

## CHAPTER 1064

### SCHOOL DISTRICT DEACCREDITATION

S.F. 2289

**AN ACT** relating to deaccreditation of a school district by the state board of education and to the disposition of certain former school district funds, and including effective date, validation, and retroactive applicability provisions.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 256.11, subsection 11, paragraphs c and d, Code Supplement 2009, are amended to read as follows:

c. If the deficiencies have not been corrected, and the conditional accreditation alternatives contained in the report are not mutually acceptable to the state board and the local board, the state board shall deaccredit the school district and merge the territory of the school district with one or more contiguous school districts at the end of the school year. The state board may place a district under receivership for the remainder of the school year. The receivership shall be under the direct supervision and authority of the area education agency in which the district is located. The decision of whether to merge deaccredit the school district and require payment of tuition for the district's students or to place the district under receivership shall be based upon a determination by the state board of the best interests of the students, parents, residents of the community, teachers, administrators, and school district board members and upon the recommendations of the accreditation committee and the director.

d. In the case of a nonpublic school, if the deficiencies have not been corrected, the state board may declare a deaccredit the nonpublic school to be nonaccredited. The removal of accreditation deaccreditation shall take effect on the date established by the resolution of the state board, which shall be no later than the end of the school year in which the nonpublic school is declared to be nonaccredited deaccredited.

Sec. 2. Section 256.11, subsection 12, Code Supplement 2009, is amended to read as follows:

12. If the state board removes accreditation from deaccredits a school district and merges the territory of the school district with one or more contiguous school districts, the deaccredited school district whose accreditation is removed ceases to exist as a school corporation on the effective date set by the state board for removal of accreditation deaccreditation. Notwithstanding any other provision of law, the contiguous school districts receiving territory of the former deaccredited school district whose accreditation was removed are not considered successor school corporations of the former deaccredited school district.

a. Division of assets and liabilities of the deaccredited school district whose accreditation was removed shall be as provided in this paragraph "a" and in sections 275.29 through 275.31.

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

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

(3) Revenues that are based on student enrollment shall be distributed based on percentages of students of the who were enrolled in the deaccredited school district whose accreditation was removed in the school year immediately prior to deaccreditation and who now reside in territory received by one or more school districts contiguous to the deaccredited school district whose accreditation was removed.

(4) If the deaccredited school district has a negative fund balance in its general fund at the time it is deaccredited by the state board, the director may order that the positive balance from

one or more other funds of the deaccredited school district be transferred to the deaccredited school district's general fund.

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

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

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

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

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

Sec. 3. DEPARTMENT OF EDUCATION — AUTHORIZING FUND TRANSFERS — VALIDATION AND RETROACTIVE APPLICABILITY.

1. a. Notwithstanding any other statute or rule of law to the contrary, if a school district whose accreditation was removed by action of the state board of education effective July 1, 2008, had a negative fund balance in its general fund at the end of the school budget year beginning July 1, 2007, the director of the department of education is authorized to and shall approve by August 1, 2010, the transfer of any positive balance from one or more funds of the school district to the school district's general fund for the school budget year beginning July 1, 2007, and the transfer made is hereby validated and to that extent, this Act applies retroactively to July 1, 2007.

b. On the date on which the director of the department of education approves the transfer of funds pursuant to this subsection, the department shall provide notice of the approval of the funds transferred pursuant to this subsection to the boards of directors of the school districts to which the former school district's territory was merged and shall transmit to the state board of education a record of the approval of the funds transferred pursuant to this subsection.

2. The board of directors of a school district to which the former school district's territory was merged shall be exempted from any liability resulting from the action taken by the director of the department of education pursuant to subsection 1 if the school board, within 30 days of the date on which the director of the department of education took action pursuant to subsection 1, adopts a resolution to accept the action taken by the director pursuant to subsection 1.

Sec. 4. EFFECTIVE UPON ENACTMENT. The section of this Act providing for authorization and validation of fund transfers by the department of education, being deemed of immediate importance, takes effect upon enactment.

Approved March 19, 2010