

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

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

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

35 Sec. 3. Section 257.1, Code 2026, is amended by adding the

1 following new subsection:

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

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

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

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

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

1 department of management under this subsection for the base
2 year.

3 Sec. 6. Section 257.10, subsection 7, Code 2026, is amended
4 to read as follows:

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

32 Sec. 7. Section 257.10, subsection 8, paragraph a, Code
33 2026, is amended to read as follows:

34 a. Combined district cost is the sum of the regular
35 program district cost per pupil multiplied by the weighted

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

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

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

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

33 For the fiscal year beginning July 1, 2025, ~~and each fiscal~~
34 ~~year thereafter~~, the department of management shall deduct
35 the following from the state aid due to each school district

1 pursuant to [this chapter](#) and shall pay the amounts to the
2 respective area education agencies on a monthly basis from
3 September 15 through June 15 during each school year:

4 Sec. 10. Section 257.35, subsection 1, paragraph a, Code
5 2026, is amended by adding the following new subparagraph:

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

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

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

35 Sec. 12. Section 257.36, subsection 1, Code 2026, is amended

1 to read as follows:

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

29 Sec. 13. Section 257.37, Code 2026, is amended to read as
30 follows:

31 **257.37 Funding media and educational services.**

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

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

27 2. Up to thirty percent of the budget of an area for media
 28 services may be expended for media resource material including
 29 the purchase or replacement of material required in section
 30 273.6, subsection 1. Funds shall be paid to area education
 31 agencies as provided in section 257.35.

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

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

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

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

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

23 *b.* [This subsection](#) applies only to media and educational
24 services which cannot be diverted for religious purposes.

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

30 6. For the budget year beginning July 1, 2002, and each
31 succeeding budget year, notwithstanding the requirements of
32 this section for determining the budgets and funding of media
33 services and education services, an area education agency ~~or~~
34 school district may, within the limits of the total of the
35 funds provided for the budget years pursuant to section 257.35,

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

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

8 **257.37A Area education agency salary supplement funding.**

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

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

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

1 that budget year equal to the difference.

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

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

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

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

1 area education agency professional amount for the budget year.

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

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

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

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

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

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

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

34 (3) Determine, following the adoption of the Iowa
35 professional development model by the state board of education,

1 the use and distribution of the professional development
2 funds calculated and paid to the school district or agency as
3 provided in section 257.9, subsection 9A, or section 257.10,
4 subsection 10, based upon school district or agency, attendance
5 center, and individual teacher and professional development
6 plans.

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

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

1 be balanced between school district, attendance center,
2 and individual professional development plans, making every
3 reasonable effort to provide equal access to all teachers.

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

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

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

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

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EXPLANATION

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

This bill modifies provisions related to area education agency funding.

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

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

The bill provides that for the fiscal year beginning July 1, 2026, and each fiscal year thereafter, the department of management is required to deduct the amounts calculated for special education support services, media services, area education agency teacher salary supplement district cost, area

1 education agency professional development supplement district
2 costs, and educational services for each school district from
3 the state aid due to the district pursuant to Code chapter
4 257 and pay the amounts to the respective area education
5 agencies on a monthly basis from September 15 through June 15
6 during each school year. The bill requires the department of
7 management to notify each school district of the amount of
8 state aid deducted for these purposes and the balance of state
9 aid is required to be paid to the district. If a district
10 does not qualify for state aid under Code chapter 257 in an
11 amount sufficient to cover its amount due to the area education
12 agency as calculated by the department of management, the
13 school district is required to pay the deficiency to the area
14 education agency from other moneys received by the district, on
15 a quarterly basis during each school year.

16 Current law provides that, notwithstanding the deduction and
17 payment called for under Code section 257.35(1), the amounts
18 specified for school districts and area education agencies in
19 Code section 257.35(1)(a) for the fiscal year beginning July 1,
20 2025, and each succeeding fiscal year, shall be reduced by the
21 department of management by \$7.5 million. The bill provides
22 that this reduction does not apply to fiscal years after the
23 fiscal year beginning July 1, 2025.

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

35 The bill modifies Code section 257.37A (area education

1 agency salary supplement funding), including by providing that,
2 if the department of management determines that the unadjusted
3 area education agency professional development supplement
4 district cost of an area education agency for a budget year is
5 less than 100 percent of the unadjusted area education agency
6 professional development supplement district cost for the base
7 year for the area education agency, the area education agency
8 shall receive a budget adjustment for that budget year equal
9 to the difference.

10 The bill takes effect upon enactment and applies July 1,
11 2026, for school budget years beginning on or after that date.