

Tymeson, Ch.
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HSB 218

EDUCATION

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HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
EDUCATION BILL BY
CHAIRPERSON GRUNDBERG)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the reorganization or dissolution of an area
2 education agency.

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

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DIVISION _____

REORGANIZATION OR DISSOLUTION

Section 1. NEW SECTION. 273.20 DEFINITIONS.

When used in this division, unless the context otherwise requires:

1. "Affected area education agency" or "affected agency" means an area education agency whose board of directors is contemplating or engaged in reorganization efforts in accordance with this division.

2. "Affected board" means the board of directors of an area education agency that is contemplating or engaged in reorganization efforts in accordance with this division.

3. "Department" means the department of education.

4. "State board" means the state board of education.

Sec. 2. NEW SECTION. 273.21 VOLUNTARY REORGANIZATION.

1. Two or more area education agencies may voluntarily reorganize under this division if the area education agencies are contiguous, a majority of the members of each of the affected boards approve the reorganizations, and the reorganization plan submitted to the state board pursuant to subsection 3 is approved by the state board.

2. If twenty percent or more of the school districts within an affected area education agency file a petition by March 1 with the affected area education agency board to consider reorganization, the affected board shall consider the request and vote on the petition. If a majority of the affected board members vote to study the reorganization of the affected area education agency, the affected board shall immediately begin the study to consider reorganization effective by July 1 of the next year.

3. The affected boards contemplating a voluntary reorganization shall do the following:

a. Develop detailed studies of the facilities, property, services, staffing necessities, equipment, programs, and other capabilities available in each of the affected area education

1 agencies for the purpose of providing for the reorganization
2 of the area education agencies in order to effect more
3 economical operation and the attainment of higher standards of
4 educational services for the schools.

5 b. Survey the school districts within the affected area
6 education agencies to determine the districts' current and
7 future programs and services, professional development, and
8 technology needs.

9 c. Consult with the officials of school districts within
10 the affected area and other citizens and periodically hold
11 public hearings during the development of a plan for
12 reorganization, as well as a public hearing on the final plan
13 to be submitted to the department.

14 d. Consult with the director of the department of
15 education in the development of surveys and plans. The
16 director of the department of education shall provide
17 assistance and advice to the affected area education agency
18 boards as requested.

19 e. Develop a reorganization plan that demonstrates
20 improved efficiency and effectiveness of programs to meet
21 accreditation standards, includes a preliminary budget for
22 reorganized areas, documents public comment from the public
23 hearings held pursuant to paragraph "c", and provides for a
24 board of directors, and the number of members that the board
25 shall consist of, in accordance with section 273.8.

26 f. Set forth the assets and liabilities of the affected
27 area education agencies, which shall become the responsibility
28 of the board of directors of the newly formed area education
29 agency on the effective date of the reorganization.

30 g. Transmit the completed plan to the state board by
31 November 1.

32 4. The state board shall review the reorganization plan
33 and shall, prior to February 1, either approve the plan or
34 return the plan with the state board's recommendations. An
35 unapproved plan may be resubmitted with modifications to the

1 department not later than February 10. An approved plan shall
2 take effect on July 1 of the fiscal year following the date of
3 approval by the state board.

4 Sec. 3. NEW SECTION. 273.22 CONTRACTS OF NEW AREA
5 EDUCATION AGENCY.

6 1. The terms of employment of the administrator and staff
7 of affected area education agencies for the school year
8 beginning with the effective date of the formation of the new
9 area education agency shall not be affected by the formation
10 of the new area education agency, except in accordance with
11 the provisions of sections 279.15 to 279.18, and 279.24, and
12 the authority and responsibility to offer new contracts or to
13 continue, modify, or terminate existing contracts pursuant to
14 sections 279.12, 279.13, 279.15 to 279.21, 279.23, and 279.24
15 for the school year beginning with the effective date of the
16 reorganization shall be transferred from the boards of the
17 existing area education agencies to the board of the new area
18 education agency on the third Tuesday of January prior to the
19 school year the reorganization is effective.

20 2. The collective bargaining agreement of the area
21 education agency with the largest basic enrollment, as defined
22 in section 257.6, for the year prior to the year the
23 reorganization is effective, shall serve as the base agreement
24 in the new area education agency and the employees of the
25 other area education agencies involved in the formation of the
26 new area education agency shall automatically be accreted to
27 the bargaining unit of that collective bargaining agreement
28 for purposes of negotiating the contracts for the following
29 years without further action by the public employment
30 relations board. If only one collective bargaining agreement
31 is in effect among the area education agencies that are party
32 to the reorganization, that agreement shall serve as the base
33 agreement, and the employees of the other agencies involved in
34 the formation of the new area education agency shall
35 automatically be accreted to the bargaining unit of that

1 collective bargaining agreement for purposes of negotiating
 2 the contracts for the following years without further action
 3 by the public employment relations board. The board of the
 4 newly formed area education agency, using the base agreement
 5 as its existing contract, shall bargain with the combined
 6 employees of the affected agencies for the school year
 7 beginning with the effective date of the reorganization. The
 8 bargaining shall be completed by the dates specified in
 9 section 20.17 prior to the school year in which the
 10 reorganization becomes effective or within one hundred eighty
 11 days after the organization of the new board, whichever is
 12 later. If a bargaining agreement was already concluded by the
 13 board and employees of the affected agency with the contract
 14 serving as the base agreement for the school year beginning
 15 with the effective date of the reorganization, that agreement
 16 shall be void. However, if the base agreement contains
 17 multiyear provisions affecting school years subsequent to the
 18 effective year of the reorganization, the base agreement shall
 19 remain in effect as specified in the agreement.

20 The provisions of the base agreement shall apply to the
 21 offering of new contracts, or continuation, modification, or
 22 termination of existing contracts as provided in subsection 1.

23 3. The terms of a contract between the board of directors
 24 of a school district and the board of directors of an affected
 25 area education agency shall be carried out by the school board
 26 and the board of directors of the newly formed area education
 27 agency except as provided in this section.

28 4. The board of directors of a school district that is
 29 under a contract with an affected area education agency may
 30 petition the boards of directors of the affected area
 31 education agencies for release from the contract. If the
 32 petition receives a majority of the votes cast by the members
 33 of the boards of the affected area education agencies, the
 34 petition is approved and the contract shall be terminated on
 35 the effective date of the area education agency

1 reorganization.

2 5. The board of directors of a school district that is
3 contiguous to a newly reorganized area education agency may
4 petition the board of directors of a contiguous area education
5 agency to join that area education agency. If the contiguous
6 area education agency board approves the petition, the
7 reorganization shall take effect on July 1 of the school year
8 following approval of the petition by the state board. A
9 school district may appeal to the state board the decision of
10 an area education agency board to deny the school district's
11 petition.

12 Sec. 4. NEW SECTION. 273.23 INITIAL BOARD.

13 1. A petition filed under section 273.21 shall state the
14 number of directors on the initial board which shall be either
15 seven or nine directors. The petition shall specify the
16 number of directors to be retained from each area, and those
17 numbers shall be proportionate to the populations of the
18 agencies. If the proportionate balance of directors among the
19 affected agencies specified in the plan is affected by school
20 districts petitioning to be excluded from the reorganization,
21 or if the proposal specified in the plan does not comply with
22 the requirement for proportionate representation, the state
23 board shall modify the proposal. However, all area education
24 agencies affected shall retain at least one member.

25 2. Prior to the organization meeting of the board of
26 directors of the newly formed area education agency, the
27 boards of the former area education agencies shall designate
28 directors to be retained as members to serve on the initial
29 board of the newly formed area education agency. A vacancy
30 occurs if an insufficient number of former board members
31 reside in the newly formed area education agency's boundaries
32 or if an insufficient number of former board members are
33 willing to serve on the board of the newly formed area
34 education agency. Vacancies, as defined in section 277.29, in
35 the membership of the newly formed area education agency board

1 shall be filled for the unexpired portion of the term at a
2 special director district convention called and conducted in
3 the manner provided in section 273.8 for regular director
4 district conventions.

5 3. Prior to the effective date of the reorganization, the
6 initial board shall call a director district convention under
7 the provisions of section 273.8, subsection 2, for the purpose
8 of electing a board for the reorganized area education agency.
9 The new board shall have control of the employment of all
10 personnel for the newly formed area education agency for the
11 ensuing school year. Following the organization of the new
12 board, the board shall have authority to establish policy,
13 enter into contracts, and complete such planning and take such
14 action as is essential for the efficient management of the
15 newly formed area education agency.

16 4. The initial board of the newly formed district shall
17 appoint an acting administrator and an acting board secretary.
18 The appointment of the acting administrator shall not be
19 subject to the continuing contract provision of sections
20 279.20, 279.23, and 279.24.

21 5. The initial board of the newly formed agency shall
22 prepare an annual budget estimating income and expenditures
23 for programs and services as provided in sections 273.1 to
24 273.9 and chapter 256B within the limits of funds provided
25 under section 256B.9 and chapter 257. The board shall give
26 notice of a public hearing on the proposed budget by
27 publication in an official county newspaper in each county in
28 the territory of the area education agency in which the
29 principal place of business of a school district that is a
30 part of the area education agency is located. The notice
31 shall specify the date, which shall not be later than March 1,
32 the time, and the location of the public hearing. The
33 proposed budget as approved by the board shall be submitted to
34 the state board, on forms provided by the department, no later
35 than March 15 for approval. The state board shall review the

1 proposed budget of the newly formed area education agency and
2 shall before April 1, either grant approval or return the
3 budget without approval with comments of the state board
4 included. An unapproved budget shall be resubmitted to the
5 state board for final approval not later than April 15. The
6 state board shall give final approval only to budgets
7 submitted by area education agencies accredited by the state
8 board or that have been given conditional accreditation by the
9 state board.

10 6. For the school year beginning on the effective date of
11 an area education agency reorganization as provided in this
12 division, the media services cost per pupil as determined
13 under section 257.37 for all districts in a newly formed area
14 education agency for the budget year shall be the highest
15 amount of media services cost per pupil for any of the
16 affected area education agencies.

17 7. For the school year beginning on the effective date of
18 an area education agency reorganization as provided in this
19 division, the educational services cost per pupil as
20 determined under section 257.37 for all districts in a newly
21 formed area education agency for the budget year shall be the
22 highest amount of educational services cost per pupil for any
23 of the affected area education agencies.

24 8. For the school year beginning on the effective date of
25 an area education agency reorganization as provided in this
26 division, the special education support services cost per
27 pupil shall be based upon the combined budgets for special
28 education support services of the area education agencies that
29 reorganized to form the newly formed area education agency,
30 divided by the total of the weighted enrollment for special
31 education support services in the reorganized area education
32 agency for the budget year.

33 Within one year of the effective date of the
34 reorganization, a newly formed area education agency shall
35 meet the accreditation requirements set forth in section

1 273.10, and the standards set forth in section 273.11. The
2 newly formed area education agency shall be considered
3 accredited for purposes of budget approval by the state board
4 pursuant to section 273.3. The state board shall inform the
5 newly formed area education agency of the accreditation on-
6 site visit schedule.

7 Sec. 5. NEW SECTION. 273.24 COMMISSION TO DISSOLVE AREA
8 EDUCATION AGENCY.

9 1. As an alternative to area education agency
10 reorganization prescribed in this division, the board of
11 directors of an area education agency may establish an area
12 education agency dissolution commission to prepare a proposal
13 of dissolution of the area education agency and attachment of
14 all of the area education agency to one or more contiguous
15 area education agencies and to include in the proposal a
16 division of the assets and liabilities of the dissolving area
17 education agency. If twenty percent or more of the school
18 districts within an area education agency file a petition by
19 March 1 with the area education agency board to consider
20 dissolving, the area education agency board shall consider the
21 request and vote on the petition. If a majority of the board
22 members vote to study dissolving the area education agency,
23 the agency board shall immediately begin a study to consider
24 such action effective by July 1 of the next calendar year or
25 the area education agency board may establish a dissolution
26 commission.

27 An area education agency dissolution commission established
28 by the board of directors of an area education agency shall
29 consist of a minimum of seven members appointed by the board
30 of directors of the area education agency for a term of office
31 ending either with a report to the board that no proposal can
32 be approved or on the date of the vote on the proposal.
33 Members of the dissolution commission must be board members of
34 school districts within the area served, not more than three
35 of whom may be members of the board of directors of the area

1 education agency. Members shall be appointed from throughout
2 the area served and should represent the various school
3 districts present in the area served.

4 Members of the dissolution commission shall serve without
5 compensation and may be appointed to a subsequent commission.
6 A vacancy on the commission shall be filled in the same manner
7 as the original appointment was made.

8 The board of the area education agency shall certify to the
9 department of education that a commission has been formed, the
10 names and addresses of commission members, and that the
11 commission members represent the various geographic areas and
12 socioeconomic elements present in the school districts that
13 the area serves.

14 Sec. 6. NEW SECTION. 273.25 MEETINGS.

15 The commission shall hold an organizational meeting not
16 more than fifteen days after its appointment and shall elect a
17 chairperson and vice chairperson from its membership.
18 Thereafter the commission may meet as often as deemed
19 necessary upon the call of the chairperson or a majority of
20 the commission members.

21 The commission shall request statements from contiguous
22 area education agencies outlining each agency's willingness to
23 accept attachments of the affected area education agency to
24 the contiguous agencies and what conditions, if any, the
25 contiguous agency recommends. The commission shall meet with
26 boards of contiguous area education agencies and with boards
27 of directors of the affected school districts to the extent
28 possible in drawing up the dissolution proposal. The
29 commission may seek assistance from the department of
30 education.

31 Sec. 7. NEW SECTION. 273.26 DISSOLUTION PROPOSAL.

32 Not later than one year following the date of the
33 organizational meeting of the commission, the commission shall
34 send a copy of its dissolution proposal to the affected area
35 education agency board or shall inform the affected area

1 education agency board that it cannot agree upon a dissolution
2 proposal. The commission shall also send a copy of the
3 dissolution proposal by certified mail to the boards of
4 directors of all school districts and other area education
5 agencies affected. If the board of a school district or the
6 board of an area education agency affected by the dissolution
7 proposal objects to the proposal, either board shall send its
8 objections in writing to the commission within ten days
9 following receipt of the dissolution proposal. The commission
10 may consider the objections and may modify the dissolution
11 proposal. If the dissolution proposal is modified, the
12 commission shall notify by certified mail the boards of
13 directors of all area education agencies to which an area of
14 the affected area education agency will be attached and shall
15 notify by certified mail the board of directors of all school
16 districts in the affected area education agencies.

17 If the commission cannot agree upon a dissolution proposal
18 prior to the expiration of its term, the affected area
19 education agency board may appoint a new commission.

20 Sec. 8. NEW SECTION. 273.27 HEARING -- VOTE -- STATE
21 BOARD APPROVAL.

22 1. Within ten days following the filing of the dissolution
23 proposal with the affected area education agency board, the
24 affected board shall fix a date for a hearing on the proposal
25 which shall not be more than sixty days after the dissolution
26 petition was filed with the affected board. The affected
27 board shall publish notice of the date, time, and location of
28 the hearing at least ten days prior to the date of the hearing
29 by one publication in a newspaper in general circulation in
30 the area. The notice shall include the content of the
31 dissolution proposal. Representatives of school districts in
32 the area served may present evidence and arguments at the
33 hearing. The president of the affected board shall preside at
34 the hearing. The affected board shall review testimony from
35 the hearing and shall adopt or amend and adopt the dissolution

1 proposal.

2 The affected board shall notify by certified mail the
3 boards of directors of all school districts in the affected
4 area education agency and the contiguous area education
5 agencies to which the districts of the affected area education
6 agency will be attached and the director of the department of
7 education of the contents of the dissolution proposal adopted
8 by the affected board.

9 2. Within thirty days of the hearing, the affected board
10 shall call a director district convention, which shall include
11 the boards of directors in the area served by the area
12 education agencies to which an area of the affected area
13 education agency will be attached under the dissolution
14 proposal, for the purpose of voting on the dissolution
15 proposal.

16 3. If the dissolution proposal is approved by a majority
17 of all directors voting on the proposal, the proposal shall be
18 forwarded to the state board by November 1. The state board
19 shall review the dissolution plan proposal and shall prior to
20 January 1 either grant approval for the proposal or return the
21 proposal with recommendations. An unapproved proposal may be
22 resubmitted with modifications to the state board not later
23 than February 1. A proposal shall take effect on July 1 of
24 the fiscal year following the date of approval by the state
25 board.

26 EXPLANATION

27 This bill permits two or more area education agencies to
28 voluntarily reorganize, allows an area education agency to
29 initiate dissolution procedures, or requires that an area
30 education agency initiate dissolution procedures if petitioned
31 by at least 20 percent of the board members serving on each
32 school district board within the area served.

33 Reorganization and attachment of an affected area education
34 agency's area can only take place under the bill if the areas
35 affected are contiguous, 20 percent of the school districts

1 within the affected area education agencies file a petition
2 for reorganization, a majority of the members of the affected
3 area education agency boards approve the reorganization, or in
4 the case of dissolution, if a majority of the members of the
5 affected school districts voting approve of the dissolution.

6 PLANNING. The area education agency boards contemplating a
7 voluntary reorganization must develop and conduct studies of
8 the agency resources and program, survey the school districts
9 to determine current and future needs, hold public hearings,
10 and consult with the director of the department of education
11 in the development of surveys and plans.

12 The plan developed must demonstrate improved efficiency and
13 effectiveness, include a preliminary budget for reorganized
14 areas, document public comment, and provide for a board of
15 directors.

16 ASSETS AND LIABILITIES. The assets and liabilities of the
17 affected area education agencies become the responsibility of
18 the board of the newly formed area education agency.

19 DEPARTMENTAL REVIEW. The state board of education shall
20 review the plan and grant approval for the program or return
21 the plan with the state board's recommendations. An approved
22 plan takes effect on the following July 1.

23 CONTRACTS AND COLLECTIVE BARGAINING. Current contracts for
24 the administrator and teachers of an affected area education
25 agency are to be preserved in the formation of the new area
26 education agency. The collective bargaining agreement of the
27 area education agency with the largest basic enrollment for
28 the year prior to the reorganization serves as the base
29 agreement.

30 SCHOOL DISTRICT PETITION TO ANOTHER AGENCY. The bill
31 permits the board of directors of a school district contiguous
32 to a newly reorganized area education agency to petition to
33 join the board of directors of a contiguous area education
34 agency.

35 INITIAL BOARD. The bill provides for the appointment of

1 area education agency directors to the initial board of the
2 newly reorganized agency. The initial board must call a
3 director district convention to elect members of the regular
4 board. The initial board has control of the employment of all
5 personnel for the newly formed agency for the ensuing school
6 year, and may establish policy, enter into contracts, and
7 complete such planning and take such action as is essential
8 for the efficient management of the newly formed area
9 education agency.

10 ACCREDITATION. A newly formed area education agency shall
11 meet the accreditation requirements and standards set forth in
12 statute within one year of the effective date of
13 reorganization. The new agency is considered accredited for
14 purposes of budget approval by the state board. The state
15 board must inform the new agency of the accreditation on-site
16 visit schedule.

17 DISSOLUTION. The bill requires that a dissolution
18 commission be established by the board of directors of an area
19 education agency if a dissolution proposal has been prepared
20 by area school boards, accompanied by a petition signed by at
21 least 20 percent of the school district boards within the area
22 served.

23 DISSOLUTION COMMISSION. The commission must request
24 statements from contiguous agencies outlining each agency's
25 willingness to accept territory attachments and is required to
26 meet with boards of contiguous agencies and with local school
27 boards in drawing up the dissolution proposal.

28 Within one year, the commission must either send a copy of
29 its dissolution proposal or inform the affected area education
30 agency board that it cannot agree upon a dissolution proposal.

31 An agency board that objects to an attachment of area must
32 send its objections in writing to the commission within 10
33 days, and the commission may modify the dissolution proposal.
34 A new commission may be formed if agreement cannot be reached
35 on a dissolution proposal.

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1 DISSOLUTION HEARING. Within 10 days following the filing
2 of the dissolution proposal, the affected board must fix a
3 date and publish notice for a hearing. The affected board
4 must review hearing testimony and adopt or amend and adopt the
5 dissolution proposal.

6 VOTE BY SCHOOL BOARD MEMBERS. Within 30 days of the
7 hearing, the school boards of districts located within the
8 affected area education agency and within the area served by
9 area education agencies to which area of the affected area
10 education agency will be attached shall vote on the
11 dissolution proposal. The dissolution proposal must pass by a
12 simple percent of the votes cast. An approved dissolution
13 proposal must be forwarded to the state board for approval by
14 November 1.

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S-3/26/01 Education
S-4/13/01 Do Pass

MAR 21 2001

S-4/12/01 UNFINISHED BUSINESS CALENDAR

Place On Calendar

HOUSE FILE 674

BY COMMITTEE ON EDUCATION

(SUCCESSOR TO HSB 218)

Passed House, Date (P.874) 3-26-01 Passed Senate, Date (P.1190) 4-18-01
Vote: Ayes 98 Nays 0 Vote: Ayes 47 Nays 0

(P.143)

Approved May 3, 2001
Re-lined 4-23-01
vote 98-0

A BILL FOR

1 An Act relating to the reorganization or dissolution of an area
2 education agency.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

HOUSE FILE 674

S-3389

1 Amend House File 674, as passed by the House, as
2 follows:
3 1. Page 1, by inserting before line 1 the
4 following:
5 "Section 1. Section 273.10, subsection 3,
6 unnumbered paragraph 2, Code 2001, is amended to read
7 as follows:
8 Approval, if granted, shall be for a term of ~~three~~
9 five years. However, the state board may grant
10 conditional approval for a term of less than ~~three~~
11 five years if conditions warrant."
12 2. Title page, line 1, by inserting after the
13 word "the" the following: "accreditation and".
14 3. By renumbering as necessary.

By JOHN REDWINE
STEVEN D. HANSEN

S-3389 FILED APRIL 18, 2001
ADOPTED (P.1189)

HF 674

DIVISION _____

REORGANIZATION OR DISSOLUTION

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2. "Affected board" means the board of directors of an area education agency that is contemplating or engaged in reorganization efforts in accordance with this division.

3. "Department" means the department of education.

4. "State board" means the state board of education.

Sec. 2. NEW SECTION. 273.21 VOLUNTARY REORGANIZATION.

1. Two or more area education agencies may voluntarily reorganize under this division if the area education agencies are contiguous, a majority of the members of each of the affected boards approve the reorganizations, and the reorganization plan submitted to the state board pursuant to subsection 3 is approved by the state board.

2. If twenty percent or more of the school districts within an affected area education agency file a petition by March 1 with the affected area education agency board to consider reorganization, the affected board shall consider the request and vote on the petition. If a majority of the affected board members vote to study the reorganization of the affected area education agency, the affected board shall immediately begin the study to consider reorganization effective by July 1 of the next year.

3. The affected boards contemplating a voluntary reorganization shall do the following:

a. Develop detailed studies of the facilities, property, services, staffing necessities, equipment, programs, and other capabilities available in each of the affected area education

1 agencies for the purpose of providing for the reorganization
2 of the area education agencies in order to effect more
3 economical operation and the attainment of higher standards of
4 educational services for the schools.

5 b. Survey the school districts within the affected area
6 education agencies to determine the districts' current and
7 future programs and services, professional development, and
8 technology needs.

9 c. Consult with the officials of school districts within
10 the affected area and other citizens and periodically hold
11 public hearings during the development of a plan for
12 reorganization, as well as a public hearing on the final plan
13 to be submitted to the department.

14 d. Consult with the director of the department of
15 education in the development of surveys and plans. The
16 director of the department of education shall provide
17 assistance and advice to the affected area education agency
18 boards as requested.

19 e. Develop a reorganization plan that demonstrates
20 improved efficiency and effectiveness of programs to meet
21 accreditation standards, includes a preliminary budget for
22 reorganized areas, documents public comment from the public
23 hearings held pursuant to paragraph "c", and provides for a
24 board of directors, and the number of members that the board
25 shall consist of, in accordance with section 273.8.

26 f. Set forth the assets and liabilities of the affected
27 area education agencies, which shall become the responsibility
28 of the board of directors of the newly formed area education
29 agency on the effective date of the reorganization.

30 g. Transmit the completed plan to the state board by
31 November 1.

32 4. The state board shall review the reorganization plan
33 and shall, prior to February 1, either approve the plan or
34 return the plan with the state board's recommendations. An
35 unapproved plan may be resubmitted with modifications to the

1 department not later than February 10. An approved plan shall
2 take effect on July 1 of the fiscal year following the date of
3 approval by the state board.

4 Sec. 3. NEW SECTION. 273.22 CONTRACTS OF NEW AREA
5 EDUCATION AGENCY.

6 1. The terms of employment of the administrator and staff
7 of affected area education agencies for the school year
8 beginning with the effective date of the formation of the new
9 area education agency shall not be affected by the formation
10 of the new area education agency, except in accordance with
11 the provisions of sections 279.15 to 279.18, and 279.24, and
12 the authority and responsibility to offer new contracts or to
13 continue, modify, or terminate existing contracts pursuant to
14 sections 279.12, 279.13, 279.15 to 279.21, 279.23, and 279.24
15 for the school year beginning with the effective date of the
16 reorganization shall be transferred from the boards of the
17 existing area education agencies to the board of the new area
18 education agency on the third Tuesday of January prior to the
19 school year the reorganization is effective.

20 2. The collective bargaining agreement of the area
21 education agency with the largest basic enrollment, as defined
22 in section 257.6, for the year prior to the year the
23 reorganization is effective, shall serve as the base agreement
24 in the new area education agency and the employees of the
25 other area education agencies involved in the formation of the
26 new area education agency shall automatically be accreted to
27 the bargaining unit of that collective bargaining agreement
28 for purposes of negotiating the contracts for the following
29 years without further action by the public employment
30 relations board. If only one collective bargaining agreement
31 is in effect among the area education agencies that are party
32 to the reorganization, that agreement shall serve as the base
33 agreement, and the employees of the other agencies involved in
34 the formation of the new area education agency shall
35 automatically be accreted to the bargaining unit of that

1 collective bargaining agreement for purposes of negotiating
2 the contracts for the following years without further action
3 by the public employment relations board. The board of the
4 newly formed area education agency, using the base agreement
5 as its existing contract, shall bargain with the combined
6 employees of the affected agencies for the school year
7 beginning with the effective date of the reorganization. The
8 bargaining shall be completed by the dates specified in
9 section 20.17 prior to the school year in which the
10 reorganization becomes effective or within one hundred eighty
11 days after the organization of the new board, whichever is
12 later. If a bargaining agreement was already concluded by the
13 board and employees of the affected agency with the contract
14 serving as the base agreement for the school year beginning
15 with the effective date of the reorganization, that agreement
16 shall be void. However, if the base agreement contains
17 multiyear provisions affecting school years subsequent to the
18 effective year of the reorganization, the base agreement shall
19 remain in effect as specified in the agreement.

20 The provisions of the base agreement shall apply to the
21 offering of new contracts, or continuation, modification, or
22 termination of existing contracts as provided in subsection 1.

23 3. The terms of a contract between the board of directors
24 of a school district and the board of directors of an affected
25 area education agency shall be carried out by the school board
26 and the board of directors of the newly formed area education
27 agency except as provided in this section.

28 4. The board of directors of a school district that is
29 under a contract with an affected area education agency may
30 petition the boards of directors of the affected area
31 education agencies for release from the contract. If the
32 petition receives a majority of the votes cast by the members
33 of the boards of the affected area education agencies, the
34 petition is approved and the contract shall be terminated on
35 the effective date of the area education agency

1 reorganization.

2 5. The board of directors of a school district that is
3 contiguous to a newly reorganized area education agency may
4 petition the board of directors of a contiguous area education
5 agency to join that area education agency. If the contiguous
6 area education agency board approves the petition, the
7 reorganization shall take effect on July 1 of the school year
8 following approval of the petition by the state board. A
9 school district may appeal to the state board the decision of
10 an area education agency board to deny the school district's
11 petition.

12 Sec. 4. NEW SECTION. 273.23 INITIAL BOARD.

13 1. A petition filed under section 273.21 shall state the
14 number of directors on the initial board which shall be either
15 seven or nine directors. The petition shall specify the
16 number of directors to be retained from each area, and those
17 numbers shall be proportionate to the populations of the
18 agencies. If the proportionate balance of directors among the
19 affected agencies specified in the plan is affected by school
20 districts petitioning to be excluded from the reorganization,
21 or if the proposal specified in the plan does not comply with
22 the requirement for proportionate representation, the state
23 board shall modify the proposal. However, all area education
24 agencies affected shall retain at least one member.

25 2. Prior to the organization meeting of the board of
26 directors of the newly formed area education agency, the
27 boards of the former area education agencies shall designate
28 directors to be retained as members to serve on the initial
29 board of the newly formed area education agency. A vacancy
30 occurs if an insufficient number of former board members
31 reside in the newly formed area education agency's boundaries
32 or if an insufficient number of former board members are
33 willing to serve on the board of the newly formed area
34 education agency. Vacancies, as defined in section 277.29, in
35 the membership of the newly formed area education agency board

1 shall be filled for the unexpired portion of the term at a
2 special director district convention called and conducted in
3 the manner provided in section 273.8 for regular director
4 district conventions.

5 3. Prior to the effective date of the reorganization, the
6 initial board shall call a director district convention under
7 the provisions of section 273.8, subsection 2, for the purpose
8 of electing a board for the reorganized area education agency.
9 The new board shall have control of the employment of all
10 personnel for the newly formed area education agency for the
11 ensuing school year. Following the organization of the new
12 board, the board shall have authority to establish policy,
13 enter into contracts, and complete such planning and take such
14 action as is essential for the efficient management of the
15 newly formed area education agency.

16 4. The initial board of the newly formed district shall
17 appoint an acting administrator and an acting board secretary.
18 The appointment of the acting administrator shall not be
19 subject to the continuing contract provision of sections
20 279.20, 279.23, and 279.24.

21 5. The initial board of the newly formed agency shall
22 prepare an annual budget estimating income and expenditures
23 for programs and services as provided in sections 273.1 to
24 273.9 and chapter 256B within the limits of funds provided
25 under section 256B.9 and chapter 257. The board shall give
26 notice of a public hearing on the proposed budget by
27 publication in an official county newspaper in each county in
28 the territory of the area education agency in which the
29 principal place of business of a school district that is a
30 part of the area education agency is located. The notice
31 shall specify the date, which shall not be later than March 1,
32 the time, and the location of the public hearing. The
33 proposed budget as approved by the board shall be submitted to
34 the state board, on forms provided by the department, no later
35 than March 15 for approval. The state board shall review the

1 proposed budget of the newly formed area education agency and
2 shall before April 1, either grant approval or return the
3 budget without approval with comments of the state board
4 included. An unapproved budget shall be resubmitted to the
5 state board for final approval not later than April 15. The
6 state board shall give final approval only to budgets
7 submitted by area education agencies accredited by the state
8 board or that have been given conditional accreditation by the
9 state board.

10 6. For the school year beginning on the effective date of
11 an area education agency reorganization as provided in this
12 division, the media services cost per pupil as determined
13 under section 257.37 for all districts in a newly formed area
14 education agency for the budget year shall be the highest
15 amount of media services cost per pupil for any of the
16 affected area education agencies.

17 7. For the school year beginning on the effective date of
18 an area education agency reorganization as provided in this
19 division, the educational services cost per pupil as
20 determined under section 257.37 for all districts in a newly
21 formed area education agency for the budget year shall be the
22 highest amount of educational services cost per pupil for any
23 of the affected area education agencies.

24 8. For the school year beginning on the effective date of
25 an area education agency reorganization as provided in this
26 division, the special education support services cost per
27 pupil shall be based upon the combined budgets for special
28 education support services of the area education agencies that
29 reorganized to form the newly formed area education agency,
30 divided by the total of the weighted enrollment for special
31 education support services in the reorganized area education
32 agency for the budget year.

33 Within one year of the effective date of the
34 reorganization, a newly formed area education agency shall
35 meet the accreditation requirements set forth in section

1 273.10, and the standards set forth in section 273.11. The
2 newly formed area education agency shall be considered
3 accredited for purposes of budget approval by the state board
4 pursuant to section 273.3. The state board shall inform the
5 newly formed area education agency of the accreditation on-
6 site visit schedule.

7 Sec. 5. NEW SECTION. 273.24 COMMISSION TO DISSOLVE AREA
8 EDUCATION AGENCY.

9 1. As an alternative to area education agency
10 reorganization prescribed in this division, the board of
11 directors of an area education agency may establish an area
12 education agency dissolution commission to prepare a proposal
13 of dissolution of the area education agency and attachment of
14 all of the area education agency to one or more contiguous
15 area education agencies and to include in the proposal a
16 division of the assets and liabilities of the dissolving area
17 education agency. If twenty percent or more of the school
18 districts within an area education agency file a petition by
19 March 1 with the area education agency board to consider
20 dissolving, the area education agency board shall consider the
21 request and vote on the petition. If a majority of the board
22 members vote to study dissolving the area education agency,
23 the agency board shall immediately begin a study to consider
24 such action effective by July 1 of the next calendar year or
25 the area education agency board may establish a dissolution
26 commission.

27 An area education agency dissolution commission established
28 by the board of directors of an area education agency shall
29 consist of a minimum of seven members appointed by the board
30 of directors of the area education agency for a term of office
31 ending either with a report to the board that no proposal can
32 be approved or on the date of the vote on the proposal.
33 Members of the dissolution commission must be board members of
34 school districts within the area served, not more than three
35 of whom may be members of the board of directors of the area

1 education agency. Members shall be appointed from throughout
2 the area served and should represent the various school
3 districts present in the area served.

4 Members of the dissolution commission shall serve without
5 compensation and may be appointed to a subsequent commission.
6 A vacancy on the commission shall be filled in the same manner
7 as the original appointment was made.

8 The board of the area education agency shall certify to the
9 department of education that a commission has been formed, the
10 names and addresses of commission members, and that the
11 commission members represent the various geographic areas and
12 socioeconomic elements present in the school districts that
13 the area serves.

14 Sec. 6. NEW SECTION. 273.25 MEETINGS.

15 The commission shall hold an organizational meeting not
16 more than fifteen days after its appointment and shall elect a
17 chairperson and vice chairperson from its membership.
18 Thereafter the commission may meet as often as deemed
19 necessary upon the call of the chairperson or a majority of
20 the commission members.

21 The commission shall request statements from contiguous
22 area education agencies outlining each agency's willingness to
23 accept attachments of the affected area education agency to
24 the contiguous agencies and what conditions, if any, the
25 contiguous agency recommends. The commission shall meet with
26 boards of contiguous area education agencies and with boards
27 of directors of the affected school districts to the extent
28 possible in drawing up the dissolution proposal. The
29 commission may seek assistance from the department of
30 education.

31 Sec. 7. NEW SECTION. 273.26 DISSOLUTION PROPOSAL.

32 Not later than one year following the date of the
33 organizational meeting of the commission, the commission shall
34 send a copy of its dissolution proposal to the affected area
35 education agency board or shall inform the affected area

1 education agency board that it cannot agree upon a dissolution
2 proposal. The commission shall also send a copy of the
3 dissolution proposal by certified mail to the boards of
4 directors of all school districts and other area education
5 agencies affected. If the board of a school district or the
6 board of an area education agency affected by the dissolution
7 proposal objects to the proposal, either board shall send its
8 objections in writing to the commission within ten days
9 following receipt of the dissolution proposal. The commission
10 may consider the objections and may modify the dissolution
11 proposal. If the dissolution proposal is modified, the
12 commission shall notify by certified mail the boards of
13 directors of all area education agencies to which an area of
14 the affected area education agency will be attached and shall
15 notify by certified mail the board of directors of all school
16 districts in the affected area education agencies.

17 If the commission cannot agree upon a dissolution proposal
18 prior to the expiration of its term, the affected area
19 education agency board may appoint a new commission.

20 Sec. 8. NEW SECTION. 273.27 HEARING -- VOTE -- STATE
21 BOARD APPROVAL.

22 1. Within ten days following the filing of the dissolution
23 proposal with the affected area education agency board, the
24 affected board shall fix a date for a hearing on the proposal
25 which shall not be more than sixty days after the dissolution
26 petition was filed with the affected board. The affected
27 board shall publish notice of the date, time, and location of
28 the hearing at least ten days prior to the date of the hearing
29 by one publication in a newspaper in general circulation in
30 the area. The notice shall include the content of the
31 dissolution proposal. Representatives of school districts in
32 the area served may present evidence and arguments at the
33 hearing. The president of the affected board shall preside at
34 the hearing. The affected board shall review testimony from
35 the hearing and shall adopt or amend and adopt the dissolution

1 proposal.

2 The affected board shall notify by certified mail the
3 boards of directors of all school districts in the affected
4 area education agency and the contiguous area education
5 agencies to which the districts of the affected area education
6 agency will be attached and the director of the department of
7 education of the contents of the dissolution proposal adopted
8 by the affected board.

9 2. Within thirty days of the hearing, the affected board
10 shall call a director district convention, which shall include
11 the boards of directors in the area served by the area
12 education agencies to which an area of the affected area
13 education agency will be attached under the dissolution
14 proposal, for the purpose of voting on the dissolution
15 proposal.

16 3. If the dissolution proposal is approved by a majority
17 of all directors voting on the proposal, the proposal shall be
18 forwarded to the state board by November 1. The state board
19 shall review the dissolution plan proposal and shall prior to
20 January 1 either grant approval for the proposal or return the
21 proposal with recommendations. An unapproved proposal may be
22 resubmitted with modifications to the state board not later
23 than February 1. A proposal shall take effect on July 1 of
24 the fiscal year following the date of approval by the state
25 board.

26 EXPLANATION

27 This bill permits two or more area education agencies to
28 voluntarily reorganize, allows an area education agency to
29 initiate dissolution procedures, or requires that an area
30 education agency initiate dissolution procedures if petitioned
31 by at least 20 percent of the board members serving on each
32 school district board within the area served.

33 Reorganization and attachment of an affected area education
34 agency's area can only take place under the bill if the areas
35 affected are contiguous, 20 percent of the school districts

1 within the affected area education agencies file a petition
2 for reorganization, a majority of the members of the affected
3 area education agency boards approve the reorganization, or in
4 the case of dissolution, if a majority of the members of the
5 affected school districts voting approve of the dissolution.

6 PLANNING. The area education agency boards contemplating a
7 voluntary reorganization must develop and conduct studies of
8 the agency resources and program, survey the school districts
9 to determine current and future needs, hold public hearings,
10 and consult with the director of the department of education
11 in the development of surveys and plans.

12 The plan developed must demonstrate improved efficiency and
13 effectiveness, include a preliminary budget for reorganized
14 areas, document public comment, and provide for a board of
15 directors.

16 ASSETS AND LIABILITIES. The assets and liabilities of the
17 affected area education agencies become the responsibility of
18 the board of the newly formed area education agency.

19 DEPARTMENTAL REVIEW. The state board of education shall
20 review the plan and grant approval for the program or return
21 the plan with the state board's recommendations. An approved
22 plan takes effect on the following July 1.

23 CONTRACTS AND COLLECTIVE BARGAINING. Current contracts for
24 the administrator and teachers of an affected area education
25 agency are to be preserved in the formation of the new area
26 education agency. The collective bargaining agreement of the
27 area education agency with the largest basic enrollment for
28 the year prior to the reorganization serves as the base
29 agreement.

30 SCHOOL DISTRICT PETITION TO ANOTHER AGENCY. The bill
31 permits the board of directors of a school district contiguous
32 to a newly reorganized area education agency to petition to
33 join the board of directors of a contiguous area education
34 agency.

35 INITIAL BOARD. The bill provides for the appointment of

1 area education agency directors to the initial board of the
2 newly reorganized agency. The initial board must call a
3 director district convention to elect members of the regular
4 board. The initial board has control of the employment of all
5 personnel for the newly formed agency for the ensuing school
6 year, and may establish policy, enter into contracts, and
7 complete such planning and take such action as is essential
8 for the efficient management of the newly formed area
9 education agency.

10 ACCREDITATION. A newly formed area education agency shall
11 meet the accreditation requirements and standards set forth in
12 statute within one year of the effective date of
13 reorganization. The new agency is considered accredited for
14 purposes of budget approval by the state board. The state
15 board must inform the new agency of the accreditation on-site
16 visit schedule.

17 DISSOLUTION. The bill requires that a dissolution
18 commission be established by the board of directors of an area
19 education agency if a dissolution proposal has been prepared
20 by area school boards, accompanied by a petition signed by at
21 least 20 percent of the school district boards within the area
22 served.

23 DISSOLUTION COMMISSION. The commission must request
24 statements from contiguous agencies outlining each agency's
25 willingness to accept territory attachments and is required to
26 meet with boards of contiguous agencies and with local school
27 boards in drawing up the dissolution proposal.

28 Within one year, the commission must either send a copy of
29 its dissolution proposal or inform the affected area education
30 agency board that it cannot agree upon a dissolution proposal.

31 An agency board that objects to an attachment of area must
32 send its objections in writing to the commission within 10
33 days, and the commission may modify the dissolution proposal.
34 A new commission may be formed if agreement cannot be reached
35 on a dissolution proposal.

1 DISSOLUTION HEARING. Within 10 days following the filing
2 of the dissolution proposal, the affected board must fix a
3 date and publish notice for a hearing. The affected board
4 must review hearing testimony and adopt or amend and adopt the
5 dissolution proposal.

6 VOTE BY SCHOOL BOARD MEMBERS. Within 30 days of the
7 hearing, the school boards of districts located within the
8 affected area education agency and within the area served by
9 area education agencies to which area of the affected area
10 education agency will be attached shall vote on the
11 dissolution proposal. The dissolution proposal must pass by a
12 simple percent of the votes cast. An approved dissolution
13 proposal must be forwarded to the state board for approval by
14 November 1.

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SENATE AMENDMENT TO HOUSE FILE 674

H-1592

- 1 Amend House File 674, as passed by the House, as
2 follows:
3 1. Page 1, by inserting before line 1 the
4 following:
5 "Section 1. Section 273.10, subsection 3,
6 unnumbered paragraph 2, Code 2001, is amended to read
7 as follows:
8 Approval, if granted, shall be for a term of ~~three~~
9 five years. However, the state board may grant
10 conditional approval for a term of less than ~~three~~
11 five years if conditions warrant."
12 2. Title page, line 1, by inserting after the
13 word "the" the following: "accreditation and".
14 3. By renumbering as necessary.

RECEIVED FROM THE SENATE

H-1592 FILED APRIL 19, 2001

House Concurred (p. 1412)
4-23-01

HOUSE FILE 674

AN ACT
RELATING TO THE ACCREDITATION AND REORGANIZATION OR
DISSOLUTION OF AN AREA EDUCATION AGENCY.

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

Section 1. Section 273.10, subsection 3, unnumbered paragraph 2, Code 2001, is amended to read as follows:

Approval, if granted, shall be for a term of three five years. However, the state board may grant conditional approval for a term of less than three five years if conditions warrant.

DIVISION ____
REORGANIZATION OR DISSOLUTION

Sec. 2. NEW SECTION. 273.20 DEFINITIONS.

When used in this division, unless the context otherwise requires:

1. "Affected area education agency" or "affected agency" means an area education agency whose board of directors is contemplating or engaged in reorganization efforts in accordance with this division.
2. "Affected board" means the board of directors of an area education agency that is contemplating or engaged in reorganization efforts in accordance with this division.
3. "Department" means the department of education.
4. "State board" means the state board of education.

Sec. 3. NEW SECTION. 273.21 VOLUNTARY REORGANIZATION.

1. Two or more area education agencies may voluntarily reorganize under this division if the area education agencies are contiguous, a majority of the members of each of the affected boards approve the reorganizations, and the

reorganization plan submitted to the state board pursuant to subsection 3 is approved by the state board.

2. If twenty percent or more of the school districts within an affected area education agency file a petition by March 1 with the affected area education agency board to consider reorganization, the affected board shall consider the request and vote on the petition. If a majority of the affected board members vote to study the reorganization of the affected area education agency, the affected board shall immediately begin the study to consider reorganization effective by July 1 of the next year.

3. The affected boards contemplating a voluntary reorganization shall do the following:

a. Develop detailed studies of the facilities, property, services, staffing necessities, equipment, programs, and other capabilities available in each of the affected area education agencies for the purpose of providing for the reorganization of the area education agencies in order to effect more economical operation and the attainment of higher standards of educational services for the schools.

b. Survey the school districts within the affected area education agencies to determine the districts' current and future programs and services, professional development, and technology needs.

c. Consult with the officials of school districts within the affected area and other citizens and periodically hold public hearings during the development of a plan for reorganization, as well as a public hearing on the final plan to be submitted to the department.

d. Consult with the director of the department of education in the development of surveys and plans. The director of the department of education shall provide assistance and advice to the affected area education agency boards as requested.

e. Develop a reorganization plan that demonstrates improved efficiency and effectiveness of programs to meet accreditation standards, includes a preliminary budget for reorganized areas, documents public comment from the public hearings held pursuant to paragraph "c", and provides for a board of directors, and the number of members that the board shall consist of, in accordance with section 273.8.

f. Set forth the assets and liabilities of the affected area education agencies, which shall become the responsibility of the board of directors of the newly formed area education agency on the effective date of the reorganization.

g. Transmit the completed plan to the state board by November 1.

4. The state board shall review the reorganization plan and shall, prior to February 1, either approve the plan or return the plan with the state board's recommendations. An unapproved plan may be resubmitted with modifications to the department not later than February 10. An approved plan shall take effect on July 1 of the fiscal year following the date of approval by the state board.

Sec. 4. NEW SECTION. 273.22 CONTRACTS OF NEW AREA EDUCATION AGENCY.

1. The terms of employment of the administrator and staff of affected area education agencies for the school year beginning with the effective date of the formation of the new area education agency shall not be affected by the formation of the new area education agency, except in accordance with the provisions of sections 279.15 to 279.18, and 279.24, and the authority and responsibility to offer new contracts or to continue, modify, or terminate existing contracts pursuant to sections 279.12, 279.13, 279.15 to 279.21, 279.23, and 279.24 for the school year beginning with the effective date of the reorganization shall be transferred from the boards of the existing area education agencies to the board of the new area education agency on the third Tuesday of January prior to the school year the reorganization is effective.

2. The collective bargaining agreement of the area education agency with the largest basic enrollment, as defined in section 257.6, for the year prior to the year the reorganization is effective, shall serve as the base agreement in the new area education agency and the employees of the other area education agencies involved in the formation of the new area education agency shall automatically be accreted to the bargaining unit of that collective bargaining agreement for purposes of negotiating the contracts for the following years without further action by the public employment relations board. If only one collective bargaining agreement is in effect among the area education agencies that are party to the reorganization, that agreement shall serve as the base agreement, and the employees of the other agencies involved in the formation of the new area education agency shall automatically be accreted to the bargaining unit of that collective bargaining agreement for purposes of negotiating the contracts for the following years without further action by the public employment relations board. The board of the newly formed area education agency, using the base agreement as its existing contract, shall bargain with the combined employees of the affected agencies for the school year beginning with the effective date of the reorganization. The bargaining shall be completed by the dates specified in section 20.17 prior to the school year in which the reorganization becomes effective or within one hundred eighty days after the organization of the new board, whichever is later. If a bargaining agreement was already concluded by the board and employees of the affected agency with the contract serving as the base agreement for the school year beginning with the effective date of the reorganization, that agreement shall be void. However, if the base agreement contains multiyear provisions affecting school years subsequent to the effective year of the reorganization, the base agreement shall remain in effect as specified in the agreement.

The provisions of the base agreement shall apply to the offering of new contracts, or continuation, modification, or termination of existing contracts as provided in subsection 1.

3. The terms of a contract between the board of directors of a school district and the board of directors of an affected area education agency shall be carried out by the school board and the board of directors of the newly formed area education agency except as provided in this section.

4. The board of directors of a school district that is under a contract with an affected area education agency may petition the boards of directors of the affected area education agencies for release from the contract. If the petition receives a majority of the votes cast by the members of the boards of the affected area education agencies, the petition is approved and the contract shall be terminated on the effective date of the area education agency reorganization.

5. The board of directors of a school district that is contiguous to a newly reorganized area education agency may petition the board of directors of a contiguous area education agency to join that area education agency. If the contiguous area education agency board approves the petition, the reorganization shall take effect on July 1 of the school year following approval of the petition by the state board. A school district may appeal to the state board the decision of an area education agency board to deny the school district's petition.

Sec. 5. NEW SECTION. 273.23 INITIAL BOARD.

1. A petition filed under section 273.21 shall state the number of directors on the initial board which shall be either seven or nine directors. The petition shall specify the number of directors to be retained from each area, and those numbers shall be proportionate to the populations of the agencies. If the proportionate balance of directors among the affected agencies specified in the plan is affected by school

districts petitioning to be excluded from the reorganization, or if the proposal specified in the plan does not comply with the requirement for proportionate representation, the state board shall modify the proposal. However, all area education agencies affected shall retain at least one member.

2. Prior to the organization meeting of the board of directors of the newly formed area education agency, the boards of the former area education agencies shall designate directors to be retained as members to serve on the initial board of the newly formed area education agency. A vacancy occurs if an insufficient number of former board members reside in the newly formed area education agency's boundaries or if an insufficient number of former board members are willing to serve on the board of the newly formed area education agency. Vacancies, as defined in section 277.29, in the membership of the newly formed area education agency board shall be filled for the unexpired portion of the term at a special director district convention called and conducted in the manner provided in section 273.8 for regular director district conventions.

3. Prior to the effective date of the reorganization, the initial board shall call a director district convention under the provisions of section 273.8, subsection 2, for the purpose of electing a board for the reorganized area education agency. The new board shall have control of the employment of all personnel for the newly formed area education agency for the ensuing school year. Following the organization of the new board, the board shall have authority to establish policy, enter into contracts, and complete such planning and take such action as is essential for the efficient management of the newly formed area education agency.

4. The initial board of the newly formed district shall appoint an acting administrator and an acting board secretary. The appointment of the acting administrator shall not be subject to the continuing contract provision of sections 279.20, 279.23, and 279.24.

5. The initial board of the newly formed agency shall prepare an annual budget estimating income and expenditures for programs and services as provided in sections 273.1 to 273.9 and chapter 256B within the limits of funds provided under section 256B.9 and chapter 257. The board shall give notice of a public hearing on the proposed budget by publication in an official county newspaper in each county in the territory of the area education agency in which the principal place of business of a school district that is a part of the area education agency is located. The notice shall specify the date, which shall not be later than March 1, the time, and the location of the public hearing. The proposed budget as approved by the board shall be submitted to the state board, on forms provided by the department, no later than March 15 for approval. The state board shall review the proposed budget of the newly formed area education agency and shall before April 1, either grant approval or return the budget without approval with comments of the state board included. An unapproved budget shall be resubmitted to the state board for final approval not later than April 15. The state board shall give final approval only to budgets submitted by area education agencies accredited by the state board or that have been given conditional accreditation by the state board.

6. For the school year beginning on the effective date of an area education agency reorganization as provided in this division, the media services cost per pupil as determined under section 257.37 for all districts in a newly formed area education agency for the budget year shall be the highest amount of media services cost per pupil for any of the affected area education agencies.

7. For the school year beginning on the effective date of an area education agency reorganization as provided in this division, the educational services cost per pupil as determined under section 257.37 for all districts in a newly

formed area education agency for the budget year shall be the highest amount of educational services cost per pupil for any of the affected area education agencies.

8. For the school year beginning on the effective date of an area education agency reorganization as provided in this division, the special education support services cost per pupil shall be based upon the combined budgets for special education support services of the area education agencies that reorganized to form the newly formed area education agency, divided by the total of the weighted enrollment for special education support services in the reorganized area education agency for the budget year.

Within one year of the effective date of the reorganization, a newly formed area education agency shall meet the accreditation requirements set forth in section 273.10, and the standards set forth in section 273.11. The newly formed area education agency shall be considered accredited for purposes of budget approval by the state board pursuant to section 273.3. The state board shall inform the newly formed area education agency of the accreditation on-site visit schedule.

Sec. 6. NEW SECTION. 273.24 COMMISSION TO DISSOLVE AREA EDUCATION AGENCY.

1. As an alternative to area education agency reorganization prescribed in this division, the board of directors of an area education agency may establish an area education agency dissolution commission to prepare a proposal of dissolution of the area education agency and attachment of all of the area education agency to one or more contiguous area education agencies and to include in the proposal a division of the assets and liabilities of the dissolving area education agency. If twenty percent or more of the school districts within an area education agency file a petition by March 1 with the area education agency board to consider dissolving, the area education agency board shall consider the

request and vote on the petition. If a majority of the board members vote to study dissolving the area education agency, the agency board shall immediately begin a study to consider such action effective by July 1 of the next calendar year or the area education agency board may establish a dissolution commission.

An area education agency dissolution commission established by the board of directors of an area education agency shall consist of a minimum of seven members appointed by the board of directors of the area education agency for a term of office ending either with a report to the board that no proposal can be approved or on the date of the vote on the proposal. Members of the dissolution commission must be board members of school districts within the area served, not more than three of whom may be members of the board of directors of the area education agency. Members shall be appointed from throughout the area served and should represent the various school districts present in the area served.

Members of the dissolution commission shall serve without compensation and may be appointed to a subsequent commission. A vacancy on the commission shall be filled in the same manner as the original appointment was made.

The board of the area education agency shall certify to the department of education that a commission has been formed, the names and addresses of commission members, and that the commission members represent the various geographic areas and socioeconomic elements present in the school districts that the area serves.

Sec. 7. NEW SECTION. 273.25 MEETINGS.

The commission shall hold an organizational meeting not more than fifteen days after its appointment and shall elect a chairperson and vice chairperson from its membership. Thereafter the commission may meet as often as deemed necessary upon the call of the chairperson or a majority of the commission members.

The commission shall request statements from contiguous area education agencies outlining each agency's willingness to accept attachments of the affected area education agency to the contiguous agencies and what conditions, if any, the contiguous agency recommends. The commission shall meet with boards of contiguous area education agencies and with boards of directors of the affected school districts to the extent possible in drawing up the dissolution proposal. The commission may seek assistance from the department of education.

Sec. 8. NEW SECTION. 273.26 DISSOLUTION PROPOSAL.

Not later than one year following the date of the organizational meeting of the commission, the commission shall send a copy of its dissolution proposal to the affected area education agency board or shall inform the affected area education agency board that it cannot agree upon a dissolution proposal. The commission shall also send a copy of the dissolution proposal by certified mail to the boards of directors of all school districts and other area education agencies affected. If the board of a school district or the board of an area education agency affected by the dissolution proposal objects to the proposal, either board shall send its objections in writing to the commission within ten days following receipt of the dissolution proposal. The commission may consider the objections and may modify the dissolution proposal. If the dissolution proposal is modified, the commission shall notify by certified mail the boards of directors of all area education agencies to which an area of the affected area education agency will be attached and shall notify by certified mail the board of directors of all school districts in the affected area education agencies.

If the commission cannot agree upon a dissolution proposal prior to the expiration of its term, the affected area education agency board may appoint a new commission.

Sec. 9. NEW SECTION. 273.27 HEARING -- VOTE -- STATE BOARD APPROVAL.

1. Within ten days following the filing of the dissolution proposal with the affected area education agency board, the affected board shall fix a date for a hearing on the proposal which shall not be more than sixty days after the dissolution petition was filed with the affected board. The affected board shall publish notice of the date, time, and location of the hearing at least ten days prior to the date of the hearing by one publication in a newspaper in general circulation in the area. The notice shall include the content of the dissolution proposal. Representatives of school districts in the area served may present evidence and arguments at the hearing. The president of the affected board shall preside at the hearing. The affected board shall review testimony from the hearing and shall adopt or amend and adopt the dissolution proposal.

The affected board shall notify by certified mail the boards of directors of all school districts in the affected area education agency and the contiguous area education agencies to which the districts of the affected area education agency will be attached and the director of the department of education of the contents of the dissolution proposal adopted by the affected board.

2. Within thirty days of the hearing, the affected board shall call a director district convention, which shall include the boards of directors in the area served by the area education agencies to which an area of the affected area education agency will be attached under the dissolution proposal, for the purpose of voting on the dissolution proposal.

3. If the dissolution proposal is approved by a majority of all directors voting on the proposal, the proposal shall be forwarded to the state board by November 1. The state board shall review the dissolution plan proposal and shall prior to

January 1 either grant approval for the proposal or return the proposal with recommendations. An unapproved proposal may be resubmitted with modifications to the state board not later than February 1. A proposal shall take effect on July 1 of the fiscal year following the date of approval by the state board.

BRENT SIEGRIST
Speaker of the House

MARY E. KRAMER
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 674, Seventy-ninth General Assembly.

MARGARET THOMSON
Chief Clerk of the House

Approved 5/3, 2001

THOMAS J. VILSACK
Governor