

Distribution and Use of State and Federal Special Education Allocations Beginning July 1, 2025

Overview

Changes to Iowa Code section 257.10(7) that were made by 2024 Iowa Acts, House File 2612, require school districts to **budget not less than ninety percent of funds received for special education support services to be contracted from an area education agency (AEA)** of their choice, beginning on or after July 1, 2025. The purpose of this document is to provide a broad overview of considerations for school districts and AEAs as they implement the changed requirements. It describes fund allocations and delineates general AEA activities which should be provided using federal or state allocations and activities that AEAs may provide for a fee. More detailed information regarding activities which can be provided for a fee can be found in the [Chart of Allowable Special Education Costs](#).

Allocation and Payment of Funds

Funds for services provided under the Individuals with Disabilities Act (IDEA) come from two sources: federal and state. The requirement of Section 257.10(7) is specific to the state allocation and does not impact the federal funding allocation formula administered by the Department of Education (Department). Beginning July 1, 2025, school districts will receive one hundred percent of the state funds that previously went directly to AEAs for special education support services. The school district **must establish an automatic process for transferring ninety percent** of the amount received to the AEA.

The school district must contract the state aid ninety percent allocation with one AEA for special education Part C and Part B services. The contract between the school district and the AEA will not describe the specific special education and support services the school district will receive from the AEA, as those services are a part of the school district and AEA's shared federal and state statutory obligation to provide each child with a disability a Free and Appropriate Public Education. The contract between the school district and the AEA should, however, specify how the transfer of funds will be completed and that funds will be automatically transferred in ten monthly payments from the district to the AEA, similar to the state aid payment schedule of the Department of Management. The contract must be in place by July 1, 2025.

New subsection 273.3(26) requires AEAs to provide to the school district quarterly, at a minimum, a description of 1) a monetary accounting of payments the area education agency received from the school district, including payments under section 257.35, 2) the special education services provided by the area education agency to the school district, 3) the services provided by the area education agency under part C of the federal Individuals with Disabilities Education Act, 4) the services provided by the area education agency that are related to the child find process for special education, and 5) the services provided by the area education agency to accredited nonpublic schools and charter schools. The special education services the district receives from the AEA **may not** be limited by the amount of funding the school district provides to the AEA.

IDEA federal funds will continue to be allocated by the Department following its current procedures. Data for districts electing to receive special education services from a contiguous AEA will be included in the new AEA's allocation formula for the year the services are requested from the contiguous AEA. See [School Districts Choosing to Receive Special Education Services from a Contiguous AEA](#) for more information related to district receipt of services from a contiguous AEA.

Ability to Carry-forward Unexpended Allocations

Positive balances carried forward by school districts, including the ten percent of special education support services funds under Iowa Code section 257.10(7), will be addressed by Iowa Code section 257.31(14)(a) governing special education balances in excess of 10 percent. Positive balances carried forward by AEAs from the ninety percent of the funds generated by Iowa Code section 257.10(7) will be addressed pursuant to Iowa Administrative Code rule 289-6.10(257) governing special education support services balances in excess of 10 percent.

Appendix A: Delineation of AEA Services

IDEA Services to be Provided by AEA with Federal or State Funds

- IDEA Services to be Provided by AEA with Federal or State Funds
- Early ACCESS services
- Comprehensive and effective Child Find
- Evaluations and re-evaluations for eligibility and IEP development
- AEA support and related services as identified in a child with a disability's IEP or IFSP
- Support for school personnel required for implementation of related services as identified in an individual's IEP or IFSP and are the financial responsibility of the AEA
- Required staff participation in IDEA meetings, including: eligibility, manifestation determination, annual IEP (if a member)
- Technical training on how to use ACHIEVE, including roll out of updates
- Practice coaching for IDEA-DA professional learning packages for districts receiving Level 2 or 3 supports
- Ongoing support in disability-specific areas (e.g., challenging behavior, autism, assistive technology) over and above the role of an IEP team member
- Ongoing technical assistance, coaching and support for district administrators to inform and prevent non-compliance e.g., SE procedures concerns, individual student situations, service delivery challenges
- Equipment access, including trials for OT/PT/AT equipment

IDEA relevant content for which the AEA might charge a fee in certain situations

- Support for school personnel required for implementation of instructional services that are defined as the financial responsibility of the district
- Supporting a district's corrective action when the finding is not the result of AEA guidance or action
- Coaching/consultation support related to system improvement beyond IDEA-DA
- Capacity building of district employee to increase staff competency
- Professional learning for special education teachers that is on the Department's statutorily required list of evidence-based professional development
- Practice coaching for IDEA-DA professional learning packages for districts receiving Level 1 supports
- AEA informal mediation, which is outside of mediation under IDEA
- MTSS Support
- Shared special education leadership e.g., special education directors/coordinators
- Shared instructional supports e.g., social workers, psychologists, work experience coordinators