

House File 68 - Reprinted

HOUSE FILE 68
BY COMMITTEE ON EDUCATION
REFORM

(SUCCESSOR TO HSB 1)

(As Amended and Passed by the House January 23, 2023)

A BILL FOR

1 An Act relating to education programs and funding by
2 establishing an education savings account program, modifying
3 certain school district categorical funding supplements and
4 supplementary weighting, making appropriations, providing
5 penalties, and including effective date and retroactive
6 applicability provisions.

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

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DIVISION I
SHORT TITLE

Section 1. SHORT TITLE. This Act shall be known and may be cited as the "Students First Act".

DIVISION II

EDUCATION SAVINGS ACCOUNT PROGRAM

Sec. 2. Section 256.9, Code 2023, is amended by adding the following new subsection:

NEW SUBSECTION. 66. Adopt rules relating to the administration of, and applications for, the education savings account 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. 3. Section 257.10, subsection 9, paragraph c, subparagraph (1), Code 2023, is amended to read as follows:

(1) The unadjusted teacher salary supplement district cost is the teacher salary supplement district cost per pupil for each school district for a budget year multiplied by the sum of the budget enrollment for that school district plus the number of resident pupils in the school district that received an education savings account payment under section 257.11B for the base year.

Sec. 4. Section 257.10, subsection 10, paragraph c, subparagraph (1), Code 2023, is amended to read as follows:

(1) The unadjusted professional development supplement district cost is the professional development supplement district cost per pupil for each school district for a budget year multiplied by the sum of the budget enrollment for that school district plus the number of resident pupils in the school district that received an education savings account payment under section 257.11B for the base year.

Sec. 5. Section 257.10, subsection 11, paragraph c, subparagraph (1), Code 2023, is amended to read as follows:

(1) The unadjusted early intervention supplement district cost is the early intervention supplement district cost per

1 pupil for each school district for a budget year multiplied
2 by the sum of the budget enrollment for that school district
3 plus the number of resident pupils in the school district that
4 received an education savings account payment under section
5 257.11B for the base year.

6 Sec. 6. Section 257.10, subsection 12, paragraph c,
7 subparagraph (1), Code 2023, is amended to read as follows:

8 (1) The unadjusted teacher leadership supplement district
9 cost is the teacher leadership supplement district cost per
10 pupil for each school district for a budget year multiplied
11 by the sum of the budget enrollment for that school district
12 plus the number of resident pupils in the school district that
13 received an education savings account payment under section
14 257.11B for the base year.

15 Sec. 7. NEW SECTION. 257.11B Education savings account
16 program.

17 1. For purposes of this section:

18 a. "Nonpublic school" means the same as defined in section
19 285.16.

20 b. (1) "Qualified educational expenses" includes tuition
21 and fees at a nonpublic school, textbooks, fees or payments for
22 educational therapies, including tutoring or cognitive skills
23 training, curriculum fees, software, and materials for a course
24 of study for a specific subject matter or grade level, tuition
25 or fees for nonpublic online education programs, tuition for
26 vocational and life skills education approved by the department
27 of education, education materials and services for pupils with
28 disabilities from an accredited provider, including the cost of
29 paraprofessionals and assistants who are trained in accordance
30 with state law, standardized test fees, and advanced placement
31 examinations or examinations related to postsecondary education
32 admission or credentialing.

33 (2) "Qualified educational expenses" shall be limited to
34 the items described in subparagraph (1) and rules adopted
35 by the department to implement this section and does not

1 include transportation costs for the pupil, the cost of food
2 or refreshments consumed by the pupil, the cost of clothing
3 for the pupil, or the cost of disposable materials, including
4 but not limited to paper, notebooks, pencils, pens, and art
5 supplies.

6 *c.* "Resident" means the same as defined in section 282.1,
7 subsection 2.

8 2. *a.* (1) For the school budget year beginning July
9 1, 2023, the following pupils who attend a nonpublic school
10 for that school budget year shall be eligible to receive an
11 education savings account payment:

12 (a) A resident pupil who is eligible to enroll in
13 kindergarten.

14 (b) A resident pupil who is eligible to enroll in grades one
15 through twelve and was not enrolled in a nonpublic school for
16 the school year immediately preceding the school year for which
17 the education savings account payment is requested.

18 (c) A resident pupil who is eligible to enroll in grades
19 one through twelve and was enrolled in a nonpublic school year
20 immediately preceding the school year for which the education
21 savings account payment is requested if the pupil's household
22 has an annual income less than or equal to three hundred
23 percent of the most recently revised poverty income guidelines
24 published by the United States department of health and human
25 services.

26 (2) For the school budget year beginning July 1, 2024, the
27 following pupils who attend a nonpublic school for that school
28 budget year shall be eligible to receive an education savings
29 account payment:

30 (a) A resident pupil who is eligible to enroll in
31 kindergarten.

32 (b) A resident pupil who is eligible to enroll in grades one
33 through twelve and was not enrolled in a nonpublic school for
34 the school year immediately preceding the school year for which
35 the education savings account payment is requested.

1 (c) A resident pupil who is eligible to enroll in grades one
2 through twelve and was enrolled in a nonpublic school for the
3 school year immediately preceding the school year for which the
4 education savings account payment is requested if the pupil's
5 household has an annual income less than or equal to four
6 hundred percent of the most recently revised poverty income
7 guidelines published by the United States department of health
8 and human services.

9 (d) A resident pupil who received an education savings
10 account payment in the immediately preceding school budget
11 year.

12 (3) For school budget years beginning on or after July
13 1, 2025, resident pupils eligible to enroll in kindergarten
14 through grade twelve who attend a nonpublic school for the
15 applicable school budget year shall be eligible to receive an
16 education savings account payment.

17 *b.* Education savings account payments shall be made
18 available to parents and guardians in the manner authorized
19 under subsection 5 for the payment of qualified educational
20 expenses as provided in this section. Parents and guardians
21 shall first use education savings account payments for all
22 qualified educational expenses that are tuition and fees for
23 which the parent or guardian is responsible for payment at the
24 pupil's nonpublic school prior to using the education savings
25 account for other qualified educational expenses.

26 3. *a.* On or after January 1, but on or before June 30,
27 preceding the school year for which the education savings
28 account payment is requested, the parent or guardian of an
29 eligible pupil may request an education savings account payment
30 by submitting an application to the department of education.

31 *b.* Within thirty days following submission of an
32 application, the department of education or third-party entity
33 shall notify the parent or guardian of each pupil approved
34 for the following school year and specify the amount of the
35 education savings account payment for the pupil, if known at

1 the time of the notice. As soon as practical following the
2 processing of all applications, the department of education or
3 third-party entity shall determine the number of pupils in each
4 school district approved for the school budget year and provide
5 such information to the department of management.

6 *c.* Education savings account payments shall only be approved
7 for one school year and applications must be submitted annually
8 for payments in subsequent school years.

9 4. Each education savings account payment shall be equal to
10 the regular program state cost per pupil for the same school
11 budget year.

12 5. An education savings account fund is created in
13 the state treasury under the control of the department of
14 education consisting of moneys appropriated to the department
15 of education for the purpose of providing education savings
16 account payments under this section. For the fiscal year
17 commencing July 1, 2023, and each succeeding fiscal year,
18 there is appropriated from the general fund of the state
19 to the department of education to be credited to the fund
20 the amount necessary to pay all education savings account
21 payments approved for that fiscal year. The director of the
22 department of education has all powers necessary to carry out
23 and effectuate the purposes, objectives, and provisions of this
24 section pertaining to the fund, including the power to do all
25 of the following:

26 *a.* Make and enter into contracts with a third-party entity
27 necessary for the administration of the program.

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

30 *c.* Contract with a qualified firm, including but not limited
31 to the third-party entity under paragraph "a", to allocate
32 funds from each pupil's account for the payment of qualified
33 educational expenses by the pupil's parent or guardian.

34 *d.* Require the qualified firm under paragraph "c" to
35 offer the department of education the capability of automated

1 clearinghouse transactions, electronic commerce transactions,
2 reimbursement transactions, and debit card payments in order to
3 meet the diverse needs of participating parents and guardians
4 to pay for qualified educational expenses. The director of
5 the department of education shall determine which transaction
6 capabilities will be available to participating parents and
7 guardians.

8 *e.* Reduce the possibility of waste, fraud, and abuse,
9 and ensure that any technology platform used for the program
10 meets the state's highest security requirements, including
11 compliance.

12 *f.* Conduct audits or other reviews necessary to properly
13 administer the program.

14 *g.* Adopt rules for the administration of the fund and
15 accounts within the fund.

16 6. *a.* For each pupil approved for an education savings
17 account payment, the department of education or third-party
18 entity shall establish an individual account for that pupil
19 in the education savings account fund. The amount of the
20 pupil's education savings account payment shall be deposited
21 into the pupil's individual account on July 15 or thirty days
22 following submission of the application, whichever is later,
23 and such amount shall be immediately available for the payment
24 of qualified educational expenses incurred by the parent or
25 guardian for the pupil during that fiscal year using a payment
26 method authorized under subsection 5.

27 *b.* A nonpublic school or other provider of qualified
28 educational expenses that accepts payment from a parent or
29 guardian using funds from a pupil's individual account in the
30 fund shall not refund, rebate, or share any portion of such
31 payment with the parent, guardian, or pupil.

32 *c.* Moneys remaining in a pupil's individual account
33 upon conclusion of the fiscal year shall remain in the
34 pupil's individual account for the payment of qualified
35 educational expenses in future fiscal years during which the

1 pupil participates in the program until the pupil becomes
2 ineligible under the program or until the remaining amounts are
3 transferred to the state general fund under subsection 8.

4 7. A person who makes a false claim for the purpose of
5 obtaining an education savings account payment or who knowingly
6 receives the payment or makes a payment from an individual
7 account within the fund without being legally entitled to do
8 so is guilty of a fraudulent practice under chapter 714. The
9 false claim for an education savings account or a payment from
10 an individual account shall be disallowed. The department of
11 education or third-party entity shall also close the pupil's
12 individual account in the fund and transfer any remaining
13 moneys in the account for deposit in the general fund of the
14 state. If the improperly obtained amounts have been disbursed
15 from the applicable individual account, the department of
16 education or third-party entity shall recover such amounts
17 from the parent or guardian, including by initiating legal
18 proceedings to recover such amounts, if necessary. A parent or
19 guardian who commits a fraudulent practice under this section
20 is prohibited from participating in the education savings
21 account program in the future.

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

26 9. a. A parent may appeal to the state board of education
27 any administrative decision the department of education or
28 third-party entity makes pursuant to this section, including
29 but not limited to determinations of eligibility, allowable
30 expenses, and removal from the program. The department or
31 third-party entity shall notify the parent or guardian in
32 writing of the appeal process at the same time the department
33 notifies the parent or guardian of the administrative decision.
34 The state board of education shall establish the appeals
35 process consistent with chapter 17A and shall post such appeal

1 process information on the state board of education's internet
2 site.

3 *b.* The state board of education shall refer cases of
4 substantial misuse of education savings account program funds
5 to the attorney general for the purpose of collection or for
6 the purpose of a criminal investigation if the state board of
7 education obtains evidence of fraudulent use of an account.

8 10. *a.* This section shall not be construed to authorize
9 the state or any political subdivision of the state to exercise
10 authority over any nonpublic school or construed to require a
11 nonpublic school to modify its academic standards for admission
12 or educational program in order to receive payment from a
13 parent or guardian using funds from a pupil's account in the
14 education savings account fund.

15 *b.* This section shall not be construed to expand the
16 authority of the state or any political subdivision of the
17 state to impose regulations upon any nonpublic school that are
18 not necessary to implement this section.

19 *c.* A nonpublic school that accepts payment from a parent or
20 guardian using funds from a pupil's account in the education
21 savings account fund is not an agent of this state or of a
22 political subdivision of this state.

23 *d.* Rules adopted by the department of education to implement
24 this section that impose an undue burden on a nonpublic school
25 are invalid.

26 *e.* A nonpublic school that accepts payment from a parent or
27 guardian using funds from a pupil's account in the education
28 savings account fund shall be given the maximum freedom
29 possible to provide for the educational needs of the school's
30 students, consistent with state and federal law.

31 11. *a.* Each pupil participating in the education savings
32 account program is required to take all applicable state and
33 federally required student assessments and the results of
34 those assessments shall be provided to the pupil's parents or
35 guardians and reported to the department of education.

1 ~~of the funds calculated under this subsection shall comply~~
2 ~~with the requirements of chapter 284 and shall be distributed~~
3 ~~to teachers pursuant to section 284.3A.~~ For the budget year
4 beginning July 1, 2010, and succeeding budget years, the use
5 of the funds calculated under this subsection or available for
6 use as provided in subsection 10, paragraph "d", subsection 12,
7 paragraph "d", or section 257.46, subsection 3, shall ~~comply~~
8 ~~with the requirements of chapter 284 and shall be distributed~~
9 to teachers pursuant to section 284.3A and shall comply with
10 the requirements of chapter 284 related to such distribution
11 under section 284.3A.

12 Sec. 13. Section 257.10, subsection 10, paragraph d, Code
13 2023, is amended to read as follows:

14 *d.* The use of the funds calculated under this subsection
15 and any amount designated for professional development purposes
16 from the school district's flexibility account under section
17 298A.2, subsection 2, shall comply with the requirements of
18 chapter 284. If all professional development requirements of
19 chapter 284 are met and funds received under this subsection
20 remain unexpended and unobligated at the end of a fiscal year
21 beginning on or after July 1, 2017, the school district may
22 transfer all or a portion of such unexpended and unobligated
23 funds for deposit in the school district's flexibility account
24 established under section 298A.2, subsection 2. At the end
25 of a fiscal year beginning on or after July 1, 2022, the
26 school district may use all or a portion of funds under this
27 subsection for the purposes authorized under subsection 9,
28 paragraph "d".

29 Sec. 14. Section 257.10, subsection 12, paragraph d, Code
30 2023, is amended to read as follows:

31 *d.* ~~For~~ Except as otherwise allowed under this paragraph,
32 for the budget year beginning July 1, 2014, and succeeding
33 budget years, the use of the funds calculated under this
34 subsection shall comply with the requirements of chapter 284
35 and shall be distributed to teachers pursuant to section

1 284.15. The funds shall be used only to increase the payment
 2 for a teacher assigned to a leadership role pursuant to a
 3 framework or comparable system approved pursuant to section
 4 284.15; to increase the percentages of teachers assigned to
 5 leadership roles; to increase the minimum teacher starting
 6 salary to thirty-three thousand five hundred dollars; to
 7 cover the costs for the time mentor and lead teachers are not
 8 providing instruction to students in a classroom; for coverage
 9 of a classroom when an initial or career teacher is observing
 10 or co-teaching with a teacher assigned to a leadership role;
 11 for professional development time to learn best practices
 12 associated with the career pathways leadership process; and for
 13 other costs associated with a framework or comparable system
 14 approved by the department of education under [section 284.15](#)
 15 with the goals of improving instruction and elevating the
 16 quality of teaching and student learning. If all requirements
 17 for the school district for the use of funds calculated
 18 under [this subsection](#) are met and funds received under this
 19 subsection remain unexpended and unobligated at the end of a
 20 fiscal year beginning on or after July 1, 2020, the school
 21 district may transfer all or a portion of such unexpended
 22 and unobligated funds for deposit in the school district's
 23 flexibility account established under section 298A.2,
 24 subsection 2. At the end of a fiscal year beginning on or after
 25 July 1, 2022, school districts may use all or a portion of
 26 funds under this subsection for the purposes authorized under
 27 subsection 9, paragraph "d", and, notwithstanding any provision
 28 of law to the contrary, school districts shall not be required
 29 to participate in or comply with section 284.15 in order to
 30 continue to receive funding under this subsection.

31 Sec. 15. Section 257.11, subsection 5, Code 2023, is amended
 32 to read as follows:

33 5. *Shared operational functions — increased student*
 34 *opportunities — budget years beginning in 2014 through 2024*
 35 *2034.*

1 a. (1) In order to provide additional funding to increase
2 student opportunities and redirect more resources to student
3 programming for school districts that share operational
4 functions, a district that shares with a political subdivision
5 one or more operational functions of a curriculum director,
6 master social worker, independent social worker, work-based
7 learning coordinator, special education director, mental health
8 professional who holds a statement of recognition issued by the
9 board of educational examiners, college and career transition
10 counselor or coordinator, school resource officer, or school
11 counselor, or one or more operational functions in the areas
12 of superintendent management, business management, human
13 resources, transportation, or operation and maintenance for at
14 least twenty percent of the school year shall be assigned a
15 supplementary weighting for each shared operational function.
16 A school district that shares an operational function in
17 the area of superintendent management shall be assigned a
18 supplementary weighting of nine pupils for the function. A
19 school district that shares an operational function in the area
20 of business management, human resources, transportation, or
21 operation and maintenance shall be assigned a supplementary
22 weighting of five pupils for the function. A school district
23 that shares the operational functions of a curriculum director;
24 a master social worker or an independent social worker licensed
25 under [chapters 147 and 154C](#); a work-based learning coordinator;
26 a special education director; a mental health professional
27 who holds a statement of recognition issued by the board
28 of educational examiners; a college and career transition
29 counselor or coordinator; a school resource officer; or a
30 school counselor shall be assigned a supplementary weighting of
31 three pupils for the function. The additional weighting shall
32 be assigned for each discrete operational function shared.
33 However, a school district may receive the additional weighting
34 under [this subsection](#) for sharing the services of an individual
35 with a political subdivision or another school district even if

1 the type of operational function performed by the individual
 2 for the school district and the type of operational function
 3 performed by the individual for the political subdivision or
 4 another school district are not the same operational function,
 5 so long as either both operational functions are eligible for
 6 weighting under *this subsection* or the operational function
 7 the individual performs for the school district is special
 8 education director. In either case, the school district
 9 shall be assigned the additional weighting for the type of
 10 operational function that the individual performs for the
 11 school district, and the school district shall not receive
 12 additional weighting for any other function performed by the
 13 individual. The operational function sharing arrangement does
 14 not need to be a newly implemented sharing arrangement to
 15 receive supplementary weighting under *this subsection*.

16 (2) For the purposes of this paragraph "a":

17 (a) "*College and career transition counselor or coordinator*"
 18 means a licensed school counselor or an appropriately trained
 19 individual responsible for providing direct services to
 20 students, parents, families, schools, and postsecondary
 21 institutions to support college preparation and postsecondary
 22 success, such as college preparation, financial aid processing,
 23 and transition to postsecondary institution enrollment.

24 (b) "*Political subdivision*" means a city, township, county,
 25 school corporation, merged area, area education agency,
 26 institution governed by the state board of regents, or any
 27 other governmental subdivision.

28 (c) "*School resource officer*" means the same as defined in
 29 34 U.S.C. §10389.

30 (d) "*Work-based learning coordinator*" means an appropriately
 31 trained individual responsible for facilitating authentic,
 32 engaging work-based learning experiences for learners and
 33 educators in partnership with employers and others to enhance
 34 learning by connecting the content and skills that are
 35 necessary for future careers.

1 *b.* (1) Notwithstanding paragraph "a", subparagraph (1),
2 each operational function assigned a supplementary weighting
3 of five pupils under paragraph "a", subparagraph (1), shall
4 instead be assigned a supplementary weighting of four pupils
5 for the school budget years beginning on or after July 1, 2022,
6 ~~July 1, 2023, and July 1, 2024~~ but before July 1, 2035.

7 (2) Notwithstanding paragraph "a", subparagraph (1), each
8 operational function assigned a supplementary weighting of
9 three pupils under paragraph "a", subparagraph (1), shall
10 instead be assigned a supplementary weighting of two pupils for
11 the school budget years beginning on or after July 1, 2022,
12 ~~July 1, 2023, and July 1, 2024~~ but before July 1, 2035.

13 *c.* School districts that share operational functions with
14 other school districts are not required to be contiguous school
15 districts. If two or more districts sharing operational
16 functions are not contiguous to each other, the districts
17 separating those districts are not required to be a party to
18 the operational functions sharing arrangement.

19 *d.* Supplementary weighting pursuant to [this subsection](#) shall
20 be available to a school district during the period commencing
21 with the budget year beginning July 1, 2014, through the
22 budget year beginning July 1, ~~2024~~ 2034. The maximum amount
23 of additional weighting for which a school district shall be
24 eligible in a budget year is twenty-one additional pupils.
25 Criteria for determining the qualification of operational
26 functions for supplementary weighting shall be determined by
27 the department by rule, through consideration of increased
28 student opportunities.

29 *e.* Supplementary weighting pursuant to [this subsection](#) shall
30 be available to an area education agency during the period
31 commencing with the budget year beginning July 1, 2014, through
32 the budget year beginning July 1, ~~2024~~ 2034. The minimum
33 amount of additional funding for which an area education
34 agency shall be eligible in a budget year is thirty thousand
35 dollars, and the maximum amount of additional funding for which

1 an area education agency shall be eligible is two hundred
2 thousand dollars. The department of management shall annually
3 set a weighting for each area education agency to generate
4 the approved operational sharing expense using the area
5 education agency's special education cost per pupil amount and
6 foundation level. Criteria for determining the qualification
7 of operational functions for supplementary weighting shall be
8 determined by the department by rule, through consideration of
9 increased student opportunities.

10 *f.* This subsection is repealed effective July 1, 2025 2035.

11 Sec. 16. Section 257.46, subsection 3, Code 2023, is amended
12 to read as follows:

13 3. If any portion of the gifted and talented program budget
14 remains unexpended at the end of the budget year, the remainder
15 shall be carried over to the subsequent budget year and added
16 to the gifted and talented program budget for that year. At
17 the end of a fiscal year beginning on or after July 1, 2022,
18 the school district may use all or a portion of funds for the
19 purposes authorized under subsection 9, paragraph "d".

20 Sec. 17. Section 284.15, subsection 7, Code 2023, is amended
21 to read as follows:

22 7. The department shall establish criteria and a process
23 for application and approval of the framework established
24 under subsection 1, and for comparable systems that meet the
25 requirements of section 284.16 or 284.17, which a school
26 district may implement pursuant to subsection 6 ~~in order to~~
27 ~~receive teacher leadership supplement foundation aid calculated~~
28 ~~under section 257.10, subsection 12.~~

29 Sec. 18. EFFECTIVE DATE. This division of this Act, being
30 deemed of immediate importance, takes effect upon enactment.