

School Aid Formula Funding – Area Education Agencies

The nine Area Education Agencies (AEAs) are funded through the school aid formula with funding generated at the school district level through a mix of State aid and property tax. Since the AEAs have no taxing authority, each school district generates property taxes for the AEAs through the school levy rate. In essence, the State aid and property tax funding flows from the school district to the AEA. However, school districts do not pay the AEAs directly; instead the Department of Management adjusts school district payments to account for the AEA funding amount.

AEA Services

Area Education Agency 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, each child receives an appropriate special education program or service, supervision of special education support personnel, providing each district and Department of Education a special education weighted enrollment count, providing special education instructional and support program plans and applications to the Department of Education. Funding generated through the school aid formula for special education support includes State aid and property tax.
- **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. Funding generated through the school aid formula for media services includes property tax only.
- **Educational Services:** Each AEA provides educational services to school districts within the AEA boundary. These services encompass a variety of programs and services. The AEAs are required to provide services requested by a minimum of 60.0% of the school district within the boundary (or if the enrollment of school districts represents 60.0% of the total enrollment), if funding is available. Any service not related to special education or media is assigned to the educational services category and will differ between the AEAs. Funding generated through the school aid formula for educational services includes property tax only.

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 the specific program area. The allowable growth rate is applied to the State cost per pupil and the growth per pupil is calculated. The growth amount is then applied to each of the AEA cost per pupil amounts 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:

- **Special Education Support:** Funding for special education support includes a foundation level of 79.0%. The foundation level requires 79.0% of the State cost per pupil to be funded through State aid while the remaining portion of the per pupil amount is funded through local property taxes. Additionally, there is a budget guarantee provision (referred to as the AEA special education support adjustment) 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 through local property tax. The enrollment used in the calculation of special education support is referred to as the AEA weighted enrollment and consists of each school district's budget enrollment and total special education weighting.

More Information

[Area Education Agency Issue Review \(Dated 2/19/2009\)](#)

[LSA School Aid Data and Information](#)

Iowa General Assembly: <https://www.legis.iowa.gov/index.aspx>

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- **Media Services:** Funding for media services is 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:** Funding for educational services is 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:** Funding for the teacher salary supplement is 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:** Funding for the professional development supplement is 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.

The following table provides school aid funding amounts for AEAs by program area for FY 2010 through estimated FY 2013. School aid funding for AEAs was the highest in FY 2011 (\$198.8 million) as that was the year with the lowest State aid reduction amount of \$10.0 million (the statutory State aid reduction amount is \$7.5 million). Despite the annual State aid reductions, State aid has accounted for a majority of the funding for AEAs for all years shown.

School Aid Formula Area Education Agency Funding: FY 2010 – Estimated FY 2013

Program Area	FY 2010	FY 2011	FY 2012	Est. FY 2013
Media Services (Property Tax)	\$ 24,162,859	\$ 24,481,761	\$ 24,438,688	\$ 24,917,664
Educational Services (Property Tax)	26,710,060	27,065,459	27,017,032	27,544,860
Special Ed. Support (Property Tax)	29,176,495	29,650,939	29,575,615	30,000,820
Special Ed. Support Budget Guarantee (Property Tax)	781,528	1,259,181	2,526,047	2,411,069
Special Ed. Support (State Aid)	108,753,618	110,214,665	109,975,577	112,100,252
State Aid Reduction	-11,354,846	-10,000,000	-27,500,000	-27,500,000
Across-the-Board State Aid Reduction (if applicable)	-11,317,886	N.A.	N.A.	N.A.
Teacher Salary Supplement (State Aid)	14,129,530	14,410,652	14,442,217	13,902,546
Professional Development Supplement (State Aid)	1,650,594	1,685,375	1,687,509	1,625,558
Total School Finance Formula Funding	<u>\$182,691,952</u>	<u>\$198,768,032</u>	<u>\$182,162,685</u>	<u>\$185,002,769</u>
State Aid Amount	\$101,861,010	\$116,310,692	\$ 98,605,303	\$100,128,356
State Aid Percentage of Total	55.8%	58.5%	54.1%	54.1%
Property Tax Amount	\$ 80,830,942	\$ 82,457,340	\$ 83,557,382	\$ 84,874,413
Property Tax Percentage of Total	44.2%	41.5%	45.9%	45.9%

NOTE: The special education support totals include funding for AEA sharing incentives.

Sources:
 Department of Management, School Aid files.
 LSA historic documents and calculations.

Additional information pertaining to AEA funding is available upon request from the Legislative Services Agency.