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## FISCAL TOPICS

Fiscal Services Division

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## School Aid — Area Education Agency Funding — FY 2023

There are nine Area Education Agencies (AEAs), which are funded in the school aid finance formula through a mix of State aid from the General Fund and property tax at the school district level. AEAs have no taxing authority, so each school district generates an AEA's portion of property tax through the school levy rate. Within the school aid formula, the State aid and property tax funding flows from the school district to the AEA; however, school districts do not pay the AEAs directly. The Department of Management (DOM) adjusts school district payments to account for the AEA funding amount.

**AEA Services.** AEA services are grouped into three areas: Special Education, Media Services, and Educational Services.

- **Special Education.** Each AEA is required to establish a Division of Special Education that provides special education programs and services to school districts within the AEA boundary. Duties include: the identification of children requiring special education, ensuring identified children receive an appropriate special education program or service, supervision of special education support personnel, providing each district and the Department of Education (DE) a special education weighted enrollment count, and providing special education instructional and support program plans and applications to the DE.
- **Media Services.** Each AEA provides media services to school districts within the AEA boundary. These services include providing a materials lending library containing print and other media items, a professional library for educator growth, a curriculum library, a production service offering print and other media materials, and a delivery service for distribution of materials to and from school. Additionally, AEAs may provide consultative services, cooperative purchasing programs, equipment repair programs, and access to data and resource information systems.
- **Educational Services.** Each AEA provides educational services to school districts within the AEA boundary and, at the school district's request, to providers of child development services who have received grants from the Child Development Coordinating Council. These services encompass a variety of programs and services. Any service not related to special education or media is assigned to the educational services category and will differ between the AEAs.

The AEAs are also responsible for juvenile shelter and detention home instruction.

**School Aid Funding Amounts.** Funding for AEAs through the school aid formula is generated on a per pupil basis. There is a State cost and AEA per pupil cost for specific program areas. The State supplemental aid (SSA) rate is applied to the State cost per pupil and the rate per pupil is calculated. The amount of change is then applied to each of the AEA cost per pupil amounts (which differ by AEA) to determine the new AEA per pupil amount and then multiplied by the specified enrollment to determine the overall program cost. The following is a listing of the AEA program areas funded through the school aid formula:

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### More Information

Department of Education: [www.educateiowa.gov/pk-12/school-business-and-finance/financial-management/budgets-area-education-agencies](http://www.educateiowa.gov/pk-12/school-business-and-finance/financial-management/budgets-area-education-agencies)

LSA, Legal Services Division Legislative Guide: [www.legis.iowa.gov/docs/publications/LG/970645.pdf](http://www.legis.iowa.gov/docs/publications/LG/970645.pdf)

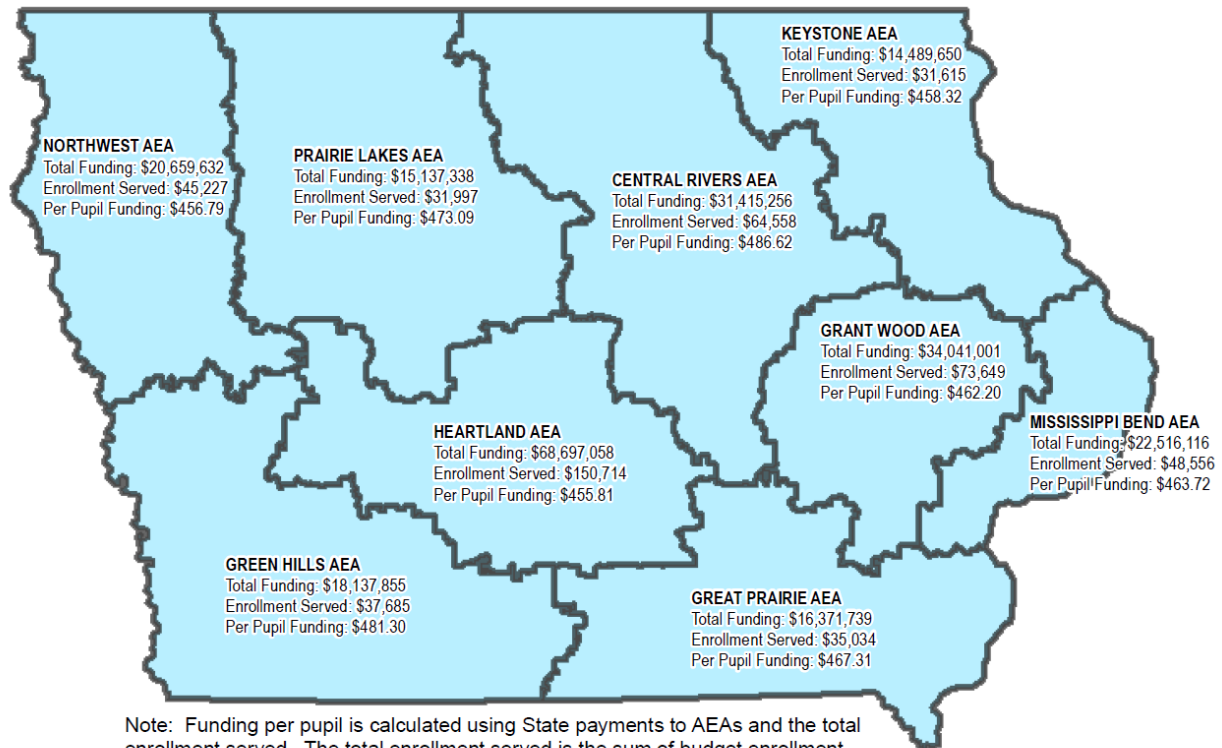
LSA Staff Contact: Ron Robinson (515.281.6256) [ron.robinson@legis.iowa.gov](mailto:ron.robinson@legis.iowa.gov)

- **Media Services.** Media services is funded entirely from local property tax and is calculated by multiplying the AEA cost per pupil amount by the total enrollment served. The total enrollment served is defined as each school district's budget enrollment and the resident accredited nonpublic students with each school district (not including the shared-time nonpublic students already counted in the budget enrollment). Funds generated for media services may be used, if needed, to fund excess costs associated with special education support.
- **Educational Services.** Educational services is funded entirely from local property tax, and is calculated by multiplying the AEA cost per pupil amount by the total enrollment served. Funds generated for educational services may be used, if needed, to fund excess costs associated with special education support.
- **Teacher Salary Supplement.** The teacher salary supplement is funded entirely from State aid and is calculated by multiplying the AEA cost per pupil amount by the AEA weighted enrollment. There is a budget guarantee provision that specifies the amount of funding generated at the school district level is guaranteed at the previous fiscal year's level. The budget guarantee provision is funded from State aid.
- **Professional Development Supplement.** The professional development supplement is funded entirely from State aid and is calculated by multiplying the AEA cost per pupil amount by the AEA weighted enrollment. There is a budget guarantee provision that specifies the amount of funding generated at the school district level is guaranteed at the previous fiscal year's level. The budget guarantee provision is funded from State aid.
- **Shared Operational Functions.** AEAs may generate [supplementary weightings](#) for [shared operational functions](#), although the calculations for funding differ from a school district sharing. AEAs can receive a minimum of \$30,000 and no more than \$200,000 per year. Supplementary weighting is funded from a mix of a State aid and local property tax generated from the AEA's special education cost per pupil, the AEA foundation level of 79.0%, and weightings as set by the DOM to generate the minimum level of funding.

School Aid Formula AEA Funding by Fiscal Year

Program Area	FY 2019	FY 2020	FY 2021	FY 2022	Est. FY 2023
Special Education Support (property tax)	\$ 34,637,930	\$ 35,406,560	\$ 36,143,124	\$ 36,475,684	\$ 37,652,499
Special Education Support (State aid)	\$ 128,500,362	\$ 131,936,983	\$ 136,114,165	\$ 137,739,188	\$ 141,596,017
Special Education Support Budget Guarantee (property tax)	\$ 1,751,058	\$ 1,398,595	\$ 1,158,851	\$ 1,591,125	\$ 961,638
Supplementary Weighting - Sharing (State aid)	\$ 22,855	\$ 46,462	\$ 116,835	\$ 140,640	\$ 164,303
Supplementary Weighting - Sharing (property tax)	\$ 7,145	\$ 13,541	\$ 33,171	\$ 39,364	\$ 45,704
Media Services (property tax)	\$ 28,687,769	\$ 29,301,045	\$ 30,115,802	\$ 30,448,181	\$ 31,350,594
Educational Services (property tax)	\$ 31,697,300	\$ 32,369,311	\$ 33,272,492	\$ 33,637,154	\$ 34,636,751
State Aid Reduction (State aid)	\$ -22,500,000	\$ -22,500,000	\$ -22,500,000	\$ -22,500,000	\$ -24,557,141
Teacher Salary Supplement (State aid)	\$ 15,973,843	\$ 16,354,536	\$ 16,845,976	\$ 17,097,333	\$ 17,558,139
Professional Development (State aid)	\$ 1,874,985	\$ 1,918,943	\$ 1,975,199	\$ 2,005,047	\$ 2,057,131
<b>Total School Finance Formula Funding</b>	<b>\$ 220,653,247</b>	<b>\$ 226,245,976</b>	<b>\$ 233,275,615</b>	<b>\$ 236,673,716</b>	<b>\$ 241,465,635</b>
State Aid Amount	\$ 123,872,045	\$ 127,756,924	\$ 132,552,175	\$ 134,482,208	\$ 136,818,449
State Aid Percentage of Total	56.1%	56.5%	56.8%	56.8%	56.7%
Property Tax Amount	\$ 96,781,202	\$ 98,489,052	\$ 100,723,440	\$ 102,191,508	\$ 104,647,186
Property Tax Percentage of Total	43.9%	43.5%	43.2%	43.2%	43.3%

## Funding and Enrollment by AEA — FY 2023



### Related Statutes and Administrative Rules

Iowa Code chapter [273](#)

Iowa Administrative Code [281.72](#)

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