 31 2. Up to thirty percent of the budget of an area for media
 32 services may be expended for media resource material including
 33 the purchase or replacement of material required in section
 34 273.6, subsection 1. Funds shall be paid to area education
 35 agencies as provided in section 257.35.

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

26 4. "Enrollment served" means the basic enrollment of all
27 ~~school districts within the boundaries of the area education~~
28 ~~agency plus the number of nonpublic school pupils served by~~
29 ~~the area education agency with media services or educational~~
30 services, as applicable, except that if a nonpublic school pupil
31 or a pupil attending another district under a whole grade sharing
32 agreement or open enrollment receives services through an area
33 other than the area of the pupil's residence, the pupil shall be
34 deemed to be served by the area of the pupil's residence, which
35 shall by contractual arrangement reimburse the area through which

1 the pupil actually receives services. Each school district shall
2 include in the enrollment report submitted pursuant to section
3 257.6, subsection 1, the number of nonpublic school pupils within
4 each school district for media and educational services served
5 by the area. However, the school district shall not include in
6 the enrollment report nonpublic school pupils receiving classes
7 or services funded entirely by federal grants or allocations.

8 5. a. If an area education agency does not serve nonpublic
9 school pupils in a manner comparable to services provided public
10 school pupils for media and educational services, as determined
11 by the state board of education, the state board shall instruct
12 the department of management to reduce the funds for media
13 services and educational services ~~within the area~~ one time by
14 an amount to compensate for such reduced services. The media
15 services budget shall be reduced by an amount equal to the
16 product of the cost per pupil in basic enrollment for the
17 budget year for media services times the difference between the
18 enrollment served and the basic enrollment recorded for the area.
19 The educational services budget shall be reduced by an amount
20 equal to the product of the cost per pupil in basic enrollment
21 for the budget year for educational services times the difference
22 between the enrollment served and the basic enrollment recorded
23 for the area.

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

26 c. Notwithstanding this subsection, an area education agency
27 shall distribute to nonpublic schools media materials purchased
28 wholly or partially with federal funds in a manner comparable
29 to the distribution of such media materials to public schools as
30 determined by the director of the department of education.

31 6. For the budget year beginning July 1, 2002, and each
32 succeeding budget year, notwithstanding the requirements of this
33 section for determining the budgets and funding of media services
34 and education services, an area education agency ~~or school~~
35 district may, within the limits of the total of the funds

1 provided for the budget years pursuant to section 257.35, expend
2 for special education support services an amount that exceeds
3 the payment for special education support services pursuant to
4 section 257.35 in order to maintain the level of required special
5 education support services in the area education agency ~~or the~~
6 ~~school district, as applicable.~~

7 Sec. 26. Section 257.37A, Code 2026, is amended to read as
8 follows:

9 **257.37A Area education agency salary supplement funding.**

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

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

29 ~~2.~~ b. For the budget year beginning July 1, 2010,
30 and succeeding budget years, if the department of management
31 determines that the unadjusted area education agency teacher
32 salary supplement district cost of an area education agency for
33 a budget year is less than one hundred percent of the unadjusted
34 area education agency teacher salary supplement district cost for
35 the base year for the area education agency, the area education

1 agency shall receive a budget adjustment for that budget year
2 equal to the difference.

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

9 ~~b.~~ (2) The total area education agency teacher salary
10 supplement district cost is the sum of the unadjusted area
11 education agency teacher salary supplement district cost plus the
12 budget adjustment for that budget year.

13 4. d. For the budget year beginning July 1, 2009, the
14 use of the funds calculated under this ~~section~~ subsection shall
15 comply with requirements of chapter 284 and shall be distributed
16 to teachers pursuant to section 284.3A. For the budget year
17 beginning July 1, 2010, and succeeding budget years, the use of
18 the funds calculated under this ~~section~~ subsection shall comply
19 with the requirements of chapter 284 and shall be distributed to
20 teachers pursuant to section 284.3A.

21 2. Area education agency professional development supplement
22 cost per pupil and district cost.

23 a. For the budget year beginning July 1, 2026, the department
24 of management shall divide the area education agency professional
25 development supplement made to each area education agency for the
26 fiscal year beginning July 1, 2023, pursuant to section 257.37A,
27 subsection 2, Code 2024, by the special education support
28 services weighted enrollment in the fiscal year beginning July 1,
29 2026, to determine the professional development supplement cost
30 per pupil. For the budget year beginning July 1, 2027, and
31 succeeding budget years, the area education agency professional
32 development supplement district cost per pupil for each area
33 education agency for a budget year is the area education agency
34 professional development supplement district cost per pupil for
35 the base year plus the area education agency professional amount

1 for the budget year.

2 b. For the budget year beginning July 1, 2027, and succeeding
3 budget years, if the department of management determines that
4 the unadjusted area education agency professional development
5 supplement district cost of an area education agency for a budget
6 year is less than one hundred percent of the unadjusted area
7 education agency professional development supplement district
8 cost for the base year for the area education agency, the area
9 education agency shall receive a budget adjustment for that
10 budget year equal to the difference.

11 c. (1) The unadjusted area education agency professional
12 development supplement district cost is the area education agency
13 professional development supplement district cost per pupil for
14 each area education agency for a budget year multiplied by the
15 special education support services weighted enrollment for that
16 area education agency.

17 (2) The total area education agency professional development
18 supplement district cost is the sum of the unadjusted area
19 education agency professional development supplement district
20 cost plus the budget adjustment for that budget year.

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

23 Sec. 27. Section 284.3A, subsection 4, Code 2026, is amended
24 to read as follows:

25 4. The teacher salary supplement district cost as calculated
26 under section 257.10, subsection 9, and the area education agency
27 teacher salary supplement district cost as calculated under
28 section 257.37A, subsection 1, are not subject to a uniform
29 reduction in accordance with section 8.31.

30 Sec. 28. Section 284.4, subsection 1, paragraph b,
31 subparagraph (3), Code 2026, is amended to read as follows:

32 (3) Determine, following the adoption of the Iowa
33 professional development model by the state board of education,
34 the use and distribution of the professional development funds
35 calculated and paid to the school district or agency as provided

1 in section 257.9, subsection 9A, or section 257.10, subsection
2 10, based upon school district or agency, attendance center, and
3 individual teacher and professional development plans.

4 Sec. 29. Section 284.6, subsections 8, 9, and 10, Code 2026,
5 are amended to read as follows:

6 8. For each year in which a school district receives
7 funds calculated and paid to school districts for professional
8 development pursuant to section 257.10, subsection 10, or section
9 257.37A, subsection 2, the school district shall create quality
10 professional development opportunities. Not less than thirty-six
11 hours in the school calendar, held outside of the minimum
12 school day, shall be set aside during nonpreparation time or
13 designated professional development time to allow practitioners
14 to collaborate with each other to deliver educational programs
15 and assess student learning, or to engage in peer review
16 pursuant to section 284.8, subsection 1. The funds may be
17 used to implement the professional development provisions of the
18 teacher career paths and leadership roles specified in section
19 284.15, including but not limited to providing professional
20 development to teachers, including additional salaries for time
21 beyond the normal negotiated agreement; activities and pay to
22 support a beginning teacher mentoring and induction program that
23 meets the requirements of section 284.5; pay for substitute
24 teachers, professional development materials, speakers, and
25 professional development content; textbooks and curriculum
26 materials used for classroom purposes if such textbooks
27 and curriculum materials include professional development;
28 administering assessments pursuant to section 256.7, subsection
29 21, paragraph "b", subparagraphs (1) and (2), if such assessments
30 include professional development; and costs associated with
31 implementing the individual professional development plans. The
32 use of the funds shall be balanced between school district,
33 attendance center, and individual professional development plans,
34 making every reasonable effort to provide equal access to all
35 teachers.

1 9. Moneys received pursuant to section 257.10, subsection
 2 10, or section 257.37A, subsection 2, shall be maintained as a
 3 separate listing within a school district's or area education
 4 agency's budget for funds received and expenditures made pursuant
 5 to this subsection. The department shall not require a school
 6 district or area education agency to allocate a specific amount
 7 or percentage of moneys received pursuant to section 257.10,
 8 subsection 10, or section 257.37A, subsection 2, for professional
 9 development related to implementation of the core curriculum
 10 under section 256.7, subsection 26. A school district shall
 11 certify to the department how the school district allocated
 12 the funds and that moneys received under this subsection were
 13 used to supplement, not supplant, the professional development
 14 opportunities the school district would otherwise make available.
 15 For budget years beginning on or after July 1, 2017, all or
 16 a portion of the moneys received pursuant to section 257.10,
 17 subsection 10, that remain unexpended and unobligated at the end
 18 of a fiscal year may, pursuant to section 257.10, subsection
 19 10, paragraph "d", be transferred for deposit in the school
 20 district's flexibility account established under section 298A.2,
 21 subsection 2.

22 10. If funds are allocated for purposes of professional
 23 development pursuant to section 284.13, subsection 1, paragraph
 24 "c", the department shall, in collaboration with the area
 25 education agencies, establish teacher development academies
 26 for public and nonpublic school-based teams of teachers and
 27 instructional leaders. Each academy shall include an institute
 28 and shall provide follow-up training and coaching.

29 Sec. 30. EFFECTIVE DATE. This division of this Act, being
 30 deemed of immediate importance, takes effect upon enactment.

31 Sec. 31. APPLICABILITY. This division of this Act applies
 32 July 1, 2026, for school budget years beginning on or after that
 33 date.

34 EXPLANATION

35 The inclusion of this explanation does not constitute agreement with

1 the explanation's substance by the members of the general assembly.

2 This bill relates to education, including by modifying
3 provisions related to the duties and powers of area education
4 agencies, the department of education, and area education agency
5 funding.

6 DIVISION I — AREA EDUCATION AGENCIES — PROGRAMMATIC
7 CHANGES. Current law requires the division of special education
8 within the department of education to oversee the operation of
9 each area education agency to ensure the area education agency
10 complies with all applicable federal and state laws related to
11 special education. The bill strikes this provision. Current
12 law provides that each area education agency is under the general
13 supervision of the director of the department of education and
14 that the area education agency board of directors serves in an
15 advisory capacity. The bill provides that each area education
16 agency is governed by a board of directors. The bill makes
17 conforming changes.

18 The bill modifies provisions related to students that an
19 area education agency may provide services to. Current law
20 provides that an area education agency may furnish evidence-based
21 professional development services to public or nonpublic schools
22 which are on the list of accredited schools if certain specified
23 requirements are satisfied. The bill strikes this provision.

24 Current law requires area education agencies to prepare a
25 proposed annual budget and submit the proposed budget to the
26 director of the department of education for approval not later
27 than March 1 of each year. Under current law, the director is
28 required to either approve or reject the proposed budget for
29 changes within 10 days after submission. The bill modifies
30 this provision to require area education agencies to prepare a
31 proposed annual budget and post notice of a public hearing on
32 the proposed budget on the area education agency's internet site
33 and by publication in the newspaper of general circulation in
34 the territory of the area education agency in which the principal
35 place of business of a school district that is part of the area

1 education agency is located. The notice shall specify the date,
2 which shall be not later than March 1 of each year, the time, and
3 the location of the public hearing.

4 Current law requires an area education agency to, on a
5 quarterly basis, prepare and submit to each school district
6 that receives services from the area education agency a report
7 that includes certain specified financial and programmatic
8 information. The bill strikes this provision.

9 Current law requires that the director of special education
10 within each area education agency be an employee of the division
11 of special education of the department of education and not be
12 an employee of the area education agency, receive compensation
13 from the area education agency, supervise or manage employees
14 of the area education agency, or directly provide special
15 education services for the agency. Current law also provides
16 that the director of special education's primary job duties and
17 responsibilities to the area education agency are to provide
18 oversight of the area education agency's special education
19 services. The bill strikes these provisions.

20 Current law provides that the board of directors shall consist
21 of nine members, with five members being elected in director
22 district conventions and four members being appointed by the
23 majority vote of the superintendents of school districts located
24 within the boundaries of the area education agency. The bill
25 modifies this provision to provide that the board of directors
26 of an area education agency shall consist of not less than five
27 nor more than nine members, each a resident of and elected
28 in the manner provided in this Code section from a director
29 district that is approximately equal in population to the other
30 director districts in the area education agency. The bill makes
31 conforming changes. This provision applies to the election of
32 directors and vacancies occurring on or after July 1, 2026.

33 DIVISION II — AREA EDUCATION AGENCIES — FUNDING. The
34 bill modifies provisions related to the calculation of the
35 combined foundation base, the area education agency professional

1 development supplement state cost per pupil, and the combined
2 district cost. The bill also modifies provisions related to
3 the computation of the additional property tax levied by school
4 districts to include the total area education agency professional
5 development supplement district cost.

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

23 The bill provides that for the fiscal year beginning July
24 1, 2026, and each fiscal year thereafter, the department
25 of management is required to deduct the amounts calculated
26 for special education support services, media services, area
27 education agency teacher salary supplement district cost, area
28 education agency professional development supplement district
29 costs, and educational services for each school district from
30 the state aid due to the district pursuant to Code chapter 257
31 and pay the amounts to the respective area education agencies on
32 a monthly basis from September 15 through June 15 during each
33 school year. The bill requires the department of management to
34 notify each school district of the amount of state aid deducted
35 for these purposes and the balance of state aid is required to

1 be paid to the district. If a district does not qualify for
2 state aid under Code chapter 257 in an amount sufficient to cover
3 its amount due to the area education agency as calculated by the
4 department of management, the school district is required to pay
5 the deficiency to the area education agency from other moneys
6 received by the district, on a quarterly basis during each school
7 year.

8 Current law provides that, notwithstanding the deduction and
9 payment called for under Code section 257.35(1), the amounts
10 specified for school districts and area education agencies in
11 Code section 257.35(1)(a) for the fiscal year beginning July 1,
12 2025, and each succeeding fiscal year, shall be reduced by the
13 department of management by \$7.5 million. The bill provides that
14 this reduction does not apply to fiscal years after the fiscal
15 year beginning July 1, 2025.

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

27 The bill modifies Code section 257.37A (area education agency
28 salary supplement funding), including by providing that, if the
29 department of management determines that the unadjusted area
30 education agency professional development supplement district
31 cost of an area education agency for a budget year is less than
32 100 percent of the unadjusted area education agency professional
33 development supplement district cost for the base year for the
34 area education agency, the area education agency shall receive a
35 budget adjustment for that budget year equal to the difference.

1 The division takes effect upon enactment and applies July 1,
2 2026, for school budget years beginning on or after that date.

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