

## **AREA EDUCATION AGENCY FINANCE FORMULA RECOMMENDATIONS**

The AEA proposal is divided into two sections; general recommendations we think are important and specific recommendations.

### **GENERAL RECOMMENDATIONS:**

As with any public entity, it is desirable if financing for AEAs is adequate, dependable, consistent and flexible.

- Funding is adequate when it allows the AEA to meet its mandated or required responsibilities. Currently, it would be argued that AEA funding for meeting the needs of No Child Left Behind is not adequate. AEAs are struggling to meet the needs and requests of school districts for NCLB assistance while also trying to meet the other mandated core services. Also, adequacy is becoming an issue when trying to care for AEA facility needs.
- Dependable financing requires a source you can count on. Property tax is very dependable, state sales tax and state income taxes are slightly less dependable but excellent sources of funding. Gambling revenue and grants are examples of less dependable sources of funding.
- Consistent means AEAs can be assured of their budget amounts and even assured of growth to at least match inflation and energy and health insurance increases.
- Flexible financing gives AEAs the decision making capability as compared to strong categorical funding models that are rigid. In our changing world, AEAs need flexibility to meet the needs of districts we serve.

### **SPECIFIC RECOMMENDATIONS:**

*Create a separate funding mechanism for the operation and maintenance of AEA facilities and for other capital expenditures*

Currently, an AEA must use funds allocated for services and programs to pay for capital expenses, which reduces funds available for the instructional needs of local districts. AEAs do not have the ability to levy taxes including PPEL, Management Levy, Debt Service Levy, Cash Reserve Levy, Special Ed Deficit Levy, etc. A funding mechanism for AEA facilities and capital outlay should be developed, either separately, or through inclusion of AEAs in any funding mechanisms provided to local schools for infrastructure and capital expenditures.

Failing that, there must be a provision to allow AEAs to build balances over a period of years to provide for operation and maintenance of facilities and for other capital expenditures without the fear of having those funds revert back to the state.

*Allow students in approved nonpublic schools to be counted for special education services, thereby allowing them full access to services.*

Historically, only public school students had been counted for special education funding, and services to nonpublic students have been limited. However, the Iowa Code (256.12) provides both mandatory and permissive language that would allow increased services to nonpublic school students, with an accompanying funding mechanism for schools but not for AEAs

AEAs are concerned about the vagueness of the permissive language, its discriminatory nature, and the possibility of reducing services to public school students over time. We believe that adequate funding base to include nonpublic students should be established, rather than a reduction of resources for public school students.