



April 4, 2024

Legislative Webinar on HF 2612

as signed by Governor Reynolds on March 27, 2024

- Supplemental State Aid (SSA) 2.5%
- Educator Compensation
- Area Education Agency (AEA) Reform

Melissa Peterson
ISEA Legislative and Policy Director

Supplemental State Aid (SSA)

- **2.5% SSA** or \$3.730 billion for State aid to schools in FY 2025, an increase of **\$119 million- but closer to \$94 million after all general fund changes.**

By comparison, the Governor has proposed a 4.4% increase in funding for Education Appropriations. Vouchers are estimated to have a General Fund cost of \$179.2 in FY 2025, an increase of \$51.3 million from FY 2024.

- **Explanation for lower SSA FY2025 amount:**

- Growth rate of \$191 per pupil.
- This will also increase the amount of each voucher.
- This amount denotes enrollment decrease of approximately 2,800 public school pupils. 212 districts (65%) had a decrease.
- This amount includes an additional \$35.1 million reduction to the Area Education Agencies (AEAs). This additional reduction includes the \$20.1 million for a new Special Education Division at the Department of Education.
- This amount also denotes an increase in property tax assessments. This means the uniform levy brings in almost \$50 million more this year than last year because of increased property values.
- This amount also reflects an adjustment to Property Tax Replacement Payment (PTRP) funding (costing an increase from \$201 to \$223 per pupil). This was funding that was generated by property taxes and now is state-funded. This isn't "additional" state money to schools.
- **Leaves 140 school districts on the budget guarantee, with less resources unless local property taxes are increased.**





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Educator Compensation

- **Teacher Salary Minimums-Div. IV:**
 - Increases starting salary for a full-time teacher from \$33,500 to **\$47,500** in the first year (FY 2025) and to **\$50,000** in the second year (FY 2026).
 - Establishes a minimum salary for a full-time teacher with at least 12 years of teaching experience to **\$60,000** in the first year, and to **\$62,000** in the second year.

- **Teacher Salary Supplement District Cost Per Pupil (In Millions)**

	FY 2025	FY 2026
Minimum Teacher Salary	\$ 27.4	\$ 47.1
Minimum 12 Years' Experience	\$17.9	\$25.8
Tiers	\$22.4	\$23.1
Total	\$67.6	\$96.1
Change vs. Prior Year	\$67.6	\$28.4

- **Bona Fide Retirement Window** was reduced from four months to one month. This means a teacher may leave employment, begin collecting IPERS, and return to employment sooner. The current limitation of \$50,000 in earnings applies.



Educator Comp. Continued

- **Teacher Salary Supplement (TSS) District Cost Per Pupil – Division V:**
- Modifies how the teacher salary supplement district cost per pupil is determined for each school. Requires the Department of Management (DOM) to categorize all school districts into 10 tiers based on each district's enrollment. Each tier shall be assigned a TSS cost per pupil amount enough to fund new salary minimums.
- *Final version did **NOT** include a separate appropriation of \$22 million to reward experienced, veteran teachers and/or those who do not directly benefit from the newly established minimums, as was included in HF 2630.*
- *TSS number for districts have been released by the Department of Management and are available from your UniServ Director.*



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Educator Comp. Continued

- **Education Support Professional Salary Supplement-Div. VII:**
- Subject to appropriation by the general assembly to the DE for FY 2025.
- ESPs defined as “regular and part-time employees of a district who are not salaried”.
- To receive the supplement, school districts must report to the DE the number of eligible ESPs. Districts will then receive an amount equal to \$14 million multiplied by the quotient of the district’s budget enrollment, divided by the statewide total budget enrollment for FY 2024.
- ***Final version did not include \$15/hr minimum, so every ESP should be eligible assuming their district reports to the DE.***



Area Education Agencies

- **Division I- Division of Special Education of the Department of Education**
Establishes a Division of Special Education (DSE) within the Dept. of Education. The DSE will:
 - Approve, develop and distribute to school districts a list of evidence-based professional development services that AEA's can provide to public or nonpublic schools.
 - Oversee the operations of the AEA's to ensure compliance with federal and State special education laws beginning with FY 2025. Includes establishing accountability and data collection systems to meet legal requirements.
 - Develop and distribute to school districts and accredited nonpublics a process to facilitate the development of Individualized Education Programs (IEPs) and assist IEP teams with decisions regarding free appropriate public education and placement for students enrolled in accredited nonpublic schools. This includes providing professional learning and other support materials and tools for IEP teams.
 - Provide information to IEP teams and public agencies that nonpublic will be considered a placement option so long as the IEP of a child with a disability does not require some other arrangement.
 - Develop and distribute to school districts and accredited nonpublics an implementation plan related to identifying, evaluating, and promoting strategies and models for providing special education and related services with accredited nonpublic schools that improve the experiences and outcomes for students with disabilities.
 - Beginning FY 2025 the Division of Special Education (DSE) of the DE, will devote at least 13.0 full-time equivalent (FTE) positions within the DE's location in Des Moines to oversight of the AEA's, including the accreditation of AEA's.
 - Requires the DE to devote an amount of FTE positions, as determined by the DSE of the DE, not to exceed 40.0 FTE positions in the aggregate, to ensure that the AEA complies with all applicable federal and State laws related to special education and to review the services the AEA provides.

• **Division II — Area Education Agencies — General Provisions**

- Beginning FY 2025 the DSE will be required to employ a person to serve as the director of special education within the DE. They shall not be an employee of an AEA. Primary responsibility will be to provide oversight of AEA delivery of special education services.
- Effective FY 2026 AEA Boards will only serve in an advisory capacity. They will be able to sign employment contracts, AEA chief will sign any other contract. Makeup of the board changes effective July 1, 2024. Five members who are residents of the AEA region, four members who are superintendents in the region.
- Effective FY 2026 Authorizes the AEA's to furnish evidence-based professional development services, within each AEA's boundary, **subject to the approval of the Director of the DE.**
- Effective FY 2026 Allows an AEA to provide services to public and nonpublic schools located within the AEA's boundaries or those of a contiguous AEA, or if the school district shares a superintendent with another school district that receives services from the AEA. **Operational Sharing**
- Requires AEA boards to charge reasonable costs that are consistent with market rates for educational services, special education services, professional development services, and media services provided by the AEA.
- Requires AEA's to prepare and submit to the DE and each school district within the AEA's boundaries an annual report on or before January 1 of each year containing information related to an accounting of payments and a description of services provided. Each AEA is also required to provide a quarterly report on the services provided to all school districts that receive services from the AEA
- Limits the salary for an AEA administrator to 125.0% of the average salary of all superintendents of school districts that are located within the boundaries of the AEA. This provision applies to employment agreements entered into or renewed beginning in FY 2025.
- Requires each AEA to submit a proposed budget to the Director of the DE for approval no later than March 1 of each year. The Director must either approve or reject the budget for changes within 10 days of submission.
- Modifies several provisions related to the accreditation of AEA programs to incorporate the DSE of the DE into the accreditation process and to incorporate additional standards related to accreditation. Provides that an AEA that was accredited on or before July 1, 2025, will remain accredited until the DSE takes action to remove accreditation. New accreditation requirements include submitting reports, analyzing student achievement data, comparing data to an external knowledge base and using that information to guide improved learning outcomes for students with disabilities.
- Requires the Legislative Council to convene an **AEA Task Force**. The Bill as amended establishes the AEA Task Force's membership, required areas of study, and areas of recommendations. The AEA Task Force is required to submit a report of its findings and recommendations to the General Assembly **on or before December 31, 2024.**
- **Continuous Improvement** - Requires each AEA, on or before January 1, 2025, to submit a report to the DE and the General Assembly that contains information related to progress the AEA has made in reducing expenditures associated with certain positions by at least 30.0% by July 1, 2026, a proposal for the reorganization of services provided by AEA's, and the AEA's progress related to student outcomes and use of moneys.

• **Division III — Area Education Agencies — Funding**

- Effective upon enactment, funding changes apply to the school budget year beginning July 1, 2024 (FY 2025).
- For FY 25 funding amounts calculated for special education support services, media services, AEA TSS district costs, and educational services are deducted by the Department of Management (DOM) from State aid for each school district and instead paid to the school district's AEA.
- Beginning in FY 2026, school districts are required to use at least 90.0% of the funds the school district receives for special education support services district cost for special education support services contracted from an AEA.
- Funds calculated under Iowa Code section [257.10\(7\)](#) (Special Education Support Services District Cost) and received by a school district or an AEA must be used for special education support services.
- Beginning FY 2025, the DOM must deduct the following amounts from the State aid due to each school district and pay the amounts to the respective AEAs:
 - The amount calculated for special education support services for the school district.
 - 40.0% of the amount calculated for media services for the school district.
 - The AEA TSS district cost.
 - 40.0% of the amount calculated for educational services for the school district.
 - AEA shared operational functions
- For purposes of Iowa Code section [257.37](#) (Funding Media and Educational Services), “enrollment served” means the basic enrollment of all school districts within the boundaries of the AEA plus the number of nonpublic school pupils served by the AEA.
- Beginning FY 2026, and each fiscal year thereafter, the DOM must deduct the following amounts from the State aid due to each school district and pay the amounts to the respective AEAs:
 - The AEA TSS district cost.
 - AEA shared operational functions.
- Provisions related to the funding of media services and educational services provided by a school district or through an AEA for FY 2025 are not required to be paid to the AEA pursuant to Iowa Code section 257.35 (AEA Payments) may be used by the school district for **any school district general fund purpose.**

Funding Summary:

Special Education Funds:

Year 1—AEAs = 100%. AEAs generate a menu of services and cost to prepare for “fee for service.”

Year 2—AEAs = 90%. Districts = 10%.

Districts are required to contract with the AEA for 90% of special education funding.

AEA special education contracted services shall not be limited by the funding the school district provides to the AEA.

Media and Ed Services Funds: AEAs “shall provide special education and media services” (includes nonpublics)

Year 1: AEAs = 40% of funding and Districts = 60% of funding.

Year 2: AEAs = 0% of funding and Districts = 100% funding.

Media and Education Service funds kept by the district MAY be used by the school district for any general fund purpose

HF 2612 Unknowns as of 4/4/24

- Where and when will the \$14 million for ESPs be appropriated
- Who and how will the AEA positions under the DSE within the DE be decided
- When will the Taskforce members be announced and convened
- School district strategy for implementation

