SENATE FILE 159
BY COMMITTEE ON EDUCATION

(SUCCESSOR TO SSB 1065)

(As Amended and Passed by the Senate January 28, 2021)

_____ and [= New Language by the Senate

* = Language Stricken by the Senate

A BILL FOR

An Act relating to educational offerings and funding by establishing a student first scholarship program for certain pupils attending nonpublic schools, establishing a student first scholarship fund, providing an income tax exemption, modifying and establishing charter school programs, modifying provisions governing the state's open enrollment law including voluntary diversity plans, modifying the tuition and textbook tax credit, providing for the educator expense deduction, modifying provisions related to education data collection and permissible education programs and funding, making appropriations, providing penalties, and including effective date, applicability, and retroactive applicability provisions.

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

DIVISION I

STUDENT FIRST SCHOLARSHIP PROGRAM

Section 1. Section 256.9, Code 2021, is amended by adding the following new subsection:

NEW SUBSECTION. 63. Adopt rules relating to the administration of and applications for the student first scholarship program pursuant to section 257.11B, including but not limited to application processing timelines and information required to be submitted by a parent or guardian.

Sec. 2. NEW SECTION. **257.11B Student first scholarship program.**

1. *a.* For the school budget year beginning July 1, 2022, and each succeeding school budget year, the following resident pupils who are attending a nonpublic school, as defined in section 285.16, shall be eligible to receive a student first scholarship in the manner provided in this section:

(1) A pupil eligible to enroll in kindergarten who, if enrolled in the pupil's district of residence, would attend a public school identified for comprehensive support and improvement under the federal Every Student Succeeds Act, Pub. L. No. 114-95, or an equivalent objective federal standard.

(2) A pupil eligible to enroll in grade one through grade twelve if the pupil has attended a public school identified for comprehensive support and improvement under the federal Every Student Succeeds Act, Pub. L. No. 114-95, or an equivalent objective federal standard, for the equivalent of the two immediately preceding semesters for which the student first scholarship is requested and if the pupil is not otherwise ineligible under this section.

(3) A pupil who received a student first scholarship for the immediately preceding school budget year, who is eligible to enroll in grade one through grade twelve, and who is not otherwise ineligible under this section.

b. Student first scholarships shall be made available to parents and guardians in the manner authorized under subsection

4, paragraph "c", for the payment of qualified educational expenses as provided in this section.

c. For purposes of this subsection, "*resident*" means the same as defined in section 282.1, subsection 2.

2. *a.* (1) By January 1 preceding the school year for which the student first scholarship is requested, the parent or guardian of the pupil requesting a student first scholarship shall submit an application to the department of education, on application forms developed by the department of education, indicating that the parent or guardian intends to enroll the pupil in a nonpublic school for the entirety of the school year.

(2) In addition to such information deemed appropriate by the department of education, the application shall require certification from the nonpublic school of the pupil's enrollment for the following school year.

b. By February 1 preceding the school year for which the student first scholarship is requested, the department of education shall determine the number of pupils in each school district approved to receive a scholarship for the following school year and shall notify the parent or guardian of each pupil approved for the following school year to receive a scholarship and the amount of the scholarship for the pupil.

c. Student first scholarships shall only be approved for one school year and applications must be submitted annually for student first scholarships in subsequent school years.

3. The department of education shall assign each pupil a student first scholarship in an amount equal to the sum of all the following for the same school budget year:

a. The product of the pupil's weighted enrollment that would otherwise be assigned to the pupil under this chapter if the pupil was enrolled in the pupil's district of residence multiplied by the difference between eighty-seven and five-tenths percent of the regular program state cost per pupil and the statewide average foundation property tax per pupil.

b. The total teacher salary supplement district cost per pupil for the pupil's district of residence.

c. The total professional development supplement district cost per pupil for the pupil's district of residence.

d. The total early intervention supplement district cost per pupil for the pupil's district of residence.

e. The total area education agency teacher salary supplement district cost per pupil for the pupil's district of residence.

f. The total area education agency professional development supplement district cost per pupil for the pupil's district of residence.

g. The total teacher leadership supplement district cost per pupil for the pupil's district of residence.

4. A student first scholarship fund is created in the state treasury under the control of the department of education consisting of moneys appropriated to the department of education for the purpose of providing student first scholarships under this section. For the fiscal year commencing July 1, 2022, and each succeeding fiscal year, there is appropriated from the general fund of the state to the department of education to be credited to the fund the amount necessary to pay all student first scholarships approved for that fiscal year. The director of the department of education has all powers necessary to carry out and effectuate the purposes, objectives, and provisions of this section pertaining to the fund, including the power to do all of the following:

a. Make and enter into contracts necessary for the administration of the fund.

b. Procure insurance against any loss in connection with the assets of the fund or require a surety bond.

c. Contract with a private financial management firm to manage the fund, in collaboration with the treasurer of state, including providing for the disbursement of student first scholarships in the form of an electronic debit card or checks that are payable directly from the pupil's account within the

fund.

d. Conduct audits or other reviews necessary to properly administer the program.

e. Adopt rules for the administration of the fund and accounts within the fund.

5. *a.* For each pupil approved for a student first scholarship, the department of education shall establish an account for that pupil in the student first scholarship fund. The amount of the pupil's student first scholarship shall be deposited into the pupil's account on July 1, and such amount shall be immediately available for the payment of qualified educational expenses incurred by the parent or guardian for the pupil during that fiscal year using the payment method authorized under subsection 4, paragraph "*c*".

b. A nonpublic school that accepts payment from a parent or guardian using funds from a pupil's account in the student first scholarship fund shall not refund, rebate, or share any portion of such payment with the parent, guardian, or pupil.

c. Moneys remaining in a pupil's account upon conclusion of the fiscal year shall remain in the pupil's account in the student first scholarship fund for the payment of qualified educational expenses in future fiscal years during which the pupil participates in the program until the pupil becomes ineligible under the program or until the remaining amounts are transferred to the state general fund under subsection 8.

6. *a.* For purposes of this section, "*qualified educational expenses*" includes tuition and fees at a nonpublic school, textbooks, fees or payments for educational therapies, including tutoring or cognitive skills training, curriculum fees, software, and materials for a course of study for a specific subject matter or grade level, tuition or fees for nonpublic online education programs, tuition for vocational and life skills education approved by the department of education, education materials and services for pupils with disabilities, including the cost of paraprofessionals and assistants who are

trained in accordance with state law, standardized test fees, advanced placement examinations or examinations related to postsecondary education admission or credentialing, qualified education expenses, as defined in section 12D.1, excluding room and board expenses, and other expenses incurred by the parent or guardian that are directly related to the education of the pupil at a nonpublic school, including a nonpublic school accredited by an independent accrediting agency approved by the department of education. The cost of one computer or other portable computing device shall be allowed as a qualified educational expense for a pupil if the computer or portable computing device is used primarily for the education of the pupil and if such a purchase has not been made using funds from that pupil's account in any of the three immediately preceding fiscal years.

b. "*Qualified educational expenses*" does not include transportation costs for the pupil, the cost of food or refreshments consumed by the pupil, the cost of clothing for the pupil, or the cost of disposable materials, including but not limited to paper, notebooks, pencils, pens, and art supplies.

7. *a.* A person who makes a false claim for the purpose of obtaining a student first scholarship provided for in this section or who knowingly receives the scholarship or makes a payment from an account within the student first scholarship fund without being legally entitled to do so is guilty of a fraudulent practice under chapter 714. The false claim for a student first scholarship or a payment from an account shall be disallowed. The department of education shall also close the pupil's account in the student first scholarship fund and transfer any remaining moneys in the account for deposit in the general fund of the state. If the improperly obtained amounts from the scholarship have been disbursed from the applicable account in the student first scholarship fund, the department of education shall recover such amounts from the parent or

guardian, including by initiating legal proceedings to recover such amounts, if necessary. A parent or guardian who commits a fraudulent practice under this section is prohibited from participating in the student first scholarship program in the future.

b. If, prior to the end of the required attendance period of the school year, a pupil who receives a student first scholarship withdraws from enrollment in the nonpublic school or is expelled, the nonpublic school shall notify the department of education in writing of the pupil's withdrawal or expulsion, and the pupil's parent or guardian shall notify the department of education of the pupil's withdrawal or expulsion from the nonpublic school. A pupil's expulsion from the nonpublic school prior to the end of the required attendance period for the school year shall invalidate the pupil's eligibility for the student first scholarship for the school budget year. A pupil's withdrawal from a nonpublic school prior to the end of the required attendance period of the school year shall invalidate the pupil's eligibility for the student first scholarship for the school budget year unless the withdrawal is the result of a change in residence of the pupil and the pupil, following written notice by the parent or guardian and certification by the new nonpublic school to the department of education, enrolls in a different nonpublic school in this state for the remainder of the school year.

c. (1) Upon receipt of a notice of expulsion under paragraph "*b*", the department of education shall close the pupil's account in the student first scholarship fund and transfer any remaining moneys in the account for deposit in the general fund of the state. In addition, if amounts from the scholarship for the school budget year during which the pupil is expelled have been disbursed from the expelled pupil's account in the student first scholarship fund, the department of education shall recover such amounts from the parent or guardian, including by initiating legal proceedings to recover

such amounts, if necessary.

(2) Upon receipt of a notice of withdrawal under paragraph "b" and a determination that the pupil's withdrawal was not the result of a change in residence, the department of education shall cease disbursements of remaining moneys in the pupil's account in the student first scholarship fund, close the pupil's account, and transfer any moneys remaining in the pupil's account for deposit in the general fund of the state. In addition, if amounts from the scholarship for the school budget year during which the withdrawal occurs have been disbursed from the pupil's account in the student first scholarship fund, the department of education shall recover such amounts from the parent or guardian to the extent the amount disbursed exceeds the amount of the scholarship proportionate to the remaining portion of the school year following the withdrawal, including by initiating legal proceedings to recover such amounts, if necessary.

(3) Upon receipt of a notice of withdrawal under paragraph "b" and a determination that the withdrawal was the result of a change in residence but that the pupil did not enroll in a different nonpublic school in this state for the remainder of the school year, the department of education shall cease disbursements of remaining moneys in the pupil's account in the student first scholarship fund, close the pupil's account, and transfer any moneys remaining in the pupil's account for deposit in the general fund of the state.

(4) If a pupil's eligibility is invalidated under the provisions of paragraph "b", the pupil shall be ineligible for a student first scholarship for the following school budget year under subsection 1, paragraph "a", subparagraphs (2) and (3).

8. Moneys remaining in a pupil's account when the pupil graduates from high school or turns twenty-one years of age, whichever occurs first, shall be transferred by the department of education for deposit in the general fund of the state.

9. *a.* A parent may appeal to the state board of education

any administrative decision the department of education makes pursuant to this section, including but not limited to determinations of eligibility, allowable expenses, and removal from the program. The department shall notify the parent or guardian in writing of the appeal process at the same time the department notifies the parent or guardian of the administrative decision. The state board of education shall establish the appeals process consistent with chapter 17A and shall post such appeal process information on the state board of education's internet site.

b. The state board of education shall refer cases of substantial misuse of student first scholarship funds to the attorney general for the purpose of collection or for the purpose of a criminal investigation if the state board of education obtains evidence of fraudulent use of an account.

10. This section shall not be construed to authorize the state or any political subdivision of the state to exercise authority over any nonpublic school or construed to require a nonpublic school to modify its academic standards for admission or educational program in order to receive payment from a parent or guardian using funds from a pupil's account in the student first scholarship fund. A nonpublic school that accepts payment from a parent or guardian using funds from a pupil's account in the student first scholarship fund is not an agent of this state or of a political subdivision of this state. Rules adopted by the department of education to implement this section that impose an undue burden on a nonpublic school are invalid.

Sec. 3. Section 422.7, Code 2021, is amended by adding the following new subsection:

NEW SUBSECTION. 51. Subtract, to the extent included, the amount of a student first scholarship under section 257.11B received by the taxpayer for payment of qualified educational expenses.

Sec. 4. APPLICABILITY. The following applies to school

budget years and fiscal years beginning on or after July 1, 2022:

The section of this division of this Act enacting section 257.11B.

Sec. 5. APPLICABILITY. The following applies to tax years beginning on or after January 1, 2022:

The section of this division of this Act enacting section 422.7, subsection 51.

DIVISION II

CHARTER SCHOOL PROGRAMS

Sec. 6. NEW SECTION. **256E.1 Establishment of charter schools — purpose.**

1. Charter schools shall be part of the state's program of public education.

2. A charter school may be established by either of the following methods:

a. A school board may create a founding group to apply to the state board for approval to establish and operate a charter school within and as a part of the school district by establishing a new attendance center, creating a new school within an existing attendance center, or by converting an existing attendance center to charter status.

b. A founding group may apply to the state board for approval to establish and operate a charter school within the boundaries of the state that operates as a new attendance center independently from a public school district.

3. The purpose of a charter school established pursuant to this chapter shall be to accomplish the following:

a. Improve student learning, well-being, and postsecondary success.

b. Increase learning opportunities for students in areas of need in this state, including but not limited to science, technology, engineering, and math (STEM), and science, technology, engineering, arts, and math (STEAM).

c. Increase opportunities for work-based learning, early

literacy intervention, and serving at-risk populations.

d. Accelerating student learning to prevent learning loss during the COVID-19 pandemic and other significant disruptions to student learning.

e. Encourage the use of evidence-based practices in innovative environments.

f. Require the measurement and evaluation of program implementation and learning outcomes.

g. Establish models of success for Iowa schools.

h. Create new professional opportunities for teachers and other educators.

i. Investigate and establish different organizational structures for schools to use to implement a multi-tiered system of supports for students.

j. Allow greater flexibility to meet the education needs of a diverse student population and changing workforce needs.

k. Allow for the flexible allocation of resources through implementation of specialized school budgets for the benefit of the schools served.

l. Allow greater flexibility for districts and schools to focus on closing gaps in student opportunity and achievement for all students from preschool through postsecondary preparation.

4. The state board of education shall be the only authorizer of charter schools under this chapter.

Sec. 7. NEW SECTION. **256E.2 Definitions.**

As used in this chapter, unless the context otherwise requires:

1. *"Attendance center"* means a school building that contains classrooms used for instructional purposes for elementary, middle, or secondary school students.

2. *"Charter school"* means a school established in accordance with this chapter.

3. *"Department"* means the department of education.

4. *"Education service provider"* means an education

management organization, charter school management organization, or other person with whom a charter school contracts for educational program implementation or comprehensive management.

5. "*Founding group*" means a person, group of persons, or education service provider that develops and submits an application for a charter school to the state board under this chapter.

6. "*Governing board*" means the independent board of a charter school whose members are elected or selected pursuant to the charter school contract.

7. "*School board*" means a board of directors regularly elected by the registered voters of an accredited public school district.

8. "*State board*" means the state board of education.

Sec. 8. NEW SECTION. **256E.3 Department — duty to monitor.**

The department shall monitor the effectiveness of charter schools and shall implement the applicable provisions of this chapter.

Sec. 9. NEW SECTION. **256E.4 School board-state board model.**

1. A school board may create a founding group to apply to the state board for approval to establish and operate a charter school within and as a part of the school district by establishing a new attendance center, creating a new school within an existing attendance center, or by converting an existing attendance center. The application shall demonstrate the founding group's academic and operational vision and plans for the proposed charter school, demonstrate the founding group's capacity to execute the vision and plans, and provide the state board a clear basis for assessing the founding group's plans and capacity.

2. The state board shall adopt rules to establish appropriate application timelines and deadlines for the submission of charter school applications under this section.

3. The instructions for completing an application shall

include or otherwise inform applicants of all of the following:

a. The performance framework adopted by the state board for charter school oversight and evaluation requirements in accordance with sections 256E.9 and 256E.10.

b. The criteria the state board will use in evaluating applications.

c. The requirements concerning the format and content essential for applicants to demonstrate the capacities necessary to establish and operate a successful charter school.

4. An application submitted under this section shall also include all of the following items related to the proposed charter school:

a. An executive summary.

b. The mission and vision of the proposed charter school, including identification of the targeted student population and the community the charter school intends to serve.

c. The location of the proposed charter school or the proposed geographic area within the school district where the school is proposed to be located.

d. Identification of the grades to be served each school year during the duration of the charter school contract.

e. Minimum, planned, and maximum enrollment per grade for each school year during the duration of the charter school contract.

f. Evidence of need and community support for the proposed charter school.

g. Background information on the members of the founding group and background information on the governing board, administration, and management personnel of the proposed charter school, if available.

h. The charter school's proposed operations calendar and sample daily schedule.

i. A description of the academic program and identification of ways the program aligns with state academic standards.

j. A description of the charter school's instructional

model, including the type of learning environment, class size and structure, curriculum overview, and teaching methods.

k. The charter school's plan for using internal and external assessments to measure and report student progress on the performance framework in accordance with section 256E.9.

l. Plans for identifying and serving students with disabilities, students who are limited English proficient, students who are academically failing or below grade level, and gifted students, including but not limited to compliance with applicable laws and regulations.

m. A description of cocurricular and extracurricular programs and how the programs will be funded and delivered.

n. Plans and timelines for student recruitment, enrollment, and transfers, including enrollment preferences and procedures for conducting transparent admissions selections, including admissions lotteries.

o. The proposed code of student conduct, including applicable procedures and disciplinary sanctions for both general students and special education students.

p. A chart or description of the charter school's organizational structure and the duties and powers of each position or group, including the delineation of authority and reporting between the governing board, administration, staff, and any related bodies or external organizations that have a role in managing the charter school.

q. A staffing chart for the charter school's first year and a staffing plan for the duration of the charter school contract.

r. Plans for recruiting and developing school administrators, staff, and governing board members and the charter school's employment policies, including performance evaluation plans.

s. Proposed governing bylaws for the charter school.

t. Identification and explanation of any partnerships or contractual relationships with the founding group or any of the

founding group or school board's members that are related to the charter school's operations or mission.

u. The charter school's plans for providing transportation services, food service, and all other operational or ancillary services.

v. Proposed opportunities and expectations for parent involvement.

w. A detailed school start-up plan and five-year plan, including all relevant assumptions used, identifying timelines for charter school finances, budget, and insurance coverage, facility construction, preparation, and contingencies, and the identification of persons or positions responsible for each such item.

x. Evidence of anticipated fundraising contributions, if any.

y. Evidence of the founding group's success in serving student populations similar to that which is proposed in the application and if the founding group operates other charter schools, evidence of past performance of such other charter schools and evidence of the founding group's capacity for an additional charter school.

z. A description of the proposed charter school's staff performance evaluation measures and compensation structure, methods of contract oversight and dispute resolution, investment disclosures, and conflicts of interest.

aa. A proposed duration and outline of the charter school contract, including designation of roles, authority, and duties of the governing board and the charter school staff.

5. If the founding group proposes to establish a charter school by converting an existing attendance center of the school district, the state board shall not approve the application unless the founding group submits evidence that the attendance center's teachers and parents or guardians of students enrolled at the existing attendance center voted in favor of the conversion. A vote in favor of conversion under

this subsection requires the support of a majority of the teachers employed at the school on the date of the vote and a majority of the parents or guardians voting whose children are enrolled at the school, provided that a majority of the parents or guardians eligible to vote participate in the ballot process. The state board shall establish procedures by rule for voting under this subsection. A parent or guardian voting in accordance with this subsection must be a resident of this state.

6. In reviewing and evaluating charter school applications, the state board shall employ procedures, practices, and criteria consistent with nationally recognized principles and standards for reviewing charter school applications. Each application review shall include thorough evaluation of the written application, an in-person interview with the founding group, and an opportunity in a public forum for local residents to learn about and provide input on each application.

7. Following review of a charter school application and completion of the process required under subsection 6, the state board shall do all of the following:

a. Approve a charter school application only if the founding group has demonstrated competence in each element of the approval criteria and if the founding group is likely to open and operate a successful charter school.

b. Make application decisions on documented evidence collected through the application review process.

c. Adhere to the policies and criteria that are transparent, based on merit, and avoid conflicts of interest or any appearance thereof.

8. The state board shall approve a charter school application if the application satisfies the requirements of this chapter. The state board shall approve or deny a charter school application no later than seventy-five calendar days after the application is received. If the state board denies an application, the state board shall provide notice of denial

to the founding group in writing within thirty days after the state board's action. The notice shall specify the exact reasons for denial and provide documentation supporting those reasons. An approval decision may include, if appropriate, reasonable conditions that the founding group must meet before a charter school contract may be executed pursuant to section 256E.6. An approved charter application shall not serve as a charter school contract.

9. A decision of the state board relating to an application under this section is not appealable.

10. An unsuccessful applicant under this section may subsequently reapply to the state board.

Sec. 10. NEW SECTION. **256E.5 Founding group-state board model.**

1. A founding group may apply to the state board for approval to establish and operate a charter school within the boundaries of the state that operates as a new attendance center independently from a public school district. The application shall demonstrate the founding group's academic and operational vision and plans for the proposed charter school, demonstrate the founding group's capacity to execute the vision and plans, and provide the state board a clear basis for assessing the founding group's plans and capacity.

2. The state board shall adopt rules to establish appropriate application timelines and deadlines for the submission of charter school applications under this section.

3. The instructions for completing an application shall include or otherwise inform applicants of all of the following:

a. The performance framework adopted by the state board for charter school oversight and evaluation requirements in accordance with sections 256E.9 and 256E.10.

b. The criteria the state board will use in evaluating applications.

c. The requirements concerning the format and content essential for applicants to demonstrate the capacities

necessary to establish and operate a successful charter school.

4. The applications submitted under this section shall also include all of the following items related to the proposed charter school:

a. An executive summary.

b. The mission and vision of the proposed charter school, including identification of the targeted student population and the community the school intends to serve.

c. The location of the proposed charter school or the proposed geographic area within the state where the school is proposed to be located.

d. Identification of the grades to be served each school year during the duration of the charter school contract.

e. Minimum, planned, and maximum enrollment per grade for each school year during the duration of the charter school contract.

f. Evidence of need and community support for the proposed charter school.

g. Background information on the members of the founding group and background information on the governing board, administration, and management personnel of the proposed charter school, if available.

h. The charter school's proposed operations calendar and sample daily schedule.

i. A description of the academic program and identification of ways the program aligns with state academic standards.

j. A description of the charter school's instructional model, including the type of learning environment, class size and structure, curriculum overview, and teaching methods.

k. The charter school's plan for using internal and external assessments to measure and report student progress on the performance framework in accordance with section 256E.9.

l. Plans for identifying and serving students with disabilities, students who are limited English proficient, students who are academically failing or below grade level, and

gifted students, including but not limited to compliance with applicable laws and regulations.

m. A description of cocurricular and extracurricular programs and how the programs will be funded and delivered.

n. Plans and timelines for student recruitment, enrollment, and transfers, including enrollment preferences and procedures for conducting transparent admissions selections, including admissions lotteries.

o. The proposed code of student conduct, including applicable procedures and disciplinary sanctions for both general students and special education students.

p. A chart or description of the charter school's organizational structure and the duties and powers of each position or group, including the delineation of authority and reporting between the governing board, staff, and any related bodies or external organizations that have a role in managing the charter school.

q. A staffing chart for the charter school's first year and a staffing plan for the duration of the charter school contract.

r. Plans for recruiting and developing school administrators, staff, and governing board members and the charter school's employment policies, including performance evaluation plans.

s. Proposed governing bylaws for the charter school.

t. Identification and explanation of any partnerships or contractual relationships with an education service provider that are related to the charter school's operations or mission.

u. The charter school's plans for providing transportation services, food service, and all other operational or ancillary services.

v. Proposed opportunities and expectations for parent involvement.

w. A detailed school start-up plan and five-year plan, including all relevant assumptions used, identifying timelines

for charter school finances, budget, and insurance coverage, facility construction, preparation, and contingencies, and the identification of persons or positions responsible for each such item.

x. Evidence of anticipated fundraising contributions, if any.

y. If the application includes a proposal that the governing board contracts with an education service provider, evidence of the education service provider's success in serving student populations similar to that which is proposed in the application and if the education service provider operates other charter schools, evidence of past performance of such other charter schools and evidence of the education service provider's capacity for growth.

z. If the application includes a proposal that the governing board contracts with an education service provider, a description of the education service provider's staff performance evaluation measures and compensation structure, methods of contract oversight and dispute resolution, investment disclosures and conflicts of interest.

aa. A proposed duration and outline of the charter school contract, including designation of roles, authority, and duties of the governing board and the charter school staff.

5. In reviewing and evaluating charter school applications, the state board shall employ procedures, practices, and criteria consistent with nationally recognized principles and standards for reviewing charter school applications. Each application review shall include thorough evaluation of the written application, an in-person interview with the applicant, and an opportunity in a public forum for local residents of the public school district within which the applicant proposes to locate the charter school to learn about and provide input on each application.

6. Following review of a charter school application and completion of the process required under subsection 5, the

state board shall do all of the following:

a. Approve a charter school application only if the applicant has demonstrated competence in each element of the state board's published approval criteria and the applicant is likely to open and operate a successful charter school.

b. Make application decisions on documented evidence collected through the application review process.

c. Adhere to the policies and criteria that are transparent, based on merit, and avoid conflicts of interest or any appearance thereof.

7. A charter school application under this section shall not be approved if the founding group has another pending application under this section.

8. The state board shall approve a charter school application if the application satisfies the requirements of this chapter. The state board shall approve or deny a charter school application no later than seventy-five calendar days after the application is received. If the state board denies an application, the state board shall provide notice of denial to the applicant in writing within thirty days after board action. The notice shall specify the exact reasons for denial and provide documentation supporting those reasons. An approval decision may include, if appropriate, reasonable conditions that the applicant must meet before a charter school contract may be executed pursuant to section 256E.6. An approved charter application shall not serve as a charter school contract.

9. An unsuccessful charter school applicant may subsequently reapply to the state board.

10. A decision of the state board relating to an application under this section is not appealable.

Sec. 11. NEW SECTION. **256E.6 Charter school contract.**

1. Within the later of thirty days following approval of a charter school application or upon the satisfaction of all reasonable conditions imposed on the applicant in the charter

school approval, if any, an enforceable and renewable charter school contract shall be executed between the founding group and the state board setting forth the academic and operational performance expectations and measures by which the charter school will be evaluated pursuant to sections 256E.9 and 256E.10 and the other rights and duties of the parties.

2. An initial charter school contract shall be granted for a term of ten school budget years. The charter school contract shall include the beginning and ending dates of the charter school contract term. An approved charter school may delay its opening for a period of time not to exceed one school year in order to plan and prepare for the charter school's opening. If the charter school requires an opening delay of more than one school year, the charter school may request an extension from the state board.

3. Each charter school contract shall be signed by the president of the state board and the president or appropriate officer of the governing body of the founding group.

4. Within fifteen days of the execution of a charter school contract entered into by the state board, the state board shall notify the department and the department of management of the name of the charter school and any applicable education service provider, the proposed location of the charter school, and the charter school's first year projected enrollment.

5. A charter school approved under this chapter shall not commence operations without a valid charter school contract executed in accordance with this section and approved in an open session of the state board.

6. The contract may provide for requirements or conditions to govern and monitor the start-up progress of an approved charter school prior to the opening of the charter school including but not limited to conditions to ensure that the charter school meets all building, health, safety, insurance, and other legal requirements.

7. A charter school contract may be amended to govern

multiple charter schools operated by the same applicant and approved by the state board. However, each charter school that is part of a charter school contract shall be separate and distinct from any other charter school governed by the contract.

Sec. 12. NEW SECTION. **256E.7 General operating powers and duties.**

1. In order to fulfill the charter school's public purpose, a charter school established under this chapter shall be organized as a nonprofit education organization and shall have all the powers necessary for carrying out the terms of the charter school contract including but not limited to the following, as applicable:

a. Receive and expend funds for charter school purposes.

b. Secure appropriate insurance and enter into contracts and leases.

c. Contract with an education service provider for the management and operation of the charter school so long as the governing board retains oversight authority over the charter school.

d. Incur debt in anticipation of the receipt of public or private funds.

e. Pledge, assign, or encumber the charter school's assets to be used as collateral for loans or extensions of credit.

f. Solicit and accept gifts or grants for charter school purposes unless otherwise prohibited by law or by the terms of its charter school contract.

g. Acquire from public or private sources real property for use as a charter school or a facility directly related to the operations of the charter school.

h. Sue and be sued in the charter school's own name.

i. Operate an education program that may be offered by any noncharter public school or school district.

2. A charter school established under this chapter is exempt from all state statutes and rules and any local rule,

regulation, or policy, applicable to a noncharter school, except that the charter school shall do all of the following:

a. Meet all applicable federal, state, and local health and safety requirements and laws prohibiting discrimination on the basis of race, creed, color, sex, sexual orientation, gender identity, national origin, religion, ancestry, or disability. If approved under section 256E.4, the charter school shall be subject to any court-ordered desegregation in effect for the school district at the time the charter school application is approved, unless otherwise specifically provided for in the desegregation order.

b. Operate as a nonsectarian, nonreligious school.

c. Be free of tuition and application fees to Iowa resident students between the ages of five and twenty-one years.

d. Be subject to and comply with chapters 216 and 216A relating to civil and human rights.

e. Provide special education services in accordance with chapter 256B.

f. Be subject to the same financial audits, audit procedures, and audit requirements as a school district. The audit shall be consistent with the requirements of sections 11.6, 11.14, 11.19, and 279.29, and section 256.9, subsection 20, except to the extent deviations are necessary because of the program at the school. The department, the auditor of state, or the legislative services agency may conduct financial, program, or compliance audits.

g. Be subject to and comply with the provisions of chapter 285 relating to the transportation of students.

h. Be subject to and comply with the requirements of section 256.7, subsection 21, and the educational standards of section 256.11, unless specifically waived by the state board during the application process.

i. Provide instruction for at least the number of days or hours required by section 279.10, subsection 1, unless specifically waived by the state board as part of the

application process.

j. Comply with the requirements of this chapter.

3. A charter school shall employ or contract with teachers as defined in section 272.1, who hold valid licenses with an endorsement for the type of instruction or service for which the teachers are employed or under contract.

4. A charter school shall not discriminate in its student admissions policies or practices on the basis of intellectual or athletic ability, measures of achievement or aptitude, or status as a person with a disability. However, a charter school may limit admission to students who are within a particular range of ages or grade levels or on any other basis that would be legal if initiated by a school district. Enrollment priority shall be given to the siblings of students enrolled in a charter school.

5. A charter school shall enroll an eligible student who submits a timely application unless the number of applications exceeds the capacity of a program, class, grade level, or building. In this case, students must be accepted by lot. Upon enrollment of an eligible student, the charter school shall notify the public school district of residence not later than March 1 of the preceding school year.

6. Each charter school governing board shall be required to adopt a conflict of interest policy and a code of ethics for all board members and employees.

7. Each charter school governing board shall adopt a policy regarding the hiring of family members to avoid nepotism in hiring and supervision. The policy shall include but is not limited to a disclosure to the governing board of potential nepotism in hiring and supervision. Any person subject to the policy with a conflict shall not be involved in the hiring decision or supervision of a potential employee.

8. Individuals compensated by an education service provider are prohibited from serving as a voting member on the governing board of any charter school unless the state board waives such

prohibition.

9. If the charter school is operated by an education service provider, the governing board of the charter school shall have access to all records of the education service provider that are necessary to evaluate any provision of the contract or evaluate the education service provider's performance under the contract.

Sec. 13. NEW SECTION. **256E.8 Funding.**

1. Each student enrolled in a charter school established under this chapter shall be counted, for state school foundation purposes, in the student's district of residence pursuant to section 257.6, subsection 1, paragraph "a", subparagraph (9). For purposes of this section, residence means a residence under section 282.1.

2. The school district of residence shall pay to the charter school in which the student is enrolled in the manner required under section 282.18, subsection 7, and pursuant to the timeline in section 282.20, subsection 3, an amount equal to the sum of the state cost per pupil for the previous school year plus the teacher leadership supplement state cost per pupil for the previous fiscal year as provided in section 257.9 plus any moneys received for the pupil as a result of the non-English speaking weighting under section 280.4, subsection 3, for the previous school year multiplied by the state cost per pupil for the previous year. If a student is an eligible pupil under section 261E.6, the charter school shall pay the tuition reimbursement amount to an eligible postsecondary institution as provided in section 261E.7.

3. If necessary, and pursuant to rules adopted by the state board, funding amounts required under this section for the first school year of a new charter school shall be based on enrollment estimates for the charter school included in the charter school contract. Initial amounts paid using estimated enrollments shall be reconciled during the subsequent payment based on actual enrollment of the charter school during the

first school year.

Sec. 14. NEW SECTION. **256E.9 Performance framework.**

1. The performance provisions within the charter school contract shall be based on a performance framework adopted by the state board that clearly sets forth the academic and operational performance indicators, measures, and metrics that will guide the evaluation of the charter school by the state board, without compromising individual student privacy. The performance framework shall include but is not limited to indicators, measures, and metrics for all of the following:

a. Student academic proficiency.

b. Student academic growth.

c. Achievement gaps in both proficiency and growth between specified populations or groups of students, including groups based on gender, race, poverty, special education status, limited English proficiency, and gifted status.

d. Attendance.

e. Enrollment attrition.

f. Postsecondary readiness for students in grades nine through twelve.

g. Goals specified in the charter school's mission.

h. Financial performance and sustainability.

i. Governing board performance and stewardship, including compliance with all applicable laws, regulations, and terms of the charter contract.

2. Annual performance targets shall be agreed upon between each charter school and the state board. Such performance targets shall be contained in the charter school contract and shall be designed to help each charter school meet applicable federal, state, and local standards. The performance targets contained in the charter school contract may be amended by mutual agreement after the charter school is operating and has collected initial achievement data for the charter school's students.

3. The state board is responsible for collecting,

analyzing, and reporting all data from state assessments and other state data sources in accordance with the performance framework. However, all efforts shall be made by all parties to the charter school contract to eliminate or reduce duplicative data reporting requirements.

4. Multiple charter schools operating under a single charter school contract shall be required to report their performance data as separate, individual schools, with each charter school held independently accountable for performance.

5. Each charter school established under this chapter shall be evaluated and graded by the department pursuant to the attendance center performance ranking system developed and adopted by the department.

Sec. 15. NEW SECTION. **256E.10 Oversight — corrective action — contract renewal — revocation.**

1. The state board shall monitor the performance and compliance of each charter school the state board approves, including collecting and analyzing data according to the charter school contract in order to meet the requirements of this chapter. Such oversight may include inquiries and investigation of the charter school so long as the activities are consistent with the intent of this chapter, adhere to the terms of the charter school contract, and do not unduly inhibit the autonomy granted to the charter school. Any performance report resulting from an inquiry or investigation under this section shall, upon conclusion of such action, be included in the annual report required under section 256E.12.

2. As part of the charter school contract, the charter school may be required to submit an annual report to assist the state board in evaluating the charter school's performance and compliance with the performance framework.

3. If a charter school's performance under the charter school contract or compliance with applicable laws or rules is unsatisfactory, the state board shall notify the charter school of the perceived problem and provide reasonable opportunity for

the school to remedy the problem, unless the problem warrants revocation, in which case the revocation provisions of this section apply.

4. The state board may take appropriate corrective actions or impose sanctions, other than revocation, in response to deficiencies in the charter school's performance or compliance with applicable laws and rules. Such actions or sanctions may include requiring the charter school to develop and execute a corrective action plan within a specified time period.

5. A charter school contract may be renewed for periods of time not to exceed an additional ten years.

6. Annually, by June 30, the state board shall issue a charter school performance report and charter school contract renewal application guidance to each charter school whose charter school contract will expire during the following school budget year. The performance report shall summarize the charter school's performance record to date based on the data required by the charter school contract and by this chapter and shall identify concerns that may jeopardize renewal of the charter school contract if not remedied. The charter school shall have sixty days to respond to the performance report and submit any corrections or clarifications for the report.

7. The renewal application guidance shall, at a minimum, include the criteria that will be used when assessing charter school contract renewal decisions and provide an opportunity for the charter school to:

a. Present additional evidence, beyond the data contained in the performance report.

b. Describe improvements undertaken or planned for the charter school.

c. Describe the charter school's plans, including any proposed modifications, for the next charter school contract term.

8. No later than October 1, the governing board of a charter school seeking renewal shall submit a renewal application to

the state board pursuant to the renewal application guidance. A renewal or denial shall be approved by resolution of the state board within sixty days following the filing of the renewal application.

9. Unless eligible for expedited renewal under subsection 13, when reviewing a charter school contract renewal application, the state board shall do all of the following:

a. Use evidence of the school's performance over the term of the charter school contract in accordance with the applicable performance framework.

b. Ensure that data used in making renewal decisions is available to the charter school and the public.

c. Provide a report summarizing the evidence that served as a basis for the decision.

10. A charter school contract may be revoked at any time or not renewed if the state board determines that the charter school did any of the following:

a. Committed a material violation of any of the terms, conditions, standards, or procedures required under the charter school contract or this chapter.

b. Failed to meet or make sufficient progress toward the performance expectations set forth in the charter school contract.

c. Failed to meet generally accepted standards of fiscal management.

d. Violated a provision of law from which the charter school was not exempted.

11. The state board shall develop charter school contract revocation and nonrenewal standards and procedures that do all of the following:

a. Provide the charter school with a timely notice of the possibility of revocation or nonrenewal and of the reasons therefor.

b. Allow the charter school a reasonable period of time in which to prepare a response to any notice received.

c. Provide the charter school an opportunity to submit documents and give testimony challenging the decision to revoke the charter school contract or the decision to not renew the contract.

d. Allow the charter school the opportunity to hire legal representation and to call witnesses.

e. Permit the audio or video recording of such proceedings described in paragraphs *"c"* and *"d"*.

f. Require a final decision to be conveyed in writing to the charter school.

12. A decision to revoke or to not renew a charter school contract shall be by resolution of the state board and shall clearly state the reasons for the revocation or nonrenewal.

13. If a charter school has been evaluated and graded to be in the exceptional category, or the highest rated category under a succeeding evaluation system, under the evaluation and grading required under section 256E.9, subsection 5, for the immediately preceding two school years, and the charter school is in compliance with the current charter school contract and all provisions of this chapter, the charter school's application renewal under subsection 8 shall be renewed for an additional period of time equal to the length of the original charter school contract or the most recent renewal of the contract, whichever is longer, unless the state board provides written notice to the charter school of the state board's rejection of the expedited renewal within sixty days of the filing of the application. The state board shall not reject an expedited renewal application unless the state board finds exceptional circumstances for the rejection or seeks material changes to the charter school contract.

Sec. 16. NEW SECTION. **256E.11 Procedures for charter school closure — student enrollment.**

1. Prior to any charter school closure decision, the state board shall develop a charter school closure protocol to ensure timely notice to parents and guardians, provide for the orderly

transition of students and student records to new schools, and to provide proper disposition of school funds, property, and assets in accordance with the requirements of this chapter. The protocol shall specify required actions and timelines and identify responsible parties for each such action.

2. In the event of a charter school closure, the assets of the charter school shall be used first to satisfy outstanding payroll obligations for employees of the school, then to creditors of the school, then to the public school district in which the charter school operated, if applicable, and then to the state general fund. If the assets of the charter school are insufficient to pay all obligations of the charter school, the prioritization of the distribution of assets shall be consistent with this subsection and otherwise determined by the district court.

Sec. 17. NEW SECTION. **256E.12 Reports.**

1. Each charter school shall prepare and file an annual report with the department. The department shall prescribe by rule the required contents of the report, but each such report shall include information regarding student achievement, including annual academic growth and proficiency, graduation rates, and financial performance and sustainability. The reports are public records and the examination, publication, and dissemination of the reports are governed by the provisions of chapter 22.

2. The state board shall prepare and file with the general assembly by December 1, annually, a comprehensive report with findings and recommendations relating to the charter school program in the state and whether the charter school program under this chapter is meeting the goals and purposes of the program. The report also shall contain, for each charter school, a copy of the charter school's mission statement, attendance statistics and dropout rate, aggregate assessment test scores, projections of financial stability, and the number and qualifications of teachers and administrators.

Sec. 18. Section 256F.3, Code 2021, is amended by adding the following new subsection:

NEW SUBSECTION. 8A. The state board shall not approve a new charter school under this chapter on or after July 1, 2021.

Sec. 19. NEW SECTION. **256F.12 Operation of existing charter schools.**

Charter schools established under this chapter prior to July 1, 2021, shall continue to operate under and be subject to the requirements of this chapter and shall not be subject to chapter 256E.

Sec. 20. Section 257.6, subsection 1, paragraph a, Code 2021, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (9) Resident pupils enrolled in a charter school under chapter 256E or 256F.

Sec. 21. Section 257.31, subsection 5, paragraph d, Code 2021, is amended to read as follows:

d. The closing of a nonpublic school, wholly or in part, or the opening or closing of a ~~pilot~~ charter school.

Sec. 22. Section 282.9, subsection 1, Code 2021, is amended to read as follows:

1. Notwithstanding sections ~~275.55A,~~ 256E.7, 256F.4, 275.55A, and 282.18, or any other provision to the contrary, prior to knowingly enrolling an individual who is required to register as a sex offender under chapter 692A, but who is otherwise eligible to enroll in a public school, the board of directors of a school district shall determine the educational placement of the individual. Upon receipt of notice that a student who is enrolled in the district is required to register as a sex offender under chapter 692A, the board shall determine the educational placement of the student. The tentative agenda for the meeting of the board of directors at which the board will consider such enrollment or educational placement shall specifically state that the board is considering the enrollment or educational placement of an individual who is required to register as a sex offender under chapter 692A. If the

individual is denied enrollment in a school district under this section, the school district of residence shall provide the individual with educational services in an alternative setting.

Sec. 23. Section 282.18, subsection 4, paragraph b, Code 2021, is amended to read as follows:

b. For purposes of this section, *"good cause"* means a change in a child's residence due to a change in family residence, a change in the state in which the family residence is located, a change in a child's parents' marital status, a guardianship or custody proceeding, placement in foster care, adoption, participation in a foreign exchange program, or participation in a substance abuse or mental health treatment program, a change in the status of a child's resident district such as removal of accreditation by the state board, surrender of accreditation, or permanent closure of a nonpublic school, revocation of a charter school contract as provided in section 256E.10 or 256F.8, the failure of negotiations for a whole grade sharing, reorganization, dissolution agreement or the rejection of a current whole grade sharing agreement, or reorganization plan. If the good cause relates to a change in status of a child's school district of residence, however, action by a parent or guardian must be taken to file the notification within forty-five days of the last board action or within thirty days of the certification of the election, whichever is applicable to the circumstances.

DIVISION III

VOLUNTARY DIVERSITY PLANS

Sec. 24. Section 256F.4, subsection 2, paragraph a, unnumbered paragraph 1, Code 2021, is amended to read as follows:

Meet all applicable federal, state, and local health and safety requirements and laws prohibiting discrimination on the basis of race, creed, color, sex, sexual orientation, gender identity, national origin, religion, ancestry, or disability. A charter school or innovation zone school ~~shall be~~ under this

chapter located within the boundaries of a school district subject to ~~any~~ court-ordered desegregation ~~plan in effect for the school district~~ at the time the charter school or innovation zone school application is approved shall be subject to the desegregation order unless otherwise specifically provided for in the desegregation order.

Sec. 25. Section 282.18, subsections 3 and 6, Code 2021, are amended to read as follows:

3. *a.* The superintendent of a district subject to ~~a voluntary diversity or~~ court-ordered desegregation ~~plan, as recognized by rule of the state board of education,~~ may deny a request for transfer under this section if the superintendent finds that enrollment or release of a pupil will adversely affect the district's implementation of the desegregation order ~~or diversity plan~~, unless the transfer is requested by a pupil whose sibling is already participating in open enrollment to another district, or unless the request for transfer is submitted to the district in a timely manner as required under subsection 2 prior to implementation of the ~~adoption of a~~ desegregation ~~plan~~ order by the district. If a transfer request would facilitate implementation of a ~~voluntary diversity or court-ordered~~ desegregation ~~plan~~ order, the district shall give priority to granting the request over other requests.

b. A parent or guardian~~,~~ whose request has been denied because of the district's implementation of ~~a~~ the desegregation order ~~or diversity plan,~~ may appeal the decision of the superintendent to the board of the district in which the request was denied. The board may either uphold or overturn the superintendent's decision. A decision of the board to uphold the denial of the request is subject to appeal to the district court in the county in which the primary business office of the district is located. ~~The state board of education shall adopt rules establishing definitions, guidelines, and a review process for school districts that~~

~~adopt voluntary diversity plans. The guidelines shall include criteria and standards that school districts must follow when developing a voluntary diversity plan. The department of education shall provide technical assistance to a school district that is seeking to adopt a voluntary diversity plan. A school district implementing a voluntary diversity plan prior to July 1, 2008, shall have until July 1, 2009, to comply with guidelines adopted by the state board pursuant to this section.~~

c. The board of directors of a school district subject to ~~voluntary diversity or~~ court-ordered desegregation shall develop a policy for implementation of open enrollment in the district. The policy shall contain objective criteria for determining when a request would adversely impact the desegregation order ~~or voluntary diversity plan~~ and criteria for prioritizing requests that do not have an adverse impact on the order ~~or plan~~.

6. A request under this section is for a period of not less than one year. If the request is for more than one year and the parent or guardian desires to have the pupil enroll in a different district, the parent or guardian may petition the current receiving district by March 1 of the previous school year for permission to enroll the pupil in a different district for a period of not less than one year. Upon receipt of such a request, the current receiving district board may act on the request to transfer to the other school district at the next regularly scheduled board meeting after the receipt of the request. The new receiving district shall enroll the pupil in ~~a school in~~ the district unless there is insufficient classroom space in the district or ~~unless~~ the district is subject to court-ordered desegregation and enrollment of the pupil would adversely affect ~~the court-ordered or voluntary~~ implementation of the desegregation ~~plan of the district~~ order. A denial of a request to change district enrollment within the approved period is not subject to appeal. However, a pupil who has been in attendance in another district under this section may return

to the district of residence and enroll at any time, once the parent or guardian has notified the district of residence and the receiving district in writing of the decision to enroll the pupil in the district of residence.

Sec. 26. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

DIVISION IV

EDUCATION INFORMATION, PROGRAM STANDARDS, AND FUNDING

Sec. 27. Section 22.7, subsection 1, Code 2021, is amended to read as follows:

1. Personal information in records regarding a student, prospective student, or former student maintained, created, collected or assembled by or for a school corporation or educational institution maintaining such records. This subsection shall not be construed to prohibit a postsecondary education institution from disclosing to a parent or guardian information regarding a violation of a federal, state, or local law, or institutional rule or policy governing the use or possession of alcohol or a controlled substance if the child is under the age of twenty-one years and the institution determines that the student committed a disciplinary violation with respect to the use or possession of alcohol or a controlled substance regardless of whether that information is contained in the student's education records. This subsection shall not be construed to prohibit a school corporation or educational institution from transferring student records electronically to the department of education, an accredited nonpublic school, an attendance center, a school district, or an accredited postsecondary institution in accordance with section 256.9, subsection ~~44~~ 11.

Sec. 28. Section 256.9, subsection 11, Code 2021, is amended by striking the subsection and inserting in lieu thereof the following:

11. *a.* Approve, coordinate, and supervise the use of electronic data and information processing by school districts,

area education agencies, and merged areas, including the procurement or development of a single, comprehensive, statewide, student information system that is required to be used by all school districts, accredited nonpublic schools, and area education agencies.

b. (1) The student information system procured or developed shall be designed for the purpose of establishing standardized electronic data collections and reporting protocols that facilitate compliance with state and federal reporting requirements, improve school-to-school and district-to-district information exchanges, and maintain the confidentiality of individual student and staff data.

(2) The system shall provide for the electronic transfer of individual student records between attendance centers, school districts, accredited nonpublic schools, area education agencies, postsecondary institutions, merged areas, and the department.

(3) The system shall be designed to ensure compatibility with other information or data management systems used or maintained by postsecondary institutions and merged areas as required by law.

c. The director shall, to the extent practicable, establish a uniform coding and reporting system as part of the student information system.

d. The department shall pay for the procurement or development of the student information system and shall pay for at least the first year of statewide implementation, after which the cost of operating the system may be funded through the collection of a fee by the department from each school district and accredited nonpublic school. The amount of the fee shall be based on a per-student rate, not to exceed seven dollars per student for the first year of the fee and set to raise an amount equal to the actual cost of the electronic data collection system minus administrative costs of the department related to the system. If the cost of the system

is funded through collection of a fee by the department, after consultation with stakeholders, the department shall adopt by rule the per student fee for subsequent years based on the actual cost of the electronic data collection system minus administrative costs of the department.

e. The student information system shall only be used for the purpose of collecting information from school districts, accredited nonpublic schools, and area education agencies required by state or federal law or for preparation of state or federal reports.

f. A school district, accredited nonpublic school, or area education agency shall not duplicate the collection of any information in the student information system.

Sec. 29. Section 256.9, subsection 44, Code 2021, is amended by striking the subsection.

Sec. 30. Section 256.11, subsection 8, Code 2021, is amended by striking the subsection and inserting in lieu thereof the following:

8. *a.* The state board shall establish a flexible student and school support program to be administered by the director. Under the program, upon request of the board of directors of a public school district or the authorities in charge of an accredited nonpublic school, the director may, for a period not to exceed three years, grant the applicable board of directors or the authority in charge of the nonpublic school the ability to use the flexible student and school support program to implement evidence-based practices in innovative ways to enhance student learning, well-being, and postsecondary success.

b. Approval to participate in the flexible student and school support program shall exempt the school district or nonpublic school from one or more of the requirements of the educational program specified in subsection 3, 4, or 5, subsection 6, paragraph "*b*" or "*c*", subsection 7, paragraph "*b*" or "*c*", or the minimum school calendar requirements in section

279.10, subsection 1. An exemption shall be granted only if the director deems that the request made is an essential part of an educational program to support student learning, well-being, and postsecondary success; is necessary for the success of the program; and is broadly consistent with the intent of the requirements of the educational program specified in subsection 3, 4, or 5, subsection 6, paragraph "b" or "c", subsection 7, paragraph "b" or "c", or the minimum school calendar requirements in section 279.10, subsection 1.

c. Approval to participate in the flexible student and school support program shall include authority for a school district to use funds from the school district's flexibility account under section 298A.2, subsection 2, to implement all or part of the flexible student and school support program.

d. The application for the flexible student and school support program shall include all of the following and be submitted on forms and in a format prescribed by the department:

(1) A description of the proposed educational program, including evidence used to design the program and evidence of involvement of board members, parents, students, community members, and staff in development of the program.

(2) Program goals and measures of program effectiveness and success, including student success and performance.

(3) A plan for program administration, including the use of personnel, facilities, and funding.

(4) A plan for evaluation of the proposed program on at least an annual basis, including a plan for program revisions, if necessary.

(5) The estimated financial impact of the program on the school district or nonpublic school.

e. Approval to participate in the program does not exempt the school district or nonpublic school from federal law or any other requirements of state law that are not specifically exempted by the director.

f. Each school district or nonpublic school approved to participate in the flexible student and school support program shall file an annual report with the department on the status of the program on forms and in a format prescribed by the department.

g. Participation in the flexible student and school support program may be renewed for additional periods of years, each not to exceed three years. The director may revoke approval of all or part of any application or approved education program if the annual report or any other information available to the department indicates that conditions no longer warrant use of an exemption or funding from the school district's flexibility account under section 298A.2, subsection 2. Notice of revocation must be provided by the director to the school district or nonpublic school prior to the beginning of the school year for which participation is revoked.

Sec. 31. Section 257.10, subsection 9, paragraph d, Code 2021, is amended to read as follows:

d. ~~For the budget year beginning July 1, 2009, the use of the funds calculated under this subsection shall comply with the requirements of chapter 284 and shall be distributed to teachers pursuant to section 284.3A.~~ For the budget year beginning July 1, 2010, and succeeding budget years, the use of the funds calculated under this subsection shall comply with the requirements of chapter 284 and shall be distributed to teachers pursuant to section 284.3A. If all teacher compensation requirements of chapter 284 for the school district are met and funds received under this subsection remain unexpended and unobligated at the end of a fiscal year beginning on or after July 1, 2020, the school district may transfer all or a portion of such unexpended and unobligated funds for deposit in the school district's flexibility account established under section 298A.2, subsection 2.

Sec. 32. Section 257.10, subsection 12, paragraph d, Code 2021, is amended to read as follows:

d. For the budget year beginning July 1, 2014, and succeeding budget years, the use of the funds calculated under this subsection shall comply with the requirements of chapter 284 and shall be distributed to teachers pursuant to section 284.15. The funds shall be used only to increase the payment for a teacher assigned to a leadership role pursuant to a framework or comparable system approved pursuant to section 284.15; to increase the percentages of teachers assigned to leadership roles; to increase the minimum teacher starting salary to thirty-three thousand five hundred dollars; to cover the costs for the time mentor and lead teachers are not providing instruction to students in a classroom; for coverage of a classroom when an initial or career teacher is observing or co-teaching with a teacher assigned to a leadership role; for professional development time to learn best practices associated with the career pathways leadership process; and for other costs associated with a framework or comparable system approved by the department of education under section 284.15 with the goals of improving instruction and elevating the quality of teaching and student learning. If all requirements for the school district for the use of funds calculated under this subsection are met and funds received under this subsection remain unexpended and unobligated at the end of a fiscal year beginning on or after July 1, 2020, the school district may transfer all or a portion of such unexpended and unobligated funds for deposit in the school district's flexibility account established under section 298A.2, subsection 2.

Sec. 33. Section 298A.2, subsection 2, paragraph a, Code 2021, is amended by adding the following new subparagraphs:

NEW SUBPARAGRAPH. (4) Teacher salary supplement funds received under section 257.10, subsection 9.

NEW SUBPARAGRAPH. (5) Teacher leadership supplement funds received under section 257.10, subsection 12.

Sec. 34. Section 298A.2, subsection 2, paragraph c, Code

2021, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (8) An approved flexible student and school support program under section 256.11, subsection 8.

DIVISION V

EDUCATION TAX CREDITS AND DEDUCTIONS

Sec. 35. Section 2.48, subsection 3, paragraph b, subparagraph (5), Code 2021, is amended to read as follows:

(5) Tuition and textbook tax credits under section ~~422.12~~ 422.12D.

Sec. 36. Section 422.7, subsection 55, Code 2021, is amended to read as follows:

55. A taxpayer who is an eligible educator as defined in section 62(d)(1) of the Internal Revenue Code is allowed to take the deduction for certain expenses of elementary and secondary school teachers allowed under section 62(a)(2)(D) of the Internal Revenue Code~~, as amended by the federal Emergency Economic Stabilization Act of 2008, Pub. L. No. 110-343,~~ in computing net income for state tax purposes in excess of the amount of the taxpayer's deduction for certain expenses of elementary and secondary school teachers for federal tax purposes allowed under section 62(a)(2)(D) of the Internal Revenue Code, but not to exceed five hundred dollars.

Sec. 37. Section 422.12, subsection 1, paragraphs d and e, Code 2021, are amended by striking the paragraphs.

Sec. 38. Section 422.12, subsection 2, paragraph b, Code 2021, is amended by striking the paragraph.

Sec. 39. NEW SECTION. **422.12D Tuition and textbook tax credit.**

1. For purposes of this section, unless the context otherwise requires:

a. "Private instruction" means independent private instruction as defined in section 299A.1, subsection 2, paragraph *"b"*, competent private instruction under section 299A.2, or private instruction provided to a resident of this state by a nonlicensed person under section 299A.3.

b. *"Textbooks"* means books and other instructional materials and equipment used in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state and does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to inculcate those tenets, doctrines, or worship. *"Textbooks"* includes books or materials used for extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or programs of a similar nature.

c. *"Tuition"* means any charges for the expenses of personnel, buildings, equipment, and materials other than textbooks, and other expenses of elementary or secondary schools which relate to the teaching only of those subjects legally and commonly taught in public elementary and secondary schools in this state and which do not relate to the teaching of religious tenets, doctrines, or worship, the purpose of which is to inculcate those tenets, doctrines, or worship. *"Tuition"* includes those expenses which relate to extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or programs of a similar nature.

2. The taxes imposed under this subchapter, less the credits allowed under section 422.12, shall be reduced by a tuition and textbook credit equal to fifty percent of the first two thousand dollars which the taxpayer has paid to others for each dependent in grades kindergarten through twelve, for tuition and textbooks of each dependent who is receiving private instruction or who is attending an elementary or secondary school situated in Iowa, which school is accredited or approved under section 256.11, which is not operated for profit, and which adheres to the provisions of the federal Civil Rights Act of 1964 and chapter 216.

3. The department, when conducting an audit of a taxpayer's

New

return, shall also audit the tuition and textbook tax credit portion of the tax return.

4. Any credit allowed under this section in excess of the tax liability shall be refunded. In lieu of claiming a refund, the taxpayer may elect to have the overpayment shown on the taxpayer's final, completed return credited to the tax liability for the following taxable year.

5. Qualified educational expenses, as defined in section 257.11B, subsection 6, paid for with funds from an account in the student first scholarship fund, shall not be included in the calculation of the tuition and textbook tax credit under this section.

6. Married taxpayers who have filed joint federal returns electing to file separate returns or to file separately on a combined return form must determine the tuition and textbook tax credit based upon their combined net income and allocate the total credit amount to each spouse in the proportion that each spouse's respective net income bears to the total combined net income. Nonresidents or part-year residents of Iowa must determine their tuition and textbook tax credit in the ratio of their Iowa source net income to their all source net income. Nonresidents or part-year residents who are married and elect to file separate returns or to file separately on a combined return form must allocate the tuition and textbook tax credit between the spouses in the ratio of each spouse's Iowa source net income to the combined Iowa source net income of the taxpayers.

Sec. 40. 2018 Iowa Acts, chapter 1161, section 118, is amended to read as follows:

SEC. 118. Section 422.7, subsections 3, 7, 8, 9, 10, 11, 14, 15, 16, 20, 22, 24, 25, 26, 30, 35, 36, 37, 39, 39B, 40, 43, 45, 49, 53, ~~55,~~ 56, 57, and 58, Code 2018, are amended by striking the subsections.

Sec. 41. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

New

Sec. 42. RETROACTIVE APPLICABILITY. The following apply retroactively to January 1, 2021, for tax years beginning on or after that date:

1. The section of this division of this Act amending section 422.7, subsection 55.

2. The section of this division of this Act amending section 422.12, subsection 1, paragraphs "d" and "e".

3. The section of this division of this Act amending section 422.12, subsection 2, paragraph "b".

4. The section of this division of this Act enacting section 422.12D.

DIVISION VI

SCHOOL DISTRICT ENROLLMENT WORKING GROUP

Sec. 43. SCHOOL DISTRICT ENROLLMENT WORKING GROUP.

1. The department of education shall convene a school district enrollment working group to review the methodology and timing of determinations of school district enrollment, including examination of the current on-time funding authorized under section 257.13, the budget adjustment authorized under section 257.14, the types and amounts of funding paid for students open enrolled under section 282.18, and alternative methods for determining school district enrollments.

2. Voting members of the working group shall include representatives from all of the following:

a. The Iowa association of school boards.

b. The school administrators of Iowa.

c. The urban education network of Iowa.

d. The Iowa association of school business officials.

e. A representative of a school district designated by the rural school advocates of Iowa.

f. A representative of a school district designated by the urban education network of Iowa.

3. Four members of the general assembly shall serve as ex officio, nonvoting members of the working group, with one member to be appointed by each of the following: the majority

leader of the senate, the minority leader of the senate, the speaker of the house of representatives, and the minority leader of the house of representatives.

4. The director of the department of education, or the director's designee, and the director of the department of management, or the director's designee, shall each serve as ex officio, nonvoting members of the working group.

5. The working group shall submit its findings and recommendations to the general assembly not later than December 1, 2021.

Sec. 44. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

DIVISION VII

OPEN ENROLLMENT

Sec. 45. Section 256.46, subsection 1, Code 2021, is amended by adding the following new paragraph:

NEW PARAGRAPH. *i.* If the child's former school or school district, if located in this state, was unable to participate in varsity interscholastic sports as the result of a decision or implementation of a decision of the school board or superintendent.

Sec. 46. Section 282.18, subsection 2, paragraph a, Code 2021, is amended to read as follows:

a. By March 1 of the preceding school year for students entering grades one through twelve, or by September 1 of the current school year for students entering kindergarten or for prekindergarten students enrolled in special education programs and included in the school district's basic enrollment under section 257.6, subsection 1, paragraph "*a*", subparagraph (1), the parent or guardian shall send notification to the district of residence and the receiving district, on forms prescribed by the department of education, that the parent or guardian intends to enroll the parent's or guardian's child in a public school in another school district. If a parent or guardian fails to file a notification that the parent intends to enroll

the parent's or guardian's child in a public school in another district by the deadline specified in this subsection, the procedures of subsection 4 apply.

Sec. 47. Section 282.18, subsection 4, paragraph b, Code 2021, is amended to read as follows:

b. For purposes of this section~~, "good cause"~~:

(1) *"Good cause"* means a change in a child's residence due to a change in family residence, a change in a child's residence from the residence of one parent or guardian to the residence of a different parent or guardian, a change in the state in which the family residence is located, a change in a child's parents' marital status, a guardianship or custody proceeding, placement in foster care, adoption, participation in a foreign exchange program, initial placement of a prekindergarten student in a special education program requiring specially designed instruction, or participation in a substance abuse or mental health treatment program, a change in the status of a child's resident district such as removal of accreditation by the state board, surrender of accreditation, or permanent closure of a nonpublic school, revocation of a charter school contract as provided in section 256F.8, the failure of negotiations for a whole grade sharing, reorganization, dissolution agreement, ~~or~~ the rejection of a current whole grade sharing agreement, or reorganization plan, or if the child's assigned attendance center in the district of residence is identified as in significant need for improvement. If the good cause relates to a change in status of a child's school district of residence, however, action by a parent or guardian must be taken to file the notification within forty-five days of the last board action or within thirty days of the certification of the election, whichever is applicable to the circumstances.

(2) *"Significant need for improvement"* means a school attendance center designated by the department of education under the priority category under the Iowa school performance

profiles for two or more of the immediately preceding school years or identified for comprehensive support and improvement under the federal Every Student Succeeds Act, Pub. L. No. 114-95, or an equivalent objective federal standard, for two or more of the immediately preceding school years.

Sec. 48. Section 282.18, subsection 5, Code 2021, is amended to read as follows:

5. Open enrollment applications filed after March 1 of the preceding school year that do not qualify for good cause as provided in subsection 4 shall be subject to the approval of the board of the resident district and the board of the receiving district. The parent or guardian shall send notification to the district of residence and the receiving district that the parent or guardian seeks to enroll the parent's or guardian's child in the receiving district. A decision of either board to deny an application filed under this subsection involving repeated acts of harassment of the student that the resident district cannot adequately address, a consistent failure of the district to reasonably respond to a student's failure to meet basic academic standards after notice provided by a parent or guardian, or a serious health condition of the student that the resident district cannot adequately address is subject to appeal under section 290.1. The state board shall adopt by rule the criteria for determining a district's consistent failure to reasonably respond to a student's failure to meet basic academic standards and shall exercise broad discretion to achieve just and equitable results that are in the best interest of the affected child or children.

Sec. 49. Section 282.18, subsection 9, paragraphs a, b, and c, Code 2021, are amended to read as follows:

a. If a parent or guardian of a child, who is participating in open enrollment under this section, moves to a different school district during the course of either district's academic year, the child's first district of residence as determined on

the date specified in section 257.6, subsection 1, shall be responsible for payment of the cost per pupil plus weightings or special education costs to the receiving school district for the balance of the school year in which the move took place. The new district of residence shall be responsible for the payments during succeeding years.

b. If a request to transfer is due to a change in family residence, a change in a child's residence from the residence of one parent or guardian to the residence of a different parent or guardian, a change in the state in which the family residence is located, a change in a child's parents' marital status, a guardianship proceeding, placement in foster care, adoption, participation in a foreign exchange program, or participation in a substance abuse or mental health treatment program, and the child who is the subject of the request is enrolled in any grade from kindergarten through grade twelve or who is a prekindergarten student enrolled in a special education program at the time of the request and is not currently using any provision of open enrollment, the parent or guardian of the child shall have the option to have the child remain in the child's original district of residence under open enrollment with no interruption in the child's ~~kindergarten through grade twelve~~ educational program. If a parent or guardian exercises this option, the child's new district of residence is not required to pay the amount calculated in subsection 7 or 8, as applicable, until the start of the first full year of enrollment of the child.

c. The receiving district shall bill the ~~first~~ resident district determined under paragraph "*a*" according to the timeline in section 282.20, subsection 3. Payments shall be made to the receiving district in a timely manner.

Sec. 50. Section 282.18, subsection 10, paragraph c, Code 2021, is amended to read as follows:

c. If the pupil meets the economic eligibility requirements established by the department and state board of education, the

sending district is responsible for providing transportation or paying the pro rata cost of the transportation to a parent or guardian for transporting the pupil to and from a point on a regular school bus route of a contiguous receiving district unless the cost of providing transportation or the pro rata cost of the transportation to a parent or guardian exceeds the average transportation cost per pupil transported for the previous school year in the district. The economic eligibility requirements established by the department of education and state board of education shall minimally include those pupils with household incomes of two hundred percent or less of the federal poverty level as defined by the most recently revised poverty income guidelines published by the United States department of health and human services. If the cost exceeds the average transportation cost per pupil transported for the previous school year, the sending district shall only be responsible for that average per pupil amount. A sending district which provides transportation for a pupil to a contiguous receiving district under this subsection may withhold, from the district cost per pupil amount that is to be paid to the receiving district, an amount which represents the average or pro rata cost per pupil for transportation, whichever is less.

Sec. 51. Section 282.18, subsection 11, paragraph a, Code 2021, is amended by adding the following new subparagraphs:

NEW SUBPARAGRAPH. (8) If the pupil participates in open enrollment because of circumstances that meet the definition of good cause under subsection 4, paragraph "b".

NEW SUBPARAGRAPH. (9) If the board of directors or superintendent of the district of residence issues or implements a decision that results in the discontinuance or suspension of varsity interscholastic sports activities in the district of residence.

Sec. 52. Section 282.18, subsection 11, Code 2021, is amended by adding the following new paragraph:

NEW PARAGRAPH. *0c.* If a pupil is declared ineligible for interscholastic athletic contests and athletic competitions in the pupil's district of residence due to the pupil's academic performance, upon participating in open enrollment, in addition to any other period of ineligibility under this subsection, the pupil shall be ineligible in the receiving district for the remaining period of ineligibility declared by the district of residence.

Sec. 53. RETROACTIVE APPLICABILITY. The following apply retroactively to July 1, 2020:

1. The section of this division of this Act enacting section 256.46, subsection 1, paragraph "i".

2. The portion of the section of this division of this Act enacting section 282.18, subsection 11, paragraph "a", subparagraph (9).

DIVISION VIII

SCHOOL BOARD POWERS AND DUTIES

Sec. 54. Section 279.1, Code 2021, is amended by adding the following new subsection:

NEW SUBSECTION. 3. A school corporation is entrusted with public funds for the purpose of improving student outcomes, including but not limited to student academic achievement and skill proficiency, and the board of directors of the school corporation is responsible for overseeing such improvement.