

AREA EDUCATION AGENCY STUDY COMMITTEE

Report to the Legislative Council
and the Members of the
First Session of the Sixty-seventh General Assembly

State of Iowa
1977

FINAL REPORT

AREA EDUCATION AGENCY STUDY COMMITTEE

The Area Education Agency Study Committee was established by the Legislative Council to review the programs and funding structure of the area education agencies after their first year of operation. The county school systems and joint county systems were abolished effective July 1, 1975, by legislation enacted in 1974, and the period from July 1, 1974 to July 1, 1975 was designated as a transition period with the fifteen area education agencies beginning full operation on July 1, 1975.

The area education agencies are agencies required to provide for special education services and media services to the local school districts. Other services are provided by the AEAs to the local districts within certain financial limitations.

Members of the General Assembly named to serve on the Committee were: Representative John Patchett, North Liberty, elected Chairperson; Senator Joan Orr, Grinnell, elected Vice Chairperson; Senator Willard R. Hansen, Cedar Falls; Senator Milo Merritt, Osage; Senator Elizabeth Shaw, Davenport; Senator Earl Willits, Des Moines; Representative Keith Baker, Linn Grove; Representative Terry Dyrland, Elkader; Representative Lester D. Menke, Calumet; and Representative Delwyn Stromer, Garner.

The Committee was fortunate to have the assistance of Dr. Don Weatherspoon of the Eagleton Institute of Politics at Rutgers University for advice relating to the conduct of the study.

Financial data and other information about the programs and services of the area education agencies were provided by Dr. Robert Benton, Superintendent of Public Instruction, staff members from the Department of Public Instruction, personnel from the area education agencies, Dr. Wayne Truesdell of the University of Northern Iowa, and other interested persons.

The study of the AEAs was established in part to verify the necessity for the amounts being expended for programs and services by the area education agencies and the local districts. The amounts of funds generated (includes both state and local funds) for the school year beginning July 1, 1976 are as follows:

\$31,442,185	Special Education Support
\$42,949,000	Special Education Instruction (represents excess costs not including the cost of a regular program for each child.)
<u>\$11,722,621</u>	Media and Other Services
\$86,113,806	

According to the Department of Public Instruction, in the spring of 1974 about 12,000 children were receiving special education instructional programs, which was about 30 percent of the total number who could potentially benefit such programs. In January 1976 about 35,000 children had been identified and 33,000 were certified as requiring special education instructional programs which was about 70 percent of the total number who could potentially benefit from such programs.

The Committee attempted to gain as much information as possible about the operation of the area education agencies through a variety of methods. A public hearing was held in Des Moines in late September at which parents of children requiring special education, local school teachers, local school board members, and representatives of various special interest associations presented their views of the AEAs. Parents commented upon the increased services provided to children, the importance of early educational experiences for handicapped children, the advantages of additional involvement of parents in program decisions for their children, and the necessity for better capabilities for providing services to both physically and mentally handicapped children. Several persons from the Davenport area whose children attend nonpublic schools were present to protest the decision of the board of directors of AEA 9 to restrict AEA services to public school students.

The Committee directed the staff of the Legislative Service Bureau and the Legislative Fiscal Bureau to make visits to some area education agencies for program review relating to identification, evaluation, placement, and parental involvement of children requiring special education services. Visits by the staff were undertaken to three different area education agencies and to two school districts in each of those area education agencies. Interviews were conducted with each of the three directors of special education of those AEAs and with parents, teachers, and school administrators of each of thirty randomly selected students who were receiving special education services. The names of the students were selected at random from pupil codes maintained by the Department of Public Instruction. The interviews were to elicit information about the placement of children in special education programs, and were not related to any auditing of financial data. A detailed report of the visits was made by the staff to the Committee and copies of the report may be obtained upon request to the Legislative Service Bureau.

Although the sampling was not sufficient to furnish statistically reliable information, the staff made a number of observations in its report. A brief synopsis of the observations follows.

1. Every student identified as requiring special education services was aided extensively by the special attention received.

2. There are problems with placement of children in facilities by the Department of Social Services when the cost of the educational program of the students is billed back to the district of their residence even though that district may not have included the child in its enrollment count. (Subsequent communication with the Department of Public Instruction indicates that the Department of Public Instruction and the Department of Social Services are working together to develop solutions.)

3. The concept of special education is being clarified and updated and many students who were or would previously have been identified as mentally retarded are accurately diagnosed now as having learning disabilities. Those students who have been placed in classes for the mentally disabled for several years and are reevaluated as having learning disabilities cannot be transferred to a regular classroom with the assistance of a resource room teacher because of established peer relationships and other social adjustments which would be difficult for them.

4. Implementation of procedures for staffing conferences at which all professionals involved in evaluating a child and the child's parents determine an individual program for the child are progressing. With the large number of pupils identified as requiring special education over the past year, lack of sufficient professional personnel, and time constraints, the staffing conferences were not always conducted as they should have been.

5. Local school district personnel and parents generally have positive attitudes toward the area education agencies and the programs provided, but there exist both feelings of usurpation of local authority by the AEAs and attitudes by some local districts that a wide variety of special education programs is not needed.

6. A weighting should be considered for the severely handicapped pupil who is not mentally retarded who is enrolled in a regular classroom program.

At one Committee meeting AEA personnel from each of the fifteen area education agencies were present to answer questions and make comments. The directors of special education emphasized that the funds generated for special

education instructional programs under the weighting plan are generated on the local level or distributed from state funds directly to the local districts. The area education agencies do not have any control or auditing authority over the expenditure of these funds and their responsibility lies only in the certification of pupils for special education programs.

Financial information about the costs of special education programs and services for the year beginning July 1, 1975 was obtained solely from the Department of Public Instruction from information contained in the Secretary's Annual Reports of both local districts and area education agencies. This information was not available until the November Committee meeting. The information provided by the Department indicated that of the \$64,279,071.60 generated for special education instructional programs for the year beginning July 1, 1975, \$59,013,892 was expended, leaving a balance of \$5,265,179.60. (The amounts listed include funds generated for a regular program for each child.)

Information was also provided to the Committee that the limitations on expenditures for media funding are detrimental to the media services in five area education agencies which have reached the allowable limit.

The Committee was informed at its final meeting that the School Budget Review Committee had voted to reduce the weightings for special education instructional programs from 1.8 to 1.7, from 2.2 to 2.0, and from 4.4 to 4.2 and to allow any balances remaining in the funds of local school districts for special education instructional programs to carry over into the next fiscal year.

Recommendations

After the presentation of testimony and Committee discussion, the Area Education Agency Study Committee makes the following recommendations and has attached a bill draft to implement the recommendations that require amendments to the Code:

1. The area education agencies should be granted corporate status.

This recommendation was made because of problems which have resulted to the AEAs in legal procedures and receipt of federal funds. The Code does not presently identify the legal status of the area education agencies and their relationships to the other educational agencies in the state.

2. The AEAs should be granted the power to execute lease-purchase agreements for sites and buildings.

AEAs currently can only lease space and opportunities have arisen for area education agencies to purchase buildings at reasonable prices.

3. The salary ceiling for area education agency administrators should be increased from \$27,500 to \$30,000 and the \$17,000 minimum salary should be stricken.

All AEA administrators except one are at the \$27,500 ceiling and many local school superintendents have surpassed this salary.

4. The Committee voted to make no changes in the selection process for board members of the area education agencies.

5. The costs of the educational program at the county juvenile homes should be paid from state funds after the approval of claims submitted to the Department of Public Instruction.

Present law requires that the cost of instruction be billed back to the district of residence of the child, but it has been difficult for the AEAs to collect the money from the districts of residence both within and outside the state.

6. The provisions for media funding should be amended to provide for allowable growth annually, to strike the current \$8.00 per pupil limit for media services, and to allow all area education agencies to increase spending over a three-year period up to the maximum media cost allowed per pupil served.

Five area education agencies have reached the \$8.00 per pupil served limit and are being forced to curtail services in order to stay within budget limits.

7. Funding should be provided for replacement of media resource material at \$3.00 per pupil served.

Federal funds which have been available to the AEAs for replacement of media resource material are no longer available, and it is impossible for the area education agencies to replace worn or out-dated materials without additional funding.

township census figures have been used and this procedure has tended to fractionalize school districts. Since the directors of AEA boards are selected by local school boards voting on the basis of their population in the director district, local districts have expressed dissatisfaction.

9. Excess funds generated for special education instructional programs in local school districts should be deducted from the funds generated for that purpose for the next fiscal year.

The Committee believes that the unused funds should not be allowed to be carried over as additional funds for the next year.

10. Persons arranging staffings conducted for placement of children requiring special education programs should be required to invite parents to attend.

A rule of the Department of Public Instruction (12.19) appears to require this procedure, but the intent is unclear. Personnel from the Department of Public Instruction have stated that the rule is being clarified and they have agreed to provide Committee members with copies of the rule revisions.

11. The budgets of area education agencies for media and other services should be reduced if the AEA is not providing these services to nonpublic school pupils on an equal basis with public school pupils.

The original determination of funds for media and other services was based upon "enrollment served" which is defined to include nonpublic pupils who are receiving services. However, information obtained from the various area education agencies indicates that some nonpublic school pupils are not receiving media and other services on the same basis as public school pupils.

Dr. Benton indicated to the Committee that as he reviews budgets submitted by area education agencies for special education support services, he also reviews the program plans submitted by the AEAs to determine the kinds of services provided and numbers of nonpublic school pupils receiving these services. He indicated that a termination of support services to nonpublic school pupils which were formerly provided will result in a reduction of the support services budget of that AEA.

HOUSE FILE _____

By AREA EDUCATION AGENCY STUDY
COMMITTEE

Passed House, Date _____ Passed Senate, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to the operation of area education agencies.

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

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1 Section 1. Section two hundred seventy-three point two
2 (273.2), Code 1977, is amended by adding the following new
3 unnumbered paragraph after unnumbered paragraph one (1).

4 NEW UNNUMBERED PARAGRAPH. An area education agency
5 established under the provisions of this chapter is a body
6 politic as a school corporation for the purpose of exercising
7 powers granted under this chapter, and as such may sue and
8 be sued. An area education agency may hold property and
9 execute lease-purchase agreements pursuant to the provisions
10 of section two hundred seventy-three point three (273.3),
11 subsection seven (7), of the Code.

12 Sec. 2. Section two hundred seventy-three point three
13 (273.3), subsections ten (10) and twelve (12), Code 1977,
14 are amended to read as follows:

15 10. In any county operating a juvenile home, upon request
16 of the county board of supervisors ~~in-co-operation-with-and~~
17 ~~at-the-expense-of-the-school-districts-of-residence-of-the~~
18 ~~children-residing-in-the-home~~, provide suitable curriculum,
19 teaching staff, books, supplies, and other necessary materials
20 for the instruction of children of school age who are
21 maintained in the juvenile home of the county, as provided
22 in section 232.21. Reimbursement for the cost of instruction
23 provided under this section shall be made pursuant to section
24 four (4) of the Act.

25 12. Employ such personnel as may be required, if any,
26 to carry out the functions of the area education agency which
27 may include the employment of an administrator who shall
28 possess a superintendent's certificate issued under the
29 provisions of section 260.9. The administrator shall be
30 employed pursuant to the provisions of section 279.14 and
31 the provisions of sections 279.23, 279.24, and 279.25. The
32 salary range for an area education agency administrator shall
33 be ~~from-seventeen-thousand-dollars-to-twenty-seven-thousand~~
34 ~~five-hundred~~ established at not more than thirty thousand
35 dollars per annum, including additional benefits, over and

1 above the additional benefits given all full-time employees.
2 The provisions of section 279.13 shall apply to the area
3 education agency board and to all teachers employed by the
4 area education agency. The provisions of sections 279.23,
5 279.24, and 279.25 shall apply to the area education board
6 and to all administrators employed by the area education
7 agency.

8 Sec. 3. Section two hundred seventy-three point three
9 (273.3), Code 1977, is amended by adding the following new
10 subsection:

11 NEW SUBSECTION. Jointly with the board of directors of
12 the area vocational school or area community college of the
13 area, change the boundaries of director districts in the
14 merged area after each census or change in boundaries of the
15 merged area to compensate for changes in population if
16 population changes have taken place under the provisions of
17 section two hundred eighty A point twenty-three (280A.23),
18 subsection two (2), of the Code.

19 Sec. 4. Chapter two hundred seventy-three (273), Code
20 1977, is amended by adding the following new section:

21 NEW SECTION. APPROPRIATION FOR REIMBURSEMENT OF
22 INSTRUCTIONAL COSTS OF CHILDREN IN JUVENILE HOMES. The
23 administrator of each area education agency shall determine
24 annually the cost of instruction provided under section two
25 hundred seventy-three point three (273.3), subsection ten
26 (10), of the Code to a child of school age maintained in a
27 juvenile home located in the area. The administrator shall
28 certify the total yearly audited cost of instruction and the
29 amount due for instruction, to the superintendent of public
30 instruction not later than September first of each year for
31 the preceding fiscal year. The superintendent of public
32 instruction shall review the amount due and submit a
33 requisition to the state comptroller. The amount due shall
34 be paid by the treasurer of state to the area education agency
35 from any funds in the general fund of the state not otherwise

1 appropriated upon warrants drawn and signed by the state
2 comptroller.

3 Sec. 5. Section two hundred eighty A point twenty-three
4 (280A.23), subsection two (2), Code 1977, is amended to read
5 as follows:

6 2. Change Jointly with the board of directors of the area
7 education agency of the area, change boundaries of director
8 districts in the merged areas area after each decennial census;
9 or after any change in boundaries of the merged area, to
10 compensate for changes in population if such population changes
11 have taken place, or at any time for the purpose of causing
12 the boundaries of director districts to coincide, where
13 feasible, with the boundary lines of election precincts
14 established pursuant to sections 49.3 to 49.6. However, the
15 director districts shall in all cases be of approximately
16 equal population within each merged area.

17 Sec. 6. Section four hundred forty-two point one (442.1),
18 Code 1977, is amended by adding the following unnumbered
19 paragraph.

20 NEW PARAGRAPH. The state comptroller shall reduce the
21 total state aid to be received by a district in the budget
22 year by the state aid portion of the unencumbered funds which
23 are generated for special education instruction and which
24 are not encumbered in the year prior to the base year. The
25 amount shall be certified to the state comptroller by the
26 department of public instruction upon request by the state
27 comptroller.

28 Sec. 7. Section four hundred forty-two point two (442.2)
29 Code 1977, is amended by adding the following new subsection:

30 NEW SUBSECTION. For the school year beginning July 1,
31 1977, and for each subsequent school year, if an area education
32 agency does not serve nonpublic school pupils in a manner
33 equal to services provided public school pupils for media
34 and other services, the funds for media services and other
35 services shall be reduced one time by an amount to compensate

1 for such reduced services. The media services budget shall
2 be reduced by an amount equal to the product of the cost per
3 pupil in basic enrollment for media services in the budget
4 year times the difference between the enrollment served and
5 the basic enrollment recorded for the area for the budget
6 year beginning July 1, 1975. The other services budget shall
7 be reduced by an amount equal to the product of the cost per
8 pupil in basic enrollment for other services in the budget
9 year times the difference between the enrollment served and
10 the basic enrollment recorded for the budget year beginning
11 July 1, 1975.

12 Sec. 8. Section four hundred forty-two point nine (442.9),
13 subsection one (1), paragraph b, Code 1977, is amended to
14 read as follows:

15 b. The district cost for the budget year is equal to the
16 district cost per pupil for the budget year multiplied by
17 the weighted enrollment, plus the additional cost allocated
18 to the district under section 442.27 to fund media services
19 and other services provided through the area education agency
20 reduced by the amount of unencumbered funds generated for
21 special education instruction which are not encumbered in
22 the year prior to the base year and which amount shall be
23 certified to the state comptroller by the department of public
24 instruction. A school district may not increase its district
25 cost for the budget year except to the extent that an excess
26 tax levy is authorized by the school budget review committee
27 as provided in section 442.13, subsection 7.

28 Sec. 9. Section four hundred forty-two point twenty-seven
29 (442.27), Code 1977, is amended by striking subsections two
30 (2) and three (3) and inserting in lieu thereof the following:

31 2. For each succeeding budget year, the total amount
32 funded for each area for media services excluding the cost
33 for media resource material shall be the total amount funded
34 in the area for media service in the base year times the sum
35 of one hundred percent plus the state percent of growth plus

1 the costs for media resource material for the budget year.
2 Each year subsequent to the school year beginning July
3 1, 1979, the total amount to be funded for media services,
4 including the costs for media resource material which shall
5 only be used for the purchase or replacement of material
6 required in section two hundred seventy-three point six
7 (273.6), subsection one (1), paragraphs a, b and c, of the
8 Code, shall be equal to the budget in the base year in the
9 area times the sum of one hundred percent plus the state
10 percent of growth.

11 3. a. However, for the budget year beginning July 1, 1977,
12 each area in which the amount funded for media services per
13 pupil without inclusion of the costs for media resource
14 material is less than the maximum media service cost per pupil
15 for the enrollment served during the budget year, that area
16 shall receive additional funding for equalization purposes
17 as provided in this paragraph. Each such area shall be funded,
18 in addition to the amount funded under the provisions of
19 subsection two (2) of this section, an amount equal to one-
20 third of the difference between the product of the maximum
21 media service cost per pupil times the enrollment served in
22 the budget year in the area and that amount the area is
23 eligible to receive for media services other than for media
24 resource material under subsection two (2) of this section.
25 For the budget year beginning July 1, 1978, each area in which
26 the amount funded for media services, other than for media
27 resource material, is less than the maximum media service
28 cost per pupil for the enrollment served in the area in the
29 budget year, in addition to the amount funded for media
30 services other than media resource material under the provision
31 of subsection two (2) of this section, shall be funded at
32 an amount equal to one-half of the difference between the
33 product of the maximum media service cost per pupil times
34 the enrollment served in the budget year in the area and that
35 amount the district is eligible to receive under subsection

1 two (2) of this section for media services other than for
2 media resource material. For the budget year beginning July
3 1, 1979, each area shall be funded at that amount generated
4 by multiplying the maximum media service cost per pupil times
5 the enrollment served in the area for the budget year.

6 For the purposes of this section "maximum media service
7 cost per pupil" means, for the school year beginning July
8 1, 1977, one hundred percent plus the state percent of growth
9 times eight dollars without inclusion of the cost for media
10 resource material. For each succeeding school year prior
11 to the school year beginning July 1, 1980, the "maximum media
12 service cost per pupil" without inclusion of the cost of media
13 resource material shall be equal to the one hundred percent
14 plus the state percent of growth for the budget year times
15 the maximum media service cost per pupil for the base year.

16 b. In addition to the funding provided for media services
17 under subsections one (1) and two (2) of this section and
18 paragraph a of this subsection, for the school year beginning
19 July 1, 1977, an amount shall be funded to be added to media
20 service funds for each area for purchase and replacement of
21 media resource material required in section two hundred
22 seventy-three point six (273.6), subsection one (1), paragraphs
23 a, b and c, of the Code. The amount shall be equal to three
24 dollars times the enrollment served in the area in the budget
25 year. For each succeeding school year subsequent to the
26 school year beginning July 1, 1977, and prior to the school
27 year beginning July 1, 1980, the amount to fund media resource
28 material, which shall only be used for the purchase and
29 replacement of material required in section two hundred
30 seventy-three point six (273.6), subsection one (1), paragraphs
31 a, b and c, of the Code, shall be equal to the total amount
32 funded in the area for media resource material in the base
33 year times the sum of one hundred percent plus the state
34 percent of growth.

35 Sec. 10. This Act, being deemed of immediate importance,

1 shall take effect and be in force from and after its
2 publication in _____, a newspaper published
3 in _____, Iowa, and in _____, a
4 newspaper published in _____, Iowa.

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EXPLANATION

6 This bill grants area education agencies corporate status
7 and the authority to enter into lease-purchase agreements
8 for sites and buildings. It provides for the payment from
9 the state treasury of the costs of instruction provided by
10 an AEA to children residing in county juvenile homes. The
11 costs would be submitted to the superintendent of public
12 instruction for approval in September for the preceding fiscal
13 year.

14 It raises the upper limit of the salary range for an AEA
15 administrator from \$27,500 to \$30,000 per annum. It requires
16 the AEA boards to meet jointly with merged area boards to
17 redraw director districts in the merged area. It requires
18 that special education instructional funds not used by a
19 school district in the year prior to the base year be deducted
20 from funds generated for that purpose in the budget year.

21 This bill also provides for growth to the media service
22 costs for each area education agency. It establishes the
23 funding in the school year beginning July 1, 1977, for media
24 resource material as a part of media services to be funded
25 at three dollars per pupil for the enrollment served in the
26 area in January 1977. This bill provides for the growth of
27 media services equal in percentage to the state percent of
28 growth, and strikes the current \$8 per pupil limit for media
29 services. This bill provides for a rounding up in three years
30 for all areas and provides that by the school year beginning
31 July 1, 1979, each area shall receive an amount equal to the
32 maximum media service cost per pupil in the budget year times
33 the enrollment served in the area as recorded in January of
34 1979. Subsequent to the school year beginning July 1, 1979,
35 the total budget for media services, including that portion

1 for media resource material, shall be allowed to grow at a
2 percentage rate equal to the state percent of growth.

3 This bill reduces the budgets for media and other services
4 of an area education agency if the agency reduced media and
5 other services to nonpublic school pupils by the reduction
6 is equal to the current cost per pupil for each service times
7 the number of nonpublic pupils who were originally counted
8 in the "enrollment served" computed for the school year
9 beginning July 1, 1975.

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